



## A new way of funding our schools

Every Australian child has the right to a world-class education, no matter where they live, the school they attend or their family background.

But too many schools and students are being left behind, and our school results have not been improving as much as they could be.

That's why we need a National Plan for School Improvement (NPSI). The plan will help every student get a great education and secure a great job when they leave school.

### A fairer school funding model

Under the new NPSI, every school's funding will be calculated according to the needs of every individual student enrolled. This new way of funding schools was recommended by the independent Gonski review of school funding.

There will be a benchmark amount per student. This amount is based on the efficient costs of educating a child at a set of high performing schools, known as 'reference schools'.

There will also be extra funding for students we know need more support, including students from low SES backgrounds, Indigenous students, students with limited English skills and students with disability. This extra funding will help pay for things like dedicated equipment, specialist teachers, expert teacher aides and to implement new programs designed to help these students.

There will also be extra funding for small schools and schools in regional, rural and remote areas, which face higher costs in delivering a high quality education.

This extra money, called 'loadings', will be fully publicly funded so every student who needs more support will get it.

Together, the benchmark amount for every student and the loadings are called the Schooling Resource Standard (SRS).

The additional money delivered through the SRS will be a permanent feature of the new funding system. This means schools will no longer need to rely on grants or short-term programs.

All students will benefit from the new funding model, as more funding will mean teachers and principals can provide individual support to every student in every class.

There will be more money for all school sectors that sign up to the plan. The Commonwealth will provide significantly more money for schools, and is asking state and territory governments to do the same.

### A national approach to school funding

The Australian Government will use the SRS settings to calculate all Commonwealth funding provided to school education authorities, who will then distribute this money to schools.

We know that all schools are different and a 'one-size-fits-all' funding model isn't always going to deliver the best results for local schools. But we still need to make sure that every school is being fairly funded and struggling schools and students get the extra help they need.

That's why we also want State governments to introduce their own needs-based school funding arrangements that are consistent with the SRS, with a per student amount and loadings for the same types of schools and students. This will be used to distribute all government funding—Commonwealth, State and Territory—to schools.

This will give education providers flexibility to make the best funding decisions for their schools while still ensuring the schools and students who need more help are getting it.

And in return, school systems will need to publish how they have calculated their funding allocations, and what each school actually gets each year—so that this information is available to parents and school communities.

## Phasing in the new funding approach

The extra money and the new funding approach will be phased in over six years. This gives schools and systems time to adjust and make long-term plans.

At the moment, thousands of schools are currently below their SRS entitlement, based on the Commonwealth model. They will receive increased funding every year to reach the SRS. Then their funding will keep pace with the SRS as it grows over time.

Some schools are already at or above their SRS. These schools will receive their 2013 funding, which will grow in real terms each year by 3 per cent.

We have prioritised the majority of the extra funding to those schools that the new arrangements tell us need it the most, while ensuring that schools already at their SRS entitlement are not missing out. This is the fairest way to implement the new system and distribute the extra funding according to the needs of students.

## Funding for each student

As part of the SRS, we are proposing per student amounts in 2014 of \$9,271 per primary school student and \$12,193 per high school student.

We are also proposing funding amounts for each of the loadings under the SRS system. The loadings are calculated as a proportion of the per student amounts.

## Low socio-economic students.

The Gonski review proposed extra funding for every student in the lowest 25 per cent of socio-economic backgrounds. But we are extending that loading to cover the lowest 50 per cent of students—that is, students from the most economically disadvantaged half of the population.

Extending the loading means that low SES loadings will now provide extra money for more than 9000 schools (or more than 95 per cent of schools), helping over 1.7 million students.

The loading will be a percentage of the per student amount, starting with 15 per cent (\$1,391 per primary student and \$1,829 per secondary student) for the first student in the lowest SES quartile (Q1) increasing up to 50 per cent for Q1 enrolments over 75 per cent in a single school (\$4,635 per primary student and \$6,096 per secondary student).

For students in the second lowest quartile (Q2), the loading will start at 7.5 per cent for the first Q2 student (\$695 per primary student and \$914 per secondary student), increasing up to 37.5 per cent for Q2 enrolments over 75 per cent in a single school (\$3,477 per primary student and \$4,572 per secondary student).

## Indigenous students

The Gonski review recommended a loading for every Indigenous student in schools where at least 5 per cent of students are from Indigenous backgrounds. But we are extending that loading to cover every indigenous student in every school.

As a result of these changes, approximately 31,900 more students and around 3650 more schools will be eligible for extra funding. This means that all 170,000-plus Aboriginal and Torres Strait Islander students will receive more support.

We have also changed the way the loading will work. The review panel recommended that the loading be applied in incremental steps. If a school had below 5 per cent Indigenous enrolments, it would receive no Indigenous loading. If it had between 5 and 25 per cent, it would receive a certain rate, if it had between 25 and 50 per cent a higher rate, and so on.

This meant that in some cases a difference of one or two students could push a school over or under a threshold and make a large difference in the amount of funding it would receive.



We have adjusted this to a sliding scale, with no abrupt incremental steps. In other words, for each percentage increase of indigenous student enrolments, the value of the loading will gradually increase.

The loading starts at 20 per cent of the per student amount for first Aboriginal or Torres Strait Islander student in a school (\$1,854 per primary student and \$2,439 per secondary student), increasing up to 120 per cent for schools with 100 per cent Aboriginal and Torres Strait Islander students (\$11,125 per primary student and \$14,631 per secondary student).

## School size and location loadings

The Gonski review recommended a single loading for school size and location. This has now been split into two separate loadings to take into account the particular circumstances of small schools, and schools outside metropolitan areas.

The school location loading will be calculated on the ABS-endorsed Accessibility/Remoteness Index of Australia (ARIA) scores. ARIA is widely used within the Australian community and has become as recognised as a nationally consistent measure of geographic remoteness.

ARIA measures remoteness on a continuous scale (ranging from 0 to 15) rather than a categorical scale. ARIA scores are based on road distance to the nearest larger population centres. As a continuous measure it minimises the risk of potential inequities for nearby schools.

For the school location loading, there will be four amounts:

- Inner Regional schools will receive up to 10 per cent of the loading amount.
- Outer Regional schools will receive between 10 per cent and 30 per cent of the loading amount.
- Remote schools will receive between 30 per cent and 70 per cent of the loading amount.
- Very Remote schools will receive between 70 per cent and 80 per cent of the loading amount.

The location loading would be applied to each school's per student SRS amounts plus any school size amount

This means that school-related resourcing would be increased, but not resourcing related to the loadings such as for Indigenous students or low SES students.

## School size loading

The school size loading provides specific amounts to smaller primary and secondary schools in recognition of the fact that smaller schools need additional resources in order to offer a similar level of services as larger schools.

For the school size loading:

- Primary schools with up to 200 students will attract \$150,000 (with a cap for schools with less than 15 students), reducing to zero for schools with 300 student enrolments.
- Secondary schools with up to 500 students will attract \$240,000 (with a cap for schools with less than 100 students), reducing to zero for schools with 700 students.
- Combined schools will receive a size loading based on the weighted average of their primary and secondary student enrolments.

## Students with limited English skills

There will be loadings for students who have limited proficiency in English, to help cover the extra costs of educating these students.

The loading will be initially based on an existing measure of disadvantaged students from a language background other than English, and will be calculated at 10 per cent per student up to a capped funding amount.

The Commonwealth will also continue to work with State, Territory and non-government education authorities on a better, nationally consistent, way to identify students with limited English language skills who need more support.

## Students with Disability

There will be loadings for students with disability in every school to be phased in from 2015 once a nationally consistent data collection on students with disability has been established and an appropriate funding loading developed.

In the meantime, an interim loading has been calculated by dividing the current estimate of students with disability expenditure by the total number of students with a disability for each government and non-government jurisdiction. Current funding under the More Support for Students with Disability National Partnership will also be extended by an extra \$100 million in 2014 until the loading begins to be phased in from 2015.

## Other features of the SRS

Other features of the new school funding model include:

- All government schools will continue to be fully publicly funded.
- Full public funding of the SRS for special schools (those schools catering for the education of students with disability and special assistance schools).
- Like the current system, the public funding provided to non-government schools would be adjusted based on parents' capacity to contribute to school resources.

## The National Plan for School Improvement

The National Plan for School Improvement is not just about a new way of funding schools. It includes a number of changes and school improvement reforms that will improve results and give more students a better education.

The National Plan includes reforms in five areas that the evidence shows will lead to better schools:

- Quality teaching
- Quality learning
- Empowered school leadership
- Meeting student need
- Greater transparency and accountability.

More information about these changes is available on the Better Schools website.

## Next steps

At the Council of Australian Governments meeting on April 19, all Governments affirmed their commitment to ongoing negotiations on the Commonwealth's proposed reforms that would provide Australian students and families with an education system that would place Australia in the top five countries in reading, maths and science by 2025, as well as making Australia a high quality and high equity schooling system by international standards by 2025.

The Australian Government is continuing to work with State and Territory governments and will legislate based on the plan and the funding arrangements required. We are therefore asking all states and territories to sign up to the plan as soon as possible. This will give schools the certainty they need to plan for next year.

State and Territory Governments have until June 30 to sign up. This will give schools at least six months to plan around whether their State or Territory Government will be participating or not.

If some states do not sign up, then they will be covered by a modified national education agreement.

States and territories who do not sign up risk losing money as there will be no additional funding and National Partnerships will not be renewed.

This Government is willing to invest substantially in schools and put in place the National Plan for School Improvement to give every student a better start in life. But, increasing education funding and improving students' results is a shared responsibility and the State and Territory Governments have to play their part.

## More information

For more information about our plan visit

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