**Proactively Released**

**Briefing Note: Outcomes of Youth Guarantee Fees-Free**

<table>
<thead>
<tr>
<th>To:</th>
<th>Hon Tracey Martin, Associate Minister of Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copy to:</td>
<td>Hon Chris Hipkins, Minister of Education</td>
</tr>
<tr>
<td>Date:</td>
<td>27 March 2019</td>
</tr>
<tr>
<td>Priority:</td>
<td>Low</td>
</tr>
<tr>
<td>Security Level:</td>
<td>In Confidence</td>
</tr>
<tr>
<td>METIS No:</td>
<td>1182358</td>
</tr>
<tr>
<td>Drafter:</td>
<td>David Earle</td>
</tr>
<tr>
<td>Key Contact:</td>
<td>Shona Ramsay</td>
</tr>
<tr>
<td>DDI:</td>
<td>s 9(2)(a)</td>
</tr>
<tr>
<td>Messaging seen by Communications team:</td>
<td>No</td>
</tr>
<tr>
<td>Round Robin:</td>
<td>No</td>
</tr>
</tbody>
</table>

**Purpose of Report**

At the Labour Market Ministers’ meeting on 13 March 2019, you asked about monitoring the outcomes of training for young people at risk. This note provides information on the monitoring undertaken by the Ministry of Education. A copy of the most recent report is attached.

**Summary**

- The Ministry of Education has been regularly monitoring the outcomes of the Youth Guarantee Fees-Free places.

- Youth Guarantee Fees Free places provide foundation-level tertiary study for 15 to 19 year olds who have left school with low or no qualifications. It is intended to re-engage young people in education and provide a pathway into further study, training and employment.

- The results of monitoring show that the programme is effective in increasing the achievement of NCEA Level 2 or equivalent. However, there is no evidence that it has provided a more effective pathway to further study at Level 4 and above than other educational choices for a similar group of young people.

- While the programme engaged a group of young people who might otherwise have been not in employment, education or training (NEET), participants were more likely to be NEET two years later than similar young people who did not participate.

- The Tertiary Education Commission has made some operational changes to improve targeting and performance of Youth Guarantee Fees Free. The Ministry of Education intends to progress work on improving the effectiveness of foundation education alongside a set of major system changes that sit around it. Namely, the Review of NCEA, the Review of Vocational Education and the Government’s response to the Welfare Expert Advisory Group report.
Proactive release

Agree that this Briefing will be proactively released.

Agree

Andy Jackson
Group Manager
Tertiary Education

28/03/2019

Hon Tracy Martin
Associate Minister of Education

27/4/19
Background

1. Youth Guarantee Fees-Free provides full-time, fees-free tertiary study at New Zealand Qualifications Framework Levels 1 to 3 for 15 to 19 year olds who have left school with low or no qualifications. It is intended to re-engage young people in education and provide a pathway into further study, training and employment.

2. The Ministry of Education has monitored the programme since it was established. The purpose of monitoring and evaluating the Youth Guarantee policy is to understand the extent to which the desired outcomes of the policy are being met.

3. The educational outcomes of interest are:
   - improved retention in school and/or tertiary education (including industry training)
   - more students achieving NCEA Level 2, or equivalent
   - increased progression to tertiary study at Level 4 or higher (including industry training).

4. The employment outcomes of interest are:
   - obtaining sustained employment following the programmes
   - reduced incidence of being not in employment, education or training (NEET)
   - reduced incidence of welfare benefit receipt.

5. The monitoring reports compare the outcomes of young people who participated in Youth Guarantee Fees-Free with the outcomes of similar young people who did not participate.

Key findings from monitoring

Education outcomes

6. Youth Guarantee Fees-Free has been effective in keeping a group of students in education during the period of the programme. However, this effect does not continue beyond the programme.

7. Young people in Youth Guarantee Fees-Free were more likely to achieve NCEA Level 2 or equivalent than the comparison group.

8. Young people who started Youth Guarantee Fees-Free in 2013 were less likely to progress to Level 4 and above within two years than the comparison group. Previous cohorts of starters had higher or similar rates of progression to Level 4 and above than their comparison groups.

Destinations

9. Young people who started in Youth Guarantee Fees-Free from 2012 to 2014 were no more likely to be in employment two years later than the comparison group. The programme appears to have no effect of raising incomes for those in employment, compared with the comparison group.

10. Youth Guarantee Fees-Free engaged a group of young people who would otherwise have been NEET during the starting year. However, participants were more likely than the comparison group to be NEET two years following the programme.
11. Young people in Youth Guarantee Fees-Free were as likely to receive a welfare benefit as the comparison group in the year before starting. During the year they started the programme, participants were more likely than the comparison group to receive a benefit during the starting year of the programme. This was likely to be due to the requirement for young people receiving benefits to attend training. In the years following the programme, a higher proportion of participants than the comparison group received a welfare benefit.

**Effectiveness for sub-groups**

12. Analysis of employment and progression to Level 4 and above by groups of students shows:

- Māori and Pasifika participants are no more likely to be in full employment or progress to higher level study than Māori and Pasifika in the comparison group.

- Participants who had low or no school qualifications before they started had lower educational performance at school and/or had higher risk of poor outcomes were no more likely to progress to Level 4 and above or to full employment than similar young people in the comparison group.

- Participants who had a Level 2 qualification before they started, had higher education performance at school and/or had lower risk of poor outcomes were less likely to progress to Level 4 and above and more likely to progress to full employment than similar young people in the comparison group.

**Policy responses**

13. The Tertiary Education Commission has made some operational changes to improve the targeting and performance of Youth Guarantee Fees-Free.

14. The Ministry of Education advised Ministers last year on the current state and possible future directions for foundation tertiary education so more learners in foundation education progress to further study and/or sustainable employment [METIS 1124816 refers].

15. We intend to progress work on improving the effectiveness of foundation education alongside a set of major system changes that sit around it. Namely, the Review of NCEA, the Review of Vocational Education and the Government’s response to the Welfare Expert Advisory Group report.