



**STUDENT-CENTRED
FUNDING MODEL
AND ONE LINE BUDGETS**
**A NEW WAY
OF RESOURCING
AND WORKING**

**BIGGER
PICTURE**
EDUCATION

FROM THE MINISTER

In August 2013, I announced the establishment of a new funding model for public schools driven by the learning needs of students and delivered to schools through one line budgets.



I am now pleased to present the student-centred funding model that supports new policy parameters of fairness for all students, increased investment in the early years of schooling, and transparency and flexibility in public school funding.

The model further supports the Government's reform to empower school communities that began with the Independent Public Schools initiative in 2009; and to reshape learning at each stage of schooling to deliver the best possible education for all students.

For young children, we have made Pre-primary compulsory and set up Child and Parent Centres on school sites.

For Year 7 students, the move to secondary school in 2015 will give them the greatest benefit from the new Australian Curriculum and access to specialist teaching and facilities.

For senior secondary students, the revised WA Certificate of Education aims to ensure they complete a rigorous learning program and are well prepared for life after school.

A contemporary funding model and greater local control are essential to support these reforms in public schools.

The changes come with increased accountability for using resources from Government and other sources each year effectively and efficiently. Regularly assessing school performance and reporting on progress against clearly stated priorities, targets and outcomes will continue to be vital.

I encourage school communities to work through the opportunities for change and innovation that the new student-centred funding model and one line budgets bring to public schools.



Peter Collier MLC
Minister for Education
July 2014

FROM THE DIRECTOR GENERAL

The new funding model and one line budgets are the logical next steps in our journey to build a strong system of distinctive schools and focus more acutely on student learning in every classroom.



They support our commitments in Classroom First and reflect the directions in Excellence and Equity: Strategic Plan for WA Public Schools 2012-2015.

Over the last few years we have been stripping away the uniformity, standardisation and centralisation that have not been flexible enough to accommodate the needs of individual schools.

The new model and one line budgets provide further capacity for decisions to be made at the school level to better meet the needs of students and the expectations of communities.

They also signal a new way of working. No longer will decisions be made centrally about the type and number of staff to be employed by schools, and allocations for cash expenditure.

School leaders will now be in a position to make these decisions in concert with their communities. There is an opportunity to rethink the structures of their schools and, over time, make changes to maximise success for their students.

Most importantly, for the first time, we have a model that directly links school funding with student needs.



Sharyn O'Neill
Department of Education
July 2014

THE FOCUS FOR CHANGE

The new student-centred funding model will be implemented for the 2015 school year along with all schools operating with one line budgets.

Fairness for all students

From next year, funding for schools will be centred on the student. This is quite different from what has happened in the past where funding has primarily been based on school types and education programs.

Funding will now be directed for each student enrolled in every school. This will be the majority of the funding that each school receives and will be based on the year level of each student. For example, all Pre-primary students will be funded at the same amount no matter where they live in Western Australia or the type of school they attend.

On top of this, Aboriginal students, students with disability, students with English as an additional language and students facing social disadvantage will receive additional funding. Research shows that these students need more support and assistance so they can achieve as well as their peers.

Additional funding will also be provided for schools in remote and outer regional areas of the State and all but the largest schools to ensure every school has sufficient funding to operate effectively.

In the review of our current funding mechanism, The University of Melbourne recognised that the best use of resources is made when performance differences between schools at any given stage of schooling are minimised (referred to as horizontal efficiency) and when readiness of students to progress across stages of schooling is maximised (vertical efficiency). The new funding model reflects these efficiencies to give every student the opportunity to achieve their best.

Early years of schooling

There is a large body of research to show that investing early in a child's life improves school readiness, literacy and numeracy competencies, school attendance, and participation and engagement with schooling. It also decreases behavioural difficulties and intervention referrals.

A recent Australian study concluded that access to high quality early childhood programs is fundamental to achieving positive developmental and learning outcomes, and provides an effective means of reducing social disadvantage.

From 2015, the early years of education will represent 50% of the total primary school program. Western Australia already has a proud tradition of universal access to Kindergarten for all age-eligible children. It is free of compulsory charges in public schools and all

children are taught by degree-qualified early childhood teachers. In 2013, in recognition of the importance of early childhood education, Pre-primary became the first compulsory year of schooling.

Across Australia, however, school systems provide more resources for secondary schooling than for primary schooling.

The University of Melbourne found this gap in funding greatest in Western Australia: "Student-staff ratios in public secondary schools in Western Australia represent a resource advantage of 38% over public primary schools as compared to only 14% in South Australia." The review cites other comparisons, including New South Wales delivering teaching staff resource differences in favour of secondary schools at a rate of 28%, Victoria at a rate of 24% and Queensland at a rate of 23%. Further, the Productivity Commission's Report on Government Services 2014 shows that WA public secondary schools have fewer students per teacher than any other state, while WA public primary schools have more students per teacher than any other state.

The new funding model has been set to reduce the difference in funding relativities between primary and secondary schools, and provide more resources in the early years. These changes will take place progressively over five years, allowing all schools to adjust slowly and carefully to operating within their new funding parameters.

Transparency and flexibility

The new funding model is straightforward to follow and clearly shows what is being funded and how it is being funded.

In the past, schools have received resources through complicated staffing formulae, multitudes of funding lines, numerous multipliers and complex adjustments.

In 2015, every school will have a one line budget which means that all of its resources will be provided in dollars. Principals will determine the portion as salaries and the portion as cash.

Most of a school's one line budget will be spent on salaries. Over time, as staff leave and retire, the principal can develop a staffing profile that best suits the circumstances of the school within available budget. All legislative and industrial requirements like class sizes must be met.

The remaining funds will be transferred to the school bank account to purchase goods and services.

All salaries will be charged to schools at a standard rate for each staff category regardless of the experience and salary level of individuals. Staff relief costs will be charged to one line budgets while all leave will be paid centrally.

STUDENT-CENTRED FUNDING MODEL

Per student funding					
Funding for all students in all schools	<ul style="list-style-type: none"> • This will be how the majority of funding is distributed to schools. • An amount of funding will be provided for each enrolled student in a school at the February student census. • There will be 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. • Where there are significant increases in student enrolments during the year, there will be capacity for funding to be adjusted. 				
School characteristics funding					
Funding for eligible schools	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Enrolment-linked base allocation</p> <ul style="list-style-type: none"> • This allocation will be provided to ensure schools are able to meet general operating costs. • There will be different amounts to reflect differences in schools. • The allocation reduces to zero once the per student funding generates sufficient funds to cover general operating costs. • The allocation replaces the 'Small school allocation' referred to in <i>Student-centred funding model: Linking school funding with student need</i>. </td> <td style="width: 50%; vertical-align: top;"> <p>Locality allocation</p> <ul style="list-style-type: none"> • This allocation will be provided to eligible schools in remote and outer regional areas of the State to meet additional costs unique to their localities. • Isolation and remoteness will be defined by distance from key services as measured by the Accessibility/Remoteness Index of Australia (ARIA+). • The allocation will be calculated as a percentage of the sum of the per student funding and enrolment-linked base allocation. </td> </tr> </table>	<p>Enrolment-linked base allocation</p> <ul style="list-style-type: none"> • This allocation will be provided to ensure schools are able to meet general operating costs. • There will be different amounts to reflect differences in schools. • The allocation reduces to zero once the per student funding generates sufficient funds to cover general operating costs. • The allocation replaces the 'Small school allocation' referred to in <i>Student-centred funding model: Linking school funding with student need</i>. 	<p>Locality allocation</p> <ul style="list-style-type: none"> • This allocation will be provided to eligible schools in remote and outer regional areas of the State to meet additional costs unique to their localities. • Isolation and remoteness will be defined by distance from key services as measured by the Accessibility/Remoteness Index of Australia (ARIA+). • The allocation will be calculated as a percentage of the sum of the per student funding and enrolment-linked base allocation. 		
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In these cases, a statistical methodology has been developed to generate values for students. </td> <td style="vertical-align: top;"> <p>Disability allocation</p> <ul style="list-style-type: none"> • This allocation will be provided for students to help the school address the learning needs of students with eligible disability. • There are seven levels in the allocation, with each level generating a different amount of funding. • The level of funding will be based on disability type, school type, degree of disability and level of teaching and learning adjustment. • Some students with exceptionally high needs will be provided with additional funding to supplement this allocation. • Separately, an educational adjustment allocation will be provided that recognises there are students who require teaching and learning adjustments but may not be eligible for the disability allocation. • The educational adjustment allocation will be provided to mainstream schools based on the proportion of students in the lowest 10% of NAPLAN results. • Schools will not need to apply for the educational adjustment allocation as it will be generated centrally. </td> </tr> </table>	<p>Aboriginality allocation</p> <ul style="list-style-type: none"> • This allocation will be provided for eligible students to help the school address the learning needs of Aboriginal students and close the education achievement gap between Aboriginal and non-Aboriginal students. • Funding will be provided for each Aboriginal student in the school at the February student census. • Funding will increase progressively as the proportion of Aboriginal students in the school exceeds five per cent. • Aboriginal students are identified from information provided by parents on student enrolment records. 	<p>English as an additional language allocation</p> <ul style="list-style-type: none"> • This allocation will be provided to help the school address the learning needs of eligible students with English as an additional language. • Funding will be provided for each eligible student at the February student census. • Funding will increase progressively as the proportion of eligible students in the school increases. • Academic achievement levels in English from school reports and NAPLAN results will be used to assess eligibility of students for second and/or third years of funding. 	<p>Social disadvantage allocation</p> <ul style="list-style-type: none"> • This allocation will be provided for eligible students to help the school address the higher and additional learning needs of students from the most disadvantaged backgrounds. • A measure of social disadvantage has been developed in collaboration with the Australian Curriculum, Assessment and Reporting Authority based on parent occupation and education. • Funding will be provided for each student in the lowest three social disadvantage deciles. • The highest amount of funding will be for students in the first decile as they represent the most disadvantaged students. • Where the number of students in the three deciles is less than five per cent of total enrolments in the school, funding will be at the lowest amount in each decile. • While schools will be encouraged to collect parent education and occupation data, parents are not required to provide this information. 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Targeted initiatives					
	<ul style="list-style-type: none"> • Funding through targeted initiatives will be 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. • A small number of distinctive and unique schools as well as schools that do not enrol students will initially receive all their funding through targeted initiatives commensurate with their specific services and based on current funding arrangements. 				

MORE RESPONSIBILITY AND MORE FUNDING AT SCHOOL LEVEL



School Resource Agreement

The new model and one line budgets will place significantly more responsibility in the hands of principals to deliver education programs that provide all their students with opportunities to achieve high levels of proficiency.

In recognition of shared resources management responsibilities, there will be an agreement between the Chief Finance Officer of the Department of Education and the principal of each school.

The School Resource Agreement will describe the expectations and reporting requirements of the principal in relation to receiving resources through the model and operating with a one line budget.

It will specifically require the principal to implement appropriate teaching and learning adjustments to support students for whom school and student characteristics funding is provided; and for any targeted initiatives. It will also specify the need to ensure funding for primary students is focused on the early years of schooling.

The agreement will be a mechanism to ensure that the annual school budget is managed and monitored in an open and transparent manner, and school performance and achievements of students are reported to the school council/board and wider community.

Independent Public Schools will continue to have a separate governance arrangement between the Director General, principal and chair of the school board. The School Resource Agreement will be an addendum to the Delivery and Performance Agreement.

Support as the new model is implemented

Principal Advisors will be available throughout 2014 and 2015 to support school leaders as the new model is implemented.

A new online School Resourcing System has been developed specifically for the new model and one line budgets. It will support school leaders, in conjunction with their business managers/registrars, to operate one line budgets including planning and implementing workforce requirements, determining cash allocations, monitoring all expenditure and reporting on budget outcomes.

A new intranet site – Student-centred funding and one line budgets – will include easy access to the School Resourcing System as well as detailed information about calculating, operating and accounting for one line budgets.

The annual budget

Once the changes have been made to school funding, schools will go from traditionally having direct responsibility for less than 10 per cent of the Department of Education's annual budget to more than 75 per cent.

Of the remaining 25 per cent, about 20 per cent will continue to be allocated to costs incurred by schools but paid for centrally. Currently these costs include capital works, scheduled maintenance, staff leave, staff housing and workers' compensation.

The final five per cent of the budget will meet costs associated with running major systems like payroll and information technology for more than 50 000 staff and 800 sites across the State, maintaining a policy framework across public education, and coordinating support for all schools.





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