



Direct Income Measure of Capacity to Contribute Technical Working Group

The Department of Education and Training has established the Technical Working Group to undertake further work on the implementation of the direct income measure of capacity of a school community to contribute to the cost of schooling. The Technical Working Group will also provide advice on refinements to the measure for further consultation and feedback, to support the development of a high quality, reliable and robust methodology for use in the Schooling Resource Standard funding model.

The Technical Working Group will meet on a regular basis and consists of representatives from the non-government schools sector, the Australian Government, and state and territory governments.

Meeting 3 – 26 February 2019 | Communiqué

The Technical Working Group held its third meeting in Canberra on Tuesday 26 February 2019. The Department provided an overview of the content that was discussed at the Consultative Reference Group Forum. Topics included appeals, family size and circumstances, challenges for specific school types and population characteristics, planning and budgeting, privacy and transparency. The Technical Working Group then discussed a range of issues including:

- Outcomes of a forum held on 25 February 2019 with non-government school authorities, principals associations and parents councils
- Future appeals process under the direct measure
- Acceptable benchmarks and indicators of data quality
- Volatility

Appeals

The Technical Working Group discussed instances where an appeal may be necessary under the direct measure. The Working Group discussed how it was difficult to define the scope of the appeals process until the methodology was finalised. Technical Working Group members agreed that, in principle, the methodology used to calculate the new direct income scores should reflect the diversity of the circumstances impacting on the capacity of a school community to contribute to the cost of schooling. This would allow the appeals process to focus on special and changed circumstances. The Technical Working Group also agreed that, once the appeals process has been finalised, the Department should publish guidance on the acceptable grounds for an appeal and the evidence base required to support it. Members would like to revisit the appeals process when more determinants of the model are known.

Data Quality and Linkage Rates

The Technical Working Group discussed different approaches to assess whether the linkage rate was appropriate. Approaches discussed included a national benchmark, a school-by-school approach, and a combination of the two where a benchmark was used as a trigger for further investigation. In relation to a national benchmark, there were different views on what the acceptable linkage rate should be. The Technical Working Group noted that the key issue is whether the characteristics of those with missing data are similar or different to those records that have been linked. Transparency concerns were noted with the school-by-school approach given different schools with the same linkage rate may receive different treatment. It was noted that school size is also a factor in considering an acceptable linkage rate. The Technical Working Group agreed that further work was required and a consultant could be engaged to contribute to this work.

Volatility

The Technical Working Group discussed sources of volatility of the direct measure of capacity to contribute and options for reducing volatility. Sources of volatility include the change over time in the students, parents and guardians that make up the school community, changes over time of the income and circumstances of each parent and guardian, and changes in ranking relative to other schools. The Technical Working Group noted that the critical factor in considering volatility is the volatility in funding. This is particularly the case for non-systemic schools.

Technical Working Group members noted that there are many things already in place to manage volatility including the use of median income and rolling average in the methodology. It was also noted that there are a number of moving parts in the funding model and that the changes in capacity to contribute score would be only one aspect of that change. The Technical Working Group noted that using a three year rolling average of scores (rather than median incomes) to calculate the rolling average would reduce volatility and provide schools with greater transparency including of the likely trend in the following year.

Student Residential Address and Other Information Collection

The Department provided an update of the 2018 Student Residential Address and Other Information Collection (the Collection) and quality assurance process. It was noted that the 2018 Collection data has been provided to the Australian Bureau of Statistics so that it could commence the linkage process. Technical Working Group members were informed that the 2019 Collection is currently open with the closing date of 18 March 2019. The Department advised that the 2020 Collection would be undertaken in the SchoolsHUB website. Any school that is over two weeks late submitting their 2019 Collection will be required to re-register for SchoolsHUB.

Background

The National School Resourcing Board (the Board) undertook an independent review of the methodology used to calculate capacity of a non-government school community to contribute to the cost of schooling, to ensure it is the fairest, most effective, accurate and transparent model available. The Board's final report made six recommendations, including that the capacity to contribute for a school be determined based on a direct measure of income of parents and/or guardians of the students at the school.

The Government has accepted all of the Board's recommendations and will use a direct income measure of capacity to contribute from 2020 based on the income of parents and/or guardians of students at a school. This more targeted, more accurate measure will ensure funding flows to the schools that need it the most.