

## Education Report: Adoption of Asynchronous Learning Mode Definition for the Unified Funding System from 2025

<b>To:</b>	Hon Jan Tinetti, Minister of Education		
<b>Date:</b>	24 August 2023	<b>Priority:</b>	Medium
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1314523
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<b>Messaging seen by Communications team:</b>	No	<b>Round Robin:</b>	No

### Purpose of Report

1. This report seeks your agreement to a proposed definition for an asynchronous learning mode of delivery within the Unified Funding System (UFS) for vocational education and training (VET) for 2025 onwards.

### Summary

2. The UFS, which replaced the previously separate funding systems for provider-based VET and industry-training, introduced different funding rates for provision depending on the mode of delivery. For example, provider-based delivery is generally funded at a higher rate than work-based delivery, although the difference is smaller than under the previous system.
3. Provider-based extramural delivery is funded at a lower rate than standard provider-based delivery, on the basis that it has a different cost-profile to in-person delivery, with potentially high upfront costs, but lower per learner costs. The upfront costs of programme development are supported by the Programme Development and Maintenance Fund (PDMF), balanced by a lower per learner rate thereafter.
4. The definition for the 'extramural' mode of delivery was intended to be temporary for 2023 and 2024, with a new definition to be applied from 2025 alongside the implementation of Tertiary Education Commission's (TEC) new data system.
5. In February 2023, we sought your approval to consult on a new definition for the mode developed with a Technical Advisory Group (TAG) in 2022:

*Provider-based – Asynchronous: Learners undertake supported, mainly asynchronous learning and the provider is responsible for the learners' health and wellbeing.*

6. Rather than distinguishing between online and offline delivery, the proposed 'asynchronous' mode would distinguish between delivery with a significant component of real-time interaction, either online or offline, and delivery that is mainly undertaken in learners' own time with little or no interaction with others or tutors. The TAG considered that this definition better aligned with the intent of the mode, given that the intent was to fund delivery with a lower cost structure than interactive or synchronous online learning.
7. In February 2023, you agreed we would consult the sector on the proposed definition for the asynchronous learning mode, alongside TEC consultation on an operational definition [METIS 1301273 refers]. This consultation occurred from mid-March to 12 April via an online survey. A total of 132 survey responses were received.
8. Sector feedback was mixed, with the bulk of concerns relating to the design of the funding system for the asynchronous learning mode, rather than the definition as such.
9. Many submitters argued that neither extramural, online nor asynchronous delivery is necessarily lower cost compared to in-person delivery, and that it should not be funded at a lower per-learner rate. Consultation feedback also suggests that the relationship between this mode and the PDMF is not well understood, with many submitters appearing not to be aware (or unwilling to incur the administrative costs) of being able to apply for PDMF funding.
10. After considering the feedback, we are comfortable that the proposed asynchronous definition better aligns with the intent of the mode than the existing extramural definition and recommend that it should be adopted for 2025 onwards, with a minor amendment to clarify that providers are responsible for supporting learners' health and well-being, rather than being more generally responsible for learners' health and well-being.
11. While we acknowledge the strength of concern about the overall design of the mode, we do not recommend making significant changes at this time (which would require Cabinet and potentially Budget approval). The UFS has only been in place for less than a year and it is important that we have time to monitor its impacts before making significant design changes.
12. We propose to actively monitor the impacts of this mode and provide advice in 2024 if changes to policy settings should be considered, including to the balance of programme development and per-learner funding for this delivery. Any such changes would require Cabinet decisions and may have fiscal impacts that would need to be considered alongside other pressures in this sector.
13. While your decision to proceed with this definition is needed now to allow it to be integrated into the TEC's new data system and its Investment Guidance, it will only be formally implemented by the relevant 2025 funding determinations, which will be finalised in the second half of 2024.

## Recommended Actions

The Ministry of Education recommends you:

- a. **note** that you agreed in February 2023 to consult the sector on a proposed definition for the funding of 'Provider-based: Asynchronous' delivery through the unified funding system for vocational education for implementation from 2025 [METIS 1301273 refers]

**Noted**

- b. **note** that the sector feedback was mixed, with much of it focusing on of the funding of the mode, but with some also raising concerns about the proposed definition of the mode, mostly in relation to:

- i. distinguishing between delivery intended to be funded by the mode and what 'good' technology-assisted delivery looks like; and
- ii. the characterisation of providers' health and wellbeing responsibilities for learners engaging in asynchronous learning

**Noted**

- c. **agree** to progress the following definition for funding purposes for implementation from 2025 (with addition in **bold**) and to replace the 'extramural' definition with the asynchronous definition by varying the 2025 funding determinations (subject to consultation) which will be finalized in second half of 2024:

*Provider-based - Asynchronous: Learners undertake supported, mainly asynchronous learning and the provider is responsible for **supporting** learners' health and wellbeing*

**Agree / Disagree**

- d. **note** that we propose to provide further advice in 2024 on whether any more substantial changes to policy settings for this mode of delivery should be considered

**Noted**

- e. **agree** to proactively release this report once final decisions have been made with regard to the online learning mode, with any redactions made in line with the provisions of the Official Information Act 1982

**Agree / Disagree**

  
James Campbell  
Senior Policy Manager  
Te Pou Kaupapahere

24/08/2023

  
Hon Jan Tinetti  
Minister of Education

27/08 2023

## Background

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### **The UFS introduced differentiated funding by mode of delivery...**

1. The Unified Funding System (UFS) for vocational education and training (VET), which combines funding for provider-based study and work-based industry training, came into effect from January 2023. The delivery component of the UFS includes different funding rates for different modes of delivery, including provider-based and work-based learning, with funding for provider-based delivery currently distinguished between campus-based and extramural modes of delivery. The funding rates reflect expected differences in costs and are intended to incentivise a shift toward more work-based learning.
2. The per-learner rate for extramural delivery is lower than in previous years, on the basis that the delivery of extramural and online learning has a different balance of upfront and per-learner costs that could be better supported with upfront funding from the Programme Development and Maintenance Fund (PDMF) (within the Strategic Component of the UFS), balanced by a lower per-learner rate to fund delivery.
3. Cabinet agreed to maintain funding rates in the UFS for te reo Māori and tikanga Māori delivery in its own funding category, regardless of mode of delivery, reflecting the fact that this delivery is not primarily vocational in nature and the Crown's Te Tiriti obligations in relation to this provision [CAB-19-MIN-0354]. This funding category will be broadened to include all mātauranga Māori delivery as a result of Budget 2023 increases to the funding rate for this delivery.

### **...with the definition of 'extramural' delivery to be replaced from 2025**

4. The original intent of this mode, as agreed by the previous Minister, was that it would capture 'online' delivery rather than 'extramural' delivery [METIS 1233742, 124682 and 1267373 refer]. The 'extramural' definition was adopted temporarily because it was already captured through existing data collection.
5. In July 2022, the previous Minister agreed that the next phase of work was to develop an 'online' learning mode and establish a clear and durable definition for funding online learning [METIS 1289719 refers].
6. We subsequently worked with a Technical Advisory Group (TAG) to develop a draft mode definition to replace extramural delivery. The definition needs to clearly differentiate this mode from the provider-based and work-based modes (both of which may include some element of blended learning), allow providers to appropriately assign the various courses and/or programmes they deliver to a mode, and allow the TEC to conduct audits to ensure that providers are assigning modes correctly.
7. We reported to you in February 2023 with a draft definition for a Provider-based – Asynchronous mode [METIS 1301273 refers] for sector consultation:

*Provider-based: asynchronous – Learners undertake supported, mainly asynchronous learning and the provider is responsible for the learners' health and wellbeing.*

8. This definition would shift the distinction for standard 'provider-based' delivery from the place where learning occurs to a distinction based on time. This definition was intended

to better align with the intent of the funding of this mode, as asynchronous learning generally has lower marginal delivery costs per learner, as the same material and infrastructure can serve a large number of users. Synchronous learning, whether online or in person, generally has higher costs with more frequent real-time interactions with teaching staff.

9. This definition would capture some, but not all 'online' delivery. The TAG considered this definition preferable to a mode for all 'online' delivery, on the basis that highly interactive forms of online learning incur different costs, including in staff time.

## Sector consultation

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10. In February 2023, you agreed to consult the sector on the draft definition for a 'Provider-based – Asynchronous' mode [METIS 1301273 refers].
11. This consultation was undertaken by a survey which sought feedback from the sector on both the draft definition developed by the TAG, and the operational parameters for the mode which would be set by the TEC, including whether 75 percent is an appropriate threshold for the proportion of delivery that would need to be asynchronous to be captured by the mode, and if the provider-based asynchronous definition could be applied to hyflex learning (i.e. learners have the flexibility to alternate between synchronous and asynchronous learning on a daily basis).
12. A total of 132 responses to the survey were received, of which 53 percent of the responses were from a range of Te Pūkenga staff, 12 percent of the responses were from the Universities and the Wānanga, 22 percent from other Tertiary Education Organisations (TEOs) and the rest from student associations and from five Workforce Development Councils.

## Feedback on the definition was mixed...

13. Responses to consultation were mixed and there was not a clear outcome either for or against the proposed definition. Submissions came from individuals with varying levels of understanding of the funding system, with many submitters appearing not to be aware of the intent to support the upfront costs of quality extramural/asynchronous delivery using the PDMF.
14. Fifty-five respondents (42 percent) supported the proposed definition, however, the survey did not seek additional feedback from those who supported the definition.
15. The remaining submissions disagreed with the proposed definition. The bulk of concerns raised were about funding for the mode rather than the proposed definition for it.
16. Many submitters argued that neither extramural, online nor asynchronous delivery is necessarily lower cost compared to in-person delivery, and that it should not be funded at a lower per-learner rate. Many respondents noted the importance of high-quality asynchronous delivery in terms of supporting accessibility for learners and raised concerns that the funding disincentivises this type of delivery. Some respondents discussed how their asynchronous courses were learner-focused allowing for close interactions with distance learners, rather than a 'set and forget' course.

17. Some submissions raised concerns about the introduction of a new definition for funding purposes that is not consistent with existing categorisation of provision. For example, Te Wānanga o Raukawa highlighted inconsistency with the way in which NZQA defines distance online delivery, as well as the lack of reference to self-directed learning in the definition.
18. We consulted NZQA and they have advised that while their programme approval guidelines describe five delivery modes (including a self-paced online (asynchronous) mode), these may be applied flexibly, and programmes can be offered in more than one mode. In comparison, the proposed asynchronous definition applies at a course level and only for funding purposes. NZQA emphasised the importance of being clear in any communication about the differing purposes of these definitions and agreed that an asynchronous definition is preferable to an 'extramural' or 'online' mode definition.
19. Respondents also expressed concern about the definition's inclusion of *'providers are responsible for learners' health and wellbeing'* – both because the phrasing may imply a much greater, more holistic responsibility than education providers typically hold, and because that responsibility is difficult to fulfil in practice for distance, mainly asynchronous learners.
20. Some submissions provided feedback about the effectiveness of entirely asynchronous delivery, arguing that quality distance delivery requires greater real-time engagement and support for learners. Some submissions highlighted the additional costs and resources involved in this delivery.

**...as was feedback on the operational parameters**

21. Forty-seven submissions provided feedback on the operational parameter of which the majority proposed that the proportion of delivery above which delivery is categorised as asynchronous should be higher than the 75 percent proposed. Around half of submitters proposed an 80 percent threshold, and around a quarter proposed that the mode should only apply to learning that is 100 percent asynchronous with no real-time interaction.
22. Respondents emphasized that regardless of the balance of asynchronous and synchronous learning, the evidence requirement should not be onerous on the provider. This needs to be balanced by ensuring that delivery that should be classified and funded as asynchronous (rather than as synchronous) is able to be, and is able to be monitored by the TEC.
23. The sector was also consulted on the whether the proposed definition was appropriate for 'hyflex learning', in which learners switch between asynchronous or synchronous learning on a daily basis. Respondents agreed that there will be variations in the mode of learning across institutions and would necessitate a clear definition that they can apply to their courses. Therefore, hyflex learning would fit within the parameters of synchronous learning (and not be funded at the asynchronous mode rate).

## **Analysis and Proposed Approach**

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**Overall, we consider that the proposed definition better aligns with the intent of the mode...**

24. Overall, we consider that feedback supports the view of the TAG that asynchronous delivery better aligns with the intent of the model than either extramural or online delivery. Delivery that is primarily asynchronous appears most likely to have the type

of cost profile, including lower per-learner costs, that is intended to be captured by the mode, although we acknowledge that this will not always be the case. The PDMF would continue to prioritise programme development funding to help meet the high upfront costs of asynchronous delivery.

25. Some higher-cost delivery described by submitters appears unlikely to be categorised as asynchronous, given that it appears to include a substantial synchronous component. It is important to note that the definition is intended to describe the type of learning to be funded by the mode, not to define what 'good' online or remote learning looks like.
26. The adoption of the asynchronous mode definition would likely somewhat narrow the range of provision that would be captured by the mode, mitigating some of the concerns of submitters. For example, extramural delivery that has a substantial synchronous component (such as real-time online tutorials) would no longer fall within this mode.
27. At this stage, we are unable to robustly estimate how much delivery might shift from being 'extramural' to being 'synchronous' in 2025. However, we consider the value would likely be relatively low and manageable within the overall funding available. Currently, extramural delivery represents approximately 12 percent of funded UFS volume and 9 percent of allocated delivery component funding.
28. The impact will also depend on final decisions on the specific threshold for distinguishing between synchronous and asynchronous delivery. For extramural delivery this threshold (75 percent extramural) is currently set by the TEC via its guidance and funding conditions that give effect to funding determinations. We will consider whether any such threshold should be specified directly in the funding determination in order to give the TEC a stronger basis to distinguish between delivery that should be funded by the asynchronous delivery mode.
29. In response to concerns about the framing of providers' responsibilities for learners' health and wellbeing, we propose to make a minor amendment to the definition to address a key area of feedback:  
  
*Provider-based - Asynchronous: Learners undertake supported, mainly asynchronous learning and the provider is responsible for **supporting** learners' health and wellbeing*
30. This would clarify that providers are only responsible for 'supporting' the learners' health and well-being (consistent with the existing extramural definition). We note that this part of the definition does not impose any obligations on providers in of itself – it reflects obligations that are imposed via the Education (Pastoral Care of Tertiary and International Learners) Code of Practice 2021. It is only included in order to differentiate provider-based delivery from work-based delivery, where these responsibilities are shared with employers.
31. This new definition would also require consequential amendments to the definition for the provider-based delivery mode for 2025 (replacing references to 'campus-based' delivery with 'synchronous' delivery), as well as replacing references to extramural delivery in relation to the PDMF.
32. Te reo Māori and mātauranga Māori delivery would continue to be funded at the same rate regardless of its mode of delivery, reflecting the Crown's Te Tiriti obligations in relation to this delivery and limiting the financial impact of the mode and the UFS more generally on Wānanga delivery.

***...but we will actively monitor the impact of the funding model for this delivery***

33. While we acknowledge the concerns raised by the sector about the overall design of the mode, we do not recommend making significant changes at this time. The UFS has only been in place for less than a year and it is important that we have time to monitor its impacts before making significant design changes.
34. We propose to actively monitor the impacts of this mode and provide further advice in 2024 on whether broader changes to policy settings should be considered, including whether the balance of programme development and per-learner funding for this delivery might need to be adjusted. Any such changes would require Cabinet decisions and may have fiscal impacts that would need to be considered alongside other pressures in this sector. More significant changes may require consideration through a future Budget process.
35. Depending on the scope of any changes, they would not necessarily come into effect before 2026, given the need to provide early guidance to the sector on allocations.

### **Next Steps**

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36. Your decision to proceed with this definition is needed now to allow it to be integrated into the TEC's new data system and its investment guidance, however, it will only be formally implemented by the relevant 2025 funding determinations, which will be finalised in the second half of 2024, subject to the statutory consultation process.
37. In the meantime, we will support the TEC in finalising the operational parameters of the mode and continue to consider the minimum proportion of delivery that would need to be asynchronous to be captured under the mode. As part of this process, we will look at whether any greater detail on mode definitions should be specified in the funding determination and provide you with advice as part of the development of funding determinations for 2025.
38. We will also provide further advice in 2024 if changes to broader policy settings are required, including the balance of programme development and per-learner funding for this delivery. We propose to report back to you in mid-2024 on the outcomes of this work, after we have been able to consider the final information from the 2023 single data return.