



Australian Government Funding for Quadrennium 2005 – 2008 Report

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The funding arrangements for schools in the quadrennium 2005 to 2008 were announced by Brendan Nelson on 11 March 2004.

Funding over the quadrennium is set to be \$31.3 billion, an increase of \$8 billion over the last. In reality, other than normal indexation, there is only a \$400 m increase nearly all of which is to the private sector.

Summary of Expenditure

	Total	“Increase”¹	Real Increase²
Overall	\$31.3	\$8 bn	
Public (Total)	\$9.8 bn	\$1.9 bn	
Private (Total)	\$21.5 bn	\$6.1 bn	
Recurrent	\$27.4 bn	\$2.4 bn	
Public	\$7.2 bn		
Catholics	\$12.6 bn		\$362 m
Independent	\$7.6 bn		
Capital grants	\$1.5 bn	\$182 m	\$17 m ³
Targeted Programmes			
LNSLN⁴	\$2 bn	\$393 m	\$21m ⁵
(Public)	(\$1.3 bn)		(\$4 m public, \$12 m Catholic,
(Private)	(\$700 m)		and \$5 m independent)
			\$4.5 m to non-government centres
CAP	\$113 m	\$21 m	
ESL – New Arrivals	\$231 m ⁶	\$56 m	
Languages	\$110 m	\$21 m	

Notes:

1. Includes indexation
2. New money
3. For Remote and Isolated private schools in NT
4. Literacy, Numeracy and Special Learning Needs Programme replaces Strategic Assistance for Improving Student Outcomes (SAISO)
5. For SWDs School Grants element
6. Seems to include some increase in the number of students

Public Schools

Funding to public schools will be increased by indexation only, apart from a small share of the Schools Grants element of the LNSLN. They receive 31% of the total package, private schools receive 69%. (68.7% to one decimal place, compared to 67.2% in 2006-07 Forward Budget Estimates).

Catholic schools

On 1st March John Howard announced that Catholic systemic schools would be given an extra \$362 m over four years to join the SES system and that the benefits would go to needy Catholic schools.

However:

- Only about 40% of the 1610 Catholic schools, those which will be better off, will be funded at their SES rate. The other 60%, whose SES rate is above their old rate, will be “funding maintained” at the old rate.
- A number of the wealthy Catholic schools which charge fees in excess of \$10,000 will still be heavily subsidised (at 56.2% of AGSRC) by the taxpayer despite operating well above the level of resources of government schools,
- Funds will not be paid to the schools themselves but to the Catholic systems, so whether the needy schools will receive it is up to the systems, not the government

Independent Schools

As a result of the recalibration of school SES scores from the 1996 Census to the 2001 Census, 309 schools will be better off and 259 schools would have been worse off. However, the latter will have their funding guaranteed until indexation catches up.

This is a significant change from the previous arrangements under the SES which have seen the funding maintained in real terms.

At this stage the interaction between the Year 2000 funding maintained schools and the change in SES is not clear. Some of the Year 2000 Funding Maintained will continue to be funded at their Year 2000 level in real terms. Some are better off under their new SES.

No costing is given for these changes.

Four types of funding

This would appear to create four types of private school funding:

- Those paid on the basis of their SES, (about 640 Catholic and 590 independent. 1230 in total).
- Those paid on the basis of their Year 2000 funding, maintained in real terms. (226 schools)
- Schools funding guaranteed (i.e. until their SES funding entitlement catches up with their current funding). (259 schools)
- Catholic schools funding maintained at 96 SES (100 in ACT). (About 970 schools)

In total then about 1230 (less than 50%) will be paid on their SES, and 1455 will not. (These figures are approximate at this stage). Because it is the bigger schools which are more likely to be funding maintained, in student numbers it is likely to be well under fifty per cent.

General Recurrent Funding

Increases due to “indexation and policy change”, and discounted for projected enrolment changes show 28% for public, 27% for Independent and 32% for Catholic. The latter reflects the changes above. The Independent seems low given there are some real increases in this area, and one presumes the difference with public is due to rounding.

Perhaps most alarming is that independent school enrolment increases are predicted to create a 20% increase in funding. Whilst not all of this is actual numbers (it also reflects a change in socio economic composition) it reflects a larger increase than suggested elsewhere, especially given that it is an increase in enrolments, and, together with a decrease in public and an increase of 7% in Catholic (also a surprise) would reflect an increase in share in the region of 3%.

For the first time, expenditure on Independent schools alone (\$7.6 bn) exceeds that on public schools (\$7.2 bn). It also seems disproportionately high compared with Catholic schools.

Independent schools, currently with 11% of the enrolments will get 28% of the recurrent funding, Catholic schools (21% enrolments) get 46% and public schools with 68% of the enrolments get 26% (26.23%). This is a considerable further decline in share from 27.23% (recurrent funding) for this financial year.

Calculating back from the table in the release, the last quadrennium gives equivalent figures of \$5.7bn (28.5%) public, \$5.2bn (26%) Independent and \$9.1m (45.5%) Catholic. For private schools the figures for recurrent expenditure show a shift from 71.5% to 74%.

The Per Student Figures Rhetoric

As part of the rhetoric justifying the massively disproportionate funds going to the private sector, Nelson produces graphs showing both “Total Funding to Public Schools 2003/4” and “Total Public and Private Funding to Schools 2003/4”. The latter is significant as it is in response to some of the things we have been saying. There are a number of things to note on these figures.

- The 2003/4 base does not include the full increase to private schools;
- Public schools are said to receive \$1 bn (\$444 per student) in fees and donations. Even if this figure is realistic, to draw a parallel between the voluntary contributions and fund raising in public schools and the compulsory fees of private schools is inappropriate.
- The figures again compare the cash income of private schools with the accrual accounting in public schools.
- This means that things such as a user charge for premises, a notional pay roll tax figure, and it seems in some cases even such things as running the Curriculum Council in WA are included.

Despite the total inappropriateness of the figures themselves, the government graph still shows that total per student funding to private schools at \$9904 exceeds that to public schools at \$9289. (Calculated from “Total Public and Private Funding to Schools 2003/4”).

Conditions of funding

Funding to schools is to be tied to a number of matters related to public reporting of school performance, reporting to parents, a common national starting age by 2010, and creating safer schools. (See media release for details).

There is also a requirement for state or territory governments to commit to no cost shifting between them and the Australian Government. This seems to be a follow up to the old EBA, and could be a useful lever to ensure states and territories do not do things that help private school enrolments. From a media interview with Nelson, it may also mean they refrain from maligning the Australian Government about their failure to provide for public schools!

Significantly it appears that these conditions do apply to both public and private schools. Since at the moment many independent schools do not do the basic skills tests, and those that do, in some states and territories at least, do so on a voluntary basis, one can expect some squeals from the private sector.

For public schools, many of these things are on the cards or already done anyway in most states and territories, though some of the public reporting requirements will be problematic. They are included to enable Nelson to seize the moral high ground in public and make him appear as the one leading the charge for more accountability. They provide a diversion from the real issue of funding.

Survey

One of the lines in the media release refers to “seeking input from parents”. This refers to a survey available from the DEST website which is a blatant piece of push polling to get apparent parent support for the agenda laid out in Nelson’s ten point plan.

Capital and Targeted Programmes

In capital expenditure there is an increase over indexation of \$17 million, all of which is for isolated and remote private schools in the NT.

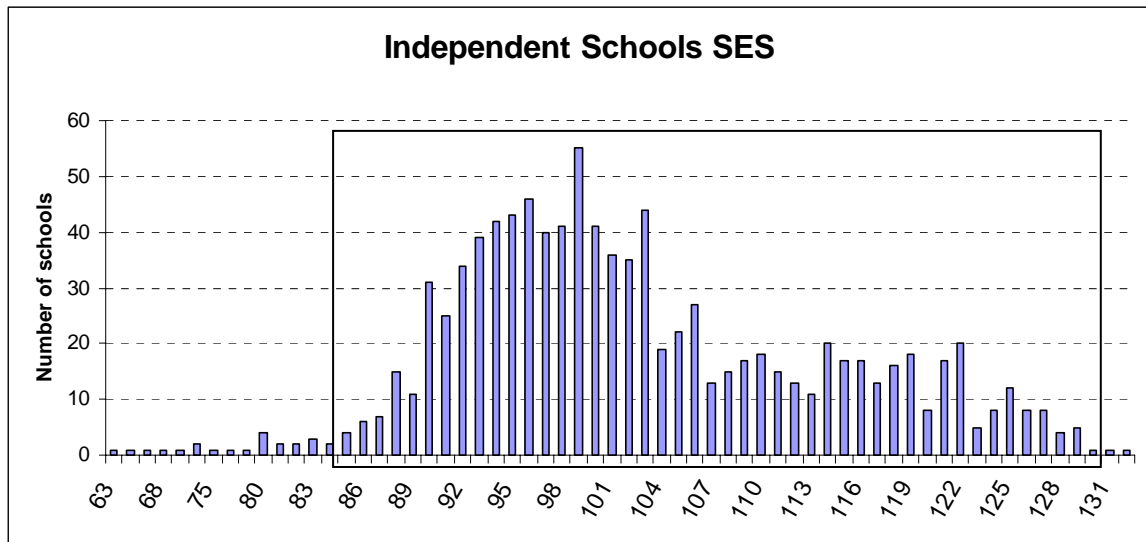
Strategic Assistance for Improving Student Outcomes (SAISO) becomes Literacy, Numeracy and Special Learning Needs. It includes an increase, mostly due to indexation, of \$393 million which includes increases of:

- \$21 m for the Country Areas Programme
- \$56 m for ESL
- \$21 m for students with a learning language other than English.
- The only real increase is \$25.6 million for students with disabilities. Of this \$21 m goes to a Schools Grants component which I think is linked to potential increased expenditure under the DDA Standards. \$12 m (57%) goes to Catholic schools, \$5 m (24%) to Independent and \$4 m (19%) to public. One presumes that this is to encourage private schools to adjust the balance in terms of 81% of students with disabilities being in public schools!

Independent Schools and SES

Schools are funded between an SES range of 85 and 130. However, they are not spread evenly over this range.

Graph 1

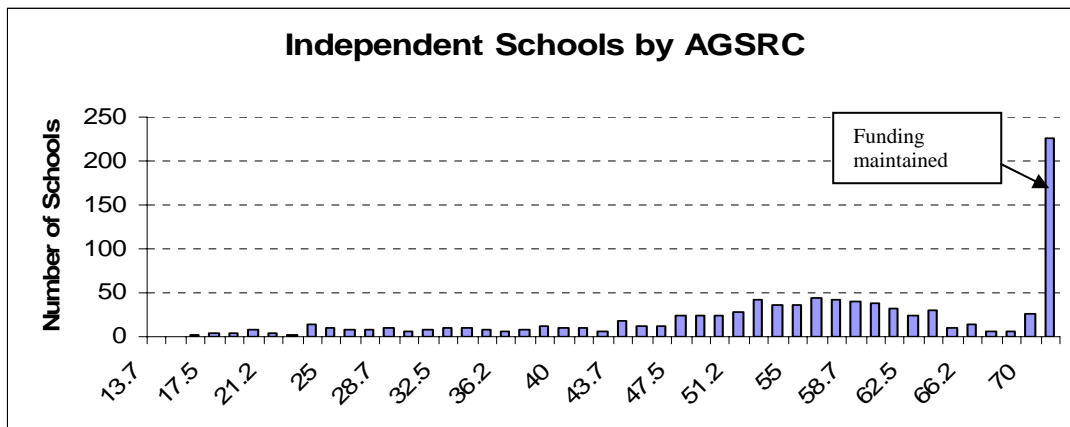


- Schools are ranged from an SES of 63 to 133, but the funding range (yellow rectangle) is biased to the higher, wealthier end.
- There are a lot more schools below the 85 cut off point than above the 130 one.
- Schools are clustered to the lower SES, higher grants area.

Schools and AGSRC

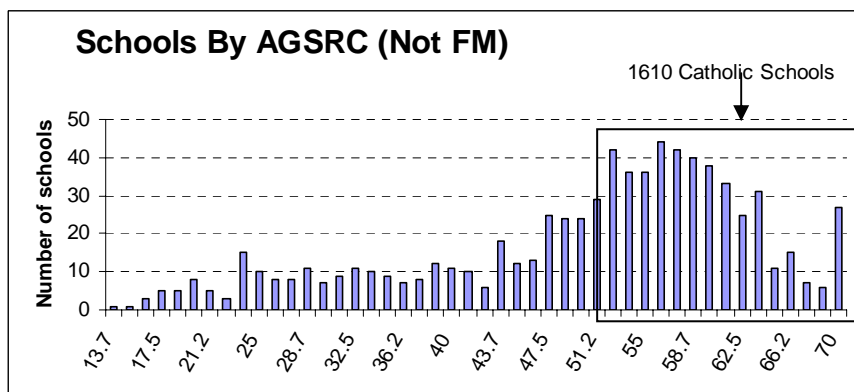
The SES translates into a per cent of AGSRC. The government claims this ranges from 13.7% to 70%. However, again schools are not spread evenly over the range.

Graph 2



- Because many schools are Funding Maintained, there are even less schools funded at the lower levels than the SES would indicate. In fact only one school in Australia is funded at the minimum.

Graph 3



- This is more obvious when considering the schools not funding maintained.
- All Catholic schools will be funded at 56.2% of AGSRC or above (except ACT where it is 51.2%). They would be placed somewhere in the blue shaded area.
- Therefore it is obvious that the vast majority of schools are funded in the range 50% to 70%