

## **INQUIRY INTO MEASUREMENT AND OUTCOME-BASED FUNDING IN NEW SOUTH WALES SCHOOLS**

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# NSW Government Submission

## Legislative Council Portfolio Committee No. 3 – Education

### Inquiry into measurement and outcome- based funding in New South Wales schools

August 2019

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## Introduction

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The NSW Government is pleased to provide a submission to the Legislative Council Portfolio Committee No. 3 – Education in relation to the Inquiry into measurement and outcome-based funding in New South Wales schools.

The NSW Government has set five key policy priorities for this term of government – one of which is to deliver the highest quality education, no matter where you live or what your circumstances may be.

This is supported by the broad reforms highlighted in the recent 2019-20 NSW Budget to improve investment decision making by focusing on outcomes. New South Wales is leading the way in progressing government thinking around outcome-based budgeting and performance accountability.

Under Outcome Budgeting, funding considerations move away from traditional outputs (for example a new school) and towards the outcome that citizens care about (giving our children the best chance of success). Outcome Budgeting embeds richer policy discussions, leading to better decisions, before funding is then allocated through the Budget process.

This spend is not the end in itself. Driving better outcomes for students is what matters. The NSW Department of Education is the first department to make a significant shift to Outcome Budgeting in NSW.

The implementation of Outcome Budgeting has not affected the budget allocations the NSW Department of Education received in the recent NSW State Budget. School funding will continue to be allocated to schools based on student need.

NSW was the first state to sign up to Gonski; and since 2011 the NSW Government has made record investments in schools, including through substantial extra funding to public schools through the Gonski 2.0 agreement. This agreement includes more than \$6.4 billion in additional funding to 2027 for public schools across New South Wales.

The Department is focused on ensuring the NSW Government's record investments provide young people with the best educational outcomes in Australia. We are strengthening the accountability measures that support these investments, both for NSW public schools and for non-government schools.

We look forward to contributing further to the Inquiry.

## Background and context

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The NSW Department of Education is the largest provider of education in Australia, with responsibility for delivering high-quality public education to two-thirds of the NSW student population, or about 810,000 students. Our 2,206 public schools service the diverse range of communities across the state enabling all children and young people to have access to quality education.

We ensure young children get the best start in life by supporting and regulating the early childhood education sector. We also work closely with the non-government school and higher education sectors.

We have a responsibility to ensure that NSW public school infrastructure meets the needs of NSW's growing population and enables future-focused learning and teaching. School Infrastructure NSW (SINSW) is the centre for excellence for this work. SINSW drives the planning, procurement, construction and maintenance of school facilities to meet changes in population growth, accommodate new ways of teaching and learning, and help foster better educational outcomes for students.

## Our journey so far

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NSW remains on track to achieve the previous NSW Premier's Priority of increasing the proportion of NSW students in top two NAPLAN bands by 8% by 2019. Preliminary data indicates that 34.4% of students achieved results in the top two NAPLAN bands in reading and/or numeracy in 2018.

An additional 20,000 students are now achieving results in the top two NAPLAN bands. Results for Aboriginal students have improved between 2011 and 2017, and more Aboriginal students are achieving in the top two NAPLAN bands for reading and numeracy.

However, there is more to be done. The Department of Education is focusing on how we can deliver world-class learning, wellbeing, independence and equity for all our students.

The newly announced NSW Premier's Priorities 2019-2023 for education are to increase the proportion of public school students in the top two NAPLAN bands (or equivalent) for literacy and numeracy by 15 per cent by 2023, including through a state-wide rollout of Bump It Up; and to increase the proportion of Aboriginal students attaining Year 12 by 50 per cent by 2023, while maintaining their cultural identity.

In addition, the Department will target improvement in areas including:

1. Students reporting a sense of belonging, expectations for success and advocacy at school
2. Students attending school at least 90% of the time
3. Students achieving in reading and numeracy (in addition to the Premier's Priority target for increasing the number of students in the top two NAPLAN bands, targets for students achieving expected growth in reading and numeracy and students above the national minimum standard)
4. Students at or above the proficient standards in international assessments
5. Students continuing to Year 12, and with HSC results in the top two achievement bands
6. School leavers participating in education and work.

The Department has identified five priority reforms to improve student outcomes and reach our targets: improve school performance and student outcomes, improve teaching quality, strengthen school leadership, improve systems support to schools and make the Department a great place to work.

Global and national research shows these are all critical to improving student outcomes. They are also areas that the Department needs to improve. These major reforms complement the ongoing improvements the Department is making to the services it provides to schools and communities, including in early childhood education, school infrastructure and school operations and management.

The Department is on a reform journey, which builds on existing work done, especially over the last few years. Several programs have been successfully implemented which were targeted to specific areas of often stark need.

Over the last ten years we have executed universal strategies across our school system and implemented targeted strategies to address specific needs in specific schools and cohorts.

One of the key outcomes from the Department's system-level strategies has been improved decision-making and increased local school autonomy. We have done this through providing better access to relevant data and analysis online, and ensuring a more transparent and equitable allocation of resources to schools through the needs-based *Resource Allocation Model*.

The Department of Education is also focusing on individual school improvements through the *School Excellence Framework* and *School Leadership Strategy*. Schools create yearly school plans and are supported to improve performance in line with the *School Excellence Framework*. The key role of a school principal has been promoted and supported through the *School Leadership Strategy*, including a significant boost in the numbers of Directors of Educational Leadership from 45 to 110.

Strategies have also directly impacted on teachers and classrooms. *Great Teaching, Inspired Learning* has appointed more than 2,400 high-quality teachers to areas of need – including over 400 Aboriginal teachers. Almost 300 school counselling positions are now providing wellbeing support for vulnerable students through *Supported Students, Successful Students*; and the *Literacy and Numeracy Strategy* has provided professional learning to 11,000 teachers, including phonics, to target students at risk in literacy and numeracy development. The *Bump It Up* strategy provided additional resources to lift more students into the top two NAPLAN bands and is now being rolled out across all NSW public schools.

The *Early Action for Success* program resulted in an average additional growth of 2.4 months per year in each of the 310 schools targeted. The *Connected Communities* program forged strong partnerships between schools, local communities and government agencies to drive better educational outcomes for Aboriginal students from 15 vulnerable schools.

At the same time we have progressed vital reforms to early childhood education, an area with a strong evidence based outcomes. In the 2018-19 Budget the NSW Government extended funding to provide subsidies to all three-year old children attending community preschools in NSW. In 2018, NSW achieved its target of ensuring 95% of all children were enrolled in a preschool program in the year before school.

We have replaced outdated financial and human resource systems, and this has changed the way that schools operate. These changes have delivered some benefits, noting that school-based staff have required support in order to adapt to new ways of working.

Targeted strategies coupled with extra resources for areas in need have seen some success but it would be fair to say that the Department is still understanding and refining the way it targets its interventions.

The increased funding allocated to the Department over the next decade provides increased flexibility to innovate and to focus on specific reforms without detracting from the continuity of service delivery.

The Department's internal budgeting and planning processes will inform how program funding is allocated in future. The way that programs are presented and budgets are allocated to them is undergoing review to align with the broader Outcome Budgeting reforms across the NSW public sector.

## SUBMISSION TO INQUIRY TERMS OF REFERENCE

### (a) New South Wales school results relative to other states and other countries and what these trends show about schools policy

- The Department of Education seeks improvement in our system on every dimension for children in NSW.
- We have a plan to address school and student improvement which is built around key levers to effect positive change. Our intent is to execute on the Department's Strategic Plan to make NSW "Australia's best education system and one of the finest in the world".
- The previous NSW Premier's Priority 2015-2019 for education set the target of increasing the average proportion of students in the top two NAPLAN bands for reading and numeracy by 8 per cent. This required the proportion to increase from the 2013-14 baseline of 32.7 per cent to 35.2 per cent by 2019. The 2018 result of 34.4 per cent was 1.7 percentage points above the baseline, and on track to achieve the 2019 target.
- In 2018, NAPLAN mean scores for all NSW schools were above the national average for all five test domains across all four participating year levels, similar to previous years.
- NSW ranked first in spelling for most year levels, and ranked in the top three states/territories for other domains and year levels, with the only exception being Year 9 Reading and Writing where NSW ranked 4<sup>th</sup> in 2018.
- The following table shows the NSW rank for all domains and year levels for NAPLAN from 2014-2018:

Domain	Year	2014	2015	2016	2017	2018
Reading	Year 3	3	3	3	3	3
	Year 5	3	3	3	3	3
	Year 7	3	3	3	3	3
	Year 9	4	4	4	2	4
Numeracy	Year 3	3	3	3	3	3
	Year 5	3	3	2	2	3
	Year 7	2	3	3	3	3
	Year 9	2	3	4	1	3
Spelling	Year 3	1	2	1	1	1
	Year 5	1	1	1	1	1
	Year 7	2	1	1	1	1
	Year 9	1	1	2	1	2
Grammar and Punctuation	Year 3	2	3	3	3	3
	Year 5	2	3	2	2	2
	Year 7	2	3	2	3	2
	Year 9	3	4	4	2	3
Writing	Year 3	2	2	2	2	2
	Year 5	2	3	2	3	2
	Year 7	4	3	4	3	2
	Year 9	4	4	5	3	4

- The following table shows the NSW rank for all domains and year levels for National Minimum Standards from 2014-2018 (percentage at or above):

Domain	Year	2014	2015	2016	2017	2018
Reading	Year 3	2	2	2	3	2
	Year 5	3	3	3	3	3
	Year 7	3	2	3	3	3
	Year 9	4	4	4	2	3
Numeracy	Year 3	3	4	3	3	2
	Year 5	3	4	3	4	3
	Year 7	2	4	3	3	3
	Year 9	4	3	4	1	3
Spelling	Year 3	1	3	1	1	1
	Year 5	2	2	3	3	3
	Year 7	2	2	2	2	2
	Year 9	1	1	2	1	3
Grammar and Punctuation	Year 3	3	3	3	3	2
	Year 5	3	3	2	3	3
	Year 7	2	3	3	3	3
	Year 9	4	4	4	2	1
Writing	Year 3	3	2	2	1	3
	Year 5	3	3	3	3	3
	Year 7	4	3	3	3	3
	Year 9	4	4	5	4	4

- The following table shows data for the Higher School Certificate (HSC) for all NSW schools (noting that comparative data for other states is not available for the HSC):

Year	2013	2014	2015	2016	2017	2018
Top 2 bands %	38.6%	39.8%	38.6%	40.4%	41.4%	40.9%

- The following table shows the percentage of students who achieved the equivalent of the national proficient standard for Australia (3 domain average), from the Programme for International Student Assessment (PISA):

Year	2006	2009	2012	2015
NSW students	68%	66%	63%	58%
Students from all countries (OECD average)	57%	57%	56%	55%

- The following table shows the percentage of students who achieved the equivalent of the national proficient standard for Australia (5 domain average) from Progress in International Reading Literacy Study (PIRLS) and Trends in International Mathematics and Science Study (TIMSS):

Year	2007	2011	2015/16
NSW students	71%	73%	71%
Students from all countries (international median)	59%	64%	72%

- The performance of NSW students when measured against international metrics has not improved. Addressing this issue forms part of the Department's priority reform agenda. Both PISA and PIRLS/TIMSS are used as internal metrics with targets to 2021 (as PISA is every three years). Note



that PISA and PIRLS/TIMSS results are based on a sample of NSW students, and estimates are therefore subject to sampling and non-sampling errors; and so should not be solely relied upon as a measure of NSW school and student performance.

## **(b) the existing state of measurement in the New South Wales education system and the measurement systems and data requirements that would be required to implement outcome-based budgeting in the New South Wales education system**

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- The Department of Education has recognised that better systems, measurement and data are required to underpin and inform the development, roll out, evaluation and refinement of key reform initiatives.

### **The Centre for Education Statistics and Evaluation**

- The Centre for Education Statistics and Evaluation (CESE) was created in 2012 to improve the effectiveness, efficiency and accountability of education in NSW. CESE is focused on supporting decision-making in education delivery and development with strong evidence. It is Australia's first dedicated hub of education data and evaluation.
- Through CESE, we have invested in data collection and data warehousing capabilities and we have created a business intelligence system for education. Business intelligence provides school teachers and leaders with easy access to data and analysis to enable them to make better decisions and provide better support for students. At a system level, it enables the Department to better target support for schools. And for parents or carers, better data can provide tailored insights to understand the progress of their child.

### **Business support systems**

- The Department has also invested in key business support systems, recognising that these investments can make schools more efficient and free up time for principals and teachers to focus on teaching and learning. We have implemented a suite of supports as part of the school finance and payroll system.

### **NAPLAN – a key measure of student learning**

- At Education Council in June 2019, the NSW Minister for Education and Early Childhood Learning proposed it was time to review how NAPLAN should operate in the future. The intent of the review is to ensure that Australia has an assessment system that is fit-for-purpose and that is consistent with international best practice. The review would consider how national literacy and numeracy assessment would operate in an environment where online formative assessments are readily available for use in the classroom by teachers and determine what a new diagnostic assessment regime may look like.
- Presently, NAPLAN remains a critical part of the education infrastructure, offering an insight into student learning that is not otherwise available. It is a key improvement measure in the Department's Strategic Plan, and in the priority reform agenda. This will remain the case until a superior test is developed.

### **School diagnostic assessments**

- Internal school diagnostic assessments have been developed to support schools' early identification of student learning needs. The Department of Education has developed Best Start Kindergarten and

Best Start Year 7 for schools to identify those students who require additional support to meet expected learning outcomes at key transition points.

- Information from these diagnostic assessments is reported to parents and caregivers, providing them with meaningful insight about the progress and achievement of their child. The Department is also focused on establishing more on-demand diagnostic and formative assessments that are tied to the National Literacy and Numeracy Learning Progressions.
- Online and on demand assessment resources aligned to learning progressions, as recommended by the Gonski Review to Achieve Educational Excellence in Australian Schools, would assist teachers to administer quality assessment quickly and easily to inform their professional judgement of a student's progress and confirm next learning steps.
- Both the development of learning progressions and assessment resources can inform, enable and be used by students as a key part of their own learning, and assist teachers to educate students to have greater understanding of their own progress to achievement.

#### **Data for Outcome Budgeting**

- A key challenge to implement Outcome Budgeting more broadly across the NSW public sector is to simplify how reporting on financial allocations can be combined with performance data. There is currently not a simple data system shared with NSW Treasury that provides information easily. The Department of Education and NSW Treasury are working together to improve the transparency of budget allocations and performance data, and how these link to specific priorities of the Department. In many cases there will not be a one-to-one matching of a program to a specific outcome.

### **(c) consequences of the introduction of outcome-based budgeting for New South Wales schools with particular regard to:**

#### **(i) the needs of and impact on disadvantaged schools and students from a disadvantaged background**

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- The Department of Education has been the pilot agency for developing and implementing Outcome Budgeting, in collaboration with the NSW Treasury and the Department of Premier and Cabinet.
- Outcome Budgeting was one of four key reforms in the recent NSW Budget; it shifts emphasis from incremental funding allocations and expenditure patterns, to a richer focus on outcomes for citizens.
- The Department's priority reform agenda includes internal metrics on key equity groups to ensure that needs-based funding and support flows to schools with the most critical needs.
- The Department distributes funding to government schools through a needs-based funding approach, using the NSW Resource Allocation Model (RAM). This is a needs-based funding arrangement consistent with the requirements under s78(5) of the *Australian Education Act 2013* (Cth) (the AE Act) (which is modelled on the Schooling Resource Standard (SRS)).
- Needs-based, sector-blind funding was at the core of the original Gonski recommendations and this approach underpins both the NSW and Commonwealth funding models. Addressing need is about directing funding to focus on bringing about equitable outcomes. This is best done by targeting funding to areas of greatest need using student characteristics most associated with educational disadvantage such as Aboriginal background, disability, English language proficiency and socio-economic background. This ensures the individual learning needs of all students are met, while understanding that certain cohorts need additional support.
- Disadvantage continues to impact on the educational outcomes of students in NSW. The Department has a significant role to play in reversing these trends due to a higher proportion of disadvantaged students enrolled in public schools.

- Outcome Budgeting is enabling the Department to build on and extend existing initiatives that provide targeted funding for services to schools with high rates of disadvantage.
- We are continuing to invest in new system-wide capabilities to deliver the kinds of high-impact innovation necessary to make headway against these trends – including advanced quantitative analysis to diagnose and target need, as well as rigorous qualitative research, human-centred design, try-test-learn innovation, and evidence-based comparative insights to design solutions that can deliver on outcomes.
- The Department is providing dedicated, holistic support to vulnerable children and their families, based on continuously improving methods to identify and target need. For example, the Department is pioneering new quantitative methods to diagnose schools likely to have highly complex school environments, with implications for the ways in which we allocate resources, set targets, understand “need”, and more broadly drive school improvement.
- Approximately 12-15% of NSW public schools are coping with highly complex school environments, where multiple types of need combine in high concentrations to produce unpredictable and often unsustainable demands on school leaders and staff. These are schools operating on the frontlines of entrenched disadvantage, in communities where they are often acting as the service providers of last resort.
- Addressing complexity is likely to be important for achieving equity targets, driving system-wide school improvement, and delivering an education system that reduces the impact of disadvantage.
- We also know that there are particular student cohorts that need more support to realise their full potential. We are monitoring specific performance data for these cohorts, for our key targets, along with the impact of the support we provide to our students specific need: Aboriginal students, students from low socioeconomic status backgrounds, rural and remote students, and students with disability.
- For Aboriginal students in 2018, 9.8% achieved in top 2 bands in reading and numeracy. This rate is less than a third of the rate for all students achieving in top 2 bands in reading and numeracy.
- Similarly in 2018, the gap in the rate achieving in top 2 bands in reading and numeracy between low and high SES students is 30 to 50 percentage points across Years 3 to 9.
- We have historically had less robust data for our students with disability (due to a lack of accessibility and/or relevance of some assessments). As part of the Department’s Disability Strategy (launched in early 2019) we are developing and implementing a range of new measures to ensure we understand and can track learning, wellbeing and independence outcomes for all our students, including non-verbal students and those with intellectual disability (see also next question).
- We are committed to ensuring our equity targets reflect the notion that the best education system in Australia should also be the fairest – one where every student and every school improves.

## (c) consequences of the introduction of outcome-based budgeting for New South Wales schools with particular regard to:

### (ii) the needs of and impact on students with a disability

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- The Department of Education’s outcomes of: (1) ensuring more students have positive relationships at school and feel a sense of belonging; and (2) improving educational and social outcomes have a significant bearing on improving the educational and inclusion outcomes for students with disability in NSW schools.
- In February 2019, the then Minister for Education released the Department’s Disability Strategy. The Strategy is the articulation of the commitment to build a more inclusive education system, one where all students feel welcomed and are learning to their fullest capability.

- The Strategy identifies that one of the biggest challenges we face in reforming the education system is building an adequate evidence base. Currently, there is little consensus on how to measure learning outcomes for students with disability.
- To this end, one of the focus areas of the Disability Strategy is to 'track outcomes' through building an evidence base against which we will evaluate our progress. These measures will provide the Department, teachers and families with a good understanding of how students and schools are progressing, and allow us to make any changes as necessary. A first step in this work is including additional targeted measures for student and parents' experience as part of the Department's 'Tell Them From Me' survey, the results of which will be available in November 2019.
- Additional measures are being investigated including a consideration of our current approach to tracking post-school outcomes for students, as well as reviewing learning assessments developed in NSW and in other jurisdictions, that better reflect and track the learning and wellbeing of non-verbal students and those with severe intellectual disability.
- Further, the Strategy recognises that funding mechanisms aren't always flexible for individual students who may need to move through different types of support in their schooling. As part of the implementation of the Disability Strategy we will review the way we resource schools to enable them to respond to students' needs quickly, and to effectively support the best outcomes for each child and young person.
- The Disability Strategy committed to launch an innovation fund for schools to trial and evaluate new resourcing models to give schools greater resourcing and flexibility to tailor education to students' needs. The innovation fund will support schools to pilot and evaluate new approaches.
- We will provide support and resourcing to help schools plan, implement and evaluate a number of different approaches. Successful approaches will be showcased so that other schools can adopt and adapt them. Successful approaches will also inform future resourcing decisions.

## (c) consequences of the introduction of outcome-based budgeting for New South Wales schools with particular regard to:

### (iii) parental/community involvement in school accountability

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- The school planning process encourages engagement with the whole school community in contributing to the school's strategic directions. An essential component of the school plan is a shared vision, aligned with the Department of Education's priorities. The School Plan also includes improvement measures, one of which must relate to literacy and numeracy, against which the impact of the strategic directions will be monitored and evaluated. Principals endorse the school planning process as an accurate representation of consultation with the community and evidence-informed decision-making. The three-year School Plan is then published on the school's website by the end of Term 1, at the commencement of the planning cycle.
- Strong partnerships between a school, its teachers, parents/carers and community have demonstrated positive contribution to student learning. The school planning approach offers opportunities for schools to develop planning processes that facilitate authentic, inclusive, whole school community consultation. Where appropriate, this consultation includes local Aboriginal elders and the Aboriginal Education Consultative Group Inc. (AECG) or local land council representatives.
- School leadership teams evaluate their school plan through ongoing self-assessment. This self-assessment identifies impact and growth, providing information to assist decision-making. A wide range of strategies are used to assess progress and impact, including feedback from students, parent/carers and community at regular intervals.
- The Department of Education is investigating additional performance targets for parent/carer satisfaction. The Department is keen to explore in more detail the journey of the individual child

through their years of education, and the role of parents and carers in this journey. We expect to do more to understand the importance of parental engagement, particularly the role of parents and carers in the transition to school, and how they can take a more active role in their child's school.

### (c) consequences of the introduction of outcome-based budgeting for New South Wales schools with particular regard to:

#### (iv) the development of the status and quality of the New South Wales teaching profession

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- The Department of Education has established a priority program to boost the overall capacity and capability of our teaching workforce (Improve Teaching Quality). Outcome Budgeting is supporting our ability to deliver on this important priority.
- We are raising the bar for entry into the teaching profession, attracting the best and brightest teachers into our schools.
- We are strengthening teacher professional development, setting clear expectations matched with support that teachers need to improve every year. In order to support that improvement, we are providing professional learning that is evidence-based, quality assured and drives improvement in teaching practice.
- We are also developing career paths for our teachers to better recognise great teaching and instructional leadership.

### (c) consequences of the introduction of outcome-based budgeting for New South Wales schools with particular regard to:

#### (v) establishing international best practice for teaching methods, performance measurement and school management in New South Wales

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- The School Leadership Institute was established as part of the School Leadership Strategy (2017) and is responsible for ensuring ongoing investment in current and future school leaders at key points in their career. It offers world-class, innovative, evidence-informed, future-focused leadership programs so that our school leaders can focus on the learning of both teachers and students in their schools. Systemically focusing on effective school leadership enables the greatest impact on our teachers and ultimately the learning of students.
- One of the programs on offer, the Aspiring Principals Leadership Program targets aspiring principals and is funded by the Department. It is a 12 month program designed to build the knowledge, skills and capacity that leaders need to ensure continuous school improvement within the values and policy architecture of the NSW public education system. Three cohorts (totalling 141 participants) are currently participating. A highly rigorous selection process has been used to select both participants and Principal Facilitators.
- The Institute will build on the success of the Aspiring Principals Leadership Program with evidence-informed leadership development offerings for other school leaders.
- The Institute will continue to equip future school leaders with the knowledge, skills and attributes they need to lead their schools effectively and maximise their impact on educational outcomes.
- The Department has also advertised 30 fully funded scholarships for Principals with three years or more experience to participate in a unique learning opportunity presented by the Harvard Graduate School of Education to enhance their leadership learning.

- From 2015, the Department has implemented a Performance and Development Framework for Principals, Executives and Teachers. This Framework was developed to support the ongoing improvement of student outcomes through a focus on continuous professional development for the teaching workforce. The Framework describes the annual performance and development requirements, aligned to the Australian Professional Standards for all principals, executives and teachers.
- The annual performance cycle is not a replacement for formal performance improvement processes, should ongoing performance issues be identified. The Framework will be reviewed and refreshed to ensure a stronger alignment to the Teacher Success Profile, a research based framework identifying the experience, skills, knowledge, capabilities and attributes that underpin quality teaching.

## (c) consequences of the introduction of outcome-based budgeting for New South Wales schools with particular regard to:

### (vi) the effectiveness of the Local Schools/Local Decisions policy

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- The Local Schools, Local Decisions (LSLD) evaluation interim (2018) report found that five student engagement measures (attendance, suspension, social engagement, institutional engagement and aspirations to complete Year 12) showed only very small to small overall changes over time.
- In terms of differential change over time, the Department of Education found no relationship between changes over time in these engagement measures and levels of need, with the notable exception that students in higher-need schools typically showed less positive change over time in levels of social engagement than students in lower-need schools. In other words, the gap in this measure between higher-need and lower-need schools increased over time, rather than decreased.
- In four of the five LSLD reform areas - make decisions, manage resources, access suitable staff and work locally - principals perceived the impact of LSLD to have been positive. In the fifth reform area, reducing red tape, more than two-thirds of principals said that LSLD has not had a positive impact on simplifying administrative processes.
- The final evaluation report will also include an analysis of educational outcomes. We are aiming to publish the final report containing a more definitive analysis mid next year.

## (d) how schools should be funded into the future and whether New South Wales growth funding, including from Gonski and other sources, should be linked to outcomes and performance

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- NSW is committed to the Gonski principles of a needs-based, sector-blind approach to funding, which targets funding to areas of greatest need using student and school characteristics most associated with educational disadvantage.
- Both the NSW and Commonwealth governments fund government and non-government schools in NSW. The NSW Government is the majority funder of government schools and the Commonwealth Government provides the majority of funds for non-government schools.
- Needs-based, sector-blind funding was at the core of the original Gonski recommendations and this approach underpins both the NSW and Commonwealth funding models.
- Addressing need by directing funding in a targeted way is directly linked to bringing about equitable outcomes and lifting performance. This is best done by targeting funding to areas of greatest need using student characteristics most associated with educational disadvantage such as Aboriginal background, disability, English language proficiency and socio-economic background. Implementing a



needs-based approach to funding ensures the individual learning needs of all students are met, while understanding that certain cohorts need additional support.

### **The Resource Allocation Model**

- Under the NSW needs-based funding arrangement, government schools are funded according to both student and school level need through the Resource Allocation Model (RAM). The RAM, introduced in 2014, has been developed to ensure a fair, efficient and transparent allocation of the state public education budget. It is made up of three components:
  - Base school allocation which provides funding for the core cost of educating each student and operating a school. This includes operational funding, staffing as well as additional loadings for schools in regional and remote locations.
  - Equity loadings which are calculated at the school population level for the following:
    - socio-economic background;
    - Aboriginal background;
    - English language proficiency; and
    - Low-level adjustment for disability.
  - Targeted funding which is directed to supporting students with particular learning needs, in particular:
    - refugee students who have been enrolled in an Australian school for less than three years;
    - newly arrived students who speak a language other than English as their first language and require intensive English language tuition; and
    - students with moderate to high levels of adjustment for disability who access support through the Integration Funding Support Program.
- The RAM reflects the Gonski Review emphasis “on the need for an equitable school funding system: one that ensures that differences in educational outcomes are not the result of differences in wealth, income, power or possessions”<sup>1</sup>.

### **The Schooling Resource Standard**

- In 2018 the NSW Government aligned its funding of non-government schools with the Commonwealth's Gonski needs-based funding formula. Since entering the National and Bilateral School Reform Agreements, NSW funding for both the government system and non-government schools is also linked to the Commonwealth's Schooling Resource Standard (SRS) model. The SRS is an estimate of how much total public funding a school needs to meet the educational needs of its students, and is based on recommendations of the 2011 Gonski Review. The SRS is made up of a base amount for every primary and secondary student, along with six loadings to provide extra funding for disadvantaged students and schools.

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<sup>1</sup> [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/School\\_Funding/School\\_Funding/Report/a03](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/School_Funding/School_Funding/Report/a03)

## (e) reporting and accountability measures for all schools in regard to state government funding

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- NSW remains committed to sector-blind needs-based funding.
- NSW government schools are allocated funding according to a needs-based formula. The NSW State Government provides the majority of funding for government schools, while the Commonwealth provides the majority of public funding for non-government schools. Budget allocations to schools are not split by funding source.
- Schools are accountable for spending their annual budget, according to their annual School Plan.
- All schools are required to report on their outcomes and performance.
- Schools that are not meeting their expected growth of student outcomes will be provided tailored support to help them. There is no suggestion that school funding would be cut; funding will continue to be driven by student need.

### State measures

- The NSW Government has a range of educational reporting and accountability measures for state funding to government and non-government schools. To receive funding under the *Education Act 1990* (NSW) ('the Act'), all schools must be registered with the NSW Education Standards Authority (NESA).
- The NESA registration requirements provide assurance that all schools meet the standards prescribed by the Act, including that they have appropriately qualified staff; that curriculum requirements are fully met; and that children are cared for in a safe and supportive environment. NESA also requires that every school provide an Annual School Report on the educational performance of the school. This includes literacy and numeracy outcomes, attendance, senior secondary outcomes and post school destinations. The annual report must also include school determined improvement targets to ensure that the focus remains on every school continuing to improve.
- NSW publishes high-level information about its needs-based funding methodology for government schools on a departmental website and publishes the loadings component of the RAM funding per government school at <https://schoolsequella.det.nsw.edu.au/file/ca1f29a8-4727-4c34-b6d3-f34c237e9406/1/2019-sbar-funding-table.pdf>. NSW government schools also receive a breakdown of their funding components and the calculations that underpin them in their School Budget Allocation Report.
- Non-government schools are required to submit a financial accountability certificate each year. In the certificate, non-government schools must agree to commit state funds to one or more of the following purposes:
  - Teaching and ancillary staff salaries
  - Professional development
  - Curriculum development
  - Maintenance
  - General operations.
- Non-government schools must also comply with not-for-profit requirements under section 83C of the Act to receive state government funding. These ensure that payments made by the school are genuinely required to meet its educational objectives and operational requirements. To meet these requirements, payments must meet three tests: made at market value; required for the operation of the school; and reasonable.
- The Minister for Education has the authority to audit schools at any time. Schools must cooperate with investigations and provide information to the Department of Education as required.



## National measures

- As part of the National and Bilateral School Reform Agreements, all schools are required to participate in NAPLAN and must report their results publicly on the My School website. Both Commonwealth and State school-level expenditure is also available on the MySchool website.
- Schools must comply with ongoing reporting requirements under the *Australian Education Act* to receive Commonwealth funding. This includes an annual census, Financial Questionnaire (non-government schools), acquittal certificate and block allocation report (see sections 34-35 of the *Australian Education Regulation 2013* (Cth)). The NSW Government also complies with annual reporting under section 22A of the AE Act. These measures increase transparency for school enrolment and expenditure information and strengthen accountability for the allocation and use of government financial assistance.
- In addition to Commonwealth reporting requirements, non-government schools in NSW are also required to comply with financial and governance reporting requirements with the Australian Charities and Not-for-profits Commission.

## Further steps to strengthen educational accountability for non-government schools

- As part of the Bilateral Agreement, NSW has committed to a series of actions to accompany the needs-based funding reforms. These actions include a commitment to strengthen accountability measures for non-government schools that receive state funding.
- Initially this will be through the development of memoranda of understanding with the Catholic and Independent sectors. Lifting educational outcomes at all schools is a common aim for all educators – and this joint ambition will be a core part of the new arrangements with the sectors.

## (f) the provision of wrap-around services to support educational outcomes

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- To ensure our system helps support equity, the Department of Education will monitor the performance of all students in NSW public schools against goals and targets, including specific groups of students for whom we want to strengthen support to help them achieve their potential. These include Aboriginal students, students living in rural and remote areas, students from low socio-economic backgrounds and students with disability.
- We will continue to provide dedicated, holistic support to vulnerable children and their families, based on continuously improving methods to identify and target need. This support builds upon and extends existing initiatives, and includes dedicated, flexible funding for wellbeing services to schools with high rates of disadvantage and specialist staff to help schools manage complex needs and access service providers.
- In order to meaningfully reduce the impact of disadvantage in our schools, we will continue to invest in new system-wide capabilities, from building school-based expertise for managing complex student needs to leveraging sophisticated data analysis, rigorous qualitative research, human-centred design, try-test-learn innovation, and evidence-based comparative insights.
- The Department is committed to tailoring support for school-level improvement. Different schools require different levels of support, and the Department is continuously improving its methods of identifying specific types of need in order to provide differentiated support, resourcing and accountability models designed to support school improvement practices.

### **Cross-cluster initiatives**

- The Department of Education is also working to maximise the impact of its system-level resources for coordinating complex case support, including by facilitating access to specialist services and convening interagency responses where needed.
- One example of cross-cluster working is in education of Aboriginal students, where the Department's own Connected Communities team works closely with Aboriginal Affairs NSW, including on the Aboriginal Languages Strategic Plan and with the Aboriginal Education Consultative Group Inc. (AECG).
- Their Futures Matter is a cross-government reform delivering whole-of-system changes to better support vulnerable children and families. The guiding vision is to significantly improve life outcomes for current and future generations of children and families, and to ensure that every child has a safe, permanent and loving home. Leaders of the reform include the NSW Government departments of Education, Family and Community Services, Health, Justice, Premier and Cabinet, and Treasury.
- The Their Futures Matter (TFM) reforms have enabled the Department to specifically focus on the additional educational needs of students in statutory out-of-home care, while the reform's Lifetime Outcomes Modelling (to which the Department contributed, led by CESE) promises unprecedented insight into the drivers of vulnerability and service usage costs to the NSW Government.

### **(g) any other related matters**

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- Nil.