

The funding and financing of schools in South Africa



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South Africa's post-liberation experience in the resourcing of public schools is primarily a function of the country's unique history of apartheid education, and the struggle against that system. But it has partly also been a grappling with universal education planning challenges, and this paper therefore attempts to draw some universal threads and lessons out of South Africa's unique experience.

The inequalities in South Africa's schooling system

The first democratically elected government, which assumed power in 1994, was faced with the challenge of transforming a highly inequitable and racially differentiated schooling system. The fact that the system was over 98% public put the government in a relatively advantageous position, but with enormous responsibilities to retain confidence in public schools, while urgently pursuing equity goals. At the time, spending on a white learner was four times that for an African learner; this was financially possible because of the apartheid-defined racial composition of the system: 80% African, 9% coloured, 2% Indian and 9% white. Participation rates were relatively high, though African enrolment rates were the lowest, and high repeater rates, linked to a strong presence of over-aged learners, masked the fact that young African children were not in the system. It was widely recognised that there was a serious quality problem in most schools serving African learners, and this was attributable to years of under-investment in these schools. Classes were large, teacher training was poor, and learning support materials were inadequate, both in terms of their quantity and their quality. At the same time, spending on schools that had served white learners (which by 1994 had begun to admit black learners) was to some degree inefficiently high, with public funds going partly towards what could be considered luxuries in the South African context.

The challenge of harmonisation

Three specific challenges for the new government stood out. Firstly, from a justice and human rights perspective, the new government needed to equalise per learner spending across the system. Linked to this was the second challenge – the need to harmonise the salaries of black and white teachers. Both of these factors tended to result in upward cost movements, towards the conditions in the white system. Thirdly, the new government had

to ensure that any future injection of new funding into the schooling system would advance quality education, in particular for the historically disadvantaged. The rest of the paper is structured around these three challenges.

Challenge 1: the pupils

On the matter of per learner expenditure, it is important to note that school education is funded by provincial departments of education, which receive funds from a provincial treasury. National tax revenues are distributed to provinces according to a formula that takes into account various socio-economic variables, including education variables, though how the funds are finally distributed across social sectors (including health and education) is a provincial competency. This means that per learner expenditure is uneven across provinces, with wealthier provinces able to invest more in education than poorer, rural provinces, especially those worst affected by the 'homelands' policy of apartheid.

The financial costs incurred in increasing expenditure on the disadvantaged majority required a substantial reduction in the funding of former white schools. Equity imperatives demanded this, and most accepted the need to transfer state resources from the rich to the poor. But this 'consent' came at a price: that schools had the right to determine compulsory fees. This allowed advantaged schools to continue on their former trajectory, albeit with largely private funds. Although these remain public schools, there is a large measure of self-management in the way fee income is used in the school, as well as in admissions, teacher appointments and curriculum matters.

The matter of school fees in public schools is a complex matter, and often misunderstood. It is, however, designed to ensure that no learner is excluded because of financial reasons, and meets a political commitment to providing free education for the poor. But the country is not in a position to also offer free education to the very rich, and has no moral obligation to do so, given the depth of inequalities resulting from apartheid, which must first be redressed. The logical chain is as follows: redress requires a shift of funds from rich to poor; this requires that the rich be allowed to fund their own (public) schools through compulsory fees; which further requires that the poor be protected from exclusion should they wish to attend a school charging high fees.

A complex system of legislation and policy has been developed to give effect to this model, which is still under refinement, but



which can serve as a model for the defence of quality public schools in societies with insufficient resources, but also with large disparities between the rich and the poor. In 1996, an Act of Parliament formalised procedures for the charging of school fees to supplement public funding. Historically, very low fees had been charged in all public schools. After 1996, however, historically advantaged schools began increasing their fees, partly to maintain smaller classes through the hiring of additional teachers. In order to protect poor households, national fee exemptions regulations were passed that provided for a full exemption if the school fee exceeded one-tenth of the gross annual household income. The implication was that fee-paying parents would need to subsidise fee-exempt parents. As we shall see, whilst arguably good in theory, this system of fees and fee exemptions did not work well in practice.

The principle of pro-poor resourcing was adopted with respect to non-personnel, non-capital (NPNC) funding of schools – the factors that often make a difference in achieving quality. In a dramatic move to redistribute resources, National Funding Norms determined in 1998 required provincial departments to spend seven times as much on the poorest 20% of schools as on the least poor 20%. Because of the financial systems, no national mandates could be established with respect to the absolute resourcing levels, but every school within a province was assigned a poverty ranking, based on, firstly, the socio-economic status of the community surrounding the school (using a population census) and, secondly, the physical conditions of the school (using a school infrastructure survey). Funding depended directly on the ranking of the school.

The net effect of the actions and policies mentioned so far is far greater equity in per learner spending across the country. There are still flaws in the system, however, resulting in a continued benefit for the rich, which will only be eroded over time. For example, because the teacher salary scales historically paid more for higher qualifications, and because historically advantaged schools tended to attract better qualified teachers, per learner spending in these schools remains above the average.

Challenge 2: the teachers

On the matter of teachers, the pursuit of equity has been similarly complex, and fraught with contestation by powerful teacher unions. Up until 1994, the country's teachers had been employed by 14 different departments, defined by race, ethnicity and language. After 1994, they became employees of the nine new provincial departments of education, but under nationally determined conditions of service. The move to national salary scales occurred fairly quickly, and was essential for the maintenance of stability in the schooling sector. However, because the national salary scales were essentially based on those of white teachers, this pushed the salary bill up substantially (8% in real terms), in just one year.

Setting national learner/educator ratios

Having established the cost per educator as a fixed cost factor, the focus shifted to the learner/educator (L/E) ratio, and the number of teachers to be employed as the cost driver. An initial attempt was made by the national government to bring about

uniform L/E ratios across all schools at the level of 40:1 in primary schools and 35:1 in secondary schools. This attempt failed in the new inter-governmental system, since although the national Education Minister had the right to lay down norms and standards for the schooling system, provincial education departments successfully argued that the national L/E ratios (with a fixed cost per educator) would compel specific levels of employment and associated costs, and which would therefore constitute an 'unfunded mandate'. With the exception of a few conditional grants, which amounted to less than 1% of overall education spending, there was no flow of funds from the national to the provincial departments which could sustain a 'costed' norm. Instead, provincial departments were (and still are) allocated the bulk of their funds by their respective provincial legislatures, and have the power to determine how much to allocate to personnel, and therefore how many teachers they will employ. This is but one illustration of the challenge of maintaining national cohesion and equity in the context of a quasi-federal system, which has been a recurring theme in South Africa's education planning over the past decade.

Instead of national L/E ratios, it was therefore agreed that a national formula for the distribution of teaching posts should be applied. This would not pre-determine numbers, but would give effect to how these were deployed to schools. This new policy, adopted in 1998, brought about the schooling system's second big post-1994 spending shift. Historically advantaged schools lost a substantial proportion of their publicly funded teaching posts, whilst there were gains in historically disadvantaged schools. At the insistence of unions, mandatory redeployment of teachers was not pursued, and a consensual approach was sought to moving teachers between schools. Regrettably, many well-qualified teachers resisted this redeployment to areas of need, and chose to exit the system, sometimes as privately employed teachers in public schools, or in independent schools.

Over time, inter-provincial inequities with respect to L/E ratios have been reduced as a result of the progressive shift of funds from richer provinces to poorer provinces, in terms of the equitable share formula.

Challenge 3: achieving quality of education

After 2000, the country increasingly turned towards the matter of equity in the quality of the schooling service. International programmes (MLA, TIMSS and SACMEQ)¹ and the South African government's own sample-based programme of standardised testing (the Systemic Evaluation) pointed towards a large degree of inequality in the distribution of, for instance, reading and numeracy skills. Because these programmes also collected data on the resources and practices of schools, it was possible to begin investigating which resources made the biggest impact on learner performance. A 2003 review of the resourcing of schools by the national Department of Education concluded that non-personnel, non-capital (NPNC) funding needed for textbooks, stationery and other supplies was woefully inadequate, even if provinces were spending more on poor schools than non-poor schools. This review supported the approach of the original 1998 funding norms insofar as they gave the school considerable powers in deciding how to spend the public NPNC funds. However, it was recommended that the NPNC amount per learner for every



'poverty quintile' be set nationally. Moreover, national poverty quintiles were recommended, as the provincial poverty quintiles did not take into account inter-provincial poverty differences. After considerable debate relating to the rights of the national department to set hard norms, it was agreed that uniformity in per learner funding would be pursued through a system of 'targets' which, whilst not enjoying the legal force of norms, would be advocated vigorously by the national department, for instance, through lobbying in the provincial budgeting process. It was also agreed that the poverty ranks of schools would be based only on the socio-economic status of the surrounding community, and not on the physical conditions of the school, to avoid the anomaly of recently renovated schools receiving less funding for non-capital items.

Removing the obstacle of school fees

Evidence showed that school fees constituted a barrier to access to schooling, particularly for poor learners. The fee exemptions system was not working as it should, and fee-paying parents were finding ways of discriminating against fee-exempt parents, in contravention of the policy. This led to the decision to begin the roll-out of 'no fee schooling', starting with the poorest schools. This process, involving the effective prohibition of compulsory school fees in selected schools, began in 2006. Fiscally, this is not difficult, given that in the poorest three quintiles, school fee revenue seldom comes to more than 5% of the total amount spent by the state. However, converting schools in the least poor quintile to no fee schools would constitute a considerable challenge, since in these schools fee income is on average one-third of public funding. The conversion would have to be achieved through either lowering total spending in these schools considerably, or raising spending across the entire schooling system so that it matched current total public plus private spending in rich schools. It would be a major achievement, and one virtually unprecedented amongst developing countries, to bring about equal total resourcing for all learners within a large, inclusive public schooling system. This is essentially the long-range goal of the South African government, and is part of what the struggle against apartheid was about. What the exact policy instruments should be, however, is still not clear. Part of the difficulty lies in establishing resource equality in the schooling system of a country that is still highly unequal in all other respects.

Attracting new teachers

Since 2005, some of the focus on quality schooling has shifted towards the role of teacher incentives. Currently, two new incentives are being debated. One is an incentive to all teachers working in remote areas where schools have difficulty attracting

teachers. The other is an incentive that would be applicable to teachers of scarce subjects. Mathematics has, for example, been targeted as a part of the curriculum requiring special attention, and mathematics teachers are amongst the most difficult to retain in the schooling system, given the demands of an expanding economy.

Laying the groundwork for the future

South Africa has come a long way in transforming the resourcing of schools. The immensity and speed of the resource reallocations are quite possibly unprecedented in the world. In real terms, public spending on each African learner increased by 76% in the past decade, whilst it decreased by 67% for white learners, without any noticeable decline in their quality of education. Whereas in 1994 the state spent 350% more on every white learner, currently that figure is 10%, and is declining. In some ways, the transformation process is only beginning. Overcoming centuries of inequality and colonisation is a painfully slow process. But key elements of a post-apartheid schooling system have indeed been put in place.

Endnote

- 1 In full, these international programmes are: Monitoring Learning Achievements (MLA); Trends in International Mathematics and Science Study (TIMSS); and Southern African Consortium for Monitoring Educational Quality (SACMEQ).

Biographical notes

Mr Duncan Hindle is the Director General of the Department of Education in the Republic of South Africa. He is a former schoolteacher and lecturer of education sociology and education policy studies. During his academic career, Mr Hindle was appointed honorary research fellow in the faculty of humanities, University of Natal and a research fellow at the Institute of Education, University of London (UK).

Before joining the Department of Education in 1996 as a Chief Director, Human Resources, Mr Hindle was the president of the largest teacher trade union in South Africa, the South African Democratic Teachers Union (SADTU). During his time at SADTU, he played a prominent role in shaping the post-apartheid education policy through participation in the Executive Committee of the National Education Policy Investigation (NEPI).