

# Ministerial Committee on the review of the funding frameworks of TVET Colleges and CET colleges

## *Report*

for presentation to

Minister B.E. Nzimande, M.P.  
Minister of Higher Education and Training

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# Foreword

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On behalf of the Ministerial Committee on the review of the funding frameworks of TVET Colleges and CET colleges, I wish to take this opportunity to express our gratitude to the Minister of Higher Education and Training, Dr Blade Nzimande, M.P., for affording us an opportunity to make contributions that will hopefully contribute to the strengthening of the TVET and CET Colleges. Since being appointed as Minister of Higher Education and Training in 2009, Dr Nzimande has brought the importance of these institutions for the development of our economy to the forefront and has contributed in meaningful and notable ways to the strengthening of the TVET College sector and the establishment of CET Colleges. These institutions were often neglected in budget allocations and development initiatives in various provinces. It is of utmost importance to ensure that these colleges are appropriately resourced and developed to enable them to fast-track the delivery of middle-level skilled individuals and fulfil their role in strengthening the economy and to enhance social mobility.

As cited in this report, the role of technical and vocational education and training is particularly crucial to the development of the country's manufacturing sector which at this point is seriously underdeveloped, given the country's level of development. The Community Education and Training Colleges will provide access to many marginalised South Africans who need skills to improve their quality of life. These Colleges will play a crucial role in addressing the approximately current three million NEETs which are the youth between the ages of 18 to 24 who are not in employment, education or training.

The poor outputs from these Colleges have been attributed to inadequate resourcing, a dire need for capacity development, lack of appropriate learning support materials, absence of appropriate student support services, inappropriate programmes and poor coordination of efforts. It is imperative that the Government's efforts will have to be supplemented with investments from local government as well as the private sector, the NSF and the SETAs.

Funding allocations did not keep pace with the huge increases in enrolments aimed at widening access, which led to high levels of under funding which is not sustainable in the long run. It is imperative that a balance be achieved in resource allocations and development initiatives for the various sectors of the post-school education and training system. More resources have to be mobilised from more sectors of society to put these Colleges on a healthy growth trajectory offering relevant and high-quality programmes with much higher levels of student success rates.

It is believed that this report will be a valuable input for the National Plan for Post-Secondary Education and Training which is currently being developed by various task teams appointed by the Minister of Higher Education and Training, Dr Blade Nzimande, M.P.

**Dr Charles Sheppard**

Chairperson: Ministerial Committee on the review of the funding frameworks of TVET Colleges and CET colleges



# Executive summary

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1. This is the **Final report** of the Minister of Education's Ministerial Committee on the review of the funding frameworks of TVET Colleges and CET Colleges set up in the *Government Gazette* of 3 October 2014.
2. An additional substantial *Information report and appendices* of background papers provides the detailed evidence on which this report is based. The background papers include two on funding formulae for TVET and CET Colleges.
3. **Part 1** lays out the details of the two briefs given to the Committee.
4. **Part 2** on the **Economy and Education** looks at the interaction between the economy and education and argues that though the education provides a foundation for development, its contribution to economic and social well being depends on its quality (i.e. its ability to transmit skills and knowledge) and the responsiveness of the economy in ensuring a demand for educated labour. In the economic development context in South Africa, the role of technical and vocational education and training is particularly crucial to the development of the country's manufacturing sector which at this point is seriously underdeveloped given the country's level of development.
5. **Part 3** examines **Post-school education and training as a public good** and proposes that there are social justice imperatives that drive the agenda for continuing to provide education even to those who have left the formal schooling system in any given society. In the context of South Africa, it means that the greater the proportion of the population that has completed secondary education and has acquired some skill to bargain with at the labour market, the better opportunity will be distributed in the population in general. South Africa currently lacks having a majority of working people have acquired a post-secondary school qualification. Attempts to address this lack in the post-school education system have until recently put the focus on TVET colleges only, but even these institutions do not yet function optimally. Adult education of a more basic type remains lacklustre in spite of the Community College policy proposals. Five principles that should inform the funding of post-school education are access, diversification of programmes, articulation, differentiation of institutions, and capacity building.
6. **Part 4** describes the **Technical and Vocational Education Colleges**, their history, institutional form and the transfer from provincial to national oversight, programmes and current low throughput rates, inadequately qualified lecturers, insufficient industry-linked experience, and a limited programme qualification mix, with a lack of programmes relevant to local communities and industry. Their current funding is insufficient (and growingly so) and inequitable (because grants are based on historical provincial allocations).

7. **Part 5, on Community Colleges and Community Learning Centres**, (what were previously provincially run Public Adult Learning Centres, now nominally part of nine virtual Community Colleges) examines their programmes, chronic under funding and staffing with underqualified temporary educators. New policy on the new institutional form of “Community Colleges” is still at a largely vision stage with as yet no actual pilots of what would be district based Community Colleges with a number of attached Community Learning Centres and in turn satellites of these.
8. **Part 6** notes the findings of the literature study on **International post-school systems** that looks at the shape, functioning and funding of these systems. It examines, in particular, various funding mechanisms.
9. Part 7 has the Committee’s 58 recommendations on **A proposed funding framework for colleges**.

# Acknowledgements

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To:

The Minister of Higher Education and Training, Bonginkosi Nzimande, M.P.

The Chair of the Ministerial Committee on the review of the funding frameworks of TVET Colleges and CET colleges, Dr Charles Sheppard, of Nelson Mandela Metropolitan University

The members of the Ministerial Committee and in particular the writing team, headed by Professor John Aitchison. A special word of thanks to Prof .John Aitchison who compiled the full Information Report and to Prof. Pundy Pillay who compiled this Concise Report from the various valuable written contributions made by the members of the Ministerial Committee.

The officials of the Department of Higher Education and Training, Ms Dorothy Masipa, Mr Zweli Nonkwelo, Ms Seba Swarathle, Mr Izak Joubert and Mr Firoz Patel played an invaluable role in the success of this review and to them the Committee members are grateful. A special word of gratitude to Ms Akose Maaka for her efficiency and enthusiasm who made sure that the Committee got all the logistical support that was needed.

The members of the TVET and CET reference groups, the Technical and Vocational Education Training Colleges Governors' Council (TVETCGC) as well as South African Further Education and Training Student Association (SAFETSA) who provided inputs to the work of the Ministerial Committee.

The various universities that released members of the committee to devote periods of intensive work time work on the Committee

All the many gracious people the committee met who did presentations to the Committee and whom members of the Committee interacted with on site visits to institutions and centres in the nine provinces.



# 1. The brief of the Committee

The *Government Gazette* of 3 October 2014 gazetted the establishment by the Minister of Higher Education and Training of a Ministerial Committee to review the funding frameworks for Further Education and Training (now TVET) Colleges and Adult Learning Centres.

The purpose of the committee included:

- a) Proceeding with the review process of the current funding framework for Technical and Vocational Education and Training Colleges (TVET Colleges), assessing the funding framework's relevance and effectiveness in enabling TVET Colleges to play a key role in producing a skilled and capable workforce for the country, and finalising draft amendments to the national Norms and Standards for Funding TVET Colleges;
- b) Aligning the national Norms and Standards for Funding Adult Learning Centres to the proposed new institutional type of Community Colleges.

The main tasks of the committee were identified as being to:

- a) Analyse the current funding frameworks to determine whether they are effective in achieving the goals of attaining a skilled and capable workforce to support an inclusive growth path;
- b) Investigate other funding modalities of Vocational and Continuing Education and Training (VCET) institutions (i.e. the Community Learning Centres, Community Colleges, and TVET Colleges or other institutions similar to them) in other countries; make comparative analysis; and advise on the most suitable and preferable funding framework;
- c) Diagnose the relevance of the current funding approach in the light of funding modalities in other countries as well as all developments that have taken place especially at TVET Colleges e.g. diversification in terms of offering different types of programmes (NC(V) and NATED Report 191), development of artisans, technicians, etc. and propose the most appropriate funding framework;
- d) Draft amendments to the current TVET Colleges legislation after taking into account the review process; and
- e) Draft amendments to the current ALC legislation to ensure alignment to the new institutional type, the Community Colleges.

The Committee was advised that, although the review processes to revise the funding frameworks for TVET Colleges and Community Colleges would be kept separate (as these institutions in their current state vary in terms of programme mix; number of learners and sites; determination of enrolments; ownership of facilities used, etc.), it was the prerogative of the Ministerial Committee to propose whether to continue to keep the two processes separate or to merge them.

There were therefore two terms of reference, the one related to TVET Colleges and the other to Community Colleges (and Community Learning Centres).

## TVET Colleges

The Terms of Reference for the Ministerial Committee on the review of national norms and standards for funding technical and vocational education and training colleges provided background information and noted that the review process could include other aspects which were not catered for in the 2009 National Norms and Standards for Funding Further Education and Training Colleges, namely:

- the funding for NATED Report 191 programmes and other skills programmes;
- the introduction of a standard date for informing TVET Colleges about enrolments determined by Provincial Education Departments (PED) and the DHET (DHET) and indicative budgets for the following year;
- the introduction of measures to deal with poor performance by TVET Colleges rather than decreasing enrolments as it is currently stipulated in the funding norms;
- the funding of hostels;
- the funding for bridging programmes e.g. Literacy, Mathematics, Science, etc.;
- the consideration of the geographic location of colleges and poverty as rural colleges at times face challenges in sourcing funds from nearby private sector industries;
- provision for access to and distribution of alternative funding sources (such as the National Skills Fund (NSF), Sector Education and Training Authorities (SETAs), etc.); and
- the review of funding for special needs with different disabilities.

Included in the scope of work were the (additional) tasks of:

- (a) making recommendations on changes to the current funding framework in relation to:
  - whether the current funding framework and approach will be able to make it possible to achieve the enrolment target of 1 million students in TVET Colleges by 2014 and 4 million by 2030;
  - the funding of all Ministerial approved programmes and other skills programmes;
  - how to deal with the under-funding of TVET Colleges as a result of over-enrolment (the current funding norms deal with over-funding and application of a claw back mechanism);
  - whether the funding norms should continue using least cost of delivery and apply funding formulas, or use average cost to avoid administrative burden of applying and revising formulas (if needs be) at certain intervals;
  - whether the current rate of college fee applied is appropriate (currently 20% of the total programme cost);
  - what measures should be considered for adjusting the funding requirements for distance education and for experiential learning;
  - how the earmarked recurrent funding should be applied in terms of its varied cost inputs per college;
  - the relevance of the Basic Minimum Package; dealing with poor performance by TVET Colleges directly rather than indirectly by decreasing enrolments as it is currently stipulated in the funding norms;
  - bridging programmes e.g. Literacy, Mathematics, Science, etc.;
  - efficiency rates such as pass rate, throughput rate, certification rate, etc. taking into cognisance that some colleges have been put under administration; and
  - a mechanism to subsidise private TVET Colleges.

- (b) advising how TVET Colleges can administer the recovery of college fees that in some cases culminate in bad debts.
- (c) making the funding framework to respond to the needs of historically disadvantaged TVET Colleges and of rural colleges with small campuses that are far apart from the central offices.
- (d) review the funding of students with disabilities.
- (e) propose the funding mechanism for compensation of TVET College Council members
- (f) determining the minimum size of a college and a campus which would be economically viable whilst delivering optimum outcomes.
- (g) determining a separate funding framework for hostel accommodation;
- (h) developing guidelines on how other sources of funding such as Sector Education and Training Authorities (SETAs) and National Skills Fund (NSF) could contribute towards FET college expansion and the funding other skills programmes which are not part of the Ministerial approved programmes.

## Community Education and Training colleges

The Committee was also empowered to include other areas of focus that were pertinent.

The Terms of Reference for the Ministerial Committee on aligning the National Norms and Standards for Funding Adult Learning Centres (NSF-ALCs) of Adult Education and Training (AET) to the proposed institutional model for Post School Education and Training (PSET) [i.e. Community Education and Training Colleges (CET Colleges)] provided background information, noted the Discussion document *Adapting the NSF-ALCs to envisaged CET Colleges*, and outlined the scope of work, namely to:

- (a) analyse the current funding framework to determine whether it is effective in achieving the goals of attaining a skilled and capable workforce to support inclusive growth path;
- (b) consider and compare the advantages of other funding modalities of Community Colleges in other countries;
- (c) diagnose the relevance of the current funding approach in the light of all developments that have taken place, e.g. the new proposed Community Colleges taking into consideration other funding modalities globally, formula funding programme and funding of ABET level 1 to 4 learning areas and propose the most suitable preferable funding model;
- (d) align the NSF-ALCs to cater for funding of qualifications from National Qualifications Framework (NQF) levels 1 to 4 as proposed in the Further Education and Training (FET) Colleges Amendment Bill of 2012 (which implies that some TVET College programmes such as the National Certificate (Vocational) (NC(V)) and NATED Report 191 may be offered in Community Colleges);
- (e) examine the funding of other skills programmes from such as the National Skills Fund (NSF) or Sector Education and Training Authorities (SETAs);

- (f) determine the typical characteristics Community Colleges with regard to performance, accountability, staff development, use of posts, payment of Community Learning Centres personnel, compensation of Council members, growth potential, etc.;
- (g) examine the funding of the different models of institutions as proposed by the Ministerial Task Team on Community Education and Training Centres;
- (h) investigate the offering of other types of vocational qualifications proposed in the report and determine cost implications thereof;
- (i) determine a measure on how to deal with poor performance by Community Colleges to avoid reducing enrolments which might have a negative effect on students who might already be from disadvantaged communities and may not have any recourse; and
- (j) conduct a study of the demographics of target groups (including particular age cohorts) and identify where new Community Colleges should be established and where dwindling enrolments suggests mergers.

The Committee was specifically asked to make recommendations on:

- (a) funding for distance education in Community Colleges (taking into account the low success rates for distance education and that therefore models of distance student support and high level contact technologies would need to be developed and funded (including, for example distance students with laptops and funding for connectivity);
- (b) the size of a Community College which would be economically viable whilst delivering optimum outcomes and consider the possibility of having Central/ Main colleges with satellites (that might require the rationalizing of centres and the providing of hostel accommodation (with its funding implications).
- (c) funding of special education needs (and the consideration of the different types of Community Colleges (and different funding models) to cater for this);
- (d) a funding mechanism for National Senior Certificate for Adults (NASCA) taking into account the challenges and cost implications of offering the NASCA at Community Colleges (including additional infrastructure costs such as laboratories as NASCA proposes physical science, computer science, life science, etc.);
- (e) conditions for granting subsidies or grants to Private Centres considering the draft conditions attached as Annexure F;
- (f) a different funding model for rural Community Colleges to be able to make such centres more economically viable as they are not likely to receive other forms of private funding; and
- (f) conduct research to better understand the cost implications regarding the expenses of Community College Council members incurred as part of their duties before making recommendations on how to regulate the remuneration of Community College council members via the funding norms, if their constitution or structure might differ from that of TVET Colleges.

## The ministerial committee

The Committee comprised:

Dr Charles Sheppard (Chairperson) (Nelson Mandela Metropolitan University)

Professor John Aitchison (University of KwaZulu-Natal)

Professor Ahmed Bawa (Durban University of Technology)

Professor Peliwe Lolwana (University of the Witwatersrand)

Professor Kehla Ndlovu (Mangosuthu University of Technology)

Dr Gerald Ouma (University of Pretoria)

Professor Pundy Pillay (University of the Witwatersrand)

Professor Divya Singh (University of South Africa) (until 19 August 2015).

To fulfil this brief the Committee met on a regular basis and commissioned a number of pieces of research and writing from members of the Committee as well as field visits by them (and analysis of the results thereof) to a number of TVET Colleges and the former Public Adult Learning Centres.

## Information Report and Appendices

A full Information Report and Appendices was also compiled with fuller details of the information and evidence presented in this report.



## 2. Economy and Education

It is well known that education in every sense is one of the fundamental factors of development. Education impacts on economic development through its effects on labour productivity, poverty, trade, technology, health, income distribution and family structure. Education provides a foundation for development, the groundwork on which much of our economic and social well-being is built.

Education's contribution to development depends, however, on its quality (i.e. its ability to transmit skills and knowledge) and the responsiveness of the economy in ensuring a demand for educated labour.

Post-secondary education and training (PSET) raises some important challenges for policy makers. Access and equity are at the top of these challenges. Second, there is a trade-off between quantity and quality. Third, there is the challenge of reaching a graduate mix that is compatible with labour market needs and national development.

Moreover, the challenge of changing the composition of outputs from the PSE system entails mobilising additional resources to PSET especially but not only in science and technology disciplines. Finally, there is another important challenge that calls for a balance between transmitting the information and skills needed for the labour market, fostering innovative and creative talents, and developing broad intellectual capacities among higher education students and graduates.

In the economic development context in South Africa, the role of technical and vocational education and training is particularly crucial to the development of the country's manufacturing sector which at this point is seriously underdeveloped given the country's level of development. Moreover, one of the major constraints to the development of a manufacturing sector and a productive export strategy is the lack of "middle level" skills in terms of technicians of various kinds, welders, plumbers, etc.

### Education and Economic Growth

The relationship between education and economic growth is a mutually reinforcing one. Education of the appropriate quality and quantity increases the productivity of labour because of its skills and knowledge enhancing roles. High and sustainable levels of economic growth, on the other hand, make possible greater investment in education and other social sectors because of the increased tax revenues that accrue to governments because of growth. It is generally agreed that economic growth is a necessary (but not necessarily sufficient) condition for improvements in living standards and for enabling higher levels of investment *inter alia*, in education, health and innovation.

Researchers (see the *Information report* for details of research and researchers used here ) have examined the relationship between education and economic growth in South Africa. By differentiating between 'tertiary education' (universities) and vocational education and training, they find that TVET graduates are "almost as likely to be employed as school leavers without post-school education. However, the conclusion from their analysis is that university

education contributes to economic growth whilst other post-secondary education including TVET colleges “do not productively contribute to economic growth”.

The research also shows that workers with formal education are replacing those with no education in occupations that are generally regarded as low skilled. However, this issue of “education inflation” has been frequently understated, and may even be happening at the higher end of the occupational spectrum. In a labour market with ever increasing numbers of young people with educational qualifications (not necessarily with skills and knowledge at a commensurate level), employers choose individuals with the highest levels of education available. So it is may not necessarily be a situation where university graduates are necessarily more skilled and productive than certificate holders but one in which a high degree of “filtering” or screening is taking place whereby employers are choosing those individuals whom they see as less costly in terms of ‘on-the-job’ training.

## Inequality in Schooling, Higher Education and the Labour Market

Using cohorts of graduates from Rhodes and Fort Hare universities, recent research shows that the unemployment rate of 7% among Rhodes graduates corresponds with the national average for university graduates while the rate (20%) among Fort Hare graduates is almost three times higher.

Among graduates who are employed, there are some important differences in job search strategies which may explain some of the differences in labour market outcomes. The single most common way that Rhodes graduates found their current job was through personal contacts or networks (30%). Moreover, if the categories of ‘relatives’, ‘social media’ and ‘personal contacts’ are combined, then just under half of Rhodes graduates found their current employment through a social network. Fort Hare graduates, on the other hand, relied more on newspaper advertisements (36%) than on any other specific search strategy.

According to the authors, the results of this study are important for at least two reasons. First, the findings extend the existing work on degree or programme choice by suggesting that the completion of a first-choice degree is further conditioned by ‘pre-higher education’ factors such as school quality, race, gender and intended field of study. The analysis suggests that at least part of the preference gap is explained by poor schooling backgrounds and, by extension, a lack of adequate preparation for university study.

The implication is that schooling quality and low socio-economic status do not only have the expected impact on higher education access or performance but they are also clearly linked with study choices and employment. This suggests that poor quality of support interventions (e.g. career guidance) in the run-up to Grade 9 in under-resourced schools could have long-term negative effects, as can poor support for learners as they approach matric.

Second, the findings suggest that, while unemployment is far higher among Fort Hare graduates, at least some of the disadvantage is actually carried over from the type of schooling. The implication is therefore that interventions aimed at improving the employment prospects of graduates from Historically Black Universities (HBUs) should be targeted at university students from the low-quintile schools or, as already suggested, pupils from those schools who might qualify to attend university.

The analysis does not support the view that black African students (including those who are enrolled in HBUs) are more likely to enrol in subjects with poorer prospects for immediate employment. Moreover, the evidence from the eastern Cape universities does not suggest that Humanities graduates are significantly more likely to be unemployed after controlling for other factors.

The final question the authors raise is whether the far higher rate of unemployment among Fort Hare graduates is really the result of the oversupply of certain skills or whether factors such as poor matching, poor signalling – including the effects of perceptions and preferences of prospective employers about graduates from HBUs such as Fort Hare or a lack of appropriate social networks in the labour market are much more relevant.



### 3. Post-school education and training as a Public Good

The benefits of providing education at higher levels and to all citizens are numerous. Besides the objective of developing mental and vocational capacities of individuals, a highly educated society also has many other benefits. Research has, for example, shown that educated societies are generally healthier and more tolerant. An educated society has more capacity for reasoned thought, and the nurturing of culture and scholarship.

There are social justice imperatives that drive the agenda for continuing to provide education even to those who have left the formal schooling system in any given society. In the context of South Africa, it means that the greater the proportion of the population that has completed secondary education and has acquired some skills to bargain with in the labour market, the better opportunities will be distributed in the population in general.

Concentrating all energies and resources on the trickling effects of a growing primary education system, does not seem to be getting us to a point where educational opportunities are being distributed fairly in our society. Also, putting most of our post-school education resources into the university system still means by-passing of millions of citizens who are not able to access universities. In order to equalise the opportunities given through educational access, much more effort must be put into the promotion of a completed senior secondary schooling with appropriate skilling and knowledge, and access to tertiary education. This is the ‘missing middle’ in our education and training system.

The recent Organisation for Economic Co-operation and Development (OECD) (2014) review of vocational education and training in South Africa also states that in most developed countries the majority of working people have acquired a post-secondary qualification, which might be one or two-year qualification after the completion of secondary school. Equality of opportunity is about levelling the playing field for everyone during key stages of life, and the last three years of schooling and beyond are vital to this exercise. A shift in the debate towards equality of opportunity in this area promises to be a better guide for public policy so that similar chances are given to all citizens. Education must be seen to be a public good for all.

#### The Five Principles of Action for PSET

The apartheid struggle in South Africa was not only an attempt to stop a crime against humanity but should be regarded as a war from which there are many casualties and veterans. As the years progress, these casualties are not being eliminated from the system. Instead the lack of attention to them has created a situation where there are parallel economies; the first and third world economies. Attempts to address adult education in the post-school education system have until recently put the focus on TVET colleges only, but even these institutions do not yet function optimally. Adult education of a more basic type remains lacklustre in spite of the Community College policy proposals.

It is no longer useful to view adult education in terms of literacy and adult basic education only. The debate about post-school education is synonymous with adult education in a broader sense in the country. It is synonymous because we know that the country has been providing universal education up to the 9th grade. This means that for a while, we have not been having the problem of complete illiteracy with the new generation (however weak the actual reading, writing and numeracy competencies are). This means that we have a population in South Africa of up to the mid-forties in age who have gone to school, and at least completed between 8 and 9 years of education. The problem of complete illiteracy, where it exists, must be confined to a much older generation, and this issue has been largely addressed through the *Kha Ri Gude* adult literacy campaign. If this assumption is correct, it provides a guide for DHET on the population that requires the most education, and this profile can be described as being: between 16 and 45 and having between 8 and 9 years of basic education.

We believe that there are five principles that should inform the funding of a post-school system that would address the country's needs: access, diversification of programmes, articulation, differentiation of institutions, and capacity building.

## Access

Whilst the major debate about TVET and Adult Education in industrialised countries tend to be about parity of esteem with general academic education acquired in schools, in South Africa it can be said that there is a distinct lack of visibility of the TVET system. Many people either do not know where to go to in order to develop the skills needed for the labour market or cannot afford to. Yet, lack of opportunity to develop one's skills presents a barrier in leveraging social mobility in any society as well as inability to exploit the gains already made through basic education. Access in the system will accelerate when the issues of spatial inequalities; expanded provisioning and financial constraints are removed.

Funding must be provided to increase access to the post-school system and make it available to all who want to participate by:

Increasing the infrastructure available in all communities by either putting up new buildings; auditing all public spaces that can accommodate learning and making use of or doubling the learning sessions in other institutions such as schools, TVET colleges and even universities; Ensuring that all communities can access the kind of programmes they need where they are, without having to move to urban areas; and ensuring that learners are not constrained by a lack of finance from accessing programmes of their choice.

## Diversification of programmes

Appropriate programmes are needed in both the TVET and adult education and training (AET) sectors. The usefulness of such programmes will be decided by user demand, the currency of such programmes, and the credentialing system. The following seem to be the characteristics of an appropriate PSET for the country:

- Completion of a high school qualification should be prioritized. Basic education is also synonymous with the completion of 12 years of schooling (not just nine). In addition, this is the most effective way of catching up on general education and learning skills for those who have been out of school for some time.

- A vocational education qualification that has value in the labour market is important for this group. But, it is important to note that many in this group are unable to access this kind of education because of (i) the way it is packaged, (ii) the way it is delivered, (iii) the cost, and (iv) the geographical location of provision.
- Many in this group require short courses in: (i) general education; (ii) vocational or skills development or upgrading; (iii) and personal development, rather than full qualifications that take too long to acquire.
- Non-formal education which does not have to be examined should still be an important aspect of post-school education, and in particular in the community education and training institutions.
- There is a strong case for expanding participation in PSET by what can be considered to be ‘non-traditional’ students. The only way this can be achieved is through an increase in the number of institutions that provide PSET. In practice this means increasing participation in colleges.
- More post-high school qualification, e.g. short-cycle qualifications like Higher Certificates and Diplomas, which used to be offered by Technikons have largely disappeared from the system.
- A funding model that stimulates the diversification of programmes in the system is sorely needed for both TVET and AET.

## Articulation

When there are either no progression routes from one PSET sector to another or where they do exist but are extremely weak, no matter what goodwill there is in the system, both massification and differentiation will be rendered futile unless the key issue of articulation is appropriately addressed. The college system (TVET and CET) is currently structurally outside the “conventional” education system comprising schools and universities. As a result, participating in government sponsored programmes in TVET colleges, like the NCV, is seen as a regressive move by many students. Attempts to align the TVET College system through the NQF have not really worked as this exercise did not really look inside what is being provided but merely created a framework within which the new qualifications were to be pegged. The weakness of this whole process is now felt through the illogical sequencing of courses that have no relationship to and do not take account of the knowledge requirements at different levels.

Articulation as an important concept in opening up access and ought to be an important lever in steering education, instead of being left to individual institutions and students. Programmes and institutional relations between TVET and CET institutions, as well as TVET and HE institutions must be funded. The most important key to articulation is about institutional relationships, and the following may help:

- Funding a relationship between the TVET and CET institutions through space sharing; satellite campuses; and even merging some of these institutions;
- Funding a relationship between the TVET colleges and the Universities of Technology through franchising and other means that would promote higher education in colleges
- Allocating all funding for HE–TVET education partnerships to the TVET college budgets so as to incentivise the higher education institutions.

In summary, TVET colleges should be used as anchor institutions to foster these relationships and make it possible for programmes to overlap. Funding incentives will go a long way to make this happen.

## Differentiation of institutions

One of the most common problems that occur when different institutions are expected to act within the same space is that they all adopt a single set of institutional characteristics within that system. Isomorphism is inevitable when a new type of institution enters the terrain as they will want to fashion themselves after the older ones. So, in this case it can be expected that the TVET colleges may want to fashion themselves on the university sector, and the Community Colleges on the TVET college system (a development unfortunately encouraged by the legislation which mechanically models them on TVET colleges). It is desirable that even though the two types of institutions co-exist within a single system, they must still maintain functional and organisational boundaries. Largely, the choices to be made here revolve around maximising the resources available in each sector for each institution, as well as being able to influence the direction and growth of each sector. Funding that incentivises differentiation will go a long way toward steering the system in the right direction.

## Capacity building

The effectiveness of the whole system will hinge on the capacity that has been built over time to deliver what is needed for the population of South Africa. This means training of educators in both sectors as a starting point. The strength of the sector is as strong as its educators. Also, training funds must be available for all personnel in the system, whether it is for teaching, administration, or leadership, in order to have an effective system. The sector is sorely in need of research capability so that interventions are evidence-based. This capacity must be developed in the sector itself instead of relying solely on external capacity.

## 4. The Technical and Vocational Education and Training (TVET) Colleges

Prior to the 1980s, South Africa had a state system of technical schools and technical colleges. The technical colleges provided post-school vocational and occupational courses (the theory aspects of apprenticeship education and training). Some were also legally empowered to provide higher education. Over time some technical colleges also began to offer community courses. In 1967 an intermediate institutional type was legislated for, which changed some technical colleges into Colleges for Advanced Technical Education (CATE) that could provide higher education sector training and help lessen the shortage of skilled high level employees.

In 1979 the CATEs were renamed technikons and firmly placed within the higher education sector. It was recognised that there was a set of higher education qualifications provided by them that differed from those of universities and were more practically orientated. The development of polytechnics in the United Kingdom also influenced these changes.

The post-apartheid 1997 Higher Education Act recognised three types of institutions: universities, technikons and colleges as part of a differentiated higher education system. All qualifications would be aligned to a new National Qualifications Framework (NQF) and the Ministry of Education would approve the specific qualification programme mix at particular institutions. Although the Ministry of Education regarded the technikons as providing career-orientated diploma qualifications they were subsequently renamed Universities of Technology and they edged towards being “comprehensive universities”.

The *Further Education and Training White Paper* of 1998 heralded a nationally driven merger that by 2002 saw 150 colleges merge into 50 larger, multi-campus FET colleges which had greater autonomy and delegated budgetary authority. The merger certainly addressed the historical legacy of the same districts having four or more parallel institutions that previously served the apartheid era “race” groups, and of the distinction between state and state-aided institutions, but it also led to the closure of smaller institutions that had operated (though sometimes not very well) in rural areas. The capacity to manage these larger merged colleges was, however, often lacking.

Subsequent reforms included the following:

- recapitalisation of the Further Education and Training college sector between 2005 and 2008 that sought to address infrastructural, resource and capacity challenges;
- legislation in 2006 that transferred the staff of FET colleges to employment by college councils; and
- the provision of bursaries for college students through the National Student Financial Aid Scheme (NSFAS), and a new National Certificate (Vocational).

Enrolments in the colleges expanded significantly and there were gradual signs of improved academic performance (though from a very low base).

Most recently control of these colleges has been transferred from being a provincial competence to a national one, with the process completed in the first quarter of 2015.

As part of the DHET's attempts to create a more coordinated post-school sector, the FET colleges were renamed Technical and Vocational Education and Training Colleges in 2014.

In 2011 the colleges were considered to be operating at only 75% of their student capacity with 300 000 students. In 2014 there were 349 580 FTEs (based on 702 000 enrolments). The TVET colleges are generally considered to be underperforming and to be burdened by under-prepared students, though current policy envisages their massive expansion to serve 1 250 000 students by 2030 or even more, according to DHET targets for 2030.

The TVET colleges currently focus on three types of programme offerings:

- The National Certificate: Vocational (NCV) introduced in 2007 with a wide range of variants to choose from. Grade 9 is a minimum qualification to enter into the NCV, although a growing proportion of students have Grade 12. A certificate can be obtained for each year of three years of technical/vocation orientated study – at NQF levels 2, 3 and 4. The National Certificate: Vocational is offered in parallel to the school-based National Senior Certificate (NSC) which has a more “academic” focus. NCV 2 to 4 are equivalent to grades 10 to 12 respectively and correspond to NQF levels 2, 3 and 4. The NCV curriculum is structured to include 60% theory and 40% practical components in a particular vocational field. The practical experience may be offered in the workplace or in a simulated workplace environment. This feature has the advantage of giving students the opportunity to gain experience in the workplace during their studies. However, this qualification does not prepare students for immediate entry into the work place. After completing the NCV, students are required to do approximately two years of work experience. They may then sit the national trade test skills in their field of specialisation.
- The NATED Report 191 lists national programmes N1 - N6 which are largely theoretical in nature and require candidates to complete an extended apprenticeship before sitting the national trade test to become a qualified artisan. Artisan qualifications include plumbing, welding, carpentry, boiler-making and many others. Grade 9 is a minimum qualification to enter into the NCV or N1-N6 programmes, although a growing proportion of students have Grade 12. The N1 – N3 programmes have never been directly aligned with the NQF, but N3 broadly equates to grade 12. N4 – N6 programmes correspond to three years of study post-grade 12, culminating in a National Diploma at NQF level 6.
- Occupational programmes offered by the Sector Education and Training Authorities (SETAs). These are typically skills based programmes with structured work integration.

The 2012 DHET Statistics show that the majority of College students (about 60%) are registered on the N1-N6 programmes and 40% on the NCV programmes.

As stated earlier, one of the key challenges of the South African TVET sub-system is the fact that currently there is no articulation between the TVET and any other education sector.

Historically, FET colleges had low throughput rates, inadequately qualified lecturers, insufficient industry-linked experience, and a limited programme qualification mix, with a lack of programmes relevant to local communities and industry. In many instances, examinations, assessment and financial management were also below average in quality. The

public TVET colleges system's target is an average student pass rate of 60 to 80%. Overall, of the 404 679 who wrote examinations in 2010, only 90 252 (or 22.3%) successfully completed a full qualification. In 2011, of the 126 491 who wrote examinations, only 51 790 (or 40.9%) successfully completed a full qualification. Despite increased overall participation at TVET colleges, the student completion rates are low and below the targeted range.

Prior to 1994, the bulk of government funding of colleges occurred through the post-provisioning model, which distributed educator posts from a central pool in each province to individual colleges on the basis of the number of full-time equivalent (FTE) students.

In the period 1994 to 2010, provinces, which receive the bulk of their revenue through an 'unconditional grant' or an "equitable" share of nationally-collected tax revenue, have complete autonomy in the use of these funds. Thus there was some flexibility in how they allocated budgets to TVET colleges. However, this flexibility was lost following the move of TVET to the DHET. Funding for TVET colleges is now allocated in the form of programme subsidies and conditional grants, which during the period of the function shift to national control, was still channelled through provinces. This function shift was finalised in 2015.

Funding shortfalls need to be analysed both in terms of their general impact and in terms of their impact on certain provinces (already disadvantaged because of the previous funding allocation baselines per province being retained by DHET).

For 2012/2013, according to the DHET's enrolment plan, the total MTEF budget for FET college education should have been R5.989 billion. However, the actual allocation budget was R4.845 billion, made available through conditional grants, which is based on historical provincial allocations for FET college education, plus annual CPI adjustments. The projections for subsequent years show a declining trend in total allocations for the sector.

Clearly, funding of TVET colleges has been inequitable and insufficient. A fair distribution of funding would mean colleges receive equal rand values per weighted FTEs. Currently, the baseline used for the conditional grant reflects historical allocations to TVET college education, which were clearly too low in the Northern Cape, KwaZulu-Natal, Limpopo, Free State and North West provinces. However, redistributing the pool of available funding equitably to all provinces would disadvantage colleges in provinces where in the past more appropriate budgets were allocated to TVET colleges. A more acceptable way to rectify these imbalances would be to secure additional top-up funding, which could be channelled to the colleges in the provinces that were severely underfunded. When channelling additional funding to the sector, it is critical to ensure that the funds are spent effectively and efficiently. To this end, the fiscal governance and financial health of individual TVET colleges are absolutely essential.

Another issue that suggests changes to the funding formulae is that no allowance is made for whether colleges are urban or rural, large or small, or for the effectiveness of their throughput.



## 5. The Community Colleges and Community Learning Centres

The major development in the immediate post-apartheid dispensation was the creation of an Adult Basic Education and Training (ABET) system solidly wedded to new standards and outcomes-based educational policies and systems.

The introduction of Curriculum 2005 for school-going learners and the growing status of the National Qualifications Framework (NQF) led to a period of confusion, uncertainty, lack of direction, underfunding, low motivation and poor quality in many Public Adult Learning Centres (PALCs). Since 1994 numbers did not significantly increase in the formal state ABET system, and adults and out-of-school youth had been losing ground in obtaining Senior Certificate qualifications. It is unlikely that the number of attendees (including both genuine ABET learners and those studying at a grade 12 (Senior Certificate level)) have ever reached much more than 400,000 per annum and output has generally been poor.

Overall, it is the failure of the public adult education system that led to the recent policy decision to reorganise the Public Adult Learning Centres into clusters, as satellites of new community colleges.

In 2012, a Ministerial Task Team proposed a new institutional model 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 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 Task team saw the work of these Community College/Community Learning Centres as focusing on the following:

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

The decision by this Committee to not recommend having “community colleges” as sub-sections of existing TVET colleges was based on the rationale that when adult education is tagged onto another system it is invariably neglected. Moreover, expecting weak and overloaded TVET colleges to take on the task of mothering a weak, understaffed and dysfunctional PALC system that served thoroughly under-prepared learners is an unrealistic and possibly unfair expectation. However, they would be expected to articulate with the TVET colleges.

In 2012 the *Green Paper for Post-School Education and Training* proposed Community Education and Training Centres as a replacement for the Public Adult Learning Centres.

Before the Task Team report was finalised or the White Paper published, the DHET legal advisor appraised the Task Team of a plan to rename all 3 000 or so PALCs as Community Colleges, and then immediately merge them into 9 (provincial/regional) ones. This was to give effect to the “function shift” of the PALCs from provincial to national control.

This function shift took place on 1 April 2015. Predictably there were administrative problems, particularly with payments to PALC staff, and it generally seemed that there was a great lack of clarity as to who was actually responsible for ongoing support to the PALCs, given that there were in fact no new community colleges (only nine nominal community colleges to act as “Community College Administrative Centres”).

Funding of adult education remains abysmal in both absolute and relative terms. Recent data on expenditure on adult education (in the form of funds transferred from provincial education departments to the PALCs) was R1.2 billion in 2010/11; R1.4 billion in 2011/12; R1.5 billion in 2012/13; and R1.7 billion for 2014/15 (about 4% of the entire state education budget). Despite some increase in total funding, the direct government transfer per learner decreased by 10% between 2010 and 2015.

It is clear that in terms of current policy and the realities of the function shift of state adult education provision from provinces to the national Department of Higher Education and Training that for the foreseeable future there will be no major development of new community colleges that could replace the existing PALCs spread around the country. There is therefore a need for funding that will in the interim enable them to continue their provision (and improve their quality).

Given the realities of the current inadequacies of the system it would seem to be necessary to gain for the CLCs an increased share of the national education budget. However, an increased budget would not be enough – the system demands new, visionary and effective management of provision – for without this there can be little hope of progress. Effective management teams are needed at both national and regional hubs with the capacity to ensure that the budget is deployed effectively).

An enhanced budget would need to cover the following components:

- Salaries for educators and administrators (that would also take into account the need for more permanent, dedicated, adult education staff). There would have to be some allowance for considerable expansion of the FET component (Senior Certificate);
- Salaries for the coordinating and support staff based at both central (Community College Administrative Centres) as well as in the proto community college nodes at district level (possibly linked with local TVET colleges) that would each deal with a cluster of nearby Community Learning Centres;
- Serious curriculum and materials development (for at least a number of start-up years);
- Materials production and distribution;
- The GETCA and Amended Senior certificate/NASCA examination costs;
- The setting up of an effective EMIS system and the procedures and regulations that would enable it to work;
- Support for the existing providers of adult educator training (currently a few universities) to gear up for larger output and various forms of continuing in-service education and support for educators and administrators; and
- The piloting of new ideas.



## 6. Funding frameworks for TVET and Community Colleges: International review and South African system

The funding of education and training is underpinned by several important considerations, including the economic and social relevance of education and training; the inevitable budget constraints of government; and the division of the burden of payment between government on the one hand, and private households and business, on the other.

### Funding frameworks and mechanisms for TVET

The financing of Technical and Vocational Education and Training (TVET) comes in various forms, namely, from public funding through, for example, the provision of grants to institutions and payment of teacher salaries, from students through the payment of tuition fees, from sectoral training funds, from private entities and donations, and from the so-called third stream income.

Funding mechanisms for TVET could be described as input-driven (based on enrolments and duration and nature of programmes), output-driven or performance-based (based on the outputs produced) or could encompass elements of both input and performance-based funding. Many countries use a mix of funding options as a result of historical and political developments.

UNESCO has advocated for financing mechanisms that can increase efficiency, stimulate the demand for TVET, and promote better outcomes by ‘shifting the traditional input-based models to more performance-based financing ones. Overall, a key consideration for any funding system should be the efficiency of funding in terms of the ability to meet policy goals in a cost-effective manner.

#### Formula funding

Formula funding has several advantages, namely, fairness (the same set of rules applies to all institutions) and transparency. They are also administratively easier to apply. Once established, the application of the formula is straightforward.

Overall, funding mechanisms and models are not just instruments for allocating resources for given ends; more importantly, they are used as governance tools to steer the realization of important policy imperatives, for example, the production of skills that address the needs of the economy and that address the challenge of youth employability.

#### Training funds

These also constitute an important source of income for TVET colleges. Payroll training levies are the principal sources of financing for training funds. Levies can provide a steady

and protected source of funding for training, particularly in the context of unstable public budgets. Sectoral, or industry-specific, training funds are an alternative to national (centralized) funding models. Sectoral levies are limited to a defined sector of the economy, such as industry or transport. A national system of sectoral funds offers the advantages of flexibility and the ability to focus more directly on sectoral training needs. They may be more palatable to employers because of a sense of greater industry-specific orientation, less bureaucracy and greater sense of ownership. However, they do not facilitate redistributing funds across sectors or financing non-sector related skill priorities. Sectoral funds may duplicate efforts and fail to develop common core skills, transferable across industries.

## Funding mechanisms of TVET Colleges in South Africa

Prior to 2010, provinces allocated budgets to TVET colleges through the provincial equitable share. In this system, the DHET allocated funds to the provinces and FET colleges based on the reported student enrolment and the related programme cost. Provinces then determined allocations to TVET colleges, and these allocations were adjusted annually by the consumer price index (CPIX). The main challenge with this system is that it was inequitable. The funding of TVET colleges depended on provincial allocations as opposed to standard criteria applied to all the colleges. In addition, provinces did not prioritise TVET equally in their budget allocations, which led to unequal participation rates in TVET colleges and in provinces.

According to the National Norms and Standards for Funding Further Education and Training Colleges, the current public funding mechanisms of TVET colleges consist of formula funding of programmes, earmarked capital funding and earmarked recurrent funding. Overall, it estimated that the state funds 80% of the costs of college programmes, while learners are liable for the remaining 20% for which they can apply for financial aid (bursaries) from the National Student Financial Aid Scheme (NSFAS).

Formula funding is used to fund ministerially-approved programmes and is designed to promote transparency and comparability between provinces, predictability, equity through the provision of bursary funding to colleges for students who are academically capable but cannot afford to pay college fees, and quality and efficiency.

Formula funding of programmes is intended to cover the recurrent costs of delivering FET programmes, but also certain capital costs associated with those programmes, such as costs related to the replacement of the facilities and equipment used.

The National Norms and Standards for TVET Colleges envisage a programme-level costing formula to allocate funds to TVET colleges. Funding is supposed to be allocated by multiplying the assumed costs in the funding model per programme by the number of FTE enrolments in that programme.

Earmarked capital funding is designed to cover items not covered by the capital infrastructure portion of the funding base rate, mainly expansion of existing infrastructure or development of new infrastructure (new campuses) and infrastructure backlogs. This funding may take a variety of forms, for example, conditional grants in terms of the Division of Revenue Act, or matching grants involving joint investment with private sector. Earmarked recurrent funding is targeted at projects of a developmental nature such as staff development and development and implementation of computerised systems. The earmarked recurrent funding stream also

covers inputs that are considered part of a basic minimum package of recurrent inputs required more or less equally by all colleges.

### Sources of income for TVET colleges

TVET colleges in 2013 received a total of R9.1 billion in funding, with the largest portion of their funding from government sources (excluding some SETA funding).

A key change in college funding in recent times, is the substantial increase in the amount of student bursaries and loans provided by NSFAS, increasing from R0.3 billion in 2009 to R1.83 billion in 2013 in an attempt to increase access to the TVET sector. This has made TVET colleges even more reliant on public funding by reducing the proportion of funds received from privately-funded students for tuition, transport and accommodation.

## Funding for Adult Learning

Subsidies, vouchers, individual learning accounts and tax instruments are the main mechanisms used to fund adult learning across various countries.

### Subsidies

Several countries use direct subsidies to stimulate participation in adult learning by reducing the private costs of such training. In countries such as England, the subsidies are targeted at low skilled workers and consist of four elements:

- Free or subsidised training to a basic skill or NVQ (National Vocational Qualification) level 2 qualification
- Paid time off for training (funded for either 35 or 70 hours in total);
- Wage compensation (paid to the employers for a total of 35 or 70 hours time off); and
- Information, advice, and guidance to employers and employees.

### Vouchers

In voucher funding systems, participants receive the entitlements and funding follows their choices. The most well-known voucher system is perhaps the GI Bill voucher delivery system of the United States of America (USA). Under the GI Bill, veterans of war are entitled to attend up to 45 months of education during a 10-year period after their active duty. They are entitled to receive an allowance if they attend an accredited schooling or training program. The allowance may be used either to meet the direct schooling costs or to cover costs of living.

### Individual learning accounts

An individual learning account is an instrument that provides individual workers with an amount of money, to which the worker (employee), employer and third parties (for example, government) can pay a contribution in either time or money. It is a base amount of resources set aside for an individual to use for his or her learning. The main objective of ILAs is to give individuals more personal choice and ownership of their learning, and to stimulate individual

motivation to engage in learning activities that would enhance workers' knowledge, skills and abilities that increase their human capital and employability. They can also be used to implement worker-centred methods to connect company needs to individual development needs and are an instrument of shifting choice and responsibility of institutions to the potential learner (from a supply to a demand approach). This funding mechanism has been applied in the Netherlands, England, Canada and Switzerland.

### Tax instruments

Some countries subsidise training participation through tax instruments. This can be done either by allowing firms to deduct training expenditures from the tax bill, or to allow individuals (workers) to deduct their training expenditures from their income tax. As firms' training expenditures are part of their normal operation costs, firms will normally be allowed to deduct such costs from their tax bill. Countries such as the Netherlands, Japan, Chile and Canada have utilised this funding system.

## 7. Recommendations

### A Proposed Funding Framework for Colleges

The Committee's recommendations arise out of its members' common judgement that the current funding frameworks are not optimum and are in many respects an obstacle to the implementation of constitutional and current government post school education and training policy imperatives.

For effective implementation a much more appropriate, diversified funding framework is required for Post-School Education and Training (PSET) including legislative, regulatory, policy and administrative changes. Our general and specific recommendations on these are outlined below.

The funding framework for PSET must encompass a broad range of provision including technical and vocational education, adult literacy, adult basic education, adult secondary education, and continuing education as well as various forms of non-formal education and training for youth and adults.

The purpose of the funding framework must be to increase access to an articulated, diverse and differentiated system of post-school education and training, quantitatively, qualitatively and geographically. It is a system that must be efficient, effective and accountable, taking into account the need for equity and development – that is, for social justice redress in society as well as to meet the skills needs and shortages. The growth of PSET must be related to the kind of society we desire and the associated institutions for such a society.

The funding framework must be such that funding is provided via a transparent process and with predictable outcomes.

The Committee recognises that its proposals and recommendations will require future work by technical task teams with much modelling and piloting for them to be successfully implemented (or where compelled by the evidence, discarded).

### Increasing the national allocation for TVET and Community Colleges

It is evident that, in terms of both a proportion of the national education budget and as a percentage of GDP, that TVET and Community Colleges are grossly underfunded, especially in the light of the proposals in the *White Paper on Post-School Education and Training* and the *National Development Plan 2030*. At the present time the education budget is divided as follows: Schooling – 84%; Universities – 11%; TVET colleges – 4%; and Adult Education - 1%. Adult Basic Education is a constitutional right and demands urgent attention. The correct balance between TVET College and University funding needs to be addressed incrementally over an agreed upon time frame.

**Recommendation 1:** We propose that urgent attention be given to substantially increasing the funding for TVET and Community Colleges in the light of the serious underfunding at the present time and current shortfalls, given the value of these sub-sectors for economic and social development. The Committee does not want to prescribe a specific numerical increase in funding in either absolute or percentage terms but would like to stress the importance of paying urgent attention to the overall funding issue. Investment in the PSET sector needs to improve.

Whilst we understand that overall this might mean a major escalation in the size of the PSET budget, we hold strongly to the view that unless such a review is undertaken, most of our other recommendations are largely pointless. We do recognise, however, that the increases would need to be phased in over several years. However, it is imperative that a start be made in this direction as a matter of urgency.

The Committee notes that the urgent response to the current *#Fees must fall* campaign is an indication of the extent to which university funding is prioritised politically at the expense of other sub-sectors such as TVET and Community Colleges because of the powerful lobbying power and interests in the university sector.

## Funding components

Budgeting of necessity should provide for all the necessary components in an effective education and training systems such as academic and support (including academic support) staffing, educational materials, examination costs, information systems, career guidance, evaluation and research as well as capital equipment and broader infrastructure.

**Recommendation 2:** We would therefore argue for benchmarks for both TVET and Community College ministerially approved programme-based budgets, such that staff costs should not exceed approximately 65% to 70% of the total budget, and that within the staffing budget, the ratio between teaching and support staff should generally not exceed 3:1.

## TVET College specific recommendations

### Quantity or quality – rewarding outputs

All education and training institutions have to find a happy medium between quantitative growth (students enrolment) and quality (low repetition and drop-out rates, and the output of competent graduates). Because of the immense pressure to massify the TVET college sector there is a danger that quantity will be valued above quality.

The Committee is of the opinion that in recent years TVET college quality has been compromised because of the pressure to increase enrolments without compensatory increases in staff and other resources. Provision must therefore be made to ensure qualitative improvements to meet labour market needs, even if it has to be at the expense of further increasing quantitative growth in enrolment. Indeed, as the reviewed literature indicates, current certification rates are abysmal. Currently learners in the TVET system graduate at an exorbitant per capita cost which is unsustainable. Moreover, the absorption rate of TVET graduates in the economy is also a cause of serious concern.

The performance-based funding framework works well in the university sector in South Africa and elsewhere. In the South African university sector there has been a significant improvement in success rates, throughputs and research outputs.

**Recommendation 3:** We recommend changing the funding mechanism for TVET colleges from the current system of “input-funding” to one based on both inputs and outputs. Initially we would argue for an 80:20 input-output mix. We suggest that up to 20% of the programme subsidy for year  $n + 1$  be based on the throughput of year  $n - 1$  (to allow for data collection).

**Recommendation 4:** The existing costing formulae needs updating both for programmes, courses and staff post provision. The current model based on the original KPMG report and a later PWC remodelling needs substantial revision, particularly with respect to the weighting for the NC(V) as compared to the occupational programmes. Programme costs should include the cost of examinations.

**Recommendation 5:** A technical team should be appointed to determine the details of future funding formulae that take into account all the possible variables, including: Funding based on FTE enrolment, funding based on differential programme costs, performance-based funding for student success, weighting for rural and disadvantaged areas, weighting for disability, infrastructure development and maintenance (including residences), staff development and academic support.

**Recommendation 6:** An enrolment plan for TVET colleges needs to be developed and linked to available funding provided in the Medium Term Expenditure Framework (MTEF). Such a plan would have to be in line with the new landscape for TVET and Community Colleges.

**Recommendation 7:** The DHET should also develop a long term plan for the college (say 5-7 years) to ensure the financial sustainability of colleges informed by agreed-upon enrolment plans.

**Recommendation 8:** Enrolments should be based on a five-year rolling plan and should include the projected growth in the number of graduates. The DHET should agree on the funded enrolments with each college for a period of at least three years. Should a college deviate significantly (say 5% or more) from the agreed-upon enrolment targets, the funded enrolments for the outer years of the rolling plan should be adjusted. The claw-back procedure should be abolished.

**Recommendation 9:** SETAs should develop a three year plan of programmes that they want the colleges to offer and this should inform the enrolment planning process of the colleges. This needs to form the basis of guaranteed funding from the SETAs to the colleges. The cost of repeating students that take longer than the normal time to complete, should be taken into account.

**Recommendation 10:** The National Skills Fund was established to provide training for the unemployed. The NSF should be used to fund such programmes in a set of colleges (say one or two per province) for a three year trial period.

## Variable course costs

**Recommendation 11:** As in many other countries, funding formulae should take into account the variable costs of programmes and courses and the factors that disadvantage certain institutions and the students that populate them. A good example is the formulae used in the United Kingdom by the Education Funding Agency for Further Education Colleges, that takes these into account, as well as the variable cost factor scales used by the Skills Funding Agency.

Rural colleges clearly need a funding adjustment through an additional weighting on the formula.

## Capital expenditure, infrastructure refurbishment and ongoing maintenance

**Recommendation 12:** Given the expansion in the college system, serious attention needs to be given to new capital expenditure and refurbishment as student numbers rise, as well as the increased maintenance costs consequent on rising numbers. The maintenance situation (including the repair and updating of equipment) needs to be carefully monitored and funds for it specifically earmarked.

## Inequality of funding between provinces

Currently TVET colleges in the different provinces are not funded equally according to the funding formulae. This is an historical anomaly carried over from the differential support given to the TVET colleges in each province in the past. This inequity must end but not at the cost of those provinces where the funding allocated is close to that predicted by the funding norms. The colleges that are underfunded must be brought up to the norm, without lowering the norm for all.

**Recommendation 13:** The post-function shift funding model for the TVET sector must ensure that baseline funding does not perpetuate past under funding of the colleges in certain provinces. Additional allocations must be used to achieve a more equitable funding regime across the provinces.

## Bridging and foundation programmes for under-prepared students

In a perfect system no underprepared students enter TVET colleges. As South Africa is nowhere near such a state it is still necessary to remediate some of the failures of the school system. However unfortunate this cost is (and taxpayers will eventually balk at having to pay twice for the same service) it is a cost that must be carried for the foreseeable future

The task teams involved in the development of the national plan for post-school education is considering recommending the offering of foundation programmes with compulsory elements on work readiness, ICT skills, life orientation as well as fundamental foundations for mathematics, science and language. These programmes should be coordinated across the colleges.

**Recommendation 14:** Bridging and Foundation programmes must be developed to assist underprepared students who enter TVET colleges. These programmes must be fully government-funded. The cost of these offerings will be offset by the savings made through improved efficiency as a result of better throughput rates and fewer repeaters in the system.

## Student support services

Student support, including career guidance, services are weak at TVET Colleges and the function is performed by the lecturers. There is a big need to strengthen the student support services to improve the quality of education and training. The functions that can be expected to be performed by student support units must be determined. The DHET Youth Development Support Directorate is currently looking at transforming the whole of student support services. There is a need to attend to both the academic and social needs of students.

**Recommendation 15:** Adequate student support services must be established in the colleges and earmarked recurrent funding needs to be allocated for this function.

## Ensuring alignment between enrolment planning and funded workplace learning places

Currently the two TVET College programmes, NATED and NC(V), and Learnerships continue to be seen as alternatives to one another and not complementary components of a single learning pathway from school to work (as had been the case historically). The connection between “theory” and “workplace” remains disconnected. TVET funding is only allocated to the ministerially approved programmes (NATED and NC(V)) without any funds allocated to the theory component of learnerships. Levy flows via the SETAs (for learnerships, internships, etc.) take the form of grants to an employer who is then required to secure the theoretical learning from a provider of their choice (which may be a private provider or done in-house in the case of large employers).

The fact that the “theory” and “workplace” were not connected often led to the practical consequence for learners wanting to acquire trade qualifications of having to undergo nine years of publicly funded learning to train as an artisan (which used to take only three years) if the full route of Senior Certificate (3 years), NC(V) (three years) and an apprenticeship (3 years). This is a highly expensive route to a trade and is clearly sub-optimal for a system that wants to massify.

In order to bring ‘theory’ and ‘workplace’ back together again, it is necessary to look for ways to get the fiscus (which funds the theory) and the levy (which funds the workplace training) to work together. In order to do this the disbursement of the one should be conditional on the disbursement of the other for those programmes that require a workplace learning component for completion. This includes all the QCTO qualifications (and hence all the trades) but can also equally apply to shorter programmes or even skills programmes that require workplace learning. The key constraint for most learners and colleges is the access to workplaces.

**Recommendation 16:** “Theory” and “workplace” need to be linked again. The long-term (5 years) and short term (1 year) planning cycles of SETAs must be sequenced. SETAs should start the initiative by inviting employers to apply for grants and these applications must be approved before college enrolment planning begins. The employer responses must be based

on occupational categories (trades) that permit aggregation across sectors. Aggregated data of all employers in a geographical area willing to take learners for workplace learning for a given trade(s) must be provided to the colleges in that area. This will set the broad quantum of learners that can be enrolled by that college in that programme. In time employers should enter into contracts with learners before they enrol.

**Recommendation 17:** Enrolments at colleges for those programmes that require workplace learning should be premised on the colleges having access to workplaces for the learners based on the consolidated information provided by the SETAs for that area. The SETA offices in colleges should therefore be primarily centres of data management derived from data consolidated centrally.

**Recommendation 18:** The allocation of the levy grant is a condition for the allocation of the fiscal allocation to the college.

## Community College specific recommendations

Historically, the state adult education and training system has been of very low quality with very weak output. This is unacceptable and it is pointless expanding such a system. Given the current mode of operation and with the available funding, it is simply not amenable to performance improvement. Whatever the political imperative for the expansion of provision, rapid expansion should be curtailed until overall quality has improved, and such expansion is capable of sustaining quality. That said, it is also recognised that adult education and training provision is less capable of a linear massive expansion and improvement in qualitative excellence compared to schooling because of the vagaries of voluntary adult participation. What is required is a steady process of reform and incremental growth. Because of inadequate planning for the function shift of the PALCs to the national government and the absence of actual community colleges, a proper holding operation and a new community college implementation plan is in any case needed before significant expansion can take place.

## Legislation

It is clear from the international literature and from the current problems of applying essentially TVET college legislation to a different type of institutional model – namely, the community college and community learning centres – that separate and comprehensive legislation is necessary for adult and community education and training.

The drafting of such legislation would only be possible if effective conceptualisation has taken place on the nature and characteristics of Community Colleges and their governance, functions, and potential activities (including performance, accountability, staff development, use of posts, payment of Community Learning Centre personnel, compensation of Council members, growth potential and viable size(s)).

**Recommendation 19:** Once a sound conceptual model of the Community College is developed it should be piloted and then a comprehensive Adult and Community Education and Training Act developed (which is not simply a clone of the legislation relating to relating to Technical and Vocational Education and Training Colleges.)

## Structural reform and funding

The Committee is of the view that the transition from the Public Adult Learning Centres run by provincial education departments to being clustered into groups of satellite Community Learning Centres around a Community College support hub in each district of the country has not happened, was poorly planned, and is actually incapable of implementation in the short term, mainly, but not only, because of the low level of funding.

The Committee believes that the funding of the Community College system needs to be disaggregated into first, a holding operation with some modest reforms for the ex-PALCs linked to the regional Community College Administrative Hubs, and second, the realistic costing and funding of a set of community college pilot projects (also making use of private sector and not-for-profit facilities and support as well as donor funding) in specially targeted districts with appropriate demographics, with targeting to be done along similar lines to the 2013 Gauteng Department of Education audit of PALCs.

Establishing “a new institutional form”, the community college, requires a dedicated high level support team which can develop and monitor an implementation plan and simultaneously undertake the necessary demographic and demand analyses to justify investment in community colleges, which are expected to serve two distinct groups, namely adult learners and youth.

Current state provision invests almost exclusively on two formal qualifications, the GETC and the Grade 12 “Amended” Senior Certificate. It is not clear that this focus is of much use to older learners. There is also as yet no investment in high quality English and Mathematics foundation or bridging courses.

**Recommendation 20:** Community Colleges should move towards a much more community oriented rather than school-based approach. There should be no admission criteria ensuring access to all who want to attend.

**Recommendation 21:** There needs to be a framework for institutional growth with due attention being paid to the need for considerable funding for the effective development of this sector, as well as attention being paid to more effective use of existing infrastructure and to its expansion.

**Recommendation 22:** Communities, local government bodies, and local civil society bodies must be involved in the conceptualization and development of the local colleges, including enrolment planning and the qualifications and programmes that should be offered, all within the context of the development of the regions where the college is based.

**Recommendation 23:** A dedicated high level Community College development support team should be set up to develop and monitor the implementation plans for each new Community College and simultaneously undertake the necessary demographic and demand analyses to justify investment in community colleges in those particular localities.

## Setting the level of funding

**Recommendation 24:** It is recommended that the overall budget be increased as fast as possible to at least 3% of the national education budget as an interim measures and that certain percentages of the budget be ring fenced for a minimum set of resources: personnel costs (including coordination), curriculum and materials, maintenance and monitoring and evaluation. Given the dearth of materials, materials development should be a priority in the initial year or two. Building the capacity of the institutions to handle an increase in funding needs to be factored in.

## Use of public and private facilities

**Recommendation 25:** Given the low likelihood of massive funding for new infrastructure in the near future, it should be incumbent on the state to encourage optimum use of spare capacity in all public college and university facilities that can be made available for reasonable regulated use by the adult and community education system and that private non-profit facilities also be used on fair contractual terms. In addition, DHET should commence a process of negotiations with municipalities across the country to identify available facilities for this purpose. The South African Local Government Association could be a useful ally in this regard. There is also considerable scope for the use of schools that have closed down.

## Linkage to and incorporation of the *Kha Ri Gude* adult literacy network

The *Kha Ri Gude* adult literacy campaign's network was a clear success and its simple but elegant structure was a most cost-effective means of delivery. Whilst it is understandable that the campaign would necessarily have an end point, it would be sensible to make use of this structure and system and database as part of the community college/community learning centre system.

**Recommendation 26:** The *Kha Ri Gude* structure should be incorporated into the Community College system and a plan for this should be developed.

## Common recommendations for both TVET and Community College

### Funding predictability

It is clear that a major source of instability in the TVET and Community College sectors is the unpredictability of funding. Such unpredictability was emphasised in much of the evidence presented to the Committee that TVET colleges were not receiving the full quantum of what they calculated they were supposed to receive in terms of the current funding norms. The result was that Colleges to be forced to have in effect two budget processes, the one based on the existing programme funding norms and the other based on the approved budgets which over the period 2013 to 2017 had shortfalls that rose from 19% to 47% per annum.

With regard to the PALCs, it is also evident from the recent past that provinces arbitrarily changed annual budgets, and in some cases, prior to the function shift, put operational budgets on hold.

**Recommendation 27:** Whilst we recognise that the national education and training budget, like other departmental or provincial budgets, is subject to a number of factors, such as economic growth and tax revenues, it is nevertheless critical for spending agencies to have a degree of certainty or predictability with respect to their budgets based on a long term enrolment plan (and the associated staff compensation budget).

## Increased funding for programme differentiation and diversity

More differentiation and diversity of provision and institutions is needed both within and between TVET colleges and Community colleges (with their Community Learning Centres and satellites). This would require more legislative and governance adjustments. However, to be avoided, in multi-campus colleges, is unwarranted over-specialisation by campus that has the effect of raising travelling obstacles for students. This is needed to forge a more diverse college system including TVET colleges, community colleges, and other institutional forms. Such a framework must enhance the possibility of genuine and easy articulation and transfer of students between colleges and higher education institutions.

For Community colleges there is the laudable idea of “curriculum development from below”, encouragement of non-formal courses responding to local community needs, and entrepreneurial building partnerships at the local level. This will however, be impossible unless there is some budgetary allowance to support these at the college level.

**Recommendation 28:** Funding for programme diversification is necessary, both for the so-called Ministerially approved programmes (currently two in TVET and the two (or potentially three) in Community colleges) and via a generic “other vocational, occupational and non-formal programmes” funding category.

## A better overall institutional framework of coordination and articulation

There is a clear need for a more diverse college system including TVET colleges, community colleges and other institutional forms. Such a framework must enhance the possibility of genuine and easy articulation and transfer of students between colleges and higher education institutions.

**Recommendation 29:** A better overall institutional framework for coordination and for the easy articulation and transfer of students between TVET and Community Colleges and higher education institutions should be developed.

## Programme offerings at TVET and Community Colleges

There are several types of programme differentiation that will need to be looked at.

**Recommendation 30:** Although a genuine diversity of programmes is needed, only a manageable set of key qualifications should receive major state funding. Programmes need to be manageable both in terms of funding and conceptually so that student understanding and choice of the appropriate qualification for a particular career path is made easy.

**Recommendation 31:** The extent to which Colleges may cross-subsidise so-called “non-ministerial” programmes needs to be regulated. The crucial factor here is whether the cross-subsidised programmes complement the subsidised programmes.

**Recommendation 32:** There is a need over time to differentiate between TVET college programmes and Community College programmes. It would be pointless to duplicate programmes when they are likely to be better delivered in one of the institutions, although there is no obvious way, at this stage, to determine what would be better dealt with where. It may also well be the case that a process of organic growth will be best for the Community colleges as they develop.

**Recommendation 33:** There needs to be a more rational system of funding fully state funded and endorsed programmes that are fit for purpose. It is clear from our investigations that decisions in TVET colleges regarding the NC(V) and NATED programmes are often made, not in terms of their fitness for labour market purpose (whether national, regional or local) but on the basis of cost, enrolment increases, available staff, etc. It is also clear that good professional and skills courses that deliver also need funding as appropriate.

Both the TVET and Community colleges need the ability to change their institutional trajectory and, where appropriate, also offer NQF level 5 programmes (Higher Certificates) and level 6 programmes (Diplomas). We note the policy change that will see the re-entry of technical training at schools which will have the effect of moving provision in TVET Colleges up the NQF levels. In due course the concept of two year (Associate) degrees (as in the North American community college system) should be explored. At the same time, issues of developing a really workable credit transfer system to universities would need to be expeditiously resolved.

**Recommendation 34:** The issue of Higher Education qualifications being taught at TVET and Community Colleges needs to be more carefully looked at (particularly in relation to Higher Certificates and Diplomas) and most important, ensuring that Higher Certificates do articulate with further qualifications in Higher Education institutions and fair credit transfer is allowed for. A workable credit system to universities needs to be expeditiously resolved.

**Recommendation 35:** The real costs of remediating the failures in the school system and not having the TVET colleges clogged with unprepared students, have to be faced up to. If the Community Colleges are expected to do this their funding (and general capacity) will have to reach a much higher dimension. [See also Recommendations 14 and 15.]

**Recommendation 36:** The possibility of having some specialised TVET colleges (as shaped by the South African national and regional contexts) as a way of rationalising scarce resources also needs to be examined (as will the cost of providing residential accommodation for students).

**Recommendation 37:** The National Senior Certificate for Adults (NASCA) is registered as a qualification and will be implemented in 2018/2019. NASCA should be delivered in flexible modes to ensure that adults can participate in them, including those already working. Subject to the necessary constraints of costs and the integrity of the examinations, flexible assessment should be made available so that an individual can enter and write these examinations throughout the year to ensure that the system becomes much more efficient and effective.

## Course materials development

For both the TVET and ACET sectors, it is clear that there is a dire lack of well designed instructional materials for learners and manuals for staff (whether in print, delivered via in-house ICT services or online). In the PALCs this lack was catastrophic. In the case of the Kha Ri Gude literacy campaign, the well designed materials were crucial to its success. Without appropriate study materials much of the other investment is simply wasted.

**Recommendation 38:** For the next five years there should be a substantial budget for the research and development of first class study materials, including those delivered via ICT means, especially for the community colleges.

## Distance Education

Distance education in its traditional form is not an ideal mode for underprepared students. Nor is it an ideal mode for TVET College students because of the large practical component in their studies. However modern distance education and in particular that supported by advanced eLearning technology and open access materials should be explored cautiously. It must never be considered as a cheap quick fix option. Distance education needs heightened student support. These cautions do not mean that there is not a need for very carefully designed self-study materials, both print and electronic. Courses delivered by distance education and flexible modes of study should be funded according to an appropriately adjusted but fair formula. Subsidy of distance education students is normally between 40% and 50% of that for contact mode students.

**Recommendation 39:** The Committee is of the opinion that open and distance education for the TVET and ACET sectors should only be explored with some caution at this time due to the under-preparedness of the majority of students and the current poor levels of performance in the sector.

## Tuition fees

The portion of what can be expected to be paid by tuition fees has tended to increase in recent times (an example from England it was now 12% of revenue, for United States of America community colleges overall it is 30%). Recommending a benchmark figure on what percentage of revenue should come from fees is legitimate. Currently in South Africa it is about 20%. Some central and state governments regulate the fee structures (taking into account the funding, budgets and track records of the institutions). For public literacy and adult basic education programmes in many countries there are no fees (such as in Brazil where there are no fees for any public education). In the United States of America though in 1998 a previous restriction on states charging fees for adult education services was abolished, most programmes remain free. In South Africa the correlation between poverty and illiteracy and under education is so clear that charging fees should be discouraged. At the same time it must be recognised that better qualifications are a powerful engine for social mobility (and particularly in the case of university degrees, give a tremendous ‘cash value’ return to the holder).

In our consultations with institutions and students it became clear that there are major dysfunctions in the disbursement of both tuition and accommodation, travel and subsistence grants. Unless this situation is rectified, the expected efficiency and equity gains envisaged will not come to fruition.

**Recommendation 40:** The Committee considers that fees are an important income stream for TVET Colleges. Students that can afford tuition should pay fees. Students with academic potential should not be excluded because they cannot afford fees (therefore there is a need for an ongoing student fees support mechanism).

**Recommendation 41:** The Committee is of the opinion that the Community Colleges which will serve the poor and disadvantaged should not charge fees for formal programmes. These should be fully funded by the state with possible contributions by local authorities and the private sector.

**Recommendation 42:** In the event in a national move to a fees free situation, as the NSFAS allocations to TVET colleges are grants and not loans, it is recommended that the share of NSFAS earmarked for these colleges should become part of the baseline funding of TVET colleges with provisioning made in the subsidy for transport and accommodation allowances under the same conditions currently in the regulations for the bursaries. The funding for transport and accommodation allowances should be earmarked and the size of the allocation should be based on the criteria for eligibility and the availability of funds.

## Special needs

**Recommendation 43:** Special education needs in TVET and Community Colleges should be catered for and funded by adding an additional weight to the FTE calculations. The current weightings for special needs students are regarded as acceptable although the criteria for what counts as “special needs” requires refining and rigorous application.

## Addressing the needs of indigent students

**Recommendation 44:** The provision of living allowances for indigent students should be introduced with a sense of urgency, but be linked to performance. Poor students need more financial support particularly in the case of those from rural areas.

## Student hostels

In principle, TVET and Community Colleges should enable access to students within reasonable travel distances, though in some cases, local travel support may be needed. Expenditure on residences would therefore not be a priority. However, there may be a need for hostels in rural areas, especially where transport services cannot be provided. Hostels may be needed for centres of specialisation or where various forms of artisan training attracts students from a wider geographical area. This may therefore require some TVET Colleges to consider making available hostel accommodation for their students to ensure that their success and graduation rates improves substantially.

**Recommendation 45:** Student residences may not be a high priority at this stage but, if deemed essential, should be funded through separate earmarked capital grant (as is the case currently with universities) on a project basis. Development finance institutions and the banking sector should be encouraged to partner with institutions to provide loans matching the funding from the Ministry. Local government sponsorship may be needed here also.

## Accurate data for a functional EMIS

Accurate data in a functional EMIS (that addresses planning, funding, monitoring and research needs) is an essential requirement for an effective system. The fair and accurate division of funding needs to be based on accurate, reliable and timeous data. The inadequate as well as unreliable data for the existing Public Adult Learning Centre system are a huge problem both for the review as well as the future planning of the new Community College system and need to be addressed as a matter of urgency. Although there are data available for TVET colleges, there are a number of shortcomings. It is also important that SETA databases be linked to TVET College ones. This EMIS development work needs to involve all the necessary stakeholders to ensure the real functionality of the developed system.

It would be useful to have a learner record database available at national level.

**Recommendation 46:** An improved EMIS needs to be developed and maintained for both the TVET and Community Colleges which should preferably be unit record databases with the functionality of calculating accurate full-time equivalent enrolments. Funding will have to be allocated for the development of proper management information systems.

## Subsidizing private colleges

**Recommendation 47:** A set of strict criteria should be set for the granting of student grants for study in private colleges where, in cases of national needs and priorities, particularly in specialised areas and to address the provision of scarce skills, the public TVET or Community colleges lack the capacity to enable potential learners to access these forms of PSET.

## Staffing and conditions of service

The staffing conditions in TVET and Community Colleges are characterised by inconsistencies in the conditions of service, lack of policy on the appointment of educators and a large proportion of contract appointments, a limited pool of qualified candidates, and few incentives for working in isolated areas (including a lack of staff accommodation in rural Colleges).

**Recommendation 48:** A staff provisioning model and policy must be developed based on full-time equivalent enrolments and ensures a hybrid of permanent and contract employees for both sectors. This model must take into account incentives to attract and retain qualified personnel, particularly in rural areas, and the need for ongoing staff capacity development.

## Compensation of college council members

**Recommendation 49:** The payments to Council members, apart from those who are already in state employ, for meeting attendance, should be set at the standard hourly or daily rates and should be capped at an annual maximum amount (to prevent an unnecessary proliferation of Council meetings and site visits as a way of gaining income). The rates set by DHET for TVET colleges on the basis of Treasury regulations on an annual basis are reasonable and appropriate.

## Educator, trainer and researcher development

It is common knowledge that the development of adult educators, trainers and researchers has been sorely neglected, particularly since the closure of many previously excellent university centres and non-governmental organisations that had specialised in this field.

**Recommendation 50:** Universities and other roleplayers need to be encouraged to restore the capacity for the training of adult educators and the updating of curriculums as well to increase their capacity to develop TVET college lecturers and researchers.

## Management and staff development needs

The development of strong management capacity in both TVET and Community Colleges is a necessity. Currently it is common cause that management is weak in the Community College/Community Learning Centres system and many TVET colleges have been hampered by management failures and in matters of fiscal governance, so much so that several have been put under administration or threatened so. Colleges also need to budget for internal staff development, given its known positive effects, and to plan for lecturer replacement while they are attending training.

**Recommendation 51:** A plan for developing management capacity both in the short term and in longer term training programmes will need to be costed and linked to a much clearer specification of the funding principles for the adequate staffing of these institutions.

**Recommendation 52:** Intervention should be made to improve fiscal governance in TVET Colleges and to prepare for it in Community Colleges, including recruitment of appropriate skills, ongoing training, and credible financial systems and processes.

## College reserves and surpluses

**Recommendation 53:** Colleges should retain surpluses generated from programmes for use by the institution. Surrendering such funds to the DHET would represent a disincentive to efficiency and effectiveness and for developing and implementing new programmes and courses. College reserves should therefore not be tampered with. Large educational institutions need reserves – however, they should be accountable to the DHET to how they use such funds.

## Monitoring the financial health of colleges

**Recommendation 54:** Sound funding systems and uniform templates for financial reporting, designed in a manner that ensures that the DHET can proactively monitor the financial health of TVET and CET colleges, must be developed in the interests of the institutions themselves.

## Monitoring, evaluation and research

It is common cause that monitoring, evaluation and research have not been prioritised or capacitated within the TVET college or state adult education system. All colleges need to have a “knowledge project” related to the regional, district and municipal situational demands. Clearly the lack of research capacity has to change, without diminishing the role that universities have to play in researching the sector.

**Recommendation 55:** There should be a relatively autonomous monitoring, evaluation and research component at both college and national levels that, separated in function and control, would ensure the collection, analysis and interpretation of accurate data on the implementation, learning outputs and impacts of the TVET colleges, SETAs and the Community colleges.

## Role of universities in training and research

Historically it has been South African universities that have played a role in researching TVET and adult and community education and providing for the training of practitioners in recognised teaching qualifications. Universities should assist in the setting up of Community Colleges and co-operate with TVET Colleges to strengthen them too.

In the case of adult education virtually all research and practitioners development has been done by universities. What capacity remains needs to be revitalised and rebuilt, particularly in certain provinces, after decades of decline.

The rapid development and expansion of the TVET and the Adult and Community Education and Training sectors is both an opportunity for research and a demand for it. To maintain the integrity of what is intended to be a massive education and training intervention it is important that its processes and output are subjected to rigorous research.

**Recommendation 56:** The Committee believes that those universities in South Africa that still have some adult education research capacity should play a significant role in researching adult and community education and training, in materials development and in the preparation of educators (in collaboration with the South African Institute for Vocational and Continuing Education and Training (SAIVCET)). (See also Recommendation 50)

**Recommendation 57:** A programme of recruitment (of both full-time and part-time researchers) should be undertaken in both the TVET and CET sectors. Universities collaborating in support of these sectors will also be asked to steer promising research students into undertaking research studies on TVET and ACET. It is also assumed that the SAIVCET will play a pivotal role here.

**Recommendation 58:** In both TVET colleges and Community colleges, internal research capacity needs to be built in the long term, and this needs to be provided for by way of a percentage of the overall funding.



**Recommendation 1:** We propose that urgent attention be given to substantially increasing the funding for TVET and Community Colleges in the light of the serious underfunding at the present time and current shortfalls, given the value of these sub-sectors for economic and social development. The Committee does not want to prescribe a specific numerical increase in funding in either absolute or percentage terms but would like to stress the importance of paying urgent attention to the overall funding issue. Investment in the PSET sector needs to improve.

Whilst we understand that overall this might mean a major escalation in the size of the PSET budget, we hold strongly to the view that unless such a review is undertaken, most of our other recommendations are largely pointless. We do recognise, however, that the increases would need to be phased in over several years. However, it is imperative that a start be made in this direction as a matter of urgency.

The Committee notes that the urgent response to the current *#Fees must fall* campaign is an indication of the extent to which university funding is prioritised politically at the expense of other sub-sectors such as TVET and Community Colleges because of the powerful lobbying power and interests in the university sector.

## Funding components

Budgeting of necessity should provide for all the necessary components in an effective education and training systems such as academic and support (including academic support) staffing, educational materials, examination costs, information systems, career guidance, evaluation and research as well as capital equipment and broader infrastructure.

**Recommendation 2:** We would therefore argue for benchmarks for both TVET and Community College ministerially approved programme-based budgets, such that staff costs should not exceed approximately 65% to 70% of the total budget, and that within the staffing budget, the ratio between teaching and support staff should generally not exceed 3:1.

## TVET College specific recommendations

### Quantity or quality – rewarding outputs

All education and training institutions have to find a happy medium between quantitative growth (students enrolment) and quality (low repetition and drop-out rates, and the output of competent graduates). Because of the immense pressure to massify the TVET college sector there is a danger that quantity will be valued above quality.

The Committee is of the opinion that in recent years TVET college quality has been compromised because of the pressure to increase enrolments without compensatory increases in staff and other resources. Provision must therefore be made to ensure qualitative improvements to meet labour market needs, even if it has to be at the expense of further increasing quantitative growth in enrolment. Indeed, as the reviewed literature indicates, current certification rates are abysmal. Currently learners in the TVET system graduate at an exorbitant per capita cost which is unsustainable. Moreover, the absorption rate of TVET graduates in the economy is also a cause of serious concern.

The performance-based funding framework works well in the university sector in South Africa and elsewhere. In the South African university sector there has been a significant improvement in success rates, throughputs and research outputs.

**Recommendation 3:** We recommend changing the funding mechanism for TVET colleges from the current system of “input-funding” to one based on both inputs and outputs. Initially we would argue for an 80:20 input-output mix. We suggest that up to 20% of the programme subsidy for year  $n + 1$  be based on the throughput of year  $n - 1$  (to allow for data collection).

**Recommendation 4:** The existing costing formulae needs updating both for programmes, courses and staff post provision. The current model based on the original KPMG report and a later PWC remodelling needs substantial revision, particularly with respect to the weighting for the NC(V) as compared to the occupational programmes. Programme costs should include the cost of examinations.

**Recommendation 5:** A technical team should be appointed to determine the details of future funding formulae that take into account all the possible variables, including: Funding based on FTE enrolment, funding based on differential programme costs, performance-based funding for student success, weighting for rural and disadvantaged areas, weighting for disability, infrastructure development and maintenance (including residences), staff development and academic support.

**Recommendation 6:** An enrolment plan for TVET colleges needs to be developed and linked to available funding provided in the Medium Term Expenditure Framework (MTEF). Such a plan would have to be in line with the new landscape for TVET and Community Colleges.

**Recommendation 7:** The DHET should also develop a long term plan for the college (say 5-7 years) to ensure the financial sustainability of colleges informed by agreed-upon enrolment plans.

**Recommendation 8:** Enrolments should be based on a five-year rolling plan and should include the projected growth in the number of graduates. The DHET should agree on the funded enrolments with each college for a period of at least three years. Should a college deviate significantly (say 5% or more) from the agreed-upon enrolment targets, the funded enrolments for the outer years of the rolling plan should be adjusted. The claw-back procedure should be abolished.

**Recommendation 9:** SETAs should develop a three year plan of programmes that they want the colleges to offer and this should inform the enrolment planning process of the colleges. This needs to form the basis of guaranteed funding from the SETAs to the colleges. The cost of repeating students that take longer than the normal time to complete, should be taken into account.

**Recommendation 10:** The National Skills Fund was established to provide training for the unemployed. The NSF should be used to fund such programmes in a set of colleges (say one or two per province) for a three year trial period.

## Variable course costs

**Recommendation 11:** As in many other countries, funding formulae should take into account the variable costs of programmes and courses and the factors that disadvantage certain institutions and the students that populate them. A good example is the formulae used in the United Kingdom by the Education Funding Agency for Further Education Colleges, that takes these into account, as well as the variable cost factor scales used by the Skills Funding Agency.

Rural colleges clearly need a funding adjustment through an additional weighting on the formula.

## Capital expenditure, infrastructure refurbishment and ongoing maintenance

**Recommendation 12:** Given the expansion in the college system, serious attention needs to be given to new capital expenditure and refurbishment as student numbers rise, as well as the increased maintenance costs consequent on rising numbers. The maintenance situation (including the repair and updating of equipment) needs to be carefully monitored and funds for it specifically earmarked.

## Inequality of funding between provinces

Currently TVET colleges in the different provinces are not funded equally according to the funding formulae. This is an historical anomaly carried over from the differential support given to the TVET colleges in each province in the past. This inequity must end but not at the cost of those provinces where the funding allocated is close to that predicted by the funding norms. The colleges that are underfunded must be brought up to the norm, without lowering the norm for all.

**Recommendation 13:** The post-function shift funding model for the TVET sector must ensure that baseline funding does not perpetuate past under funding of the colleges in certain provinces. Additional allocations must be used to achieve a more equitable funding regime across the provinces.

## Bridging and foundation programmes for under-prepared students

In a perfect system no underprepared students enter TVET colleges. As South Africa is nowhere near such a state it is still necessary to remediate some of the failures of the school system. However unfortunate this cost is (and taxpayers will eventually balk at having to pay twice for the same service) it is a cost that must be carried for the foreseeable future

The task teams involved in the development of the national plan for post-school education is considering recommending the offering of foundation programmes with compulsory elements on work readiness, ICT skills, life orientation as well as fundamental foundations for mathematics, science and language. These programmes should be coordinated across the colleges.

**Recommendation 14:** Bridging and Foundation programmes must be developed to assist underprepared students who enter TVET colleges. These programmes must be fully government-funded. The cost of these offerings will be offset by the savings made through improved efficiency as a result of better throughput rates and fewer repeaters in the system.

## Student support services

Student support, including career guidance, services are weak at TVET Colleges and the function is performed by the lecturers. There is a big need to strengthen the student support services to improve the quality of education and training. The functions that can be expected to be performed by student support units must be determined. The DHET Youth Development Support Directorate is currently looking at transforming the whole of student support services. There is a need to attend to both the academic and social needs of students.

**Recommendation 15:** Adequate student support services must be established in the colleges and earmarked recurrent funding needs to be allocated for this function.

## Ensuring alignment between enrolment planning and funded workplace learning places

Currently the two TVET College programmes, NATED and NC(V), and Learnerships continue to be seen as alternatives to one another and not complementary components of a single learning pathway from school to work (as had been the case historically). The connection between “theory” and “workplace” remains disconnected. TVET funding is only allocated to the ministerially approved programmes (NATED and NC(V)) without any funds allocated to the theory component of learnerships. Levy flows via the SETAs (for learnerships, internships, etc.) take the form of grants to an employer who is then required to secure the theoretical learning from a provider of their choice (which may be a private provider or done in-house in the case of large employers).

The fact that the “theory” and “workplace” were not connected often led to the practical consequence for learners wanting to acquire trade qualifications of having to undergo nine years of publicly funded learning to train as an artisan (which used to take only three years) if the full route of Senior Certificate (3 years), NC(V) (three years) and an apprenticeship (3 years). This is a highly expensive route to a trade and is clearly sub-optimal for a system that wants to massify.

In order to bring ‘theory’ and ‘workplace’ back together again, it is necessary to look for ways to get the fiscus (which funds the theory) and the levy (which funds the workplace training) to work together. In order to do this the disbursement of the one should be conditional on the disbursement of the other for those programmes that require a workplace learning component for completion. This includes all the QCTO qualifications (and hence all the trades) but can also equally apply to shorter programmes or even skills programmes that require workplace learning. The key constraint for most learners and colleges is the access to workplaces.

**Recommendation 16:** “Theory” and “workplace” need to be linked again. The long-term (5 years) and short term (1 year) planning cycles of SETAs must be sequenced. SETAs should start the initiative by inviting employers to apply for grants and these applications must be approved before college enrolment planning begins. The employer responses must be based

on occupational categories (trades) that permit aggregation across sectors. Aggregated data of all employers in a geographical area willing to take learners for workplace learning for a given trade(s) must be provided to the colleges in that area. This will set the broad quantum of learners that can be enrolled by that college in that programme. In time employers should enter into contracts with learners before they enrol.

**Recommendation 17:** Enrolments at colleges for those programmes that require workplace learning should be premised on the colleges having access to workplaces for the learners based on the consolidated information provided by the SETAs for that area. The SETA offices in colleges should therefore be primarily centres of data management derived from data consolidated centrally.

**Recommendation 18:** The allocation of the levy grant is a condition for the allocation of the fiscal allocation to the college.

## Community College specific recommendations

Historically, the state adult education and training system has been of very low quality with very weak output. This is unacceptable and it is pointless expanding such a system. Given the current mode of operation and with the available funding, it is simply not amenable to performance improvement. Whatever the political imperative for the expansion of provision, rapid expansion should be curtailed until overall quality has improved, and such expansion is capable of sustaining quality. That said, it is also recognised that adult education and training provision is less capable of a linear massive expansion and improvement in qualitative excellence compared to schooling because of the vagaries of voluntary adult participation. What is required is a steady process of reform and incremental growth. Because of inadequate planning for the function shift of the PALCs to the national government and the absence of actual community colleges, a proper holding operation and a new community college implementation plan is in any case needed before significant expansion can take place.

## Legislation

It is clear from the international literature and from the current problems of applying essentially TVET college legislation to a different type of institutional model – namely, the community college and community learning centres – that separate and comprehensive legislation is necessary for adult and community education and training.

The drafting of such legislation would only be possible if effective conceptualisation has taken place on the nature and characteristics of Community Colleges and their governance, functions, and potential activities (including performance, accountability, staff development, use of posts, payment of Community Learning Centre personnel, compensation of Council members, growth potential and viable size(s)).

**Recommendation 19:** Once a sound conceptual model of the Community College is developed it should be piloted and then a comprehensive Adult and Community Education and Training Act developed (which is not simply a clone of the legislation relating to relating to Technical and Vocational Education and Training Colleges.)

## Structural reform and funding

The Committee is of the view that the transition from the Public Adult Learning Centres run by provincial education departments to being clustered into groups of satellite Community Learning Centres around a Community College support hub in each district of the country has not happened, was poorly planned, and is actually incapable of implementation in the short term, mainly, but not only, because of the low level of funding.

The Committee believes that the funding of the Community College system needs to be disaggregated into first, a holding operation with some modest reforms for the ex-PALCs linked to the regional Community College Administrative Hubs, and second, the realistic costing and funding of a set of community college pilot projects (also making use of private sector and not-for-profit facilities and support as well as donor funding) in specially targeted districts with appropriate demographics, with targeting to be done along similar lines to the 2013 Gauteng Department of Education audit of PALCs.

Establishing “a new institutional form”, the community college, requires a dedicated high level support team which can develop and monitor an implementation plan and simultaneously undertake the necessary demographic and demand analyses to justify investment in community colleges, which are expected to serve two distinct groups, namely adult learners and youth.

Current state provision invests almost exclusively on two formal qualifications, the GETC and the Grade 12 “Amended” Senior Certificate. It is not clear that this focus is of much use to older learners. There is also as yet no investment in high quality English and Mathematics foundation or bridging courses.

**Recommendation 20:** Community Colleges should move towards a much more community oriented rather than school-based approach. There should be no admission criteria ensuring access to all who want to attend.

**Recommendation 21:** There needs to be a framework for institutional growth with due attention being paid to the need for considerable funding for the effective development of this sector, as well as attention being paid to more effective use of existing infrastructure and to its expansion.

**Recommendation 22:** Communities, local government bodies, and local civil society bodies must be involved in the conceptualization and development of the local colleges, including enrolment planning and the qualifications and programmes that should be offered, all within the context of the development of the regions where the college is based.

**Recommendation 23:** A dedicated high level Community College development support team should be set up to develop and monitor the implementation plans for each new Community College and simultaneously undertake the necessary demographic and demand analyses to justify investment in community colleges in those particular localities.

## Setting the level of funding

**Recommendation 24:** It is recommended that the overall budget be increased as fast as possible to at least 3% of the national education budget as an interim measures and that certain percentages of the budget be ring fenced for a minimum set of resources: personnel costs (including coordination), curriculum and materials, maintenance and monitoring and evaluation. Given the dearth of materials, materials development should be a priority in the initial year or two. Building the capacity of the institutions to handle an increase in funding needs to be factored in.

## Use of public and private facilities

**Recommendation 25:** Given the low likelihood of massive funding for new infrastructure in the near future, it should be incumbent on the state to encourage optimum use of spare capacity in all public college and university facilities that can be made available for reasonable regulated use by the adult and community education system and that private non-profit facilities also be used on fair contractual terms. In addition, DHET should commence a process of negotiations with municipalities across the country to identify available facilities for this purpose. The South African Local Government Association could be a useful ally in this regard. There is also considerable scope for the use of schools that have closed down.

## Linkage to and incorporation of the *Kha Ri Gude* adult literacy network

The *Kha Ri Gude* adult literacy campaign's network was a clear success and its simple but elegant structure was a most cost-effective means of delivery. Whilst it is understandable that the campaign would necessarily have an end point, it would be sensible to make use of this structure and system and database as part of the community college/community learning centre system.

**Recommendation 26:** The *Kha Ri Gude* structure should be incorporated into the Community College system and a plan for this should be developed.

## Common recommendations for both TVET and Community College

### Funding predictability

It is clear that a major source of instability in the TVET and Community College sectors is the unpredictability of funding. Such unpredictability was emphasised in much of the evidence presented to the Committee that TVET colleges were not receiving the full quantum of what they calculated they were supposed to receive in terms of the current funding norms. The result was that Colleges to be forced to have in effect two budget processes, the one based on the existing programme funding norms and the other based on the approved budgets which over the period 2013 to 2017 had shortfalls that rose from 19% to 47% per annum.

With regard to the PALCs, it is also evident from the recent past that provinces arbitrarily changed annual budgets, and in some cases, prior to the function shift, put operational budgets on hold.

**Recommendation 27:** Whilst we recognise that the national education and training budget, like other departmental or provincial budgets, is subject to a number of factors, such as economic growth and tax revenues, it is nevertheless critical for spending agencies to have a degree of certainty or predictability with respect to their budgets based on a long term enrolment plan (and the associated staff compensation budget).

## Increased funding for programme differentiation and diversity

More differentiation and diversity of provision and institutions is needed both within and between TVET colleges and Community colleges (with their Community Learning Centres and satellites). This would require more legislative and governance adjustments. However, to be avoided, in multi-campus colleges, is unwarranted over-specialisation by campus that has the effect of raising travelling obstacles for students. This is needed to forge a more diverse college system including TVET colleges, community colleges, and other institutional forms. Such a framework must enhance the possibility of genuine and easy articulation and transfer of students between colleges and higher education institutions.

For Community colleges there is the laudable idea of “curriculum development from below”, encouragement of non-formal courses responding to local community needs, and entrepreneurial building partnerships at the local level. This will however, be impossible unless there is some budgetary allowance to support these at the college level.

**Recommendation 28:** Funding for programme diversification is necessary, both for the so-called Ministerially approved programmes (currently two in TVET and the two (or potentially three) in Community colleges) and via a generic “other vocational, occupational and non-formal programmes” funding category.

## A better overall institutional framework of coordination and articulation

There is a clear need for a more diverse college system including TVET colleges, community colleges and other institutional forms. Such a framework must enhance the possibility of genuine and easy articulation and transfer of students between colleges and higher education institutions.

**Recommendation 29:** A better overall institutional framework for coordination and for the easy articulation and transfer of students between TVET and Community Colleges and higher education institutions should be developed.

## Programme offerings at TVET and Community Colleges

There are several types of programme differentiation that will need to be looked at.

**Recommendation 30:** Although a genuine diversity of programmes is needed, only a manageable set of key qualifications should receive major state funding. Programmes need to be manageable both in terms of funding and conceptually so that student understanding and choice of the appropriate qualification for a particular career path is made easy.

**Recommendation 31:** The extent to which Colleges may cross-subsidise so-called “non-ministerial” programmes needs to be regulated. The crucial factor here is whether the cross-subsidised programmes complement the subsidised programmes.

**Recommendation 32:** There is a need over time to differentiate between TVET college programmes and Community College programmes. It would be pointless to duplicate programmes when they are likely to be better delivered in one of the institutions, although there is no obvious way, at this stage, to determine what would be better dealt with where. It may also well be the case that a process of organic growth will be best for the Community colleges as they develop.

**Recommendation 33:** There needs to be a more rational system of funding fully state funded and endorsed programmes that are fit for purpose. It is clear from our investigations that decisions in TVET colleges regarding the NC(V) and NATED programmes are often made, not in terms of their fitness for labour market purpose (whether national, regional or local) but on the basis of cost, enrolment increases, available staff, etc. It is also clear that good professional and skills courses that deliver also need funding as appropriate.

Both the TVET and Community colleges need the ability to change their institutional trajectory and, where appropriate, also offer NQF level 5 programmes (Higher Certificates) and level 6 programmes (Diplomas). We note the policy change that will see the re-entry of technical training at schools which will have the effect of moving provision in TVET Colleges up the NQF levels. In due course the concept of two year (Associate) degrees (as in the North American community college system) should be explored. At the same time, issues of developing a really workable credit transfer system to universities would need to be expeditiously resolved.

**Recommendation 34:** The issue of Higher Education qualifications being taught at TVET and Community Colleges needs to be more carefully looked at (particularly in relation to Higher Certificates and Diplomas) and most important, ensuring that Higher Certificates do articulate with further qualifications in Higher Education institutions and fair credit transfer is allowed for. A workable credit system to universities needs to be expeditiously resolved.

**Recommendation 35:** The real costs of remediating the failures in the school system and not having the TVET colleges clogged with unprepared students, have to be faced up to. If the Community Colleges are expected to do this their funding (and general capacity) will have to reach a much higher dimension. [See also Recommendations 14 and 15.]

**Recommendation 36:** The possibility of having some specialised TVET colleges (as shaped by the South African national and regional contexts) as a way of rationalising scarce resources also needs to be examined (as will the cost of providing residential accommodation for students).

**Recommendation 37:** The National Senior Certificate for Adults (NASCA) is registered as a qualification and will be implemented in 2018/2019. NASCA should be delivered in flexible modes to ensure that adults can participate in them, including those already working. Subject to the necessary constraints of costs and the integrity of the examinations, flexible assessment should be made available so that an individual can enter and write these examinations throughout the year to ensure that the system becomes much more efficient and effective.

## Course materials development

For both the TVET and ACET sectors, it is clear that there is a dire lack of well designed instructional materials for learners and manuals for staff (whether in print, delivered via in-house ICT services or online). In the PALCs this lack was catastrophic. In the case of the Kha Ri Gude literacy campaign, the well designed materials were crucial to its success. Without appropriate study materials much of the other investment is simply wasted.

**Recommendation 38:** For the next five years there should be a substantial budget for the research and development of first class study materials, including those delivered via ICT means, especially for the community colleges.

## Distance Education

Distance education in its traditional form is not an ideal mode for underprepared students. Nor is it an ideal mode for TVET College students because of the large practical component in their studies. However modern distance education and in particular that supported by advanced eLearning technology and open access materials should be explored cautiously. It must never be considered as a cheap quick fix option. Distance education needs heightened student support. These cautions do not mean that there is not a need for very carefully designed self-study materials, both print and electronic. Courses delivered by distance education and flexible modes of study should be funded according to an appropriately adjusted but fair formula. Subsidy of distance education students is normally between 40% and 50% of that for contact mode students.

**Recommendation 39:** The Committee is of the opinion that open and distance education for the TVET and ACET sectors should only be explored with some caution at this time due to the under-preparedness of the majority of students and the current poor levels of performance in the sector.

## Tuition fees

The portion of what can be expected to be paid by tuition fees has tended to increase in recent times (an example from England it was now 12% of revenue, for United States of America community colleges overall it is 30%). Recommending a benchmark figure on what percentage of revenue should come from fees is legitimate. Currently in South Africa it is about 20%. Some central and state governments regulate the fee structures (taking into account the funding, budgets and track records of the institutions). For public literacy and adult basic education programmes in many countries there are no fees (such as in Brazil where there are no fees for any public education). In the United States of America though in 1998 a previous restriction on states charging fees for adult education services was abolished, most programmes remain free. In South Africa the correlation between poverty and illiteracy and under education is so clear that charging fees should be discouraged. At the same time it must be recognised that better qualifications are a powerful engine for social mobility (and particularly in the case of university degrees, give a tremendous ‘cash value’ return to the holder).

In our consultations with institutions and students it became clear that there are major dysfunctions in the disbursement of both tuition and accommodation, travel and subsistence grants. Unless this situation is rectified, the expected efficiency and equity gains envisaged will not come to fruition.

**Recommendation 40:** The Committee considers that fees are an important income stream for TVET Colleges. Students that can afford tuition should pay fees. Students with academic potential should not be excluded because they cannot afford fees (therefore there is a need for an ongoing student fees support mechanism).

**Recommendation 41:** The Committee is of the opinion that the Community Colleges which will serve the poor and disadvantaged should not charge fees for formal programmes. These should be fully funded by the state with possible contributions by local authorities and the private sector.

**Recommendation 42:** In the event in a national move to a fees free situation, as the NSFAS allocations to TVET colleges are grants and not loans, it is recommended that the share of NSFAS earmarked for these colleges should become part of the baseline funding of TVET colleges with provisioning made in the subsidy for transport and accommodation allowances under the same conditions currently in the regulations for the bursaries. The funding for transport and accommodation allowances should be earmarked and the size of the allocation should be based on the criteria for eligibility and the availability of funds.

## Special needs

**Recommendation 43:** Special education needs in TVET and Community Colleges should be catered for and funded by adding an additional weight to the FTE calculations. The current weightings for special needs students are regarded as acceptable although the criteria for what counts as “special needs” requires refining and rigorous application.

## Addressing the needs of indigent students

**Recommendation 44:** The provision of living allowances for indigent students should be introduced with a sense of urgency, but be linked to performance. Poor students need more financial support particularly in the case of those from rural areas.

## Student hostels

In principle, TVET and Community Colleges should enable access to students within reasonable travel distances, though in some cases, local travel support may be needed. Expenditure on residences would therefore not be a priority. However, there may be a need for hostels in rural areas, especially where transport services cannot be provided. Hostels may be needed for centres of specialisation or where various forms of artisan training attracts students from a wider geographical area. This may therefore require some TVET Colleges to consider making available hostel accommodation for their students to ensure that their success and graduation rates improves substantially.

**Recommendation 45:** Student residences may not be a high priority at this stage but, if deemed essential, should be funded through separate earmarked capital grant (as is the case currently with universities) on a project basis. Development finance institutions and the banking sector should be encouraged to partner with institutions to provide loans matching the funding from the Ministry. Local government sponsorship may be needed here also.

## Accurate data for a functional EMIS

Accurate data in a functional EMIS (that addresses planning, funding, monitoring and research needs) is an essential requirement for an effective system. The fair and accurate division of funding needs to be based on accurate, reliable and timeous data. The inadequate as well as unreliable data for the existing Public Adult Learning Centre system are a huge problem both for the review as well as the future planning of the new Community College system and need to be addressed as a matter of urgency. Although there are data available for TVET colleges, there are a number of shortcomings. It is also important that SETA databases be linked to TVET College ones. This EMIS development work needs to involve all the necessary stakeholders to ensure the real functionality of the developed system.

It would be useful to have a learner record database available at national level.

**Recommendation 46:** An improved EMIS needs to be developed and maintained for both the TVET and Community Colleges which should preferably be unit record databases with the functionality of calculating accurate full-time equivalent enrolments. Funding will have to be allocated for the development of proper management information systems.

## Subsidizing private colleges

**Recommendation 47:** A set of strict criteria should be set for the granting of student grants for study in private colleges where, in cases of national needs and priorities, particularly in specialised areas and to address the provision of scarce skills, the public TVET or Community colleges lack the capacity to enable potential learners to access these forms of PSET.

## Staffing and conditions of service

The staffing conditions in TVET and Community Colleges are characterised by inconsistencies in the conditions of service, lack of policy on the appointment of educators and a large proportion of contract appointments, a limited pool of qualified candidates, and few incentives for working in isolated areas (including a lack of staff accommodation in rural Colleges).

**Recommendation 48:** A staff provisioning model and policy must be developed based on full-time equivalent enrolments and ensures a hybrid of permanent and contract employees for both sectors. This model must take into account incentives to attract and retain qualified personnel, particularly in rural areas, and the need for ongoing staff capacity development.

## Compensation of college council members

**Recommendation 49:** The payments to Council members, apart from those who are already in state employ, for meeting attendance, should be set at the standard hourly or daily rates and should be capped at an annual maximum amount (to prevent an unnecessary proliferation of Council meetings and site visits as a way of gaining income). The rates set by DHET for TVET colleges on the basis of Treasury regulations on an annual basis are reasonable and appropriate.

## Educator, trainer and researcher development

It is common knowledge that the development of adult educators, trainers and researchers has been sorely neglected, particularly since the closure of many previously excellent university centres and non-governmental organisations that had specialised in this field.

**Recommendation 50:** Universities and other roleplayers need to be encouraged to restore the capacity for the training of adult educators and the updating of curriculums as well to increase their capacity to develop TVET college lecturers and researchers.

## Management and staff development needs

The development of strong management capacity in both TVET and Community Colleges is a necessity. Currently it is common cause that management is weak in the Community College/Community Learning Centres system and many TVET colleges have been hampered by management failures and in matters of fiscal governance, so much so that several have been put under administration or threatened so. Colleges also need to budget for internal staff development, given its known positive effects, and to plan for lecturer replacement while they are attending training.

**Recommendation 51:** A plan for developing management capacity both in the short term and in longer term training programmes will need to be costed and linked to a much clearer specification of the funding principles for the adequate staffing of these institutions.

**Recommendation 52:** Intervention should be made to improve fiscal governance in TVET Colleges and to prepare for it in Community Colleges, including recruitment of appropriate skills, ongoing training, and credible financial systems and processes.

## College reserves and surpluses

**Recommendation 53:** Colleges should retain surpluses generated from programmes for use by the institution. Surrendering such funds to the DHET would represent a disincentive to efficiency and effectiveness and for developing and implementing new programmes and courses. College reserves should therefore not be tampered with. Large educational institutions need reserves – however, they should be accountable to the DHET to how they use such funds.

## Monitoring the financial health of colleges

**Recommendation 54:** Sound funding systems and uniform templates for financial reporting, designed in a manner that ensures that the DHET can proactively monitor the financial health of TVET and CET colleges, must be developed in the interests of the institutions themselves.

## Monitoring, evaluation and research

It is common cause that monitoring, evaluation and research have not been prioritised or capacitated within the TVET college or state adult education system. All colleges need to have a “knowledge project” related to the regional, district and municipal situational demands. Clearly the lack of research capacity has to change, without diminishing the role that universities have to play in researching the sector.

**Recommendation 55:** There should be a relatively autonomous monitoring, evaluation and research component at both college and national levels that, separated in function and control, would ensure the collection, analysis and interpretation of accurate data on the implementation, learning outputs and impacts of the TVET colleges, SETAs and the Community colleges.

## Role of universities in training and research

Historically it has been South African universities that have played a role in researching TVET and adult and community education and providing for the training of practitioners in recognised teaching qualifications. Universities should assist in the setting up of Community Colleges and co-operate with TVET Colleges to strengthen them too.

In the case of adult education virtually all research and practitioners development has been done by universities. What capacity remains needs to be revitalised and rebuilt, particularly in certain provinces, after decades of decline.

The rapid development and expansion of the TVET and the Adult and Community Education and Training sectors is both an opportunity for research and a demand for it. To maintain the integrity of what is intended to be a massive education and training intervention it is important that its processes and output are subjected to rigorous research.

**Recommendation 56:** The Committee believes that those universities in South Africa that still have some adult education research capacity should play a significant role in researching adult and community education and training, in materials development and in the preparation of educators (in collaboration with the South African Institute for Vocational and Continuing Education and Training (SAIVCET)). (See also Recommendation 50)

**Recommendation 57:** A programme of recruitment (of both full-time and part-time researchers) should be undertaken in both the TVET and CET sectors. Universities collaborating in support of these sectors will also be asked to steer promising research students into undertaking research studies on TVET and ACET. It is also assumed that the SAIVCET will play a pivotal role here.

**Recommendation 58:** In both TVET colleges and Community colleges, internal research capacity needs to be built in the long term, and this needs to be provided for by way of a percentage of the overall funding.

