

Office of the Minister of Education

Chair, Cabinet Business Committee

Cohort entry: Approval of policy decisions

Proposal

- 1 I seek agreement to amend the Education Act 1989 to change cohort entry settings so that children starting at a school with a cohort entry policy are only able to start school once they have turned five.

Executive Summary

- 2 In 2017, the Education Act 1989 (the Act) was amended to enable schools to adopt and enforce a cohort entry policy. If adopted, new entrants can start at that school as part of a group (cohort), at the beginning of the term closest to their fifth birthday. This means that currently, some children can start school with a cohort up to two months before their fifth birthday.
- 3 In 2015, the Advisory Group on Early Learning (AGEL) recommended the adoption of cohort entry in New Zealand. However, it supported the adoption of cohort entry for children that had turned five, rather than supporting the lowering of the school start age.
- 4 During the select committee process considering this change, feedback was received from a number of submitters that children should not be starting school before age five. Concerns raised about allowing children under age five to start school included that New Zealand already allows children to start school earlier than many other countries, and that there is a lack of evidence in support of an earlier school start.
- 5 On 25 January 2018, Cabinet Business Committee (CBC) approved public consultation on two options to change cohort entry settings, so that children can only start at a school with a cohort entry policy once they have turned five (CBC-18-MIN-0009 refers).
- 6 The options are: cohort entry once per term, at the start of the term (option one); or, cohort entry twice per term, at the start of the term, and at the term mid-point (option two).
- 7 Consultation has been completed on the two options. I am seeking agreement to option two. This option had the most support from submitters. Under option two, families would not have to wait as long to start their child at the school, compared to option one. The shorter wait time under option two will mean:
 - 7.1 Parents have the option of starting their child at school with the first cohort they are eligible for, if they consider their child is ready, up to a maximum of five weeks after they turn five), rather than waiting up to a whole term under option one.¹
 - 7.2 The Government, and parents, will not have to pay as much in fees to keep children in early childhood education (ECE) while they wait for the first eligible cohort start date, compared to option one. Families will still be eligible for ECE subsidies, including 20 Hours ECE, and Ministry of Social Development (MSD) Childcare Assistance subsidies.²
 - 7.3 Schools in areas of high enrolment numbers will potentially have more manageable cohort sizes.

1 Only the weeks that children would otherwise be in school have been taken into account, as parents would need to meet childcare costs or provide childcare at other times, including during school holidays.

2 All references to Childcare Assistance in this paper refer collectively to Childcare Subsidy, Out of School and Recreation Subsidy, and Guaranteed Childcare Assistance Payment.

- 7.4 There will be less of a short-term adjustment required to the supply of places in ECE, as providers are not retaining children in their centres as long as they would need to under option one. The ECE sector is generally responsive to changes in demand.
- 8 Of the proposed options, option two will have a lower impact on school funding levels. Modelling of option two shows that this option generates net savings for the Government of \$3.4 million over four years, if it is taken up by 10% of schools. That is, the savings generated by a shift in when children are counted on a school's roll for funding purposes, is larger than the additional cost to Government of ECE and Childcare Assistance from Vote Education Vote Oranga Tamariki (who pay the cost of early childhood education for children in the care of the state), and Vote Social Development (with the exception of the first year of implementation).
- 9 However, the net savings may not eventuate in practice. If a school experiences high roll growth in the second half of the year, after funding and staffing levels have been set, it can seek an increase in funding through existing funding processes like extraordinary roll growth mechanisms. The actual financial impact on funding changes in Vote Education and Vote Social Development will be reflected as forecast changes in the October and March baseline updates. As the impact on Vote Oranga Tamariki is minimal, the additional minor cost will be met from within its baseline.
- 10 MSD will be required to make one-off changes to its systems, including IT changes, costing approximately \$210,000. This spending can be met within baselines. To enable MSD to plan towards a specific date, I recommend delayed commencement of the provisions so that they come into force on 1 February 2019. This will mean that the earliest schools will be able to consult on the adoption of a cohort entry policy will be from Term 1 2019, and following a one term notice period, implement cohort entry from Term 3 2019.
- 11 Schools that have adopted cohort entry under the current legislative settings will continue to be able to start new entrants before their fifth birthday until the new provisions come into force. These schools will then have 2 months to transition to the new cohort entry settings.
- 12 In order to build the New Zealand evidence base and evaluate the impact of these changes, I have asked the Ministry of Education to work with the Education Review Office (ERO) to undertake a longitudinal evaluation of the implementation and outcomes of cohort entry.

Background

Background to school start settings

- 13 In New Zealand, children are not required to start school until they are six years old.³ In practice, most parents exercise the option for their child to start at a school or kura on, or soon after, their fifth birthday. Before 2017, under the Education Act 1989 (the Act) State schools were legally obliged to enable children to start school, on the prerogative of parents and legal guardians, on a date on or after their fifth birthday. This is referred to as continuous entry.
- 14 The Education (Update) Amendment Act 2017 (the Update Act) introduced the ability of schools to adopt and enforce a cohort entry policy starting from Term 1 2018.
- 15 Adopting a cohort entry policy is voluntary. If adopted, following community consultation, new entrants can start at that school as part of a group (cohort), at the beginning of the term closest to their fifth birthday. This means that currently, some children can start school with a cohort up to two months before their fifth birthday.

³ Under section 20 of the Education Act 1989.

- 16 Prior to this change, some schools operated their own, non-statutory, cohort entry policies. These schools considered the benefits of cohort entry to be that it supports the successful transition of new entrants into school, helps the schools with their planning, and minimises disruption for existing new entrants. However, schools could not enforce these arrangements. They still had to allow a child who had turned five, to start school on a date requested by their parents.
- 17 In Term 2 2018, 67 schools (3% of schools⁴) were confirmed as having adopted a cohort entry policy under the provisions of the Education Act 1989.

Concern regarding children starting school at four years old

- 18 The AGEL was established in 2014 and tasked with considering ways to ensure a successful learning pathway for children from ECE through into the first years of school, and to strengthen the implementation of the ECE curriculum framework, Te Whāriki AGEL made a recommendation in its 2015 report supporting the adoption of cohort entry for five year olds. However, it cautioned against lowering the school starting age.
- 19 During the select committee process for this change to the Act, feedback was received from a number of submitters that children should not be starting school before age five. Concerns raised included that:
 - 19.1 New Zealand already allows children to start school earlier than many other countries, and there is a lack of evidence in support of an earlier school start;
 - 19.2 The benefits of play for younger children, which is more likely to be offered in early childhood settings;
 - 19.3 Children's readiness for the school environment; and
 - 19.4 New entrant testing might disadvantage younger children.

Consultation on options for changing cohort entry

- 20 In recognition of the concerns and recommendations, on 25 January, CBC approved public consultation on two options to change cohort entry settings (CBC-18-MIN-0009 refers). Both options would change cohort entry so that children are only able to start at a school with a cohort entry policy once they have turned five. The two options are cohort entry:
 - 20.1 Once per term, at the start of each term (option one); or
 - 20.2 Twice per term, at the start and mid-point of each term (option two).
- 21 The consultation also asked submitters whether they thought legislation should enable schools to be able to choose between option one and option two when adopting a cohort entry policy (mixed option).
- 22 Consultation on these options ended on 19 March. 136 submissions were received. Approximately 70 percent of submissions were supportive of the proposal to change cohort entry settings, and 10 percent opposed changing the existing provisions. The remainder expressed no clear preference.

⁴ Includes primary and composite schools.

- 23 Of the options proposed in the consultation document, 26 percent of submitters preferred option one, 39 percent preferred option two, seven percent preferred the mixed option, and 19 percent gave no clear preference. Nine percent of submitters opposed the options presented.

Summary of submitter views

- 24 Those that opposed changing the existing provisions were mostly professionals and parents at schools (a substantial portion from the same school) that had already adopted cohort entry in its current form. They were of the view that the four year olds that had started at their school had been ready for school.
- 25 The Institute for Early Childhood Studies Victoria University Wellington supported amending the law so that children must be aged five prior to beginning school as part of a cohort. Its preferred position is continuous enrolment. It considers that the rationale for cohort entry is focused on administrative and organisational ease for schools, and that continuous entry is the more child-centred approach. However, should cohort entry remain, it prefers option two because it would have less of a negative impact on children and their whānau and on ECE centres and services than option one.
- 26 NZEI Te Riu Roa (NZEI) recommended restoring continuous entry. Two submissions from the Early Childhood Council (ECC) did not state a preference for either option, instead focusing their submissions on the impact of cohort entry on ECE centres, and a call for more research and consultation to be undertaken. The New Zealand Principals Federation (NZPF) agreed that children should not start school before their fifth birthday. They did not express a preference between the options.
- 27 ECE centres commented that cohort entry was administratively simpler than continuous entry, but could potentially lead to longer waitlists during a transition period. They also noted that there would be financial implications for parents. Most ECE teachers supported a later starting age for primary school.
- 28 New entrant teachers that submitted tended to be from schools that have adopted cohort entry. They commented that it helped with administrative ease and improved their ability to settle the children. The two main views expressed by parents were either that their children would be ready at age four and thus did not support the change, or that they see an opportunity for the children to experience a better transition into schooling.
- 29 Principals' views generally diverged. Some already had cohort entry in place and they wanted the arrangements to remain the same. Others wanted to adopt cohort entry but had not under current arrangements, as they do not support enabling children under five to start school. These principals supported the proposed changes.

Recommended approach – Option Two

- 30 There is an absence of evidence about the impact of continuous entry versus cohort entry on educational achievement. This is mainly because New Zealand is unique in having continuous entry. This means that it is not possible to say that continuous entry leads to better educational outcomes than cohort entry, or vice versa.
- 31 There is, however, evidence that a successful transition from ECE to school has a positive effect on a child's later social and educational outcomes. Further, research shows that developing and maintaining children's friendships is a key feature of a successful transition to school.⁵

5 Sally Peters, *Literature review: Transition from early childhood education to school* (Wellington: Ministry of Education, 2010) pp.17-18.

32 I therefore think that there is a benefit in enabling flexibility for schools to put in place school entry arrangements that best meet the needs of their students, and communities. The adoption of cohort entry will remain voluntary. I consider that the retention of the current requirement for schools to consult with current and prospective families, staff members and ECE providers is an important aspect of ensuring the school entry arrangements a school adopts are in the best interests of its community.

33 Of the two options consulted on, option two is my preferred approach. Schools will be able to adopt a cohort entry policy, following consultation with their communities, that enables an enrolment intake at that school two times each term. Once a child turns five they could start at the start of the next term, or at the mid-point of the term, whichever comes first.

34 Families would still have the option of starting their child at a school with a cohort entry policy, with any cohort after they have turned five and up until the age of six when schooling becomes compulsory. If a child has not started school by the age of six, the school will be required to start that child on their sixth birthday (and not to wait for the next cohort).

35 Because all parents will need to wait until their child turns five to start school, both options will result in increased spending on ECE by the Government and families. Under option two, families would not have to wait as long to start their child at the school, compared to option one. The shorter wait time under option two will mean:

35.1 Parents have the option of starting their child at school with the first cohort they are eligible for, if they consider their child is ready, up to a maximum of five weeks after they turn five, rather than waiting up to a whole term under option one.⁶

35.2 The Government, and parents, will not have to pay as much in fees to keep children in ECE while they wait for the first eligible cohort start date, compared to option one. Families will still be eligible for early childhood education (ECE) subsidies, including 20 Hours ECE, and Ministry of Social Development (MSD) Childcare Assistance subsidies.⁷

35.3 Schools in areas of high enrolment numbers will potentially have more manageable cohort sizes.

35.4 There will be less of a short-term adjustment required to the supply of places in ECE, as providers are not retaining children in their centres as long as they would need to under option one. The ECE sector is generally responsive to changes in demand.

36 I consider that the benefits of the additional flexibility that cohort entry provides under option two outweighs the impacts of the marginal increase in childcare costs for some families. If costs are a concern to families and whanau, they will be able to outline those concerns through a school's consultation process before a decision to adopt cohort entry is taken.

Implications for School Funding

37 Of the proposed options, option two will have a lower impact on school funding levels. School roll counts for primary students are undertaken twice a year on 1 March and a final roll count on 1 July. Roll counts at these times of the year are used to determine the amount of

⁶ Only the weeks that children would otherwise be in school have been taken into account, as parents would need to meet childcare costs or provide childcare at other times, including during school holidays.

⁷ All references to Childcare Assistance in this paper refer collectively to Childcare Subsidy, Out of School and Recreation Subsidy, and Guaranteed Childcare Assistance Payment.

staffing and operational funding a school receives. Students who start school after 1 July each year and who are therefore not included in roll counts for resourcing purposes, are instead funded through a new entrance adjustment. This mechanism estimates the number of post 1 July starters based on the 1 July roll.

- 38** This funding approach works relatively well for continuous entry, where students enter school on an even distribution throughout the school year. Under cohort entry, school rolls will grow in increments, so schools choosing to adopt cohort entry may receive reduced staffing and funding. This is because children who would normally start in the second half of Term 2 (e.g. June), would not start under cohort entry until Term 3 - after 1 July. This has the effect of increasing the number of children not funded on a school roll, thereby reducing the overall funding that school receives. This effect is lower for schools under option two than under option one.⁸
- 39** Modelling of option two shows that this option generates net savings for the Government of \$3.4m over four years, if it is taken up by 10% of schools. That is, the savings generated by a shift in when children are counted on a school's roll for funding purposes is larger than the additional cost to Government of ECE and childcare subsidies in Vote Education and Vote Social Development.
- 40** However, the savings may not eventuate in practice. If a school experiences high roll growth in the second half of the year, after funding and staffing levels have been set, it can seek an increase in funding through existing funding processes like extraordinary roll growth mechanisms.

Evaluation by the Education Review Office

- 41** In order to build the New Zealand evidence base and evaluate the impact of these changes, ERO will be commissioned to undertake a longitudinal evaluation of the implementation and outcomes of cohort entry. This is likely to consist of a programme of evaluation over three or four years, studying schools that do not have cohort entry, and those that do, and focusing on children's progress in their early years of schooling. It will also canvas parent and teacher views of the benefits and challenges of cohort entry, to inform future adopters.

Transitional arrangements

- 42** MSD will need to make system changes to support the amendment to cohort entry. These include adapting IT systems and operational processes that will be impacted by the new provisions. To enable MSD to plan towards a specific date, I recommend delayed commencement of the provisions until 1 February 2019.
- 43** Schools that have adopted cohort entry under the current legislation will continue to be able to start new entrants before their fifth birthday until the new provisions come into force. Once the provisions come into force, these schools will have 12 months to transition to the new provisions.
- 44** I consider that these schools should be required to consult again with their communities on the adoption of a new cohort entry policy, as the impacts on parents and ECE providers of the new cohort entry policy settings are quite different.

⁸ The reduced number of students counted in the first year then passes through the system year on year. The ongoing Year 1 cohort returns to a similar position under continuous entry after the first year, as the reduced number of Year 1 students is offset by the increased number of Year 0 students from the prior year (those students that started after the 1 July roll count.)

Consultation

45 The Treasury, ERO, Oranga Tamariki - The Ministry for Children, the Ministry for Pacific Peoples, Te Puni Kokiri, the Ministry of Business, Innovation and Employment, the Ministry for Women, the Office of Disability Issues, and the Ministry for Social Development were consulted on this paper. The State Services Commission and the Department of Prime Minister and Cabinet were informed.

Financial Implications

46 It is not possible to predict uptake of cohort entry policies. I note that current uptake of cohort entry is around 3% of primary schools.

47 Changes to cohort entry will impact Vote Social Development. The impact have two components. The first is that MSD will need to make Childcare Assistance available to caregivers with children attending schools with cohort entry policies. MSD estimates this cost to be approximately \$0.084 million per year, assuming 10% take up. The second is the cost of a one-off MSD system change, estimated at \$0.210 million in 2018/19, which will be met from existing MSD baselines.

48 Changes to cohort entry will also impact Vote Education. The impacts also have two components, school funding and ECE subsidies. The cost to the Government of an increase in ECE subsidies is estimated at approximately \$2.382 million per year assuming a 10% take up rate. The reduction in expenditure on schooling is estimated to be \$1.343 million in years two and three and \$3.236 million in year four. There is expected to be a small funding increase in the first year, of \$0.002 million in the first year of implementation. These amounts assume a flat 10% take up rate across the forecast period.

49 There are significant limitations and a number of assumptions underpinning the modelling. The modelling assumes a static roll, based on enrolment numbers in 2016. Modelling is compared against continuous entry whereas 3% of primary schools have taken up cohort entry, and modelling assumes that families would have their child start school at the first eligible cohort entry point. With regards to ECE, the average cost of a day at ECE has been used, and the average weekly attendance has been used. The above financial implications also assume there will be a 10% take up of cohort entry in the first year, and will remain at this level. In practice, take up is likely to be lower in year one, and increase over time.

50 There will also be minimal impacts on Vote Oranga Tamariki, as the Ministry for Children pay the cost of early childhood for those children in the custody of the state. These additional costs will be met from within Vote Oranga Tamariki baselines.

51 Overall, I do not expect the savings outlined above to eventuate in practice. As touched on above, schools have mechanisms that they can use to seek additional funding, if they experience significant roll growth in the second half of the year. This factor has not been incorporated into the modelling as there is no way of predicting which schools will do this.

52 s 9(2)(f)(iv)



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Human Rights, Disability, Gender and Treaty of Waitangi implications

- 53 No human rights, gender, or Treaty of Waitangi implications have been identified in the preparation of this paper. Age as a prohibited ground of discrimination under the Human Rights Act 1993 applies only from the age of 16 upwards.
- 54 A submitter in the consultation process raised that children with a disability should be able to start whenever they are ready, prior to turning six. Cohort entry settings allow a transition plan to be agreed between a child's parents, the school principal and the Ministry of Education if the child would benefit from a staggered transition.

Legislative Implications

- 55 The proposals in this paper will require legislative amendment to have legal effect. Amendments will be required to the Education Act 1989. I propose to include the necessary amendments in an omnibus education bill, for which a place has been obtained on the 2018 Legislation Programme. I am seeking authority to issue instructions to Parliamentary Counsel for the necessary amendments.
- 56 Over the course of the legislative drafting period, further decisions will need to be made regarding the detail of the amendments. I am therefore requesting that Cabinet authorise the Minister of Education to make decisions on any issues of detail that may arise during the drafting process without further reference to Cabinet, subject to the decisions being consistent with the policy decisions in this paper.
- 57 The proposed amendments will not bind the Crown. This is consistent with current provisions in the Education Act 1989.
- 58 Amendments will be required to the Social Security (Childcare Assistance Regulations) 2004, to ensure that Childcare Assistance remain available for eligible caregivers. I am seeking authority to invite the Ministry of Social Development to issue instructions to Parliamentary Counsel for the necessary amendments.

Regulatory Impact Analysis

- 59 A Regulatory Impact Statement was prepared by the Ministry and accompanies this paper. The Regulatory Impact Analysis Panel considers the Regulatory Impact Statement meets the quality assurance criteria.

Publicity

- 60 I will release a media statement advising the education sector and the public of the matters to be included in an omnibus education bill.

Recommendations

61 The Minister of Education recommends that the Committee:

- 1 **note** that an omnibus education bill (referred to as the Education Legislation Bill) has been included on the 2018 Legislative Programme
- 2 **note** that, on 25 January 2018, the Cabinet Business Committee approved public consultation on two options to change cohort entry settings, so that children can only start at a school with a cohort entry policy once they have turned five (CBC-18 MIN 0009 refers)
- 3 **note** that consultation has been completed on two options for this change, being cohort entry once per term, at the start of the term, and cohort entry twice per term, at the start of the term, and at the term mid-point
- 4 **agree** that the following be included in an omnibus education bill:
 - 4.1 Schools are enabled to adopt a cohort entry policy so that children at these schools can start in cohorts once they have turned five
 - 4.2 That cohort entry settings will have two entry points per term at the start and the mid-point, of each term
 - 4.3 That the mid-point of each term is the Monday nearest to half way between the first and the last day of the term, and that the mid-term dates will be published in the New Zealand Gazette
 - 4.4 That the new cohort entry provisions will come into effect, by delayed commencement, on 1 February 2019
 - 4.5 That schools that have already taken up cohort entry policies under the current legislation be given 12 months after the commencement of the provisions to transition to the new arrangements or return to continuous entry
 - 4.6 That the new cohort entry provision retain the current requirement of boards to:
 - 4.6.1 Take all reasonable steps to discover and consider the views of parents of current and prospective students, board employees, and early childhood services in the local community, about the cohort entry policy, and whether the policy is generally acceptable
 - 4.6.2 Take all reasonable steps to discover and consider the views of the parties listed in 4.6.1 above about whether to revoke a cohort entry policy
 - 4.6.3 Take all reasonable steps to give notice of at least one term to the Secretary for Education and the parties listed in 4.6.1 above, before a cohort entry policy takes effect or ceases to take effect
 - 4.7 That schools currently operating a cohort entry policy under current settings, as part of their transition to new settings, take all reasonable steps to discover and consider the views of the parents of current and prospective students of the school, employees of the board, and early childhood services in the local community about the new cohort entry policy, and whether the policy is generally acceptable
- 5 **note** that the Education Review Office will undertake a longitudinal evaluation of the implementation and outcomes of cohort entry

Financial implications

- 6 **note** that changes to cohort entry may increase Government expenditure on ECE subsidies through Vote Education and Vote Oranga Tamariki, and Childcare Assistance subsidies through Vote Social Development
- 7 **note** that changes to cohort entry may reduce Government expenditure on schooling, given schools receive staffing and operational funding based on their school roll size at 1 March and 1 July each year
- 8 **note** that I do not expect the savings outlined above to eventuate in practice, as schools have mechanisms that they can use to seek additional funding, if they experience significant roll growth in the second half of the year
- 9 s 9(2)(f)(iv) [REDACTED]
- 10 **note** that there will be minimal impacts to Vote Oranga Tamariki, which will be met from within Vote Oranga Tamariki baselines.
- 11 **note** that the one-off system changes required by the Ministry of Social Development of \$0.210 million in 2018/19 can be met from within existing Vote Social Development baselines

Legislative implications

- 12 **note** that the priority for the Education Legislation Bill has changed from priority five to priority two, must be passed in the year, on the 2018 Legislation Programme
- 13 **invite** the Ministry of Education to issue drafting instructions to Parliamentary Counsel to include cohort entry in the Education Legislation Bill
- 14 **authorise** the Minister of Education to make decisions on any issues of detail that may arise during the drafting process without further reference to Cabinet, subject to the decisions being consistent with the policy decisions in this paper
- 15 **invite** the Ministry of Social Development to issue drafting instructions to Parliamentary Counsel to progress amendments to the Social Security (Childcare Assistance Regulations) 2004
- 16 **authorise** the Minister of Social Development to make decisions on any issues of detail that may arise during the drafting process without further reference to Cabinet, subject to the decisions being consistent with the policy decisions in this paper
- 17 **note** that the drafting recommendations will be subject to Parliamentary Counsel's direction on how best to express each recommendation in the legislation

Publicity

- 18 **note** that I intend to release a media statement advising the education sector and the public of the matters to be included in an omnibus education bill

Proactive release

- 19 **agree** that this paper be proactively released once the education bill is referred to a Select Committee.

Authorised for Lodgement

Hon Chris Hipkins

Proactively Released