

# ***Additional School Costs for Families: Appendix A Victorian school funding explained***

Tabled on 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 11<sup>th</sup> of February 2015, the Auditor-General tabled his performance audit report *Additional School Costs for Families*. This information piece *Victorian school funding explained* is an appendix of the report.

## Background

2

pages  
1-7

- Victorian school funding model is complex.
- Auditor-General's intention is to shed light on it.
- This information piece will increase public awareness of how government schools are funded.

The Victorian school funding model is complex.

Under the current model, government schools derive funding from multiple sources for various purposes.

This information piece explains where the funding comes from and what it is used for.

The intention of the funding piece is to shed light on one of the largest, yet most obscure areas of government funding in Victoria.

This will increase public awareness of how and why government schools are funded in the way they are.

The Auditor-General hopes that this important contextual information will inform public debate about how Victoria's schools are resourced, and will also serve to increase levels of accountability for the efficient, effective and economical use of this money.

## DET funding

3

DET:



Owner-operator of 1 526 schools.



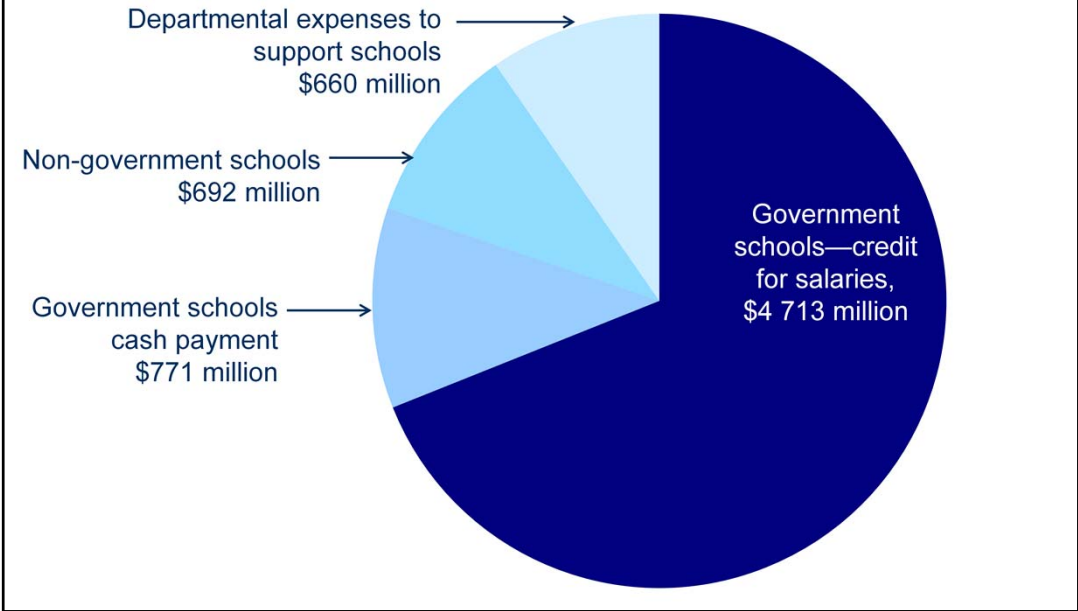
Employs 41 000 teaching staff.



Provides instruction to 565 000 students.

The Department of Education and Training is owner-operator of 1 526 government schools, employing 41 000 teaching staff and providing instruction to 565 000 students.

**DET funding – continued**



In 2013–14, DET received a total of \$10.6 billion, more than any other Victorian government department and almost 30 per cent of the state’s budget.

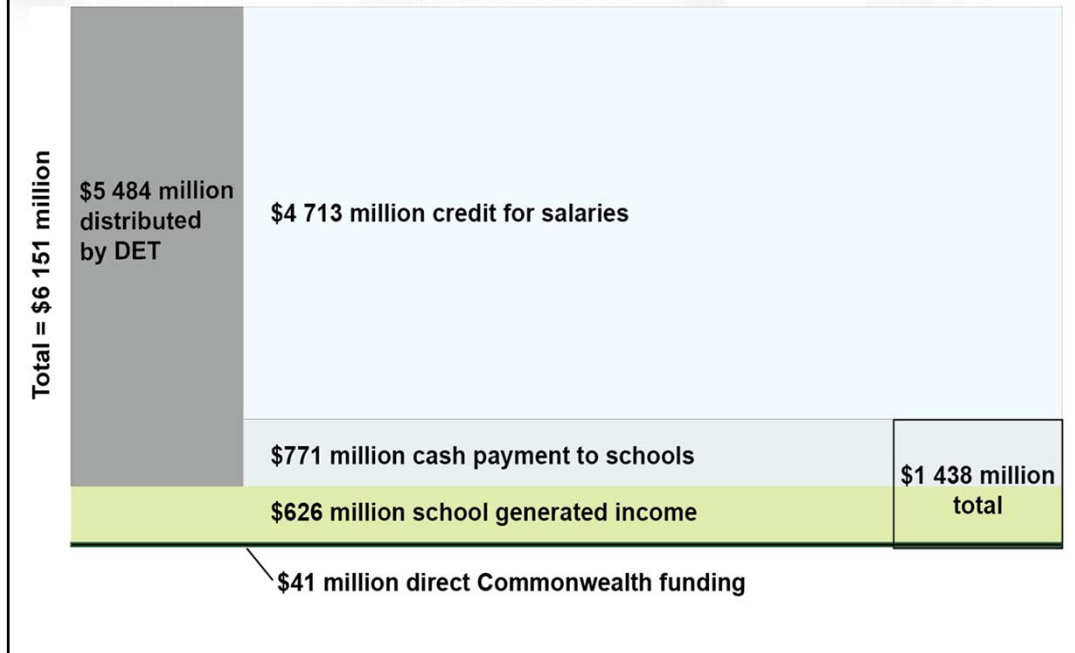
Of the department’s \$10.6 billion funding in 2013–14, \$5.4 billion was provided to government schools.

Of this, \$4.7 billion, or 86 per cent, was provided in the form of a credit for staff salaries. \$771 million was paid directly to schools to spend on school specific costs such as amenities, maintenance and music programs.

In addition, the department also distributed \$692 million to non-government schools and \$660 million was allocated for departmental expenses to support schools.

## Government school income

5

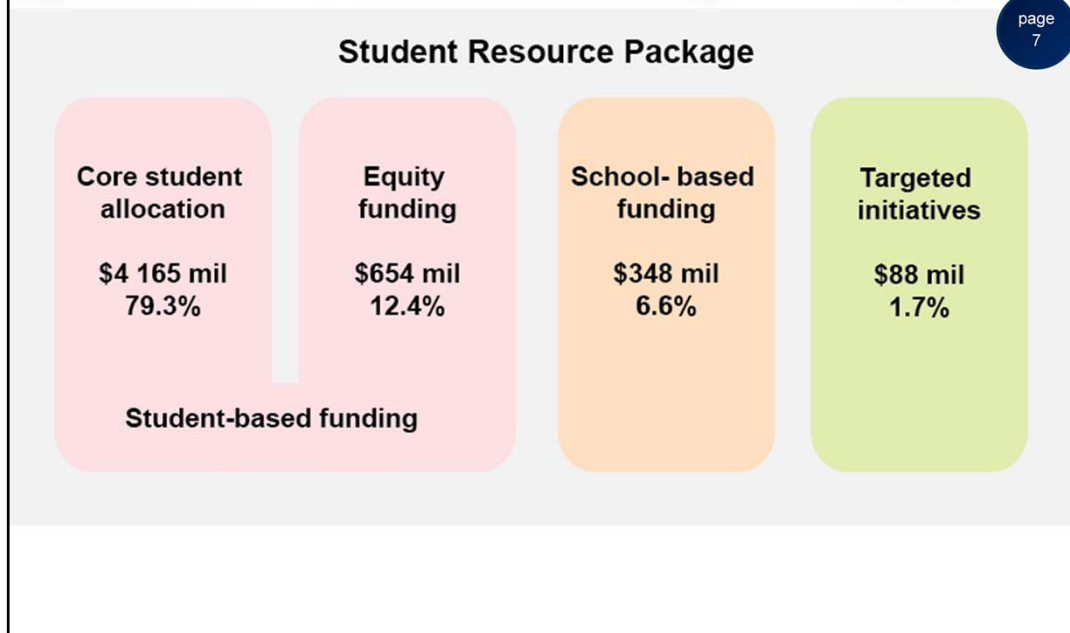


In total, government schools received \$6.1 billion in 2013–14.

This includes the money administered by the department as a salary credit and cash payment—\$5.484 billion—as well as \$626 million generated by schools, and a further \$41 million provided directly to schools by the Commonwealth Government.

## Student Resource Package

6

page  
7

The Student Resource Package is the department's school budget delivery model.

In 2013–14, 96 per cent of funding administered to government schools by the department was distributed through the Student Resource Package.

The Student Resource Package has three funding components:

- student-based funding
- school-based funding, and
- targeted initiatives.

This diagram outlines the specific funding breakdown of the Student Resource Package.

Student-based funding makes up the bulk of school funding—91.7 per cent.

In 2013–14, the department provided \$4 800 million to schools in student-based funding. This was an average of \$8 527 per student.

Student-based funding is intended to cover the basic cost of a typical student's instruction in the standard curriculum.

This cost includes teaching and learning, leadership, administration, professional development, relief teachers, payroll tax and superannuation for the school. It is made up of two parts:

- core student allocation
- equity funding.

The core student allocation includes a standard funding component for each student in the school. This funding is supplemented by a series of loadings designed to recognise

the costs associated with different year levels, different types and sizes of schools, and the additional costs imposed by rurality and isolation.

Equity funding is intended to assist students who are socially and economically disadvantaged and to support students with additional learning needs. It is calculated based on:

- the student, their family and community characteristics such as the occupation of the parents
- the student's disability and medical requirements, and
- whether English is a second language.

School-based funding is the second largest component of the Student Resource Package but accounts for only 6.6 per cent of total funding. In 2013–14, The department provided \$348 million to schools in school-based funding. This was an average of \$616 per student.

School-based funding covers costs associated with infrastructure, such as cleaning, minor building works and grounds maintenance, as well as for specific programs, such as bus coordination, instrumental music programs and language assistants.

Targeted funding is the smallest component of the Student Resource Package. In 2013–14, the targeted funding component of the Student Resource Package was \$88 million, or an average of \$156 per student.

Targeted funding is provided to deliver specific programs such as the primary welfare officer program, or maths and science specialists.

## School generated revenue

7

Revenue type	Amount (\$ million)	Proportion of total income (%)
<b>Camps/excursions/activities</b>	<b>151</b>	<b>23.3</b>
<b>Subject contributions</b>	<b>146</b>	<b>22.6</b>
<b>Trading operations</b>	<b>51</b>	<b>7.9</b>
<b>Fundraising activities</b>	<b>47</b>	<b>7.2</b>
Reimbursements—expenses recouped	37	5.7
<b>Donations—from parents and other sources</b>	<b>29</b>	<b>4.4</b>
Before/after school care	26	4.1
Hire of school facilities/equipment	24	3.7
Transfers from other schools	23	3.6
<b>Sale of class materials</b>	<b>21</b>	<b>3.2</b>
Non-profit trading operations	20	3.1
Interest	20	3.1
Other locally raised funds	52	8.1

Aside from Commonwealth and state funding, schools also generate revenue locally.

This table shows a breakdown of school generated income for 2013–14.

Parent payments—for subject contributions and camps/excursions/activities—account for the majority of school generated income at 45.9 per cent.

Trading operations account for the next highest proportion at 7.9 per cent, while fundraising accounts for 7.2 per cent.



## The funding model is complex

8

### Key findings

- \$5 484 in Student Resource Package.
- 86% of school funding is wages.
- Schools generate almost as much cash as they get from the department.

**Parent payments and fundraising have become critical to schools and the educational experience.**

Although the department received \$10.6 billion in 2013–14, less than five per cent of that funding reaches schools in terms a cash funding.

86 per cent of school funding is not actually seen by schools, it is tied to wages.

This means that schools have very little room to manoeuvre in terms of managing their available funds. Consequently schools rely on parent payments and fundraising to provide essential and value-adding programs.

Preparing this information piece was a significant exercise.

While much of this information is available to schools and their communities, it has never before been consolidated in a way that allows people to clearly understand how schools are funded.

Going forward, it is imperative that the department build on this work, to compile and provide regular updated information to the community on future school funding arrangements.

## Previous VAGO reports

9

### *Additional School Costs for Families* (February 2014)

This information piece is an appendix of the *Additional School Costs for Families* report tabled on 11 February. The audit assessed whether DET and government schools are managing parent education costs economically, efficiently and effectively and in accordance with legislation and policies.

## Contact details

10

For further information on this presentation please contact:

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