

Education Financing in Gauteng

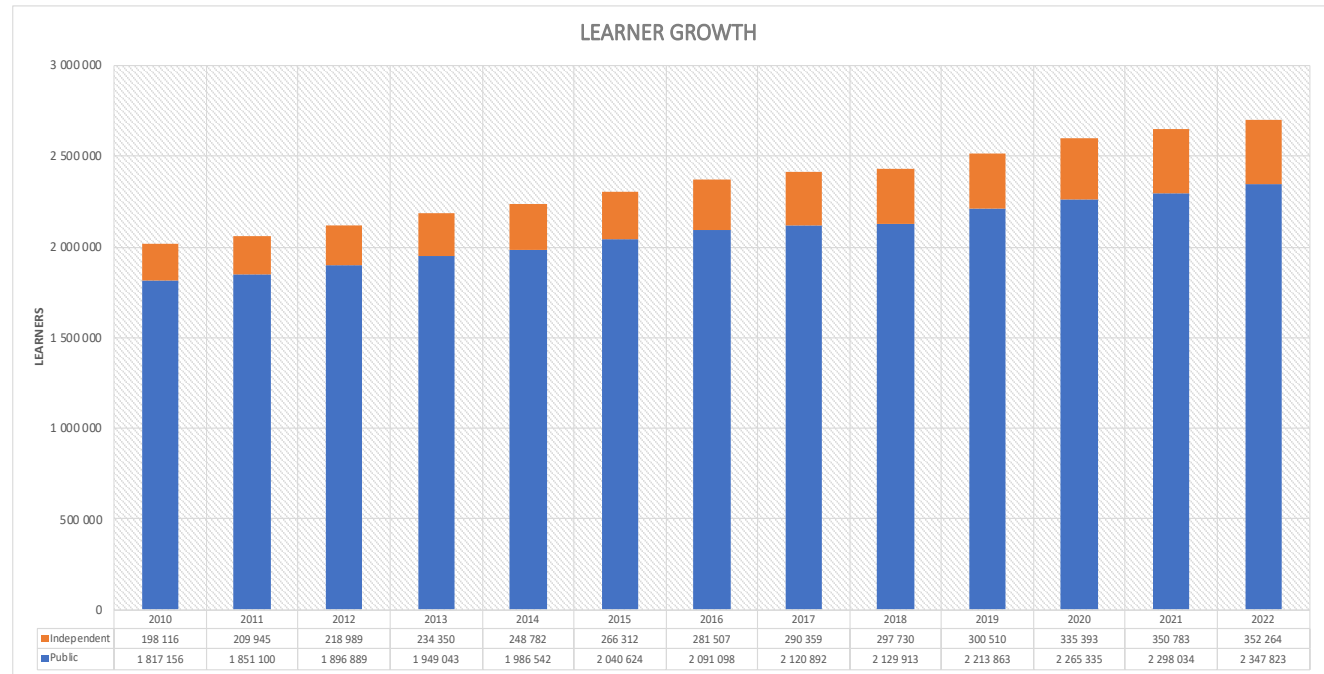
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Gauteng Size and Shape

Demand for schooling

- The average annual growth over the last 10 years has been 2,5%
- There was an increase in the number of learners who migrated into Gauteng in 2022 (109 554) from 99 591 in 2021.
- Approximately 40 000 learners leave Gauteng – the net annual increase is approx. 60 000 learners
- To manage and meet demand
 - Online admissions
 - Feeder Zones
 - School built classrooms
 - Pre-fabricated classrooms
 - New schools



LEARNERS COMING INTO GAUTENG												
Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Eastern Cape	13 831	13 433	14 784	13 974	14 158	12 646	10 345	12 188	14 447	15 239	15 968	11 616
Foreign Countries	9 356	11 059	10 428	10 887	12 357	12 398	23 040	9 797	12 683	12 706	14 862	24 409
Free State	5 630	6 648	5 924	5 783	6 019	6 392	4 778	5 555	6 551	6 818	6 960	6 430
KwaZulu-Natal	13 804	15 037	14 332	15 546	14 686	14 809	10 288	12 187	14 021	15 201	15 917	21 270
Limpopo	16 217	19 584	20 349	19 580	20 109	21 970	17 991	22 177	27 446	30 856	31 698	26 704
Mpumalanga	8 641	10 226	8 975	8 569	9 573	9 688	8 759	10 304	11 750	12 134	12 120	8 153
North West	10 093	9 223	9 249	9 082	9 855	9 054	24 402	24 881	25 051	21 989	21 190	1 350
Northern Cape	2 003	1 883	1 759	1 909	1 909	1 666	886	991	1 243	1 324	1 307	6 799
Western Cape	2 117	2 436	2 047	2 111	2 326	2 334	2 570	11 596	10 523	9 174	6 844	2 777
Total	81 692	89 529	87 847	87 441	90 992	90 957	103 059	109 676	123 715	125 441	126 866	109 508

Education Financing

Budget Cuts

- National Imperatives

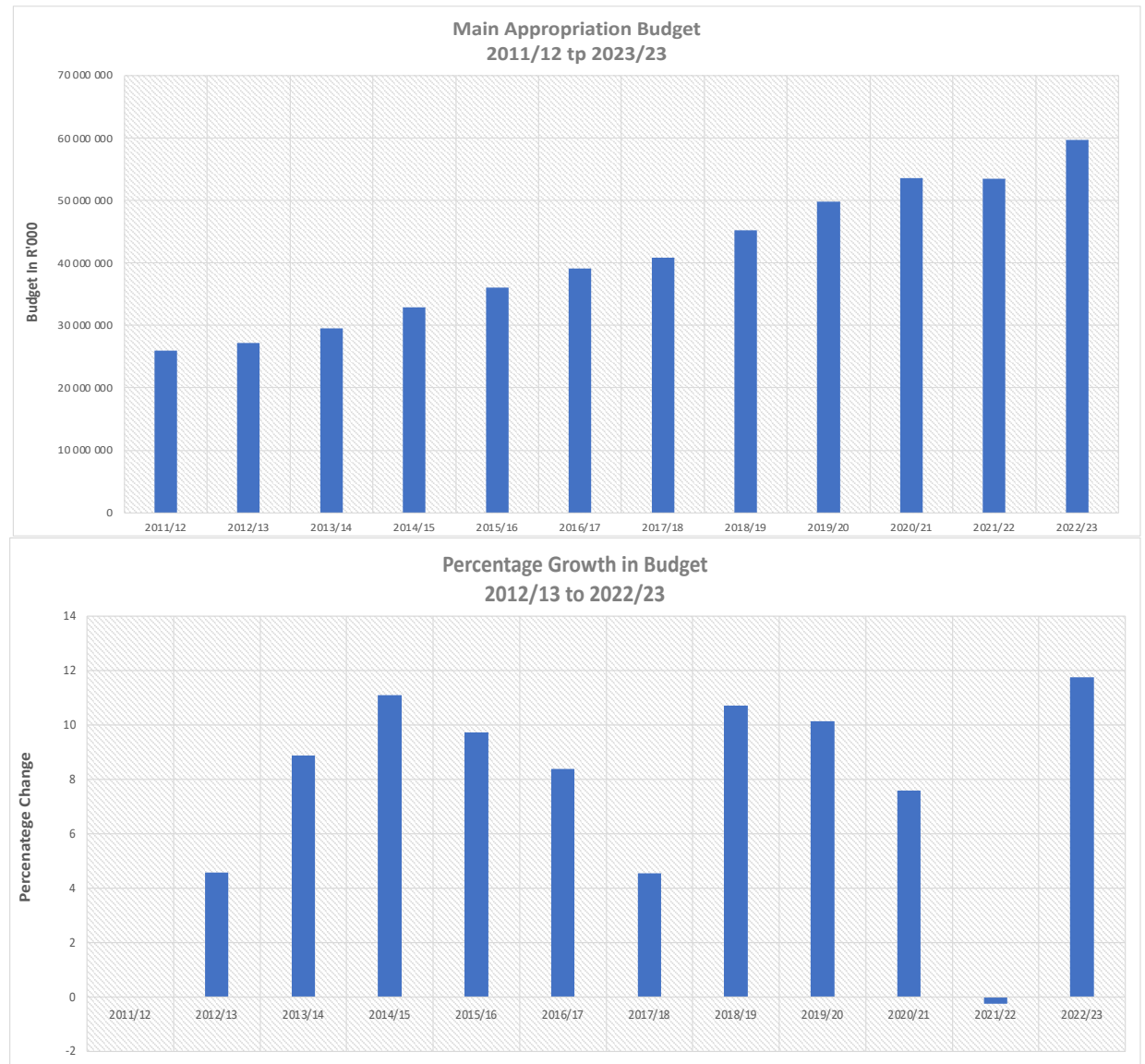
- In the face of growing debt and debt-servicing costs, difficult and necessary trade-offs are required. Unfortunately, these have come, once again, at the cost of basic education provisioning that will affect learners across the country.
- While this Budget reveals an increase in expenditure on basic education in nominal terms over this Medium-Term Expenditure Framework, the annual average increase of only 2.0% is less than half of what is required to keep up with price rises in the economy of 4.5% (CPI inflation).
- Ensuring there is quality basic education is a crucial investment for economic growth and the reduction of inequality. Prioritising government spending on debt-servicing while continually decreasing money that should be spent on vital components such as public school infrastructure, teachers and textbooks, is a dereliction of the government's constitutional duties and is economically misguided.

Overview of state of Education Funding in Gauteng

- Key Assumptions for Education budgeting in Gauteng
 - Gauteng needs to tackle persistent inequalities in education and focus on improving efficiencies in their education systems
 - The pandemic has exacerbated this learning crisis and children in almost every country have fallen behind in their learning. Without urgent action, millions of students will have fallen so far behind in their learning that they will be left behind.
 - It was not enough to simply to reopen schools. We need a effort to tackle the learning losses head on.

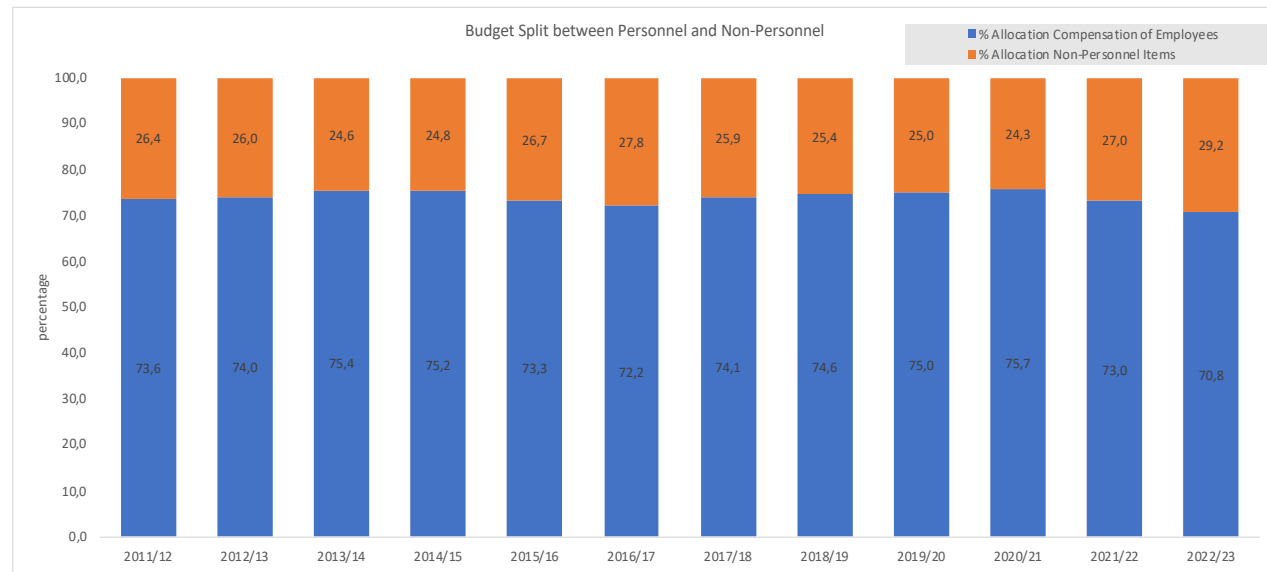
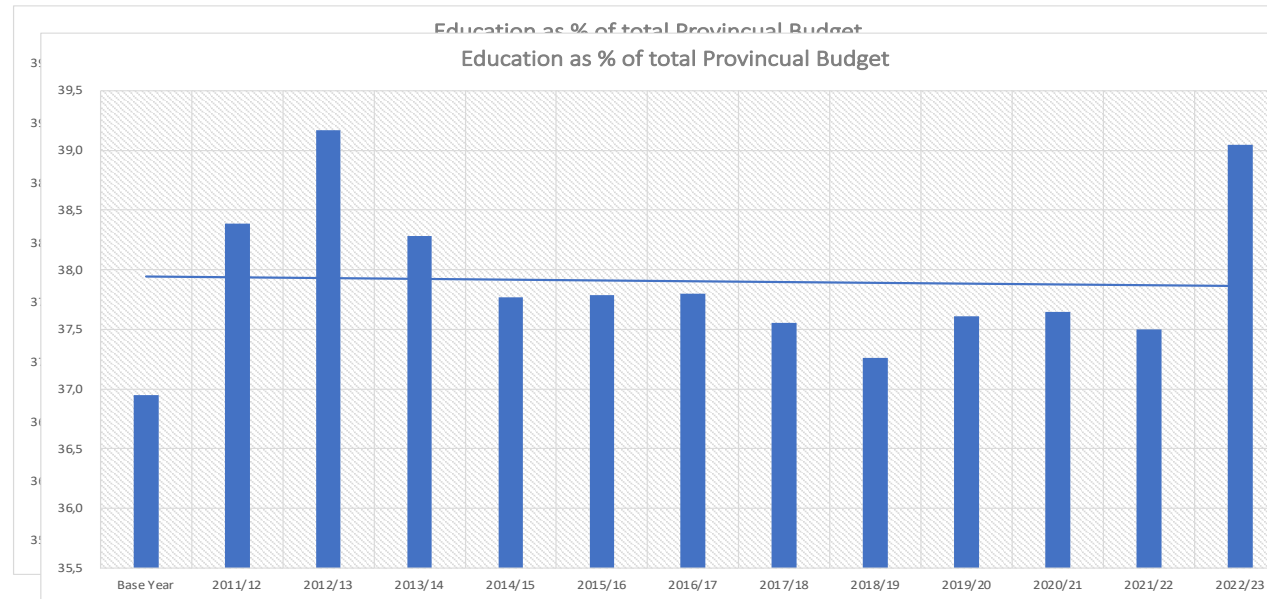
Budget Trends In Gauteng

- Despite the tough economic conditions facing the country the provincial education budget has seen above inflation growth.
- The Budget of R59,7 billion, of which 5.1% is from Conditional Grants, has been structured to not only respond to learning during the pandemic but to reposition the system to be more resilient under any circumstances.
- The budget increases by 10.5% or R5,6 billion, from R54 billion in 2021/22 to R59,7 billion in 2022/23.
- The budget grows, over the MTEF, at an average rate of 4.7%.
- Cushioning the cuts

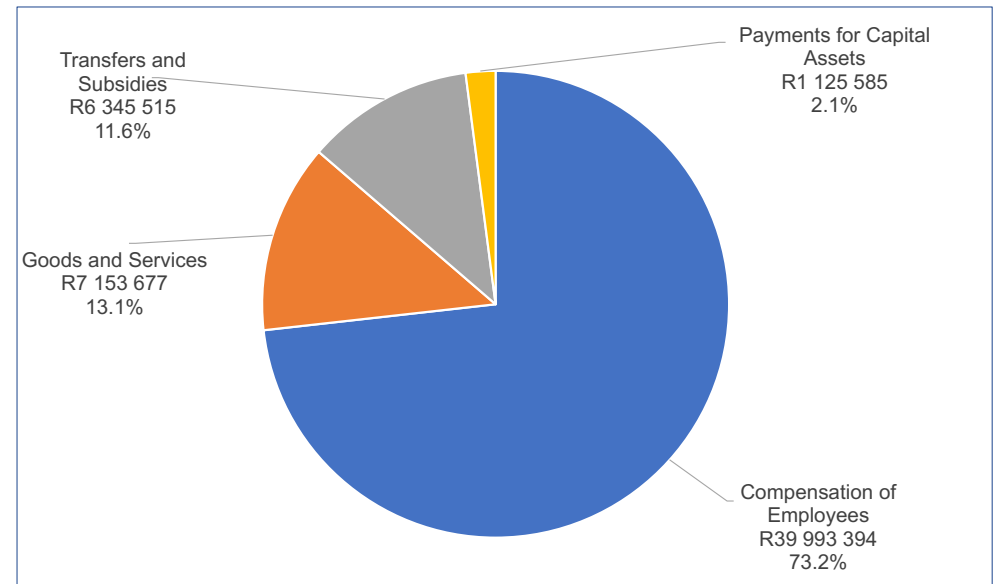
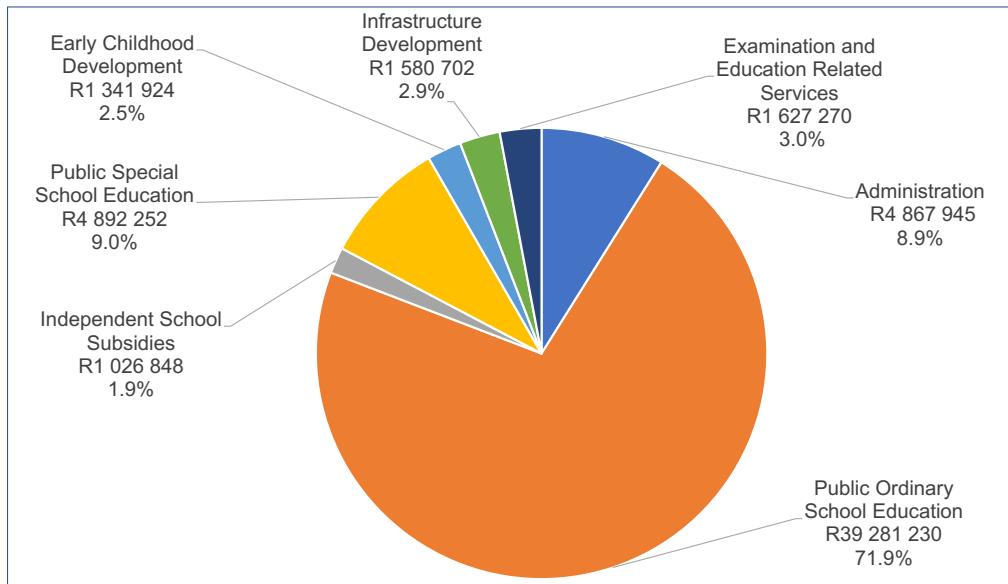


Some Stability in Budget Splits

- The School Funding Norms set a macro target of at least 85:15 split between personnel and non-personnel in the education allocation excluding conditional grants. Currently the split between personnel and non-personnel is 75:25
- Gauteng has grown the non-personnel portion to 25%
- 5% is earmarked for delivery improvements and quality interventions
- Implementation of the equity principles
 - The Department is continuously trying to distribute its resources in an equitable manner to ensure pro-poor targeting.
 - This policy has a positive impact on poor communities and support the Department's poverty alleviation strategies.



Budget Allocations



	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
System per capita (Public)	16 939	18 627	19 810	20 607	20 182	22 124
Per capita POS	14 985	16 627	17 297	18 062	17 332	18 489
Per capita LSEN	50 933	48 462	62 065	73 912	76 321	83 339
Ind Per capita Subsidie	6 088	7 750	6 930	7 142	7 787	8 036
Per capita Grd R (Pub)	7 916	6 950	7 964	9 990	11 302	11 771

Budget cuts over 2022 MTEF which will also lead to pressure

- The Education department will reduce by R1,3 billion per year over the next two years.
- The areas that will be negatively impacted by these reductions
 - LTSM and Grade R Resources
 - Scholar Transport
 - School Furniture
 - School Nutrition
 - Corporate ICT
 - ICT in Schools (Including e-learning in prg 7)
 - Teacher Development, HRD And Skills Development
 - Quality Assurance: school and learner performance
 - School Municipalities Bailouts
 - FET Band LTSM
 - Independent Schools Subsidies

School Resource Targeting and Fund Allocation

Post Establishment Comparison and Impact on LE Ratio

School Type	Post Establishment 2020			Post Establishment 2021			Post Establishment 2022		
	Learners	Posts	LE Ratio	Learners	Posts	LE Ratio	Learners	Posts	LE Ratio
Public Ordinary	2 053 411	59 833	34,3	2 047 015	60 298	33,9	2 058 620	59952	34,3
Schools of Specialisation	6 085	249	24,4	15 896	581	27,3	15 996	587	27,3
Special	41 038	3 578	11,4	41 258	3 700	11,1	41 449	3716	11,2
Small Primary Schools	7 412	286	25,9	7 487	285	26,2	7 610	287	26,5

Policy Targeting and Resource Allocation (3)

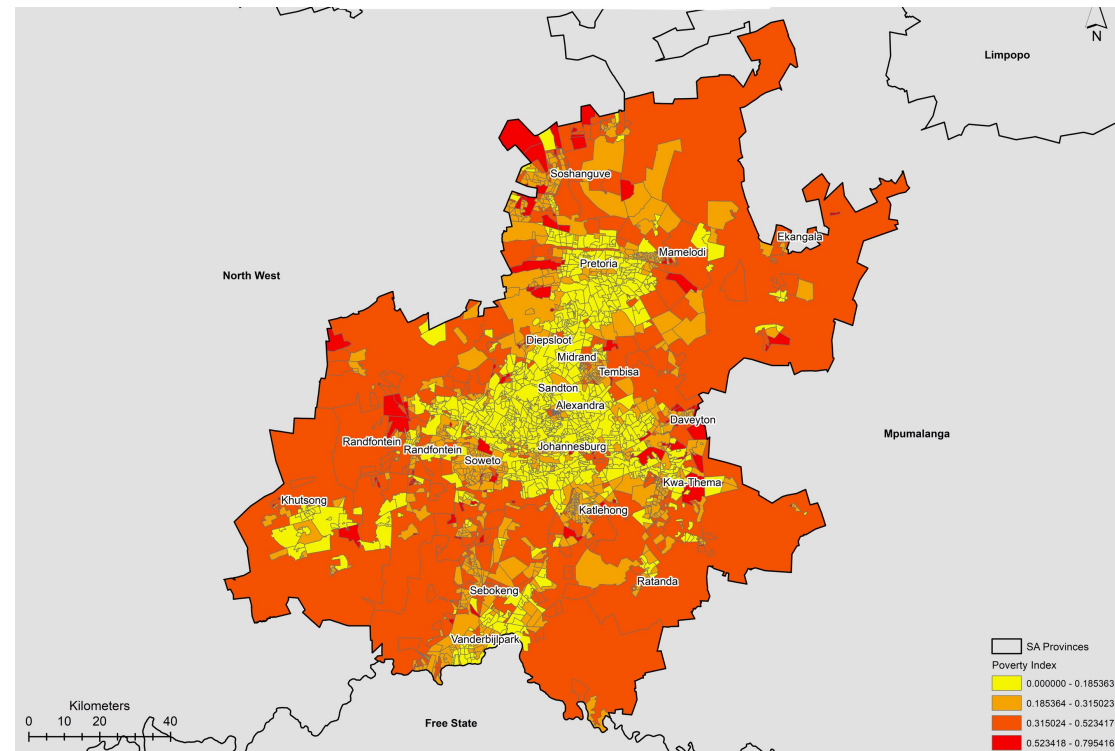
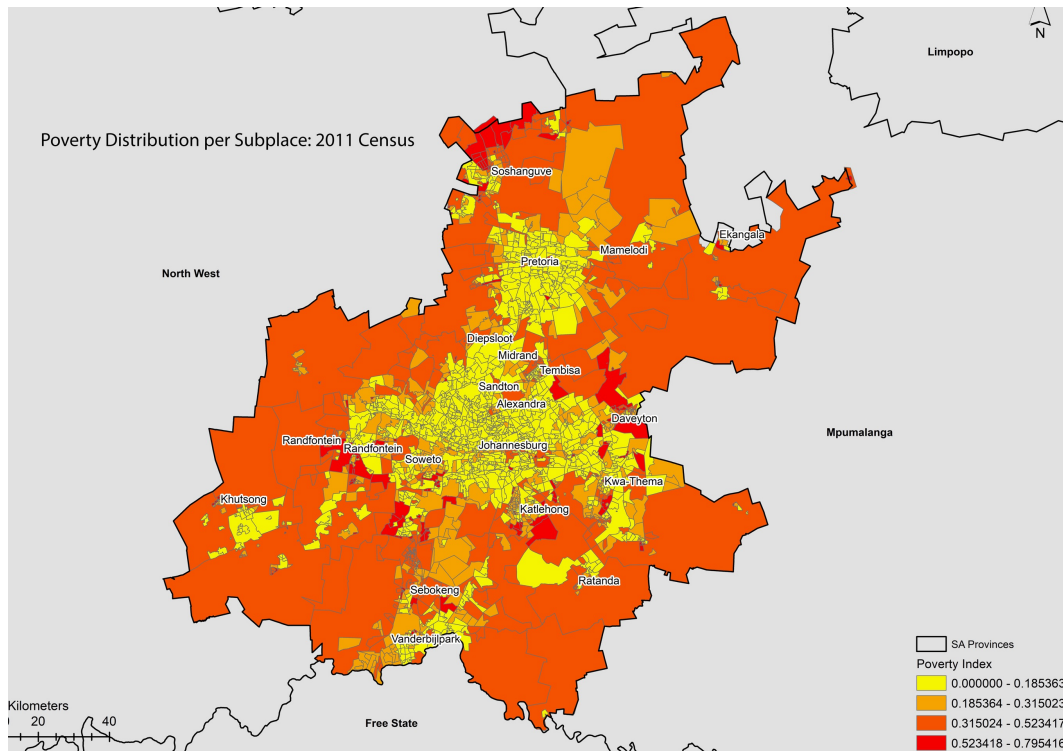
- CAPEX:
 - The infrastructure programme focuses on:
 - Provision of new infrastructure which includes new schools and residential facilities for learners in rural areas;
 - Additions to and upgrading of existing infrastructure including the provision of new steel palisade fencing to enhance security at schools as well as classrooms using alternative construction methods for Grade R and ordinary classrooms;
 - Major rehabilitation as well as minor repairs and renovations of existing infrastructure;
 - Maintenance to ensure functionality, a safe and healthy environment and preservation of fixed assets.
 - Current backlogs to meet new demand and deuce overcrowding in some schools is at 232 schools
- Provisioning additional Learning Support Material
 - The Department will provide LTSM to schools to support the implementation of quality interventions and for the grades implementing CAPS in the GET and FET Bands.
 - Top-up textbooks to ensure one textbook per subject per learners

Quality Interventions

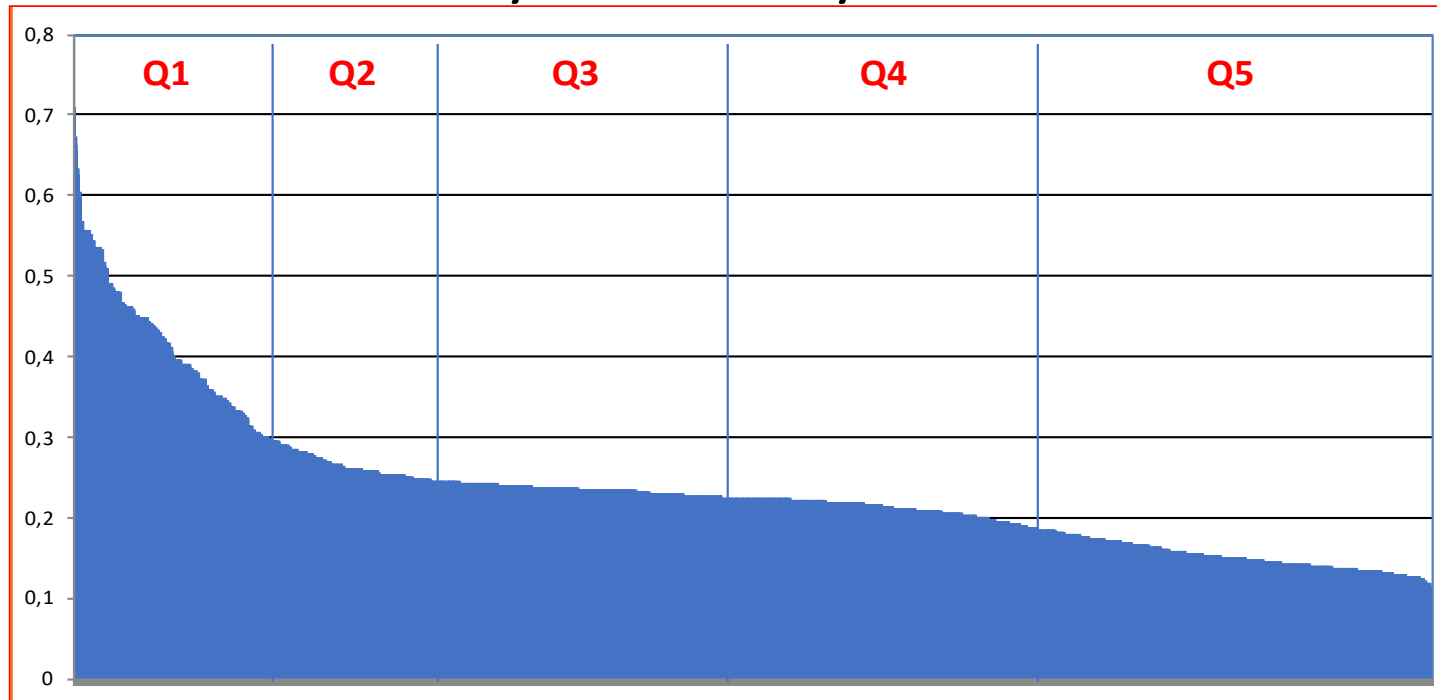
- Improved learner performance through:
 - Language and Mathematics Strategy is aimed at turning around the performance in underperforming primary and secondary schools.
 - The current Grade 1-9 (Language and Numeracy Strategy) which is aimed at strengthening of the teaching of Home Languages in the Foundation Phase and Intermediate Phase.
 - Youth Brigade: The strategy was linked to the Extended Public Works Programme which has created over 4000 work opportunities for classroom and homework support in Township Schools.
 - Secondary School Improvement Programme is focuses on improving Matric performance through:
 - Saturday programme, which includes
 - Second Chance,
 - Supplementary and ,
 - Multiple Exam Opportunities (MEO) programmes
 - Holiday programme: Walk-in and residential camps, namely:
 - Camp for progressed learners
 - Maths, Physics and Geography camp
 - Camp for High Flyers and Moderate learners

Emerging Crisis in School Funding

Changes in Poverty Distribution



POS Schools by Poverty Index and Quintile



Current Quintile	1	2	3	4	5	Total
No Fee	272	259	416	393	67	1407
Fee				83	575	658
Total	272	259	416	476	642	2065
Learners	334 240	342 226	398 639	489 694	711 151	
No Fee Learners	334 240	342 226	398 639	394 700	87 883	

Two-tier subsidy “system”

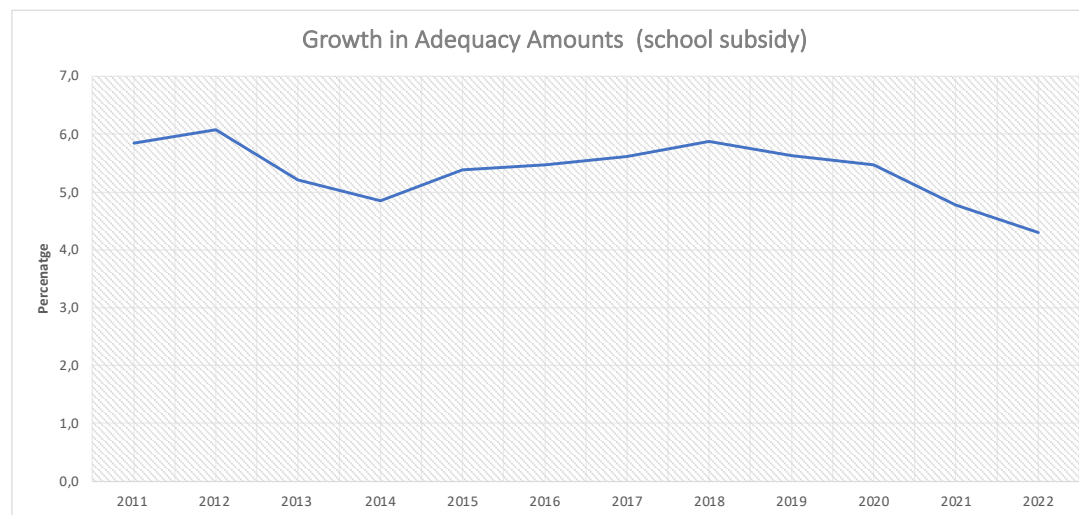
- Gauteng declared two tiers of subsidy payment which was prompted by:
 - Needing to treat Q1 to Q3 schools equally; and
 - the rising number of exemptions applications and defaulters in quintile 4 and 5 schools as well as an increase of children from Black low middle income households
- As a result:
 - “No Fee” schools received the same adequacy, per learner, regardless of their quintile ranking.
 - “Fee Paying” schools will receive the same adequacy at Q5, per learner, regardless of their quintile ranking (i.e. Quintile 4 adequacy).
 - This meant that the Gauteng Department of Education has only two categories of schools funding

Financial Year	2018/19	2019/20	2020/21	2021/22	2022/23
NQ1	R1 316	R1 390	R1 466	R1 536	R1 602
NQ2	R1 316	R1 390	R1 466	R1 536	R1 602
NQ3	R1 316	R1 390	R1 466	R1 536	R1 602
NQ4	R660	R697	R735	R770	R803
NQ5	R228	R241	R254	R266	R277
No Fee Threshold	R1 316	R1 390	R1 466	R1 536	R1 602
Small Schools: National Fixed Amount	R30 490	R32 197	R33 968	R36 598	R37 129

Financial Year	2022/23	Gauteng
NQ1	R1 602	R1 602
NQ2	R1 602	
NQ3	R1 602	
NQ4	R803	R803
NQ5	R277	

Inflationary Pressures at School level

- Municipal Sewage and refuse services Inflation is 8-15% per year over the last 8 years
- Electricity inflation (Eskom) is 7% from 28,9% increase in 2010
- Water Inflation is 8%
- LTSM inflation is about 7% per years on a basket of books per grade
- LTSM in secondary schools saw an increase of 40% over 5 years
- The department now spends in excess of R 560 million to bailout schools for outstanding municipal accounts



FINANCIAL YEARS	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Municipal Services (R'000)	212 455	459 638	480 530	511 859	539 499	564 856

Education Financing for the Future

Budgeting moving forward

- First , education should respond to the real needs of the now called Generation COVID
- Second, education should continue to be pro-poor - social origin shouldn't define anybody's destiny.
- Increasing real per learner basic education expenditure.
 - Follow through on existing reading initiatives focusing on Grade R to Grade 3, because they provide learners with foundational reading and numeracy skills.
 - Reduce class sizes at the primary school level, but especially Grade R to Grade 3, because teaching young children to read is more difficult in over-crowded classrooms.
- Reduce the impact of fiscal consolidation – buffer the cuts – defend the current budgets - Maintain class sizes
- Infrastructure – reduce scholar transport
- Expansion of ECD – “as is” transfer – no funding for expansion

Make better use of their investments in education is a key priority

- Gauteng is investing heavily in the provincial education system and providing their children with unprecedented levels of access to education. But it's still not enough.
- Gauteng will need to solve three problems, if we are to provide the educational opportunities our communities demand, in a financially feasible and sustainable way.
 - Achieving national education goals will continue to require additional financial commitments over the coming years.
 - No less important is ensuring that these resources are used effectively by reducing spending inefficiencies common in many education systems.
 - Funds may not be reaching schools, spending decisions may not be aligned with learning objectives, and government agencies may lack the capacity to use funds efficiently.

Discussion