

## **Submission to the National School Resourcing Board**

(submitted to <https://submissions.education.gov.au/Forms/ses-review-submissions/pages/form>)

### **Summary**

The NSRB has an impossible task: to take the wrong measurements of the wrong people for the wrong reason to determine the percentage of the wrong total and turn it into something approaching logic and justice. The current socio-economic status methodology is inaccurate in determining the “capacity to contribute”, but that “capacity to contribute” should determine government funding of some schools (and not others) has never been justified.

The SES model measures features that have nothing to do with current financial means (e.g., education) and does not measure the income of the individual family but that of the area in which the family resides. It is so bizarre that the poorest child attending a school which has another student with an unemployed PhD-holder as a neighbour will have his or her funding simultaneously increased because the other student’s neighbour is unemployed and reduced because that neighbour has a PhD. It is beyond belief that this was ever taken seriously.

The consequence will be to further socially stratify our schools. A school that wants to take both middle class and poor students will not be able to because the presence of middle class students will cut its government funding, push its fees up and drive the poor out into the government school.

We should promote an education system that encourages social inclusion and thus increases educational achievement. No “capacity to contribute” model can do that. The NSRB ought to ditch “capacity to contribute” and look at England, Finland and New Zealand.

If the NSRB is going to insist on keeping “capacity to contribute”, it should recommend that all families on Family Tax Benefit A be determined to be able to contribute \$1,027 for each primary student and \$2,014 for each secondary student.

### **Submission**

The National School Resourcing Board has an impossible task: to take the wrong measurements of the wrong people for the wrong reason to determine the percentage of the wrong total and turn it into something approaching logic and justice. It is akin to the medieval notion of working out the best way to determine the number of angels that fit on a pin when everybody knows that angels do not fit on a pin. It has been conclusively proved that the current socio-economic status methodology is completely inaccurate in determining the “capacity to contribute” of a family to a child’s education, but the notion that “capacity to contribute” should be the determinant for government funding of some schools (and not others) has never been justified. It’s as if the government established a board to work out the best method of running trains upside down but never bothered to explain why trains should be run upside down in the first place.

The National School Resourcing Board should not be constrained by the plain English meaning of “capacity to contribute” but should adopt a far more expansive and lawyerly approach, as adopted by the High Court in constitutional cases, in order to shift its definition of to a real measure of need and thus one supportive of the socially integrated education system that Australia needs.

The SES model measures features that have nothing to do with current financial means; e.g., education. Education does affect earning capacity, but actual earnings are already measured, so measuring education is redundant. The SES model does not measure the income of the individual family but that of the census collector district in which the family resides. The funding model is so bizarre that the poorest child attending a school which has another student with an unemployed PhD-holder as a neighbour will have his or her funding simultaneously increased because the other student’s neighbour is unemployed and reduced because that neighbour has a PhD. It is beyond belief that the SES model was ever taken seriously by the Gonski panel.

The flaws in the SES model have been comprehensively outlined in the Catholic Education Commission of Victoria’s reports, *Capacity to contribute and school SES scores*, *Special Deal of a Lifetime*, and *Need to rethink need*, and in my 2017 submission to Senate Committee on School Funding.

The simplest response is to move the measurement to the individual family’s income and wealth, but that would have very bad consequences for education. It would be a more accurate measurement of “capacity to contribute”, but it would segregate students by class.

Let us start by looking at what is being funded. It is the school education of children and young people, a task whose cost is overwhelming that of the employment of teachers. It follows that once a sensible staffing formula has been determined, most of the cost of education is also determined. The Gonski panel ignored this obvious fact and produced a bizarre figure supposedly based on the costs of so-called high-performance reference schools. Fortunately the figure itself, purely by chance, is not too far off.

The *Review of Funding for Schooling Final Report*’s justification for “capacity to contribute is truly bizarre:

“The panel considers that basing public funding on the level of private resources a school is likely to be capable of raising for itself is preferable to relying on the private income that it actually receives. As argued in Chapter 2.3, linking public funding directly to a non-government school’s private income, expenditure or assets would be inherently complex and difficult to implement equitably given that different schools finance their recurrent and capital needs in very different ways. It would also accentuate disincentives for parents to invest in their children’s education.” (p 177)

and

“As discussed in Chapter 2.3, there is long-established diversity in levels of parental contributions within the non-government sector. In particular, there are a large number of Catholic systemic schools and independent schools at different school SES levels which aim to offer relatively low-fee education. The panel also noted that, if governments fully funded the difference between the schooling resource standard and what parents and others actually contribute to schools, incentives for private

contribution would be weakened. It would also lead to different levels of public funding for non-government schools with similar capacity to contribute from private sources.” (p 178)

The consequence of this funding policy will be to further socially stratify our schools because it says the more you earn the less your child gets. Thus, the wealthy, the upper middle, the middle middle, the lower middle and the poor all have to concentrate in their own schools because the funding system segregates them. A school that wants to take both middle class and poor students will not be able to because the presence of middle class students will cut its government funding and thus push its fees up and thus drive out the poor, who will end up at the government school.

Save Our Schools – Canberra, while an opponent of funding members of the public who attend non-government schools, has demonstrated the existing social segregation in Australian schools and the ill effects this has on education achievement. As explained above, the social segregation is a direct result of the “capacity to contribute” funding model. Given the wording of the Gonski report, it seems it is not only a direct result but also an intended one.

The NSRB really ought to ditch “capacity to contribute” and look at the models used in England, Finland and New Zealand. In the first two, non-government schools are fully funded by the government but may not charge fees. In the last, they are almost fully funded by the government and may charge only low fees. My submission to the Senate inquiry on school funding explains how such a model would work here.

The relevant Act leaves plenty of scope for the government of the day to define “SES score” any way it likes:

“**SES score**: a school’s **SES score** is the number determined by the Minister under subsection 52(1).” (Australian Education Act 2013, as of 1/1/2018)

The regulations are more specific:

**“23 SES score—general**

(1) For subsection 52(4) of the Act, a school’s SES score to be determined by the Minister must be the number worked out using the following formula: ...”

(Australian Education Regulations 2013, as of 1/1/2018)

However, they can be amended and certainly should be.

In other words, the SES score does not have to include all those factors or any of them. Nor does it have to be the SES score of the census collector district

The relevant Act leaves less scope for determine the “capacity to contribute”:

“**capacity to contribute percentage** has the meaning given by subsections 54(1), (2) and (3). (Australian Education Act 2013, as of 1/1/2018)

However, the Act too can be amended and certainly should be.

The NSRB asks if there are any guiding principles other than those it lists. I suggest the funding model should promote and support an education system that encourages social inclusion and thus increases educational achievement. No “capacity to contribute” model can do that. The best advice the NSRB can give is to abandon

“capacity to contribute”. The Gonksi panel was given a much better model, with figures, seven years ago – mine. It is reworked in my submission to the Senate inquiry on school funding.

If the NSRB is unwilling to challenge the dominant government/media narrative, then it could determine that “capacity to contribute” is best measured by the actual contributions that typical families make to government schools. All families pay tax (income and/or GST) which funds education, but many contribute additional amounts from their own pockets to government schools. The Victorian Auditor-General found the average government school Victorian parent paid \$558 per student in 2013 (“Families hit by rising school fees”). Full-time adult average weekly earnings in Australia were \$1,543.80.80 in May of last year. That comes to \$80,498 per annum. Combining the two figures says a typical family on \$80,498 has the capacity to contribute \$558 to each of its children’s education. It does not follow that a family on \$160, 996 therefore has only \$1116 to contribute to each of its children’s education. Its additional \$80,498 provides a lot more discretionary income.

Another limit to consider is the income cut-off for Family Tax Benefits A, which varies from \$99,414 for one child of 0-12 to \$124,210 for three children of 0-12 (Income Test for Family Tax Benefit Part A), with higher amounts for families with secondary students.

If the NSRB is going to insist on keeping “capacity to contribute” as the concept for determining the public funding of schools, it should recommend that all families on Family Tax Benefit A be determined to be able to contribute \$1,027 for each primary student and \$ 2,014 for each secondary student. (The precise calculations behind the figures are explained in my submission to the Senate inquiry on school funding.) Using the Family Tax Benefits cut-offs is very simple and does not require personal financial information to be collected by the school. It follows that schools should be required to charge no more than these amounts in fees to such families in order not to undermine the social inclusion aim that should be one of the guiding principles of school funding. Schools that charged more would have their funding reduced.

Families that earn too much to be paid Family Tax Benefits A could be assessed as having a “capacity to contribute” related to their actual income, their number of children and the fees charged by the schools their children attended. Those whose children attend schools that charge \$1,027 for each primary student and \$ 2,014 for each secondary student could be assessed as having a “capacity to contribute” of \$1,027 for each primary student and \$ 2,014 for each secondary student, thus encouraging such better off families to have their children mix with poorer children. Those whose children attend schools that charge more than those amounts in fees could be assessed as having a “capacity to contribute” of \$8,786 for a primary student (80 per cent of the schooling resource standard of \$10,953) and \$11,011 for a secondary student (\$80 per cent of the schooling resource standard of \$13,764) if they did not permit the government to assess their personal financial information or on a sliding scale if they did e.g., for a family with one child of 0-12:

<u>Income band</u>	<u>“Capacity to contribute”</u>
	<u>Primary/Secondary</u>
\$100,000-110,000	\$1,050/2,100
\$110,001-120,000	\$2,000/3,000

\$120,001-130,000	\$3,000/4,000
\$130,001-140,000	\$4,000/5,000
\$140,001-150,000	\$5,000/6,000
\$150,001-160,000	\$6,000/7,000
\$160,001-170,000	\$7,000/8,000
\$170,001-180,000	\$8,000/9,000
\$180,001-190,000	\$8,786/10,000
\$190,001+	\$8,786/11,011

Furthermore, again to encourage social inclusion, schools that charged fees greater than the “capacity to contribute” amounts above for families in each group could have their government funding reduced.

### Conclusion

In the long run, “capacity to contribute “ is an absurd and discriminatory concept and has to be replaced. If the NSRB is unwilling to recommend its replacement, the least it can do is reduce its damaging effects on education by measuring it in a broader way and applying fee limits on schools in receipt of public funding.

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**18/2/2018**

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