

FEE CHARGING SCHOOLS

ANALYSIS OF FEE INCOME

Department of Education and Skills

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1. Executive Summary

On 5th December 2011, Minister for Education and Skills, Ruairi Quinn, TD, announced that an analysis of fee income in fee charging schools would be carried out by the Department of Education and Skills. This analysis would inform future policy decisions about the nature and extent of exchequer funding provided to fee charging schools.

This analysis begins by providing the historical context in which the fee charging school sector has developed, including reference to the provision of boarding facilities and to the additional provision which is currently made for students from Protestant backgrounds.

The document also sets out the context within which all exchequer funding decisions must be considered, including the changes which have been made to the teacher allocations of fee charging schools in recent budgets. As the bulk of the analysis was carried out during 2012, the decision as part of Budget 2013 to further increase the pupil-teacher ratio in fee charging schools was not considered here. However, the analysis does consider the proposal made in relation to funding of the fee-charging sector in the Report of the Special Group on Public Service Numbers and Expenditure Programme (McCarthy Report).

The analysis of the fee income available to the 55 fee charging schools shows that they currently have €81.3 million available to them, above that which is available to similarly-sized schools in the Free Scheme. The discretionary income works out at an average of €1.48 million for each of the fee charging schools. This funding allows them to privately recruit additional subject teachers and extra ancillary staff or invest in capital improvements and extracurricular activities.

The analysis further identifies that there are substantial differences between schools in the fee charging sector with discretionary income ranging from €112,000 for one relatively small school to €4.7 million for a large school. Some of these differences relate to the fact that different schools charge differing levels of fees. Similarly, the number of students paying fees creates significant disparity between schools. This document considers

whether it is possible to identify other differences between the fee charging schools, including any obvious impact relating to the ethos of the school.

As well as considering the changes in exchequer funding for fee charging schools recommended by the McCarthy Report, the appendices also detail the impact that further 1 point or 3 point changes to the pupil-teacher ratio of these schools would have on their funding levels.

This document is not intended to be prescriptive, but rather to inform options for consideration by the Minister in the context of further expenditure reductions being required as part of the budgetary process and how it will impact in the education sector over the coming years.

2. Background and policy context

2.1. How the system has evolved

The provision of universal free access to second level education has been established public policy for over 40 years.

As Minister for Education, Donogh O'Malley brought about the removal of charges to students for tuition in the majority of schools – this became known as the “Free Scheme”. Until that point, the state had made significant, but not complete, provision for the payment of teacher salaries in voluntary secondary schools. However, student admission remained contingent on the payment of fees, except in the limited cases where scholarships were available.

The Free Scheme involved additional exchequer funding for schools in return for the school ceasing to charge fees. This brought about a situation where charges by schools did not act as a barrier to entry. Schools entering the Free Scheme could not impose payments on students as a condition of enrolment or continued attendance.

From the outset a number of voluntary secondary schools chose to remain outside the Free Scheme and retained the entitlement to charge fees. The Department effectively granted each of those schools a licence to continue to charge fees, to determine the level of fee and to make admission to the school contingent on payment, but within a context of universal free access being available. Over the intervening years a small number of newly established schools also chose to remain outside of the Free Scheme by electing to charge fees.

As a sector, enrolments in fee charging schools rose steadily in the late nineties and over much of the following decade but have declined slightly in recent years, as illustrated in table 1 below.

In parallel with these changes in the voluntary secondary school sector, VEC provision at second level has expanded over the years to include senior cycle, and community and comprehensive schools were established around the country. This saw a huge rise in enrolments, with 333,458 students in schools in the Free Scheme by the 2011/12 school year, compared to 25,589 students in fee charging schools.

In October 2007 the then Minister for Education informed the Dáil that no new fee charging schools would be granted recognition. The number of schools permitted to charge fees represents 7.6% of the 723 post primary level schools and they cater for 7.1% of the total enrolment.

Table 1 – Numbers Enrolled in Fee Charging Schools 2001 – 2011

Year	No Of Schools	Enrolment	% change
2000	59	25,204	
2001	59	25,411	0.82
2002	58	25,765	1.39
2003	58	26,131	1.42
2004	58	26,149	0.07
2005	56	26,182	0.13
2006	56	26,331	0.57
2007	56	26,445	0.43
2008	56	26,493	0.18
2009	56	26,270	-0.84
2010	56	26,218	-0.20
2011	55	25,589	-2.40*

*1 Protestant Fee charging school opted into the Free Education Scheme in January 2011. In 2010 the enrolment in that school was 399 (1.5%).

What differentiates fee charging schools from all other post-primary schools is the capacity to raise funds through mandatory fees, while in receipt of exchequer funding. The fees charged are mandatory in that initial admission to the fee charging school or ongoing participation is contingent on payment of the fees.

Fee charging schools are often referred to as “private” schools. However, under the Education Act 1998, they are recognised schools and are more correctly titled “private state aided schools”. The distinction between them and all other recognised schools is the lower amount of public funding provided and the entitlement to charge fees that applies in the case of the fee charging schools. For consistency, the term “fee charging schools” will be used throughout this document.

2.2. Provision of boarding

21 of the 55 fee charging schools provide boarding facilities. In addition, a small number of voluntary secondary schools in the Free Scheme and one comprehensive school provide boarding facilities. The provision of boarding facilities and charges that may be raised by schools in the Free Scheme is governed by Department Circular 65/2010 (Appendix 2).

In order to participate in the Free Scheme, charges relating to the economic cost of providing boarding facilities are distinguished from mandatory charges that relate to participation in the teaching and learning experience and daily life of the school.

In the case of fee charging schools the level of mandatory charge for the latter is transparent where there are day (i.e. non boarding) students. It is not transparent in the

case of schools where all students board. In such cases it is the element of any fee charged that relates to the education provision of the school that defines the school's categorisation as fee charging.

2.3. Protestant Block Grant

The Protestant Block Grant is a means-tested student support scheme that enables students to attend a school whose ethos accords with their faith tradition. In the 2011/12 school year, €6.5 million of exchequer funding was provided to support the block grant.

The grant can be used by the student to help pay boarding costs and/or tuition fees where the recipient attends a fee charging school. It can also be awarded towards boarding costs where the student attends either of the two Protestant Schools in the free scheme that provide boarding facilities.

Fee income used in the Department's analysis work does not distinguish between the source of funding of fees by individuals, whether this is from their own resources or block grant support.

3. Fiscal context

3.1. Budgetary position

The cost to the exchequer of teachers salaries across all recognised primary and post primary schools amounts to €3.78 billion in 2012. This represents over 70% of the overall pay budget for the education sector. It has not been possible to avoid making adjustments to how teachers are allocated to schools in recent years. Such adjustments were necessary to secure expenditure reductions in order to deal with the deficit between revenue and public expenditure and meeting the requirements of the EU/IMF programme.

In addition, demographic pressures would actually increase the number of teachers and associated payroll costs in the absence of compensating policy measures in relation to teacher allocation.

The aggregate impact of budgetary decisions since 2008 on the number of teachers employed by schools is that an estimated 4,450 posts in primary and post primary schools have been suppressed, compared to the situation that would have existed if no policy changes had been made. This figure includes 128 posts (3% of the total posts) that would otherwise have been allocated to fee charging schools if the 2 point difference in the staffing schedule applying in the current school year did not exist.

Ireland faces at least three further budgets where a reduction in public expenditure across all areas of public provision, including education, will be necessary.

Teacher allocation to all primary and second level schools will remain in focus throughout the period of fiscal adjustment. All primary schools and the majority of second level schools must manage solely within any given teacher allocation funded from the exchequer. Since they are precluded from charging fees, they are unable to separately employ additional teachers from private funding. The extent to which teaching posts can continue to be allocated to fee charging schools must remain under consideration in that context.

Accordingly Minister Quinn announced in Budget 2012 (5 December 2011) that the Department would conduct an analysis of tuition fee income available to schools in the sector and its utilisation. This analysis would inform in subsequent years the policy on the potential extent and nature of exchequer investment, including funding for teacher posts, in the fee charging sector.

3.2. Report of the Special Group on Public Service Numbers and Expenditure Programmes (The McCarthy Report, An Bord Snip Nua)

The report, published in 2009, proposed a reduction in State support for fee charging schools as follows:

“The State currently pays €101m towards the salaries of teachers in private fee-charging schools. The income raised from fees is €119m, while schools also have other income from religious orders, investments, etc. These schools should, in principle, be required to meet a greater proportion of their own costs, with a 25% reduction in the State subvention proposed in the first instance. This could be achieved by increasing the staffing schedule for private schools from 18 (as at present – increasing to 20 from September 2009) to 28 in respect of Exchequer-funded staff. This would yield savings of about €25m when fully implemented, but would also have to be phased in over a number of years. It is estimated that this would require an average increase of 21% in the level of fees charged by schools over the period, if the reduction in Exchequer funding is to be met in full. While this may prove to be an issue for some of the smaller, less-viable private schools, which may seek to dispense with fees and transfer to the free education scheme, it is not considered that the level of increase in fees required would result in a significant change in the sector overall.”

(Report of the Special Group on Public Service Numbers and Expenditure Programmes, Volume II - Detailed Paper No. 6 – Education and Science)

Prior to September 2009, fee charging schools had the same basic staffing schedule as schools in the free scheme.

The teacher allocation changes to date impacting specifically on fee charging schools involved a 1 point change in the staffing allocation effective September 2009 and a further 1 pt change effective September 2012. This disregards measures which applied to all second level schools, including fee charging schools.

The staffing allocation at present stands at a teacher for 21 students compared to 19 to 1 in all other schools. The changes in the staffing schedule have suppressed an aggregate 128 posts from the 55 fee charging schools at an estimated full year saving of €8.2m. As a result of the recent budget decisions the ratio will be raised further to 23:1 in September 2013.

4. Methodology employed in this analysis

4.1. General

Some public commentary has described the Department's analysis of tuition fee income in fee charging schools as an audit. Any use of the term audit may mislead or cause confusion in relation to the nature of the exercise.

Information was sought from the 55 schools and was accepted by the Department as submitted. It was not subject to audit or verification. Participation was not mandatory on the schools concerned and it was a matter for each individual school to decide what information the school would share with the Department in relation to how it utilises fee income.

However, the Department proposed to rely on gross income calculated by the Department if schools chose not to provide information. This provided a clear incentive for schools to provide information that might qualify the gross estimates of tuition fee income.

A key objective of the analysis is to establish the funding position of the 55 schools relative to schools of comparable enrolments that do not charge fees. On that basis the information sought from the fee charging schools was confined to tuition fee income although schools may have other sources of income, such as endowments or investments.

It is the capacity to charge fees, and not any capacity to raise income from other sources, that distinguishes the 55 fee charging schools from all other recognised schools. Therefore, the analysis does not take into account income from other sources that may be available to all schools, such as through fundraising, voluntary contributions, tax refunds.

The analysis conducted by the Department involved looking at the tuition fee income derived from fee rates and pupil numbers. The analysis also took account of exchequer investment foregone, in teacher allocations and recurrent grants, because the fee charging schools elected to charge fees.

4.2. Data used

The Department wrote to each of the schools to request details of tuition fees (the amount per student) charged for the academic year 2011/12. No information was sought in respect of boarding fees.

The details of tuition fees were submitted by the 55 fee charging schools. Fees charged ranged from €2,550 to €10,065. Boarding schools that do not admit day pupils were asked to provide estimates of the tuition element of the overall fee charged.

In the case of schools that have both boarding and day pupils it is possible that individual schools may operate policies of cross subsidisation most likely where income from day pupils is applied to support the provision of boarding facilities. In this analysis the Department has used the fee amounts as declared by the schools.

The enrolment data used was the most recent verified material available i.e. September 2011 and this enrolment data was relevant to the fees charged in respect of the school year commencing in September 2011.

While the change of 1 point in the staffing schedule for the schools concerned, announced in Budget 2012 applied only from September 2012 it was nonetheless incorporated into the analysis of state funding foregone by each of the 55 fee charging schools. As this analysis was largely completed before Budget 2013 was announced, the change of 2 points in the staffing schedule announced from September 2013 is not incorporated into this analysis.

4.3. Definition of Discretionary income

The term “discretionary income” is used in this analysis. The term relates solely to the capacity available to the fee charging schools to raise income through mandatory fees unlike schools in the Free Scheme.

The fee charging schools exercise choices in relation to the use of this income. For example it can be used to employ additional teachers over and above the exchequer funded number. Similarly additional ancillary staff can be employed over and above those that may be employed in other schools. Schools may also elect to use the income from fees to enhance facilities, provide additional services or provide greater support for extra curricular activities.

In this analysis the discretionary income is adjusted or discounted by the amount of exchequer funding foregone, in order to provide a comparison with the position of similar sized schools in the Free Scheme. This is done to identify the additional funding that the fee charging schools continue to have available when compared to other schools of comparable size.

4.4. Initial estimate of Discretionary Income

On receipt of information from the schools on the level of tuition fee charged, the Department prepared an analysis of the estimated additional gross income available to each fee charging school, in comparison to a school with equivalent enrolments within the Free Education Scheme.

The gross amount was adjusted to take account of Exchequer investment foregone in teacher allocations and recurrent grants thus creating a first estimate of each school's discretionary income.

4.5. Invitation to schools to make observations

Each school was then provided with its estimated discretionary income and was offered the opportunity to submit any observations it wished to make in relation to the figures.

Each school was specifically invited to identify any liabilities that it considered might limit its discretion in utilising fee income (e.g. mortgage repayments for capital developments or other verifiable liabilities). This process provided the school with the opportunity to submit information of liabilities or other factors such as unpaid fees or reduced fees for siblings that reduced the gross estimate of discretionary income.

Ultimately 50 of the 55 schools (91%) provided observations, and 33 of these schools entered into a Confidentiality Agreement with the Department in relation to specific information that the school identified as sensitive. The Department also indicated to the schools that since any report arising from the analysis work was to support policy on funding for the sector, identification of individual schools should not arise in the event of publication as data would be aggregated or schools would be grouped into categories.

Five schools with a combined enrolment of 1,783 did not provide any observations.

4.6. Data used in the analysis to further discount discretionary income.

In its further analysis the Department ultimately included 3 categories of further data submitted by schools:

- Fee discounts
- Unpaid fees
- Repayments on capital loans

The Department deducted fee discounts from the total fee income where this occurred and also deducted uncollected fees on the basis that the schools concerned simply did not receive the gross income as indicated by the product of fee charged and total enrolment.

The Department's analysis is concerned with current as distinct from capital funding. However, repayments on capital loans were included on the basis that the schools are bound by such commitments for the medium to longer term.

Some schools submitted that additional private teachers employed constituted a financial liability. Such liabilities were not deducted from fee income in arriving at the calculation of the additional net income the schools have compared to other schools.

The primary purpose of this analysis is to examine the overall recurrent funding position of the fee charging schools relative to schools that do not charge fees. In order to avoid any risk of double counting, the capacity of schools to employ additional teachers from fee income will be addressed in the context of analysing the potential impact of changes to the allocation of publicly funded posts on discretionary income.

The discretionary income as reduced by any capital repayments, unpaid and discounted fee amounts is considered to be the “Estimated Final Discretionary Income” available to each school.

5. Analysis of adjusted data

5.1. Aggregate position

Table 2 shows that the €116.9 million gross tuition income across the 55 schools reduces to €81.2 million when allowance is made for discounts on fees, unpaid fees, capital loan repayments and the estimate of foregone recurrent grants, including teacher salaries.

Table 2

Gross Tuition Income 2011/12	€116,881,318
Estimate of Foregone Teachers Allocations	€8,206,720
Estimate of Foregone Recurrent Grants	€15,346,740
Gross Estimate of Discretionary Income	€93,327,858
Discounts & Unpaid Fees	€7,302,070
Capital Loan Repayments	€4,756,207
Estimate of Final Discretionary Income	€81,269,581

The total amount of foregone recurrent exchequer funding based on the existing funding rules is €23.55 million. This figure also represents the recurrent cost to the exchequer if all 55 schools were admitted to the Free Scheme at this time.

This adjustment is an overall reduction of 30.5%. The adjustment brought about by allowing for foregone recurrent grants including teacher salaries is 20.2%.

The overall reduction of €35.6 million is distributed as follows:

Foregone recurrent grants	43%
Foregone teacher allocations	23%
Discounted & Unpaid fees	21%
Capital loan repayments	13%

The 55 schools in aggregate continue to have available to them € 81.3 million that would not be available to 55 similar sized schools (i.e. size as determined by enrolment). The average amount available per school is €1.48 million each, working out at approximately €3,177 per student on average.

The following sections examine the adjusted data according to the variables of level of fee charged, school size, and estimate of final discretionary fee income respectively. In this

way the aggregate position set out in Table 2 is broken down with a view to identifying variations among individual schools.

5.2. Discretionary income relative to Level of fee charged by individual schools

Table 3 on page 17 sets out the relationship between the level of fee charged by individual schools, and their discretionary income.

The 9 schools that charge in excess of €6,000 per annum have on average €2.2 million in discretionary income ranging from €1.08 million to €4.7 million. At the lowest fee level category there are 7 schools charging a fee between €2500 and €3000. While these 7 schools on average have a discretionary income of €696k the income ranges from €326k to €1.4 million.

The income of fee charging schools is derived from a combination of fee level and enrolments. Table 3 indicates that fee level alone is not a good indicator of discretionary income in fee charging schools. For example in the 3rd category the lowest income is €112k and is the lowest income in all categories. Similarly the income per pupil data for categories 2 and 3 reveals that the overall position can mask individual schools in these categories that have lower income than schools in category 1.

This table reveals that schools with a fee level of over €4000 per annum comprise 65% of the total enrolment in the fee charging sector and account for 79% of the total discretionary income in the sector.

Schools that charge over €5,000 comprise 35% of the total enrolment and account for 49% of the discretionary income.

5.3. Discretionary income relative to enrolment in individual schools

Table 4 on page 18 sets out the relationship between the size of individual schools, and their discretionary income.

Schools with over 500 pupils constitute 67% of total enrolment in the sector and account for 66% of total discretionary income.

Schools in category 1 (i.e. those with the lowest level of enrolment) have an average discretionary income of €316k compared to an average of €696K in the lowest fee category in Table 3. However on the basis of enrolment the income range runs from €112k to €514k in the lowest category while the lowest fee category from Table 3 has a range from €326k to €1.4 million

Average estimated final discretionary income per school rises through each category according to school size with the greatest increases between categories occurring between

categories 1 and 2 where average estimated final discretionary income per school more than doubles and again between categories 6 and 7 where average estimated final discretionary income per school jumps from €1.8 million to €3.1 million.

5.4. Discretionary income relative to total individual school discretionary income

Table 5 on page 19 categorises the 55 Schools according to the estimated final discretionary income available to the individual schools.

Schools with in excess of €1 million in estimated final discretionary income comprise 79% of the enrolment in the sector and account for 88% of the total discretionary income. Schools with estimated final discretionary income in excess of €2 million comprise 42% of the overall enrolment in the sector and account for 51% of total income.

Two thirds of the schools have estimated final discretionary income in excess of €1 million and 27% of the schools have estimated final discretionary income in excess of €2 million.

When the average enrolment of the schools in each category is examined a relationship between estimated final discretionary income and enrolment can be discerned. Schools in category 1 on average have 169 pupils enrolled. The average for the schools in category 2 is 392 pupils and the average increases to 460, 443 and 635 in 3, 4 and 5 respectively. The four schools in category 6 on average have an enrolment of 966.

Table 3

Table 3 looks at the Estimated Final Discretionary Income available to schools according to the level of fee charged.

Category	Level of Fee	No of Schools	Enrolment	Estimated Final Discretionary Income	% of Overall Enrolment*	% of Est. Final Dis. Income*	Average Est. Final Dis. Income per School in Range	Est. Final Dis. Income Range	Average Est. Final Dis. Income per Student in Range	Est. Final Dis. Income per Student Range
1	€2500- €3000	7	2914	€4,875,025	11	6	€696,432	€326,437 to €1,438,680	€1,632	€1,355 to €1,959
2	€3000- €3999	12	5872	€12,324,328	23	15	€1,027,027	€164,107 to €2,058,899	€2,057	€678 to €2,652
3	€4000- €5000	18	7729	€24,605,445	30	30	€1,366,969	€112,245 to €3,690,302	€2,999	€738 to €3,865
4	€5000- €6000	9	4984	€19,332,361	19	24	€2,148,040	€355,415 to €3,853,298	€3,785	€2,890 to €4,414
5	€6000 +	9	4090	€20,132,422	16	25	€2,236,936	€1,077,029 to €4,655,821	€5,281	€4,123 to €8,599
		55	25589	€81,269,581						

* rounded to nearest full percentage point

Table 4

Table 4 categorises the 55 schools according to school size determined by the number of pupils enrolled in each school

Category	Level of Enrolment	No of Schools	Enrolment	Est. Final Discretionary Income	% of Overall Enrolment	% of Est. F. Dis. Income	Average Est. F Dis. Income per School in Range	School Income Range	Average Est. F. Dis. Income per Student in Range	Est. F. Dis. Income per Student Range
1	0-200	7	953	€2,216,608	4	3	€316,658	€112,245 to €514,453	€2,364	€738 to €2,890
2	201-300	10	2359	€8,244,948	9	10	€824,495	€164,107 to €2,433,446	€3,427	€678 to €8,599
3	301-400	6	1962	€7,861,502	8	10	€1,310,250	€986,359 to €1,585,723	€4,051	€2,748 to €5,080
4	401-500	7	3132	€9,403,925	12	12	€1,343,418	€834,379 to €1,765,594	€2,988	€1,955 to €3,625
5	501-600	8	4354	€11,972,751	17	15	€1,496,594	€757,586 to €2,382,200	€2,758	€1,355 to €4,529
6	601-700	9	5777	€16,571,636	23	20	€1,841,293	€1,071,522 to €2,649,252	€2,860	€1,771 to €3,862
7	701+	8	7052	€24,998,211	28	31	€3,124,776	€1,438,680 to €4,655,821	€3,480	€1,805 to €4,651
		55	25589	€81,269,581	100	100				

Table 5

Table 5 categorises the 55 Schools according to the estimated final discretionary income available to the individual schools.

Category	Est. Final Discretionary Income	No of Schools	Enrolment	Est. Final Discretionary Income	% of Overall Enrolment	% of Est. F Dis. Income	Average Income per School in Range	School Est. F. Dis. Income Range	Average Est. F. Dis. Income per Student in Range	Est. F. Dis. Income per Student Range
1	€0-€0.5m	10	1693	€2,862,432	7	4	€286,243	€112,245 to €483,379	€1,882	€678 to €2,890
2	€0.5m-€1m	9	3530	€6,723,871	14	8	€747,097	€514,453 to 986,359	€2,081	€1,355 to €2,842
3	€1m-€1.5m	13	5980	€16,696,422	23	21	€1,284,340	€1,071,522 to €1,490,660	€3,288	€1,771 to €5,358
4	€1.5m-€2m	8	3541	€13,196,114	14	16	€1,649,514	€1,521,697 to €1,950,711	€3,853	€2,866 to €5,080
5	€2m-€3.5m	11	6981	€25,522,219	27	31	€2,320,202	€2,010,218 to €3,029,367	€3,972	€2,490 to €8,599
6	€3.5m-€5m	4	3,864	€16,268,523	15	20	€4,067,131	€3,690,302 to €4,655,821	€4,217	€3,679 to €4,651
		55	25589	€81,269,581	100	100				

6. Impact on discretionary income if public funding is reduced

While previous sections examined the current position in this section the impact of one recommended budgetary change is assessed.

The potential budgetary change selected is based on the Report of the Special Group on Public Service Numbers and Expenditure Programmes which recommended increasing the staffing schedule for fee charging schools to 28:1 in respect of Exchequer-funded staff. The schedule is currently based on a 21:1 ratio which and moving to 28:1 would involve a 7 point change.

The Department analysed the position of each school if a change to 28:1 was implemented and reduced the estimated final discretionary income available to each school by the amount of exchequer funding the school would lose. The assumption in the model is that the schools would have to replace the publicly funded teaching posts with teachers employed from the discretionary income, reducing the funds available to the schools for all other purposes.

In aggregate the 55 schools would continue to have €61.7 million in discretionary funding available to them, a reduction from the present figure of €81.3 million.

This information on the individual position of each school is presented in Table 6 by grouping the schools according to the percentage reduction in discretionary income compared to the position set out in Table 5.

The 12 schools in category 1 of table 6 would on average continue to have €1.9 million available in discretionary income in an income range of €924k to €3.89 million and an income per student range of €3361 to €7837. The 22 schools in Category 2 would on average continue to have a discretionary income of €1.3m in an income range of €212k to €2.9 million.

A wide variation in income range is also evident among the remaining 19 schools spread across categories 3, 4 and 5. The schools concerned would lose from 30 - 60% of their present discretionary income. The 4 schools in category 5 (greatest percentage reduction) would have total remaining discretionary income in the range €145k to €335k.

Note - in Tables 6, 7 and 8 data on 2 schools are excluded. This is because the presentation of the data might lead to the identification of the schools concerned. The position of these schools is considered in a footnote to Table 6.

Table 6 – shows the impact on Estimated Final Discretionary Income of a 7point change in the staffing schedule to 28:1 with school grouped according to the % reduction compared to the position set out in Table 5

Category	% cost of Est. F. Discretionary Income	No of Schools in Range	Est. F. Discretionary Income in Range	Total Remaining Est. F. Discretionary Income in Range	Average Remaining Est. F. Discretionary Income per School in Range	School Remaining Est. F. Discretionary Income Range	Average Remaining Est. F. Dis. Income per Student in Range	Average Remaining Est. F. Dis. Income per Student Range
1	9-19	12	€27,616,617	€23,185,897	€1,932,158	€924,069 to €3,892,941	€3,245	€3,361 to €7,837
2	20-29	22	€36,786,738	€28,452,658	€1,293,303	€212,862 to €2,926,142	€2,528	€1,891 to €3,103
3	30-39	10	€9,879,164	€6,613,244	€661,324	€121,134 to €1,429,139	€1,547	€1,195 to €1,819
4	40-49	5	€4,527,702	€2,578,902	€515,780	€181,627 to €831,320	€993	€895 to €1,122
5	50-60	4	€2,183,008	€962,528	€240,632	€145,317 to €335,679	€606	€593 to €626
		53	€80,993,229	€61,793,229				

Table 6 covers 53 of the 55 schools. Under the impact of a 7 point change the estimated final discretionary income available to two schools would place them in a category 6 (60% + cost of income) and effectively their fee income would be fully absorbed by the change. While the schools concerned both have relatively low enrolment and charge a relatively low fee in both cases the schools also submitted information to the Department that a significant percentage of their fee income had not been collected or significant discounts were applied by comparison with all other schools.

7. Minority religion schools

Having regard to the provisions of the Constitution, all fee charging schools are treated on a common basis in relation to the operation of the teacher staffing schedule where all schools are at present allocated teachers according to a 21:1 ratio. This will increase to 23:1 in September 2013.

Some recent contributions in the public domain have suggested that consideration should be given to exempting the 20 schools traditionally regarded as Protestant fee charging schools from any changes to the staffing schedule that might be introduced and applying the measure to the other fee charging schools only.

The Department has examined the available data with a view to establishing if any objective criteria (other than a simple criterion based on religious denomination) could be identified that might distinguish the Protestant schools from other fee charging schools, while being compliant with the Constitution. The analysis described in section 6 was applied to 19 Protestant schools with the 34 other schools grouped separately and is set out in Tables 7 and 8. Two schools were not included as the presentation of the data might lead to their identification.

The information in Tables 7 and 8 shows the financial impact within each group of a 7 point change in the staffing schedule. Both the Protestant group of schools and the group of other schools contain schools that would have considerable levels of discretionary income available after following a 7 point change and schools whose discretionary income would be reduced significantly.

If the allocation of teachers operated at 28:1 for fee charging schools compared to 19:1 for all other schools, the data shows that 12 schools would incur a 9-19 % reduction in discretionary income, of which 8 are Protestant schools. These 8 schools would continue to have an average income per school of €1.9 million ranging from €985k to €3.3m with income per student in a range from €3361 to €7837.

For the same reduction range the other 4 schools would also continue to have on average €1.9 million remaining. The range of income remaining per student is more even in the case of these 4 schools compared to 8 Protestant schools concerned where the upper amount in the range of income per student is €7837 compared to €4597.

In the next 3 categories (i.e. where discretionary income would decline by between 20% and 49%) there are 7 Protestant schools and 30 other fee charging schools with 18 of that 30 in the 20%-29% category. Those 18 schools on average would continue to have €1.18 million available. The 4 Protestant schools in that range would have €1.8 million available on average.

In the ranges where the loss of discretionary income is 30% or greater the data reveals that there are 7 Protestant schools and 12 other fee charging schools. At or above a 30% reduction the 12 schools fare better than the 7 Protestant schools in terms of the average income remaining per school and the range of income per student remaining.

There are 4 Protestant schools that would incur a discretionary income reduction in the range of 50%-60% where the average remaining income per school is €241k ranging from €145k to €336K. There are no schools in Table 8 in that category. However in the reduction category of 30% - 39% one school in Table 8 has a remaining income of €121k which is lower than the lowest remaining income in the reduction category of 40% -49% in the same table and in respect of which the position is comparable to the position of Protestant schools in category 5 in Table 7.

The Protestant group of 19 schools divides 12/7 at the 30% reduction in income point while the other fee charging schools examined divide 22/12 at that point. The average remaining income at that point is on average over €1.3 million in the case of the 22 schools and over €1.8 million in the case of the 12 Protestant schools. However in the income range one of the other schools retains only €213k while the lowest Protestant school among the 12 retains €865k.

The above examination of the financial impact on the fee charging schools grouped according to patronage type does not provide evidence that the group of Protestant schools should be exempted from any measure being applied to fee charging schools.

Table 7 - the impact on Estimated Final Discretionary Income of a 7point change in the staffing schedule to 28:1 on 19 Protestant schools

Category	% cost of Est. F. Discretionary Income	No of Schools in Range	Est. F. Discretionary Income in Range	Total Remaining Est. F. Discretionary Income in Range	Average Remaining Est. F. Discretionary Income per School in Range	School Remaining Est. F. Discretionary Income Range	Average Remaining Est. F. Dis. Income per Student in Range	Average Remaining Est. F. Dis. Income per Student Range
1	9-19	8	€18,252,870	€15,386,950	€1,923,369	€984,945 to €3,317,102	€2,930	€3,361 to €7,837
2	20-29	4	€9,007,732	€7,032,692	€1,758,173	€865,251 to €2,426,487	€2,696	€2,091 to €3,100
3	30-39	1	€289,120	€188,000	€188,000	€188,000	€1,424	€1,424
4	40-49	2	€1,680,993	€955,233	€477,617	€840,037 to €840,956	€1,010	€898 to €1,122
5	50-60	4	€2,183,008	€962,528	€240,632	€145,317 to €335,679	€606	€593 to €626
		19	€31,413,723	€24,525,403				

Table 8 - - the impact on Estimated Final Discretionary Income of a 7point change in the staffing schedule to 28:1 on 34 other schools

Category	% cost of Est. F. Discretionary Income	No of Schools in Range	Est. F. Discretionary Income in Range	Total Remaining Est. F. Discretionary Income in Range	Average Remaining Est. F. Discretionary Income per School in Range	School Remaining Est. F. Discretionary Income Range	Average Remaining Est. F. Dis. Income per Student in Range	Average Remaining Est. F. Dis. Income per Student Range
1	9-19	4	€9,363,747	€7,798,947	€1,949,737	€924,069 to €3,892,941	€3,886	€3,421 to €4,597
2	20-29	18	€27,779,006	€21,419,966	€1,189,998	€212,862 to €2,926,142	€2,491	€1,891 to €3,103
3	30-39	9	€9,590,044	€6,425,244	€713,916	€121,134 to €1,429,139	€1,561	€1,195 to €1,819
4	40-49	3	€2,846,709	€1,623,669	€541,223	€181,627 to €831,320	€982	€895 to €1,043
5	50-60	0	€0	€0	€0		€0	
		34	€49,579,506	€37,267,826				

Appendix 1

The impact analysis in sections 6 and 7 are based on a single change from the current staffing schedule rule of 21: 1 to a new rule of 28:1.

The Government could decide to make a smaller or larger adjustment and to phase any change that might be decided.

The impact of a 1 pt change and a 3pt change is set out in tables 9 and 10 using the methodology used for tables 6, 7 and 8.

Table 9: 1 point PTR increase

Category	% cost of Est. F. Discretionary Income	No of Schools in Range	Est. F. Discretionary Income in Range	Total Remaining Est. F. Discretionary Income in Range	Average Remaining Est. F. Discretionary Income per School in Range	School Remaining Est. F. Discretionary Income Range	Average Remaining Est. F. Dis. Income per Student in Range	Average Remaining Est. F. Dis. Income per Student Range
1	1-3	7	€13,681,120	€13,324,000	€1,903,429	€1,541,563 to €2,393,766	€5,415	€4,512 to €8,459
2	3.1-5	25	€48,245,216	€46,407,776	€1,856,311	€275,582 to €3,932,142	€3,407	€2,686 to €4,390
3	5.1-7	11	€11,521,804	€10,860,044	€987,276	€163,374 to €1,944,339	€2,274	€1,968 to €2,608
4	7.1-9	6	€5,362,081	€4,948,641	€824,773	€308,347 to €1,328,600	€1,650	€1,519 to €1,819
5	9.1-11	4	€2,183,008	€1,960,928	€490,232	€293,157 to €687,679	€1,230	€1,217 to €1,250
6	18-20	2	€276,352	€221,952	€110,976	€91,125 to €130,827	€570	€541 to €600
		55	€81,269,581	€77,723,341				

Table 10 : 3 point PTR increase

Category	% cost of Est. F. Discretionary Income	No of Schools in Range	Est. F. Discretionary Income in Range	Total Remaining Est. F. Discretionary Income in Range	Average Remaining Est. F. Discretionary Income per School in Range	School Remaining Est. F. Discretionary Income Range	Average Remaining Est. F. Dis. Income per Student in Range	Average Remaining Est. F. Dis. Income per Student Range
1	4-10	15	€33,232,013	€30,463,373	€2,030,892	€1,000,869 to €4,274,381	€4,426	€3,479 to €8,217
2	10.1-15	20	€32,302,115	€28,523,555	€1,426,178	€251,262 to €3,308,222	€2,789	€2,200 to €3,444
3	15.1-20	9	€8,748,391	€7,282,151	€809,128	€146,734 to €1,744,019	€1,898	€1,577 to €2,158
4	20.1-30	9	€6,710,710	€5,126,710	€569,634	€236,197 to €1,135,320	€1,203	€974 to €1,502
5	50-60	2	€276,352	€125,952	€62,976	€54,005 to €71,947	€326	€297 to €355
		55	€81,269,581	€71,521,741				

Appendix 2

**Rannán na Scoileanna –
Airgeadas
An Roinn Oideachais agus
Scileanna
Cor na Madadh**



**Schools Division - Financial
Department of Education
and Skills
Cornamaddy
Athlone**

Circular 0065/2010

**To Chairpersons of Boards of Management and Principals
of Post-Primary schools**

Free Education Scheme

**Requirement that fees are not charged for continued eligibility for certain
grants and staffing allocations**

Revision of ceiling applying to boarding fees

Recognised schools in the Free Education Scheme have teaching resources and other funding allocated to them on a different basis from those schools that charge fees.

Continued eligibility for such funding arrangements are contingent on a school not requiring mandatory fees or payments from existing pupils or from those seeking admission to the school. The Minister may withdraw all such funding where a school is found, in respect of one or more existing or prospective pupils, to be in breach of the requirements in relation to the non-charging of fees.

The primary purpose of this circular is to clarify certain charges that may be legitimately requested from pupils such as:

- Payment for school books or photocopied material provided by the school where the charge is reasonable and simply reflects the true costs concerned;
- Charges for meals and refreshments provided pupils are not forced to purchase same and can bring their own refreshments to school (e.g. lunchbox); or
- Services and activities provided by the school in excess of that included in the general school programme, provided the pupil can elect to avail of such services (e.g. supervised after-school study, school tours, or visits to theatres or sporting events).

While the above is not exhaustive, the key requirement is that a school does not operate a charge, in whatever form, that is in effect a mandatory fee and contrary to the principle of not charging fees that distinguishes recognised schools in the Free Education Scheme from those recognised schools that have elected to charge fees. Voluntary contributions may be sought from parents, provided it is made clear to parents that there is no compulsion to pay and that a child's place in the school or continued enrolment is not dependant on a willingness to make a contribution.

Boarding Fees

Charging fees to recover the true economic cost of a residential boarding facility provided by a recognised school does not ipso facto constitute a breach of the requirements in relation to the non-charging of fees as a condition of funding under the Free Education Scheme. In this context, the Department historically has imposed a ceiling on the amount that may be charged for residential boarding as a means of ensuring that recognised schools in the Free Education Scheme are not applying hidden fees over and above the true economic costs of providing the boarding facilities.

The ceiling is being revised to €6,000 per annum in respect of the 2010/11 school year where the charge is in respect of a student who boards for five days and to €7,800 for students who board for six or seven days.

Where a school in the Free Education Scheme proposes to charge in excess of the limit for boarding fees, the school must first demonstrate through audited accounts, or other evidence that the Department may request, that the fee proposed relates exclusively to the service provided to residential boarders over and above those provided to day pupils and does not contain any

element of a tuition fee. In effect, this means that the fee charged to those pupils who elect to board must not contain any element of a charge in respect of the school's daily activities that the pupil could participate in without charge if attending as a day pupil.

If a school cannot demonstrate that the boarding fee is exclusively related to the economic cost of the boarding service provided, the school must either comply with the limit or be re-categorised for funding purposes as a fee-charging school, resulting in the loss of all grants and teaching resources that are unavailable to fee charging schools.

Matthew Ryan
Principal Officer
Schools Division – Financial
November 2010