



# Review of funding systems for early childhood education, ngā kohanga reo and schooling

Funding for Disadvantage  
Technical Reference Group  
Meeting 6 – 18 September

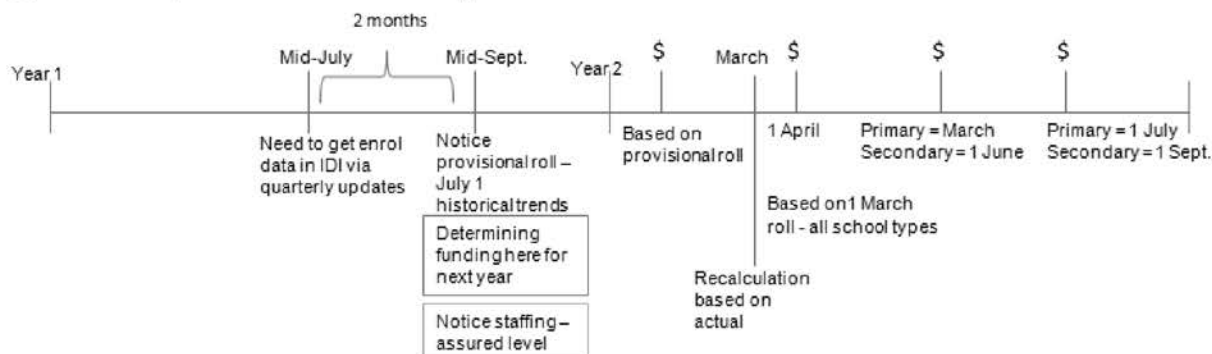


Operational details  
for schooling

# Operational details for schooling



- > Calculate estimated proportion of at risk children in schools using previous year's March ENROL data
  - ❑ This is the latest roll we can use to complete calculation process in time for September provisional funding notices
- > Apply this proportion to resourcing rolls currently used to calculate funding throughout the year
  - ❑ Recalculating proportion during year impractical given length of process required

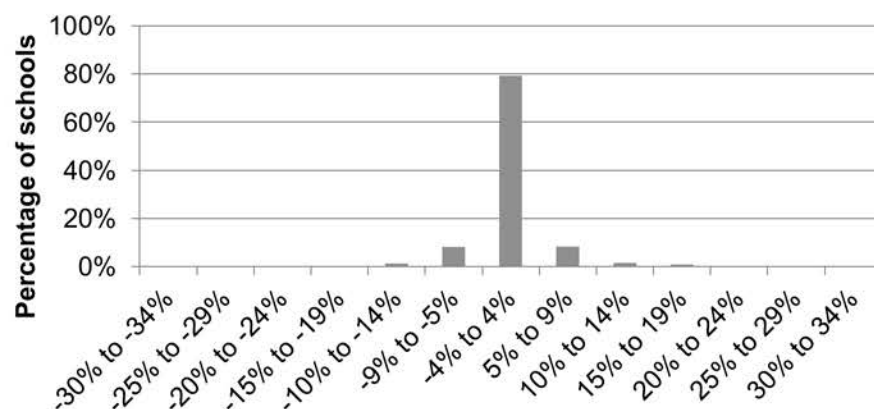


# Year-on-year volatility in schools

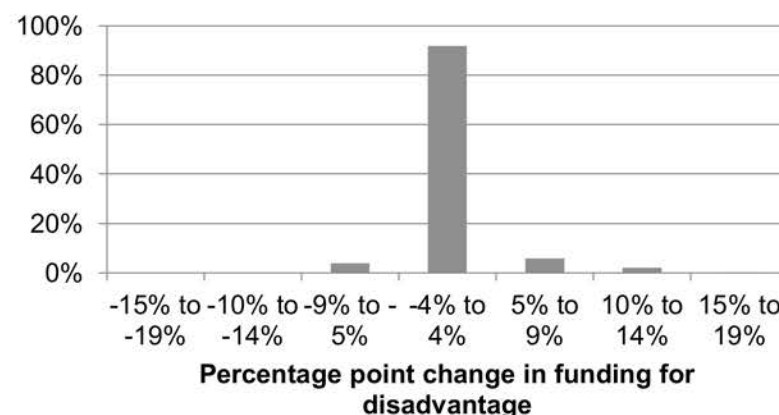


- > Over 80% of schools had a smaller than 5 percentage point change in their level of disadvantage between 2015 and 2016

**Primary and intermediate schools**



**Secondary and composite schools**



- > However, very small schools can experience large year-on-year changes – up to 30 percentage points

# Year-on-year volatility in schools

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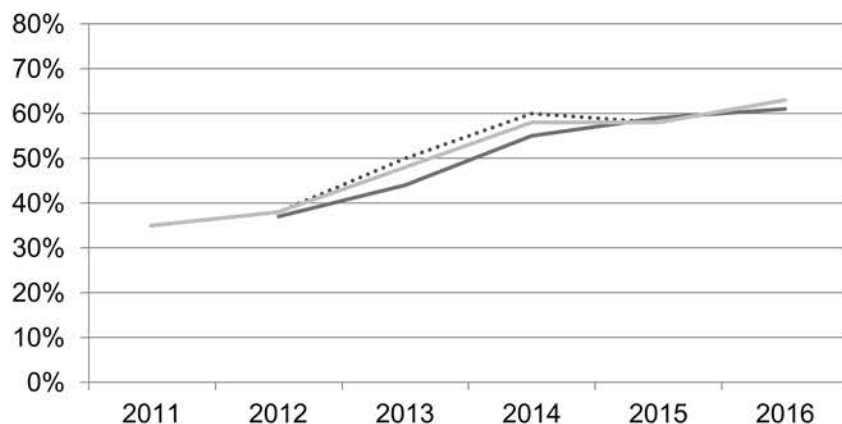


- > Criteria for deciding how we manage this:
  - ☐ Stability – schools have reasonable certainty to allow them to plan and operate effectively
  - ☐ Accuracy – funding is allocated to where the need is greatest
  - ☐ Simplicity – easy to administer and for the sector to understand basis of allocation
- > Three options:
  - ☐ Fund schools on their most recent proportion
  - ☐ Fund schools on their most recent proportion, but with a maximum year-to-year change
  - ☐ Fund schools using an average of their estimated proportion over two years

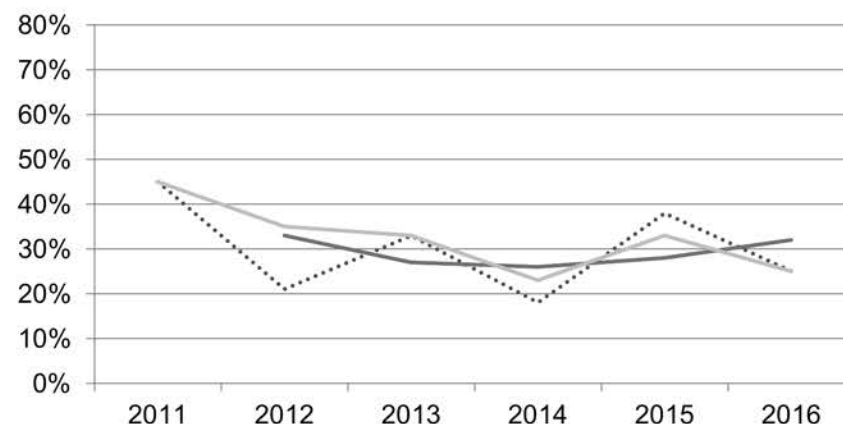
# Year-on-year volatility in schools

..... Most recent  
— Two year average  
— Max 10% change

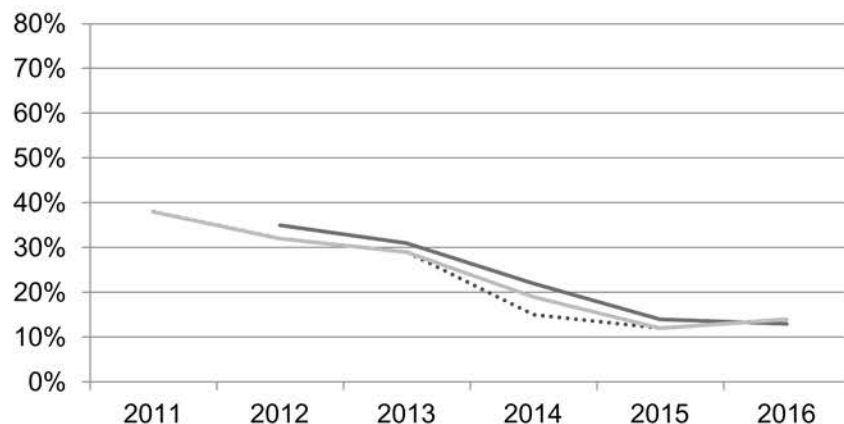
## Trending upwards



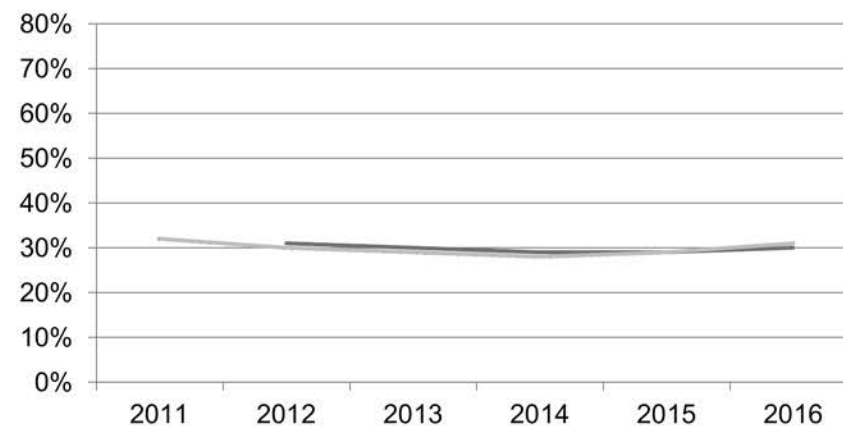
## Volatile



## Trending downwards



## Stable



# Year-on-year volatility in schools

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- > **How much year-to-year variation in disadvantage funding would be manageable?**

# Confidentiality thresholds



- > To comply with the Statistics Act 1975 and Privacy Act 1993:
  - ☐ We cannot extract percentages from the IDI for schools with less than 20 students (~90 schools)
  - ☐ We cannot extract exact percentages for schools with 80% disadvantage or higher [REDACTED] s 9(2)(f)(iv) OIA
  - ☐ Percentages that would reveal that zero, one or two students are classified as disadvantaged would be rounded up to represent three students
    - The minimum % for a school of 20 students would be 15%
    - The minimum % for a school of 60 students would be 5%



# Confidentiality thresholds



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- > We are exploring different options for how to fund schools with less than 20 students
  - ☐ Group them by region/school type and fund based on the average percentage across their group
  - ☐ Fund them using the percentage of their nearest school of the same type
  - ☐ Fund them based on the average percentage for schools with similar mean risk scores

# Confidentiality thresholds

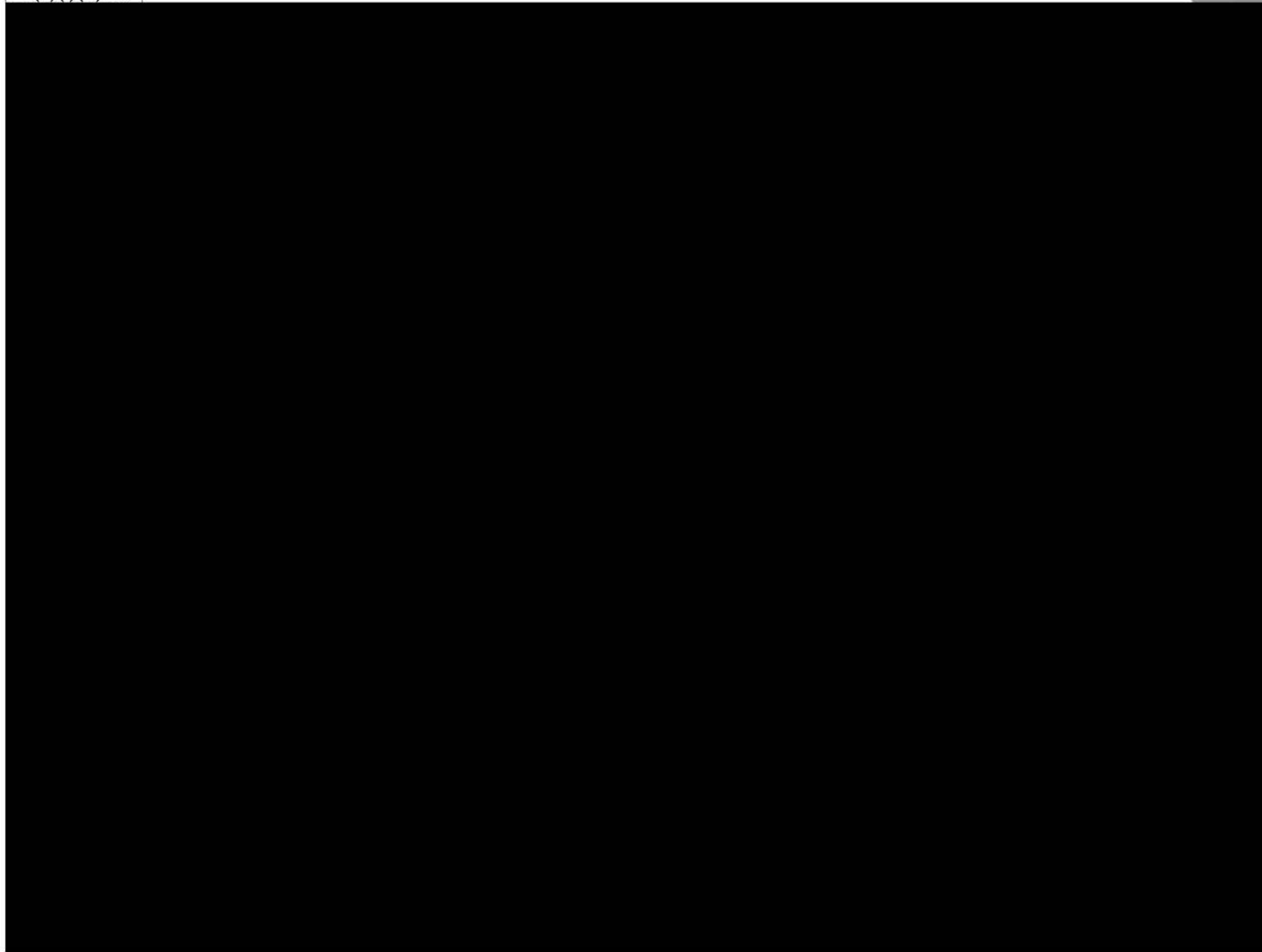


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- > At what level should we fund schools with 80%+ disadvantage?
  - ☐ Funding them above 80% would lead to large fluctuations in funding for schools that cross the 80% threshold



What does it take  
at different levels  
of disadvantage?



# What does it take?

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- > Imagine you were a principal at a school with 15% disadvantage. Now you are at a school with 50% disadvantage. What strikes you? How do you need to invest extra resources? Think about:
  - > Leadership/management
  - > Teacher time
  - > Providing the basics
  - > Access to experiences
  - > Addressing social issues
  - > Safety

# Do we fund schools with very low levels of disadvantage?

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## > Why we wouldn't:

- ☐ Currently, decile 10 schools do not receive TFEA
- ☐ Schools with low levels of disadvantage are currently performing well
- ☐ There are positive peer effects for disadvantaged students in schools with low levels of disadvantage
- ☐ More funding can be directed to schools with higher concentrations

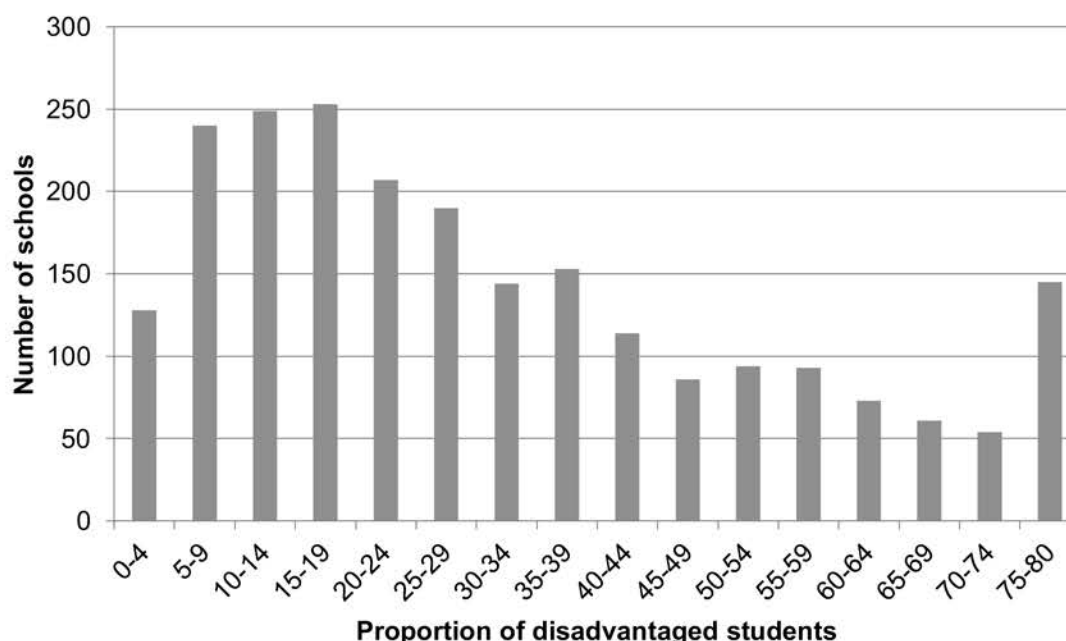
## > Why we would:

- ☐ Because of marginal payment approach, there is a flow-on effect for schools with low-medium levels of disadvantage
- ☐ Could be taken to imply that schools with low concentrations are not expected to provide additional support for the disadvantaged students they do have

# Do we fund schools with very low levels of disadvantage?



- > Currently, there are around 230 decile 10 schools
- > Around 130 schools have less than 5% disadvantage
- > Around 360 schools have less than 10% disadvantage



# How should we fund schools with very high levels of disadvantage?

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- > If your school has 70% disadvantaged children, does that require the same level of additional resource per child as if it has 50% disadvantaged children? Or does 70% require an even higher level of resource per child?
- > What conditions, other than funding, are required to make a material difference for a school with 70% disadvantage?





# Funding rates and thresholds

# Marginal payment approach



## An example:

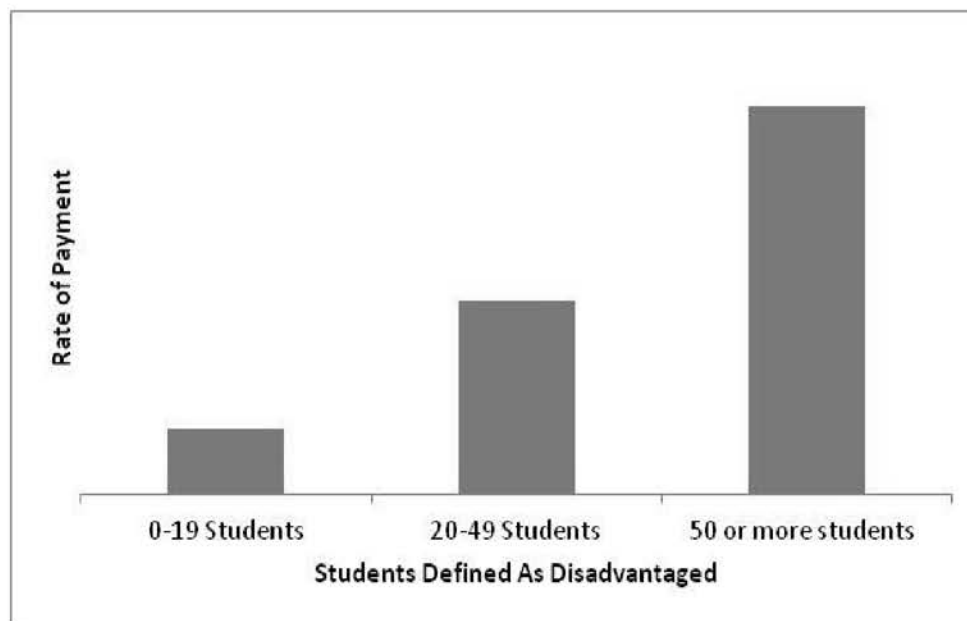
Imagine that we set the following thresholds and funding levels:

0-20%: lowest rate X

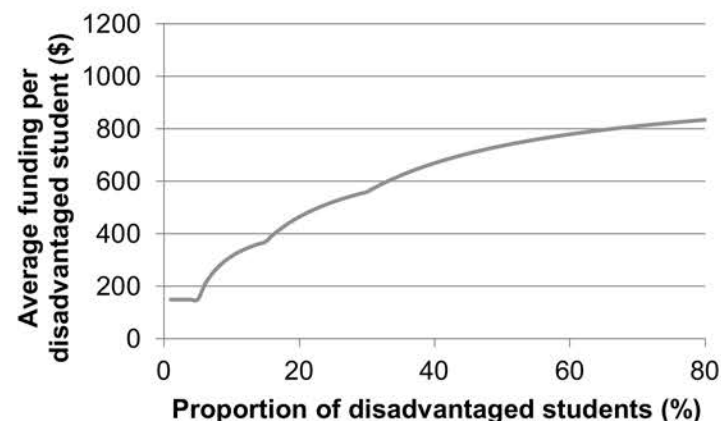
21-50%: middle rate Y

51%+: highest rate Z

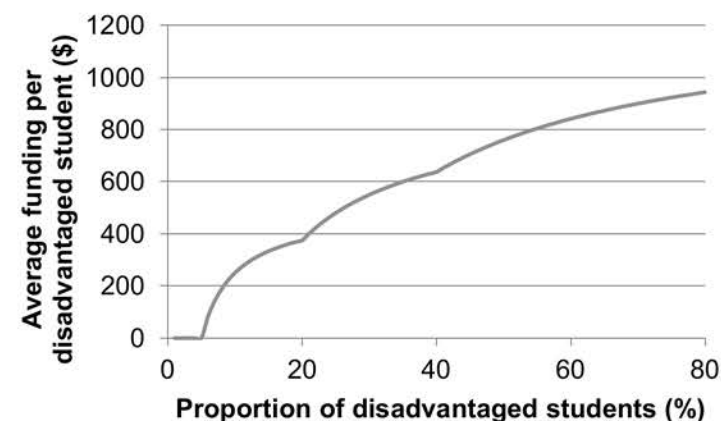
Then, if a school has 100 students and 52% of them are disadvantaged, the first 19 students are paid at rate X, the next 29 students at rate Y and the last 2 at rate Z.



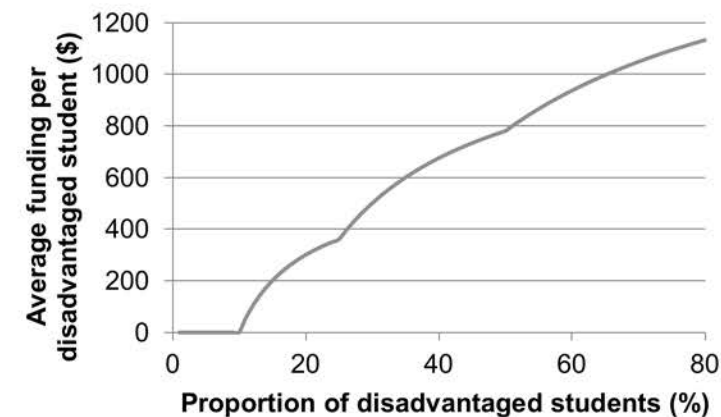
No \$0 funding rate	
<i>Proportion of disadvantaged students</i>	<i>Marginal funding rate</i>
0-5%	\$150
6-15%	\$480
16-30%	\$750
31-100%	\$1,000



\$0 funding rate up to 5%	
<i>Proportion of disadvantaged students</i>	<i>Marginal funding rate</i>
0-5%	\$0
6-20%	\$500
21-40%	\$900
41-100%	\$1,250

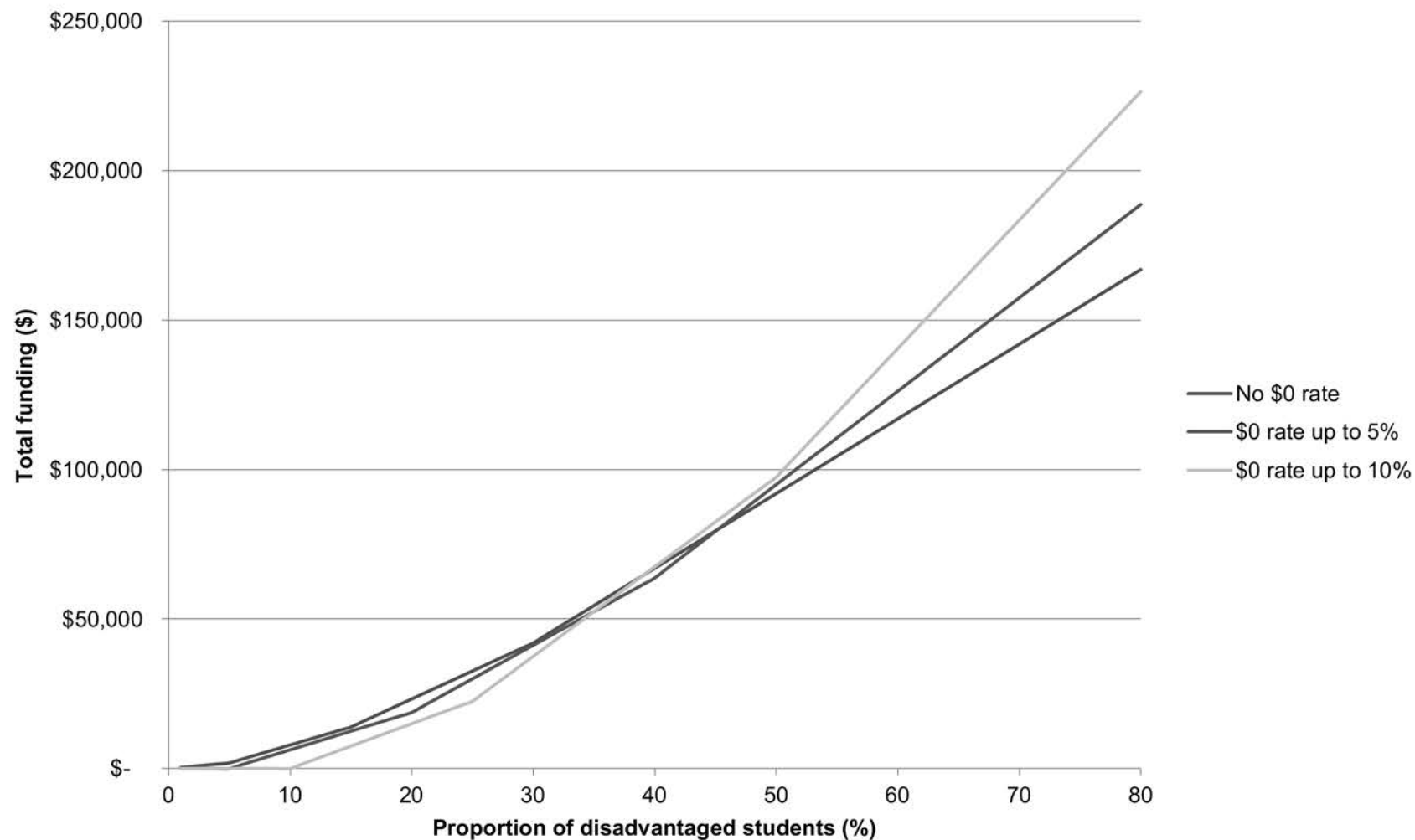


\$0 funding rate up to 10%	
<i>Proportion of disadvantaged students</i>	<i>Marginal funding rate</i>
0-10%	\$0
11-25%	\$600
26-50%	\$1,200
51-100%	\$1,720



Funding rates are GST exclusive and based on redistribution of 2015 TFEA

# Total funding for a school of 250 students



# Questions to consider

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- > To what extent is it appropriate to give no disadvantage funding to schools with low levels of disadvantage?
- > How fast and by how much should the average funding per disadvantaged student increase?
- > Where should the average funding per disadvantaged student start to level off?
- > If we increased the system-wide level of funding for disadvantage, where would you put it in?



Questions?

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