

MINISTRY OF HIGHER EDUCATION AND TRAINING

MINISTERIAL STATEMENT ON UNIVERSITY FUNDING: 2011/12

8 December 2010

Section A

INTRODUCTION

Planning, funding and quality assurance are the three mechanisms to steer the South African university system towards the goals set out in the Education White paper 3 – A Programme for the Transformation of Higher Education (24 July 1997). These steering instruments are relevant and need to be strengthened as we craft a post-school system for the country.

This Ministerial Statement deals with the funding and planning instruments and is published in accordance with the requirements of the Higher Education Act, 1997 (Act No. 101 of 1997) and the funding framework (Government Gazette, no 25824 of 9 December 2003) approved by both the Ministers of Education and of Finance. This Statement focuses mainly on the funding for 2011/12 and once policy changes have been approved, a statement that addresses funding for 2012/13 will be published in 2011.

Universities need to deliver the high level professional and occupational skills, research and innovation required for economic growth and development. The Presidency's Performance Monitoring and Evaluation (PME) targets set for the Minister of Higher Education and Training focus on specific areas that must align with the DHET's strategic goals and objectives. At postgraduate level these targets focus on increased outputs of honours graduates, research Masters graduates, doctoral graduates and post-doctoral fellowships. At undergraduate level these targets focus on increased outputs of graduates and diplomats in: engineering, life and physical sciences; human and animal health sciences; and initial teacher education. The DHET work with the sector towards the realisation of these targets as well as the broader purposes of higher education.

1.1 The context

This Ministerial Statement on University Funding for 2011/12 contains:

- The budget allocations likely to be available for distribution to the universities for the 2011/12 financial year and the division of funds among various budget subcategories.
- The 2009 Higher Education Management Information System (HEMIS) data submission totals of inputs, outputs and institutional shares of funded teaching inputs that will determine the 2011/12 funding allocations to individual universities.

- Details of how the data required for input, output and institutional factor calculations will be determined.
- Details of the input and output weightings, and of the various benchmarks to be employed in the calculation of block grants.
- Details of how output grants will be distributed amongst universities.
- Details of how institutional factor grants for universities and multi-campus grants for merged institutions will be calculated.
- Possible changes to the funding allocations in the 2012/13 financial year that need to be taken into account in the financial planning of individual universities.

REVIEW OF THE FUNDING FRAMEWORK

The current version of the university funding framework approved in 2003 was phased in over a three-year period from 2004/05 to 2006/07 to ensure that universities were not destabilised by rapid changes in government funding. Since 2007/08 the funding framework has been implemented in full.

The experiences of these years of partial and full implementation of this funding framework will be analysed to determine (a) how effective this version of the framework has been as a government steering mechanism, and (b) what changes should be made. The appointment of a Ministerial Committee to Review the Funding Framework with specific Terms of Reference will be finalised early in 2011.

MTEF BUDGET ALLOCATIONS FOR 2011/12

Table 1 below sets out the Minister's division of funds among various budget subcategories for universities.

Specific points to note about Table 1 are the following:

- Funza Lushaka teacher bursaries have been placed on the budget of the Department of Basic Education and are therefore no longer included in Table 1 as previously included in the National Student Financial Aid Scheme (NSFAS) earmarked allocation.
- MTEF budget data for 2012/13 and 2013/14 are not provided, as the review of the funding framework may impact on the division of funds amongst budget categories. Any changes approved by the Minister will be communicated to universities in a Ministerial Statement in mid 2011.
- For 2011/12, the research and teaching development grants have been calculated within the sub-block grants according to the existing policies by using the difference between normative output units and actual output units in order to obtain shortfall units. The research and teaching development grants are merely reflected under earmarked grants in Table 1.
- The funds allocated for the establishment of two new universities (Table 1, 2.5) for 2011/12 make provision for establishment costs as well as operational costs. R10 million will be allocated for the project in the Northern Cape to be used in the main for the upgrading of IT infrastructure and building renovations. R40 million will be allocated for the project in Mpumalanga and will mainly be used for planning workshops and S&T for campus staff to attend these planning workshops; transfer of some of the equipment and facilities, integration of administrative systems, policies and procedures, and building alterations with possible office moves.

- The Ministry of Higher Education and Training has approved funding for the African Institute of Mathematical Sciences for the 2011/12 financial year.
- The appropriateness of the current Foundation programme model and policy will be reviewed by the Department of Higher Education and Training in the 2011/12 financial year and recommendations in this regard will feed into the Funding Review process.

Table 1

Budget category	Budget totals for the university sector			Increase in budget from previous financial year		
	2009/10 (R'000) Actual	2010/11 (R'000) Actual	2011/12 (R'000) Provisional allocation	2009/10	2010/11	2011/12
1 Block grants	12 700 520	14 532 751	16 386 795	10.9%	14.4%	12.8%
1.1 Teaching inputs	8 497 186	9 792 984	10 909 568	9.7%	15.2%	11.4%
1.2 Institutional factors	884 912	849 701	946 582	9.7%	-4.0%	11.4%
1.3 Actual teaching outputs (excl dev funds)	1 777 818	2 053 350	2 306 077	14.7%	15.5%	12.3%
1.4 Actual research outputs (excl dev funds)	1 540 604	1 836 716	2 224 568	14.3%	19.2%	21.1%
2 Earmarked grants	4 041 343	4 575 349	4 935 707	19.1%	13.2%	7.9%
2.1 NSFAS	1 444 668	1 591 359	1 969 779	9.2%	10.2%	23.8%
2.2 Infrastructure & output efficiencies	1 462 000	1 585 000	1 615 000	33.5%	8.4%	1.9%
2.3 Clinical training of health professionals	300 000	330 000	349 800	50.0%	10.0%	6.0%
2.4 National Institutes	35 000	39 000	41 000	16.7%	11.4%	5.1%
2.5 Establishment of universities in Mpumalanga and the Northern Cape			50 000			
2.6 Foundation programmes	146 079	185 000	176 953	11.5%	26.6%	-4.3%
2.7 Teaching development	345 392	393 644	419 920	11.8%	14.0%	6.7%
2.8 Research development	197 358	166 281	6 808	13.4%	-15.7%	-95.9%
2.9 Veterinary Sciences	66 846	102 000	116 000	13.8%	52.6%	13.7%
2.10 Multi-campus		148 000	148 000			0.0%
2.11 Interest & redemption on loans	40 600	31 065	19 637	-42.0%	-23.5%	-36.8%
2.12 African Institute for Mathematical Sciences	3 400	4 000	4 000	6.4%	17.6%	0.0%
2.13 Unallocated			18 810			
TOTAL	16 741 864	19 108 099	21 322 502	10.7%	14.1%	11.6%

HEMIS DATA FOR BLOCK GRANT CALCULATIONS

Block grants comprise the largest portion of the total state budget towards universities (76.8% of total in 2011/12).

Table 2 sets out the HEMIS data (in terms of funding units) for the university sector for 2009/10 to 2011/12. Policy details on how to calculate a university's funding units in a particular sub-block grant are in **Section B**.

The performance data for the sector set out in Table 2, together with the sub-block grant data in Table 1, should be used to calculate a university's share in each of the sub-block grants. The policy and the formulae on how to calculate a university's share of the funds in a particular sub-block grant are provided in **Section C**.

Table 2: Actual performance of the university sector for 2009/10 to 2011/12

Block grant categories	2009/10	2010/11	2011/12
Funded teaching input units	940 000	983 663	1 027 326
Institutional factor units:	90 706	81 499	84 624
Teaching output units:			
Normative units	134 489	140 511	148 896
Actual units produced	112 611	117 907	125 959
Shortfall units	25 701	25 471	26 651
Research output units:			
Normative units	16 939	17 099	17 482
Actual units produced	15 015	15 679	17 429
Shortfall units	3 893	3 565	3 029

EARMARKED GRANTS

Details on the earmarked grants reflected in Table 1 are highlighted in **Section D**. This additional information supplements policy statements which the Minister has already announced in formal letters to universities in each earmarked subcategory.

RELIABILITY OF HEMIS DATA SUBMITTED BY UNIVERSITIES

Both block grant calculations and progress reports of earmarked funds rely heavily on reliable performance data submitted annually by universities to the Department of Higher Education and Training.

The Department of Higher Education and Training will continue monitoring the reliability of the data in the Higher Education Management Information System (HEMIS) submissions and other performance/planning data of each university in various ways. If a review suggests that a university's data submissions are incorrect, then the university will be required to correct errors and submit new data files as well as those of the past 3 years. If this is deemed necessary, the university's block grants or earmarked funds for specific years will be re-calculated for the past 3 years according to Article 11 (d) of the Prescription Act, No 68 of 1969, and any over-payments for these 3 years will be deducted before new block grant funds are paid to the university.

The Department of Higher Education and Training will also, when necessary, make adjustments to university data, if the report submitted by its external auditors indicates that a university has not complied with the department's policies/HEMIS directives, or if analyses undertaken by the department indicate that a university's data submissions for block and earmarked funds are flawed.

- 1** *The teaching input sub-block grant*
- 2** *The teaching output sub-block grant*
- 3** *The research output sub-block grant*
- 4** *The institutional factor sub-block grant*

1 THE TEACHING INPUT SUB-BLOCK GRANT

The section deals with 1) the calculation of actual teaching input units, 2) approved teaching input units funded by the state, and 3) the difference between actual and funded teaching input units.

1.1 Actual teaching input units

For the calculation of actual teaching input units, the weighting factor of a cell in the grid in Table 3 will first be applied to the corresponding unweighted enrolled full-time equivalent (FTE) student total in that cell, thus generating weighted teaching input units for the particular cell. The grand total of weighted teaching input units for a university for all funding groups and course levels will then be the sum of the input units of all the grid cells.

Table 3

Funding weightings for teaching inputs: 2009/10 to 2011/12								
Funding group	Undergraduate & equivalent		Honours & equivalent		Masters & equivalent		Doctoral & equivalent	
	Contact	Distance	Contact	Distance	Contact	Distance	Contact	Distance
1	1.0	0.5	2.0	1.0	3.0	3.0	4.0	4.0
2	1.5	0.75	3.0	1.5	4.5	4.5	6.0	6.0
3	2.5	1.25	5.0	2.5	7.5	7.5	10.0	10.0
4	3.5	1.75	7.0	3.5	10.5	10.5	14.0	14.0

The 4 funding groups in Table 3 consist of aggregations of the Classification of Educational Subject Matter (CESM) categories, set out in Table 4A for student data up to and including 2009 which applies to the 2011/12 financial year, and set out in Table 4B for student data from 2010 onwards, which applies to the 2012/13 financial year onwards. This is the result of the former Minister of Education approving the publication of a revised CESM manual in August 2008 to substitute the 1982 edition of the CESM category manual. The introduction of these new CESM categories should not have a major impact on the calculations of teaching input unit totals and shares. A limited number of courses, namely courses in social work and industrial arts (specifically industrial design) will move into higher funding groups on the funding grid.

Other changes on the funding grid include post-graduate diplomas approved under the HEQF at NQF level 8 that will be funded at honours and equivalent level. Other post-graduate diplomas that have not been approved under the HEQF will remain at their current level on the funding grid. The MBA degrees approved under the HEQF will be funded on the same level as other coursework masters. The courses of MBA degrees not approved under the HEQF will remain funded at the level on which they are registered.

Table 4A

Funding groups: 2009/10 to 2011/12	
Funding group	CESM categories included in funding group
1	07 education, 13 law, 14 librarianship, 20 psychology, 21 social services/public administration
2	04 business/commerce, 05 communication, 06 computer science, 12 languages, 18 philosophy/religion, 22 social sciences
3	02 architecture/planning, 08 engineering, 10 home economics, 11 industrial arts, 16 mathematical sciences, 19 physical education
4	01 agriculture, 03 fine and performing arts, 09 health sciences, 15 life and physical sciences

Table 4B

Funding groups for 2012/13: based on 2008 CESM categories (implemented in 2010)	
Funding group	CESM categories included in funding group
1	07 education, 12 law, 18 psychology, 19 public administration and services
2	04 business, economics & management studies, 05 communication & journalism, 06 computer & information sciences, 11 languages, linguistics & literature, 17 philosophy, religion and theology, 20 social sciences
3	02 architecture & the built environment, 08 engineering, 10 family ecology & consumer sciences, 15 mathematics & statistics
4	01 agriculture & agricultural operations, 03 visual and performing arts, 09 health professions & related clinical sciences, 13 life sciences, 14 physical sciences

1.2 APPROVED STATE FUNDED TOTALS OF TEACHING INPUT UNITS

The funding framework requires teaching input funding to be based on planned and approved FTE student enrolments. After a lengthy process of consultation with the sector and individual universities, the former Minister of Education approved, in October 2007, enrolment targets for each university up to, and including, the 2010 academic year. Because they required confirmation by each university council, these enrolment targets became in effect a contract between the Ministry and councils. These targets determined institutional teaching input shares up to the 2012/13 financial year, because of the two-year lag between funding allocations and available audited student enrolment data.

Due to substantial deviations from the agreed-upon enrolment targets that have occurred, and consequent over- and under-funding of student enrolments the Minister has decided to review the institutional shares for the funding year 2012/13. The extent of over- and underfunding and recommendations for the revision of the teaching input shares are discussed in section 1.3. **Universities need to take note that institutional shares of the teaching input grant for the 2012/13 financial year will be different than previously indicated and universities must plan accordingly. More information regarding this is provided in section 1.3.**

One of the goals which the Ministry set in paragraph 7.2.2 of the Ministerial Statement of 20 July 2007 for this planning process was that there should be no unfunded students in the university sector by 2010. It was made clear during the consultations with universities that this goal could be achieved only if they are able to manage their student admissions and enrolments within the targets which were approved in 2007. The issue of unfunded students in the sector continues to exist and further work will be undertaken in 2011.

Table 5 sets out the funded totals of teaching input units for 2009/10 to 2011/12, and the shares which universities will receive of the teaching input grants. These totals (to the nearest thousand) and university shares are taken directly from the Appendix to the Ministerial Statement on Student Enrolment Planning (October 2007). The first row in Table 2 provides the total sector units for 2009/10 to 2011/12 to the nearest unit, instead of the nearest thousand units. As indicated above, new teaching shares for 2012/13 based on 2010 enrolments will be determined. Universities will be informed of their revised teaching input shares in a Ministerial Statement on University Funding by July 2011 to enable them to plan and to budget accordingly for the 2012/13 financial year.

Table 5

MINISTERIALLY APPROVED SHARES OF TEACHING INPUT GRANTS FOR THE FINANCIAL YEARS 2009/10 TO 2011/12			
UNIVERSITY	2009/10	2010/11	2011/12
Cape Peninsula University of Technology	4.66%	4.73%	4.80%
University of Cape Town	5.32%	5.29%	5.26%
Central University of Technology	1.59%	1.60%	1.60%
Durban University of Technology	3.71%	3.58%	3.46%
University of Fort Hare	1.24%	1.23%	1.23%
University of the Free State	4.46%	4.46%	4.46%
University of Johannesburg	6.82%	6.76%	6.71%
University of KwaZulu-Natal	7.86%	7.96%	8.05%
University of Limpopo	3.46%	3.51%	3.55%
Mangosuthu University of Technology	1.27%	1.32%	1.37%
Nelson Mandela Metropolitan University	3.62%	3.64%	3.65%
North West University	5.47%	5.52%	5.56%
University of Pretoria	9.14%	9.18%	9.21%
Rhodes University	1.22%	1.22%	1.23%
University of South Africa	9.26%	9.36%	9.45%
University of Stellenbosch	5.11%	5.09%	5.06%
Tshwane University of Technology	7.85%	7.55%	7.27%
Vaal University of Technology	2.56%	2.52%	2.49%
University of Venda	1.41%	1.45%	1.48%
Walter Sisulu University	3.26%	3.31%	3.35%
University of the Western Cape	3.01%	3.04%	3.07%
University of the Witwatersrand	6.15%	6.08%	6.01%
University of Zululand	1.55%	1.62%	1.68%
FUNDED TOTAL OF TEACHING INPUT UNITS (thousands)	940	984	1 027

From Table 5 it is clear that the 2010/11 funded total of teaching input units increases by 4,7% compared to that of 2009/10, and the 2011/12 total increases by 4,4% compared to that of 2010/11.

A university can calculate its own state funded teaching input units by using these percentages and the funded total of teaching input units for the whole sector in the same Table 5, or the first row in Table 2. For example, if a university's share of the funded input total is 5,75% for 2011/12, then its state funded teaching input units will be: $0,0575 \times 1\,027\,326$ units = 59 071 funded units. This particular university has therefore to plan its student enrolment in order to ensure that its actual teaching input unit total calculated in section 1.1 matches the state funded teaching input units of 59 000 funded units.

1.3 Differences between actual units and funded units

The extent of under-funding of universities in the teaching input grant reflected as positive percentages in the last column in Table 6 is the result of deviations of the universities from the agreed-upon enrolment targets as well as increased enrolments in science, engineering and technology and increased enrolments in postgraduate programmes. The higher funding weights for the latter have led to higher ratios of teaching input unit: full-time equivalent students which were a contributing factor to the higher than projected teaching input units for 2008 and 2009. Another contributing factor was that a much larger number of the first cohort of National Senior Certificate (NSC) school leavers in 2009 qualified for university entrance and a higher percentage of students than in previous years were enrolled by universities, thus exceeding their targets in the majority of cases.

The actual 1 093 200 teaching input units for 2009 data that determines the teaching input grant for the 2011/12 funding year is about 65 800 more than the target units (see Table 6). The extent of deviation from the targets for the 2012/13 financial year can only be determined in the second half of 2011 once the audited 2010 HEMIS student data submissions have been received and analysed by the Department of Higher Education and Training. This will be too late to provide information to universities for their budgeting process for 2012/13. The Minister will thus determine teaching input unit shares for 2012/13 based on the trends of over- and under-enrolments in 2008 and 2009. Based on the 2008 and 2009 submitted data it can be assumed that the deviations for the 2012/13 funding year will be substantial.

The following points need to be considered and taken into account in the determination of university shares in the teaching input grant for the 2012/13 and future financial years:

- A balance needs to be obtained between available state funding, increases in student fees and pressures for increased participation rates and enrolments.
- Adjustments of teaching input shares must take cognisance of increases in the volume of activity and financial stability in the system.
- Over-funding of universities as a result of under-enrolments at a cost to other universities cannot be justified whilst over-enrolments could equally impact negatively on other universities should shares be rapidly adjusted to fund all over-enrolments.
- The practice of fixing teaching input units for a period of 3 years appears to be undesirable due to the high degree of deviations that occur over such a period.
- As a result of the difficulty to project enrolments precisely and due to the fact that enrolment patterns depend heavily on student choice as well as the preparedness of students for admissions into programmes, it appears feasible that the DHET should in future rather apply targets where a band of variation would be acceptable to allow universities a degree of flexibility.

- It is important to maintain an inflationary adjustment to the rand value of a teaching input unit. Funding of all over-enrolments could jeopardise this goal.
- A large proportion of growth in universities is the result of bottlenecks and high failure rates. It would thus seem that there should be a link between the student progression and graduation rate of a university and the growth allowed.

Table 6

DIFFERENCE BETWEEN ACTUAL TEACHING INPUT UNITS AND FUNDED TEACHING INPUT UNITS IN THE 2009 HEMIS DATA FOR THE 2011/12 FUNDING YEAR						
	Actual units x 1000	Actual ratio % of total	Migration (funded) units x1000	Migration funded ratio percentages	(Actual teaching input units minus funded teaching input units) x 1000	% difference between actual units and funded units 1)
UNIVERSITY	2009	2009	2009	2009	2009	2009
Cape Peninsula University of Technology	51.9	4.74%	49.3	4.80%	2.6	5.20%
University of Cape Town	54.3	4.97%	54	5.26%	0.3	0.60%
Central University of Technology	20	1.83%	16.4	1.60%	3.5	21.50%
Durban University of Technology	37.9	3.47%	35.6	3.46%	2.4	6.70%
University of Fort Hare	17.4	1.59%	12.6	1.23%	4.7	37.60%
University of the Free State	48.2	4.41%	45.8	4.46%	2.3	5.10%
University of Johannesburg	80.6	7.38%	68.9	6.71%	11.7	17.00%
University of KwaZulu-Natal	71.5	6.54%	82.7	8.05%	-11.2	-13.50%
University of Limpopo	38.7	3.54%	36.5	3.55%	2.2	6.00%
Mangosuthu University of Technology	14.5	1.33%	14	1.37%	0.5	3.30%
Nelson Mandela Metropolitan University	37.5	3.43%	37.5	3.65%	-0.1	-0.20%
North West University	55.6	5.08%	57.1	5.56%	-1.6	-2.70%
University of Pretoria	94.8	8.67%	94.6	9.21%	0.1	0.20%
Rhodes University	14.4	1.32%	12.6	1.23%	1.8	14.10%
University of South Africa	109.4	10.01%	97.1	9.45%	12.4	12.70%
University of Stellenbosch	61.9	5.66%	52	5.06%	9.9	18.90%
Tshwane University of Technology	80.5	7.37%	74.7	7.27%	5.9	7.90%
Vaal University of Technology	31	2.84%	25.6	2.49%	5.5	21.40%
University of Venda	20.8	1.91%	15.2	1.48%	5.6	37.00%
Walter Sisulu University	39.1	3.57%	34.4	3.35%	4.6	13.50%
University of the Western Cape	30.7	2.81%	31.6	3.07%	-0.9	-2.80%
University of the Witwatersrand	63.1	5.77%	61.7	6.01%	1.3	2.10%
University of Zululand	19.4	1.77%	17.2	1.68%	2.1	12.40%
ALL UNIVERSITIES	1093.2	100.00%	1027.3	100.00%	65.8	6.40%

Notes:

- 1) Positive values reflect surplus students or student unfunded by the State.
- 2) Units of year n-1 is used for State funding of universities of year n+1. This implies units for the year 2007 is used to fund the 2009/10 financial year.

The Department of Higher Education and Training has concluded an extensive enrolment planning exercise and has engaged with universities regarding input and output targets for the 2011 to 2013 academic years which will determine the funding allocations for the 2013/14 to 2015/16 funding. The Minister will consider and approve the final enrolment plans in 2011.

A new Ministerial Statement on University Funding will be published during July 2011, which will indicate the teaching input unit shares of universities from the 2012/13 financial year and onwards.

Universities that are over-funded can expect a rapid migration to their actual enrolment share and universities that are over-enrolled can expect that only a portion of their over-enrolments will be funded based on available funding and the considerations noted above.

2 TEACHING OUTPUT SUB-BLOCK GRANT

The aim of this sub-block grant is to provide funding for teaching outputs and simultaneously ensure increased student progression and graduation rates.

Proposed changes to the policy for teaching development funds will be referred to the Funding Review Committee. The current policy still applies for 2011/12.

Teaching output grant allocations are determined on the basis of an actual weighted total of teaching outputs (in terms of units) produced by each university, and a normative weighted total of the teaching outputs (in terms of units) which each university should have produced.

2.1 Actual and normative teaching output units

Normative totals of graduate students for the 2011/12 financial year will be based on a university's 2009 head count student enrolment totals, applied to the benchmarks set out in Table 7. Student enrolments in research masters and doctoral programmes are excluded, as they are taken into account in the research output sub-block grant. The benchmarks in Table 7 indicate what proportion of a university's head count enrolment in a given academic year is expected to graduate in that year. For example, if a university had in 2009 a total of 10 000 contact students enrolled in three-year undergraduate qualifications, and 50 contact students enrolled in post-graduate programmes at the honours level, then it is expected to produce $10\ 000 \times 0,225 + 50 \times 0,540 = 2\ 277$ graduates in 2009 in those qualifications.

Table 7

Benchmark graduation rates for 2011/12		
	Contact	Distance
Undergraduate: up to 3 years	22.5%	13.5%
Undergraduate: 4 years or more	18.0%	9.0%
Postgraduate: up to honours	54.0%	27.0%
Postgraduate: up to taught masters	29.7%	22.5%

Actual teaching outputs of a university for the 2011/12 financial year will be based on a university's 2009 actual totals of student graduate headcounts, excluding research masters and doctorals which are taken into account in the research output sub-block grant.

The weightings for funding purposes to be applied to both actual and normative graduate outputs in order to obtain funded units are set out in Table 8 below. There is no distinction between the teaching outputs of distance and of contact programmes.

Table 8

Funding weightings for both contact and distance teaching output programmes: 2011/12	
1st certificates and diplomas of 2 years or less	0.5
1st diplomas and bachelors degrees: 3 years	1.0
Professional 1 st bachelor's degree: 4 years and more	1.5
Postgraduate and post-diploma diplomas	0.5
Postgraduate bachelors degrees	1.0
Honours degrees/higher diplomas/ post-graduate diplomas approved under the new HEQF	0.5
Non-research masters degrees and diplomas	0.5

2.2 Dividing the teaching output allocation between two grant categories for the sector

The normative and actual totals of teaching output units will be used to divide the allocation of R2,726 billion (total of Rows 1.3 and 2.7 in Table 1) for teaching outputs for 2011/12 between (a) an amount for actual teaching outputs and (b) an amount for teaching development.

The amount for actual teaching outputs for the university sector is calculated as follows:

$$(B/M) \times R2,726 \text{ billion} = R2,306 \text{ billion, where}$$

B = The total of actual weighted teaching outputs (in terms of units) for the whole university sector (namely 125 959 for 2011/12 as indicated in Table 2)

M = The total normative weighted teaching outputs (in terms of units) for the whole university sector (namely 148 896 for 2011/12 as indicated in Table 2)

The total available for teaching development for the system (R419,9 million indicated in Row 2.7 of Table 1) is the balance remaining after the amount for actual teaching outputs has been deducted from the total teaching output allocation of R2,726 billion for 2011/12.

3 RESEARCH OUTPUT SUB-BLOCK GRANT

The aim of this sub-block grant is to provide funding for research outputs and simultaneously ensure increased research output rates.

Proposed new policy for research development funds will be referred to the Funding Review Committee. The current policy still applies for 2011/12.

Research output grant allocations are determined on the basis of an actual weighted total of research outputs (in terms of units) produced by each university and a normative weighted total of the research outputs (in terms of units) which each university should have produced.

3.1 Actual and normative research output units

A normative total of research output units for the university sector will be calculated by multiplying totals of permanently appointed instruction/research professionals by the benchmarks set out in Table 9.

Table 9

Normative ratios of weighted research output units to permanently appointed instruction/research staff members	
Universities	1.25
Universities of Technology	0.50
Comprehensive universities:	
University of Johannesburg	0.97
Nelson Mandela Metropolitan University	0.93
University of South Africa	1.16
Walter Sisulu University	0.73

For actual research output units, doctoral and research masters graduate head count, as well as publication units, are weighted as set out in Table 10.

Table 10

Funding weightings for research outputs: 2011/12	
Publication units	1
Research masters graduates	1
Doctoral graduates	3

3.2 Dividing the research output allocation between two grant categories for the sector

The normative and actual totals of research output units will be used to divide the allocation of R2,231 billion for research outputs for 2011/12 (total of Rows 1.4 and 2.8 in Table 1) between (a) an amount for actual research outputs and (b) an amount for research development.

The amount for actual research outputs for the university sector is calculated as follows:

$(A/N) \times R2,231 \text{ billion} = R2,224 \text{ billion}$, where

B = The total of actual weighted research outputs (in terms of units) for the whole university sector (namely 17 429 for 2011/12 as indicated in Table 2)

M = The total normative weighted research outputs (in terms of units) for the whole university sector (namely 17 482 for 2011/12 as indicated in Table 2)

The total available for research development for the system (R6,808 million indicated in Row 2.8 of Table 1) is the balance remaining after the amount for actual research outputs has been deducted from the total research output allocation of R2,231 billion for 2011/12.

4 INSTITUTIONAL FACTOR SUB-BLOCK GRANT

This section contains 2 factors, namely 1) the proportion which a university has of students from disadvantaged backgrounds, and 2) university size in terms of FTE student enrolment.

4.1 Grants for universities with large proportions of disadvantaged students

One of the priorities set by the 2001 National Plan for Higher Education is that of increasing “the participation, success and graduation rates of black students in general and African and Coloured students in particular” (2001: 35). These grants for disadvantage take account of this priority by deeming disadvantaged students to be African and Coloured students who are South African citizens. The institutional factor operates for 2011/12 by increasing the 2009 teaching input units of universities, depending on what proportions of their 2009 FTE enrolled students are deemed to be disadvantaged.

In the case of all universities, other than the dedicated distance university, a calculation is first made of the proportions they have of disadvantaged students in their 2009 *contact* FTE enrolled student totals. A disadvantage weighting factor is then determined for each university. This factor is 0 for universities whose proportion of disadvantaged students is 40% or less, and increases linearly up to a maximum 0,10 at a disadvantaged proportion of 80%. The factor remains 0,10 for those universities whose proportions of disadvantaged students are between 80% and 100%. Additional 2009 funding units are then generated by multiplying its disadvantage factor by the university’s approved 2009 funded total of contact plus distance teaching input units set out in Table 5 for the 2011/12 financial year.

In the case of the dedicated distance university, the calculation of the disadvantage factor is based on the proportion of disadvantaged students which it has in its actual 2009 enrolment of FTE distance students.

4.2 Grants related to the size of universities

The size factor takes account of economies of scale as the FTE enrolment size of a university increases. The institutional size factor operates by giving additional teaching input units to small universities, depending on the size of their FTE student enrolments. The institutional size factor is 0,15 for universities with up to 4 000 (unweighted) contact plus distance FTE students, after which it decreases linearly to 0 for universities with totals of 25 000 or more (unweighted) contact plus distance FTE students. Additional 2009 funding units are then generated by multiplying its size factor by the university’s approved funded total of contact plus distance teaching input units set out in Table 5 for the 2011/12 financial year.

- 1 Calculation of a university's share of the teaching input sub-block grant*
- 2 Calculation of a university's share of the teaching output sub-block grant*
- 3 Calculation of a university's share of the research output sub-block grant*
- 4 Calculation of a university's share of the institutional factor sub-block grant*

1 CALCULATION OF A UNIVERSITY'S SHARE OF THE TEACHING INPUT SUB-BLOCK GRANT

A university can calculate its own provisional teaching input grant by using the percentages in Table 5 and the teaching input funding total in Table 1. For example, if a university's share of the funded input total is 5,75% for 2011/12, then its provisional teaching input grant will be: $0,0575 \times R10\,909\,568\,000 = R627,3$ million.

2 CALCULATION OF A UNIVERSITY'S SHARE OF THE TEACHING OUTPUT SUB-BLOCK GRANT

A university's Rand allocation for actual teaching outputs for 2011/12 is determined as:

[(University's weighted total of teaching outputs) divided by (system's weighted total of actual teaching outputs of 125 959 units for 2011/12 as indicated in Table 2)] multiplied by (Rand total for actual teaching outputs calculated in Section 2.2 as R2,306 billion).

Only those universities whose actual weighted totals of teaching outputs are less than their normative weighted teaching output totals receive teaching development funding. A university's teaching development grant is determined in this way:

[(University's shortfall between actual and normative teaching output totals) divided by (total of all teaching output shortfalls of 26 651 units for 2011/12 as indicated in Table 2)] multiplied by (Rand total for teaching development calculated in Section 2.2 as R419,9 million).

3 CALCULATION OF A UNIVERSITY'S SHARE OF THE RESEARCH SUB-BLOCK GRANT

A university's Rand allocation for actual research outputs for 2011/12 is determined as:

[(University's weighted total of research outputs) divided by (system's weighted total of actual research outputs of 17 429 units for 2011/12 as indicated in Table 2)] multiplied by (Rand total for actual research outputs calculated in Section 3.2 as R2,224 billion).

Only those universities whose actual weighted totals of research outputs are less than their normative weighted research output totals receive research development funding. A university's research development grant is determined in this way:

[(University's shortfall between actual and normative research output totals) divided by (total of all research output shortfalls of 3 029 units for 2011/12 as indicated in Table 2)] multiplied by (Rand total for research development calculated in Section 3.2 as R6,808 million).

4 CALCULATION OF A UNIVERSITY'S SHARE OF THE INSTITUTIONAL FACTOR SUB-BLOCK GRANT

A single institutional factor grant for 2011/12 (see row 1.2 of Table 1) will be distributed among universities based on the shares which they have of the total of additional teaching input units (84 624 funded units for 2011/12 as indicated in Table 2) generated by the 2 separate factors, namely 1) the proportion which a university has of students from disadvantaged backgrounds, and 2) the size of the university in terms of FTE student enrolment.

- 1** *Infrastructure and efficiency earmarked funding*
- 2** *Clinical training earmarked grants*
- 3** *Veterinary sciences earmarked grants*
- 4.** *Multi-campus earmarked grants*

1 INFRASTRUCTURE AND EFFICIENCY EARMARKED FUNDING

Row 2.2 of Table 1 shows that a total of R3,2 billion has been allocated in 2010/11 and 2011/12 for improving university infrastructure and student output efficiencies.

The priorities and criteria for the next round of funding for 2012/13 and 2013/14 will be discussed with the Minister early in 2011 and universities will be requested to submit applications.

Furthermore, the Minister appointed a Ministerial Committee in September 2010 chaired by Professor Ihron Rensburg to review the provision of student housing. The following details apply:

- The overall purpose of the review is to assess the provision of student housing and benchmark the South African universities against each other as well as against international institutions operating in a similar environment. Furthermore to determine the real need and assess the various models of provision of student housing, the various types of housing that can be provided and the potential funding models which may assist in alleviating the problem but ensuring that the provision thereof does not detrimentally affect the operating budgets of the universities in future.
- Researchers have been appointed to assist with the Committee work. A detailed questionnaire has been sent to universities which is due by 15 December 2010 (submission date was reviewed based on requests from universities). The Committee will provide the Minister of Higher Education and Training with a report with information on issues raised in the terms of reference with recommendations appropriate to the current and future provision of student housing in universities. The Terms of Reference were gazetted on 17 September 2010 in Gazette No. 33564.

2 CLINICAL TRAINING EARMARKED GRANTS

Row 2.3 of Table 1 shows that clinical training grants will be R350 million for 2011/12. The new Clinical Training Grant Policy was approved and the Minister has approved allocations for universities for 2010/11 and 2011/12. Most of the universities budgets and plans have been assessed and approved by the Minister.

The Health Sciences Review Committee chaired by Professor Makgoba, Vice-Chancellor of the University of KwaZulu-Natal submitted its report on the Health Professions Training and Development Grant to the Minister in May 2010. The Ministers of Higher Education and Training and Health and Finance have accepted the recommendations but further work,

including consultation with national and provincial stakeholder needs to be undertaken by a technical working group to support the Committee with implementation.

3 VETERINARY SCIENCES EARMARKED GRANTS

Provision is made for the allocations for veterinary sciences to move from the block grant to the earmarked category of funding. The amounts involved increase from R67 million in 2009/10 to R106 million in 2010/11 and to R116 million in 2011/12.

The allocations for 2008/09 and 2009/10 were intended to assist the University of Pretoria, and other universities involved in the provision of veterinary specialisations, to meet the operational costs of clinical veterinary training, in the absence of contributions from the Department of Agriculture. The new amounts are intended to serve the same purposes, and at the same time function as incentives for universities to change the equity profiles of their students, to improve the distribution of veterinary specialisations through institutional co-operation, and to increase the numbers of students completing veterinary degrees.

The Minister approved allocations to the University of Pretoria, North West University, Tshwane University of Technology and the University of South Africa for 2010/11 and 2011/12 and funds for 2010/11 have been released. The University of Pretoria has been requested to chair a working group between the four universities in order to assist the department in setting targets to amongst others, improve the equity profiles and geographical spread of students. The first meeting was held in November 2010 to discuss the information requirements in order for further work to continue in 2011.

The release of the funds for 2011/12 will be conditional on the approval by the department of a progress report for 2010/11 and an audited report on actual expenditure.

4 MULTI-CAMPUS EARMARKED GRANTS

The additional funding units of the multi-campus factor, described in detail in the Ministerial Statement of Nov 2009, and which was part of the institutional factor sub-block grant, has from 2010/11 been converted into Rand amounts for 2010/11 and 2011/12, and have become earmarked grants (see row 2.9 of Table 1), only applicable to the merged universities indicated in Table 11:

Table 11

Earmarked multi-campus allocations for merged universities: Rands million		
	2010/11	2011/12
Cape Peninsula University of Technology	16.2	16.2
University of Johannesburg	15.6	15.6
University of KwaZulu-Natal	22.4	22.4
University of Limpopo	7.8	7.8
Nelson Mandela Metropolitan University	14.5	14.5
North West University	33.7	33.7
University of South Africa	0	0
Tshwane University of Technology	14.2	14.2
Walter Sisulu University	23.6	23.6
TOTAL	148.0	148.0

As indicated in the Ministerial Statement of November 2009, these universities will be required to ring fence these amounts for use only on costs associated with the delivery of teaching, administrative and support services on more than one official campus. They will be expected to submit reports on the use of these funds at the end of the 2010/11 and 2011/12 financial years.