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The purpose of this report is to examine the basis and implications of targeting as it is applied to schools in New Zealand, as requested by the Community Services Committee.

DEFINITION

1. Targeted approaches allocate services or benefits based on needs or means assessment in comparison to universal approaches which embrace the entire population and/or allocate services without application of needs-testing or screening.
2. Universal policies are universal in that anyone irrespective of income is entitled to the benefit or service. However, they are all targeted in the sense that to receive the benefit or service recipients must often meet other criteria, for example to receive a family benefit one must have a family.¹
3. "Targeted" is sometimes also used to describe "high risk" strategies which are those directed at a group which is at higher than average risk as opposed to a "population" strategies which are directed at an entire population. For instance, identifying people with high cholesterol levels, and offering them dietary advice/cholesterol lowering drugs or whatever is required is a "high risk" strategy, whereas launching a TV campaign to encourage all New Zealanders to eat less fat in their diets is a "population" approach.

USE OF TARGETING

4. Targeting is used as a means to:
 - restrict access
 - cut or shift costs
 - ration services
 - maximise absolute benefits
 - reduce adverse affects of inappropriate service
 - achieve equity²
5. The relative merits of targeting depends on a number of factors:
 - the objectives one is seeking to achieve
 - the characteristics of the population and subgroups,
 - the context in which it is being applied.

¹ As St John and Boston identified (1991) "universalist policies are all targeted or conditional in the sense that people are only eligible for assistance if they meet certain (non-financial) criteria. For example, only someone over a certain age would be entitled to a retirement income."

² By identifying poor or vulnerable and providing extra support in recognition of their need for extra resources to address their disadvantage.

6. The appropriateness of targeting also depends on:
 - the 'product' to which it is applied: transfer payments, service provision or preventative strategies
 - the level of integration with different targeted services and benefits, and
 - the unit of assessment.
7. Many societies have/have had a mix of targeted and universal social assistance and services. New Zealand, for example, had a balanced mix of universal services and benefits supplemented by targeted provisions during the 1970s and 1980s (St John and Rankin 1999:2). The 1990s New Zealand has shifted from predominantly universal state funding to a higher proportion of targeted state funding (Parks 1998).
8. Targeting is currently favoured by New Zealand policy makers in fact the degree of social assistance which is targeted in New Zealand is relatively high compared to most other OECD countries.
9. Targeting can appear to be a cost effective way to use scarce resources by directing interventions at those most likely to benefit or in greatest need. Targeted systems are also more fiscally prudent in that they facilitate a reduction in benefit provisions: "It might be concluded therefore that a key reason why a targeted system is cheaper than a universal one is that it facilitates lower, not higher, levels of support for those most in need" (St John and Boston 1991).
10. However targeted systems can often be administratively costly or involve cost shifting³. Targeted services often become stigmatised or medicalised and people can feel marginalised and "ill", which can be bad for their self-esteem and the services can be devalued in public eyes. Some people may be unaware of their entitlements or possible treatment – take up rates in New Zealand lower for targeted services/benefits than for comparable universal programmes.
11. The success of targeted services is often only palliative and temporary as a targeted approach does not address the causes of the problem.
12. Targeting does not protect the relative position of the poor, nor deliver a fairer society.⁴ Despite quite substantial efforts, neo-liberal (Chicago School) inspired economists have not been able to show that high public spending and high taxes are likely to create a less efficient economy (Rothstein 1996, Dalziel 1999, Boston 1999).

³ Administrative apparatus for two types of eligibility tests are necessary for targeted programme 1) if applicant is entitled to support 2) if so, how much. In targeted social policy programmes control and supervision of clients is a significant issue and takes up a large amount of time, resources and attention. By contrast in universal programmes this tends to be a non-issue. "It requires more testing and control. Someone has to decide who has the right to assistance and who does not. This leads easily to bureaucracy and to investigations that violate integrity (Sewdsh Parliament 1991/92: 5). Social Welfare benefits crime manager Joan McQuay says her team receives more than 670 calls and letters each week from people dobbing in others they suspect of benefits fraud. Social Welfare announces only 18 people have had their benefits reduced because they did not meet work test during the first year of the programme. 29,000 people were subject to the work test (The Jobs Letter No. 77, 27th April 1998:2)

⁴ As a result of recent targeting in New Zealand 'poverty traps', have been accentuated rather than reduced (Boston and St John 1999:112).

BASIS FOR TARGETING

13. New Zealand targeting strategies use various methods to determine needs, including:
- Targeting to individuals based income.
 - Targeting to families, groups or communities based on deprivation indices
 - Population targeting based on culture or ethnicity factors
 - Health targeting based on risk factors
14. This report focuses on targeting based on deprivation indices used by the Ministry of Education. This was the form of targeting which was of primary concern to the Community Services Committee.

TARGETING BASED ON NEEDS INDICES

15. The use of statistical indices to rank individuals, groups, communities and regions is relatively common for most government social service agencies.
16. Most indices attempt to identify need by measuring deprivation or relative poverty and disadvantage.⁵ Indices can also be used to establish baseline data against which to evaluate the outcome or impact of interventions.
17. These indices are used primarily to allocate resources in a rationing environment.
18. The uses of indices to rank groups and communities and the subsequent targeting of resources to lower ranked groups means that targeting is not based on true need but comparative need.
19. The following section summarises some of the main indices or targeting measures currently used in New Zealand.

Ministry of Education Decile Rating

20. Ministry of Education uses a census-based socio economic indicator to target Target Funding for Education Achievement (TFEA) funding (special needs grants) to 'disadvantaged' schools.
21. The index is a combination of census data for areas from which each school draws students plus school ethnicity data. Because the index draws on census data, the decile rating relates to the community that the school serves, rather than the households from which the students actually at the school come. Each school is ranked into deciles (10% groupings) on the basis of the index.

⁵ There are limitations of poverty measures, for example definitional issues associated with poverty and lack of distinction between attributional poverty and chronic poverty.

22. The socio-economic index uses six indicators (each dimension is weighted equally)
- Equivalent household income (adjusted for number and age of persons living in the household)
 - Parents occupation
 - Household crowding (number of persons per bedroom)
 - Parents educational qualification
 - Income support payments received by parents
 - Maori and Pacific Island ethnicity
23. Appendix 1 provides a table which summarises the application of the indicator for school resourcing. Appendix 2. provides the decile ranking of Christchurch Schools.
24. The ranking of schools into deciles and subsequent targeting of resources to lower decile schools means that targeting is not based on true need but comparative need.
25. The Ministry is unaware of any assessment of whether this targeted approach has improved outcomes for the 'target' group.
26. School decile ranking has been used as a basis for other forms of targeting, for example the CYPFA Social Workers in Schools Programme and some Council programmes and services, such as holiday programmes.
27. Other indices include
- CFA National Need Indicator Index. Used by the New Zealand Community Funding Agency (NCCFA).
 - The Local Government and Community Information Unit of the Department of Internal Affairs' Social Equity Indicator model which drew on two statistical indices of need: the Health and Equity Quotient scores and the 1991 Index of Deprivation.
 - Community Organisation Grant Scheme model which distributes funding based on a formula which begins with population, then adds a weighting for the number of people receiving welfare benefits in the area and adds on a special need component after consultation with the National Advisory Committee.
 - NZ Dep 96 Index of Deprivation developed by the Health Research Centre of Victoria University based on 1991 and 1996 Census data. Dep 96 provides a deprivation score for various meshblocks (containing a median of about 90 people).

IMPACT OF TARGETING ON SCHOOLS

28. There are both strengths and weaknesses associated with a targeted approach to service provision.

29. Most targeting only works in an environment where the basics are taken care of and the targeting is an add-on to take care of exceptional or individual specific circumstances. The Committee's concern regarding Christchurch schools is a good example. The problems faced by public schools are not due to poor targeting but under resourcing of schools generally.
30. The decile system is only used to allocate a small proportion of education funding (funding under the Targeted Funding for Educational Achievement Grant, Special Education Grant and Careers Information Grant programmes).
31. In Christchurch targeted funding is estimated as less than 2% of the total funding to schools.

MINISTRY OF EDUCATION: CHRISTCHURCH SCHOOLS

Operation Grants	\$63,381,707.00
Teachers salaries⁶	\$157,000,000.00
Targeted funds for educational achievement (TFEA)	\$2,309,979.00
Special Education Grant (SEG)	\$1,978,071.00

32. The association between educational achievement and socioeconomic status is well documented in New Zealand and international research. Students from socially and economically advantaged backgrounds are more likely to experience greater educational success. A targeted approach attempts to address this association by recognising that extra resources are needed for schools serving lower socio economic areas to help address inequities.
33. However, the core problem is the under funding of public schools which leaves all public schools irrespective of decile ranking short of resources. The problem is further accentuated because as the public system gets more rundown families who can afford to and are motivated move from less well resourced schools to schools which are well resourced or into the private system. More affluent families are also better equipped to avail themselves of other services to assist their children's education.

TARGETING AND COUNCIL ACTIVITIES

34. In general Council services are universally provided, for example, the library and its services, parks (including sports fields), swimming pools, the art gallery, the museum, and the Summertime festivals. All of which are available to everybody, with some concessions available to particular groups (e.g. children, in general get library services free).

⁶ Approx figure for Salaries funding for school sector in Christchurch City Most schools in Christchurch are centrally resourced rather than directly resourced (Bulk funded).

35. These services can be seen to perform socially integrative function by underpinning rights of citizenship (Bertram 1988). They also remain politically sustainable because of wide spread of beneficiaries. Because all the services are provided and available to everybody they remain of higher quality.
36. The Council's Community Development and Social Welfare Policy recognises that treating everyone the same is not fair and that some groups and individuals are either disadvantaged or have special needs. Examples of this included Council's rental housing which is targeted at those with a housing need, support for refugee and new migrants, and support for numerous community groups working with those in special needs.
37. This form of targeting is based on the understanding that people can only be full members and participants of the common life of society if their basic needs are met.⁷

Chairman's

Recommendation:

That this report be received.

⁷ While citizenship involves both rights and responsibilities it is unfair and unproductive to give people responsibilities before they have the means to fulfil them (Kylmicka 1992)