

Non-State Schools Recurrent Grant Policy

September 2023



Non-State Schools Recurrent Grant Policy

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Non-State Schools Recurrent Grant Policy

1. Policy statement

This *Non-State Schools Recurrent Grant Policy* applies to non-state schools only.

The Queensland Government provides state recurrent funding to non-state schools in support of the right of parents to choose the school they believe is best for their child or is consistent with their personal values or faith, and recognises the valuable contribution the non-state sector plays in the education of children in Queensland.

Queensland's Department of Education (the department) administers the recurrent grant on behalf of the State Government.

This policy is issued under the *Education (General Provisions) Act 2006* (EGPA)¹ and outlines:

- the methodology used to calculate each school's entitlement to state recurrent funding, including basic examples of how the policy is applied in practice;
- the process for payment of state recurrent funding to schools;
- conditions attached to the use of funding, including:
 - permissible use of recurrent funding; and
 - accountability requirements;
- the process for recovering overpaid funding including dispute resolution; and
- conditions of funding including processes for suspension or reduction of recurrent grant payments.

2. Eligibility

For a school to be eligible for state recurrent funding:

- the school must be accredited by the Non-State Schools Accreditation Board (the Board); and
- the Board must be satisfied that the governing body of the non-state school meets the government funding eligibility criteria.

The payment of funding under this policy is subject to the conditions of funding as outlined in Section 7 of this policy².

3. State census

Payments of the state recurrent grant are based on enrolment data collected by the Board in the school survey (State census) for non-state schools which occurs annually on the last Friday in February (census day).

Schools are not eligible to receive recurrent funding for any students defined in the State census instructions as overseas students or other students including but not limited to those on visitor visas, bridging visas with study limitation or no visa.

4. State recurrent grant distribution model

Each year, the department calculates school-specific per-student recurrent rates of funding for primary and secondary students for each eligible non-state school.

The recurrent rates are unique to each non-state school and are representative of the needs of the school. Using a needs-based model guarantees that schools with higher needs receive

¹ S.369 of the *Education (General Provisions) Act 2006* (EGPA)

² S.368(2) and (2A) of the EGPA

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higher rates of per-student funding.

Existing schools are notified of their recurrent rates for the following school year as soon as possible following confirmation of the budget in October.

Key aspects of the funding model are outlined in **Attachment 1**.

5. Payment schedule

The recurrent grant is paid to non-state schools throughout the school year as follows: *

Payment date	Proportion of allocation	Calculation method
9 January	1/4 of estimated annual allocation	Payment based on student numbers for the previous year
29 May	1/2 of annual allocation less January payment	Payment based on student numbers for the current year
9 July	1/4 of annual allocation	Payment based on student numbers for the current year
7 September	1/4 of annual allocation	Payment based on student numbers for the current year

* For details regarding payments to new schools, refer to Section 7 of Attachment 1.

6. Additional residual funding payment

Following confirmation of Queensland's total general recurrent grant budget in October, a final residual payment may be distributed as a one-off payment to schools.

The residual payment is allocated to schools according to the needs profile of each school (as detailed in **Attachment 1**).

7. Conditions of funding³

In addition to continuing to meet accreditation and funding eligibility requirements under the *Education (Accreditation of Non-State Schools) Act 2017* (Accreditation Act), recurrent funding is paid to the governing body of a non-state school subject to a number of further conditions, as follows.

7.1 Use of funds

The state recurrent grant is provided to the governing body of an eligible non-state school for the purpose of meeting the costs of operating the school. The funds can only be used for the following:

- teaching and general staff salaries;
- professional development;
- curriculum development and implementation;
- maintaining the school's land and buildings; and
- general operating expenses of the school.

The state recurrent grant must not be expended, or committed to be expended, on the purchase of land and buildings.

³ S.368(2) and s.368 (2A) of the EGPA

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7.2 Reporting requirements

Financial data⁴

The governing body of a non-state school in receipt of the recurrent grant must provide to the Minister financial data relating to the previous calendar year of operation of the school, by 30 June each year. The financial data must be based on audited financial statements and is used by the department to calculate a School Resource Index for each school which is used in the calculation of the following year's state recurrent grant rates.

Allowance acquittal⁵

The governing body of each non-state school in receipt of the recurrent grant must submit to the Minister, by 30 June, allowance acquittal details for the school relating to the previous calendar year. The allowance acquittal, which must be approved by an independent accountant, provides details of how the governing body expended, or committed to expend the state recurrent grant.

Failure to provide

Failure of the governing body of a non-state school to provide the financial data or allowance acquittal details by 31 August of the year the data is due will result in the final instalment of recurrent funding for that year being provided in three monthly instalments, with further payments of State recurrent funding withheld until the outstanding information is provided. The balance of any withheld funding will be provided immediately upon provision of the outstanding information.

8. Overpayments⁶

If the Minister considers that a non-state school's governing body has received an overpayment, the amount of the overpayment is a debt owed by the non-state school's governing body to the State and may be recovered by the Director-General of the department.

An overpayment means an amount, or part of an amount, paid to the governing body of a non-state school to which the governing body was not entitled under this policy⁷. Examples of payments considered to be overpayments by the Minister include but are not limited to:

- An amount of recurrent funding paid to a school for an ineligible student, e.g. a student who has not met the minimum attendance and the "beyond the control" eligibility requirements, or an overseas student.
- If the governing body of a school is found to be operating contrary to the ongoing requirements detailed in Section 7 above, the amount of funding paid to the school during the period the school is found to be operating contrary to the funding requirements.
- If the governing body of the school is found to have used the state recurrent grant for purposes contrary to those outlined in Section 7.1 above.

8.1 Recovery of overpaid state recurrent grant

Overpayments are to be recovered by the Director-General.

To determine the amount of the overpayment, the Director-General may appoint an independent qualified auditor to undertake an audit of a school. The Director-General may also consider the findings of an independent qualified auditor who has undertaken an audit of the school and who was not appointed by the Director-General. If the auditor finds there has

⁴ S.370 of the EGPA

⁵ S.374 of the EGPA

⁶ S.368(2B) and s.369(1)(d) of the EGPA

⁷ As defined under section 367 of the EGPA

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been an overpayment, the amount determined by the auditor is the amount of debt owed by the non-state school to the State.

When the amount of the overpayment is determined, the Director-General will notify the governing body of the school in writing, stating:

- the amount of the overpayment;
- the basis on which the decision has been made;
- repayment options, including timeframes and comprising a default repayment option in the event a school does not respond to the notice by a specified date. The default repayment option will involve a reduction in future state recurrent funding payments;
- an outline of the process if the governing body disputes the existence or amount of the overpayment and an independent audit has not been undertaken;
- any consequences if the school does not meet its repayment obligations; and
- the date by which the governing body must respond to the Director-General's notification.

Repayment options may include:

- a one-off repayment equal to the amount of the overpayment;
- multiple part-payments in accordance with a repayment plan; or
- reduction over time of the governing body's future state recurrent grant payments until the overpayment has been repaid in full.

If a school identifies it has received an overpayment, the school must immediately notify the department by contacting the department's Office of Non-State Education. Contact details for the Office of Non-State Education are included in Section 15.

If a school has identified an overpayment and the department considers that the overpayment was due to a one-off administrative error, and if the school is taking steps to address the administrative deficiency which caused the error and to repay the amount of the overpayment, no further action may be required. However, the Director-General may choose to investigate the matter further.

The Minister or the Director-General may refer the circumstances of an overpayment to a number of external bodies for their investigation and possible action, including but not limited to:

- the Non-State Schools Accreditation Board;
- the Queensland Police Service; and
- the Commonwealth Department of Education.

8.2 *Dispute resolution process for overpayments*

If a non-state school disputes the existence or amount of an overpayment, and an independent audit of the school has not been undertaken, the governing body of the school and the Director-General must agree to an audit to be undertaken by an independent qualified auditor.

If the auditor finds there has been an overpayment, the amount determined by the auditor is the amount owed by the non-state school to the State.

The Director-General will notify the governing body of the school in writing of the outcome of the audit, stating:

- the results of the audit and including a copy of the auditor's report;

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- if an overpayment exists, the amount of the overpayment;
- repayment options including timeframes and comprising a default repayment option in the event a school does not agree to a repayment option. The default repayment option will involve a reduction in future recurrent funding payments;
- any consequences if the school does not meet its repayment obligations; and
- the date by which the governing body must respond to the Director-General's notification.

9. Withholding, reducing or imposing conditions on state recurrent funding payments⁸

The Minister has the discretion to withhold, reduce or impose conditions on payments of state recurrent funding to a non-state school under a number of circumstances, including but not limited to:

- non-compliance with any or all of the conditions of funding;
- if the governing body of the school is not fulfilling its reporting requirements, e.g. non-provision of financial data or allowance acquittal;
- if the Minister is satisfied that a governing body has misappropriated public funds (either State or Commonwealth);
- if the Commonwealth Minister administering the *Australian Education Act 2013* (C'wlth) makes a determination under s.110 of that Act, which relates to action that Minister may take for failure to comply with that Act, and to require amounts to be repaid; or
- if a show cause notice regarding the governing body's eligibility for funding eligibility is issued under s.90 of the Accreditation Act.

Notification regarding the decision to withhold, reduce or impose conditions on state recurrent funding must be made in writing to the governing body of the school and must state:

- the date from which the suspension, reduction or conditions applies;
- the basis on which the decision has been made; and
- any corrective action required for the resumption of state recurrent funding.

10. Underpayments

If a school experiences an underpayment due to a departmental error, corrective action will be promptly taken to rectify the underpayment. However, if a school submits adjusted census data leading to an underpayment for a year other than the current calendar year, no adjustment payment will be made.

11. Policy authority

Section 369 of the EGPA provides the legislative basis for this policy. The state recurrent grant is provided under s.368(1)(b) of the EGPA.

12. Review of the policy

This document will be adjusted as required to reflect any changes in State Government funding arrangements for non-state schools.

⁸ S.368(2A) of the EGPA

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13. Website

Information about the recurrent grant, including rates for new schools and minimum rates for special assistance schools, is provided on the department's website at: <https://education.qld.gov.au/about-us/budgets-funding-grants/grants/non-state-school/state-recurrent-grant>.

Accreditation and census information is available on the Non-State Schools Accreditation Board website at: <https://www.nssab.qld.edu.au/>.

14. Relevant legislation

Education (Accreditation of Non-State Schools) Act 2017

Education (Accreditation of Non-State Schools) Regulation 2017

Education (General Provisions) Act 2006

Education (General Provisions) Regulation 2017

The legislation can be viewed online at www.legislation.qld.gov.au/.

15. Contact

Any questions regarding this policy should be directed to the Office of Non-State Education by email at OfficeofNonStateEducation@qed.qld.gov.au or by telephone on (07) 3513 6743.

Information regarding accreditation and government funding eligibility processes should be directed to the Non-State Schools Accreditation Board by email at NSSAB.admin@qed.qld.gov.au or by telephone on (07) 3513 6773.

16. Currency

This document is current as at September 2023.

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Attachment 1 - State Recurrent Grant Model

1. Base and needs funding split

The per-student recurrent rates include two components – a base component common to all schools and a needs component unique to each school.

Of the available recurrent funding provided through the State Budget, 60% is allocated to schools as base funding and 40% is allocated as needs funding.

Example 1: Base and needs funding

If available funding totals \$500 million:

Base funding: \$500 million x 60% = \$300 million

Needs component: \$500 million x 40% = \$200 million

2. Base funding

The primary base rate is calculated by dividing the amount of available base funding by the forecast number of weighted enrolments for the non-state schooling sector for the following calendar year.

Weighted enrolments are calculated by adding the forecast primary enrolments and the forecast secondary enrolments (weighted by 1.5).

Example 2: Calculation of weighted enrolments

If non-state enrolments for the following year are forecast to be 100,000 primary students and 100,000 secondary students, the forecast weighted enrolments would be:

$(100,000 \times 1) + (100,000 \times 1.5) = \underline{250,000 \text{ students}}$

The weighted enrolments are then used to determine the base rate for primary and secondary students, with secondary set at 1.5 times primary.

Example 3: Per-student base rate calculation

Available base funding / Forecast weighted enrolments = Primary base rate

$\$300 \text{ million} / 250,000 = \underline{\$1,200 \text{ per primary student}}$

The secondary base rate is 1.5 times the primary base rate:

$\$1,200 \times 1.5 = \underline{\$1,800 \text{ per secondary student}}$

3. Needs funding

The needs component for each school is determined using the following measures:

- School Resource Index (SRI) – based on data collected in the annual financial data collection;
- capacity to contribute (CTC) – provided by the Australian Government;
- school isolation – based on a school's Accessibility/Remoteness Index of Australia Plus (ARIA+) score;
- student needs – as reported in the annual State census, including recipients of boarding fee concessions (BFC), students with English as a second language (ESL), students from isolated areas (ISO), and Aboriginal and Torres Strait Islander students (ATSI); and
- students with disability – Nationally Consistent Collection of Data on School Students with Disability (NCCD) provided by the Australian Government.

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37.5% is distributed according to each of the SRI and CTC measures, 5% based on school isolation and 20% on student needs.

Each school's share of the needs component is determined by the needs profile of the school relative to the needs profile of all other non-state schools in Queensland. Therefore, even if the needs at a specific school increase in a particular year, this might not result in higher recurrent rates for that school.

For example, if the number of students with disability increased by 5% at School ABC specifically, but increased by an average of 8% across all non-state schools, the proportion of this part of the needs component would decrease for School ABC.

3.1 School Resource Index (SRI)

The SRI is a measure of a school's relative level of private income, calculated using financial data collected annually under s.370 of the EGPA, including fees and charges, levies, ABSTUDY allowances and other private income.

The notional cost of operating each school is calculated by multiplying the school's enrolments for the previous year (to align with the year for which the financial data was provided) by the average cost of educating a student in a state school. The school's SRI is calculated by comparing the total of the school's private income, using data provided in the financial data collection, to the notional operating cost.

SRI values range between 30 and 100 depending on the school's level of private income. A value of 30 indicates the highest level of private income while 100 indicates the lowest level of private income. The average of each school's three most recent SRI scores is used in the calculation of the rates.

Schools that were not operating for the whole of the previous year are not required to submit financial data and receive a default SRI score of 67.5.

3.2 Capacity to contribute (CTC)

The CTC is the Australian Government's measure of a non-state school community's capacity to contribute to the ongoing costs of running the school.

The CTC scores are used to allocate weightings on a sliding scale from 0.137 for an SES of 130 or more to 0.7 for a CTC score of 85 or lower.

A default CTC score of 85 is used for special assistance schools/sites, special schools and majority indigenous schools and a default CTC score of 100 is used for distance education schools.

3.3 School isolation

Schools receive an allocation of funding according to their level of isolation.

The Accessibility/Remoteness Index of Australia Plus (ARIA+) score, is a measure of remoteness or accessibility. Schools with an ARIA+ score of more than 1 receive an allocation of school isolation funding weighted proportionately to their ARIA+ score, meaning the higher a school's ARIA+ score the greater the share of school isolation funding it receives.

3.4 Student needs, including students with disability

The number of students with disability (SWD) is based on NCCD using the three highest levels of adjustment (supplementary, substantial and extensive). The amount of disability funding allocated in the distribution model is equal to 66% of available student needs funding.

A weighting is applied to each level of adjustment based on the Australian Government's loading percentages.

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Example 4: Students with disability weighting

If the NCCD adjustment weightings are 0.42 for supplementary, 1.46 for substantial and 3.12 for extensive, and School ABC reports 10 students in supplementary category, 4 students in substantial category and 1 student in extensive, the total weighted SWD enrolments would be:

$$(10 \times 0.42) + (4 \times 1.46) + (1 \times 3.12) = 13.16 \text{ weighted students}$$

The remainder of student needs funding (34%) is distributed to schools based on the number of BFC (weighted by 3), ESL, ATSI and ISO students.

ISO is based on the Australian Bureau of Statistics' Remoteness Structure using the Very Remote (VR ISO) and Remote (R ISO) Australia categories. The total number of ISO students is calculated by adding VR ISO plus R ISO (weighted at 0.6).

Example 5: Weighted student needs

For example, if School ABC's enrolments across the categories of student need were:

10 BFC students; 8 ATSI students; 5 ESL students; 7 VR ISO students and 5 R ISO students, the weighted student needs enrolments for School ABC would be:

$$(10 \times 3) + (8 \times 1) + (5 \times 1) + (7 \times 1) + (5 \times 0.6) = \underline{53 \text{ weighted students}}$$

4. Calculation of recurrent rates

The following steps are used to calculate the recurrent rates.

Step 1

Calculate the actual weighted enrolments for each school.

Example 6(1):

If School ABC has 100 primary students and 100 secondary students, its weighted enrolments are:

$$(100 \times 1) + (100 \times 1.5) = 250 \text{ weighted enrolments}$$

Step 2

For each of the SRI, CTC and school isolation components, calculate a weighted index for each school by multiplying the weighted enrolments by the school's index for each component.

Example 6(2):

School ABC has an SRI index value of 75. Therefore, its weighted SRI index is:

$$250 \times 75 = 18,750$$

Step 3

Calculate the weighted student needs for each school.

Example 6(3):

Schools ABC's enrolments across the categories of student need were 13.16 SWD students; 10 BFC students; 8 ATSI students; 5 ESL students; and 10 VR ISO students. Its weighted student needs are:

$$13.16 + (10 \times 3) + (8 \times 1) + (5 \times 1) + (10 \times 1) = 66.16 \text{ weighted student needs}$$

Step 4

For SRI, CTC and school isolation, each school is allocated a portion of funding based on

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the school's weighted index as a proportion of the aggregate weighted index for all schools, multiplied by the funding available for that component. A similar process is used for the student needs component using the weighted student needs.

Step 5

The allocated funding for each component is added together to give a total share of the needs funding, which is then divided by the school's weighted enrolments to give the primary per-student needs rate. The secondary needs rate is set at 1.5 times the primary needs rate.

Example 6(4):

For School ABC, assuming notional shares of the SES, school isolation and student needs categories as given below, the aggregate share of needs funding is calculated as follows:

$$\text{SRI } (\$115,000) + \text{CTC } (\$95,000) + \text{ISO } (\$10,000) + \text{Student needs } (\$90,000) = \$310,000$$

$$\$310,000 / 250 \text{ (weighted enrolments)} = \$1,240 \text{ primary}$$

$$\$1,240 \times 1.5 = \$1,860 \text{ secondary}$$

Step 6

Final per-student primary rates are calculated by adding the primary and secondary base rates (common to all schools) to the primary and secondary needs rates (individual to each school).

Example 6(5):

$$\text{Primary rate} = \$1,240 \text{ (needs portion)} + \$1200 \text{ (base portion)} = \$2,440$$

$$\text{Secondary rate} = \$1,860 \text{ (needs portion)} + \$1800 \text{ (base portion)} = \$3,660$$

5. Annual entitlement of the recurrent grant

Recurrent rates are applied throughout a whole calendar year. A school's annual entitlement of the recurrent grant can be determined by multiplying the school's per-student primary and secondary recurrent rates by the number of primary and secondary students eligible for inclusion as reported in the annual State census in February.

6. New schools

New schools are funded at the primary and secondary 'New Schools' rates which are based on a school with an average needs profile. The recurrent rates for an 'average needs' school are based on the default CTC (100) and SRI (67.5) scores, a zero-isolation weighting and no student needs.

New schools commencing in Semester 1 receive their first payment on 29 May, as this is the first payment date following census day. The payment equals half of the annual allocation based on the New Schools rates. A new school can apply for an earlier payment by contacting the Office of Non-State Education.

New schools commencing after the beginning of the school year are funded on a pro-rata basis for the number of days the school operates in the calendar year. In this case, the school is required to submit a census through the Office of Non-State Education. The census is conducted four weeks after the school commences operations and is based on the same criteria as the State census collection in February.

Existing schools that open an additional site after the census day are not eligible to receive funding for that site until the following year.

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7. Amalgamated and divided accredited schools⁹

A non-state school resulting from an amalgamation of accredited schools, or non-state schools resulting from a division of an accredited school, will receive recurrent rates of funding in the year of the amalgamation or division as follows:

- for an amalgamated school, equivalent to the weighted average of the amalgamating schools' rates, based on the most recent enrolment data as provided in the annual State census; and
- for a divided school, the same as the rates allocated to the dividing school.

Until school specific values can be calculated for an amalgamated or divided school, the SRI and CTC will be derived:

- for an amalgamated school, using the weighted average of the most recent SRI and CTC from the amalgamating schools; and
- for divided schools, using the most recent SRI and CTC values of the dividing school.

8. Distance education

Some non-state schools are accredited to offer both classroom and distance education. These schools receive two rates of funding: one rate representative of the needs of its classroom students, the other representative of the needs of its distance education students.

9. Special assistance schools¹⁰

Non-state schools may be accredited to offer special assistance only, or special assistance at certain sites of the school. Special assistance schools or sites (SAS) cater specifically for disengaged students.

SAS are funded at specific SAS rates (primary and secondary) or their individual school rates as calculated using the recurrent grant model, whichever is highest.

The SAS rates are indexed annually in line with the SRS indexation rate.

Students attending temporary special assistance sites are reported in the annual State census for the school's SAS site.

10. Schools not funded by the Commonwealth Government

Schools that offer distance education only and do not provide NCCD data to the Commonwealth Government will have an opportunity to provide the information directly to the department, based on the same requirements as other schools. The department will contact schools directly about this process.

11. Transitional arrangements for 2024

The new measures in the distribution model – students with disability, capacity to contribute and school isolation – will be transitioned over two years. 2024 rates will be based equally on the old and new measures, with the 2025 rates based fully on the new measures.

In addition, for 2024 only, schools impacted by more than a set percentage (limited to a maximum of 10%) due to the new measures will receive adjusted rates. The percentage will be determined in consultation with the Queensland Catholic Education Commission and Independent Schools Queensland at the time of calculation of the 2024 rates.

⁹ Chapter 2, Part 5 of the Accreditation Act

¹⁰ As defined under s.14 of the Accreditation Act