

Education Report: Early Childhood Education Proposed Work Programme

Executive Summary

The purpose of this paper is to present a work programme for the Ministry of Education to achieve the Government's initiatives for early childhood education.

The Government's initiatives include:

- Enhancing 20 Hours Early Childhood Education;
- Tackle the early childhood teacher shortage;
- Reduce adult/child ratios in early childhood centres;
- Reduce bureaucracy for early childhood centres; and
- Boost participation in early childhood care and education.

This paper presents an assessment of each of the proposed initiatives including policy choices, funding implications, implementation options and advice on the impact on education and care of children and value for money.

As investment in early childhood education is one of the strongest levers available to government to address educational under-achievement, we recommend a focused approach on improving access to a range of high quality, responsive early childhood provision for Māori and Pasifika and low socio-economic communities.

Recommended Actions

It is recommended that the Minister of Education:

20 Hours ECE

- a. **agree** the 20 Hours ECE policy intent is still to encourage participation in high quality ECE over time by reducing the cost to parents.

AGREE DISAGREE

AT

- b. **agree** the following policy parameters for 20 Hours ECE:

- The subsidy for this policy is intended to replace fees charged by ECE services for up to 20 hours a week;
- ECE services cannot charge a fee for those 20 hours;
- Parents can be asked to pay optional charges and donations but cannot be declined enrolment if they do not agree;

- Subsidy levels will aim to cover 100 percent of the average hourly cost of providing ECE.

AGREE DISAGREE

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- c. **agree** that the Ministry of Education will advise on policy changes, budget implications, and implementation options to give effect to the 20 Hours ECE policy by 27 February 2009

AGREE DISAGREE

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- d. **agree** to announce changes to the attestation form parents complete to access 20 hours ECE to reduce compliance costs for ECE services, prior to the next funding round on 1 March 2009.

AGREE DISAGREE

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Ratio Improvements

- e. **agree** that the Ministry of Education will provide further advice by 27 February 2009 on other more cost-effective ways to improve the quality of education and care than ratio improvements, and the budget, operational and implementation implications of government's proposed ratio improvements for under two year olds and of having a different set of teacher qualification requirements for under-twos.

AGREE DISAGREE

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- f. **agree** to seek Cabinet agreement by 31 March 2009 to rescind ratio improvements scheduled for 2009 and 2010.

AGREE DISAGREE

AT

- g. **agree** to announce to the ECE sector ~~before the end of 2008~~^{AT} your intention to rescind previously agreed ratio changes while you consider government's proposals to improve ratios for under two year olds.

AGREE DISAGREE

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[Information deleted in order

- h. to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

i.

Boosting Participation

- k. **agree** that the Ministry of Education will provide you with terms of reference and a project plan for the Counties Manukau project by 31 March 2009 and provide quarterly progress reports on the project and update Cabinet annually.

AGREE / DISAGREE

AT

- l. [*information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials*]

- m. **note** that you have previously agreed that the Ministry of Education will provide you with advice on the review of ECE participation policies and the Discretionary Grants Scheme by 27 February 2009.

- n. **note** that you have received advice in a previous report on Improving the Quality of the Government's Investment in Education on 11 December 2008.

Reducing Bureaucracy

- o. **agree** that the scope of the review of regulations covers the main changes in the 2008 regulations and particular requirements that have caused concern:

- Having regulatory criteria to assess compliance with regulatory standards;
- Six yearly re-licensing;
- Maximum centre size;
- Limited Attendance Centres;
- Minimum age of carers in home-based education and care services;
- Separate sleep rooms;
- Written risk assessments for home-based services;
- Police checks;
- Plumbed-in wash facilities; and
- The level of fees that should apply to a licence.

- p. **agree** that the review also identify non-education regulatory requirements that may be current barriers to ECE and advise on how those might be addressed.

AGREE / DISAGREE

AT

q. **agree** to consult at the same time on the frequency of funding payments, which the government has identified as a consideration for enhancing 20 hours ECE.

AGREE DISAGREE AT

r. **agree** to a paper to Cabinet seeking approval for consultation on 23 February 2009.

AGREE DISAGREE AT

s. **agree** that the Ministry of Education develop a consultation paper which:

- outlines background information and key requirements from the 2008 system and the results of previous consultation; and
- invites comment on whether the requirements are supported and necessary and the identification of other funding or regulatory requirements considered unnecessary and how they should be changed while maintaining the quality of education and care.

AGREE DISAGREE AT

t. **agree** to either Option A or Option B on the provision of advice on the results of consultation:

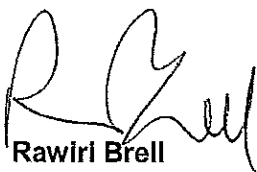
Option A: The Ministry of Education will analyse and report back to you.

AGREE DISAGREE AT

Option B: Establish an ECE sector working group to analyse the comments and prepare advice for you on how to respond in consultation with a parent reference group.

AGREE DISAGREE AT

u. **note** that Option B is the ministry's preferred option.



Rawiri Brell
Deputy Secretary
Early Childhood and Regional Education



Hon Anne Tolley
Minister of Education

17/12/08.

Education Report: Early Childhood Education – Proposed Work Programme

Purpose of Report

1. This paper seeks your agreement to a work programme to achieve the Government's initiatives for early childhood education (ECE).
2. A brief assessment of each initiative is provided covering policy choices, whether new or reallocated funding would be required, when each initiative could be implemented, advice on the impact on education and care of children and value for money.

Background

3. Investment in ECE is one of the strongest levers available to government to address educational under-achievement. While research on the educational impact of high quality ECE indicates positive benefits for all children, the greatest benefit is for those from low socio-economic backgrounds.
4. Considerable investment has already been made in universal access to ECE and raising qualification levels of the ECE teacher workforce. The benefits from this investment have not been fully realised for Māori, Pasifika and low socio-economic communities. In those communities participation rates in ECE have levelled off, and teacher supply is probably not sufficient to support increased growth in access. The projected population growth in these communities will result in lower rates of participation in ECE unless resourcing is targeted directly to improving access in those communities.
5. We would recommend that investment now focuses on improving access to a range of high quality, responsive ECE provision for Māori and Pasifika and low socio-economic communities. Such investment is likely to represent better value for money than continuing to invest in universal policies.
6. One of the key factors affecting the sector is supply of qualified teachers. To date, initiatives to improve quality have been focussed on increasing the number of qualified teachers in services. Research has shown that having qualified ECE teachers can support improved educational outcomes. However, improving access to ECE may be constrained by limited supply of qualified ECE teachers. Significant investment has already been made to provide incentives to study and to support ECE services to meet the teacher registration targets.
7. The government's proposed initiatives provide an opportunity for, and challenge to improving access to high quality ECE.

[Information deleted in order to maintain the effective conduct of public affairs through the free and frank expression of opinions]

20 Hours Free Early Childhood Education (20 Hours ECE)

Policy Commitment

8. The Government signalled its intention to enhance 20 Hours ECE through:
- removing 'Free' from the title
 - keep existing subsidies and fee controls
 - remove the 6-hours-a-day limit
 - include Playcentres and kōhanga reo and 5-year-olds in the present scheme
 - investigate more frequent payment periods.

Opportunities and Considerations

9. The Government has indicated it wants to remove the term 'free' from this policy, but retain existing subsidies and fee controls. We ask you to confirm the policy intent is still to encourage participation in high quality ECE over time by reducing the cost to parents. We also ask you to confirm, consistent with that intent, the following policy parameters for 20 Hours ECE:
- a. The subsidy for this policy is intended to replace fees charged by ECE services for up to 20 hours a week;
 - b. ECE services cannot charge a fee for those 20 hours;
 - c. Parents can be asked to pay optional charges and donations but cannot be declined enrolment if they do not agree; and
 - d. Subsidy levels will aim to cover 100 percent of the average hourly cost of providing ECE.
10. The 20 Hours ECE policy is only likely to improve access to ECE for low socio-economic groups over the long-term because it addresses affordability rather than lack of access. A greater impact on improving access to ECE for low socio-economic groups could be achieved by investing the new funding required for enhancements to 20 Hours ECE in establishing a range of new ECE services in communities with the lowest participation rates.
11. The remaining changes proposed will incur considerable cost through more ECE services being eligible for funding, and more hours being claimed. Significant changes to ministry funding systems will be required, which will also require additional funding, and may take up to 18 months to implement.
12. [*Information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials*]

13. Playcentre recently published a report seeking an increase in government funding. This included a recommendation that they be included in the previous government's 20 hours policy, but also sought further funding to assist with administrative functions.
14. A review in 2007 of the processes used for claiming 20 hours ECE funding has resulted in the processes being simplified. The process changes have not yet been implemented and may provide an early opportunity for a reduction in compliance requirements for services. We recommend that you announce the changes to the attestation form parents complete to access 20 Hours ECE before the next funding round on 1 March 2009.
15. Further advice will be provided by 27 February 2009 on policy changes required to implement 20 Hours ECE, budget implications, and options for implementing the changes, including what could be implemented in 2009, 2010 and beyond.

Reducing Staff Ratios

16. Government has proposed the following adult:child ratios improvement:
 - reduce the adult:child ratio for children under-two from 1:5 to 1:4
 - ensure that, after 2012, sessions for the under-twos in teacher-led ECE centres are staffed by at least 50% qualified teachers.

Opportunities and Considerations

Improving adult:child ratios

17. Lower ratios of adults to children have been shown in research to correlate with higher quality education and care, leading to improved educational outcomes for children. The research does not identify an optimal ratio, and many services in New Zealand operate with better ratios than that required in regulation. New Zealand ratios sit in the middle of the range of comparable countries. Comparable improvements in quality might also be obtained for lower cost by expanding the provision of professional development and teaching and learning resources.
18. The previous government agreed to improve adult: child ratios for children aged between two and three years of age because that age group had poor ratios compared to other countries. These changes are summarised below. Funding of approximately \$75m per annum has been appropriated to implement the 2009 and 2010 ratio changes, but not for improvements beyond that. Changes to regulations necessary to bring the 2009 and 2010 ratio changes into force have not been made yet.

2009	2010	Agreed in principle (Not formally announced)
Change to age split from under 2 and over 2 to under 2.5 and over 2.5	Change to the sessional ratio for over 2.5 from 1:15 to 1:14	Change to sessional ratio for over 2.5 from 1:14 to 1:13 Change to all-day and sessional ratio for under 2.5 from 1:5 to 1:4

19. The lack of a clear research finding on optimal ratio levels means the Government's proposed ratio changes could justifiably be implemented in place of those agreed by the previous government. Keeping the age split at two years instead of two and a half years would require less change to the operations of ECE centres and lower compliance costs. A timely announcement to the ECE sector of your intentions would provide time for services to consider what changes they would need to make to staffing levels and operations.

20. We recommend that you agree to:

- a. further advice by 27 February 2009 on other more cost-effective ways to improve the quality of education and care than ratio improvements, and the budget, operational and implementation implications of government's proposed ratio improvements for under two year olds;
- b. seek Cabinet agreement by 31 March 2009 to rescind ratio improvements scheduled for 2009 and 2010; and
- c. announce to the ECE sector before the end of 2008 your intention to rescind previously agreed ratio changes while you consider government's proposals to improve ratios for under two year olds.

21. [information deleted in order to maintain
the current constitutional conventions protecting
22. the confidentiality of advice tendered by
ministers and officials]

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Tackling Teacher Shortages

Policy Commitment

25. The government has said it would tackle a shortage of qualified teachers by:
- promoting working while training;

- allowing qualified English-speaking foreign teachers to qualify after an intensive six-week programme; and
- allowing Montessori, Steiner and Playcentre qualifications to count towards the degree.

26. [information deleted in order to maintain
the current constitutional conventions
protecting the confidentiality of advice
tendered by ministers and officials]

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Boosting Participation

Policy

35. Government has indicated it will work with community groups, private centres, home-based providers, and local government to develop local solutions that best meet the early childhood needs of communities.

Opportunities

36. The greatest barrier to participation over the foreseeable future is the availability of ECE services. The children with the most to gain from access to ECE are also those least likely to participate. Analysis of growth in ECE provision indicates that it is too slow in areas of lowest ECE participation to meet projected population growth. Private ECE providers have not materially expanded provision in the lowest socio-economic communities, and government funded capital projects are only making a small impact.
37. The ministry started a project early this year in the Counties Manukau area to develop a regional plan to improve ECE participation. The approach to this work is to engage local government, community groups, ECE providers and teacher education providers to commit to improving access to ECE.

38. The Counties Manukau project is working on a range of practical actions to increase access:
- a. development of network plans to target existing government resources for establishing ECE services on school and other Crown-owned land, local government property, and sites owned by community-focussed organisations such as churches and interest groups;
 - b. development of home-based networks in Māori, Pasifika, low socio-economic, refugee and migrant communities that target their particular needs;
 - c. expansion of playgroups which can be established quickly and tailored to meet particular community needs;
 - d. providing incentives to expand teacher education provision in the Counties Manukau area;
 - e. develop new and expand existing ECE support services and business development advisory services to strengthen community capability to effectively manage and govern services; and
 - f. develop local management services to provide support for community-based ECE provision.
39. We recommend that we provide you with the terms of reference and a project plan on the Counties Manukau project by 31 March 2009 and provide quarterly progress reports on the project and update Cabinet annually.
40. It is also important to note that our ability to identify areas of highest need, advise you on participation in ECE, and report on the costs and benefits of policies, is currently constrained by the low quality of data available. For example, we are unable to state definitively how many children are participating in ECE.
41. We consider it important to improve the quality of our data by making changes that will enable us to analyse ECE participation at a disaggregate per-child level. This change will enable us to target policies effectively to those areas and children who will gain most benefit. We recommend that we advise you on the options for improving the collection of participation data by 16 January.
42. We have also said we would provide you with advice on a review of ECE participation policies and the Discretionary Grant Scheme (funds for community groups to establish new ECE services) by 27 February 2009.
43. Please note that you have already received a report entitled Improving the Quality of the Government's Investment in Education on 11 December 2008 (refer to Metis 307201). The advice on value for money in ECE recommended in this report can form part of the advice on boosting participation.

Reducing Bureaucracy and Regulations

Policy

44. The Government has signalled its intention to remove unnecessary regulations over time.

Opportunities and Considerations

45. The regulatory framework for ECE was reviewed between 2004 and 2008. The review sought to clarify rather than raise existing requirements. The resulting 2008 regulations also collapse Charters (a funding agreement) and Desirable Objectives and Practices into the regulations to reduce over-lapping requirements. A third tier of regulation called criteria was developed to establish how the regulatory standards would be assessed.
46. Other changes included adding new licence types, recognising playgroups (rather than existing by exemption), providing flexibility through temporary relocation licences and allowing mixed licence types. While clarifying requirements and removing duplication would be expected to reduce compliance costs, the regulatory review did not explicitly review the necessity of particular regulations with a view to reducing compliance costs.
47. On 1 December 2008 Cabinet agreed to a review of the 2008 ECE regulations to ensure that they operate fairly across the ECE sector. Work is also underway to make a limited range of amendments to the 2008 regulations to address some of the most pressing concerns while the review is underway.
48. The six-month review will provide an opportunity to ask ECE services to identify other unnecessary requirements, including funding rules and how the ministry carries out licensing.
49. Many of the regulatory compliance costs faced by ECE services concern resource management, local government, public health, building and housing and other non-education requirements.

Regulatory Review Scope

50. Section 317(2)(b) the Education Act 1989 requires the Minister of Education to consult on changes to criteria that may be the result of a regulations review. We will provide you with a paper on 23 January 2009 to seek Cabinet approval for consultation.
51. Regulation 25 of the 1998 Regulations allows for the payment of a fee for licensing. There is no provision for licensing fees in the 2008 system and until fees are set, there will be a zero cost for new services to become licensed. There is a requirement to consult with the ECE sector before new fees can be set.
52. We propose that in order to complete the review of regulations within six months, the scope cover the main changes in the 2008 regulations and particular requirements that have caused concern:

- Having regulatory criteria to assess compliance with regulatory standards;
 - Six yearly re-licensing;
 - Maximum centre size;
 - Limited Attendance Centres;
 - Minimum age of carers in home-based education and care services;
 - Separate sleep rooms;
 - Written risk assessments for home-based services;
 - Police checks;
 - Plumbed-in wash facilities; and
 - The level of fees that should apply to a licence.
53. We propose that the six month review also identify non-education requirements that may be current barriers to ECE and advise on how those might be addressed.
54. We also recommend consulting at the same time on the frequency of funding payments, which the government has identified as a consideration for enhancing 20 hours ECE.

Consultation and Advice

55. We propose a consultation paper be prepared outlining background information and key requirements from the 2008 system. The paper would invite comment on whether those requirements are supported and necessary. The paper would also invite ECE services to identify any other funding or regulatory requirements they consider unnecessary, and how they should be changed while maintaining the quality of education and care.
56. There are two options for developing advice on the results of the consultation. The first is for the ministry to analyse the comments and report back to you.
57. The second option is to convene an ECE sector working group to analyse the comments and prepare advice for you on how to respond in consultation with a parent reference group. Under this option the ministry would provide secretarial support, draft the group's report, and provide advice on the implications of the group's recommendations. The advantage of this option is that the advice would reflect the operational experience of ECE providers. The main drawback is that a representative group may not be able to reach a consensus, but that could be managed by asking them to advise you on options where they could not agree.
58. We would also suggest establishing a parent reference group that would work with the ECE sector working group on ensuring any changes to regulations adequately promote the safety and well-being of children.

59. The following timeline is proposed:

23 January	Cabinet committee paper seeking approval to consult (includes a consultation document)
2 February	Six week consultation begins
19 March	Analysis of consultation feedback
22 April	Formal issue of drafting instructions to Parliamentary Counsel Office
20 May	Regulations to Cabinet Legislation Committee for authorisation to go to Executive Council
25 May	Regulations go to Executive Council. The regulations can be signed off by Governor General on the same day.
28 May	Regulations notified in the New Zealand Gazette
1 July 2009	2009 regulations come into force

Consultation Risks

60. The sector was extensively consulted during the development of the 2008 regulations during June-October 2006, and again this year. There is a risk that they will be reluctant to engage in the 2009 consultation process, particularly if there are a large number of issues for discussion. To mitigate this, the sector could be provided with a summary of the outcome of the previous consultation. This would provide an opportunity to confirm or change their earlier input.
61. The new Part 26 of the Education Act 1989 requires that all services be re-licensed by 2014. Any lengthy period of review lessens the amount of time we have to re-licence approximately 3,500 ECE services should that feature of the regulations continue.