

In Confidence

Office of the Minister of Education

Chair, Cabinet Social Wellbeing Committee

Review of Home-based Early Childhood Education (ECE)

Proposal

- 1 This paper seeks agreement to undertake a review of home-based early childhood education (the Review) and the scope of the Review.

Executive Summary

- 2 As part of my education work programme for the next three years, I will be reviewing home-based early childhood education (ECE). I am a strong supporter of high quality ECE and recognise that the benefits of ECE for children are contingent on quality. I am not convinced current policy settings for home-based ECE are adequate to ensure quality education and care for children.
- 3 Research shows that structural conditions, like adult-to-child ratios and educator qualifications and working conditions, have a direct effect on quality in ECE, because they influence the sensitivity and responsiveness of educators and teachers towards children. Currently, home-based educators are not required to be qualified. The proportion of home-based services on the quality funding rates, which are intended to incentivise services to have qualified educators, has declined from 37% in 2005 to 24% in 2016. The number of home-based providers has also grown by 158% since the early 2000s. I consider continuing to allow growth with the current settings is not in the best interests of children.
- 4 I propose that the following policy issues be included within the scope of a review of home-based early childhood education (the Review):
 - 4.1 Qualification requirements for educators and quality criteria for funding rates
 - 4.2 Pedagogical leadership and the role of the coordinator
 - 4.3 Working conditions for educators
 - 4.4 Curriculum implementation and monitoring
 - 4.5 Adult-to-child ratios for home-based ECE and out of school care in one home
 - 4.6 Transparency rules around the disclosure of government subsidies
 - 4.7 The regulatory framework.
- 5 The Review will proceed alongside the development of the 10 Year Strategic Plan for Early Learning as I consider it important to prioritise reviewing the policy settings in home-based ECE to ensure they support quality education.


- 6 The Ministry, working alongside the Education Review Office, will develop a discussion document for Cabinet approval in late June 2018. The discussion document will contain policy options informed by initial input from peak bodies and key stakeholders. Full public consultation will commence from July 2018. I consider that this process is likely to enable us to test and refine our understanding of the sector, including the policy options identified, to best support quality educational outcomes in home-based ECE.
- 7 I ask that you agree to undertake the Review, to the Terms of Reference outlining the scope of the Review, and to their public release. I will seek Cabinet approval to the policy recommendations resulting from the Review in November 2018.

Background

- 8 In the paper Education Portfolio Work Programme considered by Cabinet on 19 February 2018 [CAB-18-MIN-0024 refers], I outlined my proposed work programme and objectives for the education system for the next three years. My focus is on championing a high-quality public education system for all New Zealanders and using an Education Summit as a vehicle to promote shared ownership of this vision.
- 9 My key objectives for the education system are:
 - 9.1 *Learners at the Centre*: a greater focus on personalised learning and a system that celebrates and is responsive to diversity;
 - 9.2 *Barrier Free Access*: removing barriers to participation and ensuring all learners have the same opportunities regardless of their background;
 - 9.3 *Quality Teaching*: championing quality teaching and the importance of a respected and supported teaching profession;
 - 9.4 *Quality Public Education*: investing in and backing our world class, public education system for all students and children;
 - 9.5 *21st Century Learning*: focusing on learning that is relevant to the lives that New Zealanders live today and helps students and children thrive in all aspects of their life.
- 10 The Review is a key component of the work programme.
- 11 Home-based ECE is a care and education service for children aged 0-5, provided in a home setting. Education and care is delivered by an educator, who is responsible for up to four children (under the age of six) at a time. A home-based ECE service arranges care for children by either employing an educator as a contractor directly and then placing them with families; or brokering the relationship between educators and families. In the latter case, the families then employ or contract the educators directly.
- 12 Home-based educators are not required to hold qualifications but must be overseen by coordinators, employed by the provider, who must be fully qualified and registered teachers. Coordinators are responsible for providing professional support and pedagogical leadership to educators. They are also responsible for overseeing the education and care and health and safety of the children in the educator's care.

- 13 Home-based ECE services must be licensed by the Ministry of Education to receive government funding and must meet regulated standards.
- 14 Home-based ECE represents approximately 9% of enrolments (18,440 children) in the ECE sector and 7% of Ministry of Education subsidies in early learning (approximately \$119 million per annum).
- 15 Home-based ECE can offer a number of unique benefits, including low adult to child ratios and group sizes, as well as enabling parents to choose an educator who shares their first language and culture. This is reflected in a large proportion of Asian and Pasifika children attending home-based ECE services – in 2017, 18% of children attending home-based ECE were Asian and 14% were Pasifika.

The case for the Review

- 16 There is limited research that specifically focuses on education and care delivered in a home setting. However, in other types of ECE settings, research strongly indicates that many of the benefits of ECE are conditional on quality. Quality ECE has been linked with a range of positive cognitive, social and emotional outcomes, both in the short and longer terms. There is also some evidence suggesting low quality early learning can have detrimental effects, such as worse health, lower life satisfaction and higher crime rates later in life. For children from disadvantaged backgrounds, the provision of high quality ECE is particularly beneficial.
- 17 Research shows that structural conditions, like adult-to-child ratios and educator working conditions, have a direct effect on quality in ECE, because they influence the sensitivity and responsiveness of educators and teachers towards children. Qualified educators have consistently been shown to be correlated with quality education and care. Research supports these structural conditions as enablers of better teaching that lead to better outcomes for children.
- 18 While adult-to-child ratios in home-based ECE are good, I am not convinced that other settings are adequate to support quality education and care for children. Under the current settings, educators in home-based ECE are not required to have any qualifications. Quality funding rates are in place to incentivise home-based providers to increase the proportion of qualified educators. However, the proportion of home-based services on the quality funding rates has declined, from 37% in 2005 to 24% in 2016.
- 19 Home-based ECE has also grown substantially and is continuing to grow. The number of home-based providers grew from 183 services in 2000 to 472 in 2016 (a 158% increase). However, little is known about the effectiveness of home-based ECE in delivering educational outcomes. Continuing to allow growth with the current settings is not serving the interests of our youngest New Zealanders.
- 20  9(2)(f)(iv)
- 21 The Review will proceed alongside the development of the 10 Year Strategic Plan for Early Learning (Early Learning Strategic Plan). As little is known about the quality of education and care provided in home-based ECE, I consider it important to start work on this review

without delay. I want to ensure that all children in home-based ECE services are receiving high quality education and care that is providing them with the best possible start in life.

- 22 Since I have chosen to undertake both the Early Learning Strategic Plan and the Review concurrently, I am aware of the importance of ensuring that the two processes are aligned. The Early Learning Strategic Plan will consider high-level issues that affect the entire early learning sector, including accountability provisions and the early learning sector's links to labour force participation. The development of policy options for the Review will take into account thinking on the Early Learning Strategic Plan and I will ensure that any decisions made around policy settings in home-based ECE will not constrain the development of the Strategic Plan.

Scope of the Review

- 23 The Terms of Reference (attached as Annex 1) will guide the scope of the Review. In summary, I propose that the following policy issues be included within the scope of the Review:
- 23.1 qualification requirements for educators and reviewing quality criteria for funding rates
 - 23.2 the role of the coordinator in providing pedagogical leadership and oversight of educators.
 - 23.3 whether settings should be adjusted to improve employment conditions for home-based educators
 - 23.4 whether settings should be adjusted to better support educators and coordinators to effectively implement the curriculum
 - 23.5 whether current adult-to-child ratios for home-based ECE and out of school care in one home are supporting quality educational and health and safety outcomes
 - 23.6 how transparency rules around the disclosure of government subsidies to parents might be adjusted to better incentivise quality
 - 23.7 how the regulatory framework can better support quality educational and health and safety outcomes
- 24 I would like to investigate qualification requirements for all home-based educators because evidence shows a link between qualifications and child outcomes. I also propose that we review the quality criteria for funding rates to better incentivise providers to raise the qualification levels of educators.
- 25 Teacher qualified coordinators play an important role in providing pedagogical leadership and ongoing professional development to educators. However, current regulatory requirements may not support the level of professional oversight needed. I believe it is timely to review these requirements to explicitly define government's expectations of the role and to ensure adequate leadership and oversight of educators.
- 26 The government has limited oversight of employment practises in relation to home-based educators. I believe it is important that we identify and address any barriers to adequate

employment conditions, so that we can support educators to provide quality and continuity of education and care.

- 27 To gain full benefit from early learning, it is important that children experience a well-planned and balanced curriculum. With thousands of home-based settings providing education and care, government has limited oversight of face-to-face curriculum delivery. I would like to look at how we can increase government oversight of curriculum delivery and ensure providers better understand their role in ensuring educational benefit for children.
- 28 I believe it is also timely to assess how a recent amendment to the Education Act 1989, allowing educators to offer out of school care alongside early learning, is supporting quality early learning. This amendment increased the number of children allowed in one home. I propose assessing if any adjustments need to be made, particularly to adult-to-child ratios.
- 29 I would like to review transparency rules around the disclosure of government subsidies to parents using home-based ECE. This is to ensure parents are aware of how much government is subsidising their child's education and that they are not overpaying.
- 30 Finally, I would like to look at how any further changes or adjustments to the regulations or Education Act 1989 could be made to better support educational and health and safety outcomes for children in home-based ECE.
- 31 Throughout the Review, I will be cognisant of the needs of diverse communities including Maori, Pasifika and families with children with disabilities.
- 32 I ask that you agree to the Terms of Reference for the Review, and agree to the release of the Terms of Reference in early April, in the form set out at Annex 1.

Approach to the Review

- 33 The Ministry, working alongside the Education Review Office, will develop a discussion document for Cabinet approval in late June 2018. The discussion document will contain policy options informed by initial input from peak bodies and key stakeholders, including home-based peak bodies, New Zealand Educational Institute, the Council of Trade Unions and the Education Council.
- 34 A full public consultation will commence from July 2018 which will invite wider comment on the policy options within the discussion document from providers, educators, coordinators and parents. This will provide opportunities for stakeholders and the public to engage online, and in-person through public meetings and targeted workshops.
- 35 Public consultation will occur after the May Education Summits. Public consultation on the Early Learning Strategic Plan is scheduled to occur in September 2018 subject to Cabinet agreement.
- 36 Consultation on the Early Learning Strategic Plan will involve the development of a draft strategic plan rather than a discussion document. This is because the development of the Early Learning Strategic Plan will require input on a high-level direction rather than specific policy proposals.
- 37 I consider that this process is likely to:

- 37.1 drive public engagement with the Review, including engagement from a diverse range of stakeholders by using both targeted and public consultation, and using a wide range of channels
 - 37.2 maximise buy-in from the education sector and the wider community
 - 37.3 enable us to test and refine our understanding of the sector, including the policy options we have identified to best support quality educational outcomes in home-based ECE.
- 38 I will seek Cabinet approval for the policy recommendations resulting from this Review in November 2018, following public consultation.

Consultation

- 39 The Treasury, State Services Commission, Department of Prime Minister and Cabinet, Ministry of Social Development, Ministry of Health, Ministry of Business, Innovation and Employment, Oranga Tamariki, Ministry for Women, Te Puni Kōkiri, Ministry for Pacific Peoples, New Zealand Qualifications Authority and Education Review Office have been consulted on this paper.

Financial Implications

- 40 The outcomes of the Review may have financial and operational impacts on home-based providers. These can be managed through consultation and providing adequate lead-in times before any changes take effect.
- 41 Some options, including changes to qualification requirements or licensing requirements, may have resource or funding implications for Government. These will be considered as part of the standard Budget process.

Human Rights

- 42 There are no human rights implications arising out of this paper.

Legislative Implications

- 43 Recommendations arising out of the Review may require changes to regulations and the Education Act 1989. I will provide Cabinet with an analysis of legislative implications in November.

Regulatory Impact Analysis

- 44 A Regulatory Impact Analysis will be prepared if recommendations arising out of the Review result in the need for regulatory changes.

Gender Implications

- 45 Ninety eight percent of home-based ECE educators are women. Any changes to policy settings relating to educators will have a greater effect for women. The Ministry will be undertaking a gender analysis as part of the Review.
- 46 There is also a potential impact on women's labour force participation. Home-based ECE often operates outside of standard centre hours. Policy changes might affect women

disproportionally if women are unable to access education and care for their children. The Ministry will be seeking to limit any potential impacts on women's labour force participation.

Disability Perspective

- 47 The Review will consider the needs of children with disabilities and ensure policy settings encourage inclusiveness and accessibility.

Treaty of Waitangi implications

- 48 The development of policy options during the Review will take into account Treaty of Waitangi principles – in particular partnership, participation and protection.

Publicity

- 49 The Terms of Reference for the Review will be publically released in April.
- 50 The Terms of Reference will be followed by a series of public communications from April 2018 (in addition to targeted engagement with key stakeholders) ahead of the formal release of a public discussion document in July 2018. I will bring key consultation material, including the discussion document, to Cabinet for approval prior to this July release.

Recommendations

- 51 The Minister for Education recommends that the Committee:
- 1 **note** that one of the components of the education work programme agreed by Cabinet is a review of home-based early childhood education (ECE)
 - 2 **note** that home-based ECE has grown substantially and continues to grow, but not a great deal is known of the effectiveness of home-based ECE in delivering educational outcomes
 - 3 **note** that the benefits of ECE for children are contingent on quality, and that research shows that structural conditions, like adult-to-child ratios and educator qualifications and working conditions, have a direct effect on quality because they influence the sensitivity and responsiveness of educators and teachers towards children
 - 4 **note** that home-based educators are not required to be qualified and current funding settings have failed to incentivise providers to increase the proportion of qualified educators
 - 5 **agree** that the Ministry of Education will undertake a review of home-based early childhood education (the Review)
 - 6 **agree** to the scope of the Review, outlined in the attached Terms of Reference:
 - 6.1 qualification requirements for home-based educators
 - 6.2 pedagogical leadership and the role of the coordinator in home-based ECE
 - 6.3 employment conditions for home-based educators
 - 6.4 curriculum implementation and monitoring in home-based ECE

- 6.5 adult-to-child ratios for home-based ECE and out of school care in one home
- 6.6 quality criteria for funding in home-based ECE and transparency for parents of any government subsidies
- 6.7 how the regulatory framework can support quality educational and health and safety outcomes in home-based ECE
- 7 **agree** that my office and the Ministry of Education will publicly release the terms of reference for the Review in early April
- 8 **note** the development of the 10 Year Strategic Plan for Early Learning will proceed alongside the Review as I consider it important to prioritise reviewing the policy settings in home-based ECE to ensure they support quality education
- 9 **note** that the Minister of Education will report back to Cabinet, with input from relevant agencies:
 - 9.1 before the end of June 2018, seeking agreement to a discussion document for public consultation
 - 9.2 before the end of November 2018, outlining recommended actions to strengthen home-based ECE policy settings.

Authorised for lodgement

Hon Chris Hipkins

Minister of Education

Annex 1 – Terms of Reference: Review of Home-based Early Childhood Education

There is good evidence to show that high quality early learning can make a valuable contribution to every child's educational attainment. Home-based early childhood education (ECE) is the fastest growing part of the early learning sector and represents approximately 9% of enrolments. However, not a great deal is known of the effectiveness of home-based ECE in delivering educational outcomes.

The Government has a commitment to undertake a review of home-based ECE (the Review), including investigating the introduction of minimum qualification levels for all home-based educators.

Purpose

The purpose of the Review is to ensure the policy settings for home-based ECE support quality educational outcomes. Most importantly, the Review aims to ensure all parents accessing home-based ECE can be assured their children are receiving quality education and care.

Scope

- provide an overview of the current performance of home-based ECE in New Zealand, including its contribution to quality ECE, child wellbeing, parental choice and responsiveness to diverse communities
- consider international evidence with respect to the policy settings that best support quality educational outcomes, including a specific focus on home-based ECE.
- examine how policy settings can best support quality educational outcomes in home-based ECE in New Zealand, and what their relative costs and benefits are. Policy settings to be examined include:
 - i) *Qualification requirements for home-based educators***
 - assess whether current qualification requirements support quality educational outcomes in home-based ECE
 - investigate whether there is a need for qualification requirements for educators, and at what level these might be set to support quality educational outcomes
 - ii) *Pedagogical leadership and the role of the coordinator in home-based ECE***
 - assess the current role of the coordinator in home-based ECE and whether it supports effective curriculum delivery and quality educational outcomes
 - investigate how to best ensure effective pedagogical leadership and oversight, to support quality educational outcomes and children's health and safety
 - iii) *Employment conditions for home-based educators***
 - investigate working conditions for home-based educators and how these conditions influence the quality and continuity of education and care
 - investigate whether policy settings, including regulatory or funding settings, should be adjusted to improve educators' working conditions and the continuity and quality of education and care they provide

iv) Curriculum implementation and monitoring in home-based ECE

- review whether current policy settings, including regulatory settings, support educators and coordinators to effectively implement the curriculum and to be responsive to diverse communities
- identify whether there are ways to improve government oversight of curriculum delivery in home-based ECE, including the licensing and monitoring regime

v) Adult-to-child ratios for home-based ECE and out of school care in one home

- investigate how well recent amendments to the Education Act 1989 (the Act) that allow home-based educators to offer out of school care are working to support quality educational and health and safety outcomes
- identify whether recent amendments to the Act need amending to best ensure quality educational and health and safety outcomes

vi) Quality criteria for funding in home-based ECE and transparency for parents of any government subsidies

- criteria for funding rates, and how these might be adjusted to better incentivise and lift quality in home-based ECE
- improving the transparency of funding so parents can see the level of government subsidies

vii) How the regulatory framework can support quality educational and health and safety outcomes in home-based ECE

- whether legislation, including the Education (Early Childhood Services) Regulations 2008 (the Regulations) and the Act, supports quality educational outcomes in home-based ECE
- any adjustments or changes that could be made to the Regulations or the Act, including the definition of home-based ECE, to best support a high quality home-based ECE sector
- how to best ensure quality educational outcomes, responsiveness to diverse communities and the health and safety of children attending home-based ECE

Out of scope

- non home-based ECE
- private education or care provided in the home which is not licensed by the Ministry of Education and does not meet the definition of an education and care centre in section 310 of the Education Act 1989.

Engaging Stakeholders

The Ministry recognises the importance of engaging the early learning sector and parents in shaping the education system. We will actively engage with all parties affected by the Review, including parents, providers, educators and their representatives.

The Ministry will undertake an initial consultation, beginning in April 2018, with peak bodies representing those most directly affected by the Review. The Ministry will also work with a cross-agency governance group throughout the course of the Review.

Public consultation will begin from July 2018, at which time the Ministry will release a discussion document. The Ministry will consult the public through a range of media including public meetings, online surveys, and targeted workshops.

Indicative time-frames

Public consultation for the Review	July 2018
Policy options considered by Cabinet	November 2018
Implementation of policy decisions agreed by Cabinet.	To be phased from 2019.

