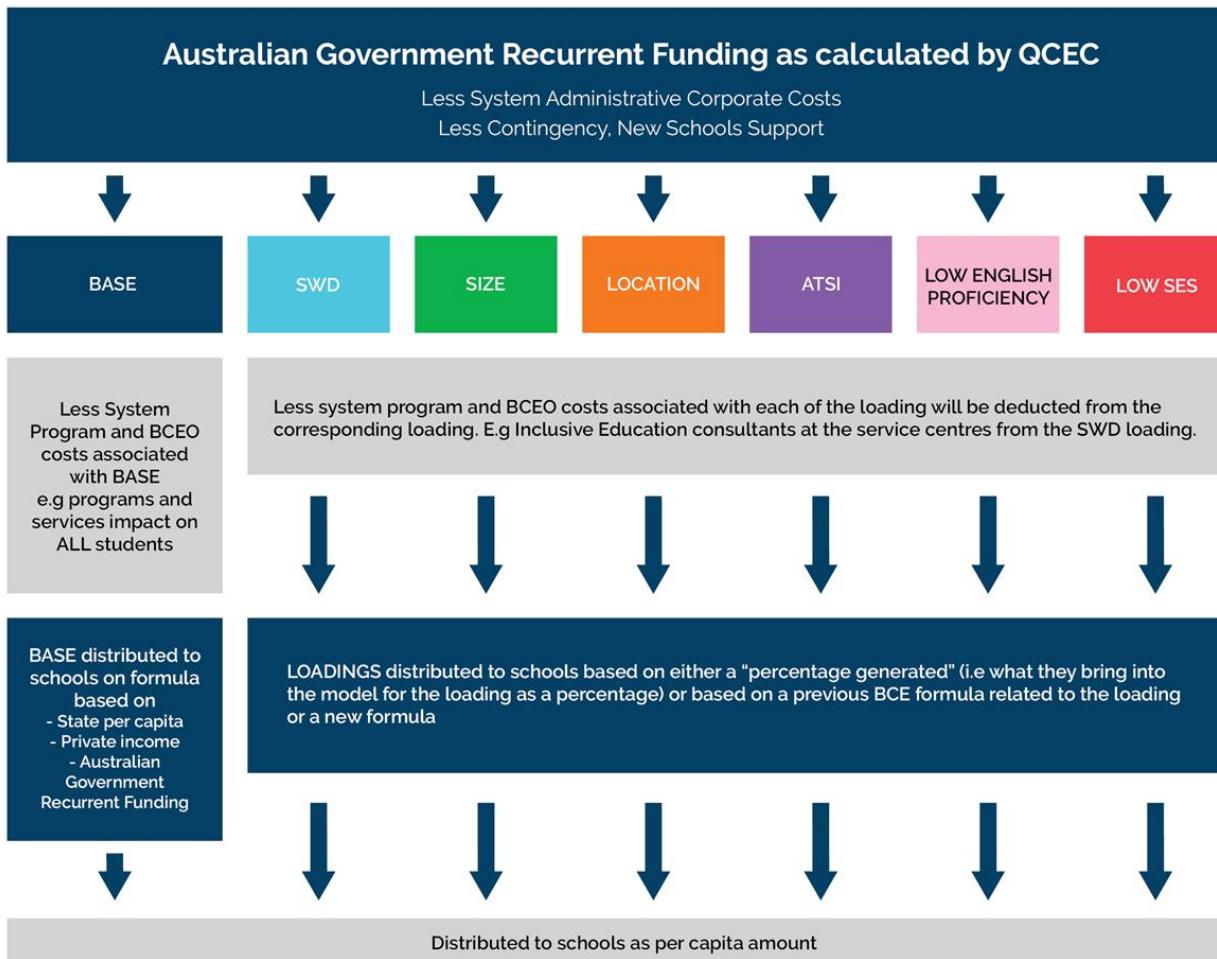


1.0 The Funding Distribution Model - Overview

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



State Government per capita grants flow directly to the school but are taken into consideration when calculating the Base component of AGRF.

2.0 BCE Central Program and Administration Costs

BCE central program 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.

3.0 Distribution to and deductions from the 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 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 directly to SWD students would come from the SWD loading.

4.0 Distribution of the Base and Loadings to BCE Schools

4.1 Base Component

The Base component represents an amount distributed to schools to support a student with minimal educational disadvantage to achieve an expected educational outcome. This amount is set in the Australian Education Act as the Schooling Resource Standard (SRS) and for 2020 is \$11,747 per primary student and \$14,254 per secondary student.

Before the Base component is distributed to schools, deductions in salary and costs relating to BCE programs impacting on all students are deducted from Base.

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)

An example is demonstrated below:

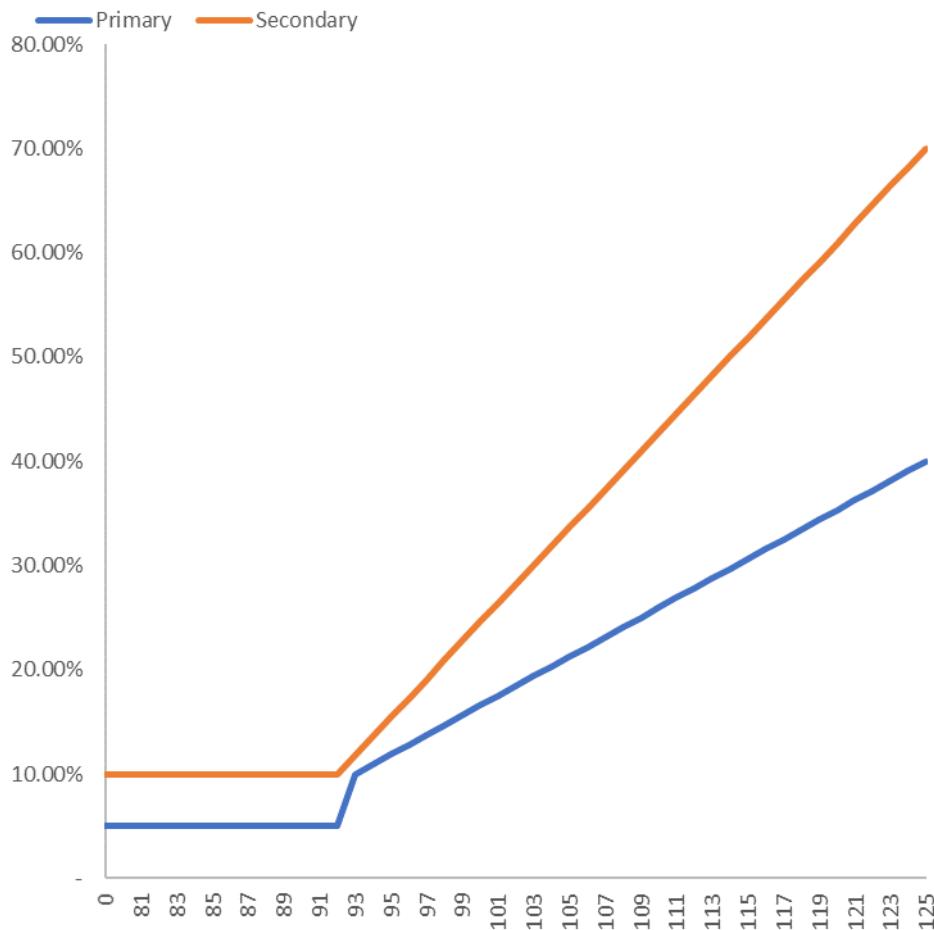
Primary SRS \$11,747	SES 90	SES 122
State Government Per Capita	\$1,104	\$1,104
*Capacity to Contribute (CtC)	\$ 548	\$5,078
Australian Government Recurrent Grant	\$9,301	\$3,974

*The school's CtC based on SES is will be set as a percentage of the SRS outlined in Graph 1.

It is important to note the CtC line established in the BCE funding distribution model differs from that in the Australian Education Act. Catholic Education System authorities have discretion to distribute funding according to its need. To continue to provide an affordable and accessible Catholic education for those who seek it, establishing a capacity to contribute that meets the mission of Catholic education is important.

There are several schools where recurrent private income is above or below the CtC line, for those schools above the CtC line, fees will need to be frozen or reduced, and those below their corresponding CtC, fees will need to increase. The Australian Government recurrent base funding component will be the lever used to manipulate fees to meet their CtC.

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



4.2 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.

During the financial modelling phase at a national Catholic education level, it was evident that in order to reflect fixed costs of education in small schools, the size bands represented in the Act did not encompass the issues faced in the size of schools in our system neither the quantum of funds per band.

The recommended Size loadings for the BCE Australian Government Recurrent Funding Distribution model are outlined in Table A and B.

Table A: Size Loading Distribution Table - Primary Schools

Band #	Enrolment Low	Enrolment High	Maximum Loading \$
1	0	50	\$400,000
2	51	100	\$400,000 - \$250,000

3	101	150	\$250,000
4	151	200	\$250,000 - \$200,000
5	201	300	\$200,000
6	301	400	\$200,000 - \$0

Table B: Size Loading Distribution Table – Secondary Schools

Band #	Enrolment Low	Enrolment High	Maximum Loading \$
1	0	200	\$750,000
2	201	400	\$750,000 - \$500,000
3	401	700	\$500,000 - \$250,000
4	701	900	\$250,000 - \$0

The cost of fully implementing the Size Loading exceeds the amount generated by the Act by approximately \$9m. It is recommended that this amount be deducted from the other loadings.

4.3 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.

4.4 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.

4.5 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.

4.6 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.

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.

4.7 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 size of the loading – 0.10% of the total funding, it is recommended that the top 5 schools that attract this funding receive the total amount of the loading to assist with running their language programs.

5.0 Transitioning Schools

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 funding methodology. The BCE system will need to full 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. Most of these schools will need to increase their fees to meet their SES capacity to contribute, as explained in 3.5.1.

Where a school is overfunded, needs to transition downwards and has no capacity to increase fees, it is recommended that school receives a minimum guarantee of a 3% per capita increase.