

NOT MAG / GOVERNMENT POLICY

# Overview of the new ECE equity index

## ECE Funding Review MAG 2025

# Background on the new Equity Index

- This work originated from the **Early Learning Action Plan – *He Taonga te Tamaiti*** which set a high-level direction and vision for early learning.
- Action 2.1 in the Early Learning Action Plan was to review Equity and Targeted Funding to ensure that they **best support children to benefit from access to high quality early learning** experiences
- The review includes whether the funding **allocation mechanisms** and the **amount** of funding overall are appropriate
- This work was **paused** in 2024 to be considered in the context of the **ECE funding review**



# Why is equity important?



**EQUALITY**



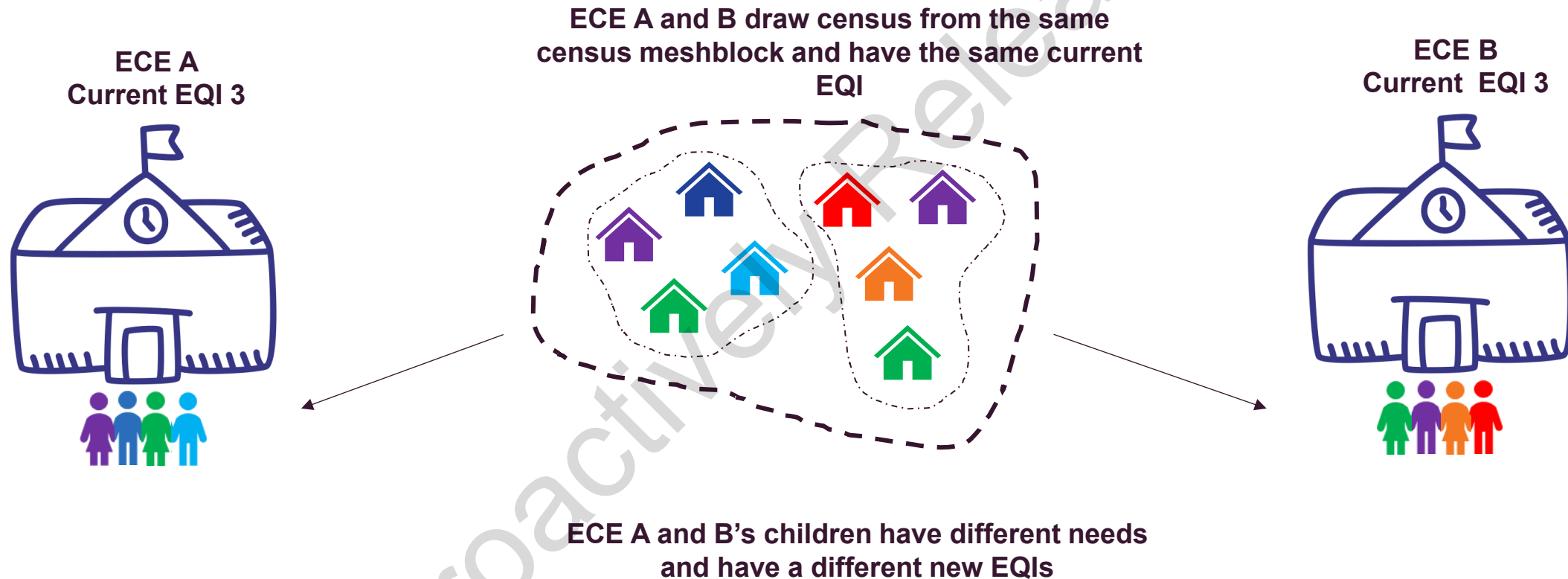
**EQUITY**

# Issues with the current system

The current system does not identify the impact and distribution of disadvantage well. This is because:

- It is based on only **5 socio-economic indicators**
  - parental income
  - parental occupation skill level
  - household crowding
  - parental qualifications
  - parents receiving benefit
- It is based on **meshblocks** and does not take **each child's individual situation** into account
- Can only be **updated** after a census, but has not been updated since **2006**
- Services are assigned an index number between **1-4 or 5+** creating funding cliffs

# How do meshblocks currently impact EQI?



# Why is the new system better?



Relates to the **actual children** attending ECE services



Considers **17 variables across 9 domains** – disadvantage manifests itself in many different ways



Much **more nuanced** as ECE an service's EQI can range from 1-226



Can be **updated annually** using administrative data collected by Government agencies

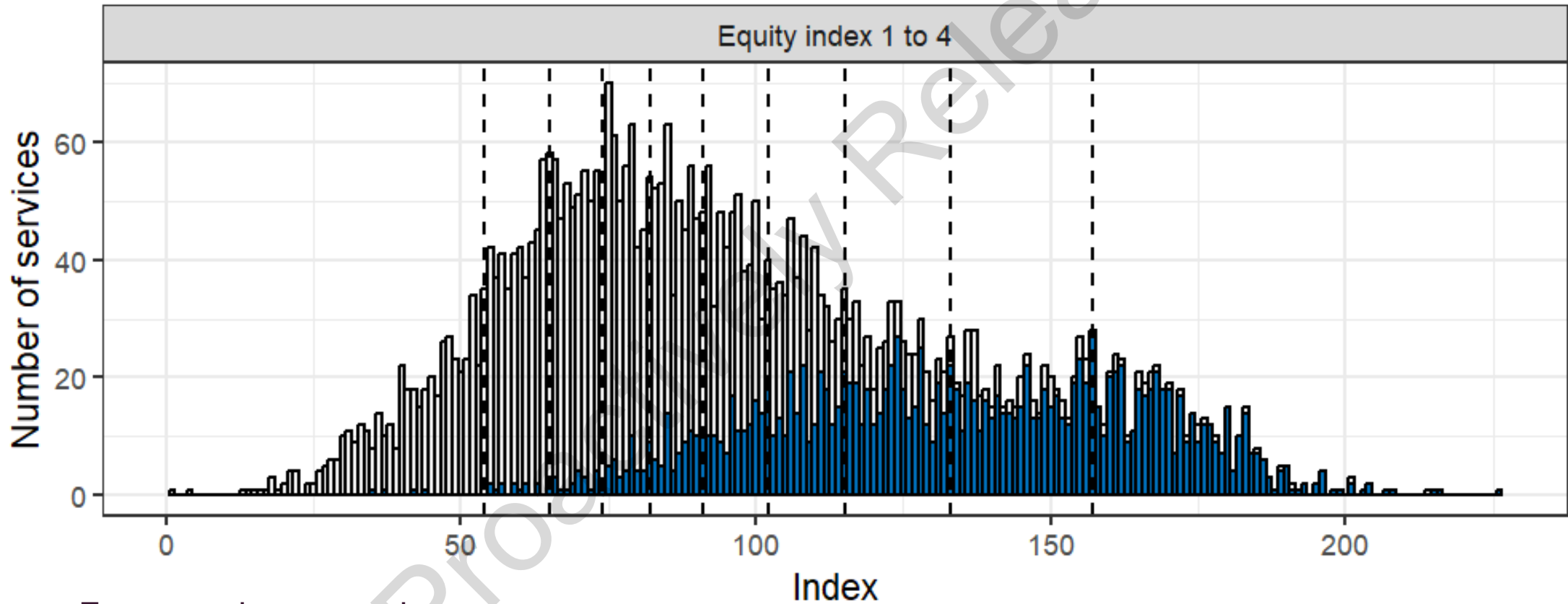
# Domains and variables of the new index

	Domain	Variable
1	Care and Protection Domain	Care and protection family group conference
2		Care and protection investigation flag
3		Care and protection notification flag
4		Care and protection placement flag
5	Parental Justice Interaction Domain	Parental community sentence flag
6		Parental custodial sentence flag
7		Parental proven charges flag
8	Demographic Domain	Number of children at birth of the child
9		Mother's age at the first child's birth
10		The younger parent's age at the child's birth
11	Benefit Domain	Child's proportion of life on benefit
12		Parental benefit income
13	Education Indicator	Highest parental education level
14	Income Indicator	Parental income
15	Single Indicator	Number of home changes
16	Single Indicator	Teen parent indicator
17	Ethnicity Domain	Māori, Pacific, Non-Māori, and Non-Pacific Indicators

# Distribution of the old vs new index

The grey bars show the distribution of all ECE services across the new equity index

The blue bars are the distribution of current EQI 1-4 services across the new equity index



Fewer socio-economic barriers

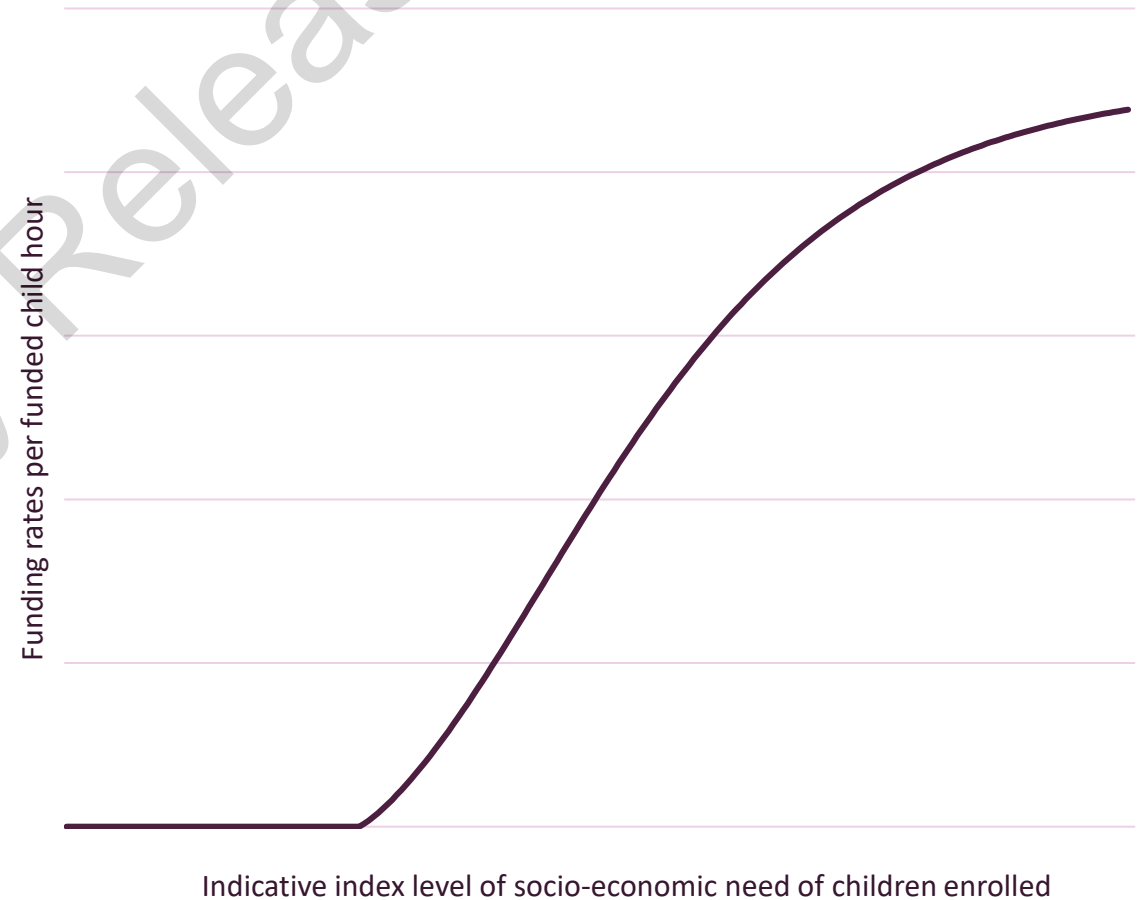
More socio-economic barriers

# Substitute index calculation

Substitute Model	Description
<p><b>LBUE</b> <b>(Location, Benefit support factors, Urban status, Ethnicity)</b></p>	<p>A regression model designed to predict a service's IDI EQI from services with similar service and child-level traits.</p> <p>Location is the distance to other services, where closer services are given a higher weight in the model. Benefit support<sup>3</sup> is expressed as the proportion of children whose families are benefit recipients in the model. Urban status describes the urban rural profile of a service. Ethnicity is the proportion of children within a service identified as Māori or Pacific Peoples.</p>
<p><b>LUI</b> <b>(Location, Urban status, IMD)</b></p>	<p>A similar model to LBUE. However, in the absence of child-level data required for Benefit support and Ethnicity information, the model considers a service's geographic Index of Multiple Deprivation<sup>4</sup>.</p>
<p><b>Hospital based</b></p>	<p>A calculation which takes the average ECE EQI for the education region the hospital-based service is in and makes an adjustment.</p> <p>The adjustment is determined by comparing the average IDI ECE EQI of the full ECE population, to a subset of the population who have been discharged from a hospital. This adjustment is calculated as a part of the IDI process. Starship Hospital's services use a mix of the regional and national average (because of a proportion of Starship's intake is nationwide).</p>

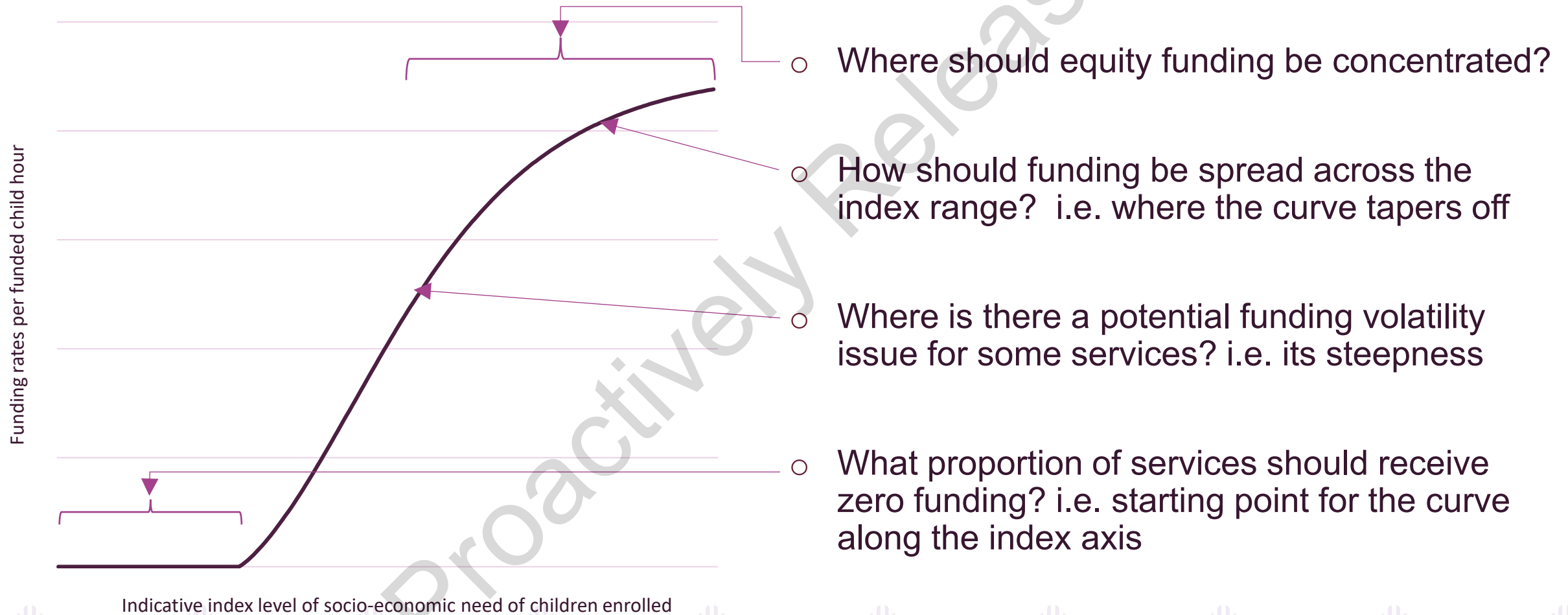
# Linking the new equity index to funding

- The new EQI is currently only used to determine eligibility for the ECE lunches programme
- If you choose to link the new equity index to funding, a funding curve will need to be created
- The design of a funding curve will directly impact which services receive equity funding. Design choices will likely be depended on the level of investment in equity funding.
- A funding curve shows the relationship between the:
  - Funding rate per funded child hour; and
  - Equity index number for each ECE service



# Shaping the funding curve

Considerations when shaping a funding curve could be:



# He pātai? He whakairo?

Proactively Released



**Te Tāhuhu o  
te Mātauranga**  
Ministry of Education

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

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

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**Te Kāwanatanga  
o Aotearoa**  
New Zealand Government