Minister, Regional Directors, Principals

- Let me begin by acknowledging we are on the traditional land of the Gadigal Aboriginal people of the Eora nation. I pay my respects to Elders past and present and any Aboriginal people here with us this morning.
- I can only reiterate the congratulations given by the Minister for your selection into the Empowering Local Schools National Partnership.
- I know for some of you, it has not been an easy journey and your commitment and leadership is highly valued. Your leadership is the type we seek in the new chapter for public education in NSW. It demonstrates the personal and professional courage required to embrace a new beginning.
- You represent a body of:
  - educational leaders that focus on placing students at the centre of educational decision making;
  - educational leaders that place the right emphasis on teaching and learning as our core business; and
  - educational leaders that seize an opportunity to place a greater trust in the teaching profession and the judgements teachers make to support students' learning.
- As you all know, a strong vibrant and responsive public education system has at its core the key principles of equity and fairness. This means no matter who you are, or where you are, you have access to a free high quality education in this state. These are important principles for the way in which we contribute to a fair and democratic society.
- Your participation in the Empowering Local Schools National Partnership gives you the opportunity to be involved in writing the new chapter in public education in this state. You will receive your 2013 funding through a new resource allocation model and also be in the group to receive the first release of the Learning Management and Business Reform system.
- Today I want to share with you the key components of our new Resource Allocation Model and describe the elements that make up our purpose built NSW model.
- The model still requires further testing to ensure we get final school allocations right. Today is an important first step in the process. Sharing with you the components of the model is a very important step. This will provide you with a good understanding of the model so that you can actively provide valuable feedback as we move to finalise the model.
- Resourcing of public schools is a hot topic and rightly so. At the state level our funds have increased in the last budget in both quantum and as a proportion of the state budget. We are yet to see the much awaited tangible outcome of national efforts in this area.
Let us take a brief look at some of the characteristics of our existing resource allocation model.

We all know that there are a number of challenges in our current system.

The current allocation system embeds a one size fits all approach. This approach is characterized by a set of “magic enrolment numbers” which trigger particular outcomes… outcomes which act at times as perverse incentives in our system. For example a drop in enrolment by a single student can mean a teacher allocation is removed from the school. We all know the magic numbers – 160 to 159 is one example and 500 to 499 is another. In secondary schools, if enrolment goes over 700 and keeps increasing, you lose significant resources.

In addition, we have a range of programs with tied funding attached. That usually means that we need multiple accounting lines and different reporting processes…all of which are time consuming and create an unwarranted administrative burden.

Money is received at different times of the year making it challenging to be as responsive to student needs or to put the resources to their best use in a timely manner.

It is a highly complex funding model and primarily managed a long way away from schools and their decisions.
Our new Resource Allocation Model (RAM) is underpinned by the following five principles:

1. Based on student and school need: The focus on students is critical – The funding provided to schools will reflect the characteristics of individual schools and their students.

2. Evidence-based: Each component of the RAM is underpinned by the latest education research and the NSW schools and student data available.

3. Moving funds to schools efficiently and transparently: Funding will flow directly to schools and schools will know the elements that make up their funding allocation.

4. Certainty for schools: The new model will provide certainty for schools by:
   - applying graduated funding focused at the student level;
   - bringing funding and loading elements together in a single resourcing model; and
   - including other measures and in-built safety nets to provide funding certainty.

5. Sustainable and adaptable: The RAM is being developed so that it has the capacity to adapt to new policy priorities and changing school and student populations in the future.
The new RAM has some very clear benefits for schools.

These include:

- The movement of 70% of the state education budget to the school level
- Certainty – planning, reporting and evaluating
- Giving you the licence to innovate and the capacity to do so in the best interests of students
The model will also address the issues of concern with our current model and ensure the money in the education budget is distributed fairly.

- The RAM will:
  - reduce big changes in resources that can accompany small changes in enrolments.
  - ensure a more equitable allocation of resources for all schools based on student numbers and student needs.
  - allocate funding to recognise the different characteristics of each school.
Let’s now move to a walk through of the components of the model.

**Base School Allocation will include:**
- a school allocation
- a per capita allocation
- a site loading (school buildings and facilities, climate)

Base funding will be the largest component of any mainstream school’s funding.

**Equity Loadings will include:**
- Socio-economic background
- Low level adjustment for disability
- Aboriginal background
- English language proficiency

**Targeted funding will include:**
- New arrivals and refugees
- High and moderate level of adjustment for disability/students requiring specific support

Not every school will get targeted funding.

For those of you familiar with the Gonski report you will see similarities:
- both are based on the same basic principle that funding should be based on student and school need
- a base component for every school should be supplemented with loadings to address equity issues
- the loadings are based on clear evidence of the types of disadvantage that require additional resources to address need
- because the evidence base is the same robust data the loadings are the same as in Gonski
A unique school allocation has been calculated for each of the “school types” in the state – primary, secondary, central schools, collegiates and all of our special settings.

This example is of the primary school model.

As you can see there is a fixed component for all schools, regardless of size and then the allocation increases steeply for low levels of enrolment, up to 200, recognising the challenges associated in small school settings.

From 200 enrolments up to 500 students the allocation tapers and then remains constant from 500 students and beyond.

The allocation recognises the fixed costs of operating a school and the higher level of resources required, per capita, to operate a smaller school.

It is a critical component of the model, and acknowledges and recognises our role as the universal provider of public education in NSW.
• This slide shows a secondary school example.

• The same principle as for a primary school – there is an allocation.

• The allocation increases steeply for low levels of enrolment in a secondary school.
• The per capita element of the base allocation is based on the students’ year group.

• This slide is an example of a primary school and is consistent with our current allocation processes.

• Resources will be provided according to the class size policy.

• As you can see on this slide, the allocation takes into account that a Year 2 student relativity is 1.11 times that of a Year 3 student.
- This is a secondary school example and, as in the previous slide, is consistent with the current allocation processes and the class size policy.

- In this slide, the allocation takes into account that in the senior years of 11 and 12 the student relativity is higher.
First of all school buildings and facilities – An index to allocate a loading for the nature of the school’s assets using a school’s gross floor area and a maintenance factor. This allocation, combined with the allocation already in your base funding, is designed to cover annual planned maintenance. Further funds will be retained at the state and regional levels to address other maintenance requirements including preventative works, emergency repairs, and all capital works.

Climate – This loading provides differential funding for schools depending on the heating and cooling requirements of the area.

Location – It is recognised that there is an additional cost of obtaining goods and services in remote areas. This can be further impacted by both remoteness of the community and isolation from other schools. A loading will be provided to identified schools to meet these needs.
Equity loadings

- Four individual loadings have been constructed to address various equity measures. The loadings developed are consistent with the principles of the Gonski report and are applicable to the context of NSW and operate effectively at a school level.
- Here is a brief overview of each of the loadings, which include some exciting innovations that are a big step forward in the resourcing support we provide to schools.

**Socio-economic**

- The socio-economic loading uses enrolment form data particularly, parent education and occupation.
- An index value has been calculated for each school to reflect the school community’s relative advantage or disadvantage. This measure focuses on concentrations of disadvantage, lining up with current leading research on student performance. It is important to note at this point that this index is not the same as ICSEA. ICSEA is a Commonwealth Government measure of community socio-educational advantage and the variables are calculated differently.
- In this critical funding element, this socio-economic loading allows us to more specifically target individual factors of need at a school level, and to develop a model best suited to NSW’s educational and demographic context.

**Low level adjustment for disability**

- An index has been calculated that is based on the number of students with low level disability with additional learning and support needs. This loading takes account of students who are performing in the lowest 10% on NAPLAN over the last three years. This loading is consistent with the current initiative Every Student, Every School.

**Aboriginality**

- For Aboriginality we have developed a loading that reflects the increasing needs of our Aboriginal students, within communities both with a high proportion of Aboriginal students and a large number of Aboriginal students within a school community.
- The Gonski report suggested a loading for Aboriginal students based only on a concentration measure, however we believe that there should be a loading for all Aboriginal students, and that increasing the loading amount should be a function of both concentration within a school community and the overall number of Aboriginal students in a school.
- Work is also underway to refine the Gonski measure.

**English language proficiency**

- A loading will be provided to schools to support students with limited English language proficiency.
- It is based on a moderated assessment of student proficiency levels, as measured by the three ESL phases, to identify relative needs.
- This has been the approach that has been accepted nationally but only NSW has the expertise in using the ESL phases to build it into our funding model.
• Now we move on to the third component - targeted funding and it is important to note that not all schools will receive this funding allocation.

• Many students face unique and profound challenges that require a tailored and customised response, often involving substantial resources.

• The RAM will provide dedicated resources required to support these students in whatever setting the students are enrolled.

• The RAM includes the continuation of key targeted funding streams, including new arrivals and refugees, and funding of adjustment for disability.

• These funding streams will continue to provide resources consistent with current practice and this funding moves with the student.
• We’ve now talked through each of the components of the RAM.

• Let’s have a look at how the funding comes together to make up the total resource allocation for a school.

• Let’s use an example to build it ... the first component is the school allocation, that is based on school type.

• The next component, the largest component for most schools is the per capita allocation then we add each of the loadings.

• The first is the site loading taking information about school buildings and facilities, location and climate.

• Then the equity loadings – socio-economic loadings, low level adjustments for disability, Aboriginal background of students, English language proficiency.

• Finally, any targeted allocations, remembering not all schools will receive funding in this area, and that combines to give you the total resource allocation package.
It’s important here to reiterate that this model is not about a one size fits all approach to allocating resources.

You’ll see here we’ve got different examples of the total resource package for different types of schools.

The total resource allocation depends on the school type, the number of students in each year group, the school site, equity loadings, and then whether targeted funding is required for any students or specific circumstances related to that school.
The biggest single cost to a school is that of classroom teachers.

Not all classroom teachers cost the same.

Teachers will continue to be paid according to the award incremental pay scale.

The RAM will allocate a budget to each school based on class size policy.

The budget will also allow schools to retain their existing executive and specialist staff structures, if they choose to do so.

All teachers will cost the same to all schools. The system will make up any differences in costs across schools.
There is further work to be done on this aspect of the RAM and we will continue to work on the detail over the upcoming weeks.
• The next steps in this process will be important as we receive more information and you start the discussions at a school level.

• Your School Education Director will be supporting you in understanding the model and its implications for your school.

• Our timeline is looking at indicative funding being provided to you by the beginning of Term 4 to give you a chance to have a look at it and see the impact on your school.

• In Term 4, you will participate in the first release of LMBR – which is the Budgeting and Planning module and you will have your RAM allocation for 2013.

• LMBR will be implemented in all schools by the end of 2014.

• It is an exciting time as we move into a funding allocation that is far more transparent and equitable.

• The RAM will enable you to have a clearer view of resources and better support school decision-making that puts students at the centre of everything you do.

• I look forward to working with you in the opening of this exciting new chapter of NSW public schools, a chapter in which:

  ✓ students are at the centre of educational decision making;
  ✓ your educational leadership is valued and supported; and
  ✓ teaching and learning is at the centre of our work.

Thank you.