Review of Regional Schooling Resource Standards—public submission

Anonymous 2	
Stakeholder type:	Approved Authority/School
Jurisdiction:	New South Wales

Summary

Median income data does not account for the circumstances associated around rural and regional independent schools. The new model sees 180 regional schools lose an average of $1.3 million p.a. each. Overall 460 regional schools wil lose an average of $914 per student, whereas 510 metropolitan schools lose an average of $363 per student.

The methodology used to measure parent Capacity to Contribute, in rural and regional boarding schools does not take into account the fact that income distributions of school communities vary more widely. Similar schools charge fees approximately 35% more in fees than us yet have identical or lower scores under DMI. Metropolitan schools with similar DMI scores mostly charge significantly higher fees.

A further potential problem in the model is that parent income is assessed according to tax returns in 2015/16, 2016/17 and 2017/18. This does not take into account recent effects of COVID, bushfire, drought and rural economies.

Seasonal factors in rural areas are another concern as many of our parents are not salary and wage earners. The Choice and Affordability Funding does not address the underlying issue of the methodology or the impact that the funding changes will have long-term on regional independent schools.

The ARIA scores do not account for boarders and their location, nor the distance our school is from Sydney. Boarding is a loss leader for us. Our school is a member of the Association of Independent Schools NSW, through whom we receive Professional Learning, policy formation, governance and training. Transport and accommodation is 400 km away, costing us over $140 000 per annum. Our location means that our school is more expensive to operate. We calculate it is over $250 000 to do so.

Submission

6 November 2020

Dear Sir/Madam,

I write on behalf of [redacted] School on the topic of Federal Funding of Independent Schools.

I am fully in favour of fair and equitable funding for all schools but I am concerned about the impact of median income data collection and methodology. I contend that the new funding model, using median income data, does not account for the circumstances associated around rural and regional independent schools, particularly those who enrol and house boarding students, across a wide drawing area.

It is a reality that overall regional and rural independent schools have been significantly impacted upon by the new methodology used for funding. The new model, when applied sees 180 regional schools lose an average of

$1.3 million p.a. each. Overall 460 regional schools stand to lose an average of $914 per student, whereas 510 metropolitan schools lose an average of $363 per student.

The methodology used to measure parent Capacity to Contribute, in a rural and regional setting, particularly in a Boarding School such as ours, does not take into account the fact that income distributions of school communities vary more widely in their spread. The use of a single, simple statistical parameter to make multi-billion dollar decisions on school funding is questionable. It is a basic statistical practice to examine, for example, the standard deviation as well as the mean to describe a data set.

A regional area such as ours is a microcosm of a large metropolitan centre and hence there is a broader spread of parental incomes. In a typical regional centre, and across [redacted] NSW for boarding families, there are few independent schools, sometimes just one. It would be expected, then, DMI based on the median income would unfairly penalise regional schools.

I have serious questions as the accuracy of the parent Capacity to Contribute measured for us. Three similar schools to us, each within 120 km of our city, all charge approximately 35% more in fees than us and yet have identical or lower scores under the DMI. The metropolitan schools with the same DMI score as ours mostly charge significantly higher fees.

A further potential problem in the foundations of the new model is that parents' income is assessed according to past tax returns. For 2021, for example, this will be on returns from the 2015/16, 2016/17 and 2017/18 tax years. The assumption is that the average taxable income of those three years gives a reliable estimate of parents' incomes in 2021. The disruption caused by COVID, bushfire, drought and rural economies to employment and incomes renders this assumption potentially inaccurate.

Seasonal factors in rural areas are another concern as many of our parents are not salary and wage earners but rely on periodic payments for their income. Our community is closely connected to agriculture, agribusiness and mining, with a range of ebbs and flows. Given that we that we have endured the worst drought in living memory for four years and that many families are already struggling to maintain fee payment, given little income and increasing costs, the loss of funding under the new model will threaten the viability of schools such as ours. The measure of CtC under the DMI from 2015/2016 provides a very different picture to that of today. Our school has uncollected fees of over $1 million due to the very serious and rapid downturn in income of our parents. Many families are in debt and some have left due to affordability.

A high concern is that the current funding model will drive further parents from our school community, who are unable to afford fees, thereby increasing our DMI rating, and further decreasing the funding. Schools such as mine are grateful for some access to Choice and Affordability Funding to allow us to transition to the new levels by 2029. However, this is transitional and does not address the underlying issue of the methodology or the impact that the funding changes will have long-term on rural and regional independent schools.

Several other factors concern me that are not taken into account by the change to the new model of funding. The ARIA scores are used in the new modelling but schools such as ours, considered inner regional, have a significant population of students who are outer regional, with limited choices of schooling. Students reside as boarders at our school in order to have access to quality education. We are over 400 km from Sydney. Boarding is a loss leader for us and we run our operation for nearly 180 students at a loss of over $150 000. Our boarding fees do not cover our costs and to charge what it takes to accommodate and supervise the students would cost us enrolments and mean that the valuable service provided to many isolated and remote students was not accessible.

Our school is a member of the Association of Independent Schools NSW, where we receive support in Professional Learning, policy formation, governance and training. We are over 400 km from Sydney and so our costs in either flying and driving staff to training events, conferences and professional liaison opportunities is significant. Previously we have received subsidies for our staff to attend events but this has been removed in the past four years, to the cost of the school of over $140 000 per annum.

It is my contention that due to our location, our school is much more expensive to run and operate. In terms of transport of students on excursions, field trips, expeditions, we must travel to provide our students with access to the same quality learning available to city students.

Our Finance Department has calculated that our costs are above $250 000 in addition to the procedural operating costs of a similar school, based in the city. I am able to substantiate the financial impact claims I have made and provide more detail and am convinced, as are other Independent school principals with Boarding, that the current DMI system of determining funding is flawed and unfairly discriminates against schools such as ours.

Our school is also party to submissions from the Coalition of Regional Independent Schools Australia (CRISA) and AISNSW.

Kind regards, [redacted] Principal, [redacted] NSW