



New Zealand Kindergartens 2005 to 2010: Funding and operational changes

Claire Davison

Faculty of Education
University of Waikato

Abstract

Participation in good quality early childhood education has positive outcomes for children, families and society (Mitchell, Wylie, & Carr, 2008). Supportive policy frameworks and sufficient, secure and predictable funding are necessary to encourage participation and ensure that flexible services, designed to respond to the needs of children and families are available (OECD, 2006). This has not always been the case in New Zealand early childhood education. New Zealand kindergartens for example have always relied on significant voluntary donations and support to maintain their sessional services and provision. In 2005 and 2007, however, new early childhood funding initiatives opened up opportunities for kindergartens to review their operation and make changes to their provision. This article is based on the findings from a survey of New Zealand Kindergarten association management conducted in 2010. The survey sought to find out what changes had occurred in kindergarten provision as a result of the funding initiatives. Association responses show that significant change has been embraced and that this has resulted in improved quality, greater flexibility of hours and attendance options and less reliance on voluntary donations and support.

Key words

Kindergarten, early childhood funding, early childhood policy.

We have just experienced a golden era for kindergarten during which time we have been able to make changes to meet community needs (e.g. a range of times), improve quality (e.g. a move to 1:10 ratio, employing more professional leadership staff) and reduce the financial and administrative burden for committees. Association Manager



Background and context

In 2010 there were 632 kindergartens in New Zealand catering for 37,600 children (Ministry of Education, 2011a). Their existence dates back to the 1890s when wealthy philanthropists established them to provide education for poor and disadvantaged children (May, 1997). Kindergartens are community based, operate on a not for profit basis and are administered by regional bodies referred to as 'kindergarten associations'. These associations administer kindergartens within an area. They make decisions about matters such as finances, licensing, operation and staffing.

Kindergarten philosophy incorporates two key elements that have remained constant since their inception. These are a commitment to employing qualified teachers and providing free access for children (Davison, 1997).

Kindergartens are located in rural and urban communities throughout New Zealand and provide educational opportunities for children from a wide range of ethnic groups and all socioeconomic backgrounds (Ministry of Education, 2011a, 2011b). They have traditionally operated on a sessional basis and for many years this form of early childhood education operation largely suited New Zealand's family structures, domestic life and work patterns. However, as women increasingly joined the paid workforce and family structures and work patterns became more diverse, a need for more flexible, all-day services that also catered for infants and toddlers developed. In response to this demand a broad range of early childhood services developed (Davison & Mitchell, 2008).

Good quality early childhood education is generally associated with positive outcomes for children and families (Mitchell, Wylie, & Carr, 2008). Kindergartens have been regarded highly and comply with many good quality early childhood education criteria. Their insistence on employing qualified, registered teachers has been a key platform in this regard. In a Ministry of Education commissioned longitudinal evaluation of *Pathways to the Future: Ngā Huarahi Arataki*, carried out in 2004 and 2006, trained researchers consistently rated kindergartens in the 'good' and 'very good' quality categories (Mitchell & Hodgen, 2008). Kindergartens have, however, been criticised in the past for providing large group sizes (up to 45 children) and low adult:child ratios (one teacher to 15 children). These are factors that may impact negatively on outcomes for children.

For many years kindergartens and playcentres were treated differently from other early childhood services. They were administered by the Department of Education while other early childhood services were administered by the Department of Social Welfare. This changed in 1986 when all early childhood services were brought together under the administration of the Department of Education. It was significant that although integrated under the same government department, the rates of funding provided for early childhood services continued to differ. Kindergartens received a higher rate of funding based on a sessional formula. They were regarded as the 'benchmark' for funding for the sector and this has been helpful in establishing higher levels of payment for all early childhood services. The sessional basis for kindergartens' preferential funding, however, provided an incentive for them to retain traditional sessional operation. The higher, sessional rate effectively discouraged kindergartens from providing longer and more flexible hours of service.

This situation changed in 2005. A new system of early childhood funding was introduced based on the costs of provision of services. All early childhood services were now to be funded according to the same hourly formula based on the percentage of registered teachers employed, the hours of operation and the ages of children attending. Services that employed a higher percentage of registered teachers and services that provided all-day operation (more than four hours) would qualify for higher rates of funding. In addition services catering for children less than two years of age would receive higher rates than those catering for children aged more than two. This revised form of funding meant that kindergartens could choose to move from their sessional form of funding, continue to receive an adequate rate *and* consider extending their hours of provision. What was significant about this change was that it provided the *opportunity* for kindergarten associations to review their sessional operation. It should be noted that the funding differential offered between the sessional rate and the increased hourly rate was not large. Consequently kindergarten associations did not rush to make changes.

A second change in early childhood policy and funding occurred in 2007 and this had far more immediate impacts for kindergartens. The implementation of *20 hours ECE* (originally named *20 hours free ECE*) guaranteed a higher rate of funding for 20 hours per week for children aged three and four years attending teacher-led early childhood services. Services were able to choose whether to opt in to this scheme. They could not charge fees for the hours claimed although parents could agree to pay a voluntary charge. *Twenty hours ECE* demonstrated government acceptance of the entitlement of children to a certain level of early childhood education and was in line with recent international recommendations for early childhood provision (United Nations Children's Fund, 2008). The scheme suited kindergartens. With their philosophy of free access, most kindergartens had avoided charging compulsory fees and the majority of kindergarten children were three to four years of age. Kindergartens achieved 100 percent take-up of this scheme by July 2008 and have since then made up the highest percentage of services offering *20 hours ECE* (Ministry of Education, 2010). *Twenty hours ECE* provided guaranteed funding for three and four year old children for 20 hours per week—a far more reliable and predictable form of funding than the voluntary donations and fundraising that kindergartens had relied on previously.

In combination these funding developments increased early childhood funding almost four-fold from \$306,688k in 2002 to \$1,147,931k in 2010 (Ministry of Education, 2011c). These policy initiatives provided kindergartens with funding that was sufficient, secure, predictable and not tied to a specific form of provision. Kindergarten associations were now in a position to review community demand and respond accordingly.

The purpose and scope of the study

The purpose of the study was to examine the impact of the two funding policy changes already described and examine their effect on kindergarten provision. In 2010 it was apparent anecdotally that kindergartens were changing their hours of operation and that associations were playing a stronger role in management, support and longer-term decision making for kindergartens. It was intended that this study would document the changes occurring and provide baseline information for future comparisons.

The data examined in this article were gathered in a survey of New Zealand Kindertartens Incorporated (NZKI) kindertarten associations. NZKI represents 29 of New Zealand's 33 kindertarten associations. Their associations range in size from those responsible for one kindertarten, to one association that administers 63 kindertartens. In total they are responsible for more than 430 kindertartens, attended by approximately 30,000 children throughout the country. NZKI kindertarten associations employ more than 1,450 registered teachers and 600 support staff (New Zealand Kindertartens Incorporated, 2011). The survey was conducted during the second half of 2010. This was soon after the release of the 2010 Budget that announced significant funding cuts for the early childhood sector and prior to the release of the report of the Early Childhood Education Taskforce (2011).

Method

The questionnaire was formulated after discussions with NZKI personnel and selected representatives from member associations. It was piloted prior to general circulation to association management. The survey comprised 55 questions that sought information about historical, present day and possible future kindertarten developments. The questions required a mix of quantitative and qualitative responses. For closed questions frequencies were recorded and for open questions comments were categorised and key themes identified. The data were analysed by the project team and a draft report formulated. The draft report was circulated to selected NZKI and association personnel for comment. The study received ethical approval and funding via a research grant from the Faculty of Education, University of Waikato.

Kindertarten associations were questioned about their role, responsibilities and the services they provide and whether these had changed during the years 2005 to 2010. They were also asked to comment on the likely impact of the recently announced early childhood funding cuts and what changes they may make as a result.

The survey was mailed to all NZKI associations. The response rate was high with 28 of the 29 associations returning completed surveys. The only association not to provide a return was occupied working with kindertartens affected by the 2010 Christchurch earthquake. The quality of contributions was consistently high with many association personnel providing additional comments and explanations.

Findings

Association managers were overwhelmingly positive about the developments they were able to institute as a result of the changes in funding policy. They described changes that

improved the quality of their ECE services, enabled them to respond better to community need, enhanced the professionalism of staff, reduced the financial and administrative burdens of local committees and improved accessibility, participation and affordability. (Davison, Mitchell, & Peter, 2012, p. 5)

For the purposes of this article I will review a selection of the findings on licensing, ratios and group size, hours of operation and governance and management. Comments

about outcomes for children and families will be summarised and indications of future developments will be considered.

Licensing, ratios and group size

Licensing is significant because it provides the parameters for operation and determines the rate of funding received. It should be noted that the type of licence that a kindergarten holds does not necessarily define the way the kindergarten operates. Kindergartens may hold an all-day licence but still operate on a sessional basis. This will be explained in more detail.

Until 2005, virtually all kindergartens were licensed to operate on a sessional basis. One of the most common changes found to be instigated by associations in 2010 was to have moved kindergartens from the traditional sessional licences to all-day licences. All-day licensed services attract a higher level of funding than sessional services. To qualify for an all-day licence some children must be able to attend for a period of more than four hours' duration. Sessional licensed services operate for four hours' duration or less.

Association managers' responses showed that by 2010, 50 percent of associations no longer had any remaining kindergartens with sessional licences (14 of the 28 associations that responded). In contrast 100 percent of associations had kindergartens with all-day licences. Overall there was a total 39 sessional licensed kindergartens compared to 320 all-day licensed kindergartens. This large-scale move to all-day licensing enabled associations to extend their hours and access the higher rate of funding available for all-day services.

The move to all-day licensing necessitated an improvement in teacher:child ratios. An all-day licence requires a ratio of one adult to 10 children for children aged over two years of age whereas a sessional licence requires one adult to 15 children. Most associations achieved these improved ratios by reducing group size. They commented that the additional funding gained by moving to the all-day licence was sufficient to enable them to do this.

All-day licences meant that we could afford to drop the ratio to 1:10—the best thing that ever happened to kindergarten!

There is no requirement for sessional licensed kindergartens to improve the one adult to 15 children ratio. Accordingly this aspect remained unchanged in 11 of the 14 associations that provide sessional licensed kindergarten. However, two of these associations decided to improve ratios across the board when they moved some kindergartens to all-day licences. In a move similar to that employed in the all-day licensed kindergartens, they achieved this improvement by reducing group size. One other association managed to improve ratios by reducing group size in some, but not all, sessional licensed kindergartens. These were larger associations and managers indicated that they were able to achieve the improvement across all their kindergartens by applying advantages of scale.

Hours of operation

It was apparent that associations have not only changed the type of licensing of many kindergartens, they have also taken the opportunity to make significant changes to the

hours of operation. Every association commented that they have changed the hours of at least some of their kindergartens. The changes invariably involved extension of the hours offered and these were frequently set in consultation with local communities.

Traditional sessional licensed kindergartens were least likely to report a change in hours. These kindergartens were found typically to operate five morning and three afternoon sessions per week. As described previously this type of provision has decreased markedly and associations indicated that a further reduction is likely. Only one sessional licensed kindergarten had opened during the period 2005 to 2010 and it was commented that this was “promptly converted to an all-day licence”.

A wider range of models was evident within all-day licensed provision. Operation fell into four categories: extended sessional, extended sessional with an all-day option, school day and full day.

Table 1. Models of all-day kindergarten provision

Model	Definition	Number of associations	Number of Kindergartens
School day	Predominantly five or six hour days, 40–43 weeks per year in line with school terms.	26	161
Extended sessional	Morning session in excess of four hours, may/may not offer separate afternoon session.	21	122
Extended sessional with an option to attend all day	Morning session in excess of four hours and separate afternoon session—offers some children the option to remain and attend all-day.	6	30
Full day	Seven hours or more per day, more than 43 weeks per year.	3	7

As shown in the table above the most popular model of all-day operation was the school day model. This type of operation aligns kindergartens closely to the compulsory education sector. Extended sessional models were the next highest ranking followed by extended sessional with an option to attend all day. The full day model of operation remained fairly limited.

A simple review of these findings may indicate that all-day operation has overtaken the traditional sessional approach to early childhood education employed by kindergartens over many years. However, closer examination confirms that sessional operation remains at the core of kindergarten provision. When the number of kindergartens offering extended sessional is combined with the number of kindergartens offering extended sessional with an option to attend all-day, they total 152. When the 39 traditional sessional licensed kindergartens are added to this it is clear that sessional provision accounts for 191 kindergartens out of the total sample. This equates to 53 percent of kindergarten operation.

These findings demonstrate an ongoing demand for sessional early childhood education. They confirm that despite licensing changes, sessional provision continues to

account for the majority of kindergarten operation. The new funding options have allowed associations to make decisions about the hours kindergartens are open and develop a range of models that better meet community demands.

Governance and management

The survey sought not only to establish what changes had occurred in kindergarten operation but also what changes were occurring to the structure, role and responsibilities of kindergarten associations during the period concerned. Prior to 1989 kindergarten associations received considerable direct support from regional Education Boards. The move to a Ministry of Education at this time involved the devolution of certain responsibilities to associations. These responsibilities increased significantly in 1992 when kindergarten teacher salaries became bulk funded (Davison, 1997). Many associations contracted out work such as payroll and property maintenance to outside agencies and they continued to rely on significant voluntary support to operate.

In 2010 we found that associations were centralising operations and taking on tasks that had previously been carried out in kindergartens by volunteers or teachers and contracted to outside agencies. They reported that the increased funding provided by *20 hours ECE* meant that more administrative staff were required, more specialist expertise was necessary, more accountability and reporting was needed and that the complexity of association functions had increased. They reported that they employed more teachers, more teacher aides and more administrative assistants. Association managers commented that centralising operations allowed them to work more efficiently and that they were able to access 'group deals', reduce teacher reliance on local committee decisions and provide equitable funding among kindergartens. Managers were very clear about the changes and their responses were remarkably similar. This comment was typical:

Twenty hours ECE and the introduction of fees means more accounts receivable, more marketing, more professional development and support with more teaching and registration support. We've employed more senior teachers, a new chief financial officer and new operations manager.

It was apparent that associations have adopted a more business-like model and rely less on voluntary support. It was also apparent that associations believed that the changes they were making were resulting in improved outcomes for children and families.

Outcomes for children and families/whānau

Associations commented positively about the outcomes for children and families/whānau as a result of the changes since 2005. They identified improvements that fell into four broad categories and the first of these was quality. The reduction of adult:child ratios to one teacher to 10 children, alongside the reduction to group size was perceived as making a significant difference. Respondents commented on enhanced interactions with children, with a richness and depth that led to more sustained conversations. They indicated that resources, equipment and environments had improved and that developments were managed equitably across kindergartens.

Teaching and learning benefitted as teachers received more professional support and development and association managers commented that they believed this contributed to a motivated and up-to-date workforce. Associations reported that they have employed teacher aides and administrative assistants on-site and this has released teachers to focus on working with children. Some associations noted that Education Review Office reports have commented positively on these developments.

Associations reported that families/whānau were more willing to become involved as associations took over roles and responsibilities that had previously fallen to local committees. The constant pressure to fundraise has been replaced with more of a focus on children's learning.

A range of session times and attendance options was credited with providing more choice and flexibility for families/whānau and associations believed this better suited their needs. Comments such as the one below were common:

Great outcomes! Kindergartens with diverse hours and options, including for under-twos. Our services meet the needs of a larger proportion of the community.

Further planned changes

It was apparent that despite the high level of change already recorded many associations have plans for further developments. Ten of the 14 associations with kindergartens that have remained on sessional licences commented that they have definite plans to move them to all-day licences. There was not total support for this move, however, and some concerns were voiced about moving to all-day provision

We're looking at all options at the moment—afternoon sessions are very weak, with many whānau waiting for morning sessions. All-day licensing is an option but this cuts down on overall participation.

Sixteen associations planned further changes to their all-day licensed kindergarten provision. The theme of further extension to hours was strong. Some kindergartens that offered shorter hours on particular days intended to increase these, some extended sessional services intend to offer an all-day option, and some intended to move to a school day model.

Discussion

A body of international research evidence reviewed by Mitchell, Wylie, and Carr (2008) shows the close relationship between good quality early childhood education and structural features such as staff qualifications, staff:child ratios and group size. These aspects contribute to facilitating environments for teaching and learning. Historically kindergartens have measured up well to most quality indicators. Associations have insisted on employing only trained teachers (at significant cost) but they have been criticised for poor ratios and large group sizes. The move to all-day licensing required kindergartens to meet an improved one to 10 adult:child ratio. The increased funding from moving to all-day rates has clearly enabled them to make this improvement. The fact that they achieved improved ratios by reducing group size is also likely to result in enhanced quality. Improvements to the quality of early childhood education are likely to positively influence outcomes for children and provide benefits

for wider society in years to come (Mitchell & Hodgen, 2008; United Nations Children's Fund, 2008).

The desire for access to more hours of early childhood education has been expressed in recent years (Department of Labour & National Advisory Council on the Employment of Women, 1999; Mitchell, 2008; Mitchell, Royal Tangaere, Mara, & Wylie, 2008). This need was often for just a few hours more per week or for more flexible hours. The changes that associations have made to extend kindergarten hours and provide a range of times is likely to mean that they cater better for families/whānau.

The increased amount and the secure and predictable nature of *20 hours ECE* funding has enabled associations to reorganise their governance and management structures and plan ahead. The centralisation of operations has reduced pressure on teachers and local committees and it has also resulted in economies of scale and the equitable spread of resources and developments. This finding is supported by the OECD, who asserted (following thematic reviews of a number of countries) that sufficient, direct public funding of early childhood services provides economy of scale, more effective control and positive outcomes for children and families (2006).

Association managers viewed the developments made possible by the funding changes as overwhelmingly positive. The following comment typifies the responses received:

Twenty hours ECE was a dream come true—we had just begun to offer and support exciting innovation, playground developments, building projects that offered sufficient spaces for children, parents and teachers.

As indicated in this comment there are, however, some new challenges that kindergarten associations face. The report of the Early Childhood Education Taskforce (2011) recommends changes to early childhood funding that involve a shift from the cost drivers approach that has proven to be so successful for kindergartens. The Taskforce recommends “strongly differentiated” funding based on priority groups, incentives, support and rewards. Of immediate concern is that the Taskforce was instructed to ensure that their recommendations should cost no more than the current system. Kindergarten associations experienced significant cuts in funding in February 2011 and they have indicated that any further reductions will impact negatively on their ability to maintain the improvements they have made.

Conclusion

It is evident from the findings of this study that early childhood policy initiatives between 2005 and 2010 empowered kindergarten associations and impacted positively on kindergarten provision. Kindergarten associations have responded to the opportunities presented and applied the findings of respected research and literature. They have implemented changes that not only respond better to family and community needs but also changes that should improve the quality of teaching and learning across kindergartens.

In line with the findings of the OECD thematic reviews, a supportive early childhood funding policy based on sufficient, direct public funding has been shown to have positive outcomes. Associations demonstrated that this type of funding policy

framework allowed them to exert more effective control and apply advantages of scale. The more supportive funding policy promoted the provision of good quality, affordable and flexible early childhood education. It remains to be seen how proposed changes to early childhood funding will impact on kindergarten provision.

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