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GOVERNMENT NOTICE

DEPARTMENT OF EDUCATION

No. 1313

3 October 1997

MINISTRY OF EDUCATION

CALL FOR COMMENTS ON THE DRAFT NATIONAL NORMS AND STANDARDS FOR SCHOOL FUNDING IN TERMS OF THE SOUTH AFRICAN SCHOOLS ACT, 1996 (ACT No. 64 OF 1996)

1. A memorandum by the Department of Education on the draft national norms and standards for school funding in terms of the South African Schools Act, 1996 (Act No. 64 of 1996), is hereby published for information and comment.
2. All persons concerned are invited to comment in writing on the draft norms and standards for school funding and to send the comment to:
Director-General
Attention: **Dr R. CILLIERS**
Department of Education
Private Bag X895
PRETORIA
0001
3. The comment may also be faxed to the Fax Number (012) 323-7532 at the above address.
4. The comment must reach the Department of Education not later than 17 November 1997.
5. Please also provide the name, address, telephone number and fax number of the person, governing body or organisation responsible for submitting the comment.

Department of Education

**DRAFT NATIONAL NORMS AND STANDARDS
FOR SCHOOL FUNDING
IN TERMS OF THE SOUTH AFRICAN SCHOOLS ACT, 1996
(ACT NO. 84, 1996)**

This document is for discussion and subject to revision. In particular, all specific numbers, ratios, and percentages are provisional and may be revised.

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1 INTRODUCTION

The right to education and the responsibility of the State

1. The Bill of Rights in the Constitution of the Republic of South Africa, 1996 (Act No. 108, 1996) establishes the right to education in these terms:

“Everyone has the right -

- (a) to a basic education, including adult basic education; and
- (b) to further education, which the state, through reasonable measures, must make progressively available and accessible.” (section 29(1))

2. The South African Schools Act, 1996 (Act No. 84, 1996) came into effect on 1 January 1997. The principal objective of the Act is “to provide for a uniform system for the organisation, governance and funding of schools”. In terms of the Act, schools cover learning programmed between grade O (which will shortly be redefined as grade R, for “Reception”) through to grade 12.

3. The Act provides for compulsory attendance of learners at school between the ages of seven and 15 (or the completion of grade 9). This is known as the compulsory or General Education phase. Every provincial Member of the Executive Council for Education is required to provide sufficient school places for every child in the compulsory attendance bracket. If this cannot be done because of a lack of capacity, the MEC must take steps to remedy the lack as soon as possible. (section 3)

4 The Act imposes other important responsibilities on the State with respect to the funding of public schools. The basic principles of State funding of public schools derive from the constitutional guarantee of equality and recognition of the right of redress. The Act provides that:

“The State must fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in educational provision.” (section 34(1))

5. The Act also requires the Minister of Education to set norms and minimum standards for public school funding. (section 35) These will express national policies which are considered essential for the reconstruction and development of the school system.

This document

6. This document sets out the proposed national norms and minimum standards for school funding, together with the proposed procedures to be

adopted by provincial education departments in determining provincial budgets for schools. When revised and approved by the Minister, the norms and standards will appear as regulations under the South African Schools Act. They will apply uniformly in the country as a whole. In case of conflict with provincial legislation, the national norms and standards will prevail in terms of section 146(2) of the Constitution.

7. These norms and minimum standards deal with:

- the public funding of public schools
- the exemption of parents who are unable to pay school fees, and
- public subsidies to independent schools¹.

8. They deal only with school-level expenditure, and do not cover a provincial education department's school-related administrative and developmental expenditure. However, such provincial funding allocations are expected to be consistent with the equity and efficiency principles underlying the public school funding norms and standards. In particular, allocations for management capacity development should be made by provincial authorities, and should target schools and governing bodies with weaker management.

9. The funding policy relating to learners with special educational needs will be prepared after the joint report of the National Commission on Special Needs in Education and Training and the National Committee on Education Support Services has been received by the Minister in November 1997.

10. This document has been prepared by the Department of Education. It reflects consensus reached on its main principles in the Finance Sub-Committee of the Heads of Education Departments Committee (I-HEDCOM). This sub-committee includes representatives of the national and provincial education departments, the Departments of Finance and State Expenditure, and the Finance and Fiscal Commission (FFC). Both HEDCOM and the Council of Education Ministers (CEM) have recommended that the document be gazetted for public comment.

11. The Department will arrange meetings with key stakeholder bodies representing, in particular, the organised educators, public school governing bodies, and independent schools. After considering the views submitted to the Department, the document will be revised in collaboration with the HEDCOM Finance Sub-Committee.

12. As required by the South African Schools Act (section 35), the Minister will formally consult the CEM, the FFC and the Minister of Finance before

¹The Department of Education is examining the implications of the proposals, if any, for foreign learners who are enrolled in South African schools in terms of study permits issued by the Department of Home Affairs.

finally approving the norms and standards and issuing them in the form of regulations in terms of section 61 of the Act.

Redress, equity and quality

13. Effecting redress and equity in school funding, with a view to progressively improving quality education, within a framework of greater efficiency in organizing and providing education services, are matters of urgent priority for the Ministry of Education. The Preamble to the South African Schools Act, 1996 states that:

“...this country requires a new national system for schools which will redress past injustices in educational provision, provide an education of progressively high quality for all learners and in so doing lay a strong foundation for the development of all our people’s talents and capabilities . . .”

14. To achieve these objectives in a systematic manner requires new systems of budgeting and spending for public schools.

15. In terms of our Constitution and the government’s budgeting procedure, the national Ministry of Education does not decide on the amounts to be allocated annually for schools in provincial budgets. This is the responsibility of provincial governments and legislatures, which must make appropriations to their education departments from the total revenue resources available to their provinces.

16. Preparations for the 1998-99 budget are being undertaken in terms of the government’s Medium-Term Expenditure Framework (MTEF). The MTEF enables government outlays to be planned on a three-year rolling basis. Sectoral working teams in the main areas of provincial government spending, including Education, have been established by the Departments of Finance and State Expenditure to undertake investigative work on expenditure patterns, budget priorities, expenditure models and policy choices. The sectoral teams are also considering the desirability of conditional grants to provincial governments for certain high priority activities, or activities with inter-provincial implications, which may need to be protected in the budget process. The reports and recommendations of the sectoral working teams are intended to assist the national and provincial governments in making budget decisions which will advance the implementation of government’s reconstruction and development policies under strict fiscal constraints.

17. An important assumption underlying the Minister of Education’s draft national norms and minimum standards for school funding is that the government collectively will honour the state’s duty under the Constitution and the South African Schools Act to progressively provide sufficient resources to safeguard the right to education of all South Africans.

18. However, educational needs are always greater than the budgetary provision for education. To effect redress and improve equity, therefore, public expenditures must be specially targeted to the needs of the poorest.

19. According to various measures, the poverty cut-off is between the thirty-fifth and the fifty-fifth income percentiles of the national population.² No doubt this varies among the provinces. However, each provincial department ought to target the poorest 40 percent of its population for redress purposes, and in this document the fortieth percentile is adopted as the nominal poverty cut-off point. However, depending on the relative poverty of the province the fortieth percentile point may be varied in consultation with the national Department of Education. In any case, each provincial education department will need to construct a list of schools sorted according to the relative poverty of their communities, on the basis of data referred to below in paragraph 22. The Department of Education will assist.

20. The South African Schools Act, 1996 imposes a responsibility on all public school governing bodies to do their utmost to improve the quality of education in their schools by raising additional resources to supplement those which the State provides from public funds (section 36). All Parents, but particularly those who are less poor or who have good incomes, are thereby encouraged to increase their own direct financial or other contributions to the quality of their children's education in public schools. The Act provides all citizens with maximum discretion under the law as to how to spend their own resources on their children's education .

Developing capacity for intensive data use

21. Targeting redress and improving equity in public funding of public schools in an efficient manner requires all ten education departments, national and provincial, to undertake considerable budget and financial analysis, and to use information intensively. In terms of the Act, it is also necessary for all public schools to become their own budget and cost centres. (sections 37, 38 and 42) The policy in this document, and the norms and standards through which they are expressed, represent a departure from current practice, and require the use of certain data which have not previously been necessary in budgeting for public schools.

22. Reliable and comprehensive data on schools are being created through the national School Register of Needs (SRN) survey, whose databases are being incorporated in provincial data systems, and the new, provincially-based national Education Management Information System (EMIS). The 1996 national Census reports will provide reliable and up-to-date demographic information. Provincial departments may have access to other

² *Key Indicators of Poverty in South Africa*. Ministry in the Office of the President: Reconstruction and Development Programme (October 1995), p. 8.

data sources, and the national Department will augment these wherever possible.

23. The Department of Education intends to ensure verifiable progress towards equity in school funding within the provinces. This means that provincial education departments must:

- use relevant provincial data much more intensively in budgeting and planning decisions
- develop the necessary data systems to guide planning and allocations, and
- demonstrate that progress is being made.

24. This will take some time, and means that the national norms must be applied in a flexible manner while provincial departments are developing their data systems and capacity to apply them.

25. The Department of Education is also developing training materials, in collaboration with provincial departments, which will demonstrate how to implement the norms in a manner that allows provincial flexibility within the parameters set below. Training will take place over the next few months.

26. Section 59 of the South African Schools Act requires schools to provide information to provincial departments. The provincial departments may wish to use the funding allocation as an incentive to encourage data provision by the schools. Since the funding process depends on provincial departments having a list of all schools with relevant data, the provincial departments may require that schools may not receive certain types of funding until they provide full and accurate data.

27. Provincial departments must annually provide schools with sufficient information so that the schools' governing bodies can develop their budgets as required by the South African Schools Act (section 34). This information should in time include the amount of the total allocation by the provincial department to the school, including all personnel costs, and the total allocation divided by enrollment. This is necessary so that schools become accustomed to thinking about their **total** costs per learner.

When the funding norms will be applied

28. The norms will not have mandatory legal effect until they have been published by the Minister as regulations under the Act. However, provincial education departments may decide to make earlier use of them in developing their school budgets in terms of their provincial legislation and consultative procedures.

29. Some norms will apply to the public school financial year (January to December) and others to the state financial year (April to March). If the

regulations have been gazetted in time, some may be applied from 1998, depending on provincial readiness. As stated in paragraph 20 above, the norms must be applied flexibly, depending on provincial capacity to handle the data requirements.

30. Since the readiness of provincial departments to apply the norms is a technical matter, a provincial department which considers that it is not technically ready will be expected to explain why this is so and present to the national Department of Education a detailed plan for the acquisition of capacity to implement. The national Department of Education will assist provincial departments by whatever practicable means are available to acquire the capacity to implement.

2 THE PUBLIC FUNDING OF PUBLIC SCHOOLS

How the norms should be applied

31. These funding norms address issues of equity and efficiency, and are intended to provide all school governing bodies with a minimum floor of funding that can be the basis of sound education. Additional norms and standards, including process and outcome indicators, are being developed as an aid to the progressive monitoring and improvement of educational quality in public schools.

32. These funding norms are divided into seven groups: (1) new construction, (2) immovable capital improvements, (3) recurrent costs easily separated from other costs, (4) normal non-personnel recurrent and minor capital equipment costs, (5) hostel costs, (6) non-educator personnel costs, and (7) educator personnel costs.

33. The norms should be applied as follows:

- All the items below need to be budgeted and analysed separately for an initial estimate, since they must all fit within an overall provincial budget for schools.
- After an initial estimate has been achieved, their overall coherence needs to be assessed, within the total allocation.
- Some of the items may need to be cut and others increased. In that case, however, the procedure for budgeting *within* each of the six items must be respected.

34. Provincial departments may depart from the methodologies and algorithms suggested below (a) as long as they can objectively and verifiably demonstrate that the methodology being used is the functional equivalent of that proposed here, leading to the same results, or (b) as indicated in paragraph 20 above, unless the use of the required data would place an undue burden on the provincial department's analytical systems.

35. In the former case (a), the provincial department must be able to demonstrate to the national Department of Education's satisfaction that the methodology being used is equivalent to what is proposed here.

36. In the latter case (b), as indicated in paragraph 29 above, the provincial department must present to the national Department of Education for discussion a detailed plan for improvements in the provincial department's ability to gather, process and **analyse** the necessary information, including the staffing of information units. The national department will provide whatever assistance it can in improving and implementing the plan.

37. Duties or functions placed upon the MECS for Education or the Heads of Education Departments by the South African Schools Act may be delegated only in terms of or consistent with section 62 of the Act.

38. To make it easier to follow the discussion below, the link between each expenditure item and the current categories under which costs are reported to the national Department of Education is indicated. Budgeting, planning, and cost-reporting categories will thus correspond to each other.

{1} New classroom and other construction allocations

(This cost category includes the items currently reported to the national Department under "Land Acquisition" and "New buildings and other land improvements".)

39. According to the South African Schools Act, the MEC of each province must ensure that there are enough school places in each province to enable each child living in the province to attend school during the compulsory phase (section 3(3)). If an MEC cannot comply with this mandate, he or she must take steps to remedy the situation and must report annually to the Minister of Education on progress made (section 3(4)).

40. This section proposes norms for elimination of backlogs as required by the South African Schools Act and in line with section 29(1) of the Bill of Rights in the Constitution.

41. The construction of new schools or additional classrooms and learning facilities should be targeted to the neediest population, and, if a choice must be made, must give preference to facilities at the General Education "level (Grades R-9) in order to ensure that all eligible learners have school places in the compulsory phase of schooling as soon as possible.

42. In this expenditure item, need should be defined in terms of lack of current schools or overcrowding of existing ones. Extensions to existing schools should be built in preference to new schools except where extensions would be uneconomical, impractical, or undesirable on educational grounds. (Hostel facilities are discussed at paragraph 82 below.)

43. Provincial departments must objectively determine where to site new schools and classrooms based on verifiable crowding and distance indicators (need indicators) developed from available data, including the School Register of Needs, **Census** data, and the **provincial** department's own EMIS.

44. Need indicators **should** refer to the **proportion** of children who are out of school or are in over-crowded schools. Preference should be given to areas where children are out of school and (a) there is no nearby school, (b) existing schools are full or crowded, (c) analysis demonstrates the population to be permanent, and (d) nearby schools are full or crowded.

45. Using these criteria, the provincial departments must develop a ranking of areas from neediest to least needy, based on the numbers of children out of school or in existing crowded schools. Backlogs must be eliminated starting with the neediest areas. The Head of Department will be asked to verifiably demonstrate that these criteria are being met in allocating school construction funds within the province.

46. The School Register of Needs provides detailed information on the backlogs in the provision of basic services (such as potable water on site, toilets and electricity), essential educational facilities (such as libraries or media centres, and multi-purpose rooms) and administrative facilities (such as offices and telephones). Each province must rank its schools in order of need for such facilities, and prioritise its allocations under this item in order of the most needy.

47. Given the extent of the backlogs of physical facilities in all provinces, as revealed in the School Register of Needs survey, it is essential for each province to develop both a long-term and a medium-term physical investment plan for the elimination and prevention of backlogs. The medium-term plan should form part of the three-year rolling plan procedure envisaged in the MTEF. Actual and planned allocations for the elimination of backlogs and the addressing of new needs for physical facilities must be made in terms of the overall budget for education and for schools, and the relative flexibility or rigidity of other budget items.

48. Provincial departments must provisionally allocate a slice of the overall budget to construction of extensions and new schools in line with the physical investment plan. This slice should be allocated to areas or districts as stated above. The provincial department should then ascertain whether the allocation and its distribution makes satisfactory progress towards eliminating backlogs in line with the plan. If the allocated slice is not sufficient the provincial department must ascertain where, if at all, in the other budget items funds can be found to augment the allocation.

49. Once agreed, the funds for school construction should be earmarked by provincial Treasuries.

(2) Immovable capital improvement allocations

(This category is currently reported to the national Department under 'Maintenance of Buildings'.)

50. These allocations refer to minor repairs, improvements, and maintenance funds. These improvements should be allocated to the neediest population in the province. However, in this case the targeting on the neediest can be done entirely on the basis of the EMIS or School Register of Needs data, without reference to population estimates.

51. The provincial departments must develop a list of schools sorted by need for repairs, and must allocate improvement funds in a manner that targets schools based on need-weighted enrollment. Schools must be ranked so that the neediest and largest will come first, and the least needy and smallest will come last. Seventy-five percent of maintenance and repair funds for improvement of immovable capital must go to the neediest 40 percent of schools. Provincial departments may use more than one level of per-child allocation, as long as the principle of allocating 75 percent of expenditure to the neediest 40 percent is followed.

52. School governing bodies which, **in the** judgment of the provincial Head of Department, have the capacity to procure these items or contract to effect repairs and maintenance, will have the whole allocation for procurement of these items and services transferred to their bank accounts. Each of these schools will procure its own items, or contract its repairs, from a province-wide list of approved vendors.

53. Each provincial department must develop a list of schools which may carry out their own procurements in this manner, and a list of schools which may not. The list must be developed according to a managerial-capacity checklist which will include items giving evidence of the capacity to handle and account for the funds. (These powers **fall** under the **category** of "Allocated functions of governing bodies" in the South African Schools Act. (section 21))

54. The list may be revised each year as managerial capacity improves. The national Department expects that the list will grow, but a school may be removed from the list if the governing body proves unable to undertake the additional functions.

55. Each provincial department must seek approval from its provincial Tender Board (or equivalent) for a list of pre-approved suppliers and contractors. Schools approved to do so, may then deal directly with suppliers and contractors for the relevant budgeted items. They must keep documents as evidence of correct dealing with such suppliers and contractors and how the materials and services were used, and produce such documents at the request of officials from the provincial department and for audit purposes.

56. To simplify procedures, this item may be calculated together with two other items ("Easily separable recurrent costs" and "Other recurrent costs and small capital equipment costs") and the funds transferred to each eligible school as a lump sum. The same list of schools may be used for all three items.

57. For schools which have not been granted approval to procure their own services, the procurement and delivery must proceed according to current arrangements, against a school budget determined as explained in this document.

(3) Allocation of easily separable recurrent costs

(This cost category is part of what is currently reported to the national Department under the rubric "Supplies and Services-Other".)

58. The provincial department may decide to pay for easily separable recurrent costs, such as Telkom, Eskom and water bills, in a targeted manner. The list of schools should be divided between those serving the poorest 40 percent of the population and the rest. In schools serving the poorest segment of the population, the provincial **department** will pay 70 percent of the total school cost of such items. In the other schools, the provincial department will pay 30 percent of the total school cost of such items, or twice the average per learner cost in all schools, whichever is less.

59. For the first two years, the provincial department may use a simpler targeting mechanism, where a lump sum is provided only to the poorest 40 percent of the schools. The provincial department will use the poverty of the area around the school in order to target the spending in the proportions required. The national Department will assist with relevant data (other than data from the provincial departments' own information systems), and training in the application of such data.

60. Governing bodies of public schools which, in the judgment of the provincial Head of Department, have the capacity to pay for such bills directly, will have the whole budget for such bills transferred to their bank accounts, and each of these schools will pay its own bills.

61. As indicated in paragraph 53, each provincial department will **be** required to develop a list of schools which may carry out their own payments in this manner. The list must be developed according to a **managerial-capacity** checklist which will include items giving evidence, of the capacity to handle and account for the funds. (This function falls under the category of "Allocated functions of governing bodies" in the South African Schools Act (section 21).)

62. The list may be revised each year as managerial capacity improves. The national Department of Education expects that the list of self-managing schools with respect to this expenditure item will grow, but schools must be aware that they can also be removed from this list.

63. Schools approved to make these payments may then do so, but are required to keep documents as evidence of correct dealing with these service providers and must be able to produce such documents at the request of officials from the provincial departments and for audit purposes.

64. This item may be calculated together with two other items ("Immovable capital improvement allocations" and "Other recurrent costs and small capital

equipment costs") and the funds transferred to each school on the list as a lump sum. The same list of **schools** will be used for **all** three items.

65. For **schools** not on the **list**, the payment of such **services** will proceed as currently, against a **school** budget determined as explained in this document.

(4) Other recurrent costs and small capital equipment costs
(This cost item corresponds to the current items "School Books," "Stationery," "Equipment," and "Media Collections".)

66. The Ministry of Education's Campaign for the **Culture** of Teaching, Learning and Service (COLTS) **includes** a component for the provision of a minimum package of educational resources for every child to be provided by 1999. Support for expenditure on **essential** furniture (except for new **schools**), stationery, books, educational **materials**, photocopying and audiovisual equipment, and repairs (where appropriate), will be targeted on schools in the poorest areas. This can be translated into a Rand allocation per **child**. The provincial departments may differentiate between types and **levels** of **schools** (primary versus secondary, ordinary versus **special**).

67. Provincial departments must ensure that, within this pedagogically **important** category, all **schools** receive a **public** allocation of at least R1 00 per **child**. This amount will be reviewed periodically by the national **Department** of Education in consultation with provincial departments.

68. Each **school** will receive a minimum allocation of R3 000 under this cost category, regardless of enrollment size. Thus, every **school**, no matter how small, will receive funding as if it had 30 **children**. This will make it **possible** for **schools** in **small**, poor communities to have a minimum package of pedagogical materials. If a **school** has more than 30 **children**, each **child** will be allocated R1 00. Thus, the **total** allocation to a particular **school** will be R100E, where E stands for enrollment.

69. If the budget allocation under this heading is so low that spreading it **equally** to all **schools** will reduce the size of the package **below** an acceptable minimum, then the slice of the budget **available** for these items will be shared among the **schools** (enrollment-weighted) in the poorest 40 percent of communities, using the indices referred to in paragraph 19 and 68. Every effort must be made to ensure that at least the poorest 40 percent of the **school** population has access to the minimum package.

70. This does not mean that there **should** be a sharp difference in the allocation under this heading between **schools** in the fortieth percentile and those in the forty-first percentile. Having ensured that the poorest 40 percent are covered, the provincial department **will** be expected to distribute progressively the remaining funds under this heading to **schools** in less poor areas. Some schools in relatively better-off areas may need to use the

income they have generated themselves to purchase certain essential educational materials.

71. In terms of section 21 of the Act, governing bodies which are judged by the provincial Head of Department to be capable of handling this responsibility will have the whole allocation for this item transferred to their bank accounts. Each such school will procure its own items from a province-wide list of approved suppliers.

72. Each provincial department must develop a list of schools which may **carry** out their own procurements in this manner, and a list of schools which may not. The list will be compiled on the basis of a checklist which enables the provincial department to assess the capacity of governing bodies to handle and account for the funds.

73. The lists should be revised each year. The national Department of Education expects that the number of governing bodies authorised to handle this item will grow as capacity increases, but schools must be made aware that they may be removed from the list if they prove incapable of exercising this function.

74. Each provincial department must compile a list of approved suppliers for the items and materials under this heading, in terms of Tender Board procedures. Schools may then purchase directly from such suppliers. All documents relating to such purchases and their use must be kept by the school and be made available to officials from the provincial departments or for audit purposes.

75. Provincial departments may prefer to combine the allocation for this item with the allocations under the headings "Easily separable recurrent costs" and "immovable capital equipment allocations", and transfer a lump sum to each school on the list of capable governing bodies. This will simplify the process. This will simplify the process,

76. At other schools, the procurement and delivery must proceed according to current arrangements, against a school budget determined as explained in this document.

(5) Hostel costs

(This cost item corresponds to the category currently reported to the national Department under the rubric "Supplies and Services-Other".)

77. Schools with hostels must keep a separate account for all recurrent costs associated with hostels, and a record of the number of children staying at each hostel. Such records are subject to unannounced audits. The school must charge each learner staying in the hostel a hostel fee equal to the average per-child running cost of the hostel. The provincial department must, in turn, set aside a budget item for hostel subsidies.

78. Schools with hostels will be paid pro rata out of this budget for each of their learners:

- whose transport time to the school is greater than 1 1/2 hours, and
- whose parents cannot afford the per-child hostel cost.

79. The provincial department may adjust these criteria in order to ensure that the subsidy per learner is meaningful, while recognizing that this may decrease the number of learners thus covered.

80. New hostel facilities may be built only if the crowding criteria for construction of new schools (see paragraphs 41-45 above) or extensions are satisfied, and the distance and poverty criteria in the preceding paragraph are also satisfied, unless the use of other criteria give the same equity and efficiency results, Provincial education departments may be required to verify such results in order to demonstrate that they have complied with this national norm for hostel construction.

(6) Non-educator personnel costs

(This cost item corresponds to the category currently reported to the national Department under "Other personnel (non educators)".)

81. Costs for non-educator personnel should be allocated using a ratio of personnel to school (e.g., one cleaner or one secretary per school) in order to protect essential functions at small schools. At small schools, provincial departments may supply non-educator personnel needs via part-time appointments, or via appointments shared between two schools. Once the minimum has been provided to all schools, provincial departments may allocate personnel based on school enrollment size. However, if there is insufficient budget to fund such personnel at all schools in the ratio the provincial department chooses, personnel should be allocated based on the poverty of the school's community or catchment area using the index of poverty referred to in paragraph 19 above.

82. Subject to the provisions of laws governing the employment of public servants, and negotiated agreements in terms of such laws, non-educator personnel should be transferred to the areas of greatest need. Better-off schools will then have to arrange for their own services, for example by outsourcing cleaning services, and will have to pay for such services out of the school funds they have generated.

83. Thus, the following procedure will apply:

- First, allocate personnel to all schools, on a minimum per-school basis, which includes the possibility of part-time or shared personnel.

- If the allocation according to the minimum per-learner ratio exhausts the available funds, the budget must be preferentially allocated to the poorest schools according to the poverty index referred to at paragraph 19.
- If the minimum allocation does not exhaust the available funds, allocate further personnel to schools based on school size, on a per-learner basis.

84. To operate this process, each provincial department must have accurate data on personnel in the schools. Departmental officials must be able to download and analyse the personnel information system database, and render it compatible or comparable with the department's own EMIS by cross-indexing and cross-checking. Provincial departments must therefore be in a position to allocate adequate funds and personnel to undertake the analysis, including, if necessary, contracting specialists to set up the process

85. The Education Laws Amendment Bill, 1997 provides that governing bodies of public schools be empowered to contract additional non-educator personnel using the school funds for this purpose.

(7) Educator personnel costs

86. The costs of personnel on the educator establishment in a province will be paid initially by the provincial education department on a per-learner ratio (learner/educator ratio) according to agreements in the Education Labour Relations Council. Costs will differentiate between bands, phases and subjects.

87. The provincial department must make a list of schools with their enrollment, and allocate the educator establishment. If the allocation of personnel according to the agreed norms (post provisioning scales) exhausts the budget or leaves too little for other important priorities (such as addressing backlogs in physical facilities, supplying textbooks and other learning materials), the provincial department must allocate personnel preferentially to the poorest schools using the poverty index referred to in paragraph 19 above.

88. The need for provincial education departments to be able to list non-educator personnel and cross-index to EMIS files, referred to in paragraph 84 above, applies equally to educator personnel.

89. Governing bodies of former state-aided schools will be able to contract additional educator personnel using school funds until 31 December 1997 under the provisions of the South African Schools Act, 1996 (Schedule 2, item 3). The Education Laws Amendment Bill, 1997 provides that all governing bodies of public schools be empowered to contract educator staff additional to establishment using the school fund for this purpose, provided that such staff are registered with the South African Council of Educators.

90. The goal of these funding norms is that all costs, including recurrent educator personnel costs, be based on a per capita funding system. This implies replacement of the current learner/educator ratio as a personnel allocation system. Thus, the provincial department will be in a position to calculate the monetary equivalent of each school's personnel allocation, divide by enrollment, and communicate this to the school as part of the overall budget communication (see paragraph 27 above). It must also communicate to the school what the eventual per learner allocation goal is. This is intended to empower each public school governing body, including the school principal, the educators and other staff, the learners and the parent community, to begin to think of the school as a cost centre and to prepare for the future allocation system.

91. The Department of Education proposes that each school will in time have a minimum complement of educator posts regardless of enrollment size, in order to ensure that schools in small communities can function. Thus, the provincial department would first provide a minimum allocation of posts to small schools, and then allocate the remaining posts according to learner/educator ratios or a per capita funding allocation criterion.

3 FEE EXEMPTIONS IN PUBLIC SCHOOLS

Preliminary

92. The South African Schools Act provides that a general meeting of parents, called to adopt the budget of the school, may by majority vote decide that fees be charged for the education of learners at the school. The resolution to charge fees must stipulate the amount of fees to be charged. It must also specify equitable criteria and procedures for the total, partial or conditional exemption of parents who are unable to pay school fees, in terms of regulations determined by the Minister of Education. The governing body of the school must implement such a resolution by the parent body. (section 39)

93. The intention of section 39 of the Act is that the parent body will decide what additional revenue the school needs for educational purposes, and how that revenue is to be raised, including whether or not fees are to be charged. If fees are to be charged, the parent body will decide the level while simultaneously taking into account which parents must be exempted from fee-paying. In some communities, parents may decide not to charge fees at all, or to charge fees at a low enough level that no parent needs to be exempted. In most schools where parents decide to charge fees, disparities in parental income will necessitate difficult decisions about the level of fees to be charged, and the threshold for exemption from fee-paying. The Act requires that both the threshold for fee-paying, and the procedure for managing the exemption process, must be equitable.

Exemptions

94. The norms which regulate exemptions should therefore assist the parent body to make appropriate and equitable decisions about both the threshold for exemption and the fee level, since the revenue from fees will be determined by both the level of fees and the number of fee-payers. The proposed norms for determining the exemption threshold are as follows:

(1) A parent in a household whose total annual net income is less than 30 times the annual fee charged at the school is eligible for total or partial exemption from fee payment, where "net income" means income after tax, wherever tax is payable.

(2) A scale of partial exemptions must be determined, for example ranging from 75 percent to 50 percent to 25 percent of the fee.

(3) The criteria for applying the scale of partial exemptions must be determined by the parents at the general meeting referred to in section 38(2) of the Act, or by the governing body of the school if the general meeting of parents so decides.

(4) The criteria for making a conditional exemption from fee payment must be determined in the manner indicated at (3), and must be related to special

circumstances affecting a parent's ability to pay the fee, or to the need to acquire relevant information about a parent's circumstances.

(5) The criteria or condition referred to in (3) or (4) must be directed toward ensuring that a parent who is unable to pay the fee as charged is exempted in an equitable and appropriate manner.

(6) **Nothing** prevents a parent who is eligible for exemption from freely deciding to waive exemption, such decision to be communicated to the chair of the governing body in writing.

(7) **Nothing** prevents the governing body from encouraging all parents, including fee-exempt parents, to render **voluntary** services to the school or to make voluntary contributions to the school fund in terms of sections 20(1)(h) and 37(2), respectively, of the Act

95. Examples of the application of the proposed fee threshold are as follows:

- If the fee is R1 00 p.s., a parent whose net total household income is less than R3000 would be eligible for total or partial exemption.
- If the fee is R500 p.s., a parent whose net total household income is less than R1 5000 would be eligible for total or partial exemption.
- If the fee is R1 500 p.s., a parent whose net total household income is less than R45 000 would be eligible for total or partial exemption.
- If the fee is R3 000 p.s., a parent whose net total household income is less than R90 000 would be eligible for total or partial exemption.

Procedures for determining exemptions

96. The proposed norm governing the procedures for exempting parents from payment is as follows:

- (1) The governing body must inform all parents of-
 - (a) the contents of the resolution contemplated in section 39(1) of the Act;
 - (b) the liability of parents in terms of section 40 of the Act.
- (2) At the same time as the information referred to in (1) is conveyed, the governing body must invite applications from parents for exemption from **fee**-paying, specifying in what form applications are to be made, what information or documents applicants are to provide, and the closing date for applications.
- (3) An applicant must be afforded an opportunity to present his or her application in person, or through a designated representative.
- (4) Wherever practically possible, an applicant must submit such information or documents relevant to the application as the governing body may require.
- (5) **In** determining each application, the governing body must seek to reach agreement with the applicant, taking into account the information and documents submitted by the applicant, the circumstances of the applicant and the criteria for exemption.
- (6) Information or documents submitted by the applicant in support of his or her application must be treated in confidence by the governing body and may **not** be divulged to a third party without the consent of the applicant.

- (7) The governing body must advise each applicant in writing of its decision and the reasons therefor.
- (8) If an application is declined, approved in a different form, or approved conditionally by the governing body, the governing body must notify the applicant of his or her right of appeal in terms of section 40(2) of the Act.

97. The national Department of Education is devising a formula which will help governing bodies and provincial departments gauge probable household income based on observable household characteristics. This formula can be used only to provide a gross estimate of household income, to help solve disputes in cases where there is a great apparent disparity between lifestyle and the parent or guardian's claim of inability to pay. It should be used only to provide guidance in situations that have already become disputatious, and should not discourage the amicable settlement of such issues within the school community.

4 SUBSIDIES TO INDEPENDENT SCHOOLS

Preliminary

98. The South African Schools Act enables provincial MECS for Education to determine whether subsidies are to be payable to registered independent schools, and the Minister of Education is enabled to set norms and standards for the public funding of independent schools (section 48). The following norms regulate this matter.

99. It is envisaged that provincial MECS may issue regulations that depart from the following norms, as long as the provincial version conforms to the intent and spirit of the national norms determined by the Minister in terms of the Act. A provincial Department of Education must seek the advice of the national Department of Education as to whether its proposed provincial norms deviate from the intent or spirit of the national norms, and must take such advice into account in advising the MEC.

100. Independent schools vary substantially in age, size, clientele, facilities, staff, mission, representivity, religious affiliation (or non-affiliation), community service, cost structures, financial viability and rates of fees. It is impossible to generalise about them. Many have delivered valuable educational services and have loyal clienteles. Many others deliver services of low quality and exploit the ignorance of parents. Independent school enrollments amount to about two percent of total enrollment, though this percentage may be increasing. Within provinces, independent school enrollments vary from a fraction of a percent of total enrollment to several times the national average. If all learners were to transfer to public schools, the cost of public education in certain provinces might increase by as much as five percent.

101. The theoretical case for public subsidies to independent schools is that the cost of these subsidies to the State can be considerably less than the cost the public sector would incur if the subsidies were eliminated and the learners enrolled in public schools. Given the extreme inequalities and backlogs in the provision of public education, it is necessary for public subsidies to registered independent schools to serve other explicit social purposes. The conditions of the subsidy should therefore be related to educational performance and encourage independent schools to accept and discharge a responsibility to disadvantaged communities and individuals. These purposes, seen as conditions of a decision to provide subsidies to eligible independent schools, must be capable of measurement according to objective, transparent, and verifiable criteria.

102. **The following norms therefore embody subsidy principles that are explicitly conditional on measured improved educational performance and attention to the needs of the disadvantaged.**

Funding criteria and levels

103. No independent school is eligible to be considered for subsidy unless **it is** properly registered by the provincial education department and **unless it has** been operational for one full school year.

104. A graphical summary of the funding process is shown at the end of this section.

105. Independent schools wishing to receive public funding must make a specific request to receive funding from the provincial Head of Department.

106. Each school requesting funding will be subject to a management checklist. The checklist is to be established by the national Department of Education on the basis of consultation with the provincial education departments and the national representatives of independent schools. Independent school associations which operate only at provincial level may be consulted by the provincial Head of Department in developing a provincial adaptation of the checklist, as long as the principles and spirit of the national norms are observed. This checklist will determine whether the school is able to responsibly manage public funding. The bodies representing independent schools are encouraged to propose a checklist that will assist in securing the reputation of the schools and result in public funding flowing only to schools that can manage them responsibly.

107. The management checklist must include items such as whether the school keeps proper admissions and attendance registers, fee payment and other financial records, and other similar indicators of sound management. To be eligible for funding a school must subscribe to the checklist, and must allow unannounced inspections by the provincial Head of Department to ensure that the practices in the checklist are up-to-date. Refusal to allow an unannounced visit will result in forfeiture of further funding.

108. No independent school which has been deemed by the provincial Head of Department to have been established to directly compete with a nearby uncrowded public school of equal quality will receive public funding.

109. Independent school subsidies must be established at three or more levels of per-learner funding, defined as a percentage of per learner public funding in public schools the year before. The specific percentages will be defined nationally, after consultation with the provincial education authorities and the national representatives of independent schools. A province may deviate from these percentages only on good cause shown. The lowest level will be zero. The percentage level of subsidy each particular school receives will depend on its pedagogical quality and on whether it fulfills a public mission in making its services available to learners from poor families. The public funding of independent schools is thus aimed at encouraging both excellence and attention to the needs of poor families.

110. The national Department of Education, after consultation with the provincial education authorities and the national representatives of independent schools, will establish two checklists to aid in the determination of the percentage subsidy for an eligible independent school.

111. The first checklist refers to quality of the learning process. The checklist should refer only to measurable or assessable outcomes and classroom processes, such as matriculation exemption rates (in secondary schools), the frequency and thoroughness with which teachers assign and mark homework, and the extent of parent-educator contact. Since the main objective of providing public subsidies to independent schools is to support learning, not encourage high costs, the checklist must not refer to input attributes such as the level of training or cost of the teachers, or the size and quality of the school's infrastructure. This checklist should contain no more than twenty and no less than ten items.

112. The second checklist measures whether the schools serve a public purpose by catering to disadvantaged communities and learners. This checklist may include such items as the income of the parents whose children attend the school, whether school fees are charged on a steep and generous sliding scale, the existence of proactive bridging programmed, the use of the school to train educators from less privileged backgrounds, and link arrangements with schools in poorer areas. Superficial indicators and responses are discouraged. The checklist should also include between ten and twenty items.

113. Both checklists should have the same range of possible scores or should be normed so that they do. A school's scores on each of the two checklists must be added to each other. If there are, say, three funding levels, schools scoring in the upper third of the distribution of scores will receive the highest percentage level of subsidy. These would be schools at which pedagogical quality and the level of attention to the disadvantaged are both high. Schools scoring in the middle third receive the next highest percentage subsidy level. These are schools which are either pedagogically excellent or attend to the needy very well, but not both, or are schools which do a fair job of both, but do not excel at either. And so forth. Note that $1/n^{\text{th}}$ of the schools must be in each group, where n is the total number of funding levels. This is necessary in order to prevent an artificial escalation of scores so that everyone qualifies for the highest level of subsidy. Both the number of levels of subsidy and the percentage subsidy in each level may be reviewed every three years.

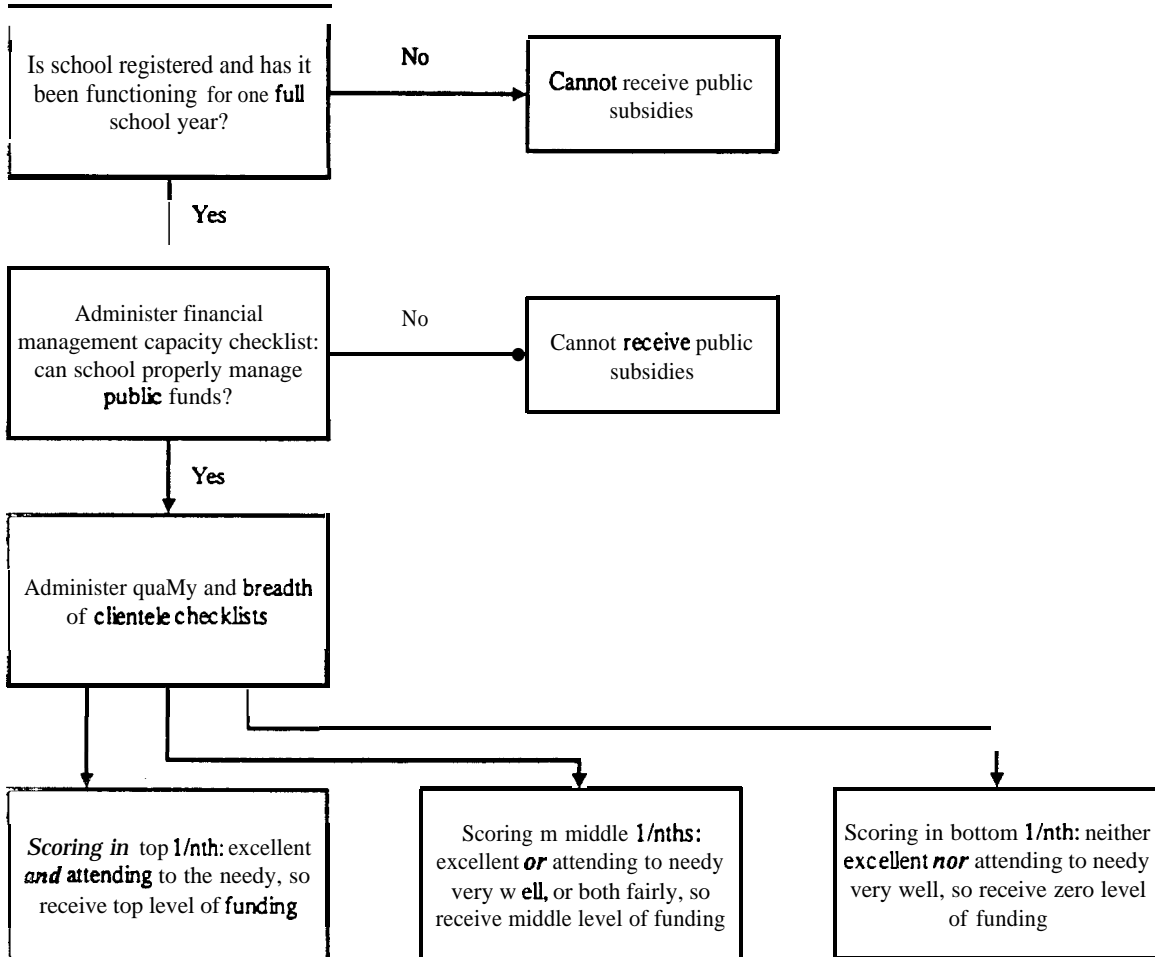
114. Regardless of the number (n) of levels of subsidy, since the lowest funding level is zero, the ratio of the highest funding level to the next-to-lowest funding level should be at least 2.

115. The total amount of funding for each school will be determined as the per capita allocation multiplied by enrollment.

116. Developing and managing these checklists may be a burden. Thus, the provincial Head of Department may delegate this task under supervision to the representative body of the independent schools in the province, subject to provincial Head of Department approval. Thus, if the schools wish to receive funding, both the creative initiative and the burden of management is largely delegated to them, with ultimate approval and oversight from the Head of Department. Copies of all data pertinent to the application of the checklists must be maintained in a fully searchable computerised data base in the provincial department.

117. It is not possible to conceptualise an efficient system for the funding of independent schools based on management principles that do not include serious auditing functions. The provincial department will therefore retain the authority to make unannounced checks on the application of the norms and checklists in order to audit and validate the data in the database.

Flow diagram of the process for determining an application by an independent school for public subsidy in terms of chapter 5 of the South African Schools Act, 1996



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