

AIDE MEMOIRE

Options for funding the Hardship Fund for Learners

To:	Hon Chris Hipkins, Minister of Education		
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Security Level:	Budget Sensitive	METIS No:	1254983
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of paper

1. This paper describes options to fund the Hardship Fund for Learners in 2021. This is on your agencies meeting agenda for 29 March.

Background to the Hardship Fund for Learners

2. In 2020 the Government moved quickly to support students to stay engaged in their tertiary education through the COVID-19 student support package. This included the Hardship Fund for Learners (HAFL) and the Technology Access Fund (TAFL). The HAFL and TAFL cost \$33 million and helped about 30,000 learners in 2020.
3. For learners who faced financial shortfalls and additional costs, these funds provided timely support to remain in tertiary education and focus on their study. Māori and Pacific learners especially benefited from these supports (receiving over one third of the HAFL funding). This extra resource complemented the hardship response providers already had in place to work with their learners and communities.
4. There is still a need for this support in 2021, especially if further COVID-19 restrictions impact on tertiary study. The Ministry proposes to combine the HAFL and the TAFL so both needs can continue to be met. While we have extended funding to support technology access to school students in 2021 (intended to support learning if there are COVID-19 restrictions), technology access will be a gap in tertiary education support without the extension of the HAFL.

Options for funding the HAFL (including technology access)

5. The current proposal is to fund the HAFL in 2021 for up to \$10 million. Proposed transfers to fund the HAFL are outlined in Table One. Table Two describes options to fund the outstanding amount following the transfers.
6. We recommend seeking Cabinet approval to at least some of this funding being available before Budget 2021, as this allows us to put the HAFL in place as soon as possible this year. Moving quickly is important because COVID-19 restrictions (and the corresponding economic impacts on learners and their families) are most likely to be in the first half of the year while the vaccine programme is still gearing up. This may be especially important for learners based in Auckland who have been moving in and out of alert levels.

Table One: Appropriation transfers to fund the HAFL in 2021

Source	Description	Value	Comments
International Scholarships (2020)	<p>This funding is to financially support New Zealand students to travel overseas. This includes ENZ administered Prime Minister's Scholarships (PMS) to Asia and Latin America.</p> <p>Funding of \$1.875m has been returned to the Ministry by ENZ as the August application round did not occur due to COVID-19 travel restrictions.</p> <p>There is also \$0.234m residual in 2020/21 from a Budget 2019 decision to discontinue and reprioritise International Teacher Exchanges to Support Foreign Language Learning due to low numbers. These are no longer being offered.</p>	\$2.109m	<p>We recommend you seek Cabinet approval to this transfer on 6 April.</p> <p>9(2)(g)(i)</p>
Entrepreneurial Universities	<p>Entrepreneurial Universities provided funding to support attracting world-leading entrepreneurial researchers and staff to build stronger and more relevant links with existing and emerging industries and firms.</p> <p>This initiative was stopped in Budget 2019 but still had some funding allocated to finish outstanding contracts. There is an underspend in 2020/21 as the contract negotiations from commitments made prior to Budget 2019 have now been completed.</p>	\$2.088m	We recommend you seek Cabinet approval to this transfer on 6 April.

Table Two: Options to fund the balance of \$5.803 million

Source	Description	Value	Comments
Budget process (recommended)	Resize the Budget 2021 initiative for the HAFL to reflect the funding acquired through the transfers above. The current initiative is currently asking for \$10 million.	\$5.803m	This would go through the Budget 2021 process and the Budget 2021 Cabinet paper.
Underspend in Vote Tertiary Education (outside CRRF and Fees Free)	<p>Cabinet can authorise you and the Minister of Finance to make any further transfers up to the remaining balance from Vote Tertiary Education underspend.</p> <p>Treasury expects that this would not include COVID-19 Response and Recovery Fund (CRRF) or Fees Free underspend.</p> <p>We would withdraw the Budget 2021 initiative.</p>	\$5.803m	<p>The balance would be identified and transferred following the Budget moratorium.</p> <p>There is a small risk that we cannot identify further underspend.</p>

7. If you do not pursue further funding in either Budget 2021 or through further underspend, we recommend scaling down the HAFL and using the \$4 million. Officials would develop a more targeted approach to distribution if there is a smaller allocation.

Next steps

8. We will discuss these options with you at the agencies meeting on 29 March. Following that discussion, we can finalise the Cabinet paper for the 6 April Cabinet meeting. Papers are due for lodging by 10am Wednesday 31 March. We would also make the appropriate changes to the Budget initiative.

Proactive release

9. We intend to proactively release this Aide Memoire following Budget 2021 as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.