

Legislative Council Panel on Education

SUBCOMMITTEE ON INCREASE IN POST-SECONDARY EDUCATION OPPORTUNITIES

INTRODUCTION

This paper addresses the issues and concerns raised by Members at the Sub-committee meeting on 15 May 2001, and clarifies public misconceptions arising from media reports on the last meeting of the Sub-committee.

RESPONSE AND SUPPLEMENTARY INFORMATION

Development Strategy

2. As highlighted at the last meeting, our immediate focus will be to encourage local institutions to provide more post-secondary places in Hong Kong beginning in 2001/02. The response, so far, indicates that with the proposed support measures for programme providers and financial assistance for students, the number of self-funded post-secondary programmes will increase substantially. In tandem, we will explore in four directions with a view to fostering the development of a diversified higher education sector and opening up more learning opportunities for students. Examples of the initiatives are set out at **Annex A**.

Associate Degree Programmes

3. At the last meeting, Members sought further clarification on the quantity and quality of Associate Degree (AD) programmes in Hong Kong. AD programmes were first launched in Hong Kong in Autumn 2000. At present, three member institutions of the Federation for Continuing Education in Tertiary Institutions (FCE) are offering 17 full-time and 10 part-time AD programmes with a total student intake of about 3 200¹. In 2001/02, there will be more places, programmes and providers. For instance, six other

¹ Some are publicly-funded programmes.

FCE members will launch new self-financing AD programmes, providing an intake of over 750 students.

4. AD programmes offered by the UGC-funded institutions and the OUHK, which are self-accrediting institutions (except HKIEd), have undergone their own internal accreditation mechanism. AD programmes offered by other institutions must be accredited by the Hong Kong Council for Academic Accreditation (HKCAA). To ensure consistency and comparability, FCE members have agreed to adopt a common set of descriptors for AD starting from 2001/02.

5. Members have expressed concern about the progression pathways of post-secondary programmes. In fact, all the AD programme providers have established articulation and credit transfer arrangements with many universities. For instance, over 10 universities have agreed to accept graduates of Hong Kong Baptist University's AD programmes for direct admission to their degree programmes. Similarly, 28 universities (including the University of Hong Kong) have agreed to accept AD graduates of HKU SPACE's Community College for admission to their degree programmes. A brochure of HKU SPACE's Community College is at **Annex B**.

6. We also wish to point out that a post-secondary qualification is by itself a useful qualification for the purpose of employment and future continuous professional development. A substantial percentage of the new post-secondary programmes, such as the Higher Diploma and Professional Diploma programmes offered by the Vocational Training Council and the Hong Kong Polytechnic University, will have a focus on employable skills. We are not aware of any system in the world that seeks to ensure that all post-secondary programmes are articulated to a full-time degree programme.

7. As mentioned at the last Sub-committee meeting, AD is only one form of post-secondary qualification. We envisage the emergence of a wide range of self-financing sub-degree programmes leading to AD, higher diploma and professional diploma. The current and planned intakes to full-time, self-financing post-secondary places (AD and Higher Diploma) in 2000/01 and 2001/02 are shown below –

	2000/01	2001/02
Federation for Continuing Education in Tertiary Institutions (FCE)		
• UGC-funded institutions and Open University of Hong Kong	1 070	3 910
• Caritas Francis Hsu College and Vocational Training Council	140	1 680
<i>Sub-total</i>	<i>1 210</i>	<i>5 590</i>
Post-secondary college (i.e. Hong Kong Shue Yan College)	980	980
Registered schools offering post-secondary courses (courses are subject to successful external accreditation)	1 600	2 400
New providers (courses are subject to successful external accreditation)		300
<i>Grand Total</i>	3 790	9 270

Quality Assurance

8. We have presented the proposed quality assurance mechanism for post-secondary courses vide our paper CB(2)/1525/00-01. In summary,

- (a) Accreditation will be a prerequisite for receiving Government financial assistance.
- (b) Self-accrediting institutions will accredit its programmes using its internal quality assurance mechanism. The UGC will also extend the Teaching and Learning Quality Process Review to cover the continuing and professional education divisions of the institutions. The OUHK will be subject to external institutional review by the Hong Kong Council for Academic Accreditation (HKCAA) on a periodic basis.
- (c) Non-self-accrediting institutions have to submit courses for accreditation by the HKCAA or other recognised accreditation bodies.

Student quality

9. Members and some members of the public are concerned whether there is a sufficient number of students qualified to pursue tertiary education. We wish to emphasize that our proposal is to increase education opportunities at the sub-degree, **not** the degree level. Furthermore, according to the HKCEE results in 2000, over 60% of candidates taking five or more subjects have 10 or more points (including a pass in Chinese language and English language). Increasing post-secondary places will

widen the access of these qualified students to learning opportunities that are alternative to secondary 6 and 7 programmes.

SUPPORT MEASURES

Overview of Support Measures

10. We plan to provide two major forms of assistance in support of the progressive increase in post-secondary education –

- (a) **Student:** We propose to provide **means-tested grant** to the most needy students and **means-tested, low-interest (2.5% p.a.) loan** to other needy students to cover the full amount of tuition fee subject to a ceiling. We also plan to provide **non-means-tested loan** to all other students.
- (b) **Providers:** We encourage potential providers to maximise the use of their existing land and physical resources to provide the additional student places. We propose to offer **loans** to support the start-up cost of non-profit-making post-secondary course provider, and provide **land at nominal premium** for the construction of new post-secondary colleges. We will also facilitate joint development of post-secondary institutions and other uses to maximise valuable land resources.

A. Student Financial Assistance

General Eligibility

11. To ensure that no qualified students are denied access to tertiary education because of a lack of financial means, the Administration proposes to provide means-tested assistance to students who –

- (a) is a local student² aged 25 or below;
- (b) has not obtained any sub-degree or above qualifications; and

² Under the current policy, “local student” is defined as “a student who has a right of abode in Hong Kong, or has resided or have his/her home in Hong Kong continuously for three years immediately prior to the commencement of his/her courses.” This definition is used to define the eligibility for Local Student Finance Scheme (LSFS) and Non-Means-tested Loan Scheme (NLS), and will likewise be adopted for the proposed scheme.

- (c) is engaged in full-time³ accredited programme leading to a qualification at or above the levels of higher diploma, associate degree and/or professional diploma.

12. To open up more possibilities for students and institutions,

- (a) we recommend that the student financial assistance scheme should also cover an accredited programme with up to 50% of its modules offered outside Hong Kong; and
- (b) we intend to launch a pilot scheme for students to pursue designated post-secondary programmes in designated institutions overseas, as detailed in paragraphs 15 and 16 below.

(i) Means-tested Grant

13. We propose to introduce a new, means-tested grant for the most needy students along the following lines –

- (a) the Local Student Finance Scheme (LSFS) formula will be adopted;
- (b) students eligible for 100% assistance under the LSFS formula will be eligible for the means-tested grant;
- (c) the grant will cover the full amount of the annual tuition fee subject to a ceiling which would be reviewed annually. Our proposed ceiling is \$60,000; and
- (d) to encourage students to complete the course, the grant will be disbursed as loan on the same terms as the proposed means-tested loan mentioned in paragraph 14 below. Repayment will be waived upon successful completion of the course.

³ We are formulating a definition of “full-time” in the light of common practices in Hong Kong and elsewhere. For instance, most institutions will require their full-time students to take at least two semesters in a year, 15 weeks per semester and 12 to 15 hours per week. For the purpose of the Student Travel Subsidy Scheme, “full-time” education is defined as day courses lasting for a year or more, with five meetings per week, each lasting more than 3 hours. We envisage that “full-time” study may embrace studies partially or wholly conducted through on-line and distance learning mode.

(ii) Means-tested Loan for Other Needy Students

14. To complement the means-tested grant, we **recommend** the introduction of a **means-tested loan** along the following lines –

- (a) the Local Student Finance Scheme (LSFS) formula will be adopted;
- (b) students who pass the LSFS formula but are not eligible for 100% assistance will be eligible for the means-tested loan;
- (c) the amount of loan a student can obtain is determined with reference to the sliding scale of the LSFS formula and the tuition fee, subject to a ceiling to be reviewed annually. We propose that the ceiling for the grant and loan will be the same;
- (d) like the LSFS, no interest is chargeable during the study period, and interest is payable at 2.5% p.a. upon graduation; and
- (e) the maximum repayment period will be 10 years, which is longer than that of the LSFS, having regard to the possibly higher loan ceiling and the repayment ability of students to be covered by the new scheme upon graduation.

(iii) Non-means-tested Loan (NLS) for All Students

15. To complement the means-tested assistance, we propose to extend the NLS along the following lines –

- (a) students who meet the general eligibility criteria in paragraphs 11 to 14 will be eligible; and
- (b) students may borrow NLS to top up its means-tested assistance (if any) to meet tuition fees and basic living expenses. The amount of living expenses allowable will be subject to the prevailing ceiling as applied to the students covered by the LSFS.

(iv) Pilot Scheme for Overseas Studies

16. We propose to launch a pilot scheme to support students to study post-secondary programmes –

- (a) Our initial proposal is to confine the scheme to those disciplines with manpower shortages and for which a substantial increase in the number of places will be unattainable in the near future. These include Information Technology (IT), Financial Services and Creative Media. To pursue this, we will identify areas with manpower shortages, consult local providers and assess their existing provision and capacity, draw up a list of non-local programmes that are of high quality and include these programmes in the pilot scheme.
- (b) We are drawing up a list of approved programmes in consultation with the Hong Kong Council for Academic Accreditation.
- (c) Students who receive financial assistance under the pilot scheme are required to return to Hong Kong to work for a specified period after graduation.

17. We also wish to clarify that the eligibility criteria, assessment criteria and mode of financial assistance under the pilot scheme are basically the same as those for students studying at local institutions. It is a means-tested financial assistance scheme and **not** a voucher scheme.

(v) *Student Travel Subsidy*

18. The existing Student Travel Subsidy Scheme, which provides travel subsidy to needy full-time students up to first-degree level, will cover the full-time students of local post-secondary programmes.

(vi) *Coverage and financial implications*

19. The total amount of financial assistance will depend on the pace of development acting on market force, the number of applicants and the financial circumstances of their families. Based on the projected student number in paragraph 7, and assuming that the number of student places will increase progressively on a straight-line basis over the remaining 9 years, our rough estimates are summarised below –

	2001	2010	2012 (Full Effect)
Additional Student Number			
Additional first-year student intake	6 570 ⁴	30 600	30 600
Additional student enrolment	8 760 ⁵	68 960	82 400
(1) Means-tested grant for most needy students⁶			
No. of beneficiaries	760	5 990	6 470
Estimated amount of grant (\$mil)	46	360	388
(2) Means-tested loan for other needy students			
No. of beneficiaries	3 050	23 970	25 900
Estimated amount of loan (\$mil)	93	734	793
Total no. of beneficiaries of (1) and (2)	3 810	29 970	32 370
(3) Non-means-tested Loan Scheme⁷			
No. of beneficiaries	700	5 520	5 960
Estimated amount of loan (\$mil)	52	412	445
(4) Student Travel Subsidy			
No. of beneficiaries	3 810	29 970	32 370
Estimated amount of subsidy (\$mil)	11	86	93

B. Start-up Assistance for Providers

20. To facilitate the launch of new programmes, the Administration proposes to offer loans for providers to meet start-up expenses, along the following lines –

- (a) the provider must be non-profit making;
- (b) the loan amount will be determined with reference to –
 - the projected number of students;
 - the providers' start-up expenses subject to a ceiling to be reviewed periodically;
- (c) the loan would be interest-free; and

⁴ The figure includes 5 590 places offered by FCE and 980 places offered by Hong Kong Shue Yan College.

⁵ The figure includes 6 570 first-year students and 2 190 second-year students currently pursuing their first-year programme in 2000/01.

⁶ The above estimates are based on the LSFS application exercise in 2000/01. We assume that 43.5% of students will receive means-tested financial assistance. Of them, 20.5%, will be eligible to receive means-tested grant. This is equivalent to the ratio of recipients receiving maximum grant under the LSFS. On average, students will be eligible to 51% of the maximum loan entitlement.

⁷ The above estimates are based on the NLS application exercise in 2000/01. We assume that 8% of students will apply for NLS and that they will apply for up to 84.3% of the loan ceiling.

- (d) in line with most Government loans, the loan repayment period should be no more than 10 years.

21. As the new post-secondary places will be self-financing and market-driven, we consider it prudent for providers and Government to watch the market trend carefully and maintain a high degree of flexibility at the initial stage. We therefore propose a two-stage approach in offering loan assistance for providers, particularly those without a solid academic status. For such institutions, the initial loan will be calculated with reference to the rental cost for the initial period, plus renovation and equipment expenses. After the providers have built up a solid track record in running sub-degree programmes, we will consider a more substantial loan for building or buying college premises as a longer-term measure.

22. The total amount of loan will depend on many factors including the pace of development of post-secondary courses in Hong Kong, the number of applicants which fulfill the above criteria and the development plans of individual providers. Assuming that 80% of the projected student places will be offered by local, non-profit-making providers who fulfill all the criteria above, we estimate that the total loan amount will be over \$10 billion.

C. Accommodation

23. To maximise the accommodation available for the provision of post-secondary places, we are exploring the following directions in parallel –

- (a) we encourage potential providers to maximise the use of their existing land and physical resources to provide the additional student places;
- (b) we encourage operators to consider purchasing conveniently located buildings as college premises;
- (c) we are actively identifying possible sites for purpose-built college premises. Our initial estimate is that we will need about seven new sites (equivalent to secondary school sites) by 2002/03, and another seven by 2008/09;
- (d) we are considering joint site use (for example, post-secondary colleges with senior secondary schools);
- (e) we are identifying vacant premises in the holdings of Government departments and Non-government Organisations, and are exploring possible redevelopment options; and

- (f) we are working on the planning standards of purpose-built college premises, and will consult relevant parties.

CONCLUSION

24. Our proposals are summarised below –
- (a) our priority is to encourage local institutions to increase supply of post-secondary places;
 - (b) we will strengthen the administrative and legislative framework for quality assurance of post-secondary courses;
 - (c) we propose to introduce a means-tested grant scheme for most needy students, offer means-tested low-interest loan for other needy students, and extend non-means-tested loan to all students;
 - (d) we will offer loans to assist non-profit-making providers with their start-up expenses;
 - (e) we are pursuing various means to maximise accommodation available for post-secondary education places; and
 - (f) in order to enable students to benefit under Government's proposed financial assistance proposals, we propose to pursue (c) as a first priority. Subject to Members' views, we will submit detailed proposals to Finance Committee for consideration in June.

Education and Manpower Bureau
May 2001

**SUMMARY OF INITIATIVES TAKEN
IN PURSUIT OF FOUR PROPOSED DIRECTIONS**

To develop a diversified higher education system, widen students' choice and encourage healthy competition, we are exploring four directions, as set out below:

	Offered in HK	Offered outside HK
Local Course	<p>First Direction</p> <p>(a) Encourage existing providers to offer more places</p> <p>(b) Upgrade courses to post-secondary level.</p> <p>(c) Explore new local providers (e.g. business partnership)</p> <p>(d) On-line learning and distance learning (e.g. Open University of Hong Kong)</p>	<p>Second Direction</p> <p>(e) Joint programme offered by local and non-local universities partially in HK and partially outside HK</p> <p>(f) Encourage local institutions to provide programmes outside HK</p>
Non-local Course	<p>Third Direction</p> <p>(g) Encourage non-local universities to provide more courses in Hong Kong</p> <p>(h) On-line learning and distance learning offered by non-local universities</p>	<p>Fourth Direction</p> <p>(i) Provide assistance for students to study overseas</p>

2. We are exploring the measures in the above four directions. Some examples are set out below.

First Direction

- (a) Member institutions of the Federation for Continuing Education in Tertiary Institutions (FCE) are actively planning to launch new post-secondary programmes and increase the student intake of existing post-secondary programmes. The planned student intake to programmes offered by FCE will increase from 1 210 in 2000/01 to 5 590 in 2001/02. [Details are set out in paragraph 6 of the paper.]
- (b) Caritas Francis Hsu College is applying for registration as a post-secondary college. Subject to approval, it intends to offer more post-secondary places leading to Higher Diploma qualifications. A number of registered schools currently authorised to offer post-secondary places under the Education Ordinance (Cap. 279) are actively upgrading their existing programmes. They also intend to

submit the programmes for accreditation by the Hong Kong Council for Academic Accreditation. The planned student intake to their programmes will increase from 1 600 in 2000/01 to 2 400 in 2001/02.

- (c) The Open University of Hong Kong (OUHK) adopts a flexible learning mode which enables students to learn at their own pace, time and place. There is already a mechanism for students to take full-time study through the OUHK. 316 OUHK students aged 25 or below are taking a full-time study load in the current semester. In addition, OUHK has recently launched an IT Development Plan (2000-2002) which enables it to offer all its programmes using the on-line mode. OUHK will continue to strengthen its capacity in response to the changing market demand.
- (d) The Administration has been encouraging various industries and professional bodies with manpower needs to offer courses which target at their requirements. These courses can be run by these bodies or in collaboration with training providers. The Hong Kong Logistics Association plans to organise courses targeting at the logistics industry.

Second Direction

- (e) We encourage local institutions to collaborate with non-local providers so that students can earn part of their credits (say, up to 50%) outside Hong Kong. This will also widen the students' horizon and immerse them in a different cultural and language environment. FCE and some other local institutions welcome this development, and are actively pursuing strategic alliances with non-local institutions.
- (f) OUHK has set up a branch office outside Hong Kong, and is offering courses in 15 locations in the Mainland. Hong Kong Polytechnic University, in collaboration with a Mainland university, is establishing an international college in Zhuhai. They plan to start offering sub-degree programmes in 2001/02 targeting at Mainland and Hong Kong students. Other institutions (e.g. HKU) are providing programmes outside Hong Kong. There is scope for further development.

Third Direction

- (g) We have discussed with various Community Colleges in US and Canada. We have also established contacts with prestigious IT training providers in India, and are facilitating them in finding local partners. A few major Indian IT training institutes (e.g. NIIT) plan to partner with local institutions to offer IT courses in Hong Kong.

- (h) There are at present over 600 non-local courses being offered by over 150 non-local organisations in Hong Kong. Most of these places are offered on a part-time basis. However, given some support measures, there is scope for these programmes to be offered on a full-time basis as well.

Fourth Direction

- (g) We are considering a pilot scheme whereby we will support students to undergo post-secondary courses outside Hong Kong in certain fields with manpower shortage.