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**GOVERNMENT NOTICE**

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**DEPARTMENT OF EDUCATION****No. 44****18 January 2002****SOUTH AFRICAN SCHOOLS ACT 84 OF 1996****NATIONAL NORMS AND STANDARDS FOR SCHOOL FUNDING****CALL FOR COMMENT ON THE AMENDMENTS TO THE FUNDING OF  
INDEPENDENT SCHOOLS**

The Minister of Education, after consultation with the Council of Education Ministers, hereby amend the funding of independent schools as promulgated by General Notice 2362, Government Gazette 19347 of 12 October 1998, as set out in the schedule.

Professor Kader Asmal, MP  
Minister of Education

All persons concerned are invited to comment in writing on the amendments and send the comments to:

Director-General  
Attention: Dr D P Visser  
Department of Education  
Private Bag X895  
PRETORIA  
0001

The comments may also be faxed to the above address, at Fax Number (012) 312-5227 or be e-mailed to [Visser.d@doe.gov.za](mailto:Visser.d@doe.gov.za).

The comments must reach the Department of Education not later than 28 February 2002.

Kindly also provide the name, address, telephone number and fax number of the person, governing body or organisation responsible for submitting the comment.

## SCHEDULE

The National Norms and Standards for School Funding (SFN) provide for policy regarding independent schools. In the implementation of this policy it has emerged that a number of areas need clarity. The SFN policy has in a number of instances led to interpretation problems. In certain instances there have also been areas that require review. The relevant paragraphs of the SFN have been reproduced for easy reference. Omissions are underlined while additions are in bold.

### 1. INTRODUCTION

#### Monitoring of implementation

- 15.(a) The national Department of Education (DoE) is responsible for monitoring the implementation of the norms in terms of section 8 of the National Education Policy Act, 1996 (No. 27 of 1996). The DoE is required to undertake its monitoring and evaluation role—

“in a reasonable manner, with a view to enhancing professional capacities in monitoring and evaluation throughout the national education system, and assisting the competent authorities by all practical means within the limits of available public resources to raise the standards of education provision and performance.” (section 8(4))

- (b) **For purposes of monitoring the DoE will determine reporting formats in consultation with PEDs.**
16. Each Head of Department will be expected to verify that the national norms are being complied with in allocating funds, or that acceptable alternatives are being implemented after consultation with the DoE. **PEDs must use, for this purpose, systems and software tools that have been made available by the DoE or alternative methods that will produce reports required by the DoE.** If the PED is unable to comply with the norms because of a lack of expertise or for any other reason, the DoE must be informed without undue delay, so that the problem can be examined and remedies sought.

### 3 IMPLEMENTATION

#### Developing capacity for intensive data use

##### *Data needs*

65. Most PEDs manage budgets of many billions of Rands. Targeting redress, and improving equity in public funding of public schools in an efficient manner, requires the DoE and PEDs to undertake serious budgetary and financial analysis, and to use information intensively.
66. In order to make progress towards equity in school funding, each provincial education department must—
  - (a) use relevant provincial data much more intensively in budgeting and planning decisions;
  - (b) develop the necessary data systems to guide planning and allocations; and
  - (c) be able to demonstrate to the DoE that progress is being made.
67. The SASA provides that all public schools are budget and cost centres (sections 37, 38 and 42). These norms and standards therefore require the use of certain data that have not previously been necessary in budgeting for public schools.
68. Schools must provide information to provincial education departments (section 59 of the Act). On their part, departments must ensure that information is received on time from schools, so that the necessary analysis can be undertaken, and resource allocation decisions made on time.
69.
  - (a) PEDs must annually provide public schools with sufficient information so that schools' governing bodies can develop their budgets as required by section 34 of the Act. The recommended date for the provision of such information to public schools is 30 September each year.
  - (b) **PEDs must annually provide independent schools by 30 September of each year with sufficient indicative information, at least the separate provincial average estimate per learner in primary and secondary ordinary schools, and an indication of the sub category under which the school is grouped in Figure 3 of section 151, to enable them to plan their budgets and fee schedules for the following year. It should be noted that this figure is merely for planning purposes and might differ from the actual subsidy figure.**

## 6 SUBSIDIES TO INDEPENDENT SCHOOLS

### Introduction

141. Every person has the right, in terms of the Constitution, to establish and maintain, at their own expense, an independent educational institution that does not discriminate on grounds of race, is registered with the state, and maintains standards that are not inferior to standards in comparable public educational institutions. This provision does not preclude state subsidies for such institutions (section 29(3) and (4)).
142. The SAsA provides for the right of persons to establish and maintain an independent school, and for the registration of an independent school by the Head of Department, under conditions consistent with the Constitution. The Act enables the provincial MEC to grant a subsidy to a registered independent school, in terms of norms and minimum standards determined by the Minister of Education (sections 45-46, 48).
143. The norms that follow are the first uniform national norms for independent school subsidies. They are intended to provide a stable and principled basis for MECs in all provinces, to decide the eligibility for subsidy and the level of subsidies for registered independent schools.
144. The national norms apply uniformly in all provinces. However, a provincial MEC may vary them, so long as their intent and spirit is maintained. The Head of Department must consult the national DoE on this matter.
145. The following norms embody conditions of eligibility for subsidy, and funding criteria for allocating subsidies.

### Conditions of eligibility

146. An independent school may be considered for subsidy if it—
- (a) is registered by the PED;
  - (b) has made an application to the PED in the prescribed manner;
  - (c) has been operational for one full school year;
  - (d) is not operated for profit; is registered as a not for profit organisation<sup>1)</sup>;
  - (e) is managed successfully according to a management checklist determined by the PED, as described in paragraph 149;
  - (f) agrees to unannounced inspection visits by officials of the PED; and
  - (g) has not been established in direct competition with a nearby uncrowded public school of equivalent quality.

1) **Where "for profit" is broadly defined as an entity that distributes its surplus to shareholders. Not for profit status could include entities such as**

- . **Section 21 Company not for gain**
- . **(Pty.)(Ltd.) not for gain**
- . **Closed corporation not for gain**
- . **Foundation/Trust**
- . **Association not for gain**

147. In addition to the conditions in the previous paragraph, the following conditions apply to the independent secondary school **phase**. A secondary school **phase** may be considered for subsidy if—
- (a) its grade 12 pass rate is 50% or more of full-time candidates writing the examination in the prior year;
  - (b) the repetition rate in grades 11 or 12, within a school is not more than 20%; not more than 20% of Grade 11 learners are repeaters who took Grade 11 in the same school during the previous year; and
  - (c) not more than 20% of Grade 12 learners are repeaters who took Grade 12 in the same school during the previous year.
  - (d) it does not engage in practices that are calculated to artificially increase the school's grade 12 pass rate.
148. The Head of Department may vary conditions (a), (b) or (c) in the previous paragraph **in response to good cause shown by a school to the Head of Department.**
149. Each school requesting funding will be subject to a management checklist (which may be the same as, or based on, the checklist referred to in paragraph 107 above), which will be approved by the HOD after consultation with representatives of independent schools. **In the event that the independent school sector could not agree regarding this checklist, the HOD will determine the checklist.** This checklist will determine, **amongst other things**, whether the school is able to manage public funding its finances responsibly. It must include indicators of sound management, such as whether the school keeps proper admissions and attendance registers, and maintains fee payment and other financial records. To be eligible for funding a school must subscribe to the checklist, and must allow unannounced inspections by officials of the PED, 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.

## Funding criteria

### *Subsidies related to fees*

- 150.(a) For the purpose of this national policy, "fees" means any form of payment for registration and tuition made by a parent in relation to a learner's enrolment or attendance at an independent school. It includes the present annualised value of any past or future once-off payment, using a market rate of interest for investments of equal certainty. It also includes any other form of payment by a parent, or equity in the school taken by a parent, as a form of fee payment-equivalent. The highest level of fees normally charged at the school, as opposed to fees discounted for once-off payment, will be taken as representative. Additional costs associated with the normal course of instruction which learners are expected to follow are to be considered fees, even if they are not formally called fees. However, payments for extra items or services, or for school materials that are procured by the school instead of having to be purchased by the parent, are not to be considered fees, as long as the cost of such items is similar to their open-market value.
- (b) For purposes of these norms, "primary" phase comprises grades 1 to 7, and "secondary" phase comprises grades 8 to 12.

- (c) In what follows, the level of annual non-discounted fees charged at **primary phases and secondary phases of independent schools** as of January 1998 as of the date stated in (d) below will be taken as indicators of the socio-economic status of a school's community.
- (d) **The initial date is January 1998. This date will be amended from time to time by the DoE by way of Government Notices in the month of January of any year. This date must be retroactive to the date of publication.**
- (e) **The classification of schools based on the date in (d) will remain until a new date is published.**
- (f) **When a new date in (d) is published the PED will inform the independent schools eligible for subsidy of their relevant subsidy level for the year subsequent to the date of publication referred to in (d) during April or earlier of the year in which the notice referred to in (d) is published.**
- (g) **Schools established after the date in (d) and which qualify for subsidy will have their subsidy category determined through par. 152.**
- 151.(a) The Ministry's policy is to enable subsidies to be granted in relation to the socio-economic circumstances of an eligible school's clientele. The level of school fees charged by **the primary or secondary phases of an independent school** is taken as an objective, publicly-available criterion that correlates well with the socio-economic circumstances of the school's clientele. Subsidy levels are therefore related to fee levels on a five-point progressive scale, as shown in Figure 3 below. Eligible schools charging the lowest fees will qualify for the highest level of subsidy. Schools charging the highest fees, in excess of 2.5 times the **separate** provincial average costs per learner in **primary or secondary phases of ordinary public schools respectively**, are considered to serve a highly affluent clientele, and 0% subsidy will be paid to them from public funds.
- (b) In Figure 3 below the suffix <sup>1)</sup> refers to the total adjustment budget figures (including improvement in conditions of service) as they apply to the sub programmes of primary and secondary ordinary public schools separately, while suffix <sup>2)</sup> refers to the main estimates of provincial budget figures (including improvement in conditions of service as they apply to the sub programme of primary and secondary ordinary schools separately.
- (c) To determine the separate provincial average estimate per learner in the primary and secondary phases of ordinary public schools, the 10<sup>th</sup> day learner numbers in the different phases of the year mentioned in paragraph (d) must be used.

152. PEDs will need to establish a procedure to deal with borderline situations. For example, if the average public school cost in a province is R2000, and an independent school charges fees of R1050, it will just miss being in the first (highest subsidy) category, even if its clientele is not different from that of a school charging, say, R950. PEDs may use the following criteria, in addition to any other relevant information submitted by the school, to judge whether a school falls into a certain category:
- (a) schools in the first (highest subsidy level) category would typically be located in townships, deep rural areas, or informal settlements **and serving the residents in these areas.**
  - (b) schools in the second category would typically be in inner city or transitional suburban areas, catering largely for township and informal sector clientele or the urban lower middle class.
  - (c) schools in the third and fourth categories would be middle and upper middle class schools with good facilities with a local clientele.
  - (d) schools in the fifth category would be well established schools with excellent facilities and a national or regional clientele and very low learner:educator ratios.
153. Subsidies may be paid only in respect of grades 1-12. No other grades are eligible for subsidy for the time being. If the fee structure varies by grade, the enrolment-weighted average of the fees in all relevant grades will be taken as representative of each level."
154. The fee levels applying to primary and secondary schools may differ. For purposes of these norms, "primary" comprises grades 1 to 7, and "secondary" comprises grade 8 to 12. The HOD may recommend a subsidy, if it is deemed in the interest of a **combined/intermediate** school and the provincial education department, when a **combined/intermediate** school lowers its fees in order to qualify for the same percentage subsidy in both primary and secondary levels.

*Subsidies in relation to PED budgets*

155. The Ministry of Education is sensitive to the connection between the total cost of independent school subsidies and the overall budgetary position of a provincial education department. Recent reductions in the overall funds available for independent school subsidies because of urgent budgetary expediency, should not become *de facto* policy by default. At the same time, PEDs must have the latitude to vary budgetary allocations between programme areas, in relation to the total funds at their disposal, and the priorities established in terms of national and provincial policies.
156. A PED may, therefore, alter the fee levels and/or corresponding percentage subsidies **levels except for the 0% subsidy level applicable to category 5** after consultation with the DoE, if the application of these norms would—
- (a) cause a PED's expenditure on subsidies to independent schools to deviate from a three-year historical moving average by more than 10 percent in real terms in any given year; or
  - (b) contribute to over-expenditure on the PED's budget in the year they are applied; or
  - (c) result in **the total** independent school **programme** receiving year-to-year budget cuts (or increases) in any given year that are significantly larger (or smaller) than other programme areas in the PED's budget.



Figure 3. Allocation table for independent school subsidies

<i>School fee level as on the date in Paragraph 150(d)</i>	<i>Subsidy level Level of subsidy from the PED in school year n, where n is initially the school year 2003, is equal to:</i>
1. Up to 0.5 times (50% of) the <b>separate</b> provincial average <b>estimate</b> per learner in the <b>primary and secondary</b> phases of ordinary public schools <sup>1)</sup> <u>the previous fiscal year</u> respectively in the fiscal year, following the date in paragraph 150(d).	Subsidy equal to 60% of the <b>separate</b> provincial average <b>estimate</b> per learner in <b>primary and secondary</b> ordinary public schools <sup>2)</sup> respectively in the PED's fiscal year n/n+1.
2. Higher than 0.5 and up to 1.0 times the <b>separate</b> provincial average <b>estimate</b> per learner in the <b>primary and secondary</b> phases of ordinary public schools <sup>1)</sup> <u>the previous fiscal year</u> respectively in the fiscal year, following the date in paragraph 150(d).	Subsidy equal to 40% of the <b>separate</b> provincial average <b>estimate</b> per learner in <b>primary and secondary</b> ordinary public schools <sup>2)</sup> respectively in the PED's fiscal year n/n+1.
3. Higher than 1.0 and up to 1.5 times the <b>separate</b> provincial average <b>estimate</b> per learner in the <b>primary and secondary</b> phases of ordinary public schools <sup>1)</sup> <u>the previous fiscal year</u> respectively in the fiscal year, following the date in paragraph 150(d).	Subsidy equal to 25% of the <b>separate</b> provincial average <b>estimate</b> per learner in <b>primary and secondary</b> ordinary public schools <sup>2)</sup> respectively in the PED's fiscal year n/n+1.
4. Higher than 1.5 and up to 2.5 times the <b>separate</b> provincial average <b>estimate</b> per learner in the <b>primary and secondary</b> phases of ordinary public schools <sup>1)</sup> <u>the previous fiscal year</u> respectively in the fiscal year, following the date in paragraph 150(d).	Subsidy equal to 15% of the <b>separate</b> provincial average <b>estimate</b> per learner in <b>primary and secondary</b> ordinary public schools <sup>2)</sup> respectively in the PED's fiscal year n/n+1.
5. Higher than 2.5 times the <b>separate</b> provincial average <b>estimate</b> per learner in the <b>primary and secondary</b> phases of ordinary public schools <sup>1)</sup> <u>the previous fiscal year</u> respectively in the fiscal year, following the date in paragraph 150(d).	0% subsidy.

*Other deviations*

157. Aside from deviations already discussed in this document, a PED may deviate from the subsidy and fee levels in these norms only on good cause shown to the DoE (see paragraph 144 above).

**Date of subsidy payments**

158. Subsidies will be calculated on a per learner basis according to the verified enrolment in the school at the beginning of each term.
159. PEDs must ensure that the first term's subsidy is paid no later than 1 April in each school year. Subsequent subsidies must be paid no later than six weeks after the beginning of each school term.

**Monitoring and revision**

160. The Ministry of Education, in co-operation with PEDs and representatives of independent schools, will monitor the application of these norms in order to:
- (a) monitor fee levels;
  - (b) monitor subsidy levels;
  - (c) ensure that the overall level of subsidy to independent schools is a reasonable percentage of the total education budget in a province, in relation to the relative size of the independent and public school sectors in the province, and other relevant considerations; and
  - (d) ensure that national education policy objectives are being well served by the norms and their application.
161. In the light of an analysis of these matters, the Ministry, after due consultation, may amend or revise the norms.

(027-0417 130701)

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