

SAVE OUR SCHOOLS

Education Policy Comment

Close the Achievement Gaps Between Rich and Poor

New analysis of the latest NAPLAN results reveals large achievement gaps in literacy and numeracy between rich and poor students at all Year levels tested. The gaps are up to five and more years of learning by Year 9. Very high proportions of disadvantaged students need of extra help at school to make expected progress through school. The vast inequities harm individual lives, restrict economic growth and foment an unequal and divided society.

Year 9 students of parents with a bachelor's degree or higher achieved 94-102 points higher in reading, writing and numeracy than students of parents who only completed Year 11 [Chart 1]. This represents a learning gap of 4-5 years because Year 9 students of parents with only a Year 11 education achieved average literacy and numeracy scores below that of Year 5 students of highly educated parents.

Students of parents in the highest occupational group (Occupational Group 1: elected officials, senior executives/manager, management in large business organisation, government administration and defence, and qualified professionals) are nearly four years of learning ahead of students of parents in the lowest occupation group (Occupational Group 4: machine operators, sales/office/service/hospitality staff, assistants, labourers, and related workers). The gap between students from the highest occupation group and those of parents not in paid work is over four years of learning.

The gap between Indigenous students and those of highly educated parents is nearly five years of learning. The equivalent gap for remote area students is about four years while that for very remote area students is nearly six years.

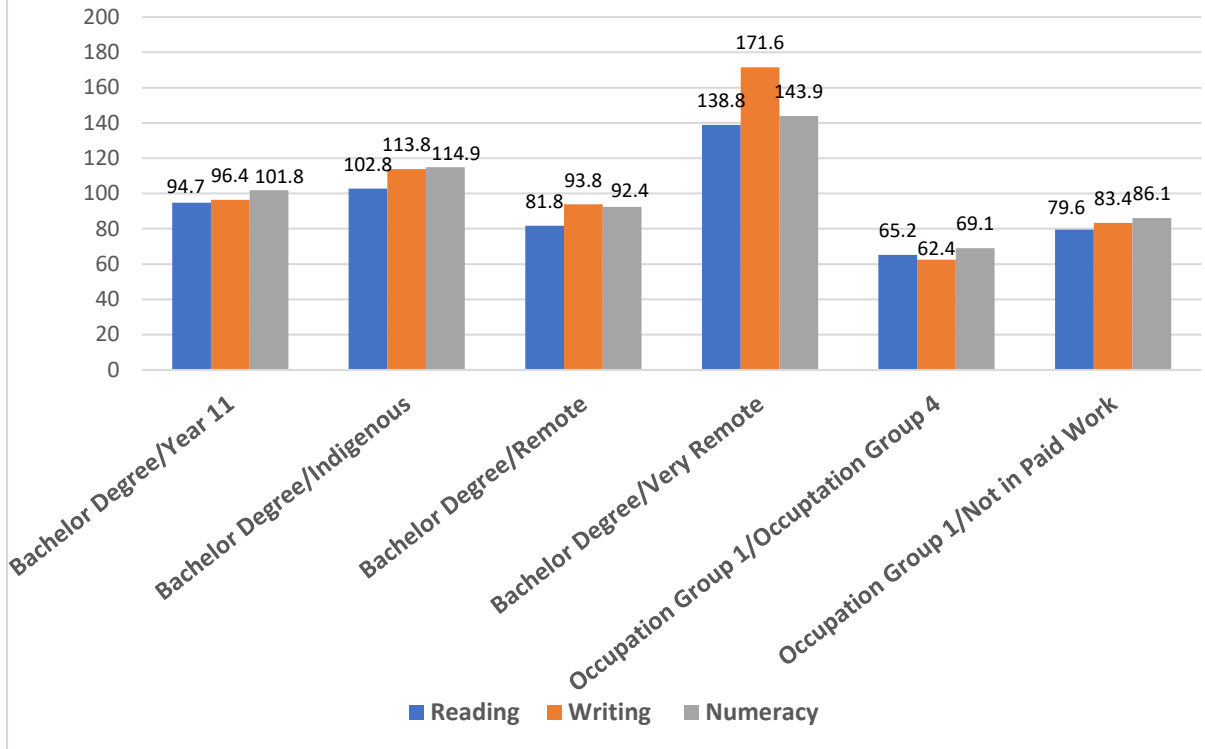
The NAPLAN results also reveal that very large proportions of highly disadvantaged students are only achieving at the lowest proficiency level in reading, writing and numeracy. This level is well below the national proficiency standard. For example, the following percentages of Year 9 students need additional learning support in reading, writing and numeracy [Chart 2]:

- Nearly 20% of students whose parents are in the lowest paid occupation group;
- 24-27% of students whose parents are not in paid work;
- 33-37% of Indigenous students;
- 25-30% of remote area students;
- 51-58% of very remote area students.

Moreover, high proportions of these students are still developing towards the national proficiency standards.

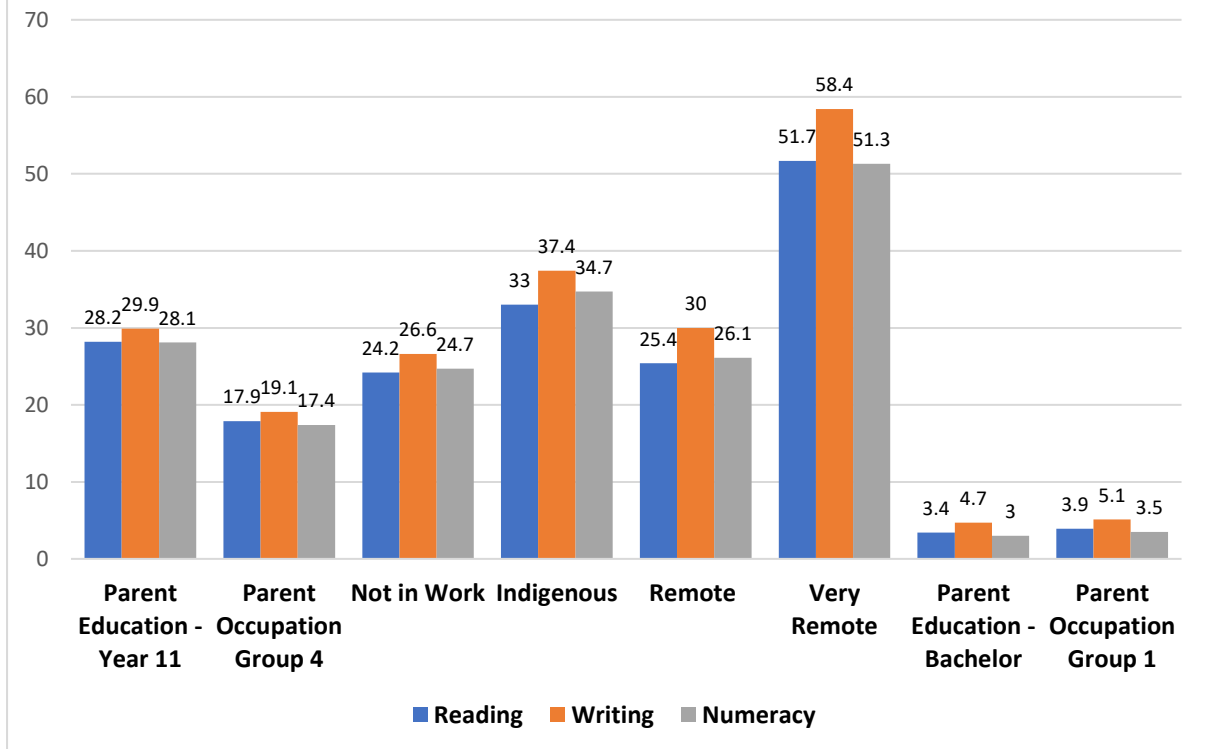
By contrast, only 3-5% of students of highly educated parents and of parents in the highest occupation group need additional learning support.

Chart 1: Achievement Gaps by Student & Parent Background, NAPLAN 2023



Source: Australian Curriculum Assessment and Reporting Authority.

Chart 2: Percentage of Students in Need of Additional Support, Australia, 2023



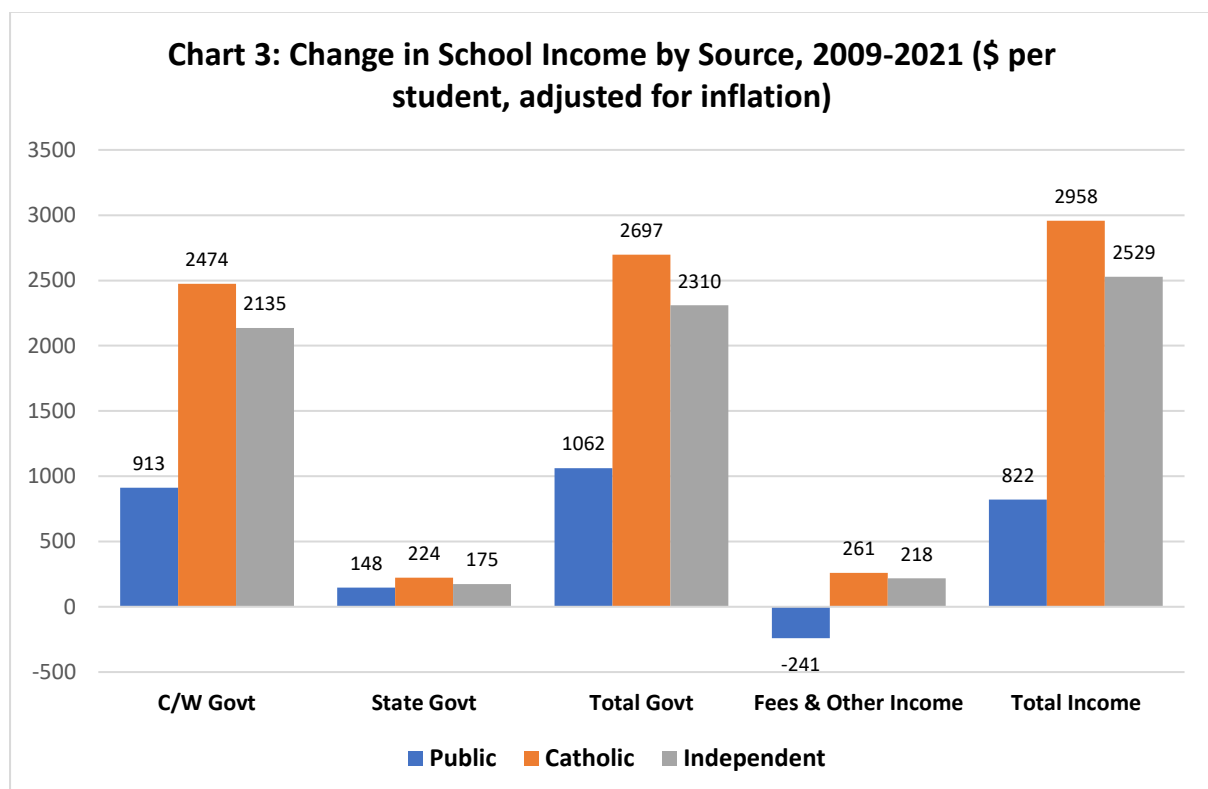
Source: Australian Curriculum Assessment and Reporting Authority.

The vast majority of students in need of additional support are enrolled in public schools. Figures obtained from the [Report on Government Services](#) show that 82% of low socio-economic status (SES) students and 83% of Indigenous students are enrolled in public schools. Figures obtained from the [My School data base](#) show that public schools enrolled 79% of remote area students and 87% of students in very remote areas. [Other data](#) drawn from My School also show that public schools account for 91% of all disadvantaged schools.

Despite this heavy concentration of disadvantaged students in public schools, government funding increases have massively favoured Catholic and Independent schools since 2009. Government funding, adjusted for inflation, increased by \$2,697 per student in Catholic schools and by \$2,310 in Independent schools between 2009 and 2021 compared to \$1,062 in public schools [Chart 3]. As [Archbishop Anthony Fisher](#) has admitted, Catholic schools have “never had it so good”.

The increase in Commonwealth Government funding of private schools was over double that for public schools while state governments delivered only negligible increase for public schools that was exceeded by their increased funding for private schools. This was despite the states having the major responsibility for funding public schools.

As a result of favourable treatment by governments, income per student in Catholic and Independent schools increased by 3-4 times that for public schools. Income per student in Catholic schools increased by \$2,958 and by \$2,529 in Independent schools compared with \$822 in public schools.

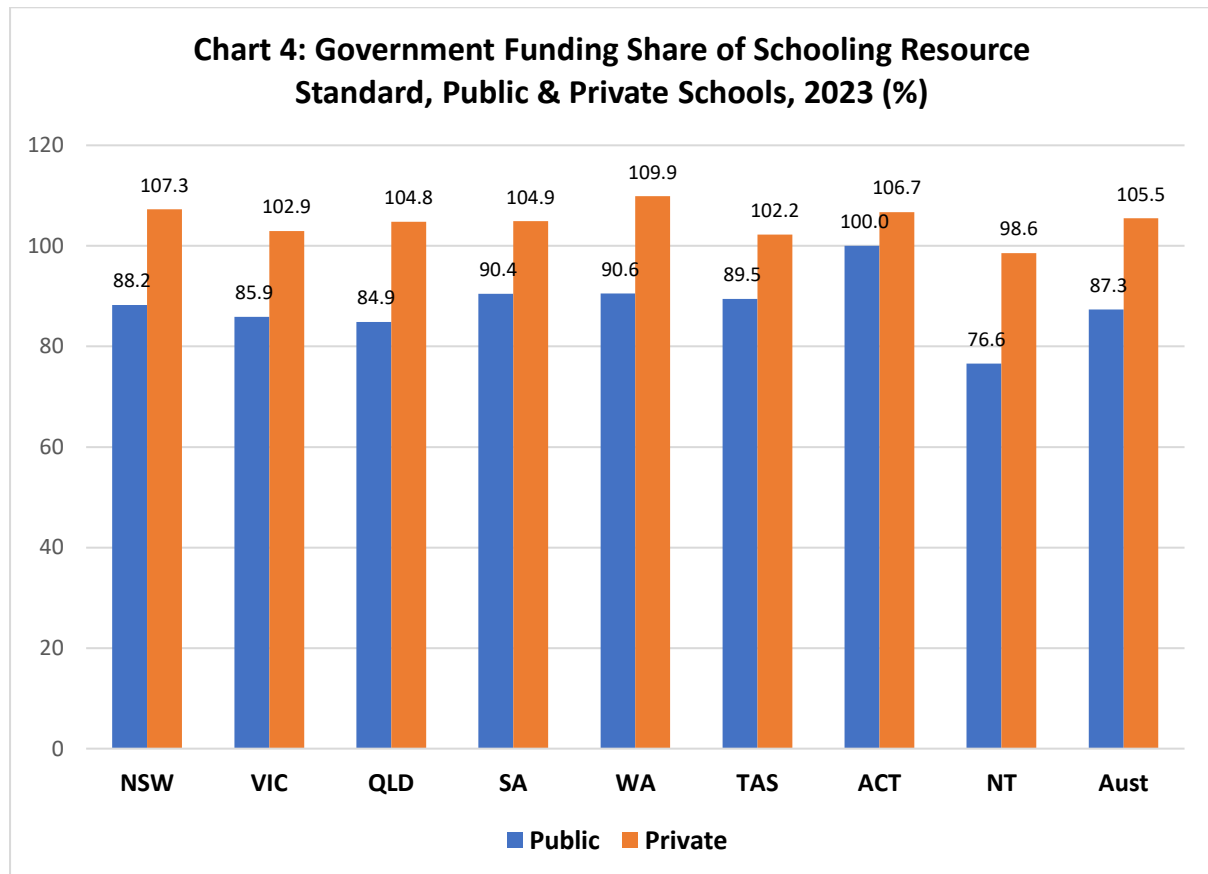


Source: Australian Curriculum Assessment and Reporting Authority, National Report on Schooling data portal. The figures are adjusted for inflation by a combined index of the Wage Price Index for Public and Private Education and the Consumer Price Index

Past government funding increases were badly mis-directed. The biggest increases went to the school sectors least in need because these schools enrol only a very small proportion of disadvantaged students and have only a negligible proportion of disadvantaged schools. Much of the small increase for public schools went to more bureaucracy in central and regional offices and in

schools instead of more teaching and support staff. As a result, public schools face a teacher shortage crisis.

Public schools are massively under-funded. The under-funding is evident in a large shortfall in government funding as a percentage of the Schooling Resource Standard (SRS). Public schools in all states except the ACT are funded at 90% or less of their SRS [Chart 4]. The funding shortfall is estimated at \$6.8 billion. By contrast, private schools across Australia are funded at an average of 105.5% of their SRS with private schools in all jurisdictions except the Northern Territory funded at over 100% of their SRS. The over-funding amounts to \$1.1 billion.



Source: Senate Estimates, Commonwealth-State bilateral agreements and annual reports of regulatory agencies.

Note: The SRS shares differ from those published by the Commonwealth Department of Education and in the Commonwealth/State bilateral funding agreements because they adjust for flaws in the official figures:

Money matters in education, especially for disadvantaged students and schools. A meta-analysis of studies of the relationship between school expenditure and outcomes published by the [US National Bureau of Economic Research](#) reported that all but one of 25 statistical studies done since 2000 found positive effects of increases in school expenditure on student achievement. In awarding the 2021 Nobel Prize for Economics jointly to David Card, Professor of Economics at the University of California, Berkley, the [Prize Committee](#) said his work showed “that resources in schools are far more important for students’ future labour market success than was previously thought.”. The recently appointed member of the US President’s Council of Economic Advisers, Professor C. Kirabo Jackson, has published several studies showing a positive relationship between school expenditure and outcomes, including one last August in the [Journal of Policy Analysis and Management](#) and another forthcoming in the [American Economic Journal: Applied Economics](#).

The evidence that money matters in school education is now so compelling that a longstanding opponent of more spending, Eric Hanushek, Professor of Economics at Stanford University, [recently acknowledged](#) that studies using modern sophisticated methods show “more compelling analyses that offer stronger identification of resource impacts” of school expenditure. As the [national research director](#) at the Fordham Institute, a conservative US education think tank, observed: “The fact that Hanushek has found so many positive effects is especially significant because he’s associated with the idea that money doesn’t matter all that much to school performance.”

To be sure, more expenditure can be misspent. This has been the case in Australia with large funding increases for more advantaged students and schools and the minimal increases for public schools were largely directed to [more bureaucracy and over-sight of schools](#) rather than on more teachers and learning support staff.

The original Gonski Report designed a funding model to increase equity in education but governments failed to fully implement it. Instead, Labor made special deals for private schools and the Coalition actively sabotaging the model by denying full funding and released state governments from funding obligations. The consequence is that governments have failed disadvantaged students and public schools.

The new National Schools Reform Agreement to be negotiated between the Commonwealth and state/territory governments and implemented in 2025 must address this failure. It must focus on increasing equity in education outcomes. This means ensuring that all students are on track to complete Year 12 or its equivalent as a minimum standard of education and reducing the achievement gaps between rich and poor. Students in nominated equity cohorts (including low SES, Indigenous, remote area and very remote area) should achieve similar average and range of results as high SES students. The Agreement should ensure that public schools are fully funded to achieve these goals.

The Agreement should set clear targets to improve equity in education. They should include the following:

1. All students in the priority equity cohorts should achieve the NAPLAN national proficiency standard in all domains in Years 3, 5, 7 and 9;
2. The average NAPLAN outcomes of each equity cohort should be similar to those of highly advantaged students in all domains in Years 3, 5, 7 and 9;
3. All students, whatever their background, should complete Year 12 or a vocational certificate III.
4. The proportion of students in the priority equity cohorts completing Year 12 or a vocational certificate III should be similar to that of highly advantaged students.

This will require a significant funding commitment by the Commonwealth and state/territory governments. There can be no excuse for continuing to under-fund public schools when so much is at stake. Closing the gaps requires full funding of public schools. The bilateral funding agreements to be negotiated between the Commonwealth and state/territory governments as part of the National Schools Reform Agreement should ensure that public schools are funded at 100% of their SRS by 2028 with disadvantaged public schools fully funded by 2025.

The integrity of the SRS measure must be maintained in progressing to full funding. The terms of the current agreements allow all states except the ACT to claim up to four percentage points against their target share of 75% for expenditures, such as depreciation and school transport, that are explicitly excluded from the nationally agreed measure of the SRS. Several states can also claim expenditures on curriculum and standards authorities that are also excluded from the measure of

the SRS. This means that the actual target SRS shares in the current bilateral funding agreements are only 71% or less. This skulduggery is defrauding public schools of over \$2 billion a year. It must be ended in the new Agreement.

The Albanese Government is facing significant budgetary pressure with the need to fully fund public schools and other human services such as health, childcare, aged care and the NDIS facing a funding crisis. In these circumstances it makes no sense to continue with the Stage 3 tax cuts that will deliver nearly [\\$160 billion to top income earners](#) over the next 10 years. These tax cuts are a windfall for the rich with no economic benefit. For example, A [recent study of all major tax reductions for the rich](#) across 18 OECD countries from 1965 to 2015 found that they increased income inequality. The tax cuts did not increase economic growth or reduce unemployment. [Another recent study](#) of tax cuts for high income earners in Australia in 1987, New Zealand in 1989 and Norway in 1992 made a similar finding.

This is compelling evidence to ditch tax cuts for the rich. Increasing the proportion of disadvantaged students who complete Year 12 or its equivalent and reducing the vast achievement gap between rich and poor will deliver a much better public investment than tax cuts for the rich.

Full funding of public schools is fundamental to achieving equity in education. Apart from overcoming injustice in education, closing the achievement gaps would promote increased productivity, the lack of which is bemoaned regularly by the business community and the Government. The achievement gap between rich and poor is a measure of potential productivity improvement. Closing the gap will increase workforce skills and knowledge, promote wages growth, and increase Australia's economic prosperity.

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SOS - Fighting for Equity in Education
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