



N. Z. PRINCIPALS'
F E D E R A T I O N

RESOURCING PAPER

PRESENTED TO

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Introduction

“Schools receive three main types of resourcing, **operational funding, staffing and property**. In 2002 the Government spent approximately \$3600 million on providing these resources to schools in the compulsory sector. Staffing accounts for 65% of total resourcing and property accounts for about 11%. Operational funding accounts for about 24% of total resourcing in 2002 totalled \$837 million. Schools also generate additional funding from locally raised funds, the net total of which was approximately \$174 million in 2001.”¹ This equates to 17% of total operational funding, i.e. one dollar in six is raised locally.

New Zealand Schools are self-managing, and as a consequence are directly resourced by the Ministry of Education for their day-to-day running costs. This is called Operational Funding.

Note that the staffing component is centrally resourced.

“Operational Funding is the money a Board of Trustees (BoT - a schools governing body) receives from the Government to implement the goals of the schools charter and for the running of the school. Operational Funding does not include the salaries of entitlement teachers, property, or other large capital items. The funding is paid quarterly in a bulk grant directly to the BoT.”²

Although funding entitlement notices indicate the various funding components these components are not tagged. BoT’s have discretion as to how this money should be spent. This will be reflected in their budgetary processes. Boards and principals however must meet the requirements of the National Education Guidelines, the National Administration Guidelines, their Charter and their obligations as good employers. Boards carry any operating surplus/ deficit through to the following calendar year.

WHAT IS IN THE OPERATIONS FUNDING?

Base Funding	6.83%
Per pupil	57.05%
Maintenance	7.18%
Heat light Water	3.80%
Targeted Funding Educational Achievement (TFEA)	11.90%
Vandalism	0.74%
Careers	0.44%
Special Education Grant (SEG)	3.69%
Targeted Isolation Funding	0.76%
Maori Language	1.75%
Relief Teacher Grant	5.82%
Continuing Community Education	0.05%

¹ MoE paper presented to Schools Consultative Committee. Prepared February 2003

² MoE, Funding, Staffing & Allowances Handbook. P.5

The funding year commences on January 1 and ends on 31 December. Payments are made to BoT's in January, April, July and October of each year.

Funding Rolls

“ The initial funding for the year for all schools is calculated using the predicted roll submitted in the July roll return. Primary and special schools submit a prediction for the following July while intermediate, area/composite and secondary schools predict for the following March.³”

A new entrant factor for primary, area, composite and special schools is added to assist schools to meet the needs of new entrants enrolling throughout the year. This factor varies according to the calculation date. If it is based on the March return the factor is 66.6% and if it is July 33.3%.

“ In primary and special schools the annual funding entitlement is based on the actual July roll. Funding for the January and April instalments is based on the roll predicted for July of the following year. At the beginning of March a return of the actual roll is made. Funding is recalculated using this actual March roll in time for the July instalment. At the beginning of July a return of the actual roll is made. The funding for the year is recalculated using this actual July roll in time for the October instalment.”⁴

This will reflect any roll increase / decrease. If a school serves a transient community, the budgetary process can be problematic.

Decile Ratings for Schools

“ A school's decile indicates the extent to which the school draws its students from low socio-economic communities. Decile 1 schools are the 10% of schools with the highest proportion of students from low socio-economic communities, whereas decile 10 schools are the 10% of schools with the lowest proportion of these students. A school's decile does not indicate the overall socio-economic mix of the school.

Census information and school ethnicity data are used to calculate the decile. Each school provided either all or a random sample (Schools with 120 students or less supplied the whole roll, schools with 121-179 students supplied half of the roll and schools with 180 students or more supplied a third of the roll) of student addresses in March / April 2002 and these were used to determine which areas a school's students come from. The addresses were assigned to small Census areas called meshblocks and the number and percentage of students from each meshblock was determined. A meshblock contains 50 households.”⁵

The socio-economic indicator consists of six factors:

1. Household income - %age of households in lowest 20% nationally
2. Occupation - %age of employed parents in low skilled occupations
3. Household crowding – number of people in house divided by number of bedrooms

³ Moe, Funding, Staffing Allowances Handbook p.7

⁴ MoE, Funding & Allowances Handbook p.8

⁵ MoE, Funding Allowances Handbook p.9

4. Educational Qualifications - %age of parents with no qualifications
5. Income support - %age of parents who directly received a state benefit in the previous year
6. Ethnicity - %age of maori and pasifika students

The decile rating does not impact on base funding but is factored into TFEA and SEG funding streams.

Boards can annually request a review of their decile status. It would be fair to say that most don't because it involves quite a bit of "hoop jumping and the chance of success remote.

Operational Funding Components

Base Funding: This compensates for diseconomies of scale involved in the running of small schools.

Per-Pupil Funding: This forms the bulk of the Operational Funding. Per pupil rates are universal. The per-pupil rate is inclusive of the ICT grant, risk management component and transition education funding (Years 9-15).⁶

YEAR LEVEL	RATE PER STUDENT 2003
Y1 – Y6	\$588.01
Y7- Y8	\$660.10
Y9 – 10	\$752.98
Y11 – Y15	\$831.60

Relief Teacher Funding: (for relief / substitute teachers)

The payment is calculated as by multiplying the number of entitlement teaching positions by the schools Relief Teacher Funding Rate.⁷

Primary Intermediate, & Special Schools	Per FTE teacher
Rate 5 (Schools with management component less than 1 FTTE)	\$ 1 777
Rate 6 (Management component of more than 1 FTTE)	\$ 1 432
Area Schools	
Rate 3 (Management Component of less than 1 FTTE)	\$ 1 723
Rate 4 (Management Component of more than 1 FTTE)	\$ 1 389
Secondary Schools	
Rate 1 (Management component of less than 1 FTTE)	\$ 1 349
Rate 2 (Management component of more than 1 FTTE)	\$ 1 184

Where a teacher is absent from work for more than 8 days with the same illness / disability there is provision to claim back from the Ministry of Education. In essence each school is funded 5 days per annum for each teacher through their Operations Grant.

⁶ MoE, Funding, Staffing & Allowances Handbook p.30

⁷ MoE, Funding, Staffing, Allowances Handbook p.30

Targeted Funding for Educational Achievement (TFEA): This is a resource to assist schools to lower barriers to achievement faced by lower socio-economic communities.⁸

Decile		2004 per pupil
Decile 1	A	\$682.98
	B	\$596.02
	C	\$506.93
Decile 2	D	\$419.96
	E	\$352.09
	F	\$296.93
Decile 3	G	\$239.67
	H	\$195.14
	I	\$165.44
Decile 4	J	\$129.40
	K	\$117.73
	L	\$106.06
Decile 5	M	\$90.87
Decile 6	N	\$73.56
Decile 7	O	\$56.24
Decile 8	P	\$36.78
Decile 9	Q	\$22.70
Decile 10	Z	\$0.00

Special Education Grant (SEG): This grant is used to enable schools to assist students who have moderate special education needs. Students with High or Very High needs are funded through the Ongoing & Reviewable Resourcing Scheme (ORRS). The tension here is that many schools are using their TFEA money to address the shortfall in funding for the ORRS students. There is a problem in defining what are “moderate, high and very high needs.” There is a set of criteria for ORRS funding which deals with the top 1% of special needs children.

Base funding per school ⁹	Per pupil
Decile 1	\$54.88
Decile 2	\$51.65
Decile 3	\$48.42
Decile 4	\$45.20
Decile 5	\$41.97
Decile 6	\$38.74
Decile 7	\$35.52
Decile 8	\$32.28
Decile 9	\$29.05
Decile 10	\$25.83

Property Maintenance: A maintenance grant provides for property maintenance that is expected to occur within a 10-year cycle. Factored into this is an amount to carry out small minor capital improvements.

Schools must develop a 5 or 10 year property plan. Once approved by the MoE there is local discretion on the capital works to be carried out. Funding levels are influenced by

⁸ MoE, Funding, Staffing, Allowances Handbook p.30

⁹ MoE Funding, Staffing & Allowances Handbook p.31

roll, land and building area. Many schools add to their building programmes with locally raised funds.

Heat, Light and Water:

The finding component is individually set for each school. Assessment of need takes into account each school's individual characteristics, such as size and location.

It is interesting to note that as at the end of the 2003 school year there were approximately 1100 schools in New Zealand under funded and some 700 – 800 schools over funded, some by as much as 200%.

Supplementary Entitlements

1. **Secondary Tertiary Alignment Resource Funding (STAR).** This grant is allocated to meet the needs of senior students in non-conventional subjects. It is available to all schools that have Year 11 – 13 students. It is not available to private schools. STAR funding is based on STAR funding units.
2. **Maori Language Programme Funding.** Funding here is dependent on the level of immersion. There are 4 levels of immersion.
 - Level 1 (81 – 100% immersion) = \$902.65 per pupil
 - Level 2 (51 – 80% immersion) = \$451.32 per pupil
 - Level 3 (30 – 50% immersion) = \$225.66 per pupil
 - Level 4 (less than 30% but at least 3 hours per week) = \$54.78

Teachers with Tikanga and Te Reo Maori teaching skills are in short supply. For those in the system there is real danger of burn out. Approximately 85% of Maori students are still taught in mainstream classes.

3. Targeted Funding for Isolation and Transitional Targeted Rural Funding

Schools who meet the isolation criteria are eligible for additional funding to recognize the additional costs of accessing resources. The Isolation Index determines all schools' relative isolation by using their distance from population centres of 5 000, 20 000 and 100 000 respectively.

Resourcing Issues for New Zealand schools

1. New Zealand has an increasingly diverse population. Although resourcing levels have increased over recent years they have not matched the levels of need such diversity presents.
2. There is evidence to suggest that as much as 25% of school funding is generated by locally raised funds. Note that Foreign Fee paying students are included in this figure.

“Between 1995 and 2001 locally raised funds revenue increased by \$168 per student (45.4%).”¹⁰

¹⁰ MoE paper presented to Schools Consultative Committee. Prepared Feb' 2003
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“ Low decile schools experienced the greatest increase in revenue (54.4% between 1995 and 2001), followed by high decile schools (36.4%) and decile 4-7 schools (28.4%). Low decile schools increased their revenue primarily from government grants, due to changes in targeted funding and high decile schools increased their revenue primarily from locally raised funds.”¹¹

3. Resourcing levels do not match adjustments to Collective Employment Agreements. This is especially so for Support Workers employed to support special needs children in schools. As a result schools meet the shortfall from within their Operations funding.
4. There exist historical inequalities of resourcing between primary and secondary sectors. e.g. Teacher / pupil ratios, allocation of management units.
5. Demographic change and economies of scale are seeing the closure of a number of schools in New Zealand. It is predicted that 1000 schools will be impacted on over the next 10 years. There is no evidence to support that larger schools provide a better quality of education.
6. The Information Age has seen increased demands on schools from both technical and human resource points of view. Resourcing has not been adjusted to meet the increase in demand.
7. Leadership positions are not sought after. This is a renewable resource issue. How do we encourage talented teachers to put their “hand up” for middle, senior management and principal positions?
8. Schools are the last bastion of compulsory attendance. As a result they, by default, have to combat the increasing dysfunction in their school community. Inherent in this is increased use of school resources, both operational and human for what might have been seen as “non – core.”

The School Trustees Association has just commissioned a 5-year longitudinal study into the adequacy of the compulsory sector resourcing.

Kelvin Squire
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¹¹ MoE paper presented to Schools Consultative committee p. 6. Prepared Feb' 2003
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