

Allocating government grants to Catholic schools in Victoria

MAY 2018



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Overview

There were 492 Catholic schools in Victoria in 2017. All but one of these are members of the Catholic system. In total, 'systemic' Catholic schools received \$2.2 billion in grants from the Australian and the Victorian governments in 2016. As members of the system, these schools agree to 'block funding' arrangements whereby government grant entitlements for schools are provided to Catholic system authorities for distribution according to internal processes and needs-based funding models.

These arrangements enable the Catholic system to use their deeper knowledge of student needs and school and system costs to better target government grants to students and schools, consequently improving equity and efficiency. They also enable Catholic system authorities to guarantee the financial viability of systemically funded schools. Due to these advantages, block funding arrangements were explicitly endorsed in the final report of the Gonski Review, which recognised that system authorities are better placed than the Australian Government to determine the most effective allocation of available resources.¹

This guide explains how Catholic system authorities in Victoria allocate government grants, for both recurrent and capital purposes, to systemically funded schools. As detailed in this guide, the key features of these arrangements are that:

- Funding decisions are based on collaboration and consensus between a wide range of representatives and governance structures within Catholic education, with full access to all relevant information including the funding that schools attract from governments.
- Funding models are heavily needs-based, drawing on student 'need' elements of the school funding models used by both the Victorian and Australian governments, plus additional factors that go above and beyond those models.
- Funding models are continually reviewed and refined to ensure they remain aligned to Catholic education and government priorities, and emerging student and school needs.
- Funding models are governed by the Catholic principle of subsidiarity, with key allocation decisions delegated to schools and local-level (rather than state-level) authorities, where appropriate.
- All funding models and processes fully comply with government requirements.

School funding data for 2016 clearly demonstrates close alignment between key indicators of need and the government recurrent grants that schools receive.

This guide also summarises the various ways that Catholic schools and system authorities are accountable for the public funding they receive. These accountabilities are extensive and extend beyond those applied to government schools. For example, Catholic schools must have their financial accounts externally audited every year, whereas government school councils must only undergo an independent financial audit at least once every four years.

¹ *Review of School Funding – Final Report* (2011), Canberra, ACT: Department of Education, Employment and Workplace Relations, December, p. 181.

1. Introduction

Summary

In 2017, there were 492 Catholic schools educating over 208,000 students across the four dioceses of the Catholic Church in Victoria. These schools receive significant grants each year, from both the Victorian and Australian governments, to help fund their operations (recurrent grants) and capital requirements (capital grants). These grants totalled \$2.2 billion in 2016.

All but one Catholic school in Victoria are systemically funded. For systemically funded schools, the recurrent funding attracted by schools (calculated according to the school funding models used by the Victorian and Australian governments) is aggregated and provided to the Catholic Education Commission of Victoria Limited (CECV), rather than individual schools. The CECV then allocates government recurrent grants to these schools based on its own needs-based funding models. This practice is known as 'block funding'. There are similar processes for allocating capital grants.

This guide explains the funding models and processes used by the CECV to allocate government grants to systemically funded Catholic schools.

This chapter provides background information on the Catholic education system in Victoria (section 1.1) and government grants to Catholic schools (section 1.2). It then explains the purpose of this guide (section 1.3).

1.1 The Catholic education sector in Victoria

In 2017, the Catholic education sector in Victoria comprised 492 schools, over 208,000 students and more than 20,000 staff (Table 1). These were located across the four dioceses of the Catholic Church in Victoria – the Archdiocese of Melbourne, the Diocese of Ballarat, the Diocese of Sandhurst and the Diocese of Sale.

Table 1: Profile of the Catholic education sector in Victoria (2017)*

	Diocese of Ballarat	Archdiocese of Melbourne	Diocese of Sale	Diocese of Sandhurst	Victoria (all schools)	Victoria (systemic schools)
Schools	64	330	43	55	492	491
Primary	52	259	36	42	389	389
Secondary	11	66	7	11	95	95
Combined	1	1	0	0	2	2
Special*	0	4	0	2	6	5
Students (FTE)	18,177	153,082	18,456	18,609	208,324	208,262
Staff (FTE)	2,011	15,369	1,834	1,908	21,122	21,112

*Data for St Pauls College, Kew is for 2016.

**Includes special assistance schools

The Catholic school sector operates under a highly devolved model of governance, based on the principle of subsidiarity, under which decisions are taken at the lowest competent level wherever possible.

A local authority (usually a parish priest, religious institute or public juridic person) is responsible for the operation and governance of Catholic schools. In practice, this provides considerable autonomy to school principals and other school staff over pedagogy, curriculum, staffing, facilities and finances. Schools are subject to oversight by the Bishop, who under Canon Law has overall responsibility for the quality of Catholic schools in his diocese.² Bishops exercise their responsibilities through their diocesan Catholic education offices (CEOs), which also provide administrative and educational support to the schools in the diocese. Further information on the roles of the CEOs (as well as the Catholic Education Commission of Victoria Ltd) in school funding is provided in section 2.1.

1.2 Government funding of Catholic education

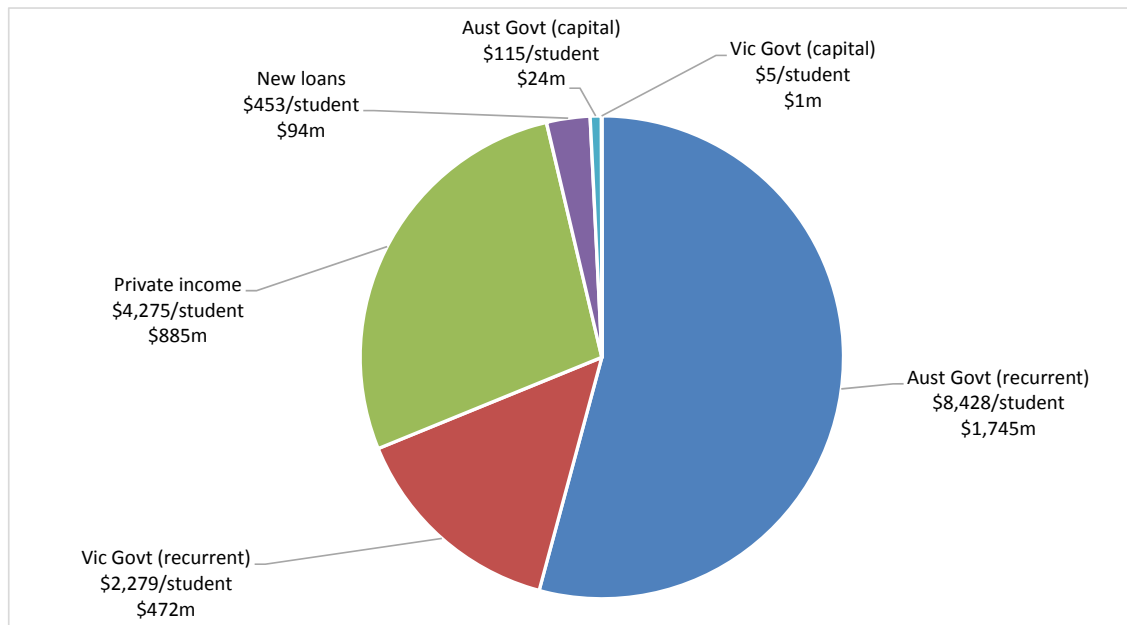
Catholic schools in Victoria receive significant grants each year, from both the Victorian and Australian governments, to help fund their operations and capital requirements. In 2016, these grants totalled \$2.2 billion. Government grants fall into two categories – grants for ongoing school operations (recurrent grants), and grants for capital works (capital grants). Within these categories, government grants to Catholic schools in Victoria are determined using different funding models, as follows:

- Recurrent grants from the Australian Government are calculated using the funding model specified in the *Australian Education Act 2013* and regulations. This is referred to in this guide as the Schooling Resource Standard (SRS) model. Catholic education also receives funding from the Australian Government under the Students First Support Fund and as part of the National School Chaplaincy Programme.
- Most recurrent grants from the Victorian Government (State Recurrent Grants) are calculated using its Financial Assistance Model (FAM). Catholic education also receives a number of other smaller, targeted grants from the Victorian Government.
- Capital grants from the Australian Government are allocated according to the Capital Grants Programme.
- There is no regular, ongoing program in which the Victorian Government provides capital grants to Catholic schools. Rather, these are determined on an ad hoc and short-term basis. In the *2015–16 State Budget*, the Victorian Government did however commit \$120 million in capital grants to non-government schools from 2015–16 to 2018–19. The Catholic sector anticipates receiving about \$84 million of these grants.

² Schools that are separate legal entities also have civil governance requirements, which place certain obligations on school boards and directors. This includes a number of schools which are incorporated under the *Corporations Act 2001*.

Catholic schools also have other income sources. These include private income (school fees and charges, interest earned, donations, etc.) for recurrent and capital purposes and repayment of borrowings. The split of government grants and other sources of income in Victorian Catholic schools in 2016 is shown in Figure 1. Government grants accounted for 70% of the total income of Victorian Catholic schools in 2016. The vast majority of government grants to Catholic schools are provided as recurrent grants, mainly from the Australian Government.

Figure 1: Income sources for Victorian Catholic schools in 2016 (systemic schools only)*



**Notes: There were 491 systemically funded schools in the Catholic system in Victoria in 2016. Per-student figures exclude full fee paying overseas students. Capital grants figures above refer to school expenditures of capital grants that may have been received in earlier years.*

All but one Catholic schools in Victoria are systemically funded. While government recurrent grants for systemically funded schools are mostly calculated individually³, the grants payable are aggregated and provided to the Catholic Education Commission of Victoria Limited (CECV). This practice is known as 'block funding'. The CECV then allocates government grants to Catholic schools according to its own processes and needs-based funding models. These arrangements were endorsed in the final report of the Gonski Review⁴ as enabling the most effective allocation of resources. The Victorian Government also reallocates grants provided to government schools by the Australian Government.

³ Some grants provided by the Victorian Government are not allocated to individual schools.

⁴ *Review of School Funding – Final Report* (2011), Canberra, ACT: Department of Education, Employment and Workplace Relations, December, p. 181.

1.3 Purpose of this guide

With greater emphasis on 'needs based' funding of schools in Australia, there has become more interest – in both the Catholic sector, and across the broader community – in how government grants are allocated within the Catholic sector in Victoria.

In addition, as part of the *Australian Education Act 2013* and regulations, the Australian Government requires that the funding model used by system authorities to allocate the recurrent grants it provides be publicly available and transparent.

This guide responds to these needs. It provides details on:

- the processes for allocating grants within the Catholic system in Victoria (Chapter 2)
- funding models and factors for allocating government recurrent grants (Chapter 3)
- how capital grants to Catholic schools in Victoria are allocated (Chapter 4).

As will become clear to readers, the funding models applied within the Catholic sector – and the funding outcomes they can generate for schools – are quite complex.

The focus of this guide is to explain how funding was allocated in 2017, not the amounts that each individual school receives. (This information is shown on the *MySchool* website.) Nonetheless, this guide also includes summary data on grant allocations to schools in 2016 to illustrate what school attributes tend to drive overall funding allocations.

2. Grants allocation roles and processes

Summary

The organisational structure and decision-making processes of Catholic education in Victoria play a critical role in how government grants are allocated to schools. Statewide and diocesan bodies determine the government grants that schools receive, while schools largely decide how funds are spent. There are separate structures and processes for allocating government *recurrent* grants and government *capital* grants to Catholic education.

All government *recurrent grants* allocated to Catholic systemically funded schools are, in the first instance, paid to the CECV. The CECV is a public company limited by guarantee whose members comprise the four Bishops of Victoria. The receipt and allocation of government recurrent grants is one of a limited number of functions of the CECV. Diocesan Catholic Education Offices (CEOs) take on greater roles than the CECV in school operations and oversight, especially for primary schools.

The CECV determines how recurrent grants are to be allocated based on the advice of three separate committees. The committees include representatives of all four dioceses, plus schools and other canonical authorities, who come together to evaluate and decide on competing funding needs across Catholic education. As part of these processes, the CECV maintains funding models which estimate the government recurrent grants that each Catholic school requires. There are separate funding models for primary schools, and for secondary and combined schools – and both models are different to the school funding models used by governments.

The CECV funding model for primary schools does not determine the grants schools actually receive. Rather, the CECV model determines the shares of funding to be allocated to each diocese for primary schools. Diocesan CEOs determine the grants allocated to each of their primary schools from their shares of ‘primary school’ funding calculated under the CECV model, using their own primary school funding models. Thus there are actually five ‘primary school’ funding models operating across Catholic education in Victoria – the CECV model and four diocesan models. For secondary and combined schools, the CECV funding model determines actual school funding amounts and is not subject to modification by the dioceses.

There are parallel processes for allocating *capital grants* to schools. Catholic Capital Grants (Victoria) Limited (CCG), also a public company limited by guarantee, administers capital grants. The members of CCG comprise the four Bishops of Victoria and the Leaders of the Religious Congregations who own schools in Victoria. Capital grants are allocated based on the advice of committees who include representatives of dioceses, Leaders of Religious Congregations, Catholic Regional Colleges, and congregation-owned colleges.

Overall, the way that grants are managed is based on the foundational Catholic principal of subsidiarity, with decision-making occurring at the most localised level that is appropriate. Funding decisions are based on collaboration and consensus between a wide range of representatives within Catholic education, with full access to all relevant information including the funding that schools attract from governments.

This chapter provides details on the structure and the roles and responsibilities of the key bodies with respect to government grants to Catholic schools. As organisational structures are different depending on the types of grants provided, these are discussed separately for recurrent grants (section 2.1) and capital grants (section 2.2).

2.1 Government recurrent grants

2.1.1 Overview

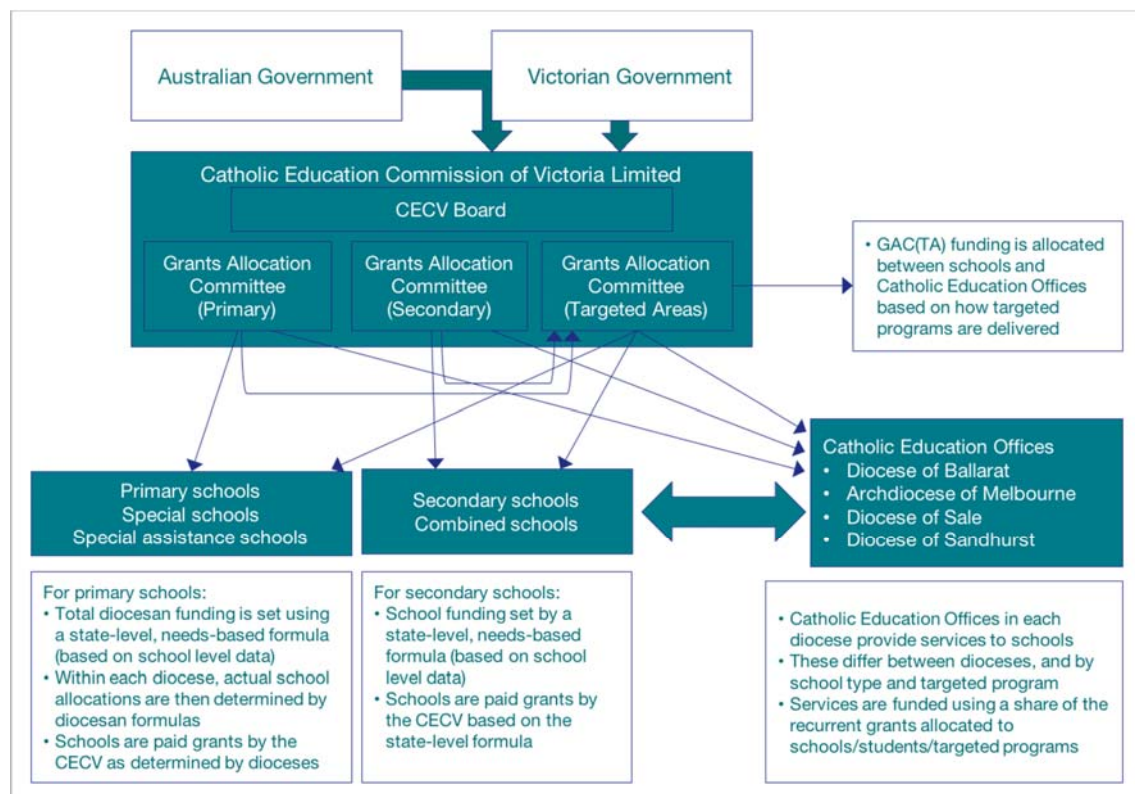
Government recurrent grants are managed within Catholic education at three levels:

- at the statewide level, by the CECV
- at the diocesan-level, by the four Catholic education offices (CEOs)
- at the school level.

Roles and responsibilities assigned to decision-making bodies across these three levels are governed by the principle of ‘subsidiarity’. In practice, in terms of schools funding, this means that schools largely decide how public funds are expended in Catholic education, while the CECV and CEOs determine how public funds are allocated between schools and dioceses. The roles of the CECV and CEOs are briefly described below.

As these roles can differ depending on school type (and also between dioceses) the ways in which government recurrent grants flow to Catholic schools in Victoria become quite complex. Figure 2 illustrates funding flows at a high level.

Figure 2: Flow of government recurrent grants within Catholic education in Victoria



2.1.2 Role of the Catholic Education Commission of Victoria Ltd (CECV)

All government recurrent grants that are allocated to Catholic systemically funded schools in Victoria are, in the first instance, provided to the CECV. The CECV is a public company limited by guarantee whose members comprise the Archbishop of Melbourne, the Bishop of Ballarat, the Bishop of Sandhurst and the Bishop of Sale. The CECV was incorporated in 2006, and its key roles include receiving government grants provided to Catholic systemic schools, and allocating, distributing, expending or appropriating grants to schools in accordance with government conditions.

Within the CECV, there are three distinct processes for allocating government recurrent grants: for primary schools; for secondary schools; and for 'targeted areas'. Three separate committees make recommendations to the CECV Board about how government recurrent grants should be allocated. These are the CECV Grants Allocation Committee (Primary), the CECV Grants Allocation Committee (Secondary), and the CECV Grants Allocation Committee (Targeted Areas).

- The **CECV Grants Allocation Committee (Primary)** (GAC (P)) advises and reports to the CECV Board on the distribution of government recurrent grants to systemically funded primary schools.⁵ For these primary schools, the GAC(P) uses a school-level funding model to calculate funding shares for each diocese (see section 3.3). Dioceses then advise the CECV on how their funding is to be allocated to their schools from their funding shares. GAC(P) also administers government funding of Victorian Catholic special schools and special assistance schools. GAC(P) meets at least four times each year, and has 12 members which are drawn from the four dioceses, and includes the Directors of each CEO.
- The **CECV Grants Allocation Committee (Secondary)** (GAC(S)) advises and reports to the CECV Board on the distribution of government recurrent grants to systemically funded secondary and combined schools⁶, using a statewide school funding model. It meets at least five times each year and contains 18 members, from the four dioceses, schools and other canonical authorities.
- The **CECV Grants Allocation Committee (Targeted Areas)** (GAC(TA)) advises and reports to the CECV Board on the distribution of grants for targeted areas to systemically funded schools. The GAC(TA) is responsible for determining the funding distribution model for each targeted area and/or program (including central costs) and whether the program is statewide or diocesan-based. GAC(TA) meets at least five times each year and contains 16 members from the four dioceses, plus a representative of Catholic Religious Victoria.

As part of this structure, targeted funding support for eligible high-need students in Catholic schools is provided to schools through both the GAC(TA) and the funding models used by the GAC(P) and GAC(S). The targeted funding within the scope of each committee is determined as follows:

⁵ This includes funding for primary students in four combined schools in regional Victoria, which have a majority of primary students (and do not have any students in senior secondary school).

⁶ This excludes funding for primary students in four combined schools in regional Victoria, which have a majority of primary students (and do not have any students in senior secondary school).

- Where it is considered that this funding support can flow directly to schools and be used efficiently and effectively without the need for further central office involvement, the support is provided to schools through the GAC(P) and GAC(S) funding models. An example is additional funding targeted to students whose parents hold a Health Care Card.
- Where it is considered that the targeted, high-need students are best supported through a dedicated program, the funding support is provided through GAC(TA). Such programs can involve partnerships between schools and diocesan offices, which work together to determine and meet specific student needs. Diocesan offices often employ specialist resources (speech therapy, psychology, literacy and Indigenous education, for example) and make these available to schools as required. This necessitates diocesan and statewide delivery models, program management and oversight. The targeted areas subject to these arrangements and within the scope of GAC(TA) are discussed in section 3.5.

2.1.3 Role of Catholic Education Offices

A Bishop has oversight of the Catholic schools in his diocese. This means that diocesan CEOs take on greater roles than the CECV in school funding and operations, especially for primary schools.

For primary schools, CEOs determine specific funding allocations to schools, from the diocesan funding shares that are calculated through the GAC(P) of the CECV. CEOs advise the CECV of these determinations, so that funding flows directly from the CECV to primary schools. CEOs also assume a number of costs on behalf of primary schools (such as school audit costs, maternity leave and extended personal leave) and provide primary schools with support in a range of other areas.

CEOs assume lesser roles for secondary and combined schools. These schools are typically funded according to the allocations calculated by GAC(S). In addition, compared to primary schools, secondary and combined schools operate more autonomously with fewer of their costs met centrally by CEOs.

The level of support provided to schools differs between CEOs as well as school type. In general, the country CEOs provide more services and support to schools than does Catholic Education Melbourne. This makes sense because schools in regional areas tend to be smaller and more isolated, and therefore have less opportunity to develop their own expertise in specialised areas.

Schools 'pay' for CEO services and activities through levies. In accounting terms, the levies are recorded as funding allocations to schools, which then pay CEOs. In practice, the CEOs receive funding directly from the CECV. There are two tranches of levies: one at the start of each year, to cover CEO and CECV operating costs (diocesan levies and the CECV levy), and one at the end of the year, for central costs⁷ (central cost levies). Schools are advised of diocesan levies and the statewide CECV levy in January each year. These are charged on a per-student basis. Consistent with the differences in CEO services/support provided to schools, these levies are higher for primary students than secondary students, and are higher in country dioceses than in the Archdiocese of Melbourne (see sections 3.3 and 3.4).

⁷ These relate to school costs that are incurred centrally by CEOs.

A key support role, common to all CEOs, concerns the funding of major capital works. All CEOs apply a supplementary capital fund levy (charged on a per-student basis) to their schools, to raise funding to contribute toward new schools and school upgrades and expansions.⁸ The cost of these projects can be prohibitive for individual schools. There are differences in levies between CEOs. All CEOs have levies for primary students to fund capital works in primary schools. Levies for this purpose range from \$80 (Sandhurst) to \$100 per student (Melbourne). In addition, the Diocese of Sale applies levies to both primary and secondary students to fund land purchases for new schools.

2.2 Government capital grants

Government grants to Catholic schools in Victoria for capital works can be annual and ongoing (for example, the Capital Grants Programme of the Australian Government) or irregular (for example, the Victorian Government's Capital Funding Program for Non-Government Schools).

Although the size, terms and conditions of these grants programs can differ widely, the enduring organisational body with Catholic education in Victoria with responsibility for allocating capital grants is Catholic Capital Grants (Victoria) Limited (CCG).

CCG is a public company limited by guarantee. It serves as the Block Grant Authority⁹ (BGA) for the Victorian Catholic sector and administers capital grants from the Australian Government under the *Australian Education Act 2013*, and most other capital grant programs. It is further discussed below.

2.2.1 Catholic Capital Grants (Victoria) Ltd (CCG)

The members of CCG comprise the four Bishops of Victoria and the Leaders of the Religious Congregations who own schools in Victoria. There are 11 directors of CCG; seven of whom (including the Chairperson) represent the Bishops of Victoria, three who represent the Leaders of the Religious Congregations in Victoria, and one who is an appointee of the Australian Government. The sole object for which CCG is established is to represent and act for the members by administering the receipt and payment of capital grants pursuant to any relevant Australian or Victorian government programs relating to capital development.

The CCG contains three committees as follows:

- The **CCG Committee (Primary)** makes recommendations to the CCG Board about the allocation of capital grants for primary schools. It has eight members, who represent the Bishops of Victoria.
- The **CCG Committee (Secondary)** makes recommendations to the CCG Board about the allocation of capital grants to secondary and combined schools. It has 12 members, four who represent the Bishops of Victoria, two who represent Leaders of Religious Congregations, three who represent Catholic Regional Colleges, and three who represent congregation-owned colleges.

⁸ In the Diocese of Sandhurst this is known as the Minor Capital Works levy.

⁹ Australian Government assistance to non-government schools in relation to capital provided only through BGAs. BGAs are third-party legal entities which have been established to receive and assess applications, make recommendations to Minister for Education about various matters and administer non-government capital grants for participating schools.

- The **CCG Committee (Joint)** makes recommendations to the CCG Board about the allocation of capital grants not allocated by the above committees. Its function is to ensure that the overall allocation of funds in a given year is made to primary and secondary schools whose clienteles are comparably educationally disadvantaged. This Committee meets on an 'as needed' basis, usually when the above committees consider there are borderline projects that should be assessed from a wider perspective.

CCG and its committees are serviced by a secretariat of personnel provided by Catholic Education Melbourne. Under capital grants programs, CCG can use up to 3% of program funds to meet its administration costs.

3. Allocation of recurrent grants

Summary

There are compelling reasons for Catholic education authorities in Victoria to allocate government recurrent grants to schools using their own funding models and processes, rather than the funding models used by governments. These stem from the fact that Catholic education authorities have deeper knowledge about actual student and school needs across the Catholic sector and therefore can better target resources.

In general, Catholic education authorities do not reallocate government recurrent grants between school types. The funding attracted from governments by primary schools is only reallocated between primary schools. Similarly, the funding attracted by secondary and combined schools is only reallocated between secondary and combined schools.

The CECV funding models for primary schools, and for secondary and combined schools, have similar structures and are heavily needs-based. In both models, amounts are retained to meet school costs paid for centrally (by the CECV and diocesan CEOs). The remaining funding is then allocated to schools based on need, by taking into account the various characteristics of each school (for example, school size, school location) and the students at each school (for example, students with disabilities, students from a disadvantaged socioeconomic background, and refugee students). In assessing school needs, the models include all of the factors in the school funding models used by governments, and add other factors as agreed by Catholic education authorities. Additionally, the funding models take into account the capacity of schools to raise private income (for example, parental fees and charges) based on the socioeconomic level of the school community. Put simply, a school's share of government recurrent funding is calculated as its assessed need for operating income less income that is expected to be raised locally by the school.

When these funding models are applied (plus diocesan models, in the case of primary schools), the key driver of grant amounts to primary schools is school size, and the key driver of grants amounts to secondary and combined schools is the socioeconomic level of school communities. These outcomes are consistent with many other school funding models.

The CECV funding models are regularly reviewed to ensure these remain consistent with school and government expectations. In 2016, for example, following a model review and a survey of schools, the CECV funding model for secondary and combined schools changed significantly to bring this model into closer alignment with the funding model used by the Australian Government. Primary schools were also recently surveyed on funding matters.

Catholic education authorities have extensive financial accountabilities to governments for recurrent grants. Schools must verify that grants are used for their intended purpose. They must follow processes to enable full disclosure of all school receipts and payments, and school financial statements must be audited each year by an external, qualified party. These are submitted to government. In addition, some schools (and the CECV) are public companies limited by guarantee, so must meet the extensive governance and financial reporting requirements of the *Corporations Act 2001*. Grant amounts allocated to individual schools are also shown on the *MySchool* website.

This chapter begins by explaining why the Catholic education authorities in Victoria reallocate government recurrent grants and the benefits (section 3.1). It then outlines:

- how total government recurrent grants to Catholic education in Victoria are split between GAC(P), GAC(S) and GAC(TA) (section 3.2)
- how funding is allocated to schools by the GAC(P) (section 3.3), the GAC(S) (section 3.4) and the GAC(TA) (section 3.5).

Section 3.6 contains summary data on how grants were allocated in 2014, to highlight the key school attributes that tend to drive overall funding allocations. Section 3.7 concludes the chapter by summarising the numerous accountabilities that apply to Catholic education relating to government recurrent grants.

3.1 Why redistribute government recurrent grants?

A fundamental characteristic of the Catholic school sector in Victoria (and Catholic systems interstate) is ‘block funding’ of Catholic systems. While government recurrent grants for systemic Catholic schools are calculated individually for each school according to government funding models, the grants payable to Catholic schools are aggregated and provided to the CECV. The CECV then allocates government grants within the Catholic sector according to its own processes and funding models, while complying with all government requirements.

These arrangements have several advantages for Catholic schools and for educational outcomes. These stem from various weaknesses in government funding models, which means they do not accurately estimate the ‘true’ needs of Catholic schools.

A major weakness, for example, is that government funding models can omit key need factors for schools. As these models often need to be relevant to all schools, sectors and jurisdictions, they tend to include the ‘lowest common denominator’ set of need factors applicable to all. Accordingly, they can be overly simplistic and restrictive in the additional school and student needs they recognise, and the data they include. For example, the SRS model does not provide additional funding to schools for providing Vocational Education and Training, despite this being an important offering in Catholic secondary schools in Victoria, which increases school costs. Similarly, the FAM does not include factors for school size or school enrolments of refugee/new arrival students (which usually have poor English skills and so require more teaching resources).

Even where government funding models do capture key school and student need factors, the additional resources attached to these are estimated crudely. This is because governments can only estimate school needs from general school and student characteristics (size, location, enrolments of different types of students, etc.). In government funding models, each student who qualifies for a ‘loading’ tends to attract the same amount of additional funding to their school. This approach is based upon ‘average’ relationships between schools and students, costs and need. But average relationships do not always hold at the student or school level. Not all low-SES students face the same level of educational disadvantage; some may be strong performers. Conversely, there are many students in Catholic schools with challenging behavioural needs and/or specific learning difficulties who do not attract equity/needs funding from governments. Government funding models do not tend to recognise such ‘variations’ away from average relationships, even though they can have major implications for the resources that a student or school may need.

A good example of this issue is funding for students with disabilities (SWD). In 2017, the SRS model includes the same loading for all SWD outside of special schools (1.86 times base funding), but the level of additional support required by each SWD differs. The CECV and CEOs operate a centralised program for SWD, through which the individual needs of students are assessed and learning plans are agreed. Through this process, SWD are placed in one of three funding categories. This is a better way to allocate SWD funding to schools, with funding more closely linked to individual student needs, but it requires a reallocation of grants.

A related issue is that national funding models include nationwide parameters that do not recognise that there can be important differences in the circumstances facing each school. For example, the SRS model includes 'capacity to contribute' functions for primary and secondary students that are applied equally to all non-government schools across Australia, even though the competitive pressures facing Catholic schools (and therefore the amount of private income they can feasibly raise) can be quite different depending on their location.

Another reason why government funding models misestimate the needs of Catholic schools is because they do not take into account different delivery models in the Catholic sector, which can lead to differing costs. The Victorian Catholic sector operates centralised and programmatic models of delivery for key services to support disadvantaged students (such as SWD, as stated above). Delivery of such programs within the Catholic sector has evolved over time to reduce costs and increase effectiveness. These delivery models are different to those in other school sectors, meaning that the cost of services can differ. Government funding models do not recognise this, so the loadings provided may not match the actual funding needs of each student in a Catholic school.

A further concern about government funding arrangements relates to timing. Total government recurrent funding attracted by schools is not finalised each year until after August (Term 3), when the Australian Government conducts its school census. This is fair enough since schools should only attract the grants to which they are entitled. Yet schools want to know their annual budgets at the earliest possible time in the school year. This creates a need for Catholic systems to increase funding certainty for schools so they can plan ahead. The CECV responds to this need with funding policies that do provide schools with greater certainty; however, this can require a reallocation of grants.

The above concerns apply to government funding models in general. In addition, in the way the SRS model is being applied from 2014 to 2017 (in its 'transition' phase), the funding that Catholic schools attract from the Australian Government is mostly driven by the grants schools received in 2013, and the Australian Government's share of those grants. The upshot is that the same students within the Catholic system can be treated differently, depending on the funding their school received in 2013. Student needs are not funded equally while the SRS model is in its transition phase. This is not a fair or equitable outcome.

Overall, these issues mean that Catholic schools would face a number of problems if government grants were allocated to schools in the same way they attract grants from governments. Although Catholic schools raise significant private income, they remain reliant on government grants to fund most of their operations.¹⁰ This makes it important that

¹⁰ In 2016, government grants accounted for 70% of the total income of Catholic schools.

Catholic schools receive the grants they actually need. If grants were allocated to Catholic schools based on government funding models, then some schools would not be viable while others would not be able to provide a quality education to all their students. It would also be more difficult to open new Catholic schools.

Current funding arrangements for Catholic schools address these issues because they enable Catholic systems to use their deeper knowledge on student and school needs to better target resources, therefore improving equity and efficiency. These arrangements provide greater funding certainty for schools and can ensure emerging needs in Catholic schools are quickly and effectively met. They also enable the CECV to guarantee the financial viability of systemically funded schools, and to equitably fund students with the same needs across Victorian Catholic schools. While there have been a number of collapses of non-government schools recently in Victoria – often leaving students and families in the lurch – none of these were Catholic schools. In fact, the Catholic sector has provided significant assistance to the Victorian Government in mitigating the impacts on students from recent, unplanned closures of independent schools.¹¹

For these reasons, the current arrangements were explicitly endorsed in the final report of the Gonski Review, which agreed that system authorities are better placed than government to determine the most effective allocation of available resources within their system.¹²

This does not mean that the Catholic system disregards government funding models in allocating government grants. The objectives and outputs of government funding models form a critical input to the deliberations of GAC(P), GAC(S), GAC(TA) and the CECV Board. These deliberations are built on transparency, collaboration and consensus by the various system governance structures.

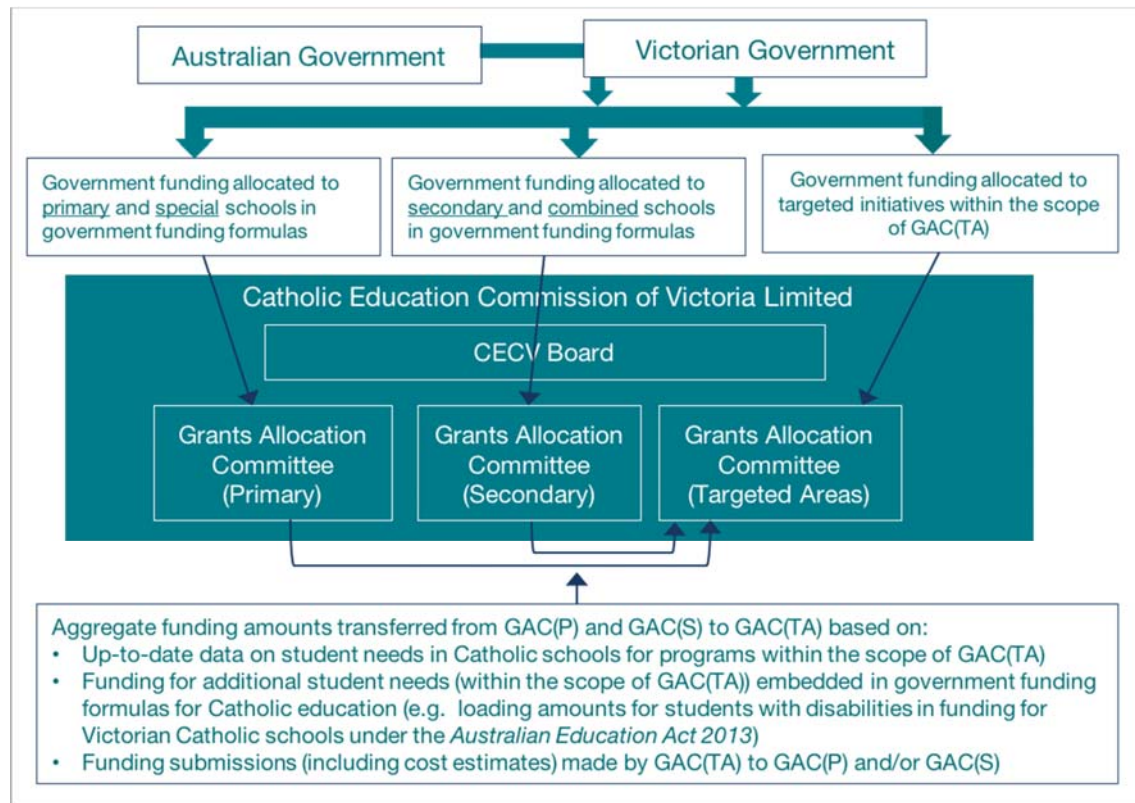
3.2 Allocation of grants between grants allocation committees

Chapter 2 of this document introduced the three funding committees within the CECV that advise the CECV Board on funding distributions within Catholic education in Victoria – GAC(P), GAC(S) and GAC(TA). Figure 3 illustrates how the size of the funding pools administered by these committees is determined, with further explanatory material following.

¹¹ For example, Catholic schools in Victoria took in about 200 students from Mowbray College, and about 150 students from Acacia College, when these independent schools closed abruptly during 2012-13.

¹² *Review of School Funding – Final Report* (2011), Canberra, ACT: Department of Education, Employment and Workplace Relations, December, p. 181.

Figure 3: Method for determining funding pools for each grants allocation committee



3.2.1 Funding pools for the GAC(P) and the GAC(S)

Government recurrent grants to Catholic education in Victoria are split between GAC(P) and GAC(S) based on the funding provided to each school type in government funding models, except for some minor funding streams that are provided directly to GAC(TA) (see below) or directly administered by the CECV Board.

Specifically, the funding pool overseen by the GAC(P) is calculated as the funding allocated to Catholic systemic primary schools and special schools in government funding models. For GAC(S) this is the respective funding allocated to Catholic systemic secondary and combined schools.

Thus, leaving aside funding for targeted areas administered by GAC(TA), the funding received in aggregate by different school types in Catholic education in Victoria (primary schools and secondary schools) closely aligns with the funding amounts provided by governments in aggregate for these school types.

3.2.2 Funding pool for the GAC(TA)

Two sources of funding are directly provided to the GAC(TA). These relate to the National School Chaplaincy Programme (Australian Government) and the State facilitation program for school improvement. Otherwise, the funding administered by the GAC(TA) is transferred from GAC(P) and GAC(S).

Each year, representatives of the GAC(TA) submit to GAC(P) and GAC(S) for funding for in-scope programs. The funding amounts transferred from GAC(P) and GAC(S) depend on several factors such as the specific funding requests made by program managers (based on student needs and cost estimates) and the amounts provided by governments in related loadings or equity/needs funding.

In some cases, the total amount received by GAC(TA) for a program is the same amount originally received by GAC(P) and GAC(S) for a related purpose. This mostly occurs for Victorian Government funding tied to specific purposes, provided outside of the State Recurrent Grant (for example, Student Support Services and Youth Support Services).

3.3 Allocations by the Grants Allocation Committee (Primary)

3.3.1 The GAC(P) funding model

The funding model used by GAC(P) calculates funding shares for each diocese to fund their primary schools.¹³ Dioceses then determine individual school allocations within their funding shares and advise the CECV of these. Despite this role of dioceses, the GAC(P) funding model is a strong guide to the government recurrent grants actually received by schools.

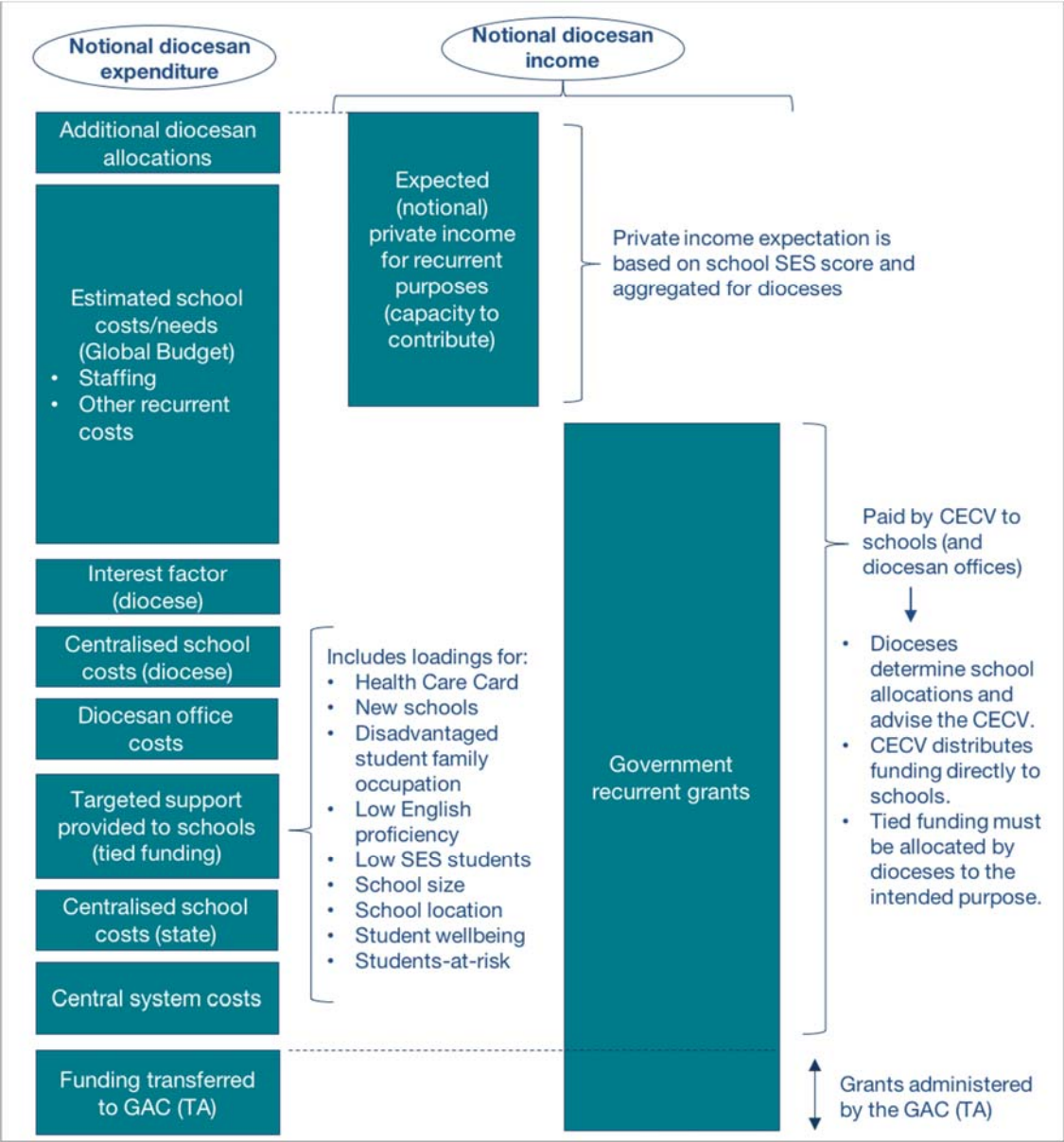
The GAC(P) funding model matches 'notional' income with 'notional' expenditures (allocations) across the system and for each diocese. There are three sources of notional income:

1. Government recurrent grants from the Australian Government
2. Government recurrent grants from the Victorian Government
3. Private income for recurrent purposes. This is calculated for each diocese based on the SES scores of their schools (discussed below).

Notional expenditure estimates combine centralised expenditures (CECV and CEO costs and costs incurred centrally on behalf of schools) and school-level expenditures plus funding for targeted areas transferred to GAC(TA). The overarching model structure is illustrated in Figure 4.

¹³ This includes funding for primary students in four combined schools in regional Victoria, which have a majority of primary students (and do not have any students in senior secondary school).

Figure 4: Illustration of how government recurrent grants are allocated by GAC(P)



The notional expenditure items in the GAC(P) funding model are described in Table 2. Indicative allocations for each item are also shown. Appendix A shows these allocations by diocese. The items are numbered in Table 2 to cross-reference against the summary model output in Appendix A.

Table 3 then provides more detail on targeted support provided to schools in the GAC(P) funding model.

Table 2: Summary of notional expenditures in the GAC(P) funding model

Notional expenditure	Description	Funding / cost allocation	Funding (2017)
Funding transferred GAC(TA) (Item C3)	Funding for targeted areas within the scope of the GAC(TA) is expended against GAC(P) income and provided to the GAC(TA) for allocation (see section 3.5). Estimated school costs/needs therefore exclude needs of students within the scope of GAC(TA) (see below).	This funding amount is based on submissions made by GAC(TA) to GAC(P) for program funding.	Total funding of \$119.7m
Central system costs (Item C1)	These are general costs incurred (mostly by dioceses) on system-wide items. Cost items include consultancies, leadership, professional and teacher development, and IT systems.	GAC(P) agrees to a budget for each CEO for the in-scope cost items and this is then allocated to each diocese.	Total funding of \$26.6m
Centralised school costs (state) (Item C4)	This relates to a number of state-level programs and cost items, for which it is considered that costs are best shared or service provision arrangements developed at the state level. Costs include copyright, long service leave provision, graduate teacher inductions, IT systems and a strategic partnership program with external entities. The two largest costs are: <ul style="list-style-type: none"> Integrated Online Catholic Network (ICON) – a collaborative project between Victorian Catholic schools and the four CEOs. It will provide core technologies for Victorian Catholic education, as well as system-wide technology to optimise school administration. Catholic Network Australia (CNA) – an Australia-wide, private IT network for the Catholic school community. 	Funding is allocated between dioceses using different methodologies as appropriate for each item. These include on a per-student basis, a per-school basis, or a per-teacher graduate basis.	Total funding of \$48.8m
Targeted support provided to schools (tied funding) (Item C2)	Further information on this targeted support is provided in Table 3. This funding is tied to its intended purpose, meaning that dioceses must allocate this funding to students/schools using the same objectives for which it is provided. Estimated school costs/needs therefore exclude school needs subject to this targeted funding support (see below).	GAC(P) agrees to a level of funding support for each agreed priority. Diocesan funding allocations are then calculated according to the extent their students and schools qualify for each priority.	Total funding of \$158.0m
Diocesan office costs (Item D2)	CEOs provide a number of administrative and support services to primary schools, at regional offices and a central office.	GAC(P) agrees to an operational budget for each diocesan CEO based on a per-school formula.	Total funding of \$16.9m
Centralised school costs (diocese) (Items D7 and D8)	CEOs reimburse maternity leave and extended sick leave on behalf of primary schools, if necessary, and maintain a pool of funding for this. This is due to their size – primary schools generally do not have the reserves to fund one-off, significant and unanticipated payments to staff.	GAC(P) estimates centralised school costs for each diocese on an annual basis and includes these in diocesan allocations.	Total funding of \$8.7m
Interest factor (diocese) (Item D3)	Financial assistance to help schools on a needs basis, to meet their interest expenses on borrowings to fund eligible capital works. Eligibility and funding terms and conditions are governed by the Interest Factor Policy.	Dioceses are allocated funding according to the eligibility of their schools for support under the Interest Factor Policy.	Total funding of \$10.5m
Estimated school costs (Global Budget): <ul style="list-style-type: none"> staffing other recurrent costs (ORC). (Items D1 and D4)	Estimates of 'base' funding costs for each school. Smaller schools receive higher per student funding than larger schools, recognising that larger schools have greater economies of scale. The estimates exclude costs relating or subject to: <ul style="list-style-type: none"> services provided centrally by the CECV or CEOs targeted support provided to schools funding provided through GAC(TA). 	Cost estimates are drawn from schedules estimating the costs of different school inputs by school size.' Staffing' allowances apply for professional teaching staff, teacher aides, administrative support staff, positions of leadership, student wellbeing and 'additional needs'. There is a general allowance for 'other recurrent costs' and technology maintenance.	Total funding of \$832.7m
Additional (untied) diocesan allocations (Items D5 and D9)	An additional, 'untied' payment to dioceses to enable them to meet local schooling priorities. This serves as a 'balancing item' in the model, to equalise notional expenditures and income.	The funding pool for this item varies each year depending on the remaining funding after other notional expenditures are met. Diocesan shares are negotiated each year based on expenditure requirements.	Total funding of \$28.2m

Table 3: Targeted support provided to schools (tied funding) within the GAC(P) funding model

Notional expenditure	Description	Funding / cost allocation	Funding (2017)
Health Care Card (Education Maintenance Allowance) (Item 2-1)	An allocation to schools for each student whose parent holds a Health Care Card. The intent of this payment is to support enrolments of students from disadvantaged backgrounds by enabling schools to provide fee relief to eligible students.	Schools are allocated \$1,190 in 2017 for each student whose parent holds a Health Care Card. To smooth funding changes, this is calculated based on a rolling three-year average of school enrolments of Health Care Card students.	Total funding of \$22.4m
Assistance to new schools (Item 2-2)	Additional recurrent funding is allocated to new schools for the first five years of their operations, while they build enrolments.	The allocation consists of a base and a per-student amount. The payment begins in the first year of school operations and tapers to zero in the sixth year. Eight schools qualify for this payment in 2017 and the highest allocation is \$0.17m.	Total funding of \$1.1m
Educational disadvantage – student family occupation (SFO) (Item 2-3)	Additional recurrent funding is allocated to schools based on their relative enrolments of students from a disadvantaged family background (measured by SFO).	The agreed funding pool for this item is allocated across schools, based on the SFO index score they are assigned in the FAM by the Victorian Government. This index is constructed from student data collected by schools.	Total funding of \$11.0m
Low English language proficiency (ELP) (Item 2-4)	Additional recurrent funding is allocated to schools based on their relative enrolments of students expected to have low English language proficiency, which is likely to add to school resource requirements.	The agreed funding pool for this item is allocated across schools based on the (pure) loading the school attracts for low ELP students in the SRS model.	Total funding of \$2.5m
Low SES (Item 2-5)	Additional recurrent funding is allocated to schools based on their relative enrolments of students from low SES backgrounds, which is likely to add to school resource requirements	The agreed funding pool for this item is allocated across schools, based on the (pure) loading the school attracts for low SES students in the SRS model.	Total funding of \$47.8m
Size loading (Item 2-6)	Additional recurrent funding is allocated to schools based on school size, recognising that 'small schools' have higher costs than other schools on a per-student basis.	Schools attract a size loading as per the SRS model. Note that a size loading is also implicit in the global budget items (D1, D4).	Total funding of \$29.9m
Location loading (Item 2-7)	Additional recurrent funding is allocated to schools in regional and remote areas, due to the extra costs they incur in service provision.	The agreed funding pool for this item is allocated across schools, based on the (pure) loading the school attracts for school location in the SRS model.	Total funding of \$7.0m
Students at risk (Item 2-8)	Additional recurrent funding is allocated to schools specifically to fund initiatives that target students at risk.	Schools are allocated funding based on an agreed scale. This includes per-school funding rates, which differ by school size.	Total funding of \$25.0m
Student wellbeing (Item 2-9)	Additional recurrent funding is allocated to schools specifically to fund student wellbeing initiatives.	Schools are allocated funding based on an agreed scale. This includes per-school funding rates, which differ by school size.	Total funding of \$11.2m

Levies for primary schools

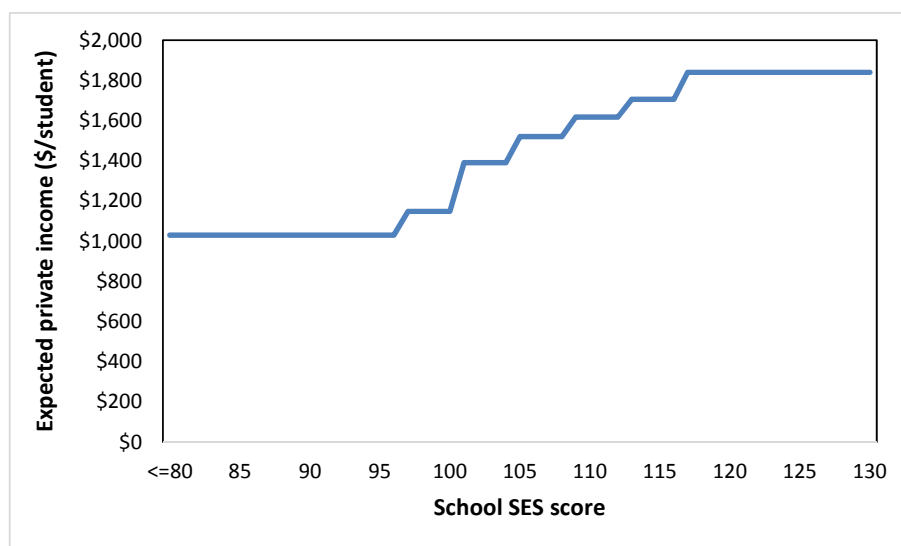
In 2017, the diocesan and CECV levies for primary schools were:

- Catholic Education Office Ballarat – \$207.90 per student
- Catholic Education Melbourne – \$185.00 per student
- Catholic Education Office Sale – \$191.30 per student
- Catholic Education Office Sandhurst – \$278.30 per student
- CECV levy – \$16.70 per student.

Capacity to contribute

The GAC(P) funding model includes a ‘capacity to contribute’ component, which represents the amount of private income dioceses are expected to raise for recurrent purposes. The government recurrent funding allocated to dioceses decreases as their capacity to contribute increases. Capacity to contribute is calculated based on the SES score of schools in each diocese. The capacity to contribute function for 2017 is shown in Figure 5. The function applied by GAC(P) has a flatter slope than that in the SRS model and better reflects the capacity of Catholic primary schools in Victoria to charge fees, while also ensuring they remain accessible to all families.¹⁴ This also means that SES scores carry less emphasis in the CECV funding model than the SRS model, which would seem appropriate given that there are major problems with school SES scores.¹⁵

Figure 5: Capacity to contribute function in the GAC(P) funding model – private income for recurrent purposes



Note that neither the CEOs nor the CECV mandates fee levels to schools. This is a school decision based on local factors. The CEOs do however produce fee policy guidelines for their schools, which emphasise the importance of accessibility. Catholic Education Melbourne's policy, for example, states that schools should ensure no baptised student is denied a Catholic education because of an inability to pay. In addition, all children from

¹⁴ There is minimal evidence that Catholic primary schools at the higher end of the SES scale can actually raise the private income expected of them under the capacity to contribute function specified in the *Australian Education Act 2013*.

¹⁵ Problems with SES scores are identified in various CECV research reports, which are available from the CECV website (<http://www.cecv.catholic.edu.au/Publications?d=1>). The research reports are *Capacity to Contribute and School SES Scores*, *The Special Deal of a Lifetime*, and *The need to rethink need*.

families that hold a Health Care Card should be eligible to apply for a discount in school fees. (This is the intent of the Health Care Card factor in the GAC(P) model.)

Funding certainty for schools/dioceses

The CECV usually distributes recurrent grants in three tranches¹⁶ in January, July and October, within five days of their receipt from governments.¹⁷ Total recurrent funding is not finalised until the October payment, after school enrolments are confirmed in August in the Australian Government's school census. (This follows an earlier Victorian Government census in February.) Initial payments from governments (in January and July) are based on school enrolment data from the previous year.¹⁸

This timing does not suit schools. Schools value funding certainty; they want to know their annual budgets at the earliest possible time in the school year. This assists school workforce planning.

GAC(P) addresses this need by providing a funding guarantee. Each year, schools (dioceses) are guaranteed a minimum funding allocation, which is calculated from their enrolments in August (in the Australian Government census) of the prior year. If school enrolments grow then schools (dioceses) receive a higher allocation calculated from their higher enrolments. In practice this means that schools (dioceses) cannot receive less funding than is calculated using their enrolments the year prior. This funding guarantee does not apply if school enrolments fall by 20 or more.

This creates funding risks for the Catholic system. With this guarantee, if enrolments decline, then final CECV grant funding receipts may not be sufficient to meet the CECV's funding commitments. GAC(P) therefore includes a 'risk reserve' in its funding model in calculating January and July payments to schools/dioceses. The risk reserve is fully distributed in October, after August enrolments and final CECV grant funding is confirmed.

In the first instance, the risk reserve is used to fund the cost of the 'funding guarantee'. Thereafter, in 2017, residual funds are being used to fund students with disability and the low-SES loading.

Survey of primary schools on the GAC(P) funding model

GAC(P) conducted a survey of primary schools in 2015 to test their support for various aspects of the GAC(P) funding model and diocesan funding models. In the survey, schools strongly endorsed:

- The general view that the CECV and CEOs should reallocate government recurrent grants
- Some of the specific ways that the CECV reallocates grants, such as:
 - Using a capacity to contribute function tailored to Catholic primary schools in Victoria
 - Using internal information and views on the funding needs of Catholic schools and students, where possible
 - Providing additional recurrent funding support to new Catholic primary schools

¹⁶ The CECV receives its recurrent grants from the Australian Government as follows – 50% in January, 25% in July and 25% in October. Recurrent grants from the Victorian Government are received as follows – 25% in January, 50% in July and 25% in October.

¹⁷ As required under a service level agreement between the CECV and Catholic Education Melbourne.

¹⁸ The February census conducted by the Victorian Government is not used for funding purposes, except for new schools.

- The measures used by the CECV and CEOs to increase funding certainty for schools (which also result in reallocations)
- Efforts to ensure that schools can be accessible to students from low-income families (such as Health Care Card funding support)
- A 'system' approach to capital funding – including capital project levies, recurrent funding support for new schools, and the Interest Factor item.

Overall, the findings endorsed the approach taken by GAC(P) to allocate funding to schools, although schools did identify areas for potential refinement. For example, some schools argued that their SES scores do not accurately reflect their capacity to raise private income.

On the basis of these comments, the CECV has undertaken significant research into school SES scores. This research has shown major flaws with the SES scoring methodology. All of the available data shows that SES scores are biased against low-fee schools (mostly Catholic schools) in favour of high-fee schools (mostly independent schools) in areas where both of these types of schools are located. This means that Catholic schools are short-changed. The CECV research has now led to the National Schools Resourcing Board undertaking a review of SES scores. The relevant CECV research reports are available from the CECV website.¹⁹

3.3.2 Funding for special schools and special assistance schools

Government recurrent funding for special schools and special assistance schools is directly provided by the CECV as calculated by governments. There is no redistribution of funding for these schools. In addition, the system does not collect contributions to CECV central costs (for example, ICON, CNA) from special schools and special assistance schools.

3.4 Allocations by the Grants Allocation Committee (Secondary)

3.4.1 The GAC(S) funding model

The funding model used by GAC(S) calculates individual school funding for systemically funded secondary and combined schools.²⁰

GAC(S) implemented a new funding model in 2016. The model made funding allocations by GAC(S) more equitable, stable, simple and transparent. The new model was developed in consultation with schools, to determine their preferences and priorities.

A school survey conducted for this purpose found that schools would prefer a funding model that, among other things:

- Takes into account the funding that schools attract from governments
- Reallocates funding between schools where there are agreed reasons for doing so ²¹
- Includes a 'notional need' for each school
- Is highly transparent – for example, on how funding is reallocated by the system

¹⁹ The CECV research is available from the CECV website (<http://www.cecv.catholic.edu.au/Publications?d=1>). The research reports are *Capacity to Contribute and School SES Scores*, *The Special Deal of a Lifetime*, and *The need to rethink need*.

²⁰ This excludes funding for primary students in four combined schools in regional Victoria, which have a majority of primary students (and do not have any students in senior secondary school).

²¹ Schools strongly supported key factors that are included in the CECV funding models but not government funding models, such as Interest factor (90% support) and incentives for schools to enroll students from low-income families like the Health Care Card loading (83% support).

- Provides incentives for schools to enrol students from low-income families
- Provides a guide on expected private income at each school
- Guarantees to schools a minimum level of funding indexation.

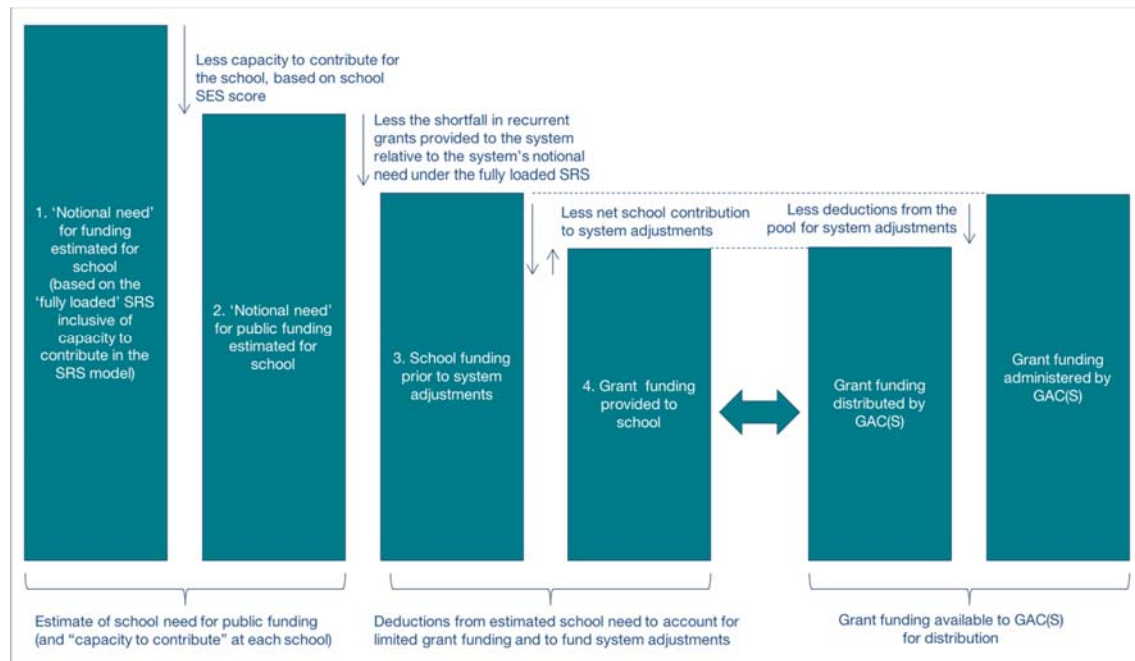
To meet these preferences, the GAC(S) funding model is more closely aligned with the SRS model, but makes transparent departures from this as agreed by schools and dioceses through the GAC(S). School allocations are determined through the following procedure.

1. Calculate school notional need – A ‘notional need’ for (total) recurrent funding (or operating income) is estimated for each school. This is taken directly from the Australian Government’s SRS model (calculated as the ‘fully loaded’ SRS, inclusive of school private income). The estimated ‘notional need’ for each school therefore includes needs relating to all loading factors included in the SRS model.²²
2. Calculate school notional need *for public funding* – A ‘capacity to contribute’ amount is estimated for each school, representing the amount of private income a school is expected to raise. This is deducted from the figure derived in step 1 to calculate each school’s need for public funding. Each school’s capacity to contribute will be based on its SES score (discussed below).
3. Reduce school funding by the shortfall in government grants – A deduction is applied to each school’s notional need for public funding because the Catholic system does not receive enough funding from governments to meet its need as estimated in the SRS model. The shortfall is calculated on a system-wide basis and allocated to schools based on enrolment share.
4. Modify school funding by system adjustments – A further revision is applied to each school’s funding allocation for ‘system adjustments’ (discussed below). These refer to various funding needs and priorities, as agreed by GAC(S), which cause school funding allocations administered by the GAC(S) to depart from the SRS model. These adjustments may increase funding for some schools, depending on their eligibility to various additional funding factors, but overall lead to a decline in the amount of funding distributed to schools (as shown in Figure 6) because they also include some central costs.

This high-level approach to determining school allocations is illustrated in Figure 6.

²² There are six categories of disadvantage within the SRS model – school size, school location, students with disability, students from low socio-economic backgrounds, students with low English proficiency, and ATSI students.

Figure 6: Illustration of the way school recurrent grants are calculated under the new GAC(S) model



Levies for secondary schools

In 2017, the diocesan and CECV levies for secondary schools were:

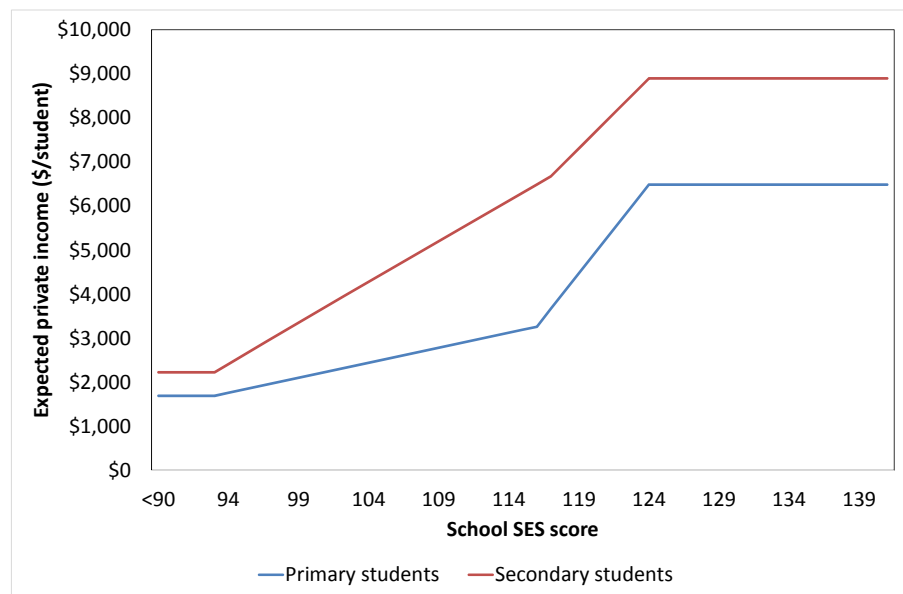
- Catholic Education Office Ballarat – \$143.40 per student
- Catholic Education Melbourne – \$87.50 per student
- Catholic Education Office Sale – \$146.30 per student
- Catholic Education Office Sandhurst – \$154.30 per student
- CECV levy – \$16.70 per student.

Capacity to contribute

The GAC(S) funding model includes a 'capacity to contribute' factor, which represents the amount of private income schools are expected to raise. There are different functions for secondary students and for primary students (relevant for combined schools) (see Figure 7). As in the SRS model, the expected contribution is calculated as a percentage of base student funding in the SRS model (different for primary and secondary students) based on school SES score. The functions applied in 2017 are shown in Figure 7. These have a flatter slope than the functions in the SRS model and better reflect private income raising capacity in Catholic secondary and combined schools in Victoria. This also means that SES scores carry less emphasis in the CECV funding model than the SRS model, which would seem appropriate given that there are major problems with school SES scores.²³

²³ Problems with SES scores are identified in various CECV research reports, which are available from the CECV website (<http://www.cecv.catholic.edu.au/Publications?d=1>). The research reports are *Capacity to Contribute and School SES Scores*, *The Special Deal of a Lifetime*, and *The need to rethink need*.

Figure 7: Capacity to contribute function in the GAC(S) funding model – private income for recurrent purposes



Note that neither the CEOs nor the CECV mandates fee levels to schools. This is a school-level decision based on local factors. The CEOs do however produce fee policy guidelines for their schools, which emphasise the importance of accessibility. Catholic Education Melbourne's policy, for example, states that schools should ensure no baptised student is denied a Catholic education because of an inability to pay. In addition, all children from families that hold a Health Care Card should be eligible to apply for a discount in school fees. (This is the intent of the Health Care Card factor in the GAC(S) model.)

System adjustments

'System adjustments' encompass changes in schools funding for agreed items. These are:

- Deductions for funding transferred to GAC(TA) ('co-responsibility'). Targeted areas and programs administered by GAC(TA) are presented in section 3.5
- Deductions for central costs (ICON and CNA) ('shared services')
- Reallocations between schools for 'targeted areas'
 - The Health Care Card loading (Educational Maintenance Allowance)
 - Interest factor
 - Assistance to new schools.

These items are described in Table 4. In most cases, deductions are made on a per-student basis.²⁴ Where funding is reallocated, this is done according to the extent each school qualifies for each targeted area. There will also be a reallocation of funding between schools, separate to those above, to smooth funding changes between schools in the transition to the new model (see below).

²⁴ The one exception is funding for students with disabilities (SWD) transferred to GAC(TA). This is deducted from schools according to their relative proportions of SWD. Schools with higher proportions of SWD have higher deductions (but then receive the majority of funding from GAC(TA) for SWD). Thus the flow of funding is circular (since schools with more SWD are allocated a higher 'notional need' in the first instance given that their notional need is estimated using the SRS model which includes the SWD loading).

Table 4: Summary of notional expenditures in the GAC(S) funding model

Notional expenditure	Description	Funding / cost allocation	Funding (2017)
Funding transferred to GAC(TA)	Funding for targeted areas within the scope of the GAC(TA) is deducted from the funding pool distributed by GAC(S) and provided to the GAC(TA) for allocation (see section 3.5).	This funding amount is based on submissions made by GAC(TA) to GAC(S) for program funding.	Total funding of \$77.2m
ICON and CNA	ICON is a collaborative project through the CECV between Victorian Catholic schools and the four CEOs. It will provide core technologies for Victorian Catholic education, as well as system-wide technology to optimise school administration. CNA is an Australia-wide, private IT network for the Catholic school community. It includes an Education Portal; an Education Directory; Contemporary Learning Resources; and Models of Contemporary Learning for use in professional learning programs.	An annual budget for ICON is agreed upon each year and apportioned between GAC(S) and GAC(P). Victoria contributes to the cost of CNA as per its agreement with its partners in dioceses interstate. These costs add to notional system expenditure and are allocated to schools within the School Deduction Factor.	Total funding of \$15.4m
Health Care Card (Education Maintenance Allowance)	A payment to schools for each student whose parent holds a Health Care Card. This continues the 'Education Maintenance Allowance' that was ceased by the Victorian Government at the end of 2014. The intent of this payment is to support enrolments of students from disadvantaged backgrounds by enabling schools to provide fee relief to eligible students.	Schools are allocated \$2,500 for each student whose parent holds a Health Care Card. The total cost of this allocation adds to notional system expenditure. Its cost is allocated between schools within the School Deduction Factor.	Total funding of \$31.4m
Funding maintenance	This guarantees a minimum funding indexation rate for all schools in 2017 (set at 3% for Australian Government funding and 1% for Victorian Government funding).	Schools that are set to receive funding increases above 6.94% per student in 2017 from the new model have their funding increase capped at 6.94% per student, with foregone increases from this cap used to fund the cost of funding maintenance.	Total funding of \$36.4m
Interest Factor	Financial assistance to help schools on a needs basis, to meet their interest expenses on borrowings to fund eligible capital works. Eligibility and funding terms and conditions are governed by the Interest Factor Policy.	Eligibility and funding terms and conditions are governed by the Interest Factor Policy. The maximum allocation to a GAC(S) school in 2017 is \$1.4m. In total, 78 of 97 schools received "Interest Factor" funding in 2017.	Total funding of \$13.3m
Assistance to new schools	Additional recurrent funding is allocated to new schools for the first five years of their operations, while they build enrolments.	The allocation consists of a base and a per-student amount. The payment begins in the first year of school operations and tapers to zero in the sixth year. In 2017, 3 schools qualified for this payment and the highest allocation was \$0.29m	Total funding of \$0.5m

Transitioning schools to the new funding model

The new GAC(S) funding model is closely aligned to the SRS model. It represents a significant change from the previous GAC(S) funding model, which applied to 2015. Consequently, some schools are set to experience large changes in funding. To manage this transition, GAC(S) is applying mechanisms to moderate the funding swings schools may otherwise experience.

- Schools that would experience a funding decrease in 2017 under the new model received indexation of 3% for their existing Australian Government funding²⁵ and 1% for their existing Victorian Government funding. This is known as ‘funding maintenance’ and is similar to the treatment by the Australian Government of schools funded ‘above’ their fully loaded SRS.
- Increases in school funding (provided by the Australian Government) are capped at 6.94% in 2017. Foregone increases will be used to fund the ‘funding maintenance’ described above.

In essence, schools set to experience a large funding gain under the new model have had this smoothed over time. GAC(S) holds the view that additional funding payable to schools will be most effective if schools can plan for this and gradually employ extra resources. This is unlikely to be the case if schools are provided with large funding increases in a single year.

Funding certainty for schools

Similar to the GAC(P) approach, the GAC(S) funding model includes measures to provide schools funding certainty while managing financial risks for the CECV. Schools covered by the GAC(S) model are funded on their confirmed enrolments in February (in the Victorian Government school census).

With government recurrent grants payable to the CECV based on August enrolments, but with secondary schools funded based on their February enrolments, this creates a financial risk for the CECV if students leave between these periods. To manage this risk the GAC(S) model includes a ‘risk reserve’ in calculating the January and July payments to schools. The risk reserve is fully distributed in October, after August enrolments and final grant funding is confirmed.

In the first instance, the risk reserve is used to meet the cost of funding schools based on their February enrolments. Thereafter, in 2017, residual funds are being transferred to the GAC(TA) for allocation to students with disability.

3.5 Allocations by the Grants Allocation Committee (Targeted Areas)

3.5.1 Targeted areas and programs administered by GAC(TA)

The targeted areas and programs administered by GAC(TA) are:

- Aboriginal and Torres Strait Islander
- English as an Additional Language / New Arrivals (including Refugee Support Strategy)
- Languages – Finding Your Voice
- Literacy and Numeracy

²⁵ This excludes funding for ‘targeted areas’ within the GAC(S) funding model.

- National School Chaplaincy Programme
- Students With Disabilities
- CECV Pathways and Transitions (including Vocational Education and Training)
- Support Services
- Youth Support Services
- Interest subsidy
- Facilitation program for school improvement.

These are each described in Table 5 with their funding for 2017 shown. Table 5 also identifies whether each item is statewide or diocesan-based.

- Statewide programs are managed/overseen by state-level working groups (comprising representatives of each diocese) that report to GAC(TA).
- Diocesan-based programs are managed/overseen by parties within each diocese, once the key details of each program have been agreed through GAC(TA).

Table 5: GAC(TA) programs and funding allocations

Program	Purpose and eligibility	Funding (2017)
<i>Funded using recurrent grants from the Australian Government</i>		
Aboriginal and Torres Strait Islander (ATSI) (Diocesan-based)	<ul style="list-style-type: none"> Funding is allocated to support ATSI students, to assist schools improve student learning outcomes, increase retention and attendance rates, participate in Koorie Education initiatives and develop teaching and learning strategies for ATSI students. Funding is provided to schools on a per-capita basis, based on advice from each diocese on the number of ATSI students enrolled in Victorian Catholic schools. 	Total funding of \$4.9m
English as an Additional Language / New Arrivals (EAL/NA) (including Refugee Support Strategy) (Diocesan-based)	<ul style="list-style-type: none"> Funding is allocated to EAL/NA students, to employ qualified teachers to support students to develop proficiency with the English language through the settlement phase, and to provide support with trauma recovery and professional learning. Funding is provided to schools based on per-capita basis for eligible students. Student eligibility is based on the students who attract the English Language Proficiency (ELP) loading under the Australian Government's funding model. Under the Refugee Support Strategy, funding is provided to refugee students in schools for a maximum of three years following enrolment. This funding is provided to enable schools to support students through the settlement phase, and employ specialist teachers and other advisory staff. 	Total funding of \$7.9m
Languages Program (Statewide)	<ul style="list-style-type: none"> Funding is provided to schools to support languages education programs for students, to provide professional learning opportunities in languages education and to establish languages networks and partnerships within school communities and with other schools. 	Total funding of \$5.0m
Literacy and Numeracy (Diocesan-based)	<ul style="list-style-type: none"> Funding is provided for system, diocesan or school strategies to improve literacy and numeracy learning outcomes. The funding is split between dioceses based on their enrolment shares. 	Total funding of \$25.3m
National School Chaplaincy Programme (NSCP) (Statewide)	<ul style="list-style-type: none"> Funding is provided to support the emotional wellbeing of students through the provision of chaplains in schools. Schools may receive grants of \$20,000 per annum over 2017 and 2018 to appoint chaplains or procure chaplaincy services. All schools are eligible to apply for funding. A total of 123 Victorian Catholic schools successfully applied for \$20,000 annual funding. The Victorian Government provides funding to the CECV for this program under the terms of the NSCP Project Agreement between the Australian and Victorian governments. 	Total funding available is \$2.46m
Students with Disabilities (SWD) (Statewide)	<ul style="list-style-type: none"> This funding is to be allocated to projects or initiatives that target SWD with a major disability or impairment to enhance their educational outcomes and/or innovatively meet the needs of these students. Student eligibility is defined according to CECV guidelines.²⁶ Students are ranked into four categories according to their disability, with different funding rates attached to each category (with different funding rates for primary/secondary students also). Schools receive funding based on their SWD enrolments, whether these enrolments are primary or secondary students, and the rankings each SWD enrolment receives. 	Total funding of \$144.1m
CECV Pathways and Transitions (Statewide)	<ul style="list-style-type: none"> This funding supports the provision of the Vocational Education and Training, the Victorian Certificate of Applied Learning (VCAL), Auspice Training Industry Partnerships (ATIP) and Pathways and Transition Initiatives in Victorian Catholic secondary schools. Most of this funding is for VETiS. In this case, registration of students entitles the school to funding based on eight bands. These range from \$303/student to \$1,014/student in 2017. Full funding is dependent on completion of a minimum level of coursework. Schools enrolling large number of students in particular courses may have their funding capped. 	Total funding of \$11.7m

²⁶ Under these guidelines, students must be assessed by a relevant professional in order to ascertain the severity of one of the major disabilities and/or impairments that are eligible for funding. These disabilities/impairments are: chronic health impairment; physical disability; hearing impairment; vision impairment; intellectual disability; social/emotional disorder; and severe language disorder. The CECV assessment process is far more rigorous than that used for the Nationally Consistent Collection of Data on Students With Disability.

Program	Purpose and eligibility	Funding (2017)
<i>Funded using recurrent grants from the Victorian Government</i>		
School Support Services (Statewide)	<ul style="list-style-type: none"> This enables provision of support services to students in Catholic schools. These include a range of professional support services from visiting teacher services to psychology services and speech pathology services. Funding can only be used for these purposes. Funding is distributed between dioceses based on their shares of students (excluding students in special schools and special assistance Schools). Most commonly, dioceses use this funding to employ visiting teachers, speech pathologists and psychologists. This program aligns with funding provided by the Victorian Government for 'Student Support Services'. 	Total funding of \$5.9m
Youth Support Services (Statewide)	<ul style="list-style-type: none"> This enables provision of services and programs in student welfare to students, including suicide prevention initiatives, with an emphasis on primary prevention, early intervention and professional development. Funding can only be used for a designated two-year professional development program, or to employ consultants to improve partnerships between schools and youth services, community agencies and health providers. This program aligns with funding provided by the Victorian Government for 'Youth Support Services' (Suicide Prevention). 	Total funding of \$0.97m
Interest subsidy (Statewide)	<ul style="list-style-type: none"> An allocation to offset school interest costs on eligible borrowings. This aligns with 'Interest Subsidy Scheme' funding received by the CECV from the Victorian Government. The funding pool for this item is the same amount provided to GAC(P) for this purpose by the Victorian Government. Diocesan allocations are based on 'need' using estimates of eligible borrowings. 	Total funding of \$0.7m
Facilitation program for school improvement (Diocesan)	<ul style="list-style-type: none"> This relates to a State National Partnership (NP) for School Improvement developed by the CECV in line with the Australian Government's (former) Smarter Schools National Partnerships (SSNP) program. The CECV may use the funds to: <ul style="list-style-type: none"> implement system initiatives and/or cross sectoral initiatives aligned with the SSNP Victorian Implementation Plan (VIP) allocate payments to schools to implement VIP initiatives in line with the school selection processes described in the VIP support increased teacher participation in Teacher Quality NP initiatives. CECV distributes the funding to each diocese based on their enrolment profiles in August 2015. Each diocese determines the programs to be implemented in accordance with the initiatives identified in a Program Plan submitted to the Victorian Government. 	Total funding of \$4.76m

3.6 Recurrent grant allocations in 2016

This section presents summary data on grant allocations in 2016. Allocations in 2017 that result from the GAC(P), GAC(S) and GAC(TA) models and processes outlined earlier will show the same general trends that can be observed from this data.

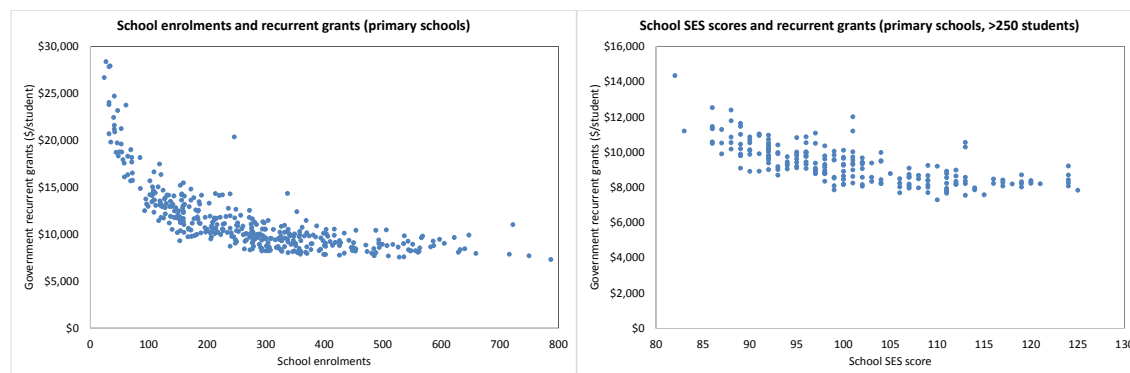
3.6.1 Allocations to individual schools

The CECV estimates the recurrent grants that schools receive each year (inclusive of CECV and CEO costs) to ACARA as part of the financial data on schools contained on the *MySchool* website.

This section presents summary data on grant allocations in 2016 to illustrate what school attributes tend to drive overall funding allocations under the current funding models.²⁷

Figure 8 illustrates estimated distributions to **Catholic primary schools** across Victoria. These are presented in per-student terms according to school size (left) and school SES score (right – schools above 250 enrolments only).

Figure 8: Allocation of government recurrent grants to Catholic primary schools in 2016



The data show that:

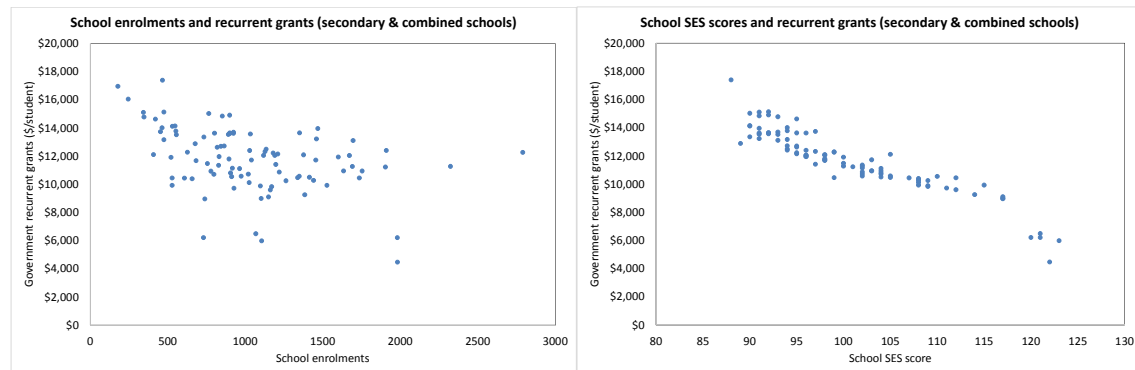
- School size is the main determinant of government recurrent grants received by primary schools. This is consistent with national data, including for the government sector, showing that school size is the key cost driver for primary schools.
- Once schools exceed a certain size (about 250 students), the main determinant of their government recurrent grants is their SES score.

Together, school size and school SES score explain the vast majority of the grants that primary schools are allocated (on a per-student basis). Other important drivers are school enrolments of ATSI students and SWD.

Similarly, Figure 9 illustrates estimated distributions to Catholic **secondary and combined schools** also according to school size (left) and school SES score (right).

²⁷ Note that this data has not yet been through ACARA confirmation and validation processes.

Figure 9: Allocation of government recurrent grants to Catholic secondary and combined schools in 2014



For secondary and combined schools:

- The main determinant of government recurrent grants received is school SES score.
- School size – while still important – has less influence overall because most secondary schools exceed a threshold size that enables schools to benefit from economies of scale.

School ICSEA values²⁸ are less influential than school size and school SES score. This is because ICSEA values are constructed to explain and compare school performance in NAPLAN tests – not school resource requirements. Thus the main driver of primary school costs (school size) is not part of ICSEA. Similarly, even where ICSEA does include factors that impact school costs (for example, school location), the relative importance of these factors within the ICSEA measure has been estimated to predict performance in NAPLAN tests, not their impact on school costs.

3.6.2 Allocations to the funding categories of the SRS model

Table 6 presents estimates on how recurrent grants provided to the CECV are allocated according to the funding categories in the SRS model, plus other categories. Additional funding categories are listed because, as should be evident in sections 3.3, 3.4 and 3.5, there are challenges in aligning all the items in the CECV models with the SRS model.

Allocations of this nature are inherently difficult and classifications can be somewhat subjective. Funding allocated to some categories strongly overlaps with others. For example, ‘low SES’ students are the major recipients of funding targeted to ‘students at risk’, although these categories are included separately. Similarly, for primary schools, several of the funding categories (for example, base funding, students at risk and student wellbeing) include implicit ‘size loadings’ such that small schools attract more funding than larger schools on a per-student basis. Accordingly, the estimates in Table 6 understate the importance of some items, especially school size.

With these caveats, Table 6 indicates that 73.5% of recurrent grants are allocated as ‘base’ funding to schools while the remaining 26.5% is targeted to additional needs and CECV priorities. It should be noted that 73.5% of funding allocated to ‘base’ entitlements various school entitlements with the assessed capacity to contribute by schools. If the capacity to contribute share of base funding is considered to be a ‘needs’ factor then the share of funding targeted to additional needs and CECV priorities grows to 36%.

²⁸ ICSEA is the Index of Community Socio-Educational Advantage, which is constructed by ACARA to model the performance of schools in NAPLAN tests.

Table 6: Allocation of government recurrent grants to the SRS model (and other) funding categories in 2016*

Funding category	Allocation (Total recurrent grants)	
	\$m	% of pool
SRS model categories		
Base	\$1,600.31	73.5%
Student with Disabilities (SWD)	\$160.71	7.4%
Aboriginal and Torres Strait Islander loading	\$6.01	0.3%
Low SES loading	\$122.86	5.6%
Low English proficiency loading	\$5.35	0.2%
Location loading	\$24.08	1.1%
Size loading	\$29.41	1.4%
Other funding categories		
Health Care Card	\$50.24	2.3%
Literacy and Numeracy	\$25.22	1.2%
School languages	\$2.16	0.1%
VET / VCAL	\$7.04	0.3%
Refugee support strategy	\$4.14	0.2%
ESL / New arrivals	\$3.32	0.2%
Students-at-risk	\$41.17	1.9%
Student wellbeing	\$14.44	0.7%
Professional development	\$6.89	0.3%
Enterprise system – technology and maintenance	\$31.60	1.5%
Enterprise system – technology – eLearn	\$0.01	0.0%
Interest factor	\$28.14	1.3%
Assistance to new schools	\$1.83	0.1%
Maternity Leave	\$8.13	0.4%
Extended Sick Leave	\$1.52	0.1%
Strategic partnerships*	\$1.52	0.1%
Total**	\$2,176.09	

*Includes placed teachers and an arts program

**Excludes administrative expenses of \$16.3m and funding for special schools (which is not reallocated).

3.7 Accountabilities for government recurrent grants

Catholic education in Victoria is subject to rigorous financial accountabilities to both Catholic education authorities and governments. These provide comprehensive assurances to the community that grant funding is allocated and expended appropriately within Catholic schools in Victoria. Key accountabilities are detailed separately below. Public reporting undertaken by Catholic schools is also highlighted.

3.7.1 Catholic system processes and oversight

Catholic schools are required to follow processes to enable full disclosure of all school receipts and payments. Accordingly, the following requirements apply to school transactions:

- All school transactions are to pass through school accounts.
- School monies are not to be banked in non-school accounts.
- All payments relating to school expenditure are to be paid through school accounts.
- Only school staff performing duties specific to the operations of the school are to be included on the school payroll.

School transactions are monitored, assured and reported as follows:

- Schools prepare an Annual Financial Statement (AFS) each year. The AFS is a tailored financial report for schools, underpinned by a Chart of Accounts designed by the Catholic system based on instructions from the Australian Government. This Chart of Accounts allows schools to track their income, expenditure, assets and liabilities consistently and accurately.
- The AFS prepared by schools must be audited by an external, qualified party.
- The audited AFS, Audit Opinion and Conveyance Certificate (CC) are then provided by the external auditor to the school, the local school authority and the CEO in each diocese.
- CEOs and the CECV then report to governments (see below). The CC is provided to the Victorian Government while the Financial Questionnaire (FQ) (which is constructed from school AFSs) is provided to the Australian Government.

The CECV itself is a public company limited by guarantee, so must meet the extensive governance and financial reporting requirements of the *Corporations Act 2001*. As part of these the CECV has an Audit and Risk Committee of the Board, which oversees internal and external audits of CECV operations (including the activities of GAC(P), GAC(S) and GAC(TA)). There are corresponding structures within each diocesan CEO. Many Catholic schools are also incorporated and subject to the *Corporations Act 2001*.

3.7.2 Australian Government accountabilities

As part of its funding conditions (established through the *Australian Education Act 2013* and regulations), the Australian Government requires that schools provide the FQ to the Australian Government by 30 June each year. The FQ for each school must be based on an audited AFS. This requirement goes beyond that applied to government schools in Victoria, which must only undergo an independent financial audit at the local school level every four years.

In addition, each year the Catholic system must provide an audited acquittal report to the Australian Government for their recurrent funding and identify how funding was allocated across the various funding categories of the SRS model plus any other funding categories used by the system (see section 3.6). Under the Australian Education Regulations 2013, the CECV is required to have school funding arrangements that are designed along similar, needs-based principles to the SRS model. The Australian Government also applies public reporting requirements on Catholic schools (see below).

3.7.3 Victorian Government accountabilities

The Victorian Government applies financial accountability arrangements on Catholic schools through the school registration process (managed by the VRQA) and funding agreements between the Victorian Government and the CECV. In 2016 there are two key, separate funding agreements between the CECV and the Victorian Department of Education and Training – the *Schools Funding Agreement* (covering State Recurrent Grants), and the *Funding and Service Agreements* (covering the Interest Subsidy Scheme, School Support Services and Youth Support Services). There is a further agreement for the Smarter Schools National Partnership.²⁹ These agreements and CECV accountabilities are currently under negotiation and will change in 2017.

²⁹ These cover the Local Solutions Year 12 Retention Fund and the State National Partnership for School Improvement.

As part of current arrangements, among other things:

- Catholic schools must have AFSs prepared and audited annually, by an independent auditor.
- The CECV must assure the Victorian Government (through a certificate provided by a registered auditor) that all funds paid to the CECV have been spent (or committed to be spent) for the purposes they were provided.
- The CECV must provide a report to the Victorian Government each year on SWD enrolled and programs provided by Catholic education and each school for SWD, in a specified format.
- Where relevant, the CECV is required to submit performance evaluation and financial statements to the Victorian Government (School Support Services, Youth Support Services, etc.).

3.7.4 Public reporting

Public reporting by Catholic schools provides a further form of financial accountability over public funds to the community. Under current arrangements:

- Catholic schools must release to the public an annual report (by 30 June each year), including a report of the school's financial activities. This is to specify school income broken down by funding source. This report is available on the school's website and the State Register operated by the VRQA.
- Financial information on Catholic school operations (including the recurrent grants they receive each year from the Australian and Victorian governments) is to be made available for public viewing on the *MySchool* website (along with a range of school performance data).
- The funding model used by the Catholic education system in Victoria to allocate Australian Government and Victorian Government recurrent grants must be publicly available and transparent.
- Catholic schools must submit an Annual Information Statement and financial reports to the Australian Charities and Not-for-profits Commission (ACNC), for inclusion on the ACNC Register, which is publicly available.

The level of public reporting undertaken by Catholic schools is therefore extensive. There is some duplication in requirements. For example, the ACNC Register has created a fourth website with public information on Catholic schools (alongside *MySchool*, the State Register and the school's website).

4. Allocation of capital grants

Summary

Except in extraordinary circumstances, such as the Australian Government's *Building the Education Revolution* program, Catholic schools fund the vast majority of their capital expenditure through borrowings, donations and parental fees and charges.

The main program that provides capital grants to Catholic schools in Victoria is the Australian Government's Capital Grants Programme (CGP). Catholic schools in Victoria received \$23.9 million in 2017 under the CGP. These capital grants are allocated by Catholic Capital Grants (Victoria) Limited (CCG) through a needs-based, rigorous process in compliance with the requirements of the Australian Government. This process ensures that the allocation of capital grants favours schools that have high levels of educational disadvantage (as measured by the socioeconomic level of the school community) and projects for which schools can demonstrate genuine educational and financial need.

Under its Capital Funding Program for Non-Government Schools, the Victorian Government has committed to provide around \$84 million in capital grants to Catholic schools in Victoria from 2015–16 to 2018–19. Catholic schools in Victoria began to expend these grants in 2016.

As for recurrent grants, there are an extensive set of accountabilities applied to schools and projects that receive capital grants. Schools must demonstrate that they have spent grants (including any interest earned) only on the approved project and certify this upon project completion. They must also allow Catholic education and government authorities to inspect the project upon request. In addition, CCG is a public company limited by guarantee, so must meet the extensive governance and financial reporting requirements of the *Corporations Act 2001*.

This chapter discusses how capital grants are allocated to Catholic schools in Victoria. Section 4.1 describes how grants are allocated under the Australian Government's Capital Grants Program (CGP), which is the only ongoing government program that provides capital grants to Catholic schools in Victoria. Section 4.2 discusses the Victorian Government's Capital Funding Program for Non-Government Schools, which will provide capital grants from 2015-16 to 2018-19. Section 4.3 then summarises accountabilities for these programs.

4.1 The Capital Grants Programme

4.1.1 Description and eligibility

The CGP provides funding to assist non-government primary and secondary school communities to improve capital infrastructure where they otherwise may not have access to sufficient capital resources. Its objectives are to:

- provide and improve school capital infrastructure, particularly for the most educationally disadvantaged students
- ensure attention to refurbishment and upgrading of capital infrastructure for existing students, while making provision for needs arising from new demographic and enrolment trends
- pursue the Australian Government's other priorities and objectives for schooling.³⁰

³⁰ Expected outcomes include providing a better learning environment, addressing an area of particular educational disadvantage, responding to new demographic or enrolment trends, supporting teacher quality, supporting parental and community engagement, supporting safety for the school community, supporting the curriculum, supporting educational opportunities for Indigenous students, supporting education opportunities for students with a disability.

The Australian Government specifies several eligibility criteria for the CGP. Among other things, to be eligible for grants, non-government schools should:

- Demonstrate a financial need for the grant
- Demonstrate that the project will contribute to the objectives of the CGP
- Demonstrate that the school has an appropriate maintenance plan in place and is able to meet the ongoing running cost of its facilities (or, for new schools, a proposed maintenance plan)
- Be proposing a project that is consistent with sound educational planning.

Various exclusions also apply to the type of facilities that can receive funds.³¹

A further criterion is that schools be a member of a Block Grant Authority (BGA). The Australian Government then delegates key administrative and management responsibilities to BGAs. BGAs are responsible, for example, for recommending how funds should be expended to the Minister for Education and Training. The BGA for the Victorian Catholic sector is Catholic Capital Grants (Victoria) Limited (CCG (Vic)) (see section 2.2). Total funding under the CGP for all non-government schools across Australia was about \$142.7 million in 2015. Of this, CCG received \$23.9 million.

4.1.2 Allocations by Catholic Capital Grants (Victoria) Ltd

This section summarises grant allocations processes for the CGP in Victorian Catholic schools. The processes applied by the CCG comply with Australian Government requirements. As highlighted in section 2, the CCG contains three committees – the CCG Committee (Primary), the CCG Committee (Secondary) and the CCG Committee (Joint).

Allocations between grants allocation committees

Capital grants are allocated between grants allocation committees proportionately based on the enrolments of schools within CCG (Vic), after a 3% administration fee has been deducted. An amount is also distributed by a joint committee to promote consistency across school types in the schools receiving grants. Thus, once the administration fee has been deducted:

- The proportion of funds subject to the recommendations of the CCG Committee (Primary) is usually the proportion of enrolments in Catholic primary schools which have joined CCG (Vic) to total enrolments, multiplied by 90%.
- The proportion of funds subject to the recommendations of the CCG Committee (Secondary) is usually the proportion of enrolments in Catholic secondary schools which have joined CCG (Vic) to total enrolments, multiplied by 90%.
- The proportion of funds subject to the recommendations of the CCG Committee (Joint) is the difference between the total amount available to Catholic schools in CCG (Vic) and the sums allocated above. Funding is not always provided to this Committee. It convenes on an 'as needed' basis, usually when the above committees consider there are borderline projects that should be assessed from a wider perspective.

³¹ For example, funds are not available for facilities which have religious worship as a principal purpose.

Allocations of grants to schools

The annual allocation of CGP funding to Victorian Catholic schools is determined by the Australian Government Minister for Education and Training based on the recommendations of CCG. CCG makes its recommendations after calling for applications followed by a two-stage assessment process. Schools have the right to appeal against Committee decisions. The processes are summarised below.

Call for applications

CCG (Vic) notifies schools when applications for CGP funding open each year and advises them of project eligibility criteria. Applications are usually required 12 to 18 months prior to CGP funding being allocated, to allow for assessment and approval processes to be completed.

Stage 1 assessment

The first assessment stage involves a short-listing of applications made by schools. The assessment process runs as follows:

1. Committees rank projects according to the level of 'educational disadvantage' of the student population at the applicant school. School SES scores are used for this purpose. When the level of educational disadvantage is comparable between schools, committees distinguish projects according to various secondary criteria.³²
2. Committees assess the 'educational need' for the project. Need is assessed as high, medium or low. In general terms, committees must be satisfied that the project will bring the level of facilities at the school up to the standard of comparable schools.³³
3. Committees assess school's 'financial need' for proposed projects. Financial need is defined as the estimated total cost of a capital project less the maximum financial contribution a school authority can make.

This process results in a prioritised listing of projects and their estimated need for capital grants. The committees then apply a cut-off point to this list set by the available funds. Projects above the cut-off point are shortlisted for Stage 2 assessment.

Stage 2 assessment

The second assessment stage involves detailed study of shortlisted projects. Schools that are short-listed in the Stage 1 assessment are asked to produce final sketch plans and estimates for their projects. Committees then reassess applications with this information.

The reassessment involves two main steps:

1. Finalisation of a school's contribution to the project. Schools are asked to agree to a contribution toward the project as proposed by committees. Once a school contribution has been agreed this must be endorsed by the school's owners.
2. Confirmation that the project is within guidelines on cost and area – based on the final sketch plans and estimates, including any variations to the project requested by the school.

³² Criteria include the relative contribution of the projects to the objectives of the CGP, the appropriateness of the cost, size and use of the facilities to be funded in relation to sound educational planning, and the condition and suitability of existing school facilities in relation to the level of facilities needed.

³³ This assessment is based on the area and cost guidelines. The overall area guideline applied is 6.13m² per student in primary schools and 9.75 m² per student in secondary schools. All areas used by the school are included in this measurement, although unenclosed travel areas are excluded. Provided these standards are not exceeded, schools are free to plan the type of functional spaces they require.

Once the Stage 2 assessment is completed, a committee's final recommendations are forwarded to the Board for approval in an annual schedule of proposed projects. This annual schedule is forwarded for approval to the Minister for Education and Training. If ministerial approval is granted, CCG make an initial offer of a grant to the school, advising the school to proceed to tender which allows a final grant to be determined.

Review and appeals procedure

Applicant schools have the right to appeal against the decisions of the committees under certain circumstances.³⁴ In the first instance, the application the subject of an appeal is reviewed by the committee which made the original decision and then by the CCG (Vic) Board. If the decision of that review does not satisfy the applicant then the application is reviewed by an independent appeals tribunal. This tribunal reports its findings to the CCG (Vic) Board.

4.1.3 Project List for 2018

Each year CCG submits a schedule of recommended projects to the Australian Government for the CGP (the 'Project List'). Approved projects may receive grants under the CGP over a number of years. For this reason, the Project List in any given year need not match the annual funding received. CCG has the responsibility to ensure over time that the capital grants it receives are sufficient to fund approved projects (including projects approved in previous years) and the timing of cash flows.

The Project List for the 2018 Schedule Year is provided in Table 7. These projects may receive the specified capital grants over 2018, 2019 and 2020.

³⁴ The applicant school must believe that: the Committee did not accurately assess or apply the data to determine either educational need or financial need and/or; the Committee did not accurately assess the level of educational disadvantage of the students at the school and/or; the school's application was not processed according to the *Capital Grants Programme Operating Manual*.

Table 7: Project List for the 2018 Schedule Year under the Capital Grants Program

School	Suburb	Project description	Project cost	Grant*	School contribution
St Mary's School	Alexandra	Reconfiguration of corridors, student and staff amenities and extension to administration and associated spaces, to provide disability compliant access through the school.	\$550,000	\$50,000	\$500,000
Queen of Peace Primary School	Altona Meadows	Partial demolition and refurbishment of 15 general learning areas and administration spaces. Construction of student amenities and administration including school entry.	\$2,800,000	\$1,300,000	\$1,500,000
St Francis Xavier College	Beaconsfield	Construction of nine specialist learning areas and associated spaces.	\$4,200,000	\$3,200,000	\$1,000,000
Christ the King Primary School	Braybrook	Refurbishment of three general learning areas, library/resource area, administration and staff area. Creation of shared learning space.	\$1,700,000	\$400,000	\$1,300,000
St Agatha's School	Cranbourne	Demolition of administration building. Construction of administration building and associated areas.	\$1,800,000	\$0	\$1,800,000
St Peter's College	Cranbourne	Construction of commercial kitchen, drama and dance areas and associated spaces.	\$5,700,000	\$3,700,000	\$2,000,000
St Thomas the Apostle	Cranbourne East	Construction of six general learning areas and associated spaces.	\$2,100,000	\$600,000	\$1,500,000
St Paul the Apostle	Doreen	Construction of eight general learning areas, multi-purpose hall, external play spaces and associated spaces.	\$3,700,000	\$2,200,000	\$1,500,000
St Ita's School	Drouin	Reconstruction of spaces to relocate administration, general learning areas and associated spaces.	\$1,750,000	\$1,350,000	\$400,000
St Liborius' School	Eaglehawk	Refurbishment of 10 general learning areas. Reconstruction of student amenities.	\$1,450,000	\$250,000	\$1,200,000
St Mary's School	Echuca	Construction of extension of administration to include staffroom extension, office and library/resource areas. Construction of two general learning areas, associated spaces and student amenities.	\$1,500,000	\$500,000	\$1,000,000
St Mark's School	Fawkner	Refurbishment of six general learning areas and associated spaces.	\$1,700,000	\$150,000	\$1,550,000
St John's School	Frankston East	The refurbishment of general learning areas to provide flexible learning spaces. Upgrade of associated spaces and student amenities.	\$1,500,000	\$840,000	\$660,000

School	Suburb	Project description	Project cost	Grant*	School contribution
St Brigid's College	Horsham	Demolition of staff facilities, transportable tech-skills building, art and textile spaces. Construction of specialist learning areas and student amenities. Conversion of science facilities to provide staff facilities.	\$7,200,000	\$5,500,000	\$1,700,000
St Joseph's School	Korumburra	Refurbishment and extension to general learning areas and associated spaces.	\$1,350,000	\$570,000	\$780,000
St Anthony's School	Lara	Refurbishment of general learning areas and library space.	\$2,300,000	\$750,000	\$1,550,000
St Martin de Porres School	Laverton	Refurbishment of general learning areas including student amenities. Construction of covered outdoor learning areas.	\$2,600,000	\$250,000	\$2,350,000
Siena Catholic Primary School	Lucas	Construction of multi-purpose hall, library, administration, specialist areas and associated spaces.	\$2,600,000	\$1,100,000	\$1,500,000
St Dominic's School	Melton	Refurbishment of eight general learning areas. Construction of four general learning areas above the existing building and associated landscape works.	\$2,630,000	\$380,000	\$2,250,000
St Catherine of Siena School	Melton West	Refurbishment of eight general learning areas, associated areas and multi-purpose room.	\$1,800,000	\$550,000	\$1,250,000
St Joseph's School	Nagambie	Refurbishment of administration and staff areas and underpinning.	\$660,000	\$60,000	\$600,000
St Thomas Aquinas School	Norlane	Refurbish four general learning areas. Reconstruction of student and staff amenities, resource area, staff and administration facilities.	\$1,500,000	\$180,000	\$1,320,000
St Aloysius College	North Melbourne	Refurbishment of general learning areas. Construction of disability access and associated spaces.	\$600,000	\$100,000	\$500,000
St Michael's School	North Melbourne	Refurbishment of general learning areas, staffroom and school hall kitchen and associated areas. Construction of amenities.	\$1,000,000	\$100,000	\$900,000
St Clare's	Officer	Construction of eight general learning areas, external play spaces and associated works.	\$3,200,000	\$1,700,000	\$1,500,000
St Joseph's School	Red Cliffs	Refurbishment of general learning and administration areas and associated spaces.	\$1,000,000	\$80,000	\$920,000
Our Lady Help of Christians School	Wendouree	Upgrade school entry. Conversion to provide administration and staff areas including amenities. Refurbishment to provide four general learning areas and shared areas.	\$1,500,000	\$220,000	\$1,280,000

*Includes CGP interest

4.2 The Victorian Government Capital Funding Program

4.2.1 Description and eligibility

Under its Capital Funding Program for Non-Government Schools, the Victorian Government has committed to provide around \$84 million in capital grants to Catholic schools in Victoria from 2015–16 to 2018–19.

This funding is directed to two categories of projects:

- New places – building new schools and expanding capacity at existing schools in areas of Victorian experiencing significant enrolment demand
- Facility upgrades – upgrading facilities in existing schools according to need.

The Victorian Government's requirements for the administration of this program are set out in operational guidelines.

As a funding condition, Catholic schools must match the contribution of the Victorian Government to projects (in aggregate, over the life of the program)³⁵. To be eligible for funding, schools must have independent costings for the proposed project, including cash flow, and evidence of contingency planning and plans. The project must also have a timing schedule indicating construction can begin within 12 months of the announcement of funding and can be completed within a further 12 months (although extensions and exceptions can be sought).

The assessment criteria for projects include³⁶:

- Enrolment demand
- Location
- Condition
- Financial and socio-economic need
- Project outcomes
- Project readiness.

Applications are assessed against these criteria and those which best meet the criteria are prioritised for funding. The criteria carry equal weighting in this assessment.

Under program conditions, the capital grants are not available for:

- Retrospective assistance
- Places of worship
- Purchase of cars, buses and other vehicles
- Staff salaries and training
- Ongoing administration costs
- Playground equipment
- Toys, consumables and appliances
- Routine maintenance
- Purchasing land, with or without existing buildings.

³⁵ Note that in-kind contributions, land costs (for new schools) and other government grants) are excluding from the calculation of the co-contribution by Catholic schools.

³⁶ Some criteria are only relevant to a specific project type – for example, “enrolment demand” is only relevant to projects that create “new places” in Catholic schools.

The program is divided into three rounds of funding:

- For Round 1, applications opened in October 2015, successful schools were announced in June 2016 and funding agreements were signed by August 2016
- For Round 2, applications opened in October 2015, successful schools were announced in November 2016 and funding agreements were signed early in 2017
- For Round 3, applications opened in October 2016, successful schools were announced in November 2017 and funding agreements were signed early in 2018.

4.2.2 Role of the Catholic Capital Grants (Victoria) Ltd

CCG administers the Capital Funding Program for Non-Government Schools in a very similar way to the CGP, and it has analogous roles and responsibilities. CCG is responsible for advising Catholic schools about the program, coordinating submissions by Catholic schools, reviewing submissions and recommending funding to the Victorian Department of Education and Training (DET). After each round CCG submits a business case to the Victorian DET outlining recommendations for funding. The business case includes:

- A list of all applications
- A brief description of the projects associated with each application
- The level of assistance recommended for each successful applicant
- The reasons for the recommendation
- A summary of the total co-contributions for all recommendation projects and the total amount of funding allocation for building new places.

The Victorian DET then assesses the business case and provides advice on funding allocations to the Minister for Education. The Minister determines the successful projects and the grant funding allocated.

As for the CGP, CCG is permitted to deduct a 3% administration fee for its role administering the project within the Catholic sector.

4.2.3 Project List for Round 3

Successful projects for Round 3 are listed in Table 8.

Table 8: Project List for Round 1 of the Victorian Government Capital Funding Program for Non-Government Schools 2015–16 to 2018–19

School	Suburb	Project description	Project cost	Grant*	School contribution
Proposed School Bannockburn	Bannockburn	Refurbishment of state school site to create new Catholic primary school.	\$2,000,000	\$1,000,000	\$1,000,000
Mater Christi College	Belgrave	Construction of lecture and performance arts centre and associated spaces.	\$4,000,000	\$3,000,000	\$1,000,000
St Joseph's School	Benalla	Construction of four general learning areas. Demolition of demountable buildings containing asbestos.	\$1,300,000	\$100,000	\$1,200,000
Salesian College	Chadstone	Refurbishment and extension to administration area, upgrade of external services and associated spaces.	\$5,200,000	\$4,200,000	\$1,000,000
Trinity College Colac Inc.	Colac	Refurbishment of library, IT labs, server room, careers office, associated staff offices and student toilets.	\$1,100,000	\$600,000	\$500,000
St Peter's School	Epping	Refurbishment of administration and staff facilities and associated areas	\$1,550,000	\$1,150,000	\$400,000
St John's School	Euroa	Construction of two general learning areas, amenities and associated areas. Refurbishment of administration area and associated areas.	\$1,900,000	\$950,000	\$950,000
St Matthew's School	Fawkner North	Refurbishment of administration, staffroom and associated areas.	\$1,000,000	\$600,000	\$400,000
Sacred Heart Girls' College	Hughesdale	Construction of flexible learning spaces, two general learning areas and the expansion of storage facilities to the school hall.	\$1,960,000	\$960,000	\$1,000,000
Catholic Regional College North Keilor	Keilor North	Construction and refurbishment of existing multi-purpose hall and associated spaces.	\$2,900,000	\$900,000	\$2,000,000
St Brendan's School	Lakes Entrance	Refurbishment of 10 general learning areas and associated spaces.	\$1,500,000	\$1,100,000	\$400,000
Mount Lilydale Mercy College	Lilydale	Demolition of learning areas. Construction of eight general learning areas, staff offices and associated spaces.	\$6,500,000	\$4,500,000	\$2,000,000
Catholic Regional College Melton	Melton	Refurbishment of gymnasium to provide student resource centre, library and associated areas.	\$3,415,000	\$1,415,000	\$2,000,000
St Catherine's School	Moorabbin	Refurbishment of two general learning areas.	\$100,000	\$50,000	\$50,000
St Brigid's School	Mordialloc	Construction of administration, four general learning areas and associated areas. Demolition and external works. Refurbishment of general learning areas.	\$2,750,000	\$1,000,000	\$1,750,000
Damascus College	Mount Clear	Construction of a specialist technology teaching facility.	\$6,000,000	\$5,000,000	\$1,000,000
Santa Maria College	Northcote	Refurbishment of ten general learning areas. Construction of four general learning areas and associated spaces.	\$3,850,000	\$2,850,000	\$1,000,000

School	Suburb	Project description	Project cost	Grant*	School contribution
Christ Our Holy Redeemer School	Oakleigh East	Refurbishment of general learning areas and associated works.	\$2,000,000	\$550,000	\$1,450,000
St Mary of the Cross	Point Cook	Construction of five general learning areas and associated spaces. Refurbishment of external areas and student amenities.	\$3,100,000	\$1,600,000	\$1,500,000
Proposed School Sunbury	Sunbury	Construction of Stage 1 of a new Catholic primary school on a greenfield site.	\$4,750,000	\$2,250,000	\$2,500,000
St John the Apostle Catholic Primary School	Tarneit West	Stage 3 of new school comprising general learning areas, carpark, Stage 1 of multi-purpose hall	\$4,180,000	\$2,680,000	\$1,500,000
Marist-Sion College	Warragul	Demolition of 11 relocatable learning areas. Construction of 11 general learning areas and associated spaces.	\$3,000,000	\$100,000	\$2,000,000
MacKillop Catholic Regional College	Werribee	Construction of 14 general learning areas. Refurbishment of general learning areas to provide library. Refurbishment to provide staff work areas, and student services and car park. Demolition of re-locatables.	\$10,200,000	\$8,200,000	\$2,000,000
St Andrew's School	Werribee	Refurbishment of library to provide administration. Refurbishment of administration to provide general learning areas. Construction of staff lounge and outdoor learning area. Reconstruction of student amenities.	\$3,000,000	\$1,350,000	\$1,650,000
Presentation College Windsor	Windsor	Refurbishment of general learning areas, specialist spaces and associated student and teacher amenities in Nagle Building.	\$2,000,000	\$1,000,000	\$1,000,000
Proposed school Wollert	Wollert	Construction of Stage 1 of a new Catholic primary school on a greenfield site.	\$4,750,000	\$2,250,000	\$2,500,000

4.3 Accountabilities for government capital grants

Accountabilities under the two capital grants programs are described below. In addition to these program-specific accountabilities, CCG is a public company limited by guarantee, and therefore must meet the extensive governance and financial reporting requirements of the *Corporations Act 2001*.

4.3.1 Capital Grants Programme (Australian Government)

In the terms and conditions of its membership, CCG requires schools which receive grants under the CGP to comply with a number of requirements (consistent with those set out by the Australian Government). These ensure that funds are expended for the purposes they are allocated. Key requirements include that schools must:

- spend the grant (including any interest earned) only on the approved project, as soon as possible during the program year in which funds are provided
- obtain prior approval for any amendments to the approved project
- enter into a legally binding contractual arrangement to proceed with the project before the end of the year in which the first instalment of the grant is payable (unless approved by the Australian Government)
- contribute at least the amount specified as the school contribution
- certify upon project completion (through documentation from architects and accountants) the total expenditure and grant received for the project, that the project is completed in accordance with the approved project description, and that the grant monies were spent only on the approved project
- allow CCG and/or the Australian Government to inspect the project.

The relevant documentation provided by schools to CCG (Vic) must ultimately be submitted to the Australian Government. Each year the CCG (Vic) must submit a Financial Accountability Report to the Australian Government. This consists of:

- An audited statement of income and expenditure in relation to all CGP grants received by CCG and total expenditure by CCG
- Details of all accounts operated by CCG in which CGP funds are held
- A list of payments made to schools
- A schedule of completed projects
- The certifications for projects provided by architects and accountants– certifying that the project is completed in accordance with the approved project description, and that grant monies were spent only on the approved project.

4.3.2 Victorian Government Capital Funding Program

The Catholic sector has significant accountabilities for this program. These are similar to those for the CGP, and ensure all grants (including interest) are only expended on approved capital projects and that these projects are delivered as approved.

Under this program:

- CCG must establish a separately identifiable account for the program, with all grant amounts received from the program paid into this account
- CCG must provide reporting updates to DET on a monthly basis. These reports must include information on the progress, schedule, scope, financial status and risks and issues of each approved project
- Approval must be sought from the Victorian DET for material changes in the project scope or any extension in the project end date by more than 2 months
- CCG must provide annual reports to DET, including:
 - an audited statement of income and expenditure in relation to all grants distributed through the program and total expenditure
 - details of all accounts operated by CCG in which funding for the program is held and copies of account bank statements
 - a list of payments made to schools
 - a schedule of completed projects
 - confirmation that for each completed project the school has provided a declaration by the project supervisor or architect that the project is completed in accordance with the approved scope
 - reconciliation of undisbursed funds
 - an explanation of the status of un-acquitted projects
 - a certificate by a Qualified Accountant stating whether an amount equal to the grant paid to CCG by the Victorian Government for that program year has been spent (or committed to be spent) for that program year and for the purposes for which is was granted.
- Staff from the Victorian DET has the right to inspect facilities for which capital assistance was provided.

CCG imposes corresponding requirements on Catholic schools which receive grants through legally binding agreements for each project. The agreements include a list of minimum clauses provided by the Victorian DET.

Appendix A GAC(P) funding model output summary

CECV Grants Allocation Committee Primary Victorian Primary Budget 8th Version 2017			Updated 18/01/2018		CECV catholic education commission of victoria inc		
A	Victorian Notional Systemic Draft Budget	Total CECV	Melbourne	Ballarat	Sandhurst	Sale	
B Victorian Systemic Notional Income							
B1	Australian Government Recurrent Grants	897,277,689	636,744,574	90,239,147	85,176,331	85,117,637	
B2	Students First Support Fund	1,921,326	1,409,490	170,292	166,169	175,375	
	Total Australian Government Funding	899,199,015	638,154,064	90,409,439	85,342,500	85,293,012	
B3	State Government Recurrent Grants	225,470,734	158,411,096	23,054,755	22,803,461	21,201,422	
B4	Total Government Recurrent Grants	1,124,669,749	796,565,160	113,464,194	108,145,961	106,494,434	
B5	CIC - Private Income for Recurrent Purposes	138,897,221	106,738,969	10,695,822	10,278,528	11,183,902	
	VICTORIAN SYSTEMIC NOTIONAL INCOME TOTAL	1,263,566,970	903,304,129	\$124,160,016	\$118,424,489	\$117,678,336	
C. Victorian Systemic Notional Expenditure							
C1	Central Systemic Costs						
C1-1	Consultancy Budget	17,859,547	11,891,293	2,396,344	1,898,990	1,672,920	
C1-2	Leadership, professional and teacher development	4,775,093	3,503,021	423,229	412,981	435,862	
C1-3	Accrual Accounting Transition	400,000	100,000	100,000	100,000	100,000	
C1-4	Recurrent Technology Needs - SLA and dioceses	3,563,382	3,102,781	153,534	153,534	153,534	
	Total	26,598,022	18,597,095	3,073,107	2,565,505	2,362,316	
C2	Direct GAC(P) Targeted Support to Schools						
C2-1	Health Care Card	22,389,155	15,542,193	2,499,393	2,448,615	1,898,954	
C2-2	Assistance to new schools	1,142,038	681,774	131,000	0	329,264	
C2-3	Educational Disadvantage (SFO)	10,990,924	7,850,352	984,738	986,796	1,169,038	
C2-4	Low English Proficiency loading (LEP)(LBOTE)	2,501,853	2,350,101	50,125	26,420	75,207	
C2-5	Low SES (including SSNP schools - cc150)	47,813,190	31,369,975	5,135,127	5,483,102	5,824,986	
C2-6	Size Loading - Recurrent	29,940,819	17,045,281	6,055,479	3,942,915	2,897,144	
C2-7	Location loading	6,955,032	321,643	4,166,482	1,286,830	1,180,077	
C2-8	Students at Risk (Column S)	25,039,345	17,940,800	2,508,922	2,282,805	2,306,818	
C2-9	Student Wellbeing (Column W)	11,187,026	7,911,717	1,172,904	1,073,330	1,029,075	
	Total	157,959,382	101,013,836	22,704,170	17,530,813	16,710,563	
C3	Targeted areas support approved by GACP & administered by GACTP						
C3-1	Indigenous (ATSI)	2,645,818	995,489	539,085	744,136	367,107	
C3-2	Student Services (CC 221 only)	2,939,471	1,175,792	587,893	587,893	587,893	
C3-3	SWD-LNLSN	82,457,378	59,361,148	8,108,033	7,528,558	7,459,639	
C3-4	Literacy and numeracy - diocesan share	21,233,076	15,576,639	1,881,943	1,836,375	1,938,118	
C3-5	Refugee Strategy	2,201,086	1,848,117	99,149	154,671	99,149	
C3-6	New Arrivals	5,632,368	4,054,748	553,830	514,249	509,541	
C3-7	2017 - 2019 F-12 Languages Strategy Speak Up!	631,987	-127,255	261,127	332,119	165,997	
C3-8	Languages - Student First support fund	1,921,326	1,409,490	170,292	166,169	175,375	
	Total	119,662,510	84,294,168	12,201,353	11,864,169	11,302,820	
C4	School-based Central Costs						
C4-1	Copyright	2,590,250	1,895,389	232,267	224,660	237,934	
C4-2	Recurrent Technology Needs includes C.N.A (CC 217)	20,553,280	11,199,698	3,900,392	2,936,333	2,516,857	
C4-3	ICON Budget - Primary Contribution (CC 225)	12,000,000	7,979,540	1,626,598	1,289,003	1,104,859	
C4-4	Long Service Leave provision (CC 207)	12,005,326	8,702,900	1,160,120	1,124,344	1,017,963	
C4-5	Teacher development - graduate induction (CC 215)	599,425	221,425	128,000	138,000	112,000	
C4-6	SCIS web bulk subscription (CC 221)	93,246	68,232	8,361	8,087	8,565	
C4-7	Strategic Partnerships (CC 213)	964,484	705,752	86,485	83,652	88,595	
	School-based Central Costs Total	48,806,011	30,772,936	7,142,223	5,804,079	5,086,773	
C5	Central Systemic Costs - prior year unexpended	5,497,237	4,013,901	500,196	480,704	502,436	
C	TOTAL SYSTEMIC CENTRAL COSTS	\$358,523,162	\$238,691,936	\$45,621,049	\$38,245,270	\$35,964,908	
			66.58%	12.72%	10.67%	10.03%	
C6	FUNDS AVAILABLE TO DIOCESES	\$905,043,808	\$664,612,193	\$78,538,967	\$80,179,218	\$81,713,428	
F FUNDS AVAILABLE TO DIOCESES							
D	Diocesan based expenses		Total CECV	Melbourne	Ballarat	Sandhurst	Sale
D1	Other recurrent costs	165,276,495	\$905,043,808	\$664,612,193	\$78,538,967	\$80,179,218	\$81,713,428
D1-1	Net ORC (less fees and ORI factor)						
D2	Diocesan needs based requirements - 'below the line'	16,922,680		7,893,890	1,927,714	3,176,456	3,924,620
D3	Interest factor	10,544,486		8,526,314	724,989	557,531	735,652
D4	Global Budgeting Schedule	667,433,311		487,206,474	60,543,912	58,528,543	61,154,382
D5	Additional diocesan allocation - 'below the line'	13,759,424		10,196,490	1,263,802	1,214,449	1,084,683
D6	Risk reserve	0		0	0	0	0
D7	Paid maternity leave funded by Dioceses	7,074,740		5,165,743	643,733	618,648	646,616
D8	Excessive sick/careers leave replacement costs - Diocese funded	1,599,980		1,168,252	145,583	139,910	146,235
D9	2017 Special Adjustment	8,000,000		5,841,337	727,923	699,557	731,183
D9	Funds distributed according to diocesan share	14,432,692		10,538,277	1,313,236	1,262,061	1,319,118
	Total Diocesan based expenses	905,043,808		\$656,520,582	\$82,750,037	\$80,849,095	\$84,924,095
E	Total expenses	1,263,566,970		\$895,212,517	\$128,371,086	\$119,094,365	\$120,889,003
F Diocesan Share - Victorian Primary Budget 2017							
B4	TOTAL GOVERNMENT GRANTS AVAILABLE	\$1,124,669,749		\$796,565,160	\$113,464,194	\$108,145,961	\$106,494,434
C2	LESS CENTRAL SYSTEMIC COSTS	\$358,523,162		\$238,691,936	\$45,621,049	\$38,245,270	\$35,964,908
G	AVAILABLE FOR DISTRIBUTION - TOTAL	\$766,146,587		\$559,415,031	\$69,711,984	\$66,995,382	\$70,024,189
H	Diocesan share %			73.0167%	9.0990%	8.7445%	9.1398%

Appendix B GAC(S) funding model output summary

CECV Grants Allocation Committee (Secondary) Funding Formula 2017		
	FUNDING MODEL ITEM	TOTAL CECV \$
Estimate of system 'notional need' for funding is taken from the Australian Government's SRS model	System notional need for funding (extracted from the SRS model)	1,585,358,119
	Base funding	1,335,877,926
	ELP Loading	3,500,488
	ATSI Loading	2,061,845
	Low SES Loading	124,224,369
	SWD Loading	106,454,261
	Size Loading	4,768,906
	Location Loading	8,470,322
This is calculated using school SES scores and tailored CECV formulas	Capacity to contribute (total)	378,157,918
	System notional need for public funding	1,207,200,201
	Total estimated government recurrent grants	1,158,395,402
	Estimated Australian Government grants (less risk reserve)	926,034,378 0
Adjustments to school allocations and the GAC(S) funding pool for targeted areas, central costs and to fund programs administered by GAC(TA)	Estimated Victorian Government grants	232,361,024
	Estimated shortfall in grants relative to notional need	48,804,799
	System adjustments	124,469,890
	Funding transferred to GAC(TA)	61,798,989
	Students with Disabilities	44,393,312
	Literacy and numeracy	3,935,857
	English as second language / new arrivals	421,875
	Refugee Support	2,018,000
	Aboriginal and Torres Strait Islander	2,220,619
	Languages	841,666
	VET/VCAL	7,967,660
	Health Care Card (targeted area)	28,250,600
	Interest Factor (targeted area)	19,505,174
	Assistance to new schools (targeted area)	598,846
	ICON (central costs)	7,000,000
	CNA (central costs)	7,316,281
This is the total amount of funding allocated by GAC(S). This includes some targeted areas.	Funding for distribution to schools by GAC(S)	1,017,589,267
	School notional need funded by government	1,033,925,512
	Health Care Card (targeted area)	28,250,600
	Interest factor (targeted area)	19,505,174
	Assistance to new schools (targeted area)	598,846
	Transition realignment embedded in distributions	36,437,952