Leaving money on the table

Leaving Money on the Table: Foregone Economic Gains from Continued SRS Underfunding

By locking in public school underfunding, Australia misses out on important economic, labour market, and fiscal benefits.

By Jim Stanford

The Commonwealth government's current offer to fund public schools to just 22.5% of the agreed Schooling Resource Standard would leave much of the current school funding shortfall unrepaired. This would squander many of the economic benefits that would otherwise result from full public school funding. Based on disaggregation of previous estimates of the economic benefits generated by stronger school funding and hence scholastic outcomes, we estimate the failure to fulfil the 25% Commonwealth contribution required for full SRS funding would ultimately forego GDP gains of $3.5 to $5 billion per year, and impose net fiscal costs on government (all levels) of $0.6 to $1.5 billion per year.

International and Australian research has confirmed the substantial economic and fiscal benefits of well-funded and accessible public schools. Extrapolating international evidence, previous research from the Centre for Future Work estimated cumulating Australian GDP gains reaching $18-$25 billion per year after two decades, as a result of fully meeting SRS funding standards for public schools. Those gains are experienced via increased employment and value-added in the school sector; improved productivity and wage outcomes for school graduates; and reduced income support and social expenditures as a result of better overall education. Higher GDP would in turn generate revenue gains for government that exceed the expense of meeting SRS funding benchmarks in the first place.

The failure to fully fund public schools is clearly a case of false economy. The relatively small amounts of money 'saved' in the near term, are more than offset by long-run underperformance according to numerous indicators: school attainment and completion, productivity, GDP, and fiscal balances. The Commonwealth government is leaving money on the table, with its failure to fully meet SRS funding requirements.

Read the **full report**.



Authorised by Sally Dennis, General Secretary, The State School Teachers' Union of W.A.
ABN 54 478 094 635 © 2026