

# ANALYSIS OF THE POST-SCHOOL EDUCATION AND TRAINING SYSTEM (PSETS)

2014/15

## BACKGROUND

- The PSET sector is characterised by 2 distinct sectors: universities and **TVET** colleges. There are **26** universities and **50** TVET colleges.
- Together, colleges and universities enrolled about **1.7 million** people in 2014, up **27%** from 2010.
- A White Paper on PSET published by the Department of Higher Education and Training (DHET) in 2013, sets as a target enrolment growth for universities and colleges of nearly **150%** between 2014 and 2030, with even more ambitious enrolment growth targets for community colleges of **277%**.
- PSET system includes two other sectors: workplace skills training that focuses on training for workers and new entrants to the labour market, and a number of community colleges providing adult basic education and training.
- The former is funded largely through the **Skills Development Levy (SDL)**, which amounted to about **R11.1 billion** in 2014 and which was channelled to **Sector Education and Training Authorities (SETAs)** and the **National Skills Fund (NSF)**, while community colleges received about **R1.7 billion** in funding from the fiscus.

### EXPENDITURE ON PSET

**R76.3 BILLION** WAS SPENT ON THE PSET SYSTEM IN 2014/15 = **2%** OF THE GDP



STATE FUNDING ACCOUNTED FOR 70% OF TOTAL EXPENDITURE = **±R53.5 BILLION** IN 2014/15

Of this amount, direct subsidies to the college and university sectors accounted for **56.1%** of total government expenditure, with transfers to **NSF** and **SETAs** (through the Skills Development Levy) accounting for the next largest amount (**23.1%**)

### UNIVERSITIES AND TVET COLLEGES

Enrolments into the PSET system, especially TVET colleges, have increased dramatically so too have revenues and expenditures

THE NUMBER OF ENROLLEES INCREASED BY ABOUT **9.4%** A YEAR BETWEEN 2010 - 2014

PUBLIC FUNDING INCREASED BY **11.6%** A YEAR IN NOMINAL TERMS  
**5.5%** IN REAL TERMS BUT THIS MEANS REAL SPENDING PER ENROLLEE FELL

### CURRENT FUNDING FRAMEWORK FOR PSET

- Block grants to universities and TVET colleges
- Earmarked grants to universities and TVET
- NSFAS funding that flows to institutions on the basis of their enrolment of qualifying students
- Funding from SETAs directed to universities and TVET colleges in support of students
- Funding from the NSF to support infrastructure development or training programmes, or which flows to universities and colleges through allocations to NSFAS

### CO\$TING MODEL

ESTIMATES OF THE COST OF ACHIEVING THE WHITE PAPER'S TARGETS BY 2030 IMPLY VERY SUBSTANTIAL INCREASES IN THE RESOURCING OF THE UNIVERSITIES AND COLLEGES

SPENDING WOULD RISE BY OVER **300%** FROM ABOUT **R250BILLION** IN 2014 TO OVER **R64BILLION** IN 2030

IT ENVISAGED ECONOMIC GROWTH AVERAGING OVER **5%** A YEAR BETWEEN 2012 AND 2030

IF SUCH GROWTH WERE ACHIEVED BY 2030 EXPANDING THE PSET SYSTEM WOULD BE MORE AFFORDABLE