

Guidelines

Victorian Government
financial assistance for
non-government schools
2010-2013



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Every
child,
every
opportunity



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1. About the Guidelines

The Guidelines form part of the *Victorian Government Non-Government Schools Funding Agreement 2010 – 2013* (Funding Agreement) and should be read in conjunction with the general terms and conditions of the Funding Agreement and associated MoUs.

These Guidelines provide non-government schools and system authorities in Victoria with details of the policies, procedures and accountabilities associated with the Victorian Government for the education of Victorian students attending non-government schools (excluding full-fee paying overseas students).

The Guidelines relate to the period from 1 January 2010 to 31 December 2013. The Guidelines may be amended by the Department of Education and Early Childhood Development (DEECD) up to once annually during this period following consultation with the Catholic Education Commission of Victoria Limited (CECV) and Independent Schools Victoria (ISV). Non-government schools and authorities will be advised of any amendments to the Guidelines.



2. Introduction to the Funding Agreement

Over the life of the funding agreement the Victorian Government will provide an estimated \$2.1 billion to non-government schools. This includes \$239 million in new investment through new funding initiatives providing:

- increased support for students with disabilities
- facilitation and reward payments to promote improved school performance
- more funding distributed on the basis of school capacity to provide for students
- more funding distributed on the basis of student family background.

The new Funding Agreement has been developed in consultation with the CECV and ISV. As agreed by all parties, the Funding Agreement for 2010 – 2013 supports the following principles:

- The Agreement should support the Victorian and national education reform agendas
- Funding for non-government schools should be consistent, fair and equitable
- The independence of non-government schools/systems should be recognised
- The administrative burden on schools and systems should be minimised.

In line with the national and Victorian reform agendas, the Funding Agreement enhances existing accountability and transparency requirements.

The Funding Agreement for 2010 – 2013 builds on the foundations of partnership and accountability established under the first Victorian non-government schools funding agreement for 2006 to 2009. The first agreement established a basis for the accountable funding of non-government schools into the future by:

- establishing a new equity-based funding model, the Financial Assistance Model (FAM)
- promoting effective and efficient use of public funds
- introducing financial accountability requirements.

Memorandum of Understanding

The Funding Agreement is supported by two Memorandums of Understanding signed by the Premier of Victoria and the heads of the Victorian non-government schools authorities; one with Independent Schools Victoria and one with the Catholic Education Commission of Victoria Limited.

Each Memorandum of Understanding sets out the broad terms of the Funding Agreement and supports the wider partnership between the Victorian Government and non-government schools sectors.

3. Australia's education reform agenda

Improving educational outcomes for children and young people across Australia is a key focus of cooperation between the Australian Government and the States and Territories.

Ensuring access for all young Australians to high-quality schooling is central to the Council of Australian Governments (COAG) reform agenda for Australia's future prosperity and social cohesion. The major priorities for schooling reform are:

- raising the standard of teaching in our schools
- ensuring all students are benefiting from the schooling they receive, especially in disadvantaged communities
- improving the transparency of schools and school systems at all levels.

The reform agenda is being pursued through the implementation of the key documents described below.

The *Melbourne Declaration on Educational Goals for Young Australians* (Melbourne Declaration) was developed by Australian education Ministers in collaboration with the Catholic and Independent school sectors and endorsed in December 2008. It sets two high-level goals for education in Australia up to 2018, underpinned by eight key action areas.

The Melbourne Declaration is available at:

mceecdya.edu.au/mceecdya/melbourne_declaration,25979.html

The Melbourne Declaration will be supported by a series of action plans agreed by the Ministerial Council for Education, Early Childhood Development and Youth Affairs (MCEECDYA). The first action plan, *MCEECDYA Four Year Plan 2009-2012*, can be found at:

[mceecdya.edu.au/verve/_resources/MCEETYA_Four_Year_Plan_\(2009-2012\).pdf](http://mceecdya.edu.au/verve/_resources/MCEETYA_Four_Year_Plan_(2009-2012).pdf)

The National Education Agreement (NEA) was agreed by the Commonwealth, State and Territory governments to pursue the agenda of ensuring all young people have the best possible start in life. It was agreed by all Australian governments and commenced on 1 January 2009. The overriding objective of the NEA, which reflects the *Melbourne Declaration*, is "that all Australian school students acquire the knowledge and skills to participate effectively in society and employment in a globalised economy." The NEA sets out shared objectives, outcomes, targets and outputs for schooling across Australia and across education sectors, government and non-government.

The NEA is available at: coag.gov.au/intergov_agreements/federal_financial_relations/docs/IGA_ScheduleF_national_education_agreement.doc

The *Schools Assistance Act* 2008 (Cth) and the Commonwealth funding agreements for non-government schools for 2009 – 2012 are a key part of the national agenda. The Act appropriates Commonwealth funding for non-government schools over 2009 to 2013. Both the Act and the funding agreements are consistent with and support the achievement of the objectives of the NEA. In particular, they apply transparency and accountability requirements that are consistent with those for government schools under the NEA.

A number of schooling *National Partnerships* have also been agreed by COAG and will be implemented in government and non-government schools across Australia from 2010.

Each National Partnership targets a priority reform area, providing facilitation payments to support reform and reward payments to reward the achievement of agreed outcomes.

The education National Partnerships are:

- National Partnership on Literacy and Numeracy
- National Partnership on Low Socio-Economic Status School Communities
- National Partnership on Improving Teacher Quality
- National Partnership on Early Childhood Education
- National Partnership on Youth Attainment and Transitions.

Many non-government schools are participating in these National Partnerships. The Government, Catholic and Independent school sectors are working together through the National Partnerships in order to achieve improved educational outcomes for all Victorian children and young people.

Information on the National Partnerships and the National Partnership Agreements are available at: coag.gov.au/intergov_agreements/federal_financial_relations/index.cfm

4. A new vision for education in Victoria

The new Victorian education reform agenda incorporates and builds on the national agenda. Supporting the achievement of this agenda is a key objective of the *Victorian Government Non-Government Schools Funding Agreement 2010 – 2013*.

The Blueprint

The Government's 2008 *Blueprint for Education and Early Childhood Development* (Blueprint) sets out the Victorian Government's five-year agenda for learning and development from birth to adulthood. It is also the first Victorian education policy statement to recognise government, Catholic and Independent schools as together forming a single Victorian education system. The Blueprint commits to developing "cross-sectoral strategies with a view to enhancing educational outcomes for all Victorian school students".

Accountability and Transparency for Victorian Schools

Improving accountability and transparency about the performance of our schools and systems is a key part of Victoria's reform agenda. New measures have been developed to build on the long established practice of Victorian schools using data, developing improvement plans, and evaluating progress in their pursuit of improvement.

The Blueprint gives a commitment to "a more consistent and comprehensive approach to accountability for outcomes and reporting requirements across all sectors". The Victorian Government's strategy for school accountability and transparency is outlined in the *Blueprint Implementation Paper: Transparency and Accountability across all School Sectors in Victoria*, available at:

eduweb.vic.gov.au/edulibrary/public/commrel/policy/Blueprint2008/Blueprint_AllSectors.pdf

Greater transparency will strengthen the confidence of parents and the community that:

- their children will receive the highest quality education
- high quality data is used to monitor and drive improvement
- where performance is not as good as it should be, there will be well informed actions to support improvement.

Victorian State Register

The Victorian Registration and Qualifications Authority (VRQA) maintains a register of quality-assured providers of education and training in Victoria, including non-government schools.

All schools are required to participate in the State Register which allows members of the public to search for providers by type, name or location. The Register provides information including each school's location, contact details and registration information including the school type and year levels taught. The State Register also provides a link to each school's annual report. The State Register may be accessed online at:

vrqa.vic.gov.au/sreg

Victorian School Performance Summary

The *Victorian School Performance Summary* is a priority action outlined in the *Blueprint Implementation Paper: Transparency and Accountability across all School Sectors in Victoria*.

The *Victorian School Performance Summary* will be implemented in 2010 following the launch of the *Government School Performance Summaries* on the State Register in 2009. It will make publicly available school performance information across government and non-government sectors, including information on student learning outcomes, student engagement and wellbeing, and student pathways and transitions.

While the *Government School Performance Summaries* present both absolute and intake-adjusted school performance data, the *Victorian School Performance Summary* will present only existing data sets at the time of its launch in 2010.

During 2010 and 2011, all school sectors will participate in a process to explore the development of adjusted school performance measures for incorporation into the *Victorian School Performance Summary*.

The Victorian School Performance Summaries are accessed through the State Register which may be found online at: vrqa.vic.gov.au/sreg/default.htm

Note: Only Government School Performance Summaries are available on the State Register at the time of publishing

5. Victorian Government financial assistance for non-government schools 2010-2013

This section explains the structure of financial support to be provided by the Victorian Government to non-government schools over the period 2010-2013.

Eligible Victorian non-government schools receive three types of funding:

- Per-capita and needs-based, recurrent funding (the State Recurrent Grant)
- Facilitation and reward funding
- Other specific-purpose funding.

State Recurrent Grant – Financial Assistance Model (FAM)

The Victorian Government will provide an estimated \$2.1 billion through the State Recurrent Grant to non-government schools over the period 1 January 2010 to 31 December 2013. This financial assistance is provided either to recognised school system authorities on behalf of systemic schools or directly to non-systemic schools.

The State Recurrent Grant must be used to meet the recurrent costs of providing education programs consistent with Victoria's education policies and goals, and is not to be used for capital purposes. Otherwise, funding through the State Recurrent Grant remains 'untagged' (with the exception of funding for students with disabilities). This arrangement respects the independence of non-government schools in managing their operational expenditure and determining their priorities for allocating resources to meet the needs of students.

The State Recurrent Grant is allocated to schools using the Financial Assistance Model (FAM). The details of the FAM are set out in section 8 of the Guidelines.

For 2010-2013, \$401 million in additional financial assistance will be provided to non-government schools. This additional funding includes an estimated \$162 million in funding increases for annual indexation and enrolment growth. It also includes \$219 million of new funding to be allocated through the FAM on the basis of the following needs-based criteria:

- A school's capacity to meet the needs of its students (the Wealth Modified component)
- Student family background
- Students with disabilities.

Facilitation and Reward Program for School Improvement

The *Facilitation and Reward Program for School Improvement* is a new funding program introduced as part of the Funding Agreement 2010-2013. This new program will distribute \$20 million over the four year term of the Funding Agreement.

The Program is designed to widen and deepen the implementation of the *Smarter Schools National Partnerships on Literacy and Numeracy, Improving Teacher Quality and Low Socio-economic School Communities*. All conditions relating to the Program are consistent with those applying to National Partnerships. More detail is provided in section 7 of these Guidelines.

Funding through the *Facilitation and Reward Program for School Improvement* is not recurrent and applies to the period 2010-2013 only. However, the Victorian Government has committed these funds for ongoing non-government sector expenditure.

Arrangements, beyond 31 December 2013, for funding originally allocated through the *Facilitation and Reward Program for School Improvement* will be negotiated during consultation on the terms of the next funding agreement.

Other specific purpose funding

Specific-purpose funding provides support for targeted initiatives and is allocated to schools through the CECV and ISV.

Specific-purpose funding falls outside the terms and conditions of the Non-Government Schools Funding Agreement 2010-2013 and is provided pursuant to specific Funding and Service Agreements. DEECD will work actively with ISV and the CECV to streamline the reporting process for these programs to reduce the associated administrative burden.

There are three targeted funding programs and these are described below.

Support Services Program: Special Learning Needs

This program provides targeted funds to assist students attending non-government schools who have special learning needs. In 2010, a total of \$6 million will be available under this program. Funding through the *Support Services Program: Special Learning Needs* is indexed annually in line with the Departmental Funding Model (DFM) rate as advised annually by the Victorian Department of Treasury and Finance.

The funding is available to deliver a range of professional support services at non-government schools, including visiting teacher services (physical/health impaired, hearing impaired), psychology services and speech pathology services in mainstream schools.

This funding is provided via grants made to the CECV and ISV who administer the program under funding and service agreements with DEECD. Individual schools apply directly to CECV or ISV for this funding.

Suicide Prevention Program

The Suicide Prevention Program assists non-government schools in mental health promotion initiatives, which may include strategies such as primary prevention, early intervention, professional development and partnership initiatives.

In 2010, a total of \$1.2 million will be available under this scheme.

This funding is provided via grants made to the CECV and ISV, who administer the program under funding and service agreements with DEECD. Schools seeking access to this funding apply to the CECV or ISV, who assess applications and provide grants to successful schools. For further information schools should contact the CECV or ISV directly.

Interest Subsidy Scheme

The Interest Subsidy Scheme assists non-government schools in repaying borrowings undertaken to finance capital expenditure on buildings and curriculum-related equipment.

In 2010, a total of \$900,000 will be available under this scheme.

The subsidy is paid via a grant to the CECV and the Victorian Independent Schools Block Grant Authority (VISBGA). These authorities administer the scheme under funding and service agreements with DEECD. For further information schools should contact the CECV or ISV directly.

6. Other Victorian Government support for non-government schools and families

Support for Schools

Victorian non-government schools continue to have access to significant non-financial support provided by the Victorian Government, including access to a range of resources and opportunities available to government schools. These supports contribute significantly to the operations of non-government schools and include:

- Teacher professional development and curriculum planning materials
- Government negotiated pricing for broadband access
- Tax concessions or exemptions including on Land Tax and Payroll Tax
- DEECD administered initiatives such as the Premiers Reading Challenge
- A range of drug education initiatives available to both government and non-government schools including professional development at the regional level, school community drug forums, parent engagement programs (which are also available in the parents' first language), and research on drug education and student wellbeing
- Language-specific advisers available to support schools through professional development activities and advice about development and implementation of English as a Second Language (ESL) and Languages Other Than English (LOTE) programs.

Support for Families

Victorian Government education support initiatives also assist parents of students attending non-government schools, including:

The Education Maintenance Allowance for low income parents

The Education Maintenance Allowance (EMA) is available to eligible parents/guardians of students' under 16 years of age attending either a government or non-government school in Victoria.

To be eligible for the EMA, a parent must be an eligible beneficiary of a Centrelink pension, allowance or benefit within the meaning of the State Concession Act 1986; and be a holder of either a Health Care Card or a Pensioner Concession Card or be a Veteran Affairs Pensioner (TPI); or be a foster parent and submit the application to the school by the due dates on:

- the first day of Term 1 (January 2010) for the first instalment
- the first day of Term 3 (July 2010) for the second instalment.

Payments are made twice per year and are divided equally between the parent and school. The allowance is made available to assist parents in meeting the costs associated with their child's education, such as uniforms and books.

In 2010, the combined school/applicant EMA per student is \$225 for primary students and \$450 for secondary students.

Further information is available online at:

education.vic.gov.au/management/financial/ema/default.htm

The School Start Bonus

The School Start Bonus is a one-off payment provided by the Victorian Government for each child starting Prep or Year 7 to assist families with the costs of buying school uniforms, sports uniforms, school bags and other items to ensure each child gets the best possible start to school.

In 2010, the School Start Bonus is \$300. More information is available at:

education.vic.gov.au/aboutschool/lifeatschool/schoolstartfaq.htm

Note: The School Start Bonus is a separate payment from, and additional to, the Education Maintenance Allowance.

Travel subsidies: conveyance allowance, school bus service and public transport concessions for eligible students

The Victorian Government provides a range of travel subsidies for students in non-government schools.

Eligible students who live in rural/regional areas and designated outer metropolitan areas, and who do not have access to free school buses, may receive a Conveyance Allowance to assist with the cost of travel between home and school. Conveyance Allowances are available for travel by public transport, private car and private bus.

Any student enrolled in a special school or special developmental school may be eligible for transport assistance. Information about the conveyance allowance and transport assistance can be found in the 'Student Transport' section of the *Victorian Government Schools Reference Guide* available online at:

education.vic.gov.au/management/governance/referenceguide/resources/7_26.htm

Travel concessions for both government and non-government school students in the metropolitan area are also available. Further information can be found at:

www.education.vic.gov.au/aboutschool/lifeatschool/traveltoschool.htm

7. Conditions of funding for non-government schools

This section of the Guidelines sets out the reporting requirements and other accountabilities that apply under the *Victorian Government and Non-Government Schools Funding Agreement 2010-2013* and that are designed to support the Victorian and national reform agenda, while minimising the administrative burden on schools.

The requirements may be met by individual schools or, in the case of systemic schools, by system authorities on behalf of individual schools.

Schools and system authorities should also refer to the Funding Agreement for further details and for general contractual conditions including those relating to financial viability, compliance with applicable laws, monitoring and audit, variation and dispute resolution.

Governance

Victorian Cross-Sectoral Committee

The Victorian Cross-Sectoral Committee is the primary forum for consultation between the Department, the Government school sector, the CECV and ISV on future policy matters including the National Education Agreement, the development and implementation of the National Partnerships, the Victorian transparency and accountability agenda, the proposed Commonwealth Government review of school funding, youth transitions including vocational education and training, early childhood and other matters the Committee agrees to consider as part of its agenda.

Victorian Non-Government Schools Funding Agreement Reference Committee

The Victorian Non-Government Schools Funding Agreement Reference Committee is the primary forum for consultation between DEECD, ISV and the CECV in relation to the funding agreement and related matters. This Committee is chaired by a Deputy Secretary of DEECD and is comprised of representatives of each school sector.

In 2010, this Committee will co-ordinate the implementation of commitments set out in the MoUs, including:

- developing a disability assessment framework and defining disability severity levels for non-government schools
- modelling impacts associated with the introduction of a new measure of Student Family Background into the FAM
- modelling impacts associated with incorporating Financial Questionnaire information into the Wealth Modified component of the FAM
- exploring potential sustainable funding models for non-government schools, including possible linkages with government school costs.

This Committee will meet three times a year during the term of the Funding Agreement (or at a different frequency by agreement).

The Victorian Non-Government Schools Funding Agreement Reference Committee will be involved in consideration and consultation of amendments and refinements to these Guidelines.

Eligibility for funding

There are several requirements non-government schools must satisfy in order to be eligible to receive Victorian Government funding:

- ✓ Schools must be registered with the Victorian Registration and Qualifications Authority (VRQA) and comply with all registration requirements, including being a not-for-profit school.
- ✓ Schools must sign a funding agreement with the Victorian Government and comply with the terms of the agreement. Systemic schools are bound by the funding agreement signed by their system authority.
- ✓ New schools must complete an Application for Funding form to enable the release of Victorian Government funds.

Reporting and data provision

In return for funding the State Government requires access to certain performance and resource information from non-government schools. This information is required to enable the Government to:

- discharge its role in overseeing state-wide education provision
- understand and monitor school performance over time
- ensure that government funding is efficient and effective
- inform policy development and evaluation.

DEECD is committed to minimising the compliance burden on non-government schools and systems. Therefore, any information sought from non-government schools and systems in addition to that specified in these Guidelines will be information provided by non-government schools to the Commonwealth Government as part of Commonwealth Department of Education, Employment and Workplace Relations (DEEWR) and/or Australian Curriculum, Assessment and Reporting Authority (ACARA) reporting processes.

All reasonable steps will be taken to obtain the information directly from the Commonwealth or ACARA, with schools required to provide the data to DEECD only where it is not available from the Commonwealth or ACARA in a timely manner.

Financial Reporting

Consistent with expectations of entities in receipt of public funds and to assist DEECD in policy evaluation and development, non-government schools and systems must provide on an annual basis the following financial information:

Financial acquittal

- On or before 30 June of each year, a certificate by an auditor or accountant stating whether the amount of funds paid under the Funding Agreement for the previous calendar year has been spent, or committed to be spent, for that calendar year and for the purposes for which the funds are provided under the Funding Agreement; to meet the recurrent costs of providing education programs that are consistent with the State's education policies and goals or in accordance with requirements of the Facilitation and Reward Program for School Improvement.

School financial report

- On or before 30 June of each year, a school Financial Report, being a report in relation to the financial operations of the school for the previous calendar year including all income and expenditure.

The report shall be in the form of a copy of a completed Financial Questionnaire provided to the Commonwealth Government.

In order to minimise the administrative burden on schools and systems, wherever possible, the obligation of schools and systems to provide this report may be satisfied by the report being provided to DEECD directly by the Commonwealth Government.

Student Family Background data

Research shows that family background has a significant impact on student achievement. Several measures of student family background are used by governments across Australia. The FAM incorporates a student family background funding component that directs funding to schools with a cohort profile that includes students from disadvantaged backgrounds.

Currently, the FAM uses Education Maintenance Allowance (EMA) data as the sole indicator of student family background.

However, during 2010, DEECD, CECV and ISV will develop an improved indicator of Student Family Background. This work will include the use of Student Family Occupation (SFO) information provided by schools to conduct a shared analysis of the impact of incorporating SFO data into the Student Family Background component of the FAM.

The improved indicator will be implemented from 1 January 2011 but will be applied only to **new** funding earmarked for allocation through the Student Family Background component of the FAM. Existing funding through this component will continue to be allocated according to EMA data.

Student Family Occupation data

As a new condition under the Funding Agreement, schools and systems must collect and provide SFO data to DEECD.

Schools must collect individual student SFO data in accordance with the relevant rules and technical specifications in the *MCEECDYA Data Standards Manual – Student Background Characteristics* as updated from time to time. The occupation categories to be used for SFO data collection are the same as the nationally consistent Parental Occupation Groups defined in the Manual. The *MCEECDYA Data Standards Manual – Student Background Characteristics* is available to view or download at: www.mceetya.edu.au/mceecdya/publications,11582.html

Schools and systems are required to provide aggregated school level SFO information to DEECD by completing a form to be sent by DEECD by email or post during July each year. Completed SFO forms must be returned to DEECD by the second Friday in September each year.

Note: SFO data provided to DEECD should not identify student or family names.

Please note special arrangements for 2010:

In 2010 only, schools will receive an SFO data collection form prior to the February census. Schools must return the completed SFO form by Friday 16 April 2010. Schools should make arrangements to collect SFO information for all enrolled students in time to meet this return date.

Schools and systems may elect to provide updated SFO information to DEECD by the second Friday in September 2010, however, this is not a requirement.

Students with disabilities data

The Funding Agreement 2010-2013 includes increased support for students with disabilities. This additional funding is being directed towards a new disability assessment framework which will establish comparability between disability needs in each sector and increase the funding rates for each of the newly defined disability severity levels. The new levels and funding rates will be defined after a study to occur over the first half of 2010.

The CECV and ISV have agreed to develop consistent disability severity level descriptors for the non-government school sector. When the severity level descriptors have been confirmed, schools and systems must provide relevant data to DEECD for the purpose of calculating each school's funding entitlement.

Reporting on programs for students with disabilities

By 1 April 2011, and at the same time each year following, schools or system authorities must complete and provide to DEECD a report on programs provided for students with disabilities in the previous calendar year. System authorities must provide a completed system-level report. The report will contain information on the number of students with a disability at each severity level enrolled in the current calendar year, programs provided to support these students, demand for specific programs and an acquittal of expenditure against these programs. The report format will be developed in consultation with CECV and ISV, following which DEECD will provide the report format to schools or systems by 30 September each year. Information provided will help inform the cross-sectoral approach to education provision in Victoria.

Transparency

Schools are required to fully participate in the Victorian Government's transparency and accountability agenda as described in the *Blueprint Implementation Paper: Transparency and Accountability across all Schools Sectors in Victoria*.

Facilitation and Reward Program for School Improvement

The Government is providing additional funding through facilitation and reward payments to non-government schools to support and promote school improvement.

All payments through the *Facilitation and Reward Program for School Improvement* will be made in line with mechanisms agreed between the Victorian Government and the non-government schools sector authorities, and outlined in the *Bilateral Agreement* and the *Victorian Implementation Plan* for the National Partnerships.

Facilitation

Facilitation funding will be determined annually by DEECD and provided to the CECV and ISV at the same time as, and in addition to, April facilitation payments made through the National Partnerships. The CECV and ISV will then allocate facilitation payments to their member schools in line with identification processes described in the *Victorian Implementation Plan for the Smarter Schools National Partnerships* (VIP). Schools are required to use funding provided as facilitation payments in accordance with the VIP.

Reward

Reward payments will be made available pending the achievement of Victorian statewide improvement targets for literacy and numeracy, and teacher quality, as specified in the VIP. Reward payments will be determined by DEECD and provided to the CECV and ISV at the same time as reward payments made to the Victorian Government through the

Smarter Schools National Partnerships in October 2011 and 2012. Reward payments will be provided to the CECV and ISV for distribution to non-government schools. The CECV and ISV may determine the way in which reward payments are to be used by their member schools.

While the *Facilitation and Reward Program for School Improvement* is part of the Funding Agreement, funding provided for this Program does not form part of the State Recurrent Grant and is not for general purposes.

Participation in the Victorian school census

For the purpose of determining funding entitlements, schools must participate in each Victorian school census conducted by DEECD. They must also participate in any subsequent enrolment audit conducted by DEECD. Any such enrolment audit will be conducted in a manner consistent with Commonwealth Government enrolment audit procedures.

Schools also provide annual enrolment data to the Commonwealth Department of Education, Employment and Workplace Relations (DEEWR) through a separate census process. This data is used by DEECD to determine payments to non-government schools under the State Recurrent Grant each year.

Participation in national student assessments

The Victorian Government supports the National Student Assessments program as an important tool for understanding our education system and for providing parents with information about their child's progress at school. Schools are required to participate in the *National Assessment Program – Literacy and Numeracy* (NAPLAN).

Building partnerships

Achieving effective partnerships in education is a central goal of current education policies both in Victoria and at the national level. In Victoria, establishing partnerships between the Government and the non-government schools sector has been made a Blueprint priority.

Partnerships are needed to maximise the impact of available resources and expand the education and development opportunities available to all children and young people.

Partnerships take many forms and can include:

- School and community partnerships
- School and business partnerships
- School facility and resource sharing arrangements
- Reciprocal professional development initiatives (e.g. mentoring programs).

Schools are required to actively explore new opportunities for partnerships with community and business as well as between schools both within and across education sectors. Schools may seek the assistance of DEECD, CECV or ISV in identifying opportunities.

Registration and the role of the VRQA

Accountability arrangements for non-government schools in receipt of Victorian Government funding are managed through both the school registration process and the quadrennial *Victorian Government and Non-Government Schools Funding Agreement*.

All Victorian non-government schools must be registered with the Victorian Registration and Qualifications Authority (VRQA) and meet ongoing registration requirements as described in guides for registered schools and schools applying to register, entitled *Minimum Standards and Other Requirements for School Registration*. These guides are available from the VRQA.

Details about the role of the VRQA and requirements for registration can be found at: education.vic.gov.au/about/directions/reviewleg_vrqa.htm

8. The Financial Assistance Model (FAM)

This section sets out the details of the Financial Assistance Model which is used to allocate the State Recurrent Grant to non-government schools, including indicative funding amounts for 2010. Funding amounts will be updated for each year of the Funding Agreement.

History of Victorian Government funding for non-government schools

Prior to 2001, both the Commonwealth and Victorian Governments used the Education Resource Index (ERI) funding model to allocate recurrent per-capita funding to non-government schools. This model assessed a school's capacity to generate funds on its own behalf.

In 2001, the Commonwealth introduced a new Socio-Economic Status (SES) funding model to allocate recurrent funding to schools. This model uses ABS Census data to measure the relative need of school communities. At the same time, Victorian Government funding continued to be based on the ERI model.

During 2004 and 2005, the Victorian Government, in consultation with non-government school stakeholders, developed a new Financial Assistance Model (FAM) to allocate Victorian Government recurrent funding provided through the State Recurrent Grant to non-government schools.

From 2006, all State Recurrent Grant funding was allocated through the new FAM. Specific-purpose (targeted) funding continued to be distributed through existing arrangements.

The State Recurrent Grant will continue to be allocated under the FAM for the term of the Funding Agreement.

Summary of the Financial Assistance Model

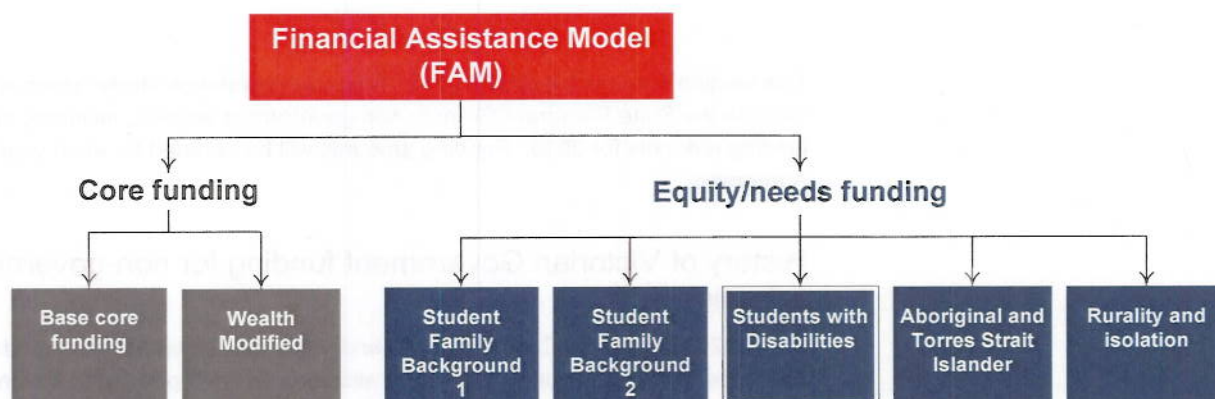
The Financial Assistance Model (FAM) is used to allocate the State Recurrent Grant to non-government schools.

The FAM now comprises three funding components: core funding provided on a per capita basis; needs-based funding determined through a student and school characteristics profile; and funding for students with disabilities. The FAM:

- allocates funding according to an individual school's data
- uses data based on the latest available Census information
- incorporates stages of schooling relativities and a Wealth Modifier based on the assessment of a school's capacity to support its students
- incorporates a Student Family Background measure
- incorporates other student and school characteristic data (students with disabilities, Aboriginal and Torres Strait Islander students, and a school's location).

Although each school's particular student needs profile is considered under the needs component of the FAM when determining school entitlements, most funding provided through the FAM remains untagged to allow schools maximum flexibility to meet educational and administrative costs.

Components of the FAM



Core funding

Core funding comprises a base level of per capita funding modified by stages of schooling relativities, and wealth modified core funding determined on the basis of an assessment of each schools capacity to support its students.

Base funding

The base level of funding for primary and secondary students is the minimum per capita level of funding allocated to schools under the FAM. It is calculated as the 2005 per capita rates for the previous ERI category 1.1 adjusted in line with inflation. Stages of schooling relativities are then applied in order to determine year level per capita rates.

Base funding for each year level, Prep to Year 12

Primary year level	2010 interim per capita rate	Secondary year level	2010 interim per capita rate
Prep	\$404.45	Year 7	\$538.54
Grade 1	\$404.45	Year 8	\$538.54
Grade 2	\$375.09	Year 9	\$538.54
Grade 3	\$345.74	Year 10	\$538.54
Grade 4	\$345.74	Year 11	\$538.54
Grade 5	\$345.74	Year 12	\$538.54
Grade 6	\$345.74		
Ungraded	\$345.74	Ungraded	\$538.54

Stages of schooling relativities

The cost of providing education for some year levels is more expensive than others, with costs being relatively high in the early primary years and the secondary years. Stages of schooling relativities based on extensive research have been developed and incorporated into the FAM. The following stages of schooling relativities, which are also used in funding government schools, have been applied to base funding and Wealth Modified funding.

2010 Stages of schooling relativities

Primary year level	2010 relativities	Secondary year level	2010 relativities
Prep	1.24	Year 7	1.36
Grade 1	1.24	Year 8	1.36
Grade 2	1.15	Year 9	1.36
Grade 3	1.06	Year 10	1.36
Grade 4	1.06	Year 11	1.36
Grade 5	1.06	Year 12	1.36
Grade 6	1.06		
Ungraded primary	1.06	Ungraded secondary	1.36

Wealth Modified funding

Core funding incorporates a Wealth Modified element of approximately 9 per cent of the total quantum of funds available for distribution. Funding distributed under this element is based on an assessment of each school's capacity to support its student population.

Per-capita payments under the Wealth Modified component are calculated by multiplying a base rate by an index based on the Commonwealth-designated SES levels and incorporating the stages of schooling relativities.

Base rates for 2010

Primary \$219.03

Secondary \$292.41

DEECD, in consultation with the CECV and ISV, will examine options for incorporating specific financial data (as contained in the Commonwealth Financial Questionnaire Report) in the formula used to determine each school's capacity to support its students. Schools will be advised of any amendment to the calculation method for the Wealth Modified funding component to commence in 2011.

Needs-based funding

Four 'needs' factors have been identified in calculating a school's need-based funding entitlement.

Student family background

From 1 January 2010, funding for student family background (SFB) will be allocated through two discreet components of the Financial Assistance Model.

SFB 1

Under the first component, a school's SFB entitlement will continue to be calculated based on the number of students enrolled at the school who are in receipt of the Education Maintenance Allowance (EMA). A primary/secondary stage of schooling relativity will then be applied to determine the per capita payment under this element of the model.

SFB1 arrangements are applicable to all **existing** SFB funding (that is, SFB funding that is not part of the \$239 million of **new** funding for non-government schools announced by the Premier of Victoria on 11 November 2009).

Interim rates for 2010

Primary \$4482.72

Secondary \$6589.59

SFB 2

Under the second component, a school's SFB entitlement will be calculated based on a measure of student family background to be developed by DEECD in consultation with the CECV and ISV during 2010.

SFB2 arrangements are applicable to all **new** SFB funding announced as part of the \$239 million of **new** funding for non-government schools announced by the Premier of Victoria on 11 November 2009.

Schools are required to provide Student Family Occupation (SFO) data to DEECD on annual basis, as described in section 7 of the Guidelines. In 2010, this data will be used to model incorporating SFO into the FAM as the basis for calculating each school's SFB2 entitlement from 2011.

As the analysis and determination of a measure for determining student family background under the SFB2 component will not be completed in time to be incorporated into the FAM in 2010, the SFB2 component in 2010 will be allocated using the EMA measure.

Interim rates for 2010

Primary \$209.46

Secondary \$307.91

Students with disabilities

Students with disabilities have additional learning needs and require targeted support in order to reach their educational potential. In recognition of the additional resources needed for schools to support students with a disability, the FAM will now include a stand-alone funding component to direct resources towards these additional needs.

DEECD is working with CECV and ISV to develop consistent severity level descriptors for all Victorian non-government schools by July 2010 that will enable the application of new and increased funding rates for students with disabilities attending non-government schools. As such, payments to schools and system authorities in January and July 2010 will be calculated at severity Level 1 for all students with a disability. October 2010 payments will be adjusted according to school and system data provided according to the new assessment framework and severity level descriptors.

Preliminary rate for 2010

Severity level 1 \$1941.57

Schools and systems will be advised of new severity levels and funding rates as and when they are determined. In the event agreement cannot be reached on a disability assessment framework, including disability severity level descriptors, funding for students with disabilities will continue at 2009 per-student rates increased to incorporate indexation. New funding earmarked to increase the per-student rate for each severity level will be held in reserve pending agreement.

All funding allocated to schools through the Students with Disabilities component of the FAM must be used by schools to provide programs for students assessed as qualifying for funding under one of the disability severity levels. The nature of support programs will continue to be determined at the school or system level.

Aboriginal and Torres Strait Islander Students

The FAM recognises the additional resource needs of Aboriginal and Torres Strait Islander students. Differentiated primary and secondary funding rates apply for each Indigenous student.

Rates for 2010

Primary \$551.89

Secondary \$827.84

Rurality and isolation

Schools in rural and remote locations face additional resource requirements. In 2010, approximately \$3 million of total funding will be allocated using a rurality and isolation element. In calculating a school's entitlement, the following factors are taken into account:

- distance from the nearest provincial centre with a population greater than 20,000 (Ballarat/Geelong/Bendigo etc.)
- distance from the nearest large school (primary 200 students/secondary 500 students)
- distance from Melbourne.

Interim maximum rates for 2010

Primary \$155.98

Secondary \$229.29

The Funding Guarantee

The funding guarantee was introduced with the FAM in order to provide existing schools with funding certainty. The funding guarantee provides each school that was registered prior to 2006 with a guarantee that it will not be funded at less than its 2005 per capita rates, unadjusted for inflation. The funding guarantee has been retained for the term of the 2010-2013 Funding Agreement.

For each school that was registered in 2005, its funding entitlement calculated under the FAM is compared with the school's 2005 entitlement under the previous ERI funding model, unadjusted for inflation, to determine which of the following two categories the school falls into:

- 'Funding Guaranteed' Schools
- 'Access New Funding' Schools.

'Funding Guaranteed' School

Where a school's entitlement under the FAM is less than its level of funding under the previous ERI model, the school will be a 'Funding Guaranteed' School. Its per capita funding will be guaranteed at 2005 ERI rates, unadjusted for inflation, but it will not be eligible to access any new funding.

'Access New Funding' Schools

Where a school's entitlement under the FAM is greater than its entitlement under the previous ERI funding model, it will be eligible to access new funding.

Phasing in Gain

Gains achieved by schools under the FAM will be phased in over a number of years

Transition from a 'Funding Guaranteed' to 'Access New Funding' School

Over time, schools initially deemed to be 'funding guaranteed' will move to a point whereby they will be eligible to access new funding. The length of time this takes will depend primarily on the relative difference in a school's level of funding under the previous ERI model and its initial entitlement under the FAM. It is also possible that an 'Access New Funding' School could be re-categorised as 'funding guaranteed' should its needs profile change significantly.

New Schools

For new schools, actual needs-based data (EMA, students, students with disabilities, and Aboriginal and Torres Strait Islander student data) will not be immediately available for funding purposes. Funding will be based on the number of full time equivalent students (FTE) as supplied by the new school, together with the new school's estimate of EMA students, students with disabilities and Aboriginal and Torres Strait Islander students. This

estimated student profile will be used to calculate the January payment which will be 25 per cent of the new school's estimated annual entitlement.

SES level	Percentage EMA
111 – 127	1 – 5 per cent
91 – 110	6 – 24 per cent
85 – 90	> 25 per cent

Where the estimated percentage of EMA students provided by a new school differs significantly from the above table, a school may be requested to provide advice on the basis for determining the estimated number of EMA students.

The July payment for the new school will be calculated using actual EMA data obtained from the first EMA payment in 2008 and will be 75 per cent of the schools revised estimated annual entitlement, less the January payment.

Indicative yearly payments

Indicative payments for the following year, comprising interim per capita rates based on existing census data, are provided to schools and systems approximately one month after DEECD receives Commonwealth census data each year. In December 2009, schools and systems were provided with details of their indicative payments for 2010. These are estimates and may vary with the final actual per capita rates.

Final per capita rates for 2010 will be determined when the census data is received and processed.

Payment schedule for 2010-2013

Payment of the State Recurrent Grant: Existing Schools

Day of processing	Percentage of total annual payment	Basis for calculating payment
2 nd Friday of January	25 per cent	25 per cent of the amount that corresponds to the census enrolment data from the previous year
2 nd Friday of July	50 per cent	50per cent of the amount that corresponds to the census data from the previous year
October	25 per cent (approx.)	Total annual entitlement for the current year based on the August census less payments made previously in January and July in the same year

Payment of the State Recurrent Grant: New Schools

Payment	Date	Basis for calculating payment
1 st payment	As soon as possible after registration and following receipt of Full Time Equivalent (FTE) enrolment and SES level data from the school	25 per cent of estimated annual entitlement, based on FTE enrolments as supplied by the school, together with the new school's estimate of EMA students, SWD and ATSI students.
2 nd payment	July	75 per cent of schools' revised estimated annual entitlement, less the January payment, calculated using EMA data obtained from the first EMA payment in the current year.
3 rd payment	October	Balance – full entitlement based on current year actual less previous payments.

Payment arrangements

Systemic and non-systemic schools

State Recurrent Grant funding for schools that are members of the Catholic, Seventh-Day Adventist, Lutheran and Ecumenical systems is paid to the relevant system authority for distribution to system schools. State Recurrent Grant payments for all non-systemic schools are paid directly to the schools.

Electronic Funds Transfer

All payments in relation to the State Recurrent Grant are made through electronic transfer of funds to the school's bank account.

New schools must provide the bank account details to allow payments to be made. DEECD will provide systems with remittance advice for every systemic school at the same time as the EFT payment is made.

School closures

Schools that cease operation are required to notify the Financial Services Division, Office for Resources and Infrastructure within 14 days of closure. School closures will be verified with the Victorian Registration and Qualification Authority (VRQA) prior to the cessation of payments.

School amalgamations

Where two or more schools merge, the merged entity will be funded as a new school from the date of merger. The funding guarantee provisions will not apply.

New campuses

A new campus of a non-government school will be eligible to receive funding once registration for the campus (and for secondary schools, the year levels) has been granted by the VRQA. It is the responsibility of the school/system to advise the Financial Services Division of any new arrangements.

Overpayments

Where an overpayment has been made to a non-government school, DEECD may recover this amount. Except in the case of schools that are likely to close, or have closed,

the overpayment should be deducted from the school's next scheduled State Recurrent Grant payment.

Pro-rata payments

Funding for new schools is provided from the effective date of registration. Where this date is a date other than 1 January in the year of registration, all entitlements will be calculated on a pro rata basis.

Indexation

During the term of the Funding Agreement, funding for non-government schools will be indexed annually in line with inflation as determined by the Departmental Funding Model (DFM). The DFM is an indexation rate calculated annually by the Department of Treasury and Finance.

The Department of Treasury and Finance will advise DEECD of the indexation rate to be applied prior to the commencement of the funding year. Indexation funding will then be applied to the quantum of funds available in the FAM for distribution prior to the calculation and distribution of the interim budgets.

Note: the Victorian Government indexation process incorporates indexation into funding rates from the beginning of each calendar year. This is in contrast to the Commonwealth Government process which provides a separate supplementation payment at the end of the calendar year.

Enrolment growth

The pool of funds allocated through the FAM will be adjusted in line with any year-on-year change in actual student enrolments in non-government schools.

Adjustments for enrolment changes will be applied following receipt of the Commonwealth's August Census data and applied to the October FAM payment.

Additional funding for enrolment growth will normally be included in a school's October payment. However, if a school experiences enrolment growth of 15 per cent or more in any one year, the school may ask to receive the adjustment prior to the October payment.

Schools leaving a system

Where a school leaves a system that reallocates the quantum of funding provided by DEECD to its member schools, the school leaving the system will cease to be subject to the funding guarantee provisions of the system and will receive its full funding entitlement calculated under the FAM.

Where a school leaves a system that passes on the entitlement calculated by DEECD to its member schools, the school leaving the system will continue to be subject to the funding guarantee provisions of the system with any gains through the FAM phased in.

Students subject to Guardianship and Custody Orders

The FAM allocates the same level of funding for students who are the subject of certain Guardianship and Custody Orders as it does for students in receipt of the EMA. This data is collated by the CECV and ISV for their respective schools and provided to DEECD for incorporation into the FAM. This arrangement will continue for both Student Family Background 1 (SFB1) and Student Family Background 2 (SFB2) in 2010. From 1 January 2011, this arrangement will apply to SFB1 only.

9. Key Contacts

Support and assistance for non-government schools and systems is provided by a range of departmental and statutory agencies, as well as peak organisations and block grant authorities.

Authority/department	Functions	Contact
Non-Government Schools Branch Office for Policy, Research and Innovation DEECD	<ul style="list-style-type: none"> Non-government schools policy Accountability Data analysis 	Manager, Non-Government Schools Branch Ph: 9637 3793 www.education.vic.gov.au
Resource Management Unit Office for Resources and Infrastructure DEECD	<ul style="list-style-type: none"> Funding administration 	Manager, Resource Management Unit Ph: 9637 3766 E: ngs.financial.support@edumail.vic.gov.au www.education.vic.gov.au
Victorian Institute of Teaching (VIT)	<ul style="list-style-type: none"> Teacher registration Database of registered teachers Teacher professional standards Approval of teacher education courses Advice on teacher professional development Investigations of teacher misconduct 	General enquiries Ph: 8601 5800 E: vit@vit.vic.edu.au www.vit.vic.edu.au
Victorian Registration and Qualifications Authority (VRQA)	<ul style="list-style-type: none"> Regulation of education and training providers Administration and publication of the State Register 	General enquiries Ph: 9637 2806 E: vrqa@edumail.vic.gov.au www.vrqa.vic.edu.au
Victorian Curriculum and Assessment Authority (VCAA)	<ul style="list-style-type: none"> Curriculum and assessment programs P-10 (Victorian Essential Learning Standards - VELS) Victorian Certificate of Education (VCE) Victorian Certificate of Applied Learning (VCAL) Administration for National Assessment Program Literacy and Numeracy (NAPLAN) 	General enquiries Ph: 9651 4300 E: vcaa@edumail.vic.edu.au www.vcaa.vic.edu.au
Catholic Education Commission of Victoria (CECV)	<ul style="list-style-type: none"> System authority for Victorian Catholic schools policy, program development and administration Diocesan Catholic Education Offices in Victoria are Melbourne, Ballarat, Sandhurst and Sale 	General enquiries Ph: 9267 0228 E: secretary@cecv.catholic.edu.au www.cecv.catholic.edu.au
Independent Schools Victoria (ISV)	<ul style="list-style-type: none"> Peak organisation representing member Victorian Independent schools 	General enquiries Ph: 9825 7200 E: inquiries@independentschools.vic.edu.au www.independentschools.vic.edu.au
Victorian Independent Schools Block Grant Authority (VISBGA)	<ul style="list-style-type: none"> Authority established to receive and distribute Commonwealth Specific Purpose Program funds 	General enquiries (contact through ISV) Ph: 9825 7200



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COR003549

Mr Stephen Palethorpe
Committee Secretary
Senate Select Committee on School Funding
PO Box 6100
CANBERRA 2600

Dear Mr Palethorpe

Thank you for your letter of 16 May 2014 requesting information on the individual needs-based school funding models used in Victoria.

Victorian funding for government schools is allocated through the Student Resource Package (SRP). State recurrent grant funding for non-government schools is determined by the Financial Assistance Model (FAM). Funding for systemic non-government schools is paid to the relevant system authority (e.g. Catholic Education Commission Victoria) for distribution and payments for all non-systemic schools are paid directly to schools. Both the SRP and FAM provide funding for each student and are weighted to support children experiencing disadvantage.

Victorian government schools operate under one of the most advanced and fully devolved funding models in the world, with principals and school councils charged with the authority of determining how funding is allocated and targeted to enhancing student outcomes.

The SRP was introduced for Victorian government schools in 2005 to bring about improvement in learning outcomes for students. Since implementation in 2005, the guidelines and funding formulae of the SRP have been publicly available on the Department's website and school-level SRP allocations are provided to the council of each Victorian government school. To access the SRP Guide 2014 please visit: www.education.vic.gov.au/management/srp.

Please find attached hard copies of the FAM Guide 2010-13, the 2014 Summary of Non-government Schools Funding and the SRP Guide 2014.

If you would like further information, you may contact Robert Anderson, Executive Director, Schools Resource Allocation Branch, Department of Education and Early Childhood Development, on 9637 3686 or by email: anderson.robert.a@edumail.vic.gov.au.

Yours sincerely

Richard Bolt
Secretary

/ /2014



