

Independent Schools and Gonski 2.0

From 2018 the Commonwealth funding arrangements for all schools will change.

Under the current arrangements, all schools are moving towards their Schooling Resource Standard (SRS) funding entitlement over time. Originally envisaged as a total public funding model, the share of public funding being provided by the Commonwealth was based on historical funding patterns. This means that schools serving the same type of students receive different funding from the Commonwealth depending on where they are located.

The new funding model aims to transition all schools to the same amount of Commonwealth funding for the same students.

For government schools, the Commonwealth share has been set at 20% of SRS and for non-government schools the Commonwealth share has been set at 80% of SRS.

Independent schools currently funded below 80% Commonwealth share will transition up to 80% of SRS over six years. Each year they will receive 16.7% of the 'gap' between the current Commonwealth share of their SRS entitlement and 80% of their SRS entitlement.

Independent schools which are currently above 80% Commonwealth share will transition down to 80% over ten years. Unlike the current funding model which has no school losing funding in real terms, under this model a small number of Independent schools currently receiving more than 80% of their public funding from the Commonwealth will lose funding in real terms over the course of their transition.

The Government has announced the creation of a Transition Adjustment Fund to assist these schools maintain their financial viability over the course of the transition.

The calculation of each schools' SRS funding entitlement will remain very similar to the current calculation with some changes which are outlined as follows.

Changes from the current model

Rebasing of the SRS

The new SRS funding model includes the recalculation of the SRS amounts for primary and secondary. The new SRS amounts have been calculated using the same methodology that was used to calculate the original SRS amounts and should better reflect the changes to the costs of schooling since the original calculation. The methodology does not provide an average cost of schooling, rather it is intended to calculate the cost of the provision of effective and efficient schooling in high achieving schools, identified by their performance in the National Assessment Program – Literacy and Numeracy (NAPLAN) and excluding any measure of disadvantage.

The recalculation has resulted in the primary SRS amount of \$10,953 growing by 6.23% from 2017 and the secondary amount of \$13,764 growing by 1.5% from 2017. This will have a significant effect on the relativities on the funding schools receive for primary students and the funding schools receive for secondary students between 2017 and 2018.

Indexation

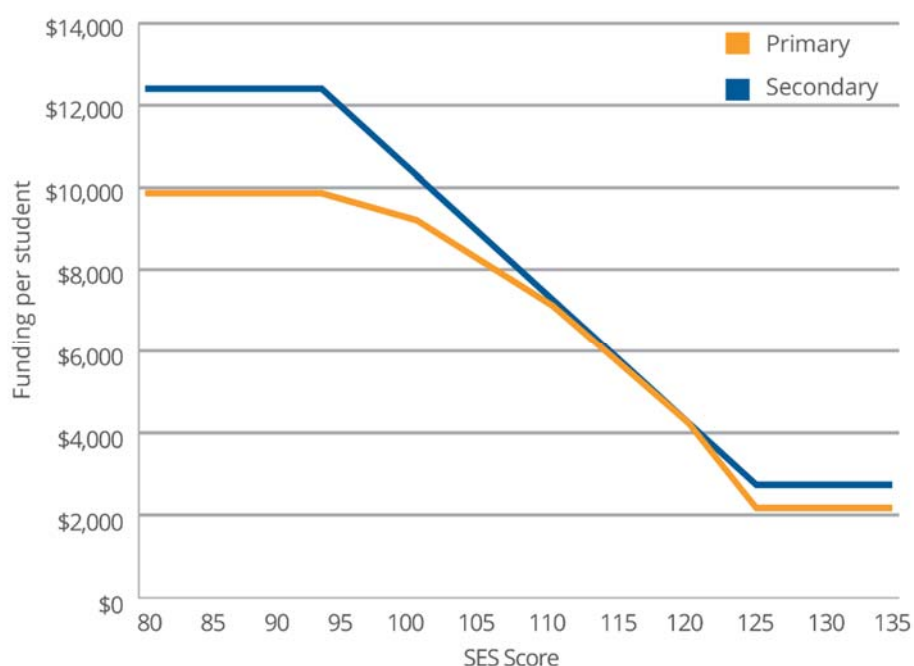
The current funding model has three different indexation rates; 3% for schools 'above SRS', 3.6% for schools 'on SRS' and 4.7% for schools 'below SRS'. Under the new funding arrangements there is only one indexation rate for the SRS – 3.56% from 2018 to 2020 and then indexation moves to a floating measure of 75% Wage Price Index and 25% Consumer Price Index with a floor of 3% from 2021.

Capacity to Contribute settings

The Capacity to Contribute (CTC) settings for the SRS funding model are used to determine how much the base funding component of the model is discounted based on non-government schools' communities capacity to contribute to the costs of education. These settings are based on the same measure of socio-economic status (SES) used for the previous SES funding model which was in place for over a decade.

When the SRS Funding model was first introduced, it included a 'curve' to the primary CTC line. The curve increases the per student funding of primary students within a particular SES band and schools between SES 108 and 122 receive a per capita amount for primary students which is higher than the per capita amount for secondary students.

Under the new SRS model, the 'curve' has been adjusted so that at no point does a primary student receive more funding than a secondary student. This is more reflective of primary and secondary school costs than the current settings.



New Capacity to Contribute' settings (based on re-based 2018 SRS)

Removal of Student Weighted Average SES

The current SRS funding model allows school systems to utilise a student weighted average Socio-Economic Status (SES) score for the entire system. This means that rather than each school's CTC being measured on their own SES score, the SES score for the system is set at the student-weighted average SES score and all schools have the same CTC percentage. Where this was not financially beneficial to systems, they could choose to stay with schools' individual SES scores being used to calculate CTC for the system.

The Student Weighted Average SES will remain in place in 2018 but from 2019 all schools, including those in systems, will have their CTC based on their individual school SES scores.

Students with Disability Loading Settings

Significant changes have been made to the Student with Disability loading settings with the introduction of a differentiated loading based on the Nationally Consistent Collection of Data on School Students with Disability (NCCD) data collection.

The loading settings for students with disability are now significantly different to the current settings and all the available modelling regarding the proposed changes indicates that they will have a significant impact on individual schools' funding entitlements.

	Base per student amount 2018	Supplementary	Substantial	Extensive
Primary Student	\$10,953	42%	146%	312%
Secondary Student	\$13,764	33%	116%	248%

These loadings replace the 186 per cent for students with a disability attending a mainstream school and 223 per cent for students with a disability attending a special school.

The primary percentages are higher than the secondary to bring the total amounts into alignment when multiplied by the primary and secondary SRS amounts i.e. the loading amounts will be similar regardless of whether the student is a primary student or a secondary student.

As this collection has not previously been used for funding, the Commonwealth will be incorporating the collection into its current data collection audit processes, similar to those used for the Non-Government School Census.

State-Territory Maintenance of Effort

Another important element of the new funding arrangements will be the requirement on State-Territory governments to maintain their share of funding for both government and non-government schools.

National Schools Resourcing Board

A late addition to the new funding model was the creation of a National School Resourcing Board. This Board will consist of representatives from all sectors and will be set up as an independent body advising the Commonwealth Minister for Education and Training. It is expected that one of the first pieces of work to be undertaken by the Board in 2018 will be a review of the SES, used to determine the CTC settings.

Useful links

Quality Schools: <https://www.education.gov.au/quality-schools>

The Department of Education and Training's webpage outlining the Australian Government's *Quality Schools* reforms. Also contains a useful FAQ page and further links.

Review to Achieve Educational Excellence in Australian Schools

The Department of Education and Training's webpage outlining the David Gonski led *Review to Achieve Educational Excellence in Australian Schools*. Contains a link to the review's terms of reference.

Australian Education Amendment Bill 2017

Parliament of Australia webpage containing details of the *Australian Education Amendment Bill 2017*.