

Education Research Paper

New Figures Confirm More Private Schools Will be Over-Funded Under Gonski 2.0

Trevor Cobbold

December 2017

Save Our Schools

<http://www.saveourschools.com.au>

<https://twitter.com/SOSAust>

saveourschools690@gmail.com

Summary

The Prime Minister says that Gonski 2.0 is “fair, it’s needs-based and it’s consistent”. However, confidential data released by the Commonwealth Department of Education under FOI contradicts his claim. It shows a massive increase in over-funding of private schools by 2027 and continuing under-funding of public schools.

Gonski 2.0 will increase the number of over-funded Independent schools and systems from 143 this year to 257 next year. The proportion over-funded will almost double from 17% to 32%. By 2027, a total of 531, or 66% of all Independent schools and systems, will be over-funded and some by very large amounts.

Of the increase of 531 over-funded Independent schools and systems in 2027, 289 will be newly over-funded as a result of increased Commonwealth Government funding, 134 schools and systems that are already over-funded will have their over-funding increased and 107 will have their over-funding reduced but remain over-funded.

This massive increase will occur because the Turnbull Government is increasing funding for private schools to 80% of their public funding entitlement as measured by their Schooling Resource Standard (SRS) while many are already funded at over 20% of their SRS by state and territory governments.

Under full implementation of Gonski 2.0, Independent schools in NSW will be funded at 107% of their SRS, in Western Australia at 109% of their SRS and in the ACT at 113% of their SRS. In Victoria, Queensland, South Australia and the Northern Territory they will be funded at their SRS or slightly above.

Gonski 2.0 is the best special deal that Independent schools have ever had. It far surpasses the special deals provided by the Howard Government. The over-funding will cost taxpayers millions over the next decade, and will divert funds from where they are most needed in disadvantaged schools.

Catholic education authorities have presented a totally misleading picture of their funding under Gonski 2.0. The new deal ensures that Catholic systemic schools in five states and territories will be funded at or above 100% of their SRS in 2018 and in six by 2027. Schools in the other two will be only slightly below 100%.

There is absolutely no case that Catholic school funding will be inadequate under Gonski 2.0. Catholic schools will be much better off than public schools. Their real complaint is that they didn’t get the lavish special deal given to Independent schools.

In stark contrast, public schools will be significantly under-funded. Gonski 2.0 caps Commonwealth funding of public schools at 20% of their SRS, but state/territory government funding is well below 80% of the SRS everywhere except Western Australia and the ACT. If there is no increase in the state/territory funding share, public schools in NSW will be funded at 91% of their SRS in 2027, only 86% in Victoria, 93% in Queensland, 92% in South Australia, 96% in Tasmania and only 87% in the Northern Territory.

Gonski 2.0 requires state/territory governments to contribute at least 75% of the SRS for public schools by 2023 as a condition of Commonwealth funding. However, there is no certainty that the

they will be held to this requirement. It is subject to negotiations with the states next year. The Minister for Education, Simon Birmingham, equivocated about the enforcing the requirement in Senate Estimates in October. Even if the states agree and deliver on the requirement, public schools will be operating at only 95% (75% + 20%) of their SRS.

It is revealing that the Turnbull Government will not require the states and territories to reduce their share of funding of private schools to 20% of their SRS. It is prepared, at least rhetorically, to require the states and territories to increase their share of public school funding to 75% of their SRS (but not 80%) as a condition for Commonwealth funding, but it is not prepared to require them to reduce their funding of private schools to 20% of their SRS. This contrasting approach exposes the Turnbull Government's partisan support of private schools.

Gonski 2.0 preserves the structural incoherence of school funding so heavily criticised by the original Gonski report. It has locked in a system of different funding roles for public and private schools by the Commonwealth and state/territory governments instead of developing an integrated national school funding system as recommended by the Gonski report. It limits the Commonwealth role in supporting disadvantaged students instead of increasing it as Gonski recommended.

Gonski 2.0 is neither an equitable nor fair funding model. No funding model that increases over-funding for private schools while failing to adequately support public schools, which enrol over 80% of all disadvantaged students, can be considered fair or equitable. Gonski 2.0 entrenches inequity in school funding between public and private schools.

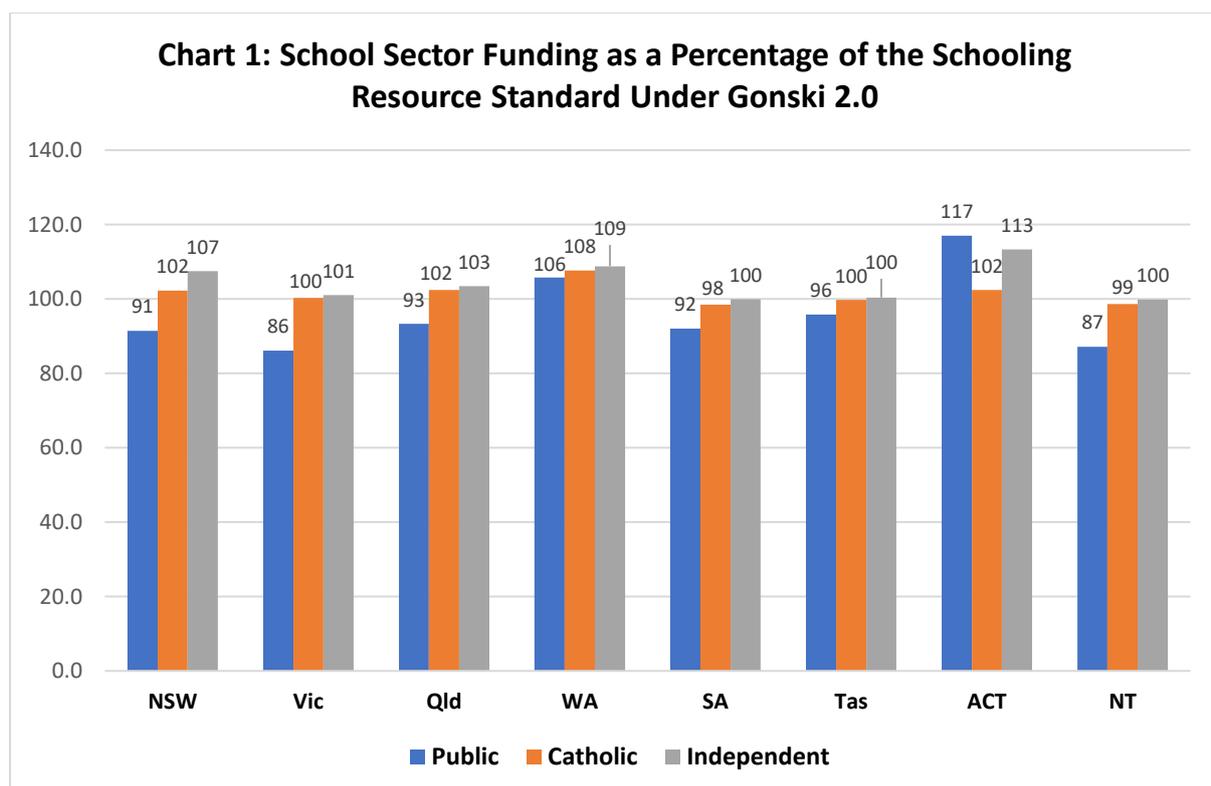
The Turnbull Government is doing what all Coalition governments have done in the past 40 years - deliver special funding deals for private schools, especially for Independent schools in this case, to ensure their resource advantage and privileged position in the schools market place. As Tony Abbott said of the Liberal Party's long history of supporting Catholic and Independent schools: "it's in our DNA".

1. Private schools will be over-funded under Gonski 2.0 while public schools will be under-funded

Confidential data released by the Commonwealth Department of Education under FOI shows that Independent schools and systems will be funded at or significantly above their entitlement in all states and territories under Gonski 2.0. Catholic schools will be funded at or above their entitlement in nearly all states and territories while public schools will be significantly underfunded in nearly all jurisdictions.

Under full implementation of Gonski 2.0, average government funding (Commonwealth and State/Territory government) of Independent schools will exceed their Schooling Resource Standard (SRS) in the NSW, Victoria, Queensland, Western Australia and the ACT while Independent schools in the Northern Territory, South Australia and Tasmania will be funded at their SRS [Chart 1]. Independent schools in NSW will be funded at 107% of their SRS, those in Western Australia at 109% of their SRS and those in the ACT at 113% of their SRS.

Catholic systemic schools in the NSW, Queensland and the ACT will be slightly over-funded while in Western Australia they will be funded at 108% of their SRS. Catholic schools in Tasmania and Victoria will be funded at their SRS while those in South Australia and the Northern Territory will be only slightly below.

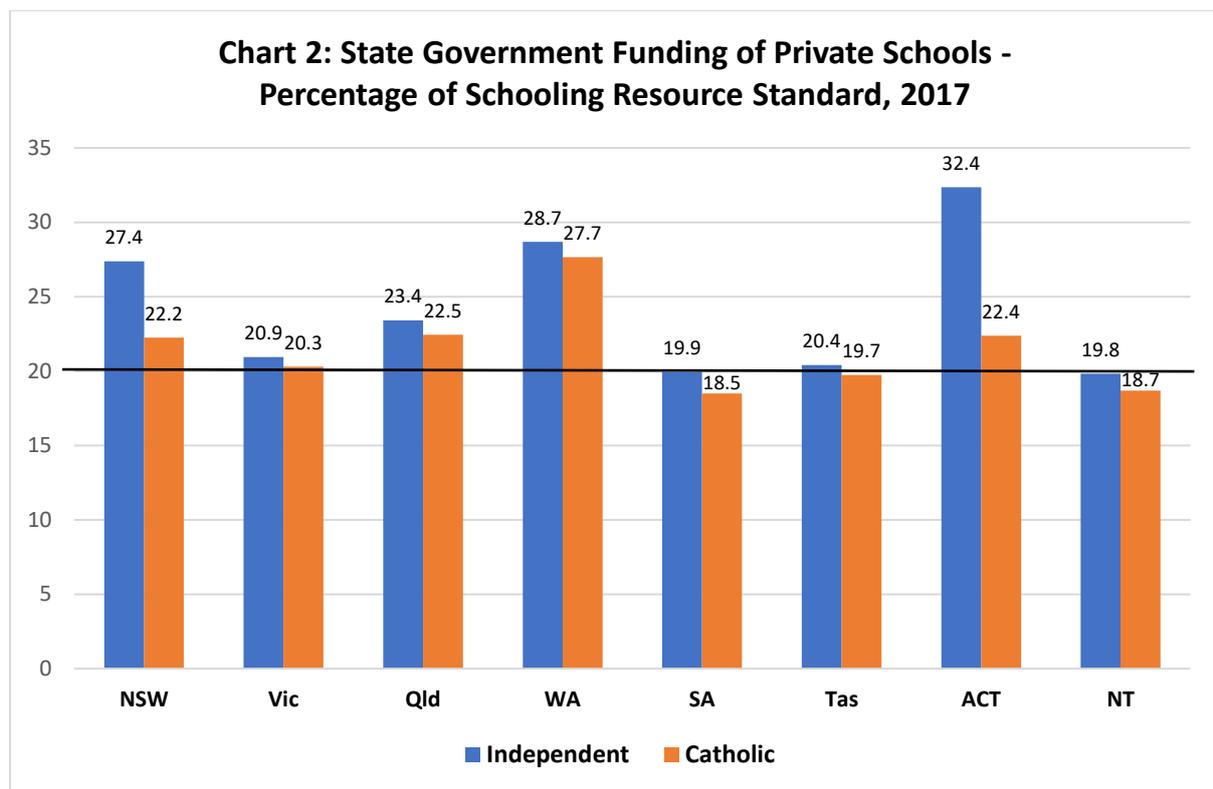


Source: The data to estimate the percentages is derived from Commonwealth Department of Education, FOI Disclosure Log, 2018 funding figures for Approved Authorities, 5 September 2017 and Senate Education and Employment Committee, Supplementary Budget Estimates 2016 – 2017, Answer to Question on Notice SQ16-000852. <https://docs.education.gov.au/documents/2018-funding-figures-approved-authorities> https://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/eetctte/estimates/supp1617/Education/index

Note: The estimates are based on Commonwealth funding of private schools at 80% of SRS and funding of public schools at 20% of SRS. They include State/territory government funding shares as of 2017 because equivalent data for 2018 is not available. See methodological note below.

ACT Catholic and Independent schools are massively over-funded. In 2018, Catholic schools will be funded at 139% of their SRS which is supposed to fall to 102% by 2027. Independent schools will be funded at 136% of their SRS in 2018 and this is supposed to be reduced to 113% by 2027. However, these ACT schools will receive special adjustment funding of \$58 million over the next four years. According to information provided to Senate Estimates in October about \$36 million of this will be allocated to Catholic schools and \$22 million to Independent schools. Under questioning, Department of Education officials were unable to say whether the adjustment funding means that funding for these schools will be increased further or maintained for the next four years. This adjustment funding will postpone the planned large reduction in their SRS funding proportions to the last six years of the ten-year implementation plan. It raises the question of whether the massive over-funding of ACT Catholic and Independent schools will ever be reduced.

The reason for the over-funding of private schools under Gonski 2.0 is that the Turnbull Government will fund private schools to 80% of their SRS entitlement without regard to the existing level of state and territory government funding of private schools. Nearly all Catholic and Independent schools and systems are already funded at more than 20% of their SRS by State governments [Chart 2]. All state/territory government shares of the SRS for Independent schools were effectively at 20% or more in 2017. They were also at 20% or more for Catholic schools, except in South Australia and the Northern Territory where they were at 19%. Independent schools in NSW, Western Australia and the ACT are being funded at well above 20% by their respective governments as are Catholic schools in Western Australia. The requirement under Gonski 2.0 that state/territory governments contribute at least 15% of the SRS of Catholic and Independent schools by 2023 is therefore irrelevant.



Source: Senate Education and Employment Committee, Supplementary Budget Estimates 2016 – 2017, Answer to Question on Notice SQ16-000852.

https://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/eetctte/estimates/supp1617/Education/index

By increasing funding for private schools and systems to 80% of their SRS, the Turnbull Government is ensuring that most will be over-funded under full implementation of Gonski 2.0 unless State and

Territory governments decide to cut back their funding. This is unlikely because they increased inflation-adjusted funding per student in private schools by 6.9% between 2009-10 and 2014-15. They are unlikely to risk the ire of private school organisations by cutting back their funding.

In contrast, public schools will remain significantly under-funded in most jurisdictions. The Commonwealth Government will increase its share of funding of public schools to 20% of their SRS in all states and territories by 2023. However, state and territory government funding of public schools in 2017 is significantly below 80% of their SRS in most cases: NSW – 71%; Victoria – 66%; Queensland – 73%; South Australia – 72%; Tasmania – 76%; Northern Territory – 67%. It will require a significant increase in the funding effort by these governments to get public schools to 80% of their SRS by 2023, especially given that they have cut per student funding of public schools in real terms by 7% since 2009. The state government share of funding for public schools in Western Australia is 86% while the ACT share is 97%.

Under the new arrangements, state and territory governments are required to contribute at least 75% of the SRS for public schools by 2023 as a condition of receiving Commonwealth funding. It remains to be seen whether the Commonwealth Government will force the states/territories to comply with this requirement. The amendments to the Australian Education Act allow for the state-territory share percentages for any year between 2018 to 2023 to be negotiated with the Commonwealth and enshrined in bilateral school education reform agreements. The Minister for Education, Simon Birmingham, told Senate Estimates in October that discussions on the transition to 75% of the SRS of public schools between the Commonwealth and the states/territories will take place next year. However, he did not rule out allowing states not to get to 75%. It is notable that the Turnbull Government will not require the states and territories to reduce their share of funding of private schools to 20% of their SRS.

Even if the Commonwealth is successful in its goal of achieving a state share of 75%, public schools will be funded at less than 100% of their SRS in all jurisdictions except Western Australia and the ACT while all private schools will be at 100% or more of their SRS.

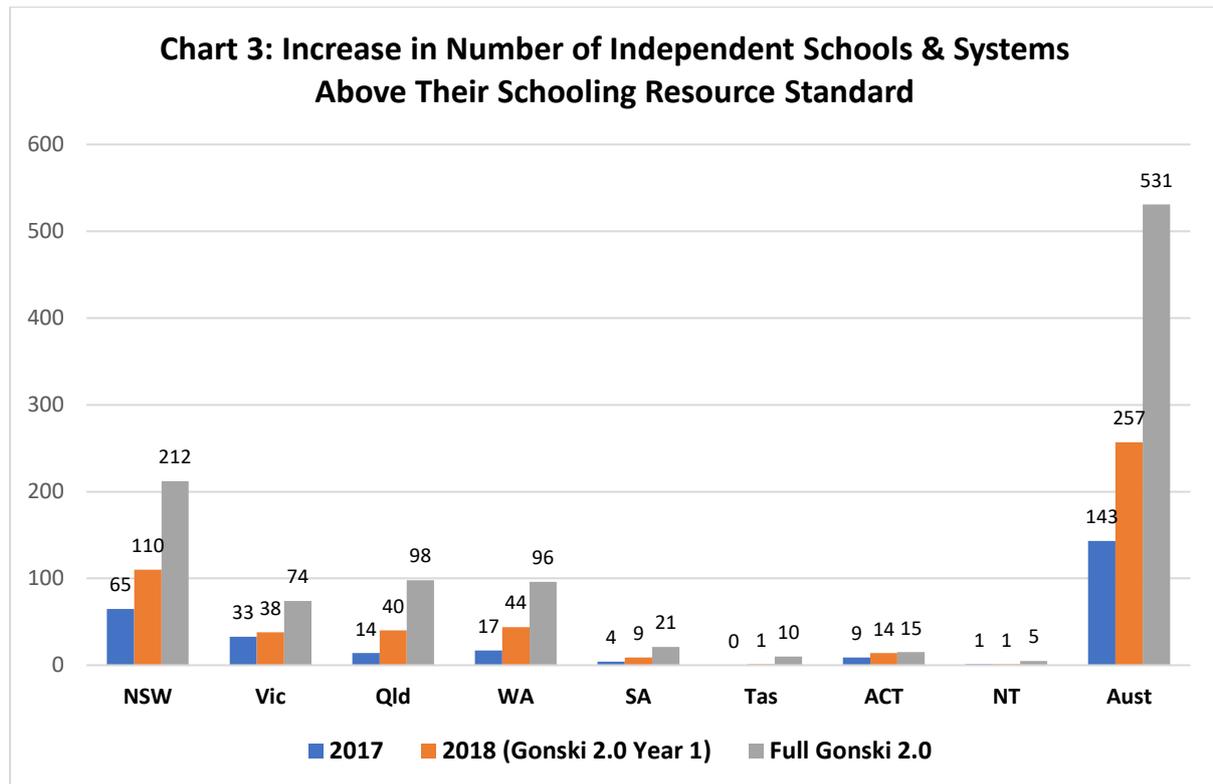
There may also be an issue of what items that state/territory governments will be permitted to include in their expenditure on public schools for the purpose of meeting the Commonwealth's requirements. For example, the Productivity Commission's measure of public school expenditure includes book entry (user cost of capital, depreciation) and other items (payroll tax, school transport) but they are not included in private school expenditure. These items are not included in the My School measure of school income. The book entry and other items accounted for 29% of state/territory government expenditure on public schools in 2014-15 and 35% of the current dollar increase in expenditure between 2008-09 and 2014-15.

At present, the SRS is constructed on the basis of net recurrent income per student as reported on the My School website. As such, state and territory government funding excludes user cost of capital, depreciation, payroll tax and school transport. This should remain the basis for calculating state/territory government contributions to the SRS of public schools.

2. Massive increase in private school over-funding under Gonski 2.0

While Gonski 2.0 will reduce over-funding for a small number of grossly over-funded private schools, there will be a huge increase in the number of schools that are over-funded. In addition, over-funding for many schools that are already over-funded will increase and many will remain over-funded even though the extent of their over-funding is reduced.

There will be a large increase in the number and percentage of over-funded Independent schools and systems. In 2017, 143 Independent schools are over-funded [Chart 3]. This will almost double to 257 in 2018 and increase nearly fourfold to 531 with the full implementation of Gonski 2.0 in 2027. The biggest increases in over-funded Independent schools will be in NSW, Queensland and Western Australia. In NSW, 65 Independent schools are over-funded in 2017. This will increase to 110 in 2018 and to 212 in 2027. The number of over-funded schools in Queensland will increase from 14 in 2017, to 40 in 2018 and to 98 in 2027, that is, an increase of seven times that in 2017. In Western Australia, 17 Independent schools and systems are over-funded in 2017 and this will increase to 44 in 2018 and to 96 in 2027.



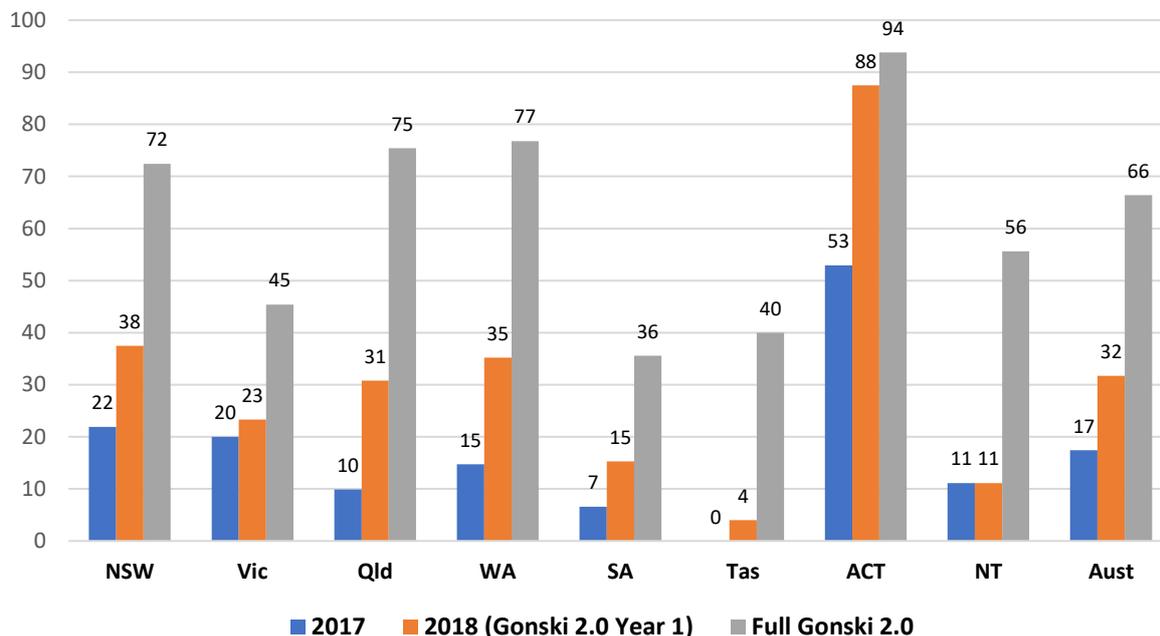
Source: See Chart 1.

Note: The data provided by the Commonwealth Department of Education for 2017 covers 831 approved Independent school authorities, including several school groups and systems. The data for 2018 and the full Gonski covers 808 school authorities.

In 2017, 17% of Independent schools and systems are over-funded and this will increase to 32% next year and to 66% under full implantation of Gonski 2.0 in 2027 [Chart 4]. That is, there will be a fourfold increase in the proportion of over-funded Independent schools under Gonski 2.0. Nearly all Independent schools in the ACT will be over-funded in 2027, 77% in Western Australia, 75% in Queensland, 72% in NSW and 56% in the Northern Territory. In Victoria, 45% of Independent schools will be over-funded, 40% in Tasmania and 36% in South Australia.

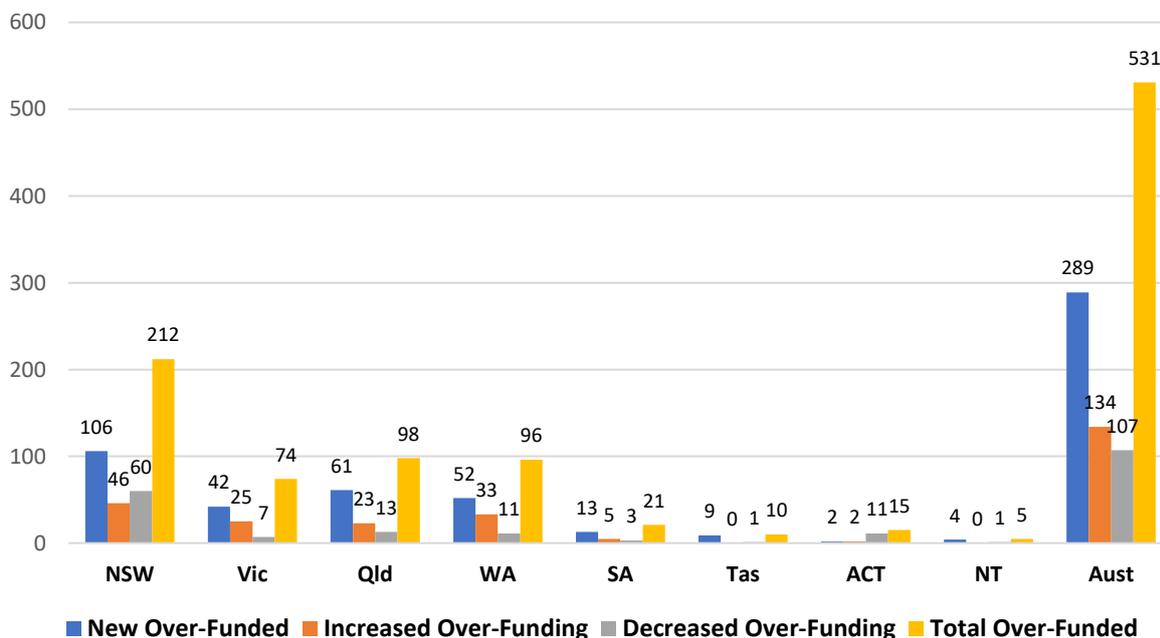
Of the increase of 531 over-funded schools and systems in 2027, 289 will be newly over-funded as a result of increased Commonwealth Government funding, 134 schools and systems that are already over-funded will have their over-funding increased and 107 will have their over-funding reduced but remain over-funded [Chart 5].

Chart 4: Proportion of Independent Schools & Systems Above Their Schooling Resource Standard (%)



Source: See Chart 1.

Chart 5: Number of Over-Funded Independent Schools & Systems Under Gonski 2.0



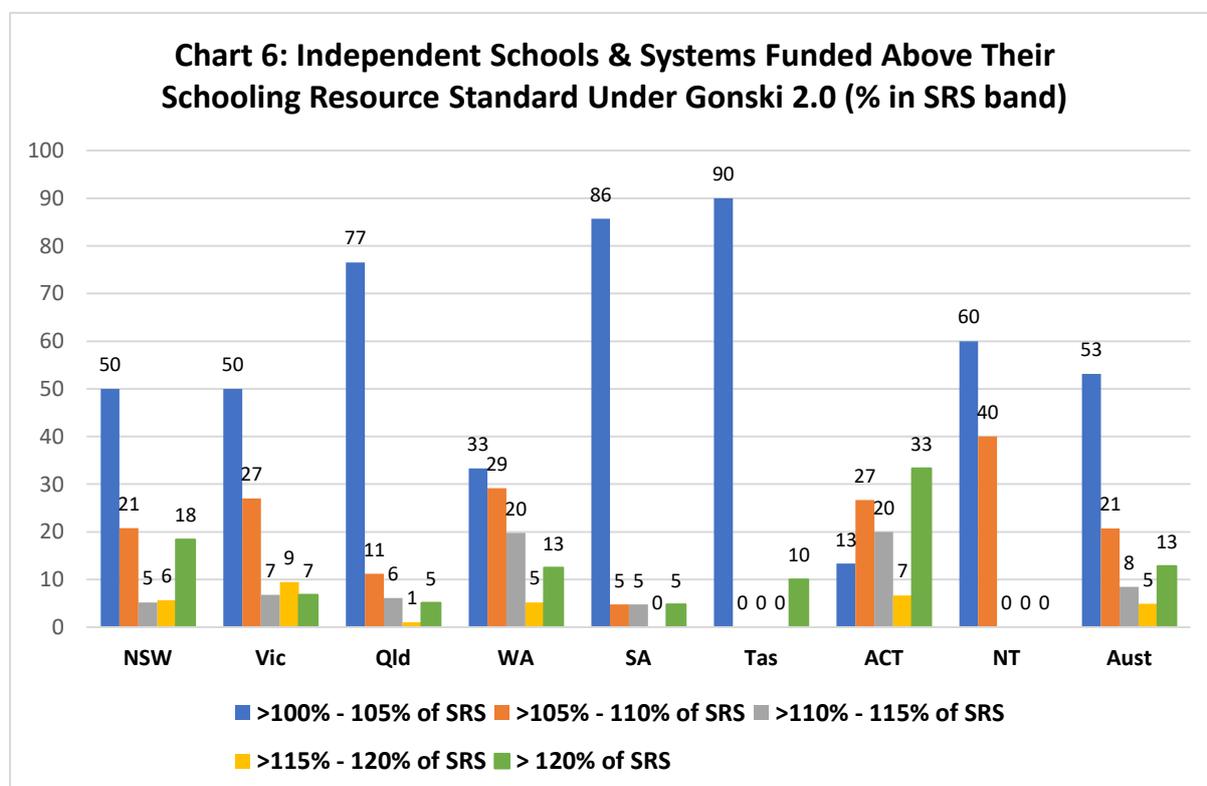
Source: See Chart 1.

Note: There is no change in over-funding for one Queensland school.

NSW will have 212 over-funded schools and systems and will account for 40% of all over-funded schools and systems in Australia. Of these, 106 will become over-funded, 46 will have their over-funding increased and 60 will have their over-funding reduced but remain over-funded. In Victoria,

74 Independent schools and systems will be over-funded with 42 becoming over-funded, 25 will have their over-funding increased and 7 will have their over-funding reduced. In Queensland, 98 Independent schools and systems will be over-funded with 61 being newly over-funded, 23 having their over-funding increased while over-funding for another 13 will be reduced. In Western Australia, 96 Independent schools and systems will be over-funded with 52 being newly over-funded, 33 having their over-funding increased and 11 having their over-funding reduced. The number of over-funded schools and systems in the other states and territories will be much lower.

The extent of over-funding in the majority of over-funded Independent schools will be less than 5% of their SRS, with 53% of all over-funded schools funded at between 100 and 105% of their SRS when Gonski 2.0 is fully implemented [Chart 6]. A further 21% will be over-funded by 5-10% of their SRS and 26% will be over-funded by more than 10% of their SRS, including 13% (68 schools) over-funded by more than 20% of their SRS. While the majority of over-funded schools will be at less than 105% of SRS, this can provide significant amounts of over-funding. Over-funding in many of these schools amounts to \$500 or more per student, which converts to over-funding of \$0.5 million in schools or systems with 1,000 students.

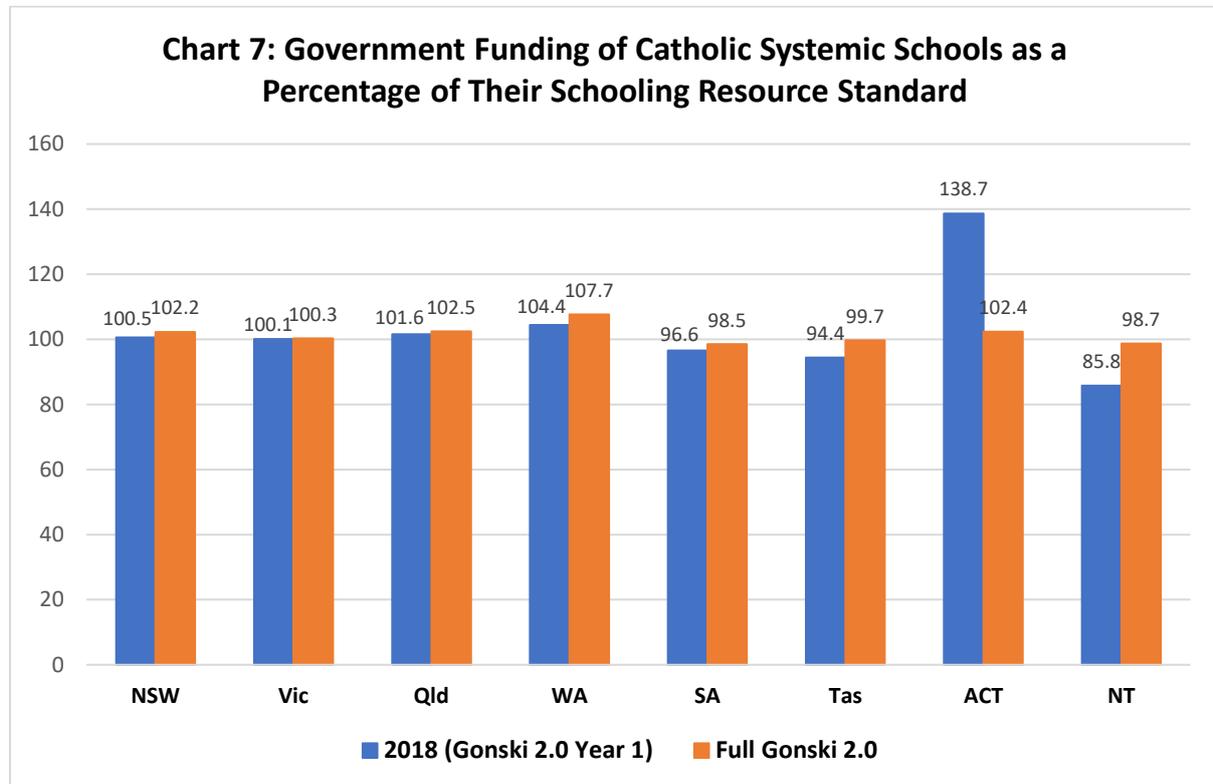


Source: See Chart 1.

The extent of over-funding will vary considerably between jurisdictions. One-third of over-funded schools in the ACT will be funded at over 120% of their SRS compared to none in Tasmania and the Northern Territory and very few in Queensland and South Australia. In NSW, 18% of over-funded schools will be in this band and 13% in Western Australia. The very large majority of over-funded schools in Queensland (77%), South Australia (86%) and Tasmania (96%) will be funded at between 100 and 105% of their SRS.

The large majority of highly over-funded Independent schools under Gonski 2.0 will be in NSW. It will have 39 of the 68 schools whose government funding will exceed 120% of their SRS. Another 12 will be in Western Australia and five in Victoria, Queensland and the ACT.

Similar data for individual Catholic systemic schools is not published by the Government. However, the data for Catholic systems indicates that over-funding will increase slightly in NSW and Queensland from the first year of Gonski 2.0 to its full implementation, while it will increase more substantially in Western Australia [Chart 7]. While over-funding in ACT Catholic systemic schools is planned to be substantially reduced by 2027, there is no certainty that this will occur given the large adjustment funding of \$36 million made available to them over the next four years.



Source: See Chart 1.

3. Gonski 2.0 is neither equitable or fair

The Prime Minister claims that Gonski 2.0 is fair: “It’s fair, it’s needs-based and it’s consistent”, he says. The Minister for Education, Simon Birmingham, says that the distribution of schools funding under Gonski 2.0 “will be needs-based and we are committed to fairness and equity as core values across all parts of our education system”.

But, Gonski 2.0 is neither an equitable or fair funding model. No funding model that increases over-funding for private schools while failing to adequately support public schools can be considered fair or equitable. Instead, Gonski 2.0 entrenches inequity in school funding between public and private schools. It is a gross distortion of needs-based funding.

Gonski 2.0 is the best special deal that Independent schools have ever had. Two-thirds of them will be funded above 100% of their SRS by 2027. It far surpasses the special deals provided by the Howard Government. It will cost taxpayers millions and millions over the next decade, and divert funds from where they are most needed in disadvantaged schools.

Catholic education authorities have presented a totally misleading picture of their funding under Gonski 2.0. Gonski 2.0 ensures that Catholic systemic schools in six states and territories will be funded at or above 100% of their SRS by 2027 and only slightly below 100% in the other two. There is absolutely no case that their funding will be inadequate under Gonski 2.0. Catholic schools will be

much better off under Gonski 2.0 than public schools. Their real complaint is that they didn't get the lavish special deal available to Independent schools.

In stark contrast, public schools, which enrol over 80% of disadvantaged students, will remain under-resourced because they will be dependent on state/territory governments to fund them to 80% of their SRS. This will require a major funding effort by the states/territories which is highly unlikely because they have cut inflation-adjusted funding per student in public schools in recent years.

Gonski 2.0 preserves the structural incoherence of school funding so heavily criticised in the original Gonski report. It has locked in a system of different funding roles for public and private schools by the Commonwealth and state/territory governments instead of developing an integrated national system of school funding as recommended by the Gonski report. It limits the Commonwealth role in supporting disadvantaged students instead of increasing it as Gonski recommended.

The Turnbull Government is doing what all Coalition governments have done in the past 40 years - deliver special funding deals for private schools, especially for Independent schools in this case, to ensure their resource advantage and privileged position in the schools market place. The Turnbull Government's partisanship of private schools is clearly exposed in its contrasting approach to state and territory government funding of public and private schools – it is prepared, at least rhetorically, to require the states/territories to increase their share of funding public schools to 75% of their SRS, but it refuses to require the states/territories to cut their funding share of private schools to 20% of their SRS. As a result, private schools will gain immensely from Gonski 2.0, but not public schools. As Tony Abbott said of the Liberal Party's long history of supporting Catholic and Independent schools: "it's in our DNA".

The impact of the resource advantage provided to private schools is already profound in terms of the social segregation of our school system and the continuing large gaps in student achievement between rich and poor. It will only get worse under Gonski 2.0 because public schools and disadvantaged students will continue to be under-resourced.

Methodological note

The over-funding estimates for 2017 are derived from data provided to Senate Estimates on total government funding (A) and Commonwealth Government funding (B) as a percentage of school and school system SRS. This allows estimation of the state/territory government contribution (C) to SRS ($C=A-B$). The over-funding estimates for Gonski 2.0 are based on new figures for 2018 provided under FOI. The SRS for schools and school systems for Gonski 2.0 are calculated as $C+80\%$, the 80% of SRS being the cap on Commonwealth Government funding of private schools. As such, they estimate the SRS of schools and systems under full implementation of Gonski 2.0. The estimates assume no change in the state/territory share of the SRS in 2017 and that they maintain their current contribution to SRS.