DEPARTMENT OF EDUCATION

INFORMATION ON THE STATE BUDGET FOR HIGHER EDUCATION

JULY 2002

PREFACE

This report concentrates on the state budgets for higher education (i.e. universities and technikons). The report consists of four sections. The first section deals with the macro environment in which higher education operates as well as summary higher education budget information. The second section provides detailed budgets according to institution and year, while the third section deals with the formula input parameters per higher education institution, which were used as a basis to determine the detailed budgets reflected in the second section. The fourth and last section provides information on the National Student Financial Aid Scheme (NSFAS) institutional allocations.

Although higher education institutions use the academic year (1 January - 31 December), the financial data reflected in this report adheres to the financial year of the state (1 April - 31 March).

Since 1994, the financial landscape of the South African higher education system has changed considerably. The following is worth noting:

- Before 1995/96, 9 different education departments have administered the universities and technikons in South Africa. However, since 1995/96, the national Department of Education administers all these institutions.
- Before 1995/96, 18 different education departments have administered teacher-training colleges. However, since 1995/96 the 9 provincial education departments have administered these colleges. Furthermore, the 99 teacher training colleges in 1995 were gradually reduced to 57 in 2000. In January 2001, 28 colleges were incorporated into universities and technikons, leaving only 7 operating in 5 provinces. These will cease to exist once the pipeline students have completed their studies. In the case of Mpumalanga and the Northern Cape, the existing two colleges would be incorporated into the proposed National Institutes for Higher Education.
- Since 1996/97, the NSFAS has been implemented, and administered by the independent organisation Tertiary Education Fund of South Africa (TEFSA). NSFAS supports academically deserving, but financially constrained students, to obtain a higher education qualification by assisting in their student fees. In November 1999, TEFSA was converted by way of legislation into a statutory body, called the NSFAS.
- Since 1997/98, the function of determining the provincial budgets for college/ school education, was transferred from the national Department of Education to the provincial legislatures, ultimately decentralising roughly 87% of the budget of the national Department of Education.
- Since 1998/99, National Treasury's medium term budgeting process, where state budgets for the next three years have to be formally motivated and negotiated on an annual basis, has contributed significantly towards transparency, public accountability, output driven programme budgeting, political prioritisation, longer term financial planning, more rational planning and budget control.
- Since 2000, the unit record system of the Higher Education Management

Information System (HEMIS) was implemented, contributing significantly towards data cleaning, the development of more reliable indicators, budget planning and budget control. The existing South African Post Secondary Education (SAPSE) System will be dropped in 2003.

- The rationalisation process of higher education institutions began in 2002/03. The Durban Institute of Technology was established through the merger of Technikon Natal and M L Sultan Technikon in April 2002. It is anticipated that the Qwa Qwa Campus of the University of the North will be incorporated into the University of the Free State in January 2003. In May 2002, the Minister announced proposals to rationalise the existing 36 higher education institutions (consisting of 21 universities and 15 technikons) into 21 higher education institutions (consisting of 11 universities, 6 technikons and 4 comprehensive institutions).
- In 2002/03, proposals were developed for the establishment of two National Institutes for Higher Education (NIHE), in Mpumalanga and Northern Cape.

Agricultural colleges and nursing colleges are still funded by the Departments of Agriculture and Health respectively. Therefore, the financial information of these colleges is not reflected in this report.

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This report is annually updated in July. The information reflected in this edition of the report, replaces all data reflected in previous editions of the report. This report is available on the internet at:

http://education.pwv.gov.za

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SECTION A

MACRO ENVIRONMENT FOR HIGHER EDUCATION ACCORDING TO YEAR

TABLE A1: GDP, TOTAL STATE FINANCE AND STATE FINANCE ON EDUCATION

	FINANCIAL DATA ACCORDING TO FINANCIAL YEAR									
	Actual outcome						Preliminary outcome	Budget Estimates		
	1995/96 (R million)	1996/97 (R million)	1997/98 (R million)	1998/99 (R million)	1999/2000 (R million)	2000/01 (R million)	2001/02 (R million)	2002/03 (R million)	2003/04 (R million)	2004/05 (R million)
GDP 1)	**564 164**	**635 183**	**699 618**	**753 829**	**821 144**	**910 500**	**990 000**	**1 082 800**	**1 178 900**	**1 277 500**
TOTAL STATE FINANCE 1)	**151 385**	**175 490**	**189 948**	**201 416**	**214 750**	**233 942**	**262 590**	**287 909**	**311 231**	**334 561**
Education System 2)	**33 773**	**42 068**	**44 061**	**45 220**	**46 854**	**50 769**	**55 186**	**59 669**	**63 736**	**67 223**
Department of Education (DoE)	257	286	128	493	416	500	575	834	917	753
Operating costs	57	126	128	109	170	188	198	232	260	286
Other 3)	200	160	0	384	246	312	377	602	657	467
Higher Education	4 073	5 207	5 431	6 003	6 610	7 014 4)	7 532 5)	7 969	8 427	8 924
Formula & ad hocs	4 073	4 907	5 231	5 703	6 220	6 570	7 082	7 469	7 957	8 426
NSFAS	0	300	200	300	390	444	450	500	470	498.2
College/School Education 2)	29 444	36 575	38 502	38 723	39 828	43 255	47 079	50 865	54 392	57 546

STATISTICAL ANALYSES OF THE ABOVE FINANCIAL DATA

As % of GDP

Total State Finance	26.83	27.63	27.15	26.72	26.15	25.69	26.52	26.59	26.40	26.19
Education System (including DoE)	5.99	6.62	6.30	6.00	5.71	5.58	5.57	5.51	5.41	5.26
Higher Education (excl NSFAS)	0.72	0.77	0.75	0.76	0.76	0.72	0.72	0.69	0.67	0.66
Higher Education (incl NSFAS)	0.72	0.82	0.78	0.80	0.81	0.77	0.76	0.74	0.71	0.70
College/School Education	5.22	5.76	5.50	5.14	4.85	4.75	4.76	4.70	4.61	4.50

As % of Total State Finance

Education System (including DoE)	22.31	23.97	23.20	22.45	21.82	21.70	21.02	20.72	20.48	20.09
Higher Education (excl NSFAS)	2.69	2.80	2.75	2.83	2.90	2.81	2.70	2.59	2.56	2.52
Higher Education (incl NSFAS)	2.69	2.97	2.86	2.98	3.08	3.00	2.87	2.77	2.71	2.67
College/School Education	19.45	20.84	20.27	19.23	18.55	18.49	17.93	17.67	17.48	17.20

1) Source: National Treasury's report "Budget Review 2002"; Table 1 of Annexure B.
2) Source: National Treasury's Inter-Governmental Fiscal Review, as on 12 April 2002. The data excludes educational services not administered by the Departments of Education.
3) Conditional grants and earmarked funds.
4) Excludes a once-off expenditure of R58,273 million from the Adjustments Estimate for 2000/01 specifically for the January 2001 student fee differences between each higher education institution's fees (tuition as well as hostel fees) and that of the incorporated teacher training college(s).
5) Includes the incorporation of 28 teacher training colleges into universities and technikons.

TABLE A2: MACRO GROWTH PATTERNS

	% GROWTH IN NOMINAL TERMS								
	Actual outcome					Preliminary outcome	Budget Estimates		
	1996/97 (%)	1997/98 (%)	1998/99 (%)	1999/2000 (%)	2000/01 (%)	2001/02 (%)	2002/03 (%)	2003/04 (%)	2004/05 (%)
GDP	12.6	10.1	7.7	8.9	10.9	8.7	9.4	8.9	8.4
TOTAL STATE FINANCE	15.9	8.2	6.0	6.6	8.9	12.2	9.6	8.1	7.5
Education System	24.6	4.7	2.6	3.6	8.4	8.7	8.1	6.8	5.5
DoE operating costs	121.1	1.6	-14.8	56.0	10.6	5.5	17.1	11.9	10.0
Higher Education	27.9	4.3	10.5	10.1	6.1	7.4 1)	5.8	5.7	5.9
Formula & ad hocs	20.5	6.6	9.0	9.1	5.6	7.8 1)	5.5	6.5	5.9
NSFAS	-	-33.3	50.0	30.0	13.7	1.5	11.1	-6.0	6.0
College/School Education	24.2	5.3	0.6	2.9	8.6	8.8	8.0	6.9	5.8

	% GROWTH IN REAL TERMS 2)								
	Actual outcome					Preliminary outcome	Budget Estimates		
	1996/97 (%)	1997/98 (%)	1998/99 (%)	1999/2000 (%)	2000/01 (%)	2001/02 (%)	2002/03 (%)	2003/04 (%)	2004/05 (%)
GDP	3.0	1.5	0.4	2.3	3.4	1.9	2.7	3.3	3.6
GDP Deflator 3)	8.2	7.8	7.5	6.0	7.2	6.6	6.5	5.4	4.6
TOTAL STATE FINANCE	7.1	0.4	-1.4	0.6	1.6	5.3	3.0	2.6	2.8
Education	15.1	-2.8	-4.5	-2.3	1.1	2.0	1.5	1.3	0.8
DoE operating costs	104.3	-5.8	-20.8	47.1	3.2	-1.1	9.9	6.2	5.2
Higher Education	18.2	-3.2	2.8	3.9	-1.0	0.7 1)	-0.6	0.3	1.2
Formula & ad hocs	11.4	-1.1	1.4	2.9	-1.5	1.1 1)	-1.0	1.1	1.2
NSFAS	-	-38.2	39.5	22.6	6.1	-4.8	4.3	-10.8	1.3
College/School Education	14.8	-2.3	-6.4	-3.0	1.3	2.1	1.4	1.5	1.1

1) Includes the incorporation of 28 teacher training colleges into universities and technikons.

2) The GDP deflator (= GDP in nominal terms/GDP in real terms), which removes the influence of inflation, were used in roughly calculating the % growth in real terms. GDP information is reflected correctly. However, all other macro growth percentages reflected in this table do not take into account, inter alia, staff and student changes.

3) Source: National Treasury's report "Budget Review 2002", Table 2.5, p 44, as well as previous Budget Review editions.