



HOW THE SES MODEL IS FLAWED

In 2001 the Australian Government introduced a new method of funding private schools. This is generally called the SES model. This model is fundamentally flawed.

How the SES Model Works

The theory of the SES model works as follows:

- Each private school has to give the addresses of its students to DEST (Department of Education Science and Training).
- These addresses are "geocoded" against information about incomes for the relevant ABS Census Collection District (a CCD comprises roughly 200 households).
- From this the average Socioeconomic Status (SES) of the school is obtained. This is claimed to reflect "the capacity of the community to provide financial support for their schools".
- The funding that a school will receive is then determined by this SES.
- The SES is then converted to a "per cent of Average Government School Recurrent Costs (AGSRC)" which determines the funding they receive.
- Those on an SES of 85 or below (said to be the most needy) receive 70% of the AGSRC. Those on 130 or above, supposedly the most wealthy, receive 13.7% of AGSRC. Others schools are between this range.
- In addition, private schools receive support from states and territories, plus, of course their fees and other private income.

Some of the Problems with the SES Model

The major problem with the introduction of the SES Model is that its introduction was accompanied by a massive increase in the share of Australian Government expenditure to private schools¹. However, there are many other problems, including:

Only about half of Private Schools are actually funded on the basis of their SES

Despite the fact that it is called the SES model, and that the Government argues the supposed virtues of this model, it is does not apply it to most private schools!

- When the SES was introduced, any school that would have received less under its SES than under the old system kept its old funding level – indexed against inflation.
- Catholic schools will not come onto the SES until 2005. Even then, less than half will be funded at their SES level, the others will be "funding maintained" at 56.2% of AGSRC (51.2% in ACT). The money will go to the system not the school.
- Some schools would have lost funding when the SES changed from using the 1996 Census data to the 2001 Census data. These are "funding guaranteed". They will get their old funding level until inflation catches up.

Consequently only about 1230 private schools are actually paid on the basis of their SES, whilst around 1450 are on a funding level higher than their SES would give them.

¹ See Fact Sheets 3 and 8.

Because it is the bigger schools which are more likely to be funding maintained, considerably less than half the students will actually be SES funded.

The SES Model is not based on the actual incomes of the families with students in the school

Because the SES is based on the average income of the Census Collection District from which the students come, not the income of the actual parents of the schools, it gives distorted results. As one commentator has put it, the SES of a school is based on the income level of the neighbours of the students, not the families of the student themselves.

Because of this, many schools which are by any measure (except the SES one) the most wealthy in the country are judged not to be wealthy.

For instance, Haileybury in Melbourne, which has students from families that can afford the over \$15000 per year fees, has an SES score of only 108, making it only the 275th most wealthy school. Geelong Grammar has an SES of 111 (221st) and The King's School, recognised as one of the wealthiest NSW private schools, has an SES of 116 (149th wealthiest)!

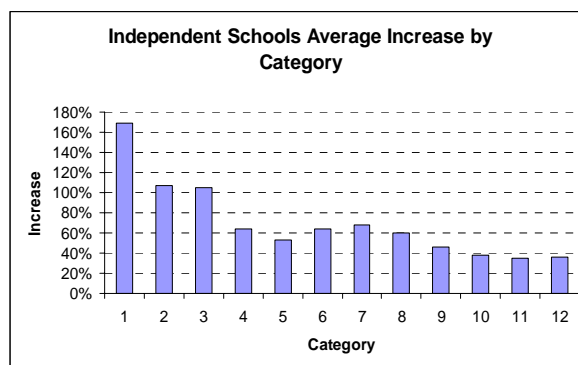
The SES Model Ignores a School's Private Income

The SES model takes no account of the resources available to a school such as the fees it collects, bequests, investments and other private income. Because of this, schools with resources most can only dream of are given large grants by the Australian Government. The result is that these schools are adding second and third swimming pools, equestrian centres, and elaborate sports complexes, to their already vastly superior amenities. The King's School in NSW spent half a million on sandstone gates!

Even worse, it also means that students get the level of school resourcing their parents are able and willing to pay for, not the level they need to achieve to their potential.

The Biggest Increases went to the Wealthiest Schools

Under the old funding system, schools were divided into 12 Categories based on the schools financial capacity. The wealthiest schools were placed at Category 1 and the most needy at Category 12. When the SES model was introduced, it was the wealthiest schools that gained the most, as shown in Graph 1.



Category 1 schools, which were those considered the wealthiest under the old model, received an average increase of over 160%. Schools that were previously in the lowest (less wealthy) category got an average of less than 40%, (which is still considerably more than public schools).

Some of the wealthiest schools received massive increases. More than 50 of the wealthiest schools got increases of more than \$1 million over four years. Several of the wealthiest schools in the country received increases of \$3 million and \$4 million!

For more detailed information on these and other issues see the other Fact Sheets in this series at:

<http://www.aefederal.org.au/Debates/schoolscampaign.html>

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