



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, state and territory governments.

Meeting 5 – 30 April 2019 | Communiqué

The Technical Working Group held its fifth meeting in Canberra on Tuesday 30 April 2018. At the invitation of the Technical Working Group, Mr Stephen Higgs (Victorian Ecumenical System of Schools) presented a paper: *Needs-based funding fairness for schools serving diverse communities, use of median income for schools with different income distributions*. The Working Group then discussed a range of issues including:

- Regional, rural and remote students attending boarding schools.
- Treatment of missing data including data items which could be used where particular income data are missing.
- Family circumstances and in particular incorporating family size and circumstances.

Rural, regional and remote schools and students attending boarding schools

The Technical Working Group discussed the presentation by Mr Higgs which noted unique characteristics of rural, regional and remote schools and students including income volatility, diversity of income and circumstances, and additional costs of boarding fees where other alternatives are not available.

The Department presented an outline of matters regarding rural, regional and remote students attending boarding schools, with the intention of clarifying the key issues of this topic. The Technical Working Group discussed the circumstances of regional, rural and remote students including those attending boarding schools. The Technical Working Group discussed the current support offered for boarding students by both the federal and state governments, and how this relates to capacity to contribute.

Members discussed data quality issues including for boarding schools and asked the Department to undertake further analysis on the issues raised.

Family characteristics

The Department presented an overview of the issue regarding the inclusion of family size in the capacity to contribute measure, with some preliminary analysis provided. Technical Working Group members discussed the impacts of incorporating family size into a capacity to contribute measure. Members talked about the process of equivalising direct income measure scores. The Technical Working Group were supportive of family size being considered in the measure if an accurate and reliable measure of family size is available.

Validation and treatment of missing data

The Technical Working Group received an overview from the Australian Bureau of Statistics of the linkage techniques and methodology that was used in the data linkage process. The Department presented preliminary analysis on the pattern of missing data, the proportion of records that would be accounted for using alternative data items and their reliability as replacements for missing income data. The Technical Working Group discussed the validity and reliability of alternative data items and asked the Department to undertake further work to investigate the characteristics of schools with missing records.

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.