

**Tertiary Education
Commission**
Te Amorangi Mātauranga Matua



Funding approval criteria and guidelines for TEO-developed micro-credentials

Published by the Tertiary Education Commission

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July 2023

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Introduction

This document provides information for tertiary education organisations (TEOs) seeking funding approval for micro-credentials¹ developed by them. It outlines the approval criteria and provides further guidance for TEOs wishing to develop micro-credentials that could be funded by TEC.

These criteria and guidelines do not apply to Workforce Development Council (WDC)-developed micro-credentials as those are not subject to TEC approval. Where a TEO wishes to gain accreditation to deliver a micro-credential developed by a WDC, the TEO needs to apply to NZQA. If granted accreditation by NZQA, the TEO can then follow the standard TEC process for new qualifications by entering the micro-credential in STEO. If you have any questions about this, please get in touch with us.

We will continue to review and update the criteria and guidance in response to changing priorities, policy settings and as we give effect to WDC advice.

What micro-credentials do we want to invest in?

We want to invest in micro-credentials that meet the needs of industries and communities, and support government priorities delivered by highly capable TEOs. To be funded, micro-credentials need to have a clearly established industry or community need, be tightly focused on a set of skills and have stand-alone value.

Not all quality assured micro-credentials can be funded by TEC as we have to prioritise how we distribute funding. Our investment in micro-credentials will complement rather than replace existing privately funded training. Alongside the micro-credentials we fund, we expect employers, industries, and learners will cover the full cost of others themselves.

We are open to funding micro-credentials at any level of the New Zealand Qualifications and Credentials Framework (NZQCF) but we want to ensure that learners are supported to make good choices, including enrolling in full qualifications where appropriate.

We are interested in micro-credentials that support innovation and enable TEOs to respond quickly to emerging skill demands. We want to see micro-credentials that have clear employment outcomes or community benefits.

¹ For the purposes of this document, a training scheme is to be treated as a micro-credential and the same requirements apply to the approval of training schemes.

Approval process

Eligible organisations

All TEOs eligible for *Delivery on the NZQCF* funding at any level (DQ1-2, DQ3-7 (non-degree), and DQ7+)² can apply for funding to deliver micro-credentials.

If your organisation is not currently approved to receive any funding from us via an Investment Plan, you will first need to apply for funding as a [New Provider](#). Please refer to our website for more information about this process.³

Talk to us early

If you are a TEO creating a new micro-credential, we encourage you to discuss your ideas with us in the early stages of your micro-credential's development, before submitting it to NZQA or to your Academic Board (for universities), if you hope to receive TEC funding for its delivery. We will advise you if it is something we could potentially fund before you invest resources into developing it.

When can I apply?

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 therefore be made at any time using the [TEO Micro-credential Application Form](#). We expect to advise outcomes within four weeks. It may take longer than this in some circumstances or if we require additional information.

Entering micro-credentials into STEO

If your micro-credential is approved for funding, you will have to enter it into STEO. It is important that micro-credentials are entered into STEO following particular naming and reporting conventions that allow them to be easily identified.

Micro-credentials must be entered in STEO with:

- the same title as what has been approved by NZQA or the University's Academic Board
- code MCXXXX (based on NZQA or any University approval code)
- Qualification Award Category Code (QACC) 50.

Re-prioritising funding from existing allocation

If we approve a micro-credential for funding, we expect that in most cases TEOs will re-prioritise funding from within their existing allocation. To do this, you will need to make an in-year Plan Amendment via a MoP change in Workspace 2. We will contact you to request any further documentation required.

You can increase the number of learners you enrol in the micro-credential over time (and make any necessary changes to the MoP) but you would need to ensure that the micro-credential continues to meet

² These funds take effect from 1 January 2023. Until then any reference to them in this document is to be treated as a reference to the Student Achievement Component (SAC) 1-2, SAC3+ and the Industry Training Fund.

³ <https://www.tec.govt.nz/funding/funding-and-performance/investment/application-to-receive-tec-funding/>

the priorities set out in the Tertiary Education Strategy, Plan Guidance and Supplementary Plan Guidance in force at the time of the proposed increase.

If we approve your micro-credential for funding and you would like to seek additional funding for it, you can submit an additional funding request either at the time of your micro-credential application, or after it is approved. You will need to follow the standard process for additional funding. You can do that as part of the [annual investment round](#) or as an [in-year additional funding request](#).

We may consider investing additional funding to support micro-credentials if there is an exceptionally compelling case for strong employer or community demand and a clear contribution to government priorities.

In considering further funding, we will look at the performance of existing provision by the TEO, including whether their existing allocation can be reprioritised from lower performing provision to the micro-credential.

Please note that if you submit an additional funding request at the same time as your application for micro-credential approval, your additional funding request will be put on hold until a decision is made regarding the approval of the micro-credential. There may be constraints on how much funding, if any, is available for additional requests and the timing of decisions in this space, based on the number of requests being reviewed at the same time and the availability of up-to-date SDR data.

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

We want to invest in TEOs that 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.

Assessment criteria

Check the relevant Funding Conditions

Before developing a micro-credential, check the [Funding Conditions](#) for the funding you intend to apply for. There are specific requirements for micro-credentials depending on the fund. For example, the DQ1-2 fund requires micro-credentials to have a minimum of 20 credits, while the DQ3-7 fund includes limits on micro-credentials in health and safety or regulatory compliance.

You must check the [Funding Conditions](#) applicable at the time you intend to make your application for micro-credential funding approval.

Micro-credentials approval criteria

In addition to the relevant funding conditions, micro-credentials must also satisfy all four criteria detailed in this document:

- › **Criterion One:** NZQA or University Academic Board approval
- › **Criterion Two:** Clear purpose and outcomes
- › **Criterion Three:** Evidence of industry or community support
- › **Criterion Four:** Strategic Alignment
- › **Criterion Five:** Complementing private investment and other public funding

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

Criterion One: NZQA or University Academic Board Approval

1. Universities must show evidence of Academic Board approval of the micro-credential.
2. All other TEOs must show evidence of NZQA approval of the micro-credential.

Guidance

We recommend that you only submit your application to TEC once you have received approval from NZQA or, for universities, your Academic Board.

For NZQA-quality assured TEOs, please talk to us first if you would like to seek pre-approval (prior to receiving NZQA approval). We may be able to grant that in some instances, but final approval would be conditional on receiving NZQA approval. If any changes are made to the micro-credential during the NZQA approval process, you may need to re-apply to TEC so these can be considered in the final TEC decision.

Criterion Two: Clear Purpose and Outcomes

1. Micro-credentials must:
 - a. have stand-alone value
 - b. be tightly focussed on a set of skills
 - c. have clearly identified learner profile
 - d. have clear employment outcome(s) or community benefits

Guidance

For TEC purposes, micro-credentials are about giving learners skills they can apply immediately and productively. Therefore, in order to be funded, micro-credentials need to have their own stand-alone value for industry or community.

Micro-credentials need to be tightly focussed on a set of skills with real-world application. We are unlikely to fund micro-credentials that provide a broad overview of an industry or subject matter or are designed as preparatory courses for further training without stand-alone value in application.

The information provided to TEC needs to demonstrate what intended learner group the micro-credential has been developed for and what the expected employment outcomes are upon completion of the micro-credential. For community micro-credentials, the community benefits realised through the micro-credential need to be clearly defined.

Micro-credentials' purpose should be to fill skills gaps with immediate application. We expect them to be designed predominantly for people already in employment who need to upskill in response to technological changes or to re-train as a result of industry disruptions.

At the same time, we want to ensure that learners are equipped for life-long success through the completion of full qualifications. We expect TEOs to support school leavers or other learners under 25 with no prior qualifications to enrol in a full qualification that can provide them with the foundation for professional success and give them more career options than a micro-credential could.

If you intend to enrol these learners in a micro-credential, we may ask for additional information to understand why the micro-credential would be more appropriate than a full qualification. We would also want to ensure that you understand the impact of micro-credential enrolment on the learners' Fees Free eligibility.

Criterion Three: Industry or Community Support

1. TEOs must show evidence of industry or community need.
2. Industry micro-credentials:
 - a. If seeking DQ1-2 or 7+ funding, the micro-credential must demonstrate support from a broad range of employers and/or the relevant industry body where one exists.
 - b. If seeking DQ3-7 (non-degree) funding, the micro-credential should demonstrate support from a broad range of employers and/or the relevant industry body where one exists.
 - c. Evidence of support needs to explain the industry need for the micro-credential and how that need was identified.
 - d. Evidence of employer support must demonstrate a commitment to employ graduates or enrol current employees.
3. Community/iwi micro-credentials:
 - a. must demonstrate outcomes with broad public benefits, beyond those expected for the individual learners, and
 - b. community groups/iwi must demonstrate support and ongoing commitment to utilise the community micro-credential.

Guidance

Industry need and commitment

We want to invest in skills that have transferable value and can be applied productively across a range of employers and contexts. To fund micro-credentials, we require evidence that there is an industry need for the micro-credential, and that employers would use it.

The application should include evidence of support as outlined in the criteria.

Letters of support should provide not just broad support but clear commentary about the expected benefits. For example, employers can explain how the gap in skills has affected their business, while WDCs may outline how the micro-credential fits into a broader skills strategy or workforce development plan.

We encourage you to engage with sector representative groups such as industry bodies, professional associations, registration bodies, etc, as well as with individual employers. We expect to see evidence of commitment from industry to employ graduates of the micro-credential or to enrol their current staff in it.

You can further support your application by including evidence of ongoing engagement with the relevant stakeholders during the development of the micro-credential. We want to see how you have developed the micro-credential to respond to their needs.

If you have predominantly worked with a WDC in the development of the micro-credential, you can include evidence of the WDC's engagement with industry regarding the skill needs to help us better understand the demand.

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

To ensure that micro-credentials are transferrable so that duplication of learning is minimised, we require evidence of support from several employers. We are unlikely to fund a micro-credential developed for a single employer.

Iwi or community focused micro-credentials need to create public benefits

Applications for the funding of micro-credentials designed to respond to community needs must provide evidence of that need and of engagement with the relevant stakeholders in the development of the micro-credential.

We want to see evidence of commitment by iwi or community group(s) to use the micro-credential without financially profiting from the skills being developed (where a financial profit is expected, that should be treated as an industry micro-credential). This means that there needs to be broader community benefits than just those that an individual completing the micro-credential would get. For example, a micro-credential in weed eradication is unlikely to be funded unless there is a commitment from a community group to enrol members in it or for them to utilise the skills of the graduates for the maintenance of public spaces.

Criterion Four: Strategic Alignment

1. Micro-credentials must demonstrate alignment with the priorities outlined in the Tertiary Education Strategy, Plan Guidance and Supplementary Plan Guidance.

Guidance

One of our central functions is to invest in tertiary education that gives effect to the Tertiary Education Strategy (TES) and broader government priorities. To be eligible for funding, the application must demonstrate how the micro-credential supports one or more government priorities as articulated in the TES or in [TEC Plan Guidance and Supplementary Plan Guidance](#).

Criterion Five: Complementing other investment

1. To be funded, the micro-credential should **not** be:

- a. training that employers are legally required to ensure their staff have
- b. training in which a business has a particular commercial interest
- c. primarily aimed at public sector staff
- d. aimed at the ongoing professional development of people already employed (and holding registration where applicable) in vocationally specific occupations, such as regulated occupations or where government already funds professional development
- e. eligible for funding by another government agency

Guidance

TEC funding for micro-credentials supplements other private and public investment. We expect employers to cover any training that they are legally required to ensure that their staff have, including regulatory compliance.

Where a business has a particular commercial interest in a micro-credential, we expect them to cover the cost of training. For example, a software developer would be expected to provide training to businesses using the software, or to cover the cost of the training, as the developer has a commercial interest in the use of the software.

The professional development and training costs for public sector employees should be covered by their employer through their training budgets.

We are also unlikely to fund micro-credentials aimed at the ongoing professional development of people already employed in vocationally specific occupations that require a degree to enter the profession. These include, but are not limited to, regulated occupations such as teaching, accountancy, etc. This type of professional development would usually be funded by the employer (in many cases through other government funding) or the learner directly.

If you believe that there are extenuating circumstances in your case, please contact us to discuss.



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