

Response to the EELC's 2019 A report on the state of education

13 September 2019

Though the report by the Equal Education Law Centre (EELC) is critical of government, and although the Department of Basic Education (DBE) takes issue with several facts and interpretations in the report (as explained below), the DBE acknowledges that the EELC report raises important concerns and represents a serious attempt at understanding the problems and possible solutions within the complex basic education sector.

Many of the concerns in the report relate to spending, and there are many places where the report argues that spending must be protected or improved. The current response thus pays particular attention to the matter of financing.

There is currently a fiscal crisis wherein government spending has exceeded tax collection for some years. The 2019 Budget Speech of the Minister of Finance outlined six overriding principles which should guide government in seeing the country through these difficult times. These include 'increasing tax collection', 'reasonable, affordable spending' and 'managing the public sector wage bill'. The speech goes on to say:

It will not be easy. There are no quick fixes. But our nation is ready for renewal. We are ready to plant the seeds of our future.

Clearly, the DBE is not happy with the fact that its own budget has declined somewhat in real terms in recent years, as pointed out in the report, yet the DBE's operational spending accounts for just 2% of spending on the basic education sector. **Total spending on the sector has continued to rise in real terms.** To illustrate, between 2015/16 and 2021/22, non-capital spending by provinces is set to rise by 9% in real terms¹. Thus the recommendation made in the EELC report (p. 48) that spending on the sector should keep pace with inflation is in fact something being followed through by government, despite the difficult economic climate. These facts must be highlighted as they are important. EELC should not confuse DBE spending with spending on the sector as a whole, which to some extent the EELC report does. At the same time, the DBE agrees that ideally, in order to tackle the immense challenges in the sector, spending increases beyond what is currently seen, is necessary.

A key way of protecting existing budgets, and to ensure that additional funding is secured in critical areas, is for the DBE to monitor spending trends across the sector well, to tackle spending inefficiencies, and to produce rigorous costings of plans to expand services or innovate. This work takes up much of the DBE's time, and has arguably contributed to the protection of overall spending in real terms in the sector. There is of course room for improvement, and **capacity-building of officials in this area is thus a priority for DBE.**

The comparison of spending trends to wage increments and the calculation of the 'purchasing power' of the education departments referred to in the report, is *not* the same as a calculation of what is typically referred to as real spending trends. The 'purchasing power' work by Spaul was in fact initiated by analysts in the DBE, and Spaul produced his work in collaboration with DBE analysts. The DBE is thus very familiar with this work, which is important, but this must be distinguished from real expenditure trends. There is thus no contradiction between Spaul's work and National Treasury analyses, as suggested on p. 16. Two different methods focussing on different phenomena, are at play. In short, **real spending per learner has *not* declined by 8%, as argued in the EELC report.**

¹ Calculated from the 2019 EPRE Excel tool published online by National Treasury.

What has occurred is that **wage increments in the sector, but also in the public sector as a whole, have consistently exceeded CPI inflation.** *This* is a key factor behind the current difficulties in delivering services. While previously economic growth was sufficient to permit above-inflation wage increases, this is no longer the case. Any comprehensive discussion of improving basic education, and protecting the educational rights the EELC identifies, must take into account the wage negotiation process. Again, the DBE is working hard at engaging with teacher unions so wages do not crowd out other areas of spending, such as infrastructure, learning materials, and the per learner school allocation. While this matter is barely addressed in the EELC report, it is a crucial one.

The ten education departments have worked hard to ensure that as far as possible **personnel spending should not exceed 80% of overall spending,** as specified in the 2006 funding norms². While the ratio within Budget Programme 2, public ordinary schooling, has been high, as pointed out in the EELC report, this ratio has remained largely the same in recent years. Moreover, the ratio for the provincial education departments as a whole has remained at around 80%.

The DBE is committed to monitoring spending trends and ‘budget activism’ in the sense of advocating for education spending in dealing with Treasury. The last twenty years suggest this is the most effective way of optimising the allocation of resources to education. The approach of **inserting into legislation, or some other policy, fixed ratios or Rand amounts which provinces must comply with has advantages, but also many disadvantages.** The DBE would thus disagree with the strong emphasis in the EELC report on substantially increasing the degree to which funds are ringfenced or Rand amounts are legislated. For instance, it is proposed in the report that *all* additional funding, should it be secured, would be ringfenced for specific purposes (p. 19).

There are currently some relatively hard norms, in particular the per learner spending norms in relation to the non-personnel school allocation. That allocation is normed because government believes it a spending area which is vulnerable, yet particularly important for effective schooling to take place. But too many such norms can result in a situation where everything seems prioritised, which renders the budgeting process meaningless. Moreover, **additional norms do not translate into additional funding in some automatic sense,** especially in the current fiscal environment. We would encourage the EELC to study the Finance and Fiscal Commission’s arguments for having ‘costed norms’ across all service areas, and the reasons for Treasury’s rejection of such norms³. We would not want the debate to be closed on the extensive use of costed norms, yet currently such an approach is not government policy.

Turning to basic education’s budget share, relative to other sectors such as health and post-school education, the EELC brings up important points which we believe deserve careful attention. However, a decline in basic education’s share is not in itself an indication that there is something wrong, as argued by the EELC. International comparisons have shown clearly that while participation in basic education has been high in South Africa, participation in post-school education has been particularly low. Growth in post-school spending must be seen in the context of **the need to balance participation rates across the different levels of the education system.** Moreover, the relative prioritisation of health and education in government’s budgets should be viewed holistically, in terms of the development of the child. One health intervention that currently benefits schooling very directly is the health sector’s Integrated School Health Programme, which is in the process of being expanded.

² Government Notice 869 of 2006. The EELC report incorrectly states (p. 13) that the 80% norm is specified in the post provisioning norms, which is a different policy.

³ See for instance Annexure E of the *Budget Review* of 2004.

We do not agree with the EELC's suggestion (p. 5) that progress in the basic education sector has not been substantial. **Progress in basic education must ultimately be gauged in terms of the educational outcomes of the system**, and here there has clearly been progress, progress which is not acknowledged in the EELC report. As argued in the last National Senior Certificate (NSC) report of the DBE, not only has the number of NSC graduates, and graduates with sufficient credits to permit Bachelors studies at a university, increased, there have been clear qualitative improvements below Grade 12 according to credible international testing programmes⁴. It is essential to understand what lies behind these improvements, and to ensure that positive contributing factors are prioritised. It is the DBE's understanding that curriculum stability, improved access to learning materials in classrooms, and a stronger focus on assessing what learners learn, are among the most important factors. These interventions must thus remain high on the DBE's agenda if further progress is to be made. However, we cannot rely only on past methods to take the sector forward. As government has pointed out, innovation is necessary in specific areas, for instance the teaching of early grade reading (the EELC is right to emphasise the importance of this in its report).

Much of Equal Education's emphasis in the past has been on school infrastructure, and the organisation has assisted in highlighting service delivery problems. At the same time, **school infrastructure is but one part of the broader challenge of service delivery in basic education**. If the EELC's report represents a broadening of Equal Education's focus, to cover a wider range of sectoral issues, the DBE welcomes this. In some respects, improving school infrastructure is a matter of strengthening the learning that happens in schools. However, it is also a human rights issue. A lack of access to basic school facilities infringes on the human dignity of the child. Given this, cutbacks in school infrastructure spending is not something the DBE is happy with. Yet funding in this area continues to be substantial, and there are opportunities to use these funds in better ways. To illustrate in practical terms the magnitude of current spending on school infrastructure, which is around R12.5 billion, this would be enough to build around 350 large new schools every year, or to replace around 3% of existing classrooms, assuming the money was spent only on new structures⁵. Of course, money is also spent on refurbishments and upgrades, yet these figures provide a sense of government's continued commitment to school infrastructure.

The above captures the DBE main inputs on the EELC report. Additional comments appear below:

- It seems the EELC analysts believe the funding of provincial education departments occurs through a block grant by the national DBE (pp. 14, 37)⁶. In fact, the bulk of funding for provincial education does not flow through the DBE. **Each Provincial Treasury receives a block grant, which is distributed across provincial departments** largely in line with decisions made by the provincial government. This fact is fundamental for understanding the basic education funding system.
- The DBE, like the EELC, is concerned about provinces which do not meet national spending targets with respect to the school allocation. However, the EELC is unclear regarding its concerns. Overall spending per learner, and the non-personnel school allocation per learner, are two very different statistics, yet the EELC seems to treat them as they if they were the same thing (pp. 16-18). With regard to the school allocation, what the EELC does not mention (though it is included in the 2017 presentation made by the

⁴ Department of Basic Education, 2019b.

⁵ R34m cost of a 7,500m² school in 2017 prices assumed. See for instance the 2017 Minister of Finance budget speech for this cost figure.

⁶ Table 3 in the EELC report is said to exclude transfers to provincial education departments, yet the figures in that table clearly *include* important infrastructure and school nutrition grants transferred to provinces, suggesting that what the EELC analysts understood as the excluded amounts are in fact provincial education department budgets. It is not clear what assumptions the analysts were making.

DBE to the Select Committee) is the fact that a key reason why provinces are not reaching the funding targets is that they are placing more learners than they should within the maximum quintile 1 to 3 category. **Provinces are thus attempting to reach more learners, and by implication classify more learners as poor**, and in the process running short of funds. While what many provinces are doing goes against the norms, whether what they are doing is right in terms of delivering services in a pro-poor manner is debatable. In short, the matter is more complex than what is suggested by the EELC report.

- The EELC report repeatedly refers to basic education funding as ‘regressive’, but does not seem to understand the meaning of the term. This term, used widely in the analysis of public funding, means more is spent on the rich than the poor, meaning *pro-poor* funding would be referred to as ‘progressive’. One of the major achievements of the post-1994 government was to turn what was probably the most regressive school funding system in the world, to one focussed on directing funding to the poor. In fact, a 2007 UNESCO report held South Africa up as an example of a country which had achieved exceptionally good levels of funding equity in its schooling system⁷. This system is largely retained today. The pro-poorness of school funding is something the DBE monitors, and **per learner spending, even counting just current non-capital spending, is indeed still higher for poorer learners**, in other words progressive. There is of course scope for improving the pro-poor gradient of school funding, and this debate is one in which the DBE is actively involved.
- Under-spending, relative to budgets, is something the DBE is concerned about. There are various reasons for this, ranging from procurement inefficiencies to weak in-year projections of personnel spending. Overall under-spending in recent years has been lower than the 3.8% referred to by the EELC. In 2017/18 there was an **overall over-expenditure of 1.0% across the nine provincial education departments**.
- The question of whether **changes to the equitable share formula** of National Treasury would benefit the basic education sector is a matter the DBE has engaged with repeatedly over the years. However, the DBE’s concerns go beyond those mentioned in the EELC report, and it is not clear that changes to the formula would necessarily benefit poorer provinces. In the past, outdated population figures have disadvantaged Gauteng. Moreover, the average cost of an educator varies greatly across provinces, with more urban provinces having older, and hence more costly educators (Limpopo is in a similar situation, despite not being strongly urban). It should be kept in mind that the most progressive element in the education part of the formula currently is the way it caters for grade repetition, a phenomenon found to a greater degree in poorer provinces. This element should be preserved, though how it is structured is open to debate. These issues, in addition to the costs of school remoteness in more rural provinces, should be analysed and monitored to a far greater degree, not just to inform the equitable share formula, but also because these issues are generally important.
- The DBE is very concerned about **increasing class sizes**. However, the deterioration referred to in the report (p. 17), from an average of 40 to 45 between 2011 and 2016 (this is drawn from PIRLS) is open to question. The DBE’s data suggest an increase has occurred, but a smaller increase of two learners, not five learners. Whether sampling inconsistencies are behind the PIRLS based statistics is something which should be investigated.
- On scholar transport, the spending and implementation challenges referred to in the EELC report are serious and are receiving attention. It is worth noting that **the percentage of**

⁷ Sherman and Poirier, 2007.

learners walking to school has steadily decreased, from 75% in 2009 to 67% in 2017, according to reliable household data⁸. This is in part due to successes in expanding access to scholar transport, but also to increasing urbanisation.

- The EELC’s concerns around ensuring no child is excluded from school warrant serious attention. Yet **South Africa’s track record is good when it comes to inclusion**: since 2010, the percentage of children aged 7 to 13 attending school has stood above 99%⁹.
- The EELC report, in focussing on school fees, raises concerns about children who are not exempted from fees in fee-charging schools, when they should be. The DBE is concerned about this, but also about **the charging of fees in schools classified officially as no fee schools**. While provinces report that around 79% of learners are no fee schools, household survey data indicate that only around 67% of children do not pay school fees. This seems to confirm that even schools classified as no fee schools will often ask households for fee contributions. This problem is related to the non-attainment of school allocation targets. By law, if a school is not paid the nationally stipulated amount, it may in fact deal with a funding shortfall by charging parents fees. With regard to exemptions, the Basic Education Laws Amendment Bill, published in 2017, includes provisions would protect further the opportunities and rights of parents needing a fee exemption.
- The confusion, alluded to in the EELC report (p. 28), around the number of children participating in pre-schools is unfortunate and is indicative of the need to fix monitoring systems at this level. Africa Check has looked into this matter and confirmed that figures quoted in the State of the Nation Address are too low, and not in line with Statistics South Africa household data¹⁰. There are **currently around 2.4 million children enrolled in pre-school**. Moreover, the figure almost doubled after 2007. This trend would be the result of both government and private funding being directed to pre-schooling. One factor which has facilitated private spending, even among poorer households, has been the extension of publicly funded Grade R, which has freed up funding for participation below that level. Just as the monitoring of participation in pre-schooling must be improved, the tracking of pre-school spending should be strengthened. The ECD conditional grant referred to in the EELC report, and which has not been fully spent, is in fact only three-quarters of overall spending on pre-schools, which includes spending by provincial social development departments beyond the grant. Making the sum of all public spending on pre-schools more transparent must be a part of the restructuring process unfolding in the pre-school sub-sector in the coming years.
- Regarding the concerns raised in the report (p. 29) around **the future of early childhood development in the context of the migration** from the social development departments to the education departments, plans to be released by the DBE will provide reassurance that there will not be negative disruptions to the existing system of funding. Most of the emphasis in the initial years will be on uplifting the quality of this service, ensuring that all children from disadvantaged backgrounds are adequately served, and improving planning and monitoring systems. Details on this will be published in a implementation protocol and a joint Cabinet Memorandum during the course of 2019.

⁸ Department of Basic Education, 2019a: 35.

⁹ Department of Basic Education, 2019a: 14.

¹⁰ Web page headed ‘Fact-checked: Pres Cyril Ramaphosa’s first-ever State of the Nation Address’. https://africacheck.org/reports/state-of-the-nation-address-1-president-cyril-ramaphosas-claims-weighed-up/?fbclid=IwAR0eFzpq3XEjtbZwMp6VlhE5QnwaUy1VRZe5WC7SxDoYDSPvC0etW_TvyyY.

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