

# COALITION OF REGIONAL INDEPENDENT SCHOOLS AUSTRALIA INC

Submission to Better and Fairer Education System Review:

## Fair Funding for Independent Education in Regional Australia

31 July 2023

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### Summary

- Independent schools have a proven record of fostering excellent educational outcomes for young people in regional Australia, furthering the cause of equity for this cohort.
- CRISA schools applaud the Review's focus on transparency and accountability in funding allocation and support the principle of school funding according to parental income measures.
- DMI funding, using a crude median measure, ignores the realities of school income in regional Australia, and hence threatens the quality of regional education outcomes and the viability of some schools, potentially undermining the cause of equity for young regional Australians.
- CRISA calls for a DMI review mechanism which takes account of actual capacity to contribute.
- Updating of the regional SRS loading and its associated classification of regionality is seriously overdue and needs urgent priority.

### Background

The Coalition of Regional Independent Schools Australia consists of thirty-nine independent schools which serve regional communities: mostly regionally-based and remote schools but also outer-metropolitan and boarding schools. (Those schools which have been involved with CRISA are listed in Appendix 1). These schools all face a significant loss of government funding support under the DMI formula when compared with SES funding.

CRISA schools underpin valuable educational outcomes for young regional Australians, with average satisfactory Year 12 completion rates exceeding 90% and average university offer rates exceeding 85%. This is achieved despite these schools' having significantly greater socio-economic diversity than average for Australia (See Appendix 2). The schools also foster extensive connection with local communities.

### Funding Transparency and Accountability

Since the major focus of CRISA's attention is the promotion of fair funding, this submission will concentrate on questions posed in this area.

1. *Are there other objectives for funding accountability and transparency we have missed?*

The fundamental principle of Commonwealth school funding policy is that it be **needs-based**. Hence accountability must as a primary objective ensure that this principle is adhered to.

Current funding practice determines a school's need by measuring the median income of its parents (producing the "direct measure of income", DMI). CRISA supports direct income measuring as a basis for funding. However a simplistic single measure, while administratively convenient, is bound to be unfair to some schools. Statisticians seeking to characterise a distribution regularly use measures of both central tendency (such as the median) and spread (such as standard deviation).

Schools with greater parental income spread have more parents further below the median, with lower "capacity to contribute" and hence have to set fees lower than other schools with the same median but less spread.

Regional schools generally have greater income spread than other schools with the same DMI. (Appendix 2 shows the income spread of CRISA schools compared with all independent schools).

In many cases, there is one independent education option in a regional centre, so the school must set fees which, as far as possible, will allow all parents who want independent schooling to access this option. So regional schools typically have lower fees than other similar schools.

In the transition from SES to "full" DMI in 2029, many regional schools will suffer drastic funding reductions. An example of this is shown in Appendix 3. Some will cut staffing and programs, impacting outcomes for regional students. Some will raise fees. This will price out lower-income families, forcing up the DMI score and further reducing funding. Without some intervention, there will be schools which will not survive these strictures, and their regional students and their communities will be considerably disadvantaged.

The primary need for proper funding accountability, then, is that schools be allowed access a DMI review mechanism which takes account of actual capacity to contribute in their community.

2. *How can governments make better use of the information already collected and/or published to achieve the objectives?*

Regional schools face higher-than-normal costs in many aspects of their operations. With shortages of staff and supplies in recent years, these excessive costs have further increased. The regional resource standard loadings in school funding are intended to address these cost excesses. There was a need to update these loadings and also the definitions of regionality, for example by acknowledging that many education operations are state-based.

The final report of the National School Resourcing Board into the regional loadings, due to be delivered more than twelve months ago, needs to be made public, and presumably to be acted upon.

3. *What other funding accountability and transparency information regarding schools (both your school and the education system more generally) would be useful?*

In its final report on the SES methodology in June 2018 the National School Resourcing Board asserted that "a direct measure of parental income is currently the most ....transparent ...approach". Transparency has been a primary criterion for the suitability of funding mechanisms. However, it is applied only to funding distribution by authorities. In the distribution of funding by the Commonwealth to authorities on the basis of DMI scores, there is no transparency. There have been mistakes made in funding allocations, thankfully rectified by the vigilance of the Department. Clearly, there has to be a privacy wall around personal tax data, but the release of aggregated information, such as income quartiles, would help schools develop confidence in the process, and go closer to meeting the principle of transparency.

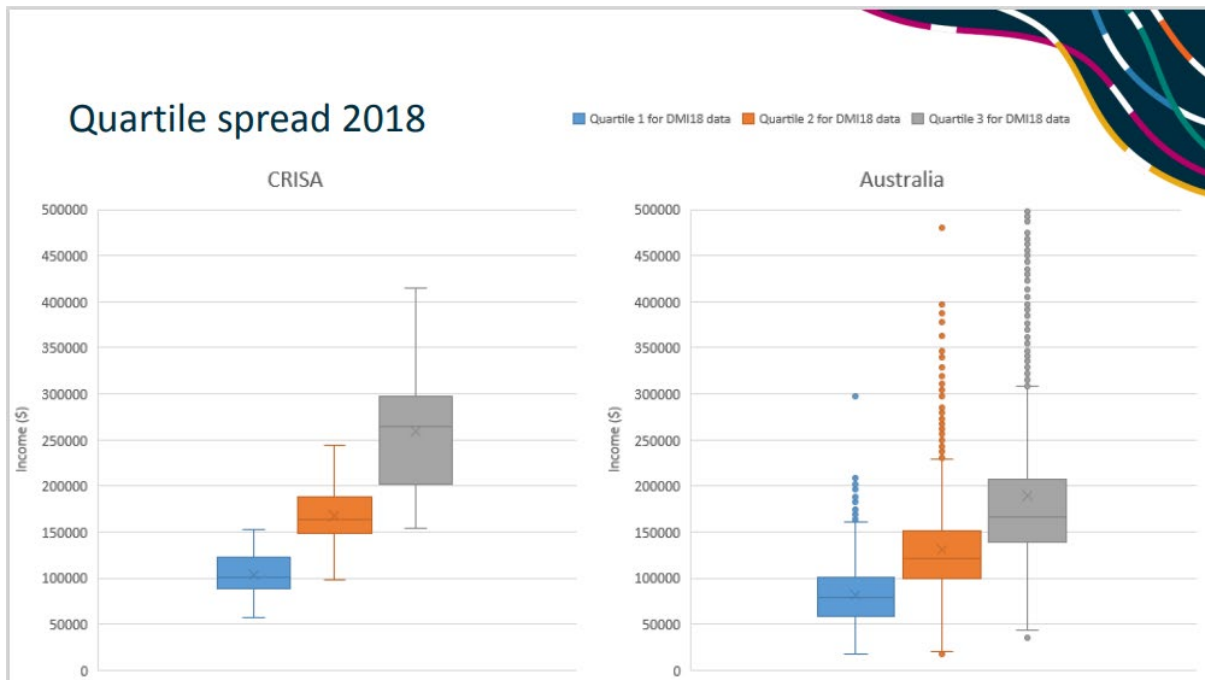
In order to properly support regional schools, CRISA needs access to the classification of regionality used by the Department.

## Appendix 1: CRISA Schools

All Souls St Gabriels School	CHARTERS TOWERS	QLD
Bacchus Marsh Grammar	BACCHUS MARSH	VIC
Ballarat and Clarendon College	BALLARAT	VIC
Ballarat Grammar	WENDOUREE	VIC
Billanook College	MOOROOLBARK	VIC
Bishop Druitt College	COFFS HARBOUR	NSW
Braemar College	WOODEND	VIC
Bunbury Cathedral Grammar School	GELORUP	WA
Calrossy Anglican School	TAMWORTH	NSW
Court Grammar School	MUNDIJONG	WA
Eltham College	RESEARCH	VIC
Geraldton Grammar School	GERALDTON	WA
Gippsland Grammar	SALE	VIC
Goulburn Valley Grammar School	SHEPPARTON	VIC
Great Southern Grammar	LOWER KALGAN	WA
Haileybury Rendall School	BERRIMAH	NT
Hale School	WEMBLEY DOWNS	WA
Highview College	MARYBOROUGH	VIC
Kardinia International College	BELL POST HILL	VIC
Kinross Wolaroi School	ORANGE	NSW
Launceston Church Grammar School	LAUNCESTON	TAS
Lindisfarne Anglican Grammar School	TERRANORA	NSW
Mandurah Baptist College	MANDURAH	WA
Matthew Flinders Anglican College	BUDERIM	QLD
Moama Anglican Grammar School	MOAMA	NSW
Somerset College	MUDGEERABA	QLD
South Coast Baptist College	WAIKIKI	WA
St Paul's Anglican Grammar School	WARRAGUL	VIC
St Paul's Grammar School	CRANEBROOK	NSW
St Philip's College	ALICE SPRINGS	NT
The Cathedral School of St Anne & St James	TOWNSVILLE	QLD
The Essington International School	RAPID CREEK	NT
The Geelong College	NEWTOWN	VIC
The Hamilton and Alexandra College	HAMILTON	VIC
The Illawarra Grammar School	WOLLONGONG	NSW
Trinity Anglican School	WHITE ROCK	QLD
Westbourne Grammar School	TRUGANINA	VIC
Whitsunday Anglican School	NORTH MACKAY	QLD

## Appendix 2: Income distributions

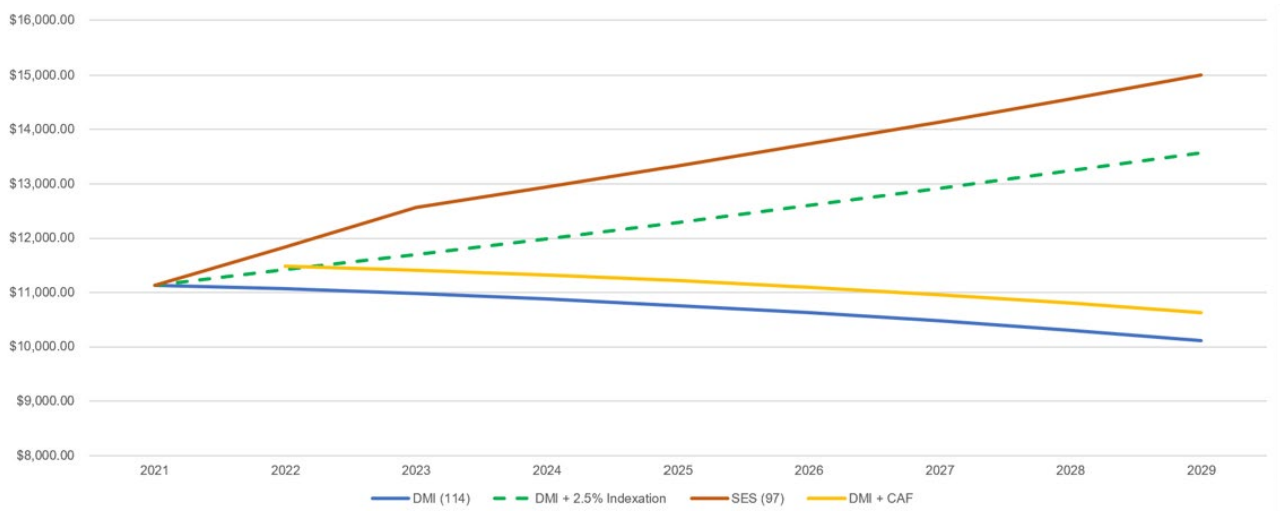
The chart below, prepared by ABS, shows parental income quartile values for 24 CRISA schools in 2018 (and there are similar patterns in subsequent years).



Source: Australian Bureau of Statistics report to Department of Education, Skills and Employment: *Income Analysis – CRISA Schools*, January 2021

This makes clear that the spread of parental incomes in CRISA schools is significantly greater than normal, and deserves to be taken into account in the determination of “capacity to contribute”. It is not reasonable to assume that all parents can pay fees commensurate with the median income level.

### Appendix 3: Funding futures for a sample regional school



These graphs show projected Commonwealth funding per student:

DMI: using initial DMI score, which may change over the years

DMI + 2.5% using initial DMI then 2.5% inflation as a safety net

SES using 2020 SES score instead of DMI

DMI + CAF adding expected Choice and Affordability Fund monies (expiring 2029)