

Education Research Paper

New Figures Show Huge Funding Increases for Private Schools & Cuts to Public Schools

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Key Points

1. Government (Commonwealth and state) funding increases massively favoured private schools over public schools between 2009-10 and 2017-18:
 - Government funding for private schools increased by \$1,779 per student, adjusted for inflation, while funding for public schools was cut by \$49 per student.
 - Government funding of private school increased by 18.9% while funding for public school students was cut by 0.4%.
2. The Commonwealth Government increased funding for both public and private schools but the increase for private schools was nearly double that for public schools. Commonwealth funding for public schools increased by an average of \$863 per student compared to \$1,589 in private schools.
 - The Commonwealth Government increased funding for both public and private schools in all states and the increases heavily favoured private schools in every state.
3. The overall cut in funding for public schools was due to large cuts by the states which more than offset the Commonwealth increase. State government funding for public schools was cut by an average of \$912 per student compared to an increase of \$190 per student for private schools.
 - All state governments, both Labor and Liberal-NP, cut funding for public schools by large amounts between 2009-10 and 2017-18 while providing small increases for private schools.
4. Under the bilateral funding agreements between the Commonwealth and state governments, public schools in all states except the ACT will only be ever funded at 91% of their Schooling Resource Standard (SRS) while private schools will be funded at 100% of their SRS or more by 2023.
5. The chronic underfunding of public schools threatens huge costs to individuals, society and the national economy because it means continuing failure to address disadvantage in education. Over 80% of disadvantaged students are enrolled in public schools and over 90% of disadvantaged schools are public schools.
6. Increased funding for public schools is fundamental to improved education outcomes for disadvantaged students because it provides the human and material resources needed to make a difference in learning. This is supported by numerous overseas and Australian studies.
7. It is imperative that teacher, parent, principal and other organisations supporting public schools hold the Commonwealth and state governments fully accountable for their failure to provide adequate funding for public schools.
 - The Morrison Government must stop its special funding deals for private schools and expand its role in funding public schools.
 - State governments, both Labor and Liberal-NP, must stop cutting funding for public schools and increase funding to ensure that public schools are fully funded at 100% of their SRS by 2023. They must end the accounting tricks that allow them to claim expenditures for public schools that are not formally included in the SRS measure as part of their SRS target and they must end their over-funding of private schools.
 - The bilateral agreements between the Commonwealth and the states must be re-negotiated to reflect these changes.

Introduction

This paper updates the state of school funding in Australia based on new data published in the [2020 Report on Government Services \(ROGS\)](#). The figures here differ from the ROGS figures in two ways. First, the figures here exclude book entry items (user cost of capital, depreciation) and other items (payroll tax, school transport) which are included in the ROGS data for state/territory government recurrent funding of public schools. These items are not included in the published figures for private schools and, as a result, the ROGS over-estimates funding for public schools in comparison with private schools.

Second, the ROGS uses the General Government Final Consumption Expenditure Chain Price Index (GGFCE) to adjust current dollar figures for inflation. However, this price index does not distinguish between different rates of cost increase in different areas of public provision. Instead, the Wage Price Index for Public and Private Education and Training is used here to deflate nominal funding figures. The ROGS method of adjusting for inflation under-estimates cost increases for schools and, therefore, over-estimates the actual increase in real resources available to schools.

Charts detailing changes in funding sources in each state are provided in Attachment A. The data sources are provided in Attachment B.

Government funding of schools

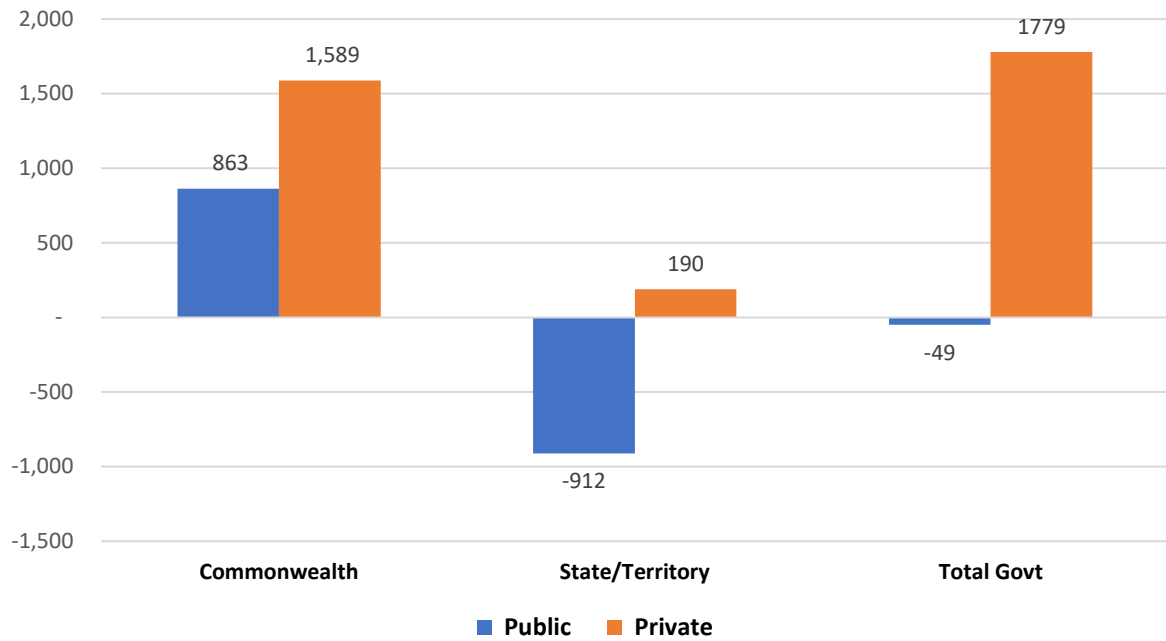
In recent years, government (Commonwealth and state) funding increases have massively favoured private schools over public schools in recent years. Between 2009-10 and 2017-18, total government funding (Commonwealth and state) for private schools increased by \$1,779 per student, adjusted for inflation, while funding for public schools was cut by \$49 per student [Chart 1]. In percentage terms, private school funding increased by 18.9% while funding for public school students was cut by 0.4%.

The cut in funding for public schools was due to cuts by state and territory governments (the “states”). They took advantage of increased Commonwealth funding to cut their own funding of public schools. Commonwealth funding for public schools increased by \$863 per student (43.8%), but it was more than offset by a reduction in state funding of \$912 per student (-7.7%).

Both the Commonwealth and state funding changes strongly favoured private schools over public schools. The Commonwealth increase for private schools was nearly double that for public schools - \$1,589 compared to \$863 per student, although in percentage terms the increase for public schools was much larger than for private schools because it was from a much lower base – 43.8% and 23.1% respectively. The states increased funding for private schools by \$190 per student (7.5%) while cutting funding for public schools.

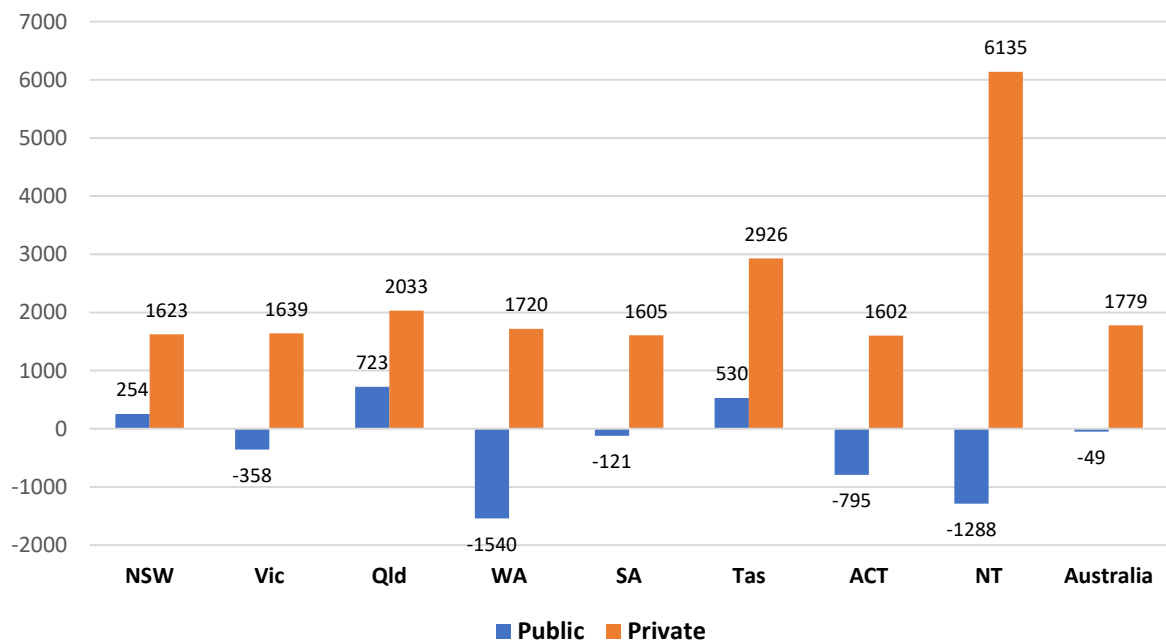
The pattern of much larger funding increases for private schools than public schools across Australia was repeated in all states. Government funding increases for private schools exceeded \$1,500 per student in all states while funding for public schools was cut in five states and increases in the other three states were much smaller than for private schools [Chart 2]. The funding cuts for public schools ranged from \$121 per student in South Australia to \$1,540 in Western Australia. The funding increases for private schools were about six times that for public schools in NSW and Tasmania and nearly three times that of public schools in Queensland.

Chart 1: Change in Government Funding by Source, Australia, 2009-10 to 2017-18 (\$ per student adjusted for inflation)



Source: See Attachment B.

Chart 2: Change in Total Government Funding, Australia & States 2009-10 to 2017-18 (\$ per student adjusted for inflation)

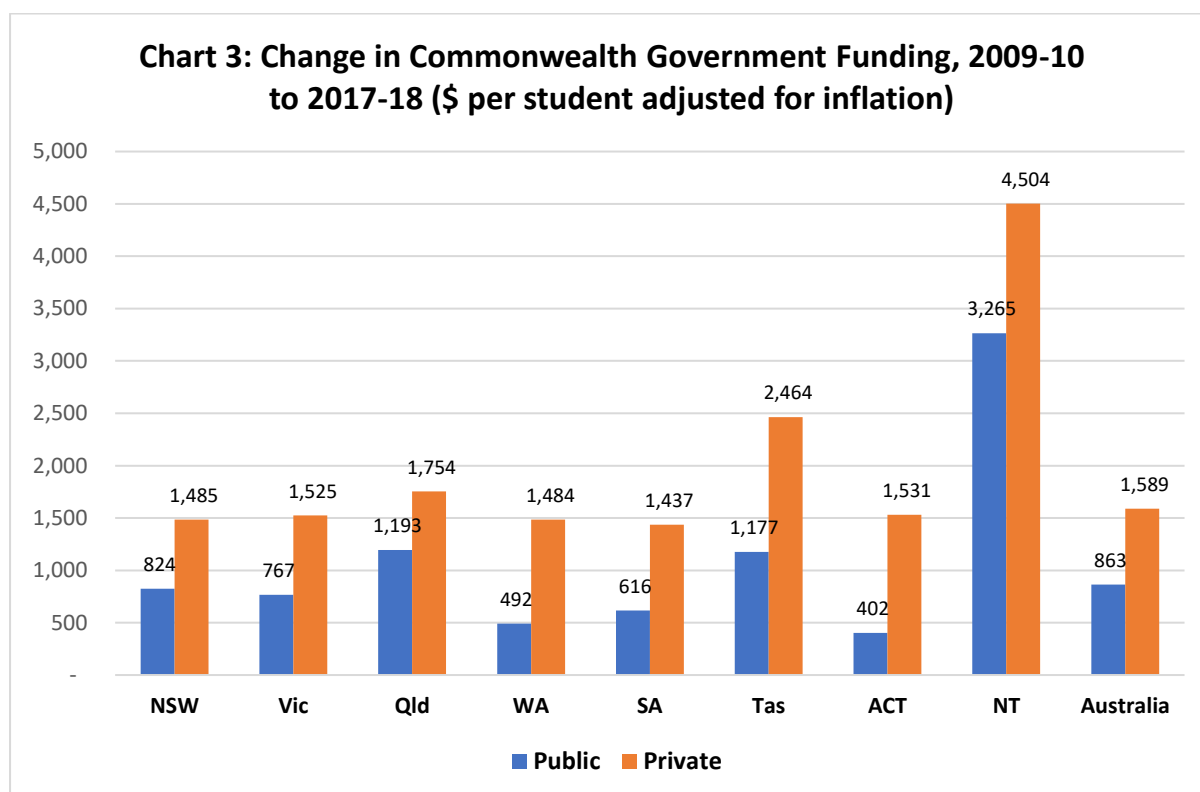


Source: See Attachment B.

Commonwealth Government funding

The Commonwealth Government increased funding for both public and private schools in all states between 2009-10 and 2016-17 but the increases heavily favoured private schools. The increases for private schools ranged from \$1,437 per student in South Australia to \$4,505 in the Northern Territory while those for public schools ranged from \$402 in the ACT to \$3,265 in the Northern Territory.

The Commonwealth increase for private schools in the ACT was nearly four times that for public schools - \$1,531 per student compared to \$404. In Western Australia the increase for private schools was nearly three times that for public schools - \$1,437 per student compared to \$492. The increase for private schools in Victoria, South Australia and Tasmania was about double or more of that for public schools.



Source: See Attachment B.

State government funding

All state governments cut funding for public schools by large amounts between 2009-10 and 2017-18 while providing small increases for private schools [Chart 4]. State funding for public schools was cut by a massive \$4,553 per student in the Northern Territory, \$2,032 in Western Australia, \$1,197 in the ACT, \$1,125 in Victoria, \$737 in South Australia, \$647 in Tasmania, \$570 in NSW and by \$471 in Queensland.

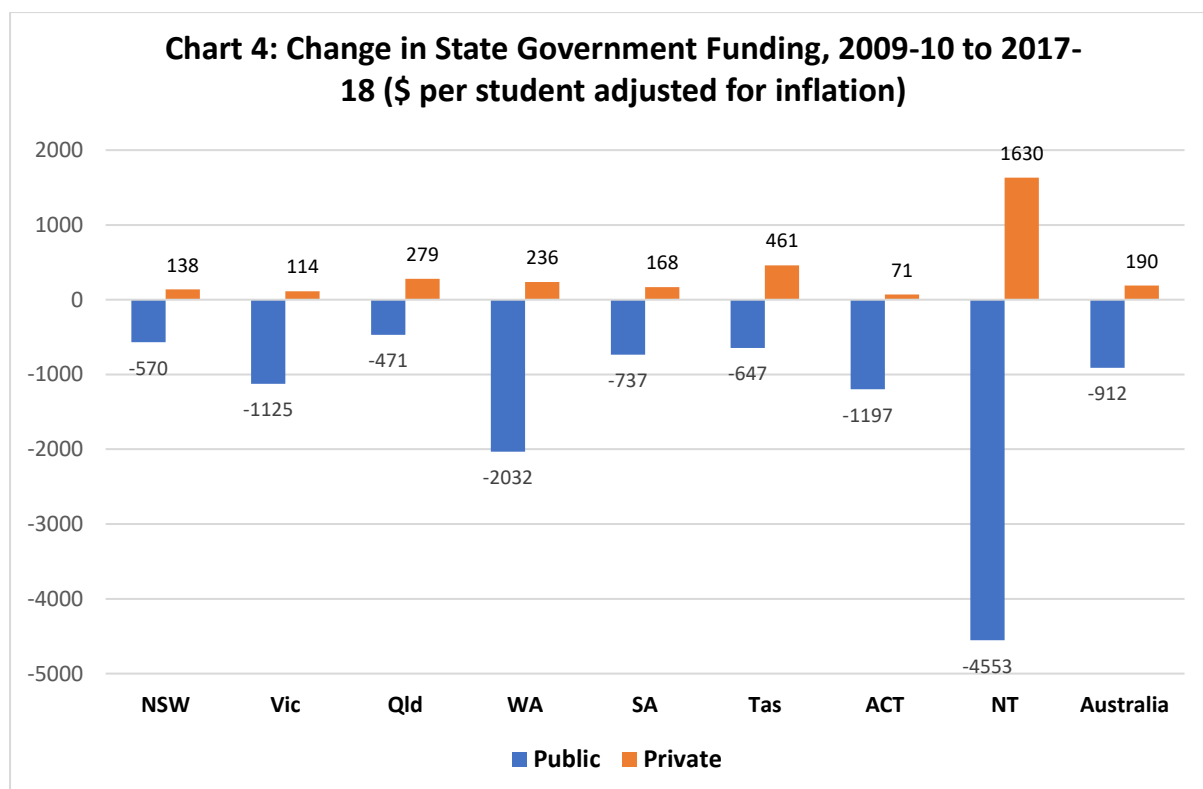
In contrast to their cuts to public school funding, every state increased funding for private schools. The increases ranged from \$71 per student in the ACT to \$1,630 in the Northern Territory.

State government funding for public schools has fallen steadily since 2009-10 in every state under both Liberal-NP and Labor Governments except Victoria and NSW. In NSW funding for public schools increased in the early years of the Coalition Government after cuts by the previous Labor Government. However, funding has decreased since 2015-16 by \$558 per student. The Victorian

Labor Government has increased funding for public schools since 2014-15 but the increase was only \$293 per student and is a long way from compensating for the large cut in funding of \$1,419 per student that occurred under the previous Labor and Liberal-NP Governments.

The states have clearly taken the opportunity of increases in Commonwealth funding for public schools to cut their own funding. They were encouraged to do this by the Abbott Government’s decision to release them from the obligation to increase funding as initially planned under the Gonski funding plan.

Further details on the sources of funding changes in the states are shown in Attachment A.



Source: See Attachment B.

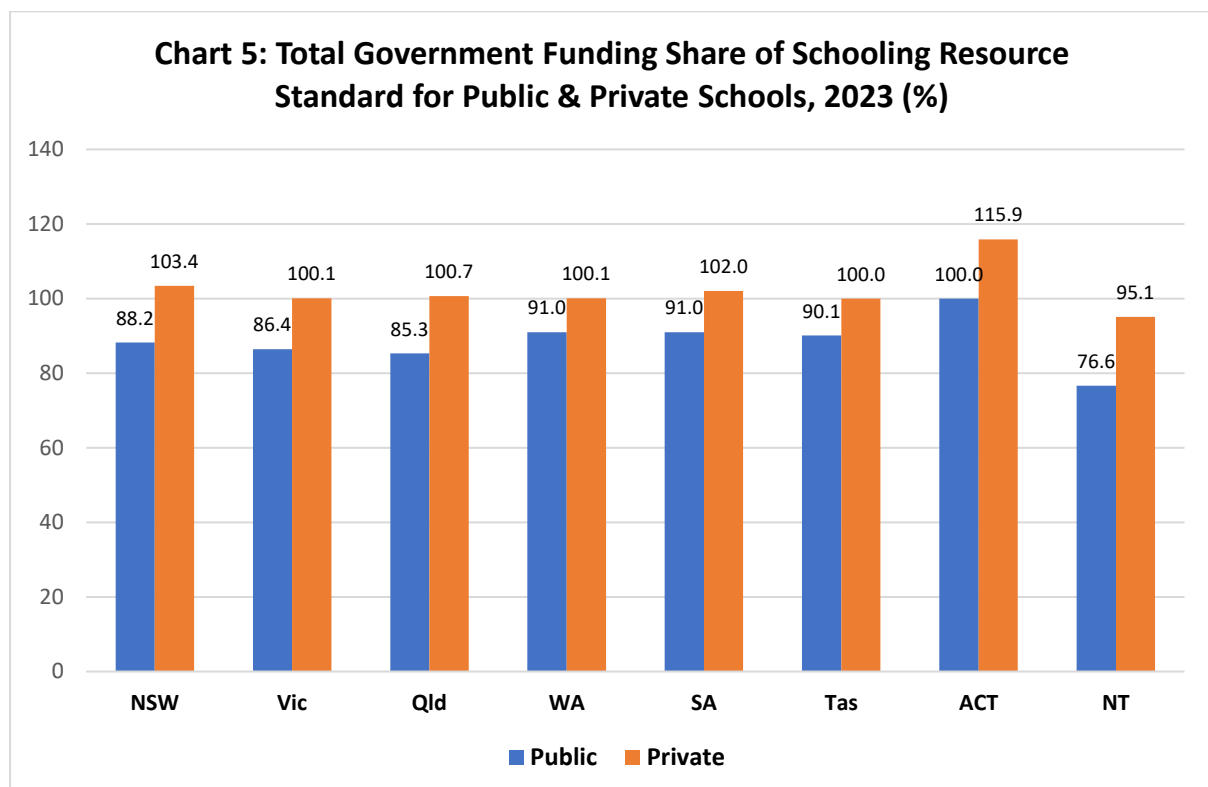
Public schools will remain under-funded

There is little prospect that public schools will be adequately funded over the next decade. The bilateral funding agreements between the Commonwealth and state governments ensure that [public schools will be massively under-funded indefinitely](#). Public schools will only be ever funded at 91% of the national resource standard at best while private schools are guaranteed to be funded at 100% of the standard or more.

The Commonwealth has committed to funding public schools to 20% of their Schooling Resource Standard (SRS) by 2023 while the states are only committed to funding public schools to 75% by 2027, and later in some cases. In addition, the states (apart from the ACT) can claim up to four percentage points for other expenditures not included in the measure of the SRS as part of their share and are likely to do so. Therefore, the states will only ever fund public schools to 71% of the SRS, leaving them a long way short of being fully funded.

The current bilateral funding agreements apply until 2023. By then, private schools will be fully funded or more in all states except the Northern Territory [Chart 5]. In contrast, public schools will

be massively under-funded in all states except the ACT – 88.2% of the SRS in NSW, 86.4% in Victoria, 85.3% in Queensland, 91% in Western Australia and South Australia, 90.1% in Tasmania and only 76.6% in the Northern Territory.



Note: The shares are the total of the Commonwealth shares published in an FOI document released by the Department of Education in August 2018 and the state shares set out in the bilateral funding agreements. They incorporate the allowance for additional expenditures of up to four percentage points to be included in the state shares of the SRS as per the bilateral agreements.

The Commonwealth guarantees funding for private schools to 80% or their SRS by 2023 and they are currently funded at above 20% of their SRS in all states except Victorian and the Northern Territory. There are caveats in the bilateral NSW, Queensland, South Australian and Western Australian bilateral agreements whereby governments can continue to fund private schools at above 20% of their SRS.

The Gonski funding model aimed to provide a fair national funding system that included a large funding increase for public schools to address educational disadvantage. However, it was shattered by special deals for private schools from the outset, dismembered by the Federal Coalition Government and shunned by state governments with the connivance of the Coalition. The Morrison Government also introduced new special funding deals for private schools, including a \$1.2 billion slush fund and \$20 million in the drought assistance package to defray private school fees. As a result, the plan has disintegrated into a most unfair system that discriminates against public schools and heavily favours private schools.

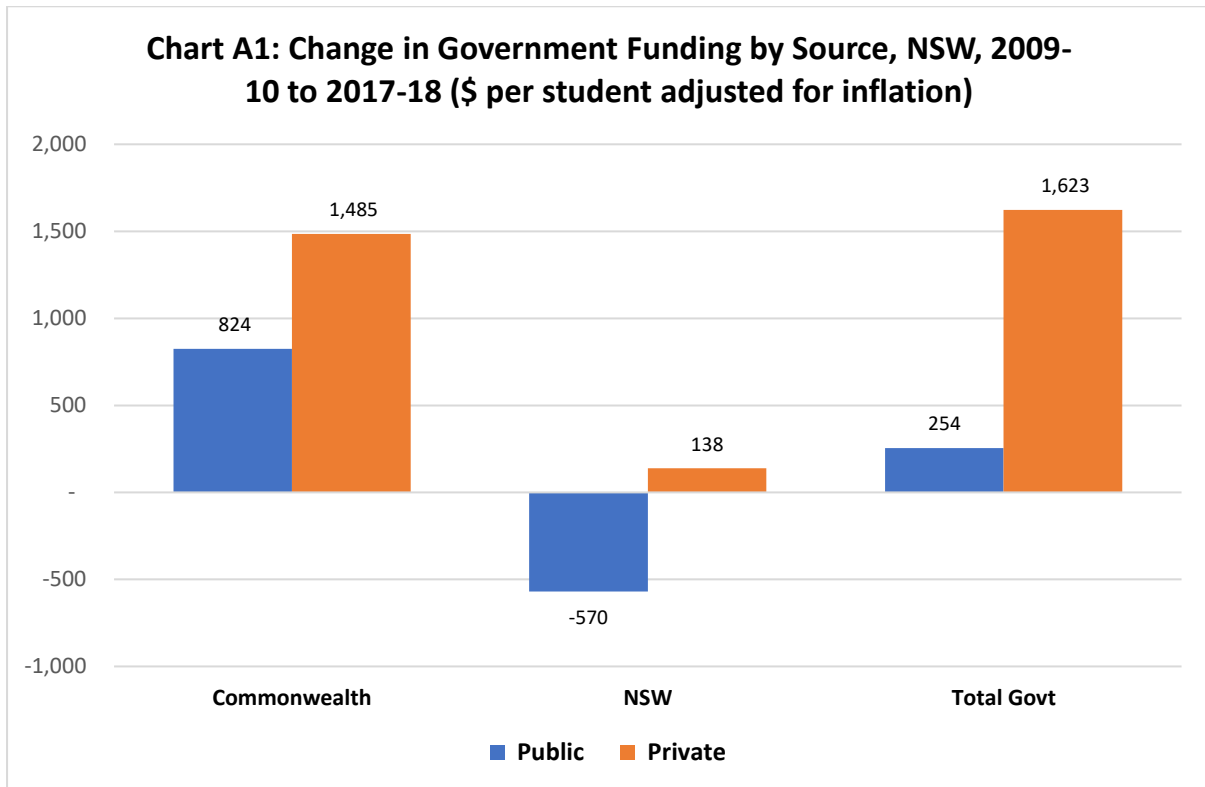
The chronic underfunding of public schools is a national disaster. It threatens huge costs to individuals, society and the national economy because it means continuing failure to address disadvantage in education. A large proportion of low SES, Indigenous and remote area students do not achieve international minimum standards in reading, mathematics and science. Increased funding for public schools is fundamental to improved education outcomes for disadvantaged students because over 80% are enrolled in public schools and over 90% of

disadvantaged schools are public schools. [Numerous overseas and Australian studies](#) show that increased funding for disadvantaged students brings improved outcomes.

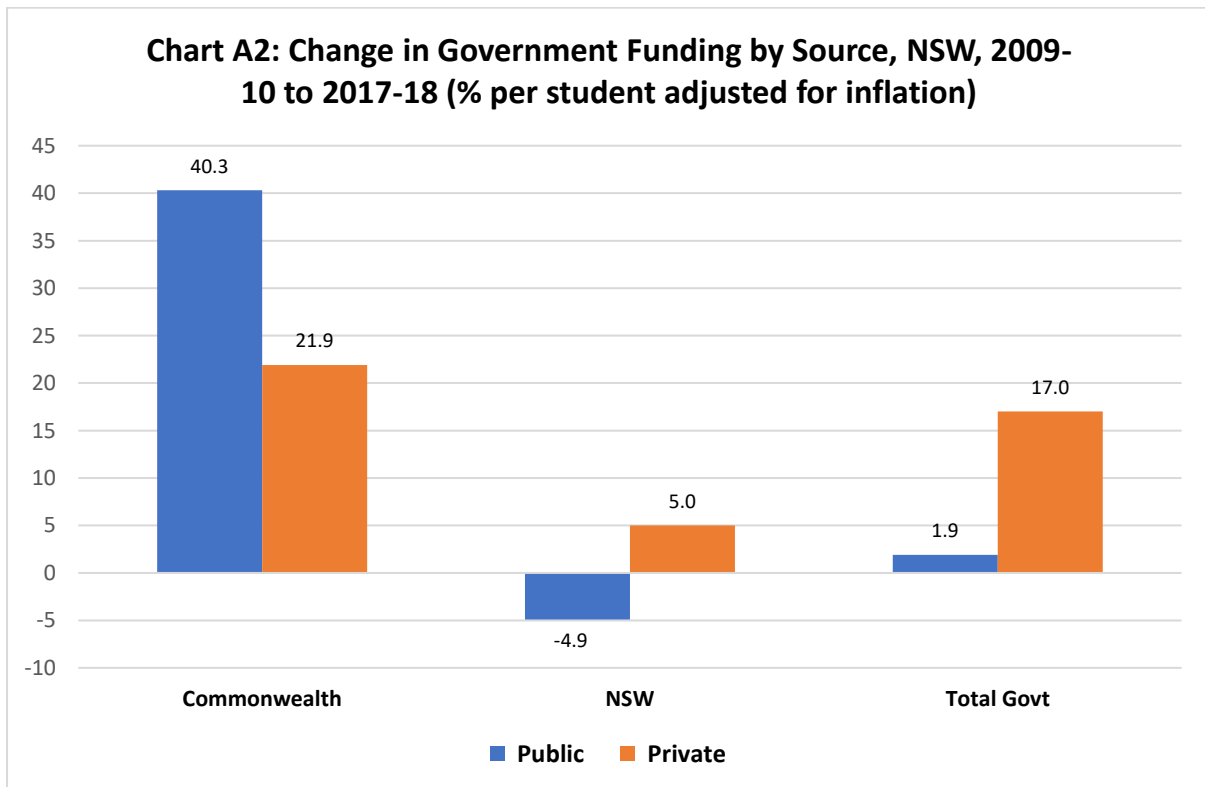
It is imperative that teacher, parent, principal and other organisations supporting public schools hold the Commonwealth and state governments fully accountable for their failure to provide adequate funding for public schools. The Morrison Government must end its special funding deals for private schools and expand its role in funding public schools. State governments, Labor and Liberal-NP, must increase their funding for public schools to ensure that they are fully funded at 100% of their SRS by 2023. State governments must also end the accounting tricks that allow them to claim expenditures for public schools that are not formally included in the SRS measure as part of their SRS target and they must end their over-funding of private schools. The bilateral funding agreements between the Commonwealth and the states must be re-negotiated to reflect these changes.

Attachment A:

NSW

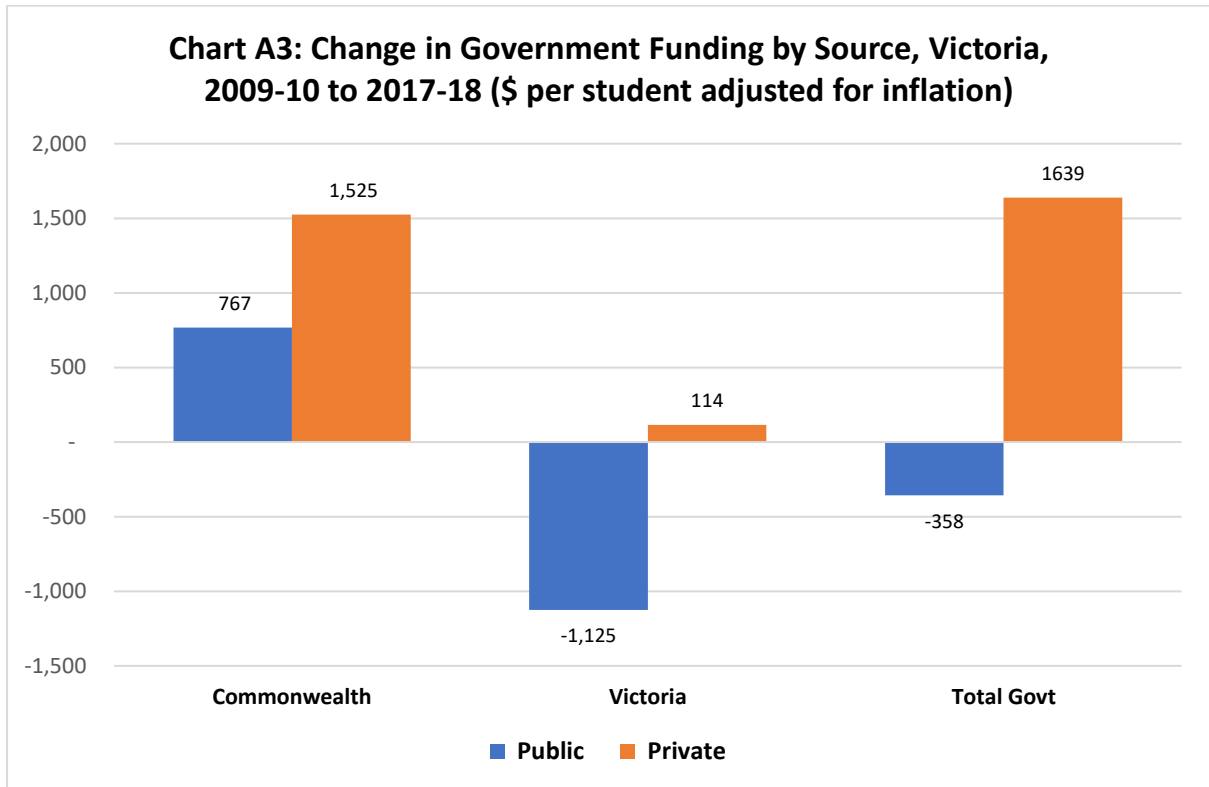


Source: See Attachment B.

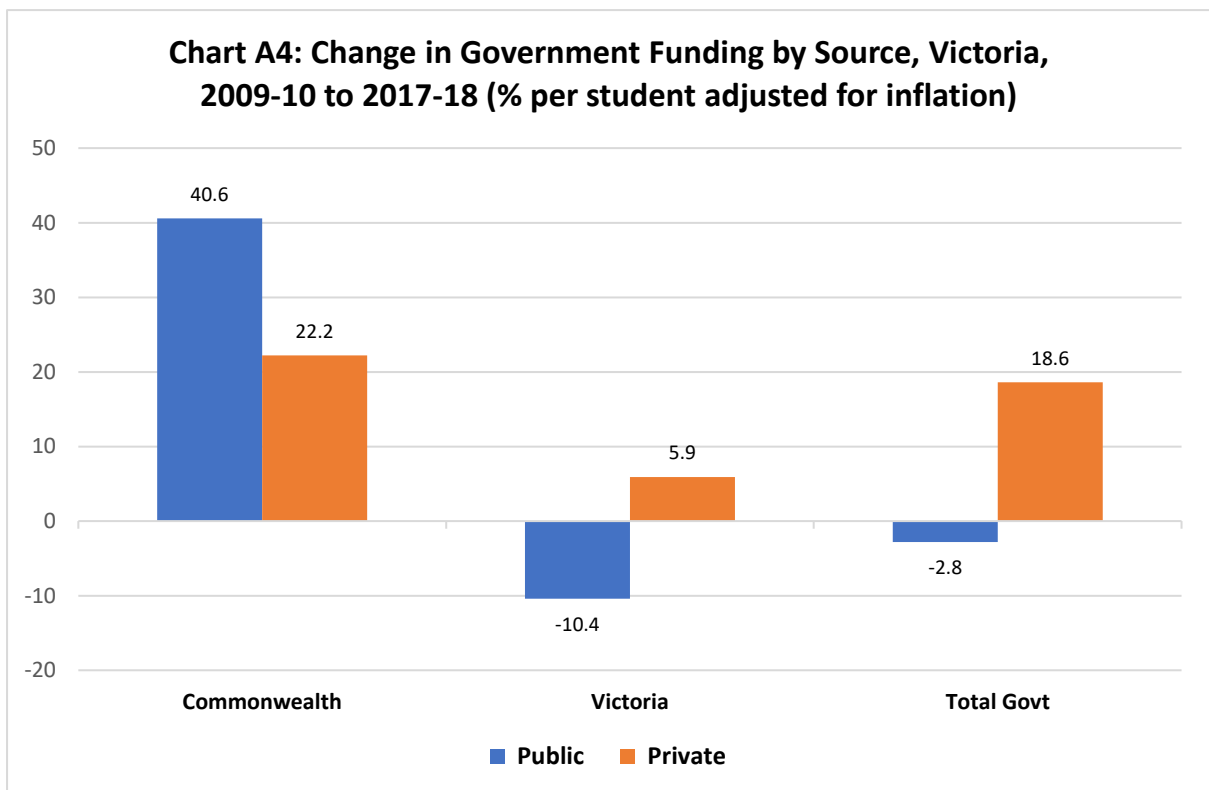


Source: See Attachment B.

Victoria

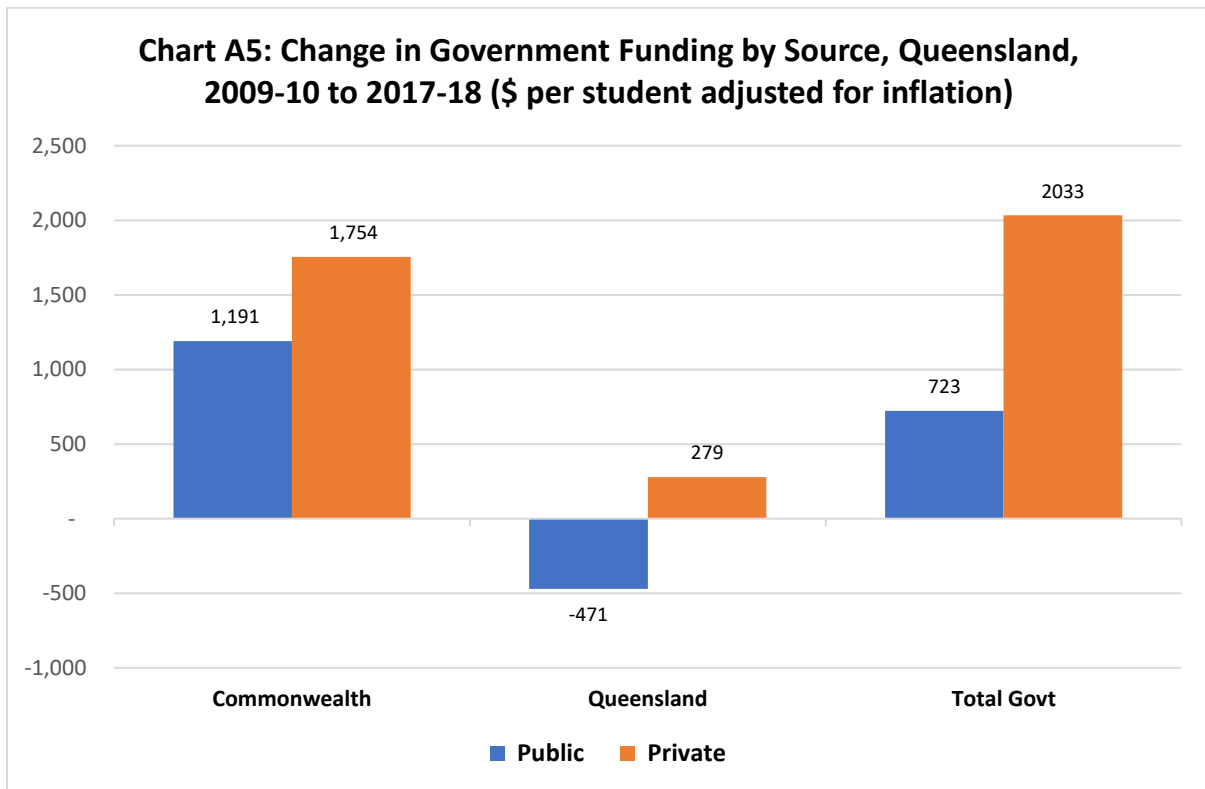


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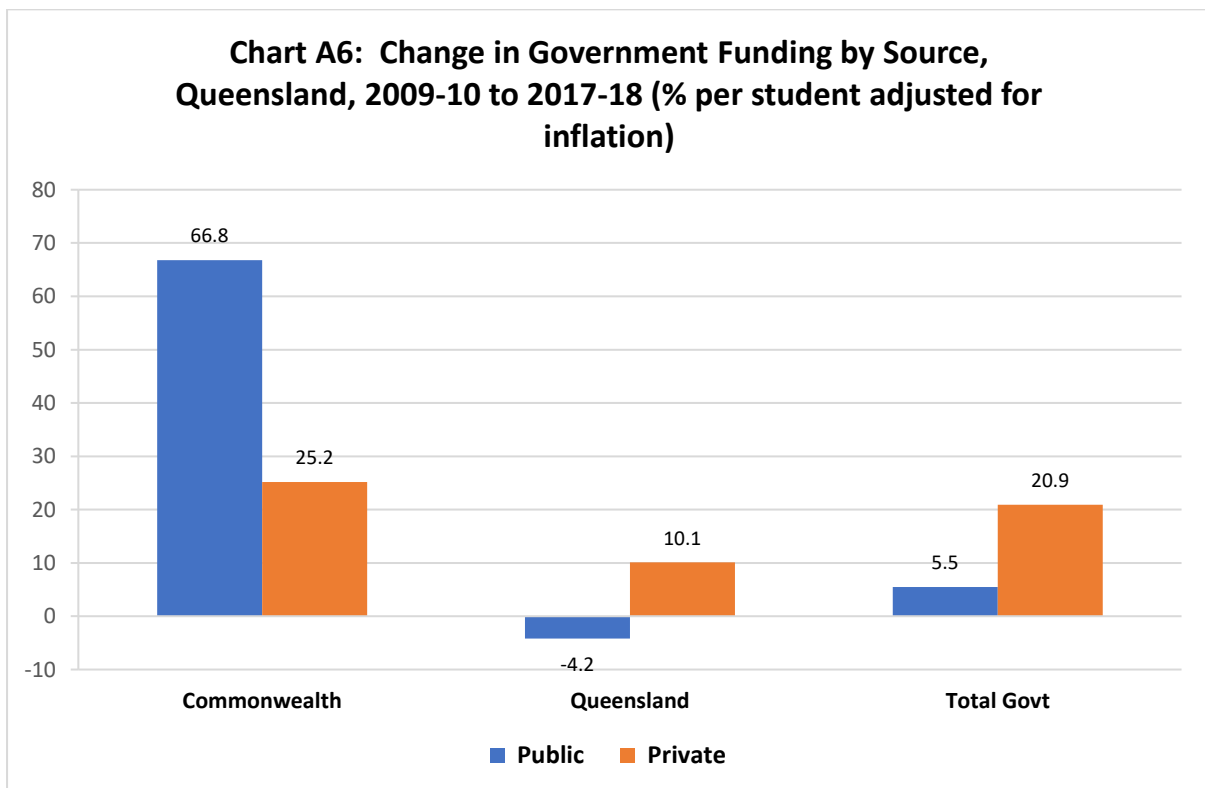


Source: See Attachment B.

Queensland

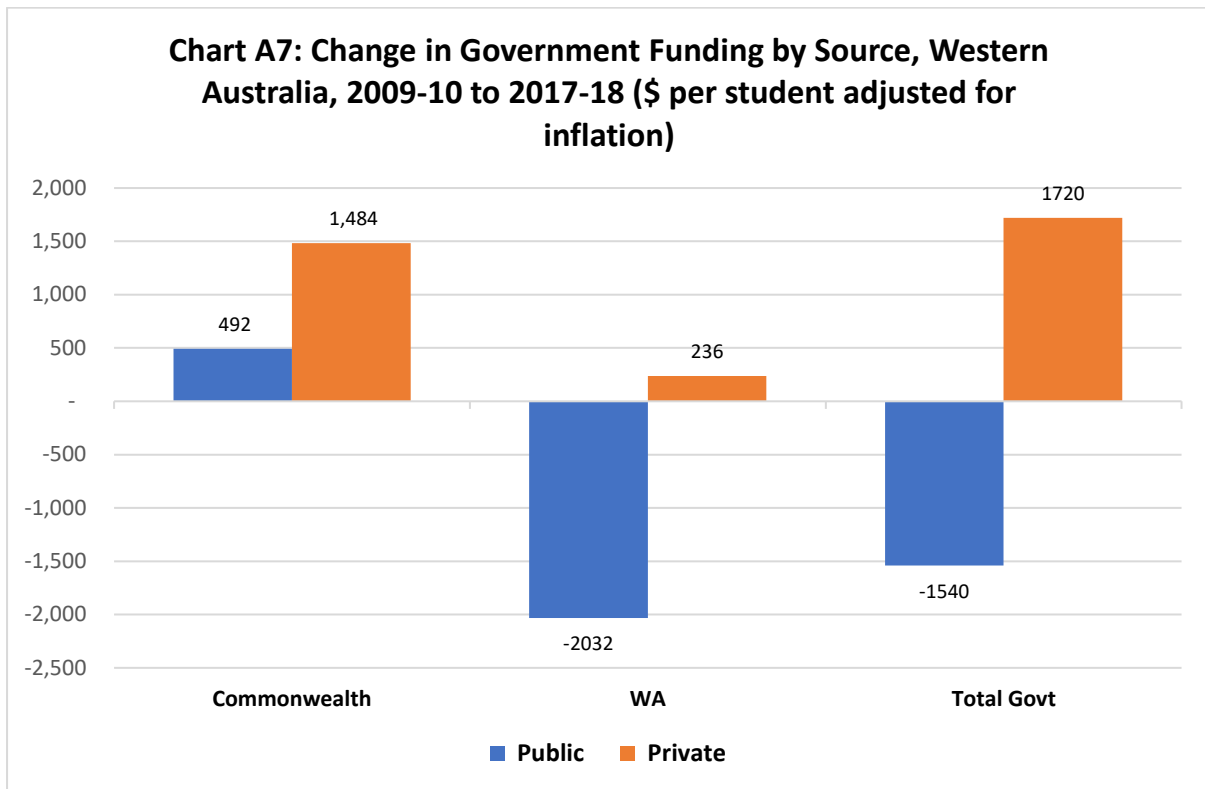


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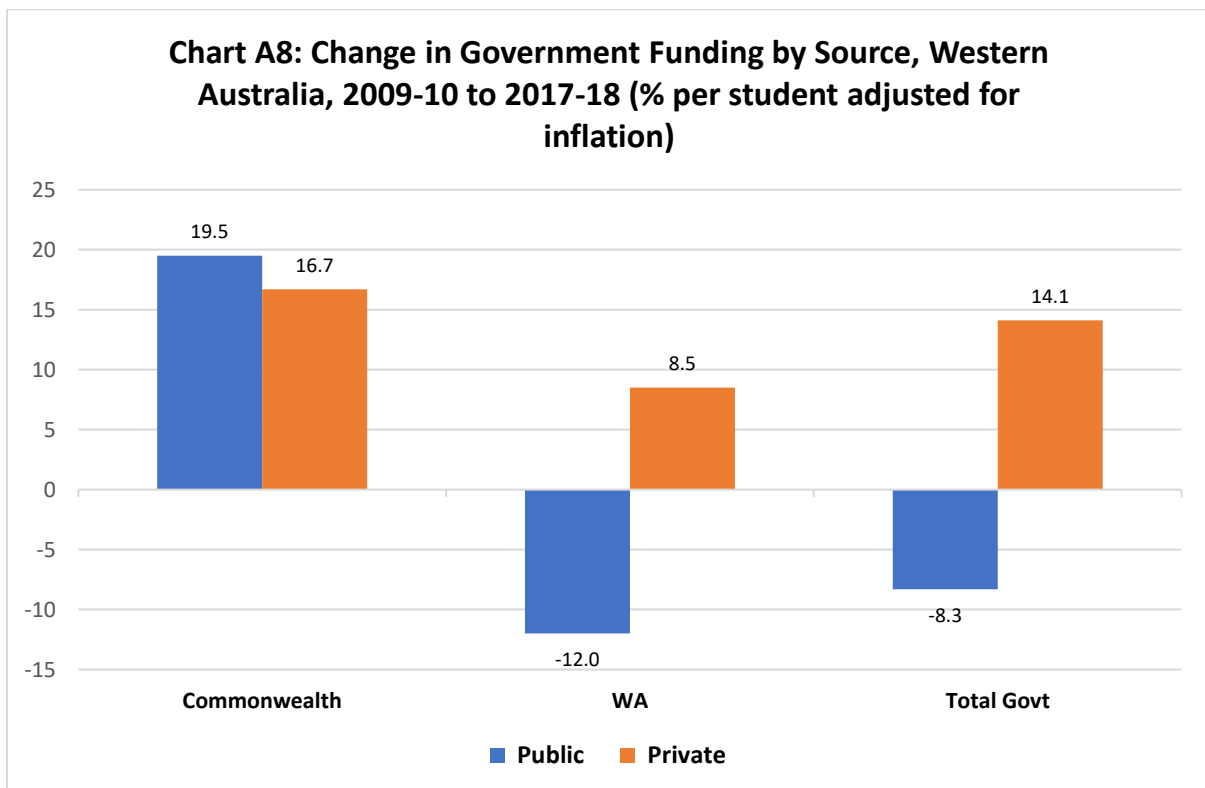


Source: See Attachment B.

Western Australia

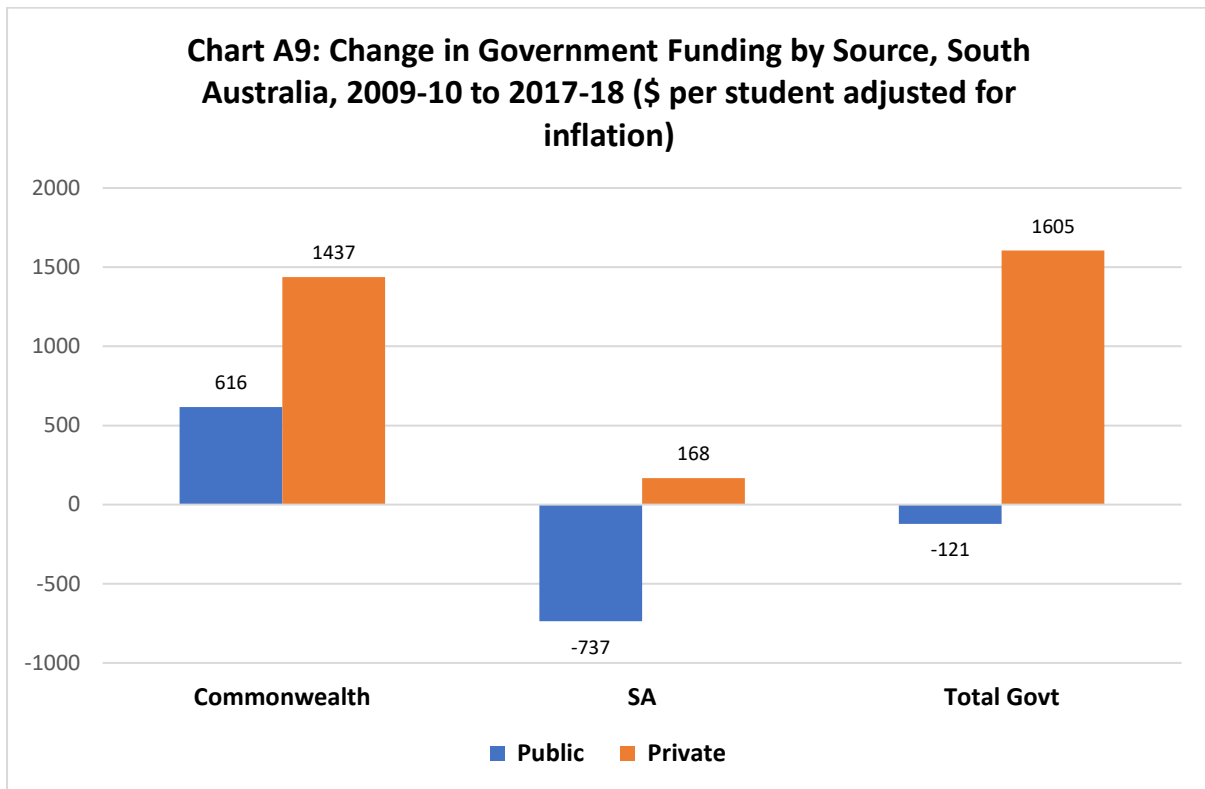


Source: See Attachment B.

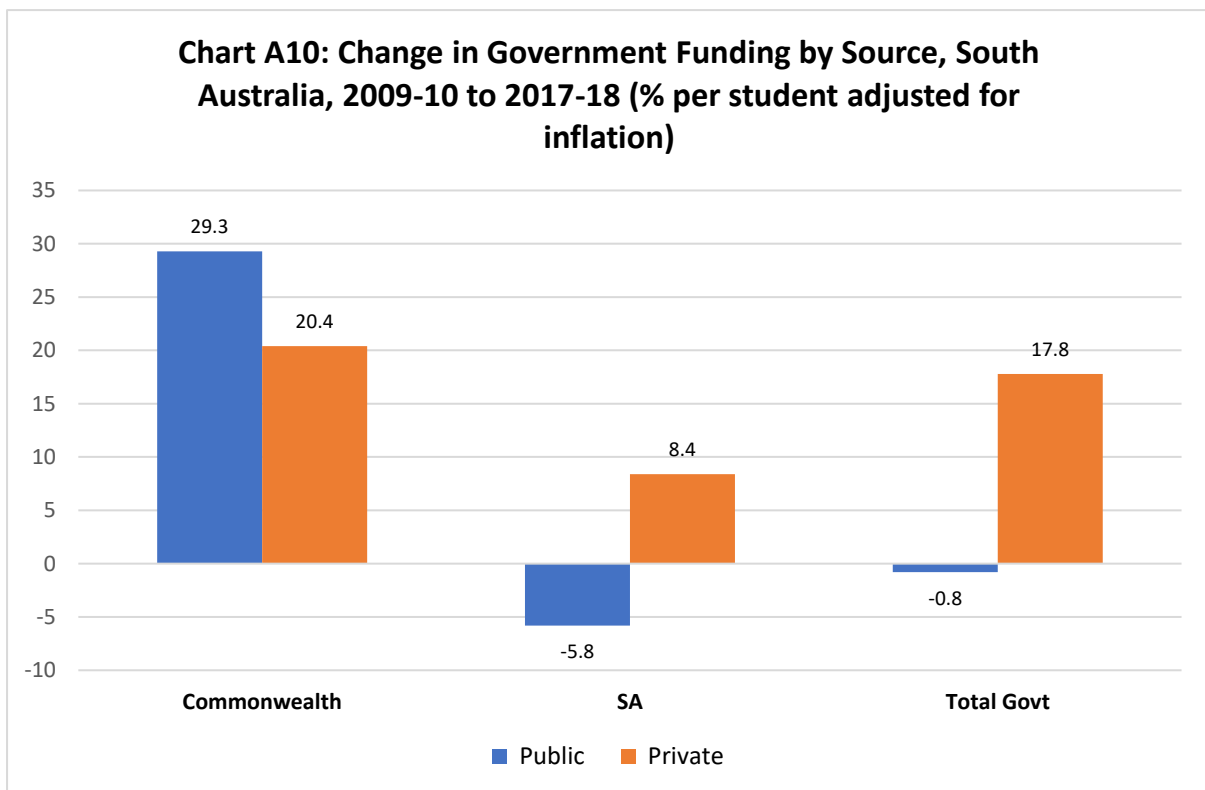


Source: See Attachment B.

South Australia

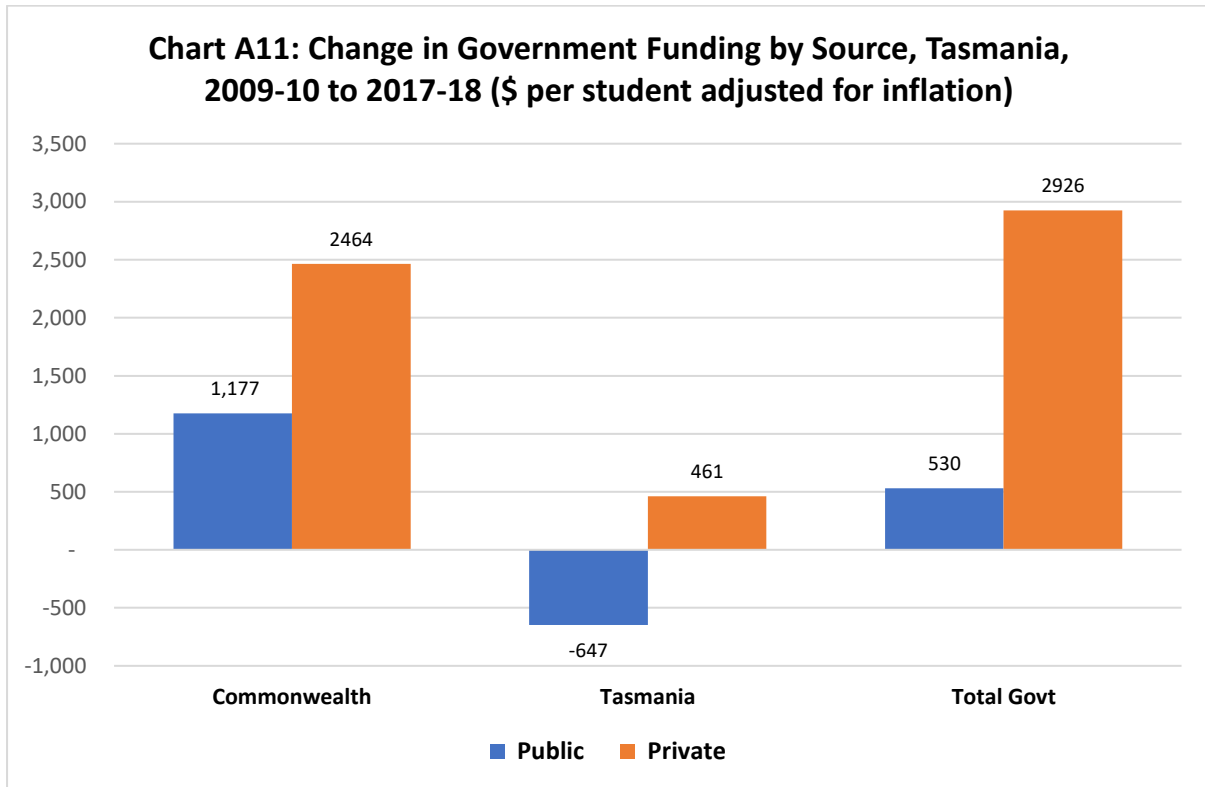


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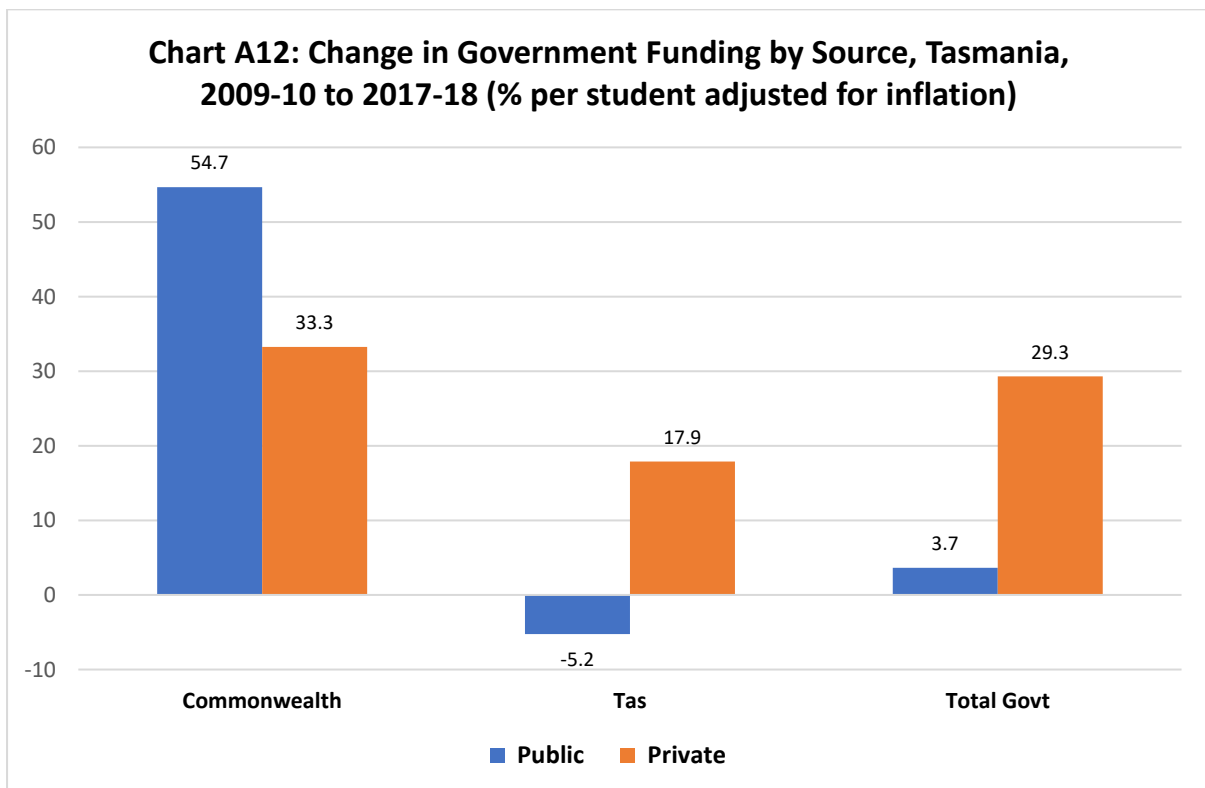


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Tasmania

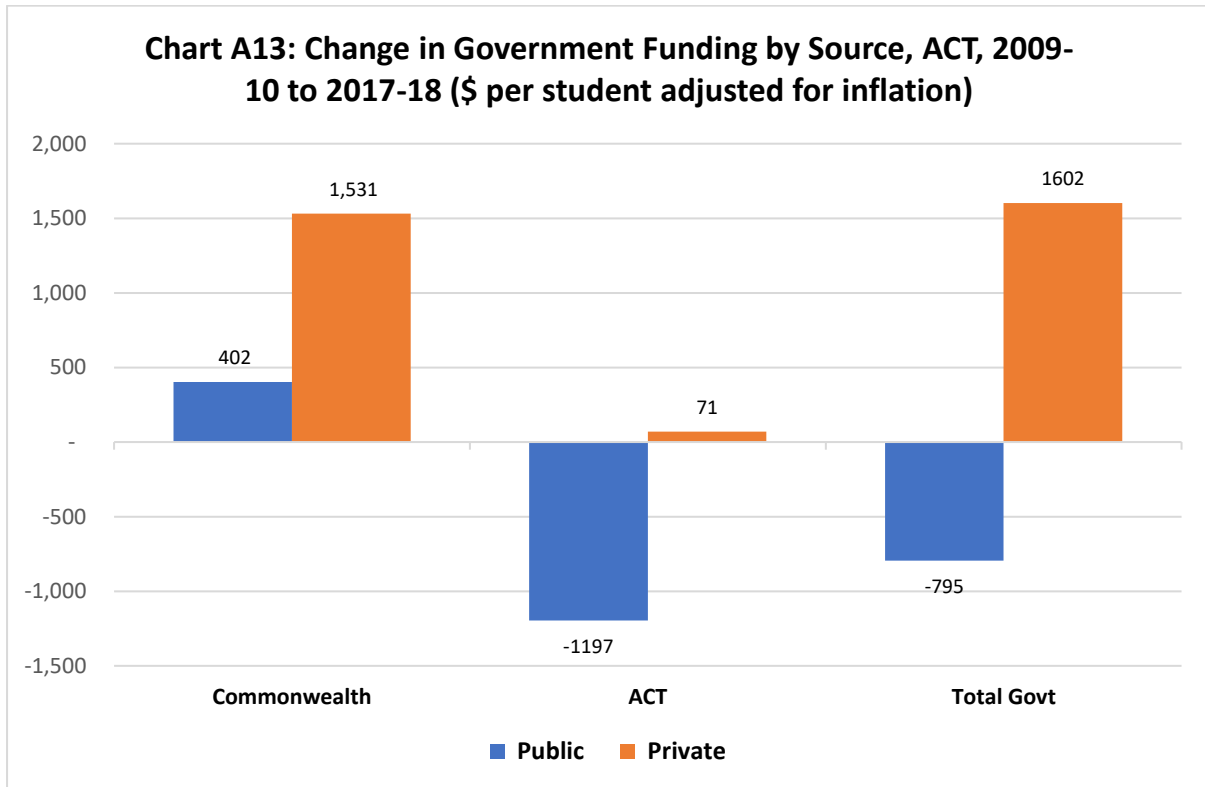


Source: See Attachment B.

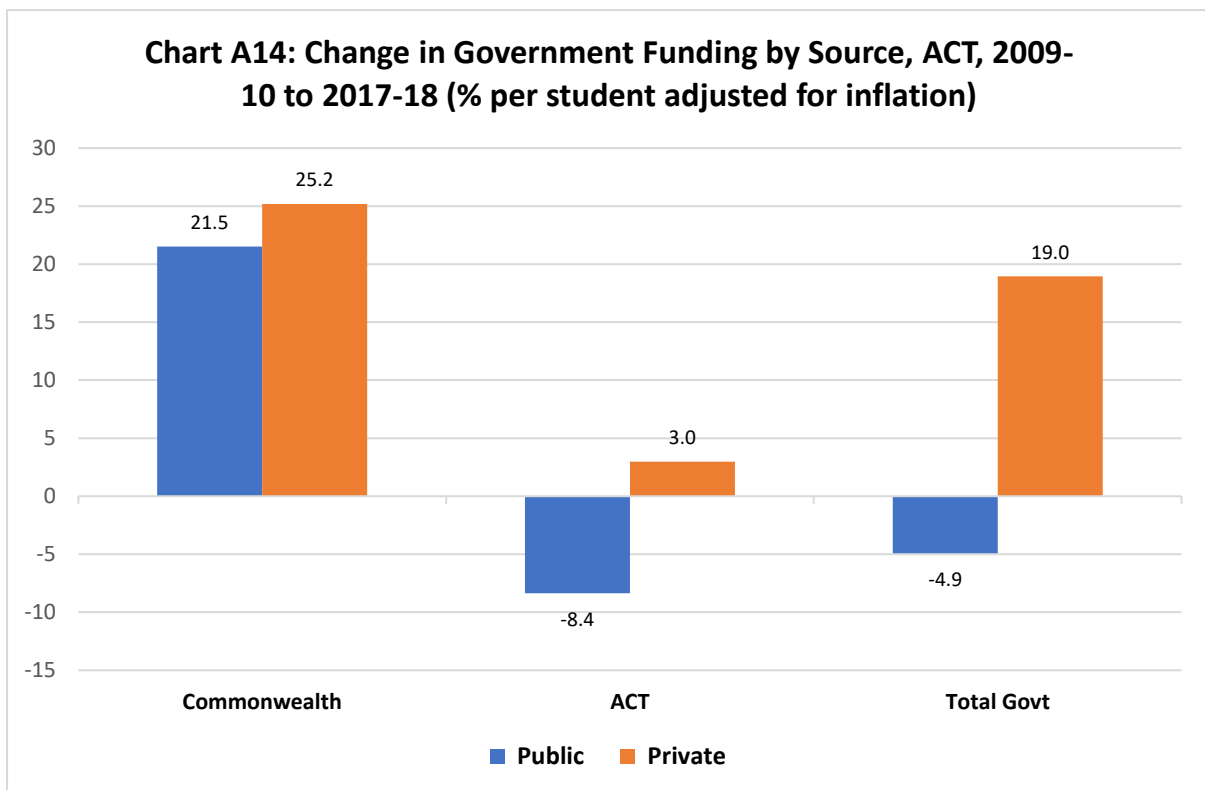


Source: See Attachment B.

ACT

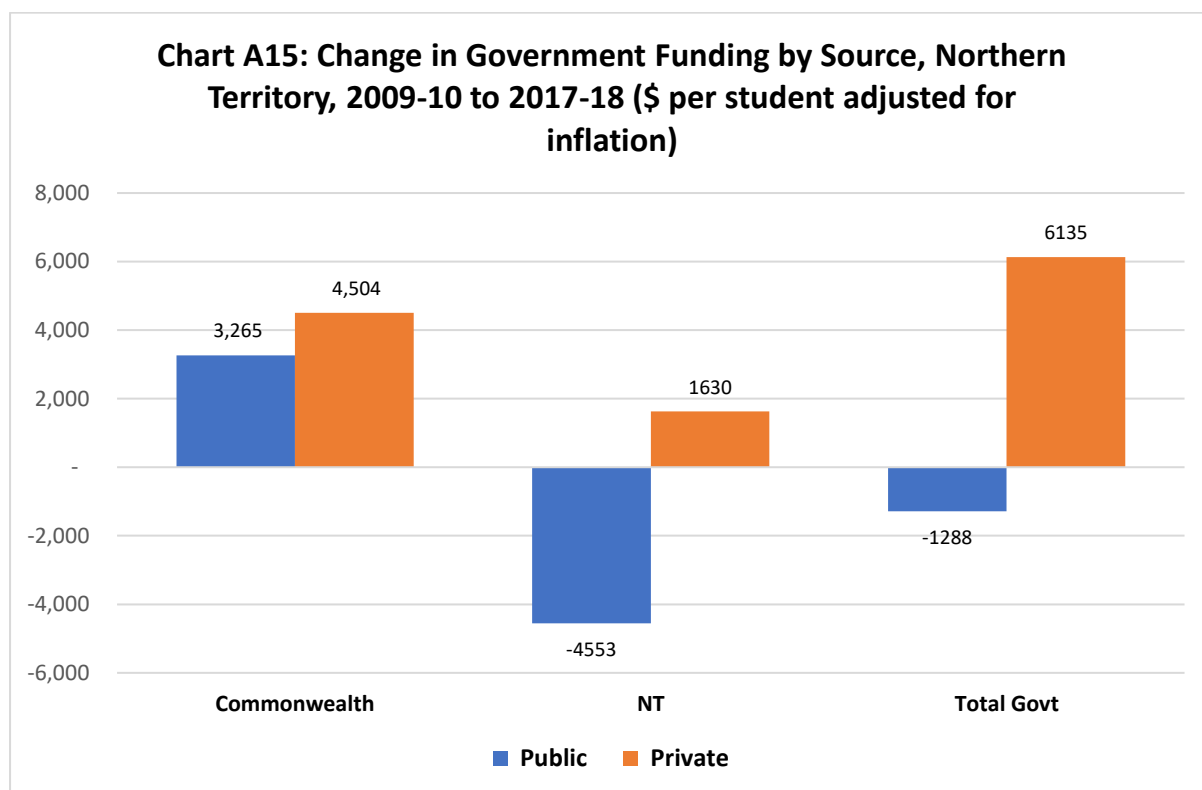


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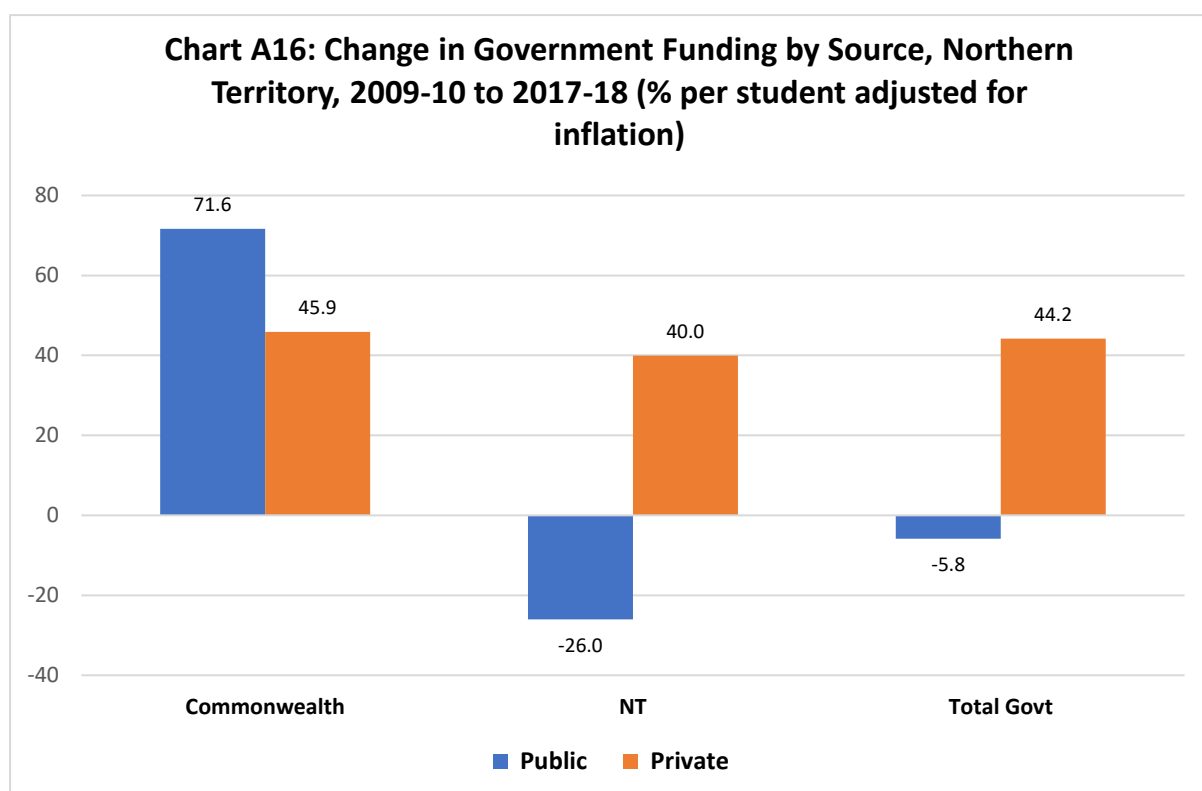


Source: See Attachment B.

Northern Territory



Source: See Attachment B.



Source: See Attachment B.

Attachment B: Data sources

Public school recurrent funding: Productivity Commission, *Report on Government Services*, 2020.
Private school recurrent funding: Productivity Commission, *Report on Government Services*, 2020.
User cost of capital: Productivity Commission, *Report on Government Services*, 2020.
Depreciation expenditure: Productivity Commission, *Report on Government Services*, 2020.
Payroll tax rates: NSW Treasury, *Interstate Comparisons of Taxes*, 2009-10 & 2017-18; [Payroll Tax Australia](#). Rates are applied to total salary expenditure for public schools sourced from the Productivity Commission, *Report on Government Services*, 2020.
School transport: ABS, *Government Financial Statistics, Education*. Estimated for public schools by pro-rating total school transport expenditure according to the public school share of total enrolments. Expenditure for 2017-18 is estimated based on previous trends.
Enrolments (Full Time Equivalent – FTE): ABS, *Schools Australia*.
Wage Price Index (WPI): ABS, *Wage Price Index for Public and Private Education and Training* (re-based to 2017-18 = 100).

The recurrent funding data used here differs from those published in the [Report on Government Services](#) in two ways. First, the figures here exclude book entry items (user cost of capital, depreciation) and other items (payroll tax, school transport) which are included in state/territory government funding of public schools. These items are not included in funding figures for private schools published in ROGS and, as a result, funding public schools is over-estimated in comparison with private schools. These items are excluded from the funding figures for public schools published on the My School website on the [advice of the accounting firm Deloitte Australia](#).

These items accounted for 30% of total current state/territory government funding of public schools in 2017-18 and accounted for 32% of the current dollar increase in between 2009-10 and 2017-18. Inclusion of these items therefore substantially over-estimates the actual funding of public schools.

Second, the Report on Government Services uses the General Government Final Consumption Expenditure, Chain price Index (GGFCE) to adjust current dollar figures for inflation. However, this price index does not distinguish between different rates of cost increase in different areas of public service provision. Instead, the Wage Price Index for Public and Private Education and Training is used here to deflate nominal funding figures. This price index increased by 50% more than the GGFCE between 2009-10 and 2017-18, indicating a higher cost increase. The GGFCE increased by 14 percentage points compared to an increase of 21.1 points for the Wage Price Index. The ROGS method of adjusting for inflation under-estimates increasing costs for schools and, therefore, over-estimates the actual increase in real resources available to schools.