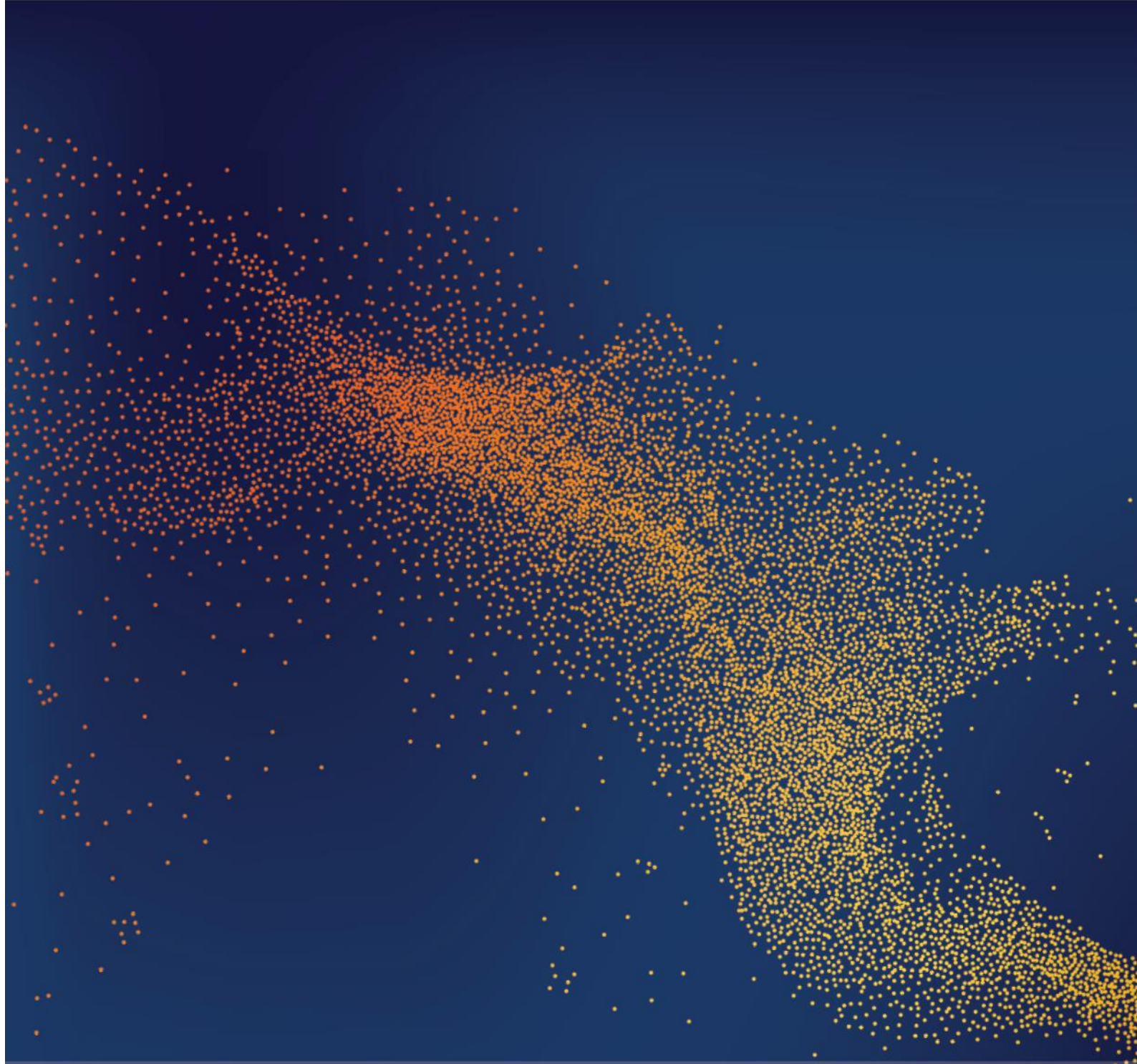

Evaluation of the Student-Centred Funding Model

Department of Education

29 August 2018

VICTORIA UNIVERSITY
MELBOURNE AUSTRALIA
CIRES
Centre for International Research on Education Systems
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Contents

Glossary

ABS	Australian Bureau of Statistics
ACARA	Australian Curriculum, Assessment and Reporting Authority
ADHD	Attention Deficit Hyperactivity Disorder
AIEO	Aboriginal and Islander Education Officer
ARIA+	Accessibility/Remoteness Index of Australia
ATAR	Australian Tertiary Admission Rank
BMW	Building Management and Works *(Department of Finance)*
CIRES	Centre for International Research on Education Systems
CTP	Country Teaching Program
DOTT	Duties Other Than Teaching
EA	Education Assistant
EAL	English as an Additional Language
EBA	Enterprise Bargaining Agreement
ELB	Enrolment Linked Base
ESC	Education Support Centre
ESS	Education Support School
FASD	Foetal Alcohol Spectrum Disorder
FTE	Full time equivalent
ICSEA	Index of Community Socio-Educational Advantage
IDA	Individual Disability Allocation
IEC	Intensive English Centre
IPS	Independent Public School
MCEECDYA	Ministerial Council for Education, Early Childhood Development and Youth Affairs
MCS	Manager of Corporate Services
MTP	Metropolitan Teaching Program
NCCD	Nationally Consistent Collection of Data
Nous	Nous Group
NSRB	National School Resourcing Board
OECD	Organisation for Economic Cooperation and Development
OOHC	Out-of-Home Care
OSI	Online Student Information
PSD	Program for Students with Disabilities
PSEMA	*Public Sector Employment and Management Act (NT)*
SCFM	Student-Centred Funding Model
SEA	Socio-Educational Advantage
SEI	Socio-Economic Index
WA	Western Australia
WACE	Western Australian Certificate of Education

1 Executive summary

Background to the evaluation

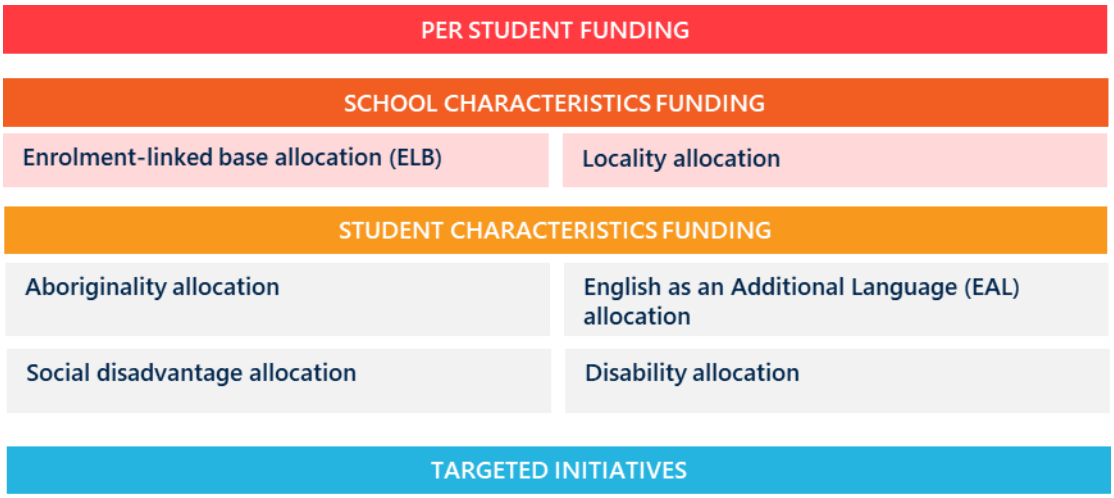
Before 2015, resourcing for Western Australia (WA) public schools was determined through a complex process focused on staffing allocations and grants. The complexity of this process meant it lacked transparency, treated similar schools differently, and provided minimal flexibility for principals to respond to specific student and school need. Based on two reviews conducted in 2012[1], the WA Department of Education (the Department) introduced the Student-Centred Funding Model (SCFM) in 2015. The objectives of the Department in designing the SCFM were to:

- Allocate funding based on the learning needs of individual students.
- Ensure funding is responsive to differences in the circumstances of individual schools and their students.
- Improve flexibility for principals to make financial and workforce management decisions.
- Achieve a simple and transparent funding model.

In addition, the settings in the SCFM were designed to shift investment towards the early school years.

The SCFM allocates funding to schools on the basis of the elements shown in Figure 1-1.

Figure 1-1: Funding elements in the SCFM



The evaluation

Nous Group (Nous) and the Centre for International Research on Education Systems (CIRES) at Victoria University were engaged by the Department to evaluate the SCFM against the objectives three years after implementation. The evaluation gathered and analysed qualitative and quantitative data about the SCFM

[1] S Lamb & R Teese, Development of a school funding model for Western Australian public schools: report on funding and options, report prepared for the WA Department of Education, Melbourne, 2012 and Centre for Research on Education Systems, Transition to a student-centred funding model, report prepared for the WA Department of Education, Melbourne, 2012.

to arrive at a series of findings and recommendations, summarised in this report. The evaluation process included 11 focus groups with principals and Managers Corporate Services (MCS) plus a survey of all schools.

Overarching key findings of the evaluation

This report is structured around the four objectives of the Department in designing the SCFM. There are two overarching key findings that transcend this structure:

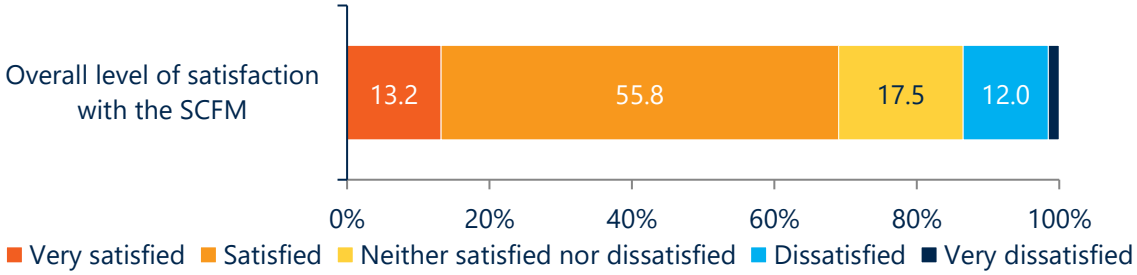
Key finding 1: The design of the SCFM is consistent internationally and nationally with good practice as a needs-based school funding mechanism

In the recent Organisation for Economic Co-operation and Development (OECD) review of school funding mechanisms around the world, formula funding[2], as exemplified by the SCFM, was found to be "the most efficient, equitable, stable and transparent method of distributing funding for current expenditures to schools". [3]

Key finding 2: Principals strongly endorse the SCFM as an improvement over the previous funding arrangements and as providing them the flexibility to better target need and to manage resources

Engagement with principals through the focus groups and survey revealed that they have a strongly positive view of the overall functioning of the SCFM and a significant majority believe the SCFM is a significant improvement over previous school funding arrangements.

Figure 1-2: Satisfaction with aspects of the SCFM (based on survey responses)



These key findings are a critical outcome of the evaluation and all remaining key findings and recommendations should be considered in the context of these two findings.

Evaluation findings – flexibility

Under the SCFM, all schools receive a one line budget, meaning that principals can decide how to use the resources they are allocated. This includes determining the proportion that will be used to meet salary and non-salary costs. This approach is intended to give principals flexibility to direct resources towards meeting specific school and student needs.

[2] Defined as "the use of objective criteria with a universally applied rule to establish the amount of resources that each school is entitled to"
[3] OECD (2017), "Distributing school funding", in *The Funding of School Education: Connecting Resources and Learning*, OECD Publishing, Paris.

Key finding 3: The integrity of the SCFM requires that the significant majority of school funding is allocated through the SCFM

In 2018, funding through the SCFM accounts for 95% of total Department funding for public schools. The remaining 5% consists of 133 separate targeted initiatives. Maintaining the proportion of targeted initiatives at or below this level is required to maintain the integrity of the SCFM. The use of targeted initiatives to drive specific interventions is both inevitable and desirable. However, if targeted initiatives were allowed to accumulate over time to account for a more significant proportion of funding, they would undermine the flexibility and simplicity of the design of the SCFM. Schools would have to keep track of multiple funding lines and acquit the funding against specific targeted initiatives. This would compromise the linkage between student need and funding.

Recommendation 1: The SCFM should be the mechanism for allocating at least 95% of departmental funding to public schools.

- Implement a review of the collective profile of targeted initiatives every three years.

Key finding 4: The design of the SCFM has increased flexibility for principals to meet the specific needs of a school and its students

Principals report that the SCFM design has increased their flexibility and that they have been empowered by its introduction. Over 75% of survey responses agreed or strongly agreed that the SCFM design provides flexibility to target their school and student needs. Support was particularly strong from education support centres and schools (ESCs and ESSs) and larger schools. Through the focus groups, principals provided a broad range of examples of how they use the enhanced flexibility provided by the SCFM design to make financial and workforce decisions to best meet the needs of their schools and students.

Key finding 5: Some policies relating to the budget cycle and expenditure constrain the flexibility of schools to plan ahead

While the SCFM was designed to improve the flexibility to make financial decisions, this flexibility can be diminished due to some funding policy settings, in particular:

- The first cash gateway being after the confirmation of budgets in March/April.
- The requirement to spend 96% of the budget within the calendar year.
- Policies and processes relating to capital works expenditure.

As a result of these policy settings, some schools experience cashflow issues in Term 1, multi-year planning is difficult for some schools, and workforce planning and management can be challenging.

Many principals also raised the issue of students arriving after the census date being 'unfunded students'. While this appears to be a problem for a small minority of schools, at a system level the census is at the optimal time of year for the Department to count as many students as possible.

Recommendation 2: Enable improved cashflow management for schools by adjusting current policy settings, including:

- Introduce a cash payment gateway early in Term 1.
- Enable medium term cash planning for schools by changing the 96% expenditure requirement to be a rolling three year target with further guidance to schools around how to manage significant expenditure requirements within the 96% requirement, including minor capital works.
- Maintain the overall expectation that schools should spend their funding in the school year in which it is received.
- Provide further guidance on when and how to seek additional funding for students that are not counted at February census.

Key finding 6: The SCFM operates within broader policy settings that can constrain principals' workforce flexibility

The SCFM interacts with broader system-wide workforce policy settings that have been put in place to manage the complexities of a workforce of nearly 40,000 Full-Time Equivalent (FTE) staff across more than 800 schools. As such, some trade-offs between system-wide imperatives and school-level flexibility are inevitable and desirable. Specifically:

- Permanency requirements combined with redeployment policies limit schools' flexibility to match workforce to school and student needs, particularly for students with disability, and impose costs on schools that are not explicitly recognised.
- Class size requirements may constrain schools' ability to tailor learning to student need.

Recommendation 3: Internally monitor and analyse the impact on schools of redeployment policies, including the requirement for schools to absorb surplus staff.

Evaluation findings – simplicity, transparency and accountability

Key finding 7: The design of the SCFM has improved transparency of funding allocations, but the underpinning mechanisms are not always clear to schools

The allocation of funding through the SCFM is transparent at a school level, particularly in comparison to the previous funding arrangement. The underpinning mechanisms that allocate funding to schools are clearly articulated and readily available to schools through the SCFM manual and guidance documents. Only 9.5% of survey respondents think that the design of the SCFM does not achieve the objectives of simplicity and transparency.

However, there are three aspects of transparency that can be improved:

- The intent of certain funding lines, particularly the ELB.
- The detailed mechanisms for underpinning certain funding allocations, with several common misperceptions about how the SCFM allocates funding.
- True workforce costs, as schools are charged salary costs by the Department on the basis of notional average salaries rather than actual salaries. As a result, the model overstates the level of funding for some schools, particularly those in remote and very remote areas and with low Index of Community Socio-Educational Advantage (ICSEA) values, and understates for others (particularly those in inner regional areas).

Recommendation 4: Explore options to improve the transparency of salary funding by internally reporting on actual workforce costs.

- In the short-medium term, retain the current approach of funding notional salary costs and introduce internal annual reporting on how the differential between actual and notional salary costs differs in aggregate across school type, ICSEA values and locality.
- Examine the benefits and implications of potential options to move to an approach of funding individual schools on the basis of actual salary costs rather than notional salary rates.

Key finding 8: The design of the SCFM provides the foundation for stronger accountability, but there is room for improvement

The transparency of the SCFM funding allocations and of schools' ongoing financial positions (including through the School Resourcing System and Schools Online) facilitates accountability to school councils/boards and broader school communities. The level of school and principal accountability depends on an engaged and proactive school council/board, and the broader school community. This can vary across schools, with principals reporting that there is typically lower engagement in more disadvantaged areas.

Principals are held accountable by the Department through Funding Agreements, but there is limited line of sight between funding, expenditure and student outcomes. With increased flexibility for how schools spend their funding, there should be a sharper focus on the outcomes being achieved. However, this involves a difficult trade-off between two objectives:

- Holding schools to account for the achievement of students' educational and related other outcomes, and their use of funding to achieve those outcomes.
- Avoiding input controls[4] – i.e. prescription on how funds ought to be used.

An additional objective should be to minimise reporting requirements on schools.

Defining those outcomes and how they are measured can be challenging given the dynamic of some school environments and the fact that there are other factors in play that are outside the control of schools. However, it is critically important that the Department be in a position to track the impact of its investments, and to analyse which interventions work best for different types of schools and student cohorts.

Recommendation 5: Enhance accountability of schools to the Department through more rigorous monitoring of outcomes and financial management.

- As part of the ongoing consideration of a new approach to school review, establish enhanced mechanisms for principals to report to the Department on the outcomes of government funding.
- Enhance reporting on schools' use of funding to enable sharing of information on good practice and what works, without reverting to separate accountability for individual funding allocations.

Key finding 9: While Departmental support mechanisms, tools and guidance are useful, the focus is on understanding mechanisms rather than building capability

Support through training and guidance is used and appreciated by school staff, but they feel less supported compared to the time of the introduction of the SCFM. The SCFM planning and forecasting tools and the operational dashboard have made it simple and easy to plan ahead. While supporting

[4] Targeted Initiatives may still require greater definition of inputs as they are for specific programs

software systems are seen as useful, principals consistently identified issues that could be addressed to further improve support provided through the systems.

Training and support can focus more on building capability of principals to use the flexibility of the SCFM design for improved student outcomes rather than focusing on building understanding of the mechanisms used to allocate funding. Training and support should be linked to the Department's leadership strategy.

Recommendation 6: Establish mechanisms for ongoing refinement and improvement of the SCFM.

- Establish a process for principals to provide ongoing advice and input to the Department on continuing to evolve and improve the design of the SCFM and how it is used by schools.
- Maintain current capacity in the Department to provide ongoing advice to the Department's corporate executive on the operation of the SCFM and potential improvements.

Recommendation 7: Consistent with the Department's leadership strategy, build the capability of school leaders to use the funding and flexibility provided through the SCFM to deliver student outcomes.

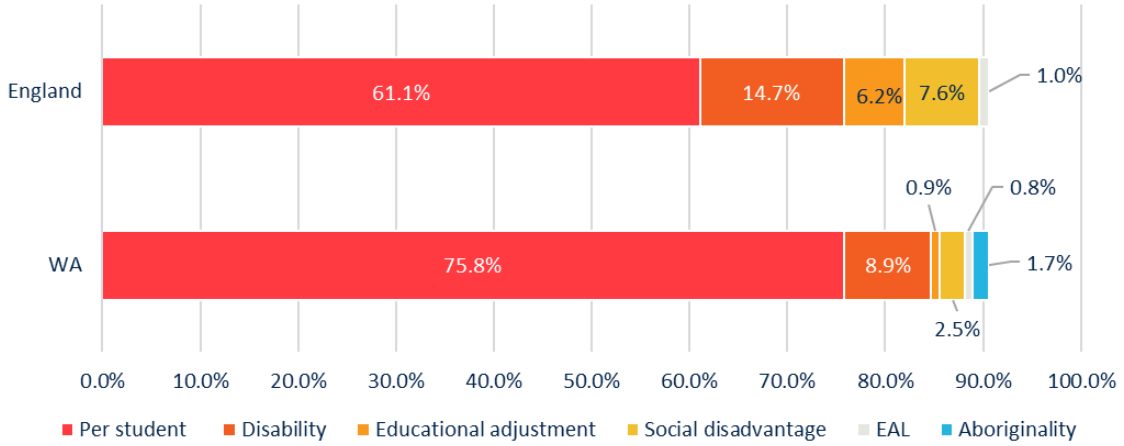
- Continue and, where necessary, enhance the provision of training and support from the Department to school leaders (particularly principals and MCSs), including both clear and regularly updated guidance on the mechanisms used to allocate funding and support to use the SCFM to deliver student outcomes.
- Establish peer support mechanisms to raise capability amongst principals and other school leaders through the sharing of best practice and innovation.
- Support networks of school board/council chairs to build awareness and capability in the SCFM such as including an overview of the SCFM in board/council training.

Evaluation findings – overall balance of funding

Key finding 10: The SCFM allocates funding in a way that is generally consistent with good practice in Australia and internationally

The allocation of funding through the SCFM is consistent with a needs-based approach and is similar to other jurisdictions. For example, the funding models in both WA and England allocate around 90%. of total school funding based on student led factors (including per student funding, Aboriginality, disability, educational adjustment, EAL and social disadvantage in WA).

Figure 1-3: Interjurisdictional comparison between key student led funding lines[5]



Key finding 11: The SCFM settings have resulted in a shift in funding towards earlier school years and stage weights are broadly consistent with other jurisdictions

The SCFM settings have resulted in a shift in funding towards earlier school years. However, this is balanced by industrial relations settings, which drive higher cost settings in secondary schools through a combination of class size requirements and time provisions for duties other than teaching contained in teachers' Enterprise Bargaining Agreements (EBAs).

The resulting approach to stage weights in the SCFM settings is broadly consistent with other Australian jurisdictions.

Key finding 12: Schools are generally satisfied with per student funding, and adapt to meet school and student need

Most schools have a positive view of the per student funding and stage weights, with some exceptions. For example, during the focus groups, a number of primary school principals raised the relatively low stage weights for Years 4-6 as a concern.

In practice, principals design class structures based on class size requirements, teacher seniority, student need and school characteristics rather than the amount of per student funding allocated to different year levels.

Evaluation findings – responsiveness to school needs and circumstances

Key finding 13: The combination of per student and school characteristic funding is in line with other jurisdictions and best practice

The formula for the core funding for schools comprises the per student funding, ELB and the locality allocation. This combination is provided to ensure schools are able to provide a quality school education to students and meet operating costs. The exceptions to this are additional funding required to support certain high needs students, covered by student characteristics funding, and additional funding for specific

[5] The equivalent of per student funding in England is Basic per-pupil funding largely consisting of the Age Weighted Pupil Unit. The equivalent of the educational adjustment in England is low prior attainment funding. The equivalent of social disadvantage in England is deprivation funding.

programs and school specific costs, covered by targeted initiatives and operational responses outside of the core SCFM elements.

The ELB allocation is provided to support smaller schools that have insufficient funding through the per student funding alone to meet fixed costs. Other Australian jurisdictions include funding elements intended to ensure that schools have sufficient funding to meet their minimum operating requirements. Some jurisdictions (such as New South Wales and South Australia) are more prescriptive in defining the specific cost allocations within this. Victoria, which has a more flexible and autonomous design of funding, has a similar approach to WA with a base funding amount that is tapered according to enrolments.

Recommendation 8: Maintain the combination of per student funding, ELB and locality allocation as the core of the SCFM.

- Reaffirm to stakeholders that the combination of per student funding, ELB and locality allocation is intended to fund a quality education for the vast majority of students in the vast majority of schools, including a range of different school and student characteristics.

Key finding 14: The SCFM settings provide core funding that is appropriate for most primary schools and allows for significant surplus for many ESCs/schools

Analysis of average per student funding and costs reveals that current SCFM settings provide sufficient per student, ELB and locality funding for most primary schools, particularly metropolitan schools with more than 200 students. Smaller primary schools in remote and regional locations are experiencing some challenges in ensuring costs are in line with funding.

ESCs/schools appear to be relatively well funded, resulting in significant surpluses and accumulating bank account balances.

Key finding 15: Current settings create financial pressures for some schools with small secondary cohorts and do not adequately recognise economies of scale for very large secondary schools

Most secondary and combined schools receive appropriate levels of funding relative to their typical costs. However, before the 2018 'equity adjustment', many schools with small secondary cohorts had marginally sufficient funding to cover modelled minimum costs, and larger metropolitan secondary schools benefitted from economies of scale that result in funding significantly exceeding modelled minimum costs.

In the metropolitan area, 30% of secondary schools have fewer than 800 enrolments, reflecting historical demographic patterns and decisions to not amalgamate schools. In addition, there are many unavoidably small secondary and combined schools in regional areas.

The ability of small schools to provide a broad curriculum is an ongoing issue in many jurisdictions, not just WA. Funding alone cannot address the issue. The related issues of curriculum expectations and class sizes are key to understanding the effectiveness of the SCFM settings in funding schools with small secondary cohorts. Many of these schools operate with relatively small class sizes to deliver mandatory curriculum requirements in Years 7-10 and to provide curriculum breadth in Years 11-12. As a result, the SCFM settings may underestimate the financial pressure on schools with small secondary cohorts.

SCFM settings before the 2018 'equity adjustment' allowed very large secondary schools to benefit from economies of scale beyond 1,200 students (when the ELB reduces to zero). Since the introduction of the SCFM, this has become more of an issue as a result of significant growth in some large secondary schools.

Before options to adjust the SCFM settings to better deal with schools with small secondary cohorts and larger secondary schools can be finalised, further analysis and consultation are required on two issues:

- Clear articulation of expectations for curriculum breadth and the use of alternative delivery modes (including increased use of collaborative models of curriculum delivery and technology) in schools with small secondary cohorts, recognising differences between metropolitan and regional settings.
- Developing a comprehensive evidence base including analysis of relative cost differences arising from school type, size and location needs.

Recommendation 9: After building a stronger evidence base, explore options to adjust model parameters to better support schools with small secondary cohorts and to recognise the economies of scale for larger secondary schools.

- Review the relative cost differentials for operating different school types and sizes, in different locations.
- Articulate clear expectations for breadth of curriculum in schools with small secondary cohorts and the use of alternative curriculum delivery modes, recognising that expectations will be dependent on the circumstances of different school contexts.
- Understand the differences between schools with small secondary cohorts in metropolitan and regional areas, and design solutions accordingly.

Key finding 16: The 2018 'equity adjustment' and small senior schools targeted initiative were appropriate as interim measures

In response to the issues described in Key Finding 15, in 2018 the Department introduced an 'equity adjustment' for large secondary schools (resulting in a decrease in per student funding) and a small schools targeted initiative for small secondary schools (providing additional funding). Minimum cost modelling conducted for the evaluation suggests that these measures were appropriate as interim measures. However, there are lessons to be learned from their implementation, particularly around timing and coverage.

Recommendation 10: Continue the 'equity adjustment' and small schools targeted initiative with some refinements as an interim measure subject to the implementation of Recommendation 9.

- Ensure transparency of the ongoing adjustment, including through communication earlier in the annual budget and planning cycle.
- Consider the applicability of funding for all schools that must maintain small secondary cohorts (some secondary schools, combined schools, primaries with secondary students).
- Communicate the continued 'equity adjustment' as a temporary measure to be replaced by changes in line with Recommendation 9.

Key finding 17: Some schools are significantly impacted by a transient student population

Through the consultation stage of the evaluation, schools raised a number of school characteristics with funding implications that are not explicitly addressed by the settings of the SCFM. Most of these are expected to be covered by a schools' core funding from the per student funding and existing school characteristic funding. Adding specific funding allocation lines to the SCFM settings to cater for every variation in school characteristics would undermine the simplicity, transparency and flexibility of the SCFM design. However, the evaluation has identified sustained student transiency as an issue that merits attention.

Some schools, especially in regional areas, can be significantly impacted by a transient student population, which creates additional costs in managing high inflows and outflows of students and poses additional workforce planning and management challenges.

Recommendation 11: Explore adjustments to ensure that the SCFM explicitly deals with schools with high rates of student transiency.

- Consider introducing a funding element into the SCFM settings that is linked to sustained high rates of transiency. Any adjustment should be made with consideration of Recommendation 13 as high rates of transiency and disadvantage are correlated.

Key finding 18: Locality funding supports schools with higher costs but may not adequately reflect differences between locations

The locality allocation is an important part of the SCFM settings that provides funding to eligible regional and remote schools to recognise additional costs associated with their location. However it may not adequately cover all increased costs due to locality. Principals are generally satisfied with the approach, but identified three categories of costs that are not adequately covered: freight, professional learning and utilities. High utilities costs in certain locations (particularly in the Kimberley and Pilbara) may be best dealt with through a targeted initiative rather than through the model as they are specific to a subset of regions and not correlated to measures of locality. Enhanced recognition of freight costs and professional learning costs requires a change to the measure currently used to calculate the locality allocation, potentially by adding road distance to Perth to the current measure that is based on the Accessibility/Remoteness Index of Australia (ARIA+).

Recommendation 12: Enhance the current approach to locality funding.

- Implement a blended locality funding approach that combines ARIA+ and road distance to Perth.
- Explore options for a targeted initiative for schools in the Kimberley and Pilbara to address very high utility costs in those regions.

Evaluation findings – responsiveness to student needs and circumstances

Key finding 19: Funding for social disadvantage is an essential part of the SCFM, and the current measure is appropriate

Funding for social disadvantage is a fundamental part of school funding models across the world including Australia. The funding is provided to enable schools to make adjustments for students from socially disadvantaged backgrounds to improve their education outcomes. Through the survey, WA schools strongly supported its inclusion in the SCFM.

The current measure used to identify students facing disadvantage generally identifies the right number of students at each school. The SCFM uses a measure of Socio-Economic Advantage (SEA) based on the occupation and level of education of each of the student's parents or carers. This data is collected by schools and validated using statistical modelling to adjust for any missing data. The SEA measure correlates well with other indicators of disadvantage that are collected through the Online Student Information (OSI) system.

Key finding 20: Funding for disadvantage through the SCFM is thinly spread and negated by other factors

Social disadvantage funding is a significantly smaller percentage of total school funding in WA compared with other comparable jurisdictions. In WA, 2.5% of total funding is allocated to social disadvantage, with

an additional 1.7% for Aboriginal students. In Victoria, 5.5% of total funding is allocated to social disadvantage, and in England this figure is 7.6%.

Further, the $78 million allocated to this funding allocation is widely distributed across all schools, resulting in a 'long tail' of schools that receive a small amount of disadvantage funding. This reduces the amount of disadvantage funding available to schools with high concentrations of disadvantage.

The SCFM settings as a whole are progressive, but this progressivity is offset by locally raised funds and the Department's approach to funding salaries, particularly for secondary schools.

Key finding 21: Current SCFM settings do not adequately address the compounding nature of disadvantage

Schools with high concentrations of students with mutiple factors of disadvantage require a disproportionate level of educational adjustment and therefore resourcing. The SCFM settings could better target disadvantage funding to account for multiple compounding factors of disadvantage for individual students and high concentrations of disadvantage within certain schools. Other jurisdictions have dealt with these challenges by either introducing a concentration threshold below which a school receives no disadvantage funding, or increasing loadings for more disadvantaged students, or some combination of both.

Student behavioural issues are identified by many schools as an area of student need that is perceived to be correlated with disadvantage. The SCFM settings indirectly provide funding for student behaviour issues through multiple mechanisms.

Disadvantage is linked to other issues that exacerbate challenges for schools with high concentrations of disadvantage. For example, schools with high concentrations of disadvantage:

- tend to be smaller and risk being 'residualised'
- are more likely to have a high transiency rate
- have a less senior workforce profile.

Recommendation 13: Increase the level and targeting of funding for socio-economic disadvantage.

- Improve the targeting of existing funding for disadvantage, Aboriginality and educational adjustment to schools with higher concentrations of disadvantage, including by setting concentration thresholds.
- Explore options for increasing the level of funding for socio-economic disadvantage from other components of the SCFM and/or other sources.
- Continue to fund need associated with student behavioural issues through the per student funding and disadvantage allocations of the SCFM.

Key finding 22: Improving outcomes for disadvantaged students requires a focus on identifying and disseminating good practice

Educational outcomes remain highly correlated to disadvantage. Changing the way that disadvantage is funded through the SCFM (in line with Recommendation 13) is only part of the solution to this challenge. Funding for students facing disadvantage is provided to schools to enable them to make adjustment for these students to improve their education outcomes. The effectiveness of this funding depends on the effectiveness of the adjustments (initiatives, strategies and programs) that schools implement.

Developing an evidence base of what works in making adjustments for disadvantage in a WA context is important both to disseminate good practice, and to inform future needs-based estimates of the level of funding required to make effective adjustments.

Recommendation 14: Build and disseminate an evidence base for what works in making adjustments for disadvantage in a WA context.

- Conduct research and analysis into best practice in making adjustments for disadvantage, including by drawing on the experience of 'positive outlier' schools.
- In future iterations of the SCFM, use this body of evidence to inform the costing of the disadvantage funding.

Key finding 23: Separate funding for Aboriginal students is appropriate but could be better targeted to those at an educational disadvantage

The Aboriginality allocation is provided to help close the education achievement gap between Aboriginal and non-Aboriginal students. In addition to the Aboriginality allocation in the SCFM settings, many schools receive a number of different targeted initiatives and in-kind external funding to support the educational needs of Aboriginal students.

While accepting that Aboriginality is not itself a form of disadvantage, studies of education achievement and education opportunity have identified that, after controlling for a variety of other influences (such as socio-economic disadvantage, prior achievement, remote location, and language skills) there remain clear gaps in achievement and education progress associated with Aboriginality. Aboriginal students from the same social backgrounds do not do as well at school as non-Aboriginal students, suggesting that further resources are needed to assist them achieve better outcomes.

Key finding 24: The process to determine funding to support students with disability is perceived to be inconsistent, time-consuming and incomplete

Funding for students with disability is designed to respond to different levels of functional and educational adjustment. The SCFM settings have two components of disability funding:

- The Individual Disability Allocation (IDA) provides support based on students with eligible disability based on application, approval and review.
- The educational adjustment allocation provides funding to mainstream schools to implement programs and learning supports for students with additional learning needs.

Schools are generally supportive of disability funding and of the appropriateness of the current level of funding. However, the process for assessing eligibility for the IDA is perceived by schools to be inconsistent, unclear and time-consuming. There is also inconsistency in how disability funding is applied between different school settings, with automatic Level 4 allocations being made for students with an IDA Level 1-3 in education support schools (ESSs) and ESCs but not to mainstream schools (including those with specialist inclusion facilities for students with a disability).

Recommendation 15: Improve the process for assessing the level of educational adjustment required for students with disability.

- Improve communication of the process, outcomes and decision-making.
- Explore alternative options for assessing educational adjustment requirements, including the use of the Nationally Consistent Collection of Data (NCCD).

Recommendation 16: In the interim, ensure equal funding of students with an IDA Level 1-3 across school types.

Key finding 25: There is limited evidence that the educational adjustment allocation targets undiagnosed student disability

The educational adjustment allocation is provided to mainstream schools to implement programs and learning supports for students with additional learning needs. No formal diagnosis of disability is required for these students. The educational adjustment allocation for a school is based on the proportion of students in the bottom 10% of NAPLAN reading. This is intended to be a proxy indicator to identify the proportion of students with additional learning needs that require learning adjustments and support. However, in practice, it is more a proxy for disadvantage at a school level.

Key finding 26: The method for funding EAL needs could be more targeted to learning needs

The EAL allocation of the SCFM provides a per capita amount to all eligible students, increasing as the proportion of these students within a school increase. The funding for EAL is based on length of time in Australia in the relevant level of schooling, not directly based on English proficiency.

Recommendation 17: Modify the approach to EAL funding to target funding on the basis of learning need (proficiency).

2 Background to the evaluation

Public school funding in WA prior to 2015 lacked transparency

Before 2015, public school funding in WA was determined through three main mechanisms: (1) school staffing entitlement (teaching and school support), (2) school grant, and (3) special purpose payments. These arrangements were modified by numerous multipliers and adjustments. For example, the school staffing entitlement was based on the number of enrolments, adjusted for special needs, programs, year levels and circumstances of schools. The school grant calculation was based on multiple factors, including enrolments, year levels, school type, location and student needs.[6] The complexity of these arrangements meant it lacked transparency with similar schools being funded differently.

Options were developed for a new school funding model

In 2012, the Department commissioned a review to develop options for improving how schools were funded in WA[7] (referred to henceforth as the *2012 options report*). The review identified key features of a new model that would best align to the local context of WA and to individual schools. For example, the review found that some of the weightings in WA were not consistent with other jurisdictions, with WA providing proportionately more funding to secondary education compared to primary education. The review also made the case for greater equity in funding to enable schools to make adjustments for socio-economically disadvantaged students. Building upon the findings in the *2012 options report*[8], the Department commissioned a second report that provided advice on the transition to a student-centred funding model and the key features of that proposed model (referred to henceforth as the *2012 transition report*).

The SCFM was designed to better meet student and school needs

The SCFM was introduced in 2015 with the aim of providing a more simple, transparent and equitable resource allocation model, centred on the educational needs of students and responding to school circumstances. Principals would be provided with more flexibility to use their resources to best meet the needs of their students and the contexts of their schools. The settings of the model recognise the large body of research that shows investing early in a child's life improves: school readiness; literacy and numeracy competencies; school attendance; and participation and engagement with schooling. It did so by shifting some resources from secondary into primary years.

In summary, the objectives of the Department when developing the SCFM were to:

- Allocate funding based on the learning needs of individual students.
- Ensure funding is responsive to differences in the circumstances of individual schools and their students.
- Improve flexibility for principals to make financial and workforce management decisions.
- Achieve a simple and transparent funding model.

[6] S Lamb & R Teese, Development of a school funding model for Western Australian public schools: report on funding and options, report prepared for the WA Department of Education, Melbourne, 2012.
[7] Ibid
[8] Centre for Research on Education Systems, Transition to a student-centred funding model, report prepared for the WA Department of Education, Melbourne, 2012.

The SCFM is designed to provide resources to schools on a per student basis, after accounting for school and student characteristics[9] (summarised in Figure 2-1). The SCFM settings are set to reduce the inequities between schools with students of similar backgrounds, size and location, as well as the difference in funding relativities between primary and secondary schools. The SCFM is also designed to be simple in the allocation of funding to schools and transparent about the trade-offs made to allocate finite resources fairly and equitably. The transparency of the funding model and its allocations is intended to improve the predictability of school funding from year to year, based on enrolments and specific school and student characteristics.

A total of 86% of public schools received their budget allocation through the SCFM in 2015. In implementing the SCFM in 2015, adjustments were moderated to align with the revised Western Australian Certificate of Education (WACE) requirements and the finite funding available in that year for distribution. It also provided schools with time and capacity to align their structures and programs to their new funding levels. These transition adjustments were made to ensure no school would lose more than $250,000 or 5% of its previous year's budget in any one year.

Figure 2-1: The Student-Centred Funding Model resource allocation

PER STUDENT FUNDING

- An amount of funding (based on a per student price) is provided for each student enrolled in a school at the February census.
- There are five different amounts depending on the year level of the student: Kindergarten, Pre-primary to Year 3, Year 4 to 6, Year 7 to 10, and Year 11 and 12.

SCHOOL CHARACTERISTICS FUNDING

Enrolment-linked base allocation

- Provided to smaller schools to supplement the per student amount to meet standard operating costs.
- The amount reduces to zero once the per student funding generates sufficient resources.

Locality allocation

- Provided to eligible schools in remote and outer regional areas to supplement the per student amount to meet additional costs unique to their localities.
- Isolation/remoteness measured by ARIA+.
- Calculated as a % of per student amount + ELB.

STUDENT CHARACTERISTICS FUNIDNG

Aboriginality allocation

- Provided for eligible students based on information provided by parents on student enrolment records.
- Funding increases progressively as the proportion of Aboriginal students in the school exceeds five per cent.

English as an Additional Language allocation

- A flat rate is provided to each eligible student.
- Eligibility is based on the number of years in Australia and previous schooling.
- Funding increases progressively as the proportion of eligible students in the school increases.

Social disadvantage allocation

- Provided for each student in the lowest three social disadvantage deciles.
- The highest amount of funding is for students in the lowest decile.
- Funding increases progressively as the proportion of eligible students in the school increases.

Disability allocation

- There are seven levels of funding based on disability type, degree of disability, and level of teaching and learning adjustment.
- An educational adjustment is provided to schools based on the proportion of students in the bottom 10% of NAPLAN results.

TARGETED INITIATIVES

Funding through targeted initiatives are provided to specified schools for strategic programs and services, Commonwealth funded programs, operational responses and reimbursements, and for resources provided to schools through education regions.

[9] Ibid

3 The SCFM evaluation

Nous and the CIRES were engaged by the Department to evaluate the SCFM against the Department's objectives three years after implementation.

Evaluation objectives

The SCFM evaluation presented in this report is built around two fundamental questions:

1. How effective has the SCFM been in generating funding allocations that are responsive to school and student needs while increasing the flexibility and transparency of school resourcing?
2. Are there opportunities to refine the SCFM within a finite pool of funding to better meet the objectives?

More specifically, the SCFM evaluation assesses the extent to which the Department has achieved the objectives of:

- Allocating funding based on learning needs of individual students.
- Funding being responsive to differences in the circumstances of individual schools and their students.
- Improving flexibility for principals to make financial and workforce management decisions.
- Achieving a simple and transparent funding model.

Evaluation approach

The evaluation gathered and analysed qualitative and quantitative data about the SCFM to arrive at a series of findings and recommendations. Specifically, the evaluation activities included the following:

i. A ***desktop review*** of primary and secondary source material.

ii. A series of 10 half-day ***focus groups*** that engaged directly with principals and MCSs - four metropolitan and six regional, plus a focus group with unions and professional associations. Schools were selected for participation based on a representative sample of schools with differing characteristics and contexts.

iii. A ***survey*** seeking feedback from all 792 schools in WA that receive their funding through the SCFM. There was an 82% useable response rate from principals and MCSs. Further detail on the survey methodology can be found in Appendix F.

iv. A ***quantitative analysis of parameters and measures*** that built on the desktop review to obtain an overview of how the SCFM operates. The main quantitative analysis activities were:

- the principal survey results (both in 2011 and 2018)
- school financial data, including SCFM funding allocations and school expenditure
- school features and characteristics data, including location, enrolment and student characteristics.

v. ***Interviews*** with principals and other staff familiar with the SCFM at 11 schools. These contextual interviews provided deeper insight into the behaviours, needs and issues of schools when using the SCFM.

vi. A ***deep-dive analysis*** on the staffing expenditure patterns from the schools involved in the contextual interviews. This provided a deeper quantitative insight into how schools expend their resources in practice.

vii. ***Synthesis*** of the findings from these sources and the development of findings and recommendations.

Evaluation report

This report includes the findings and recommendations of the evaluation. It is presented in three sections, as follows:

- **Section 4** has the **overarching key findings** from the evaluation. All other findings and recommendations should be considered in the context of these key findings.
- **Section 5** has a series of key findings and recommendations relating to the **flexibility and transparency** of the SCFM.
- **Section 6** has a series of findings and recommendations relating to the **responsiveness** of the SCFM settings, both to students and individual schools.

Further supporting information is in a series of appendices which are cross-referenced as appropriate throughout the report.

4 Overarching key findings of the evaluation

The SCFM evaluation approach and report are structured around the four objectives of the Department in designing the SCFM (see Section 3). There are two overarching key findings that transcend this structure which are summarised below. These key findings are a critical outcome from the evaluation and all remaining key findings and recommendations should be considered in the context of these findings.

Key finding 1: The design of the SCFM is consistent internationally and nationally with good practice as a needs-based school funding mechanism.

Key finding 2: Principals strongly endorse the SCFM as an improvement over the previous funding arrangements and as providing them the flexibility to better target need and to manage resources.

The implication of these key findings is that the recommendations presented in this report present opportunities to fine tune the SCFM, rather than calling for wholesale or radical reforms to the model.

4.1 The design of the SCFM is consistent internationally and nationally with good practice as a needs-based school funding mechanism

In 2017, the OECD published a review of school education funding across member states. It found that formula funding[10], as exemplified by the SCFM,"is the most efficient, equitable, stable and transparent method of distributing funding for current expenditures to schools" and outlines the lessons from the introduction of such models around the world.[11] Needs-based funding models have been introduced in many jurisdictions in the United States, Canada as well as in Europe. They all contain similar elements: allocations of funding directly to schools on a per-pupil basis with the amount calculated using a base amount for the 'average student' to which is added amounts determined by weights assigned to various categories of students, such as students learning English, those from low-income families, and those with disabilities. Some jurisdictions add an adjustment for certain year levels and others for small schools or those in remote areas. Still others distribute funds for vocational education and other special programs using the same approach. Key examples are provided by New York[12], Alberta[13], California[14], and the Netherlands[15] among others.

[10] Defined as "the use of objective criteria with a universally applied rule to establish the amount of resources that each school is entitled to"
[11] OECD, "Distributing school funding", in The Funding of School Education: Connecting Resources and Learning, OECD Publishing, Paris, 2017.
[12] New York City Department of Education, Fair Student Funding: Budgets that put students first, 2017. http://schools.nyc.gov/Documents/FSF/FSF-Public-Overview-6.11_FINAL.pdf
[13] Alberta Education, Funding Manual for School Authorities 2017/2018 School Year, 2017. http://www.education.alberta.ca/admin/funding/manual.aspx
[14] L Hill. & I Hugo, Implementing California's School Funding Formula, 2015. http://www.ppic.org/content/pubs/report/R_315LHR.pdf
[15] E Fiske and H Ladd, The Dutch Experience with Weighted Student Funding, 2010. http://journals.sagepub.com/doi/pdf/10.1177/003172171009200108

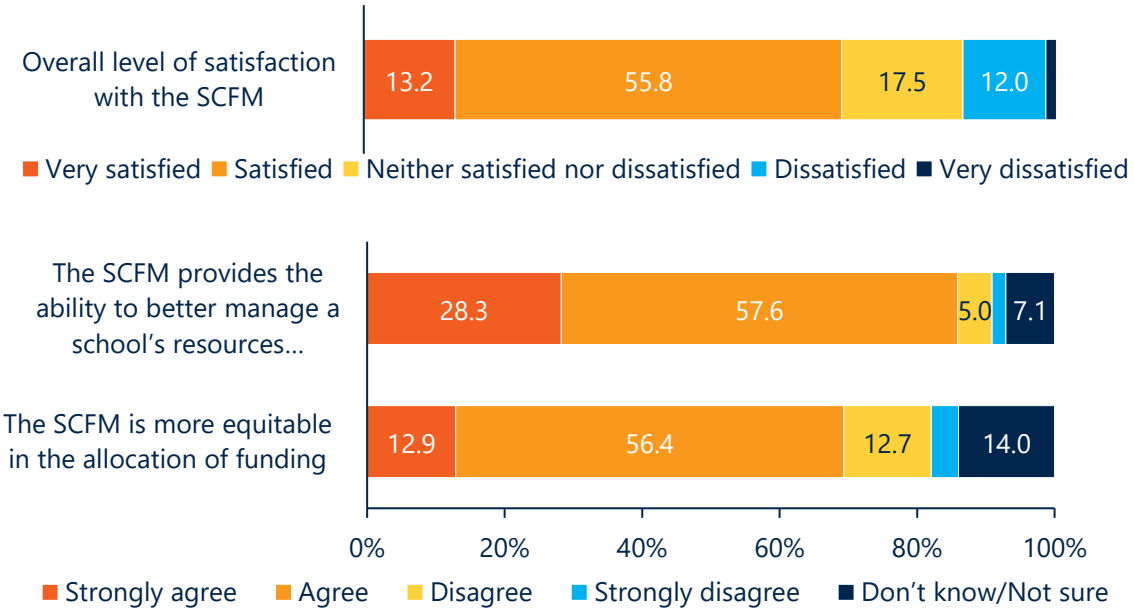
There is a high level of consistency between the SCFM and the approach outlined in the national review of school funding.[16] The Review panel recommended that all recurrent funding for schooling, whether Commonwealth or state and territory, be based on a new schooling resource standard which consisted of per student amounts with loadings for the additional costs of meeting certain educational needs of students and schools. It is also consistent with approaches to school funding developed and implemented in a number of other Australian states and territories such as New South Wales[17], Victoria[18], and the ACT[19].

4.2 Principals strongly endorse the SCFM as an improvement over the previous funding arrangements and as providing them the flexibility to better target need and to manage resources

Throughout the focus groups and in the survey responses, there is strong support for the SCFM. Almost without exception, focus group participants support the principles and intent of the SCFM and a large majority believe the SCFM is a significant improvement over previous school funding arrangements.

The survey results echo the views expressed at the focus groups with 78% of respondents indicating they are either very satisfied or satisfied with the SCFM. An even higher proportion of respondents (86%) either agree or strongly agree that the SCFM provides the ability to better manage school resources, and 69% either agree or strongly agree that the SCFM is more equitable in allocating resources compared to the previous school funding arrangements (see Figure 4-1).

Figure 4-1: Satisfaction with aspects of the SCFM (based on survey responses)



[16] Australian Government, Review of Funding for Schooling—Final Report, 2011. https://docs.education.gov.au/system/files/doc/other/review-of-funding-for-schooling-final-report-dec-2011.pdf
[17] New South Wales Department of Education The Resource Allocation Model (RAM) in 2018, 2018. https://schoolsequella.det.nsw.edu.au/file/ae037557-622a-4f15-9d1b-2f3ca8c3ea26/1/2018%20RAM%20Overview.pdf
[18] Victorian Department of Education, The Student Resource Package (SRP) Guide, 2018. https://www.education.vic.gov.au/school/teachers/management/finance/Pages/srpabout.aspx
[19] ACT Education Directorate, Student Resource Allocation (SRA) in ACT Public Schools, 2018. https://www.education.act.gov.au/school_education/sra-program

5 Evaluation findings – flexibility and transparency

International evidence points to the need for funding to be allocated in a transparent and predictable way if it is to be effective, as it allows schools to manage resources over the short and medium terms[20]. Applied appropriately, flexibility over using the budget has a positive impact on school leadership, teaching and learning[21], although autonomy over curriculum and student selection does not improve teaching and learning in public schools[22].

This section presents the key findings and recommendations of the evaluation relating to flexibility (Section 5.1) and transparency (Section 5.2).

5.1 To what extent has the SCFM improved flexibility for principals to make financial and workforce management decisions?

Through the SCFM, all schools receive a one line budget, meaning that principals can decide how to use the resources they are allocated. This includes determining the proportion that will be used to meet salary and non-salary costs. Such an approach is intended to give principals the flexibility to move funding between salary and cash budgets, and to direct resources towards meeting specific school and student needs. This sub-section presents four key findings relating to whether this intent is realised.

- **Key finding 3: The integrity of the SCFM requires that the significant majority of school funding is allocated through the SCFM.**
- **Key finding 4: The design of the SCFM has increased flexibility for principals to meet the specific needs of a school and its students.**
- **Key finding 5: Some policies relating to the budget cycle and expenditure constrain the flexibility of schools to plan ahead.**
- **Key finding 6: The SCFM operates within broader policy settings that can constrain principals' workforce flexibility.**

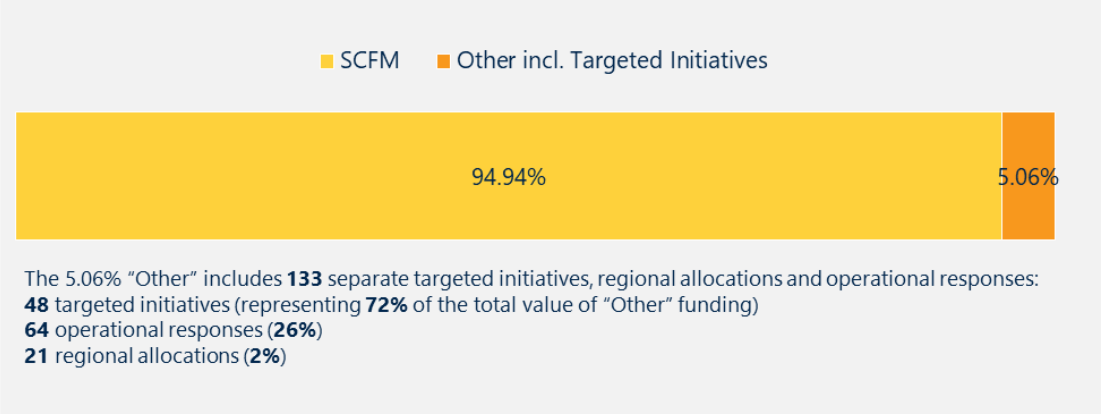
5.1.1 The integrity of the SCFM requires that the significant majority of school funding is allocated through the SCFM

In 2018, SCFM funding accounts for 94.94% of total Department funding provided for public schools. The remaining 5.06% comprises 133 separate targeted initiatives (see Figure 5-1). Maintaining the proportion of targeted initiatives at or below this level is required to maintain the integrity of the SCFM. If targeted initiatives were allowed to accumulate over time to account for a more significant proportion of funding, they would undermine the flexibility and simplicity of the SCFM. Schools

[20] OECD, The Funding of School Education: Connecting Resources and Learning, OECD Reviews of School Resources, OECD Publishing, Paris, 2017.
[21] Ibid.
[22] Nous Group, Schooling Challenges and Opportunities, Nous Group, Melbourne, 2011.

would have to keep track of multiple funding lines and acquit the funding against specific targeted initiatives. This would compromise the linkage between student need and funding.

Figure 5-1: SCFM and targeted initiatives as a % of total funding 2018



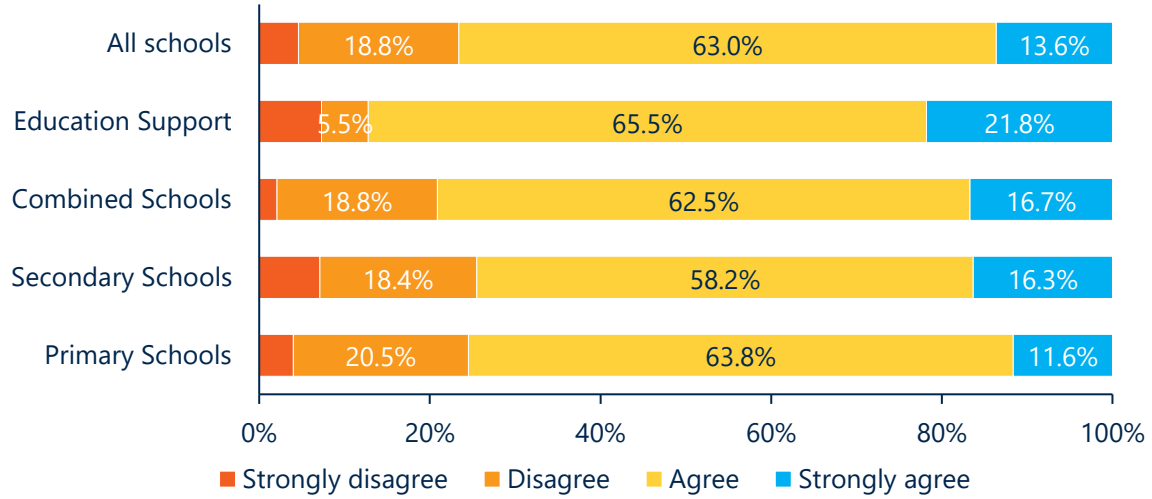
Recommendation 1: The SCFM should be the mechanism for allocating at least 95% of departmental funding to public schools.

- Implement a review of the collective profile of targeted initiatives every three years.

5.1.2 The design of the SCFM has increased flexibility for principals to meet the specific needs of a school and its students

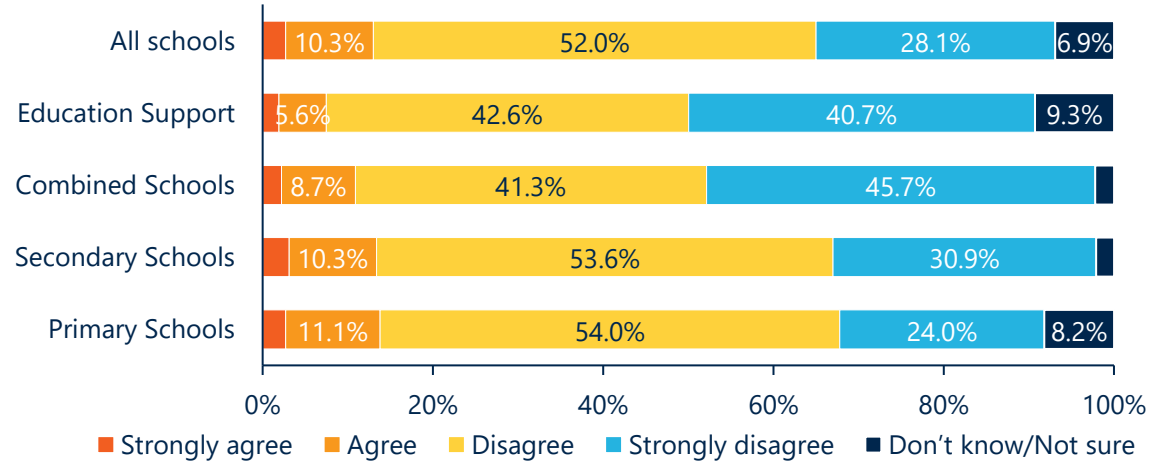
Principals perceive that the design of the SCFM has increased their flexibility and they feel more empowered by its introduction. Overall, over 75% of survey responses agreed or strongly agreed that the design of the SCFM provides flexibility to target their school and student needs. Over 85% of ESCs and ESSs agree or strongly agree (see Figure 5-2). A greater proportion (80.7%) of larger schools (primary schools with over 600 enrolments and secondary schools with over 1200 enrolments) indicated that the SCFM provided them with flexibility to target school and student needs (see Appendix A, A.1-Figure 1). This is likely due to having a larger funding base and more practical opportunities to exercise discretion over where that funding goes.

Figure 5-2: Survey results: Extent that the SCFM provides flexibility to target school and student needs[23]



The majority of survey respondents saw the design of the SCFM as offering more flexibility in managing finances, compared to the previous school funding arrangements. As Figure 5-3 shows, only a small minority (13%) of all schools agreed or strongly agreed that the SCFM design provided less flexibility than before.

Figure 5-3: Survey results: Agreement that SCFM provides less flexibility in managing finances in comparison with the previous arrangements[24]



Principals provided a broad range of examples of how they use the enhanced flexibility provided by the SCFM design to make financial and workforce decisions to best meet the needs of their schools and students. These examples are grouped into three categories:

The ability to fund programs targeted at high-needs cohorts of students

Some schools have used the flexibility provided through the SCFM to provide additional support programs to particular cohorts of high-needs students. Examples include allocating teacher time to targeted programs designed to improve literacy and numeracy, implementing resilience programs for students with

[23] Note: Q8_2 The SCFM provides me the flexibility I need to target school and student needs, n = 649
[24] Note: Q19_4 Compared to the previous funding mechanism, the SCFM provides less flexibility in managing finance, n = 637

mental health needs and providing a breakfast club that provides for disadvantaged students. Schools also noted that the increased autonomy and flexibility allows them to trial new support programs and only continue with those programs that achieve the best outcomes.

Tailoring the workforce profile of the school

Although salaries are paid centrally, principals observed that the flexibility over their workforce profile is an improvement over the previous staffing formula that dictated the number (FTE) and type of staff that the school needed to employ. Principals can structure classes based on their students' education and behaviour needs and how this aligns with the capabilities of their teachers and/or target funding to specific staffing types. This flexibility has enabled principals to (among other things):

- Use smaller class sizes to respond to the needs of a particular cohort of students.
- Identify opportunities to put students with additional support needs in the same class to pool Education Assistant (EA) resources to provide the most amount of EA time to their students.
- Be more flexible with how they use relief for teaching and non-teaching staff on leave, with principals able to determine whether relief is necessary and effectively 'banking' the salary to use on other student programs or professional development activities for staff.
- Increase specialist staff time (e.g. school psychologist) to cater to high-needs students.
- Increase administrative staff time to reduce teacher workload in providing support to parents.

Shifting funding between staff and non-staff costs

Based on 2017 expenditure and revenue data, over 86% of school expenditure was used to fund salaries. The ability to shift funding between salaries and cash allows schools to innovatively use their funds to meet student needs. For example, a secondary school with a small number of Aboriginal students used the funding it received to purchase TAFE traineeships instead of hiring a part time Aboriginal and Islander Education Officer (AIEO) as it would have done under the previous staffing formula. This flexibility allows principals to determine the appropriate balance between salaries and cash budget for the specific context of their school.

Among all school types, 60% of principals considered that the design of the SCFM either mostly or fully achieved the provision of flexibility in managing the profile of a school's workforce, with over 75% of principals either agreeing or strongly agreeing that the SCFM design provided more flexibility in managing the school's workforce than the previous mechanism (see Appendix A, A.1-Figure 2).

It is noted that the consultation responses about improved flexibility could also reflect, in part, the impact of the introduction of Independent Public Schools (IPS) – with 80% of schools now an IPS, compared to 57% when the SCFM was introduced in 2015. Schools that moved to the IPS model would have experienced greater autonomy more generally over their workforce regardless of the introduction of the SCFM. Therefore, the flexibility afforded by the SCFM means that all schools have the same flexibility regardless of IPS status.

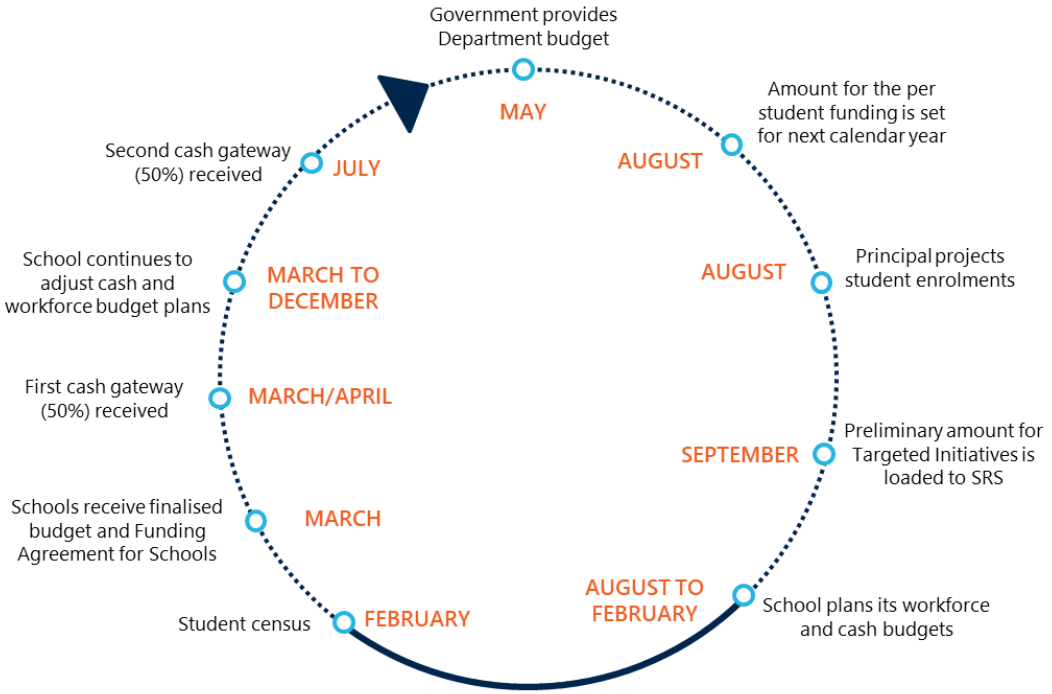
5.1.3 Some policies relating to the budget cycle and expenditure constrain the flexibility of schools to plan ahead

While the SCFM was designed to improve the flexibility to make financial decisions, this flexibility can be diminished due to some funding policy settings, in particular:

- The timing of the census and the confirmation of school budgets after the school year has commenced (see Figure 5-4)

- The first cash gateway being received after the confirmation of budgets in March/April.
- The requirement to spend 96% of the budget within the calendar year.
- Policies and processes relating to capital works expenditure.

Figure 5-4: Annual school budget cycle



Collectively, these policy settings impact schools in three main ways:

Some schools experience cashflow issues in Term 1

Under the SCFM, schools currently receive their first cash gateway towards the end of Term 1 (typically in late March) and their second cash gateway in July. The timing of the first cash gateway depends on school operational budgets being confirmed after the census data has been collected in February. This differs to the previous school funding arrangements where schools received their first payment in early February. By way of comparison, schools in other jurisdictions are provided with their cash payments earlier in the school year. For example, in the Northern Territory schools receive a cash payment in January and then another in July[25]. In Victoria[26], schools receive a payment at the start of the four school terms; the first payment is based on projected enrolment numbers and the remaining payments are then adjusted to reflect the final operational budget.

"The allocation of funds in late Term 1 is a severe handicap to effective planning and accountability"

"...not getting our money until the end of April is a challenge"

"It is appropriate to link funding to Census, however schools should receive their allocation straight after Census, not 7 weeks later."

"Schools have to have 96% of the budget spent at the end of each year and have to rely on funds carried over until April each year"

Consultation feedback

[25] Ernst & Young, Government School Funding in the Northern Territory: review of the Global School Budgets Funding Model, report prepared for the NT Department of Education, 2017.
[26] Victorian State Government Education and Training website, School Financial Guidelines, accessed on 20/6/18 at http://www.education.vic.gov.au/school/teachers/management/finance/Pages/srpmanagepayment.aspx.

Throughout the consultation process, principals and MCSs argued that the first cash gateway is received too late and 15% of survey respondents raised the issue in open-ended questions.

The impact of receiving the first cash payment late in Term 1 is that either through constrained budgets or financial management capability, some schools do not have enough carried forward funds to make purchases before the first cash gateway. This leads to some schools feeling 'anxious' about expenditure early in the school year or delaying expenditure until after the budget is confirmed and the first payment received.

The requirement to spend 96% of the school budget in the calendar year compounds this issue, as schools are limited in their ability to put aside funds from one year to use in the first part of the next calendar year prior to the first cash gateway.

Some schools have managed this cashflow challenge by converting their salary variance at the end of the school year to cash and carrying forward these funds to the next calendar year. These schools tended to be large secondary schools as their relatively larger budget gives them more flexibility to carry a salary variance from one year to the next.

Schools with cashflow issues do have the ability to contact the School Funding branch of the Financial Planning Directorate to request an earlier cash payment if required, although some schools had either not heard of the process or perceived it to be too difficult and time consuming.

Multi-year planning is difficult for some schools

> ***"The requirement to spend 96% of funding in the year is onerous. It does not allow for forward planning and is a real stress to ensure it is spent. Eventually schools will not have sufficient funds set aside for improvements, new high cost resources etc".***
>
> ***"The 96% minimum spend rule has had a negative impact upon our long term improvement plans".***
>
> Consultation feedback

7% of survey respondents reported concerns with the 96% spending requirement in open-ended questions. This issue was particularly raised by combined schools, schools located in Midwest and in remote WA. Some principals remarked that this requirement restricts their ability to save and plan over a three-year strategic planning cycle, making planning for medium priorities more difficult. Examples provided of expenditure that needs to be planned for over a multiple year horizon include replacement of ICT assets and expenditure on minor capital works.

Throughout the consultation process, the realities of capital expenditure requirements on buildings was cited as a constraint on flexibility. At the outset of the SCFM, it was intended that capital works and scheduled maintenance be paid for centrally[27] and in the most recent guidance given to schools, it is indicated that funding through the SCFM should be for activities such as cleaning, gardening and asset replacement[28]. Some schools comment that the process for applying for central funding for capital works through Building Management and Works (BMW) is slow, not transparent and sometimes does not provide them with sufficient funding. With the perceived difficulties of this process, some schools with capital works requirements are allocating funding received through the SCFM (and reserves) to fund capital expenditure such as building a new school block, replacing leaking roofs and constructing outdoor play areas, even though major capital expenditure is not intended to be funded through the SCFM.

[27] Department of Education, Student-Centred Funding Model and One Line Budgets: A New Way of Resourcing and Working, 2014.
[28] Department of Education, Student-centred funding and one line budgets: Per student funding 2018, 2017.

The timing of the census and budget finalisation makes workforce management challenging

9% of survey respondents raised the issue that planning their workforce based on projected enrolments is a challenge, and 15% raised the issue of late budget finalisation impacting workforce planning.

The final operational budget for schools is calculated on enrolment data collected in the February census and then confirmed later in Term 1 (March/April). However, workforce decisions for the school year are typically made in October/November of the prior year based on projected enrolments. As schools do not receive funding for students who enrol after the census date (except for students with an IDA), this can present challenges when there are significant changes in school or student characteristics between the workforce decisions made in October/November and the final budget confirmation.

The difference between actual and projected enrolments is exacerbated in the following circumstances:

> ***"Plans put in place at the end of the previous year are affected dramatically by enrolments in small schools and can't be foreseen"***
>
> ***"Unpredictability of student numbers makes financial planning and staffing complicated"***
>
> Consultation feedback

- In small and regional schools that do not have the necessary scale, and therefore budget flexibility, to absorb differences.
- Schools in an area with a low ICSEA and with high student transiency, as accurately predicting enrolments can be more challenging if there is high transiency.
- Schools with a high number of students with a disability, as these students attract a relatively higher amount of funding.

These schools may experience relatively large changes in funding and profile of students between the end of one school year and the beginning of the next. However, while the timing makes workforce management challenging:

- Analysis of system level student enrolment shows the current Term 1 census date occurs at the time in the school year when enrolments at system level are at their highest. In 2017, there was a net loss of about 250 student FTE per week after the 2017 Semester 1 census, culminating in almost 1,800 fewer students seven weeks after census, with enrolments remaining relatively stable thereafter. As such, changing the census date would on average exacerbate these challenges. However, in 2017, 44% (355) of schools did have more students in Semester 2 than in Semester 1, although only 5% had notably more (>15) students and only 1% had notably more students in consecutive years. Although an issue for a small minority of schools, it does not warrant an adjustment to the SCFM. Schools experiencing a significant number of students enrolling after census can currently request budget adjustment.
- A student-centred funding model must rely on an accurate picture of student enrolments, and the census is the key mechanism for this. It is not possible to remove uncertainty around enrolments, but schools should be supported to build their capability to manage uncertainty and associated risk.

Recommendation 2: Enable improved cashflow management for schools by adjusting current policy settings, including:

- Introduce a cash payment gateway early in Term 1.
- Enable medium term cash planning for schools by changing the 96% expenditure requirement to be a rolling three year target with further guidance to schools around how to manage significant expenditure requirements within the 96% requirement, including minor capital works.
- Maintain the overall expectation that schools should spend their funding in the school year in which it is received.
- Provide further guidance on when and how to seek additional funding for students that are not counted at February census.

5.1.4 The SCFM operates within broader policy settings that can constrain principals' workforce flexibility

System-wide workforce policy settings have been put in place to manage the complexities of a workforce of nearly 40,000 FTE across more than 800 schools. As such, some trade-offs between system-wide imperatives and school-level flexibility are inevitable and desirable. The consultations have demonstrated that two of these policy settings interact with the SCFM to potentially create some unintended consequences. This evaluation is not judging the merit of these policy settings but merely highlighting how they interact with the SCFM to impact individual schools.

Permanency requirements combined with redeployment policies limit schools' flexibility to match workforce to school and student needs, particularly for students with disability

To provide job security, industrial relations arrangements and Department policies for teachers and EAs specify requirements for permanency. For example:

- The Education Assistants' (Governments) General Agreement 2016[29] specifies that EAs are to be employed on a permanent basis except for 'special projects' or to fill temporary vacancies where they can be employed on a fixed term or casual basis. Special Needs EAs on fixed term contracts are deemed permanent after two years continuous service.
- Teachers under the Country Teaching Program (CTP) and the Metropolitan Teaching Program (MTP) receive permanency at their last CTP/MTP school after two years continuous and satisfactory service.

> ***"I have too many educations assistants who were made permanent when they were assigned to a student with a disability. I have 2 full time EAs level 3 and only $40,000 in disability funding. When I attempted to get support from staffing about possible redeployment, my planning was picked to pieces as in where my funding was going to be spent. I was basically informed that I can afford the EAs so will have to keep them. This limits my ability to provide teaching staff or programs to students. I would like a more transparent way of dealing with staff that we are paying for who are not required."***
>
> Consultation feedback

The workforce needs of schools are not static; they follow the changing needs of students on a year to year basis. To balance a system-wide imperative to maintain a permanent workforce with school-level requirements to adapt to changing student profiles, the Department manages a redeployment process. This process enables school staff who are surplus to requirement to move to another position in the WA public school system.

Principals regard the redeployment process to be time-consuming and difficult, and they are critical of the need to often use their SCFM budget or cash reserves to fund permanent staff that have been identified by the school as being surplus to need. This funding would otherwise be used for other priorities, meaning that the objective of improved budget flexibility, and the ability to adjust workforce profiles to meet changing needs, is compromised. Many stakeholders raised this issue throughout the consultation process; it was a widely-held concern.

The problem is particularly evident with respect to EAs who support students with an IDA. There are two reasons for this:

- Permanency requirements for EAs are often more stringent than for teachers and other school staff. Permanency requirements differ in practice across awards.

[29] Education Assistants' (Governments) General Agreement 2016, Part 2 section 14.

- When a student with an IDA moves or leaves a school, their IDA funding follows them immediately. The permanency of the EAs then limits the options for schools to manage the workforce to reflect the new student profile and available funding during that school year.

Requiring schools to absorb the cost of surplus staff has a disproportionate impact on schools' flexibility to use non-salary funding to meet school and student needs. Non-salary funding makes up, on average, only 12.72% of total funding. As a result, a small percentage increase in salary costs can result in a large percentage decrease in a school's cash availability. This is particularly the case in smaller schools, as they have less scope within their budget and school profile to absorb changes by reprofiling the workforce across the student body.

Recommendation 3: Internally monitor and analyse the impact on schools of redeployment policies, including the requirement for schools to absorb surplus staff.

Class size requirements may constrain schools' ability to tailor learning to student need

The School Education Act Employees' (Teachers and Administrators) General Agreement 2014[30] outlines a recommended and maximum class size that each school should plan not to exceed (see Appendix A, A.2-Table 1).

Based on these recommended and notional class sizes, principals can be constrained in the extent to which they match workforce to class size. In the consultation process, it was noted by some principals that some schools have been able to negotiate different class sizes with individual teachers where others have not been able to. This results in some schools having more flexibility around class sizes than others.

More broadly, class size requirements present a risk of becoming out of sync with the emerging evidence and policy direction towards differentiated learning. For example, recent proposals to move towards differentiated and data driven learning approaches rather than a one-size-fits-all approach to class sizes and student-teacher ratios[31].

5.2 How simple and transparent is the SCFM?

The underpinning methodology that allocates funding to schools is clearly articulated and readily available through the SCFM Manual and guidance documents. There is an explanation of each funding line, including the intent of the allocation, eligibility, funding weights and calculations. When the school budget is confirmed each school receives its Funding Agreement, which includes the Student-Centred Funding Statement for the school year. This sets out the total budget allocated for each funding line and the enrolments (based on February census data) used to calculate these allocations. The breakdown of funding for each school is publicly available on the Department's Schools Online webpage.

This sub-section presents three key findings relating to the simplicity, transparency and accountability of the SCFM design:

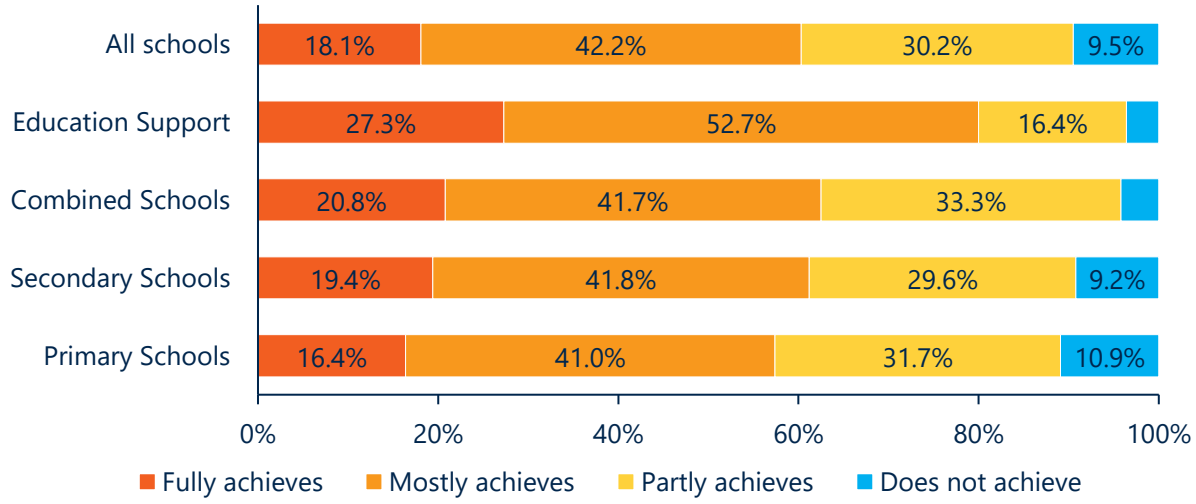
[30] School Education Act Employees' (Teachers and Administrators) General Agreement 2014, Part 2 section 12.
[31] Australian Government Department of Education and Training, Through Growth to Achievement: Report of the review to achieve educational excellence in Australian schools, 2018.

- **Key finding 7: The design of the SCFM has improved transparency of funding allocations, but the underpinning mechanisms are not always clear to schools.**
- **Key finding 8: The design of the SCFM provides the foundation for stronger accountability, but there is room for improvement.**
- **Key finding 9: While Departmental support mechanisms, tools and guidance are useful, the focus is on understanding mechanisms rather than building capability.**

5.2.1 The design of the SCFM has improved transparency of funding allocations, but the underpinning mechanisms are not always clear to schools

The majority of schools perceive that the design of the SCFM is simple and transparent, with 60% of survey respondents indicating that it either mostly or fully achieves these objectives (see Figure 5-5). Across different types of schools, primary schools showed the least satisfaction with the transparency of the SCFM, whereas 80% of ESS/ESCs responded that the SCFM design either mostly or fully achieved being simple and transparent. The majority of principals (72%) believe the SCFM is more transparent than the previous funding arrangements (see Appendix A, A.3-Figure 1).

Figure 5-5: Survey results: The simplicity and transparency of the SCFM[32]



However, the transparency of the SCFM can be improved. While it is perceived that the SCFM design has improved transparency in total funding and provides clarity over funding allocations, there are aspects of transparency in the funding model that were identified by the evaluation as areas for improvement.

The intent for certain funding allocations is not fully understood

The consultations demonstrated that some schools do not fully understand the use of the ELB – in particular the extent to which it is intended to be used to fund school infrastructure costs. It is also apparent that there is unfamiliarity with the detailed mechanisms used to calculate funding allocations. This results in misconceptions over how the SCFM allocates funding to schools, for example:

[32] Note: Q7_5 SCFM is simple and transparent, n = 651

- **Eligibility of students who can be counted for census.** The Department has introduced additional criteria that enable schools to count students not present on census day, subject to certain requirements. This is outlined in the Census User Guide, available to schools on the Department's Census website, however not all schools are aware of the updated parameters.
- **The use of self-reported data from parents to calculate social disadvantage funding**. Many schools expressed concern over the accuracy and comprehensiveness of this self-reported data, and the impact this might have on social disadvantage funding. The Department triangulates this data with statistical modelling of social disadvantage, rather than relying only on self-reported data. This is outlined in the SCFM social disadvantage allocation guidance document, however schools are not always aware of this mechanism.

In these examples, the information is available to schools but not all schools are familiar with it, especially when the SCFM settings have been modified. The Department should ensure that it communicates the model design and future enhancements effectively and schools should be proactive in maintaining their understanding of the model.

The detailed mechanisms for the IDA are seen as opaque

In most cases, including the examples described above, the underpinning mechanisms used to calculate funding allocations are explained in the SCFM guidance documents or other Department policy documents. However, the underpinning mechanisms for assessing the funding level for students through the IDA are not made clear to schools, in particular the decision-making process and rationale for determining a student's funding level. This is discussed in more detail in Section 6.3.4.

The current approach to charging schools for salaries masks true workforce costs

The mechanism that is used for the SCFM settings does not provide transparency over true workforce costs. Salaries are charged to schools from their one line budget at a standard 'notional' rate for each staff category, regardless of the actual salary level of individual staff. The notional salary rates are average rates with on-costs for superannuation. This means that the true cost of the workforce profile is not transparent to schools. In practice, this can result in schools with higher actual workforce costs being effectively subsidised by those schools with lower actual workforce costs. The difference is not explicit as the actual workforce costs are paid centrally.

The evaluation has compared the notional salary charge incurred by schools with the actual expenditure incurred by the Department on school-based employee-related costs. In 2017, the salary charge to schools was $3.08 billion, including salaries, leave, superannuation and allowances. Costs not charged to schools such as long service and sick leave are excluded, as are allowances such as those paid to teachers working in eligible regional and remote locations.

Figure 5-6 and Figure 5-7 show the difference between actual staff expenditure and the charge to schools by location type (remoteness) and region. This analysis indicates that on average schools in remote and very remote locations have actual staff expenditure less than the notional rate, and more specifically this applies to schools in the Goldfields and Pilbara regions.

Figure 5-6: Difference between actual staff expenditure and the salary charge to schools per student by remoteness

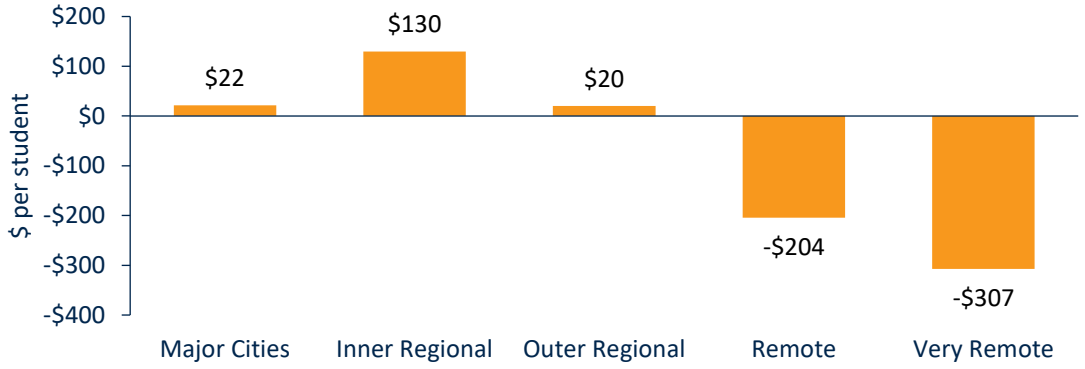
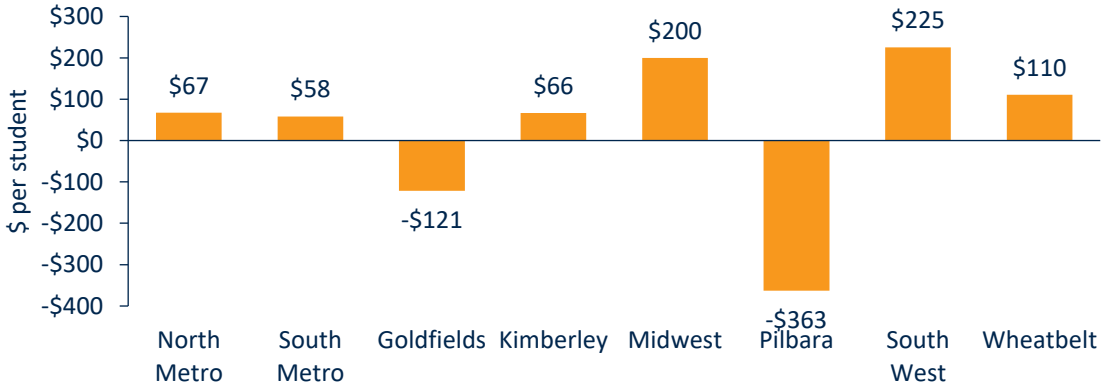


Figure 5-7: Difference between actual staff expenditure and the salary charge to schools per student by region



The impact of the true cost of salaries not being transparent is that it masks funding inequities between different schools, particularly schools in more disadvantaged areas (see Figure 6-27: 0). Throughout the evaluation, some schools in more disadvantaged areas suggested that they had difficulty attracting a more experienced workforce because of their school's context. Furthermore, schools are not incentivised to create an efficient workforce profile based on their allocated resources because they do not need to account for the full costs of their workforce.

It should be noted that several principals remarked that the advantages of using notional rather than actual costs for their workforce is that it is more simple to manage and does not incentivise principals against employing experienced teachers.

Recommendation 4 – Explore options to improve the transparency of salary funding by internally reporting on actual workforce costs.

- In the short-medium term, retain the current approach of funding notional salary costs and introduce internal annual reporting on how the differential between actual and notional salary costs differs in aggregate across school type, ICSEA values and locality.
- Examine the benefits and implications of potential options to move to an approach of funding individual schools on the basis of actual salary costs rather than notional salary rates.

5.2.2 The design of the SCFM provides the foundation for stronger accountability, but there is room for improvement

Increased transparency of the amount and allocation of funding through the SCFM has the potential to support stronger accountability.

Increased transparency enables engaged school communities to hold principals to account

The Department's guidelines on what should be reported to school councils/boards are not highly prescriptive. The Funding Agreement requires schools to be transparent and accountable to the school council/board for funding allocations and use of funding. This includes requirements covering budget planning, reporting, advice on variations and an expectation that school councils/boards should note the Funding Agreement as they endorse the school budgets and business plans. Information on the ongoing financial position of a school is identified in the School Resourcing System Operational Dashboard (discussed further in Section 0) to facilitate reporting to school councils/boards.

Funding allocations through the SCFM are transparent to the broader community as well, being clearly set out through the school funding statement available on Schools Online. Further, every school is required to publish an annual school report, with an explanation of school performance and to reflect a focus on specific student and school characteristics as represented in the SCFM[33]. This provides school specific context for the broader community to hold the principal to account for how funding has been used to support school and student needs.

In practice, however, the level of accountability depends on how engaged and proactive the school council/board and the broader school community are. This can vary across schools, with principals reporting that there is typically lower engagement in more disadvantaged areas.

That said, principals noted throughout the consultation process that the transparency of both the funding allocations and school financial positions facilitated accountability to councils/boards and the broader school communities. Some noted that access to such information served to build the capability of the council/board to fulfil its governance role by building their understanding of how their school is funded.

Many schools noted that having the reports available on the School Resourcing System made it easy to share information with their communities and councils/boards. It helped that they were in a user-friendly and easily digestible format. On a separate point, several principals argued that transparent information also supported accountability within the school, as it encouraged engagement with staff on school planning and decision-making about internal resourcing priorities.

> ***"Eases understanding [of] the allocation and communication to the Board/Finance Committee etc."***
>
> ***"[I can] better involve our community in conversations about resource allocation and targeting areas of student need".***
>
> Consultation feedback

There are accountabilities in the Funding Agreement, but the connection between funding, expenditure and student outcomes is not clear for all schools

Transparency about how schools use their resources allows the Department to ensure that public funds are being used to meet the education needs of students, in line with strategic priorities. The Funding Agreement between the Department and each individual school is the primary mechanism through which schools are held to account. It sets out high-level requirements for principals about the use of funding[34]

[33] Department of Education, Funding agreement for schools, 2018.
[34] Department of Education, Funding agreement for schools, 2018.

and articulates what is expected in terms of the governance mechanisms for budget planning, administration, monitoring, and reporting.

The Funding Agreement is not, however, currently designed to hold schools accountable for expenditure decisions. Schools consulted in the evaluation perceive the Funding Agreement to be a technical compliance document, rather than a means of holding schools to account for how funding is used.

With increased flexibility for how schools spend their funding, there should be a sharper focus on the outcomes being achieved. However, this involves a difficult trade-off between two objectives, being to:

- hold schools to account for the achievement of students' education and related other outcomes, and their use of funding to achieve those outcomes
- avoid input controls[35] – i.e. prescription on how funds ought to be used.

An additional objective should be to minimise reporting requirements on schools. This is in the context of feedback that indicated that, while the majority of schools perceive the SCFM reporting requirements to be less onerous in comparison to the previous school funding arrangements, around 25% disagreed with this (see Appendix A, A.3-Figure 2).

Defining those outcomes and how they are measured can be challenging, given the dynamic of some school environments and the fact that there are other factors in play outside the control of schools. However, it is critically important for the Department to be in a position to track the impact of its investments, and to analyse which interventions work best for different types of schools and student cohorts.

It follows that efforts should be made to incorporate appropriate measures into the accountability framework for schools, while bearing in mind the challenges and risks mentioned above. Ideally, performance against those measures should be available to school boards/councils at a minimum.

Accountability mechanisms also need to avoid introducing onerous reporting requirements. As noted above, a sizable minority of around 25% of survey respondents disagreed that the SCFM reporting requirements are less onerous than the previous school funding arrangements.

Recommendation 5 – Enhance accountability of schools to the Department through more rigorous monitoring of outcomes and financial management.

- As part of the ongoing consideration of a new approach to school review, establish enhanced mechanisms for principals to report to the Department on the outcomes of government funding.
- Enhance reporting on schools' use of funding to enable sharing of information on good practice and what works, without reverting to separate accountability for individual funding allocations.

[35] Targeted initiatives may still require greater definition of inputs as they are for specific programs.

5.2.3 While Departmental support mechanisms, tools and guidance are useful, the focus is on understanding mechanisms rather than building capability

Support through training and guidance is used and appreciated by school staff, but they feel less supported compared to when the SCFM was first introduced

Support on using the SCFM is available to principals and MCSs through three mechanisms:

1: Face to face training. As part of the initial roll out of the SCFM, training was available to all principals. Since then, a schedule of training has been maintained that principals (and MCSs) can opt in to. In 2017 there were 92 face to face training sessions, with over 1,300 attendees. The distribution of all training sessions across educational regions is broadly consistent with the number of schools in each region. However, only two of the session topics – Planning and Managing the School Budget, and Planning for 2018 – were held in every education region. Other training sessions were only run in the metropolitan regions.

2: Documented guidance. The SCFM Manual provides guidance on the calculation and operation of the funding model. This guidance is readily available through the School Resourcing System. Schools can also access the School Resourcing System Preliminary Planning Manual, which provides step by step guidance on how to use the system and the various planning tools.

3: Individualised support. Support to individual schools is provided through the principal advisors and finance consultants. This support can be requested by schools or may be instigated by the Department if it identifies through its ongoing monitoring that a school may be facing financial challenges. Individualised support is also provided through the formal processes of the Budget Monitoring Group and Budget Review Process. A principal may apply for support if the:[36]

- School is unable to operate within their one line budget (over budget).
- Profile of staff does not enable the school to comply with legislation, policy or industrial instruments.

In 2017, 102 schools (approximately 12% of the total number of schools) were provided with individualised support through these processes.

Schools generally feel more supported to use the SCFM in comparison to the previous school funding arrangements.

Over 75% of survey respondents indicated that the Department has provided more support to schools in using the SCFM compared to the previous funding arrangements (see Appendix A, A.4-Figure 1). Respondents with the longest tenure, and therefore longest period of experience, were more likely to agree that the Department has provided more support compared to the previous arrangements, with over 80% of respondents that have been employed at their position level for more than eight years indicating that the Department had provided more support. However, the strength of this view decreased as respondents became more remote, with around 60% of respondents in remote and very remote locations indicating that the Department has provided more support.

The perception that support has decreased since the introduction of the SCFM was raised frequently in consultations. Training, documented guidance and individualised support are still available, so this perception of a reduction in support most likely reflects a transition from compulsory support in the initial

[36] Department of Education, Student-centred funding and one line budgets: Support for schools to adjust their workforce and/or balance their one line budget, 2017.

roll out period to a situation where schools need to proactively seek support. Furthermore, a restructure in the Department means there are no longer finance consultants based within regions; schools must seek this individualised support from the central Department.

There are no formal mechanisms for horizontal support on how to operate successfully under the SCFM, such as peer support and best practice forums for principals to share their experiences. Horizontal support mechanisms could complement existing centralised support from the Department and may meet a perceived need from schools for additional support.

The SCFM planning and forecasting tools and the operational dashboard have made it simple and easy to plan ahead

The School Resourcing System provides budget planning and forecasting tools through the Preliminary Dashboard and Budget Scenario Dashboard. The Preliminary Dashboard enables schools to plan their budget for the following year. The Budget Scenario Dashboard enables schools to test scenarios under different assumptions.

The Projected Enrolments report is a key tool within this, enabling schools to record predicted enrolments of funded students and student characteristics, which are reflected in the Preliminary SCFM Allocation report. This enables schools to forecast how much funding they are likely to receive in the following year, based on their anticipated enrolments.

"[The Dashboard] OBI [is] simple and easy to use/manage".

"[The SCFM has a] user friendly platform online".

Consultation feedback

Schools reported that this generates greater confidence in their forecast budgets and helps to improve accuracy of planning. Schools reported regularly refining their predicted enrolments in the system throughout Terms 3 and 4 to provide up to date forecasts of budgets. This information can then be used by schools to plan how best to use the projected funding, including planning workforce requirements and use of cash. There are also tools to support workforce and cash planning, such as the Salaries Plan and underpinning forecast staff expenditure reports.[37] Many schools also reported using these tools to test the budgetary impact of putting in place specific programs (such as additional literacy and numeracy support) that would require a change in workforce.

In addition to planning and forecasting tools, the School Resourcing System provides tools and reports for schools to monitor the ongoing operational budget through the Operational Dashboard. This enables schools to monitor and review salary and cash expenditure and forecast variances. This provides transparency for schools to monitor their financial position against their one line budgets.

Throughout the consultation process, principals and MCSs consistently expressed that the SCFM tools were simple to use and useful for school planning and ongoing management. Around 6% of survey respondents reported the ease of use of the tools as one of the three main benefits of the SCFM, particularly for ESS/ESCs and remote schools.

However, the usefulness of planning and forecasting tools available to schools in the School Resourcing System does vary. One dimension of this is the school context, as the tools are designed to be generic enough to support the majority of schools, but this means that some schools find them less useful. For example:

- ESCs and ESSs do not have 'typical' class sizes and allocation of students to classes.
- Secondary schools, particularly large schools, have more complex requirements for planning class structures and therefore workforce needs.

[37] Department of Education, School Resourcing System: Preliminary Planning Version 1.4, 2016

A second dimension that impacts on the usefulness of tools is the experience and capability of principals and MCSs to fully use them. This is related to varying experience and capability in how best to use the funding under the SCFM and the level of support provided to schools, discussed in the previous section.

As a result, some schools supplement or replace their use of the SCFM planning and forecasting tools with their own offline planning tools – either because they better reflect their school context and/or because they have greater confidence and understanding of their own tools.

While the supporting systems are useful, principals identified three opportunities for further improvement

Issues were raised in relation to some aspects of the support systems and tools. Principals commented on three ways that the systems could be improved.

1: Interoperability and currency of the system. The systems that feed information into the Operational Dashboard are updated at different times – staffing and budget adjustments are updated daily, whereas cash information is updated monthly. This creates discrepancies in the overall financial position shown in the dashboard, which may not be accurate at a given point in time. The introduction of WebSIS will address this, as it will bring in daily cash information based on the data recorded in schools' finance systems. Some principals raised concerns about inefficiency in using multiple systems for school management. Where principals and/or MCSs understand the underpinning systems and the interaction between different reports, they can identify discrepancies and factor these into their assessment of the current financial position.

2: Ease of navigation of the system. The School Resourcing System contains many tools and reports across three dashboards. The majority of schools are using these, but it is unlikely that schools use all of the tools and reports available in the system. In most cases, principals and MCSs appear to be using a subset of tools and reports that they find best meet their needs, based on their school contexts, expectations of school councils/boards, and personal preference and experience. However, schools consistently noted that the system is not intuitive and it can be difficult to navigate to their preferred tools and reports within the system. This issue was raised by approximately 10% of survey respondents.

3: System speed. Throughout the consultation process, schools frequently noted issues relating to the speed of the system. This included the speed of the initial system log in, as well as the speed of generating and navigating through reports within the system. System speed was raised by more than 7% of survey respondents as one of the three main challenges of the SCFM. This appears to be more of an issue in some regional locations, likely due to bandwidth capacity. However, the evaluation team also observed this to be an issue in metropolitan schools for reports that are using and displaying large datasets from related systems such as HRMIS. There is evident frustration amongst principals and MCSs using the system. The slow speed of the system has discouraged some principals from regularly using the tools.

Training and support could focus more on building capability of principals to use the flexibility of the SCFM for improved student outcomes

The support and tools outlined above tend to focus on the process and mechanics of using the SCFM rather than building the capability of principals and MCSs to use their budget and its increased flexibility to improve student outcomes. There is a wide range of financial management experience and capability across WA's principals. When the SCFM was introduced, many principals were concerned that they did not have the skills and experience to operate one line budgets, particularly in challenging circumstances. However, after coming to terms with the 'mechanics' of the SCFM and budgeting, there is now a desire for more training and support to deliver improvements in schools outcomes. Individualised support to schools is ad hoc and most schools remarked that they used this support only when they were in budget difficulty. Further, the documented support and guidelines provide details on the allocative mechanisms and how

student/school characteristics are reflected in the funding. There is limited guidance on how best to use the funding to improve performance. Building capability could also help shift the focus of some principals and MCSs away from how funding would have been used under the previous funding arrangements, towards thinking of new and innovative ways to improve outcomes of their students. Training and support should be linked to the Department's leadership strategy.

Recommendation 6 - Establish mechanisms for ongoing refinement and improvement of the SCFM.

- Establish a process for principals to provide ongoing advice and input to the Department on continuing to evolve and improve the design of the SCFM and how it is used by schools.
- Maintain current capacity in the Department to provide ongoing advice to the Department's corporate executive on the operation of the SCFM and potential improvements.

Recommendation 7 – Consistent with the Department's leadership strategy, build the capability of school leaders to use the funding and flexibility provided through the SCFM to deliver student outcomes.

- Continue and, where necessary, enhance the provision of training and support from the Department to school leaders (particularly principals and MCSs), including both clear and regularly updated guidance on the mechanisms used to allocate funding and support to use the SCFM to deliver student outcomes.
- Establish peer support mechanisms to raise capability amongst principals and other school leaders through the sharing of best practice and innovation.
- Support networks of school board/council chairs to build awareness and capability in the SCFM such as including an overview of the SCFM in board/council training.

6 Evaluation findings – responsiveness to school and student needs and circumstances

The mechanisms through which a finite amount of funding is distributed to schools is critically important. Schools rely on having sufficient resources to support delivery of high quality education and equitable learning opportunities for their students, regardless of their different operating contexts, individual circumstances and the profile of students enrolled at the school.

This section presents the key findings and recommendations of the SCFM evaluation relating to responsiveness of the SCFM to the needs of schools and students, specifically:

- the balance between elements in the SCFM and how this compares to good practice (Section 6.1)
- the responsiveness of the SCFM to the needs and circumstances of individual schools (Section 6.2)
- the responsiveness of the SCFM to the learning needs of individual students (Section 6.3).

6.1 To what extent is the overall balance of funding consistent with good practice?

As a formula-based mechanism, the SCFM provides explicit details on funding allocations and makes clear the parameters used to determine what each school is allocated. The SCFM design and settings are intended to provide flexibility for schools to direct their funding in the most appropriate way to meet their students' needs and school priorities. The OECD has concluded that effective schools funding formulas should enable allocations based on:[21] (1) the stage of schooling, (2) the characteristics of student disadvantage, (3) the school site and location, and (4) the specific curriculum or programs delivered by the school. The SCFM accounts for the first three of these components through the core funding mechanisms: the per student allocation, the student characteristics funding lines, and the school characteristics funding lines. The fourth component is covered by the Targeted Initiatives program.

This sub-section presents three key findings relating to whether the relative balance of funding within the SCFM is consistent with good practice.

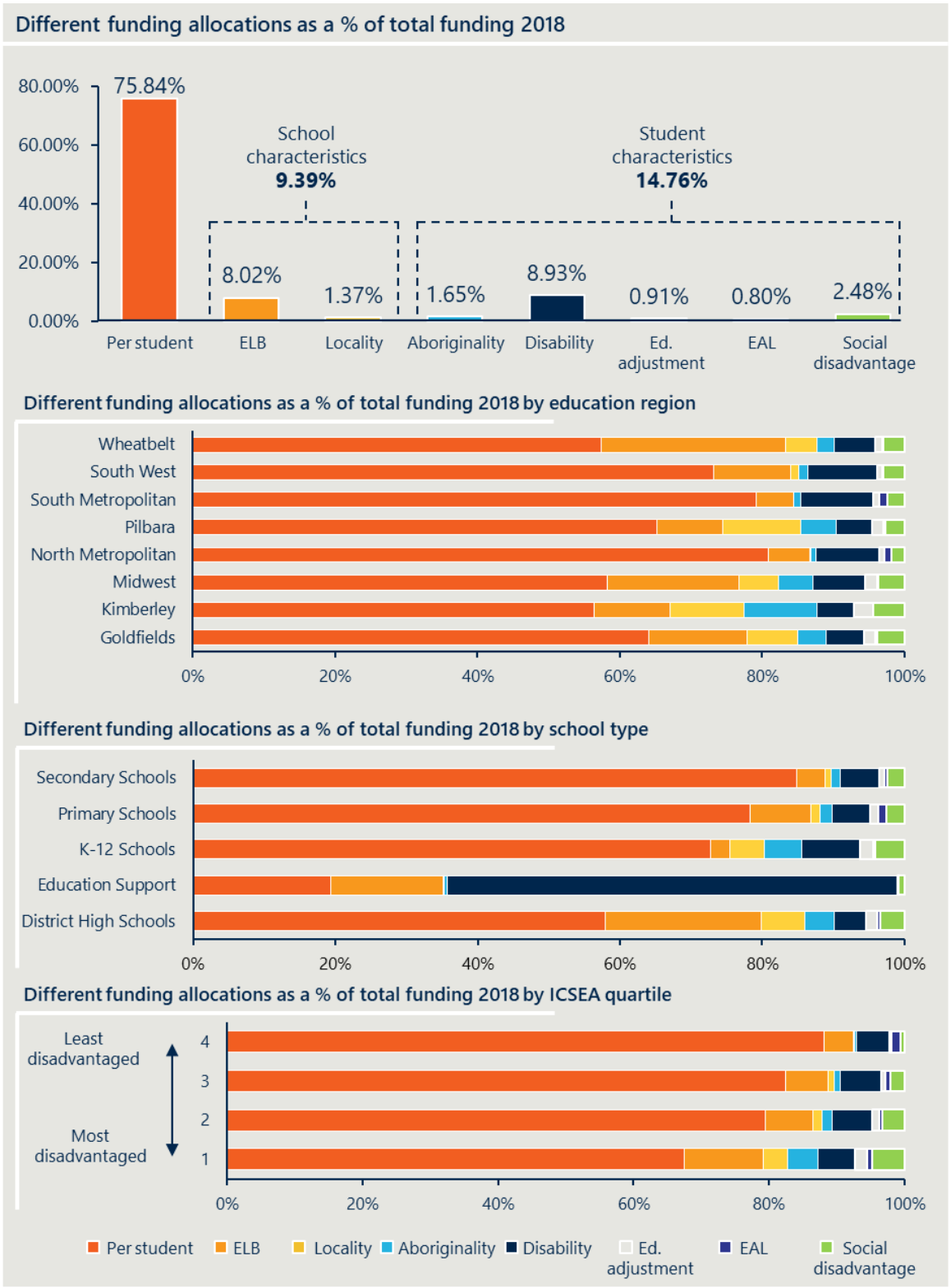
- **Key finding 10: The SCFM allocates funding in a way that is generally consistent with good practice in Australia and internationally.**
- **Key finding 11: The SCFM settings have resulted in a shift in funding towards earlier school years and stage weights are broadly consistent with other jurisdictions.**
- **Key finding 12: Schools are generally satisfied with per student funding and adapt to meet school and student need.**

6.1.1 The SCFM allocates funding in a way that is generally consistent with good practice in Australia and internationally

Figure 6-1 overleaf shows the proportion of different funding lines allocated through the SCFM, split by different characteristics. This shows that the proportions are not static across educational regions, school

types or different ICSEA quartiles – which is as intended. As shown in this figure, the proportion of funding that flows through the per student allocation is: lower in regional areas, lower for ESCs and ESSs, and lower for schools with more disadvantaged students. This is because schools that demonstrate one or more of these characteristics receive a relatively higher proportion of school and/or student characteristic funding.

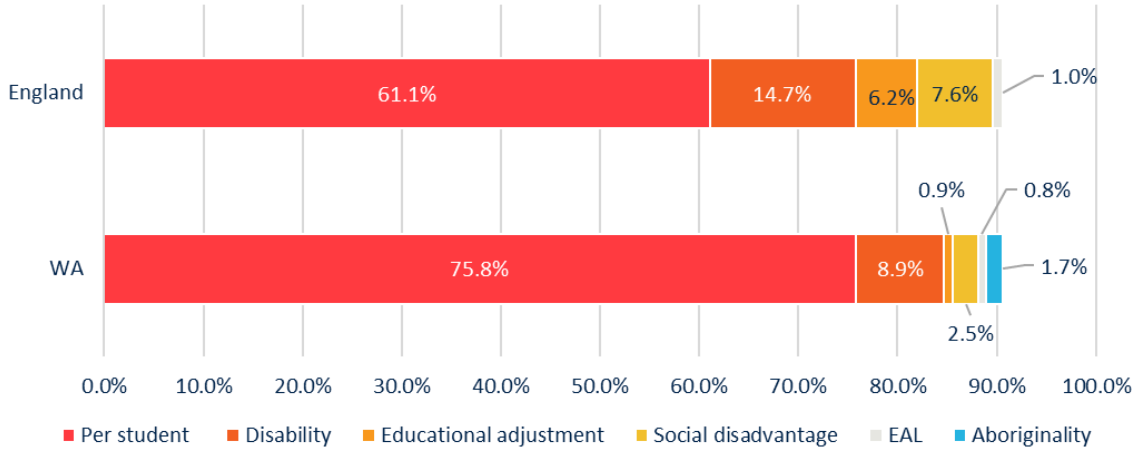
Figure 6-1: Proportion of different funding allocations as a % of total funding



The overall allocation of funding through the SCFM is consistent with a needs-based approach and is similar to other jurisdictions

Allocating the majority of funding through student led factors is similar to other jurisdictions. For example, as shown in Figure 6-2, the funding models in both WA and England allocate around 90% of total school funding based on student led factors. Within these similar percentage totals, there is some variation. In particular, England has a significantly higher proportion of funding for social disadvantage than WA, as well as a higher proportion of funding for disability. Although total spending by category is not available for Victoria, the analysis reported in Section 6.3.2 identifies Victoria's higher social disadvantage funding rates compared to WA. It is expected that these higher funding rates lead to a greater share of Victoria's total funding being targeted to social disadvantage.

Figure 6-2: Interjurisdictional comparison between key student led funding allocations[38]



6.1.2 The SCFM settings have resulted in a shift in funding towards earlier school years and stage weights are broadly consistent with other jurisdictions

The SCFM settings have resulted in a shift in funding towards earlier school years, but this is balanced by industrial relations settings

The per student funding varies across year levels to reflect the different needs of students at various schooling levels and the different costs across primary and secondary schools. When the SCFM was introduced, there was a policy decision to shift funding towards the primary school years to support investment in early education. This decision was based on research that shows that early investment improves educational outcomes, participation and attendance[39].

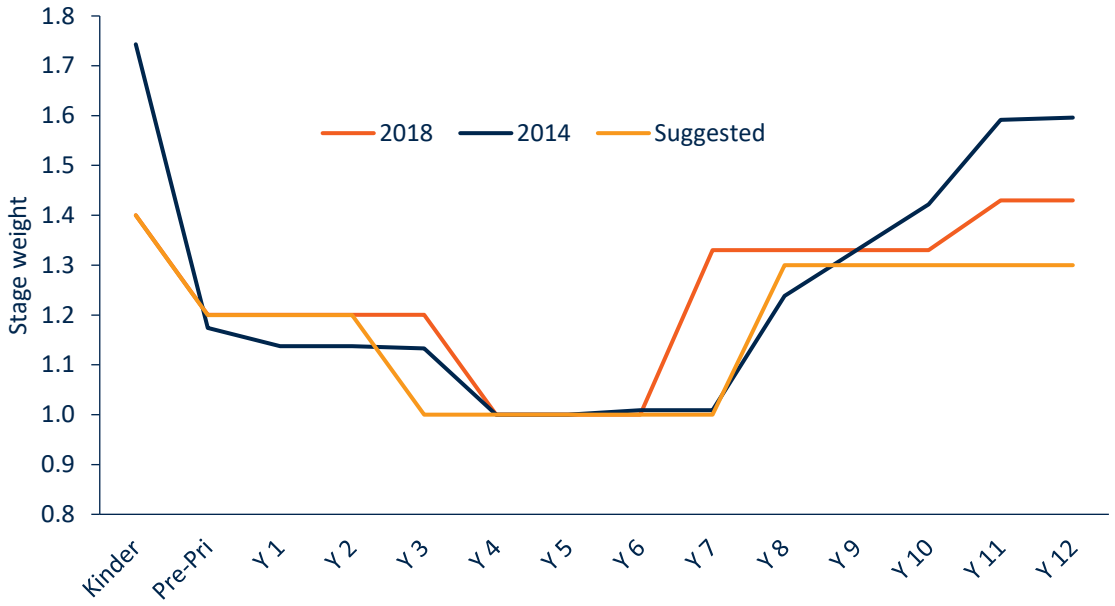
However, this policy decision was balanced by industrial relations settings that drive higher costs in secondary schools through a combination of class size requirements and time provisions for duties other than teaching contained in teachers' EBAs. Due to changes to the upper secondary curriculum, including

[38] The equivalent of per student funding in England is Basic per-pupil funding largely consisting of the Age Weighted Pupil Unit. The equivalent of the educational adjustment in England is low prior attainment funding. The equivalent of social disadvantage in England is deprivation funding. See Appendix B.1 for more detail.
[39] Department of Education, Student-Centred Funding Model and One Line Budgets: A New Way of Resourcing and Working, 2014.

the shift to the WACE, it was decided to moderate the reduction in stage weights in upper secondary schools.

As a result, as shown in Figure 6-3 below, the 2018 stage weights are a compromise between the stage weights proposed in the *2012 transition report* and the 2014 starting point. It is also noted that since 2014, Year 7 students are now taught in secondary school settings, which has brought forward the shift up to secondary stage weights.

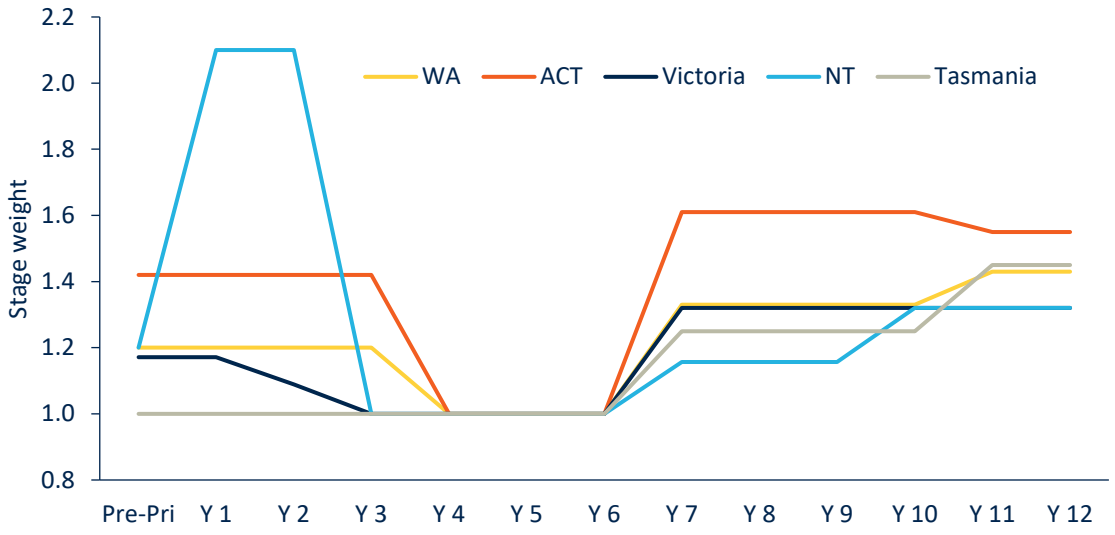
Figure 6-3: Stage weights in WA, 2014 and 2018



The approach to stage weights in the SCFM is broadly consistent with other Australian jurisdictions

Stage weights in other Australian jurisdictions are broadly similar to the SCFM, with early investment before Year 4 and then rising again in the secondary school years (see Figure 6-4). Where the approaches differ are in the relative weights for each school year. For example, Victoria applies a flat rate in secondary years (1.32); and the Northern Territory applies very high rates in Years 1 and 2 (2.1). These rates are also influenced by context, with Tasmania, for example, having higher relativities for Years 11 and 12 (1.45), These higher rates may be influenced by the fact that Year 11 and 12 in Tasmania are largely delivered by separate Year 11 and 12 colleges. In all jurisdictions the lowest stage weight is applied to Years 4 to 6.

Figure 6-4: Stage weights in other jurisdictions

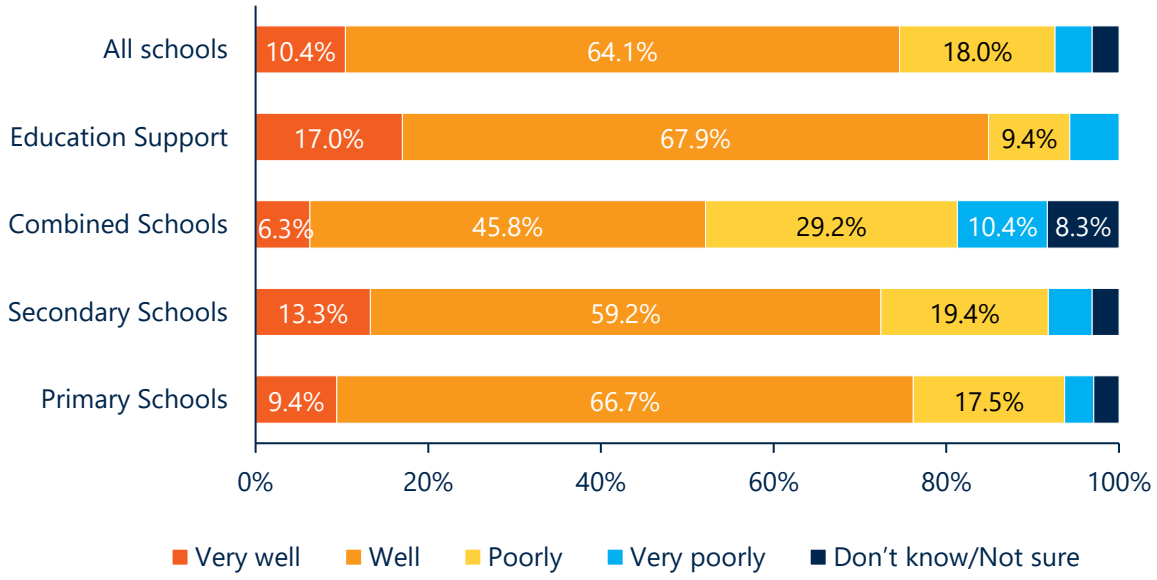


6.1.3 Schools are generally satisfied with per student funding, and adapt to meet school and student need

Most schools have a positive view of per student funding and stage weights, with some exceptions

Overall, nearly 75% of survey respondents reported that the per student funding reflected their schools' circumstances well or very well. However, combined schools had less favourable views, with only 52% of combined schools responding well or very well (see Figure 6-5). This reflects combined schools' generally lower levels of satisfaction with the SCFM. In the focus groups, some primary schools raised the relatively low stage weights for Years 4 – 6 as an area of concern. However, as discussed in the previous section, these relatively lower stage weights are consistent with other Australian jurisdictions.

Figure 6-5: Survey results: Extent that per student funding reflects school circumstances[40]



In practice, principals design class structures based on class size requirements, teacher seniority, student need and school characteristics

In practice, the design of class structures across different years of schooling in individual schools is driven primarily by class size requirements in the teachers' EBA[41] and consideration of which permanent teachers should be assigned to each class, rather than the amount of per student funding allocated to different year levels. This can place additional pressure on schools with smaller year-level cohorts (such as combined schools) as their smaller scale means they have fewer options.

Through the consultation process, schools identified other drivers of class sizes and therefore investment by year level, including:

- Using smaller class sizes to manage student behaviour, particularly in Years 7-8 in schools with low ICSEA scores.
- Using smaller class sizes to give schools room to accommodate new students throughout the school year because of high levels of transiency, particularly in schools with low ICSEA scores.
- Needing to have smaller class sizes in upper secondary to provide a breadth of curriculum to their students, particularly in schools with small secondary cohorts.
- Placing students with a lower level of IDA funding in the same class to pool EA resources to maximise the amount of EA time per student.
- In ESCs, class structures and workforce allocation were based entirely on student needs.

[40] Note Q9_1 How well do per student funding, incorporating year level prices of the SCFM reflect your school's circumstance, n = 644
[41] School Education Act Employees' (Teachers and Administrators) General Agreement 2014, Part 2 section 12.

6.2 How responsive are the SCFM settings to the needs and circumstances of individual schools?

This section presents the key findings and recommendations of the evaluation relating to the responsiveness of the SCFM to the needs and circumstances of individual schools.

- **Key finding 13: The combination of per student and school characteristic funding is in line with other jurisdictions and best practice.**
- **Key finding 14: The SCFM settings provide core funding that is appropriate for most primary schools and allows for significant surplus for many ESCs/schools.**
- **Key finding 15: Current settings create financial pressures for some schools with small secondary cohorts and do not adequately recognise economies of scale for very large secondary schools.**
- **Key finding 16: The 2018 'equity adjustment' and small senior schools targeted initiative were appropriate as interim measures.**
- **Key finding 17: Some schools are significantly impacted by a transient student population.**
- **Key finding 18: Locality funding supports schools with higher costs but may not adequately reflect differences between locations.**

6.2.1 The combination of per student and school characteristic funding is in line with other jurisdictions and best practice

The core funding for schools is per student funding, ELB and the locality allocation. This combination is provided to ensure schools are able to deliver a quality education and meet basic school operating costs. The exceptions to this are additional funding required to support certain high needs students, covered by student characteristics funding (discussed in Section 6.3) and additional funding for specific programs and school specific costs covered by targeted initiatives and operational responses outside of the core SCFM parameters.

The ELB allocation is provided to support smaller schools that have insufficient funding through the per student funding alone to meet fixed costs. The size of the ELB allocation depends on the type of school[42] and size of student population. The allocation is tapered, reducing to zero beyond a certain enrolment threshold. The threshold is set at a level where per student funding is intended to generate sufficient funding to meet general school education delivery and operating costs.[43]

The ELB allocation settings and taper points were informed by cost data on basic school operations requirements. It is intended to ensure schools have adequate funds to meet operational costs, whilst maximising the amount of funding provided through the per student amount and minimising the size of the ELB allocation.

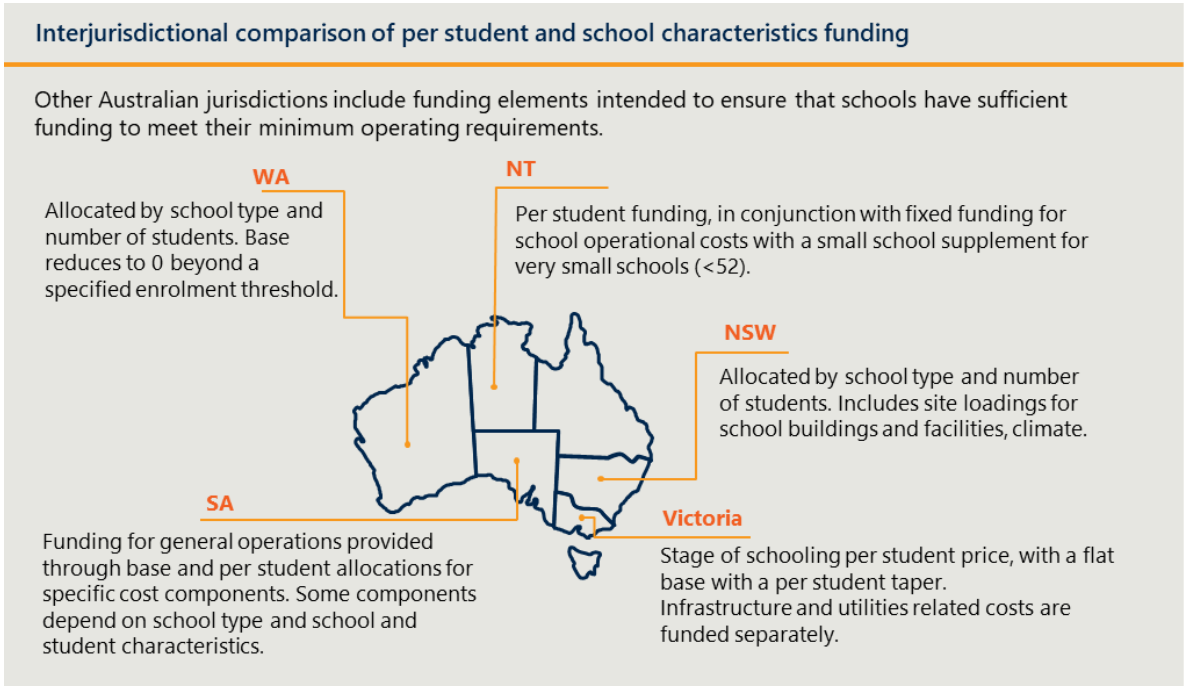
Other Australian jurisdictions include elements intended to ensure that schools have sufficient funding to meet their minimum operating requirements. Some jurisdictions (such as New South Wales and South Australia) are more prescriptive in defining the specific cost allocations within this. Victoria, which has a

[42] There are five separate ELB formulae for: primary schools, secondary schools, combined schools, education support centres, and education support schools

[43] Department of Education, Student-centred funding and one line budgets: Enrolment-linked base allocation 2018, 2017.

more flexible and autonomous design of funding, has a similar approach to WA with a base funding amount that is tapered according to enrolments.

Figure 6-6: Interjurisdictional comparison of per student and school characteristics funding



Recommendation 8 – Maintain the combination of per student funding, ELB and locality allocation as the core of the SCFM.

- Reaffirm to stakeholders that the combination of per student funding, ELB and locality allocation is intended to fund a quality education for the vast majority of students in the vast majority of schools, including a range of different school and student characteristics.

6.2.2 The SCFM settings provide core funding that is appropriate for most primary schools and allows for significant surplus for many ESCs/schools

The evaluation has undertaken analysis[44] to examine the extent to which the combination of ELB and per student funding is operating as intended for primary schools, that is, ensuring that schools receive sufficient funding to meet their modelled costs (see Figure 6-7). The modelled costs are based on an estimate of the core operational requirements of schools, including minimum staffing requirements for general class sizes as identified in the EBA (see Appendix A, A.2-Table 1). The conclusion of the analysis is that, in most cases, primary schools are appropriately funded through the SCFM settings.

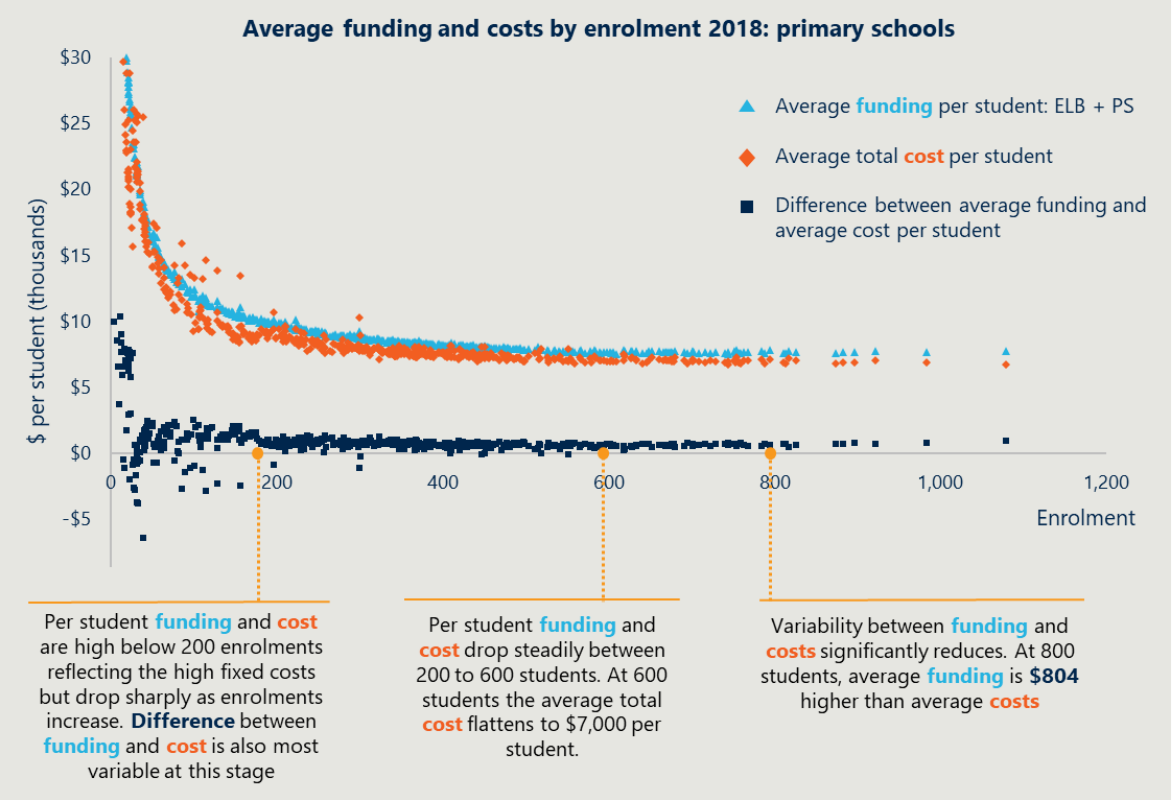
The greatest volatility in the difference between funding and modelled costs is among primary schools with less than 120 enrolments. On a per student basis, these schools are receiving significantly different funding (either above or below) than their costs. In the 35 primary schools where the modelled cost

[44] This analysis uses cost data provided by the Department and SCFM ELB and per-student funding allocations.

exceeds funding, 34 attract the locality allocation to address the shortfall (see Section 6.2.6 for findings related to locality allocation). The higher per student costs in these schools is driven, in part, by higher utilities and associated costs.

Primary schools tend to be more homogenous than secondary schools in the way they operate and are better able, within reason, to combine year levels into single classes. This practice appears to be common in primary and combined schools with small year level cohorts, meaning that small primary schools are typically able to maintain student to teacher ratios that are comparable to larger primary schools, and that are consistent with EBA general class sizes applied in the cost modelling.

Figure 6-7: Average funding and costs by enrolment 2018 – primary schools



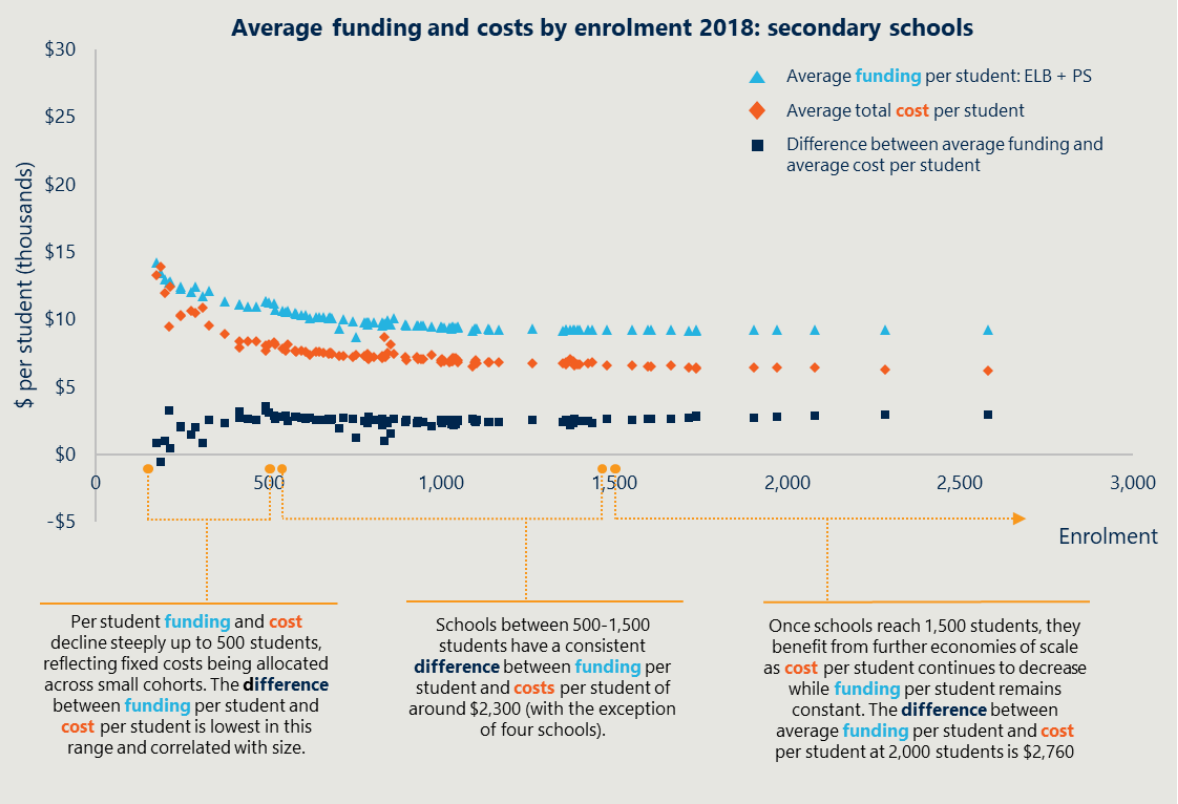
Further analysis on the financial performance of primary schools (see Appendix C, C.1-Figure 1) examined the surplus/deficit of schools in 2017, alongside the schools' financial reserves and bank balances on a per student basis. This analysis identified that smaller regional and remote primary schools are more likely to be operating extreme surpluses or deficits per student (up to ±$4,000 per student), but the majority of primary schools operated with surpluses/deficits within ±$500 per student. This analysis suggests that metropolitan primary schools with more than 200 students are operating close to their funding parameters with small positive or negative surpluses, but most do not appear to be in significant financial difficulty. However smaller primary schools in remote and regional locations are experiencing some challenges in ensuring costs are in line with funding.

A similar analysis for ESSs and ESCs shows that 35 out of 59 had a surplus of more than $1,000 per student in 2017, alongside 38 having reserves and bank accounts of more than $10,000 per student.

6.2.3 Current settings create financial pressures for some schools with small secondary cohorts and do not adequately recognise economies of scale for very large secondary schools

The evaluation has undertaken average funding and cost analysis[45] for secondary and combined schools on a similar basis to that described above for primary schools. The analysis (presented in Figure 6-8 below) demonstrates that the SCFM settings (before the 2018 'equity adjustment') may provide insufficient funding to cover modelled costs for smaller secondary schools while providing larger schools with 1,500 students and more with funding significantly in excess of modelled costs (see below for further discussion in these points). In contrast to primary schools, schools with secondary students (including combined schools) experience greater variation in their operating context. In particular there are significant variations between regional and metropolitan schools, and between large and small schools.

Figure 6-8: Analysis of ELB and per student funding - secondary schools



Further analysis on the financial performance of secondary schools (see Appendix C, C.1-Figure 1) examined the surplus/deficit on a per student basis of schools in 2017 and schools' financial reserves and bank balances in 2017. This analysis showed that smaller secondary schools (under 1,000 enrolments) were more likely to be operating at deficit than larger secondary or combined schools, but that the majority of secondary schools operate with a surplus. There is greater variation in the surplus in secondary than in primary schools, with the majority of secondary schools operating deficits/surpluses in the range of -$750 to +$1,500 per student. The variations are most extreme in smaller schools.

[45] Notes:
Based on 2017 SCFM parameters
With most combined schools having additional location-related costs, the combined school analysis also includes locality funding.

The financial performance of combined schools has also been analysed (see Appendix C, C.1-Figure 1). Combined schools comprise 49 district high schools and five K-12 schools, the vast majority of which are in regional and remote locations. The analysis indicates that combined schools with more than 280 students receive funding in excess of their modelled costs. Some schools with less than 280 students receive less funding than their modelled costs.

Overall, the analysis demonstrates that the SCFM settings achieve generally consistent and appropriate funding for secondary schools with between 500 and 1,500 enrolments. It is those schools with fewer and greater enrolments where the settings see more variable outcomes.

Expectations around curriculum delivery and breadth combined with current SCFM settings create trade-offs for schools with small secondary cohorts

In the metropolitan area, there are small secondary schools within relatively close proximity of each other; with 30% of metropolitan secondary schools (Years 7 – 12) having fewer than 800 enrolments. The distribution of these small secondary schools reflects historical demographic patterns and decisions to not amalgamate these schools. Many of these smaller metropolitan secondary schools are in more disadvantaged areas (the impact of this is discussed further in Section 0). In addition to small metropolitan secondary schools, there are many unavoidably small secondary and combined schools in regional areas. These regional schools typically have small secondary cohorts, reflecting the local population demographics. Of 51 regional district high schools and high schools with students up to Year 10, only 12 have more than 100 secondary enrolments and 28 have fewer than 50 secondary enrolments.

The related issues of curriculum expectations and class sizes are key to understanding the effectiveness of the SCFM settings in funding these schools with small secondary cohorts. The cost modelling described above includes assumptions about minimum staffing requirements for expected class sizes. From consultation with principals, it is clear that many schools with small secondary cohorts operate with relatively small class sizes to deliver a breadth of curriculum similar to larger schools, including meeting mandatory curriculum requirements in Years 7-10 and providing breadth in Years 11-12. As a result, the SCFM settings and the analysis above may underestimate the financial pressure on schools with small secondary cohorts.

Schools have identified various means of dealing with the resulting trade-offs between financial constraints and curriculum expectations. For example:

- Some combined schools in regional areas have shifted funding from primary years to fund the smaller secondary class sizes required to deliver a broad curriculum.
- Some smaller metropolitan secondary schools have collaborated to offer their students a broader curriculum (as is common practice in other jurisdictions). The New North Education Initiative in the north metropolitan area of Perth is one such case (see Figure 6-9).

The ability of small schools to provide a broad curriculum is an ongoing issue in many jurisdictions, not just WA. Funding alone cannot address the issue. Two issues in particular require further analysis and consultation before options for adjusting the SCFM settings to better support these schools can be finalised:

- **Expectations for curriculum delivery and breadth in schools with small secondary cohorts**. In regional locations, as the only local public school option, the community may expect that children can receive a particular breadth of education regardless of the location. In metropolitan locations the community (and the school itself) may expect that students can receive a particular breadth of education regardless of the school.

- **Expectations for the use of alternative delivery modes.** In metropolitan schools, increased use of collaborative models of curriculum delivery could be considered. In regional schools, enhanced use of technology could be considered, including drawing on the School of Isolated and Distance Education.

Figure 6-9: Example of upper secondary schools collaborating[46]

In the interim, the challenges facing schools with small secondary cohorts have been recognised through the 2018 small senior schools targeted initiative (this targeted initiative is discussed further in Section 6.2.4).

Current SCFM settings enable very large secondary schools to benefit from economies of scale

To account for economies of scale, the ELB allocation is tapered according to the size of the student population. For secondary schools, the ELB allocation gradually reduces from its maximum allocation ($795,493 in 2018) for schools with 100 – 500 students to zero for secondary schools with 1,200 and more students. However, large schools continue to benefit from economies of scale under a per student funding approach beyond 1,200 students. This issue was identified in the *2012 options report* which proposed a reverse taper to decrease per student funding for larger schools. However, this was not implemented in the final design of the SCFM. Since the SCFM was implemented in 2015, there has been significant growth in some secondary schools which has resulted in a greater range in the size of secondary schools across the State, including more large secondary schools.

Further analysis is required to develop a robust evidence base to deal with these issues

Various options exist to deal with the issues outlined above, including an increase in the size of the ELB allocation for small schools, a negative ELB allocation tapering in from 1,200 students, a separate specific funding allocation for small regional schools (as in some other Australian jurisdictions), or changes to the per student funding for smaller and larger schools (as with the 'equity adjustment').

However, there are two precursor activities before the optimal solution can be identified:

- Clear articulation is needed of expectations of curriculum breadth and of the use of alternative delivery modes in schools with small secondary cohorts, recognising differences between metropolitan and regional settings.
- A comprehensive evidence base needs to be developed including analysis of relative cost differences arising from school type, size and location needs.

[46] Information adapted from http://www.nnei.com.au/

Recommendation 9 – After building a stronger evidence base, explore options to adjust model parameters to better support schools with small secondary cohorts and to recognise the economies of scale for larger secondary schools.

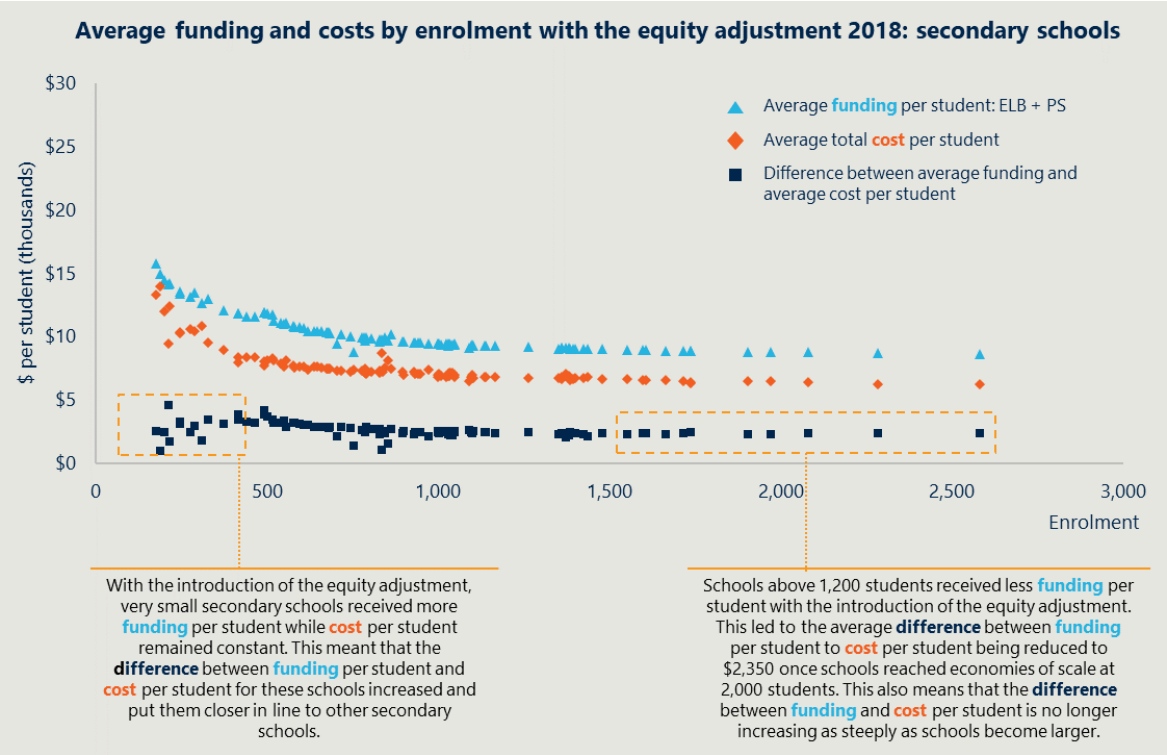
- Review the relative cost differentials for operating different school types and sizes, in different locations.
- Articulate clear expectations for breadth of curriculum in schools with small secondary cohorts and the use of alternative curriculum delivery modes, recognising that expectations will be dependent on the circumstances of different school contexts.
- Understand the differences between schools with small secondary cohorts in metropolitan and regional areas, and design solutions accordingly.

6.2.4 The 2018 'equity adjustment' and small senior schools targeted initiative were appropriate as interim measures

In response to the issues described in Section 6.2.3, in 2018 the Department introduced an 'equity adjustment' for large schools, where per student funding for any additional students above an enrolment threshold of 1,200 was reduced. Some of the savings from this measure have been reinvested as a small schools targeted initiative providing up to $288,500 to 39 secondary schools with enrolments of fewer than 900 students, tapered for schools with 500 to 900 students.

To test the effectiveness and appropriateness of the 'equity adjustment' and small schools targeted initiative, the evaluation has repeated the secondary school analysis presented in Section 6.2.3 factoring in the impact of the 'equity adjustment' and the targeted initiative. The variances found in the earlier analysis are less prominent, with a lower differential between average funding and total cost per student when economies of scale are reached (beyond 1,200 students). This change is attributable to the reduction in per student funding for schools with more than 1,200 students and the additional reinvestment to smaller secondary schools (see Figure 6-10).

Figure 6-10: Equity adjustment and secondary schools



However, these interim measures have not been without challenges. There are lessons to be learned from the implementation that should be taken into account if the adjustments are retained:

- **Timing**. Schools impacted by the reduction in per student funding for 2018 were notified late in Term 3, 2017. This timing was problematic for impacted schools. Schools have typically planned their class structures and associated workforce requirements by Term 3 and in most cases workforce decisions would have already been made to meet these requirements by the time that schools were made aware of the changes in funding. This required schools to rework their class structures and workforce requirements at short notice. The relative inflexibility of the workforce (discussed in Section 5.1.4) also means that, in practice, some schools had to make reactive savings to respond to the funding reduction.
- **Coverage**. Only small to medium sized secondary schools received the small schools targeted initiative. However, combined schools with small secondary enrolments also experience the same challenges relating to providing breadth of secondary curriculum as small secondary schools. Therefore, the small schools targeted initiative went some of the way to meet the stated objectives but was not comprehensive. In practice, the allocation approach based on small school enrolments (a maximum allocation to schools with fewer than 500 enrolments, tapered to zero at 900 enrolments) would have meant the inclusion of combined schools would have substantially reduced the amount of funding that each school would have received.

While the principle driving the 'equity adjustment' and small schools targeted initiative was appropriate and goes some way to more equitably supporting small and large schools, the challenges experienced in its implementation mean that if it is to be retained there needs to be a clearer connection, rationale and communication about the collective impact of the changes.

Recommendation 10 – Continue the 'equity adjustment' and small schools targeted initiative with some refinements as an interim measure subject to the implementation of Recommendation 9.

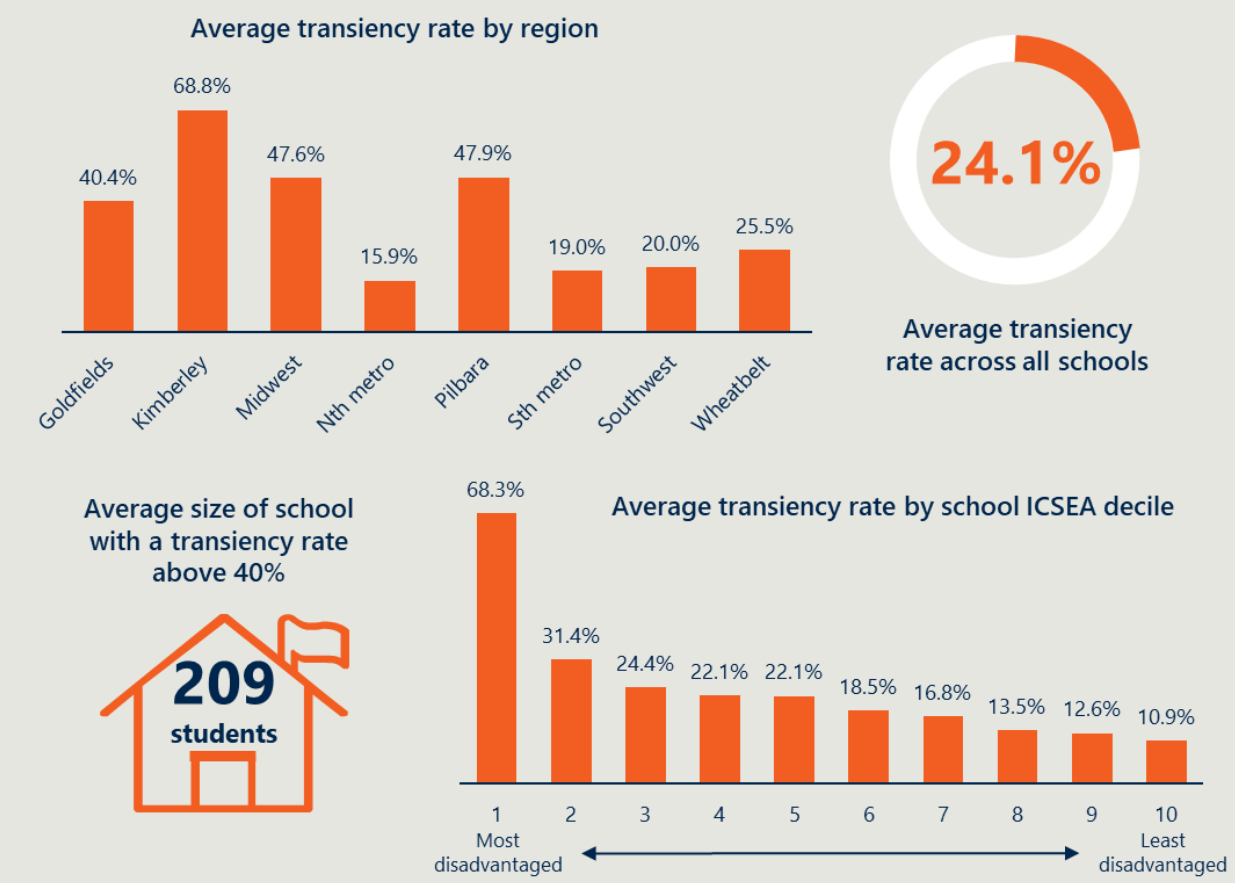
- Ensure transparency of the ongoing adjustment, including through communication earlier in the annual budget and planning cycle.
- Consider the applicability of funding for all schools that must maintain small secondary cohorts (some secondary schools, combined schools, primaries with secondary students).
- Communicate the continued 'equity adjustment' as a temporary measure to be replaced by changes in line with Recommdation 9.

6.2.5 Some schools are significantly impacted by a transient student population

Through the consultation stage of the evaluation, schools raised a number of school characteristics with funding implications that are not explicitly addressed through the SCFM settings, such as the age and extent of school infrastructure. Most of these are expected to be covered by schools' core funding from the per student funding and existing school characteristic funding. Adding a large number of specific funding allocation lines to the SCFM settings to cater for every variation in school characteristics would undermine the simplicity, transparency and flexibility of the SCFM design. However, the evaluation has identified sustained student transiency as an issue that merits attention.

Some schools, especially in regional areas, can be significantly impacted by a transient student population. This can cause issues for the schools with regards to their funding and additional unplanned expenditure.

Figure 6-11: Transiency rates across WA[47]



A highly transient student population can cause several issues for schools:

- **The cost of managing high inflows and outflows of students.** Principals commented that there was a cost managing a highly transient student population that went beyond providing resources to unfunded students. They identified the following costs associated with a high transiency rate:
    - costs needed to provide additional support for students to catch up with the curriculum
    - costs associated with attendance officers and other support staff who follow up on transient students
    - highly transient students are often some of the most disadvantaged and requiring a higher level of support.
- **Managing an appropriate workforce for a school with a transient population that attracts a high proportion of student characteristics funding can be difficult**. As discussed in Section 5.1.3, if actual enrolments differ significantly from projected enrolments, this can affect the appropriateness of the workforce to match school and student needs. This is more likely to happen in schools with highly transient populations and the impact can be more significant with transient students who attract multiple allocations of student characteristics funding. The result is that schools may experience a

[47] Transiency rates are determined by dividing the total number of students arriving and leaving a school during any one year by the average of that school's first and second semester census student numbers. Students arriving or leaving a school on multiple occasions during a calendar year count as a maximum of two instances. The calculation excludes students new to the school but present from the commencement of the school year and students that leave the school at the end of the school year. This particular methodology allows for any inconsistencies in the way student enrolments are recorded and ensures that more equitable and realistic comparisons of available student transiency data can occur. More detailed graphs available Appendix D.3

reduction in the number of enrolments of students who attract high levels of student characteristics funding between years but would not know the full impact until after the census – several months after finalising their workforce and with a requirement to continue to employ those staff throughout the year.

- **Schools not receiving funding for students that arrive after census date.** As discussed in Section 5.1.3, there is a small minority of schools each year that have more students in Semester 2 than in Semester 1, resulting in these schools not receiving funding for these students. However, this is not a significant issue at system level.

Recommendation 11 – Explore adjustments to ensure that the SCFM explicitly deals with schools with high rates of student transiency.

- Consider introducing a funding element into the SCFM settings that is linked to sustained high rates of transiency. Any adjustment should be made with consideration of Recommendation 13 as high rates of transiency and disadvantage are correlated.

6.2.6 Locality funding supports schools with higher costs but may not adequately reflect differences between locations

An additional funding allocation is provided to schools, subject to eligibility, where there are additional and non-standard costs of operations within specific locations. This reflects the recommendations of the *2012 options report* that concluded that the model should address "geographical isolation and small size constraints… through separate and specific additional lines of funding".[48]

The locality allocation provided through the SCFM settings is a percentage of the sum of the per student funding and ELB allocation for an eligible school. Eligibility and the percentage allocation depend on the location of the school as indicated by ARIA+, a nationally consistent measure of geographical isolation. The percentage allocation increases progressively in line with the ARIA+ score.[49] This approach is broadly consistent with additional allowances in funding models in other jurisdictions (see Figure 6-12).

[48] S Lamb & R Teese, Development of a school funding model for Western Australian public schools: report on funding and options, report prepared for the WA Department of Education, Melbourne, 2012.
[49] Department of Education, Student-centred funding and one line budgets: Locality allocation for 2018, 2017.

Figure 6-12: Interjurisdictional comparison of locality funding

Interjurisdictional comparison of locality funding

Other Australian jurisdictions provide a locality allocation to address additional costs associated with location, including remoteness. South Australia and Victoria also include an interaction between location and school size to account for curriculum breadth in small regional schools.

WA

Locality allocation based on remoteness (ARIA+). Split sites and multiple campuses may attract additional funding.

NT

Varying remoteness weighting based on 'remote locality' definition in the *Employment and Management Act (PSEMA).*

NSW

Location allocation in base for remote and/or isolated schools (based on ARIA+).

SA

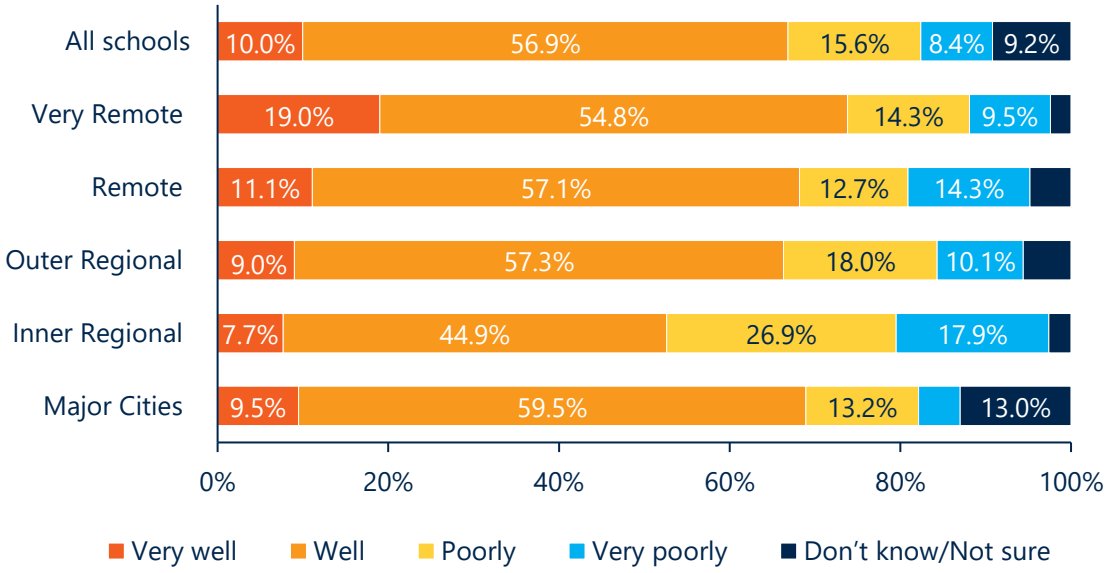
Four components of location funding including a rural and isolated index and a non-metropolitan supplement for schools with small numbers of secondary students.

Victoria

Location index that combines distance from Melbourne, provincial centres and larger schools plus a rural size adjustment for small regional schools (based on ARIA+ and enrolments).

At a system level, schools appear to be broadly satisfied with the locality allocation. Over two-thirds of survey respondents reported the locality allocation reflects their schools' circumstance well or very well. Very remote schools responded the most favourably about this allocation, whereas inner regional schools were least satisfied (see Figure 6-13). The lower satisfaction of inner regional schools may relate to freight and professional learning costs, discussed further below.

Figure 6-13: Survey results: Extent to which per student funding reflects schools' circumstance[50]



[50] Note Q9_3 how well does locality allocation of the SCFM reflect your school's circumstance, n = 642

Throughout the consultation process, schools consistently reported three categories of costs that are not adequately covered through locality funding:

- **Freight costs**. Focus groups in most non-metropolitan locations highlighted freight costs as not being sufficiently accounted for through the locality allocation. Principals noted that goods are often required to be freighted from Perth and the additional freight costs were not sufficiently provided for by the locality allocation. This may be exacerbated in those locations close to regional urban 'service centres' such as Bunbury because their ARIA+ scores are reduced to reflect this proximity. These locations are typically classified as 'inner regional' - these schools were the least satisfied that the locality allocation reflects their circumstances.
- **Professional learning**. There are several aspects of professional learning that have additional costs in some locations. These include: additional cost of travel if professional learning takes place in Perth rather than a closer urban 'service centre'; additional costs of relief if teachers must allow additional time to travel to Perth and additional professional learning required if schools cannot attract an experienced workforce. The root cause of these additional costs is the location of the school relative to Perth which, as mentioned above does not always translate to a higher ARIA+ score if the location is close to an urban 'service centre' in regional WA. As above, these costs may not be sufficiently accounted for in schools classified as being in 'inner regional' locations. Analysis of professional development costs of schools by region does not provide useful insight into this issue, as schools can only spend what they have budget for.
- **Utilities**. Focus groups in the Pilbara and Kimberley noted that these regions experience a high cost of utilities, reflecting the nature of the electricity supply in these regions. Analysis of utilities expenditure is consistent with this view. In 2017 these two regions spent 23% of their cash expenditure on utilities compared to an average across all schools of 16%. More remote schools in these regions had lower utilities costs than less remote schools.[51] The Wheatbelt also had higher that average utilities expenditure of 22%, driven by higher than average expenditure on water.

> ***"The locality allowance would be okay if professional learning and meetings were held in the regional centre but it appears much of it is now centralised and there is no allowance to offset travel costs to attend such things."***
>
> ***"Staff do not have accommodation in city or major towns for PL. Bringing presenters for PL in rural areas often means we are charged their travel and accommodation costs."***
>
> Consultation feedback

Some schools raised very specific costs associated with their location that, by their nature, are not associated with relative isolation. For example, this included additional costs to prepare for cyclones and bushfires. Specific costs such as these are more appropriately considered in targeted initiatives or operational responses rather than in a locality allowance.

The ARIA+ is a nationally consistent measure of geographical isolation. The calculation of each location's ARIA+ score is based on the distance by road from its nearest 'service centres' in five population categories of service centres. The limitations of ARIA+ relate to its design as a measure of geographical remoteness, rather than a measure of cost of living, and its consideration of 'service centres' in the WA context.

> ***"It costs us thousands of dollars to freight resources (such as furniture) from Perth. Schools in Perth get this delivered for free. Yes they don't receive a locality allowance, but neither do we."***
>
> Consultation feedback

[51] In 2018, an adjustment was made to the locality allocation for schools in the Pilbara and Kimberley, in recognition of high power costs. Utilities expenditure data for 2018 is not yet available for this analysis to test whether this adjustment was adequate. However, the 2017 analysis does show that higher utilities costs are not correlated with remoteness, which the locality allocation is based on, indicating that a separate approach may be required.

The Australian Bureau of Statistics (ABS) has updated ARIA+ scores based on the 2016 national population census, which will change the ARIA+ scores for some locations and schools in WA. However, this too will not address the categories of costs identified above, because these are not directly associated with isolation from urban centres.

Previous analysis by the Department concluded that there is no more appropriate single measure than the ARIA+. In lieu of a better alternative, these other location based costs may need to be considered and addressed through other funding and non-funding ways.

Recommendation 12 – Enhance the current approach to locality funding.

- Implement a blended locality funding approach that combines ARIA+ and road distance to Perth.
- Explore options for a targeted initiative for schools in the Kimberley and Pilbara to address very high utility costs in those regions.

6.3 How responsive is the SCFM to the learning needs of individual students?

This section presents the key findings and recommendations of the SCFM evaluation relating to the responsiveness of the SCFM to the needs and circumstances of individual students.

- **Key finding 19: Funding for social disadvantage is an essential part of the SCFM, and the current measure is appropriate.**
- **Key finding 20: Funding for disadvantage through the SCFM is thinly spread and negated by other factors.**
- **Key finding 21: Current SCFM settings do not adequately address the compounding nature of disadvantage.**
- **Key finding 22: Improving outcomes for disadvantaged students requires a focus on identifying and disseminating good practice.**
- **Key finding 23: Separate funding for Aboriginal students is appropriate but could be better targeted to those at an educational disadvantage.**
- **Key finding 24: The process to determine funding to support students with disability is perceived to be inconsistent, time-consuming and incomplete.**
- **Key finding 25: There is limited evidence that the educational adjustment allocation targets undiagnosed student disability.**
- **Key finding 26: The method for funding EAL needs could be more targeted to learning needs.**

6.3.1 Funding for social disadvantage is an essential part of the SCFM, and the current measure is appropriate

Funding for social disadvantage is a fundamental part of school funding models

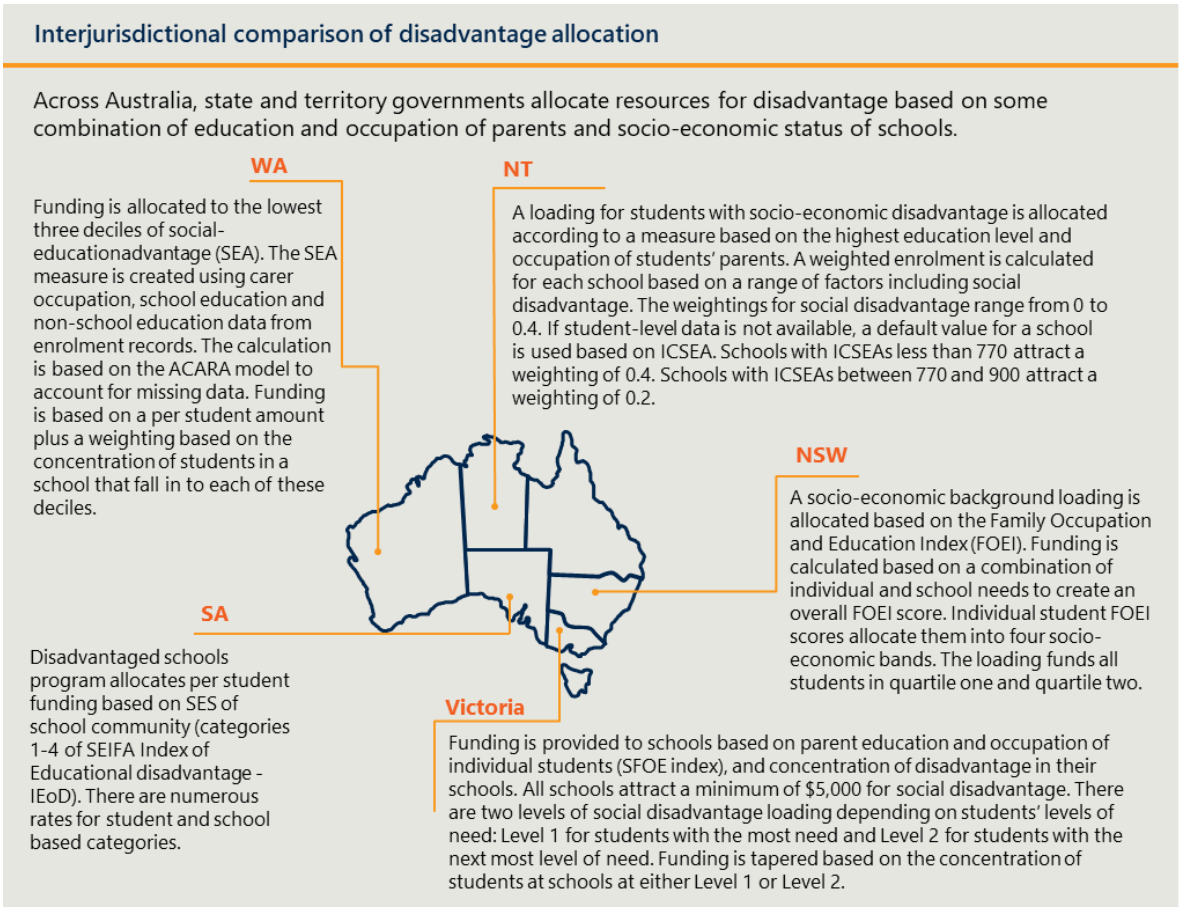
Social disadvantage funding is a part of most school funding mechanisms around Australia and the world. Most school systems around the world aim to give schools additional funding "for implementing

strategies and initiatives that can address the needs of disadvantaged students to help improve their learning and outcomes"[52].

Many Australian and international studies have found that family background is a major contributor to students' education success[53]. Within Australia, students from lower socio-economic areas tend to achieve worse Year 9 NAPLAN results than students from higher socio-economic areas[54]. This is exacerbated in schools with a high concentration of students from disadvantaged backgrounds[55].

Across Australia, state and territory governments allocate resources for disadvantage based on some combination of the education and occupation of parents and socio-economic status of schools, as shown in Figure 6-14 below.

Figure 6-14: Interjurisdictional comparison on disadvantage allocation



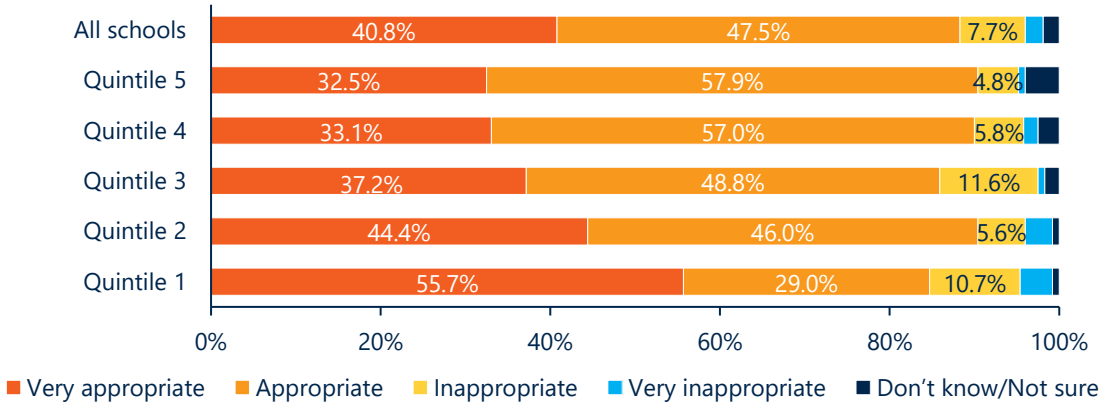
Schools strongly support social disadvantage funding

Among survey respondents, nearly 90% of schools considered the social disadvantage allocation in the SCFM to be either appropriate or very appropriate (see Figure 6-15). Schools in the lowest ICSEA quintile

[52] S Lamb & R Teese, Development of a school funding model for Western Australian public schools: report on funding and options, report prepared for the WA Department of Education, Melbourne, 2012.
[53] L. Woessman, How equal are educational opportunities? Family background and student achievement in Europe and the United States. Discussion Paper No. 1284. Institute for the Study of Labor (IZA) Bonn, Germany, 2004. And
S. Lamb, "School completion and dropout in Australia", in Lamb et al. (eds) School dropout and completion: international comparative studies in theory and policy, Springer: Dordrecht, 2011, pp. 321-341.
[54] Nous Group, Schooling Challenges and Opportunities, 2011
[55] S Lamb & R Teese, Development of a school funding model for Western Australian public schools: report on funding and options (citing others), report prepared for the WA Department of Education, Melbourne, 2012.

(most disadvantaged), which receive the most social disadvantage funds were in particularly strong agreement about the appropriateness of the social disadvantage allocation of the SCFM.

Figure 6-15: Survey results: Appropriateness of the social disadvantage element in the SCFM[56]



The current measure used to identify students facing disadvantage generally identifies the right number of students at each school

Prior to the SCFM, schools with a high proportion of disadvantaged students were provided additional resources through loadings in staff entitlements and special school grants tied to targeted programs[57]. The main measure to target this funding was the Socio-economic Index (SEI) which is a composite economic index based on geographical area and ABS data. The SCFM settings use a measure based on individual student data rather than area characteristics, in order to provide funding based on the concentration of students enrolled in each school.

The SCFM uses SEA, which is based on the occupations and levels of education of students' parents /carers, developed with the Australian Curriculum, Assessment and Reporting Authority (ACARA). Using parents/carers occupations and levels of education has been shown to be a good indicator of education advantage or disadvantage, based on correlations with education achievement and the development of skills[58], and is similar to measures used in many Australian jurisdictions (see Figure 6-14).

The SEA measure is adapted from the ICSEA, which has a component that relates directly to carer education and occupation, using direct enrolment information. Locality and Aboriginality information is removed from the ICSEA measure and the information related to carers' occupation and education is used to determine the relative socio-economic advantage or disadvantage of each WA public school student.

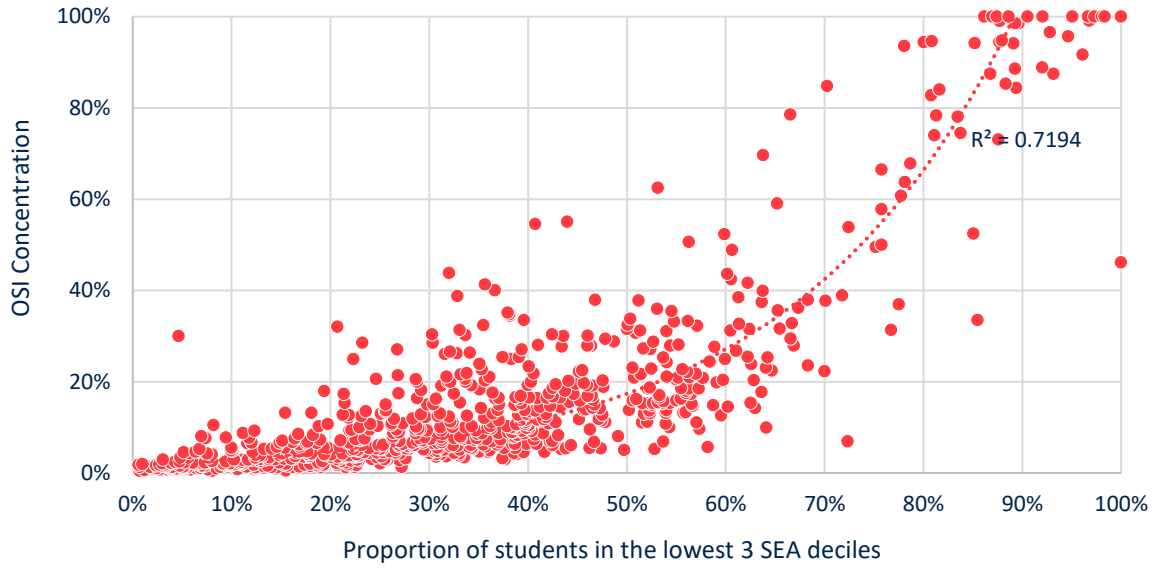
If there is no data on the carers' occupation or education, statistical modelling is used to deduce the level of disadvantage. While the statistical model is deemed to be reliable, it is preferable that the direct enrolment data is as complete, accurate and up to date as possible. This requires ongoing communication to schools of the importance of parents and carers completing and updating enrolment data.

The SEA measure correlates well with other indicators of disadvantage that are collected through the OSI system. Analysis shows that the number of students identified through these measures[59] correlates well

[56] Note Q11_4 How appropriate is the inclusion of the social disadvantage funding allocation to schools? n = 625. Quintile 1 = most disadvantaged. Quintile 5 = most advantaged.
[57] S Lamb & R Teese, Development of a school funding model for Western Australian public schools: report on funding and options, report prepared for the WA Department of Education, Melbourne, 2012.
[58] ACARA, Guide to understanding ICSEA, 2011. http://docs.acara.edu.au/resources/Guide_to_understanding_ICSEA.pdf
[59] Student mobility – the number of different schools each student has attended; student involvement with the Department of Communities (Child Protection); and whether the student is on a humanitarian visa

with the number of students identified as disadvantaged through the SEA measure, as shown in Figure 6-16 below.

Figure 6-16: Concentration of students identified through SEA and OSI indicators



6.3.2 Funding for disadvantage through the SCFM is thinly spread and negated by other factors

The level and proportion of disadvantage funding is low relative to other jurisdictions

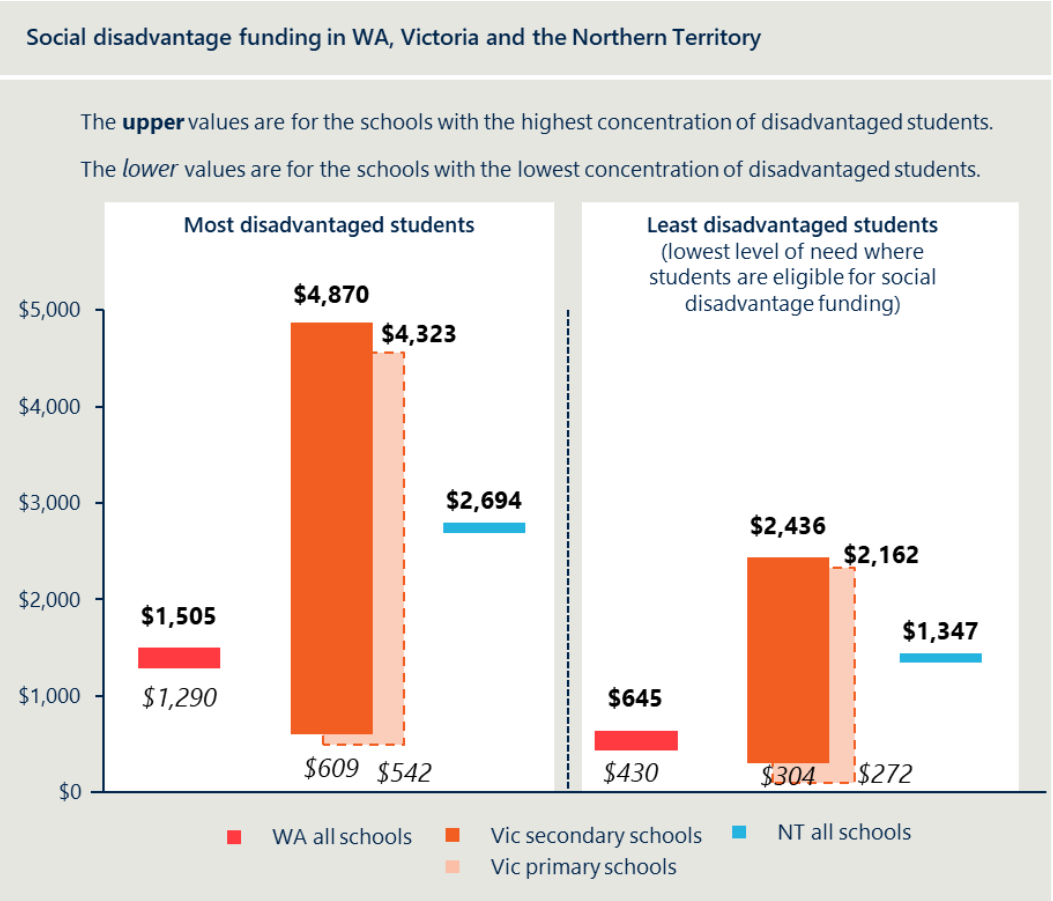
Current (2018) settings within the SCFM allocate an additional $430 per student (before concentration loadings) for students identified as disadvantaged, with a total of $78 million allocated to this allocation.

As described in Section 6.1.1, social disadvantage funding is a significantly smaller percentage of total school funding in WA compared with other comparable jurisdictions. In WA, 2.5% of total funding is allocated to social disadvantage, with an additional 1.7% for Aboriginal students. In England, 7.6% of total funding is allocated to social disadvantage. Although total spending by category is not available for Victoria, the analysis reported below identifies Victoria's higher social disadvantage funding rates compared to WA. These higher funding rates likely result in a greater proportion of Victoria's total funding being targeted to social disadvantage.

Both WA and Victoria vary their funding rates on the basis of both student and school characteristics. In contrast, the Northern Territory has a single rate regardless of the school level of need (see Figure 6-17).

The WA rates are significantly 'flatter' than those applied in Victorian public schools. The most disadvantaged primary student in WA attracts 16% more funding when attending a high disadvantage school, compared to the same student attending a low disadvantage school. In the Victorian public school funding model there is a 700% difference.

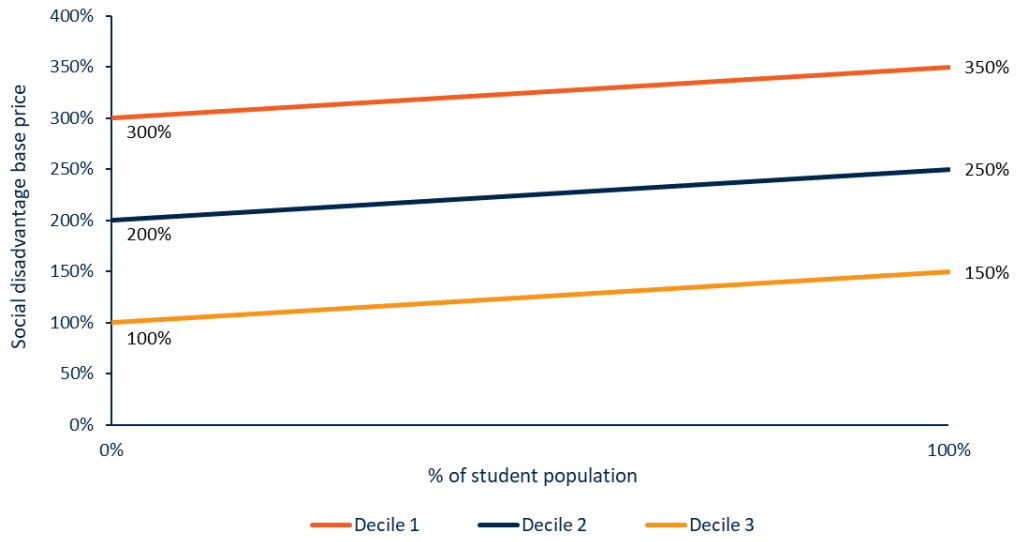
Figure 6-17: Social disadvantage funding in WA, Victoria and the Northern Territory 2017



Disadvantage funding is distributed widely across all schools

Current SCFM settings provide a base level of funding for all students in the lowest three deciles of the SEA, with a loading based on decile and concentration level as shown in Figure 6-18 below.

Figure 6-18: Social disadvantage allocation



The result of these settings is that limited disadvantage funding is widely distributed across schools. All schools receive some funding for social disadvantage. The analysis presented in Appendix D, D.6-Figure 1 shows that of 533 primary schools 371 receive less than $100,000 and 508 less than $200,000 in disadvantage funding in 2018. This 'long tail' reduces the amount of disadvantage funding available to schools with high concentrations of disadvantage. Appendix D.6 provides detailed analysis of funding distribution by school type.

Many schools raised the issue of the level and distribution of disadvantage funding noting that while the additional funding is welcome it is in many cases inadequate to deal with the compounding nature of disadvantage (see Section 6.3.3 below).

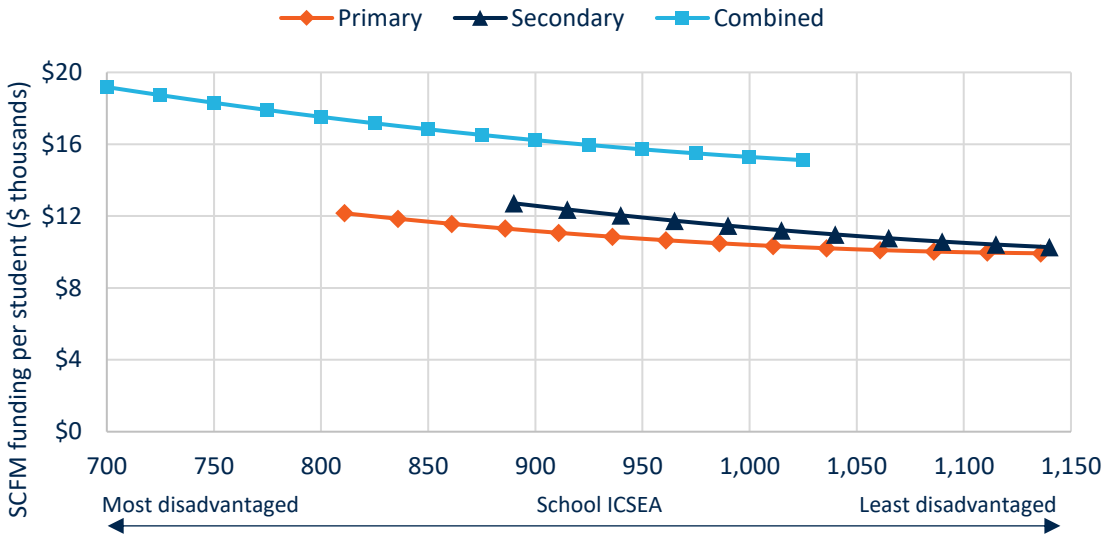
School funding as a whole is progressive, but is offset by other factors, particularly for secondary schools

The SCFM settings include several funding elements intended to provide additional funding to schools on the basis of need. For example, this includes the social disadvantage, Aboriginality, educational adjustment, ELB and locality allocations. Schools attracting these funding lines generally have lower ICSEA scores.

Figure 6-19 examines the extent that total SCFM funding per student is allocated on the basis of need, as measured by the ICSEA. This analysis finds that the most disadvantaged (low ICSEA) schools are attracting the highest funding per student. The progressivity of this funding (the difference between the per student amount received in the most disadvantaged schools compared to the most advantaged schools) varies between school types. In the case of primary schools, a low ICSEA (811) school receives, on average, $12,160 per student through the SCFM, compared to a high ICSEA (1,136) school receiving $9,930 per student—a 22% difference. In secondary schools a low ICSEA (890) school receives on average, $12,715 per student, compared to $10,270 per student in a high ICSEA (1,140) school—a 24% difference. In combined schools, a low ICSEA (700) school receives $19,180 per student, compared to $15,115 in a high ICSEA (1,025) combined school.

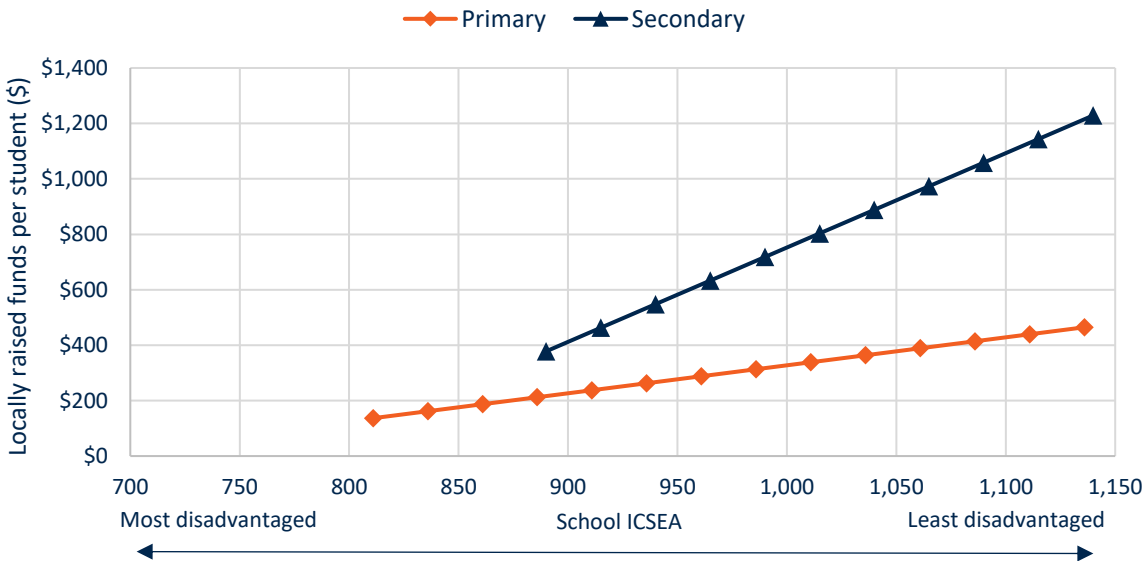
As noted above, other funding elements in the SCFM settings, including the Aboriginality, educational adjustment, ELB and locality allocations, are correlated to socioeconomic disadvantage, further increasing the difference in per student funding between high disadvantage and low disadvantage schools. This results in the differences in per student funding levels between high and low disadvantage schools ($2,445 on average in secondary schools) being greater than the highest level of disadvantage funding for individual students ($1,505). That is, funding elements other than social disadvantage are major contributors to the progressivity of the SCFM settings.

Figure 6-19: Modelled total SCFM funding per student and ICSEA 2017[60]



Similar analysis also shows that there is a strong positive relationship between ICSEA and locally raised funds per student in combined and secondary schools, and a positive but weaker relationship in primary schools (see Figure 6-20). Schools in lower socioeconomic areas find it difficult to raise funds[61] from their school community whether it is fund raising, levies to pay for educational items such as books and stationery, and camps.

Figure 6-20: Modelled locally raised funds and ICSEA 2017[62]



[60] As factors such as school size and location influence SCFM funding, quantile regression analysis has been used to examine whether after controlling for other factors school income from the SCFM varies with ICSEA. Figure 6-19 assumes the median enrolment for each school type, with ARIA set at zero (metropolitan). The minimum and maximum ICSEA values used in the above analysis are the 5th and 95th percentile values for each of the two school types.

[61] Locally raised funds include: voluntary contributions charges and fees, fundraising / donations / sponsorship, fees from facilities hire, Commonwealth Government revenues, other State Government / Local Government revenues, revenue from PLIS, regional offices and other schools, farm revenue (agriculture and farm schools only), camp school fees (camp schools only)

[62] Combined schools are excluded from this analysis. The same modelling approach is used in Figure 6-20 as in Figure 6-19.

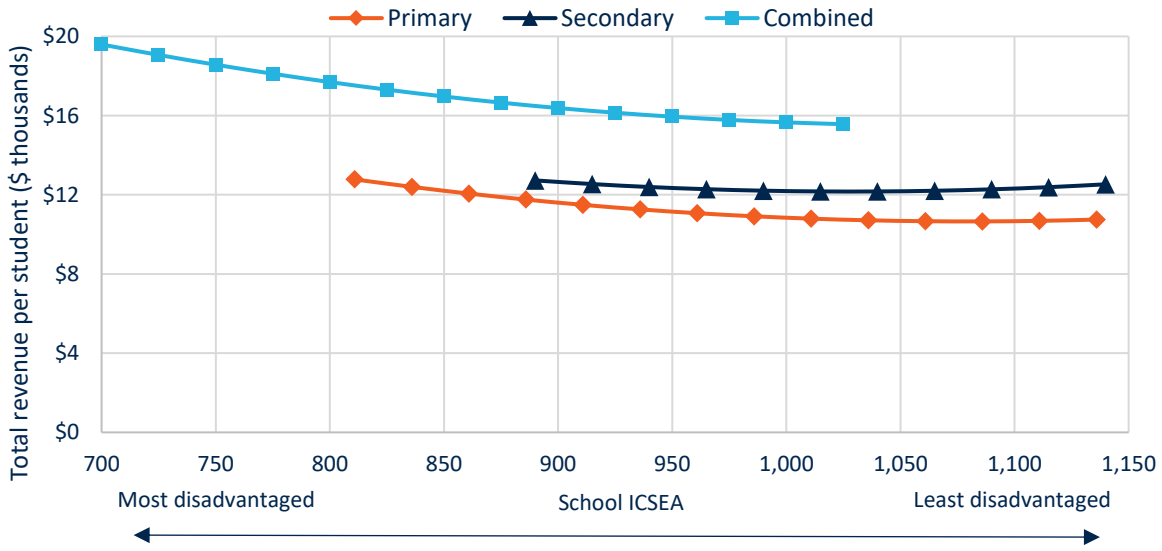
Among primary schools, a low ICSEA school (811) has locally raised funds per student of around $135, compared to around $465 for a high ICSEA school (1136). A low ICSEA secondary school (890) can be expected to generate around $380 per student, compared to $1,230 per student in a high ICSEA school (1,140).

In addition, as indicated in Section 5.2.1, low ICSEA schools also tend to have lower 'true' wage costs than high ICSEA schools, reflecting the more junior profile of staff in low ICSEA schools.

As such, the progressivity of the SCFM settings identified in Figure 6-19 is diminished when other financial resources received by schools are considered alongside the funding through the SCFM — locally raised funds and the adjustment of funding to reflect 'true' wage costs incurred by schools. The collective impact of the funding through the SCFM alongside these additional factors is presented in Figure 6-21. In the case of secondary schools, much of the progressivity through the SCFM funding is removed: there is a 2% differential between the lowest and highest ICSEA secondary school when all resources are taken into account compared to a 24% differential provided through the SCFM funding.

The progressivity in resourcing received by primary and combined schools is diminished slightly. In the case of primary schools, where there is a 22% differential between funding through the SCFM received by low and high ICSEA schools, this is 19% when all resourcing is taken into account. In combined schools, the equivalent differential reduces from 27% to 26%.

Figure 6-21: Modelled total revenue per student: SCFM, locally raised funds and wage adjustment, 2017[63]



[63] The same modelling approach is used in Figure 6-21 as in Figure 6-19.

6.3.3 Current SCFM settings do not adequately address the compounding nature of disadvantage

Schools with high concentrations of students with multiple factors of disadvantage require a disproportionate level of resourcing

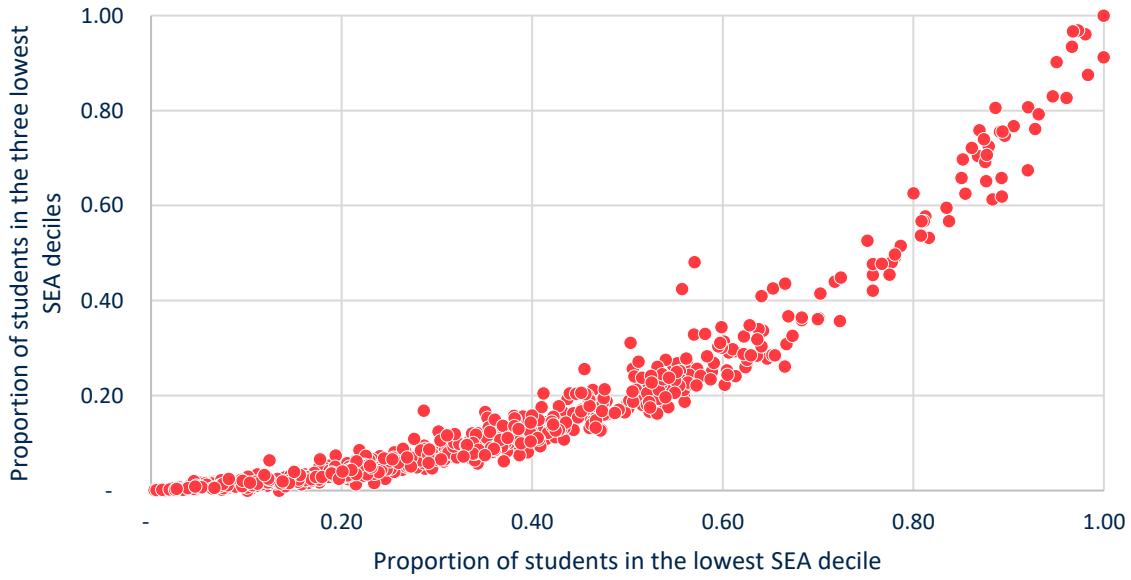
Throughout the consultation process, it became apparent that:

- Schools need to allocate a disproportionate amount of resources and time to students with multiple factors of disadvantage.
- Schools with a high concentration of disadvantage tend to spend a disproportionate amount of resources and time on a particularly 'acute' cohort of students.

The number of students with multiple factors of disadvantage tends to increase as the ICSEA of the school decreases, as explored in Appendix D.7, which compares the proportion of students with multiple issues in individual schools against their school's ICSEA value.

Similarly, Figure 6-22 shows that as the ratio of disadvantaged students in a school increases, the concentration of the most disadvantaged students increases. This results in schools with higher concentrations of disadvantaged students having increasingly large cohorts of very disadvantaged students who require intensive support to meet their education needs.

Figure 6-22: Percentage of students in decile 1 vs proportion of disadvantaged students in a school



The SCFM settings could better target disadvantage funding to account for multiple compounding factors of disadvantage for individual students and high concentrations of disadvantage within certain schools. Other jurisdictions, such as Victoria[64], have dealt with these challenges by either introducing a concentration threshold below which a school receives no disadvantage funding, or increasing loadings for more disadvantaged students, or some combination of both. Internationally, for example, California employs a concentration factor multiplied against a loading for students identified as being more

[64] Victoria has increasing loading for more disadvantaged students. Victorian State Government Education and Training website, Equity (Social Disadvantage) guidelines, accessed on 25/6/18 at https://www.education.vic.gov.au/school/teachers/management/finance/Pages/srpref011.aspx.

disadvantaged[65]. Similarly, Victoria's Student Resource Package allocates funding for social disadvantage using an individual loading for students from disadvantaged backgrounds that increases with the density of disadvantage at the school[66].

There is a perception that disadvantaged students are more likely to have behavioural issues

Through the consultation process, principals identified student behaviour as an issue that requires school level resources which are not explicitly funded through the SCFM settings.

Behavioural issues are perceived to be correlated with social disadvantage. This issue was more commonly raised by schools in low socio-economic areas and was frequently identified as being linked to family or other community/social dysfunction. The *2012 options report* [67] identified behaviour issues as part of a broader range of issues that schools face in trying to improve the education outcomes of students in need. Despite this perception, the SCFM settings indirectly provide funding for student behaviour issues through multiple mechanisms:

- Funding for behaviour issues is included in the per student funding, including education and behaviour needs at an early age (and the need for early intervention) and the changing behaviour needs of students in the middle years of their schooling[68].
- Funding for social disadvantage is intended to enable schools to make adjustments to support the specific needs of disadvantaged students, including dealing with behaviour issues that result from disadvantage.
- Funding for educational adjustment is in part designed to enable schools to support students with undiagnosed disability or disorders, some of which manifest in behaviour issues.

In addition, centrally funded resources including school psychologists are provided to schools to manage student behaviour.

Schools also described their approaches to dealing with student behaviour that have worked in their school context. These included:

- **Smaller class sizes.** Several schools identified using smaller class sizes to manage the behavioural issues of their students. At schools with a high proportion of students with behaviour issues, it would be difficult to attend to these students using target size classes.
- **Staff professional development.** Schools also raised the issue of staff wellbeing and resilience when consistently dealing with high levels of verbal and physical abuse/threats by students. These schools had instituted programs to support staff wellbeing and mental health while others cited the need for professional development courses to equip these teachers with the necessary skills to deal with students with extreme behaviour issues.

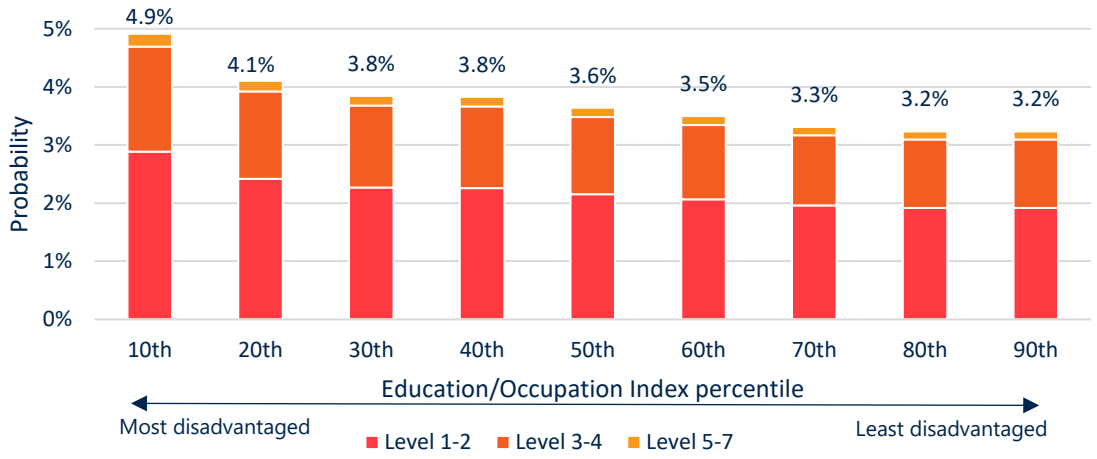
> ***"Behavioural needs of a school need recognition and support in a funding model. Often these students require EA time to manage the risk situations that occur. Extensive time is also given to developing intensive behaviour plans. Funding is also used to upskill staff with professional learning in this area".***
>
> Consultation feedback

[65] California Department of Education, Local Control Funding Formula Overview, 2018. https://www.cde.ca.gov/fg/aa/lc/lcffoverview.asp
[66] Victorian Department of Education, 2018 Student Resource Package Guide, 2018. https://www.education.vic.gov.au/school/teachers/management/finance/Pages/srpprint.aspx
[67] S Lamb & R Teese, Development of a school funding model for Western Australian public schools: report on funding and options, report prepared for the WA Department of Education, Melbourne, 2012.
[68] Ibid

Disadvantaged students are more likely to have a disability that requires an educational adjustment but are less likely to have that disability diagnosed/assessed

The distribution of IDAs as outlined in Figure 6-23 shows that disadvantaged students are more likely to have disability that is funded through the SCFM.

Figure 6-23: Student parent education/occupation and probability of receiving an IDA



Note: This Education/Occupation Index has been created at the student level using data on the highest education and occupation of student's parents and carers.

During the consultation phase, some principals argued that the model does not account for undiagnosed conditions (such as autism or Foetal Alcohol Spectrum Disorder [FASD]) and uncounted conditions (such as Attention Deficit Hyperactivity Disorder [ADHD]) and that these conditions are more prevalent in low socio-economic areas. Schools with high concentrations of disadvantaged students propose that disadvantaged students are less likely to be able to access timely clinical assessment.

The educational adjustment allocation is "provided as a flexible allocation for mainstream schools to implement programs and learning supports for students with additional learning needs such as Dyspraxia, Asthma, FASD, Dyslexia and ADHD. The funding means more students will be able to access support without the need for diagnosis of disability"[69]. This allocation is based on the proportion of students in the bottom 10% of NAPLAN results. This use of NAPLAN results to identify need is further discussed in Section 6.3.7.

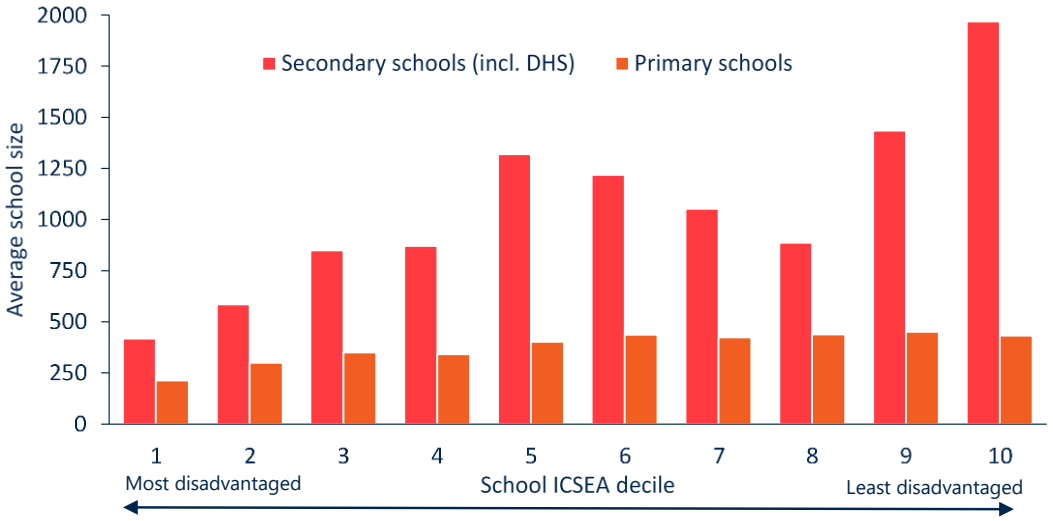
[69] Department of Education, Student-centred funding and one line budgets: Disability allocation 2018, 2017.

Disadvantage is linked to other issues that exacerbate challenges for schools with high concentrations of disadvantage

Schools with high concentrations of disadvantage tend to be smaller and risk being 'residualised'

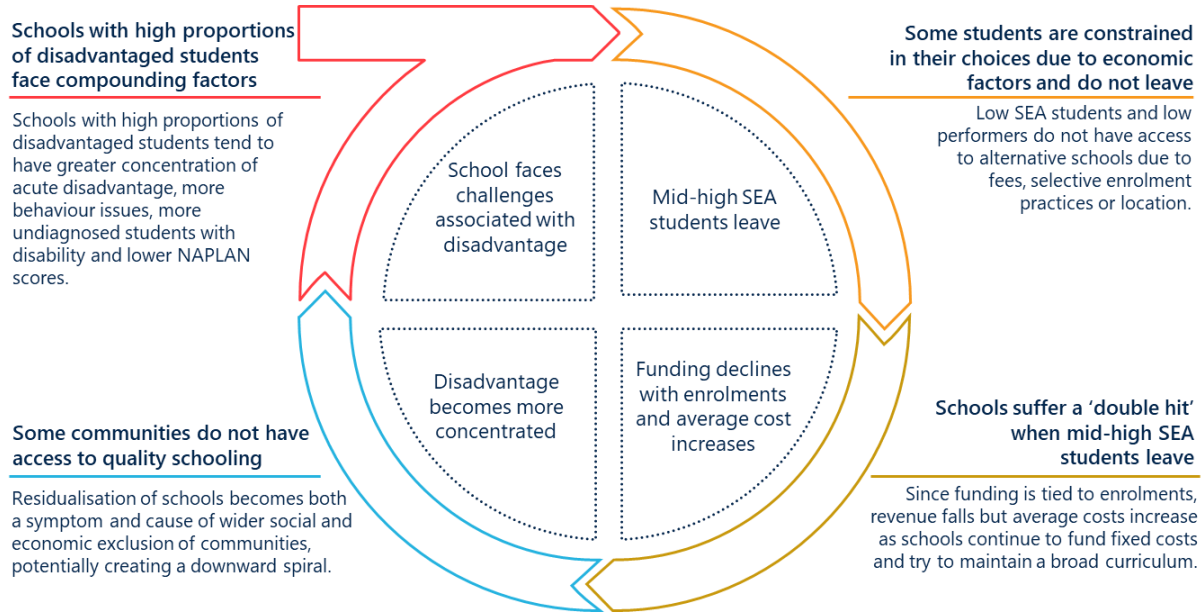
Schools in the bottom two deciles of ICSEA tend to be smaller than schools in other deciles[70] (see Figure 6-24). As discussed in Section 6.2.3 larger schools often experience economies of scale and have the financial flexibility to absorb changes in funding year to year that smaller schools do not have.

Figure 6-24: Average metropolitan school size by ICSEA decile



Small to medium sized secondary schools in metropolitan areas with moderate concentrations of students facing disadvantage are at risk of becoming 'residualised' as explained in Figure 6-25.

Figure 6-25: The compounding effects of concentrations of disadvantage[71]



[70] Regional schools have been excluded from this analysis as while they are generally smaller, this is often for reasons of population density, which is recognised in the ICSEA measure.
[71] Nous Group, Schooling Challenges and Opportunities, Nous Group, Melbourne, 2011.

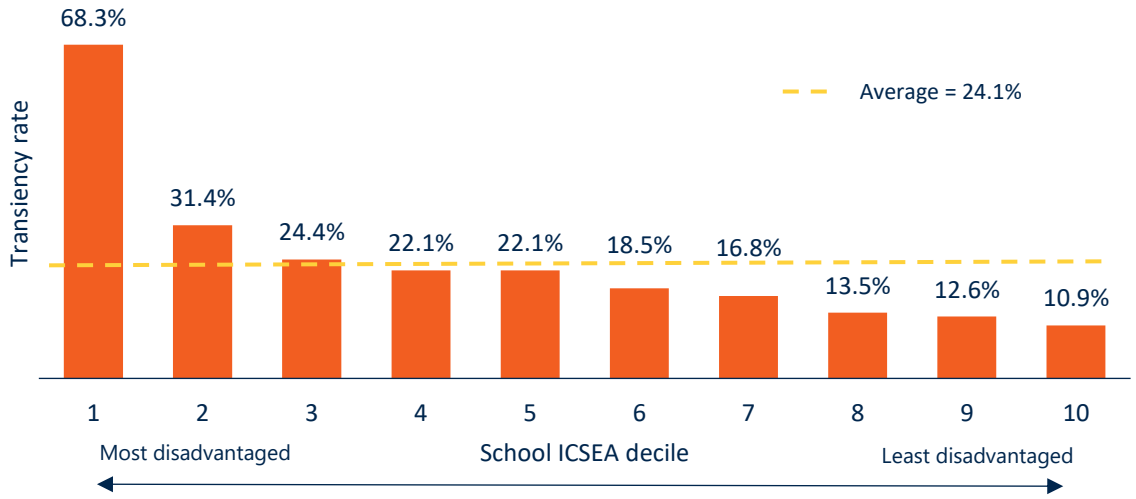
To avoid further residualisation and provide equal opportunity to students, many such schools are seeking to provide a breadth of secondary curriculum (particularly in Australian Tertiary Admission Rank [ATAR] subjects) to demonstrate they can provide viable academic pathways. However, the small numbers of secondary students combined with the breadth of curriculum being provided means there are typically small class sizes. This further exacerbates the challenges faced by schools with small secondary cohorts discussed in Section 6.2.2. Examples of this effect were seen during the evaluation:

- A senior high school in a low ICSEA metropolitan area explained that it continues to offer small ATAR classes in Year 12 even though it is not efficient to ensure there were academic pathways through to ATAR for students who wanted them. Staff believe this encourages students in Years 7-10 to continue to pursue academic study. Keeping these classes also provides an opportunity for the younger students to see high achieving role models, which is increasingly rare as many high achieving students tended to move to other public schools in the area or attend non-government schools.
- Another metropolitan senior high school in a low ICSEA area remarked that it struggles to attract high achieving students because of its 'reputation'. Staff explained that they are actively competing with other secondary schools in the area that were perceived to achieve better outcomes. As a result, the school was experiencing declining enrolments. This led to the school offering a pathway program to incoming Year 7s in collaboration with a local university. The school saw an increase in enrolments of their Year 7s of over 40% in 2018 which they attribute to this initiative.

Schools with high concentrations of disadvantage are more likely to have a high transiency rate

Schools with high concentrations of disadvantaged students also experience a higher transiency rate compared to other schools, as discussed in Section 6.2.5 This was reported by principals during the consultation phase and is illustrated in Figure 6-26 below. The effect of transiency is particularly concentrated in the lowest ICSEA decile schools making this a more significant issue for them compared to other schools.

Figure 6-26: Transiency rate by school ICSEA decile

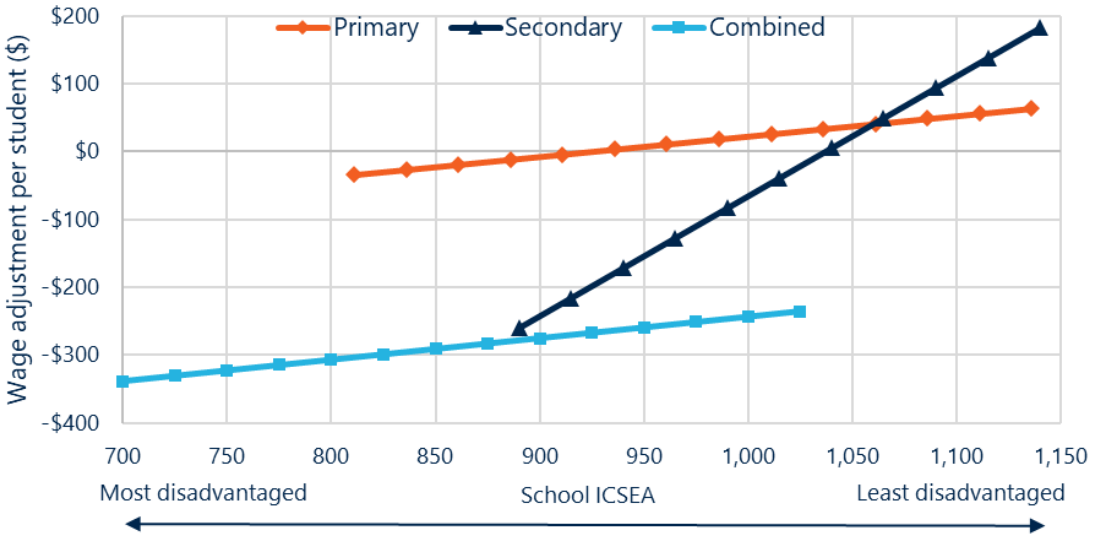


Schools with high concentrations of disadvantage are charged more for their staff than their actual cost

As noted in Section 5.2.1 schools in regional and remote locations tend to have lower actual staff costs compared to the nominal staff costs charged through the SCFM, due to a generally less experienced workforce. Figure 6-27 shows that schools with lower ICSEA scores are also charged more per student for nominal staff costs compared to the actual costs incurred. The result for primary schools suggest that for

every 100-point reduction in ICSEA, the difference between the actual staff-related costs incurred by the Department and the salary charge to a primary school reduces by $30 per student. For secondary schools the impact is much more significant, with a 100-point reduction in ICSEA resulting in a difference of $192 per student. Combined schools, which are typically in regional and remote locations, are the most disadvantaged by this factor regardless of ICSEA.

Figure 6-27: Actual vs notional wage costs by ICSEA



Recommendation 13 – Increase the level and targeting of funding for socio-economic disadvantage.

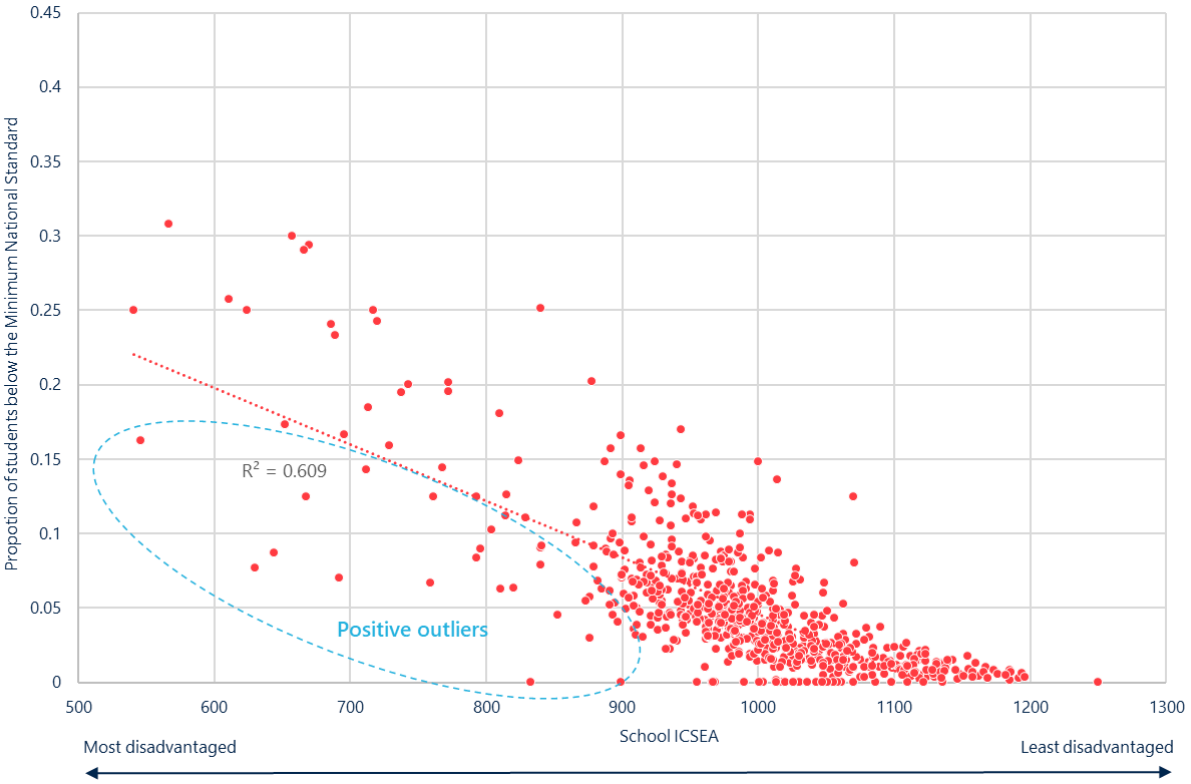
- Improve the targeting of existing funding for disadvantage, Aboriginality and educational adjustment to schools with higher concentrations of disadvantage, including by setting concentration thresholds.
- Explore options for increasing the level of funding for socio-economic disadvantage from other components of the SCFM and/or other sources.
- Continue to fund need associated with student behavioural issues through the per student funding and disadvantage allocations of the SCFM.

6.3.4 Improving outcomes for disadvantaged students requires a focus on identifying and disseminating good practice

Disadvantaged students have lower education outcomes

Education outcomes remain highly correlated to disadvantage. As shown in Figure 6-28, schools with a low ICSEA have a higher proportion of students not meeting minimum national standards in NAPLAN. A similar analysis shows a strong correlation between the concentration of students in the lowest SEA decile and the concentration of students not meeting minimum national standards in NAPLAN.

Figure 6-28: Correlation between school ICSEA and the proportion of students below the national minimum standard in NAPLAN



Improved practice is crucial to using disadvantage funding effectively

Changing the way that disadvantage is funded through the SCFM (in line with Recommendation 13) is only part of the solution to this challenge. Funding for students facing disadvantage is provided to schools to enable them to make adjustments for these students to improve their education outcomes. The effectiveness of this funding depends on the effectiveness of the adjustments (initiatives, strategies and programs) that schools implement. This explains some of the range of performance in schools at similar levels of disadvantage.

Developing an evidence base of what works in making adjustments for disadvantage in a WA context is important both to disseminate good practice, and to inform future needs-based estimates of the level of funding required to make effective adjustments.

In building the evidence base for what works in WA, it would be useful to research what the 'positive outlier' schools are doing and how/if they are using the disadvantage funding to specifically target improved education outcomes.

As part of the evaluation consultation process, schools provided examples of initiatives they have put in place to improve education outcomes for disadvantaged students. For example:

- A regional primary school remarked that they had to spend administrative time on case conferences for students in Out-of-Home Care (OOHC) and there may be up to five teachers involved, requiring additional Duties other than Teaching (DOTT) time.
- Another primary school initiated a culture change program to promote a positive behaviour approach. This involved training staff to help students understand what positive behaviour looked like at school. It also taught students skills to manage at home, even basic skills such as cooking for themselves.

- A metropolitan senior high school established a student services model with full time psychologists, chaplains and heads of years. This service aims to support students with complex disadvantage as the school experiences episodes of extreme behaviour, violence and suicidal ideation. The school also supplements its internal programs with external mentorship programs and community support.

Recommendation 14 – Build and disseminate an evidence base for what works in making adjustments for disadvantage in a WA context.

- Conduct research and analysis into best practice in making adjustments for disadvantage, including by drawing on the experience of 'positive outlier' schools.
- In future iterations of the SCFM, use this body of evidence to inform the costing of the disadvantage funding.

6.3.5 Separate funding for Aboriginal students is appropriate but could be better targeted to those at an educational disadvantage

The Aboriginality allocation is "provided to help the school address the learning needs of Aboriginal students and close the education achievement gap between Aboriginal and non-Aboriginal students"[72]. The intent is to consolidate the previous range of Aboriginal education programs into a single allocation to give schools greater flexibility in the programs and support they provide and reduce administration costs of supporting a range of programs[73]. The Aboriginality allocation also recognises the increasing complexity in schools with higher concentrations of Aboriginal students. As a result, the SCFM settings provide a base level of funding to all students who identify as Aboriginal ($1,982 per student in 2018) and provides a loading per student as the concentration in a school increases. The highest per student funding for a school with 100% students who identify as Aboriginal is $2,577 per student.

This approach is similar to that in the Northern Territory, where Aboriginal students attract a minimum of $2,021 per student. This funding gradually increases to $2,357 as the proportion of Aboriginal students in a school increases from 40% to 80%.

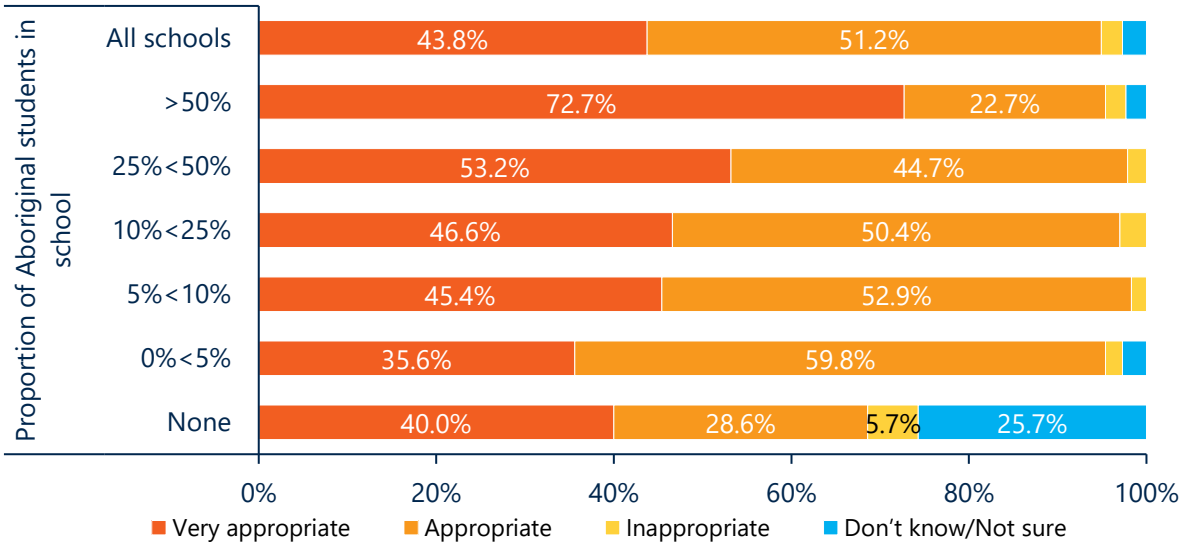
Despite the increasing allocation per student based on concentration, the distribution of funding across schools results in many schools receiving a small amount of funding. Around 80% of schools receive less than $90,000 in funding to support students identifying as Aboriginal.

In addition to the Aboriginality allocation, many schools receive a number of different targeted initiatives and in-kind external funding to support the education needs of Aboriginal students.

Nearly 95% of all schools participating in the survey indicated that the Aboriginality allocation is either appropriate or very appropriate. This pattern was present regardless of the proportion of Aboriginal students in a school—schools with higher proportions of Aboriginal students reported higher levels of 'very appropriate' (see Figure 6-29).

[72] Department of Education, Student-centred funding and one line budgets: Aboriginality allocation for 2018, 2017.
[73] Centre for Research on Education Systems, Transition to a student-centred funding model, report prepared for the WA Department of Education, Melbourne, 2012.

Figure 6-29: Survey results: Appropriateness of the Aboriginality allocation[74]



Depending on the amount of funding available and the concentration of Aboriginal students at a school, schools employed a variety of methods to meet the education and cultural needs of their Aboriginal students:

- **Cultural awareness programs.** Some schools with a small proportion of Aboriginal students who do not receive enough funding to employ specific support staff use this for cultural awareness programs for those students.
- **Collaborating with third party providers.** A secondary school in the Perth metropolitan area with a small proportion of Aboriginal students collaborated with other schools in the area to pool resources and purchase TAFE traineeships for students who wanted to be involved. This school also used this as an example of working around workforce constraints by using funding to purchase support rather than employ a staff member in case the number and proportion of Aboriginal students changed, and they no longer received funding (or received reduced funding).
- **Providing additional resources to support programs.** Schools with a high proportion of Aboriginal students tended not to distinguish between Aboriginal and other students with needs and use student characteristics funding for literacy and numeracy programs, additional EA time or structure smaller classes to increase teacher attention.

Schools also noted that the support required for different Aboriginal students could vary significantly. Some schools said that additional support is required for Aboriginal students based on other factors such as social disadvantage, EAL and remoteness. Therefore, an allocation for Aboriginality based on self-identification and relative concentration of students may not accurately direct funding to students with the highest level of education needs.

Yet, while accepting that Aboriginal status is not itself a form of disadvantage, studies of educational achievement and educational opportunity have identified that (after controlling for a variety of other influences such as disadvantage, prior achievement, remote location, and language skills) there remain clear gaps in achievement and education progress associated with Aboriginality[75]. Aboriginal students

[74] Note Q11_1 How appropriate is the inclusion of the Aboriginality funding allocation to schools? n = 639.
[75] See, for example, Lamb, S. Jackson, J. Huo, S., & Walstab,. A. Educational opportunity in Australia 2015: Who succeeds and who misses out, Centre for International Research on Education Systems, Victoria University, for the Mitchell Institute, Melbourne: Mitchell Institute, 2015. Also, S Helme & S Lamb, Closing the school completion gap for Indigenous students. Produced for the Closing the Gap Clearinghouse. Canberra: Australian Institute of Health and Welfare, 2015.

from the same social backgrounds do not do as well at school as non-Aboriginal students, suggesting that further resources are needed to assist them achieve better outcomes.

6.3.6 Funding to support students with disability is perceived to be inconsistent, time consuming and incomplete

The SCFM settings have two components of disability allocation:

- The IDA provides support for students with eligible disability based on application, approval and review.
- The educational adjustment allocation provides funding to mainstream schools to implement programs and learning supports for students with additional learning needs.

This section focuses on the funding for students through an IDA. The educational adjustment component is considered in Section 6.3.7.

Funding for students with disability is designed to respond to different levels of functional and educational adjustment but there are some small inconsistencies in different settings

Funding for an IDA is allocated across seven escalating levels on the basis of eligibility with applications submitted by schools to the Department through the Disability Services and Support Directorate and managed through the Disability Resourcing System. The funding level is assessed based on: (1) degree of disability, (2) level of teaching and learning adjustment; (3) disability type, and (4) school type (mainstream or ESC/ESS). Schools must provide evidence of diagnosis and clinical assessments to support individual applications. As funding is based on the specific assessment of need for an individual student, the funding moves with the student if the student changes schools.

The intent of IDA is to support the learning needs of eligible students with disability. The funding can be used flexibly to best meet eligible students' education needs. [76] The inclusion of the funding, based on assessment of need, is consistent with the recommendations of the *2012 options report*, which recommended that "disability, ESL [English as a Second Language] and refugee funding is delivered through three separate lines, each involving clinically or pedagogically-assessed need. For each group, individual assessments are required, and support scaled accordingly".[77]

The IDA in its current form through the SCFM replaced a more complex and rigid disability funding process which directly linked workforce FTE (EA and Education Needs) to students across 96 funding categories. The change in approach through the SCFM supports the principle of flexibility, as schools can consider how best to use their total funding for students with an IDA at a whole of school level through both workforce and non-workforce expenditure.

Family Studies.

[76] Department of Education, Student-centred funding and one line budgets: Disability allocation 2018, 2017.

[77] S Lamb & R Teese, Development of a school funding model for Western Australian public schools: report on funding and options, report prepared for the WA Department of Education, Melbourne, 2012.

Figure 6-30: Interjurisdictional comparison of disability funding

Interjurisdictional comparison of disability funding

Other Australian jurisdictions also provide funding for disability, with South Australia and Victoria also using assessment of need across escalating levels. The individual allocations based on level of need are higher in WA than in other jurisdictions, however WA funds fewer students (4.3% in public schools compared to a national average of 6.3%) , indicating that WA provides more concentrated funding for students with disability.

WA

Per student allocation based on seven levels of need from $9,436 to $72,082; plus per student allocation of $954 for low level adjustment based on education attainment.

NSW

Integration Funding for students with moderate and severe disability with moderate to high learning and support needs; plus low level adjustment loading based on education attainment.

SA

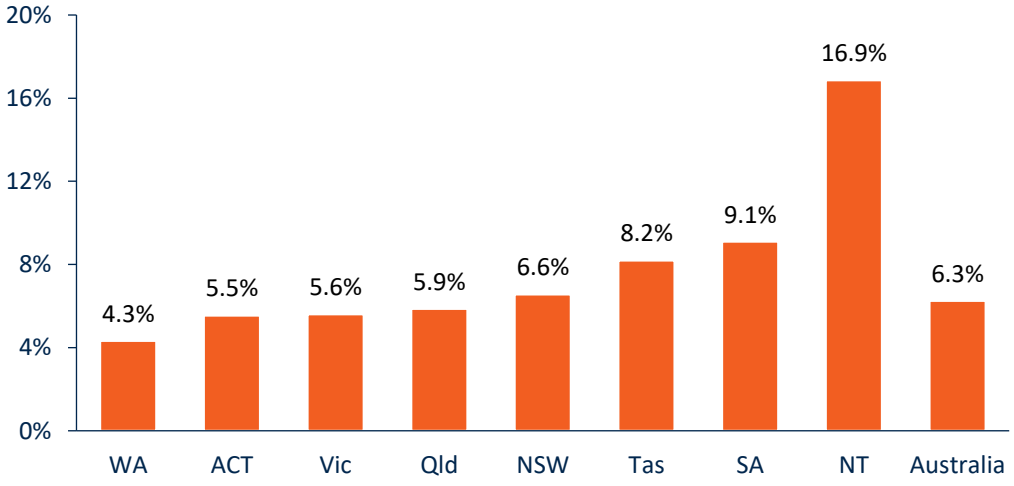
Per student allocation for seven disability types across eight intervention program types depending on learning support need. Allocations range from $2,169 (Mainstream Additional) to $48,394 (Very High Sustained).

Victoria

Targeted program for students with disability with high needs, with per student allocation across six levels of need from $7,162 to $54,663.

Funding for disability in other jurisdictions is also designed to respond to different levels of functional and educational needs of students, however these approaches vary (see Figure 6-30). Figure 6-31 below shows the proportion of funded students with disability in public schools by state in 2016. While WA has the lowest proportion of students, this is the result of a deliberate policy choice to target fewer students with high needs and fund them at a level commensurate with their educational and functional needs.

Figure 6-31: Proportion of funded students with disability in Australian public schools 2016[78]

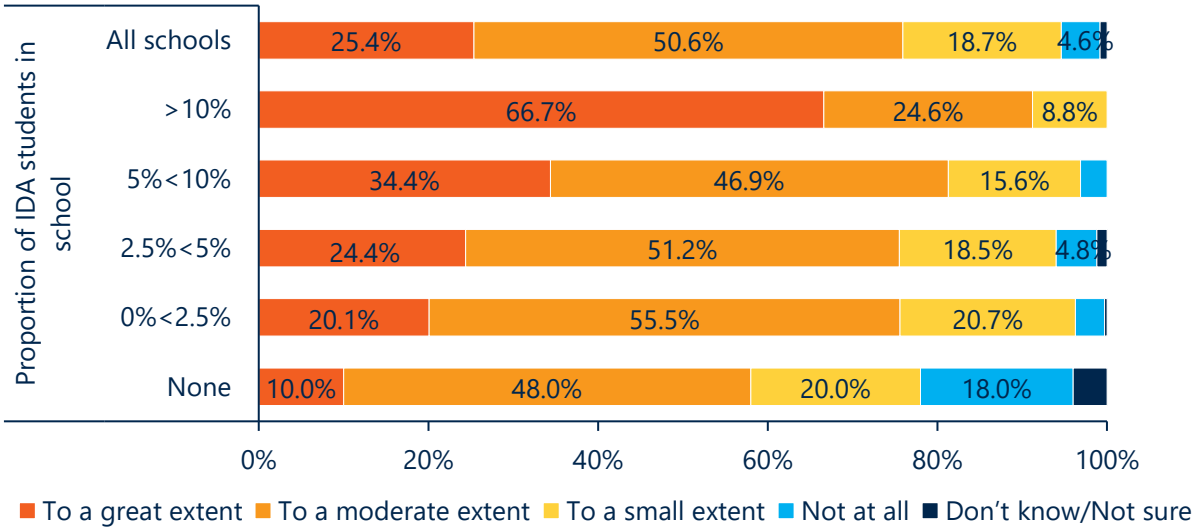


Schools report high levels of satisfaction with the IDA through the SCFM. Over 80% of schools considered the allocation as either appropriate or very appropriate (see Appendix D, D.1-Figure 1). Over three-quarters of survey respondents also indicated that the two disability elements in the SCFM settings enabled them to target teaching and learning adjustments to students with disability to a great or

[78] Productivity Commission, Report on Government Services – School Education, Australian Government, Canberra, 2018. Table 4A.7.

moderate extent. Even stronger results were identified in schools where more than 10% of students are attracting the IDA (see Figure 6-32:

Figure 6-32: Survey results: Extent that Disability funding enables schools to target teaching and learning adjustments[79]



The way that schools allocate and use IDA funding and plan how to support students with disability is consistent with the intent and design of the IDA funding allocation. Schools typically consider the needs of students that receive an IDA first, then the needs of other students that have additional learning needs, to determine how best to support these students through the design of class structures, workforce (particularly EA) allocation and provision of support programs and other non-workforce resources.

For example, schools may consider whether there are students with disability that can be placed in a class together, subject to their learning and support needs, to support a more efficient allocation of EA staff. An IDA associated with a specific student is therefore not necessarily allocated only to that student; rather a school typically considers the total IDA funding relative to the needs of all students with disability, with class structures, workforce allocation and provision of programs and other non-workforce resources designed to make best use of the available funding. This enables schools to use their flexibility under the SCFM to best meet the educational needs of students with disability through the IDA funding.

There are some instances where the determination of funding to support students with disability can be inconsistent, based on school classification. These include:

- **The practice of allocating an automatic IDA Level 4 allocation to students with intellectual disability assessed as IDA Level 1-3 enrolled in an ESS/ESC**, but not for students enrolled in mainstream school settings, including schools with specialist inclusion facilities for students with disability. Analysis conducted by the Department estimates that there are approximately 900 students who receive an automatic Level 4 IDA but would likely receive a lower level if they were enrolled in mainstream settings. This provides inequitable funding to support the same student needs between ESS/ESCs and mainstream schools. It may also distort enrolment practices by providing an incentive for certain students to enrol in ESS/ESCs rather than mainstream schools.
- **The treatment of specialist inclusion facilities at mainstream schools for the purposes of the ELB allocation**. There are a small number of schools that operate with specialist inclusion facilities, with education support for students with disability integrated into mainstream school settings. These

[79] Note Q17_1 to what extent does Disability funding enable you to target teaching and learning adjustment, n = 635.

include facilities and classes to support students who might otherwise be enrolled in an ESS/ESC. These specialist inclusion facilities have historically been treated as mainstream schools for the purposes of the ELB allocation, with the allocation tapering to zero, whereas an ESC/ESS receives the full ELB regardless of size.[80] The purpose-built education support facility in an inclusion school may be comparable to a typical ESC but is not treated as such through the ELB. This provides inequitable funding to support the same student needs depending on whether they are enrolled in an ESC or in a specialist inclusion school.

The process for assessing eligibility for the IDA is perceived by schools to be inconsistent, unclear and time-consuming

The nature of IDA funding means that it is targeted to an individual student based on an assessment of the individual education need associated with their disability. It is therefore necessarily more complex than eligibility for other student characteristics funding. Schools consistently proposed (in every focus group bar one) that the process for determining IDA funding to be problematic. Specifically:

- **Complexity of the process**. Many schools viewed the process for determining IDA funding to be complex, time-consuming and unclear. To some extent, additional complexity is an unavoidable feature of funding based on individual assessed need. However, schools do appear to be spending significant time and resources on navigating the process. The time-consuming nature of the process has an unintended consequence as the specific support for students with disability must be established while the assessment is ongoing.
- **Transparency and consistency of decisions**. Schools consistently perceived decisions on the IDA level for individual students to be inconsistent and the communication of the rationale is lacking in transparency. For example, throughout the consultation process schools referenced examples of students with disability having their assessed levels change significantly at review points with no clear explanation or rationale, where the school believed their levels of need were unchanged.

While these issues with the IDA assessment process were reported consistently throughout the consultation, schools noted that these challenges may be exacerbated in schools that are more disadvantaged, have higher numbers of students with EAL, or that are in regional locations. This is due to the ability of parents to access the necessary clinical assessments, due to financial capacity or willingness of parents, or in regional areas in particular there can be less availability or longer waiting lists for accessing services to provide necessary assessments.

[80] For 2018, specialist inclusion schools received an Operational Response allocation that was equivalent to the ELB of an ESC.

Feedback from survey respondents on the IDA process

Approximately 10 per cent of survey respondents provided a free text response that highlighted issues in the process for IDA funding, with responses across four themes.

Lack of transparency and consistency in the process

> The disabilities schools resourcing system is a constant battle and has again become the gate keeper. New changes and information is never forthcoming with decisions made without notice or consultation.

> The level of funding received is not always equitable for students... DRS dictate who gets what and undermine psychologist diagnosis and recommendations.

> I feel that "like" cases may be handled differently. For example, if one parent is well-educated and has access to doctors who can articulate the need for support then they can access funding. Parents who don't know what to do or who to ask can be overlooked for support.

Complexity, processing time and documentation requirements in the process

> The process of submission of funding is based on the knowledge and skill level of the person/staff submitting the information. Better guidelines are required.

> Disability allocation is a very cumbersome process and it is very difficult to get the appropriate level of funding for a student.

> Increasingly exhaustive evidence is required to demonstrate eligibility where a student has a complex diagnosis. The increasing bureaucratic workload is burdensome, undermining the effective direction of school resourcing to teaching and learning.

Willingness and/or capacity (including financial) of parents to obtain a diagnosis

> Some families either refuse or lack the advocacy to gain diagnosis.

> There is no capacity to support students who have not been tested for disability due to family circumstances who need additional support.

> Providing the evidence [diagnosis] is often problematic in low SEI areas because of the lengthy wait lists in the public system.

Lack of transparency and consistency in the process

> More difficult and slower to get eligibility in remote/rural (less equitable funding).

> Takes a long time to identify students especially in regional areas with the lack of services and waiting for appointments.

> Diagnosed disability funding is hard to maintain at an appropriate level in rural areas as a lack of services.

There are other measures that could be used to assess students for disability funding. For example, the NCCD on School Students with Disability counts students who have been identified by a school team as receiving an adjustment to address disability under the *Disability Discrimination Act 1992*. The advantage of the NCCD is that it provides nationally comparable data about school students with disability that can inform decision making at school and system levels.

However, as a single measure for determining targeted funding to individuals, it is less appropriate as it is more subjective and variable across the system (being based on school assessment) and includes a significantly higher number of students, which would result in spreading the existing funding thinly. In the medium term, there may be an opportunity to use information from the NCCD to refine assessments for individual disability funding.

Recommendation 15 – Improve the process for assessing the level of educational adjustment required for students with disability.

- Improve the communication of the process, outcomes and decision-making.
- Explore alternative options for assessing educational adjustment requirements, including the use of NCCD data.

Recommendation 16 – In the interim, ensure equal funding of students with an IDA Level 1-3 across school types.

6.3.7 There is limited evidence that the educational adjustment allocation targets undiagnosed student disability

The educational adjustment allocation is provided as a flexible allocation for mainstream schools to implement programs and learning supports for students with additional learning needs, without requiring a formal diagnosis of disability. Guidance to schools provides examples of additional learning needs relating to dyspraxia, asthma, FASD, dyslexia and ADHD. The educational adjustment allocation for a school is based on the proportion of students in the bottom 10% of NAPLAN reading.[81] This is intended to be a proxy indicator to identify the proportion of students with additional learning needs that require learning adjustments and support.

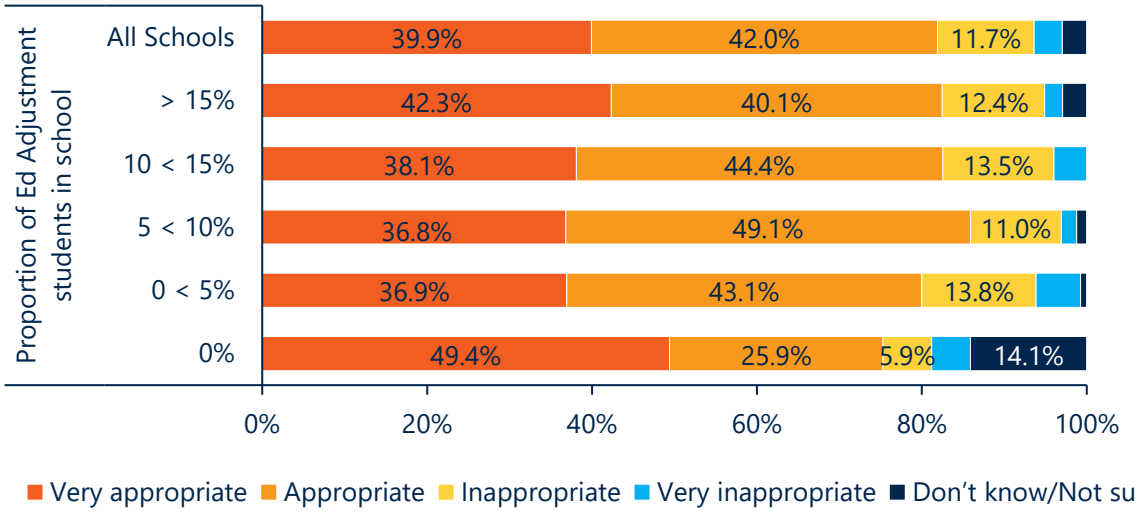
However, in practice it could equally be a proxy for disadvantage at a school level. There is a strong relationship between the proportion of school enrolments attracting funding through the educational adjustment allocation and the extent of social disadvantage of the student profile as measured by the proportion of students in the bottom three deciles of social disadvantage (Appendix D, D.5-Figure 1). While this does not necessarily indicate that there is the same strength of relationship at an individual student level, it does demonstrate that the overall disadvantage profile of a school is indicative of the proportion of students who will attract funding through the educational adjustment allocation.

The link between the educational adjustment allocation and disadvantage is consistent with the views reported by schools. Throughout the consultation process, principals noted that more disadvantaged schools had students with a higher prevalence of conditions that are either undiagnosed (such as FASD) or are uncounted for IDA funding (such as ADHD). Schools do not typically consider this allocation separately to other disadvantage allocations and generally consider them as a single pool of money to support students with additional learning and behaviour needs. For example, schools reported using student characteristics funding for additional support (such as additional EAs and additional school psychologist time) and targeted these resources to students they felt would benefit most. This flexible approach is consistent with the intent of the SCFM design in providing additional funding based on student characteristics.

Over 80% of schools considered the educational adjustment allocation to be a necessary component of student characteristics funding to address the needs outlined above.

[81] Department of Education, Student-centred funding and one line budgets: Disability allocation 2018, 2017.

Figure 6-33: Extent of the appropriateness of the Educational Adjustment allocation[82]



However, many schools perceived that the level of funding provided through the educational adjustment allocation was not sufficient to address the needs of students who need to be supported. For example, schools noted that support and adjustments required to manage behaviour associated with conditions such as FASD, ADHD and mental health conditions are more resource intensive than is provided for by the funding.

Over one in 10 respondents reported mental health as a missing characteristic from the disability allocation, particularly in combined and secondary schools, schools in major cities, low ICSEA schools, and large schools.

A principal from a large Perth school also argued that "service provision for these students could be improved markedly if there were more funding to address the complexity of the needs of these students. The characteristics cannot be considered in isolation, more as parts of the whole of the child. e.g. serious mental health issues are prominent with many of these students, more expert support would alleviate pressures on student services, who are at the end of the day teachers, to deal with these students. The funding doesn't adequately address these needs".

A respondent from a secondary school commented, "the social disadvantage funding does little to support the growing number of kids with anxiety disorders or other complex mental health issues. These kids are absorbing significant resources and do not get adequately funded through the... educational adjustment or social disadvantage [allocations]. It is not so much that the distribution of 'the bucket' is wrong: it is more a case of 'the bucket' not being big enough".

A principal from a large school told us that "our school has an inordinate number of Students at Risk (upward of 80), many of them on Risk Management Plans. The amounts allocated to address these needs [are] inadequate, especially when schools with enrolments over 1200 have reduced funding of approximately $1200 per student over the 1200. There is no funding allocation for RMPs and when there is a significant mental health problem we find that it is difficult to resource an appropriate response. It should be noted that we are already paying over our allocation for Psych Services to support our students".

One respondent from a low ICSEA school stated, "the funding does not give the school flexibility in providing for the many undiagnosed cases of mental health disorders and the demand for additional support programs and qualified practitioners to assist the students".

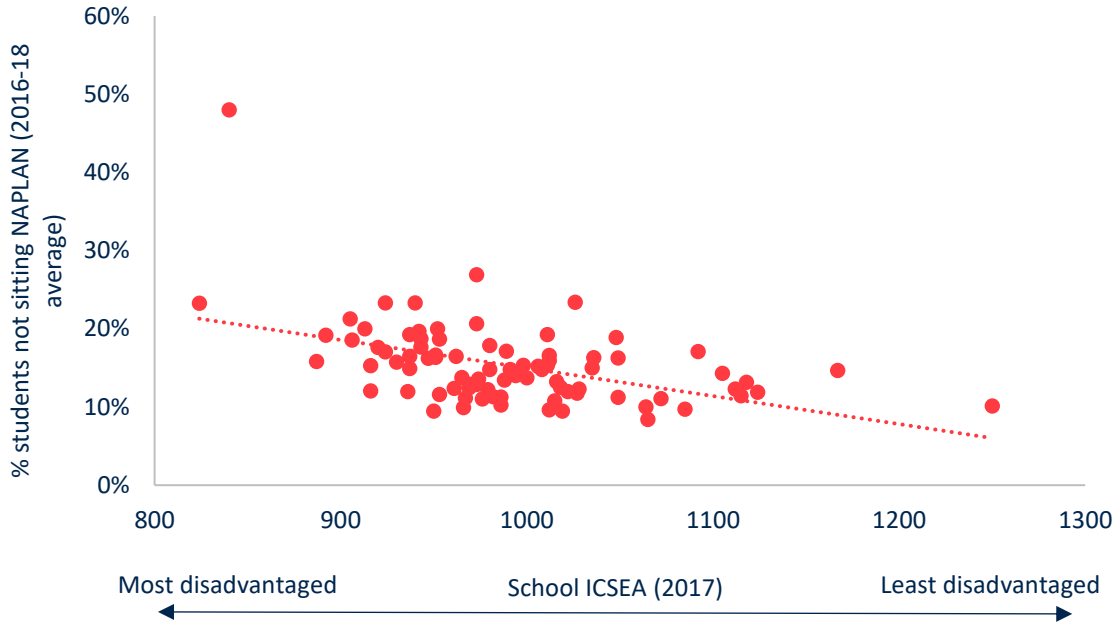
[82] Note: Q11_6 How appropriate is the inclusion of the DEA to allocated funding to schools? N = 641

Another issue raised in relation to the educational adjustment allocation was the comprehensiveness and accuracy of the measure, based on the proportion of students in the bottom 10% of NAPLAN Reading. The measure includes the proportion of students with test results as well as exempt students who are in the bottom 10%. Several schools raised an issue with this measure, perceiving that students who do not sit NAPLAN (are either withdrawn or absent) are more likely to be in the bottom 10% of NAPLAN but are not counted in the calculation for the educational adjustment allocation.

For example, schools provided examples of students being withdrawn from NAPLAN due to concerns about anxiety, and students that are absent for NAPLAN who are more likely to be from dysfunctional family backgrounds. Schools believed this issue of undercounting educational adjustment needs according to the NAPLAN measure to be greater in more disadvantaged schools.

While it has not been possible to test whether students who do not sit NAPLAN Reading are more likely to be in the bottom 10% than the overall school profile, there does appear to be a relationship at a school level between the level of disadvantage of a school and the proportion of students in the school who do not sit the test. This relationship is more prominent in secondary compared to primary schools. Further analysis on whether the profile of students who do not sit NAPLAN differs from the overall profile of students in a school would be needed to test whether this pattern represents undercounting of educational adjustment need in more disadvantaged schools.

Figure 6-34: Relationship between school ICSEA and % of students who do not sit NAPLAN - senior high schools



6.3.8 The method for funding EAL needs could be more targeted to learning needs

The funding for EAL is not directly related to learning needs

The EAL allocation through the SCFM provides a per capita amount to all eligible students. Eligible students must: (1) meet visa/citizenship requirements, (2) be new to Australia and/or to schooling, (3) be within a two-year time allocation for primary school aged students or three years for secondary students, and (4) require English language support as determined by the school.

The amount of funding per student also increases as the proportion of EAL students within a school increases. Students residing in the metropolitan area with limited or interrupted schooling who require intensive targeted support are eligible to enrol in an Intensive English Centre (IEC). Funding for these centres is separate from mainstream SCFM funding. Aboriginal students with a first language other than English, or a non-standard dialect of English, are not eligible for EAL funding. Students are not eligible for EAL funding through the SCFM prior to Year 1.

The *2012 transition report* recommended that EAL funding be based on assessed need rather than years of residence in Australia[83]. Basing EAL funding on assessed need would mean that it would not be time limited to two years in primary school and three years in secondary school. Other jurisdictions provide EAL funding based on a number of different criteria – as summarised in Table 6-1.

Table 6-1: Comparison of EAL funding by state/territory

Characteristic	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Eligibility								
Visa/citizenship:	✓	✓	✓	✓	✓	✓	✓	✓
Aboriginal students	✓	✓	✓	✓	X	✓	✓	✓
Time: in Aus/in school	✓	✓	✓	✓	✓	✓		✓
Need: Language proficiency determined by school	✓	✓	✓	✓	✓	✓	✓	✓
Year levels:	**P-12**	**P-12**		**F-12**	**1-12**		**K-12**	**K-12**
Differentiation of allocation								
Proficiency level	✓			✓			✓	✓
Time/duration		✓						
Year level	✓	✓		✓				✓
Social disadvantage		✓						
Concentration		✓			✓			

Throughout the consultations, schools remarked that EAL funding should be based on proficiency not time in Australia or level of schooling. They believed they were either still supporting students past their time allocation or having to support students who were not eligible in the first place. Schools also said that while the eligibility criteria are the same, the support required for each student can vary widely. Some students require extensive support for a longer period while some may need minor support for a brief period.

Based on survey responses, more than three quarters of respondents reported the allocation of EAL for mainstream schools as either appropriate or very appropriate (see Figure 6-35). Secondary schools indicated the highest level of agreement (81.5% appropriate or very appropriate) on the appropriateness of the allocation of EAL for mainstream schools, while ESS/ESCs indicated the lowest level of agreement (58.5% appropriate or very appropriate) on this.

[83] Centre for Research on Education Systems, Transition to a student-centred funding model, report prepared for the WA Department of Education, Melbourne, 2012.

Regarding the criteria used to allocate the EAL funding, less than two thirds of all schools perceived them as appropriate or very appropriate. Primary schools showed the biggest concerns with the criteria, followed by secondary schools and combined schools.

Figure 6-35: Appropriateness of the mainstream EAL funding allocation of the SCFM by school type[84]

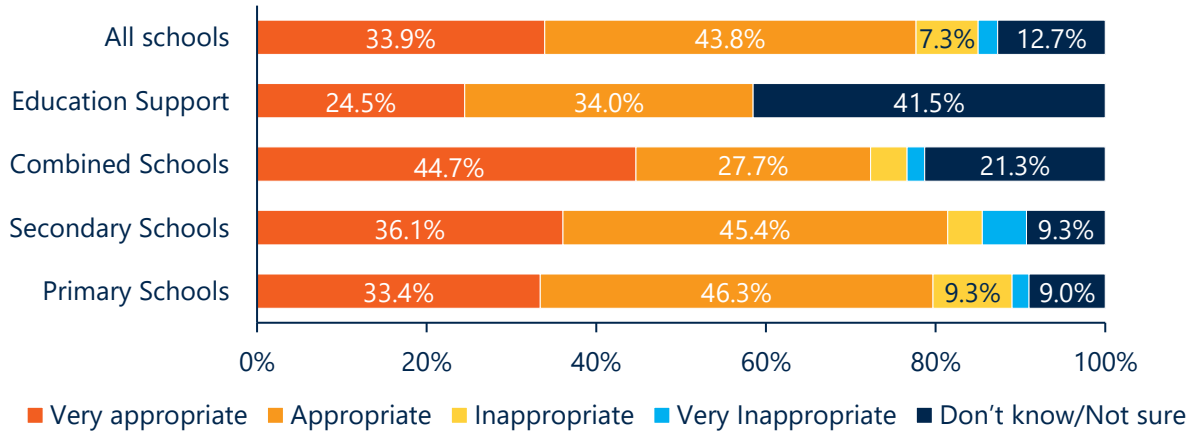
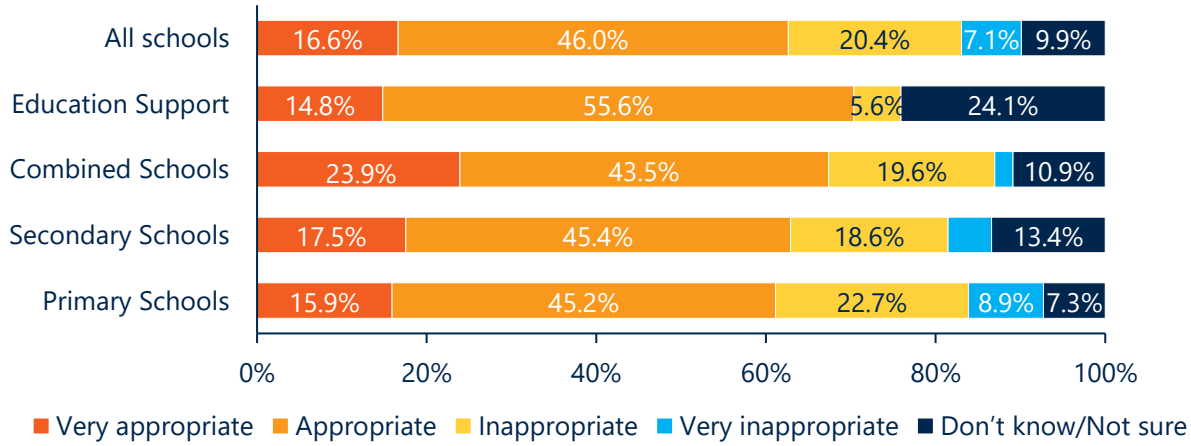


Figure 6-36: Appropriateness of the criteria used to allocate funding by school type[85]



Some schools also remarked that access to IECs impacts the level of support required for EAL students. Schools in regional areas where there are no IECs may therefore need to provide a higher level of support to students who would otherwise attend IECs, however this is not reflected in additional funding. Some schools in low socio-economic metropolitan areas also expressed that it could be difficult for some students to access IECs if they are not close by.

Allocating EAL funding based on proficiency would better target funding towards students with the greatest needs. Feedback from schools and the results of analysis would suggest that this would be preferable to the current allocation under the SCFM settings.

Recommendation 17 – Modify the approach to EAL funding to target funding on the basis of learning need (proficiency).

[84] Note: 11_2 How appropriate is the inclusion of the English as an additional language (mainstream) funding allocation to schools? n = 640

[85] Note: Note: Q14_2 How appropriate is the criteria used to allocate English as an additional language funding to schools? n = 637

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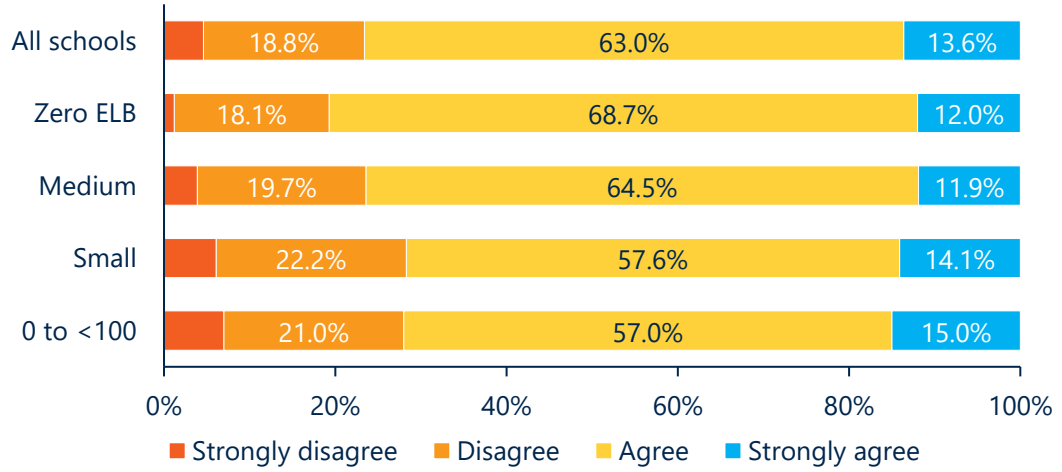
Appendix A Further analysis to support findings in Section 5

This appendix contains further detail and analysis for the findings in Section 5 – Evaluation Findings: Flexibility and transparency

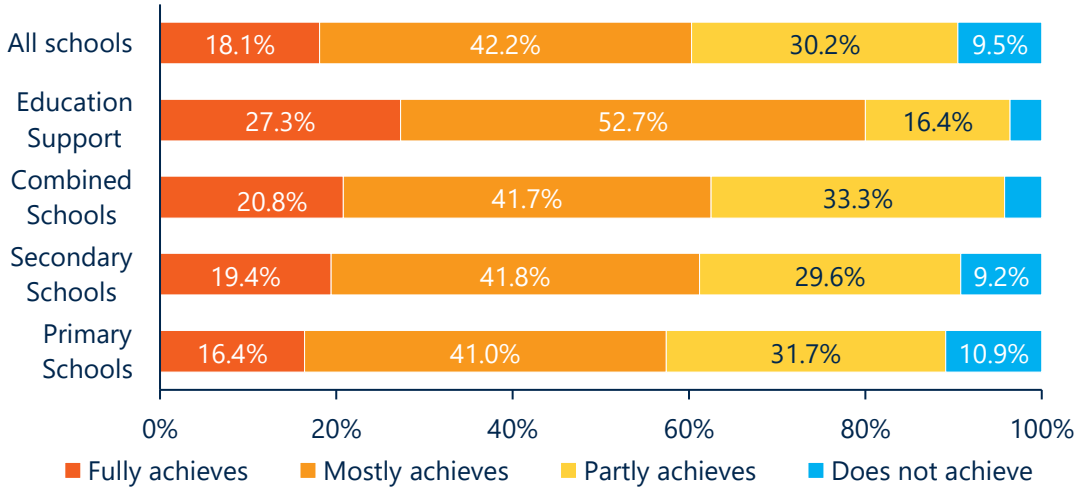
A.1 Survey respondents' satisfaction with flexibility

A.1-Figure 1: Survey results: Extent that the SCFM provides flexibility to target school and student needs by size of school



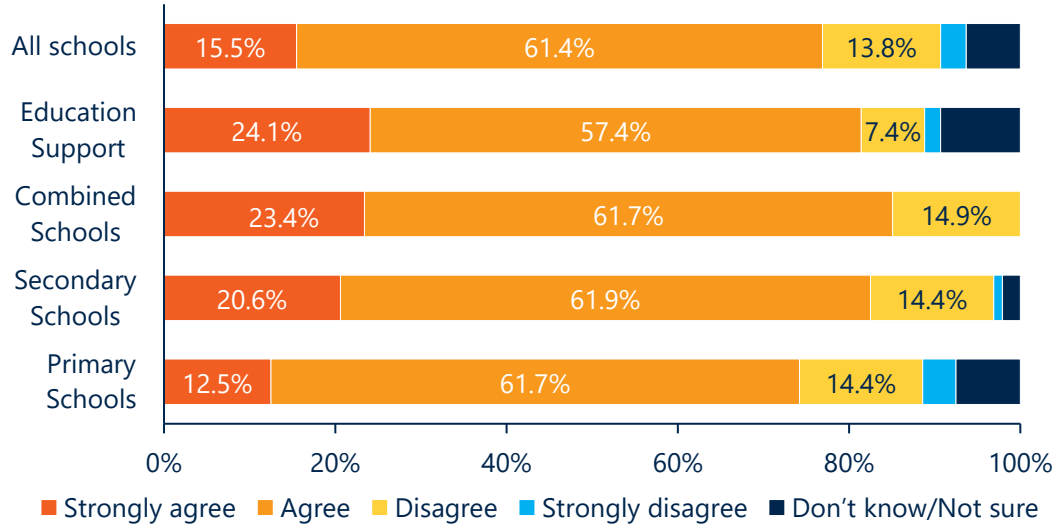
Note: [a] Primary enrolment: 100 to 200, Secondary enrolment 100 to 500; [b] Primary enrolment: 200 to 600, Secondary enrolment 500 to 1,200; [c] Primary enrolment: 600 and above, Secondary enrolment 1200 and above. Q8_2 The SCFM provides me the flexibility I need to target school and student needs, n = 649

A.1-Figure 2: Survey results: Extent that the SCFM provides flexibility in managing the workforce by school type



Note: Q7_4 Provides flexibility to principals in managing the profile of the school's workforce. n = 652

A.1-Figure 3: Survey results: The SCFM provides more flexibility in managing workforce in comparison with the previous mechanism by school type



Note: Q19_5 Compared to the previous funding mechanism, the SCFM provides more flexibility in managing workforce, n = 651

A.2 General and notional class size targets

A.2-Table 1: General and notional class size targets[86]

Year	TABLE A General Class Sizes	TABLE B Notional Class Size Target
K	20	20
P	25 (non purpose built centres)	23 (non purpose built centres)
P	27 (purpose built centres)	25 (purpose built centres)
K/P	20-27*	20-25*
K/P/1	20 at any one time	20 at any one time
1-3	24**	24**
4-6	32	30
Mixed Years (Applies to Year 4-6)	31	29
7-10	32	29
11-12	25	25
Practical	16-22	16-22

* It is recommended that in a K/P 20-27 class, there are no more than 20 students in a class at any one time

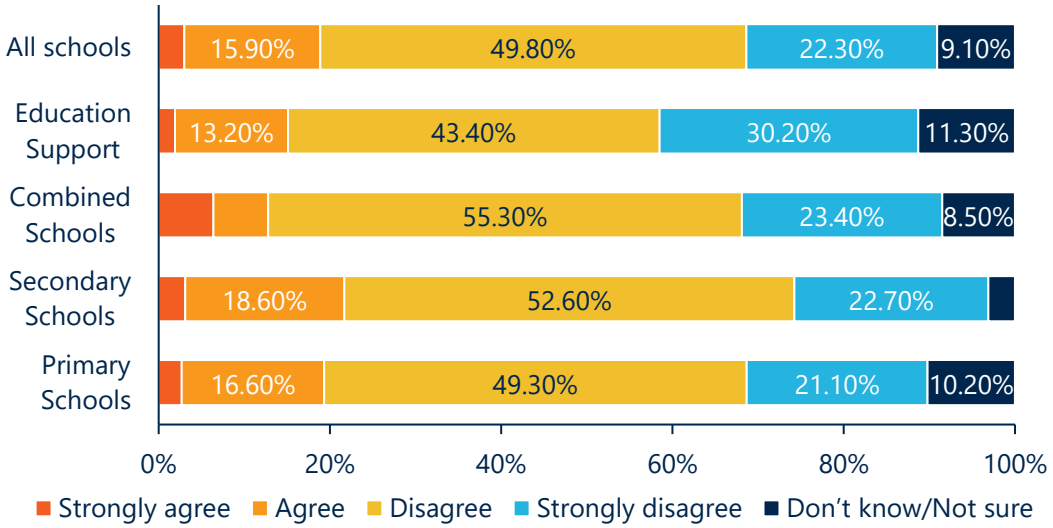
** It is recommended that in a 3/4 class, there are no more than 23 students in a class at any one time

[86] School Education Act Employees' (Teachers and Administrators) General Agreement 2014.

A.3 Principals' satisfaction with simplicity, transparency and support of the SCFM

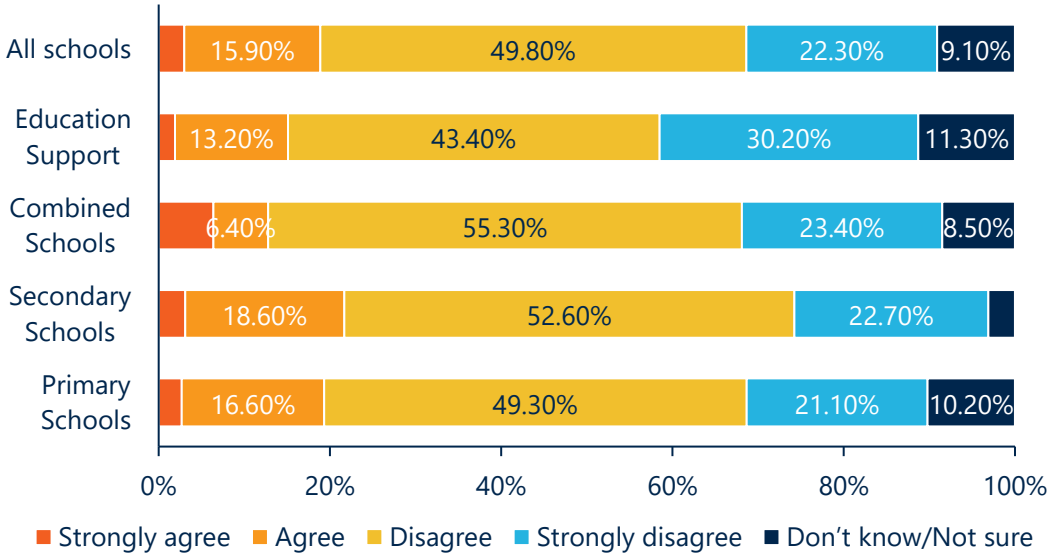
Respondents believed the SCFM design is more transparent than the previous funding arrangements.

A.3-Figure 1: Survey results: The SCFM is less transparent in comparison with the previous funding mechanism



Note Q19_2 Compared to the previous funding mechanism, the SCFM is less transparent in the allocation of funding, n = 637

A.3-Figure 2: Survey results: The SCFM reporting requirements are more onerous in comparison than the previous funding mechanism

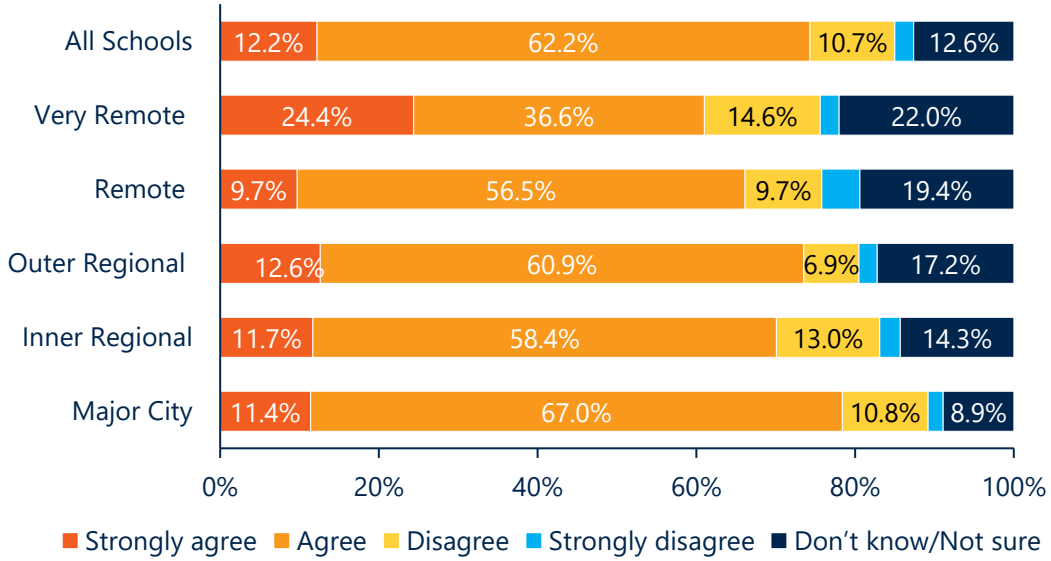


Note Q19_8 Compared to the previous funding mechanism, the reporting requirements associated with the SCFM are more onerous, n = 652.

A.4 Support provided to use the SCFM

Survey respondents were asked whether the Department had provided more support to use the SCFM compared to the previous funding arrangements.

A.4-Figure 1: Survey results: The Department has provided more support to use the SCFM in comparison to the previous funding mechanism by school location



Note Q19_9 Compared to the previous funding mechanism, the Department has provided more support/tools/training to use the funding allocation, n = 652

Overall, nearly three quarters of respondents reported that the Department has provided more support to use the SCFM in comparison to the previous funding arrangements. Schools in major cities are more likely to report positively in this aspect (78.4%), while schools in very remote Australia are least likely to report in the same manner (61%).

Appendix B Further analysis to support findings in Section 6.1

Section 6.1 presented the key findings and recommendations of the SCFM evaluation relating to responsiveness of the SCFM settings to the needs of schools and students, specifically:

- The balance between elements in the SCFM settings and how this compares to good practice.

The following analysis provides additional detail to the findings in Section 6.1 and should be read in conjunction with those findings.

B.1 Interjurisdictional comparison between key student led funding lines

This table provides additional detail to Figure 6-6.

B.1-Table 1: Interjurisdictional comparison between key student led funding lines

Component	WA	England
Per student funding[87]	75.8%	61.1%
Disability	8.9%	14.7%
Educational adjustment[88]	0.9%	6.2%
Social disadvantage[89]	2.5%	7.6%
English as an additional language	0.8%	1.0%
Aboriginality	1.7%	
Total	**90.6%**	**90.7%**

[87] In England, Basic per-pupil funding largely consisting of the Age Weighted Pupil Unit
[88] In England, low prior attainment funding.
[89] In England, deprivation funding

Appendix C Further analysis to support findings in Section 6.2

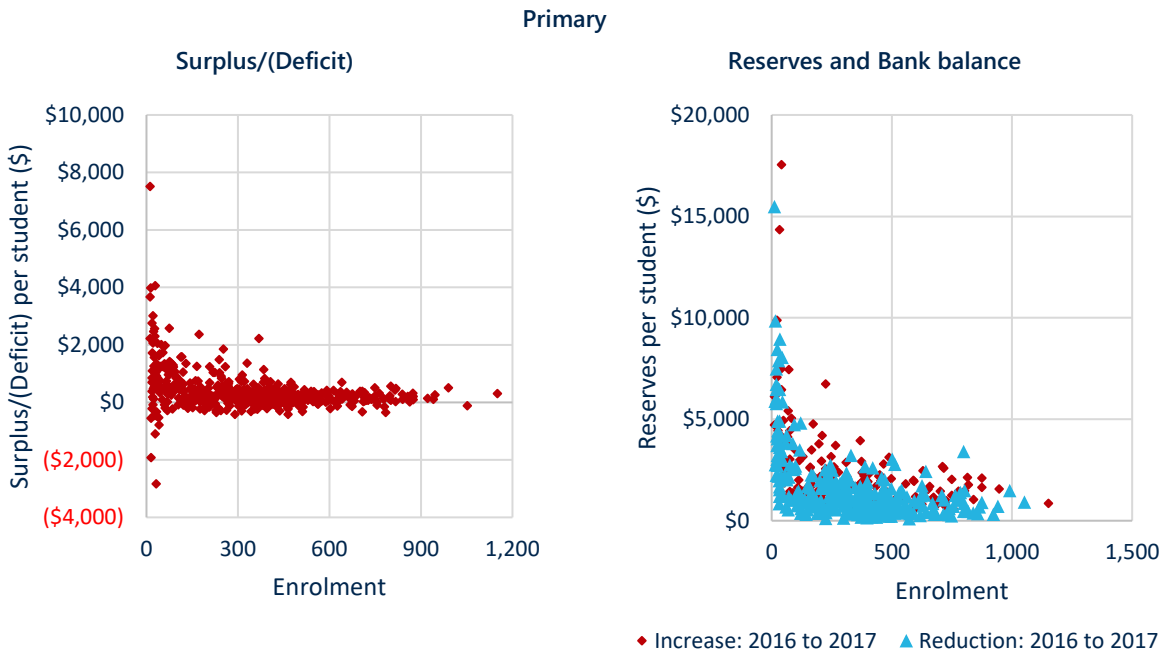
Section 6.2 presented the key findings and recommendations of the evaluation relating to the responsiveness of the SCFM settings to the needs and circumstances of individual schools.

The following analysis provides additional detail to the findings in Section 6.2 and should be read in conjunction with those findings.

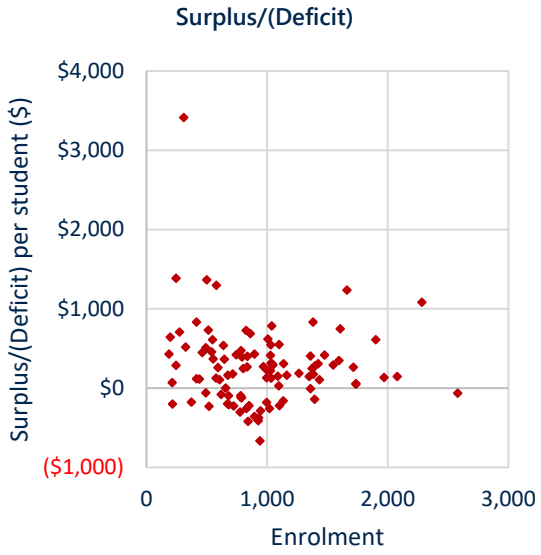
C.1 Per student funding and per student cost analysis

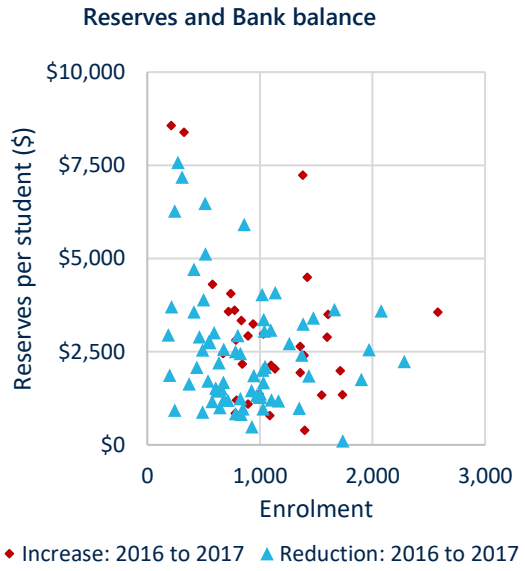
This below analysis examines, by school type, the surplus/deficit made by schools in 2017, as well as school financial reserves and bank balances as at end 2017. Both sets of comparisons are on a per student basis, with the reserves and bank balance graphs using red diamonds to identify schools that saw an increase in their reserves and bank balances between 31 December 2016 and 31 December 2017. The blue triangles identify schools that saw a reduction in their reserves and bank balances.

C.1-Figure 1: School financial performance: Surplus/(Deficit) and reserves per student in 2017

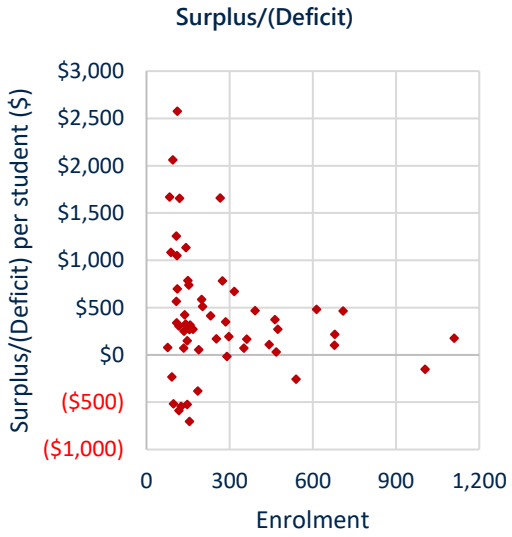


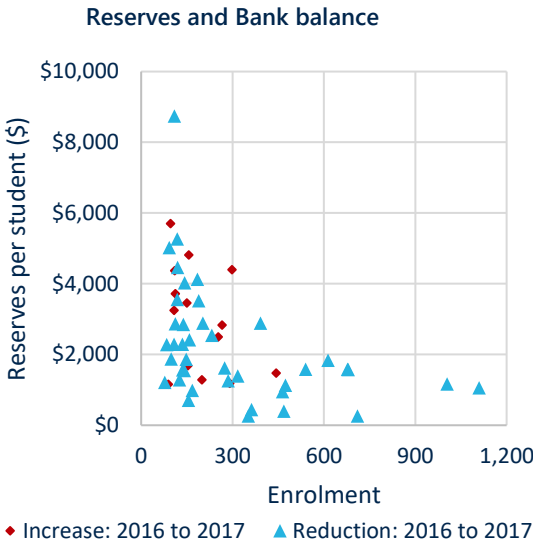
Secondary

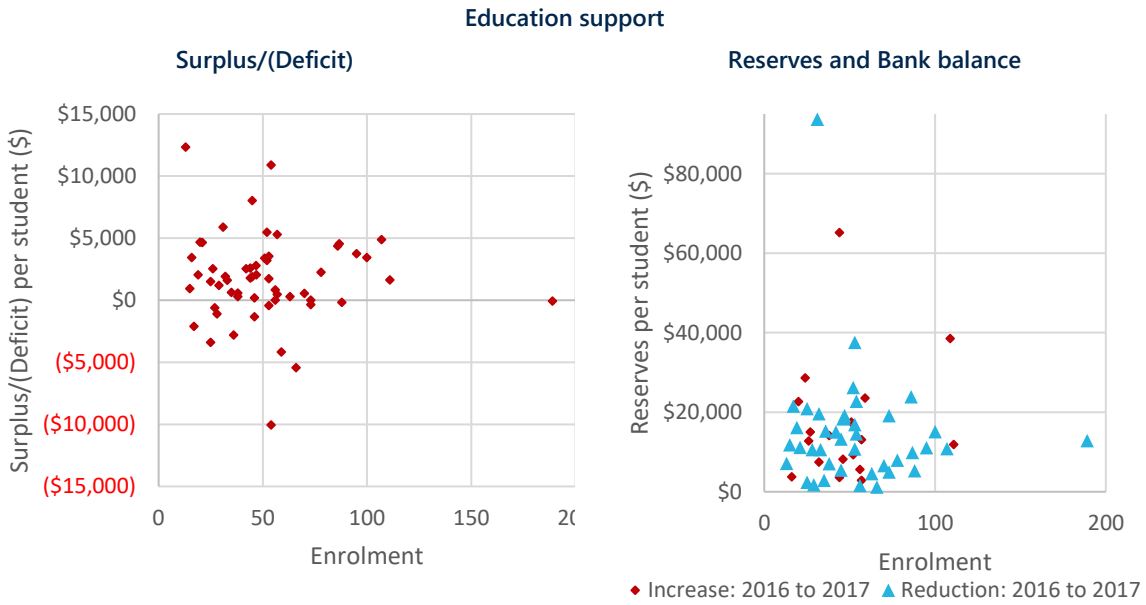




Combined







Note: In the 'Reserves and Bank balance' graphs, the red diamond identify schools that have seen an increase in their reserves and bank balances between 31 December 2016 and 31 December 2017. The aqua triangles identify schools that have seen a reduction in their reserves and bank balances.

Appendix D Further analysis to support findings in Section 6.3

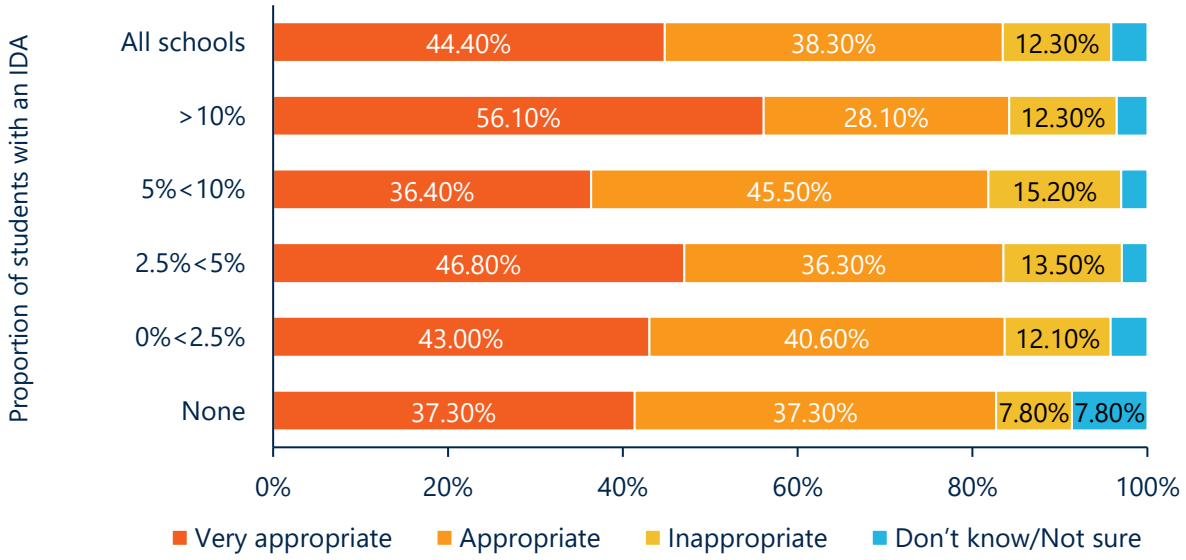
Section 6.3 presented the key findings and recommendations of the evaluation relating to the responsiveness of the SCFM settings to the needs and circumstances of individual students.

The following analysis provides additional detail to the findings in Section 6.3 and should be read in conjunction with those findings.

D.1 Principals' satisfaction with student characteristics funding

Survey results: Funding for students with disability

D.1-Figure 1: Survey results: Appropriateness of the Disability IDA element

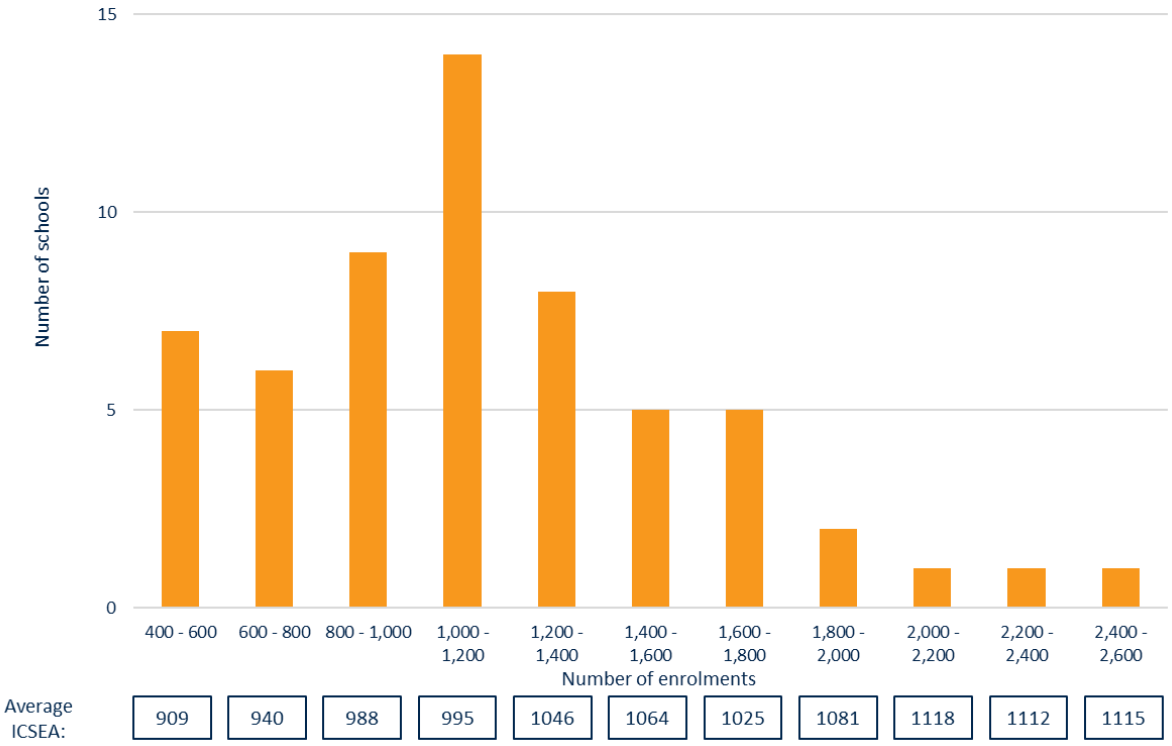


Note Q11_5 How appropriate is the inclusion of the Disability funding allocation to schools? n = 642.

D.2 Profile of small secondary schools

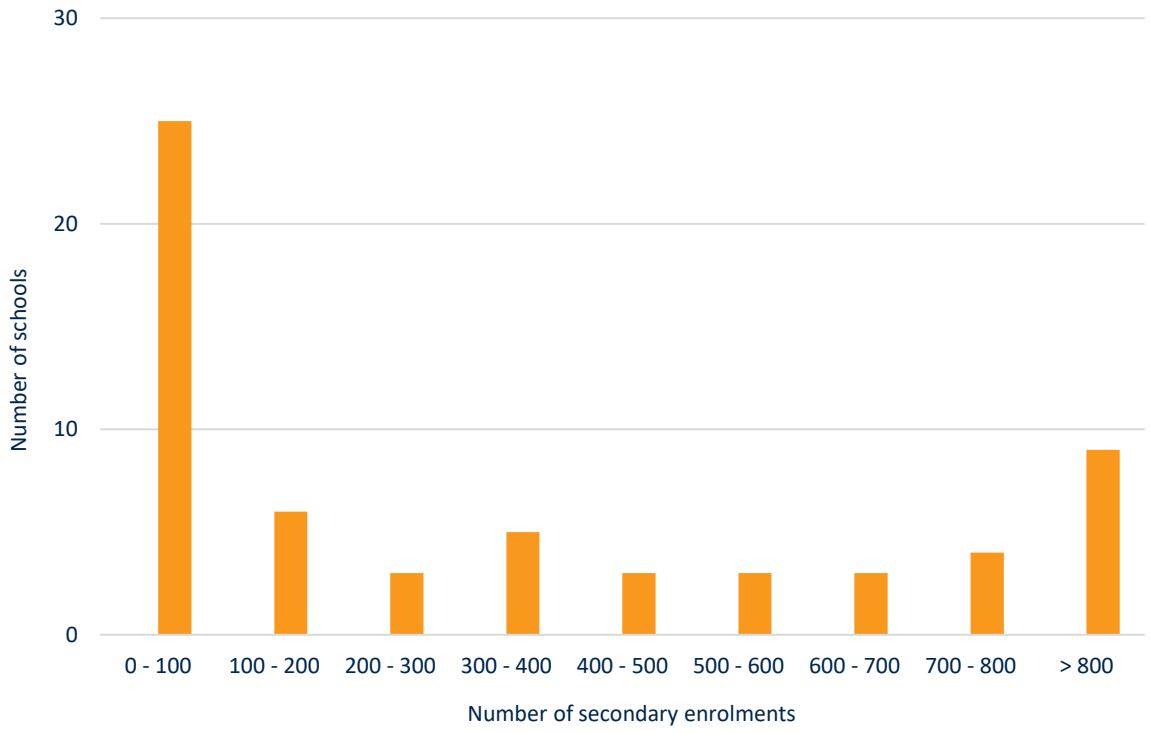
As shown below, secondary (Years 7-12) schools in the metropolitan region with fewer than 800 enrolments have an average ICSEA of below 950. In comparison, schools with more than 1,200 enrolments have an average ICSEA of over 1,000.

D.2-Figure 1: Distribution of secondary (Years 7 – 12) schools by number of enrolments and average ICSEA in the metropolitan education regions



As shown below, approximately 40% of 61 regional secondary and combined schools with students up to Year 12 have fewer than 100 enrolments.

D.2-Figure 2: Distribution of secondary and combined (to Year 12) schools in regional WA by number of secondary enrolments



D.3 Current school classifications for the SCFM

D.3-Table 1: School classifications 2018

Classification	School types	ELB calculations
Primary school	• Early childhood • Junior primary school • Primary school	• Based on total student numbers. Maximum amount is $424,266 (100-200).
Secondary school	• High school • Senior high school • Senior college • Agricultural college	• Based on total student numbers. Maximum amount is $795,493 (100-500 students).
Combined	• District high school • K-12 school	• Tailored for each school depending on the split of primary and secondary students, with a maximum ELB allocation of $636,399 if all students are primary students and $795,493 if all students are secondary students.
Education support centre	• Education support centre	• ELB allocation of $424,266.
Education support school	• Education support school	• Tailored for each school depending on the split of primary and secondary students, with a maximum ELB allocation of $636,399 if all students are primary students and $795,493 if all students

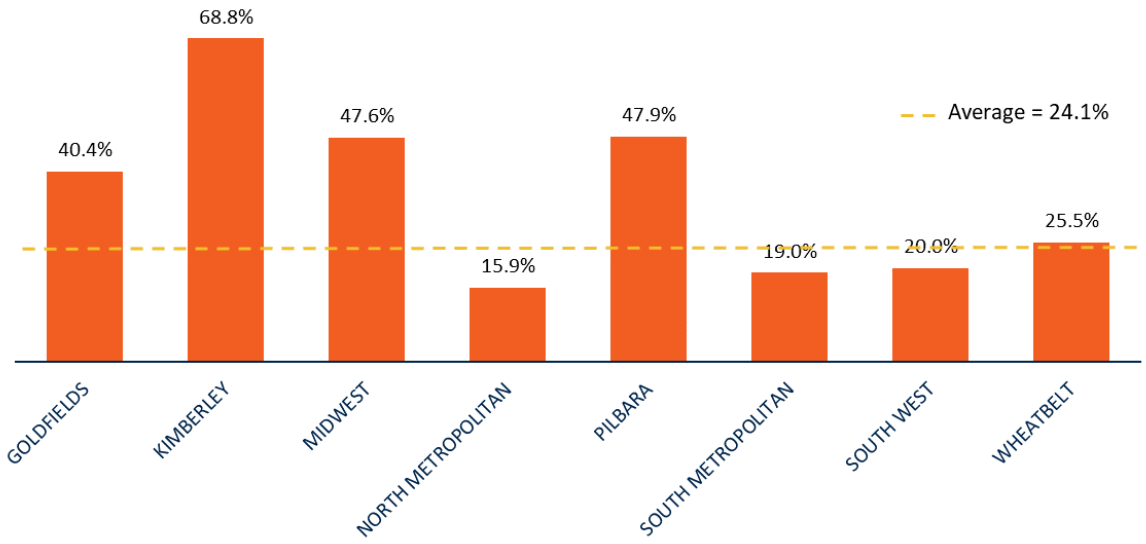
Classification	School types	ELB calculations
		are secondary students.

D.4 Analysis of transiency rates

Below is some additional analysis of transiency rates across:

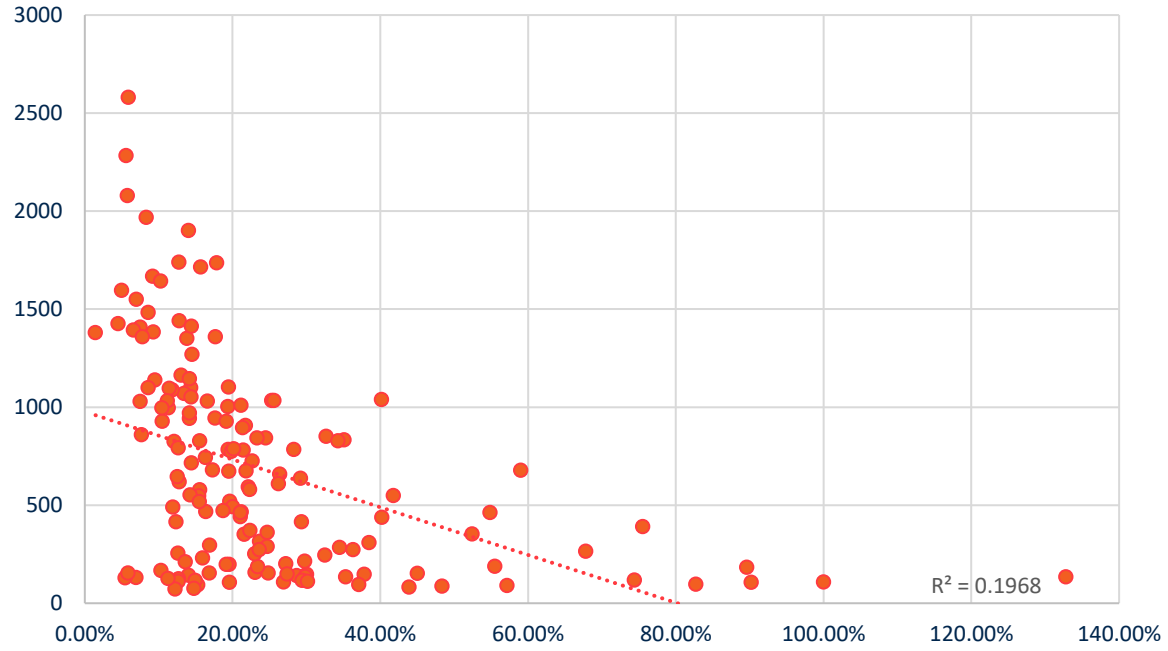
- education region
- secondary schools
- primary schools.

D.4-Figure 1: Average transiency rate across all schools by education regions 2017

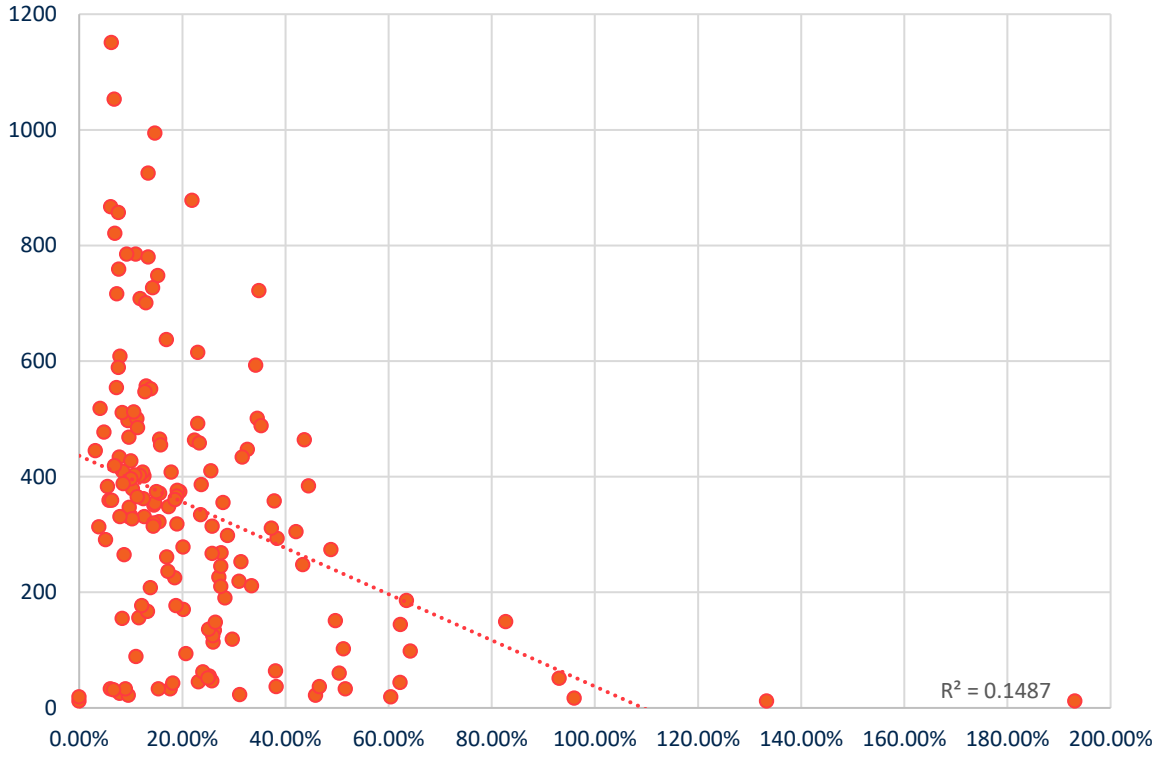


And the schools with the highest rates of transiency tended to be the smaller ones:

D.4-Figure 2: Transiency rates vs size of school for all secondary and district high schools 2017

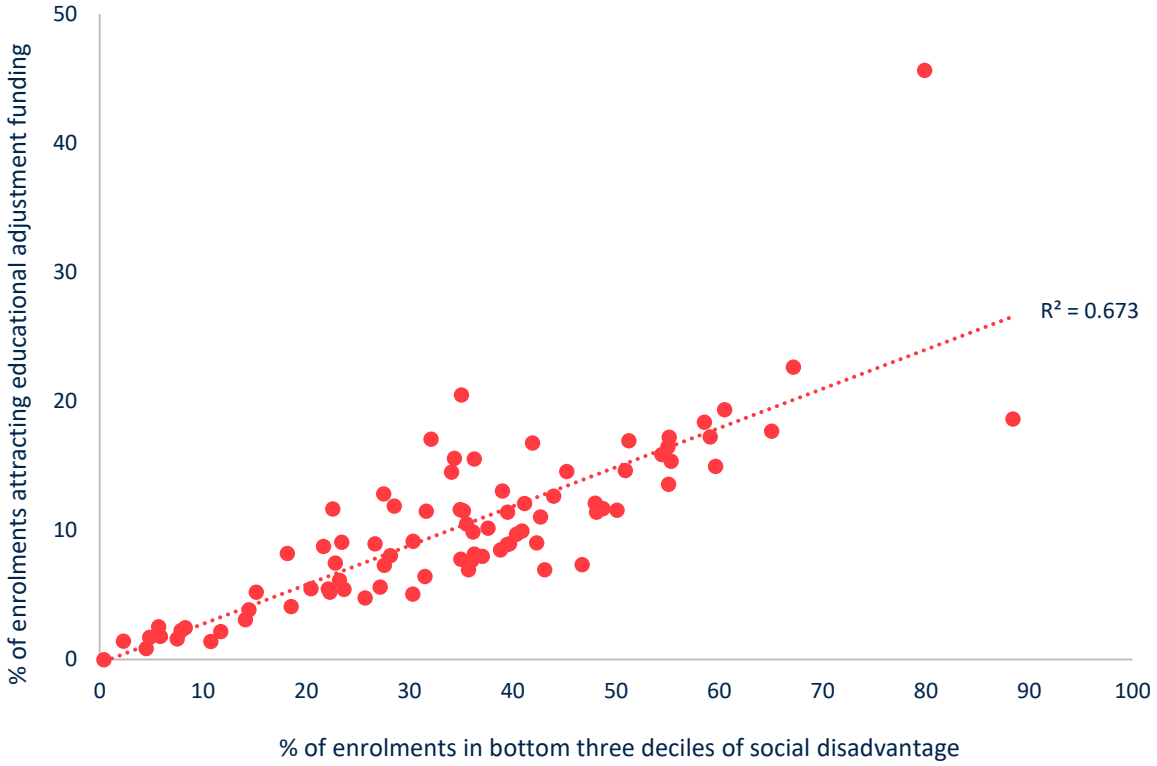


D.4-Figure 3: Transiency rates vs size of school for all primary schools 2017



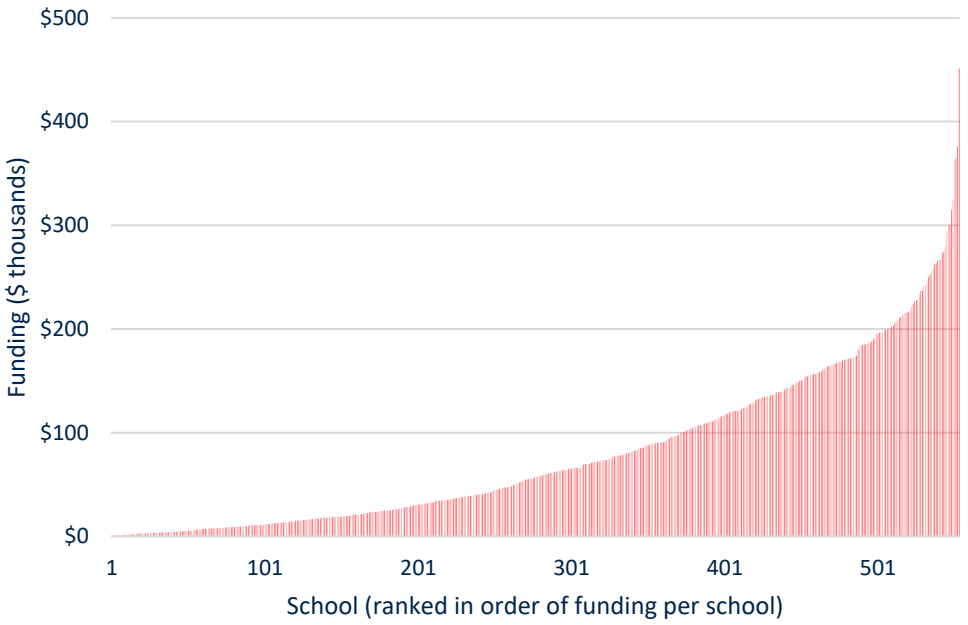
D.5 Analysis regarding disability funding

D.5-Figure 1: Relationship between educational adjustment funding and social disadvantage at school level for senior high schools

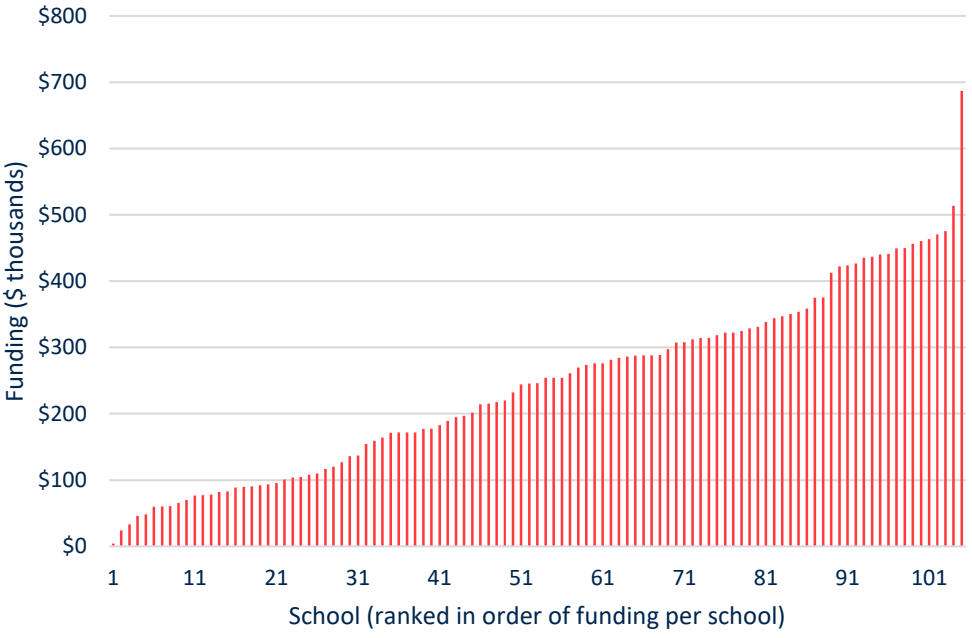


D.6 Distribution of disadvantage funding 2018

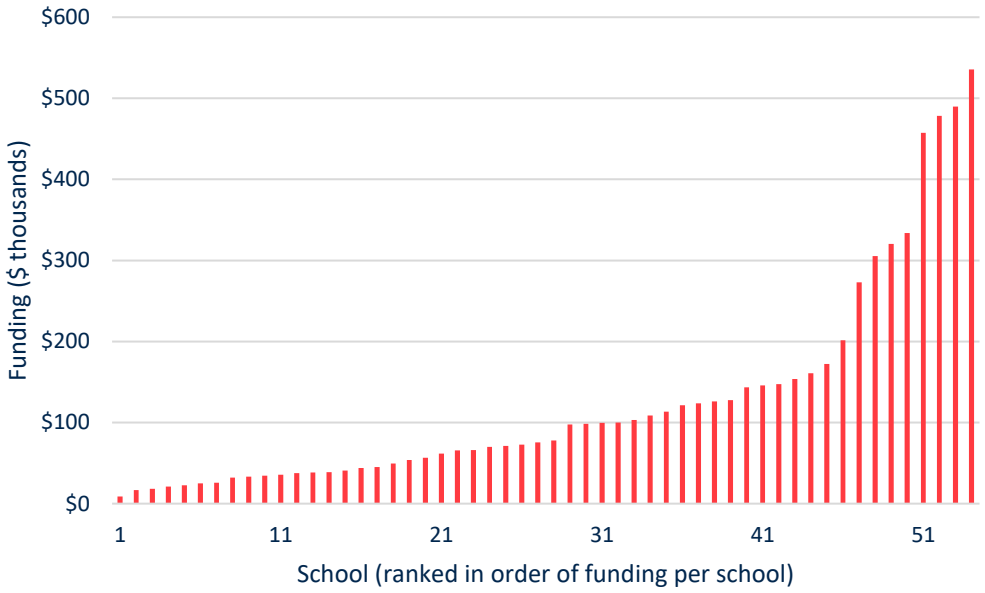
D.6-Figure 1: Distribution of disadvantage funding 2018 - primary



D.6-Figure 2: Distribution of disadvantage funding 2018 - secondary



D.6-Figure 3: Distribution of disadvantage funding 2018 - combined



D.7 Compounding nature of disadvantage

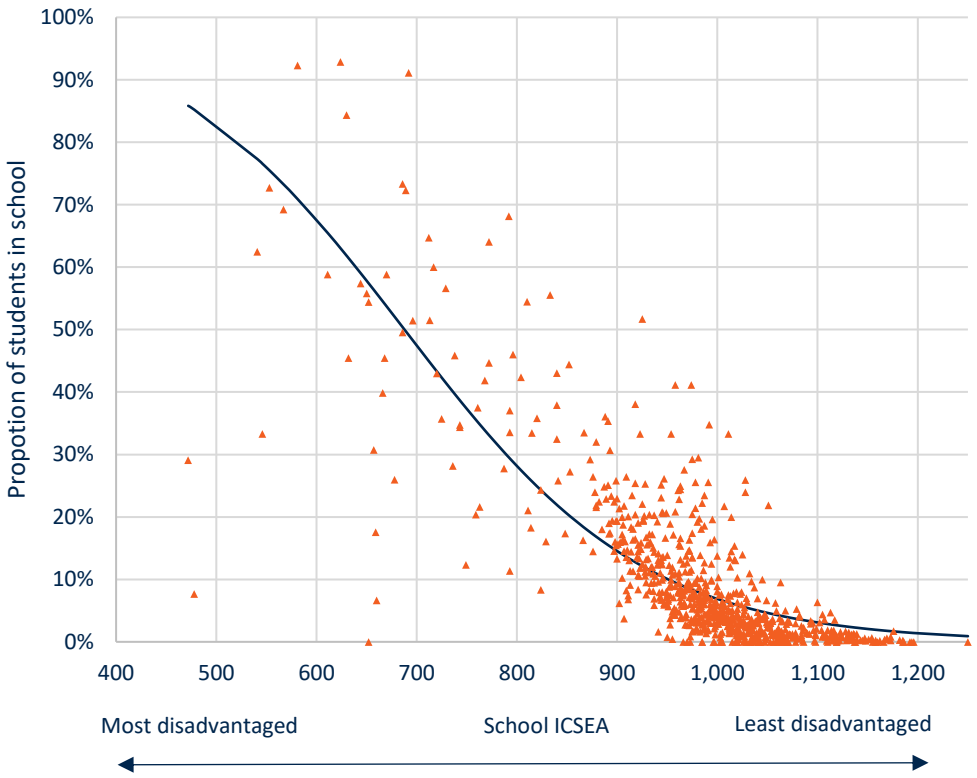
The number of students with multiple factors of disadvantage tends to increase as the ICSEA of the school decreases. The evaluation explored the proportion of students with multiple issues in individual schools, against their school's ICSEA value. Factors of disadvantage considered comprise:

- coming from a family where the highest parent/carer education level is below Year 12, and where parents are either not working or are working in a low skilled job
- Aboriginality
- refugee status
- student with disability, as identified in the NCCD
- currently, or has been, under the supervision of the Department of Communities (Child Protection).

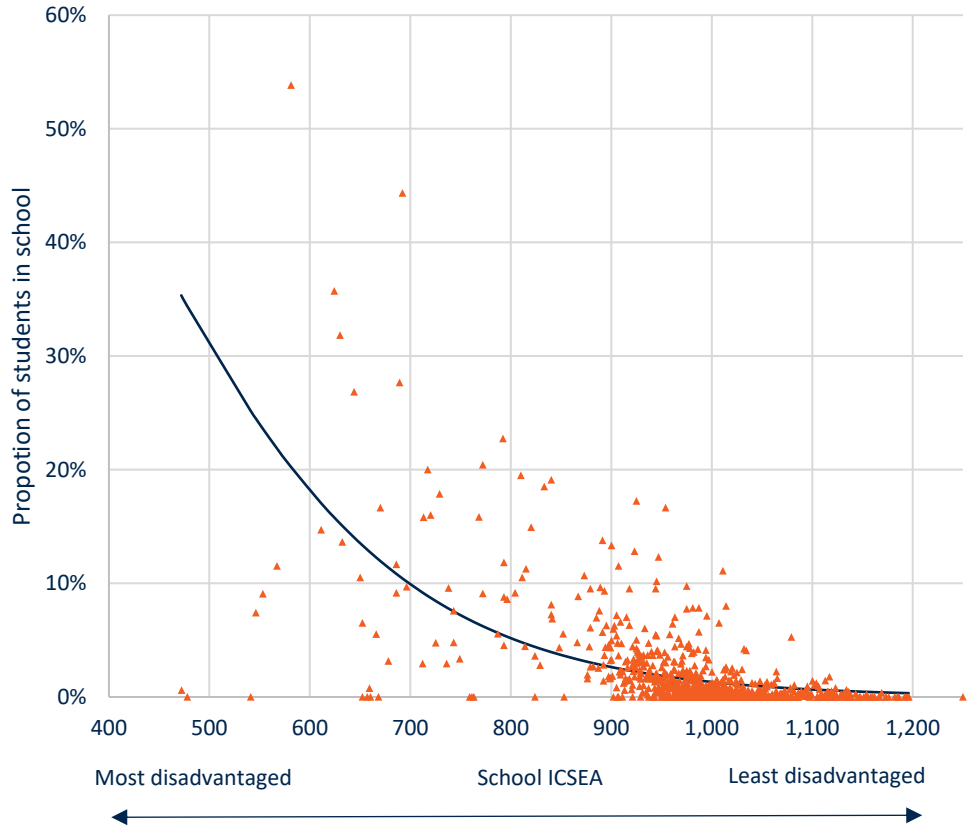
The analysis presented in D.7-Figure 1 suggests that although ICSEA is able to capture disadvantage measured this way relatively well when ICSEA is above 900, there is a great deal of variability in the proportions within schools with an ICSEA value below 900.

D.7-Figure 1: Proportion of students with multiple 'disadvantages' in schools and ICSEA

Two or more disadvantages

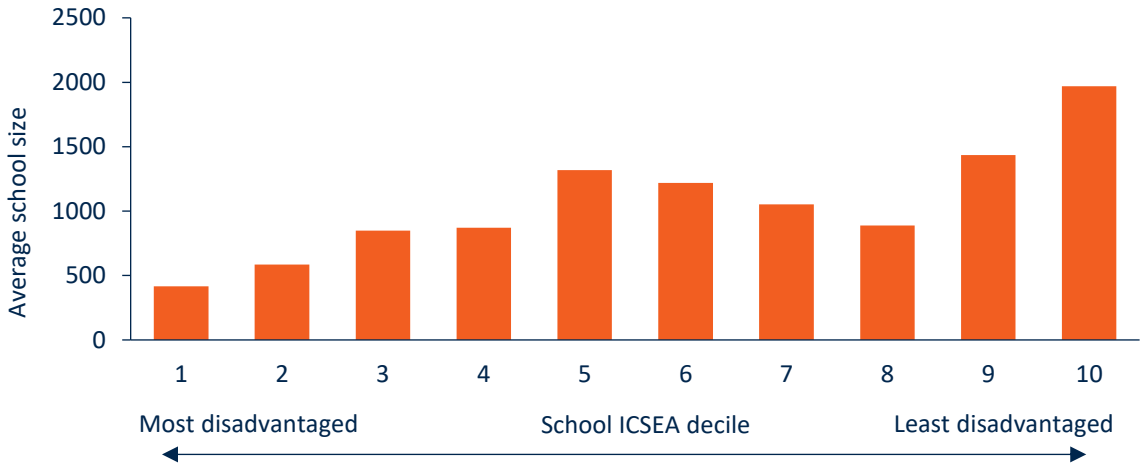


Three or more disadvantages

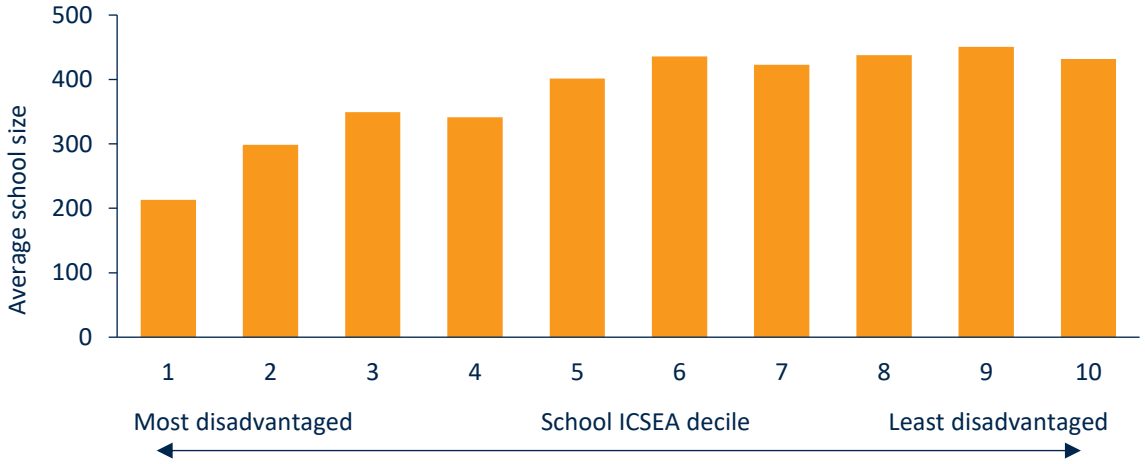


D.8 Average size of school by ICSEA decile

D.8-Figure 1: Average school size by ICSEA decile for metropolitan secondary schools



D.8-Figure 2: Average school size by ICSEA decile for metropolitan primary schools



Appendix E Inter-jurisdictional comparisons

E-Table 1: Inter-jurisdictional comparisons – approach to ELB

	Approach to ELB in other jurisdictions
Western Australia	Allocated by school type and level (i.e. district, primary) and number of students (banded, i.e. zero-100). ELB reduces to zero once per student funding generates sufficient funding to meet general operating costs. From 2018, the model included an 'equity adjustment' based on school size. Number of senior high-school students above 1,200 attract lesser per student funding rate (13% reduction). Schools with >500, or 500-900 students get flat rate payments.
New South Wales	Allocated by school type and number of students. Includes: a school allocation for professional learning, a budget based on staffing entitlement, adhering to the class size policy; and site loadings for: school buildings and facilities, climate.
South Australia	School operating grant for funding general operations on both a base and per student basis. Base components are: materials, equipment, maintenance, postage, freight, cleaning, travel and general curriculum and administration. Other specific base components depend on school type i.e. small enrolments (primary and secondary and area/combined schools) attract a different flat rate that rises incrementally. Leadership and ancillary staff funding loading (Tier 2) based on features of school populations. Staff related (temporary relieving teacher, beginning teacher support) line allocations outside of the SCFM. Grants for furniture replacement based on enrolments, student characteristics and staffing. Training and development index based on enrolments. Includes funding for Tier 1 staffing for which school base varies by school type and level. I initial flat base rate per school type increases with banded enrolments up to a maximum (1,600 enrolments) then tapers to zero. Small primary schools with enrolments <61 students attract which-ever is the higher of a primary step model or the small primary base plus primary per capita funding. Tier 2 leadership and ancillary funding not included in SCFM, but additional allocations within it made based on staff involvement in functions such as special class teacher, Aboriginal education etc.
Northern Territory	Fixed funding is for school operational costs. Central funding includes teacher remoteness allowance, principals' salaries, teacher relocation costs, remote study leave and teacher long service leave. Small school supplement is applied to very small schools (<52).
Victoria	A flat base per school with a per student taper. Primary taper >500 per student reduction and Secondary >400 per student reduction. Rates: Primary $57,135, secondary $507, 147, P-9, P-10 and P-12 $533,925 In 2018 a 0.3% loading was allocated on core student rate to employ 3000 learning specialists Small Schools Base applies to primary schools with < 80.1 students and secondary schools with <400. For primary schools, the base reduces with enrolments, for secondary schools the base is flat up to 110 enrolments after which it reduces. Infrastructure and utilities related costs are funded by a separate funding element.

E-Table 2: Approach to locality funding to other jurisdictions

	Approach to locality funding in other jurisdictions
Western Australia	Allocation is calculated as a percentage of schools per student and ELB allocations (from 0%-20.6%) based on a schools ARIA+ score. Split sites and multiple campuses may attract additional funding.
New South Wales	Remote and/or isolated schools receive funding through the location allocation in the base. These loadings recognise disadvantage from remoteness and isolation separately. Remoteness is determined using ARIA+ score.
South Australia	Four components: 1. Rural and isolated index 2. Country weightings in some grants 3. SCFM additional base allocations 4. Small school supplement. The Rural and isolated index is used to allocate funding to schools over 80 km from Adelaide. It reflects a base and distance /cost weighting. Covers two trips to Adelaide per year per students as well as visits to19 major service centres. Non-metropolitan schools with small numbers of secondary students may receive an 'open access' allocation based on enrolments.
Northern Territory	A remoteness weighting is applied to schools in remote localities. 'Remote locality' is defined as per the Public Sector Employment and Management Act (PSEMA). Weights range from 0 to 0.05.
Victoria	Rural schools size adjustment recognises need to ensure educational provision equal to urban areas. Based on ARIA +/ enrolments up to 200 (primary) or 500 (secondary). The Location Index for non- metropolitan schools, calculated using: 1. Distance from Melbourne 2. Distance from nearest provincial centre with >20,000 people and; 3. Nearest primary or secondary college above the rural school size adjustment factor threshold. (Each equally weighted). Country Areas Program (CAP) located >150 km from Melbourne, and >25 km from nearest provincial centre with population of <20,000 in a community of <5,000. Primary enrolments are limited to 300 Secondary enrolments are limited to 500 students. Base amount $1,992 (Primary 1.23, Secondary 5.33). Alternative programs - Regional Grants allocate funding to support alternative programs.

E-Table 3: Approach to stage weights in other jurisdictions

	Approach to stage weights in other jurisdictions
Western Australia	Per student funding in secondary and beyond is adjusted for stages of schooling. Kindergarten: $4,745 (0.5FTE) Pre-primary-Year 3: $8,135 Year 4-6 $6,779 Year 7-10 $9,016 Years 11-12 $9,693 For schools with enrolments <1,200 Years 7-10 $7,871 Years 11-12 $8,548
New South Wales	Per student funding is adjusted for stages of schooling but through a teacher entitlement approach, using student numbers (FTE enrolments at each year level). Years 7-10 Teacher entitlement for Years 7-10 is calculated on the total number of students in these years by 0.05272 and adding the small schools supplement if applicable. Years 11-12 Teacher entitlement for is calculated on the total student enrolments in these years, equivalising FTE and part–time, and banding them.
South Australia	Student funding is adjusted for stages of schooling R-Year 2 $6, 172 Years 3-7 $5,349 Years 8-10 $8,752 Years 11-12 $9, 023
Northern Territory	Per student funding is adjusted for stages of schooling. The per student base funding rate of $6,735 (+ $1133 per student in calculating per student rate for a school) is weighted As follows (FTE except preschool 0.6) Pre-school 0.45 Transition 0.2 Years 1-2 1.1 Years 3-6 0 Years 7-9 0.157 Years 10-12 0.32
Victoria	Per student funding is adjusted for stages of schooling. Allocations combine credit and cash. Total (credit+ cash) Prep - Year 1 $7,654 Year 2 $7,116 Years 3 - 6 (and Primary Ungraded) $6,532 Years 7-12 Students (and Secondary Ungraded) $8,624

E-Table 4: Approach to funding students with disability

	Approach to disability funding in other jurisdictions
Western Australia	Per student allocation based on level (1-7) of disability 1. $9, 436 2. $22,262 3. $34,982 4. $45, 476 5. $54,698 6. $61,482 7. $72, 082 Plus per student allocation of $954 if eligible for educational adjustment allocation with a weighting based on total percentage of students eligible for EAA at a school.
New South Wales	Low level adjustment loading to provide access to a specialist teacher and flexible funding. Comprises an allocation base determined by enrolments and a supplementary allocation based on student need. Student need is determined using the most recent literacy and numeracy data from NAPLAN to create a Student Learning Need Index (SLNI). A school's SLNI draws on three years NAPLAN data. Integration Funding is allocated for moderate or severe intellectual disability, mental health or autism spectrum disorder and students with sensory, impairment or physical disability and with moderate to high learning and support needs includes on-costs and funding to cover vacation leave costs.
South Australia	The Disability Support Program Individual funding for seven disability types, for intervention programs and learning support. Per student rates: Mainstream additional, $2,169 Mainstream direct, $6,112 Mainstream intensive $13,605 High sustained $30,212 Very high sustained $48,394 Challenging behaviours category 1 $20,732 per FTE Challenging behaviours category 2 $12,092 per FTE Challenging behaviours category 3 $3,454 per FTE. Improved behaviour management and engagement several streams of individual funding: flexible learning options (per capita on top of SCFM), student engagement and wellbeing grants, RAAP funding for behaviour management and funding for country areas (no learning centre).
Victoria	Program for Students with Disabilities (PSD) targeted supplementary program for students with high needs. Schools are funded based on level (one-six) of need. Flexibility within SRP to support students with disabilities. school parents/carers/guardians determine the specific nature of the supports. PSD resources are allocated based on enrolments Rates 2018 Students with Disabilities rates Level Credit ($) 1 7,162 2 16,563 3 26,145

4	35,682
5	45,147
6	54,663

E-Table 5: Approach to EAL funding in other jurisdictions

	Approach to disability funding in other jurisdictions
Western Australia	EAL per student allocation, which differs for enrolment in Intensive English Centre ($9,276) or a mainstream school ($2,784 up to $3,619), based on weighting for percentage of EAL students at a school (excluding those in IECs).
New South Wales	EAL or Dialect New Arrivals Program Year 6 and high school new arrivals in Sydney / Wollongong assessed and possibly enrolled in specialist services. Primary and non-metropolitan schools apply for NAP teaching support. Eligible students: speak a language other than English as their first language are at beginning or emerging phase of English language proficiency are new arrivals enrolling in school within six months of arrival (Kindergarten 18 months) in an Australian school for the first time, or transferring within six months or Australian citizens returning from overseas. Schools with four or more recently arrived refugee students may attract bilingual support allocation Plus English language proficiency loading based on a school level English language proficiency need.
South Australia	Intensive English language and New Arrivals Program /Centres. Per enrolment allocation is based on eligible visa subclass and language skills where a program exists and additional funding to school where one does not. Students must enrol within 12 months of arrival (18 for Reception/Year 1). 12 month cap from first enrolment. Some Aboriginal students are eligible. Allocation rolling to meet student teacher ratios: 1:15 primary /secondary where children are literate to age appropriate level in first language. 1:10 for secondary where age appropriate level in first language not achieved. Schools without an IELP/NAP centre in country locations can apply for Geographic isolation funding for eligible EAL students. First language maintenance and development. Mother tongue language support for CALD background students who speak a language other than English at home and Aboriginal students.
Northern Territory	Loading for students with low English language skills. Plus an ESL weighting will be progressively implemented over three years from 2018 based on ESL level data. The average EAL or Dialect (EAL/D) Phase is calculated for each student based on ESL level data related weightings are applied.
Victoria	EAL per student allocation is tagged to staff costs. Eligibility is based on students: language background other than English spoken at home as their main language, enrolled in an Australian school for <five years, attracting SRP funding. Base per student rate ($531.14 in the 2018 Indicative SRP) is multiplied by two sets of weights. The first set of five weights is student level. The second set of weights is based on the Student Family Occupation (SFO) density score of each individual school campus. At a minimum, refugees attract the same funding as other EAL students in their school. If there are 10 or more refugees attending a single campus, they attract the maximum density weight of 1.4. English language schools and centres receive a special purpose SRP based on target enrolments and student:teacher ratio of 13:1. Per student rate and a base (multiples of the rates that apply in standard settings). ELCs per student rate only. Non-metro English language centres based on target enrolments funded at a student:teacher ratio of 13:1.

Appendix F Survey methodology

Objective

A questionnaire was designed to identify school principals' perspective on the SCFM, including:

- the effectiveness of its design and implementation
- the responsiveness of the SCFM settings to school and student needs
- the flexibility and transparency of the SCFM design
- the operation of the SCFM
- opportunities for improvement.

Survey questions

The questionnaire included a mixture of open-and closed-ended items. The majority of questions were categorical, which were able to be easily quantified. Open-ended questions complemented the closed-ended items, providing the information that was not constrained by any preconceptions held by the survey designers. They allowed the respondents to elaborate upon the reasons underlying their responses to certain categorical questions.

There were three sections in the questionnaire.

The first section collected information about the respondent's current school.

The second section collected data regarding respondents' professional experiences.

The third section comprised the most items, asking about satisfaction with facets of the SCFM settings, including whether they felt it provided resources that meet the needs of their school, their views on the complexity of the SCFM, transition arrangements, and opportunities for improvements. Eight categorical and 10 free-text items were included in this section. The eight closed-ended items were either four-point or five-point Likert-type scales.

The development of the questionnaire was informed by the 2011 survey instrument. For example, the 2011 survey asked principals about funding arrangements from the perspective of their school and its community. The research team also engaged closely with the Department in the development of the survey.

Target population

The target survey respondents were principals of all public schools in WA receiving funding through the SCFM. The principals were able to delegate responsibility for preparing their response to their deputy principal, MCS or another appropriate person. The total sample population comprised 796 schools, including nine new schools which have not opened.

Deployment approach

The questionnaire was conducted online using Qualtrics, with the Department sending an invitation email to all targeted school principals with the link to the questionnaire on 26 March 2018. An electronic copy of the questionnaire was also provided with the email for principals to discuss the questions with other school staff before entering data into the online survey. This questionnaire is provided below.

A reminder was sent to principals who had not responded to the survey on 11 April 2018, with the survey closing on 16 April 2018. A telephone number and e-mail address were provided to principals if they had any queries.

Responses

A total of 748 responses (93.97%) were received, of which 652 (81.9%) were useable responses.[90] School principals showed a very high degree of commitment to the survey, with several emails received from respondents providing feedback on the questionnaire or issues they encountered. The specific response rate across region and school type is presented in F-Table 1 and F-Table 2.

F-Table 1: Survey response rate by school type

	Population (N)	Responses (n)	Response rate (%)
Primary	559	451	80.7
Secondary	108	98	90.7
Combined	56	48	85.7
Education Support	64	55	85.9
Total	**787**	**652**	**82.9**

F-Table 2: Survey response rate by region

	Population (N)	Responses (n)	Response rate (%)
North Metro	232	195	84.1
South Metro	252	202	80.2
Goldfields	38	30	79.0
Kimberley	23	16	69.6
Midwest	47	37	78.7
Pilbara	29	23	79.3
Southwest	97	82	84.5
Wheatbelt	69	65	94.2
Total	**787**	**652**	**82.9**

[90] Significantly incomplete responses and duplicated responses were excluded.

Questionnaire

Evaluation of the Student-centred funding model

Public School Leader survey

Introduction

Thank you for undertaking this survey as part of the evaluation of the Student-centred funding model (SCFM).

The evaluation has been commissioned by the Department of Education, and is being undertaken by the Nous Group and the Centre for International Research on Education Systems (CIRES) at Victoria University.

Your response will help us understand how effective the design and implementation of the SCFM has been as a school funding approach that is responsive to school and student needs; and is flexible and transparent. We are keen to obtain your views on the operation of the SCFM and opportunities for improvement.

The evaluation is focussed on how well the SCFM operates as a mechanism for allocating a finite level of resourcing between public schools. The appropriateness of the overall level of funding of the system is out of scope for the evaluation. However, the adequacy of funding for individual schools or for specific school types is relevant to the evaluation.

You may want to discuss your response with other members of your school staff before entering data into the online survey here.

Confidentiality

This survey is confidential and your participation is voluntary. No school or individual will be identified in any report arising from the survey. You may withdraw your participation at any time prior to submitting your response.

Your survey response will identify your school. This information will be used to link your survey response with other data on your school, such as your SCFM funding.

Duration

This survey will take around 15 minutes to complete and your answers are saved as you go. This means you can come back and complete the survey if you need to take a break – but only from the same computer.

As you move through the survey please do not use your browse forward and back buttons, instead use the arrow buttons, within the survey, at the bottom of each screen.

If you have any questions about this survey, or experience any technical difficulties, please call Andrew Wade on 03 9919 7787 or email: wa.scfm.evaluation@vu.edu.au.

If you have any questions about the evaluation, please contact Kate Griffiths in the Department of Education on 08 9264 4067 or email: kate.griffiths@education.wa.edu.au.

Thank you for your participation.

About your school

Q1. Please select your school type.

- ☐ Agricultural College
- ☐ Distance Education
- ☐ District High School
- ☐ Education Support Centre
- ☐ Education Support School
- ☐ High School
- ☐ Junior Primary School
- ☐ K-12 School
- ☐ Language Development Centre
- ☐ Primary School
- ☐ Remote Community School
- ☐ Senior College
- ☐ Senior High School

Q2. Please select your school from the following drop-down menu:

About you

Q3. What is your position at your school?

- ☐ Principal
- ☐ Deputy Principal
- ☐ Manager, Corporate Services
- ☐ Other, please specify _____

Q4. How many years have you worked in this position at your school?

- ☐ 0-3 years
- ☐ 4-7 years
- ☐ 8-10 years
- ☐ More than 10 years

Q5. How many years have you worked in this position at any WA public school?

- ☐ 0-3 years
- ☐ 4-7 years
- ☐ 8-10 years
- ☐ More than 10 years

Your views on the SCFM

Q6. What is your overall level of satisfaction with the SCFM?

- ☐ Very satisfied
- ☐ Satisfied
- ☐ Neither satisfied nor dissatisfied
- ☐ Dissatisfied
- ☐ Very dissatisfied

Q7. To what extent does the SCFM achieve the following?

	Does not achieve	Partly achieves	Mostly achieves	Fully achieves
Provides schools the ability to respond to differences in the learning needs of students	☐	☐	☐	☐
Varies school funding on the basis of the circumstances of schools	☐	☐	☐	☐
Provides flexibility to principals in making financial decisions.	☐	☐	☐	☐
Provides flexibility to principals in managing the profile of the school's workforce.	☐	☐	☐	☐
Is simple and transparent	☐	☐	☐	☐

Q8. Thinking about the SCFM as it applies to ***your school***, to what extent do you agree or disagree with the following statements?

	Strongly disagree	**Disagree**	**Agree**	**Strongly agree**
The SCFM responds to the changing circumstances of my school.	☐	☐	☐	☐
The SCFM provides me the flexibility I need to target school and student needs.	☐	☐	☐	☐
The SCFM provides me the flexibility I need to get the right staff for my school.	☐	☐	☐	☐
The basis of my school's allocation is easy to follow.	☐	☐	☐	☐
The SCFM is fair and equitable in the funding it provides my school based on context and the students at my school.	☐	☐	☐	☐
The SCFM is transparent.	☐	☐	☐	☐
The SCFM is predictable.	☐	☐	☐	☐
There are adequate processes in place to address changes in my school's circumstances.	☐	☐	☐	☐

The following questions ask about the elements of the SCFM (see diagram below).

Per student funding

Funding for all students in all schools
Based upon student year level

School Characteristic Funding

Funding for eligible schools
Based on school type and location
- Enrolment Linked Base
- Locality Allocation

Student Characteristic Funding

Funding for eligible students
Funding that may vary by the proportion of eligible students in a school
- Social Disadvantage
- English as an Additional Language
- Disability
- Aboriginality

Q9. How well do each of the following SCFM elements reflect your school's circumstances?

Allocation element	Very well	Well	Poorly	Very poorly	Don't know/Not sure
Per student funding, incorporating year level prices	☐	☐	☐	☐	☐
Enrolment-linked base	☐	☐	☐	☐	☐
Locality Allocation	☐	☐	☐	☐	☐

Q10. If you selected 'very poorly' or 'poorly' to elements within Q9, what were your reasons?

Q11. How appropriate is the inclusion of the following elements to allocate funding to schools?

	Very appropriate	Appropriate	Inappropriate	Very inappropriate	Don't know/Not sure
Aboriginality	☐	☐	☐	☐	☐
English as an Additional Language: Mainstream	☐	☐	☐	☐	☐
English as an Additional Language: Intensive English Centre	☐	☐	☐	☐	☐
Social disadvantage	☐	☐	☐	☐	☐
Disability: individual disability allocation	☐	☐	☐	☐	☐
Disability: educational adjustment	☐	☐	☐	☐	☐

Q12. If you selected 'very inappropriate' or 'inappropriate' to the elements in Q11, what were your reasons?

Q13. Are there other elements that should be included within the SCFM to allocate additional funding to schools?

Element 1	
Element 2	
Element 3	

Q14. How appropriate are the ***criteria*** used to allocate additional student characteristic funding to schools?

	Very appropriate	**Appropriate**	**Inappropriate**	**Very inappropriate**	**Don't know/Not sure**
Aboriginality Schools attract funding for each Aboriginal student, determined by student's self-identification. The amount increases as the proportion of Aboriginal students in a school increases from 5 per cent to 100 per cent of students.					
	☐	☐	☐	☐	☐
English as an Additional Language Students attract funding to their school on the basis of number of years in Australian schools, and number of years in Australia. Kindergarten and Aboriginal students are not eligible.					
	☐	☐	☐	☐	☐
Social disadvantage Students attract funding to their school if they are in the lowest 30 per cent of students on the basis of disadvantage measured by parent education and occupation. The amount of funding received by schools depends on the percent of students they have in the lowest 30 per cent.					

	Very appropriate	Appropriate	Inappropriate	Very inappropriate	Don't know/Not sure
Disability: individual disability allocation Funding is provided to schools for students with eligible disabilities. There are 7 funding levels, with eligibility for a funding level based on degree of disability, level of teaching and learning adjustment, disability type and school type.					
	☐	☐	☐	☐	☐
Disability: educational adjustment Funding is provided to schools using a proxy criterion—the number of students in the bottom 10 per cent of NAPLAN reading. The funding rate varies on the basis of the percent of eligible students in a school.					
	☐	☐	☐	☐	☐

Q15. If you selected 'very inappropriate' or 'inappropriate' to the criteria used to allocate funds in Q14, what were your reasons?

Q16. Are there alternative criteria you would consider more suitable?

Criteria 1	
Criteria 2	
Criteria 3	

Q17. Thinking about the SCFM as it applies to ***your school***, to what extent do the student characteristic elements enable you to target teaching and learning adjustments for students with the following characteristics?

	To a great extent	To a moderate extent	To a small extent	Not at all	Don't know/Not sure
Aboriginality	☐	☐	☐	☐	☐
English as an additional language	☐	☐	☐	☐	☐
Social disadvantage	☐	☐	☐	☐	☐
Disability	☐	☐	☐	☐	☐

Q18. If you selected 'To a small extent' or 'Not at all' to elements in Q17, what were your reasons?

Q19. Please indicate the extent to which you agree with the following statements comparing the SCFM to the previous funding mechanism.

	Strongly agree	Agree	Disagree	Strongly disagree	Don't know/Not sure
Compared to the previous funding mechanism, the SCFM provides the ability to *better manage* a school's resources.	☐	☐	☐	☐	☐
Compared to the previous funding mechanism, the SCFM is *less* transparent in the allocation of funding.	☐	☐	☐	☐	☐
Compared to the previous funding mechanism, the SCFM is *more* equitable in the allocation of funding.	☐	☐	☐	☐	☐
Compared to the previous funding mechanism, the SCFM provides *less* flexibility in managing finances.	☐	☐	☐	☐	☐
Compared to the previous funding mechanism, the SCFM provides *more* flexibility in managing the workforce.	☐	☐	☐	☐	☐
Compared to the previous funding mechanism, the SCFM is *less* responsive to the needs of my school and students.	☐	☐	☐	☐	☐
Compared to the previous funding mechanism, the SCFM is *more* complex.	☐	☐	☐	☐	☐

Compared to the previous funding mechanism, the reporting requirements associated with the SCFM are *more* onerous.	□	□	□	□	□
Compared to the previous funding mechanism, the Department has provided more support/tools/training to use the funding allocation.	□	□	□	□	□

Q20. What benefits have you observed in how your school is allocated funding since the SCFM was introduced? (please list up to three)

Benefit 1	
Benefit 2	
Benefit 3	

Q21. What challenges have you observed in how your school is allocated funding since the SCFM was introduced? (please list up to three)

Challenge 1	
Challenge 2	
Challenge 3	

Q22. What do you consider are the key opportunities to improve the SCFM as it applies to ***all schools***?

Q23. Please provide any other comments you have on how well the SCFM operates as a mechanism for allocating resources to schools in the box below.