



## **Seventh-day Adventist Schools (Victoria) Ltd**

### **Accounting Policy – Redistribution of Commonwealth Recurrent Grants**

#### **Background**

Adventist Schools Victoria (ASV) receives Commonwealth recurrent school funding on behalf of its schools as the approved system authority for those schools. Recurrent funding received from the Commonwealth Department of Education must be used to provide school education at a school.

Funding is predominantly used for a school's day-to-day operations, including for teacher and other staff salaries. In addition to salaries and staff related costs, schools also incur operating costs for expenses such as professional development, development of teaching materials, building maintenance, purchasing capital equipment for the school and other general operating expenses. Considerable costs are also incurred to implement school programs such as programs that target identified learning needs, provide extension opportunities and support disadvantaged students.

#### **ASV Head Office**

In addition to incurring expenses at its schools, ASV also incurs operating costs for its head office such as salaries for head office staff, recruitment, professional development and administrative costs. The head office provides direct support, specialist advice and administrative services to schools in areas such as finance and accounting, human resources and payroll, information communications technology, occupational health and safety, child protection, and spiritual and pastoral care. ASV also manages enterprise risk and compliance, with the CEO accountable to the ASV board of directors.

#### **Applicability**

The redistribution of Commonwealth recurrent school funding will apply from 2023.

#### **Procedure**

The previous needs-based funding arrangement was in place from 2020 to 2022 in response to changes made to the Australian Education Act that saw the SES (Socio-economic status) being replaced by the DMI (Direct Measure of Income) as a means to calculate the CTC (Capacity to

Contribute) scores of non-government schools. ASV made a commitment to its schools that they will be no worse off, in funding terms, under the new DMI policy settings. To this end, ASV made the decision that it would use its own needs-based funding arrangement from 2020 until 2022, which would result in each school continuing to transition to 80% of the SRS by 2020. This needs-based arrangement ensured that students with the same level of need received the same level of funding support from the Commonwealth. With all schools having transitioned to 80% of SRS by 2022 there was now a need for ASV to establish a new needs-based funding arrangement for the purpose of distributing commonwealth recurrent funding to its schools.

Under this funding arrangement:

1. ASV will support and follow the funding methodology used by the Commonwealth, which provides base funding per student to schools using each schools' individual DMI score in recognition of each school community's own capacity to contribute to school income.
2. Loadings for additional needs to support student achievement, including for students with disability, Aboriginal and Torres Strait Islander students, students with low socioeconomic status and those with low English proficiency, and schools disadvantaged by location or size, are applied using the same methodology as the Commonwealth's funding model.
3. A portion of the base funding will be set aside for the operation of the ASV head office. Any further expenses incurred in operating the ASV head office will be covered by private income.
4. Indexation by Education CPI each year.

Approval:

Approved: Board of Directors