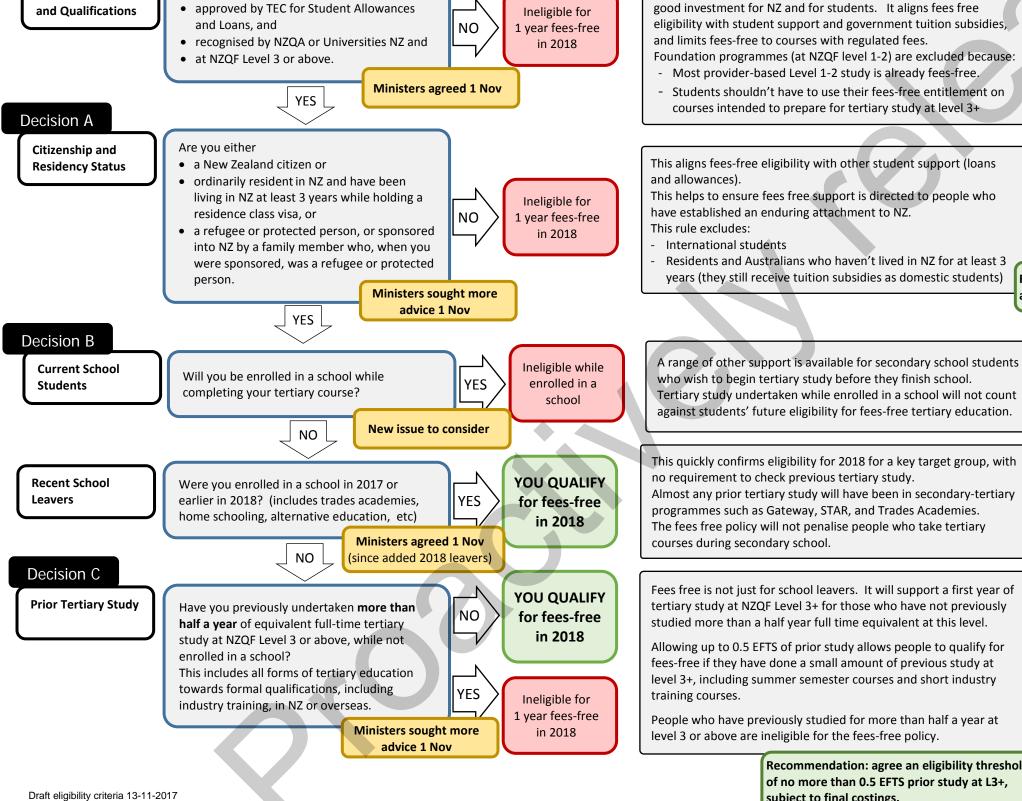
**Eligible Courses** 

## Student eligibility criteria for provider-based fees-free tertiary education in 2018

This note describes the proposed eligibility criteria for 2018, noting Ministers' decisions to date and seeking agreement to further details. It identifies the information available, and the information gaps, for confirming eligibility at the time of enrolment and/or in ex-post checking. Eligibility and coverage for Industry Training is covered in a separate note for ministers and the interagency governance group.



Is the programme you are enrolling in:

This focuses fees free on quality-assured programmes that are a good investment for NZ and for students. It aligns fees free eligibility with student support and government tuition subsidies, and limits fees-free to courses with regulated fees.

Foundation programmes (at NZQF level 1-2) are excluded because:

- Most provider-based Level 1-2 study is already fees-free.
- Students shouldn't have to use their fees-free entitlement on

- courses intended to prepare for tertiary study at level 3+

This aligns fees-free eligibility with other student support (loans and allowances).

This helps to ensure fees free support is directed to people who have established an enduring attachment to NZ.

This rule excludes:

- International students
- Residents and Australians who haven't lived in NZ for at least 3 years (they still receive tuition subsidies as domestic students)

Information to verify

Providers inform students as currently for student loans and allowances 100% accuracy

**Key Figures** 

In 2016 there were 279,000 providerbased domestic student enrolments in L3+ TEC-funded programmes.

Student declaration as to eligibility, as currently for student loans and allowances. 100% accuracy.

In 2016 16,400 residents and 1,300 Australians with ≤0.5 EFTS prior L3+ study enrolled in L3+ programmes. We have no direct data on how many met the 3-year residence requirement. The costings will use an informed estimate.

Recommendation: confirm the in principle decision to align eligibility with student support settings.

> Student declaration. Can be verified ex-post with 100% accuracy

Recommendation: agree students enrolled in school will not be eligible for fees free.

Students to provide evidence to providers. New requirement for providers to collect. Can be verified ex-post with 100% accuracy

In 2016:

• 30,500 people who were in school in 2015 or 2016 enrolled in L3+ tertiary study (20k unis, 7k ITPs, 3k PTEs)

Fees free is not just for school leavers. It will support a first year of tertiary study at NZQF Level 3+ for those who have not previously studied more than a half year full time equivalent at this level.

Allowing up to 0.5 EFTS of prior study allows people to qualify for fees-free if they have done a small amount of previous study at level 3+, including summer semester courses and short industry training courses.

People who have previously studied for more than half a year at level 3 or above are ineligible for the fees-free policy.

> Recommendation: agree an eligibility threshold of no more than 0.5 EFTS prior study at L3+, subject to final costings.

Data to verify prior study at enrolment comes from individual enrolment records since 2003 (TEC/MoE) We have no live data about prior

overseas study, or study in NZ prior to 2003 to inform or verify eligibility. This will rely on individuals'

declarations concerning prior study. Processes are being developed to help students/providers assess eligibility. Data to audit/validate eligibility includes applications for loans since 1999 and allowances since 2000.

In 2016:

- 61.430 EFTS were "new students" with no prior record of L3+ study.
- 80,900 EFTS were "new students" with prior study at L3+ of 0.5 EFTS or less.

This is an upper bound. "New students" are people with no prior study in NZ since 2003. Some will not qualify for fees free, e.g. many of the 12,500 "new students" over age 45,

# Other possible criteria removed

Are you a part-time student studying less that the minimum to qualify for a Student Loan to pay your fees?

Ministers sought more advice 1 Nov

This would be necessary to enable implementation of fees free in 2018 via the student loans scheme – either as an eligibility criterion or as a filter to direct those ineligible for loans through an alternative process. It would focus fees-free support on the goal of reducing student debt. Excluding part-time students studying below the student loan eligibility threshold (approx. 0.3 EFTS, depending on duration) may undermine the ability of the fees free policy to support flexible lifelong learning.

### What is covered: fees, amount of study, timing of courses

This note describes the proposed coverage of fees free policy for provider-based enrolments in 2018, noting Ministers' decisions to date and seeking agreement to further details. Eligibility and coverage for Industry Training is covered in a separate note for ministers and the interagency governance group.

What fees will the Government pay?

The fees free policy will pay:

- Tuition fees and associated mandatory fees
- Compulsory student services fees Students will need to pay other optional and occasional fees such as students association and club memberships, some course materials, late fees, etc.

Ministers agreed in principle 1 Nov

This aligns fees free coverage with current fee regulation and the covered of the fees component of student loans.

Excluding compulsory student services fees would impact on delivery channel options (current student loans systems do not differentiate fee components).

Future work is needed to assess whether compulsory student services fee regulation is fit for purpose, and the future approach to tuition fee regulation as government pays an increasing share.

Including student services fees increases fees payable by government by approx \$25m pa

Recommendation: confirm the in principle decision, subject to final costings.

### Decision D

How much study per student will be fees-free in 2018?

The maximum study load (EFTS) covered by the fees free policy in 2018 could be either:

- Capped at One EFTS
- or
- Capped at 1.2 EFTS
- Uncapped

Ministers asked for further advice on proportion of students affected and potential impacts

An EFTS cap would help to manage costs and avoid gaming of the policy by students and providers (eg: bringing forward start dates of year 2 courses into the coverage period, or encouraging students to take on excess study loads).

- A 1 EFTS cap matches the policy commitment. Students studying more than 1 EFTS are not advantaged over part-timers (who only retain the unused balance of 1 EFTS).
- A higher cap e.g.: 1.2 EFTS increases the number of students who will pay no fees.
   In 2016, 18% of 1<sup>st</sup>-time students studied over 1 EFTS, including 4% exceeding 1.2 EFTS.
   Some standard first-year university programmes (e.g. law) exceed 1 EFTS.
- Capping imposes significant administrative complexities. It may make it difficult for
  providers to implement the policy effectively, monitoring and adjusting fees charged to
  government and students as students switch and add courses.

Increasing the cap from 1 EFTS to 1.2 EFTS increases fees payable by government by approx \$25m pa. Lifting the cap further has low direct cost on current enrolment patterns.

Further advice forthcoming on costs, benefits and risks of imposing an EFTS cap.

#### Decision E

Will a maximum dollar value apply to fees payable?

The maximum amount of total fees payable per student should be capped. The cap could be set at:

- \$20,000 (incl gst) affecting only aviation
- \$10,000 (incl gst) affecting a range of fields
- \$10,000 (incl gst) with for selected fields such as medicine, dentistry, vet, aviation

Ministers agreed in principle 1 Nov and sought advice on level and impact for 2018 and outyears

A dollar value cap will limit the subsidy students could receive for high cost programmes. This limits inequity in the value of subsidy students may receive, contains costs, and preserves options for future policy development.

- For aviation, fees can exceed \$70,000 per EFTS. Student loans for fees are capped at \$35,000 per EFTS. Total aviation numbers are capped at 450 EFTS (approx 100 EFTS likely eligible for fees free). Changes required to current funding conditions if aviation students are not to get (capped) fees free and access to \$35k loans on top of this.
- A cap below \$17,000 will begin to affect some medical fields although first year programmes generally have lower fees.
- A \$10,000 cap will affect a range of PTE programmes in fields ranging from beauty to ICT, cuisine and performing arts. Most non-medical TEI programmes with fees over \$10,000 are postgraduate so not relevant for new students.

Students will be able to borrow using student loans for fees in excess of a cap.

Costing details for cap options is in development.

A \$20k cap reduces fees payable by government by approx (\$5m) pa

Recommendation: confirm a cap will apply, with details subject to final costings.

Decision F

What period of study is covered?

Fees free for 2018 covers courses and programmes commencing in the 2018 calendar year.

Not yet considered

A clear cut-off for 2018 fees free will allow smoother transition for any 2019 changes. Some providers enrol students in programmes of sequential courses, charging fees for all courses up-front. Such programmes starting late 2018 will include courses not starting until 2019. This presents no significant risk.

Recommendation: agree fees free for 2018 will apply only to courses and programmes commencing in the 2018 calendar year.

Decision G

Can students save fees free entitlements to use later?

Part-time students who don't use their 1 EFTS entitlement in 2018 can use the balance later. But eligible students cannot opt not to use their entitlement in 2018 and "bank" it for future use.

Ministers requested advice re students with fee scholarships

Fees free is to support access to tertiary education for people who have no prior study. Carrying forward unspent balances from part-time study supports lifelong learning. But deferring entitlements for use in more expensive later courses (e.g. postgraduate or med school) is not consistent with the policy intent and could significantly increase costs to government and inequity in levels of support received by different students. Providers have advised that it is preferable to keep fees free policy as simple as possible, and that the various scholarship arrangements can be adapted around this, for example by deferring fees scholarships to year two, or paying scholarships in cash.

Recommendation: confirm eligible students must use their entitlement, not "bank" it for future use.

Draft eligibility criteria 13-11-2017