THE RESOURCE ALLOCATION MODEL (RAM) IN 2016
LOCAL SCHOOLS, LOCAL DECISIONS
In 2013, NSW endorsed the Gonski Review’s clear vision for schooling in Australia that “every child should have access to the best possible education, regardless of where they live, the income of their family or the school they attend”. The New South Wales government supported lifting our investment in schools and directing additional funding to schools in a way consistent with the evidence provided by the Gonski Review.

As part of our commitment to the Gonski Review we have developed the Resource Allocation Model (RAM) to deliver needs based funding to NSW public schools.

Nearly three years on from the Gonski Review, it is clear that giving increased funds directly to schools is having a real impact on students. The Local Schools, Local Decisions reforms are giving principals increased control over their budget, empowering them to invest funds in the best interests of their students.

From across the state, I have witnessed first-hand how schools have been using their RAM allocations to provide increased support for students with enhanced professional development and by employing additional staff who often play a key role in implementing targeted literacy and numeracy programs. Schools are using reliable, evidence-based initiatives to meet the individual needs of students and achieve positive outcomes.

In 2016, $113 million of additional money is being directly delivered to schools through the Resource Allocation Model and has been made possible through the Gonski agreement. This is a fairer more transparent way to fund schools. These additional Gonski funds support:

- A per capita allocation to schools to give principals more flexibility in their local decision making to meet the unique needs of students in their school
- Professional learning of all school staff
- Students learning English as an additional language.

As a result of the Gonski agreement which is providing increased funding to schools, the Department is implementing a range of reforms to improve the quality of teaching in schools, to improve outcomes for all students, and to give schools greater authority to meet the needs of their school communities. These include Great Teaching, Inspired Learning; Quality Teaching, Successful Students; Innovative Education, Successful Students; Supported Students, Successful Students; and Rural and Remote Education Blueprint for Action.

Research confirms that investing in our schools makes a difference. A recent study published by the U.S. National Bureau of Economic Research found that when funding increased, students stayed at school longer, were more likely to graduate, and had higher incomes as adults. Every extra dollar of spending on education resulted in a benefit to the economy of two dollars.

The research also showed that students with the greatest need gain the most. Needs based funding, which is consistent with the RAM and Gonski Review, enables schools to target their programs to meet student need from the moment they start school. The RAM represents a ground-breaking opportunity for NSW public schools to close the achievement gap and ensure success for all students.

Since 2014, the NSW Government has so far delivered $311 million of additional needs based funding to NSW public schools. This important ongoing investment supports schools in their pursuit of excellence and ensures high quality educational opportunities for every student.

Adrian Piccoli MP
Minister for Education
What is the RAM?

The RAM is a needs-based funding model that uses a base and loadings approach, consistent with the recommendations of the Gonski Review.

**Five principles underpin the RAM**

The RAM is:

- **based on student and school needs.** The funding provided to schools reflects the characteristics of individual schools and their students.
- **evidence based.** The components of the model are underpinned by the latest educational research and NSW school and student data.
- **moving funds to schools efficiently and transparently.** Funding flows directly to schools and they know the elements that make up their funding allocation.
- **providing certainty for schools.** The model addresses deficiencies in the previous allocation process and gives more certainty to schools which supports effective school planning.
- **sustainable and adaptable.** The model has the capacity to adapt to new policy priorities and changing school and student populations in the future.

There is a base school allocation that includes the core cost of educating each student and operating a school and comprises the largest component of the model. The base is supplemented by equity loadings developed to support different types of student and school-based sources of need.

In addition to the base and equity loadings, the RAM includes targeted funding to enable schools to be responsive to those students with more complex learning and support needs.

**Benefits of the RAM**

The RAM provides many benefits to schools by:

- ensuring a fairer allocation of funding for all schools based on student needs
- allocating most funding on a per student basis
- allocating funding to recognise the different characteristics of each school
- reducing big changes in a school’s funding that can accompany small changes in enrolments
- providing increased funding that goes directly to schools, enabling certainty in school planning, evaluation and reporting from year to year
- allowing for a more dynamic response to innovation and decision-making in schools to meet student needs
- reducing red tape and reporting requirements.

**Phased implementation of the RAM**

Elements of the RAM were introduced for the first time in the 2014 school year, with additional loadings being introduced for the 2015 school year. In 2016, schools will receive the base school allocation.

**2014 RAM implementation included**

1. Targeted (individual student) funding support for students who:
   - require high or moderate level adjustment for disability
   - require specific support
   - are new arrivals or refugees.

2. The equity loadings that provided support for:
   - Aboriginal students
   - students from low socio-economic backgrounds.

**2015 RAM implementation added**

1. Two more equity loadings for:
   - Low level adjustment for disability
   - English language proficiency.

2. A new location loading delivered to eligible schools in 2015 through their base school allocation to provide additional funding to very isolated and remote schools. The location loading was the first part of the base school allocation component to be delivered to schools.

**2016 RAM implementation added**

1. The base school allocation:
   - a per capita allocation
   - a professional learning allocation for all staff

The per capita allocation recognises the relative differences in the cost to educate our students within the current class size policy. Some specialised settings receive a higher weighting due to the intensive nature of teaching support required.

The diagram on the following page shows how the RAM is being phased in over a number of years.

**Schools participating in the Empowering Local Schools National Partnership**

From 2014, the 229 schools that participated in the Empowering Local Schools National Partnership began to operate in the new financial environment and received resources as a budget allocation. As well as targeted (individual student) funding and equity loadings, these schools received a base school allocation with a staffing budget based on staff entitlement at standard cost. This allocation of resources continues in 2016.
Components of the RAM explained

1. TARGETED FUNDING

INDIVIDUAL STUDENT FUNDING

2. EQUITY LOADINGS

SOCIO ECONOMIC BACKGROUND
ABORIGINAL BACKGROUND
ENGLISH LANGUAGE PROFICIENCY
LOW LEVEL ADJUSTMENT FOR DISABILITY

3. BASE SCHOOL ALLOCATION

LOCATION
SCHOOL BUILDINGS AND FACILITIES
CLIMATE
PER CAPITA FUNDING
SCHOOL TYPE

1. Targeted (individual student) funding
Many students face unique and profound challenges that require personalised and customised support.

Dedicated resources are required to support students in whatever settings the students are enrolled. This includes students who:

- require high or moderate level adjustment for disability
- require specific learning support, including targeted support for Aboriginal students identified through the Norta Norta National Assessment Program – Literacy and Numeracy (NAPLAN) component
- are new arrivals or refugees.

2. Equity loadings

Socio-economic background
The rate of funding per student is based on a combination of individual student and school need using the Family Occupation and Education Index (FOEI).

Aboriginal background
The loading reflects both percentage and number of Aboriginal students in the school.

English language proficiency
The loading is calculated using each school’s reported level of English as an Additional Language or Dialect (EAL/D) need.

Low level adjustment for disability
The loading is based on the number of students in regular classes with Low level disability and learning support needs.

3. Base school allocation
The base school allocation reflects the school type and includes:

- a per capita allocation
- a professional learning allocation for all staff
- a budget based on current staffing entitlement, adhering to the class size policy
- site loadings for:
  - school buildings and facilities
  - climate (gas and electricity)
  - location.

The location loading recognises school needs in relation to:

- remoteness – disadvantage due to distance from population centres and the additional cost of goods and services
- isolation – disadvantage due to distance from other schools and the capacity for teacher professional learning.
Use of funds to support students

Principals continue to consult with staff, parents and carers to determine the best way to support the needs of their students.

The way schools use their RAM funding varies based on local needs. Some support will be for the entire school, and some will be for particular groups of students or individual students. Schools may choose to combine their equity loadings to maximise opportunities and support for students.

Every school has a school plan, developed in consultation with the community, in which they must show how they propose to use the funds to support students. Accountability for how the funds were used occurs through the annual report.

Support for principals, staff and school communities

The Department continues to develop and implement a range of professional learning opportunities to address the needs of principals, staff and school communities in areas related to:

- managing school finances
- strategic financial decision making
- consultative decision making
- human resource management and capacity building
- leadership development
- planning and reporting.

Professional learning is delivered in a range of ways to meet the needs of participants, including face-to-face training and information sessions, video-conferencing and supported online learning.

A suite of materials has also been developed to assist principals, staff and school communities to understand the RAM. This information is available on the Department’s website and is updated regularly.

Staff and school communities can speak with their principal if they have any questions.

Principals can seek further advice on any aspect of the RAM from their Director, Public Schools NSW.

For more information on each aspect of the RAM, refer to these information sheets:

1. Base school allocation
2. Location loading
3. Equity loading for socio-economic background
4. Equity loading for Aboriginal background
5. Equity loading or low level adjustment for disability
6. Equity loading for English language proficiency
7. Targeted (individual student) funding
8. Standard cost approach

More information is available on the Department’s website.