

Government review of Early Childhood Education funding model

Draft Terms of Reference

Background

Early Childhood Education (ECE) is critical for supporting educational achievement for all children in New Zealand, but particularly for Māori and Pasifika learners, learners from low socio-economic status backgrounds and learners with additional learning support needs.

It also provides important support to parents wishing to participate in work or training, a critical outcome in a COVID-19-affected economy.

The ECE funding system should:

- Support participation
- Improve learning outcomes
- Be transparent for families
- Be fair for the provider sector

The current funding system only partially delivers these outcomes - it is largely demand driven, which makes it complicated, costly to administer and difficult to deliberately invest in priority areas or groups. Attempts to improve participation have been mixed, historically.

Goals for a new funding model

A new funding system needs to focus on the child by:

- Providing stronger incentives to services to enrol children from priority groups
- Linking service quality to funding in a way that strongly incentivises better education and increase support to priority families and whānau.

A funding system that better supports achievement and quality will improve both ECE and the overall education system's performance, because of the foundational and enduring benefits of quality ECE.

This review will:

- Provide clarity and simplicity
- Present options to share resources more fairly across a diverse sector
- Provide greater accountability for public investment

Participants

The review group will include representation from across the ECE sector, working alongside Ministry of Education officials, convened to discuss ideas and offer expert insight into this process.

The review group will take account of the workings and recommendations of the earlier Review Group on ECE Funding.

Deliverables

The review group will provide advice to the Minister about the key trade-offs between potential options and explore their implications for the functioning of the ECE sector.

Role and scope

In scope:

The scope of the ECE funding review group includes:

- 1. Overarching principles for funding ECE services in New Zealand**
 - a. Delivering participation in ECE
 - b. Delivering transparency in ECE funding system
- 2. Funding options**
 - a. The criteria for evaluating funding options
 - b. What are the main funding models?
 - c. Approaches to child-based subsidies (ECE Subsidy, 20 Hours, etc)
 - d. Achieving objectives while managing the cost
 - e. Desirable design features
- 3. The new approach to funding**
 - a. The new ECE Funding Model design
 - b. Piloting the model
- 4. Potential impacts of recommended changes**
 - a. Estimated cost of the funding options
 - b. How the cost to families is estimated to change
 - c. Estimates of the fiscal impact for government
 - d. Longer term impacts
 - e. Trade-offs required
- 5. Transition and implementation**
 - a. Implementation of funding changes for mainstream.

The work will be guided by the Government's priorities for ECE and the Early Learning Action Plan. The wider context includes the Ministry of Education strategies Ka Hikitia, the Pasifika Education Plan and Success for All, and the Government's Review of Tomorrow's Schools and its welfare reforms.

Out of scope:

The level of investment - this is about how we invest, not how much.

Funding for research and professional development is outside the scope of this review.

A report on ECE funding, incorporating the advisory group's views, will be provided to the Minister of Education in December 2020.