

PRESIDENTIAL COMMISSION OF INQUIRY INTO HIGHER EDUCATION & TRAINING



25 October 2016

INTRODUCTION

- False Bay College is a public TVET College and forms part of the post-school education system residing under the DHET. The DHET comprises of
 - 50 Public TVET Colleges
 - 25 Public Universities
 - 9 Community Colleges
 - SETAs and the National Skills Fund
 - Regulating Bodies – SAQA, CHET (HEQC), QCTO
- Technical, Vocational and Educational and Training (TVET) Colleges were previously known as Further Education and Training (FET) Colleges.
- The current 50 TVET Colleges were established in 2002 through the merging of 152 FET Colleges (previously technical colleges).
- Initially these colleges were provincial competencies.
- In 2009 it was decided that colleges should move from being a provincial to a national competency. In 2013 the DHET assumed responsibility of the colleges.

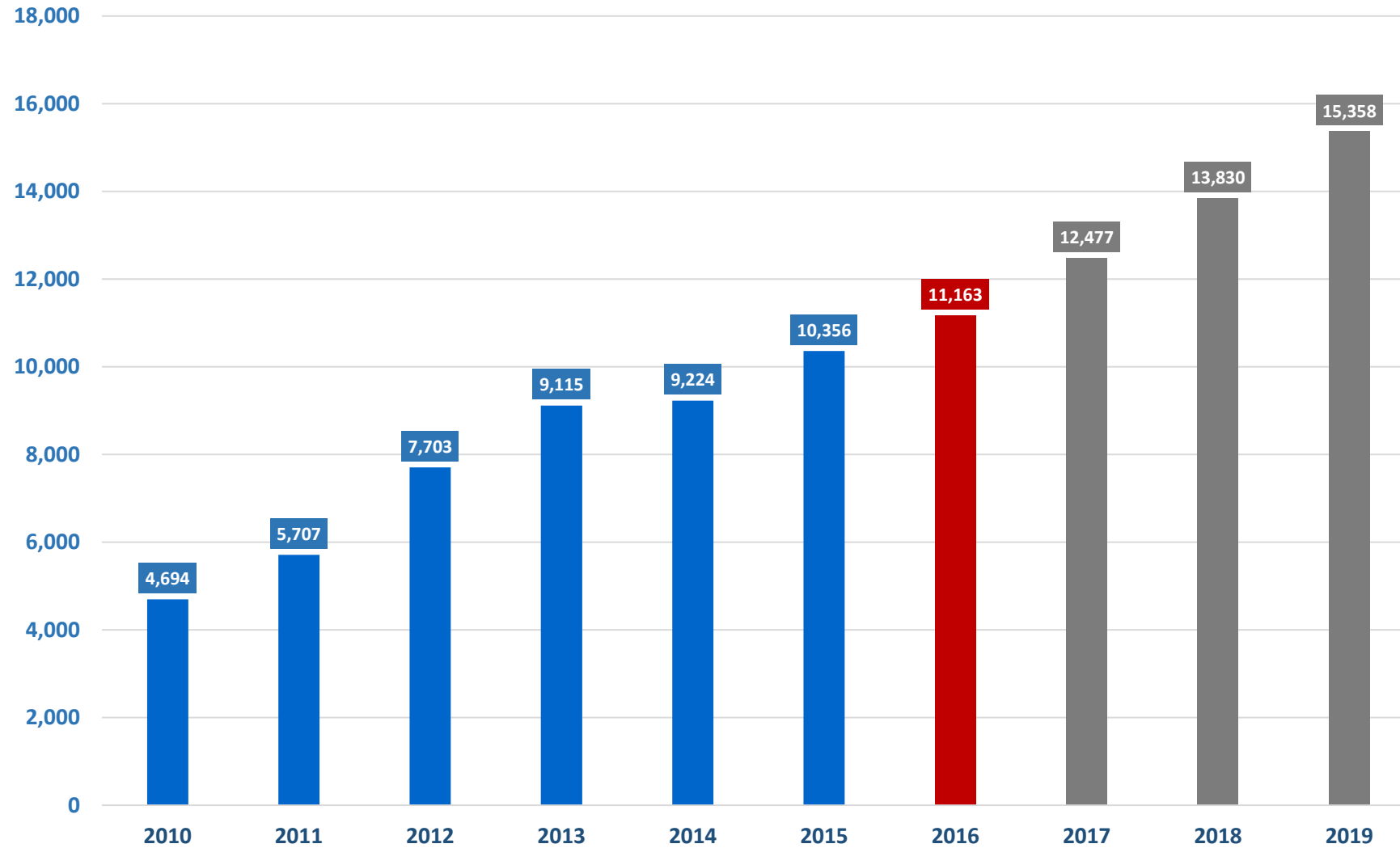
THE MANDATE OF TVET COLLEGES

- The Constitution specifies that everyone has the right (a) to a basic education, including adult basic education; and (b) to further education, which the state, through **reasonable measures**, must make **progressively available** and accessible.
- The main purpose of TVET Colleges is to train young school leavers, providing them with the skills, knowledge and attitudes necessary for employment in the labour market.
- They primarily provide training focussing on the mid- level skills
- Both the National Development Plan 2030 and the White Paper on Post School Education & Training 2013 sets a target for the TVET College Sector to grow from its current size of approximately 700 000 students to 2.5 million in 2030.
- The White Paper further emphasises the focus on the training of artisans.
- Government expects that TVET Colleges will become the cornerstone of the country's skills development system. Thus the emphasis is on the rapid increase of enrolments.
- The White Paper states that the funding norms must take into consideration that colleges largely provide for students from poor families

FALSE BAY TVET COLLEGE

- False Bay College focuses on serving the communities residing in the South Peninsula area of Cape Town, Mitchell's Plain and Khayelitsha.
- The geographical footprint incorporates some of the most marginalized and economically disadvantaged communities in the Cape Town Metropole.
- The College has 5 campuses, namely, Khayelitsha, Mitchell's Plain, Westlake, Fish Hoek, and Muizenberg.
- The college is in the process of establishing a new campus located between Khayelitsha and Mitchells Plain which is commonly referred to as the Swartklip Campus. This new campus will focus on artisan training and has the potential to become the largest artisan training facility in the country.
- The college's strategic plan was approved by the Minister of Higher Education and Training for the period : 2015 – 2019.
- The College has adopted a balanced approach regarding the funding streams of its programme qualification mix.

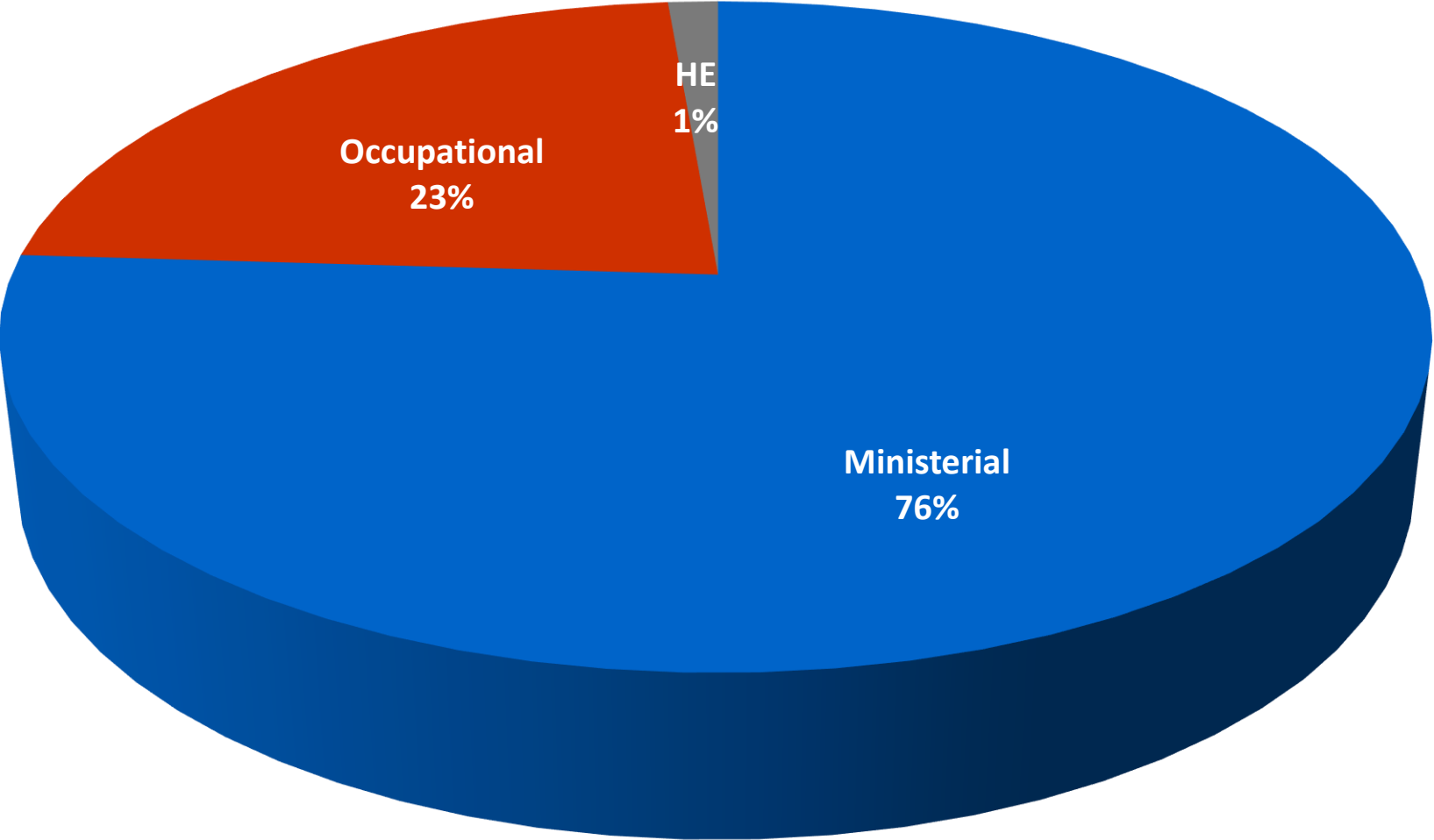
FALSE BAY COLLEGE STUDENT NUMBERS : 2010 - 2019



PROGRAMMES AND FUNDING OF TVET COLLEGES

- The college programmes can be grouped into 3 categories, namely,
 - Ministerial Programmes
 - Occupational Programmes
 - Higher Education Programmes
- The funding source and the quality assurance of the programmes in the 3 categories differ.

FALSE BAY COLLEGE (PQM) : 2016



MINISTERIAL PROGRAMMES

- Ministerial Programmes encompass National Certificate Vocational (NC(V)) as well as Report 191 (NATED) programmes.
- The DHET funds these programmes out of their allocation from treasury, in the form of formula funding.
- The DHET is responsible for the costing of these programmes and the current policy is that the DHET funding provides for 80% of the programme costs and the student is responsible for paying the remaining 20% in the form of tuition fees.
- NSFAS bursaries are available for needy students who are not in a position to pay the 20% class fees.
- The reality however, is that in 2015 there was 664,748 student in these programmes at colleges countywide whilst the DHET could only fund 429,638 (64%) students. This underfunding continued in 2016 and indications are that it will remain unchanged in 2017.
- False Bay College is currently carrying a large percentage of unfunded students. Both the DHET and NSFAS allocations are insufficient because it is based on the 2013 student numbers.
- The actual programme funding which the college is receiving is not 80% but 69% resulting in a shortfall of R19 million in 2016.

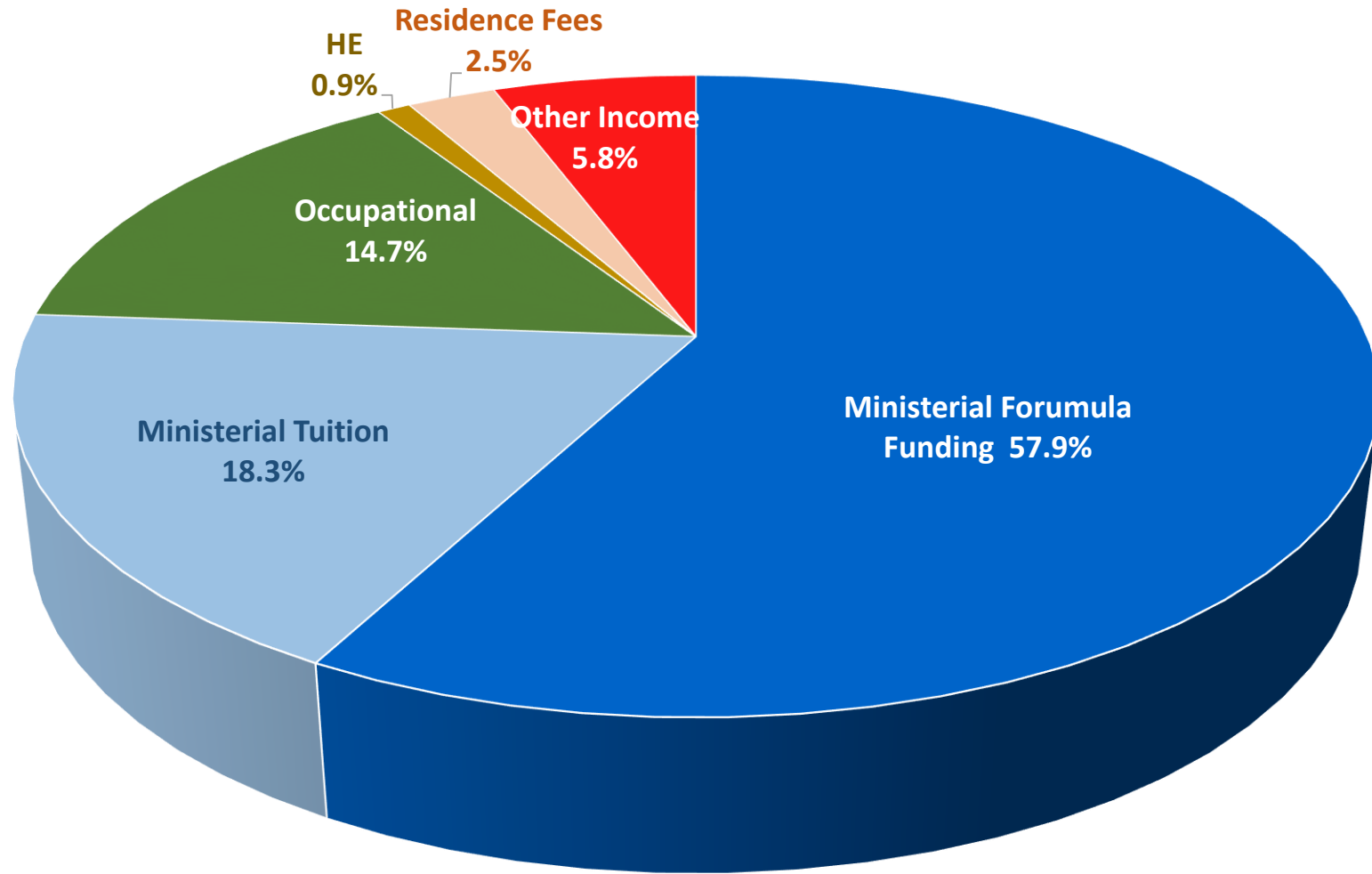
OCCUPATIONAL PROGRAMMES

- Occupational Programmes encompass learnerships, apprenticeships and skills programmes.
- These programmes **are not funded** by the DHET out of the allocation from the fiscus. Programmes are offered at full cost to the client.
- Colleges, SETAs as well as the National Skills Fund (NSF) do however collaborate in partnership arrangements to provide access to the disadvantaged unemployed into these programmes. In such cases a student's tuition fees are covered and they also receive a stipend whilst they are at the college, as well as in the workplace.
- SETAs and the NSF derive their income from the 1% skills payroll levy paid by all employers to SETAs.

Higher Education Programmes

- Higher Education Programmes encompass any university programme which a public TVET offers in partnership with a university.
- The Continuing Education and Training (CET) Act 16 of 2006 allows colleges to offer university programmes, provided it is in partnership with a university. Most of the Higher Education programmes offered by TVET colleges are L5 Higher Certificates.
- In the case of Higher Education Programmes, the programmes are subsidised by the DHET through the partnering university and the students can access NSFAS loans through the university.

INCOME STREAMS



MINISTERIAL PROGRAMMES :FORMULA FUNDING

- The DHET is responsible for the costing of the Ministerial programmes and the current policy is that the DHET funding provides for 80% of the programme costs and the student is responsible for paying the remaining 20% in the form of tuition fees.
- Formula Funding of Programmes is intended to cover the recurring costs of the Ministerial programmes. The economic categories for these incurring costs are divided into 3 groups: (1) personnel cost, (2) capital infrastructure costs, which is specific cost relating to replacement of equipment and (3) non- personnel non-capital which is college overheads e.g., training consumables, water and electricity etc.
- The funding does not differentiate between the modes of delivery, e.g., face- to-face and distance learning.

MINISTERIAL PROGRAMMES :FORMULA FUNDING (cont.)

- There is a weight attached to each economic category which differs from programme to programme and it is calculated in a formula funding grid. The formula funding grid applies to all TVET Colleges in the country.
- Incorporated in the funding grid is an output bonus which is based on the performance of students during one or more past years. This however has not as yet been implemented.
- It further incorporates a claw back clause which relates to enrolment underachievement during the past three years. This however has not as yet been implemented.
- The funding formula recognizes that delivering to special needs students may entail a higher unit cost. This however has not as yet been implemented.

EARMARKED CAPITAL FUNDING

- The purpose of this funding is to fund new infrastructure, upgrade current infrastructure and capital back logs. This funding is college specific.
- Colleges were transferred to the DHET with their provincial budgets. In most cases provincial budgets did not make provision for CAPEX. In cases where there was a budget it was insignificant and probably top sliced out of the programme funding.

NSFAS Bursary Fund

- Different to Universities, the TVET college students qualify for NSFAS **bursaries** and **not loans**.
- The current criteria for awarding bursaries to TVET Colleges students is : -
 - The student must be enrolled for either an NC(V) or Report 191 Programme
 - The college must be satisfied that the student is meeting the criteria for academic progress by using academic evidence
 - The financial need of the student must be assessed using the Financial Means Test tool as a guide when awarding bursaries to students
 - The household income must be less than R122 000 per annum
- The current criteria for Students with Disabilities is : -
 - The student must be enrolled for an NC(V) or Report 191 Programme
 - The student must be academically able
 - The household income should be less than R400 000 per annum

NSFAS Bursary Fund (cont...)

- NSFAS bursary covers tuition fees, textbooks as well as other learning and training material.
- A student that resides more than 10kms from the campus further qualifies for a transport allowance, relating to the actual cost of travelling, to a maximum of R7405 per annum.
- Students who reside further than 40kms from the campus qualify for an accommodation allowance of R19 746 per annum.

NSFAS Bursaries : False Bay College

- In 2016, False Bay College was able to allocate **tuition fee bursaries** to 64% of all NC(V) and NATED students.
- 79% of the NSFAS beneficiaries qualified for a transport allowance.
- No students were allocated an accommodation allowance as the college focuses on serving the communities in its geographical footprint
- The full NSFAS allocation to False Bay College was exhausted in 2016.
- The college, out of own funds, supported a further 10% of the NC(V) and Report 191 students for tuition fees only. This is however, is not sustainable.

MOVING TOWARDS A NO-FEE SYSTEM

Ministerial programmes

- If the funding policy was implemented and there was not a situation of large numbers of unfunded students in the system we would have been very close to a no fee situation.
- We do not however support free education for all in the TVET Sector. We support a position of **differentiated support**.
- We believe that the best way of implementing this differentiated system of support is through revising and strengthening the NSFAS bursary scheme.
- We are **proposing** a system where students are divided into **4 categories**.

MOVING TOWARDS A NO-FEE SYSTEM

Ministerial programmes (cont....)

- Category 1 (Low income)
Family income below R175 000 per annum. These students should qualify for an NSFAS **bursary** that covers tuition fees (inclusive of training material), transport or accommodation allowance as per the current Bursary Rules. Critical to include is a R4000 per annum meal allowance. This will ensure that students enjoy at least one meal per day.
- Category 2 (so called missing middle)
Family income more than R175 000 but below R350 000 per annum. These students should qualify for a NSFAS **bursary** that covers tuition fees (inclusive of training material). This category of students should qualify to apply for an NSFAS **loan** to cover transport /accommodation.
- Category 3
Family income more than R350 000 but less than R600 000 per annum. These students can apply for an NSFAS **loan** to cover **tuition fees** only.
- Category 4
Students whose family income is above R600 000 per annum will not receive any NSFAS financial support.

MOVING TOWARDS A NO-FEE SYSTEM

Ministerial programmes (cont....)

- If the above was implemented in 2016 the False Bay College's NSFAS allocation of R33 million would have to be increased to approximately R75 million to accommodate the above recommendations.
- Of the R75 million, approximately R6 million would have been loans. The meal allowance would have been a big ticket item of approximately R21 million.
- In 2016 the NSFAS allocation to TVET Colleges was just over R2, 321 billion. Should this proposal be implemented, the allocation to colleges would have to be approximately R5, 276 billion.

MOVING TOWARDS A NO-FEE SYSTEM

Occupational and Higher Education Programmes

- **Occupational Programmes**

The current system is not very stable and colleges on an annual basis, must apply for financial support to accommodate poor students. There would be stability if the DHET plays a more active role in facilitating proposals with a 3-year cycle.

- **Higher Education Programmes**

The Higher Education Programme's financial support will have to be linked to the university model.

FEARS

- The current university fee crisis is diverting all attention to universities and it could be at the cost of TVET Colleges.
- There is a real fear that funding which would have been committed to support the growth of TVET Colleges could be recommitted to solve the university crisis.
- There is a current reality that the student numbers at TVET Colleges might have to decrease in order to remain financially viable.
- Should this be the case, we will lose all the gains of the last decade to correct the anomaly of less students at colleges than universities.
- The international norm in developing and developed countries is that there are more students at TVET Colleges than universities, which is not the case in South Africa.
- By international standards the college sector is too small for the size and the level of the development of our economy. Industrialized countries have over 6% of the youth cohort in vocational education. In South Africa it is a mere 2%.
- It is therefore clear that the college sector will have to be increased at least three fold.

THANK YOU