



Briefing note: ECE Funding for Covid 19 Alert Levels 3 and 4, 2021

To:	Hon Chris Hipkins, Minister of Education		
Date:	31 August 2021	Priority:	Low / Medium / High
Security Level:	In Confidence	METIS No:	1270308
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Messaging seen by Communications team:	Yes / No	Round Robin:	Yes / No

Purpose of Report

The purpose of this paper is for you to:

Note that the Ministry of Education recognises that the ECE sector is facing financial uncertainty and challenges under Covid 19 Alert Levels 3 and 4 so we are implementing the same policies that were developed for the 2020 Covid 19 response.

Agree that this Briefing will be proactively released.

Agree / Disagree

Summary

- On 30 August 2021 the Ministry of Education provided an oral briefing of steps that were being undertaken to provide certainty and financial assistance to the ECE sector. These steps were agreed to by the Minister of Education in the meeting.
- The Ministry is providing this information to the sector via the Early Learning Bulletin and our website.

Nancy Bell

Nancy Bell
Associate Deputy Secretary
Sector Enablement and Support

Hon Chris Hipkins
Minister of Education

31/08/2021

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Background

1. The outbreak of a community case with the Covid 19 Delta variant resulted in New Zealand being placed at Alert Level 4 on 18 August 2021. In Alert Level 4 all centres must close. On Tuesday 31st August at 11.59pm most of New Zealand will move to Alert Level 3. At Alert Level 3 centres can only have a limited number of children of attending in order to comply with public health requirements.
2. These closures and reduced attendance will result in financial uncertainty for the ECE sector. To address this uncertainty the Ministry of Education has proposed that we use the same provisions that were implemented in the nationwide Covid 19 outbreak of 2020.

Actions implemented

3. The Ministry has so far invoked our Emergency Closure provisions that that allow government early learning funding to continue as if the children are still attending.
4. The Ministry of Social Development is also continuing to pay the Childcare Subsidy as if the children who are usually in receipt of the Childcare Subsidy are still attending. This was made possible by a law change last year.

Next Steps

5. The Ministry is going to follow the same actions that were implemented for the 2020 Covid 19 outbreak.
6. These actions can be enabled under section 548 of the Education and Training Act 2020 through the discretionary power that is delegated to the Secretary of Education. Our actions can be met from current baselines.
7. The actions will provide short to medium term financial certainty for the sector.

Emergency Closure

8. We will continue to invoke Emergency Closure provisions for services that cannot open in Level 3. This is only where closure is due to public health requirements or lack of demand from families. Services would not be funded where they close for any other reason. This differs to last year where services were freely able to choose if they closed or not eg, a general discomfort with opening in the midst of a pandemic. We propose that the same concept applies to home-based care at a service level, rather than an individual educator level. If a home-based service chooses to operate at all under Alert Level 3, then they will not be funded. Services will need to work with their employees, as centres do, to determine who is and isn't able to provide in-home services for Public Health reasons.

Absence rules modified

9. We are modifying our rules to change the continuous absence and the frequent absence rules. We would still expect services that do open to record children as present or absent as usual. This approach cushions the financial impact by keeping child attendance levels more in line for funding purposes than what would be expected if Covid 19 did not affect attendance.

10. We also will be resetting the frequent absence rule on 1 October 2021, the beginning of the next funding period – this may also capture some time at Alert Level 2 depending on Cabinet’s decisions in the near future.
11. The new space/bubble/staffing requirements while at Alert Level 3 should not reduce funding for services that usually operate at maximum capacity for their licensed activity space. Services will continue to be funded for enrolled children up to their existing licence maximum via the absence rule change.
12. Last year, there was no requirement to count the percentage qualification requirements on existing home-based quality-funded licences. This requirement came into force from 1 January 2021.

No Negative washups for the current funding period

13. As with last year’s ‘lockdown’ funding period, we propose a ‘no negative washup’ for July period advance funding. The additional funding injected will be fairly small. In 2020 this was under \$23 million as there will cushioning through the attendance rule changes at Alert Level 3. This can be met within the current funded baseline. Any positive wash-ups generated will still be paid. No negative washups can also cover loss of enrolments over the period.

Advance funding for the next funding round

14. We are applying consistency with last year’s approach for calculation of the next (November) funding round. Feedback we received last year was that this was considered to be very helpful. This would work as a 90% advance (for 75% advance services) and no clawback for that 90%. Kindergartens would still incur a 10% clawback as they are 100% advance funded.
15. Kōhanga reo had a bespoke arrangement to protect arrears funding and we will be engaging with Te Kōhanga Reo National Trust to set this up again if the Trust wishes.

Other issues

16. There may be other issues other issues which require a specific response (eg. sustainability due to loss of fee-revenue, impact on relievers, and support for re-engaging children and whanau as the country moves out of lockdown) but we believe it is important to get the main funding areas implemented first.

Proactive Release

17. We recommend that this Briefing is proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.