

Education Policy Brief

Government Funding Increases Continue to Favour Private Schools

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Key points

1. New figures show that government funding increases continue to favour private schools over public schools.
 - Total government funding (Commonwealth and state/territory) for private schools increased by \$574 per student, adjusted for inflation, between 2012-13 and 2015-16;
 - In the same period (which includes the first 2½ years of Gonski funding) total government funding per student increased by \$324 per student in public schools;
 - Over the previous three years from 2009-10 to 2012-13, total government funding for public schools was cut by \$412 per student while funding for private schools increased by \$592 per student
2. The disparity in funding increases resulted from much larger increases for private schools than public schools by the Commonwealth and the failure of state/territory governments - the major providers for public schools - to increase their funding in any significant way since 2012-13, after cutting a swathe through public school funding in earlier years.

School sector	2009-10 to 2012-13			2012-13 to 2015-16		
	C/W Govt	S & T Govt	Total Govt	C/W Govt	S & T Govt	Total Govt
Public	204	-616	-412	299	25	324
Private	436	156	592	614	-40	574

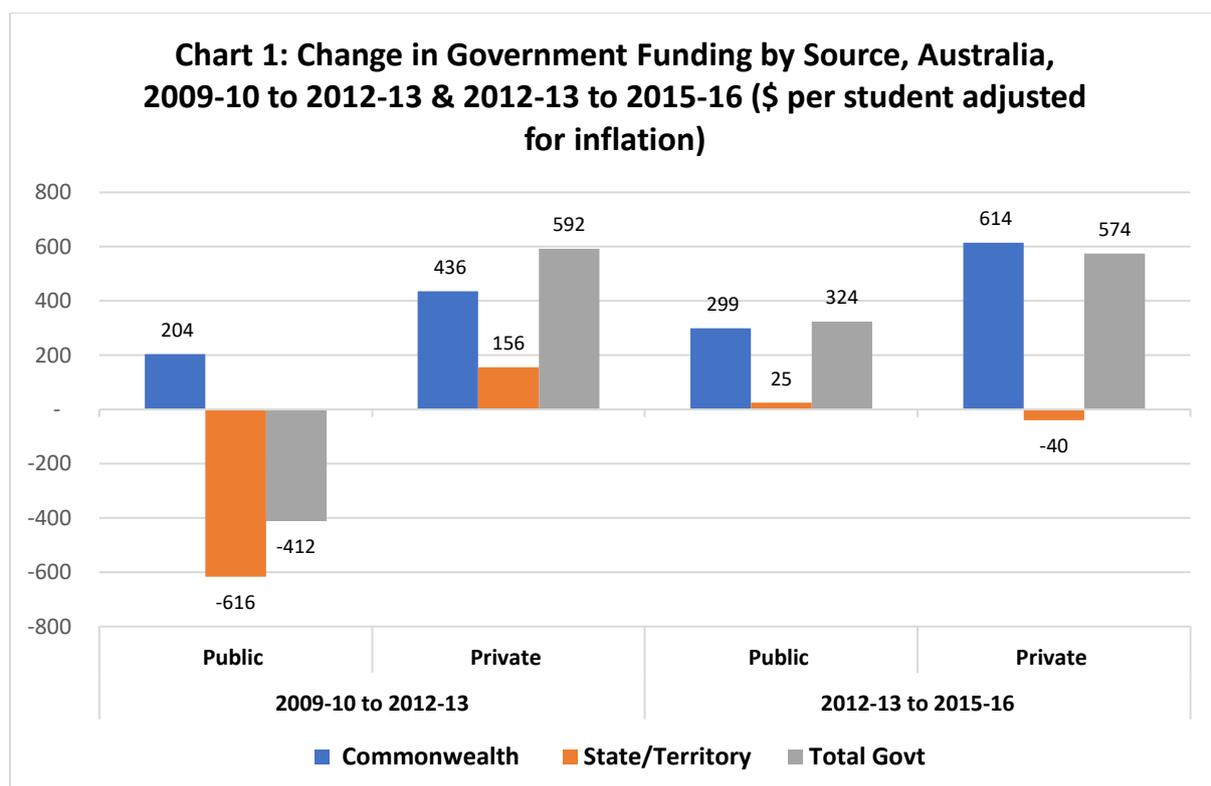
3. There are bleak prospects for increased funding for public schools under the Turnbull Government's Gonski 2.0 funding plan. Public schools are likely to remain significantly under-funded unless state/territory governments reverse their past practice of substituting Commonwealth funding for their own and failing to increase funding above the rate of cost increases.
4. In contrast, the majority of private schools will be over-funded under the Turnbull plan and will cost the taxpayer billions of dollars over the next decade.
5. Public schools enrol 80-85% of disadvantaged students. The failure to adequately fund public schools over the past 20 years and more has imposed a huge social cost. It has resulted in a failure to address disadvantage in education. A large proportion of low SES, Indigenous and remote area students do not achieve international minimum standards in reading, mathematics and science and there are gaps of 3-4 years in learning between disadvantaged and advantaged students.
6. State and territory governments must reverse their neglect of public schools. State governments facing elections this year must be challenged to increase their funding commitments for public schools.
7. Over the longer term, a new national agreement is required to target additional resources to disadvantaged public schools, remove all over-funding of private schools and integrate Commonwealth and state/territory funding. It will require a new Gonski PLUS model that builds on the principles of Gonski 1.0.

1. Funding increases for private schools greatly exceed those for public schools

Total government funding (Commonwealth and state/territory) for private schools increased by \$574 per student, adjusted for inflation, between 2012-13 and 2015-16. Over the same period (which includes the first 2½ years of Gonski funding), funding increased by \$324 per student in public schools [Chart 1]. In percentage terms, funding for private schools increased by 6% compared to 2.5% for public schools [Chart A1].

The increase for private schools was due to a large increase in Commonwealth funding which was over double that for public schools – \$614 per student compared to \$299 per student. This continued the past trend of bigger increases for private schools by the Commonwealth. Between 2009-10 and 2012-13, Commonwealth funding for private schools increased by \$436 per student compared to \$204 for public schools.

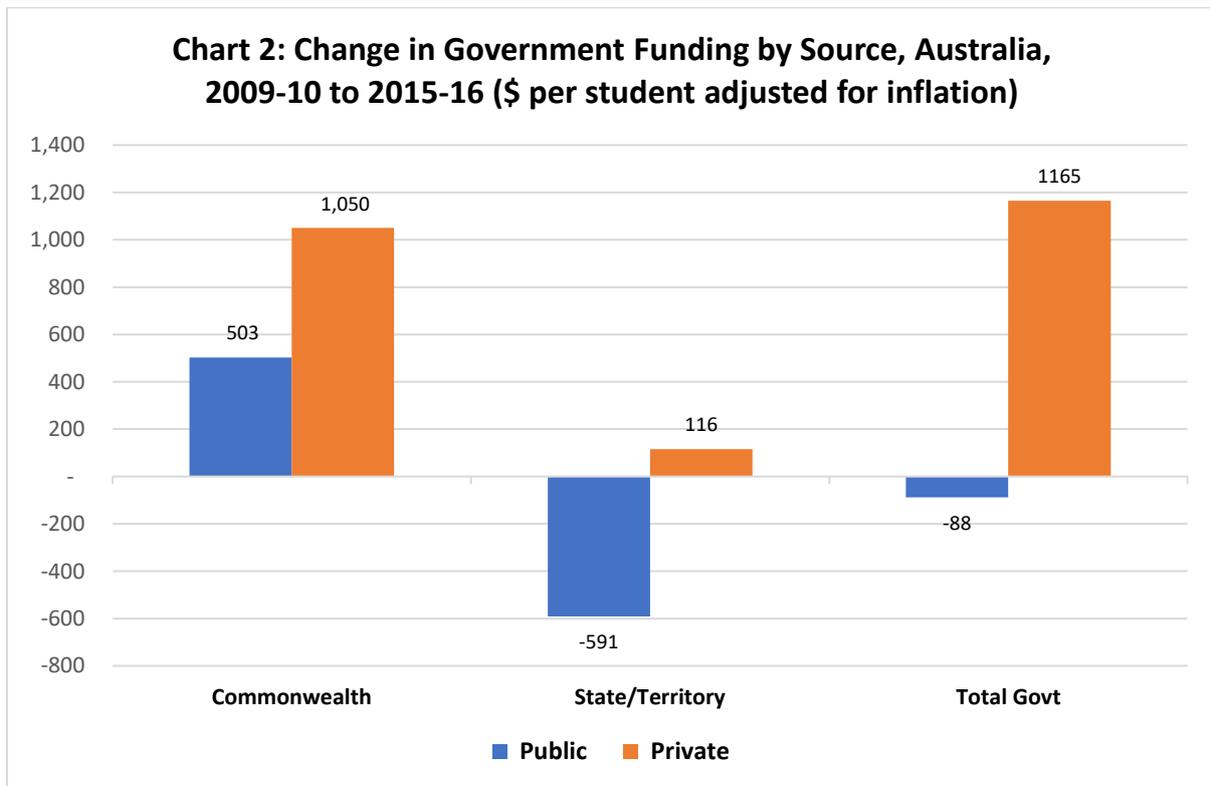
Prior to the implementation of Gonski 1.0, state and territory governments had cut public school funding by \$616 per student between 2009-10 and 2012-13 while increasing funding for private schools by \$156 per student. Under Gonski 1.0, they at least stopped cutting funding to public schools, but failed to increase funding in any significant way in real terms. They increased funding to public schools by only \$25 per student from 2012-13 to 2015-16.



Source: See Attachment.

Overall, total government funding for public schools was cut by \$88 per student between 2009-10 and 2015-16 while funding for private schools increased by \$1165 per student [Chart 2]. In percentage terms, private school funding increased by 13% while funding for public school students was cut by 0.7% [Chart A2].

The Commonwealth increase for private schools since 2009-10 was double that for public schools - \$1050 per student in private schools compared to \$503 in public schools. State and territory funding for public schools fell by \$591 per student but increased by \$116 per student for private schools.



Source: See Attachment.

The new funding figures clearly show that state/territory governments have failed to adequately fund public schools in recent years. They have substituted increased Commonwealth funding for their own, with the result that public schools suffered a cut in funding between 2009-10 and 2012-13 and funding has barely kept pace with rising costs since then. State/territory governments were encouraged to do this by the Abbott Government's decision to release them from any obligation to increase funding in line with Commonwealth increases as initially planned under Gonski 1.0.

2. Bleak prospects for public school funding under Gonski 2.0

The Abbott and Turnbull Governments trashed the Gonski 1.0 plan for a nationally integrated school funding system and a big funding increase for public schools to address high levels of disadvantage in education. The Turnbull Government's Gonski 2.0 model maintains separate funding roles for the Commonwealth and state/territory governments and a much more modest increase in funding. Public schools face very bleak prospects for adequate funding under this model.

Under Gonski 2.0, future funding increases for public schools are largely left to state/territory governments. It caps Commonwealth funding of public schools at 20% of their Schooling Resource Standard (SRS), but state/territory government funding is well below 80% of the SRS everywhere except Western Australia and the ACT. Public schools are likely to remain significantly under-funded unless governments reverse their past practices of substituting Commonwealth funding for their own or relying on the Commonwealth to increase funding for public schools. If there is no increase in the state/territory funding share, public schools in NSW will be funded at 91% of their SRS in 2027, only 86% in Victoria, 93% in Queensland, 92% in South Australia, 96% in Tasmania and only 87% in the Northern Territory.

On the other hand, private schools have got the best special deal ever under Gonski 2.0. By 2027, 66% of all Independent schools and systems will be over-funded compared to 17% in 2017, and some by very large amounts unless state and territory governments cut funding to this sector. Independent schools in NSW will be funded at 107% of their SRS, in Western Australia at 109% of their SRS and in the ACT at 113% of their SRS. In Victoria, Queensland, South Australia and the Northern Territory they will be funded at their SRS or slightly above. This over-funding will occur because the Turnbull Government is increasing funding for private schools to 80% of their SRS while nearly all are already funded at over 20% of their SRS by state and territory governments.

Catholic systemic schools will be well-served by Gonski 2.0 as well, despite their complaints. Catholic schools in six states and territories will be at or slightly above 100% of their SRS by 2027, although the Western Australian system will be funded at 108% of its SRS. Schools in the other two will be only slightly below 100%.

In addition to this over-funding, many private schools whose income from private sources exceeds their SRS receive government funding. For example, the fees and donations of many wealthy and exclusive private schools far exceed their SRS, yet these elite private schools receive government funding amounting to hundreds of millions a year even though they enrol none or very few disadvantaged students.

The over-funding of private schools will cost taxpayers several billion dollars over the next decade, funding that would be much better used where it is most needed in disadvantaged public schools. On the other hand, public schools face funding deficits of hundreds of millions of dollars unless state and territory governments start pulling their weight.

3. Public schools are under-resourced for the task they face

Public schools have lost out again in the funding stakes. The last six years continue a trend over the past 20 years or more where funding increases have favoured private schools.

This has a huge social cost. It has resulted in a failure to address disadvantage in education. A large proportion of low SES, Indigenous and remote area students do not achieve international minimum standards in reading, mathematics and science. About one-third of low socio-economic status (SES) students and remote area students did not achieve the minimum international standards in reading, mathematics and science in the OECD's Programme for International Student Assessment (PISA) in 2015. Forty to fifty per cent of Indigenous students did not achieve the standards.

There is also a huge gap in achievement between disadvantaged and high SES students. Low SES and remote area students are about three years of learning behind high SES students. The gap between high SES and Indigenous students is even larger, being equivalent to about four years of learning.

The vast majority of disadvantaged students attend public schools; only a small proportion attend private schools. Figures provided to Senate Estimates by the Australian Curriculum Assessment and Reporting Authority (ACARA) last year show that 85% of students from the lowest socio-educational advantage (SEA) quartile were enrolled in public schools in 2016 compared to 12% in Catholic schools and only 4% in Independent schools. ABS data show that in 2017, 84% of all Indigenous students attended government schools while 10% attended Catholic schools and 7% attended Independent schools. Department of Education figures supplied to Senate Estimates show that 81% of remote area students attended public schools in 2016 compared to 13% in Catholic schools and 6% in Independent schools.

Consequently, the large majority of disadvantaged schools are public schools. They face much greater challenges than private schools. They have much more to do with their resources, yet their funding has been cut over several years and only recently has it matched rising costs. Public schools have not received any additional real resources above cost increases to address high levels of education disadvantage.

As a result, disadvantaged schools face far greater shortages in teaching and other educational staff and in educational materials than advantaged schools. Data from PISA 2015 show that the percentage of students in low SES schools facing shortages of teaching staff and inadequate or poorly qualified staff is six times that of students in high SES schools. About one-third of students in low SES schools face shortages in teaching staff and poorly qualified staff compared to only 6% and 5%, respectively, of students in high SES schools. There are also large differences between the percentage of students in low SES and high SES schools facing shortages of assisting staff or poorly qualified assisting staff.

Similarly, the percentage of students in low SES schools facing a shortage of educational materials is six times that of students in high SES schools while the percentage in low SES schools with inadequate or poor quality educational materials is seven times that of students in high SES schools. Nearly one-quarter of students in low SES schools face shortages in educational materials and poor quality educational materials compared to only 4% and 3%, respectively, of students in high SES schools.

It is little wonder then that Australia's PISA and NAPLAN results have not improved. Much more needs to be done to improve the resourcing of disadvantaged public schools and increase learning opportunities for their students.

4. New approach needed to support disadvantaged students

The structural incoherence of Gonski 2.0 will continue to perpetuate inconsistencies and inequities in school funding and guarantee funding increases for private schools without any equivalent guarantee for public schools. The result will be continuing large inequities in education outcomes.

What is needed is a Gonski PLUS model that builds on the principles of Gonski 1.0 for an integrated Commonwealth and state/territory needs-based funding system as originally recommended by the Gonski report. It should remove all over-funding of private schools. It should include renewed funding commitments for public schools by state/territory governments. The fundamental issue in Australian education policy remains the need for a new national agreement that targets additional resources to disadvantaged public schools and integrates federal and state funding to increase equity in education.

In the meantime, state governments facing elections this year must be challenged to increase their funding commitments for public schools. The Turnbull Government is fulfilling the historic role of Coalition governments in giving priority to private schools. In the absence of a coherent national school funding model, state and territory governments must reverse their neglect of public schools.

Attachment: Data issues and sources

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

These items accounted for 28% of total current state/territory government funding of public schools in 2015-16 and accounted for 32% of the current dollar increase in between 2009-10 and 2015-16. Inclusion of these items therefore substantially over-estimates the actual funding of public schools.

Second, ROGS uses the General Government Final Consumption Expenditure, Chain price Index (GGFCE) to adjust current dollar figures for inflation. However, this price index does not distinguish between different rates of cost increase in different areas of public service provision. Instead, the Wage Price Index for Public and Private Education and Training is used here to deflate nominal funding figures. This price index increased by more than the GGFCE between 2009-10 and 2015-16, indicating a higher cost increase. The GGFCE increased by 13 percentage points compared to an increase of 17.3 points on the Wage Price Index. The ROGS method of adjusting for inflation under-estimates increasing costs for schools and, therefore, over-estimates the actual increase in real resources available to schools.

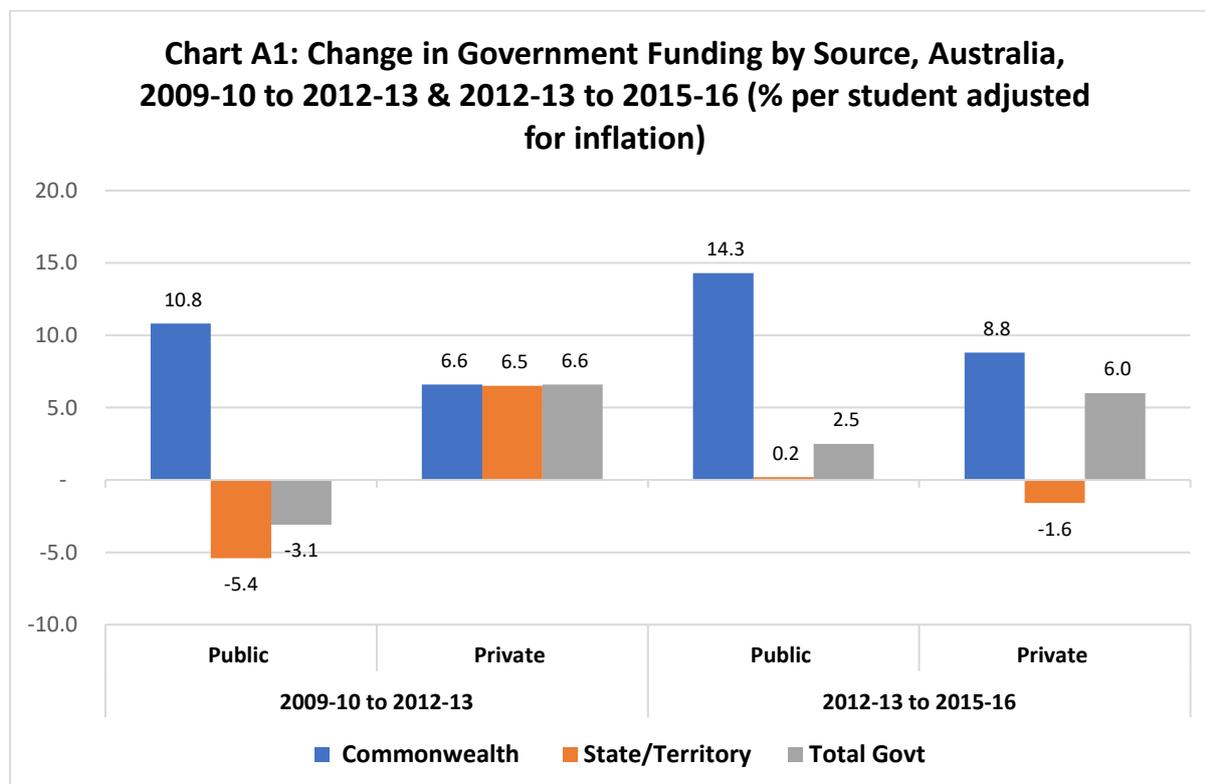


Chart A2: Change in Government Funding by Source, Australia, 2009-10 to 2015-16 (% per student adjusted for inflation)

