

MINISTERIAL STATEMENT ON UNIVERSITY FUNDING: 2021/22 AND 2022/23

December 2020

CONTENT

	Page
SECTION A: The Funding of Universities	2
SECTION B: Block Grant Budget Calculations for Universities	7
1. The teaching input sub-block grant	7
2. The institutional factor sub-block grant	10
3. The teaching output sub-block grant	11
4. The research output sub-block grant	12
5. Phasing out of the former earmarked gap grant	14
SECTION C: Earmarked Grants for Universities	16
1. General policy on payments of earmarked grants	16
2. Infrastructure and Efficiency Grant	17
3. New universities	18
4. University Capacity Development Grant	19
5. Foundation Provision Grant	23
6. Sibuisu Bengu Development Programme	24
7. Clinical Training Grant	25
8. Veterinary Sciences Grant	26
SECTION D: Grants to Institutions	27
1. National Student Financial Aid Scheme (NSFAS)	27
2. African Institute for Mathematical Sciences (AIMS)	28
3. Council on Higher Education (CHE)	28
SECTION E: Sector oversight	29
1. Sector Planning, Monitoring, Evaluation and Support Programme (SPMESP)	29

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 2021.

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 expenditure;
- 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 2021/22 and 2022/23, 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 (2021/22 and 2022/23);
- Budgets per university for certain earmarked grants for 2021/22 and 2022/23;
- Changes to funding policy and reasons for changes; and
- Changes to government funding allocations in 2021/22 and 2022/23.

3 MTEF BUDGET ALLOCATIONS FOR 2021/22 AND 2022/23

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		
	2019/20 (R'000)	2020/21 (R'000)	2021/22 (R'000)	2022/23 (R'000)	2020/21	2021/22	2022/23
1 Block grants for universities	34 679 480	36 560 858	38 111 253	39 697 012	5.4%	4.2%	4.2%
1.1 Teaching inputs	20 742 881	22 049 042	23 151 523	24 379 432	6.3%	5.0%	5.3%
1.2 Institutional factors	1 826 659	2 027 196	2 189 104	2 357 719	11.0%	8.0%	7.7%
1.3 Actual teaching outputs	5 865 336	6 422 368	6 906 843	7 380 559	9.5%	7.5%	6.9%
1.4 Actual research outputs	4 460 732	4 847 816	5 264 121	5 579 302	8.7%	8.6%	6.0%
1.5 Gap grant phased out	1 783 872	1 214 436	599 662	0	-31.9%	-50.6%	-100.0%
2 Earmarked grants for universities	7 663 813	6 478 142	7 418 544	7 538 322	-15.5%	14.5%	1.6%
2.1 Infrastructure & output efficiencies	3 002 094	1 483 431	2 321 030	2 245 476	-50.6%	56.5%	-3.3%
2.2 Interest & redemption on historic loans	3 785	3 533	3 289	3 059	-6.7%	-6.9%	-7.0%
2.3 New universities							
Capital funds (SPU & UMP)	1 044 365	1 013 661	1 059 880	1 104 984	-2.9%	4.6%	4.3%
Operational funds (SPU & UMP)	680 125	793 633	804 119	833 855	16.7%	1.3%	3.7%
Gap grant phased out (SPU & UMP)	11 809	7 873	3 936	0	-33.3%	-50.0%	-100.0%
Health Sciences Operational (SMU)	200 000	200 000	200 000	200 000	0.0%	0.0%	0.0%
Feasibility Studies for New Universities (SONA 2020)		5 337	0	0			
2.4 University Capacity Development	997 920	1 052 806	1 110 710	1 155 138	5.5%	5.5%	4.0%
2.5 Foundation Provision	389 654	441 085	465 345	483 959	13.2%	5.5%	4.0%
2.6 Sibusiso Bengu Development Programme (8 universities)	508 339	0	565 794	588 426	-100.0%	100.0%	4.0%
2.7 Clinical Training of Health Professionals	650 722	683 909	689 662	720 855	5.1%	0.8%	4.5%
2.8 Veterinary Sciences	175 000	184 625	194 779	202 570	5.5%	5.5%	4.0%
2.9 Covid-19 Responsiveness Grant 1) 2)		608 249	0	0		-100.0%	
3 Grants to other institutions	24 066 319	28 228 533	28 532 578	29 438 047	17.3%	1.1%	3.2%
3.1 NSFAS - Cape Town 1) 3)	24 023 952	28 222 023	28 509 710	29 411 904	17.5%	1.0%	3.2%
3.2 Institute for Human and Social Sciences	36 196	0	0	0	-100.0%		
3.3 African Institute for Mathematical Studies	6 171	6 510	6 868	7 143	5.5%	5.5%	4.0%
3.4 Council of Higher Education	0	0	16 000	19 000			18.8%
4 Sector oversight	15 731	25 000	25 250	26 260	58.9%	1.0%	4.0%
4.1 Sector Planning, Monitoring, Evaluation & Support	15 731	25 000	25 250	26 260	58.9%	1.0%	4.0%
TOTAL	66 425 343	71 292 533	74 087 625	76 699 641	7.3%	3.9%	3.5%

1) Excluding Treasury's 2020/21 reprioritisation of R2,5 billion towards Covid-19 in the total NSFAS budget for both TVET and universities.

2) CRG2 funds for campus readiness. It excludes reprioritisation of R1 344,128 million for CRG1 (Teaching and Learning), which are already in the accounts of universities. See the Addendum to Ministerial Statement on University Funding: 2020/21, dated July 2020, for more details.

3) Excluding the NSFAS Administration

Financial data for 2021/22 and 2022/23 in Table 1 is based on the formal 2021 Medium Term Expenditure Framework (MTEF) baseline allocation letter received from National Treasury (NT) in December 2020. Each year, 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. Table 1 presents the total state budget which government has allocated to the university sector.

4 UNIVERSITIES' STATE BUDGET FOR 2021/22 AND 2022/23

Universities receive state funds in the form of block grants and earmarked grants. Block grants comprise about 84% 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 2021/22 and 2022/23 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 2020 data for the 2022/23 financial year has not yet been finalised, and is therefore projected estimated amounts, which may be adjusted during 2021. 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 2021/22 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							
	2019/20 2017	2020/21 2018	2021/22 2019	2022/23 2020	2019/20	2020/21	2021/22	2022/23
Funded teaching inputs	1 404 033	1 437 880	1 473 434	1 590 399	6.1%	2.4%	2.5%	7.9%
Institutional factors	126 611	133 913	139 792	150 975 ¹⁾	8.1%	5.8%	4.4%	8.0%
Actual teaching outputs	193 294	204 253	201 863	201 863 ¹⁾	9.7%	5.7%	-1.2%	0.0%
Actual research outputs	36 602	37 610	40 333	40 333 ¹⁾	17.3%	2.8%	7.2%	0.0%

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

Foundation provision	25 651	25 530	25 105	26 109 ¹⁾	17.2%	-0.5%	-1.7%	4.0%
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¹⁾ Estimated values. For 2022/23, the impact of Covid-19 on outputs is taken into account.

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 2021/22 will be available on the Department's website after the Minister of Finance delivers his budget speech in February 2021.

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 2020 data of a university not be correct and on time in all respects when submitted by 31 July 2021, then the Department will penalise the university by reducing the block grant budget of the university for 2022/23 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 2020 HEMIS submissions, universities may include 2019 and 2020 graduates who have not completed their qualifications and who returned in the 2019 and 2020 academic years to graduate. The 2019 graduates would be graduates who were identified after the final audited 2019 HEMIS submission to the Department. These 2019 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 2019 should not be included in the 2020 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 2021/22 and 2022/23.

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: 2021/22 and 2022/23

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 2021/22 and 2022/23

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 from 2021/22 to 2027/28.

Table 5: Ministerial approved teaching input units

State budget financial years Student enrolled academic years UNIVERSITY	MINISTERIAL APPROVED FUNDED TEACHING INPUT UNITS						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	2019	2020	2021	2022	2023	2024	2025
CAPE PENINSULA UT	62 333	61 968	66 796	67 952	69 486	71 608	73 691
CAPE TOWN	71 402	72 353	72 552	73 357	73 627	74 031	74 403
CENTRAL UT	29 502	34 217	35 414	36 654	37 937	39 264	40 638
DURBAN UT	51 087	52 276	53 028	54 607	55 982	57 564	59 759
FORT HARE	31 742	33 855	34 600	35 372	36 172	37 000	37 858
FREE STATE	59 252	68 362	69 126	69 856	70 555	71 284	71 971
JOHANNESBURG	91 848	96 415	97 617	98 443	98 516	99 358	99 913
KWAZULU-NATAL	99 494	97 394	95 776	95 208	96 730	98 315	99 879
LIMPOPO	41 046	48 522	50 741	52 306	53 758	55 043	56 357
MANGOSUTHU UT	21 509	18 399	18 902	19 092	19 322	19 476	19 496
NELSON MANDELA	54 265	54 194	55 594	56 717	57 845	58 995	60 326
NORTH WEST	82 701	93 262	93 529	93 039	94 028	95 818	98 157
PRETORIA	119 818	120 592	122 197	124 291	126 466	128 569	130 703
RHODES	17 985	20 007	20 354	20 604	20 909	21 266	21 809
SEFAKO MAKGATHO	24 060	25 012	25 657	26 267	26 831	27 433	28 166
SOUTH AFRICA	168 112	178 079	178 556	179 034	179 514	179 995	180 478
STELLENBOSCH	78 627	83 090	84 431	85 416	86 227	86 765	87 097
TSHWANE UT	104 937	121 015	123 867	126 764	129 708	132 575	135 735
VAAL UT	32 302	33 925	37 056	35 689	36 514	37 855	38 970
VENDA	33 502	37 666	38 419	39 187	39 971	40 771	41 586
WALTER SISULU	44 372	48 759	47 682	48 858	49 744	50 890	52 331
WESTERN CAPE	46 192	51 959	54 263	56 190	58 185	59 895	61 252
WITWATERSRAND	87 362	106 591	107 015	107 510	110 313	111 127	111 796
ZULULAND	19 983	32 486	33 623	34 800	36 018	37 278	38 583
TOTAL	1 473 434	1 590 399	1 616 794	1 637 215	1 664 356	1 692 172	1 720 953

These TIUs units shown in Table 5 include both contact and distance tuition students. These TIUs are reflected in the “Ministerial Statement on Student Enrolment Planning 2020-2025 For Universities” of November 2019. 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 affect 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.

For 2021/22, the Minister approved deviations in over-enrolment in both first-time entering (FTEN) enrolled students and in TIUs of 4%, as well as under-enrolment in TIUs of 2%, as acceptable for 2019 enrolled student data.

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 have enrolled 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 2021/22 financial year is first made of the proportions it has of disadvantaged students in its 2019 *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 2021/22, additional 2019 funded teaching input units are then generated by multiplying its disadvantage factor by the university’s approved 2019 funded total of contact plus distance teaching input units set out in Table 5 for the 2021/22 financial year.

For the dedicated distance university, the calculation of the disadvantage factor for the 2021/22 financial year is based on the proportion of disadvantaged students, which it has in its 2019 distance FTE enrolled student total.

The same calculations can be made for 2022/23, using the corresponding 2020 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 2021/22, additional 2019 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 2021/22 financial year.

The same calculations can be made for 2022/23, using the corresponding 2020 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 2021/22 and 2022/23 financial years will respectively be based on a university's actual 2019 and 2020 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 2021/22 and 2022/23

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 2021/22 and 2022/23 financial years will respectively be based on a university's 2019 and 2020 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.

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 establish 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 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.

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 has been finalised during 2020, and taken into account in 2020 to determine a university's research output sub-block grant budget for 2021/22.

The Department has been 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 has been taken into account for the 2021/22 financial year.

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 2021/22 and 2022/23, 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 2021/22 and 2022/23

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

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).

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 is phased out at the national level over 4 years (2019/20 to 2022/23), as indicated in Table 8 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 8.

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 8 for 2021/22 has to be added to the usual block grant for 2021/22 based on the standard 4 sub-block grants in order to determine a university's total block grant amount for 2021/22.

Table 8: 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
SUB-TOTAL	1 783 872	1 783 872	1 214 436	599 662	0

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
SUB-TOTAL	11 809	11 809	7 873	3 936	0

GRAND TOTAL	1 795 681	1 795 681	1 222 309	603 598	0
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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);
- Sibusiso Bengu Development Grant (SB-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 2021/22, based on progress reports and audit certificates already approved by the Department during 2020/21 relating to the use of 2019/20 grants. The release of these initial funds during the first quarter of 2021/22 is not linked to the assessment of the reports during 2021/22. 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 2021/22 earmarked allocation will be released, based on the Department's assessment of progress reports on the use of 2020/21 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 (IEG) 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 or refurbishments of existing buildings, differs vastly from the daily operational costs of a university.

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). More details of the content of these previous cycles are set out in previous Ministerial Statements on University Funding.

The sixth cycle will commence in 2021/22. Planning for the sixth cycle was scheduled to commence in April 2020 but was delayed by COVID-19. It has therefore only commenced in December 2020.

For the sixth cycle (2021/22 to 2023/24), allocations will be made in line with the principles and priorities approved for university infrastructure funding for this cycle. The objectives of the principles and priorities are to:

- Support infrastructure development in the university system with a particular focus on dealing decisively with infrastructure backlogs at HDIs;
- Improve the productive use of infrastructure already in the system;
- Increase student housing stock;
- Supporting the renewal and expansion of limited bulk service infrastructure;
- Modernise the digital platforms that support teaching, learning, research and management of universities;
- Ensure compliance with regulatory requirements; and
- Promote vibrant learning and research environments and spaces in universities.

The sixth cycle principles and priorities seeks to further clear the system of:

- Historically earned interest accumulated from previous allocations; and
- Projects that have not moved into implementation for various reasons.

NT has, during 2020, cut the IEG for 2020/21 by R1 357,101 million. NT has also cut the IEG for 2021/22 from R2 921.030 million, as announced in the Ministerial Statement on University Funding of November 2019, to R2 321,030, representing a cut of R600 million, or 20,5%, for 2021/22. These cuts have been included in Table 1 for 2020/21 and 2021/22. Table 9 presents the infrastructure and efficiency grants for 2020/21 and 2021/22 according to university.

Table 9: Infrastructure and efficiency grants for 2020/21 and 2021/22 1)

UNIVERSITY	2020/21 (R'000)	2021/22 (R'000)
CAPE PENINSULA UT	0	163 000
CAPE TOWN	49 021	68 852
CENTRAL UT	69 264	68 852
DURBAN UT	121 212	68 852
FORT HARE	0	57 333
FREE STATE	112 071	68 852
JOHANNESBURG	29 700	68 852
KWAZULU-NATAL	0	131 000
LIMPOPO	0	154 390
MANGOSUTHU UT	0	101 060
NELSON MANDELA	42 494	68 852
NORTH WEST	162 098	68 852
PRETORIA	112 865	68 852
RHODES	143 314	68 852
SEFAKO MAKGATHO	0	214 088
SOUTH AFRICA	63 529	68 852
STELLENBOSCH	90 350	68 852
TSHWANE UT	0	230 456
VAAL UT	28 301	103 000
VENDA	29 044	134 019
WALTER SISULU	0	90 300
WESTERN CAPE	94 445	68 853
WITWATERSRAND	133 030	68 852
ZULULAND	202 693	47 307
TOTAL	1 483 431	2 321 030

1) Final allocations are subject to meeting Departmental requirements and Ministerial approval of final projects.

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.

Table 10 reflects NT's earmarked state allocations for operational costs and capital funding to SPU and UMP from 2020/21 to 2022/23.

Table 10: Operational and capital funds for the 2 new universities from 2021/22 to 2023/24

University	Year Split	2021/22 (R'000)	2022/23 (R'000)	2023/24 (R'000)
Operational funds				
Sol Plaatje		357 802	371 015	372 440
Mpumalanga		446 317	462 840	464 619
TOTAL		804 119	833 855	837 059
Capital funds				
Sol Plaatje	40%	423 952	441 994	461 474
Mpumalanga	60%	635 928	662 990	692 210
TOTAL		1 059 880	1 104 984	1 153 684

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 (UCDP). The UCDP is implemented in 3 year cycles, aligned to the academic year of universities. 2021 is the first year of the second three-year cycle.

During 2020 the Department worked with universities to review and develop a new Ministerial Statement for the second cycle, as well as develop new three-year plans.

The *Ministerial Statement on the Implementation of the University Capacity Development Programme 2021 -2023* was approved and signed by the Minister of Higher Education, Science and Innovation on 26 November 2020. The UCDP Statement describes the nature of the UCDP and how it must be implemented over the next three years. The UCDP statement should be read in conjunction with this component of the *Ministerial Statement on University Funding 2021/22 and 2022/23*.

The UCDP is implemented through three sub-programmes:

- The *Institutional Grants Sub-Programme* allocates grants to universities to support the implementation of university UCDP Plans that have been approved by the Director-General - 60% of the total UCDG is allocated to this sub-programme, and

the amounts that each university receives is based on a distribution model that takes transformation issues into account;

- *Nationally-led Sub-Programme*, including the *Staffing South Africa's Universities Framework* – 33.5% of the total UCDG is allocated to this sub-programme; and
- *University-led Collaborative Grant Sub-Programme* – 5% of the total UDCG is allocated to this sub-programme.

The remaining 1.5% of the annual UCDG amount available is deployed to enable effective *implementation management support* for the UCDP.

In the second cycle, and different from the 1st cycle:

- Sol Plaatje University and the University of Mpumalanga are allocated an institutional grant allocation.
- The SSAUF sub-programmes are catered for through the allocation of funds as part of the distribution model.
- A specific allocation for UCDP implementation management support is made to universities that receive less than R15m as their annual institutional grant allocation.

Tables 11A and 11B reflect the UCDG state budget for 2021/22 and 2022/23 that will be allocated to the three UCDP sub-programmes as well as for the implementation management support.

It is important to note that Tables 11A and 11B highlight 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.

Table 11A: Earmarked UCDG state budgets for 2021/22 and 2022/23

University	INSTITUTIONAL GRANT SUB-PROGRAMME					NATIONALLY-LED SUB-PROGRAMME				
	2021/22 Financial Year		2022/23 Financial Year			2021/22 Financial Year		2022/23 Financial Year		
	2021 academic year		2022 academic year		Jan - March 2023	2021 academic year		2022 academic year		Jan - March 2023
	Jan - March	Apr - Dec	Jan - March	Apr - Dec		Jan - March	Apr - Dec	Jan - March	Apr - Dec	
	2021 (R'000)	2021 (R'000)	2022 (R'000)	2022 (R'000)	2023 (R'000)	2021 (R'000)	2021 (R'000)	2022 (R'000)	2022 (R'000)	2023 (R'000)
CAPE PENINSULA UT	8 311	22 546	7 515	23 673	7 891					
CAPE TOWN	3 317	8 999	3 000	9 449	3 150					
CENTRAL UT	4 494	12 191	4 064	12 801	4 267					
DURBAN UT	6 954	18 867	6 289	19 810	6 603					
FORT HARE	4 019	10 904	3 635	11 449	3 816					
FREE STATE	9 784	26 542	8 847	27 869	9 290					
JOHANNESBURG	14 680	39 825	13 275	41 816	13 939					
KWAZULU-NATAL	10 261	27 837	9 279	29 229	9 743					
LIMPOPO	7 572	20 541	6 847	21 568	7 189					
MANGOSUTHU UT	3 636	9 864	3 288	10 357	3 452					
NELSON MANDELA	5 924	16 071	5 357	16 874	5 625	65 537	209 299	69 767	219 764	73 255
NORTH WEST	12 129	32 905	10 968	34 550	11 517					
PRETORIA	6 426	17 432	5 811	18 304	6 101		27 906	9 302	25 136	8 378
RHODES	1 647	4 469	1 490	4 693	1 564		27 907	9 302	25 137	8 379
SEFAKO MAKGATHO	3 669	9 954	3 318	10 452	3 484					
SOUTH AFRICA	19 984	54 214	18 071	56 924	18 975					
STELLENBOSCH	3 945	10 701	3 567	11 236	3 745					
TSHWANE UT	16 509	44 787	14 929	47 026	15 675					
VAAL UT	4 993	13 545	4 515	14 223	4 741					
VENDA	4 986	13 526	4 508	14 202	4 734					
WALTER SISULU	11 113	30 148	10 049	31 656	10 552					
WESTERN CAPE	5 800	15 733	5 244	16 520	5 507					
WITWATERSRAND	6 574	17 834	5 945	18 726	6 242		6 977	2 326	14 651	4 884
ZULULAND	5 519	14 973	4 991	15 721	5 241					
SOL PLAATJE	957	2 596	865	2 726	909					
MPUMALANGA	1 038	2 816	939	2 957	985					
TOTAL ALLOCATION TO UNIVERSITIES	184 241	499 820	166 606	524 811	174 937	65 537	272 089	90 697	284 688	94 896
OVERALL TOTAL FOR ACADEMIC YEAR	684 061		691 417		-	337 626		375 385		-
OVERALL TOTAL FOR FINANCIAL YEAR	-	666 426		699 748		-	362 786		379 584	

1. New Generation of Academics Programme (nGAP) approved project transfers. Nelson Mandela is the Department's implementation support partner for the nGAP.
2. Nurturing Emerging Scholars Programme (NESP) approved project transfers. Rhodes University is the Department's implementation support partner for the NESP.
3. University Staff Doctoral Programme (USDP) approved project transfers. University of Pretoria is the Department's implementation support partner for the USDP.
4. Higher Education Leadership and Management (HELM) Programme and Entrepreneurship Development in Higher Education (EDHE) Programme project transfers. University of the Witwatersrand is the DHET's implementation support partner for the HELM and the EDHE programmes.

Table 11B: Earmarked UCDG state budgets for 2021/22 and 2022/23

University	UNIVERSITY-LED COLLABORATIVE SUB-PROGRAMME					Note	IMPLEMENTATION MANAGEMENT SUPPORT				
	2021/22 Financial Year		2022/23 Financial Year				2021/22 Financial Year		2022/23 Financial Year		
	2021 academic year		2022 academic year				2021 academic year		2022 academic year		
	Jan - March	Apr - Dec	Jan - March	Apr - Dec	Jan - March		Apr - Dec	Jan - March	Apr - Dec	Jan - March	
2021 (R'000)	2021 (R'000)	2022 (R'000)	2022 (R'000)	2023 (R'000)	2021 (R'000)	2021 (R'000)	2022 (R'000)	2022 (R'000)	2023 (R'000)		
CAPE PENINSULA UT	10 360										Note 5
CAPE TOWN							1 125	375	1 170	390	Note 10
CENTRAL UT											
DURBAN UT											
FORT HARE							1 125	375	1 170	390	Note 10
FREE STATE	5 252										Note 6
JOHANNESBURG											
KWAZULU-NATAL											
LIMPOPO		50 954	13 884	43 734	14 578						Note 7
MANGOSUTHU UT							1 125	375	1 170	390	Note 10
NELSON MANDELA											
NORTH WEST											
PRETORIA							4 620	1 540	4 931	1 643	Note 11
RHODES							1 125	375	1 170	390	Note 10
SEFAKO MAKGATHO											
SOUTH AFRICA											
STELLENBOSCH							1 125	375	1 170	390	Note 10
TSHWANE UT											
VAAL UT											
VENDA											
WALTER SISULU											
WESTERN CAPE	12 947										Note 8
WITWATERSRAND	25 134										Note 9
ZULULAND											
SOL PLAATJE							1 125	375	1 170	390	Note 10
MPUMALANGA							1 125	375	1 170	390	Note 10
TOTAL ALLOCATION TO UNIVERSITIES	53 693	50 954	13 884	43 734	14 578	0	12 495	4 165	13 121	4 373	
OVERALL TOTAL FOR ACADEMIC YEAR	104 647		57 618			-	12 495		17 286		-
OVERALL TOTAL FOR FINANCIAL YEAR	-	64 838		58 312		-	16 660		17 494		

5. Cape Peninsula University of Technology is financial lead university for the implementation of the Dual Study Higher Education Project.

6. University of the Free State is the financial lead university for implementation of the Student Success Collaborative Forum Project.

7. University-led Collaborative Projects Sub-Programme transfers and implementation support. University of Limpopo is the Department's implementation support partner for the Collaborative Projects Sub-Programme.

8. University of the Western Cape is financial lead university for the National Framework for Enhancing Academics as University Teachers Implementation Support Project.

9. University of the Witwatersrand is the financial lead university for the National Student Data Warehouse Project, and is the Department's implementation support partner for the HELM Programme.

10. These universities receive less than R15m for their UCDG institutional grant in 2021 and thus have been allocated a top-up grant to assist with management of the UCDP at the university.

11. University of Pretoria is the Department's implementation support partner for the Sector Planning, Monitoring Evaluation and Support Programme (SPMESP). This amount is allocated to the SPMESP specifically to support the management of the UCDP at national level.

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 12 reflects the foundation provision grants per university for 2021/22, based on final audited HEMIS foundation student data for 2019.

The preliminary state budget for foundation provision of a university for 2022/23 can be determined by multiplying the university's weighted FTE enrolled students in courses in extended curriculum programmes in year 2020 by the estimated rand value for a weighted FTE enrolled student in courses in extended curriculum programmes for year 2022/23. The latter is determined by dividing the projected sector funded units of foundation students for 2020 reflected in Table 2 into the total earmarked foundation grant for the sector for 2022/23 reflected in Row 2.5 in Table 1. The total funded units of foundation students in 2020 in Table 2 is a projected value, which may change as final audited student data becomes available for 2020 at a later stage.

Table 12: Earmarked foundation provision grants for 2021/22

UNIVERSITY	YEAR 2020/21 (R'000)	2021/22 (R'000)
CAPE PENINSULA UT	46 526	46 642
CAPE TOWN	14 235	16 419
CENTRAL UT	8 429	11 082
DURBAN UT	9 018	8 431
FORT HARE	16 722	18 152
FREE STATE	58 607	66 062
JOHANNESBURG	52 427	62 177
KWAZULU-NATAL	21 013	26 060
LIMPOPO	39 902	42 477
MANGOSUTHU UT	9 544	12 685
NELSON MANDELA	11 297	12 995
NORTH WEST	25 878	29 265
PRETORIA	22 774	24 804
RHODES	1 729	1 798
SEFAKO MAKGATHO	7 016	7 527
STELLENBOSCH	6 571	6 741
TSHWANE UT	49 864	26 643
VENDA	4 506	4 558
WALTER SISULU	8 832	11 667
WESTERN CAPE	21 417	24 504
WITWATERSRAND	431	595
ZULULAND	4 347	4 061
TOTAL	441 085	465 345

6 SIBUSISO BENGU DEVELOPMENT PROGRAMME (SB-DP)

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.

In 2018/19, the Department focused on a series of consultative workshops to brainstorm the challenges in these institutions and soliciting contributions with the view to develop a policy framework which would be supported by this particular grant. It will ensure funds are released against the strategic long-term development of these universities. Projects still needs to be developed and approved by these universities. This will have to be done on the basis of five-year development plans to be submitted by these universities in line with the revised development framework, once the framework is approved in 2021. The approval of the framework and the planning for the five-year programme has been delayed due to the Covid-19 pandemic.

Table 13 presents preliminary SB-DP allocations for 2021/22 according to university, subject to meeting Departmental requirements and Ministerial approval of projects which will be concluded during 2021.

Table 13: Sibusiso Bengu Development Programme budgets for 2021/22 1)

University	2021/22 (R'000)
Fort Hare	70 724
Limpopo	70 724
Mangosuthu	70 724
Sefako Makgatho	70 724
Venda	70 724
Walter Sisulu	70 726
Western Cape	70 724
Zululand	70 724
SB-DP Project Management	0
TOTAL	565 794

1) Final allocations are subject to meeting Departmental requirements and Ministerial approval of final projects.

7 CLINICAL TRAINING GRANT

The distribution of CTG funds for 2021/22 and 2022/23 are based on a revised funding model. Budgets per university for the clinical training grant for the years 2021/22 and 2022/23 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 2021/22 and 2022/23 as per the transitional model are reflected in Table 14.

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).

As set out in paragraphs 21 to 26 of the 'Standard Operating Procedures for the Implementation and Management of Clinical Training Grant', 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. Furthermore, unauthorised expenditure and over expenditure will also be withdrawn.

Table 14: Clinical Training Grants for 2021/22 and 2022/23

UNIVERSITY	YEAR 2021/22 (R'000)	2022/23 (R'000)
CAPE PENINSULA UT	12 183	10 984
CAPE TOWN	58 685	57 516
CENTRAL UT	8 128	8 885
DURBAN UT	20 606	21 010
FORT HARE	7 592	8 335
FREE STATE	43 205	44 788
JOHANNESBURG	12 777	20 184
KWAZULU-NATAL	69 394	74 097
LIMPOPO	10 805	15 498
MANGOSUTHU UT	2 810	3 134
NELSON MANDELA	20 826	20 820
NORTH WEST	24 244	22 250
PRETORIA	68 344	69 860
RHODES	4 194	3 867
SEFAKO MAKGATHO	62 873	64 104
STELLENBOSCH	64 491	67 578
TSHWANE UT	15 427	17 697
VAAL UT	7 626	9 716
VENDA	6 644	6 774
WALTER SISULU	28 548	28 968
WESTERN CAPE	39 000	40 328
WITWATERSRAND	92 550	96 018
ZULULAND	8 710	8 444
TOTAL	689 662	720 855

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 University of South Africa, which are responsible for the training of animal health technicians and veterinary health technicians.

Table 15 presents the allocations per university for Veterinary Science Programmes for 2021/22 and 2022/23.

Table 15: Earmarked budgets for Veterinary Science Programmes

University	Year 2020/21 (R'000)	2021/22 (R'000)	2022/23 (R'000)
North West	8 345	8 863	9 214
Pretoria	168 895	175 105	182 053
South Africa	2 197	3 214	3 341
Tshwane UT	5 188	7 597	7 899
Total	184 625	194 779	202 570

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); and
- The Council on Higher Education.

1 NATIONAL STUDENT FINANCIAL AID SCHEME 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). NSFAS is responsible for administering loans and bursaries and allocating these to eligible students; developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education, Science and Innovation; raising funds, recovering loans, maintaining and analysing a database for loans and bursary administration; undertaking research for the better utilisation of financial resources and advising the Minister on matters relating to student financial aid.

The Department introduced the new DHET Bursary Scheme from 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, and phased in year by year to first time entering university students, over a five year period. Students on the bursary scheme are covered for actual tuition and learning support materials, as well as subsidised accommodation and subsistence, or transport costs if living at home. 2021 is the fourth year of the phase-in of the new DHET bursary scheme. University students who entered their studies prior to 2018 qualify for a grant according to the previous threshold of R122 000 family income per annum. The grants for these students from 2018 onwards are subject to a funding cap, as in prior years.

For 2021/22, R302.7 million has been allocated for the operations of NSFAS. The 2021/22 allocations for the bursary scheme amount to R28.581 billion.

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 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.

3 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). The CHE is an independent statutory body established in May 1998 as provided for by Section 4 of the Higher Education Act (Act No. 101 of 1997, as amended), and it also functions as the Quality Council for Higher Education in terms of the National Qualifications Framework Act (Act No 67 of 2008, as amended). The CHE has executive responsibility for quality assurance and promotion of higher education. The CHE advises the Minister of Higher Education, Science and Innovation on all higher education policy matters, implements the system of quality assurance for all higher education institutions, monitors the state of the higher education system and contributes to the development of higher education through intellectual engagement. Through its permanent committee, the Higher Education Quality Committee (HEQC) the CHE is responsible for the accreditation of higher education programmes, the promotion of quality assurance and the auditing of quality assurance mechanisms in higher education.

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. The allocation to the CHE over the 2021 MTEF has been increased to effectively carry out its mandate as follows: additional amounts of R16 million in 2021/22; R19 million in 2022/23; and R25 million in 2023/24 are funded from the budgets for the university sector .

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.