EELC EQUAL EDUCATION LAW CENTRE

SPII STUDIES IN POVERTY AND INEQUALITY INSTITUTE
Building up knowledge to break down Poverty

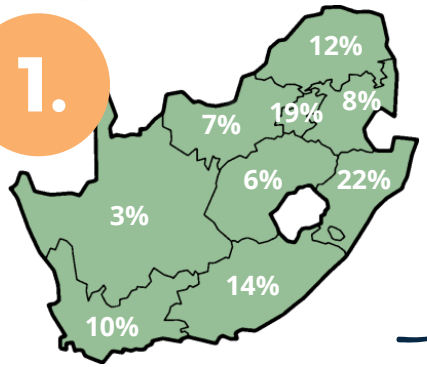
HOW *are* Public Schools FUNDED?

"The State must fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provision."

South African Schools Act, section 34 (1)

HOW ARE FUNDS FOR PUBLIC EDUCATION ALLOCATED?

1.



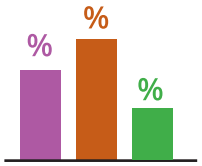
Revenue raised nationally (mainly through taxes) is divided between the Provinces through the **Equitable Share Formula.**

2.

Provincial government's decide how much of their equitable share allocation goes to education, health care, housing etc.

On average provinces spend 4 out of every R10 of their overall budget on education

3.



Provinces also decide how much of their education budget will go to public ordinary schools and how much will go to early childhood development, inclusive education and special schools (for learners with disabilities) and independent schools.

4.

Each provinces education budget is also divided between primary and secondary schools and other programmes such as teacher training and school infrastructure.

5.

Provinces allocate teachers to schools and decide how much funding each school will receive per learner in line with national laws and policies.

6.

Schools with limited authority over their funds (section 20, SASA)* cannot procure text-books or services by themselves but need to request funding for these items from district offices.

Self-managing schools (section 21, SASA)* with well functioning shool governing bodies receive per-learner funding directly into their school accounts. They buy text books, maintain school infra-structure and pay for their water and electricity costs

* Every school can apply to be granted financial authority over its school funds. The Department grants this authority after evaluating the financial management capacity of its school governing body.

THE EQUITABLE SHARE FORMULA

Provinces are responsible for determining their education budget. They must make sure that all schools are well equipped and that there are sufficient funds available to pay for teachers, textbooks and other services which are essential to keep schools running, such as water and electricity.

When deciding their education budgets, the provinces have to follow a range of national laws and policies, for example, on teacher allocations and individual school funding.

Provinces do not raise their own resources to cover costs for education but receive a lump sum from national government.

Every year, each province receives an amount of money from the national government to provide education, health care services, social services, maintain roads and other infrastructure and provide many other services in their areas. This lump sum is calculated on the basis of an Equitable Share Formula which consists of six components:

COMPONENTS OF THE EQUITABLE SHARE FORMULA

EDUCATION COMPONENT	based on the number of school-age children and the number of learners enrolled in public ordinary schools in each province	48%
HEALTH COMPONENT	based on each province's risk profile and the number of people who use the public health system	27%
BASIC COMPONENT	based on each province's share of the national population	16%
INSTITUTIONAL COMPONENT	divided equally between the provinces	5%
POVERTY COMPONENT	based on the number of people living in each province who fall in the lowest 40% of household incomes	3%
ECONOMIC OUTPUT COMPONENT	based on each provinces GDP (gross domestic product)	1%

HOW EQUITABLE IS THIS FORMULA IN REALITY?

The principle of equity in the context of school funding means that the learning needs and historical disadvantage of learners (due to unequal education spending by the apartheid government) should be taken into account when allocating education resources. The Constitution requires education resources to be allocated in such a way as to ensure that all learners have access to a **quality** education.

Only 3% of equitable share formula funding is based on the relative burden of poverty and inequality within and between the provinces. The formula also does not take into account the higher cost of providing quality education in rural areas, due to low population density, small schools, the need for school transport and the smaller pool of qualified teachers, among other factors.

WHAT ARE THE COSTS OF PUBLIC SCHOOL EDUCATION?

There are two main categories of school costs:

1

PERSONNEL COSTS
Personnel costs include the salaries of teachers, principals and administrative staff

Education is a very labour-intensive exercise. Salaries of teachers and other staff employed by provincial education departments currently make up between 80 and 90% of provincial expenditure on public primary and secondary schools.

Provincial Education Departments decide how many teachers are paid from their education budgets. The salaries of teachers are regulated nationally by the **Employment of Educators Act.**

2

NON-PERSONNEL COSTS
Non-personnel costs include text books, stationery, infrastructure maintenance costs and other day-to-day school expenses

The **National Norms and Standards for School Funding** regulate the amount of funds each school should receive for non-personnel costs. The Norms are designed to channel more funds to schools in poorer areas compared to schools in richer areas. To achieve this, the Norms categorise schools into 5 groups (known as quintiles) based on the relative wealth of their surrounding communities. Schools in quintile 1 are classified as the poorest while quintile 5 schools are the wealthiest.

HOW ARE TEACHERS DISTRIBUTED AMONG SCHOOLS?

At present, salaries (compensation) of teachers and other staff employed by provincial education departments make up between 80% and 90% of provincial expenditure on public schools. Once a year, each Provincial Education Department determines the total number and type of teacher posts that it will fund and allocates these teacher posts to its schools.

Teacher posts are allocated to schools based on a formula which takes into account a number of factors, including:

- the maximum ideal class size – the need to promote certain subjects
- the language of instruction at different schools – the number of grades taught
- the number of learners with disabilities – the number of learners per school.

For example, schools which have more than one language of instruction may receive relatively more teachers than those which instruct in only one language. The most important factor for teacher allocation however remains the number of learners.

Importantly, the governing bodies of fee-charging schools (in quintiles 4 and 5) can hire additional teachers using the funds they collect through fees.

WHAT ARE CONDITIONAL GRANTS

In addition to their equitable share funding, provinces also receive funds from the Department of Basic Education (DBE) in the form of conditional grants. These funds have to be spent on specific programmes and activities which are set out by the DBE. The Education Infrastructure Grant and the National School Nutrition Programme Grant are the two biggest conditional grants in the basic education sector.

DO POORER SCHOOLS GET MORE TEACHERS?

Provincial education departments are required to set aside up to 5% of their teacher posts for allocation to schools which are burdened by past and present disadvantages.

Poorer schools only marginally benefit from this equity clause in the post provisioning formula. Why? Only 4 out of every 100 teachers can be allocated to no-fee schools to compensate for higher learning needs, while 1 out of every 100 teachers can be allocated to fee-charging schools for the same purpose.

The equity provision in the post-provisioning formula fails to counter-balance the unequal effect of wealthier schools ability to hire extra teachers from the income they earn through fees.

INSTEAD OF REDRESSING HISTORICAL AND CURRENT INEQUALITIES IN TEACHER POST-PROVISIONING, THE CURRENT SYSTEM OF TEACHER ALLOCATION ACTUALLY INCREASES THEM.

HOW?

- **Fee-charging schools are able to hire extra teachers (in addition to posts paid for by the Provincial Education Department) and are also in a position to "top-up" the salaries of government funded posts. Better qualified teachers often demand higher salaries and are therefore more likely to work in fee-charging schools.**
- **Redress (i.e. setting aside up to 5% of posts for allocation to the poorest schools) accounts for a very small portion of personnel funding. This is despite the fact that personnel costs make up the vast majority of each province's education budget (80% - 90%).**

THE ROLE OF SCHOOL FEES

Why can some schools charge fees and others not?

The National Norms and Standards for School Funding regulate the amount of funds schools receive for non-personnel costs.

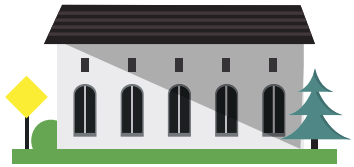
Each school receives an allocation 'per learner'. Per learner allocations in poorer schools (quintile 1, 2 and 3) are approximately twice as high as allocations per learner in quintile 4 schools, and six times higher than for learners in quintile 5 schools.

In order to compensate for the lower amount of public funding they receive, quintile 4 and 5 schools are allowed to raise money from parents in the form of fees. However, the South African Schools Act prohibits schools from refusing to admit a student because their parents are unable to pay for school fees. Parents who cannot afford fees can apply for partial or total fee-exemptions. For more information on fee-exemptions including on how to apply, visit our website: **www.eelawcentre.org.za.**

Public schools which are located in low-income areas (quintiles 1, 2 and 3), are not allowed to charge fees and therefore have to cover all of their non-personnel costs through state funding.

2016 PER LEARNER ALLOCATIONS

NO FEE SCHOOL
QUINTILE 1, 2 AND 3



per learner
1,177 ZAR

SCHOOL WITH FEES
QUINTILE 4

per learner
590 ZAR

SCHOOL WITH FEES
QUINTILE 5

per learner
204 ZAR

HOW COULD WE MAKE OUR SCHOOL FUNDING SYSTEM MORE NEEDS BASED AND MORE EQUITABLE?

Some points to consider:

- **Improving the quality of education available to poorer learners requires more spending by the government on poorer schools than richer ones. This needs to be factored into funding formulas at all levels (including both personnel and non-personnel funding formulas).**
  All over the world, learners from poorer families face more obstacles to achieving good learning outcomes than their better-off peers. This is related to many factors including less access to out-of-school education and less exposure to early childhood development..

- **Parents must be made aware of their rights to fee exemptions and assisted to make applications to schools which charge fees.**
  The right of low-income households to apply for fee exemptions is meant to increase access to quality schooling for children from such households. But if parents are not aware of this right, and not assisted in making an application for a fee exemption, they are unlikely to exercise it. Applications for fee exemptions must be handled transparently by School Governing Bodies and Provincial Education Departments must monitor the decisions that are made and ensure that schools which grant fee exemptions are reimbursed for doing so.

- **Teacher allocation needs to prioritize the needs of learners in no-fee schools.**
  Currently, only 4% of a province's teacher pool can be allocated to no-fee schools for the purposes of redress (fee-charging schools can receive 1% of redress posts). The fact that fee-charging schools can hire additional teachers on top of those allocated by provincial education departments reverses this redress component and in fact leads to more teachers per pupil and smaller class sizes in those schools compared to no-fee schools.

- **We need the best teachers to tackle the biggest learning gaps.**
  Schools in poor, rural areas often struggle to fill all teacher posts. In 2014, 8 out of 10 quintile 1 schools were not able to fill all their teacher vacancies. Fee-charging schools can afford more qualified teachers through salary top-ups and other incentives. There needs to be more incentives for the best teachers to serve the schools most in need.

- **Public access to information and data on school funding and expenditure needs to be improved.**
  In order to understand the full potential of school funding to reduce disparities in education, we need full district and school-level data for both fee-charging and no-fee schools. This is public information which should be easily accessible to all.

WHAT DO YOU KNOW ABOUT THE BUDGET AND EXPENDITURES OF YOUR SCHOOL?

- [ ] Is your school a quintile 1, 2, 3, 4 or 5 school?
- [ ] Is it able to charge fees?
- [ ] Are there any other costs that you are expected to pay to the school?

- [ ] Does the School Governing Body of your school have the authority to manage its own finances? Such as school maintenance, repairs and textbooks?
- [ ] Is your school infrastructure in need of repair or upgrading?
- [ ] What is the budget that has been allocated for this?
- [ ] Has it been spent in full?
- [ ] Did you notice improvements?
- [ ] Did you get all your text books on time this year? If not, find out how much money was allocated and whether it was spent.
- [ ] Are there any teacher vacancies at your school which are not filled?

The principal of the school as well as the chairperson of the School Governing Body are required by law to provide you with access to the school's financial statements.

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