higher education & training
Department: Higher Education and Training
REPUBLIC OF SOUTH AFRICA

DISCUSSION DOCUMENT- ADAPTING THE NNSF- ALCs TO ENVISAGED CET COLLEGES

MINISTERIAL COMMITTEE

15- 16 OCTOBER 2015

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BACKGROUND

- The Continuing Education and Training (CET) Act 16 of 2006 repealed Adult Education and Training (AET) Act 52 of 2000

PURPOSE

- This discussion documents is meant to solicit inputs for the adaptation of the current funding norms and may not be exhaustive or comprehensive in addressing all matters that may require consideration. The final document serve as a foundation for drafting the amendments to the funding norms.
- It is also meant to be a mechanism for consulting all relevant stakeholders on the proposed adaptation of the National Norms and Standards for Funding Adult Learners Centres (NNSF- ALCs) to the envisaged institutional types.

RATIONALE

- The proposal to adapt CLCs funding norms comes as a result of the introduction of CET Act that had repealed AET Act
- The proposed amendments to the funding norms takes into account the following:
  - Implications of the CET Act
  - Implications of the White Paper on funding CLCs
  - CAPEX implications for new institutional types i.e. CETCs
  - Funding for special needs
  - Funding mechanism for NASCA
  - Regulations for subsidising private CLCs
  - Different funding mechanism based on geographic and poverty levels where centres are located

IMPLICATIONS OF WHITE PAPER ON CLCs FUNDING NORMS

- The White Paper states that funding is based largely on student enrolment and therefore it is difficult to plan and build institutional capacity
- According to the Act, CET colleges' governance will be in the form of Councils and the Minister may decide what not to apply e.g. Academic boards.
- The White Paper states that public CLCs are currently funded on a model based on learner enrolment. The NNSF- ALCs attempted to avoid limiting enrolments to state funding by varying educator costs (par 18). Through increases and decreases in the salary mix of educators by altering skills and seniority mix of educators

FEES

- The NNSF- ALCs did do not require learners to pay fees for AET level 1- 4 learning areas
- Students enrolled in Ministerial approved programmes offered at TVET colleges may be subjected to pay the 20% fee portion as it is practiced in those colleges
  - They may also be entitled to a bursary scheme if they cannot afford to pay fees and are financially needy and academically capable
  - The means test applied at TVET colleges may be applied for bursaries
- The DHET will determine the fee structure for other skills programmes which are not in the list of approved programmes. These may include Accredited livelihood skills programmes to form part of no fee programmes and may also be funded through the NSF and SETAs

CAPITAL FUNDING

- The funding norms do not provide for CAPEX except funding for access to physical facilities utilised by a centre
- This calls for introduction of capital funding considering that some CET colleges would be expected to occupy their own properties
- It is proposed that funding for infrastructure should **not** be limited to the costs for accessing physical facilities but also provide for infrastructure solely to be utilised for AET as stand alone CET colleges
- There might be a need to conduct a study of the demographics in terms of areas with more or dwindling target groups such as a particular age cohort and identify where new centres can be established or merger those with low enrolments

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CAPITAL FUNDING (CONT.)

- The process of infrastructure development needs to be cost effective. The following may need to be considered for CET colleges to own their property i.e. land and building:
  - Conduct proper infrastructure planning
  - Identify facilities that can be established
  - Introduce recapitalisation for those centres that might offer vocational or skills programmes
  - Conduct a study of demographics and capacity of the utilisation of available buildings
  - Introduce few classrooms with small central offices as main centres
- The DHET may request from the NT the recapitalisation fund for new or extension of infrastructure (buildings) and allocate to CLCs based on a transparent criteria that will have to be developed which will prioritise centres with needs

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PROGRAMME FUNDING

- Programme funding will cover three economic categories if capital funding is introduced. These will be Personnel, Non- Personnel Non-Capital (NPNC) and Capital Replacement
- The Capital Replacement will mainly cover infrastructure maintenance and replacement of equipment. This funding is not meant for erection or extension of new buildings

FUNDING OF SPECIAL EDUCATION NEEDS

- Some CLCs may be designated to become centres for special needs education OR may consider making all centres inclusive centres where students with disabilities may be accommodated. In short, the following types of CLCs may be considered for special needs education which are:
  - Designated CLCs for special needs only with hostel facilities
  - Designated inclusive centres
  - All be inclusive centres
- There will be a need to fund different types of centres differently or provide additional funding to provide for the required additional facilities; conversion of facilities; equipment; assistive devices etc.
- It would be preferable to conduct costing of the above options and consider the much cost effective

FUNDING MECHANISM FOR NASCA

- An investigation of any challenges in offering NASCA at CLCs may need to be conducted which may have further cost implications and need to be propose how to address them if there could be any.
  - These might be additional infrastructure costs such as laboratories as NASCA proposes physical science, computer science, life science etc.

POOR PERFORMANCE OF CLCs

- The poor performance by CLCs may need to be dealt with at the level of individual staff performance appraisal, to avoid punishing communities by reducing enrolments which might affect students who might already be from a disadvantage community and may not have any recourse

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SIZE OF A CENTRE

- There is a need to cost for a minimum size of a centre that will not operate at a loss, meaning where the operational costs would be higher than the income received for programmes offered to learners, to ensure efficiency of resources.
- The following options may be explored:
  - Introduce main offices with satellites/ campuses
  - In the interim the minimum size of 500 students per centre is proposed

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DISTANCE EDUCATION

- In order to increase the reach of post- school education, it is necessary to consider open and distance education as an important option, as it unlikely that contact learning can be provided for everyone
- The current practice of funding distance education at lower levels need to be reviewed
- Currently the success rates in distance education are low and therefore models of distance student support and high level contact technologies need to be developed and funded
- There is a need to consider for example, providing distance students with laptops and funding for connectivity

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SETAs AND NSF

- SETAs need to extend their mandate to CET colleges for skills and learnership programmes. The following will have to be considered:
  - Facilitate partnerships with business and CET colleges and enter into Memorandum of Agreement (MoA) and Service Level Agreements (SLA)

GEOGRAPHIC LOCATION OF PUBLIC CLCs AND POVERTY

- Currently there is no provision for CLCs which are situated in areas where there are no surrounding industries for work integrated learning, or for centres to have a potential of accessing or increasing funding.
  - It would be recommended that review of the funding model may take this into consideration
- There might be a need for a different funding model for rural CLCs to be able to make such centres more economically viable as they are likely to benefit lesser on the fee for service and other forms of private funding

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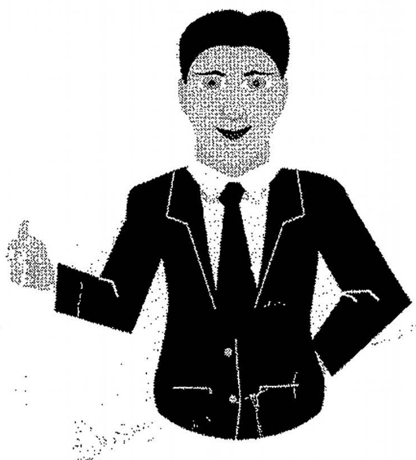
COMPENSATION OF COUNCIL MEMBERS

- It may be necessary to consider regulating the remuneration of Council members via the funding norms. Need to cap the compensation of college Councils and the fee structure of the meeting allowances
  - Consider gazetting the compensation rate
- It would be important to conduct research to the better understand the costs regarding the expenses of College Council members incurred as part of College Council business before regulating the compensation of Council members

CONCLUSION

- Any other areas not addressed which may be deemed important to consider are invited for inclusion in the draft document as well as inputs to the proposals made in this documents

Thank you



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AMENDMENTS TO TVET COLLEGES FUNDING NORMS FROM PUBLIC COMMENTS

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PUBLIC COMMENTS ON NNSF- TVET COLLEGES

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1. PUBLIC COMMENTS RECEIVED FROM GAUTENG PED

HISTORICAL OVERVIEW OF THE TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING COLLEGE SECTOR FUNDING EQUITY AND REDRESS (PAGE 5)

- The following categories need to be strengthened to ensure transformation:
  - Specific focus on funding programmes aimed at producing artisans and increase numbers of colleges in this area
  - Previously disadvantaged learners and people with disabilities and women in traditional male dominated skills area

PUBLIC COMMENTS RECEIVED FROM GP PED (CONT.)

THE FUNDING FORMULA (PAGE 6)

- Government's funding of colleges occurs through the Post Provisioning Model. In addition, non- personnel funds are allocated to colleges according to simple FTE based formulas that vary from one province to another.
  - There is a need to standardize the formula to stabilize the Post Provisioning Model and eliminate disparities in the sector as well as provide basis for calculating allocation of Council employed staff at colleges
  - This would also assist in curtailing exorbitant Council employed budget expenditure in some colleges

NB: there is a draft college policy which suggests that Treasury Regulation be applied

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PUBLIC COMMENTS RECEIVED FROM GP PED (CONT.)

DEVELOPMENT OF THE COUNTRY AND THE REGION (PAGE 8)

- Technical and Vocational Education and Training in South Africa, and policies and strategies for the public funding of this service at TVET colleges must be carefully considered so that the economic and development challenges of the country can be tackled with maximum effectiveness (paragraph 8)
  - One of the identified overarching challenges is the lack of inclusion and support of people with disabilities

THE ROLE OF PUBLIC TVET COLLEGES (PAGE 12)

- Public TVET colleges should be responsible for the structuring of their college fees, including college fees charged for publicly funded programmes (paragraph 17)
  - Support the quick development and immediate application of college fees structuring. This would avoid the non- standardised charging of registration fees in TVET colleges

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PUBLIC COMMENTS RECEIVED FROM GP PED (CONT.)

THE SYSTEM FOR FUNDING PUBLIC TVET COLLEGES (PAGE 14)

- To make special needs in Education (SNE) Funding of DHET an integral part of it. This means that the SNE with its weighting and disability categorization be included as part of the National Norms and Standard for Funding TVET colleges (NNSF).

NB: DHET concur with the introduction of funding according to categories of disabilities

TYPES OF FUNDING FOR PUBLIC TVET COLLEGES (PAGE 14)

- The income of TVET colleges can be divided into seven streams:
  - Recommend that SNE funding be an integral part of the NSF. Furthermore, that the income of TVET colleges be divided into eight(8) streams with the addition of Earmarked for disability and special education needs funding

PUBLIC COMMENTS RECEIVED FROM GP PED (CONT.)

FORMULA FUNDING OF PROGRAMMES (PAGE 14)

- The formula funding grid is designed to promote particular goals in service delivery (paragraph 26). It is recommended that the following goal be included in the goals:
  - To promote the recruitment and support of learners with disabilities and learning difficulties

PUBLIC COMMENTS RECEIVED FROM GAUTENG PED (CONT.)

FINANCIAL MANAGEMENT AT PUBLIC TVET COLLEGES (PAGE 24)

- The DHET must pay special attention to the matter of the financial reserves of colleges and private loans taken by colleges to fund infrastructure and other development (paragraph 81).
  - Pay special attention to college financial reserves is not enough unless there are accounting processes and procedures in place to enable the management to account for reserves keeping and utilization
  - Ensuring that this reserves are primarily utilized to fund students and programmes that are highly likely to succeed and ensure employability and especially self employment. Expend these funds from reserves to develop incubators in colleges to support entrepreneurship development in partnership with civil society and industry

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PUBLIC COMMENTS RECEIVED FROM GAUTENG PED (CONT.)

CAPITAL AND HUMAN RESOURCES INVESTMENT PLANNING (PAGE 27)

- Investment planning should focus on physical capital needed to address infrastructure backlogs and expansion, and also on investment in systems and the college staff (paragraph 97)
  - To be able to attract, retain personnel and improve achievement of results, the TVET sector will have to offer competitive working conditions to staff. Multi skilled TVET personnel need to demonstrate sufficiently strong blend of programmes specialization knowledge, industrial experience and pedagogical skills that will be obtained from research and development opportunities through partnerships with the workplace/ industry

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2. PUBLIC COMMENTS FROM WESTERN CAPE CFO FORUM

- The colleges remain concerned that the revised funding does not address any of the existing problems, such as:
  - No concessions have been made to help rural college funding. For example, no allowances to attract good staff to rural areas, transport allowances for staff who travel large distances and proper transport and accommodation support for rural students
  - Funding for residences
  - The capital allocation for college infrastructure growth. These are well described in the funding norms and are essential in the long run to meet the Minister's growth targets.

  NB: According to the NNSF-TVET colleges, Earmarked capital funding may take a variety of forms, for example conditional grants declared in terms of the Divisions of Revenue Act, or matching grants involving joint investment with the private sector

PUBLIC COMMENTS FROM WESTERN CAPE CFO FORUM: Document Review

- The western cape forum agreed that the funding norms as presented and originally written, remains a very comprehensive and still valid document, if the norms are fully implemented. Comments on individual sections:
  - Paragraph 14 (c). The forum support funding of private colleges as long as it is for highly specialised courses and TVET colleges don't have the capacity to deliver on these. These funded courses must be for scarce skills leading to employment (not soft skills)

NB: DHET concurs and will progressively address when more funding becomes available

3. COUNCIL MEMBER OF EEC- L MOGASHOA

- Proposals:
  - TVET colleges need to have their own funding managed by DHET. This would ensure that DHET is in a position to monitor and implement funding based on in house information concerning each and every student in the TVET sector. This would also ensure that DHET is able to increase numbers of TVET students in response to the comparison with university students.
  - Payments received by TVET colleges for and to render and offering training to other clients should rather be paid directly to DHET in order that DHET can have a pool of funds for bursaries and capital expenditure projects. In a way this would also increase students' intakes for TVET colleges in the medium to long term

NB: TVET colleges currently manage their own funds . This suggest that funding should be centralized

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COUNCIL MEMBER OF EEC- L MOGASHOA (CONT.)

- As much as DHET is responsible for the bulk of funding for TVET colleges and facilities thereof wouldn't it be possible for private sector to take care of the maintenance of equipment and facilities for colleges. This would also eliminate precautions of cross subsidization by DHET to private sector activities

NB: It is a good idea that private sector play a role in infrastructure maintenance though this is the prerogative of each TVET college to arrange

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COUNCIL MEMBER OF EEC- L MOGASHOA (CONT.)

- Although the funding of TVET is biased towards the previously disadvantaged groups, proper career counseling should be done and implemented in order to avoid a situation where a student is allowed to repeat a level thereby using funds that could be employed somewhere for the benefit of other students who are showing progress in their studies.

NB: The funding norms are currently allowing a student to only repeat once in a qualification.

- Rural areas should also be considered in this regard in order that technical skills are widely available in this country and that they also play their role in the economy o f this country.

Thank you