

OPINION

Briar Lipson: Charter schools no longer favoured by grants formula

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Charter schools are not favoured now that the Education Ministry has changed grant system. Photo / 123RF

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The primary teachers' union NZEI reports that partnership schools attract two to three times as much funding as state schools. But the Ministry of Education, in its role as referee, has always maintained funding is equivalent across both school types. So what exactly is going on?

It appears that when partnership schools were first introduced, the ministry's funding formula, though neutral on paper, was overly simplistic. As a result small partnership schools received more annual funding than comparable state schools. Since then the model has been updated. But so have the formulae for pre-opening funding such that now partnership schools receive less money during start-up than comparable new state schools.

To understand how all of this works, we have to delve into the details.

Partnership schools receive three main funding lines. First is their teaching and operating grant. To ensure neutrality of funding this was originally calculated using the total salary and operating costs of all state schools. However the formula was flawed,

because not many state schools are as small as partnership schools in their early years of opening.

This meant the partnership schools that opened with small rolls in 2014, 2015 and 2016 benefited from far more in their teaching and operating grant than similar state schools. Compounding this was the impact of guaranteed minimum rolls. These are best-estimates of a partnership school's annual roll used to determine yearly funding.

Although in established state schools such estimates are usually pretty accurate, in some new partnership schools they proved to have been set too high. The effect of this was to push up their per-pupil funding above that in similar state schools.

In response, since 2017 the rules have changed so that guaranteed minimum rolls apply only for the first year rather than the first three years, and the formula now generates an accurate match with the funding of small state schools.

Next, partnership schools must be compensated for the fact that, unlike new state schools, they are not given premises. Instead the ministry pays partnership schools an annual property grant beginning six months before they open.

Originally, to ensure equivalence with new state schools' permanent buildings, the property grant was calculated based on the number of children the school would serve when full. But since 2017 this was reduced so that the property grant is now calculated annually, according only to the proposed roll for that year.

Because they are untested, new schools rarely open with their maximum rolls. Accordingly, partnership schools now attract less property funding than before, and less than creates equivalence with new state schools. So much less in fact, that in future some partnership schools may have to open in temporary premises.

The final part of partnership schools' funding is their establishment grant. This covers the costs of set-up, and the principal's salary in the pre-opening phase.

However, although new state schools receive the principal's salary for five terms before opening, partnership schools only received it for two. This finally changed last month so that it is now in line with new state schools, but still large discrepancies remain.

New state schools attract pre-opening funding for an additional two or three senior management staff for up to a year before opening, as well as the balance of teaching staff for one term. These advantages are yet to be extended to partnership schools.

So with some mishaps along the way, the ministry has been learning on the job how to fund partnership schools. From this year their teaching and operating grant aligns with the realities faced by small state schools. But their property and establishment grants now put them at a disadvantage.

Before a new school opens, everything must be in place: from the content of the curriculum, to what shorts students wear for PE; from induction in kaupapa Maori to what number to call when a child is unwell. There are thousands of decisions to be made, from the everyday to the extraordinary.

The opportunity for a principal to delegate some of these to another salaried person, let alone a team, could make a sizeable difference. Similarly, for a child from a chaotic family, the opportunity for a teacher to visit their home during the term before Christmas could make all the difference between a positive or otherwise start at their new school.

It goes without saying that funding for state and partnership schools should be neutral. As referee, the ministry still has work to do to create that level playing field. Once achieved then the game can proceed, and the results be left to speak for themselves.

