

Impact Summary: Cohort entry for children aged five years and over

Section 1: General information

Purpose

This analysis and advice has been produced for the purpose of informing final decisions to be taken by Cabinet to proceed with a policy change so that children can start at a school with a cohort entry policy once they have turned five.

The Ministry of Education is solely responsible for the analysis and advice set out in this Regulatory Impact Statement (RIS), except as explicitly indicated otherwise.

Key Limitations or Constraints on Analysis

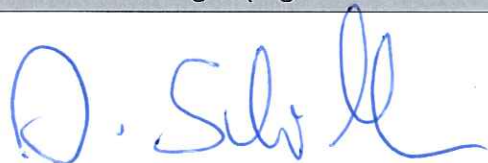
On 25 January 2018, the Cabinet Business Committee (CBC) approved the release of the consultation document, *Have your say about options for cohort entry for children aged five and over*. This consultation document set out two main options for consideration, which are described in Section 2.1.

This analysis is therefore limited to considering the options approved for consultation by CBC.

We have made a series of assumptions necessary to model the financial impact of the options analysed. These are set out in detail in the impact analysis section.

The Education (Update) Amendment Act 2017 (the Update Act) enabled four year olds to start at schools that adopt cohort entry. This change was only implemented in 2017 and, to date, around 3% of schools have taken it up. The limited time since implementation and level of uptake makes it hard to assess the impacts of this change. All fiscal modelling has been undertaken using continuous entry as the comparison.

Responsible Manager (signature and date):



22/5/18

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Section 2: Problem definition and objectives

2.1 What is the policy problem or opportunity?

History

Before the Update Act changes, 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 5th birthday.¹ This model is described as continuous entry, and means that children can start school on any day of the school year once they have turned five.

To control the flow of students into the classroom, some schools adopted cohort entry policies, where they encouraged parents to wait to start their child on set dates each term. 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, under the legislative arrangements at the time, schools with their own cohort entry policies were unable to enforce these policies, and were still required to let children start school under continuous entry. The Update Act enables schools to adopt and *enforce* cohort entry policies.

Status Quo

The Update Act introduced an ability for schools to adopt and enforce cohort entry policies. Key elements of this were:

- New entrants would only be able to start school with a cohort entry policy on the first day of each term (cohort entry point);
- Students would be able to start at schools that have adopted a cohort entry policy at the cohort entry point closest to their fifth birthday. In practice, this meant that some students could begin school up to eight weeks before their fifth birthday; and
- The process to adopt cohort entry included a requirement for schools to consult with staff, the parents of current and prospective students, and local early childhood services, and consider whether they find the policy generally acceptable (which will remain under all of the current proposed changes).

To date, 67 schools – around 3% of those eligible – have adopted a cohort entry policy under the provisions introduced by the Update Act.

Problem definition

The Update Act (the status quo) allows for four year olds to attend schools. It is the Government's position that children under the age of five should not attend school.

In 2015, the Advisory Group on Early Learning (AGEL) supported the adoption of cohort entry for children that had turned five, but did not support the lowering of the school start age.

During the Select Committee process considering the Update Act 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

¹ The law enables all children to start school between the ages of five and six, at which point it is compulsory for all New Zealanders to be enrolled in school.

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.

Objective

The objective of this change is to amend the cohort entry settings so that:

- 1) Children under the age of five cannot start school (**Objective One**); and
- 2) This is achieved in the most optimal way possible in terms of the impacts on (**Objective Two**):
 - a) Children;
 - b) Parents and whānau;
 - c) Early childhood education (ECE) providers;
 - d) Schools; and
 - e) Government.

Process to date

On 25 January, Cabinet approved public consultation on two options to change cohort entry settings, so that children could only start school under a cohort entry policy once they have turned five, as part of a cohort:

- once per term, at the start of each term (**Option One**); or
- twice per term, at the start and mid-point of each term (**Option Two**).

The public consultation also asked submitters whether they thought schools should be able to choose between Option One and Option Two when adopting a cohort entry policy (**Mixed Option**).

Scope of Analysis

Analysis in this RIS is limited to measuring the options that have been consulted on against Objective Two. All options that were consulted on are consistent with Objective One – ensuring that children under five cannot start school.

A removal of cohort entry altogether so that schools can only offer continuous entry is also out of scope. The policy position is that schools should retain the flexibility to adopt cohort entry. The benefits of cohort entry can be to support the successful transition of new entrants into school, help the schools with their planning, and minimise disruption for existing new entrants. There is 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.²

² Sally Peters, *Literature review: Transition from early childhood education to school* (Wellington: Ministry of Education, 2010) pp.17-18.

2.2 Who is affected and how?

Whose behaviour do we seek to change, how is it to change and to what purpose?

The purpose of the proposed change is to remove the ability of four year olds starting at a school with a cohort entry policy. By amending the Education Act, these schools will not be able to start students who are aged four, or receive funding for them.

Who will be affected?

The change will impact children, parents and whānau, ECE providers, schools and the Government. Further explanation of the impacts are detailed at section 3.1 – Options analysis.

Who wants this to happen? Who does not?

The original rationale for change was based on submitter feedback on the cohort entry policy settings when the Update Bill was before Select Committee, and the recommendations of the Advisory Group on Early Learning (AGEL). AGEL cautioned against lowering the school starting age, noting that “New Zealand children are already in one of the youngest international age brackets for starting school.”³

Earlier this year, the Ministry of Education ran a public consultation process on two options to replace the current cohort entry provisions in the Act. The outcome of this process is set out in detail in Section 5 – stakeholder views.

2.3 Are there any constraints on the scope for decision making?

The scope for options analysis in this context is limited to those options set out in the original Cabinet paper [CBC-18-MIN-0009 refers], which were outlined before as: Option One, Option Two, and the Mixed Option.

All options remove the ability for four year olds to start in school. Removing cohort entry altogether and returning to schools only being able to offer continuous entry is also out of scope.

This work forms part of the Government’s legislative agenda for 2018. It is intended to form part of the upcoming Education Legislation Bill.

³ <https://www.education.govt.nz/assets/Documents/Ministry/consultations/Report-of-the-Advisory-Group-on-Early-Learning.pdf>

Section 3: Options identification

3.1 What options have been considered?

Options have been considered below against criteria designed to assess impacts on:

- a) Children;
- b) Parents and whānau;
- c) ECE providers;
- d) Schools; and
- e) Government.

The options analysis table and explanations that follow show that Option Two is the most optimal course of action.

Explanation of criteria

Minimising wait times for some new entrants

The main overarching criteria is the wait times for new entrants to start school. This impacts on all affected parties - children, parents, whānau, ECE providers, schools and Government.

Children who turn five after a cohort entry point will not be able to start school until the next one. It follows that under Option One, new entrants face longer wait times – up to 12 weeks in Terms 1–3, and 15 weeks in Term 4. Option Two reduces this wait time to a maximum of 6 weeks in Terms 1–3, and 10 weeks in Term 4.

Differences in wait times under each option cause flow on effects that lead to the other component criteria. These are:

- 1) The start time closest to that which could have been chosen by parents and schools;
- 2) Minimising the additional early childhood education (ECE) costs to parents;
- 3) Minimising potential reduction to school funding; and
- 4) Minimising fiscal impact to Government (ECE and schooling).

Easily understandable for parents and providers

Ease of understanding will impact the ability to implement cohort entry policies. Options One and Two are the easiest to understand, whereas the Mixed Option requires an understanding of both options, and that schools can choose between them.

Likely to be operationally useful for schools

All options are likely to be equally operationally useful to all schools. They allow schools to utilise the administrative benefits of cohort entry.

Table 1: Options Analysis Summary

Criteria	Option One <i>Once per term</i>	Option Two <i>Twice per term</i>	Mixed Option
Wait times for some new entrants	Moderate	Low	Low/Moderate
<i>Component 1</i> The start time closest to that which could have been	Moderate	Closest	Close/Moderate

chosen by parents			
<i>Component 2</i> Minimising the additional early childhood education (ECE) costs to parents	High/Moderate	Moderate/Low	High/Moderate
<i>Component 3</i> Minimising potential reduction to school funding	Moderate	Low	Low/Moderate
<i>Component 4</i> Minimising fiscal impact to Government (ECE and schooling)	Moderate	Low	Low/Moderate
Easily understandable for parents and providers	Low complexity	Low complexity	Moderate complexity

3.2 Which of these options is the proposed approach?

Option Two is the preferred approach.

As detailed in Section 4.1, Option Two is likely to be the least costly option, both for the Government and for families. This is mainly because families would not have to wait as long for a cohort entry point (relative to the other options) before starting their children at school. As a result, expenditure on ECE and childcare subsidies is lower. Similarly, a shorter wait time will mean affected parents will not have to pay as much in fees to keep their children enrolled with ECE providers. Longer ECE attendance also results in increased costs to Government, both in Vote Education, Vote Social Development and Vote Oranga Tamariki.

This option will also help to mitigate the potential impacts on school funding. School rolls are taken twice a year (1 March and 1 July), and used to determine the level of resourcing a school will need. This model works well for continuous entry, where students enter school on a relatively even distribution throughout the school year. Under cohort entry, school rolls will grow in increments.

- Option One (and, to a lesser extent, the Mixed Option) is likely to cause situations where schools will have their roll counts immediately before a cohort entry date, which means that they may receive funding which does not take the subsequent cohort into account.
- Option Two will reduce this risk by introducing more entry points, thus ensuring a school's roll is a comparatively more accurate reflection of its annual profile of new entrants when roll counts are carried out.

Two entry points per term will still provide schools with the operational certainty required to realise the benefits of a shift from continuous entry (i.e., the ability to plan ahead for the arrival of a cohort of new entrants), should they elect to adopt a cohort entry policy.

Section 4: Impact Analysis

4.1 Summary table of costs and benefits

Affected parties (<i>identify</i>)	Comment: nature of cost or benefit, evidence and assumption (eg compliance rates), risks	Option One 10% uptake	Option Two 10% uptake
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Additional first year costs of proposed approach, compared to continuous entry

Government expenditure – ECE	Some children may need to remain in ECE for longer. Ongoing.	\$5,158,095	\$2,381,990
Government expenditure – Childcare subsidies	MSD will need to make some childcare subsidies available to families who would otherwise not have received them because their children would be in school. Ongoing.	\$168,000	\$84,000
Total Monetised Cost		\$5,326,095	\$2,465,990

Non-monetised costs

Families	Some families ⁴ may need to pay ECE fees for the duration of time they spend waiting for the next available cohort entry point. The actual cost incurred will depend on the type of ECE provision used, and the fees charged by the provider.	<i>High/Medium</i>	<i>Low/Medium</i>
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Additional one-off costs of proposed approach, compared to continuous entry

Government expenditure – MSD system change	MSD will need to make a one-off system adjustment.	\$200,000	\$200,000
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Expected first year benefits of proposed approach, compared to continuous entry

Reduced Government expenditure - schooling	Some children will begin school at a later date than under continuous entry, generating less funding for schools.	\$3,248,210 ⁵	\$2,464,014 ⁶
Total Monetised Benefit		\$3,248,210	\$2,464,014
Non-monetised benefits			
Schools	Schools will be able to plan for the arrival of new cohorts of students	<i>Medium</i>	<i>Medium</i>

⁴ Those families intending to enrol in a school with cohort entry policy, who have children who turn 5 shortly after a cohort entry point.

⁵ These savings may not be realised as schools have the ability to seek funding through extraordinary roll growth mechanisms, as detailed at 4.2.

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4.2 What other impacts is this approach likely to have?

Key limitations on analysis

Assumptions made for all components of modelling

Costs assume a 10% uptake of cohort entry policies across all eligible New Zealand schools from the first year. It is more likely that take up will be much lower in the first year and then increase over time. It is not possible to predict actual uptake of cohort entry policies as schools have the choice to opt-in to a cohort entry policy, following consultation with their community. Current uptake of cohort entry is around 3% of eligible schools.

Vote Education - Schooling component assumptions

Ability to erode savings

The modelling does show some savings in schooling assuming an immediate 10% take up rate. However, there are mechanisms by which schools can apply for more funding if their rolls grow by a certain amount (for example, through the extraordinary roll growth mechanism). This may well happen under cohort entry policy as provided by Option Two. These mechanisms have not been incorporated into the modelling as we cannot predict the use of them by schools.

Roll count

The modelling assumes a static roll and was developed using the most recent ENROL data that was available at the time of modelling (2016).

Start dates

Modelling assumes that families would have their children start school at the first available entry point, however, children do not have to start school until they are six. Estimating the actual start dates would be difficult as it would involve predicting parent behaviour.

Vote Education – Early Childhood component assumptions

Modelled costs show the expected additional 20 hours ECE subsidy costs.

100% participation in ECE prior to starting school has been assumed. This will be close to the real figure. From 1 January 2016 to 31 December 2016 96.7% of new-entrants attended ECE in the six months prior to starting school.

The average cost of a day at ECE, at \$32.31, has been used. Various types of ECE settings have been accounted for in this cost assumption, including kindergartens, home-based, and playcentres. 30 hour week average attendance has been used, but it should be noted that this will fluctuate with changes in parental choice. The 2013 survey of income and expenditure has been used to give the average fee per hour, then inflation-adjusted according to Statistics New Zealand data on changes to costs in the sector.

Section 5: Stakeholder views

5.1 What do stakeholders think about the problem and the proposed solution?

The Ministry of Education carried out public consultation on two options to change cohort entry setting between 8 February and 19 March 2018. 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:

- 1) Once per term, at the start of each term (Option One); or
- 2) Twice per term, at the start and mid-point of each term (Option Two).

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).

136 individual submissions were received, including from parents, teachers, schools, ECE staff and providers, NGOs, and peak sector bodies.

Summary of submitter views on the options for change

Of the options proposed in the discussion document, the distribution of submitters' preferences was as follows:

- Option One – 26%
- Option Two – 39 %
- Mixed Option – 7%
- No clear preference – 19%
- Opposed options presented – 9%

Approximately 70 percent of submissions received were broadly supportive of the proposal to change cohort entry settings, and 10 percent opposed changing the existing provisions. The remainder expressed no clear preference. Those that opposed changing the existing provisions were mostly professionals and parents at schools (a substantial proportion 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.

The Institute for Early Childhood Studies at the Victoria University of 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.

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.

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.

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 into school. 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 their children to experience a better transition into schooling.

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 wanted to under current arrangements, as they do not support enabling children under five to start school. These principals supported the proposed changes.

Section 6: Implementation and operation

6.1 How will the new arrangements be given effect?

This change will be given effect through an omnibus education bill (referred to as the Education Legislation Bill). This has been included on the 2018 Legislative Programme.

These provisions will come into force on a date specified in the legislation.

Transitional arrangements are included. 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. This includes a requirement to consult with their communities before implementing the new cohort entry policy.

Schools will be able to implement cohort entry under the new provisions if they choose to, following consultation with staff, the parents of current and prospective students, and local early childhood services, and consideration of whether they find the policy generally acceptable.

Section 7: Monitoring, evaluation and review

7.1 How will the impact of the new arrangements be monitored?

Cohort entry provides an extra degree of flexibility to self-managing schools, which will have the option to adopt such a policy if it suits their needs and the needs of their local communities. Similarly, parents may consider cohort entry policies alongside other factors when deciding which school to enrol their children in.

As is current practice, schools wishing to adopt a cohort entry policy must first give notice to the Ministry of Education. The Ministry then confirms that the school has carried out the appropriate consultation required under the Act. In doing so, the Ministry identifies and monitors which schools have adopted a cohort entry policy.

Schools are in constant contact with the Ministry. If cohort entry schools experience funding or operational issues, we will work with them on a case-by-case basis to ensure that any adverse impacts are resolved or mitigated.

7.2 When and how will the new arrangements be reviewed?

In order to build the New Zealand evidence base and evaluate the impact of these changes, ERO will 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.