



Direct Income Measure of Capacity to Contribute Technical Working Group

The Department of Education has established the Technical Working Group to undertake further work on the implementation of the direct income measure of capacity of a school community to contribute to the cost of schooling. The Technical Working Group will also provide advice on refinements to the measure for further consultation and feedback, to support the development of a high quality, reliable and robust methodology for use in the Schooling Resource Standard funding model.

The Technical Working Group will meet on a regular basis and consists of representatives from the non-government schools sector, the Australian Government, state and territory governments.

Meeting 6 – 28 May 2019 | Communiqué

The Technical Working Group held its sixth meeting in Canberra on Tuesday 28 May 2019. The Technical Working Group discussed a range of issues including:

- Options for linking address collections with tax years to create a rolling (moving) average
- Options when a direct income measure score cannot be calculated
- Treatment of missing data – characteristics of schools with low linkage rates
- Family characteristics – adjustment for family size.

Linking address collections with tax years to create a rolling average

The Department presented options for linking the annual *Student Residential Address and Other Information Collection* with different tax years to create a rolling (moving) average. The Department noted that address data are available in the calendar year in which the data are collected. Income data sourced through the security of the Multi-Agency Data Integration Project (MADIP) are available 18 months after the end of the relevant financial year.

Technical Working Group members discussed options for linking the data under the direct measure and the principles that should be used to evaluate the options. Members expressed a preference for linking the most recently available income data in MADIP to the most recently available address data to balance stability, transparency and the need for the measure to reflect the current parent and guardian community of a school. Members agreed that the options should be revisited when an additional year of linked data are available.

Options when a direct income score cannot be calculated

The Department presented a paper on options to calculate a capacity to contribute score for schools where data could not be released due to privacy concerns or schools with an insufficient number of linked students. Members discussed bias in missing data and how this would need to be taken into account when calculating a school's capacity to contribute score. There was agreement that in considering options to remove bias, accuracy of the measure outweighed simplicity. The Department agreed to further investigate options with this guidance.

Treatment of missing data

The Department presented an analysis of the characteristics of families of unlinked students and schools with lower linkage rates. The Technical Working Group noted the data driven approach taken to date and the alternative data sources that could be used to adjust for the majority of unlinked students. Members were supportive of the broad approach and made suggestions for further refinement. With their detailed knowledge of unique circumstances of specific schools, Technical Working Group members agreed to assist the Department to investigate reasons for low linkage rates on a case-by-case basis. Technical Working Group members requested that further work be undertaken to investigate whether linkage rates improve over time and between collections.

Family characteristics

The Department presented follow up analysis of potential methodology options to adjust for the impact of family size and family circumstances on the direct income measure of capacity to contribute. Whilst members agreed there was merit for the inclusion of an adjustment to account for family size in the methodology, it was noted that further investigation is required on the best way to adjust income data for family size, the availability of data sources to determine family size consistently and accurately, and volatility. If reliable data are not available by 2020 to inform an adjustment for family size some members suggested that it be included in a robust appeals process until such time that reliable data are available. Other members suggested that data on family size could be included from 2020 and improved over time.

Background

The National School Resourcing Board (the Board) undertook an independent review of the methodology used to calculate capacity of a non-government school community to contribute to the cost of schooling to ensure it is the fairest, most effective, accurate and transparent model available. The Board's final report made six recommendations, including that the capacity to contribute for a school be determined based on a direct measure of income of parents and/or guardians of the students at the school.

The Government has accepted all of the Board's recommendations and will use a direct income measure of capacity to contribute from 2020 based on the income of parents and/or guardians of students at a school. This more targeted, more accurate measure will ensure funding flows to the schools that need it the most.