

SUPPLEMENT TO
THE ACTA *INTERIM STATEMENT*
and
THE ACTA SUBMISSION ON THE DISCUSSION PAPER
REFORM OF THE ADULT MIGRANT ENGLISH PROGRAM

*Towards a Payment Model to
Incentivise Authentic Outcomes from the AMEP*

19th July 2021

The Question

An unresolved question in the ACTA meeting on 13th July 2021 with various experts and Department of Home Affairs officials responsible for the AMEP was how to arrive at a **viable outcomes-governed system by which providers should be paid**, given that payments are no longer constrained by the previous restrictions on tuition hours and a low English proficiency exit point.

Basic Principles

ACTA proposes that the following basic principles should govern any AMEP payment system:

1. The payment system should support and encourage the AMEP outcomes specified in the ACTA Interim Statement, viz.:

- i. **participation** in the AMEP (enrolments and retention) evaluated in relation to evidence-based benchmarks
- ii. **English language gains** evaluated in relation to evidence-based benchmarks
- iii. **student satisfaction** evaluated in relation to evidence-based benchmarks
- iv. **Program quality standards** evaluated on an A – E rating scale based on recognised Program Standards for English for adult migrants
- v. **a robust evidence base** that supports Outcomes 1 – 4, demonstrates the AMEP's contribution to national goals and promotes continuous improvement.

Conversely, the payment system should not undermine or run counter to these outcomes.

As ACTA has demonstrated in our Interim Statement (see Table 2, p. 9 and section 4, pp. 15-17), the payment system proposed in the AMEP Discussion Paper does not accord with this principle.

2. The payment system should offer quality providers the assurance of stability to allow them to:

- i. plan ahead
- ii. employ teachers and offer them reasonable conditions in regard to security of employment and working conditions

- iii. set and establish facilities and infrastructure for program delivery at an appropriate standard (see Outcome 4 above and our answer to Question 25)
- iv. cope with the inevitable fluctuations in student enrolment, attendance, retention, relocations and exits
- v. cater for a range of learners from fast-paced high achievers to slow-paced vulnerable learners and those with special needs
- vi. provide classes at hours and with content that responds flexibly to local learner needs, aspirations and situations
- vii. build networks with community/ethnic organisations, employers, Job Active providers etc
- viii. innovate in all aspects of program delivery, development of teacher resources and collaboration other AMEP providers.

Conversely, the payment system should not incentivise gaming in order to mitigate risk, for example:

- stacking classes and misrepresenting class sizes
- favouring/prioritising certain students over others
- excluding students and/or limiting their choices
- pressurising teachers to act against their professional judgements on how best to promote student outcomes and meet student needs.

As we have demonstrated in the ACTA Interim Statement, the payment system proposed in the DHA Discussion Paper does not accord with this principle.

3. The payment system should reflect a comprehensive, coherent, rational and transparent approach to supporting the overall operation of the AMEP.

See ACTA Interim Statement, Figure 3 and section 3.

Conversely, the payment system should not be used to promote one aspect/component of the AMEP in a way that displaces or unbalances others.

The payment system proposed in the AMEP Discussion Paper will prioritise reports on student assessments in a way that disrupts teaching (to focus narrowly on the curriculum), how assessments are staged to reflect genuine student learning, how teaching is delivered (favouring “conversation classes” for slow-paced learners), and student support (by reducing access to child care and volunteer tutors, and limiting the potential of counselling to support the five Outcomes specified in the ACTA Interim Statement).

4. The AMEP should continue to be demand-driven at least for the foreseeable future.

The measurement of individual provider performance against the five Outcomes in the ACTA Interim Statement should be the mechanisms that ensure accountability.

ACTA's Proposal

Following the 13th July meeting, participant Michael Tynan, CEO Social Compass, wrote to ACTA as follows:

Reflecting on that last discussion I am trying to disentangle the key concerns.

Is it that paying on attendance is now going to be gamed because of the unlimited hours? I.e. providers might keep participants in the system without regard to them achieving the goals of the AMEP in order to generate income?

A quality system such as you are proposing should address this as you would be able to track student progress over time (by cohort) and compare this with similar cohorts at other providers. Therefore providers gaming the system would be caught out by the quality processes.

The department is arguing that paying on assessments will address this, however you have identified the perverse incentive of students being 'forced' to do assessments where in the teachers' professional judgement they may not be ready to take the assessment.

So wouldn't a simple way of addressing this be:

Pay providers based on enrolments with this modified by a retention measure (either halfway through the term or towards the end of the term). This reduces the admin burden of recording hours.

Providers could also be asked to report on their assessment measures for their cohorts (frequency and outcomes) which is reflective of how quickly they progress through the curriculum. Over time there would be benchmarks established for different cohorts which should pick up if some providers are gaming the system and not providing a quality education (or that some providers are higher quality than others - it might not be gaming at all). This measure can then be reviewed by the quality assurer (i.e. it is not part of the payment system) as part of their annual assessment.

Again it comes back to teachers being in the game because they are committed and will be actively working for their students to progress contingent on all those externalities that AMEP students face. But you do need protections against poor providers who may be tempted to game the system if quality controls aren't in place.

This suggestion was circulated for comment to the other participants and others with whom ACTA regularly consults.

In line with this email and the principles above, and based on further feedback, ACTA proposes the following payment system. We further propose that the Department consult with providers regarding its viability.

1. Set-up costs

The funding model should include **set up costs** based on an analysis of data from previous contracts.

Contracts should be awarded only to providers who will clearly have the necessary infrastructure to operate the AMEP at an appropriate standard *from the commencement of the contract* (e.g. suitable venues with classrooms, a staffroom, toilets, teaching equipment, teaching materials) – this did not as happen with the 2017 contracts, at least in Hobart and Canberra.

We therefore anticipate that set up costs would mainly be devoted to employing qualified TESOL teachers.

2. On-going payments

These should be a **fixed per capita amount per term** (set according to the delivery mode – fulltime/parttime/DL etc.) based on **the number of students** enrolled and attending in the first week of the term. These payments should be made monthly to maintain cash flow.

Payments should be made **irrespective of whether a student attends every lesson**. It should be specified (following consultation with providers) what constitutes a *student exit* from a Centre's program (e.g. subsequent non-attendance/very irregular attendance leading to counselling to withdraw/no contact for, say, 2 weeks) which would trigger cessation of the payment for that student.¹

Individual attendance records for each hourly class should be strictly maintained, reported monthly to the Department by providers, and carefully monitored and audited through quality assurance.

There should be a **cap on payments in relation to class numbers**, i.e. payments should assume no class consists of more than 20 students per term. If a student withdraws from a class, he/she can be replaced by someone else up until Week 6 of the term.

Provider reporting, performance monitoring against KPIs (see ACTA Outcomes 1 and 2) and quality assurance (ACTA Outcome 4) should include close inspection of data on attendance and retention.

The principles underpinning this method of on-going payments are that:

- providers are paid *for delivering* the AMEP
- the Department/government *bears some of the risk* in delivering classes to students with the particular characteristics and vulnerabilities for whom the AMEP caters
- the need for complex “cohort payment adjustments” (that can be rorted) is avoided
- payment for *delivering* the AMEP is distinguished from AMEP *performance management* (including promoting outcomes)
- *performance monitoring and quality assurance* mitigates rorting and provides the necessary accountability
- *consistency in measuring the achievement of ACTA Outcomes 1 - 5 in relation to evidence-based benchmarks* provides valid and reliable performance measures for individual providers and the AMEP overall, including from one contract period to the next
- *stability of payments* disincentivises rorting by quality providers
- providers who rort the payment system are caught out by *careful and regular examination of attendance records and English gains* in relation to evidence-based benchmarks (that include data on different cohorts of students).

¹ Those who wish should be permitted and encouraged to re-enrol in a subsequent term.

3. Special purpose grants

In addition to the above, providers should be able to apply for additional annual grants based on an annual work plan that is directed to special initiatives, for example, the SLPET, community outreach, developing on-line capability, supporting DL (as per our answer to Q 10) etc.

Evaluation of provider performance using special grants should be in accord with the five Outcomes specified in the ACTA Interim Statement.

4. Student support (childcare, counselling & pathway guidance, volunteer tutor scheme)

See our answers to relevant questions in our Submission on the Discussion Paper.

In addition, the Department should vigorously pursue States/Territories to allow discounts for **AMEP students on public transport**. Alternatively, the Department should seek recognition for an AMEP student discount ID card (renewable, say, every six months).

5. Contracts

Contracts should be as long-term as is tolerable within overall government procurement guidelines. Long-term AMEP contracts can be justified with reference to the need for stability and long-term planning in delivering quality educational programs and the indisputable evidence that AMEP participation, quality, efficiency and cost-effectiveness are all substantively disrupted when contracts are lost and won.

However, the corollary of long-term contracts should be that they include the clear and certain possibility that a provider can be requested to show cause and have their contract terminated (with six months' notice) if they fail for two consecutive years to meet KPI benchmarks directed to the five Outcomes in the ACTA Interim Statement.² These penalties should be enforced and not seen as a last/undesirable resort by the Department.

ACTA does not accept the proposition advanced in the 13th July meeting that the option of terminating contracts would destabilise the AMEP or entail additional costs. On the contrary, it would incentivise quality performance and stability. It would be considerably more cost effective than tendering for shorter-term contracts.

Providers should also be given the assurance that consistent achievement of agreed Outcomes benchmarks is a prime criterion in the award of future contracts. This incentive would truly drive the desired AMEP outcomes.

² As per the point made in the 13th July meeting, contractual requirements may include requirements over and above the achievement of KPIs based on the five Outcomes proposed by ACTA. However, the five Outcomes-directed KPIs should provide the basis for determining the retention/loss of contracts by individual providers.