

Issue Paper

February 2017

Australian Government Funding Arrangements and ‘Overfunded’ Schools

40 Rosslyn Street
West Melbourne VIC 3003

PO Box 119
North Melbourne VIC 3051

T 03 9825 7200
F 03 9826 6066

www.is.vic.edu.au

ABN 44 711 074 857
A0009210H

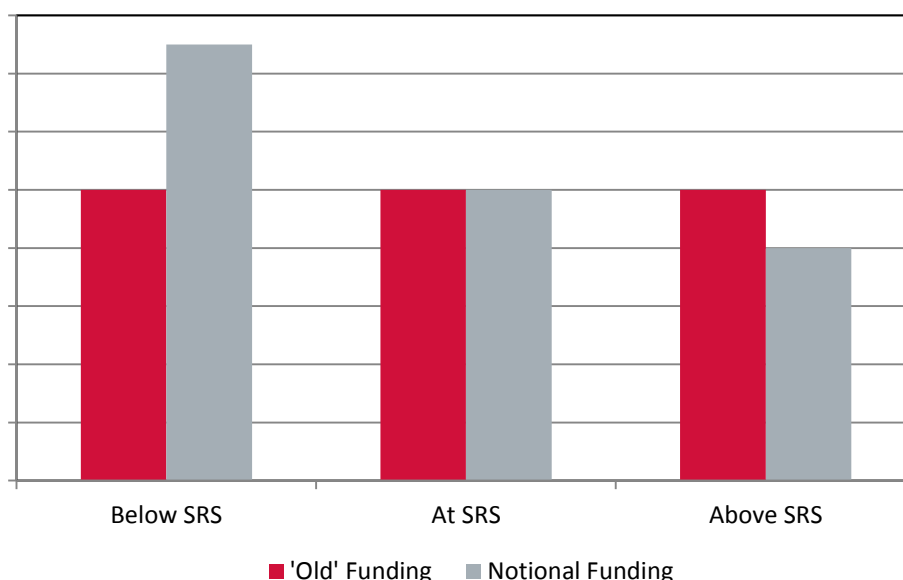
There has been considerable public discussion recently on the issue of schools that are ‘overfunded’ or ‘underfunded’ under Australian Government funding arrangements. Much of this discussion is based on misunderstandings of what these terms mean.

Introduction

Misunderstandings have led to misleading reporting and media commentary that simplifies a complex school funding system, leading to false conclusions. It focuses solely on Independent schools, ignoring the fact that some Government and Catholic schools can also be regarded as ‘overfunded’. This reporting and commentary overlooks the fact that the number of ‘overfunded’ Independent schools is declining. It risks creating the false impression that ‘overfunded’ Independent schools are all ‘rich’ and ‘elite’. In Victoria, in fact, half of the ‘overfunded’ Independent schools service students from low socio-economic backgrounds and with special needs. Finally, the majority of Victorian Independent schools are ‘underfunded’.

What are ‘overfunded’ and ‘underfunded’ schools?

- This is based on a comparison between the amount of funding that the Australian Government estimates a school notionally receives from both levels of government under the new funding model, introduced in 2014, and how much the Australian Government calculates the school would have received had previous funding arrangements continued.
 - A school currently classified as ‘overfunded’ school would have received more under old funding arrangements. The alternative name for such schools is that they are operating ‘above the Schooling Resource Standard’ (SRS), which seeks to measure the cost of schooling.
 - An ‘underfunded’ school notionally receives more under the new funding arrangements. The alternative name for such schools is that they are operating ‘below the SRS’.



How are these schools treated in the funding model?

- The funding category influences the transition arrangements, under which each school moves from the old to the new funding model.
 - ‘Below SRS’ schools receive funding indexation of 4.7% per annum, plus ‘additionality’. Additionality is the amount of additional funding that schools receive above the indexation rate, which was agreed in the National Education Reform Agreement, and which was designed to bring ‘below SRS’ schools, on average, to 95 per cent of their full entitlement under the new model after six years.
 - ‘At SRS’ schools receive funding indexation of 3.6% per annum.
 - ‘Above SRS’ schools receive funding indexation of 3.0% per annum.
- The aim of the transition arrangements is to bring all schools eventually to their entitlement under the model.
- At the same time, the model recognises the reality of their historical funding levels and ensures that they don’t experience significant economic shocks during their transition.

Which schools are ‘overfunded’?

- Only a small number of Australia’s 9400 schools are above SRS, and the number is declining.
 - In 2013, 205 Australian Independent schools were above SRS, including 39 in Victoria.
 - By the end of 2016, 169 were still above SRS, including 31 in Victoria.
- Although individual government and Catholic schools would be regarded as above SRS if assessed at the school level, the Australian Government does not calculate funding at the school level for these schools. They are part of centralised systems that receive an overall funding entitlement that the system redistributes to individual schools using their own calculations of need. Australian Education Minister Simon Birmingham has conceded that some schools in these systems are ‘overfunded’.
- ‘Overfunded’ schools are not ‘rich, elite schools’ as portrayed in the media. They include under-resourced schools serving the needs of students from disadvantaged backgrounds and with special needs.
 - Transition is not a measure of how much funding a school actually receives, or how much it receives relative to other schools.
 - A school’s transition status is a measure of where it sits under one funding model relative to another funding model.

What are the drivers of schools being 'overfunded'?

- The Australian Government funding model is a 'total public funding' model.
 - The amount of funding a school receives under the Commonwealth model is, in large part, determined by how much state government funding the school receives.
 - Schools in states that are more generous funders of education are more likely to be above SRS.
 - Schools that receive large amounts of funding for a particular group of needy children (for instance students with disability, students from low socioeconomic backgrounds) from their state government are more likely to be above SRS.
- The transition arrangements are based on the amount of funding that government schools received in 2011 and non-government schools received in 2013.
 - Schools that attracted a particularly large amount of funding in the base year (for instance because they received funding in the base year under a multi-year program) are more likely to be above SRS.
- In Victoria, schools that are above SRS are often:
 - small special schools that received large amounts of funding for students with disability
 - schools with large numbers of students in families on Health Care Cards that attracted large amounts of Victorian Government funding for these students
 - schools that received funding in 2013 under the Australian Government's National Partnerships program
 - smaller schools with high SES scores.

Victorian schools that were above SRS as at 31 December 2016

School	Campus Location(s)	Affiliation	SES	Electorate(s)	Member(s)
Insight Education Centre for the Blind and Vision Impaired	Berwick	Non-denominational	Special	LaTrobe	Mr Jason Wood MP
MacKillop Specialist School	Whittington	Roman Catholic	Special	Corio	The Hon. Richard Marles MP
St Paul's College	Kew	Roman Catholic	Special	Kooyong	The Hon. Josh Frydenberg MP
Ilim College	Dallas & Glenroy	Islamic	85	Calwell Wills	Ms Maria Vamvakinou MP Mr Peter Khalil MP
Glenroy Private (Ltd)	Glenroy	Islamic	87	Wills	Mr Peter Khalil MP
Darul Ulum College of Victoria	Fawkner	Islamic	88	Wills	Mr Peter Khalil MP
East Preston Islamic College	East Preston	Islamic	88	Batman	The Hon. David Feeney MP
Yeshivah and Beth Rivkah Colleges	St Kilda East	Jewish	88	Melbourne Ports	The Hon. Michael Danby MP
Al Siraat College	Epping North	Islamic	89	Scullin	Mr Andrew Giles MP
Sirius College	Dallas, Keysborough, Sunshine West, Broadmeadows & Shepparton	Non-denominational	90	Calwell Gellibrand Isaacs Murray	Ms Maria Vamvakinou MP Mr Tim Watts MP The Hon. Mark Dreyfus QC MP The Hon. Damian Drum MP
Minaret College	Springvale & Officer	Islamic	92	Bruce LaTrobe	Mr Julian Hill MP Mr Jason Wood MP
St Mary's Coptic Orthodox College	Coolaroo	Coptic Orthodox	92	Calwell	Ms Maria Vamvakinou MP
Lighthouse Christian College Cranbourne	Cranbourne	Assemblies of God	93	Flinders	The Hon. Greg Hunt MP
Castlemaine Steiner School and Kindergarten	Muckleford	Steiner	95	Bendigo	Ms Lisa Chesters MP
Daylesford Dharma School	Daylesford	Buddhist	96	Ballarat	The Hon. Catherine King MP
Freshwater Creek Steiner School	Freshwater Creek	Steiner	102	Corangamite	Ms Sarah Henderson MP
Camberwell Grammar School	Canterbury	Anglican	121	Kooyong	The Hon. Josh Frydenberg MP
Leibler Yavneh College	Elsternwick	Jewish	121	Goldstein	Mr Tim Wilson MP
Korowa Anglican Girls' School	Glen Iris	Anglican	122	Higgins	The Hon. Kelly O'Dwyer MP
Mount Scopus Memorial College	Burwood, Caulfield South & St Kilda East	Jewish	122	Chisholm Goldstein Melbourne Ports	Ms Julia Banks MP Mr Tim Wilson MP The Hon. Michael Danby MP
St Michael's Grammar School	St Kilda	Anglican	122	Melbourne Ports	The Hon. Michael Danby MP

School	Campus Location(s)	Affiliation	SES	Electorate(s)	Member(s)
Melbourne Girls Grammar	South Yarra	Anglican	123	Higgins Melbourne Ports	The Hon. Kelly O'Dwyer MP The Hon. Michael Danby MP
Methodist Ladies' College	Kew	Uniting Church	123	Kooyong	The Hon. Josh Frydenberg MP
Ruyton Girls' School	Kew	Non-denominational	123	Kooyong	The Hon. Josh Frydenberg MP
Scotch College	Hawthorn	Presbyterian	123	Kooyong	The Hon. Josh Frydenberg MP
Strathcona Baptist Girls Grammar School	Canterbury & Hawthorn	Baptist	123	Kooyong	The Hon. Josh Frydenberg MP
Bialik College	Hawthorn East	Jewish	124	Kooyong	The Hon. Josh Frydenberg MP
Melbourne Grammar School	Melbourne & Caulfield	Anglican	124	Melbourne Ports	The Hon. Michael Danby MP
Lauriston Girls' School	Armada & Jamieson	Non-denominational	125	Higgins Indi	The Hon. Kelly O'Dwyer MP Ms Cathy McGowan AO MP
St Catherine's School	Toorak	Non-denominational	125	Higgins	The Hon. Kelly O'Dwyer MP
Christ Church Grammar School	South Yarra	Anglican	126	Melbourne Ports	The Hon. Michael Danby MP