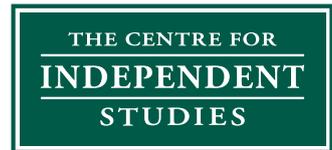




RESEARCH REPORT SNAPSHOT



The Fantasy of Gonski Funding: the ongoing battle over school spending

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The Gonski Report vs 'Gonski Funding'

The Gonski Report was a review into government funding of schools, released in early 2012. The report came up with a new model: the Schooling Resource Standard (SRS). The SRS has two components: a base level of government funding for students; and loadings (extra funding) for schools with disadvantaged students.

The Gillard and Rudd governments attempted to implement the Gonski Report's recommended school funding model through the National Plan for School Improvement (NPSI), which gave rise to what became commonly referred to as 'Gonski funding.'

However, the majority of states and territories did not agree to participate in the NPSI funding agreements. In addition, the NPSI was substantially different to what was originally proposed in the Gonski Report, due in part to the subsequent extensive negotiations with state governments and non-government schools.

Figure 1: Summary of the Gonski Report school funding model

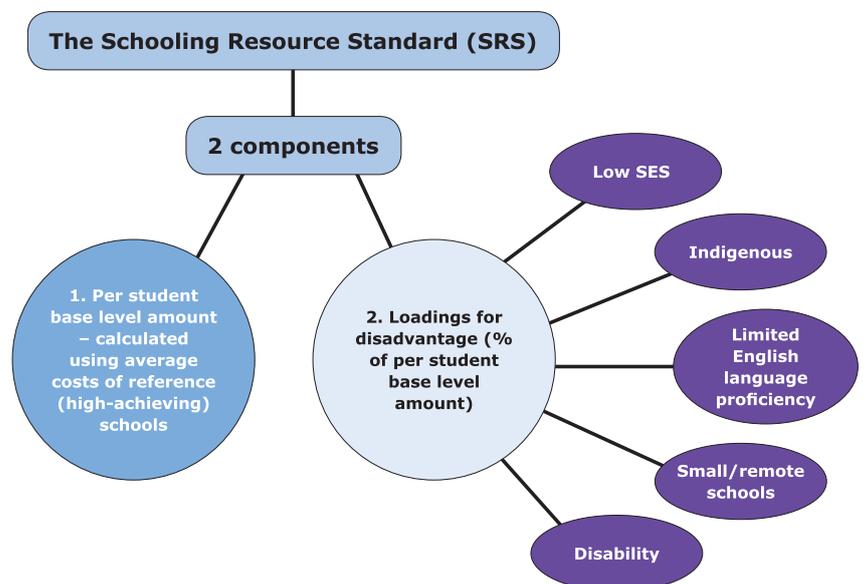


Table 1: Differences between the Gonski Report and 'Gonski funding'

Area of difference	The Gonski Report	The NPSI ('Gonski funding')
1. SRS indexation	Indexation of the SRS is based on the actual costs of reference (high-performing) schools.	Indexation of the SRS is a fixed rate of 3.6%.
2. Loadings for disadvantage — amounts	Low SES: apply to lowest 25% of students. Indigenous: loadings apply to schools with at least 5% Indigenous students. Disabilities: no initial estimates and stated work should be done to have nationally consistent data to base loadings on.	Low SES: loadings expanded to apply to lowest 50% of students. Indigenous: loadings expanded to apply to schools with any Indigenous students. Disabilities: loadings are not allocated based on nationally consistent data.
3. Loadings for disadvantage — rationale	Initial estimates only and stated that more work should be done to calculate loadings and come up with an educational rationale.	No objective basis. The loadings in the revised SRS appear to be arbitrary and lack an educational rationale.
4. Independent body to review and index the SRS	The National Schools Resourcing Body to review and index the SRS, providing an objective basis for the loadings and indexation.	No independent body (no National Schools Resourcing Body), no objective basis for the loadings and indexation.
5. Federal government share of increased school funding	The federal government covers 30% of the increased school funding, while the states and territories cover the other 70%.	The federal government covers 65% of the increased school funding, while the states and territories cover the other 35%.
6. Simplicity	A simple, nationally consistent funding model.	Lack of simplicity with 27 different federal government school funding arrangements. No nationally consistent funding model.
7. Transparency	The following are to be publicly available: calculation and indexing of the SRS, the exact allocation of government funding to every school system in Australia, and all school funding agreements between the federal government, state/territory governments, and non-government schools.	Lack of transparency with little or no information being publicly available regarding the calculation of the revised SRS, allocation of government funding to school systems, and details of bilateral school funding agreements between the federal government, state/territory governments, and non-government schools.

The obvious conclusion is that it is inaccurate to refer to the NPSI school funding as 'Gonski funding.'

The majority of Australian students are considered to be disadvantaged and receive needs-based funding

The revised SRS in the NPSI involved greatly expanded loadings for disadvantage. The loadings for low SES students in particular was significantly expanded – in the Gonski Report, the loadings were to be applied only to the lowest 25% of students, but have been extended in the NPSI to include 50% of all students. When other sources of disadvantage are included – location, indigenous, and disability – the majority of students attract needs-based funding.

Many schools are nominally 'underfunded' because the SRS is an unjustifiably high target

The reason for school systems not currently receiving their SRS funding levels is due to the unreasonably high benchmark based on the expanded loadings, rather than some independent schools being 'overfunded.' In reality, a significant proportion of independent schools in each state and territory are being funded below their SRS funding levels, as well as the Catholic system schools in several states and territories.

The government school systems in each state and territory are receiving substantial amounts of government funding above the SRS base per student amount, but are still mostly not reaching their overall SRS funding levels:

Table 2: Per student funding received above base amount and % of SRS reached in 2017 by state/territory

State/territory	Total government funding per student (\$)	(\$ Amount of government funding received per student above SRS base per student amount (\$11,707)	% of SRS reached in government funding
NSW	13,881	2,174	89.07%
VIC	12,570	863	83.16%
QLD	14,554	2,847	91.21%
SA	14,450	2,743	87.80%
WA	17,069	5,362	98.70%
TAS	16,804	5,097	94.19%
ACT	15,572	3,865	113.00%
NT	23,124	11,417	90.10%

Almost every state and territory will receive thousands of dollars per student in needs-based funding (funding above the base per student amount) in 2017, and yet six states and territories will still receive well below their SRS funding levels.

The evidence indicates that the much higher loadings for disadvantage have substantially raised the cost of reaching the revised SRS. On this basis, it is possible to mount the argument that schools are not 'underfunded' but the target is set unrealistically and unjustifiably high.

The Gonski Report should not inform a new funding model

The NPSI not actually implementing the Gonski Report's proposals does not mean the federal government should simply return to the original Gonski Report school funding model.

The Gonski Report is not a sound basis for future school funding agreements because it has several fundamental problems, including:

- *Assuming that much higher funding for schools with disadvantaged students would improve their results.* No evidence was provided of the necessity for significant increases in school funding.
- *Assuming that universal free public schooling should be continued.* This meant that public schools would continue to be constrained from charging fees, even in high-SES

areas — and the cost of public schooling to the taxpayer would continue to be much higher than actually needed.

- *The school funding formula is based on outdated data.* A significant amount of work would need to be done to update the data and revise the SRS amounts from the Gonski Report before it could be a viable school funding model.

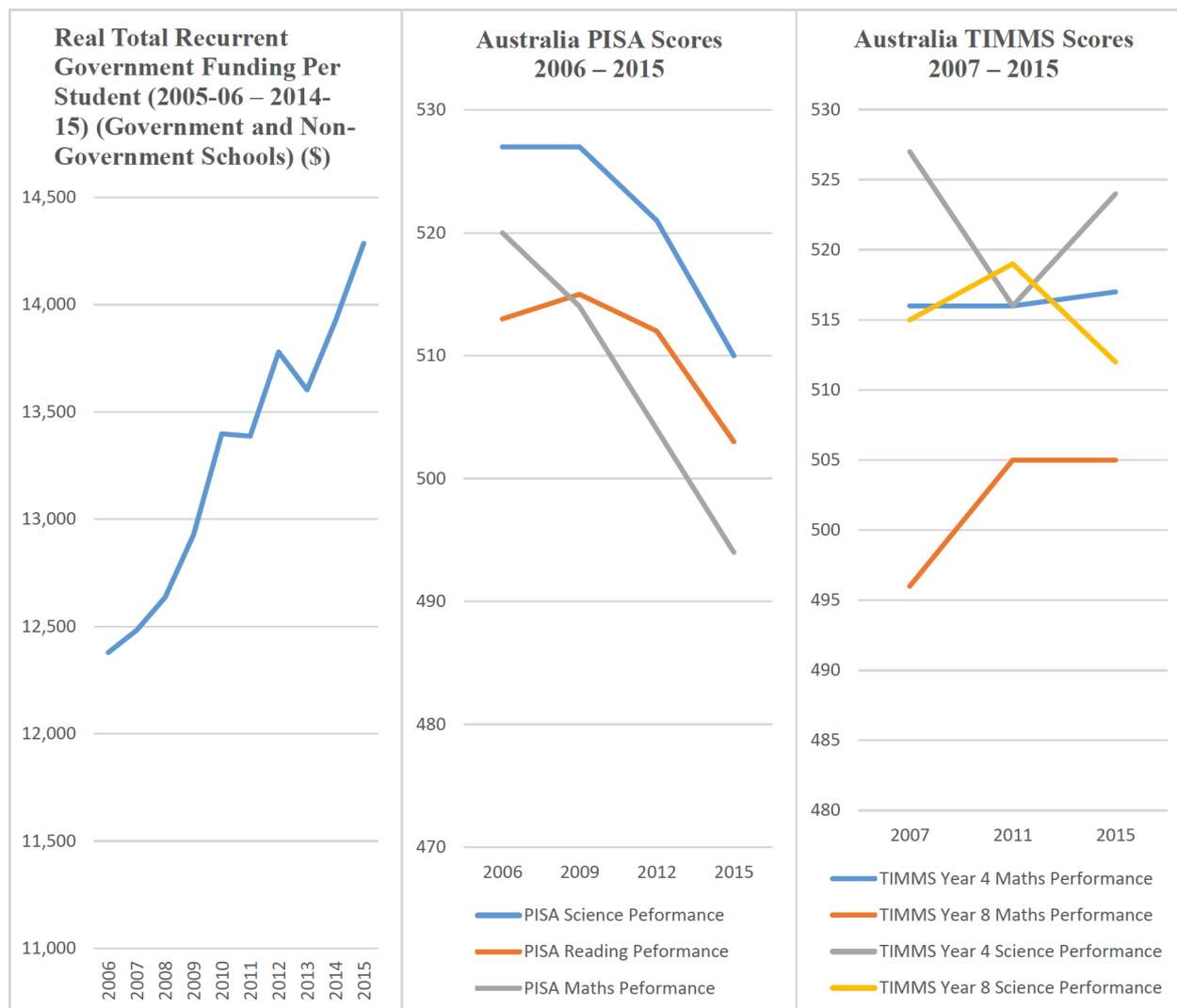
School funding levels and outcomes

There have been substantial real increases in government funding per student over the past decade while Australian student results have stagnated or declined in international standardised tests (PISA and TIMMS). Further increasing school funding within the current system is not the solution.

Australia's declining/stagnating performance in PISA and TIMMS over a period in which government funding per student has increased in real terms (an increase of 15.4% across 9 years, equivalent to an average annual increase of 1.7%) suggests there are diminishing marginal returns to school funding. The evidence indicates that further increases of funding into the current system are unlikely to generate significant improvements in student outcomes.

Ultimately, school funding reforms are only one part of the package needed to arrest the decline in Australia's international school rankings. Attempts to improve student outcomes in Australia by focussing entirely on school funding will inevitably fall short.

Figure 2: Comparison of Real Total Recurrent Australian Government Funding Per Student and Australia's Results in PISA and TIMMS



Box 1: Alternative school funding options

There are viable alternative school funding arrangements for governments to consider, especially once a fair and feasible allocation of federal government funding for schools is established. These options include:

- *Transferring all school policy and funding responsibilities to the states.* As recommended by the National Commission of Audit in 2014, this would be in the interests of both federal and state governments. States would be able to have school funding arrangements more appropriate for local needs, benefitting students. The federal government would be able to avoid continual arguments with the states regarding allocation of school funding and be able to substantially reduce the size of the federal Department of Education.
- *School vouchers.* This system is a way of funding schools that gives parents a voucher for each child, which they can spend on any school they choose. If implemented at a state level, vouchers would be a simple, transparent, and fair funding model – in stark contrast to current school funding arrangements.
- *Charter schools.* These schools are government-funded but privately managed. If implemented at a state level, charter schools have the potential to significantly help disadvantaged students without substantial increases in government funding. There is a large body of evidence to suggest that charter schools — since they have much more flexibility — are effective in boosting the outcomes of students from disadvantaged backgrounds.

Author

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