



Funding Model

Fact sheet

March 2025



Overview

Objectives of the charter schools funding model

The funding model for charter schools has been designed to meet the following objectives:

Flexibility	Economic efficiency
Enables charter schools to use resources in ways that maximise student outcomes	Achieved through appropriate incentives and by minimising deadweight cost
Vertical equity	Neutrality (horizontal equity)
All students have the opportunity to achieve good educational outcomes	The level of resourcing for a charter school is broadly equivalent for a student whether they are at a state or a charter school
Transparency	Risk management
The model and its outcomes can be understood by potential sponsors, the education sector, and the public. Enhances sponsor ability to predict future funding	Supports the government and the sponsor to manage risks, especially to student outcomes

How the funding model works

The key principles of the charter schools funding model are:

- equivalency – the value of resourcing for charter schools is broadly equivalent to state schools
- the funding follows the student – when state school students move to a charter school, funding will shift to the charter school. Both costs and funding in the state system will reduce.

Funding arrangements for charter schools reflect the greater flexibility inherent in the charter schools model by providing funding mainly as a cashed-up per-student amount, to cover five funding categories: establishment, property, services, staffing and operations. Each category is made up of a number of components, as set out below.

Funding has been calculated so that it is broadly equivalent to the resourcing for state schools of a similar roll and type. Each component within a funding category has been allocated a value that reflects the value of equivalent resourcing for state schools. This value is then converted to a per-student rate, and the amount a school receives will be driven by roll returns on certain dates throughout the year. Rates for each component can be found [here](#).

Charter schools are not funded in the same way as state schools are - ie they do not receive a minimum amount of funding to cover fixed costs. Instead, the per-student rates of some funding components is 'stepped'. This means that for these components schools will receive slightly higher rates for the first 100 students (in a primary school) and the first 200 students (in a secondary school) than for additional students.

Charter school sponsors have autonomy over how their funding is spent.

Spend is not tied to the components within each funding category; instead, sponsors are expected to apply their funding in the best way possible to achieve the outcomes set out in their contract with the Charter School Agency.

There is one exception: sponsors of schools that occupy property owned by the Crown must spend at least 70 percent of their capital maintenance funding on projects that create Crown assets.

The funding model will be reviewed after the first year of operations to make sure that funding stays in step with the state schooling system.



Establishment funding

As with state schools, new charter schools will receive a one-off payment to help them to get ready to open. The following components have been used to approximate the value of equivalent resourcing for state schools:

- Operational funding
- Senior management funding
- Funding for remaining staff
- Up to six months' worth of property funding (sponsor-owned or leased properties only)
- Initial fit-out
- Information technology
- Initial furniture and equipment funding

State or state-integrated schools that convert to a charter school will not receive establishment funding but can be compensated for reasonable related expenses (up to \$30,000).



Operational grant funding

This funding is broadly calculated the same way as state school operational grants – ie, based on existing per-student formulas. Where a component is not currently calculated based on student numbers, a broadly equivalent per-student amount has been allocated. The funding schedule of the charter school contract stipulates the frequency of operational funding payments to sponsors.

The following components have been used to approximate the value of equivalent resourcing for state schools:

- Base funding
- Relief teacher funding
- Heat Light and Water funding
- Equity funding (EQI)
- Support for Inclusion (SIF)
- Careers Information Grant (CIG)
- ICT funding
- Targeted funding for isolation
- Per-student funding
- KiwiSport
- Māori Language Programme
- Pacific bilingual and immersion funding
- Donations scheme
- STAR funding
- Risk Management Scheme premium
- Vandalism
- Non-teacher top-up funding



Staffing-based funding

The per-student rate for staffing-based funding is based on the value of staffing entitlements for state schools, and varies with school type (primary, secondary, or composite).

Rates are 'stepped' – that is, schools will receive a slightly higher rate for the first 100 students (in a primary school) and the first 200 students (in a secondary school) than for additional students.

In addition to the per-student rate, funding is available for eligible charter schools for:

- Māori immersion staff (Level 1-2)
- Pacific immersion staff
- learning support staff via the Ongoing Resource Scheme.



Services-based funding

Cashed-up services

Charter Schools are provided a cashed-up per-student rate for a number of specific services that the Ministry of Education provides nationally to state schools. These include digital services, payroll services, and nationally provided professional learning and development services.

Services that are not cashed up

Charter schools can also access some other services that are provided to state schools. These services are not cashed up as they are targeted at a specific student or type of school. Charter schools will need to apply and meet the same eligibility criteria as state schools in order to receive the funding or service.

Ministry of Education Risk Management Scheme

The Ministry's Risk Management Scheme is a contents and liability insurance scheme. Sponsors are able to join this scheme, subject to their acceptance by the Ministry's re-insurer. Alternatively, they can arrange their own insurance.



Property-based funding

For this category of funding, the following components have been used to approximate the value of equivalent resourcing for state schools.

- Property maintenance grant
- Capital maintenance funding for Ministry of Education-owned property
- Funding for renewal of furniture and equipment
- Funding for state-integrated school property maintenance and renewals

Rates are 'stepped' – that is, schools will receive a slightly higher rate for the first 100 students (in a primary school) and the first 200 students (in a secondary school) than for additional students.

Charter schools that own their property or lease from a third party receive cashed up per-student funding. Sponsors that own or lease their property have full responsibility for maintenance and renewal of their property. This includes meeting legislative requirements and costs associated with ensuring their property is fit for purpose, either directly or through their landlord.

Charter schools occupying Crown-owned property will enter into a lease agreement with the Ministry and pay a nominal lease rate. Responsibility for maintenance and renewal of the property will transition from the Ministry to the charter school over a five-year period, and funding arrangements will reflect this.

More information on property arrangements and funding can be found on the [Property Factsheet](#).

Funding calculations

Funding amounts for charter schools are based on the following key metrics:

- the number of enrolled domestic students
- a school's equity, vandalism and Isolation indices
- the school type (primary, secondary or composite)
- property type (sponsor-owned, sponsor-leased, Crown-owned)
- if applicable, the number of Māori medium or Pacific medium students.

Fees and Donations

Fees

Charter schools are covered by section 33 of the Education and Training Act 2020, meaning that they must provide free enrolment and free education to any domestic student. They must not charge any fee for curriculum-related activity, such as:

- subject fees
- education outside the classroom
- anything that occurs offsite but that is related to the curriculum
- anything where there is a general expectation that students attend (for example, field trips or a school camp).

The only fee that can be charged is a property maintenance fee. However, this fee can only be charged:

- if a school was previously a state-integrated school, and
- when it was a state-integrated school its integration agreement allowed the proprietor to charge attendance dues.

The Education and Training Act 2020 has set parameters around the collection and use of property maintenance fees.

Donations

Charter schools with an equity index of 432 or higher can choose to join the Ministry of Education's school donations scheme.

If a charter school is eligible and chooses to opt in to the donations scheme, it cannot ask for donations (with the exception of overnight camps).

If a charter school is not part of the school donations scheme it may request donations. However, it is the responsibility of the sponsor to ensure that the school's parent and whānau community knows that these donations are voluntary. This is the same for state schools.