

SAVE OUR SCHOOLS

Education Research Paper

**Catholic Education Authorities Mislead
on Over-Funding**

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Key Points

1. Catholic education authorities have long denied that wealthy Catholic schools are “over-funded” under the current Federal funding maintained arrangements. They claim that funds are re-distributed from high income to disadvantaged Catholic schools.
2. These claims are misleading and untrue in many cases. Almost all high SES Catholic combined and secondary schools in Australia are over-funded compared to what they are entitled to according to their socio-economic capacity. Their actual funding per student is higher than the funding rate that applies to their SES score. Other private schools on the same SES scores get much less funding.
3. All high SES non-systemic Catholic schools that are funding maintained retain all their over-funding. Many receive double or more the funding they would be entitled to if they were funded at their SES funding rate. None of this funding is re-distributed to low SES Catholic schools.
4. High SES systemic Catholic schools in NSW and the ACT appear to retain all their over-funding as well. In many cases, the over-funding is also double or more what schools are entitled to.
5. High SES systemic Catholic schools in Victoria, Queensland, South Australia and Western Australia appear to have part of their over-funding re-distributed but they still retain the large part – about 60% on average; that is, they remain significantly over-funded despite the re-distribution.
6. It is not good enough for Catholic education systems to get billions of dollars in taxpayer funds and not have to account for how they distribute this funding to member schools. A 2009 National Audit Office report and the Gonski report on school funding both criticised the lack of transparency on how school systems distribute taxpayer funds to their member schools.
7. The Federal Government should adopt the recommendation of the Gonski report that school systems should disclose how they allocate taxpayer funds to member schools. The recommendation should be written into school funding legislation.
8. The massive over-funding of high SES Catholic (and other high SES private schools) is a barrier to reducing the large achievement gap between rich and poor identified in the Gonski report. It compounds a large resource advantage for high SES schools and it denies much-needed funds to disadvantaged government and private schools.
9. The \$615 million a year in over-funding for private schools would be a good initial down-payment on the Gonski report’s recommendation for a \$5 billion funding increase for disadvantaged government and private schools.

Funding maintained schools

Under the current funding model, many private schools are funded by the Federal Government at a higher rate per student than they would be entitled to if they were funded according to their socio-economic capacity. These schools are termed “funding maintained” (FM). They are the beneficiaries of the Howard Government’s “no losers” guarantee whereby schools which joined the Socio-Economic Status (SES) funding model with a higher rate of funding per student than they were entitled to according to their SES score got to keep that “over-funding”.

According to the Gonski report, about 40% of all private schools in 2011 were funding maintained; that is, only 60% of all schools were actually funded according to their SES assessment. The large majority of the FM schools are Catholic schools. In 2011, there were 890 FM Catholic systemic schools (54% of all Catholic systemic schools), 148 FM Independent schools (14% of all Independent schools) and 37 FM non-systemic Catholic schools (62% of all non-systemic Catholic schools).

FM schools received \$615 million in over-funding in 2010, with \$492 million paid to Catholic systems and \$123 million to Independent schools. All the FM funding goes to medium and high SES schools, with about \$250 million going to high SES schools (schools with an SES score of 115 and above).

Many high SES schools are over-funded by large amounts. For example, several non-systemic high SES Catholic schools in NSW are allocated double or more the funding per student than they are entitled according to their SES score, that is, their FM funding rate is about double or more their SES score funding rate. These include Brigidine College, Loreto Kirribilli, Monte Sant’ Angelo Mercy College, Mt. St. Benedict College, St. Aloysius’ College and St. Pius X College [Chart 1]. Loreto Kirribilli gets three times the funding per student it is entitled to.

Very few high SES non-systemic Catholic schools are funded according to their SES score. They include Kincoppal-Rose Bay in Sydney and Xavier College in Melbourne.

Many high SES systemic Catholic schools are allocated about double the funding they would receive if they were funded at their SES score. These include Gilroy College, Marist North Shore, Mercy College and St. Leo’s College [Chart 2]. Marist North Shore and Mercy College are allocated about three times the funding they are entitled to.

In Victoria, the FM funding rates of a number of high SES systemic Catholic schools are also double their SES score rate, such as Genazzano Fcj College, Sacre Coeur, Siena College and St. Kevin’s College [Chart 3]. Loreto Mandeville Hall in Toorak is allocated nearly three times the funding it would receive if funded at its SES rate. Many high SES Catholic schools in Queensland, South Australia, Western Australia and the ACT are also allocated about double the funding they are entitled to [Chart 4].

In addition, there are many high SES systemic Catholic primary schools whose FM rates are much higher than their SES funding rate. However, the analysis here focuses on combined and secondary schools.

Catholic denials of over-funding are misleading

The Catholic education officials claim that its high SES schools are not over-funded and that funding is re-distributed from “wealthy to disadvantaged schools” [Catholic Weekly, 27 February 2011]. The NSW Catholic Education Commission executive director, Brian Croke, has said that the Catholic diocese “redistributed funding for schools in wealthier areas to more disadvantaged schools” [CathNews, 18 February 2011]. The executive director of Catholic schools in the Sydney archdiocese, Dr Dan White has said:

We operate as a system of schools which means money and resources are redirected from more economically advantaged schools to less economically advantaged schools. [Catholic Weekly, 27 February 2011]

A statement issued last year by the director of Catholic Education in Victoria, Stephen Elder, said that “Catholic schools pool government funding and distribute it to schools according to need” [Catholic Education Office, Archdiocese of Melbourne, 28 February 2011].

The basis for these claims is that the eight Catholic school systems in Australia (and other systems) receive block funding from the Federal Government based on a system SES score which they distribute to schools according to their own funding formula. Both the SES funding rates and the FM rates applying to individual schools are therefore “nominal” rates.

The claims can be tested by comparing the FM rates for high SES Catholic schools with the figures for Federal Government funding reported on the My School website. Such a comparison should be qualified by two factors – the accuracy of the reporting of Federal funding on My School and the inclusion of other sources of Federal funding in the My School figures.

According to the submission to the Gonski review of school funding by the National Catholic Education Commission, Federal and state/territory government funding of systemic Catholic schools is aggregated and provided to Catholic Education Commissions to allocate funds to schools according to the system’s grant distribution mechanism. The arrangements are quite opaque with very little public information available on them. This raises the question of the extent to which individual Catholic systemic schools are able to accurately distinguish between funding from Federal and state/territory governments in filling in the financial questionnaire used to compile the My School data.

Another possible qualification is that the My School figures include all recurrent Federal grants, including funding under the National Partnership program for literacy and numeracy and funding for trade training centres. These funding programs generally apply to lower SES schools and not to high SES schools, although there are examples of high SES schools receiving such funding, particularly in the ACT. Therefore, it is unlikely that these schools receive significant funding from these programs which would offset any re-distribution of funding from high SES Catholic schools to lower SES schools.

It should also be noted that the FM rates used in the following analysis are averages of the primary and secondary rates for each school weighted by enrolments sourced from the Federal Department of Education, Employment and Workplace Relations (DEEWR). As a result, differences between the FM and the My School funding figures may also arise from discrepancies in enrolment figures published on My School.

Notwithstanding these qualifications, it appears that the claims of Catholic education authorities that government funding is re-distributed from wealthier to disadvantaged Catholic schools are somewhat misleading, and untrue in some cases.

First, the claims are not true as regards non-systemic Catholic schools. These schools operate independently of Catholic education systems, although they constitute only a small proportion of all Catholic schools. There is no requirement for these schools to re-distribute part of their funding to other schools and it is clear that this does not happen.

Chart 1 shows that the Federal funding actually received by high SES non-systemic Catholic schools in NSW in 2010 was similar to their FM rates and well above their SES funding rates. The only schools for which the SES, FM and actual funding rates are similar are St. Ignatius College and St. Joseph's College and even here actual funding is just over \$400 per student higher than the respective SES rate. The gap between the SES and actual funding rates for the other high SES schools ranges from \$797 (Loreto Normanhurst) to \$3195 per student (Mt. St. Benedict College). Loreto Kirribilli was over-funded by \$3182 per student.

It is interesting that at least one principal has conceded publicly that his school is funded at a much higher rate than its SES score warrants. The principal of Oakhill College at Castle Hill, Brother Ken Ormerod, has said he did not dispute figures that showed his school received \$3.5 million more than its strict entitlement [CathNews, 18 February 2011].

The FM rates for three ACT non-systemic high SES Catholic schools – Daramalan, Marist and St. Edmund's – were well above their SES rate [Chart 4]. Daramalan was over-funded by \$3307 per student in 2010 and Marist College by \$2876 per student.

Second, there is no evidence of any re-distribution of funding from high SES systemic Catholic schools in NSW and the ACT. Actual Federal funding was similar to, or above, the FM rates in NSW [Chart 2] and for two systemic high SES schools in the ACT – Merici College and St. Clare's College [Chart 4].

Actual over-funding in these Catholic systemic schools is very high. In 2010, over-funding in the 10 high SES NSW schools exceeded \$2500 per student and in 5 of them was around \$4000 or more per student. Mercy College was over-funded by \$5777 per student, St. Leo's College by \$4397 per student, Mater Maria College by \$4115 per student and Marist College North Shore by \$3936 per student. Actual over-funding for Merici and St. Clare's in the ACT was \$3593 and \$3182 per student respectively.

The reason actual funding exceeds the FM rate in some of these schools may be due to other Federal recurrent funding programs, such as national partnership programs and trade training centres, discrepancies in enrolment figures between DEEWR records and My School, and other adjustments (see above).

Third, while there is evidence of some re-distribution of funding from high SES systemic Catholic schools in Victoria, Queensland, SA and WA, their actual funding exceeded their SES rates in 2010 [Charts 3 & 4]. In some cases, the re-distribution appears to be minor while in others it is more substantial. However, no high SES systemic Catholic school in these jurisdictions is funded at its SES rate – every school is over-funded.

In Victoria, the actual funding rate per student in three high SES Catholic schools (Loreto Mandeville Hall, Siena College and Star of the Sea College) is about 60-70% higher than the funding they would get if they were funded according to their SES score [Chart 5]. Siena College was over-funded by \$2348 per student, Star of the Sea College by \$1946 and Loreto Mandeville Hall by \$1584 per student. Five other schools were over-funded by 40-50%.

The headmaster of one of these schools, St Kevin's College, has claimed that his school receives only 50 per cent of the federal funds it was allocated, with the remainder redistributed to needier schools [CathNews, 18 February 2011]. However, this appears to be a significant under-estimate. St. Kevin's received 64% of its nominal FM allocation in 2010. It was over-funded by about \$1000 per student.

In Queensland, Stuartholme School is over-funded by almost 100%, or nearly \$3000 per student, while four other high SES systemic Catholic schools are over-funded by 60-70% [Chart 6]. Mercedes College in Adelaide is over-funded by 54% and Loreto College by 38%. John XXIII College in Perth is over-funded by more than 100% and Newman College by 51%.

The large majority of high SES systemic Catholic schools which appear to have some of their nominal funding re-distributed retain the large part of it. Fourteen out of 18 schools retain more than 50% of their FM rates. On average, these 18 schools retain 60% of their nominal over-funding.

In Victoria, 4 out of 8 schools retain over 60% of their over-funding, including Loreto Mandeville Hall in Toorak [Chart 7]. In Queensland, 4 out of 5 schools retain over 80% of their nominal over-funding, 2 SA schools retain over 50% and 2 WA schools retain about 60% or more of their nominal over-funding [Chart 8].

Thus, the claims by Catholic Education authorities that they re-distribute funding from their high SES schools to low SES schools are highly misleading. In many cases, there is no re-distribution and, where it does occur, high SES schools remain over-funded because they still retain the large part of their nominal over-funding.

The apparent failure of Catholic education systems to fully re-distribute the nominal FM funding of high SES schools to their low SES schools suggests that the latter may be getting less funding than they are entitled to under the SES funding model. Indeed, this was found to be the case in [a report by the Australian National Audit Office on private school funding](#) in 2009:

ANAO analysis found that systemic schools with low SES scores (that is, schools servicing low socio-economic communities) receive less Australian Government general recurrent grants per student from their school systems than if they were directly funded under the SES arrangements (as are non-systemic schools). [p. 22]

....school systems appear to give less weight to individual school SES scores when distributing Australian Government general recurrent grants to affiliated schools. [p. 85]

This is a grave charge to which Catholic education authorities have not responded.

Catholic systems should publicly report funding allocations

The problem is that there appears to be little or no public information on the funding formulas used by Catholic systems. Despite receiving billions of dollars a year from the taxpayer, Catholic education systems are not required to publicly report on how they allocate this

funding to individual schools. This is a failure of public transparency about the deployment of taxpayer funding.

The National Audit Office report on private school funding found that the DEEWR did not have information on the formulae that private school systems use to distribute their block funding to member schools. The report recommended that the Department should find out whether schools systems distribute their block funding according to the principles of the SES funding model:

The ANAO recommends that the department request from school systems, information on their funding formulae used to distribute general recurrent grants to their affiliated schools, to assess whether:

- distributions are made according to need within overall Australian Government policy guidelines... [p.87-88]

The Department agreed to this recommendation [p.88]. It undertook to consult with school systems by the last quarter of 2009 and request that they provide details of how they distribute Australian Government funding to their member schools.

However, nearly three years later there was still very little information available on how schools systems distribute their block funding. The Gonski report on school funding found that only “limited information is collected on these methods” [p.47]. All it could say was that smaller private school systems are known to distribute funding according to the SES score of their member schools. It could not say what the largest system – the Catholic system – does.

Thus, it appears that DEEWR did not follow up on its commitment to implement the recommendation of the National Audit Office. It is a failure of ministerial responsibility and government accountability for the use of taxpayer funds. It is incumbent on the Prime Minister, as Minister for Education at the time, to explain this failure.

The Gonski report on school funding expressed concern about the lack of transparency of funding allocations in school systems (including government systems). It recommended that school systems should be transparent about the basis on which they allocate funding to member schools:

....block funding of systems does raise issues about the transparency of funding allocation by systems and their accountability for the allocation and use of all their resources. Assessment and payment of funding to systems on a consistent basis should be accompanied by a responsibility and obligation on them to disclose the basis on which public and private funding is allocated to individual member schools. In particular, there should be an obligation on systems to report publicly when the allocation of total resources to schools deviates significantly from the principles in the schooling resource standard. [p.181]

This principle should be adopted whatever the system of funding private schools in the future. It is incumbent on the Federal Department of Education to ensure that systemic schools actually distribute their funding in a manner consistent with the needs-based principles underpinning the SES funding scheme. This recommendation should be written into the schools funding legislation.

The over-funding of non-systemic Catholic schools and the apparent mal-distribution of block funding for Catholic systemic schools points to the incoherency and inconsistency of the current SES funding model whereby schools on the same SES score get vastly different

levels of per student funding. The FM arrangements were strongly criticised by the Gonski report:

The panel was also concerned about the extent of the exceptions to the SES model under the Funding Maintenance arrangements. In the panel's view, it is critical that funding for all non-government systems and schools is based on a single measure of need to ensure the integrity and fairness of new funding arrangements. The extent of exceptions in the current arrangements calls into question the integrity of the overall model for funding non-government schools. The panel considers that governments have an important role to play in funding non-government schools and that this needs to occur within a coherent and principled framework that is applied consistently to all non-government schools. [p. 85]

The report recommended that from 2014, non-government schools should be funded by the Australian Government on the basis of a common measure of need that is applied fairly and consistently to all. However, it did not say how this should be done – whether the funding maintained schools should have their funding reduced or whether schools currently funded at their SES rate should have their funding increased to match the funding maintained rates. The Government now faces the challenge of how to respond to this recommendation given its new “no losers” guarantee to private schools.

What it should do is divert this over-funding of both Catholic and Independent schools to better support disadvantaged students and schools. The massive over-funding is a barrier to reducing the large achievement gap between rich and poor identified in the Gonski report.

First, it compounds a large resource advantage for many high SES schools. For example, the gross income of Loreto Kirribilli in Sydney in 2010 was \$30,979 per student while St. Joseph's College had an income of \$26,859 per student, Loreto Normanhurst \$24,291, St. Aloysius College \$20,272 and Brigidine College \$18,964. In Victoria, Loreto Mandeville Hall had \$23,998 per student, Genazzano Fcj College \$22,958 per student and Sacre Coeur \$18,660.

Second, it denies much-needed funds to disadvantaged government and private schools. Additional funding for disadvantaged schools in Australia amounts to about \$500 per student. The Gonski report recommended that an additional \$5 billion a year should be spent on disadvantaged schools and students. The \$615 million in over-funding for higher SES private schools would be a good initial down-payment. It would be a much more effective and efficient use of taxpayer funds in education.

Charts on Over-Funding of FM Schools

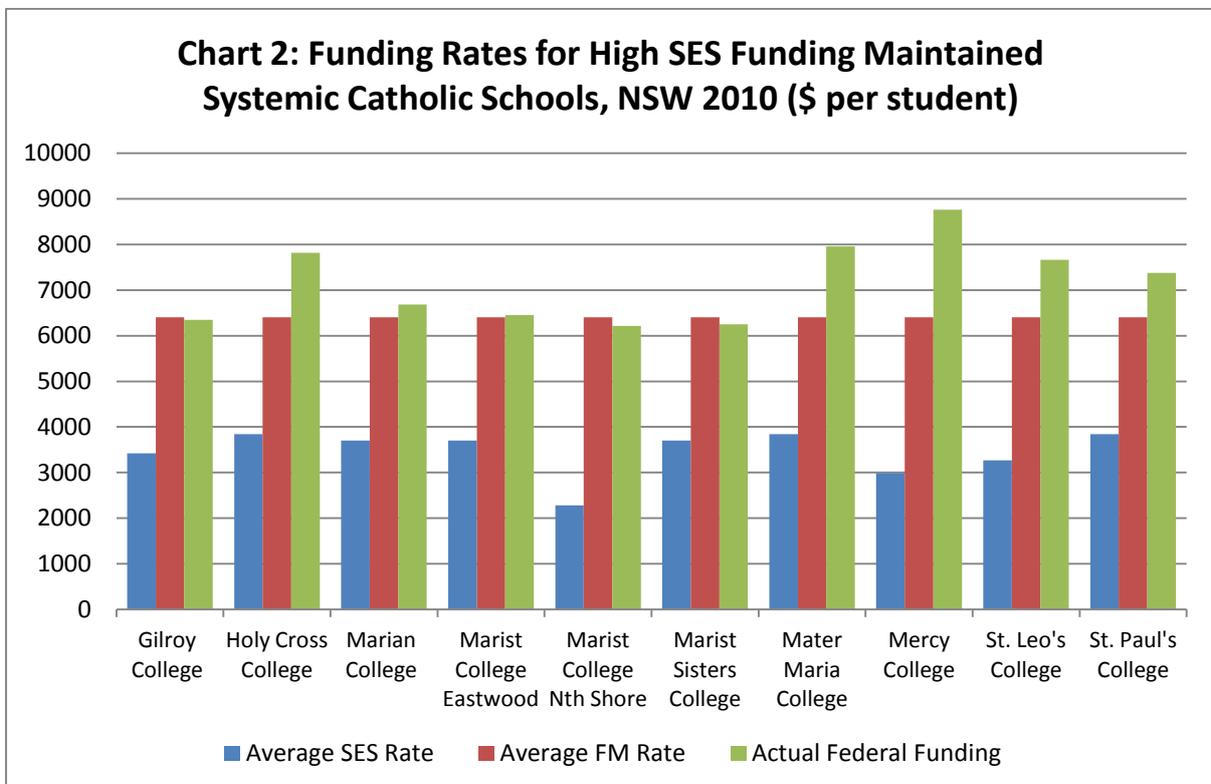
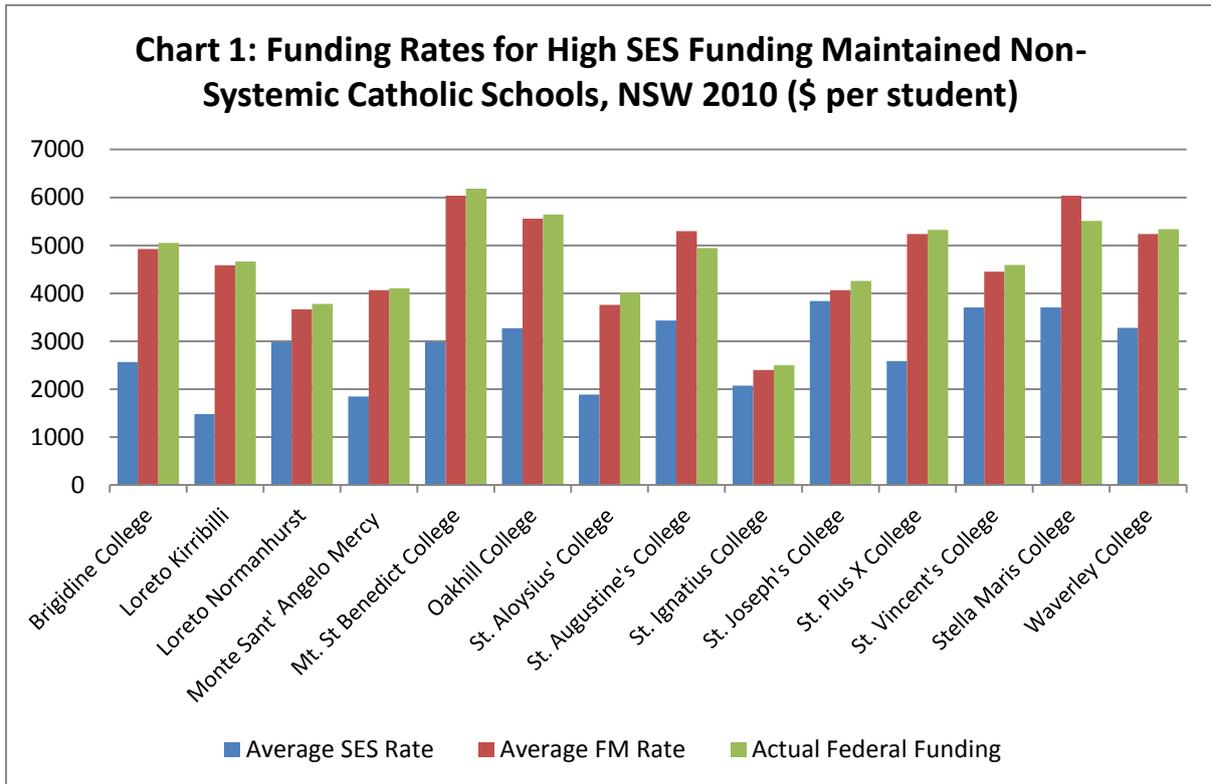


Chart 3: Funding Rates for High SES Funding Maintained Catholic Schools, Victoria 2010 (\$ per student)

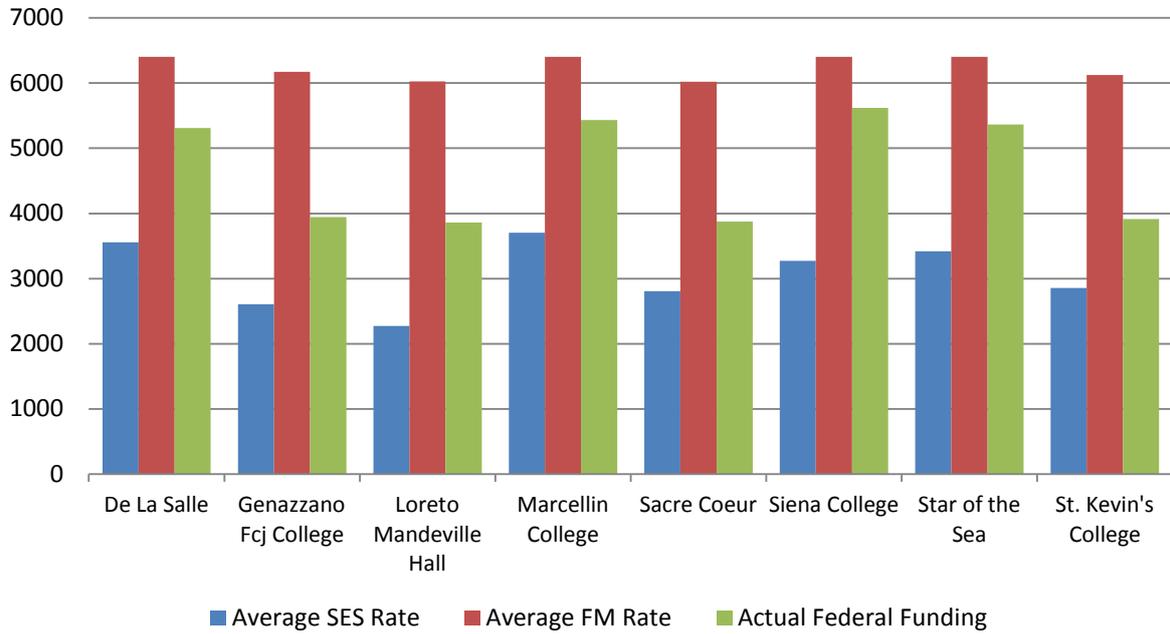


Chart 4: Funding Rates for High SES Funding Maintained Catholic Schools: Qld, SA, WA & ACT 2010 (\$ per student)

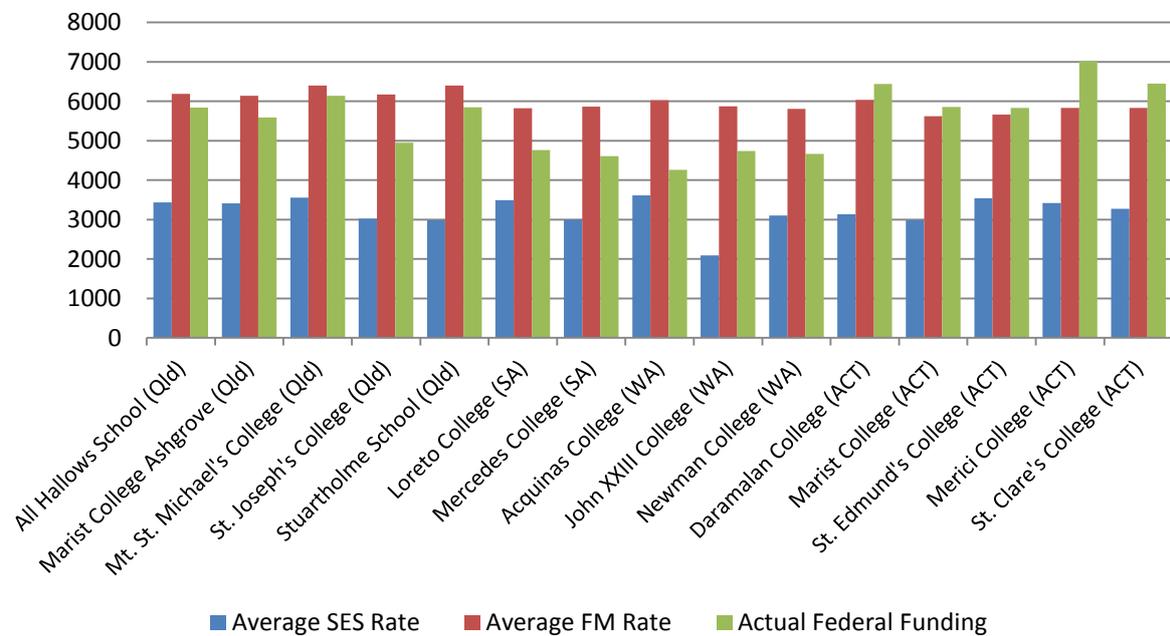


Chart 5: Actual Over-Funding for High SES Systemic Catholic Schools, Victoria 2010 (% of average SES per student rate)

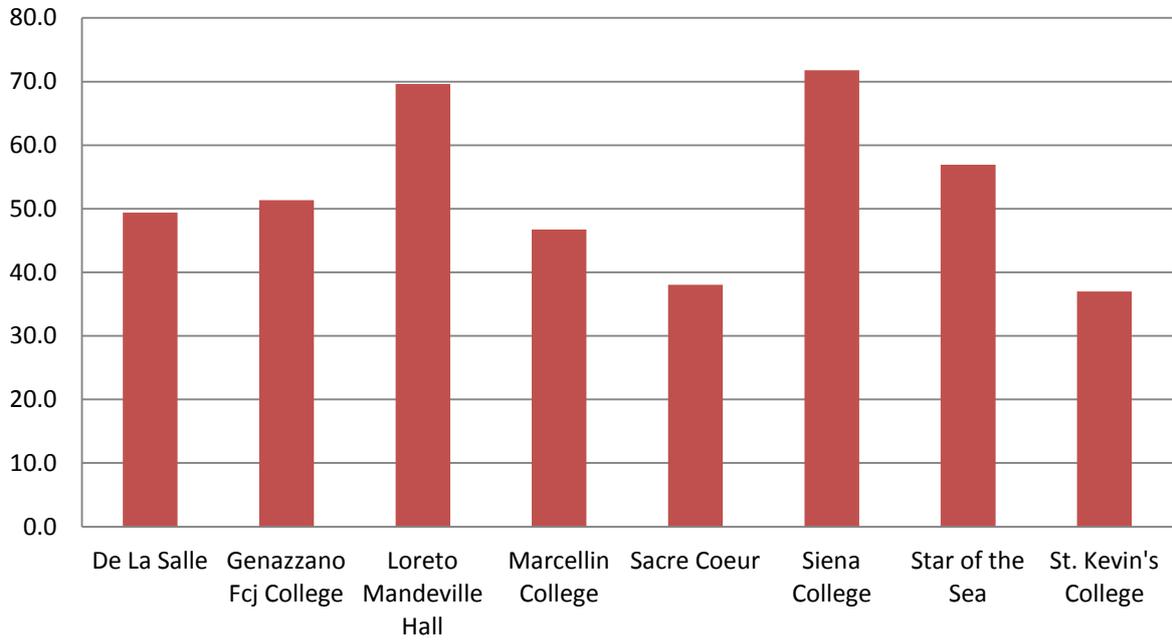


Chart 6: Actual Over-Funding for High SES Systemic Catholic Schools: Qld, SA, WA, ACT 2010 (% of average SES rate per student)

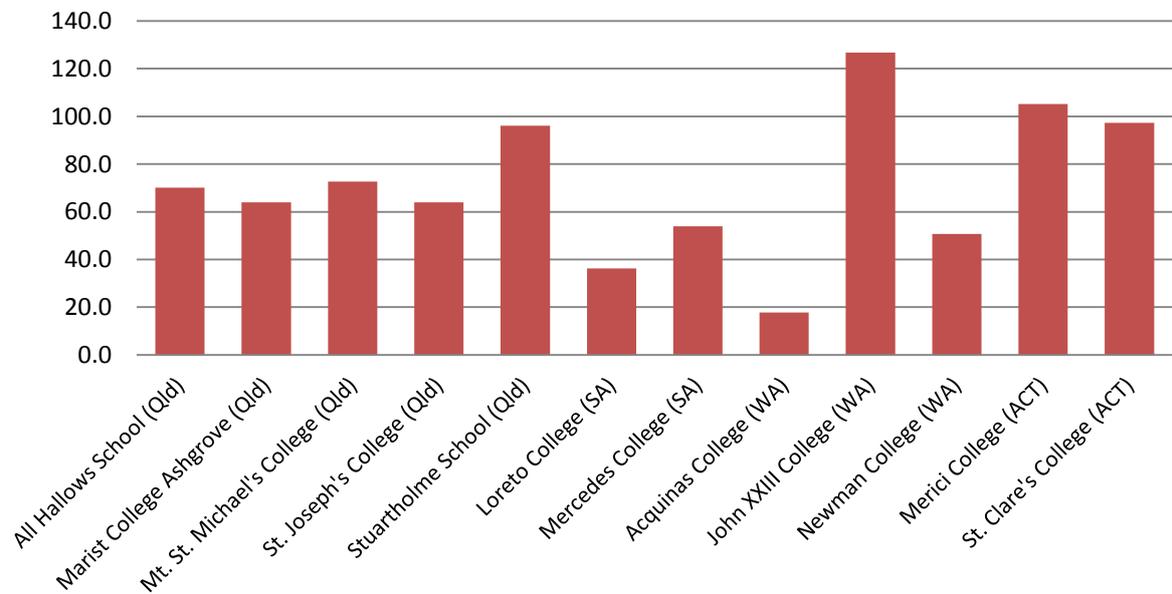


Chart 7: Over-Funding Retained by High SES Funding Maintained Catholic Systemic Schools, Victoria 2010 (% of nominal over-funding per student)

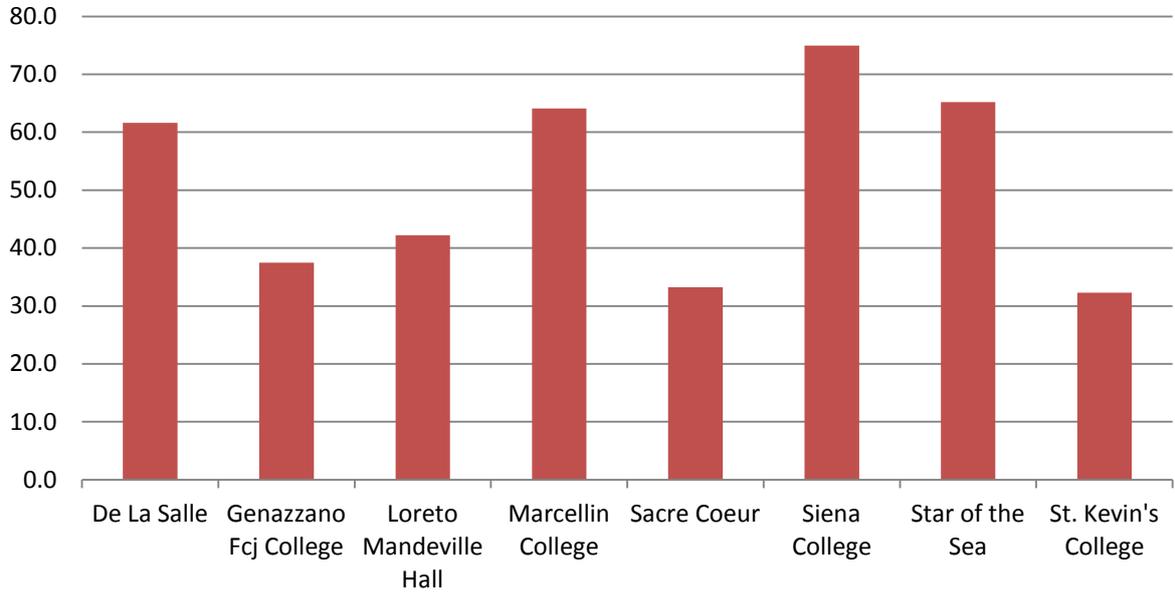
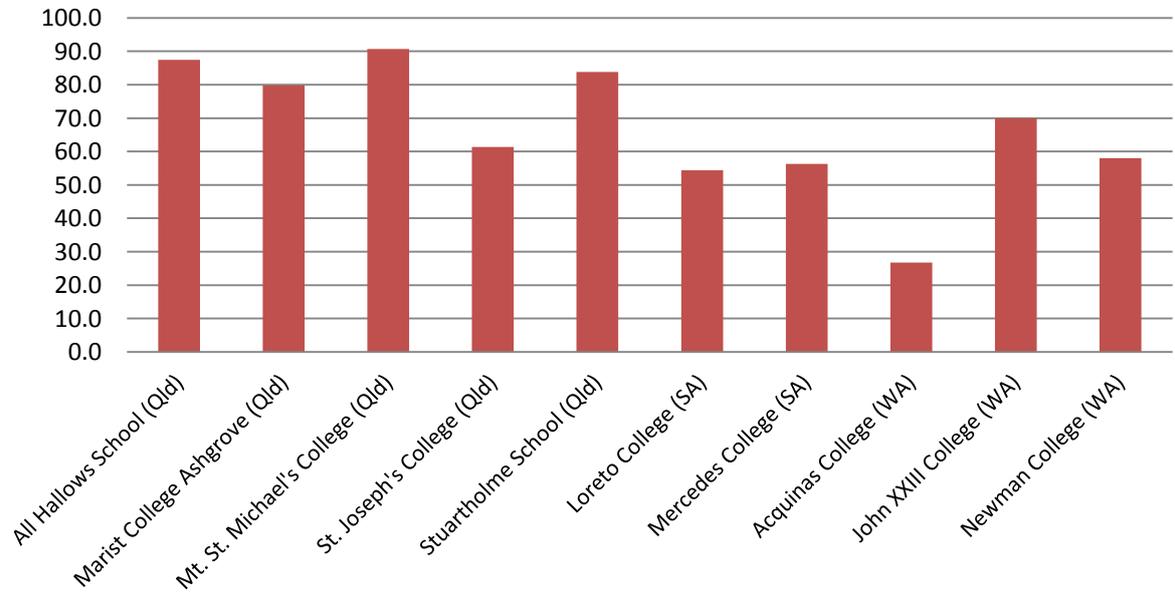


Chart 8: Over-Funding Retained by High SES Funding Maintained Catholic Systemic Schools: Qld, SA & WA 2010 (% of nominal over-funding per student)



Tables on Over-Funding of High SES FM Schools

Table 1: Funding Rates for High SES Funding Maintained Non-Systemic Catholic Schools, NSW 2010 (\$ per student)

School	SES Score	Average		Actual Federal Funding	Actual Over-funding
		SES Rate	Average FM Rate		
Brigidine College	123	2564	4922	5050	2486
Loreto Kirribilli	130	1485	4583	4667	3182
Loreto Normanhurst	120	2985	3669	3782	797
Monte Sant' Angelo					
Mercy	128	1846	4068	4103	2257
Mt. St Benedict College	120	2985	6039	6180	3195
Oakhill College	118	3270	5560	5642	2372
St. Aloysius' College	127	1886	3759	4013	2127
St. Augustine's College	116	3436	5299	4946	1510
St. Ignatius College	126	2073	2400	2499	426
St. Joseph's College	114	3840	4068	4260	420
St. Pius X College	122	2588	5236	5322	2734
St. Vincent's College	115	3703	4455	4590	887
Stella Maris College	115	3703	6039	5510	1807
Waverley College	117	3276	5238	5339	2063

Table 2: Funding Rates for High SES Funding Maintained Systemic Catholic Schools, NSW 2010 (\$ per student)

School	SES Score	Average		Actual Federal Funding	Actual Over-funding
		SES Rate	Average FM Rate		
Gilroy College	117	3418	6403	6345	2927
Holy Cross College	114	3840	6403	7817	3977
Marian College	115	3703	6403	6686	2983
Marist College					
Eastwood	115	3703	6403	6456	2753
Marist College Nth Shore	125	2279	6403	6215	3936
Marist Sisters College	115	3703	6403	6247	2544
Mater Maria College	114	3840	6403	7955	4115
Mercy College	120	2985	6403	8762	5777
St. Leo's College	118	3270	6403	7667	4397
St. Paul's College	114	3840	6403	7376	3536

Table 3: Funding Rates for High SES Funding Maintained Catholic Schools, Victoria 2010 (\$ per student)

School	Average		Average FM Rate	Actual	Actual
	SES Score	SES Rate		Federal Funding	Over- funding
De La Salle	116	3555	6403	5310	1755
Genazzano Fcj College	122	2605	6175	3943	1338
Loreto Mandeville Hall	124	2274	6028	3858	1584
Marcellin College	115	3703	6403	5434	1731
Sacre Coeur	120	2808	6024	3877	1069
Siena College	118	3270	6403	5618	2348
Star of the Sea	117	3418	6403	5364	1946
St. Kevin's College	120	2856	6125	3912	1056

Table 4: Funding Rates for High SES Funding Maintained Catholic Schools: Qld, SA, WA & ACT 2010 (\$ per student)

School	Average		Average FM Rate	Actual	Actual
	SES Score	SES Rate		Federal Funding	Over- funding
All Hallows School (Qld)	116	3436	6190	5844	2408
Marist College Ashgrove (Qld)	116	3410	6142	5591	2181
Mt. St. Michael's College (Qld)	116	3555	6403	6139	2584
St. Joseph's College (Qld)	119	3021	6172	4953	1932
Stuartholme School (Qld)	120	2985	6403	5851	2866
Loreto College (SA)	114	3494	5827	4762	1268
Mercedes College (SA)	118	2995	5864	4610	1615
Acquinas College (WA)	114	3616	6030	4262	646
John XXIII College (WA)	125	2091	5874	4739	2648
Newman College (WA)	117	3099	5807	4669	1570
Daramalan College (ACT)	119	3134	6039	6441	3307
Marist College (ACT)	119	2979	5618	5855	2876
St. Edmund's College (ACT)	115	3537	5659	5832	2295
Merici College (ACT)	117	3418	5834	7011	3593
St. Clare's College (ACT)	118	3270	5834	6452	3182

Notes and Data Sources

Notes:

1. The SES and FM funding rates per student are averages of the primary and secondary rates for each school weighted by enrolments.
2. Nominal over-funding per student is estimated as: *Average FM funding rate minus average SES score funding rate for each school.*
3. Actual over-funding per student is estimated as: *Actual funding rate minus average SES score funding rate for each school.*

Data sources:

SES funding rates: Department of Education, Employment and Workplace Relations, *2010 SES per capita rates.*

Available at: https://ssp.deewr.gov.au/ssp/help/html/ses/funding_09_12/ses_rates_2010.html

FM funding rates: Parliament of Australia, Senate Estimates 2010-11. Additional Budget Estimates, Answer to Question on Notice EW0832_11, Attachments A & B. Available at:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=eet_ctte/estimates/add_1011/index.htm

Actual funding rates: My School 2011.

School enrolments: Senate Estimates 2010-11, Answer to Question on Notice EWO832_11. Available at:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=eet_ctte/estimates/add_1011/index.htm