



CATHOLIC EDUCATION
Archdiocese of Canberra & Goulburn

NEEDS-BASED FUNDING ARRANGEMENTS FOR SYSTEMIC ARCHDIOCESAN SCHOOLS

REVISED JULY 2018

Needs-based funding arrangement for systemic Catholic Schools in the Archdiocese of Canberra & Goulburn

Revised July 2018

INTRODUCTION

Catholic Education Archdiocese of Canberra and Goulburn (CECG) comprises of 56 systemic schools across the Australian Capital Territory (ACT) and New South Wales (NSW). CECG educates approximately 14,000 students in 29 ACT schools and 7,000 students across 27 NSW schools (see Table 1). CECG employs over 2,300 teachers and school support staff (as well as a large pool of more than 800 casual staff) and has a central office of about 100 staff members who support these schools.

Table 1. The System: Catholic Education Archdiocese of Canberra and Goulburn

	ACT		NSW	
Schools	No. schools	No. enrolments*	No. schools	No. enrolments*
Primary	24	8,635	19	3,537
Secondary	5	5,247	3	1,525
K-10 Schools			4	1,119
K-12 Schools			1	688
Total	29	13,882	27	6,869

*As of August 2017 Census date

CECG offers to communities in the ACT and NSW a complete education that is inspired by our greatest teacher, Jesus Christ. The learning and experiences in Catholic Education shape a strong sense of spiritual self and wellbeing, and equip students to be ethical, agile thinkers who strive to make a positive contribution in the world around them. This is made accessible to students and families through a fee structure that aims to be inclusive and affordable to families.

The purpose of this document is to outline the needs-based funding arrangement CECG uses to allocate resources to systemically funded schools in the Archdiocese.

FUNDING CONTEXT

CECG operates in a resource-constrained environment with income and expenditure being closely managed to provide an accessible, low fee Catholic school option to the community.

The financial information included in this document represents 2018 forecasts largely based on 2016 and 2017 historical information and on assumptions about future events¹. The financial information is provided to indicate the magnitude of the income and expenditure of CECG but should not be relied upon for its accuracy. The final financial allocations across the system are reported to the Australian Government and published at a school level on the ACARA My School website.

Approved System Authorities

CECG is a not-for-profit organisation and registered charity that allocates its resources towards educational activities and outcomes. Under the *Australian Education Act 2013*, CECG is an Approved System Authority (ASA) for its 29 schools in the ACT. As the ASA, CECG directly receives recurrent funding from the Commonwealth and ACT governments for distribution to its ACT schools. CECG is also responsible for reporting on the distribution of funds to its ACT schools and meeting other compliance requirements.

For CECG's NSW schools, Catholic Schools NSW (CSNSW) is the ASA for all Catholic systemic schools in NSW. CSNSW directly receives recurrent funding from the Commonwealth and NSW governments for distribution to diocesan school authorities. Detail on the methodology used by CSNSW is available on its website (<http://www.csnsw.catholic.edu.au>). CSNSW distributes government funding to CECG alongside other diocesan school authorities in NSW². Once CECG receives its funding allocation for NSW schools, CECG uses this needs-based funding arrangement to distribute resources to its NSW schools.

¹ The financial information and 2018 forecasts presented in this document is unaudited and subject to revision. CECG undertakes no obligation to update or revise the financial information contained in this document to reflect events or circumstances that arise subsequent to the preparation of the forecasts. Inevitably, some assumptions included in the financial information will not materialise, and unanticipated events and circumstances may affect the ultimate financial results. Therefore, the actual results achieved may vary significantly, resulting in variations from the financial information published in this document. Income and expenditure values are exclusive of GST.

² CSNSW as an ASA receives an aggregated amount of government recurrent grants to cover all schools within its system and may distribute funds subject to meeting the requirements of a needs-based funding methodology. The NSW system includes schools within the Archdiocese of Canberra & Goulburn. The Archdiocese receives a distribution from CSNSW for those schools. Note that this distribution amount does not equate to the amounts calculated by government under the Australian Education Act.

Sources of income

CECG schools receive funding from three main sources - the Commonwealth Government, the ACT Territory and NSW State Governments, and private income. CECG anticipates receiving in 2018 a total of \$324 million from these sources.

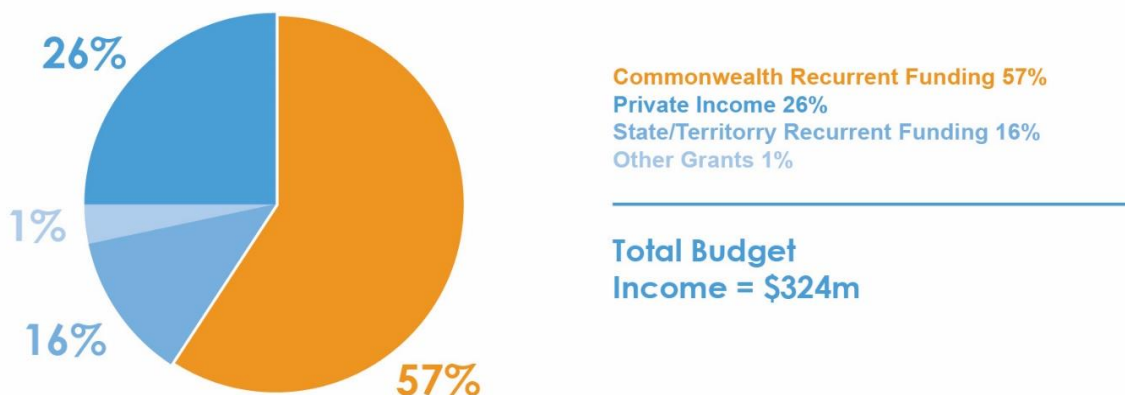
The Commonwealth Government provides the most significant proportion of funding. Each student attracts a level of recurrent funding determined against the Schooling Resource Standard (SRS) model. An explanation of the SRS model is available on the Australian Government Department of Education and Training's website (www.education.gov.au). In 2018, CECG expects to receive approximately \$184 million³ in Commonwealth recurrent funding.

The State and Territory Governments also provide significant funding referencing the SRS. In 2018, CECG anticipates receiving approximately \$53 million in State and Territory recurrent funding.

Private income is received predominantly through tuition fees, school levies, contributions to building funds and other income. Private income contributes towards achieving the SRS as well as school operating expenses and the maintenance of school buildings and assets. Private income is paid directly to each school. In 2018, CECG forecasts receiving approximately \$84 million in private income.

Other grants may also be received to meet specific educational policy or program needs. In 2018, CECG expects to have available \$3 million in other grants, which includes unspent funds from 2017. Figure 1 provides a breakdown of income by source.

Figure 1: System Sources of Forecast Income



³ Based on August 2017 Census Data and adjusted for significant changes.

Key Expenditure areas

CECG's income is used to support four main expenditure areas - staffing in the schools, school operating expenses, school programs and central operating expenses.

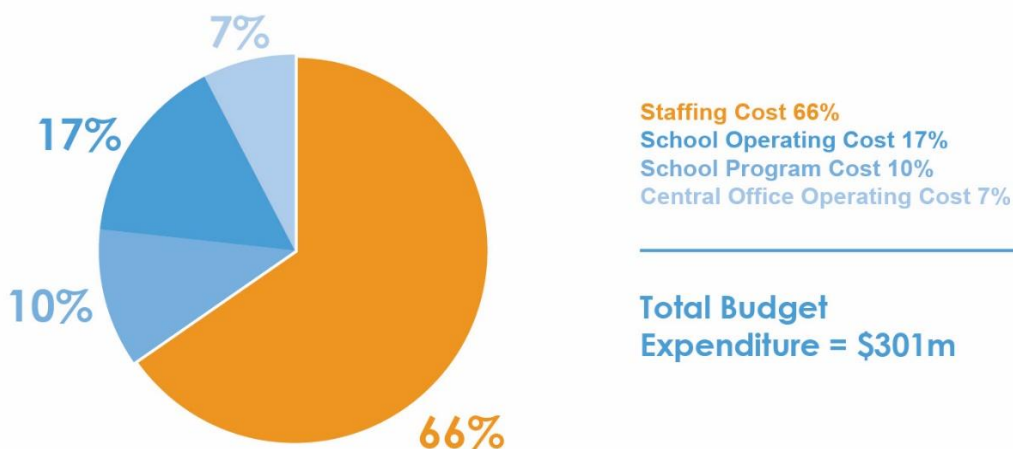
CECG employs over 2,300 teachers and support staff across its 56 schools. The principals, teachers and other staff in each school deliver a complete school curriculum and support students facing different types of disadvantage. School staffing expenses are largely determined by the [Enterprise Agreement](#) covering teachers and general employees in Catholic systemic schools in NSW and the ACT. In 2018, CECG expects to spend approximately \$199 million on base school staffing costs. Additional salary costs are incurred as part of other programs.

School operating expenses cover a diverse set of costs involved with the running, maintenance and operation of schools. These costs include local administrative and additional classroom support, extracurricular and sporting activities, facility maintenance, rates, water, and electricity. In 2018, CECG expects to spend approximately \$51 million on school operating expenses.

Considerable expense is also incurred to implement supplementary school programs that target identified learning needs, provide extension opportunities, support disadvantaged students and foster wellbeing and Catholic identity across the school community. While some of these programs may be driven by government and other requirements, many of these programs are unique to CECG and help provide a rich educational experience for students. In 2018, CECG expects to spend approximately \$31 million on school focused programs.

Central operating expenses includes salaries for central office staff, office maintenance, insurances, licences and administrative costs. The central office provides direct support, specialist advice and administrative services to schools in areas such as teaching and learning initiatives, finance and payroll, information communications technology, planning and facility services, human resources, child protection, and spiritual and pastoral care. In 2018, CECG expects to spend approximately \$20 million on central operating expenses. Figure 2 provides a breakdown of budgeted expenditure by area.

Figure 2: System Budgeted Expenditure



Other Funding Matters

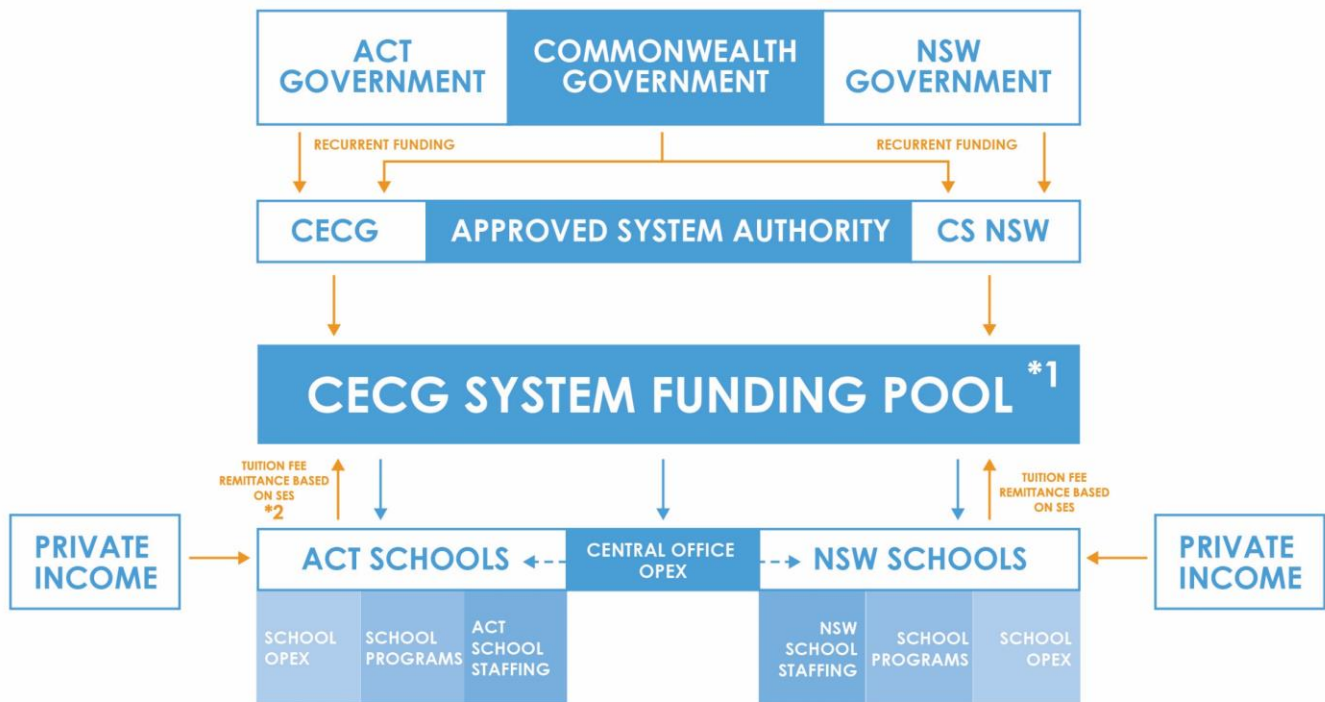
Tuition fees for each school are set by the central office with schools setting local levies. In setting tuition fees, the central office references each school's capacity to pay based on socioeconomic status (SES) and the funding shortfall to achieve sufficient resource levels. As part of this process, the central office determines the amount of tuition fees to be remitted to the central funding pool, again taking into consideration capacity to pay (remitted fees are used to support staffing costs, school programs and central office operating expenses). Once schools have been consulted on the tuition fee and remittance levels, the Catholic Education Commission determines the fee policy for the coming year. CECG's Fee Policy includes fee reductions for multiple siblings and explicitly prohibits denial of enrolment based on inability to pay. For further information refer to the [Overview - School Fees and Remittances](#), [Tuition Fees 2018](#) and [CECG Policy: School Fees and Levies](#).

CECG may also receive funding from other sources (e.g. Block Grant Authority) to upgrade existing schools or develop new schools. These projects are identified based on individual school need and opportunities to provide a Catholic education within a community where it may not be accessible. Any capital funding received is spent in accordance with grant provisions and is not included in the analysis provided.

The depreciation of school buildings and assets represents a considerable cost to CECG each year, estimated at \$29 million in 2018. This cost is not included in the analysis provided.

As illustrated in the breakdown of income and expenditure provided above, CECG is significantly dependent on government funding, which represents almost 75% of all funding income. Figure 3 provides an overview of system funding flows.

Figure 3: Overview of System Funding Flows



KEY

- > Income
- > Expenditure
- - -> Support

*1 No cross subsidisation of funding occurs between state/territory jurisdictions

*2 Except ACT Secondary Colleges

NEEDS-BASED FUNDING ARRANGEMENT

Principles

CECG allocates all the funding it receives each year across its systemically funded schools. In distributing its funding each year, CECG aims to maximise the benefits to students and schools based on need. The methodology used by CECG is guided by the following principles:

1. Maximise the direct benefits to students across the full educational spectrum based on need;
2. Maximise benefits to schools based on context;
3. Provide schools with funding flexibility to meet individual school and student needs where applicable; and
4. Maintain system level capacity to support individual schools according to need.

CECG's methodology works through a series of steps to allocate its funding based on school and student needs. This approach aligns available funding to real costs and takes into account the dynamics of operating a system of schools such as, the cost difference between senior and junior teachers, classes sizes, combined classes, local school needs and emerging educational issues. The key steps are described in more detail below and include:

1. Forecasting student enrolments based on Census information;
2. Determining available funding and budget;
3. Determining staffing required using the Staffing Methodology (base, students with disabilities loading and size loading);
4. Determining school programs using the School Programs Methodology (base and all loadings); and
5. Determining operating expense requirements.

Staffing Methodology

CECG allocates annually to each school the number of full-time equivalent (FTE) staff that may be employed as part of base staffing. This allocation is determined by CECG policies and priorities, the educational needs of schools, equity across the organisation and available financial resources.

Allocating staff funding begins nine months in advance of the coming year. Through a rigorous process the number of FTE staff is established, with schools in most instances receiving a higher allocation of staff than required under Enterprise Agreements.

The process for allocating funding to staffing involves:

1. Developing an initial forecast of student enrolments utilising current student census data and potential changes in enrolments in the new year. This process addresses base funding requirements and contributes towards known student loadings including students with disabilities and school size.
2. Determining the number of staff to be allocated to each school based on the forecasts developed and the Guidelines for Setting School Staffing 2018. The Guidelines are based on the Enterprise

Agreement and prescribe the minimum staffing required using student enrolments, class structures and school demographics. The Guidelines prescribe base teaching staff as well as classroom support and assistant staff to contribute to meeting student needs.

3. Consulting with each school principal on the proposed staffing levels for their school to help identify any special needs and confirm the appropriateness of the proposed staffing.
4. Convening the Schools Staffing Committee to review proposed staffing levels. This committee discusses each school's staffing level in light of the anticipated budget and enrolments for the coming year.
5. Convening the School Staffing Validation Committee to finalise staffing levels for each school, ensuring equity across each school and transparency in decision making. This is a cross-functional committee comprising staff from the central office and principals from both the ACT and NSW sectors of the Archdiocese.
6. Informing each school principal of the final staffing levels and associated budget provisions for the following year.
7. Refining staffing levels as the school year unfolds. Staffing levels are finalised once enrolment numbers are confirmed with the February census. There may be some further subsequent adjustments but these are generally minor in nature and are managed on a case by case basis.

Through the application of this methodology, staffing is allocated to both base funding requirements and student loadings within the school context. Changes in the school environment are monitored, with any funding impacts managed to ensure continuity in services for students and schools.

School Programs Methodology

Each year CECG staff research, identify and implement a range of school programs to enrich student outcomes and meet government and grant requirements. These programs range in nature and include, for example, access and equity programs for students with special needs, professional development to maintain high quality teaching staff, Information and Communications Technology (ICT) support, student wellbeing, school counsellors and Catholic identity programs.

These programs can be identified by school staff, for example as part of the Annual Improvement Plan process, or by staff at the system level as part of a strategic initiative for all schools. The process for allocating funding to school programs includes:

1. Identifying a clear student, school or systemic school need through carrying out research into best practice teaching and pedagogy, direct student and school experience, analysis of NAPLAN results and other student performance metrics, exposure to education networks including the broader Catholic education system, monitoring government policies or advice from internal and external expertise.
2. Developing a budget proposal outlining how the program would address the identified need, the value to students and schools, links to loading areas for disadvantaged students or to [CECG's Strategic Plan](#), and the investment required.
3. Classifying each program according to the needs they address. The purpose of this is to ensure a portfolio of programs is implemented across all of CECG's students, schools and staff, and that multiple needs are targeted.
4. Setting a budget for school programs each year. This takes into account funding remaining after staffing costs and operating expenses.

5. Prioritising programs drawing upon the expertise of Specialist Officers and taking into account the budget available and the range of needs being targeted.
6. Providing the allocated budget to the relevant area in the organisation to develop a detailed implementation plan and to coordinate the program. Further detail on the direct funding allocated to each school is outlined in the Direct School Program Funding Allocation for 2018. This document does not include programs funded by central office. Also provided, are two School Funding Allocation Examples for 2018 to demonstrate the staffing and direct school program allocations to each school.
7. Monitoring processes throughout the year to track progress against outcomes and expenditure.

The outcome of this methodology is the implementation of a range of school programs that address student, school and staff needs at the most appropriate level. This approach makes sure that programs remain current and relevant to school needs, are assessed in light of need and available budget, and deliver value as they are implemented. CECG's school programs to be implemented in 2018, along with allocated budget is provided in Appendix A.

In addition to these system driven programs, CECG may also receive funding from Commonwealth or State and Territory Governments to meet defined educational policy and program needs. The funding associated with these external grants is distributed in accordance with grant obligations.

Operating Expenses Methodology

Funding for both school and system operating expenses is allocated each year using known recurring costs from the previous year, expected salary and cost increases and any particular one-off cost items to meet annual strategic initiatives. As a matter of standard practice, each expense item is reviewed annually and savings identified where possible. Any new operating expenses need to align with CECG's Strategic Plan.

Deriving per student base and per school loading values

Through the application of the staffing, school programs and operating expense methodologies, CECG's annual funding is fully allocated and per student base and per school loading values can be derived.

Figure 4 below shows the base funding per student as well as the loading per school by each market segment, namely, ACT secondary, ACT primary, NSW secondary and NSW primary schools. The funding amounts shown are based on total system forecast expenditure for 2018 with the Commonwealth Government contributing 57% of funding as referenced in Figure 1: System Sources of Forecast Income.

Base funding per student is determined by identifying all expenditure related to base funding for each segment and dividing this by the number of forecast enrolments for that segment. The difference in base funding amount between ACT Primary and NSW Primary is mostly due to operating larger schools that are more efficient on a per student basis.

Loadings are similarly calculated by determining all related expenditure and dividing this by the number of schools to which this applies. Where funding is not relevant to a particular school segment due to the composition of schools and needs, this is shown as "Not relevant".

Figure 4: Base funding and loadings amounts

State or Territory	School Level	Base Funding (per student)	ATSI (per school)	SWD (per school)	Size (per school)	LBOTE (per school)	Low SES (per school)	Location (per school)
ACT	Primary	\$9,519	\$8,487	\$307,488	\$43,737	\$829	\$164,431	Not Relevant
ACT	Secondary	\$14,495	\$28,168	\$320,254	\$58,285*	\$2,422	Not Relevant	Not Relevant
NSW	Primary	\$11,614	\$28,473	\$162,347	\$137,779	\$405	\$86,199	\$36,930
NSW	Secondary	\$14,743	\$35,460	\$186,911	\$243,598	\$661	\$229,425	\$28,618

* Applies to two out of five ACT Secondary schools.

In deriving these amounts, a number of simplifying assumptions have been made including:

- School staffing expenses are split into base funding and funding for students with disabilities or school size loadings. The loadings for students with disabilities are based on staff position titles, while the school size loadings are determined in relation to the requirements of operating a normal sized school.
- Program expenses map to both base funding and loadings and are referenced in greater detail in Appendix A.
- In CECG's NSW central (K-10) schools, primary school aged students are mapped to the NSW primary segment and secondary school aged students are mapped to the NSW secondary segment.

Driving efficiency

CECG seeks to maintain an efficient organisation that maximises value to students. In pursuit of this, in 2018 CECG released a new organisation-wide strategy to deliver its vision and mission. This strategy includes a greater focus on increased efficiency and prioritisation of programs and initiatives.

CONCLUSION

CECG's needs-based funding arrangement places student needs at the centre of decision making. As a significant educator in Australia, CECG each year evaluates and revises its practices so that all funding received leverages the greatest outcome for students, teachers, parents, schools and the wider community. CECG continues to refine its needs-based funding arrangement and in 2018 this will involve improvements in data, systems and processes.

Links

1. [Enterprise Agreement](#)
2. [Guidelines for Setting School Staffing 2018](#)
3. [Strategic Plan 2018 – 2020](#)
4. [Overview - School Fees and Remittances](#)
5. [Tuition Fees 2018](#)
6. [CECG Policy: School Fees and Levies](#)
7. [Direct School Program Funding Allocation for 2018](#)
8. [School Funding Allocation Examples for 2018](#)

Appendix A: CECG School Programs 2018

School Program	Base or Loading	2018 Budget Allocation
Aboriginal Education ACT	ATSI	\$0.3m
Aboriginal Education NSW	ATSI	\$0.9m
Career Education Program NSW	Base	\$0.1m
Student Counselling ACT	Base	\$0.6m
Student Counselling NSW	Base	\$0.6m
Child Protection Programs	Base	\$0.3m
Compliance Programs (registrations)	Base	\$0.1m
Copyright and Library License Fees	Base	\$0.6m
Curriculum Development	Base	\$0.1m
ICT Programs	Base	\$5.3m
Languages Program ACT	Base	\$0.2m
Languages Program NSW	Base	\$0.1m
Literacy	Base	\$0.1m
Numeracy	Base	\$0.1m
Other Programs	Base, LBOTE, External	\$0.1m
Other Programs ACT	Base, LBOTE, External	\$1.3m
Other Programs NSW	Base, LBOTE, External	\$0.1m
School and Family Support Services	Base	\$2.1m

School Context Funding	Base, Size, Location	\$3.1m
School Performance and Improvement	Base	\$1.9m
School Staff and Student Wellbeing	Base	\$0.5m
Spirituality & Catholic Identity	Base	\$1.2m
State Literacy & Numeracy NSW	External	\$1.9m
Student Centered Learning ACT	SES	\$2.1m
Student Centered Learning NSW	SES	\$1.4m
Students With Disability Program NSW	SWD	\$1.3m
Students With Disability Program ACT	SWD	\$4.3m
Vocational Education Programs	Base	\$0.3m
TOTAL		\$31.3m

Base = Base funding

ATSI = Aboriginal Torres Strait Islander loading

LBOTE = Low English proficiency loading

Size = small school loading

Location = remote location loading

SES = socio educational disadvantage loading

SWD = Students with disabilities

External = externally funded programs



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