SUBMISSION

Review of Funding for Schooling

ACCESS INNOVATION MEDIA PTY LIMITED (Ai-Media)
12 Waterloo Road
Macquarie Park NSW   2113

Contact: Tony Abrahams, Chief Executive Officer
Phone: (02) 9813 6780

Executive Summary

Ai-Media welcomes the Review of Funding for Schooling and thanks the panel for the opportunity to make this submission.

Founded in 2003, Ai-Media is a social enterprise, dedicated to ending the experience of exclusion that people with disability face. Our focus has been on developing solutions for people who are deaf or hearing impaired.

Consistent with the recommendations of the Productivity Commission's Draft Report into Disability Care and Support (PC Report), funding for students with special needs and students with disability should be national, portable and flexible.

This review provides a unique opportunity to build a mechanism within the schools funding system to accommodate and incentivise the development and diffusion of innovative and affordable technology-enabled solutions inconceivable a generation ago, which hold the promise of delivering transformational educational outcomes for students most in need.

As well as supporting many of the proposals outlined in the Emerging Issues Paper (EIP), Ai-Media recommends the establishment of a modest "National Education Innovation Fund" as a key element of the overall funding mix. The National Education Innovation Fund would support pilots of technologies and approaches with the potential to deliver better educational outcomes in a financially sustainable way, in accordance with the terms of reference.

Many successful innovative solutions for students with special needs and students with disability are likely to have positive spill-over benefits for all students, as well as having wider applications beyond education into the workplace and beyond.

This submission focuses particularly on systemic changes that can support students with special needs and students with disability, and draws on our experience in seeking to secure sustainable funding for a technology-enabled solution directed to deaf and hearing impaired students in mainstream schools.

Supportive of many of the views and opinions as summarised in the EIP, we echo the consensus view that any new funding framework be fair, simple and clear; and that government investment in education should focus on educational outcomes rather than system inputs. In relation to improving outcomes for students with special needs and students with disability, we agree that one of the biggest hurdles to improving educational outcomes is that current funding arrangements are complex and not easily understood.

The Need for Systemic Change

The "consistent comments" summarised in the EIP that "current funding levels do not adequately support students with special needs and students with disability", combined with the "almost unanimous view" that "current funding arrangements are complex and not easily understood", are consistent with the findings of the PC Report which described Australia's overall disability model as a "non-system" or "confusopoly".[1]

In making this submission we note the significant work of the Productivity Commission and, in particular, its recommendation to establish a National Disability Insurance Scheme (NDIS) administered by a National Disability Insurance Agency (NDIA). Ai-Media believes applying this transformational approach to supporting students with disability in education is a critical component of the disability and education reform priorities, and that reallocating and improving the effectiveness of existing resources should be the top priority.[2]

Ai-Media strongly endorses the PC Report's three key recommendations central to the establishment of a "*real* system" (emphasis in original)[3]
1. End the rationing of disability services by providing more and better directed money
2. Establish a national approach
3. Shift decision-making to people with disability, their families and carers.

These three recommendations are equally applicable to education.

End the Rationing: The false economy of rationing services for students with special needs and students with disability is reflected in lower educational outcomes, higher burdens on families, lower employment participation rates, higher incidence of mental illness and self-harm; as well as higher transfer payments.[4] The costs of inaction must be weighed against the cost of additional educational supports. An actuarial modelling lifetime approach (consistent with the PC Report) is necessary to bring the real and avoidable future costs into the equation.

National Approach: A consistent national approach to funding disability services in education should be supported for the following reasons[5]:
- **Equity** – a national scheme with national standards and entitlements will best ensure that educational outcomes are not a result of differences in wealth, income, power or possessions.
- **Efficiency** – a single authoritative national agency (similar to the NDIA) applying evidence-based accreditation will increase the simplicity, transparency and effectiveness of funding arrangements, while maximising school and system level autonomy (combined with flexibility and choice)[6]

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[1] EIP p6 p25; PC Report, p6.

[2] Although the PC Report excludes education from the ambit of the NDIS, it is important that the principles of any system governing school education are consistent with the broader lifetime approach.

[3] PC Report p 5.

[4] PC Report pp 5-10; EIP pp 25-6.

[5] See also EIP p 24 "… there was general agreement that one of the benefits of a consistent approach to funding may be a more equal distribution of disadvantaged students between the government and non-government school sectors".

[6] Terms of Reference 5c.

- **Portability** – national entitlements would enhance portability of funding, and student mobility, across state boundaries and between systems.
- **Sustainability** – the Australian Government is best placed to ensure appropriate supports are funded in education, offsetting future Australian Government liabilities under an actuarial model (such as reduced tax revenues and increased disability support pensions).
- **Competition** – "residualisation" can be overcome by a national approach to funding which will incentivise best practice, and competition between government and non-government schools.

Choice: Establishing a national approach to disability and special-needs funding will permit the establishment of economies of scale and a market for students with special needs, enhancing parent choice and service delivery. Ai-Media supports the approach suggested in the EIP that would specify targeted "additional support attached to students with greater educational needs".[7] There will also be a need to supplement contestible voucher-style funding with direct school funding to ensure the infrastructure component of service delivery can be guaranteed.[8] This infrastructure funding could be contestible among schools in particular regions on a periodic basis, but guaranteed for a number of years thereafter. In other circumstances, all schools may benefit from increases in infrastructure where such infrastructure has general application.[9] Critically, students with special needs or students with disability (and their families) should have the ability to choose services from a flexible range of approved packages within an agreed funding allocation. For example, from our own experience, some deaf students prefer Auslan interpreters in some situations, and live captioning in others. Flexible funding would allow for a more efficient and effective allocation of resources to best meet the educational needs of individual students.

Building a Market for Innovation

As recognised by the Australian Government's $2.4 billion investment in the Digital Education Revolution[10], we are living through a period of unparalleled technological innovation, which presents opportunities, as well as imperatives to change the way education is delivered, to better meet the needs and take advantage of a digital world.

Recently completed investments in the infrastructure of computers, broadband, networks and training will be the great enabler of technology-based education services and applications; including those targeted to assist students with special needs and

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[7] EIP pp 24-6.

[8] As discussed in the EIP p 26.

[9] For example, investments in broadband and ICT under the Digitial Education Revolution program.

[10] Through the DER, the Government is providing $2.4 billion over seven years to:

- provide for new information and communication technology (ICT) equipment for all secondary schools with students in years 9 to 12 through the National Secondary School Computer Fund
- support the deployment of high speed broadband connections to Australian schools
- support systemic change to increase the level of ICT proficiency for teachers and school leaders across Australia to embed the use of ICT in teaching and learning and support the development of innovative projects and research that enable professional learning in the use of ICT
- support the development of high-quality digital tools, resources and infrastructure that can support the Australian Curriculum
- enable parents to participate in their child's education through online learning and access
- support mechanisms to provide vital assistance for schools in the deployment of ICT.

<http://www.deewr.gov.au/Schooling/DigitalEducationRevolution/Pages/default.aspx -accessed 30 March 2011>

students with disability. Accepting this world view implies that space must be made within the sector to fund new approaches, as a core (but modest) component of the overall funding mix in school education.

Ai-Media's experience (see **appendix**) supports the view expressed by a number of groups that "the current funding arrangements [do] not provide effective support for innovative strategies to address social exclusion"[11] despite the "general acknowledgment of the positive effect that [these strategies] can have on educational outcomes".[12]

Stretched budgets, scarce management resources, unclear and ambiguous responsibilities between state/territory and federal funding agencies, and legacy bureaucracies not geared towards innovation, combine to leave no formal mechanism to fund and trial innovative approaches to improve educational outcomes for students in need, however promising they may seem, and however great the potential national benefit.

This review provides a unique opportunity to build a mechanism within the schools funding system to accommodate and incentivise the development and diffusion of innovative and affordable technology-enabled solutions inconceivable a generation ago, which hold the promise of delivering transformational educational outcomes for students most in need – across Australia.

Ai-Media recommends the establishment of a contestible National Education Innovation Fund, as part of the overall funding mix, to support pilots of technologies and approaches with the potential to promote educational outcomes in a financially sustainable way, consistent with the Review's terms of reference.[13]

While an innovation fund should not be limited to technology-based solutions, it is likely that many novel approaches for cost-effective and scalable solutions to address educational disadvantage will be technology driven; enabled by the recently completed infrastructure investments of the DER.

The innovation fund should fund:

- Preliminary pilots in single schools; and, where successful
- National pilots

Competing proposals for the innovation fund should be evaluated on the basis of the link between resourcing and educational outcomes for students currently facing barriers to educational achievement.[14] The innovation fund should prioritise solutions for those groups most in need, thereby creating a market for innovation. To be successful, the innovation fund need not be large, and, consistent with the principles of risk-sharing, need not cover 100% of the costs.

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[11] EIP p 24.

[12] Ibid.

[13] The PC Report recommends the establishment of an innovation fund as a key component to drive innovation in disability services (Recommendation 8.3).

[14] Terms of Reference 1a and 1b.

Innovative solutions for students with special needs and students with disability are likely to have positive spill-over benefits for all students, as well as having wider application beyond education into the workplace and beyond. Other funding organisations that would benefit from such spill-over benefits should be encouraged to contribute to the innovation fund.[15]

(refer Appendix – as follows)

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[15] These may include any innovation fund set up under the NDIS, or grants and programs administered by the Department of Innovation, Industry, Science and Research.

APPENDIX: Example – The Development of Ai-Live™ for Deaf Students

This appendix describes Ai-Media's experience seeking to secure funding for a national pilot of Ai-Live™ under existing funding frameworks.

The fact is that without the cash flows from a modest broadcasting business, and patient social enterprise investors, Ai-Live™ could not have been developed.

Background

Ai-Live™ is a solution developed by the Australian social business, Ai-Media, to allow deaf and hearing impaired kids effective participation in mainstream classrooms, and improve their literacy.

Winning a week of the ABC's *The New Inventors* in 2010, Ai-Live™ is an innovative technology solution that delivers word-accurate text of classroom conversation direct to the laptop or iPad of a deaf or hearing impaired student within seconds, with a cost-base comparable to existing supports.

Ai-Live™ is powered by a remote "respeaker" who listens to the audio delivered from the classroom, and re-speaks the text (with punctuation) into trained speech recognition software. This text (which is word-accurate) is then streamed back over the internet to the student's device, allowing the student to follow the classroom conversation with ease.
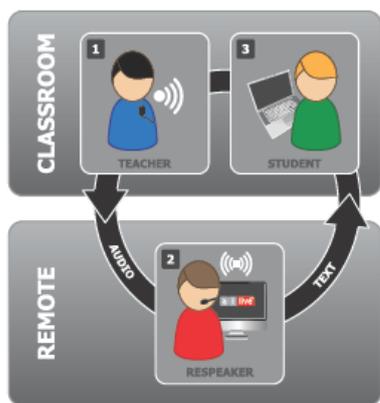
Ai-Live™ was piloted successfully at Robert Townson High School in Western Sydney from September 2009 with contributory funding support from the NSW Department of Education and Training (representing a fraction of the development and implementation costs).

By December 2009, it was clear that the solution was effective at enhancing educational outcomes.

Both pilot users experienced significant improvements in school performance with **one student moving from the bottom of the class to coming first in the yearly exam in less than 10 weeks**.

Our experience in seeking to attract funding from within the education sector suggests there is little space in a crowded and confused funding framework to support promising innovative solutions, and diffuse these benefits nationally – even when these benefits are widely accepted.

Issues encountered securing funding under current arrangements

There is currently no mechanism to evaluate value-for-money investments that improve the educational outcomes for disadvantaged students (including students who are deaf or hearing impaired).

In our experience, in the absence of a National Education Innovation Fund, the following obstacles have been encountered in securing funding for innovative solutions:

At a State / Territory level:
- Budgets are fixed well in advance and there is little scope for assisting new solutions in an expeditious way.
- There is no specific funding available for technology, infrastructure and support costs associated with innovative technology solutions.
- In the absence of independent research data on the effectiveness of the new solution, no funding can be made available (the Catch-22 issue).

At an Australian Government level:
- Education is a State or Territory responsibility and the Australian Government is not in a position to fund particular programs outside of those agreed in the previous funding round.
- The Australian Government is not in a position to assess and support particular technologies or support individual businesses over others.

At a private investor level:
- Education in Australia is controlled and majority funded by government. Private investors who may support the development of innovative education services need to know that there is a proper mechanism and opportunity to obtain government support if they can prove their invention is worthwhile.
- Private investors would be more willing to share the risk on initiatives that promise to deliver improved educational outcomes in a financially sustainable way, if there was a fair, simple and transparent mechanism to compete for supportive government funding (in accordance with the Review's terms of reference).

Submission to the Review of Funding for Schooling

Paper on Commissioned Research

Access Innovation Media Pty Limited (Ai-Media)

Assessment of current process for targeting of schools funding to disadvantaged students – Australian Council for Educational Research (ACER)

1. Comments on ACER's "Assessment of current process for targeting of schools funding to disadvantaged students" research report

The ACER research paper is a major contribution to the sector. Ai-Media congratulates the Panel for commissioning the research, and ACER for its report.

Ai-Media regards the overall research methodology and logic as sound and comprehensive – particularly in light of the lack of consistency of definitions across educational authorities which will necessarily impede any comparative or integrated analysis.

The three research questions considered are critical to reform of funding for schooling:
1. How do existing programs seeking to address educational disadvantage in schools work?
2. Are existing programs effective in reducing the impact of educational disadvantage on educational outcomes?
3. What alternative funding approaches should be considered?

Ai-Media concurs with the statement that (xv): "A significant problem for systems or sectors is dealing with the abrupt changes in level of some targeted expenditures at the school level". This is also referred to as "lumpiness" in funding – especially for students with disabilities. The tradeoff in para 321 highlights the issue: "the right balance needs to be struck between getting funds down to the school level and building specialist sectoral expertise". For example, Ai-Media provides live classroom captioning services through our Ai-Live service. The cost of captioning one classroom is the same, regardless of the number of students using the textual output generated by the captioner.

Effectiveness of Existing Programs
ACER Review states (xvi): "There were insufficient data available to establish to what extent existing programs are effective in reducing the impact of disadvantage on educational outcomes because few have been evaluated, and fewer still have been evaluated with student outcomes as a focus." Clearly, this must change. Ai-Media supports the thrust of the recommendations to establish a level of funding for students with disabilities based on (1) eligibility through a clinical assessment; and (2) funding through assessment of additional educational need (para 311). Ai-Media supports all measures to improve the measurement of the effectiveness of programs, including individual education plans, and academic excellence targets as appropriate. Funding should be directed to those programs that deliver the best outcomes per unit of input.

Funding approaches
For students with disabilities the report proposed the establishment of a standard disabilities entitlement to frame a minimum funding standard for students with disabilities. Ai-Media supports this approach which would reduce the residulalisation burden on the government school system by

funding all sectors for the additional costs of catering for students with disabilities. The entitlement should be qualified by the "lumpiness" issue identified above which may necessitate pooling of funds into regional centres of excellence. The quantum of the entitlement should be based on the "additional education need". Changes in technology mean that this entitlement will need regular review.

Assessing existing funding models for schooling in Australia – Deloitte Access Economics

2. Comments on Deloitte Access Economics' "Assessing existing funding models for schooling in Australia" research report

Ai-Media supports the contention that "inadequately prescribed lines of demarcation and poor coordination of different streams of funding lead to potentially inefficient overlap of funding and the potential compromise of funding model objectives" (p ii).   Nationally consistent funding should be a priority for the Review to permit whole-of-system improvements and a national approach. Similar priorities have been identified in relation to the establishment of a National Disability Insurance Scheme.

Feasibility of a national schooling recurrent resource standard – The Allen Consulting Group

3. Comments on The Allen Consulting Group's "Feasibility of a national schooling recurrent resource standard" research report

Ai-Media supports the "base plus" model of NSRRS, rather than an average cost model. It is clear from the research that characteristics of systems, schools and students generate differences in costs for students to reach common educational outcome standards. Schools taking on students with additional needs should be funded accordingly to avoid the residualisation effect of higher cost students being forced into the government sector.

It is noted that the report does not include loadings for students with disability due to "known data limitations" (p8). These must be resolved as a matter of priority.

The report notes on p52 that "costs associated with students with disability are largely driven by severity of a student's disability". Ai-Media prefers the approach adopted by ACER which focuses on "additional education need" rather than clinical assessment of disability.   While it is true that "there is a need to identify the range of educational supports, and their cost, for students with disability" it is important that the focus not be on the disability per se, but what additional supports are required to deliver effective access to education. Clarity is required about whether the marginal costs accrue at a school level (such as wheelchair ramp), classroom level (such as captioning), or individual student level (such as hearing aid provision). Decisions around pooling of resources will be critical to efficiency.

Ai-Media agrees with a 10% materiality threshold on the NSRRS for the reasons the authors propose (p 67).

Schooling challenges and opportunities– The Nous Group

4.	Comments on The Nous Group's "Schooling challenges and opportunities" research report

Ai-Media supports the conclusion that "the key to improving Australia's education system is not doing a lot of new things, but rather it is applying what we know works in a comprehensive, integrated and sustainable manner." That said, there must always be room for innovation in the sector – but successful innovations must be diffused more widely, more quickly.

As expressed in our submission of March 2011 to the Panel, Ai-Media recommends that a permanent innovation fund be a part of any new funding framework.

Supplementary comments

5.	Other comments on the Review of Funding for Schooling commissioned research

Ai-Media congratulates the Panel for commissioning this research, and thanks the Panel for the opportunity to comment.