



DEPARTMENT OF EDUCATION, TRAINING AND YOUTH AFFAIRS

**Submission to the Senate Employment, Education and
Training Legislation Committee on the**

States Grants (Primary and Secondary Education Assistance) Bill 2000

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INTRODUCTION

The purpose of this submission is to give the Committee basic factual material on the *States Grants (Primary and Secondary Education Assistance) Bill 2000* (the States Grants Bill) including specific material on initiatives not written into previous States Grants legislation for schools.

The submission covers the following matters in some detail:

- (a) the structure and financial aspects of the Bill for government and non-government schools;
- (b) general recurrent grant funding arrangements for non-government schools (including Establishment Grants and School Transitional Emergency Assistance);
- (c) improving student outcomes through new measures for better accountability and programme delivery from 2001 for government and non-government schools; and
- (d) reforms to individual targeted programmes.

CONTENTS

1.	GENERAL COMMENTS	4
1.1	Structure of the Bill	4
1.2	Financial details	5
2.	SPECIFIC COMMENTS	6
2.1	General recurrent funding arrangements for non-government schools	6
2.1.1	Review of the Education Resources Index (ERI)	6
2.1.2	SES-Based Funding Arrangements	6
2.1.3	SES-Based Assessment Procedures	9
2.1.4	New Schools	9
2.1.5	Appeals Process	10
2.1.6	Other provisions	10
2.1.7	School Transitional Emergency Assistance (STEA)	10
2.2	Improving student outcomes	11
2.2.1	New measures for better accountability and programme delivery from 2001	11
2.2.2	The context	11
2.2.3	Better reporting and accountability	11
2.2.4	Improved outcomes and Commonwealth programmes for all schools	12
2.2.5	Key principles	12
2.2.6	What does the legislation contain?	12
	<ul style="list-style-type: none"> • A commitment to national goals and targets/measures • A commitment to report • Meeting the obligation to report 	
2.2.7	Establishing performance measures and targets	14
2.2.8	Equal accountability for government and non-government school authorities	15
2.2.9	Which programmes are affected	15
2.2.10	Improving programme delivery	15
2.2.11	Equitable outcomes through reform of targeted programmes	16
2.2.12	Implications from recent developments in education policy and studies	17
2.2.13	A new targeted programme structure	17
2.2.14	Which programmes are affected?	18
2.2.15	Strategic assistance for improving student outcomes	18
2.2.16	A streamlined allocative mechanism	18
2.2.17	Literacy and numeracy funding	19
2.2.18	Special education funding arrangements	19
2.2.19	Special education school support per capita grants	20
2.2.20	Special education per capita grants – the strategic assistance amount	21
2.3	Reforms to individual targeted programmes	22
2.3.1	Special education non-government centre support	22
2.3.2	Languages other than English	22

1. GENERAL COMMENTS

1.1 Structure of the Bill

The structure of the *States Grants (Primary and Secondary Education Assistance) Bill 2000* is similar to the *States Grants (Primary and Secondary Education Assistance) Act 1996*. There has been minimal structural change to the Bill with the main differences being:

- use of simplified outlines at the beginning of most Parts;
- definitions of terms have been provided in the relevant clause except where they are used more than once and then they have been consolidated at clause 4 “Definitions” of the Bill rather than in a separate ‘Dictionary’ Schedule; and
- the Schedules to the Bill have been revised and new schedules included to reflect policy changes .

New policy initiatives in this Bill are detailed below:

- provision for the new socioeconomic status or SES based funding arrangements for non-government schools (Parts 3, 4, 6 and 12);
- provision for funding maintenance for non-government schools financially disadvantaged by the move to the new SES funding system (Parts 3, 4, 6 and 12);
- provision for approved Catholic school systems to be funded on a basis that essentially preserves in real terms the per capita equivalent of their current funding categories in the year 2000 (Parts 3, 4, 6 and 12);
- provision for additional funding and consequent changes to funding arrangements for the Short Term Emergency Assistance programme now renamed the School Transitional Emergency Assistance programme (Division 4, Part 6);
- provision for a new programme to provide establishment grants to assist new non-government schools with costs incurred in their formative years and enable them to be competitive with existing schools (Division 5, Part 6);
- provision for a new accountability framework aimed at strengthening the link between the funding provided under Commonwealth schools programs and improved outcomes for all Australian students (Part 2);
- a revised structure for some Commonwealth programmes of targeted assistance - the revised structure combines the Literacy and Numeracy – Grants to Schools programmes and the Special Education School Support fixed grants and per capita grants into the *Strategic assistance for improving student outcomes programme* (Part 7);
- a revised structure combining the Priority and Community Languages programmes into the *Languages other than English programme* (Part 11);
- provision for government school General Recurrent Grants to be funded at a specified proportion of the dollar value of the AGSRC figure used for funding non-government schools to avoid possible inconsistent supplementation arrangements between the two sectors (Schedule 2); and
- streamlining of the legislative requirements for the Capital Grants Programme (Division 2, Part 5 and Division 2, Part 6).

Table 1 below summarises the changes to the programme structure under the new Bill.

Table 1: Pre-2001 programmes under the new programme structure

Programme	Status
<p><i>Programmes which will retain their identity:</i></p> <ul style="list-style-type: none"> • General Recurrent Grants • Capital Grants • Country Areas • Literacy and Numeracy – national projects • Special Education for non-government centres • National Asian Languages and Studies in Australian Schools Strategy (NALSAS) • ESL – New Arrivals • National Projects 	Programmes retain identity in Bill
<p><i>Programmes under States Grants legislation which will be subsumed by broadbanding:</i></p> <ul style="list-style-type: none"> • Literacy and numeracy – grants to schools • Special education school support fixed grants and per capita grants • Priority languages • Community languages 	Strategic assistance for improving student outcomes programme Strategic assistance for improving student outcomes programme Languages other than English programme Languages other than English programme
<p><i>Programmes funded under States Grants legislation which will cease:</i></p> <ul style="list-style-type: none"> • Full Service Schools • Short-Term Emergency Assistance 	Ending in 2000 Has been renamed School Transitional Emergency Assistance
<p><i>New programmes funded under States Grants legislation:</i></p> <ul style="list-style-type: none"> • School Transitional Emergency Assistance • Establishment Grants 	Formerly the Short-Term Emergency Assistance Programme New programme for new non-government schools

1.2 Financial details

The Bill appropriates some \$22 billion for schools for the 2001-2004 quadrennium. Below is a table which shows estimated allocations by programmes and calendar years in the Bill.

Table 2: Estimated allocations under the States Grants Programmes (outturn prices)

	2000 \$	2001 \$	2002 \$	2003 \$	2004 \$
Government					
Recurrent	1,185,524,000	1,248,572,000	1,321,828,000	1,398,908,000	1,481,098,000
Capital	224,959,000	229,683,000	235,655,000	241,782,000	248,068,000
Targeted	297,667,000	306,809,000	317,138,000	293,902,000	296,748,000
Total	1,708,150,000	1,785,064,000	1,874,621,000	1,934,592,000	2,025,914,000
Non-government					
Recurrent	2,648,228,000	2,873,160,000	3,118,037,000	3,383,557,000	3,667,232,000
Capital	88,438,000	90,295,000	92,643,000	95,051,000	85,851,000
Targeted	153,274,000	159,618,000	165,491,000	157,610,000	165,616,000
Total	2,889,940,000	3,123,073,000	3,376,171,000	3,636,218,000	3,918,699,000
Grand Total	4,598,090,000	4,908,137,000	5,250,792,000	5,570,810,000	5,944,613,000

In addition to direct Commonwealth assistance, States apply other Commonwealth-sourced funding to government and non-government schools. Commonwealth and State financial arrangements have changed with the introduction of the New Tax System and it is unclear at this stage how much funding from GST revenues will be applied by States to school education. Consequently, it is not possible to provide estimates of total public funding to government and non-government schools for the quadrennium.

2. SPECIFIC COMMENTS

2.1 General recurrent funding arrangements for non-government schools

In May 1999, the Government announced new funding arrangements for non-government schools for the 2001-2004 quadrennium. From 2001 Commonwealth general recurrent funding for non-government schools will be based on a different measure of need. The current mechanism for assessing need, the Education Resources Index (ERI), will be replaced with a measure of the socioeconomic status (SES) of school communities. The SES approach is a more transparent and objective measure, based on independent data that are consistent for all schools.

2.1.1 Review of the Education Resources Index (ERI)

Since 1985, the ERI has been used to assess need by measuring a school's capacity to generate funds on its own behalf. With changes and accretions to the funding system over time, the ERI no longer had credibility as a fair measure of need. Some of the problems of the ERI are detailed in the *Schools Funding: Consultation Report*, a report on issues raised in submissions and consultations with the school sector. A copy of the report is attached.

The methodology for the SES-based funding approach is explained in the *Schools Funding: SES Simulation Project Report. A report by the Steering Committee for the Simulation Project on a socioeconomic status (SES)-based model for recurrent funding of non-government schools*. A copy of the report is attached. This report presents the results of a simulation exercise conducted during 1998 to test the validity and feasibility of an SES approach. Over 90 per cent of the non-government school sector participated in this exercise.

2.1.2 SES-Based Funding Arrangements

The SES approach assesses need based on a measure of the SES of the school community rather than the school's own resource levels (as measured by the ERI). It is in effect a measure of the relative capacity of non-government school communities to financially support their schools.

The key principles that underpin the Government's policy for Commonwealth funding of non-government schools are that:

- the funding approach should be transparent and simple;
- private investment in education should not be discouraged; so that schools should be able to raise private income without penalty;
- schools should have the flexibility to adjust their operations to cater for their communities;
- all non-government school students are entitled to a base level of public funding; and
- the existing link between non-government school funding and Average Government School Recurrent Costs (AGSRC) should be maintained as a benchmark.

[The AGSRC is a measure of the national average recurrent cost of educating a child in a government school, agreed annually by the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA). The 1996/97 AGSRC figures (known as the 1998 AGSRC) of \$4,355 (primary) and \$6,050 (secondary) were used in developing the new funding approach.]

The main features of the SES funding model are:

- The minimum entitlement for schools funded on their SES score will be set at 13.7 per cent of AGSRC, and will be payable to schools with SES scores of 130 and above. This entitlement is roughly equivalent to 1998 category 1 funding for secondary students, and is slightly higher than 1998 category 1 funding for primary students (12 per cent of AGSRC).
- The maximum entitlement for schools funded on their SES score will be set at 70 per cent of AGSRC, and will be payable to schools with SES scores of 85 and below and to Special Schools which cater mainly for students with intellectual, physical, social and/or emotional difficulties. This represents an increase over the 1998 maximum funding rate of about 14 per cent.
- Funding for schools with SES scores between 85 and 130 will be payable on a continuum with a difference of about \$55 for primary students and \$75 for secondary students (1998 dollars) for each single point change in score.
- For schools funded on their SES score, there will be a consistent primary/secondary differential reflecting the primary and secondary rates of AGSRC.
- Per capita rates will be adjusted annually in line with the most recently agreed AGSRC figures.
- The increased funding to schools will be phased in over the quadrennium. Schools' entitlements will be calculated on the basis of their SES scores and their increased funding will be phased in, at a rate of 25 per cent of the increase each year, so that by 2004 schools will be funded at their new level.
- No school will be financially disadvantaged by the move to the new funding system. Schools that would otherwise have their funding reduced under the new arrangement will have their year 2000 per capita entitlements maintained, with the year 2000 dollar rates adjusted annually in line with the most recently agreed AGSRC figures.
- Catholic school systems (except in the ACT) will be funded at 56.2 per cent of AGSRC. The ACT Catholic system will be funded at 51.2 per cent of AGSRC.
- Funding for all other systems will be based on the aggregate entitlement of their individual member schools. Individual schools within systems which would be financially disadvantaged by moving to SES-based funding will have their year 2000 per capita funding entitlements maintained in real terms in the same way as individual independent schools.

2.1.3 SES-Based Assessment Procedures

The SES approach involves linking student address data to the latest Australian Bureau of Statistics (ABS) national Census data to obtain a measure of the capacity of a school community to support its school and relies on the following information:

- the latest (1996) ABS national Census data
[on which the SES Index is based]
- the SES Index which comprises three dimensions – Occupation, Education and Income (½ Household Income and ½ Family (with children) Income)
[recommended by the SES Simulation Project Steering Committee]
- ABS Census Collection Districts (CDs)
[which comprise between 200 to 250 households]
- CD SES scores
[derived from the SES Index]
- students' residential addresses
[addresses only, *not* names].

The SES funding approach does not set out to measure the wealth of any individual household, but rather to rank schools relative to each other based on the SES of each school's community.

Students' addresses are matched to ABS CDs by a process known as geocoding. Following geocoding, each school's community is defined in terms of the CDs from which it draws its students and the percentage of students from each CD. There are around 34,000 CDs across Australia and almost every CD has been assigned an SES score based on the SES Index. The SES scores for individual schools are calculated as a weighted average of the dimension scores for the CDs from which its students are drawn.

The approach requires minimal information from schools. The residential addresses of enrolled students, without names, is all the information that schools are required to provide. The collection of address data without student names protects the privacy of students, their families and the schools they attend. At no stage are socioeconomic data, or Census data, linked to an individual student or his/her family. The ABS specifically prohibits identification of individuals' details.

2.1.4 New Schools

Transitional arrangements operate for non-government schools applying for Commonwealth general recurrent funding for the first time. For applications lodged after 11 May 1999, new non-government non-systemic schools' entitlements to Commonwealth general recurrent funding are being assessed according to an SES-based measure of need. These new schools are required to provide to the Department of Education, Training and Youth Affairs the residential addresses of students enrolled at the school so that an SES score can be calculated.

Applications for funding of new systemic schools, schools formed as a result of a funded school amalgamating with another school, and schools formed as a result of a funded school separating into two or more schools, are being handled under the current funding arrangements for the remainder of the quadrennium.

2.1.5 Appeals Process

All non-government schools will be able to seek a review of their funding level under the new SES-based funding arrangements.

Schools may seek a review if they consider that:

- their SES score has been inaccurately assessed; or
- the SES of the school community has changed significantly since the school's original SES score was calculated; or
- a new intake of students has significantly changed the school's SES score.

2.1.6 Other provisions

In addition, from 2001:

- establishment grants of \$500 per capita in the first year and \$250 in the second year will be available to all newly commencing schools for the first two years of their operation. These grants will also be available to new non-systemic schools that applied for funding after 11 May 1999; and
- distance education students in non-government schools will attract Commonwealth recurrent funding set at 13.7 per cent of AGSRC.

2.1.7 Schools Transitional Emergency Assistance (STEAP)

Schools experiencing severe financial hardship or facing problems of viability during the remainder of the current quadrennium or in the early stages of the 2001-2004 quadrennium, are able to apply for assistance under the STEAP Program.

2.2 Improving student outcomes

2.2.1 New measures for better accountability and programme delivery from 2001

From 2001, the legislation under which the Commonwealth provides funding for schools will include new requirements for reporting and accountability linked to the National Goals for Schooling in the 21st Century. The legislation also introduces a streamlined structure for Commonwealth targeted programmes for schools which permits greater flexibility in applying Commonwealth funds.

2.2.2 The context

The Commonwealth Minister for Education, Training and Youth Affairs, the Hon Dr David Kemp MP, has expressed the Government's commitment to improving student outcomes in the following terms:

“The Government's main objectives for schooling derive firstly from our desire to see a strengthening of the educational foundations of our democratic society, and secondly from our belief that the quality of our education is the surest guarantee that Australia will meet the challenges of competition in the global economy and provide our citizens with jobs and opportunities in the years ahead.

In this context, our main objectives are to raise standards of learning across the curriculum, to ensure that schools and school systems can meet the educational needs of all students, and to improve students' transition from school to work and to further education and training.

It is the right of every young Australian to have access to an education system, which meets their fundamental educational needs. This is their democratic right - students who leave school still struggling with basic literacy and numeracy skills are being disempowered. Their effective participation in our society is severely limited. We cannot pretend to have achieved educational equity or social justice in our school system until we can guarantee all young people this fundamental educational right. This inevitably leads to a focus on outcomes”.

Dr Kemp has also made clear the Government's commitment to better reporting and accountability as a means to improve outcomes through national goals for schooling and national performance targets. Two important recent reports, *Outcomes and Funding in the Commonwealth Literacy and Numeracy Programme* by John Ainley of ACER, and *Reporting on Student and School Achievement* by Peter Cuttance and Shirley Stokes, support the need to focus on improving student outcomes and improving accountability and reporting. This is the intention behind the new provisions of the schools funding legislation for 2001-04.

2.2.3 Better reporting and accountability

Since the mid-1990s there have been some very significant developments in the way Australian schools report on and account for the way they are educating the children in their care. The worldwide shift to output-focussed management and better accountability has affected Australian education too. Australian educators have become more aware of the need for measuring and comparing performance in order to improve our schooling system. More specifically, we have

come to view agreed national performance standards and national reporting as vital tools in delivering better outcomes for our students and schools.

2.2.4 Improved outcomes and Commonwealth programmes for all schools

In 1999, when education ministers adopted the National Goals for Schooling in the 21st Century, they also made a commitment to nationally comparable reporting of educational outcomes in six areas covered by the goals: literacy, numeracy, student participation, vocational education and training in schools, science and information technology. A MCEETYA taskforce was set up to do the work needed to identify measures, agree on definitions and pave the way for collecting the data needed. Its work is still continuing.

The Commonwealth has played a key role – along with the States and Territories – in establishing national goals, benchmarks and performance measures through the national ministerial council MCEETYA. It now wants to see the new approach to reporting and accountability reflected in its own programmes for schools, and this means changes to the conditions governing Commonwealth grants for schools from 2001.

2.2.5 Key principles

The new legislation will require grantees to make certain commitments, and will contain provisions governing failure to meet those commitments.

Commitment to national goals and targets: education authorities will be required, as a condition of funding, to make a commitment to the National Goals for Schooling and a commitment to achieve any performance measures (including targets) incorporated in the legislation.

Commitment to report: education authorities will be required to agree to report on progress towards achieving performance targets as a condition of funding.

Meeting the obligation to report: failure to report may have financial implications.

Meeting the obligation to achieve targets: failure to achieve performance targets will not have financial implications, but it may lead to administrative action aimed at assisting authorities to meet the commitments they have made.

2.2.6 What does the legislation contain?

A commitment to national goals and targets/measures

The Minister must not authorise a payment to a State or an approved authority unless the relevant agreement sets out:

- a commitment to the National Goals for Schooling prepared by MCEETYA, and
- a commitment to achieve the performance measures (including the performance targets) set out in the regulations (subsections 12(1)(a) and (b), and paragraphs 19(a) and (b)).

Performance measures and performance targets may be incorporated into the legislation by being determined by the Commonwealth Minister in regulations made under the Act. These regulations will be disallowable – that is, before becoming law they must be notified in the

Gazette and laid before each House of the Parliament within 15 sitting days, and are then subject to disallowance by either House.

The Government envisages that the performance measures and targets will be national measures and targets agreed by State and Commonwealth education ministers through MCEETYA. The *measures* to be used to report outcomes in a nationally comparable way would be those developed through the MCEETYA National Education Performance Monitoring Taskforce.

The Commonwealth Minister would, however, be able to determine a performance measure or target unilaterally by disallowable instrument, and might do this if, for example, he or she thought there was unreasonable delay in developing a particular measure or target.

A commitment to report

The new legislation requires education authorities to report publicly against such performance measures and targets as have been included within the scheme of the Act.

The Minister must not authorise a payment to a State or an approved authority unless the relevant agreement sets out that the State or authority will, no later than the date determined by the Minister,

- participate in preparing a national report on the outcomes of schooling, and
- provide, for inclusion in this, reports of a kind required by the Minister addressing the performance information requirements set out in the regulations (paragraphs 15(a) and (b), and paragraphs 23(a) and (b)).

The vehicle for national reporting on the outcomes of schooling will be the *National Report on Schooling* (the ANR). *Performance information* refers to measures and targets. These will be incorporated in regulations as and when agreed through MCEETYA, though again the Minister could determine a reporting procedure or other detail by disallowable instrument if – for example - he or she believed that there was unreasonable delay in reaching agreement.

It is envisaged that the requirement to report against the Year 3, Year 5 and Year 7 literacy and numeracy benchmarks would be included in the Act from the outset, via the regulations. The regulations would specify that, whenever the data available made it possible, reporting must occur in a way which allowed, where appropriate:

- comparison of performance by gender;
- comparison of the performance of States,
- comparison of the performance of education authorities, and
- comparison of the performance of key equity groups: Indigenous students, students with disabilities, students from low SES backgrounds, students of language backgrounds other than English and geographically isolated students.

Meeting the obligation to report

There are two further educational accountability requirements which must be set out in agreements.

States or approved authorities must:

- provide reports of a kind required by the Minister in relation to financial assistance, and

- participate in evaluating the outcomes of programmes of financial assistance (paragraphs 15(c) and (d) and paragraphs 23(c) and(d)).

These provisions are basically the same as in the current Act. The requirement to provide reports applies to those programmes which meet their accountability through agreed reports to the Commonwealth rather than through the ANR. States must provide reports as required by the Commonwealth Minister, consistent with the requirement already placed on non-government authorities.

As in the current Act, the Minister would have the discretion to recover funds in the event of failure to report (Sections 16 and 24).

Meeting the obligation to achieve targets

The new legislation provides that, where an education authority fails to achieve a performance measure or target set out in the regulations by the time specified, the Minister may require the authority to take certain specified steps.

A condition of funding is that if the Minister considers that the State or approved authority has not achieved the performance measures (including the performance targets) set out in the regulations, the Minister may ask the State or authority to take specified action and the State or authority should provide a report on the action taken (paragraph 15(e) and paragraph 23(e)).

Such action could include authorities:

- undertaking particular agreed interventions - for example, deploying advisory teachers to work in identified schools;
- reviewing and evaluating strategies and reporting plans for improvement to the Commonwealth, and/or publishing improvement plans, within a given time;
- submitting to independent review - for example, of capacity to make improvements in literacy and numeracy standards; or
- providing to the Commonwealth and/or publishing disaggregated data to identify schools having problems.

2.2.7 Establishing performance measures and targets

The Commonwealth's approach to setting national performance standards in schooling has been one of progress through consensus. The processes over the last two or three years of creating new National Goals for Schooling, establishing benchmarks for literacy and numeracy, and developing national performance measures, have taken place in a spirit of national co-operation, with contributions from all States and Territories, the Commonwealth and the non-government school sector.

MCEETYA has already agreed to national standards in the form of year 3, 5 and 7 literacy and numeracy benchmarks, and the Government sees MCEETYA and its official Taskforces as the best mechanisms to continue and extend this work, and therefore would want to incorporate this consensual process in the new accountability framework for its own programmes.

Of course, there are other approaches to target setting as well, and the new Commonwealth legislation will be able to incorporate other national measures and targets as and when they are agreed by MCEETYA. Ministers have identified six priority areas for development of

comparable national performance information in the context of the National Goals for Schooling: literacy, numeracy, student participation, VET in schools, science and information technology. Ministers have also asked for performance measures to be developed for civics and citizenship and enterprise education.

Not all of these areas are suitable for the setting of performance targets. In some cases the regulations may mandate measures rather than targets. And the burden on schools and systems in collecting data will be limited by the fact that some measures – like student participation – will be reported via data collections already in place such as ABS statistics collections. Even in the area of learning outcomes, some data can be gathered through national sample surveys like the PISA study in the case of middle secondary science achievement.

The Commonwealth's preference is to work through MCEETYA in agreeing on national performance targets and measures. The Commonwealth Minister will have the power under the Act to make regulations, and these would permit the unilateral setting of performance targets and measures to be reported on in order to meet accountability for Commonwealth grants. However this would be likely only if the Minister was convinced that the process of consensus was not working, or unreasonable delay was involved.

2.2.8 Equal accountability for government and non-government school authorities

All schools are equally accountable for the expenditure of public funds. For the purposes of accountability, government and non-government schools will be treated the same. The precise mechanisms for accountability and reporting by the Independent school sector, including non-systemic schools, will be settled through consultation with the sector.

2.2.9 Programmes affected

Commonwealth grants for schools amount to around \$5 billion a year. The new reporting and accountability arrangements apply to programmes worth approximately \$4 billion a year. These programmes are the ones which meet their educational accountability through participation in the ANR: General Recurrent Grants, Capital Grants, the new broadbanded Strategic Assistance for Improving Student Outcomes Programme (which is described below) and the following targeted programmes: NALSAS, Country Areas, ESL New Arrivals and Languages other than English.

In the case of Commonwealth programmes for schools which meet their accountability through other arrangements such as separate agreed reports, the emphasis on improving outcomes and the key principles of the reporting and accountability arrangements will be reflected in the programme arrangements where appropriate. These programmes include the Indigenous education programmes (IESIP, ATAS, ASSPA, VEGAS and ESL for Indigenous Language Speaking Students), the School to Work Programme (including the National Enterprise Schools Strategy), the Quality Outcomes Programme (the Schools Drug Education Strategy, Civics & Citizenship Education and Quality Outcomes) and the Literacy and Numeracy National Strategies and Projects Programme.

2.2.10 Improving programme delivery

At the beginning of a new school funding quadrennium the Commonwealth is in a position to improve the delivery of its financial assistance programmes to schools. The main programme

delivery improvements in the 2001-04 quadrennium relate to general recurrent grants for non-government schools and the Commonwealth's targeted programmes.

As a result of the new SES funding approach, there is a consequential effect on arrangements for the Commonwealth's targeted special education programme for non-government schools, as the fundamental platform for the calculation of special education school support per capita grants in the non-government sector has been removed. The Government recognised the need to review the special education per capita arrangements in the context of the 1999-2000 Budget. This issue is being addressed in the context of broader reform of Commonwealth targeted programmes.

2.2.11 Equitable outcomes through reform of targeted programmes

For targeted programmes, the new legislation increases the focus on improving student learning outcomes, strengthens accountability arrangements as a condition of receiving Commonwealth funds and reduces the complexity of Commonwealth targeted programmes.

The Australian education community is increasingly recognising that quality in education is best thought of in terms of the results or outcomes of education. The move to an outcomes focus is an integral part of the Commonwealth's drive to ensure that all Australian students share in the benefits of schooling. Rather than micro-managing inputs, the Commonwealth is pressing for equity of outcomes for all students.

Traditionally the Commonwealth's targeted programmes have used input controls to influence education around Australia. The Commonwealth has provided funds for specific purposes, and attempted to limit the use of those funds to those purposes although as a consequence this in some cases has also limited access to other available funding to assist educationally disadvantaged students.

The focus on the equity of outcomes for all students builds on the National Goals for Schooling in the Twenty-First Century, underpinned by performance measures being developed by the National Education Performance Monitoring Taskforce. Reporting against the agreed performance measures (which may include performance targets) will enable monitoring of the outcomes of students in key areas of schooling and assessment of performance against desired outcomes in those cases where targets have been agreed. This will include monitoring of outcomes of students from key equity groups.

The Commonwealth intends that the new arrangements for reporting and accountability in its schools programmes from 2001 will assist the significant proportion of students who are considered to be educationally disadvantaged. The national goals to which grantees will be required to commit include the goal that *the learning outcomes of educationally disadvantaged students improve and, over time, match those of other students*. The commitment to report against performance measures and targets is expected to enable comparable reporting of key equity groups, whenever the data available makes it possible.

To assist the education community to provide educationally disadvantaged students with the support they require, Commonwealth targeted programmes have been reformed to provide education sectors with flexibility to equitably, effectively and efficiently allocate funds and to minimise funding input requirements. The reforms to the Commonwealth targeted programmes are in line with the key principles for improving outcomes being applied to all Commonwealth programmes for schools.

2.2.12 Implications from recent developments in education policy and studies

When MCEETYA ministers endorsed the National Goals for Schooling in the Twenty-first Century they included the key goal that *the learning outcomes of educationally disadvantaged students improve and, over time, match those of other students.*

The Council requested the Commonwealth take this into account when preparing for its targeted programmes structure for the 2001-04 quadrennium as part of the move to a greater focus on the outcomes of education and in order to minimise Commonwealth accountability requirements for input information.

During 1999 DETYA reviewed the Commonwealth's targeted programmes. This process identified that in some cases the funding arrangements for targeted programmes required amendment so that the Government's priority of improved outcomes for educationally disadvantaged students could be met. Specifically, the DETYA review found that the current complex programme arrangements create difficulties for schools and sectors in properly targeting funds to students in need, and the current structure of five priority areas contributes to reduced flexibility in Commonwealth targeted funding.

The Commonwealth has also considered the findings and recommendations of the *Outcomes and Funding in the Commonwealth Literacy and Numeracy Programme* project carried out by ACER in 1998 and 1999 and, where appropriate, the Special Education Review conducted in 1998.

The ACER report argues that it does not make sense to use outcomes data at the Commonwealth level to allocate funds to education authorities. It notes that different issues arise at the education authority level and, given that outcomes data may be a particularly accurate indicator of need, it is logical to try to find a way to use the data to assist in funding decisions. The Commonwealth is interested in contributing to research that will assist State and Territory education authorities to use outcomes measures in a strategic way as part of their processes for managing targeted funding.

2.2.13 A new targeted programme structure

The Commonwealth's assistance to Australian schools and educationally disadvantaged students in 2001-04 will continue to include supplementary targeted funding programmes. It is not expected or intended that these targeted programmes should meet all the costs for schools to achieve outcomes for students who are educationally disadvantaged. It is also not intended to meet all the costs in improving outcomes in the Commonwealth's targeted teaching and learning areas. The Commonwealth's targeted programmes provide additional funding which education authorities may use strategically to achieve outcomes for those students with the greatest need.

The Commonwealth's priorities for targeted programmes in the 2001-04 quadrennium will be on improving learning outcomes for educationally disadvantaged students and improving outcomes in specific Commonwealth targeted teaching and learning areas. There will be no reduction in the Commonwealth's existing financial contribution to education sectors under these programmes.

The new targeted programme structure is outlined in Attachment A.

2.2.14 Which programmes are affected?

The existing targeted programmes in 2000 that are affected under the revised programme structure are:

- literacy and numeracy programme – grants to schools;
- special education – school support: fixed and per capita grants;
- special education non-government centre support;
- priority languages programme; and
- community languages programme.

The legislation introduces an outcomes focussed programme which will be aimed at improving the learning outcomes of students who are educationally disadvantaged. This incorporates current Commonwealth assistance to improve the educational participation and outcomes of students with disabilities and assistance for educationally disadvantaged students' acquisition of appropriate literacy and numeracy skills. The programme will be known as the *Strategic assistance for improving student outcomes programme*.

2.2.15 Strategic assistance for improving student outcomes

The *Strategic assistance for improving student outcomes programme* will see a broadbanding of the following funds at the sector level:

- literacy and numeracy programme – grants to schools; and
- special education – school support: fixed and per capita grants

These programmes were identified as having the potential to be part of a streamlined and simplified programme structure focused on supporting educationally disadvantaged students that is broadbanded at the sector level.

By removing input controls, education authorities will have the flexibility to make decisions on which schools have the greatest need for additional assistance for educationally disadvantaged students and will be able to determine appropriate funding amounts for those schools. With less input controls, schools will have more flexibility to use funding innovatively to meet the needs of their students.

2.2.16 A streamlined allocative mechanism

The Commonwealth supports three principles to underpin resource allocation decisions at all levels: equity, effectiveness and efficiency. It is the Commonwealth's responsibility to ensure that Commonwealth funding is distributed equitably on a national basis taking account of changing population numbers and indicators of relative need.

Under the *Strategic assistance for improving student outcomes programme*, Commonwealth funding assistance will continue to be distributed on the basis of equity and relative need. The Government will aim to ensure that the transition to new programme arrangements will not financially disadvantage any school or sector. The Government wishes to minimise the financial effect of changes to programme arrangements so that education authorities and schools will be able to focus their efforts on improving student outcomes.

It will be the responsibility of education authorities to distribute *Strategic assistance for improving student outcomes programme* funding within their sectors. The Commonwealth will

be working collaboratively with education authorities over the quadrennium to ensure that the principles of equity, effectiveness and efficiency are taken into account by education authorities when making decisions about resource distribution. The Commonwealth is interested in contributing to research that will assist State and Territory education authorities to use outcomes measures in a strategic way as part of their processes for managing targeted funding.

The current Commonwealth allocative mechanisms for these programmes will be replaced with a single composite mechanism. The composite mechanism will mirror the allocative mechanisms used for the programmes which are being broadbanded. It will continue to use terms that reflect the accepted social characteristics which contribute to educational disadvantage such as weightings of socioeconomic and language background other than English data, and will include an element which reflects as closely as possible current allocations for funding under special education school support programmes.

2.2.17 Literacy and numeracy funding

The Literacy and Numeracy Programme funding will be included within the broadbanded *Strategic assistance for improving student outcomes programme*. The Literacy and Numeracy Programme currently uses low socioeconomic and English as a second language mechanisms which were reviewed in 1996. Both the mechanisms and the terms within the mechanisms are generally accepted as being appropriate measures of educational disadvantage for the allocation of funds at a national level. The portions of funding currently allocated under these mechanisms will remain the same in the *Strategic assistance for improving student outcomes programme*.

During the quadrennium there will be two effects on the funding allocations for education authorities under these mechanisms. These effects are part of existing arrangements and are not a result of the new programme arrangements.

In line with past practice and Government policy, sector shares of the *Strategic assistance for improving student outcomes programme* funding determined using these mechanisms will be updated when data from the ABS 2001 Census of Population and Housing becomes available. This is expected to take effect in the 2003 programme year.

The 1999/2000 Federal Budget for literacy and numeracy provided an additional \$131 million over the four years 2000 to 2003. In the 2003 and 2004 programme year this additional funding will progressively come to an end. The maintenance of this funding would be a matter for future budget considerations.

2.2.18 Special education funding arrangements

The Government is committed to providing ongoing support for students with disabilities. It is implicit in the National Goals, supported by all education ministers, that students with disabilities will receive the support they need to succeed at school. The Commonwealth's general recurrent grants to government and non-government schools are the principal Commonwealth funding source schools have available to provide support for students with disabilities.

The SES arrangements for the Commonwealth's general recurrent grants to non-government schools are based on a measure of the capacity of a school community to support its school. The

general recurrent amount is linked to the AGSRC which includes costs associated with educating students with disabilities.

The Commonwealth seeks to improve the educational participation and outcomes of young people with disabilities through the provision of further supplementary assistance through the targeted programmes. The Commonwealth's targeted special education funds are not intended to meet all costs of special education services or facilities and are expected to be directed at those students with the greatest need. The Commonwealth considers that other funding sources should also be considered to support students with disabilities.

From 2001, the Commonwealth's arrangements for special education funding will enable sectors to strategically utilise targeted funding to achieve improved outcomes for students with disabilities and will streamline administration at the education sector and Commonwealth level. Under the new arrangements, government and non-government systems, schools and centres which enrol eligible students with disabilities or provide services will continue to be eligible to receive supplementary special education funding in respect of those students.

The Commonwealth will broadband the existing supplementary school funding programmes for students with disabilities as part of the *Strategic assistance for improving student outcomes programme* - namely the special education school support fixed grants and students with disabilities per capita grants.

A Commonwealth study recently conducted by the University of Queensland, *Literacy, numeracy and students with disabilities*, identifies that the separation of disability funding from other streams of Commonwealth targeted funding such as literacy and numeracy funding can place limitations on the learning support students with disabilities receive. The report also strongly recommends that the literacy and numeracy achievement of students with disabilities where appropriate should be reported and suggests that the receipt of Commonwealth special education funding should be made contingent on acceptance of a commitment to equity goals. The work underway through the National Education Performance Monitoring Taskforce and the incorporation of this funding into the Commonwealth's outcomes focussed targeted programmes structure for the 2001-04 quadrennium will address this issue.

Following on from this research, the Commonwealth will provide additional project funding over the quadrennium to foster and identify effective approaches for students with disabilities.

The current allocations of the special education school support fixed funding will be maintained for 2001 and subsequent years for that portion of the strategic assistance for improving student outcomes programme funding that is attributable to the existing special education school support programme. This will ensure that there is certainty and consistency for this funding.

2.2.19 Special education school support per capita grants

As mentioned earlier, because of changes to general recurrent grants arrangements the Government is required to make changes to the arrangements for special education school support per capita grants to non-government schools from 2001.

The Government also wished to resolve the inequitable differences in allocations under current arrangements, under which the most disadvantaged schools receive no additional funds for students with disabilities.

As the per capita funding will be broadbanded in the *Strategic assistance for improving student outcomes programme*, Commonwealth payments of this funding will be made only through government and Catholic education authorities and associations of independent schools. From 2001, all schools will access students with disabilities strategic assistance grants through the *Strategic assistance for improving student outcomes programme* through their relevant education authority. For some independent schools and systems which currently receive special education per capita grant payments as part of their general recurrent grants direct from the Commonwealth, this process represents a change to the way they currently access this portion of Commonwealth support for students with disabilities.

Given the heterogeneous nature of the students with disabilities target group, these arrangements are also consistent with providing greater flexibility for authorities to equitably, effectively and efficiently allocate other Commonwealth funding (literacy and numeracy and special education school support fixed) provided under this programme to schools to achieve improved outcomes for students with disabilities.

2.2.20 Special education per capita grants – the strategic assistance amount

The calculation of special education per capita grants will continue to be on the basis of reported eligible student with disabilities numbers calculated against a per capita rate. The per capita rate is referred to as the Strategic assistance amount. Consistent with current arrangements for special education per capita programme there will be different strategic assistance rates in the government and non-government sectors.

The strategic assistance amount for eligible government school students is \$102. This represents the current national average government school student amount.

The strategic assistance amount for eligible non-government school students is \$522. This represents the current national average non-government school student amount.

The strategic assistance amounts are based on a single average amount for government students and a single average amount for non-government students. The student with disability strategic assistance amounts for government schools and non-government schools were calculated from previous allocations under this programme in a budget neutral context.

The benefits of a single average per capita amount within the government and non-government sectors are that:

- at the national level it makes equal additional funding for students with disabilities within education sectors;
- it streamlines administration at the education sector and Commonwealth level;
- it removes arbitrary splits of funding between students of different ages; and
- it brings this element of funding in line with other targeted programmes which do not have a primary/secondary split.

For the majority of Catholic systemic schools the strategic assistance amount will approximately double existing funding levels.

The strategic assistance amount will have a varying effect in the independent school sector dependent on a school's position in the current 12 level funding system. The Government is

conscious that some independent schools, in particular, have made decisions on the enrolment and provision of assistance for students with disabilities based on the current funding arrangements. To ensure that schools are not disadvantaged by the introduction of new arrangements, the Government will maintain students with disabilities funding levels for independent schools. This will be in terms of the per capita rate for 2000 for the number of students with disabilities at a school as at the 2000 school census date.

2.3 Reforms to individual targeted programmes

2.3.1 Special education non-government centre support

The legislation provides for the special education non-government centres support funding to be continued as a separate programme. Funding for the programme will be maintained at the 2000 level in real terms.

Under current arrangements, the programme consists of recurrent funding which is provided to an ‘agent’ in each State and Territory and funding for capital projects which is available through an application process to the Department. The capital funding is available to purchase equipment or construct/refurbish facilities.

For the 2001-04 quadrennium, the total funding will be allocated to the States and Territories. The agents will be responsible for determining the allocations to individual non-government centres for both recurrent and capital purposes. This will provide the agents with greater flexibility in allocating the funds to better meet the needs of children with disabilities who attend non-government centres with a view to achieving improved outcomes for these children.

The purposes for which the funds can be used will be unchanged. The agents will be required to allocate a proportion of the funding to the construction or refurbishment of facilities and submit an annual plan outlining the building projects to be undertaken.

2.3.2 Languages other than English

The legislation will reaffirm the broadbanding provision for community and priority language funding in the current legislation. A new *Languages other than English programme* has been created with the purpose of improving the learning outcomes of students who are learning languages other than English. Funding will be allocated to education authorities on the basis of current shares of priority and community languages funding.

Administrative arrangements for the *Languages other than English programme* will be streamlined, with funding for independent schools being provided to the independent schools’ authority in each State and Territory for distribution. This mechanism will make a change to the way some independent schools and systems currently access funding under the priority languages programme.

Currently under the priority languages programme, some independent schools or aggregations of schools receive a direct payment of funding from the Commonwealth. Under the new arrangements the priority languages funding will be broadbanded with community languages funding and provided only to government and Catholic education authorities and associations of independent schools. Independent schools will therefore access funds only through their associations of independent schools.

The change to the way independent schools currently access priority languages funding is consistent with the 1998 evaluation of the Commonwealth's languages programmes which found that there was almost unanimous support for accessing priority languages funding through sector authorities.

Under the community languages component of the new *Languages other than English programme*, the Commonwealth will negotiate the allocation of the funds within the non-government sector within States within the level of funding available. We anticipate that these negotiations will result in a redistribution of funds between Catholic and independent sectors.

**Commonwealth targeted assistance for schools -
improving student outcomes**

Improving learning outcomes of educationally disadvantaged students

Improving learning outcomes in Commonwealth targeted teaching and learning areas

Strategic Assistance for Improving Student Outcomes

combining
Literacy and Numeracy
Special Education School Support
Special Education Per Capita

NALSAS

Languages other than English

Literacy and Numeracy Projects

Special Education
Non-Government Centre Support

Country Areas Programme

ESL–New Arrivals &
Indigenous

Annual appropriation programmes

Enterprise Education

- Quality Outcomes
- Quality Teaching
- Drug Education
- Civics & Citizenship Education