NEW DIRECTIONS IN SCHOOLS FUNDING
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EXECUTIVE SUMMARY

This report places the entitlement of all students to quality teaching as the centrepiece of schools funding reform. It has been prepared by Lyndsay Connors and Jim McMorrow, in their roles as honorary adjunct associate professors in the Faculty of Education and Social Work, the University of Sydney. The purpose of this independent study is to contribute to informed public debate on a key and sensitive policy issue in Australia in the run-up to the review of schools funding the Commonwealth has announced for 2011.

New directions for schools funding are needed in Australia. The quality of Australian schools is relatively high on the range of criteria that inform international comparisons. But too many young people are still missing out on the full benefits of schooling, are disengaged from learning, leaving school prematurely and poorly prepared for adult life.

The causes of this persisting problem go well beyond schools funding; but current funding arrangements are helping to entrench rather than to overcome these problems. There is no rational link between the amount invested publicly in all our schools and the work we expect of them. The teaching workload is shared unevenly among schools and sectors; and the effects are exacerbated rather than being counterbalanced by schools funding policies.

Governments, Commonwealth and State, continue to make a significant public investment in resourcing schools. The report analyses their current arrangements for funding schools and identifies the fact that governments are now providing recurrent public funding sufficient to more than cover the costs of teacher salaries and related expenses in Australia. This important fact is not widely understood; and is obscured by the uneven way in which governments share this responsibility and reduce it to a confused game of cost-shifting.

The report outlines the context, background and rationale for future directions for schools funding. It outlines key developments in the history of federal funding for schools; identifies important precedents for future action; sets down the essential elements of effective funding arrangements for schools, against which it finds current arrangements in Australia to be seriously wanting; and examines options for the future, including proposals for individual vouchers and the merging of government and non-government schools into one system.

The report argues that new directions need to be developed in an understanding of the Australian context; and of the factors that have influenced the development of schools funding to date. It proposes reform that is based on evidence of the primacy of teaching; that is educationally sound and politically sustainable; and that does not entail changing the essential nature of government or non-government schools or require Constitutional reform.
The proposed Funding Model is set out in full in *New Directions in Schools Funding*. It sets out key steps for achieving a sustainable and credible funding policy framework for the future; and provides a blueprint for increased public investment in quality teaching in Australian schools.

**STEP 1: BUILDING CONSENSUS ON NEW DIRECTIONS FOR SCHOOLS FUNDING**

Adopting a new national charter that makes explicit the educational values that should underpin new directions in schools funding, the educational purposes the funding is designed to serve; and that provides a basis for setting funding goals and priorities.

**STEP 2: ACHIEVING A PROPER LEVEL AND ALLOCATION OF TEACHING RESOURCES IN THOSE SCHOOLS WHERE GOVERNMENTS HAVE ALREADY TAKEN ON THE FUNDING ROLE AND RESPONSIBILITY**

Governments have obligations arising from their past decisions, that have led to a common reliance on publicly-funded teachers by schools in government and Catholic systems and more than half of all independent, non-government schools; around 95 per cent of all schools in Australia. They now have both an imperative and an opportunity to achieve a more rational alignment among government and non-government schools in regard to this public funding of their teaching and teaching-related resources. It cannot be assumed, however, that because a school’s teaching resources are provided by the public purse that these resources are necessarily adequate and appropriate, in either a relative or an absolute sense. A key purpose of the Funding Model is to formalise this responsibility for resourcing these schools, to provide students they serve with the quality teaching they need to get the most benefit from their schooling.

**STEP 3: USING FORMAL AGREEMENTS BETWEEN THE FUNDING PARTNERS TO GIVE EFFECT TO THE FUNDING MODEL**

### 3.1 Defining the funding responsibilities of government for quality teaching in these schools

Developing national standards of teaching resources

Teaching resource standards enable the teaching resources provided for schools to be better aligned to their workloads. Expressed as a set of target resource standards, they enable increased public funding to be applied flexibly over time. These standards will relate to the teaching needs of students across the full spectrum. This requires, for example, an assessment of the more intensive teaching support required for students with varying forms of disability and learning difficulty; or for concentrations of students from troubled and under-privileged homes and communities. The approach to be taken to measuring the teaching workload of schools will need to be finely nuanced to capture the varying range, intensity and complexity of needs arising from the students they enrol and the vastly differing circumstances in which they operate. Similarly, care will need to be taken in defining “teaching” to reflect changing circumstances in schools (including those relating to new technologies) and continuing refinements in understanding of what constitutes quality teaching.

The intention of the proposal is to protect students’ access to qualified and high quality teachers, complemented by paraprofessional support staff appropriate to the needs of students at each school; and to avoid schools having recourse to employing non-teachers as a substitute for qualified teachers on financial, as opposed to educational, grounds. Schools with similar workloads and resource needs would receive a similar level of teaching resources, regardless of sector. Schools with the greatest gap between their current level of teaching resources and their target standard would receive the greatest level and rate of public funding increase.

Coordinating current Commonwealth and State funding of teachers in government and non-government schools to commit to achieving the National Target Teaching Resource Standards over time

Under the Funding Model, contributions from both levels of government would be coordinated in a funding pool to be used for increased investment in quality teaching through planned, differential increases to schools. Funds now provided through general recurrent and special purpose or targeted programs should be added to this pool, in the interests of developing a highly skilled national teaching force, noting that the National Target Teaching Resource Standards will recognise the higher level of teaching resources.
needed by students with more intensive support needs. Resource allocations to schools will be provided in ways that recognise the financial realities of school operation. These allocations will be determined on a per teacher basis, thus avoiding the distortions produced by per student funding mechanisms. Schools will receive their classroom teachers or the funding equivalent based on the maximum salary rate. Those with a higher proportion of beginning teachers and therefore lower salaries would direct funding in excess of those salary costs to providing the professional learning support they need to meet accredited teaching standards.

Maintaining the real value over time through proper indexation
It will be essential to protect the real value of the resources provided for schools against inflation. This will require annual adjustments to offset schools-related price changes, which will be significantly influenced by teacher salary movements. This would have the added benefit of releasing the ‘above-inflation’ increases generated through the current approach to indexation, allowing governments to target the real priority of bringing all schools up to National Target Teaching Resource Standards.

Making provision for research and evaluation
The Funding Model provides for a sustained funding period to allow for formal evaluation of the funding arrangements and to inform the following funding cycle. Such evaluation should be undertaken professionally by those with demonstrated expertise in the teaching and learning as well as the funding process. This would best be achieved by establishing an independent body with a remit to provide governments with public advice on schools funding policy trends and directions. To support this evaluation process, governments should also provide funds for independent research related to schools resourcing.

3.2 Beyond teaching: defining the further funding responsibilities of school authorities – State government, Catholic and independent school authorities

Non-teaching recurrent resources within agreed standards
Responsibility for funding other recurrent resources such as non-teaching clerical and administrative and support staff, books, stationery and teaching and learning materials, would rest with the relevant school authorities in both sectors. Formal agreements would ensure that these resources were provided according to nationally agreed standards.

Capital and infrastructure
As well as quality teaching, all schools must provide a safe and secure environment for their students. Under the Funding Model, this would be most appropriately provided, within agreed standards, by the relevant school authority/owner, to achieve clear and clean lines of responsibility and accountability among the funding partners. There is timely opportunity for re-aligning this responsibility, following the fillip given by recent significant public funding by the Commonwealth for buildings and facilities for all schools.

3.3 Aligning conditions for public funding among schools
Formal agreements between governments and school authorities will to set out the range of conditions necessary to achieve the overall purposes for which governments are providing public funding. The Funding Model is designed to improve comparability in resources and in the related conditions for public funding among those schools now commonly reliant on the public purse to meet the costs of the teaching they provide. This will be done in ways that recognise the legal differences between government and non-government schools; and that require no change to the legal status or ownership of those schools.

The Funding Model would include those conditions that require schools to contribute towards the overall goal of providing students with more equal access to quality teaching; access (including admission fees); and other admission and exclusion criteria; quality of schooling; planning; accountability and reporting; and provision of capital and other infrastructure.
The Funding Model focuses by design on the vast majority of schools, where governments are already providing all their teaching staff or the funding equivalent. Implementing the Model for these schools must be given priority.

A small minority of schools, in the non-government sector, spend more on their teaching staff than the amount they receive in the form of public recurrent grants from both Commonwealth and State governments and are therefore not fully reliant on governments to cover their teaching costs. These schools make up about half of the schools in the independent sector, and about five per cent of all the schools in Australia. The proportion of their teachers whose salaries are covered by the public purse varies greatly from school to school. As a matter of principle, governments are just as accountable for their investment of public funds in teaching in these as in all other schools. And the students in these schools are equally as entitled as all other students to the quality of teaching they need to achieve their personal best.

The report proposes that current levels of combined funding for these schools from Commonwealth and State sources be held constant in real terms, pending the implementation of the Funding Model and the development of National Target Teaching Resource Standards; and contingent upon their acceptance of the same transparency requirements as for schools covered by the Funding Model. The proposed independent body should then undertake a review of schools operating beyond the Funding Model resource standards, and advise on policy implications for the future of their publicly-funded teaching resources, having regard to the values and principles that underpin the Funding Model.

The directions proposed in this report would have the following positive effects:

**PUTTING EDUCATION BACK INTO SCHOOLS FUNDING**
Under current arrangements, decisions about educational goals and priorities, including curriculum, are being made in a resources vacuum; while decisions about schools funding have largely been made without regard to the way schools work and the differing scope, complexity and intensity of their work among schools in both the government and non-government sector. The Funding Model provides a rational basis for the allocation of public funding to schools, based on each school’s workload.

**PROVIDING A MORE EDUCATIONALLY EXPLICIT, RATIONAL AND ETHICAL BASIS FOR SCHOOLS FUNDING**
The proposed Funding Model would end the inequalities arising from the use of public funds to foster a resource-based competition about schools. Instead, governments would use public funding to widen the resource differences among schools only where this has an educational rationale and is designed to raise standards for all schools while reducing unjustifiable gaps in student achievement.

**ESTABLISHING CLEAR LINES OF RESPONSIBILITY**
The proposed Funding Model provides clear lines of responsibility for each of the key funding partners, Commonwealth, State and non-government school authorities; and deals with the negative and dysfunctional aspects of Federalism that characterise current arrangements.

**ALIGNING GOVERNMENT AND NON-GOVERNMENT SCHOOLS FUNDING**
The proposed Funding Model would draw the funding of government and non-government sectors into a closer alignment through reform to the conditions for public funding and through the allocation of public funds according to relative workload.

**MAKING QUALITY TEACHING THE CENTREPIECE OF SCHOOLS FUNDING**
The proposed new directions in schools funding are based on clear evidence that investing in the quality of teaching in schools is the most significant way in which governments can improve schools participation, achievement and outcomes. A Funding Model for schools centred on the responsibility of governments for ensuring an adequate supply of quality teachers would strengthen public understanding of, and confidence in, the way our schools are funded.

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