



Quality Schools

Transition arrangements

Calculating a school's funding entitlement during the transition period (2018-2027)

The new fairer Commonwealth school funding arrangements will determine funding entitlements based on need using a Schooling Resource Standard (SRS) as recommended by the 2011 *Review of Funding for Schooling*. The SRS for each school includes a base per student amount for primary and secondary students, plus loadings for disadvantage.

Under the new arrangements, the Commonwealth's funding entitlement for schools will be set based on new consistent Commonwealth shares of the SRS. These new shares will increase:

- from an average of 17.0 per cent of the SRS for government schools in 2017 to 20 per cent in 2027, reflecting the Commonwealth's role as the minority public funder of this sector
- from an average of 76.8 per cent of the SRS for non-government schools in 2017 to 80 per cent in 2027, reflecting the Commonwealth's role as the primary public funder of this sector.

Schools will transition to the new consistent Commonwealth share of the SRS over 10 years from 2018 to 2027.

Setting the Commonwealth share during the transition

To calculate the funding entitlement for a school each year, a 'starting Commonwealth share' will be set based on actual recurrent funding paid to the school in 2017 under existing arrangements and what this amount is as a percentage of the 2017 SRS as calculated under the new settings.

This 'starting Commonwealth share' is then adjusted in 10 equal annual steps until the 'final Commonwealth share' is reached in 2027. The final Commonwealth share is 20 per cent of the SRS for government schools or 80 per cent of the SRS for non-government schools.

Proposed amendments to the *Australian Education Act 2013* will set out the arrangements for a transitioning school each year from 2018 to 2027.

Example 1: A hypothetical non-government school, currently below the 80 per cent share of the SRS:

- 2017 total recurrent funding for a non-government school's approved authority in 2017 is \$7,000,000.
- The SRS for that authority under the new settings is calculated to be \$10,000,000.
- The school's 'starting Commonwealth share' is \$7,000,000 divided by \$10,000,000, expressed as a percentage – or 70 per cent.
- The school's 'final Commonwealth share' is 80 per cent.
- The Commonwealth share for each year will be set based on 10 equal steps between the starting and final Commonwealth share as follows.

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
70%	71%	72%	73%	74%	75%	76%	77%	78%	79%	80%

- Funding each year will be determined by the Commonwealth share for each year, multiplied by the school's SRS each year, which is calculated based on enrolment and student characteristic information provided through the Census each year.

Example 2: A hypothetical non-government school, currently above the 80 per cent share of the SRS:

- 2017 total recurrent funding for a non-government school's approved authority in 2017 is \$9,500,000.
- The SRS for that authority under the new settings is calculated to be \$10,000,000.
- The school's 'starting Commonwealth share' is \$9,500,000 divided by \$10,000,000, expressed as a percentage – or 95 per cent.
- The school's 'final Commonwealth share' is 80 per cent.
- The Commonwealth share for each year will be set based on 10 equal steps between the starting and final Commonwealth share as follows.

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
95%	93.5%	92%	90.5%	89%	87.5%	86%	84.5%	83%	81.5%	80%

- Funding each year will be determined by the Commonwealth share for each year, multiplied by the school's SRS each year, which is calculated based on enrolment and student characteristic information provided through the Census each year.

Systemic schools

For schools that are part of a system, the starting Commonwealth share will be determined at the system level and applied to each of the member schools.

Under the current arrangements, the notional allocation for each school in a system is based on its historical school-level funding. This means that, within a system, schools can attract very different shares of the SRS from the Commonwealth.

The new arrangements are designed to make school funding fair. From 2018, the notional allocation for each school in a system will be based on the average share of the funding standard for all students in the system. This means that every school and student within a system will attract the same share of the SRS from the Commonwealth.

Note that this methodology for systems does not change the total funding envelope for the system or how funding is passed on to your school by your system.

Systems such as state government and Catholic Education Commissions in each state will continue to be paid the Commonwealth school funding for all of their schools as a lump sum. These systems are then able to distribute this funding to their schools through their own needs-based funding arrangements.

Responsiveness to changes in student body

Importantly, during transition, any changes in student characteristics at the school (and therefore level of need as measured by the SRS) will be reflected in the school's funding entitlement, as the funding entitlement will be calculated as a share of the SRS rather than a dollar amount.