



Discussion Document: Cashed-up funding for Partnership Schools | Kura Hourua for centrally funded support

To:	David Seymour, Parliamentary Under-Secretary to the Minister of Education		
	Cc Hon Hekia Parata, Minister of Education Hon Nikki Kaye, Minister for Youth and Associate Minister of Education		
Date:	10 February 2017	Priority:	Medium
Security Level:	In Confidence	METIS No:	1036732
Approved by:	Julian Moore	DDI:	██████████ — s 9(2)(a) OIA

Purpose

1. This briefing provides background information about the cashed up component (CUF) of Partnership School | Kura Hourua (PSKH) funding in respect of 'centrally funded support'.
2. It provides information about current operational policy practice regarding the review of this funding component in current Agreements with sponsors of PSKH, the potential impact of a review of this component for Round 1 PSKH and asks whether you wish to receive further advice on inclusion of this component in a review of current Contracts.

Background

3. State schools may receive support that is centrally funded. The main components of this are: itinerant and in-school specialist teacher assistance, professional learning and development, curriculum resources and student engagement initiatives to support disengaged students. When PSKH were established, relevant centrally funded support components were identified. Due to the potentially large number of programmes covered, a materiality test of \$1 Million expenditure per item was applied to simplify calculation and re-calculation in the future. An equivalent per student flat rate was calculated and applied to all PSKH (\$276).
4. The basis of the calculation was the total value of the centrally funded support programmes in 2013/14, divided by the number of students in state schools (less the number of international fee paying students) based on 2012 rolls.
5. A flat rate regardless of age was calculated recognising that allocations by age can change according to government priorities and the desirability of a single simple formula that would not require continual adjustment by component.
6. The rate was also based on an across the board allocation regardless of eligibility. No single state school would be eligible for all components, and some schools, whilst eligible, would only access a programme once, for a time limited period. However, in calculating the rate it was recognised that a more fine-grained approach would not be worth the time involved and would produce a very complex formula for a component of

funding that generates only a small proportion of the overall funding for PSKH (approximately 1.5 – 3.5 % of total annual payments once established). So, for example, an overall increase or decrease in the rate of 10 percent in the CUF would lead to an increase or decrease of approximately 0.15 – 0.35% of the overall annual operational funding to PSKH.

7. Funding for moderate and high special needs students was not included due to the highly specialised nature of the support required and uneven availability of expertise on the open markets. Currently this additional learning support can be accessed by PSKH on the same basis as by state schools.
8. In respect of PSKH eligibility for new funding initiatives Cabinet noted in 2015 (Cab Min (15) 26/4A) that decisions on eligibility of Partnership Schools to benefit from a new education initiative need to be made on a case by case basis and agreed that if an initiative is directly targeted to support priority learner group(s) the Minister will consider Partnership Schools for inclusion, while making sure that there is no double funding.
9. For example, in respect of the government's investment in Investing in Educational Success (IES) it is considered that Partnership Schools are a unique type of school, subject to separate policy and under dedicated administrative and operational frameworks that likewise do not apply to state or state integrated schools. Whilst a Partnership School may participate in a Community of Learning | Kāhui Ako (COL), it would not generate its own additional funding entitlements (or increase the entitlement of the COL that it joined). Similarly, a partnership school may be included as a participant in an application from an eligible teacher or school to the Teacher Led Innovation Fund (TLIF), but it could not be an applicant to the TLIF in its own right.

Review of the cashed up centrally funded component

10. The Agreements with sponsors in respect of Quarterly Operational Payments state that the payment adjustment mechanism for this component will be reviewed by the Ministry once every three year period. The Ministry may, following a review, determine that the underlying payment amounts used in any calculations should be adjusted.
11. In practice this currently means a review being triggered every three years under the Agreement for each Round of schools. This will become a repeated exercise in respect of successive Rounds potentially leading to differing rates for different schools depending on the Round in which they first applied. Round 1 is due for review now. We are considering a global review approach as part of the 2017 contract review.
12. Most individual initiatives that make up the cashed up centrally funded support component are not inflation adjusted, and so this component of funding to PSKH is not inflation adjusted in the Agreement.
13. Since 2013, school rolls nationally have been increasing and so unless new and very significant funding components were added or existing ones increased, the likelihood will be for the per student rate calculated to decrease slightly.
14. Between 2012 and 2016 the roll measurement used in setting the original total students denominator (students in state schools less the number of international fee paying students) increased from 751,024 to 776,948 (an increase of 3.5%).
15. The Ministry has largely updated the original calculation spreadsheet using 2016/17 funding and 2016 year rolls (see Appendix one, below). Two small components, Resource Teachers of Māori and Resource Teachers Literacy require more work to finalise a calculation for 2016, so 2013 rates have been used for this initial calculation. The indicative result following our review is a new per student rate of \$264.11 (a reduction of \$11.96 or 4.2% per student). A spreadsheet setting out this calculation is

attached as Appendix One. Before we consider adjusting the rate we would like feedback on our approach.

16. There are three broad options for consideration:
 - a) The revised new rate could be implemented from an agreed time; this will allow time to communicate with sponsors, especially as there will be a reduction.
 - b) We could decide not to implement the change at this time, as it is discretionary in the Agreement. The resulting change in overall funding is small and driven mainly by increased student numbers.
 - c) We could do either a or b above and include this funding component in a future proposed contract review.

17. Inclusion of the three year review cycle for this component in the Agreement in a contract review could consider the benefits of:
 - a) setting a rate for the full six year term of the agreement
 - b) setting a rate every three calendar years rather than including a review after three years of the Agreement term (on the basis of relative administrative simplicity and equity and certainty of funding for sponsors whilst regularly capturing movements)
 - c) roll-up of this component into the overall contract price, rather than it being treated as a separate component.

Appendix 1 PSKH cashed up funding re-calculation table

Appropriation	Programme	2013/14 (\$000) pre Budget 13	OBU 2016/17	Changes to OBU 2016/17
Curriculum Support				
	Books in Homes	1,396	1,396	0
	Gifted Education	1,270	1,270	0
	Information Technology Initiatives	4,008	7,048	3,040
	Language Contracts	1,636	1,636	0
	Laptops for teachers	21,082	16,876	-4,206
	Learning Experiences Outside the Classroom	4,964	4,964	0
	Microsoft licensing agreement	10,864	10,864	0
	Reading and mathematics proposal pool	3,142	3,142	0
	Student Engagement Initiative	1,460	0	-1,460
	Truancy initiatives	9,676	0	-9,676
	Asian Languages Learning Initiatives	0	3,650	3,650
Primary Education				
	Homework centres	3,883	2,952	-931
	Improves school admin standards and ability to use NCEA data	1,411	1,411	0
	Literacy standards	16,388	18,000	1,612
	Literacy standards – school grants	1,030	0	-1,030
	Relieving teachers	6,387	5,387	-1,000
	Resource teachers Literacy	7,522	7,522	0
	Reading Recovery Time Allowance	18,388	21,534	3,146
	Resource Teachers of Māori (RTMs)	3,585	3,585	0
	Accelerated Learning in Maths Programme	0	1,730	1,730
Professional Development and Support				
	Growth and development of te Reo and Tikanga Māori in schools	1,563	1,563	0
	Information technology initiatives	11,210	11,210	0
	International teacher exchange	1,056	1,056	0
	Māori Language training	2,447	2,447	0

Māori teacher workload	2,510	2,510	0
NCEA, Numeracy and Literacy and Pacific English Language and Literacy Initiative	2,911	2,911	0
School Advisory services	24,751	21,164	-3,587
School Trustees Association	1,826	0	-1,826
Te Kotahitanga and Te auhua	8,707	8,707	0
Teacher professional development	16,190	16,632	442
Technology/ Hangarau Curriculum in senior secondary	2,090	2,090	0
Trustee training	2,495	5,560	3,065
Secondary Education			
Mentoring Programme for Māori secondary school students	1,449	0	-1,449
Relief Initiatives	2,474	0	-2,474
Relieving teachers	4,965	4,965	0
Wharekura Curriculum Support	1,198	1,198	0
School Property Maintenance Exp (Vandalism)	1,400	795	-605
Outcomes for Target Student Groups			
Student attendance and engagement	0	9,426	9,426

TOTAL

207,334 205,201 -2,133

Total Students - 2016

2012 2016
751024 776948

http://www.educationcounts.govt.nz/data/assets/excel_doc/0005/152609/Student-rolls-by-School-2010-2016.xlsx

Per student

276.07 264.11

Key - New initiative Component still to be re-calculated

