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'NO FEE' SCHOOLS IN SOUTH AFRICA

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40% of schools in South Africa, namely the poorest two-fifths as determined by poverty indicators, were declared to be no fee schools as of 2007. These schools receive larger state allocations per learner than other schools, as well as a higher allocation for non-personnel, non-capital expenditure. In other schools parents may continue to apply for fee exemptions. The implications and extent of these efforts to promote equity and redress in education continue to generate much debate, among which are concerns that, while school fees may not keep children out of school, they do help to sustain a class-differentiated two tier education system.

Introduction

Central to South Africa's transition from apartheid to democracy has been the establishment of a quality, equitable and democratic education system. While discrimination in social spending has been considerably reduced since 1994, spending inequalities remain because of the high costs required to achieve fiscal parity in education. In the immediate post-apartheid period, a major emphasis was on distributing resource inputs through policy and legislation based on equity and redress, but by 1999 the state of the education system could still be characterized by the Department of Education as one of 'rampant inequality'. Under particular scrutiny was whether the gap between rich and poor schools in the public schooling system was closing or, in fact, increasing. In particular a key policy change which has engendered much debate is about the presence of user fees in the public schooling system, or what can be referred to as the privatisation of public schooling.

This policy brief provides a broad overview of policy changes in South African education with a particular focus on education financing and the recent introduction of the no fee policy. It concludes with some critical observations about the success of this policy and its implementation.

The South African policy context: the search for equity in education

Post-apartheid education transformation has been impressive in scope, coverage and orientation. The new government embarked on systematically dismantling the previous segregated education racial order as well as on comprehensively revising the entire education policy environment at all levels of the education system. The full scale of the change, described by the 2008 UNESCO Global Monitoring Report as ambitious, is indicated by the way the government has:

- Revised the entire curriculum framework from a subject-based orientation to an outcomes-based one;
- Integrated education and training through the National Qualifications Framework which places all forms of learning on a single qualifications ladder with equivalent forms of certification;

- Transformed the higher education landscape by merging and closing down institutions;
- Integrated all teacher education institutions into universities;
- Changed the governance of schools, including private schools which, subject to certain conditions, are eligible for a state subsidy;
- Created a values-in-education programme;
- Committed itself to an inclusive education programme which adopts a mainstreaming approach to 'special education'; and
- Extended Early Childhood Care and Education by creating an additional pre-primary (Grade 0) year, with full coverage envisaged by 2010.

Central to the policy changes is the South African Schools Act (SASA) of 1996 which created democratically elected school governing bodies (SGBs) at all public schools. SGB responsibilities include taking 'all reasonable measures within its means to supplement the resources supplied to the school in order to improve the quality of education provided for all learners at the school' (SASA, Section 21). In practice this has generally meant introducing school fees. Once a fee is approved by the SGB, all parents are required to pay, except those who apply for and are granted an exemption based on income and verified through means testing. Learners cannot be denied admission because of their parents' failure to pay fees, although SGBs can sue parents for non-payment.

Unlike several other developing countries, rising enrolment and participation rates in South Africa make it difficult to argue that school fees keep children out of school. However, fees have affected the pattern of enrolment, in that fees constitute a social class benchmark by which parents sort themselves in terms of their willingness to pay and their selection of schools. The South African public schooling system thus remains characterised by a vast number of distinctly disadvantaged schools and a small pocket of highly privileged schools.

'No fee schools' in South Africa: The School Funding Norms and recent amendments

Because of wide disparities in fiscal capacity amongst South Africa's nine provinces, there is an unequal gap between the amount of tax revenue each province can raise and the amount of money it needs to fulfil its responsibilities for basic services, including education. Recognising this, a portion of nationally raised revenues is distributed to provinces and local governments through the Equitable Share Formula, based on demographic and social criteria. Another mechanism aimed at improving equity in education financing is the National Norms and Standards, which require that provincial departments rank each school into one of five quintiles, with Quintile 1 being the poorest and Quintile 5 the least poor, based on rates of income, unemployment and illiteracy within the school catchment area. The 2006 Education Law Amendment Act replaced the provincial quintiles with national ones. While there were many gains in terms of increasing equality, there was a clear recognition both within and outside the state that a two tier education system was operating in South Africa, one catering for the wealthy (which remained largely white) and one catering for the poor (which remained black). In response, the 2006 National Norms and Standards declared schools in quintiles 1 and 2 to be no fee schools, compensating these schools with a higher allocation for non-personnel, non-capital expenditure.

The Amended National Norms and Standards for School Funding (ANNSSF), which came into effect on 1 January 2007, amended the 1998 norms. The ANNSSF deals specifically with public funding of both public and independent (private) schools, as well as with school fee exemptions policies. State funding to public schools is provided in two forms: personnel expenditure and non-personnel expenditure (otherwise referred to as the school allocation). Personnel expenditure remained unchanged, but the ratio of personnel to non-personnel expenditure was set at 80:20 (DoE, 2006).

The school allocation is developed using five considerations: the rights of learners, the minimum basic package to ensure quality education, prices of goods and services, the national distribution of income differences and poverty, and lastly the state budget. The majority of items covered by the school allocation fall into what can be termed running costs (stationery, maintenance and services such as electricity); also covered are learning support materials like textbooks, which is the only item directly related to learning.

Previously, all schools complemented the school allocation by collecting school fees. Under the current policy, a fee charging school can now apply to its Provincial Education Department to be declared a no fee school. This would entitle the school to an increased allocation from the state to offset revenues previously generated through school fees. The list of no fee schools is determined provincially by the Provincial Education

Department, using a standard national procedure. Each school is assigned a poverty score using data from the community in which the school is located. The three poverty indicators utilised for this purpose are income, unemployment rates and the level of education of the community, which are weighted to assign a poverty score for the community and the school. The school is then assigned to one of the poverty quintiles determined nationally (see Table 1). The middle quintile is referred to as the 'adequacy benchmark', which is the minimum requirement for a school to provide a quality education. Schools in this category will receive the minimum amount of R554. Schools in poorer quintiles (NQ 1 and 2) are no fee schools and so receive larger allocations, while those in better-off quintiles (the fee schools) receive smaller state allocations. The amounts in Table 1 refer to per learner allocations for each category of school; Column A shows national percentages per quintile; Column B lists per learner amounts (2007-2009); and Column C specifies the maximum percentage of learners in each national quintile that can be funded to the no fee threshold level. Thus in 2007 the poorest schools (NQ 1 and 2), which are also no fee schools, received allocations of R738 and R677 per learner, for 100% of their learners (Column B). The state calculates that 30% of all learners in South Africa are in Quintile 1, 27.5% in Quintile 2 and 22.5% in Quintile 3 (Column A). Richer schools, which are also fee-charging schools, are allocated less than the adequacy benchmark of R554; in 2007 schools in Quintile 4 received R369 and schools in Quintile 5 R123 per learner, covering 67% and 22% respectively of their learners (Column C), with the state calculating that 15% and 5% of learners nationally fall into these categories.

Table 1: National table of targets for the school allocation (2007-2009)

		2007		2008		2009	
	A (%)	B	C (%)	B	C (%)	B	C (%)
NQ1	30.0	R738	100	R775	100	R807	100
NQ2	27.5	R677	100	R711	100	R740	100
NQ3	22.5	R554	100	R581	100	R605	100
NQ4	15.0	R369	67	R388	100	R404	67
NQ5	5.0	R123	22	R129	22	R134	22
Overall	100	R492	89	R517	89	R538	89
No fee threshold		R554		R581		R605	

Resource allocation also differs for different provinces and nationally determined poverty tables are used to guide the school allocation (see Table 2). For example, the Eastern Cape is identified as the poorest province, with 34.8% of its schools falling into Quintile 1 (poorest) compared to the wealthier Western Cape where only 6.5% fall into Quintile 1. Provincial Education Department targets for each province will therefore differ accordingly.

Table 2: The National Poverty Distribution table

	1 (poorest)	2	3	4	5 (least poor)
Eastern Cape	34.8%	21.6%	21.0%	11.6%	10.9%
Free State	30.8%	14.9%	20.1%	18.8%	15.4%
Gauteng	10.5%	11.4%	27.4%	27.2%	23.6%
KwaZulu-Natal	24.2%	18.8%	25.6%	17.3%	14.1%
Limpopo	34.0%	22.3%	24.9%	11.6%	7.2%
Mpumalanga	16.7%	20.2%	29.8%	19.9%	13.5%
Northern Cape	26.3%	17.7%	21.6%	14.8%	19.6%
North West	22.7%	15.2%	30.5%	20.5%	11.0%
Western Cape	6.5%	8.0%	23.1%	27.7%	34.6%
South Africa	20.0%	20.0%	20.0%	20.0%	20.0%

Poor provinces have the majority of learners in the poorest no fee quintiles. The Eastern Cape and Limpopo have 56% of their learners in the first two quintiles, while KwaZulu-Natal has 43% of its learners in those two quintiles (Table 2). The relatively small percentage of Gauteng and Western Cape learners in the poorest quintiles indicates that the medium income in these provinces is much higher than the national average.

The original fee exemption policy, which applied to both richer and poorer schools, was viewed as a way of ensuring that no learner was denied access, by allowing their parents to apply for full or partial exemption at any school. With poorer schools now being declared no fee schools, exemptions only apply to fee-charging schools. There are two major classes. Orphans and abandoned children receive an automatic exemption, and parents of learners receiving a poverty-linked state social grant also qualify for a full exemption. In the second class of exemption, parents may be granted a full or partial exemption based on their income in relation to school fees, determined by a set formula which schools apply upon receiving a written application from a parent. In theory, exemptions permit even the poor to attend fee charging schools. Exemptions have also highlighted the issue of state subsidisation of poor

learners in non-poor schools and how this responsibility is being devolved to parents in these schools.

A pro-poor policy? Critical comments and observations

Given the enormous inequalities in state expenditure under apartheid, achieving equity was always going to be a major challenge. Great strides have been made towards racial equity in terms of state per capita expenditure per learner, but more contentious is the extent to which redress or differential spending has been achieved. This section offers some critical observations on how far the recent changes in school financing policies have addressed equity and redress, and hence the extent of the state's pro-poor focus.

- A key issue is that, despite the significant gains in terms of equalisation of education expenditure in schools, public schooling in South Africa continues to consist of two tiers, one privileged and well resourced and the other poor and disadvantaged. This also reflects broader social divides based on race and class. It is often viewed as an unintended consequence of the fees policy, and thus state expenditure continues, for a variety of reasons (not least the continued dominance of personnel expenditure), to marginally favour the rich.
- The changes in the funding policy and the creation of a national quintile system have been welcomed. It has meant greater school allocations for poorer learners and has strengthened the pro-poor aspects of education policy. The differential allocation is a significant shift from previous policies focusing on equalising per capita expenditure to redress-driven funding. However, the legacy of apartheid and poverty persists in terms of very varied learning contexts in the public school sector.
- The no fee policy and the pro-poor policies continue to exist in tension with each other and have brought into sharp focus the question of whether current allocations are adequate. The redress-driven part of the school financing policy which relates to the school funding norms constitutes only 20% of the overall education (non-personnel) expenditure. Coupled with this are the indirect costs of schooling such as transport and uniforms, which constitute a significant portion of poorer households' income.
- The persistence of public schools charging high fees highlights the resource divide within the public schooling system. Public schools with high levels of private income continue to have lower learner teacher ratios, attract better qualified personnel and have substantially better infrastructural resources.
- At a systemic level, the implementation of the no fee policy has again raised issues of national versus provincial responsibilities, and of provincial ability (or lack thereof) to accommodate the no fee schools. While much work has been done in terms of national and provincial alignment and budgetary flows, more work is required to ensure that poorer provinces are able to meet their responsibilities to the poorest learners, and that their budgetary allocations in terms of the Equitable Shares Formula are sufficient.
- While the creation of a national quintile system has been welcomed, it does mean that in some provinces some schools formerly deemed poor now find themselves located in the less poor quintiles. In particular, schools in Quintiles 3 and 4 which now receive substantially less funding than the no fee schools have questioned their status. In addition, the poverty score which considers both the poverty of the community and the poverty of the school may not always accurately capture the learner population in the school. In CREATE fieldwork undertaken in Gauteng schools in 2009, it was apparent that many learners came from informal settlements four or five kilometres away while very few learners originated from the communities where the schools were physically located.
- The implementation of the no fee policy has also brought with it its own challenges. The Provincial Education Departments have an important implementing and monitoring responsibility which they are not always able to fulfil. Some of the problems that have arisen include a failure to release provincial funding timeously, cash flow problems for schools making the transition from fee charging to no fee schools, and a lack of communication between provinces, districts and schools.

This policy brief is based on:

Sayed, Y. and Motala, S. (2009) Finance, Fee-free Schools and Access to Education in South Africa (forthcoming).

The policy brief has been developed by Shireen Motala and Yusuf Sayed.