

Toowoomba Catholic Schools sustainable funding distribution framework

Purpose

The Toowoomba Catholic Schools (TCS) sustainable funding distribution framework (the Framework) informs the allocation and stewardship of resources by the Toowoomba Catholic Schools Office (TCSO) to ensure the highest standard of Catholic education to every student enrolled in system Catholic schools. This framework aligns with the needs-based funding arrangement requirements as outlined by the Australian Government.

To whom it applies

This framework applies to TCSO and the 33 system schools in the Toowoomba Diocese.

Guiding principles

1. The Framework is underpinned by the principles of collegiality, interdependence and subsidiarity.
2. It supports the interests of each school in responding to their local context whilst ensuring that system initiatives are appropriately funded and delivered.
3. Our system values and agreed mission underpin the Framework.
4. TCS has adopted the Schooling Resource Standard (SRS) as outlined in the *Australian Education Act 2013 (the Act)* and used by the Australian Government for calculation and distribution of recurrent funding.
5. A consistent, accountable and fair funding distribution model applies across all Toowoomba Catholic schools.
6. Sustainability of funding is assured, particularly when enrolments are unstable.
7. Strategic planning is informed by agreed resourcing benchmarks and guidelines.
8. Disadvantage is addressed through fair, transparent and defensible measures.
9. Ensuring high quality education for every student enrolled in system Catholic schools involves the consideration of the local context incorporating the school and student needs with specific attributes receiving additional recurrent funding loadings.
10. Subsidiarity at the school level to empower local decisions based on context and circumstance is enhanced by the full distribution of the Australian and State Government's recurrent funding. This includes adopting a needs-based funding arrangement identical to the Australian Government's SRS methodology.
11. Unity in purpose and the collective strength of TCS is enabled through all schools contributing to cover system funded school expenditure, system initiatives and priorities, TCSO and program expenditure.
12. Collegiality in decisions involving resource allocations is achieved through agreed communication and consultative processes.
13. Principals and the Executive Leadership Team (ELT) share responsibility for a stable and flourishing system through good management of enrolments, staffing and resources. The interdependence of all parties is maintained by clear strategic planning and an agreed mission.

The Framework

An overview of the Framework is supplied at Appendix 1.

Sources of income

1. All sources of income for schools

- a. Australian Government recurrent grants, targeted program funding and capital assistance funding
- b. State Government recurrent grants, targeted program funding and capital assistance funding
- c. school fees, general purpose levies and capital levies
- d. other private income including school related trading operations, fundraising activities and donations

2. Income included in the Framework

a. Australian general recurrent grants

- i. Distribution of Commonwealth general recurrent grants to schools is as calculated by the Australian Government, ensuring compliance with needs-based funding arrangements detailed in the Act. Calculations are based on the Commonwealth Census which has a census date of the first Friday in August each year.
- ii. The SRS provides a base amount for every primary and secondary school less the school's Capacity to Contribute (CTC). A school's CTC score is the rounded average of its annual Direct Measure of Income (DMI) scores for the three most recent years. In addition to the base funding calculation, six loadings provide funds for disadvantaged schools and students as follows.
 - Students with Nationally Consistent Collection of Data on School Students with Disability (NCCD) classified disabilities who require extensive, substantial or supplementary additional support
 - Aboriginal and Torres Strait Islander students
 - Students with low English proficiency
 - Students facing socio-educational disadvantage
 - Regional and remote schools
 - Small schools

b. State general recurrent grants

- i. Distribution of state general recurrent grants to schools is as calculated and advised by the Queensland Department of Education. This is based on the Non-State Schools Census with a census date of the last Friday in February each year.
- ii. A base rate applies for all primary and secondary funded students, with additional loadings determined by the following factors.
 - School Resource Index (calculated by the Queensland Department of Education)
 - DMI score
 - Accessibility/Remoteness Index of Australia (ARIA)
 - Students with disabilities based on the Nationally Consistent Collection of Data (NCCD) methodology
 - Boarding fee concessions
 - Aboriginal and Torres Strait Islander students
 - English as a second language students

- c. Australian and State targeted program funding
 - i. Distribution of targeted program funding to schools is in accordance with the objectives of each grant program. At times it may be relevant to retain funds centrally at TCSO for the purposes of effective achievement of these objectives.
 - ii. The School grant payment and funding arrangements fact sheet provides details for all schools for the purpose, acquittal and accounting treatment of the various grants received.

3. Income not included in the Framework

- a. fees and levies set and collected by schools
- b. income from one-off, school-specific grants, interest, donations and fundraising activities
- c. income from school-related services such as tuckshops, bookshops and uniform shops

4. TCS Tuition fees and levies

- a. The TCS tuition fee and levy guideline is reviewed annually, endorsed by the Toowoomba Catholic Schools Council and provided to schools to set fees and levies for the following year.

5. Concessions for Federal Government concession card holders

- a. In considering requests for fee concessions, the principal applies the fee concession process as set out in the School fee collection procedure.
- b. Families holding an eligible means-tested Federal Government concession card are eligible for a fee concession per the School fee collection procedure.

Allocation of income

6. Conditions of Government funds

- a. Per student recurrent funding from Australian and State Governments must be spent directly on recurrent costs and in accordance with relevant program requirements. Recurrent costs include staff and operational expenditure. Recurrent funding must not be spent on capital expenditure.
- b. All Government recurrent funding received is to be spent within the same financial (calendar) year, unless specific conditions are attached to that funding allowing for carry-over. Applicable accounting standards are to be followed.

7. Staffing expenditure

- a. The provision of staff within schools is the first priority in funds allocation. Industrial agreements largely determine the minimum staffing requirements for each school and adherence to these is the first step in developing the school's staffing for the year.
- b. The Staffing establishment guidelines (the guidelines) are applicable to all schools. The guidelines outline the minimum staffing establishment full-time equivalent (FTE) staff and/or hours based on the school's context, taking into consideration the school and/or student attributes.
- c. The school's establishment may be above the guidelines after an assessment has been undertaken of the sustainability of such decisions for the short and long term, taking into consideration appropriate industrial measures.
- d. Wages will be automatically deducted from the school's Diocesan Development Fund (DDF) wages account (refer to paragraph 12).
- e. Appendix 4 outlines the accounting treatment of leave entitlements for staff under the Framework.

8. Other operating expenditure

- a. In addition to salaries and wages, other operating expenditure included within a school's budget and eligible for allocation from government recurrent grants includes utilities, insurance, repairs and maintenance, student support services and other administration expenses. Operating expenditure

should be planned in alignment with the school's annual action plan, maintenance plan and technology planning.

b. Capital expenditure is out of scope for the Framework and should be funded through private income and/or capital assistance funding received from Governments.

9. System contribution

a. TCSO, as a key support and governance function of the system, is funded via a system contribution from all schools. A detailed breakdown of expenditure incorporated in the system contribution is provided at Appendix 3 but broadly TCSO provides

- administrative and support services to all schools
- some centrally managed school costs and reserves
- TCS integrated strategic initiatives (system priorities)
- grant distributions for additional needs students
- system support for schools where government income is insufficient for sustainable school operations
- system capital expenditure and other items that cannot be funded from recurrent funds.

b. The system contribution that schools pay comprises three components described below and is included as income in the TCSO budget. The capital/non-recurrent amount is recorded as an offset to private income in school accounts while recurrent and system support amounts are included as operating expenses in school budgets.

c. Total system contributions are rounded up to the nearest ten thousand dollars for the purposes of calculation each year.

Categories and inclusions

Category	Explanation	Calculation method
Recurrent	<p>Total of the TCSO recurrent budget including initiatives, integrated strategies and future recurrent reserve requirements (subject to conditions)</p> <p>Interest income received by TCS from relevant banks, DDF and Catholic Education Queensland Limited (CEQL) are incorporated into the TCSO recurrent budget calculations</p>	<p>50% of the total TCSO recurrent budget divided by the total number of schools equally</p> <p>+</p> <p>50% of the total TCSO recurrent budget apportioned by student numbers across all schools</p>
Capital/non-recurrent	Total of the TCSO budgeted capital expenditure, capital integrated strategies, future capital reserve requirements and identified expenditure which can only be drawn from private income ¹	Apportioned by student numbers across schools ²
System support	Total of predicted system support funds for schools identified as eligible for system support	Apportioned by student numbers across all schools

¹ Examples include redress scheme costs, staff accommodation and new school capital expenditure.

² Special Assistance Schools who do not charge tuition fees or levies are excluded from this category.

10. Timing for system contribution

- a. There will be two payments of the system contribution from schools to the TCSO budget across the calendar year. The initial calculation for the school's system contribution will use the number of enrolments based on the school's predicted enrolment for the year.
- b. The system contribution is deemed to be paid from Australian Government recurrent funding, and the non-recurrent component is from private school income. The contribution will be an automatic deduction from the school's DDF account.
- c. The timing for the payments are as follows.
 - i. **First payment:** 30% after the Commonwealth and State Government's first recurrent grant payment. This is expected to be by the end of February each year and will continue to use the predicted enrolments for that year.
 - ii. **Final payment:** The remaining balance of the system contribution will be paid in October after the final Commonwealth and State Government grants are distributed to schools. The balance of the contribution will use the final August census enrolments, after special circumstances applications have been finalised.

11. Review of TCSO budget and system contribution

- a. The total system contribution is set as part of the TCSO budget process, taking into consideration anticipated future needs. System contribution at a school level is dependent on enrolments so budgeted during the school budget process based on expected enrolments.
- b. System support for individual schools is allocated as part of the school budget process and reviewed during the year as required. System support is intended to assist schools in meeting their minimum operating expenditure requirements as required to facilitate the guiding principles of the Framework.
- c. In accordance with the Cash reserves policy, an annual year-end review will be undertaken with regard to centrally managed reserves.

12. Additional DDF account

- a. An additional DDF account (known as DDF wages account) is to retain and be used for the school's wages budget for that year. As government recurrent grants are transferred to the school in accordance with the timeline in Appendix 2, a percentage is transferred to the DDF investment account and DDF wages account. The percentage to be transferred to the DDF wages account is calculated based on the school's wages budget with 100% of State government recurrent grants transferred with the remaining required transferred from Australian government recurrent grants.
- b. Signatories to the DDF wages account include TCSO staff and the school principal. Two signatories are required to authorise a transfer out of the DDF wages account that does not relate to fortnightly wages transactions.

13. Budget parameters

- a. Schools and TCSO set annual budgets with modest cash surpluses after recurrent operations, loan repayments and capital expenditure. In special circumstances where a deficit budget is approved, existing cash reserves must be able to cover particular items of expenditure that cause the annual result to be in deficit. All reserves should be tagged to a specific appropriate purpose.
- b. Key indicators used within the budget process include earnings before interest and depreciation (EBIDA), cash movement and forecast cash and investment balances at the end of the year.

Related legislation, policies, guidelines and fact sheets

Australian Education Action 2013

Toowoomba Catholic Schools Cash reserves policy

Toowoomba Catholic Schools Tuition fees and levy guideline

Toowoomba Catholic Schools Staffing establishment guideline

School grant payment and funding arrangements – fact sheet

Authority

The Toowoomba Catholic School's sustainable funding distribution framework is the responsibility of the Executive Director: Catholic Schools. Any changes to the Framework can only be made with the approval of the Executive Director: Catholic Schools.

Version control and change history

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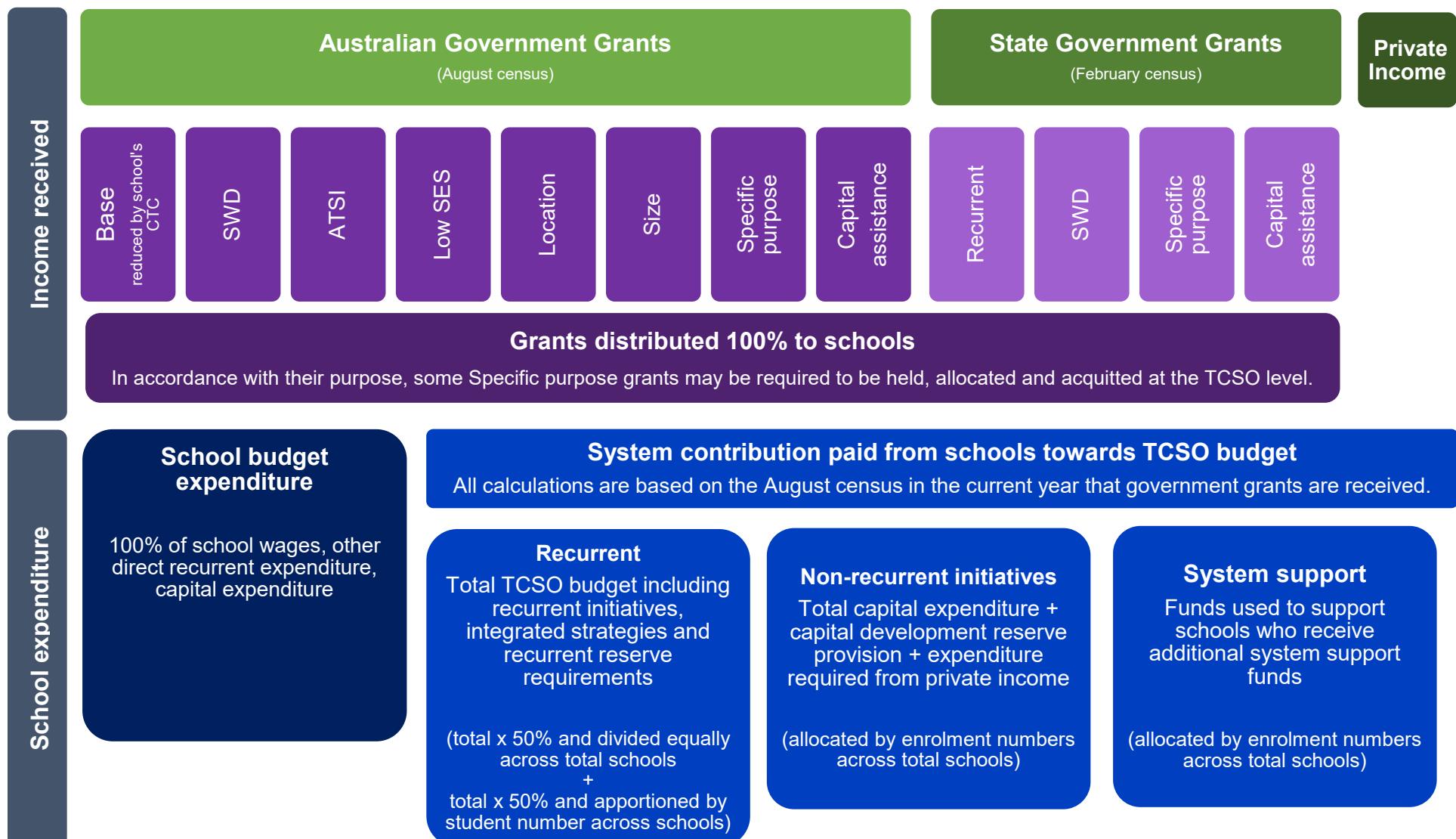
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Appendix 1: Overview of TCS sustainable funding distribution framework



Appendix 2: Government recurrent funding payment timelines

Commonwealth Government scenario						
<ul style="list-style-type: none"> August 20X0 census <ul style="list-style-type: none"> 400 students including 20 indigenous, NCCD – 24 supplementary, 10 substantial, 1 extensive Commonwealth recurrent funding for 20X0 financial year (calendar year) (based on August 20X0 census) = \$9 million August 20X1 census <ul style="list-style-type: none"> 450 students including 20 indigenous, NCCD – 25 supplementary, 15 substantial, 2 extensive Commonwealth recurrent funding for 20X1 financial year (calendar year) (based on August 20X1 census) = \$10 million assumption – the estimated enrolments for 20X1 equal the actual August 20X1 census enrolments 						
Funding (Commonwealth) for 20X1 financial year (calendar year)						
Budget	\$10 million - based on estimated enrolments for August 20X1 census; including estimated indigenous and NCCD students for the 20X1 year					
						Census
						Census
Cashflow timing	Jan 20X1 – 50% of 20X0 funding		Jul 20X1 – 25% of 20X0 funding		End Oct 20X1 – Remaining balance for full year 20X1 funding	
	\$4.5 million received		\$2.25 million received		\$3.25 million received	
	(each payment received = base funding plus all loadings)					
	Total received for 20X1 = \$10 million					

State Government scenario

- February 20X0 census
 - 450 students including 20 indigenous (and other loading factors)
 - State recurrent funding for 20X0 financial year (calendar year) (based on February 20X0 census) = **\$2 million**
- February 20X1 census
 - 400 students including 20 indigenous (and other loading factors)
 - State recurrent funding for 20X1 financial year (calendar year) (based on February 20X1 census) = **\$1.6 million**
 - assumption – the estimated enrolments for 20X1 equal the actual February 20X1 census enrolments

Funding (State) for 20X1 financial year (calendar year)

Budget	\$1.6 million - based on estimated enrolments for February 20X1 census; including estimated indigenous and other attributes for the 20X1 year											
	Census											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cashflow timing	Jan 20X1 – 25% of 20X0 funding				End May 20X1 – remaining portion of 50% of 20X1 funding		Jul 20X1 – 25% of 20X1 funding		Sep 20X1 – 25% of 20X1 funding			
	\$500,000 received				\$300,000 received (YTD \$800,000 received)		\$400,000 received		\$400,000 received			
	Total received for 20X1 = \$1.6 million											

Appendix 3: Inclusions for system contribution calculations

Expense type	System contribution	School direct exp.	Commentary
Recurrent expenditure – TCS Central budget; initiatives; integrated strategies			
Staffing and related expenditure			
TCSO staff wages and oncosts	✓		
TCS central programs where TRS is offered to schools	✓		Refer to Professional Learning organiser.
School wages and oncosts		✓	Refer to Leave Summary Table (Appendix 4) for further information.
Maternity leave	✓		Decision has been made to incorporate this as a central provision.
Natural disaster leave; compassionate leave; family and domestic violence leave		✓	
Workcover excess		✓	approx 1 week's pay
Backpay	✓	✓	This will depend on the reason for the backpay.
Fringe benefits tax		✓	To continue to be charged as per current practice at FBT return time.
Rural and remote incentives <ul style="list-style-type: none"> • Accommodation allowance payroll • Remote retention benefits • other eg airfares 		✓	Schools receive remote loading through Commonwealth and State funding. <ul style="list-style-type: none"> • The Accommodation allowance will be through fortnightly payroll.

Expense type	System contribution	School direct exp.	Commentary
			<ul style="list-style-type: none"> Airfares will be recharged to relevant schools on a monthly basis.
Rental expenditure – principal and teacher accommodation		✓	Employee cost - typically only funded by schools during staff change over.
Allowances – study (TCS initiatives)	✓		
Allowances – travel – TCSO programs and staff	✓		
Inservices, TRS, associated costs such as resources – TCSO programs	✓		TRS will be specified further with schools.
Recruitment costs – Seek Visa costs Recruitment agencies	✓		<p>This is classified as a system initiative and will be included in the contribution.</p> <p>Director: PES authorises recruitment agency costs and other recruitment expenses prior to engagement.</p>
Relocation costs – principals and TCSO	✓		
Relocation costs – all staff in schools excluding principals covered under TCS procedure	✓		Identified as a system initiative for schools within Supported relocation procedure.
Other operating expenditure			
Student-related curriculum expenses	✓	✓	if part of a TCSO initiative
TCSO student activities – part of TCSO programs	✓		
Resources – part of TCSO programs	✓		

Expense type	System contribution	School direct exp.	Commentary
Operating and administrative expenses	✓		
Advertising, marketing and promotion	✓	✓	if part of a TCSO initiative
Consulting expenses – TCSO initiatives, programs	✓		
Core ICT infrastructure including switches, wireless access points, WAN services, internet security gateways, cyber security operations, identity management, and all CEnet provided infrastructure services.	✓		
Enterprise-wide end user computing systems such as Microsoft licensing, Teams (including telephony), Defender, SharePoint, server and hardware licensing, HR21, ServiceNow, Sentral, Canvas, and the full suite of centrally managed applications that support teaching, learning, administration, and security.	✓		
Localised ICT infrastructure and equipment required for day-to-day operations, including data cabling, racks, local servers, UPS units, teacher and student devices, interactive panels, multifunction copiers, AV equipment, and all locally deployed phone and end user systems.		✓	
Copyright and QCEC levies	✓		
Insurance	✓	✓	Cyber and management liability insurance funded through system contribution.
TCSO other improvement elements within integrated strategies	✓		
Shared counsellors and librarian costs eg travel, hire cars		✓	
Motor vehicle expenses TCSO	✓		
Property and maintenance expenses <ul style="list-style-type: none"> • TCSO buildings • principal and teacher accommodation 	✓ ✓		
TCSO overhead costs (other expenses)	✓		
Special considerations			
Redress scheme and prof indemnity insurance excess \$25k	✓		

Expense type	System contribution	School direct exp.	Commentary
New school – initial operational costs support		✓	
For schools where government income is not enough for sustainable school operations – System support funds	✓		
Capital expenditure – TCS central budget; initiatives; integrated strategies			
Provision for new major systems eg payroll, SIS	✓		
Principal and teacher accommodation purchase of properties as part of TCS system initiative	✓		
Future capital and contingency reserve provisions	✓		
School vehicles provided by the system to schools	✓		This has been classified as a system initiative.
TCSO other improvement elements within integrated strategies	✓		

Appendix 4: Leave entitlements – accounting treatment

Leave type	TCSO	School	Commentary
Annual leave (AL)		✓	<p>AL will be expensed as it is paid and costed to the school.</p> <p>Included within the school budgets based on workbook calculation.</p> <p>Adjustment will occur between TCSO and schools via Dynamics invoicing where the provision movement and cashflow will be reviewed.</p> <p>Large termination payments will be reviewed during the year in the event of cashflow impact for the school relative to the school size.</p> <p>Checks will also be performed for any relevant full-time support staff who have moved between schools.</p>
Compassionate leave		✓	
Domestic violence leave		✓	
Long service leave (LSL)	✓	✓	<p>When LSL is taken, this will be paid from central provision.</p> <p>Accrual each fortnight is part of the oncosts charged to schools as part of the payroll invoice.</p> <p>The oncost percentage will be reviewed annually to ensure it is accurate.</p> <p>Note for teachers on LSL: School or public holidays payments during LSL are not taken from the central provision. If large amounts are being used during the year, incorporate extra into the budget process as this is not provided for in the workbook.</p>
Natural disaster leave		✓	
Parental leave – primary carer	✓		TCS system initiative; part of system contribution.
Parental leave – spousal leave (non-primary carer)		✓	If demographics within the school lean towards large amount being used for the year, incorporate extra into the budget process as this is not provided for in the workbook.

Leave type	TCSO	School	Commentary
Professional renewal leave		✓	<p>Included within the school budgets based on workbook calculation.</p> <p>In December each year – TCSO will charge on to schools the current year accrual plus any uplift amount required to increase beginning of year entitlement to current pay rates.</p> <p>When principal takes leave, school will pay for replacement and principal is paid from central provision.</p>
Sick leave (personal leave)		✓	<p>Included within the school budgets based on workbook calculation. The full wage of the staff member for the year plus the personal leave provision is included in the oncosts estimate.</p> <p>[1] When sick leave is paid, this is recorded as an expense to the school.</p> <p>[2] Replacement staff wages will be an expense to the school.</p> <p>[1] and [2] are included in your budget.</p> <p>This will be monitored with sick leave expense from the budget and payroll system being recorded in a separate general ledger account.</p>
Other leave types	✓	✓	Other leave types may be classified as either school or TCSO expenses subject to the discretion of the principal and Director: People and Engagement Services.
Workcover excess		✓	1 week excess