



# Methodology for calculating fees-free learner carry-over entitlement for provider based study

This document provides the specifications for calculating a learner's fees-free carry-over entitlement for provider based study.

## The purpose of Fees Free Tertiary Education

Fees Free funds learners' first year of full-time provider based tertiary education or the first two years of industry training. Fees Free supports Government's commitment to:

- › Make tertiary education and training affordable for all by reducing debt.
- › Expanding access and participation, especially for those who have not previously studied or for whom finance is a barrier.
- › Support life-long learning.
- › Ensure the benefits of tertiary education for New Zealanders, including residents with an on-going commitment to NZ, are shared through a highly skilled population contributing to a strong society and thriving economy.

## How we calculate a learner's carry-over entitlement for provider based study

Fees Free funds the learner's first full calendar year of eligible study and is calculated in dollars. Then, where a learner does not undertake 1 EFTS or use \$12,000 in their first calendar year, entitlement can be carried over into future years.

When entitlement runs across more than one calendar year it is calculated in both dollars **and** EFTS (Equivalent Full-Time Student). The learner's fees-free entitlement is limited to \$12,000 or 1 EFTS, whichever they reach first, so we must monitor and recalculate the learner's entitlement use to determine the correct fees-free allocation to be paid to the TEO.

## We recalculate entitlement monthly

We recalculate a learner's entitlement each month to ensure any reported changes in their enrolments are captured (for example withdrawals, course changes, or additional enrolments). This ensures TEOs receive an up-to-date allocation based on all of the learner's enrolments for the calendar year.

The updated allocation is included in the 'Fees Free Multiple Providers and Cap Limit' report via Workspace 2 each month.

Because the TEO's allocation is recalculated each month, the final amount payable for each learner is not finalised until the calendar year wash-up is complete. Until this occurs, amounts for each learner are considered to be the intended allocation only, as they are subject to change.

## Carry-over where a learner has not yet consumed 1 EFTS of Fees Free tertiary education

Until we determine that a learner has exceeded 1 EFTS, we will allocate the full validated claim up to a maximum of \$12,000.

## Carry-over where a learner has consumed 1 EFTS of Fees Free tertiary education

Each month we assess the learner's enrolments, to determine if they exceed 1 EFTS.

In the first month that we identify a learner will reach 1 EFTS in the current calendar year, we will determine the amount of fees-free allocation for the learner in dollars.

We do this by determining the average dollar per EFTS rate for the learner (by each TEO), plus validated Compulsory Student Service Fees (CSSF). When completing the average cost per EFTS we include:

- › All validated course enrolments reported to TEC to date;
- › All validated CSSF reported to TEC to date.

We do **not** include any EFTS that have a \$0 cost reported.

### Example Calculation

In 2018 a learner has used 0.5 EFTS and \$2,000. In 2019, the learner was reported to have enrolments of 0.6 EFTS and \$3,000, plus an additional \$500 in CSSF. As the learner has now exceeded 1 EFTS, we will determine the average costs per EFTS.

Step 1: determine average EFTS cost (not including CSSF)

$\$3,000 / 0.6 =$  average EFTS cost of \$5,000

Step 2: determine allocation based on average EFTS cost for remaining EFTS under 1 EFTS cap

$\$5,000 \times 0.5$  EFTS = allocation of \$2,500

Step 3: add any CSSF reported

$\$2,500 + \$500 =$  total allocation of \$3,000

We then recalculate the learner's entitlement in each subsequent month to ensure any changes in enrolments are reflected.

## Carry-over where a learner has multiple provider enrolments

Where a learner is reported to us by multiple TEOs, we determine the learner's allocation for the TEO that **first** reported validated fees for the learner to TEC (including in previous calendar years).

This is done to ensure that learners enrolling in a single programme of study across multiple calendar years will have as much of that programme as possible covered within the fees-free entitlement caps.

Where any further entitlement remains, we will then determine the amount of carry-over entitlement for enrolments reported by other TEOs.

If multiple enrolments were reported to us in the same period, we allocate to the TEO with the first course start date.

## Frequently asked questions

### **Why do you use an average cost per EFTS and not just pay for the oldest enrolments first?**

We use an average costs per EFTS to ensure that the learner is not disadvantaged by earlier enrolments causing the learner to receive a lower dollar entitlement, for example where the oldest enrolments have a lower cost. By excluding \$0 cost enrolments from the calculation we can also ensure that withdrawals where the learner receives a refund of fees does not negatively impact their entitlement to Fees Free.

### **Why can't you confirm the final entitlement earlier?**

Because a learner's enrolments, and therefore average cost per EFTS, can change throughout the year we must ensure the correct dollar amount of entitlement. Therefore, we are unable to finalise the learner's entitlement until all enrolments and/or withdrawals for the calendar year are reported to us and wash-ups completed.

### **Can I calculate the learner's entitlement myself?**

Because we are considering a learner's entitlement use from previous years and with other TEOs, it is difficult to self-calculate the exact amount of carry-over a learner has. However, you may be able to complete an approximate calculation using the method outlined here.

### **How do I find out what you have allocated to me for a learner?**

The allocations for your learners are shown in the 'Multiple Providers and Cap Limit' reports provisioned to you on Workspace 2 each month. This report will also tell you the reason why we have not allocated you the full reported amount, if applicable.

### **What do I do if I think your calculation is wrong?**

If you think the learner's entitlement is incorrect, please contact us via the Customer Contact Group and we will investigate this for you. You can do this by emailing us at [customerservice@tec.govt.nz](mailto:customerservice@tec.govt.nz).

Note that we may have taken other circumstances into account that you are not aware of, such as an enrolment at another TEO, or an appeal from the learner to discount some of their enrolments from their entitlement use.



**We ensure New Zealand's future success.**