

Cabinet Paper material

Proactive release

Minister & portfolio	Hon Chris Hipkins, Minister of Education
Name of package	COVID-19: Provision of emergency income support for contingent education schooling sector workers effected by the COVID-19 alert level 4 lockdown
Date considered	TBC
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These documents have been proactively released:

Cabinet paper: COVID-19: Provision of emergency income support for contingent education schooling sector workers effected by the COVID-19 alert level 4 lockdown

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Ministry of Education

In Confidence

Office of the Minister of Education

Chair, Cabinet COVID Committee

PROVISION OF EMERGENCY INCOME SUPPORT FOR CONTINGENT EDUCATION SCHOOLING SECTOR WORKERS EFFECTED BY THE COVID-19 ALERT LEVEL 4 LOCKDOWN

Proposal

1. This paper advises that the Ministry of Education will reprioritise 2019/20 funding within Vote Education to provide an estimated \$14.200 million of emergency income security for casual and vulnerable staff who work at schools and kura which have temporarily closed for the duration of the COVID-19 Alert Level 4 lockdown which came into effect at 11:59 pm on 25 March 2020.
2. I note that this is an estimated cost which may vary significantly. If there is a significant increase in the costs and/or if the period of school closures are extended, in whole or part, I advise that it is likely that I will need to seek additional funding to continue income support for the casual and vulnerable school-based workforce.

Background

3. Schools and kura are temporarily closed as part of our measures to control the transmission of COVID-19 and school sites will remain closed throughout the period of the national Alert Level 4 Lockdown. To enable this the term 1 school holidays have been bought forward from the gazetted 10 April to 26 April, to the revised dates of 30 March to 14 April and schools will provide remote education only from the beginning of term 2.
4. The majority of staff in schools are paid on an ongoing and regular basis. Payment to these employees are not affected by the lockdown. These employees will receive salary payments as usual during the emergency response.
5. Approximately 8,690 day relief teachers and about 3,350 non-teaching staff (the contingent schooling workforce) are paid only when school sites are open. These employees would have reasonably expected to have received income over the updated school holiday period and the first weeks of term 2. As school sites are closed for learning, including distance learning, this income will not be available during the lockdown period.
6. A portion of the contingent workers will receive a partial income over this period as some of these teachers and support staff are also engaged by schools on an ongoing part-time basis and are paid for fixed hours each week, usually where the school has regular relief teaching or student support needs.

7. These employees often take up additional contingent work each fortnight on a flexible basis to ensure an adequate household income. The income of many of these employees will be significantly reduced by the closure of schools, however their part-time fixed hours will continue to be paid.
8. Many of schooling sector contingent workers will not be entitled to support provided by the Government's COVID-19 Wage Subsidy (administered by the Ministry of Social Development). Schools do not fall within the coverage of the subsidy, as they are Crown Entities reliant on government funding. Most contingent school workers also do not meet the criteria for the subsidy as they are not self-employed or sole traders, rather they are casual employees of schools and kura.
9. The Education Payroll is a complex system with limited flexibility to adjust to rapid changes. It has not been possible to adjust the term dates for payroll purposes and this has led to unforeseen costs for schools. In particular, approximately 15,665 non-teaching staff work during the school term only, and are not usually paid during the school holidays. It has not been possible to cease the payments for these staff during the adjusted holiday period. These staff will receive an additional two weeks of wage payments during the lockdown period.
10. There are also approximately 1,200 employees who receive regular salary payments, who are engaged on fixed term agreements which are scheduled to cease during the period of the lockdown. As these employees are unlikely to have moved to alternate employment during the lockdown, Education Payroll Limited will extend their payment to 5 May. This date is the end of the fortnightly pay period immediately following the currently notified end of the lockdown (22 April).

Funding required

11. I advise that an estimated \$ 4.200 million will be reprioritised from within Vote Education to:
 - 11.1. Provide an emergency ex-gratia payment to contingent schooling workers who will be left with no or significant reduced income for the duration of the four-week lockdown while school sites are closed
 - 11.2. Address the costs incurred by schools in increasing the fixed hours of part-time contingent schooling workers who were already booked for additional work for the remainder of term 1, and provide emergency ex-gratia payments to these workers where this is less than the average payment they would have received over the lockdown period
 - 11.3. Provide funding for schools for unexpected staffing costs incurred by schools resulting from the urgent change to term dates, additional payments to term

time only support staff, and the extension of fixed term agreements to the end of the lockdown.

Emergency payment eligibility criteria

12. The emergency ex-gratia payment will be paid automatically by Education Payroll Limited to all contingent workers who:
 - 12.1. Are a current education sector worker, which is defined as workers who have worked on at least one occasion during term one in 2020 for a state or state-integrated school or kura; and
 - 12.2. Have worked variable day relief or casual hours during term 1.
13. Many schools have found it difficult to continue to operate the payroll while their sites are closed and have not been able to offset the impact of closure on part-time workers by inputting additional hours worked or booked prior to the lockdown. Accordingly, the ex-gratia payment will be extended to these workers as well as those who are employed only on a casual basis.
14. The support to be provided responds to circumstances of the COVID-19 Alert Level 4 lockdown only. The Ministry is undertaking further work to identify options for support for the affected parts of the schooling workforce as our approach to the control of COVID-19 adjusts to changing circumstances. It is not intended that income support for the contingent workforce is provided beyond the immediate need associated with the sudden strict control measures put in place to halt community transmission.
15. For employees who met the eligibility tests, the ex-gratia emergency payment will be based on the average hours that have been paid to them over term one. This will ensure the payment is proportionate to the amount of income the worker could have reasonably expected over the period of the lockdown.
16. If an individual has **not** worked in a school during term one they will be deemed not to be a current schooling sector employee and will be directed to other government support systems, such as the income support provided by the Ministry of Social Development.
17. I will provide regular progress updates on implementation of these initiatives.

Financial Implications

18. Estimating the cost of the income support required is difficult as this workforce tends to work variable hours and are funded through a number of different mechanisms, including through the Operations Grant, Special Education Grant funding, and Learning Support funding.
19. A broad estimate of the direct salary cost is at least \$14.200 million for the four-week period of the lockdown. This will be funded by reprioritising existing Vote Education funding.

20. Actual costs may vary significantly from this estimate and will increase if the school closures arising from the current Alert Level 4 lockdown is extended in whole or part. Where this occurs I advise I will need to seek additional funding for these costs.
21. The Ministry of Education has also reprioritised existing Vote Education funding to cover the cost of responding to the COVID-19 pandemic and this has been used to begin implementation of these initiatives. It may be necessary to also call upon the COVID-19 Response and Recovery Fund if the reprioritised funding is not sufficient to fully address the costs of these initiatives.

Risks and issues

22. While these measures will significantly reassure many vulnerable schooling workers they will not fully mitigate the impact of COVID-19 for these employees and the amount of support provided will vary for each individual. This could create a perception of inequity between those who receive different support depending on their circumstances, or people who receive other COVID-19 assistance payments from Government.
23. Some contingent workers may also be eligible for assistance from the COVID-19 Wage Subsidy scheme depending on their circumstances. For example, they may operate as a sole trader as well as undertaking relief teaching work. This is partially mitigated by provision of the emergency ex-gratia payment in proportion to the amount workers have earned in term 1.

Publicity

24. In order to provide reassurance to workers whose income has been severely reduced by the closure of schools, the Ministry of Education has commenced communication of the emergency ex-gratia payment and provided accompanying guidance to schools around actions that should be taken.
25. This will help provide confidence to contingent workers, their families and whānau, and schooling sector about the supports being put in place to minimise disruption to learning progress and look after the wellbeing of those directly involved in delivering teaching and learning.

Consultation

26. The Treasury, State Services Commission and Ministry for Social Development have been consulted on this paper.
27. The Ministry for Social Development has affirmed that nothing in this paper is out of alignment with the COVID-19 wage subsidy scheme.
28. The State Services Commission commented that the approach taken to provide support for contingent workers in the schooling sector reflects the nature of contingent workers routinely providing day-relief teaching or administrative services, where there would be a reasonable anticipation of further work during the lockdown period. Elsewhere in the State service, these decisions regarding casual staff are made on a more individual basis.

29. Treasury is reviewing this paper.

Recommendations

The Minister for Education recommends that the Committee:

1. **note** that the Ministry of Education will reprioritise a minimum of \$14.200 million of Vote Education to fund income support for contingent schooling workers whose income has been severely reduced by the necessary and sudden closure of school sites
2. **note** that an emergency ex-gratia payment will be paid automatically all contingent workers who have worked on at least one occasion during term one in 2020 at a state or state-integrated school or kura and receive a variable income
3. **note** that the emergency ex-gratia payment referred to in recommendation 2 will be paid on 8 and 22 April, and for further fortnightly pay cycles if the current Alert Level 4 lockdown is extended
4. **note** that the Ministry of Education, and state and state-integrated schools and kura, have incurred additional unforeseeable costs associated with the Alert Level 4 lockdown, including increased payments to part-time employees who are reliant on contingent work, increased payments to some on-teaching staff due to the emergency change in school holiday dates and the extension of fixed term agreements which would otherwise have ended during the lockdown period
5. **note** that some costs are not yet certain and may change according to the amount of income support required by contingent workers and the timing of when school sites re-open, and that, should the current period of school closure be extended in whole or part, or the estimated costs significantly increase, additional funding will need to be sought from the COVID-19 Response and Recovery Fund
6. **note** that this support partially addresses the immediate income needs of contingent schooling workers and that these income support requirements will be re-assessed as the Government response to the control of COVID-19 is adjusted
7. **note** that the Minister of Education will provide regular progress updates on implementation.

Authorised for lodgement

Hon Chris Hipkins
Minister for Education