

The doors of learning and culture shall be opened!

Freedom Charter, 1955

Green Paper for Post School Education and Training, 2012



NSFAS Transformation Programme

Presentation to the Portfolio Committee
on Higher Education and Training
04 September 2012



2012



NSFAS Transformation Programme

**Introduction and presentation
overview**

**Mr Zamayedwa Sogayise,
Chairperson**

NSFAS Transformation Programme
background

Ms Collette Caine, board member

New student-centred model

Mr Nathan Johnstone, Executive
Officer (acting)

Financial implications

Mr Msulwa Daca, Chief Financial
Officer

Stakeholder engagement

Prof Themba Mosia, board member

Way forward

Mr Sogayise

Questions & Discussion



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Transformation Programme



Transformation programme - background

- Growth from R441m in 1999 to R6bn in 2011, R7,5bn in 2012
- 1 million students with 2 million accounts by 2012
- 330 000 students in 2011
- Organisation and systems have not kept pace with growth in funds
 - Loan Management System is outdated and inadequate
 - Applications through Financial Aid Offices not controlled by NSFAS
 - Students are disconnected from NSFAS – no direct relationship until students have graduated or dropped out
 - Difficult to recover loans
 - Systems do not manage information or facilitate reporting to oversight structures, stakeholders
- 2010 Ministerial Review showed need for transformational agenda



To respond to these factors, NSFAS has developed a transformation programme underpinned by 3 strategic goals

Transformation – strategic goals

	Goal
Strategic goal 1	An efficient and effective public entity in student financial aid administration
Strategic goal 2	Access, success and progression to improving both throughput and graduation rates at public universities and FET colleges
Strategic goal 3	Improved student-centred financial aid environment



For the strategic goals to be realised, NSFAS has outlined 6 design principles that inform the architecture of the transformation plan



NSFAS Transformation Design Principles

1 Direct relationship with students from Grade 9

- Simple transparent, reliable and responsive processes
- Focus on raising awareness of NSFAS
- Alignment to DBE & DHET initiatives for information, career guidance
- Education of students about accessing credit

2 Central application process for loans and bursaries

3 New central loan and bursaries administration process

- Credit function at executive management level

4 Analytical focus to support financial aid policy development

5 Appropriate governance, controls – Transformation Steering Committee

6 New NSFAS student-centered model operating by 2013 for 2014 academic y



The strategic goals and the design principles form the foundation of the transformation programme



Objectives of the transformation programme -1

- To implement a student-centred “Money Follows the Student” model in which students will prequalify for financial aid at the time of applications for admission
- To streamline the application processes for financial aid to become more efficient, effective and cost-effective
- To improve the way NSFAS communicates its message to learners so that they will be aware of available financial assistance long before they leave school
- To reach a wider population of students who are eligible for student financial aid – especially in rural areas and at schools with limited access to technology

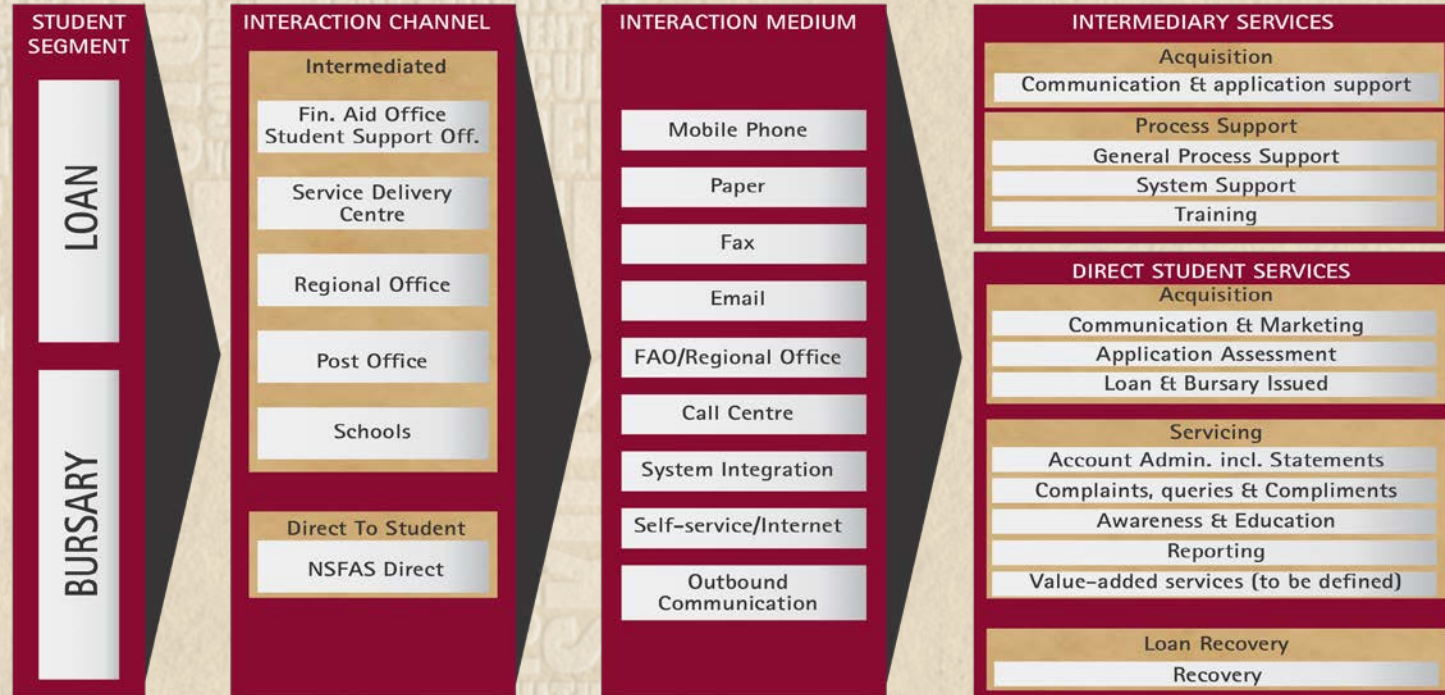
Objectives of the transformation programme -2

- To reduce potential fraud and corruption at institutions to ensure financial aid reaches the students for whom it is intended
- To introduce modern technology systems to manage the funds that NSFAS distributes – R7,5 billion in 2012
- To reduce the number of NSFAS students who either fail or drop out by supporting programmes in collaboration with institutions and other stakeholders to give students the best chance of graduating
- To improve recovery rates on student loan repayments
- To improve the efficiency and effectiveness of the organisational structure to better enable NSFAS to fulfill its mandate



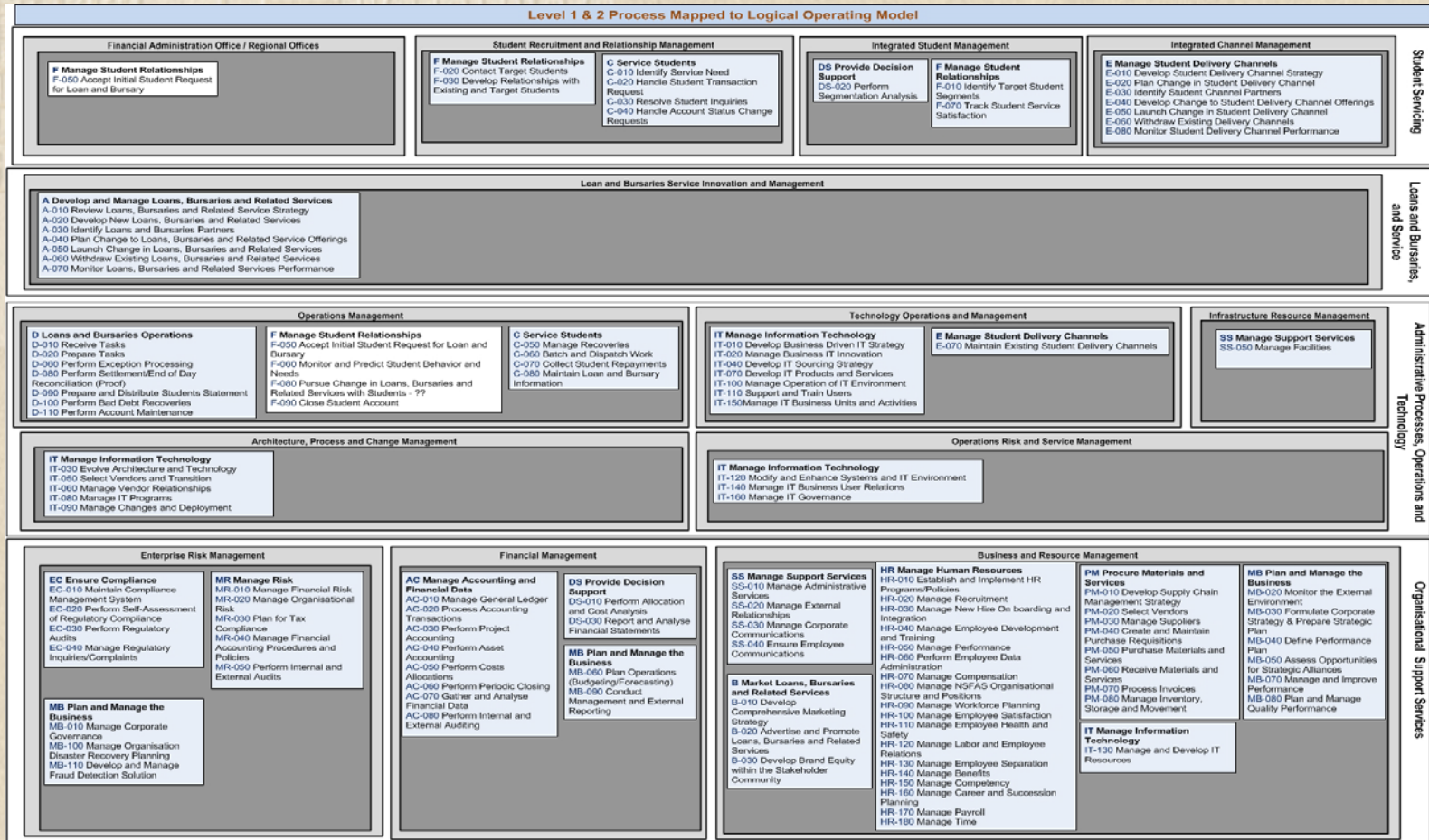
The strategic goals, design principles and objectives have all been aligned to define the new NSFAS model

The new student-centred NSFAS model



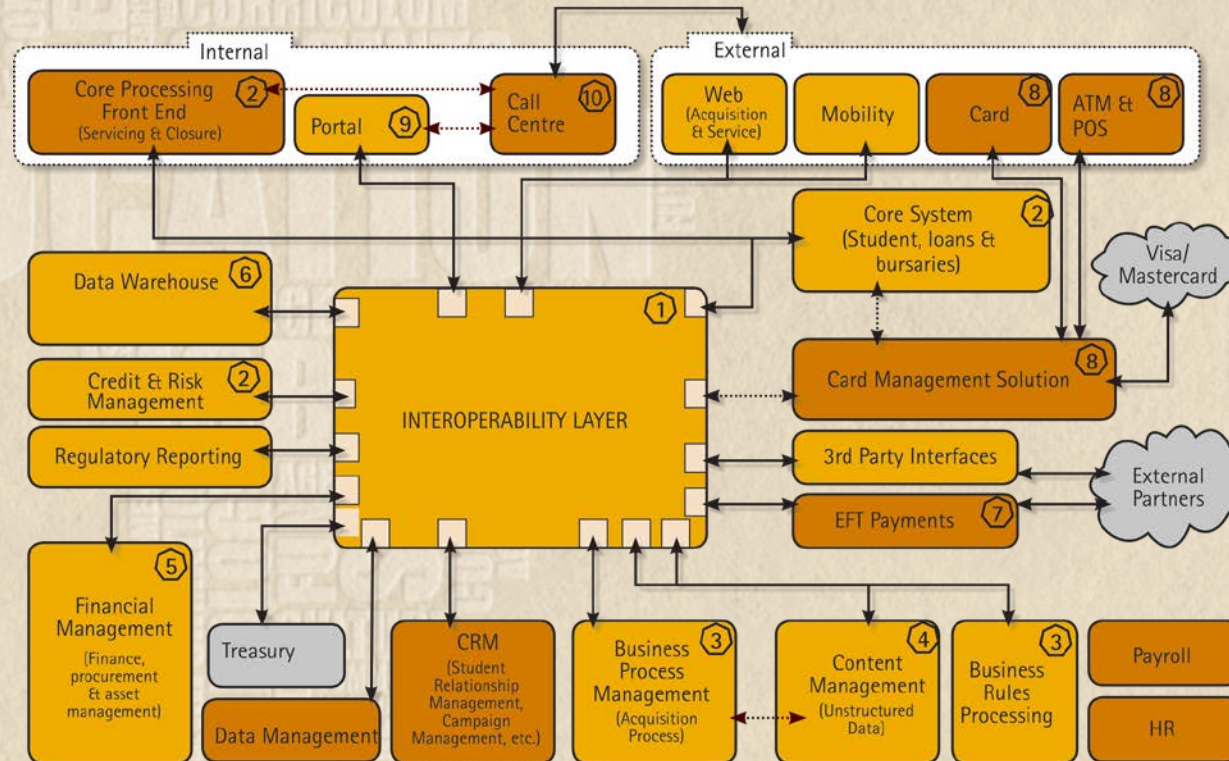
To achieve this model, limited parts of the existing systems could be reused, so the decision was made to replace systems – resulting in the recent tender for a loans and bursaries management system

NSFAS Operating Model

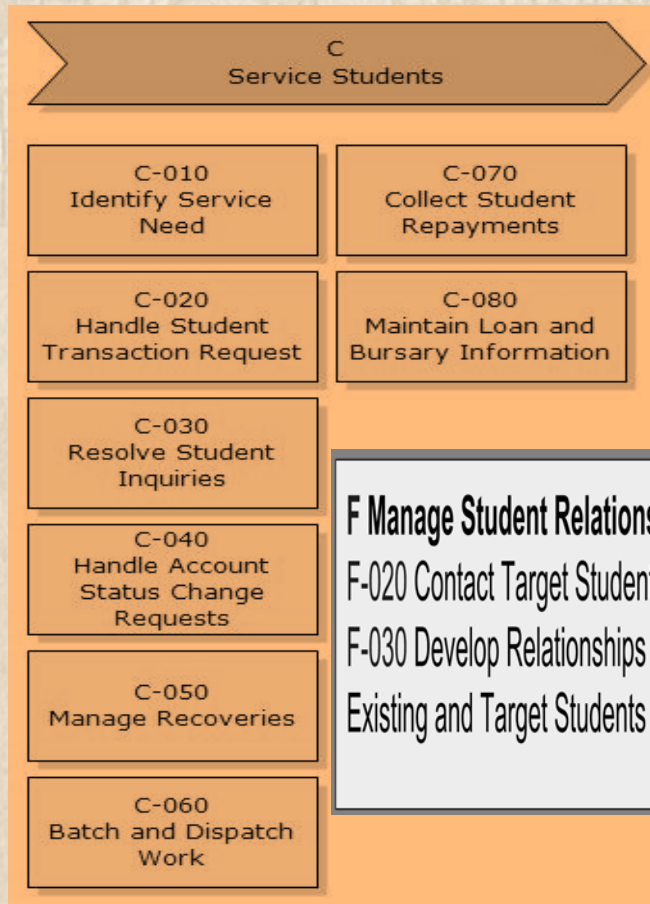


IT model - scope of the new systems

SCOPE OF THE NEW SYSTEMS



Student application and relationship

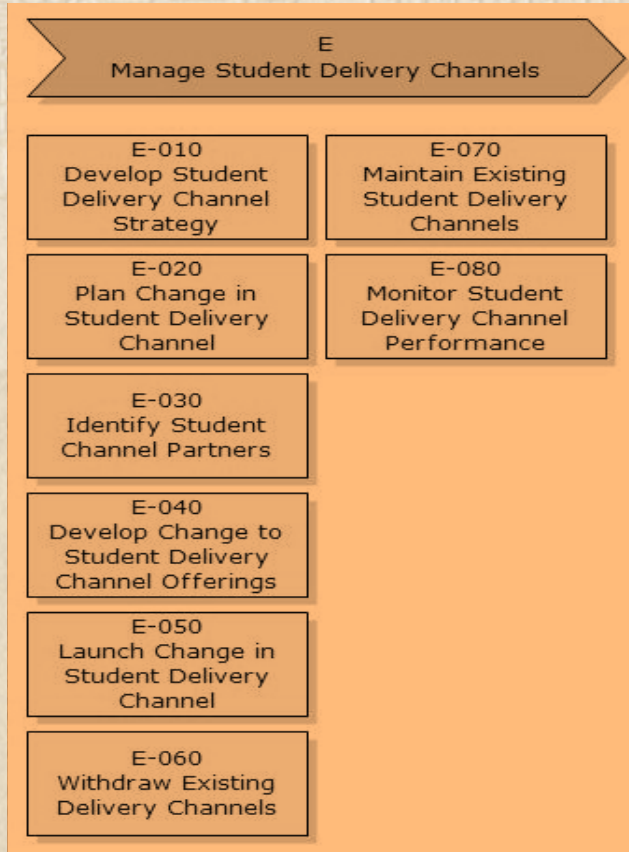


- Student Relationship Management (SRM) will be key focus in our direct relationship with the student
- Active communication strategy to all stakeholder groups
- Focus on learners at school from Grade 9
- This is a process so there will be overlaps between departments in NSFAS and they will need to collaborate effectively

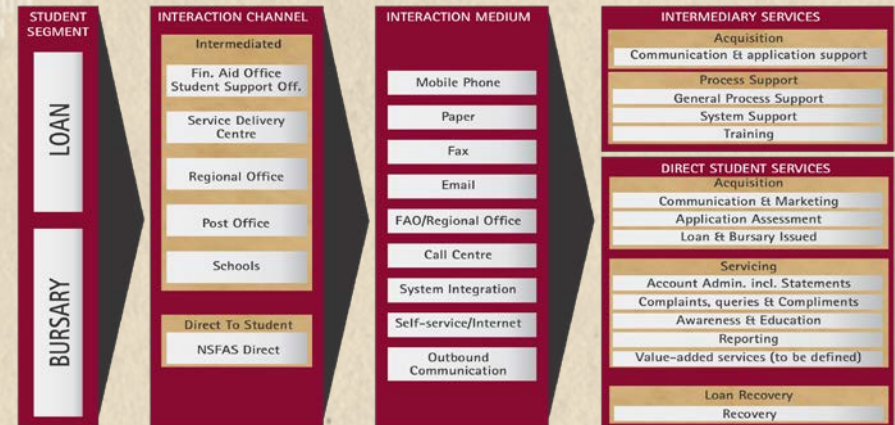


Essential to align NSFAS CAP with DHET CAP for admissions to achieve a seamless service, a 'one stop shop'

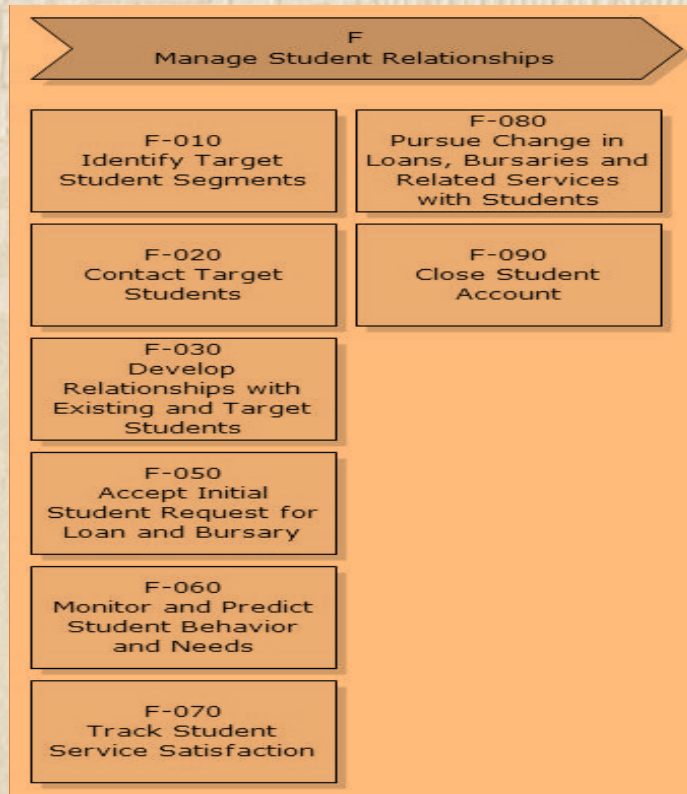
Integrated student channel management



- Introduce new student channels including internet and cellphone as we implement new direct relationship with students
- Applications via schools, Post Office, Government service centres, regional offices and others
- Essential for managing the student relationship, supports delivery model



FAOs, student centres & regional offices



- Continue to receive applications via FAOs at universities and colleges
- Introduce applications via regional offices when DHET establishes presence as planned
- By 2014 more technology-based applications giving students direct access via internet and cellphone



Operational implications



Operational implications of the new model

- Existing systems need to keep running while the new system is implemented
- Changes to people, process, systems and measures that align individual roles and new model
 - Skills audit underway
 - People will need training on new systems
 - Restructure jobs to support the new model
 - Employ staff in areas where we need to grow capacity and capability
- Incorporate requirements of the new model into the performance management framework



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Financial implications



Financial implications of the new model

- **For NSFAS**
 - Enable accurate financial management of funds for first time ever
 - Enable accurate financial reporting
 - Enable full audit of all funds, improve audit outcomes
 - Increase funds available for loans due to increased recoveries
- **For stakeholders**
 - Students will receive Full Cost of Study (FCS)
 - Includes tuition fees, residence, books, food, transport
 - Universities and colleges will continue to receive tuition, residence fees direct from NSFAS



Financial implications of the new model

- Budget provided from existing NSFAS funds
 - R98.2 million approved by the Board in concurrence with the Ministers of Higher Education and Training and Finance

Item	2012/13	2013/14
Student centred model design	4 826 000	1 492 000
Infrastructure and implementation	69 288 000	21 433 000
Policies, procedures and training	886 000	274 000

- New model requires significantly additional human resource capacity particularly as funds for students increase
- Increased funding for student loans and bursaries required for all eligible students

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Stakeholder engagement



Stakeholder engagement - external

▪ Oversight structures

- Parliament
 - PCHET, NCOP
- Government, regulators
 - DHET & public entities e.g. SAQA on career guidance
 - Department of Basic Education, National Treasury (OAG)
 - National Credit Regulator, Auditor-General,

▪ Sector stakeholders

- Learners, students – organisations, individuals
- Universities – Vice chancellors, staff
- FET colleges – Principals, staff



Stakeholder engagement - internal

- **Staff**

- Skills development, training
- Resourcing – new staff required , especially IT skills

- **Students**

- Existing borrowers
- Bursary recipients



Way forward

2012

- Tender process for new Loans & Bursaries management system to be finalised in September
- Staff skills development, training, resourcing throughout transition
- Communication with internal, external stakeholders
- TSC leads project governance, regular reporting to oversight structures

2013

- Loans and bursaries management system in place
- Central Applications Process pilot for 2014 academic year

2014

- Full CAP rollout, aligned to DHET CAP for admissions
- Financial accounting, reporting on new system



