

# FUNDING AND CERTAINTY IN COMMUNITY BASED ORGANIZATIONS

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## **INTRODUCTION**

In Australia since the early 1980s there has been a major shift in the funding and management of Government programs. One of the main features of this shift has been use of the move to the Community Based Funding Model. The wholesale utilisation of that model has been, in the main, very successful but has also set some dilemmas for us as educators and administrators.

In this paper I will discuss some of those dilemmas. In particular, I will explore the tension created by the adoption of a Corporate Ethos, effectively favouring Vocational over Non-Vocational as a funding preference for education and finally, the pitfalls of Tender Based funding for education programs, sometimes called the Service/Purchaser Model

## **BACKGROUND**

Australia has an education system largely controlled by the States. Education policy varies from State to State. In New South Wales (NSW), the department charged with the management of all aspects of education is the Department of Education and Training. The majority of its efforts are concentrated on Government and non-Government schools K-12 and Technical and Further Education (TAFE). The equivalent system to TAFE in the USA is the Community College. In NSW there is also a system of Community Colleges. These form part of the community-based organizations I will be referring to. They are a bridge between the formal and non-formal learning sectors, as well as providing a large community development effort in both city and rural settings.

My College, Sydney Community College

<http://www.sydneycommunitycollege.com.au> is part of that network and is one of

the larger providers enrolling some 17,000 students annually and offering a diverse range of Vocational Education and Training as well as Community Development, Equity Programs and a variety of Life Style Courses.

## THE BUSINESS OF EDUCATION

What is the Business of Education? Indeed, should education be a business?

As Principal of a community based provider of education, I grapple with this question daily as I juggle the scarce funding sources. The temptation to embrace all that is profitable and reject all that is costly is strong. I am constantly reminded of it when I read statements such as:

*As the digital economy evolves and technology redefines the economic playing field, companies' most important and strategic investments no longer take the form of fixed assets. Instead, human capital has become the foundation of the New Economy. This trend is driving the need for more effective education at all levels, including a dramatic increase in the need for continued re-training at the corporate level.*

This statement is, in effect, commenting on the need for “Lifelong Learning”, a term we as Adult Educators drew into the lexicon to focus attention on learning as a pursuit that does not end at the school or university gate.

There is a risk, however, of the wholesale appropriation of the term into discourse not suited to its value. None of the above is embedded with the celebration of what is “lifelong learning”. It seems only concerned with the provision of human capital to industry and the corporate world.

Once wholly the language of Adult Education, “Lifelong Learning” as a term is now being used by many differing interests to embody many different outlooks in

Education K -12, TAFE, Universities and, of course, Government and the corporate sector. The challenge for adult educators is to ensure that the discourse in which this term is used does not sully the term itself.

"Lifelong Learning" is about social well-being and not the corporate bottom line. Education and business, although not mutually exclusive, *are* different.

When I came to my current position at Sydney Community College, one of the things that excited and drove me was the fantastically empowering and liberating aspect of education.

All education has the potential of this little surprise. We as educators often use metaphorical terms for it such as "keys", "doors" and "unlock". Each is used within a deeper context of "liberation" - that is, we are prisoners of our own limited experience and learning opens doors we did not know existed.

It seems to me, however, that the ideas imbued in my earlier quote say very little about the value of education as a force for personal liberation. Rather, it implies the idea of a store-hold of human resources that can be moved about, added to, taken from, bought, sold or discarded. The statement is also silent on the fundamental worth of education. Education is a good in itself as it contributes to the fabric of society - making its attainment is a worthwhile lifelong pursuit. It should not be pursued only for narrow corporate utility.

Before his retirement, the Vice Chancellor of the University of Canberra in Australia, Professor Don Aitkin asserted that

*...the business of education was to invest in our nation's people and that if institutions such as universities were to act as businesses, then their balance sheets must be read quite unlike those of the corporate world.*

Should then education be viewed with the same gaze as any other business and, if so, how should the balance sheet appear and be read?

Economists term education as a 'public good', like roads, hospitals and defence. Should the market be left to its own devices the priority given to the creation of public good would be driven by the return from that investment.

It is not surprising, therefore, that the creation of public good has largely been left to Government and in some cases, religious organizations. Economists have developed a 'cost -benefit' analysis to deal with situations where applying the balance sheet approach is wrong headed, as is the case with public goods and services such as education. This, I believe, is what that Professor Aitkin was referring to.

Of course the management of an educational organisation should be in line with accepted principles of good governance and here we have learnt much from business in this regard.

We are, by now, all aware of the value of Mission Statements, Strategic Plans, Business Plans, Management Plans and Budgets. These are, however, *management devices* used only to support the real activity of the organisation. The difficulty to be dealt with is in the tension created by the appropriation of the management device into the discourse of educational activity.

Example: implicit in the term *Business Plan* is the idea of *profit*. In my experience, it is particularly difficult to explain to a Board a business plan that does not have a black bottom line. It becomes even more difficult when the outcome of the business activity is not to be measured in dollars at all, but rather in social well-being, the *profit* Professor Aitkin might be referring to.

Aitkin's idea of measurement is at odds with the trend in NSW Australia and elsewhere towards the measurement of the success of an Adult and Community Education organization by way of factors such as financial turn over, enrolment size and bottom line assets etc. The presumption here is, the tighter an organization is managed financially, the better the overall outcome.

Clearly, the tension here will be in the delivery of *Equity Programs* or in *Socially Beneficial Programs*. To deliver such activities will always be costly and the long-term benefits will not be as readily measurable. Outcomes such lower hospitalisation rates, lower crime rates, healthier neighbourhoods, community well being are not easily traceable to an educational activity. Yet most policy makers understand that good education programs make for good social policy.

Support for this argument is to be found in new British research, by Professor Paul Whiteley Director of the Democracy and Participation Research Programme at the University of Essex where he concluded that neighbourhoods with the highest levels of voluntary work (which he determined very broadly and included involvement in sporting, social and education groups) have less crime, better schools and healthier, happier residents. .

## The Vocational / Non Vocational Dichotomy

During his Presidency, Bill Clinton told an audience in East Harlem

*I might not have been President if it hadn't been for school music...*

Clinton was at a presentation celebrating a \$5 million donation to the N.Y. public schools by the Save the Music Foundation. Requesting community support for music education, he went on:

*It can help you be a better member of the team....over the last 20 years, we've gotten rid of music, art and physical education. The consequence is that in the places that don't have it, student achievement is lower than it ought to be, and the kids are not as healthy as they should be. We need to bring these things back to our schools, and I want you to help them.*

We can all reflect on these words from the then leader of the world's most influential nation. Indeed, such comments lead me to reflect on the Vocational/Non Vocational funding divide.

In Australia we have, over the past decade, re-shaped our education system putting emphasis on Vocational Education and Training (VET) as a funding preference. Many educators questioned the wisdom of such a split. Indeed, I would argue that the vocational/non-vocational is largely a false dichotomy.

Notwithstanding the overall value of VET, the achievement of a balance between the hard skills and learning for its own sake is something I believe we should be aiming for. There is no doubt that VET deserves an important place within our education systems, but an education system that promotes such a dichotomy will not serve us well.

The context in which we apply skills is in our everyday life with its myriad variations. We do not do this in a robot like fashion. We rely heavily on our experience and draw on information from that experience to apply meaning to our skills. Skills are underpinned by knowledge and reinforced by experience. Skills are narrow, while knowledge and experience are without bounds.

The value of education lies in itself as well as in its application. Part of our Mission at Sydney Community College is that...

*It is the belief of Sydney Community College that education is a basic right, that education is good in itself, that it contributes to the fabric of society and that its attainment is a worthwhile lifelong pursuit.*

The pendulum of educational change in Australia has swung a long way in one direction over the past ten years. VET has achieved a very prominent position both in terms of funding and community acceptance. It must be remembered, however, that music, art and writing are essential tools for us to use to make sense of our world and ourselves.<sup>1</sup>

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<sup>1</sup> Morris R, Tenant M, "The Vocational Outcomes of ACE Courses in NSW" NSW BACE 1995.

## **COMMUNITY BASED ORGANIZATIONS AND GOVERNMENT FUNDING**

The move to delivery of services, once wholly the domain of Government, to the not-for-profit sector has been a gradual but increasing phenomenon over the past two decades in Australia.

The lure for Government to fund in this way is clear.

Community organizations, from child care to community transport, can be funded to deliver services without too much fear that withdrawal of the funds would cause excessive administrative difficulties such as the re-deployment of staff.

Further, the funded organizations are usually small and their political influence limited.

The increase in the use of the community based framework has run in parallel with other societal changes such as the concept of "the user pays".

Although widely touted in the late 70s, the user pays concept really came into its own in Australia in the 80s. Our Prime Minister of that era, Malcolm Fraser, famously stated that:

*...there is no such thing as a free lunch.*

This often-repeated statement, was pivotal in changing community opinion away from wholly funded programs to, at best, subsidised programs. Other dynamics such as the ideological push for "smaller government" eventually resulted in a proliferation of community based organizations established to deliver the services of a shrinking bureaucracy.

Many of these organizations were funded for specific purposes and existed only for the length of the funding program. However, in other cases, community

organizations already in existence applied for and accepted funds to undertake programs they had not previously had experience in.

Effectively, community based organizations exist as self managed operations at arms length from Government. They make their own policies, except where bound by legislation, employ their own staff, rely heavily on voluntarism, respond as they see fit to the essential problems they are trying to counter. Community based organisation are often ideologically driven and fiercely independent while Government is focussed on delivering stated policy outcomes often to be measured very simply by number counting. The application of the

Service/Purchaser Model by way of tender I believe distracts the organization from its original purpose.

It seems clear that the thrust of Governments to move considerable funds from direct delivery by Government to purchase of services from not-for-profit organizations is, in many cases, simple out-sourcing in an effort to reduce costs. In Australia, even large Government departments such as the Commonwealth Employment Service and the Adult Migrant Education Service have been effectively dismantled and out-sourced to not-for-profit groups such as Mission Australia, an arm of the Uniting Church. Mission Australia's program income in 2003 was \$167,725,017<sup>2</sup>. What is more important is that the funds available to deliver the service being purchased are very specifically tied to outcomes.

I contend that this very specific government funding of community-based organizations often results in an internal conflict. The size of the conflict will be in direct or increasing proportion to the size of the funding.

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<sup>2</sup> Mission Australia Annual Report, 2003

Example: If an organization has a turnover of \$250,000 and employs one and a half people, and it receives a grant for \$5,000 for a specific purpose, the conflict will not be a large one. On the other hand, if the same organisation tenders for and wins a contract to deliver services that outstrip the organizations initial turnover, the conflict is significant.

In NSW, at least three Community Colleges are now in receipt of funds to deliver a variety of services from Australian Migrant English Program through to Employment Placement programs that exceed the original community education program by factors of 5-10. In some cases, it is evident that the community education program is beginning to take a back seat. The imperative has become the maintenance of the larger contracts.

The effect of the tender contract process is not all bad. Organisations that have previously struggled have a major operational boost. However, this effectively masks the need to fund the organisation on its original merits at an appropriate level. In NSW, this has been well documented by John MacIntyre<sup>3</sup> of the University Technology Sydney.

Tenders are usually allocated for either cost or policy motivation.

In the case of cost, the community-based organisation often win tenders by undercutting or stripping down the proposal, resulting sometimes but certainly not always in an inferior service.

In the case of the policy, the community-based organisation have become unwittingly associated with the dismantling of a Government service, as was the case of the Commonwealth Employment Service or Adult Migrant Education Service.

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<sup>3</sup> MacIntyre J, Brown T, Ferrier F, "The Economics of ACE Delivery" NSW BACE 1997

Community based organizations relying on tenders are at the whim of Government policy. After winning a tender they are often geared up to continue that work and with a stroke of the policy pen, all is lost often leaving significant wreckage.

It was for these reasons, that Sydney Community College has maintained a concentration on our core activities. We can proudly assert that we have remained a *Community* College. We don't apologise for what we do or who we are. We celebrate Belly Dancing and Dog Obedience and Knitting and anything else seen as important to the very people who attend.

Maintaining this position has not been without difficulty and is for us a constant challenge, but it has paid dividends. We have a very good reputation. The College has chiselled out a place in the education landscape. The question I ask

myself sometimes though, is "is our handiwork carved in stone or sand"? One thing I am sure of is that building an organisation on tied Government funding is a little like a sand sculpture competition - beautiful one day but gone the next. Building an organization based firmly on a well-defined purpose, will in the long term assure its future as long as the purpose remains.

## **CONCLUSION**

In my experience in community based organizations over the past 22 years, I have seen many shifts in thinking.

Of particular impact was the move to managerialism of the late 1980s. I believe it has taken many organizations a number of years to fully digest that which is good in this approach and reject that which is not. Clearly, the “bottom line” approach is not well suited to the judgement of success.

In Australia, the trend towards the valuing of a vocational education and training system above what has been claimed as non-vocational has not successfully been countered by educators. Policy makers have not been influenced by arguments that no such split exists. This approach and the resultant funding arrangements, have profoundly affected community based education providers.

The management of community based organizations is also under constant pressure. Driven usually by a desire to add to the “social capital” at a local level or the create “community capacity”, community based organizations remain under funded for that purpose. Government *has* increased funding to community based organizations but, I have argued, this has been for sometimes narrow and policy driven motives which often results in a of conflict ideology and practice.

### **ABOUT THE AUTHOR**

Garry Traynor has worked in community based organizations for the past 22 years. Originally trained in Visual Arts at the University of NSW College of Fine Arts, and then at the University of Sydney where he gained his Post Graduate Diploma in Art Education.

Garry quickly moved into the community sector, working for 5 years as the Senior Program Coordinator in a Community Youth Support Scheme. In 1986, Garry accepted the position as Principal of a newly forming community college. This was registered in 1988 as Sydney Community College. The College has maintained a strong enrolment base despite pressure from what is a very competitive environment. Sydney Community College is widely accepted as an exemplar provider of broad based adult education with a strong community development focus.

Garry has also holds a Masters of Education (Adult) from the University of Technology Sydney and sits on several advisory Boards including:

- The NSW TAFE Accreditation Council
- TAFE Sydney Institute Advisory Board.

Garry was elected to the Board of Adult Learning Australia in 1998 and served two terms on the executive before being elected for a two year term President in 2002.