The Funding of TVET and CET Colleges and changes in recent years

Commission of Inquiry into Higher Education and Training

24 October 2016
Targets, Expenditure and Government Contributions – PSET Sector
### White Paper on Post School Education and Training (PSET)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Actual</th>
<th>Target (2030)</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TVET</td>
<td>702 000*</td>
<td>2 500 000</td>
<td>256%</td>
</tr>
<tr>
<td>Community colleges</td>
<td>265 000^</td>
<td>1 000 000</td>
<td>277%</td>
</tr>
<tr>
<td>University</td>
<td>937 000*</td>
<td>1 600 000</td>
<td>71%</td>
</tr>
</tbody>
</table>

# Expenditure on the PSET Sector (2014/15)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Amount (R'000)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>TVET Colleges</td>
<td>R8 501 243</td>
<td>11%</td>
</tr>
<tr>
<td>SETAs</td>
<td>R10 456 134</td>
<td>14%</td>
</tr>
<tr>
<td>Universities</td>
<td>R52 860 091</td>
<td>71%</td>
</tr>
<tr>
<td>Community Colleges</td>
<td>R1 731 890</td>
<td>2%</td>
</tr>
<tr>
<td>Other institutions (incl. DHET)</td>
<td>R426 536</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>R73 975 894</td>
<td>100%</td>
</tr>
<tr>
<td>Total as % of GDP</td>
<td></td>
<td>1.70%</td>
</tr>
</tbody>
</table>

Source: DNA Economics calculations based on data provided by the DHET. It should be noted that some SETA funds are eventually spent within the other sectors (TVET, Universities and Community Colleges), the exact amount of which is not available. As a result, the above table does include some degree of double counting; but the impact of this is likely to be very minor.
Government contribution to PSET by source (2014/15)

<table>
<thead>
<tr>
<th>Government Source</th>
<th>Amount (R’000)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSFAS</td>
<td>8 961 429</td>
<td>22%</td>
</tr>
<tr>
<td>DHET Transfers to TVET colleges</td>
<td>5 827 173</td>
<td>14%</td>
</tr>
<tr>
<td><strong>DHET Transfers to Universities[1]</strong></td>
<td>24 155 093</td>
<td>59%</td>
</tr>
<tr>
<td>Community Colleges</td>
<td>1 731 890</td>
<td>4%</td>
</tr>
<tr>
<td>PSET Institutions (incl. DHET)</td>
<td>426 536</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41 102 121</strong></td>
<td></td>
</tr>
</tbody>
</table>

Government PSET expenditure % of total PSET expenditures: 55.56%

% of total of tax revenue: 4.17%

Source: DNA Economics based on various sources of information


The TVET Colleges (continued)

TVET COLLEGE FUNDING 2013 (R9.1 BILLION)

- Direct DHET transfers: 60%
- NSFAS: 20%
- NSF: 5%
- Other (Private & SETAS): 15%
The TVET Colleges (continued)

TVET Colleges - Estimated shortfalls as a % of budget

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget Allocated</th>
<th>Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>81%</td>
<td>19%</td>
</tr>
<tr>
<td>2014/15</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>2015/16</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>2016/17</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>2017/18</td>
<td>53%</td>
<td>47%</td>
</tr>
</tbody>
</table>
Community Colleges’ expenditure

- Expenditure increased from R 1.22 billion in 2010/11 to R 1.73 billion in 2014/15. Despite the 45.5% increase in overall funding - simultaneous increase in enrolments means that revenue (from direct government transfers) per learner decreased from R 6 714 in 2014/15 to R 6 071 in 2015/16.

- Year-on-year budget increases for AET have been on a relative decline and reflects the fact that provinces have consistently not prioritised AET. This decline in allocations affect the state of AET provision and the perceived decline in quality of provision over the years.

- Analysis of expenditure shows that 93% is spent on compensation of employees, leaving very little for the management or equipping of the colleges or learner materials.

Specific questions that were asked
Are the TVET Colleges equitably funded across Provinces?
Calculated weighted funded FTEs for NC(V) and Report 191 funded FTE enrolments as at February 2013 per province and programme

<table>
<thead>
<tr>
<th>Province</th>
<th>Weighted FTEs NC(V)</th>
<th>Weighted FTEs Report 191 N1 - N3</th>
<th>Weighted FTEs Report 191 N4 - N6</th>
<th>Total Weighted FTEs</th>
<th>2013/14 Funding allocation</th>
<th>Allocation per Weighted FTE</th>
<th>Deviation from Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>24 865</td>
<td>817</td>
<td>3 579</td>
<td>29 261</td>
<td>R 785 866 000</td>
<td>R 26 857</td>
<td>R 6 074</td>
</tr>
<tr>
<td>Free State</td>
<td>9 174</td>
<td>1 173</td>
<td>4 876</td>
<td>15 223</td>
<td>R 364 705 000</td>
<td>R 23 958</td>
<td>R 3 174</td>
</tr>
<tr>
<td>Gauteng</td>
<td>41 670</td>
<td>3 355</td>
<td>10 031</td>
<td>55 056</td>
<td>R 1 276 429 000</td>
<td>R 23 184</td>
<td>R 2 400</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>45 667</td>
<td>2 005</td>
<td>9 485</td>
<td>57 156</td>
<td>R 969 192 000</td>
<td>R 16 957</td>
<td>-R 3 827</td>
</tr>
<tr>
<td>Limpopo</td>
<td>32 573</td>
<td>817</td>
<td>4 894</td>
<td>38 284</td>
<td>R 614 458 000</td>
<td>R 16 050</td>
<td>-R 4 734</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>14 533</td>
<td>989</td>
<td>1 436</td>
<td>16 958</td>
<td>R 387 950 000</td>
<td>R 22 877</td>
<td>R 2 094</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>3 981</td>
<td>211</td>
<td>1 086</td>
<td>5 278</td>
<td>R 88 392 000</td>
<td>R 16 747</td>
<td>-R 4 036</td>
</tr>
<tr>
<td>North West</td>
<td>13 467</td>
<td>1 239</td>
<td>1 926</td>
<td>16 633</td>
<td>R 295 004 000</td>
<td>R 17 736</td>
<td>-R 3 047</td>
</tr>
<tr>
<td>Western Cape</td>
<td>23 162</td>
<td>1 001</td>
<td>4 497</td>
<td>28 659</td>
<td>R 673 872 000</td>
<td>R 23 513</td>
<td>R 2 730</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>209 092</strong></td>
<td><strong>11 607</strong></td>
<td><strong>41 810</strong></td>
<td><strong>262 508</strong></td>
<td>R 5 455 868 000</td>
<td>R 20 784</td>
<td><strong>R 0</strong></td>
</tr>
</tbody>
</table>
Main Findings of National Treasury’s Performance and Expenditure Review of the public TVET college sector

- Colleges receive largest portion (85%) of funding from government. DHET transfers (60%), bursary funding from NSFAS (20%), & project funding from the NSF (5%) and SETAs.

- DHET funding - funding formula based on enrolments in each programme, regardless of certification or throughput rates. Once ‘enrolment-based allocation’ of funding was determined, TVET colleges only received a percentage of the allocation as based on previous provincial allocations & available funding. Serious underfunding of TVET colleges in some provinces & gross inequalities between provinces.

- Expenditure analysis (14 TVET colleges) revealed substantial differences between average spending per Full Time Equivalent (FTE) student in the analysed colleges; with average college spending ranging from approximately R20,063 to R39,925 per FTE for NC(V) and from R15,462 to R36,763 for NATED.
Main Findings of National Treasury’s Performance and Expenditure Review of the public TVET college sector

- Actual spending per FTE doesn’t differ substantially between different types of courses within the same college. Colleges do not in practice spend substantially more on higher funded courses (more practical) than lower funded ones. In practise this means that practical courses are not being taught in the appropriate way.
- Approximately 6% of average college spending on NC(V) programmes is on direct programme costs; i.e. textbooks, programme consumables, toolkits, etc. Substantially less than what was assumed in the funding norms.
- Given the low throughput rates, the costs per graduate are exceedingly large in many colleges as expenditure is apportioned to very few graduates.
- A positive relationship was observed between certification rates and each of (a) funding (b) expenditure per FTE student and (c) staff development spending.
Main Findings of National Treasury’s Performance and Expenditure Review of the public TVET college sector

- Colleges that spend more on staff development (as a proportion of their total compensation bill) have significantly higher certification rates.
- Low throughput rates often also result in small class sizes at later levels of NC(V) and NATED programmes. Increases the costs per student. In response, colleges often centralise the delivery of certain programmes to ensure sufficient class sizes at later levels. This has a negative impact on accessibility – especially in rural areas.
- Importance of focussing on the cost per graduate, rather than on the more basic measure of cost per enrolment. It outlines the crucial role that certification rates play in determining the cost effectiveness of the sector; with low certification rates resulting in enormous costs per graduate. Even though targets in this sector are mostly focussed on enrolment numbers, if those enrolled do not graduate and become contributory elements of the economy, the sector provides no benefit to the country.
Main Findings of National Treasury’s Performance and Expenditure Review of the public TVET college sector

- The sector has been earmarked as a substantial potential growth lever for the economy, as is reflected in the policy targets to increase enrolments from 639,618 in 2013 to 2.5 million in 2030.
- An almost four-fold increase in the size of the sector will have to be accompanied by substantially capital infrastructure expenditures.
- By building more effective relationships with industry, colleges could generate a greater proportion of their funding from private sources, which could reduce the financial strain for the fiscus to meet these targets. However this approach might require substantial up-front costs in increasing quality and / or capacity of colleges.

# NC(V) Certification Rates by programme

<table>
<thead>
<tr>
<th>NC(V) Programmes</th>
<th>Certification rates</th>
<th>Dropout rates</th>
<th>Throughput rates (within minimum time)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>L2</td>
<td>L3</td>
<td>L4</td>
</tr>
<tr>
<td>Civil Engineering &amp; Building Contr.</td>
<td>23%</td>
<td>20%</td>
<td>26%</td>
</tr>
<tr>
<td>Education and Development</td>
<td>44%</td>
<td>60%</td>
<td>61%</td>
</tr>
<tr>
<td>Electrical Infrastructure Constr.</td>
<td>23%</td>
<td>26%</td>
<td>29%</td>
</tr>
<tr>
<td>Engineering and Related Designs</td>
<td>25%</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>Finance, Economics &amp; Accounting</td>
<td>30%</td>
<td>30%</td>
<td>28%</td>
</tr>
<tr>
<td>Hospitality</td>
<td>40%</td>
<td>41%</td>
<td>37%</td>
</tr>
<tr>
<td>IT and Computer Science</td>
<td>18%</td>
<td>15%</td>
<td>21%</td>
</tr>
<tr>
<td>Management</td>
<td>33%</td>
<td>30%</td>
<td>44%</td>
</tr>
<tr>
<td>Marketing</td>
<td>35%</td>
<td>41%</td>
<td>39%</td>
</tr>
<tr>
<td>Mechatronics</td>
<td>29%</td>
<td>22%</td>
<td>29%</td>
</tr>
<tr>
<td>Office Administration</td>
<td>43%</td>
<td>33%</td>
<td>47%</td>
</tr>
<tr>
<td>Primary Agriculture</td>
<td>26%</td>
<td>35%</td>
<td>28%</td>
</tr>
<tr>
<td>Primary Health</td>
<td>61%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Process Plant Operations</td>
<td>40%</td>
<td>40%</td>
<td>45%</td>
</tr>
<tr>
<td>Safety in Society</td>
<td>47%</td>
<td>43%</td>
<td>49%</td>
</tr>
<tr>
<td>Tourism</td>
<td>41%</td>
<td>42%</td>
<td>63%</td>
</tr>
<tr>
<td>Transport and Logistics</td>
<td>42%</td>
<td>61%</td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>33%</td>
<td>30%</td>
<td>37%</td>
</tr>
</tbody>
</table>

## NATED / Report 191 Certification Rates by programme

<table>
<thead>
<tr>
<th></th>
<th>Certification rate</th>
<th>Dropout rate</th>
<th>Throughput rate (within minimum time)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>N1-N3 Programmes</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Engineering Studies</td>
<td>50%</td>
<td>4%</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>47%</td>
<td>2%</td>
<td>46%</td>
</tr>
<tr>
<td></td>
<td>45%</td>
<td>2%</td>
<td>44%</td>
</tr>
<tr>
<td><strong>N4-N6 Programmes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering Studies</td>
<td>54%</td>
<td>8%</td>
<td>53%</td>
</tr>
<tr>
<td></td>
<td>52%</td>
<td>2%</td>
<td>51%</td>
</tr>
<tr>
<td></td>
<td>46%</td>
<td>2%</td>
<td>45%</td>
</tr>
<tr>
<td>Art and Design</td>
<td>44%</td>
<td>6%</td>
<td>41%</td>
</tr>
<tr>
<td></td>
<td>50%</td>
<td>3%</td>
<td>49%</td>
</tr>
<tr>
<td></td>
<td>59%</td>
<td>4%</td>
<td>57%</td>
</tr>
<tr>
<td>Business Management</td>
<td>34%</td>
<td>6%</td>
<td>32%</td>
</tr>
<tr>
<td></td>
<td>40%</td>
<td>5%</td>
<td>38%</td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>5%</td>
<td>26%</td>
</tr>
<tr>
<td>Clothing Production</td>
<td>42%</td>
<td>10%</td>
<td>37%</td>
</tr>
<tr>
<td></td>
<td>58%</td>
<td>2%</td>
<td>57%</td>
</tr>
<tr>
<td></td>
<td>46%</td>
<td>10%</td>
<td>42%</td>
</tr>
<tr>
<td>Educare</td>
<td>40%</td>
<td>5%</td>
<td>38%</td>
</tr>
<tr>
<td></td>
<td>51%</td>
<td>6%</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>48%</td>
<td>2%</td>
<td>47%</td>
</tr>
<tr>
<td>Financial Management</td>
<td>30%</td>
<td>4%</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>51%</td>
<td>4%</td>
<td>49%</td>
</tr>
<tr>
<td></td>
<td>27%</td>
<td>3%</td>
<td>26%</td>
</tr>
<tr>
<td>Hospitality and Catering</td>
<td>25%</td>
<td>4%</td>
<td>24%</td>
</tr>
<tr>
<td></td>
<td>39%</td>
<td>3%</td>
<td>38%</td>
</tr>
<tr>
<td></td>
<td>30%</td>
<td>1%</td>
<td>29%</td>
</tr>
<tr>
<td>Human Resource Management</td>
<td>30%</td>
<td>5%</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>22%</td>
<td>3%</td>
<td>21%</td>
</tr>
<tr>
<td>Introductory Art and Design</td>
<td>52%</td>
<td>3%</td>
<td>50%</td>
</tr>
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<td></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Introductory Business Studies</td>
<td>35%</td>
<td>4%</td>
<td>34%</td>
</tr>
<tr>
<td></td>
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<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Introductory Clothing Prod.</td>
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<td>31%</td>
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<tr>
<td></td>
<td>N/A</td>
<td>N/A</td>
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</tr>
<tr>
<td>Management Assistant</td>
<td>44%</td>
<td>5%</td>
<td>42%</td>
</tr>
<tr>
<td></td>
<td>31%</td>
<td>5%</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>40%</td>
<td>5%</td>
<td>38%</td>
</tr>
<tr>
<td>Marketing Management</td>
<td>33%</td>
<td>5%</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>37%</td>
<td>2%</td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td>21%</td>
<td></td>
<td>20%</td>
</tr>
<tr>
<td>Public Management</td>
<td>25%</td>
<td>5%</td>
<td>24%</td>
</tr>
<tr>
<td></td>
<td>27%</td>
<td>4%</td>
<td>26%</td>
</tr>
<tr>
<td></td>
<td>34%</td>
<td>3%</td>
<td>33%</td>
</tr>
<tr>
<td>Public Relations</td>
<td>45%</td>
<td>4%</td>
<td>43%</td>
</tr>
<tr>
<td></td>
<td>32%</td>
<td>3%</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>22%</td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td>Tourism N</td>
<td>40%</td>
<td>4%</td>
<td>38%</td>
</tr>
<tr>
<td></td>
<td>29%</td>
<td>5%</td>
<td>28%</td>
</tr>
<tr>
<td></td>
<td>37%</td>
<td>2%</td>
<td>36%</td>
</tr>
<tr>
<td>Total N4-N6 Business</td>
<td>34%</td>
<td>5%</td>
<td>32%</td>
</tr>
<tr>
<td></td>
<td>33%</td>
<td>4%</td>
<td>32%</td>
</tr>
<tr>
<td></td>
<td>27%</td>
<td></td>
<td>26%</td>
</tr>
</tbody>
</table>

## GETC-ABET examination results from Public AET Centres for 2011 to 2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Registered</th>
<th>Wrote</th>
<th>Completed</th>
<th>Completion as % of registered</th>
<th>Completion as % of wrote</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>107 780</td>
<td>39 856</td>
<td>13 924</td>
<td>12.9%</td>
<td>34.9%</td>
</tr>
<tr>
<td>2012</td>
<td>109 883</td>
<td>55 735</td>
<td>23 325</td>
<td>21.2%</td>
<td>41.8%</td>
</tr>
<tr>
<td>2013</td>
<td>109 518</td>
<td>52 501</td>
<td>19 945</td>
<td>18.2%</td>
<td>38.0%</td>
</tr>
<tr>
<td>2014</td>
<td>133 363</td>
<td>102 534</td>
<td>38 592</td>
<td>28.9%</td>
<td>37.6%</td>
</tr>
</tbody>
</table>

Source: DHET (2016) Examinations data
How do the FET and CET Colleges make funding decisions?

TVET Colleges:

• DHET allocates funds from the 80% state programme funding (which we know is currently at about 56%).
• 20% of the state programme funding must come from fees (largely funded by NSFAS)
• TVET colleges annually have their planning process (Strategic Plans, Operational Plans and Annual Performance Plans)
• In the planning process Colleges include the determination of their budget and how they intend to allocate the funding to activities.
• The budget of the college would therefore include funding from other sources of income e.g. donations, NSF, SETAs etc.
How do the FET and CET Colleges make funding decisions?

CET Colleges:

• DHET allocates full 100% funds (current 2016/2017 year estimated at R1.7 billion)

• Historically a few Public Adult Learning Centres (PALCs) charged small fees for photocopied notes, help in paying electricity accounts, etc. Minimal income from this.

• When PALCs where a provincial responsibility their planning may have been part of Provincial Education Departments’ overall planning processes. Whatever it was it was notoriously ineffective. Unclear what planning processes take place in the new nine Community College Administrative Centres

• CET Colleges have no income from other sources of income e.g. donations, NSF, SETAs etc.
What autonomy do they have in sourcing funds and deciding budgets?

TVET Colleges:

• Colleges are allowed to raise funds from other sources and also to enter into partnership with e.g. the industry.
• FET Colleges determine their budgets, DHET allocate state funding which is part of their total revenue.

CET Colleges

• Nominally the legislation for CET Colleges is similar to TVET College legislation and allows for raising of funds from other sources. But as actual community colleges do not yet exist this is purely nominal. Community Colleges not per se yet operational.
Institutional costs to students, infrastructure, staffing and other major cost

TVET Colleges:

The 80% state funding includes:

- Compensation of Employees (CoE) – i.e. staffing costs (63% - retained by DHET for PERSAL) for both lecturing and support staff;
- Non-Personnel Non-Capital costs – i.e. Operational costs including procurement of learning and teaching material (27%);
- Infrastructure maintenance (10%). – No CAPEX budget is allocated by DHET/State

CET Colleges:

The 100% state funding includes:

- Most of the state funding goes on staff costs. Few if any support staff.
- Currently virtually nothing goes on teaching materials. Some ex PALCs in some areas have received small operational cost sums (to pay mainly for electricity).
- Probably none. Most ex PALCs are housed, after hours, in schools.
Ministerial Committee on the review of the funding frameworks of TVET Colleges and CET colleges

*Committee still has to table final report to the DHET. This presentation can only note tentative findings*
Inter alia:
• Do the current funding frameworks work?
• What is the most suitable and preferable funding framework(s)?
• Should the funding approach be more diversified?
• Do we need funding legislation amendments?
• Can we expand and yet not underfund?
• Efficiency and dealing with poor performance
The brief continued – Community Colleges

- Relevance of current adult learning centre funding?
- Determine the typical characteristics of the proposed Community Colleges: performance, accountability, growth potential, viable size, etc.
- Types of vocational qualifications and costs
- Where should new Community Colleges be established or merged?
The National Context Affecting TVET and Community Colleges
Post-School Education as a Public Good

- PSET as a public good
- Five principles of action:
  - Access
  - Diversity of programmes
  - Articulation
  - Differentiation of institutions
  - Capacity building
- TVET Colleges and Community Colleges serve the really disadvantaged
- The economic rationale for technical, vocational and basic education skills
The brief continued – Community Colleges

- Relevance of current adult learning centre funding?
- Determine the typical characteristics of the proposed Community Colleges: performance, accountability, growth potential, viable size, etc.
- Types of vocational qualifications and costs
- Where should new Community Colleges be established or merged?
South Africa post-school system, 2010 vs 2014

2010

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>University students</td>
<td>892 936</td>
<td>93 623</td>
</tr>
<tr>
<td>College students</td>
<td>326 889</td>
<td>77 960</td>
</tr>
<tr>
<td>Adult education &amp; training students</td>
<td>297 491</td>
<td></td>
</tr>
<tr>
<td>Total 18- to 24-year-olds</td>
<td>2 781 185</td>
<td></td>
</tr>
</tbody>
</table>

2014

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>University students</td>
<td>969 155</td>
<td>67 933</td>
</tr>
<tr>
<td>College students</td>
<td>702 383</td>
<td>78 995</td>
</tr>
<tr>
<td>Adult education &amp; training students</td>
<td>262 621</td>
<td>7 560</td>
</tr>
<tr>
<td>Total 18- to 24-year-olds</td>
<td>3 001 000</td>
<td></td>
</tr>
</tbody>
</table>

Shape of the US public post-secondary system
2009, number of institutions

- 615 institutions for 4-year college/university degree
- 1092 institutions for 2-year college/university degree
- 3660 institutions for post-secondary technical qualification

An overview of post-school education and training

- The changing education landscape
- The odd, inverted pyramid, (out of) shape of post-school education and its funding
- There are more out than in.
- Ambitious PSET massification goals
- The (original) community college proposals

- Change the shape?
- Do we really want low quality massification?
The TVET Colleges

- Current funding is insufficient (and growingly so) and inequitable (because state grants based on historical provincial allocations).
- Problems of massification and underprepared students – very poor throughput rates
- Mergers of 2002 (from 150 to 50) ended parallel race segregated institutions but led to closure of many smaller colleges serving rural people
- Recapitalisation in 2005 helped infrastructure and capacity
- Poor articulation between TVET colleges and other education sectors
- Current funding is programme subsidies and conditional grants
Fair funding would pay equal rand values per weighted FTEs.

This is not the case – baseline allocations of conditional grants are based upon historical allocations (i.e. some provinces are unfairly advantaged).

No allowance made for whether colleges are urban or rural, small or large or effective in throughput or not.

TVET colleges only receive a percentage of the what they should be granted according to the funding formula.

This shortfall has grown from 19% in 2013/2014 to 44% in 2016/2017 – heading towards a major crisis.
The Community Colleges and their Community Learning Centres

- The Public Adult Learning Centre (PALC) system
- The new Community College policy
- A transition from PALCs to CCs linked to a bureaucratic function shift
- There are no actual community colleges or pilots
- Current funding is totally inadequate and pays mainly temporary contract underqualified educators

- More money (1.5% of education budget and then benchmarked %)
- A proper holding operation and new implementation plan
- Serious curriculum and materials provision
In 2012 a Ministerial Task Team on Community Education and Training Centres (DHET 2012c, 2012d) report proposed a new institutional set up including Community Colleges as district hubs for Community Learning Centres.

The actual proposals were as follows:
• A network rather than a single ‘new’ institution
• The network would be an integral part of the post-school system
• It would have two major components:

  ➢ **Community Learning Centres (and their smaller satellites)**: (with the Kha Ri Gude literacy campaign infrastructure, matured into a national learning network (with some similarities to the Scandinavian study circles), linked to them
  ➢ **Community Colleges** (within a differentiated college sector) as support hubs for the Community Learning Centres clustered around them
• Support from an Institute for Adult, Youth and Community Learning (not merely a sub-section of a TVET Institute)

• Open, distance and e-learning components in all of these institutions

• There would be strong links to the TVET college system

• There might be a pilot phase in which the model was tested but the aim was for a community college in every district of the country.
The Community Colleges and their Community Learning Centres (continued)
The Task team saw the work of these Community College/Community Learning Centres as focussing on the following:

<table>
<thead>
<tr>
<th>NQF level</th>
<th>Institution</th>
<th>Mission</th>
<th>Programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 3</td>
<td>Community Learning Centres</td>
<td>First and second chance literacy and vocational</td>
<td>ABET, soft vocational skills, GETC, NASCA, some CLCs focus on hard vocational skills and NCV, community and non-formal education, <em>Kha Ri Gude</em> learning network programmes</td>
</tr>
<tr>
<td>1 to 5</td>
<td>Kha Ri Gude Learning Network</td>
<td>Literacy and public education</td>
<td>Literacy, public and community education [Multi-ministry delivery]</td>
</tr>
<tr>
<td>4 to 5</td>
<td>Community colleges</td>
<td>First, second chance Senior Certificate. Vocational and occupational programmes</td>
<td>NASCA, NC(V), soft vocational skills, social learnerships, para-professional programmes, university bridging</td>
</tr>
</tbody>
</table>
International Post-school systems
International Post-School Systems

- Literature review
- Brazil study

Large number of issues and potential recommendations related to funding:
- Comprehensive ACET policy and legislation needed
- The appropriate weighting of funding for TVET, Adult Education and Universities
- More differentiation of provision and institutions continued
More issues and potential recommendations:

- Better overall institutional framework co-ordination
- Decentralised governance – central governance impractical
- Part-time and flexible modes of study – how to fund
- Fund only a manageable set of qualifications
- Career guidance must be funded
- Articulation and transfer incentives
- Underprepared student programmes
- Educator and trainer development funding (incentives to universities)
International Post-School Systems

Even more issues and potential recommendations:

• Better data and EMIS and data requirements for funding
• Funding of research
• Funding from local government
• Better mix of funding sources
• Special funding agencies of DHET
• Using and funding private providers
• Free tuition (post #Fees must fall)
• Refined funding formulae

continued
International Post-School Systems

More issues and potential recommendations:

• Output based funding
• Expenditure ratios
• Proportion of the national education budget
• Financial aid reform

Internationally countries with general equality among citizens prioritise good secondary education for all, unequal societies tend to prioritise funding of universities for an elite.
Provision and access to colleges

- The issue of under-preparedness of students looms large – whose responsibility is it to fix what the schools have failed to do?
- Fair access to post school education requires all citizens to have benefited from quality secondary education

Monitoring, evaluation and research

- Unless we know what is going on we cannot deploy funds strategically
RECOMMENDATIONS THE COMMITTEE WILL MAKE

The numerous draft recommendations are necessarily provisional as the report still has to be accepted by the DHET.
A funding framework for Colleges

• The core principle is that of effective provision
• Dividing the cake rationally and equitably
• There should be an urgent and substantial increase in TVET and Community College funding
• Funding benchmarks are needed, e.g. for the academic and support staff ratio
• Balance between expansion and quality (with output weighted and key programmes funded)
• Agreed upon enrolment plans
• Formulae refinements for variable course costs and for disadvantage and advantage
• Provincial disparities in TVET and Community College funding based upon old provincial allocations must end.
• Bridging for underprepared students for foreseeable future (and this will cost)
• Major development funding needed for community colleges (adult education)
• Major course and materials development (especially for Community Colleges)
• Poor performance remedies – output based factor in subsidy formulae
A funding framework for Colleges (continued)

• Funding predictability is essential – growing shortfalls in TVET college grants a recipe for disaster

• There should be free tuition in TVET and Community Colleges – but if there is a serious shortage of funds the students in TVET Colleges that pay fees should however continue to do so until more funding is available. No fees should be paid by students in Community Colleges because these students are predominantly from the poor.

• Current NSFAS funding to TVET colleges (which are grants not loans) should become part of baseline funding.

• Living allowances for indigent students should be in the form of vouchers and linked to performance.
• TVET Colleges should retain profits from programmes
• Fiscal governance of TVET Colleges should be improved and started in the to be Community Colleges
• Universities should restore the capacity they abandoned in the last 15 years to support adult educator development
Thank You