



## Our approach to calculating your 2023 allocation for Fees-Free

This document provides the 2023 methodology for the calculation of allocations for Fees-Free.

The information in this document provides a summary of how your Fees Free allocation for 2023 was calculated. For more details regarding your specific allocation, please contact [customerservice@tec.govt.nz](mailto:customerservice@tec.govt.nz), with subject line [Edumis] – Fees Free Allocation, or your Relationship Manager.

### Purpose of the funding:

The purpose of Fees Free tertiary education is to assist in making tertiary education more affordable and accessible by:

- funding one year of Fees Free provider-based education (up to \$12,000), and
- two years of industry training, for eligible learners (up to \$12,000).

Fees Free funding is a learner-based fund. All funds will be paid for eligible learners.

### How we calculated your allocation:

**To determine the starting point for calculating your 2023 allocation we used your year-to-date 2022 Fees Free value of delivery (as at 21 September 2022), as per your September Multiple Providers and Cap Limit Report issued on 3 October 2022<sup>1</sup>**

We then made the following adjustments to your 2023 starting point allocation:

- Increase the allocation by the greater of:
  - the value of your reported provider-based Targeted Training and Apprenticeship Fund (TTAF) delivery to school leavers in **2021**<sup>2</sup>; or
  - the value of your reported provider-based TTAF delivery to school leavers in **2022**<sup>3</sup>.
- Increase the allocation by 2.75% to reflect the Annual Maximum Fee Movement (AMFM).

**It is important to note that we will make frequent in-year adjustments to allocations throughout 2023 based on actuals reporting.**

<sup>1</sup> If you did not submit a fees-free report in September, we have used delivery information from your July or August report.

<sup>2</sup> In this context, a school leaver in 2021 is defined as a learner who was enrolled in school in 2019 or 2020.

<sup>3</sup> In this context, a school leaver in 2022 is defined as a learner who was enrolled in school in 2020 or 2021.

### **Targeted Training and Apprenticeship Fund:**

As the TTAF ends on 31 December 2022, **no allocation will be made for TTAF for 2023**. The impact of this has been considered and built into the 2023 Fees Free allocation methodology in the form of a 'TTAF school leaver' adjustment.

This adjustment is based on the greater of your value of provider-based TTAF delivery to school leavers in 2021 or 2022<sup>4</sup>. School leaver data is a proxy to estimate the number of learners previously funded by TTAF who may be eligible for Fees Free in 2023. We have defined school leavers in this context as a learner who was enrolled in school in the previous two calendar years.

### **How we calculate allocations for new providers:**

Where you do not have a history of Fees Free enrolments in 2022, you will receive an initial Fees Free funding allocation of zero, and 2023 payments will be made based on actual 2023 delivery volumes.

### **We do not allocate fees-free funding to TEOs only receiving DQ3-7 work-based learning funding:**

We will not provide a Fees Free allocation to these TEOs due to the nature of reporting and payments. 2023 Fees Free payments will be made monthly based on validated Fees Free reporting data.

### **Approach for Mergers:**

- Allocations for Te Pūkenga will be based on reported delivery data of its subsidiaries.
- All PTE mergers will have associated delivery and 2023 allocations transferred to the remaining (or final) provider EDUMIS for 2023, for all mergers or acquisitions reported to the TEC by 1 October 2022.

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<sup>4</sup> The calculation is based on TTAF delivery to school leavers recorded against source of funding (SoF) code 01 in the Single Data Return (SDR) as of 18 October 2022.