



AIDE MEMOIRE

Covid-19: Ensuring adequacy and continuity of student support

Date:	9 April 2020	Priority:	High
To:	Hon Chris Hipkins, Minister of Education	METIS No:	1225576
From:	Katrina Sutich, Group Manager Tertiary Education, Ministry of Education	Security Level:	In Confidence

Purpose

This Aide Memoire provides you with talking points to support a discussion on your paper *Covid-19: Ensuring adequacy and continuity of student support* at Cabinet on Tuesday, 14 April.

We have provided, in **annex 1**, information on the sense of the scale of the impact on the welfare system, should students withdraw from tertiary study and switch to a benefit due to Covid-19.

Recommendations

The Ministry of Education recommends this Aide Memoire is proactively released 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.



Katrina Sutich
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Tertiary Education

09/04/2020

We get the job done Ka oti i a mātou ngā mahi

We are respectful, we listen, we learn He rōpū manaaki, he rōpū whakarongo, he rōpū ako mātou

We back ourselves and others to win Ka manawanui ki a mātou me ētahi ake kia wikitoria

We work together for maximum impact Ka mahi ngātahi mō te tuinga nui tonu

Great results are our bottom line Ko ngā huanga tino pai ā mātou whāinga mutunga

Talking points to support your discussion on *Covid-19: Ensuring continuity and adequacy of student support* – Cabinet Paper

Summary

The Covid-19 outbreak is **impacting students' ability to financially contribute to and continue their studies**. Students are facing additional personal costs associated with study in a different way whilst having fewer opportunities to work to support their study. [3, 7-9]

I want to **give certainty to students** as soon as possible that they can **continue to be engaged in their education and will be supported adequately** until such time that tertiary education providers can put in place alternative ways of delivering teaching and learning. [4]

Today, I am seeking your approval to **ensure income continuity and adequacy for tertiary domestic students** during the Covid-19 outbreak, by: [1, 22-43; rec 4, 9, 16 & 22]

- a. **continuing student loan payments over an extended study break**, consistent with continued student allowance payments;
- b. **temporarily increasing student loan course-related costs** from \$1,000 to \$2,000 (as a once only payment);
- c. making sure that **any study discontinued in 2020 as a result of Covid-19 does not impact student loan life-time limits**; and
- d. clarifying that **any study discontinued in 2020 as a result of Covid-19 does not impact students' Fees Free entitlement**.

These proposals, coupled with the support MSD can already give, will provide **an immediate response to the financial impact Covid-19** is having on tertiary students. This will **support students to stay engaged in their education**. [6, 10-13]

Having students remain engaged in tertiary education will **benefit not only students, but also providers and the wider economy in the post Covid-19 recovery period**. [5]

Managing costs

The costs incurred through these changes are **very uncertain** because we do not currently have a clear understanding of the **immediate impact of Covid-19 on providers and students, or their behavioural response**. [50-57]

I propose that the funding for the three **student loan changes come from the Covid-19 Response and Recovery Fund**. The impact on **Fees Free payments** can be met within **existing baselines** within Vote Tertiary Education. [52, 54, 57; rec 5-8, 10-14, 17-20 & 23]

Other urgent changes

I am also seeking your **agreement to two other urgent changes**. The first is to update the definition of 'tertiary education provider' for the purposes of administering student loans to the New Zealand Institute of Skills and Technology (NZIST) and its subsidiaries; **s 9(2)(f)(iv)**

Annex 1: Sense of scale – withdrawals due to Covid-19

This annex provides you with a sense of scale of the impact on the welfare system, should students withdraw from tertiary study and switch to a benefit due to Covid-19.

Context

- There are currently over 300,000 students enrolled in provider-based tertiary education in New Zealand. Each year around 160,000 students receive financial support from MSD.
- Student groups and tertiary education providers are reporting that students are looking to withdraw. This is because of the uncertainty of continued provision and loss of part-time work due to Covid-19, as well as the fact that most students receive more on benefit.
- It is too early to tell how many students will withdraw because of the uncertainty about alternative provision that will become available and whether it will suit their circumstances. Many providers have brought forward term breaks so students are not yet needing to make decisions about whether or not to re-engage.
- Students are likely to wait to make decisions to maintain access to funding (SL/SA) as long as possible until they get further clarity. We will not know more until lockdown decisions are announced and students have time to assess the new provision on offer.

The scale of the issue

- Administrative data does not yet show the extent of student withdrawals (both the tertiary SDR and StudyLink data). MSD are monitoring the situation and have re-run the data this morning. This still shows it is too early to tell the impact of Covid-19 on withdrawals.
- The table illustrates the potential size of the impact. Even a low withdrawal rate (5%) could see over 16,000 students withdrawing. A more significant withdrawal rate (20%) would see more than 65,000 students withdraw.

Possible impact	Total students	Student support recipients
5%	16,404	8,156
10%	32,808	16,313
20%	65,615	32,625
30%	98,423	48,938

- Based on the types of courses and demographic of the student population at different providers, we may see varied impacts across the sector. For example, there is likely to be a bigger impact for Private Training Establishments compared to Universities.
- The TEC have been in touch with providers regularly. Both universities and polytechnics are reporting that to date (for many of the reasons above) they are not seeing widespread withdrawals but that length of the lockdown and the nature of the transition out of it will have the biggest impact on withdrawals.

Fuller explanation of why there is a lag in administrative data around withdrawals

- Students need to go through a formal withdrawal process with their providers. Providers then need to notify MSD StudyLink within five working days that a withdrawal has occurred.
- However, this may be delayed because providers are encouraged to have a conversation with students who are considering withdrawing from their study. In addition, at this time providers are focused on standing up alternative ways of delivering and may not be notifying MSD of withdrawals straight away.