

Questions and answers for the Pay Parity Consultation

Note: to reduce the volume of duplicate or near-duplicate questions that have been received, the following provides summaries of these questions, along with the matching answers.

Underlying funding system settings guiding the proposal

Question	Answer
Staff are only funded for 6 hours a day through funded child hours - yet most children and staff attend and work for more than this. Why are you only part-funding? Would you consider removing the 6 hours cap?	Part-funding is a longstanding part of the ECE funding system and so the daily funding cap of six hours per day is integrated into the proposed approach. We are not looking to create different hourly funding caps for one early learning service type (education and care) compared to others.
Does 1.0 FTTE = 40 hours?	Yes.
How will the funding system account for services in areas where there is a higher cost of living – i.e. Auckland? A big issue we see is people finding it unaffordable to live here.	Re-allocating funding to align better to the costs of teacher pay parity is the purpose of the Review. Differentiating funding for service costs based on regional variations is not part of the Review.
Will we be allowed to charge fees for 20 Hours ECE to pay at the KTCA rates? Will it remain 'optional' for us to charge fees to children funded by 20 Hours ECE?	No. The nature of the fee policy for the 20 Hours ECE Subsidy is not within scope of the Review.
Will funding still be paid 3 times a year? What happens if you lose some staff (maternity leave, illness, retirement, or just resignation) during the last part of the funding period? Or if you take on more experienced staff part way through the period?	Yes, the funding cycle is expected to remain the same. There would be a wash-up process to take staff changes into account.
On page 6 of the consultation document, the Minister did not limit you to the current 'underlying system settings' so why have you put this constraint around your work?	The previous Minister of Education agreed that these settings should be observed last year.

Proposal 1, Element 1: Teacher entitlement in the Teacher Salary Subsidy

The equation of 1.232 cover allows for breaks and leave only, plus that employee's break and leave cover. How do we pay for administration, ako, non-contact time, hui	The entitlement ratio only re-allocates funding for the cost of certificated teachers that would be used to fill funded child hours.
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<p>time, additional kaiako support, or support for children with additional needs?</p>	<p>Using a minimum teacher-to-child ratio as part of the Teacher Salary Subsidy teacher entitlement formula (including legislated breaks of 50 minutes per 8-hour day, 4 weeks' annual leave and 10 days' sick leave) does not prevent other funding – ie, the Operating Subsidy or private revenue – from being used to pay for other costs. This also occurs in the existing funding system where ECE subsidies and private revenue may be used to operate at better ratios or to cover activities such as hui time, non-contact, professional learning and development, additional kaiako support and more.</p> <p>Note that the certificated teacher-to-child ratio set out (1.232:5 and 1.232:10) is not a regulated ratio. However, the regulated ratio of <i>adults</i>-to-children is a reference point (1:5, 1:10). A teacher-to-child ratio based on the minimum regulated adult-to-child ratio is already used to classify services into funding bands. This is also acts as a basis for calculating differences between funding bands rates that were first set in the mid-2000s.</p>
<p>Why is non-contact time not included in the TSS? Does the Ministry imply that non-contact is optional by calling it a discretionary choice?</p>	<p>Non-contact is not included as the Teacher Salary Subsidy is linked to the cost of teachers used for funded child hours (by definition, contact hours) up to the entitlement limit. Services would need to use the Operating Subsidy and/or private revenue for non-contact time.</p> <p>Non-contact hours (as well as having teachers above minimum ratio) are described in the consultation document as being a discretionary choice for services. The use of the word 'discretionary' here is to describe costs that may vary between services and the variation reflects service choices. This allows each service to use their non-Teacher Salary Subsidy income (ie, Operating Subsidy and private revenue) on such costs as they deem appropriate.</p> <p>Under the current funding system, services use 'bulk' subsidy funding (and, for many services, private revenue) to contribute to the costs of discretionary choices. This is still the case under</p>

	the proposed approach via the Operating Subsidy.
Different centres have different individual contracts which give higher non-contact and leave entitlements than other centres (eg 5 weeks annual leave). But with this model how are you deciding non-contact hours or other leave?	The proposed approach targets pay rather than differences in employment conditions between individual services. It aligns funding to pay parity costs using the Teacher Salary Subsidy with funding contained in the Operating Subsidy (and any private revenue) to contribute to other variable costs.
Can we pay for relievers (or ‘teacher aides’) out of the teacher entitlement money in this proposal (the TSS)?	If the relievers were certificated and part of the certificated teacher FTTE being matched to the Teacher Salary Subsidy entitlement, then yes. Non-certificated teachers/relievers would be paid for from the Operating Subsidy or private revenue. The proposal limits Teacher Salary Subsidy funding to certificated teacher costs.
What are the implications for non-certificated staff and support staff if future governments freeze funding and the operational subsidy gets skinnier and skinnier?	In general, not cost adjusting subsidies for inflation lowers the real value of subsidies to meet costs.
What will the impact of using relievers have on services when determining the teacher funding portions? Especially when replacing certificated staff that are sick or on annual leave.	<p>As with the current funding system, services would need to make their own provision for these costs to occur from time to time. The proposal is not a mechanism to put additional funding into the system for reliever costs.</p> <p>Certificated relievers would still need to be paid at the KTCA pay step levels and may be counted in the Teacher Salary Subsidy entitlement calculation.</p>
Are you concerned that the TSS may force operators to decrease their teacher-child ratios to MOE’s minimums and lower the quality of their offering in the sector?	<p>The Teacher Salary Subsidy would act as a cap on explicit funding for certificated teacher-to-child ratios in the Teacher Salary Subsidy. This does not mean services have to operate at that ratio. They may choose to use other revenue to operate with better ratios (ie, Operating Subsidy funding or private revenue).</p> <p>The proposed Teacher Salary Subsidy entitlement ratio is a certificated teacher-to-child ratio and is not the same as the regulated adult-to-child ratio. Many services currently operate at better than regulated adult-to-child ratios using a mix of certificated and unqualified teachers and this could still occur under a new system.</p>

	<p>The funding bands in the current system use certificated teacher ratios based on the minimum regulated adult-to-child ratio. The majority of education and care services do not currently use only certificated teachers to meet the regulated adult-to-child ratio. Some unqualified teachers are also used to meet regulated ratio or better.</p>
<p>Can you please provide the detailed working on the breaks and leave cover for the ratio of the 0.232 additional staff please?</p>	<p>The calculation of the ratio for the break and leave inclusive option (1.232) is:</p> $((480+50)/480)*((260+30)/260) = 1.232$ <p>Where:</p> <ul style="list-style-type: none"> • 480 is the minutes in an 8-hour day • 50 is the minutes spent on break • 260 is the workdays in a year (including 11 statutory holidays) • 30 is the days of annual and sick leave. <p>Statutory holidays are included in the 260 days and not on top of the 30 days, because staff are paid but not covered on statutory holidays.</p>
<p>Does the new funding structure take into consideration other legal entitlements such as domestic violence leave, bereavement leave, etc?</p>	<p>Option A in the consultation document uses a 1.232 ratio and does not include leave outside of annual and sick leave. Option B suggests a ratio of more than 1.232 and would require more certificated teachers to be counted as part of the Teacher Salary Subsidy entitlement ratio. Selecting option B would enable reflection of other leave.</p> <p>The better ratio 'locks' this FTTE into the Teacher Salary Subsidy. Services would need to employ the FTTE required to maximise funding that could be claimed in the Teacher Salary Subsidy. This is equivalent to what services must do to claim the highest (100%) funding band currently.</p> <p>For example, if no bereavement leave is taken in a 4-month funding cycle, under option B the higher number of teachers would still be required to claim the maximum Teacher Salary Subsidy entitlement. Services that did not have that higher number of certificated teachers would receive less than the maximum Teacher Salary Subsidy. This is the same case with the</p>

	sick and annual leave incorporated in the 1.232 ratio for Option A.
How will you credit the funding in terms of group sizes in separate classes? eg. 50 Over 2s in one room vs 25 Over 2s each in two rooms? The second scenario would need three teachers in each room.	Funding is based on funded child hours (FCHs) for the service, not on how rooms are arranged.
How does the proposed funding work for Under 2s?	The teacher-focused funding re-allocated for under 2s by the Teacher Salary Subsidy uses a ratio that is half that for 2 year olds and over. So, for example, funding in a service with the same number of under 2s as 2 year olds and overs would be twice as much for the under 2s. We are consulting on whether the Operating Subsidy rates should be the same for under 2s as for 2 and over children or different.
If I have 4 Under 2s, am I funded for 1 teacher or 0.8 teachers?	The entitlement ratio is based on FCH and therefore the number of teachers funded for is proportional to the number of FCH in your service. Also, in this scenario of 4 under 2 year olds, you would need more than 0.8 teachers to fill the entitlement if the ratio used was 1.232:5 for under 2s.
If funding bands would be removed, is there still a requirement to retain 80% or 100% certificated staff?	<p>There is not a legal obligation to retain 80-99% or 100% certificated staff. That requirement still sits at 50% as set out in the regulations.</p> <p>An exact percentage of the teacher FTTE entitlement would be paid (up to 100%). This more precise proportion would replace the use of funding bands, which use percentage bands. This is referred to on page 12 of the consultation document.</p>
With the TSS rate changing every 4 months depending on who you employed for the RS7 period, will services need to set parent fees every 4 months as the TSS rate changes every 4 months?	There is not a Teacher Salary Subsidy rate. The Teacher Salary Subsidy is an amount of funding provided that moves proportionately according to the cost of certificated teachers over the period. This means shifts in the cost of teachers are the main factor on where parent fees might need be set, not the Teacher Salary Subsidy itself.

Proposal 1, Element 2: Management in the TSS

Question	Answer
Why do you think the KTCA approach would be appropriate for funding management costs? Very different management structures exist between kindergarten and education and care - this seems like a stretch from teacher pay parity. Is management actually in the scope of the review?	The previous Minister of Education agreed to a review scope that includes management staff in education and care services. We are consulting on two options in the document as we understand there are different management structures across education and care centres as well as between education and care centres and kindergartens.
In Element 2, there is a ratio of "1:6". What is this?	The ratio 1:6 refers to the ratio of K4, that is people responsible for managing K3 positions across multiple services, FTTEs to K3 (a position managing K2 or head teacher/centre manager roles in multiple services) FTTEs for management staff allowed for multi-service providers. This is in Option A of Element 2 of the consultation document.
What is 1:300 in Element 2?	1:300 is a ratio for multi-provider services and refers to K3 - (a position managing K2 or head teacher/centre manager roles in multiple services) FTTE entitlement per funded child place.
Is a manager of 2 centres a K3? What about a manager with 12 centres - is this K4? Is K4 a service provider but only covers a 6th of an FTTE?	<p>It would depend on how they fit against the K2, K3, and K4 role definitions that are currently in the ECE Funding Handbook.</p> <p>https://www.education.govt.nz/early-childhood/funding-and-data/funding-handbooks/ece-funding-handbook/the-ece-funding-subsidy/teacher-led-services/3-b-2-education-and-care-services/</p> <p>The 1:6 in Element 2 is a ratio of K4 FTTE to K3 FTTE – a shorthand way of linking to funded child places.</p>
Can funded child hours go across more than 1 centre?	Only for K3/K4 positions.
What is a manager that has more than 50 funded child places?	Most likely a K2 but note that a K2 is not defined by the number of funded child places but by the role definition in the Funding Handbook.
If you are a centre manager who does all the administration, including financials, and also works with the children - is this taken into account with the K2? I read in the summary	Both Option A and B in Element 2 would allow a K2 to work with children as well.

Question	Answer
<p>that K3 and K4 are only for service providers with more than one centre.</p>	<p>Option A includes the K3 and K4 roles to match with kindergarten Senior Teachers and their pay. Aligning as closely as possible to the KTCA is based on the principle of pay parity between the two service types for similar roles.</p> <p>Option B takes into account the differences between the two service types and would require an enhanced K2 pay rate (recognising a view that there are not necessarily identical responsibilities between education and care service managers and head teachers in kindergartens). It would also provide a more general management fund to contribute to the variety of pedagogical leadership roles found in education and care services.</p>
<p>So, if you are a centre manager of a centre with 42 child places, you wouldn't be funded as well as a centre with 51 child places?</p>	<p>No, Option A (K2, K3, K4 option) of Element 2 uses a management FTTE entitlement that is based on <u>funded</u> child places and so this would give the 42 funded child place service less management funding within the TSS.</p> <p>The Option B management component of the TSS would contribute to one full FTTE K2 regardless of service size and at an enhanced K2 rate but would still flex its contribution to the management funding portion based on funded child hours in each funding period. Option B would fund the management component of the Teacher Salary Subsidy for the 42 funded child place service less than the 51 funded child place service because by implication the former service has fewer funded child <u>hours</u>.</p>
<p>What if your management team has non-certificated teachers? Are they funded? If not, why is the qualified and certificated status an issue for management roles? Surely skill in management is quite separate?</p>	<p>Non-certificated management staff would not be funded through the Teacher Salary Subsidy. They would need to be funded through the Operating Subsidy or private revenue.</p> <p>Pay parity is for certificated teachers in education and care services, and the scope of this Review has widened to include certificated teachers in management positions. It is not in scope to re-align funding to account for the costs of <u>non-certificated</u> management positions.</p>

Question	Answer
Is the management pool of funding in Element 2 of this consultation document beyond current funding, or is it included?	It is likely that further funding will be added into baseline funding for pay parity. We would look to do another data collection to re-assess the remaining pay gap across all certificated teachers and the funding needed to bridge it.

Proposal 1, Element 3: Determining the funding through the Teacher Salary Subsidy

Question	Answer
Will you ask for the pay step levels of our teaching staff each funding round? How will you monitor and verify this?	<p>Yes. Once the settings are confirmed for a new funding system, operational design would commence, including the details around collecting service pay step information. This would likely be through the RS7. Whether information on all certificated staff should be asked for, or just those funded by the Teacher Salary Subsidy entitlement, is a question we are consulting on (Element 3, question d).</p> <p>We expect there would be auditing to check teacher data submitted was accurate.</p>
Pay parity means paying teachers' salaries in full, even if the teachers are all at step 11 in a service. How will you handle that?	This is the main aim of the pay parity funding review – for each service's funding levels to reflect their certificated teacher salary costs. The Teacher Salary Subsidy would use a weighted average pay (based on the KTCA pay rates) for each service. A service with all its teachers at step 11 would have a higher weighted average pay than a service with a less experienced mix of teachers.
Will this be based on booked child hours or actual hours?	The current funding cycle process of advance funding and wash-up would still be maintained.
Why can't you fully fund certificated teachers' wages and just have a lower OS?	While the pay parity pay gap (difference between what teachers get paid now versus their parity pay step) is being fully funded at a system level by government, teachers' pre-pay parity salaries are not fully funded under the current system (as a result of the policy of subsidy hour limits per week and day and certain hours being only part funded by government). This proposal merges the recent full pay gap funding with the part funding of existing salaries into a single approach.

Question	Answer
	This means teacher salaries are still not able to be fully funded by government except for the portion linked to 20 Hours ECE in the Teacher Salary Subsidy.
In Element 3, dollar amounts and percentages were mentioned as examples. Can we please be provided with some scenario services with dollars and percentages, to see the model in action?	We are not in a position to definitively set any placeholder Operating Subsidy rates yet. Using placeholder rates could lead to incorrect assessments of what each service would get compared to that resulting from any finalised rates.
Cost sharing with parents at current minimum ratios is a concern due to current ratios not being fit for purpose (not fit under workplace safety). Cost to parents will yet again inflate as services need to employ more staff than minimum ratios. It is okay for those of us who are able to charge fees to parents, but what about services who can't?	The current ECE subsidy system does not pay for the cost of all child hours either. Funding contributes to a maximum of 30 hours a week, with those being part-funded outside of 20 Hours ECE. This proposal maintains the same approach. It is up to services to decide if they wish to operate without charging fees, especially outside of child hours that do not attract subsidy funding.
The default Ministry choice for the proportion of government contribution to part-funded hours is 80%. Are you suggesting that not-for-profit, community-based centres go out to their communities and try to find 20% of this 'other revenue'?	As for the above answer. The proposed approach necessarily sets a part-funding proportion due to it relating to a defined cost (certificated teacher salaries).
Would we be required to pay at KTCA steps even though we are not fully funded for that?	Yes. The only explicit full funding of pay would be for the 20 Hours ECE component of the Teacher Salary Subsidy.
As parents are required to contribute, can they consult too?	The consultation and hui were advertised on the Ministry's ECE Facebook page, and we welcome parent feedback. Services are free to pass on the links as well.
So, we can work out our TSS, but you can't share OS until you know what the TSS costs will be. How can we work out TSS if you can't even do it?	The Teacher Salary Subsidy can be worked out now at a service level, although it depends on the different settings as per the questions in each Element of the consultation document. We are proposing that a final sector-level Teacher Salary Subsidy would need another collection of staff data to confirm the overall pay gap to kindergarten pay rates and therefore the remaining funding needed to be put into the system.
As time goes by, does a bigger TSS lead to a lower OS?	No. The Operating Subsidy funding rates would be set at the start of the new funding approach

Question	Answer
	<p>and remain the same. The rates could change but only as a result of a deliberate government choice, for example, to account for inflation. The size of a service's individual Teacher Salary Subsidy at any point in time therefore has no impact on the Operating Subsidy received.</p>
<p>Will the TSS rates change when the KTCA gets renegotiated?</p>	<p>The intention is that the pay step pay rates would change and the Teacher Salary Subsidy would readjust. However, note that such changes are dependent on future Government decisions to provide more funding to allow for this to occur.</p>
<p>As funding is for 6 hours per day (combined with parent contribution), do the other 4 hours we open have relief from the requirement for certificated teachers? Or for at least the ratio requirement for a person responsible?</p>	<p>The Teacher Salary Subsidy entitlement ratio is not a requirement but it does influence how much Teacher Salary Subsidy can be received by a service. The person responsible requirements and 50% certificated teacher requirements are part of regulations and would still apply to all child hours.</p>
<p>How do you avoid job insecurity for teachers if some of their hours are not fully subsidised? Is there a risk this could lead to teachers being put on variable hour contracts?</p>	<p>We note that funding for teachers is already only part-funded under the existing ECE Subsidy and hour limits on subsidy funding. The proposal does not alter this approach, nor that employment of teachers is also dependent on child attendance at a service.</p>
<p>If you employ primarily beginning teachers, isn't it likely that your funding subsidy will overall decrease?</p>	<p>This is likely to be the case if a service is currently opted-in to the highest funding rates (extended parity) and therefore receiving high levels of funding to cover low average certificated teacher salary costs.</p> <p>The proposed approach means that this service would be funded a Teacher Salary Subsidy amount that proportionately reflects the average pay steps of its teachers. Some funding this service currently receives for certificated teacher salary purposes would likely re-allocate to other services with more expensive certificated teacher salary costs.</p>
<p>Are you disadvantaged if you pay your teachers at a higher salary rate than the pay parity level?</p>	<p>That depends on the reasons for choosing to pay above average pay levels.</p>
<p>What if the roll drops? For example, from 42 to 38-39 for 4 months. Does it mean, during those 4 months, the service will lose one teacher's</p>	<p>The Teacher Salary Subsidy is partly dependent on FCH levels as these help determine teacher entitlement and average certificated teacher pay. So, yes, if your roll drops, a corresponding</p>

Question	Answer
TSS? Are we funded per the teachers we employ or child hours?	<p>proportion of your FTTE entitlement would also drop, based on the entitlement ratio. This also means that, if your roll increases, your entitlement would also increase.</p> <p>Changes in FCHs from one funding cycle to the next also impact the amount of Operating Subsidy a service receives.</p>

Proposal 1, Element 4: The Operating Subsidy

Question	Answer
Are you planning to release the funding rates associated with the proposed funding streams (TSS and OS) so centres can give appropriate feedback based on how it will work within their centre? The consultation period seems short, and I think having the rates released would enable a more accurate response from the sector.	<p>The Teacher Salary Subsidy funding that each service receives will be based on each service's full-time teacher equivalent (FTTE) entitlement, average certificated teacher pay step, and management funding – so there would not be funding rates per funded child hour for this subsidy.</p> <p>We are not yet in a position to confirm Operating Subsidy funding rates. To do this, we would need to be certain of any new Budget funding to be added to the education and care service funding 'baseline'. The rates and additional funding would also be dependent on a more up-to-date view of the teaching staff profile across all services. This would require a further data collection from services.</p>
How would we agree to the proposal if even you don't know how this will look like for our operating funding until after it has been confirmed?	<p>We suggest considering what various shifts in different settings of the consultation document might mean for your service and the sector. This proposal is in its policy design stage and seeks your feedback on the overall design settings rather than on precise service level funding.</p> <p>It is not unusual for government to consult on higher level funding system design principles before confirming actual funding.</p>
Regarding Element 4, on page 25 of the consultation document, you indicate a potential 10-30% shift in funding from the 'under 2' and '20 Hours ECE' categories into '2 and over' funding. An up to 30% funding shift across age groups is a sizeable move in funding with significant sector impact, yet the Ministry	<p>Modelling suggests new approach would rebalance some funding between the age groups. The Ministry has not included a default choice in the consultation about this.</p> <p>The transparent costing of the Teacher Salary Subsidy provides clarity about how much is left</p>

Question	Answer
<p>default choice here is to remove this U2/O2 distinction. This suggests the Ministry's view is that an up to 30% shift in funding between these age groups is a reasonable sacrifice/trade-off to achieve pay parity alignment. Is this correct?</p> <p>The first 1,000 days of a child's life are most important. If this proposal takes more funding away from U2s, services will just cease to operate in U2s or decrease the levels at which they enrol U2s – they are already the most costly and tricky area. Will there be a shift towards enrolling more 2-year olds?</p>	<p>for other (non-salary) costs. This is where feedback would be helpful on the cost splits services have between the two age groups.</p> <p>For example, should Operating Subsidy rates for the two age bands be rebalanced to consider non-certificated teachers working in different ratios?</p>
<p>The OS is set by taking the total sector funding less total TSS with the balance going into OS. If there is \$1,000 and TSS is advanced at \$600, that leaves \$400 for OS. But then you do a washup each RS7 for the TSS and only pay \$500. Why would you not pay the balance back into OS?</p>	<p>The Operating Subsidy is not a fluctuating set of funding rates. It would be set at the commencement of the new funding system through a sector level calculation. There is no movement of funding between the TSS and Operating Subsidy at a service level.</p>

Viability and transition support

<p>Are you considering services who charge minimal or no fees because they are in lower socioeconomic areas, remote areas, or are community-based? Is this not where ECE services are most important?</p>	<p>The current ECE subsidy system does not assume that subsidies cover the cost of all child hours. Funding contributes to a maximum of 30 hours a week. This proposal assumes the same policy.</p> <p>Nonetheless, we are concerned about the impacts on these services and are interested in your views on how best to mitigate these.</p>
<p>I assume there is a model the MOE has used to calculate & test how this applies to centres. Will that be shared with us?</p>	<p>We have modelling that provides some indication of what may happen overall, but it is indicative only including its use of potential Operating Subsidy rates.</p>
<p>Is there any calculation formula or examples that can help the centre owner to calculate the effects of the new funding system? As per the consultation document, services may lose funding.</p>	<p>Not at this point. Some services may receive less per unit (hour) funding on transition. If a service did get less under the new system, it is likely to be receiving more funding than needed to meet pay parity requirements under existing parity funding rates and it is this extra</p>

	funding that is being allocated to another service.
If a centre has already opted into Extended Pay Parity, is there a possibility they could end up with less funding than currently receiving?	Yes, there is. But there is also a possibility they may get more, depending on the mix of teacher pay steps in the service. Funding under the TSS is dynamic so the funding for one funding period can change even if the funded child hours are the same. This is so that government funding responds better to changes in teacher costs.
Would this system mean a centre which has 100% highly experienced and qualified teachers will get more funding than we do now?	A service with this profile would receive a high level of Teacher Salary Subsidy to reflect its high average salary cost.
Are you going to write to the services directly to inform them they are in the "viability issue" category? Or wait until complete failure occurs? Or do they wait for a spreadsheet from ECC and calculate it themselves?	<p>The purpose of the modelling we have done to date is to understand possible outcomes, especially at a sector level.</p> <p>We note that modelling indicates many services would be better off than they are now.</p>
How far out will services get notice of the change to their funding so they can restructure their operations if required?	The intention is to give at least 6 months' notice of the Operating Subsidy rates. Note that funding for the Teacher Salary Subsidy component is dependent on the teacher mix/cost for each funding period.
What do you class as low income/fees?	'Low fees' was determined as less than \$2 per child hour. It was set relative to private revenue levels in the other providers we had data for.
We are a small community-based centre in South Auckland with a maximum roll of 40 children. We have been in operation for almost 50 years and our newest teacher joined us 20 years ago. We have yet to opt in to pay parity because all of our team will immediately be placed on the highest step. We charge very little by way of fees, with the majority of our children attending for free. To opt in to pay parity we are looking at a significant loss. The NELPs ask centres to minimise children's barriers to education. For our families, fees are that barrier. We do not have the luxury of charging several hundred in fees every week. How are smaller centres in low income areas meant to remain viable?	<p>Under the proposed system, we expect this service profile would get more funding for its near maximum levels of teacher experience. The funding formula for teacher salaries takes into account size, so that all services are treated equally in this respect – small services would not get a disproportionately lower level of funding than large services.</p> <p>We are aware that services not charging fees because of their parents' background face higher financial barriers to operate. We are interested in your views on how best to mitigate this.</p>

	Some services that have low or no fees may also be receiving equity funding or targeted funding for disadvantage and this can also be used to help offset the need for fees alongside childcare subsidy funding.
What happens between now and implementation to those centres that are really struggling to survive this?	The current rates are offered as opt in so services are not required to offer them if they do not make financial sense. We have put forward the consultation proposal in recognition that not all services have the same ability to opt in to the various parity rates to improve their teachers' pay.
Are you suggesting that to adjust our model for affordability we may have to reduce hours to 6 hours a day and charge more fees to parents? This proposal could have a significant impact on the ECE centres' viability and parent affordability.	<p>The current ECE subsidy system does not pay for the cost of all child hours. Funding contributes to a maximum of 6 hours a day and 30 hours a week, with these being part-funded outside of 20 Hours ECE. This proposal maintains the same approach.</p> <p>It is up to services to decide if they wish to operate without charging fees, especially outside of child hours that do not generate subsidy funding as to do so without charging fees indicates the subsidy funding is being applied across a wider set of hours than was intended for.</p>
Does this get rid of parity and extended parity and become the new norm for all? Or would opt-in still be available?	The new funding system is intended to apply to all education and care and home-based services. There would not be a dual funding system that retains the existing opt-in funding approach while giving services the ability to opt into a new mechanism.

Miscellaneous

Question	Answer
While this funding review isn't directly tied to the current opt-in pay parity funding rates, as these rates change there will be a direct impact on this review. Are you accepting feedback on the current pay parity funding rates too?	We are not limiting what you comment on in your submission, although we are particularly interested if the comments relate to the proposal itself or possible alternatives
Does the TSS subsidy only fund for pay parity salary rates? What if we pay teachers higher than these rates? Currently, in Auckland, beginning teachers are getting paid well above their eligible step.	Yes, it is based on pay parity rates derived from the KTCA. The requirement would be for certificated teachers to be paid at least these KTCA pay rates.

Question	Answer
	Services could still pay above KTCA pay rates but would need to fund this through either the Operating Subsidy or private revenue.
In relation to the ELAP action 1.1 and ratio improvements - would we get increased funding for further ratio requirements? When feedback was given into this plan, better ratios was the most important factor, and was prioritised. This has never happened, and now we are being told to reduce staffing if funding doesn't cover costs.	Work on the Early Learning Action Plan (ELAP) Action 1.1 to improve ratios is still to be progressed. Any increase in funding for improved ratio requirements would come later from the ratios work and would be subject to the Government's annual Budget process.
What happens with discretionary hours?	A decision has not been made on discretionary hours, but the removal of funding bands and use of an exact percentage for filling teacher entitlement in this approach means that it should be much less necessary to use discretionary hour. This is because it would not be possible to move down a funding band just because of a slight decrease in certificated teacher percentage used.
Why are education and care services not being funded as schools are?	At a high level, the use of two separate funding streams, with one specifically tagged for teacher costs, is similar to schools. This does not mean the funding is allocated in exactly the same way.
<p>You ruled out a centralised payroll in the consultation document, but it seems that simple solution would work better than your current proposal – was it ruled out because you know the government can't afford to pay for teacher salaries without parental contributions as well?</p> <p>You are also saying that payroll is not related - but that is exactly what your model is about - minimum ratio of teachers to children and their experience. You already have Novopay - why not just take the burden off services around payroll.</p>	<p>A centralised payroll was considered. However, being a mechanism to deliver funding to employees, a 'payroll' would not re-allocate funding. There would still need to be a mechanism to determine staffing entitlements for certificated teachers, such as is proposed in the TSS or the staffing entitlement system in schools.</p> <p>There are also a number of significant practical implications to consider in shifting to a centralised payroll system in early learning:</p> <ul style="list-style-type: none"> • payroll is currently the responsibility of employers and there are some 2,500 of these. • A payroll would also be very administration-heavy because it would need to be aware of other conditions associated with employment, eg. taking of

Question	Answer
	<p>leave etc, so it requires more than just a common payscale</p> <ul style="list-style-type: none"> • In the schooling system there are a limited number of collective agreements which set out the terms and conditions, whereas in the early learning sector only a minority of teachers are on a collective agreement, so some means of creating more consistency of terms and conditions (such as moving to Multi Employer Collective Agreements) would be needed • As noted in the consultation material, early learning is also not fully funded by Government. This means in some cases Government salary funding may not cover the entire cost of all certificated teachers and it may be necessary to clawback funding from services operating or other private funding sources in order to meet the payroll costs.
<p>Services that don't charge parent fees will need to choose to either a) employ more registered teachers, or b) use that funding to fund operational costs (like removing barriers for children to attend), as the amount will actually remain the same. Is that correct?</p>	<p>The overall level of funding at sector level will remain the same, however the funding that each individual service receives will more closely align to their certificated teacher salary costs. The Operating Subsidy component of funding will be a set of funding rates still based on funded child hours (and therefore your individual service volume of hours) and calculated after the Teacher Salary Subsidy is taken from the overall funding at sector level. The Operating Subsidy contributes to other operational costs.</p> <p>The proposed funding system assumes various underlying principles carry across from the current system, such as some hours are not funded by government, or not fully funded.</p> <p>Employing more certificated teachers will give you more Teacher Salary Subsidy funding to match (but only up to your FTTE entitlement). See Element 3 in the consultation document for more details on part-funded hours and two approaches to adjusting the FTTE entitlement to reflect the sharing of cost between government and private revenue.</p>
<p>Is this a strategy to help the teacher shortage?</p>	<p>The Government is committed to pay parity as a matter of fairness. However, in the longer</p>

Question	Answer
	term helping more teachers to be paid at parity rates should also support teacher recruitment and retention in education and care services.
Will funding centres based on seniority make it harder for some centres to attract senior staff?	Not in terms of the government's contribution to pay because under the Teacher Salary Subsidy formula, a service would get more funding as its teachers increased in seniority (and in turn got more expensive).
With the teaching balance of experienced vs inexperienced, centres are now going to struggle to give new teachers a role, and it will become even more competitive to attract the more experienced teachers! Surely, any industry would want to pair and mentor newer registered teachers with the great experienced ones? What will the impact be on new graduates in getting employment if they are not valued for funding rates?	The Teacher Salary Subsidy would account for the varying certificated teacher pay steps in a service and contribute funding transparently and equitably. This means all services would be able to equally employ both new and experienced teachers and be funded proportionately for them. This does not occur under the existing parity funding rates.
Have you factored in teacher shortage and the fact that new graduates are at times wanting \$29 or \$30 an hour (which is above where they should be on the scale)?	Pay parity aligns certificated teacher pay in education and care services to their equivalents in kindergartens. For education and care services this has been a minimum pay scale and services would have the option to employ teachers over these rates.
Are you asking kindergartens to do a percentage contribution also? Will they have the same funding process?	Kindergartens are not in scope of the Review as the Government's pay parity commitment does not increase the cost the certificated and qualified teachers in kindergartens.
How do relievers and student teachers get recognised? We are really short on staff and appreciate the need to support certificated teachers, but some non-qualified teachers offer significantly better teaching for our tamariki than our qualified staff!	Non-certificated staff are not in scope of the pay parity funding review. There would still be a relatively significant proportion of funding available for use on unqualified teachers and other costs through the Operating Subsidy.
Can we have more information on GST – would the TSS and OS be exempt?	No, they would not be exempt. GST would be added onto both the Operating Subsidy and Teacher Salary Subsidy amount at payment, just as existing subsidy rates include a GST component. Usual government practice is to add GST onto subsidies to providers.
Why don't you consult us on whether or not we could manage full pay parity on KTCA funding rates? I'm sure there are many centres	We expect there would be quite a few services that could manage but certainly not all. The aim of pay parity is for all teachers to be paid the same between those working in

Question	Answer
<p>that could and at least we have actual figures that we can work from to give you an answer.</p>	<p>kindergartens and those in education and care services. We do not think that kindergarten funding rates would fairly allow all services to offer full pay parity.</p> <p>The predominance of single services in education and care makes the proposed funding approach a better choice, as single services are unable to match unders and overs in teacher costs across multiple services against their total revenue as multi-centre kindergartens associations are typically able to.</p>
<p>Did the Expert Advisory Group have any concerns with the MOE's approach on this proposal? If yes, what were those concerns, and can they be shared with the sector?</p>	<p>We understand the Expert Advisory Group has provided commentary on the proposals in sector forums.</p>
<p>Has there been representation from not-for-profit community ECE centres in the expert advisory group?</p>	<p>Yes.</p>
<p>In the future will the government Budget cover both teachers' salary funding and operational grant funding as separate items?</p>	<p>The Government would use the existing process that adjusts subsidy funding for changes in demand. This is somewhat separate to the annual Budget process. This adjusts for changes in funded child hours now and in the future would also adjust funding (at a sector level) for any changes in average teacher pay.</p>
<p>Why do teacher aides get paid more than many teachers then?</p>	<p>Pay parity is between teachers in education and care services and their equivalents in kindergartens. Teacher aides in schools are not in scope.</p>
<p>When will funding steps be realigned to the increases in the minimum wage and living wage?</p>	<p>This is out of the scope of the pay parity funding review. The intention is that any KTCA pay step changes would be reflected for education and care services pending approval of new funding through the Government's Budget.</p>
<p>Why are kindergartens looked as the "ideal" way to run/manage – that's the impression I am getting?</p>	<p>This is not what the proposal suggests. However, pay parity is between teachers in education and care services and their equivalents in kindergartens so that is why the base teacher pay scale and management scales in the Kindergarten Teachers' Collective Agreement (KTCA) is being used as the benchmark for salary rates for teachers in education and care services.</p>

Question	Answer
	<p>The Government's pay parity initiative only comes about because of the longstanding view that it is unfair for education and care service teachers to be paid less than their counterparts in kindergartens.</p>
<p>This again is working to parity funding not extended parity. So why is the option of the management rates so important if this is not working towards extended parity?</p>	<p>This proposed approach uses full pay parity salary rates that would match the base teacher scale of the Kindergarten Teachers' Collective Agreement (KTCA). The existing parity and extended parity rates would no longer be used.</p>
<p>Will relievers be capped at step 6 as they are in the primary sector and in kindergartens? Why has this not been applied to the existing pay parity and extended pay parity scheme?</p>	<p>We are still considering the appropriate treatment of this issue for both the current and any future parity approach.</p>
<p>Why are kindergartens not included?</p>	<p>Kindergartens are not in scope of the Review as the Government's pay parity commitment does not increase the cost the certificated and qualified teachers in kindergartens.</p>
<p>If we are not in the state sector, is there a reasons why we are being modelled so much on the way in which schools are being funded?</p>	<p>This proposed subsidy split between an Operating Subsidy and a Teacher Salary Subsidy is similar at a high level to how school funding is arranged with its staffing entitlement and operating grant. However, the proposed model contains many differences within each component compared to schools, particularly with the operating subsidy.</p>
<p>Can you provide a percentage of private vs community-based services as to who answered your two surveys?</p>	<p>In our March 2022 data collection, 27% of responses were from community-based education and care services and 73% were from private education and care services.</p> <p>Our first data collection in October 2021 and third data collection in September 2022 both did not include this variable in their database for privacy reasons.</p>
<p>How might the kaiako pay equity process impact on the funding/payment of management roles?</p>	<p>We are unable to answer this until the pay equity process is more advanced.</p>
<p>Are we needing to go to 100% certificated teachers and lose our non-certificated teachers as they are not funded?</p>	<p>No. As you fill more of your teacher entitlement with certificated teachers, you will receive more Teacher Salary Subsidy funding to match the related certificated salary costs. The proposed funding system would contribute the same government proportion of funding towards your Teacher Salary Subsidy whether</p>

Question	Answer
	you filled some or all of your entitlement. Non-certificated teachers could be funded through the Operating Subsidy or private revenue.
What is the incentive to have under twos if we aren't funded for them?	Under 2s are funded. As with the current funding system, under the proposed system under 2 year olds are recognised for funding in the Teacher Salary Subsidy and Operating Subsidy.
Is this framework supporting quality or is it heading towards teachers doing more work at home and outside paid hours?	The proposal seeks to re-align funding to the cost of certificated teacher salaries for education and care services. Non-contact time for teachers, as with the current funding system, is not a specific expense linked to funding. The proposal seeks to move all certificated teachers onto pay parity salary rates, which supports teacher recruitment and retention.
How will 20 hours ECE be monitored for children who go to more than one centre?	Via attestation as with the current funding system.
This seems like it is creating another model separate to kindergarten. Do they not share the same pot of ECE money?	It does create a different funding mechanism. The proposal would re-allocate the ECE Subsidy and 20 Hours ECE Subsidy for education and care services through a new Teacher Salary Subsidy and Operating Subsidy. Kindergarten funding is separately tracked and identifiable, although it sits in the same Vote Education appropriation as funding for education and care services.
Has there been any modelling done on larger centres vs smaller community centres?	Both larger and smaller services would have the same government proportion contribution of funding for their Teacher Salary Subsidy entitlement. Viability changes were more visible in services with low EQI scores, low or no private revenue, or staffing at much higher than regulated ratio.
If many centres close under the new funding system, how will you redistribute the extra money in the budget?	Early learning funding is primarily based on child attendance and is what we call 'demand driven' so more funding goes into the system if attendance goes up and less funding goes in if attendance drops. Funding would not change just because a centre closes just as it does not necessarily do so now.

Proposal 2: Home based

Question	Answer
Under the homebased approach, when you say “managers of coordinators”, does that include non-ECE qualified managers?	No, the expectation would be they would need to be certificated.

Next steps

Question	Answer
Is it responsible to complete this consultation in May and potentially have the Government make decisions just before the election, when no consultation can be done on what the impacts will be at the centre level (no modelling or comparison funding rates have been provided)? Haven't you run out of time to do changes of this massive scale? Don't you risk wasting the sector and parents' time on engaging on a policy change that could be reversed as soon as in October 2023?	<p>The government has a three-year mandate to govern. This means that the government continues to have full power to make decisions in the pre-election period.</p> <p>Cabinet has agreed to the consultation timing and we're carrying this out as a result.</p> <p>Following the completion of the consultation we will be analysing submissions and providing further advice to Ministers, who will consider the next steps from here.</p>
There seems to be a lot of questions coming through. Do you plan to answer each one and then send out the responses after this session? Are you taking feedback from all of the sessions over the next two weeks and then sharing the common themes with the sector? And if so, how will you do this? I hope that you are reading through the comments and seeing that people are feeling that there is not enough information within the document, and we need more assurances. Eg. the funding rates would be a good start.	<p>We are providing answers to these hui questions on the Ministry's consultation page, to inform submissions and support the remaining consultation hui.</p> <p>Analysis of submissions will commence as consultation closes.</p> <p>We are interested in your feedback as part of the information needed to provide a view of the proposal for the Minister.</p>
Due to the complexity of this proposal and the need for each centre to share this with their community and align on submission feedback, what are the next steps for the funding review? The timeframe for consultation is very short. Is there any option of this being extended to allow centres to carry out cost analysis	Consultation is scheduled for six weeks before closing on 23 May 2023. Following this, the Ministry will analyse consultation feedback and provide the Minister with advice. The decision on the new funding system will then be put to Cabinet. Following Cabinet's decision, implementation work will commence for both the Ministry and Student Management System (SMS) providers.
While you are at this moment 'consulting', what is the timeframe for implementation of the 'new' funding model?	Implementation would not be until at least late 2024.

Question	Answer
Will there be another attempt to collect data and obtain a higher response rate to ensure it is robust?	We'd like to do this as early as September 2023 if the proposal gets advanced – it is important for calculating the Teacher Salary Subsidy and Operating Subsidy especially, as well as understanding more about the viability impacts.
Will this funding be backdated?	No.
Since there is a lead in time, will you provide use with a tool when you have rates that will enable us to see the reality before we have to action it, so we can make changes to our operating model if this is required?	The intention is to give at least 6 months' notice of the Operating Subsidy rates. Note that funding for the Teacher Salary Subsidy is component is dependent on the teacher mix/cost for each funding period.
How you would be choosing between the different options which are presented in this consultation?	Based on the results of consultation submission analysis, Expert Advisory Group and other feedback, we will be providing ministerial advice. Ministers' decisions will provide the next steps for finalising a preferred approach.