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## MEDIA RELEASE

### **Best-case to worst-case: UP experts predict four scenarios that could play out as SA universities build a new normal post-COVID-19**

PRETORIA – A paper authored by University of Pretoria (UP) academics highlights four scenarios that could face SA universities as the effects of the COVID-19 pandemic continue to reverberate through every industry and sector nationally and globally.

The paper is authored by Dr Gerald Wangenge-Ouma, Director of Institutional Planning at UP and Professor Tawana Kupe, Vice-Chancellor and Principal of UP. It is titled ‘Uncertain Times: Re-imagining universities for new, sustainable futures’. It was submitted and published as a working paper by Universities South Africa (USAf), an association of vice-chancellors of South Africa’s 26 universities.

Dr Wangenge-Ouma and Prof Kupe say that before the COVID-19 pandemic “universities were in a fragile economic situation due to budget allocations for 2020/21 being cut as a result of reprioritisations: infrastructure allocation for universities was reduced by R500m, while the block grant was reduced by R382,59m.” Then the pandemic struck and brought with it costs related to online teaching (learning management systems, purchase of computers/devices for students and staff, and data), and an expectation from students and parents that there would be a reduction in tuition fees and rebates for accommodation. Universities had to fund fixed expenditure on student residences while suffering a loss in revenue due to the cancellation of on-campus revenue-generating courses and programmes.

“Universities suffered a decline in third stream income (funding from sources other than public subsidies and student fees and accommodation), due to dramatic declines in financial markets and plummeting economies. These will affect returns on investments and will impact on donors, including alumni, who will face financial challenges of their own.”

Furthermore, research funding from private or government sources may decline. Enrolments, especially for international postgraduate students, may decline. Other costs incurred relate to mandatory screening and testing of students and staff and the purchase of personal protective equipment.

“There is ongoing financial hardship for families and loss of income as a result of retrenchments resulting in higher student debt levels – this is real in the context of stretched public finances and a battered economy. Financial hardship will require increased financial support,” write Dr Wangenge-Ouma and Prof Kupe.

#### **They propose four scenarios that might play out:**

The ‘*Jive South Africa*’ scenario is one of unrealistic optimism, whereby the pandemic subsides quickly and the economy experiences an upswing in 2021. “Here, state funding for universities is expected to increase in real terms, tuition fees can be increased in real terms (inflation plus), and third stream income is expected to increase.”

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Under the *'Passing Cloud'* scenario the current economic challenges and the impact of the pandemic are short-lived. "The impact of the latter will be exacerbated by economic and other challenges that pre-date COVID-19. Those affected the most by the pandemic, mainly small and medium-size enterprises and low-to-middle income families, will struggle to recover." Government funding of universities is expected to drop, demand for funding from the National Student Financial Aid Scheme will increase, student debt will also increase due to reduced family incomes, and tuition fees are likely to remain flat due to pressure against increases."

The transition to emergency remote teaching and learning is expected to be short-lived but will require modifications to instructional operations and assessment methods. Things may quickly return to the pre-COVID-19 era except for expenses generated to address the various impacts of the pandemic.

The *'Light Bulb'* scenario is characterised by a decline in COVID-19 infections and deaths, adoption of both short-term and long-term economic reforms, modest economic recovery, and an end to the jobs bloodbath. "Public funding and third stream income are expected to decline, but not to the extent that large-scale retrenchments are required to save costs. Managing the financial challenges will require prudent management of financial resources that combines careful cost management and strategies to find new revenue sources: cost reduction and replacement, revenue diversification and entrepreneurialism."

This scenario is underpinned by innovation in terms of managing the current short-term challenges, but also imagining new, transformative and resilient futures.

In the *'Cry South Africa'* scenario, they predict a worst-case situation of economic collapse, in which the pandemic lasts through 2021. "The implications of this scenario for universities include a precipitous decline in state funding, freezing of tuition fees (0% fee increase), decline in enrolments, increased inequity/inequality in access and retention affecting mainly lower-income students due to increased financial and other constraints (for example, family obligations, unfavourable home circumstances and loss of support networks due to campus closures), a sharp increase in student debt, and continuation of remote emergency online teaching and learning in 2021."

Under this scenario, large-scale retrenchments may have to be carried out and some universities may become financially insolvent. "This scenario is underpinned by stasis, decline and even despondency. It does not guarantee the continued existence of universities as vibrant knowledge institutions contributing to the transformation of society."

Dr Wangenge-Ouma and Prof Kupe recommend that USAf commission a study to quantify the financial impact of COVID-19 on universities and their financial sustainability; develop a proposal for stimulus funding for universities to reduce the impact of COVID-19; and also develop proposals for long-term interventions to the financial challenges experienced by historically disadvantaged universities. "The proposal should form the basis of engagement with the [Department of Higher Education, Science and Technology] and Treasury."

It is recommended that USAf also investigate the development of new income streams and facilitative ecosystems to support them, establish a task team on the future of the various modes of teaching and learning beyond the current pre-COVID-19 contact mode, and explore the establishment of a national shared services platform to serve the higher education sector.

According to Dr Wangenge-Ouma and Prof Kupe, the R1,85bn requested by universities from the Department of Higher Education, Science and Technology (DHES) as part of their COVID-19 campus-readiness plans is indicative of the financial implications of the pandemic for the sector. "[DHES] has already provided some COVID-19 relief funding which will go some way in alleviating the impact of the pandemic. This funding is, however, inadequate given the magnitude of the challenge. Furthermore, the COVID-19 relief funding is not additional funding. It is derived from a reprioritisation of existing university allocations." – ENDS

The paper is attached.

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## **ABOUT THE UNIVERSITY OF PRETORIA**

The University of Pretoria (UP) is one of the largest contact and residential universities in South Africa, with its administration offices located on the Hatfield Campus, Pretoria. This 112-year-old institution is also the largest producer of research in South Africa.

Spread over seven campuses, it has nine faculties and a business school, the Gordon Institute of Business Science (GIBS). It is the only university in the country that has a Faculty of Veterinary Science which is ranked top in Africa, and overall has 120 academic departments, as well as 92 centres and institutes, accommodating more than 55 000 students and offering about 1 100 study programmes.

UP is one of the top five universities in South Africa, according to the 2019-2020 rankings by the Center for World University Rankings. It is also ranked among the top 100 universities worldwide in three fields of study (veterinary science, theology and law), and among the top 1% in eight fields of study (agricultural sciences, clinical medicine, engineering, environment/ecology, immunology, microbiology, plant and animal sciences and social sciences).

In May 2020, the annual UK Financial Times Executive Education Rankings once again ranked GIBS as the top South African and African business school. The University also has an extensive community engagement programme with approximately 33 000 students involved in community upliftment. Furthermore, UP is building considerable capacities and strengths for the Fourth Industrial Revolution by preparing students for the world beyond university and offering work-readiness and entrepreneurship training to its students.

As one of South Africa's research-intensive universities, UP launched the *Future Africa Campus* in March 2019 as a hub for inter- and transdisciplinary research networks within UP and the global research community to maximise 4IR innovation and address the challenges and stresses our continent and world is facing. In addition, UP also launched the Javett Art Centre in September 2019 as a driver of transdisciplinary research development between the Humanities and other faculties. In 2020 UP will launch Engineering 4.0. as a hub not only for Smart Cities and Transport, but also to link the vast resources in technology and data sciences to other faculties via Future Africa. These initiatives are stimulating new thinking at the frontier of 'science for transformation'.

For more information, go to [www.up.ac.za](http://www.up.ac.za)