



Education Report: Extending discretionary hours for education and care services

To:	Minister of Education		
Date:	2 July 2021	Priority:	High
Security Level:	In Confidence	METIS No:	1265021
Drafter:	Siobhan Murray	DDI:	9(2)(a)
Key Contact:	John Brooker	DDI:	
Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This paper seeks your agreement to extend discretionary hours as a means to ease teacher supply pressure.

Recommended Actions

The Ministry of Education recommends you:

- a. **agree** to extend discretionary hours from 40 to 80 hours per licence per funding period for education and care services, casual education and care services and hospital-based services

Agree / Disagree

- b. **agree** that the extension apply for two funding periods only – from June 2021 to January 2022

Agree / Disagree

- c. **agree** that, to enable assessment of whether a further extension is warranted, services must submit their discretionary hours data to the Ministry

Agree / Disagree

- d. **agree** this Education Report is proactively released, with any information that may need to be withheld done so in line with the provisions of the Official Information Act 1982.

Release/ Not release



John Brooker
Group Manager
Education System Policy
02/07/2021



Hon Chris Hipkins
Minister of Education

2/7/2021

Proactively Released

Background

- 1 Discretionary hours allow teacher-led centres to count unqualified teachers as qualified for funding purposes – they allow services to operate below 80% certificated teachers and continue to qualify for the 80-99% funding band.
- 2 In late 2019, in response to concerns about teacher supply, you increased discretionary hours from 40 hours per service per funding period to 60 hours. In return for this change, services were required to report their usage of discretionary hours to allow the Ministry to assess whether they continued to be needed. Most services (70%) did not provide discretionary hours data to the Ministry. This means we have limited data on the uptake of this increase in discretionary hours.
- 3 Discretionary hours were adjusted back to 40 per funding period in October 2020. This was in part due to the lack of information on the need for discretionary hours, but also to preserve the integrity of the new 100% certificated teacher funding implemented from 1 January 2021. The key rationale for funding the 100% certificated teacher band from the COVID-19 Response and Recovery Fund was to ensure sufficient employment opportunities for certificated ECE teachers in an economic downturn.

The sector is telling us teacher supply is very tight

- 4 Teacher supply continues to be a pressing concern for the sector. This appears to be borne out by our data on the proportion of certificated teachers that services are operating with. The number of education and care services below 80% certificated teachers has grown over the last three funding periods (see table below).
- 5 The proportion of education and care services operating at 80-84% has also increased somewhat from 24% to 26%. We consider that a number of services choose to operate close to 80% in order to minimise their staffing costs. However, the increase in services in this band indicates some services are finding it difficult to recruit and retain certificated teachers.

Table: Teacher-led centres by proportion of certificated teachers as at the last three operational payments

		July 2020		November 2020		March 2021	
		Number	%	Number	%	Number	%
Education and care	< 80%	76	2.8%	98	3.6%	123	4.4%
	80-84%	644	24%	681	25%	733	26%
	85-89%	734	27%	629	23%	610	22%
	90-94%	619	23%	609	22%	580	21%
	95-99%	531	19%	524	19%	450	16%
	100%	130	5%	216	8%	277	10%
	Total	2734	100%	2757	100%	2773	100%
Kindergartens	< 80%	2	0.3%	1	0.1%	1	0.2%
	80-84%	1	0.2%	3	0.4%	1	0.2%
	85-89%	46	7%	51	8%	41	6%
	90-94%	143	22%	133	20%	130	20%
	95-99%	145	22%	156	23%	117	18%
	100%	327	49%	323	48%	375	56%
	Total	664	100%	667	100%	665	100%

- 6 The number and proportion of education and care services operating at 100% certificated teachers has also increased, reflecting the reintroduction of the 100% certificated teacher funding band.
- 7 The vast majority (94%) of kindergartens are operating at 90-100% certificated teachers. This indicates that kindergartens are not having difficulty recruiting and retaining certificated teachers.
- 8 Half (10 services) of hospital-based services are operating below 80% certificated teachers. This could indicate problems recruiting teachers, or it may indicate that these services prioritise the presence of medical professionals over certificated teachers.

Increasing discretionary hours to ease teacher supply pressures

- 9 Increasing discretionary hours is a mechanism that many in the sector are advocating for while teacher supply is constrained (e.g., while borders are closed). This would be relatively easy to implement and would be welcomed by providers.
- 10 We recommend increasing discretionary hours to 80 per service per funding period for two funding periods (8 months) for education and care services, casual education and care services and hospital-based services. The increase would apply over the current funding period (June to September) and the next funding period (October to January).
- 11 As noted above, most services are not providing their discretionary hours data to the Ministry, making it impossible to assess the effect of discretionary hours or the need for their continuation.
- 12 We recommend combining the increase with a funding consequence if services are found at audit to be using more than 40 discretionary hours but have not provided discretionary hours information to the Ministry. The funding consequence would operate in the same way as the minimum salary attestation – if services are not complying, they are dropped to the lowest funding band, but they have the opportunity to remedy the situation and remain on their current funding band.
- 13 We do not recommend increasing discretionary hours for kindergartens. They do not appear to be experiencing the same teacher supply pressures as education and care services. Increasing the discretionary hours for kindergartens would likely mean that most of the 117 kindergartens currently operating at 95-99% would qualify for the 100% in the next funding payment.
- 14 The risk with this intervention is that it becomes the new norm and difficult to adjust back. Services that choose to operate close to 80% certificated teachers to minimise staff costs are likely to adjust their proportion of certificated teachers down towards the new minimum while discretionary hours are higher.

Next steps

- 15 As discussed at the Early Learning Action Plan Strategy Session on Wednesday night, should you agree to the proposal in this paper, it would be good to be able to communicate to the sector about an increase in discretionary hours as a matter of urgency.
- 16 You are scheduled to appear at the Early Childhood Council conference in Auckland on Saturday 3 June. This would provide a suitable opportunity to announce this change. We have included draft speaking notes to this effect in your briefing note for that conference [METIS 1264133 refers]. We will also communicate the change to the sector via the early learning bulletin.