

Needs Based Funding

Arrangement Methodology

January 2022

Background

All education systems including Brisbane Catholic Education are required to have under the Australian Education Act 2013 a published needs-based funding arrangement that reflects their current funding distribution methodology.

Box 1 outlines the requirements for the needs-based funding arrangement as defined under the Australian Education Act.

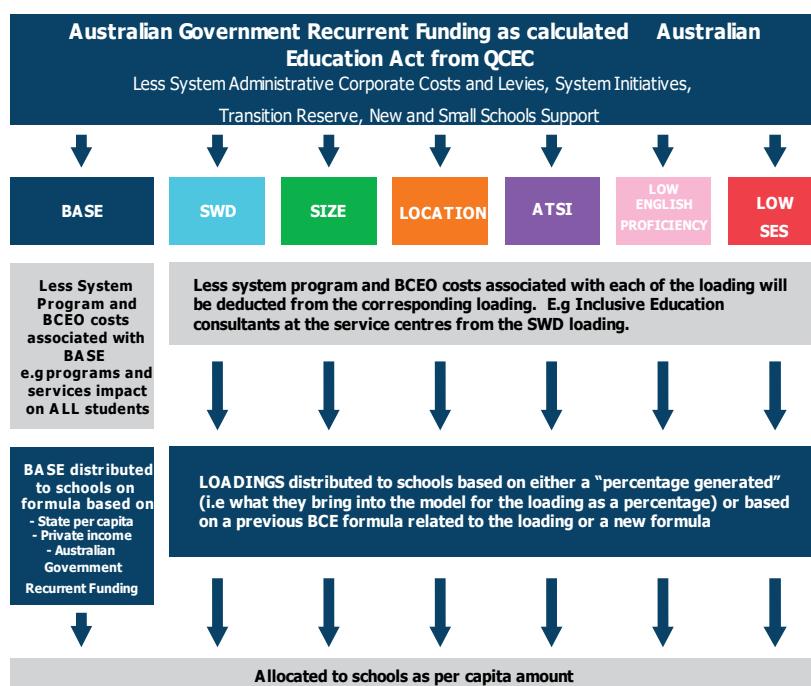
Box 1: Requirements for a needs-based funding arrangement, as defined under subsection 78(5) of the Act

78 (5) A needs-based funding arrangement that complies with this subsection:

- (a) provides an amount per student that:
 - (i) represents the recurrent resources required to support a student with minimal educational disadvantage to achieve expected educational outcomes; and
 - (ii) takes account of efficiencies that can be realised while improving educational outcomes; and
- (b) in addition to the amount per student mentioned in paragraph (a), provides loadings to students and schools with additional needs in order to support student achievement, including loadings for the following:
 - (i) students with disability;
 - (ii) Aboriginal and Torres Strait Islander students;
 - (iii) students with socio-educational disadvantage;
 - (iv) students who have low English proficiency;
 - (v) schools based on location;
 - (vi) schools based on size; and
- (c) is publicly available and transparent.

Needs Based Funding Model Overview

The flow of funding to schools for Australian Government Recurrent Funding (AGRF) is diagrammatically shown below. All AGRF distributed to BCE from QCEC is received as a singular amount.



BCE System Corporate Administration Costs and Additional School Support

BCE corporate and administration costs are deducted directly from the AGRF amount received from QCEC. These costs specifically pertain to office costs and contingencies and programs that provide support for all schools at a system level. The amounts are calculated through the BCE master budget process which is recommended from the CEC for approval by the Archdiocesan Finance Committee (AFC) through the Archdiocesan Audit and Risk committee. Additional funding is also set aside for new and small schools where the Size loading is inadequate.

Allocation to and deductions from the overall Base and Loadings

After the deduction of BCE central program and administration costs, AGRF are distributed to the base and loadings on a 'percentage generated' basis. These percentages are calculated as how the overall funding was received from QCEC broken down into the percentage of base and loadings components.

Further BCE program costs are deducted from the base and loadings pertaining to those that are directly related to the base or loading. For example, costs for BCE initiated programs that impact on all students would be deducted from the base component, whereas costs relating directing to SWD students would come from the SWD loading.

Distribution of Base Funding (amount per student allocation)

The Base component represents an amount distributed to schools to support a student with minimal educational disadvantage to achieve an expected educational outcome. The Base per student amount is set in the Australian Education Act as the Schooling Resource Standard (SRS).

For 2022 the SRS is:

\$12,462 per primary student and

\$15,660 per secondary student.

The distribution of the Australian Government Recurrent Funding Base component is dependent upon the levels derived from three sources:

- a. Australian Government Recurrent Funding
- b. State Government per capita funding
- c. Private income based on the school community's Capacity to Contribute (CtC)

The concept of Capacity to Contribute is a measure of the non-government school community's capacity to contribute to the ongoing costs of running the school.

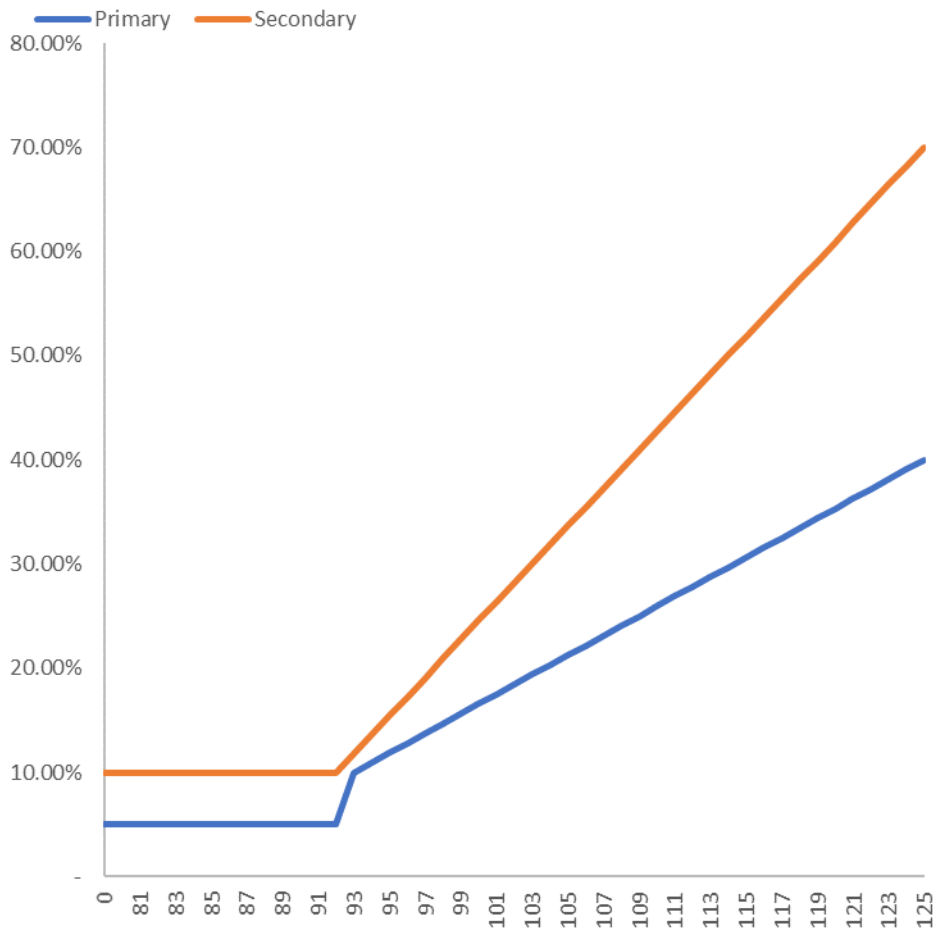
The base funding allocated to each school is predominantly determined by the school community's capacity to contribute. The capacity to contribute is based upon the school Direct Measure of Income (DMI score).

The CtC is set in the Australian Education Act as a percentage of the SRS. The lower the DMI, the less the percentage of SRS the school community needs to contribute and vice versa. Brisbane Catholic Education has modified the CtC in its primary schools to better reflect its mission of affordability and accessibility for those who seek a Catholic Education.

The school's CTC percentage affects the amount of base recurrent funding the school attracts in Australian Government funding. This is outlined in the example below:

Primary SRS \$12,462	DMI 90	DMI 122
State Government Per Capita (nominal)	\$1,196	\$1,196
*Capacity to Contribute (CtC)	\$ 625	\$4,635
Australian Government Recurrent Grant	\$10,641	\$6,631

Graph 1: Capacity to Contribute lines for BCE Primary and Secondary Schools



There are several schools where recurrent private income (school fees) is above or below the CtC line. For those schools above the CtC line, fee increases will be transitioned through recommended fee increases.

Distribution of the Loadings

Size Loading

This loading provides extra funding for medium, small and very small schools in recognition that they cannot achieve the same efficiencies of scale as a large school. This is the only loading that is calculated as a set dollar amount (rather than proportion of the base amount) depending on the size of a school.

The Size loading reflects the amounts as outlined in the Australian Education Act amendment (2017). It should be noted the Size loading for small school under 150 students does not reflect the true costs of operation. There is an extra amount provided to these schools from the BCE needs-based funding model from the overall needs- based funding model.

Location Loading

The Act allows for a loading for schools that are not in major cities. The Location Loading is based on a school's Accessibility/Remoteness Index of Australia (ARIA) score and applied as a percentage of the SRS per student funding amounts for a school, plus the school's Size Loading.

Before distribution to schools, the system cost of the Remote Area Incentive Scheme be deducted from the Location Loading.

As there was no other substitute for the ARIA score calculation, it is recommended that the Location Loading funding to schools be distributed on the 'percentage generated' by each school.

Low Socio Educational Disadvantage Loading

The Low Socio Educational Disadvantage Loading aims to give schools with students from low socio-educational backgrounds the same opportunity to achieve educational outcomes as schools that would not attract the loading.

The loading amount is based on the percentage of students in the lowest two quartiles of socio-educational advantage (SEA) developed by the Australian Curriculum, Assessment and Reporting Authority (ACARA). The SEA measures the occupational and educational status of students' parents by looking at factors like occupation, completed school education and highest level of post-school education.

As there is already a formula, through the Act, on how the Low Socio Educational Disadvantage Loading is calculated for each school, it is recommended that the loading be distributed on 'percentage generated' basis.

SWD Loading

This loading provides extra funding on top of the base amount for each student with disability.

From 2018, the loading is based on the Nationally Consistent Collection of Data on School Students with Disability (NCCD), which collects information on students with disability by the level of additional support they are provided to access and participate in learning. Under the NCCD, teachers and schools use their professional, evidence-based judgement to capture information on the level of additional support a student is provided in the classroom.

Students with disability who are counted in the top three levels of the NCCD (extensive, substantial and supplementary levels) attract a loading. The amount of the loading reflects the level of support they need to participate fully in school, with higher funding for those who need higher levels of support.

The collection has a fourth level of support defined as 'support provided within quality differentiated teaching practice'. These students are supported within the classroom as part of standard teaching practice which is responsive to the needs of all students and delivered without the need for additional funding.

Before the loading is distributed to schools, BCE system staffing costs directly relating to the loading such as the inclusive education team and its related programs are deducted from the loading.

As there is already a formula, through the Act, on how the SWD loading is calculated for each school, it is recommended that the loading be distributed on 'percentage generated' basis.

Indigenous Loading

This loading provides extra funding on top of the base amount for each Aboriginal and Torres Strait Islander student. The amount of extra funding for each student depends on the proportion of Indigenous students in the school.

Before the loading is distributed to schools, BCE system staffing costs directly relating to the loading such as the ATSI education team and the costs of Ngtuna Lui and its related programs are deducted from the loading.

Low English Language Proficiency (LEP) Loading

This loading provides extra funding on top of the base amount for a student that comes from a language background other than English and at least one of the student's parents completed school education only to Year 9 (or equivalent) or below. This may include recently settled migrants and refugees.

Salary and office costs relating to BCE staff who support schools in operating LEP programs are deducted from this loading.

Given the small size of the loading, 0.10% of the total funding, it is recommended that the top five schools that attract this funding receive the total amount of the loading to assist with running their language programs.

Transitioning the Needs-Based Funding Model

During the financial modelling, which included a comparison between amount schools would receive in the funding model and the amounts they currently received, it was noted some schools would be underfunded or overfunded in Australian Government recurrent funding model when compared to the previous BCE funding methodology. The BCE needs-based funding arrangements will need to fully transition its schools by 2029.

In working towards a fully transitioned model in 2029, there will be several schools that will be transitioning downwards – i.e. receiving funding less than indexation from the implementation of the model. In receiving less funding, some schools will need to increase its fees greater than CPI to meet their SES capacity to contribute.

Each school has been provided with a five-year projection with regards their fee increases and changes to Australian Government Base funding.

