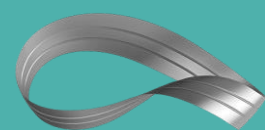

**GUIDE TO THE
COMMONWEALTH
SCHOOLING
RESOURCE
STANDARD
(SRS)
FUNDING MODEL**

APRIL 2024 EDITION

INDEPENDENT SCHOOLS
TASMANIA



INDEPENDENT
SCHOOLS
AUSTRALIA

Independent Schools Australia acknowledges the traditional custodians of Country throughout Australia and recognises the continuing connection to land, waters and community. We pay respect to Elders past and present, and commit to the ongoing journey of reconciliation.



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1.1 INTRODUCTION

Independent schools’ ability to plan based on sound assumptions regarding future school funding is a key component in ensuring schools remain well-managed, sustainable and financially viable. Ensuring this outcome should be a shared goal of schools, education authorities and governments.

The current Schooling Resource Standard (SRS) funding model, and the associated Direct Measure of Income (DMI) Capacity to Contribute (CTC) methodology for calculating base funding, is a complex model which is far more reactive to change than previous models. While this is in many ways viewed as a positive, it can make it extremely difficult for schools to estimate future funding and plan accordingly.

This guide to the SRS funding model is intended to assist schools to understand the various elements of the SRS funding model and to plan accordingly. This guide primarily focuses on Commonwealth funding of schools and does not cover state or territory funding allocation methodologies for individual schools, which vary from state to state.

1.2 SCHOOLING RESOURCE STANDARD (SRS) FUNDING MODEL

The Schooling Resource Standard (SRS) funding model is the current Australian Government needs-based recurrent funding model, largely based on the recommendations of the *Review of Funding for Schooling* (the ‘Gonski’ Review). The SRS funding model aims to ensure that every student, regardless of their background or personal circumstances, has access to a high-quality education.

The SRS funding model consists of two main components: base funding and loadings. Base funding for non-government schools is adjusted based on a school’s Capacity to Contribute score (see section 1.4).

Chart 1 The components of the Schooling Resource Standard (SRS) funding model



Under the *Australian Education Act 2013*, government schools should receive between 75% and 80% of their SRS entitlement from state and territory governments and 20% from the Australian Government.

Non-government schools should receive 80% of their SRS entitlement from the Australian Government and approximately 20% from states and territories (see sections 1.7 and 1.8).

Each state and territory government has entered into a bilateral agreement with Australian Government setting out their funding targets. Some states and territories will meet their funding targets either before or after 2029, while others are currently not on track to meet the legislated funding shares. (See state and territory share of SRS, section 1.8).

1.3 BASE FUNDING

The SRS base amount is an estimate of how much total public funding a school needs to meet its students' educational needs and is funded on a per-student basis. In 2024, the initial primary SRS base amount is \$13,557 per student and the initial secondary SRS base amount is \$17,036 per student. These amounts will be finalised in August 2024 when indexation is applied to the initial 2024 amounts.

For most non-government schools, the base amount is reduced by the school's Capacity to Contribute score (see section 1.4).

In 2024, ISA estimates that base funding will account for 76% of all Australian Government recurrent funding to Independent schools nationally, and 68% in Tasmania, due to greater reliance on loadings.

1.4 CAPACITY TO CONTRIBUTE

Capacity to Contribute (CTC) reduces the SRS base amounts for most non-government schools. CTC is a measure of the capacity of the parents and carers of students at a non-government school to contribute financially to the operating costs of the school, relative to the capacity at other non-government schools.

The Commonwealth Department of Education (the department) annually calculates CTC scores for non-government schools, determining the funding reduction applied by the Commonwealth to a school's base funding. This reduction only applies to the base funding and does not affect any loadings.

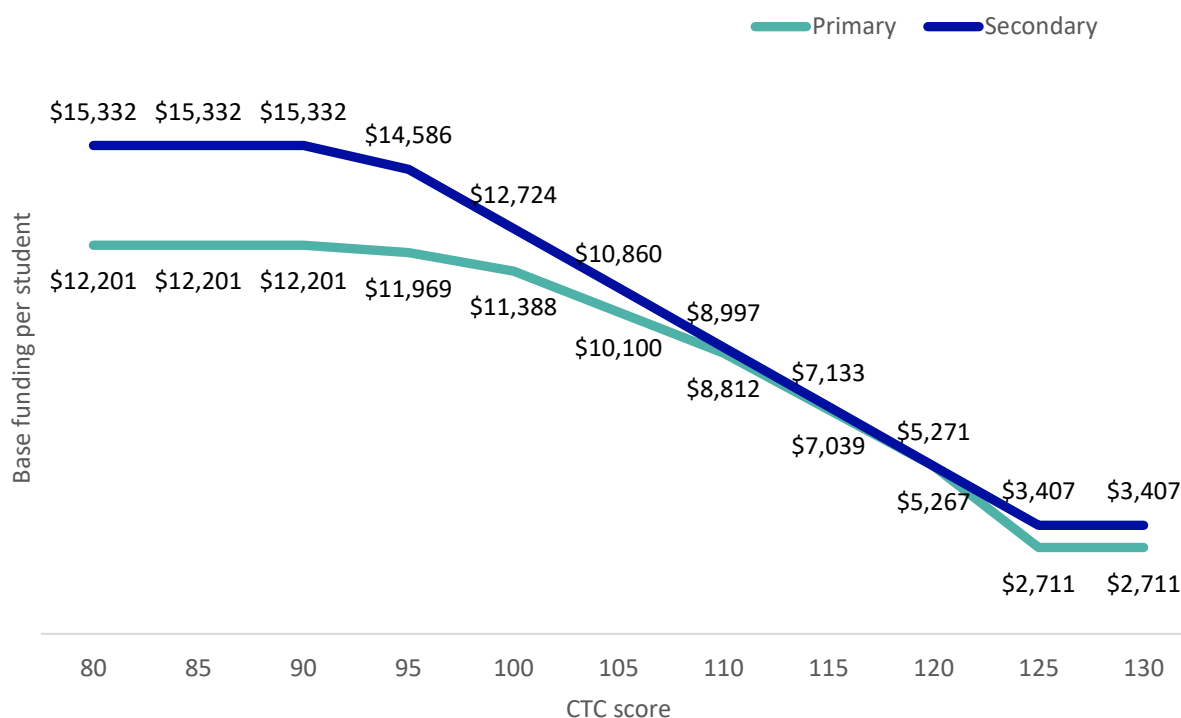
Once CTC has been applied, base funding ranges from a minimum of 20% of their SRS base funding (CTC scores 125 or higher) up to a maximum of 90% of their SRS base funding (CTC scores 93 or lower).

CTC does not apply to the following types of non-government schools, which receive 100% of their base funding:

- Majority Aboriginal and Torres Strait Islander (MATSIS) schools
- Special Schools
- Special Assistance Schools (SAS)
- Remote sole provider schools

These schools are classified as 'CTC-exempt'.

Chart 2 Base funding per student by CTC score*, 2024



*Base funding before the application of the Commonwealth share (see section 1.7)

1.4.1 DIRECT MEASURE OF INCOME (DMI) METHODOLOGY

CTC scores are determined using the Direct Measure of Income (DMI) methodology. The DMI refers to the median family income of a school's students for a given year, determined by linking parent / carer names and addresses with income tax data. The median family income is subsequently converted into an annual DMI score.

A school's CTC score is the average of the DMI scores for the previous three years.

When a DMI score can't be calculated for a school, for example when there are significant data quality issues, a Refined Area Based (RAB) score is used (see section 1.4.2). For small and very small schools, annual CTC score changes are limited to two points from the preceding year.

The average student weighted DMI score nationally across the non-government sector is 103. This figure is 106 for the Independent sector, and 100 for Independent schools in Tasmania.

DMI scores can be volatile and it is now clear that for most schools, even managing a one-point change in CTC scores can place a significant financial burden on an individual school.

For more information see - [Direct Measure of Income \(DMI\) Methodology - Department of Education, Australian Government](#)

1.4.2 REFINED AREA BASED (RAB) METHODOLOGY

When it is not possible to calculate a DMI score for a school, a RAB score is used as the school's CTC score.

A school's RAB score is calculated using income data from the geographic areas where the students' parents / carers reside. The data comes from linking the annual Student Address Collection and the 2021 ABS Census of Population and Housing.

1.4.3 CTC SCORE REVIEW

There are two ways an approved authority can request a review of a school's CTC score.

Under subsection 53(2) of the Act, if a school's approved authority believes its CTC score to be inaccurate, it can apply for a review at any time.

Additionally, a decision made by the Minister's delegate regarding a CTC score is reviewable under the Act. This means that a school's approved authority can also ask for an internal review of the decision within a certain timeframe from when the decision was made - typically 30 days. Details about internal reviews are provided by the department when it communicates the CTC scores to schools each year.

If the outcome of an internal review fails to satisfy an approved authority, it has the option to apply to the Administrative Appeals Tribunal (AAT) for an external review of the decision.

For more information see - <https://www.education.gov.au/recurrent-funding-schools/fact-sheets/capacity-contribute-ctc-score-reviews>

1.4.4 TIMING OF THE RELEASE OF CTC SCORES

CTC scores are released at the end of the year, usually November or December, for implementation the following year. This means that a school can have little to no warning of a change in its CTC score, which can significantly impact a school's funding entitlement.

1.4.5 TASMANIAN GOVERNMENT USE OF CTC SCORES

The Tasmanian Government utilises CTC scores for its funding to non-government schools but has not yet adopted the DMI method of assessing CTC and continues to use the last published SES scores, the area-based methodology preceding DMI. Tasmania is likely to adopt the DMI method from 2024, however, consensus has yet to be reached regarding a transition period for schools that would be negatively impacted under DMI methodology.

1.5 LOADINGS

The loadings are funding provided on top of the base funding to help meet extra costs associated with educating students with disadvantage and to take into account individual school circumstances. Students and schools can attract more than one loading.

There are six categories of loadings:

- Student with disability
- Aboriginal and Torres Strait Islander
- Socio-educational disadvantage
- Low-English proficiency
- School size
- School location

The combination of base funding and loadings makes up the total SRS funding entitlement for a school. Loadings are fully funded and are not reduced by a school's Capacity to Contribute score.

It is important to note that the Commonwealth funding a school receives is scaled according to its Commonwealth share (see section 1.7).

1.5.1 LOADING: STUDENT WITH DISABILITY

- Accounts for approximately 12% of Australian Government recurrent funding in Independent schools nationally, and 13% in Tasmania. Varies from school to school.
- Data used: Nationally Consistent Collection of Data on School Students with Disability (NCCD) from Australian Government Non-Government Schools Census.

This loading provides additional funding for students with disability according to their need for educational adjustments. The loading for each school is determined by the number of students requiring adjustments, and the level of adjustment provided for each student.

The student with disability loading is based on data gathered through the Nationally Consistent Collection of Data on School Students with Disability (NCCD) as part of the Non-Government School Census. This data is based on teachers' professional judgement in relation to a student's required level of adjustment.

Students in the top three levels of adjustment, namely extensive, substantial, and supplementary, are eligible for funding through the students with disability loading. The fourth level of adjustment, 'support provided within quality differentiated teaching practice' refers to adjustments made within the classroom as part of regular teaching and does not attract funding.

Table 1 below sets out the loading as a proportion of the SRS base amounts and the dollar values for primary and secondary students at each funded level of adjustment.

Table 1 Student with Disability loading as a proportion of SRS primary and secondary amounts and the dollar values

Primary	\$
Supplementary: 42% of SRS	\$5,694
Substantial: 146% of SRS	\$19,793
Extensive: 312% of SRS	\$42,298
Secondary	\$
Supplementary: 33% of SRS	\$5,621
Substantial: 116% of SRS	\$19,762
Extensive: 248% of SRS	\$42,249

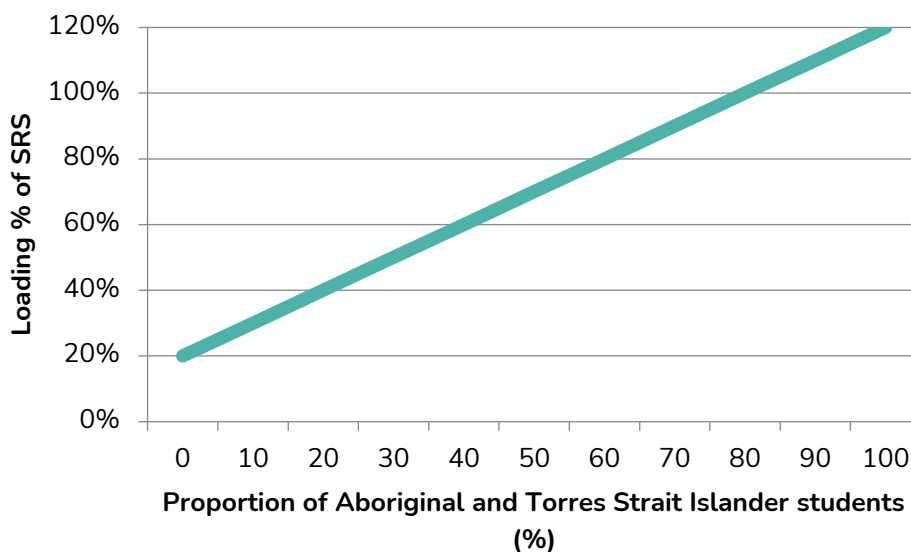
1.5.2 LOADING: ABORIGINAL AND TORRES STRAIT ISLANDER STUDENTS

- Accounts for approximately 1% of Australian Government recurrent funding in Independent schools nationally, and 2% in Tasmania. Varies from school to school.
- Data used: Aboriginal and Torres Strait Islander FTE enrolments from Australian Government Non-Government Schools Census.

This loading provides additional funding for each Aboriginal and Torres Strait Islander student enrolled in a school and included in the Non-Government School Census.

The loading increases as the percentage of Aboriginal and Torres Strait Islander students in a school increases. For a school with only one Aboriginal and Torres Strait Islander student, the loading accounts for an additional 20% of the SRS base funding per student. This percentage increases in parallel with the increase in the proportion of Aboriginal and Torres Strait Islander students. If a school's entire student body is Aboriginal and Torres Strait Islander, the loading will be 120% of the SRS base funding per student.

Chart 3 Aboriginal and Torres Strait Islander loading percentages



1.5.3 LOADING: SOCIO-EDUCATIONAL DISADVANTAGE

- Accounts for approximately 7% of Australian Government recurrent funding in Independent schools nationally and in Tasmania. Varies from school to school.
- Data used: Student Background Data (SBD) Collection from Australian Curriculum, Assessment and Reporting Authority (ACARA).

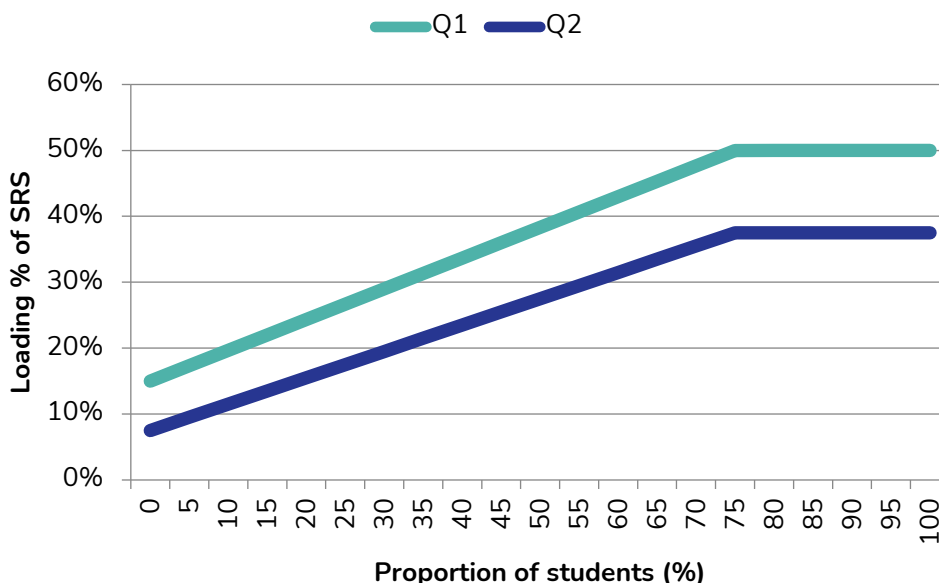
This loading provides additional funding for each student from a socio-educationally disadvantaged background.

The loading amount is determined by the proportion of students within the two lowest quartiles of socio-educational advantage (SEA), as determined by ACARA. ACARA calculates the SEA based on the educational and occupational status of parents / carers, and includes occupation, completed school education, and highest level of post-school education.

The loading increases as the percentage of a school's students in the lower two SEA quartiles rise, with a maximum of 50 per cent of the SRS base funding amount per student allocated for Quartile 1 and 37.5 per cent for Quartile 2.

This loading can be volatile for schools and is difficult to predict in advance (see section 1.10).

Chart 4 Socio-Educational Disadvantage loading percentages of the two lowest quartiles



Previously deemed schools

For some years there was a deeming arrangement in place for special assistance schools, special schools and majority Aboriginal and Torres Strait Islander schools (MATIS) which took into account the difficulty those schools had in providing background data for students. Deeming has now ceased with transition arrangements in place until 2026.

1.5.4 LOADING: LOW ENGLISH LANGUAGE PROFICIENCY

- Accounts for less than 1% of Australian Government recurrent funding in Independent schools nationally and in Tasmania. Varies from school to school.
- Data used: Student Background Data (SBD) Collection from ACARA.

This loading provides additional funding for students with a language background other than English and at least one parent who has only completed their school education to Year 9 (or equivalent) or below. This can include recent immigrants and refugees.

The loading constitutes 10 per cent of the SRS base funding per student and is determined using data from ACARA.

1.5.5 LOADING: SCHOOL SIZE

- Accounts for less than 2% of Australian Government recurrent funding in Independent schools nationally, and 4% in Tasmania. Varies from school to school.
- Data used: Total FTE enrolments from Australian Government Non-Government Schools Census.

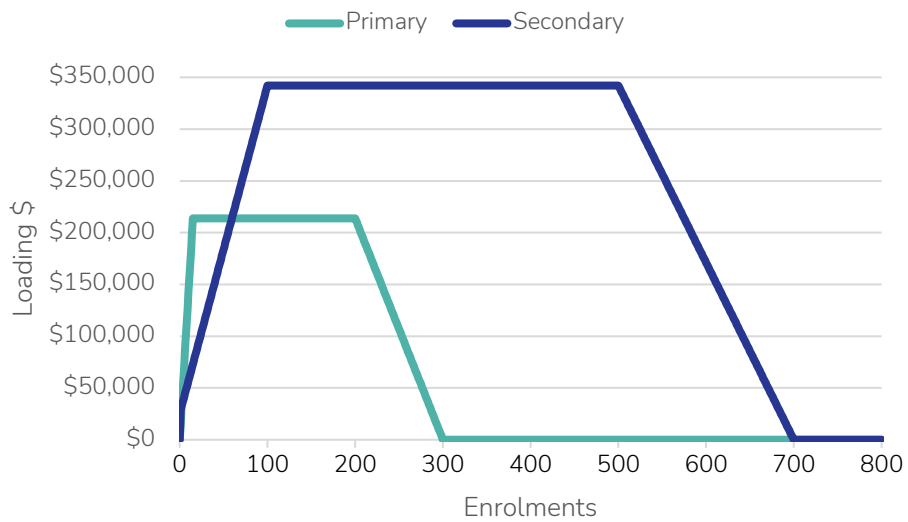
This loading provides additional funding to medium, small, and very small schools, acknowledging that smaller schools cannot realise the same economies of scale as larger ones. Unlike the other loadings, the calculation is based on a fixed dollar amount, not a proportion of the SRS base funding per student.

Both primary schools with a student count of up to 300 and secondary schools with up to 700 students are eligible for the size loading. The loading is scaled as shown in the diagram below.

In 2024, the maximum loading for primary schools with a student population between 15 and 200 is \$213,799. The maximum loading for secondary schools with a student population between 100 and 500 is \$342,081. These amounts are finalised when SRS indexation is finalised in August (see section

1.6). Schools with both primary and secondary students receive a weighted amount based on the proportion of primary and secondary students.

Chart 5 School size loading according to number of students



While this loading accounts for a small proportion of overall funding nationally, it can represent a large proportion of the funding provided to individual very small and small schools.

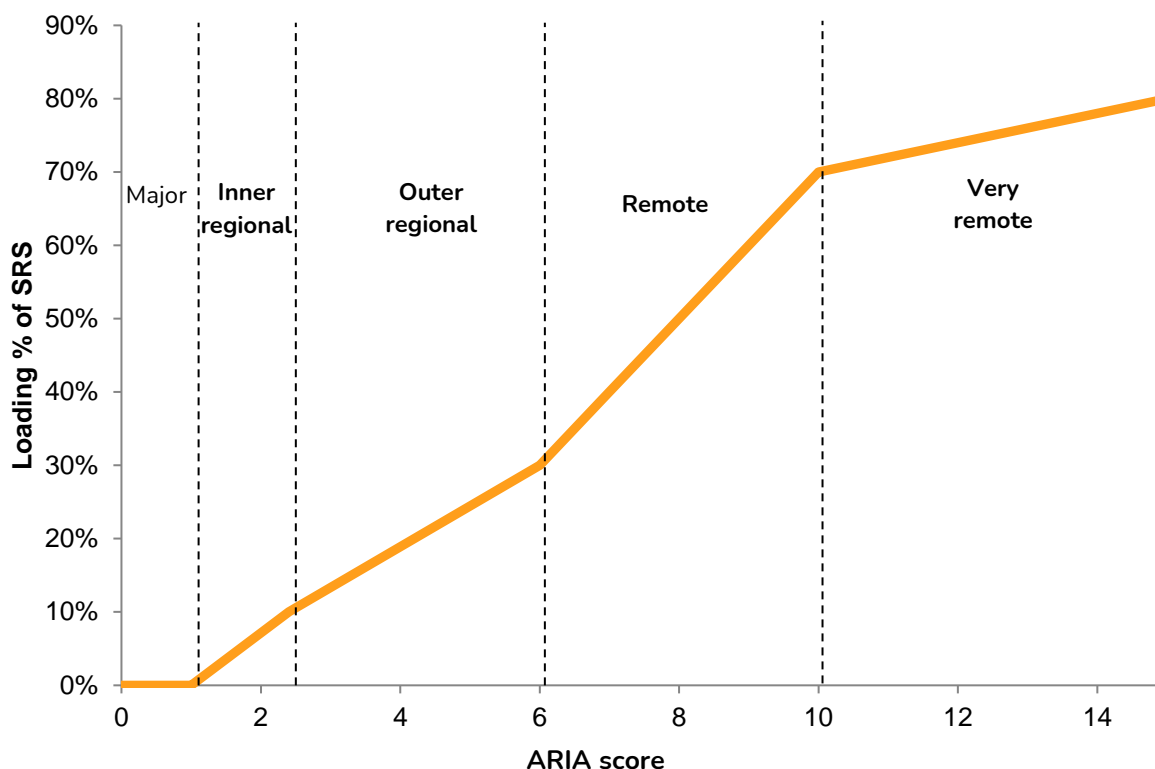
1.5.6 LOADING: SCHOOL LOCATION

- Accounts for approximately 1% of Australian Government recurrent funding in Independent schools nationally, and 7% in Tasmania . Varies from school to school based on geolocation.
- Data used: ARIA+ score, derived from school’s head campus location.

This loading provides additional funding for schools located in regional and remote areas, acknowledging that the cost of provision of education in these locations is higher than in metropolitan schools.

The loading amount is determined by a school's Accessibility/Remoteness Index of Australia + (ARIA+) score, a measurement of each Australian location's remoteness or accessibility calculated using the road distance from populated localities to the nearest Service Centres. The ARIA+ scores correlate with a percentage of the SRS base funding per student and the school's size loading.

Chart 6 School location loading percentages according to ARIA+ score



1.6 INDEXATION

Recurrent school funding is indexed every year to account for the increasing costs of schooling.

Indexation is legislated as the highest number, for each given year, of:

- Floating measure of Wage Price Index (75%) and Consumer Price Index (25%)
- 3.00%

The floating measure is based on the June quarter Wage Price Index (WPI) and Consumer Price Index (CPI) which are normally published by mid-August by the Australian Bureau of Statistics. The department confirms the indexation rate for the year shortly thereafter.

In 2023, WPI for the June quarter was 3.6% and CPI for the June quarter was 6.0%, resulting in a final indexation of 4.2%.

In 2024, indexation has been initially set to 3.9%, based on estimates from the Mid-Year Economic and Fiscal Outlook (MYEFO) 2023-24 released in December 2023.

1.7 COMMONWEALTH SHARE OF SRS

As noted above, under the existing legislation the Australian Government intends to fund every non-government school at 80% of their Schooling Resource Standard (SRS) funding entitlement by 2029. This means that some schools have transitioned up to 80% and some are still transitioning down to 80% of their SRS entitlement.

Independent schools would have been above or below 80% of the Schooling Resource Standard (SRS) due to the settings of previous government funding models.

As of 2024, there are 385 Independent schools still above 80% and 843 schools have already transitioned to 80%. For schools that are funded above 80% in 2024, 59 of them are funded less than 81%.

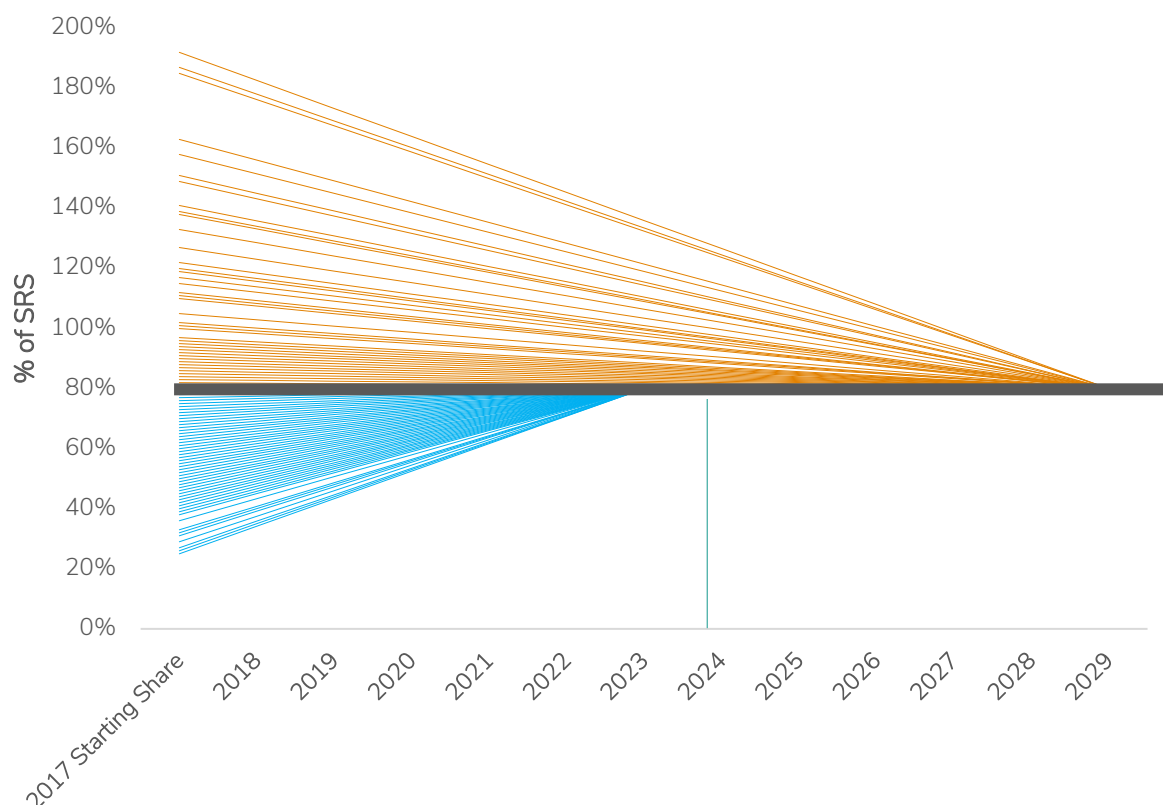
For Independent schools that were funded above 80% of their SRS funding entitlement, there is a transition process in place to gradually reduce their funding levels to 80% by the year 2029. This

means that the percentage of funding provided by the Australian Government is gradually decreasing, until it reaches 80% of the school's SRS funding entitlement in 2029. The transition process is intended to allow schools time to adjust their budgets and plan for the reduction in funding. Nonetheless, Independent schools with a transition percentage significantly above 80% will experience nominal decreases in their funding from year to year.

Independent schools that were funded below 80% of their SRS funding entitlement have already transitioned to the 80% target funding level in 2023.

From 2022, new schools have been funded at 80% by the Commonwealth and for that reason are not subject to any transition arrangements.

Chart 7 Transition pathways of schools above and below 80% (Commonwealth share)



1.8 STATE AND TERRITORY SHARE OF SRS

Under the *Australian Education Act 2013*, the Commonwealth share of the SRS funding model for non-government schools is set at 80% of the total SRS funding entitlement.

Under the *Australian Education Act 2013* and the bilateral agreements negotiated between state and territory governments and the Australian Government as part of the National School Reform Agreement, state and territory governments have agreed to fund the remaining 20%, or a lower agreed percentage of the total SRS, for non-government schools.

The state and territory contribution to non-government schools varies from state to state:

- NSW: 22.20% by 2024
- QLD: 20.00% by 2024
- VIC: 20.00% by 2024
- WA: 20.00% by 2024
- TAS: 20.00% by 2024
- ACT: 20.00% by 2024
- SA: 22.0% by 2024*

- NT: 15.09% by 2024

**Based on Clause 35 of the SA Bilateral Agreement.*

By 2024, five states have already finished transitioning non-government schools funding to 20% of the SRS. The Australian Government is currently negotiating with the states and territories regarding what will happen beyond 2024 in the next National School Reform Agreement.

States and territories are only required to reach their agreed SRS percentage at an aggregate level. This means while in practice a state or territory may reach 20% of SRS on average for non-government schools, the percentage of funding for individual schools can still vary.

1.9 APPROVED SYSTEM AUTHORITIES

Approved system authorities, such as the government, Catholic and the smaller Independent school systems, redistribute Australian Government recurrent funding to individual schools in the system according to an approved needs-based methodology. This methodology must be publicly available.

1.10 VOLATILITY

Both base funding and loadings can be subject to significant year-on-year volatility at the school level. For base funding, the main source of volatility is movement in Capacity to Contribute (CTC) scores. In 2024, CTC score changes resulted in the following funding changes for Independent schools.

- 20% of Independent schools experienced an increase in funding due to movements in their CTC score.
- 68% had no change in CTC score.
- 12% experienced a reduction in funding due to movements in their CTC score.
- 94% of Independent schools experienced a point change of -1, no change or +1 in their CTC score.

Changes in CTC score have an immediate and potentially significant effect on school funding. Depending on factors such as Commonwealth share trajectory, primary/secondary student mix and position on the CTC curve, a +1 or -1 change to a school's CTC score could result in a change of between 1% to 11% in Commonwealth funding. This could equate to a change of up to \$400 per student for a school that has reached an 80% Commonwealth share (see section 1.7).

For loadings, volatility comes from the changes in annual input data used to calculate loadings (e.g., the number of students with disability requiring educational adjustments). This volatility is exacerbated by the timing of the changes in annual input data. The annual Non-government School Census takes place in August and changes to several large loadings, such as the Student with Disability (SWD) loading, are only confirmed in the final October payment of the year (see section 1.11), leaving schools and approved authorities with very little time to respond to changes in funding.

The socio-educational disadvantage loading, which is based on an ACARA data collection, is also finalised during the course of the year which can make estimating total funding for the year difficult. Further, as the SEA quartiles are calculated using the entire school population in all sectors, there is no way to estimate movement in the SEA quartiles.

1.11 PAYMENT OF COMMONWEALTH RECURRENT FUNDING TO SCHOOLS

Payments to schools take place three times per year.

January

- 50% advance of the estimated **initial** entitlement for the school year.
- Data used:
 - Non-Government Schools Census 2023 (Enrolments, NCCD)
 - Student Background Data Collection 2023 (SED Loading, Low English Language Loading)
 - Capacity to Contribute Score 2024
- Initial indexation based on estimated Wage Price Index and Consumer Price Index for June 2024 from Mid-Year Economic and Fiscal Outlook (MYEFO).

July

- 25% advance of the estimated **interim** entitlement for the school year.
- Data used:
 - Non-Government Schools Census 2023 (Enrolments, NCCD)
 - Student Background Data Collection 2024 (SED Loading, Low English Language Loading)
 - Capacity to Contribute Score 2024
- Interim indexation based on estimated Wage Price Index and Consumer Price Index for June 2024 from the May Federal Budget.

October

- 25% of the actual **final** entitlement for the school year – however as this payment includes any adjustments required due to the finalisation of student enrolments, indexation etc, final payments may not equal 25% of the actual entitlement once adjustments are made.
- Data used:
 - Non-Government Schools Census 2024 (Enrolments, NCCD)
 - Student Background Data Collection 2024 (SED Loading, Low English Language Loading)
 - Capacity to Contribute Score 2024
- Actual indexation based on Wage Price Index and Consumer Price Index for June 2024 quarter.

From time to time, the department may decide that specific schools should follow alternative payment schedules, such as monthly or quarterly instalments. This usually occurs where the department has concerns about the school's financial position. Should this happen, the department will notify the approved authorities accordingly.

1.12 FUTURE EDITIONS

Independent Schools Australia (ISA) will continue to update this guide twice per year, with the first edition in the first quarter being the main update. The second edition will be released after the finalisation of the annual indexation rate and will include the final SRS primary and secondary amounts for the year.