EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE
2003-2004 ADDITIONAL ESTIMATES HEARING

Outcome: 1
Output Group: 1.1 – Funding for schools

DEST Question No. E985_04

Senator Carr provided in writing.

Refers to L. Watson, "A critique of the Federal Government's recent changes to private schools funding" University of Canberra 2003

Question:

Is the Department familiar with the recent paper by Louise Watson, of the University of Canberra, on the Commonwealth's SES schools funding index?

Watson concludes from her analysis that there are:

- Two major flaws in the SES model; and
- Four major flaws in the implementation of the scheme.

Please provide comment on the following points and issues:

Flaws in implementation

Watson says that implementation has been flawed in that:

(1) disproportionately high funding increases have been awarded to high-SES schools, and (conversely) disproportionately low increases to low-SES schools;

(2) "funding maintained" schools should not have had their funding maintained in real terms only dollar terms;

(3) the AGSRC is an inappropriately high index to reflect movements in education prices in schools; and

(4) schools in the Catholic system should be included individually in the SES ranking, rather than effectively excluded under a block funding arrangement.

How do you respond to these points?

Answer:

L. Watson: "A critique of the Federal Government's recent changes to private schools funding" University of Canberra 2003

(1) The size of funding increases to individual schools reflects the difference between their funding under the former Education Resources Index (ERI) and their entitlements under the SES funding model. For example, a former category 3 secondary school with an SES score of 100, which was funded at 21.9% of Average Government School Recurrent Costs (AGSRC) under the ERI, would receive a larger increase than a former category 12 school with the same score because the latter was funded at a much higher rate (62.4%) under the ERI.

When the SES funding arrangements are fully implemented in 2004, the 72 schools serving the neediest communities will receive an estimated average increase of $919 per student. This is nearly four times the estimated average increase of $244 per student that will flow to the 67 schools serving the wealthiest communities.

(2) When the SES funding arrangements were introduced in 2001, the Australian Government determined that no school would lose funding as a result of the move to a new funding model. Schools that would otherwise have received less funding under the SES model had their year 2000 per capita entitlements maintained in real terms.

(3) The AGSRC was introduced in 1993 as part of the then Government's commitment to: maintain the quality of education in non-government schools relative to those in government schools; freedom of choice for parents between educational institutions; and the relative levels of Australian Government and State funding to government schools. A review of indexation arrangements for programmes across the Whole-of-Government, commissioned by the then Government in 1994, specifically excluded recurrent funding for government and non-government schools from the move to the use of new 'cocktail' wage cost indices for the indexation of programmes with substantial wage costs components. Through the Review, the Government reaffirmed the use of the AGSRC Index for the supplementation of recurrent funding for all schools.

(4) Under the current funding arrangements, Catholic systems are funded at 56.2% of Average Government School Recurrent Costs (AGSRC) and 51.2% for the ACT in respect of students attending Catholic systemic schools. From 2005 Catholic systemic schools will become fully integrated into the SES system. This means that Catholic systemic schools will attract funding on a school-by-school basis according to the socioeconomic status of their school communities or, if this would result in less funding, they will have their funding entitlements maintained in real terms at their 2004 funding levels.