



operational funding

a guide to funding components



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What is Operational Funding?

- Operational funding is the money provided directly to the board of trustees at state and state-integrated schools to cover their operating costs. It can be used at the board's discretion.
- Operational funding does not include funding for major property costs, school transport and the salaries of teachers employed as part of the school's staffing entitlement. These resources are provided separately.
- Funding is paid quarterly in a bulk grant directly to the board's bank account, and although the grant is made up of various components, boards are free to decide how the grant should be spent. Funds may be used within the current year or carried over for future years.
- The funding year starts on 1st January and ends on 31st December. Quarterly funding instalments are paid in advance at the beginning of each funding period.

Entitlement

- A provisional entitlement notice is issued mid-September for the next year. This entitlement is calculated using the predicted roll for the following year submitted with the current year's 1st July roll return via ENROL.
- A new entrant factor for primary schools is added to assist school meet the needs of new entrants enrolling throughout the year. *Where a July roll is used a new entrant factor of 5/18" Year 1 students is used.*
- The annual funding entitlement for primary schools is based on the actual July roll, and for intermediate schools it is based on the actual March roll.
- Funding for January (OAG1) is generally based on the roll predicted by the school; April (OAG2) is based on the student numbers submitted via ENROL on 1st March; usually there is no adjustment for pupil numbers for July (OAG3).
- Students numbers submitted via ENROL on 1st July are used to recalculate funding for the October instalment (OAG4).

Decile Ratings

- The decile rating is the indicator used to measure the extent to which state schools draw their students from low socio-economic communities
- Each state school is ranked into deciles (10% groupings) on the basis of the indicator. The indicator is based on census data for households with school-aged children within each school's catchment area.

Five factors are used to establish school deciles. They are:

1. Household income
 2. Parents'/caregiver's occupation
 3. Household crowding
 4. Educational qualifications
 5. Income support
- Decile ratings determine the allocation of Targeted Funding for Educational Achievement (TFEA) and the Special Education Grant (SEG).

Schools' Risk Management

- Boards are required to insure all school assets other than land and buildings owned by the Crown. Boards can opt to insure with a private insurance company or join the Ministry of Education's Risk Management Scheme.
- The Risk Management Scheme provides cover for the 'contents' of the school and an extensive liability programme. In the current insurance climate the Risk Management Scheme is a strong alternative to the private insurance market as presently the levy is \$10.50 (excl. GST) per pupil per annum.
- The Risk Management Scheme will be funded by deductions from the operations grant.
- If your school is not already a member of the Risk Management Scheme an application form can be downloaded from www.education.govt.nz or by clicking [here](#). The Risk Management Scheme can be joined at any time throughout the year.

Funding Components

Base Funding

Base funding compensates for the dis-economies of scale involved in the operation of small schools. Base funding for small schools is comparatively large, but is reduced as the roll increases.

Per-pupil Funding

In most cases per-pupil funding forms the bulk of operational funding. As the name suggests, this component is calculated using the number of pupils on a school's roll. Four levels of per-pupil funding are set to recognise costs associated with curriculum delivery at each particular level.

Relief Teacher Funding

Schools are funded to assist with the payment of salaries and allowances for relief teachers. This funding is calculated by multiplying the relevant relief teacher funding rate by the number of teaching positions eligible for funding.

Targeted Funding Educational Achievement (TFEA)

TFEA is a resource to assist schools to lower barriers to learning faced by pupils from low socio-economic communities (decile-based).

Special Education Grant (SEG)

SEG is intended to assist schools to help with moderate special education needs such as learning and behaviour difficulties (decile-based).

Vandalism

The aim of this grant is to help school take positive steps to reduce vandalism.

ICT Funding

This funding is provided to schools to assist with the purchase of ICT hardware and software. It is calculated using a base per-pupil rate.

Cleaners, Caretakers and Groundstaff

This component is provided to assist boards to meet the costs resulting from increases to the minimum pay rate of caretakers, cleaners, canteen workers and groundstaff.

Funding Components continued ...

KiwiSport

This funding is provided to boards to assist with:

- introducing school-age pupils to organised sport
- supporting children to develop skills that will enable them to participate effectively in sports.

Property Maintenance

The maintenance grant provides funding specifically to maintain schools' site services and buildings. Boards use this grant to pay for as-needed maintenance and cyclical maintenance costs. The grant is based on each school's land and building areas. The estimated property maintenance component is shown on a school's initial entitlement notice. This is an indicative amount.

The final amount for the year is advised at the end of June each year once changes to property are known. The school's land building area information is also used by the Ministry to determine 10- and 5-year capital budgets.

Heat, Light and Water

Schools are entitled to heat, light and water funding which is provided for the supply and consumption of fuel and water:

- electricity – supply, capacity and line charges
- gas – reticulated and/or portable, including delivery and hire costs
- coal and wood, including delivery costs
- water supply rates

HLW funding was fixed in 2010 at a level based on an average of each school's last three year's usage. This funding is indexed to inflation, but if a school has an unexpected increase a review can be requested.

Supplementary Entitlements

Māori Language Programme Funding (MLP)

Schools receive extra support for Māori students enrolled in Māori language programmes at one on of four immersion levels. The funding for eligible schools appears on entitlement notices labelled with the letters ‘MLP’ and the immersion level. Each year, verifiers visit a sample of schools which receive Māori Language Programme funding to make sure that the programmes are being funded at the correct level.

Targeted Funding for Isolation and Rural Schools

Schools in isolated areas are eligible for additional operational funding to recognise the additional costs of accessing the goods and services needed to operate their school and to deliver the curriculum. The isolation index determines all school’s relative isolation by using their distance from population centres of 5,000, 20,000 and 100,000 respectively.



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