

# Why are school fees still rising when inflation isn't?

Every May the Federal Government brings down its budget. The media report it widely and get 'locked up' beforehand in order to 'get the gos' for the next day's reporting. This editorial is like the 'lock-up' on tonight's Association Meeting where next year's budget will be presented.

If you're attending tonight's Association Meeting you'll hear our new head of finance, Administration Manager Gerry, explain in layman's language all the complexities of what makes MECS a financially viable and healthy school. One key issue that all parents are keenly interested in is, what will school fees be next year?

Here's the 2010 fee schedule that the Board approved at its meeting earlier this month.

Prep	\$2,100	50% of 1 <sup>st</sup> primary
Primary school 1 <sup>st</sup> child	\$4,200	100% of 1 <sup>st</sup> primary
Primary school 2 <sup>nd</sup> child	\$3,150	75% of 1 <sup>st</sup> primary
Primary school 3 <sup>rd</sup> child	\$2,520	60% of 1 <sup>st</sup> primary
Primary school 4 <sup>th</sup> child	\$2,520	60% of 1 <sup>st</sup> primary
Middle School 1 <sup>st</sup> child	\$5,620	100% of 1 <sup>st</sup> middle
Middle school 2 <sup>nd</sup> child	\$4,200	75% of 1 <sup>st</sup> middle
Middle School 3 <sup>rd</sup> child	\$3,360	60% of 1 <sup>st</sup> middle
Senior School 1 <sup>st</sup> child	\$6,300	100% of 1 <sup>st</sup> senior
Senior School 2 <sup>nd</sup> child	\$4,730	75% of 1 <sup>st</sup> senior
Senior School 3 <sup>rd</sup> child	\$3,780	60% of 1 <sup>st</sup> senior
<b>Maximum fees per family</b>	<b>\$11,800</b>	

## Remember, these are all inclusive fees.

The fees shown in the table have risen 5% (rounded) above the 2009 rates. This is the same rise that has occurred for most recent years. Previously people understood that such a rate was justified because that was fairly close to the Consumer Price Index (CPI) rate, but with inflation down around 1.5% why are fees going up 5%, surely parents should be cut some slack?

Good question; so let me try to explain.

## First, it's important to have a steady hand.

The Finance Committee works on the Board's behalf to monitor and plan the school's finances. The Finance Committee has been committed to an approach that seeks stability (not large fluctuations). For example, last year when State School teachers' wages took a sudden leap upwards (between 6-11% depending on experience), the Finance Committee brought in a wage scale for MECS teachers for the 2008 - 2011 period that was steady (unlike the state model). That wage scale will still keep parity with the state system in the long run. It is very important to us that our



Martin  
MECS Principal

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teachers are paid what's in keeping with the broad education sector. By contrast, one local independent school took their fees up 11% this year in order to keep up with large jumps in wages. Since wages consume around 75% of the school's budget, our annual 5% fee rise assists us to keep up with reasonable wage increases.

## Second, education costs are greater.

Whilst CPI rates had dropped to the 1.5% mark, school bursars and education departments use a Bureau of Statistics measure called the Education Price Index. This is typically an average of 1% - 2% above the standard CPI rate, but in the last year it was 5.1%. Many cost factors in education rise at a greater rate than average inflation. The recent teacher wage rises would be the strongest of these factors, another key factor is the increased use of computer technology in schools.

## Third, take a comparative look at local independent schools.

Another way of saying this is, 'check out the competitors'. A look at the fee rates of other local independent school providers will quickly show you that the MECS fee rate is rising at a slower rate. It would be good if you could do a simple comparison of fees but it's not quite 'apples and apples'. Scholarships; discounts for 2nd and 3rd children or family ceilings don't always lead to easy comparisons. Also MECS works very hard at the 'one fee, pays all' approach. We don't want to advertise one fee rate and then later 'load on' a whole lot of 'extras' that mean the real actual rate is a lot higher. The only extras you'll see on a MECS bill are for things like Instrumental Music Tuition or VET courses. (And an aside which you might be pleased to hear - our invoice system will be changing soon to become a much easier to read and understand system). Other than some Catholic providers we are probably the least expensive provider of independent education in our immediate region.

## Fourth, government income is hugely influential to our budget.

Each time we budget we have to make estimates of what we'll be receiving through government funding. We don't receive the government's final figure until October each year. This year for example we received \$10,000 more than we expected, which was a wonderful blessing. Other years it's been the other way around. Therefore we've learnt to be cautious in setting the predicted budget amount.

We have been able to keep fees reasonably low because we receive helpful federal government funding, we do not pay exorbitant wages, and we run a 'tight ship'. Government funding is based on a system called the Socio- Economic Status (SES) model where the federal government

# School Notes from the Principal

## Trade Training Centres

Previously we were promised that we would hear about the TTC proposal sometime in October. Each day I have been opening my email thinking, perhaps today's the day. But alas, this was the message from the Vic TTC Taskforce, "I am unable to confirm the exact date of the announcements for successful Round 2 projects as yet, however it is expected to be before the end of the year."

## Infrastructure

Gym retaining walls have started. We have also been finalising the design work for the redevelopment of the northern edge of the oval (library side). We need to complete the work this year as government funding for this project must be spent this year. Originally this money was targeted for the main oval. However, we wouldn't have been able to meet the timetable requirements. We sought permission to adjust the project and that was forthcoming.

## Congratulations - Primary Athletics

Monday was a gorgeous day and our primary students had a terrific day undertaking their athletics work. Lots of ribbons were proudly worn and a great spirit of competition and teamwork was had. Congratulations to all involved.



## Parent Interviews

These occurred at the end of last term. Sometimes a parent can't make the assigned times. When this occurs the school expects that an alternate time arrangement is made. I have asked teachers to provide me with the names of any interviews that haven't occurred by this Friday. Please attend to this asap if it has been forgotten.

## Year 12 last day - Whole School Assembly

Today's Year 12s last Assembly has made this a very special day. 50 of our students have completed their secondary schooling. What a moment! Next week we will report on the day's events. It is great to be able to playfully celebrate and 'muck up' together. Tomorrow our Year 12s start their study break and next Friday the VCE exams begin. Pray for strength, clarity and diligence.

## Praying for our Year 12s - Oct 29th 7:30am

Please feel welcome to join in praying for our Year 12s before they undertake their exams. It will be next Thursday (Oct 29th - day before their VCE exams start) at 7:30am in the Senior School.

## Association Meeting - tonight

Hopefully we'll see you tonight at the Association Meeting. If you haven't booked in for dinner at 6:30 you are still welcome to join in at 7:15 - 7:30 for the other main program parts.

# Editorial Continued.

contributes an amount per child based on the assessed socio-economic wealth of students' individual postcodes. Our region isn't overly wealthy, so we receive more per child than for example, our sister school, Donvale does. The government assumes parents living in wealthier suburbs can afford to contribute more. This whole funding system is guaranteed up until the end of 2012, but not beyond. Julia Gillard is presently investigating a new model and this promises to become a huge political stoush because of the huge dollars involved. We argue the case that you, our parents, are subsidising (on top of the normal taxes that pay for schools) the cost of education, for MECS only receives around 60% of the equivalent of what it would cost the government to educate your child at a state school.

## Fifth, viable financial planning.

The Board requires the Finance Committee to always plan for a modest surplus, a practice in keeping with a 'not for profit' organisation that seeks to be financially sound and viable for the long run. A modest surplus for us usually entails something in the order of 2 to 4% of income (some school economic advisors recommend 8 to 10%). This allows for the ongoing maintenance and development of our campus (preventing the run down school scenario so often seen on the news this year), and providing there are no costly 'unforeseens', enables us to pay off debt.

MECS has acquired a significant but manageable level of debt over the past few years as it has engaged in a building and development phase to create our vibrant learning

environment. The Board has a very strict set of limits around how much debt the school is allowed to take on. Those strict limits mean that the infrastructure development that has taken place over the last five years has not caused undue pressure on school fees. Of course, the present school community assists in paying off some of this debt (from each year's surplus), but so will the future community, as they will also benefit from the new and refurbished facilities.

## Finally, affordability.

The Finance Committee and Board are very conscious of the MECS mission - **"We provide Parent-governed, Christ-centred schooling ... at a price affordable to those who are committed"**. In order to make sure that Christian education is 'affordable', firstly fees need to be kept as low as possible and secondly, a mechanism needs to exist where some help can be provided to those who are committed but who can't afford it. Where the fee rate is beyond those who are committed, the school helps out. We do not use the allocated help to offer academic scholarships (a very selfish practice that we believe has no place in Christian education). Rather, once folk have shown they are committed, they can apply for assistance through a confidential mechanism that assesses need.

In conclusion I'd like to say a big thankyou to you - our faithful parents - who sacrifice so much so that your children can attend MECS. Your faithful fee paying allows this school to function and fulfil its vision of "seeking the kingdom of God in education".