



Education Report: Levels of student support for refugees

To:	Hon Chris Hipkins, Minister of Education		
Date:	4 February 2020	Priority:	Medium
Security Level:	In Confidence	METIS No:	1216545
Drafter:	Julia Cronin	DDI:	s 9(2)(a)
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This report provides further information requested in response to a Ministerial on refugee learners' levels of access to student support. It estimates the number of refugees likely to be affected, and seeks your agreement to further work.

Summary

Refugees are provided with the same access to student allowances as New Zealand citizens, including age-based limits on entitlement periods (200 weeks for under 40s and 120 weeks for over 40s).

However, of refugees that arrive in New Zealand as adults, some use a significant portion of their student allowance entitlement on learning English for speakers of other languages (ESOL) in tertiary education. This means they have less student allowance entitlement available to support further study towards a career pathway, than those who completed schooling in New Zealand.

Additional student allowance entitlements could be made available to refugees that utilise a significant part of their entitlement on ESOL study. This would improve access and affordability to tertiary education for adult refugees.

We estimate that the number of refugee-background learners that would utilise additional student allowance entitlements is small, at around 80 per cohort of 300 people starting higher-level English programmes through the Refugee English Fund (our best proxy for identifying refugee-background learners, studying higher-level ESOL).

Given the small numbers involved, the costs of the change will not be significant. Indicative costing information for additional student allowance entitlements will be provided to your office, within the next week.

We recommend that the Ministry undertake further work, in consultation with the Ministry of Social Development, on options for additional student allowance entitlements.

Recommended Actions

The Ministry of Education recommends you:

- a. **note** that refugees that arrive in New Zealand as adults and need significant English for speakers of other languages learning, could be better supported through student allowances to complete their studies
- b. **agree** to officials undertaking further work on options to better support refugee learners through student support
- c. **sign the letter** to those working with refugee learners, who raised an issue around access to student support
- d. **agree** that this Education Report is proactively released, with any redactions in line with the provisions of the Official Information Act 1982.

Agree / Disagree

Release / Not release



Katrina Sutich
**Acting Group Manager,
Tertiary Education**

04/02/2020



Hon Chris Hipkins
Minister of Education

4/3/20

Background

1. Your office received an email on 12 December 2019 from s 9(2)(a) [REDACTED].
[REDACTED] They raised concerns about, and provided an example of, refugee learners not being supported to study towards qualifications, particularly degrees, whereas New Zealand school leavers are. When refugee-background learners are able to start higher-level study, they have often used a significant portion of their student allowance entitlement, due to undertaking English language for speakers of other languages (ESOL) courses, and some other academic preparation courses.
2. Your office requested further advice about the policy issues raised, the estimated number of learners affected and the fiscal cost, before responding to the email.

Current student allowance settings for refugees

3. Refugees are eligible for student allowances when they arrive in New Zealand as residents. They are not subject to the three-year residency stand-down period. This reflects New Zealand's commitment to help the refugees successfully resettle here, and that refugees are highly likely to stay in New Zealand long-term.
4. Refugee learners also need to meet all other eligibility criteria for student allowances, such as personal, parental and partner income tests, and meet the performance test related to successfully completing previous study.

Student allowance limits

5. Refugee learners have the same age-based limits for student allowances as all other learners. The student allowance life-time limit of 200 weeks for those aged under 40 years would support around 5 years of full-time study. For those over 40 years, the 120 week life-time limit would support around 3 years of full-time study.¹

Exceptions

6. There is some discretion in the regulations for the Ministry of Social Development (MSD) to extend the limits for individual cases where there are special circumstances. The discretion is not designed or intended to apply to groups of clients.
7. MSD advises that they see the issue raised around refugee adults and prior English study utilising student allowances as an issue with policy settings for a group of learners.

Eligible tertiary education courses in English for speakers of other languages

8. At tertiary level, student allowances are available for recognised government-funded qualifications on the New Zealand Qualifications Framework at approved tertiary education providers. The formal ESOL qualifications funded by government are New Zealand Certificates in English Language, at Level 1-5 through Student Achievement Component funding. Students undertaking these courses could receive student allowances.
9. Other government-funded ESOL study is not eligible for student allowances, as it is not towards qualifications. If learners need income support to meet their living costs, they need to apply for core benefits², and cannot access student support. These other ESOL programmes are often delivered by community education providers, such as English Language Partners.

¹ If a learner has already received an allowance for more than 120 weeks at the time they turn 40 years old, then they are no longer eligible for any further student allowance entitlements.

² Such as Jobseeker Support, Sole Parent Support and Supported Living Payment.

Student support settings may impact adult refugees' access to education

Adult refugees, with low incomes, may not be adequately supported through student allowances to fulfil their aspirations to achieve higher levels of tertiary study

10. For people educated in New Zealand schools, the student allowance period of five years would enable undergraduate study or extended study at sub-degree qualifications.
11. However, refugees that arrive in New Zealand as adults will not learn English in New Zealand schools but in tertiary education. Most adult refugees arrive with limited English³, if any, and may have had few opportunities to undertake schooling in the previous places they lived.
12. Adult refugees, with aspirations to undertake higher level study in tertiary, may need to study for two or three years in ESOL qualifications to develop sufficient capability for higher level study. This means they may use up their student allowance entitlements, prior to completing a study programme, comparable with New Zealand school leavers. This is especially likely if they are over 40 years, as student allowances are limited to 120 weeks at this age.
13. People that use up their student allowance entitlements are still supported to study through student loans for living costs and may also be eligible for accommodation supplement payments. However, student loans for living costs would increase their levels of student debt.

Estimated need for additional student allowance entitlements

14. The number of refugee adults likely to be affected by exhausting their student allowance entitlements is likely to be low. Refugee adults are a small population group, and the portion of this group that undertake extended study will be small.

Population group numbers

15. From July 2020, New Zealand will accept 1,500 refugees a year, through the refugee quota. In addition, around 130 people seek asylum in New Zealand and are accepted as refugees each year, and there are around 300 people a year from the refugee family reunification category. The vast majority of these refugee groups will not need additional student allowance requirements related to studying ESOL in tertiary as:
 - a) around half arrive in New Zealand as children, and gain English in schools;
 - b) a portion, around 10%, arrive as adults over 50 years, and are unlikely to do significant tertiary study; and
 - c) of refugees that engage in higher level ESOL, only a portion will do significant further study that may exceed their student allowance entitlements. This is because:
 - i. it can be difficult for adult refugees, depending their prior education, to successfully build up academic-level English, and then undertake higher level study; or
 - ii. they need to transition into employment to support their families.

³ Around two-thirds of refugee quota adults are beginner level or below, including those who are pre-literate (no literacy in their first language). Only around 5% of refugees are at a post-intermediate level.

Estimated size of the Refugee learner group with additional student allowance needs

16. Tertiary data does not identify refugees as they are domestic students like all other funded students. The study patterns of refugee learners who access higher level ESOL can be identified through study under the Refugee English Fund. This fund is specifically targeted to refugee-background learners, and provides fees-free ESOL at higher levels. This group of learners provides the best estimate for the group of adult refugees that may be disadvantaged in terms of access to student allowances, due to their previous periods in ESOL study.
17. Based on the tertiary study patterns of Refugee English Fund learners, we estimate that around 80 of an annual starting cohort of 300 Refugee English Fund learners could need additional student allowance entitlements for future study. This is based on:
 - i. average around 300 refugee-background learners start studying under the Refugee English Fund each year;
 - ii. around 20% of Refugee English Fund learners are over 38 years, when they first study in tertiary education, and so these learners may be still studying after they turn 40 years, and have student allowance entitlements limited to a total of 120 weeks (three years);
 - iii. around 100 (33%) will study over 3 equivalent full-time student (EFTS) units, and 60 (20%) over 5 EFTS, with a mix of both ESOL and non-ESOL study;
 - iv. for Refugee English Fund learners, that undertake over three years of total tertiary study, ESOL study in tertiary education is a significant part of their tertiary study and consumption of student allowance entitlement (around 2-2.5 EFTS of ESOL study on average).
18. This indicates, that for this group of refugee students, student allowance limits may not support them completing the non-ESOL study that New Zealand school leavers can be supported with through student allowances,⁴ especially if they are 40 years of age during study and have a reduced entitlement.
19. In total, from a cohort of 300 learners starting Refugee English Fund study each year, 80 could need additional student allowance entitlements to complete their study. Around 20 learners over 40 years may need additional student allowances to complete their study, as well as 60 learners with over 5 EFTS of study. However, this estimate is looking at existing study patterns. It does not take into account the potential further study that refugee learners may undertake when they have support from additional student allowances, rather than borrow for living costs.

Possible additional support for refugee learners

20. Refugee adult learners, who undertake significant ESOL study in tertiary education, could apply for an additional student allowance entitlement.^{s 9(2)(f)(iv)}

21.

⁴ The median level of EFTS up to 25 years of age consumed in tertiary education is around 3 EFTS. The median EFTS consumed by tertiary students up to 25 years of age, who do not enrol in any degree-level study is around 1.5 EFTS, and for degree-level study is around 4 EFTS.

s 9(2)(f)(iv)

22. We propose to undertake further work, in consultation with MSD, on options around additional student allowance entitlement for refugee adult learners. There is some complexity around system settings and administration processes. s 9(2)(f)(iv)

Potential to raise expectations for additional entitlements for other learners

23. Providing additional student allowance entitlements to refugee adult learners who studied ESOL in tertiary education, may raise expectations for other learner groups that may need additional study to complete their intended study pathway. This could include those that leave school with limited qualifications and need foundation courses in tertiary education.
24. While exhausting student allowance entitlements can also happen for those educated in New Zealand schools, this would mainly be due to them doing significant sub-degree level study, or changing career pathways. An additional entitlement for refugees can be distinguished from these other learners' claims, as it focuses on ESOL study and is for refugee groups, which have exceptional circumstances for their migration to New Zealand.

Work on indicative financial costs

25. We are still working on indicative costings for providing additional student allowance entitlements to refugee learners. These will be provided to your office within the next week.
26. Additional student allowance entitlements for refugee adults, who use student allowance entitlements on ESOL study, will have student allowance costs. However, given the small number of refugee adult learners affected, it is not a significant cost.
27. There will also be savings from student loan living costs and the accommodation supplement, which these students would have received instead of student allowances.
28. The costings, both the expense and the savings, may increase in future as the number of refugee adults will increase, with the 50% increase in the refugee quota from July 2020.

Next steps

29. The Ministry will provide indicative costings of additional student allowance entitlements for refugee learners to your office within the next week.
30. We recommend that officials work further on options for how to address this issue for refugee learners through student support settings, and provide further advice to you.
31. Respond to the email received your office received on 12 December 2019 from s 9(2)(a) who raised this issue around student support adequately supporting refugee learners. An updated draft response is attached to this report.

RECEIVED

12 FEB 2020

Min Hopkins

METIS 1216545, Education Report: Levels of student support for refugees

The information below provides indicative financial costs for the additional student allowance entitlements for refugee learners, as outlined in paragraph 25 in the Education Report: Levels of student support for refugees.

Indicative financial costs

The costs of additional student allowance entitlements for refugee learners are not significant, with an estimated long-term annual cost of s 9(2)(f)(iv) due to the:

- a) small numbers of people involved, and
- b) the costs of additional student allowance entitlements (including accommodation benefit) are partly offset from savings from the students no longer:
 - i. borrowing from student loans for living costs. As a consequence of reduced capital borrowing, there are savings from the operating cost of the initial fair-value write-down of lending; and
 - ii. receiving an accommodation supplement payment. They are able to receive an accommodation supplement payment as they met student allowance eligibility criteria, but do not receive it as have used the available limit of weeks.

s 9(2)(f)(iv)

Assumptions:

- a) All refugee adult learners will meet the other eligibility criteria for student allowances.
- b) For refugee learners who have used all their student allowance entitlements and are still studying, we assume that under current policy settings they are borrowing the full living costs payment and receiving an accommodation supplement payment.
- c) Assume levels of support available in the year ending 31 March 2021. In the switch from living costs borrowing to student allowances we will see:
 - i. reduced Student loan lending of \$239.75 per week for 37 weeks (\$8,870 per year), and reduced costs from accommodation supplement, (estimated at \$2,660 per year)
 - ii. new student allowance and accommodation benefit payments (\$10,400 per year, gross of tax, assuming average student allowances).
- d) In these initial costings, we have not provided for any additional study by refugee learners from the policy change of additional entitlements. As an additional student

allowance entitlement provides more financial support, and is not debt-based, it is likely to encourage refugee adult learners to continue in study, when they otherwise may have left study.

Impact on individual students

With the shift to receiving additional student allowance entitlements, they will have less student debt from borrowing for living costs, around \$9,000 less in borrowing per year, if they borrowed the maximum amount for living costs.

In terms of the amount of weekly financial support received while studying, in borrowing or benefit payments, some refugee students may receive less financial support for their living costs per week from accessing the additional student allowances. However, this will depend on individual circumstances (single, partnered with children or their accommodation costs).

Individual circumstances determine which student allowance rate they receive (range is between \$221 per week for single under 24 years living at home, to \$576 per week for partnered person with children). The other main difference in total payments will relate to the lower accommodation support through the accommodation benefit received by student allowance recipients, than the accommodation supplement. Table 2 below shows one scenario for a single person studying. In this scenario, whether the person lives at home or not, and their accommodation costs, impact which option could provide more financial support per week.

Table 2: Scenario in shift from student loan living costs to student allowances

Individual circumstances	Payment types	Current settings	With additional student allowance entitlement
Single person over 24 years	Student loan - living costs	up to \$239.74 per week	None
	Accommodation Supplement	\$0-\$165	None
	Student Allowance, including accommodation benefit of \$60 per week		\$313.30 or \$365.06 (range depends on if living at home or not)
	Total	\$239.74-\$404.74	\$313.30 or \$365.06