

Additional School Costs for Families

Tabled 11 February 2015

The Auditor-General provides assurance to Parliament on the accountability and performance of the Victorian Public Sector. The Auditor-General conducts financial audits and performance audits, and reports on the results of these audits to Parliament.

On the 11th of February 2015, the Auditor-General tabled his performance audit report *Additional School Costs for Families* and an information piece titled: *Victorian school funding explained*.

Key messages

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The cost of sending a child to school is rising and is placing a strain on parents, welfare agencies and schools.

This audit looked at the management of parent education costs in government schools. It found that:

- the Department of Education and Training (DET) does not know how much funding schools need
- parent payments have become essential to education
- parents are paying for items that should be free.

DET has made a commitment to address identified weaknesses and improve its oversight and support of schools.

The cost of sending a child to school is rising. This is placing a strain on parents, welfare agencies and schools.

The objective of this audit was to assess whether government schools are managing parent education costs economically, efficiently and effectively and in accordance with legislation and policy.

The audit found that:

- The Department of Education and Training does not know how much funding schools need
- Parent payments have become essential to education and,
- Parents are paying for items that should be free

In response to this audit's recommendations, the department has made a commitment to address identified weaknesses and improve its oversight and support of schools.

Background

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- *Education and Training Reform Act 2006* requires:
 - parents to enrol children in school
 - government to deliver free instruction in standard curriculum.
- Schools receive \$5.5 billion from government.
- Schools can charge parents for items not directly related to providing free instruction.
- \$558 per student on average.

The *Education and Training Reform Act 2006* requires parents to enrol their children in school.

In Victoria, government schools must provide free instruction in the standard curriculum to all students under the age of 20 years. While free instruction is not defined in the Act, the department defines it as including:

- learning and teaching
- instructional supports
- materials and resources, and
- administration and facilities.

Victorian government schools receive funding from both the Commonwealth and the state. In 2013–14, government schools received just over \$5.5 billion which is largely administered by the department through the school budget—the Student Resource Package.

Government schools can charge fees for goods and services associated with the delivery of free instruction and for optional extra activities such as music lessons or a ski camp.

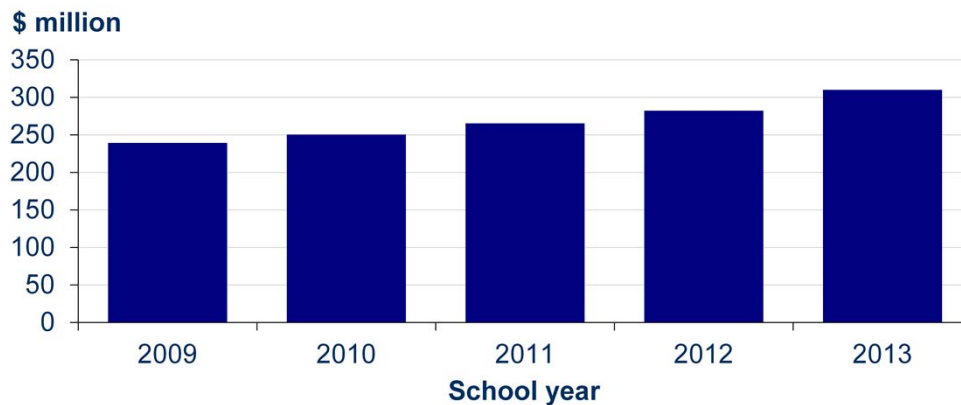
They may also ask for donations to raise funds for other purposes. These charges are called school-level parent payments.

In 2012–13, schools charged parents an average of \$558 per student.

Parent payment amounts

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Parent payments in Victorian government schools have risen by over \$70 million since 2009—a 29% increase.



Source: Victorian Auditor-General's Office based on Department of Education and Training data.

The department's data show that parent payments in Victorian government schools have risen by \$70 million since 2009, a 29 per cent increase.

In 2013, total parent fees, charges and contributions were just over \$300 million.

Effect of disadvantage

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Disadvantaged schools receive less income from parents:

	SFO index range	Average parent payment (\$)	Percentage of total school revenue (%)
Less disadvantaged	0.08980–0.39580	610.91	6.7
	0.39620–0.51280	448.57	
	0.51300–0.61930	398.23	
More disadvantaged	0.61970–0.96700	315.45	2.6

Schools with more disadvantaged students derive less income from parent payments. In other words, those who can pay more, do so.

The current parent payment model allows each school to determine its own parent payment. This involves deciding whether to include or exclude children from optional extra activities based on their ability to pay.

Welfare agencies are concerned about the effect of exclusion on a child's wellbeing. They report that such exclusion can lead to low self-esteem, behavioural issues, school refusal and poor academic performance.

Focus of this audit

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Key areas examined:

- funding for the delivery of free instruction
- departmental oversight of school approaches to parent payments
- parent payments to support free instruction.

Audit scope

- DET's parent payment policies and school funding policies.
- Survey of 366 schools and site visits to 24 schools.

The audit examined three key areas relating to parent payments. It looked at:

- the funding provided to deliver free instruction to students
- the department's oversight of schools' parent payments
- the actual parent payments being requested by schools.

The audit examined the department's parent payment policies.

It also looked at the parent payment practices of 366 schools using an in depth survey and site visits to 24 schools.

Adequacy of school funding

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Key findings

- School funding is based on relative need, not actual cost.
- DET does not know the true cost of education.
- DET does not know how much schools need.

DET does not know if school funding is sufficient. It needs to improve its evidence base and consult better with schools.

The school budget—otherwise known as the Student Resource Package—should provide schools with sufficient funds to provide free instruction. However, the department distributes available funding based on the relative needs of schools rather than actual cost of delivering free instruction.

It has not sought to fully understand the actual costs of providing free instruction, an activity that could lead to securing further funding for its schools. Neither has it sought to provide government with any advice on the adequacy of government school funding in recent years.

The department cannot assure itself, schools or parents that funding is sufficient to provide free instruction. Nor can it advise government of the funding schools require. Inadequacies in the department's financial databases—CASES21 and eduPay—make it difficult to examine the overall adequacy of school funding. These systems do not record expenditure based on the same categories that the funding is allocated under, meaning that components such as student-based funding and equity funding cannot be examined.

In conclusion, the department does not know if school funding is sufficient and it is therefore not in a position to advise government on school budgetary decisions.

DET guidance and oversight

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Key findings

- DET does not know how much parents are asked to pay.
- Schools are not accountable for their parent payment processes.
- DET does not know what an efficient, effective and economical school looks like.

DET does not know if parents are paying for items that should be free. It needs to improve its oversight of school spending and parent payment practices.

Under the school autonomy model, school councils, with the assistance of the principal, determine how school funds are used and how much parents are required to pay. The department considers that its role under this model is primarily to provide guidance and support to schools in relation to budget and financial management.

However, it does not know how schools spend funds or what amounts parents are being asked to pay. It therefore, cannot assure itself that parents are not paying for items that should be provided for free. This audit found that parents were being asked to pay for items that should have been free.

The department does not know what an efficient, effective and economical school looks like and it provides no guidance to schools on how to achieve these goals.

School councils rely on principals and business managers to provide sound financial management and business advice. However, not all principals and business managers possess the skills to do this. The department's financial management training is essential and appropriate. However, it does not know how many principals and business managers have completed it.

In conclusion, the department could, but has not, analysed how schools are using their funds. This would allow it to determine whether parent payment requests are reasonable, whether funding is sufficient and whether schools are operating efficiently.

Parent payment policies and practices

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Key findings

- DET's policy and guidance is vague in parts and confusing.
- 250 out of 366 schools surveyed had parent payment policies.
- No school-level policy and parent payment request examined complied with DET's policy.

Parents are paying for some items that should be free. DET needs make its policy and guidance material clearer and regularly review school policies and practices.

Schools are responsible for managing their own budget, finances, policies and procedures. The department requires schools to develop and administer a parent payment policy that aligns with its own broad parent payment policy. However, the department's policy and guidance material is vague in parts and confusing.

Out of our survey of 366 schools, 250 had parent payment policies. None of the school-level policies examined completely complied with the department's policy.

Further, no parent payments reviewed during the audit included all of the information required by DET policy. This means that parents are not being given enough information about what they are paying for—in some cases items that should be provided for free.

Parents are also being denied sufficient time to pay, not being provided with alternative options for payment, or being given an opportunity to source cheaper alternative items themselves.

In conclusion, parents are not being given enough information about what they are paying for.

Recommendations

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		Accept
That the Department of Education and Training:		
1.	improves the basis for estimating the funding required to meet efficient school costs	✓
2.	enhances data collection needed to better understand school revenue and costs	✓
3.	consults with schools to better understand school funding requirements	✓
4.	incorporates comprehensive efficiency and economy measures into its school performance framework	✓
5.	provides guidance and training to schools on efficiency and economy better practice.	✓

In summary, we have made seven recommendations:

That the department :

1. improves the basis for estimating the funding required to meet efficient school costs
2. enhances data collection needed to better understand school revenue and costs
3. consults with schools to better understand school funding requirements
4. incorporates comprehensive efficiency and economy measures into its school performance framework
5. provides guidance and training to schools on efficiency and economy better practice.

Recommendations – continued

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		Accept
That the Department of Education and Training:		
6.	updates its parent payment policy and guidance material to provide clear guidance on acceptable parent payment practices	✓
7.	regularly reviews school parent payment policies and practices, and intervenes where breaches are identified.	✓

Also, that the department:

6. updates its parent payment policy and guidance material and
7. regularly reviews school parent payment policies and practices, and intervenes where those practices are identified as breaching legislation or policy requirements.

The department accepted all recommendations and has provided a detailed outline of how it intends to address each recommendation and by when it intends to achieve these actions. This is contained in Appendix B of the report.

The Auditor-General will monitor this progress over time.

Previous VAGO reports

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Implementation of School Infrastructure Programs (2012)

Contact details

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For further information on this presentation please contact:

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