The resourcefulness of school governing bodies in fundraising: Implications for the provision of quality education

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With the promulgation of the South African Schools Act of 1996, public education in South Africa was decentralised and communities were made responsible for school governance. This placed the responsibility on school governing bodies (SGBs) to take all measures within their means to supplement state funding for the acquisition of adequate human and physical resources. In this article we explore various fundraising initiatives that will increase the coffers of public schools. Funds provided by donors and sponsors should allow SGBs the discretionary powers to appropriate funds that will promote effective teaching and learning in schools. The perceptions and experiences of principals and SGBs on the management of funds were investigated by means of a qualitative multiple case study. Findings reveal that SGBs have to take an entrepreneurial stance towards supplementing funds provided by the state. In addition, there are serious challenges surrounding school fees such as bad debt and fee exemptions, and this necessitates SGBs to find other sources of revenue. Thus, based on best business practice, SGBs should be given autonomy and take accountability for the management of private funding within the legal framework of the South African Schools Act.

Keywords: decentralisation of education; fee-paying schools; fundraising; public school funding; self-managed schools

Introduction and Conceptualization of the Problem

With this article we aim to explain how public schools are compelled to adopt an entrepreneurial position in supplementing insufficient funding from the state. The significant value of this paper is that it provides public schools globally and nationally with guidelines on how to manage fundraising initiatives in the absence of adequate state funding.

In view of discriminatory policies on education during the apartheid regime, historically advantaged learners were funded much more than their disadvantaged counterparts and this had serious consequences for the provisioning of quality education for poor learners (Corbett, 2015; Patel, 2002). Pre-election undertakings of free education for all by the ruling party created expectations for the masses. To achieve this goal, the government was placed under severe pressure to improve the economy of the country so that they could allocate sufficient funding to education for all learners, more especially to the historically disadvantaged communities (Maringe & Prew, 2014). White Paper 1 on Education and Training (Department of Education, Republic of South Africa [RSA], 1995) emphasises the fact that the sustainability of the expanded public education system would depend on available funds. It stressed the importance of communities to take ownership of their schools and to build partnerships for the procurement of adequate resources. In fact, section 36(1) of the South African Schools Act (RSA, 1996) places the responsibility on SGBs to utilise all measures within their means to supplement funding provided by the state.

With the promulgation of the South African Schools Act 84 of 1996 (hereafter referred to as the Schools Act), education in South Africa was effectively decentralised. School communities were given the responsibility for public school governance. Parents, teachers, non-teaching staff and learners (in secondary schools) are democratically elected onto the SGB. The principal, by virtue of his/her position, also serves on the SGB. The SGB’s functions include designing and implementing policies, managing the school’s finances and giving the necessary support to the school in their quest to provide effective teaching and learning. The principal and the school management team (SMT) are responsible for the professional management of the school and need to ensure that effective teaching and learning take place (Bisschoff & Mestry, 2003; RSA, 1996; Van Rooyen, 2012). There was also an urgent call to develop a new funding model that recognises the constitutional imperatives of equity, access and redress. Thus, the National Norms and Standards for School Funding (NNSSSF) policy was introduced (Department of Education, 2007). As an equity mechanism in public education, the NNSSSF policy provides funding to schools based on quintile rankings. Poorer or no-fee schools (Quintiles 1, 2 and more recently Quintile 3 schools) receive much more funding for resources than affluent schools ranked as Quintiles 4 and 5 schools. The provincial departments are obligated to fund the poor schools at least seven times more than they do affluent schools. Thus, affluent schools are compelled to seek other funding sources to sustain the provision of quality education.

The research reported on here focused on how affluent schools (Quintiles 4 and 5) were able to supplement state funding for educational resources, and were compelled to resort to aggressive measures of acquiring funding from the parent community and the broader school community. Funds were supplemented by charging parents a school (user) fee for their children’s education; developing creative fundraising initiatives; and
soliciting the support of donors and sponsors. Thus, the research question for this study was: How can fee-paying schools manage private funding to sustain the provision of quality education? The following research questions were formulated to guide this research study:

- What is the role of SGBs in managing the schools’ finances?
- Why is it important for SGBs to access different sources of private funds?
- What are the perceptions and experiences of SGBs of the management of private funds?

The general aim of the study was to determine how fee-paying schools managed private funding in order to sustain the provision of quality education.

Conceptual Framework

Systems theory (Banathy & Jenlink, 2004) was used as a conceptual framework to underpin this study. Systems theory gives primacy to the interconnectedness and interdependence of the elements in a system, as well as the evolutionary nature of a system (Banathy & Jenlink, 2004). The system of interest in this investigation comprised the SGBs; SMTs, parent community and broader community. The central focus of systems theory is self-regulating systems, that is, systems that are self-managing and self-correcting through feedback. Self-regulating systems are found in local and global ecosystems, and in human learning processes. Schwartz-Shea and Yanow (2011) explain that in order to improve the quality of teaching and learning, the circle goes around what we traditionally call a school system, and everything outside the circle is known as the external environment. The SGBs, SMTs, and parent community, having a shared vision, influence the external environment (corporates and the broader community) to fund their organisations.

Literature Review: The Management of Private Funds

The role of private funding in public education was analysed within the statutory framework of public education, taking Gunter’s (2011) view that schools’ autonomy and strategic ability can be increased through the effective management of private funding initiatives, as a point of departure. The South African context is consequently compared to international trends towards the decentralisation of public education systems, giving attention to the balance between autonomy and accountability (Nieuwenhuis & Mokoena, 2005). The first White Paper on Education and Training (Department of Education, RSA, 1995) proposed a national framework for the governance and funding of public schools to accommodate the diverse needs of all South Africans. In order to afford a sustainable education system, which provides equitable access for all, White Paper 2 on the Organisation, Governance and Funding of Schools (Department of Education, 1996) proposes a partnership between the government, schools and communities to partially fund education. Both White Papers on education emphasise the need for communities to take ownership of their schools, and acknowledge that parents’ primary responsibility is the education of their children (Bray, 2005).

The Department of Basic Education (DBE) is responsible for providing the framework for school policy at national level, with administrative responsibility held by provincial education departments. Governance has been decentralised to school level, transferring substantial autonomy to SGBs (RSA, 1996). Recommendations for the appointment of teachers, maintenance of infrastructure and management of school funds were delegated to SGBs. Provision is made in the Schools Act (RSA, 1996) for SGBs to determine policies for the language of instruction, learner admissions and finances. Levels of autonomy in public schools range from a classic command-and-control approach by provincial education departments in no-fee schools, which receive full subsidy from the state, allowing little discretionary power in financial matters and minimal authority to make decisions in financial matters, to highly effective, fee-paying public schools, where the subsidy received from the state forms a relatively small part of the total school budget, allowing substantially more discretionary powers (Hargreaves, 2010; Soga, 2004). Whether schools are effective in either system depends on their capacities, fund management structures and the support they receive from various stakeholders.

Co-operative governance forms an essential element of the public education system in South Africa, financed by a hybrid of public and private funds (Van Rooyen, 2012). Publication of the NNSSF (Department of Education, RSA, 2006) resulted in a dramatic decrease in state subsidies and provision of staff in schools categorised as Quintiles 4 and 5 or “least poor” schools. Most of these schools rely increasingly on additional financial resources to provide and sustain quality education. According to the Federation of Governing Bodies of South African Schools’ (FEDSAS) environmental analysis (2014a), the state subsidy formed 3.6% of the total budget of the average Quintile 5 high school in 2013, while an average of 30% of the educators in Quintile 5 schools were paid from school funds generated by SGBs. Schools form an integral part of the communities they serve, and can tap into the assets of the community and collaborate with its members to address some of the challenges in education (Kovalchuk & Shchudlo 2014; Mundy & Verger, 2015; Witten, 2015). The effective delegation of power to schools with proven management abilities, can reduce the cost of maintaining a large
central bureaucracy, empower communities and avail government resources to schools in needy communities (Dhillon, 2013; Maringe & Prew, 2014; Spaul, 2013).

Twenty-six years after the implementation of measures to address constitutional imperatives of equity and redress in South African public education (Department of Education, 2007), schools are ranked according to poverty levels and receive subsidies accordingly (Maringe & Prew, 2014). The poorest schools (Quintiles 1, 2 and 3 schools) receive at least seven times more of the resource allocation budget than affluent schools (Quintiles 4 and 5 schools). In view of inadequate funding provided to affluent schools, SGBs are compelled to seek other avenues of raising funds (Blake & Mestry, 2014). Thus, schools cannot regard themselves as separate from their local communities, and stakeholders are requested to contribute funds through school (user) fees, donations and sponsorships in order for children to be provided quality education (Du Plessis, 2012). Public schools (Quintiles 4 and 5) are largely self-managed, and the support of parents and the broader community withstand the worst of funding these schools (Blake, 2008; Van Rooyen, 2012).

According to FEDSAS’ environmental analysis (2014a), the financial resource allocation from the state represented an average of 6.19% of the total cash income of Quintiles 4 and 5 schools in 2013. Between 2009 and 2013, public funding as a portion of the school budget declined by 5%. Affluent public schools depend heavily on school fees to maintain education standards. Income other than school fees, directly connected to SGB initiatives, represents an average of 15% of total school income.

Although there are mechanisms such as debt collectors to compel parents to pay, the legal costs to recover outstanding school fees are not cost effective. In addition, the school fee exemption policy has serious implications for fundraising. Parents who cannot afford to pay school fees may apply in writing to be partially or fully exempted from paying these fees based on a set formula (Department of Education, RSA, 2006). FEDSAS’ environment survey (2014a) reported that school fees represented an average of 81% of the net income of fee-paying schools in 2013. An average of 16.5% of learners in all Quintile 5 schools were exempted from paying school fees. The amount of school fees that were irrecoverable by schools increased by 11% from 2009 to 2013. Second only to the cost of teacher salaries (additional posts above the post provisioning norms set by the Department of Education), is the cost of school fee exemptions and irrecoverable debts. School fees of secondary schools are on average 47% higher than those of primary schools, thus, the exemptions granted at secondary schools are also notably higher. The decrease in school income from public funding, as well as from school fees, emphasise the increased need for significant private funding of public schools through various fundraising initiatives.

It, thus, becomes imperative for SGBs to consider innovative fundraising initiatives to supplement funds received from the state and user fees. Kelly (1998) defines fundraising as the processes and activities to help charitable organisations obtain private gifts, contributing to the well-being of the organisation and democratic society. SGBs resort to various innovative fundraising schemes, which include:

- The practice of selling advertising rights on school property and allowing sponsorships of school activities is widely established (Blake & Mestry, 2014). Public schools accept funds from sponsors for athletic competitions and tournaments, place advertisement logos on clothing, allow paid advertisements on school buses and boundary fences and lease land to cellular telephone providers. Sponsors often bargain for exclusive contracts to provide products ranging from soft drinks to stationary or technology to all within the school.
- Partnerships between public schools and private service providers can include a range of services: management services, professional services, support services, operational services, availability of facilities and education services. According to Ball and Youdell (2009), partnerships blur the boundary between the public and private sectors and can provide public bodies with ideas and concepts from the private sector, developing public sector actors into entrepreneurs.
- Another novel idea is social franchising. The principles of commercial franchising are applied to generate profit in support of social benefit rather than to generate profit for private owners. A proven business model is packaged and passed on to franchisees to replicate it with the appropriate support from the franchisor, which may include professional training, use of brands and brand advertisements, subsidised supplies and equipment, support services, and access to professional advice (Apple, 2011; Williams, 1995; Witten, 2015).

From her research, Blake (2008) avers that principals and SGBs should adopt an entrepreneurial position in managing schools’ finances. The efficient and effective management of resources play a key role in the success of schools. Entrepreneurial leadership, the quality of teachers and adequate funding are all key mechanisms to improve school performance.

**Research Methodology**

A qualitative multiple case study investigation was used to establish an understanding of the intricate factors of school funding. According to Baxter and Jack (2008), qualitative case study methodology provides the necessary tools to research complex phenomena within their unique contexts, thus, rendering it the ideal method to identify the main
sources of revenue of public schools from parents and broader communities, and to study the management of private funding, which allows school managers more discretionary powers in the appropriation of these funds. In this study we adopted the interpretivist paradigm, which allows researchers to discover reality (Hargreaves, 2010) through the participants’ views, their own backgrounds and experiences. The interpretivist paradigm also explains the subjective reasons and meanings that lie behind social action (Schwartz-Shea & Yanow, 2011).

The research sample was purposefully selected to include five functional fee-paying public schools that had good financial records of accomplishment. These schools were classified as Quintile 5 schools, based on the national quintiles defined in the NNSSF (Department of Education, RSA, 2006). Quintile 5 schools receive the least financial support from the state and are, therefore, most dependent upon school (user) fees and additional private funding to cover all capital and personnel expenditure and the day-to-day operations of the school. Semi-structured interviews held at the respective schools and lasting for about 60 minutes, were used to capture the personal views, experiences and insights of the financial management of the schools. The interviews offered us with the opportunity to ask a series of questions, permitting comparisons across interviews, and pursuing areas spontaneously initiated by them. All interviews were audiotaped and transcribed verbatim. Three basic categories of participants were interviewed: school principals as ex-officio members of the SGB, SGB chairpersons and treasurers of SGBs who were hands-on specialists of the schools’ budgets and financial management. These participants were able to supply detailed information on the matrix of factors influencing financial management. We also used secondary data obtained from environmental studies conducted by FEDSAS, and document analysis. It was important to study the various sources of funds obtained by schools and patterns of expenditure incurred in one financial year by analysing documents such as budgets, minutes of SGB meetings, financial statements and finance committee minutes.

Research findings were tested according to Lincoln and Guba’s (1989) criteria for trustworthiness. Credibility was initially obtained through providing the interviewees with the transcriptions of the interviews for their verification. Furthermore, triangulation was ensured using the data collected by interviews, secondary data obtained from FEDSAS’ environmental study (2014a), and financial reports and supplementary documents of participating schools. Comparisons of interview data further verified information and confirmed the trustworthiness of these findings. Transferability was possible by comparing different schools’ fundraising initiatives and management systems, taking into account each participating school’s exceptional context, and generalising it to other public schools’ circumstances. Dependability emanates from attempts made by the researcher to consider and adjust to changing conditions in the problem under study, and effecting necessary change in the research design, informed by an increased understanding of the current setting. Merriam and Associates (2002) explain confirmability as the degree to which the research findings and conclusions are the primary focus of the inquiry made and not the researcher’s own opinion or biases.

The data were analysed for content, broadly using Tesch’s method of open coding (Creswell, 2009) in order to identify themes or categories. Tesch’s method provides a systematic approach to the analysis of the qualitative data. This involves the identification of topics, the use of coding into categories and the emergence of themes. The study adhered to strict ethical requirements. Consent was requested from the Gauteng Department of Education (GDE), The Ethics Committee of the University and the participants from the chosen schools. Participants were ensured of their anonymity and were made aware that they could withdraw from the research at any time. To ensure confidentiality, no personal information would be revealed without the participants’ consent.

Findings
The following findings emerged from the study. For ethical reasons, participants were assigned abbreviations indicating the school type, their position at the school and a school number (e.g. SSP3 – secondary school principal of School 3 and PST5 – primary school treasurer of School 5).

Challenges Experienced in the Management of School Fees and State Funding
Major issues reported by all respondents included a shortage of financial and human resources, along with an annual increase in unpaid school fees due to school fee exemptions and bad debts. Interviewed principals shared their frustrations about inadequate financial transfer payments for fee-paying schools as prescribed by the NNSSF, as well as the meagre compensation for school fee exemptions received annually from the provincial education department. Financial allocations received from the state constituted from 1.8% to a maximum of 10% of fee-paying schools’ budgets. More than 85% of any of the participating schools’ income was derived from school fees, excluding the salaries of educators paid by the state. The rest of the school’s income was made up from private sources such as sponsorships, donations and profits.
from fundraising activities. “Ninety-five per cent of our school’s income comes from school fees and less than 2% from the GDE’s financial allocation” (Secondary school treasurer [SST1]).

According to FEDSAS’ environmental analysis (2014a), the financial resource allocation from the state represented an average of 3.6% of the total cash income of Quintile 5 high schools in 2013. Deacon (in FEDSAS, 2014b) avers that: “An average high school’s municipal fees are more than the school’s state subsidy. On average, schools spend about 5% of their income on municipal services, while the state subsidy to high schools forms only 3.6% of the total budget.”

According to respondents, between 8% and 24% of income from school fees is lost due to school fee exemptions and bad debts. This is what one participant said:

Every year more exemptions from school fees are granted. Raising the school fees is not the answer either, because the formula applied by the NNSSF already makes it possible for parents with an income from as much as R400,000 per year to qualify for exemptions. (SSP2)

This was confirmed by the school’s financial statements and corresponds with FEDSAS’ environmental analysis (2014a) data that an average of 16.5% of learners in Quintile 5 schools were exempted from paying school fees in 2013. Parents who cannot afford school fees qualify for exemption in accordance with the law, but there is also an increasing number of parents that neither apply for exemption nor pay their school fees. Many of these parents claim that free education is a constitutional right to all. According to one respondent, it is important to establish a culture of payment of school fees.

Fee-paying schools can claim exempted school fees from the education department, but as one principal put it: “The amount returned is not even enough to pay the auditing costs of the application for reimbursement. The only reason the school applies, is to put the rand value of exemptions written off yearly on record” (SSP1).

Other respondents confirmed this: “In 2013, nearly R3 million worth of school fees was exempted, and the school was refunded R14,000 by the GDE” (SST2).

This was supported by the fact that in Gauteng only R13 million was allocated to refund 766 fee-paying schools for school fee exemptions in 2015 (Lesufi, 2015). Many respondents advocated for equal basic financial provisioning of all schools.

Principals were unanimous that they would not be able to deliver quality education without the income from school fees. “Without private funding, half of what we do at the school will not be possible. Every year, millions of rand come from school fees, paid out of the pockets of parents” (SSP2). Furthermore, “Additional income from fundraisings, donations and sponsorships is crucial to ensure quality education. More than half of the educators at the school are paid from school fees” (SSP1)

Costs of tours, excursions or extra-curricular activities are included in school fees as far as possible, but increasing school fees can be counter-productive, even though schools need the extra income. The higher the school fees, the more parents qualify for exemptions; thus, sustainable alternative sources of income are critical.

Although public schools in South Africa, both fee-paying and no-fee paying, have to comply with the same range of government regulations, the burden of costs is not the same for all public schools. Per capita subsidies from the state forms less than 10% of fee-paying schools’ income. Fee-paying schools appoint more teachers than allocated, according to the post-provisioning norm determined by the Ministry of Education. This undoubtedly is one of the largest expenditure items that fee-paying schools incur in their quest to provide quality education (Department of Education, RSA, 2006). Added to this, an annual increase in unpaid school fees due to school fee exemptions and bad debts, meagre state compensation for school fee exemptions, the exclusion of fee-paying schools from state-subsidised development programmes and an escalation of public school expenditure, present almost insurmountable financial obstacles to fee-paying public schools. This necessitates the mobilisation of substantive additional funds from school communities and other private sources.

Sources of Private Funding
The main source of private funding at all the sample schools was school fees, determined in terms of the Schools Act (RSA, 1996) and adopted by the majority of parents at an annual budget meeting. Parents usually contribute in the form of monthly payments. “Ninety-five per cent of the school’s income is from school fees and less than 2% from the GDE financial allocation” (Primary school principal [PSP5]). Other sources of funding include voluntary contributions from parents and private donors, leasing of school premises, selling advertising space, offering paid extra-curricular activities, organising school fairs and concerts, and donations from charitable organisations. Golf days are not as popular for fundraising as they were a few years ago, as too many schools and other organisations are raising funds in this way.

The use of tablets and other technology in the school may create new opportunities to generate income from advertisers (SSP2). Schools have explored a multitude of ways to procure alternative financial resources.

It is very important that a school chooses fundraising activities that best fit the preferences and circumstances of your school community, if
you want to be successful. A car company withdrew their short-lived sponsorship because the rural community where the school is situated does not offer enough market exposure. (PST4)

On the other hand, a city school earns an excellent income from mega-advertising boards on their school grounds next to the highway (SST2).

Parents serve in governance structures and support groups aiding the interests of the school community. According to respondents, parents are the main school sponsors. “The contribution of parents should not only be measured in monetary terms, but also in terms of the expertise and skills of parents that is available to the school, free of charge” (SSP3). Many parents offer donations in kind, for example, pro bono professional services, building material and labour, or technology support (PSP5; PST4).

With the help of donations from alumni trusts and non-profit organisation (NPO) with the school as beneficiary, some schools were able to undertake capital improvement projects like a conservatory (SSP1), science and computer centres (PST5), sport facilities (SSP1; SSP2) and a pre-primary school centre (PSP5), enhancing the schools’ capacity to a great extent. Voluntary parent associations often subsidise running costs of sport and extra-curricular activities.

Most parents care about quality education and are willing to support schools, if they can afford it. On the other hand, “parents who were granted fee-exemption are encouraged to make voluntary contributions to the school fund, but that seldom happens” (PSP5). “Parents understand that if they do not support the school, their children might lag behind. Parents want their children to study in optimal conditions and to be taught by good teachers” (SSP3). Through the payment of school fees, donations and other voluntary contributions, parents carry the greatest share of the cost of public education in fee-paying schools – formally and informally – since financial allocations from local government are insufficient.

Where the socio-economic status of the school is perceived as affluent, respondents reported that they were able to solicit fewer donations and sponsorships from businesses than schools where the need was more prominent or where learners were representative of designated groups for Black Economic Empowerment (BEE) recognition (PST4). “Unfortunately businesses do not see schools in this suburb as needy and are not open to support fundraising in a ‘rich’ school. People in general just do not see it as a priority to help” (PSP5). Many learners come from children’s homes, low income, single-parent families or squatters’ camps; these parents cannot afford to invest much in a school (Primary school SGB chairperson [PSC]4; SST2).

Donations from private donors are often assigned for charity. Affluent parents and school alumni are the main private donors to schools. Principals know the kind of jobs parents have and whom they can approach for help. School alumni also represent a relatively established source of external funding in some schools. “The alumni trust has been in existence for more than 30 years now, and supports the school in many different ways” (SSP1). In primary schools, alumni do not play a significant role.

Some respondents obtain external funding by engaging in entrepreneurial activities such as renting out school premises (SST2), offering paid extra-curricular activities (PST5), and organising school fairs (SSP2; PSP4 and PST5). One school rented out their gym facilities to generate revenue to purchase new sports equipment. Respondents differed about the possibilities of earning incomes from leasing facilities.

Renting out school facilities is not always possible in schools that are utilised far over their capacities. The voice of PSP5: “The school’s own facilities is fully occupied in the afternoon, too. There is no opportunity to earn extra income from renting out school facilities, there is barely enough opportunity to do maintenance after hours.”

All respondents spoke of organising school fairs. Schools engaged in entrepreneurial activities not only for the sake of profit making, but also as recreational opportunities for learners and their parents. “Fundraising activities include cake-and-candy, hot dog days, raffle tickets and movie nights. They are always planned with the children in mind, hopefully involving the parents too” (PSP5). Contributions from corporate donors and local enterprises are minor in comparison with other fundraising initiatives.

Donations from businesses are often motivated by tax incentives; thus, the school is registered as PBO [Public benefit Organisation] with SARS [South African Revenue Services]. This affords businesses the benefit that their donations to the school are deductible from their taxable income Sec 18A. (SST2)

Secondary schools usually receive support from private enterprise in the form of sponsorships. “Rugby and netball benefit most from sponsors. The school has two big business sponsors. They give a fixed amount per annum, as well as benefits in kind, like provision of two minibuses for learner transport, in return for advertising rights and exhibition space at big rugby and netball competitions” (SSP2). One treasurer had a word of caution though: “It is safer and more sustainable to rather have more, smaller sponsors, and easier to get – and keep – them involved than it is when the school depends on a few big sponsors” (SST2). Two respondents raised the issue of possible dependency on contributors. In the words of one, “I do not want to be dependent on a parent or other individuals who first give you something and then set certain conditions” (SST2).
All respondents reported successful partnerships and sustainable monthly incomes from Woolworths’ “My School” project. “The Woolworths project works well, because no negotiations and very little administration from the school’s side are necessary, the school gets a monthly income and reports. The income is predictable; thus, we are able to include it in the budget” (SSP3). One school reported a partnership with a local petrol station that was successfully negotiated and yielded a monthly income to the school (SST2). Two respondents reported unsuccessful applications for Lotto grants to obtain computers or sporting equipment (PSC4 and PSP5).

Management of Private Funds

SGBs are responsible for the financial management of public schools, as well as the management, maintenance and control of school property. Respondents agreed that the school principal and the SGB must share the same vision and plan for the school, and that school objectives must be reflected in the budget. This is what two participants said on the subject:

Parents and staff must support the principal, the SGB and the school if fundraising is to be successful (SSP1).

Principals, more than any other SGB members, have to convince donors to support their schools in order to secure resources that the government does not provide. Raising funds requires principals to become more entrepreneurial and to establish personal contact with potential donors, convincing them to help and to provide feedback on the progress and success of projects supported by donors. Ideally, a full-time fundraiser and marketer should be appointed in each school. Fundraising should not be the task of the principal alone. (SSP3)

Involving private business through mutually beneficial and profitable projects is the best way to raise additional funds for the school.

Schools should not be dependent on only a few big sponsors. It is more sustainable to have more, smaller sponsors and regular donors, and it is easier to keep them involved. Following up on donations and giving feedback to sponsors are crucial. (SSP2)

This donor deductibility status of the school and alumni trust affords donors the benefit that donations will be deductible from the donor’s taxable income (subject to certain limits), thus, reducing the donor’s liability for income tax and capital gains tax. This may motivate small and medium businesses to increase donations. One principal differed: “Where there is a clear conviction for a sponsor to give, rather than just saving on taxes or improving the company’s BEE status, it is possible to build a long-term relationship between the sponsor and the school” (SSP1).

The following are sub-themes that emerged from the study.

Accountability

All school fees, donations, sponsorships and income from fundraising activities go through the school’s bank account. Linked to the school account is often an investment account where money can be saved to fund capital-intensive projects. “Tight control of the budget is essential and all employees at the school work together to manage expenditures to ensure that the budget balances out” (PST4). Most schools allow money to be ring-fenced for specific projects, in accordance with donor prescriptions. All voluntary contributions must be paid into the school fund. Receipts are processed through the school’s accounting system.

No credits are passed without authorisation from someone independent of the bursar’s office (SST2).

Fundraising committees report to the SGB at meetings and is a fixed point on the agenda. “Fundraising activities are project-driven, under the watchful eye of the finance committee” (SST2).

All monetary donations to the respondents’ schools were reflected in their financial statements, submitted annually in terms of section 42 of the Schools Act, and donations were administered and controlled by the SGB in terms of section 20(g) (RSA, 1996).

Some respondents mentioned trusts and non-profit companies (NPCs) of which the school or learners were the main beneficiaries, and were defined in the trust deed. Principals attend trust meetings as ex-officio members. Trustees are alumni of the school to ensure that the purposes of the trust and that of the school, as main beneficiary, are served.

The NPC has its own board and is registered as non-profit company. The school principal sits on their board to ensure that the school’s best interest is communicated and served. The biggest risk of an NPC with the school as beneficiary is that it is a completely private company that can go their own way. (PST 5)

Money owned by the trust or NPC must be managed in a separate bank account. It is important for SGBs, including the principals, to be accountable for the management of school finances.

Autonomy

SGBs have autonomy to define policy and to determine and manage a school’s budget. Schools’ autonomy to decide on the appropriation of funds is sometimes limited by regulatory requirements or by well-meant prescriptions of donors. Principals find it frustrating to have to ask permission from the Member of Executive Council (MEC) to use the school’s own money.
SGBs believe that they lose discretionary power over private funds when they are paid into the school fund or used to improve school property, since that becomes the property of the state (PST4). In many schools, fundraising activities, gifts and donations are substantial sources of income, generated in the interest of the school. To maintain discretionary power over private funds, school communities often devise alternative funding strategies using associations, NPCs or trusts.

Parent committees take on projects like cricket clubhouses and Astro hockey fields, and work to raise the necessary funds for specific projects. No money is ever borrowed from parents by means of debentures. Sponsors sometimes have prescriptions and expectations that are not in line with the schools’ values and ethics. “A potential sponsor offered a big donation, but wanted permission to sell supplements with an age restriction for use in return. We had to turn the offer down” (SSP3). It is important that the school identifies the right partners and sponsors that share its vision and objectives.

Keep to the school’s values. Do not give mandates to sponsors that comes down to selling your soul for a pot of lentil soup (SSP2).

Conclusion
In this research we explored the impact of insufficient state funding and the South African regulatory environment on fee-paying public schools. The regulations most affecting the funding of public schools were determined, and schools’ unique experiences of funding public education were delved into. By international standards, fee-paying schools are exceptionally underfunded and over-regulated, despite strategic national guidelines striving towards the decentralisation of public education. Fundraising or other forms of resource procurement have become common strategies for public schools to take on, inadvertently moving towards the “privatisation” of public school education. Inadequate state funding represents diminished learning opportunities for learners, since schools have scarce financial resources for maintenance, development and academic provisions. Since school fundraising is immensely varied and ingenious with regard to methods and ideas, SGBs need to tap into their resourcefulness of raising funds. We advocate that SGBs embrace entrepreneurial skills and begin to think innovatively in order to supplement state funding to ensure a better quality of education for learners.

Authors’ Contributions
MB wrote the findings, recommendations and conclusion, PP wrote the conceptual framework and literature review, and RM wrote the abstract, introduction and conceptualisation of the problem.

Note
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