

MINISTRY OF EDUCATION

STATEMENT ON HIGHER EDUCATION FUNDING: 2004/05 TO 2006/7

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1 INTRODUCTION

The new funding framework, which was published in the Government Gazette of 9 December 2003 (Vol 462, no 25824), requires the Minister of Education to issue an annual statement, which includes forward determinations of the following:

- 6.1 *A forecast of the grant totals likely to be available for distribution to the public higher education system during the next triennium.*
- 6.2 *A forecast of the public higher education system's likely totals of outputs and of planned student inputs for this triennium.*
- 6.3 *Details of how the data required for input, output and institutional factor calculations will be determined.*
- 6.4 *Details of the input and output weightings, and of the various benchmarks to be employed in the calculation of block grants.*
- 6.5 *Details of how unallocated proportions of output block grants will be redistributed.*
- 6.6 *Details of how institutional factor grants will be calculated*
- 6.7 *An account of the implementation of the framework, and of the steps taken to ensure that the public higher education system is not destabilised (Government Gazette, no 25824, 13-14).*

Forward determinations of this kind are designed to give stability to the funding framework. Before major changes are made to any aspect of the framework, the Minister of Education will first consult the higher education sector and the Council on Higher Education. The nature and reasons for any major change will be announced in an annual Ministerial Statement and would be implemented at the earliest in the final year of the triennium following that covered in the Statement.

2 ALLOCATION OF MTEF BUDGETS FOR 2004/05 to 2006/07

Table 1 below shows how the MTEF budgets for the triennium 2004/05 to 2006/07 have been divided between the various categories of grant in the new funding framework.

Three points which should be noted about this table are these:

- ◆ The overall amounts reflected in the table, as well as the totals in the various categories and subcategories, could change when the final higher education budgets for these years are approved by Parliament.
- ◆ The increases reflected in the total block grant row are those that will be used in the implementation strategy discussed in section 8 of this Statement.
- ◆ Ad hoc earmarked grants, which include municipal property rates and assistance with medical car schemes, have been included in the block grant total.

Table 1

DISTRIBUTION OF BUDGET TOTALS FOR 2004/05 TO 2006/07									
	Distribution of budget for 2004/05 (R'million)		Provisional distribution of MTEF budgets				Increase on budget provision for previous financial year		
			2005/06 (R'million)		2006/07 (R'million)		2004/05	2005/06	2006/07
	1 Block grants	8 568	87%	9 144	87%	9 716	87%	8.3%	6.7%
1.1 Teaching inputs	5 496	56%	5 866	56%	6 233	56%	8.0%	6.7%	6.3%
1.2 Institutional factors	573	6%	611	6%	649	6%	11.4%	6.7%	6.3%
1.3 Teaching outputs	1 374	14%	1 466	14%	1 558	14%	7.9%	6.7%	6.3%
1.4 Research outputs	1 125	11%	1 200	11%	1 276	11%	8.5%	6.7%	6.3%
2 Earmarked grants	809	8%	860	8%	938	8%	-20.0%	6.3%	9.1%
2.1 NSFAS	578	6%	638	6%	726	6%	6.1%	10.4%	13.8%
2.2 Interest & redemption on loans	146	1%	131	1%	115	1%	-8.7%	-10.3%	-12.2%
2.3 Foundation programmes	85	1%	91	1%	97	1%	30.7%	6.8%	6.3%
3 Institutional restructuring	502	5%	550	5%	568	5%	119.2%	9.6%	3.3%
TOTAL	9 879	100%	10 554	100%	11 222	100%	10.7%	6.8%	6.3%

3 RESEARCH OUTPUT GRANTS

3.1 Research output weightings

The research outputs for funding year 2004/05 will be based on each institution's audited outputs for 2002, for 2005/06 on audited outputs for 2003, and for 2006/07 on audited outputs for 2004.

The weightings to be applied to these outputs during the triennium 2004/05 to 2006/07 are set out in the table below. Any major changes to these weightings would be implemented at the earliest in the final year of the next triennium; ie in 2007/08.

Table 2

Weightings for research outputs			
Research output category	2004/05	2005/06	2006/07
Publication units	1	1	1
Research masters graduates	1	1	1
Doctoral graduates	3	3	3

Until changes are made to the reporting requirements of the national Higher Education Management Information System (HEMIS), masters graduates will, for each institution, be divided into research and non-research totals, using the proportions of FTE enrolled research and non-research masters students reported by the institution in each CESM category. The totals of non-research masters graduates within each CESM category will be counted as teaching outputs for purposes of this new funding framework.

3.2 Research output norms

A normative total of research outputs for the public higher education system will be calculated by multiplying totals of permanently appointed instruction/research professionals by benchmarks set separately for technikons and for universities. The benchmarks for the triennium 2004/05 to 2006/07 are set out in the Table 3 below. If major changes are to be

made to these benchmarks, these would be implemented at the earliest in the final year of the next triennium; ie in 2007/08.

Table 3

Ratios of weighted publication units to permanently appointed instruction/research staff			
	2004/05	2005/06	2006/07
Universities	1.25	1.25	1.25
Technikons	0.5	0.5	0.5

3.3 Redistributing unallocated provisions for research output grants

3.3.1 The normative totals of research outputs calculated in the way described in 3.2 above have to be related to the allocations for research output grants set out in Table 1. The method to be used is described below:

- ◆ Let the actual weighted total of research outputs of an institution = **a**
Let the normative weighted total of research outputs of an institution = **n**
For the sector **A** = sum of actual outputs of all institutions = $\sum a$
For the sector **N** = sum of normative outputs of all institutions = $\sum n$
- ◆ If $A/N = 100\%$, then the full total available for research outputs will be distributed to institutions, pro rata to their actual weighted total of research outputs.
- ◆ If $A/N < 100\%$ (which is expected to be the case during this triennium), then any unspent balance of research output grants will be distributed to institutions which are eligible for research development grants.
- ◆ If an institution's actual (weighted) total of research outputs is equal to or exceeds its normative total, then it will retain its calculated research output grant, and will not be eligible for a research development grant.
- ◆ If an institution's actual (weighted) total of research outputs is less than its normative total, then it will be eligible for a research development grant. The amount of the grant for which it is eligible will be determined in the following way:

A calculation will be made, using only institutions whose actual totals are less than their normative totals, of a total of research output shortfalls. The research development grant for which an institution is eligible will be the proportion its shortfall between normative and actual totals represents of the above shortfall total for the system multiplied by the "surplus" on research output grant allocations.

3.3.2 During the triennium 2004/05 to 2006/07, the research development grants for which institutions may be eligible will be added to their block grants. This will be done without any prior application being necessary. This practice of adding research development grants to block grants will continue until a date to be determined by the Minister of Education.

3.3.3 Institutions will be entitled to use these additional funds for purposes other than research development, but should note that their block grant totals could fall when research development grants are allocated in the ways prescribed by the new framework. Allocations will be made in the following ways when the funding migration period has ended:

Research development grants will not be awarded automatically to institutions. They will be required to submit formal applications for the amounts for which they are eligible. If an application is approved for year n, then the institution will receive, without having to submit further applications, the research development allocations for which it is eligible in year n+1 and n+2. Allocations for any further three-year period will be dependent on assessments of (a) the new applications, and (b) institutional achievements in research development during the previous triennium.

4 TEACHING OUTPUT GRANTS

4.1 Teaching output weightings

The teaching outputs for funding year 2004/05 will be based on the audited outputs of non-research graduates and diplomates for 2002, those for 2005/06 on the audited outputs for 2003, and those for 2006/07 on the audited outputs for 2004. No differences are drawn between the teaching outputs of distance and of contact programmes.

The weightings to be applied to these outputs during the triennium 2004/05 to 2006/07 are set out in the table below. If major changes are to be made to these weightings, these would be implemented at the earliest in the final year of the next triennium; ie in 2007/08.

Table 4

Weighting factors for teaching outputs			
	2004/05	2005/06	2006/07
1st certificates and diplomas of 2 years or less	0.5	0.5	0.5
1st diplomas and bachelors degrees: 3 years	1.0	1.0	1.0
Professional 1 st bachelor's degree: 4 years and more	1.5	1.5	1.5
Postgraduate and postdiploma diplomas	0.5	0.5	0.5
Postgraduate bachelors degrees	1.0	1.0	1.0
Honours degrees/higher diplomas	0.5	0.5	0.5
Nonresearch masters degrees and diplomas	0.5	0.5	0.5

4.2 Teaching output norms

A normative total of weighted teaching outputs for the public higher education system will be calculated by multiplying the head count totals of enrolled students by benchmarks set separately for contact and for distance programmes. The benchmarks for the triennium 2004/05 to 2006/7 will be 90% of the benchmark graduation rates set in the National Plan for Higher Education (2001: 23). The benchmarks for the triennium are set out in the table below. If major changes are to be made to these benchmarks, these would be implemented at the earliest in the final year of the next triennium; ie in 2007/08.

Table 5

Adjusted graduation benchmarks for contact and distance programmes						
	Contact			Distance		
	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
Undergraduate: up to 3 years	22.5%	22.5%	22.5%	13.5%	13.5%	13.5%
Undergraduate: 4 years or more	18%	18%	18%	9%	9%	9%
Postgraduate: up to honours	54%	54%	54%	27%	27%	27%
Postgraduate: up to masters	30%	30%	30%	22.5%	22.5%	22.5%

4.3 Redistributing unallocated provisions for teaching output grants

4.3.1 The normative totals of teaching outputs calculated in the way described in 4.2 above have to be related to the allocations for teaching output grants set out in Table 1. The method to be used is described below:

- ◆ Let the actual weighted total of teaching outputs of an institution = **t**
Let the normative weighted total of teaching outputs of an institution = **m**
For the sector **T** = sum of actual outputs of all institutions = $\sum t$
For the sector **M** = sum of normative outputs of all institutions = $\sum m$
- ◆ If $T/M = 100\%$, then the full total available for teaching outputs will be distributed to institutions, pro rata to their actual weighted total of outputs.
- ◆ If $T/M < 100\%$ (which is expected to be the case during 2004/05 to 2006/07), then any unspent balance of teaching output grants will be redistributed to institutions as teaching development grants. Development grants will be distributed only to institutions whose actual totals of teaching outputs are less than their normative totals.
- ◆ If an institution's actual (weighted) total of teaching outputs is less than its normative total, then it will be eligible for a teaching development grant. The amount of the grant for which it is eligible will be determined in the following way:

A calculation will be made, using only institutions whose actual totals are less than their normative totals, of a total of teaching output shortfalls. The teaching development grant for which an institution is eligible will be the proportion its shortfall between normative and actual totals represents of the above shortfall total for the system multiplied by the “surplus” on teaching output grant allocations.

- 4.3.2 During the triennium 2004/05 to 2006/07, the teaching development grants for which institutions may be eligible will be added to their block grants. This will be done without any prior application being necessary. This practice of adding teaching development grants to block grants will continue until a date to be determined by the Minister of Education.
- 4.3.3 Institutions will be entitled to use these additional funds for purposes other than teaching development, but should note that their block grant totals could fall when teaching development grants are allocated in the ways prescribed by the new framework. Allocations will be made in the following ways when the funding migration period has ended:

Teaching development grants will not be awarded automatically to institutions. They will be required to submit formal applications for the amounts for which they are eligible. If an application is approved for year n, then the institution will receive, without having to submit further applications, the teaching development allocations for which it is eligible in year n+1 and n+2. Allocations for any further three-year period will be dependent on assessments of (a) the new applications and (b) institutional achievements in teaching development during the previous triennium.

5 TEACHING INPUT GRANTS

5.1 Input funding grid

The teaching input grid consists of aggregations of educational subject matter categories (CESM categories), which are subjected to weightings by funding group and by course level. These grids distinguish between the teaching inputs of all contact and distance programmes up to masters level. For the purposes of teaching input funding, all distance masters and doctoral programmes are given the same weightings as contact programmes.

The two tables which follow set out the funding groups and the weightings which will be applied in the triennium 2004/05 to 2006/07. The positions of CESM categories 06 computer science, 07 education, and 08 engineering on the funding grid will be investigated during 2004. Changes in respect of these three categories could be implemented during the triennium.

If other major changes are to be made to these funding groups and weightings, these would be implemented at the earliest in the final year of the next triennium; ie in 2007/08.

Table 6

Funding groups: 2004/05 to 2006/07	
Funding group	CESM categories included in funding group
1	07 education, 13 law, 14 librarianship, 20 psychology, 21 social services/public administration
2	04 business/commerce, 05 communication, 06 computer science, 12 languages, 18 philosophy/religion, 22 social sciences
3	02 architecture/planning, 08 engineering, 10 home economics, 11 industrial arts, 16 mathematical sciences, 19 physical education
4	01 agriculture, 03 fine and performing arts, 09 health sciences, 15 life and physical sciences

Table 7

Weighting factors for teaching inputs: 2004/05 to 2006/07								
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

5.2 Planned FTE student places for 2004/05 to 2006/07

5.2.1 For the funding year 2004/05, adjusted totals of FTE student enrolments for 2002 will be deemed to be the planned totals for 2004, and will thus serve as the input values for the funding grid outlined in 5.1 above. Adjustments will be made to the 2002 FTE enrolled totals of an institution in the circumstances listed below:

- ◆ The report submitted by the external auditor indicates that the institution has not complied with the Department of Education's 2003 directives to external auditors.
- ◆ Analyses undertaken by the Higher Education Branch indicate that the institution's student data submissions are flawed, and are generating incorrect FTE enrolled student totals.
- ◆ The total of FTE distance students enrolled by the institution is not consistent with the moratorium on distance programmes which was announced in the 2001 National Plan for Higher Education.
- ◆ The institution has included in its data the student inputs and outputs for qualifications which have not been approved for funding by the Minister of Education.

- 5.2.2 For the funding year 2005/06, adjusted totals of FTE student enrolments for 2003 will be deemed to be the planned totals for 2005, and will thus serve as the input values for the funding grid outlined in 5.1 above. For the funding year 2006/07, adjusted totals of FTE student enrolments for 2004 will be deemed to be the planned totals for 2006, and will thus serve as the input values for the funding grid outlined in 5.1 above.
- 5.2.3 Adjustments will be made to the 2003 and 2004 FTE enrolled totals of an institution in the circumstances listed in 5.2.1 above, and in the additional circumstances listed below:
- ◆ The totals of FTE students (contact as well as distance) enrolled by the institution in either 2003 or 2004 have grown at rates which are not consistent with the various planning guidelines spelled out in sections 10-11 of this Statement.
 - ◆ The institution's 2003 or 2004 average undergraduate success rates for contact courses, and its 2003 or 2004 graduation rates in undergraduate qualifications, are lower than the comparable averages for the previous three years.
 - ◆ The institution has included in its data the student inputs and outputs for qualifications which are not part of the academic programme mix approved for it by the Minister of Education.

6 INSTITUTIONAL FACTOR GRANTS

6.1 Grants for institutions with large proportions of disadvantaged students

- 6.1.1 One of the priorities set by the National Plan for Higher Education is that of increasing “the participation, success and graduation rates of black students in general and African and coloured students in particular” (2001: 35). These grants for disadvantage take account of this priority by deeming disadvantaged students to be African and coloured students who are South African citizens, and who are enrolled in contact education programmes. The institutional factor operates by adding an amount to the teaching input grants of institutions, depending on what proportions of their students are deemed to be disadvantaged.
- 6.1.2 In the case of all institutions other than the dedicated distance institutions, a calculation is made of the teaching input grant generated by their *contact* students, and a proportion is then added to this contact teaching grant. This factor will be 0 up to a proportion of 40% of disadvantaged students (as defined in 6.1.1 above) in the FTE enrolled contact student total and will increase linearly to a maximum 0.10 at a proportion of 80%. The factor will remain 0.10 for proportions of between 80% and 100%.
- 6.1.3 The calculations referred to in 6.1.2 will, in the case of the dedicated distance institutions, be based on the teaching input grants generated by their **distance** students and on the proportions which students deemed to be disadvantaged have of the distance FTE totals.

6.2 Grants related to the size of institutions

- 6.2.1 These size factors will, for the triennium 2004/05 to 2006/07, be applied only to the teaching input grants of institutions. The grant for 2004/05 will be based on the 2002 totals of FTE enrolled students, for 2005/06 and 2006/07 on the 2003 and 2004 FTE enrolled totals.
- 6.2.2 These size factors take account of economies of scale as the FTE enrolment size of an institution increases. The institutional size factor operates by giving additional teaching input grants to small institutions, depending on the size of their FTE student enrolments. The institutional size factor will be 0.15 for institutions with 4 000 (unweighted) contact plus distance FTE students, after which it will decrease linearly to 0 for institutions with totals of 25 000 or more (unweighted) contact plus distance FTE students.

6.3 Grants for multi-campus institutions

These will be grants designed to assist institutions which are required to deliver teaching services on more than one official campus. The Ministry of Education will, during 2004/05, undertake investigations into the operation of the operations of newly merged and other multi-campus institutions to determine the basis for the allocation of an appropriate institutional factor.

7 FOUNDATION PROGRAMME GRANTS

7.1 Calculation of grant totals for foundation programmes

The grants for foundation programmes for the triennium 2004/05 to 2006/07 will be determined in this way:

- 7.1.1 The total of FTE students to be funded in foundation programmes will be deemed to be 15% of FTE enrolled first-time entering undergraduate students in contact education programmes. The totals of first-time entering undergraduates to be funded in the system will be determined as:
- ◆ 2004/05: actual FTE totals for 2002;
 - ◆ 2005/06: 2002 FTE total plus 5%;
 - ◆ 2006/07: 2002 FTE total plus 11%.
- 7.1.2 The annual earmarked allocation for foundation programmes will be determined by placing the totals of FTE students calculated in 7.1.1 above in the first cell of funding group 1 of the teaching input grid.

7.2 Allocation of foundation grants to institutions

- 7.2.1 Grants for foundation programmes will not be awarded automatically to institutions. They will be required to submit formal applications for funding for a three-year period. If an application is approved, then the institution will receive, without having to submit further applications, earmarked allocations in each year of the approved

three-year period. Allocations for any further cycle will be dependent on assessments of (a) the new applications and (b) institutional achievements in foundation programmes during the previous triennium.

- 7.2.2 R85 million will be available for foundation programmes in 2004/05. Details of the application and allocation procedures to be employed will be sent to institutions early in 2004.

8 IMPLEMENTATION STRATEGY FOR THE NEW FUNDING FRAMEWORK

The triennium 2004/05 to 2006/07 will be the first in which the new funding framework is implemented. A migration strategy will be used to ensure that implementation of the new framework does not have the effect of destabilising the higher education system. This migration strategy will remain in place until the end of the 2006/07. The new funding framework will be implemented in full for the first time in 2007/08.

The key features of the migration strategy are set out in the subsections below.

8.1 Block grants for 2004/05

- 8.1.1 A baseline grant B1 will be calculated for each institution for 2004/05. This will be the amount which it would have received if the block grant allocation in the national higher education budget were to be distributed according to the provisions of the current formulas.
- 8.1.2 Calculations will be made for each institution of a notional grant N1, which it would receive in the new funding year if the new framework were introduced without a migration strategy being in place. These calculations will be based on institutional data for 2002.
- 8.1.3 The final grant F1 which an institution will receive in 2004/05 will be determined in these ways:
- ◆ If $N1 > B1$ and if $[N1-B1]/B1 > (X/200)$, then $F1 = B1*[1+(X/200)]$, where X = the % increase in the block grant total for the system for 2004/05 compared to that for 2003/04 (see Table 1 in section 2).
 - ◆ If $N1 < B1$ and if $[B1-N1]/B1 > (X/200)$, then $F1 = B1*[1-(X/200)]$.
 - ◆ In all cases other than those listed above, $F1 = N1$.

8.2 Block grants for 2005/06

- 8.2.1 A baseline grant B2 for each institution for 2005/06 will then be determined as: final grant for 2004/05 (F1) plus the percentage increase in the national budget for block grants in 2005/06 compared to 2004/05 (see Table 1 in section 2).

8.2.2 Calculations will be made for each institution of the notional grant N2, which it would receive in the 2005/06 funding year if the new framework were introduced without a migration strategy being in place. These calculations will be based on institutional data for 2003.

8.2.4 The final grant F2 which an institution will receive in 2005/06 will be determined in this way:

- ◆ If $N2 > B2$ and if $[N2-B2]/B2 > (Y/200)$, then $F2 = B2*[1+(Y/200)]$, where Y = the % increase referred to in 8.2.1 above.
- ◆ If $N2 < B2$ and if $[B2-N2]/B2 > (Y/200)$, then $F2 = B2*[1-(Y/200)]$.
- ◆ In all cases other than those listed above, $F2 = N2$.

8.3 Block grants for 2006/07

8.3.1 A baseline grant B3 for each institution for 2006/07 will then be determined as: final grant for 2005/06 (F2) plus the percentage increase in the national budget for block grants in 2006/07 compared to 2005/06 (see Table 1 in section 2).

8.3.2 Calculations will be made for each institution of the notional grant N3, which it would receive in the 2006/07 funding year if the new framework were introduced without a migration strategy being in place. These calculations will be based on institutional data for 2004.

8.3.4 The final grant F3 which an institution will receive in 2006/07 will be determined in this way:

- ◆ If $N3 > B3$ and if $[N3-B3]/B3 > (Y/200)$, then $F3 = B3*[1+(Y/200)]$, where Y = the % increase referred to in 8.3.1 above.
- ◆ If $N3 < B3$ and if $[B3-N3]/B3 > (Y/200)$, then $F3 = B3*[1-(Y/200)]$.
- ◆ In all cases other than those listed above, $F3 = N3$.

9 DATA FOR THE CALCULATION OF BLOCK GRANTS : 2004/05 to 2006/07

The table below sets out the system-wide actual and projected data used in the calculation of the various components of block grants for the triennium 2004/05 to 2006/07. Data for 2005/06 and 2006/07 are estimates, which have been based on the projections contained in the sections which follow.

Table 8

Actual and projected data for new funding framework			
	Actual totals for 2004/05	Projected totals	
		2005/06	2006/07
Weighted research output			
actual total	11 800	12 100	12 500
normative total	15 800	16 000	16 200
Weighted teaching output			
actual total	94 000	98 000	101 000
normative total	119 000	124 000	129 000
Weighted teaching input			
actual total	870 000	887 000	905 000
Foundation programmes			
actual total	13 500	15 000	15 700

10 STUDENT ENROLMENT PROJECTIONS

The tables which follow set out in broad terms student enrolment projections for the academic years 2003 to 2005. These projections, which may be revised in the light of the planning exercise referred to in Section 12, will be relevant to the following funding years:

- ◆ 2003: funding year 2005/06
- ◆ 2004: funding year 2006/07
- ◆ 2005: funding year 2007/08

10.1 Preliminary projections of head count student enrolments in funded programmes

The table below compares actual and projected head count student enrolments in programmes to be funded by the Ministry of Education. The projected totals are not necessarily those which institutions happen to enrol, but those which the Ministry may be able to accept as the planned totals for funding purposes.

Table 9

Head count student enrolments in funded programmes (thousands)					
	Actual		Preliminary projections		
	2001	2002	2003	2004	2005
Contact programmes	378	408	424	441	459
Distance programmes in contact institutions	72	73	69	66	63
Distance programmes in dedicated distance institutions	195	194	198	202	206
TOTAL	645	675	691	709	728

The key elements of the preliminary projections in the table are set out below.

- ◆ The projected 2005 head count enrolment total of 728 000 would increase the public higher education system's gross participation rate (measured by dividing enrolments in universities and technikons by the total of the population in the 20 to 24 year age band) from 16% in 2001 to 18% in 2005. It should be noted that the 2001 National Plan's target is a participation rate of 20% between 2010 and 2015.
- ◆ Head count enrolments in contact programmes are expected to grow at a rate of about 4% per annum between 2002 and 2005.
- ◆ Head count enrolments in distance programmes offered by contact institutions are expected to drop by an average of 5% per annum.
- ◆ Head count enrolments in programmes offered by the dedicated distance institutions are expected to grow by about 2% per annum between 2002 and 2005.

10.2 Preliminary projections of FTE student enrolments in funded programmes

The three tables which follow compare actual and projected FTE student enrolments in programmes to be funded by the Ministry of Education. The projected totals are once again not necessarily those which institutions happen to enrol, but those which the Ministry is likely to accept as the planned totals for funding purposes.

The key elements of the preliminary projections in the tables are these:

- ◆ Overall growth between 2002 and 2005 is expected to occur mainly in contact programmes. Contact FTE student totals are projected as growing by 16% and distance FTE enrolments by 6% in 2005 compared to 2002.
- ◆ The total growth in FTE student enrolments in 2005 compared to 2002 is expected to be 12%.
- ◆ Total funded FTE student enrolments in science and technology and in business and management are expected to grow by about 16% in 2005 compared to 2002.
- ◆ Total funded FTE student enrolments in humanities are expected to grow by about 4% in 2005 compared to 2002.
- ◆ Total funded FTE student enrolments in education are expected to grow by about 15% in 2005 compared to 2002.

Table 10

Preliminary projections of FTE student enrolments in funded CONTACT programmes by broad field of study (thousands)					
	Actual		Projected		
	2001	2002	2003	2004	2005
Science & technology	116	123	131	139	147
Business & management	64	70	74	79	84
Education	17	20	22	24	27
Humanities	108	111	114	117	119
TOTAL	305	324	341	359	377

Table 11

Preliminary projections of FTE student enrolments in funded DISTANCE programmes by broad field of study (thousands)					
	Actual		Projected		
	2001	2002	2003	2004	2005
Science & technology	14	12	13	13	14
Business & management	36	39	40	41	42
Education	30	29	30	30	30
Humanities	50	50	51	52	53
TOTAL	130	130	134	136	139

Table 12

Preliminary projections of FTE student enrolments in funded CONTACT PLUS DISTANCE programmes by broad field of study (thousands)					
	Actual		Projected		
	2001	2002	2003	2004	2005
Science & technology	130	135	144	152	161
Business & management	100	109	114	120	126
Education	47	49	52	54	57
Humanities	158	161	165	169	172
TOTAL	435	454	475	495	516

The acceptance of the totals in the above three tables as **planned FTE totals** for the public higher education system, would be subject to the following:

- ◆ Adjustments, of the kind listed in subsection 5.2, may have to be made to the totals of individual institutions if errors are detected in data submissions.
- ◆ There must be clearly discernible improvements in the output performances of institutions over the period 2003-2005. If the gap between actual and normative outputs does not narrow over the next few years, the totals of FTE students to be funded will be scaled down, to ensure that output inefficiencies are not the consequences of large class sizes and high student to academic staff ratios.

10.3 Preliminary projections of weighted teaching input totals for new framework

Table 13 below sets out the totals of teaching inputs which the preliminary FTE enrolled totals in subsection 10.2 could generate. The totals, it must be stressed again, are not necessarily those which institutions happen to enrol, but those which the Ministry is likely to accept as the planned totals for teaching input purposes.

Key points to note about Table 13 are these:

- ◆ The various weightings described in section 5 have been applied to the FTE totals in Tables 9 and 10 above.
- ◆ An average annual growth rate of at most 5% is projected for the overall total of weighted teaching inputs.

Table 13

Actual and preliminary estimates of totals of teaching inputs (thousands)				
	Funding year			
	2004/05	2005/06	3006/07	2007/08
GROUP 1: 07 education, 13 law, 14 librarianship, 20 psychology, 21 social services/public administration	129	131	134	137
GROUP 2: 04 business/commerce, 05 communication, 06 computer science, 12 languages, 18 philosophy/religion, 22 social sciences	317	331	345	359
GROUP 3: 02 architecture/planning, 08 engineering, 10 home economics, 11 industrial arts, 16 mathematical sciences, 19 physical education	155	164	174	184
GROUP 4: 01 agriculture, 03 fine and performing arts, 09 health sciences, 15 life and physical sciences	269	285	301	319
TOTAL	870	911	954	999

Different growth rates are projected for the funding groups. Group 1 is projected as growing by a total of 6% in 2007/8 compared to 2004/05, group 2 by a total 13%, and groups 3 and 4 by totals of 18%.

10.4 Estimated totals of FTE student places in foundation programmes

Table 14 below sets out estimated totals of FTE foundation programme places for 2004/05 to 2007/08. These projections are based on an assumed 5% per annum growth in FTE foundation places.

Table 14

Estimated totals of FTE students in foundation programmes	
2004/05	13 500
2005/06	15 000
2006/07	15 700
2007/08	16 500

11 TEACHING AND RESEARCH OUTPUT PROJECTIONS

Table 15 below sets out actual and projected totals of graduates and diplomates for the academic years 2001 to 2005. The projections are based on an assumption that graduation rates will improve slowly over this period.

Table 15
Graduates and diplomates
(thousands)

	Actual		Projected		
	2001	2002	2003	2004	2005
Undergraduate diplomas & degrees	70	72	75	78	81
Postgraduate up to honours	18	20	22	25	27
Masters degrees & diplomas	6	7	7	8	9
Doctoral degrees	1	1	1	1	1
TOTAL	95	100	105	112	118

Table 16 converts the nonresearch graduate/diplomate totals in Table 15 into the weighted teaching outputs required by the new framework. The weighted research output totals include the research graduate totals of Table 14 as well as estimates of publication units. The relationships between academic and funding years are as set out in the first paragraphs of section 10.

Table 16
Actual and estimated totals of teaching and research outputs
(thousands)

	Funding year			
	2004/05	2005/06	2006/07	2007/08
Weighted teaching outputs				
Actual	94	100	105	110
Normative	119	122	125	128
Weighted research outputs				
Actual	11.8	12	12.3	12.7
Normative	15.5	15.7	15.8	16

12 STUDENT ENROLMENT PLANNING

Two important points about future student enrolment planning need to be noted:

- 12.1 The new planning framework requires the Minister of Education to approve appropriate student enrolment plans for each higher education institution.
- 12.2 The funding migration strategy outlined in Section 8 is based on the key assumption that there will be stability in the shares which institutions have of total FTE enrolments in the public higher education system. The strategy assumes further that changes in the relative shares which institutions have of block grant totals will occur only if some are able to increase their shares of research and teaching output totals. This implies that the Ministry, during the migration period, will have to keep growth

in the FTE enrolled student totals approved for funding to as close to 0% as possible. The preliminary projections contained in the various tables in Section 10 may, in other words, prove to be too high.

The Department of Education will during the first half of 2004 engage in a system-wide student enrolment planning exercise covering the academic years 2005 to 2007, to facilitate the implementation of the new funding formula and, in particular, to ensure that institutional enrolment plans are affordable and sustainable in the context of the Medium-Term Expenditure Framework.

The enrolment planning exercise will involve the Department developing broad national and institutional enrolment projections indicating the student numbers that the Department will consider funding in the financial years up to 2009/2010 (enrolments for 2007 will generate block grants for the 2009/2010 financial year). The enrolment planning projections would be developed on the basis of (a) the goals and targets set in the National Plan for Higher Education; (b) the various projections contained in the Ministerial Statement on Higher Education Funding: 2004/05 to 2006/7; and (c) institutional student input and output data for years up to and including 2003.

13 REVIEWS OF HEMIS DATA SUBMISSIONS

The Department of Education will during the triennium continue its practice of reviewing the HEMIS submissions of each institution. If a review suggests that an institution's claimed subsidy totals for a new funding year are too high, then its block grant totals will be adjusted downwards. If a review shows that the subsidy data for a previous funding year were too high, then its block grants for that year will be re-calculated and any over-payments will be deducted before new block grant funds are allocated to the institution.