

PROCESS MAP FOR THE IDENTIFICATION AND VERIFICATION OF THE MISSING MIDDLE COHORT

Government will subsidise the fee adjustment capped at 8% on the 2015 fee for all qualifying registered students with gross family income **up to R600 000 per annum** in 2017. This is not a loan, but a **grant**.

1. ELIGIBILITY CRITERIA

- **Only South African citizens and permanent residents studying towards an undergraduate or postgraduate qualification in 2017 will be considered. Please note that only information provided at point of application will be considered.**
- **The applicant and direct family (mother, father, spouse or legal guardians) must have a combined GROSS family income of no more than R600 000 per annum**
- **The DHET Grant will ONLY cover tuition fees and university managed accommodation (including operational leases for student accommodation between the university and a service provider)**
- **Applicants that applied for NSFAS funding are not required to submit this application; they will automatically be considered.**
- **All students who attended Quintile 1, 2 and 3 schools in Grade 12 will be automatically considered upon verification of HEMIS data and will not be required to submit this application.**
- **Students who are recipients of internal university merit bursaries will be eligible for the 8% grant funding, provided they fall within the R600 000 family income cap. This will not be for students supported through university trust funds or other forms of donor funding.**

2. CONTEXT

2.1 This gap funding for 2017 will be implemented while three parallel processes continue:

- (a) A new financial model for providing financial assistance to include the 'missing middle' students will be tested in the 2017 academic year through a pilot project. This includes partnering with the private financial-sector to enable financing, with repayment arrangements that are contingent on future income;
- (b) The development of a framework to regulate university student fees led by a Council on Higher Education (CHE) Task Team, expected to be finalised by 30 June 2017; and
- (c) The Presidential Commission on Higher Education and Training, whose final report is expected to be submitted to the President by 30 June 2017. The Presidential Commission Report, and the political decisions made in the wake of its recommendations, will determine the future university fee landscape, the future of the new model for support and financial assistance to poor and missing middle students, and the regulatory framework for setting university fees. Whether or not gap funding will continue for future academic years will be based on these decisions.

Government is committed to funding the 8% fee adjustment in 2017 for all NSFAS qualifying and missing middle students through a gap grant. NSFAS students are identifiable and automatically eligible for the gap grant. A framework to identify the 'missing middle' cohort, defined as students from families with gross family income up to R600 000 per annum but not eligible for NSFAS funding, has been developed in conjunction with universities.

3. PROCESS

3.1 The following framework is proposed for the process to identify missing middle students eligible for the gap funding grant:

- The regular processes established within universities and NSFAS should be used to identify the missing middle students.
- Government grant funding for the fee adjustment is to *individual students*; therefore individual students who are not automatically covered will have to *apply* for the fee adjustment grant.
- Universities have the capability through their processes and procedures, systems and databases to enable the identification of the missing middle cohort. However, it is acknowledged that not all Universities have the same capabilities and not all information is easily accessible to enable the verification process. In this regards the verification process will be done on a national level, through the appointment of service provider/s with the assistance of Purchasing Consortium South Africa (PURCO).
- To initiate the process, *a student will need to apply* to be considered for a grant to cover the % fee adjustment as decided by each Council.
- The application of the student will have to be supported by evidence of the combined annual family income comprising of certified copies of parents, spouses and legal guardians identification documents (IDs) together with a form indicating consent to enable the university to conduct a credit check, through the PURCO process, if necessary.
- A proportion of students will automatically be considered for the grant without any checks being necessary. These include learners who completed their Grade 12 studies at Quintile 1, 2 and 3 schools (matched to the DBE database) and all students covered by NSFAS.
- Each university will be required to determine the individual students that qualify within the bracket of zero to R600 000 household income, and the monetary value of each student's fee adjustment. Fees included are tuition fees and accommodation fees where the accommodation is university owned or operated (i.e. part of the university fee

account). No additional fees such as for clubs and other aspects will be included. Universities will be expected to *verify* the claims before submission to the DHET. This *must be audited* as part of the 2017 HEMIS auditing process.

- All information must be provided to the DHET. The DHET will determine the monetary value of the poor and missing middle cohort to be provided to each university. Transfer of funding will only be done upon the receipt of the database of the poor and missing middle cohort (ID, name, student number, 2017 tuition fees, 2017 accommodation fees and fees adjustment).
- Verification of the information submitted by the student applicant to be eligible for the exemption of the fee adjustment and the allocation of the fee adjustment to the student will need to be included as part of the audit process conducted during 2018 for the 2017 academic year. The fee adjustment must be shown as a separate credit entry on the financial statement of each individual student.

4. PRINCIPLES

4.1 To implement the process of identification and verification of students eligible for the gap grant funding to cover the % fee adjustment in 2017, principles have been developed to serve as criteria. **The following principles will guide the identification process:**

- (a) The 8% fee adjustment on the 2017 fee is applicable to all qualifying South African and permanent residence undergraduate and postgraduate students and students.
- (b) The fees statement must be accompanied by an explanatory paragraph highlighting eligibility criteria. The fees adjustment for qualifying students must be shown as a distinct amount on the individual student fee account.
- (c) The fee adjustment covered will be for tuition as well as university accommodation, where applicable.
- (d) The following students will automatically qualify for the percentage fee adjustment grant implemented at the university:
 - *New 2017 first time entry students (FTEN) who quality for NSFAS* in the 2017 academic year - these students would have completed the NSFAS means test through the NSFAS application process and have been accepted as FTEN students by the University.
 - *Continuing 2017 NSFAS qualifying students* - the data will be made available to universities by the NSFAS.
 - Students who have applied for NSFAS funding in 2017 but have not qualified due to family income above the NSFAS threshold. These applications could be used to enable

universities to identify missing middle students whose combined family income is up to R600 000; NSFAS to provide a dataset to universities.

- Students who have applied for NSFAS funding, were NSFAS means tested and found to be eligible, but due to the shortage of funding did not receive support in prior years; Universities to utilise the 2013, 2014 and 2015 historic debt data that was submitted to the Presidential Task Team in October 2015 to identify eligible students;
 - Students from Quintile 1, 2 and 3 schools will automatically be eligible for the grant and will not be required to undertake a means test. Universities must ensure that the data on the school attended is correctly captured during the 2017 Registration period; universities therefore need to programme the Academic Qualification Structure (AQS) system so that students from Quintile 1, 2 and 3 schools can be easily identified. This will be a compulsory component and will be verified through the HEMIS audit process. Some universities may need to update their current system and data to enable this data element.
- (e) Students who do not fall into the categories above, will have to go through a different application and verification test for eligibility for the fee adjustment grant. See Application and consent form attached.
- (f) Students who are recipients of internal university merit bursaries will be eligible for the 8% grant funding, provided they fall within the R600 000 family income cap. This will not be for students supported through university trust funds or other forms of donor funding.
- (g) The following students DO NOT qualify for the fee adjustment:
- (1) All *foreign* students, including SADC students, will have to pay their full fees (including the fee adjustment implemented at the university). No foreign student will be provided a gap funding grant.
 - (2) Students who are recipients of bursaries and scholarships that cover their *tuition and accommodation fees* will have to pay the percentage fee adjustment.
 - (3) Any student from a household with an income in excess of R600 000.
- (h) Students who are recipients of partial bursaries and scholarships which do not cover full tuition fees and/or accommodation will be eligible to apply for the 8% grant, provided they fall within the R600 000 family income cap.
- (i) Any student who does not apply for exemption (i.e. who chooses not to provide proof of household income and other information required) and therefore cannot be tested for eligibility will not receive the grant to cover their fee adjustment.

5. The following principles will guide the application process:

- (a) All students must apply to access the fee adjustment grant, except those who qualify automatically, as indicated above.
- (b) Students will be required upon registration to provide full information on their legal guardians/parents/spouse and indicate who is sponsoring their studies, as well as provide the name and location of the school at which they completed their Grade 12 qualification.
- (c) Universities will need to conduct a credit check for those applicants that do not automatically qualify for the fee adjustment grant. It will be necessary to verify household income. This would necessitate applicants to submit a consent form signed by their /parents guardians.
- (d) Students must submit the following documentation and information to test for eligibility:
 - 1.1 Certified copy of ID of their parents/legal guardians/spouse;
 - 1.2 A consent form signed by their parents/legal guardians/spouse that allows for verification of the information provided.
 - 1.3 Information on any party sponsoring their studies.
- (e) Communication of this process and the requirements needed to be considered for the gap grant to cover the 2017 fee adjustment should be done with the release of the 2016 examination results. The timing of this will vary between institutions as some year-end examination will only be written during January 2017.
- (f) Communication also needs to be provided to the FTEN students upon confirmation of admission / acceptance.
- (g) Students need to be informed that the Government will guarantee the percentage fee adjustment for qualifying students in the form of a grant to the university.

6. The following principles will guide the accounting process:

- (a) The fee statement of each student must reflect the 2017 fees. structure (i.e. the 2015 fee + the fee adjustment implemented at the university as separate line items if possible).
- (b) The fee statement must reflect the fee adjustment as a credit payable that will be covered through the Government grant should the student apply for it and meet the criteria.
- (c) For those students who automatically qualify (students who have completed the NSFAS means test and fall within the gap funding cap of R600 000 household income), and any student who attended a quintile 1, 2 or 3 school, the statement can show the fee adjustment funding as paid up front.

7. The following principles will guide the verification process:

- (a) The verification of the Government funding provided to all universities against the number of students qualifying for the fee adjustment must form part of the statutory audit process in terms of the Higher Education Act during the 2017 academic year.

- (b) PURCO will publish a Terms of Reference to call for an open tender process to secure a service provider for the verification of information what will be submitted by all applicants.
- (c) Universities will still have an option not to use the appointed service provider, provided that their chosen service provider meets all criteria set by the DHET.
- (d) The cost of the verification process will be carried by the universities.

8. The following principles will guide the appeals process:

- (a) The Department and universities must set and clearly communicate a closing date for all applications.
- (b) Students who have applied for the fee adjustment grant **MUST** be advised on the outcome of their application for the grant within the first quarter (i.e. by 30 April 2017).
- (c) All universities must establish an appeals process to allow students who were rejected to appeal the outcome, should they wish to do so. This is to ensure that:
 - 1.1 eligible students are not prejudiced due to administrative errors;
 - 1.2 students that meet the criteria but may not have had the required documentation in place at the time of registration, are not treated unfairly.
 - 1.3 Such an appeals process will ensure fairness in the evaluation of applications for the 2017 fee adjustment grant.