

## OPINION

### Defining disadvantage: need for a national rethink of school funding

*Andrew Dowling, 27 February 2008*

Australia's annual \$32 billion school funding system is in disarray and requires urgent reform to ensure that fair and adequate funding is provided to all of the nation's schools. The current system is too complicated and too obscure and has at times led to blame shifting between governments at the expense of much needed debate about the relationship between student performance and school resources. It should be replaced with a transparent, national system that is simple to understand and publicly accessible.

Part of the problem with the current school funding system is the lack of consistency between jurisdictions. This makes the system unnecessarily complicated and it is difficult to understand how money is allocated to any individual school. Differences exist at level of government (state or federal), type of school sector (government or non-government), location (state or territory), accounting approach used (cash or accrual), and time period (financial or calendar year). Income flows into schools from several sources, but not in unison and not in a way that permits reporting at an individual school level in a timely manner.

Even worse than the complexity of the system is the obscurity that surrounds it. The process of school funding, including the way in which amounts are calculated, distributed and reported upon, is unavailable not only to the wider public but, to some extent, even to those working in education. For example, the Commonwealth allocates funding through a system known as the Average Government School Recurrent Costs (AGSRC) model. Although this system has been around since 1993, details of its operation are difficult to access.

Government schools tend to enrol students who cost more to teach. They are more likely to enrol students from lower socio-economic backgrounds, Indigenous students and students with disabilities.

In recent years, it appears they have been losing students who tend to cost less to teach (for example, those from higher socio-economic backgrounds) to non-government schools.

This flow of students tends to increase the average cost of educating a child in a government school. However, under the current AGSRC model, as average government school costs increase, a corresponding increase in Commonwealth funding is applied to non-government schools even when those non-government schools may not necessarily be facing the same cost pressures. It is not possible to establish precisely the extent of this phenomenon because most state governments cannot identify how much particular student groups cost to teach.

Most states cannot report financial information on a school-by-school basis, much less a student-by-student basis, even notionally. Most states do not make public either their funding rationale or the actual funds provided to individual schools. This is because most states have never been asked or required to do so. They provide broad information across all schools (for example, teacher salaries, redundancies, capital) but not the funds made available to individual schools or student groups.

Although an argument can be made that the country's most needy students should receive the most funding, one of the main problems with the current system is that there is no agreed measure of school need in Australia. The Commonwealth has one measure while the states have their own measures, each of which is different from the others. So even if financial data from states were available, the debate about whether government schools are financially disadvantaged compared to non-government schools would still be hampered by a definition problem.

In April, the new Federal Education Minister, Julia Gillard, will meet with her state counterparts at the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA). School funding reform should be high on their agenda. The problems are not insurmountable. The introduction of similar funding methodologies at both state and commonwealth levels and across school sectors would improve transparency and accountability as well as create a more sound footing for future funding debates.

*Dr Andrew Dowling, Principal Research Fellow at the Australian Council for Educational Research (ACER), is author of **Australia's School Funding System** ([http://www.acer.edu.au/documents/PolicyBriefs\\_Dowling07.pdf](http://www.acer.edu.au/documents/PolicyBriefs_Dowling07.pdf)) This article appeared in the Adelaide Advertiser and now Online Opinion at <http://www.onlineopinion.com.au/view.asp?article=6990>*