

Parliamentary

Budget
Office



Performance on Basic Education Conditional Grants in 2019/20

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Background

- Nationally raised government revenue is divided between the three spheres of government in the form of an equitable share and conditional grants for specific purposes
- The equitable division of revenue raised nationally among spheres of government is divided according to a formula
- Conditional allocations to provinces from the national government's share of revenue are allocated to provinces to:
 - Supplement the funding of programmes or functions funded from provincial budgets
 - Specific-purpose allocations to provinces
 - Allocations-in-kind to provinces for designated special programmes
- Basic education services are mainly provided by the provincial sphere of government funded through the:
 - Provincial Equitable Share informed by objective data to reflect the demand for services across all nine provinces
 - Transfers from the National Department of Basic Education in the form of conditional grants

Introduction

- The Parliamentary Budget Office assists Members with their oversight role, specifically to determine the efficiency and effectiveness of the expenditure of nationally raised revenue.
- Due to the size and importance of priority funding, the PBO started a series of assessments on conditional grants.
- The evaluation of the performance of the Education Conditional Grants in 2019/20 is based on the financial and non-financial performance as reflected in the Annual Report of the National Department of Basic Education:
 - Quarterly reporting to Parliament on conditional grants is, however, not institutionalised
 - Performance information included in the schedules to the DORA are limited with a two year lag period
- This presentation focusses on basic education, discussing the:
 - Funding model for Education
 - Reporting on the performance of conditional grants

Funding structure of DBE and Provincial DBEs

Overview of the funding structure

- The PES formula consist of six components that account for the demand of services
- The education component is weighted at 48 per cent, which is in line with historical expenditure patterns indicating needs
- The allocations per province is based on the size of the school-age population and the number of learners enrolled in public ordinary schools
- In 2019/20, five conditional grants were transferred to provinces by the National Department of Basic Education:
 - Education Infrastructure Grant
 - HIV and AIDS Life Skills Education
 - Children/Learners with Severe to Profound Intellectual Disability
 - Maths, Science and Technology
 - National School Nutrition Programme

Funding structure for the NDBE

Programme	Revised estimate	Medium-term expenditure estimate	Percentage of total
R million	2018/19	2019/20	2019/20
1. Administration	472.1	496.3	2.0%
2. Curriculum Policy, Support and Monitoring	1 854.3	1 989.0	8.1%
3. Teachers, Education Human Resources and Institutional I	1 313.0	1 366.2	5.6%
4. Planning, Information and Assessment	12 938.3	13 144.3	53.6%
5. Educational Enrichment Services	7 109.0	7 508.8	30.6%
Total	23 686.8	24 504.5	100.0%
Economic classification			
Current payments	2 427.8	2 537.6	
Transfers and subsidies	19 120.8	20 080.7	81.9%
Provinces and municipalities	17 689.0	18 569.2	75.8%
Current	7 232	7 663	31.3%
Learners with profound intellectual disabilities grant	187	221	0.9%
National school nutrition programme grant	6 802	7 186	29.3%
HIV and AIDS (life skills education) grant	243	257	1.0%
Capital	10 464	10 906	44.5%
Maths, science and technology grant	370	391	1.6%
Education infrastructure grant	10 094	10 514	42.9%
Payments for capital assets	2 137.9	1 886.2	7.7%
Total	23 686.8	24 504.5	100.0%

Funding structure of provincial DBE

Economic Classification	EC	FS	GT	KZN	LIM	MP	NC	WC
	2019/20 Revised Baseline	2019/20 Revised Baseline	2019/20 Revised Baseline	2019/20 Revised Baseline	2019/20 Revised Baseline	2019/20 Revised Baseline	2019/20 Revised Baseline	2019/20 Revised Baseline
Payments	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Current Payments	87.7%	85.9%	87.6%	92.4%	89.1%	88.8%	84.6%	85.4%
Compensation of employees	79.8%	79.7%	75.0%	84.3%	80.4%	79.7%	76.3%	74.9%
Goods and services	7.9%	6.3%	12.6%	8.1%	8.7%	9.1%	8.2%	10.5%
Transfers and subsidies	8.4%	9.5%	8.6%	3.8%	7.7%	7.7%	8.2%	10.1%
Departmental agencies and accounts	0.2%	0.2%	0.2%	0.1%	0.3%	0.2%	0.1%	0.0%
Non-profit institutions	7.6%	9.1%	7.6%	3.5%	6.9%	6.1%	7.5%	9.6%
Households	0.6%	0.1%	0.8%	0.2%	0.6%	1.4%	0.6%	0.4%
Payments for capital assets	4.0%	4.6%	3.8%	3.8%	3.2%	3.5%	7.2%	4.5%
Buildings and other fixed structures	3.7%	4.4%	3.4%	3.7%	3.0%	3.4%	6.6%	4.3%
Grand Total	36 328 510	14 733 214	49 809 551	54 021 515	32 291 008	21 862 325	6 905 811	23 669 089

*North West includes Sports Development

Methodology

Evaluation of available data

- For the PBO to determine the efficiency and effectiveness of the expenditure of nationally raised revenue it is important to have access to:
 - Quality and complete sets of performance information to evaluate performance outcomes on expenditure
 - Performance indicators should be specific, relevant and linked to the budget
 - A series of continuous data to measure change over time to determine impact/effectiveness
- Performance information from the 2019/20 Annual Report of the NDBE was arranged according:
 - To the purpose of the conditional grants
 - Expected output targets and actual outputs achieved in 2019/20
 - Expenditure against the budget

Findings from the evaluation

HIV and AIDS Life Skills Education

- The Department has spent R261.316 million (inclusive of roll-overs of R2.403 million) of the transferred funds amounting to R256.951 million
 - This expenditure amount reflects over spending of 1.7 per cent
- Despite over spending on this grant, there has been underperformance on six (6) outputs and Provincial Education Departments only over-performed in two of the outcomes
- Underperformance on:
 - The number of educators trained to implement comprehensive sexuality education
 - Co-curricular activities on provision of comprehensive sex education
 - Care and support programmes implemented
 - The number of copies of CAPS-compliant materials
 - The advocacy and social mobilisation events hosted with learners, educators and school community members
 - School monitoring and support visits

HIV and AIDS Life Skills Education (cont.)

- Over-performance on:
 - The training of school management teams and governing bodies to develop policy implementation plans
 - The expansion of the appointment of learner support agents to support vulnerable learners. 4 657 agents appointed compared to 3 200 agents (expected output)

Children/Learners with Severe to Profound Intellectual Disability (C/LSPID)

- The goal of this grant is:
 - To ensure that children/learners with severe to profound intellectual disability access quality publicly funded education and support
- The Department has spent R215.422 million of the original budget of R220.785 million to provide education to learners with severe to profound intellectual disabilities
- R212.325 million was transferred to PEDs and R12.664 million unspent from the previous financial year
- Performance is shown within four categories of outputs:
 - Human resources specific to inclusive education through the provision of key additional staff on a permanent basis
 - Database of selected schools and care centres
 - Transversal itinerant outreach team members, caregivers, teachers, in-service therapists and officials trained on the Learning Programme for C/LSPID and other programmes that support the delivery of the Learning Programme
 - Outreach services provided

Children/Learners with Severe to Profound Intellectual Disability (C/LSPID) (cont.)

- It has been noted that almost all outputs are duplicated within the four categories
 - This phenomenon could be viewed as double counting of outputs
- The Department also reflects over performance on the training of caregivers, teachers and in-service therapists
- Despite the under spending on the grant, provinces indicated that positions were not filled due to budget constraints, which could not be the case
- Another concern is that only 482 special care centres and 58 schools were provided with learning and teaching support material against targets of 500 care centres and 104 schools

Conclusion

- There seems to be a good correlation between the proportions spent by provinces on the economic classification categories
- COE is the main driver of expenditure on provincial education budgets amounting between 75 and 80 per cent
- To be able to determine effectiveness of basic education, further analysis of the COE budgets, not just in terms of the ratios between educators and learners, but also between educators and other administrative staff, is required
- Transfers and subsidies ranges between 3.8 per cent and 10.1 per cent, and spending on capital assets ranges between 3.2 per cent and 7.2 per cent between provinces
- The analysis of the information on the conditional grants shows:
 - In some instances no targets were set for outputs
 - Overspending on some of the grants, accompanied by underperformance
 - Underspending that is accompanied by over performance
 - Duplication of outputs
 - Outstanding performance information
 - Reporting on the performance not measured against set targets

Other Basic Education Grants

NATIONAL SCHOOL NUTRITION PROGRAMME
EDUCATION INFRASTRUCTURE GRANT
MATHS, SCIENCE AND TECHNOLOGY

National School Nutrition Programme Grant

- The goal of this grant is to enhance learning capacity and improve access to education
- The Department has spent R7.135 billion (99%) of the transferred funding of R7.186 billion to enhance learning capacity and improve access to education
- The Department indicated in the 2019/20 Annual Report that “performance on this grant was exceptionally ‘well’ because it exceeded the set target for monitoring schools to support programme implementation
- Sustained partnerships also played a significant role in monitoring schools both at Provincial and District levels
- The performance is acknowledged, but detail of the output indicators and targets were not reflected in the schedules to the 2019 Division of Revenue Act (DORA) as required
- Reporting on the performance of the grant in the Annual Report is therefore not measured against set targets

Education Infrastructure Grant

- The goal of this grant is:
 - To supplement provinces' finances to fund the provision of education infrastructure in line with the regulations relating to minimum uniform norms and standards for public school infrastructure
- The outputs identified, towards which funds have been allocated, to achieve this goal are meant to replace unsafe and inappropriate school structures and to provide water, sanitation and electricity on behalf of provinces
- The Department spent R10.728 billion (1% underspending) of the adjusted budget of R10.88 billion (original budget of R10.514 billion plus roll-over)
- A total of 1 928 teaching spaces, 352 administrative spaces, 814 maintenance projects, 192 disaster projects, 591 water, 794 sanitations, 156 electricity, 173 fencing and 22 sports facilities were provided

Education Infrastructure Grant (cont.)

- The department has provided a total of:
 - 14 full-service schools
 - 5 special schools
 - 9 boarding schools and 43 new and replacement schools in relevant provinces
- The department, however, did not set targets for the performance on the Education Infrastructure Grant
- The absence of set targets makes it difficult to measure performance against planned outputs

Maths, Science and Technology Grant

- The goal of this grant is
 - To strengthen the implementation of the NDP and the 2019 Action plan by increasing the number of learners taking mathematics, science and technology subjects, improving the success rates in the subjects and improving teacher's capabilities
- The Department spent R319.291 million (82%) of the transferred funding of R391.302 million (adjusted budget: R394. 357) to increase the number of learners taking MST subjects and to improve the capacity of teachers in these subjects
- Performance is shown within five categories of outputs namely:
 - Information and Communication Technology (ICT)
 - Workshop Equipment, Machinery and Tools
 - Laboratories Equipment, Apparatus and Consumables
 - Learner Support
 - Teacher Support

Maths, Science and Technology Grant (cont.)

- Despite the underspending of 18 per cent, the Department reported over performance on almost all output targets except for targets set for workshop equipment, machinery and tools
- It should further be noted that only eight provinces have completed their outputs for the 2019/20 financial year
- Performance in Limpopo was still outstanding