

Better Schooling for All in Single Source Funding

Mike Furtado argues that funding and not curriculum is the key to school reform

You don't have to be a rocket scientist to appreciate a politician's fear of education reform through school funding. Touch funding in any significant way and you risk being branded as either an enemy of public education or of the private school sector. It is the political equivalent of suicide, especially in an election year, and not surprisingly, pre-budget negotiations between non-government providers and the Commonwealth were conducted in secret so as to minimize the backlash effect from the government school lobby.

Consequently, while some progress has been made in recent years to deregulate school funding to reflect market conditions, in reality the major focus of school reform has been through fractious tampering with the curriculum in the hope of cementing agreement between various interest groups at state and territory level and the Commonwealth. In the UK school reform mechanisms driven through the curriculum have resulted in a quarter century of internecine warfare through which public education has become the fall guy for every governmental whim or fancy. This is because the proportion of British kids attending government schools is far higher than in Australia, which makes school funding an inadequate mechanism for school renewal in the UK.

In this process, regardless of the quality of her policy direction, Commonwealth Education Minister Julie Bishop is on a hiding to nowhere, arousing considerable opposition in terms of the advice she receives from back-to-basics educational conservatives, like Kevin Donnelly, and the hands-off attitudes of proponents of states' rights. Either way it is the opinions of parents and students, primary stakeholders in the educational process, that are ignored. Meanwhile, this critically important constituency in the policy process is locked out of a say in the debate on school improvement and school choice that is surely its most essential right and prerogative.

In fact neither Labor nor the Coalition should be blamed for the hitherto dysfunctional relationship between state and federal governments in school reform initiatives. It is the system itself that engenders discord, inefficiency and waste, encouraging ideological posturing to an atrocious extreme and ignoring in particular the real life contexts and needs of underachieving schools. Part of the problem with using funding to drive reform is the bifurcated arrangement through which government schools are operated by state governments and non-government schools funded predominantly by the Commonwealth. Consequently dual funding easily takes the focus away from fair and effective comparisons of student outcomes, both within the state and non-state sectors as well as between state and non-state schools.

Professor Barry McGaw of Melbourne University, formerly of the OECD, has recently corrected this policy anomaly through reference to factors that enable comparative school effects to be made both within the public and private systems as well as between them. But even he has remarked on the tendency of some providers, such as the Catholic systems, to suppress the breakdown of statistics for valid comparisons to be made. Doubtless the reasons for this are altruistic: none of the players in the state-aid debate wish for a return to the dark days of the fifties and sixties when confessional politics and political splits, especially within the Labor party, left a legacy of painful and damaging memories that no one wants to relive.

However, in keeping this peace both state and Commonwealth education departments have hidden the fact that learners with high levels of need have little opportunity to exercise school choice to meet such needs. State schools usually provide for such needs, while also reliant on Catholic systemic schools, in the main, to educate a smaller proportion of such students. Meanwhile, ideologues on both sides are more than happy to trundle out well-worn arguments from a classist past that have little bearing on the needs of such students.

Statistics show that there has been a 10 percent shift in students seeking enrolment in non-government schools due to perceptions of parents that they get a better deal in them. However my research shows that many others wishing to make this transition cannot afford private school fees and consequently represent a net loss, especially to the Catholic systems, which were set up precisely to cater for the needs of such students. Meanwhile non-state school funding agreements, imposing on such systems the need to charge fees, effectively means that, as Professor Philip Hughes and Cardinal Pell have recently shown, Catholic schools do not any longer educate the poor. Even the proportion of Catholics attending Catholic schools has declined and such schools now reveal a marked tendency to become low-fee private schools.

Some educational problems of the past have undoubtedly been reduced through improved lines of communication and genuine attempts at peace-keeping across sectarian and ideological school boundaries. However, the real obstacle to continued school reform lies in the peculiar constitutional division of responsibilities between the states and Canberra. What has yet to be resolved, therefore, is the effect of this bifurcation on the relationship between public and private schools, both of which educate considerable numbers of underachieving kids particularly in need of a policy initiative that will ensure that their schools are effectively and equitably resourced. When that happens it is reasonable to assume that Australian school effects will more closely reflect patterns of achievement equivalent to countries at the top of McGaw's comparative OECD tables.

In almost all of those countries there is no distinction drawn between the private and public sectors: in other words nearly all schools are fully funded by belonging

to an integrated but diverse system of schools. This gives parents schooling choice without the automatic requirement to pay fees to do so. Consequently schools with improved school effects that attract parental choice are generously funded while others are not. While all school types within integrated systems are accountable to governments for their funding expenditure they desirably give parents a variety of school choices linked to equal opportunity and competition policy and this is consistently reflected by improved standards in all schools.

For instance, having non-achieving students educated by the Catholic and other Churches but without fees has allowed public education in several of those countries, such as New Zealand and the Netherlands, to register remarkable and consistent improvements in standards by offering greater school choice through school competition rather than through tampering with the curriculum. It has also drawn massive support for the concept of a public education made available by many providers who draw their resources from a basket of services that preferences schools prepared to pull their weight in responding to the challenge of educating non-achieving kids. In other words the focus is on the fair apportionment of public funding regardless of school identity, origin, ownership and ethos but with a clear and transparent expectation that fully funded schools are open to all who seek their services.

There is consequently less of an attrition rate from state schools, all of which must demonstrate high standards, achievements and practices as measured by their continued high enrolment patterns. The same holds good for non-state schools. Such a funding arrangement, while allowing parents to exercise choice is also less prone to buck-passing, contrary to the current situation in which many state and some non-government schools are perceived to have become schools for the marginalized while others, in both the private and public sectors, educate an elite.

In today's free market it is reasonable to expect that all public and private schools wishing to access public funding should only be able to do so to ensure that socially stratified education, reproducing and reinforcing patterns of affluence and poverty, and therefore constituting a significant barrier to equal opportunity, does not happen at public expense. Particularly flawed, according to the logic of this argument, is the current policy of governments to reward those school providers who raise substantial amounts of their own revenue. While there is a cost saving in this, it ignores the much greater economic benefits of access to educational choice in the interests of school improvement without condition of fees, which for the poor constitutes a restrictive practice.

In 2004 Dr Vince Fitzgerald of the Allen Consulting Group conducted research for the Victorian Government showing that the pace of market reform through removing barriers to current separate and unfair educational effects should be a top priority for federal and state governments, especially through the Council of Australian Governments (or COAG) mechanism. His recommendations fell on

deaf years because COAG meetings are a blunt instrument, too irregular and infrequent for good education policy to be sustained, with no mechanism to hold either the states or the Commonwealth accountable for their use of the education dollar.

What is required is a National Education Council (NEC) to oversee expenditure of the education dollar in all education sectors. This has a number of advantages over COAG. Firstly, it would be dedicated to education policy making. At COAG education and health policy come a distant second to emergency issues such as water shortages, forest fires and global warming. Secondly, an NEC would be able to set policy objectives for schooling and make funding contingent on the application of market principles. Finally, the effect of school reform on educational outcomes will improve once funding is rationalized into one source.

This latter suggestion would normally have to wait until Australians decide such an issue through a referendum because it would involve changing the Constitution. Given the generally conservative response of Australians to tampering with the Constitution through referenda, we cannot afford to wait that long. In the 1970s Professor Peter Karmel circumvented this requirement by recommending the creation of a Commonwealth Schools Commission, which effectively neutralized opposition to Prime Minister Whitlam's decision to fund all schools on the basis of need.

Unfortunately the closure of the Commission a decade later resulted in the devolution of its special responsibilities to a myriad state, territory and non-government school proprietors, when one body catered perfectly adequately for such needs in a population as small as Australia's. Inevitably, no other state based body has been able to exactly replicate the functions of the Commission while duplication of Australian state-based education reform initiatives is generally agreed to be widespread. Meanwhile, no other country in the world has been so wasteful of its educational resources while cutting public expenditure to schools. A relocation of such funds from funding individual state and territory-based reform initiatives to rationalizing and fully funding enrolment choice in all schools undertaking to participate in a deregulated, fully-funded and open market will greatly improve Australia's school reform initiatives. My PhD research shows that such an initiative would earn the support of several school providers as well as consumers for its combination of fairness and economic sense.

Fiscal policy imperatives would accordingly propose school funding models more in line with the Australian Competition and Consumer Commission (NCC), with a brief to oversee the implementation of national competition policy in schools. Such policy would insist on education funding reforms based on an adherence to the terms of competition policy and remove the right of governments, federal or state, to interfere with such policy, especially before elections, which is currently and problematically part of the school funding policy cycle. While such a proposal would increase the fiscal power of the Commonwealth, the states would be kept

happy because the ACCC would be accountable to COAG and not whoever was in power in Canberra.

The Business Council of Australia has already endorsed ACCC Policy as a model for reform in all sectors, including health and education, where responsibility and funding are jointly shared and such an arrangement would solve incessant and near-pathological problems of bickering and public misconception over where school funding comes from. Accordingly an NEC would determine the total school funding requirements for all school services in each state and the proportional contribution from the state and federal governments to cover those costs. Australians would at last have a referee to ensure that fairness and transparency become the hallmarks of funding policy.

Direct funding of school services by such a body to school providers in proportion to enrolment would remove any incentive to cost-shift and duplicate services. Any burden of increased funding would be shared by both levels of governments, state and federal. This would not be the same as an education vouchers model which tends to disadvantage those who cannot top vouchers up with fees but would go a long way towards eliminating unaddressed problems of exclusion and imperfect competition that currently pervade our current school funding model.

At present the ALP plans to increase overall school funding, while the Coalition has beaten the ALP by pinching its ideas. Such a minimalist, temporary and cautious approach to policy production, while understandable in an election year, will hardly make for policy improvement. While the idea of a considerable increase in school funding, long overdue, is a laudable one, it will not meet the imperatives of good policy if linked with incremental patterns that have tended to hallmark funding policy trends in recent years. Moreover, if Labor wins office the Left will undoubtedly reinstate its claims against state-aid to private schools.

Instead what Australia needs is continued significant rational and structural reform to both federal and state school funding and for this to be driven by an equal opportunity, competition policy-based NEC allocation of school funds, regardless of sector-provision. My research shows that the public will lap such a proposal up despite the fear and opposition that it will engender within existing monopoly and exclusivist school providers on both sides with entrenched interests. And far from being an attack on public or private education, successful reform of this area will be an important step in preserving quality school choice for all Australians. Isn't that what good education is all about?

Mike Furtado does research into education reform and school funding. His recent PhD was awarded by The University of Queensland.

