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Government per pupil expenditure in Uttar Pradesh:

Implications for the reimbursement of private schools under the RTE Act

by

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The Right to Education (RTE) Act was enacted in August 2009 to guarantee free and compulsory education in a neighbourhood school to all children aged 6-14 years old in India. It is a powerful piece of legislation that specifies the duties of the government in the provision of schooling, lays down some norms and standards for the recognition of private schools, and makes provision for the inclusion of disadvantaged children in all types of schools.

Section 12(1)(c) of the RTE Act 2009 requires private schools to allocate at least 25% of their seats to children from designated weaker sections and disadvantaged groups. Section 12(2) of the Act provides for reimbursement of expenditure incurred by the private schools in teaching these RTE children. It specifies that the reimbursement to private schools will be equal to the per-pupil-expenditure (PPE) incurred by the state government in its own schools, or the actual amount charged in fee by the private school, whichever is the lower. This means that for each RTE child that they admit:

- private schools whose fee level is *lower than* the government schools' PPE will get reimbursed the actual fee level that they charge from their fee-paying children; and
- private schools whose fee level is *greater than* the government schools' PPE will get reimbursed an amount equal to the government schools' PPE.

The private schools whose fee level is greater than the government schools' PPE are those that pay the same teacher salary levels as in government schools, and/or have high expenditure on facilities and infrastructure for students' learning, personality development and comfort¹.

¹ For example, high fee schools may be those with many of the following facilities and expenses: Interactive Smart Boards in every class, with rented e-Content; internet for using learning resources from the web; computer laboratories; maths lab (for hands-on learning), language lab (for teaching pronunciation), and science labs; ACs; lifts; well-maintained buildings; swimming pools; all-weather astro-turf sports fields; gym; high-end sports, music and sound equipment; separate AC rooms for middle level school leaders such as Vice Principal, Incharges, Class coordinators; expenditure on personality development events and activities; national

The intent of the RTE Act is to enable disadvantaged and economically weaker section (EWS) children to also have access to the education available in all manner of private schools, including the high fee private schools that impart not only academically good education but also focus on personality development activities. As such, in asking the state governments to reimburse such ‘high fee’ private schools an amount equal to the PPE in government’s own schools, the intent of the Act appears to be to ensure that high fee private schools are properly compensated for admitting disadvantaged children, so that these children are as properly looked after as fee-paying children, and are given equal opportunities and not discriminated against.

Different state governments of India have notified, through Government Orders (GOs), the amount they will pay out for each RTE child admitted, in reimbursement to private schools. The reimbursement rates are given in the Table A below.

Table A
Amount of reimbursement to private unaided schools for teaching each RTE child

State	Reimbursement amount (per annum)	Reimbursement amount (per month)
	(a)	(b)
Meghalaya	27,451	2,288
Himachal Pradesh	19,111	1,593
Rajasthan	16,596	1,383
Delhi	14,280	1,190
Karnataka	11,848	987
Uttarakhand	10,320	860
Uttar Pradesh	5,400	450

Source: Various websites and newspaper reports.

While these reimbursement amounts are meant to represent the different states’ per pupil expenditure in their respective government elementary (primary + upper primary) schools, it is not clear whether actual calculations of per pupil expenditure within the public school system were formally made or whether in some cases, an arbitrary reimbursement amount has been stipulated.

There has been some doubt about the accuracy of these estimates, and also some research estimating per pupil expenditures in the different states of India (Dongre et al, 2014; Pritchett and Aiyar, 2014) for the year 2011-12. However, in UP the regularisation of 176,000 para

educational trips; inviting experts speakers, an internal inspection and quality-assurance mechanism; regular in-service teacher training, etc.

teachers announced in 2014 (and which was progressively implemented in the years 2014-15 and 2015-16) added significantly to its elementary education budget, and thus revised estimates of per pupil expenditures are needed, rather than simply extrapolating the 2011-12 figures to 2015-16, using the inflation rate i.e. the Consumer Prices Index.

This short note seeks to estimate the per pupil expenditure in government elementary schools in Uttar Pradesh, using the government's own expenditure and enrolment data.

Table 1 presents a calculation of the per pupil expenditure in the government elementary school system, using education expenditure data from the UP education budget for 2015-16, and using official data on government elementary school student numbers from the District Information System on Education (DISE) for Uttar Pradesh.

Table 1
Calculation of per pupil expenditure in UP government elementary schools

Year	Revenue expenditure on govt. primary and upper primary schools	Revenue expenditure on govt. upper primary classes in secondary schools	Revenue expenditure on pensions of govt. elementary teachers*	Total Revenue expenditure govt. elementary education	Number of students in classes 1-8 in govt. elementary & secondary schools	Annual per pupil expenditure	Monthly Per pupil expenditure
	(‘crore)	(‘crore)	(‘crore)	(‘crore)		(Rupees)	(Rupees)
	(A)	(B)	(C)	(D = A+B+C)	(E)	(F = D/E)	(G = F/12)
2013-14	18622	597	3382	22601	17712153	12760	1063
2014-15	24272	514	4020	28806	16844258	17101	1425
2015-16	31758	604	4500	36862	16018889	23012	1918

Source: For columns (A), (B) and (C), the source is the Uttar Pradesh Budget 2015-16, which gives actual expenditure for 2013-14, revised expenditure for 2014-15 and estimated expenditure for 2015-16. For student numbers in government elementary schools, the source is the UP government's District Information System on Education (DISE) data from www.dise.in. A detailed description of the Sources with the relevant page numbers etc. and some explanatory notes about the data in the table are given in Annex 1.

Note: The estimated annual per pupil expenditure in the second last column (Rs 12760) for 2013-14 is fairly consistent with the PPE for UP in Pritchett and Aiyar (2014). They report the PPE in UP in 2011-12 to be Rs 10,997 which, when inflated by an assumed 10% inflation rate each year to 2013-14 comes to Rs 13306, which is only 4% higher than our estimates. In 2014-15 UP government's elementary education budget rose significantly due to the regularisation of 176,000 para teachers.

The Table 1 is self-explanatory. The methodology for the calculation of the government elementary schools' Per Pupil Expenditure (PPE) is to divide 'Total Revenue expenditure on government elementary education' in column D by the 'Number of Students in class 1-8 in

government elementary & secondary schools’ in column E. Further to get monthly PPE in the last column, we divide the annual PPE by 12.

Table 1 shows that PPE in government elementary schools is Rs 1918 per month, which is 4.3 times the reimbursement amount fixed (Rs 450 pm per child) by the Government of Uttar Pradesh in clause 2(b) of its Government Order (GO) dated 20th June 2013. In other words, the UP government’s reimbursement is less than a quarter of the per pupil expenditure on government elementary schools. Thus, while the RTE Act requires state governments to pay a reimbursement to private schools equal to the Per-Pupil-Expenditure in its own (government school) system, the UP state government is proposing to pay less than one-quarter of its own schools’ PPE to private schools for educating these poor children.

We have made calculations only for government *elementary* schools, i.e., taken into account government expenditure pertaining to the education of children and teachers in classes 1 to 8 in government run schools – whether they are ‘primary-only’ schools, or ‘primary with upper primary’ schools, or ‘upper primary with secondary + higher secondary’ schools.

Since most government secondary schools have upper primary sections, it is difficult to divide up the government’s secondary education expenditure into the part pertaining to junior grades (classes 6 – 8) and the part relating to the secondary grades (classes 9 – 12). However, it is possible to get a fairly acceptable estimate of the upper primary PPE in government schools in the manner set out in Appendix 1.

Its worth bearing in mind that although the UP budget shows/includes the state government’s expenditure on Sarva Shiksha Abhiyan items on UP’s government schools, it does not show the central government’s expenditure on such items. Since the central government also spends funds on SSA items for UP children in public schools which are not added here, our estimates of per pupil expenditure are under-estimates.

Adjustments

The source of data for the student enrolment figures (column E) in Table 1 above was the District Information System on Education (DISE) data. DISE data is collected via a Data Capture Format sent to schools and thus, it is school-returns data. Some questions have been raised – from time to time – about the veracity and trustworthiness of enrolment data from DISE. In September 2015, the DISE enrolment data for the Lucknow district were reviewed by the District Magistrate who ordered for a survey to be carried out by the district Basic Education Officer (Basic Shiksha Adhikari). The survey showed that 18% of students in Lucknow were “absent for long period” and the District Magistrate ordered the cancellation

of the admission of many of the elementary school children whose names were in the enrolment registers (Times of India, 2015a). This is fairly consistent with the findings of the SchoolTELLS survey of 80 rural primary schools in 5 districts of Uttar Pradesh² where each school was visited 4 times in the year 2007-08, and it was found that *15% of students in the enrolment registers were never present in the school in any of the four survey visits*, i.e. 15% of the total primary school enrolment was fake. And this is disregarding the absenteeism among children who are not fake enrolments³. A joint survey by the Comptroller and Auditor General (CAG) and the Mid Day Meal Authority (MDMA) reported in (Times of India, 2015b) showed that there is widespread over-reporting of enrolments in the enrolment registers of public schools in Uttar Pradesh, with “over 10% students mentioned in class register being absent all through the year in nearly every government school”.

It has been widely suggested that there are economic incentives for government schools to over-report enrolments since grains for mid-day meals, cloth for school uniforms, scholarship money for SC/ST students, and the number of teachers appointed, all these increase with the reported number of enrolled children in a school, and there are no penalties for over-reporting enrolments.

In Table 2, we adjust downward the DISE government school enrolment figure by 18% in each year, and thus present a revised calculation of per pupil expenditure. The adjustment results in the PPE estimate for 2015-16 rising to Rs 2340 per month per child.

Table 2
Revised calculation of per pupil expenditure in UP government elementary schools,
after correcting enrolment numbers

Year	Revenue expenditure on govt. primary and upper primary schools	Revenue expenditure on govt. upper primary classes in secondary schools	Revenue expenditure on pensions of govt. elementary teachers*	Total Revenue expenditure govt. elementary education	Revised Number of students in classes 1-8 in govt. elementary & secondary schools	Annual per pupil expenditure	Monthly Per pupil expenditure
	(‘crore)	(‘crore)	(‘crore)	(‘crore)	(Number)	(Rupees)	(Rupees)
	(A)	(B)	(C)	(D = A+B+C)	(E)	(F = D/E)	(G = F/12)
2013-14	18622	597	3382	22601	14523965	15561	1297
2014-15	24272	514	4020	28806	13812292	20,855	1738
2015-16	31758	604	4500	36862	13135489	28063	2340

² Rural parts of districts Agra, Shrawasti, Mahoba, Bijnor and Lucknow.

³ Surveys by the Ministry of Human Resource Development (MHRD) and the Annual Status of Education Report (ASER) suggest that just over half the children who enrol have a tenuous connection with the school in UP. The ASER survey for 2015 shows student attendance rates in UP government schools as 55.1% in primary and 54.7% in upper-primary schools. Thus, when UP elementary schools show a pupil teacher ratio of 33 according to their enrolment data, this amounts to about 17 pupils per teacher actually present in school any day.

Source: Same as in Table 1 but the DISE enrolment has been reduced by 18%, to adjust for the over-reported fake enrolments.

Discussion

Our estimation shows that the per pupil expenditure in the government elementary schools in Uttar Pradesh is Rs 1918 per month per child if we ignore the over-reporting of enrolment in government schools, but it is Rs 2340 per month per child, if DISE student enrolment figures are revised to adjust for the reported fake enrolments, where the extent of adjustment (18%) is provided by the government's own estimation of over-reporting in government school enrolments. And the figure of Rs 2340 per month is an under-estimate of the true per pupil expenditure in the govt. school system since it does not include the Central government's share of Sarva Shiksha Abhiyan funds spent on public schools in Uttar Pradesh. Our estimate of the per pupil expenditure in government elementary schools is consistent with that in Pritchett and Aiyar (2014) for Uttar Pradesh, as shown in the note below Table 1.

In fixing the reimbursement amount for private schools for RTE admissions, most states have not publicly presented their calculations of the per pupil expenditure in their government school system, nor explained transparently the basis for determining their fixed reimbursement amount.

This needs to change, and the reimbursement amount needs to be fixed at the accurately estimated and annually updated actual government per pupil expenditure. This is important for three reasons. Firstly, in order for state governments to be compliant with the legal requirement in clause 12(2) of the RTE Act. Secondly, large financial losses due to low government reimbursement may force private schools to reduce the quality of their provisioning, which would be worrying in the context of the grave concerns about the already low quality of schooling in the country. Thirdly, some private schools may be tempted to discriminate against the RTE-admitted children if they attract an unfair and illegally-low reimbursement amount, which would be contrary to the inclusive intention of the RTE Act.

Apart from the amount of reimbursement, there is also the question of the timing of the reimbursement. In UP's reimbursement scheme, there is provision for payment of the first tranche of reimbursement amount after 15th October of the year of admission of the students, implying a 6.5 month wait for reimbursement at the earliest, whereas salary and other costs have to be incurred by private schools from day one of the admission. Moreover, in many states where RTE admissions began several years ago, reimbursement delays of 2-3 years have been experienced by many private schools, and there is no provision for compensation or for penalty payment at market interest rate for such inordinate delays.

These issues are important. In order to ensure that disadvantaged children are as equally welcomed, cherished and nurtured as the fee-paying children within the private schools, it is important that private schools do not perceive them as a financial burden because they

experience that they are reimbursed only a fraction of the amount that the law mandates for their reimbursement, and that too with long delays.

Annex 1

Sources and Explanations Related to Table 1

Sources of data in Table 1

- For ‘Revenue Expenditure on elementary education’ data (Table 1, column A), the source is Page 1, Anudaan Sankhya 71 of the Uttar Pradesh Budget 2015-16 (Khand 5, Bhaag 8).
- For Revenue Expenditure on upper primary classes in secondary schools (Table 1, column B), the source is page 19, Anudaan Sankhya 72 of the UP Budget 2015-16 (Khand 5, Bhaag 8). The way of getting to the number shown in Table 1’s Column B is shown in Annex 2.
- For ‘Expenditure on Pensions of elementary teachers’ data (Table 1, column C), the source is Page 87, Anudaan Sankhya 62, of the UP Budget 2015-16 (Khand 5 Bhaag 8); the item is titled “Basic shiksha parishad ke seva-nivritt karmikon / seva-nivritt shikshakon ki pension evam seva-nivritti suvidhayen”. However, it is not clear whether this includes the pensions of upper primary section teachers who teach in government *secondary* schools. If it excludes them, then our estimated PPE will be an under-estimate.
- For ‘Number of students in government elementary schools’ data (Table 1, column E) for the year 2013-14, the source is the government’s own data published in the District Information System of Education (DISE)’s State Report Card for UP for the year 2013-14, downloaded from www.dise.in. The DISE state report cards are not yet published for the years 2014-15 or 2015-16. To get the enrolment numbers for those two years, we have taken the Uttar Pradesh DISE State Report Cards for the three years 2011-12, 2012-13 and 2013-14, and calculated the percentage decline in total government elementary school enrolment in UP from 2011-12 to 2012-13 (4.9%) and from 2012-13 to 2013-14 (again 4.9%), and taken the simple average of these annual percentage reductions, which is also 4.9% per year. We have then extrapolated the total UP ‘government elementary school enrolment of 2013-14’ from published DISE data for 2013-14 (= 1,7712153) by applying this rate of decline in government enrolment based on 3 years’ historical data (namely 4.9%), to get the UP government elementary school enrolment of 2014-15 and of 2015-16.

Explanations related to data in Table 1

The increase in UP's recurrent elementary education budget (in column A) from 2013-14 to 2014-15 is a very large 30.3% and, the further increase from 2014-15 to 2015-16 is yet again a large 30.8%. The major reason for this (apart from generous increase in DA of 15% per annum, plus increase in basic pay of 3% per annum), appears to be that the UP government announced in February 2014 – just before the Code of Conduct for national elections of April 2014 came into effect – that it will regularise the services of 176,000 para teachers. They were getting a salary of Rs 3,500 per month, but as regular teachers they got from July 2014 a salary of approximately Rs 29,000 pm and from July 2015, a salary of Rs 31,405 pm, and some were regularised in 2014-15 and some in 2015-16. This added just under 6000 crore per annum (176,000 para teachers times Rs 28,000 salary hike per month per teacher) to the elementary education recurrent budget.

There are other ways of reaching the per pupil expenditure figures seen in Table 1. In July 2015, average (rather than 'starting') teacher salary in UP government primary schools is approximately Rs 43,600 per month. We know this because Table 6.3 in Vimala Ramachandran (2015) cites data provided by the UP SCERT showing that in 2014, at 15 years' work-experience, primary level teacher salary was Rs 39683 pm and the upper primary level teacher salary (which is the same as secondary teachers' salary) it was Rs 47,716 pm. The 2015 salary rate is likely to be 10% higher. Taking only the average teacher salary for primary teachers only i.e. Rs 39683, (and disregarding the upper primary teachers' salary), we increase it by 10% to get approximately Rs 43600 pm primary teachers' average salary in 2015. We then divide Rs 43,600 by 33 (the pupil teacher ratio in government elementary schools, as per the UP DISE data), which gives the teacher salary cost of the government schools as Rs 1321 per child per month. Rs 1321 per child per month is only the *teacher salary* expenditure per child.

In theory, since clause 9 of the GO of 8th May stipulates salary expenditure to be 80% of total fee revenue (and thus 80% of total costs in all schools, since by law all schools are non-profit entities), so total (100%) per-child expenditure will be Rupees 1651 per child per month.

But, one would need to add to that *costs of administration and management of schools* by the Basic Shiksha Adhikari (BSA), District Inspector of Schools (DIOS), including the cost of office buildings, equipment, and their maintenance, the cost of their vehicles, their maintenance and their fuel⁴. Adding these to the Rs 1651, as well as the costs of government providing free mid-day meals every day, free uniform, free textbooks, and the mandated scholarship amount to SC/ST children, as well as adding the cost of pension, PF and gratuity to retiring teachers staff, *the per pupil expenditure by government on its own schools is likely to be the same as Rs 1918 per month per child as that calculated in Table 1* through a different method. In other words, the two methods appear to triangulate.

⁴ This is to parallel private schools' costs of administration and management, staff training, data maintenance for compliance with the requirements of various government departments (Registrar of Societies, Income Tax and TDS, the PF and ESI Organisations, the DIOS, BSA, Nagar Nigam, Regional Transport Office, etc.), and costs incurred on facilities such as offices, vehicles, computers and their maintenance.

Annex 2
Calculating the government's expenditure on junior section classes 6-8
within government secondary schools

The first column of the Annex Table below (column (a)) shows the total revenue expenditure on secondary education – in both government and aided schools taken together. We first isolate the expenditure only on students of classes 6 - 8 who are studying within secondary schools, by making the simplifying assumption that all 'secondary' schools go upto class 12, i.e. are higher secondary schools. Thus, classes 6 – 8 are 3 grades out of 7 grades in the school. Thus, expenditure on classes 6-8 in secondary schools can be assumed to be three-sevenths ($3/7^{\text{th}}$) of the total secondary education expenditure, and this is shown in column (b) of the Annex Table below. Lastly, we need to isolate the students studying in grades 6-8 *only in* government schools and not in aided schools. The last two lines at the bottom of Page 18, Anudaan Sankhya 72 of the UP Budget 2015-16 (Khand 5, Bhaag 8) shows the plan and non-plan expenditure on government secondary schools ('Rajkiya madhyamik vidyalayas') and on aid to non-government secondary schools ('ghair sarkaari madhyamik vidyalayon ko sahayata'). This shows that salary expenditure on government secondary schools is Rs 1,20,53,640,000 (1205 crore) and on aided schools is 5,65,65,433,000 (5657 crore), and this implies that the government's salary expenditure on government secondary schools is about 17.55% of the government's total salary expenditure on government and aided secondary schools. Thus, we have multiplied the 'revenue expenditure on classes 6 – 8 in secondary schools' in column (b) below by 0.1755 and the resulting figure (in column (c)) is the government of UP's recurring expenditure on students studying in classes 6-8 within *government* secondary schools.

Annex Table
Government expenditure on secondary schools

Year	Revenue expenditure on secondary education (all classes 6 – 12) (in Govt. & Aided schools) ('crore)	Revenue expenditure on secondary education (only in classes 6 – 8) (in Govt. & Aided schools) ('crore)	Revenue expenditure on junior classes 6 – 8 in secondary schools but in ONLY Govt schools ('crore)
	(a)	(b) = a x 3/7	(c = B x 0.1755)
2013-14	7943	3404	597
2014-15	6829	2927	514
2015-16	8029	3441	604

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