

# The Facts About School Funding in Victoria

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Good afternoon. It gives me great pleasure to be able to speak with you today. Parent participation in public schooling has an important role to play in making the public system better meet the needs of our children. I spent 20 years in a voluntary capacity in the parent movement in public schools in Canberra. Many of the principles I learned in that time have been carried over to Save Our Schools which was founded with other parent colleagues back in 2006.

Because I think that parents have a critical role to play in education policy, I am breaking a cardinal rule in presentations, namely don't overload with data. Gail asked me to talk about the facts on school funding. There are a lot of facts in what follows but there is good reason for it. I hope it provides a resource for you to discuss with others, write submissions to government, write letters to politicians and newspapers and to comment on social media.

Public schools in Victoria as elsewhere in Australia face a funding crisis. The key aspects of this crisis are:

- Government funding increases have heavily favoured private schools over public schools since 2009;
- Independent and Catholic schools in Victoria have a large resource advantage over public schools;
- Public schools are massively under-funded despite enrolling 80% or more of disadvantaged students and will remain so into the next decade unless the current funding arrangements are over-hauled;
- By contrast, private schools are over-funded;
- If Victoria is to truly become an education state, it must fully fund public schools to increase equity in school outcomes.

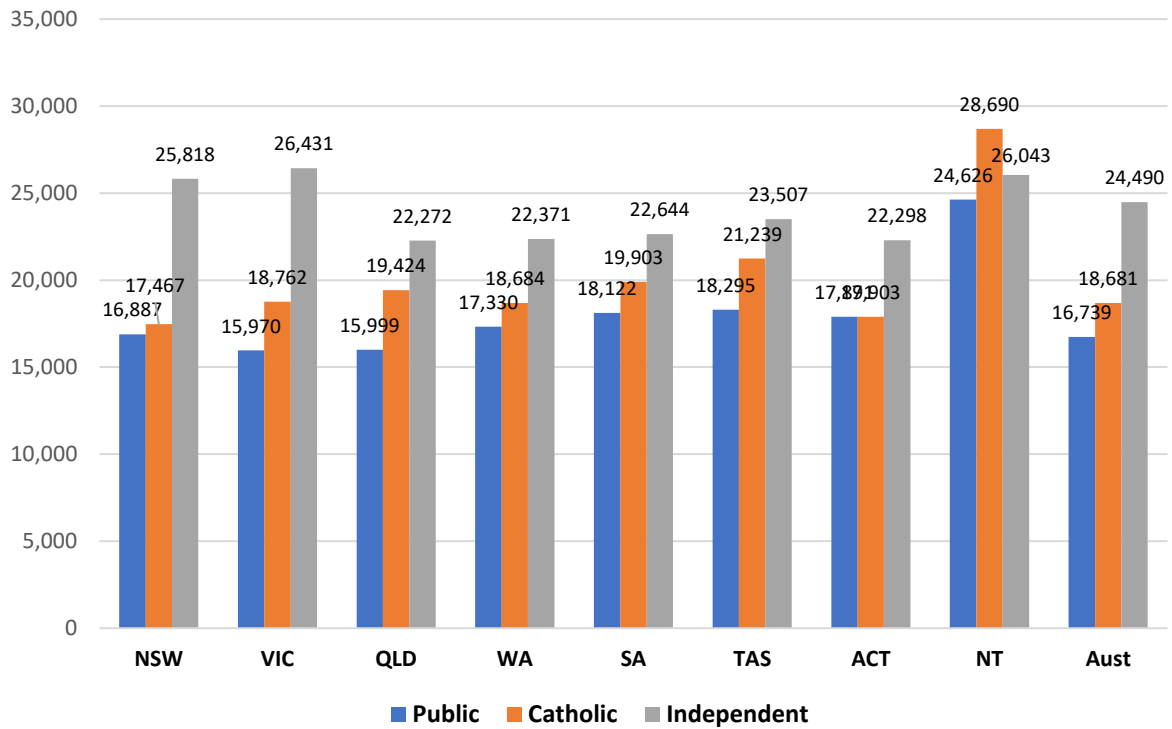
Before I amplify these points, I would like to set the national context of school funding.

## National context

Victoria's public school system is the worst resourced in Australia. Total income per student was \$15,970 in 2021 compared with the average for Australia of \$16,739 and \$16,887 in NSW [Chart 1]. Victoria also has the largest resource gap between public and Independent schools in Australia at \$10,461 per student. The resource gap between public and Catholic schools of \$2,792 per student is the third largest in Australia.

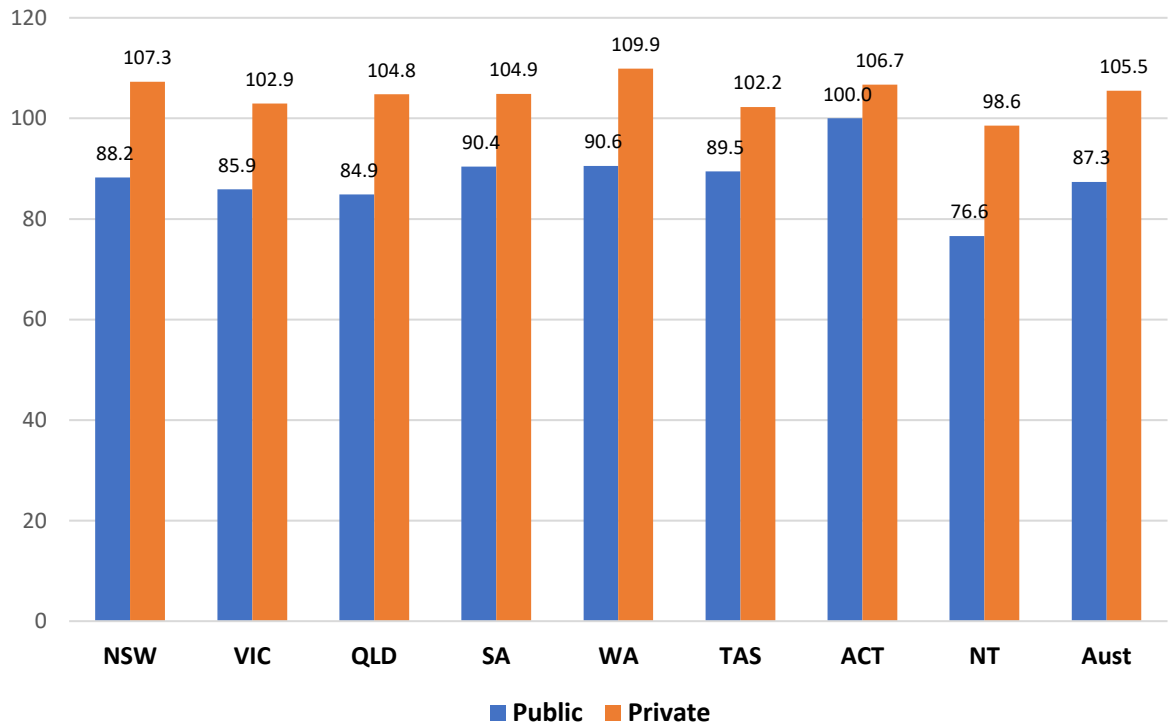
Victoria is the third most under-resourced public school system in Australia after the Northern Territory and Queensland. They are funded at only 85.9% of their Schooling Resource Standard (referred to as the SRS) just ahead of Queensland at 84.9% while Northern Territory public schools are funded at only 76.6% of their SRS [Chart 2]. The average funding share for public schools across Australia is 87.3%.

**Chart 1: Total Income of Public, Catholic & Independent Schools, 2021 (\$)**



Source: ACARA, National Report on Schooling data portal

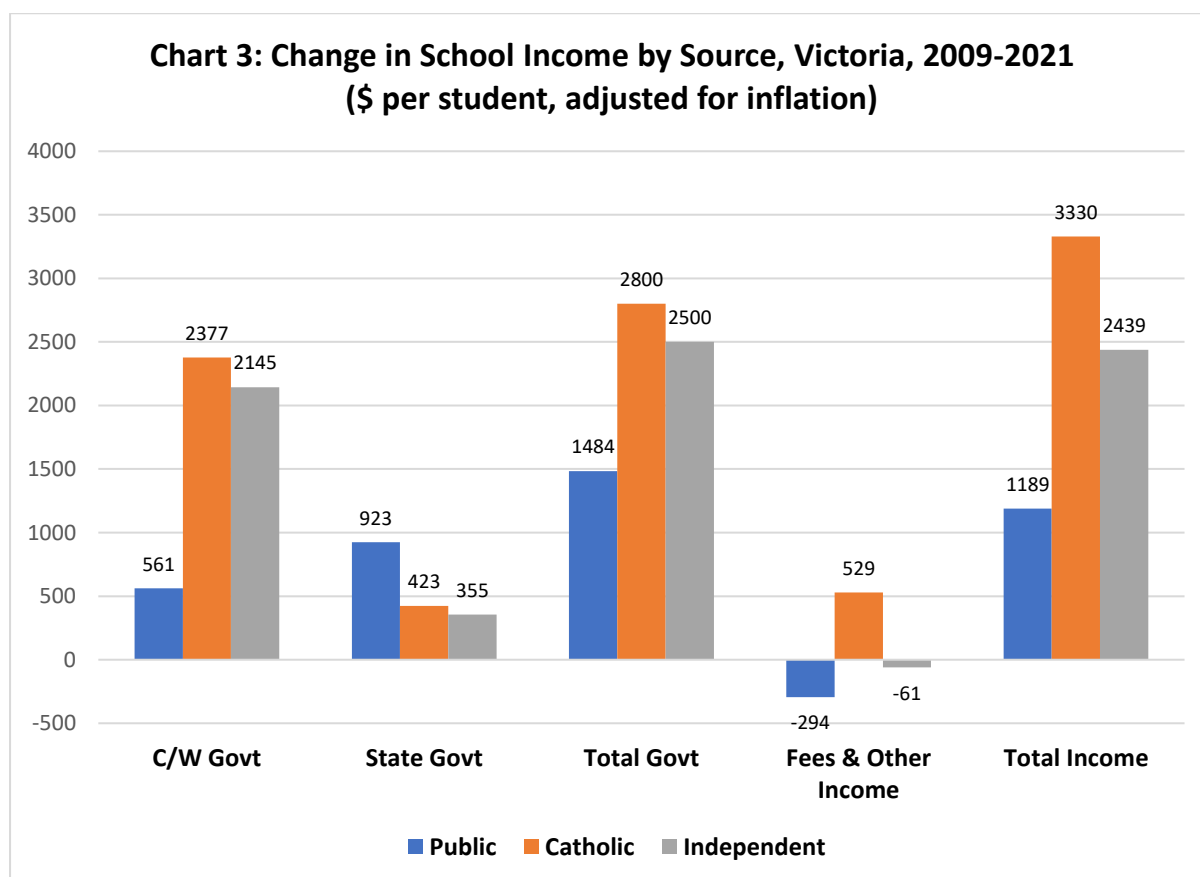
**Chart 2: Government Funding Share of Schooling Resource Standard, Public & Private Schools, 2023 (%)**



Source: Senate Estimates, Commonwealth-State bilateral agreements. Annual reports of regulatory agencies

## School funding in Victoria

Growth in government funding (Commonwealth and state) per student in Catholic and Independent schools in Victoria been double the growth in funding of public schools between 2009 and 2021. Funding adjusted for inflation for Catholic and Independent schools increased by over \$1,000 more per student more than for public schools. Funding for public schools increased by \$1,484 per student compared to \$2,800 per student in Catholic schools and by \$2,500 in Independent schools [Chart 3]. Funding for public schools increased by 15.7% compared to 38.2% for Catholic schools and 30.4% for Independent schools.



**Source:** ACARA, National Report on Schooling data portal. The figures are adjusted for inflation by a combined index of the Wage Price Index for Public and Private Education and the Consumer Price Index

Commonwealth Government funding for Catholic schools increased by over four times its funding for public schools and the increase for Independent schools was nearly four times that for public schools. Commonwealth funding for public schools increased by only \$561 per student, adjusted for inflation, compared to \$2,377 for Independent schools and \$2,145 for Independent schools.

Victorian Government funding for public schools increased by \$923 per student adjusted for inflation between 2009 and 2021, \$423 per Catholic student and by \$355 per Independent school student. However, these figures obscure a significant change within the period. The previous Liberal Government cut funding for public schools by \$939 per student between 2011 and 2014. It also cut funding for Catholic schools by \$125 per student and for Independent schools by \$67 per student. The Andrews Government more than offset these cuts by increasing funding for public schools by \$1,607 per student between 2014 and 2021, \$163 per Catholic student and \$221 per Independent student.

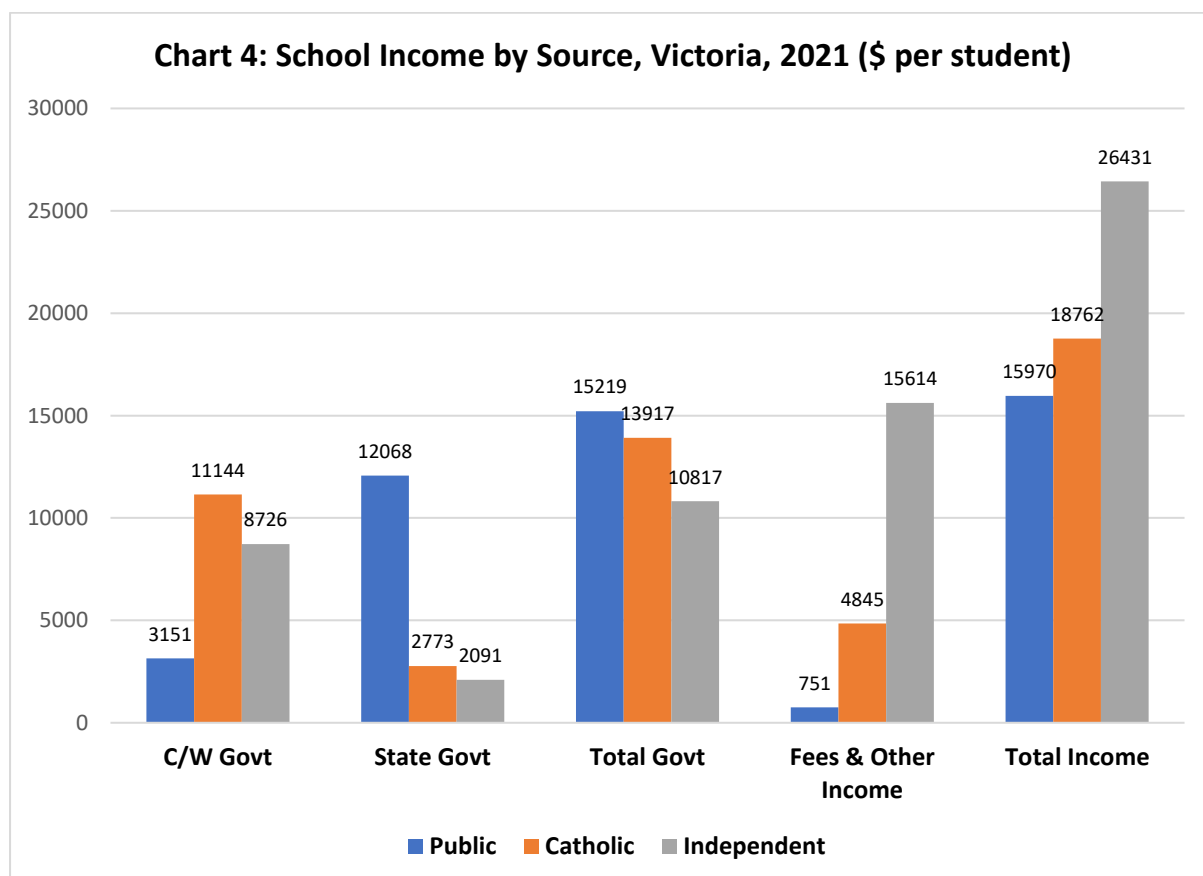
Income from fees and other sources in public schools fell by \$294 per student adjusted for inflation compared to an increase of \$529 in Catholic schools. Income from these sources fell by \$61 per student in Independent schools.

Income from fees, etc. was significantly affected by COVID in 2020. This income for public schools was reasonably stable between 2009 and 2019 at around \$900-\$1,000 per student in current dollars but it fell by \$357 per student in 2020, a reduction of 33%. There was only a slight increase of \$34 per student in 2021.

The reduction in Catholic schools was only \$169 per student, or 3%, and has since recovered to above the 2019 level. There was a substantial fall in fee and other income in Independent schools of \$1,638 per student, a 10% reduction. However, this reduction in income was fully offset by JobKeeper payments included in Commonwealth recurrent funding which increased by \$2,076 per student in current dollars in 2020, an increase of 26.5%. Fees and other income in Independent schools has increased since then. The Australian Taxation Office provided \$282 million in JobKeeper payments to just 102 Victorian private schools, nearly all of which went to Independent schools.

### Victorian private schools have a large resource advantage over public schools

The outcome of these funding changes since 2009 is that Catholic and Independent schools have a significant resource advantage over public schools. The income per student in Independent schools in 2021 was 69% higher than for public schools – \$26,431 per student compared to \$15,970 per student in public schools [Chart 4]. Catholic school income per student of \$18,762 is nearly 20% higher than in public schools.



Source: ACARA, National Report on Schooling data portal

High levels of government funding have contributed to this resource advantage, especially in the case of Catholic schools. Total government funding for Catholic schools is 91% of total government funding of public school and 71% in the case of Independent schools. The ability to charge fees ensures private schools can add to their government funding to ensure their resource advantage over public schools. There are no controls over the extent to which private schools can charge fees while receiving government funding.

It is incomprehensible that the Commonwealth and Victorian Governments ensure that Catholic and Independent schools have a large resource advantage over public schools when the latter account for over 80% of disadvantaged students. The resource disparity between private and public schools in Victoria highlights the structural failure of the school funding system.

## **Public schools in Victoria are massively under-resourced**

The current bilateral funding agreement between the Commonwealth and Victorian Governments authorises massive under-funding of public schools. Public schools are funded at well under their SRS, which is the level of government funding nationally agreed as necessary for schools to meet students' educational needs. Officially, Victorian public schools are funded at 90.4% of their SRS, 20% by the Commonwealth and 70.4% by the Victorian Government.

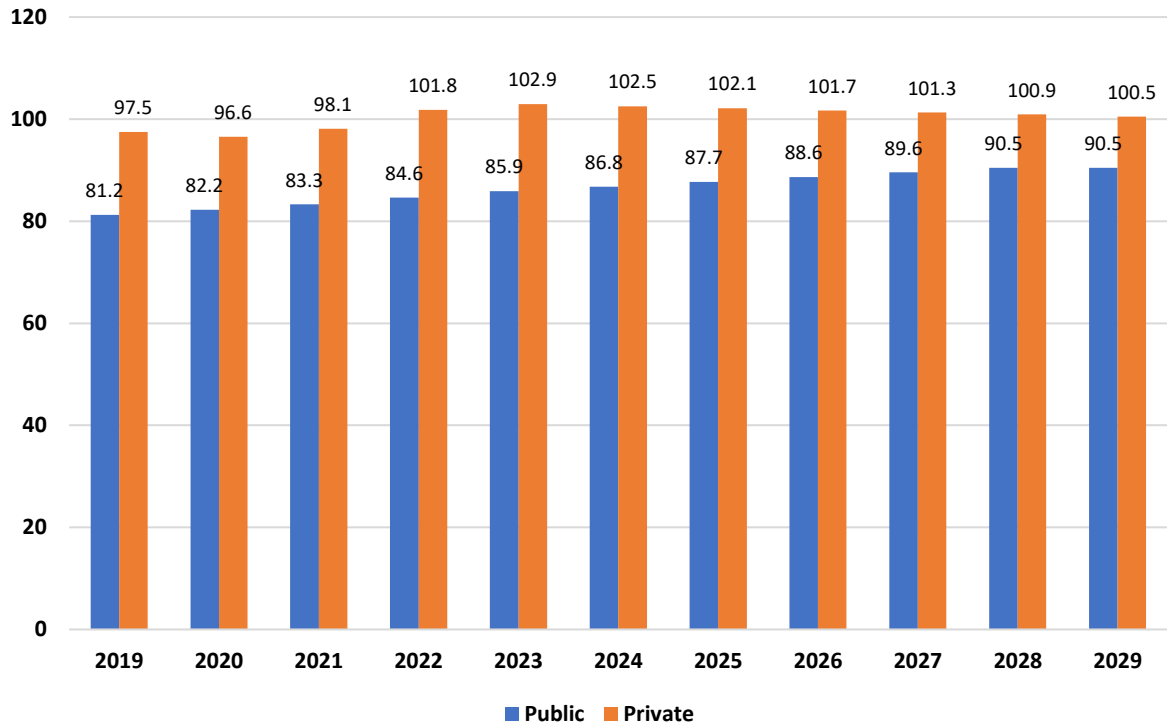
However, public schools are actually funded at much less than this because of a special clause in the funding agreement that allows the Victorian Government to claim non-school based expenditures not officially included in the measure of the SRS as part of its share of the SRS. Under the agreement, it can claim depreciation and rural school transport expenditure up to 4% of the SRS as part of its share and all expenditure on public schools by the Victorian Curriculum and Assessment Authority and Victorian Registration and Qualifications Authority.

This special deal between the Morrison and Andrews Governments (and all other governments except the ACT) effectively reduces the Victorian Government share of the SRS to only 65.9% in 2023. Taking account of the Commonwealth share of 20%, public schools are currently funded at 85.9% of their SRS. The funding shortfall is estimated at \$1.8 billion this year.

A stark inconsistency in the agreement is that there is no provision for the Victorian Government to substitute non-school expenditure for an increase in its recurrent funding of private schools. For example, there is no provision for expenditure on the Curriculum and Assessment Authority and the Registration and Qualifications Authority as it relates to private schools to be included as part of the state's share of the SRS of private schools. Private schools get an actual increase in recurrent funding whereas public schools are defrauded by the inclusion of non-school expenditure items in their SRS.

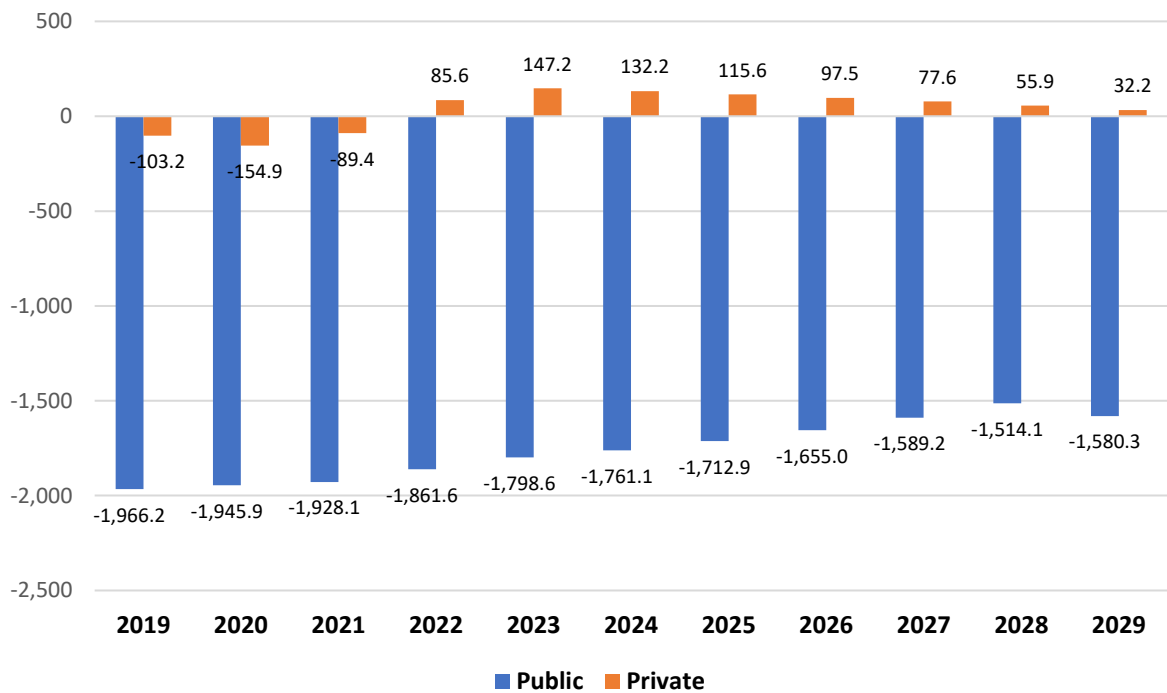
Unless the new bilateral agreement on school funding to be negotiated between the Commonwealth and Victorian governments next year to apply from 2025 is substantially revised, public schools will remain under-funded indefinitely. The current agreement only requires the Victorian Government to fund public schools at 75% of their SRS by 2028. The continuation of the special allowances would mean that public schools would only be funded at 70.5% of their SRS by the Victorian Government and at 90.5% by combined Commonwealth and Victorian Government funding [Chart 5]. In the absence of any change, the cumulative under-funding from 2019 to 2029 is estimated at \$19.3 billion [Chart 6].

**Chart 5: Government Funding Shares of Schooling Resource Standard, Public & Private Schools, Victoria, 2019-2029 (%)**



Source: Senate Estimates, Commonwealth-State bilateral agreements. Annual reports of regulatory agencies. SOS Estimates for 2024-2029.

**Chart 6: : Government Over-/Under-Funding of Private & Public Schools, Victoria, 2019-2029 (\$M)**



Source: Updated SOS estimates

## **Private schools are over-funded**

The resource advantage of private schools is projected to accelerate over the rest of the decade to 2029 under the current arrangements. Commonwealth funding for private schools will increase under special deals provided by the Turnbull and Morrison Governments.

Under the current funding arrangements, the Commonwealth will fund private schools at 80% of their SRS and the Victorian Government will fund the remaining 20%. However, official figures show that the Commonwealth is funding Victorian private schools at 81.3% of their SRS in 2022 and their funding will remain above 80% until 2028. However, these figures do not include the many special deals for private schools introduced by the Morrison Government such as the \$1.2 billion Choice and Accountability Fund which operates until 2029. This funding boosts the Commonwealth share to 82.9% in 2023 and will only reduce to 80.5% in 2029. The Victorian Government is funding private schools at 20% of their SRS.

In total, Victorian private schools are funded at 102.9% of their SRS this year and will be over-funded for the rest of the decade, declining slowly to 100.5% in 2029. They are over-funded by \$147 million this year and the cumulative over-funding from 2022 to 2029 is estimated at about \$734 million.

## **Increased funding for public schools is a high priority**

Victoria is not the education state as claimed by the Labor Government. The Andrews Government increased funding for public schools but they remain a long way from being fully funded. Victoria's school system remains highly inequitable. For example, the latest NAPLAN results show that 56-57% of students of parents with low education did not achieve expected levels of proficiency in reading, writing and numeracy. The corresponding figures for Indigenous students were 55%, 60% and 62%. There are large achievement gaps between advantaged and disadvantaged students.

If Victoria really is to become a successful education state, the Labor Government must address the funding failures of the past. Fully funding public schools is a priority because about 80% of low income students and 84% of Indigenous students in Victoria attend public schools. Numerous studies show that money matters in education, especially for disadvantaged students.

The failure to fully fund public schools has huge costs to individuals, society and the national economy because it means continuing failure to address disadvantage in education and life. This leads to lower school completion rates, higher unemployment, lower incomes, worse health outcomes and less access to positions of power and influence in society for disadvantaged students. School funding policies thereby contribute to the social reproduction of inequality in our society. It is an appalling social injustice, but it is also a drag on Australia's economic growth and prosperity.

The new Premier, Jacinta Allan, and her education minister, Ben Carroll, have much work to do if Victoria is to become a genuine education state. Increasing equity in education is the fundamental challenge. They must commit to fully funding public schools within the life of the next National Education Reform Agreement.

Thank you.