In March 2012 the NSW Government announced its Local Schools, Local Decisions educational reform; a reform that puts students at the centre of all our decisions.

To achieve this we need to give public school principals and teachers a greater say over how they use resources to meet the needs of their students. We also have to provide resources to schools in a fairer way, based on those things we know matter to student outcomes. Our public schools will now manage more than 70% of the state public school education budget, up from the current level of 10%.

To enable this shift of resources to the school level, we have developed a new Resource Allocation Model (RAM) for allocating funding in a more equitable way. The RAM takes into account the fact that students and school communities are not all the same; they have different needs and will need different levels of support. The RAM also provides the certainty of funding for schools to employ teachers in order to adhere to the class sizes policy. Funding will ensure no principal need worry about the cost of a teacher, leaving principals to choose teachers based on teacher quality and skills required to best meet the needs of their students.

Five principles have underpinned the development of the RAM.

1. Based on student and school need
   - The funding provided to schools will reflect the characteristics of individual schools and their students.

2. Evidence-based
   - The components of the model are underpinned by the latest educational research and NSW school and student data.

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 model will address deficiencies in the current allocation process and give more certainty to schools consistent with the school planning year.

5. Sustainable and adaptable
   - The model has the capacity to adapt to new policy priorities and changing school and student populations in the future.
Why are we moving to a new Resource Allocation Model (RAM)?

We know that schools and students are not all the same. The RAM builds on educational research and student and school data to allocate funding so that the students and schools with greater need get more resources.

In our current funding system principals can only make decisions about how 10% of the total state public school education budget is spent. It is driven by a basic school funding formula which means a small number of students leaving a school can trigger a disproportionate reduction of staff and funding. Under the new RAM, principals will be able to make decisions about more than 70% of the total state public school education budget. The new model will give more certainty to schools about their funding levels and ensure that small changes in enrolments will no longer mean big changes in resources.

The current model of equity program funding means that schools who qualify for certain programs get additional resources and schools that don’t qualify miss out altogether. Under the RAM, funding will reflect the level of need of the students in the school.

How will this model work in schools?

Schools resource allocation will be divided into two components. A specified amount of money will be preserved for staffing and these resources cannot be used for anything other than staffing. The remaining component will fund all other operational requirements of the school which may include additional staffing.

Will principals have to select teachers based on cost?

Principals will not be required to select staff based on cost. The RAM will provide enough resources to staff every classroom teacher position required under the class size policy.

The single biggest cost to a school is that of classroom teachers. Under the RAM all classroom teachers will cost the same to all schools. Teachers will continue to be paid their actual salary in accordance with their pay scale.

How will schools be accountable for the management of their resources allocated under the RAM?

Schools, in consultation with their communities will be required to develop, implement and report annually on a single school plan; a school plan that connects student learning outcomes and the school budget. This means making sure every dollar is spent wisely to get the best outcomes for students and to promote quality teaching in all our schools. Schools have an obligation to show what was achieved.

What are the next steps?

Over the next 2 to 3 years schools, will transition into a new finance system. Schools will have access to new tools which will simplify and support increased local decision-making, including for finance and human resources transactions. The new RAM will allocate funding in a transparent and efficient manner.