



Independent Schools
Council of Australia

THE LONG SPOON: GOVERNMENT FUNDING OF INDEPENDENT SCHOOLS IN AUSTRALIA

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Bill Daniels, Executive Director of the Independent Schools Council of Australia, weighs the pros and cons of public subsidy for private schools in Australia.

Let me state right at the outset that, in Australia, government regulation of independent schools is not dependent on funding arrangements. Government regulation of curriculum, school operations and even how student results are reported to parents occurs within a regulatory framework that is quite separate to any of the conditions and accountability requirements linked to government funding. Before even one dollar of public subsidy can be applied for or granted, independent schools in Australia must meet state registration requirements – a lengthy and stringent process that determines whether and under what conditions a school can be established or continue to operate.

Independent schools, like other organisations, are also subject to legislation and regulations governing corporate operations, employment conditions, occupational health and safety, privacy, discrimination, building codes and so on.

Having said this, independent schools in Australia still retain a large measure of autonomy. They are by and large free to determine their own enrolment policies, to hire and fire staff, to materially reward staff who perform well, to determine how the curriculum is taught if not what is taught, and to offer co-curricular programs of their choice. These are all important freedoms in helping independent schools develop and maintain distinctive cultures.

Equally important is our schools' financial freedom. As government funding arrangements currently stand, acceptance of public subsidy does not limit the level at which independent schools can set tuition fees. However, not all students are eligible for the same level of subsidy.

How government funding works

In Australia, any Australian student attending a registered, not-for-profit independent school is eligible for federal government support of their education in the form of an annual general recurrent grant payable to the school. The amount of the grant is determined by the socio-economic status of the school attended. This is calculated by averaging the socio-economic status of the student population. The lower the SES score of a school, the more funding a student attracts, and vice versa.

As the high SES score schools are usually high-fee schools, there is in effect if not by regulation a relationship between fees charged and the level of public subsidy.

These per student general recurrent grants are expressed as a percentage of an index known as the Average Government School Recurrent Cost, or AGSRC. The AGSRC is a measure of what it costs governments to educate a child in a government-owned school. Students attending schools with the higher SES scores are eligible for a minimum of 13.7 per cent of the AGSRC while those attending schools with the lower SES scores are eligible for a maximum of 70 per cent of the AGSRC. There is a sliding scale between these two percentages according to SES score.

In Australia, because of this wide variation in eligibility for public subsidy we tend not to use the term 'voucher'. Instead the minimum grant available – the 13.7 per cent of AGSRC paid by the federal government – is known as a 'basic entitlement'.

In addition to federal government general recurrent grants, the eight state and territory governments make per student general recurrent grants for the non-government school sector. Again there is substantial variation in the level of subsidy for which students are eligible and the formulae for determining funding vary from state to state. Taking into account both federal and state government funding, a student at an independent school can be eligible for upward of around 20 to 25 per cent of the public funding available to a student attending a government-owned school. However, no student at an independent school receives the same level of subsidy as a student at a government-owned school.

Many independent schools are also eligible for grants for targeted programs (for example, quality teaching or literacy and numeracy programs) and some capital funding from both the federal and state or territory governments. On average, however, some 85 per cent of capital development funds for independent schools are contributed by parents and donors.

While government funding programs are far more complex than can be described in a brief article, what is important to note in comparing the U.S. and Australian situations is that, in Australia, all independent schools receive some government subsidy and a significant proportion receive relatively substantial government subsidy.

The influence of ideology

The condition that non-government schools be not-for-profit to be eligible for government funding has its roots in both history and political ideology.

In Australia the constitutional responsibility for schooling is vested in the eight state and territory governments, and largely they fulfil that responsibility by directly providing school education. Two-thirds of Australian students are educated in government-owned schools. It is possibly this traditional lack of distinction between provision and ownership that has hindered governments in Australia from approaching the delivery of school education in the same way they go about the delivery of other public services. While our governments might not blink at contracting private bus companies to provide public transport services, for example, they are still a long way from viewing schools as education service providers.

The result is that school ownership, not the service accessed by the student, is still the main criterion for determining how funding is distributed. There are basically two ownership categories – government and non-government. Religious affiliation is not an impediment to government funding for schooling in Australia, but historically religion is a contributing factor to the differentiation in government subsidy between school providers. The secular nature of government-owned schools is legislated in each state's constitution.

There is a strong ideological push — particularly from teacher unions — to equate “public education” with government ownership of schools and to view non-government schools as undermining public education. In a nation where one-third of students are enrolled in non-government schools and where in nearly all capital cities over 40 per cent of secondary students are educated in non-government schools, this view is difficult to maintain, but the ideology runs deep. It is countered, of course, by the equally strong demand for choice and the expectation of parents that they have a right to at least some public subsidy of their child's schooling costs irrespective of which school that child attends.

In 1962 the parents of students in a Catholic systemic school in a small country town in New South Wales protested this issue by fronting up to the local government school to enroll their children. It was a pointed demonstration of how much governments in Australia relied on the non-government sector to meet the increased demand for secondary schooling after the Second World War, and by 1965 non-government schools were receiving some general recurrent funding.

Forty years later we are now at a point where the federal government is studying the feasibility of introducing a funding voucher for students with disabilities. Currently, students with disabilities lose substantial funding support and access to free government services such as Braille when they enroll in a non-government school. A voucher, which effectively allows “funding to follow the child”, would represent a huge shift in attitude to schooling provision in this country.

The benefits of government funding

In Australia the non-government schools sector enrolls just over 32 per cent of students. The sector comprises Catholic systemic schools (representing some 20 per cent of total school enrolments) and independent schools (with 12.5 per cent of total enrolments). In 2002-03 the 2,670 non-government schools in Australia and their 1.1 million students attracted some \$AUS5.2 billion in government funding and it would be fair to say that non-government schools would not enjoy either their enrolment share or be able to offer the same quality of education without this substantial underwriting by government. At the same time, it should

be noted that the federal, state, and territorial governments each year harvest some \$AUS4.2 billion in private contribution to school education in Australia — in the form of private school tuitions paid directly from families — and that the overall quality of Australian schooling would certainly suffer without that contribution.

The primary advantages of government funding for Australian independent schools are, therefore, access and diversity. On the one hand, funding allows schools to serve students from a more diverse socioeconomic group than would otherwise be possible. And on the other, government funding can make viable the establishment of schools by minority ethnic or religious groups (such as our indigenous community schools) or schools with non-mainstream educational philosophies (such as Montessori and Steiner schools).

Supping with the devil

While government regulation is part and parcel of Australian independent school life irrespective of funding, there is a considerable administrative burden attached to funding that relates primarily to financial accountability. This is particularly onerous for smaller schools, and costly for all. The federal government has now legislated a number of new regulations as conditions of its funding that aim to increase the educational accountability of schools in all sectors. Benchmark testing – a condition of funding for the last decade – has been extended and parameters set for the format of reporting student achievement to parents. Schools must also publicly report on a range of performance measures including student and staff retention.

These new reporting requirements are onerous and undermine school autonomy. However, in some states such measures are already part and parcel of school registration requirements. Schools have to meet more stringent accountability measures because they provide an important public service, not necessarily because they receive public subsidy. From this perspective, government funding can be seen as the sweetener to a bitter pill rather than a poisoned chalice.

But the real devil that lurks in public subsidy to independent schools is that it is decided and delivered by governments, governments that are, by their very nature, party political. Ideological variation in government means political vulnerability for independent schools.

Governments have little compunction in varying funding arrangements according to their ideological beliefs or budgetary restraints. And so funding levels can vary from election to election or, in the case of state budgets, from one year to the next. In Australia, the federal government has established through legislation four-year funding arrangements for schools, which does give some stability and certainty to schools. The state of Victoria has also just introduced quadrennial funding arrangements for non-government schools but the other states and territories have yet to follow.

Adding to this vulnerability is the fact that the state and territory governments are not only sources of funding for independent schools, they are both our regulators and our competitors. Australia is facing a decline in its school age population and governments must soon decide whether to wear the political cost of government school closures and continue to reap the benefits of shifting a significant proportion of schooling costs on to parents

through the support of non-government school, or to shore up their own enrolment share by limiting growth in the non-government sector. One state has already made steps along the latter route. Some states may well take the former, in which case independent schools could expect more and tighter regulation at least in the areas of governance and reporting.

On balance, independent schools in Australia have benefited from government funding. However, the more the sector grows, the louder the ideological opposition becomes. New funding models that have recently been suggested would make public subsidy of independent schools conditional on fee levels and enrolment policies or outright 'integration' into the government sector. At a point where independent schools would lose their ability or freedom to build distinctive cultures or differentiate themselves from other schools, they might indeed think the spoon needed to sup from government coffers far too long for comfort.

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