

## More schools being affected by unpaid fees

A growing number of parents with children at fee-paying public schools are finding they can no longer afford school fees, putting further pressure on government's budget allocation for basic education.



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The Department of Basic Education's budget allocation for the 2020/2021 financial year decreased by 5.3% compared to the previous year. In South Africa, two-thirds of all children attend no fee schools, leaving the state to pick up the tab for their education.

A minority of around 6.5% attend private schools while the balance of children attend fee-paying public schools. The latter, which accounts for around a third of all public schools, are reliant on school fees both to pay for additional teachers not funded by the Department of Basic Education, as well as additional costs incurred by the school. However, parents with children at fee-paying public schools can apply for exemption from fees based on their financial situation. This means that fee-paying public schools are increasingly being forced to balance fee collection with providing fee exemptions to parents with little or no income.

### Collection challenges

According to the TPN School Survey, collecting fees is the biggest challenge facing schools. An inability to collect all fees owing has negative implications for schools both from a budgeting and sustainability perspective, given that school fees are the largest source of income for more than 90% of private schools and 60% of public schools.

At the same time, parents at fee-paying public schools cite the high cost of school fees amongst their top three school-related issues, along with a lack of textbooks and the fact that classroom sizes are too big.

“The challenge facing many schools – even prior to the Covid crisis - is that paying school fees is not a high priority amongst a growing body of parents who are prioritising mortgages, rent, car finance, store cards and even pay day loans over school fees,” explains Michelle Dickens, managing director of TPN Credit Bureau, adding that this trend has been exacerbated by the pandemic.

The TPN 2020 School Fee Payment Monitor indicates that school fee collections were at their peak in January 2020 with 61.5% of parents paid up, she reveals. “During the lockdown, less than one in two parents were paid up in full. August was the worst month for school fee collection with only 45.9% of parents paid up. This increased in November when 52% of parents were paid up,” says Dickens.

## **Not the only prohibitive cost**

Despite the opportunity to apply for an exemption from school fees, 21.6% of learners who opt out of the education system cite a lack of money to pay school fees as their reason for dropping out of school. “The reality is that the cost of education is not limited to school fees alone,” points out Dickens. “What also needs to be factored in is the cost of transport to get to school. Many families cannot afford this with the result that 66% of children at public schools are left to walk to school.”

Given the knock-on effects of the economic downturn as a result of the lockdown, it is expected that 2021 will see an increase in the number of parents who apply for exemptions from fee paying public schools. One way for schools to ascertain whether or not parents actually qualify for an exemption is to make an enquiry through a credit bureau.

As a specialised credit bureau TPN provides schools with an opportunity to score parents regarding their ability to pay school fees. This applies both to parents applying for exemptions – in the case of fee paying public schools – and for private schools wanting to ascertain if new parents can afford to pay the fees. The company communicates with parents on a regular basis regarding their credit profile, which is based on the payment of school fees.

According to Michelle Dickens, the managing director of TPN Credit Bureau, schools are able to make use of credit checks, letters of demand and blacklisting in the same way that any business is. “Although it is always necessary to get permission to perform a credit check, a parent applying for an exemption from school fees is usually happy to provide this permission,” she says.

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