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Dear Parents and Carers

I write on behalf of the Management Committee in relation to an important development in our funding model.

The key point (as set out more fully below) is that there will be an increase in fees for some of the children from 1 July 2014.

### **Background**

As you know, the NSW government provides substantial funding to LGCK. As you may know, there has been an ongoing review of the funding model by the NSW government.

In general terms the review has concluded that the model has not properly supported disadvantaged and aboriginal children and has subsidised some children attending preschool for two or more years.

A new model came into effect in January 2014.

### **Changes to the funding model**

The key features of the new model are that:

1. For the vast majority of preschools (95%), there will be an increase in funding for 4 and 5 year olds (i.e. children who turn 4 or 5 on or before the 31st July)
2. For disadvantaged children and aboriginal children, funding will increase by at least 60%.
3. Children who are still 3 on 31 July 2014 will no longer receive any funding from the government for that pre-school year.

Importantly, there is a transition period. In 2014 and 2015 the government has guaranteed that (overall) no preschool will lose funding. In 2016 there will be some adjustments and in 2017 the new model will be fully implemented.

We will need to report to the government on the way we use the funding. There is a census in August of each year and we may be audited.

### **Changes for us**

Based on current enrolments, the key point for us is that we are losing funding for 3 year olds. Even though we will obtain an increase in funding for the 4/5 year olds we cannot cross-subsidise the funded and non-funded children because the funding we receive must be applied in accordance with the model guidelines (ie giving priority to 4/5 year olds).

Please be aware that we are currently reviewing our policies and the fees payable by parents to ensure that we deal with this issue in a gradual and orderly way. We will advise further in this regard.

### **Immediate change**

What is pressing is that the expectation from the government is that preschools which receive funding (such as ours) immediately begin to make a fee distinction between funded and non-funded children.

Melissa Wilson and Anne Wiseman attended an information session on the new model held by the Community Child Care Co-Op on 29 May 2014. At that meeting, it was strongly recommended that we start making changes as soon as possible to reflect the changed funding model. Unfortunately, there is no specific guidance available but it appears that we need to be in a position as at the census (this August) to show that we are already applying our funding in a way that is consistent with the new model. In other words, we need to be charging less for the 4 and 5 year olds than the other children. Melissa has made various enquiries as to what this amount should be and the only guidance given was that it should be in the order of at least a couple of dollars per day at this stage.

Accordingly, although it appears somewhat arbitrary and there is no clear guidance, we recommend that we make a distinction between students consistent with the principles of the new model with immediate effect. After some deliberation, we are of the view and recommend that we increase the fees by \$2.50 per day for those children who will not be turning 4 years old on or before 31 July 2014. This will come into effect from July 1st and will be reflected in the term 3 & 4 invoices.

We appreciate that this comes with little warning but given the lack of guidance, we have moved as quickly as we reasonably could.

Regards

Alex Robinson (on behalf of the Management Committee)