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Education transformation in South Africa: the impact of finance equity reforms in public schooling after 1998

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Chapter 2

THE CONCEPTUAL FRAMEWORK – DEFINING EQUITY

2.1 Introduction

Since 1994 policy has been oriented mainly around addressing the enormous disparities inherited from the apartheid system, both through the redistribution and allocation of resources to historically disadvantaged schools and the poorest provinces and through increased access to schooling. One of the most important questions for the education sector emerging from the new Constitution (RSA, 1996a) was how the state should approach the financing of education, consistent with the right to basic education and equity.

The main aim of this study is to examine equity in the distribution of educational resources in schools and to explicate the patterns and typology of inequality in South Africa. This is undertaken through reviewing a key equity indicator – per capita expenditure – in order to determine the outcomes of the resource allocation model of equity that is utilised in South Africa. It also aims to establish a broad set of variables and correlates by which to understand school finance equity and to make a contribution to the understanding of public and private financing in public schooling.

This chapter discusses the key contributions to the concept of equity, including in the school finance literature. It does this to clarify the definitions of equity and equality used in this thesis.

2.2 The Concept of Equity

2.2.1 Introduction

Various research paradigms have attempted to define equity and its relationship to policy activities. This section provides a critical review of the contribution of political philosophy to clarifying the concept (Rawls, 1972; Secada, 1989; Sayed, 1997b); it then relates equity to the broader developmental context (Frazer, 1997; Apple, 2003; Green, Preston & Sabater, 2003; Sen, 2004). Globalisation (Carnoy, 1998; Christie, 1998; Fullan, 1998), decentralisation (Levin, 1992; McGinn & Perreira, 1992; Hansen, 1995; McGinn, 2002), systemic reform (Cohen, 1995; Darling-Hammond, 1998), and private-public models of school funding (Jiminez *et al.*, 1995; Tsang, 1995; Levin & McEwan, 2001) are then briefly considered in relation to equity. This is by way of background; the school finance literature speaks more directly to the research question on the patterns of school finance equity. This is then considered in both the comparative and South African context.

2.2.2 Perspectives on equity

Perspectives on equity vary widely. While some analysts argue caution about the use of the term, others argue for a clearly articulated meaning with reference to broad issues of social justice. Taylor *et al.* (1997) maintain that to view equity alone is to stress a particular construction of justice which is linked more to administrative concerns of how resources ought to be distributed than to cultural and moral concerns. Samoff (1997) emphasises the importance of differentiating "equity" from "equality". His notion articulates with Rawls' (1972, 2001) principles of justice – the latter invoking justice as the equal distribution of goods and services in society, and the former working on the basis that unequal distribution may be to the advantage of the least powerful in society. Secada's (1989:65) definition of equity with reference to what is socially just is relevant to the South African case. While actions and policies may be framed according to accepted fair rules and norms, the results may be unjust. The South African case is interesting because there is an attempt both at non-discrimination and an equal distribution of the education good, particularly in terms of inputs. However, this

equality often ignores the quantitative and qualitative difference between groups. Thus it is useful to define equality in relation to equity. Equality helps to define the specificity of equity, and in particular allows us to explore what is socially just (Weber, 2002).

In the policy context of South Africa, an important strand of the discourse of equity is explicitly motivated by distributional justice and is directed towards privileging those who were marginalised under apartheid (Sayed, 2001b). Equity in the sense of redress features programmatic responses, captured in the philosophy of affirmative action or positive discrimination, which is constitutionally enshrined to provide resources to those who have been most disadvantaged. This research focuses on the theorisation of equity within a framework of redress and distributional justice. In the South African context, the idea of justice and equality as differential distribution stands in contrast to the notion of equity and equality as uniformity and standardisation across the system. This latter conception excludes any consideration of race as a criterion of provision. The South African policy discourse has taken Rawls' second-order principle on board through including an attribute of redress. However, the distributive conception of equity and redress in South Africa does not imply redistribution in the sense of taking away from others (Motala, 2006).

Writers such as Frazer (1997) and Apple (1996, 2003) highlight the ways in which current international policy initiatives construct a narrow view of justice. This type of view tends to ignore the relational properties of justice and the ways in which the broader structural features of society produce unequal outcomes. The work of Amartya Sen (2004) is relevant here. He argues that social development must be evaluated on the basis of both the expansion of real freedom and capability that people enjoy and the removal of sources of "unfreedoms". Equity and access are not only issues of educational practice, but social matters in the context of an emerging democracy, a high level of social diversity, and global pressures towards economic polarisation.

This research uses a conception of equity which includes a notion of differential redistribution to the poor. In doing this it draws on Rawl's later work, which

argues that addressing socio-economic inequality must meet two conditions: it must be of the greatest benefit to the least advantaged, and all people should have fair or equal opportunity to achieve equity (Rawls, 2001). This study intends to argue that while the post-apartheid government has aimed to achieve redistributive justice it has not achieved this in a way that affects the advantaged position of the best-off group and that optimally advantages the most disadvantaged.

While it is not the aim of this study to review the relationship of equity to national development, the technical individualist conceptions of inequality and equity abstracted from wider social, historical and national bases can be detected in a number of empirical studies (see for example Fuller & Clarke, 1994). Equity in policy discourse has been subject to several shifts since 1995. Significantly, however, a set of alternative perspectives in more empirically oriented studies have also been developed (Cheng, 1994; Chubb & Moe, 1997).

2.2.3 Related literatures dealing with equity

Before this review moves on to the school finance equity literature, a few related literatures which speak to the definition of equity are worth reviewing. Each of these literatures has relevance for the study and in a broad sense addresses its research aims. The rationale for including this literature is that equity and inequality are considered in every aspect of systemic reform processes in education. Some of the specific themes considered – such as globalisation, decentralisation, the role of social resources and cost sharing in public education – are directly relevant to the scope of this study.

One outcome of globalisation is global competitiveness in education, which puts economic performance, accountability and quality into sharp focus. Fullan (1998) notes that state structures coping with globalisation tend to focus on decentralisation and thus place self-managing schools under severe financial pressure. Pursuing what Carnoy (1998) calls finance-driven reforms, states are under enormous pressure to increase public spending on education and to investigate other sources of income to fund expansion. Globalisation, then, has

created a set of premises that has made schools within its range more global (through international comparisons), as well as more local and reliant than ever before (West & Hopkins, 1996: Fullan, 1998). The idea of being globally competitive and at the same time achieving the goals of redress and equity has created tensions in South African education policy (Christie, 2006). Clearly the political, economic and social justice imperatives to provide effective schooling and quality education for all are very strong – and in South Africa this means creating greater equity in the conditions of learning, and in particular focusing on inputs.

Recent studies in the United States (Levin, 1992; McGinn & Pereira, 1992), Argentina, Colombia, Venezuela and Spain (Hansen, 1995, 1997) have emphasised the particular importance of the political and economic contexts in explaining decentralisation outcomes. The economic motives have most often been the transfer of the financing burden from central government (in the cases of Argentina and Chile), the capture of new funding from new sources, especially private sources (Colombia), or improved cost-effectiveness in the allocation of resources. At the same time, decentralisation is often politically motivated, perhaps to defuse dissent or to restore legitimacy to the state, or to respond to citizens' demands for a voice in decisions affecting them directly. Pedagogical rationales have been far less common, although it is familiar rhetoric to claim that decentralisation will improve the quality of education (Fiske, 1996). Today decentralisation includes efforts as diverse in focus as community and parental participation, school-based management models, alternative financing models such as vouchers and charter schools, and shifts in authority to lower levels of government bureaucracy (Welsh & McGinn, 1998; McGinn, 2002).

Certainly, in South Africa it is critical to understand the political and economic evolution of policies, and considerable analytic work has been done on this (Ota, 1997; Sayed, 1997a; Chisholm *et al.*, 1999; Motala, 2000; Weber, 2002). While much of the rationale for decentralisation in South Africa follows international experience, some of the more specific reasons advanced include the promotion of efficiency, equity and redress (Patel, 2002), greater localised citizen control over social services (Crouch & Fasih, 2004), strengthening partnerships at the

school level and therefore increasing community participation (DoE, 1995a; Motala, Vally & Modiba, 1999), and institutionalising ongoing experimentation and innovation at the local level. Interestingly, in the South African policy literature, decentralisation is never explicitly mentioned. While it is understood that the key outcomes of decentralisation should be equity and democratic governance, there is considerable debate on whether this has occurred (Karlsson, McPherson & Pampallis, 1999; Motala, Porteus & Tshoane, 2002; Sayed, 2001a; Weber, 2002).

The evolution of devolved school financing policy is best captured in the South African Schools Act (RSA, 1996b). Understanding that the creation of the South African Schools Act and the National Norms and Standards for School Funding (DoE, 1998a) were contested reminds us that there may indeed be resistance to their implementation, and that such resistance may reflect frustration with the inadequacy of redress elements at one extreme or with its partial privatisation at the other. Reaching such an understanding is one of the aims of this research.[2]

While the focus of this study is not about linking inputs and outcomes, the work on systemic reform is of some relevance. Much of the progressive agenda for school reform is couched in the frame of either equity or democratisation. Significant inputs, then, are content knowledge, school-based resources (material and human) and social resources. The term "social resources" refers to the material factors prevailing in the family, the community environment and the workplace (Cohen, 1995). There also continues to be tension between systemic reform and market-based reforms, which will lead to the selection effect, with middle-class families with substantial social and cultural capital most likely to

[2] South African educational research has suggested a wide range of factors that may serve as potential constraints to the implementation of decentralisation procedures. These include poor financial management and budgeting processes (Naidoo & Pintusewitz, 1998; Van Zyl, 1998), inherited backlogs in education (Chisholm *et al.,* 1999), poor management capacity and inadequate use of information systems for planning (Ncholo, 1997), lack of consideration of the organisational, financial and service delivery implications of the South African Schools Act for the provinces (Motala, 1998), lack of representation of black and female parents on governing bodies (National Conference of School Governing Bodies, 14 April, 2000 Pretoria), lack of analysis of training needs (Asmal, 2000), erroneous assumptions about the "community" nature of schools (Muller, 1998), and migration patterns in public schooling (Vally, 2000). For this research, the specific assumptions that require testing in the South African context are whether "real participation" is feasible in disadvantaged schools through community financing, given historical conditions, present capacities and restricted financial resources from the state and the community.

afford market options. The Coleman Report (Coleman, Crouch & Suppes, 1966) provides an important and powerful starting point for this research in addressing the importance and the influence of socio-economic and family factors on schooling. Later literature continues to address this, specifically addressing the role of socio-economic status and the role of resources in the home (Lockheed & Verspoor, 1991; Fuller & Clarke, 1994; Levin & Lockheed, 1999; Heyneman, 2003).

While the notion of public-private partnerships and cost sharing is relatively new in South Africa, a substantial literature does exist. In many developing countries governments try to expand access to quality basic education by encouraging larger private contributions. The importance of private contributions can vary across schools and types of schools. Community financing of education has a long tradition in some countries (Riddell, 1989; Bray, 1996). Also relevant are the indirect private costs of schooling. As Tsang and Taoklam (1992) note in a study on Thailand, private resources were a heavier economic burden for government school households than private school households, for rural households than urban ones, and for lower-income households than higher-income households. They make two important observations which are relevant to the South African case – the private costs of schooling in developing countries are a source of educational inequity for households from different backgrounds, and are an important financing source for some quality-related inputs.

A particular contribution of this research is that it attempts to understand the concept of social resources by calculating the total institutional costs as a combination of private and public costs. If private resources are not taken into account, the cost of private contributions to schooling relative to the costs of public schooling will be underestimated (Jimenez *et al.*, 1995; Hanuschek & Kimbo, 2000). The presence of significant private contributions flags the potential conflict between choice and equity, and individual choice and socio-economic cohesion, based largely on social resources or social capital. This study addresses this.

2.3 School Finance Equity

Equity as a concept is steeped in values and requires conceptual clarity in order to avoid spinning conceptual and empirical wheels (Berne & Stiefel, 1999). However, the interest in school-level equity is significant because, as Tyack and Cuban (1995:22) note, if one probes behind aggregated national statistics and the rhetoric of school reformers, major disparities in educational opportunities may be revealed. Like the US system, South African education is not a seamless system of roughly similar schools, but instead a diverse and unequal set of institutions that reflect deeply embedded social inequalities.

A review of the school finance literature suggests that five definitions of equity are most commonly used – equal opportunity, wealth neutrality, horizontal equity, vertical equity, and adequacy. All have relevance to the South African case and assist in understanding the particular influences on the South African model of finance equity.

The equal opportunity definition has its genesis in the *Brown v Board of Education* case in the United States in 1954, which focused attention on inequality in education opportunities. The work of Coleman *et al*. (1966) argued that family characteristics were more significant than school-level resourcing in promoting achievement. This began a line of research which looked at investment in human capital. Arthur Wise's (1968) *Rich Schools, Poor Schools: The Practise of Equal Opportunity* had a direct impact on the development of school finance concepts. He argued that the absence of equal opportunities within a state, as evidenced by unequal learner expenditures, might constitute a denial by the state of equal protection by its laws. This introduced the concept of wealth neutrality, which became a central argument in a number of litigation cases in the United States. The quality of children's education should not depend on where they happen to live or on the wealth of their local community.

The focus of horizontal equity as inputs is well-suited to school-level analysis, allowing inter-group analyses of equity. Horizontal or distributional equity is most commonly defined in terms of input measures such as quantity or quality of

education inputs. While distributional equity could be defined in terms of outcome measures rather than input measures, this is typically not done (Berne & Stiefel, 1999). The two principle goals of the new South African system were to promote equal spending per learner across provinces and equal ratios of learners to educators across schools. South Africa has utilised a concept of distributional equity with a clear focus on equality of inputs. Fiske and Ladd (2002) note that, in the South African context, further discussion is important between schools that benefit heavily or almost not at all from private funds. While to some people distributional equity may be defined with respect to private funds alone, to others the relevant equity basis is the combination of publicly-funded and privately funded resources. Two points here are relevant to the study: Firstly, by allowing for comparison of the sub-groups of the population, the concept of distributional equity assists in specifying the variables of equality (socio-economic status, race, demography), and secondly, for the purpose of this study the relevant equity base is the sum of public and private resources. Distributional equity also emphasises the notion of greater equality across groups.

The concept of vertical equity is appealing because it takes into account differently situated learners and introduces the concept of adequacy.[3] The notion of adequacy is significant because it joins together inputs, processes and outcomes, and focuses not on equitable resources for all but on "adequate" resources for different groups of learners (Berne & Stiefel, 1984). According to an "adequacy" approach, an equitable education financing system would assure that each school had sufficient resources to provide an adequate level of education to the learners it serves. Thus, in contrast to distributional equity, which compares the situation of one group of schools or learners to another, this approach to equity starts with the absolute standard of an adequate education. An adequacy approach to equity would, therefore, require that schools serving large numbers of disadvantaged learners be allocated more resources than other schools to

[3] King, Swanson and Sweetland, (2005:3) suggest that adequacy could be seen as the ideal state of vertical equity because it links the two concepts in a way that resonates with the post-apartheid context. Vertical equity justifies racially differentiated allocation of resources on the basis of adequacy requirements for schools.

compensate for their higher costs.[4] In practice, implementing the concept is complex because of the difficulty of defining an adequate education and also of determining how much such an education would cost both for a typical school and for schools serving large proportions of disadvantaged learners. The challenge, then, is to develop an approach that is both rights-oriented and efficiency-oriented (Crouch & Mthethwa, 2002; Christie, 2004; Spreen & Vally, 2006). It also highlights that, for reasons outside the immediate control of the schools, some children are more costly to educate than others (Lemon, 2004; Reshovsky, 2005).

One of the most useful recent contributions to understanding education equity in the South African context is provided by Fiske and Ladd (2004). They distinguish between equal treatment, equal education opportunity and educational adequacy to understand racial equity in South Africa. While equal treatment suggests race blindness, equal opportunity is a broader standard that expands the concept of equal treatment to include the potential for attainment. This standard in South African policy making would include redress to counter past educational advantage. The criterion of adequacy (as used by Fiske and Ladd, 2006) shifts attention to educational outcomes and an adequate level of education which ensures that all citizens, black and white, can participate fully in the political and economic life of the country.[5] Although the term education adequacy is not commonly used in the South African policy discourse, the constitutional guarantee of basic education is consistent with this notion of equity.

A related issue is that proper costing is very relevant in societies where the decision has been taken to make basic education a legal right. If government bears the full cost of the attainment of such a right, it is likely to benefit disadvantaged population groups and enhance equity. Following on from this is the strong motivation for better research on the costs of education (Crouch & Fasih, 2004). The limited use of cost analysis in South African research highlights the importance of this work.

[4] Minorini and Sugarman (1999) provide a comprehensive analysis of the promises and problems raised by the application of the adequacy of concept in the schooling context in the USA.
[5] Fiske and Ladd (2002) caution that adequacy by their definition is be no means simple to measure in practice.

The tradition of reviewing school finance equity models to understand their specificity and their impact on inequality is well established internationally. The model of applying detailed analysis on school finance reform in a single state is widely used in the United States (Cullen & Loeb, 2002; Downes, 2002; Figlio, 2002; Flanagan & Murray, 2002; Imazeki & Reshovsky, 2002; Nechyba, 2002). These studies are concerned with mechanisms to improve equity, adequacy and efficiency, school finance and accountability, mechanisms for distributing basic state aid, the impact of highly centralised and decentralised systems, and the implementation of differential spending patterns for disadvantaged learners. The study draws heavily on this research, and anticipates making a unique contribution to South African research on school finance equity by considering the implementation of a finance equity mechanism in one province in South Africa.

2.4 Conclusion

Concurring with Berne and Stiefel (1999), this part of the literature review notes that there are many alternative concepts of equity, and that while there is a move towards output equity, input equity continues to be extremely useful in understanding school-level reform. The school remains an important unit of analysis, particularly with the increased focus on decentralised, school-based budgeting.

For the purposes of this study, following on the earlier and later work of Rawls, this research uses a definition of equality which includes equalisation in the distribution of goods and services in the society and a definition of equity which includes differential distribution and redress. It also utilises the concept of equal opportunity as outlined by Fiske and Ladd (2004), which shifts the focus solely from equalisation and race blindness to fair equality of opportunity. It draws on the definitions of equity as outlined in the school finance literature, in particular the definitions of vertical equity. All of these definitions are relevant to the unfolding process of policy making in South Africa in its goal of achieving equal

education. This study aims to clarify the specific application of equity in the South African country context. In doing so, it contributes to the body of knowledge about equity in developing countries. This discussion is taken further in Chapters 3 and 4, which discuss education policy and legislation, and the South African literature on finance equity.