This document was developed as a theoretical tool to support MAG discussion and exploration of a range of possible options during the ECE Funding Review. It was intended to assist consideration of different concepts and does not represent agreed MAG recommendations, Ministry advice, or Government policy. The content is provided to support transparency about the review process and should be read as a discussion framework rather than a statement of preferred policy direction.

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Array of Potential Options

Problem 1: Families tell us they face a range of barriers in their children participating in the type and amount of ECE they want.

Today's sprint is to focus on which system simplification options to pursue. These are highlighted in bold. The plain-text options are policy or design changes: several would replace, or remove the need for, the bolded options. Options are not packages. MAG could select priority options for further work from multiple columns, add and remove options.

Status Quo	Adjusting the Status Quo	Larger Change to Current Settings	Fundamental System Shifts	Full Reset
• Mix of universal and targeted funding, predominantly universal • Mix of rates, including by typology • 20 Hours ECE • ECE subsidy • CCS • Family Boost • Equity funding (A, B, C, & D) • Smaller targeted pots – from TFFD to TAP, WIHL. • GCAP and ELP	• Tweak CCS settings to encourage uptake (e.g., make it less administratively complex, more flexible). Widen GCAP eligibility (e.g. by age). • Increase current 9 hours CCS for 'inactive' parents to [20] hours, to support child outcomes for most vulnerable children. • Provide additional funding for teachers that demonstrate Te Reo [and other?] language proficiency. • Changes related to the interaction between CCS and 20hrs ECE (e.g. remove 'double up' rule with CCS; allow CCS to be used for optional charges) • Introduce CCS flexibility / tolerance margins for changes in work hours. • **Improve CCS application process (automate, digitise, shared data)** • **Change 20 hours ECE to be child-place based (like ECE subsidy)** • **Remove daily hour caps and keep weekly caps.** • **Reduce rules that link enrolment to attendance: frequent and continuous, EC13** • **Simplify number and frequency of forms for parents: enrolment, attendance validation, medical certificate for FAR exemption**	• Update targeted funding allocation with an uplift to funding, directed to families in communities with higher need. • Reconsider CCS activity test • Introduce last year free (e.g. 30/40 free hours for 4-year-olds) • Introduce funding that helps establish new services in identified service deserts. Also need to consider sustainability of these services, and in areas with very limited supply. • Introduce more/better contracted services to reduce non-financial barriers to ECE attendance (e.g. transport, food, nappies, and other necessities) • Change ECE subsidy to be child-based (like 20 Hours ECE) • **Move 6-hour limit to 8 hours to reflect 40-hour week or remove daily limits and change to weekly or monthly caps only.** • **Funding payments to services monthly in arrears (could support provider viability, but may require more frequent data to MoE)** • **Fewer funding rates (e.g. remove age-based rates). May remove relative disincentives.**	• Introduce fee controls to increase affordability • Greater % of funding direct to families, potentially consolidate current family subsidies (CCS, FB) • Provide funding based on teachers/HBC educators rather than FCH in areas that lack supply due to inconsistent attendance (e.g. isolated communities) • Shift targeted funding across votes/agencies to be used for different access/affordability objectives. • Savings account-based scheme (contributions from family, government, employer and employees) • **Fewer Education targeted funds with clearer incentives** • **Fund for enrolment (not attendance). Would likely need guardrails to mitigate risk of funding empty places / reduced supply (e.g. overbooking; risk that for 20hrs ECE children would not be able to share a an ECE place).**	• 'Proportionate universalism' (e.g. all funding rates proportional/responsive to need / parental ability to pay). • Greater % of funding direct to families, potentially through entitlement rather than application-based funding, and funding based on need or family/child characteristics. Could include account-based or voucher-based systems, paid to families or to services on behalf. • ECE family loans (like a student loan model, interest free). • Introduce a base grant to support provision, that sits beside a variable funding approach based on factors such as attendance, teacher qualifications, age, etc.

Size of change = change and difference expected for families and ECE services. A small change for families and services may have significant change impacts for others including SMS providers and government agencies, and may come with some uncertainties about its impacts.

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Problem 2: Quality variation in ECE within and across communities and over time contributes to inequalities for children and families.

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Status Quo	Adjusting the Status Quo	Larger Change to Current Settings	Fundamental System Shifts	Full Reset
• Equity funding • TFFD • Pay parity funding • Waha Rūmaki and PITA • Mix of rates, including by typology (e.g. Kindergarten) • Qualified teacher funding bands • Funding based on attendance (with associated rules and exemptions) • 20 hours rates based on % qualified teachers (meant to remove access barrier and enable services to offer above regulated % teachers).	• Distribute more funding through existing funding streams (e.g. EQF/TFFD) • Keep broad design and value of EQF but use the new EQI to target it (i.e. set thresholds for eligibility that are comparable to existing EQF targeting, same $ value). • Change basis/approach to funding for isolation • Provide additional grants to Māori and pacific immersion and bilingual ECE services. • **Payments to services monthly in arrears (actual: removes washups), or in advance (washed up 3 monthly or monthly)** • **Reduce rules that link enrolment to attendance: frequent and continuous.** • **Change settings around certificated teacher funding bands (e.g. increase discretionary hours, make the system more/less granular).** • **Funding paid for usually enrolled hours on public holidays (including if service closed)**	• **Change settings around eligibility for certificated teacher funding bands (e.g. non-contact allowance, count different teachers as certificated if they provide special expertise such as language or learning support).** • **Funding paid for teacher only days (up to maximum).** • **Replace SHC requirement with attestation of employing over 80% qualified teachers employed in teaching roles (defining in 'contact')** • **Change settings around certificated teacher funding bands (e.g. remove 100% band, change threshold to reach each band, reduce to 2 or 3 bands)** • **Remove service-type distinctions in funding (e.g. kindergarten, not HBC)** • **Consider changes to HBC rates** • Use funding grants (application by providers) for workforce recruitment, retention, higher salaries and development. • Carefully consider interplay between regulations and funding rules/ incentives – what regulation changes needed if funding incentives change.	• Shift funding incentives from certificated teachers towards another structural quality indicator (e.g., ratios, group size) • Remove prescriptive teacher pay funding policies from the system (e.g. pay parity) to let the market determine salaries beyond collective agreements. Retain minimum pay level, including perhaps for non-certificated educators. • Link funding more closely to regulatory compliance/ evaluations of service quality. Likely to require changes to regulator/evaluative practice. • Incentivise process quality through funding (e.g. funding for a supervisory role for supporting better teaching practice).	• Funding that is similar to school's bulk funding: an operational grant and teacher entitlement grant. • Payroll teachers based on standardised job sizes/roles, with different mechanism (e.g. grants) for other costs. • Association-based model, continue to fund services based on average costs, but mandate services to be a part of networks that distribute funding based on individual service cost. • Integrated-schools style model: public ECE in private facilities (scope query)

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Problem 3: Government and families do not have the information they need to have confidence in the ECE system, and the value delivered by ECE (investment) for children, families and society.

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Status Quo	Adjusting the Status Quo	Larger Change to Current Settings	Fundamental System Shifts	Full Reset
• ELI • ECE Census • Data published on Education Counts • Equity and TFFD reporting • RS7 • Data held in SMS, but not shared with government • Stats NZ price and cost indexes • Financial reporting (including to Charities Services) • MOE Resourcing Audit function • ERO reviews • Before School Check data	• Adjust current reporting settings to make them more valuable for government, and less administratively burdensome for service providers. • **Reduce number of targeted funding streams, or simplify rate structures** • Require service to publish their fee schedules online for parents. • **Remove need for audited FS and change MoE audit function to provide assurance of spending** • **Remove attendance verification requirements (create audit process)**	• The Ministry collects and/or services provide to parents more detailed information about key priorities areas (e.g. teacher pay, parent fees, cost to operate, ratios). • Use any reduction or reshaping of funding streams to redesign to collect less but more meaningful information on performance, and to require more transparency to users. • Increased MOE departmental funding to support evaluation of impact, cost-effectiveness, and what matters most.	• Mandatory publicly available information for parents in format that enables comparisons: e.g. fees, quality indicators, service offerings. • Introduce a quality measure like Australia's National Quality framework.	• Put some/all ongoing funding at risk: conditional on achieving an identified priority/set of priorities. • Hold contracts with service providers, renewal of which is dependent on performance / delivering against priorities. • Implement a measure of child development in the first year of schooling. For example, the Australian Early Development Census (AEDC).

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