

Senate Committee: Education and Employment

QUESTION ON NOTICE Additional Estimates 2014 - 2015

Outcome: Agency: ACARA

Department of Education and Training Question No. SQ15-000120

Senator Wright, Penny provided in writing

ACARA: estimating expenditure of schools

Question

Have any significant changes been made to the methodology for estimating the recurrent and capital expenditure of schools as published on the My School website since 2010? If so, what are they and when were the changes made?

Please provide a list of the items are included (or excluded from) in the estimates of recurrent and capital expenditure of schools as published on the My School website?

Answer

The Australian Curriculum, Assessment and Reporting Authority has provided the following response

No, there have not been any significant changes made to the methodology for estimating recurrent and capital expenditure of schools published on the *My School* website. Financial information for schools was included on *My School* for the first time in 2011.

| | Recurrent Income | Capital Expenditure |
|--|---|---|
| | <p>Income received by a school, which is available for expenditure relating to the ongoing operating costs of schools (e.g. teaching and non-teaching staff salaries, school operating costs).</p> <p>Recurrent Income under <i>My School</i> reporting is classified under the following sources:</p> <p>Australian Government recurrent funding Income sourced from funding provided by the Australian Government for recurrent purposes.</p> <p>State Government recurrent funding Income sourced from funding provided by state and territory governments for recurrent purposes.</p> | <p>Expenditure incurred by a school, or on behalf of a school by the school system (where appropriate) to buy or improve assets such as equipment, property or buildings.</p> <p>Capital expenditure under <i>My School</i> reporting is classified under the following sources:</p> <p>Australian Government capital funding The amount of capital expenditure funded by the Australian Government.</p> <p>State Government capital funding The amount of capital expenditure funded by state and territory governments.</p> |

| | Recurrent Income | Capital Expenditure |
|-------------------|--|--|
| | <p>Fees, charges and parental contributions Income received from parents for the delivery of education services to students.</p> <p>Other private sources Income received from other sources – donations, interest on bank accounts, profits on trading activities and profits from sale of assets. It includes some private income received for capital purposes, and from school and community fundraising activities.</p> | <p>School loan drawdowns The amount of capital expenditure funded by capital loan drawdowns in the current year being reported.</p> <p>Income allocated to current capital projects The amount of gross income received by the school, which has been spent on capital projects in the current year being reported.</p> <p>Other sources and retained earnings from previous years for capital purposes The amount of capital expenditure funded through other private sources including retained earnings from previous years.</p> |
| Inclusions | <p>Government</p> <p>A. Year level range for reporting - reflect school income for the preparatory year (year level prior to Year 1) to Year 12.</p> <p>B. Salary income items</p> <p>C. Operating (non-salary) income items</p> <p>D. Grant income items</p> <p>E. Funds paid to a school (received as income 'in year') on behalf of a parent, parent body or private organisation for the direct purpose of providing school curriculum-related services and activities, e.g. fees, charges, contributions, donations, sponsorships</p> <p>F. Interest earned on school accounts in the accounting year</p> <p>G. Where gross recurrent income includes funding that is ultimately used to support capital works, this is deducted from net recurrent income and the funding transferred to capital works.</p> <p>H. School trust income 'in year'. Schools may receive funds from benefactors, parent bodies and school alumni associations for school activities.</p> <p>I. School-operated trading profits 'in year'.</p> <p>Non-government</p> <p>A. Commonwealth Government recurrent grants</p> <p>B. State/territory government recurrent grants</p> | <p>Government</p> <p><i>My School</i> capital expenditure reporting is designed to provide a measure of ongoing capital investment in school facilities. All capital expenditure incurred at department/region/system level is to be included</p> <ul style="list-style-type: none"> - Actual system level expenditure split by school per department ledger or other source ledger (where source ledger reconciles to G/L) <p>Non-Government</p> <p>A. Commonwealth Government capital grants</p> <p>B. State government capital grants</p> <p>C. Income allocated to (expenditure</p> |

| | Recurrent Income | Capital Expenditure |
|-----------------|--|---|
| | <p>C. State/territory government interest subsidy</p> <p>D. Private income – school fees (including from overseas students)</p> <p>E. Private income – other fee-related income such as levies and activity charges or income for excursions</p> <p>F. Private income – net proceeds (i.e. profit) from trading activities (bookshops, canteen)</p> <p>G. Private income – donations (community and building funds)</p> <p>H. Private income – gain from sale of assets (property, plant and equipment)</p> | <p>on) current year capital projects</p> <p>D. New school loans drawn down in current year</p> <p>E. Income allocated to debt servicing (including interest and principal payments)</p> |
| Excluded | <p>Government</p> <p>A. School bank account balances – only the income/notional income received ‘in year’ is counted. School bank balances reflect both the income obtained in previous years as well as income and expenditure movements in the current year.</p> <p>B. Salary balance sheet (accumulated) provisions for leave loading, superannuation and recreation leave – only annual income entitlements are included</p> <p>C. School transport</p> <p>D. Funds held outside the government school system and school</p> <p>E. School hostel income</p> <p>F. Payroll tax</p> <p>G. Income relating to closed schools for the purpose of <i>My School</i> reporting</p> <p>H. Vocational Education and Tertiary (VET) income not designated as school related VET activity</p> <p>I. Income relating to non-government school activities.</p> <p>J. Umbrella service costs undertaken by an organisation or unit for an education sector</p> <p>K. Allowances paid directly to parents regarded as welfare payments</p> <p>L. Money which the school receives from, or on behalf of, its students, and passes on in full to a third party</p> <p>M. Debt servicing from bank accounts</p> <p>N. Depreciation</p> <p>O. Income attributed to Year 1 minus 2 (and lower) students</p> | <p>Government and Non-Government</p> <p>My School capital expenditure reporting is designed to provide a measure of ongoing capital investment in school facilities. All capital expenditure incurred at department/region/system level is to be included, except for:</p> <ul style="list-style-type: none"> - land acquisitions for future schools (until a school is registered and the title of the land is recognised at the school level) - Year 1 minus 2 capital expenditure components (except for those jurisdictions where specific limitations still apply). |

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|--|---|----------------------------|
| | <p>Non-government</p> <p>A. School bank account balances – only the income/notional income received ‘in year’ is counted. (School bank balances reflect both the income obtained in previous years as well as income and expenditure movements in the current year.)</p> <p>B. School transport – to and from school/TAFE</p> <p>C. Funds held outside the school, i.e. held by an external organisation such as a parent body or a separate legal entity such as an alumni or religious organisation</p> <p>D. School hostel income including residential boarding fees</p> <p>E. Income relating to closed schools for the purpose of <i>My School</i> reporting</p> <p>F. Vocational Education and Tertiary (VET) income not designated as school related VET activity</p> <p>G. Income related to umbrella services undertaken by an organisation or unit for an education sector</p> <p>H. Money which the school receives from, or on behalf of, its students, and passes on in full to a third party</p> <p>I. Money the school receives from organisations, including government agencies, which the school passes on in full to third parties and does not benefit the school or fund its operations.</p> <p>J. Money held by the school on behalf of the parents of boarding students to cover costs incurred by the school in acting as the students’ guardian</p> <p>K. Income attributed to Year 1 minus 2 (and lower) students</p> | |

Source: *My School Financial Reporting Manual 2014 V7.8*