MINISTRY OF EDUCATION
TE TĀHUHU O TE MĀTAURANGA

Education Report: Tertiary education funding and student support settings for psychology provision

To:	Hon Chris Hipkins, Minister of Education		
Date:	17/05/2019	**Priority:**	Medium
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Purpose of Report

This paper provides you with background information to support your meeting with the Minister of Health on 23 May 2019 on how the Tertiary Education Commission (TEC) and the Ministries of Education and Health can take a system approach to address a shortage of clinical psychologists.

Summary

1 The Minister of Health wrote to you regarding the need to increase the clinical psychology workforce, in response to recommendations of *He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction* (*He Ara Oranga*).

2 Typically, it takes at least three years' post-graduate study (including a significant practicum component) to qualify as a clinical psychologist. There is very limited access to such post-graduate programmes and student demand for places significantly outstrips supply.

3 Officials have held discussions with the sector which indicate the two main constraints to growing provision are:

- post-graduate funding rates – which universities indicate are not sufficient to meet delivery costs; and
- the availability of internships to meet the practicum component of qualification.

4 We do not hold the detailed financial information to verify the claim of under-funding of clinical psychology. However, a comparison of funding rates indicates the Post-Graduate Diploma in Clinical Psychology (a key qualification for clinical psychologists) is funded at a lower rate than other post-graduate psychology qualifications. This suggests there is a funding issue to address.

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5 While the number of internship opportunities has grown in recent years, it is not clear whether this growth will continue and will be sufficient to meet employer demand (particularly if access to clinical psychologists is to significantly improve). Providers will only offer more clinical psychology places if they are confident internship placements will be available for them, even if funding rates are increased.

6 Given the very strong student demand for clinical psychology programmes and strong graduate outcomes (excellent employment opportunities and relatively high graduate incomes), we do not see restoring student allowances to post-graduate level study to support students in clinical psychology programmes as a high priority for funding at this stage.

7 Growing the future workforce of Māori and Pacific clinical psychologists will be important to meet the needs of the growing Māori and Pacific populations and address many of the issues raised in *He Ara Oranga*.

8 As it will be three years before an increase in clinical psychology places results in more trained clinical psychologists there is some urgency to this work. We propose you direct officials to report back to Joint Ministers by the end of June with final advice on:

- the size of increase needed to post-graduate funding rates for clinical psychology, and how to manage any precedent effects;
- workforce modelling and options for better co-ordinating internship placements; and
- how to work with providers to strengthen study pathways for Māori and Pacific learners.

9 This would allow any increase in funding and better internship arrangements to be put in place for the 2020 academic year. It will be important for the TEC to actively manage Government's investment in this area to ensure that any increase in funding rates results in increased places being made available to students.

Recommended Actions

The Ministry of Education recommends you:

a. **discuss** options for taking a system approach to addressing the shortage of clinical psychologists with the Minister of Health

b. **agree** with the Minister of Health to direct officials (from the Education agencies and Ministry of Health) to work with providers and to report back to Joint Ministers by the end of June on the issues raised in this Education Report

Agree / Disagree

c. **forward** this Education Report to the Minister of Health

Agree / Disagree

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d. **note** that this Education Report will be proactively released subject to provisions of the Official Information Act 1982.

Noted

Andy Jackson
Group Manager
Tertiary Education
17/5/19

Hon Chris Hipkins
Minister of Education
23/5/19

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Background

1. The Minister of Health has written to you regarding the need to increase the clinical psychology workforce, in response to recommendations of *He Ara Oranga*.

2. In his letter to you, the Minister of Health advised that he has been working with the sector to understand issues surrounding the psychology workforce. His letter suggests that the Ministry of Education can improve the psychology workforce to meet the recommendations of *He Ara Oranga* by:

    a. increasing funding for post-graduate clinical psychology programmes;

    b. providing national coordination in placements offered to clinical psychology interns;

    c. increasing access to financial support for post-graduate study; and

    d. extending the Māori and Pacific Admission Scheme offered by Medicine and Health Science programmes to include psychology programmes.

3. You are meeting with the Minister of Health on 23 May to discuss how you and Minister Clark might take a system approach to implementing the recommendations of *He Ara Oranga*.

Problem definition

Responding to the recommendations of He Ara Oranga will require a significant increase in the number of clinical psychologists

4. *He Ara Oranga* has recommended significantly increasing access to publicly-funded mental health and addiction services for people with mild to moderate and moderate to severe mental health and addiction needs. This will require significant expansion of the mental health workforce at all levels, on top of an existing shortage of mental health workers.

5. New Zealand currently has severe shortages of clinical psychologists, educational and health psychologists, and community and counselling psychologists. Health has advised that the most pressing shortage to address is clinical psychologists.

6. Presently all District Health Boards (DHBs) and the Department of Corrections have clinical psychologist vacancies, despite active recruitment drives. Some of these vacancies have been unfilled for up to 12 months. Oranga Tamariki, ACC and the Justice sector also have schemes underway or in development that will require more clinical psychologists.

7. Health has also indicated that they want to increase the number of Māori and Pacific clinical psychologists to better reflect the populations they serve. As at 31 June 2018 only 5.3 percent of all psychologists employed by DHBs were Māori and only 1.1 percent were Pacific peoples.

Student demand is not an issue, but the availability of internships is an important determinant of training volumes…

8. Clinical psychology typically requires a three-year post-graduate qualification with 1,500 hours of supervised clinical training (an 'internship') in the final year.

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9. Six university campuses accept around 70 new clinical psychology students between them, each year. There are several hundred applications for the 7 to 15 places in each campus, suggesting that learner demand is not a barrier to growth.

10. Universities need confidence that there will be enough supervised internship placements for each new cohort in its final year. Students beginning in 2020 would likely commence their internship in 2022. The internships are offered at DHBs, ACC, Department of Corrections and non-government organisations, with little coordination between them. Universities compete with each other for internship placements. Employers compete with each other for interns. The number of internships offered has increased in recent years, which has meant that not all places have been filled. Health is confident that the growth will continue, but we do not know at what rate, or whether the growth will be sufficient to meet future workforce training needs.

…and recruiting clinical psychologists from overseas is often not viable.

11. New Zealand does recruit overseas psychologists. However, different standards for professional psychology registration mean an overseas psychologist may only be registered under a general scope rather than a clinical scope. The principal difficulties are around cultural competence to work effectively with New Zealand populations, particularly with Māori and Pacific communities, and issues of English being a second language when understanding complex and nuanced psychological processes.

Universities have indicated that the clinical psychologist funding rate is also a barrier to increasing provision

12. In addition to the need for high entry standards, universities indicate that the main reason for limiting the number of places is that the current Student Achievement Component (SAC) funding rate for clinical psychology is not sufficient to cover delivery costs.

Proposed way forward

We propose further analysis of the cost of delivering clinical psychology programmes as a matter of urgency…

13. We do not hold programme-level financial information that can verify universities' claim that the funding rate for clinical psychology is preventing them increasing the number of places. The tertiary funding system allows providers to cross-subsidise, rather than attempting to have every funding rate precisely match the cost of provision. But if universities had confidence in the availability of clinical psychology internships, no increase in student places would suggest funding may be an issue.

14. Providers' funding for clinical psychology *programmes* depends on the funding rate for the various courses that make up the programme. Post-graduate clinical psychology *courses* are funded at a lower SAC subsidy rate than other similar specialisations. Most professional psychology courses are funded via SAC tuition subsidy rates for sciences (V3 - $17,345 per EFTS) or health services (C3 - $14,714 per EFTS). However, clinical psychology is funded at B3 - $12,243 per EFTS.

15. On the face of it, this suggests clinical psychology might be underfunded. Although clinical psychology courses are unlikely to have some of the capital and consumables costs of some natural sciences, they have small classes, significant lab work and a large practical component, all of which increase providers' costs per student.

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16. We propose that the Ministry and the TEC work with clinical psychology providers to better understand the structure and cost of clinical psychology programmes, and report back to you next month, before you commit to a funding increase.

17. The cost of an increase is likely to be relatively low, due to the small number of EFTS involved. There are currently fewer than 200 funded EFTS in post-graduate clinical psychology programmes (and around 60 percent are funded at the lower B3 rate) so even a significant increase in funded places and rates would come at a reasonably modest cost that could be managed within current tertiary funding baselines.

18. A risk with increasing funding to clinical psychology programmes is that providers may claim other qualifications are in the wrong funding category and ask for them to also be moved to a higher category to attract further funding.

19. To ensure that any increase in funding rate has an impact on the number of student places available, TEC would have to take a much more active approach to investment in this area.

...alongside interagency work on coordinating internships and information about unmet demand for clinical psychologists

20. We do not consider that a funding rate increase would, on its own, increase the number of clinical psychology places. Providers also need to be confident that enough internship placements will be available.

21. There has been discussion between Health's Psychology Workforce Taskforce and university planners about the potential for internships to be centralised, nationally coordinated, and funded.

22. We consider that internship placements should be coordinated by agencies that offer internships, other key employers of clinical psychologists, and the New Zealand College of Clinical Psychologists. We propose to work with the TEC and Health to identify options for coordinating internships. Any funding of internships would need to be considered as part of this work.

23. Health has provided some workforce modelling on the entire psychologist workforce. We consider that Health is best-placed to undertake evidence-based workforce planning to better understand the level of future demand for clinical psychologists, and the potential related changes to the broader mental health and addiction workforce.

24. This workforce planning could inform the TEC's purchase decisions.

25. In the shorter term, Health may need to consider options such as attracting clinical psychologists from the private sector and overseas. Education agencies may have a role here if training, such as ESOL classes or other courses, is needed to help overseas-trained clinical psychologists meet New Zealand registration requirements.

Getting more Māori and Pacific students into clinical psychology

Equity-targeted admissions processes

26. We do not know what proportion of students who apply to clinical psychology programmes are Māori and Pacific peoples. However, we do know that Māori and Pacific people are under-represented in the clinical psychologist workforce. In his letter, Minister Clark indicated he thought extending the Māori and Pacific Admission

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Scheme (MAPAS) to include clinical psychology students could improve the pipeline of Māori and Pacific students moving into post graduate clinical psychology study.

27. You and Minister Clark may wish to ask universities to explore how to increase the proportion of Māori and Pacific students on clinical psychology courses, and could suggest using MAPAS as a model. At least one university considers Māori or Pacific ethnicity a positive factor when selecting students for clinical psychology courses.

28. Education is working with Te Kāhui Amokura and Universities New Zealand on ways to increase the participation and achievement of Māori and Pacific learners in universities, co-designing a proposal for consideration as part of Budget 2020 [METIS 186439 refers].

Student allowances

29. In his letter, Minister Clark raised the issue of restoring student allowances to post-graduate level study to support students in clinical psychology programmes, particularly Māori and Pacific students. We do not recommend this as a funding priority at this stage.

30. Clinical psychology programmes are significantly oversubscribed, and lead to good post-study employment and earnings. Interns are paid at least a stipend. Furthermore, our analysis shows that, despite the removal of post-graduate student allowances, the number of post-graduate students has grown significantly in recent years whilst the number of students at all other qualification levels has decreased.

31. Additional financial support is available that many of these students would be eligible for. In 2018, Government increased student allowances and the amount students can borrow for living costs by $50 per week. Some of these student may be eligible for other government assistance such as the Accommodation Supplement. This is a weekly payment available to people who are ineligible for student allowance because of non-financial reasons e.g. undertaking postgraduate study.

Next steps

32. We recommend that you discuss the matters raised in this report with Minister Clark in your 23 May meeting.

33. In the meantime, we and the TEC will continue work with providers to better understand the cost of delivering clinical psychology programmes and provide a report back to you in June on any possible funding increase that could be necessary.

34. If you and Minister Clark agree, we will also work with TEC and Health to develop workforce modelling and arrangements for coordination internships and can approach universities to explore options to expand a MAPAS type model to improve study pathways for Maori and Pacific students.

35. It would be three years before an increase in clinical psychology places results in more trained clinical psychologists. We therefore recommend that any funding increase is in place for 2020, rather than being progressed through Budget 2020. This will require you and the Minister of Health to seek Cabinet's agreement by August 2019.

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