

# Money Matters: PAISA and the ASER survey

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In 2009, the ASER survey introduced a series of questions to track the flow of money in schools. The questions were referred to as “PAISA” (in March every year the PAISA survey was released as a national report in partnership with Accountability Initiative) and aimed at understanding the processes through which financial resources reached schools. This year, we’ve taken a break from doing the national PAISA survey in ASER, partly to spend time studying resource flows in greater depth (Accountability Initiative is currently working on a series of in-depth district level expenditure tracking PAISA surveys which will be released in March 2014) and partly to reflect on what four years of doing PAISA taught us about the governance of elementary education in India.

First, why PAISA? We began PAISA at a time when India’s financial allocations toward elementary education had increased significantly. Between 2007-08 and 2012-13, India’s elementary education budget had more than doubled from Rs. 68,503 crore to Rs. 147,059 crore. According to our calculations (reported in the 2013 PAISA National report) the average per student allocation was as much as Rs. 11,509 in 2011-12. Yet, as financial allocations were increasing, ASER reports regularly highlighted the fact that learning outcomes were stagnant and more recently worsening. While money allocated and spent is not necessarily the route to achieving outcomes, this widening gap between financial allocations and outcomes does raise some important governance questions – Are we allocating the right resources to the right activities? Who makes plans? Who takes expenditure decisions on the ground? How do funds flow? Does money reach where it is supposed to? We believed that understanding the pathways through which outlays translate into action on the ground and unpacking the process of decision-making would offer some insights into this puzzle of increased outlays and stagnant (or rather worsening) outcomes. In its essence then, PAISA is an exercise that tries to connect the micro (implementation process) with the macro (national level resource allocation decisions).

A second (and arguably more important) rationale for PAISA is a belief that greater citizen engagement with government resources is critical to ensuring accountability for outcomes. The Right to Education mandates the creation of school management committees (SMC) tasked with planning and monitoring school level resources. However, little effort has been made to empower SMCs to make these plans. For the most part SMC members and the community at large has little knowledge of money flows and resources available in the schools – this is information that technocrats prefer to keep close to their hearts. Through PAISA, we hoped to bring this information directly to citizens. During the ASER survey all volunteers were given a poster to paste on school walls that provided basic information on the grants that schools ought to receive. In the long term we hope that PAISA data on money flows would actually be shared and used by SMC members to plan and make the school accountable.

So what have we learnt from four years of PAISA?

1. *Planning, budgeting and decision making are de-linked from outcomes:* First and foremost, our analysis of budgetary allocations and expenditure suggests that there is no correlation between overall expenditure and learning outcomes. PAISA 2013 mapped per-student elementary education allocations with ASER outcome numbers to find absolutely no link between budgetary allocations and learning levels. In the report, my colleagues Ambrish Dongre and Vibhu Tewary present results of a detailed analysis where they find that an increase of Rs. 1,000 in per-student allocations increased the proportion of students in Std. 3-5 who can read a Std. 1 textbook by a mere 0.2%! So clearly, we are not allocating the right resources to the right activities.

2. *Top-down resource control:* Our second most important finding is that the entire elementary education planning and budgeting system is extremely centralized. Our first step in the PAISA process was to unpack the Sarva Shiksha Abhiyan budgetary envelope to identify what monies in fact reached the school and what aspects of these funds the school had control over. Our findings varied little across years and so to make my point, I’ll share the 2012-13 numbers. In 2012-13, 43% of the SSA budget was allocated to teachers and 35% was allocated to school level infrastructure. Programs aimed at providing direct entitlements to children (mandated under the RTE) accounted for 12% percent of the budget. And quality specific programs like the Learning Enhancement Program and the Innovations programs received a meager 2%!

All critical teacher-related decision-making, hiring and salary payment for example, lie with the state administration. Funds for infrastructure development are often channeled to schools; however, key decisions related to implementation - sanctions and procurement are taken by the district administration. While the

district takes implementation decisions, priorities on the nature of infrastructure to be created are set by the State government, often in response to pressures placed on it by the Government of India (GOI). For instance, in 2011, the Supreme Court of India issued an order requiring that all schools meet the RTE norms for girls' toilets by the end of the year. This resulted in a rush of activity in many states to initiate toilet construction. Orders were issued to districts, which in turn directed schools to start construction.

These top-down decisions result in serious distortions during implementation. In 2013, PAISA researchers undertook a workflow analysis to try and understand the consequences of top down decision-making in infrastructure. The following anecdote best illustrates our findings. In a school in Nalanda, Bihar, the Headmaster had received a grant for building a boundary wall in 2012. When asked "When did you make the request for the wall?" here's what he told our researchers: he never did! The wall was sanctioned at the state level based on DISE data, and finalized at the district level. When asked if he was satisfied with the way the civil works process was conducted, he shrugged his shoulders and said, "The wall is built, this is good. But the main problem here is the lack of clean water as the children get sick. We don't know who to talk to about this. And honestly, the DISE form doesn't ask us for this information".

Interwoven in this top-down system is an intent to involve schools and parents in decision-making through school management committees. However, in practice, schools and therefore school committees and parents have control over very small amounts of money - in 2012-13, this accounted for a mere 2% of the total SSA budget. These monies arrive in schools as school specific grants (which the PAISA survey in ASER tracks) that are tied to specific expenditure items – so if a school wants to spend its school development grant on buying reading material, well the rules won't allow it.

In essence, then, PAISA has taught us that the top-down decision making governance system in education has resulted in a mismatch between school level needs (even of the most basic things like inputs) and actual expenditure.

*3. Process related bottlenecks in fund flows:* Finally, one of the most important findings of the PAISA surveys is that the expenditure management system is riddled with process-related bottlenecks. In all the years that we have tracked money, no state in the PAISA national survey was able to ensure that schools receive their grants at the start of the school year. We found year after year that on average, just about half of India's schools had received this money by November, which is half way through the school year. This had a knock on effect on school level expenditures as headmasters rushed to spend money, resulting in a disconnect between school needs and actual spending. Moreover, this creates serious disincentives for community participation. After all, why plan if there is no money to spend! Our detailed district studies suggest that these delays in getting money to schools are a result of process inefficiencies that run through the entire expenditure chain from the Government of India to district governments. Solving this problem will require a massive overhaul of the governments' expenditure management systems.

So in sum, the broad conclusion to draw from PAISA is that in the current system, GOI, State and the District are the key actors in determining plans, budgets and implementation procedures. Thus it is these levels of government and not the school or parents that determine outputs and outcomes. This raises important challenges for our elementary education establishment as it begins to take baby steps toward building an outcomes focus. As ASER and Pratham have repeatedly highlighted, an outcomes based system requires autonomy and innovation at the school level. School level actors need to have the flexibility and incentive to identify school-specific learning needs and innovate with different pedagogical practices to meet these needs. But can this be achieved through such a centralized, top-down governance system? Through its work, PAISA hopes to repeatedly ask this question in order to push public debate on how to build state capacity and administrative capability to build an education system focused on learning outcomes.