



Case study: Direct income measure of capacity to contribute

This case study shows how the department used the Multi-Agency Data Integration Project to ensure non-government school funding is targeted at the student who need it most.

The National School Resourcing Board (the Board) was established on 1 November 2017 under section 128 of the Australian Education Act 2013 to provide independent oversight over Commonwealth school funding and help ensure public confidence in the operation of the funding model. The Board's first priority was to undertake a review of the socio-economic status (SES) score methodology and current funding arrangements for determining the capacity of non-government school communities to contribute to the operational costs of their school. The Board's Review of the socio-economic status score methodology (the Review) made six recommendations and a number of findings.

In its review, the Board found that recent innovations in whole-of-government data linkages meant that a better measure of a school community's capacity to contribute to their school's operating costs is now available; a direct measure of parental income is currently the most fit-for-purpose, transparent and reliable approach. The Government accepted the six recommendations and announced it would implement new, improved arrangements to determine the capacity of a school community to contribute to the operation of non-government schools. At the time of announcement, the Government made clear its objectives for the policy:

- “The new method for calculating school funding will make the education system fairer and more equitable.”
- “...using improved data collection and analysis that will ensure non-government school funding is targeted at the students who need it most.”

The use of integrated data through MADIP underpinned the development of this policy, resulting in the development of a measure that creates a fairer and more accurate method for allocating funding to non-government schools.

In order to implement the direct measure, the department is undertaking an annual information collection (parent/guardian name and address data), enabling the linkage of this information to

income tax data to calculate a school community's capacity to contribute. The department is working closely with the Australian Bureau of Statistics (ABS) on the MADIP and data linkage components of the project. The ABS is also providing its expertise through the development of a data quality and validation framework, along with providing technical expertise on the development of an appeals process.

The non-government school sector has accepted the introduction of the new measure. The Government continues to consult with the sector on the refinement and implementation of the measure. This consultation includes the establishment of the Direct Income Measure of Capacity to Contribute Technical Working Group (Technical Working Group). The Technical Working Group consists of representatives from the non-government schools sector, the Australian Government, state and territory governments and provides advice on refinements to the measure for further consultation and feedback, to support the development of a high quality, reliable and robust methodology. Consultations are also held through the Consultative Reference Group, which brings stakeholders together to discuss policy settings being considered, allowing the full range of views and perspectives to be heard and garnered.

Schools will commence transitioning to the direct income measure from 2020, with the capacity to contribute for all applicable non-government schools being calculated using the measure from 2022.

