



# Senate Education and Employment Legislation Committee

Submission by  
the Independent Schools Council of  
Australia (ISCA)

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About ISCA

values of a particular community or that seek to practise an internationally recognised educational philosophy such as Rudolf Steiner or Montessori schools. Independent Catholic schools are a significant part of the sector, accounting for eight per cent of the Independent

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Most Independent schools are set up and governed independently on an individual school basis. However, some Independent schools with common aims and educational philosophies are governed and administered as systems, for example the Lutheran systems. Systemic schools account for 18 per cent of schools in the Independent sector. Four out of five schools in the sector are autonomous non-systemic schools.

## Introduction

The Independent Schools Council of Australia (ISCA) welcomes the opportunity to provide a submission to the Senate Education and Employment Legislation Committee [inquiry into the Australian Education Amendment (Direct Measure of Income) Bill 2020 [Provisions].

Independent schools serve a broad range of students and communities, reflecting the diversity of Australian society, and he e.11lg0 G[g0557 Tc[(s.)] TJETQq0.000008866 0 594.96 842.04 reW\* nBT/F1 11.52 T





- x Schools transitioning down to 80% Commonwealth share of their SRS will complete their transition in 2029.

This gives schools transitioning down to their entitlement an additional 2 years to complete their transition.

For systems, the transition arrangements will be applied at the school level rather than at the system level which is the current methodology. Systems will still be able to redistribute funding between schools. However, in the Independent sector most schools are stand-alone schools and thus redistribution is not possible. This means that each Independent school bears the full weight of managing transition.

Approximately 420 schools (or 42% of the sector) are estimated to have an increase in per student funding between 2020 and 2029 as result of the DMI methodology. The additional funding is estimated to be worth \$1.6 billion between 2020 and 2029.

Approximately 230 schools (23% of the sector) will have no change in CTC score and thus no change in funding as a result of the introduction of the DMI methodology.

350 schools (35% of the sector) are estimated to have a decrease in per student funding between 2020 and 2029 as result of the DMI methodology. The decreases in funding mean that individual schools will lose an estimated \$1.8 billion between 2020 and 2029.

For some schools this means a reduction in per student funding between 2020 and 2029 but for most schools it results in a reduced rate of growth in per student funding. Approximately 130 schools with decreased funding will have a growth rate above 3% from 2020 - 2029, which is approximately the amount by which funding in the model will increase due to indexation over the same period. However, just over 200 schools will move to a growth rate which is less than 3%, and some schools will go into negative growth i.e. less than 0.0% growth.

A series of tables illustrating the impact on Independent schools r3( )-2(s)6(er)-6(i)11(es)-6-4(impact )-3(o)-3(on



x Other priorities identified by the Minister

As announced by Minister Tehan<sup>4</sup>, a portion of this funding will be used specifically to assist regional and remote schools requiring transition assistance. This amount is currently set at 9% of the Fund in the Guidelines however the Independent sector is working with government to increase this proportion. The Guidelines also require that funds be utilised

the issue of ability to pay for schools with a very broad distribution of income will significantly disadvantage the large number of families below the median if the DMI CTC score is higher than the SES CTC score. That disadvantage increases the further below the median the family is placed.

For the Independent sector other issues raised included the use of the median for combined schools and schools with a bimodal distribution. However, given the time constraints for implementation, a number of issues remain unaddressed.

### Regional and Boarding Schools

The CTC scores based on Median Household Income generated by the NSRB indicated that there

There are associated questions that will be able to be provided to schools.

This lack of clarity makes it extremely difficult for schools to understand their DMI CTC score and to be able to judge whether or not it would be feasible to appeal their DMI CTC score if they felt that it was incorrect. For example, if a school has missing data, they are unable to ascertain which data is missing and if it is pertinent to their CTC score as that information cannot be retrieved from MADIP for privacy reasons.

### Appeals

The NSRB report recommended that there be a robust appeals process. However, as noted above, it is not clear how a school might appeal an CTC score based on income tax data as they will not have access any data from the ABS data environment.

It may be that the appeals process will be a mechanism for schools in areas which have undergone a sudden economic change and where the delay in current income data will result in CTC scores which are not representative of the current circumstances of parents and / or guardians.

The development of the appeals process is one of two pieces of work which is being done by the ABS and it is not clear what consultation processes will take place with the non-government school sector to ensure their appropriateness for use.

ABS Quality Framework s0 G[(a)] TJQ EMC /P mo fcta 0 nsiW\* .94 534.6] TJETQ EMC /P MCID 6 BDC eW\*

This meant that no input or advice was able to be provided on possible issues or areas for concern with the CTC methodology. There was also a range of other factors that were unable to

DMI CTC methodology for school funding, they do not address the significant transition issues facing many Independent schools.

ISCA recommends:

1. A review of the current DMI methodology involving further detailed analysis and testing of the current methodology and examination of possible alternatives to calculate a  
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2. The current transition period for schools undergoing a funding decrease should be extended beyond 2029.
3. A 2-year extension to the current 2- Ç Ç Z ([• š Ç Ç v P u -v š to allow time for improved road testing of the model and development of suitable alternatives.

## Conclusion

Over the last 40 years there have been three Australian Government funding models for non-government schools; the Education Resources Index (ERI) model, the Socio-economic Status (SES) model and the current Schooling Resources Standard (SRS) model.

The introduction of each model has come after years of development, modelling, trialling and consultation as well as appropriate transition arrangements to ensure stability in funding for schools, and also for the families who send their children to these schools. It is this stability that enables schools and families to plan for the future.

The SRS funding model is an inherently more volatile funding model than the previous SES funding model with schools receiving less base per capita funding and with more funding delivered to school via the loadings for disadvantage mostly based on demographics which are subject to change.

The SES CTC scores have however,

implemented in a way that will not adversely impact on significant numbers of Independent schools serving large numbers of Australian families.

ISCA

12 March 2020

Appendix 1: Projected impact of DMI methodology on Independent schools by state and territory compared to the current legislated settings, 2020 -2029

Source: Department of Education, Skills and Employment Funding Estimator Tool Q1 2020







