



## Education Report: Delegation to extend the Hardship Fund for Learners

To:	Hon Chris Hipkins, Minister of Education		
Date:	22 April 2021	Priority:	High
Security Level:	Budget Sensitive	METIS No:	1254679
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Messaging seen by Communications team:	No	Round robin:	No

### Purpose of report

This paper seeks your agreement to a new letter of delegation for the Tertiary Education Commission to extend the Hardship Fund for Learners in line with Cabinet decisions.

### Recommended actions

The Ministry of Education recommends you:

- a. **note** that Cabinet agreed on April 12 to extend the Hardship Fund for Learners for the 2021 calendar year with \$10 million of funding (\$4.197 million from within Vote Tertiary Education and the balance from Budget 2021)
- b. **note** that we have made changes to the new delegation for the Hardship Fund for Learners to include technology that was previously funded through the Technology Access Fund for Learners
- c. **agree** that the Tertiary Education Commission can allocate a small portion of funding to be used by the tertiary education organisations to offset some costs in administering the Hardship Fund for Learners, in some specific cases for small entities

#### Agree / Disagree

- d. **note** that two letters of delegation are provided for the fund, (attached as Annex 1), one includes the proposed change in recommendation c for administration costs, and one does not include this option
- e. **sign** an attached letter of delegation (attached as Annex 1) that reflects your decision in recommendation c, and under section 409(1)(j) of the Education and Training Act 2020, delegate responsibility to the Tertiary Education Commission to distribute this funding
- f. **note** that the Tertiary Education Commission will work with the sector after Budget 2021 is announced to ensure funding allocations are made as quickly as possible, with payments likely to be made from 1 June 2021

- g. **agree** that this paper will be proactively released after the fund, including funding from Budget 2021, is announced.

**Agree / Disagree**



John MacCormick  
**Acting Group Manager, Tertiary Education  
Te Ara Kaimanawa**

22/04/2021

Hon Chris Hipkins  
**Minister of Education**

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## Background

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1. In 2020 the Government's COVID-19 Student Support Package was established to support learners to remain engaged in their tertiary education. This package included temporary funds such as the Hardship Fund for Learners (HAFL) and the Technology Access Fund for Learners (TAFL). In 2020, around \$33 million was provided to support around 30,000 learners (\$19.5 million from HAFL and \$13.5 million from TAFL). As in 2020 \$20 million for HAFL was appropriated as part of the COVID-19 Response and Recovery Fund, the unallocated \$0.5m from 2019/10 was returned to the centre, as well as any underspent 2020 HAFL funding that is currently with tertiary providers.
2. The Tertiary Education Commission (TEC) varied its 2020 HAFL and TAFL funding agreements with providers, to extend their funding period from 31 December 2020 to 30 June 2021. This was carried out in response to feedback from the sector as well as in response to the COVID-19 Level 3 restrictions in the Auckland region.
3. The extension only applies to tertiary providers who still had allocated funding at the end of 2020. With the extension to the funding period, providers can continue to support learners, including 2021 enrolments, until 30 June 2021. The remaining balance of the 2020 TAFL is \$3.1 million, of which, 30% is with Te Pūkenga, while \$2.3 million of HAFL from 2020 is yet to be used, of which 50% is with Te Pūkenga. This funding is subject to the fund settings agreed to in the 2020 delegations they were allocated to TEOs through.
4. On 12 April, Cabinet agreed to extend the HAFL for the 2021 calendar year with \$10 million in funding (\$4.197 million from within Vote Tertiary Education and the balance, \$5.803 million, from Budget 2021). This funding is across the 2020/21 and 2021/22 financial years.
5. Extending the funding for the HAFL will ensure funding is available to support learners experiencing hardship to stay engaged in their learning throughout the 2021 calendar year, a period still affected by COVID-19 and with no additional support from student loans or allowances. As in 2020, direct cash payments or in-kind support from the fund can be used to cover costs such as food, rent, power and other living costs they are unable to meet.
6. To implement the decision to extend HAFL, we have drafted the letter of delegation to the TEC (attached as Annex 1), delegating responsibility, and providing the basis for how TEC will administer the funding. This paper mainly outlines the changes we have made to the delegation letter for the fund that operated in 2020.

## Extending the Hardship Fund for Learners for 2021

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### Administration costs for TEOs

7. The TEC received feedback from some tertiary providers that they face administration costs implementing the TAFL and the HAFL. Smaller providers that have a small number of staff, and no existing student support services, experienced a higher administrative burden when running the application rounds for their learners and reporting their expenditure to the TEC.

8. To reduce administrative burden for tertiary providers, we recommend allowing the TEC to allocate funding to specific TEOs, as part of their HAFL allocation, which the TEO is permitted to use to offset some costs for administration purposes. As part of the allocation process, the TEC can design criteria to give approval for some TEOs to use a small portion of HAFL to support their administration of the fund. The TEC expects this to be necessary for a few relatively small TEOs who have a higher proportion of high-need learners.
9. We support the proposal made by the TEC, and seek your agreement in recommendation c for this change within the delegation. We have attached two delegations, one including provision for the TEC to allocate to offset some TEO administration costs, in limited situations, and one without these provisions, to enable the delegation to be signed to reflect the option you choose.

### **Changes to include technology**

10. The extension of the HAFL into 2021 also includes a change to include technology costs, which were previously specifically excluded from HAFL. These technology costs were covered by the TAFL fund in 2020. With no extension to TAFL in 2021, you agreed that technology is no longer restricted from HAFL. Expanding the HAFL to include technology-related support, permits TEOs to support access for:
  - suitable devices and related support including refurbishing devices returned by learners to enable other learners to use them; and/or
  - adequate internet connections and related support; and/or
  - other support that assists learners to engage in technology-enabled tertiary education.
11. This will mean that this funding can support tertiary learners who face financial challenges to have the necessary technology if their mode of learning changes due to restrictions from COVID-19 and the option for face-to-face learning is removed. Use of the fund includes internet access for learners, and the purchase or refurbishment of TEO-owned devices for students to use offsite.
12. The HAFL, including technology, has a lower amount of funding in 2021 than the combined funding for HAFL and TAFL in 2020. However, in terms of potential technology costs, there is a lower need for this due to less likelihood of prolonged COVID-19 restrictions, and that TEOs can reuse devices acquired through the TAFL in 2020 for new students.
13. As the purchasing of devices primarily relates to situations where COVID-19 restrictions are affecting learners' ability to access tertiary education, the delegation outlines this separate purpose. This helps provide some oversight and direction, that the HAFL funding should primarily be for learners facing hardship with living costs (including internet), with devices purchased mainly if face-to-face learning is affected by:
  - the COVID-19 Alert level changes; or
  - a specific community cluster, such as those based around workplaces, schools, tertiary providers, social groups, or events; or
  - self-isolation requirements for a group of learners.

## Eligibility settings

14. We have retained the broad TEO eligibility with TEOs receiving most provision-based funds from the TEC able to access the HAFL. This allows for a large number of learners to potentially benefit, if they have need. In addition, those funded through the Industry Training Fund (ITF) could receive funding from this fund but for technology support for learners only, in-line with TAFL eligibility settings in 2020, and in situations where there is likely to be a prolonged period of COVID-19 restrictions constraining the intended training options. As in 2020, when excluded from HAFL, they do not need access for hardship outside technology support, as they are employees that can be supported by any wage subsidy response or support from Work and Income.
15. We have also included more details on learner eligibility in the delegation than in 2020. This makes it clear that eligible learners for HAFL are those enrolled in programmes that are funded from specific TEC-administered funds. For example, if a learner subsequently withdraws, despite additional support offered through the fund, the funding used for the learner can be met from fund, as they were enrolled at the time of the support was provided to them.
16. Other fund settings, such as reporting and the definition of hardship remain largely the same since the letter of delegation was first issued. Hardship is defined as any suffering, deprivation or financial challenge faced by a learner during the period impacted by COVID-19 that is interfering with a learner's ability to access and continue with their study.

## How TEC will administer the funding

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17. The TEC will distribute funding to TEOs by designing a process for allocation taking into consideration learner needs, and the likely or actual impact of COVID-19 restrictions (such as in geographic areas) on learners' access to face-to-face learning.
18. The funding allocation methodology for 2021 is yet to be finalised by the TEC, but will include the following priorities that are aligned to the purpose of the fund:
  - identification and support for high need and vulnerable learners;
  - directing funding to areas of most need and impacted by COVID-19; and,
  - targeting TEOs that have minimal residual funding available for 2020 HAFL funding.
19. The delegation enables the TEC to allocate funding to TEOs for two purposes the Hardship Purpose or the Hardship Technology Access Purpose. The technology purpose is specified separately as this enables the allocations to indicate the main focus is the Hardship Purpose, supporting learners in hardship with food and housing costs and/or utilities (including internet access), not TEOs purchasing devices. While there are two purposes, there is still flexibility as it is within one fund. Internet access is supported through both purposes, as is a living cost and also technology that supports access to learning. The separate technology purpose also enables funding specifically for technology to be allocated, if needed, due to an impact from COVID-19 that restricts learner access.

20. The two purposes as set out in the delegation are:
- The Hardship Purpose: provides temporary financial assistance for currently enrolled tertiary learners who are facing hardship and barriers to continue study during a period impacted by the COVID-19 pandemic. This includes providing direct cash or in-kind payments for food, utilities (including internet access) or housing, and/or purchasing resources on learners' behalf (excluding devices);
  - The Hardship Technology Access Purpose: provides technology assistance for learners facing financial challenges due to technology-related costs to access study, such as when COVID-19 restrictions that remove the option of face-to-face study. This includes refurbishing provider-owned devices to enable other learners to use them offsite, adequate internet connections and the purchase of TEO-owned devices.
21. Any unspent funding, at the end of the fund period, will be recovered by TEC. The TEC will also recover any ineligible spend by providers.
22. We expect that TEOs will use this funding to top up existing processes through which they support learners for hardship, if they administer any. We understand that those existing support mechanisms will have been severely stretched by the demand from the impact of COVID-19 over the past year.
23. The expectation on TEOs will be to prioritise hardship support to learners in terms of need. However, we would expect TEOs to show evidence of how vulnerable learners (including Māori, Pacific and disabled learners) have been considered.

## Next steps

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24. There are two letters of delegation provided (attached in Annex 1). One letter provides a section 'Uses of funding for TEO administration costs of managing the funding for learners' (recommendation c) which will provide direction to TEC on providing funding for TEO administration costs in limited situations. The other letter does not provide that ability. Please sign the delegation letter that reflects your decision regarding administration costs (recommendation c).
25. The signed letter of delegation will enable the TEC to administer the funding. Once signed, this letter should then be sent to the Chair of the TEC Board.
26. We recommend proactively releasing this report after funding from Budget 2021 is announced.

## Communications

27. The Ministry and the TEC are currently working with your office to determine an approach for communicating the extension of HAFL, and on developing communications for this announcement.
28. As the HAFL is being extended in part with funding from Budget 2021, the TEC will start to engage with providers after Budget 2021 is announced on 20 May. They will work closely with the sector to ensure funding is allocated as quickly as possible, with payments likely to be processed from 1 June 2021.

29. There is a risk that making the announcement post Budget will result in some providers expressing that the funding has come too late, in particular, the funding allocated for the 2020/21 financial year. This will be mitigated through communication and engagement by the TEC on the benefits of the funding and quick allocation processes. Waiting until after Budget day allows for more clear and transparent communication with the sector on the extension of the HAFL.

## Annexes

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Annex 1 – Letter of delegation to establish the Hardship Fund for Learners for 2021 (two delegations are attached reflecting options in recommendation c)