In 2012 the NSW Government announced its Local Schools, Local Decisions (LSLD) reform for NSW public schools. This reform places students at the centre of school decision making. It gives principals and their school communities a greater say over how they allocate and use their available resources to best meet the needs of their students.

Under this reform, schools will manage more than 70% of the state public school education budget, an increase from the current 10%. A strong policy framework with clear expectations and accountabilities will assist schools to manage their resources in an environment of increased local decision making.

It is important that schools are able to have more authority to decide how resources should be allocated to best address the learning needs of their students. There is strong evidence that the strategic allocation of resources is one of the key ways in which school leaders can have a significant and positive impact on student learning outcomes. We believe that our schools are in the best position to determine what students and their teachers need to improve student performance.

To enable the shift of funding to the school level, we have developed a new Resource Allocation Model (RAM). The RAM is designed to achieve a simpler, fairer and more transparent distribution of government school funding and transform the way resources are managed in our school system. The model recognises that students and school communities are not all the same; they have different needs and require different levels of support. We also know that the location of some schools means that they cost more to run.

In the past we have addressed issues such as geographic isolation and the socio-economic needs of students through a range of different funding programs. Under these programs schools were funded to address identified needs, however, some schools with similar needs were not always funded or funded to the same level.

In 2013, the NSW Government signed up to implement the Commonwealth’s National Education Reform Agreement which will deliver significant additional funding to schools in NSW. Under this bilateral agreement, the Commonwealth and NSW Governments agreed to adopt consistent, needs-based funding arrangements.

The new RAM will ensure funding is provided to schools based on the characteristics of those schools and the students within them. This will result in additional schools receiving funding to support students with identified needs. In addition schools identified as having students with the highest need will be funded at a higher rate.

Adrian Piccoli MP
Minister for Education
Development of the RAM

In 2011-12, we commissioned PricewaterhouseCoopers (PwC) to undertake a review of the current resource allocation processes. Specifically, PwC looked closely at all the factors that might impact upon the cost of effectively funding all of our schools. A copy of their report can be found on the Department’s website.

In 2013, the Department of Education and Communities worked closely with stakeholders to further develop the RAM. This process involved detailed modelling, consultation and testing to ensure the final approach meets the needs of NSW public schools and students.

Five principles underpin the development of the RAM. The RAM is:

- **based on student and school needs.** The funding provided to schools will reflect 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 will flow directly to schools and they will know the elements that make up their funding allocation.

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

- **sustainable and adaptable.** The model has the capacity to adapt to new policy priorities and changing school and student populations in the future.

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

- shifting from the current model where schools manage 10% of the total public school education budget to more than 70% being managed by schools

- allowing for a more dynamic response to innovation and decision-making in schools to meet student needs

- reducing red tape and reporting requirements.
Components of the RAM explained

1. **TARGETED (INDIVIDUAL STUDENT) FUNDING**
   - provided for a student where there is a requirement for specific additional support, or to schools to meet specific student needs.

Many students face unique and profound challenges that require personalised and customised support. Dedicated responses 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 support
- are new arrivals or refugees.

2. **EQUITY LOADINGS**
   - per student or per school to improve transparency and fairness in the allocation of resources to address student needs.

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

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

**English language proficiency**
The loading reflects English language proficiency based on school assessment of English as a Second Language (ESL) phases.

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

This component of the RAM is the most complex as it includes a number of new school site specific loadings:
- school buildings and facilities
- climate
- location.

For 2014, all schools will receive the sum of existing formulae used for global allocations, including the $50 primary school allowance, teacher professional learning, computer coordinator allowance and maintenance related allocations.

The 229 schools in the Empowering Local Schools National Partnership (ELSNP) will receive a staffing budget allocation based on the current staff entitlement at standard cost, adhering to the class size policy.
Targeted (Individual Student) Funding

Many students face unique and profound challenges that require a tailored and customised response, often involving substantial resources. The RAM will provide dedicated funding required to support these students in whatever setting the students are enrolled.

The targeted (individual student) component includes targeted funding for students who:

- require high or moderate level adjustment for disability
- require specific support (including Aboriginal students with high need under the existing Norta Norta program)
- are new arrivals or refugees.

To support students in these groups, the Department has in place a number of programs/strategies.

High or moderate level adjustment for disability

Students with confirmed disability in regular classes, who have moderate to complex support needs, may be supported through the Integration Funding Support Program.

To access this program, students must have essential educational needs that are directly related to their identified disability that cannot be met from within the resources available within the school.

The student profile, completed by the school learning support team, provides an objective summary of the student’s educational needs which determines, in conjunction with the disability, the level of funding provided to the school to support the student.

In 2014, the Integration Funding Support Program, will continue to support eligible students with moderate to complex support needs in the same way as it has in the past.

Principals have the responsibility for determining the most appropriate ways of using the annual total funding to meet the identified learning and support needs of the targeted students. This may take the form of additional teacher or school learning support officer time.

Specific support: Norta Norta Program

The Norta Norta program provides targeted support to Aboriginal students to accelerate progress in student achievement. The focus of the program is to provide learning assistance in the key areas of literacy and numeracy to improve educational outcomes for Aboriginal students.

The Norta Norta program has four elements:

- learning assistance for Aboriginal students as a result of their Years 3, 5, 7 and 9 NAPLAN tests
- Independent Learning Hubs for Aboriginal students from Kindergarten to Year 12
- mentoring/leadership programs aimed at providing support for Aboriginal students in the middle and senior years of schooling
- tutorial assistance for students in Years 11 and 12 based on an application process.

Elements of the Norta Norta program implemented by the school are developed in consultation with Local Aboriginal Education Consultative Groups, Aboriginal parents and Aboriginal community members and are embedded in students’ Personalised Learning Plans.

The ESL New Arrivals Program (NAP)

The ESL New Arrivals Program (NAP) provides initial intensive English tuition for newly arrived students in primary schools, high schools and Intensive English Centres (IECs). This program helps students in order to develop their English language skills so that they are able to participate in learning with their peers in regular classes.

Primary school students – Newly arrived primary aged students enrol directly in primary school and receive ESL support at school. If the school does not have an established ESL Targeted Support Program, additional short term ESL teacher support is provided for eligible newly arrived students.

High school students – Newly arrived high school aged students in metropolitan Sydney and Wollongong enrol in one of 14 IECs or Cleveland Street Intensive English High School (IEHS) to undertake an intensive English and high school preparation course before transferring to high school.

Newly arrived high school aged students in rural and regional areas, where there is no IEC, enrol directly in high school and receive intensive ESL support at school. If the school does not have an established ESL Targeted Support Program, short term ESL teacher support is provided for eligible newly arrived students.

Targeted programs for refugee students

In 2014, support for students from culturally and linguistically diverse (CALD) backgrounds will be determined and delivered at the school level. Schools will continue to be supported at the state and local level in the delivery of multicultural education, English as a Second Language (ESL) and in meeting the needs of students who are new arrivals or refugees.

ESL funding will be provided to schools from 2014 as part of the phased implementation of the RAM and will be allocated to eligible schools as per the current determination from ESL survey information. At the state level, there is a dedicated team supporting multicultural education, ESL and refugee students across schools (preschool to Year 12). The newly established Senior Pathways team will continue to support schools and young people in accessing tertiary and vocational pathways beyond the school setting.

ESL programs are available to all new arrival students, including refugees. In addition, several programs and provisions have been developed in order to support schools enrolling refugee students. Some of the initiatives to support refugee students include:
the After School Program for Refugee Students, Refugee Action Support Partnership, Refugee Transition Program and Intensive English Program for Refugee Students in Primary Schools

- support to establish short term intensive English classes in some rural and regional areas
- the allocation of School Learning Support Officers to provide bilingual support for schools with high numbers of refugee students. They provide bilingual support for students in the classroom and assist schools in working with parents and community members. The allocations are based on the data provided by schools in the ESL New Arrivals Program.

Equity Loadings

Equity loadings allow us to support students with needs related to low level adjustment for disability, English language proficiency, Aboriginal background and socio-economic background.

Low level adjustment for disability

This loading is based on the number of students who have a low level disability and who have additional learning and support needs in a school. This loading takes into account students who are performing in the lowest 10% on NAPLAN over the last three years. This loading is consistent with the current Every Student, Every School initiative.

The number of students in schools with additional learning and support needs has increased considerably in recent years. The majority of these students have lower level additional learning and support needs and are enrolled in regular classes.

We have established a new way of supporting and providing funding for students with additional learning and support needs. This responds to the changing profile of students in schools and contemporary expectations about support for students with disability.

The low level adjustment for disability model provides access to a specialist teacher and funding in every regular school in order to support students with low levels of additional learning needs and their classroom teachers.

What does this mean for schools in 2014?

- Every regular school has immediate access to a specialist teacher and flexible funding to support students with disability who have additional learning and support needs.
- Schools have the flexibility to determine when and where support is needed, with more students able to access support without the need for a confirmation of disability or formal application outside school.
- Principals, through their learning and support teams, are responsible for determining how their schools’ resources are used to best meet the learning and support needs of their students.

English language proficiency

Funding will be provided to schools to support students with limited English language proficiency.

At present, the annual ESL survey will continue to be used to provide data on ESL needs for resource allocation purposes. The equity loading for English language proficiency will be based on school assessment of ESL phases and length of time spent in an Australian school.

This approach has been accepted nationally.

What does this mean for schools in 2014?

- Funding available to support students participating in intensive English programs will continue. The system recognises the fluctuating nature of student enrolments for this group of students. It will continue to have the flexibility to respond in ways that best meet the needs of students with intensive English learning needs.

Aboriginal background

The funding for Aboriginal students is a new model using a different methodology. The loading is no longer program based, and instead is based on student need. This means that for the first time, every NSW public school with Aboriginal student enrolments will receive funding to support these students’ learning needs.

The formula funds students with the highest need at a higher rate per student. The rate per student increases based on the percentage of Aboriginal students in the school. This approach supports both our state and national commitments to Aboriginal education and to bridging the educational achievement gap between Aboriginal and other students.

The RAM will deliver significant additional funding to support nearly 50,000 Aboriginal students in NSW public schools. The formula will result in a fairer and more transparent allocation of resources.

What does this mean for schools in 2014?

- Every NSW public school with Aboriginal students will receive funding from 2014.
- Many schools will receive funding for the first time.
- The level of funding for each school will be determined not only on the number of Aboriginal students in the school, but also on the percentage of Aboriginal students in the school.
- The loading includes funding for Aboriginal Education Officer (AEO) and Aboriginal School Learning and Support Officer (ALSO) positions based on costed staff entitlement.
- All schools will receive at least the same level of funding as they did in 2013 for transitional Aboriginal funding and AEOs.
Consultation with the NSW Aboriginal Education Consultative Group Inc (AECG) has assisted in finalising the recommended formula for the equity loading for Aboriginal background and the inclusion of funding for AEOs within this RAM component.

Connected Communities schools currently receive additional resources. These will continue to be provided under the RAM as a school specific allocation to the Connected Communities schools.

**Socio-economic background**

The RAM loading for socio-economic background will deliver a fairer and more transparent distribution of funding to support identified additional learning needs associated with students from low socio-economic communities.

The rate of funding per student will be determined based on a combination of individual student and school need using the Family Occupation and Education Index (FOEI).

**What does this mean for schools in 2014?**

- This loading will fund more than 390,000 students across NSW public schools (the number of students in the lowest two socio-economic quarters of the FOEI), compared to the 120,000 students in approximately 580 schools who were supported under the previous state equity program in 2013.

**Why is the FOEI the best measure?**

The FOEI provides the best socio-economic index for the new school resourcing model and the demographics of NSW public schools. It is better than other measures because the FOEI:

- is available for all schools
- is based on all students enrolled at each school
- uses direct student background data plus an established process to deal with missing data
- is updated each year to reflect changes in the school population
- is specific to NSW public schools.

The FOEI was developed following research undertaken by the Department that identified parental education attainment as a strong predictor of student and school performance. If parental occupation is added to this, the predictive power is further enhanced.

The FOEI has been validated against other related indices including the Priority Schools Funding Program (PSFP) index and the Index of Community Socio-Educational Advantage (ICSEA).

The FOEI methodology has been tested with both 2012 and 2013 data. FOEI scores between the two years show a high degree of stability for the majority of schools. The methodology and underlying assumptions of the index will continue to be regularly reviewed.

**How can we ensure the FOEI data is strengthened?**

Schools are strongly encouraged to ensure that student and family background information is as complete as possible each year. Reports are available in the Enrolment Registration Number (ERN) system for schools to identify missing data. Although the Department uses a statistical process to deal with missing data, it is far better to have complete school-based data.

**Base School Allocation**

The Base School Allocation reflects the school type (primary, secondary, central, School for Specific Purposes) and includes:

- **Staffing allocation**
  In 2014, ELSNP schools will receive a staffing budget based on staff entitlement at standard costs. This will allow them flexibility in determining staffing needs to meet their local requirements. All other schools will continue to receive their existing staff entitlement under existing formulae.

- **Site loading for school buildings and facilities**
  All schools will retain existing global maintenance related allocations.

- **Site loading for climate**
  ELSNP schools will receive an allocation that reflects their actual expenditure on electricity and gas costs. All other schools will continue to receive funding through their global allocation.

- **Site loading for location**
  2013 transition funding, including the Country Areas Program, will be continued for 2014. During 2014, a new location loading will be developed.

- **Other allocations**
  All schools will receive the sum of all existing formulae used for global allocations, including the $50 primary student allowance, teacher professional learning and computer coordinator allowance.

There will also be a number of site specific allocations.

**How will the base school allocation impact on the cost of teachers?**

The single biggest cost to a school is that of classroom teachers, but not all teachers cost the same. Teachers are paid across a range of different salary bands.

Under the RAM, a standard cost approach means that teachers on different salaries will cost the same to schools. Principals will not be required to select staff based on cost and can focus on how teachers and other staff meet the needs of students in the school. The actual differences in teacher costs will be managed at a system level.
How will the base school allocation impact on leave management?

Under Local Schools, Local Decisions we are changing the way leave will be managed in our school system. The RAM will recognise the differences between leave types.

Many types of leave will be at no cost to the school. These include:

- long service leave
- parental leave
- special statutory leave (state emergencies, jury-subpoenaed, called as witness)
- military leave.

The RAM includes an allocation to the school to cover some short term leave absences.

As part of the leave management package a shared risk model is being developed to provide protection to schools from low occurrence, high cost instances of leave, including sick leave and leave taken on workers compensation.

Phased Implementation of the RAM

In 2014, all schools will receive funding based on the first two components of the RAM:

- targeted (individual student) funding
- equity loadings.

There is also an interdependence with the implementation of the new Learning Management and Business Reform (LMBR) systems, which will deliver an integrated finance/HR/payroll system to schools.

In addition, in 2014, the 229 schools participating in the ELSNP will also receive a base school allocation, which includes a staffing budget based on staff entitlement at standard costs.

Once the 229 schools successfully transition onto the LMBR solution, they will operate on the RAM from the beginning of 2014.

During 2015/16, the Department will continue to refine elements of the base school allocation and support schools in managing increased local decision making, leading to the full implementation of the RAM by all NSW public schools.

Support for principals, staff and school communities

Professional learning

Quality professional learning to support principals, staff and school communities is vital in order to maximise student learning outcomes in an environment of increased local decision making.

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

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

Professional learning will be 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.

Targeted training will be provided for all relevant personnel in the use of the new LMBR systems to support local decision making.

Information sheets/packs

A suite of materials has been developed to assist principals, staff and school communities to understand the RAM. This includes:

- a range of information sheets
- a RAM narrative
- answers to frequently asked questions.

This information will be available on the Department’s website and will be updated regularly.

In addition, an information pack is being provided to principals to assist them in explaining their funding allocations to their school communities.

Additional support

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

Principals will be able to seek further advice on any aspect of the new RAM from their Director, Public Schools NSW.