

Budget Sensitive

Office of the Minister of Education

Cabinet Social Wellbeing Committee

COVID-19: Extending the temporary Hardship Fund for Learners in tertiary education into the 2021 calendar year

Proposal

- 1 I seek Cabinet agreement to extend the Hardship Fund for Learners (HAFL) tertiary education into the 2021 calendar year, from a combination of existing Vote Tertiary Education funding and seeking the balance through the 2021 budget process.

Relation to Government Priorities

- 2 This initiative addresses disruption to tertiary learners from COVID-19 and therefore contributes to objective two in the Speech from the Throne (to accelerate our economic recovery).

Background and Analysis

In 2020, the Government introduced a range of temporary COVID-19 response measures to ensure learners stay engaged in education and are financially supported

- 3 As part of the COVID-19 Response and Recovery Fund Foundational Package, the Government established the temporary HAFL of \$20 million in May 2020 to support learners to stay engaged in tertiary education and training during these stages of the COVID-19 global pandemic [CAB-20-MIN-0219.27, initiative 12692].¹ This fund recognised that there is not a 'one-size fits all' approach to meeting the financial needs of learners.
- 4 HAFL funding was allocated directly to TEOs who disbursed this assistance to their learners based on need. Of the \$20 million in the fund in 2020, \$19.5 million was allocated to 120 TEOs. The Tertiary Education Commission (TEC) advises that, as of 31 December 2020, \$17 million had been spent, supporting nearly 18,000 individual learners. Over a third of these learners were Māori or Pacific (8,500) and over \$1.3 million was spent on disabled learners. Officials have heard from learners and providers about the positive difference this additional support has made, financially and to learner wellbeing. This has mitigated the broader stresses that learners and their families have been facing and helped learners to remain in study.

¹ I note that some tertiary education organisations (TEOs) have taken a partnership approach in contributing their own funding to the funding made available to them through the HAFL to support their learners stay engaged in tertiary education, including for example the University of Otago.

- 5 This fund complemented other COVID-19 response measures to assist learners, including the COVID-19 student support package [CAB-20-MIN-0164],² which included a temporary increase to the amount that could be borrowed for course-related costs from \$1,000 to \$2,000,³ and the Technology Access Fund for Learners (TAFL).⁴ Tertiary learners, who could no longer work during or lost employment due to COVID-19 restrictions, may also have benefitted from the wage subsidy [CAB-20- MIN-0108 refers] and/or the COVID-19 Income Relief Payment. I note that these measures, including the HAFL, have now finished.
- 6 There is also some scope within current settings for the Ministry of Social Development (MSD) to support learners who are impacted by COVID-19.⁵ Hardship assistance available to learners through MSD provides some relief around income adequacy but has specific eligibility requirements and administration. The HAFL provides flexibility for TEOs to work directly with their learners and provide assistance to those who are most in need of support.

Financial support is still needed for learners as they continue to experience increased financial hardship due to fewer part-time work opportunities post COVID-19 and the on- going risk of COVID-19 restrictions

- 7 Although the HAFL was put in place as an immediate response to complement a package of support for tertiary learners last year, many learners are still recovering from the initial impacts and/or have additional costs due to the ongoing impacts of COVID-19 that go beyond the current levels of support (for example, supporting family members or employment changes).
- 8 Under current policy settings, tertiary students are expected to contribute to the cost of tertiary study through part-time work (8-10 hours per week), savings, and parental support. The economic impacts of COVID-19 highlighted an existing growing shortfall for learners between actual living costs, learner incomes and the level of available support. In this context, part-time work opportunities for learners and the ability of families to support them may be more limited due to COVID-19.
- 9 This means the level of student support is inadequate for many to meet their living expenses. This is more likely to be the case for those living in main urban centres where accommodation costs are high and rising. We can also expect learners from lower socio-economic backgrounds, as well as those not supported by student loans and allowances (such as part-time and older learners), to be most vulnerable to the financial impacts of COVID-19.

² This package was designed to ensure income continuity for learners and help them meet the costs associated with studying in a different way during lockdown.

³ MSD advises that, as at 19 December 2020, 85,798 loan accounts have a course-related costs balance over \$1,000.

⁴ This fund was put in place to support learners' capacity to access technology-enabled tertiary education and training.

⁵ For example, MSD has existing provisions, including to assist learners with urgent and unexpected costs (subject to income and asset tests); treat students as full-time if their study load drops (e.g. as a result of COVID-19); and use exceptional circumstances policies to manage the impact of COVID-19 on student allowance life-time entitlements and student support performance requirements.

- 10 This underlying vulnerability was highlighted in the February 2021 COVID-19 clusters that required restrictions in Auckland as the tertiary education semester was beginning. Officials heard from providers and students about the need to provide ongoing hardship support in 2021 to ensure that learners can undertake and complete their tertiary studies.

11 9(2)(ba)(i)

Other providers (including Te Pūkenga, the universities, and the private training establishment representative bodies) have reiterated how the HAFL and TAFL gave them more flexible response options in 2020 than they currently have available in 2021.

- 12 Technology access was a consistent theme in the feedback from the recent COVID-19 restrictions. We have already put in place technology assistance for the schooling sector in 2021 (through \$10 million within the Equitable Digital Access project) but we currently have no equivalent intervention in tertiary education. This can be addressed through the HAFL and is discussed below.

I am seeking Cabinet agreement to extend the temporary HAFL into the 2021 calendar year

- 13 I am concerned that there are learners who are continuing to struggle financially due to COVID-19 and who may exit study to seek support from the welfare system. I therefore propose to extend the HAFL into the 2021 calendar year.
- 14 Extending the HAFL ahead of Budget 2021 ensures that this funding would be available to TEOs, and consequently to learners in hardship as soon as possible. This will be critical if TEOs face further COVID-19 restrictions before the vaccine rollout is complete (such as through cluster events similar to February 2021). Seeking funding for this proposal through Budget 2021 would mean the initiative could not be implemented until half-way through 2021. This would mean it is available too late to support many learners in their first year of study and miss the riskiest time of the year for any COVID-19 impacts.
- 15 As with the previous HAFL, funding will be allocated directly to TEOs,⁶ who would then disburse assistance to their learners based on need. Funding can be used to cover any basic living costs that the TEOs' enrolled learners are unable to meet, including, but not limited to, food, utilities, rent or other unexpected expenses. As hardship can take many forms, I trust TEOs to exercise their judgement as to how they can best support their learners in ways that are consistent with the purpose of the fund.

⁶ TEOs who receive funding through tuition subsidy funding would be eligible to receive HAFL allocation.

In 2021 HAFL will include funding for technology access previously covered by the TAFL

- 16 I also propose that HAFL funding can be used to support learners in accessing technology-enabled tertiary education and training, where there have been disruptions due to COVID-19. Technology to access online learning can be a financial challenge for learners if their learning mode changes to online only due to restrictions from COVID-19 removing the option for face-to-face study. This fits the purpose of HAFL. Technology was an exclusion in last year's HAFL fund because the separate TAFL was also available in 2020. We are proposing a combined approach for 2021 as funds are on a smaller scale, and the expectation that in 2021 technology needs to access learning will be lower as most learning can be delivered face-to-face.

Implementation

I will direct the TEC to administer the extended HAFL and anticipate the funding can be made available in May 2021

- 17 I will update the fund settings that enable the TEC to administer funding for the HAFL as issued under section 409(1)(j) of the Education and Training Act 2020. I anticipate that funding will be made available to TEOs in May.

Financial Implications

- 18 This proposal to extend the HAFL by \$4.197 million will be funded through reallocation of international scholarships and Entrepreneurial Universities funding from 2020/21. This paper seeks Cabinet agreement to transfer \$2.109 million from Tertiary Scholarships and \$2.088 million from University-led Innovation to the appropriation titled Access to Tertiary Education within Vote Tertiary Education.
- 19 Subject to Budget 2021 decisions, I propose to supplement this with \$5.803 million of new funding for a total HAFL fund for 2021 of \$10 million.
- 20 The international scholarships funding supports the Prime Minister's Scholarships for Asia and Latin America. This funding was not used as the August 2020 scholarship round was not run due to COVID-19 travel and study restrictions. Reprioritising this funding will not impact the Prime Minister's Scholarships for 2021/2022. There is a small amount that relates to International Teacher Exchanges to Support Foreign Language Learning that was discontinued.
- 21 Entrepreneurial Universities provided funding to support the attraction of world-leading entrepreneurial researchers and staff who will build stronger and more relevant links with existing and emerging industries and firms. It was discontinued in Budget 2019 but still had some funding allocated in the University-led Innovation appropriation to complete outstanding commitments made prior to Budget 2019. There is an underspend here as all the contract negotiations from commitments made prior to Budget 2019 have now been completed.

Legislative Implications

- 22 There are no legislative implications in the proposals of this paper.

Population Implications

- 23 Between 2010 and 2019, on average, 22% of domestic learners enrolled in tertiary education providers were Māori and 9% were Pacific.⁷ TEC data indicates that over a third of the learners who benefited from the HAFL in 2020 were Māori and Pacific. I anticipate that Māori and Pacific learners will continue to benefit from the HAFL this year.
- 24 Disabled learners have additional costs and complexities to overcome in their lives and supporting themselves as a student adds to this. They are more likely than others to come from low-income families and less likely to have been employed prior to study. This means they are less likely than others to have been able to build savings to support themselves while studying. Disabled learners received over 10% of the HAFL allocation in 2020 and I expect disabled learners to benefit from the extension.
- 25 Auckland is the most likely region to experience further COVID-19 restrictions. If there are further COVID-19 restrictions that limit access to tertiary study and require technology support, then TEOs and learners in Auckland may benefit more from the fund than learners in other regions due to the impact on their learning. During the February 2021 COVID-19 restrictions in Auckland we could not respond with any additional funding for these learner needs, which had been supported last year.

Human Rights

- 26 TEOs are expected to establish, or use existing, processes to ensure HAFL funding is prioritised towards learners who face the greatest hardship from the impacts of COVID-19. There are no specific eligibility criteria for learners, such as age. There will be expectations on how TEOs allocate the funding to learners, as well as reporting to and monitoring by TEC. I do not consider there is any unlawful discrimination in this context and therefore consider the proposal to be consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

- 27 The Ministry of Education consulted with the TEC, the MSD and the Treasury. The Department of Prime Minister and Cabinet was informed of this paper.

Communications

- 28 If the changes are agreed to, officials will work with my office to develop a plan for communicating the changes to TEOs and learners.

Proactive Release

- 29 I propose that this paper is proactively released within 30 days of Cabinet decisions having been made with any redactions in line with the provisions of the Official Information Act 1982.

⁷ Source: Education Counts, provider-based enrolments 2010-2019

Recommendations

I recommend that Cabinet:

- 1 **agree** to extend the Hardship Fund for Learners for 2021 (including financial support to access technology for learning) by \$4.197 million
- 2 **agree** to the following transfers in 2020/21 to the Hardship Fund for Learners
 - \$2.109 million from international scholarships (financial support for students to study offshore)
 - \$2.088 million from the discontinued Entrepreneurial Universities
- 3 **approve** the following fiscally neutral adjustment to provide initial funding for the extended Hardship Fund for Learners in 2021 as outlined in recommendation 2 above

	\$m - increase / (decrease)				
Vote Tertiary Education Minister of Education	2020/21	2021/22	2022/23	2023/24	2024/25 & Out-years
Non-Departmental Output Expenses:					
Access to Tertiary Education	4.197	-	-	-	-
Benefits or Related Expense:					
Tertiary Scholarships and Awards	(2.109)	-	-	-	-
Non-Departmental Output Expense:					
University-led Innovation	(2.088)	-	-	-	-
Total Operating	-	-	-	-	-

- 4 **agree** that the proposed change to appropriations for 2020/21 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply
- 5 **note** that the Minister of Education will also seek \$5.803 million for the extended Hardship Fund for Learners in 2021 through Budget 2021.

Authorised for lodgement

Hon Chris Hipkins

Minister of Education



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Social Wellbeing Committee: Period Ended 9 April 2021

On 12 April 2021, Cabinet made the following decisions on the work of the Cabinet Social Wellbeing Committee for the period ended 9 April 2021:

SWC-21-MIN-0042 **Temporary Hardship Fund for Learners in Tertiary Education: Extension** CONFIRMED
Portfolio: Education

Out of scope

Out of scope

Michael Webster
Secretary of the Cabinet

Proactively Released



Cabinet Social Wellbeing Committee

Minute of Decision

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Temporary Hardship Fund for Learners in Tertiary Education: Extension

Portfolio **Education**

On 7 April 2021, the Cabinet Social Wellbeing Committee:

- 1 **noted** that in May 2020, as part of the COVID-19 Response and Recovery Fund Foundational Package, Cabinet agreed to establish a temporary Hardship Fund for Learners to support learners to stay engaged in tertiary education and training during the COVID-19 global pandemic [CAB-20-MIN-0219.27];
- 2 **agreed** to extend the Hardship Fund for Learners for 2021, including financial support to access technology for learning, by \$4.197 million;
- 3 **agreed** to the following transfers in 2020/21 to the Hardship Fund for Learners:
 - 3.1 \$2.109 million from international scholarships (financial support for students to study offshore);
 - 3.2 \$2.088 million from the discontinued Entrepreneurial Universities;
- 4 **approved** the following fiscally neutral adjustment to provide initial funding for the extended Hardship Fund for Learners in 2021 as outlined in paragraphs 2 and 3 above:

	\$m - increase / (decrease)				
Vote Tertiary Education Minister of Education	2020/21	2021/22	2022/23	2023/24	2024/25 & Out-years
Non-Departmental Output Expenses:					
Access to Tertiary Education	4.197	-	-	-	-
Benefits or Related Expense:	(2.109)				
Tertiary Scholarships and Awards		-	-	-	-
Non-Departmental Output Expense:	(2.088)				
University-led Innovation		-	-	-	-
Total Operating	-	-	-	-	-

- 5 **agreed** that the change to appropriations for 2020/21 in paragraph 4 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 6 **noted** that a Budget 2021 bid for the extended Hardship Fund for Learners in 2021 has been submitted.

Rachel Clarke
Committee Secretary

Present:

Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Carmel Sepuloni (Chair)
Hon Andrew Little
Hon Poto Williams
Hon Kris Faafoi
Hon Peeni Henare
Hon Ayesha Verrall
Hon Aupito William Sio
Hon Priyanca Radhakrishnan

Officials present from:

Office of the Prime Minister
Office of the SWC Chair
Officials Committee for SWC