

ADDENDUM TO MINISTERIAL STATEMENT ON UNIVERSITY FUNDING: 2020/21

July 2020

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1. REPRIORITIZED STATE FUNDS FOR COVID-19 FOR 2020/21

The focus in this Addendum is on the prioritisation of 2020/21 state funds towards Covid-19 responsiveness and to deal with the reduction of the Department of Higher Education and Training's (the Department) budget for universities.

On 24 June 2020, National Treasury (NT) indicated the reprioritisation of state funds for universities in order to accommodate Covid-19 related activities as follows:

- The earmarked grant for Infrastructure and Efficiency Grant (IEG) of R2 840,532 million for 2020/21, as set out in Table 1 of the Ministerial Statement on University Funding of November 2019 (2019 MS), has been reduced by R710 million, of which R210 million is reprioritized for Covid-19 related activities at universities. The net amount of R500 million has been deducted from the Department's budget;
- University subsidies have been reduced by R2 500 million, of which R2 117,404 million is reprioritized for Covid-19 related activities at universities. The net amount of R382,596 million has been deducted from the Department's budget; and
- R2 500 million of NSFAS state funds has been reprioritized for Covid-19 related activities, in particular the purchase of student devices. This R2 500 million involves universities and Technical and Vocational Education and Training (TVET) colleges. The portion of this allocation for universities will not involve an automatic split according to university. Students and universities will have to apply at the NSFAS in Cape Town.

From the above reprioritisation, a total of R882,596 million of university state funds for 2020/21 has been deducted from the Department's budget to support other Treasury priorities as a result of the impact of Covid-19 on the country. Furthermore, NT has reallocated an amount of R2 327,404 million (R210 million and R2 117,404 million noted above) to accommodate Covid-19 responsiveness (CR) expenditures within universities. These expenditures are related to changes in teaching and learning (CRG1) which include changing the traditional contact tuition, or face-to-face tuition, as well as changes in campus readiness (CRG2).

NT has at this stage made no adjustments to the 2021/22 university budget allocations.

2. REVISED BUDGETS ACCORDING TO UNIVERSITY

2.1. Revised Block Grant Budgets for 2020/21

The former earmarked gap grant for poor and missing middle students, which is currently phased out over 4 years within the block grant, remains unaffected by any cuts or reprioritisation.

The sector block grant of R35 729,018 million (excluding the gap grant) for 2020/21 is cut by R382,596 million, representing a cut of 1.07%. Table 1 provides the adjustments according to university.

Table 1: Revised block grants after net budget cut of R382,596 million for 2020/21

	Original Block Grant Budget (excl GAP grant) (A) (R'000)	Net Treasury cut-back of the block grant		Revised Block Grant Budget (excl GAP grant) (A-B) (R'000)
		(B) (R'000)	% cut (B/A) (%)	
CAPE PENINSULA UT	1 424 511	15 254	1.07%	1 409 257
CAPE TOWN	1 712 571	18 339	1.07%	1 694 232
CENTRAL UT	692 118	7 411	1.07%	684 707
DURBAN UT	1 204 335	12 896	1.07%	1 191 439
FORT HARE	783 231	8 387	1.07%	774 844
FREE STATE	1 421 876	15 226	1.07%	1 406 650
JOHANNESBURG	2 331 939	24 971	1.07%	2 306 968
KWAZULU-NATAL	2 531 648	27 110	1.07%	2 504 538
LIMPOPO	955 199	10 229	1.07%	944 970
MANGOSUTHU UT	468 164	5 013	1.07%	463 151
NELSON MANDELA	1 263 917	13 534	1.07%	1 250 383
NORTH WEST	2 106 617	22 558	1.07%	2 084 059
PRETORIA	2 769 546	29 657	1.07%	2 739 889
RHODES	514 242	5 506	1.07%	508 736
SEFAKO MAKGATHO	484 113	5 184	1.07%	478 929
SOUTH AFRICA	4 540 563	48 622	1.07%	4 491 941
STELLENBOSCH	1 912 947	20 484	1.07%	1 892 463
TSHWANE UT	2 318 167	24 824	1.07%	2 293 343
VAAL UT	764 246	8 184	1.07%	756 062
VENDA	768 368	8 228	1.07%	760 140
WALTER SISULU	994 649	10 651	1.07%	983 998
WESTERN CAPE	1 088 589	11 657	1.07%	1 076 932
WITWATERSRAND	2 112 497	22 621	1.07%	2 089 876
ZULULAND	564 965	6 050	1.07%	558 915
	35 729 018	382 596	1.07%	35 346 422

2.2. Revised HDI Development Grant for 2020/21

The total Historically Disadvantaged Institutions Development Grant (HDI-DG) budget of R536,298 million according to university for 2020/21 set out in Tables 1 and 14 of the 2019 MS has been withdrawn. A large portion (R365,399 million) of these HDI-DG funds has been reprioritized for funding Covid-19 Campus Readiness activities (CRG2) at HDIs and HDI satellite campuses at non-HDIs.

The main reason why HDI-DG funds have been reprioritised is because HDI-DG projects for the HDI-DG for 2020/21 still needs to be approved. This will be done on the basis of five year development plans to be submitted by HDIs in line with the revised HDI Development Framework, once it is approved. The approval of the framework and the planning for the five year programme has been delayed due to the Covid-19 disaster. Delaying this process and starting the next five year programme in the 2021/22 financial year will not have a significant impact. The delay in the introduction of the reviewed HDI Development Framework provides an opportunity for an in-depth planning year to ensure that effective systemic five-year funded plans are in place for each HDI, which can be implemented from 1 April 2021.

Revised HDI-DG allocations for the remaining portion of R170,899 million will be communicated at a later stage in 2020.

2.3. Revised Infrastructure and Efficiency Grant (IEG) for 2020/21

The distribution of the new budget total for IEG of R2 130,532 million for 2020/21 based on the net reduction of R500 million (as part of cycle 5 of the IEG) according to university is set out in Table 1.

Table 2: Revised Infrastructure and efficiency budgets for 2020/21 1)

UNIVERSITY	Revised IEG Budgets for 2020/21 (R'000)
CAPE PENINSULA UT	58 000
CAPE TOWN	49 021
CENTRAL UT	69 264
DURBAN UT	121 212
FORT HARE	0
FREE STATE	112 071
JOHANNESBURG	29 700
KWAZULU-NATAL	131 000
LIMPOPO	51 390
MANGOSUTHU UT	0
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 UT	127 456
VAAL UT	28 301
VENDA	94 211
WALTER SISULU	0
WESTERN CAPE	94 445
WITWATERSRAND	133 030
ZULULAND	202 693
TOTAL	2 130 532

1) Budgets rounded off to the nearest thousand rand

2) Subject to meeting Departmental requirements

2.4. Revised Sector Planning, Monitoring, Evaluation and Support Programme (SPMESP) Grant

The budget of the feasibility study in 2020 of the two new universities to be undertaken in 2020, as announced in the budget speech of the Minister of Finance in February 2020 amounts to R5,337 million. This amount has been reprioritised from unallocated earmarked funds and will be added to the budget for Sector Planning, Monitoring,

Evaluation and Support Programme (SPMESP) for 2020/21 in order to fund the feasibility study in 2020 of the two new universities in Gauteng.

3. COVID-19 RESPONSIVENESS GRANTS (CRG) FOR TEACHING AND LEARNING (CRG1) AND CAMPUS READINESS (CRG2)

3.1. State budgets for Covid-19 Campus Readiness activities (CRG2)

The Minister has reprioritised a total R608,249 million from the state budgets to universities for 2020/21. This R608,249 million involves R365,399 million from the HDI-DG, R210 million from the IEG reprioritised by NT for Covid-19 activities, and other unallocated earmarked funds.

Table 3 presents the state budgets reprioritized for Campus Readiness (CRG2) according to university.

Table 3: State budget for campus readiness (CRG2) according to university

UNIVERSITY	IEG & NIHSS grants	Reprioritised HDI grants		TOTAL (R'000)
	non-HDIs excluding HDI satellite campuses (R'000)	HDIs and HDI satellite campuses (R'000)	Block grant cuts given back to HDIs in HDI grant (R'000)	
CAPE PENINSULA UT	11 173	14 002		25 175
CAPE TOWN	13 698			13 698
CENTRAL UT	7 368	5 399		12 767
DURBAN UT	13 554	3 836		17 390
FORT HARE		22 418	8 387	30 805
FREE STATE	13 575	9 054		22 629
JOHANNESBURG	21 226	8 006		29 232
KWAZULU-NATAL	17 182	17 548		34 730
LIMPOPO		28 071	10 229	38 300
MANGOSUTHU		17 718	5 013	22 731
MPUMALANGA	985	541		1 526
NELSON MANDELA	12 625	2 806		15 431
NORTH WEST	14 589	17 164		31 753
PRETORIA	22 807	1 146		23 953
RHODES	3 902			3 902
SEFAKO MAKGATHO		8 348	5 184	13 532
SOUTH AFRICA	15 000			15 000
SOL PLAATJE	747			747
STELLENBOSCH	14 962			14 962
TSHWANE UT	21 998	25 122		47 120
VAAL UT	18 178	150		18 328
VENDA		21 989	8 228	30 217
WALTER SISULU		42 644	10 651	53 295
WESTERN CAPE		30 293	11 657	41 950
WITWATERSRAND	19 281			19 281
ZULULAND		23 745	6 050	29 795
TOTAL	242 850	300 000	65 399	608 249

The reprioritized HDI development grant of R365,399 million involves R300 million distributed on a pro-rata basis, based on 2018 student enrolments, among HDI's and former HDI satellite campuses at non-HDIs, while the remaining R65,399 million involves the block grant budget cuts reflected in Table 1 given back to the 8 HDIs to be used for CRG2 purposes.

The reprioritized IEG funds of R210 million and the unallocated earmarked funds of R32,850 million have been combined, so that the total of R242,850 million is distributed on a pro-rata basis, based on 2018 student enrolments in non-HDI universities (excluding UNISA) and their non-HDI satellite campuses. For UNISA R15 million has been first top-sliced based on their need for CRG2 funding. Furthermore, for Vaal University of Technology (VUT) R8,184 million has been added back for VUT owing to their financial constraints.

3.2. Summary of Covid-19 Responsiveness Grants (CRG1 and CRG2)

Covid-19 Responsiveness Grants (CRG) involves two main categories of grants, namely for teaching and learning (CRG1) and for campus readiness (CRG2).

In May 2020, universities identified earmarked grants already within the accounts of universities which can be reprioritized to address Teaching and Learning Covid-19 Responsiveness (CRG1) related activities with the Minister's approval. In June 2020, the Minister approved CRG1 reprioritisation of earmarked grants and in some cases interest on earmarked grants for each university.

Final CRG1 funds and the allocation of state budget funds for 2020/21 for campus readiness (CRG2) set out in Table 3 are combined together and summarized in Table 4. Thus, Table 4 summarises the earmarked state fund which the Minister has finally approved to be reprioritized to fund for Covid-19 responsiveness grants (CRG1 and CRG2).

Both CRG1 and CRG2 funds are set out in detail in the allocation letter of each university as well.

The approval of these state grants is subject to universities reprioritizing of their own funding resources into the funding of Covid-19 responsiveness as well.

4. NSFAS STATE FUNDS REPRIORITISED FOR STUDENT DEVICES AS PART OF COVID-19 RESPONSIVENESS

The 2020/21 budget allocation government made available for bursaries to students at universities and Technical and Vocational Education Colleges (TVET) amounted to R34 792,768 million, of which R28,222 billion is earmarked for universities, and R6,570 billion is earmarked for TVET colleges.

National Treasury deducted and re-allocated R2,5 billion from the National Student Financial Aid Scheme for devices for students at both universities and TVET colleges in the Special Adjustments Budget, as a response related to COVID-19. The revised allocation, including the suspension of R2,5 billion on loans and bursaries and the re-

allocation of the amount for the purchasing of devices, results in a zero net effect to the NSFAS allocation for bursaries.

In the event of the full R2,5 billion not being utilised for devices, remaining funds will be redirected for bursaries to NSFAS students. The approved grant of R34 791,768 million will be further supplemented by NSFAS recoveries and unutilized TVET funds to ensure that NSFAS is able to proceed with their original planned funding through appropriate cash management.

Table 4: Reprioritised state funds for Covid-19 responsiveness (CRG1 and CRG2)

UNIVERSITY	State grants already within university accounts in May 2020 for CRG1 2)						State budgets for 2020/21 for CRG2		TOTAL (R'000)
	Interest on Infrastructure & Efficiency Grants (IEG)	University capacity development 3)	Foundation provision	HDI development	Clinical training of health professionals	Veterinary sciences	IEG & NIHSS reprioritised budgets	HDI Dev - Grant reprioritised budgets	
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	
CAPE PENINSULA UT	8 962	12 275	9 923	0	2 124	0	11 173	14 002	58 458
CAPE TOWN	88 889	7 285	0	0	7 284	0	13 698	0	117 157
CENTRAL UT	69 208	7 466	0	0	409	0	7 368	5 399	89 850
DURBAN UT	27 422	11 386	10 316	0	0	0	13 554	3 836	66 514
FORT HARE	0	12 602	2 059	15 263	788	0	0	30 805	61 517
FREE STATE	31 065	5 382	13 585	0	1 592	0	13 575	9 054	74 253
JOHANNESBURG	2 998	14 128	7 487	0	2 547	0	21 226	8 006	56 393
KWAZULU-NATAL	54 371	24 258	90	0	873	0	17 182	17 548	114 323
LIMPOPO	96 817	9 941	0	13 057	3 401	0	0	38 300	161 516
MANGOSUTHU	5 300	5 863	0	29 730	0	0	0	22 731	63 624
MPUMALANGA	65 778	3 879	0	0	0	0	985	541	71 182
NELSON MANDELA	9 312	0	0	0	0	0	12 625	2 806	24 743
NORTH WEST	28 008	3 563	269	0	894	74	14 589	17 164	64 561
PRETORIA	39 403	9 795	0	0	345	0	22 807	1 146	73 496
RHODES	12 189	1 419	0	0	1 119	0	3 902	0	18 629
SEFAKO MAKGATHO	18 071	23 810	0	7 803	20 678	0	0	13 532	83 894
SOUTH AFRICA	4 720	86 656	0	0	0	421	15 000	0	106 798
SOL PLAATJE	17 000	0	0	0	0	0	747	0	17 747
STELLENBOSCH	0	1 261	6 500	0	0	0	14 962	0	22 723
TSHWANE UT	8 853	10 342	10 394	0	1 500	232	21 998	25 122	78 441
VAAL UT	6 535	6 833	0	0	673	0	18 178	150	32 369
VENDA	688	5 801	3 734	15 214	695	0	0	30 217	56 350
WALTER SISULU	38 584	17 219	0	38 183	0	0	0	53 295	147 282
WESTERN CAPE	14 500	5 008	0	16 631	2 061	0	0	41 950	80 151
WITWATERSRAND	30 000	131	0	0	0	0	19 281	0	49 412
ZULULAND	55 139	9 000	0	61 846	5 214	0	0	29 795	160 994
TOTAL	733 814	295 305	64 357	197 727	52 198	727	242 850	365 399	1 952 377

1) Amounts reflected to the nearest thousand rand.

2) Includes current earmarked state grants, unspent historical earmarked state grants, earmarked state grant reserves, and interest earned on earmarked state grants.

3) Includes the former Teaching Development and Research Development grants, as well as the Staff Doctoral Programme and New Generation of Academics Programme.

5. TREASURY MONITORING OF EXPENDITURE ON COVID-19 RESPONSIVENESS ALLOCATIONS

State grants totalling R1 952,377 million have been reprioritized for Covid-19 responsiveness, namely R1 344,128 million for CRG1 and R608,249 million for CRG2. In addition, a projected total of R1 047,666 million from the own funds of universities will be used as well (R749,008 million for teaching and learning (CRG1) and R298,658 million for campus readiness (CRG2)).

NT requires that universities report back on monthly expenditure on any funds allocated towards COVID-19 responsiveness needs. The reporting back should be on all COVID-19 responsiveness needs for teaching and learning and campus readiness, and should include the own sources of funding of universities as well, because of the difficulties in

separating the expenditures at institutional level of earmarked state funds and a university's own sources of money on Covid-19 related activities.

The NSFAS in Cape Town will be required to report to the Department on a monthly basis on the applications for student devices directly related to Covid-19 responsiveness.