



CATHOLIC EDUCATION
WESTERN AUSTRALIA

CECWA Funding Allocation Model (FAM)

Introduction

The Australian Education Act 2013 (AEA) is the main legislation for Commonwealth funding to government and non-government schools in Australia. The Act commenced on 1 January 2014 and significantly changed how the Australian Education Act Recurrent Funding (AEARF) was generated for CEWA.

In 2014 CECWA established a Funding Work Party, and a needs-based funding model was developed to reflect the Act and its objectives for a needs-based funding approach to schools.

The Funding Allocation Model (FAM) is used for allocating AEARF.

Receipt of Funds and Co-responsibilities:

- The AEARF is received for distribution in one pool.
- An administration cost deduction (2%) is applied to the total funds received.
- CECWA System Initiatives and Co-responsibility items are also deducted from the total funds received. Examples include:
 - Recurrent contribution for Debt Servicing Assistance
 - Health Care Card Discount subsidy to schools
 - Funding for small, new and CARE schools
 - Digital Technology
 - Other system approved initiatives
- CECWA System Initiatives and Co-responsibility items are approved by CECWA on an annual basis, and any new items will be approved by CECWA after consultation with relevant stakeholders.
- After the above centralised deductions have been applied, the respective Base and Loading pools are determined by reference to how much each pool has generated as a percentage of the total funding received.

Base Allocation:

- All schools are entitled to a base amount of funding for every student.
- The Schooling Resource Standard (SRS) is a benchmark for how much funding is needed for a Primary and Secondary school students, on a per student basis.
- The Base pool consists of the Primary pool and Secondary pool, for Primary and Secondary students respectively.
- After centralised deductions (2% admin, CECWA System Initiatives, and Co-responsibility items), salary recoveries related to each pool are deducted.
- After abovementioned deductions, the FAM calculates the Primary or Secondary Base Rate for a school by using the SRS benchmark available, less the State Government per capita funding rate, less the parent's assumed capacity to contribute (CtC) to tuition fees.
- The CtC is measured using the Direct Measure of Income (DMI) based on the median income of the parents of the students attending the school.
- A DMI score is determined for each school which indicates the assumed dollar figure parents can financially contribute to the school through tuition fees.

- The CtC parameters used in the FAM model determine the CtC dollar amount for each school based on their DMI score.
 - CECWA has adopted the CtC parameters per the AEA for Secondary Schools
 - CECWA has adopted modified CtC parameters for Primary Schools
- Base Rates (per student) is calculated for each school as follows:

Primary Base Rate (per student)	=	Primary SRS Available	-	State per Capita Funding	-	Private Income per the CtC
Secondary Base Rate (per student)	=	Secondary SRS Available	-	State per Capita Funding	-	Private Income per the CtC

- Total Base Funding is calculated for each school as follows:

Primary Base Funding (Total)	=	Primary Base Rate (per student)	x	PP-Yr6 Students @ August Commonwealth Census
Secondary Base Funding (Total)	=	Secondary Base Rate (per student)	x	Yr7-12 Students @ August Commonwealth Census

Loadings:

- Students and schools who need extra support receive additional loadings.
- The loadings are defined as:
 - **Students with Disability (SWD)** – funding for students with disability, identified through the Nationally Consistent Collection of Data (NCCD)
 - **Low English Proficiency (LEP)** – funding for students with low English proficiency
 - **Aboriginal Students** – funding for Aboriginal students
 - **Low SES** – funding for students with educational disadvantage
 - **Location** – funding for a school’s location and remoteness
 - **Size** – funding for a school deemed to be small in enrolments.
- Loading pools are net of centralised deductions.
- The SWD NCCD, Aboriginal Student and Location loading pools have loading specific deductions applied, such as salaries recoveries, team costs and centralised programs. The available funds are then allocated to schools using the percentage generated method.
- The LEP loading is used for program funding and is currently paid to schools on an applications basis.
- The Low SES and Size loadings currently do not have any further loading specific deductions and are allocated to schools using the percentage generated method.
- “Percentage generated method” is a means of distributing funds available to schools proportionately. The percentage of loading funds a school generates under the AEA calculation is an indication of entitlement and need. Therefore, the higher a school’s percentage generated entitlement, the more funding they will receive.

- A school's percentage generated entitlement for each loading is calculated as follows:

Percentage Generated Entitlement \$	=	$\frac{\text{School's \$ Loading per the AEA}}{\text{Total \$ Loading received by System}}$	x	Loading funds available after deductions
-------------------------------------	---	---	---	--

Transition Funding

- From 2015, a minimum guarantee was introduced to slowly transition schools to the new needs-based funding model.
- The minimum guarantee provides at minimum 1% indexation on school's prior year FAM per capita rate.
- The minimum guarantee will end in 2023, and from 2024 onwards all schools will receive their FAM entitlement without any further transitional adjustments.

Appendix 1: System Overview of Australian Education Act Recurrent Funding (AEARF)

Receipt of Funds by CEWA							Allocation to Schools
AEARF Funds Received	Less 2% Admin	Less CECWA Initiatives	Base	Primary	Less Primary Base Recoveries	\$ Funds Available in Each Loading	Base Formula
				Secondary	Less Secondary Base Recoveries		% Generated Method
			Students with Disability (NCCD)		Less Salaries Recoveries, Team Costs and Programs pertaining to each Loading		% Generated Method
			Aboriginal Students				% Generated Method
			Location				% Generated Method
			Low English Proficiency		No further deductions applied		EAL/D Program Funding
			Low SES				% Generated Method
			Size				% Generated Method

Appendix 2: Philosophical Guiding Principles

From the *Philosophical Principles Underlying a New School Funding Allocation Model for the Australian Government Recurrent Grant*, September 2014.

1: Core guiding principle

CEWA administers and distributes government funding for the System in line with the intent and spirit of the Bishops' Mandate and the CECWA's Terms of Reference.

2: General use of funds

There is single pool of funds received from the Australian Government for distribution to schools and these funds are distributed by CEWA in line with the CECWA approved distribution formulae as defined in the Funding Allocation Model (FAM).

3: CECWA discretion

CECWA determines System priorities, through appropriate discernment and collaboration with stakeholders, which require the allocation of Australian Government funds from Co-Responsibility.

4: Administration expenses

CEWA retains a total of 2% of the Australian Government recurrent funding to assist with the System's administration costs.

5: Co-Responsibility pool

The system's Co-responsibilities, as previously identified by the CECWA, includes:

- Recurrent contribution for Debt Servicing Assistance
- Health Care Card Discount subsidy to schools
- Funding for small, new and CARE schools
- Digital Technology
- Other system approved initiatives

6: Agreements with Order-accountable schools and incorporated bodies

Discussions are held with Order-accountable schools to develop suitable mechanisms that enable the on-going recovery of costs associated with the support and advice that the CEWA provides to them.

7: Debt Servicing Assistance

Debt Servicing Assistance assists schools with the recurrent cost of debt.

8: Health Care Card Tuition Fee Discount Scheme

The Health Care Card Tuition Fee Discount Scheme provides a subsidy to schools for providing Health Care Card discounts to eligible families.

9: CECWA Initiatives

Existing CECWA initiatives continue to be funded from Australian Government recurrent funding.

10: 'No school loses a dollar' vs Phasing-in

A transition period has been provided to schools, to allow time to adjust to the revised Funding Allocation Model. The minimum guarantee funding provisions cease to apply from 2024.