

## Senate Committee: Education and Employment

### QUESTION ON NOTICE Additional Estimates 2016 - 2017

#### Outcome: Schools and Youth

#### Department of Education and Training Question No. SQ17-000539

Senator Paterson, James provided in writing.

#### *Funding arrangements*

In what ways do current school funding arrangements deviate from the 2011 Review of School Funding recommendations?

Do any of these current funding arrangements undermine needs-based funding and equitable funding arrangements?

#### Answer

Current school funding arrangements were informed by the recommendations of the Review of Funding for Schooling. Key recommendations and a summary of current arrangements are outlined below.

Recommendation	Current arrangements
<p><b><i>Recommendation 1</i></b></p> <p>The Australian Government and the states and territories, in consultation with the non-government sector, should develop and implement a schooling resource standard as the basis for general recurrent funding of government and non-government schools. The schooling resource standard should:</p> <ul style="list-style-type: none"><li>• reflect the agreed outcomes and goals of schooling and enable them to be achieved and improved over time</li><li>• be transparent, defensible and equitable and be capable of application across all sectors and systems</li><li>• include amounts per primary and secondary student, with adjustments for students and schools facing certain additional costs</li><li>• complement and help drive broader schooling reform to improve Australia's overall performance and reduce inequity of outcomes.</li></ul>	<p>The <i>Australian Education Act 2013</i> sets out complex formulae to work out the share of financial assistance that schools attract from the Commonwealth.</p> <p>The formulae make reference to an amount per student, the Schooling Resource Standard (SRS), comprising a base amount and loadings, as well as complex transition arrangements.</p> <p>The complex formulae and transition arrangements contained within the Act have resulted in funding arrangements that are not equitable, transparent or easily understood.</p>

<b>Recommendation</b>	<b>Current arrangements</b>
<p><b>Recommendation 12</b></p> <p>The schooling resource standard should be used by the Australian Government as the basis for determining its total recurrent funding for government and non-government systems and schools and for the allocation of that funding across systems and schools. It should also be adopted by the states and territories to guide their total recurrent funding for government and non-government schools and the allocation of that funding to individual non-government systems and schools.</p>	<p>The <i>Australian Education Act 2013</i> establishes the basis for calculating the Commonwealth's share of general recurrent funding to government and non-government schools.</p> <p>The complex transition arrangements have resulted in funding arrangements that are not equitable, transparent or easily understood.</p> <p>States and territories that signed the National Education Reform Agreement (NERA) and non-government systems are required to distribute funding on the basis of need. However, no state or territory has adopted the SRS to guide its funding distribution for all schools.</p>
<p><b>Recommendation 13</b></p> <p>The Australian Government should work with the states and territories and the non-government sector to further refine the indicative schooling resource standard amounts for primary and secondary students. This should occur by mid-2012 to facilitate negotiations over the implementation of the new funding arrangements for schools. This work should commence immediately with the National Schools Resourcing Body to take responsibility for progressing it as soon as it is established.</p>	<p>SRS amounts were developed for primary and secondary students and are included in the <i>Australian Education Act 2013</i>.</p> <p>A National Schools Resourcing Body was not established. The Government retains full responsibility for Commonwealth funding decisions and states and territories retain responsibility for their own funding.</p>
<p><b>Recommendation 15</b></p> <p>Schooling resource standard per student amounts applying in 2014 should thereafter be indexed annually based on actual changes in the costs of schooling incurred by reference schools. Both the per student amounts and the loadings should be reviewed by the National Schools Resourcing Body before the commencement of each funding quadrennium. Indexation and review should occur within an institutional framework that ensures that the process is independent, transparent and rigorous.</p>	<p>The <i>Australian Education Act 2013</i> sets out fixed indexation rates of SRS funding amounts and indexation of funding attracted by schools. These rates are not based on actual changes in the costs of schooling.</p> <p>A National Schools Resourcing Body was not established.</p>

Recommendation	Current arrangements
<p><b>Recommendation 19</b></p> <p>To meet the Australian Government’s announcement that no school will lose a dollar per student as a result of this review, a minimum public contribution towards the cost of schooling should apply to non-government schools at a level between 20 to 25 percent of the resource standard per student amounts without loadings.</p>	<p>The <i>Australian Education Act 2013</i> establishes the basis for calculating the Commonwealth’s share of general recurrent funding to non-government schools.</p> <p>The minimum public contribution towards the cost of schooling applied to non-government schools is 20 percent.</p>
<p><b>Recommendation 21</b></p> <p>For the purposes of allocating public funding for non-government schools, the minimum private contribution should be anticipated for schools with SES scores in the lowest quarter of scores. The minimum public contribution should apply to schools with SES scores above around 130. The precise school SES scores and the shape of the anticipated private contribution between these two points should be set in a way that balances:</p> <ul style="list-style-type: none"> <li>• minimising the extent and incidence of any differences between the schooling resource standard required by each non-government school and system and the resources currently available to it from all sources</li> <li>• preserving reasonable incentives for an adequate private contribution towards the schooling resource standard across non-government schools with various capacities to contribute.</li> </ul>	<p>The <i>Australian Education Act 2013</i> sets out the formulae to adjust Commonwealth funding based on capacity to contribute percentage that applies at variable rate according to the socioeconomic status (SES) score of the school.</p> <p>The minimum public contribution towards the cost of schooling applied to non-government schools is 20 per cent for schools with SES scores of 125 and above.</p>
<p><b>Recommendation 22</b></p> <p>The Australian Government and the states and territories, in consultation with the non-government sector, should negotiate more balanced funding roles as part of the transition to a new funding model for all schools, with the Australian Government assuming a greater role in the funding of government schools and the states in relation to non-government schools. This should occur within a governance framework that gives certainty and stability around expected future funding levels for schools from all government sources and operational independence for non-government schools.</p>	<p>The NERA is not being implemented nationally. Therefore there is no national governance framework to support a transition to a national total public funding model.</p> <p>The Government retains full responsibility for Commonwealth funding decisions, and states and territories retain responsibility for their own funding.</p>

Recommendation	Current arrangements
<p><b>Recommendation 27</b></p> <p>The National Schools Resourcing Body should work with the Australian Government and state and territory governments in consultation with the non-government sector to develop an initial range for a student with disability entitlement.</p>	<p>The National Schools Resourcing Body was not established.</p> <p>The <i>Australian Education Act 2013</i> establishes the basis for calculating a students with disability loading.</p>
<p><b>Recommendation 28</b></p> <p>The National Schools Resourcing Body should undertake work to determine the resourcing needs of government and non-government special schools catering for students with disability.</p>	<p>The National Schools Resourcing Body was not established.</p> <p>The <i>Australian Education Act 2013</i> establishes the basis for calculating a students with disability loading.</p>
<p><b>Recommendations 29</b></p> <p>Funding for capital purposes should be available to both government and non-government systems and schools outside of the framework of a recurrent schooling resource standard.</p> <p><b>Recommendations 29, 30, 31, 32, 33, 34</b></p> <p>Relate to funding for capital projects in schools.</p>	<p>The Government provides capital grant funding to non-government schools under the <i>Australian Education Act 2013</i>. The Capital Grants Program provides funding for non-government school communities to assist primary and secondary schools to improve capital infrastructure where they otherwise may not have access to sufficient capital resources.</p> <p>From 2009 separate Commonwealth recurrent and capital funding allocations were combined into a single funding allocation under the National Education Agreement and paid to states and territories. State and territory governments had discretion to use this funding for both recurrent and capital purposes. This discretion has continued under the <i>Australian Education Act 2013</i>.</p>
<p><b>Recommendation 41</b></p> <p>The Australian Government should create a fund to provide national leadership in philanthropy in schooling, and to support schools in need of assistance to develop philanthropic partnerships.</p>	<p>Philanthropic partnerships are considered on a case-by-case basis.</p>

The *Australian Education Act 2013* establishes the Commonwealth share of financial assistance that schools attract. The Act makes reference to an amount per student of a SRS comprising a base amount and loadings, as well as transition arrangements.

Under the Act, schools' transition to the SRS and funding entitlements are heavily influenced by historic funding levels. This results in similar schools with comparable levels of need attracting very different levels of Commonwealth funding, with some schools not transitioning to their SRS entitlement for 150 years.