



Pre-implementation evaluation for Targeted Funding for Disadvantage

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Executive Summary

In March 2018, the Government introduced Targeted Funding for Disadvantage (Targeted Funding). This is a new funding stream for early learning services (services) with high proportions of children from disadvantaged backgrounds.

Targeted Funding is similar to Equity Funding Component A (Equity Funding) in its intent. Equity Funding is a funding stream aimed at reducing educational disparities between different groups of children. It supports services to reduce barriers to participation for groups underrepresented in early learning and raise their children's level of educational achievement.

To ensure that Targeted Funding will be effectively used, the Ministry of Education (the Ministry) conducted a pre-implementation evaluation. The evaluation was conducted through interviews with early learning services, organisations and associations around New Zealand, as well as with staff in regional Ministry offices and the Education Review Office (ERO).

The evaluation looked at how services use Equity Funding to support children from disadvantaged backgrounds and the current issues limiting its effectiveness. It explored the challenges (financial and non-financial) that services faced when working with children from disadvantaged backgrounds. The evaluation also highlighted the ways in which services plan and report on Equity Funding and how the Ministry can support the effective use of Targeted Funding.

The findings from this evaluation informed the development of guidelines and reporting requirements for spending Targeted Funding. These have been provided to early learning services, organisations and associations who are receiving Targeted Funding.

Challenges of working with children from disadvantaged backgrounds

Services highlighted a number of challenges that they face when working with children from disadvantaged backgrounds and spend Equity Funding in response to these challenges. It is likely that any additional funding that they receive through Targeted Funding will enable them to extend their current responses to the needs of these children and their families and whānau.

The most common challenge services faced is that children often arrive at the service without their hygiene, nutritional and health needs met. Other issues included challenging behaviour and delayed language development. Services reported a lack of engagement by parents, families and whānau in their child's education. This meant that the learning needs children had were less likely to be addressed, and that children's learning was not prioritised at home.

In addition to this, services noted that families had limited transport options to and from the service, which adversely affected attendance. Services also reported that there were higher levels of drug use and alcohol, inadequate housing and higher levels of transiency for families and whānau from disadvantaged backgrounds.

Spending Equity Funding

Services reported that they can accurately identify children from disadvantaged backgrounds, however, they do not always spend the funding on individual children. Services primarily spend Equity Funding on initiatives that increase participation and meet the basic needs of children. This includes providing transport, removing or discounting fees and providing food and resources. After they felt that children's basic needs were met, services use Equity Funding for educational experiences for the children and providing additional staff members.

Planning and evaluating the use of Equity Funding

The evaluation highlighted that minimal planning and evaluation occurs for Equity Funding. Services reported that the current guidelines provided by the Ministry were adequate and the system for reporting on the use of Equity Funding was simple. Almost all services did not internally review Equity Funding spending or report to the community or parents, families and whānau on how they were spending the funding.

Understanding how services use Equity Funding gives insight into the benefit this funding has for children and the potential issues limiting its effectiveness. The interviews indicated that if given guidelines for spending Targeted Funding, services are willing to spend within these and report on how they have spent it, and why.

The effect of organisational arrangements on Equity Funding

The interviews indicated that there are differences in the way services use Equity Funding. All Kindergarten Associations and half of the early learning services that exist under wider organisations pooled their Equity Funding. Services with access to pooled funding reported increased access to resources and expertise, less financial strain and felt better supported to handle the needs of this group of children than services who did not.

Stand-alone services reported that they had control over how their funding is spent, however they described greater resource constraints than the services under organisations and associations who pooled funding. This indicates that organisational structure can impact on how Equity Funding is used and the capacity a service has to meet the needs of children from disadvantaged backgrounds.

Suggestions to support the effective use of Targeted Funding

This evaluation revealed ways to support the early learning sector to use Targeted Funding to support children from disadvantaged backgrounds. These included the provision of guidance and best practice examples, using funding to improve readiness for school, improving the planning and reporting requirements, and smoothing fluctuations in the amount of funding services receive.

Introduction and background

Background

Targeted Funding for Disadvantage (Targeted Funding) is a funding initiative for early learning services (services) with high proportions of children from disadvantaged backgrounds¹. The aim of the funding is to improve the affordability and quality of early learning for children from disadvantaged backgrounds so that they start school ready to learn.

Targeted Funding is similar to Equity Funding Component A (Equity Funding). Equity Funding is a government initiative to reduce educational disparities between different groups of children. The funding supports services to reduce barriers to participation for groups of children underrepresented in early learning, and raise their level of educational achievement.

Equity Funding is calculated according to the addresses of children who attend an early learning service. The addresses indicate the child's socio-economic background. Targeted Funding is calculated separately to this funding stream and is intended to complement Equity Funding.

Rationale

Before implementing Targeted Funding, the Ministry of Education (the Ministry) conducted a pre-implementation evaluation. The evaluation consisted of 29 interviews with early learning services, organisations and associations, Ministry of Education regional offices, and the Education Review Office (ERO).

The interviews informed the development of guidelines and reporting requirements for the early learning sector for Targeted Funding. In addition to this, the purpose of the interviews was to understand:

- the challenges early learning services face in working with children from disadvantaged backgrounds
- how Equity Funding is currently being used
- the benefit that Equity Funding has for children
- the issues limiting the effectiveness of Equity Funding
- ways to improve the effectiveness of Equity Funding
- ways the Ministry can support services to spend their Targeted Funding effectively.

Description of Interviewees and location of Interviews

The Ministry conducted 29 interviews in total. Twenty-one interviews were with early learning services, four with early learning organisations and associations, three with Ministry regional office staff and one with ERO.

¹ In the context of Targeted Funding, disadvantage is defined as the 20% of children/tamariki in early learning who have spent the largest portion of their life as the dependent of a beneficiary. This definition applies for the purpose of the funding calculation only. The funding entitlement is based on an estimate of the number of Funded Child Hours (FCH) children/ tamariki from disadvantaged backgrounds will attend the service or kōhanga reo in the coming year. Attendance data from the previous year is used to inform this estimate.

The organisations and associations included the Auckland Kindergarten Association, Kidsfirst Kindergartens (Christchurch), Barnardos and Kindercare Learning Centres. Staff at the Hawkes Bay, Christchurch and Auckland Ministry of Education regional offices were interviewed.

Table 1 gives an overview of the service types, organisations and associations who participated in the interviews.

Table 1: Number of services and organisations interviewed

Service/Organisation	Number of interviews
Kindergarten	6
Playcentre	2
Education and care	13
Ministry of Education	3
ECE organisations/associations	4
ERO	1
Total Number of interviews	29

The Ministry selected the early learning services based on:

- services that have at least 20% at risk hours and have an Equity Index of 4 or below²
- the type of early learning service
- location.

The Ministry worked closely with Te Kōhanga Reo National Trust on the development of the guidelines for early learning services on how to spend their Targeted Funding, but they did not participate in the interviews.

From the list of services that met these initial criteria, a smaller sample of services were selected. This enabled the Ministry to interview a range of different service types from around New Zealand.

The early learning services that took part in the interviews were from four locations. Table 2 provides an overview of where the services were located.

Table 2: Number of interviews with ECE services by region

Region	Number of ECE service interviews
Auckland	5
Hawkes Bay	5
Wellington	6
Canterbury	5

² The Equity Index, or EQI, measures how much an early learning service draws its children from low socio-economic communities. A service's EQI is assessed from its children's addresses and information taken from the Census. EQI is calculated in the same way as decile in the schooling sector. In schooling, decile 1-9 attract additional funding. In early learning, only EQI 1-4 services attract funding.

Methodology

The interviews were semi-structured and were recorded to enable analysis. Each service, association and organisation was asked a series of 17 questions. Appendix One contains the list of questions.

The interviews with services, kindergarten associations and Ministry regional offices occurred in person at the service or regional office. The interviews with early learning organisations took place at national office and were conducted over conference call.

Key themes

This report is structured on the key themes identified from the interviews, which were:

- Challenges of working with children from disadvantaged backgrounds: the types of challenges identified by services, associations and organisations
- Spending Equity Funding: what services told us they spent this funding on
- Planning and evaluating the use of Equity Funding: how services planned for the use of this funding and the usefulness of current guidelines
- The effect of organisational arrangements on Equity Funding: how spending differed depending on whether services were stand-alone or part of a larger association or organisation
- Suggestions to support the effective use of Targeted Funding.

Challenges of working with children from disadvantaged backgrounds

Services were asked to describe the challenges they faced when working with children, families and whānau from low socio-economic communities and how these challenges impacted on their service. In addition to this, they were asked to elaborate on how different concentrations of children from disadvantaged backgrounds affected the challenges faced.

Poor nutrition, health and hygiene

Ninety percent of services, organisations and associations reported that this group of children often arrived hungry and without their hygiene needs met. This was the most common challenge identified of working with children from disadvantaged backgrounds.

Seventy percent of services reported that children's health issues posed a major challenge. The most frequent issues mentioned were upper respiratory and skin conditions. One service reported that they believed these ailments stemmed from damp and cold houses and became more severe during winter.

Two services believed overcrowding is a relatively new phenomenon and has a negative impact on children's health and development:

“These children often will go home to an overcrowded house where there are a lot of other adults, a lot of other things happening at home and it's not that the parents don't want to do the best thing for their child. Some families would go home and read a couple of stories before the child goes to bed but if you've got another half a dozen adults in the house it just doesn't happen.”

Chronic health issues included foetal alcohol syndrome and exposure to drugs. Seventy percent of services discussed the increased use of drugs within their communities. One service explained that the use of methamphetamine has been on the rise and the impact was seen in children who have been exposed to it at home.

Services reported that they had high cases of head lice, dirty clothes, and dirty nappies. One service reported that there were occasions where teachers needed to wash children's clothes for them. Some of the services reported that children from disadvantaged backgrounds often did not have adequate clothing or shoes, which meant they were less likely to attend on rainy or cold days.

Challenging behaviour

Eighty percent of services described behavioural issues as a common challenge and services noted that children from disadvantaged backgrounds often lacked self-control and resiliency. They also reported that the children often had high emotional needs. Two services believed that cases of ADHD, autism, and other behavioural and developmental disorders were increasing for this group of children. They believed that the challenges this created were compounded by not having access to resources for diagnosis and treatment.

“Depending on how he is will [determine] whether those learning experiences are offered. Because if he is a bull in a china shop...he's in every space, he's in the face of every child, you have to concentrate on him and get him down but he has the potential to destroy those learning experiences.”

Services explained that the primary issue with dealing with aggressive, violent and bullying behaviours is that it directly impacts on the learning experiences of the other children (and sometimes teachers) at the service. When this was the case, services said they struggled to cope with this type of behaviour, usually because of understaffing and lack of training.

Approximately half of the services interviewed expressed the view that a low number of high needs children can have a large negative impact on other children's learning.

"You might have five children that are really high needs out of 30 but those five can have a huge impact on your 30, you know. Because it does take that teacher away from the whole group and the time that teachers need to focus on the group of five that really need that extra support."

One service reported bite marks on teachers and another reported that after one violent outburst, another child required stitches.

Delayed language development

Sixty percent of services reported that children from disadvantaged backgrounds were lacking language skills. Some of these services believed these issues had arisen because the development of speech is not prioritised at home. Services speculated that disengaged parenting meant that some children would learn language from other sources, such as television.

"Parents might be sitting children in front of the TV. We've had kids here that have talked in an American accent because they learnt from TV."

Lack of engagement by parents, families and whānau in their children's learning

Services reported that there are barriers for parents, families and whānau in engaging with their children's learning and development. One service explained that engagement with families and whānau was complicated when talking with parents for whom English is a second language or when passing information through grandparents. Another service reported that it was problematic talking to parents regularly when children were not attending the service consistently.

Eighty percent of services reported that children's development was hindered by a lack of engagement and this sometimes meant that:

- learning disabilities were not addressed
- children were not enrolled in advance for primary school
- children's learning was not prioritised at home
- parents did not attend upskilling workshops offered by services.

In response to a perceived lack of engagement, services reported that additional staff time was required to encourage this. One service believed a reason for a lack of engagement was because families and whānau had negative schooling experiences themselves.

Limited transport options to and from ECE services

Sixty percent of services reported that families do not have consistent access to transport and this directly hinders their children's participation in early learning services. Two services reported that many children walk to services and for this reason, attendance is noticeably lower on rainy days.

Mental health issues

Sixty five percent of services reported parents suffering from mental health issues. This posed a number of different issues. For example, services reported that:

- parents' anxiety and anger often aggravated children's behavioural issues
- fathers were more likely than mothers to be dealing with serious depression and addiction and were more prone to anger and violence
- staff at the service had been threatened and the service needed to issue trespass notices against parents.

Services reported that there was no external help for dealing with the mental health problems of parents. One service discussed a recent case where a mother had tried to commit suicide and they did not feel they were able to adequately access the resources to help her:

"A mother has tried to commit suicide recently. It was gutting because we were in over our heads and she slowly drifted further and further away. If we had somewhere to go for help, it might have helped make a difference."

Abuse of drugs and alcohol and criminal behaviour

Seventy percent of services reported alcohol and drug abuse as a challenge. One service noted that the increased use of methamphetamine had caused addiction problems and involved some parents in gang activity. Another service reported that children who are exposed to adults who drink excessively or to domestic violence often looked to teachers to be the stable adults in their lives.

"It's lunchtime she opens her lunch box and she's having a look around and then she pulls out a deal bag for synthetic cannabis and gave it to me."

Six services reported that in drug-affected homes, children were often neglected and abused. One service reported trying to drop-off children, but finding parents drunk at home. In another instance a service reported that a child was traumatised after witnessing the arrest of their parents in a drug raid.

"The child's mother was in the police car outside the service and the child could see the mother in the car. He was screaming because he wanted to speak with his mother, but we can't let him."

Inadequate housing and transiency

Seven services discussed how children from disadvantaged backgrounds did not consistently have access to adequate housing. Two services reported that families without consistent employment and housing found it difficult to ensure their children were regularly participating in early learning services.

"If there's a crisis in the family and they haven't got housing and they haven't been able to feed their children, coming to kindergarten is the least of their worries. But they're the children that we need."

When this was the case, families were more susceptible to losing their child's enrolment in a service due to the Ministry of Education's frequent absence rules.³

³ <https://www.education.govt.nz/early-childhood/running-an-ecce-service/funding/ecce-funding-handbook/recording-enrolment-attendance-and-absence/6-7-the-frequent-absence-rule/>

Spending Equity Funding

Identifying children from disadvantaged backgrounds

Seventy five percent of services reported that their staff were able to identify children who are from disadvantaged backgrounds. They reported that signs of disadvantage include:

- behavioural issues
- dirty clothes
- empty lunchboxes
- parents disclosing information to services that indicated disadvantage
- children talking about aspects of their home life that gave teachers cause for concern.

Of these services, seven reported that they do not spend the funding on individual children. They explained that they felt uncomfortable targeting individual children as they want to provide equal opportunities within the service. One service reported that they were concerned that they would not identify the children most in need due to a lack of information or changing conditions at home.

Increasing participation and meeting basic needs

All services reported that Equity Funding was primarily used to remove participation barriers and meet the basic needs of children. This included doing one or more of the following:

- providing transport to and from the early learning service
- removing or discounting fees
- providing food
- purchasing general resources to provide basic care, such as nappies, clothing and head lice shampoo.

After these basic needs are met, these services explained that they use Equity Funding for educational experiences for the children and providing additional staff members. One service and one early learning organisation reported that they used Equity Funding to purchase general resources that did not directly impact children from disadvantaged backgrounds. For example, landscaping and building repairs.

Providing transport

Six of the services interviewed said that they used Equity Funding to provide a pickup and drop-off service for children who do not have access to transportation. These services told us that many children will not attend unless transport is provided. One service explained that without Equity Funding it would not be possible to do this:

“We would have had to have stopped running that bus if we hadn’t had Equity Funding.”

Removing or discounting fees

Half of the services interviewed said that they used Equity Funding to subsidise or remove fees after recognising that families and whānau were finding the cost of early learning to be a barrier to participation. To cover the costs of reducing or removing fees, one service explained that they relied on voluntary donations from families and whānau.

Three services noted that while low-income families were eligible to receive subsidies from Work and Income New Zealand (WINZ), discounting fees was also important to increase their children's participation hours.

Five services explained that while WINZ subsidies were available, not all eligible families applied for them. They believed this was because the families are reluctant to declare what is happening in their homes and how many people are living there. This meant that services needed to reduce or remove fees for children to attend. One organisation explained this in more detail:

"We've got families who won't apply for Work and Income New Zealand (WINZ) subsidies because of things that are happening at home. They would come to the centre and see what the fees were and could not afford it. It was clear that was the main reason they would not be able to attend so we gradually started bringing in discounts. It was about getting children in the centres."

Food provision

Approximately half of the interviewed services chose to provide food with Equity Funding after identifying that children were not receiving adequate meals at home. The services that did this found their provision of food positively impacted on children's behaviour and found that families and whānau were more likely to bring their children to the service. One organisation whose services did this explained:

"I think there are whānau who are embarrassed because they don't have food and won't bring their children is a massive one [barrier]. So both our centres purchase food to ensure that families know that their child can still come and we will feed them for you."

Providing additional staff and professional development

Two services mentioned that they had higher frequencies of behavioural issues and this meant they felt they required staff above the regulated ratios. Using Equity Funding for additional staff meant that high needs children could have the attention they required without detracting from other children's experiences.

"We have a huge amount of behaviour problems here. We employ somebody that can just come in as an extra person to give us more time to deal with the behaviours that we have."

Three services reported that they employed learning support or early intervention teachers with specific training in high needs children. One service reported that they hired a teacher who focused on specifically supporting language development as well as social competence.

"We've used a large amount of Equity Funding to put in additional staff. We do not employ teacher aides because those children are better with a trained registered teacher."

Six services explained that they provide professional development that supports teachers to feel more confident with children with behaviour issues and provides a more culturally informed curriculum.

Increasing learning and development opportunities for children

Six services explained that excursions offered opportunities for children to have experiences that might otherwise be unattainable. They selected destinations they believed provided a valuable learning experience, such as museums, zoos, and the beach.

“When we go somewhere on a trip we always make it free for everybody and that might include us [teachers]. This term we went to the zoo and there was the entry fee of the zoo and costs for the bus. It was exciting enough for our kids to be on a bus.”

One service discussed how they would like to be able to offer children and their families more of these opportunities.

“It’s about experiences too and the vocabulary that goes with it. If you’re given a book at school about going to the beach and you’ve never been, what have you got to hang it on. They’re saying use the pictures to read the words, but it doesn’t mean anything.”

Equity Funding was used by three services to provide cultural experiences. This included te reo Māori classes, hiring Matariki performing artists, and employing Māori and Pasifika cultural advisors.

Four services reported that they used Equity Funding to purchase a range of resources that supported cognitive development, such as paint, sandpits, board games, gardening supplies and playgrounds. Services stressed the importance of learning through play and how Equity Funding allowed them to better achieve this.

Planning and evaluating the use of Equity Funding

Adequacy of Equity Funding

Two services, both members of larger early learning organisations, reported that they felt Equity Funding was enough to meet the needs of children from disadvantaged backgrounds. The remainder of services reported that Equity Funding was insufficient for three reasons:

- other sources of funding had not increased in recent years and Equity Funding was used to cover those costs
- Equity Funding only partially funds a programme that a service implemented to cater to the needs of children from disadvantaged backgrounds
- services focused on using the funding to remove participation barriers and, as a consequence, were not able to focus on educational experiences.

A quarter of services said that they often worked with other organisations to identify children from disadvantaged backgrounds. They reported that Early Intervention Services are crucial to addressing the needs of these children. Four services reported that the current supply of Early Intervention failed to meet the demand.

Waiting lists were described as “appalling”, with a service reporting that they had to wait up to 18 months to get support for a child.

“That’s a big area that needs to be addressed if these children are going to be helped. We’re quite good at identifying those who need the support but it’s actually finding early intervention teachers who are capable of giving that support - because they’re not there.”

Planning for Equity Funding

Seventy five percent of services planned their use of Equity Funding annually, based on the needs of their community. These needs were identified by teachers. The remainder of services did not plan for the use of Equity Funding because:

- they did not believe it was necessary
- they wanted to stay responsive to rapidly changing conditions in the community
- they did not realise they generated Equity Funding.

The two services that were not aware they received funding were members of associations and organisations and received budgets from their head offices. In these cases the associations or organisations did not clearly distinguish Equity Funding from the general budget.

“As far as I’m aware, they divvy up the Equity Funding so I imagine it comes in through the umbrella organisation. We get a budget annually and we have our operating costs which are covered and we have a series of codes and items which are allocated an amount against and these are funded by Equity Funding.”

Use of Ministry Equity Funding guidance

Forty-five percent of services found that the Ministry's Equity Funding guidelines in the ECE Funding Handbook provided them with adequate information to decide how to best spend their Equity Funding. Most of those who reported the guidelines to be satisfactory rarely consulted the guidelines because they were also provided with guidance from their association or organisation.

Fifty-five percent of services did not feel the Equity Funding guidelines helped them make informed decisions. They reported that the website was too vague and did not provide them with adequate information on how to use, plan for, and review Equity Funding.

Reviewing Equity Funding

Ninety percent of services did not internally review their Equity Funding practices. Those who did were required to by their association or organisation. Reviews were based on parental surveys, learning stories, attendance, and feedback from schools. Two services reported that their staff do not have time to conduct internal reviews because they rely heavily on volunteers without qualifications and because staff are too busy engaging with children to complete review processes.

Fifty-five percent of services conducted internal reviews on other aspects of their practice. When asked, these services expressed that they felt it would be simple for them to incorporate Equity Funding in their existing review processes.

"We've got the process and reviewing Equity Funding would be absolutely no issue for us. We haven't done a self-review on vulnerable children but it wouldn't be hard for us to do."

Reporting to the Ministry on spending of Equity Funding

Sixty percent of services were satisfied with the current system because of its brevity. Most services described the reporting requirements as "fine" or "it's easy". The main issue that services had with the reporting requirements was that it was difficult for them to provide financial documentation for some activities that they undertook to help children from disadvantaged backgrounds.

"I can describe what my staff do on a day by day weekly basis of going into the homes of these children. But I then need to provide documentation to the auditors to show that that's how I spent Equity Funding"

Another service described the difficulty of keeping Equity Funding and bulk funding separate in their accounts. Most services belonging to larger associations or organisations do not directly fill out the Ministry's reporting template.

"We try and keep them separate so that what is used for accounting for the bulk funding is not used for Equity Funding. I give my staff release time to attend the meetings with Child Youth and Family because they have family conferences. However, I wouldn't put that under Equity Funding."

Reporting to parents, families and whānau

It is a reporting requirement for services to inform families and the community as to how they have spent Equity Funding. Only two services reported that they did this. They did this through newsletters or in conversations with parents.

"We have whānau meetings. In those, we talk about what we're doing in our programme and we will say if we're looking at going on a trip and how we will be able to use Equity Funding to pay for things, like the bus, so we can subsidise the trip"

The Ministry's regional offices were not specifically required to ask about this reporting requirement. Regional offices noted that often services did not meet the licensing criteria that required parents to be informed about the use of all Ministry income. In these cases, services were asked to provide the information on a noticeboard.

Effect of Organisational Arrangements on Equity Funding

The interviews with services indicated that the organisational structure of a service impacted on how Equity Funding is spent and the capacity that a service has to meet the needs of children from disadvantaged backgrounds.

Kindergarten associations and education and care organisations

Pooling funding

All kindergarten associations and half of services within larger organisations pooled Equity Funding. They explained that this enables services to take advantage of economies of scale. For example, when pooling funding, one association explained that it was then financially viable to hire social workers or cultural advisors. The majority of these services felt associations were using Equity Funding to meet the needs of their community.

“We found that there was more support needed for Māori and Pacific initiatives so we started to pool Equity Funding. A portion is still at the kindergarten level but by pooling a portion we have been able to provide extra support to kindergartens.”

The pooling of funding was viewed positively by some services who felt their needs were supported even though they were not directly involved in the planning process. One service expressed that they disapproved of how the funding was spent and felt unable to respond to specific children’s needs. In another situation, pooling funding meant that a service was uncertain as to if they were receiving Equity Funding and how much they were entitled to:

“We’re 99% sure we get Equity Funding. My guess is that it’s probably pooled and then divvied up.”

Spending Equity Funding

Services who exist under wider associations and organisations discussed that they have access to additional resources and knowledge, which enables them to deliver quality programmes. As a result, they reported less financial strain and felt better supported and equipped to handle the needs of this group of children, than stand-alone services, and services who did not pool their equity funding.

All associations and organisations reported that they are able to use Equity Funding to provide staff above the regulated ratios of adults to children. They explained that specialised teachers, employed through Equity Funding, helped to support children’s needs across their services. One kindergarten emphasised that access to an extended network of qualified professionals was essential to providing additional support for children from disadvantaged backgrounds.

Planning and reporting on Equity Funding

In some associations and organisations, planning for Equity Funding expenditure was a collaborative process between the head office and head teachers. This decision making process worked to support services by incorporating the needs of children that are identified by teachers. The strategies to disseminate funding from head offices to head teachers varied.

All services from organisations or associations were required to report various practices to their organisation’s or association’s head office. These systems were in place because head offices are in control of services’ finances.

All of the kindergarten associations and most of the education and care organisations chose to complete the Ministry's template, rather than requiring individual services to do so. The associations and organisations explained that centralising the process was seen as beneficial because the head offices have the expertise and information to complete financial forms.

Stand-alone services

Stand-alone services reported that they had complete control over how their funding is spent, however they appeared to face greater resource constraints than services with access to pooled funding. For stand-alone services, decisions on spending funding were predominantly made by teachers. This is in part because their smaller size means that administrative and financial responsibilities often fall to teachers.

Stand-alone services noted difficulty with the planning and use of Equity Funding because:

- in comparison to associations and organisations, they are hindered by a lack of networks of information and expertise
- limited networks make them less able to address specific needs of disadvantaged children, such as health issues and behavioural needs
- limited resources present a challenge in responding to the needs of disadvantaged children
- they tend to operate in silos and receive little support from other organisations.

One of these services reported that these conditions led them to seek out additional forms of funding through grants and fundraising. They described the necessity of a fulltime volunteer to fill out grant applications.

"We are in the process of applying for grants from Cossie Club, Rotary, and Lotteries to be able to fund a social worker. We have a full time funding volunteer and we give her our wish list and she tries to see if she can fill it. We're very fortunate because it is usually the head teacher doing it."

Suggestions to support the effective use of Targeted Funding

Provision of guidance and sharing best practice

Seventy percent of services, organisations and associations were in favour of receiving guidelines and examples of best practice to encourage planning and reviewing of Targeted Funding expenditure. When asked about guidance, most services responded that they would be receptive to additional information on how to spend the funding.

Services suggested that guidelines for spending funding could be improved by providing links to other organisations, such as The Early Intervention Service and Oranga Tamariki. They also suggested that clearer guidance could be given through the Funding Handbook. One organisation stated it would be beneficial to discuss how to plan, spend, and review Equity Funding in-person with the Ministry.

None of the services reported sharing best practices with other services, unless they were within the same association or organisation. However, several expressed interest in learning about Equity Funding best practices within the sector.

“We’ll always be receptive to more information about ways that other services might be using Equity Funding and ways that we could use it. We only know what we know”

Three services and a regional office thought better collaboration in the sector would be difficult due to increased competition.

“We’re finding that centres now are pulling back and really closing the doors because you’re protecting your own. That’s where we’re at.”

Reporting processes

Fifty-five percent of services indicated that they would approve of more intensive reporting requirements. ERO and the regional offices noted that they could have a role to play in following up with services that do not report or use Equity Funding satisfactorily.

Services suggested that if they were provided with more detailed templates it could encourage them to plan and review their use of Equity Funding more robustly and frequently. The Education Review Office and The Ministry of Education already provide services with self-review templates for practices outside of Equity Funding.⁴

ERO suggested that a template should include examples relevant for all services and be simple to use. A regional office stated that guidelines and templates would also be beneficial to services with high levels of staff turnover to ensure continuity.

Funding fluctuations

The conditions of working in services with high proportions of children from disadvantaged backgrounds led many of the services we spoke with to stress the importance of funding stability.

⁴ ERO self-review template: He Pou Tataki: <http://www.ero.govt.nz/assets/Uploads/He-Pou-Tataki-July-2014.pdf>.
Ministry of Education self-review template: Governance Management and Administration criterion 5: <https://education.govt.nz/early-childhood/running-an-ece-service/the-regulatory-framework-for-ece/licensing-criteria/home-based-ece-services/governance-management-and-administration/professional-practices/gma5-self-review/>

For example, they reported that when hiring additional staff the fluctuations in funding made it difficult to keep that consistent.

“If you’re using [Equity Funding] to increase your teacher ratios, you’ve got to think employment contracts. To change that because your funding suddenly went down, is a huge HR nightmare.”

One service reported that annual funding fluctuations of over 15% were very difficult to adjust to. The impact of funding volatility depends on the additional financial resources available to a service.

“I think financially [funding volatility] would have a big impact. You know community based centres like this run on the smell of an oily rag, we’re not here for profit, so everything that we get we use and we need”

Promoting school readiness

The majority of services believed school readiness was important for children from disadvantaged backgrounds. Most of these services implemented transition to school programmes and were in favour of using Equity Funding to increase their focus in this area.

Some services expressed the view that individual primary schools have different expectations of children beginning school. They often saw these expectations as unclear, inconsistent and unrealistic. The main divergence in opinion was whether social or cognitive skills should be prioritised.

One service noted that it would be beneficial to have feedback from primary schools after the children have started, as this would help them know what was working:

“We would like to have feedback from the parents and teachers as well, from the actual school that they go to. So we know what is working and what is not. The relationship with primary schools is going to be the best thing for getting our children prepared or ready.”

Annex One: Interview Questions

- How does Equity Funding work in your service? What role does the association play (if applicable)?
- What is Equity Funding used for? How has it helped?
- What challenges do you face from catering to a lower socio-economic community? How could Government help?
- Is Equity funding sufficient? What would you do with extra funding?
- Have the communications from the Ministry on Equity Funding been clear? How can they be improved?
- How do you determine what to use Equity Funding for?
- How could government better support services to make good decisions around the use of funding?
- What role should ECE services have in ensuring kids are 'ready for school'? How do you know if kids are ready?
- What processes do you have in place to review how you use Equity Funding & whether it's working?
- How could Government help services apply good self-review practices?
- How do you view the reporting requirements for Equity Funding? How could they be improved?
- If requested, could services target funding to individual children they consider most in need? Would this change how services use Equity Funding?
- Where should Government look to see the benefits of Equity Funding?
- How the level of disadvantage a child has might affect your service. How do very high needs children impact your service?
- What would the impact be of changing levels of Equity Funding for year to year?
- How do higher or lower concentrations of children from disadvantaged backgrounds affect the challenges services face?
- How do you work with other government agencies? Or local charities?



We **shape** an **education** system that delivers
equitable and **excellent outcomes**

He mea **tārai** e mātou te **mātauranga**
kia **rangatira** ai, kia **mana taurite** ai ōna **huanga**