

**Education Policy Brief**

# **Birmingham's Unscrupulous Duplicities on School Funding**

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**August 2016**

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## Summary

A critical factor behind the stagnation in the NAPLAN results is the continuing failure of governments to spend money where it is most needed and will do most good. Since 2009, real total government (Federal & state/territory) funding per student has increased significantly for private schools and has been cut to public schools which serve the overwhelming majority of disadvantaged students [Chart 1]. Cuts to public school funding have partly financed the significant increases in private school funding.

The claims by the Federal Education Minister, Simon Birmingham, that the NAPLAN results show that increases in funding do not deliver improved outcomes because Federal funding has increased by 23 per cent and that the biggest increase has gone to public schools are unscrupulous duplicities. His figure refers to total funding and not per student funding, to nominal funding and not inflation adjusted funding, and it ignores large cuts in state government funding of public schools.

Funding by both levels of government have favoured private schools [Chart 2]. Federal funding increases have massively favoured private schools while state governments have cut funding to public schools and increased it for private schools. State governments have substituted Federal funding for their own since 2009 and some have even transferred Federal recurrent funding for capital expenditure instead of in the classroom.

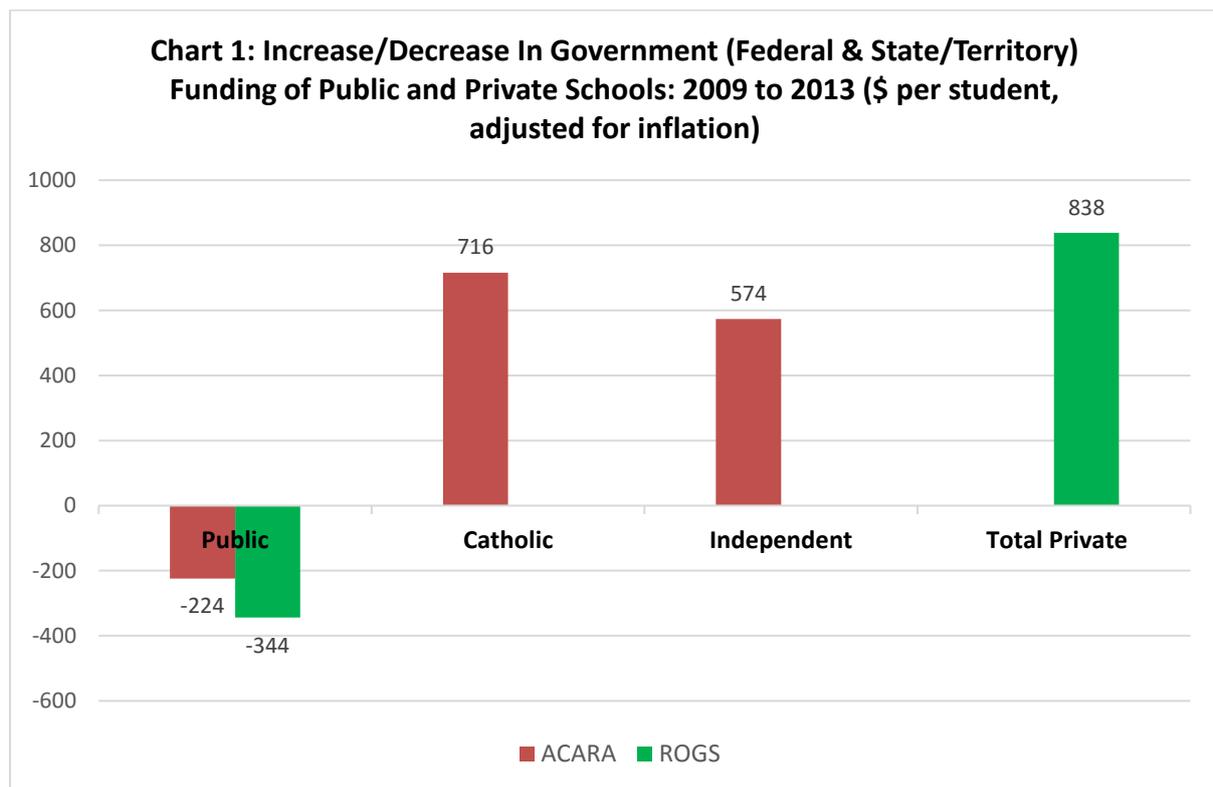
The fundamental education challenge facing Australia is to improve school outcomes for disadvantaged students and reduce inequity in education. Birmingham's unscrupulous duplicity about trends in school funding is designed to avoid further investment in reducing disadvantage in education. It ignores extensive research evidence demonstrating that increasing funding for disadvantaged students is critical to improving outcomes. It ignores the advice of the OECD that the "first step for policy makers is to prioritise tackling low performance in their education policy agendas, and translate this priority into additional resources".

All this demonstrates the Coalition's disregard of the learning needs of disadvantaged students and the substantial economic and social benefits for the nation that would accrue from improving school outcomes for disadvantaged students and reducing inequity in education.

There was much wringing of hands at the stagnation in Australia’s literacy and numeracy results revealed by the latest NAPLAN data. A critical factor behind the stagnation is the continuing failure of governments to spend money where it is most needed and will do most good. Since 2009, funding increases have been misdirected to the school sectors least in need while funding has been cut to public schools which serve the overwhelming proportion of disadvantaged students.

Official figures published by the Australian Curriculum, Assessment and Reporting Authority (ACARA) and the Productivity Commission show that total government (Federal and state/territory) funding has increased significantly for private schools while it has been cut for public schools [Chart 1]. The cut in public school funding has partly financed the increase in private school funding.

Figures supplied to Senate estimates by ACARA show total government funding (adjusted for inflation) for public schools fell by \$224 per student between 2009 and 2013 while funding for Catholic schools increased by \$716 per student and by \$574 per Independent school student. In percentage terms, public school funding per student fell by 1.9 per cent but increased for Catholic and Independent schools by 8 per cent.



**Source:** Australian Curriculum, Assessment and Reporting Authority; Productivity Commission, Report on Government Services (figures adjusted to exclude book entry items and school transport from public education). The ACARA figures are for calendar years and the ROGS figures are for financial years. The ROGS figures do not distinguish between Catholic and Independent schools.

Figures reported by the Productivity Commission in its annual Report on Government Services (adjusted to exclude user cost of capital, depreciation, payroll tax and school transport which are charged only to public schools and are not included in the ACARA figures) show that total government funding (adjusted for inflation) for public schools fell by

\$344 per student between 2009-10 and 2013-14 while it increased for private schools by \$838 per student (the Commission's figures do not distinguish between Catholic and Independent school funding). Funding per student fell by 2.8 per cent for public schools, but increased by 9.9 per cent for private schools.

Under-achievement in education is highly concentrated amongst students from low socio-economic status (SES), Indigenous and remote area backgrounds, the large majority of whom attend public schools. Large proportions of disadvantaged students do not achieve the national NAPLAN standards. For example, 18 per cent of Year 9 low SES students did not achieve the national reading standard in 2015, 39 per cent did not achieve the writing standard and 11 per cent did not achieve the numeracy standard.

Even higher proportions of Indigenous students did not achieve the standards while the proportion of remote area students that failed to meet the standards was similar to that of low SES students. In contrast, only one to two per cent of high SES students did not achieve the reading and numeracy standards and eight per cent did not achieve the writing standard.

Average reading, writing and numeracy scores for low SES students at all Year levels have not improved since 2008 or 2009. There have been improvements in the scores of Indigenous students at some Year levels but mostly results have stagnated or declined. Similarly, there has been little improvement in the results of remote area students.

The large majority of these disadvantaged students attend public schools. In 2014, 82 per cent of students from low SES families, 84 per cent of Indigenous students, 79 per cent of remote area students and 87 per cent of very remote area students were enrolled in public schools.

Moreover, disadvantaged students comprise a much greater percentage of enrolments in public schools than Catholic or Independent schools. For example, My School data for 2014 shows that low SES students comprise 30 per cent of all public school enrolments compared to 15 per cent in Catholic schools and only nine per cent in Independent schools. That is, the percentage of public school enrolments accounted for by low SES students was double that in Catholic schools and over three times that of Independent schools.

As [a recent OECD report \(titled \*Low-Performing Students\*\)](#) stated, low achievers in education are disproportionately from socio-economically disadvantaged families and while improving their results is an important goal in its own right, it is "also an effective way to improve an education system's overall performance" [p. 13].

The reduction in government funding for public schools is therefore unconscionable. It is a national scandal as is the refusal of the Abbott and Turnbull Governments to fully implement the Gonski funding plan designed to make a start in addressing education disadvantage. It is a scandal in which many state governments are also complicit.

The Federal Government continues to dismiss the need to increase funding to overcome disadvantage and vast inequity in education. [The Education Minister, Simon Birmingham,](#)

was quick to pounce on the new NAPLAN results to claim that they show that increases in funding do not deliver improved outcomes. He claimed that there has been a 23 per cent increase in Federal funding of schools since 2013 but results have not improved. The implication, of course, is that fully funding Gonski would be a waste of money.

The Minister's claim does not bear scrutiny. Indeed, it can only be seen as an unscrupulous duplicity because the Minister chose to use highly selective data which misrepresent the real state of school funding.

The claimed increase in funding is in sharp contrast to trends shown above by ACARA and Productivity Commission data. However, Birmingham failed to source his claim. Apparently he is using more recent data because he refers to years since 2013, whereas the ACARA data is only available to 2013 and the Productivity Commission data to 2013-14. He also failed to indicate whether his figure refers to nominal funding or real funding (that is, funding adjusted for inflation) and whether it refers to per student funding or total funding. Failing to cite the data source is an irresponsible way to conduct public debate because it makes it difficult to check the claim.

One possible source is the Budget Papers. Budget Paper No. 3 (Table 2.5, various issues) shows that total Federal Government funding for schools (excluding early childhood education) increased by 21 per cent from 2012-13 to 2015-16, which is close to Birmingham's figure. However, this increase does not take account of increasing enrolments or cost increases. Enrolments increased by 4.4 per cent over the period and the Wage Price Index for Private and Public Education and Training (WPI) increased by 9 per cent.

Adjusting the figures in the Budget Papers for rising costs as measured by the WPI and enrolments shows that Federal funding increased by only 6.7 per cent over the three years, not the 23 per cent claimed by Birmingham. The actual real increased amounts to only \$252 per student over the period (\$84 per student per year), although it would amount to more depending on how well it was targeted to need.

The real increase in funding is even less if the indexation rate specified in the Education Act for increasing the School Resource Standard (SRS) is used as the deflator instead of the Wage Price Index. The SRS is indexed by 3.6% a year. This was intended to maintain the SRS in real terms from year to year. In this case the real increase in funding was only 4.5 per cent and the average increase over the three-year period was only \$159 per student (or \$53 per student per year),

Birmingham's claim is also highly misleading because it is restricted to Federal funding and ignores school funding by state and territory governments. The latest funding figures published by ACARA and the Productivity Commission show that state/territory governments have reduced school funding and this has offset increases in Federal Government funding with the effect that total government funding for all schools (adjusted for inflation) has remained virtually unchanged for several years.

The ACARA figures show that total government funding for all schools increased by only \$64 per student (or 0.6 per cent) over four calendar years from 2009 to 2013. Federal funding

increased by \$302 per student (9.3 per cent) while state/territory funding fell by \$239 per student (-3.2 per cent).

The Productivity Commission show that total government funding increased by only \$47 per student (or 0.4 per cent) over the four financial years from 2009-10 to 2013-14. Federal funding increased by \$447 per student (13.5 per cent) while state/territory funding fell by \$400 per student (-5.2 per cent).

These figures show that state governments have substituted Federal funding for their own over several years to 2013, with the effect that there was virtually no overall increase in school funding. Some state education ministers have even admitted to transferring recurrent Federal funding intended for the classroom into capital works [*NT News*, 6 November 2015; WA Legislative Council, Answer to Question Without Notice, *Hansard*, 18 November 2015, p. 8457].

Since 2013, state governments have been aided and abetted in this practice by the Federal Government itself. One of the first things that the Abbott Government did on taking office was to release the state governments participating in the Gonski funding plan from their commitment to increase their funding effort. The former [Federal Education Minister, Christopher Pyne](#), said: "I don't think it's right for us to tell the states and territories how to run their budgets". As the Phase One [report of the National Commission of Audit](#) states "...there is no obligation for the States to increase, or even maintain, their own funding levels" [p.261]. Further, Federal Department of Education officials have confirmed that state governments are at liberty to use recurrent Federal school funding for capital purposes instead of in the classroom as at least some have been doing [Senate Employment and Education Committee, Additional Estimates 2015-16, Answer to Question on Notice No. SQ16-000100 & No. SQ16-000101].

Thus, the Minister's claim of a 23 per cent increase in Federal funding is a blatant misrepresentation – it refers to total funding and not per student funding, it refers to nominal funding and not inflation adjusted funding, and it ignores trends in state government funding. Official figures expose the claim as duplicitous. There was virtually no real growth in overall government funding per student from 2009-10 to 2012-13 and the small increases in Federal funding being provided under the restricted 4-year Gonski model are likely to be undermined by further reductions in state government funding.

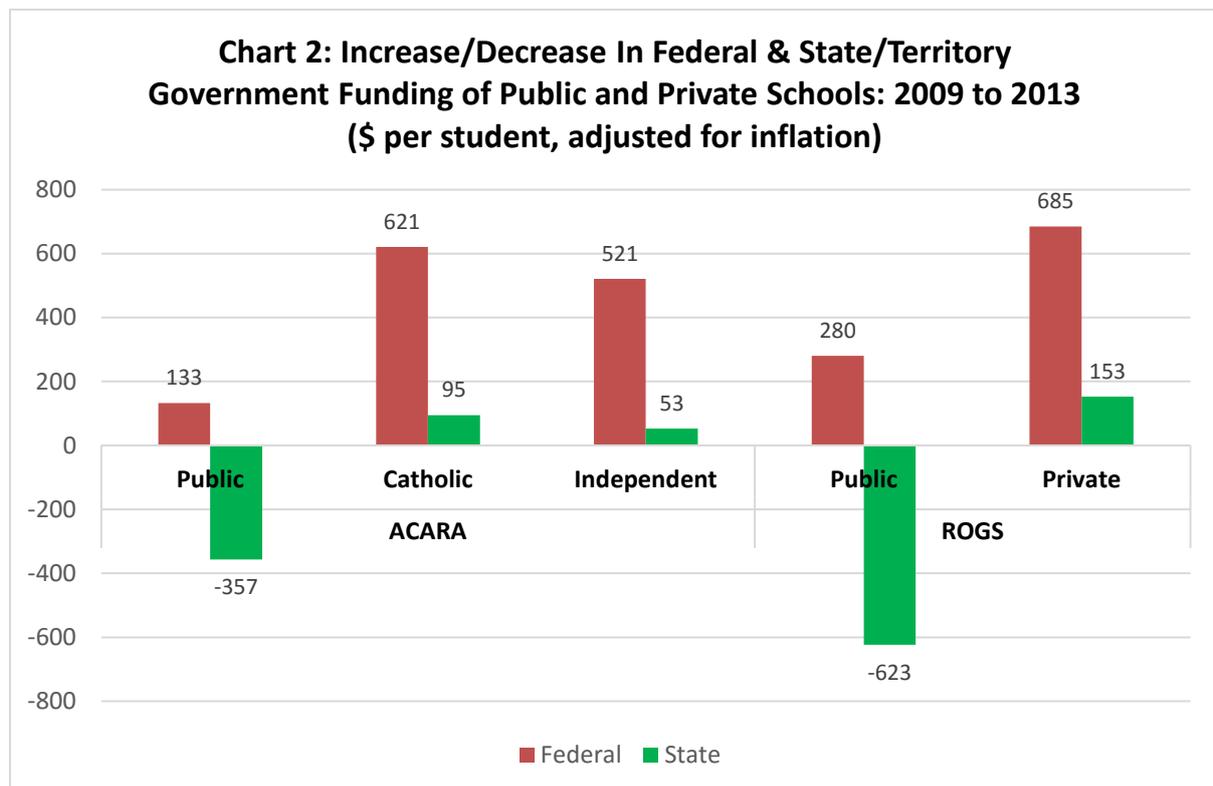
But, not satisfied with one disgraceful misrepresentation of the facts on funding, Birmingham went on to make another. [He claimed on ABC national radio](#) that school funding growth has been far greater in the public system. However, even the Budget papers show this to be a lie. The increase in Federal funding (adjusted for inflation by the WPI) for private schools over the three-year period to 2015-16 was three times that for public schools - \$441 per private school student compared to \$149 per public school student. The comparative figures using the SRS indexation rate are \$276 per private school student and \$95 per public school student.

The official national figures cited above also expose this lie. Total government funding per student from Federal and state/territory sources for public schools has been cut while

funding has been increased for private schools. The official figures also show that both levels of government have favoured private schools. Federal funding increases have massively favoured private schools while state governments have cut funding to public schools and increased it for private schools.

The ACARA figures show that Federal Government funding (adjusted for inflation) for Catholic schools increased by \$621 per student between 2009 and 2013 and by \$521 per Independent school student compared to only \$133 per public school student. That is, the increase in Federal Government funding for private schools was four to five times that for public schools. State governments cut funding to public schools by \$357 per student and increased it for Catholic schools by \$95 per student and by \$53 per Independent school student.

The Productivity Commission figures show that Federal Government funding for private schools increased by \$685 per student between 2009-10 and 2013-14 compared to \$280 per public school student. State government funding for public schools fell by \$623 per student but was increased by \$153 per student in private schools.



Source: See Chart 1.

Thus, national funding figures expose Birmingham’s claim that funding increases were far greater for public schools as false. The fact is that past government funding increases have overwhelmingly favoured private schools while public schools have had their funding cut in real terms.

Birmingham’s misrepresentations are part of an ongoing campaign of deception by the Federal Government. Remember the claims by Pyne and Birmingham that school funding

increased by 44 per cent in real terms between 2000 and 2009, claims that have been [thoroughly demolished and shown to be grossly exaggerated](#). The purpose is to undermine the case for funding the last two years of the Gonski plan which would have delivered an increase in Commonwealth Government funding of about \$7 billion, the large part of which would have gone to public schools who enrol the vast majority of disadvantaged students.

The Minister persists in ignoring extensive research evidence demonstrating that increasing funding for disadvantaged students is critical to improving outcomes. For example, [an extensive review of studies](#) published earlier this year by an academic expert on education finance at Rutgers University in New Jersey shows that there is strong evidence of a positive relationship between school funding and student achievement and that particular school resources that cost money have a positive influence on student results. It concludes:

The growing political consensus that money doesn't matter stands in sharp contrast to the substantial body of empirical research that has accumulated over time... [p. 2]  
The available evidence leaves little doubt: Sufficient financial resources are a necessary underlying condition for providing quality education. [p. 20]

[The recent OECD report](#) that analysed the 2012 PISA results found that the incidence of low performance in mathematics is lower in countries where educational resources are distributed more equitably between socio-economically disadvantaged and advantaged schools.

Many studies also show that money matters particularly for disadvantaged students. For example, [a study published in the Quarterly Journal of Economics](#) in February based on US data found that a 10% increase in per-student spending each year for all 12 years of public school extends the schooling of low income students by nearly half a year. Another study published last February by the [US National Bureau of Economic Research](#) found that school finance reforms in the US that increased funding for low income school districts improved the results of students in those districts.

A commonplace view is that how money is spent is much more important than how much is spent. It is true that funding increases need to be spent effectively and there is abundant evidence that much has been wasted in the past, notably the millions wasted in funding elite private schools. However, how money is spent is dependent on whether there is sufficient money to begin with. As the review of studies cited above states:

.... while the assertion that "how money is spent is important" is certainly valid, one cannot reasonably make the leap to assert that how money is spent is necessarily more important than how much money is available. Yes, how money is spent matters, but if you don't have it, you can't spend it. [p. 18]

It is certainly reasonable to acknowledge that providing more money, by itself, is not a comprehensive solution for improving school quality. Clearly, money can be spent poorly and have limited influence on school quality. On the flip side, money can be spent well and have substantive positive influence. However, money that's not there can't do either. [p. 20]

We can agree with Pyne and Birmingham that the current system of funding schools is a “dogs breakfast”, but it is a direct result of the Federal Coalition’s sabotage of the Gonski plan. The Coalition wrecked the plan for a national school funding system in several ways. It incited three state Coalition governments (Queensland, Western Australia and the Northern Territory) not to participate in the plan; it refused to accept two other Coalition governments (Victoria and Tasmania) as participants on the technicality that they did not sign bilateral agreements with the Federal Government before the 2013 election even though they had signed the National Education Reform Agreement; it reneged on funding the final two years of the plan when some \$7 billion was due to flow to schools in 2018 and 2019; and it released participating state governments from their commitments to increase funding.

The fundamental education challenge facing Australia is to improve school outcomes for disadvantaged students and reduce inequity in education. This requires a complete overhaul of school funding to better direct funding increases to those most in need. As the OECD report, *Low-Performing Students*, states:

The evidence presented in this report suggests that all countries and economies can reduce their share of low-performing students, and that a reduction can be accomplished in a relatively short time. The first step for policy makers is to prioritise tackling low performance in their education policy agendas, and translate this priority into additional resources. [p. 190]

Birmingham’s unscrupulous duplicity about trends in school funding is designed to avoid further investment in reducing disadvantage in education. It demonstrates the Coalition’s disregard of the learning needs of disadvantaged students and the substantial economic and social benefits for the nation that would accrue from improving the results of disadvantaged students and reducing inequity in education.