

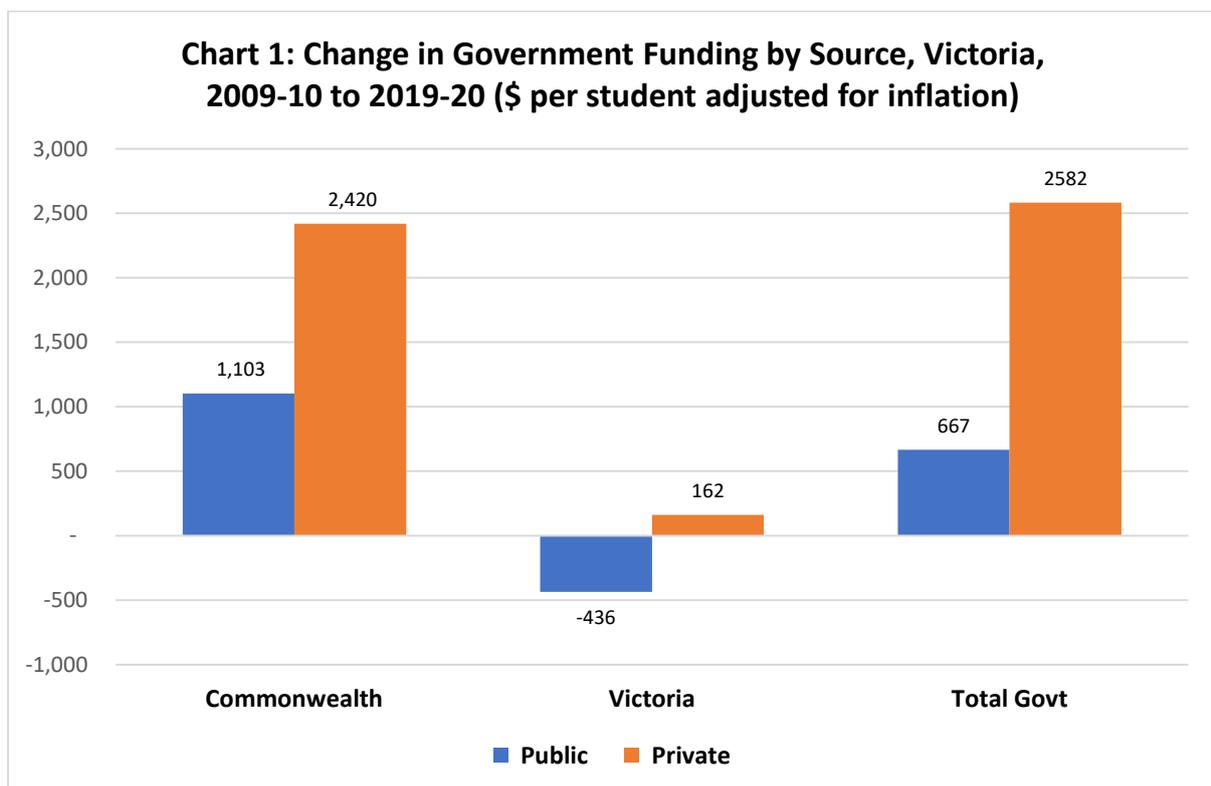
SAVE OUR SCHOOLS

Education Policy Comment

Public Schools in Victoria Face a Funding Crisis

Public schools in Victoria face a funding crisis. Combined Commonwealth and Victorian Government funding for private schools has increased by four times that for public schools since 2009-10. Projected funding estimates show that private schools will be over-funded by about \$730 million for the rest of the decade while public schools will be under-funded by nearly \$20 billion.

New figures show that government funding increases have massively favoured private schools over public schools in Victoria since 2009-10. Between 2009-10 and 2019-20 government funding for private schools increased by \$2,582 per student, adjusted for inflation, compared to \$667 per student for public schools [Chart 1]. In percentage terms, private school funding increased by 27.9% compared to only 5% for public schools.

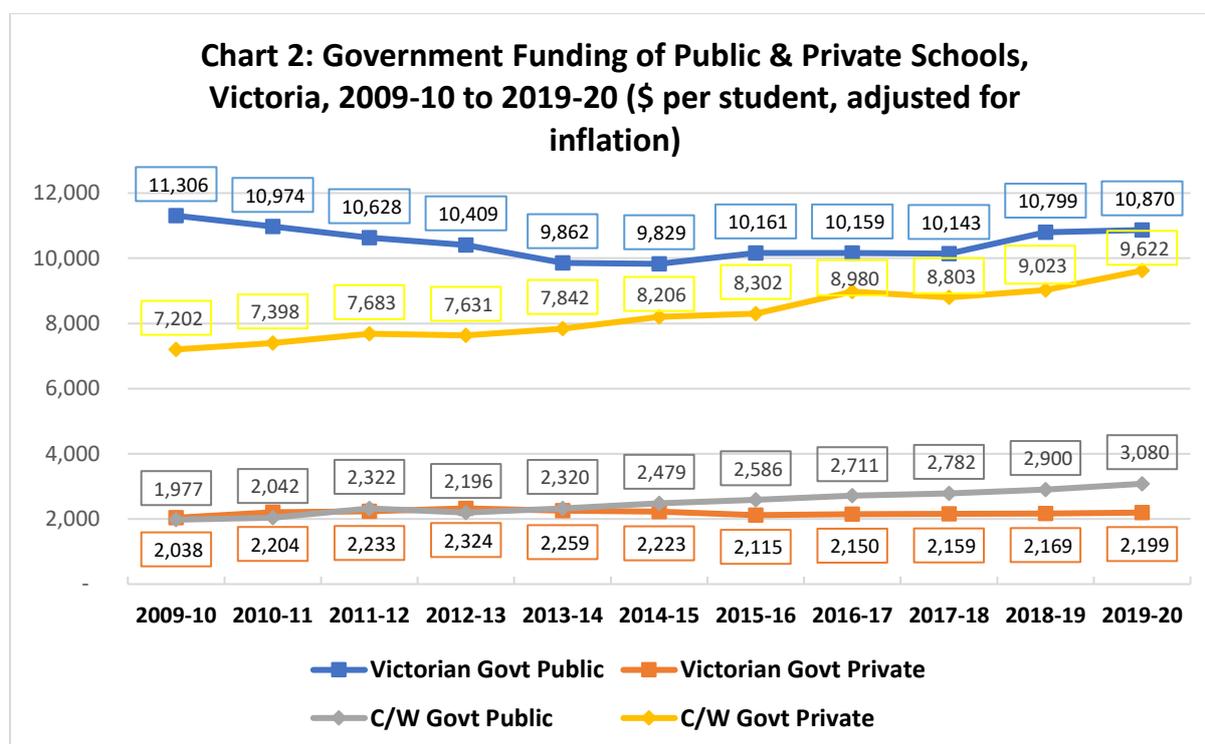


Source: [Report on Government Services 2022](#). The figures have been adjusted to exclude book entry items (user cost of capital, depreciation) and other items (payroll tax, school transport) which are included in the Report's data for state/territory government recurrent funding of public schools but are not included in the figures for private schools. The Wage Price Index for Public and Private Education and Training was used to adjust for inflation.

Both the Commonwealth and Victorian Government funding changes strongly favoured private schools over public schools. The Commonwealth increase for private schools was over double that for public schools - \$2,420 compared to \$1,100 per student. The Victorian

Government increased funding for private schools by \$162 per student but cut funding for public schools by \$436 per student.

There were significant differences in funding trends between the Commonwealth and Victorian Governments. Commonwealth funding for public and private schools has continually increased since 2009-10, albeit at a faster rate for private than public schools. In contrast, Victorian Government funding for public schools fell by \$1,477 per student, adjusted for inflation, under Labor and Liberal-National Party governments in only four years between 2009-10 and 2014-15 [Chart 2]. Since then, funding for public schools under the Andrews Government increased by \$1,041 per student. However, five years after the Andrews Government was elected, state government funding for public schools had not recovered to its previous high in 2009-10.



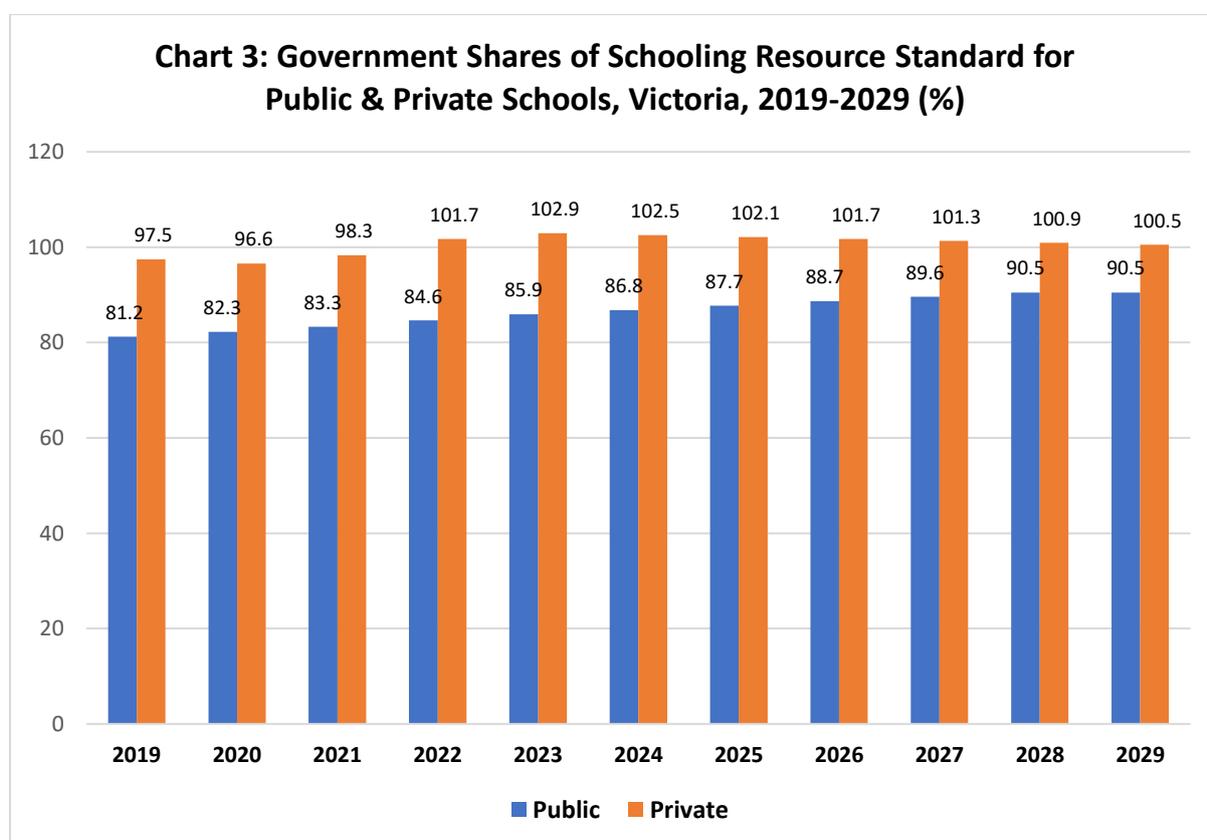
Source: See Chart 1.

Total government funding for Victorian public schools in 2019-20 was \$13,950 per student compared with \$11,821 per student in private schools. The gap between government funding for public and private schools has narrowed considerably since 2009-10 as a result of the above changes. In 2009-10, government funding for public schools was 44% higher than for private schools but by 2019-20 it was only 18%.

Government funding allows private schools to have a huge resource advantage over public schools. Private schools supplement government funding by fees and other sources of income which result in them having much higher income per student than in public schools. For example, [fees and other private income in Victorian Independent schools](#) was \$16,247 per student in 2019 and their total income per student was \$25,944 per student which was over \$10,000 per student more than the average for public schools.

This resource advantage translates into large differences in the availability of human and material resources between public and private schools. Public schools face greater teacher shortages, have far more teachers teaching out-of-field, have fewer educational materials and poorer quality infrastructure than do private schools.

The resource advantage of private schools is set to increase over the rest of the decade to 2029 because of special deals for private schools by the Morrison government and because the [Commonwealth-Victorian bilateral funding agreement](#) allows the Victorian Government to continue to massively under-fund public schools. In 2022, Victorian public schools are only funded at 84.6% of their Schooling Resource Standard (SRS) while private schools are funded at 101.7% of their SRS [Chart 3]. Private schools will be funded at over 100 per cent of their SRS from 2022 to 2029 while public schools will be funded at less than 91 per cent of their SRS for the whole period from 2019 to 2029.



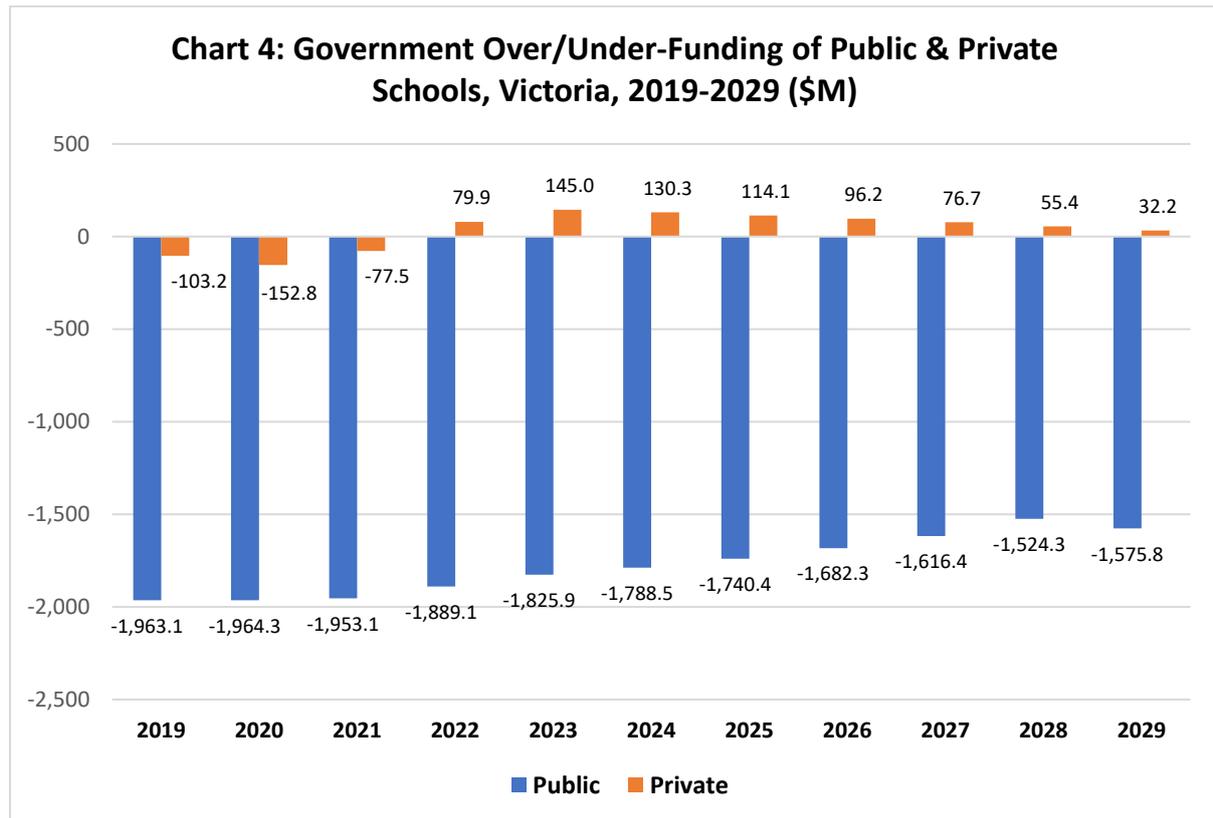
Source: Senate Estimates, 2021-22 Budget Estimates, AQON SQ21-000848; Commonwealth-Victorian bilateral agreement, annual reports of regulatory agencies.

The official Commonwealth and state projected shares of the SRS for public and private schools are misleading. The Commonwealth shares ignore funding for private schools outside the model. The actual SRS shares shown in Chart 3 include funding from the \$1.2 billion Choice and Accountability Fund for private schools. Even these shares are underestimated because other funding outside the model is not included.

The official Victorian Government shares for public schools ignore special allowances for it to claim expenditures as part of its target share of the SRS that are not included in the definition of the SRS. These allowances include expenditure on depreciation, rural and

regional school bus transport, the Victorian Curriculum and Assessment Authority and the Victorian Registration and Qualifications Authority. The shares shown here take account of these special allowances.

Chart 4 provides estimates of the extent of under- and over-funding of public and private schools based on the adjusted government shares. The cumulative under-funding of public schools from 2019 to 2029 will amount to about \$19.5 billion while private schools will be over-funded by almost \$400 million. The annual under-funding of public schools will reduce from just under \$2 billion in 2019 to about \$1.6 billion in 2029.



Source: Save Our Schools estimates

Private schools were under-funded for 2019-2021 by about \$334 million as the Commonwealth and State Governments increased their shares to meet the official 100% target. However, they will be over-funded from 2022 to 2029 and the cumulative over-funding will amount to about \$730 million.

Several highly exclusive, wealthy private schools are massively over-funded as Commonwealth funding vastly exceeds its target 80% of the SRS for private schools. For example, figures provided to Senate Estimates show that Commonwealth funding of St Leonard’s College is at 117% of its SRS in 2022, for Essendon & Penleigh Grammar it is at 115% of their SRS, Melbourne Grammar at 107% of its SRS, Brighton Grammar at 100% of its SRS, MLC at 98% of its SRS and Geelong Grammar at 93% of its SRS. These and many other private schools will continue to be funded by the Commonwealth at over 80% of their SRS until 2029. They are actually even more over-funded because these figures do not include state government funding.

In contrast, public schools in Victoria face an unprecedented funding crisis. They do the heavy lifting in in the school system. According to the [Report on Government Services](#), they enrolled about 80 per cent or more of disadvantaged students in 2019– 79 per cent of low SES, 84 per cent of Indigenous and 100 per cent of remote area students. Also, over 90 per cent of the most disadvantaged schools are public schools. National and international test results show these students are two to four years behind high SES students by Years 9 and 10.

Government funding for public schools should therefore increase much faster than for private schools. Unless there is a dramatic change in the school funding policies of the Commonwealth and Victorian governments the vast inequity in school outcomes will continue for the rest of the decade.

The chronic underfunding of public schools in Victoria and the rest of Australia is an education and social disaster. Huge increases in funding have flowed to where they have the least effect. The misallocation threatens huge costs to individuals, society and the national economy because it means continuing failure to address disadvantage in education and life. This leads to lower school completion rates, higher unemployment, lower incomes, lower health outcomes and less access to positions of power and influence in society for disadvantaged students. School funding policies thereby contribute to the social reproduction of inequality in our society. It is an appalling social injustice, but it is also a drag on Australia's economic growth and prosperity.

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