

Department of Higher Education and Training

Community colleges funding requirements

Presentation to the Commission of Inquiry into Higher Education and Training

26 October 2016



Presentation outline

- 1) Government policy and legislative position
- 2) The context: the Department's position
- 3) The extent of the demand for community education and training opportunities: Permutations
- 4) Policy response to the demand for CET opportunities
- 5) Current institutional landscape
- 6) Sector under-funding: Historical and Current
- 7) Effects of current and historical under-funding
- 8) Funding requirements to enable compliance with policy and Constitutional obligations

Government policy and legislative position

- 1) Constitution of the Republic of South Africa, 1996
- 2) National Development Plan: Vision 2030
- 3) White Paper on Post-School Education and Training, 2013
- 4) Medium Term Strategic Framework, 2009-2014, 2014-2019
- 5) National Policy on Community Education and Training Colleges, 2015
- 6) General and Further Education and Training Quality Assurance Act, 2001
- 7) National Qualifications Framework Act, 2008
- 8) National Norms and Standards for Funding CET Colleges

The Context

- The issue of fee-free higher education and training cannot be considered outside of the wider context of funding for the education system as a whole, and the Post-School Education and Training (PSET) system specifically
- The Department of Basic Education provides for education through schooling
- The Department's remit is to provide education and training for anyone out of school who requires it
- The PSET system must provide for school leaving youth (entering the Higher Education and Technical and Vocational Education and Training sector) as well as out of school youth who dropped out before Grade 9 and adults (the Community Education and Training sector)

The Right to Education

The Department derives its mandate from Section 29 of the the Constitution:

- (1) *Everyone has a right –*
 - (a) *to a basic education, including adult basic education, and*
 - (b) *further education, which the state, through reasonable measures, must make progressively available and accessible.*
- (2) *Everyone has the right to receive education in the official language or languages of their choice in public educational institutions where that education is reasonably practicable. In order to ensure effective access to, and implementation of this right, the state must consider all reasonable educational alternatives, including single medium institutions, taking into account –*
 - (a) *equity,*
 - (b) *practicability, and*
 - (c) *the need to redress the results of past racially-discriminatory laws and practices*

Extent of the demand for community education and training opportunities: GHS

- The 2015 General Household Survey report published in June 2016 shows that there are 18.857 million South Africans who are 20 years of age and older, who could benefit from the expansion and quality provision of community education and training programmes. The permutations of the figure of 18.857 million are disaggregated below:
 - 1.711 million (9%) have no formal school education at all
 - 3.478 million (18.4%) have some primary schooling
 - 1.6 million (8.4%) have completed primary schooling
 - 12.079 million (64%) who have some secondary education but did not attain a Grade 12 equivalent qualification such as the Senior Certificate, National Senior Certificate or National Certificate (Vocational), qualifications at Level 4 of the NQF

Extent of the demand for community education and training opportunities: NEETS, (2016 LFS, Q2)

Education level	15-24 yrs.	25-34 yrs.	35-64 yrs.	Total
No schooling	37,744	61,334	600,266	699,344
Primary or less	351,345	437,612	1 833,145	2 622,103
Secondary education less than grade 12	1 499,052	2 313,378	2 828,821	6 641,251
Grade 12	1 145,042	1 291,622	1 352,378	3 789,043
Grade 12 with Certificate/Diploma	97,026	172,076	209,094	478,196
Degree	56,626	111,749	188,916	357,290
Other and Unspecified	30,576	39,563	94,476	164,615
Total	3 217,412	4 427,334	7 107,096	14 751,842

Policy response to the demand for CET opportunities

- 18 million potential learners should be served by the Community College system
- The *National Policy on Community Education and Training Colleges* calls for pilots to establish effective model(s) for CET college system; specifically for the management and governance model, the nature of programmes, student support systems, staffing and employment of personnel in the college and how colleges should be funded
- It is envisaged that the pilot process will provide lessons in the scaling up the establishment of Community Colleges in district municipalities

Current institutional landscape

- 1) In terms notices published in Government Gazette No. 38570 of 16 March 2015 the following Community Colleges were established:

Name	Notice No.
LP Community Education and Training College	213
EC Community Education and Training College	214
WC Community Education and Training College	215
KZN Community Education and Training College	216
NW Community Education and Training College	217
NC Community Education and Training College	218
FS Community Education and Training College	219
GP Community Education and Training College	220
MP Community Education and Training College	221

Current institutional landscape

- 1) In terms notices published in Government Gazette No. 38674 of 7 April 2015 the former PALCs were merged into the new CET College per province as indicated in the Table below:

Name	CLCs	Notice
LP Community Education and Training College	779	298
EC Community Education and Training College	304	300
WC Community Education and Training College	254	305
KZN Community Education and Training College	1097	299
NW Community Education and Training College	148	303
NC Community Education and Training College	191	297
FS Community Education and Training College	204	301
GP Community Education and Training College	47	302
MP Community Education and Training College	252	304
	3276	

Extent of the demand for community education and training opportunities

- In terms of the NDP enrolments in CET colleges are targeted to reach 1 million by 2030
- Funding requirements to enable this include paying attention to the unfunded current enrolment, the quality of provision, as well as projected enrolment costs to meet the MTEF enrolment target of 398 439 in 2019 (increasing from 310 000 in 2016)
- The main objective is to effectively respond to the educational needs of those who never completed or attended school

Extent of the demand for community education and training opportunities

- The CET sector also needs to offer the second chance provision for adults and youths who do not hold a senior certificate through the newly developed National Senior Certificate for Adults – the roll out of this requires a further R1.3 billion
- Adequately funding the CET sector at this moment in time, to meet the constitutional obligation to provide adult basic education as a fundamental right, will require approximately R46.210 billion additional funding over the MTEF

Sector under-funding: Historical/Provincial

Categories	2012/13	2013/14	2014/15	2015/16
	R'000	R'000	R'000	R'000
Compensation of Employees (Salary and related Expenses)	1 443 627	1 432 442	1 472 237	1 776 894
Goods and Services	75 785	94 815	103 493	113 967
Machinery and Equipment	1 170	6 060	6 148	3 074
Transfers and Subsidies	46 456	50 329	52 547	92 470
Total	1 569 054	1 584 239	1 635 019	1 986 405
% Baseline Growth rate year-on-year		0.97%	3.21%	21.49%

Sector under-funding: Historical/Provincial

Province	2012/13	2013/14	2014/15	2015/16
Eastern Cape	350241	353 158	367 842	387 431
Free State	138320	154 620	136 318	143 598
Gauteng	391851	388 983	403 471	421 962
KZN	163269	168 658	177 353	187 232
Mpumalanga	130274	138 696	139 810	146 295
Limpopo	x	146 267	154 706	161 822
Northern Cape	32238	36 720	38 395	35 331
North West	x	159 241	177 369	187 322
Western cape	35818	37 896	39 755	41 752
Total	1 569 054	1 584 239	1 635 019	1 712 745

CET Sector funding: Current

Programme	Adjusted Appropriation R'000	Medium-Term Expenditure Estimate R'000		
	2015/16	2016/17	2017/18	2018/19
Administration	366 083	373 667	399 272	427 166
Planning, Policy and Strategy	58 260	71 545	76 447	81 825
University Education	32 892 002	39 531 603	41 944 120	44 319 940
Technical and Vocational Education and Training	6 843 005	6 917 191	7 414 233	7 865 692
Skills Development	206 474	224 534	244 716	260 567
Community Education and Training	1 563 512	2 069 739	2 237 311	2 379 637
Subtotal	41 929 336	49 188 279	52 316 099	55 334 827
Direct charge against the National Revenue Fund	15 800 000	17 639 595	19 687 116	22 057 492
Total	57 729 336	66 827 874	72 003 215	77 392 319

CET Subsystem underfunding: MTEF Allocation

Economic Classification	Adjusted Appropriation R'000	Medium-Term Expenditure Estimate R'000		
	2015/16	2016/17	2017/18	2018/19
Compensation of Employees	7 236 153	7 839 886	8 429 841	8 961 753
Goods and Services	369 368	375 270	423 969	447 901
Transfers and subsidies	34 313 284	40 965 418	43 453 062	45 915 703
<i>National Student Financial Aid Scheme</i>	<i>6 448 551</i>	<i>11 392 674</i>	<i>10 143 091</i>	<i>10 578 549</i>
<i>Public entities (SAQA, CHE, QCTO)</i>	<i>117 424</i>	<i>120 961</i>	<i>139 806</i>	<i>147 915</i>
<i>SETA transfers (DHET's contribution)</i>	<i>139 717</i>	<i>102 420</i>	<i>119 260</i>	<i>126 176</i>
<i>Universities</i>	<i>26 286 077</i>	<i>27 964 818</i>	<i>31 606 841</i>	<i>33 534 871</i>
<i>TVET colleges (Subsidies)</i>	<i>1 214 740</i>	<i>1 274 848</i>	<i>1 328 096</i>	<i>1 405 498</i>
<i>Community Education Training Centers</i>	<i>92 470</i>	<i>98 202</i>	<i>103 898</i>	<i>109 924</i>
<i>Higher Education South Africa for HEAIDS project</i>	<i>7 761</i>	<i>8 172</i>	<i>8 581</i>	<i>9 079</i>
<i>Commonwealth of Learning and IBSA</i>	<i>3 951</i>	<i>3 323</i>	<i>3 489</i>	<i>3 691</i>
<i>Other (Leave gratuity)</i>	<i>2 593</i>	<i>-</i>	<i>-</i>	<i>-</i>
Payments for capital assets	10531	7 705	9 227	9 470
Subtotal	41 929 336	49 188 279	52 316 099	55 334 827
Direct charge against the National Revenue Fund	15 800 000	17 639 595	19 687 116	22 057 492
Total	57 729 336	66 827 874	72 003 215	77 392 319

CET UNIT G&S ALLOCATION

Regional Office	2016/17	2017/18	2018/19	2019/20
	R'000	R'000	R'000	R'000
Eastern Cape	874	928	983	1 038
Free State	2 987	3 173	3 360	3 548
Gauteng	6 702	7 118	7 538	7 960
Kwazulu Natal	3 284	3 487	3 693	3 900
Limpopo	3 941	4 185	4 432	4 681
Mpumalanga	3 795	4 030	4 268	4 507
Northern Cape	218	231	245	259
North west	1 679	1 783	1 888	1 994
Western Cape	1 707	1 812	1 919	2 027
Total	25 187	26 748	28 326	29 913
Projected CPI as per 2017 MTEF Treasury Budget Guideline		6.2%	5.9%	5.6%

Excludes Compensation of Employees

CET COLLEGE BUDGET ALLOCATION: OPERATIONAL COSTS

CET COLLEGE	2016/17	2017/18	2018/19	2019/20
Eastern Cape	809	859	909	960
Free State	704	748	792	837
Gauteng	8 558	9 088	9 624	10 163
KwaZulu-Natal	574	610	646	682
Limpopo	1 799	1 910	2 023	2 136
Mpumalanga	1 416	1 503	1 592	1 681
Northern Cape	255	271	287	303
North West	1 613	1 713	1 814	1 915
Western	1 641	1 742	1 845	1 949
TOTAL	17 368	18 444	19 533	20 626
Projected CPI as per 2017 MTEF Treasury Budget Guideline		6.2%	5.9%	5.6%

Excludes Compensation of Employees

CET BUDGET ALLOCATION: TRANSFER AND SUBSIDIES

CET COLLEGE	2016/17	2017/18	2018/19	2018/19
Eastern Cape	6,996	7,401	7,831	7,831
Free State	4,530	4,793	5,071	5,071
Gauteng	28,718	30,384	32,146	32,146
KwaZulu-Natal	8,127	8,599	9,098	9,098
Limpopo	12,963	13,715	14,510	14,510
Mpumalanga	13,038	13,794	14,594	14,594
Northern Cape	1,863	1,971	2,085	2,085
North West	13,550	14,336	15,167	15,167
Western Cape	8,416	8,904	9,421	9,421
TOTAL	98,202	103,898	109,924	116,080
Projected CPI as per 2017 MTEF Treasury Budget Guideline		6.2%	5.9%	5.6%

Effects of neglect : Historical and current under-funding

1. Unaffordability of salaries for lecturers
2. Lack of appropriate CET College institutional infrastructure
3. Standardisation of the lecturer conditions of service
4. Inadequate learning and teaching material
5. Unaffordable time on teaching and learning
6. Lack of tools, equipment, suitable furniture to support teaching and learning
7. Lack of diversity of programme offerings/lack responsiveness
8. Lack of human resource at college, region (CET) and national (Programme 6) to support the CET College system
9. Lack of capacity to manage and administer CET examination

Projected increase in headcount enrolment in CET Colleges

- 1) The National Development Plan (NDP) target 1.0 million CET students by 2030.
- 2) Current enrolment target (2016/17) is: 310 000 in the APP aligned to NDP target
- 3) Projected increase over 2017 MTEF is 8.7% per annum
- 4) Additional Projected Funding Shortfall required for the increase in CET enrolment is as follows:

**Principal assumptions:
Estimated Programme Funding Shortfall: CET
Colleges: 2017 MTEF**

1. Estimated Shortfall is based on projected NDP Targets to reach 1 million students in CET Colleges.
2. Estimated average programme cost of R38 043 per student.
3. Estimated programme Cost in CET Colleges is equated to the cheapest TVET Colleges NCV Programme (Office Administration).

**Principal assumptions:
Estimated Programme Funding Shortfall: CET
Colleges: 2017 MTEF**

- 1) Estimated programme costs is projected to increase at the rate of projected CPI as follows:
 - a) 2017/18: 6.2%
 - b) 2018/19: 5.9%
 - c) 2019/20: 5.6%
- 2) However the enrolment is projected to grow at 8.7% which is 2.5% above projected CPI rate.

Estimated programme funding shortfall: 2017 MTEF in line with 2030 NDP target

Categories	Baseline: 2016/17	2017/18	2018/19	2019/20
Estimated target	310 000	337 051	366 462	398 439
	R'000	R'000	R'000	R'000
Total Estimated Programme Funding Costs Required	11 146 829	12 822 432	14 749 914	16 999 211
Programme Funding Baseline Available (incl. CoE for Lecturers)	2 028 110	2 153 853	2 280 930	2 417 786
Total Estimated Shortfall	(9 118 719)	(10 668 579)	(12 468 984)	(14 581 425)

Estimated programme funding shortfall: 2017 MTEF: National Senior Certificate (Adults)

Categories	Baseline: 2016/17	2017/18	2018/19	2019/20
Estimated target		10 000	10 000	1000
		R'000	R'000	R'000
Total Estimated Programme Funding Costs Required		380 430	402 500	425 440
Programme Funding Baseline Available (incl. CoE for Lecturers)		0	0	0
Total Estimated Shortfall		(380 430)	(402 500)	(425 440)

Estimated programme funding shortfall: 2017 MTEF: Piloting the Community Colleges

Categories	Baseline: 2016/17	2017/18	2018/19	2019/20
Estimated target		9	9	9
		R'000	R'000	R'000
Total Estimated Programme Funding Costs Required		105 415	110 684	116 217
Programme Funding Baseline Available (incl. CoE for Lecturers)		0	0	0
Total Estimated Shortfall		(105 415)	(110 684)	(116217)

Principal assumptions

Estimated Employee Salary Costs Shortfall: CET Colleges: 2017 MTEF

1. Estimated Employee Salary Costs are projected to grow at 9% per annum over the MTEF period which includes the following:
 - a) Projected CPI: 7.2% per annum (6.2% + 1%)
 - b) Pay Progression: 1.5% for lecturing and support staff
 - c) Occupation Specific Dispensation (OSD): 0.3% for qualifying lecturing staff

Estimated Shortfall on Improvement in Conditions of Service (ICS): 2017 MTEF

Categories	Baseline: 2016/17	2017/18	2018/19	2019/20
	R'000	R'000	R'000	R'000
Total Estimated Employee Salary Costs	2 011 688	2 160 553	2 320 434	2 492 146
Baseline Available: Employee Costs	1 869 733	1 996 875	2 132 663	2 290 480
Total Estimated Shortfall	(141 955)	(163 678)	(187 771)	(201 666)

Principal Cost drivers

Estimated NASCA & GETC Examination Costs 2017 MTEF

1. Two cycle for the GETC and 1 for NASCA
2. Setting
3. Marking
4. Production
5. Monitoring and Support
6. SBA Monitoring and Moderation
7. Subsistence and Travel Allowances, Overtime costs for National, Regional officials
8. Increase in enrolments
9. Examination Equipment and Maintenance

Estimated Funding Shortfall for Examination Costs including GETC and NASCA:2017 MTEF

Categories	Baseline: 2016/17	2017/18	2018/19	2019/20
	R'000	R'000	R'000	R'000
Estimated Budget required	565 081	643 064	734 018	840 380
Baseline Budget Available	83 639	88 824	93 065	99 332
Estimated Funding Shortfall	(481 442)	(554 240)	(639 953)	(741 048)

Principal assumptions: Estimated Infrastructure Costs: 2017 MTEF

- 1) Estimated infrastructure maintenance backlog cost is calculated at 10% of the total estimated costs for delivery of programmes
- 2) Estimated Refurbishment Cost is in line with available infrastructure but customized to the needs of the CET Colleges
- 3) Estimated Rental Cost is charged at 350 square meters at R120 per square meter per month

Estimated Funding Shortfall for Infrastructure Costs for CET Colleges:2017 MTEF

Categories	Baseline: 2016/17	2017/18	2018/19	2019/20
	R'000	R'000	R'000	R'000
Maintenance Backlog (For Community Learning Centres)	1 114 682	1 282 243	1 474 991	1 693 506
Refurbishment (For the 9 CET Colleges)	840	892	945	998
Lease Rental (For 9 CET Colleges)	4 536	4 817	5 101	5 387
Total Estimated Infrastructure Costs	1 120 058	1 287 952	1 481 037	1 699 891

Estimated CET sector funding shortfall for 2017 MTEF: Summary

Categories	2016/17	2017/18	2018/19	2019/20	Total Over 2017 MTEF
	R'000	R'000	R'000	R'000	R'000
CET System expansion and quality improvement	9 118 719	10 662 579	12 468 984	14 581 425	37 712 988
NASCA	0	380 430	402 500	425 440	1 208 370
CET Pilots	0	105 415	110 684	116 217	332 316
Improvement of conditions of service	141 955	163 678	187 771	201 666	553 115
Examinations	481 442	554 240	639 953	741 048	1 935 241
Infrastructure	1 120 058	1 287 952	1 481 037	1 699 891	4 468 880
Total	10 862 174	13 154 294	15 290 929	17 765 687	46 210 910



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Thank You