



Report: Resourcing charter schools: further decisions on appropriations

To:	Hon David Seymour, Associate Minister of Education Hon Nicola Willis, Minister of Finance Hon Erica Stanford, Minister of Education		
Date:	19 September 2024	Deadline:	25 September 2024
Security Level:	In-Confidence	Priority:	Medium
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Why are we sending this to you?

- We seek your decisions, by 25 September 2024, on further changes to appropriations to facilitate the funding of charter schools, avoid disadvantaging either state or charter schools, manage fiscal risks, and manage impacts on the Crown's operating balance.
- Some of these decisions require the Minister of Education's agreement. These involve Vote Education Review Office, and certain changes to the School Transport appropriation and the Primary and Secondary Education Multicategory Appropriation (MCA).

Background

- 1 As previously signalled (METIS 1334042 refers), this report provide further advice on changes to appropriations to facilitate the funding of charter schools, avoid disadvantaging state or charter schools, manage fiscal risks, and manage impacts on the Crown's operating balance as a result of:
 - a. Limitations in the scopes of current appropriations
 - b. The enrolment of students from outside both state and charter schools (for example, from private schools, home schooling, and other sources)
 - c. Guaranteed minimum levels of funding due to the use of establishment rolls and (in state schools) provisional rolls.
- 2 On 24 June 2024 Cabinet authorised the Prime Minister, Minister of Finance, Minister of Education, and Associate Minister of Education to make decisions as soon as possible on property-based funding matters [CAB-24-MIN-0217]. These Ministers have authorised the Associate Minister of Education and the Minister of Finance to make joint decisions on:
 - a. a new appropriation or appropriations to fund charter schools;
 - b. fiscally neutral transfers between Vote Education appropriations (within a financial year), where necessary to fund charter schools, in a way that does not materially disadvantage state schools on a per-student basis;
 - c. the treatment of Board of Trustees assets, liabilities, contracts, and obligations; and
 - d. developing a transition of property funding for charter schools in Ministry-owned property.
- 3 We have consulted extensively with the Charter Schools Agency and the Treasury on this report and taken on their feedback. The Education Review Office (ERO) supports the recommendations relating to ERO's prior-to-opening checks for new charter schools.

Targeted funding and services for charter schools

- 4 The Charter Schools Agency (CSA) will provide the bulk of charter school funding, from the Charter Schools | Kura Hourua MCA. However, there are certain targeted services and fundins streams where the Ministry will pay or will provide the service from its appropriations. These include:
 - a. Outcomes for Target Student Groups MCA (which funds learning support, Ka Ora Ka Ako, Attendance and Engagement services, and other services focused on targeted student groups or individuals' participation in education);
 - b. Primary and Secondary Education MCA (which funds, alongside regular school operational funding that will transfer to the Charter Schools | Kura Hourua MCA, secondary-tertiary programmes and the School Risk Management Scheme, which charter schools may access);
 - c. Scholarships and Awards for Students (which funds boarding allowances for individual students, which schools receive on students' behalf).
- 5 These appropriations can be used without requiring amendments to their scope.

- 6 The Ministry will also allocate school transport assistance to charter schools. However, the scope statement for the School Transport appropriation is not broad enough to encompass charter schools. The scope of an appropriation cannot change during the financial year, so we recommend establishing a new appropriation to fund school transport assistance for state (including integrated) and charter schools from January 2025.

Funding for ERO prior-to-opening checks of new schools

- 7 The Charter Schools | Kura Hourua tagged contingency provided through Budget 2024 included the estimated cost of Education Review Office (ERO) prior-to-opening checks of new charter schools (\$18,000 per school). The recent drawdown from the tagged contingency included this funding (METIS 1327993 refers).
- 8 Our expectation at the time of the Budget (and the drawdown) was that ERO would invoice the CSA for the cost of each check. Following consultation with ERO and the CSA we now recommend transferring the funding budgeted for these checks to Vote Education Review Office. This will provide certainty of funding to both agencies.

Operational and property funding

Operational and property-based funding components using current appropriations and categories

- 9 Most operational and property-based funding for charter schools can be funded from the Charter Schools | Kura Hourua MCA's 'Charter Schools (Primary Education)' and 'Charter Schools (Secondary Education)' categories. Funding for each component or property type will be sourced as indicated below.
 - a. property maintenance grants (sourced from Budget 2024 tagged contingency in the case of new schools, and transferred from the Primary and Secondary Education MCA in the case of converted schools);
 - b. the operating component of capital maintenance funding for charter schools on Ministry property (sourced from Budget 2024 tagged contingency in the case of new schools and transferred from the School Property Portfolio Management appropriation in the case of converted schools);
 - c. lease-based funding for charter school property leased from a third party (sourced from Budget 2024 tagged contingency in the case of new schools and transferred from the School Property Portfolio Management appropriation in the case of converted schools with property currently leased by the Ministry of Education);
 - d. establishment fitout, furniture and equipment, and ICT for new schools (sourced from Budget 2024 tagged contingency);
 - e. furniture and equipment renewal (sourced from Budget 2024 tagged contingency for new schools and transferred from the Schools Furniture and Equipment appropriation and converted to operating funding for converted schools (joint Ministers' decisions on property funding refer));

- f. other operational grant-based and staffing-based funding components (sourced from Budget 2024 tagged contingency for establishment, 'base', and property components for new schools but otherwise transferred from the Primary and Secondary Education MCA).

Capital maintenance funding for charter schools in sponsor-leased property

- 10 To assist the tracking of funding we propose creating a new category in the Charter Schools | Kura Hourua MCA for capital maintenance funding for charter schools in sponsor-owned property. This will correspond to the current Integrated Schools Property appropriation – from which funding will be transferred if state integrated schools convert.

Capital maintenance funding for charter schools in Ministry-owned property

- 11 Joint Ministers (the Prime Minister, the Minister of Finance, the Minister of Education and the Associate Minister of Education, acting under delegation from Cabinet [CAB-24-MIN-0217 refers]), have agreed that:
 - a. "at least 70 percent of the capital maintenance funding for Ministry-owned property will be provided to Sponsors in the form of capital funding to spend on projects that create Crown assets to reduce the impact on the Crown's balance sheet"; and
 - b. "up to 30 percent of the capital maintenance funding for Ministry-owned property will be converted to an operating expense and provided to Sponsors to incentivise them to be more efficient and to support the overall intent of the charter school funding model".
- 12 The (at least) 70 percent capital component for charter schools in Ministry property will need to be tracked for each school as a separate funding source in school property financial records (similar to five-year agreement funding). This will enable tracking of capital funding entitlements, commitments and expenditure on Ministry property, and the capitalisation of the expenditure against the Ministry's assets. Sponsors will still have significantly more control over this funding than state schools have over their funding for capital maintenance. If not fully used in a given year, their entitlements will accumulate.
- 13 The sponsor will need to have a programme of work, agreed with the Ministry in its role as landlord (or the CSA on the Ministry's behalf, given the CSA's role as the primary Crown contact for charter schools), in keeping with the purpose of the funding and their contractual requirements. Funds for a school year will be released as needed. The Ministry (potentially through the CSA) will need details of what is delivered with the funding in order to ensure that contractual commitments have been met and to capitalise costs, reflect improvements or additions to Ministry property, and update our fixed asset register. The Ministry also needs data on building condition to support its revaluation process.
- 14 The proposed management of this funding reflects the complexity of this component and the flexibility gained by keeping the funding in one appropriation. However, it merits review in the future as the charter schools model and the CSA's capability and capacity grow.
- 15 The (up to) 30% operational component for each year will be transferred to charter schools operational appropriations (initially to the Charter Schools (Primary Education) and Charter Schools (Secondary Education) categories of the Charter Schools | Kura Hourua MCA). This

transfer will be balanced by a capital withdrawal from the Ministry of Education (through a fiscally neutral one-to-one capital-operating swap).

- 16 Capital-operating swaps have a negative impact on the Operating Balance before Gains and Losses (the overall measure of the Crown's financial performance). However, Ministry-owned property assets used by charter schools will be included in the annual property revaluation that informs the Ministry of Education's annual report. As a result, the Crown's financial performance and position will ultimately be affected by the effectiveness and efficiency of sponsors' spending on capital maintenance – not just the funding allocated.

Lease-based funding for converting schools

- 17 Seven former Partnership Schools are currently in leased property that in most cases was not selected by the Ministry. Some leases cost more than the per student lease-based funding these schools would receive if they converted in 2025. Others cost less. However, if all of these schools were to convert, the converted schools' total annual lease funding would be similar to the total current annual lease cost.
- 18 Lease costs for state schools are departmental output expenses funded through the School Property Portfolio Management appropriation, alongside other departmental output expenses for the school property portfolio.
- 19 You will soon make decisions on enabling converted 'leased' schools a transition from their current lease funding to the agreed per student rates (METIS 1334159 refers). For the transfer to be fiscally neutral, in line with Cabinet decisions, we recommend that, in the event that such a school converts, the school's baseline lease funding at the date of conversion should transfer from School Property Portfolio Management to the Charter Schools | Kura Hourua MCA.¹ This would provide a consistent basis for the transfer, without risking any material reduction in funding for the state system. The CSA would then manage any differences between the funding transferred and the funding required, within the Charter Schools | Kura Hourua MCA.
- 20 Like other operational funding components in state and charter schools, we expect lease-based funding to be adjusted over time, subject to Budget or other Cabinet approvals.

Appropriation and cashflow risks

- 21 We previously noted that there are risks of mismatches between the funding payable to charter schools, appropriations, and the CSA's bank accounts (METIS 1334042 refers).
- 22 You have agreed that, to reduce the risk of an appropriation breach, the CSA will not contract with sponsors to open a charter school between March and June, when it would create the most uncertainty. However, we consider that further measures are needed.
- 23 Some charter school students, such as those transferring from private schools and those who have been home-schooled, will not have generated enough funding in state school appropriations to cover the costs they will generate in charter schools. These students could significantly increase the risks of a breach of either the Charter Schools | Kura Hourua MCA,

¹ This approach does not apply to leases relating to Sale-and-Leaseback arrangements entered into as part of the Crown's Treaty settlement process, which the Ministry will retain responsibility for.

or State school appropriations. Any transfers also need to satisfy Cabinet's condition of not materially disadvantaging state schools on a per-student basis [CAB-24-MIN-0217 refers].

Demand-driven adjustments to the Primary and Secondary Education MCA

- 24 In the medium term we intend to develop a methodology for separately forecasting charter school rolls, but in the near-term we will rely on transfers from the Primary and Secondary Education MCA (METIS 1327993 refers).
- 25 The Primary and Secondary Education MCA is demand-driven. Funding is adjusted based on roll forecasts that include the effect of movements into state schools from private schools and other sources, the movement of students between state schools, and the effects of establishment and provisional rolls on funded places. The funding to be transferred for charter schools will be subject to similar effects that will not have corresponding reductions in state school funding:
 - a. the enrolment in charter schools of students who are not transferring from a state school;
 - b. transfers from state schools to new charter schools, where guaranteed provisional roll funding for the state schools cannot be reduced for a year;
 - c. new charter schools benefiting from staffing and property funding at the higher of their actual and establishment rolls (so that unexpectedly high rolls in some new charter schools will not be offset by lower-than-expected rolls in others).
- 26 Until we transition to forecasting charter school rolls we propose to adjust the Primary and Secondary Education MCA at baseline updates to account for these impacts, to manage fiscal risks and ensure that state schools are not disadvantaged when the necessary operational funding is transferred to the Charter Schools | Kura Hourua MCA.

"Conversions" of private schools to charter schools

- 27 The draft charter schools legislation does not provide for a private school to "convert" into a charter school, but there is a possibility a private school could close and be re-established soon afterwards as a "new" charter school with the same (or related) owners, site, students and/or staff. For convenience we refer to these schools in this report as "converting" private schools, although this concept does not exist in the Education and Training Amendment Bill (the Bill).
- 28 Indications that a proposed new charter school is a "converting" private school could include:
 - a. the sponsor operates a private school or is a related party of the operator of the private school;
 - b. the site will be that of a private school that closed very recently or is expected to close soon; and/or
 - c. the school will have mostly the same staff or students as the private school.
- 29 Converting private schools could pose a fiscal risk. The increase in charter school funding costs would not have a matching cost reduction in the state system. Since an entire large school could convert, the risk is significantly greater than that from the normal movement of individual students between private and state schools. Furthermore, conversion would not

necessarily increase innovation and improve schooling outcomes because a private school has, if anything, more flexibility than a charter school.

- 30 Under the Bill, the Authorisation Board must, when deciding whether to approve a proposed sponsor, consider the financial implications for the Crown, and any other matters the Board considers relevant (which could include, for example, whether the proposed school would increase innovation across schools in New Zealand). The Board must seek the views of the Secretary on these matters.
- 31 We recommend limiting the extent to which the Primary and Secondary Education MCA is adjusted and funding transferred to the Charter Schools | Kura Hourua MCA in relation to these schools. You could agree that:
- Option i:** no funding will be transferred to the Charter Schools | Kura Hourua MCA with respect to these schools (any funding for these schools would be sought through the Budget process); or
 - Option ii:** any adjustment of the Primary and Secondary Education MCA and transfer to the Charter Schools | Kura Hourua MCA will be based on the increase in the school's funding due to roll growth compared to the year before conversion (that is, the CSA would meet the cost implied by the school's pre-conversion roll from funding secured through the Budget process).
- 32 Under Option i. or Option ii., the Authorisation Board would need to meet costs normally covered with transferred funding, using funding from charter school Budget initiatives such as the tagged contingency approved through Budget 2024. The Board could fund several small converted private schools, if it judged that the cost was outweighed by the benefits. If the CSA advised you that the Board saw merit in an application but could not fund it, you could consider seeking new funding through the Budget process.
- 33 Under Option i., the CSA would fund converted schools entirely from new funding secured through the Budget process (including the Budget 2024 tagged contingency). In contrast, Option ii. would allow demand-based adjustments and transfers in relation to growth in the school's roll following conversion. Its chief disadvantage is its relative complexity, making it more difficult to administer and to communicate. On balance, we prefer Option i.
- 34 We have considered whether funding could be transferred in relation to a new charter school that operated as a private school in the year before it opened, and the Primary and Secondary Education MCA adjusted to reflect the increased demand resulting from this. We do not see this as a credible option, for the following reasons:
- a. It would be a significant policy change in that it would open a path for private schools to become fully funded by the Crown.
 - b. It would be outside the intended scope of demand-based adjustments to Vote Education.
 - c. Making a "demand-based" adjustment to accommodate these schools would simply transfer the fiscal risk from Vote Education to the Crown as a whole. The Treasury has advised us that, where possible within the existing scope of the policy, we should seek to minimise negative impacts on the Crown's operating balance.
- 35 We also note that absorbing the cost of converted private schools within state school baselines (without adjusting state school appropriations) would be inconsistent with the

delegations to joint Ministers regarding fiscally neutral transfers, as state schools would be disadvantaged [CAB-24-MIN-0217 refers].

- 36 Whichever option you choose for funding converted private schools, we recommend excluding these schools from any establishment funding and from any guaranteed funding based on an establishment roll, as they would already be established. These exclusions would reduce the cost and the risk to the Charter Schools | Kura Hourua MCA and avoid what would likely be low-value spending.

Operational-grant-based and cashed-up services funding in the first year of a new charter school

- 37 You have confirmed that staffing-based and property funding for a new charter school in its first year will be based on the school's establishment roll, providing stability of funding through this initial period. This is important for securing and maintaining contracts with employees and property providers.
- 38 Operational grants for a new state school are guaranteed at a minimum level for an establishment period of several years, after which they are based on actual rolls, with adjustments for the prior period as necessary. Operational grants are often used for smaller expenses that are easier to increase or reduce than are staffing or property expenses. The operational grant-based component will be roughly a quarter of charter school funding.
- 39 We recommend basing the operational grant-based and cashed-up services components of funding new charter schools on the school's actual roll, including in the school's first year. This will reduce the average cost of the first-year guarantee because the actual roll is likely to be lower than the establishment roll. It should also reduce the cost and the cashflow risk for the CSA, because schools with rolls above expectations are more likely to be balanced by schools with rolls below expectations. Making these funding components dependent on actual rolls would also increase the incentive for sponsors to maximise their rolls in their first year by performing well, so that they retain and attract students.

The timing of payments to charter schools

- 40 The CSA has highlighted that giving it more flexibility regarding when in the year it pays sponsors could reduce its cashflow risks and better align with the general principles of charter school funding. We recommend that you agree to this so that the CSA can agree to different payment dates in sponsor contracts. This is a change from our previous advice (METIS 1334042 refers).

Sequencing transfers and adjustments over the next two financial years

- 41 We will not have detailed information about the schools that will open or convert in 2025 until after OBU24 deadlines. For 2026 we expect to have these details earlier, enabling transfers to occur in OBU25. We set out below an indicative sequence of transfers and related tasks to align appropriation funding to need over the next two financial years.
- a. Early November 2024 – seek joint Ministers' approval to the first transfer of funds to the Charter Schools | Kura Hourua MCA.

- b. MBU 2025 – transfer if needed to reflect any new information.
- c. 9(2)(f)(iv) -
 - i. [Redacted]
 - ii. [Redacted]
 - iii. [Redacted]
- d. May-June 2025 – potential additional transfer to or from the Charter Schools | Kura Hourua MCA, or action under the Public Finance Act, if required based on actual rolls.
- e. OBU 2025 – transfer based on any decisions and new information since MBU25.
- f. MBU26 – as per MBU 2025.
- g. 9(2)(f)(iv) [Redacted]
- h. May – June 2026 – potential additional transfer to or from the Charter Schools | Kura Hourua MCA, or Public Finance Act action, if required based on actual rolls.
- i. OBU26 – move to separate forecasting of state and charter school demand.

Next Steps

42 In October we intend to provide further advice on the transfer of Board assets and liabilities of converting schools, adjusting funding rates over time to reflect cost pressures, and any other outstanding matters related to funding and services for charter schools. Any implications for appropriations will need to be addressed in the March 2025 baseline update.

Recommended Actions

The Ministry of Education recommends you:

- a. **note** that, on 9 July 2024, joint Ministers (the Prime Minister, Minister of Finance, Minister of Education, and Associate Minister of Education) authorised the Associate Minister of Education and the Minister of Finance to jointly decide on new appropriations from which charter schools will be funded, and funding transfers between appropriations;

Minister of Finance
Noted

Minister of Education
Noted

Assoc Min of Education
Noted

School transport assistance for charter schools

- b. **note** that sponsors of charter schools will have the option of having the Ministry take responsibility for transport assistance or holding responsibility and associated funding themselves [CAB-24-MIN-0217 refers];

Minister of Finance
Noted

Minister of Education
Noted

Assoc Min of Education
Noted

note - awaiting advice from moe if charter can again be a fund holder once they transfer to moe. state schools cont. E

- c. **note** that the School Transport appropriation scope does not include charter schools, and may not be changed during the financial year;

Minister of Finance
Noted

Minister of Education
Noted

Assoc Min of Education
Noted

- d. **agree** that the scope of the current School Transport appropriation be amended from 1 July 2025, as follows (amendments are indicated by strike-through and bold text):

Title	Type	Scope
School Transport	Non-Departmental Output Expense	This appropriation is limited to transporting eligible students to and from State, and state integrated, and charter schools and associated facilities.

Minister of Finance
Agree / Disagree

Minister of Education
Agree / Disagree

Assoc Min of Education
Agree / Disagree

- e. **agree** that a new School Transport Assistance appropriation with the following scope be established temporarily within Vote Education, to assist eligible students at state and charter schools from January 2025:

Title	Type	Scope
School Transport Assistance	Non-Departmental Output Expense	This appropriation is limited to transporting eligible students to and from State, state integrated, and charter schools and associated facilities.

Minister of Finance
Agree / Disagree

Minister of Education
Agree / Disagree

Assoc Min of Education
Agree / Disagree

- f. **note** that we will seek joint Ministers' approval to transfer forecast School Transport funding from January 2025 to June 2025 to the new appropriation following OBU 2024;

Minister of Finance
Agree / Disagree

Minister of Education
Agree / Disagree

Assoc Min of Education
Agree / Disagree

Funding for Education Review Office prior-to-opening checks of new charter schools

- g. **note** that agencies have agreed ERO should receive a fixed contribution toward the costs of pre-opening checks of new charter schools, based on Budget 2024 costings, rather than invoicing the CSA as assumed in Budget 2024;

Minister of Finance
Noted

Minister of Education
Agree / Disagree

Assoc Min of Education
Noted

- h. **approve** the following fiscally-neutral adjustments for Charter Schools | Kura Hourua to fund the costs outlined in recommendation g., with no impact on the operating balance and/or net core Crown debt:

	\$m – increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28& Outyears
Vote Education Minister of Education Multi-Category Expenses and Capital Expenditure: Charter Schools Kura Hourua MCA <i>Departmental Output Expense:</i> Resourcing and Oversight of Charter Schools (funded by revenue Crown)	(0.054)	(0.216)	-	-
Vote Education Review Office Minister of Education <i>Departmental Output Expense:</i> Evaluations of the Quality of Education (funded by revenue Crown)	0.054	0.216	-	-

Minister of Finance
Agree / Disagree

Minister of Education
Agree / Disagree

Assoc Min of Education
Agree / Disagree

- i. **agree** that the proposed change to appropriations for 2024/25 be included in the 2024/25 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

Minister of Finance
Agree / Disagree

Minister of Education
Agree / Disagree

Assoc Min of Education
Agree / Disagree

Operational and property funding

- j. **note** that most components of operational and property funding can be funded from the Charter Schools (Primary Education) and Charter Schools (Secondary Education) categories of the Charter Schools | Kura Hourua MCA;

Minister of Finance
Noted

Assoc Min of Education
Noted

- k. **agree** that the following new category be created within the Charter Schools | Kura Hourua MCA to fund property for charter schools in sponsor-owned property:

Title	Type	Scope
Charter Schools on Sponsor-Owned Property	Non-departmental Other Expense	This category is limited to providing funding to sponsors of charter schools occupying sponsor-owned property for capital upgrades, including modernisation, of their existing school property and facilities as well as any agreed expansion.

Minister of Finance
Agree / Disagree

Assoc Min of Education
Agree / Disagree

- i. **note** that joint Ministers have agreed that at least 70 percent of capital maintenance funding for charter schools in Ministry-owned property will be provided as capital for projects that create Crown assets, the remainder being provided as operating expenditure;

Minister of Finance
Noted

Assoc Min of Education
Noted

- m. **note** that the CSA will be the first point of contact for charter schools with regard to most resourcing issues, including capital maintenance funding for charter schools in Ministry property;

Minister of Finance
Noted

Assoc Min of Education
Noted

- n. **note** that sponsors' management of Ministry-owned property will be monitored to ensure they are meeting their contractual obligations to maintain Ministry property on behalf of the Crown;

Minister of Finance
Noted

Assoc Min of Education
Noted

- o. **note** that the at least 70 percent allocation of the capital maintenance funding for charter schools in Ministry-owned property will be recorded for each school in school property financial records, to track capital funding entitlements, commitments and expenditure on Ministry property;

Minister of Finance
Noted

Assoc Min of Education
Noted

- p. **note** that the funding to provide the 70 percent allocation of the capital maintenance funding to sponsors will be ringfenced within the School Property Portfolio Management appropriation and the Ministry will be responsible for ensuring that it is available when required;

Minister of Finance
Noted

Assoc Min of Education
Noted

- q. **note** that any capital funding swapped to operating funding will have a direct negative impact on the Operating Balance before Gains and Losses (OBEGAL);

Minister of Finance
Noted

Assoc Min of Education
Noted

- r. **note** that Ministry-owned property assets used by charter schools will be included in the annual property revaluation that informs the Ministry of Education's annual report;

Minister of Finance
Noted

Assoc Min of Education
Noted

- s. **note** that the operational component for each year will be transferred to the Charter School | Kura Hourua MCA operational categories, offset by a capital withdrawal from the Ministry of Education (that is, a capital-operating swap at a fiscally neutral one-to-one ratio);

Minister of Finance
Noted

Assoc Min of Education
Noted

- t. **agree** that, if any state schools in Ministry-leased property converts to a charter school, the school's baseline lease funding at the conversion date in the School Property Portfolio Management appropriation will be transferred to the Charter Schools | Kura Hourua MCA, so as to be fiscally neutral;

Minister of Finance
Agree / Disagree

Assoc Min of Education
Agree / Disagree

Managing appropriation and cashflow risks

- u. **note** that there are fiscal risks in relation to:
 - i. individual students enrolling at charter schools who have not been attending state schools and do not have associated funding in the Primary and Secondary Education MCA;
 - ii. students transferring from state schools to new charter schools without reducing state school funding due to the impact of provisional rolls on entitlements;
 - iii. new charter schools receiving staffing and property funding in their first year based on the higher of their actual and establishment rolls;

Minister of Finance
Agree / Disagree

Noted
Minister of Education
~~Agree / Disagree~~

Assoc Min of Education
Agree / Disagree

Noted?

- v. **agree** that adjustments to the Primary and Secondary Education MCA for 2025 and 2026 to reflect forecast demand should account for the fiscal impacts noted in recommendation u., above;

Minister of Finance
Agree / Disagree

what implications on vote does this have discuss

Minister of Education
Agree / Disagree

Assoc Min of Education
Agree / Disagree

x

- w. **note** that demand-driven adjustments in keeping with recommendation v. will enable funding to be transferred from the Primary and Secondary Education MCA without disadvantaging state school students on a per student basis;

Minister of Finance
Agree / Disagree

Minister of Education
Agree / Disagree

Assoc Min of Education
Agree / Disagree

x

- x. **note** that demand-driven adjustments of the Primary and Secondary Education MCA are not intended to provide for the conversion of entire private schools to publicly funded schools;

Minister of Finance
Noted

Assoc Min of Education
Noted

- y. **agree** that operational grant-based funding (typically around one-quarter of charter schools' funding) for new charter schools in their first year not be guaranteed but based on actual rolls;

Minister of Finance
Agree / Disagree

Assoc Min of Education
Agree / Disagree

- z. **agree** to ONE of the following options for managing the fiscal impacts of a private school that converts (in substance), without a significant period of closure, into a new charter school:

- i. no funding will be transferred to the Charter Schools | Kura Hourua MCA with respect to the schools unless the funding has been explicitly approved or reprioritised for this purpose through the Budget process;

Minister of Finance
Agree / Disagree

Assoc Min of Education
Agree / Disagree

OR

- ii. any adjustment of the Primary and Secondary Education MCA and transfer to the Charter Schools | Kura Hourua MCA will exclude an amount of funding based on the

school's roll in the year before it opened as a charter school (that is, the CSA would meet this cost from funding secured through the Budget process);

Minister of Finance
Agree / Disagree

Assoc Min of Education
Agree / Disagree

- aa. **agree** that private schools that (in substance) re-open as a new charter school, without a significant period of closure, not be eligible for establishment funding or for guaranteed funding based on establishment rolls;

Minister of Finance
Agree / Disagree

Assoc Min of Education
Agree / Disagree

- bb. **note** that you previously agreed that payments to sponsors be in quarterly instalments (METIS 1327993 refers), but the CSA has highlighted that this may be unduly limiting;

Minister of Finance
Noted

Assoc Min of Education
Noted

- cc. **agree** that the CSA may determine the timing of its payments to sponsors, in consultation with sponsors and subject to meeting its requirements under the Public Finance Act;

Minister of Finance
Agree / Disagree

Assoc Min of Education
Agree / Disagree

Proactive Release:

- dd. **agree** that the Ministry of Education release this paper once it has been considered by you with any information needing to be withheld redacted in line with the provisions of the Official Information Act 1982.

Minister of Finance
Agree / Disagree

Minister of Education
Agree / Disagree

Assoc Min of Education
Agree / Disagree



Alanna Sullivan-Vaughan
Senior Policy Manager, School Funding Policy
Te Pou Kaupapahere
Ministry of Education
19/09/2024

Hon Nicola Willis
Minister of Finance



Hon Erica Stanford
Minister of Education


Hon David Seymour
Associate Minister of Education

4/10/24

29/24