

Terms of Reference

Review of the socio-economic status score methodology

The Australian Government through its *Quality Schools* reforms is committed to Commonwealth schools funding that is needs-based, transparent and equitable so students with the same need in the same sector will attract the same level of support from the Commonwealth.

As the majority funder of non-government schools, the Government is committed to supporting parental choice and diversity in the schooling system. This means supporting the full breadth of the non-government sector through needs-based funding arrangements.

The socio-economic status (SES) score methodology is used to determine the Commonwealth's recurrent funding contribution for individual non-government schools and has been in-place since 2001, with some improvements made for the 2012 recalculation. The SES score methodology and application to determine capacity to contribute are specified in the *Australian Education Act 2013* and *Australian Education Regulation 2013*.

For most non-government schools, the base per student schooling resource standard amount is reduced by the anticipated capacity of their school community to financially contribute towards the school's operating costs. This is called the 'capacity to contribute' assessment and it is based on the SES score of the school.

SES scores provide a relative ranking of all non-government schools based on the income, education and occupation characteristics of the areas in which students at each school reside. This information is used to generate a number representing the socio-economic status of one student cohort relative to other cohorts, with 100 being the Australian 'average' SES score.

The 2011 *Review of Funding for Schooling* recommended a capacity to contribute measure to take into consideration the capacity of a school community to contribute to recurrent funding for a non-government school, ensuring greater support for those that need it most, while preserving incentives for parents to invest in the education of their children.

The Government will commission the new National School Resourcing Board (the Board) to conduct a review of the SES score methodology to consider the appropriateness of the use of SES scores in assessing the capacity of a non-government school community's ability to contribute to the recurrent costs of their school; and to make recommendations on alternative measures and/or changes to ensure confidence in the methodology utilised.

This review will not affect the calculation of the socio-educational disadvantage loading or funding entitlements for schools that are defined under the *Australian Education Act 2013* as having zero capacity to contribute. Section 52(6) defines these schools as: government schools; special schools; special assistance schools; majority Aboriginal and Torres Strait Islander schools; and sole provider schools.

Scope of the Review

The review will consider, provide findings and make recommendations relating to:

- The strengths and limitations of the current SES measure in determining the capacity of a school community to contribute to the recurrent costs of the school;
- Possible alternative methodologies or refinements for calculating the capacity of a school community to contribute or for calculating the SES, including the use of more direct measures;
- How frequently measures should be updated into the future; and
- Timeframe for possible implementation of its recommendations for the 2019 school year.

Throughout the review, the Board will consider the collective cost of its recommendations including cost of delivery by governments and the impact on schools and school communities of any change including regulatory burden and privacy issues.

In providing recommendations to Government, the Board should provide at least one budget neutral option.

Consultation

The review will consult widely with stakeholders from the non-government sector and invite submissions from all interested parties.

Timing

The Board is expected to provide its final report to the Australian Government Minister for Education and Training by the end of June 2018.