



Supplementary Plan Guidance, May 2018

This Supplementary Plan Guidance supports Tertiary Education Organisations (TEOs) to submit an Investment Plan (Plan) for funding from 2019. It should be read alongside our [December 2017 Plan Guidance](#) and the Investment Briefs we published as part of the [Investment Toolkit](#). It provides additional information on how we will invest SAC funding and on newly published Post-study Outcomes (PSO) information products.

We will use SAC funding to deliver on the shifts we articulated in the Investment Briefs

Our vision is a tertiary education system that equips all New Zealanders with the skills and knowledge they need for lifelong success. Our new information products have helped shine a light on system performance, what works well and what doesn't.

The system currently performs very well for many, but not for all, learners. In Plan Guidance we set out our intention to achieve parity for Māori and Pasifika. By 2022:

- › we will be funding provision in which Māori and Pasifika learners participate and achieve on a par with other learners, and
- › Māori and Pasifika participation in tertiary education will be at levels and in fields of study that should, over time, deliver parity of post-study outcomes for these learners.

Earlier this year we published Investment Briefs, which set out priority shifts that we want to achieve at a system level to help lift learner achievement. Appendix 1 details these shifts for SAC funding.

In this Plan round, we will actively invest SAC funding in provision that contributes to these shifts. We will grow provision that is performing well, engage with the sector on improving performance where we can, and continue to reduce our investment in poor performance where we have to.

While we are making better use of system information, we are not taking a 'one size fits all' approach. We recognise that TEOs have unique roles to play, bring different strengths, and have different challenges to overcome when contributing to nationwide parity. The priority shifts in the Investment Briefs are system targets, and may not translate directly into specific targets for your organisation. However, it is important that we are all doing everything we can to achieve parity and that our funding best supports provision that achieves this.

We will use the priority shifts in Investment Briefs as a starting point for discussion about how you can contribute more to Māori and Pasifika learner success. We will seek to understand how your EPI performance relates to your organisation's circumstances, its mission and role within the system, and the characteristics of the learners you serve.

We have analysed Educational Performance Indicators (EPIs) against the priority shifts in the Investment Briefs to inform how we allocate SAC levels 3 and above funding

This analysis links SAC levels 3 and above funding to the priority shifts in the Investment Briefs, with a focus on provision that effectively supports Māori and Pasifika learners to succeed at all levels, and provision that supports progression from foundation level study to higher levels.

We considered a number of factors when determining indicative allocations

We used your 2017 actual delivery (up to 100% of your funding allocation) as the starting point for your 2019 indicative allocation. We have then made adjustments based on:

- › any in-year funding changes for 2018,
- › your full-year delivery forecast for 2018 in the April 2018 SDR, and
- › your past performance.

Your 2018 forecast delivery will be reflected in your 2019 indicative allocation. Where the April SDR forecasts under-delivery, but does not provide a strong enough basis to determine the appropriate final size of any reduction in funding, we will review your delivery after the August SDR.

We reviewed performance against Investment Brief priority shifts

We have compared each TEO's 2017 EPIs against corresponding sector rates and our 2020 targets for priority shifts. For each priority ethnic group at each level (i.e. for each row in Appendix 1) we have identified the provision that is poorest performing. Poor performance is determined by looking at the difference between a TEO's 2017 EPIs and:

- › the 2020 target, and
- › the sector OR sub-sector rate (whichever is lowest) for 2017.

For some TEOs, their indicative allocation is lower than 2018 funding due to funding that is at risk based on performance. We will have a frank discussion with those TEOs to understand why their provision is underperforming and discuss how we can work together to improve it, or deliver alternative provision that better supports learner success. In some cases, we will reduce funding where we no longer want to invest in poor-performing provision.

We will consider a range of factors when determining your final funding allocations

We will consider your performance information alongside strategic priorities as outlined in documents such as Plan Guidance, the Tertiary Education Strategy (TES), the Focus Area Briefs and Investment Briefs. Final funding allocations will reflect any engagement with you, the performance of your delivery, plans for improvement where necessary, and the quality of your Plan (if you have one).

For TEOs that are performing well, we will discuss opportunities for growing high-quality provision that delivers on our priorities.

Where a TEO's funding is at risk, it could be allocated in multiple ways, subject to the outcomes of any discussions and our overall view of system performance. This includes the TEO retaining the funding, either:

- › for the same provision, but with a clear performance improvement action plan with targets and milestones, based on sound evidence and analysis of the available data, or
- › to grow higher-performing provision.

If we aren't satisfied with a TEO's approach to either of the above, funding may be allocated to higher-performing provision at other TEOs.

There will be no SAC 1-2 and 3-4 competitive processes

There is no longer a competitive process to allocate funding for provision at SAC levels 1 and 2, and levels 3 and 4. This funding will now be allocated through the Plan process.

SAC 1-2

The total available funding for SAC levels 1-2 in 2019 has been reduced to \$87.4m (down \$12m from \$99.4m in 2018).

Allocations will cover all SAC levels 1-2 provision, combining the previous competitive and non-competitive funding streams. However, funding for Māori and Pasifika Trades Training provision will be allocated through a separate process.

We will publish the funding rates and allocation methodology on our website in June.

SAC 3-4 competitive pilot Provision

Allocations for 2019 and beyond are included in the SAC levels 3 and above indicative allocations and published SAC levels 3 and above funding rates will apply. Speak with your Investment Manager or Advisor to discuss your proposed 2019 delivery.

We have made more PSO information available and will look for opportunities to shift funding to provision with better outcomes

At the start of May, we made two new information products available to TEOs – *Post-study Outcomes of Young Graduates* and *Post-study Outcomes by TEO*. These form part of the [Investment Toolkit](#) and can be accessed via Ngā Kete.

These information products will support our engagement with you by:

- › providing information about employment, jobseeker benefit receipt and earnings outcomes by level of study and NZSCED, in the *Post-study Outcomes of Young Graduates* information product,
- › providing TEO-level data about employment, jobseeker benefit receipt and earnings outcomes for learners who completed qualifications by age, ethnicity, and gender in the *Post-study Outcomes by TEO* information product, and
- › ensuring that we are looking at the same learner outcome information.

TEC and the Ministry of Education have previously published data on post-study outcomes, which is sourced from the [Integrated Data Infrastructure](#). The new information products have been designed to make this valuable dataset accessible and relevant to TEOs and ourselves. They are powerful planning tools that enable new and detailed insights about your performance and the benefits to their learners.

We expect you to take this information about learners' employment outcomes into account when developing Plans for 2019-21 funding approval.

We have updated our Investment Briefs to identify the areas that result in poorer employment outcomes for learners. Where applicable, we will talk with TEOs about their plans to improve outcomes for learners in these areas of provision.

More information about how you can use these information products is available in the [Infosheet](#) in the Investment Toolkit.

In general, the PSO data show very good outcomes from tertiary education

People with tertiary qualifications on average claim job-seeker benefits at lower rates and, when employed, earn a higher median income.

The higher the level of the qualification, the lower the median job-seeker rate and the higher median income.

We are reviewing our high-volume investments in broad NZSCED fields that show below average outcomes

We have analysed the PSO data to identify poorer performing fields of study by detailed NZSCED at levels 4-7 (non-degree) and level 7 (degree). The criteria we used to determine these poorer performing fields were:

- › above median jobseeker benefit receipt rates,
- › below median income, and
- › higher volume (>400 EFTS).

These criteria identify six fields of study with below average outcomes at SAC levels 4-7 (non-degree) and 4 fields at SAC level 7 (degree).

Level	Field of Study	NZSCED
4-7 non-degree	Tourism Studies	080701
	Text and Information Processing	080904
	Sports Coaching, Playing, Officiating and Instructing	092103
	Fine Arts	100301
	Graphic Arts and Design Studies	100501
	Beauty Therapy	110301
7 degree	Human Movement and Sport Science	069903
	Political Science	090101
	Psychology	090701
	Graphic Arts and Design Studies	100501

We recognise that these data alone don't tell the whole story, and that differences in them do not necessarily reflect educational quality or relevance. There are many other contributing factors such as the rate of graduates in part time work, and regional labour-market economics. We want to use them as a starting point for a discussion about your learners' outcomes.

Where relevant, your Investment Manager or Advisor will talk with you about your provision in these areas, how it is performing relative to its context and purpose, and any steps you could take to improve learner outcomes. For provision that is failing to deliver good learner outcomes, we will want to see a practical plan to improve it. Our expectations for this plan will depend on the purposes of the provision and the specific issues involved.

If such improvement is not possible, we will shift funding to provision with better learner outcomes.



We ensure New Zealand's future success.

Appendix 1. Priority shift targets set in the Investment Briefs for SAC funding

Level	Ethnic Group	2020 Targets			2022 Targets		
		<i>First year retention rate</i>	<i>Course completion rate</i>	<i>Progression rate from levels 1-3</i>	<i>First year retention rate</i>	<i>Course completion rate</i>	<i>Progression rate from levels 1-3</i>
Level 1	n/a	n/a	72.3%	46.5%	n/a	80.0%	50.0%
Level 2	n/a	n/a	77.1%	48.4%	n/a	80.0%	50.0%
Level 3	n/a	n/a	78.0%	42.0%	n/a	80.0%	50.0%
Level 4 to 7 Non-Degree	Māori	45.6%	77.3%	n/a	55.0%	81.7%	n/a
Level 4 to 7 Non-Degree	Pasifika	48.7%	76.3%	n/a	55.0%	81.7%	n/a
Level 4 to 7 Non-Degree	Non-Māori and non-Pasifika	49.7%	81.7%	n/a	55.0%	81.7%	n/a
Level 7 Degree	Māori	70.3%	84.6%	n/a	76.0%	88.2%	n/a
Level 7 Degree	Pasifika	73.7%	81.2%	n/a	76.0%	88.2%	n/a
Level 7 Degree	Non-Māori and non-Pasifika	76.0%	88.2%	n/a	76.0%	88.2%	n/a