MINISTRY OF EDUCATION
TE TĀHUHU O TE MĀTAURANGA

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Min Hipkins

Education Report: Section 159L Funding Determinations for Adult and Community Education and SAC levels 1 and 2

To:	Hon Chris Hipkins, Minister of Education		
Date:	4 October 2019	Priority:	Medium
Security Level:	In Confidence	METIS No:	1204482
Drafter:	Nicole Rennie	Phone:	s 9(2)(a) OIA [redacted]
Key contact and number:	Scott Connew	Phone:	
Messaging seen by Communications team:	No	Round robin:	No

Purpose of report

This report seeks your agreement to issue two funding determinations under section 159L of the Education Act 1989 for:

- Adult and Community Education; and
- Student Achievement Component levels 1 and 2.

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Recommended actions

The Ministry of Education recommends you:

a. **note** that a 1.8 percent increase will be applied to all funding rates within the Adult and Community Education and Student Achievement Component levels 1 and 2 funding determinations in line with Budget 2019 decisions

Adult and Community Education

b. **agree** that to receive funding from the TEC, providers must meet at least one of the Adult and Community Education priorities, rather than all three

Agree / Disagree

c. **agree** that the funding determination for Adult and Community Education (attached in Appendix 1) takes effect from 1 January 2020

Agree / Disagree

Student Achievement Component levels 1 and 2

d. **agree** that the drafted funding determination for Student Achievement Component levels 1 and 2 (attached in Appendix 2) takes effect from 1 January 2020 and expires 31 December 2020

Agree / Disagree

e. **sign** the attached letters to the Chair of the Tertiary Education Commission

Agree / Disagree

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

Agree / Disagree

Julie Keenan
Acting Group Manager
Graduate Achievement, Vocations and Careers

4 October 2019

Hon Chris Hipkins
Minister of Education

22/10/19

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Background

1. The Minister of Education provides instructions about tertiary education funding to the Tertiary Education Commission (TEC) in the form of determinations issued under section 159L of the Education Act 1989 (the Act). Once the Minister has issued a funding determination, the TEC develops operational details of how to implement the determination. Funding determinations are reissued from time to time to reflect changes in Government policy, or if they are time limited and expire.

2. In July 2019, you issued three funding determinations for Literacy and Numeracy, Specialised English for Speakers of Other Languages and the Wānanga Research Capability Fund [METIS 1198534 refers]. This paper seeks your agreement to issue two further funding determinations. Changes to five more funding determinations are subject to ongoing policy work, including the Reform of Vocational Education (RoVE). We will seek your agreement to issue these remaining funding determinations this month after the related policy work and processes have been completed.

Changes to funding determinations

3. The current funding determination for the Student Achievement Component levels 1 and 2 (SAC 1-2) expires on 31 December 2019 and needs to be renewed to continue. We have also increased the funding rates as agreed through Budget 2019, and made other minor wording changes.

4. The current funding determinations for Adult and Community Education (ACE) is open-ended, but needs to be reissued to reflect agreed increases to funding rates through Budget 2019.

Funding increase

5. As part of Budget 2019, funding was appropriated to increase subsidy rates for all tertiary education and training funded through the Tertiary Tuition and Training Multi-Category Appropriation by 1.8 percent. This includes ACE and SAC 1-2.

6. To implement this funding increase, we have increased all the funding rates within the funding determinations for ACE and SAC 1-2 by 1.8 percent.

ACE changes

7. We recommend changing the requirement for providers to meet all three funding priorities to a requirement to meet at least one priority.

8. Under the current funding determination for ACE, TEC requires that learners are enrolled in programmes of study or training designed to:

   a. target learners whose previous learning was not successful; and

   b. raise foundation skills; and

   c. strengthen social cohesion, by enhancing a learner's ability to participate in society and economic life.

9. As discussed at the ACE strategy session with officials in August [METIS 1201662 refers], we have heard from the sector that one of the most immediate challenges to getting ACE funding is that programmes must align with all three funding priorities to receive any TEC funding. ACE is a capped fund and we do not expect the quality or quantity of the programmes funded through ACE to decrease because of this change.

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10. TEC has advised that it will continue in most cases to prioritise funding to those that meet all three criteria. However, this change gives greater flexibility to TEC to fund some quality programmes that do not meet all the criteria above, but do have a genuine benefit to learners. For example, this change would allow the TEC to fund digital literacy programmes for learners regardless of whether they had succeeded previously in initial learning.

11. [redacted]

Other minor changes

12. We have also made minor drafting changes to all the funding determinations in consultation with TEC. These minor amendments improve the clarity and consistency of wording and do not contain any policy changes.

Next Steps

13. We have enclosed the new funding determinations for your approval. We have also attached letters for your signature, to the Chair of the TEC, advising him of your determinations of the design of the funding mechanisms.

14. Subject to your agreement, we recommend you sign the letters attached in the Appendices and send them with the funding determinations to the TEC.

15. The TEC will publish the funding determinations on its website to communicate the updated funding determinations to the sector. The TEC will also update their 2020 funding letters to tertiary providers expected to be sent in October.

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Hon Chris Hipkins

MP for Rimutaka

Minister of Education
Minister of State Services
Leader of the House
Minister Responsible for Ministerial Services

Nigel Gould
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Nigel,

Determination of Design of Funding Mechanism: Adult and Community Education

I am writing to advise you of a determination of the design of a funding mechanism, under section 159L of the Education Act 1989 (the Act), for Adult and Community Education.

The new determination is set out in the appendix to this letter. The determination covers the funding of Adult and Community Education provision delivered from 1 January 2020. The new determination includes a 1.8 percent increase to all funding rates specified in the determination.

Under section 159O of the Act, it is the Commission's responsibility to develop the details needed to implement my determinations for the design of funding mechanisms.

I expect that the Commission will set appropriate measures as part of its Statement of Service Performance in order to report to me on its performance in giving effect to this determination.

Yours sincerely,

Chris Hipkins
Minister of Education

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DETERMINATION OF DESIGN OF FUNDING MECHANISM: ADULT AND COMMUNITY EDUCATION

PRELIMINARY PROVISIONS

Statutory authority

1. This funding mechanism for adult and community education is made under section 159L of the Education Act 1989 (the Act).

Purpose

2. This funding determination covers the Adult and Community Education (ACE) Fund, which includes Immigration Levy funding allocated by Cabinet for English for Speakers of Other Languages (ESOL) provision for adult migrants.

3. The purpose of the ACE Fund is to purchase provision that provides adults with community-based education, foundation skills, and pathways into other learning opportunities that meet community learning needs.

On-Plan funding

4. The Tertiary Education Commission (TEC) must pay funding for ACE in accordance with section 159YA of the Act.

PART ONE: THE FUNDING MECHANISM

General Parameters

Effective period

5. This funding mechanism applies to the funding of eligible ACE programmes delivered from 1 January 2020.

6. The TEC may exercise any of its administrative functions before this date as required to give effect to this funding mechanism.

Available funding

7. The total amount of Government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

TEC administrative responsibility in the case of under-funding

8. If a tertiary education organisation (TEO) receives funding under this funding mechanism that is less than it should have been, or that it was entitled to receive, the TEC must pay the amount of the under-funding as soon as is reasonably practicable.

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SPECIFIC PARAMETERS

TEO eligibility

9. The TEC may only fund a TEO under this funding mechanism for ACE provision if the TEO is one of the following:

    a. an institute of technology and polytechnic (ITP);

    b. a wānanga;

    c. a private training establishment (PTE) that specialises in foundation learning;

    d. a rural education activities programme (REAP) provider;

    e. a community organisation; or

    f. a State or State integrated school.

TEO quality assurance

10. To be eligible for ACE funding under this funding mechanism, a TEO (other than a community organisation[1]) must be quality assured by:

    a. the New Zealand Qualifications Authority (NZQA), if the TEO is an ITP, a wānanga, a PTE, or a REAP provider that is not a community organisation; or

    b. the Education Review Office, if the TEO is a State or State integrated school.

ITPs and wānanga - funding formula and rate

11. The TEC must measure ACE enrolments at ITPs and wānanga in units of equivalent full-time students (EFTS). One (1.0) EFTS unit is defined as the learner workload that would normally be carried out by a learner enrolled full-time in a single academic or calendar year.

12. The TEC must allocate funding for ACE provision delivered by ITPs and wānanga at a fixed rate of $4,524.00 per EFTS (GST exclusive).

ITPs and wānanga - funding priorities

13. When allocating ACE funding to ITPs and wānanga, the TEC must:

    a. take into account each ITP's or wānanga's overall portfolio of ACE provision; and

    b. prioritise funding for ACE provision that primarily focuses on:

        i. the learning of foundation skills; and

[1] Some REAPs are community organisations.

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ii. the re-engagement of learners whose previous learning was not successful; and

iii. the progression of learners into formal tertiary education.

PTEs, REAP providers, and community organisations - funding formula and rates

14. The TEC must determine the appropriate total amount of funding for ACE provision delivered by a PTE, REAP provider or community organisation.

PTEs, REAP providers, and community organisations - funding priorities

15. When allocating ACE funding to PTEs, REAP providers and community organisations, the TEC must:

    a. take into account each PTE's, REAP provider's or community organisation's overall portfolio of ACE provision; and

    b. prioritise funding for ACE provision that primarily focuses on:

        i. literacy, digital literacy, and/or numeracy; or

        ii. English language, including ESOL; or

        iii. New Zealand Sign Language; or

        iv. Te Reo Māori.

State schools and State integrated schools - funding formula and rates

16. The TEC must allocate funding for ACE provision to State schools and State integrated schools at a fixed hourly rate ($7.40 per hour) for a minimum number of hours of ACE provision per learner.

State schools and State integrated schools - funding priorities

17. When allocating funding for ACE provision to state schools and state integrated schools, the TEC must:

    a. take into account each school's overall portfolio of ACE provision; and

    b. ensure that each school will prioritise learners with the highest need. It is expected that at least 50% of the learners enrolled in the school's funded ACE provision will:

        i. identify as having English language needs; or

        ii. have low or no formal qualifications; or

        iii. identify as Māori or Pasifika; and

    c. prioritise funding for ACE provision that primarily focuses on:

        i. literacy, digital literacy, and/or numeracy; or

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ii. English language, including ESOL; or

iii. New Zealand Sign Language; or

iv. Te Reo Māori.

Eligible programmes

18. The TEC must require a TEO to ensure that it only receives ACE funding for an eligible learner enrolled in a programme of study or training that is designed to:

    a. target learners whose previous learning was not successful; or

    b. raise foundation skills; or

    c. strengthen social cohesion, by enhancing a learner's ability to participate in society and economic life.

Learner eligibility

19. The TEC must require a TEO to ensure that it only receives ACE funding for a learner enrolled in an ACE programme who is:

    a. a domestic student[2]; and

    b. 16 years of age or over; and

    c. not a full-time secondary school student.

20. A TEO may receive funding for ACE provision for a learner who does not meet the criteria specified in paragraph 19 only if that learner is:

    a. under the age of 16 years and they participate with adults in family-based provision; or

    b. a full-time secondary school student:

        i. who is 16 years of age and over; and

        ii. who receives ACE provision outside of normal school hours; and

        iii. who has obtained approval from the relevant school principal; and

        iv. for whom the TEO has obtained approval from the TEC.

[2] As defined in section 159 of the Act 1989.

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PART TWO: FUNDING CONDITIONS

Conditions that the TEC must attach to funding

21. The TEC must attach the following specific conditions to funding paid under this funding mechanism:

TEOs

22. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, for the length of the funding period, continue to meet the criteria specified in paragraphs 9 and 10 of this funding mechanism.

23. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:

    a. not subcontract any of the funded activities without the prior written consent of the TEC; and

    b. comply with any conditions imposed by the TEC on a consent to subcontract; and

    c. ensure that a subcontracted party does not further subcontract any functions; and

    d. remain accountable for the use of the funding.

Programmes

24. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a programme of study or training in which an eligible learner is enrolled continues to meet the criteria specified in paragraph 18 of this funding mechanism.

Learners

25. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each learner who is enrolled in a programme of study or training funded under this funding mechanism meets and continues to meet the criteria specified in paragraphs 19 or 20 of this funding mechanism.

TEO responsibilities

26. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must work with local organisations, peak bodies, groups, and communities, including other TEOs involved in ACE, to identify and meet community learning needs.

27. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must provide the TEC with access to its premises, employees, and information for the purposes of:

    a. inspecting the records that the TEO must keep; and

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b. auditing the TEO's compliance with funding conditions and requirements in the Act.

28. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:

    a. must design and provide ACE programmes of study or training that:

        i. if the TEO is an ITP or wānanga, align with the priorities specified in paragraph 13(b); or

        ii. if the TEO is a PTE, REAP provider, or a community organisation, align with the priorities specified in paragraph 15(b); or

        iii. if the TEO is a State school or State integrated school, align with the priorities specified in paragraph 17(b) and (c); and

    b. must not use ACE funding to provide programmes of study or training to a group or class of secondary school students, even if the programme of study or training is provided outside school hours; and

    c. must not use ACE funding to provide professional development courses for ACE teachers and tutors.

Fees

29. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:

    a. must pay for the necessary equipment, infrastructure and hardware required to deliver a particular programme[3]; and

    b. in relation to the provision of essential equipment, including computers, must not require the costs to be met through the "course-related costs" component of the Student Loan Scheme, as a condition of enrolment for students.

30. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:

    a. ensure that the level of fees it sets for ACE programmes of study or training is not expected to prevent individuals from enrolling in those programmes; and

    b. charge the same fee to all learners participating in an ACE programme of study or training funded under this funding mechanism.

[3] The phrase "equipment, infrastructure and hardware" refers to those items that can be used by successive intakes of students. It does not include personal items which are provided for individual student use and which the TEO does not retain for the next intake of students.

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No other funding

31. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:

    a. must not (without the TEC's prior written consent) seek or obtain funding from any Crown source other than the TEC to fund provision which is funded under this funding mechanism; and

    b. must notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of subparagraph (a) of this condition.

Responsible use of funding

32. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism, must use the funding:

    a. lawfully, responsibly, and for the purposes for which it is provided; and

    b. in a manner consistent with the appropriate use of public funds.

Recovery of over-funding

33. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:

    a. is repayable on demand; and

    b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

34. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

Repayment of funding following revocation of funding approval

35. The TEC must attach to funding a condition that if, in accordance with section 159YG of the Act, the TEC suspends, revokes or withdraws some or all of a TEO's funding paid under this funding mechanism before that funding has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown and:

    a. is repayable on demand; and

    b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

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DETERMINATION OF DESIGN OF FUNDING MECHANISM: ADULT AND COMMUNITY EDUCATION

PRELIMINARY PROVISIONS

Statutory authority

1. This funding mechanism for adult and community education is made under section 159L of the Education Act 1989 (the Act).

Purpose

2. This funding determination covers the Adult and Community Education (ACE) Fund, which includes Immigration Levy funding allocated by Cabinet for English for Speakers of Other Languages (ESOL) provision for adult migrants.

3. The purpose of the ACE Fund is to purchase provision that provides adults with community-based education, foundation skills, and pathways into other learning opportunities that meet community learning needs.

On-Plan funding

4. The Tertiary Education Commission (TEC) must pay funding for ACE in accordance with~~under~~ section 159YA of the Act.

PART ONE: THE FUNDING MECHANISM

General Parameters~~ENERAL PARAMETERS~~

Effective period

5. This funding mechanism applies to funding of eligible ACE programmes~~is to fund ACE provision~~ delivered from 1 January 2020~~2019~~.

6. The TEC may exercise any of its administrative functions before this date as required to give effect to this funding mechanism ~~before this date~~.

Available funding

7. The total amount of Government funding that can be spent~~allocated~~ under this funding mechanism will be set through the Government's annual budget processes.

TEC administrative responsibility in the case of under-funding

8. If a tertiary education organisation (TEO) receives funding under this funding mechanism that is less than it should have been, or that it was entitled to receive, the TEC must pay the amount of the under-funding as soon as is reasonably practicable.

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SPECIFIC PARAMETERS

TEO eligibility

9. The TEC may only fund a TEO under this funding mechanism for ACE provision if the TEO is one of the following:

    a. an institute of technology and polytechnic (ITP);

    b. a wānanga;

    c. a private training establishment (PTE) that specialises in foundation learning;

    d. a rural education activities programme (REAP) provider;

    e. a community organisation; or

    f. a Sstate or sState integrated school.

TEO quality assurance

10. To be eligible for ACE funding under this funding mechanism, a TEO (other than a community organisation[1]) must be quality assured by:

    a. the New Zealand Qualifications Authority (NZQA), if the TEO is an ITP, a wānanga, a PTE, or a REAP provider that is not a community organisation; or

    b. the Education Review Office, if the TEO is a Sstate or sState integrated school.

ITPs and wānanga - funding formula and rate

11. The TEC must measure ACE enrolments at ITPs and wānanga in units of equivalent full-time students (EFTS). One (1.0) EFTS unit is defined as the learner workload that would normally be carried out by a learner enrolled full-time in a single academic or calendar year.

12. The TEC must allocate funding for ACE provision delivered by ITPs and wānanga at a fixed rate of $4,524.00444.44 per EFTS (GST exclusive).

ITPs and wānanga - funding priorities

13. When allocating ACE funding to ITPs and wānanga, the TEC must:

    a. take into account each ITP's or wānanga's overall portfolio of ACE provision; and

    b. prioritise funding for ACE provision that primarily focuses on:

        i. the learning of foundation skills; and

[1] Some REAPs are community organisations.

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ii. the re-engagement of learners whose previous learning was not successful; and

iii. ~~ensuring~~ the progression of learners into formal tertiary education.

PTEs, REAP providers, and community organisations - funding formula and rates

14. The TEC must determine the appropriate total amount of funding for ACE provision delivered by a PTE, REAP provider or community organisation~~ to be funded for ACE provision~~.

PTEs, REAP providers, and community organisations - funding priorities

15. When allocating ACE funding to PTEs, REAP providers and community organisations, the TEC must:

    a. take into account each PTE's, REAP provider's or community organisation's overall portfolio of ACE provision; and

    b. prioritise funding for ACE provision that primarily focuses on:

        i. literacy, digital literacy, and/or numeracy; or

        ii. English language, including ~~English for Speakers of Other Languages (~~ESOL~~)~~; or

        iii. New Zealand Sign Language; or

        iv. Te Reo Māori.

State schools and ~~s~~State integrated schools - funding formula and rates

16. The TEC must allocate funding for ACE provision to Sstate schools and Sstate integrated schools at a fixed hourly rate ($7.40~~27~~ per hour) for a minimum number of hours of ACE provision per learner.

State schools and state integrated schools - funding priorities

17. When allocating funding for ACE provision to state schools and state integrated schools, the TEC must:

    a. take into account each school's overall portfolio of ACE provision; and

    b. ensure that each school will prioritise learners with the highest need. It is expected that at least 50% of the learners enrolled in the school's funded ACE provision will:

        i. identify as having English language needs; or

        ii. have low or no formal qualifications; or

        iii. identify as Māori or Pasifika; and

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c. prioritise funding for ACE provision that primarily focuses on:

i. literacy, digital literacy, and/or numeracy; or

ii. English language, including ESOL; or

iii. New Zealand Sign Language; or

iv. Te Reo Māori.

Eligible programmes

18. The TEC must require a TEO to ensure that it only receives ACE funding for an eligible learner enrolled in a programme of study or training that is designed to:

a. target learners whose previous learning was not successful; or~~and~~

b. raise foundation skills; or~~and~~

c. strengthen social cohesion, by enhancing a learner's ability to participate in society and economic life.

~~19. A programme of study or training does not have to meet all of the criteria specified in paragraph 18 if it is a programme of study or training in ESOL, New Zealand Sign Language, or Te Reo Māori.~~

Learner eligibility

~~20.~~19. The TEC must require a TEO to ensure that it only receives ACE funding for a learner enrolled in an ACE programme who is:

a. a domestic student[2]; and

b. 16 years of age or over; and

c. not a full-time secondary school student.

~~21.~~20. A TEO may receive funding for ACE provision for a learner who does not meet the criteria specified in paragraph 19~~20~~ only if that learner is:

a. under the age of 16 years and they~~he or she~~ participate~~s~~ with adults in family-based provision; or

b. a full-time secondary school student:

i. who is 16 years of age and over; and

ii. who receives ACE provision outside of normal school hours; and

iii. who has obtained approval from the relevant school principal; and

[2] As defined in section 159 of the ~~Education~~ Act 1989.

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iv. for whom the TEO has obtained approval from the TEC.

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PART TWO: FUNDING CONDITIONS

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Conditions that the TEC must attach to funding

~~22.~~21. The TEC must attach the following specific conditions to funding paid under this funding mechanism:

T*EO~~ertiary Education Organisation~~*s

~~23.~~22. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must, for the length of the funding period, continue to meet the criteria specified in paragraphs 9 and 10 of this funding mechanism.

~~24.~~23. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:

a. not subcontract any of the funded activities without the prior written consent of the TEC; and

b. comply with any conditions imposed by the TEC on a consent to subcontract; and

c. ensure that a subcontracted party does not further subcontract any functions; and

~~d.~~ remain accountable for the use of the funding.

d.

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Programmes

~~25.~~24. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a programme of study or training in which an eligible learner is enrolled continues to meet the criteria specified in paragraph 18 ~~or 19~~ of this funding mechanism.

Learners

~~26.~~25. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that each learner who is enrolled in a programme of study or training funded under this funding mechanism meets and continues to meet the criteria specified in paragraphs 19~~20~~ or 2~~1~~0 of this funding mechanism.

TEO responsibilities

~~27.~~26. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must work with local organisations, peak bodies, groups, and communities, including other TEOs involved in ACE, to identify and meet community learning needs.

~~28.~~27. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must provide the TEC with access to its premises, employees, and information for the purposes of:

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a. inspecting the records that the TEO must keep; and~~or~~

b. auditing the TEO's compliance with funding conditions and requirements in the Act.

~~29.~~28. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:

a. must design and provide ACE programmes of study or training that:

i. if the TEO is an ITP or wānanga, align with the priorities specified in paragraph 13(b); or

ii. if the TEO is a PTE, REAP provider, or a community organisation, align with the priorities specified in paragraph 15(b); or

iii. if the TEO is a Sstate school or Sstate integrated school, align with the priorities specified in paragraph 17(b) and (c); and

b. must not use ACE funding to provide programmes of study or training to a group or class of secondary school students, even if the programme of study or training is provided outside school hours; and

c. must not use ACE funding to provide professional development courses for ACE teachers and tutors.

Fees

~~30.~~29. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:

a. must pay for the necessary equipment, infrastructure and hardware required to deliver a particular programme[3]; and

b. in relation to the provision of essential equipment, including computers, must not require the costs to be met through the "course-related costs" component of the Student Loan Scheme, as a condition of enrolment for students.

~~31.~~30. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:

a. ensure that the level of fees it sets for ACE programmes of study or training is not expected to ~~does not~~ prevent individuals from enrolling in those programmes; and

b. charge the same fee to all learners participating in an ACE programme of study or training funded under this funding mechanism.

[3] The phrase "equipment, infrastructure and hardware" refers to those items that can be used by successive intakes of students. It does not include personal items which are provided for individual student use and which the TEO does not retain for the next intake of students.

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No other funding

~~32.~~31. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:

a. must not (without the TEC's prior written consent) seek or obtain funding from any Crown source other than the TEC to fund provision which is funded under this funding mechanism; and

b. must notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of subparagraph (a) of this condition.

Responsible use of funding

~~33.~~32. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism, must use the funding:

a. lawfully, responsibly, and for the purposes for which it is provided; and

b. in a manner consistent with the appropriate use of public funds.

Recovery of over-funding

~~34.~~33. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:

a. is repayable on demand; and

b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

~~35.~~34. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

Repayment of funding following revocation of funding approval

~~36.~~35. The TEC must attach to funding a condition that if, in accordance with section 159YG of the Act, the TEC suspends, ~~or~~ revokes or withdraws some or all of a TEO's funding paid under this funding mechanism before that funding ~~provided~~ has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown and:

a. is repayable on demand; and

b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

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~~**Specific condition that the TEC must attach to funding for TEIs funded under this funding mechanism**~~

Commented [NR1]: Changed in legislation

~~***Enrolment***~~

~~37. The TEC must attach to funding a condition that a TEI must keep accurate and up-to-date records of enrolments in accordance with the requirements developed by the TEC.~~

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Hon Chris Hipkins

MP for Rimutaka

Minister of Education
Minister of State Services
Leader of the House
Minister Responsible for Ministerial Services

Nigel Gould
Chair
Tertiary Education Commission
PO Box 27-048
Wellington 6141

Dear Nigel,

Determination of Design of Funding Mechanism: Student Achievement Component Levels 1 and 2

I am writing to advise you of a determination of the design of a funding mechanism, under section 159L of the Education Act 1989 (the Act), for Student Achievement Component Levels 1 and 2.

The new determination is set out in the appendix to this letter. The determination covers the funding of Student Achievement Component Levels 1 and 2 provision delivered from 1 January 2020. The new determination includes a 1.8 percent increase to all funding rates specified in the determination.

Under section 159O of the Act, it is the Commission's responsibility to develop the details needed to implement my determinations for the design of funding mechanisms.

I expect that the Commission will set appropriate measures as part of its Statement of Service Performance in order to report to me on its performance in giving effect to this determination.

Yours sincerely,

Chris Hipkins
Minister of Education

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+64 4 817 8706 Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand c.hipkins@ministers.govt.nz beehive.govt.nz

DETERMINATION OF DESIGN OF FUNDING MECHANISM: STUDENT ACHIEVEMENT COMPONENT – PROVISION AT LEVELS 1 AND 2 ON THE NEW ZEALAND QUALIFICATIONS FRAMEWORK

PRELIMINARY PROVISIONS

Statutory authority

1. This funding determination is made under section 159L of the Education Act 1989 (the Act), and specifies the design of the funding mechanism for:

    a. Student Achievement Component (SAC) provision at levels 1 and 2 on the New Zealand Qualifications Framework (NZQF); and

    b. special supplementary grant (SSG) funding for special education.

Purpose

2. SAC funding contributes to the provision of teaching and learning services for enrolled students at tertiary education organisations (TEOs).

3. The SAC comprises the following two funds:

    a. provision at levels 1 and 2 on the NZQF; and

    b. provision at levels 3 and above on the NZQF.

4. The objectives of foundation-level tertiary education (levels 1 and 2 on the NZQF) are to:

    a. provide people who do not already have essential foundation skills with access to a low cost way to gain those skills; and

    b. provide progression to higher level study and skilled employment; and

    c. build the literacy and numeracy skills of eligible students; and

    d. enable students to learn English or Te Reo Māori; and

    e. encourage TEOs that are best able to meet the needs of foundation education students.

5. SSG funding is to fund additional tutor support for special education in TEOs.

6. In this funding mechanism, all references to SAC funding exclude SSG funding, unless specified otherwise.

On-plan funding

7. The Tertiary Education Commission (TEC) must pay funding allocated under this funding mechanism in accordance with section 159YA of the Act.

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PART ONE: THE FUNDING MECHANISM

General parameters

Effective period

8. This funding mechanism applies to the funding of eligible programmes and training schemes that are delivered from 1 January 2020 to 31 December 2020.

9. The TEC may exercise any of its administrative functions outside those dates as required to give effect to this funding mechanism.

Available funding

10. The total amount of Government funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

TEC administrative responsibilities in the case of under-funding

11. If a TEO receives funding under this funding mechanism that is less than it should have been, or that it was entitled to receive, the TEC must pay the amount of the under-funding as soon as reasonably practicable.

Specific parameters

Funding formula and rates

12. The TEC must calculate SAC funding paid under this funding mechanism based on a metric comprising:

    a. the number of valid domestic student enrolments, measured in equivalent full-time students (EFTS); and

    b. the qualification or training scheme in which eligible students are enrolled.

Valid domestic enrolments

13. For the purpose of calculating SAC funding paid under this funding mechanism, the term "valid domestic enrolment" refers to the enrolment of a student who is:

    a. a domestic student[1]; and

    b. either

        i. aged 16 years and over; or

        ii. aged under 16 years and meets the criteria determined by the TEC; and

    c. studying in New Zealand, unless the student meets criteria established by the TEC.

[1] For the definition of domestic student, refer to section 159 of the Act.

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14. The TEC must establish criteria for determining under which circumstances a student can be considered to be a valid domestic enrolment, where he or she is aged under 16 years.

15. The TEC must establish the requirements that TEOs must comply with to verify each student's identity and to confirm that a student is a valid domestic enrolment.

Inducements

16. Even if a student meets the criteria specified in paragraph 13, the enrolment is not a valid domestic enrolment for the purposes of this funding mechanism if it has been secured by way of an inducement.

17. An inducement may include a financial incentive or on-going personal possession of physical items where they induce a student to enrol.

18. The TEC must establish criteria for determining what constitutes an inducement.

The metric

Measurement of enrolments

19. The TEC must measure valid domestic enrolments in units of EFTS. One (1.0) EFTS unit is defined as the student workload that would normally be carried out by a student enrolled full-time in a single academic or calendar year.

20. The EFTS value of a qualification represents the TEC's assessment of the normal minimum time for a successful full-time student to complete the qualification. In addition, the credit value assigned to the qualification by either the New Zealand Qualifications Authority (NZQA) or the New Zealand Vice-Chancellors Committee must be a part of the EFTS metric.

21. The TEC must consider qualifications that the TEO has disaggregated into component courses. The TEC must assign each course an EFTS factor that represents the proportion of the whole qualification that the course constitutes.

Funding rates

22. The TEC must apply the funding categories and per-EFTS funding rates for TEOs to deliver provision to the student, as set out in Appendix 1, Table 1.

TEO eligibility

23. The TEC may only fund a TEO under this funding mechanism if the TEO is one of the following:

    a. an institute of technology and polytechnic (ITP); or

    b. a wānanga; or

    c. a university; or

    d. a private training establishment (PTE).

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TEO quality assurance

24. To be eligible for funding under this funding mechanism, a TEO must be quality assured by:

    a. the NZQA, if the TEO is an ITP, a wānanga or a PTE; or

    b. the New Zealand Vice-Chancellors' Committee, if the TEO is a university.

Eligibility of students

25. The TEC must ensure that the funding that is allocated to a TEO under this funding mechanism is only used for valid domestic student enrolments, as defined by paragraphs 13 and 16.

26. The TEC must take into account a TEO's enrolment practices for students with prior qualifications, as set out in paragraph 27.

Students with prior qualifications

27. The TEC must establish processes to prevent a TEO from receiving SAC funding under this funding mechanism in relation to a student enrolled in a programme or training scheme if:

    a. that student has already achieved a qualification at Level 2 or higher on the NZQF; and

    b. 10% of the students for which the TEO receives SAC funding paid under this funding mechanism in the calendar year had, at the time of their enrolment, already achieved a qualification at Level 2 or higher on the NZQF.

28. The TEC must measure the limit on enrolments with a prior qualification:

    a. by excluding enrolments in qualifications in English for Speakers of Other Languages (ESOL) or Te Reo Māori; and

    b. by excluding qualifications achieved five years or more prior to the current enrolment; and

    c. according to any other methodology set by the TEC.

29. The TEC may recover funding if a TEO exceeds the prior qualification limit.

Programmes and qualifications

Eligible programmes and training schemes

30. The TEC must ensure that funding allocated under this funding mechanism is only used for provision that:

    a. meets the objectives of foundation-level tertiary education (as set out in paragraph 4 above); and

    b. is one of the following:

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i. part of a programme that:

A. leads to the award of a qualification (of 40 credits or more) at level 1 or 2 on the NZQF; and

B. has been quality assured by either NZQA or the New Zealand Vice-Chancellors' Committee (where appropriate); or

ii. part of a training scheme that:

A. leads to an award with a credit value greater than 20 credits; and

B. has been quality assured by NZQA; or

iii. part of a programme that leads to the award of the National Certificate of Educational Achievement (NCEA) at level 2 that is aligned with one or more of the Vocational Pathways; and

c. includes embedded literacy and numeracy provision (except for qualifications in ESOL or Te Reo Māori); and

d. includes an assessment process, under which students are assessed using the Literacy and Numeracy for Adults Assessment Tool (except for qualifications taught predominantly in Te Reo Māori); and

e. involves synchronous learning (delivered in real time to the student); and

f. may be delivered extramurally, with prior approval from the TEC; and

g. is provided by tutors who are appropriately qualified[2].

Ineligible programmes and training schemes

31. The TEC must ensure that SAC funding paid to a TEO under this funding mechanism is not used for programmes of study or training schemes where the TEC considers on reasonable grounds that a majority of the programme of study or training scheme relates to health and safety or regulatory compliance.

Special supplementary grant for special education

32. The TEC may provide funding for additional tutor support for special education in TEOs that have previously delivered provision to students requiring increased assistance.

33. The TEC must establish an allocation process for the provision of SSG funding.

[2] The appropriateness of qualified tutors relates to the foundation education qualification being delivered, including specialist areas, such as ESOL, Te Reo Māori and supported learning, as well as capability around the delivery of embedded literacy and numeracy (see paragraph 30(c)).

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PART TWO: FUNDING CONDITIONS

34. The TEC must impose the following conditions on the relevant funding provided to each TEO under this funding mechanism.

TEOs

35. The TEC must attach to funding a condition that a TEO that receives SAC funding under this funding mechanism must, for the length of the funding period, continue to meet all the eligibility criteria specified in paragraphs 23 and 24 of this funding mechanism.

36. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:

    a. not subcontract any of the funded activities without the prior written consent of the TEC; and

    b. comply with any conditions imposed by the TEC on a consent to subcontract; and

    c. ensure that a subcontracted party does not further subcontract any functions; and

    d. remain accountable for the use of the funding.

Students and enrolments

37. The TEC must attach to funding a condition that a TEO that receives SAC funding under this funding mechanism must ensure that each eligible student meets and continues to meet the criteria specified in paragraph 25 of this funding mechanism.

38. The TEC must attach to funding a condition that a TEO that receives SAC funding under this funding mechanism must not:

    a. restrict enrolment in eligible qualifications and training schemes funded under this funding mechanism on the basis of private advantage (for example, enrolment being restricted to the TEO's employees only); or

    b. secure or seek to secure a valid domestic enrolment through offering of an inducement.

39. The TEC must attach to funding a condition that a TEO that receives SAC funding under this funding mechanism must limit enrolments with prior qualifications, as specified in paragraphs 27 and 28.

40. The TEC must attach to funding a condition that a TEO that receives SAC funding under this funding mechanism must verify a student's identity, and confirm that a student is a valid domestic enrolment, in accordance with the requirements developed by the TEC.

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Reporting withdrawals to Ministry of Social Development

41. The TEC must attach to funding a condition that a TEO that receives SAC funding under this mechanism must report the withdrawal of students to the Ministry of Social Development within five working days of each withdrawal. This is to enable student loans and student allowances to be cancelled as soon as possible.

Programmes and qualifications

42. The TEC must attach to funding a condition that a TEO that receives SAC funding under this funding mechanism must ensure that a programme or training scheme in which an eligible student is enrolled meets and continues to meet the criteria specified in paragraph 30 of this funding mechanism.

43. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism, for provision as set out in paragraph 30, must have in place an effective assessment process for identifying a student's initial literacy and numeracy needs, and measure their progress, using the most appropriate version of the Literacy and Numeracy for Adults Assessment Tool.[3]

44. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a majority of the programme or training scheme in which an eligible student is enrolled does not relate to health and safety or regulatory compliance learning.

Fees and associated course costs

45. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must not charge a fee to a student enrolled in a programme, training scheme or qualification that is funded under this funding mechanism.

46. For the purposes of the condition in paragraph 45, the term "fee" includes the following items: tuition fees, compulsory course costs, examination fees, costs of materials, costs of field trips, costs associated with the compulsory purchase of equipment or books through a TEO, and other charges associated with a course that is part of a qualification.

47. For the purposes of the condition in paragraph 45, the term "fee" does not include compulsory student services fees or fees for student identification cards.

48. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:

    a. must pay for the necessary equipment, infrastructure and hardware required to deliver a particular course or qualification[4]; and

    b. in relation to the provision of essential equipment, including computers, diving hardware, and chainsaws, must not require the costs to be met

[3] Including Adult, Youth, Te Ata Hāpara and Starting Points, as appropriate.

[4] The phrase "equipment, infrastructure and hardware" refers to those items that can be used by successive intakes of students. It does not include personal items which are provided for individual student use and which the TEO does not retain for the next intake of students.

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through the "course-related costs" component of the Student Loan Scheme, as a condition of enrolment for students.

TEO responsibilities

49. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must meet minimum performance standards specified by the TEC.

No other funding

50. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism (including SSG) must:

    a. not (without the TEC's prior written consent) seek or obtain funding from any Crown source other than the TEC to fund provision which is funded under this funding mechanism; and

    b. notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of sub-paragraph (a) of this condition.

Responsible use of funding

51. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism (including SSG) must use the funding:

    a. lawfully, responsibly, and for the purposes for which it is provided; and

    b. in a manner consistent with the appropriate use of public funds.

Recovery of over-funding

52. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism (including SSG) that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:

    a. is repayable on demand; and

    b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

53. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

54. For the purposes of this condition, a TEO will have received funding that was "greater than it should have been" if the total dollar value of the SAC provision funded under this funding mechanism that is delivered by a TEO within a funding year is less than 99% of the total dollar value for the SAC provision paid to the TEO under this funding mechanism.

55. In that situation, the percentage of funding that is repayable is equal to the difference between the bottom of the tolerance band (99%) and the percentage value of the provision that was delivered.

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Repayment of funding following revocation of funding approval

56. The TEC must attach to funding a condition that if, in accordance with section 159YG of the Act, the TEC suspends, revokes or withdraws some or all of a TEO's funding paid under this funding mechanism (including SSG) before that funding provided has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown and:

    a. is repayable on demand; and

    b. may be set off against all or any funding, or any sum of money payable by the TEC to the TEO.

Disclosure of data from Statistics New Zealand's Integrated Data Infrastructure

57. The TEC must attach to funding a condition that a TEO consents, for the purposes of section 37A(a) of the Statistics Act 1975, to Statistics New Zealand disclosing information to the Ministry of Education and the TEC from its Integrated Data Infrastructure that identifies, or may identify, the TEO.

58. The TEC must inform TEOs that the Statistics Act 1975 does not constrain the ongoing use or sharing of the TEO-level data once it is disclosed.

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APPENDIX 1: CALCULATION OF SAC LEVEL 1-2 FUNDING

Table 1: SAC Level 1-2 classification of qualifications and training schemes for funding

SAC Level 1-2 classification of qualifications and training schemes	Funding rate/EFTS
Te Reo Māori	$7,635
English for Speakers of Other Languages	$8,144
Supported Learning	$13,234
Trades	$13,234
Services	$9,162
General Foundation Education	$8,653

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DETERMINATION OF DESIGN OF FUNDING MECHANISM: STUDENT ACHIEVEMENT COMPONENT – PROVISION AT LEVELS 1 AND 2 ON THE NEW ZEALAND QUALIFICATIONS FRAMEWORK

PRELIMINARY PROVISIONS

Statutory authority

1. This funding determination is made under section 159L of the Education Act 1989 (the Act), and specifies the design of the funding mechanism for:

    a. Student Achievement Component (SAC) provision at levels 1 and 2 on the New Zealand Qualifications Framework (NZQF); and

    b. special supplementary grant (SSG) funding for special education.

Purpose

2. SAC funding contributes to the provision of teaching and learning services for enrolled students at tertiary education organisations (TEOs).

3. The SAC comprises the following two funds:

    a. provision at levels 1 and 2 on the NZQF; and

    b. provision at levels 3 and above on the NZQF.

4. The objectives of foundation-level tertiary education (levels 1 and 2 on the NZQF) are to:

    a. provide people who do not already have essential foundation skills with access to a low cost way to gain those skills; and

    b. provide progression to higher level study and skilled employment; and

    c. build the literacy and numeracy skills of eligible students; and

    d. enable students to learn English or Te Reo Māori; and

    e. encourage TEOs that are best able to meet the needs of foundation education students.

5. SSG funding is to fund additional tutor support for special education in TEOs.

6. In this funding mechanism, all references to SAC funding exclude SSG funding, unless specified otherwise.

On-plan funding

7. The Tertiary Education Commission (TEC) must pay funding allocated under this funding mechanism in accordance with ~~under~~ section 159YA of the Act.

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PART ONE: THE FUNDING MECHANISM

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General parameters

Effective period ~~dates~~

8. This funding mechanism applies to the funding of eligible programmes and training schemes that are delivered ~~is to fund provision~~ from 1 January 202019 to 31 December 202019.

9. The TEC may exercise any of its administrative functions outside those dates as required to give effect to this funding mechanism ~~outside those dates~~.

Available funding

10. The total amount of Ggovernment funding that can be spent under this funding mechanism will be set through the Government's annual budget processes.

TEC administrative responsibilities in the case of under-funding

11. If a TEO receives funding under this funding mechanism that is less than it should have been, or that it was entitled to receive, the TEC must ~~treat the amount of the under-funding as a credit and~~ pay the amount of the under-funding as soon as reasonably practicable.

Specific parameters

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Funding formula and rates

12. The TEC must calculate SAC funding paid under this funding mechanism based on a metric comprising:

    a. the number of valid domestic student enrolments, measured in equivalent full-time students (EFTS); and

    b. the qualification or training scheme in which eligible students are enrolled.

Valid domestic enrolments

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13. For the purpose of calculating SAC funding paid under this funding mechanism, the term "valid domestic enrolment" refers to the enrolment of a student who is:

    a. a domestic student[1]; and

    b. either

        i. aged 16 years and over; or

        ii. aged under 16 years and meets the criteria determined by the TEC; and

[1] For the definition of domestic student, refer to section 159 of the Act.

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c. studying in New Zealand, unless the student meets criteria established by the TEC.

14. The TEC must establish criteria for determining under which circumstances a student can be considered to be a valid domestic enrolment, where he or she is aged under 16 years.

15. The TEC must establish the requirements that TEOs must comply with to verify each student's identity and to confirm that a student is a valid domestic enrolment.

Inducements

16. Even if a student meets the criteria specified in paragraph 13, the enrolment is not a valid domestic enrolment for the purposes of this funding mechanism if it has been secured by way of an inducement.

17. An inducement may include a financial incentive or on-going personal possession of physical items where they induce a student to enrol.

18. The TEC must establish criteria for determining what constitutes an inducement.

The metric

Measurement of enrolments

19. The TEC must measure valid domestic enrolments in units of EFTS. One (1.0) EFTS unit is defined as the student workload that would normally be carried out by a student enrolled full-time in a single academic or calendar year.

20. The EFTS value of a qualification represents the TEC's assessment of the normal minimum time for a successful full-time student to complete the qualification. In addition, the credit value assigned to the qualification by either the New Zealand Qualifications Authority (NZQA) or the New Zealand Vice-Chancellors Committee must be a part of the EFTS metric.

21. The TEC must consider qualifications that the TEO has disaggregated into component courses. The TEC must assign each course an EFTS factor that represents the proportion of the whole qualification that the course constitutes.

Funding rates

22. The TEC must apply the funding categories and per-EFTS funding rates for TEOs to deliver ~~fees-free~~ provision to the student, as set out in Appendix 1, Table 1.

TEO eligibility

23. The TEC may only fund a TEO under this funding mechanism if the TEO is one of the following:

    a. an institute of technology and polytechnic (ITP); or

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b. a wānanga; or

c. a university; or

d. a private training establishment (PTE).

TEO quality assurance

24. To be eligible for funding under this funding mechanism, a TEO must be quality assured by:

    a. the NZQA, if the TEO is an ITP, a wānanga or a PTE; or

    b. the New Zealand Vice-Chancellors' Committee, if the TEO is a university.

Eligibility of students

25. The TEC must ensure that the funding that is allocated to a TEO under this funding mechanism is only used for valid domestic student enrolments, as defined by paragraphs 13 and 16.

26. The TEC must take into account a TEO's enrolment practices for students with prior qualifications, as set out in paragraph 27.

Students with prior qualifications

27. The TEC must establish processes to prevent a TEO from receiving SAC funding under this funding mechanism in relation to a student enrolled in a programme or training scheme if:

    a. that student has already achieved a qualification at Level 2 or higher on the NZQF; and

    b. 10% of the students for which the TEO receives SAC funding paid under this funding mechanism in the calendar year had, at the time of their enrolment, already achieved a qualification at Level 2 or higher on the NZQF.

~~27. Up to 10% of a TEO's enrolments funded under this funding mechanism can have already achieved a qualification at level 2 or higher on the NZQF (a prior qualification).~~

28. The TEC must measure the limit on enrolments with a prior qualification:

    ~~a.~~c. by excluding enrolments in qualifications in English for Speakers of Other Languages (ESOL) or Te Reo Māori; and

    ~~b.~~d. by excluding qualifications achieved five years or more prior to the current enrolment; and

    ~~c.~~e. according to any other methodology set by the TEC.

29. The TEC may recover funding if a TEO exceeds the prior qualification limit.

Programmes and qualifications

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Eligible programmes and training schemes~~qualifications~~

30. The TEC must ensure that funding allocated under this funding mechanism is only used for provision that:

a. meets the objectives of foundation-level tertiary education (as set out in paragraph 4 above); and

b. is one of the following:

i. part of a programme that:

A. leads to the award of a qualification (of 40 credits or more) at level 1 or 2 on the NZQF; and

i. has been quality assured by either NZQA or the New Zealand Vice-Chancellors' Committee (where appropriate); or

ii. part of a training scheme that:

A. leads to an award with a credit value greater than 20 credits; and

B. has been quality assured by NZQA; or

iii. part of a programme that leads to the award of the National Certificate of Educational Achievement (NCEA) at level 2 that is aligned with one or more of the Vocational Pathways; and

~~a. meets the objectives of foundation-level tertiary education (as set out in paragraph 4 above); and~~

~~b. is part of a programme that:~~

~~i. leads to the award of a qualification (of 40 credits or more) at level 1 or 2 on the NZQF; and~~

~~ii. has been quality assured by either NZQA or the New Zealand Vice-Chancellors' Committee (where appropriate); or~~

~~c. is part of a training scheme that:~~

~~i. leads to an award with a credit value greater than 20 credits; and~~

~~ii. has been quality assured by NZQA; or~~

~~d. is part of a programme that leads to the award of the National Certificate of Educational Achievement (NCEA) at level 2 that is aligned with one or more of the Vocational Pathways; and~~

~~e.~~c. includes embedded literacy and numeracy provision (except for qualifications in ESOL or Te Reo Māori); and

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f.d. includes an assessment process, under which students are assessed using the Literacy and Numeracy for Adults Assessment Tool (except for qualifications taught predominantly in Te Reo Māori); and

g.e. involves synchronous learning (delivered in real -time to the student); and

h.f. may be delivered extramurally, with prior approval fromof the TEC; and

i.g. is provided by tutors who are appropriately qualified[2].

Ineligible programmes and training schemesqualifications

31. The TEC must ensure that SAC funding paid to a TEO under this funding mechanism is not used for programmes of study or training schemes where the TEC considers on reasonable grounds that a majority of the programme of study or training scheme relates to health and safety or regulatory compliance.

Special supplementary grant for special education

32. The TEC may provide funding for additional tutor support for special education in TEOs that have previously delivered provision to students requiring increased assistance.

33. The TEC must establish an allocation process for the provision of SSG funding.

[2] The appropriateness of qualified tutors relates to the foundation education qualification being delivered, including specialist areas, such as ESOL, Te Reo Māori and supported learning, as well as capability around the delivery of embedded literacy and numeracy for relevant provision (see paragraph 30(c)e).

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PART TWO: FUNDING CONDITIONS

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~~Conditions that the TEC must attach to funding~~

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34. The TEC must impose the following ~~specific~~ conditions on the relevant funding provided to each TEO under this funding mechanism.

TEOs

35. The TEC must attach to funding a condition that a TEO that receives SAC funding under this funding mechanism must ~~meet~~, ~~and~~ for the length of the funding period, continue to meet all the eligibility criteria specified in paragraphs 23 and 24 of this funding mechanism.

36. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must:

    a. not subcontract any of the funded activities without the prior written consent of the TEC; and

    b. comply with any conditions imposed by the TEC on a consent to subcontract; and

    c. ensure that a subcontracted party does not further subcontract any functions; and

    d. remain accountable for the use of the funding.

Students and enrolments

37. The TEC must attach to funding a condition that a TEO that receives SAC funding under this funding mechanism must ensure that each eligible student meets and continues to meet the criteria specified in paragraph 25 of this funding mechanism.

38. The TEC must attach to funding a condition that a TEO that receives SAC funding under this funding mechanism must not:

    a. restrict enrolment in eligible qualifications and training schemes funded under this funding mechanism on the basis of private advantage (for example, enrolment being restricted to the TEO's employees only); or

    b. secure or seek to secure a valid domestic enrolment through offering of an inducement.

39. The TEC must attach to funding a condition that a TEO that receives SAC funding under this funding mechanism must limit enrolments with prior qualifications, as specified in paragraphs 27 and 28.

40. The TEC must attach to funding a condition that a TEO that receives SAC funding under this funding mechanism must verify a student's identity, and confirm that a student is a valid domestic enrolment, in accordance with the requirements developed by the TEC.

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Reporting withdrawals to Ministry of Social Development

41. The TEC must attach to funding a condition ~~of funding~~ that a TEO that receives SAC funding under this mechanism must report the withdrawal of students to the Ministry of Social Development within five working days of each withdrawal. This is to enable student loans and student allowances to be cancelled as soon as possible.

Programmes and qualifications

42. The TEC must attach to funding a condition that a TEO that receives SAC funding under this funding mechanism must ensure that a programme or training ~~scheme~~qualification in which an eligible student is enrolled meets and continues to meet the criteria specified in paragraph 30 of this funding mechanism.

43. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism, for provision as set out in paragraph 30~~(f)~~, must have in place an effective assessment process for identifying a student's initial literacy and numeracy needs, and measure their progress, using the most appropriate version of the Literacy and Numeracy for Adults Assessment Tool.[3]

44. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must ensure that a majority of the qualification in which an eligible student is enrolled does not include health and safety or regulatory compliance learning.

Fees and associated course costs

45. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must not charge a fee to a student enrolled in a programme or training ~~scheme~~qualification that is funded under this funding mechanism.

46. For the purposes of the~~this~~ condition in paragraph 45, the term "fee" includes the following items: tuition fees, compulsory course costs, examination fees, costs of materials, costs of field trips, costs associated with the compulsory purchase of equipment or books through a TEO, and other charges associated with a course that is part of a qualification.

47. For the purposes of the~~is~~ condition in paragraph 45, the term "fee" does not include compulsory student services fees or fees for student identification cards.

[3] Including Adult, Youth, Te Ata Hāpara and Starting Points, as appropriate.

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48. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism:

    a. must pay for the necessary equipment, infrastructure and hardware required to deliver a particular course or qualification[4]; and

    b. in relation to the provision of essential equipment, including computers, diving hardware, and chainsaws, must not require the costs to be met through the "course-related costs" component of the Student Loan Scheme, as a condition of enrolment for students.

~~***Compulsory student services fee (CSSF)***~~

~~49. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism and that charges a compulsory student services fee, must at the beginning of each year, publish on their website:~~

~~a. basic CSSF information for the year, including the amount charged per EFTS and a description of the student services the fee supports; and~~

~~b. a description of the current year's CSSF decision making process – including a description of how the current fee and services offered were determined, how consultation with students occurred and what the decisions were; and~~

~~c. a description of how students can be involved in CSSF decisions for the following year – how TEOs propose to consult with their students and what issues might be considered.~~

Commented [JR1]: Now covered by the ministerial direction for CSSFs. Not a condition on funding.

TEO responsibilities

~~50.~~49. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism must meet minimum performance standards specified by the TEC.

No other funding

~~51.~~50. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism (including SSG) must:

    a. not (without the TEC's prior written consent) seek or obtain funding from any Crown source other than the TEC to fund provision which is funded under this funding mechanism; and

    b. notify the TEC immediately if it becomes aware of any circumstances that might result in a breach of sub-paragraph (a) of this condition.

[4] The phrase "equipment, infrastructure and hardware" refers to those items that can be used by successive intakes of students. It does not include personal items which are provided for individual student use and which the TEO does not retain for the next intake of students.

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Responsible use of funding

~~52.~~51. The TEC must attach to funding a condition that a TEO that receives funding under this funding mechanism (including SSG) must use the funding:

a. lawfully, responsibly, and for the purposes for which it is provided; and

b. in a manner consistent with the appropriate use of public funds.

Recovery of over-funding

~~53.~~52. The TEC must attach to funding a condition that if a TEO receives funding under this funding mechanism (including SSG) that is greater than it should have been, or that it was not entitled to receive, the TEO must treat the amount of the over-funding as a debt due to the Crown that:

a. is repayable on demand; and

b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

~~54.~~53. The TEC must provide the TEO with reasonable notice before exercising its right to demand repayment or set-off the debt against all or any funding.

~~55.~~54. For the purposes of this condition, a TEO will have received funding that was "greater than it should have been" if the total dollar value of the SAC provision funded under this funding mechanism that is delivered by a TEO within a funding year is less than 99% of the total dollar value for the SAC provision paid to the TEO under this funding mechanism.

~~56.~~55. In that situation, the percentage of funding that is repayable is equal to the difference between the bottom of the tolerance band (99%) and the percentage value of the provision that was delivered.

Repayment of funding following revocation of funding approval

~~57.~~56. The TEC must attach to funding a condition that if, in accordance with section 159YG of the Act, the TEC suspends, ~~or~~ revokes or withdraws some or all of a TEO's funding paid under this funding mechanism (including SSG) before that funding provided has been used or contractually committed towards the purposes for which that funding was provided, then the TEO must treat the unexpended or uncommitted portion of the funding as a debt due to the Crown and:

a. is repayable on demand; and

b. may be set-off against all or any funding, or any sum of money payable by the TEC to the TEO.

Disclosure of data from Statistics New Zealand's Integrated Data Infrastructure

~~58.~~57. The TEC must attach to funding a condition that a TEO consents, for the purposes of section 37A(a) of the Statistics Act 1975, to Statistics New Zealand disclosing information to the Ministry of Education and the TEC from its Integrated Data Infrastructure that identifies, or may identify, the TEO.

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~~59.~~58. The TEC must inform TEOs that the Statistics Act 1975 does not constrain the ongoing use or sharing of the TEO-level data once it is disclosed.

~~**Specific conditions that the TEC must attach to Tertiary Education Institutions (TEIs) funded under this funding mechanism**~~

~~60. The following specific conditions must be attached to funding provided to TEIs under this funding mechanism.~~

~~***Enrolment***~~

~~61. The TEC must attach to funding a condition that a TEI must keep accurate and up-to-date records of valid domestic enrolments in accordance with the requirements developed by the TEC.~~

~~***Benchmarking***~~

~~62. The TEC must attach to funding a condition that a TEI must participate as appropriate in benchmarking, including:~~

~~a. providing the vendor with financial and performance information as requested, in a timely manner; and~~

~~b. engaging with the vendor over follow-up questions and related quality assurance processes, in a timely manner; and~~

~~c. contributing to the cost of the agreement between the TEC and the vendor, at a rate determined by the TEC.~~

Commented [NR2]: This has now been updated through legislation. Similar paragraphs have been deleted from other 159Ls.

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APPENDIX 1: CALCULATION OF SAC LEVEL 1-2 FUNDING

Table 1: SAC Level 1-2 classification of qualifications and training schemes for funding

SAC Level 1-2 classification of qualifications and training schemes	Funding rate/EFTS
Te Reo Māori	$7,635~~500~~
English for Speakers of Other Languages	$8,144~~000~~
Supported Learning	$13,234~~000~~
Trades	$13,234~~000~~
Services	$9,162~~000~~
General Foundation Education	$8,653~~500~~

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