



## **Graduate Union Affiliation Fees 2016-17**

### **Summary**

*Due to the unusually high Affiliation Fees payment rate in 2015-16, it is proposed that the excess income be redistributed as a 12–15% rebate for affiliated MCRs on the fees charged in 2015-16 – to be paid out as a credit on 2016-17 affiliation fee invoices.*

*In 2015-16, the affiliation fee rate was £3.50 per full-time graduate. The proposed fee rates for 2016-17 are £3.00–£2.90 per full-time equivalent (FTE) graduates up to 259, £0.60–£0.58 per additional FTE graduate above 259 and up to 410, and £0.00 per additional FTE graduate beyond 410.*

*In order to encourage re-affiliation, it is proposed that MCRs who have not been affiliated to the GU in the past two years are offered a 50% fee discount on their first year's affiliation fee, and 25% on their second; and that MCRs who have not been affiliated in the past year are offered a single-year 25% discount.*

### **1. Status quo**

Of 31 MCRs<sup>1</sup> in the University, 24 are affiliated to the GU and 7 are not (see Appendix A). The number of affiliated MCRs decreased steadily from 2012 to 2015, during the GU's period of difficulties. No MCR has voted to disaffiliate since the end of the 2015 interregnum.

At present, the GU charges MCRs £3.50 per full-time graduate student at their College for affiliation. For this purpose, student numbers are taken from the *previous* academic year's figures, as published by the University's Student Statistics Office, because these are the most-recent data available at the start of the academic year.

In the past, the GU has included part-time graduates and PGCE students in the figures for calculating affiliation fees. A previous President unilaterally decided not to stop this one year, and the practice has stuck. CUSU currently charge for part-time and PGCE students.

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<sup>1</sup> For the purposes of affiliation to the GU, "MCR" means any graduate students' unions at a Colleges – including those students' unions which represent graduates and undergraduates at Colleges with only one students' union.

## **2. Academic year 2015-16 summary**

In 2015-16, 24 affiliated MCRs were invoiced for affiliation fees. As of 16 September, all but one of these has paid – representing a 96% collection rate in fiscal terms. In previous years, the GU has budgeted for an approximate 80% collection rate. Since records began (or, at least, as far back as we can determine) a collection rate of 96% is unprecedented.

In the past, little (if any) repercussions have arisen for “affiliated” MCRs who do not pay the affiliation fees charged. Not only is this hugely unfair on those affiliated MCRs who do pay their affiliation fees, it does nothing to improve the 80% collection rate. Starting in 2015-16, the GU now treats those MCRs who do not pay their affiliation fees for the academic year by the end of the academic year without explanation as disaffiliating by default. (As poor records of affiliated MCRs were kept prior to 2015-16, this is how the current list of affiliated MCRs was generated.)

Due to the unprecedented collection rate of 96%, the GU has received £14,458.50 in fee income in 2015-16, £2,458.50 more than the £12,000.00 budgeted.

## **3. Proposed 2015-16 rebate**

The Council is asked to approve an affiliation fee rebate, to account for the excess income collected in 2015-16.

It is proposed that the GU rebate all MCRs who paid fees in 2015-16 such that the total net retained by the GU is £12,700.00. (Although the budgeted income was £12,000.00, GU affiliation fees have not increased with inflation since 2013 – the £700 nominal increase accounts for the real decrease in value from 2013 to 2016.) This would result in a 12% rebate on what was paid in 2015-16. It is further proposed that, in order to reduce admin and reward continued affiliation, this rebate be paid as a credit on the 2016-17 affiliation fees.

One MCR that has been affiliated to the GU in 2015-16 has not yet paid their fees. In the event that they do decide to pay rather than be disaffiliated by default, the rebate would be increased to 15%.

## **4. Affiliation fees in the longer term**

It is GU Policy that the current affiliation fee system ought to be replaced by a so-called “mixed model”, in which much smaller affiliation fees (potentially a fixed sum per MCR) are augmented by the Colleges directly supporting the GU by an amount proportional to the number of GU members at each College.

However, any new system will not come into effect for the academic year 2016-17. The GU is instead working to introduce it in time for the academic year 2017-18. In the meantime, the current affiliation fee model will be retained.

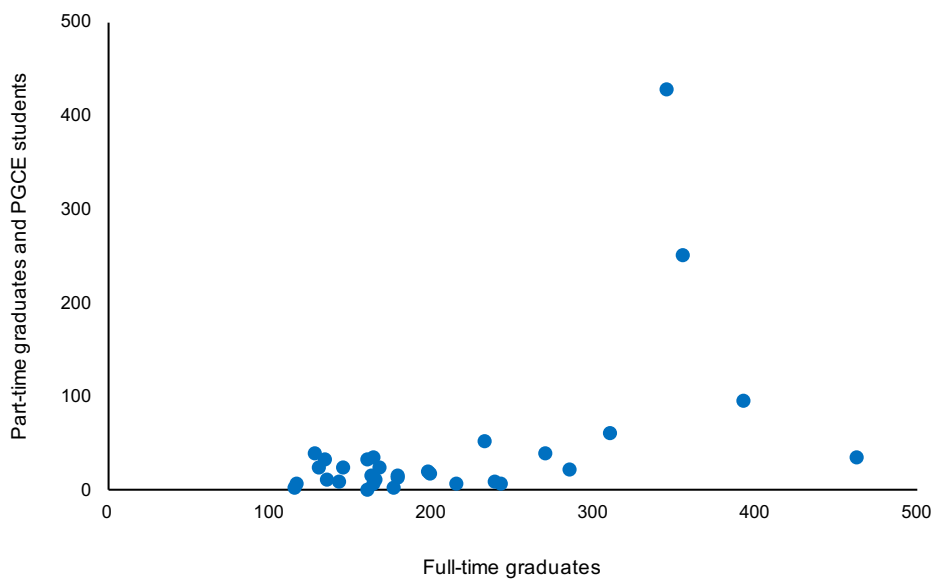
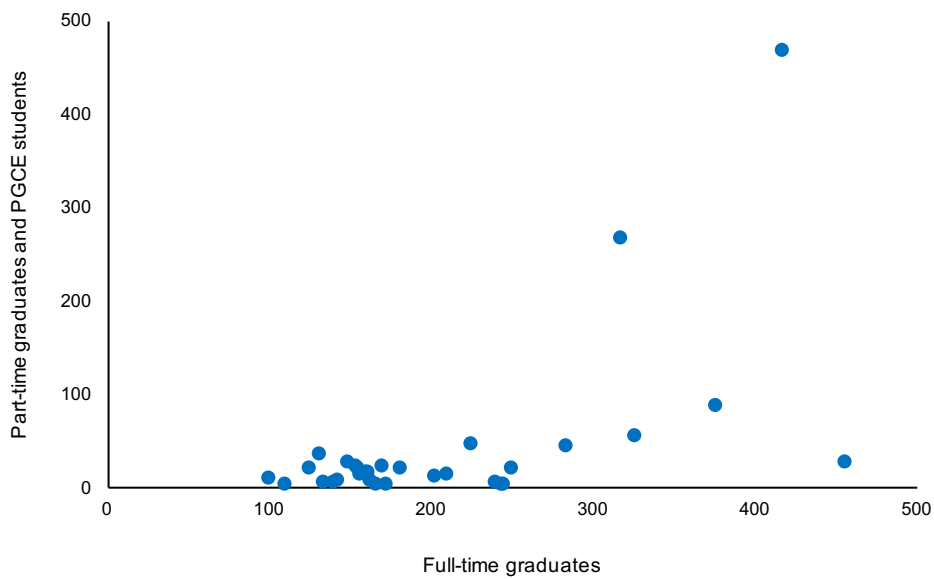


Figure 1: Plot of part-time graduates and PGCE students against full-time graduates at each College, 2014-15 (top) and 2015-16 (bottom). There is little to no correlation between the number of full-time graduates and the number of part-time graduates and PGCE students.

## 5. Issues with current fee rates

The current affiliation fee rates are unfair for two main reasons

### *Full-time and part-time students*

At present the GU only charges for full-time graduate students, and does not charge for part-time graduate or PGCE students. This would be fair if the two figures were highly correlated. However, as figures 1 illustrates, there is no such correlation. Therefore, under the current fee rates, Colleges with a disproportionately large number of full-time students compared with part-time or PGCE students, are unfairly overcharged, and *vice versa*.

It would be fairer to charge a lower affiliation fee per full-time-equivalent (FTE) graduate. For this purpose, one full-time graduate would be equivalent to one FTE graduate, and one part-time graduate or PGCE student to half a FTE graduate. In this way, colleges skewed toward full-time students would no longer be unfairly penalized.

### *Larger colleges*

MCRs are charged on a per-capita basis for two reasons: (1) college size is a (very rough) proxy for an MCR's disposable income, as most Colleges base their MCR funding on a proportion of the College Fee; and (2) it costs the GU more to provide certain services (e.g. the Advice Service, weekly parent-toddler events) to larger numbers of graduates.

However, this rationale breaks down when considering the largest Colleges, ie the seven Colleges larger than the third quartile.<sup>2</sup>

As illustrated by figures 2, these Colleges are dramatically unlike the other Colleges in that their size in terms of FTE graduates becomes much larger much faster. To the extent that FTE graduates may be taken as a proxy for MCR wealth, it is unrealistic to assume this holds for Colleges which are so much larger than the others.

Furthermore, in comparison with the smaller colleges, these largest Colleges are three times more likely to be among the poorest Colleges (ie the Colleges in receipt of support from the Colleges Fund), nine times more likely to be disaffiliated from the GU, and seven times more likely to be a mature or graduate Colleges.

This is evidence that (a) the link between wealth and size breaks down among these Colleges, and that (b) this has a measurable effect on the attractiveness or feasibility of affiliation for these Colleges. The fact that this issue is disproportionately experienced by graduate and mature Colleges is of particular concern for the GU.

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<sup>2</sup> Mathematical diversion: there is no universally accepted way of dividing into quartiles, but in this paper and with respect to the size of the 31 Colleges, the second quartile has been taken to be the median value of the Colleges smaller than the median (ie that of the 8<sup>th</sup> College) and the third quartile to be the median value of the Colleges larger than the median (ie that of the 24<sup>th</sup> College).

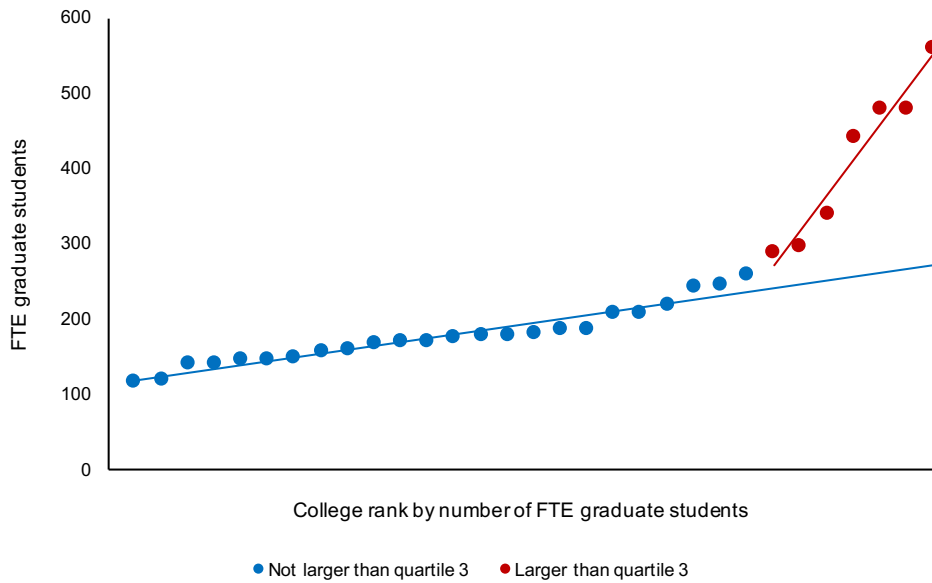
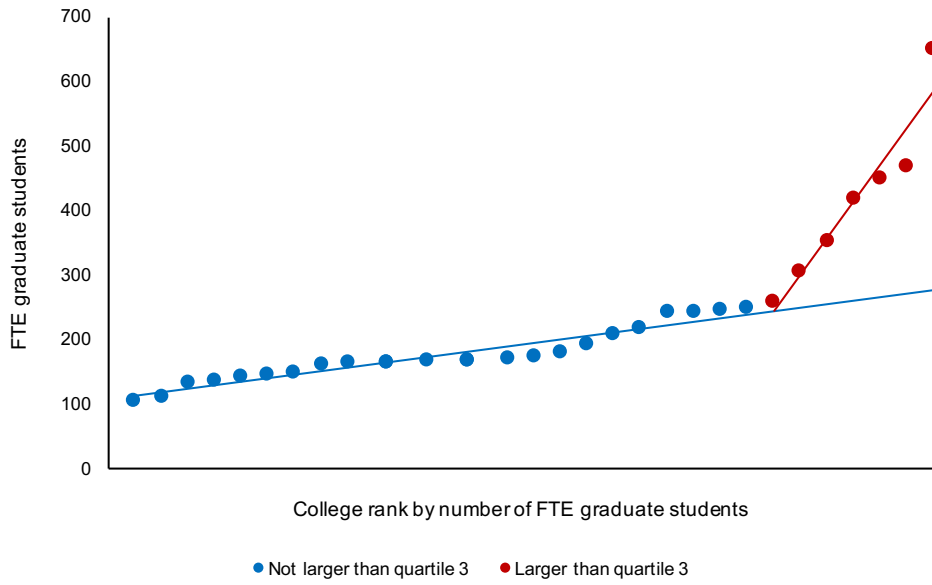


Figure 2: Number of FTE graduates at each College, 2014-15 (top) and 2015-16 (bottom). The Colleges with FTE graduate numbers larger than the third quartile become much larger much quicker than the other Colleges.

It is therefore proposed that, rather than charging a flat rate per FTE graduates:

- the fee rate for FTE graduates beyond the third quartile is reduced; and
- no fees are charged for FTE graduates beyond a maximum cap.

The suggested fee rate for FTE graduate beyond the third quartile is 20%. The maximum cap is suggested to be the upper fence, a common value beyond which values are deemed to be outliers.<sup>3</sup> Figures 3 show the effect these adjustments would have on the fee liability of the Colleges.

## 6. Affiliation fees for 2016-17

It is proposed that the fee rates for 2016-17 be set as:

- £3.00 per FTE graduate up to 259,
- £0.60 per additional FTE graduate above 259 and up to 410, and
- £0.00 per additional FTE graduate above 410.

These rates would give the GU an estimated fee income of £12,800 (ie the same value as in 2015-16, in real terms), based on the assumption that the same Colleges which have so far paid affiliation fees in 2015-16 do so again. In reality, we would hope to persuade some MCRs to actually re-affiliate (see section 7); and in that case, another rebate would be distributed in 2017-18 to return the excess income.

The full table of fees chargeable to each MCR under these proposals are given in Appendix B, along with the savings in comparison with what the fees would be under the current rates. As usual, these figures are calculated using the most recent available student statistics at the turn of the academic year – in this case, from 2015-16.

In the event that the last outstanding MCR affiliated during 2015-16 does decide to pay rather than automatically disaffiliate, it is instead proposed that the fee rates for 2016-17 be set as:

- £2.90 per FTE graduate up to 259,
- £0.58 per additional FTE graduate above 259 and up to 410, and
- £0.00 per additional FTE graduate above 410.

Which would bring in the same fee income as the first proposal, under the same set of assumptions.

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<sup>3</sup> The upper fence is the third quartile plus one and a half times the interquartile range.

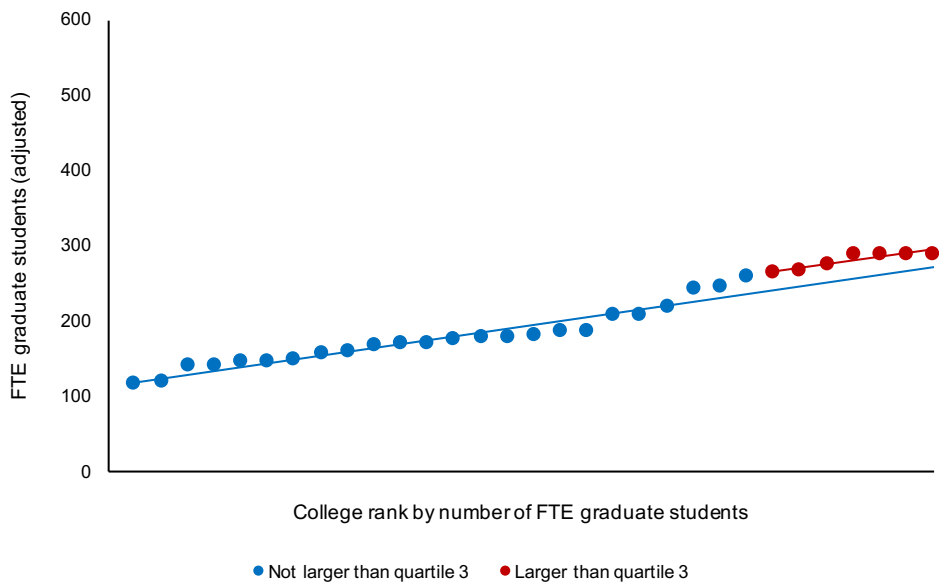
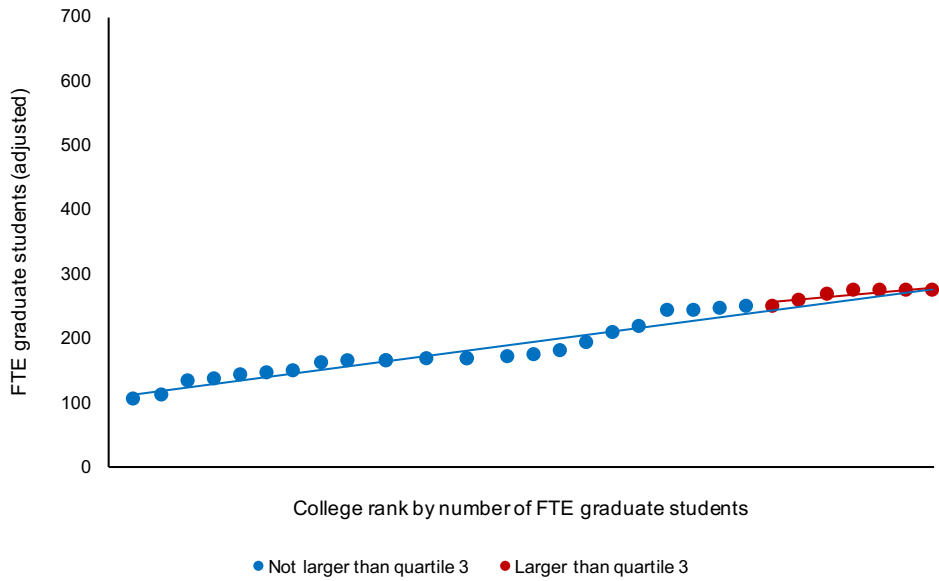


Figure 3: Number of FTE graduates at each College, adjusted to reflect fee liability under the fee rates proposed in this paper, 2014-15 (top) and 2015-16 (bottom). Under the proposed fee rates, larger Colleges are no longer extreme outliers in terms of fee liability.

## 7. Re-affiliation discount

MCRs re-affiliating to the GU benefits every other affiliated MCR. As illustrated by the proposals of this paper, a greater number of fee-paying affiliated MCRs affords lower fees. Less practically but more importantly, with a higher proportion of affiliated MCRs the GU is able to undertake its representational work with greater perceived legitimacy –strengthening the voice of the already affiliated MCRs. This is especially true with respect to the GU and the MCRs of the mature and graduate Colleges.

However, one major reason that it is difficult to persuade non-affiliated MCRs to re-affiliate is that such MCRs are often already using the money they would spend on affiliation on something else (very few if any MCRs run a surplus). Therefore, in order to re-affiliate, MCRs must cut spending somewhere else – and, because there is no tangible short-term gain to be had from re-affiliating (inasmuch as all graduate students can currently make use of GU services, and the costs of central representation are met by the currently-affiliated MCRs), this can be a difficult decision to justify politically.

In order to make it as easy as possible to transition to affiliation, it is proposed that those MCRs which have not been affiliated to the GU in the last two years are, on re-affiliation, offered a 50% discount on their first year's affiliation fee charge, and a 25% discount on their second year's charge<sup>4</sup> – fees would thereafter be charged at the usual rate. MCRs which have not been affiliated to the GU in the last year would be offered a one-year 25% discount.

Any additional fee income collected as a consequence of an increased number of affiliated MCRs would be rebated back to the MCRs at the start of the next Academic Year. Although offering a discount to newly affiliated MCRs could be unfair on long-standing affiliated MCRs, it is in their short-term financial interests to encourage MCRs to re-affiliate and the net effect would be positive for all MCRs in the longer run.

## 8. Conclusion

The proposals in this paper are, in conclusion, (a) to rebate additional fee income beyond budget back to MCRs, (b) to reduce the fees in line with the income collected in 2015-16, (c) to charge affiliation fees in 2016-17 on the basis of FTE graduates, (d) to introduce a fee taper and cap to stop unfairly penalizing the largest colleges, and (e) to offer newly affiliated Colleges a discount to encourage their return.

These proposals are fairer, less expensive for affiliated MCRs, and more likely to encourage additional MCRs to affiliate – and are therefore good both for the GU and for the MCRs over the coming year.

*Chad Allen  
GU President  
September 2016*

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<sup>4</sup> Assuming that some kind of affiliation fees are indeed charged in 2017-18.



**Appendix A: Affiliated Combination Rooms**

## Affiliated:

- Christ's MCR
- Churchill MCR
- Clare MCR
- Clare Hall GSB
- Downing MCR
- Emmanuel MCR
- Fitzwilliam MCR
- Girton MCR
- Gonville & Caius MCR
- Jesus MCR
- KCGS (King's)
- LCCSU (Lucy Cavendish)
- Murray Edwards MCR
- Newnham MCR
- Pembroke GP
- Peterhouse MCR
- Robinson MCR
- Selwyn MCR
- Sidney Sussex MCR
- St Catharine's MCR
- St John's SBR
- Trinity BA Society
- Trinity Hall MCR
- WCSA (Wolfson)

## Not affiliated:

- Corpus Christi MCR
- DCSA (Darwin)
- St Edmund's CR
- Hughes Hall MCR
- Homerton MCR
- Magdalene MCR
- Queens' MCR

**Appendix B: Proposed fee table, 2016-17**

College	Full-time grads	Part-time grads and PGCEs	FTE grads	Fees under current rates	Fees under proposed rates	Saving
CAI	177	2	178	£619.50	£534.00	14%
CC	179	15	187	£626.50	£559.50	11%
CHR	180	12	186	£630.00	£558.00	11%
CHU	239	8	243	£836.50	£729.00	13%
CL	198	18	207	£693.00	£621.00	10%
CLH	163	15	171	£570.50	£511.50	10%
CTH	164	6	167	£574.00	£501.00	13%
DAR	463	34	480	£1,620.50	£866.40	47%
DOW	164	34	181	£574.00	£543.00	5%
ED	270	39	290	£945.00	£794.10	16%
EM	146	23	158	£511.00	£472.50	8%
F	233	51	259	£815.50	£775.50	5%
G	166	10	171	£581.00	£513.00	12%
HH	393	95	441	£1,375.50	£866.40	37%
HO	346	426	559	£1,211.00	£866.40	28%
JE	285	22	296	£997.50	£798.00	20%
JN	216	5	219	£756.00	£655.50	13%
K	161	0	161	£563.50	£483.00	14%
LC	161	32	177	£563.50	£531.00	6%
M	143	8	147	£500.50	£441.00	12%
MUR	117	7	121	£409.50	£361.50	12%
N	199	17	208	£696.50	£622.50	11%
PEM	168	23	180	£588.00	£538.50	8%
PET	116	1	117	£406.00	£349.50	14%
Q	311	60	341	£1,088.50	£825.00	24%
R	134	33	151	£469.00	£451.50	4%
SEL	128	39	148	£448.00	£442.50	1%
SID	131	23	143	£458.50	£427.50	7%
T	243	7	247	£850.50	£739.50	13%
TH	136	10	141	£476.00	£423.00	11%
W	356	249	481	£1,246.00	£866.40	30%

Data used is from 2015-16, the most recent available at the start of the academic year.

These proposed fees are calculated under the £3.00/£0.60 rates. Should all affiliated MCRs pay their 2015-16 fees, the rates and therefore the total fees will be slightly less.

Practically, the total payable will almost always be less than shown due to either the rebate credited to affiliated Colleges, or the discount offered to re-affiliating Colleges.