

School Funding and Equity in the ACT

A Briefing for the 2016 ACT Election

Key Points

1. Many disadvantaged students in the ACT are not achieving national minimum standards in literacy and numeracy:
 - In 2015, over 25% of Year 9 students from low educated parents did not achieve the writing standard, about 20% did not achieve the spelling and grammar and punctuation standards and 14-15% did not achieve the reading and numeracy standards.
 - Over 40% of Year 9 Indigenous students did not achieve the writing standard, about 20% did not achieve the spelling and grammar and punctuation standards, 15% did not achieve the numeracy standard, and 13% did not achieve the reading standard.
2. There are very large achievement gaps between disadvantaged and advantaged students:
 - Year 9 students from low educated parents are about two to three years behind students from high educated parents in all subjects.
 - Indigenous students are about three and a half to four years behind students from high educated parents in all subjects.
3. The large proportion of disadvantaged students are in public schools:
 - In 2014, 78% of students from low socio-economic status (SES) families, 77% of Indigenous students and 73% of disability students (2013 figure) were enrolled in public schools.
4. The burden of education disadvantage in ACT public schools is double that of Catholic schools and over double that of Independent schools:
 - Low SES, Indigenous and disability students together comprise 19% of public school enrolments compared to 9% of Catholic school enrolments and 7% of Independent school enrolments.
5. Funding increases have been largely misdirected. The largest increase in total Australian & ACT funding between 2009 and 2013 (latest available figures) went to the most advantaged school sector with the smallest number of disadvantaged students – Independent schools:
 - The increase in total government funding per student, adjusted for inflation, in Independent schools was over double that for public schools - 9.4% compared to only 4.2% in public schools while the increase for Catholic schools was 6.6%, nearly 60% more than for public schools.
 - Independent schools have a very large resource advantage over public and Catholic schools. This is aided by substantial government funding. Canberra Grammar, Canberra Girls' Grammar and Radford College received \$3,714, \$4,068 and \$6,226 respectively per student in government (Australian & ACT) funding in 2014.
6. Comparisons of government funding between school sectors have little real meaning without regard to relative levels of student need. Catholic and Independent schools have a large resource advantage over public schools when the relative burden of disadvantage is taken into account:
 - The ratio of government funding for Catholic and public schools (57%) is over double the ratio of disadvantaged students in Catholic and public schools (24%).
 - The ratio of government funding for Independent and public schools (51%) is five times the ratio of disadvantaged students in Independent and public schools (10%).
 - These large disparities in the government funding and disadvantaged student ratios mean that Catholic and Independent schools are sufficiently well-resourced to support their small

proportion of disadvantaged students. They effectively have more resources to devote to their disadvantaged students.

7. The fundamental priority for the next ACT Government must be to reduce education disadvantage: to increase the percentage of disadvantaged students achieving national minimum literacy and numeracy standards and to reduce the very large achievement gaps between advantaged and disadvantaged students.
8. A comprehensive education strategy should focus primarily on public schools because they enrol about three-quarters of all disadvantaged students in the ACT and Catholic and Independent schools are already sufficiently well-resourced to support their disadvantaged students.
9. A new funding framework for public schools is necessary to provide much larger funding loadings for disadvantaged students than at present.

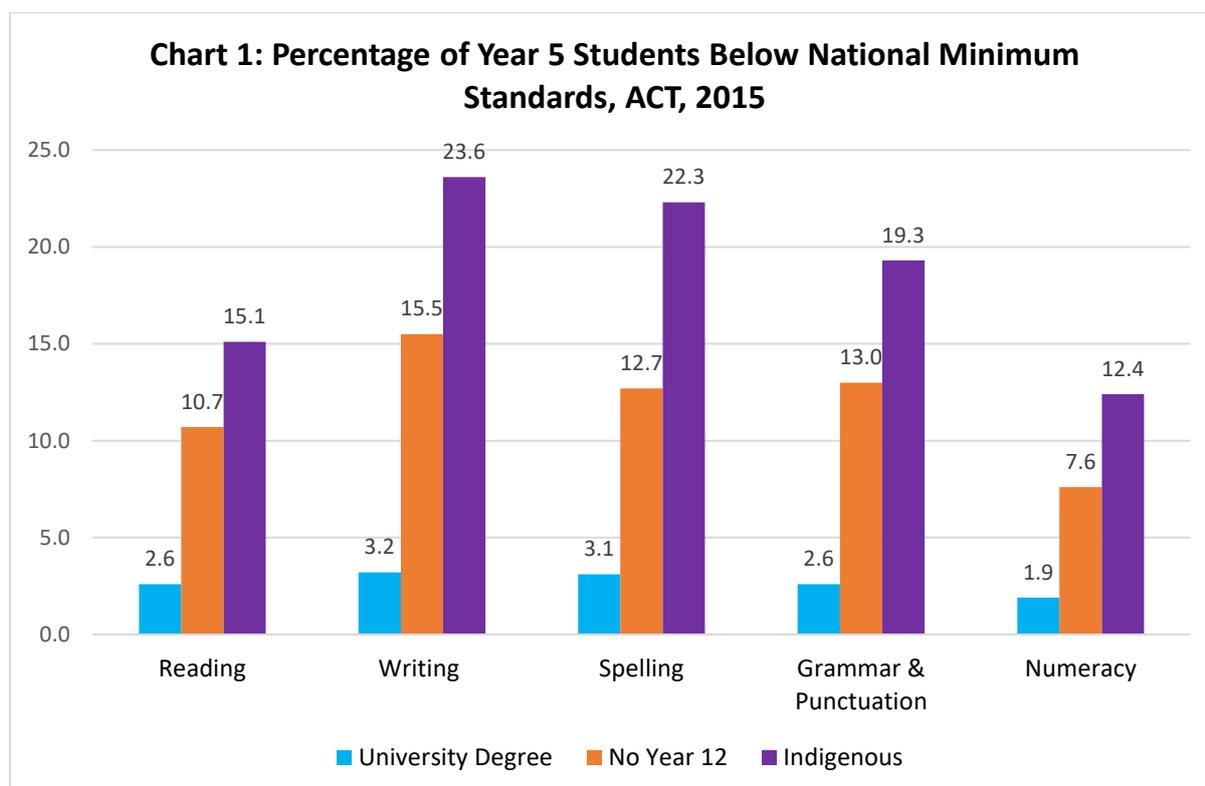
School Funding and Equity in the ACT

The ACT school system has very high quality outcomes by international and national standards as evidenced in high average outcomes, high proportions of students achieving national and international benchmarks and high proportions of students achieving at the highest levels. Retention rates to Year 12 in the ACT are the highest in Australia.

However, despite these results and despite the high average incomes and adult education levels in the ACT, there is also high inequity in education. The social gradient in education in the ACT is the highest in Australia, except for the Northern Territory. Unacceptably high percentages of low SES students are below national minimum standards for literacy and numeracy by Year 9 and very high percentages of Indigenous students are below the standards. Low SES and Indigenous students are up to four years behind their high SES peers by Year 9. The large proportion of these students are in public schools. Past funding increases have not been sufficiently well-targeted to improve the results of these students.

Many disadvantaged students are below national standards

Detailed NAPLAN results for 2015 published by the Australian Curriculum, Assessment and Reporting Authority (ACARA) last December show that many disadvantaged students in primary and secondary schools in the ACT are not achieving the national minimum standards in literacy and numeracy. In 2015, between 13 and 15% of Year 5 students of parents who had not completed Year 12 (low educated parents) did not meet the national standards in reading, writing, spelling and grammar and punctuation [Chart 1]. Nearly 8% did not achieve the numeracy standard.

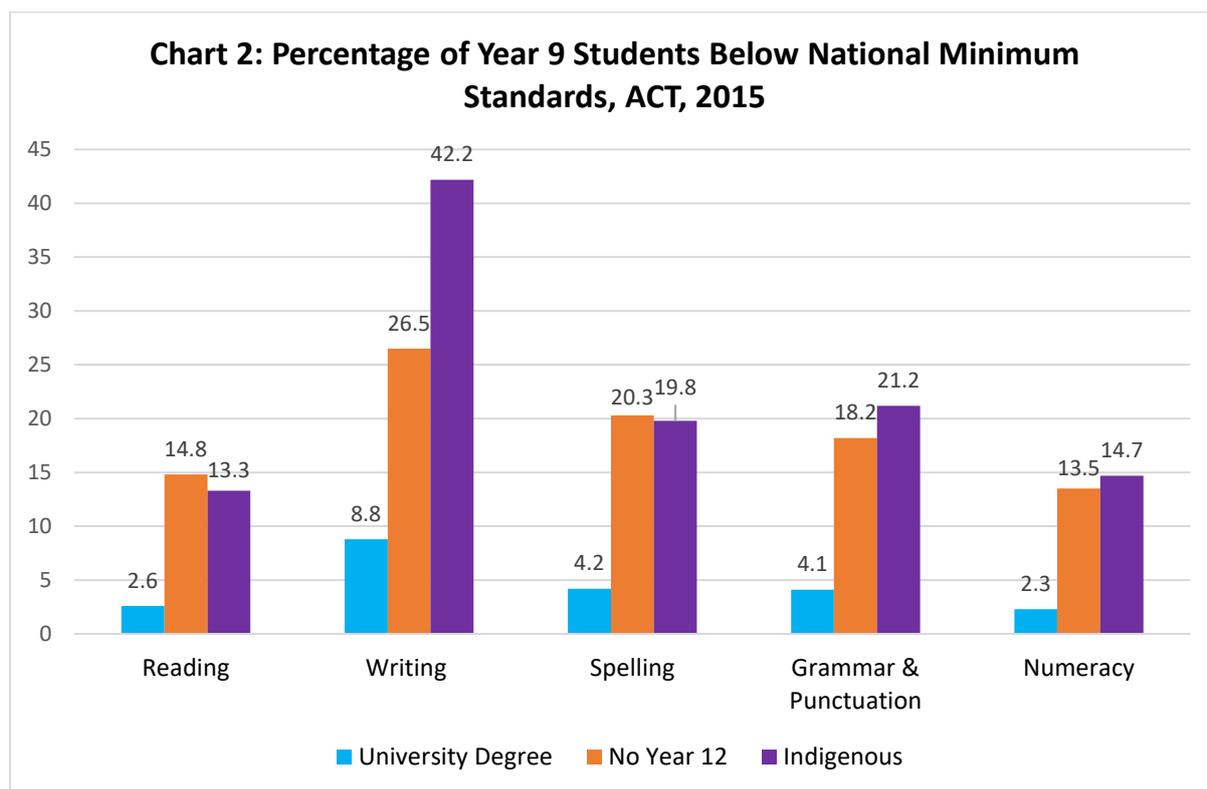


Source: Australian Curriculum, Reporting and Assessment Authority (ACARA), NAPLAN National Report 2015.

By Year 9, even larger percentages of students from low educated parents did not meet the national standards. Over 25% did not achieve the writing standard, about 20% did not achieve the spelling and grammar and punctuation standards and 14-15% did not achieve the reading and numeracy standards [Chart 2].

High proportions of Indigenous students did not achieve the standards. Nearly 25% of Year 5 Indigenous students did not achieve the writing standard, 22% did not achieve the spelling standard, 19% did not achieve the grammar and punctuation standard, 15% did not achieve the reading standard and 12% did not achieve the numeracy standard [Chart 1].

Over 40% of Year 9 Indigenous students did not achieve the writing standard and about 20% did not achieve the spelling and grammar and punctuation standards. Fifteen per cent did not achieve the numeracy standard and 13% did not achieve the reading standard.



Source: Australian Curriculum, Reporting and Assessment Authority (ACARA), NAPLAN National Report 2015.

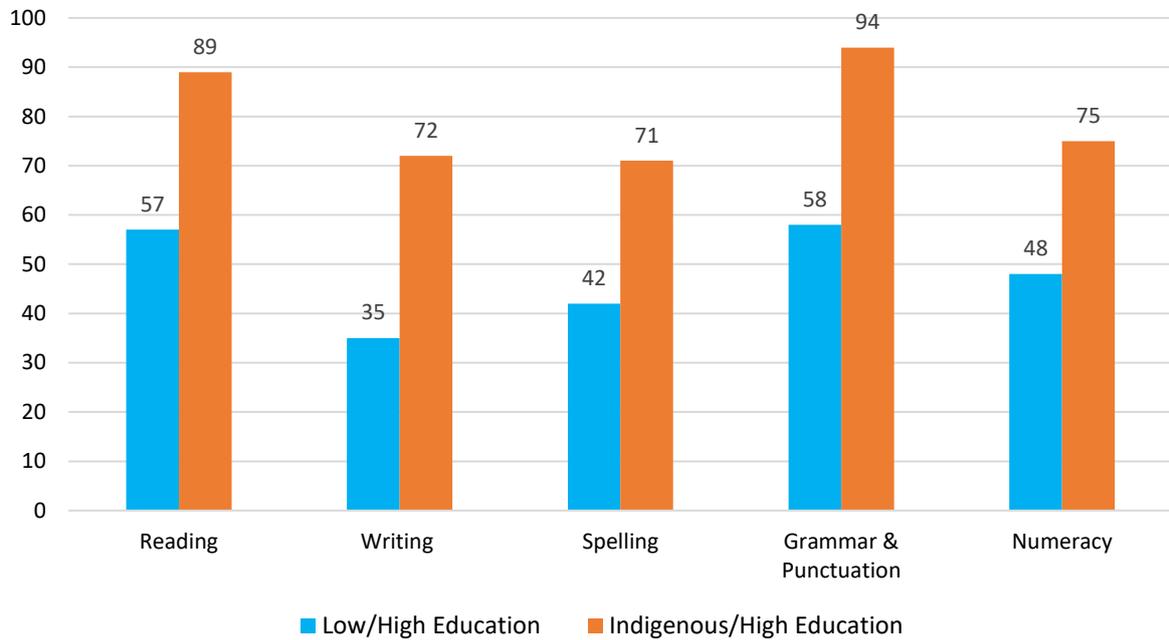
There was a huge difference in proportion of students from low educated and Indigenous parents not achieving the national standards compared to those from high educated parents. Only 2-4% of Year 5 and Year 9 students from high educated parents did not achieve the standards, the one exception being Year 9 writing where 9% did not achieve the standard.

There are large achievement gaps in ACT schools

The NAPLAN results also reveal large achievement gaps between advantaged and disadvantaged students. In Year 5, students from low educated parents are one to one and a half years behind students from high educated parents in reading, grammar and punctuation, and numeracy and about one year behind in writing and spelling [Chart 3]. Indigenous students are two to two and a half years behind students from high educated parents in reading and grammar and punctuation, and about two years behind in writing, spelling and numeracy.

In Year 9, students from low educated parents are about two to three years behind students from high educated parents in all subjects [Chart 4]. Indigenous students are about three and a half to four years behind their peers from high educated parents in all subjects.

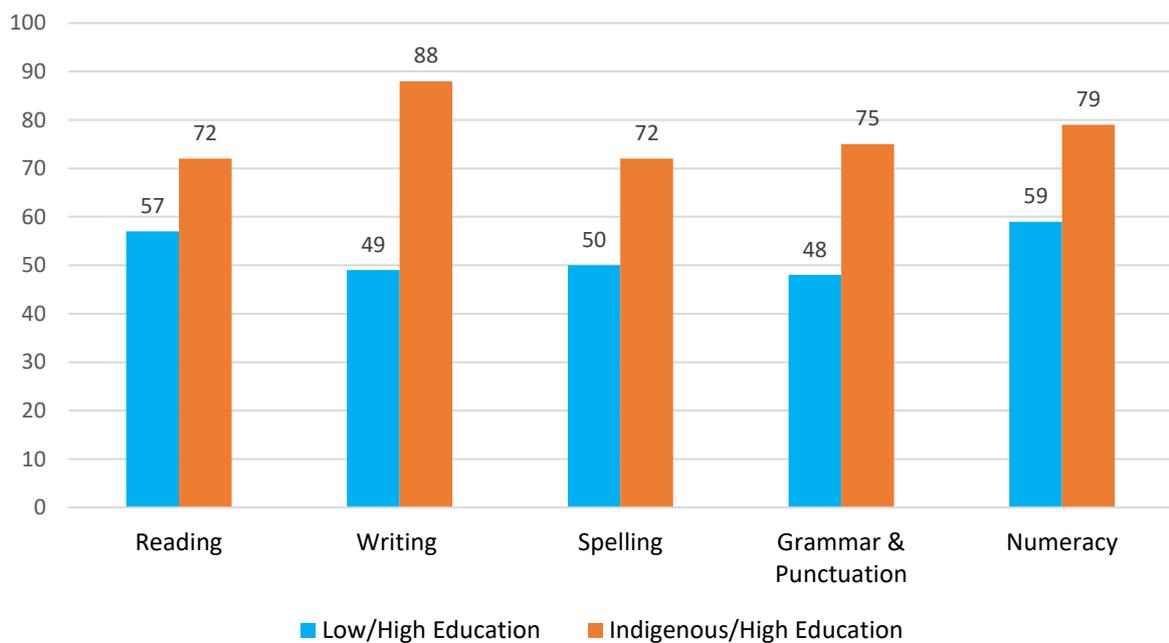
Chart 3: Achievement Gaps Between Year 5 Disadvantaged and Advantaged Students, ACT, 2015 (NAPLAN point scale)



Source: Australian Curriculum, Reporting and Assessment Authority (ACARA), NAPLAN National Report 2015.

Note: In Year 5, one year of learning on the NAPLAN point scale is equivalent to about 35 points.

Chart 4: Achievement Gaps Between Year 9 Disadvantaged and Advantaged Students, ACT, 2015 (NAPLAN point scale)



Source: Australian Curriculum, Reporting and Assessment Authority (ACARA), NAPLAN National Report 2015.

Note: In Year 9, one year of learning on the NAPLAN point scale is equivalent to about 20 points.

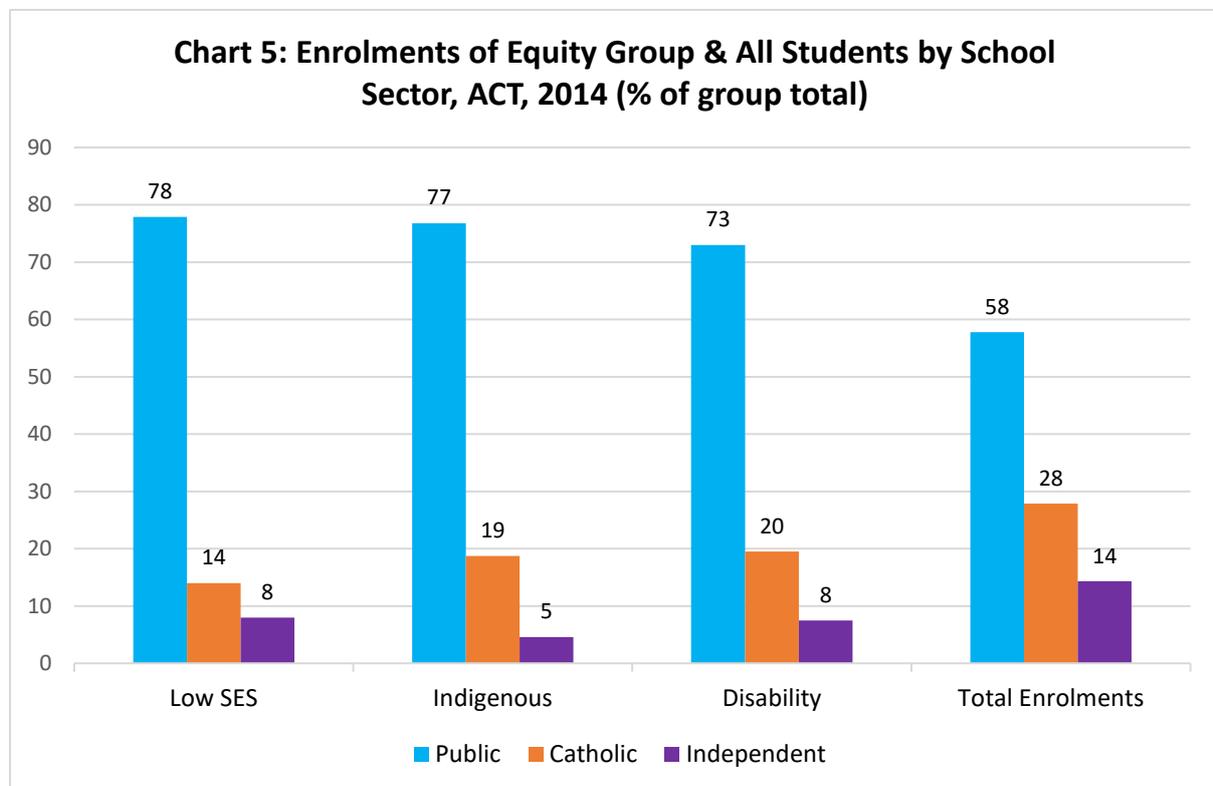
There was little change in the results of Year 5 students from low educated parents in all subjects between 2010 and 2014. However, large improvements occurred in 2015 which are likely to be statistically significant. Similarly, there was little change in the results of Year 9 students from low educated parents between 2010 and 2014. However, there was a large improvement in reading and writing in 2015 which are likely to be statistically significant and smaller increases in numeracy, spelling and grammar and punctuation which may not be statistically significant. It remains to be seen whether these increases are a one-off occurrence related to the 2015 cohort or the beginning of a longer term improvement.

A statistical analysis of Indigenous results by ACARA in its national NAPLAN report shows no improvement across all subjects in all Year levels tested since 2008.

Public schools bear a much larger burden of disadvantage than private schools

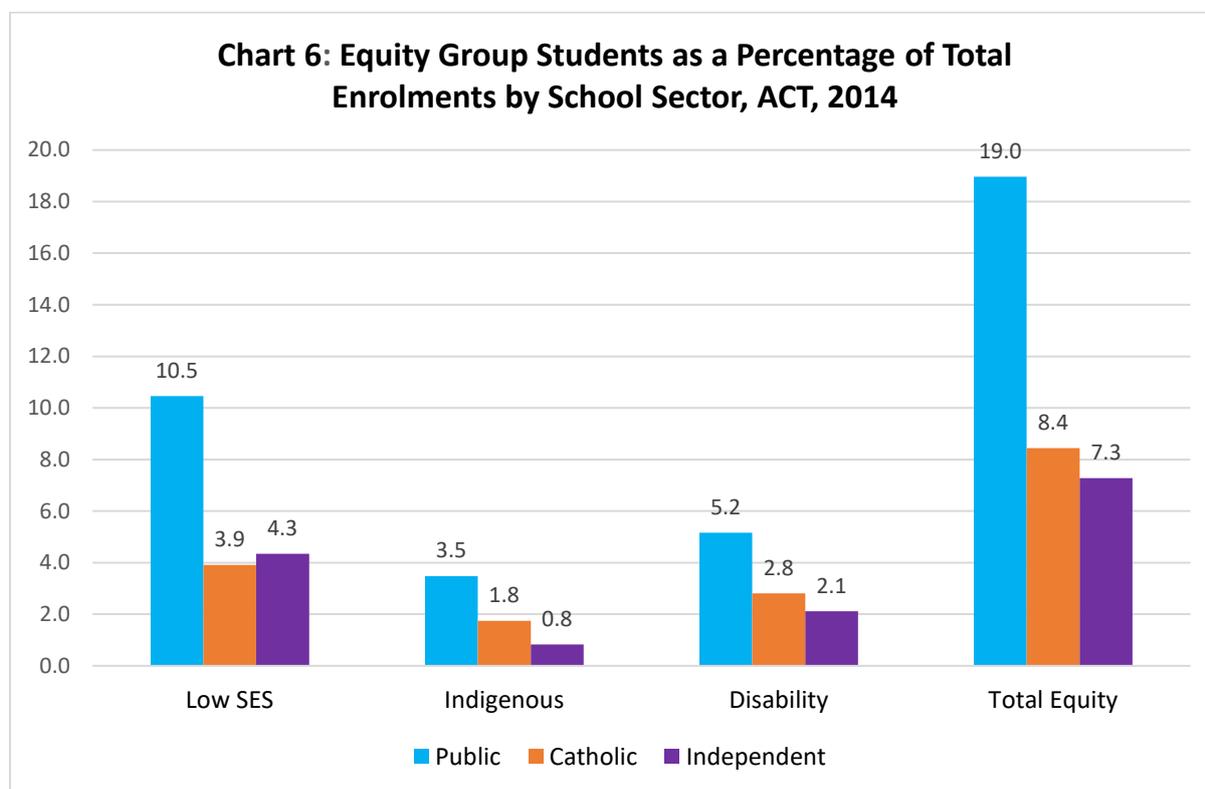
The large proportion of disadvantaged students are in public schools. In 2014, 78% of students from low socio-economic status (SES) families, 77% of Indigenous students and 73% of students with disabilities (2013 figure) were enrolled in public schools [Chart 5]. In contrast, 14% of low SES students, 19% of Indigenous students and 20% of students with disabilities were enrolled in Catholic schools. Even less were enrolled in Independent schools – only 8% of low SES students, 5% of Indigenous students and 8% of students with disabilities.

The relative burden of disadvantaged students borne by each sector contrasts sharply with their respective shares of total enrolments. Public schools in the ACT account for 58% of total enrolments but enrol about three-quarters of all disadvantaged students. Catholic schools enrol 28% of all students but only 20% or less of disadvantaged students while Independent schools enrol 14% of all students but only 8% or less of disadvantaged students.



Sources: My School, Australian Bureau of Statistics

Moreover, disadvantaged students comprise a much larger proportion of public school enrolments than in either Catholic or Independent schools. In 2014, the share of low SES students in total enrolments in public schools was nearly three times that in Catholic and Independent schools; the share of Indigenous students in public schools was double that of Catholic schools and four times that of Independent schools; and, the share of students with disabilities (2013 figures) in public schools was nearly double that in Catholic schools and over double that in Independent schools [Chart 6].



Sources: My School, Australian Bureau of Statistics

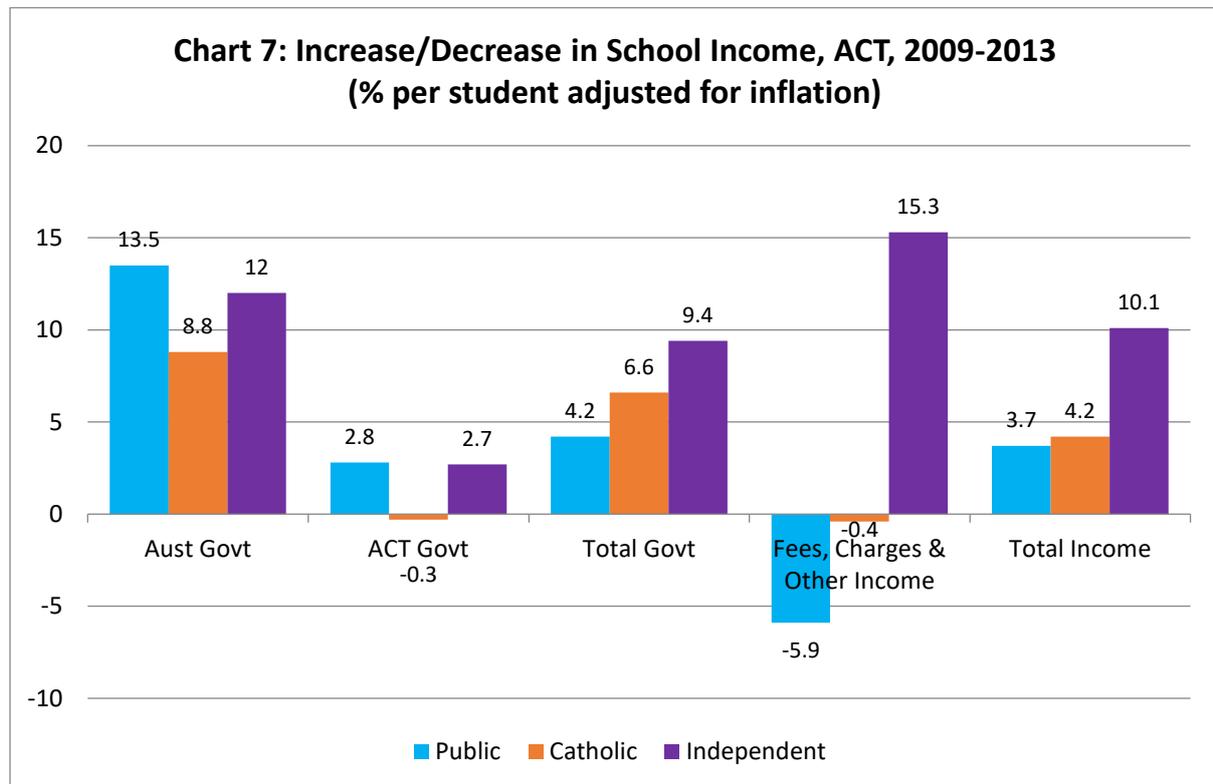
An indicative measure of the relative challenges facing government and private schools is the proportion of enrolments of all disadvantaged students to total enrolments. While there is significant overlap between the different groups it exists for both government and private schools and the overall proportion of enrolments of disadvantaged students also indicates the compounding effects of multiple sources of disadvantage.

The burden of education disadvantage in ACT public schools is 2½ times that of Catholic schools and nearly three times that of Independent schools [Chart 6]. Disadvantaged students account for 19% of enrolments in public schools compared to only 8% in Catholic schools and 7% in Independent schools.

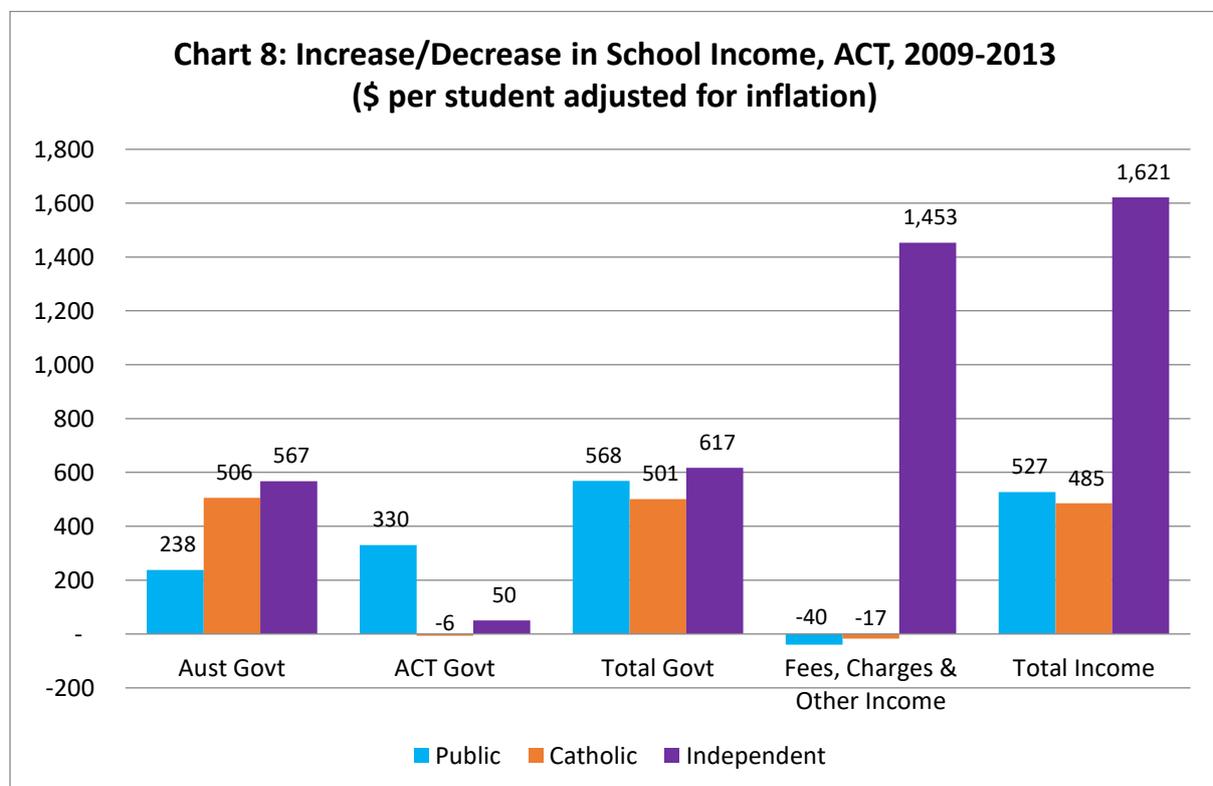
Independent schools have received the biggest funding increase

Government funding increases in ACT schools has been largely misdirected. Despite the greater concentration of disadvantaged students in public schools, government funding increases since 2009 have favoured the most advantaged school sector in the ACT - Independent schools. High SES students comprise 65% of Independent school enrolments and nearly 90% of Independent school students are from the two highest SES quartiles. Yet, the increase in total Australian & ACT government funding per student, adjusted for inflation, in Independent schools was over double that for public schools. Government funding per student in Independent schools increased by 9.4%

compared to only 4.2% in public schools [Chart 7]. The increase for Catholic schools was 6.6%, nearly 60% more than for public schools.



Source: Australian Curriculum, Reporting and Assessment Authority (ACARA). Nominal funding figures are deflated by the ABS Wage Price Index for Public and Private Education and Training.



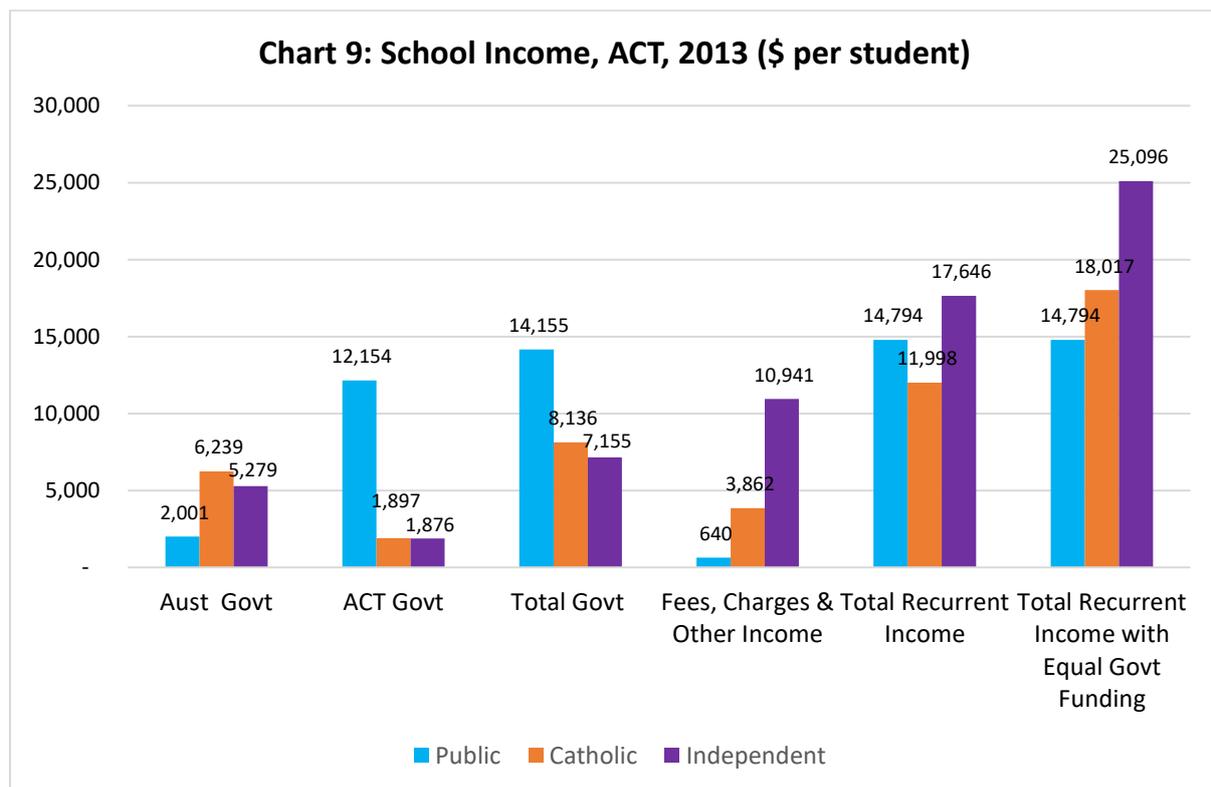
Source: Australian Curriculum, Reporting and Assessment Authority (ACARA). Nominal funding figures are deflated by the ABS Wage Price Index for Public and Private Education and Training.

Independent schools also received a higher dollar increase than public schools even though they serve the most privileged families in the ACT and have few disadvantaged students. The increase per Independent school student was \$617 compared to \$568 per public school student and \$501 per Catholic student [Chart 8].

The total income of Independent schools increased by much more than for public and Catholic schools between 2009 and 2013, increasing by \$1,621 compared to \$527 per public school student and \$485 per Catholic school student [Chart 6]. Government funding increases provided nearly 40% of the increase in total income per student in Independent schools and all of the increase in Catholic schools; indeed, the increase in government funding allowed them to reduce their fees and other charges by a small amount.

Independent schools are much better resourced than other schools

Independent schools in the ACT are much better resourced than either public or Catholic schools. In 2013, the total recurrent income of Independent schools was nearly 20% higher than for public schools and 47% higher than for Catholic schools. The total income per student in Independent schools was \$17,646 compared to \$14,794 in public schools and \$11,998 in Catholic schools [Chart 9].



Source: Australian Curriculum, Reporting and Assessment Authority (ACARA).

Government funding contributes to the large resource advantage held by Independent schools over public schools. As noted above, these schools are bastions for more advantaged families with high SES students comprising 65% of enrolments and students from the two highest SES quartiles comprising nearly 90% of enrolments. Yet, the Australian Government provided funding of \$5,279 per student and the ACT Government provided \$1,876 per student.

Even the three richest schools in Canberra receive substantial government funding. In 2014, high SES students comprised 85% of enrolments at Canberra Boys' Grammar and students from the two

highest SES quartiles accounted for 97% of enrolments [Table 1]. Yet, the Australian Government provided \$2,688 per student and the ACT Government provided \$1,026 per student, giving total government funding of \$3,714 per student. Yet, this is a school with private income of \$24,088 per student.

High SES students comprised 73% of enrolments at Canberra Girls' Grammar and 88% were from the two highest SES quartiles. The Australian Government provided \$2,692 per student and the ACT Government \$1,376 per student (total of \$4,068). In the case of Radford College, 84% of enrolments were high SES students and 97% were from the two highest SES quartiles. The Australian Government provided \$4,505 per student and the ACT Government provided \$1,721 per student (total of \$6,226).

Table 1: Enrolment Profile and Government Funding of Elite Private Schools, ACT, 2014

	Highest SES Quartile (%)	Two Highest SES Quartiles (%)	Lowest SES Quartile	Aust Govt Funding (\$ per student)	ACT Govt Funding (\$ per student)	Total Govt Funding (\$ per student)	Fees & Other Private Income (\$ per student)
Canberra Boys Grammar	85	97	1	2,688	1,026	3,714	24,088
Canberra Girls Grammar	73	88	3	2,692	1,376	4,068	18,868
Radford College	83	97	0	4,505	1,721	6,226	15,264

Source: My School

These figures highlight the perverseness of government funding priorities in the ACT. The Australian and ACT Governments continue to provide substantial funding to highly advantaged, well-resourced schools while public schools continue to bear the burden of disadvantage but lack adequate funding to improve the education outcomes of disadvantaged students. Government funding for these elite schools would be better used supporting disadvantaged students in public schools.

The total income of Catholic schools is significantly below that of public schools because the Catholic education authority has chosen not to increase income from fees, charges and other income and to rely more on government funding. Catholic schools reduced their income from fees, etc. while Independent schools increased their income from this source by \$1,453 per student, or 15%. The average SES score of ACT Catholic schools is much higher than in the rest of Australia, reflecting a greater capacity to pay. It indicates that Catholic schools are over-dependent on government funding and have considerable scope to draw more income from private sources, including fees and charges.

Government (Commonwealth and ACT) funding contributes 96% of the total recurrent income of public schools with the remainder provided by voluntary parental contributions. Public schools are prohibited from charging fees. Government funding contributes 68% of Catholic school income and 41% of Independent school income, with the remainder provided by fees, charges and other income.

The Australian Government is the main source of government funding for Catholic and Independent schools while the ACT Government is the main source of government funding for public schools. In 2013, the Australian Government accounted for 77% of government funding of Catholic schools and

74% of that of Independent schools. In contrast, the ACT Government provided 86% of government funding of public schools.

Australian Government funding of Catholic schools in the ACT is significantly less than in other jurisdictions - \$6,239 per student compared with the national average of \$7,211. This is because families of students in ACT Catholic schools are judged to have a greater capacity to contribute fees than in other areas because of their higher socio-economic status (SES). Similarly, Australian Government funding of Independent schools is less than in other areas because ACT families have a higher capacity to contribute.

Equal government funding of school sectors would ignore learning needs

The National Catholic Education Commission frequently complains that Catholic and other private schools receive less government funding than public schools, the implication being that this is unfair and that private schools should receive the same level of government funding as public schools (for a recent example see here <http://www.voxfoxblog.com/apps/blog/show/44079870-students-in-all-schools-deserve-government-funding>). This ignores one fundamental difference between public and private schools – public schools are not permitted to charge fees in order to provide ready access to education without discrimination according to capacity to pay. In contrast, Catholic and other private schools are permitted to set their own fees.

Providing equal government funding for private schools would ensure that they have a large resource advantage over public schools without regard to the comparative learning needs of their students. If this were to occur in the ACT, the average total income of Independent schools would be \$10,302 per student higher than in public schools while that of Catholic schools would be \$3,223 per student higher [Chart 9]. The cost to governments of conceding to this demand would be of the order of \$150 million a year. Such additional funding would be much more effectively spent on improving school results for disadvantaged students in both public and private schools.

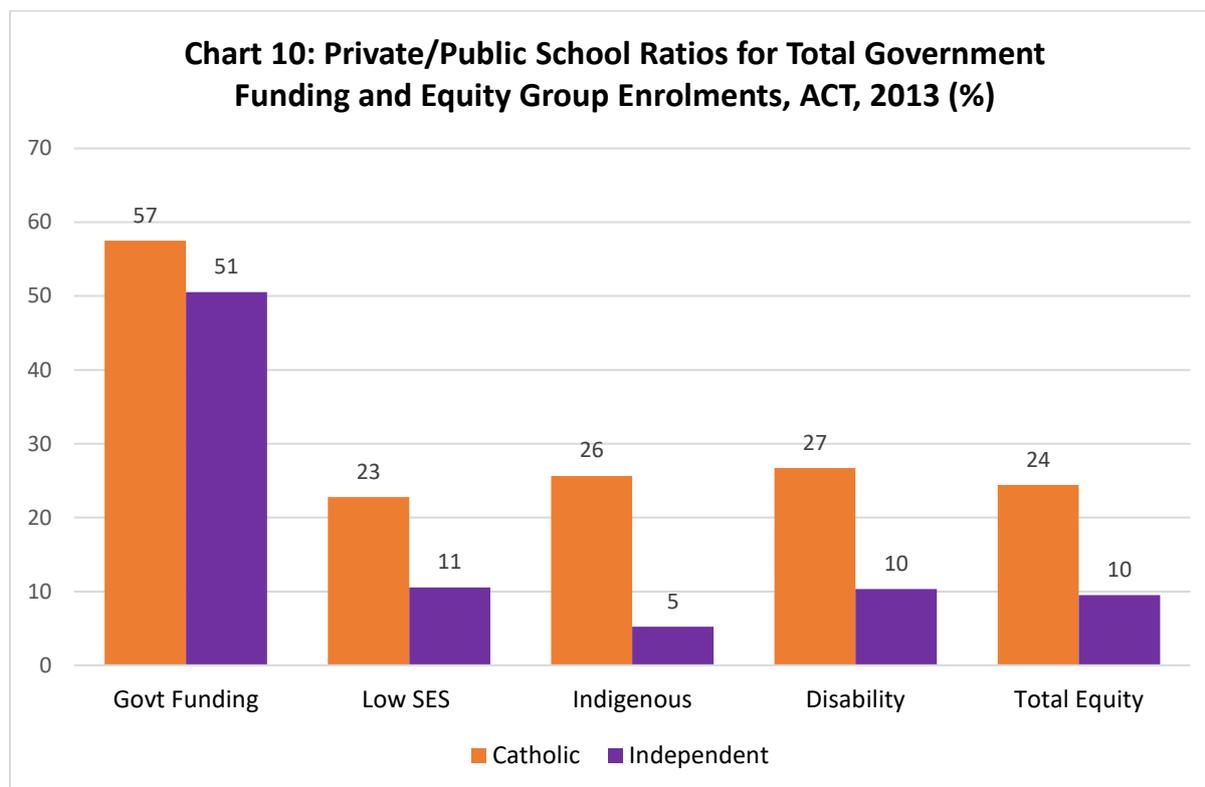
Catholic and Independent schools are already well-funded for disadvantage

A key point that is often ignored in discussion of the relative funding levels of public, Catholic and Independent schools is differences in the level of student need in each sector. Knowing whether public school funding is 10, 20% or more above or below that of private schools does not contribute a great deal to serious public debate without consideration of the demands on resources faced by each sector. At the end of the day, funding is a means to an end and that end is equity in school outcomes as manifested in the National Goals for Schooling. Funding is an important, indeed a key, means to that end, but comparisons of total funding, and government funding, have little real meaning without an understanding of the relative levels of student need in the three school sectors.

In general, student outcomes are highly correlated with a number of student background characteristics. On average, low SES, Indigenous and disability students have lower school outcomes than students from more privileged backgrounds. As noted above, the large majority of these students are in ACT public schools. As a result, public schools face a much larger task and higher costs in ensuring that these students achieve national standards and a range of outcomes similar to that of more privileged students. Public schools have to do more with their resources because of their far heavier disadvantage burden.

A way of assessing the relative resource burden of public and private schools is to compare the per student funding ratio of private schools to public schools with the ratios of disadvantaged students in private schools to public schools. If private schools were facing the same burden as public schools, their government funding ratio should be similar to the disadvantaged student ratios. However, this is clearly not the case in the ACT. Catholic and Independent schools are not performing the same

social obligation with taxpayer funding as public schools because the ratio of their enrolments of disadvantaged students to public schools is less than half their respective funding ratios [Chart 10].



In 2013, total government funding per student in Catholic schools was 57% of that of public schools. However, the enrolment of various categories of disadvantaged students in Catholic schools was only about one-quarter of that of public schools. This indicates that Catholic schools benefit disproportionately from government funding because they have a much lower disadvantage burden.

This is particularly significant in relation to students with disabilities. The Catholic Education Commission claims that Catholic schools do not receive the same level of funding for students with disabilities as public schools in the ACT. However, Catholic schools enrol only 27% of the proportion of students with disabilities in public schools while their funding is 57% of that of public schools. As a result, they are able to allocate more funding to students with disabilities than is indicated by the per student funding for these students provided by the Australian government.

The ACT Budget indicates that the cost of a student with a disability in a mainstream public school in 2013-14 was \$27,790. As government funding of Catholic schools is 57% of total government funding for public schools, Catholic schools received an additional \$15,840 per student with a disability. If they had enrolled these students in the same proportion as public schools in 2013, they would have enrolled 925 students. However, their actual enrolment was 501 students, indicating that Catholic schools under-enrol students with disabilities by a factor of 1.8. This means that Catholic schools are effectively receiving an additional \$28,512 per student with a disability (\$15,840 x 1.8), or \$772 more than in public schools. Government funding of Catholic schools is clearly adequate for them to support their students with disabilities without receiving additional funding from the ACT Government.

Independent schools are even better resourced by governments to cater for their disadvantaged students. The disparity between the government funding ratio and the disadvantage burden is particularly stark in the case of Independent schools. In 2013, total government funding per student

in Independent schools was 51% of that of public schools. However, enrolments of low SES and disability students was only 10% of those in public schools and only 5% in the case of Indigenous students.

As total government funding per student in Independent schools was 51% of that of public schools, Independent schools received an additional \$14,173 per student with a disability. If they had enrolled these students in the same proportion as public schools in 2013, they would have enrolled 476 students instead of their actual 194. This indicates that students with disabilities are under-enrolled in Independent schools by a factor of 2.5. As a result, Independent schools are effectively receiving an additional \$35,432 per student with a disability ($\$14,173 \times 2.5$), or \$7,643 more per student than in public schools. Independent schools are very much over-funded for students with disabilities compared to public schools.

Clearly, private schools have a very large resource advantage over public schools when the relative burden of disadvantage is taken into account. They have far lower proportions of disadvantaged students than public schools compared to their relative levels of government funding. This means that they have more resources to devote to their disadvantaged students and to other students and the estimates above back this up. Catholic and Independent schools in the ACT are already sufficiently well-funded to support their small number of disadvantaged students. The issue is how well they are targeting additional funding to these students.

The ACT Government should give priority to overcoming disadvantage in learning

Improving equity in education is the fundamental challenge facing the ACT community. The proportion of disadvantage students not achieving national literacy and numeracy standards by Year 9 is shameful. Education injustice stunts individual lives, social well-being, economic prosperity and political participation.

The next ACT Government should give high priority to initiatives to improve the results of disadvantaged students and reduce the large achievement gap between advantaged and disadvantaged students. Improving the results of disadvantaged students is not only a matter of improving the life chances of the many not well-served by the education system; it is also a matter of improving social well-being and economic prosperity.

A comprehensive education strategy is desperately needed. It should focus primarily on public schools because they enrol about three-quarters of all disadvantaged students in the ACT. Catholic and Independent schools are already sufficiently well-resourced to support their small proportion of disadvantaged students.

The extensive research literature on reducing disadvantage and achievement gaps in schooling highlights three key approaches.

The first is to improve teaching and learning opportunities for disadvantaged students. Successful policies here should include very low class sizes for schools with a high proportion of these students, high quality teachers and support staff, early intervention programs providing intensive individual and small group work.

The second key approach is the provision of a range of student welfare, behavioural and learning support measures. These should involve multi-disciplinary teams of teachers, psychologists, social workers, health professionals and other social welfare professionals to implement early intervention programs. Disadvantaged schools should have more adults to support students at risk.

Third, developing home/school partnerships is critical. Parent participation is fundamental to improving attendance at schools and outcomes and systematic support should be given to such programs. For example, home/school liaison officers are a practical way of increasing parent participation in children's learning. Despite the rhetoric about the importance of parent participation in ACT government schools there are no funded programs.

The key to all these approaches is a new funding system that provides more resources to students in need. Government funding needs to be better targeted to this task. The current funding framework is only marginally structured to address disadvantage. It is largely based on equal funding per student with relatively minor adjustments for identified student need. The total 'needs' component of ACT school funding is only about 10% or less of total recurrent funding. Research studies consistently show that a much higher "needs" component in school funding is needed to ensure that all disadvantaged students achieve expected outcomes.

All ACT political parties should commit to directing funding to address disadvantage in education. They should all commit to fully implementing a Gonski funding model that applies to both public and private schools and ensure that the funding loadings for disadvantage are adequate to improve education outcomes for low SES, Indigenous, English as a Second Language and disability students.