

# MINISTERIAL STATEMENT ON UNIVERSITY FUNDING: 2024/25 TO 2026/27

December 2023

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# Section A: The Funding of Universities

## **1 INTRODUCTION**

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

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

Information relating to the budgets for the university sector is confidential until the National Treasury releases the 'Estimates of National Expenditure' at the time the Minister of Finance delivers his budget speech in February 2024.

Given the economic forecast for the 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;
- Cost containment strategies;
- 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 2024/25 to 2026/27, and the division of funds among various budget sub-categories;
- 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 (2024/25 and 2025/26);
- Budgets per university for certain earmarked grants for 2024/25 and 2025/26;
- Changes to funding policy and reasons for changes; and
- Changes to government funding allocations in 2024/25 and 2025/26.

### 3 MTEF BUDGET ALLOCATIONS FOR 2024/25 to 2026/27

Table 1 sets out the division of funds for the university sector among various budget sub-categories. These allocations are preliminary and subject to amendments as government concludes its budget process.

**Table 1: State budgets for the university sector**

Budget category			MTEF Estimate			% increase in budget per year			
	2022/23 (R'000)	2023/24 (R'000)	2024/25 (R'000)	2025/26 (R'000)	2026/27 (R'000)	2023/24	2024/25	2025/26	2026/27
<b>1 Block grants for universities</b>	<b>39 697 659</b>	<b>40 058 531</b>	<b>40 274 441</b>	<b>42 660 926</b>	<b>44 565 205</b>	<b>0.9%</b>	<b>0.5%</b>	<b>5.9%</b>	<b>4.5%</b>
1.1 Teaching inputs	24 499 432	24 608 847	24 732 664	26 145 636	27 312 609	0.4%	0.5%	5.7%	4.5%
1.2 Institutional factors	2 390 713	2 413 085	2 464 004	2 664 626	2 783 675	0.9%	2.1%	8.1%	4.5%
1.3 Actual teaching outputs	7 580 559	7 583 409	7 418 937	8 050 124	8 634 233	0.0%	-2.2%	8.5%	7.3%
1.4 Actual research outputs	5 226 955	5 453 190	5 658 836	5 800 541	5 834 688	4.3%	3.8%	2.5%	0.6%
<b>2 Earmarked grants for universities</b>	<b>3 512 877</b>	<b>4 054 083</b>	<b>4 202 130</b>	<b>4 318 733</b>	<b>4 553 978</b>	<b>25.6%</b>	<b>3.7%</b>	<b>2.8%</b>	<b>5.4%</b>
2.1 Interest & redemption on historic loans	2 412	164	12	0	0	-93.2%	0.0%	0.0%	0%
2.2 New universities									
- Operational funds (SPU & UMP)	833 855	833 920	874 643	913 828	955 694	0.4%	4.9%	4.5%	4.6%
- Health Sciences Operational (SMU)	200 000	200 000	200 000	200 000	200 000	0.0%	0.0%	0.0%	0.0%
- 2 New Universities Operations and Maintenance	0	0	0	0	100 000	100.0%	100.0%	100.0%	100.0%
2.3 University Capacity Development	920 000	1 055 181	1 157 940	1 194 295	1 234 753	31.1%	9.7%	3.1%	3.4%
2.4 Foundation Provision	425 000	505 495	527 029	550 640	575 969	18.9%	4.3%	4.5%	4.6%
2.5 Sibusiso Bengu Development Programme (8 univs)	192 110	531 352	570 793	581 501	598 298	219.9%	7.4%	1.9%	2.9%
2.6 Clinical Training of Health Professionals	650 000	700 866	676 115	681 989	694 182	11.3%	-3.5%	0.9%	1.8%
2.7 Veterinary Sciences	195 000	227 105	195 598	196 480	195 082	16.5%	-13.9%	0.5%	-0.7%
2.8 Employment of University Graduate Assistants	94 500	0	0	0	0	5.0%	0.0%	0.0%	0.0%
<b>3 Capital grants for universities</b>	<b>3 510 476</b>	<b>672 756</b>	<b>3 176 278</b>	<b>1 387 896</b>	<b>1 646 085</b>	<b>-80.8%</b>	<b>372.1%</b>	<b>-56.3%</b>	<b>15.7%</b>
3.1 Infrastructure and Efficiency Grant	2 245 476	0	2 176 626	1 087 896	1 246 244	-100.0%	0.0%	-50.0%	12.7%
3.2 New universities (SPU&UMP)	885 000	672 756	841 484	0	0	-24.0%	25.1%	-100.0%	0.0%
3.3 New HEIs (Ekurhuleni & Hammanskraal)	0	0	0	300 000	399 841	0.0%	0.0%	100.0%	25.0%
3.4 Budget Facility for Infrastructure (Student Housing)	380 000	0	158 168	0	0	-100.0%	0.0%	0.0%	0.0%
<b>4 Grants to other institutions</b>	<b>38 544 966</b>	<b>38 712 081</b>	<b>37 938 722</b>	<b>39 321 738</b>	<b>41 274 799</b>	<b>24.7%</b>	<b>-2.0%</b>	<b>3.6%</b>	<b>5%</b>
4.1 NSFAS - Universities 1)	38 537 823	38 674 617	37 915 950	39 298 616	41 251 303	0.4%	-2.0%	3.6%	5%
4.2 African Institute for Mathematical Studies	7 143	7 464	7 772	8 120	8 494	4.5%	4.1%	4.5%	4%
4.3 SAIMI (Nelson Mandela University)	0	20 000	15 000	15 002	15 002	100.0%	-25.0%	0.0%	0%
4.4 Next phase of feasibility studies for 2 new HEIs (SMU)	0	10 000	0	0	0	0.0%	-100.0%	0.0%	0%
<b>5 Reduction to block grants (after BG calculations)</b>	<b>- 15 000</b>	<b>- 190 872</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0%</b>
5.1 Late and/or incorrect HEMIS data submission	- 15 000	- 45 000	0	0	0	0.0%	0.0%	0.0%	0%
5.2 Incorrect graduate data in previous HEMIS subm	0	- 2 896	0	0	0	0.0%	0.0%	0.0%	0%
5.3 In-year budget reduction	0	- 142 976	0	0	0	0.0%	0.0%	0.0%	0%
<b>TOTAL</b>	<b>85 250 978</b>	<b>83 306 579</b>	<b>85 591 571</b>	<b>87 689 294</b>	<b>92 040 068</b>	<b>-1.6%</b>	<b>3%</b>	<b>2.5%</b>	<b>5%</b>

1) Excluding the NSFAS Administration grant.

2) 2022/23 and 2023/24 have been adjusted with the in-year budget reduction figures

Financial data for 2024/25 to 2026/27 in Table 1 is based on the formal 2024 Medium Term Expenditure Framework (MTEF) baseline allocation letter the Department of Higher Education and Training (the Department) received from National Treasury in December 2023. Each year, the National Treasury sets the baseline 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, and the clinical training of health professionals, and infrastructure and output efficiencies. Table 1 presents the state budget which the government has allocated to the university sector.

The following main changes have occurred in comparison to the 2022 Ministerial Statement:

- Changes to the 2024/25 Teaching Input Sub-Block Grant due to under and over-enrolments in 2022 have been waived as a once-off measure to assist

universities with the unanticipated reduction to the block grant allocation for the university sector.

#### **4 UNIVERSITIES' STATE BUDGET FOR 2024/25 AND 2025/26**

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).

For a university to determine its own share of each of the 2024/25 and 2025/26 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 are audited and used in year (n) to calculate the budget for the financial year (n+1). The 2023 data for the 2025/26 financial year has not yet been finalised, and is, therefore projected estimated amounts, which may still be adjusted during 2024. 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 2024/25 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							
	2022/23 2020	2023/24 2021	2024/25 2022	2025/26 2023	2022/23	2023/24	2024/25	2025/26
Funded teaching inputs	1 590 399	1 616 794	1 637 215	1 583 632	7.9%	1.7%	1.3%	-3.3%
Institutional factors	155 457	158 862	163 158	153 612 <sup>1)</sup>	11.2%	2.2%	2.7%	-5.9%
Actual teaching outputs	206 926	203 223	196 329	202 219 <sup>1)</sup>	2.5%	-1.8%	-3.4%	3.0%
Actual research outputs	40 848	42 986	44 379	45 710 <sup>1)</sup>	1.3%	5.2%	3.2%	3.0%

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

Foundation provision	24 246	24 894	26 350	26 078 <sup>1)</sup>	-5.0%	2.7%	5.8%	-1.0%
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1) 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 from all universities for 2024/25 will be available on the Department’s website after the Minister of Finance delivers his budget speech in February 2024.

**Sections C and 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 always ensure that it complies with all 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. In future with the submission of 2023 student data, the under and over-enrolment in TIUs will no longer be reduced by only one third but will increase to 40% in the funding year 2025/26, and a further 10% increase per year thereafter will be implemented. 2023 is the first year of the revised enrolment planning cycle for 2020 – 2025.

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 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 2023 data of a university not **be correct, complete, and on time** in all respects when submitted by **31 July 2024**, the Department will penalise the university by reducing the block grant budget of the university for 2025/26 by R5 million, or in the case of universities that do not receive block grant, the amount will be deducted from the operational earmarked grant. The final audited HEMIS data submission with no audit report, tables not signed by external auditors, or no management response (where applicable), will be regarded as an incomplete HEMIS data submission.

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 allocations to other universities. For example, in the 2022 HEMIS submissions, universities may include 2021 and 2022 graduates who have not completed their qualifications and who returned in the 2021 and 2022 academic years to graduate. The 2021 graduates would be graduates who were identified after the final audited 2020 HEMIS submission to the Department. These 2021 students could be those who may have been doing experiential training, who completed a module at another university or who stepped out. Students with outstanding debt from years prior to 2021 should not be included in the 2022 database. The Department will no longer accept prior year's graduates (in this instance 2021) due to administrative errors 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 adjust 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 2024/25 and 2025/26.

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 the 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**

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 of a full-time equivalent (FTE) student, one masters student head equals on average roughly a third of an 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**

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	58 262	60 009	61 810
CAPE TOWN	71 402	72 353	72 552	73 357	72 603	73 802	74 659
CENTRAL UT	29 502	34 217	35 414	36 654	30 006	30 802	31 741
DURBAN UT	51 087	52 276	53 028	54 607	54 620	58 354	60 332
FORT HARE	31 742	33 855	34 600	35 372	29 103	29 703	30 334
FREE STATE	59 252	68 362	69 126	69 856	73 987	75 286	77 488
JOHANNESBURG	91 848	96 415	97 617	98 443	97 794	100 898	102 031
KWAZULU-NATAL	99 494	97 394	95 776	95 208	93 358	94 597	96 000
LIMPOPO	41 046	48 522	50 741	52 306	46 789	48 192	49 638
MANGOSUTHU UT	21 509	18 399	18 902	19 092	21 016	21 629	22 292
NELSON MANDELA	54 265	54 194	55 594	56 717	51 705	52 394	53 040
NORTH WEST	82 701	93 262	93 529	93 039	92 540	93 963	94 131
PRETORIA	119 818	120 592	122 197	124 291	127 925	130 870	134 060
RHODES	17 985	20 007	20 354	20 604	19 175	19 555	19 940
SEFAKO MAKGATHO	24 060	25 012	25 657	26 267	25 553	27 342	29 256
SOUTH AFRICA	168 112	178 079	178 556	179 034	187 751	190 580	193 311
STELLENBOSCH	78 627	83 090	84 431	85 416	87 246	88 424	88 992
TSHWANE UT	104 937	121 015	123 867	126 764	101 778	105 211	108 515
VAAL UT	32 302	33 925	37 056	35 689	36 380	37 654	38 972
VENDA	33 502	37 666	38 419	39 187	33 121	33 521	33 967
WALTER SISULU	44 372	48 759	47 682	48 858	48 404	49 746	51 244
WESTERN CAPE	46 192	51 959	54 263	56 190	50 924	52 452	54 025
WITWATERSRAND	87 362	106 591	107 015	107 510	108 112	107 636	108 092
ZULULAND	19 983	32 486	33 623	34 800	35 482	36 724	38 010
<b>TOTAL</b>	<b>1 473 434</b>	<b>1 590 399</b>	<b>1 616 794</b>	<b>1 637 215</b>	<b>1 583 632</b>	<b>1 619 343</b>	<b>1 651 880</b>

2023 -25 Adjusted as per the mid-term review approved by the Minister early in 2023

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.

The amendment for 2023 to 2025 of the Ministerial student enrolment planning for 2020 to 2025 for universities was approved by the Minister early 2023. Table 5, therefore includes the revised TIUs for 2023 to 2025.

### 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 adjusts 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 that 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 impacts on the TIU shares amongst universities and the rand-value of TIUs in future enrolment planning, and adversely impacts the NSFAS to be able to properly cater for poor and missing middle students.

From the 2019/20 financial year, the Minister approved deviations in under-enrolment of 2% from the Ministerial approved funded teaching input units as acceptable for 2017 enrolled student data respectively. 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.

From the 2022/23 financial year, the Minister approved deviations in over-enrolment in both first-time entering (FTEN) enrolled students and in TIUs of 3%, as acceptable for 2020 enrolled student data respectively. Over the past few years, only 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.

As indicated in the 2022 Ministerial Statement, the removal of one third of the units exceeding the approved acceptable deviation has increased to 40% with the 2023 TIUs (2025/26 financial year), and for each of the subsequent years by a further 10% each year as from the 2026/27 financial year.

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 that operate outside of the acceptable deviation range in terms of under-enrolment and over-enrolment; and
- Re-allocating the revised funding towards universities that 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 that 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 is first made of the proportion of disadvantaged students the university has in its 2022 *contact* FTE enrolled student total. Secondly 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 of 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 2024/25, additional 2022 funded teaching input units are then generated by multiplying its disadvantage factor by the university's approved 2022 funded total of contact plus distance teaching input units set out in Table 5 for the 2024/25 financial year.

For the dedicated distance university, the calculation of the disadvantage factor for the 2024/25 financial year is based on the proportion of disadvantaged students, which it has in its 2021 distance FTE enrolled student total.

The same calculations can be made for 2025/26, using the corresponding 2023 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 2024/25, additional 2022 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 2024/25 financial year.

The same calculations can be made for 2025/26, using the corresponding 2023 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 2024/25 and 2025/26 financial years will respectively be based on a university's actual 2022 and 2023 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 to obtain funded units for a university are set out in Table 6. There is no distinction between the teaching outputs of distance and contact programmes.

**Table 6: Funding weightings per student graduate head for contact and distance programmes**

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 works and innovations outputs as a proxy.

Funding of a university for the 2024/25 and 2025/26 financial years will be based on a university's 2022 and 2023 totals of actual publications, creative and innovations units respectively, as well as doctoral and research masters' graduate numbers reported in HEMIS. Journal publications appearing in accredited indexes/lists and HEMIS data are audited by the respective universities' external auditors. Conferences and books/chapters are evaluated by a panel of experts to determine if conferences and books/chapters must be included for funding or not.

Any publication which does not comply with the policies of the Department, will not be state funded. For funding purposes, publications found to be fraudulent or appearing in predatory journals or publications pending investigation, research units will either be withheld or withdrawn, depending on the circumstances of the university. The Department reserves the right to recover the funds from the 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.

Each academic year, the Department communicates lists of accredited journal titles to universities. In the case where a journal is on any of the approved lists by the Department, in a later stage, should it be established that the journal is predatory, the Department will not fund articles published in the journal and will withdraw units that had been previously allocated, as per the Research Outputs Policy.

The Department notes the need to strengthen the university's research office to monitor publications in which their researchers are publishing in, thus enhancing the importance of quality research outputs. Universities should place greater emphasis on research ethics.

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 2024/25 and 2025/26, the weightings for funding purposes to be applied to actual research outputs to obtain funded research output units for a university are set out in Table 7.

**Table 7: Funding weightings for research output units for 2024/25 and 2025/26**

Research output categories	Funding weighting 1)
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:

- Capital Grant: New HEIs;
- SPU & UMP Capital Grant;
- Infrastructure and Efficiency Grant (IEG);
- Budget Facility for Infrastructure (BFI);
- SPU & UMP Operational Grant;
- New HEIs Operational Grant;
- University Capacity Development Grant (UCDG);
- Foundation Provision Grant;
- Clinical Training Grant (CTG);
- Sibusiso Bengu Development Grant (SB-DG);
- Veterinary Sciences Grant; and
- Employment of University Graduate Assistants (phased out)

## **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 and infrastructure grants is aligned to a university's academic year. Thus, annual progress reports for the UCDG and infrastructure grants are aligned to the university's financial year (1 January – 31 December) and must be submitted by

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 must 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 of progress reports and audited financial statements is the end of February of each year.

Except for infrastructure grants, an amount of 40% of each earmarked grant aligned to the Department's financial year will be released to universities during the first quarter of 2024/25, based on progress reports and audit certificates already approved by the Department during 2023/24 relating to the use of 2022/23 grants. The release of these initial funds during the first quarter of 2024/25 is not linked to the assessment of the reports during 2024/25. The purpose of the upfront payment is to assist universities in implementing approved projects/programmes funded through earmarked grants during their academic year. The remaining percentage of the 2024/25 earmarked allocation will be released based on the Department's assessment of progress reports on the use of 2023/24 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.

As communicated previously, National Treasury is no longer providing any additional funding for PSET infrastructure programmes due to poor expenditure by universities. The Department is now required to fund new PSET infrastructure projects by reprioritizing existing infrastructure funding baselines. In addition, the 2024/25-2026/27 TVET infrastructure budget had to be cut by a much bigger margin as compared to the 2024/25-2026/27 university infrastructure budgets. Despite TVET Colleges having much dire infrastructure needs as compared to universities, only R681.215 million is available for the 50 TVET Colleges while a total of R5.510 billion is available for the 26 existing universities. Using the audited 2021 enrolment figures of 589 083 TVET students and 1 068 046 university students, the 2024/25-2026/27 funding available for infrastructure translates to R1,156 per TVET student and R5,159 per university student. which has resulted in the Department no longer being able to fund high priority TVET infrastructure projects. As a result, unallocated interest earned from funds transferred under previous cycles as well the current cycle will be used to replace portions of the 2024/25-2026/27 allocations in-lieu of reprioritizing equivalent amount towards high priority TVET infrastructure projects. For this purpose, interest reported on audited annual reports for the period ending 31 December 2023 (due end of February 2024) must clearly confirm the amount of unallocated interest at the time of the audit.

Going forward, the Department will be looking into various ways of addressing the huge disparity that exists in infrastructure funding.

During the 2018/19-2019/20 period, the Department withheld new transfers in instances of poor expenditure on funds previously transferred, subject to improvement in expenditure. However, poor expenditure continued. On 31 October 2022, the Minister approved spending thresholds for the withdrawal of infrastructure funds in cases of major underspending due to circumstances within the control of the universities. The thresholds, communicated to all universities through the Minister's 31 October 2022 funding allocation letters sent on 03 and 04 November 2022, are as follows:

- **Major under-spending:** Expenditure that is less than 30% of the amount transferred during the year under review or less than 50% of allocations from the previous cycle(s).
- **Under-spending:** Expenditure that is less than 50% of the amount transferred during the year under review or less than 70% of all allocations from the previous cycle(s).
- **Satisfactory spending:** Expenditure that ranges between 50-70% of the amount transferred during the year under review or expenditure that ranges between 70-90% of allocations from the previous cycle(s).
- **Good spending:** Expenditure above 70% of the allocation of the amount transferred during the year under review or above 90% of allocations from the previous cycle(s).

The first review period for funding withdrawal measures is January – December 2023. As communicated in the previous Ministerial Statement and in the 31 October 2022 infrastructure funding allocation letters to universities:

- 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 any 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 funding allocations of that university.
- Withdrawn infrastructure funds will be reprioritised towards Historically Disadvantaged Institutions, subject to these institutions complying with the following: satisfactory progress and satisfactory spending on their own infrastructure programme(s); audit reports that are in order; and transformation requirements for the PSET infrastructure programme.
- Second in line for the reprioritisation of withdrawn funds will be universities that inherited historically disadvantaged campuses, subject to compliance with the same requirements.
- The withdrawn funds may also be reprioritised towards the development of infrastructure at the CET Colleges or TVET Colleges.

To mitigate against the Department's monthly drawings of infrastructure grants being rejected/ stopped by the National Treasury due to poor expenditure by universities, the annual university infrastructure allocations will be transferred on a quarterly basis from 2024/25 onwards, and the transfer will be based on compliance with the following requirements:

- Audit reports that are in order.

- Satisfactory spending on allocations from previous cycles. The requirement to spend 70% on allocations from previous cycles remains for 5th IEG cycle funds transferred before 2022/23. For funds transferred under the 6th cycle during 2022/23, the requirement is relaxed to 30%.

Another measure to be introduced from 2024/25 onwards is that should the Department not be able to transfer any portion of any new allocation to any university by 31 December each year due to lack of compliance with the above-mentioned requirements, then such allocation shall by February the following year, be automatically reallocated to high priority TVET infrastructure projects and urgent infrastructure needs at Historically Disadvantaged Institutions meeting the above-mentioned transfer requirements. The automatic reallocation shall be based on expenditure reports for the period ending 31 December. Due to the Government financial year ending on 31 March and the process required to reallocate infrastructure grants while ensuring that all transfers are finalised before 15 March as required, the Department will not be able to wait for audited annual expenditure reports due end of February. The automatic reallocation will therefore be based on unaudited 31 December reports, which must be submitted by 15 January. However, the Department will not take any responsibility for incorrect expenditure reports, and it is, therefore, the responsibility of each university to ensure that its expenditure reports are compiling with the utmost duty of care to ensure that expenditure is reported correctly.

Universities that have had portions of their new allocations automatically reallocated will be required to use their own funding sources to replace the reallocated amounts or request approval to reduce the project scope (*where there are no special funding conditions prohibiting scope reduction*). Universities may also request approval to replace the reallocated amounts by reprioritising allocations already transferred to other approved projects which they have not commenced with and are battling to implement. The Department will not automatically recommend approval of the reprioritisation requests. Each request from a university will be evaluated on its own merit.

## **2 INFRASTRUCTURE GRANTS**

### **CAPITAL GRANT: NEW HEIs**

In pursuit of the objectives of the National Development Plan, the Government took a decision to establish 2 new Higher Education Institutions (HEIs) in Ekurhuleni and Hammanskraal. Following the completion of the initial study conducted for the establishment of the 2 institutions, in October 2023, the Department commenced with the Phase 2 Feasibility Study which is scheduled for completion in September 2024.

Infrastructure development for the 2 new HEIs will be funded from the IEG during 2024/25 and thereafter, the baselines for SPU & UMP Capital Grant will be reprioritised towards these institutions from 2025/26 onwards. Table 8 below presents the preliminary 2025/26 to 2026/27 infrastructure allocations for the 2 new HEIs under the reprioritised baselines.

**Table 8: Preliminary New HEIs Capital Grant allocations for 2025/26 to 2026/27**

Institution	2024/25	2025/26	2026/27
	(R' 000)	(R' 000)	(R' 000)
New HEI in Ekurhuleni	0	180 000	239 904
New HEI in Hammanskraal	0	120 000	159 937
<b>TOTAL</b>	-	<b>300 000</b>	<b>399 841</b>

### SPU and UMP Capital Grant

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 postgraduate 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.

Due to the above-mentioned reprioritisation of the SPU and UMP Capital Grant baselines, infrastructure development for these 2 universities will be funded through the IEG from 2025/26 onwards. Table 9 below presents the 2024/25-2026/27 infrastructure allocations under the SPU and UMP Capital Grant.

**Table 9: 2024/25-2026/27 SPU and UMP Capital and Operational Grant Allocations**

Institution	2024/25	2025/26	2026/27
	(R' 000)	(R' 000)	(R' 000)
<b>Operational funds</b>			
Sol Plaatje	384 843	406 598	430 062
Mpumalanga	489 800	507 230	525 632
Subtotal	<b>874 643</b>	<b>913 828</b>	<b>955 694</b>
<b>Capital funds</b>			
Sol Plaatje	467 290	-	-
Mpumalanga	374 194	-	-
Subtotal	<b>841 484</b>	-	-
<b>TOTAL</b>	<b>1 716 127</b>	<b>913 828</b>	<b>955 694</b>

### Infrastructure and Efficiency Grant (IEG)

The purpose of the 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.

The IEG has been allocated over six distinct cycles (2007/08 to 2009/10; 2010/11 to 2011/12; 2012/13 to 2014/15; 2015/16 to 2017/18; 2018/19 to 2020/21; and 2022/23-2023/24). Due to major underspending of the IEG by universities, 2023/24 allocations (amounting to R1.409 billion) were deferred to 2024/25 to provide universities with the opportunity to spend their 2022/23 allocations and funds transferred during the 2018/19 to 2020/21 cycle.

The feasibility studies for the establishment of new campuses in Ulundi (by UNIZULU) and Giyani (by TUT) have been completed. Funding of infrastructure development for the 2 campuses will form part of the IEG allocations from 2024/25 onwards.

Due to the above-mentioned reprioritisation of the SPU and UMP Capital Grant baselines, infrastructure development for these 2 universities will be funded through the IEG from 2025/26 onwards. SPU and UMP will be allocated an average of 30% of the annual IEG budget until they reach their planned development capacities.

Table 10 below presents the preliminary 2024/25 to 2026/27 IEG allocations per university.

**Table 10: Preliminary IEG allocations for 2024/25 to 2026/27**

Institution	2024/25	2025/26	2026/27
	R'000	R'000	R'000
CPUT	143 730	3 847	3 847
CUT	203 730	3 847	3 847
DUT	3 731	3 846	3 846
MUT	63 731	3 846	3 846
NMU	103 731	123 846	153 846
NWU	3 731	3 846	3 846
RU	3 731	3 846	3 846
SMU	3 731	3 846	3 846
SPU	3 731	153 846	173 846
SUN	6 731	3 846	3 846
TUT	448 130	96 846	109 447
UCT	110 089	3 846	3 846
UFH	114 731	103 846	123 846
UFS	3 731	3 846	3 846
UJ	3 731	3 846	3 846
UKZN	188 730	3 847	3 846
UL	123 331	148 742	184 490
UMP	3 731	253 846	273 846
UNISA	35 231	3 846	3 846
UNIVEN	3 731	3 846	3 846
UNIZULU	173 731	133 846	153 846
UP	3 731	3 846	3 846
UWC	3 731	3 846	3 846
VUT	53 821	3 846	3 846
WITS	3 731	3 846	3 846
WSU	262 407	3 847	3 847
New HEI in Ekurhuleni	50 000	0	0
New HEI in Hammanskraal	50 000	0	0
<b>TOTAL</b>	<b>2 176 626</b>	<b>1 087 896</b>	<b>1 246 244</b>

The following should be noted in relation to the above-mentioned preliminary IEG allocations:

- The allocations are preliminary, and the final ones are subject to approval by the Minister.
- The 2024/25 allocations include the allocations deferred from 2023/24.
- The 2024/25-2025/26 allocations include the allocations for Ministerial Priority Projects (*TUT Giyani Campus and UNIZULU Ulundi Campus*) and National Priority Projects (*Polar Research Laboratory hosted at UCT, NMU Medical School, and UL Medical School*).
- The 2024/25-2026/27 allocations also include funding for energy plans.

### **Budget Facility for Infrastructure (BFI)**

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 original BFI budget for 2023/24 of R158.168 million was deferred to 2024/25 to provide universities with the opportunity to spend their 2022/23 allocations and funds transferred during the 2018/19 to 2020/21 cycle. Table 11 below presents the 2024/25 to 2026/27 BFI allocations for the SHIP.

**Table 11: 2024/25 to 2026/27 BFI allocations for the SHIP**

<b>Institution</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>(R' 000)</b>	<b>(R' 000)</b>	<b>(R' 000)</b>
TUT	117 882	0	0
UKZN	40 286	0	0
<b>TOTAL</b>	<b>158 168</b>	<b>0</b>	<b>0</b>

### **3 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.

During 2023, the Department worked with universities to review and develop a new Ministerial Statement and Standard Operating Procedures for the third cycle, as well as develop new UCDP three-year (2024-2026) plans.

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 – 61.5% of the total UCDG is allocated to this sub-programme with 1.5% of this amount set aside for the effective implementation management support for the UCDP especially for universities that receive less than R15 million as their annual institutional grant allocation. The amount 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.

Tables 12A and 12B reflect the UCDG state budget for 2024/25 and 2025/26 that will be allocated to the three UCDP sub-programmes as well as for the implementation management support.

**Table 12A: Earmarked UCDG state budgets for 2024/25 and 2025/26**

University	INSTITUTIONAL GRANT SUB-PROGRAMME				
	2024/25 Financial Year		2025/26 Financial Year		
	2024 academic year		2025 academic year		Jan - March 2026 (R'000)
	Jan - March 2024 (R'000)	Apr - Dec 2024 (R'000)	Jan - March 2025 (R'000)	Apr - Dec 2025 (R'000)	
CAPE PENINSULA UT	8 164	23 175	8 164	24 159	8 164
CAPE TOWN	3 259	9 251	3 259	9 643	3 259
CENTRAL UT	4 414	12 532	4 414	13 064	4 414
DURBAN UT	6 831	19 393	6 831	20 216	6 831
FORT HARE	3 948	11 209	3 948	11 685	3 948
FREE STATE	9 611	27 283	9 611	28 441	9 611
JOHANNESBURG	14 420	40 939	14 420	42 677	14 420
KWAZULU-NATAL	10 080	28 614	10 080	29 829	10 080
LIMPOPO	7 438	21 115	7 438	22 011	7 438
MANGOSUTHU UT	3 572	10 139	3 572	10 570	3 572
NELSON MANDELA	5 819	16 520	5 819	17 221	5 819
NORTH WEST	11 915	33 825	11 915	35 262	11 915
PRETORIA	6 312	17 920	6 312	18 680	6 312
RHODES	1 618	4 594	1 618	4 789	1 618
SEFAKO MAKGATHO	3 604	10 232	3 604	10 667	3 604
SOUTH AFRICA	19 630	55 728	19 630	58 094	19 630
STELLENBOSCH	3 875	11 000	3 875	11 467	3 875
TSHWANE UT	16 217	46 038	16 217	47 993	16 217
VAAL UT	4 905	13 923	4 905	14 514	4 905
VENDA	4 898	13 903	4 898	14 494	4 898
WALTER SISULU	10 916	30 990	10 916	32 305	10 916
WESTERN CAPE	5 697	16 172	5 697	16 859	5 697
WITWATERSRAND	6 458	18 333	6 458	19 110	6 458
ZULULAND	5 422	15 391	5 422	16 045	5 422
SOL PLAATJE	940	2 668	940	2 782	940
MPUMALANGA	1 020	2 894	1 020	3 017	1 020
<b>TOTAL ALLOCATION TO UNIVERSITIES</b>	<b>180 983</b>	<b>513 781</b>	<b>180 983</b>	<b>535 594</b>	<b>180 983</b>
<b>OVERALL TOTAL FOR ACADEMIC YEAR</b>	<b>694 764</b>		<b>716 577</b>		–
<b>OVERALL TOTAL FOR FINANCIAL YEAR</b>	–	<b>694 764</b>		<b>716 577</b>	

It is important to note that Tables 12A 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, the 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 12B: Earmarked UCDG state budgets for 2024/25 and 2025/26**

University	2024/25 FINANCIAL YEAR			2025/26 FINANCIAL YEAR		
	Collaborative sub-		Institutional Implemen- tation Manage- ment Support 3) (R'000)	Collaborativ sub-		Institutional Implemen- tation Manage- ment Support 3) (R'000)
	Nationally- led 1)  (R'000)	Univer- sity-led 2)  (R'000)		Nationally- led 1)  (R'000)	Univer- sity-led 2)  (R'000)	
CAPE TOWN			992			995
LIMPOPO		62 529			65 686	
MANGOSUTHU UT			992			995
NELSON MANDELA	295 275			284 242		
NORTH WEST						
PRETORIA	29 527			30 455		
RHODES	39 370		992	40 606		995
SEFAKO MAKGATHO			993			995
STELLENBOSCH	9 842		993	30 455		
WITWATERSRAND	19 685			20 303		
SOL PLAATJE			993			995
MPUMALANGA			993			996
<b>TOTAL</b>	<b>393 699</b>	<b>62 529</b>	<b>6 948</b>	<b>406 061</b>	<b>65 686</b>	<b>5 971</b>
<b>OVERALL TOTAL FOR FINANCIAL YEAR</b>	<b>463 176</b>			<b>477 718</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 2024 and 2025 and thus have been allocated a top-up grant to assist with management of the UCDP at the university.

## 4 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 because of students being placed on extended/foundation programmes funded by earmarked foundation funds is to the benefit of a university, as additional graduates are funded within the teaching output sub-block grant.

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

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

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

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

Table 13 reflects the foundation provision grants per university for 2024/25, based on final audited HEMIS foundation student data for 2022.

The preliminary state budget for foundation provision of a university for 2025/26 can be determined by multiplying the university's weighted FTE enrolled students in courses in extended curriculum programmes in year 2023 by the estimated rand value for a weighted FTE enrolled student in courses in extended curriculum programmes for year 2025/26. The latter is determined by dividing the projected sector funded units of foundation students for 2023 reflected in Table 2 into the total earmarked foundation grant for the sector for 2025/26 reflected in Table 1. The total funded units of foundation students in 2023 in Table 2 is a projected value, which may change as final audited student data becomes available for 2023 at a later stage.

**Table 13: Earmarked foundation provision grants for 2024/25 and 2025/26**

<b>UNIVERSITY</b>	<b>2023/24 (R'000)</b>	<b>2024/25 (R'000)</b>
CAPE PENINSULA UT	58 369	69 564
CAPE TOWN	14 679	17 050
CENTRAL UT	12 904	12 423
DURBAN UT	4 779	4 435
FORT HARE	21 197	29 678
FREE STATE	54 485	44 595
JOHANNESBURG	73 055	66 784
KWAZULU-NATAL	28 367	31 768
LIMPOPO	44 217	39 721
MANGOSUTHU UT	9 253	9 114
NELSON MANDELA	19 666	26 256
NORTH WEST	35 130	36 206
PRETORIA	28 985	23 970
RHODES	1 822	2 083
SEFAKO MAKGATHO	6 377	7 385
STELLENBOSCH	6 939	7 801
TSHWANE UT	20 181	37 644
VENDA	16 168	13 435
WALTER SISULU	13 528	14 123
WESTERN CAPE	23 898	23 057
WITWATERSRAND	444	337
ZULULAND	11 051	9 600
<b>TOTAL</b>	<b>505 495</b>	<b>527 029</b>

## 5 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, the University of Limpopo, the 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 SB-DG is allocated for a 5-year period from 2022/23 to 2026/27, accompanied by a yearly allocation. The distribution of the new budget total for the SB-DG of R570.793 million for 2024/25 will be released against the strategic long-term development plans of these universities.

The amounts in Table 14 below are preliminary amounts for the 2024/25 financial year for the projects approved by the Minister to enable the universities to implement key projects.

**Table 14: Sibusiso Bengu Development Programme budgets for 2024/25)**

University	2024/25 (R'000)
Fort Hare	0
Limpopo	77 155
Mangosuthu	50 918
Sefako Makgatho	71 964
Venda	66 000
Walter Sisulu	94 700
Western Cape	45 056
Zululand	165 000
<b>TOTAL</b>	<b>570 793</b>

## 6 CLINICAL TRAINING GRANT (CTG)

The distribution of CTG funds for 2024/25 and 2025/26 are based on the CTG funding model. Budgets per university for the clinical training grant for the years 2022/25 and 2025/26 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 2024/25 and 2025/26 as per the model are reflected in Table 15.

**Table 15: Clinical Training Grants for 2024/25 and 2025/26**

UNIVERSITY	YEAR 2024/25 (R'000)	2025/26 (R'000)
CAPE PENINSULA UT	14 593	19 591
CAPE TOWN	57 111	57 825
CENTRAL UT	6 664	6 634
DURBAN UT	14 915	14 523
FORT HARE	7 128	7 087
FREE STATE	37 043	37 861
JOHANNESBURG	12 764	13 544
KWAZULU-NATAL	87 072	85 287
LIMPOPO	19 578	21 471
MANGOSUTHU UT	1 091	1 649
NELSON MANDELA	15 572	14 065
NORTH WEST	21 077	21 070
PRETORIA	70 269	71 410
RHODES	5 030	4 519
SEFAKO MAKGATHO	58 911	59 251
STELLENBOSCH	63 797	63 890
TSHWANE UT	11 928	11 614
VAAL UT	4 622	3 746
VENDA	4 287	4 329
WALTER SISULU	26 607	23 800
WESTERN CAPE	30 418	34 987
WITWATERSRAND	100 771	100 175
ZULULAND	4 867	3 661
<b>TOTAL</b>	<b>676 115</b>	<b>681 989</b>

Universities that qualify for the CTG are required to submit CTG budget proposals every two years. 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).

## 7 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 training of all veterinarians and veterinary nurses in South Africa. Unlike hospitals for humans, which are funded by the Department of Health, animal hospitals are 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 16 presents the allocations per university for Veterinary Science Programmes for 2024/25 and 2025/26.

**Table 16: Earmarked budgets for Veterinary Science Programmes**

<b>University</b>	<b>2024/25</b>	<b>2025/26</b>
North-West	8 900	9 173
Pretoria	175 840	175 908
South Africa	3 229	3 339
Tshwane	7 629	8 060
<b>Total</b>	<b>195 598</b>	<b>196 480</b>

## 8 Employment of University Graduate Assistants

In the 2021 Adjusted Estimates funds, an amount of R90 million was allocated for the Presidential Youth Employment Intervention: University Graduate Assistants. The aim of the programme at universities is to provide recently qualified university graduates with temporary employment to obtain workplace experience.

A further R94.500 million for 2022/23 was allocated for this programme. Only R91.020 million was released to universities, as indicated in the table below.

For 2023/24, the R99.225 million was reduced to zero as a result of National Treasury budget reductions in the 202/23 Adjusted Estimates of National Expenditure.

Due to major budget reductions in all other grants to universities including the block grant subsidy, the allocation of funds for the continuation of this grant in 2024/25 is not affordable.

Universities that have not yet spent the full allocation for previous years are required to continue spending the full amount for the original purpose of this grant. The Department will continue monitoring expenditure at universities.

**Table 17: Employment of University Graduate Assistants**

<b>UNIVERSITY</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>(R'000)</b>	<b>(R'000)</b>
CAPE PENINSULA UT	2 100	4 650
CAPE TOWN	4 500	0
CENTRAL UT	3 450	2 400
DURBAN UT	1 800	3 900
FORT HARE	4 050	4 500
FREE STATE	2 400	4 200
JOHANNESBURG	5 400	4 500
KWAZULU-NATAL	6 000	4 350
LIMPOPO	1 500	0
MANGOSUTHU UT	3 450	3 600
NELSON MANDELA	3 450	5 100
NORTH WEST	6 450	5 700
PRETORIA	4 050	5 100
RHODES	1 890	1 800
SEFAKO MAKGATHO	1 890	4 020
STELLENBOSCH	3 450	0
SOUTH AFRICA	0	4 500
TSHWANE UT	3 450	3 000
VAAL UT	4 740	7 500
VENDA	4 050	4 500
WALTER SISULU	3 570	7 200
WESTERN CAPE	5 400	1 800
WITWATERSRAND	6 000	3 000
ZULULAND	3 750	3 750
SOL PLAATJE	1 050	1 950
MPUMALANGA	2 160	0
<b>TOTAL</b>	<b>90 000</b>	<b>91 020</b>

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

### **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 No. 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.

For 2024/25, R332.709 million has been allocated for the operations of NSFAS. The 2024/25 allocation as per the December 2023 allocation letter from National Treasury amounts to R37 915.950 million.

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 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.