

**Tertiary Education  
Commission**

Te Amorangi Mātauranga Matua



# Micro-credentials

**Funding approval guidelines**

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# Contents

Introduction	4
This is an interim process while we manage the introduction of micro-credentials funding	4
We will consider exceptions to the five percent cap on training schemes	4
We will consider investing additional funding to support micro-credentials	4
Approval process	5
Eligible organisations	5
Micro-credentials will be funded through Investment Plans	5
Talk to us early	5
Assessment criteria	6
Eligibility Criterion: Is this a micro-credential?	6
Evaluation Criterion One: End-user buy-in	6
Evaluation Criterion Two: Contribution to government priorities	7
Evaluation Criterion Three: Complementing private investment	7
We will consider TEO capability and reserve the right to withhold approval	8

## Introduction

This document provides information for tertiary education organisations (TEOs) seeking funding approval for micro-credentials.

We want to invest in highly capable TEOs that can deliver well-designed micro-credentials to meet the needs of industries and communities, and support government priorities.

Our investment in micro-credentials will complement rather than displace existing privately funded training. Alongside those we fund, we expect employers, industries, and learners will cover the full cost of many micro-credentials themselves.

We will learn as we go and revise our approach iteratively. This is the first step on a journey and we welcome your feedback.

### **This is an interim process while we manage the introduction of micro-credentials funding**

We want to enable TEOs to respond quickly to emerging skill demands. We have developed an interim approval process that will help manage the introduction of micro-credentials into the Investment Plan process.

Once we are satisfied that a TEO is capable of consistently designing and delivering high-quality micro-credentials we will waive the approval process described in this document. TEOs will then be able to gain approval to deliver micro-credentials via our normal processes.

### **We will consider exceptions to the five percent cap on training schemes**

Under the funding conditions for Student Achievement Component (SAC) funding, micro-credentials are counted as training schemes. Without TEC's agreement, training schemes cannot comprise more than five percent of the total dollar value of a TEO's delivery.

We see potential for micro-credentials to become a key part of the education landscape, particularly as the nature of work and skill demands change. On this basis, we will consider exceptions to allow micro-credentials to exceed the five percent cap on training schemes.

Any exception to the five percent cap will be approved by us and set out in your funding confirmation.

### **We will consider investing additional funding to support micro-credentials**

We expect that, in most cases, funding for micro-credentials will come from reprioritisation within a tertiary education organisation's existing allocation. We will consider investing additional funding to support micro-credentials if there is an exceptionally compelling case for:

- › excellent learner outcomes
- › strong employer or community demand
- › contribution to government priorities.

In considering additional funding we will look at under-delivery and the educational performance of existing provision.

# Approval process

## Eligible organisations

All TEOs eligible for Student Achievement Component (SAC 1-2 and SAC 3+) or Industry Training Fund (ITF) funding can be funded to deliver micro-credentials. However, we will consider TEO capability and associated risks when assessing funding requests.

### **If you are not currently funded you will need to submit an Investment Plan**

If your organisation is not currently approved to receive funding from us and you want to apply for funding, you need to submit an Investment Plan and complete a [New Provider Form](#) (Word, 478 Kb), attaching the necessary supplementary financial information.

If you want to deliver formal qualifications, you will need to be a PTE that is registered with the New Zealand Qualifications Authority (NZQA).

## Micro-credentials will be funded through Investment Plans

Micro-credentials will be funded as part of TEOs' Investment Plans (or Mix of Provision for TEOs that are Plan exempt).

Requests for funding approval must be submitted via Workspace 2:

- › as part of a new Investment Plan, or
- › as an application to make a Plan amendment.

When submitting an approval request, TEOs also need to notify us via [micro-credentials@tec.govt.nz](mailto:micro-credentials@tec.govt.nz).

### **We will assess approval requests at the start of each month**

A key part of micro-credentials' value proposition is that they can be developed and deployed quickly to meet emerging skill demands.

Approval requests can be made at any time using the Approval Request Form. We will assess approval requests at the beginning of each month and expect to advise outcomes within four weeks. It may take longer than this in some circumstances or if we require additional information.

Approval requests submitted after the first working day of the month will be assessed at the start of the following month.

- › [Approval Request Form](#)

If your request is approved and you need to make a Plan Amendment, we will contact you to request any further documentation required.

## Talk to us early

We encourage you to discuss your ideas with us in the early stages of your micro-credential's development, before submitting it to NZQA. We will work with you to determine if it is something we could potentially invest in, and if so, what we would expect your application to demonstrate.

You can seek pre-approval from us – pending NZQA approval – or get NZQA approval first and then submit your Approval Request Form.

It is important that micro-credentials are entered into STEO following particular naming and reporting conventions that allow them to be easily identified. We will provide more detail about these requirements as needed.

## Assessment criteria

In addition to meeting the standard SAC/ITF funding conditions, to be eligible for funding micro-credentials must satisfy all of the criteria detailed in this section:

- › Eligibility Criterion: Is this a micro-credential?
- › Evaluation Criterion One: End-user buy-in
- › Evaluation Criterion Two: Contribution to government and TEC priorities
- › Evaluation Criterion Three: Complementing private investment.

These assessment criteria are designed to enable a broad range of micro-credentials that will support improved social, economic cultural and/or environmental outcomes.

We are open to micro-credentials being at any level of the New Zealand Qualifications Framework (NZQF) but we want to ensure that learners are being supported to make good choices, i.e. being enrolled in a full qualification where appropriate.

We are interested in micro-credentials that support cutting edge innovation as well as those that make mainstream skills more accessible to learners.

### Eligibility Criterion: Is this a micro-credential?

Before we evaluate your approval request, we must first be satisfied that it meets our definition of a micro-credential. This means it must:

- › comply, or be highly likely to comply, with NZQA or Committee on University Academic Programmes (CUAP) criteria
- › have stand-alone value, and
- › be tightly focused on a coherent capability or skills set.

If you have already received NZQA approval, you must include this documentation with your request for funding.

### Evaluation Criterion One: End-user buy-in

Micro-credentials are about giving learners skills that they can apply immediately and productively. To ensure that we are investing in micro-credentials that deliver this, we require evidence that the appropriate end-user(s) support the micro-credential and are invested in ensuring its quality and success.

There are many ways end-users can demonstrate their commitment. Our expectations will vary based on the capacity of the end-user to invest and the extent to which they will privately capture the benefits. The letter of endorsement should provide not just broad support but clear evidence about the expected benefits.

Examples of ways end-users might demonstrate buy-in include:

- › financial or in-kind investment in the development and delivery of the micro-credential
- › letters of endorsement that clearly explain the expected benefits (e.g. how the micro-credential fits into a broader skills strategy or workforce development plan)

- › paid internship arrangements
- › substantial public endorsement (e.g. putting the end-user's name on the badge).

We are also open to other ideas. We encourage you to talk to us at early stages of development to determine what would be an appropriate way to demonstrate end-user buy-in for your particular micro-credential.

### **We are unlikely to invest in micro-credentials endorsed by a single employer**

Buy-in from a single employer indicates relevance and quality but it also indicates that the employer would probably fund the micro-credential itself and that the skills learners gain may not be transferable.

We encourage you to get buy-in from representative groups (industry bodies, professional associations, peak bodies, iwi, regional economic development agencies, etc.) rather than individual employers.

Buy-in from a representative body, with an interest in developing skills across a region, community or industry, is more likely to focus on skills that have transferable value and that individual employers are less likely to pay for developing themselves.

If there is no appropriate representative body, you should seek buy-in from a broad range of employers.

### **Iwi and community focused micro-credentials need to create public benefits**

For micro-credentials with a focus on meeting the needs of communities, we want to be sure that the micro-credential creates wider benefits beyond those captured by the learners engaged in the funded provision (e.g. we don't want to fund local clubs to deliver hobby courses).

We will expect iwi and community groups to demonstrate their commitment to utilising the micro-credential. But we will tend to expect less investment from them, to the extent that they are:

- a) not profiting financially from the skills being developed, and
- b) less likely to have disposable resources to invest.

## **Evaluation Criterion Two: Contribution to government priorities**

One of our central functions is to invest in tertiary education to give effect to the Tertiary Education Strategy (TES). To be eligible for funding, the application must articulate a clear line of sight from the micro-credential's delivery to one or more government priorities as articulated in the TES or in our Plan Guidance.

We will be especially interested in opportunities to invest in micro-credentials that contribute to the priorities detailed in the [Investment Toolkit](#), specifically the:

- › directions and targets described in the Focus Area Briefs, and/or
- › shifts described in our outcome parity goal for Māori and Pasifika infosheets (*A tertiary education system that works for all New Zealanders*).

We are also keen to support other Government priorities, such as increasing housing supply, fostering regional development, primary industries, and tackling climate change.

## **Evaluation Criterion Three: Complementing private investment**

We want our investment to make a difference, so we need to ensure that any investment we make in micro-credentials does not significantly displace privately funded training.

To be eligible for funding, the micro-credential must not predominantly involve training:

- › that employers are legally obliged to provide (e.g. workplace specific health and safety training), or

- › in which a business has a particular commercial interest (e.g. specific training to use their proprietary software).

### **For vocational micro-credentials**

We want to invest in skills that have transferable value and can be applied productively across a range of employers and contexts. One way your application can provide evidence of this is by demonstrating buy-in from a range of employers or, even better, from an appropriate representative body with an interest in skill development across an entire industry.

### **For iwi and community focused micro-credentials**

We will consider the extent to which the community endorsing the micro-credential has sufficient resources and incentive to pay for the training themselves or through another funder.

## **We will consider TEO capability and reserve the right to withhold approval**

We want to invest in TEOs that can manage risks to learners and have a track record of delivering quality education and training. We may withhold approval if we have significant concerns about TEO capability or associated risks, e.g. if a TEO is under investigation by us or NZQA.



**We ensure New Zealand's future success.**