



# How is school funding indexed?

## School funding – the Schooling Resource Standard (SRS)

Commonwealth funding for schools is needs-based and is calculated with reference to the [Schooling Resource Standard \(SRS\)](#). The SRS is an estimate of how much total public funding a school needs to meet its students' educational needs.

The SRS is made up of a base amount for all primary and secondary students and up to 6 needs-based loadings for student priority cohorts and disadvantaged schools.

The base amount and all the loadings are indexed each year to reflect changes in prices and therefore costs faced by schools.

## How is indexation calculated and applied?

The base amount, and all the loadings with the exception of the school size loading, are worked out by reference to an amount per primary and secondary student called the SRS funding amount.<sup>1</sup> The school size loading is worked out by reference to maximum size loading amounts and starting amounts.

As part of [legislative changes to school funding arrangements in 2018](#), the Australian Government prescribed the 2018 SRS funding amounts, maximum size loading amounts and starting amounts.<sup>2</sup>

From 2019, these SRS funding amounts, maximum size loading amounts and the starting amounts are indexed annually by a rate calculated as the higher of:

- 3 per cent, or
- a factor derived from 75 per cent of the Wage Price Index (WPI) and 25 per cent of the Consumer Price Index (CPI).

This approach provides a minimum base and certainty for schools, while ensuring that funding reflects changes in wages and other costs. Indexation is weighted towards changes in wage costs reflecting that teachers' and staff salaries are a significant driver of schools' costs.

Alternatively, the Minister of Education can prescribe an indexation rate.

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<sup>1</sup> Section 31 of the *Australian Education Act 2013* (the Act).

<sup>2</sup> Section 34, 44 and 49 of the Act.

## Indexation rates in recent years

The indexation rate for 2019 and 2020 was prescribed at 3.56 per cent. In 2021, the indexation rate was the minimum rate of 3 per cent. In 2022, the indexation rate is 3.5 per cent based on the CPI and WPI derived factor.

**Table 1: SRS funding amounts and indexation rates 2018-2022**

|   | 2018             | 2019   | 2020   | 2021   | 2022   |
|---|------------------|--------|--------|--------|--------|
| <b>SRS funding amount for a primary student</b>   | 10,953           | 11,343 | 11,747 | 12,099 | 12,522 |
| <b>SRS funding amount for a secondary student</b> | 13,764           | 14,254 | 14,761 | 15,204 | 15,736 |
| <b>Indexation rate</b>                            | N/A <sup>3</sup> | 3.56%  | 3.56%  | 3.0%   | 3.5%   |

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## Indexation rates going forward

The final indexation rate for each year will be available around August of the year, after the Australian Bureau of Statistics publishes the June quarter CPI and WPI.

The indexation rate for 2023 is expected to be available after August 15, 2023.

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<sup>3</sup> In 2018, the SRS funding amounts were prescribed in section 34 of the Act.