



Broadside BRIEFING

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NEW NSW FUNDING MODEL FOR PRESCHOOLS

The NSW Department of Education (DEC) has released details of the new funding model for NSW community-based preschools, and advised preschools of their funding levels for 2014.

This *Broadside Briefing* attempts to answer some of the questions preschools have asked Community Child Care (NSW) in the weeks since the release of the new funding model. It is important to stress that we do not have all the answers and services should contact the Department of Education (DEC) with questions relating to their individual situation.

Why was the funding model changed?

The funding model for community-based preschools was changed in response to the Government's *Review of NSW Government Funding for Early Childhood Education* (The Brennan Review).

How do we get our questions answered?

Community Child Care (NSW) is aware that services have many questions around the funding model – we have compiled a list of over 500 of them! Many of these questions are best answered by DEC (see contact details on back page). As always, Community Child Care (NSW) will assist community-based preschools and our members wherever possible with resources, phone support and advocacy, as appropriate.

What does DEC expect in terms of fees?

DEC expects that preschools will, as always set their own fees. DEC has stated: 'As a result of increased investment, we would expect preschools to pass

on lower fees for children for whom government funding is received, especially for disadvantaged and Aboriginal children.'

How can preschools maximise funding under the new model?

Preschools can maximise their funding under the new model by ensuring they enrol to their funding cap, children who are in the year before school (who will have turned four years of age by 31 July that year) and children who are economically disadvantaged and/or Aboriginal or Torres Strait Islander in the two years before school. Services should also ensure they are open for at least six hours per day and for at least 40 weeks per year. (Funding caps are calculated by multiplying licensed preschool places per day, by days open per week, and then dividing this figure by 2.5.)

'Community Child Care (NSW) is committed to community-managed, stand-alone services and wants to help services to achieve good outcomes for their communities. Some services will receive more funds, some less. This briefing attempts to answer some of the questions preschools are asking about the new model.'

—Leanne Gibbs, Chief Executive Officer
Community Child Care Co-operative (NSW)

PLEASE NOTE!

The new funding model does not fully come into being until 2017. Services with letters from DEC stating they are to receive transitional funding over the next two years, have this period to alter their enrolment patterns to ensure they minimise their funding loss. DEC has advised that preschools who cannot do this because of their community make-up, will be eligible to submit for additional funds to a viability funding pool.

What is a Low Income Health Care Card?

The Commonwealth Government provides low-income health care cards to those with incomes below a certain level. Currently this level is for:

- two parent families with two children earning below \$48,600 per annum; or
- a single parent family with one child earning below \$45,000.

Preschools can use other proof of income if needed (e.g. tax returns, etc). Not all health care card holders have low incomes – the additional subsidy for this group is targeted at low-income earners only.

DEC has produced information and FAQs about the new model online – go to: <http://tinyurl.com/fundingstuff> It is important for services to read and understand this material.

It is also VERY IMPORTANT for you to go to the DEC calculator to assess how differing enrolment patterns will affect your funding. Go to: <http://tinyurl.com/DECcalculator>

Priority of access

Priority of access will be broadly similar under the new model, with some small changes to more clearly defined age requirements, including:

- Children in their year before school (being at least four years old on or before 31 July in the year of preschool enrolment);
- Aboriginal children (being at least three years old on or before 31 July in the year of preschool enrolment);
- Children from low-income Health Care Card holding families (being at least three years old on or before 31 July in the year of preschool enrolment).

The NEW funding model

The new funding model has been designed to ensure all children in NSW have access to a preschool education in their year before school, and that disadvantaged children have access to two years of preschool.

The funding model provides incentives to preschools to ensure the enrolment of disadvantaged children becomes a priority and, in doing so, maximise a service's funding opportunities.

Some preschools will receive significant increases under the new model. Some preschools are due to receive reductions of funding in two years time, unless they make changes to their existing enrolment patterns in the meantime.

Community Child Care (NSW) is committed to assisting preschools to understand the new model and what changes may be required and may be possible in order that no preschool loses funds at the end of the transitional period.

If your service requires further information or assistance, please do not hesitate to contact us at info@cccnsw.org.au or call us on 8922 6444 or freecall 1800 157 818.

Why has the funding model been changed this way?

The model has been changed to ensure that services work towards the NSW Government objective of ensuring that all four-year-old children and all disadvantaged three and four year olds access preschool. The model is designed to provide incentives to preschools to enrol these target groups.

The model has been developed with regard to the recommendations in the NSW Review of Government Funding for Early Childhood Education.

The Review recommended that there be:

- Free, or almost free, access to early education for all children from low-income families;
- Additional assistance to promote and support the participation of children in the following equity target groups:
 - Aboriginal and Torres Strait Islander children,
 - Children from low-income families,
 - Children with disabilities,
 - Children with limited English, including refugee and recently arrived children;
- Special measures to address the needs of children in remote areas of the State and to protect the viability of small services and mobile services;
- Funding paid to services through a combination of base subsidies and equity loadings.

This is what the model delivers.

DEC has emailed each service with their new funding levels. It is important that each preschool understands how their funding is made up. If you don't fully understand the model, contact DEC on: 1300 755 426 or by email: ecec.funding@det.nsw.edu.au

How does the model work?

AT A GLANCE

Base funding

- = (between \$1,805 and \$5,270 per eligible child)
- = Number of children
- X SEIFA rate
- X funding cap + operational scaling cap.¹

A child is eligible for funding if:

- they turn four years of age before July 31 of the preschool year, or
- they are a three-year-old equity (low-income or Aboriginal or Torres Strait Islander) child.

1. See DEC calculator: <http://bit.ly/dec-calculator>



Child loadings

- = \$5,270
- SEIFA rate
- X (number of low income + Aboriginal children (regardless of age))
- + \$400 for each eligible CALD child.²

SEIFA Base rates per child base rate	
Band 1:	\$5,270
Band 2:	\$5,270
Band 3:	\$5,096
Band 4:	\$4,980
Band 5:	\$4,864
Band 6:	\$4,748
Band 7:	\$4,632
Band 8:	\$4,516
Band 9:	\$3,915
Band 10:	\$3,476
Band 11:	\$3,408
Band 12:	\$3,216
Band 13:	\$2,854
Band 14:	\$2,548
Band 15:	\$2,301
Band 16:	\$2,034
Band 17:	\$1,805
Band 18:	\$1,805

2. In subsequent years this will be only paid for CALD children with English language needs.



Service loadings

- = \$1,250 X number of eligible children in remote or very remote areas
- OR
- = \$850 X number of eligible children in outer regional areas.



Transitional funding³

- = Old funding
- New funding

3. This is the funding you will get in 2014 and 2015 if the sum of your funding using the above calculations is less than what you received last year. You will get this transitional funding for 2014 and 2015 then you will get half this amount in 2016.



Your new funding!

This is the funding your service will receive in the 2014 calendar year. Subsequent years will be calculated using the above formula on your numbers based on two data collections per year.

Clearing some myths

We can't enrol three year olds.

Yes, you can. It is up to each preschool to work out what mix of children best meets the needs of their community. To maximise funding, you may need to enrol more or only children in the year before school (or 'equity three year olds') but your organisation determines who you choose to enrol.

We have to apply all the equity funding to reduce equity fees.

This has not been suggested. DEC would like to see lower fees for equity children, but there is no requirement that all this funding be applied to equity children.

CALD funding has to be used to reduce CALD fees.

CALD funding is part of your general funding pool. It can be used any way your service determines, including in strategies to assist children with English as a second language.

Children can only access one year of funded preschool.

Children with birthdays before 31 July in the calendar year they first attend preschool, can access two years of funded preschool if they do not attend school in the first year they are eligible to attend.

We get the base rate of funding for each child that attends.

The base rate of funding is subject to operational scaling and funding scaling – this means that your base funding does not always equal the number of children you have multiplied by your base rate. See the DEC calculator for more information.

Funding won't go down for two years.

The NSW Government has guaranteed that no service will lose funding for 2014 and 2015 as a result of these policy changes. This means that those services not

eligible for a funding increase under the new funding model, will have their funding maintained at the level they would have received under the previous funding model in 2013/14. This will be the arrangement during the first two years of operation under the new funding model.

Each child must attend 15 hours.

The funding model is designed to encourage preschools to ensure eligible children get access to at least 600 hours of preschool per year.

We don't need to try to attract more children in the year before school.

To maximise funding, you do.

We must have funding tiers.

Your service should have reduced fees for equity children, but you are not required to have a specified number of tiers.

The new funding is like the one-off fee assistance we received this year.

The one-off fee assistance you received this year was designed in such a way that you had to apply all the funding received to reducing fees for four year olds. The new funding model replaces your standard RAM funding.

There won't be funding for children with additional needs.

DEC will make announcements about funding for children with additional needs at a later date. There is no suggestion that there will not be funding for this group.

Still confused?

View the CCCC funding webinar at:
<http://tinyurl.com/CCCCwebinar>