

Review of needs-based funding requirements 2019–public submission

Department of Education and Training Victoria

Stakeholder type: Approved system authority

Jurisdiction: Victoria

Summary

It would be unreasonable and inappropriate to expect that conditions applied to the minority funding contribution would dictate the allocation of all funding for Victorian government schools.

Section 78 of the Commonwealth Australian Education Act 2013 only concerns the allocation of Commonwealth funding. The Commonwealth is the minority funder of Victorian government schools.

Victoria does not separate Commonwealth funding from Victorian funding for the purposes of allocating funding to Victorian government schools.

Victoria allocates the majority of funding for Victorian schools through a (published) needs-based funding model, the Student Resource Package. Victoria also invests in centrally managed programs where this is the most efficient and effective model for service delivery.

Any guidance issued should support a shared understanding of the principal role of approved system authorities in allocating or redistributing funding at the school level to address local need. A set of mutually agreed general principles, rather than prescriptive rules, could support a shared understanding by all parties. Such guidelines should be agreed through a forum such as Education Council. Any proposed guidelines should not be used to supplement the Act with additional prescription.

The Victorian Government is held to account for the performance of and investment in the government school system through a number of mechanisms. These arrangements provide comprehensive transparency and accountability arrangements for both funding and performance of the Victorian government school system.

Submission

The Victorian Government's response to this review

The *Australian Education Act 2013* (the Act) governs the terms and conditions for States to receive Commonwealth financial assistance for schools. The Act was amended in 2017 to enact new Commonwealth-State school funding arrangements. Under section 78 of the Act, an ongoing funding requirement for an approved authority for more than one school is to distribute all financial assistance received in accordance with a needs-based funding arrangement. The National School Resourcing Board (NSRB) is conducting a review of needs-based funding requirements for approved authorities under section 78 of the Act.

The Victorian Government's response to this review is limited to the role of the Victorian Government as the approved system authority for Victorian government schools. Commonwealth funding for non-government schools in Victoria is on-passed directly by the Victorian Government to individual schools and approved system authorities in the Catholic and independent sectors. Approved system authorities in those sectors then distribute Commonwealth funding according to their own arrangements. The Victorian Government makes no comment on those arrangements in this submission.

Funding requirements under section 78 of the Act concern the allocation of Commonwealth funding. This submission therefore also makes no comment on the Victorian Government's allocation of State funding to

Victorian non-government schools using its needs-based Financial Assistance Model (FAM). This model is not used to reallocate Commonwealth funding for non-government schools.

With regard to Commonwealth funding allocated to Victorian government schools, the Victorian Government notes that this funding represents a minority amount (less than a quarter of total public funding) allocated to our government schools. Victoria has a single approach to allocating all public funding for Victorian government schools (the Student Resource Package (SRP)). As such, Victoria is of the view that the NSRB should take a proportionate approach when assessing the balance between flexibility and prescription for needs-based funding arrangements in this review. It would be unreasonable and inappropriate to expect that conditions applied to the minority funding contribution would dictate the allocation of all funding for Victorian government schools.

Background

States have primary constitutional responsibility for school education, including the regulation of government, Catholic and independent schools and the registration of all schools and teachers.

The Victorian Government educates more than 600,000 school students in more than 1,500 government schools across the State. Further, the Victorian Government provides funding to more than 700 Victorian non-government schools in the State, educating more than 350,000 students.

Victoria has set itself ambitious targets under its Education State in Schools reform agenda. These targets set goals for improvement across the domains of Learning for life, Happy, healthy and resilient kids, Breaking the link, and Pride and confidence in our schools.

These targets include all Victorian students and seek to promote excellence and equity in all Victorian schools. Specifically, the 'Breaking the link' targets seek to reduce the impact of disadvantage on student educational outcomes.

Response to Questions 1, 2 and 4—Flexibility for needs-based funding requirements

The Victorian Government is grouping its answers to these questions together, as all questions pertain to the desired balance between flexibility and prescription for assessing approved system authorities' compliance with a needs-based funding arrangement that meets the conditions of section 78 of the Act.

As the NSRB notes in its issues paper, flexibility is provided for under section 78(5) of the Act for approved system authorities to redistribute Commonwealth funding using a system's own needs-based funding arrangement. Specifically, section 78(5) requires that funding models used by approved system authorities to redistribute funding include a per student amount (a 'base' funding amount), as well loadings to students and schools to address the areas of disadvantage identified in David Gonski's 2011 *Review of Funding for Schools* (the first Gonski review). These loadings address:

- Disability
- Indigeneity
- English language proficiency
- Socio-educational disadvantage
- School size
- School location.

The Act does not specify how the per student amount and loadings are to be structured. This flexibility allowed for under the Act is underpinned by the key principle, endorsed in the first Gonski review, that approved system authorities are best placed to determine and address the needs of their schools and students.

In considering the issue of flexibility, it is also important to recognise that needs-based funding arrangements for government school systems (in Victoria's case, the SRP) are designed for the purposes of distributing both Victorian and Commonwealth funding. Victorian funding comprises three quarters of all public funding for government schools. The level of intervention (or prescription) by the Commonwealth on a State-based

arrangement should therefore be proportionate to the amount of Commonwealth funding being redistributed using that arrangement. This underscores the critical importance of States having flexibility in how they design and deliver a needs-based funding model for government schools, and that this model should not be determined by a prescriptive interpretation of the Act, nor the Commonwealth seeking to prescribe funding allocation approaches to approved system authorities.

Student Resource Package

In Victoria, the majority of funding for Victorian government schools is provided through the SRP. The objectives of the SRP are to:

- Focus on student outcomes and school improvement by providing the resources needed to improve outcomes
- Target resources to achieve better outcomes for all students by aligning resourcing to individual student learning needs
- Treat schools fairly, with schools with the same mix of student learning needs receiving the same levels of funding
- Achieve transparency of student resource allocations by reducing complexity
- Provide schools with certainty about their ongoing level of resourcing, allowing for more effective forward planning
- Provide flexibility to meet increasingly diverse student and community needs and encourage local solutions through innovation
- Continuously improve the model through dynamic review and refinement based on evidence.

The SRP consists of:

- Student-based funding. This funding is driven by the levels of schooling of students and their family and community characteristics. It consists of allocations for core student learning (base funding) and equity. Equity funding includes funding for students from socially disadvantaged backgrounds, students for whom English is an additional language and students with disability. Student-based funding also includes additional support for students who have fallen behind their peers and schools with a high level of transient enrolments. The majority of funding within this area is allocated through per student rates.
- School-based funding. The SRP also allocates funding based on school characteristics. This includes additional funding for smaller schools and for schools in rural locations, recognising the additional costs these schools face and the importance of supporting access. School characteristics also determine funding for cleaning, grounds and building maintenance.
- Targeted initiatives. The SRP provides funding to support the delivery of targeted initiatives in priority areas. Funding received by schools for targeted initiatives include targeted funding to support refugees and asylum seekers, the Extended Koorie Literacy and Numeracy Program and the delivery of Respectful Relationships curriculum.

SRP funding is provided to Victorian government schools, who are supported to spend the funding in accordance with their Annual Implementation Plans (AIPs) and School Strategic Plans (SSPs). A SSP is a four-year plan for school improvement, completed by schools after a school review involving the Department and school community. The AIP makes explicit how the school's goals, targets and actions in the SSP will be implemented, monitored and evaluated each year. Together, the plans consider the needs of students and allocate resources available through the SRP to address those needs.

Further, planning undertaken by schools to allocate available funding is underpinned by Victoria's Framework for Improving Student Outcomes (FISO). FISO helps schools to focus their efforts on key areas which evidence has determined to have the greatest impact on school improvement.

A guide to the SRP is published on the Department's website.

Victoria also supports our government schools through centrally-managed programs. These programs include, but are not limited to:

- Student support services such as psychologists, social workers, speech pathologists and nurses
- Koorie Engagement Support Officers (KESOs). Approximately 13,552 Indigenous students enrolled in Victorian government schools (2.2 per cent of the total student cohort) benefit from access to KESOs. KESOs provide advice to schools about culturally inclusive learning environments, co-ordination of services to support engagement and improved outcomes for Koorie children and young people.

There are benefits, in some cases, in providing support to address disadvantage through centrally managed programs, as well as or in place of loadings. Centrally managed programs, such as the use of KESOs, support the pooling of resources to improve the quality of education and support for specific cohorts of students. Given the smaller number of Indigenous students enrolled in Victorian government schools, Victoria currently utilises centrally-managed programs, rather than providing a specific Aboriginal and Torres Strait Islander loading through the SRP. This can make use of efficiencies across local areas and regions and support a consistent approach across the State to improve student engagement, learning and wellbeing outcomes.

Response to Question 3—Commonwealth guidance to support compliance with the legislative requirements to have a needs-based funding arrangement

Guidance issued by the Commonwealth should support a shared understanding of the principal role of approved system authorities in allocating or redistributing funding at the school level to address local need. Any proposed guidelines should not be used to supplement the Act with additional prescription.

Victoria recommends that any guidelines are used to set out principles which should be used by all parties to assess compliance with section 78 of the Act. A principles-based approach to compliance is preferred as it can deliver improved outcomes for students and schools to address need at the same time as allowing for innovation and flexibility in how funding is distributed.

A set of general principles could be agreed through a forum such as Education Council. Victoria offers the following key principles as a starting point for further discussion and consultation:

- Approved system authorities are best placed to determine and address the needs of their schools and students
- Approved system authorities maintain flexibility to respond to emerging priorities
- Information and support can be offered to system authorities, with the adoption of any recommendations at the discretion of approved system authorities
- The compliance burden on approved system authorities should be minimised
- Parties cannot attach conditions to funding they do not provide
- Assessing compliance is limited to ensuring the requirements of the Commonwealth Act are satisfied for the Commonwealth's funding contribution.

Applying these principles address most – if not all – of the review's questions. These principles sensibly move away from any approach where the Commonwealth prescribes expenditure decisions at the school level. Rather, they support local decision making by enabling system authorities to address priorities in their communities, and give school administrators the flexibility to respond to the specific needs of their school and students.

These principles also provide the appropriate balance between ensuring accountability for funding provided by States and Territories and the Commonwealth, and empowering schools.

Shared agreement to these principles, or shared understanding of the rationale underpinning them, will support the NSRB to undertake its role effectively in the new school funding landscape.

Response to Questions 5 and 6—Levels of transparency to enable public accountability

The Victorian Government is grouping its answers to these questions together, as both questions pertain to the desired level of transparency to enable accountability of public funding.

As the majority funder of schools, and the system manager of Victorian government schools, the Victorian Government is held to account for the performance of and investment in the government school system through a number of mechanisms.

- Victoria has implemented Education State targets across four key performance domains, and publicly reports our performance against these targets. These targets include a specific measure that assesses Victoria's progress in breaking the link between disadvantage and educational outcomes, in line with the objectives of a needs-based funding arrangement.
- The Victorian Auditor General's Office undertakes independent financial and performance audits of the portfolio in general and of specific programs, according to its own audit program, with powers to compel cooperation from officials.
- The Victorian Parliament undertakes Public Accounts and Estimates Committee hearings where the Victorian Government and executives in the Department are held to account for the delivery of schooling and budget decisions by members of the Victorian Parliament.
- The Department of Education and Training publishes an annual report that outlines both operational and financial performance. Annual funding decisions are also published in the Victorian budget papers.
- Victoria has committed to meeting annual funding targets for both government and non-government schools through its bilateral agreement with the Commonwealth. The bilateral agreement is published online, and Victoria's performance against the targets in the bilateral agreement will be assessed annually by the NSRB, with the NSRB's report to be tabled in the Commonwealth Parliament.
- Victoria participates in a range of national and international measures of student achievement.

The Victorian Government is committed to ensuring that all funding provided for Victorian government schools is used to improve outcomes for Victorian government school students. Victoria agrees with the findings of the first Gonski review that approved system authorities should be accountable for how they allocate resources to respond to the needs of their schools and how funding is used to support educationally disadvantaged students. The current arrangements, outlined in this submission, provide comprehensive transparency and accountability arrangements for both funding and performance of the Victorian government school system.