



# Guidance information

For tertiary education providers  
developing a Plan for 2010

June 2009



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## Introduction

### What this guidance covers

- 1 This guidance information (guidance) sets out the direction the Tertiary Education Commission (TEC) will take in approving Investment Plans (Plans) in 2010 and 2011 for the following tertiary education providers:
  - private training establishments (PTEs)
  - Other Tertiary Education Providers (OTEPs)
  - schools, and
  - community providers, including rural education activities programmes (REAPs).
- 2 For 2010, the TEC will only be approving one-year Plans in most cases. The tertiary providers covered by this guidance are required to have Plans approved by the TEC in order to receive the following types of funding for 2010 (unless exempt<sup>1</sup>):
  - Student Achievement Component (SAC)
  - Adult and Community Education (ACE)
  - Training Opportunities
  - Youth Training
  - Gateway
  - Intensive Literacy and Numeracy funding (formerly the Foundation Learning Pool)
  - Adult Literacy Educator Grants.
- 3 This guidance explains 2010 Plan content requirements and outlines how funding decisions will be made by the TEC. It also provides links to online information about how funding allocations will be made, fund-specific performance indicators, and Plan submission timelines.
- 4 For the tertiary providers listed in paragraph 1, this guidance replaces the TEC's previous *Investment Guidance 2008-2010* and *Investment Guidance Supplement for Schools, community providers, and private training establishments developing a Plan for 2009*.

<sup>1</sup> See Appendix 2 for further information on Providers exempt from submitting a Plan.

## A performance-based approach

- 5 As the tertiary education sector continues to transition into the Plan environment, actual performance, as measured by performance indicators set out in Plans, will play an increasingly important role in the TEC's funding decisions. A greater focus on performance creates incentives for providers to improve the quality and relevance of their provision and achieve better outcomes for learners.
- 6 For the 2010 Plan round, current or previous funding levels do not create any automatic entitlement to future funding at any level from the TEC and providers with a history of poor performance may not receive any further funding. Going forward, increased emphasis will be placed on all providers demonstrating that they are performing well.
- 7 The TEC has set minimum required achievement levels for a number of funds in 2010. These achievement levels signal minimum expected performance, as measured by the specified performance indicators. Providers unable to demonstrate required minimum performance against these indicators may have some or all of their funding removed in future years.

## PTEs and OTEPs

- 3 As described in the Tertiary Education Strategy 2007-2012 (TES), performance is a key determinate of the TEC's investment in individual PTEs.<sup>2</sup> During 2010 and 2011 the TEC will progressively implement a funding model that will more deliberately reward high-performing PTEs.
- 9 OTEPs are also expected to focus on improving their performance in 2010 in line with TES priorities and the Investment Guidance previously issued by the TEC. For 2010 funding, OTEP performance must meet the levels determined by the TEC using the fund-specific performance indicators and minimum achievement levels in Appendix 1. The SAC-related performance measures set out below for PTEs do not apply to OTEPs in 2010.

## SAC funding

- 10 High performance is expected from all PTEs and OTEPs. For SAC funding, the performance of PTEs will be measured using performance indicators and minimum achievement levels defined by the TEC.
- 11 For SAC funding in 2010, PTE performance will be considered in terms of:
  - the enrolment volumes agreed in Plans
  - successful completions at course and qualification level
  - alignment with the TES and/or other government priorities, and
  - over time, destinations (eg. employment or further study).

<sup>2</sup> See Appendix 3 for more information about the TES Priorities.

### Enrolment volumes

- 12 Overall funding levels for tertiary education are constrained and unlikely to change significantly in the current financial climate. Providers are therefore expected to manage enrolments within current funding levels while ensuring that they are meeting the needs of their stakeholders including students, employers, communities, industry, and iwi, through relevant and high-quality provision.
- 13 2010 Plans are expected to reflect an ongoing commitment to bringing enrolment levels within a 97 - 103 percent tolerance limit for under- and over-delivery by 2011. Over-delivery above 100 percent of Plan-agreed enrolment levels will not be funded and under-delivery below 97 percent will lead to the removal of funding.

### Successful completions at course and qualification level

- 14 PTE performance for SAC-funded courses and qualifications will be measured by successful completion rates, for which there are minimum required achievement levels for 2010. These achievement levels signal the minimum expected performance, as measured by successful course and qualification completions. Providers unable to demonstrate required minimum performance against these indicators may have some or all of their funding removed in future years.
- 15 Actual performance, as measured by the performance indicators set out in Plans, will be a key driver of the TEC's decisions regarding funding in future years. Over time funding will be shifted from low performing providers to higher performing providers. Improving current performance is therefore a key focus for all providers.

### Alignment with the TES and learner destinations

- 16 As part of the process of making funding decisions on 2010 Plans, the TEC will take into account alignment with the TES and other government priorities and any evidence on the destinations of learners, particularly where performance is poor against course and qualification completion measures. From 2011, these areas will be considered more closely as part of the overall picture of performance at all providers.

### Non-SAC funding

- 17 PTEs and OTEPs covered by this guidance also receive a number of other funds, as listed in paragraph 2. These funds are aligned to Plan outcomes, but have separate accountability requirements distinct from SAC funding. In 2010, performance related to these other funds will be measured using fund-specific performance indicators and minimum achievement levels determined by the TEC.

- 18 The specific performance indicators and funding requirements for these funds are in Appendix 1 and are available at [www.tec.govt.nz](http://www.tec.govt.nz). When providers submit their Plans, these indicators and the associated minimum achievement levels will be pre-loaded into the online tool.

## Schools, REAPs, and other community providers

- 19 The performance of schools, REAPs, and other community providers in 2010 will be monitored using fund-specific performance indicators and minimum achievement levels determined by the TEC. The specific performance indicators and funding requirements for these funds are in Appendix 1 and are available at [www.tec.govt.nz](http://www.tec.govt.nz). When providers submit their Plans, these indicators and the minimum achievement levels will be pre-loaded into the online tool.

### ACE funding for schools

- 20 For 2010 Plans, the TEC is focusing its ACE funding for schools around three of the five ACE priority areas:
- raising foundation skills
  - targeting learners whose initial learning was unsuccessful, and
  - strengthening social cohesion.
- 21 These three ACE priorities relate directly to broader priority areas for tertiary education such as improving basic literacy and numeracy skills, re-engaging learners, and developing skills. The delivery of hobby or personal interest courses will not be funded in any circumstances.
- 22 Further information about changes to ACE funding for schools will be released separately.

## Literacy and numeracy

- 23 TES Priority 2 is focused on increasing literacy, numeracy, and language levels in the New Zealand workforce. Literacy and numeracy improvements are supported directly through specific funds, such as Intensive Literacy and Numeracy funding and Workplace Literacy funding. They are also supported indirectly through SAC funding.
- 24 The current performance indicators for SAC funding do not directly monitor literacy and numeracy outcomes. However, it is expected that SAC funding will be used to support embedded literacy and numeracy teaching, which will in turn be reflected in improvements in course and qualification completions.
- 25 A new literacy assessment tool will be gradually introduced in 2010, enabling tertiary providers to measure improvements in students' literacy and numeracy. The TEC expects tertiary providers to become familiar with this tool and use it to inform planning and teaching.

## Plan content and criteria

- 26 Plans provide a summary of tertiary education providers' activities and how these link to government priorities and the needs of students, employers, industries, communities and iwi. The Plan should demonstrate a commitment to achieving high performance through continuously improving the quality of provision and outcomes for learners.

### Content criteria for Plans<sup>3</sup>

Proposed Plans will present a summary of the organisation's planning context, its three-year outlook, and planned provision. The proposed Plan will also set out the key performance indicators to be used for monitoring progress and achievement.

The proposed Plan must include the following information (comprising four parts):

**Plan context** (this section establishes the framework for the rest of the Plan)

Outline of the particular factors the organisation has considered and intends to respond to in its proposed Plan, including:

- Government priorities in the Tertiary Education Strategy 2007-12 (TES) including the distinctive contribution expected of the type of organisation
- needs and priorities of students and other stakeholders
- areas for organisational capability development (including those for the delivery of quality education and research), and
- the organisation's role within the tertiary education system including brief statements on the organisation's core purpose and local, regional, industry or national fit, including any shifts required to achieve these.

**Three-year outlook**

Planned activity for the three-year period to address the factors identified in the Plan Context including:

- outcomes the organisation intends to achieve
- initiatives, including capability development, that will be undertaken to achieve those outcomes
- a description of other tertiary education programmes not funded by the TEC, and
- any other key changes in core activities.

<sup>3</sup> This section is taken from the Requirements and Exemptions for Plans (Investment Plans) for 2008-2010 for Tertiary Education Organisations Notice 2009 issued by the TEC on 18 June 2009.

### Summary of activity

Information on delivery over the period of the proposed Plan including:

- Student Achievement Component (SAC) or Industry Training Fund student numbers by National Qualification Award Level (1-10)
- planned activities, programmes and student numbers for other TEC-funded activities and programmes
- total TEC funding sought, and
- planned student numbers in more detail if requested by the TEC.

### Key performance indicators

Measures to be used in evaluating performance against the proposed Plan, including:

- outcome commitments for the key performance indicators in relation to TES priorities and the key shifts expected of each type of organisation in the TES, and
- other organisational outcome commitments for initiatives and changes in the Three-year Outlook.

### Decision-making criteria

In reaching a decision about what to approve within the proposed Plan, including what to fund and the period of funding, the TEC will consider the following in relation to each tertiary organisation:

- the organisation's planned alignment with the TES, including the distinctive contribution and key shifts expected of that type of organisation, and its contribution to the tertiary network of provision
- evidence of effective identification of stakeholder needs and priorities
- the organisation's governance and management arrangements, and financial viability
- evidence of the organisation's capability in forecasting, planning and implementation
- past organisational performance
- evidence of critical reflection on current performance
- the allocation if any, of SAC, TEO Component or other TEC funding, and other Government funding available to the organisation
- whether the activities outlined in the proposed Plan are appropriate and achievable, and
- whether any conditions or limits on funding are required, having regard to appropriations, and any relevant and applicable funding determinations issued by the Minister under the Education Act 1989.

## Plan development

### Online resources

- 27 Detailed information to support Plan development is available at [www.tec.govt.nz](http://www.tec.govt.nz) covering:
- funding allocations
  - fund-specific performance indicators
  - Plan submission, and
  - related timelines.

### Review process

- 28 A process for the review of proposed Plan decisions will also be available for On-Plan funds following notification of these proposed decisions through Workspace later this year. There will be an opportunity for organisations to engage with the TEC in writing over issues such as baseline funding later in the planning cycle.
- 29 Further information on review and Plan engagement processes will be released to providers separately.

## Appendix 1: Fund-specific performance indicators

### Student Achievement Component

- 1 For PTEs, the performance indicators and minimum achievement levels for 2010 Plans are as follows:

Performance indicators	Minimum achievement
SAC-funded course completion rates	Successful course completion rates for SAC are a minimum of 70 percent
SAC-funded qualification level completion rates	Successful qualification level completion rates for SAC are a minimum of 55 percent

### Adult and Community Education (ACE)

- 2 The purpose of the Adult and Community Education (ACE) fund is to provide community-based educational opportunities for adults that are aligned with the provider's relevant ACE priorities, and identified community learning needs.
- 3 For schools, the performance indicators and minimum achievement levels for ACE funding for 2010 Plans are as follows:

Performance indicators	Minimum achievement
Course completion rates	A minimum of 80 percent of learners involved in TEC-funded ACE provision complete their course of study
Prior qualification levels or learner ethnicity	A minimum of 50 percent of learners identify as having English language needs or low or no formal qualifications, and/or identify as Māori or Pacific peoples

- 4 All other ACE-funded tertiary providers developing plans for 2010 will continue to set their own performance indicators.

### Training Opportunities

- 5 The Training Opportunities programme is to enable learners with low qualifications and at risk of long-term unemployment to engage in further education and training.

- 6 Training Opportunities focuses on learners acquiring a valuable set of foundation skills that enables them to move effectively into sustainable employment and/or higher levels of tertiary education.
- 7 For 2010 Plans, the performance indicators and minimum achievement levels for Training Opportunities funding are as follows:

Performance indicators	Minimum achievement
Learner progression rates into further training, education or employment two months after leaving the programme	A minimum of 60 percent of learners progress into further training, education or employment at two months after leaving the programme
Average level of credit achievement per learner on the National Qualifications Framework	The average level of achievement per learner is at least 20 credits on the National Qualifications Framework
Average occupancy levels over the duration of the programme	Achieve an average occupancy level of at least 75 percent over the duration of the programme

### Youth Training

- 8 The Youth Training programme is to enable learners under the age of 18 with low qualifications and at risk of long term unemployment to engage in further education and training.
- 9 Youth Training focuses on learners acquiring a valuable set of foundation skills that enables them to move effectively into sustainable employment and/or higher levels of tertiary education.
- 10 For 2010 Plans, the performance indicators and minimum achievement levels for Youth Training funding are as follows:

Performance indicators	Minimum achievement
Learner progression rates into further training, education or employment two months after leaving the programme	A minimum of 60 percent of learners progress into further training, education or employment at two months after leaving the programme
Average level of credit achievement per learner on the National Qualifications Framework	The average level of achievement per learner is at least 20 credits on the National Qualifications Framework
Average occupancy levels over the duration of the programme	Achieve an average occupancy level of at least 75 percent over the duration of the programme

## Gateway

- 11 The Gateway programme is designed to strengthen the pathway for learners to progress from school to workplace learning. Gateway is available to state and integrated secondary schools, and supports senior secondary students (Year 11 to Year 13) undertaking structured workplace learning across a range of industries and businesses around New Zealand, while continuing to study at school.
- 12 For 2010 Plans, the performance indicators and minimum achievement levels for Gateway are as follows:

Performance indicators	Minimum achievement
Average level of credit achievement per learner on the National Qualifications Framework	The average level of achievement per learner is at least 10 credits on the National Qualifications Framework
Average occupancy levels over the duration of the calendar year	Achieve an average occupancy level of at least 75 percent over the duration of the calendar year

## Intensive Literacy and Numeracy

- 13 The Intensive Literacy and Numeracy fund provides support for intensive provision of quality literacy and numeracy learning delivered in an appropriate structured context with strong community links. It supports the TES priority outcome: increasing literacy and numeracy levels for the workforce.
- 14 For 2010 Plans, the performance indicators and minimum achievement level for Intensive Literacy and Numeracy funding are as follows:

Performance indicators	Minimum achievement
Learner improvement rates against the Adult Literacy and Numeracy Learning Progressions	A minimum of 80 percent of learners show an improvement in literacy and numeracy skills as measured against the Adult Literacy and Numeracy Learning Progressions

## Adult Literacy Educator Grants

- 15 The Adult Literacy Educator Grants (ALEG) focus on building capability of educators/trainers to effectively teach adult literacy and numeracy by assisting them to access and complete qualifications.

16 For 2010 Plans, the performance indicators and minimum achievement levels for Adult Literacy Educator Grants are as follows:

Performance indicators	Minimum achievement
The rate of learners completing 40 credits on the National Framework towards an approved Adult Literacy Educator qualification over a 12 month period	A minimum of 80 percent of learners complete 40 credits towards an approved Adult Literacy Educator qualification over a 12 month period
Qualification completion rates within the required timeframe	A minimum of 80 percent of learners studying towards an approved Adult Literacy Educator qualification successfully complete within the required timeframe

## Appendix 2: Exemptions<sup>4</sup>

17 The following organisations are exempted from the requirement to prepare and submit a proposed Plan in 2009 for funding in 2010:

- Organisations with which the TEC is contracting only pilot initiatives and who receive no other funding from the TEC.
- Employers only receiving Workplace Literacy funding from the TEC.
- Government Training Establishments.
- Organisations only receiving Modern Apprenticeship Co-ordinator funding from the TEC.
- Organisations that only receive the English for Migrants pre-purchased English tuition fees from the TEC.

<sup>4</sup> This section is taken from the Requirements and Exemptions for Plans (Investment Plans) for 2008-2010 for Tertiary Education Organisations Notice 2009 issued by the TEC on 18 June 2009

## Appendix 3: Tertiary Education Strategy priorities and distinctive contributions<sup>5</sup>

### Tertiary Education Strategy priorities

18 The TES sets the following high-level goals for tertiary education:

- educational success for all New Zealanders through lifelong learning
- creating and applying knowledge to drive innovation, and
- strong connections between TEOs and the communities they serve.

19 Based on these goals, four priorities have been set for the whole of the tertiary sector. While these priorities set the direction for the whole tertiary education sector, with individual TEOs contributing towards priorities relevant to their distinctive contribution, capability, and communities, it is not expected that every TEO will contribute to every priority.

Priority 1	Increasing educational success for young New Zealanders - more achieving qualifications at level 4 and above by age 25.
Priority 2	Increasing literacy, numeracy and language levels in the workforce.
Priority 3	Increase the achievement of advanced trade, technical and professional qualifications to meet regional and national industry needs.
Priority 4	Improving research connections and linkages to create economic opportunities.

20 For PTEs and OTEPs, the focus is on high performance in meeting the needs of learners, industry, employers, communities, Māori, Pacific peoples and others.

### Distinctive contributions

#### PTEs and OTEPs

21 The TES defines the role of PTEs as follows:

- Private training establishments are operated by a wide range of companies, trusts and other entities. The sector is diverse in terms of scale of operation, location, ethnicity, culture and areas of educational expertise. This enables flexibility and responsiveness.
- This diversity provides for a range of individual responses to specific needs, including those of learners, industry, employers, communities, Māori, Pacific peoples and other stakeholders. Individual PTEs will have an individual contribution to make to the network of provision in line with their particular capability and should focus on this. This will contribute to a broad, comprehensive, flexible, efficient and effective network of tertiary education provision in which the various sub-sectors provide education that meets the needs of stakeholders in complementary ways.

<sup>5</sup>The Tertiary Education Strategy 2007-12 is available at [www.tec.govt.nz](http://www.tec.govt.nz).

- Investments in individual PTE contributions will be in line with performance within the context of the network and/or capability within the network to respond. While individual responses can be made to specific needs that arise across the system, the focus for most PTEs will be, as now, in the areas of employment and educational progression, foundation learning where this fits with available funding mechanisms, and Māori (including marae- and iwi-based provision) and Pacific learning environments.

### **Schools, community providers and REAPs**

- 22 Schools and community providers are diverse organisations and because of this, the TES does not define them in terms of a single distinctive contribution. These TEOs are expected to focus on meeting the needs of students and other stakeholders, improving planning and quality in line with agreed outcomes and responding to government priorities.



