



*NSWSPC Initial Submission to the School Funding Review
December 2010*

PREAMBLE

NSW secondary schools, central schools and schools for special purposes are part of a government system delivering high quality, inclusive education and our natural loyalty is first and foremost to the government sector. We must continue to remind governments that they, and only they, have the obligation and the capacity to ensure that quality education is delivered as a universal entitlement of every Australian child.

Australia's culture and values are heavily indebted to public education. The idea that education should be free, compulsory and secular is the bedrock of our ideas of democracy, tolerance, inclusiveness, excellence and the "fair go": all characteristics that have substantially contributed to the success of our nation. Public education is a key foundation of our egalitarian society, inculcating ideas of cooperation, mutual understanding and respect, and in the process unifying a diverse population and preparing people for citizenship in a democratic society.

However, we exist in a political framework where private schools are a part of our political landscape, governments see great advantage in supporting them and there is no prospect whatever of persuading them that public money should not be used that way. Although some private sector spokespeople have been supportive of increased funding to public schools, it is certain that they would oppose any move that might reduce their own funding. The private sector generally has been much more effective than we have been in establishing its case, with the federal government in particular. This is a major challenge for public secondary principals and their schools.

In these circumstances our goal must be to persuade the review panel that consistency, equity and accountability for the educational outcomes of *all* Australian students should be the foundation of any school funding system.

The characteristics of such a funding system are what this paper is about. It is such a complex subject that we will not set ourselves the task of redesigning the whole system, but we will try to define a set of principles and propositions by which we can hope to inform, guide and measure any system of funding that emerges.

The first part of this paper contains a background summary of the issues and difficulties that are apparent within the existing system of funding as NSWSPC sees them. The second part will be a set of principles and features that we would wish to see incorporated in any new system.

Part A: Background – Some characteristics of the existing school funding system

Our state and territory governments have the responsibility for ensuring the education of all of our children. In order to do this, governments must establish and maintain schools in every geographic district and undertake to educate every child there, irrespective of their circumstances. We rightly expect that state-operated schools will be resourced to provide the best education affordable.

Capacity building One of the greatest strengths of a large, cohesive and equitable system of public education such as that in NSW is the capacity of the system to provide a quality education to all students while at the same time using the network of schools to build the professional capacity of teachers and the social capital in each community. In recent years the power of public schools to contribute to such capacity has been progressively compromised through poor resourcing and in many cases by the diversion of funding to schools that are not inclusive of the whole community. The capacity of a community is not enhanced by segmenting it.

A Dual System Australia has inherited a system of schooling with two distinct types of school: government-run schools, established under a "free, secular and inclusive" banner and a range of non-government schools operating under different philosophies, with different purposes and priorities, different clientele and different funding sources. Early, faith-based rationales for many of the latter schools have now largely disappeared in practice, since with a few notable exceptions, religious affiliation is no longer a strict criterion of enrolment. However the division remains, justified almost solely on the basis of sustaining a degree of "choice" and competition, supporting a market-based view of education. One irony in this is that the education delivered, and the outcomes achieved, in each type of school are often marked more by similarity than difference. Research has repeatedly shown greater differences between classes within a school¹ than between different schools serving the same clientele.

Compete or Collaborate? A market ideology asserts that competition will create the best overall outcome for society through a kind of contest in which the most efficient and productive thrive, while market conditions are allowed to eliminate those that do not or cannot adapt. A moment's reflection will find the flaw in applying this philosophy to schools. Schools are made up of our children and educators cannot accept the idea that any school – along with its children - should be "allowed to fail" as a result of market forces. On the contrary, we want a situation where *every* child can succeed and if a good idea arises in one system, school, or classroom, we expect that it will be shared freely among the profession so that all can benefit – the very antithesis of competition! Social good and capacity is created when we work together with a strong focus on the development of the whole child and the community.

Delivering the Public Good On the face of it, the concept of non-government operators altruistically sharing the government's task of providing a high-quality education to all is no more offensive in principle than non-government, non-profit, health providers contracting to assist the government to deliver high quality medical

¹ E.g. Lietz, Petra: "Variance in performance between students within schools and between schools"; ACER; Commonwealth Government ; May 2009

services. However the reality is that while some publicly-funded private education providers in Australia embrace that task, most reject any obligation to serve all students in their communities or simply choose not to. Given these circumstances, the provision of public funding to establish and support "private" schools - *in competition* with state-operated schools serving the same community - is problematic at best and highly acrimonious at worst. In this debate, talk of "competition" is generally replaced by more euphemistic aphorisms about "choice", where choice is portrayed and represented as the universal right of all. In reality, the exercise of choice is the privilege of only a minority of families. Shifting the responsibility for the delivery of the public good of education from government and the community to private school operators creates major ethical, social, economic and educational dilemmas.

A Lumpy Playing Field State schools are, by their charter, inclusive and they must also be responsive to government policies on a wide range of matters, from fees to discipline policies, uniform, and educational delivery. Non-state schools are able to select their clientele by a range of direct and indirect measures and are exempt from many of the restrictions and constraints under which state schools operate. A review of the ICSEA distributions on the initial My School website² will show that private schools are able to actively or passively engineer a more advantaged educational workload than their public counterparts, yet still argue for the same share of public funding.

Excellence demands Equity All Australia benefits if every child is given the best opportunity to succeed and the overwhelming weight of evidence from the best-performing school systems around the world is that an emphasis on equity correlates with the strongest overall educational outcomes and an emphasis on competitiveness between schools does not. This is perhaps our clearest pointer to what Australia needs from a review of school funding – our prime focus should be on ensuring that every child has the resources they need to acquire the best education of which they are capable in schools that are fit for the purpose. We expect our governments – collectively – to ensure that tax revenue will be directed via an equitable framework towards narrowing, rather than widening, the gaps in education resourcing, in order to deliver overall *excellence* to all our nation's students. Notwithstanding all of the rhetoric about equity programs, national partnerships and the like, there is no overarching framework that ensures that outcome. The contrary is actually the case, since the federal government's own funding criteria are being ignored via a "no-losers" policy that continues to fund some schools at levels to which they are not entitled under the framework. The consequences of this increasing differentiation of our school system are now showing up in Australia's performance in an international perspective³

² See Appendix A, which is based on the data from the first version of the My School website. Indications at the time of writing suggest that the differences on Version 2 will be even more substantial

³ e.g. McGaw, B.; *Reducing the impact of social background in education: Fond hope or realistic aim?* Murdoch Lecture, Perth, 17 March 2010

Part B: Background – What is wrong in the present system?

We have a system of funding schooling that has grown *ad hoc* over many decades in a set of politically-based and uncoordinated initiatives by successive Commonwealth and State governments. Setting aside any discussion of the history behind it, the present funding system is regarded almost universally as fundamentally flawed, stunningly complex, and totally lacking any coherent educational vision, rationale or transparency. With the existing levels of inequity around the nation in terms of teacher quality and supply, school leadership, resourcing, curriculum and so on, it is clear that this system is not sustainable into the future.

The following are some of the issues that the NSWSPC regards as failings of the current system of school funding:

- 1 **Divided Responsibility** The *de facto* division of funding responsibility between the federal government for non-government schools and the state/territory governments for government schools:
 - a means that no single responsible agency can determine a consistent educational rationale for funding schools for *all* Australian children;
 - b gives rise to complexities, inconsistencies and obfuscations in accounting that defy simplification and common understanding
 - c provides an environment where inequity, wasteful duplication and inefficiency grow unchecked.
 - d has created, propagated and exacerbated unnecessary and destructive social divisions among the various sectors of school education.
 - e leaves public education disproportionately dependent on the least financially autonomous level of government
- 2 **Federal Influence** The Constitution of Australia does not explicitly invest the federal government with authority over schools. However, as in many areas of public policy, federal governments have increasingly used other, indirect authorities, (such as the “Corporation” power) and “conditional funding” to exert influence over educational policy and programs in states and territories. The trend over the last decade has been to micro-manage these policy domains, through targeted program funding or national "partnerships", over-riding the authority of the state/territory governments. This is a vexed and evolving aspect of Australian political life and it may be that a comprehensive solution to school funding problems will involve a further erosion of state responsibilities.
- 3 **Inadequate Resource Measures** There is a lack of any sophisticated, evidence-based standard for determining the cost of providing equivalent education in a variety of settings. Measures such as the AGSRC, used to relate the workload of government and non-government schools, perpetuate the divisions and ignore vast operational constraints and differences both within and between each sector.
- 4 **Waste and Divisions** There is strong evidence that public funding is supporting, or being applied to, unproductive competition between schools instead of being used to reduce fees and to address real educational need.
- 5 **The impact of private investment** Little attention has been paid to the distortions to total resourcing - and subsequent inequities - created by fees and bequests available to some schools. This impact is certainly considered in many other countries in providing financial support to non-government schooling.

Part C: Features the NSWSPC want to see embedded in any revised Schools Funding Process

1 *A clear, ethical, educational rationale for school funding, incorporating legislated recognition of*

- a **The Government's Obligation** Governments have an obligation to ensure that high quality education is available to all Australian children, regardless of their geographic or social context. Wherever practicable, this obligation should be addressed through state and territory governments providing no-fee access to a local, government-operated school. Federal, state and territory governments should negotiate an agreement or partnership that will end the current division of funding arrangements.
- b **A Common, Public Purpose** The purpose of funding education from the public purse must be to ensure that all young people achieve the agreed goals of schooling⁴ to an agreed standard of achievement as a common, public good. Beyond this public purpose, private choice should entail a corresponding private expenditure.
- c **Every Child's Right** Funding strategies must ensure the highest possible degree of both *quality* and *equity* in educational outcomes for all Australian students, irrespective of their geographic, social or economic situation.
- d **A Charter for Publicly Funded Schools**⁵ Acceptance of public funding implies an agreement to assist the government to meet its obligation to deliver the public purpose of education. A clear charter should be established, setting out the rights and obligations entailed by the acceptance of public funding, to ensure that all such schools commit such funding to this public purpose.
- e **Essential Enabling and Physical Infrastructure** The government has an obligation to provide all students with those supporting elements of educational infrastructure shown to have the most direct and positive impact on ensuring the achievement of those goals and are best provided at a national level; including:
 - i) access to a high-quality curriculum keyed to the aspirations and responsive to the needs of the individual and Australian society, incorporating agreed national curriculum statements and achievement standards, aligned with those established by state and territory authorities
 - ii) provision of an adequate supply of well-trained, accredited teachers and school administrators, ensuring
 - a. high quality pre-service teacher training,
 - b. professional development and accreditation against agreed national and/or state standards for teachers and school leaders and related measures for maintaining and improving the quality of teaching,
 - c. a professional award structure for educators, providing salaries and status commensurate with their training and professional expertise.
 - iii) school facilities and resources (including high-capacity internet service) of an appropriately high standard for all Australian schools.

⁴ The basis for the agreed goals would be *The Melbourne Declaration on the Goals of Australian Schooling*, 2008, but would take account of the National Curriculum and the curriculum requirements of the states and territories

⁵ See also Section 4 below

f The Local Impacts of School Funding Public funding decisions should take account of the wider social and educational impacts on the overall provision of education in each locality, ensuring that the provision of increased schooling options for some does not produce concomitant distortions or inequities for other students and their families.

2 A uniform mechanism for determining the funding entitlement of all schools, incorporating the following features

a An Independent Statutory Funding Authority Decisions concerning the capital and recurrent funding for all Australian schools or systems of schools should be determined by a single, independent, statutory body at arm's length from government. The determinations should accurately and transparently reflect the educational needs of the students enrolled in that school or system and a situational analysis of the operating environment of the school(s) concerned

b Recurrent Resourcing Benchmarks In consultation with the profession, the government should

i) establish a framework of recurrent funding standards or benchmarks that would provide:

a base resourcing necessary to achieve the agreed goals in a range of school contexts, sufficient to sustain a productive, safe and stable learning environment;

a supplementary funding that takes account of the complexity of the school's workload and the school's profile with respect to all student and contextual factors⁶ which have been shown to either assist or impede the achievement of the agreed goals of schooling. The level of supplementation for schools or systems should be reviewed on a four-year cycle and the associated funding supplementation adjusted accordingly.

ii) commit to ensuring that level of recurrent resourcing thus determined is available to all schools that have been registered by their jurisdiction.

c Capital Works and Infrastructure ... Public funding for construction and maintenance of capital works should be disbursed only in respect of the government's public obligation; that is to say, for the establishment and maintenance of public schools by state and territory jurisdictions in the first instance. To the extent that capacity for growth of school places exists in a particular area and a privately-operated school or system commits to deliver the government's public purpose in that area in accordance with the Charter, a proportion of those capital costs may be provided from public funds, taking into account the totality of funding available to the school, regardless of their source (e.g. fees, levies, bequests, investments, "out of school" support etc).

d Accountability for Public Funding. Where they do not exist already, appropriate systems of both educational and financial accountability must be established by schools and systems as a condition of receiving public funds. The statutory funding body should have the authority to require and audit returns from schools and systems in a manner that ensures both

⁶ e.g. special needs, urban/rural, remoteness, indigeneity, socio-economic status, etc

- i) educational accountability for public funding in terms of its application to programs directed to the public purpose (and not to other purposes) taking due account of the learning outcomes achieved by students in those programs, and;
 - ii) normal financial accountability for the responsible expenditure of public funds.
- e One Process for All Schools** The current practice of differentiating the funding of government and non-government school operators between the federal and state governments must cease. Similarly, the practice of linking private school funding to that of public schools (i.e. through the AGSRC) should be replaced by the kind of uniform process described above that takes into account of the needs of the students, the context and complexity of the school's workload and all of the resources available to the school.
- f Non-Government Providers** The first priority for public funding must be a free and inclusive school in each local area, operated by the relevant government authority. Where sufficient demand exists in an area, non-government, not-for-profit operators may seek registration to operate a school and, if successful, may receive recurrent public funding according to benchmarks determined by the nature of their enrolment, as for government schools.
- g Special Arrangements** Any new funding arrangement should replace all existing arrangements and agreements, including the "no-losers" policy, the AGSRC mechanism and existing state government legislative provisions and practices in funding schools
- h For-Profit Providers** Private, for-profit, school operators may be registered and accredited to operate under relevant legislation, but should not have access to public funding.
- i Transitional Arrangements** Where a new funding mechanism necessitated large adjustments to the amount of funding for particular schools, some limited, temporary arrangement (probably not exceeding one funding period) may be made to permit reasonable time for schools and systems to adjust.

3 *Simpler funding procedures at school level*

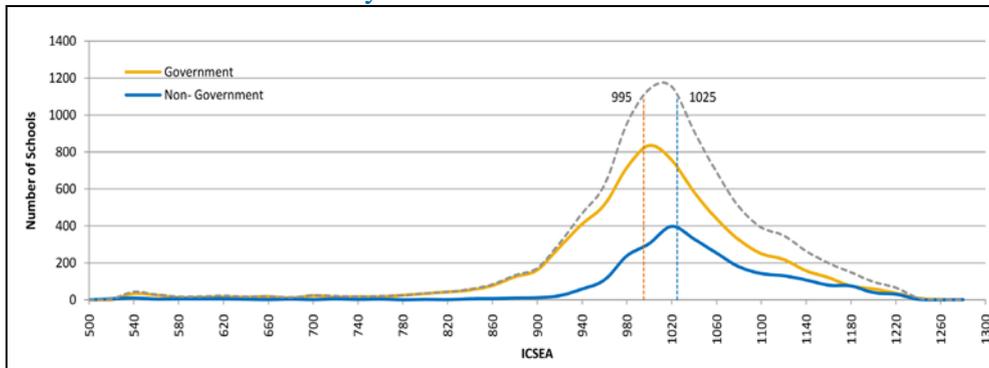
- a One Process representing all Student Needs** The mechanism of determining and delivering the funding for all Australian schools must be consistent, transparent and predictable. Instances of distributing program funding by application or submission should be limited to particular cases of acute, short-term, local need not already addressed in the benchmarking process.
- b Cash Flow to Schools** Education funding allocated from public sources may be directed to individual schools or channelled via system operators, including state governments, with the proviso that the full amount of the funding must be expended in, or to the direct benefit of schools and may not be diverted for system or departmental administration, or other non-school purposes. Funding for those purposes should be allocated and accounted separately and transparently and should be funded by the operators themselves using state government or private funds.

4 *A Charter for use of public funding* *The purpose of this Charter is to express the public purpose of government in providing public funding for education in operational terms. It should include specific reference to matters such as:*

- a** **Public obligation** In accepting public funding, a school agrees to act as an agent for the government in terms of delivering its public purpose in education and agrees to operate the school in a manner consistent with legislation and regulations applying to government schools within the jurisdiction. This would include provisions related to:
- (i) Enrolment policies and practices
 - (ii) curriculum delivery & assessment
 - (iii) Annual reporting
 - (iv) Employment practices
 - (v) Child protection, discrimination & other social legislation
 - (vi) School uniforms
 - (vii) Discipline procedures, including suspension & expulsion
 - (viii) Complaints procedures
- b** **Fees** Where a school provides particular resources or services above and beyond those related to the public purpose, the school may charge fees for the provision of those resources or services, however the imposition and level of fees will have the effect of reducing the school's entitlement to public capital funding and may have the effect of altering the school's student profile, with a subsequent impact on recurrent funding.
- c** **Right of Access** While registered, non-government schools in receipt of public funding may declare and provide education within a particular faith or ethos for their client community, they may not unreasonably restrict the access of any child, through fees or other administrative mechanisms, to the school, or to those parts of their educational program provided from public funds.

APPENDIX A Relative Socio-Educational Advantage

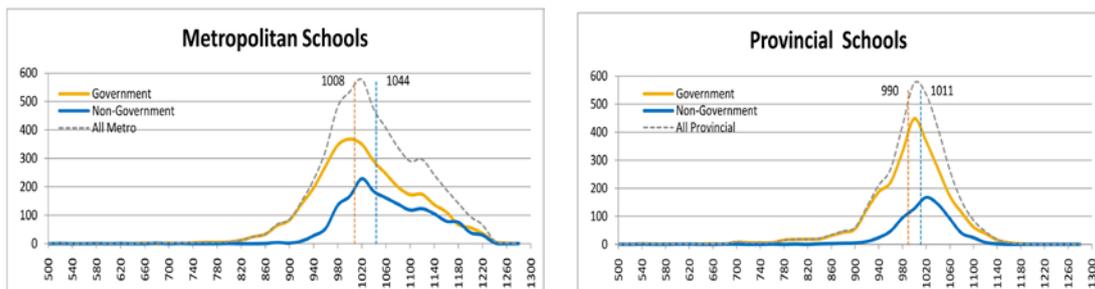
Distribution of ICSEA⁷ values by sector



This graph shows the distribution of school ICSEA values published in 2010 on the *My School* website for government (gold) and non-government (blue) schools. The combined distribution is represented by the grey dotted graph. The dotted vertical lines indicate the median ICSEA values for government (995) and non-government (1025) schools respectively, a difference of around 30 units or 0.3 of a standard deviation.

In terms of the socio-educational advantage that the ICSEA sets out to measure, this difference between the two sectors is highly significant, with the relatively smaller non-government sector clearly having the larger share of the more advantaged students. Given the deficiencies in the 2010 measurements of ICSEA, the actual differences are likely to be much greater.

The difference between the sectors is even more significant when geographic distribution is considered:



The difference between the medians for metropolitan schools is 52 points, or around +0.5 SD.

This comparison also highlights the relative disadvantage faced by non-metropolitan students in both sectors, since the median for all metro schools was around 26 points (~ +0.25 SD) higher than for provincial schools and around 125 points higher (~ +1.25 SD) than for remote schools.

⁷ Index of community socio-educational advantage – see *My School* website for details