



AEU Response to the Australian Government's 'School Funding – The Facts'

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The Australian Government has recently issued a document headed ‘School Funding – the Facts’. The sections in italics below are quotations from this. The other parts are the AEU response.

Claim 1

To understand the issue of school funding it is important to consider the combined funds from both the Australian Government and the State or Territory Governments...

Overall, State schools receive considerably more public money than Catholic or Independent schools.

State government schools enrol 68% of students and receive 76% of total public funding for schools, while Catholic and Independent schools enrol 32% of students and receive 24% of total public funding.

The issue is not how much government money each sector gets, but that Australian Government funding increases inequity by giving large sums of money to private schools which already operate at two and three times the resource levels of public schools.

Approximately 37% of all money (including fees and other private income of private schools) spent on schools goes to the 31% of students in private schools. In 2003-2004 about \$11 billion will be spent on the 30% of students in private schools, whilst about \$19 billion will be spent on the 70% in public schools.

Funding to Australian Schools 2003-2004

	Public Schools	Private Schools
Commonwealth	\$2 262m (12%)	\$4 373m (40%)
State and Territory	\$16 588m (88%)	\$1 859m (17%)
Private		\$4 701m (43%)
Total	\$18 850m	\$10 933m
% of total funding	63%	37%

Source: Calculated from Budget Paper No. 1, pp6-19, 2003

Claim 2

Australian Government funding has risen by an estimated 60% since 1996. Inflation over this period was around 20%.

This claim takes the difference between two different indexation rates (inflation and the AGSRC) and claims it as an increase.

Each year Australian Government grants to schools (both public and private) are indexed to the average increase in state and territory expenditure (called the AGSRC), a provision included in legislation. Because school costs are rising more quickly than the general inflation rate, the AGSRC is a lot higher than the overall inflation rate. DEST is claiming that the difference between them is an “increase”. A more honest comparison would be with the Educational Costs Index, which measures the inflation in education.

Claim 3

The 2003 Australian Government budget delivered a 5.5% increase to state government schools. Meanwhile the average State and Territory government budget increase to their own schools was only 2.1% – below inflation rate.

Australian Government funding to public schools, unlike that to private schools, has not increased above that resulting from the AGSRC.

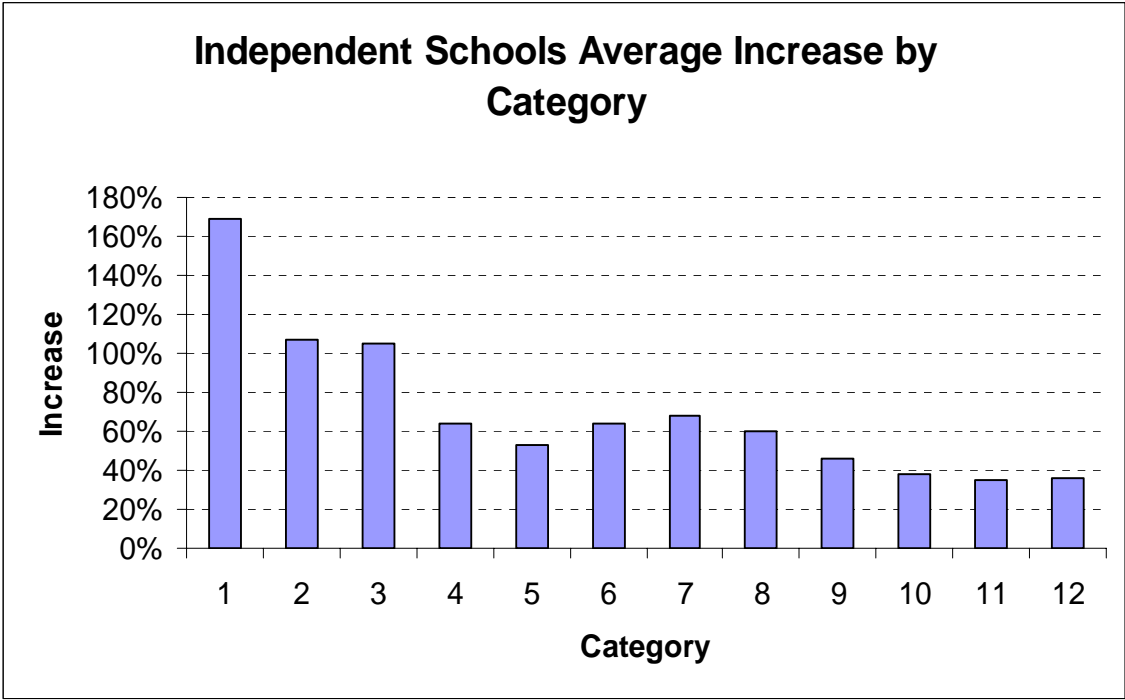
The increase in the amount the Australian Government is spending on public schools is therefore the average of the increase by the states and territories.

Claim 4

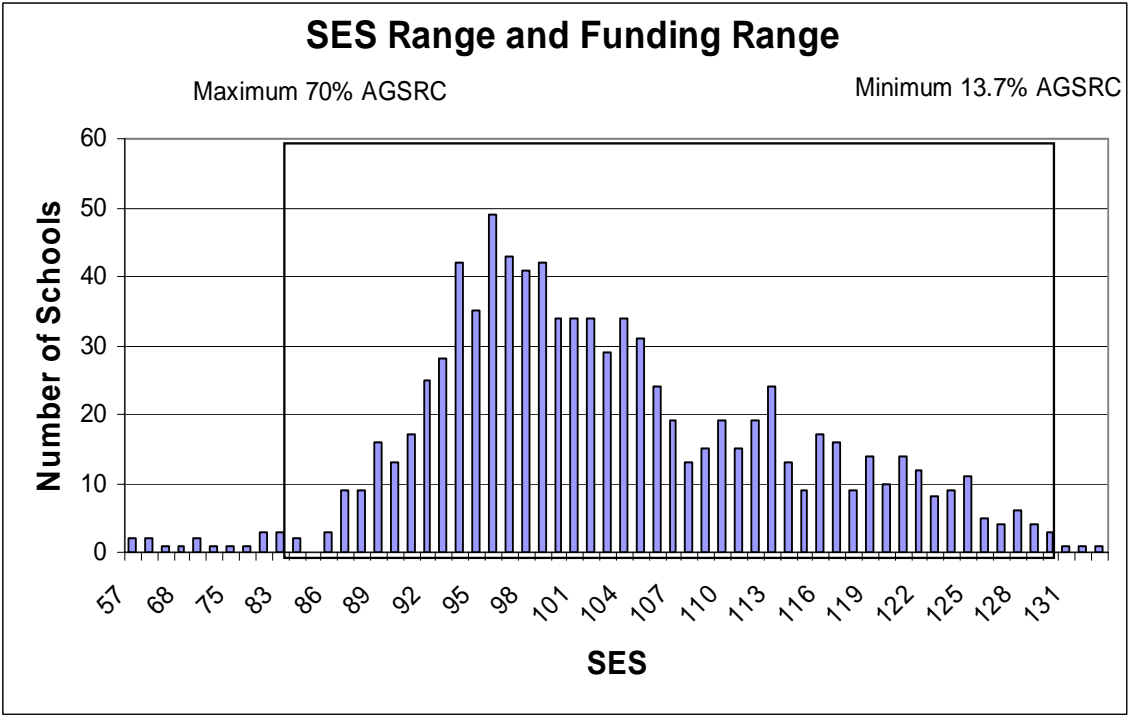
The Australian Government funds non-government schools according to a formula which measures the socio-economic status of the communities they serve. Schools which draw students from the neediest communities receive from the Australian Government 70% of the cost of educating a student in a State government school. Schools serving the wealthiest communities receive about 13.7% of that cost.

The model does not allocate funding on the basis of the needs of the school, nor does it allocate on the basis of the socio-economic level of the parents, but on the basis of their neighbourhood. Of course, those sending their children to private schools are not typical of the neighbourhood. The SES model gave the biggest increases to the wealthiest schools.

On average, former Category 1 schools, which included those schools with the most resources, the highest fees, and so on, got a 144% increase in Australian Government funding, whilst those in Category 12, the poorest, got a 30% increase (See Graph). Thus schools such as Haileybury and Geelong Grammar in Victoria have received increases of over 290% and 250% respectively, and Trinity Grammar and The Kings School in NSW have received an increase over 250% and 200% !



Although the funding range is from 13.7% to 70% of the average government school, in fact the majority of schools are funded in the upper half of that range, as shown in the graph below. Only two schools in the whole of Australia are judged to be “serving the wealthiest communities”.



The range is skewed to the wealthy schools. There are very few schools at the minimum and a lot of schools at the maximum.

The SES model does not take any account of the wealth of the school or the fees they charge. Some of the schools recognised as the wealthiest are not funded at the minimum as would be expected, but in fact are well up the funding range. Many schools which charge fees in the region of \$15 000 are not considered to be serving wealthy communities.

Claim 5

The ...funding formula ...does not take into account the size of a school's fees or a school's existing asset base because such an approach would penalise parents for spending their own money on their child's education.

What this really means is that children should get the education their parents are able and willing to afford.

How can Australia hope to create an equitable system if government money is distributed without any regard to equity, and then parents add in what they are willing or able to on top? How can a system do anything except perpetuate current advantage when it lets parents opt for an \$8 000, \$12 000, or up to \$25 000 per year education, depending on how much they are willing and able to put in? If choice of schooling means choice of how much a parent adds on to what the government already supplies in order to buy positional advantage for their child, any semblance of equity in education has disappeared.

It is significant that a condition of funding in those countries which the advocates of private schools like to use for comparison is generally that they not charge fees which allow them to operate at resource levels above equivalent public schools.

Claim 6

If all the students who currently attend Catholic and Independent schools enrolled in State government schools, then taxpayers would need to contribute an additional \$3 to \$4 billion a year.

Calculations of the alleged "savings" to governments are fundamentally flawed and greatly exaggerated.

The alleged "savings" from private schools at the basis of these claims are calculated by taking the average per student expenditure in government schools, and subtracting the average per student expenditure by governments in private schools and calling the resulting difference a "saving".

This is not an appropriate way of calculating the "savings". It answers the wrong question – "How much more would private schools get if they were given a full per student voucher?" The correct question is, "How much do governments "save" by not having private students in the public system?" or "How much more would it cost governments to include those students currently in the private system into the public system?"

The cost of any student entering or leaving the system is a marginal cost, not a per student cost. The cost of each extra student in any given situation will depend upon a range of specific factors, such as:

- economies of scale;
- under-utilisation of current government schools ;
- duplication of services;
- overheads of competition, such as promotions officers;
- increased transport costs
- other indirect support to private schools (eg. loan assistance).

It is also the case that in general private schools are located in cheaper to service geographic areas. The cost of providing the same level of service in rural and remote areas greatly increases the average cost of government schools. Private schools have much smaller proportions of the more needy, and therefore expensive to teach students. They select whom they teach, and therefore have considerably lower numbers of the more difficult, and therefore expensive, students. If public and private schools were compared on a like with like basis, many private schools would be seen to be receiving considerably more funding.

Taking all this into account, there are times when private schools are probably actually costing governments more money.

For further information see “Do Private Schools Really Save Governments Money?” by R. Martin.¹

Claim 7

A student attending one of the 59 higher fee schools attracts about ¼ of the public money received by a student attending a State school.

But this student is already receiving a more expensive education.

Australian Government money should increase equity, not exacerbate inequity. The overall effect of the way private schools are now funded is to give more to those that already have the most.

Claim 8

Comparison of schools (table listing funding to “higher fee non government and state Government Schools”)

The figures used are not comparable forms of expenditure – one is cash accounting and the other accrual accounting

¹ This can be found at <http://www.aeufederal.org.au/Debates/savingsprivateschools2.pdf>

The figures used in this table compare the grants given to private schools with the accrual expenditure of public schools – two entirely different forms of accounting.

Accrual accounting includes a calculation for the depreciation of capital assets. It is not the amount of money a school receives from the government to run the school for the year. As an example, Balwyn High which, according to the DEST figures got \$19.8 m in 2003 in fact got only about \$12 m for its School Global Budget, which covers everything except capital works. (There were no capital works anyway).

In its publication “Education and Training Indicators” the ABS noted in regard to similar figures:

“The expenditure data on (government schools) should not be compared to the expenditure of non-government schools per student data due to differences in the scope of data, the reporting period, and the accounting basis used”²

This is exactly what DEST has done!

Claim 9

It is sometimes said that Catholic and Independent schools only serve wealthy families. This is incorrect.

Of course there are some poorer families struggling to send their children to private schools. But there is also overwhelming evidence that private schools, including Catholic schools, have higher numbers of wealthier students and lower numbers of poorer students. Money directed at private schools is poorly targeted in equity terms.

Analysis of the 2002 Census³ shows that;

In government schools 42 per cent of students are in low income families. In contrast, in Catholic schools, only 27 per cent of students are in low income families, and in other non-government secondary schools only 23 per cent of students are in low income families...

In government schools only 21 per cent of students are in high income families. In contrast, in Catholic schools, 34 per cent of students are in high income families, and in other non-government schools 47 per cent of students are in high income families.

One can look at Indigenous students or children in single families for instance, but the same proposition holds true – there is a strong connection between high income and attendance at private schools.

² ABS 2002, Education and Training Indicators Australia, p.24

³ Preston, Barbara, 2003, “The Social Make Up of Schools” available at <http://www.aefederal.org.au/Debates/bprestonsch.pdf>

Those groups recognised as suffering the greatest disadvantage are also far more concentrated in public schools:

- Nearly 88% of Indigenous students attend public schools
 - 4.5% of students in public schools are Indigenous compared to 1.4% in private schools
- 82% of students with disabilities attend public schools
 - 4.1% of students in public schools have a disability compared with 2% in private schools
- 3.2% of students attending public schools live in remote areas compared to 1.2% for private schools
 - In secondary, the figures are 2.2% compared to 0.6%

The figure of “one in five students below \$20 800” which DEST gives means that 20% of students from lower socioeconomic groups go to private schools. They suggest this means that private schools are not elitist. However, this fact itself shows that students from poorer backgrounds are underrepresented and wealthy students over represented, in terms of those attending private schools.

It should also be noted that using only the lowest income group statistics, which is done here, is considered the most unreliable way of presenting the data as this includes some very wealthy people who evade taxes, and people who are very asset rich and income poor.

The evidence shows there is a clear connection between parental income and attendance at private school. For this reason, any funding favouring private schools disproportionately benefits the more well off, and shows that if one wishes to introduce programs to target inequity, private schools are not the place to start.

Claim 10

On average, Catholic and Independent schools receive less recurrent funding from all sources (i.e. including fee income) than State Government schools. Catholic schools receive about 20% less while Independent schools receive an amount similar to State Government schools.

These are highly disputed figures produced by DEST for the Catholic Education Commission.

The AEU had these figures independently analysed and this research indicates that this year:

- non-government schools will increase their funding advantage over government schools from about 7 – 8 per cent in 2000-01 to 12 – 17 per cent;
- Catholic school funding will improve from 8 – 9 per cent below government school expenditure in 2000-01 to being on a par with government schools;
- Independent schools will increase their funding advantage over government schools from 31 – 36 per cent in 2000-01 to 40 – 44 per cent.

Further, it should be noted that public schools enrol higher proportions of students with complex learning needs that incur higher costs and public schools must meet other public obligations such as maintaining a system of local schools. Adjustment for these differences in costs would extend the funding advantage of non-government schools over government schools.⁴

⁴ (Trevor Cobbald, 2003, Estimates of Future Funding of Non-Government and Government Schools, available at <http://www.aefederal.org.au/Debates/estfundnonggov.pdf>)