



Chapter 10

Equity Funding

Overview

Introduction Equity Funding is a targeted funding mechanism for all licensed early childhood education (ECE) services.

Equity Funding is paid to eligible services in addition to the ECE Funding Subsidy and 20 Hours ECE.

More information can be found here [Equity Funding](#) .

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10-1 What is equity funding?

Equity Funding

Equity Funding is a targeted funding mechanism for all licensed ECE services. Equity Funding is paid to eligible services in addition to the ECE Funding Subsidy and 20 Hours ECE.

Key Objectives

The objectives of Equity Funding are to:

- reduce educational disparities between different groups in New Zealand communities
- reduce barriers to participation faced by those groups that are under represented in ECE services
- support ECE services in raising their level of educational achievement.

Eligible services

Licensed ECE services that meet the criteria outlined in this chapter are eligible.

Ineligible services

Certificated Playgroups are not eligible to receive equity funding.

Structure of equity funding

Equity Funding consists of four components. Services may be eligible for funding against one or more (or all) components. Each component is described in detail in this chapter, but the following table provides a summary:

Component	Measured by
A: Low socio-economic communities	Equity Index (EQI)
B: Special needs, and non-English speaking backgrounds (including sign-language)	Equity Index (EQI)
C: Language and culture other than English	Attestation (<i>EC15 Form</i>)
D: Isolation	Isolation Index

When is funding paid

Eligible services will receive funding along with the payment of the ECE Funding Subsidy and 20 Hours ECE (i.e. March, July and November of each year).

'Tagged' funding

Equity Funding is 'tagged'. This means that it is identifiable as an amount additional to a service's ECE Funding Subsidy and 20 Hours ECE.

Equity Funding must be spent with the equity objectives for participation and quality in mind. Guidelines for expenditure of each component are listed in the relevant section of this chapter.



10-1 What is equity funding?, Continued

Reporting requirements

Services are required to report to parents and the local community about how they have spent their Equity Funding.

The specific reporting mechanism is at the discretion of the individual service (or service provider). However, the following minimum standards are required:

- outline of the amount received under each Equity Funding component
- brief description of the purpose to which the funding was applied (e.g. purchase of goods or services)
- brief outline of the reasons for spending the funding in that way
- the report is included in the service's annual report for presentation at its annual general meeting.

Reports may be subject to external review by the Ministry and/or the Education Review Office (ERO).



10-2 Component A: Low socio-economic communities

Objective	The objective of Component A: Low socio-economic communities is to target funding to ECE services that provide education and care programmes to children from low socio-economic communities.
The Equity Index	Eligibility for Component A is based on the Equity Index (EQI). This index measures the extent to which a service draws children from low socio-economic communities. The ECE EQI is calculated based on enrolled children's addresses and information taken from the New Zealand Census 2006. The EQI for casual services is determined using the average for all other ECE services in the same area.
Eligibility for funding	Licensed ECE services with an EQI of 1, 2, 3 or 4 are eligible to receive Component A Equity Funding.
Your EQI	Your service's EQI is found in Pourato on your Service Details tab, under Service Profile.
How is funding calculated?	The level of funding paid to each eligible service is determined by: • its EQI and • the funded child hours claimed by the service in the RS7 Return process. Each actual funded child hour is multiplied by the relevant funding rate. As with the ECE Funding Subsidy, Equity Funding may not exceed six hours per child-place per day (or per child for 20 Hours ECE), to a maximum of 30 hours per child-place per week (or per child for 20 Hours ECE).



10-2 Component A: Low socio-economic communities, Continued

Applications Applications for Component A are not necessary. The Ministry of Education calculates the EQI for each licensed ECE service and notifies services that are eligible for funding.

To calculate an EQI value the Primary Residential Addresses of all enrolled children at a service are used. These addresses are submitted as part of a child's enrolment details to ELI. The Ministry will contact new services when the information is being extracted.

If your service has...	then you should...
recently opened	wait to be contacted by the Ministry of Education. Your service will automatically be included in the next 'new service' process (March & October). To allow time for necessary updates, you will be contacted by the Ministry advising when the primary residential address data of enrolled children will be extracted.
been part of a merger with another service	The merged service will automatically be included in the next 'new service' process (March & October). You will be contacted by the Ministry advising when the primary residential address data of enrolled children will be extracted.
previously chosen not to have an EQI calculated but would now like to.	contact the ECE EQI Collection mailbox, EQI.collection@education.govt.nz. The team will ensure you are contacted at the time of the next 'new service' process.



10-2 Component A: Low socio-economic communities, Continued

Applying for a review of your EQI

Services can request a review of their EQI value once a year. These requests must be with the Ministry by the last working day of October each year.

All services may apply for a review of their EQI if:

- they consider that the service's community profile has changed significantly since their EQI was issued or
- they consider that the service's individual catchment area has changed significantly since their EQI was issued.
- the service does not currently have an EQI value.

Please note a review of your EQI may result in a change in your EQI value and impact your equity funding.

For more information, and the application form, please see the ECE Equity Index Assessment page on Education Counts or contact the Ministry using the ECE EQI Collection mailbox: EQI.collection@education.govt.nz.

Expenditure

All Equity Funding is 'tagged' and must be spent with the equity objectives for participation and quality in mind.

Below are some suggestions for uses of Component A funding:

- purchase additional curriculum resources and an increased range of supplies
- subsidise learning experiences outside the service
- meet children's nutritional needs
- provide assistance to attend the service (e.g. transport assistance)
- provide extra professional development for staff and extra education for families/whānau
- improve learning spaces
- help staff to train or upgrade their qualifications
- reimburse expenses of voluntary helpers
- introduce staff recruitment and retention initiatives
- promote the availability of the service within the community.

These are just some examples of ways that Component A Equity Funding can be used.



10-3 Component B: Special needs and non-English speaking backgrounds

Objective	The objective of Component B is to target funding to services that may have significant numbers of children with learning support needs or who are from non-English speaking backgrounds.
Measurement	Eligibility for Component B is also determined by a service's EQI. Component B is combined with Component A: Low Socio-economic Communities for eligibility and entitlement purposes. This is because there is a prevalence of children from non-English speaking backgrounds in low socio-economic communities.
Eligibility	Licensed ECE services with an EQI of 1, 2, 3 or 4 are eligible to receive funding under Component B: Special needs and non-English speaking backgrounds. Eligibility is not based on individual children. Your service may have children with low to moderate learning support needs or who are from non-English speaking backgrounds in attendance but not be eligible for funding against this component.
Support for individual children	Some support is available for children with complex learning support needs. This may include specialist support and, in some instances, paraprofessional support, which will include capability development for teachers and other adults involved. For more information see Learning support in the early years webpage or contact the Learning Support Information Line 0800 622 222.
How is funding calculated?	The level of funding paid to each eligible service is determined by: • its EQI and • the funded child hours claimed by the service in the RS7 Return process.
Applications	Applications for Component B are not necessary. The Ministry of Education calculates the EQI for each service and notifies services that are eligible for funding. Further details of this process are available in Section 10-2 'Component A: Low socio-economic communities'.



10-3 Component B: Special needs and non-English speaking backgrounds, Continued

Applying for a review of your EQI

Services with an EQI of 2, 3, 4 or 5+ are eligible for a review of their EQI, provided certain conditions are met.

Further details are available in **Section 10-2**.

If a service's EQI is changed through this process, funding for **both** Component A and Component B will be changed.

Expenditure

All equity funding is 'tagged' and **must** be spent with the equity objectives for participation and quality in mind.

Below are some suggestions for uses of Component B funding:

- allow for additional staff time with children and their families/whānau
- purchase specific learning or teaching resources
- provide professional development for staff
- engage specialist professionals
- support transition from home to the early childhood service and from the early childhood service to school
- improve staff:child ratios.

These are just some of the ways that Component B equity funding can be used.

10-4 Component C: Language and culture other than English (including sign language)

Description	Component C: Language and culture other than English (including sign language) provides targeted funding to support those services providing bicultural/immersion education and care programmes.
Eligibility	Licensed ECE services are eligible for funding under this component if they provide early childhood education in a language and culture other than English (including sign language) during more than half of the formal education and care programme. A service qualifies where staff (both paid and unpaid): - plan and evaluate the curriculum for children using the kaupapa/cultural framework associated with the main language of communication and - deliver the curriculum for children using the main language of communication. Staff (either paid or unpaid) who are only on the premises or involved in administration do not count towards eligibility.
Measurement of eligibility	Eligibility is determined through an attestation process. Services are required to contact the Education Review Office (ERO) if there is any subsequent drop in the use of the main language or if there are changes to the cultural nature of the education programme provided.
Funding calculation	Funding is a fixed monthly grant. It is not related to the size of the service, nor the number of funded child hours claimed.
Applications	Applications for Component C require attestation. Services that believe they are eligible for this component should complete the EC15 Language and Culture other than English (including sign language) Form. The EC15 Form is available in Appendix 2. Completed forms should be submitted to ERO.



10-4 Component C: Language and culture other than English (including sign language), Continued

Expenditure All Equity Funding is 'tagged' and **must** be spent with the equity objectives for participation and quality in mind.

Below are some suggestions for uses of Component C funding:

support teachers/kaiako to improve programme delivery in the language of the service

- provide incentives to retain teachers/kaiako
- improve staff:child ratios
- recruit people with relevant language proficiency
- increase professional development of staff
- increase whānau-based learning
- increase language resources
- pay training fees
- recruit and retain kaumātua for support and advice
- provide assistance to attend the service (e.g. transport assistance).

These are just some of the ways that Component C Equity Funding can be used.



10-5 Component D: Isolation

Description	Component D: Isolation recognises that isolated services will face higher costs when accessing goods and services.
Eligibility for funding	Licensed ECE services with an Isolation Index of 1.65 or greater qualify to receive funding.
The Isolation Index	Eligibility for Component D is based on the Isolation Index. This index rates a service's 'relative isolation'. A service's Isolation Index is worked out by measuring the service's distance from towns/cities of three different population sizes (5,000, 20,000, and 100,000).
Your service's Isolation Index	Your service's Isolation Index is found in Pourato on your Service Details tab, under Service Profile.
How is funding calculated?	Funding is a fixed monthly grant. There are currently three payment bands, which reflect different levels of isolation. This means that more isolated services receive a higher rate of funding. Funding is not based on the size of a service nor the number of funded child hours claimed.
Applications	Applications for Component D are not necessary. The Ministry of Education calculates the Isolation Index for each new service, using census information and the physical location of the service. Services do not need to provide additional information.
Isolation Index Review	In general, a service's Isolation Index can only be changed when new data from the census has been obtained. This is because the Index is based on a service's distance from population centres of different sizes. The Ministry requires population data from the census to determine the population sizes. If you believe there has been a significant error in the value of your service's Isolation Index, please contact EQI.collection@education.govt.nz.



10-5 Component D: Isolation, Continued

Is this different to the ATIS?

Yes. The ATIS is available to licensed ECE services, with an Isolation Index of 1.65 or greater, which also meet certain income requirements.

It is possible for services to receive **both** Component D equity funding and the ATIS.

Further details on the ATIS are available in **Section 5-1**.

Expenditure

All Equity Funding is 'tagged' and **must** be spent with the equity objectives for participation and quality in mind.

Below are some suggestions for uses of Component D funding:

- provide assistance to attend the service (for example, transport assistance)
- provide more professional development opportunities for staff
- upgrade resources
- introduce staff recruitment and retention initiatives
- assist in meeting the additional costs of service delivery.

These are just some of the ways Component D Equity Funding can be used.
