

# MINISTERIAL STATEMENT ON UNIVERSITY FUNDING: 2022/23 AND 2023/24

December 2021

## CONTENT

	Page
<b>SECTION A: The Funding of Universities</b>	<b>2</b>
1. Introduction	2
2. The context	2
3. MTEF budget allocations for 2022/23 and 2023/24	3
4. Universities' state budget for 2022/23 and 2023/24	3
5. Reliability of Higher Education Management Information System (HEMIS) data submitted by universities	5
<b>SECTION B: Block Grant Budget Calculations for Universities</b>	<b>7</b>
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
<b>SECTION C: Earmarked Grants for Universities</b>	<b>14</b>
1. General policy on payments of earmarked grants	14
2. Infrastructure and Efficiency Grant	15
3. New universities	16
4. University Capacity Development Grant	17
5. Foundation Provision Grant	20
6. Sibusisu Bengu Development Programme	22
7. Clinical Training Grant	23
8. Veterinary Sciences Grant	23
<b>SECTION D: Grants to Institutions</b>	<b>25</b>
1. National Student Financial Aid Scheme (NSFAS)	25
2. African Institute for Mathematical Sciences (AIMS)	26
<b>SECTION E: Sector oversight</b>	<b>27</b>
1. Sector Planning, Monitoring, Evaluation and Support Programme (SPMESP)	27

# 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 2022.

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 2022/23 and 2023/24, 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 (2022/23 and 2023/24);
- Budgets per university for certain earmarked grants for 2022/23 and 2023/24;
- Changes to funding policy and reasons for changes; and
- Changes to government funding allocations in 2022/23 and 2023/24.

### 3 MTEF BUDGET ALLOCATIONS FOR 2022/23 AND 2023/24

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		
	2020/21 (R'000)	2021/22 (R'000)	2022/23 (R'000)	2023/24 (R'000)	2021/22	2022/23	2023/24
<b>1 Block grants for universities 5)</b>	<b>36 560 858</b>	<b>37 833 659</b>	<b>39 697 659</b>	<b>40 058 531</b>	<b>3.5%</b>	<b>4.9%</b>	<b>0.9%</b>
1.1 Teaching inputs	22 049 042	23 151 523	24 499 432	24 608 847	5.0%	5.8%	0.4%
1.2 Institutional factors	2 027 196	2 189 104	2 390 713	2 413 085	8.0%	9.2%	0.9%
1.3 Actual teaching outputs	6 422 368	6 906 843	7 580 559	7 723 409	7.5%	9.8%	1.9%
1.4 Actual research outputs	4 847 816	4 986 527	5 226 955	5 313 190	2.9%	4.8%	1.6%
1.5 Gap grant phased out	1 214 436	599 662	0	0	-50.6%	-100.0%	0.0%
<b>2 Earmarked grants for universities</b>	<b>6 478 142</b>	<b>5 206 138</b>	<b>7 917 675</b>	<b>7 790 635</b>	<b>-19.6%</b>	<b>52.1%</b>	<b>-1.6%</b>
2.1 Infrastructure & output efficiencies	1 483 431	1 000 000	2 245 476	2 179 702	-32.6%	124.5%	-2.9%
2.2 Budget Facility for Infrastructure: SHIP	0	0	380 000	158 168	0.0%	0.0%	-58.4%
2.3 Interest & redemption on historic loans	3 533	3 289	2 412	167	-6.9%	-26.7%	-93.1%
2.4 New universities							
Capital funds (SPU & UMP)	1 013 661	759 880	1 104 984	1 153 684	-25.0%	45.4%	4.4%
Operational funds (SPU & UMP)	793 633	804 119	833 855	837 059	1.3%	3.7%	0.4%
Gap grant phased out (SPU & UMP)	7 873	3 936	0	0	-50.0%	-100.0%	0.0%
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	0	-100.0%	0.0%	0.0%
2.5 University Capacity Development	1 052 806	1 050 210	1 155 138	1 206 541	-0.2%	10.0%	4.4%
2.6 Foundation Provision	441 085	445 345	483 959	505 495	1.0%	8.7%	4.4%
2.7 Sibusiso Bengu Development Programme (8 universities)	0	106 918	588 426	614 611	0.0%	450.4%	4.5%
2.8 Clinical Training of Health Professionals	683 909	644 662	720 855	723 624	-5.7%	11.8%	0.4%
2.9 Veterinary Sciences	184 625	187 779	202 570	211 584	1.7%	7.9%	4.4%
2.10 Covid-19 Responsiveness Grant 1) 2)	608 249	0	0	0	-100.0%	0.0%	0.0%
<b>3 Grants to other institutions</b>	<b>28 228 533</b>	<b>31 006 578</b>	<b>29 382 781</b>	<b>29 495 957</b>	<b>9.8%</b>	<b>-5.2%</b>	<b>0.4%</b>
3.1 NSFAS - Cape Town 1) 3) 4)	28 222 023	30 999 710	29 375 638	29 488 496	9.8%	-5.2%	0.4%
3.2 African Institute for Mathematical Studies	6 510	6 868	7 143	7 461	5.5%	4.0%	4.5%
<b>4 Sector oversight</b>	<b>25 000</b>	<b>25 250</b>	<b>26 260</b>	<b>12 625</b>	<b>1.0%</b>	<b>4.0%</b>	<b>-51.9%</b>
4.1 Sector Planning, Monitoring, Evaluation & Support	25 000	25 250	26 260	12 625	1.0%	4.0%	-51.9%
<b>TOTAL</b>	<b>71 292 533</b>	<b>74 071 625</b>	<b>77 024 375</b>	<b>77 357 748</b>	<b>3.9%</b>	<b>4.0%</b>	<b>0.4%</b>

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) For 2021/22, the amounts already includes the reprioritisation of R2 490 million from the university allocations towards the NSFAS.

4) Excluding the NSFAS Administration grant.

5) After the calculations of the block grant budgets of all universities were finalised for 2022/23, R15 million penalties for late and incorrect submission of HEMIS data was re-allocated to the Veterinary Sciences Grant.

Financial data for 2022/23 and 2023/24 in Table 1 is based on the formal 2022 Medium Term Expenditure Framework (MTEF) baseline allocation letter that the Department of Higher Education and Training (the Department) received from National Treasury (NT) in December 2021. 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 2022/23 AND 2023/24

Universities receive state funds in the form of block grants and earmarked grants. 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 2022/23 and 2023/24 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 2021 data for the 2023/24 financial year has not yet been finalised, and is therefore projected estimated amounts, which may still be adjusted during 2022. 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 2022/23 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							
	2020/21 2018	2021/22 2019	2022/23 2020	2023/24 2021	2020/21	2021/22	2022/23	2023/24
Funded teaching inputs	1 437 880	1 473 434	1 590 399	1 616 794	2.4%	2.5%	7.9%	1.7%
Institutional factors	133 913	139 792	155 457	166 339 <sup>1)</sup>	5.8%	4.4%	11.2%	7.0%
Actual teaching outputs	204 253	201 863	206 926	213 133 <sup>1)</sup>	5.7%	-1.2%	2.5%	3.0%
Actual research outputs	37 610	40 333	40 848	43 299 <sup>1)</sup>	2.8%	7.2%	1.3%	6.0%

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

Foundation provision	25 530	25 105	24 246	24 246 <sup>1)</sup>	-0.5%	-1.7%	-3.4%	0.0%
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<sup>1)</sup> Estimated values.

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 2022/23 will be available on the Department's website after the Minister of Finance delivers his budget speech in February 2022.

**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 2021 data of a university not be **correct and on time** in all respects when submitted by **31 July 2022**, then the Department will penalise the university by reducing the block grant budget of the university for 2023/24 by R5 million.

For the 2022/23 financial year, R15 million has been deducted from 3 universities after the calculations of the block grant budgets of all universities were finalised. The R15 million is the result of penalties for late and incorrect submission of HEMIS data during 2021 in order to finalise block grant calculations of all universities for 2022/23.

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 2021 HEMIS submissions, universities may include 2020 and 2021 graduates who have not completed their qualifications and who returned in the 2020 and 2021 academic years to graduate. The 2020 graduates would be graduates who were identified after the final audited 2020 HEMIS submission to the Department. These 2020 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 2020 should not be included in the 2021 database. The Department will no longer accept prior year’s graduates (in this instance 2020) due to administrative error in processing the graduate data.

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 2022/23 and 2023/24.

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 2019	2022/23 2020	2023/24 2021	2024/25 2022	2025/26 2023	2026/27 2024	2027/28 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
<b>TOTAL</b>	<b>1 473 434</b>	<b>1 590 399</b>	<b>1 616 794</b>	<b>1 637 215</b>	<b>1 664 356</b>	<b>1 692 172</b>	<b>1 720 953</b>



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 the 2020/21, 2021/22 and 2022/23 financial years, the Minister approved deviations in over-enrolment in both first-time entering (FTEN) enrolled students and in TIUs of 5%, 4% and 3%, as acceptable for 2018, 2019 and 2020 enrolled student data respectively. For each of these 3 financial years, the acceptable range for under-enrolment in TIUs remained at 2%. In all of the above three years, one third of the units exceeding the approved acceptable deviation were

removed from the funded units of a university which had over-enrolled or under-enrolled beyond the acceptable deviation.

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.

As stated in previous Ministerial Statements on University Funding, 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 2022/23 financial year is first made of the proportions it has of disadvantaged students in its 2020 *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 2022/23, additional 2020 funded teaching input units are then generated by multiplying its disadvantage factor by the university's approved 2020 funded total of contact plus distance teaching input units set out in Table 5 for the 2022/23 financial year.

For the dedicated distance university, the calculation of the disadvantage factor for the 2022/23 financial year is based on the proportion of disadvantaged students, which it has in its 2020 distance FTE enrolled student total.

The same calculations can be made for 2023/24, using the corresponding 2021 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 2022/23, additional 2020 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 2022/23 financial year.

The same calculations can be made for 2023/24, using the corresponding 2021 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 2022/23 and 2023/24 financial years will respectively be based on a university's actual 2020 and 2021 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 2022/23 and 2023/24

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 subsidise research activities taking place at the universities and uses the actual research outputs in the form of publications, creative arts and innovations outputs as proxy.

Funding of a university for the 2022/23 and 2023/24 financial years will be based on a university's 2020 and 2021 totals of actual publications, creative and innovations units respectively, as well as doctoral and research masters graduate numbers reported in HEMIS. Journal publications, indexed published conference proceedings and HEMIS data are audited by the respective universities' external auditors.

Any publication which does not comply with the policies of the Department, will not be state funded. Research units will either be withheld or withdrawn, depending on the circumstances, from a university for funding purposes for publications found to be fraudulent or appearing in predatory journals or publications pending investigation. The Department reserves the right to recover the funds from a university that has claimed for and been paid out subsidies for such articles in error, up to a period of 3 historical years, as stated in Sub-Division 5 of **Section A** (above). Should the Department establish that some of the pending journals or publications are not predatory or fraudulent, then research units will be awarded in the next financial year or the year following the authentication.

The Department communicates lists of accredited journal titles to universities at the start of each academic year. Even if a journal is on any of the lists approved by the Department, if later it is established that the journal is predatory, the Department will not fund articles published in the journal and will withdraw units that had already been previously allocated, as per the Research Outputs Policy.

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 publications in which their researchers are publishing in.

Universities already complied and submitted to the Department creative outputs and innovations produced from 2017 to 2019 in November 2019. This is in line with the *Policy on the Evaluation of Creative Outputs and Innovations produced by South African Public Higher Education Institutions* (Government Gazette, No 40819 of 28 April 2017). Evaluation of these outputs was finalised in 2020, and taken into account 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 for creative outputs and innovations produced from 2018 to 2020, thus combining two submission periods. These outputs have been taken into account for the 2021/22 financial year. The submission due date for creative and innovations outputs has now been brought forward to 30 September 2022.

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 2022/23 and 2023/24, 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 2022/23 and 2023/24

<b>Research output categories</b>	<b>Funding weighting 1)</b>
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

1) These funding weightings differ from the set of weightings applied to determine research output units

The deadline within the Department to obtain the final research output unit totals per university for year (n-1) in order 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, and the total units of year (n-1) funded within the research output sub-block grant.

## **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);
- Budget Facility for Infrastructure (BFI) for the Student Housing Infrastructure Programme (SHIP);
- New universities;
- University Capacity Development Grant (UCDG);
- Foundation Provision Grant;
- Clinical Training Grant (CTG);
- Sibusiso Bengu Development Grant (SB-DG); and
- Veterinary Sciences Grant.

### **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 and the infrastructure grants, 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 and the infrastructure grants, 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 2022/23, based on progress reports and audit certificates already approved by the Department during 2021/22 relating to the use of 2020/21 grants. The release of these initial funds during the first quarter of 2022/23 is not linked to the assessment of the reports during 2022/23. The purpose of the upfront payment is to assist universities to implement approved projects/programmes funded through earmarked grants during their academic year. The remaining percentage of the 2022/23 earmarked allocation will be released, based on the Department's assessment of progress reports on the use of 2021/22 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.

NT now requires institutions to spend infrastructure grants in the financial year they are allocated. To comply with this requirement, progress reports on the use of infrastructure

grants (IEG; BFI; and Capital Grants for Sol Plaatje University and the University of Mpumalanga) will also be aligned to the university's financial year with effect from 2023. For infrastructure, universities will be expected to submit their 2022 infrastructure progress reports by end of February 2023, while for 2021 reports, the submission dates for infrastructure progress reports remains end of May 2022. In addition to the annual progress reports, NT also requires the submission of monthly progress reports on its Infrastructure Reporting Model system with effect from April 2022.

In the case of infrastructure grants, withholding of funds due to major under-spending has proven ineffective, as cases of major under-spending have continued. Major under-spending is not only a major risk to the university infrastructure programme, it is also a major risk to the fiscus, as the country pays interest on funds borrowed while universities remain with these funds in their bank accounts and accumulate interest instead of spending the funds. Going forward, the Department may withdraw funds where there is major under-spending due to circumstances that are within the control of the university. The withdrawn funds may be reallocated with Ministerial approval to universities that spend infrastructure grants in a satisfactory manner in line with infrastructure funding conditions, which now include strong transformation initiatives. Universities that have funding withdrawn due to major under-spending will be required to fund the affected projects from their own sources and continue to report on these projects. Where a university decides not to continue with any affected project, the Department will not be liable for any abortive costs that might arise and public funds already spent on such project will be deducted from future infrastructure allocations.

The annual and monthly reporting requirements as well as the withdrawal of funds where there is major under-spending due to circumstances that are within the control of the university also applies to infrastructure projects funded through the SB-DG.

## **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.

As indicated in the May 2021 Addendum to the 2020 Ministerial Statement, the 2021/22 budget was split amongst 9 universities from which funding was cut/withheld in the 5th cycle. This has resulted in the 6th IEG cycle being a 2-year cycle (2022/23 to 2023/24).

The funding principles and priorities for the 6th IEG cycle includes the allocation of 56% of the funding to 10 Targeted Universities (10TUs) that are increasingly falling behind in terms of infrastructure development. The 56% for 2022/23 and 2023/24 was calculated after R105 million was top-sliced to co-fund two national research priority projects with the Department of Science and Innovation. The two projects are being hosted at the University of Pretoria and Walter Sisulu University.

Due to major-underspending of infrastructure grants by universities, NT allocated a reduced BFI funding for Phase 2 of the Student Housing Infrastructure Programme (SHIP). This resulted in a funding gap for SHIP Phase 2 projects. To reduce this gap; Cape Peninsula University of Technology, Central University of Technology, University of Johannesburg, University of KwaZulu-Natal, Tshwane University of Technology, and Walter Sisulu University have been allocated additional IEG funding.

Table 8 presents the infrastructure and efficiency grants for 2022/23 and 2023/24 according to university.

Table 8: Infrastructure and efficiency grants for 2022/23 and 2023/24 1)

UNIVERSITY	YEAR 2022/23 (R'000)	2023/24 (R'000)
CAPE PENINSULA UT	55 000	100 000
CAPE TOWN	109 317	0
CENTRAL UT	61 000	212 100
DURBAN UT	163 839	44 000
FORT HARE	66 488	119 900
FREE STATE	131 810	0
JOHANNESBURG	51 000	80 000
KWAZULU-NATAL	100 000	135 000
LIMPOPO	27 404	144 000
MANGOSUTHU UT	52 262	155 888
NELSON MANDELA	100 965	31 880
NORTH WEST	133 900	0
PRETORIA	182 295	20 000
RHODES	45 000	58 375
SEFAKO MAKGATHO	182 613	101 670
SOUTH AFRICA	64 000	64 165
STELLENBOSCH	109 664	0
TSHWANE UT	40 000	250 000
VAAL UT	87 718	114 160
VENDA	120 318	96 162
WALTER SISULU	57 709	293 902
WESTERN CAPE	135 832	0
WITWATERSRAND	109 800	0
ZULULAND	57 542	158 500
<b>TOTAL</b>	<b>2 245 476</b>	<b>2 179 702</b>

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



## BFI FUNDING FOR THE SHIP

National Treasury's BFI is a reform to the budget process that supports the execution of national priority projects by establishing specialised structures, procedures and criteria for committing fiscal resources to public infrastructure spending. The BFI budget for 2022/23 is **R380 million**, subdivided into R220 million (Tshwane University of Technology (TUT)) and R160 million (the University of KwaZulu-Natal (UKZN)). The BFI budget for 2023/24 totals **R158.168 million**, subdivided into R117.882 million (TUT) and R40.286 million (UKZN).

### 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 9 reflects NT's earmarked state allocations for operational costs and capital funding to SPU and UMP from 2022/23 to 2024/25.

Table 9: Operational and capital funds for the 2 new universities from 2022/23 to 2024/25

University	Year	Split	2022/23 (R'000)	2023/24 (R'000)	2024/25 (R'000)
<b>Operational funds</b>					
Sol Plaatje			371 015	372 440	384 843
Mpumalanga			462 840	464 619	489 800
<b>TOTAL</b>			<b>833 855</b>	<b>837 059</b>	<b>874 643</b>
<b>Capital funds</b>					
Sol Plaatje		40%	441 994	461 474	482 194
Mpumalanga		60%	662 990	692 210	723 290
<b>TOTAL</b>			<b>1 104 984</b>	<b>1 153 684</b>	<b>1 205 484</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 2022/23 and 2023/24 financial years respectively as indicated in Table 1. This grant was introduced in 2018/19. The continuation of the grant in 2023/24, after five years (2018/19 to 2022/23), is preliminary and is subject to final Ministerial approval when an application to extend the period of the grant is submitted to the Department in 2022 for consideration.

#### **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 1<sup>st</sup> 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; and
- A specific allocation for UCDP implementation management support is made to universities that receive less than R15m as their annual institutional grant allocation.

Tables 10A and 10B reflect the UCDG state budget for 2022/23 and 2023/24 that will be allocated to the three UCDP sub-programmes as well as for the implementation management support.

Table 10A: Earmarked UCDG state budgets for 2022/23 and 2023/24

University	INSTITUTIONAL GRANT SUB-PROGRAMME				
	2022/23 Financial Year		2023/24 Financial Year		
	2022 academic year		2023 academic year		Jan - March 2024 (R'000)
	Jan - March 2022 (R'000)	Apr - Dec 2022 (R'000)	Jan - March 2023 (R'000)	Apr - Dec 2023 (R'000)	
CAPE PENINSULA UT	7 515	23 673	7 891	24 491	8 164
CAPE TOWN	3 000	9 449	3 150	9 776	3 259
CENTRAL UT	4 064	12 801	4 267	13 243	4 414
DURBAN UT	6 289	19 810	6 603	20 494	6 831
FORT HARE	3 635	11 449	3 816	11 845	3 948
FREE STATE	8 847	27 869	9 290	28 832	9 611
JOHANNESBURG	13 275	41 816	13 939	43 261	14 420
KWAZULU-NATAL	9 279	29 229	9 743	30 239	10 080
LIMPOPO	6 847	21 568	7 189	22 313	7 438
MANGOSUTHU UT	3 288	10 357	3 452	10 715	3 572
NELSON MANDELA	5 357	16 874	5 625	17 457	5 819
NORTH WEST	10 968	34 550	11 517	35 745	11 915
PRETORIA	5 811	18 304	6 101	18 936	6 312
RHODES	1 490	4 693	1 564	4 855	1 618
SEFAKO MAKGATHO	3 318	10 452	3 484	10 813	3 604
SOUTH AFRICA	18 071	56 924	18 975	58 891	19 630
STELLENBOSCH	3 567	11 236	3 745	11 624	3 875
TSHWANE UT	14 929	47 026	15 675	48 651	16 217
VAAL UT	4 515	14 223	4 741	14 714	4 905
VENDA	4 508	14 202	4 734	14 693	4 898
WALTER SISULU	10 049	31 656	10 552	32 749	10 916
WESTERN CAPE	5 244	16 520	5 507	17 091	5 697
WITWATERSRAND	5 945	18 726	6 242	19 373	6 458
ZULULAND	4 991	15 721	5 241	16 265	5 422
SOL PLAATJE	865	2 726	909	2 820	940
MPUMALANGA	939	2 957	985	3 059	1 020
<b>TOTAL ALLOCATION TO UNIVERSITIES</b>	<b>166 606</b>	<b>524 811</b>	<b>174 937</b>	<b>542 945</b>	<b>180 983</b>
<b>OVERALL TOTAL FOR ACADEMIC YEAR</b>	<b>691 417</b>		<b>717 882</b>		<b>—</b>
<b>OVERALL TOTAL FOR FINANCIAL YEAR</b>	<b>—</b>	<b>699 748</b>		<b>723 928</b>	

It is important to note that Tables 10A 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 grant 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 10B: Earmarked UCDG state budgets for 2022/23 and 2023/24

University	2022/23 FINANCIAL YEAR				2023/24 FINANCIAL YEAR			
	Collaborative projects sub-programmes		Institutional Implementation Management Support 3)	Management Implementation Support 4)	Collaborative projects sub-programmes		Institutional Implementation Management Support 3)	Management Implementation Support 4)
	Nationally-led 1)	University-led 2)			Nationally-led 1)	University-led 2)		
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
CAPE PENINSULA UT								
CAPE TOWN			1 560				1 500	
CENTRAL UT								
DURBAN UT								
FORT HARE			1 560				1 500	
FREE STATE								
JOHANNESBURG								
KWAZULU-NATAL								
LIMPOPO		58 312				60 525		
MANGOSUTHU UT			1 560				1 500	
NELSON MANDELA	293 019				303 143			
NORTH WEST								
PRETORIA	33 514			6 574	40 419			7 596
RHODES	33 516		1 560		40 419		1 500	
SEFAKO MAKGATHO								
SOUTH AFRICA								
STELLENBOSCH			1 560				1 500	
TSHWANE UT								
VAALE UT								
VENDA								
WALTER SISULU								
WESTERN CAPE								
WITWATERSRAND	19 535				20 011			
ZULULAND								
SOL PLAATJE			1 560				1 500	
MPUMALANGA			1 560				1 500	
<b>TOTAL</b>	<b>379 584</b>	<b>58 312</b>	<b>10 920</b>	<b>6 574</b>	<b>403 992</b>	<b>60 525</b>	<b>10 500</b>	<b>7 596</b>
<b>OVERALL TOTAL FOR FINANCIAL YEAR</b>	<b>455 390</b>				<b>482 613</b>			

1) These universities are the Department's implementation support partners for the Nurturing Emerging Scholar's Programme (RU), New Generation of Academics Programme (nGAP) (NMU), University Staff Doctoral Programme (UP) and the Entrepreneurship Development in Higher Education and Higher Education Leadership and Management Programme (WITS) approved project transfers.

2) 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.

3) 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.

4) This amount is allocated 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 11 reflects the foundation provision grants per university for 2022/23, based on final audited HEMIS foundation student data for 2020.

The preliminary state budget for foundation provision of a university for 2023/24 can be determined by multiplying the university's weighted FTE enrolled students in courses in extended curriculum programmes in year 2021 by the estimated rand value for a weighted FTE enrolled student in courses in extended curriculum programmes for year 2023/24. The latter is determined by dividing the projected sector funded units of foundation students for 2021 reflected in Table 2 into the total earmarked foundation grant for the sector for 2023/24 reflected in Table 1. The total funded units of foundation students in 2021 in Table 2 is a projected value, which may change as final audited student data becomes available for 2021 at a later stage.

Table 11: Earmarked foundation provision grants for 2022/23

UNIVERSITY	YEAR 2021/22 (R'000)	2022/23 (R'000)
CAPE PENINSULA UT	45 640	49 168
CAPE TOWN	16 066	11 610
CENTRAL UT	10 407	14 544
DURBAN UT	7 222	3 652
FORT HARE	17 179	23 133
FREE STATE	60 610	67 160
JOHANNESBURG	60 841	70 105
KWAZULU-NATAL	25 500	30 539
LIMPOPO	41 564	47 659
MANGOSUTHU UT	12 412	10 866
NELSON MANDELA	12 716	16 514
NORTH WEST	28 056	36 897
PRETORIA	24 271	26 352
RHODES	1 759	2 081
SEFAKO MAKGATHO	7 365	5 721
STELLENBOSCH	4 634	9 385
TSHWANE UT	26 071	15 470
VENDA	4 147	9 117
WALTER SISULU	10 352	7 973
WESTERN CAPE	23 977	22 022
WITWATERSRAND	582	297
ZULULAND	3 974	3 694
<b>TOTAL</b>	<b>445 345</b>	<b>483 959</b>

## 6 SIBUSISO BENGU DEVELOPMENT PROGRAMME (SB-DP)

The eight identified universities that benefit from this programme are the Historically Disadvantaged Institutions, namely the University of Fort Hare, University of Limpopo, University of Venda, Walter Sisulu University, the University of the Western Cape, the University of Zululand, Mangosuthu University of Technology and Sefako Makgatho Health Sciences University. The distribution of the new budget total for the SB-DG of R588.426 million for 2022/23 will be released against the strategic long-term development plans of these universities. Projects still need to be approved by the Minister for these universities. This will have to be done based on the five-year development plans submitted by these universities in line with the revised development framework, as approved by the Minister linked to the universities medium to long term strategic plans approved by their councils.

The amounts in Table 12 below are preliminary amounts for the 2022/23 financial year for the projects to be approved to enable the universities to conduct a due diligence and feasibility study, where necessary, as well as for key projects to be approved by the Minister for the new funding cycle, and are, therefore, subject to change.

The Programme Management Office has been moved to Sefako Makgatho Health Sciences University with effect from the 2022/23 financial year.

Table 12: Sibusiso Bengu Development Programme budgets for 2022/23 1)

University	2022/23 (R'000)
Fort Hare	71 875
Limpopo	71 875
Mangosuthu	71 875
Sefako Makgatho	71 875
Venda	71 875
Walter Sisulu	71 875
Western Cape	71 875
Zululand	71 875
SB-DP Project Management	13 426
<b>TOTAL</b>	<b>588 426</b>

## 7 CLINICAL TRAINING GRANT (CTG)

The distribution of CTG funds for 2022/23 and 2023/24 are based on the CTG funding model. Budgets per university for the clinical training grant for the years 2022/23 and 2024/25 have been calculated using some of the elements of the Programme Model as proposed in the 2017 National Review of the CTG. The allocations generated for 2022/23 and 2024/25 as per the model are reflected in Table 13.

Table 13: Clinical Training Grants for 2022/23 and 2023/24

YEAR UNIVERSITY	2022/23 (R'000)	2023/24 (R'000)
CAPE PENINSULA UT	10 984	13 361
CAPE TOWN	57 516	61 270
CENTRAL UT	8 885	7 430
DURBAN UT	21 010	21 424
FORT HARE	8 335	7 213
FREE STATE	44 788	45 474
JOHANNESBURG	20 184	13 411
KWAZULU-NATAL	74 097	79 524
LIMPOPO	15 498	18 080
MANGOSUTHU UT	3 134	2 254
NELSON MANDELA	20 820	18 172
NORTH WEST	22 250	22 911
PRETORIA	69 860	73 955
RHODES	3 867	4 492
SEFAKO MAKGATHO	64 104	57 498
STELLENBOSCH	67 578	69 245
TSHWANE UT	17 697	13 316
VAAL UT	9 716	7 382
VENDA	6 774	5 442
WALTER SISULU	28 968	30 189
WESTERN CAPE	40 328	41 068
WITWATERSRAND	96 018	103 393
ZULULAND	8 444	7 120
<b>TOTAL</b>	<b>720 855</b>	<b>723 624</b>

Universities that qualify for the CTG are required to submit CTG 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).

## 8 VETERINARY SCIENCES GRANT

Most of the earmarked funds for veterinary sciences are allocated to the University of Pretoria, 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 14 presents the allocations per university for Veterinary Science Programmes for 2022/23 and 2023/24.

Table 14: Earmarked budgets for Veterinary Science Programmes

Year	2022/23	2023/24
University	(R'000)	(R'000)
North West	9 217	9 627
Pretoria	182 109	190 213
South Africa	3 343	3 492
Tshwane UT	7 901	8 252
<b>Total</b>	<b>202 570</b>	<b>211 584</b>

A once-off additional R15 million for 2022/23 has been re-allocated and transferred from the block grant for 2022/23 after the calculations of the block grant budgets of all universities were finalised. The R15 million is the result of penalties, set out in Sub-Division 5 of **Section A**, for late and incorrect submission of HEMIS data from 3 universities during 2021 in order to finalise block grant calculations of all universities for 2022/23. This R15 million is divided as follows: North West University (R5 million), the University of South Africa (R2 million) and Tshwane University of Technology (R8 million). Table 14 excludes these additional allocations towards Veterinary Sciences.



## **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; and
- The African Institute for Mathematical Sciences (AIMS).

### **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. 2022 academic year is the fifth 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 2022/23, R312,562 million has been allocated for the operations of NSFAS. The 2022/23 allocation as per the December 2021 allocation letter from Treasury amounts to R29,504 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 and focuses on growing human capital in science, technology and research innovations in order to contribute to the development of Africa. Some of our core areas of focus include big data, machine learning, disease modelling and mathematics of finance. For South Africa, this is also an important New Partnership for Africa's Development (NEPAD) initiative.

## **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.