

## Review of needs-based funding requirements 2019–public submission

### Victorian Ecumenical System of Schools Ltd

Stakeholder type: Approved system authority

Jurisdiction: Victoria

### Summary

In summary:

- VESS is governed by its member schools.
- VESS policy is to pass on to member schools in full the funding which they would receive if they were non-systemic schools.
- VESS supports the allowance of flexibility in system funding to permit the smoothing of funding over several years, to allow for system administration, and to support the development of new schools.
- The “opt-out” provision for VESS member schools is a guarantee of fairness and transparency in funding allocation; VESS is open to full transparency.

### Submission

#### **What are desirable levels of flexibility for needs-based funding requirements—are there different levels of flexibility that could be applied to the per student amount and loadings?**

VESS is fundamentally different from other systems in that it operates as a co-operative: member schools govern the System. The Principal of each member school is a Director of the Company.

The long-standing policy of VESS has been to distribute Australian Government school funding (and State funding) so that each school receives what it would be entitled to if it were not a systemic school. So “per-student” funding is allocated according to the Schooling Resource Standard, and loadings allocated according to what each school attracts.

In some past years, “system weighted average” funding has allowed for system administration costs, and additionally for small funding distributions in excess of SRS. These have normally been made on a per capita, SES-weighted basis, or occasionally on a flat-rate basis (benefitting smaller schools).

While funding arrangements for systems over the coming decade are yet to be clarified, it appears possible that for several years mid-decade, the total Federal funding allocated to VESS will not be sufficient to pay schools what each would be entitled to as a stand-alone school. (This inequitable arrangement arises from the requirement for systemic schools to follow a systemic transition pathway to 80% SRS by 2023, whereas non-systemic schools transitioning down have until 2028 to reach 80%.) This situation necessitates flexibility in the timing of distributions, so that some of the system adjustment funds can be held over to cover the “drought”.

VESS is working towards the time when all government funding will be allocated to schools based on their SRS entitlement, and administrative services for member schools are covered by members’ subscriptions. Despite the fact that VESS operates a very lean administration (with only 1.6 FTE staffing) this would require subscriptions well above historic levels. We therefore see it reasonable to continue to allow a small percentage of per-student funding to be retained for system administration.

The Constitution of VESS authorises the Company to “provide the necessary support processes for the foundation of new schools that wish to be part of the System”. Some VESS member schools have spawned new schools. However, to date, VESS’s support for new schools has been limited to the provision of logistical assistance and there are no plans for VESS to fund the establishment of new schools. Nevertheless, given the

urgency for new school development in Victoria, we see it as reasonable that there be flexibility in both system and school funding to underpin the procreation of new schools.

VESS supports the calculation methodology for loadings as they apply to individual schools and therefore does not see the need for flexibility in allocation of funding for the various loadings.

**What level of prescription by the Australian Government regarding needs-based funding arrangements may reasonably be required and is possible?**

In the case of VESS, prescription is not required, because fundamental VESS policy is that per-student funding be allocated according to the SRS, and loadings passed on directly to schools. VESS member schools are free to leave the System if they choose, and schools would be expected to leave if they were not, on balance over time, receiving funding and benefits equating to what they could attract as non-systemic schools. Naturally, VESS is intent on avoiding the withdrawal of member schools, importantly because this would diminish the capacity of the System to deliver professional development for Principals, teachers and administrators for rural and regional schools.

**What additional guidance may be necessary and what form should it take?**

Not applicable.

**What is the right balance of prescription and flexibility for assessing compliance with needs-based funding requirements and why?**

If flexibility is provided as sought in response to question 1, then beyond this, for VESS, there would not be the need for prescription.

**What level of transparency is required to effectively enable accountability of approved system authorities?**

Within VESS, all member schools are party to decisions about funding allocation, and to the full accounts of the System, so there is full internal transparency. VESS's practice of allocating per-student funding according to SRS is fully visible from outside. The compliance reporting via the Financial Questionnaire and Financial Accountability results in full transparency to the Department of Education, and ultimately, to the general public via the figures transferred through to the MySchool website.

**What are acceptable approaches for approved system authorities to make their needs-based funding arrangements publicly available?**

A complete public declaration of VESS's distribution policy is possible, and in line with current regulations the distribution policy in place has been published on the VESS website.