

# **A Response by AHISA NSW/ACT**

## **to the Research Papers commissioned by the Review Committee chaired by Mr David Gonski**

This paper constitutes a response from **AHISA NSW/ACT** to the four research summaries circulated, prepared by ACER, NOUS, Deloitte Access Economics, and Allens Consulting Group.

The Association of Heads of Independent Schools of NSW/ACT comprises an organisation of 113 members, each of whom is Head of an independent school. The schools themselves are diverse grouping, including about one third who are regionally located (including on both southern and northern borders), the others being metropolitan or outer metropolitan. Almost a third offer boarding, thereby providing access for children from distant parts of NSW and a small proportion from overseas. Whilst some are high fee, most are either mid- range or low fee schools, and the distribution of SES covers those at the highest levels, with a number below an SES index of 100. Aggregate student numbers represented are estimated to exceed 95,000.

The review Committee has invited submissions to assist it in determining future arrangements for the funding of independent schools in Australia. Specifically, four research reports have been provided in summary form, to which interested parties have been invited to offer their specific response.

### **Overview**

This is the first major review of government funding of schools since the Karmel Report in 1973. Since that time there have been various adjustments determined by government, without further major enquiry. The most significant of these was that of the Howard government when the SES arrangement effectively replaced the ERI system during the 1990's.

Australia is unique in the world for its funding assistance of independent schools. This has a long history, an important stage being in the 1960's when the elimination of tax deductibility for school fees led to direct funding arrangements by government.

This unique funding of independent schools has over the years generated ideological debate, yet it is arguable that it has also contributed to one of the most effective schooling systems in the world. Certainly, the proportional growth in non-government schooling (both in student and school numbers) ensures that government saves a considerable amount of money and resources which would otherwise have to be provided in the education budget. Funds saved in this way constitute both capital and recurrent money.

Despite such savings, which are financed by the parents of independent and catholic school children, ideologues have long opposed such funding support. This has continued despite the sustained and considerable growth of the non-government sector.

Shortcomings of funding for state sector schools are blamed on the non-government schools sector, when ironically enough, it is the existence of the latter which should permit greater, not less funding for the state sector. With anticipated growth in the numbers of children in schools over the next decade, it is important to recognise the economic realities of funding all school children.

The question then becomes a matter of what is the best arrangement to accomplish both the capital and recurrent needs of schooling- which constitutes the core of the present Funding Review. AHISA NSW/ACT offers the following response to the research summaries.

## **1 The Allen Consulting Group**

This group proposes the creation of a NSRSS (National Schooling Recurrent Resource Standard) to replace the AGSRC as the benchmark for recurrent funding.

There are two basic concerns with this:

- 1 There is no provision for capital resourcing. Reference is made to the possibility of allowing later consideration. Yet this is a major factor across all sectors of education. One key difference is that new independent schools have to acquire land, often at a very high price, before they can build. Building costs are on top of land purchase.

Independent and Catholic schools have already demonstrated in the recent BER exercise, their extraordinary efficiency in capital construction. It follows that financial support rendered to this sector gives high return- certainly higher than is presently evident in the State sector. One effective and efficient method is to provide interest subsidies for capital borrowings, but these have regrettably diminished substantially in recent years.

- 2 The NSRRS system proposal calculates loadings on the basis of a school's NAPLAN results. To forge a key link between a testing program which is in no way designed to do more than meet the central purpose of assisting children's academic learning and welfare, and the funding of schools is highly inappropriate. If funds are determined on the basis of academic ability test results, then the likelihood of test result manipulation is significant. It is easily achievable, but would contaminate the purpose and outcomes of the testing program. The two should in no way be connected.

Whilst there are shortcomings in the compilation of the AGSRC which omit particular cost assessments, the AGSRC benchmark has provided a constant index in calculating recurrent funding allocations. It is superior to the proposed NSRRS which for the reasons indicated is quite inadequate.

## **2 Deloitte Access Economics**

Deloitte Access Economics emphasises the relevance of optimal funding models.

This objective is qualified by such funding meeting 'public policy objectives'. Whilst funding assistance from public resourcing (ie via government) requires accountability, if public policy

emerges which is conditional in such a way as to inhibit reasonable levels of autonomy, then it may not in fact constitute '**optimal funding**'. The potential problem arises then if the policy makers create criteria which substantially change the relationship by imposing undue constraints on the autonomy of schools. Given the expressed support for autonomy (page , 1 penultimate paragraph), this would be counter-productive to the Deloitte argument.

- *"Well crafted funding models can enhance educational outcomes"*(Page 1, 3<sup>rd</sup> para). On the surface, this broad statement seems acceptable enough. However, by what criteria are such outcomes assessed? The implication more widely (and perhaps in the Deloitte paper) is that educational outcomes are synonymous with academic attainment. Such outcomes must cover a wide range of academic attainment, for academic value added must relate to all levels of ability. It is quite possible for a tertiary entrance score to be high, but in the context of that student, the outcome might be well below potential. Similarly a low TES for another student might well be a high quality outcome, the culmination of substantial effort and improvement.
- *"Decentralised funding models ....are more conducive to strong educational outcomes"* (page 1, 'Autonomy'). We concur with this view, recognising that centralised bureaucracies inhibit effective outcomes. This has been amply demonstrated in the recent BER capital funding situation.

Narrow interpretation of outcomes can exclude the important personal development in students, revealed in disparate ways such as in co-curricular achievement, behavioural improvement, or in terms of overcoming or effectively managing particular disability or disadvantage. Schools which provide such opportunity should be recognised when assessing outcomes. How such achievement is best measured is nevertheless highly problematic, defying simple measurement.

- *'Optimal funding levels ought to incentivise private contributions'*( page2, No 9.) The qualification which follows is unnecessary, and diminishes its value.
- *"High calibre funding models... combine different features .... and draw on the highest quality available evidence to inform their design and periodic review'* (Concluding paragraph). We concur with this principle. On the other hand, such models should not penalise those who provide self-help. It should not penalise those who successfully raise funds for the benefit of children in a particular school or sector.

### **3 ACER**

This report features the problem of appropriately funding disability and disadvantage in schooling. Present arrangements in non-government schools necessitate far higher levels of expenditure because of substantially lower funding per student than in state sector schools. There is no rational explanation for this dichotomy, its effect being to raise a particular school's fees to cover the high costs involved, particularly where extra staffing or capital infrastructure is required.

ACER proposes a **pooling** of funds based on indexation adjustments to recurrent funding. This arrangement is inferior to one which ensures that each student is individually funded, regardless of school, system, or sector attended.

Independent schools as a group are involved in each category of student disadvantage as listed by the ACER, although there is substantial variation in the involvement in each category in individual schools. Their interest in this aspect of funding is therefore significant, but as the ACER report indicates is at least partially inhibited by the often considerable infrastructure costs required to facilitate the attendance of a disabled student.

This report provides a useful diagnosis of issues relating to funding support for disadvantaged and disabled students. We regard it as vital that the issue be addressed, however further detail as to methods of funding would be necessary before a comprehensive response is possible.

## 4 NOUS

Of the four research documents, the NOUS report appears the more ideologically based. There is an underlying criticism of selective high schools, their drawing of more able students being portrayed as a negative because it leaves a residue of academically less able students. Their argument then leads to the implication that the non-government sector has the same effect. This outlook might be based on perceptions of more traditional and successful metropolitan independent schools. If so, it ignores the fact that numerous parents have for years sought solace in enrolling their children in non-government schools when they have been rejected by the selective high schools.

The majority of non-government schools are from mid to low range SES categories. The argument by NOUS that *'the movement of a bright child from a lower SES school to a higher SES school will undermine the quality of the remaining student body in the low SES school'* might well be tenable in theory. Yet student movement between independent schools is negligible, certainly after primary, leading one to the conclusion that there is just no practical application of this theory of performance stratification involving the non-government schools being able to select whom they enrol, this being a perceived source of inequity which should be addressed in new funding provision. Non-government schools must have the right to select students. This right is fundamental. Yet to assume that because of this, non-government schools simply select the most academically able, leaving the residue to state schools, is totally misleading. Among the large metropolitan non-government schools in NSW, (only one of which is for the most part academically selective) despite there being a representation of bright students (some of whom are academic scholarship students who otherwise would not be able to attend) there is a range of academic ability among students who are enrolled. Subject to there being places available, most non-government schools are in fact open to anyone who is prepared to pay the fees, and the issue of maintaining enrolments is a constant concern, because obviously this is the revenue source- the life-blood of an independent school. This situation refutes any notion of academic exclusivity, extending to a customary preparedness to accept children of parents who might not share the faith base of a particular school, if there are places available. Nor is it fair to assume that the independent sector is not prepared to accept children who are disadvantaged, disabled, or have a background of misbehaviour and anti-social activity. Such implications or assertions are demonstrably false.

The foregoing provides a balance to the NOUS report comment : *'put simply, if the schools can select the students who are likely to do best are allowed to, the schools that cannot choose (mainly the government sector schools) are left with a student body that is less supportive of good performance for each individual student who remains'*(second page, para 3) Other statements reinforce this view which draws the conclusion that because selective high schools might leave behind a residue of less able students, so do schools from the non-government sector. It is a false conclusion, but it leads regardless to an assertion that *'there should be limited autonomy over student selection'* (penultimate page, second dot point). We categorically reject any notion of an independent school being assisted in funding conditional upon its no longer being able to exercise freedom in its decision-making, particularly in student enrolment.

Such assumptions expose other aspects of inaccurate conclusions being drawn. For example, NAPLAN results show that most 'value-addedness' is occurring in the independent sector. Clearly, such schools are performing well, not because of the students they attract, but because of good educational practice therein.

A further questionable assumption is that students who go to selective high schools do in fact perform better. There is evidence which would challenge this, if value added is used as a measure rather than HSC results. Further, if such schools were performing to potential, where they draw the top 5% of intellectual ability, their results should produce a cohort of students, all of whom are in the top 5 percentile. It doesn't happen.

At the other end of the spectrum, is there in fact evidence to suggest that students attending 'residue' schools in fact perform worse(as implied) when value added is accounted for? This assertion is also questionable.

For such reasons the argument advanced by NOUS that public funds should not be used to subsidise *'those already well-resourced selective schools that are not providing value add'* is not sustained.

On the other hand it is noted that there should be *'pressure on schools to take on more under-performing students.....'*. This already occurs in the non-government sector, not because some external agency requires it, but because the students themselves, regardless of ability, pay fees. It is fundamental to the operation of such schools.

NOUS endorses the use of 'value add'. Whilst there can be administrative problems in accurately measuring the academic performance of all students, nevertheless for a majority it is possible. It is also commonly used, and the Naplan testing has been welcomed as a valuable resource. Yet it is essentially a measure of academic attainment and development, not of personal development. NOUS is attracted to academic attainment as a key measure of a school's achievements. Its section drawing comparisons within and beyond Australia is largely based on this (figure 2, page 3). Yet elsewhere there is the ready, indeed strong acceptance that there is more to education: *"Parents don't just look to schools to teach their children the basic curriculum to function in life and to secure good employment. **They rightly see schools as places that help shape the values and outlook of a person**"* (4<sup>th</sup> page, para3). This is in fact a commonly- stated rationale for the very existence of most, if not all non-government schools. Coupled with a desire for pastoral oversight, It is the most frequently stated reason given by parents as to why they have decided to enrol a child in a non-government school. It also negates the argument presented in this research document that funding

decisions should be connected to notions of academic performance. Although academic development is a core part of schooling, the development of each child incorporates other important dimensions as well.

The NOUS report provides an interesting, if challengeable account of factors affecting educational outcomes in Australia. Its focus is on educational equity, but the arguments as conveyed do not in our opinion translate into a basis for operating a revised funding formula.

We disagree with the recommendation that regional community bodies be established to support performance improvement in all schools. Putting aside the central problem of measuring such performance, the creation of another bureaucracy carries with it not only added substantial costs but also inevitable inefficiencies.

Implied in general comment, and indirectly in the NOUS discussion, is the view that non-government schools charge high fees- or at least do little for lower income families. The fact is that there are many such schools whose fees range between \$3000 and \$6000 annually. They are typically lower SES, and cater largely for a clientele which is inexperienced in independent schooling. Philosophically, their Boards are committed to retention of a low fee structure.

## **Conclusion**

We reject any inherent implication that problems which occur in the Government sector can be blamed on, or in some way are causally linked to the non-government sector. It is not our brief to suggest ways by which such matters within the government sector should be addressed, but the fundamental question must be why parents voluntarily pay fees to send their children to non-government schools, when there are alternatives which are available for minimal or no charge? Rectification of problems which might pertain to state sector schooling need resolution by giving careful attention to inherent problems, not by penalising the non-government sector .

Such fee paying parents considerably reduce financial pressures on the State education budget, which should result in more funds being available for schooling education than otherwise. Regardless of what philosophy drives future arrangements, we surely owe it to our school children of tomorrow to ensure that both capital and recurrent funding is sufficient in each sector to sustain and improve our education program throughout Australia.

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