



FINANCIAL
AND FISCAL
COMMISSION

Better Education Results through Equitable Resourcing

EXECUTIVE SUMMARY

Public ordinary schools are fundamental drivers of socio-economic development, and their adequate and equitable funding is important for realising the goals envisioned in the National Development Plan (NDP). The basic education system in South Africa is fraught with performance weaknesses and disparities, arising from long historical, systematic under-investment and policy failures. Successive years of education and school financing reforms have improved resource distribution between affluent and less affluent schools. However, equitable education remains elusive, as revealed by variations in resources and learner achievements across provinces, districts and schools. This is in part because resource allocations and funding of other critical inputs disregard historical disparities and other constraints experienced by disadvantaged schools. Continuing to use the current school resourcing framework is likely to reinforce inequalities and perpetuate a vicious cycle of underdevelopment. Therefore, the Financial and Fiscal Commission (the Commission) recommends that government allocates resources to schools on the basis of minimum inputs required to deliver the curriculum outputs. This will require aligning learner subsidy allocations with national policy requirements and priorities, reprioritising provincial education budgets and standardising the monitoring of school-level expenditure and performance.

FINANCIAL AND FISCAL COMMISSION 9/2014
POLICY BRIEF



BACKGROUND

South Africa inherited a dual basic education system in which affluent schools coexist with disadvantaged schools. Affluent schools enjoy better resources and facilities and are known to produce good results (outcomes), whereas disadvantaged schools rely entirely on government funding, face restrictions in charging and collecting school fees, and generally produce sub-optimal results. Government efforts to redress historical differences have placed disadvantaged schools high on the agenda of education reform. The government subsidy allocated to poor learners is five times higher than the subsidy allocated to affluent learners. Poor learners are also the main beneficiaries of education infrastructure building programmes. Over time these interventions have helped to ensure equal treatment of learners but have not produced equitable education. Disadvantaged schools are marked by a chronic shortage of infrastructure, facilities and multiple performance problems. Therefore, the Financial and Fiscal Commission (the Commission) evaluated how resources to schools are allocated and the effect of these resources on outcomes, given government's renewed emphasis on performance and quality.¹

FINDINGS

Funds are allocated to schools using a multi-stage process: to provinces (through the provincial equitable share), to education (by the provincial executive), and to schools (by the education budgetary officials) and sub-programmes, according to province-specific circumstances. Provinces have little or insignificant control over a considerable proportion of educational allocations, as more than 90% of primary and secondary school allocations are earmarked for personnel costs, leaving provinces with paltry resources for other essential education inputs, such as learner-teacher support material, repairs and maintenance, and municipal services.



>>
¹ For the full paper, please see Chapter 4: Equitable resourcing of schools for better outcomes. In FFC (Financial and Fiscal Commission). 2013. Submission for the Division of Revenue 2015/16. Midrand: FFC.

² Schools are categorised into five quintiles representing the socio-economic status of the community within which they are based: quintile 1 represents the poorest schools and quintile 5 represents the well-off schools.

The funding left over (after personnel costs) is allocated to schools as prescribed by the National Norms and Standards for School Funding (NNSSF), which stipulate that R1,010 per learner per year is allocated to the poorest 60% of learners, with the no-fee threshold (or minimum) set at R926. However, the practice is slightly different from policy directives, as Table 1 shows. The Eastern Cape (EC), KwaZulu-Natal (KZN) and the Northern Cape (NC) fund quintile 1–3 learners at a level equal to (or slightly above) the no-fee threshold of R926, whereas Limpopo (LP) underfunds quintile 2 and 3 learners (allocating 20% and 27% respectively below the no-fee threshold and national target).² In general, these provinces have to set aside more resources than other provinces because they have the largest proportion of poor learners, high inequalities and poor performance.



Table 1: Actual provincial learner subsidy allocations vs national targets

Quintile	National Target	EC	FS	GT	KZN	LP	MP	NC	NW	WC
1	1 010	926	1 010	1 010	932	808	1 010	1 010	1 010	1 012
2	1010	926	1010	1010	932	740	1010	926	1010	1011
3	1010	926	1010	1010	932	740	1010	926	1010	1011
4	505	505	505	505	505	505	505	505	606	548
5	174	174	174	240	505	174	138	174	174	250

Source: National Treasury, 2013.

As Table 1 shows, poor schools or learners are allocated relatively higher subsidies, and yet both Gauteng and the Free State claim that the national benchmark funding for poor learners is insufficient to implement the curriculum and provide equitable education, especially because textbooks alone cost approximately R1,800 per learner.

Other important education inputs are quality teaching and infrastructure, but the distribution of teachers and infrastructure is not informed by the overall framework for redress and equity. Teachers are allocated to schools on the basis of learner numbers and subject spread, which does not favour disadvantaged schools. The distribution model disregards the fact that affluent schools are able to generate additional revenue through school fees to reward teachers and hire additional staff. Similarly, funding for infrastructure is not targeted at schools with historical infrastructure backlogs. Provinces depend almost entirely on conditional grants to fund school infrastructure – where the emphasis is primarily placed on new infrastructure.

Notwithstanding the notable increase in resources to schools, growing evidence reveals a dissociation between resources and outcomes in schools. Schools in the rural provinces and districts have the lowest matriculation and national assessment results. This phenomenon is also evident in international test results such as TIMMS and SACMEQ.³ Poor learners in South Africa have been found to perform far worse than learners in other countries, suggesting structural defects with the education system.

<<
³ TIMMS = Trends in International Maths and Science Surveys; SACMEQ = Southern and East African Consortium for the Monitoring of Education Quality

CONCLUSION

Attaining equity in education is fundamental to the development of South Africa and realisation of the socio-economic rights envisioned in the Constitution. Although the way in which the budget is allocated appears to have brought about greater equity in funding to schools, a more enduring problem is the need to improve equality in the distribution of other essential inputs and the quality of education at large. The variation in resources and learner achievements across provinces, districts and schools is startling. To curb this trajectory of underdevelopment, government needs to resource schools on the basis of minimum inputs required to deliver the curriculum or set outputs. Therefore, the Commission recommends that:

The national Department of Basic Education:

- Aligns learner subsidy allocations with national policy and priorities (e.g. curriculum requirements).
- Monitors school expenditure and performance.
- Integrates existing programmes aimed at improving education results.
- Spells out in the school funding norms and standards the responsibilities of schools and provincial education departments for infrastructure upgrading and maintenance.

Provincial education departments:

- Reprioritise their budgets away from personnel, ensure correct mix of teaching and non-teaching staff, and make adequate provision for learners' subsidies.
- Standardise monitoring of school-level expenditure and performance (with the assistance of the national department).
- Provide shared services for preparing and auditing of school financials (where necessary).



Financial and Fiscal Commission

Montrose Place (2nd Floor), Bekker Street,
Waterfall Park, Vorna Valley, Midrand
Private Bag X69, Halfway House, 1685
wwwffc.co.za
Tel: +27 11 207 2300
Fax: +27 86 589 1038