

# MINISTERIAL STATEMENT ON UNIVERSITY FUNDING: 2020/21 AND 2021/22

November 2019

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# Section A: The Funding of Universities

## **1 INTRODUCTION**

This annual Ministerial Statement deals with the funding instruments to steer the university sector, and is issued in accordance with the requirements of the Higher Education Act, 1997 (Act 101 of 1997, as amended) and the funding framework for universities (Government Gazette, No 25824 of 9 December 2003). Other guiding policy documents include:

- Education White Paper 3 – A programme for the Transformation of Higher Education (1997);
- The National Plan for Higher Education (2001);
- The National Development Plan (2013); and
- The White Paper for Post-School Education and Training (2013).

Information relating to the budgets for the university sector is confidential until National Treasury releases the 'Estimates of National Expenditure' at the time the Minister of Finance delivers his budget speech in February 2020.

Given the economic forecast for government as a whole and the constraints on the current budget allocations, all government departments have to reprioritise and find efficiencies in the system as additional funding in the following Medium Term Expenditure Framework (MTEF) cycles will become limited. Universities are required on an ongoing basis to practice efficiency measures to ensure that available funding is efficiently and effectively utilised. These measures could include:

- Reducing overheads relative to the core functions of universities;
- Collaboration amongst universities in order to save on spending;
- Improving debt collection; and
- Putting in place processes to generate additional third stream income funding (including sourcing additional donor funding).

## **2 THE CONTEXT**

This Ministerial Statement on University Funding contains:

- Preliminary budget allocations available to distribute to universities for 2020/21 and 2021/22, and the division of funds among various budget subcategories;
- The purpose of each funding category and, where applicable, its relationship with other funding categories;
- Details of the weightings and benchmarks employed in the calculation of grants;
- The sector's total funded teaching input units, total institutional factor units, total teaching output units and total research output units. Policy details are also provided for how a university would be able to calculate its own share of each of these sector totals, which also determines a university's own share of sub-block grant allocations for each of the next two years (2020/21 and 2021/22);
- Budgets per university for certain earmarked grants for 2020/21 and 2021/22;
- Changes to funding policy and reasons for changes; and
- Changes to government funding allocations in 2020/21 and 2021/22.

### 3 MTEF BUDGET ALLOCATIONS FOR 2020/21 AND 2021/22

Table 1 sets out the division of funds for the university sector among various budget subcategories.

Table 1: State budgets for the university sector

Budget category	Budget totals for the university sector				Increase in budget from previous financial year		
	2018/19 (R'000)	2019/20 (R'000)	2020/21 (R'000)	2021/22 (R'000)	2019/20	2020/21	2021/22
<b>1 Block grants for universities</b>	<b>29 023 192</b>	<b>34 679 480</b>	<b>36 943 454</b>	<b>39 010 356</b>	<b>19.5%</b>	<b>6.5%</b>	<b>5.6%</b>
1.1 Teaching inputs	18 604 961	20 742 881	22 287 705	23 747 330	11.5%	7.4%	6.5%
1.2 Institutional factors	1 659 576	1 826 659	2 049 139	2 200 625	10.1%	12.2%	7.4%
1.3 Actual teaching outputs	4 936 259	5 865 336	6 491 885	7 072 420	18.8%	10.7%	8.9%
1.4 Actual research outputs	3 822 396	4 460 732	4 900 289	5 390 318	16.7%	9.9%	10.0%
1.5 Gap grant phased out		1 783 872	1 214 436	599 662		-31.9%	-50.6%
<b>2 Earmarked grants for universities</b>	<b>9 618 307</b>	<b>7 663 813</b>	<b>7 757 955</b>	<b>8 080 023</b>	<b>-20.3%</b>	<b>1.2%</b>	<b>4.2%</b>
2.1 Infrastructure & output efficiencies	2 791 493	3 002 094	2 840 532	2 921 030	7.5%	-5.4%	2.8%
2.2 Interest & redemption on historic loans	3 484	3 785	3 533	3 163	8.6%	-6.7%	-10.5%
2.3 New universities							
Capital funds (SPU & UMP)	1 000 542	1 044 365	1 013 661	1 059 880	4.4%	-2.9%	4.6%
Operational funds (SPU & UMP)	555 593	680 125	793 633	837 282	22.4%	16.7%	5.5%
Gap grant phased out		11 809	7 873	3 936		-33.3%	-50.0%
Health Sciences Operational (SMU)	100 000	200 000	200 000	200 000	100.0%	0.0%	0.0%
2.4 University Capacity Development	945 000	997 920	1 052 806	1 110 710	5.6%	5.5%	5.5%
2.5 Foundation Provision	366 068	389 654	441 085	465 345	6.4%	13.2%	5.5%
2.6 HDI Development Grant (8 universities)	481 382	508 339	536 298	565 794	5.6%	5.5%	5.5%
2.7 Clinical Training of Health Professionals	574 334	650 722	683 909	718 104	13.3%	5.1%	5.0%
2.8 Veterinary Sciences	165 723	175 000	184 625	194 779	5.6%	5.5%	5.5%
2.9 MBChB students	16 700	0	0	0	-100.0%		
2.10 Gap grant for poor & missing middle student fees	2 617 988	0	0	0	-100.0%		
<b>3 Grants to institutions</b>	<b>14 945 950</b>	<b>24 066 319</b>	<b>28 291 720</b>	<b>29 847 764</b>	<b>61.0%</b>	<b>17.6%</b>	<b>5.5%</b>
3.1 NSFAS - Cape Town	14 901 269	24 023 952	28 222 023	29 774 234	61.2%	17.5%	5.5%
3.2 Institute for Human and Social Sciences	38 837	36 196	38 187	40 287	-6.8%	5.5%	5.5%
3.3 African Institute for Mathematical Studies	5 844	6 171	6 510	6 868	5.6%	5.5%	5.5%
3.4 Council on Higher Education			25 000	26 375			5.5%
<b>4 Sector oversight</b>	<b>15 109</b>	<b>15 731</b>	<b>25 000</b>	<b>25 250</b>	<b>4.1%</b>	<b>58.9%</b>	<b>1.0%</b>
4.1 Sector Planning, Monitoring, Evaluation & Support	15 109	15 731	25 000	25 250	4.1%	58.9%	1.0%
<b>TOTAL</b>	<b>53 602 558</b>	<b>66 425 343</b>	<b>73 018 129</b>	<b>76 963 393</b>	<b>23.9%</b>	<b>9.9%</b>	<b>5.4%</b>

It should be noted that National Treasury (NT) sets the base-line allocations per annum reflected in Table 1 for the total state subsidies for the university sector, the National Student Financial Aid Scheme (NSFAS), the two new universities, the clinical training of health professionals, and infrastructure & output efficiencies. In June of each year, the Department of Higher Education and Training (the Department) presents bids for additional funding to NT. NT engages with the Department during July to November on funds available for the rolling triennium. In November each year, NT issues a formal allocation letter indicating the total state budget which government can afford to spend on the university sector.

### 4 UNIVERSITIES' STATE BUDGET FOR 2020/21 AND 2021/22

Universities receive state funds in the form of block grants and earmarked grants. Block grants (excluding the gap grant) comprise about 77% of the total state budget towards universities (excluding NSFAS). Block grants are intended for operational costs, including operational maintenance of assets related to university teaching, learning and research activities. Block grants are council-controlled funds, which can be used at the discretion of council and university management.

Public accountability for these funds remains paramount for institutions and the Ministry. Public accountability requires that institutions receiving public funds be able

to report on the effective and efficient spending of the funds, the results they achieve with the resources, and how they would meet national policy goals and priorities. This reporting must be done in terms of the Regulations for Reporting by the Public Higher Education Institutions (Government Gazette No. 37726, Notice 9 June, 2014).

In order for a university to determine its own share of each of the 2020/21 and 2021/22 block grants, Table 2 sets out the funded total units of the sector in each of the block grant sub-categories reflected in Table 1. The values in Table 2 are the funded units of year (n-1), which is audited and used in year (n) to calculate the budget for financial year (n+1). The 2019 data for the 2021/22 financial year has not yet been finalised, and is therefore projected estimated amounts, which may be adjusted during 2020. The funded teaching input units recorded in Table 2 are sourced from the Ministerial Statement on Enrolment Planning as planned and approved.

For a particular budget year, a university's share of funded units in each of the first 4 categories in Table 2 determines the university's share of funds in each of the first 4 sub-block grant categories shown in Table 1.

**Section B** of this Ministerial Statement provides the policy details for a university to determine its own funded unit totals and therefore ultimately its own share in each of the first 4 sub-block grant categories in Table 2. Such calculations by universities should be regarded as preliminary until their funding allocations have been confirmed in writing through a Ministerial letter.

A more detailed example of how a university should make calculations in each sub-block grant category in order to determine its own block grant budget allocation for 2020/21 is also available on request.

Table 2A: Actual and estimated funded units of the university sector within the block grant categories

State budget financial years Student enrolled academic years Block grant categories	Funded unit totals for the university sector							
	2018/19 2016	2019/20 2017	2020/21 2018	2021/22 2019	2018/19	2019/20	2020/21	2021/22
Funded teaching inputs	1 362 140	1 404 033	1 437 880	1 473 434	2.9%	3.1%	2.4%	2.5%
Institutional factors	119 154	126 611	133 913	141 948 <sup>1)</sup>	1.7%	6.3%	5.8%	6.0%
Actual teaching outputs	187 280	193 294	204 253	216 508 <sup>1)</sup>	6.3%	3.2%	5.7%	6.0%
Actual research outputs	34 540	36 602	37 610	41 370 <sup>1)</sup>	10.7%	6.0%	2.8%	10.0%

Table 2B: Actual and estimated funded units of the sector within earmarked grants related to the block grant

Foundation provision	23 743	25 651	25 530	27 061 <sup>1)</sup>	8.5%	8.0%	-0.5%	6.0%
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<sup>1)</sup> Estimated values. The research outputs for 2021/22 include the new funding category for innovations and creative outputs

The annual public report "University state budgets", available on the Department's website, presents the final input data of each university in each of the 4 sub-block grant categories, which were used to determine each university's block grant allocation for each of the years from 2004/05 onwards, as well as the total block grant and earmarked allocations from 2004/05 onwards according to university. Data of all universities for 2020/21 will be available on the Department's website after the Minister of Finance delivers his budget speech in February 2020.

**Sections C & D** of this Ministerial Statement highlight budgets per institution in some earmarked grant categories reflected in Table 1. Earmarked state grants are grants that must be used for a specific purpose and are not council controlled. Earmarked

grants require a range of inputs, such as project proposals from universities and annual progress reports to the Department. Earmarked grants are used to steer the sector towards the targets agreed upon within the enrolment planning exercise and to ensure national priorities are addressed by universities.

## **5 RELIABILITY OF HIGHER EDUCATION MANAGEMENT INFORMATION SYSTEM (HEMIS) DATA SUBMITTED BY UNIVERSITIES**

Both block grant calculations and progress reports of earmarked funds depend heavily on reliable audited Higher Education Management Information System (HEMIS) data submitted annually by universities to the Department.

The Department will continue to monitor the reliability of the data in HEMIS submissions. If verification processes (either by the Department or the university) suggest that a university's data submissions are incorrect, then the university will be required to correct errors and resubmit the amended database with a new audit report. Where necessary, the university may be required to amend the historical databases for 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 Section 11 (d) of the Prescription Act, No 68 of 1969. Any over-payments for these 3 years will be deducted from existing budgets to the applicable university before funds are paid to the university and from future budgets to this university.

The Department will also, when necessary, make adjustments to any data of the university, which the Department uses for funding purposes, if the data and/or the progress reports submitted to the Department, whether endorsed by external auditors or not, indicate 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.

It is the responsibility of a university to ensure that it complies at all times to the policies and directives issued by the Department. The Department has noted over the years a steady decline in the quality of HEMIS data submissions as well as a decline in adherence of all the due dates and in particular 31 July for the third and final HEMIS submission.

Over the years there has also been a steady increase in the number of universities from whom the Department has had to request resubmissions of HEMIS data and audit reports after 31 July, due to incorrect data or lack of conformity to the audit reports. These trends adversely impact on the planning processes and new endeavours within the Department, the reporting on the Department's Annual Performance Plans (APP), the reporting on the Minister's Performance Targets (MTSF), and on the running of university subsidy allocations. The adverse impact could result in a negative finding by the Auditor-General of South Africa (AGSA). Should the 2019 data of a university not be correct and on time in all respects when submitted by 31 July 2020, then the Department will penalise the university by reducing the block grant budget of the university for 2021/22 by R5 million.

In 2007 the Department introduced a code "W" for element 025 (qualification requirement status) to enable universities to report students who had fulfilled the requirements of their qualifications, but their certificates were being withheld due to

administrative reasons. Students whose HEMIS records are coded “W” and “F” are included as graduates for Teaching and Research output funding calculations. Graduates must be reported in HEMIS in the year in which they fulfilled the requirements of the qualification, even though their certificates are withheld within that particular year. These graduate students are not allowed to be reported in HEMIS submissions of subsequent years.

For the audited HEMIS submission of academic year (n), no graduates with outstanding debt prior to academic year (n-1) may be included in the HEMIS database for Teaching and Research Output funding as this negatively impacts on allocations to other universities. For example in the 2019 HEMIS submissions, universities may include 2018 and 2019 graduates who have not completed their qualifications and who returned in the 2018 and 2019 academic years to graduate. The 2018 graduates would be graduates who were identified after the final audited 2018 HEMIS submission to the Department. These 2018 students could be those who may have been doing experiential training, who completed a module at another university or who stopped out. Students with outstanding debt from years prior to 2018 should not be included in the 2019 database.

Graduates prior to 2003 must be reported directly to the National Learner Records' Database (NLRD) and never be included in the current HEMIS databases. These graduates would have been funded for their courses enrolled and courses passed under the old cost based funding formula. To include them in a current database would imply double funding for a university.

If the increase in graduate numbers is a result of graduate only registrations, the Department will investigate these records and may make adjustments to the data for funding purposes.

## **Section B: Block Grant Budget Calculations for Universities**

**Section B** focuses on the policy to calculate a university's funded units within each of the 4 sub-block grant categories; teaching input, teaching output, research output and institutional factors, for 2020/21 and 2021/22.

For a particular financial year, a university's own funded unit total in any one of the above 4 sub-block grant categories, can be used, together with the corresponding sector's funded unit total reflected in Table 2, to determine the university's own share, or fraction, of the funds in the corresponding block grant sub-category of funding noted in Table 1.

The annual public report "University performance within the block grant", available on Department's website, presents statistics on the annual improvements in the performance of each university within each of the sub-block grants from the 2004/05 financial year onwards. This report monitors the effectiveness of the funding instruments used within the block grant to steer the university sector.

### **1 THE TEACHING INPUT SUB-BLOCK GRANT**

This section deals with 1) the calculation of actual teaching input units, 2) approved teaching input units funded by the state, and 3) corrective measures taken concerning unacceptable deviations between actual and funded teaching input units.

#### **1.1 Actual teaching input units**

For the calculation of actual teaching input units, the weighting factor for funding purposes of a cell in the grid indicated in Table 3 will first be applied to the corresponding HEMIS unweighted enrolled full-time equivalent (FTE) student total (excluding experiential learning, work-integrated learning, FTE students) 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: 2019/20 and 2020/21

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 basic weightings of funding groups 1, 2, 3 and 4 for contact tuition for the four qualification types in Table 3 are based on HEMIS definitions to record students, whereby one undergraduate student head equals on average 0,8 full-time equivalent (FTE) student, one masters student head equals on average roughly a third FTE student, and one doctoral student head equals on average roughly a quarter of an FTE student.

The four funding groups in Table 3 consist of HEMIS FTE student aggregations according to the Classification of Educational Subject Matter (CESM) categories, set out in Table 4.

Table 4: Funding groups for 2019/20 and 2020/21

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 teaching input units funded by the state

Teaching input funding is based on planned and approved FTE student enrolments, weighted for funding purposes as indicated in Sub-Division 1.1 of **Section B**.

Table 5 sets out the funded totals of teaching input units (TIUs) per university for 2020/21 and 2021/22.

Table 5: Ministerial approved teaching input units

State budget financial years Student enrolled academic years UNIVERSITY	MINISTERIAL APPROVED FUNDED TEACHING INPUT UNITS	
	2020/21 2018	2021/22 2019
CAPE PENINSULA UT	60 406	62 333
CAPE TOWN	70 500	71 402
CENTRAL UT	27 533	29 502
DURBAN UT	48 653	51 087
FORT HARE	30 035	31 742
FREE STATE	57 526	59 252
JOHANNESBURG	90 356	91 848
KWAZULU-NATAL	96 298	99 494
LIMPOPO	40 571	41 046
MANGOSUTHU UT	20 370	21 509
NELSON MANDELA	52 978	54 265
NORTH WEST	82 545	82 701
PRETORIA	117 324	119 818
RHODES	17 845	17 985
SEFAKO MAKGATHO	22 076	24 060
SOUTH AFRICA	166 604	168 112
STELLENBOSCH	77 680	78 627
TSHWANE UT	101 083	104 937
VAAL UT	31 225	32 302
VENDA	32 590	33 502
WALTER SISULU	43 086	44 372
WESTERN CAPE	44 850	46 192
WITWATERSRAND	84 820	87 362
ZULULAND	20 925	19 983
<b>TOTAL</b>	<b>1 437 880</b>	<b>1 473 434</b>

These TIUs units shown in Table 5 include both contact and distance tuition students. These TIUs are reflected in the Minister's letter on "Revision to the approved mid-term enrolment and efficiency targets for 2017-2019", dated 18 October 2018. The Department consults with each university concerning these future student enrolment targets. The enrolment targets are, in effect, a contract between the Department and the Council of each university.

### **1.3 Corrective measures taken concerning unacceptable deviations between actual and funded teaching input units.**

This section deals with the difference between the actual units calculated by a university in Sub-Division 1.1 of **Section B**, and the approved funded units as indicated in Sub-Division 1.2 above for a particular year.

Each university is expected to plan and manage its student admissions and enrolment to ensure that, for a particular year, its actual teaching input unit total calculated in Sub-Division 1.1 converges to its planned and state funded teaching input unit total approved by the Minister, and set out in Table 5.

The Department makes adjustments to Ministerial approved and funded TIUs for unacceptable deviations between actual and funded TIUs before a university receives its final block grant budget for a particular year.

Each year, corrective financial measures are implemented on universities who do not stay within a reasonable limit of their Ministerially approved TIUs. Warnings to universities were initially provided in the Ministerial Statement on University Funding of November 2012 and in all subsequent annual Ministerial Statements. The Ministerial Statements on Student Enrolment Planning from 2009/10 onwards also indicated that the Department would make downward adjustments for universities who under-enrol more than 2% of their enrolment target. Under-enrolments adversely effect access to students, especially poor and disadvantaged students. Over-enrolments impact on the quality of teaching and learning provided to students, negatively impact on the TIU shares amongst universities and the rand-value of TIUs in future enrolment planning, and also adversely impact on the NSFAS to be able to properly cater for poor and missing middle students.

For the 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20 financial years, the Minister has approved deviations in under-enrolment of 5%, 4%, 3% 2% and again 2% from the Ministerial approved funded teaching input units as acceptable for 2013, 2014, 2015, 2016 and 2017 enrolled student data respectively. In all of the above five years, one third of the units exceeding the approved acceptable deviation were removed from the funded units of a university which had under-enrolled beyond the acceptable deviation.

For 2020/21, the Minister approved deviations in over-enrolment in both first-time entering (FTEN) enrolled students and in TIUs of 5%, as well as under-enrolment in TIUs of 2%, as acceptable for 2018 enrolled student data. Corrective financial measures of R9,271 million for under-enrolment at 2 universities and R91,320 million for over-enrolment at 3 universities were imposed, thus totalling R100,591 million for the sector for 2020/21.

The corrective financial measures imposed on all universities are annually reported in detail in the public report: “University state budgets”, noted in Sub-Division 4 of **Section A** of this Ministerial Statement.

Corrective measures will in future years become stronger in one or more of the following areas, namely:

- Reducing the acceptable range of deviations for over-enrolments from Ministerial approved funded teaching input units towards 2%, where 2% was signalled as an acceptable variation from agreed upon targets in 2012;
- Removing an ever increasing share of Ministerial approved funded teaching input units from universities who operate outside of the acceptable deviation range in terms of under-enrolment and over-enrolment; and
- Re-allocating the revised funding towards universities who operate within the acceptable range of deviations from Ministerial approved funded teaching input units.

No new students may be enrolled in non-aligned Higher Education Qualifications Sub-Framework (HEQSF) qualifications from 1 January 2020 onwards. For example, universities who enrol new students for the BTech (1 year) qualification in 2020 will be penalised financially.

## **2 THE 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 contact and distance FTE student enrolment.

### **2.1 Grants for universities with large proportions of disadvantaged students**

The aim of this grant is to increase the participation, success and graduation rates of disadvantaged students in general. This grant deems disadvantaged students to be African and Coloured students who are South African citizens.

For a contact tuition university, a calculation for the 2020/21 financial year is first made of the proportions it has of disadvantaged students in its 2018 *contact* FTE enrolled student total. A disadvantage-weighting factor is then determined for the university. This factor is 0 for a university 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 a university whose proportion of disadvantaged students is between 80% and 100%.

For 2020/21, additional 2018 funded teaching input units are then generated by multiplying its disadvantage factor by the university’s approved 2018 funded total of contact plus distance teaching input units set out in Table 5 for the 2020/21 financial year.

For the dedicated distance university, the calculation of the disadvantage factor for the 2020/21 financial year is based on the proportion of disadvantaged students, which it has in its 2018 distance FTE enrolled student total.

The same calculations can be made for 2021/22, using the corresponding 2019 student data.

## **2.2 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 is used to give additional teaching input units to small universities, depending on the size of their FTE student enrolments. The institutional size factor amounts to 0,15 for universities with up to 4 000 contact plus distance FTE (unweighted) students, after which it decreases linearly to 0 for universities with totals of 25 000 or more contact plus distance FTE students (unweighted).

For 2020/21, additional 2018 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 2020/21 financial year.

The same calculations can be made for 2021/22, using the corresponding 2019 student data.

## **3 TEACHING OUTPUT SUB-BLOCK GRANT**

The aim of this sub-block grant is to fund and simultaneously incentivise increases in student graduates from under-graduate up to taught masters level. Research masters graduates and all doctoral graduates are excluded, as they are funded in the research output sub-block grant.

Student graduate numbers, instead of annual full-time equivalent (FTE) student success rates, are the focus of teaching outputs, because student graduate data are in essence, the final teaching outcomes at universities.

Funding of a university for the 2020/21 and 2021/22 financial years will respectively be based on a university's actual 2018 and 2019 totals of student graduate numbers reported in HEMIS, and audited by the universities' external auditors.

Teaching output grant allocations are determined on the basis of an actual weighted total of teaching outputs (in terms of funded units) produced by each university. The weightings for funding purposes to be applied to actual student graduate headcount outputs in order to obtain funded units for a university are set out in Table 6. There is no distinction between the teaching outputs of distance and of contact programmes.

Table 6: Funding weightings per student graduate head for contact and distance programmes for 2020/21 and 2021/22

Teaching output programmes	Weightings
UG certificates and diplomas (1 year)	0.5
UG certificates and diplomas (2 years)	0.5
UG certificates and diplomas (3 years)	1.0
UG 1st bachelors degrees (3 years)	1.0
UG 1 st bachelors degrees (4 years or more) NQF7	1.5
UG 1 st bachelor's degrees (4 years or more) NQF8	1.5
UG B Tech (1 year)	1.5
UG Advanced diplomas (1 year) NQF7	0.5
PG certificate in education (1 year) NQF7	0.5
PG diplomas and post-diploma dipl/cert (1 year)	0.5
PG bachelors degrees and advanced bachelors degrees	1.0
Honours degrees/higher diplomas/post-grad dipl (1 year)	0.5
Non-research masters degrees and diplomas	0.5

#### 4 RESEARCH OUTPUT SUB-BLOCK GRANT

The aim of this sub-block grant is to fund actual research outputs and simultaneously incentivise increases in research outputs.

Funding of a university for the 2020/21 and 2021/22 financial years will respectively be based on a university's 2018 and 2019 totals of actual publication units (books for the specialist, conference proceedings, and articles in accredited journals), as well as doctoral and research masters graduate numbers reported in HEMIS. All are audited by the universities' external auditors.

For the 2021/22 financial year, innovations and creative outputs will be added and funded for the first time.

Research output grant allocations are determined on the basis of an actual weighted total of research outputs (in terms of funded units) produced by each university.

For 2020/21, the weightings for funding purposes to be applied to actual research outputs in order to obtain funded research output units for a university are set out in Table 7.

Table 7: Funding weightings for research output units for 2020/21

Research output categories	Weightings
Publication units	1
Research masters graduates	1
Doctoral graduates	3

Table 8 sets out the new research output categories which will apply for the 2021/22 financial year.

Table 8: Funding weightings for research output units for 2021/22

Research output categories	Funding weighting
Doctoral graduates	3
Research masters graduates	1
Journal articles	1
Books and chapters	1
Conference proceedings	1
Innovations	
- Patents	1
- Plant Breeders' Rights	1
Creative outputs	
- Fine Arts and Visual Arts	1
- Music	1
- Theatre, Performance and Dance	1
- Design	1
- Film and Television	1
- Literary Arts	1

Any journal on any of the lists/indices recognised by the Department for subsidy purposes, which does not comply with the policies and directives of the Department, will be removed immediately from the list, and articles published in such journals will not be state funded with immediate effect. Research units will be withheld from a university for funding purposes from both predatory journals and those journals pending investigation. The Department will reserve the right to recover the funds from a university that has claimed for and been paid out subsidies for such articles in error, for a period of 3 historical years, as stated in Sub-Division 5 of **Section A**. Should the Department establishes that some of the pending journals are not predatory, then those research units will be awarded to a university in the next financial year.

The Department has noticed some anomalies in the 2018 research outputs, which will require a further detailed scrutiny of data. Some actual research outputs are being temporarily withheld. This implies that the identified publications have not yet been allocated subsidy. Once cleared, subsidy will be allocated to the affected institutions in the next round of research subsidy allocations. The withholding of subsidy is temporal and does not in any way suggest wrongdoing on the part of the affected institutions or individual authors.

The Department communicates the list of accredited journal titles to universities at the start of each academic year. The list should be used as proxy. Even if a journal is on the list approved by the Department, if later it is established that the journal is predatory, the Department will not fund publications published in the journal.

Each university should place emphasis on research ethics, the importance of quality research outputs, and the need to strengthen the university's research office to monitor the journals their researchers are publishing in.

The deadline within the Department to obtain the final research output unit totals per university of year (n-1) in order for the Department to determine in year (n) a budget for a university for year (n+1) is 15 October of year (n). Any changes/adjustments in these research unit totals after the deadline of 15 October of year (n) will be accommodated by 15 October of year (n+1) for funding in year (n+2). There could

therefore be a difference between the final approved research output units for a university for year (n-1), and the total units of year (n-1) funded within the research output sub-block grant to determine a budget in year (n) for a university for year (n+1).

Universities have already complied and submitted to the Department creative outputs and innovations produced from 2016 to 2018 in November 2019. This is in line with the policy for evaluating creative outputs and innovations produced by South African public higher education institutions (Government Gazette, No 40819 of 28 April 2017). Evaluation of these outputs will be finalised during 2020, and will be taken into account by the end of 2020 to determine a university's research output sub-block grant budget for 2021/22.

The Department is working with universities to bring forward the submission date during 2020 for creative outputs and innovations produced from 2017 to 2019, thus combining two submission periods. These outputs will be taken into account for the 2021/22 financial year.

## **5 THE PHASING OUT OF THE FORMER EARMARKED GAP GRANT**

The former earmarked gap grant for poor and missing middle students, introduced in 2016/17, has been placed into the block grant from 2019/20 onwards.

The gap grant for the sector is reflected separately within the block grant as a fifth sub-block grant, as indicated in Table 1, and will be phased out at the national level over 4 years (2019/20 to 2022/23), as indicated in Table 9 below.

The 2018/19 total gap grant claims per university for 2018/19 has been used to determine the total gap grant set aside within the block grant for 2019/20. The sector totals are approximately R1,8 billion and R1,2 billion for 2019/20 and 2020/21 respectively, as indicated in Tables 1 and 9.

Universities will no longer claim gap grant funding from the Department from 2019/20 onwards. Each university is responsible for phasing out from the 2019 academic year the cohort of poor and missing middle students who benefitted from the gap grant during the 2018 academic year. Each university will manage surpluses and shortages in gap grant funding until all members of this cohort of students is no longer enrolled at the university, even if it takes more than 4 years.

Students who are still in the university system and who benefited from the gap grant in the 2018 academic year, will pay the agreed upon increase on their discounted 2018 fee in 2019, and in each year thereafter, their fee will increase in line with the agreed upon increment, until they exit the system. Universities will manage the fee accounts of these individual students without submitting claims for individual students to the Department. However, this must be audited as part of the universities annual audit and must be reported each year in the annual report submitted to the Department until such time as all students in the cohort have exited the university.

From 2019, all first-time entering students (FTENs) into universities had to pay the actual fee set for 2019, and will not be eligible for discount supported by the state.

The gap grant for a university reflected in Table 9 for 2020/21 has to be added to the usual block grant for 2020/21 based on the standard 4 sub-block grants in order to determine a university's total block grant amount for 2020/21. The same principle applies for the 2021/22 financial year.

Table 9: Phasing out of the 2018/19 gap grant claims for poor and missing middle students

UNIVERSITIES	Gap Grant claims phased out as part of block grant				
	2018/19 actual claims (R'000)	2019/20 (R'000)	2020/21 (R'000)	2021/22 (R'000)	2022/23 (R'000)
CAPE PENINSULA UT	37 261	37 261	24 841	12 420	0
CAPE TOWN	68 780	68 780	45 853	22 927	0
CENTRAL UT	38 415	38 415	25 610	12 805	0
DURBAN UT	99 386	99 386	66 257	33 129	0
FORT HARE	49 282	49 282	32 855	16 427	0
FREE STATE	87 638	87 638	58 425	29 213	0
JOHANNESBURG	193 758	193 758	129 172	64 586	0
KWAZULU-NATAL	181 061	181 061	120 707	60 354	0
LIMPOPO	61 676	61 676	41 117	20 559	0
MANGOSUTHU UT 1)	39 040	39 040	51 215	18 051	0
NELSON MANDELA	55 294	55 294	36 863	18 431	0
NORTH WEST	114 335	114 335	76 223	38 112	0
PRETORIA	82 907	82 907	55 271	27 636	0
RHODES	32 688	32 688	21 792	10 896	0
SEFAKO MAKGATHO	9 616	9 616	6 411	3 205	0
SOUTH AFRICA	15 007	15 007	10 005	5 002	0
STELLENBOSCH	32 301	32 301	21 534	10 767	0
TSHWANE UT	190 270	190 270	126 847	63 423	0
VAAL UT	80 074	80 074	53 383	26 691	0
VENDA	33 831	33 831	22 554	11 277	0
WALTER SISULU	61 999	61 999	41 333	20 666	0
WESTERN CAPE	48 360	48 360	32 240	16 120	0
WITWATERSRAND	123 578	123 578	82 385	41 193	0
ZULULAND	47 315	47 315	31 543	15 772	0
<b>SUB-TOTAL</b>	<b>1 783 872</b>	<b>1 783 872</b>	<b>1 214 436</b>	<b>599 662</b>	<b>0</b>

  

NEW UNIVERSITIES	Gap Grant claims of new universities phased out				
	2018/19 actual claims (R'000)	2019/20 (R'000)	2020/21 (R'000)	2021/22 (R'000)	2022/23 (R'000)
MPUMALANGA	7 855	7 855	5 237	2 618	0
SOL PLAATJE	3 954	3 954	2 636	1 318	0
<b>SUB-TOTAL</b>	<b>11 809</b>	<b>11 809</b>	<b>7 873</b>	<b>3 936</b>	<b>0</b>

  

<b>GRAND TOTAL</b>	<b>1 795 681</b>	<b>1 795 681</b>	<b>1 222 309</b>	<b>603 598</b>	<b>0</b>
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1) The second semester submission of R15,113 million was initially not taken into account. For 2018/19, this amount was funded via savings on state budgets. For 2019/20, this amount will be paid out as a once-off in 2020/21 on 1 April 2020.

## **Section C: Earmarked Grants for Universities**

**Section C** focuses on presenting budgets per university in certain earmarked fund categories, in line with the context of this Ministerial Statement, set out in Sub-Division 2 of **Section A**.

Earmarked grants elaborated in this section of the Ministerial Statement are:

- Infrastructure and Efficiency Grant (IEG);
- New universities;
- University Capacity Development Grant (UCDG);
- Foundation Provision Grant;
- Clinical Training Grant (CTG);
- Historically Disadvantaged Institutions Development Grant (HDI-DG);
- Veterinary Sciences Grant; and
- Gap grant for poor and missing middle students

### **1 GENERAL POLICY ON PAYMENTS OF EARMARKED GRANTS**

Earmarked grants require annual progress reports to be submitted to the Department. Reporting on finances (e.g. expenditure data) within progress reports is required. Financial data in progress reports must be reported to at least 31 March of the year in which a progress report is required. This was implemented to ensure closer alignment with the financial year of the state (1 April – 31 March). However, the allocation of the UCDG is aligned to a university's academic year. Thus, progress reports within the UCDG are aligned to the university's financial year (1 January – 31 December).

All progress reports and audited financial statements for earmarked grants, apart from those linked to the UCDG, must be provided on or before 31 May of each year. This will ensure that the more reliable second submission HEMIS data, which has to be submitted to the Department by 30 April of each year, can be used in progress reports. In the case of the UCDG reports, the due date for the submission is the end of February of each year.

An amount of between 20% and 40% of each earmarked grant aligned to the Department's financial year will be released to universities during the first quarter of 2019/20, based on progress reports and audit certificates already approved by the Department during 2018/19 relating to the use of 2017/18 grants. The release of these initial funds during the first quarter of 2019/20 is not linked to the assessment of the reports during 2019/20. The purpose of the upfront payment is to assist universities to implement projects/programmes funded through earmarked grants during their academic year. The remaining percentage of the 2019/20 earmarked allocation will be released, based on the Department's assessment of progress reports on the use of 2018/19 grants and the accompanying audit certificate(s). Major under-spending and/or spending of funds for purposes not approved by the Department may result in withholding of funds. If funds are withheld, these may be reallocated with the approval of the Minister.

## **2 INFRASTRUCTURE AND EFFICIENCY GRANT (IEG)**

The purpose of the infrastructure and efficiency grant is to ensure:

- Synergy between the availability of infrastructure within the university sector and the range of needs linked to the expansion of the system in terms of the enrolment planning processes;
- Equity in the quality of infrastructure at all universities; and
- Equity in the distribution of state funds amongst universities.

The funding pattern towards the establishment of infrastructure, such as a new building, differs vastly from the daily operational costs of a university. Within the university system, backlogs in infrastructure have accumulated, not keeping up with student enrolment growth. Thus, within the funding framework, infrastructure and efficiency grants are closely linked with enrolment planning.

The Infrastructure and Efficiency Grant (IEG) has been allocated over five distinct cycles (2007/08 to 2009/10; 2010/11 to 2011/12; 2012/13 to 2014/15; 2015/16 to 2017/18; and 2018/19 to 2020/21). The sixth cycle will commence in 2021/22. Planning for the sixth cycle will be undertaken in early 2020.

During the first three IEG cycles, allocations focused on nationally identified funding categories requiring expansion and individual university bids for funds in these areas. In the fourth IEG cycle, information gathered through the process of the maintenance audits, disability audits and development of macro campus plans, was used to introduce a backlog maintenance allocation to each institution, as well as funding for student housing and specific priority projects.

In the fifth cycle (2018/19 to 2020/21), the Department adopted a broader, more systemic approach to infrastructure development requirements across the system. A Macro Infrastructure Framework (MIF) for the university system has been developed to support the planning, budgeting and monitoring of university infrastructure allocations. The framework assists in channelling infrastructure funding towards specific areas where scarce resources are needed and are likely to have the strongest impact, bearing in mind that each university has its own infrastructure needs and priorities. Allocations were determined in line with the Framework and they were based on a balance between national and institutional priorities. Spending on previous infrastructure allocations was also used as a yardstick to determine prospective infrastructure allocations. The Framework consists of a 30-page Infrastructure Management Guideline document with detailed annexures, which is updated periodically, together with a web-based platform. The platform is used by the Department and universities to record and track past allocations and spending, quarterly reporting, reports on oversight visits, supporting documentation, photos of projects etc.

NT has, in the Budget Adjustment Estimate for 2019/20, cut the IEG by R350 million for 2019/20, but added R393,500 million for the Budget Facility for Infrastructure (BFI): Student Housing Infrastructure Programme for 2019/20. This implies a nett increase of R43,500 million, which has been added in Table 1 for 2019/20. Universities benefitting from this BFI funding are North West University (R119,310 million) and the University of Limpopo (R274,190 million).

NT has also cut the IEG for 2020/21 from R2 994,717 million, as announced in the Ministerial Statement on University of November 2018, to R2 840,532 million, representing a cut of R154,185 million, or 5,1%, for 2020/21. This cut has been included in Table 1 for 2020/21. Table 10 presents the infrastructure and efficiency grants for 2020/21 according to university.

Table 10: Infrastructure and efficiency grants for 2020/21 1)

UNIVERSITY	YEAR 2020/21 (R'000)
CAPE PENINSULA <b>UT</b>	163 000
CAPE TOWN	49 021
CENTRAL <b>UT</b>	69 264
DURBAN <b>UT</b>	121 212
FORT HARE	57 333
FREE STATE	112 071
JOHANNESBURG	29 700
KWAZULU-NATAL	131 000
LIMPOPO	154 390
MANGOSUTHU <b>UT</b>	101 060
NELSON MANDELA	42 494
NORTH WEST	162 098
PRETORIA	112 865
RHODES	143 314
SEFAKO MAKGATHO 2)	214 088
SOUTH AFRICA	63 529
STELLENBOSCH	90 350
TSHWANE <b>UT</b>	230 456
VAAL <b>UT</b>	131 301
VENDA	94 211
WALTER SISULU	90 300
WESTERN CAPE	94 445
WITWATERSRAND	133 030
ZULULAND	250 000
<b>TOTAL</b>	<b>2 840 532</b>

1) Budgets rounded off to the nearest thousand rand

2) Subject to meeting Departmental requirements

### 3 NEW UNIVERSITIES

The Minister established the University of Mpumalanga (UMP) and Sol Plaatje University (SPU) as juristic persons in August 2013, in terms of section 20 of the Higher Education Act, 1997. The institutions were established as comprehensive universities offering a range of formative and vocationally-focused undergraduate programmes. Over time the institutions will develop post graduate and research programmes in niche areas.

SPU and UMP will, when they reach their full planned capacity, provide spaces for 7 500 and 18 000 students respectively. Growth in student numbers will match the planned developments in infrastructure over time. The range of programmes offered by each of the universities will also extend in accordance with a planned and evolving Programme and Qualification Mix as capacity to deliver is developed.

The purpose of the two new universities' earmarked grants is to provide funding to SPU and UMP for development until such time that they become self-sustainable in terms of all income streams. These universities are not yet funded as part of the existing funding formula for the other 24 universities, and receive earmarked funding for operational expenses and for infrastructure development.

NT has cut the earmarked grant for capital projects at SPU and UMP by R88,144 million for 2020/21 and R102,524 million for 2021/22. Distribution of state grants for capital expenditures between these 2 universities is set at 40% towards SPU and 60% towards MPU. Table 11 reflects the earmarked state allocations for operational costs and capital funding to SPU and UMP from 2020/21 to 2022/23.

Table 11: Operational and capital funds for the 2 new universities from 2020/21 to 2022/21

Year		2020/21	2021/22	2022/23
University	Split	(R'000)	(R'000)	(R'000)
<b>Operational funds</b>				
Sol Plaatje		353 118	372 558	390 411
Mpumalanga		440 515	464 724	487 037
<b>TOTAL</b>		<b>793 633</b>	<b>837 282</b>	<b>877 448</b>
<b>Capital funds</b>				
Sol Plaatje	40%	405 464	423 952	441 994
Mpumalanga	60%	608 197	635 928	662 990
<b>TOTAL</b>		<b>1 013 661</b>	<b>1 059 880</b>	<b>1 104 984</b>

Sefako Makgatho Health Sciences University (SMU) the third new university, that was established in 2015 through an unbundling of the former MEDUNSA campus from the University of Limpopo, receives a block grant for operational expenses. However, in order to support the university to develop and become a sustainable comprehensive health sciences university, it requires a special grant. Its current programme qualification mix does not enable it to cross-subsidise from less expensive programmes, since all its programmes are in the more expensive health sciences. Therefore, an additional earmarked grant has been allocated to SMU, amounting to R200 million for each of the 2020/21 and 2021/22 financial years respectively as indicated in Table 1. This grant was introduced in 2018/19, and is expected to be allocated for a period of 5 years.

#### 4 UNIVERSITY CAPACITY DEVELOPMENT GRANT

The University Capacity Development Grant (UCDG) was introduced in 2018 as a resource to enable the implementation of the University Capacity Development Programme. The UCDP is implemented in 3 year cycles, aligned to the academic year of universities. 2020 is the final year of the first three year cycle.

The *Ministerial Statement on the Implementation of the University Capacity Development Programme through Effective Management and Utilisation of the University Capacity Development Grant, 2018-2020* was approved and signed by the Minister of Higher Education and Training on 31 March 2017, and it provides a framework for how the UCDG can be used to implement the UCDP.

The UCDP is implemented:

- at individual university level. Each of the 26 universities has a UCDP Plan for 2018-2020 in place;
- through university-led collaborative projects; and
- through national collaborative programmes such as the New Generation of Academics Programme (nGAP) and the Higher Education Leadership and Management Programme (HELMP).

Seventy percent of the annual UCDG amount is allocated to universities for their UCDP Plans. The remaining 30% is allocated as follows:

- New Generation of Academics Programme (nGAP): 83%
- Higher Education Leadership and Management Programme (HELMP): 3%
- University – led collaborative projects: 14%

The 70% of the UCDG that is allocated to universities is distributed as follows:

- The University of South Africa is allocated 15% of the total amount.
- The model for determining the allocation to a further 23 universities to support the implementation of their UCDP Plans is based on two variables which serve as proxies for student development needs and staff development needs, two of the key imperatives of the UCDP:
  - The proportion of students at institutions from historically disadvantaged population groups, specifically African and coloured students; and
  - The proportion of permanent instructional and research staff at the institution that must still achieve a doctorate.

Sol Plaatje University and the University of Mpumalanga receive an operational earmarked grant and are expected to allocate a portion of the earmarked grant to fund their University Capacity Development Plans.

2020 marks the final year of implementation of the three year UCDP Plans. During 2020 the Department will engage the university sector on the refinement of the UCDP and on the development of UCDP Plans for the next three year cycle. This means that the 2021 allocation to universities for the implementation of the new UCDP Plans should be treated as indicative.

Table 12 reflects the UCDG state budget for 2020/21 and 2021/22 that will be allocated to individual universities for their UCDP Plans, for the nGAP, for the HELMP Phase 1 and for other university led national collaborative projects.

With regard to nGAP, funds are allocated to enable the recruitment of a minimum number of 100 nGAP lecturers per annum. Universities apply for nGAP posts and the applications are reviewed by the Department. Post applications must meet the criteria set for the programme. Posts are generally distributed equally across the universities, with the understanding that there are staff transformation imperatives to be addressed at all the universities. However, the success a university has demonstrated in filling its nGAP posts in previous phases of the programme impacts on its allocation in the next phase. In 2020, posts for phase 6 of the nGAP will be allocated, and in 2021, posts for phase 7 of the nGAP will be allocated. The final allocation to each university will be based on the outcome of the Phase 6 and Phase 7 application processes, and thus the 2020/21 and 2020/22 nGAP allocations in Table 12 below must be regarded as preliminary allocations.

Table 12: Earmarked UCDG state budgets for 2020/21 and 2021/22

University	UNIVERSITY CAPACITY DEVELOPMENT PLANS					NEW GENERATION OF ACADEMICS PROGRAMME (nGAP)		UNIVERSITY-LED COLLABORATIVE PROJECTS	
	2020/21 Financial Year		2021/22 Financial Year			2020/21 Financial Year 2)	2021/22 Financial Year 2)	2020/21 Financial Year	2021/22 Financial Year 7)
	2020 academic year		2021 academic year						
	Jan - March	Apr - Dec	Jan - March	Apr - Dec	Jan - March 2022 1)	(R'000)	(R'000)	(R'000)	(R'000)
2020 (R'000)	2020 (R'000)	2021 1) (R'000)	2021 1) (R'000)	(R'000)					
CAPE PENINSULA UT	8 259	27 344	9 114	28 847	9 616	10 083	10 637	10 360 3)	1 794
CAPE TOWN	2 767	9 161	3 054	9 665	3 222	10 083	10 637	0	1 794
CENTRAL UT	3 378	11 182	3 727	11 797	3 932	10 083	10 637	0	1 794
DURBAN UT	6 656	22 034	7 345	23 246	7 749	10 083	10 637	0	1 794
FORT HARE	4 073	13 484	4 494	14 225	4 742	10 083	10 637	0	1 794
FREE STATE	5 918	19 591	6 530	20 669	6 889	10 083	10 637	5 252 4)	1 794
JOHANNESBURG	12 644	41 861	13 954	44 163	14 721	10 083	10 637	0	1 794
KWAZULU-NATAL	9 820	32 511	10 837	34 299	11 433	10 083	10 637	0	1 794
LIMPOPO	7 564	25 041	8 347	26 418	8 806	10 083	10 637	0	1 794
MANGOSUTHU UT	3 094	10 242	3 414	10 805	3 602	10 083	10 637	0	1 794
MPUMALANGA	0	0	0	0	0	10 078	10 640	0	1 794
NELSON MANDELA	6 003	19 873	6 624	20 966	6 989	10 083	10 637	0	1 794
NORTH WEST	7 536	24 947	8 316	26 319	8 773	10 083	10 637	0	1 794
PRETORIA	5 535	18 323	6 108	19 331	6 443	10 083	10 637	0	1 794
RHODES	1 419	4 698	1 566	4 957	1 652	10 083	10 637	0	1 794
SEFAKO MAKGATHO	3 718	12 309	4 103	12 986	4 329	10 083	10 637	0	1 794
STELLENBOSCH	3 037	10 054	3 351	10 607	3 536	10 083	10 637	0	1 794
SOL PLAATJE	0	0	0	0	0	10 078	10 639	0	1 794
TSHWANE UT	14 220	47 076	15 692	49 665	16 555	10 083	10 637	0	1 794
VAAL UT	4 527	14 987	4 996	15 811	5 270	10 083	10 637	0	1 794
VENDA	5 052	16 726	5 575	17 645	5 882	10 083	10 637	0	1 794
WALTER SISULU	10 076	33 357	11 119	35 192	11 730	10 083	10 637	0	1 794
WESTERN CAPE	4 995	16 538	5 513	17 447	5 816	10 083	10 637	12 947 5)	1 794
WITWATERSRAND	5 662	18 746	6 249	19 777	6 592	10 083	10 637	25 134 6)	11 796
ZULULAND	5 960	19 732	6 577	20 818	6 939	10 083	10 637	0	1 794
SOUTH AFRICA	25 043	82 907	27 636	87 468	29 156	10 083	10 637	0	1 794
<b>TOTAL ALLOCATION TO UNIVERSITIES</b>	<b>166 956</b>	<b>552 724</b>	<b>184 241</b>	<b>583 123</b>	<b>194 374</b>	<b>262 148</b>	<b>276 567</b>	<b>53 693</b>	<b>56 646</b>
<b>OVERALL TOTAL FOR ACADEMIC YEAR</b>	<b>719 680</b>		<b>767 364</b>			-	-	-	-
<b>OVERALL TOTAL FOR FINANCIAL YEAR</b>	-	<b>736 965</b>	<b>777 497</b>			<b>262 148</b>	<b>276 567</b>	<b>53 693</b>	<b>56 646</b>

- 1) Preliminary allocations as a new UCDP 3 year cycle starts in 2021 and nex UCDP Plans will be developed and finalised in 2020.
- 2) Preliminary allocations and will be finalised upon receipt of nGAP post applications and approval by the Director-General.
- 3) CPUT will lead the new Dual Study Higher Education Project.
- 4) UFS will lead the new Student Success Collaborative Forum Project.
- 5) UWC will lead the new National Framework for Enhancing Academics as University Teachers (NFEAUT) Implementation Project
- 6) WITS will continue to lead Phase 1 of the Higher Education Leadership and Management Programme (HELMP) as well as the new National Student Data Warehouse Project.
- 7) These are preliminary allocations, and the final allocations will be made to universities leading collaboroartive projects based on approved project plan:

Collaborative projects are national projects that address a specific development need that impacts on all universities in the system. A number of universities collaborate to implement the project, and the project is coordinated by one university for reporting and financial management purposes. The coordinating university is the fund-holder for the project and has the responsibility to disburse funds in line with a project plan that has been approved by the Department. Processes to identify the collaborative projects that will be taken forward in a particular financial year begin early in previous financial year. Key projects are identified where there is agreement that they are national priorities that can strengthen the system. These processes culminate in a project

proposal/ project plan being submitted for approval to the Department. Collaborative projects that will be taken forward in 2020/21, and the universities that will coordinate them are shown in Table 12 below, pending the approval of the Director-General. The process to finalise project plans for the 2020/21 financial year will begin early in 2020, and hence the allocations to universities shown in Table 12 for 2021/22 are preliminary allocations which will change based on projects that will be taken forward in 2021/22.

Phase 1 of the Higher Education Leadership and Management Programme (HELMP) is being implemented as a national collaborative project in partnership with Universities South Africa (USAf), with all universities participating in HELMP activities. The University of the Witwatersrand (WITS) is the coordinating university. HELMP funds are therefore allocated to WITS, which has the disbursement, oversight and reporting responsibilities.

It is important to note that Table 12 highlights allocations for UCD Plans that will be disbursed to universities aligned to the academic year, to enable implementation of UCDP activities over an academic year. However, National Treasury will publish one UCD Plan amount per university for the financial year 1 April -31 March, which will be the sum of the two amounts per university for 1 April-31 Dec and 1 Jan- 31 March.

## **5 FOUNDATION PROVISION GRANT**

The main purpose of foundation provision is to improve the academic performance of those first-time entering undergraduate students, who already comply with the minimum requirements to enrol for a particular university qualification, and who have already enrolled for that qualification, but who are at risk of failing or dropping out. Such students are placed on formal Departmental approved extended curriculum programmes, which are in most cases one year longer than the regular qualification.

Earmarked foundation provision funds complement the teaching output sub-block grant in which graduates are funded. Any improvement in the student success rate of a university that will eventually result in more students graduating as a result of students been placed on extended/foundation programmes funded by earmarked foundation funds is to the benefit of a university, as additional graduates are funded within the teaching output sub-block grant.

Weighted full-time equivalent (FTE) foundation students are annually funded in 2 ways simultaneously:

- By generating teaching input subsidy within the teaching input sub-block grant; and
- Through the distribution of earmarked (ring-fenced) state funds for foundation purposes.

For earmarked foundation funding, FTE enrolled foundation students are weighted according to the groups of CESMs in the teaching input funding grid set out in Tables 3 and 4.

The total FTE foundation student enrolments, reported in HEMIS for year (n-1), weighted for funding purposes, determine in year (n) a university's earmarked state budget for foundation provision for year (n+1).

Table 13 reflects the foundation provision grants per university for 2020/21, based on final audited HEMIS foundation student data for 2018.

The preliminary state budget for foundation provision of a university for 2021/22 can be determined by multiplying the university's weighted FTE enrolled students in courses in extended curriculum programmes in year 2019 by the estimated rand value for a weighted FTE enrolled student in courses in extended curriculum programmes for year 2021/22. The latter is determined by dividing the projected sector funded units of foundation students for 2019 reflected in Table 2 into the total earmarked foundation grant for the sector for 2021/22 reflected in Row 2.5 in Table 1. The total funded units of foundation students in 2019 in Table 2 is a projected value, which may change as final audited student data becomes available for 2019 at a later stage.

Table 13: Earmarked foundation provision grants for 2020/21

UNIVERSITY	YEAR 2019/20 (R'000)	2020/21 (R'000)
CAPE PENINSULA UT	41 438	46 526
CAPE TOWN	14 290	14 235
CENTRAL UT	4 336	8 429
DURBAN UT	8 843	9 018
FORT HARE	12 694	16 722
FREE STATE	49 720	58 607
JOHANNESBURG	44 137	52 427
KWAZULU-NATAL	18 892	21 013
LIMPOPO	29 420	39 902
MANGOSUTHU UT	7 690	9 544
NELSON MANDELA	10 054	11 297
NORTH WEST	23 432	25 878
PRETORIA	20 179	22 774
RHODES	1 690	1 729
SEFAKO MAKGATHO	4 135	7 016
STELLENBOSCH	6 802	6 571
TSHWANE UT	54 667	49 864
VENDA	6 840	4 506
WALTER SISULU	8 126	8 832
WESTERN CAPE	18 323	21 417
WITWATERSRAND	465	431
ZULULAND	3 481	4 347
<b>TOTAL</b>	<b>389 654</b>	<b>441 085</b>

## 6 HISTORICALLY DISADVANTAGED INSTITUTIONS DEVELOPMENT GRANT (HDI-DG)

Eight identified universities benefit from these grants, namely the Universities of Fort Hare, Limpopo, Venda, Walter Sisulu, Western Cape, and Zululand, Mangosuthu University of Technology and Sefako Makgatho Health Sciences University.

These 8 universities submitted business plans, of which the evaluation was completed in the 3rd quarter of 2016/17. In 2016/17 and 2017/18, these universities had to revise their outer year amounts and indicate sustainability of projects beyond the five year period (2016/17 – 2020/21). In 2018/19 funds were released for earlier approved

projects and new projects approved by the Minister in 2018/19. Table 14 presents HDI development allocations according to university.

In 2018/19, the Department focused on a series of consultative workshops to brainstorm HDI's challenges and soliciting contributions with the view to develop a policy framework for the Historically Disadvantaged Institutions Development Programme (HDI-DP) which would be supported by the HDI-DG. The policy framework is still under consultation and is not yet finalised. It is hoped that the framework will guide the further release of funds to the HDIs from 2021/22 onwards. It will ensure funds are released against the strategic long-term development of HDIs. A call for phase 2 proposals of the HDI-DG is set to be made in 2020/21 financial year.

Table 14: HDI development grant allocations 1)

University	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2019/20 (R'000)	2020/21 (R'000)	TOTAL (R'000)
Fort Hare	96 700	27 988	57 474	92 394	55 272	329 827
Limpopo	20 495	39 558	80 749	27 350	77 028	245 181
Mangosuthu	13 495	56 731	88 102	74 493	88 132	320 952
Sefako Makgatho	20 566	26 517	37 073	59 563	52 319	196 038
Venda	75 073	58 444	68 260	84 365	86 899	373 041
Walter Sisulu	80 947	102 385	7 018	100 000	20 504	310 855
Western Cape	56 460	64 520	100 128	5 000	60 617	286 725
Zululand	69 795	78 849	42 579	53 174	95 527	339 924
HDI Project Management				12 000		12 000
<b>TOTAL</b>	<b>433 532</b>	<b>454 992</b>	<b>481 382</b>	<b>508 339</b>	<b>536 298</b>	<b>2 414 543</b>

1) Amounts reflected are rounded off to the nearest thousand rand.

A total of R508 million has been allocated for the 2019/20 financial year. A total of R496 million (or 98%) of this amount has been re-prioritised to infrastructure projects within the HDIs. A call for proposals against these funds has been made to all 8 institutions. The remaining 12 million (or 2,36%) of the allocation has been re-prioritised to provide human capital and administrative support on the programme.

## 7 CLINICAL TRAINING GRANT

The Department has been going through a process of considering the recommendations of the report of the National Review of the Clinical Training Grant (CTG) that was concluded in 2017. The main recommendations that have been considered going forward are the inclusion of some of the non-funded programmes and a transitional change of the current funding distribution model.

During the 2019 CTG consultative meeting it was decided that there will be transitional changes between 2020/21 and 2021/22 in the CTG funding distribution mechanism to allow for further work, refinements and consultation towards a more equitable and justifiable model. Budgets per university for the clinical training grant for the transition years (2020/21 to 2021/22) have been calculated using some of the elements of the Program Model as proposed in the 2017 National Review of the Clinical Training Grant. The generated allocations for 2020/21 to 2021/22 as per the transitional model are reflected in Table 15.

Universities that qualify for the clinical training grant are required to submit clinical training grant budget proposals once every two years. However, from 2014 onwards, universities were required to submit their audited student enrolments by 31 July every year. The submission of student enrolments annually is to enable the Department to calculate clinical training grants per university two years ahead, in order to enable better planning at universities. The annual audited student enrolments to be submitted in year (n) are those of year (n-1).

Table 15: Clinical Training Grants for 2020/21 and 2021/22

UNIVERSITY	2020/21 (R'000)	2021/22 (R'000)
CAPE PENINSULA UT	12 082	12 686
CAPE TOWN	58 195	61 105
CENTRAL UT	8 060	8 463
DURBAN UT	20 434	21 456
FORT HARE	7 529	7 905
FREE STATE	42 845	44 987
JOHANNESBURG	12 670	13 304
KWAZULU-NATAL	68 815	72 255
LIMPOPO	10 715	11 250
MANGOSUTHU UT	2 787	2 926
NELSON MANDELA	20 652	21 684
NORTH WEST	24 042	25 244
PRETORIA	67 774	71 163
RHODES	4 159	4 367
SEFAKO MAKGATHO	62 348	65 466
STELLENBOSCH	63 954	67 151
TSHWANE UT	15 298	16 063
VAAL UT	7 562	7 940
VENDA	6 588	6 918
WALTER SISULU	28 309	29 725
WESTERN CAPE	38 675	40 609
WITWATERSRAND	91 779	96 368
ZULULAND	8 637	9 069
<b>TOTAL</b>	<b>683 909</b>	<b>718 104</b>

In addition to the effected changes in the distributional model the Department has also included the following unfunded programmes and years of study in the clinical training grant funding from 2020/21 onwards:

- Professional undergraduate degree programmes:
  - Pharmacy (3rd year)
  - Dietetics (3rd year)
  - Optometry (4th year)
  - Audiology (4th year)
  - Clinical medical practice (1-3)
- Professional masters degree in pharmacy (1st year)
- Undergraduate initial bachelor's degrees and national diplomas:
  - Biokinetics (4th year)
  - Medical orthotics and prosthetics (1-3)
- Postgraduate diploma in nursing (PG Dip Nursing) (1st year)
- Advance certificate/diploma in pharmacy technician (2nd year)

As from 2021/22 the rollover of CTG unspent funds for staffing will no longer be permitted. All unspent funds will be withdrawn and reallocated to other national needs for health sciences education and training.

## 8 VETERINARY SCIENCES GRANT

Most of the earmarked funds for veterinary sciences are allocated to the University of Pretoria (UP), which is responsible for the animal hospital and the training of all veterinarians and veterinary nurses in South Africa. Unlike hospitals for humans, which are funded by the Department of Health, the animal hospital is not funded by any other government department. The veterinary sciences grant is also allocated to North West University, Tshwane University of Technology, and the Universities of Pretoria and South Africa, which are responsible for the training of animal health technicians and veterinary health technicians.

Table 16 presents the allocations per university for Veterinary Science Programmes for 2020/21 and 2021/22.

Table 16: Earmarked budgets for Veterinary Science Programmes

Year	2019/20	2020/21	2021/22
University	(R'000)	(R'000)	(R'000)
North West	7 642	8 345	7 791
Pretoria	160 088	168 895	177 249
South Africa	2 796	2 197	3 896
Tshwane UT	4 474	5 188	5 843
<b>Total</b>	<b>175 000</b>	<b>184 625</b>	<b>194 779</b>

## **Section D: Grants to Institutions**

Earmarked grants elaborated in this section of the Ministerial Statement are:

- National Student Financial Aid Scheme (NSFAS) Grant;
- The National Institute for Human and Social Sciences;
- The African Institute for Mathematical Sciences (AIMS);
- The Council on Higher Education

### **1 NATIONAL STUDENT FINANCIAL AID SCHEME (NSFAS) GRANT**

The National Student Financial Aid Scheme (NSFAS) is an independent juristic organisation set up to manage student financial aid governed by the NSFAS Act (Act number 56 of 1999). Since its inception, NSFAS is responsible for providing loans and bursaries to eligible students at all universities and TVET colleges throughout the country. Further mandates for the entity include the recovery of student loans prior to 2018 and raising funds for student loans and bursaries.

The Department introduced the new bursary scheme in 2018, providing fully-subsidized funding for poor and working class students from families with gross combined annual incomes of up to R350 000 in 2018. The bursary scheme is being phased in year by year to first time entering university students, over a five year period. 2020 is the third year of the phase-in of the new DHET bursary scheme.

The provision of funding to support students from poor and working class backgrounds to access and succeed in higher education and training continues to be a key priority of the Department.

The earmarked NSFAS budgets for the university sector reflected in Table 1 exclude:

- The Department of Basic Education's Funza Lushaka Bursary Scheme for funding initial teachers training managed by NSFAS;
- Funds for scarce skills and disabilities, including the National Skills Fund, Sector Education and Training Authorities (SETAs) and provincial governments;
- State fund allocations by other government departments, provincial governments and public entities including SETAs towards NSFAS;
- Funds recovered from previous beneficiaries of this student aid system;
- Council-controlled funds of universities invested into NSFAS;
- Funds towards the administration of the Scheme, which is shared by the TVET sector; and
- Private donors and non-governmental organisations.

### **2 THE NATIONAL INSTITUTE OF HUMAN AND SOCIAL SCIENCES (NIHSS)**

The Minister established the NIHSS through the publication of Government Notice No. 37118 on 5 December 2013. The role of this entity is, broadly, to enhance and support the Human and Social Sciences (HSS) in South Africa and beyond, and to advise government and civil society on HSS related matters. It will do so through its various programmes, including the Doctoral Schools, Catalytic Projects and African Pathways Programme. The NIHSS provides doctoral scholarships for postgraduate students

studying in the humanities and social sciences in South Africa. During 2015 the Minister also appointed the NIHSS as the official South African BRICS Think Tank (SABTT) organisation.

For 2020/21, R38,187 million has been allocated for the operations of NIHSS. Funding for projects and scholarships for a four-year period is provided through the National Skills Fund (NSF), subject to the approval of a full and costed proposal submitted to NSF each year.

### **3 THE AFRICAN INSTITUTE FOR MATHEMATICAL SCIENCES (AIMS)**

The Department provides a grant to the African Institute for Mathematical Sciences (AIMS) to offer a masters degree in mathematical sciences on behalf of three universities, namely Stellenbosch University, University of the Western Cape and the University of Cape Town. Students at AIMS have been registered at one of these universities. As required for any other earmarked grant, funding is allocated with certain conditions and AIMS needs to submit annual progress and audit reports. These students are not recorded in HEMIS, and therefore no block grant subsidy is allocated to the three universities for these students.

The programme builds core mathematical skills common to all modern science, gives exposure to cutting edge fields, especially those of relevance to African development and provides intensive training in scientific paper and report writing and in presentational skills. For South Africa, this is also an important New Partnership for Africa's Development (NEPAD) initiative.

### **4 THE COUNCIL ON HIGHER EDUCATION (CHE)**

The CHE's mandate within the higher education system is defined by the Higher Education Act (101 of 1997, as amended).

Over the past few years the CHE has been under significant budget pressure. The Department has engaged with the CHE to try to find a solution and to support it to undertake its crucial quality assurance function. An analysis of the CHE's budgetary requirements suggests that a 50% increase is needed in its baseline transfers from the Department to effectively support it to carry out its mandate.

The Minister has therefore made a decision to provide an additional amount of R25 million for the MTEF beginning 2020/21, through a direct transfer in the form of an institutional grant, to enable the CHE to effectively carry out its core mandate.

## **Section E: Sector oversight**

### **1 SECTOR PLANNING, MONITORING, EVALUATION AND SUPPORT PROGRAMME (SPMESP)**

The main purpose of the Sector Planning, Monitoring, Evaluation and Support Programme (SPMESP) is to improve the Department's capacity to plan, manage, monitor and evaluate the utilisation of the earmarked grants and the programmes that are implemented through their use.

The SPMESP also assists the Department to:

- Plan and initiate new areas of work before they can be formally taken up by existing programmes of the Department;
- Provide governance and development support to institutions; and
- Enable the evaluation of annual performance plans and annual reports linked to public accountability of the block grants allocated to universities and state funding allocated to public higher education entities.