

How budgetary frameworks support meaningful access to education

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Most people would agree that budgets promote access to public services, but it is less clear whether budgets are capable of facilitating access to quality education. Education involves a range of complex processes, so it is not realistic to expect a simple one-to-one relationship between inputs and outputs. It is therefore important to consider to what extent budgets and budgetary frameworks can support the delivery of quality education.

This essay examines:

- What is meant by a credible education budget?
- How does the current budgetary framework affect access to education?
- What policies regulate access to basic education?
- How does expenditure vary between provinces?
- What is the relationship between education budgets and meaningful access to education?

What is a credible education budget?

The delivery of education services is not as straightforward as providing a social grant to a beneficiary. The social contract between government and the beneficiary is concluded once the grant has been paid, but the delivery of education services is a much more complex process that depends on a number of variables. This means it is important to evaluate the actual composition of education spending. For example: How much money is spent on teacher salaries; school buildings and infrastructure; school books and other teaching aids?

An education budget must be credible in two senses. Firstly, the budget must make good financial sense and account for all necessary expenditure. Secondly, the budget must give effect to sound educational policies and promote meaningful access to education.

In the late 1990s, the South African government warned against spending the bulk of the education budget on teacher salaries, and called for more strategic spending in education. Many provinces consistently overspent their school budgets; and the focus on teacher salaries left little money for other resources such as textbooks, libraries, support staff and infrastructure.

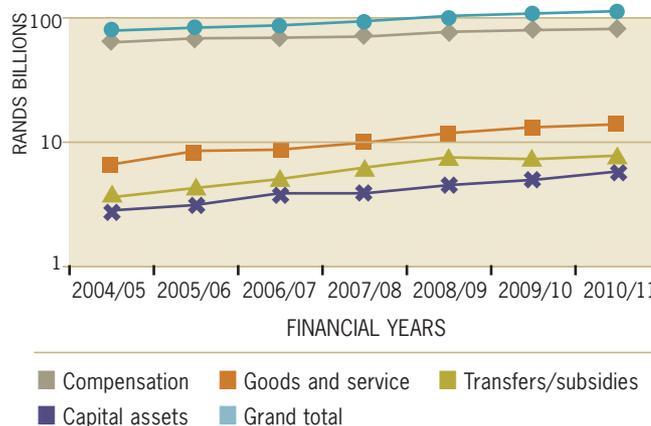
It is not hard to see what the government was driving at: Meaningful access to education is severely compromised if school buildings are falling apart and learners don't have access to good quality textbooks.

The current budgetary framework is a direct response to the hefty spending on personnel (notably teacher salaries) in the late 1990s. The framework aims to moderate expenditure on personnel and increase expenditure on textbooks, school buildings and provision for school funding. This suggests a more balanced approach to education spending, but does the new budgetary framework promote meaningful access to education?

How does the current budgetary framework affect access to education?

Budgetary frameworks can be looked at from various angles, but it is most revealing to focus on transversal expenditure (items that are common to all education programmes), and the relative expenditure on different education programmes (eg public schools, special needs education, etc.). Figure 3 provides information about transversal expenditure in provincial education budgets for the period 2004/05 to 2010/11.

Figure 3: Transversal expenditure items in provincial education budgets: real spending (2007 Rands), 2004/05 – 2010/11



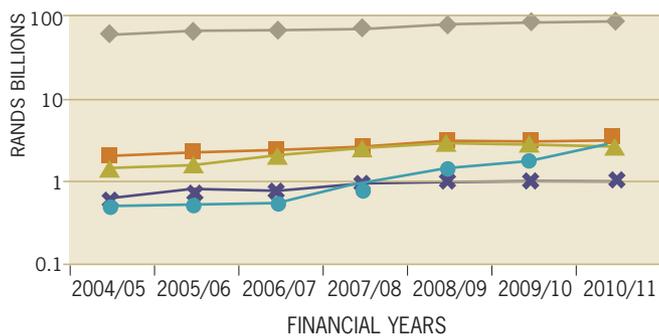
Source: Wildeman RA & Lefko-Everett K (2008) *Reviewing Provincial Education Budgets, 2004 to 2010*. Cape Town: IDASA.

Expenditure on compensation (teacher salaries and benefits) is projected to decline by seven percentage points (from approximately 83% of the total provincial education budget in 2004/05 to 76% in 2009/10). These savings have been used to support increased spending in other areas. For example: Expenditure on goods and services is projected to grow from 8.5% in 2004/05 to 12.2% in 2009/10, and expenditure on capital (mostly school buildings) is projected to consume 7.2% of the total provincial education budget in 2009/10.

These patterns are also reflected in the real average annual growth rates. Expenditure on compensation is projected to grow in real terms by 4.1% on average over the period 2004/05 to 2010/11. Expenditure on goods, services and transfers is projected to grow by more than 13% and expenditure on capital is projected to grow by 12.3% over the same period.

The critical question is how these changes affect access to education. Has moderating spending on teacher salaries limited learners' access to quality education or does a more 'balanced' expenditure framework support the delivery of quality education? Figure 4 provides a different perspective and illustrates trends in provincial spending on education programmes.

Figure 4: Relative spending on provincial education programmes: real spending trends (2007 Rands), 2004/05 – 2010/11



■ Public Ordinary Schools ■ Special needs
 ■ Further Education and Training ■ Adult Basic Education
 ■ Early Childhood Development (ECD)

Source: Adapted from Wildeman RA & Lefko-Everett K (2008) *Reviewing Provincial Education Budgets, 2004 to 2010*. Cape Town: IDASA.

Expenditure on public ordinary schools represents the largest claim on provincial education budgets, but figure 4 clearly shows upward trends in spending on other programmes. This means that the moderation of spending on teacher salaries has resulted in increased expenditure in programmes such as grade R (or early childhood development), special needs education, and public further education and training (FET) colleges. Access to public schooling is still a priority but spending on complementary services that improve access to public schooling (such as grade R and special needs) has increased significantly.

While it is easy to agree with the government's argument that spending was disproportionately focused on teacher salaries, it is clear that the current budgetary framework does not settle questions about access to meaningful education. In fact, the government appears unwilling to confront the question about how expenditures need to change to give more meaningful access. The same framework that was adopted in the late 1990s is still in place despite powerful arguments for improving teacher salaries and overall working conditions. Yet, until recently the government has been reluctant to modify this framework and has instead increased expenditure on non-personnel items.

Which policies regulate access to basic education?

The government has introduced a range of policies to redress past inequalities and improve access to basic education. This includes: Norms and Standards for School Funding; no-fee schools and school-fee exemptions; the National School Nutrition Programme (NSNP); special needs; grade R and occupational specific dispensation (OSD) for educators.

Norms and Standards for School Funding

The Norms and Standards for School Funding policy contains guidelines about how to direct non-personnel and non-capital expenditures to public ordinary schools and independent schools. These funds are meant to be used by public schools to pay for learner and teaching support materials (eg textbooks), utility bills, small capital expenditures (such as photocopiers and printers) and non-emergency repairs to schools. Table 2 provides information on the growth of school funding for the period 2000 to 2006.

Table 2: The size of school allocations and summary inequality measures, 2000 – 2006

Year	Total allocation (R billions)	Per learner allocation (Rands)	Coefficient of variation	Mean absolute deviation
2000	R1,29	R110	0.50	47.2
2001	R1,87	R162	0.33	53.6
2002	R1,95	R172	0.48	80.7
2003	R2,48	R216	0.41	69.5
2004	R2,77	R242	0.27	60.3
2005	R3,54	R304	0.22	65.7
2006	R4,25	R357	0.19	61.0

Source: Wildeman RA (2008) *Reviewing Eight Years of the Implementation of the School Funding Norms, 2000 to 2008*. Cape Town: IDASA.

Note: The total allocations in 2002 and 2003 exclude the North West province because no reliable data exist or were available for these years.

The almost four-fold increase in the size of the school-level allocation confirms education authorities' interpretation that non-personnel expenditures are central to improving access to quality education. Two measures of inequality, namely the coefficient of variation and the mean absolute deviation¹, indicate that provincial inequalities in per learner spending are declining over time. However, provincial aggregates hide important differences in the funding allocations for rich, poor and very poor schools.

No-fee schools and school-fee exemptions

No-fee schools are an extension of the principles of the school funding norms and standards in that the best redress funding is reserved for schools serving the poorest of the poor. During the Education Department's 2003 policy review, the idea of fee-free schools was proposed as a strategy to combat inequalities and improve access to basic education for large numbers of poor learners. Due to the limited funding in provincial education budgets, the Department of Education hoped a national conditional grant would ease funding pressures on provinces. However, this did not materialise; so no-fee schools are being phased in gradually.

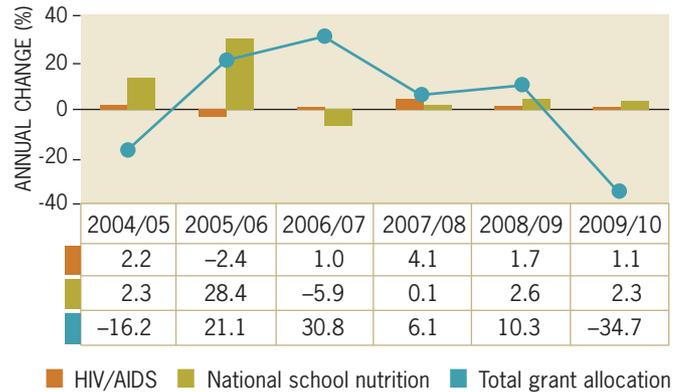
In 2009, no-fee schools were extended to reach approximately 60% of learners. However, funding allocations for no-fee schools vary both within and across provinces, raising concerns about the equitable implementation of the policy. Research conducted by the Alliance for Children's Entitlement to Social Security suggests that while many no-fee schools are financially better off than before, state funding for no-fee schools is not sufficient to provide quality education (see the essay *Addressing quality through school fees and school funding* on pp. 35 – 40). It may well be that no-fee schools now face the twin difficulties of inadequate state funding and loss of income from school fees, which make such schools acutely vulnerable.

A further policy designed to promote equitable access to education is the introduction of school-fee exemptions in 2006. This policy enables learners from poor households who attend fee-paying schools to apply for school-fee exemptions. Orphans and children receiving social grants are automatically exempt from paying fees — in theory, but often not in practice. Many schools are reluctant to implement the policy, as exemptions are not funded.

The National School Nutrition Programme

The NSNP aims to alleviate the impact of poverty and hunger by providing meals and/or snacks to targeted learners in many primary and some secondary schools. Yet funding for the NSNP has been inconsistent in the post-2000 era. Figure 5 compares the growth in the school nutrition and HIV/AIDS grants with the total conditional grant allocation to provincial education departments over the period 2003/04 to 2009/10.

Figure 5: Tracking transfers to provincial education departments, 2003/04 – 2009/10



Source: Wildeman RA (2007) *A Review of National and Provincial Education Budgets 2007*. Cape Town: IDASA.

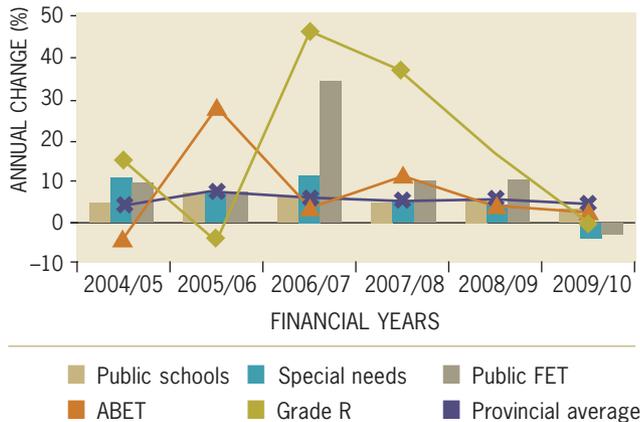
In 2006/07, the public further education and training (FET) grant was introduced into provincial education budgets (see figure 6 on the next page). This represented a direct trade-off with the school nutrition grant, which actually declined by approximately 6% in real terms in the same year. While great strides have been made in improving learners' access to critical non-personnel expenditure items through the school funding norms and standards, inconsistent funding has compromised the delivery of school-feeding programmes at many primary and secondary schools.

Special needs

Inclusive education refers to the provision of special needs schools and the education of children with disabilities in mainstream schools. Special needs education represents another example of how a policy that guarantees better access to education was limited by poor resourcing in its implementation. Figure 6 shows the relative priority given to different education programmes at provincial level for the period 2003/04 to 2009/10.

¹ The 'coefficient of variation' and the 'mean absolute deviation' are measures of inequality. Put simply, they indicate the differences in per capita expenditures across the nine provincial education departments. If there are no differences in what provinces invest on average for each learner, then these measures would be zero (0). Thus, the further away these values move from zero, the larger the differences between provinces.

Figure 6: The relative prioritisation of different service delivery programmes, 2003/04 – 2009/10



Source: Wildeman RA (2007) *A Review of National and Provincial Education Budgets 2007*. Cape Town: IDASA.

While the consolidated provincial budget (for provincial average) showed a steady increase from 2004/05 to 2009/10, expenditure on grade R (ECD) and public FET outpaced expenditure on special needs for most of the period. This trend explains why many provincial education departments were reluctant to implement the targeting of out-of-school learners with disabilities fully. Budgetary frameworks that emphasised public schools, grade R and public FET did not address the needs of many poor learners with disabilities who are still out of school. In 2008, this picture improved as a significantly large sum of money was set aside by the national government to fast-track the implementation of inclusive education policies. This may account for the high proportion of children with disabilities who are currently out of school. (See the essay *Children out of school: Evidence from the Community Survey* on pp. 41 – 45.)

Grade R

Access to grade R has gathered momentum towards achieving universal access by 2010 (when there should be at least one grade R class attached to each public primary school). Although ECD expenditure starts from a low spending base, it is significant that provincial education departments are at least trying to improve access for the young. Nominal expenditure on ECD (mostly grade R allocations) was projected to grow from R932 million in 2007/08 to R3.2 billion in 2010/11 at a real average annual rate of 34.1%. It is the fastest growing education programme in the provinces.

Occupational Specific Dispensation

Although there has been much talk about improving the quality of teaching and teachers, there was little, if any, discussion of what this meant in terms of compensation of teachers until 2006, when the government first proposed the introduction of occupational specific dispensation. OSD aims

to attract and retain certain categories of professional staff in the public service, including teachers. In education, OSD provides for performance-based salary increases that aim to improve teaching quality and keep skilled educators in the classroom. The OSD agreement for education was signed in April 2008 and an average salary increase of 4.5% (over and above the ordinary annual increase) was implemented retrospectively to January 2008. This led to a significant increase in spending. The 2008/09 costs of OSD in the North West province alone were estimated at R232 million, and that province's 2009/10 budget for OSD is set at R389 million.

This marks a significant shift from previous fiscal policies that attempted to contract the public sector and reduce spending on salaries. As the first performance-linked pay progressions are only scheduled for 2010, it remains to be seen how this policy will affect the quality of teaching and learning in the classroom.

How does expenditure vary between the provinces?

Access to education under apartheid was determined largely by race and the region where children went to school. The amalgamation of the old provincial education authorities severely limited the impact of race on education planning and budgeting, but region is still an important variable. The data tables that follow track the extent to which provincial inequalities have been reduced.

Table 3: Summary of key inequality measures in provincial education departments, 2004/05, 2005/06 & 2006/07

	National per learner average (Rands)	Coefficient of variation	Average per capita spending of poor provinces as factor of national average	Average per capita spending of rich provinces as factor of national average
2004/05	4,930	0.09	1.01	1.10
2005/06	5,453	0.11	1.01	1.10
2006/07	5,995	0.14	1.01	0.97

Source: Wildeman RA & Lefko-Everett K (2008) *Reviewing Provincial Education Budgets, 2004 to 2010*. Cape Town: IDASA

Note: The provinces defined as 'poor' are the Eastern Cape, Free State, KwaZulu-Natal, Limpopo and Mpumalanga, while the 'rich' provinces are Gauteng, the Northern Cape and the Western Cape.

Table 3 summarises variations in the allocation of the total provincial education budget. In 2004/05 and 2005/06, poor provinces were spending the same amount per learner as the national average, while richer provinces spent 10% more than the national average. However, in 2006/07, the joint average spending of rich provinces dropped significantly to 3% below the national per learner average.

Table 4: Key inequality measures in provincial public ordinary school budgets, 2005/06, 2006/07 & 2007/08

	National per learner average (Rands)	Coefficient of variation	Average per learner spending of poor provinces as factor of national average	Average per learner spending of rich provinces as factor of national average
2005/06	5,075	0.10	0.99	1.10
2006/07	5,549	0.13	0.99	0.98
2007/08	6,201	0.06	0.98	1.09

Source: Wildeman RA & Lefko-Everett K (2008) *Reviewing Provincial Education Budgets, 2004 to 2010*. Cape Town: IDASA.

Note: The provinces defined as 'poor' are the Eastern Cape, Free State, KwaZulu-Natal, Limpopo and Mpumalanga, while the 'rich' provinces are Gauteng, the Northern Cape and the Western Cape.

Table 4 focuses on variations in the public ordinary school budget. In 2007/08, poor provinces invested 2% less in public ordinary schools than the national per learner average, while the richer provinces invested 9% more than the national average for the same period. However the decrease in the coefficient of variation indicates that inequality levels have declined to a very low relative level, suggesting almost complete equality in inter-provincial spending on public ordinary schools.

From an access point of view, it appears to matter little whether a child attends a school in Mpumalanga or the Western Cape. Useful as these measures are, they do not capture the backlogs in education provisioning, and may therefore promote a false picture of inter-provincial equality. Also, provinces have different ratios of personnel and non-personnel expenditure, which mean that access issues must be thought of differently in, for example, the Western Cape and the Eastern Cape. The Western Cape spends more on good quality and senior teachers, while the Eastern Cape spends more on non-personnel resources.

These kinds of choices will have implications for access, but it is not clear which one of these choices is most likely to offer meaningful access to basic education. How one evaluates such spending frameworks and their relation to meaningful access cannot be determined by looking at outcomes measures alone, but must also be seen in the context of redressing inequalities.

What are the conclusions?

Access to education has dramatically improved in the post-1994 period. According to the General Household Survey, 96.5% of children of school-going age were attending some form of school or educational facility in 2007 (see p. 82). Although there are still large infrastructure backlogs, infra-

structure budgets have grown substantially in the last few years and are set to continue to grow at a robust pace. However, this kind of institutional access does not necessarily equate to quality education.

This distinction mirrors the difference between a purely bricks and mortar approach and one that looks at the outcomes achieved by learners across the system. This short review of budgetary frameworks suggests that it is easier to align budgetary frameworks with institutional access because the outcomes can be measured more easily. One simply asks what resources have been allocated to a particular programme, how many learners have access to such a programme, if there is adequate provisioning for infrastructure and if there are the right number of teachers to lead such a programme. These questions are indeed important, but they do not indicate whether learners have access to a quality education.

Budgetary frameworks that are aligned to the vision of quality basic education are far more subject to interpretation. Post-1994, the government argued that a greater investment in non-personnel expenditures would yield greater returns in quality than increased spending on salaries. However, this argument was clouded by the government's concerns to trim the cost of education and its demands on the national fiscus. Domestic and international empirical research shows that both teaching and non-teaching inputs are important for good quality education; yet very little was done to improve teachers' status and working conditions until the introduction of OSD in 2008.

More than 13 years since the current expenditure framework was adopted, South Africa's learners continue to perform badly in comparison with their counterparts in developing countries. While the occupational specific dispensation recognises the central role of teachers in ensuring quality education, it remains to be seen whether the introduction of a performance-based incentive system for educators will translate into improved educational outcomes for children.

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