Gonski 2.0 is a 40% Gonski



Overview

Gonski 2.0 is not what is seems. It is not a good deal for public schools. Despite the appearance of a large increase in school funding to 2026-27, it will deliver only a miniscule increase in inflation-adjusted funding per student. The increase amounts to only about 40% of the increase planned under Gonski 1.0. Thousands of public schools will get much smaller increases than under Gonski 1.0.

Gonski 2.0 puts a cap on Commonwealth funding of public schools. It represents a major retreat by the Commonwealth Government in funding public schools and disadvantaged students. Disadvantaged public schools will continue to be massively under-resourced, unless state governments reverse their past cuts and come to the rescue with a major funding effort. But, they are not required to increase inflation-adjusted funding per student funding under Gonski 2.0.

The Turnbull Government has rejected the necessity of a nationally agreed approach to funding schools according to need. It has unilaterally struck a new Commonwealth funding model without consultation with state and territory governments. As a result, inconsistencies and inequities in funding between schools in different states will remain as state governments follow different funding policies.

A Gonski PLUS is needed to provide a large funding increase for disadvantaged students, create an integrated national school funding system to ensure equity in funding across all schools, systems and states. The increase in funding could be easily funded by phasing out all over-funding of private schools, which runs into billions of dollars.

At the very least, the cap on Commonwealth funding for public schools proposed by Gonski 2.0 should be rejected and the current legislative requirement for the Commonwealth to increase funding for schools resourced below their Schooling Resource Standard (SRS) at 4.7% per year until they reach their SRS should be retained. Additionally, the Commonwealth Government should require state and territory governments to increase their inflation-adjusted per student funding for public schools as a condition of Commonwealth funding.

Miniscule funding increase per student

The $13.1 billion increase in school funding in the ten years from 2016-17 to 2026-27 announced by the Turnbull Government is a confidence trick. The increase amounts to only $506 per student over ten years, or $50 per student per year, after allowing for increasing costs [Chart 1]. The real increase for all schools is only 38% of that planned under Gonski 1.0 which would have delivered an increase of $1,347 per student over the ten years. The percentage increase per student over the ten years under Gonski 2.0 is 11.2% compared to 29.8% under Gonski 1.0.

The increases are very small for both public and private schools. Public schools will get an increase of $629 per student over the ten years (or $63 per year), and private schools will get $447 per student (or $45 per year). It will buy very little in the way of additional teachers, other staff and educational materials, especially for the many under-resourced public schools. There is insufficient data available to estimate the per student increases separately for public and private schools in 2026-27 under Gonski 1.0.

As a result, thousands of schools, mostly public schools, will receive much smaller funding increases under Gonski 2.0 than under Gonski 1.0 and their total funding per student will be much less in 2026-27 than it would have been under Gonski 1.0. Per student funding under Gonski 2.0 is estimated at $5,026 in 2026-27 compared with $5,873 under Gonski 1.0 [Chart 2]. That is, total per student funding under Gonski 2.0 would be about 85% of that planned under Gonski 1.0 for 2026-27.

Chart 1: Increase in Commonwealth Government Funding, All Schools, 2016-17 to 2026-27 ($ per student, adjusted for inflation)

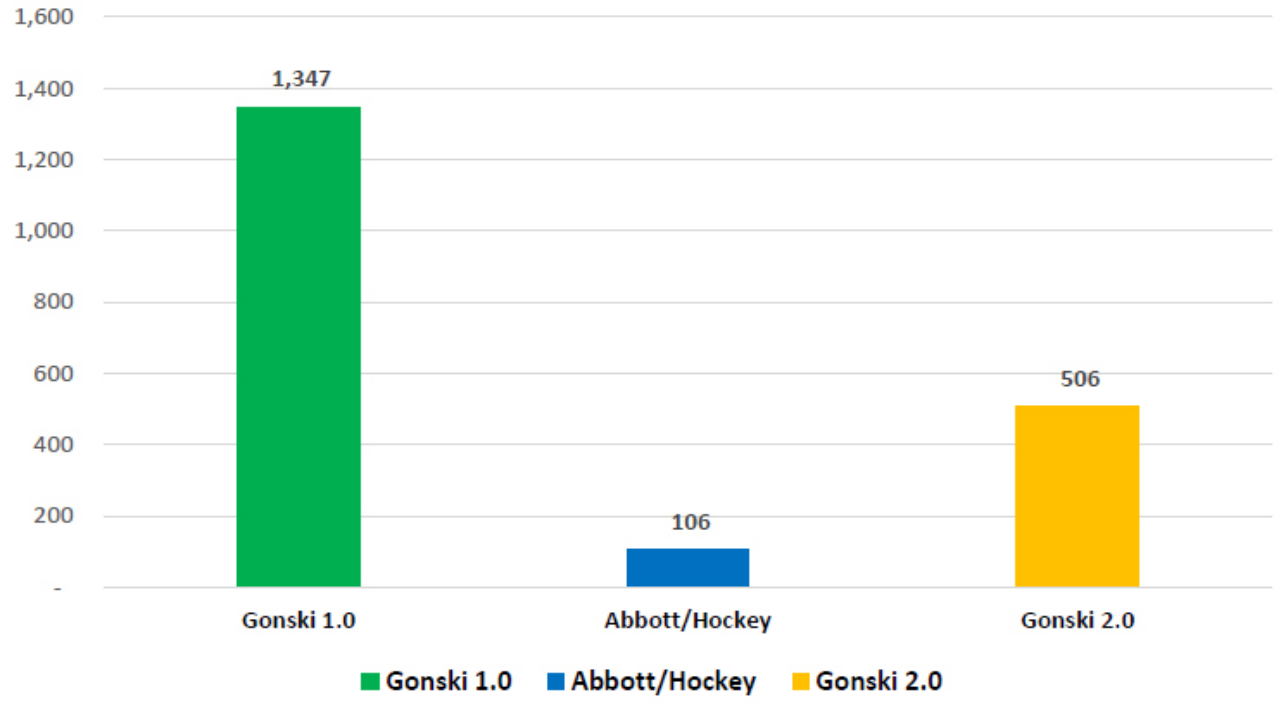
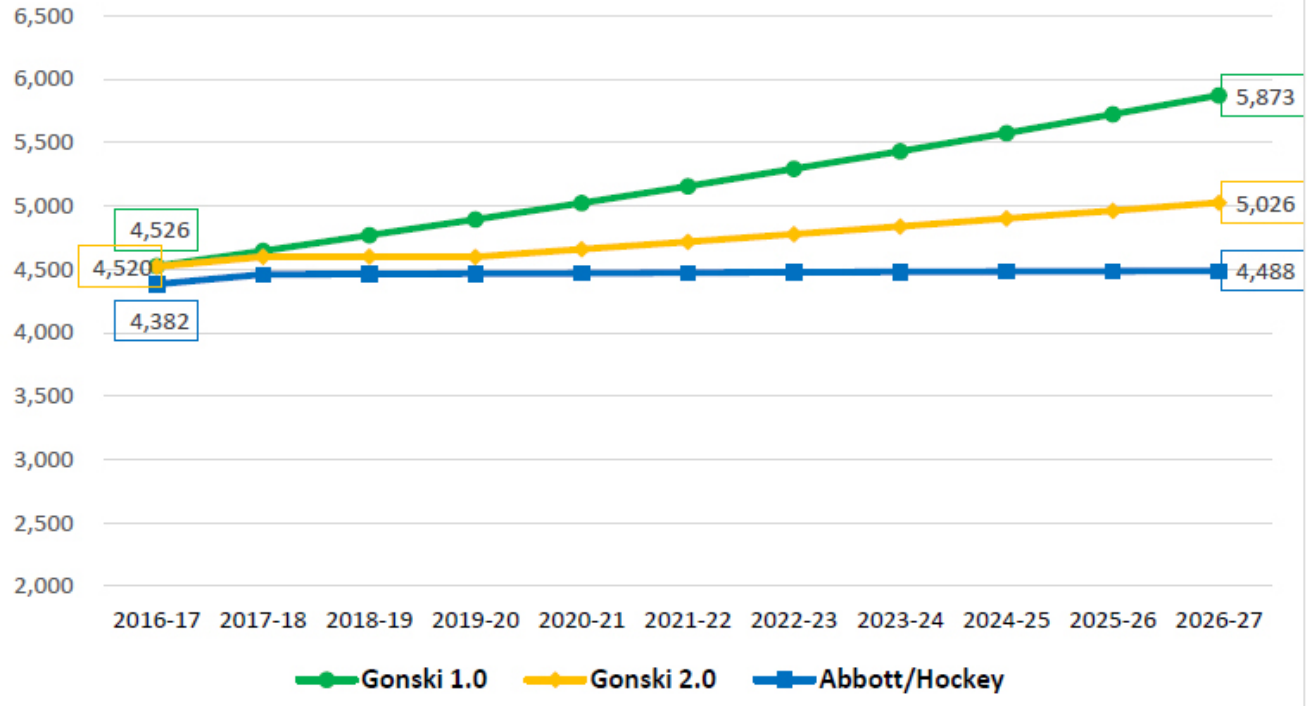


Chart 2: Commonwealth Government Funding, All Schools, 2016-17 to 2026-27 ($ per student, adjusted for inflation)



The only positive aspect of the Gonski 2.0 increase is that it is significantly higher than that planned under the Abbott/Hockey 2014-15 Budget. The increase under the Abbott/Hockey plan would have been only $106 per student, an increase of 2.4%. Per student funding under Gonski 2.0 in 2026-27 would be about 12% more than the $4,488 that would have applied under the Abbott/Hockey plan.

In essence, the Turnbull Government has pulled a financial confidence trick in highlighting the total funding increase over 10 years without making allowance for increasing costs and enrolments. It is a case of a big total amount over a long period disguising a small increase per student year-by-year. It is most unfortunate that David Gonski allowed himself to be associated with the Government's confidence trick, when he has done so much to highlight the need to better fund disadvantaged schools, public and private.

The funding estimates for 2026-27 reported here are based on figures obtained from the Coalition Government media release on Gonski 2.0, the Budget Papers Overview for 2014-15 and Budget Papers No. 1 for 2013-14, 2014-15 and 2017-18. School costs are assumed to increase at 3% per year and enrolments at 1.43% per year. It is acknowledged that estimates of future funding over a 10-year period can be imprecise because the assumptions behind them can easily change. However, using constant assumptions for increasing costs and enrolments is common practice in estimating future trends. The 2017-18 Budget Papers forecast an increase in the Wage Price Index (WPI) of 3% per year for the next few years and the increase for the general WPI historically is at least 0.5 percentage point below the WPI for education and training. The enrolment increase assumed here is based on the trend over the past few years.

Reduced Commonwealth role in funding public schools

Under Gonski 2.0, the Commonwealth Government will place a cap on its funding of public schools and future funding increases will be largely dependent on state and territory governments. The Commonwealth Government will limit its funding of public schools to 20% of the SRS, leaving the states to provide the other 80%. The requirement in the Education Act for the Commonwealth to increase funding for under-resourced schools by at least 4.7% per year will be abolished.

This change is highly significant. It means abandoning the increased role for the Commonwealth Government in funding disadvantaged students, over 80% of whom attend public schools. Its role in funding them will be strictly limited in future. Public schools will receive less than 50% of the small increase in funding under Gonski 2.0 ($6.4 billion out of $13.1 billion). The Commonwealth contribution to the SRS of public schools currently stands at 17%.

In contrast, Gonski 1.0 would have seen an expanded role for the Commonwealth in supporting disadvantaged public schools to overcome the effects of disadvantage on education outcomes. It was planned that the Commonwealth would provide about $10 billion in additional funding between 2013-14 and 2019-20 and public schools would have received about $8 billion, or 80% of the increase.

Progress toward the SRS for public schools will be left to the uncertainty of state and territory government funding. In his recent address to the National Press Club, the Minister for Education, Simon Birmingham, made it clear that it will be up to the states whether they put in the other 80% of the SRS of public schools:

…that is a matter of policy priorities for them. If they want to pay 80 per cent of our School Resourcing Standard they can do that; if they want to instead spend some more money on police, they I can do that - roads, hospitals, take your pick for state governments.

The recent record of state and territory governments in funding public schools is appalling. They have cut inflation-adjusted funding to public schools in over the last five years for which official figures are available. Between 2009-10 and 2014-15, they cut funding for public schools by an average of $732, or 6.6%, per student, but increased funding for private schools by $161 per student, or 6.9%.

There is no requirement for the states to increase their real funding effort as there was under Gonski 1.0. Under Gonski 2.0 they are only required to maintain their real level of funding per student, and that is lower than it was in 2009-10 according to the latest available figures.

The absence of any agreement with state governments about future increases in inflation-adjusted funding per student means that various governments will inevitably make different decisions about their funding of public and private schools. Some may increase inflation-adjusted funding and others may continue to cut funding; some may continue to increase funding for private schools and cut funding for public schools; some may increase funding for public and private schools by different amounts. The result will be that schools in different parts of the country with similar demographic composition will continue to receive vastly different funding per student. Simon Birmingham has railed against such inconsistencies in funding between the states to denigrate Gonksi 1.0, but Gonski 2.0 does nothing to stop these inconsistencies continuing.

The Turnbull Government made a deliberate policy choice not to make Commonwealth funding conditional on the states also increasing their inflation-adjusted funding. It is usual practice in Commonwealth-State agreements on funding that the states put in a proportionate amount of funding. If the Commonwealth can make it a condition of funding for other purposes that the states maintain real funding, it could have just as easily made it a condition that the states increase their real funding for schools by an agreed percentage. The absence of such a condition in Gonski 2.0 indicates that the Commonwealth is not interested in ensuring that public schools and their students are adequately funded in the future.

Even if state governments do maintain real funding into the future, public schools will never recover their reductions in funding since 2009-10 or get anywhere near 100% of their SRS by 2026-27 if state governments only maintain real funding into the future from this year. In 2016, the state component of the SRS of public schools was well below the target 80% in most states. For example, it was 71% in NSW, 66% in Victoria, 72% in Queensland and South Australia, and 67% in the Northern Territory.

Without a major funding boost by state governments, the likelihood is that disadvantaged public schools will remain vastly under-resourced while a cap on Commonwealth funding is in place and there will be little or no progress in improving outcomes for disadvantaged students.

Private schools have much greater funding certainty under Gonski 2.0 than public schools because the Commonwealth Government provides a much greater share of their government funding. The Commonwealth will increase funding of private schools to a limit of 80% of their SRS by 2026-27, leaving the other 20% to state and territory governments. In addition, state governments have increased their funding of private schools in recent years.

The Turnbull Government's priority is to look after private schools. They will all get to 100% of their SRS by 2026-27, notwithstanding that some are well above their SRS already and many are there, or nearly there. It has made a clear choice to give resource certainty to the more privileged private sector rather than public schools which enrol over 80% of all disadvantaged students.

In a word, Gonski 2.0 provides funding certainty for private schools, but funding uncertainty for public schools.

A Gonski PLUS is needed to better support disadvantaged public schools

Too many commentators and organisations have allowed themselves to be seduced into welcoming Gonski 2.0 by the illusion of a large increase in funding and the tiny reduction in over-funding for private schools. Their uncritical acceptance of Gonski 2.0 ignores the fact that it delivers very little additional funding to public schools, which enrol over 80% of all disadvantaged students, and makes their future funding subject to the uncertainty of state government provision.

Gonski 2.0 has locked in a system of different funding roles for the Commonwealth and state governments for public and private schools instead of developing an integrated system of government funding as originally proposed by the Gonski report. Julia Gillard wrought this asunder by immediately rejecting the Gonski recommendation for a national school resourcing body, but at least she effected a national inter-governmental agreement for school funding. The Coalition Opposition sabotaged this by inciting some governments not to sign the agreement and, when it gained office, used a technicality to exclude two other governments even though they had signed up in principle. Now, it has entrenched the old system of separate responsibilities for different school systems which will only ensure continuing inequity in funding and leave public schools under-resourced. Instead, the Commonwealth Government should play an increasing role in supporting disadvantaged students as was planned under Gonski 1.0.

The Labor Party, the Greens, the Xenophon team, One Nation and Independent members of the Parliament should not be hoodwinked into supporting Gonski 2.0 in the belief that it will deliver a large increase in funding to disadvantaged schools and abolish all over-funding of private schools. It won't.

What is needed is a Gonski PLUS that delivers the large funding increase needed by disadvantaged students in both public and private schools and creates a national funding system to ensure equity in funding for all students, across all schools and all systems. The necessary increase in funding could be easily funded by phasing out all over-funding of private schools, which runs into billions of dollars per year.

At the very least, the cap on Commonwealth funding for public schools proposed by Gonski 2.0 should be rejected and the current legislative requirement for the Commonwealth to increase funding for schools resourced below their SRS by at least 4.7% per year until they reach their SRS should be retained. Additionally, the Commonwealth Government should require state and territory governments to increase their inflation-adjusted per student funding for public schools as a condition of Commonwealth funding. The abolition of the special deals for private schools proposed by Gonski 2.0 should be supported as a positive step towards reducing over-funding for private schools.

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