Why has this change come about?
All schools are complex. It makes sense to have a classification structure that links principal remuneration to both the scale of school operations and the additional educational needs of students.

To ensure the structure can be applied across different types of schools only funding which applies generally to all schools is considered. The structure counts those items which reflect student need and school operations.

The same approach to analysing funding has been applied consistently to both OASIS and SAP (229) funding platforms.

Is the Principal Classification Report different to the RAM Report?
Yes, these two reports have different purposes.

Principals will receive the Principal Classification Report in November 2015. This provides every principal with information about their school classification budget, that is, the components of their 2015 funding allocations that will be used to determine their salary outcome in 2016. This Factsheet is only concerned with the principal classification process.

Principals received the 2016 RAM Report in October 2015. This provides every principal with information about the annual funding they will receive in 2016.

The two reports will have a common template section to ensure that principals understand advice received about principal classification and advice received about RAM. The Financial summary template in the Principal classification report was included in the 2016 RAM reports.

What is counted in determining principal classification outcomes?
Principals’ classification outcomes are determined by aspects of the schools’:
1. Targeted funding
2. Equity loadings
3. Base school allocation.

As the outcomes of the structure need to be known in advance, the funding considered will be the previous year’s allocations. For example, 2015 funding will be used to determine the 2016 Principal Classifications outcome.

What is targeted funding?
Targeted Funding includes:
- Norta Norta (NAPLAN Component)
- New Arrivals Program (NAP)
- Refugee Student Support
- Integration Funding Support.

To mitigate the effects of ebbs and flows of Norta Norta and Integration Funding Support in determining school need they are considered on the basis of a three year rolling average.

What are equity loadings?
Equity loadings include:
- Socio-economic background loading
- Aboriginal background loading
- English language proficiency loading
- Low level adjustment for disability loading.
What is the base school allocation?
Base School Allocation includes a number of school specific components such as:

- Staff related funding including:
  - Establishment staff (Formula Allocations)
  - Staff allocated to schools via programs and Directorates to address needs within the school.

-Globals including:
  - General operations
  - Utilities
  - Short term relief.

What about staff shared across schools?
Where the individual school allocation is known at a systems level, e.g. for school counsellors, the individual allocation is included for each school, and the global allocation is included in the operational funds of the base school. That is, these funds are included for the principal classification process.

However where a position is based at a school but shared across a number of other schools, only the global allocation for that staff member is included in the operational funds of the base school. That is, the salary of staff shared across schools is not included in the principal classification process.

What about program funds?
Program funds are included where they have general application, not only application to particular schools. Examples of programs included for classification determination are:

- Computer coordinator, formula based
- Teacher professional Learning, formula based
- Literacy and numeracy (K – 6), formula based.

What about my school’s unique characteristics?
The new principal classification structure does not try to compare unique features of every individual school but uses components of the RAM funding that are common across most schools to provide a fairer and more equitable classification system.

How does the analysis of funding allocations result in a salary outcome?
Funding thresholds are applied to the funding result to determine the salary outcome. For more information please see the New Principal Classification Structure at www.dec.nsw.gov.au/about-the-department/our-reforms/award-initiatives

Will principals be paid more under the new principal classification structure if school funding increases?
When a school moves into the next funding principal classification threshold the principal will be paid according to the higher classification. Principal remuneration will be reviewed on an annual basis, with any changes becoming effective from January of the following year.

Will principals be paid less under the new principal classification structure if school funding decreases?
P1 to P5 principals in this situation will receive salary maintenance for three years. After that time the principal will be paid according to the new level.

The salaries of TP1 and TP2 principals will not decrease while they remain at the current school.

How will the funding thresholds be adjusted?
Each year school funding will be reviewed to take account of issues like salary increases, new programs, government initiatives and other developments. Thresholds will be adjusted to maintain relativities in terms of the overall amount of funding in the system.