



Education Report: Redesign of Foundation Tertiary Education

To:	Hon Chris Hipkins, Minister of Education		
Fwd:	Hon Kelvin Davis, Associate Minister of Education		
Date:	24 June 2021	Priority:	Medium
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Purpose of Report

This paper outlines issues with current foundation education settings and seeks your agreement for the Ministry to provide detailed advice on potential changes to Youth Guarantee Fees Free and Student Achievement Component 1&2.

Summary

- 1 Youth Guarantee Fees Free (YG) and Student Achievement Component 1&2 (SAC (1&2) funded programmes are the primary pathways for learners to enter formal tertiary education if they have low or no qualifications from school.
- 2 We have had evidence for some time now that YG and SAC 1&2 programmes are not meeting their objectives (with poor progression outcomes to employment or further study, and with significant numbers of learners repeating study at the same level).
- 3 Our analysis of the policy and operational settings has identified issues with the design of the funds that are contributing to the poor outcomes for the funded programmes. The current arrangement is too focused on credit attainment, which has consequences for teaching, learning and pastoral care. The settings also limit the opportunities for developing work skills and/or articulation pathways to further learning.
- 4 In making changes to YG and SAC 1&2 we would focus on better pathways for learners into work or further study. Changes would look at appropriate volumes of credits (or learning hours); how to resource learner well-being; flexibility in programmes to enable work relevant experiences; and clearer accountability and pathways for learners beyond their learning programme. More detail is provided in paragraph 8, table one.
- 5 We intend to provide you with advice by the end of the year on redesigned policy settings for these funds, so we can improve the experiences and outcomes for learners.

- 6 By developing this advice before the end of the year, we can make improvements within current baselines as with current learner volumes we anticipate there to be a small underspend.

Tertiary Education Commission assessment of literacy, numeracy, and foundation skills funds

- 7 The Tertiary Education Commission (TEC) has begun a workstream to assess the 'current state' of foundation skills learning in tertiary, to inform future-state strategic planning and policy. Further policy advice will likely emerge from this analysis and will support changes to literacy and numeracy funds to align with the RoVE changes to the balance of workplace and provider learning.

Connections with Employment, Education and Training Ministers

- 8 Any changes to YG or SAC 1&2 will align with the wider work of the Employment, Education and Training (EET) Ministers group. Improving the education offering for learners to re-engage with tertiary education is important for supporting the broader cross-agency landscape.

Recommended Actions

The Ministry of Education recommends you:

- a. **agree** that the Ministry of Education will provide you with advice on a redesign of YG and SAC 1&2 in late 2021

Agree / Disagree

- b. **note** the Tertiary Education Commission has a work programme assessing the current state of literacy, numeracy, and foundation skills that will feed into future policy advice

- c. **agree** for the Ministry to have targeted discussions with key sector stakeholders to develop the initial advice

Agree / Disagree

- d. **agree** to copy this paper to the Employment, Education and Training Ministers group

Agree / Disagree

- e. **agree** that this paper will be proactively released.

Agree / Disagree



Shelley Robertson
Acting Group Manager Tertiary
**Graduate Achievement, Vocations
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Hon Chris Hipkins
Minister of Education

24/06/2021

3/7/2021

Please ensure the advice prepared also includes analysis of provider capability and capacity. Funding is important but not the only consideration. Closer alignment with secondary schools should also be considered.

Background

1. Each year around 20% of school leavers exit the school system without NCEA level 2 or above.¹ In the years following, many of these school leavers return to the education system in a tertiary setting.
2. We fund programmes for these learners through two main funds:
 - a. **Youth Guarantee Fees Free:** for 16 to 19-year olds to gain a Level 1-3 qualification (including NCEA) on the New Zealand Qualifications Framework (NZQF) without paying fees. We spent \$62 million through this fund in 2019 for 5,100 Effective Full Time Students (EFTS).
 - b. **Student Achievement Component 1&2 (SAC 1&2):** this funds programmes at levels 1 and 2 on the NZQF (that are also fees free for learners). For this paper we are excluding the funding used for Te Reo me ōna Tikanga and English for Speakers of Other Languages (ESOL) provision. This is open to adults of all ages. We spent \$29.5 million through this fund in 2019 for 2,800 EFTS.
3. The primary purpose of YG and SAC 1&2 (excluding Te Reo and ESOL) is to provide learners with core knowledge, skills and capabilities which:
 - a. support individuals to participate fully in their communities, and enter (or re-enter) the labour-market
 - b. enable individuals to progress to higher-level study and training and provide a pathway to skilled employment.
4. There are also a number of literacy and numeracy funds that can provide support for people in different contexts including through Adult & Community Education, the Intensive Literacy and Numeracy Fund (for learners in providers), and the Workplace Literacy and Numeracy Fund (for learners in employment).

Changes are needed to the policy settings for YG and SAC 1 & 2

YG and SAC 1&2 need to support a diverse range of learners

5. The motivations, challenges, and experiences of learners in YG and SAC 1&2 are diverse and complicated. This means the operational and policy settings need to support programmes that cater for a wide range of learners.
 - Around a third of the learners in YG have experience with Alternative Education (AE) and share the social-emotional challenges that AE students experience. Like the schooling system, in recent years providers of YG have indicated the pastoral care needs have been increasing to get learners ready to learn. These programmes are also a common point of entrance to tertiary for young people who have had care experience.
 - Many of the learners need a programme that can join them with the labour market as many have not had the support to build work experiences. A research synthesis from Mandy McGirr highlighted the importance of work assistance for these learners.² The workforce is also a constructive place to develop social and intra-personal skills and provide a context for further learning.

¹ See Education Counts for 2015 - 2019.

² Not just about NEETs, Mandy McGirr, 2019, available on Education Counts

- We also need a pathway for learners who have a goal in mind (and are often a little older and not coming from school), but need a strong foundation skills programme with a focus on literacy and numeracy to help them achieve their goal.
- The transition through education and employment is not a linear pathway, and this is the experience of learners who enrol in YG and SAC 1&2 funded programmes.³ These programmes need the flexibility to recognise the changes in circumstances over time for an individual learner.
- Ensuring quality programmes in YG and SAC 1&2 is an important equity issue as these are learners who have already been let down by the schooling system, and around half are Māori.

We know the limitations with the current settings and the shifts we want to see

6. We have had evidence for some time that YG and SAC 1&2 are not meeting their objectives for the full range of learners.⁴ We have provided advice previously on these limitations [METIS 1124816 refers]. For example:
 - a. the qualification completion rate after two years for Level 1-2 across all providers was 56%⁵
 - b. only 41% of learners who did complete their Level 1-2 qualifications progressed to higher level of study within two years⁶
 - c. there were high levels of enrolment ‘churn’ with significant numbers of learners enrolling or re-enrolling at the same qualification level.⁷
7. Our analysis of the policy and operational settings has identified several issues with the design of the funds that are contributing to these poor outcomes. These are set out in table one below and reflect feedback we have received from stakeholders.
8. In general, we have tied funding and accountability to credit volumes. This focuses the efforts of providers on the collection of credits for their learners⁸ but at the expense of building flexible, high quality learning experiences alongside quality pastoral care and work assistance. Our analysis has also identified the tight finances many providers are running to provide for the diverse range of learners, with financial viability a key concern of the sector (with many providers exiting the funds over the last five years).

Table One: Issues with current policy and operational setting and indication of ideal state

Current state	Move to ideal state
Current credit expectations of 100 credits in YG	Maximum credit volumes align with expectations in schools (of 80 credits in NCEA 2) creating more space for high quality learning support (including literacy and numeracy).

³ Youth Guarantee Pathways and Profiles Project, Ako Aotearoa, 2019

⁴ Monitoring YG, David Earle, Ministry of Education, 2017, available on Education Counts

⁵ This figure uses for the two year completion rate for Level 1 and 2 provision in SAC and YG for 2018.

⁶ This figure uses the progression to higher level rate for Level 1 and 2 provision in SAC and YG for 2018.

⁷ For example, in 2020, 38% of 20-24 year olds enrolled in foundation tertiary education already had a qualification at Level 2 or higher, from school or tertiary education.

⁸ Which has had some improvement in programme completion but not progression

<i>Current state</i>	<i>Move to ideal state</i>
Inconsistent levels of funding for pastoral support of learners based on age as the pastoral care payment is only present in Youth Guarantee and not in SAC 1&2	Funding to support pastoral care based on learner need and programme type. This may involve combining YG and SAC 1&2.
Programmes designed around qualifications and completion of credits (as this is how they are funded)	Programmes designed around successful and supported progressions and includes the possibility for: <ul style="list-style-type: none"> work experience or job training components so learners leave these programmes better prepared and connected to the labour market flexibility to offer a range of supports that can address the multiple barriers learners face.
Difficulties with organising work relevant experiences for learners in these programmes	Resourcing and processes that support work relevant experiences for learners (including work placements and job brokerage).
Poor progression outcomes	Clearer accountability for individual planning for each learner. Providers have pathways for learners to progress to higher study (including beyond their organisation, e.g. articulation agreements). Learners can access continued support after the course when needed with incentives on providers to provide this (including where learners leave early from programmes, e.g. they find a job). Monitoring and reporting processes that support strong teaching and learning practices and connections with work.

We plan to provide you with advice on phased changes to YG and SAC 1&2 before the end of the year

9. The Ministry, with the TEC, intends to provide you with advice on redesigning policy settings for YG and SAC 1&2 by the end of the year. This advice would identify specific changes we can start to make the funds more effective. This would include working with NZQA on the interface with the qualifications system.
10. We expect changes would be phased-in, with the first significant changes beginning in 2023. Taking a phased approach allows this work to be consistent with the Reform of Vocational Education (RoVE) changes and give providers the time to adapt.
11. 9(2)(f)(iv)

Links to changes to NCEA programmes

12. Many learners in YG-funded programmes are doing NCEA in a tertiary context. For example, some learners leave school without achieving an NCEA qualification but have attained some credits at school and later move into tertiary settings to complete their NCEA.

13. Some of the changes to NCEA currently being progressed will have implications for NCEA delivery in tertiary settings, including the changes to strengthen literacy and numeracy requirements. As part of the NCEA Change Programme the Ministry and the TEC are working to ensure changes will be fit for purpose for NCEA delivery in tertiary settings.

This will be complemented by a TEC work programme on the literacy, numeracy, and foundation skills funds

The RoVE will require adjustments to our literacy, numeracy, and foundation skills funds

14. The establishment of new roles within vocational education is changing the context in which literacy, numeracy and foundation skills are delivered in tertiary education. We understand our core literacy and numeracy theories are still sound, but the RoVE changes present an opportunity to reconsider how a number of policy and operational settings work together. As the changes embed, we will want to consider:
 - a. workplace literacy and numeracy in the context of much more integrated workplace learning and disrupted labour market following COVID-19 (given the nature of the workers and business that use this fund)
 - b. the Intensive Literacy and Numeracy Fund and how additional literacy and numeracy support is provided alongside programmes
 - c. the role and responsibilities of Te Pūkenga in supporting literacy and numeracy in the system
 - d. the balance of resourcing across different literacy contexts to ensure high quality and broad coverage that makes a difference for adult learners
 - e. the integration of monitoring and purchasing across funds, especially as providers' business models change due to wider RoVE incentives
 - f. the spread of investment across workplaces, providers of formal qualifications, and community contexts to ensure we are meeting the diversity of need.

The TEC is updating our understanding of the literacy and numeracy landscape to inform future policy and operational changes

15. To identify which of these possibilities require operational and policy changes, the TEC has started work to assess the landscape of our literacy, numeracy, and foundation skills funds. It has been several years since we have done a broad scan of the foundation learning area, and it is timely given RoVE and the upcoming NCEA changes.
16. The TEC is also assessing the current tools (including Pathways Awarua and the Literacy and Numeracy for Adults Assessment Tool (LNAAT)). This will sit alongside an environmental scan of the data and research, to check the current state of play. They are also planning to undertake some research early next year on learners in foundation skills programmes.
17. This phase of the project will be completed through 2021 and will allow the TEC to begin some initial operational changes, including potentially updating their literacy and numeracy strategy during 2022.

18. Depending on the insights from their analysis, and ongoing feedback coming from the RoVE changes there will likely need to be policy work in 2022 to reconfigure our literacy and numeracy funds. We can provide you advice on a potential literacy and numeracy work programme in the first half of 2022.

These changes will align with any cross-agency initiatives from Employment, Education and Training Ministers

19. Young people often face challenges in the labour market. These reflect their more limited work experience, employment networks, and skill sets compared to older workers. These limitations are compounded by holding different generational cultural norms to older employers and recruiters referred to as the “attitude gap”.⁹
20. While these challenges impact all young people, they are compounded for young people with low educational qualifications. Young people with disabilities also face additional discrimination and assumptions about how they can contribute to a workplace.
21. Government agencies have been exploring how government can work together more effectively to support these young people. This conversation is normally structured around the release of the latest data on young people not in education, employment, or training (NEET).
22. The Ministry has shifted our analysis away from a focus on NEET data to create better modelling that can look at employment patterns over time for young people using the Integrated Data Infrastructure (IDI). We have made this change because being NEET at a point in time is not an indicator of challenges with future employment although enduring, or consistently returning to, NEET can reflect underlying challenges.
23. A key challenge with helping these young people is that their needs and challenges stretch across agencies organisational boundaries, and the primary activities that agencies are held accountable for. This makes it challenging to align the operational delivery with broad system setting that would make a real difference for these young people.
24. Because of the cross-agency nature of the problems shared, Ministerial oversight is needed to make these changes so this is one of the areas within the scope of Employment, Education and Training (EET) Ministers group. This Ministerial leadership needs to also be supported by agency leads, and more local decision-making infrastructure (like the Senior Regional Officials, Regional Skills Leadership Groups and other local, joined up initiatives).
25. We recommend you copy this paper to the EET Ministers group for their information. Once we have developed the specific recommendations we can prepare advice to support a wider conversation about how the changes contribute to the wider system working to better connect learners to the labour market.
26. Any changes to YG or SAC 1&2 policy settings will be constructive first steps in any larger programme of work to align public sector efforts. Regardless of the broader agency landscape there is a role for a substantive education programme for learners to re-engage with education.

⁹ See review done by the Auckland Co-Design Lab at <https://www.aucklandco-lab.nz/attitudegap>

Next steps

27. The Ministry will work with the TEC and NZQA to develop this advice. We will report back to you in November on potential recommendations for change.
28. The Ministry will engage in targeted stakeholder engagement in preparing this advice.
29. At your direction we can add this paper to the EET Ministers forward agenda.

Proactively Released