



Education Report: Updated funding determinations for 2022

To:	Hon Chris Hipkins, Minister of Education		
Date:	13 September 2021	Priority:	High
Security Level:	In Confidence	METIS No:	1267256
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Messaging seen by Communications team:	No	Round robin:	No

Purpose of report

This report seeks your agreement to issue eight funding determinations under section 419 of the Education and Training Act 2020, and one letter delegating authority to the Tertiary Education Commission (TEC) to administer funding for Adult and Community Education (ACE) Aotearoa.

Summary

Funding mechanisms are reissued from time to time to reflect changes in government policy, or if they are time limited and expire. This report contains nine of thirteen funding mechanisms that need to be confirmed for policy decisions to take effect from 2022.

We have implemented policy decisions you have taken in 2021 in the relevant mechanisms: increasing funding rates through Budget 2021, including micro credentials in the eligibility for the Qualification Development Fund, and extending the eligibility of Equity Funding.

We recommend three policy changes to Adult and Community Education provision: increasing the funding rate for ACE in schools, enabling the TEC to pay ACE Aotearoa additional funding as part of its current letter of delegation, and deferring National Student Number (NSN) collection to 2023. The first two changes can be funded from underspends.

We recommend that no significant changes to 'first-year' Fees Free eligibility or coverage are made for 2022 from settings in the current 2021 delegation. Confirming the continuation of the main Fees Free eligibility settings will enable the TEC to work towards communicating the 'first-year' Fees Free settings for 2022 from October 2021. It will also open the process for people to check their eligibility for Fees Free online for 2022. We intend to recommend two minor changes to Fees Free settings for 2022, with further advice in October 2021.

Recommended actions

The Ministry of Education recommends you:

- note** that Adult Community Education (ACE) funding for tertiary education institutions (TEIs) has been persistently underspent for several years

- b. **agree** to increase the funding rate for ACE in schools from \$7.60 an hour to \$10.00 an hour from 2022, ongoing, using around \$1.20 million of funding from ACE in TEIs

Agree / Disagree

- c. **agree** to defer the collection of National Student Numbers for ACE providers for ACE provision until 1 January 2023

Agree / Disagree

- d. **agree** to increase the amount the TEC can pay ACE Aotearoa under the letter of delegation to \$1.20 million per year, to incorporate another contract with a similar purpose

Agree / Disagree

- e. **agree** that the TEC may pay an additional payment of \$0.20 million in the 2021 calendar year, to ensure ACE Aotearoa receives the same amount of funding in 2021 to support the sector as in years previous

Agree / Disagree

- f. **note** that the cost of recommendation (d) and (e) can be met by transferring ongoing underspends in the Qualification Development Fund, which in the same category as funding for ACE Aotearoa

- g. **agree** to confirm that for 2022, there will be no significant changes for first year Fees Free Tertiary Education and Training settings

Agree / Disagree

- h. **agree** that the below funding determinations take effect from 1 January 2022:

Adult and Community Education	Agree / Disagree
Equity Funding	Agree / Disagree
Industry Training Fund	Agree / Disagree
Literacy and Numeracy	Agree / Disagree
Māori and Pasifika Trades Training	Agree / Disagree
Qualification Development Fund	Agree / Disagree
Specialised English for Speakers of Other Languages	Agree / Disagree
Youth Guarantee	Agree / Disagree

- i. **sign** the attached nine letters to the Chair of the Tertiary Education Commission

j. **agree** to proactively release this education report.

☒ **Agree** ☐ **Disagree**



James Campbell
Senior Manager, Tertiary Education
Te Ara Kaimanawa

13/09/2021



Hon Chris Hipkins
Minister of Education

1/10/21

Proactively Released

Background

1. This report summarises the changes made to eight funding determinations and one letter of delegation. It also seeks your confirmation that there will be no significant changes to the Fees Free Tertiary Education and Training settings for 2022.

We have increased the 2022 funding rates

2. As part of Budget 2021, Cabinet agreed to increase per-student tuition and training subsidies by 1.2 percent [CAB-21-MIN-0116.29 refers].
3. To implement this funding increase, we have increased all the relevant tuition and training funding rates within the eight funding determinations by 1.2 percent.
4. You agreed as part of the initiative 'Ensuring the viability of vocational education and training' to increase the funding rates in the Industry Training Fund by an additional 5 percent [METIS 1254386 refers]. We have reflected this in the funding determination.

We recommend three changes to Adult and Community Education

We recommend an additional increase to the funding rate for schools delivering Adult and Community Education (ACE)

5. ACE funding for tertiary education institutions (TEIs) (around \$7.68 million in the 2021 calendar year) has been persistently underspent for several years. For example, this year the TEC expects to recover at least \$2.10 million for under-delivery.
6. We recommend reallocating \$1.20 million of funding from ACE in TEIs to increase the funding rate for ACE in schools from \$7.60 an hour to \$10.00 an hour from 2022, ongoing. By comparison, the average funding rate for ACE in Communities is \$16.00 an hour. The proposed increase would support the government's commitment to reinstating night classes. Only a few schools chose to recommence delivering ACE this year, after the government funded more ACE places and expanded the priorities for ACE funding. However, the sector has advised that the low funding rate is a barrier for participation in this fund.
7. The proposed reallocation would leave some funding available should demand for ACE in TEIs increase. In addition, the TEC can manage ACE delivery volumes between schools, communities, and TEIs.

We recommend deferring collecting National Student Numbers (NSNs) from ACE providers until 1 January 2023

8. You previously agreed that from 2022, providers receiving ACE funding (and other funding from the TEC), will be required to collect and report their learners' NSNs. This will give us better data on ACE's contribution to learner success and help the ACE sector to better demonstrate the contribution of its provision to educational and wider outcomes.
9. However, the TEC has received feedback from some ACE providers that it would be difficult for them to implement the collection and reporting of NSNs from the start of 2022. This is due to the additional administrative and reporting requirements, as well as needing to develop processes that make it easier for learners without a current NSN to participate.
10. Due to these concerns, we recommend deferring collecting NSNs from ACE providers until 1 January 2023. The proposed increase in the ACE funding rate for schools may help schools meet additional costs associated with creating and/or collecting learners' NSNs. The TEC will work with the sector to prepare for them for the collection of NSNs.

We recommend enabling the TEC to pay ACE Aotearoa additional funding through its current letter of delegation

11. As part of the Budget 2020 increase for ACE funding, \$1.00 million was appropriated for ACE Aotearoa for leadership and co-ordination of the ACE sector [CAB-20-MIN-0219.27]. This support had previously been paid from the Administration of and Support for the Tertiary Education and Careers Systems appropriation.
12. After implementing this funding, the TEC identified a further contract it has with ACE Aotearoa. This contract also supports ACE Aotearoa's work co-ordinating and leading the ACE sector, by supporting professional development of ACE tutors. The \$0.20 million funding has been paid out to ACE Aotearoa since 2009, from the Community Education category of the Tertiary Tuition and Training MCA.
13. This activity was not covered by a funding mechanism, delegation or other Minister mandated instrument under the Education and Training Act 2020. It was within the purpose of the appropriation scope, given the broad nature of the appropriation scope, and the fact that the funding went to a TEO to support tertiary providers in the delivery of ACE.
14. Given that this long-term payment broadly supports the same purpose as the \$1.00 million, we propose to enable this contract to continue by increasing the funding through the delegation for ACE Aotearoa, by \$0.20 million to \$1.20 million from 2022.
15. We propose to fund the additional \$0.20 million using underutilised funding from the Qualification Development Fund (QDF), which is also within the Tertiary Sector / Industry Collaboration appropriation. The QDF has ongoing underspends in excess of this amount from its \$1.00 million baseline. No financial transfers will be needed to give effect to this payment change, as they are in the same fund line of the same appropriation.
16. Given this issue was identified this year, ACE Aotearoa has not received payment of the \$0.20 million for 2021. The proposed delegation enables an additional payment in 2021. This will ensure that ACE Aotearoa receives the same funding in 2021 as it has in preceding years for its activities with the sector.

Other policy changes

We have included micro-credentials in the eligibility for the QDF

17. In May 2021 [METIS CR22109 refers] you agreed that the QDF should be expanded to include micro-credentials. This is a simple change that may help to support people to adapt and find new jobs quickly, stemming from the current labour market volatility. There is enough underspent funding in the QDF to support this change and provide additional funding for ACE Aotearoa.
18. We have specified in the QDF funding determination that micro-credentials can be developed at levels 1-10 on the New Zealand Qualification Framework (NZQF). This differs from the criteria for other qualifications, which is limited to levels 1-6. We think that micro-credentials at all levels support the policy aim, as there is volatility across a range of professions with different qualification levels. Any micro-credentials proposed to be developed will need to reflect industry or community need.
19. 9(2)(f)(iv)
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