

The 2027 preschool funding guidelines, in plain words

What the 2027 Universal Preschool Funding guidelines change for NSW community preschools, and questions for your committee.

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The NSW Department of Education released the 2027 Universal Preschool Funding program guidelines on 19 October 2026.

The new funding replaces Start Strong for community preschools from 1 January 2027 (sections 2.5 and 2.7).

This update sets out what the guidelines say, and what a committee may want to ask.

Funding follows enrolments

A service's 2027 workforce funding is worked out from its average daily enrolments (Appendix 1.1).

The total also includes other operating costs, and loadings for eligible children (Appendix 1).

Average daily enrolments come from the 2026 Annual Preschool Census (Appendix 3).

The guidelines' table sets the funded staff at each level of enrolments.

It covers a director, teachers, diploma educators, an additional educator and admin time.

The funding assumes enrolments are spread efficiently across the week (Appendix 1.1).

For example, at 20 average daily enrolments the table funds:

- 1 director
- 0.5 of a teacher
- 1 diploma educator
- 0.51 of an additional educator
- 0.2 of an admin role

At 40, it funds 1 director, 2 teachers and 2 diploma educators.

It adds 0.97 of an additional educator and 0.4 of an admin role.

Multipurpose services and services run by a non-government school have different allocations (Appendix 1.1).

Pay increases are a condition of funding

From 1 January 2027, services must pay set increases to stay eligible for funding (section 4.5).

- Teachers and directors under the Educational Services (Teachers) Award 2020 must be paid at least 5% above the award.
- Educators under the Children's Services Award 2010 must be paid the 30 June 2028 rates.
- The department says this is up to 10.07% above the award.

Appendix 1.1.2 lists the minimum annual rates to meet or exceed.

Each service must satisfy itself that it has the correct award and rates (section 4.5).

If a person's pay already meets the award rate plus the increase, adding more is the service's choice.

Community preschools make their own staffing decisions, but the pay increases are a condition of funding (section 4.5).

The department can pause, reduce, cease or reclaim funding where a service does not comply (section 4.5).

Transition to School statements

Transition to School Digital Statements are also required for children in the year before Kindergarten (section 7.4).

The child's teacher or educator completes the statement before the 2028 school year starts (section 7.4).

It goes to the child's family and their new school (section 7.4).

A parent's consent is needed before a statement is started, and copies must be kept for audit (section 7.4).

Three-year-olds and children in priority groups

Children aged 3 or over by 31 July 2027 can be eligible for funding (section 3.3).

The department says that, for the first time, places for three-year-olds are fully funded.

Enrolments must still follow the priority of access order (section 4.2).

Some groups of children can be funded for up to 900 hours a year, not 600 (section 2.3).

The department says this takes them from two to three days a week.

Fees

Where out-of-pocket fees are \$20 a day or less, the cap is \$20 a day (section 4.4.2).

Higher fees must not rise above those set from 3 to 14 August 2026 (section 4.4.2).

Compulsory charges, such as enrolment fees and levies, count inside the cap (section 4.4.2).

Payments and dates

Applications open on 1 December 2026 (section 2.5).

Funding comes in four quarterly payments, and the first is expected by 19 December 2026 (section 2.5).

The department says these dates are indicative only and may change (section 2.5).

A transition year for some services

Transition Arrangement funding is a one-off payment, for 2027 only (Appendix 1.4).

It helps some services whose 2027 funding is less than their 2026 funding.

It may not apply where the fall is wholly due to reduced operations (Appendix 1.4).

The department will tell the providers who are eligible.

Services not funded under Start Strong in 2026 are not eligible (Appendix 1.4).

Tools and what is still to come

The department has published an estimate tool for 2027 funding, as a spreadsheet.

It says the amounts are estimates only and do not guarantee funding.

It also says the tool's Transition Arrangement figure may not reflect a service's eligibility or amount.

A page of answers to common questions will be published soon.

The department will hold a webinar for community preschool providers in Term 4 2026.

Questions for your committee

- What do our average daily enrolments fund under the staffing table?
- How does that compare with our staff now?
- Does everyone's pay meet the 2027 minimum rates from 1 January?
- Has the department told us we are eligible for the transition year?
- Can we enrol more three-year-olds or children in priority groups?
- If we are thinking about changing roles or hours, what do the awards require before we decide?

Where to read more

The department's guidelines are the authority, so read them in full.

For questions about the funding, use the contact details the department gives in the guidelines.

Sources

[NSW Department of Education, 2027 Universal Preschool Funding program guidelines, 19 October 2026](#)

[NSW Department of Education, Universal Preschool Funding program, updated 23 October 2026](#)

[NSW Department of Education, More childcare places and fairer pay, 19 October 2026](#)

This is general information for NSW community preschools, current at the date shown. For advice on your own service's position, ask a qualified adviser.

The Forum covers the new funding model's first year: [book a place](#), \$500 + GST (\$550 total) per person.