

# SAVE OUR SCHOOLS

## Education Policy Brief

### Private Schools Make A Brazen Grab for More Resources

Major private school organisations have conceded that their \$700 million a year over-funding bonanza is dead in the water in its current form. However, they are unrepentant. They want another arrangement to guarantee their privileged funding.

They have three basic options all of which will give private schools another funding boost. One is to incorporate the current over-funding in the funding rate structure of the SES model. Full incorporation will cost about \$4 billion a year. A federal education department internal review of the SES funding model in 2006 estimated that a partial transfer of over-funded schools to the SES funding structure would cost at least \$4.9 billion over four years.

The second option is to scrap the SES model and provide greater funding for high SES private schools but not for low SES private schools. This will mean a large increase in funding for higher SES schools that do not receive any over-funding at present. It will also effectively destroy the rationale and structure of the SES model whereby low SES private schools are supposed to receive more funding per student than high SES schools.

The third is to find another opaque fiddle to replace the “no losers” guarantee that has provided over-funding since 2001. Another special deal negotiated in secret will inevitably mean another funding windfall for private schools.

The brazen greed of high SES private schools is astounding. Their demands must be rejected. It will mean that fewer resources are available to support government schools, which enrol the vast majority of disadvantaged students. It will ensure that the large achievement gap between rich and poor will continue.

#### **Private schools concede that ‘funding maintenance’ is finished**

The executive director of the Independent Schools Council of Australia, Bill Daniels, said last week that the current over-funding is a “sitting duck” in the current review of school funding. He conceded that “funding maintenance as we know it will not survive this review” (*The Age*, 25 March 2011). A spokesman for the National Catholic Education Commission, Tim Smith, said that he expected the funding maintained provisions to be abolished. “We think it is gone”, he said.

The “funding maintained” provision of the current funding model provides over \$700 million a year to private schools that they are not entitled to according to their assessed socio-economic status. The over-funding goes to 1083 private schools – an average of nearly \$650,000 per school.

All this over-funding goes to higher SES schools. No low SES private school is over-funded. Much of the over-funding goes to schools serving the wealthiest families in Australia. In 2010, 40 primary and secondary schools in the wealthiest suburbs of Sydney and Melbourne

were over-funded by \$80 million. Their government funding was double that warranted by the funding rate for their SES score.

The over-funding bonanza is the result of the “no losers” guarantee provided by the Howard Government when the SES funding scheme was introduced in 2001. The guarantee was that no school joining the scheme would be made worse off, so that if their previous level of funding was greater than that warranted by their measured SES they got to keep the extra funding. These schools are officially termed “funding maintained” or FM schools.

The funding maintained provision was originally intended as a transitional arrangement, but it has now been a fixture of the SES arrangements for three funding quadrenniums. No provision was made to unwind it. It has entrenched purely historic inequities in school funding. However, it is now under serious question in the Gonski school funding review. Its issues paper published last December noted:

...the Funding Maintained arrangements seemed to operate as a separate and second funding model that applied to a prescribed group of non-government schools which provided a secure and favourable funding environment, but one that was not consistent with the equal application of the SES funding model. [p.19]

The chief executive of the Sydney Anglican Schools Corporation, Laurie Scandrett, said recently that the funding maintained provisions needed to be abolished in order to preserve the SES funding model. “If funding maintained status is to be continued forever, then SES is discredited”, he said [*The Age*, 25 March 2011].

### **Wealthy private schools want a new arrangement to maintain their privileged funding**

The “no losers” fiddle has thus run its course. The privileged over-funding of higher SES private schools is now too exposed to be preserved. However, private school organisations are unrepentant. They want to keep the over-funding and they are demanding that the Federal Government find another way for them to do so.

Mr. Daniels said that the government would need to find more money to protect the interests of the schools that enjoy funding maintained status. “We won’t accept a proposition that any school should lose funding,” he said [*The Age*, 25 March 2011]. Mr. Smith said that the Catholic sector would argue that no school should be worse off under any new funding arrangements.

Private school organisations have not stated exactly how this should be done. They have three basic options. One is to incorporate the current over-funding in the funding rate structure of the SES model. The second is to scrap the SES model and provide greater funding for high SES private schools but not for low SES private schools. The third is to find another opaque fiddle so that the high SES schools can continue with their privileged funding.

The first option means re-setting the funding rate for each SES score. In 2010 funding rates per secondary student ranged from \$7976 for schools with an SES score of less than 85 to \$1561 per student for schools with an SES score over 130 (the average SES score is 100).

Given that the over-funding for many high SES schools is double or more the funding rate for their SES score rate these rates will have to be increased by the same amount. For example,

Loreto Mandeville Hall in Toorak got \$6343 per secondary student in Federal Government funding in 2010 compared to the SES funding rate of \$2416 per student for its SES score of 124, giving it over-funding of \$3927 per student. Similarly, Marist College on Sydney's north shore also got \$6343 per secondary student Federal Government funding in 2010. The actual funding rate for its SES score of 125 was \$2279, so that its over-funding was \$4064 per student.

If the over-funding for these schools were incorporated in the SES funding rate structure, they would get \$6343 per student. This is more than the funding rate for all secondary schools whose SES scores are over 96.

Therefore, if the over-funding for FM schools is to be incorporated into the current funding rate structure all other funding rates would have to be re-set in order to maintain the current funding relativities between different SES scores.

The restructuring will be driven by the highest level of over-funding, which appears to be just over \$4000 per student. Both the primary and secondary funding rates for each SES score would have to be increased by over \$4000 per student. If a lower increase is used to re-set the rates, such as the average over-funding per student, many schools will lose part of their over-funding and private school organisations are demanding that no school should lose funding under any new arrangements.

This will mean a massive new increase in government funding for private schools. In 2010, there were 1.2 million students in private schools in Australia. The total funding required to incorporate the existing over-funding into the SES funding rates is therefore \$4.8 billion a year. The net increase in government funding for private schools would be a little less at \$4.1 billion because the existing over-funding of about \$700 million a year would remain in the funding pool.

This option was proposed by several private school organisations to an internal review of the SES funding model conducted by the federal department of education in 2006. The report found that moving 716 funding maintained schools onto their SES scores while maintaining their over-funding would cost \$4.9 billion over four years and that incorporating greater numbers of FM schools "would become progressively more expensive" [p.20]. The report concluded:

These options propose increased funding for every non-government school in order to get some schools off FM. They would require a significant injection of additional funds but would not substantially advance the Government's objectives for schooling. Proposals such as these, that would exacerbate funding inequities by increasing funding for schools already perceived to be 'over-funded', may be characterized as perverse and subject to ongoing scrutiny and criticism. [p.31]

It is incumbent on private school organisations to show how their current over-funding can be protected within the SES funding rate structure without another massive increase in their overall funding.

Even if private school organisations make some concessions, the proposal that the current over-funding be subsumed into the SES funding rates will cost taxpayers billions. If, for

example, they only want half of the over-funding it will cost \$2.4 billion. If they only want a quarter, it will cost \$1.2 billion.

The second way to protect their over-funding is to change the funding rate structure to give greater funding to higher SES schools compared to lower SES schools. This would involve a substantial increase in funding to those higher SES schools that are not currently funding maintained. In effect, it would abolish the SES scheme by destroying its rationale and funding rate structure whereby low SES private schools are supposed to receive more funding per student than high SES schools.

The third option is another opaque fiddle to replace the “no losers” guarantee. This may be the more likely approach since the other two options are too patently obvious as a resources grab by higher SES private schools. The introduction of the SES funding model provided a massive windfall gain to many wealthy private schools and the “no losers” fiddle has protected it for 12 years. They now need another “fix”. This will inevitably involve another opaque “funding deal” negotiated in secret with the Federal Government if the private school organisations play true to form, which is all too likely.

### **Privileged funding for wealthy private schools means less funding to reduce education disadvantage**

Higher SES private schools are making another brazen grab for resources. Their greed is astounding. They want to protect their privileges at the expense of the disadvantaged.

Whatever option is chosen, it will deplete the funding pool available for government schools which enrol the vast majority of disadvantaged students. Less resources will be available to reduce the large achievement gap between rich and poor, which should be the main priority for government funding policies.

This disgraceful grab for more funding must be rejected. Wealthy private schools are not entitled to government funding which is more effectively used to reduce disadvantage in education. It is time to give priority to funding real need, not greed.

Trevor Cobbold  
National Convenor  
28 March 2011

**SOS - Fighting for Equity in Education**

<http://www.saveourschools.com.au>