

# **Assessment of current process for targeting of schools funding to disadvantaged students**

A report prepared for  
The Review of Funding for Schooling Panel

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This report draws on data collected between 26 October and 10 November 2010, and on data publicly available from various sources through to February 2011. Data that has been released more recently is not considered. Data sources are referenced throughout the report.

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# Executive Summary

## Aims and research questions

The key research questions considered in this report are:

- How do existing programs seeking to address educational disadvantage in schools work?
- Are existing programs effective in reducing the impact of disadvantage on educational outcomes?
- What alternative funding approaches should be considered?

To answer these questions, the report aimed to:

- map the current processes at Commonwealth, state and territory and system levels for targeting funding towards disadvantaged students with the highest level of educational need. This mapping included describing how educational needs are defined, identified and measured.
- assess the effectiveness of the funding and other processes in use. Part of this assessment included an examination of the extent to which student selection and exclusion affects access for all students to quality schooling and contributes to the emergence of residualised and disadvantaged schools.
- identify alternative funding approaches that could better meet the needs of disadvantaged students.

## Methodology

A combination of three data collection methods was used: a questionnaire; face-to-face interviews; and a literature search and review. Questionnaires were sent to, and interviews were conducted with, all educational authorities and peak sector bodies in Australia.

The questionnaire asked for information on financial and non-financial data regarding current funding modalities and how they take into consideration disadvantaged students; programs and interventions that target disadvantaged students; and any available evaluations of these programs.

Interviews focused on stakeholder assessments and the evidence stakeholders see as important to these assessments about programs and funding modalities. They were also an opportunity for the researchers to test reactions to a number of alternative funding options.

Funding for disadvantaged students tends to be complex and the timeline for data-gathering was necessarily short. Due to these limitations, some data on projects or programs focussing on specific disadvantage characteristics could not be made available, and some school-level initiatives were not readily available to peak associations in the independent sector.

## Areas of educational disadvantage

The groups of educationally disadvantaged students identified for this study were (i) students with disabilities, (ii) Indigenous students, (iii) students with limited English language proficiency, (iv) Low SES background students, and (v) students in regional, rural and remote areas.

The definition of disadvantaged students by jurisdictions and sectors is marked by significant commonality of approach for Indigenous students, students with English language

proficiency issues (through the English as a Second Language (ESL) programs), and rural and remote area students and schools. There are more significant differences in the operational definitions of students with disabilities and Low SES students.

There has been steady growth in the enrolment of students with disabilities nationally in all sectors, which was seen by education authorities and peak bodies to be an increasingly important factor impacting on service delivery requirements and placing strong upward pressure on school-level costs. Government schools accounted for about 80 per cent of identified students with disabilities during the period covered by available data. Due in part to differences in operational definitions, the average enrolment of students with disabilities in the government sector varied between states from 3 per cent to more than 10 per cent.

The number of Indigenous students has also shown steady growth nationally across sectors. They represented about 6 per cent of total enrolments in government schools and about 2 per cent in non-government schools. The government sector enrolled over 80 per cent of Indigenous students.

Mapping the demand and provision of services supporting English language proficiency proved difficult. One crude measure of the distribution of ESL need is by the percentage of student enrolments with a Language Background Other Than English (LBOTE). National data collected by DEEWR showed a wide spread of LBOTE students ranging from less than 10 to nearly 25 per cent across jurisdictions. Non-government schools have a greater share of LBOTE students in six out of the eight jurisdictions across Australia.

There is considerable evidence showing the socio-economic status (SES) of students to be an important background factor to the participation and performance of children within education systems. Mapping the distribution of children across Australian schools by their SES was made difficult by a number of factors, including that SES was measured in different ways by the Australian Government and different states, and the lack of recent data.

In general, Low SES students are present in all schools and sectors, although the data suggest somewhat higher percentages are in government schools. Much of the recent growth in the independent sector has been in low fee schools which suggests a growth in the proportion of Low SES students in that sector. In some areas with a high population of Low SES students, these students are disproportionately represented in government schools.

Students in remote and very remote areas constitute a small part of the Australian school population. A large majority of students in remote areas (more than 80 per cent) and very remote areas (89 per cent) attend government schools.

### **Government funding for educationally disadvantaged groups**

Existing programs seeking to address educational disadvantage worked with a minimum national aggregate funding of about \$4.4 billion during 2009-10. Nearly \$2.8 billion of this total was allocated for students with disabilities. Identified funding for Low SES students was next highest at about \$585 million. The other three disadvantaged groups received considerably less identified targeted funding (Indigenous \$436 million, English Language \$333 million, Regional/Rural/Remote \$337 million). Identified 2009-10 targeted funding for disadvantaged groups would have consumed about 14 per cent of the 2007-08 government school budgets.

Government funding of educational disadvantage is complex and multifaceted and, particularly at the state and territory level, funding disaggregation is generally not transparent or publicly available. As such, the national aggregate above is likely to considerably

underestimate total funding to the educationally disadvantaged groups discussed in this report.

## Methods of funding

Targeted programs base their funding on student or community background or location; that is, on inputs such as a student language barrier or inadequate access to resources due to remoteness. Such input models often also specify how the funding tied to a given model is to be spent.

Broadbanded funding tends to be based on outputs or outcomes. The underlying rationale is a changing priority to address educational needs at the individual student level without necessarily focusing on group disadvantage. By addressing need at the individual student level, the notion of a 'target group' is changed from a specified input group, such as remote students or Low SES students, to a group specified by outputs, such as low achievement in literacy and numeracy at a given grade level.

There is a general movement of government school systems in the direction of stronger per student formula based funding, and devolved school funding. Both of these trends can also be seen as an extension of an output/outcome based funding approach towards recurrent or base grant funding. This trend is consistent with a growing move towards increasing school autonomy and school-based management. The concept of *additional education need* also appears to be increasingly used by sectors to determine the level of additional or targeted funding allocated to students.

Funding may be allocated using a variety of methods such as per school and per student formulae, grants and school-based submission models, and entitlement models (provisions made by a system or sector that specify a student or school entitlement to a particular type or level of service rather than a dollar amount).

For example, at the state and territory level, all jurisdictions allocate funding to government schools for socio-economic disadvantage, disability and ESL, provided in the form of additional staffing and/or weights to a school's base budget and/or capitation or grant payments. Several jurisdictions also provide funding for disadvantaged students through targeted programs for identified groups with conditions attached to the use of funds and associated reporting requirements.

State and territory governments also provide recurrent grants to non-government schools through different sets of formulae and procedures. Most jurisdictions incorporate needs-based weightings into these allocations.

The Australian Government's National Partnerships model represents a broadbanded approach providing strategic focus and concentrated funding for selected schools. For example, in NSW government schools, the National Partnerships model for Literacy and Numeracy and for Low SES supported explicit targeting of educational need, identifying high need schools and delivering flexible response options to the participating schools.

## Key issues with funding approaches

A significant problem for systems or sectors is dealing with the abrupt changes in level of some targeted expenditures at the school level. For example, a school may incur unexpected costs when a student with a disability enrolls, such as the need to put in an elevator to accommodate a wheelchair.

The government sector is best able to absorb these additional costs as it sets aside as part of its recurrent budget, a significant allocation (estimated by this study to be about 13 per cent

of total budget) for disadvantaged students. These systemic allocations from the government sector across all states and territories put it in a better position to manage individual school level expenditures.

Non-government school authorities indicated that schools within their sectors are at a disadvantage in providing for students with disabilities. The absence of significantly more and clearly identified funding made it difficult for some schools to meet their obligations towards these students. Schools in the independent sector, which are outside of a system, may face a particular difficulty in meeting these additional costs.

### **Effectiveness of existing programs**

There were insufficient data available to establish to what extent existing programs are effective in reducing the impact of disadvantage on educational outcomes because few have been evaluated, and fewer still have been evaluated with student outcomes as a focus. Despite this lack of information, anecdotal survey evidence for this report suggests that there appears to be a consensus among the jurisdictions that ESL programs, on the whole, are effective in delivering positive educational outcomes to students. Similarly, remote and rural programs were typically seen to be successful.

There were also some positive comments about programs for students with disabilities, however, this was in contrast to the National Disability Strategy, which argued that educational systems were still largely failing these students, and more resourcing, support for teachers and further teacher education was required.

The study was unable to discern the extent to which specific Indigenous and Low SES programs were effective. It also remained unclear to what extent school selection policies and government policies related to parental choice of schools were interacting to reduce or amplify concentrations of disadvantage.

A significant challenge of the National Partnerships identified by some states and territories was scaling up and sustaining reform. There is a view that a serious risk for some of the significant reforms is that they might begin to dissipate in the medium term. In particular, schools may find it difficult to begin the work of self-evaluation and planning around specific reforms if there is no assurance of resourcing for the future.

From the non-government sector there was broad recognition of the strategic benefits flowing from the National Partnerships. However, concern was expressed by interviewees from the Catholic systemic and independent sectors regarding their exclusion from strategic deliberations, and the administrative burden associated with the National Partnerships.

### **Alternative funding approaches**

The study has identified alternative specific funding mechanisms to deal with the current weaknesses in funding for (i) students with disabilities, and (ii) students from Low SES backgrounds. The funding of students with disabilities is an important issue for non-government schools because of the current imbalance in resourcing with government sector schools. The funding for students from Low SES backgrounds is particularly important for government sector schools because of the higher concentration of Low SES background students in the government sector and concerns surrounding the continued residualisation of some government schools.

For students with disabilities, the report has proposed the establishment of a standard disabilities entitlement to frame a minimum funding standard for students with disabilities. The entitlement could apply across the Catholic and independent sectors in all states and



territories. Financing the standard disabilities entitlement needs to be considered from the angles of equity, effectiveness and efficiency. In terms of equity, the financing should not deplete existing funding for government schools to further subsidise the operations within non-government schools.

The financing of a large pooled fund at the sectoral level is one mechanism that can meet the conditions of equity, effectiveness and efficiency in offering the standard entitlement. The report finds numerous ways of financing a pooled fund, including additional annual allocations from government or the re-allocation of a part of existing recurrent funds, or both.

For students from Low SES backgrounds, the study has proposed a front-loaded alternative funding mechanism that can support a targeted investment strategy to schools experiencing residualisation effects on their enrolment base. By delivering significant investment funding for a period of up to ten years (above and beyond recurrent funding) schools will be given the latitude to invest as appropriate in areas such as quality teaching practices, materials, school leadership and facilities. A key expected outcome of this investment strategy will be an increase in school enrolments within residualised schools to deliver long term savings in the unit costs of schooling.

When considering all disadvantaged groups there is no straight forward answer to the question: *What alternative funding approaches should be considered?* However, the following appear to be key to shaping an answer, or answers:

- Will a measure of additional education need be used? And if so, what metrics will be needed to support such a measure?
- What should the balance be between broadbanding and narrow-cast programs, and what criteria should be used to establish how to strike this balance?
- How will the funding approach impact on support for expertise at the system and sector level?
- Will the funding approach ameliorate or aggravate the lumpiness of demand, especially at the individual school level?



## Chapter 1: Overview of the study

1. This project set out to map the definition of educational need and disadvantage used in Australia by government and non-government schools and systems for funding purposes. This mapping needed to include definitions related to English language proficiency, Indigeneity, location, disability and special needs, and low socio-economic status. It was also necessary to map the programs which seek to address disadvantage and how funding is allocated under them.
2. As well as this mapping exercise, the study also aimed to provide a high-level evaluation of the effectiveness of these programs as well as outline a range of feasible, alternative arrangements.

### Methodology

3. The review involved a combination of three data collection methods, undertaken in parallel. These were a questionnaire, face-to-face interviews and a literature search and review.

### Questionnaire

4. A questionnaire was emailed to all key school providers from Catholic, government, and independent educational authorities in all Australian states and territories, asking for information on:
  - financial and non-financial data regarding current funding modalities and how they take into consideration disadvantaged students;
  - programs and interventions that target disadvantaged students; and
  - evaluations of these funding modalities and programs that are publicly or privately available.
5. The questionnaire was designed to try and minimise respondent load and take account of the varying definitions, categories and financial reporting cycles used by sectors and systems. The questionnaire was implemented using the 'Form' facility within Microsoft *Word*. This allowed respondents to enter text directly into the document while denying them access to the text of the questionnaire. This approach was judged to be the most efficient method for distributing the questionnaire and for entering the data into it by the respondent. The questionnaire form is shown in Appendix A.
6. Educational Authorities sent their completed questionnaire to ACER and these were collated and compiled into a central data source, incorporating accompanying notes and explanations. During this process it became clear that the questionnaire did not always work well. There was concern about the meaning of terms used in the questionnaire (for example, 'program'), the capacity of the information yielded by the questionnaire to fairly represent the true funding levels for disadvantaged students and many difficulties in providing the data as specified and within the available timeframe. As a consequence, the information supplied was of uneven quality and limited the extent to which comparisons could be made between systems and sectors. (Appendix B provides a more detailed account of the issues associated with the questionnaire data.)
7. Due to the survey limitations indicated above, some authorities were only able to provide data on projects or programs focussing on specific disadvantage characteristics. In some cases, total disadvantage funding including beneficiaries of this funding was

not available (within the project time-lines) due to the use of broad allocations to redress multiple forms of disadvantage, the use of base formula mechanisms that implicitly allocate funding for disadvantage in government schools, and school-level initiatives not readily available to peak associations in the independent sector.

## Interviews

8. Face-to-face meetings were arranged with key stakeholders including government and non-government sectors in each state and territory. A small number of interviews were conducted via telephone due to the limited availability of key staff at some authorities. These interviews focused on stakeholder assessments and the evidence the stakeholders see as important to these assessments about programs and funding modalities. They were also an opportunity for the researchers to test reactions of the jurisdictions to a number of alternative funding options.
9. The interviews were not conducted using a fixed-format approach. This allowed them to be free flowing, and for the specifics of each jurisdiction to be explored in depth. Each interview was organised around a core group of topics. These were:
  - general issues related to funding for disadvantaged students;
  - issues related to the use and interpretation of data related to funding of disadvantaged students; and
  - an exploration of the feasibility of alternative funding models.
10. The interviews, always an important element in the study, assumed increased importance once the limitations of the data derived from the questionnaire were identified.
11. Appendix C provides details of the schedule of interviews and contact personnel at each authority.

## Literature review

12. A search of the international literature was undertaken by library staff at ACER's Cunningham Library, and a literature review was undertaken by Paul Weldon and Phillip McKenzie. The search, while extensive, did not provide as rich a source of information as anticipated. There appears to be a dearth of sound empirical research around many of the research questions that this study aimed to address.

## Research Questions

13. There were three broad groupings of research questions. Each of these broad questions had a subset of related questions.
14. The first broad research question was: *How do existing programs seeking to address educational disadvantage work?* The following six questions were designed to address this question:
  - What funding programs operate across jurisdictions and sectors to improve educational outcomes for disadvantaged students?
  - How much funding do they provide?
  - What types of disadvantage do they seek to address?

- What types of student selection and exclusion policies may apply across different systems?
  - How is disadvantage defined in an operational sense?
  - What are the key similarities and differences in the ways funding programs are structured and operate across jurisdictions and sectors?
15. The second broad research question was: *Are existing programs effective?* The related sub-questions were:
- To what extent do existing programs effectively reduce the impact of disadvantage on educational outcomes?
  - To what extent do they meet the range of needs for assistance?
  - Do they overcome the major barriers to such students accessing and participating in quality schooling?
  - Are these programs effective in reducing the impact of concentrated disadvantage in some schools on the educational outcomes of their students?
  - What is the impact of student selection and exclusion policies on schools and systems?
16. The third broad research question was: *What alternative funding approaches should be considered?* The related sub-questions were:
- Which alternative funding approaches would best meet the specific needs arising from different types of disadvantage?
  - Are there examples of good practice or more effective programs in some jurisdictions or sectors that could be adopted more generally?
  - What accountability should recipients of funding bear for demonstrating that programs are effective in meeting the needs of disadvantaged students and schools?

## Structure and logic of the report

17. The first substantive part of the report provides a demand-side analysis. It considers the numbers and proportion of students with disabilities, Indigenous students, English language proficiency, low socio-economic status, rural and remote students, and, briefly, residualisation effects across schools and systems. It is intended to provide a context for understanding the scope of the demand and hence an understanding of one of the critical elements making up the context in which funding models need to work.
18. The second part provides a supply-side analysis, which maps current funding and services. It also describes disparities between sectors and states and territories, and variations within sectors, of global resourcing for schools. It does this for each of the five groups of disadvantaged students that this study considers: students with disabilities, students from low socio-economic status backgrounds, students in remote locations, Indigenous students and students with English language proficiency issues.
19. These two parts of the report address the first major research question: *How do existing programs seeking to address educational disadvantage work?* These two parts also provide the context for understanding the policy, fiscal and demographic landscape in which funding models are currently operating. This landscape imposes limitations on what is possible. These limitations are also important to understand in order to consider

the third major research question: *What alternative funding approaches should be considered?* For this reason, the report moves from the mapping exercise to address the third major research question.

20. The report then turns to consider the second major research question: *Are existing programs effective?*
21. The arguments are drawn together in a concluding chapter which provides the key findings related to each of the research questions.

## **International comparisons: A brief overview of the literature**

22. This section provides some conclusions drawn from a review of literature that considered selected OECD countries' approaches to: (a) identifying which students and schools should receive additional resources; and (b) mechanisms for allocating the resources. Details of indicators used and a brief discussion of the issues involved can be found in Appendix D.
23. The different approaches used by countries and the changes within countries over time indicate that these issues are complex and may be contested. There is only limited analysis available on the strengths and weaknesses of different funding models or their impact on student outcomes.<sup>1</sup> One of the challenges in conducting evaluation studies is that funding based on educational need probably only accounts for a fairly small part of the total funding provided to schools – although accurate data on this are hard to find.
24. Evaluation of impact can also be difficult where a school's equity allocation is treated as part of the general operating budget. Although there can be benefits in pooling resources in this way, it can make it difficult to determine which equity strategies are more effective, and which are less effective.<sup>2</sup>
25. In any comparative review, caution is needed in generalising from other countries' experiences. Approaches to school funding are deeply embedded in national economic, social and political circumstances as well as being shaped by different school structures.
26. There are three main types of indicators used to assess educational disadvantage:
  - characteristics of the community or area in which a school is located;
  - socio-demographic characteristics of the students enrolled at a school; and
  - attainment or other measures of student outcomes.
27. These sets of indicators are not mutually exclusive and school systems often use a combination of indicators. In practice, the decisions about which approach to use are often influenced by the availability of data. For example, community characteristics are generally more readily available and less costly and intrusive to collect than individual student characteristics – and possibly more accurate, especially if there are high rates of non-response to student or parent questionnaires. Indicators of disadvantage based on community characteristics are probably the most commonly used.

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<sup>1</sup> Atkinson et al., 2005.

<sup>2</sup> Burke, 2007.

## Allocating funding to address disadvantage

28. Countries differ in not only how they identify educational disadvantage for funding purposes, they also differ in how additional resources are actually allocated to schools. There are three main approaches used:
- Increasing the general allocation
  - Funding centrally defined activities
  - Funding locally proposed projects or schemes<sup>3</sup>
29. These methods are not mutually exclusive and many countries and regions use a combination. In large part, the extent to which one approach is emphasised over another is related to the extent to which school funding and governance are centralised or decentralised.
30. Table 1 draws on Atkinson et al. (2005) to outline the relative advantages and disadvantages of each approach. International experience suggests that increasing the general allocation is less frequently used as a way of addressing educational need because of the relatively large number of potential disadvantages. On the other hand, there was some evidence that higher performing countries were more likely to combine increases in general allocations with locally proposed projects.<sup>4</sup> This conclusion, though, should be treated cautiously because of the range of models and circumstances involved, and the difficulty of attributing causation to these models.

**Table 1 Approaches to allocating resources for educational disadvantage**

Advantages	Disadvantages
<i>Increasing the general allocation to schools</i>	
<ul style="list-style-type: none"> <li>• Can be advantageous for schools by giving them discretion over how they use the funds</li> <li>• Can avoid stigmatisation of students and families since they are not directly targeted</li> <li>• Building special needs funding into general funding can offer benefits of simplicity</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to ensure that the funds are used for their intended purposes e.g. schools often focus on reducing student-teacher ratios across the board</li> <li>• May result in fewer central resources being provided to disadvantaged students</li> <li>• Weighting for different indicators, especially when based on community characteristics, may result in insufficient funding for schools' specific needs</li> <li>• Transparency may be compromised e.g. schools not knowing the basis of their and other schools' allocations</li> </ul>

<sup>3</sup> Atkinson et al., 2005.

<sup>4</sup> Atkinson et al., 2005, p. 37, and see Wößmann, 2003, for the argument, based on TIMSS data, that, since school autonomy in setting standards and the size of the school budget seem to be negatively related to student performance, while school autonomy in personnel management and process decisions seem to be positively related to performance, school systems should ensure external control of resource levels and performance standards, but provide schools with freedom in the process areas, such as personnel management, where school-level knowledge is important.

Advantages	Disadvantages
<i>Funding for centrally defined activities</i>	
<ul style="list-style-type: none"> <li>• Central control over how resources are used</li> <li>• Transparency in how funding is determined and allocated</li> <li>• May allow more precise targeting of resources than an increase in general allocations</li> </ul>	<ul style="list-style-type: none"> <li>• May give rise to expectations of greater equity that cannot be met</li> <li>• Can be subject to frequent changes in central priorities</li> <li>• Targeted funding may lack continuity and can impose high accountability costs on schools</li> <li>• Risk that targeted funding diminishes resources for the schools' main budget, especially where local matching or in-kind contributions are required</li> </ul>
<i>Funding for locally proposed projects or schemes</i>	
<ul style="list-style-type: none"> <li>• Allows for and encourages local identification of needs and program responses</li> <li>• Increased probability of targeting resources to those in greatest need</li> <li>• Can sharpen school thinking about priorities and strengthen partnerships with central authorities</li> </ul>	<ul style="list-style-type: none"> <li>• Administrative and resource burden placed on schools</li> <li>• Complexity of proposal and accountability processes, especially where different funding streams are involved</li> <li>• Disadvantaged schools may have less capacity to draw on in developing proposals and managing local initiatives</li> <li>• Uncertainty about continuity of funding</li> <li>• Can lead to stigmatisation of students and families as the programs are often highly visible</li> </ul>

Source: based on Atkinson et al., (2005), chapter 4.

## Reflections on international experience

31. In all OECD countries, there is a significant relationship between student performance and family socio-economic background. The Programme for International Student Assessment (PISA) shows for each participating country, that students with lower socio-economic status have lower literacy and numeracy skills at age 15 on average than those from higher socio-economic backgrounds.<sup>5</sup> However, the strength of this relationship varies from country to country, which means that some countries are more successful than others in reducing the disparities in student outcomes linked to the socio-economic background. Countries also differ in the extent to which they are more or less successful in reducing the impact of immigrant status, gender and geographic location on student outcomes.
32. All OECD countries use funding in an attempt to reduce the impact of student background on their educational outcomes. However, a number of interlinked issues

<sup>5</sup> Thomson et al., 2010.



make measuring educational disadvantage a complex issue. First, there is a need to define what is meant by 'educational disadvantage'. Any definition must take into account the need to create indicators in order to measure levels of disadvantage. The indicators should preferably be objective and data collection should be regular, cost-effective and accurate. A weighting then needs to be developed for each indicator that ensures that adequate additional funding is provided for students who meet the terms of the indicator.

33. Great care is needed in the processes used. There is evidence the formal designation of a school as deprived may cause a flight both of teachers and pupils from that school. To avoid this outcome, one alternative is to tie funding in all schools to the mix of students they enrol.<sup>6</sup> This allows for a spectrum of schools and avoids labelling.
34. In order to develop an appropriate weighting, information is also needed on how much more students with disadvantages and special needs cost. In terms of process, levels of funding may need to be based on covering the additional costs of whatever strategies are known to be successful.
35. In the main, for the approaches used in the various countries, the:
  - focus is on measuring student *background* (what they 'bring to school') rather than school *processes* (adequacy of students' access to teaching and other resources) or *outcomes* (differences in student achievement).
  - measures of educational disadvantage used generally do not appear to be based on a systematic analysis of the relationship between the background measures and student achievement in school. Most approaches use a range of measures that are weighted to develop an overall index, and the basis for the weighting often appears arbitrary.
  - indicators are generally based on measures of the community in which students live, rather than the characteristics of individual students themselves.<sup>7</sup> One possible consequence is that resources are not necessarily being directed to the students with the greatest needs. This is likely to be of greatest concern in areas where communities are highly diverse in their SES composition and/or students enrol in schools well outside their local community.
36. The available research indicates that while additional funding is a necessary condition for redressing educational disadvantage, it is not sufficient on its own. Rather it needs to be seen as part of a comprehensive approach to lifting educational achievement that includes appropriate curricula, strong school-community links and high quality teaching.

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<sup>6</sup> Field et al., 2007.

<sup>7</sup> The exception to this tends to be students with disabilities, where specific criteria have to be met by an individual to access funding for specific resources related to that individual. Funding for these kinds of disabilities internationally is often quite separate from funding for group disadvantage.

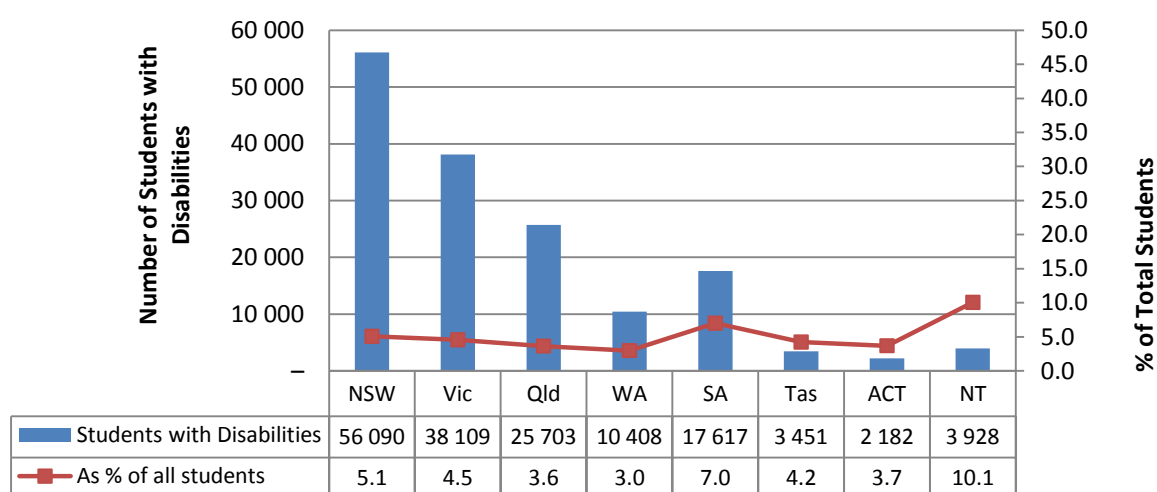
## Chapter 2: Mapping the Workload – Demand-side Analysis

37. The demand-side analysis maps the distribution of the groups of disadvantaged students across states/territories and by school sector (government and non-government, with dissections by Catholic and independent where possible). The groups of disadvantaged students identified for this study are (i) students with disabilities, (ii) Indigenous students, (iii) students with limited English language proficiency, (iv) Low SES background students, and (v) Regional/Rural/Remote areas. The section draws on school sector data sources (direct) as well as data collected from other non-school sector sources (indirect).

### Students with Disabilities

38. Mapping the distribution of students with disabilities is hindered by the different operational definitions applied across states and territories. Reflecting these differences, the average enrolment of students with disabilities varies from three per cent in Western Australia to more than 10 per cent in the Northern Territory (see Figure 1).

**Figure 1 Funded students with disabilities, number and proportion (percentage) of total, 2008**

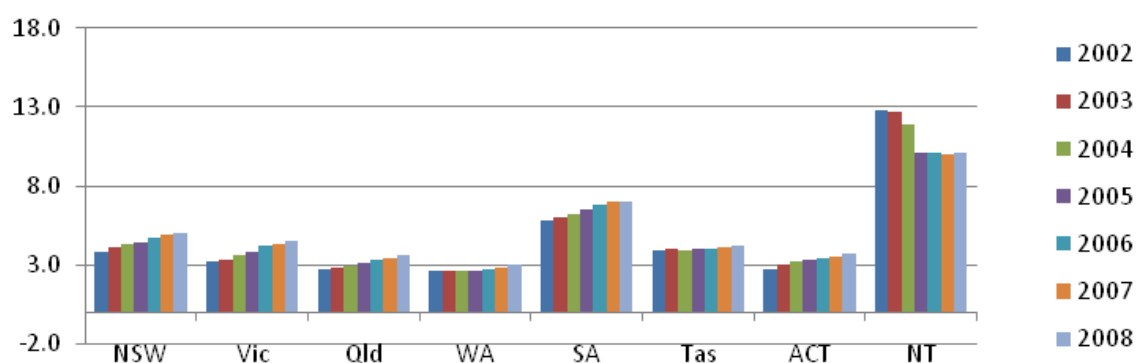


- To be an eligible student with disabilities, the student (among other things) must satisfy the criteria for enrolment in special education services or special education programs provided by the government of the state or territory in which the student resides. Data should be used with caution as these criteria vary across jurisdictions. For example, SA data include a large number of students in the communication and language impairment category. This subset of students is not counted by other states/territories as funded students with disabilities. Other states and territories fund these students with other specific programs.
- The 'funded' student data used by DEEWR refers to the FTE number of students that qualify for DEEWR recurrent funding. This excludes Full Fee Paying Overseas students from both the government and non-government sectors as well as a number of schools in the NT (these are funded through the Grants Commission process), and on Christmas and Cocos Islands (funded through the Department of Transport and Regional Services). The DEEWR funded figures also include Pre Year 1 students in part time programs in Queensland schools.
- NSW figures reported to the Commonwealth on Students with a disability, and published by the Productivity Commission, are different from those counted as "students with a disability" for Department of Education and Training disability support funding. The Commonwealth definition encompasses some students with learning difficulties. NSW DET reported a 4.3 per cent share of students with disabilities (by its funding program) in its submission to the recent parliamentary inquiry.
- The ABS total student data refer to full time students.

Source: *Report on Government Services 2010*, Productivity Commission, Canberra.

39. This mapping exercise can also be seen as a demand analysis. The analysis captures the demand for services as it is presently defined by each state/territory and each sector. It does not capture the unmet demand for services. That is, it only counts those students able to access special education programs in the state or territory where they reside. The analysis does not count all students with ‘special needs’ who do not meet formal disability criteria but still require specific teaching adjustments or strategies to assist them to achieve quality educational outcomes commensurate with their peers. The size of this group of students is important. For example, New South Wales estimates that in 2009 there were more than 55,000 students in this category in the government sector alone.
40. In 2008 there were more than 157,000 students with disabilities or receiving special learning programs enrolled and receiving additional funding within government and non-government schools<sup>8</sup>.
41. Students with disabilities have steadily increased as a percentage of the total school population. With the exception of the Northern Territory, all states and territories have experienced growth in the proportion of students with disabilities during the period 2002-2008. (See Figure 2.)

**Figure 2 Students with disabilities as proportion (percentage) of total enrolments, all schools (2002-08)**



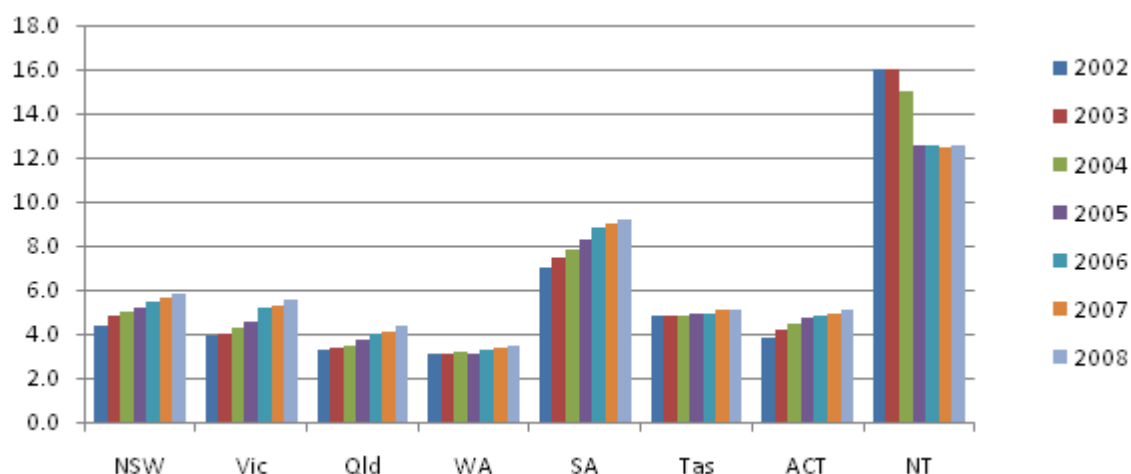
Source: *Report on Government Services (2008, 2010)*, Productivity Commission, Canberra.

42. All education authorities interviewed by ACER reported that the growing numbers of students with disabilities is an increasingly important factor impacting on service delivery requirements. It is placing strong upward pressures on school-level costs.
43. Government sector schools have shown steady growth in the enrolment of students with disabilities in all states and territories except the Northern Territory, which declined from 2003, as shown in Figure 3. The change in the Northern Territory has been related to a major cleanse of the data system and a refinement of the business rules. Previously, the count had included students for whom requests had been received but further assessment then identified them as ineligible for targeted support. The number of

<sup>8</sup> The most recent national and publicly available data on Students with Disabilities are drawn from the Report on Government Services 2010. The data reflect current numbers of students that have been identified as having a disability or receive special learning programs either within specific purpose or mainstream schools.

students with disabilities in Tasmania and Western Australia was static as a portion of total enrolments until 2006 but has grown since that time.

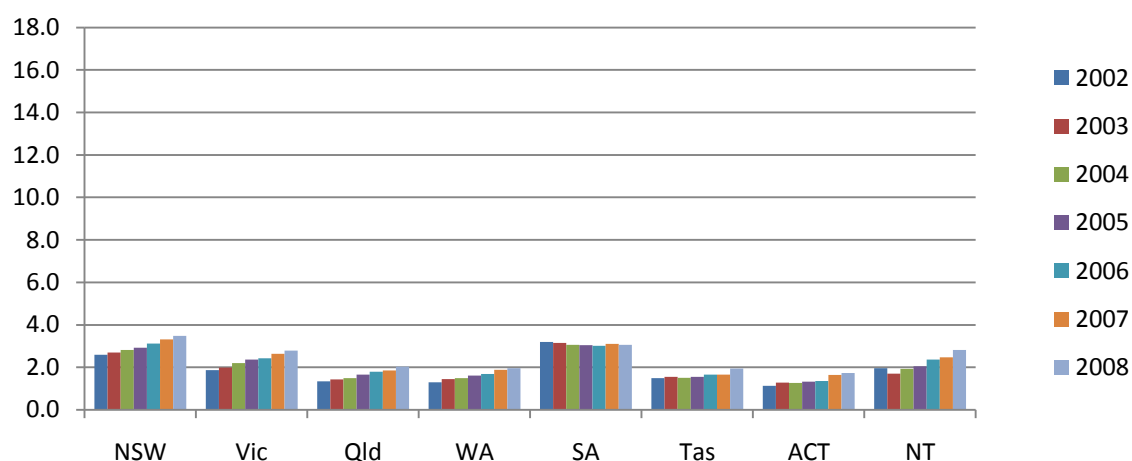
**Figure 3 Students with disabilities as proportion (percentage) of total enrolments, government schools (2002-08)**



Source: *Report on Government Services (2008, 2010)*, Productivity Commission, Canberra.

44. The non-government sector has also shown steady growth in the enrolment of students with disabilities with the exception of South Australia and Tasmania (although Tasmania recorded strong growth in 2008), as shown in Figure 4.

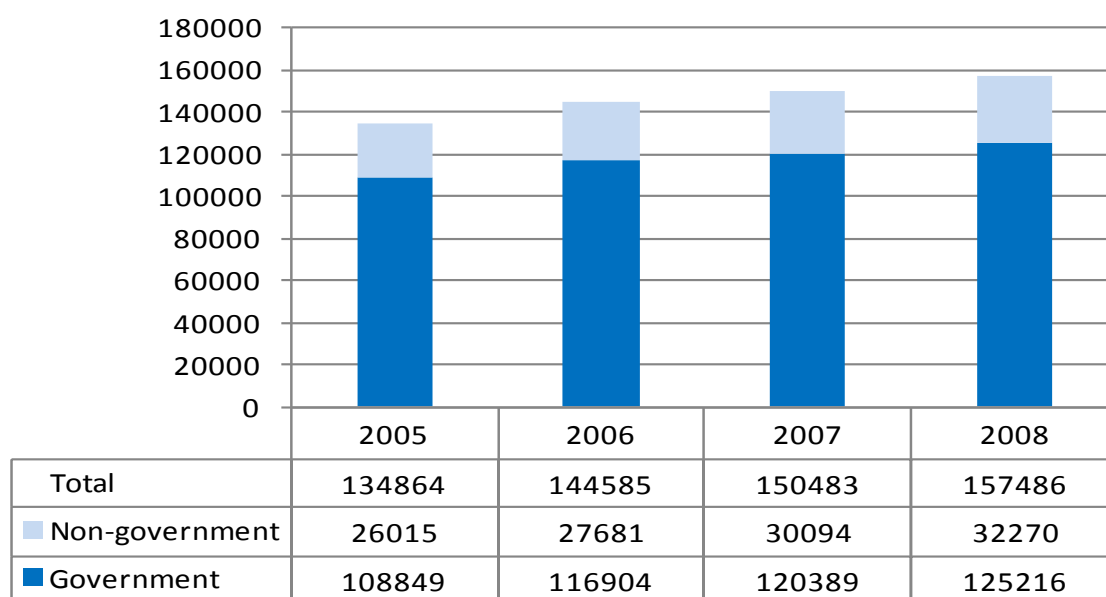
**Figure 4 Students with disabilities, as proportion (percentage) of total enrolments, non-government schools (2002-08)**



Source: *Report on Government Services (2008, 2010)*, Productivity Commission, Canberra.

45. The cumulative impact of the growth in identified students with disabilities has seen their numbers grow nationally from 135,000 in 2005 to nearly 160,000 by 2008, as shown in Figure 5. Government schools accounted for about 80 per cent of students with disabilities during this period.

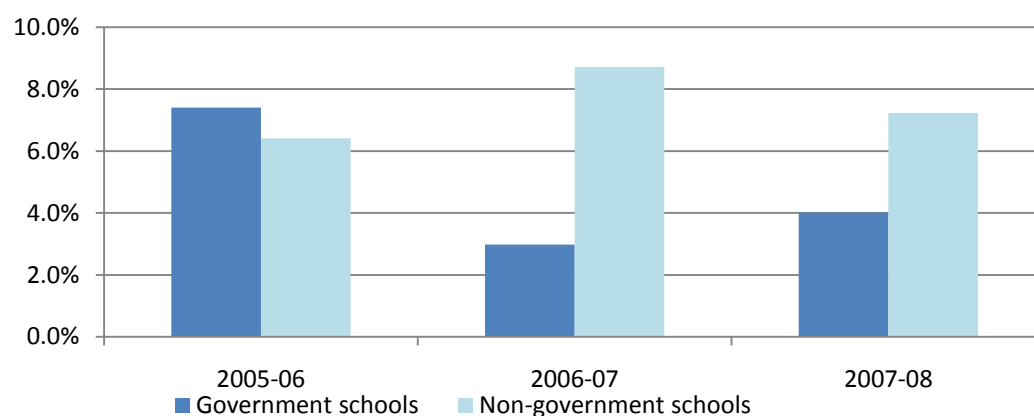
**Figure 5 Funded students with disabilities, by sector (2005-2008)**



Source: *Report on Government Services (2008, 2010)*, Productivity Commission, Canberra.

46. Average annual growth rates of students with disabilities have been strongest in the non-government sector. Annual growth rates have been in excess of 6 per cent for all years compared with annual growth rates of between 7 per cent and 3 per cent in the government sector. (See Figure 6.)

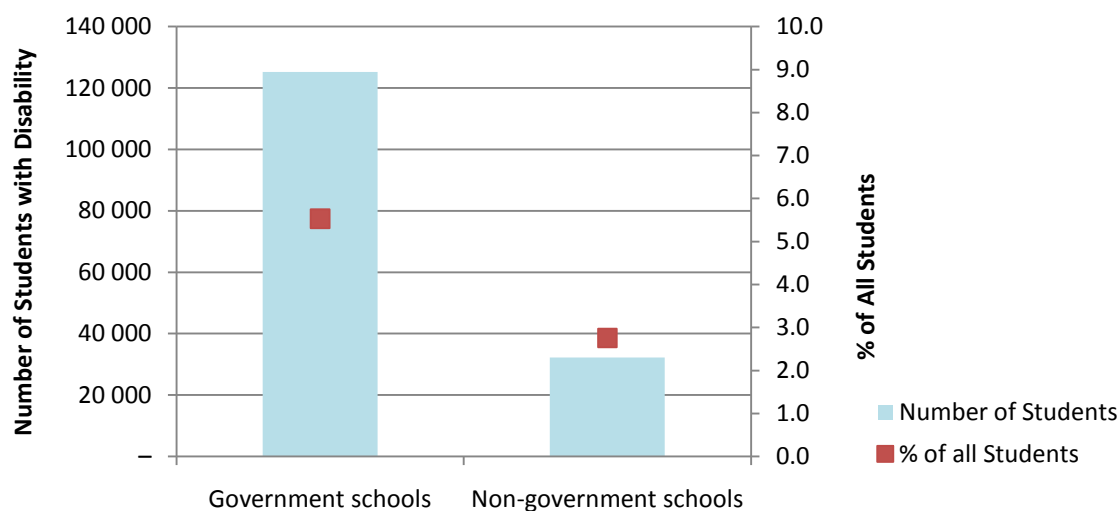
**Figure 6 Annual growth in national enrolment of students with disabilities, 2005-2008**



Source: *Report on Government Services (2007, 2008, 2009, 2010)*, Productivity Commission, Canberra.

47. Notwithstanding the faster growth rates in non-government schools, 5.5 per cent of government school enrolments in 2008 were identified as students with disabilities or special learning needs compared with 2.8 per cent for the non-government sectors. (See Figure 7.)

**Figure 7 Funded students with disabilities or special learning needs by sector, 2008**

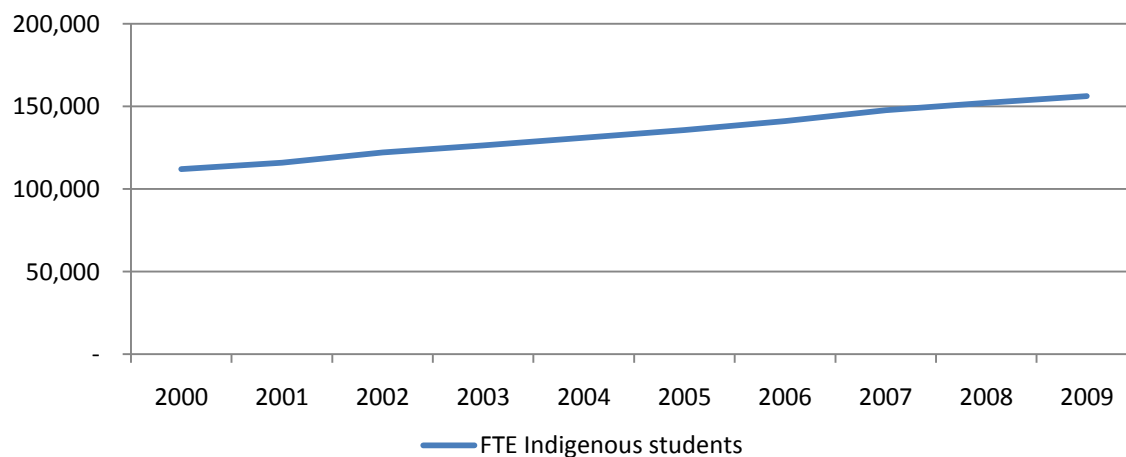


Source: *Report on Government Services (2010)*, Productivity Commission, Canberra.

## Indigenous Students

48. The number of Indigenous students within Australian schools has steadily grown over the past decade from about 112,000 full-time equivalent (FTE) in 2000 to more than 156,000 by 2009. (See Figure 8.)

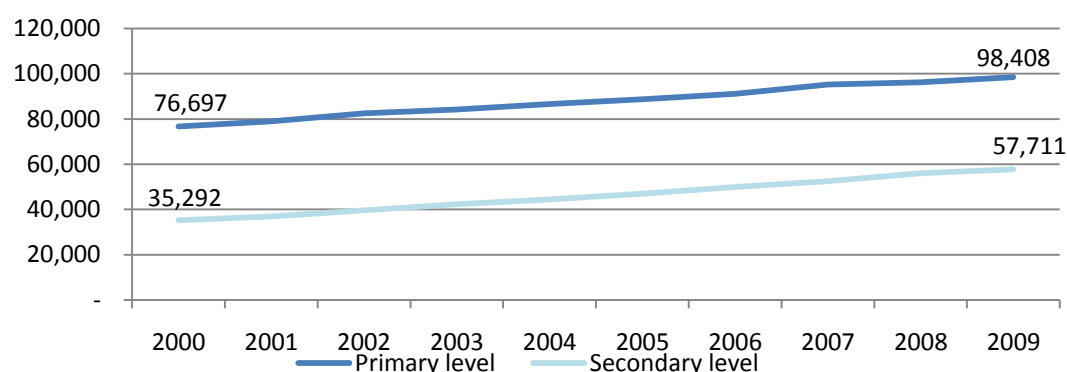
**Figure 8 Number of FTE Indigenous students, in all Australian schools (2000-09)**



Source: *Schools Australia 2009 4221.0* (2010), ABS, Canberra.

49. The growth in enrolment of Indigenous students has occurred for both primary and secondary schooling with each experiencing an increased enrolment of about 20,000 Indigenous students during 2000-2009. (See Figure 9.)

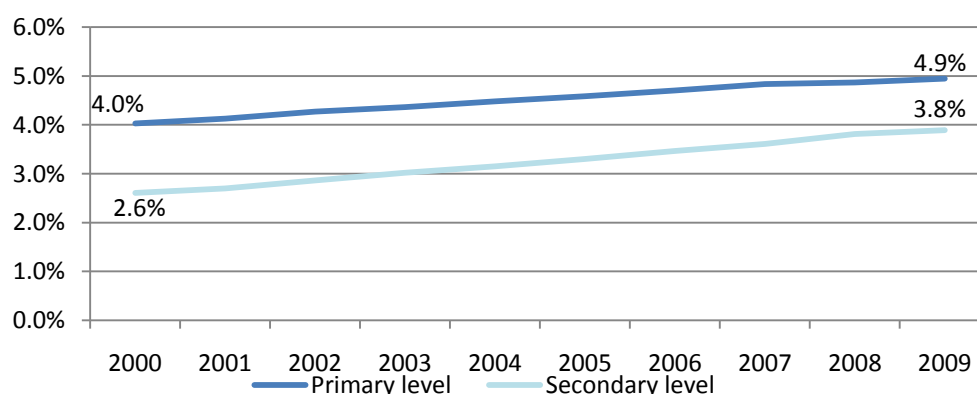
**Figure 9 FTE Indigenous students, by level of schooling (2000-09)**



Source: *Schools Australia 2009 4221.0* (2010), ABS, Canberra.

50. Indigenous enrolments have grown by similar numbers at the primary and secondary levels. By 2009 Indigenous students at the primary level accounted for nearly 5 per cent of all enrolments compared with 3.8 per cent at the secondary level. (See Figure 10.) However, because of the lower starting point for secondary enrolments, the growth rate of Indigenous secondary student enrolments during 2000-09 has been faster than for the primary level. The growing enrolments of Indigenous students within secondary schooling will be particularly important in assisting Australian governments to meet their commitment to halve the gap for Indigenous students in Year 12 attainment or equivalent attainment rates by 2020 and to halve the gap in reading, writing and numeracy achievements for Indigenous children within a decade. Notwithstanding progress on enrolments, there continue to be significant issues involving attendance of Indigenous students. For example, the 2010 Report on Government Services<sup>9</sup> shows that student attendance rates for Indigenous students are lower than for non-Indigenous students in all States and Territories at all year levels up to Year 10. The differences are especially pronounced in the Northern Territory and Western Australia.

**Figure 10 FTE Indigenous students as proportion (percentage) of FTE Enrolments, by level of schooling (2000-09)**

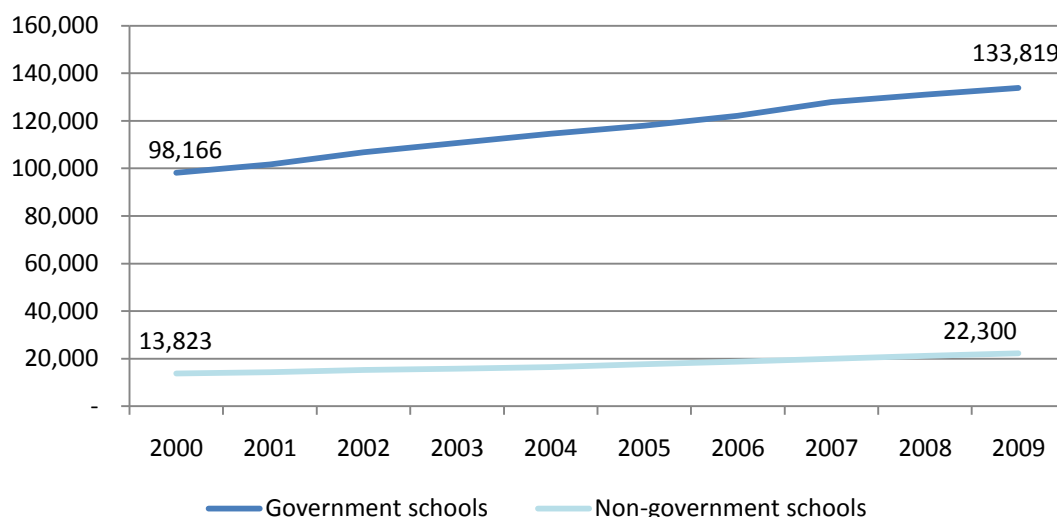


Source: *Schools Australia 2009 4221.0* (2010), ABS, Canberra.

<sup>9</sup> See Table 4A.98 at: [http://www.pc.gov.au/data/assets/pdf\\_file/0009/93915/11-chapter4.pdf](http://www.pc.gov.au/data/assets/pdf_file/0009/93915/11-chapter4.pdf) viewed January, 2011

51. Enrolment of Indigenous students has grown across both government and non-government sectors of schooling. During the past decade, nationwide government school enrolment of Indigenous students grew by about 35,000 students to reach nearly 134,000. During the same period, Indigenous student enrolments in non-government schools increased by about 7,500 to 22,300. (See Figure 11.)

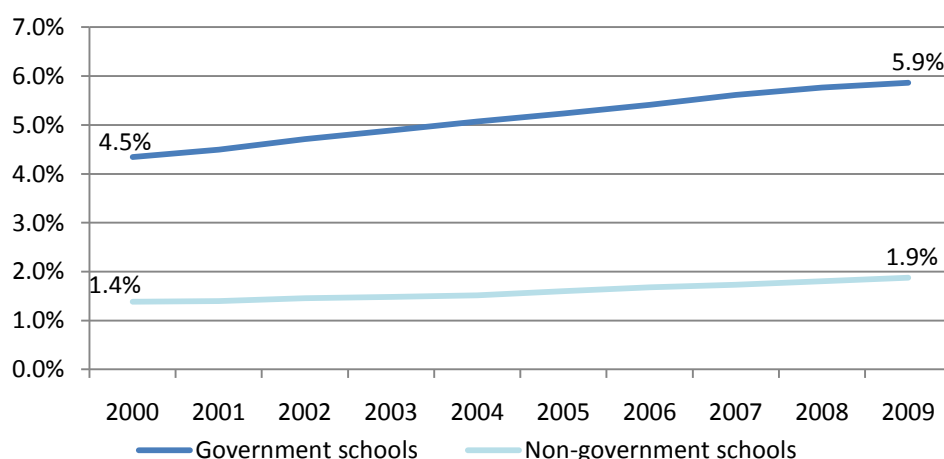
**Figure 11 FTE Indigenous students, by sector (2000-09)**



Source: *Schools Australia 2009 4221.0* (2010), ABS, Canberra.

52. By 2009, Indigenous students represented nearly 6 per cent of total enrolments in government schools compared to nearly 2 per cent in non-government schools. (See Figure 12.)

**Figure 12 FTE Indigenous students as proportion (percentage) of FTE enrolments, by sector (2000-09)**

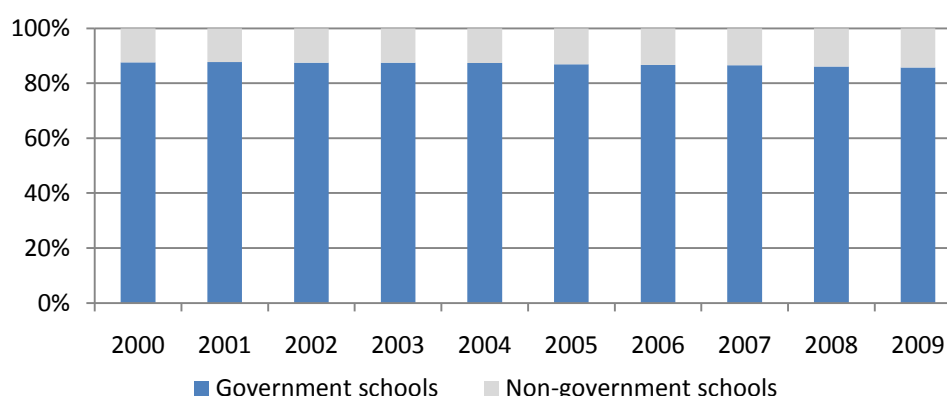


Source: *Schools Australia 2009 4221.0* (2010), ABS, Canberra.

53. By 2009, the majority (86 per cent) of Indigenous students were enrolled in government schools. This figure has reduced from a government sector 88 per cent enrolment share of Indigenous students in 2000. (See Figure 13.)



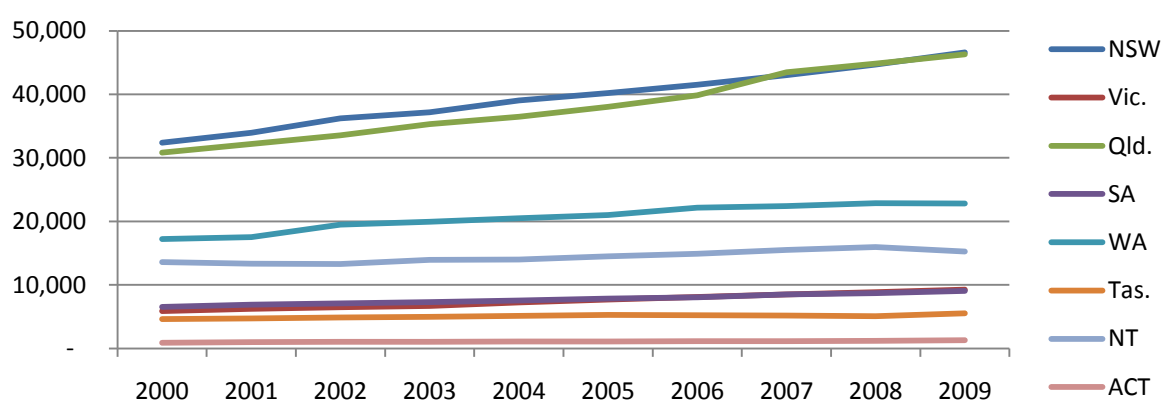
**Figure 13 Proportion (percentage) of FTE Indigenous students, by sector (2000-09)**



Source: *Schools Australia 2009 4221.0* (2010), ABS, Canberra.

54. Of the 152,000 Indigenous students enrolled nationally, more than 90,000 Indigenous students (60 per cent) were enrolled in schools in NSW and Queensland by 2009. Western Australia (15 per cent) and Northern Territory (10 per cent) had the next highest share. The number of Indigenous student enrolments in the Northern Territory remained relatively static during the period 2006-09. (See Figure 14.)

**Figure 14 Indigenous students by state and territory, 2000-09**



Source: *Schools Australia 2009 4221.0* (2010), ABS, Canberra.

## English Language Proficiency

55. Mapping the demand and provision of services supporting English language proficiency is difficult. There is a range of services provided to students from very different language, cultural, and hardship backgrounds that impose a wide range of demands on service provision. Often embedded within the language services are other adjustment programs that also, less directly, support developing student English language proficiency.
56. The ACER survey of education authorities, conducted as part of this study, collected information showing students funded under the Australian Government's English as a Second Language – New Arrivals (ESL-NA) program and other ESL students within government and non-government schools. Nationally, the survey showed there were at least 159,000 students participating in ESL activities across all government schools (See

Table 2). This table is an under-estimate because it does not include data from the Queensland government sector, the New South Wales or Western Australia Catholic sectors and only includes limited data from Victoria and Tasmania from the independent sector. Catholic school data from the Northern Territory and the Australian Capital Territory is also an under-estimate as it only captures ESL-NA program funded students.

**Table 2 ESL students in schools, by state and territory**

Sector	NSW	VIC	QLD	SA	WA	Tas	NT	ACT	Total
<b>Government Schools</b>	91706	37394	N/A	8240.77	7341	271	11507	2724	159184
<b>Catholic Schools</b>	N/A	1249	11612	4081	N/A	109	2*	5*	17058
<b>Independent Schools</b>	N/A	50*	N/A	N/A	N/A	36	N/A	N/A	86
									176328

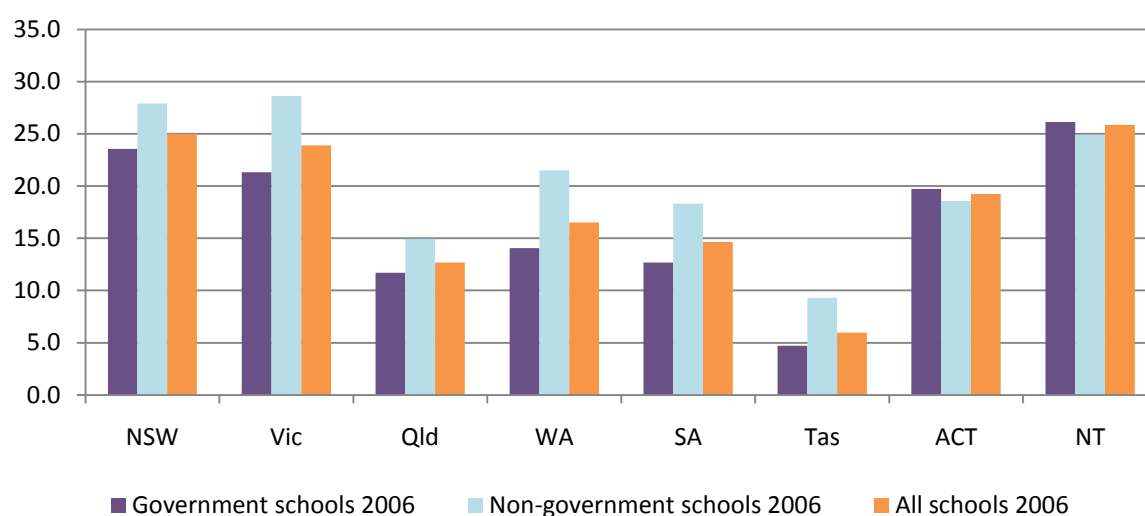
Source: ACER Survey 'N/A' indicates that the data were unavailable at the time the survey was conducted.

\* NT and ACT Catholic, and Victorian independent school data only captures ESL new arrivals.

57. Apart from ESL classes, there are other programs supporting language development, including community languages, that also promote the broader language development of children (including English). The duration of ESL provisions and the intensity of the services has a significant bearing on the nature of the services delivered.
58. Survey returns from the jurisdictions have provided a snapshot of ESL services that are currently being provided in Australian schools. They do not capture any unmet demand nor any potential over-servicing (or redundant services) in schools or across systems. (It is also possible for both unmet demand and over-servicing to coexist within any one sector or even school.)
59. NSW DET was the only agency that was able to provide any indicative estimate of the unmet demand for ESL type services within NSW government schools. NSW DET indicated that by July 2010 (based on an annual survey of needs) there were 50,435 students requiring but unable to access ESL support services due to funding issues.
60. One crude measure of the distribution of ESL need is by the percentage of student enrolments with a Language Background Other Than English (LBOTE). National data collected by DEEWR show a wide range of LBOTE students ranging from less than 10 per cent in Tasmania to around 25 per cent in New South Wales.<sup>10</sup> Non-government schools have a greater share of LBOTE students in six out of the eight jurisdictions across Australia. (See Figure 15.)

<sup>10</sup> Examination by ACER of 2006 Census data, on which the DEEWR data are based, indicated that for all children in Australia aged from 5 to 19 years 78.5 per cent of the 2,333,460 in this age group had parents who spoke only English. Thus, 21.5 per cent of children (502,365) would be classified as having a background other than English.

**Figure 15 LBOTE students as percentage of enrolments in schools, by state/territory and sector**



Source: *Report on Government Services (2010)*, Productivity Commission, Canberra.

61. To obtain a thorough understanding of the demand and supply of ESL type services, a more detailed analysis of the distribution of students by language need is required. This can then be mapped to appropriate service delivery modes with their required intensity of resourcing. Such a mapping exercise is outside the scope of this report.

## Low Socio-Economic Status

62. Mapping the distribution of children across Australian schools by their SES is made difficult by a number of factors, including that SES is measured in different ways by the Australian Government and different states. For example, in South Australia one measure of SES, collected at the individual student level, indicates whether or not the student's parent(s) holds an Australian Government Health card (which, being means tested, is a measure of low income). In New South Wales, SES is based on data from the Priority Schools Funding Program (PSFP) survey that collects data based on percentages of sole parents, ATSI students, parent educational qualifications, unemployment, hours in paid work, pensioners and occupation in each school's community, information obtained from individual families rather than from area-based indices. In Queensland, the Disadvantaged Schools Index is based on ABS SEIFA data aggregated up to the school level. Non-government schools SES (for Federal funding purposes) is determined from the average of each of their students' residential address, which is linked to an ABS Census Collection District (CCD) containing about 220 dwellings. The SES for each CCD includes four weighted dimensions: Occupation, Education, Income and Family Income, which together contain 26 variables.<sup>11</sup>
63. In this section two different data sources are identified that could potentially be used to map the distribution of students by SES across schools. The Index of Community Socio-

<sup>11</sup> For example, the dimension of 'Occupation' includes 14 variables. 'Education' includes five variables: 1. percentage (in a CCD) with a degree/diploma; 2. percentage with a trade/other certificate; 3. percentage with no qualification; 4. percentage left school by year 9; and 5. percentage never attended school. See Farish, 2004.

Educational Advantage (ICSEA) 2009 was developed for the My School website as a school based indicator to predict performance in the NAPLAN tests. It was not developed as a measure of the SES of schools and has considerable weaknesses as a mechanism to map total school enrolments by SES, for example, its methodology commits the ecological fallacy.<sup>12</sup> However, ICSEA is presented for consideration so that (i) its weaknesses can be clearly understood, and (ii) it provides a starting point for comparisons across government and non-government sectors. Another way to understand the SES distribution of students is through the single point in time snapshot provided by the most recent national household census (2006).

## ICSEA

64. The Index of Community Socio-Educational Advantage (ICSEA) 2009 was developed for the My School website to enable comparisons of schools with students of similar levels of educational advantage or disadvantage. ICSEA was developed to measure key factors that are more highly correlated with educational outcomes in literacy and numeracy than other, more general, socio-economic measures. Australian Bureau of Statistics data for CCDs for students' home addresses was combined with measures of remoteness and the proportion of Aboriginal students to create an index that predicts the school's performance in NAPLAN tests. The data used to create the ICSEA values reported through the first iteration of the My School website are based on 2006 Census data. A new methodology with a new measure is currently being implemented (see below). At the time this report was prepared these data were unavailable.
65. At the time of writing this report, ACARA were not yet able to supply the study research team with school based estimates of the distribution of students within each ICSEA decile. This would provide a proxy estimate of the distribution of students based on the Community Socio-Educational Advantage of their school of attendance.
66. However, ACARA has identified a number of limitations in the use of census data in calculating the ICSEA, including<sup>13</sup>:
  - Households in a particular census collection district (CCD) may not be homogeneous and not directly representative of the students living in them (the ecological fallacy referred to above);
  - Geo-coding student address data is difficult in some areas, especially in more remote areas;
  - Data from the 2006 census are becoming increasingly outdated; and
  - Data from the 2011 census will not be available until 2013.

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<sup>12</sup> When ascribing to an individual the characteristics of a group to which they belong, the ecological fallacy is committed. It assumes, in effect, that the average of the group applies to any individual selected from the group. Many measures of disadvantage share this weakness, including SES for non-government schools and ABS SEIFA data (when used as a measure of school disadvantage by averaging student residential address linked to a CCD and aggregated to school level).

<sup>13</sup> In addition, the ICSEA has other limitations in estimating the distribution of students by their socio-economic status: (i) It is not designed to measure socio-economic advantage (or status) but educational advantage. Its design reflects a purpose of comparing and predicting school performance in NAPLAN tests, (ii) School based estimates mean that the ICSEA value of a school is applied to the whole school population without allowing for internal variations across schools, (iii) In some states and systems the data are collected only for those students sitting the NAPLAN test and not the whole school population. (Some states and systems have provided all data.)

67. In addition, the ICSEA has other limitations in estimating the distribution of students by their socio-economic status:
- It is not designed to measure socio-economic advantage (or status) but educational advantage. Its design reflects a purpose of comparing and predicting school performance in NAPLAN tests.
  - School based estimates mean that the ICSEA value of a school is applied to the whole school population without allowing for internal variations across schools.
  - In some states and systems the data are collected only for those students sitting the NAPLAN test and not the whole school population. (Some states and systems have provided all data.)
68. While it was the intention to use direct data - student-level data on the occupation and education level of parents or carers – these were found to be insufficient so indirect data (ABS CCD data) were used instead by ACARA. The Ministerial Council also requested that ACARA investigate the inclusion of a measure of disadvantaged students with a language background other than English (LBOTE) for My School version 2.0.
69. ACARA has completed research that compares the current ICSEA method (based on ABS data) with a new method that makes use of direct student-level measures of parent education and occupation status.<sup>14</sup> The new model makes use of ‘direct parent data’. That is, data that are collected from parents at the time they enrol their students in a school. The results indicate that the new method should improve ICSEA’s ability to predict individual school NAPLAN performance, in addition to having greater face validity.
70. The proposed method will comprise the following variables (i) occupation variables, (ii) school education variables, (iii) non-school education variables, (iv) school-level variables (remoteness, Indigeneity and LBOTE).
71. While this new approach will still have the same limitations as ICSEA 2009 as a specific measure of socio-economic status, it is suggested by ACARA the next version of ICSEA will improve on ICSEA 2009 by utilizing direct data related to students and it will be able to be refreshed annually for the new cohort of students sitting a NAPLAN test.

### National Household Census (2006)

72. A recent report has presented an analysis based on ABS 2006 Census custom tables of the populations of (a) all school students, (b) Indigenous school students and (c) school students in one parent families, in primary and secondary schools in the government, Catholic and other non-government sectors, by family income and (in part) religion.<sup>15</sup>
73. This report draws on two key attributes presented in that analysis – family income and one-parent families. The family income variable is included because of its significance as a marker of SES. The one parent category correlates with average school performance in NAPLAN tests.

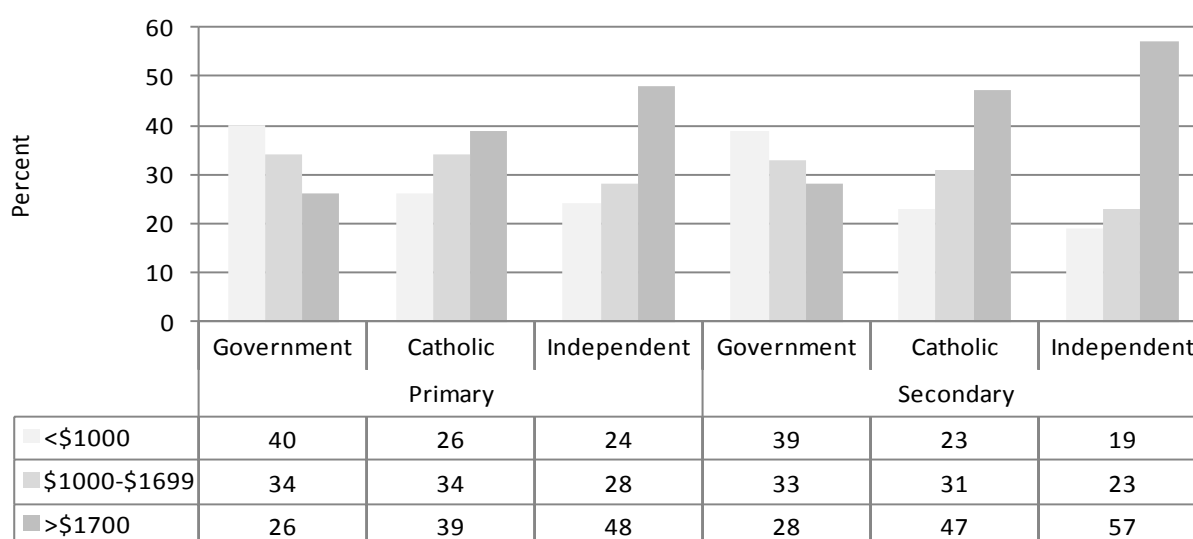
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<sup>14</sup> ACARA did modelling of a number of indicators to identify that education and occupation would be the best to be used.

<sup>15</sup> Preston, B., 2007.

74. The analysis is framed around the use of Low, Medium and High family income ranges which are defined in such a way that around one third of all Australian school students are in each category. Students from one family accessing different sectors are counted separately for each sector.
75. **Low income families** - the analysis by family income shows that students from low income families are disproportionately represented within government school enrolments at primary and secondary levels. About 77 per cent of students from low income families (where family income is less than \$1,000 per week) are found within government schools. This compares with the 66 per cent share of total enrolments held by government schools in 2006.<sup>16</sup>
76. While Catholic systemic schools had a 21 per cent share of enrolments in 2006, they absorbed 15 per cent of all low income students. Schools from the independent sector with 13 per cent of enrolments absorbed 9 per cent of low income students.
77. **Medium income families** - students from medium income families are distributed very closely in proportion to their share of total enrolments across each of the sectors.
78. **High income families** - the government sector with 66 per cent of total enrolments has 53 per cent of all students from high income families. The Catholic sector with 21 per cent of total enrolments has 26 per cent of all students from high income families and the independent sector with 13 per cent of total enrolments has 21 per cent of all students from high income families enrolling in its schools. (See Figure 16.)

**Figure 16 Sector shares of student enrolment at primary and secondary levels, by household family income, 2006**

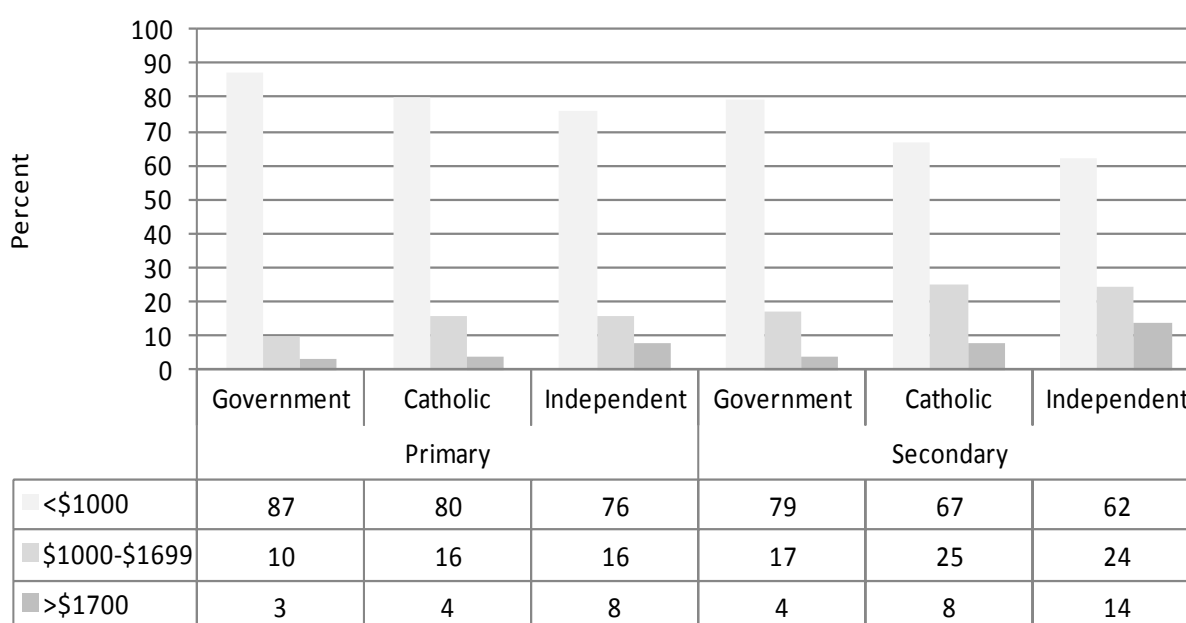


79. **Low income one-parent families** - the analysis by family income shows that students from low income, one-parent families are disproportionately represented within government school enrolments. About 79 per cent of all students from low income one parent families (where family income is less than \$1,000 per week) are found within government schools.

<sup>16</sup> ABS, 2006, Cat. No. 4221.0, table 43.a

80. Catholic systemic schools had a 21 per cent share of enrolments in 2006, and they absorbed 14 per cent of all low income one parent students. Schools from the independent sector with 13 per cent of enrolments absorbed 8 per cent of low income students.
81. **Medium income families** - students from medium income families are distributed very closely in proportion to their share of total enrolments across the sectors.
82. **High income families** – independent schools (23 per cent) were over represented with enrolments from high income one parent families, while government schools (56 per cent) had a smaller share than their 66 per cent share of total enrolments. (See Figure 17.)

**Figure 17 Students from one-parent families - enrolment shares in primary and secondary levels, by household income, 2006**



83. The strength of this analysis is that it is based on direct household data related to each student. This avoids the weakness of the ICSEA approach which relies to a great extent (ICSEA 2009) or to a lesser extent (ICSEA 2010) on indirect data collected from the 2006 household census and attributed to students based on the CCD where they reside.
84. The weakness of this analysis is that it can only be a snapshot of the situation in 2006 and does not allow for changes over time in the student profile or their SES attributes.
85. Socio-economic status also tends to take into account other indicators such as parental academic achievement, an area not considered above. The measurement of SES is not a settled issue, as noted above, and other reports have presented data differently. For example, the ABS Australian Social Trends 2006 report uses data from the Household Income and Expenditure Survey 2003-04 to produce a chart showing student household income by school sector attended and comparing low, middle and high income.
86. This report found that 26 per cent of students at government schools were from low income households compared with Catholic and independent schools which had 17 per cent and 19 per cent of their students respectively from low income households. Conversely, 26 per cent of students at independent schools were from high income households compared with 16 per cent at Catholic schools and 8 per cent of students at



government schools being from high income households. These percentages are based on equivalised disposable household income (taking into account that a higher salary does not go so far in a larger household), but only includes households in the second and third deciles (low income), fifth and sixth deciles (middle income) and ninth and tenth deciles (high income).<sup>17</sup>

87. The report also looked at school sector attended by highest qualification in the household and comparing no post school qualification, advanced diploma or below, and bachelor degree or higher. It found that:

Among children attending government schools in 2003–04, the highest non-school qualification held by anyone in their household was most commonly an advanced diploma or lower (48%), followed by no post-school qualification (32%) while 20% of children in government schools had a household member with a bachelor degree or higher. In comparison, 39% of children attending Catholic schools and around half (51%) of children at independent schools had a household member with a bachelor degree or higher.<sup>18</sup>

88. Finally, a 2004 paper using data from the Household, Income and Labour Dynamics in Australia survey (HILDA) and the pooled International Social Science Survey/Australia for 1984-2002 found that:

78 per cent of those in the bottom quintile of the income distribution send their children to Government school, 17 per cent to Catholic school, and 5 per cent to Independent schools. At the other extreme of the income distribution, the educational choices differ somewhat, but not greatly: 65 per cent send their children to Government school, 18 per cent send them to Catholic school and 17 per cent send them to Independent schools.<sup>19</sup>

## Rural and Remote Students

89. Students in remote and very remote areas constitute a small part of the Australian school population. In 2008, there were about 50,000 students in remote areas and just over 30,000 in very remote areas spread across Australia. (See Figure 18.)

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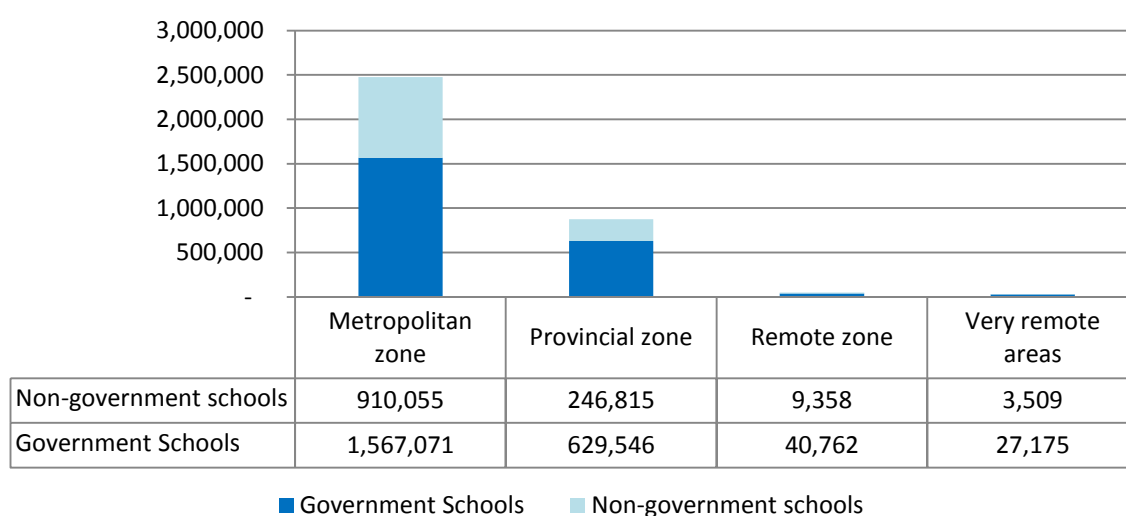
<sup>17</sup> ABS, 2006, Cat. No. 4102.0, p. 107-108

<sup>18</sup> ABS, 2006, Cat. No. 4102.0, p. 108.

<sup>19</sup> Kelley & Evans, 2004, p. 36.



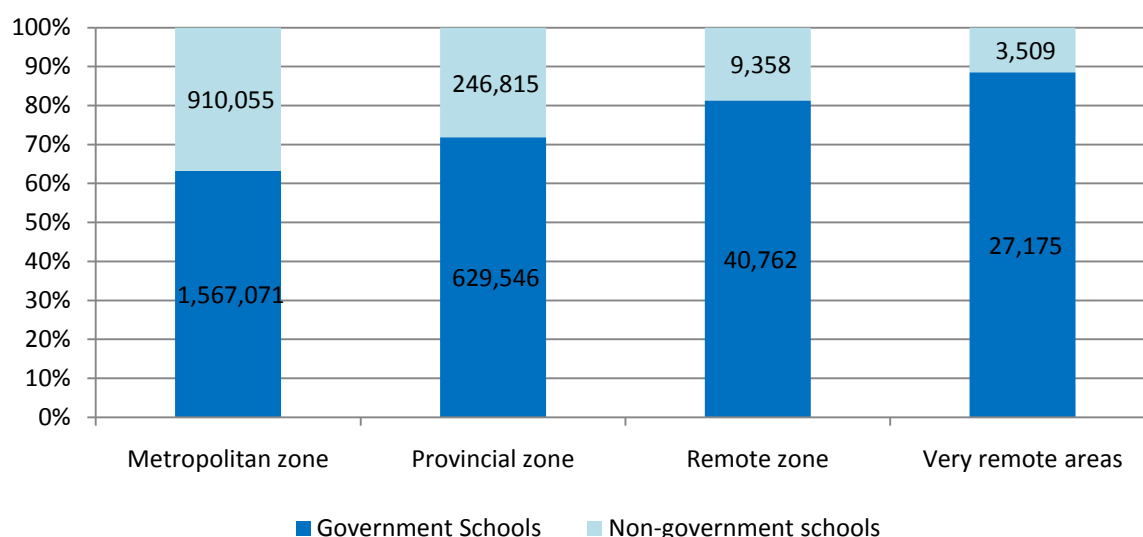
**Figure 18 Estimated number of students by sector and location, 2008**



Source: Project estimates derived from Australian Bureau of Statistics (ABS), 2010 Schools, Australia, Cat. No. 4221.0, Based on table 4.A28 Full time student enrolments and schools (number) and Table 4.A23 Proportion of students attending schools in metropolitan, provincial and remote zones, 2008 (per cent) and table 4.A20 Geographic categorisation is based on the agreed MCEETYA Geographic Location Classification.

90. Non-government schools have decreasing shares of enrolments in direct relation to the degree of population sparsity. This means that non-government schools have highest enrolment shares in the metropolitan centres (37 per cent) with steadily decreasing shares (until 11 per cent) in very remote areas. (See Figure 19.)

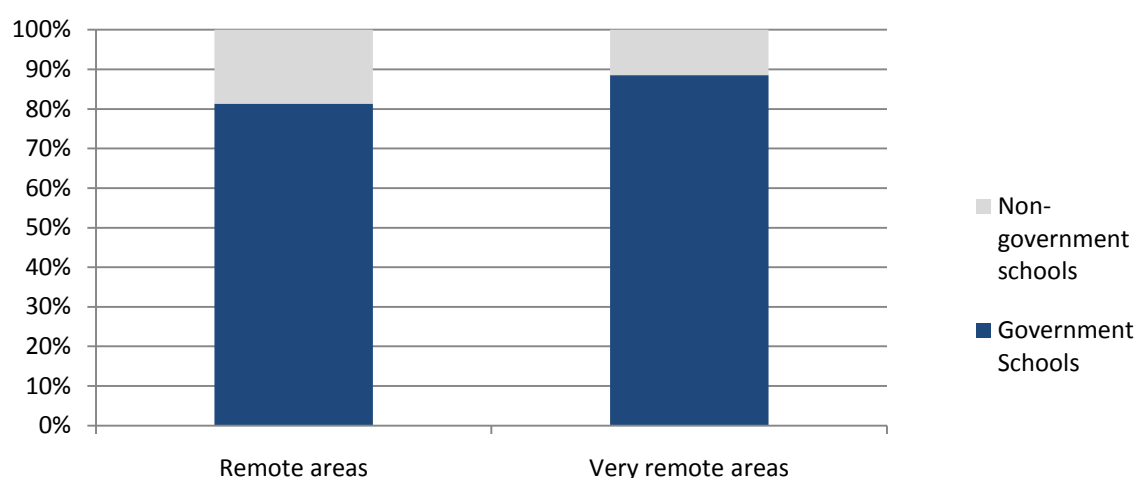
**Figure 19 Government and non-government school enrolment shares by location, 2008**



Source: Project estimates derived from Australian Bureau of Statistics (ABS), 2010 Schools, Australia, Cat. No. 4221.0, Based on table 4.A28 Full time student enrolments and schools (number) and Table 4.A23 Proportion of students attending schools in metropolitan, provincial and remote zones, 2008 (per cent) and table 4.A20 Geographic categorisation is based on the agreed MCEETYA Geographic Location Classification.

91. A large majority of students in remote areas (more than 80 per cent) and very remote areas (89 per cent) attend government schools. (See Figure 20.)

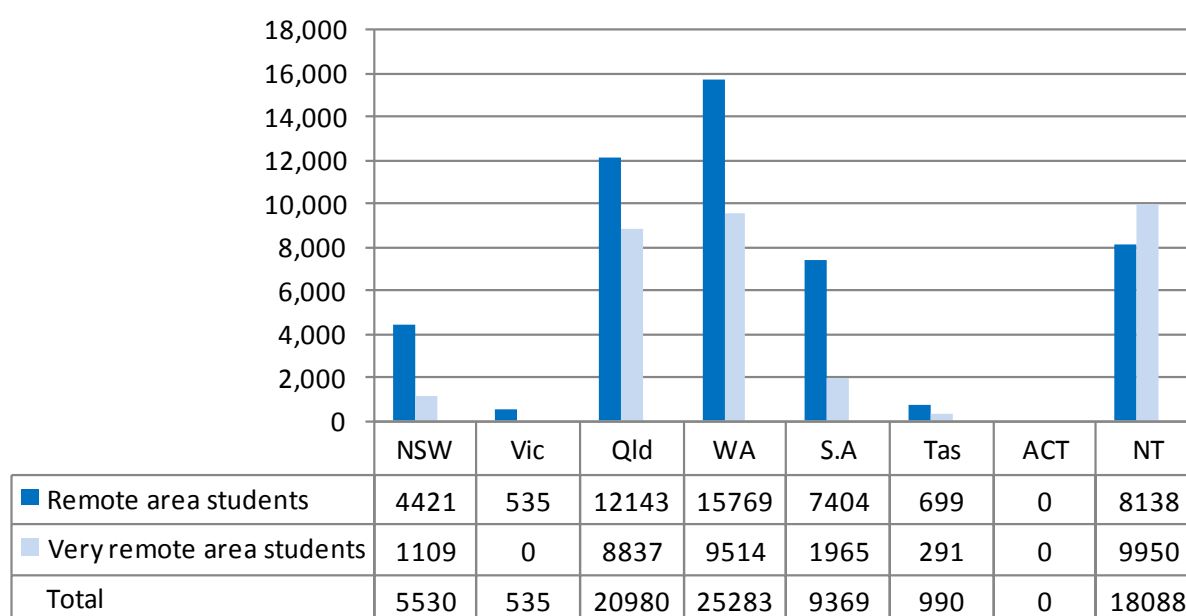
**Figure 20 Estimated proportion (percentage) of students in remote and very remote Areas 2008**



Source: Project estimates derived from Australian Bureau of Statistics (ABS), 2010 Schools, Australia, Cat. No. 4221.0, Based on table 4.A28 Full time student enrolments and schools (number) and Table 4.A23 Proportion of students attending schools in metropolitan, provincial and remote zones, 2008 (per cent) and table 4.A20 Geographic categorisation is based on the agreed MCEETYA Geographic Location Classification.

92. While the national aggregate numbers of students in remote and very remote areas are quite small, they are concentrated in the four states of WA, QLD, SA and NT (with NSW also having more than 5,500 students in these remote or very remote areas). (See Figure 21.)

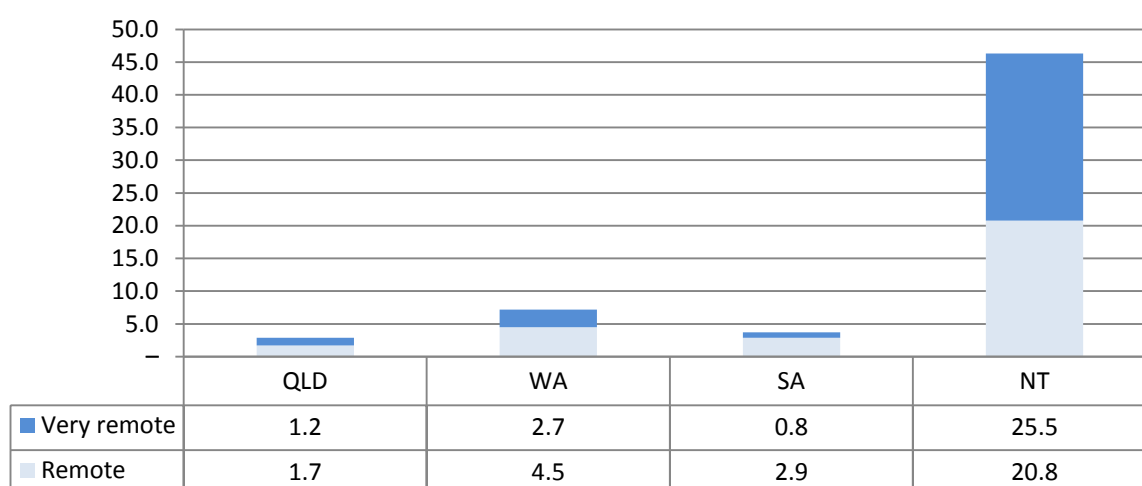
**Figure 21 Remote and very remote area students, by jurisdiction 2008**



Source: Project estimates derived from Australian Bureau of Statistics (ABS), 2010 Schools, Australia, Cat. No. 4221.0, Based on table 4.A28 Full time student enrolments and schools (number) and Table 4.A23 Proportion of students attending schools in metropolitan, provincial and remote zones, 2008 (per cent) and table 4.A20 Geographic categorisation is based on the agreed MCEETYA Geographic Location Classification.

93. The impact of remote and very remote area schooling is particularly felt by the Northern Territory which has more than 45 per cent of its students enrolled in these areas. (See Figure 22.)

**Figure 22 Proportion (percentage) of students in remote or very remote schools, QLD, WA, SA, NT, 2008**



Source: Project estimates derived from Australian Bureau of Statistics (ABS), 2010 Schools, Australia, Cat. No. 4221.0, Based on table 4.A28 Full time student enrolments and schools (number) and Table 4.A23 Proportion of students attending schools in metropolitan, provincial and remote zones, 2008 (per cent) and table 4.A20 Geographic categorisation is based on the agreed MCEETYA Geographic Location Classification.

## Chapter 3: Supply-side Analysis - Mapping Current Funding Patterns

94. This section is structured in three parts. Part 1 (Overarching national framework) describes the arrangements and recent trends in government funding of schools. Part 2 (Total school funding) maps the quantum of funds and distribution mechanisms available to school sectors across jurisdictions. Part 3 (Key issues in the delivery of targeted programs) presents issues identified through the ACER survey and stakeholder interviews.

### Overarching national funding framework

95. The overarching new Federal financial framework adopted by COAG in 2008 has a number of aims including to:
- enhance accountability through a stronger focus on the outcomes and targets to be achieved, monitored through regular performance reporting;
  - rationalise the number of Australian Government payments to the states and territories and provide more flexibility in how funds are spent; and
  - make payment arrangements more efficient by centralising processes and providing greater funding certainty.
96. The Intergovernmental Agreement (IGA) on Federal Financial Relations and the scheduled National Education Agreement (NEA) are header agreements that define financial support commitments towards states and territories. The NEA does not provide funding itself, but sets out the separate and joint roles and responsibilities of governments as well as the objectives, outcomes, targets, outputs and performance indicators and reform directions agreed between the Australian Government and states and territories.
97. The IGA commits the Australian Government to providing ongoing financial support for the states and territories through general revenue assistance as well as:
- National Specific Purpose Payments (National SPPs),
  - National Partnerships (NPs).
98. Ongoing funding is intended to be delivered through the National SPPs which have also absorbed funds previously delivered through many targeted programs. NPs are designed to provide flexibility around how objectives are achieved and, to the fullest extent possible, are expected to align payments to the achievement of outcomes and outputs. The use of financial and other input controls on the states and territories is avoided. NPs and their supporting bilateral implementation plans outline the specific performance benchmarks which may, when attained by a state or territory, trigger a payment from the Australian Government.
99. NPs provide three types of payments:
- *project payments* provide a financial contribution to the states and territories to deliver specific services or projects and are generally paid after an output is achieved;
  - *facilitation payments* are made in recognition of the administrative and other costs the states and territories incur in implementing reform and to encourage them to implement ambitious reforms; and

- *reward payments* provide incentives to those jurisdictions that deliver on nationally significant reforms as set out in the NPs. The Independent COAG Reform Council assesses performance and verifies whether performance benchmarks have been achieved, thereby triggering reward payments.

#### Australian Government - National Schools Specific Purpose Payments (SPP)

100. **Government schools** - Funding to the states and territories under the National Schools SPP over 2010-11 to 2013-14 for government schools is estimated at \$15.5 billion. The initial base funding for government schools was derived from previous recurrent, targeted and capital funding.
101. Under the IGA, there is a National Schools SPP through which funds are provided to States for government schools. Australian Government input controls have been largely removed and states and territories have the flexibility to determine how best to use this funding to achieve national objectives as set out in the National Education Agreement (NEA), subject to meeting accountability requirements. The Australian Government does not specify on which schools or purposes the funding is to be spent. The states and territories are required to report to MCEECDYA within six months of the end of every financial year the amount of the SPP that was spent in the relevant service sector and an explanation of any discrepancy. There are no financial or other input controls or conditions attached to how states or territories allocate their own funding.
102. The new Schools SPP incorporates much of what were previously narrow band and specifically targeted programs. As well as the general recurrent grants, programs rolled into the Schools SPP included specific purpose payments for (i) capital, (ii) literacy, numeracy and special learning needs, (iii) country areas, (iv) English as a second language (new arrivals), (v) languages other than English, and (vi) hostels. Also included were a number of smaller annual appropriations for quality teaching, values and drug education and the government school components of several Indigenous programs including Supplementary Recurrent Assistance.
103. There are eight major National Partnerships (NPs) in the schools area covering commitments to enhance computer infrastructure (Digital Education Revolution (DER)) as economic stimulus measures (Building the Education Revolution (BER)). Development of a NP for implementing Trade Training Centres (TTCs) in schools is currently under way. In addition, three NPs provide funding in the related sphere of early childhood education and care (ECEC), including to fund a commitment to universal preschool access by 2013 for every child in the 12 months prior to commencing full-time schooling, establish a jointly governed and unified National Quality Framework and ensure all Indigenous four years olds in remote communities have access to early childhood education within five years. These NPs cover both government and non-government school sectors.
104. The NPs which concern schools have been estimated to provide a further \$7.3 billion in funding to the states and territories over 2010-11 to 2013-14 for government schools in priority reform areas.
105. **Non-government schools** - The Australian Government will provide an estimated \$31.2 billion to non-government schools over 2010-11 to 2013-14 through general recurrent (\$29.7 billion), targeted (\$940 million) and capital assistance (\$558 million). In addition, non-government schools will receive \$2.5 billion under the Building the Education Revolution (BER), Digital Education Revolution (DER) and Trade Training Centres (TTC), as well as further amounts under the Smarter Schools NPs.

106. Recurrent grants to non-government schools are formally a part of the National Schools SPP and therefore are paid through state and territory treasuries. However, the quantum and allocation of these funds continues in accordance with the same policy as in the previous funding quadrennium and expressed in the Schools Assistance Act 2008.
107. To be eligible for recurrent grants, a school must be recognised as a school by the state or territory in which it operates, be approved as a non-government school, and the approved authority for the school must enter into a funding agreement. Where a school is a member of a system, the funding agreement is with the system authority and funding is paid to the system authority.
108. The level of recurrent grants for a school is driven by enrolments, the Average Government School Recurrent Costs (AGSRC) amounts as updated from year to year, and socio-economic status (SES) scores of individual schools under the SES funding model. Australian Government recurrent funding is then provided on a per student basis over a sliding scale of 46 subsidy categories with each step linked to an SES score, except where Funding Maintenance and Funding Guarantee arrangements apply.
109. As part of recurrent grants, schools also attract loadings for remoteness ranging from 5 per cent of a school's current SES funding level for moderately accessible campuses up to 20 per cent for very remote campuses. Non-government schools can also receive Indigenous Supplementary Assistance (ISA) for schools as part of their recurrent grant. Payments are calculated using a formula that takes into account the level of schooling (primary and secondary) and the remoteness of the school campus location.
110. Targeted programs used to provide funding to non-government schools over 2010-11 to 2013-14, are:
  - Literacy, Numeracy and Special Learning Needs Program (\$893 million)—to assist the most disadvantaged students including students with a disability;
  - Country Areas Program (\$26 million)—to assist geographically isolated children;
  - English as a Second Language – New Arrivals Program (\$41 million)—to assist newly arrived students of non-English speaking backgrounds; and
  - School Languages Program (\$58 million)—to help non-government schools improve the learning outcomes of students who are learning languages other than English.

#### Australian Government - National Partnerships for disadvantaged students

111. There are five NPs for schools (see Table 3) with some direct relationship to disadvantaged students. Two NPs have an explicit targeting for disadvantaged students: (i) Low SES Communities; and (ii) Closing the Gap in the Northern Territory. Non-government schools are also included in these NPs and funding may be allocated to them through these channels via negotiation with relevant state and territory authorities.

**Table 3 Funding and purposes of some of the different types of National Partnerships for schools**

Partnership	Funding	Purpose
<b>Smarter Schools</b>	\$550 m	• Drive ambitious, nationally significant and sustainable reforms to attract, train, place, develop and retain quality teachers and school leaders in classrooms and schools.
• Improving Teacher Quality	2008/9 to 2012/13 (a)	
• Low SES School Communities	\$1,500 m 2008/09 to 2014/15 (a)	• Facilitate a range of reforms to address the learning needs and wellbeing of students in Low SES communities.
• Literacy and Numeracy	\$540 m 2008/09 to 2011/12 (a)	• Promote teaching, leadership and the effective use of student performance information to deliver sustained improvement in literacy and numeracy outcomes for all students, especially those who are falling behind.
<b>Youth Attainment and Transitions</b>	\$231 m Over 2010/11 to 2013/14 (a)	• Increase participation of young people in education and training. • Increase Year 12 or equivalent attainment. • Support successful transitions through more effective career services.
<b>Closing the Gap in the NT</b>	\$44 m Over 2010/11 to 2013/14	• Enhance the quality of education and other services for Indigenous people in the NT.

Note: (a) Total includes funding available for government and non-government schools under this NP.

### State and Territory Governments – Funding approaches towards schooling

112. All state and territory governments use a variety of formulae for the base allocation of resources to government schools. Various weightings and multipliers are added to the base in recognition of the needs of different groups of students and different types of schools and communities.
113. The methodologies used by state and territory governments to calculate the additional funding allocations for disadvantaged students are highly detailed, and vary considerably across jurisdictions. All jurisdictions allocate funding to government schools for socio-economic disadvantage, disability and ESL. New South Wales, Queensland, Western Australia, South Australia, Tasmania and the Northern Territory also provide support for Aboriginal and Torres Strait Islander students and students in rural and remote locations.
114. Generally speaking, funding allocations provide support in the form of additional staffing; weights to a school's base budget and/or capitation or grant payments; or a mix of additional staffing support and additions to a school's base allocation.
115. Most jurisdictions also provide significant funding for disadvantaged students through targeted programs to support specific outcomes in government schools. New South Wales, Queensland, Western Australia and Tasmania administer a number of targeted programs for identified groups of disadvantaged students with conditions attached to the use of funds and associated reporting requirements.
116. State and territory governments also provide recurrent grants to non-government schools through different sets of formulae and procedures. Most jurisdictions incorporate needs-based weightings into these allocations.

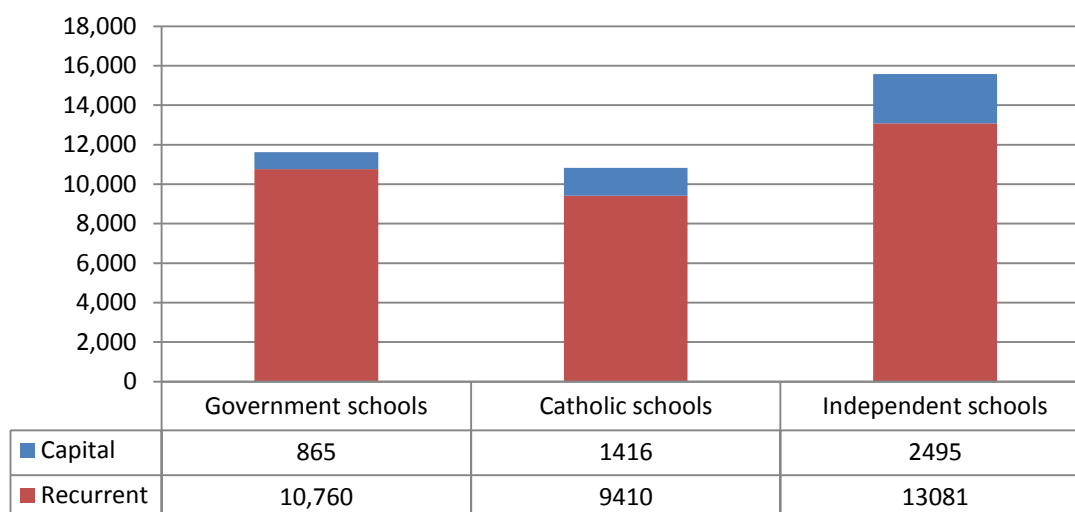
## Total School Funding

117. School funding and services for any schools and all students (including those identified target groups) occurs within the global resourcing that is available to school systems and sectors. To understand and locate the significance of what is being allocated towards any targeted groups it is useful to have an understanding of the total funds available. The financial data available for analysis at the time of writing this report was the data presented in the National Report on Schooling 2008 (NRS).

### Global resourcing for schools across sectors – average expenditures per student

118. The global school resourcing data show Catholic systemic school systems to be spending on average \$10,826 per student in 2008 compared with \$11,625 across government school systems in 2007–08 and \$15,576 per student in the independent sector in 2008. These figures capture recorded school expenditures (recurrent and capital) from all sources of declared school income.
119. A key finding is that government and Catholic school systems provide very similar global per student funding (\$11,625 and \$10,826 respectively).
120. Global resourcing of schools within the independent sector is on average per student (\$15,576) considerably higher than average resourcing levels for the government and Catholic school systems. Of course, these figures disguise considerable variations in actual expenditures at the school level. These variations can be particularly large for the independent sector owing to wide discrepancies in school generated revenues. (See Figure 23.) Higher enrolment growth in the independent sector may also explain some of the higher capital related expenditures.

**Figure 23 Average expenditure per student- recurrent and capital (excl. user cost of capital, 2007-08 (government schools) and 2008 (non-government schools))**



Source: All data sourced from 2008 National Report on Schooling (NRS). Unit cost data for Catholic and independent schools from Table 23 NRS. Government schools recurrent expenditure data from Table 20. Adjustment made to extract the average per student allocation for notional user cost of capital. This is similar to non-government school financial data which also does not include notional user cost of capital. Average per student allocation for notional user cost of capital is calculated from financial breakdown presented in Table 19 NRS divided by the FTE enrolments presented in Table 5 NRS. Government school recurrent expenditure includes payroll tax which is not paid by non-government schools. Government school figures are for 2007-08. Non-government school figures are for 2008 calendar year.



121. There are some overarching limitations on direct financial data comparability between school sectors, including:
- government sector financial data are compiled on a financial year basis, while the calendar year is used in the non-government sector. The most recently available data compiled for government schools at the time this report was for 2007-08 and for non-government schools was 2008.
  - government school data includes payroll tax payments which do not apply to non-government schools.
  - government sector financial data are compiled on an accrual accounting basis, while many non-government schools use and report on a cash accounting basis. This affects the comparability of some expenditure components, particularly superannuation and long service leave.
  - transport costs for schooling are included as part of recurrent expenditure data for government schools but are not always captured for non-government schools.
  - reported expenditure for government schools does not include school generated revenues, which can be quite significant in some schools.
  - there is an imbalance between sectors in their share of students across levels of schooling. The higher unit costs associated with the secondary level of schooling distorts global per capita comparisons with an upward bias for the independent sector that has a higher ratio of secondary level enrollees (54 per cent) than the government (39 per cent) and Catholic (45 per cent) school sectors.<sup>20</sup>
  - There is an imbalance between sectors in the average profile of schools and students they are servicing. Government school systems have a higher share of students with additional educational needs (Low SES, Indigenous and students with disabilities). Government schools also have a higher share of students in the high cost remote and very remote locations.
122. These are significant limitations, however their cross-cutting impact (meaning they have both upward and downward effects on all sectors) suggests the actual disparity in total funding (from government and private sources) between sectors probably remains large.
123. New financial data for schools are scheduled to be released in 2011 by ACARA. A more precise calibration of disparities in global resourcing for schools might be possible with the release of the ACARA 2010 financial data. Unfortunately this data set was not available for analysis at the time of preparing this report. It is not possible to assess this possibility until the precise specifications and limitations of the financial data collection have been determined. Once the new financial data set becomes available, it will be useful to consider if and how the analytical tables presented in this report might be refreshed.

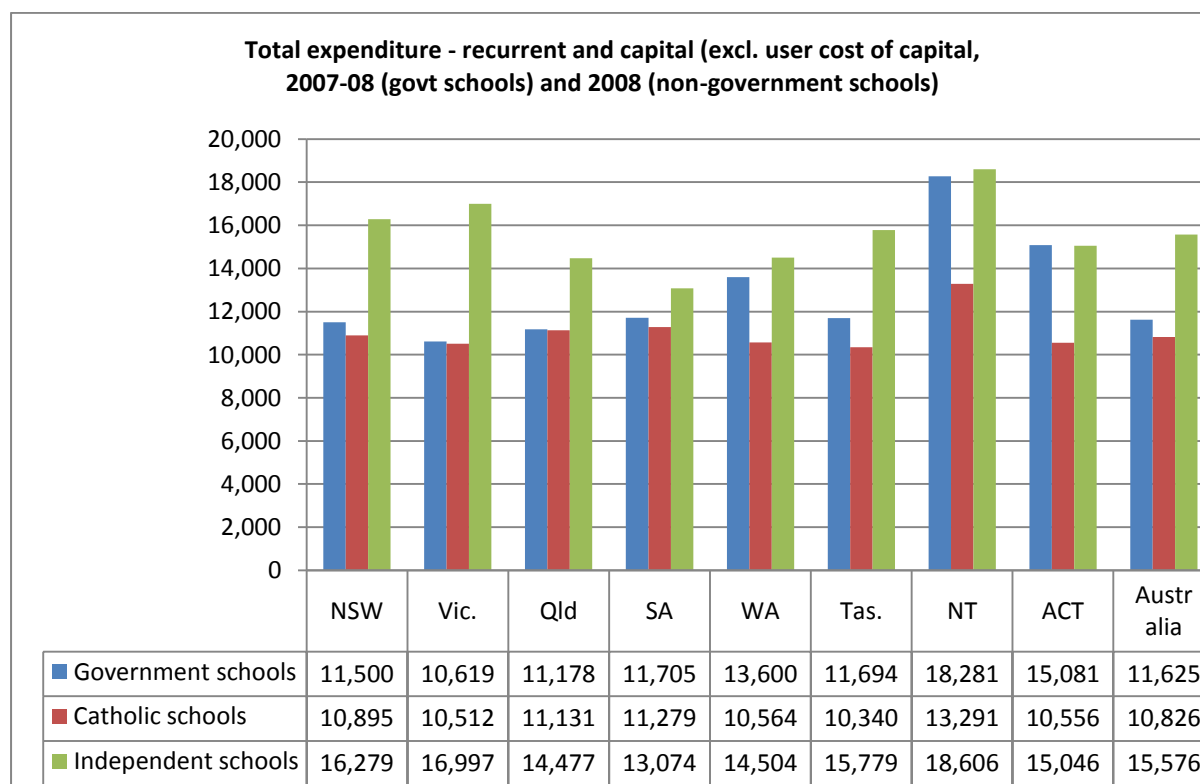
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<sup>20</sup> Retrieved ABS 42210\_2009 Schools, Australia, 2009

## Global resourcing for schools across states and territories

124. There are large variations in the average expenditures (recurrent and capital) across states and territories for all of the school sectors. Consistent across all sectors is the Northern Territory as the highest cost jurisdiction.
125. The Northern Territory is the highest average expenditure jurisdiction for all school sectors with average total costs per student in 2008 ranging from \$18,606 (independent sector) to \$13,291 (Catholic systemic schools).
126. Outside the Northern Territory, there are large differences in average expenditures across states and territories, but these are experienced differently across the sectors. These differences may reflect a range of factors (such as higher costs associated with school remoteness and student background or higher school generated revenue capacity in some states).

**Figure 24 Average expenditures (recurrent and capital) per student, by sector and state (2008)**



Source: Government schools - Enrolments from ABS 42210DO001\_2009 Schools, Australia, 2009. Financial data from Table 5 NRS 2008. Excludes notional user cost of capital for government schools. Catholic and independent sectors - NRS 2008, Table 23. Figures for Catholic and independent sectors:

- Exclude amounts related to boarding facilities, and direct payments by the Australian Government to students and/or parents.
- Include debt servicing of loans for capital and operating purposes.
- Capital expenditure excludes loan principal repayments.
- Expenditure of system offices is allocated across the schools in proportion to enrolments.

127. For NSW, Victoria, Queensland and SA there is close alignment in the average expenditure per student between government and Catholic school systems.

128. Western Australia, Northern Territory and the ACT are three jurisdictions where the average expenditure of the government schools is more closely aligned with the independent sector than the Catholic systemic schools.
129. NSW and Victoria are average high expenditure jurisdictions for the independent sector with more than \$16,000 per student and well above the average expenditures of the government and Catholic systems.
130. Victoria is a low expenditure jurisdiction for the government and Catholic systemic sectors with expenditures of \$10,619 and \$10,512 respectively. (See Figure 24.)

### Capital related expenditures

131. The size of capital related expenditures reflect an allocative decision made either at the school or systemic level which has an impact on the amount of recurrent funds available for other expenditures. Those states and territories with significant numbers of schools in remote and very remote locations may have significantly higher capital related unit costs. Capital expenditure comparisons are best kept within a state jurisdiction because the price of capital improvements and investments can vary significantly across regions. Schools with the lowest expenditures per student will (in general) have the least capacity to divert capital funds to provide for additional recurrent expenditures items (for example, targeted student groups).
132. On average per student, the government sector in 2008 spent the least amount on capital expenses (\$864) compared to Catholic schools (\$1,416) and the independent sector (\$2,495). At a state level, the government sector in 2008 spent less than the other sectors in all cases except the ACT where it outspent both other sectors.
133. The Northern Territory has the highest per student capital related expenditures for the Catholic and independent sectors and the second highest per student expenditures of government schools systems. (See Figure 25.)

**Figure 25 Average capital expenditures per student, by sector and state, (2008)**



Source: All data sourced from national Report on Schooling (NRS, 2008). Government schools Table 20 and Catholic and independent sectors - NRS Table 23. Includes debt servicing of loans for capital and operating purposes. Capital expenditure excludes loan principal repayments.

## Targeted School Funding

134. This study collected data through a self-completed survey distributed to government and non-government education authorities across all states and territories. The survey collected financial and non-financial data related to programs targeting five identified disadvantaged groups. This section provides an analysis of financial allocations and expenditures based on the survey returns.
135. Some important caveats and limitations apply to the data that have been collected and analysed:
- A lack of consistent definition around target groups means that it is not possible to directly compare allocations across jurisdictions or sectors. This particularly affects the students with disabilities and the Low SES target groups.
  - The analysis of aggregate expenditures by disadvantaged groups is based on returns to Part 1 of the survey. Insufficient data were received from the following sectors to be included in this analysis: government (QLD), Catholic sector (NSW, WA), and independent sector (NSW, ACT, WA, NT).
  - The survey collected information on targeted expenditures for disadvantaged groups. Some respondents applied this only to targeted programs, while others also included loadings within their general recurrent funding (base grant) where this was possible.
  - The Catholic and independent sectors across all states were only able to identify those expenditures that had been distributed by them at the state coordinating level. They do not include allocations made by schools from their own recurrent budgets. They also do not include direct payments made by government to schools such as the Indigenous Supplementary Assistance (ISA). In the case of Catholic systems, they also do not include financial allocations made by individual dioceses directly to schools.
  - Some targeted programs can have explicit and implicit multiple targeted groups. For example, a program targeting remote and very remote area communities in the Northern Territory will also be largely servicing or targeting Indigenous communities. This means the overlapping effects of targeted programs can increase the cumulative amount of resources that are received by an identified group of students and schools.
136. In view of the limitations of the financial data set, the figures presented are an under-estimate of total allocations because they do not include (i) expenditures from those sectors that were unable to present the breakdown of information required within the research period,<sup>21</sup> (ii) expenditure of school generated revenues from either government or non-government sectors, (iii) use of untied school recurrent funds (most significant for the non-government sector), and (iv) allocations from dioceses within Catholic systems where they are not the designated financing authority for that state/territory.
137. The most significant under-estimates across both government and non-government sectors are likely to be found for Low SES disadvantaged groups. This is because there

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<sup>21</sup> Insufficient data was received from the following sector/states to be included in this analysis– government sector (QLD), Catholic sector (NSW, WA), independent sector (NSW, ACT, WA NT).

are in-built distributive formulae within their school recurrent funding models to provide additional funds to schools serving Low SES communities. These formulae have not been captured for the independent sector, and only partially for the government and Catholic sectors.

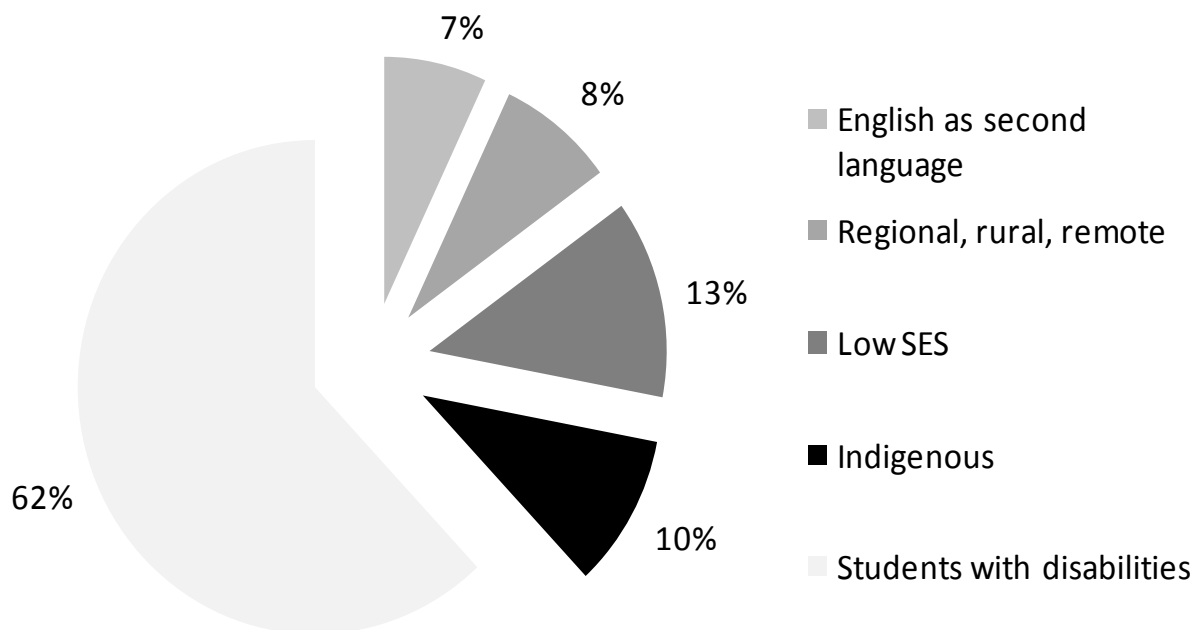
#### Aggregate identified targeted funding for disadvantaged groups

138. National aggregate funding of approximately \$4.4 billion was identified for disadvantaged groups during 2009-10. Nearly \$2.8 billion of this total was allocated for students with disabilities. Identified funding for Low SES students was next highest at about \$585 million. The other three disadvantaged groups received considerably less identified targeted funding (Indigenous \$436 million, English language \$333 million, Regional/Rural/Remote \$337 million).

#### Distribution of targeted funding across disadvantaged groups

139. Targeted program allocations for students with disabilities are greater than all the other targeted programs put together. Programs for students with disabilities attract approximately 62 per cent of all nationally identified targeted funds. Approximately 13 per cent of targeted funding is designated for Low SES purposes with 10 per cent for Indigenous, 7 per cent for ESL and 8 per cent for Regional/Rural/Remote. (See Figure 26.)

**Figure 26 Shares of national identified targeted funding, by disadvantaged groups, (%) 2009-10**

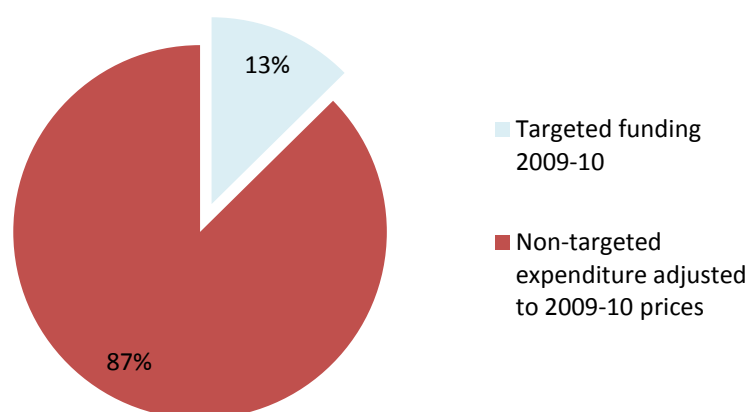


Note: Figures based on targeted funding identified by respondents. Figures are under-estimates of total targeted funding because they (i) do not include embedded allocations within some government systems, most Catholic systems and all independent sectors in all states, (ii) do not include any data for the independent sector in ACT and NT. There is no double counting of funds but some students will be multiple beneficiaries of targeted funding. The Indigenous component includes \$61.62 million provided directly to non-government schools under the Indigenous Supplementary Assistance (ISA) program.

### Identified targeted funding as proportion of global resourcing

140. It is useful to consider the size of the targeted funding pool as a proportion of total funds available for schooling. To deal with data constraints, targeted funding within government school systems in 2009-10 was compared with the latest published data for whole of government school expenditures (2007-08).<sup>22</sup>
141. Identified 2009-10 targeted funding for disadvantaged groups would have consumed 14 per cent of the 2007-08 government school budgets (recurrent plus capital, excluding user cost of capital). Adjusted for price inflation (applying an average AGSRC deflator of 6 per cent, per annum) identified targeted funding within government schools would have consumed about 13 per cent of total 2007-08 government school funding. (See Figure 27.)

**Figure 27 Indicative share – government school identified targeted funding (2009-10) as proportion of total government school expenditures**



Note: The calculation applies the following formula:

Indicative share = ACER identified targeted funding for public schools / national expenditure for government schools. Targeted funding figures are based on 2009-10 targeted expenditures identified by respondents to the ACER survey. The following adjustments are made to standardise prices across years and remove accrual-based accounting elements. Latest nationally available government school financial data (2007-08) is sourced from Table 19 NRS 2008 with adjustments to (i) exclude user cost of capital, (ii) adjust 2007-8 prices by applying an average inflator of 6 per cent per annum to arrive at an estimated 2009 value.

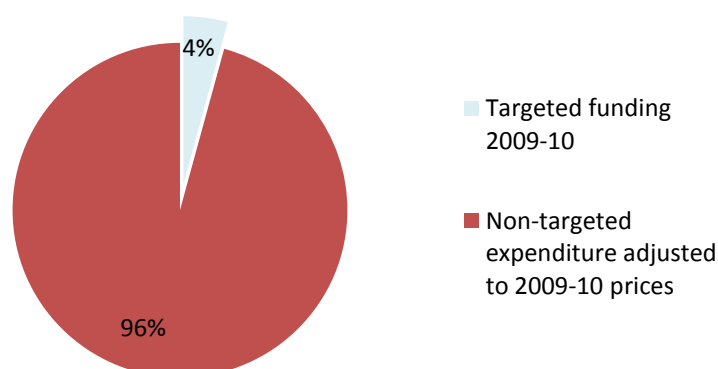
142. Targeted government school funding identified through the ACER survey for disadvantaged groups in 2009-10 (excluding students with disabilities) was 4 per cent of total government school funding (2007-08 figures adjusted with price adjustment to 2009 values).
143. The 4 per cent targeted funding allocation is small and reflects that part of government spending that is explicitly directed towards addressing disadvantage. However, the 4 per cent does not cover the full marginal costs associated with delivering services. Interviewees within the government sector identified the highest marginal cost in terms of low student-teacher ratios for delivering services to (i) locations outside of

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<sup>22</sup> This indicative analysis is constrained by (i) the significant absence of targeted funding data for the non-government sector, and (ii) cross year comparisons between 2009-10 targeted programs funding and 2007/08 total school funding.

metropolitan areas, and (ii) in some Low SES areas. These can create very heavy per student costs that are not driven by any policy related variable except a government obligation to provide schooling for all communities.

**Figure 28 Indicative share – government school identified targeted funding (excluding student with disabilities funding) as proportion of total government school expenditures**



Note: Targeted funding figures are based on 2009-10 targeted expenditures identified by respondents and exclude student with disabilities funding. The 2007-08 national expenditure data sourced from NRS 2008 with adjustments to (i) exclude user cost of capital, (ii) adjust 2007-8 prices by applying an average inflator of 6 per cent, per annum to estimated 2009 value.

### Indicative average funding – calculations and limitations of analysis

144. Funding analysis that is averaged per targeted student measures the intensity of resourcing provided for program participants (student beneficiaries). This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.
145. The analysis also presents indicative calculations for average per student and per school funding for the different disadvantaged groups. These calculations are based on ACER survey data that asked respondents to stream targeted program expenditures by disadvantaged group. There are some important caveats that apply to this analysis.
146. First, some programs explicitly target a number of disadvantaged groups and therefore do not fit solely within one category. In other cases, programs may have overlapping beneficiary disadvantage groups. This means that the identified targeted expenditures for a disadvantaged group do not cover the total funds that will be available for these students. In the case of the Northern Territory with its high share of Indigenous students, remote area schools and Low SES communities, there can be a very significant overlapping of programs to meet the high needs of the student population and school location.
147. Table 4 shows how in the NT identified targeted allocations for Indigenous students (\$61 million) are only one part of a total targeted expenditures (\$143 million) that would be available for Indigenous students once there is a notional distribution of other available targeted allocations.

**Table 4 NT targeted expenditures relating to Indigenous primary and secondary students\***

Expenditure category	Proportion	Expenditure (\$m)
Targeted Indigenous Expenditure as identified in survey	100%	61.2
Proportion of Low SES Targeted Expenditure	70.4%	4.9
Proportion of ESL Targeted Expenditure (less New Arrivals)	86.4%	13.0
Proportion of Remote Targeted Expenditure (including non capital housing expenditure)	86.5%	47.1
Proportion of Disabilities Targeted Expenditure	43.3%	16.5
TOTAL Targeted expenditure on Indigenous primary and secondary students		142.7

Source: NT DET supplementary table provided with return of ACER survey

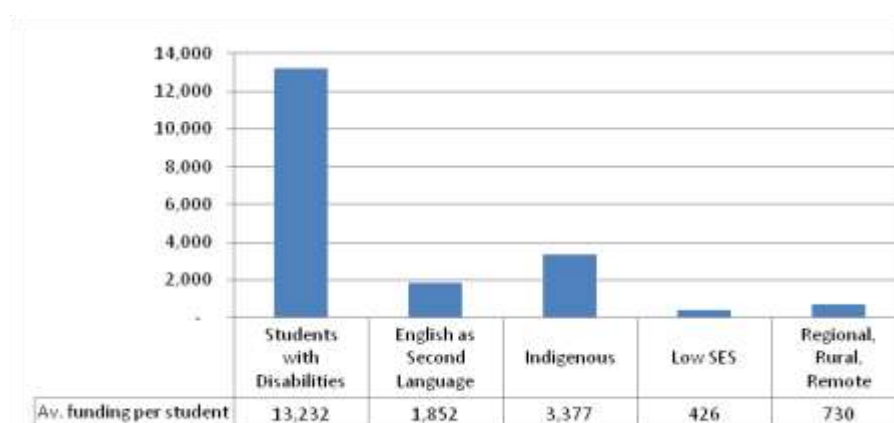
\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

148. The average per student and per school calculations therefore need to be interpreted with some caution. They represent the average allocations of the system per student and per school to address specific needs associated with a particular type of disadvantage. The actual total amount of funds that a school will have or need, can be considerably greater once there is a pooling effect from different programs.

#### Indicative average funding - per targeted student and school

149. Nationally in 2009 the highest average targeted funding per targeted student was for students with disabilities (\$13,232) with per student expenditure for Indigenous programs next highest (\$3,377). Average funding per targeted student was least for Low SES programs (\$426) followed by Regional/Rural/Remote (\$730).<sup>23</sup> (See Figure 29.)

**Figure 29 Average funding per targeted student, government schools 2009-10\***



Source: ACER Survey, government sector school data only. Note: Average per student funding often disguises variation in actual funding per student, particularly for students with a disability.

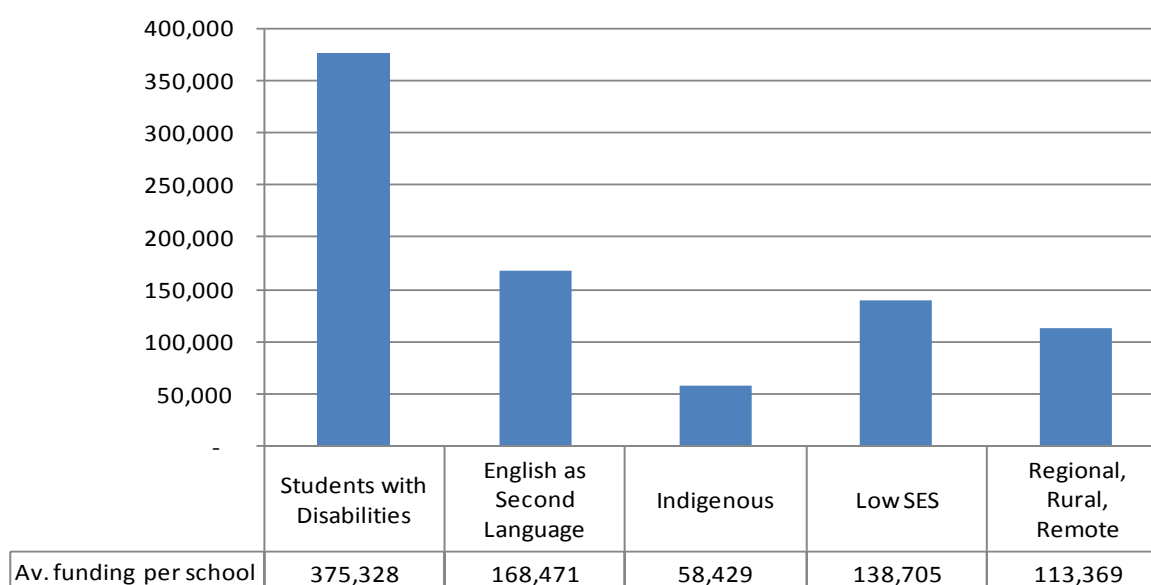
\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

<sup>23</sup> Targeted funding analysis carries a significant under-estimate of funding allocations for Low SES and Regional/Rural/Remote groups. Both of these factors have embedded loadings within the general funding allocation provided to schools across all sectors.



150. Average per student funding is often an imprecise measure, particularly for students with a disability, where the level of per student funding can vary enormously depending on the type of disability and the education setting.
151. Average funding per school captures the concentration of that funding at a school level. This concentration can reflect policy intent to concentrate resources or the population distribution of disadvantaged groups across schools or both factors. Average funding per school calculations have been prepared by dividing the total identified allocations for a disadvantaged group by the number of schools identified by interviewees as participating in the program. These calculations therefore (i) disguise wide variations in funding across schools, and (ii) include allocations for staff and expenses that may not be based at any one school.
152. The highest per school expenditures were for students with disabilities (\$375,328), followed by ESL (\$168,471), Low SES (\$138,705), Regional/Rural/Remote (\$113,369) and Indigenous students (\$58,429). (See Figure 30.)

**Figure 30 Average funding per beneficiary school, government schools 2009-10\***



Source: ACER Survey, government sector school data only, 'beneficiary school' means those schools identified as having some access to a targeted program or funding allocation specifically for that disadvantaged group. This is not average for all schools and the amount received by schools could vary greatly around the mean average calculation.

\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

### Average funding per student and school – indicative comparisons between states and sectors

153. Comparisons between states and sectors on funding for disadvantaged students need to be treated with some caution. Comparisons between states are complicated by:
- the extent to which they embed allocations for disadvantaged groups and the extent to which these were captured by the ACER survey;
  - differences in definition of disadvantaged groups and the capture of financial data for these groups (most particularly for students with disabilities); and

- the exclusion of the Queensland government sector from the analysis because it was unable to give breakdowns of the number of student beneficiaries by specific disadvantaged group.

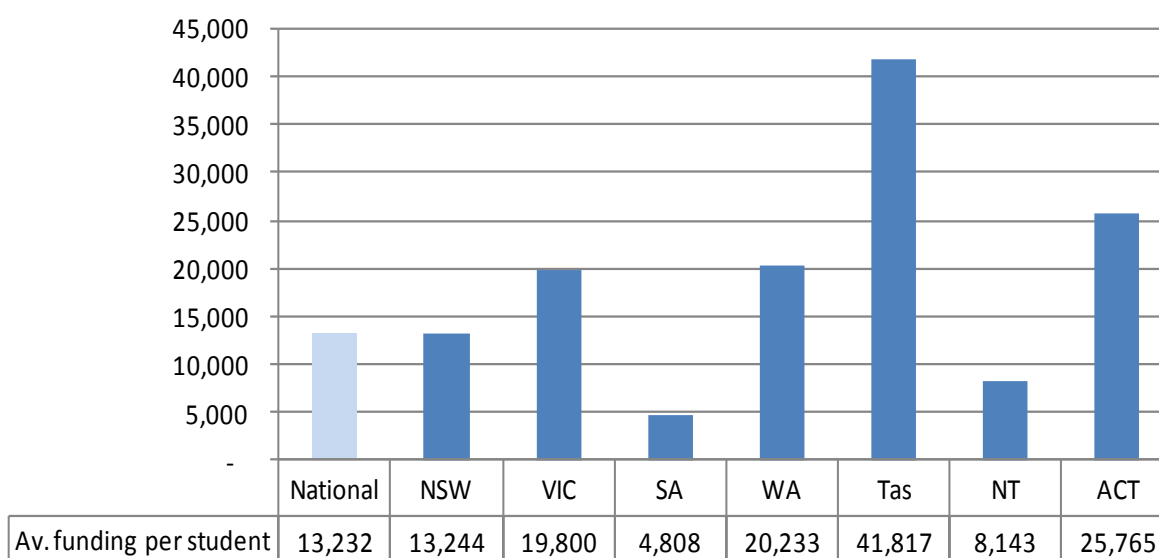
154. Comparisons between sectors refer only to public funds. They are complicated by:

- the absence of reporting on school generated revenues (particularly strong for the non-government sectors);
- the allocation of public funding that is distributed through general recurrent grants to schools; and
- the allocation of Catholic sector diocese funds for some states.

### Students with disabilities - average funding per student and school

155. For students with disabilities, the average funding level per student and school varies widely. Tasmania has a very high level, which reflects the relatively restrictive definition applied by Tasmania to this category. (See Figure 31.)

**Figure 31 Students with disabilities - average targeted funding per targeted student, government schools 2009-10\***

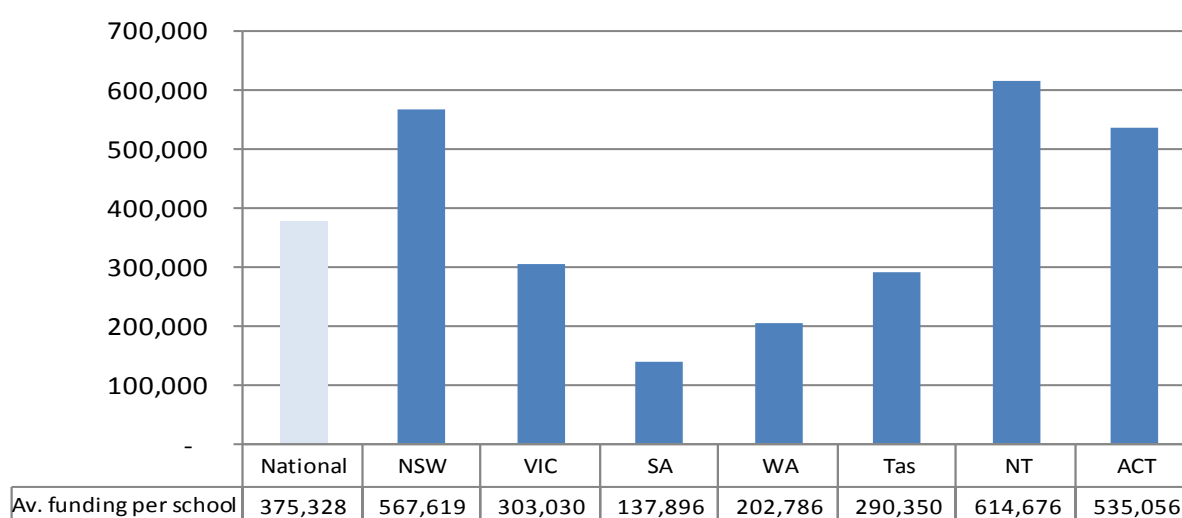


Source: ACER Survey, government sector school data only

\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

156. The impact of the different definitions is illustrated in the average funding per school, shown in Figure 32, with NSW, NT and ACT, funding at more than \$500,000 per school, outstripping all other jurisdictions. It should be noted that the use of differing definitions of students with a disability means that the figures provided in Figures 31 and 32 are not directly comparable and there is likely to be some distortion of actual state expenditures on students in these categories.

**Figure 32 Students with disabilities - average funding per school, government schools 2009-10\***



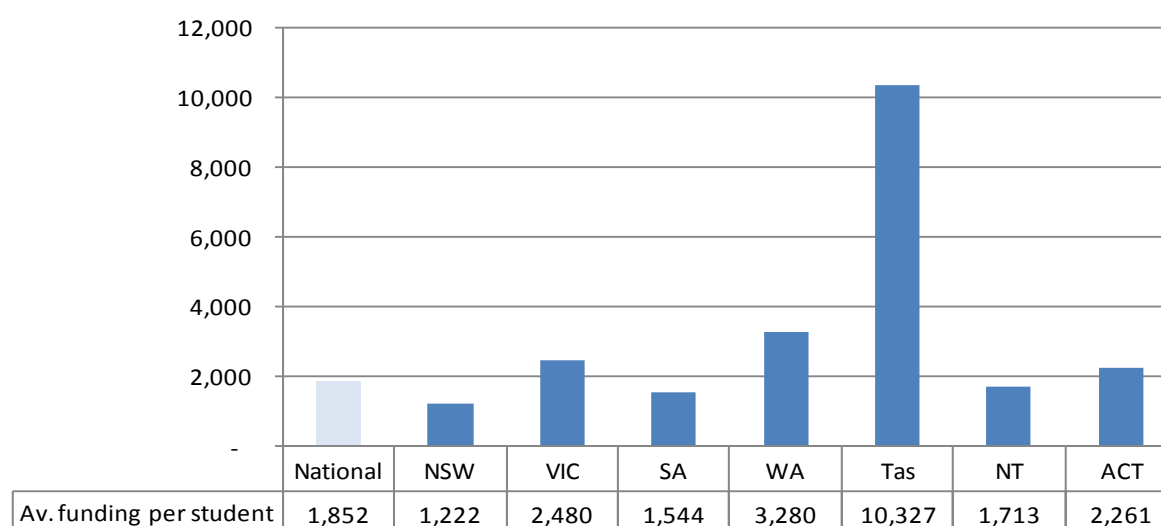
Source: ACER Survey, government sector school data only

\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

### English as Second Language - average funding per student and school

157. Average expenditure per student is clustered between \$1,200 - \$2,500 per student with the exception of Tasmania at more than \$10,000.

**Figure 33 ESL - average targeted expenditure per targeted student, government schools 2009-10\***

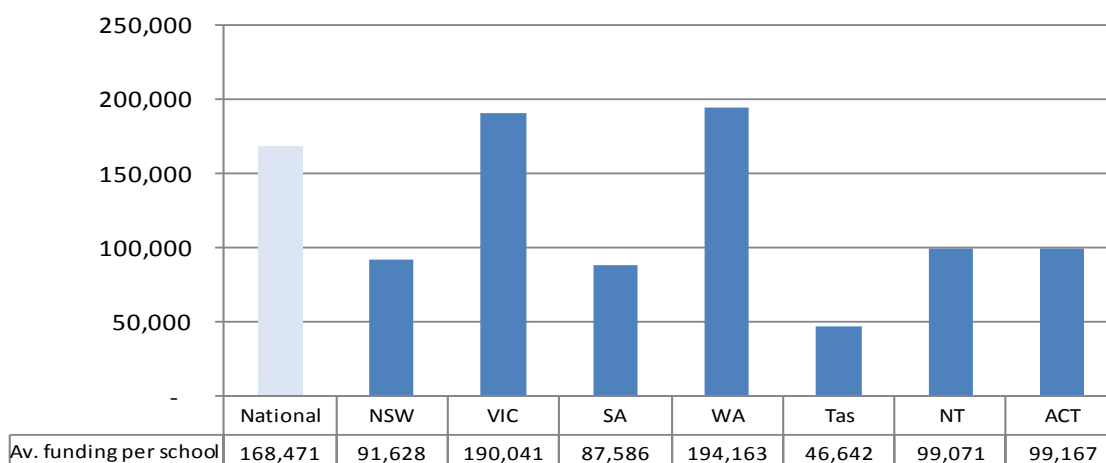


Source: ACER Survey, government sector school data only

\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

158. Larger school populations and greater concentration of students within schools in some states (NSW, VIC, SA and WA) help to drive higher average expenditure per school.

**Figure 34 ESL - average targeted funding per school, government schools 2009-10\***



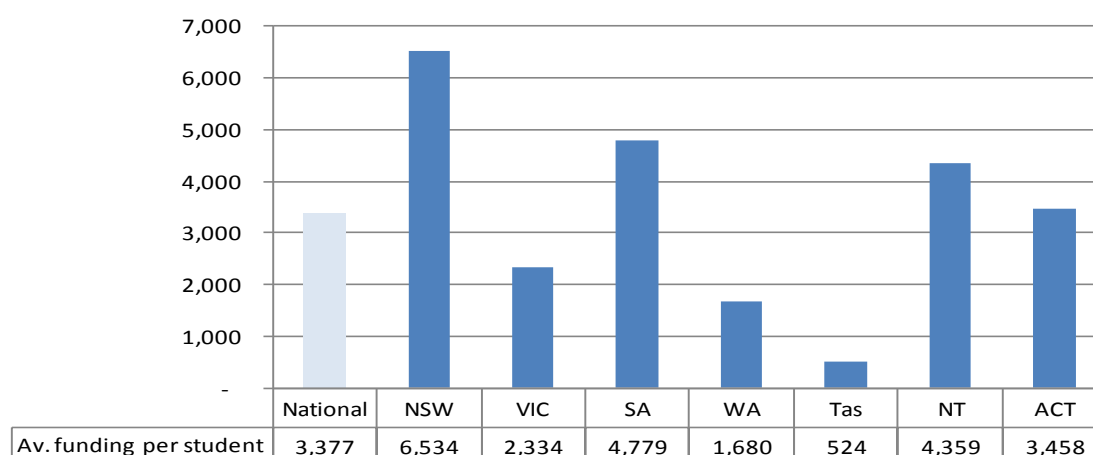
Source: ACER Survey, government sector school data only

\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

### Indigenous students - average funding per student and school

159. NSW, SA and NT have strong per student funding allocation for Indigenous students (\$6,534, \$4,779 and \$4,359 respectively). However, these figures need to be considered with caution as the beneficiary groups will strongly overlap with remoteness and Low SES. This applied in particular to the NT.

**Figure 35 Indigenous students - average targeted funding per targeted student, government schools 2009-10\***

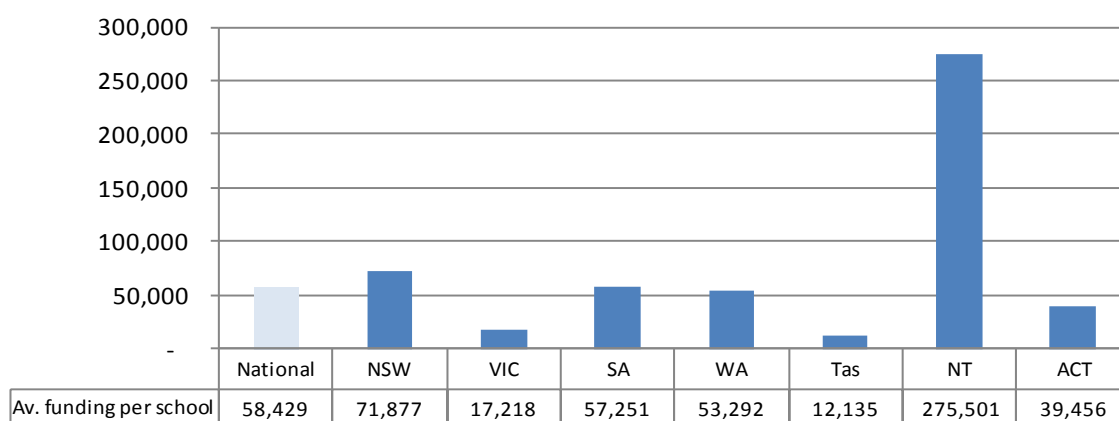


Source: ACER Survey, government sector school data only. Note: State-based definitions of Indigenous students were used in survey responses.

\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

160. The greater concentration of Indigenous students within NT schools is shown when looking at average allocations by school beneficiary. While all other jurisdictions are less than \$80,000 per annum, the NT has more than \$275,000 per school.

**Figure 36 Indigenous students - average targeted funding per school, government schools 2009-10\***



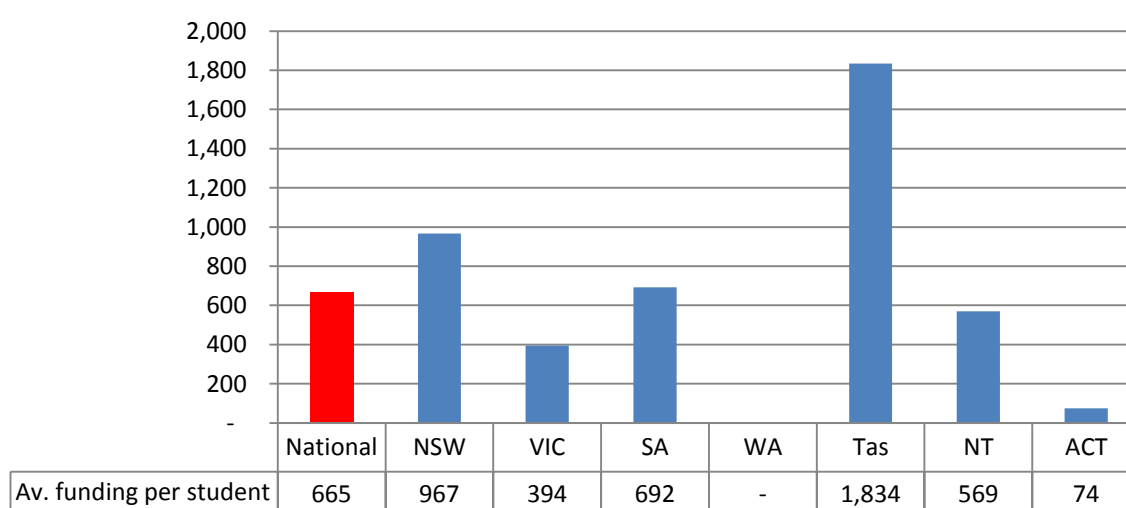
Source: ACER Survey, government sector school data only

\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

### Low SES background students- average funding per student and school

161. All jurisdictions (with the exception of TAS) are below \$1,000, but show a wide spread in per student allocations.

**Figure 37 Low SES - average targeted funding per targeted student, government schools 2009-10\***

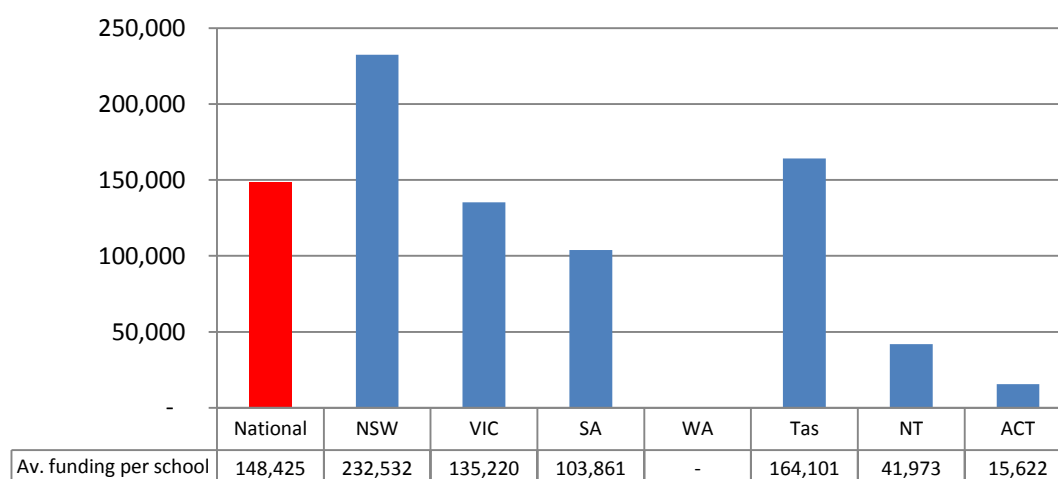


Source: ACER Survey, government sector school data only. WA not included due to lack of data on number of beneficiaries

\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

162. Analysis of expenditure by school level shows most jurisdictions providing between \$100,000 - \$235,000 per school. The exceptions are NT (which is complicated by a heavy emphasis on Indigenous and remote area programs that have great overlap with Low SES beneficiaries) and the ACT.

**Figure 38 Low SES - average funding per school, government schools 2009-10\***



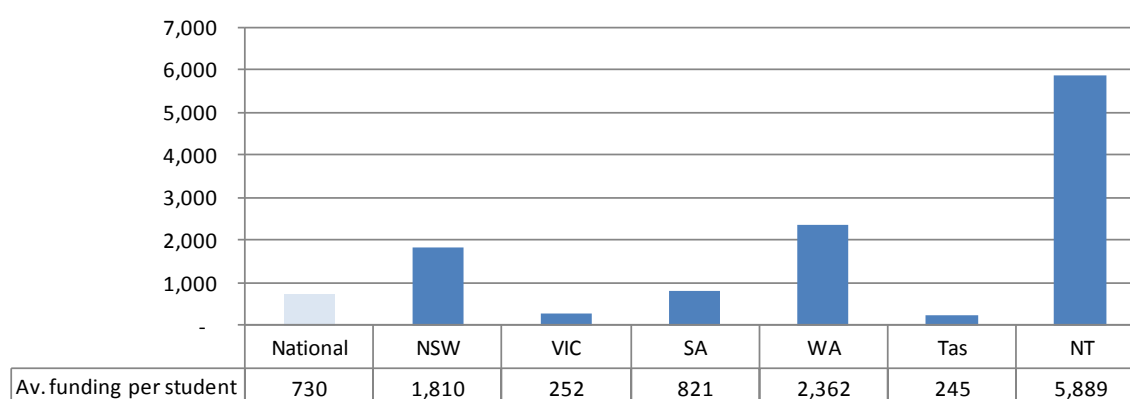
Source: ACER Survey, government sector school data only. WA not included due to lack of data on number of beneficiaries

\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

### Regional/Rural/Remote students- average funding per student and school

163. The strength of per student allocations is broadly in line with the distribution of regional-remoteness needs across jurisdictions with NT highest (\$5,889) followed by WA (\$2,362 and NSW (\$1,810).

**Figure 39 Rural/remoteness - targeted funding per student, government schools 2009-10\***

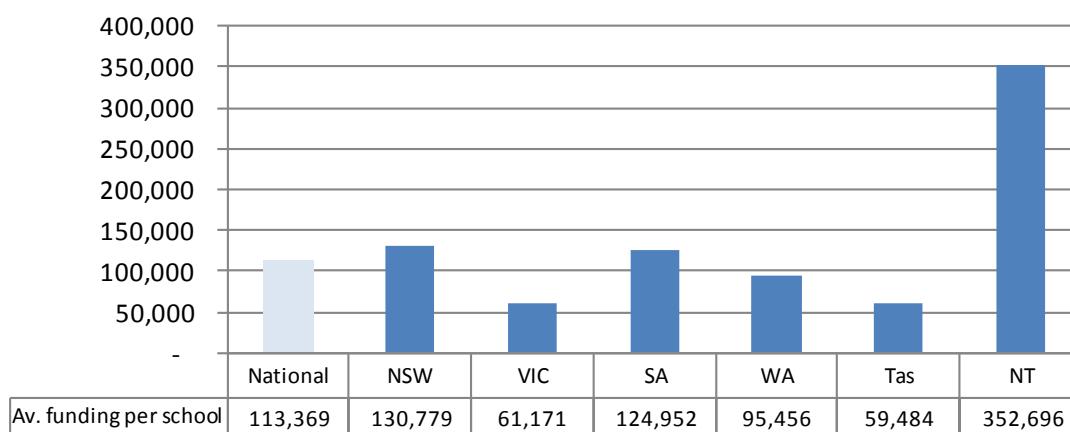


Source: ACER Survey, government sector school data only

\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

164. The average per school distribution of the regional-remoteness programs varies between nearly \$60,000 per targeted school in TAS to nearly \$353,000 for the NT.

**Figure 40 Regional/rural/remoteness- average funding per school, government schools 2009-10\***



Source: ACER Survey, government sector school data only

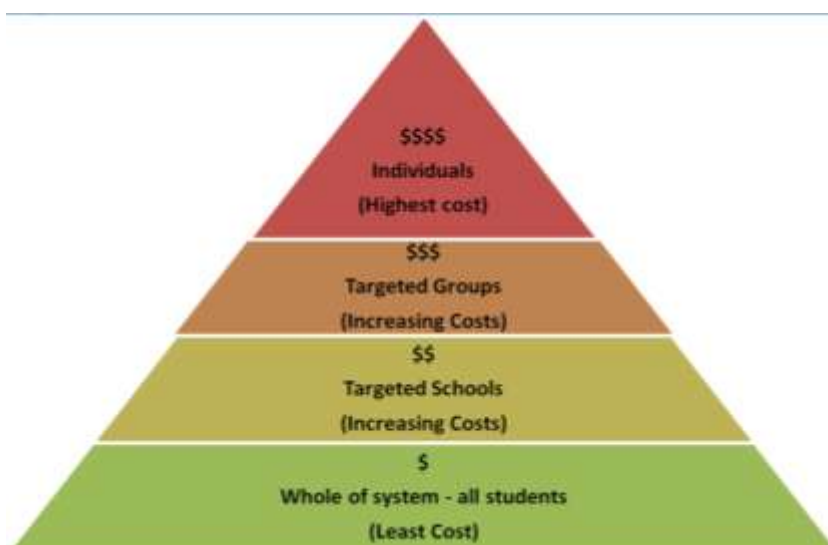
\* This analysis has only been applied to the government sector because it had the most complete set of financial data. The absence of financial data on diocese and school level funding for the Catholic and independent sectors would skew the analysis towards a lower per student expenditure.

### Managing and interpreting differences in unit costs

165. The data analysis shows there can be enormous differences in the per student unit cost of targeted funding for disadvantaged students. While it might be tempting to interpret the difference in unit costs between programs or interventions as an indicator of efficiency, there is good reason to be cautious. The differences may reflect different degrees of disadvantage, with some having higher costs. There are also differences between state definitions of need, and between funding and program structures chosen to address those needs, and between the size, scope, and administration requirements of programs, as well as relative effectiveness.
166. A MCEETYA report<sup>24</sup> proposed the concept of a Resource Intensity Profile (RIP) to group initiatives into implementation categories based on four targeting and delivery types (i) targeted individuals, (ii) targeted groups, (iii) targeted schools, and (iv) whole system approaches.
167. The RIP distinguishes between the least unit costs generated by universal services (whole of system), all the way up to the individual specialist services for children most 'at risk' (highest average per student cost). Between these two unit cost extremes are programs which target whole schools and those targeting whole groups.
168. The RIP groups interventions by 'targeting type' to match the intensity of educational interventions. Separation of the initiatives by the focus of intervention and the target group for the intervention allows examination of comparative cost structures that might otherwise be submerged by simple averaging across all programs. (See Figure 41.)

<sup>24</sup> RNG, 2005

**Figure 41 Resource Intensity Profile – escalating cost by targeting and service delivery type**



169. The RIP is a useful construct to map the allocative efficiency of targeted funding for disadvantaged groups. An efficient school system (or sector) should distribute resources with an intensity that corresponds to the intensity of student and school need. This means a range of targeted interventions with varying resource intensity should be available to cater for diverse needs.
170. The MCEETYA study confirms that targeted funding for some programs (for example, students with disabilities and for ESL) have mechanisms that measure the extent of the disadvantage (both in clinical terms and in terms of additional educational needs). In this way, they have a resourcing strategy that broadly correlates with an RIP. Low needs are typically managed through additional resources provided within the classroom (for example, immersion for ESL), higher needs at a school level (for example, though special classes within a regular school) and highest needs through separate institutional provision (for example, special schools for students with disabilities).
171. Interviews conducted by ACER across all jurisdictions and sectors confirmed that the variability in costs for disadvantaged students and schools is a major issue for school systems and sectors. It is an especially important issue for independent sector schools which need to manage this variability while having access to limited pooled funds in comparison to those at the disposal of school systems.
172. Key policy implications arising from variation of additional education need within targeted groups include the need:
- for an efficient resourcing strategy to correctly match additional educational needs with appropriate resource intensity
  - to have an efficient resourcing strategy with targeted programs that can cope with significant variation in unit costs
  - for consistent and comparable specification of additional education need within and across sectors to offer a better basis for measuring the technical efficiency of programs or funding strategies. This will enable better planning and the potential to improve and replicate effective and efficient approaches within and across systems and school sectors.



## Chapter 4: Supply-side analysis – key issues in delivery of targeted programs

### From narrow-casting to broad-banding: an evolving national approach towards targeted groups

173. In November 1991, then Commonwealth Minister for Education, John Dawkins, outlined the need to ‘broadband’ several of the targeted equity programs then in place, such as the Disadvantaged Schools Program, the Country Areas Program, the Special Education Program, Rural Hostels Program, English as a Second Language Program and the Students at Risk Program. As Rizvi noted:

The idea was to bring these programs under the rubric of a single accountability structure, negotiated between the Commonwealth and the States and informed by a nationally agreed set of educational objectives. Dawkins was responding to a widely held view that equity programs needed to deliver a more focussed reporting of educational outcomes, especially in terms of educational participation, subject choice and student attainment.<sup>25</sup>

174. The traditional approach of a multitude of programs tended to compartmentalise areas of perceived disadvantage, resulting in layers of administration at the school and state level and a wide variety and quality of definitions, objectives, reporting and accountability.
175. Such ‘narrow-cast’, targeted programs base their funding on student or community background or location; that is, on *inputs* such as a student language barrier or inadequate access to resources due to remoteness. Such input models often also specify how the funding tied to a given model is to be spent. Current examples of narrow-cast, targeted programs by specific disadvantaged group include the Country Areas Program (CAP) English as a Second Language – New Arrivals (ESL-NA) and Literacy, Numeracy and Special Learning Needs (LNSLN).

### Continuing role and support for narrow-cast targeted programs

176. The interviews conducted by ACER with the non-government sector education authorities revealed strong support for the continuation of the narrow-cast target programs. The typical views within the government sector were that the broadbanding approach discussed below helped to introduce much needed flexibility into how schools could allocate their resources. It was not suggested by any respondent that all narrow-cast targeted programs should be dissolved. The key question is one of balance and establishing the criteria to help determine when to apply broadbanding or narrow-cast targeted programs.
177. Notwithstanding the trend towards broadbanding of equity programs, there remain a great many that are still narrow-cast by specific disadvantaged group. Reasons put forward by interviewees for these programs continuing included:

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<sup>25</sup> Rizvi, 1995, p. 25.

- There is clarity around the purpose of the programs which makes sense to school principals and school communities
  - Some of these programs have been in operation for many years and they have been refined over that time so that they can meet the needs of schools
  - Some of these programs demonstrate excellence and provide access to expertise that would otherwise not be available to a school.
178. There was particularly strong support for the narrow-cast programs from the independent sector. There was general strong support for the CAP, ESL-NA and LNSLN, with their focus on special needs. Aside from issues of the quantum of funds available through the targeted programs, they were seen as providing predictable funding for schools over many years, with clear and known reporting requirements, and meeting an established school need that would otherwise have to compete for resources from recurrent (global budget) funds.
179. A recent review (Erebus 2010) of the Commonwealth targeted programs in NSW independent schools found that:
- The evidence clearly demonstrates the importance of Commonwealth Targeted Programs funding in enhancing the quality of provision of services for students with special needs (including those in rural and remote and low socio-economic areas). In turn, the evidence gathered in this review suggests that this quality provision has positively impacted on student learning outcomes, teacher effectiveness and parent satisfaction levels.... Alternate funding models, were perceived by stakeholders to be unlikely to deliver the same level of results for students in schools. This is because the focus currently provided by the AIS consultancy team would become dissipated with schools more likely to subsume services for students with special needs to an extent that would significantly diminish their effectiveness.
180. The opinion from the state Catholic system interviewees was more mixed. There was general recognition of the value of targeted programs for English language proficiency (ESL-NA) and for students with disabilities (for example, LNSLN). However, there was also concern that some of the smaller targeted programs sometimes imposed administration overheads that were out of proportion to the funds being disbursed.

### **Broadbanding and output/outcome-based assistance: an evolving national approach**

181. Broadbanded funding tends to be based on outputs/outcomes. The underlying rationale is a changing priority to address educational needs at the individual student level without necessarily focusing on group disadvantage. Such a concept requires a rich dataset of school and student achievement that can identify weaknesses (including the potential compounding effect of overlapping disadvantage factors).
182. By addressing need at the individual student level, the notion of a ‘target group’ is changed from a specified input group, such as remote students or Low SES students, to a group specified by outputs, such as low achievement in literacy and numeracy at a given grade level.

183. Broadbanding and output/outcome based assistance are key trends across states and territories impacting on the design, delivery and funding of equity programs. They aim to improve effectiveness by aggregating expenditures to focus on addressing specific education needs across target groups. They also seek to improve efficiencies by reducing administration costs and improving capacity for monitoring, evaluation and quality improvements.
184. **Broadbanding** - One researcher has summarised the evolution towards broad-banding approaches for equity programs in the following way:
- At the policy level, there has been an evolving response by Australian government and bureaucracies to educational disadvantage. This shifted from a focus on social justice through to an emerging emphasis on social capital, and then to a contemporary commitment to human capital. At the school level, there were corresponding attempts at changes with school organisation and curriculum modifications for disadvantaged students. These evolved from an early emphasis on the compensatory/deficit model to contemporary initiatives to develop competencies for improved participation in the economy. Currently, there is a strong focus on 'broadband Equity Programs' running in the State and Territory school systems. As 'broadband' programs, emphasis is now placed on literacy, numeracy and special learning needs, with a philosophical orientation to 'choice and opportunity', rather than addressing educational disadvantage per se.<sup>26</sup>
185. Interviews undertaken as part of this study with representatives from all government school systems indicate a continuing trend towards broadbanding of equity programs and funding across all government school systems. The broadbanding approach (for example, National Partnerships such as the Smarter School - Literacy and Numeracy Program) was generally seen as having benefits in terms of effectiveness and efficiency in the following ways:
- It can be concentrated in certain schools or spread more widely to reach students with outstanding needs in other schools
  - It targets any student within a school that has an outstanding need in a critical area of learning
  - It is more efficient because it does not target or allocate funding towards students simply by virtue of their student background (without reference to their educational needs)
  - Broadbanded programs pool resources that may previously have been inefficiently distributed by a greater number of smaller programs with overlapping targeted students, proportionately higher overheads and weaker capacity for monitoring and evaluation.
186. The potential effectiveness and efficiency benefits of these broadbanded approaches have been supported by reviews of targeted programs for government school systems. In NSW, a 2005 review found strategic planning and implementation weaknesses could be

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<sup>26</sup> Ayres, 2007, (Author Abstract).

addressed by broadbanded equity funding delivered through weighted funding formulae.<sup>27</sup> ACER interviews with representatives from the Tasmanian government system indicated a similar approach is being considered in their review of school funding.

187. ***Output/Outcome based funding*** - The move towards output/outcome based funding is driven at the national level by the IGA on Federal Financial Relations and the National Education Agreement (NEA) that move Australian Government funding away from financial and other input controls on the states and territories. The funding calculations behind output/outcome models can be formula driven (such as per student) or strategic allocations without any identified formula. Their uniqueness is that they are not pegged to the costing or use of any specified inputs.
188. These output/outcome based approaches can be applied to both broadbanded programs as well as those targeting an identified disadvantaged group (for example, Indigenous students). Output/outcome based approaches are particularly useful for enabling the expansion of broadbanded equity programs since they do not rely on the specification of inputs.
189. There is a general movement of government school systems in the direction of (i) stronger per student formula based funding, and (ii) devolved school funding. Both of these trends can also be seen as an extension of an output/outcome based funding approach towards recurrent or base grant funding. Both trends shift emphasis from financing and controlling inputs towards specification of outputs with funding adjustments for student, school and curriculum related factors. This trend is consistent with a growing move towards increasing school autonomy and school based management.

### **Using targeted programs to develop management capacity and core sector expertise to support schools**

190. Interviewees from education authorities shared the view that there was a need for funding that retains and develops appropriate management capacity (at the system or sector level) as well as develops out of school expertise to support schools in their specialised activities for targeted groups. The use of any per capita funding formula to direct all targeted money for a disadvantaged group down to the school level was seen by some respondents to have a negative impact if it (i) truncates the managerial capacity at the system or sector level, or (ii) inhibits broader cooperation within the sector or (iii) broader cooperation with other sectors.
191. Interviewees suggested management capacity at the system or sector level is needed to coordinate services, provide information to schools, help in identification of needs and facilitate advocacy and communication within the school system or with external funding bodies.
192. The expertise employed at a central level is typically highly specialised and used sparingly which is not conducive to employment at the school level. A school system or sector can build consistency of service and improvements in quality of service delivery through the use of pooled specialist staff. These staff are best able to encourage replication effects of good practice and improve their capabilities by working with many

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<sup>27</sup> Teese, 2005.

schools catering to similar educational needs of children. The need for pooled core sector expertise applies very much to special needs programs but was also identified by some interviewees as being relevant for the other identified disadvantaged groups such as remote Indigenous communities and for ESL.

193. The recent review of the Commonwealth targeted programs in NSW independent schools<sup>28</sup> provides some evidence of the importance of these functions from the schools' point of view. It found that 75 per cent of school respondents gave the highest rating to the 'expertise provided by [Associations of Independent Schools] AIS consultants'.

### **National Partnerships provide strategic focus and concentrated money for selected schools**

194. The Australian Government funded National Partnerships were generally supported by state and territory respondents from the government sector for introducing a more strategic focus by i) building on the benefits of a broadbanding approach (ii) concentrating funds on a smaller group of priority Low SES schools, and (iii) extending the planning and engagement horizons for investments in Low SES schools.
195. The National Partnerships model for Literacy and Numeracy was highlighted by many interviewees as representing the best of a broadbanded approach. For example, the interviewees from NSW DET stated that National Partnerships supported explicit targeting of educational need, identifying high need schools and then delivering flexible response options to these schools. This has included all 147 participating schools in NSW that began implementing their literacy and numeracy programs at the start of the 2010 school year. These programs involved:
- 1,356 teachers delivering whole school/class reading programs;
  - 496 teachers providing whole school/class numeracy programs;
  - Individual learning plans for 4,888 students identified as being at risk of achieving at or below national minimum standards, including 1,569 Aboriginal students;
  - Teachers in all Literacy and Numeracy schools completing the Data Analysis Skills Assessment;
  - Training of school leaders in the NSW Analytical Framework for Effective Leadership and School Improvement in Literacy and Numeracy.
196. The Low SES National Partnership was also seen as valuable for concentrating resources in targeted schools and supporting them to develop data driven, flexible and strategic responses to educational needs. In NSW, for example, the following outcomes were reported for one six-month period:
- A total of 331 schools in NSW are currently participating in National Partnership on Low Socio-economic School Communities;
  - Teachers have completed data analysis training;
  - At least 369 literacy and numeracy interventions have been implemented across Low SES NP schools, including intensive programs targeting the needs of Aboriginal students;

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<sup>28</sup> Erebus, 2010.

- High quality teaching has been supported through additional staff resources;
  - All sectors have implemented personalised and individual learning plans for students at risk of underachievement and for Aboriginal students (as needed).
197. A significant challenge of the National Partnerships identified by some states and territories has been scaling up and sustaining reform. There is a view that a serious risk for some of the significant reforms is that they might begin to dissipate in the medium term. In particular, schools may find it difficult to begin the work of self-evaluation and planning around specific reforms if there is no assurance of resourcing for the future.
198. From the non-government sector there was broad recognition of the strategic benefits flowing from the National Partnerships. However, concern was expressed by interviewees from the Catholic systemic and independent sectors regarding (i) their exclusion from strategic deliberations, and (ii) the administrative burden associated with the National Partnerships.
199. Most non-government sector interviewees were dissatisfied because they had not been fully involved in the process of planning and selection for the National Partnerships. A key criticism was that non-government sectors were not involved in the selection of schools. Instead, some non-government sectors suggested they had been provided by the state and territory departments with a list of their participant schools. There was concern that this process excluded the sectors from “a seat at the policy table” and it was reflected in what were reported to be some poor decisions being made about schools from these sectors.
200. The issue of “a new administrative burden” appeared to be felt more keenly within the non-government sector. While all said that the National Partnerships had imposed an additional administrative burden, there was diverse opinion as to whether this was transitional (“a settling in period and getting the systems in order”) or whether it was a more substantial and long term problem. Interviewees from the independent sector were more likely to identify the ongoing burden as problem as they felt their smaller central office placed them at a disadvantage in dealing with the administrative load of the new structures.

## Defining target groups for school operations

201. The definition of disadvantaged students by jurisdictions and sectors is marked by significant commonality of approach for (i) Indigenous students, (ii) students with English language proficiency issues (through the ESL programs), and (iii) rural and remote area students and schools. There are more significant differences in the operational definitions of students with disabilities and Low SES students.
202. **Indigenous students** are self-identified by parents and the students either at the time of enrolment or at any stage during enrolments across all sectors and jurisdictions. There are no significant issues with this process, although there was a reported instance by a sector of one school with significant enrolments of Indigenous students where the parents did not want their children identified as Indigenous because they felt it was not relevant. The growth in the enrolment share of the self-identified Indigenous student population suggests that despite some problems, the self-identification process is not weakening.
203. **English language proficiency** is measured and categorised for specialist support in similar ways across jurisdictions and sectors. Each government system uses different assessment frameworks to assess the English language proficiency of newly arrived

students. All of these frameworks are based on one of two commonly used ESL scales: the ESL Band Scales;<sup>29</sup> and the ESL Scales.<sup>30</sup> One study, from the MCEETYA Schools Resourcing Taskforce, finds that:

Each system has referenced their ESL scales to the curriculum frameworks that exist within their state. ESL scales are used to describe the English language and literacy competence that ESL students are expected to achieve at different stages of learning English. All education systems also require the achievement of newly arrived ESL students in each key learning area to be assessed and reported to parents.<sup>31</sup>

204. Assessing which framework might be technically superior is likely to be difficult and possibly not helpful. One piece of research on teachers' use of ESL assessment frameworks in Australia suggests it is difficult to prove that any one assessment framework is better than another and that, in any case, education systems and teachers tend to adapt these frameworks to suit their own teaching and learning context.<sup>32</sup>
205. For ESL-NA students, four criteria are assessed for overall eligibility for the ESL-NA Program:
- Students must be undertaking primary or secondary education through a non-government school, or have enrolled at a non-government school as a primary or secondary student.
  - Each student's proficiency in the English language must be assessed at the local level as requiring intensive assistance to enable the student to participate fully in mainstream classroom activities.
  - Students must provide evidence to the school in terms of suitable residency or visa status.
  - Students are also required to enrol in an intensive English class within certain timeframes.<sup>33</sup>
206. **Rural and remote area students/schools** are defined using different criteria across states and territories. The failure to apply available, nationally consistent, metrics to define rurality and remoteness probably flows from the very different geographic and demographic profiles of the jurisdictions.
207. **Students with disabilities** are defined across all jurisdictions and sectors based on a combination of clinical diagnosis and assessment of educational needs.
208. All education sectors are subject to the Australian Government *Disability Standards for Education 2005* legislation. The main purpose of these standards is to clarify the obligations of education and training service providers, and the rights of people with disability, under the *Disability Discrimination Act 1992*. The Standards were developed in consultation with education, training and disability groups and the Human Rights and

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<sup>29</sup> NLLIA, 1993

<sup>30</sup> Curriculum Corporation, 1994

<sup>31</sup> Schools Resourcing Taskforce, 2006.

<sup>32</sup> Rohl, 1999

<sup>33</sup> retrieved from

<http://www.deewr.gov.au/Schooling/Programs/EnglishasSecondLanguageNewArrivalsProgram/Pages/CheckSheet.aspx>



Equal Opportunity Commission (now called the Australian Human Rights Commission).

209. According to these standards: **disability**, in relation to a person, means:
- (a) total or partial loss of the person's bodily or mental functions; or
  - (b) total or partial loss of a part of the body; or
  - (c) the presence in the body of organisms causing disease or illness; or
  - (d) the presence in the body of organisms capable of causing disease or illness; or
  - (e) the malfunction, malformation or disfigurement of a part of the person's body; or
  - (f) a disorder or malfunction that results in the person learning differently from a person without the disorder or malfunction; or
  - (g) a disorder, illness or disease that affects a person's thought processes, perception of reality, emotions or judgment or that results in disturbed behaviour;
210. and includes a disability that:
- (h) presently exists; or
  - (i) previously existed but no longer exists; or
  - (j) may exist in the future; or
  - (k) is imputed to a person.
211. The sectors have developed operational definitions to realise their obligations under this legislation. Those provided are described in Appendix G, tables 13 (government) and 14 (Catholic).
212. **Students from Low SES backgrounds** are defined and targeted in different ways across jurisdictions and sectors. Government school systems employ a variety of techniques to define Low SES schools for the purposes of funding and additional support. The identification of Low SES students is usually a stepping stone towards identifying Low SES schools. A summary of the approaches taken by the government school systems in the states and territories can be found in Appendix G, Table 15.
213. The independent sector in general applies the Australian Government school SES score that is used for the distribution of general recurrent grants. This school SES score can be used as one decision variable in the consideration of school submissions to access government funded programs. The school SES might have some bearing on selection or the value of the grant that is disbursed to a school. The Catholic sector applies different approaches across states and territories to incorporate the Australian Government school SES score but also includes other additional variables that affect the distribution of Low SES targeted funding.

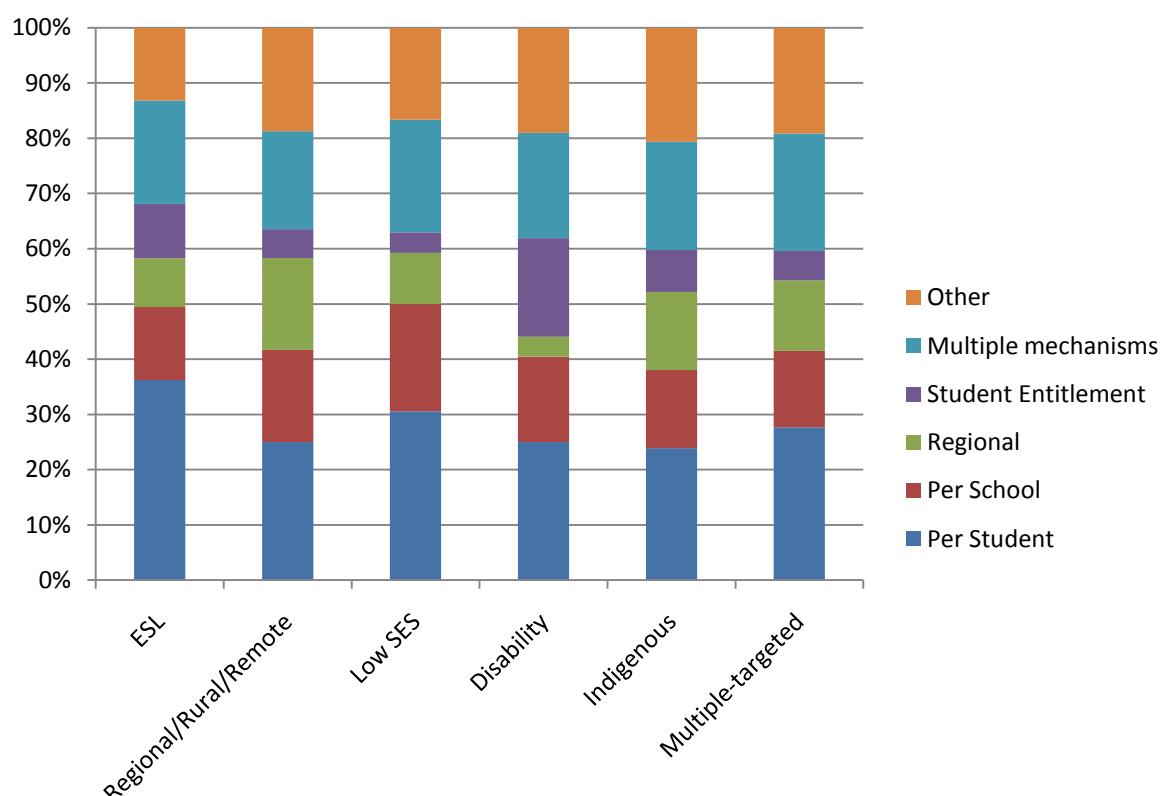
#### Allocation mechanisms – student, school, regional, strategic and hybrids

214. The allocation mechanism refers to the unit used by a system or sector for the distribution of resources within each targeted program or funding activity. The ACER survey asked respondents to identify one of four types of units (student, school, regional, student entitlement, or 'other').
215. The per student and per school units are the most amenable to the application of funding formulae. The regional allocation mechanism was chosen to capture those approaches that focus or have significant weightings for specific geographic regions.



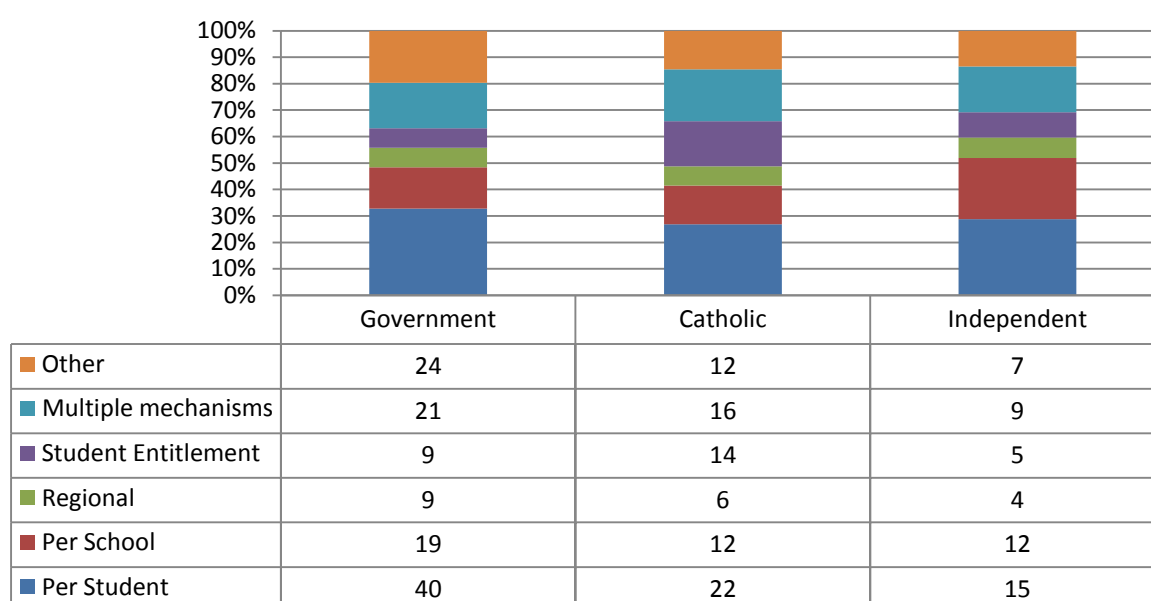
216. The student entitlement approach refers to a student or school entitlement to a particular type or level of service rather than a dollar amount. An example of the student entitlement approach is found in programs for students with disabilities, which may specify that a student with a particular type of disability and assessment of need qualifies for access to a teacher aide (a type of service). The student entitlement therefore has a bearing on the quantum of funds available and does not just provide a basis for distribution of a given lot of resources. The ‘other’ category picked up all those not captured by the nominated allocation mechanisms.
217. About 45 per cent of targeted program groups used either a per student or per school allocation mechanism. Regional allocations were also strong, either independently or as part of a hybrid formula. The student entitlement mechanism was strongest in programs for students with disabilities. (See Figure 42.)

**Figure 42 Allocation mechanisms used for targeted programs, distribution by disadvantaged group**



218. There were no significant differences in the allocation mechanisms used across sectors with all employing the whole spectrum. Both the government and independent sectors used per student and per school allocations for about 50 per cent of their programs with the Catholic sector around 40 per cent. (See Figure 43.)

**Figure 43 Allocation mechanisms used for targeted programs, (number of programs by sector)**



219. The ‘other’ category was identified for more than 20 per cent of programs across most disadvantaged groups (except for ESL). Analysis reveals most programs in this category involved either strategic allocations (such as the National Partnerships) or submission-based funding. This category also covered allocations for very specific inputs, such as:

- staff positions and a series of grants for establishment costs and professional development;
- professional development activities for teachers and teacher aides;
- provision of staffing allocation to schools rather than direct funding; and
- legacy amounts as a result of historical allocations.

220. The strong and continued use of ‘other’ and ‘multiple or hybrid’ allocation mechanisms suggests a need for funding approaches that are not bound by strictly formulaic approaches to funding allocations. The use of the school-based submission model was particularly evident in the independent sector with many interviewees suggesting it delivered efficient and effective programming.

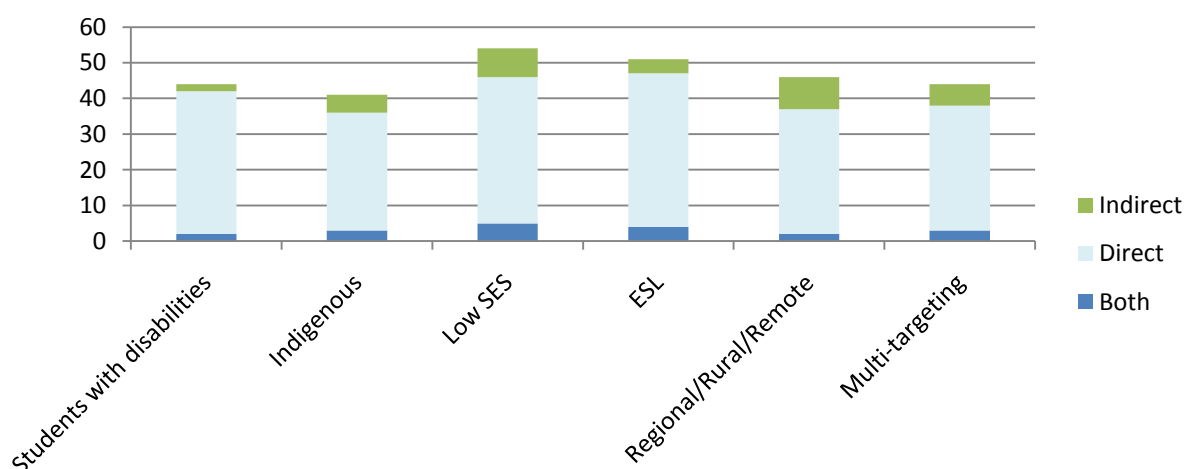
221. A key question is the role these non-formulaic approaches should assume. To what extent are they important for driving reform or picking up peripheral resourcing needs not covered by formula based mechanisms?

### Direct and indirect targeting mechanisms

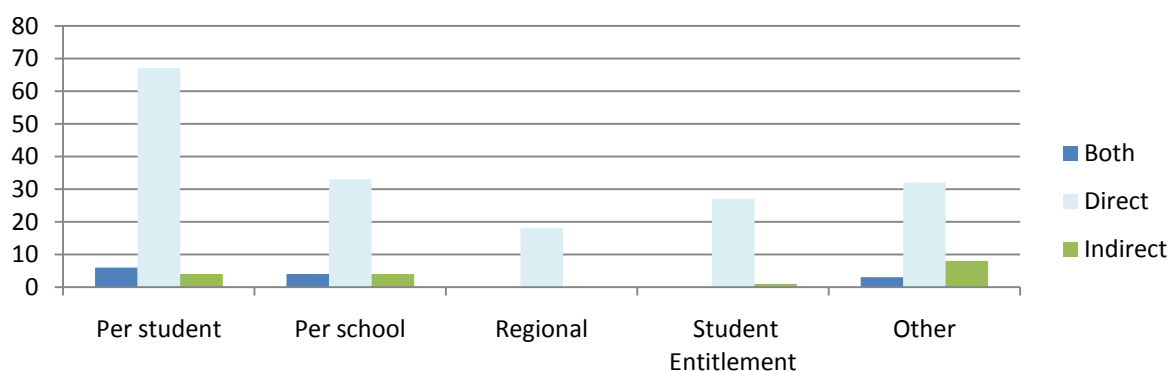
222. The ACER survey collected information on the direct or indirect nature of the targeting mechanisms employed to identify the beneficiary students and schools. The ACER survey defined Direct Targeting as being “direct student or school data” while Indirect Targeting was defined as “derived from non-education sector data e.g. Household Census”.

223. Direct Targeting mechanisms are generally preferred by systems and schools in terms of their quality because they relate directly to the individual students or schools and can be internally verified or checked for accuracy. Indirect data generally because of its inferred correspondence with actual enrollees or schools (such as SES) has both a face value problem and a potential statistical weakness. In terms of practicalities, direct data imposes logistical challenges and administrative cost on the system, whereas indirect data is usually sourced from external agencies in a clean form and at very little cost.
224. Direct Targeting was the most commonly adopted mechanism for all targeted groups. Indirect Targeting was most prevalent in Regional/Rural/Remote programs. Direct Targeting was also the most common approach across all allocation mechanisms. (See Figure 44 and Figure 45.)

**Figure 44 Direct and indirect targeting, number of programs by disadvantaged group**



**Figure 45 Direct and indirect targeting, number of programs by allocation mechanism**



### Uneven profile over time ('lumpiness') of some targeted expenditures

225. A significant problem for systems or sectors is dealing with the abrupt changes in level of some targeted expenditures at the school level. This 'lumpiness' creates significant difficulties for schools if there are no clear provisions or allocations set aside to manage these costs. For example, a school may incur unexpected costs when a student with a disability enrolls, such as the need to put in an elevator to accommodate a wheelchair.

226. The ‘lumpiness’ of expenditures is most pronounced for students with disabilities where individual costs for high needs students were reported as being routinely in excess of \$40,000 per annum (and could be significantly higher for some other cases). Under these circumstances, it can be financially stressful for a school to absorb such high costs from its regular recurrent budget with no additional allocations.
227. The government sector is best able to absorb these additional costs as it sets aside, as part of its recurrent budget, a significant allocation (estimated by this study to be about 13 per cent of total budget) for disadvantaged students. The highest per capita allocations are made for students with disabilities. These systemic allocations from the government sector across all states and territories put it in a better position to manage the lumpiness of individual school level expenditures. This is because government schools operate as part of a system which is able to absorb the lumpiness of expenditures that occur in individual schools. The government sector across all jurisdictions provides recurrent budget line items that enable substantial per capita allocations for students with disabilities.
228. Interviewees from non-government school authorities clearly indicated that schools within their sectors are at a disadvantage in providing for students with disabilities. The absence of significantly more and clearly identified funding for students with disabilities made it very hard for some schools when they try to meet their obligations towards these students. Individual schools in the independent sector, which are outside of a system, may face a particular difficulty in meeting the additional very high costs flowing in particular from students with disabilities.
229. Interviewees from the non-government sector were very clear in expressing their preference for additional government financial support for students with disabilities. The desired outcome appears to be for funding to be equivalent to the allocations provided within government schools.

## Chapter 5: The Effectiveness of Programs for Disadvantaged Groups

230. This chapter aims to examine the effectiveness of programs for disadvantaged groups by addressing five research questions which formed part of the project specifications:

- To what extent do existing programs effectively reduce the impact of disadvantage on educational outcomes?
- To what extent do existing programs meet the range of needs for assistance?
- Do existing programs overcome the major barriers to such students accessing and participating in quality schooling?
- Are existing programs effective in reducing the impact of concentrated disadvantage in some schools on the educational outcomes of their students?
- What is the impact of student selection and exclusion policies on schools and systems?

231. The effectiveness of programs for disadvantaged students has been examined in light of interviews and responses to the ACER survey. Jurisdictions were asked to provide in-depth detail on the *major* targeted programs. Table 5 shows the number of programs identified by the survey. In total, 143 programs were analysed.

**Table 5 Number of programs surveyed and analysed, by disadvantaged group**

Row Labels	Total Number of Programs	Students with disabilities	Indigenous	Low SES	ESL	Regional/Rural/Remote
Government	69	17	20	29	20	22
Catholic	38	15	12	11	13	15
Independent	36	12	10	14	17	11
Grand Total	143	44	42	54	50	48

Note: The programs often covered more than one target group so the number of times groups have been targeted exceeds the number of analysed programs. In other words, this table contains double counting. Appendix B describes in more detail how the data were treated for this analysis.

### Reducing the impact of disadvantage on educational outcomes

232. A key problem in assessing the impact of targeted programs for disadvantaged groups is the absence of any formal evaluation for many of these programs. This weakness is present across all school sectors and systems, and all states and territories. As shown in Table 6, over 40 per cent of programs did not record any evaluation having been undertaken.

**Table 6 Percentage of programs with no recorded evaluation**

Sector	All Programs	Students with disabilities	Indigenous	Low SES	ESL	Regional/Rural/Remote
Government	42%	41%	55%	41%	40%	45%
Catholic	47%	53%	33%	27%	31%	40%
Independent	42%	50%	30%	36%	41%	18%
All	43%	48%	43%	37%	38%	38%

233. Assessment of program impact on educational outcomes is further limited by the small number of programs evaluating impact on learning. As shown in Table 7, less than 30 per cent had evaluation measures in place to assess impact on learning. That is, 81 programs were identified as having some form of evaluation and of these, only 39 included an assessment of impact on learning.

**Table 7 Percentage of programs with evaluation measuring impact on learning**

<b>Sector</b>	<b>Assess impact on learning</b>
<b>Government</b>	22%
<b>Catholic</b>	32%
<b>Independent</b>	31%
<b>All</b>	27%

234. The broad absence of any systematic evaluation of program impacts makes it difficult to answer in summative terms the question of targeted program effectiveness. Based on the comments obtained through the ACER survey, there was a clear indication that respondents thought most programs identified were effective and were viewed as examples of ‘good practice’. (See Table 8.)

**Table 8 Number of programs identified as being good practice by survey respondents**

<b>Sector</b>	<b>Number of Programs</b>	<b>Number identified as ‘Good Practice’</b>
<b>Government</b>	69	59
<b>Catholic</b>	38	32
<b>Independent</b>	36	30
<b>Total</b>	143	121

## **Catering to the range of needs**

235. This section addresses the question: To what extent do existing programs meet the range of needs for assistance?
236. The most tangible evidence from monitoring processes and evaluations of success was for programs targeting (i) ESL, (ii) students with disabilities, and (iii) those living in regional, rural or remote locations.
237. Targeted programs addressing English language proficiency (specifically ESL) and students with disabilities are best able to measure impact and the progress of students. The use of individual assessments and plans for both groups, accompanied by entry and exit points for ESL students makes it easier to undertake these measurements compared with other disadvantaged groups.
238. It is generally accepted that ESL programs have a positive impact on supporting students’ learning. For students with disabilities, there was a fairly positive response by participants in the ACER survey, however recent consultations (see below) suggest the failure of educational systems overall to meet the needs of these students. Such programs are often a pre-condition for students with disabilities to have meaningful access to schooling and therefore to attain educational outcomes, however additional support, resourcing, and training for teachers remain a requirement.

239. Table 9 provides typical written comments about ESL programs provided by respondents to the ACER survey. They highlight the focus on monitoring the progress of individual learners, based on clearly defined student entry and exit points and recognised measures of proficiency.

**Table 9 Impact of ESL programs on learning – survey identified impacts of selected programs**

<b>Program</b>	<b>Comment by respondent to ACER survey</b>
NSW Government - <i>ESL General Support Program</i>	<p>2008: <i>Evaluation of the Challenging Pedagogies: Engaging ESL students in intellectual quality</i> found that ESL learners benefit from high challenge and high support classrooms.</p> <p>The evaluation investigated the use of an ‘apprenticeship’ approach to improving ESL learners’ language, engagement and participation in curriculum. Participating teachers noted gains in student learning as measured on the ESL Scales.</p>
NSW Independent - <i>Commonwealth Government Targeted - English as a Second Language - New Arrivals Program</i>	This program is critical for eligible students particularly refugees and those who have been exposed to conflict resulting in trauma and stress. The learning of English is pivotal to the students' academic growth, achievement of educational outcomes and their social well-being.
Vic Government - <i>English as a Second Language</i>	In the annual ESL survey schools report on the number of students receiving a targeted ESL program, type of program and staff employed in programs and professional learning attended. Schools are expected to use the ESL Continuum for reporting on student progress.
WA Government - <i>ABC of Two Way Literacy and Learning</i>	The evaluation reported on key positive impact on learning by teachers and educators.
WA Government - <i>Aboriginal Language Speakers Strategy/ Speaking Students Program (ALSS)</i>	The majority of students achieved the performance target as measured through the ESL/ESD Progress Map
SA - Catholic - <i>ESL New Arrivals 2009</i>	Most students move a minimum of 2 ESL scales within one year. All circumstances are considered which may be impacting on learning.
TAS Catholic - <i>English Language -- ESL program</i>	It enables teachers of ESL students to ensure lessons are at an appropriate level for their ongoing development. It assists in using the appropriate level of English which can be understood by the students within any mainstream classes they may be attending.

240. Table 10 provides typical written comments and reported achievements about some Regional/Rural/Remote programs provided by respondents to the ACER survey. These programs were also seen by respondents to be demonstrating evidence of success and catering to the needs of schools and students.

**Table 10 Survey identified impacts on learning of selected some Regional/Rural/Remote programs**

<b>Program</b>	<b>Comment by respondent to ACER survey</b>
NSW Government - <i>Distance Education Centres</i>	<p>Students who unequivocally require a distance learning provision, as they cannot attend a local provision daily have access to distance education.</p> <p>Distance education schools develop and implement strategies to further promote blended learning, improving student engagement and connected learning for their students. This includes registered and accredited courses to support blended learning programs as well as the utilisation of a learning resource repository to support teachers in the access and contextualisation of appropriate resources.</p> <p>Distance education schools are able to respond in a more connected manner with their students.</p>
NSW Independent - <i>Commonwealth Government Targeted - Country Areas Program</i>	<p>Data obtained through evaluation indicates that the additional funding support provided under CAP enables teachers and students to engage in activities and projects that reduce the impact of geographic isolation which schools would be unable to fund independently.</p> <p>In addition the funding through CAP provides the opportunity for teachers from geographically isolated areas to meet, plan collaboratively and implement effective, positive joint projects that enhance the educational outcomes for their students.</p>
TAS Catholic - <i>Country Areas / Remote Program</i>	Schools describe how this grant funding adds to the overall educational program for the students. This funding is to add what schools can't usually provide under their other funding.,
TAS Independent - <i>Country Areas Program</i>	The goals set are in terms of student achievement and outcomes assessed accordingly.
NT Government - <i>Distance Schools</i>	<p>Katherine School of the Air - In 19 of the 20 NAPLAN tests (5 domains across 4 year levels) in 2009 school performance was close to, above or substantially above statistically similar schools</p> <p>Alice Springs School of the Air - In 13 of the 15 NAPLAN tests (5 domains across 3 year levels) in 2009, school performance was close to, above or substantially above statistically similar schools.</p> <p>Northern Territory Open Education Centre - Proportion of students enrolled in a program that would allow them to complete their Northern Territory Certificate of Education who went on to complete. Unit completion rate has been identified as a measure of success but this data will not be available until after the completion of the 2010 school year.</p>

241. For regional, rural and remote area schools some of the most significant targeted allocations are delivered through staff allocation policies that help determine the profile and quality of teachers in non-metropolitan schools, and through the loadings embedded within the recurrent grants delivered to schools that help them adjust to price variations and the higher average costs associated with fewer students.
242. The impacts of these mainstream allocations are outside the monitoring scope of targeted programs but they are central to locating the additional impacts of the narrow-band targeted programs for Regional/Rural/Remote schools. It is important to note that while programs targeting Regional/Rural/Remote communities can be effective in



meeting certain needs of schools, they may not be able to address underlying socio-economic factors (Low SES) and their impact on academic performance.

## **Overcoming the major barriers to quality schooling – ESL and students with disabilities**

243. This section focuses on ESL and students with disabilities. The following section examines other disadvantaged groups. The split is designed to make reading easier.
244. The monitoring of programs for students with English language proficiency issues find that many of these programs do address individual barriers to quality schooling. That is, where ESL and LBOTE students are able to access language programs, their English language proficiency does improve and the programs, as noted in Table 9 above, are able to take account of issues such as differing backgrounds, initial ability levels and the development of proficiency. The extent to which programs fail in their intended outcomes would need to be the subject of a more in-depth examination of evaluations than is available to this study. The extent to which significant barriers remain for these students may be related to issues of accessibility.
245. Access to programs may be limited due to (i) technical issues such as the development of consistent definitions for students with disabilities, (ii) the construction of appropriate formula weightings to adjust for factors such as socio-economic background, and (iii) the quantum of funds available to address need.
246. For students with disabilities, the 2009 National Disability Strategy Consultation Report noted that:
- ‘the education system continues to fail to respond to the needs of students with disabilities and, as a result, these students continue to lag behind on a range of attainment indicators. As a number of submissions argued, these results are not a reflection of a lack of ability of students but of the failure of the system to meet their individual needs. [...] The majority of submissions strongly argued that the current system has little or no capacity to meet the learning needs of students with disabilities and lacks the resources to ensure their full participation in classrooms and schools.’<sup>34</sup>
247. The report argued that little would change while schools and teachers themselves lacked the knowledge to provide an inclusive education:
- Submissions noted that almost every report on the issue of inclusive education in Australia has stressed the need for systematic strengthening of teacher education and professional development. Skills development is the single most cost-effective method of improving outcomes for students with disabilities, and yet this area continues to be neglected.<sup>35</sup>
248. The need for greater financial resourcing was also indicated in the report of a recent NSW Legislative Council Standing Committee. Similarly, the Committee also recommended additional support be provided for teachers to enable them to address the

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<sup>34</sup> NPDCC 2009, p. 47.

<sup>35</sup> NPDCC 2009, p. 49-50.

learning requirements of all their students, and that ‘a functional assessment of a student’s learning needs should be considered in decisions about access to funding’ rather than just a diagnosis of a disability, which ‘does not give an accurate picture of a student’s learning needs’.<sup>36</sup>

249. The establishment of a nationally consistent definition for students with disabilities remains a significant and uncompleted task. A national working group established in 2011 with sectoral and jurisdictional representation, ACARA and DEEWR, is scheduled to deliver on this objective. However, this work will not replace education authorities’ existing assessment processes and is not intended to provide a basis for future funding arrangements. Progress on these technical issues will enable a more solid platform for monitoring trends in numbers of students with disabilities and their needs.
250. For ESL and for students with disabilities, the background of students can pose additional costs that need to be considered to improve the distribution of educational outcomes. For ESL, certain home languages (as well as school SES) have been identified as factors that correspond with greater resource intensity to deliver specified ESL outcomes.<sup>37</sup> In NSW, a recent study found that school-level achievement is influenced by the densities of ESL students. Regression analyses found that for Low SES schools, the higher the density of ESL students, the lower the levels of achievement, after controlling for other intake factors. By contrast, in high SES schools, the higher the density of ESL enrolments, the higher the levels of achievement.<sup>38</sup>
251. The quantum of additional targeted funds required for students with disabilities remains a pressing issue. This was a key point delivered in interviews with the non-government sector. Certainly, the financial allocations for students with disabilities within the Catholic and independent sectors is low in comparison with the government school sector and interviewees noted that low resource levels were a key inhibitor for parents of students with disabilities seeking to choose a non-government school.
252. Government school systems also report strong pressure on recurrent and capital budgets to meet cost associated with increasing numbers of students with disability or special needs and increasing expectations of appropriate services. The development of a nationally consistent definition for students with disabilities will enable more transparent reporting of the numbers of student with disabilities, their location and the level of additional educational support provided to them. This information will inform future planning to help ensure sufficient and appropriate services are provided for all students with disabilities.

### **Overcoming the major barriers to quality schooling - Low SES communities, Indigenous students and schools in remote areas**

253. The most recent PISA 2009 academic performance data (see below) confirm that Australian schools continue to have difficulty in overcoming major barriers to high quality educational outcomes for schools serving Low SES communities, Indigenous students and schools in remote areas.

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<sup>36</sup> NSW Parliament Legislative Council General Purpose Standing Committee No. 2, 2010, and see pp. xii and xiv-xvi

<sup>37</sup> Vinson, 2002.

<sup>38</sup> Teese, 2005, p. 104.

254. In addition to the quantum of funds available, there are other factors that can obstruct the participation of students from disadvantaged groups to high quality and relevant schooling. The following issues are a summary of those identified by one or more interviewees.

- *Residualisation* effects upon schooling impose structural difficulties on some schools within the government sector to access students from a broad cross-section of their community (see paragraph 263 for a discussion of residualisation effects). For the non-government sector too, in geographical areas with high rates of socio-economic disadvantage, they can experience the difficulties of concentrated disadvantage within a community.
- *Weak monitoring and reporting* inhibits the capacity of school systems to build sector knowledge of the relevance and context of improvement strategies that have demonstrated effectiveness. This means there is a lack of evidence-based links for programs and their effects on learning.
- *Lack of flexibility in the use of funds* means schools are overly directed in the use of funds and this can inhibit their efficient use. This problem becomes more acute where a school has access to overlapping targeted programs.
- *School level commitment to equity objectives is assumed, not proven* means where a school lacks commitment to the particular equity objectives of a funding program, it is unlikely the money will be spent effectively.
- *Broadbanding can dilute school level accountability on the use of funds.* The broadbanding of targeted programs (including the use of equity weightings to deliver identified equity funding within recurrent grant allocations) increases school level flexibility. In the absence of any financial reporting requirements that track these expenditures it is not possible for a system or sector to monitor and report on these allocations for evidence-based links of effective spending.
- *Attracting and retaining high quality school leadership and teachers* was consistently identified by interviewees and the literature on school effectiveness as being at the centre of school effectiveness. This applies even more to schools serving student populations with high concentrations of Low SES background students with their, on average, reduced access to home support to help them navigate the demands of schooling.

## Reducing the impact of concentrated school disadvantage

255. The effectiveness of programs for Low SES background students and for cases of concentrated school disadvantage are probably the most difficult to assess. The programs with a Low SES focus identified in the ACER survey, generally were not subject to evaluations of program effects on educational outcomes. Complicating this picture, many government systems are in the process of reviewing or looking at introducing significant changes to their school funding systems (SA, TAS, NT, WA). Interviews with representatives suggested that a key element of these reviews is introducing changes that can better address the impacts of programs on Low SES schools and concentrated school disadvantage.

256. In NSW, a broad review of government sector equity programs found that social disadvantage was continuing to exert a very strong effect on school performance, despite the targeted funding programs. It also found that simple comparisons of mean

achievement levels taken after the introduction of the programs were unable to detect any positive impacts. (Although the use of school means without taking account of within-school variance suggests caution should be taken when considering this claim.) It was only with analyses comparing performance over time that achievement gains in some schools were identified.<sup>39</sup>

257. Evidence from standardised academic testing suggests that schooling is not managing to satisfactorily address the major issues facing Indigenous students and schools serving Low SES communities.

258. For Indigenous students, problems are highlighted by the consecutive results in PISA tests from 2000-2006. Indigenous students consistently ‘performed at a substantially and statistically lower average level in reading, mathematical and scientific literacy than their non-Indigenous peers’. This difference was as high as 80 points (0.8 of a standard deviation). They are also ‘overrepresented at the lower levels and underrepresented at the upper levels in reading, mathematical and scientific literacy’. The report goes on to say:

The results from the three PISA assessments have shown that the performance of Indigenous students has not improved over time. These results suggest that initiatives to improve the education of Indigenous students through educational policy have to date had little effect. In terms of real-life functioning and future opportunities, Indigenous students remain at a substantial disadvantage.<sup>40</sup>

259. The PISA 2009 results show Australia continues to have problems in addressing socio-economic background impacts on the academic performance of students. For example in reading literacy the gap between the highest SES group and the lowest was 91 points (or almost one standard deviation). The report interprets this as ‘equivalent to more than one proficiency level or almost three full years of schooling’.

260. The PISA 2009 results also show that a significant performance gap exists between metropolitan schools and those from provincial and remote locations (using the MCEECDYA definition). While the average performance gap between geographical locations is not as stark as for the SES backgrounds of students and schools, it does show a gap of 56 points or one half of a standard deviation for students in remote locations compared with students in metropolitan locations; the equivalent, according to the report, of around one and half years of schooling.<sup>41</sup>

261. The effect of location net of SES is not described by the report on PISA results<sup>42</sup> but location is likely to be a co-factor associated with the relative under-performance of students in remote locations.

## **The impact of student selection and exclusion policies**

262. The dynamics of student selection and exclusion policies are complex and difficult to generalise or summarise across different jurisdictions as well as within sectors. ACER

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<sup>39</sup> Teese, 2005, p. ix..

<sup>40</sup> De Bortoli, L and Thomson S, 2009, p. i.

<sup>41</sup> Ibid. p. 13.

<sup>42</sup> De Bortoli, L. 2010

interviews with education authorities probed the question of what key policies existed that might particularly impact on student exclusion.

263. Interviewees identified two key types of residualisation effects that might be considered in light of student selection and exclusion policies. First, there is a set of what might be termed *endogenous residualisation effects*. These effects arise due to processes and policy related variables within the domain of the education sector.
264. A second type of effects are what might be termed the *exogenous residualisation effects*. Where regional, rural/metropolitan and intra-urban disparities in wealth emerge it can be expected that they may have a significant impact on schooling. These impacts are a function of broader socio-economic change and may affect schools across all sectors. For very low SES schools, increases in their relative socio-economic deprivation can affect the learning and educational outcomes of these schools. It has been beyond the scope of this study to collect data and examine any impacts of increasing socio-economic stratification within Australian society. A further study area will be to examine the nature and extent of any increasing socio-economic stratification and the way it interacts with the provision of Australian schooling. Important dimensions to consider will be impacts by location, level of schooling and sector.
265. The major endogenous residualisation effects concern the impact on the social composition of the government schooling systems as its share of total enrolments decreases. This study has shown the government school sector to have a higher share of students from Low SES backgrounds (78%), students with disabilities (80%), Indigenous students (86%), those living in remote areas (81%) and those living in very remote areas (89%).
266. Key policy related questions concerning the endogenous related variables are:
- Is the concentration of these groups increasing over time within the government sector?
  - Is the government sector absorbing an increasing share of students from within these groups that have the highest additional educational needs?
267. The enrolment of students with disabilities is growing at a slower rate within the government sector, and this has resulted in its share of total students with disabilities declining slightly from 81% in 2005 to 80% in 2008. Similarly for Indigenous students, the government sector share has declined slightly from 87% in 2005 to 86% in 2009. The available data for students in remote and very remote locations do not show any movement in enrolment shares between the sectors.
268. However, aggregate annual enrolment growth has stalled in the government sector (while it is growing in the non-government sectors). Therefore the concentration of these students within the government sector (as a proportion of total sector enrolments) has not been diluted.
269. Students from Low SES backgrounds are the key group for identifying shifts in enrolment shares between sectors. No nationally consistent data has been accessed that compares (between school sectors) changes over time in the enrolment share and concentration of students from Low SES backgrounds. One reason for this is the inconsistent definitions of SES across governments and sectors, as well as changes to data collection by the ABS.
270. A study in 2004 looked at the changing composition of upper secondary students in Victoria at three time points: 1975, 1995 and 2002. It found:

During this period the independent school sector has doubled its enrolment, yet its social composition is even more strongly weighted towards high SES students. There has been a corresponding loss of high SES students from the government sector. Moreover, there is recent evidence that the Catholic school sector is losing enrolments amongst high and low SES students and gaining enrolments amongst middle SES groups.<sup>43</sup>

271. The paper went on to argue:

Given the like characteristics of school sectors across the Australian states and the relatively common funding systems, it is likely that the Victorian trends are a reflection of similar national trends. The question is whether these trends are a result of the changing socio geographic and regional economic patterns, which they most probably are, or whether they are also a result of the structural characteristics of Australian schooling and their interaction with policy behaviours. It is the contention of this paper that they are also this.<sup>44</sup>

272. A recent paper by Watson and Ryan used longitudinal data from the Youth in Transition survey and Longitudinal Surveys of Australian Youth to examine the enrolment share and average SES score of each sector. Their analysis showed that the government sector 'lost students from the middle to top end of its SES distribution between 1975 and 2006, but these students were generally of a lower SES than the private school student of 1975'.<sup>45</sup>

273. An area for further study will be to examine in detail time-series trends across states and territories in the concentrations of students from Low SES backgrounds between sectors.

274. Interviewees from the non-government sector were asked whether their enrolment and pricing policies could be putting in place financial barriers that were having exclusionary effects on certain (disadvantaged) groups of students.

275. Interviewees from all Catholic systems were clear they had policies in place at a system level that meant financial barriers should not exclude children from low income families. These policies provided for exemption from fees for Low SES and Indigenous families as well as reductions in fees for families with multiple enrollees.

276. Interviewees from the independent sector also indicated that schools typically had in place bursaries and scholarships that supported the enrolment of students from Low SES and Indigenous families. The rapid growth in independent sector school enrolments in Low SES areas was also provided as an argument that the sector was increasingly accessible to students from all social backgrounds.

277. The effectiveness of these policies is a key issue. Interviewees from the Catholic sector acknowledged there were difficulties in maintaining their enrolment share of

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<sup>43</sup> Keating, 2004, p. 4, retrieved from [http://www.melbourneinstitute.com/conf/prevconf/Papers\\_presentations/Keating\\_Jack.pdf](http://www.melbourneinstitute.com/conf/prevconf/Papers_presentations/Keating_Jack.pdf) based on Keating & Lamb, 2004, p. 42.

<sup>44</sup> Keating & Lamb, 2004, p. 43.

<sup>45</sup> Watson & Ryan, 2010, p. 98



students from Low SES backgrounds. Notwithstanding their pro-poor tuition fee policies, there was a concern that some Low SES families could perceive a ‘charity status’ associated with such fee exclusion policies and would therefore decline to enrol their children.

278. Interviewees were of the firm opinion that as a matter of policy and in compliance with their legal obligations, independent schools would not discriminate against an application for enrolment on the basis of a student’s disability status. The increasing number of students with disabilities enrolling in these schools was offered as evidence that the sector was increasingly accessible to students with disabilities. The difficulty the sector had in increasing enrolments of students with disabilities was related to a lack of specific targeted funding that would enable them to provide better services. They argued that the funding disparity with the government sector was more likely to influence parents’ choice towards the government school system because it had dedicated more resources for students with disabilities.
279. Government sector selection policies also need to be considered for their impact on Low SES communities. One important policy is the expansion of enrolments in academically selective secondary schools, which was identified as one factor that could combine with non-government sector selection policies (such as scholarships) to hollow out the comprehensive nature of government secondary schools. A recent OECD study *Ten Steps to Equity* provides international evidence that academic selection by school systems is associated with greater social differences between schools and a stronger effect of socio-economic status. It concludes with a policy recommendation that academic selection needs to be used with caution since it poses risks to equity within schooling.<sup>46</sup> This is consistent with other research which has shown that in highly tracked educational systems – for example, Germany, where there is an early separation in academic and vocational streams – between-school variance in student achievement (specifically PISA reading literacy scores ) is much higher than in comprehensive systems.<sup>47</sup>
280. At the highest level, the overarching logic of student selection is defined by government commitment to the promotion of school choice by parents<sup>48</sup>. This commitment to school choice is broadly accepted by the Commonwealth and state and territory governments. There is extensive research finding that expanding school choice options for households can have positive effects on school outcomes. For example, an influential OECD funded study examined 2003 PISA results from 37 countries and found that:

Students perform better in countries with more choice and competition as measured by the share of privately managed schools, the share of total school funding from government sources, and the quality of government funding between public and private

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<sup>46</sup> Field, Kuczera & Pont, 2007, p. 15.

<sup>47</sup> Marks, 2006, pp. 21-40.

<sup>48</sup> Australia has agreed to uphold the human rights standards set out in the International Covenant on Economic, Social and Cultural Rights (ICESCR) which includes, in Article 13: The States Parties to the present Covenant undertake to have respect for the liberty of parents and, when applicable, legal guardians to choose for their children schools, other than those established by the public authorities, which conform to such minimum educational standards as may be laid down or approved by the State and to ensure the religious and moral education of their children in conformity with their own convictions. Retrieved from [http://www.hreoc.gov.au/human\\_rights/about\\_human\\_rights.html](http://www.hreoc.gov.au/human_rights/about_human_rights.html) and <http://www2.ohchr.org/english/law/cescr.htm>

schools. Cross-country differences in private school operation account for up to two PISA grade-level equivalents. The performance advantage of privately operated schools within countries is stronger where schools face external accountability measures and are autonomous. In urban areas, indicators of choice among public schools are also associated with superior outcomes.<sup>49</sup>

281. The effect of school choice policies on student segregation and education outcomes cannot be assumed to be positive. Other OECD research into the effects of school choice across OECD countries has found that school choice policies may pose risks to equity. One report notes:

School choice may pose risks to equity since well-educated parents may make shrewder choices. Better-off parents have the resources to exploit choice, and academic selection tends to accelerate the progress of those who have already gained the best start in life from their parents. Across countries, greater choice in school systems is associated with larger differences in the social composition of different schools.<sup>50</sup>

282. A more recent OECD study has reinforced these findings with an international literature review looking at the equity effects of school choice. It notes:

Research findings indicate that market mechanisms may have an impact on segregation between schools. Very few large-scale research projects find clear evidence that segregation between schools decreases across the board as a result of more parental choice. What does differ across research findings is the level of increase in segregation and whether this applies to all schools.<sup>51</sup>

283. A strong school choice policy framework is accepted by all Australian governments. However, school funding and student selection policies which can mitigate any identified social stratification caused or accentuated by school choice may be needed to avoid the education and broader social costs associated with inequity in educational outcomes.

A prudent approach for government policy makers in Australia would be to examine and redress any unintended negative effects associated with school choice policies affecting a whole jurisdiction or specific localised effects.

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<sup>49</sup> Woessmann, 2007, p.4

<sup>50</sup> Marks, 2006, p. 15.

<sup>51</sup> Waslander, 2010, p. 14.



## Chapter 6: Alternative funding approaches

284. This section, which draws on key issues identified by the study, puts forward alternative funding approaches that could further support the school participation and educational outcomes of the identified disadvantaged student groups. These groups are:

- students with a disability;
- Indigenous students;
- students with low English proficiency;
- students from a Low SES background; and
- students living in regional, rural or remote locations.

285. In addition to these specific groups, an ongoing challenge for schooling is to put in place mechanisms that can deliver adequate resources for students with multiple disadvantages. This section looks at how the concept of additional education need is being used to assess the additional resources required by students with multiple and possibly compounding disadvantages.

286. The section begins by identifying key cross-cutting issues that have emerged from the study that are relevant to the funding programs for all disadvantaged groups. It then looks at each of the five disadvantaged groups and provides for each:

- a list of specific issues impacting on funding programs;
- some examples of best practice that relate to funding;
- approaches towards accountability for demonstrating effectiveness; and
- ideas for alternative funding approaches that have emerged from the study.

### Cross-cutting issues

287. Cross cutting issues are those which apply across student disadvantaged groups. These issues inform the specific ideas presented for each disadvantaged group at the end of the section.

### Additional education need

288. ACER interviews found that the concept of *additional education need* is increasingly being used by sectors to determine the level of additional or targeted funding allocated to students. This approach is replacing the more established practice of tying funding more directly to a definition or specification of disadvantage. The advantage of the additional education need approach is that it allows systems and sectors to more efficiently respond to variations in additional education need. This can be especially useful for students experiencing multiple disadvantages. Specifically, this approach:

- supports funding for students experiencing multiple sources of disadvantage;
- allows for an efficient resourcing strategy that correctly matches additional educational needs with appropriate resource intensity;
- supports a resourcing strategy with targeted programs that provide and allow for significant variation in unit costs; and

- requires a consistent and comparable specification of additional education need within and across sectors. This will provide a sound basis for measuring the technical efficiency of programs or funding strategies. This should also enable better planning and the potential to improve and replicate effective and efficient approaches.

### Broadbanding where possible linked to output/outcome based funding

289. Broadbanded programs pool resources that may previously have been distributed by a greater number of smaller programs with overlapping targeted students, proportionately higher overheads and weaker capacity for monitoring and evaluation. Formula based approaches to recurrent school funding deliver an identified ‘equity’ loading for equity purposes (above a base grant level). This approach is considered in this section to be a form of broadbanding since it allocates additional resources to schools to provide for a range of student and school related disadvantages.
290. Broadbanding is increasingly being applied by the Australian Government and states and territories to increase efficiency.
291. Output/outcome based approaches are particularly useful in enabling the expansion of broadbanded equity programs since they do not rely on the specification of inputs (which can be more difficult with broadbanded approaches).
292. There is a general movement of government school systems in the direction of stronger per student formula based funding<sup>52</sup> and devolved school funding. Both of these trends can also be seen as an extension of an output/outcome based funding approach towards recurrent or base grant funding. These trends shift emphasis from financing and controlling inputs towards specification of outputs with funding adjustments for student, school and curriculum related factors.

### Continuing role and support for narrow-cast targeted programs

293. The interviews with the non-government sectors revealed strong support for the continuation of the narrow-cast target programs. The views within the government sectors were that the broadbanding approach helped to introduce much needed flexibility, especially for how schools could allocate their resources. None of the respondents suggested that all narrow-cast targeted programs should be dissolved. The key question is seen to be one of balance, which would be best achieved by establishing criteria to determine when to apply broadbanding or narrow-cast targeted programs. The issue here is what those criteria should be.

### Using targeted programs to develop management capacity and core sector expertise to support schools

294. All interviewees said there was a need for funding that retains and develops appropriate management capacity (at the system or sector level) as well as out-of-school expertise to support schools in their specialised activities for targeted groups. The general view put to ACER was that the use of any per capita funding formula to direct all targeted money for a disadvantaged group down to the school level can have a negative impact if it:

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<sup>52</sup> Per student funding is not relevant when addressing concentrations of a critical mass of low SES students in a school, where per school rather than per student funding is relevant.

- truncates the managerial (or other capacities) at the system or sector level; and/or
- inhibits broader cooperation within the sector or with other sectors.

### National Partnerships provide strategic focus and concentrated money for selected schools

295. Most interviewees felt that the Australian Government funded National Partnerships had introduced a more strategic focus by:

- building on the benefits of a broadbanding approach;
- concentrating funds on a smaller group of priority Low SES schools; and
- extending the planning and engagement horizons for investments in Low SES schools.

296. A significant challenge of the National Partnerships identified by some states and territories is how best to scale up and sustain reform. There is a view that a serious risk for some of the significant reforms is that they may begin to dissipate in the medium term. In particular, it was noted, schools may find it difficult to begin the work of self-evaluation and planning around specific reforms if there is no assurance of resourcing for the future.

297. From the non-government sectors there was broad recognition of the strategic benefits flowing from the National Partnerships. However, concern was expressed from the Catholic systemic and independent sectors about their perceived exclusion from strategic deliberations, and the administrative burden associated with the National Partnerships.

### Defining target groups for school operations

298. The definition of disadvantaged students by jurisdictions and sectors is marked by significant commonality of approach for (i) Indigenous students, (ii) students with English language proficiency issues (through the ESL programs), and (iii) rural and remote area students and schools. There are significant differences in the operational definitions of students with disabilities and Low SES students. As this report has shown, around 60 per cent of the funding for disadvantaged students targets students with a disability. If there is no consensus around its meaning and measurement, then measuring effectiveness and efficiency within and between jurisdictions is compromised.

### Allocation mechanisms employed student, school, regional, and strategic hybrids

299. The ACER survey found the dominant allocation mechanisms were the ‘per student’ and ‘per school’ types being employed by around 45 per cent of surveyed targeted programs.

300. There were no important differences in the allocation mechanisms used across sectors with all employing the whole spectrum of options. Both the government and independent sectors used per student and per school allocations for about 50 per cent of their programs with the Catholic sector around 40 per cent.

301. The strong and continued use of ‘other’ and ‘multiple or hybrid’ allocation mechanisms suggests a need for funding approaches that are not bound by strictly formulaic approaches to funding allocations. The national reform or ‘strategic intervention approach’ that has recently emerged is only the latest manifestation of

programs that need more than just formula-based allocation mechanisms. The use of the school-based submission model was particularly evident in the independent sector with many interviewees suggesting it delivered efficient and effective programming.

302. A key question is the role these non-formulaic approaches should assume. To what extent are they important for driving reform or picking up peripheral resourcing needs not covered by formula based mechanisms?

#### Direct and indirect targeting mechanisms

303. The study surveyed sectors on the direct or indirect nature of the targeting mechanisms employed to identify the beneficiary students and schools. Direct Targeting was defined in the ACER survey as being “direct student or school data” while Indirect Targeting was defined as “derived from non-education sector data e.g. Household Census”.
304. The ACER survey found Direct Targeting was the most commonly adopted mechanism for all targeted groups. Indirect Targeting (while still minor) was more prevalent in Regional/Rural/Remote programs. Direct Targeting was also the most common approach across all allocation mechanisms. The question of direct or indirect or hybrid targeting is most vexed in the measurement of school SES.

#### Uneven profile over time ('lumpiness') of some targeted expenditures

305. A significant problem for systems or sectors is dealing with the abrupt changes in level of some targeted expenditures at the school level. This ‘lumpiness’ at the school level creates significant difficulties for schools if there are no clear provisions or allocations set aside to manage these costs. The ‘lumpiness’ of expenditures is most pronounced for students with disabilities. The government sector is best able to absorb these additional costs as it sets aside as part of its recurrent budget, a significant allocation (estimated in section 1 to be about 12 per cent of total budget) for disadvantaged students. The highest per capita allocations are made for students with disabilities.
306. Interviewees from non-government school authorities indicated that schools within their sectors are at a disadvantage in providing for students with disabilities. The desired outcome is for per capita funding to be equivalent to the allocations provided within government schools.

#### Greater share of disadvantaged students carried by government school sector

307. Government sector schools have the highest share of disadvantaged students and schools, including:
- students with disabilities representing nearly 5.5 per cent of government school enrolments compared with 2.8 per cent for the non-government sector;
  - Indigenous students representing nearly 6 per cent of total enrolments in government schools compared to nearly 2 per cent in non-government schools;
  - household census data from 2006 showing around 78 per cent of all students from low income families (where family income is less than \$1,000 per week) were educated in government schools; and
  - more than 80 per cent of students in remote areas and very remote areas (89 per cent) attend government schools.

308. The issue concerns the extent to which the government system does the bulk of heavy lifting. Specifically, (i) the degree of financial support it requires to carry this load, and (ii) how the other sectors can assume greater responsibility for supporting disadvantaged school students. At the same time, it should be recognised that in recent years non-government schools have been increasing their enrolment share of disadvantaged student groups.

## Students with Disabilities

### Key issues identified by study

309. The study has identified key issues related to funding for students with disabilities:

- Catholic and independent sectors have substantially fewer funds allocated per student with disabilities;
- weaker funding within non-government sectors is matched by higher enrolment load in government systems;
- lumpiness of expenditures for students with disabilities makes it difficult for individual schools to plan and allocate for these students from within their regular school budget;
- lack of consistency across jurisdictions on the definition of students with disabilities (a national working group has been established to move towards a common national approach);
- students that are identified as ‘special needs’ but not with disabilities are an expanding group and can be grouped for funding purposes with students with disabilities;
- there is a need to develop management capacity and specialist expertise within the non-government sector. This will support and develop school and teacher capacity to provide for these students; and
- there is a high degree of variability in student needs and consequently in the level and types of resources required to meet them.

310. These issues need to be considered when making judgements about funding models for students with disabilities.

### Example of good practice

311. One of the research questions required the identification of examples of good practice. The information gathered from the interviews suggests that good practice is to target funding using a two-step process. First, eligibility is determined through clinical assessment. Once clinical assessment is confirmed, the level of funding is determined through an assessment of additional education need rather than a pre-determined entitlement linked to a clinical assessment.

312. This targeted funding approach is now spreading across systems and sectors, so any changes to funding models could build on this trend.

### Broadband or narrow targeting

313. Programs for student with disabilities meet the narrow targeting criteria – they (i) are focused on individual students with precise specification of clinical diagnosis for

eligibility, (ii) increasingly specify additional educational needs to estimate input requirements.

#### Direct or indirect data

314. Direct student data are essential for student with disabilities programs. Thus, any funding model which is implemented should put in place processes for the collection of these data.

#### Accountability for demonstrating effectiveness

315. A key instrument identified by education authorities for monitoring the effectiveness of interventions for students with disabilities is to put in place appropriate processes to monitor the quality of Individual Education Plans (IEP) and to track the individual assessment of progress against IEPs. Thus, any funding model which is implemented should put in place processes such as IEPs.

#### Alternative funding approaches

316. A key problem for non-government schools is that they lack a sufficient allocation in their recurrent budgets for students with disabilities. This type of allocation is particularly problematic for the independent sector schools, which operate outside of a system framework and cannot absorb the lumpiness of expenditures associated with students with disabilities.
317. Alternative funding approaches that can increase resources available for students with disabilities to the levels provided within the government sector will help (i) provide better quality of services, and (ii) re-dress the imbalance in enrolments of students with disabilities across sectors.
318. The establishment of a 'standard disabilities entitlement' is one option to frame a minimum funding standard for students with disabilities. The standard disabilities entitlement could be scheduled to specify variable funding entitlements based on agreed additional educational needs and/or type of disability. The entitlement could apply across non-government sectors and states and territories. It would probably need to have a range of allowances for price variations such as those based on geographical locations.
319. Financing the standard disabilities entitlement needs to be considered from the angles of equity, effectiveness and efficiency.
320. In terms of equity, the financing should not deplete existing funding for government schools to further subsidise the operations within non-government schools. This report has shown that government schools operate on global per capita resourcing levels that are slightly above the average for Catholic schools and considerably below the average for independent schools. Government schools do this while carrying the bulk of Low SES students, rural and remote schools, and Indigenous students. It would not be equitable to shift funding away from the government sector to finance a standard disabilities entitlement.
321. In terms of effectiveness, the right balance needs to be struck between getting funds down to the school level and building specialist sectoral expertise that can help make a difference to the quality of services being provided. In terms of efficiency, directing maximum funds to the school level can reduce overheads and waste, but pooling resources at regional levels can help to make specialist services affordable to many schools.

322. The financing of a large pooled fund at the sectoral level can satisfy the conditions of equity, effectiveness and efficiency. The fund could pool existing targeted allocations for students with disabilities (from Commonwealth and state sources) as well as garner additional financing from the sector over time.
323. The main purpose of a pooled fund is to increase the quantum of dedicated funds available for the non-government sectors to meet the disabilities entitlement. This would bring the Catholic and independent school sectors towards parity with the per capita allocation made by the government sector from its total pool of resources.
324. A pooled fund could also manage the lumpiness of expenditures across schools and quickly respond to the changes in funding for individual students that may emerge over time. A pooled fund could also support the further development of sectoral expertise and management capacity.
325. Each pooled fund could be under the control of the relevant non-government education authority (one for Catholic systemic schools and one for independent sector schools) for each state or territory.
326. There could be numerous ways of financing a pooled fund. These could involve either additional annual allocations from government or the re-allocation of a part of existing recurrent funds, or both.
327. One option for the government is to allocate additional funding to non-government schools to bring them closer towards the average government sector expenditure per student with disabilities. Alternately, governments may choose to finance an increase in spending on students with disabilities (within non-government schools) in a way that is more affordable to government. The report does not propose changes to school funding so that a portion of existing untied recurrent funding for non-government schools becomes converted to tied funding for students with disabilities. This disruption in existing funding levels would be difficult to absorb for many schools and lead to reduced services for some students.
328. The report proposes for the Panel's consideration a future-growth option that would over a period of time (possibly eight years) increase funding for students with disabilities in the non-government sector towards parity with the government sector. The merit of this policy outcome is that it would finance better resourced services for students with disabilities in non-government schools. The time staggered approach is also likely to be cost effective as it would give the non-government sector adequate time to scale up its service provision for students with disabilities.
329. The future growth option is driven by the annual replenishment of a pooled fund. A flat value per student contribution could be clipped from the annual increment in per student funding received by all non-government schools through an indexation mechanism (such as the current AGSRC). The money would be transferred to a pooled fund that would be managed and under the control of the state or territory authority. Delegation powers for each state or territory education authority to manage the fund could be similar to those currently provided as delegated Block Grant Authorities for capital expenditures.
330. Government also has the policy option of using a hybrid mechanism that (i) provides some additional government funding, and (ii) locks in a certain amount of tied funding for students with disabilities through mechanisms such as the future-growth option described above.



## Indigenous students

### Key issues

331. There were three key issues identified by the study related to Indigenous students:
- The target group overlaps with other disadvantaged groups (mainly Low SES, Regional/Rural/Remote, and an increase in the number of Aboriginal students with a disability)
  - Striking the right balance between distributing funds based on individual targeting (which supports more schools but diffuses funding effect) and concentrating funds in schools with significant numbers of Indigenous students.
  - Assessing the effectiveness of current programs and expenditures in light of sustained weak academic performance and participation in schooling by this group.

### Examples of good practice

332. Information from the jurisdictions suggests that having individual education plans and the systematic monitoring of these plans would be effective. (There may, however, be a risk of this being resisted by parents whose children are performing competently.)
333. There was also a need for there to be support for academic excellence targets. These targets would allow systems to benchmark educational outcomes, and assess the effectiveness and efficiency of the programs and the funding model supporting them.

### Broadband or narrow targeting

334. Evidence from the study suggests that Indigenous students might best be targeted through a combination of broad and narrowband interventions. The ways in which Indigenous students tend to overlap with other categories of disadvantage supports the use of broadband approaches to pool resources and give greater flexibility to use and reduce administrative overheads. At the same time, an individual resource intensive focus is also required to support the high national policy priority placed on improving participation and education outcomes for Indigenous students.

### Direct or indirect data

335. Direct student data are essential for Indigenous programs. Thus, any funding model which is implemented should put in place processes for the collection of these data.

### Accountability for demonstrating effectiveness

336. The Council of Australian Governments (COAG) has agreed to six targets for closing the gap between Indigenous and non-Indigenous Australians, which include halving the gap in reading, writing and numeracy achievements for Indigenous children within a decade, and halving the gap for Indigenous students in Year 12 attainment or equivalent rates by 2020. These targets have been incorporated into National Agreements, including the National Education Agreement, and into funding agreements with non-government school systems and authorities. Thus, there is high level commitment and there are high level targets in place.
337. There is a need for school level monitoring. As government and non-government systems increasingly move towards formula based approaches for recurrent funding with embedded weightings for Indigenous students, it will be more important to have in



place accountability mechanisms that track the effectiveness of schools in supporting the education outcomes of Indigenous students.

338. There is also a need for individual level monitoring of Indigenous students. The use of individual learning and education plans for Indigenous students should provide a good basis for school level monitoring of the performance of individual students. Reporting that is linked to individual learning plans should provide a basis for more nuanced and formative reporting that can also help to assess the adequacy and relevance of the individual plans. There is also a need to include strategies that are making a difference in reporting schedules.

### Alternative funding approaches

339. The diffusion of the Indigenous student population means that individual student funding approaches can also diffuse funding effects. The Indigenous Supplementary Assistance program (ISA) was introduced by the Australian Government for non-government schools. The ISA is provided to ensure that schools have the capacity to deliver high-quality educational outcomes for Indigenous children. The ISA is calculated using a formula that takes into account the level of schooling and the remoteness of the campus location. The ISA was praised during interviews with the non-government sector for overcoming some of the problems of the previous multitude of funding programs supported by the Australian Government. At the same time there was some criticism that it had (i) a diluting effect on expenditures by not concentrating funds in the neediest schools, and (ii) not fully supported the capacity of the sectors to retain and develop out of school expertise that can support high needs schools in remote areas.
340. In addition, for the government sector which has the greatest share of Indigenous enrolments, there remains the issue of providing concentrated additional funding to the neediest schools while granting flexibility to link with additional allocations related to remoteness and the Low SES background of students.

### English language proficiency

#### Key issues

341. There were three key issues identified by the study related to students with poor English language proficiency:
- While there is a range of language related programs, ESL targeted services are the dominant intervention.
  - ESL services targeting new arrivals are impacted by Australian Government decisions on immigration levels and their composition (especially the proportion and origin of the 'humanitarian' category). This creates volatility in the number and nature of students in this category.
  - The resource intensity required to meet the needs of individual students ranges over a wide spectrum and this can be predicted through the use of well established diagnostic assessments.

#### Examples of good practice

342. The ESL approaches used in Australian schools have evolved over three decades. The programs available to schools and students are sophisticated and able to provide for a

wide group of learning needs and student backgrounds. There is an abundant library of learning materials across jurisdictions and sectors.

343. There are good diagnostic tools measuring English language proficiency and intervention requirements. This study has found that English language proficiency is measured and categorised for specialist support in similar ways across jurisdictions and sectors. Each system uses assessment frameworks on one of two commonly used ESL scales with education systems and teachers tending to adapt frameworks to suit their own teaching and learning context. Good practice, therefore, appears to be the norm in Australia.

#### Broadband or narrow targeting

344. ESL programs meet the narrow targeting criteria – they (i) are focused on individual students with precise specification of entry and exit points, and (ii) have clear specification of input requirements.
345. Broadbanding might be used to provide a weighting for schools with high numbers of Language Background Other Than English (LBOTE) students who might benefit from additional ESL training for teachers to assist with the whole school development of ESL in the regular classroom.

#### Direct or indirect data

346. Direct student data are essential for ESL programs.
347. Indirect immigration related data may assist with scoping of future costs associated with ESL-NA costs. These data could assist with future allocations for the non-government and government sectors in estimating any significant changes in school workload related to immigration patterns.

#### Alternative funding approaches

348. This study has found that the pedagogical approaches are in place and student identification systems are well functioning. Providing sufficient resources to meet demand with the most appropriate services is the critical factor. Estimating the extent of unmet demand for ESL services (students in need of ESL services but either not receiving any or receiving at a lower intensity than required) was not able to be calculated by this study. Only the NSW government sector was able to provide an estimate of unmet needs (approximately 50,000 students in 2009).
349. Continued investment in professional development of teachers' ESL capacities – the ability of teachers in regular classes to provide appropriate instruction to students with ESL needs – may reduce the long run cost of ESL teaching within a regular class setting.

#### Accountability for demonstrating effectiveness

350. Accountability measures for demonstrating effectiveness are already in place. These include having:
- individual level monitoring in targeted schools;
  - entry and exit points that are well defined; and
  - solid metrics for performance monitoring.

351. Annual reporting of ESL programs for system and sector monitoring of overall annual performance in ESL provision can routinely include Key Performance Indicators (participants, progression against expected outcomes, waiting lists), and process indicators (such as school evaluation frameworks for ESL education). The absence of national and publicly available data on effectiveness of ESL programs is however a real limitation in terms of monitoring and evaluation.

## Students from Low SES backgrounds

### Key issues

352. There were four key issues identified by the study related to students from a Low SES background:

- consistent under-performance as a group in academic testing (although it is important not to over emphasise this impact. The 2009 PISA results suggest around 16 per cent of the variation in student achievement is attributable to socio-cultural background);
- concentrations of Low SES students in a school tends to correlate with weaker academic performance of the school;
- residualisation processes impacting on (i) schools in Low SES geographic areas, and (ii) schools within the government sector; and
- current additional targeted investments per student are modest compared to overall average expenditure per student.

### Examples of good practice

353. It is critical to avoid the problem of diffused resources that can afflict interventions which are targeted at a school rather than the individual student (higher intensity level). The Australian Government program *Smarter Schools - National Partnerships for Low SES Schools* is an example of a strategic intervention program providing concentrated additional resources to a small number of schools.

### Broadband or narrow targeting

354. SES programs meet the broadband targeting criteria. They are focused at the school level, and do not require (and may be hindered by) the specification of input requirements.

### Direct or indirect data

355. The design and adoption of a nationally agreed index measuring school SES across jurisdictions and sectors would be a useful tool. A school SES index may have greater face validity if it is based on direct student data collected from schools as close as possible to real time.

356. While direct student data has inherent advantages in helping identify the SES profile of a school, the difficulty is in collecting and accessing that data at the school level.

357. ACARA is in the process of completing research comparing the original ICSEA 2009 method (based on indirect data from the ABS Household Census) with one that makes use of direct school and student-level measures. The proposed method comprises the following variables (i) occupation variables, (ii) school education variables, (iii) non-

school education variables, (iv) school-level variables (remoteness, Indigeneity and LBOTE).

358. While this new approach will still have the same limitations as ICSEA 2009 as a specific measure of socio-economic status, it aims to improve on ICSEA 2009 by utilising direct data related to students and it will be able to be refreshed annually for the new cohort of students sitting a NAPLAN test.
359. The applicability of ICSEA 2010 for the more general purpose of school funding is unclear, and complicated by a number of issues:
- most importantly, it is designed as an instrument that can predict average school performance in NAPLAN tests. It is an indicator of educational advantage rather than socio-economic status;
  - the ICSEA data set only contains records for students sitting the NAPLAN test (instead of the whole school population); and
  - its applicability for secondary schooling is limited since ICSEA weightings have not been tested and set against key criteria (such as Year 12 retention rates and academic performance).

#### Accountability for demonstrating effectiveness

360. Monitoring the effectiveness of programs targeting Low SES students and schools is complicated by the overlay of other factors making attribution of causality especially difficult. However, school level monitoring with medium term evaluation horizons would seem to be a minimum requirement. The example of the NP for Low SES Schools appears to be a good model for evaluation.

#### Alternative funding approaches

361. The key issue for funding students from Low SES backgrounds appears, on the evidence available to this study, to be the quantum of funds available. The alternative funding approach proposed is for governments to make significant concentrated investments in residualised schools within Low SES communities. Helping to turn around residualised schools within Low SES communities is likely to have important educational and future social benefits. It can also reduce the long term average unit costs of schooling in these locations.
362. The ACER survey found that targeted allocations for Low SES factors within schools average less than \$1,000 per student per annum. These are very modest additional allocations when it is considered that average annual expenditure per student in government schools exceed \$10,000.<sup>53</sup> The student-teacher ratio is the key driver of the unit cost of schooling. The ratio is a function of policy (for example, class sizes and equity programs) but also effective household demand for school services. In

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<sup>53</sup> The report notes that most significant under-estimates of expenditure across both government and non-government sectors are likely to be found for Low SES disadvantaged groups. This is because there are in-built distributive formulae within their school recurrent funding models to provide additional funds to schools serving Low SES communities. These formulae have not been captured for the independent sector, and only partially for the government and Catholic sectors.

residualised schools with low and falling enrolments, unit costs of schooling begin to rise steeply as a consequence of falling student numbers.

363. In comparison, popular and successful government sector schools will, typically, cost less. Thus, increasing household demand for school services can have a big impact on the unit cost of schooling in Low SES areas. The biggest savings in teacher costs may be attained most easily in secondary schools. This is because the curriculum breadth requirements (coupled with specialised teaching) means that secondary schools have less flexibility in reducing their number of classes which imposes higher inefficiency related costs.
364. A sustained targeted investment program could target a group of residualised secondary schools in areas with a demographic profile that would support enrolment growth. The program would put in place investments (human and physical), to convert these schools from under-performing and under-enrolled units into successful and popular schools. Funding would be provided as part of a pro-active and front-loaded investment strategy instead of an ongoing recurrent cost bill. Examples of such investment strategies can be found in the UK which combined its capital investment program (Building Schools for the Future) with regeneration efforts of troubled schools (such as the Learning Academies). Such a strategy is likely to focus on government schools given available data on enrolment shares of disadvantaged students. The investment program should be backed up by supporting demographic and school enrolment data.
365. The financial return on this investment will be driven by reduced recurrent unit costs as a result of a more intensive use of teacher labour time – more students per teacher as enrolments increase and class sizes expand.
366. By delivering significant investment funding for a period of up to ten years (above and beyond recurrent funding) schools will be given the latitude to invest as appropriate in areas such as quality teaching practices, materials, school leadership and facilities. A key expected outcome of this investment strategy would be an increase in school enrolments within residualised schools to deliver long term savings in the unit costs of schooling.

**Table 11 Modelling hypothetical cost savings generated by successful targeted investment strategy**

Parameter/Variable	Year 1	Year 2	Year 3	Year 4	Year 8	Year 9	Year 10
<b>Annual FTE teacher cost</b>	110,000	110,000	110,000	110,000	110,000	110,000	110,000
<b>Enrolments</b>	250	275	300	350	600	675	750
<b>Student teacher ratio</b>	10	10	10.5	11	13	13	13
<b>Number of teachers</b>	25	28	29	32	46	52	58
<b>Per student unit cost-salaries</b>	11,000	11,000	10,476	10,000	8,462	8,462	8,462
<b>Annual unit cost benefit</b>	-	-	524	1,000	2,538	2,538	2,538
<b>School annual saving - salaries</b>	-	-	157,143	350,000	1,523,077	1,713,462	1,903,846
<b>Cumulative savings</b>	-	-	157,143	507,143	4,584,133	6,297,594	8,201,441

367. Modelling the hypothetical financial returns possible from a successful investment strategy for secondary schools shows reduced recurrent costs of around \$2,500 per student. An economic return (based on cumulative savings in recurrent costs) of more

than \$8 million could be generated within 10 years from the start of a successful investment strategy. An investment program of up to \$8 million could be fully paid for within 10 years. After the tenth year, the school would be generating (against the status quo unit cost) annual recurrent cost savings (in current prices) of more than \$2 million per annum. Calculations are based on notional average student-teacher ratios for schools with enrolments of 250-500 (10:1) and moving to a higher average for schools with enrolments of 500-750 (13:1). (See Table 11.)

## Students in Regional/Rural/Remote areas

### Key issues

368. There were three key issues identified by the study related to students living in regional, rural or remote areas:
- this target group overlaps with others (mainly Low SES, Indigenous);
  - the key cost driver is the lower than average student-teacher ratios usually determined by population sparsity; and
  - attracting and retaining teachers can be harder than in metropolitan areas.

### Examples of good practice

369. The Country Areas Program (CAP) was generally seen by the non-government sectors as one that provided clear allocations for specific purposes with predictable funding being delivered over a long period of time. At the same time, this benefit was considered insufficient by non-government authorities to address the key issue of high costs driven by staffing, student:teacher ratios, location costs and problems in attracting and retaining teachers.

### Broadband or narrow targeting

370. Regional/Rural/Remote programs meet the broadband targeting criteria – they (i) are focused on school level, (ii) overlap with other target groups, and (iii) may be hindered through the tight specification of input requirements.
371. While a broadbanding approach is generally used, specific strategies are needed to support Regional/Rural/Remote schools. For example, the purchasing of and training in technology, ensuring the availability of high quality teachers and ‘out of school expertise’ in isolated areas, linking rural and remote students with peers, opportunities and role models in other areas, and innovative strategies to involve parents and community in a rural and remote context. Without such specific strategies, the effects of isolation further compound and intensify other disadvantage.

### Direct or indirect data

372. Indirect data related to the location of the school are adequate.

### Alternative funding approaches

373. The key issue is providing sufficient funding to deal with the high recurrent costs of operating smaller sized schools (especially the need to attract and retain teachers). The use of formula based equity loadings within recurrent grant allocations can deliver predictable flows of scalable resources to meet the varying costs of delivering services in Regional/Rural/Remote locations. Government and Catholic systems are able to use

their detailed knowledge of regional conditions and prices (based on variations in prices for items such as staff, travel and accommodation) to set loadings within their recurrent school funding formulae.

374. A narrow targeted program such as CAP has particular importance and relevance for the independent sector that lacks the re-distributive mechanisms to make additional allocations to schools affected by population sparsity factors.

#### Accountability for demonstrating effectiveness

375. School level monitoring based on academic performance measured against standardised tests and retention rates for the secondary level provide a sound basis for accountability demonstrating effectiveness.



## Chapter 7: Conclusion

376. This study sought to address three main groups of questions:

- How do existing programs seeking to address educational disadvantage work? What funding programs operate across jurisdictions and sectors to improve educational outcomes for disadvantaged students?
- Are existing programs effective?
- What alternative funding approaches should be considered?

### How are existing programs funded and how do they work?

377. The study looked at specific programs targeting the five nominated groups (i) students with disabilities, (ii) English language proficiency, (iii) students from Low SES backgrounds, (iv) Indigenous students, and (v) Regional/Remote/Rural communities.

378. ACER interviews indicated a continuing trend towards broadbanding of equity programs and funding across all government school systems. The underlying rationale is a changing priority to address educational needs at the individual student level without necessarily focusing on group disadvantage.

379. Existing programs seeking to address educational disadvantage worked with a minimum national aggregate funding of about \$4.4 billion during 2009-10. Government sector programs for students with disabilities attract approximately 62% of all nationally identified targeted funds. Allocations for students with disabilities are greater than all the other targeted programs put together. The balance of funds are distributed more evenly with Low SES (13 per cent), Indigenous (10 per cent), ESL (7 per cent) and Regional/Rural/Remote (8 per cent).

380. The relatively little amount of targeted funding for Low SES government schools (relative to the total school budget) suggests an increase of funding for Low SES schools may be warranted to support them with the heavy lifting in the improvement of school learning outcomes.

381. The proportionately heavy targeted allocations for students with disabilities in the government sector are not matched by similar allocations in non-government schools. The imbalance in funding creates difficulties for students, parents and schools and suggests the need for funding approaches that can re-dress the imbalance.

382. The concept of additional education need appears to be increasingly used by sectors to determine the level of additional or targeted funding allocated to students. There also appears to be a trend towards broadbanding of equity programs. (Although the non-government sector education authorities, in particular, indicated strong support for the continuation of the narrow-cast target programs.)

383. A key question identified by the study is the future role non-formulaic approaches should assume. Specifically, to what extent are these approaches important for driving reform or picking up peripheral resourcing needs not covered by formula based mechanisms?



## Are existing programs effective?

384. There are insufficient data available to establish to what extent existing programs are effective because few have been evaluated, and fewer still have been evaluated with student outcomes as a focus. Despite this lack of information, there appears to be a consensus among the jurisdictions that ESL programs, on the whole, are effective in delivering positive educational outcomes to students. While there were positive comments about programs for students with disabilities, this was in contrast to the National Disability Strategy, which argued that educational systems were still largely failing these students, and more resourcing, support for teachers and further teacher education was required.
385. The study has been unable to discern the extent to which Indigenous and Low SES programs are effective. The available data suggest that, typically, Australian schools serving Low SES communities, Indigenous students or schools in remote areas have difficulty in overcoming major barriers to high quality educational outcomes for schools. ACER interviews also found a consistent opinion across sectors that current programs were having positive effects and the situation would be worse in their absence. It also remains unclear to what extent school selection policies and government policies related to parental choice of schools are interacting to reduce or amplify concentrations of disadvantage.

## What alternative funding approaches should be considered?

386. The study has identified alternative specific funding mechanisms to deal with the current weaknesses in funding for (i) students with disabilities, and (ii) students from Low SES backgrounds. The funding of students with disabilities is an important issue for non-government schools because of the current imbalance in resourcing with government sector schools. The funding for students from Low SES backgrounds is particularly important for government sector schools because of the higher concentration of Low SES background students in the government sector and concerns surrounding the continued residualisation of some government schools.
387. For students with disabilities, the report has proposed the establishment of a ‘standard disabilities entitlement’ to frame a minimum funding standard for students with disabilities. The entitlement could apply across sectors and states and territories. Financing the standard disabilities entitlement needs to be considered from the angles of equity, effectiveness and efficiency. In terms of equity, the financing should not deplete existing funding for government schools to further subsidise the operations within non-government schools.
388. The financing of a large pooled fund at the sectoral level is one mechanism that can meet the conditions of equity, effectiveness and efficiency in offering the standard entitlement. The report finds numerous ways of financing a pooled fund. One option for the government is to allocate additional funding to non-government schools to bring them closer towards the average government sector expenditure per student with disabilities. The report also proposes an alternative innovative future growth option that would (over a specified period of time) increase funding for students with disabilities in the non-government sector towards parity with the government sector.
389. For students from Low SES backgrounds, the study has proposed a front-loaded alternative funding mechanism that can support a targeted investment strategy to schools experiencing residualisation effects on their enrolment base. By delivering significant investment funding for a period of up to ten years (above and beyond

recurrent funding) schools will be given the latitude to invest as appropriate in areas such as quality teaching practices, materials, school leadership and facilities. A key expected outcome of this investment strategy will be an increase in school enrolments within residualised schools to deliver long term savings in the unit costs of schooling.

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## Appendix A: Questionnaire form

### Targeting schools funding to disadvantaged students: Part 1- summary data

#### Background

- Q 1** If we need clarification about any information provided, it would help us if we had the name and contact details of one person.

**Who is the best person for us to contact?**

Name:

Position:

Telephone:

Email:

- Q 2** In which state or territory are you located?

- Q 3** In which sector are you located?

Catholic systemic\* ☐

Government ☐

Independent ☐

*\*Catholic schools which are members of Associations of Independent Schools and receive targeted Commonwealth funding through them, should be regarded as Independent schools.*

## Primary Schools Summary Data

### Q 4 Within the purview of your organisation, thinking about funding programs for specific target groups in Primary schools:

- What are the numbers of (a) programs, (b) students and (c) schools for each target group?
- What was the expenditure on these programs for (d) 2009-2010 and (e) 2010-2011?

	English Language	Regional, Rural or Remote	Low SES	Disability	Indigenous
a. Number of Programs					
b. Number of student beneficiaries – most recent year What is the year you are referencing?					
c. Number of schools participating – most recent year What is the year you are referencing?					
d. Total Expenditure 2009- 2010*					
e. Total Expenditure 2010- 2011*					

*\*If you only have financial figures for the calendar year, please apply the earlier year. For example, for the row Total Expenditure 2009-2010, if you have figures for the 2009 and 2010 calendar years, use the 2009 figures only.*

If you wish to add comments or explanations – for example, a program may cover more than one of the categories used above, or there may be issues around definitions – please add them below.

**Comments:**

## Secondary Schools Summary Data

**Q 5** Within the purview of your organisation, thinking about funding programs for specific target groups in Secondary schools:

- What are the numbers of (a) programs, (b) students and (c) schools for each target group?
- What was the expenditure on these programs for (d) 2009-2010 and (e) 2010-2011?

	English Language	Regional, Rural or Remote	Low SES	Disability	Indigenous
a. Number of Programs					
b. Number of student beneficiaries – most recent year What is the year you are referencing?					
c. Number of schools participating – most recent year What is the year you are referencing?					
f. Total Expenditure 2009- 2010*					
g. Total Expenditure 2010- 2011*					

*\*If you only have financial figures for the calendar year, please apply the earlier year. For example, for the row Total Expenditure 2009-2010, if you have figures for the 2009 and 2010 calendar years, use the 2009 figures only.*

If you wish to add comments or explanations – for example, a program may cover more than one of the categories used above, or there may be issues around definitions – please add them below.

**Comments:**

## Primary-Secondary (e.g. K-12) Schools Summary Data

**Q 6** Within the purview of your organisation, thinking about funding programs for specific target groups in Primary schools:

- What are the numbers of (a) programs, (b) students and (c) schools for each target group?
- What was the expenditure on these programs for (d) 2009-2010 and (e) 2010-2011?

	English Language	Regional, Rural or Remote	Low SES	Disability	Indigenous
a. Number of Programs					
b. Number of student beneficiaries – most recent year What is the year you are referencing?					
c. Number of schools participating – most recent year What is the year you are referencing?					
d. Total Expenditure 2009- 2010*					
e. Total Expenditure 2010- 2011*					

*\*If you only have financial figures for the calendar year, please apply the earlier year. For example, for the row Total Expenditure 2009-2010, if you have figures for the 2009 and 2010 calendar years, use the 2009 figures only.*

If you wish to add comments or explanations – for example, a program may cover more than one of the categories used above, or there may be issues around definitions – please add them below.

**Comments:**

*Please now complete Part 2 of the survey.*



## Targeting schools funding to disadvantaged students – Part 2

### Individual Program Data Sheet

Each education authority should provide data on their key funding programs for each of the target groups. For some target groups there might be more than one program. For example, there might be more than one program targeting students from low SES backgrounds.

This document contains a Program data sheet.

1. For each program, please copy this file. This can be done by either using the 'Save As' command, or by copying the file using Windows Explorer (if in a PC environment). Copy the file as many times as there are individual programs for disadvantaged students in your jurisdiction.
2. It may be helpful to give each file the name of the program.
3. Complete one form for each program.
4. These forms have been prepared using the 'Form Facility' within Microsoft Word. This means that if you click on a check box an X will appear. Click again on the box and it will toggle back to blank. Enter text in the boxes provided. These boxes expand as you type. There is no limit to the words you may enter. You can delete text from these boxes if you wish. The file called Overview.doc provides a brief user guide.
5. If you want help with copying or with the mechanics of completing the survey please contact Adrian Beavis on 03 9277 5723 or by email on [beavis@acer.edu.au](mailto:beavis@acer.edu.au)



	Answer Options	Comment
a. Name of Funding Program		
b. Target Group <i>Please check as many boxes as apply.</i>	i. English language proficiency <input type="checkbox"/> ii. Rural/Regional/Remote <input type="checkbox"/> iii. Low socio-economic status <input type="checkbox"/> iv. Disability <input type="checkbox"/> v. Indigenous <input type="checkbox"/>	
c. Year Program Commenced		
d. Funding Mechanism <i>Please check as many boxes as apply.</i>	i. Formula - per student <input type="checkbox"/> ii. Formula - per school <input type="checkbox"/> iii. Formula - regional <input type="checkbox"/> iv. Specified student entitlement <input type="checkbox"/> v. Other <input type="checkbox"/>  <i>If you have checked any of the formula funding boxes, please describe the formula in the comment column.</i> <i>If you have checked 'Other' please specify in the comment column.</i>	Description of each funding formula: Description of any 'other' funding mechanisms: Any other comments:
e. Targeting - Regional level	All geographical regions <input type="checkbox"/> Targeted regions <input type="checkbox"/>	
f. Targeting - School level <i>Please check only one box.</i>	All schools <input type="checkbox"/> Targeted schools <input type="checkbox"/>	
g. Targeting - Student level	All students <input type="checkbox"/> Targeted students <input type="checkbox"/>	

	Answer Options	Comment
h. Mechanism for Beneficiary Identification	Direct student or school data <input type="checkbox"/> Indirect (Derived from non-education sector data, e.g. Household Census) <input type="checkbox"/>	
i. Level of schooling <i>Please check only one box.</i>	Primary <input type="checkbox"/> Secondary <input type="checkbox"/> Other <input type="checkbox"/> <i>If 'other' please specify in the comment column.</i>	Description of 'other' level of schooling: Any other comments:
j. Size of Program by students	Number of students targeted	
k. Size of Program by schools	Number of schools participating	
l. Total Expenditure	Total program expenditure for last year:	
m. Expenditure per student	(i) Average expenditure per student last year: (ii) Areas of expenditure ( e.g. teacher salaries, other salaries, materials, professional development etc.)	

### Program Effectiveness

n. Most recent evaluation	Date of most recent program evaluation <input type="checkbox"/> No evaluation <input type="checkbox"/> <i>If there has been no evaluation, please go to Paragraph p.</i>	
o. Does the evaluation measure impact on learning?	No <input type="checkbox"/> Yes <input type="checkbox"/> <i>If 'yes', please describe the key findings in the comment column.</i>	Description of key findings: Any other comments:
p. Does the Program address concentrated disadvantage in a	No <input type="checkbox"/> Yes <input type="checkbox"/>	(i) Description of how: (ii) Description of evidence:

	Answer Options	Comment
school?	<i>If yes, please describe in the comment column, (i) how it addresses disadvantage and (ii) the evidence that shows how it addresses disadvantage.</i>	Any other comments:
q. Does the Program aim to improve retention rates in schooling?	No <input type="checkbox"/> Yes <input type="checkbox"/> <i>If yes, please describe in the comment column, (i) how it addresses disadvantage and (ii) the evidence that shows how it addresses disadvantage.</i>	(i) Description of how: (ii) Description of evidence: Any other comments:
r. Does the Program aim to improve quality of schooling?	No <input type="checkbox"/> Yes <input type="checkbox"/> <i>If yes, please describe in the comment column, (i) how it addresses disadvantage and (ii) the evidence that shows how it addresses disadvantage.</i>	(i) Description of how: (ii) Description of evidence: Any other comments:
s. Is this Program an example of good practice?	No <input type="checkbox"/> Yes <input type="checkbox"/> <i>Please describe in the comment column why it is or is not a good example.</i>	
t. Do schools provide an annual report on performance and outcomes?	Yes <input type="checkbox"/> No <input type="checkbox"/> <i>If no, is there some other periodic reporting?</i> No <input type="checkbox"/> Yes <input type="checkbox"/> <i>If yes, please describe in the comment column</i>	Period of reporting: Any other comments:

	Answer Options	Comment
u. Does the school system or grant authority compile an annual report on performance and outcomes of the program?	Yes <input type="checkbox"/> No <input type="checkbox"/> <i>If no, is there some other periodic reporting?</i> No <input type="checkbox"/> Yes <input type="checkbox"/> <i>If yes, please describe in the comment column</i>	Period of reporting: Any other comments:
v. Is there a standard reporting format?	Yes <input type="checkbox"/> No <input type="checkbox"/>	

## Appendix B: Issues related to the data collected from the questionnaire

390. This appendix describes the main problems that were encountered by the educational jurisdictions in completing it. Conversely, the appendix can be read as describing the limitations that the researchers confronted in trying to use the data effectively.

391. The questionnaire sent to each educational jurisdiction had two parts.

### Part 1 – summary data

392. Part 1 of the questionnaire aimed to provide a brief summary of programs targeting disadvantaged students. It requested: (a) the number of programs, (b) the number of students (c) the number of schools for each target group and expenditure on these programs for (d) 2009-2010 and (e) 2010-2011 by primary and secondary school levels.

393. Some educational jurisdictions were unable to describe their programs within this structure and did not provide a response to Part 1, namely, NSW and WA Catholic authorities, and NSW, NT and ACT independent associations.

394. The independent sector requested that they be able to report Primary and Secondary data in a combined format. VIC, QLD, SA, WA, and TAS independent sectors, plus the NSW government all provided data in this way as the structure of their programs do not lend themselves to being broken down into the categories of ‘primary and secondary’. The WA independent sector also provided information by primary and secondary, while the VIC independent sector provided data for the primary school level and made comments regarding the secondary level.

395. Most jurisdictions did not provide data on 2010-2011 expenditure.

396. A major concern with Part 1 data was their comparability across jurisdictions. Specifically, a number of programs address more than one of the targeted categories. For example, a single program can cross over target categories by simultaneously addressing low SES students, Indigenous students and students living in regional, rural, or remote locations. At least one jurisdiction reported that for the purposes of completing this table, programs were only reported once; however other jurisdictions did not make this statement and so their approach to this situation is unknown.

### Part 2

397. There were two parts to Part 2 of the questionnaire; a summary section and a detailed data section.

#### Summary data

398. Part 2 of the questionnaire requested a single summary of all targeted programs for disadvantaged students (name of program, funding allocation formula, total value of program 2009-10, number of school beneficiaries, number of student beneficiaries).

399. The NT and ACT independent sectors were unable to provide Part 2 summary data. The WA Catholic system did not provide Part 2 summary data in the requested format. To

retrieve these data, several versions of documents were viewed, from which the researchers created a summary table.

400. The WA and NT Catholic systems and the WA independent sector omitted some targeted programs from their summaries. This became apparent when the detailed data section of Part 2 included information on programs which were not mentioned in the Part 2 summary section.
401. The Part 2 surveys were aimed at obtaining data for *specific* programs. However, there is a noticeable variation in the jurisdictions' interpretation or understanding of the term 'program'. As a result, the data they have provided may include details for 'umbrella' initiatives, staffing formulas and grant programs, alongside very specific targeted programs.

### Detailed data

402. For this section, the jurisdictions were asked to provide in-depth detail on the *major* targeted programs. A number of jurisdictions provided this detail for all of the programs they listed in their Part 2 summary (for example, the NT government system provided in-depth detail for 22 programs, while the NSW government system detailed 24 programs). The researchers needed to curtail the number of programs for which data were entered. This is because the analysis was intended to only cover the major targeted programs of each jurisdiction. This curtailment was done according to the following guidelines:
- include only those programs that have as their explicit target group one of the five designated target groups;
  - No more than ten programs are to be selected from any jurisdiction; and
  - Where a jurisdiction has more than ten programs related to one of the five designated target groups, then choose at least one program for each target group, and then exclude the rest in descending order of program value (dollars funded).
403. The jurisdictions often included copious notes and caveats when providing data. Some of these caveats were such as to compromise the data, especially if they were to be used in comparison with other jurisdictions. Some of the major issues were:
- Financial year versus calendar year reporting periods;
  - Unit of measure based on sites or campuses versus schools (for the number of school beneficiaries);
  - Timing issues (for example, status of expenditure at the time of the survey); and
  - inconsistent tallies compared to the main figure provided.
404. Responses concerning expenditure, number of student and school beneficiaries sometimes differed between Part 2 summary and Part 2 details. (These inconsistencies were noted in the centralised data spreadsheet prepared by the researchers and were taken into account when conducting analyses of the data.)
405. In addition, some jurisdictions listed programs individually in their summary, but went on to combine them when providing in-depth detail. For example, the WA government jurisdiction itemised five Aboriginal programs in Part 2 summary data section, however presented details on a single combined Aboriginal Program.



## Appendix C: Interviewed personnel

406. This appendix lists the persons interviewed by ACER, the sector or system in which they are located and their position title. The interviews were conducted between 26<sup>th</sup> October and 10<sup>th</sup> November, 2010. The interviews are listed in the order they were conducted, grouped by the days on which they were conducted.

### **NSW – GOVERNMENT**

10:00 – 11.30 am (Face-to-face interview)

Department of Education & Communities

- Andrew Dowling (Chief Policy Officer, External Relations Policy, Strategic Planning and Regulation)
- Chris Taggart (Director, Management Accounting, Finance and Infrastructure)
- Brian Smyth-King (Director, Disability Programs, Access and Equity, Schools)
- Kerry Edmeades (R/Director Equity Programs and Distance Education, Access and Equity, Schools)
- Hanya Stefaniuk (Manager, Multicultural Programs Unit, Equity Programs and Distance Education, Access and Equity, Schools)
- Michelle Reincastle (R/Manager, Strategic Resourcing, Management Accounting, Finance and Infrastructure)

### **NT – INDEPENDENT**

4.00 - 5.00pm (Telephone interview)

Association of Independent Schools of the Northern Territory Inc

- Gail Barker (Executive Director)
- Cheryl Salter (Assistant Director)

### **NT – CATHOLIC**

11am - 12.30 pm (Telephone interview)

Catholic Education Office, Diocese Of Darwin

- Greg O'Mullane (Deputy Director - School Services)

**VIC – GOVERNMENT**

9.30 - 11am (Face-to-face interview)

Department of Education and Early Childhood Development

- Robert Anderson (Group Manager, Schools Resource Allocation)
- Claire Britchford (Chief Finance Officer)
- John Sullivan (General Manager Systems Policy)
- Zoe Lange (Senior Policy Officer)
- Sonya Reesby (General Manager Educational Policy & Research)
- Mary Clarke
- Wahdiah Hopper
- Kris Arcaro
- Rick Harrsion
- Liam Fitzgerald

**VIC – CATHOLIC**

12 - 1.30pm (Face-to-face interview)

Catholic Education Commission

- David Wilkes (Assistant Director, Finance)
- Paul Sedunary (Manager, Curriculum & Innovation)
- David Huggins (Assistant Director, Student Services)

**SA – CATHOLIC**

9.30 - 10.30am (Telephone interview)

Catholic Education Commission

- Helen O'Brien (Assistant Director)
- Gabe Corletto (Team Accountant)
- Kevin Comber (Senior Education Adviser)

**SA – INDEPENDENT**

9.30 - 11am (Face-to-face interview)

Association of Independent Schools of South Australia

- Garry Le Duff (Executive Director)
- Mark Porter (Chairman, Independent Schools Council of Australia Board)

**SA – GOVERNMENT**

1 - 2.30 pm

Department of Education & Children's Services

- Chris Bernardi (Director, Finance and Investing)

**VIC – INDEPENDENT**

10.00 - 11.15am (Telephone interview)

Independent Schools Victoria

- Michelle Green (Chief Executive)
- Tim Johnston (Director, Public Affairs)
- Nigel Bartlett (Senior Research and Data Analyst)

**NSW – CATHOLIC**

1.00 - 2.30pm (Face-to-face interview)

- Brian Croke (Executive Director)
- Ian Baker (Director – Education Policy and Program)
- Paul Rodney (Assistant Director – Education Programs)

**National- CATHOLIC**

9.30 - 11.00am (Face-to-face interview)

- Bill Griffiths (Chief Executive Officer, National Catholic Education Commission)

**ACT – CATHOLIC**

11.30am - 12.45pm (Face-to-face interview)

Catholic Education Office, Archdiocese of Canberra & Goulburn)

- John Barker (Head of Finance and Planning)
- Mary Dorrian (Head of RE & Curriculum)

**ACT – GOVERNMENT**

1.00 - 2.30pm (Face-to-face interview)

ACT Department of Education & Training

- Dr Mark Collis (Director Aboriginal & TSI Education & Student Support)
- Trish Wilks (Director, Learning and Teaching)

**National – INDEPENDENT**

3.30 - 5pm (Face-to-face interview)

Independent Schools Council of Australia

- Bill Daniels (Executive Director)
- Barry Wallet (Deputy Executive Director)
- Colette Colman (Policy Analysis and Research Manager)

**TAS – GOVERNMENT**

8.30 - 10.00am (Face-to-face interview)

Department of Education

- Nick May (Acting Director)
- Lynne James (Manager, State Support Service)

**TAS – CATHOLIC**

1.30 - 3pm (Face-to-face interview)

Catholic Education Office

- Anne Rybak (Head of Systems Finance)
- Christine Butterworth (Manager Equity)

**TAS – INDEPENDENT**

4 - 5.30pm (Face-to-face interview)

Independent Schools Tasmania

- Terese Phillips (Manager, Education Services)

**QLD – CATHOLIC**

10.00 - 11.30am (Face-to-face interview)

- Mike Byrne (Executive Director)
- Terry Creagh (Assistant Director Education)
- Terry Leavy (Manager Government Programs)
- Greg Rogers (Executive Officer, Programs and Information Services)

**QLD – INDEPENDENT**

12-1.30pm (Face-to-face interview)

Independent Schools Queensland

- David Robertson (Executive Director)

**QLD – GOVERNMENT**

2 - 3.30pm (Face-to-face interview)

Dept of Education & Training

- Adam Black (Assistant Director, General Finance)
- Sharon Mullins (A/Executive Director, Government Liaison and Projects)
- Jeff Hunt (Assistant Director-General, Corporate Strategy and Performance)

**WA – INDEPENDENT**

9.30 - 11.00am (Face-to-face interview)

Association of Independent Schools of Western Australia

- Valerie Gould (Executive Director)
- Ron Gorman (Deputy Executive Officer)

**WA – GOVERNMENT**

11.30 - 1.00PM (Face-to-face interview)

Department of Education & Training

- David Axworthy (A/Deputy Director General, Schools)
- Andrew Thompson (A/Executive Director, Curriculum Support)
- Peter Titmanis (Director, School Innovation and Reform)
- Alison Ramm (A/Director, Schools Resourcing and Budgeting)

**WA – CATHOLIC**

1.30 - 3.00pm (Face-to-face interview)

- Bernie O'Shea (Chief Financial Officer)

**NT – GOVERNMENT**

3:00 - 4.30pm (Face-to-face interview)

Department of Employment, Education and Training

- Debbie Efthymiades (Executive Director Strategic Policy & Performance)

## Appendix D: Literature review

### Equity and resources – international experience

407. Equity in school funding tends to be considered in two broad regards:

- *Horizontal equity* entails the equal treatment of similar students across schools and locations; and
- *Vertical equity* requires the unequal treatment of students in different circumstances, for example, by higher spending on students with greater needs (Hawley Miles & Roza, 2006).

408. The ‘vertical’ dimension of equity requires that different resources be devoted to different students because some students have greater needs than others. The OECD report *No More Failures: Ten Steps to Equity in Education* (Field, Kuczera & Pont, 2007) argues that there are two main dimensions of this aspect of equity: *fairness*; and *inclusion*. Fairness implies directing more resources to students according to indicators of disadvantage or social need, for example family poverty or immigrant status. Inclusion is addressed by providing additional resources to students with learning difficulties. (For example, students with a physical disability or who are not literate in the language of instruction may be in this category.)

409. These two approaches can be pursued at different levels – at the level of the individual, the school and the area or community. The approaches may overlap where help given to those with learning difficulties also reduces the impact of social background on outcomes, for example, where children from poor immigrant families are not literate in the language of instruction. A number of OECD countries (including Ireland, Greece and Switzerland) have a definition of special needs that includes learning difficulties related to linguistic barriers and disadvantage associated with ethnic groupings (OECD, 2007).

410. Nevertheless, the approaches differ in their focus. Policies that aim to address the fairness dimension of equity tend to use indicators of *community or group* disadvantage. Policies concerned with inclusion are generally based on measures of *individual disadvantage* linked to learning difficulties.

411. Additional resources, though, are insufficient on their own for enhancing equity. The OECD report *No More Failures* (Field et al., 2007) draws on experiences from a range of OECD countries to argue that education systems need to undertake a multi-pronged approach, and be fair and inclusive in their design and practices as well as in their resourcing. The ten elements it advocates are summarised in Box 1.

412. This brief review considers selected OECD countries’ approaches to: (a) identifying which students and schools should receive additional resources; and (b) mechanisms for allocating the resources. In terms of the policy framework in Box 1, the review focuses on approaches to Step 8 and, to a lesser extent, Step 7.

413. The different approaches used by countries and the changes within countries over time indicate that these issues are complex and may be contested. There is only limited analysis available on the strengths and weaknesses of different funding models or their impact on student outcomes (Atkinson et al, 2005). One of the challenges in conducting evaluation

studies is that funding based on educational need probably only accounts for a fairly small part of the total funding provided to schools – although accurate data on this are hard to find.

414. Evaluation of impact can also be difficult where a school's equity allocation is treated as part of the general operating budget. Although there can be benefits in pooling resources in this way, it can make it difficult to determine which equity strategies are more effective, and which are less effective (Burke, 2007).

### **Box 1: Ten Steps to Equity in Education**

#### **Design**

1. Limit early tracking and streaming and postpone academic selection.
2. Manage school choice so as to contain the risks to equity.
3. In upper secondary education, provide attractive alternatives, remove dead ends and prevent dropout.
4. Offer second chances to gain from education.

#### **Practices**

5. Identify and provide systematic help to those who fall behind at school and reduce year repetition.
6. Strengthen the links between school and home to help disadvantaged parents help their children to learn.
7. Respond to diversity and provide for the successful inclusion of migrants and minorities within mainstream education.

#### **Resourcing**

8. Provide strong education for all, giving priority to early childhood provision and basic schooling.
9. Direct resources to students and regions with the greatest needs.
10. Set concrete targets for more equity, particularly related to low school attainment and dropouts.

*Source: OECD No More Failures: Ten Steps to Equity in Education (Field et al., 2007, p.9)*

415. In any comparative review, caution is needed in generalising from other countries' experiences. Approaches to school funding are deeply embedded in national economic, social and political circumstances as well as being shaped by different school structures. For example, in countries where responsibility for school funding is highly decentralised -- such as in the United States and some of the Nordic countries -- equity policies often focus on adjusting for differences in school districts' revenue-raising capacity. Contextual differences need to be taken into account when assessing potential relevance to Australian conditions.

### **Identifying disadvantage**

416. There are three main types of indicators used to assess educational disadvantage:
- Characteristics of the community or area in which a school is located

- Socio-demographic characteristics of the students enrolled at a school
  - Attainment or other measures of student outcomes.
417. These sets of indicators are not mutually exclusive and school systems often use a combination of indicators. In practice, the decisions about which approach to use are often influenced by the availability of data. For example, community characteristics are generally more readily available and less costly and intrusive to collect than individual student characteristics – and possibly more accurate, especially if there are high rates of non-response to student or parent questionnaires. Indicators of disadvantage based on community characteristics are probably the most commonly used.
418. This section provides examples of the use of these types of indicators from a range of OECD countries, along with a brief discussion of the issues involved.

## Canada

419. There is only a minimal federal government role in Canadian school education and the provinces have developed widely divergent funding approaches (Atkinson et al, 2005). Not all provinces choose to differentiate funding based on socio-economic disadvantage. In British Columbia for example, additional funding is provided for Aboriginal students, English as a second language students, special needs students and unique geographic factors. Special needs grants take into account varying levels of disability. Unique geographic factors refer to small and rural communities. There is no indication of differential funding based on issues such as immigrant status, low family income or low parental education levels
420. In Alberta funding allocations are distributed in five categories: Base Instruction Funding, Additional Funding for Differential Cost Factors, Targeted Funding for Provincial Initiatives, Other Provincial Support, and Capital Funding (Government of Alberta, 2010).
421. Additional funding is based on distribution formulae designed to address variable cost factors. Specific identified student populations include:
- Early Childhood Services children with mild/moderate disabilities and those who are gifted and talented;
  - Children/Students with severe disabilities/Delay;
  - English as a Second Language students;
  - First Nations, Métis, and Inuit students;
  - The percentage of the student population of a school jurisdiction experiencing low Socio-economic Status (SES).
422. The SES Incidence Rates for school jurisdictions and charter schools are determined using the following six indicators:
- average number of years of education of mothers in families with children,
  - percent of families, with children, headed by a lone parent,
  - percent of families, with children, who own their dwelling,



- average income of families with children,
  - percent of parents, with children, who have no post-secondary education,
  - transience rate, based on a student mobility rate.
423. The funding manual does not indicate how the six indicators above are used to calculate the incidence rates. That is, it is not clear whether any of the six are weighted more than others, or at what level above or below the national or provincial average an area has to be on any given indicator in order to receive additional funding.
424. In Ontario, schools are funded through the application of a series of grants (Ontario Ministry of Education, 2009). There are two foundation grants, 13 special purpose grants, and a separate accommodation grant that covers capital works, maintenance and operations. The Pupil Foundation Grant covers essentials such as classroom and specialist teachers and assistants, textbooks, supplies and computers, library and guidance services, professional support and consultants, and professional development. The School Foundation Grant covers the salaries of senior staff and secretaries, and office supplies.
425. The special purpose grants, many of which are determined based on formulae, are as follows:
- Primary Class Size Reduction Amount
  - Special Education Grant
  - Language Grant
  - First Nations, Métis, and Inuit Education Supplement
  - Geographic Circumstances Grant
  - Learning Opportunities Grant
  - Safe Schools Supplement
  - Program Enhancement Grant
  - Continuing Education and Other Programs Grant
  - Cost Adjustment and Teacher Qualifications and Experience Grant
  - Student Transportation Grant
  - Declining Enrolment Adjustment
  - School Board Administration and Governance Grant
426. Of these, the Geographic Circumstances Grant recognises the additional funding needs of small schools, and rural and remote schools. The Learning Opportunities Grant contains the formula recognising disadvantage by socio-economic measures, which is known as the Demographic Component. The Demographic Component provides funding based on social and economic indicators that have been associated with a higher risk of academic difficulties. It supports boards in offering a wide range of programs to improve the educational achievement of these students. Boards have considerable latitude in determining the kinds of programs and supports that they provide with this funding.

427. Ontario provides somewhat greater transparency than does Alberta in that the measure used to define each indicator is provided, as is the weight applied to each indicator. The method also makes clear that schools are ranked according to need and the 40 per cent most in need for each variable receive funding based on funding unit calculation. However, neither the Ontario nor the Alberta manual provide a rationale for their choice of indicators, the level of need at which funding cuts in or the weighting given to each variable.

## England and Wales

428. In England and Wales, the proportion of students entitled to free school meals (FSM) is often used by Local Authorities (LAs) as a proxy for relative disadvantage because students can receive FSM if their families get a designated state benefit as a result of relatively low income. In LA formulae, entitlement to FSM is the most common indicator of additional school funding for students with special needs (Levačić, 2008).

429. Children are entitled to FSM if parents receive:

- Income Support, or
- Job Seeker's Allowance (Income Based), or
- State Pension Credit (Guaranteed Credit), or
- Employment and Support Allowance (Income Related), or
- Child Tax Credit (CTC) for low income earners, or
- Support under the Immigration and Asylum Act.

430. Statistics are available that show that students receiving FSM achieve below the national average, and that as the level of entitlement to FSM rises, levels of educational achievement fall (Statistical Directorate, 2009). FSM is an imperfect indicator of disadvantage, because it does not include all disadvantaged pupils or all types of disadvantage. Currently, despite the acknowledged weaknesses of using FSM continues to be used as a proxy measure for disadvantage. It is the most commonly-used tool for analysing the impact of deprivation on students' educational outcomes (Estyn, 2010).

431. At the national level, funding to LAs between 2008-11 was based on the Tax Credit Deprivation Indicator, which was used to distribute three streams of deprivation funding: for pockets of deprivation; for the extension of early years entitlement; and for further extended schools funding.<sup>54</sup> Tax Credit data can be used to highlight deprivation at a number of levels and represents the characteristics of students at schools rather than the LAs residential population.

432. Child Tax Credits (CTC) have levels of entitlement based on family yearly income and are divided into a child element and a family element. The levels are:

- Children in out-of-work families receiving CTC;

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<sup>54</sup> See

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/archive/a0014385/school-funding-deprivation-indicator>

- Children in families in-work receiving WTC and CTC (family and child elements);
  - Children in families in-work receiving CTC (family and child elements) but no WTC;
  - Children in families in-work receiving only the child element of CTC; and
  - The total number of children in families receiving any CTC.<sup>55</sup>
433. The indicator was then weighted based on correlations between levels of deprivation and exam results in English and Maths at three time points (similar to NAPLAN). Based on these correlations, the first four levels above (which comprise the indicator) were weighted at 3:3:2:0. Multiplying the percentages of children at each level in a LA, a school or a census district, enabled the creation of an index of deprivation showing relative levels of deprivation and used for funding purposes.
434. In taking account of different levels of deprivation, this indicator contrasts with FSM entitlement, where a child is either eligible or not. However, as with all such indicators there are some issues, most notably the ecological fallacy: Tax Credit Data as used to derive the indicator is based on the equivalent of ABS census districts and therefore is only able to gauge the proportion of children receiving low income benefits. There is an assumption that a child ‘takes on the characteristics of the [census district] in which they live’ and the indicator is based on a calculation of the probability each child has of living in a low income family.
435. An alternative measure being used is the Index of Multiple Deprivation (IMD), although it does not appear to influence recurrent funding arrangements. The IMD is a conceptual model defining and measuring multiple deprivation in small geographic areas. The model of multiple deprivation is underpinned by the idea of separate dimensions of deprivation which can be recognised and measured (Noble et al, 2008).
436. The IMD 2007 contains seven weighted domains of deprivation:
- Income deprivation 22.5%
  - Employment deprivation 22.5%
  - Health deprivation and disability 13.5%
  - Education, skills and training deprivation 13.5%
  - Barriers to housing and services 9.3%
  - Living environment deprivation 9.3%
  - Crime 9.3%.
437. One issue faced by the IMD is again the ecological fallacy, that even in a small area there may be a range of socio-economic circumstances and it may not be an accurate reflection of the home circumstances of an individual student (Estyn, 2010). The Free School Meal model has the advantage of being updated annually, whereas the IMD relies on a much

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<sup>55</sup> See ‘02 Guidance on the Tax Credit Deprivation Indicator’ available from <http://www.teachernet.gov.uk/docbank/index.cfm?id=12225>

larger dataset, including a census, which may make it less reliable over time and in areas of high population fluctuation.

438. More recently, the UK government has proposed the introduction of a Pupil Premium: funding ‘which will go with eligible pupils to the school they attend’.<sup>56</sup> The Pupil Premium is to be introduced in September 2011 and the government white paper does not indicate the method by which the Premium will be calculated. The funding is intended to be linked directly to disadvantaged students and passed to schools via the LA (rather than to the LA to distribute as they see fit). The UK government is also considering a move to a national funding formula to replace the differing and rather opaque systems used by Local Authorities, on the basis that similar government schools receive a per pupil variation in funding from less than UK4,000 to over UK5,500.

## France

439. One of the longest established and most comprehensive approaches is the *Zones d’Education Prioritaires* (ZEP) policy introduced in France in 1982 to target disadvantaged areas. The percentage of foreign students (that is, more than 30 per cent of students) in a school is one of many criteria for receiving extra resources. Schools in ZEP areas determined by socio-economic and educational disadvantages receive additional teaching and non-teaching staff and funding. The distribution of the funds is left to the different schools’ discretion.
440. In 2005, 14 per cent of all primary schools, 21 per cent of lower secondary and 11 per cent of vocational upper secondary institutions were so designated (Field et al, 2007). An evaluation found that the ZEP had not had a significant effect on school outcomes in terms of transition, attainment and performance of students (Benabou *et al.*, 2009). Further, attending a disadvantaged school may be stigmatising for children, parents and teachers – the student population in such schools has become more socially homogenous over time because of an outflow of middle class children (Field et al, 2007).
441. In the light of these problems, reforms were adopted in 2006 by the Ministry of Education to screen and evaluate schools more systematically, so that schools will more easily obtain or lose *education prioritaire* status, and there will be three levels of *éducation prioritaire* status according to the level of school disadvantage.

## The Netherlands

442. A weighted student funding (WSF) system has been the method of primary school funding and staffing allocation in the Netherlands for almost 25 years. In 2006 a new weighting system came into effect for primary education in which only the parents’ level of education is used to define disadvantage. Prior to this the weighting also included measures of whether families were itinerant and students’ ethnic background. Two weightings are now used:

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<sup>56</sup> See <http://www.education.gov.uk/schools/teachingandlearning/schoolswhitepaper/b0068570/the-importance-of-teaching/school-funding/pupil-premium>

- 0.30 for students whose parents have no more than lower vocational training or prevocational education qualifications;
  - 1.20 for students who have one parent with only a primary education and one parent with no more than lower vocational training or prevocational education qualifications.<sup>57</sup>
443. The new weightings appear to have a political basis (Ladd & Fiske, 2009). Their introduction had the effect of moving funding from the cities (with higher immigrant populations) to country areas, where there are more native Dutch. At the same time, the weighting of 1.20 for parents with an extremely low education was a means of directing resources to immigrant children, without requiring information on country of origin.
444. High weight schools – those with high numbers of children whose parents have low education – have 57 per cent more teachers per student on average and almost twice as many additional support staff per teacher. It should be noted that educational disadvantage is addressed in three ways in the Netherlands and WSF funding is only one stream. The others include a focus on the out-of-school social context of students and the language and multicultural context of students.

### The United States

445. The use of weighted student funding is becoming more prominent in the United States, under such names as backpack funding, results-based budgeting, student-based budgeting and fair-student funding (Snell, 2008). Formula funding appears at two levels in the American system. The higher level is the state aid program, which is funding passed from the state to school districts, which are comprised of city or county areas (Duncombe & Yinger, 2004). Once at the district level, formulae may be applied in the allocation of monies to individual schools.
446. State aid programs are generally legislated acts, with funding formulae that are statutorily defined. Funding at this level tends to be based on corporate and personal property tax rates, however more recent legislation includes additional grants that recognise disadvantage (e.g. Illinois State Board of Education, 2010; Duncombe & Yinger, 2004). At its most basic (such as in Houston, Texas) the state provides additional funds to bring areas with low property taxes up to a minimum standard level of school financing. This means that if property prices rise, state funding drops, and if an area earns taxes over a certain threshold, money is taken from that area and redistributed by the state.
447. According to Duncombe and Yinger (2004), 15 states used a weighted-pupil approach to adjust the main operating aid formula based on disadvantage due to poverty, nine states did the same for limited English proficiency and 14 did so for students with disabilities. The indicator used for poverty is similar to that often used in the UK – student eligibility for free or subsidised meals.
448. Duncombe and Yinger (2004) note that the legislated extra weights for poverty are well below values estimated in academic literature: 11 states use weights of 0.3 or lower. They

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<sup>57</sup> See <http://www.european-agency.org/country-information/netherlands/national-overview/financing>

also note that there is no systematic approach and weights appear to be determined on an ad hoc basis.

449. Resource allocation at district level has tended to be a staff-based allocation process that delivers resources to schools in the form of staff, based on increments of students. Budgets tend to average salaries of teachers (and class sizes) and assume equality of staffing, however the reality may be quite different. Teachers are paid according to level of graduate study and years of experience. Union contracts allow teachers with some experience to have a say in where they want to teach. Teachers receive no additional pay for working in more challenging schools, and hence more experienced teachers generally seek schools in more affluent areas with less challenging students, while schools in disadvantaged communities have a higher turnover and a larger percentage of novice teachers. In real terms, staff-based resource allocation results in per-student discrepancies of several hundred dollars between schools in the same district (Hawley Miles & Roza, 2006).
450. One issue faced by per-student weighted funding is the extent to which it is used in conjunction with other funding streams. For example, where funding has been delivered based on teacher salaries, schools with more experienced teachers get more money than schools with fewer experienced teachers, and these schools are often those with educationally disadvantaged students.

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## **Appendix E: List of all targeted programs identified by respondents**

### **Catholic**

#### **Australian Capital Territory – Catholic**

Disability Access  
ESL New Arrivals  
IESEP  
Literacy, Numeracy and Special Learning Needs  
Non Government Schools Special Education Program  
Schools Languages Program

#### **New South Wales – Catholic**

Australian Government Quality Teacher [2009 of 2006–2009]  
CEC Aboriginal Students Assistance [Using GRISA]  
Country Areas  
ESL New Arrivals  
External HSC VET [TAFE – State]  
LNSLN – Literacy & Numeracy  
LNSLN – Special Education  
LNSLN – Students With Disabilities  
National Asian Languages & Studies in Schools [2009 of 2009–2011]  
National Partnership – Literacy & Numeracy [2009 of 2009–2010]  
National Partnership – Low SES School Communities [2009 of 4\*4 yr Rounds 2009–2016]  
NSW Drug Education [State]  
Road Safety Education [RTANSW]  
School Languages  
VET in Schools [State BVET]

#### **Northern Territory – Catholic**

Additional Teachers  
Country Areas  
ESL New Arrivals  
Isolated Students Education Assistance

LNSLN Per Capita

LNSLN Recurrent Remote

LNSLN Recurrent Urban

Practitioners in Residence

Severely Disabled Children's Program

### Queensland – Catholic

Country Areas Program

Education Support Funding for Children in Care of the State

ESL New Arrivals

General Recurrent Grant – Group Funding Pool 4 Isolation

General Recurrent Grant – Group Funding Pool 6 SWD

General Recurrent Grant – Group Funding Pool 7 SES

General Recurrent Indigenous Supplementary Assistance

General Recurrent Indigenous Supplementary Assistance – Remote

Literacy Numeracy Special Learning Needs – per capita SWD

Literacy Numeracy Special Learning Needs – Recurrent – ESL

Literacy Numeracy Special Learning Needs – Recurrent – Indigenous

Literacy Numeracy Special Learning Needs – Recurrent – Low SES

Literacy Numeracy Special Learning Needs – Recurrent – NAPLAN

Literacy Numeracy Special Learning Needs – Recurrent – per capita

Literacy Numeracy Special Learning Needs – Recurrent – SWD

National Partnerships – Literacy and Numeracy

National Partnerships – Low SES

State Recurrent Grant – ESL needs component

State Recurrent Grant – Indigenous needs component

State Recurrent Grant – Isolated Schools needs component

State Recurrent Grant – Isolated Students needs component

State Recurrent Grant – SES needs component

State Recurrent Grant – SWD needs component

State SWD program for non-State schools

State SWD program for non-State schools – Remote factor

### South Australia – Catholic

Beginning Teachers 2009  
Behaviour Education 2009  
Country Areas Program 2009  
Drought Assistance 2009  
English ESL 2009  
ESL New Arrivals 2009  
Improving Teacher Quality NP 2009  
Indigenous Education 2009  
Literacy /Numeracy NP 2009  
Literacy and numeracy program 2009  
Literacy Strategy 2009  
Low SES National Partnership 2009  
Special Education 2009

### Tasmania – Catholic

Country Areas / Remote  
Disability  
English Language – ESL  
Indigenous

### Victoria – Catholic

Additional support provided to rural and regional schools through the CECV grants allocation committee recurrent grant formulae  
Additional Support Provided to Systemic Catholic Special and Special Assistance Schools Assistance to New Schools  
Australian Government Quality Teacher Programme (AGQTP) and Leadership, Teacher and Professional Development  
Country Areas Program (CAP)  
Drought Assistance  
Education Maintenance Allowance (EMA)  
English as a Second Language/ New Arrivals Program (includes Refugee Support Strategy Program)  
Indigenous Supplementary Assistance (ISA) – Indigenous Education  
Literacy and Numeracy Special Learning Needs – Literacy and Numeracy Component (LN) program

Literacy and Numeracy Special Learning Needs (Students With Disabilities) Program – includes special schools and special assistance schools

Low SES Funding to Primary Schools

Low SES Funding to Secondary Schools

Oral Language Supporting Early Literacy (OLSEL)

Remoteness Loading – Australian Government

Smarter Schools National Partnerships – Literacy and Numeracy

Smarter Schools National Partnerships – Low Socio-Economic Status School Communities

Smarter Schools National Partnerships – Teacher Quality

State Government National Partnerships – Facilitation and Reward Program

Structured Workplace Learning (SWL) – target group Alternative Pathways

Student Support Services Program (Centralised Support Service) includes special schools, alternative education settings and special assistance schools

Student Wellbeing Co-ordinators Strategy (Primary)

Students-at-Risk Support Funding to Primary Schools (two components for primary funding being the overall school support and additional support for schools with high EMA/Low SES)

Victorian Certificate of Applied Learning (VCAL) – target group Alternative Pathways

Vocational Education and Training (VET – target group Alternative Pathways)

Youth Support (Suicide Prevention) and Drug Education Strategy

### [Western Australia – Catholic](#)

CAP

ESL

Indigenous Education Program

Literacy and Numeracy

Students with Disabilities

## Government

### Australian Capital Territory – Government

Data not available.

### New South Wales – Government

Assisted School Travel Program  
Capital Works for Special schools  
Community Languages Program K– 6  
Country Areas Program  
Distance Education Centres  
ESL General Support Program  
ESL New Arrivals Program  
Integration, Funding Support Program  
Kids Excel  
Learning Assistance Program  
Low SES School Communities National Partnership  
Multicultural education  
Norta Norta Program  
Other Aboriginal Programs  
Other Rural programs  
Priority Action Schools Program  
Priority Schools Funding Program  
Saturday School of Community Languages  
Schools in Partnership  
Special Classes in Regular Schools and Itinerant Teacher Services  
Special Schools  
Support for small schools: additional release for  
teaching principals in primary schools  
Translating and Interpreting  
Youth Excel

### Northern Territory – Government

Aboriginal and Islander Education Workers  
Closing the Gap additional teachers

Community Partnerships  
Disability Services  
Distance Schools  
ESL for Indigenous Language Speaking Students (ILSS)  
ESL Intensive English  
ESL Teachers  
Families as First Teachers  
Improving Literacy and Numeracy  
Indigenous Early Childhood  
National Accelerated Literacy Program (NALP)  
Overheads portion – Disability  
Overheads portion – ESL  
Overheads portion – Indigenous  
Overheads portion – Low SES  
Overheads portion – Remote  
Per capita and equity grants  
Quality Workforce  
Remote Schools Curriculum and Assessment Materials  
Remote Student Assistance Schemes  
Remote Teacher Costs  
Small School support structure  
Smarter Schools National Partnership (SSNP) Targeted School Grants – Low SES Schools  
Special Needs Resourcing (SNR)  
SSNP regional service provision – Low SES regions  
SSNP Systemic Reforms – Low SES systemic  
Student attendance, Engagement and well-being  
Virtual Learning

#### Queensland – Government

Assistant and Community teachers  
Bound for Success  
Bound for Success – Pre Prep  
Braille Resourcing

Closing the Gap – Indigenous Education Grants  
DE ICT Subsidies  
DSSU Loans Service (Specialised Equipment)  
Education Adjustment Program (EAP): Verification  
Education Adjustment Program (EAP): Validation  
ESL Refugee  
Indigenous Education Support Structures (IESS)  
Literacy Enhancement Grant  
Low SES National Partnership  
PCAP  
Students with Disabilities  
Transition to Auslan project

#### [South Australia – Government](#)

Aboriginal Programs Assistance Scheme  
Aboriginal Schools  
Aboriginal Students enrolled in mainstream schools  
Additional Junior Primary Teachers  
Additional Year 3 Teachers  
Challenging Behaviour  
Country Teaching Scholarships  
Disability Support Program – for students with a disability enrolled in a mainstream school.  
Disadvantaged Schools Program (DPS)  
Early Years Component (DSP)  
ESL – General Support  
ESL – New Arrivals Program  
Extra Administration Time  
Homework Centres  
Innovative Community Action Networks (ICAN)  
Primary Counsellors  
Resource Allocation Adjustment Panel – Disability Component  
Rural and Isolated Index  
School Card

Small School Grant  
Socio-Economic Resource (Tier 2 School Card)  
Special Classes in mainstream schools  
Special Education – Students with Learning Difficulties  
Special Schools  
Special Units attached to mainstream schools  
Student Mentoring Program  
Transport for Rural and Isolated Students  
Transport for Students with Disabilities  
Wiltja Residential Program (WRP)

#### Tasmania – Government

Additional Needs  
Additional Needs PY10 (Colleges)  
Alternative Education  
Autism Special Education Advisors  
Country Areas Program (R/R/R)  
Discretionary Levy  
English Language  
General Support Grant [Distance] – (R/R/R)  
General Support Grant [ENI] – (Low SES)  
General Support Grant [Isolation] – (R/R/R)  
General Support Grant [Size of Centre] – (R/R/R)  
Inclusive Learning Support  
Indigenous Education Programs  
Indigenous Tutorial Assistance Scheme  
Information Communication Technology for Students with Disability  
Information Communication Technology Grant [ENI] – (Low SES)  
Literacy Grant – (Low SES)  
Maintenance Locational Funding – (R/R/R)  
Managing And Retaining Secondary Students at School  
Minor Works  
Severe Disabilities Register Resources



Special Ed Advisors  
Specialist Support Staff  
Speech Aide Program  
Staffing Formula [Distance] – (R/R/R)  
Staffing Formula [Economic Needs Index] – (Low SES)  
Staffing Formula [Size of Centre] – (R/R/R)  
Student Assistance Scheme  
Test Kits  
Transport

#### Victoria – Government

Country Area Program  
Engagement Programs – Wannik  
English as a Second Language  
Flexible funding for Regional initiatives and Professional Learning for Principals and teachers  
Koorie Education Workforce  
Koorie Literacy Coaches  
Language Support Program  
Location Indexed Funding  
Managed Individual Pathways – Wannik  
Middle Years Equity  
Mobility  
New Arrivals Program  
Primary Welfare Officers  
Program for Students with Disabilities (including Language Support Program)  
Rural Size Adjustment Factor  
Scholarships – Wannik  
Secondary Equity  
Student Family Occupation  
Wannik  
Wannik Tutorial Program

#### Western Australia – Government

ABC of Two Way Literacy and Learning

Aboriginal and Islander Education Officers  
Aboriginal Attendance Strategy: Attendance grants  
Aboriginal Language Speakers Strategy (ALSS)  
Aboriginal Literacy Strategy (ALS)  
Aboriginal Support Network (encompassing managers and coordinators of Aboriginal education)  
Aboriginal Tutorial Assistance Scheme  
Allowances – Boarding Away From Home Allowance (BAHA)  
Centre and district staff consultancy and visiting teacher services  
English as a Second Language cell and support programs  
English as a Second Language/English as a Second Language Resource Centre  
Follow the Dream: Partnerships for Success  
High Achievers program  
Indigenous Early Childhood Education Initiative – Speech and Language  
Intensive English Centres primary, secondary and country  
School Plus  
Secondary Assistance Scheme (Non Government Schools)  
Secondary Assistance Scheme (Public Schools)  
Senior Schooling Allocations – Additional Staffing Resources to isolated Secondary Schools to provide access to a year 11 or year 12 program  
SSPRA – Learning Support  
SSPRA – Behaviour and Well-being component  
SSPRA – Literacy and Numeracy  
Translating and interpreting services

## **Independent**

### **Australian Capital Territory – Independent**

Data not available.

### **New South Wales – Independent**

Commonwealth Government Targeted – Country Areas Program  
Commonwealth Government Targeted – English as a Second Language – New Arrivals Program  
Indigenous supplementary assistance  
Literacy Numeracy and Special Learning Needs - Schools Grants Component  
Literacy Numeracy Special Learning Needs - students with disabilities component

National Partnership for Low Socio Economic Communities  
NSW Department of Education and Training Supervisors Subsidy Scheme  
NSW State Government Grants – Students with a disability

#### Northern Territory – Independent

Data not available.

#### Queensland –Independent

Country Areas Program  
ESL element of LNSLN  
ESL New Arrivals  
Literacy Numeracy element of LNSLN  
Low SES NP  
Special Education for LNSLN and State Special Education funding

#### South Australia – Independent

Commonwealth Capital Grants Program – disability  
Commonwealth Targeted Programs – Country Areas Program  
Commonwealth Targeted Programs – ESL – New Arrivals  
Commonwealth targeted Programs –Literacy Numeracy and special Learning Needs Program (LNSLN) – overview  
Indigenous Special Project  
Indigenous Supplementary Assistance (ISA)  
Literacy Numeracy and Special Learning Needs Program (LNSLN) – Disability Grant  
Literacy Numeracy and Special Learning Needs Program (LNSLN) – Disability Services  
Literacy Numeracy and Special Learning Needs Program (LNSLN) – Disability Professional Development for Teachers  
Literacy Numeracy and Special Learning Needs Program (LNSLN) – Disability Capital Grant Funding  
Literacy Numeracy and Special Learning Needs Program (LNSLN) – ESL/Indigenous  
Literacy Numeracy and Special Learning Needs Program (LNSLN) – Per capita  
Literacy Numeracy and Special Learning Needs Program (LNSLN) – Recurrent  
National Partnership –Literacy & Numeracy  
National Partnership – Low SES  
National Partnership – Youth Attainment and Transitions  
SA State Government Additional Funding to Support Special Needs

## Tasmania – Independent

Country Areas

ESL

LNSLN

New Arrivals

Schools Language Program

## Victoria – Independent

Country Areas Program

English as a Second Language – New Arrivals

Indigenous funding

LNSLN – Literacy and Numeracy

LNSLN – School Grants Per Capita

LNSLN – Special Education

National Partnerships – Literacy and Numeracy

National Partnerships – Low SES

Other targeted programs administered by ISV (Languages, VET, AGQTP, Resilience) do not target any of the identified areas of disadvantage, and have not been included in the following detailed table

Pilot Literacy and Numeracy Networks

State Support Services

## West Australia – Independent

AISWA Administration

AISWA Administration (Inclusive Education)

Country Areas School Grants

Education Consultants & Operating Expenses

Education Consultants & Operating Expenses (Inclusive Education)

ESL New Arrivals Direct Grants

ESL New Arrivals Indirect Grants

Inclusive Education Direct Grants

Inclusive Education Indirect Grants – PART, PATHS and Mental Health

Inclusive Education Indirect Grants – Rural and Remote Schools Assistance

Inclusive Education Indirect Grants – Special Schools Projects & Service

Inclusive Education Indirect Grants – Special Service

Inclusive Education Indirect Grants – Specialised Equipment Grants to Schools

Inclusive Education Indirect Grants – Transition grants & projects

Literacy Direct Grants

Literacy Indirect Grants (Breakdown provided in the attached ATP Report to DEEWR)

National Partnerships

Numeracy Direct Grants

Numeracy Indirect Grants (Breakdown provided in the attached APT Report to DEEWR)

## **Appendix F: List of targeted programs analysed for effectiveness**

### **Catholic**

#### **Australian Capital Territory – Catholic**

Disability Access Program

ESL New Arrivals

IESEP

Literacy, Numeracy and Special Learning Needs (LNSLN)

Non Government Schools Special Education Program

Schools Languages Program

#### **New South Wales – Catholic**

CEC Aboriginal Students Assistance [CASAP]

Country Areas Program [CAP]

ESL New Arrivals

LNSLN – Literacy & Numeracy

LNSLN – Special Learning Needs

LNSLN – Students With Disabilities Per Capita

National Partnership – Low SES School Communities [2009 of 4\*4 yr Rounds 2009–2016]

#### **Northern Territory – Catholic**

Country Areas

ESL New Arrivals

Isolated Students Education Assistance

LNSLN Per Capita

LNSLN Recurrent Remote

LNSLN Recurrent Urban

Practitioners in Residence

Quick Smart

Severely Disabled Children's Program

#### **Queensland – Catholic**

Data not available.

### South Australia – Catholic

English ESL 2009

ESL New Arrivals 2009

Indigenous Education 2009

Low SES – LNSLN Literacy and numeracy program 2009

Special Education 2009

### Tasmania – Catholic

Country Areas / Remote Program

Disability / SLN funding

English Language – ESL program

Indigenous / Aboriginal Education Program

### Victoria – Catholic

Indigenous Supplementary Assistance (ISA) – Indigenous Education

Literacy and Numeracy Special Learning Needs (Students With Disabilities) Program – includes special schools and special assistance schools

### Western Australia – Catholic

Country Areas Program

English as a Second Language

Indigenous Education Program

Literacy and Numeracy

Students with Disabilities

### Government

#### Australian Capital Territory – Government

Inclusion Support and Itinerant Staff

Koori Preschool Program

Low SES – National Partnership

Low SES – Swimming/Water Survival Skills

Rural/Remote

Special Needs Transport

Student Support (Schools Equity Fund and Student Support Fund)

### New South Wales – Government

Assisted School Travel Program  
Distance Education Centres  
ESL General Support Program  
ESL New Arrivals Program  
Integration, Funding Support Program  
Learning Assistance Program  
Low SES School Communities National Partnership  
Priority Schools Funding Program  
Special Classes in Regular Schools and Itinerant Teacher Services  
Special Schools

### Northern Territory – Government

Closing the Gap additional teachers  
Disability Services  
Distance Schools  
Equity Grants  
ESL Teachers  
Improving Literacy and Numeracy  
Indigenous Early Childhood  
Quality Indigenous Workforce  
Remote Teacher Costs  
Virtual Learning

### Queensland – Government

Assistant and Community teachers  
Bound for Success – Pre Prep  
Bound for Success – Transition Support Service  
Closing the Gap – Indigenous Education Grants  
ESL Refugee  
Indigenous Education Support Structures (IESS)  
Literacy Enhancement Grant  
Low SES National Partnership  
PCAP



Students with Disabilities

Transition to Auslan project

### South Australia – Government

Disability Support Program – for students with a disability enrolled in a mainstream school

ESL – General Support

Transport for Rural and Isolated Students

Wiltja Residential Program (WRP)

### Tasmania – Government

Additional Needs

General Support Grant [ENI] – (Low SES)

Inclusive Learning Support

Severe Disabilities Register Resources

Specialist Support Staff

Staffing Formula [Economic Needs Index] – (Low SES)

### Victoria – Government

English as a Second Language

Middle Years Equity

Mobility

New Arrivals Program

Primary Welfare Officers

Program for Students with Disabilities (including Language Support Program)

Rural Size Adjustment Factor

Secondary Equity

Student Family Occupation

Wannik

### Western Australia – Government

ABC of Two Way Literacy and Learning

Aboriginal Language Speakers Strategy/ Speaking Students Program (ALSS)

Aboriginal Literacy Strategy (ALS)

Allowances – Boarding Away From Home Allowance (BAHA)

Centre and district staff consultancy and visiting teacher services / ESL/ESD consultancy and visiting teacher service

English as a Second Language cell and support programs

English as a Second Language/English as a Second Language Resource Centre

Intensive English Centres primary, secondary and country

School Plus

Senior Schooling Allocations – Additional Staffing Resources to isolated Secondary Schools to provide access to a year 11 or year 12 program

Translating and interpreting services

## **Independent**

### **Australian Capital Territory – Independent**

Data not available.

### **New South Wales – Independent**

Commonwealth Government Targeted – Country Areas Program

Commonwealth Government Targeted – English as a Second Language – New Arrivals Program

Indigenous supplementary assistance

Literacy Numeracy and Special Learning Needs - Schools Grants Component

Literacy Numeracy Special Learning Needs – students with disabilities component

National Partnership for Low Socio Economic Communities

NSW Department of Education and Training Supervisors Subsidy Scheme

NSW State Government Grants – Students with a disability

### **Northern Territory – Independent**

Data not available.

### **Queensland – Independent**

Country Areas Program

ESL element of LNSLN

ESL New Arrivals

Literacy Numeracy element of LNSLN

Low SES NP

Special Education for LNSLN and State Special Education funding

### **South Australia – Independent**

Commonwealth Capital Grants Program – Disability

Commonwealth Targeted Programs – Country Areas Program

Commonwealth Targeted Programs – ESL – New Arrivals

Commonwealth targeted Programs – Literacy Numeracy and special Learning Needs Program (LNSLN) – overview

National Partnership – Low SES

SA State Government Additional Funding to Support Special Needs

### [Tasmania – Independent](#)

Country Areas

ESL

LNSLN

### [Victoria – Independent](#)

Country Areas Program

English as a Second Language – New Arrivals

Indigenous Supplementary Assistance

LNSLN – Literacy and Numeracy

LNSLN – School Grants Per Capita

LNSLN – Special Education

National Partnerships – Literacy and Numeracy

National Partnerships – Low SES

Pilot Literacy and Numeracy Networks

State Support Services

### [West Australia – Independent](#)

Aboriginal Independent Community Schools (AICS) Support Unit

Accelerated Literacy

Kimberley Numeracy Project

## Appendix G: Operational definitions of students with disabilities

**Table 12 Operational definitions of Students with Disabilities, government schools**

State/ Territory	SWD Definition for Operational Purposes
NSW	<p>The type and nature of student disability is initially assessed and confirmed through the school counseling service using the <i>NSW Department of Education and Training Disability Criteria (school sector) May 2003</i>. These criteria detail requirements for identifying disabilities in the following categories: intellectual disability, physical disability, vision impairment, hearing impairment, language disorder, mental health conditions or autism.</p>
Victoria	<p>Categories and indicators of disability are articulated in the Program for Students with Disabilities (PSD) program. Eligibility criteria for PSD are developed from World Health Organisation guidelines and are designed to identify that group of students with moderate to severe disabilities, in the following seven categories: Physical disability, Visual impairment, Severe behaviour disorder, Hearing impairment, Intellectual disability, Autism Spectrum Disorder, and Severe language disorder with critical educational needs.</p> <p>PSD application guidelines specify the type of assessment documentation required from particular medical practitioners. The Department provides an assessment service to support PSD applications on behalf of students in the categories of Intellectual Disability and Severe Language Disorder with Critical Educational Needs. Assessments of students under these two categories must be completed through this service.</p>
Queensland	<p>The Education Adjustment Program (EAP) supports schools to: 1) identify students with a disability who meet DET criteria for an EAP disability category, and 2) document the education adjustments provided to meet the teaching and learning needs of these students.</p> <p>The EAP recognises six categories of disability: Autism Spectrum Disorder, Hearing Impairment, Intellectual Impairment, Physical Impairment, Speech-Language Impairment, and Vision Impairment.</p> <p>For the purposes of identifying students with disabilities for the EAP, the DET definition of disability encompasses both the impairment and the activity limitations and participation restrictions for an individual in one or more of the six EAP disability categories:</p> <p>The impairment (medical condition or other impairment in structure or function at the level of the body) may be diagnosed by an authorised specialist within or outside of the department.</p> <p>Associated activity limitations and participation restrictions in a school context relate to accessing and participating in the curriculum and life of the school. This is the impact of the impairment in the educational context which requires significant education adjustment.</p>

State/ Territory	SWD Definition for Operational Purposes
	<p>The DET definition of disability for the EAP is therefore based on:</p> <p>Impairment + Educational Impact = Disability</p>
South Australia	<p>Support is offered through the Department of Education and Children's Services (DECS) Disability Support Program (DSP), which specifies seven categories of disability: Autistic Disorder/Asperger's Disorder; Global developmental delay; Intellectual disability; Physical disability; Sensory disability (hearing); Sensory disability (vision); Speech and/or language disability. Criteria for each category are specified in the publication <i>Disability Support Program: 2007 Eligibility Criteria</i> and are matched against the assessment and general disability information gathered by a DECS Psychologist and / or Speech Pathologist.</p> <p>Access to the DSP occurs through referral to state or district support services.</p> <p>The DSP involves a five-step process of gathering information to develop an educational needs profile for eligible students, and negotiating an Educational Plan to meet these needs.</p>
Western Australia	<p>Resourcing is provided to schools with eligible students with special needs through the <i>Schools Plus</i> program. <i>Schools Plus</i> is designed to target approximately 3% of the school population with specific types of disability, under eight categories of eligibility: Global Developmental Delay (Prior To 6 Years Of Age); Intellectual Disability; Autism Spectrum Disorder; Deaf and Hard Of Hearing; Severe Mental Disorder; Physical Disability; and Severe Medical/Health Condition. Each category has its own detailed criteria and source of diagnostic authority, as specified in the <i>Schools Plus Eligibility Criteria</i> document. Other forms of support are available to schools for students with special learning needs that fall outside the eligibility criteria for <i>Schools Plus</i> funding.</p> <p>All categories require specific assessment or diagnosis by relevant specialists. Eligibility requires verification by the <i>Schools Plus</i> team of a diagnosis that complies with the Department of Education's criteria and standards for resourcing. <i>Schools Plus</i> determines whether a diagnosis meets eligibility for funding and does not seek to govern the clinical practice of medical and allied health professionals. For this reason, sometimes a diagnosis may be made that does not meet funding criteria.</p> <p>Eligibility is based on a student's diagnosis. It is important to understand that there is a difference between criteria for making a diagnosis and criteria for eligibility for funding. Having a diagnosis does not automatically establish eligibility for <i>Schools Plus</i>.</p>
Tasmania	<p>Educational services to students with disabilities will be provided in accordance with the principles and objectives of the Commonwealth Disability Discrimination Act (1992) and the State Disability Services Act (1992).</p> <p>Special education services in Tasmania have been divided into those which are "specialist" (Category A) and those which are more "generalist" (Category B). This distinction forms the basis for the current services and the funding model, which is detailed in the Equity in Schooling Policy and the Support Materials for the</p>

State/ Territory	SWD Definition for Operational Purposes
	<p>Inclusion of Students with Disabilities.</p> <p>The Department maintains a Register of Students with Severe Disabilities. Eligibility for inclusion on this Register is determined according to specific criteria and guidelines under the following categories: Autism Spectrum Disorder, Intellectual Disability, Physical Disability or Health Impairment, Multiple Disability, Psychiatric Disability, Vision Impairment, Deaf or Hearing Impaired.</p>
Northern Territory	<p>The Department of Education and Teaching (DET) <i>Students with Disabilities Policy 2008</i> provides a framework for meeting obligations under the Commonwealth <i>Disability Discrimination Act 1992</i> and the NT Anti Discrimination Act 1992. It covers students with disabilities as articulated in the <i>Disability Standards for Education 2005</i> (DSE) and the <i>Anti-Discrimination Act</i></p> <p>Processes for accessing specific programs and assessments are outlined in a document called <i>Intervention First</i>, which is available in all schools. It covers the following categories: Autism education services; Early childhood intervention services; Hearing impairment services; School psychologists and gifted education; Special education services; Special Education Needs Resourcing (SENRR); Students with disabilities policy and support materials; Therapy services; Transition from school services; Vision impairment services.</p> <p>Non-government centres that provide services for children with disabilities are eligible to apply for a grant to support the programs they provide. According to the <i>Non-Government Centres Support Program Guidelines 2010</i>, ‘for the purposes of this program: A ‘child with a disability’ means a child, whether below or of school age, who has been assessed by a person with relevant qualifications as having an intellectual, sensory, physical, social or emotional impairment or more than one of those impairments to a degree that satisfies the criteria for eligibility to access special education services or programs provided by the government in the Northern Territory. Children whose only impairments are specific learning difficulties for whom remedial support is appropriate, are not eligible.</p>
ACT	<p>The Interim ACT Student Disability Criteria for 2004 document details eligibility and evidence requirements for the following categories of disability: Intellectual Disability, Language Disorder, Physical Disability, Hearing Impairment Or Deafness, Vision Impairment Or Blindness, Pervasive Developmental Disorder, Mental Health Disorder, and Chronic Medical Condition.</p> <p>The Department allocates additional resources to mainstream schools through the Student Centred Appraisal of Need process, based on individual student need, in an equitable, transparent and consistent manner, to those students who meet the ACT Student Disability Criteria and who require additional support.</p> <p>Guidelines and procedures for this process are explained in the <i>Student Centred Appraisal of Needs Booklet</i>.</p> <p>The current schedule for verifying resource allocations allows for seven appraisals throughout the years of schooling; preschool, kindergarten, Years 3, 6, 7, 10 and 11.</p> <p>Every student who is supported with additional resources through Student Support requires an Individual Learning Plan (ILP).</p>

**Table 13 Operational definitions of Students with Disabilities, Catholic schools**

<b>State/ Territory</b>	<b>SWD Definition for Operational Purposes</b>
NSW	<p>Website provides a general description of special learning needs, with specific definition of the term ‘disability’ as including children with: an intellectual disability, vision impairment, hearing impairment, physical disability, language disorders, social communication or mental health conditions. No authority or source of assessment criteria is indicated.</p> <p>The Association of Catholic Special School Services (ACSSS) of New South Wales includes schools and services for children with a wide range of disabilities. There is specialised expertise within member schools on children with Intellectual disabilities, mental health problems, hearing impairment, vision impairment, autism, language disorders and physical disabilities. Often member schools deal with multiple disabilities. The websites for these special schools do not necessarily detail eligibility criteria, however one school St Lucy’s does indicate that “To be accepted at St Lucy’s, a child must meet Commonwealth Guidelines for the funding of students with disabilities as administered by the Catholic Education Commission”. A brief outline of ranges of ability is provided.</p>
Victoria	No specific details of eligibility criteria mentioned.
Queensland	Refers to the Education Adjustment Program (EAP), which appears to be the same as that used by the Queensland government sector. Website indicates the categories of disability and related personnel, but there is no detailed information provided.
South Australia	No specific details of eligibility criteria mentioned.
Western Australia	No specific details of eligibility criteria mentioned. Refers to support services available through Vision Education Service, Telethon Speech and Hearing Centre, Hospital School Services, and Western Australian Institute of Deaf Education, who would provide eligibility criteria as part of their assessment procedures.
Tasmania	No specific details of eligibility criteria mentioned.
Northern Territory	No specific details of eligibility criteria mentioned.
ACT	<p>“Archdiocese of Canberra and Goulburn Students with (Special Needs) Disabilities are identified per the application of Australian Government criteria as determined at state/territory level”.</p> <p>When identifying students with Special Needs (Disabilities), Principals and school staff:</p> <ul style="list-style-type: none"> <li>- Seek parent permission to access relevant medical/educational documents, during the enrolment process and as appropriate thereafter.</li> </ul>

State/ Territory	SWD Definition for Operational Purposes
	<ul style="list-style-type: none"> <li>- Consider student needs against Australian Government Criteria and participate in ascertainment processes (e.g. SCAN or IPT) to determine these needs.</li> <li>- Contact a Learning Support Officer from the Catholic Education Office (CEO) to seek clarification where student documentation is unclear about the student's needs and/or eligibility status.</li> </ul>

**Table 15 Operational definitions of socio-economic disadvantage, government schools**

State/ Territory	SES Definition for Operational Purposes
NSW	<ul style="list-style-type: none"> <li>• In NSW a school's SES index is a composite of numerous individual student characteristic measures which are grossed up to the average school level which is then expressed as a percentile ranking against all other schools from which data were collected.</li> <li>• The data from NSW differs in a third respect. NSW data come from the Priority Schools Funding Program Survey (PSFP). Schools serving the (approximately) 21 per cent of students whose communities have the highest concentrations of Low SES families are placed on the PSFP for four years which results in higher levels of school funding.</li> <li>• Because the highest SES schools in the State are highly unlikely to ever receive funding through the PSFP they do not provide data. Therefore, the NSW data used in this study are somewhat attenuated toward the lower SES schools in the State.</li> </ul>
Victoria	<ul style="list-style-type: none"> <li>• Funding for disadvantaged students is built into the core recurrent funding program (Student Resource Package-SRP). The SRP includes components based on a school's Student Family Occupation (SFO) density, students with disability, ESL requirements and Indigenous students.</li> <li>• Measurement of SES is based more on characteristics of the individual, rather than their location. The SFO calculation groups occupations into various weighted categories, which are then used to determine funding. Data regarding occupational categories are collected each year as a part of the August school census. To be eligible for SFO funding a school's SFO density must be greater than the state wide median SFO density.</li> </ul>
Queensland	<ul style="list-style-type: none"> <li>• Queensland's SES measure is the Queensland's Disadvantaged Schools Index which is based on ABS SEIFA data aggregated up to the school level. SEIFA data are based not on the characteristic of an individual student but on the average SES of the approximately 400 households surrounding the student's home.</li> </ul>
South Australia	<ul style="list-style-type: none"> <li>• Allocated using the Index of Educational Disadvantage (IED). The IED is derived from a combination of school-based data collected by SADECS and ABS data and is made up of parental economic resources, parental education and occupation, Indigeneity, and student mobility.</li> <li>• It has not been updated as scheduled in 2009 due to a federal intention through COAG to develop a national SES indicator. The index is used to group schools into seven categories, which drive additional resources allocated as staff and grants.</li> </ul>
Western Australia	<ul style="list-style-type: none"> <li>• The current Socio-Economic Index for Schools (SEI) is based 2006 ABS Census data and semester 1 school enrolment data.</li> </ul>



State/ Territory	SES Definition for Operational Purposes
Tasmania	<ul style="list-style-type: none"> <li>• The Educational Needs Index (ENI) is used to allocate resources under a number of programs, including teacher staffing and the General Support and Maintenance Allocations in the SRP. The ENI is comprised of two components – the SEIFA Index of Relative Socio-Economic Disadvantage and Students assessed as eligible for the Students Assistance Scheme (STAS) who are exempted from paying school levies. for each school.</li> </ul>
Northern Territory	<ul style="list-style-type: none"> <li>• NT SES data is attenuated towards Low SES. NT system uses flexible measures for different program such as (i) schools eligible depending on SEIFA index (IRSED), (ii) whether or not school are part of a Prescribed Community under the NT Emergency Response, and (iii) number of total enrolled students determined as at risk of not becoming literate and numerate (NAPLAN as data source) - including those not participating in testing</li> </ul>
ACT	<ul style="list-style-type: none"> <li>• ACT is similar to QLD – its measure is based on ABS SEIFA data aggregated up to the school level. SEIFA data are based not on the characteristic of an individual student but on the average SES of the approximately 400 households surrounding the student's home.</li> <li>• Data for the ACT is attenuated because while there is some differentiation amongst ACT schools with respect to SES, basically all schools in the ACT have very high SES levels. In other words even the school with the lowest average school SES score in the ACT would be deemed to be in a higher quartile with respect to its SES score in any other State or Territory.</li> </ul>