

ITEM FOR FINANCE COMMITTEE

HEAD 156 – GOVERNMENT SECRETARIAT :
EDUCATION AND MANPOWER BUREAU
Subhead 000 Operational expenses

HEAD 173 – STUDENT FINANCIAL ASSISTANCE AGENCY
Subhead 228 Student financial assistance

HEAD 170 – SOCIAL WELFARE DEPARTMENT
Subhead 000 Operational expenses
Subhead 175 Child care centre fee assistance

Members are invited to approve the following –

in respect of financial assistance for service providers

- (a) expansion of the Kindergarten Subsidy Scheme (which will be renamed as the “Kindergarten and Child Care Centre Subsidy Scheme”) to cover all eligible providers of pre-primary services to children aged below six, including those originally covered by the 5% Subsidy Scheme, which will be cancelled;
- (b) supplementary provision of \$49,066,000 under Head 156 Government Secretariat : Education and Manpower Bureau Subhead 000 Operational expenses in 2005-06;

- (c) increase in the ceiling placed on the total notional annual mid-point salary value of non-directorate posts in the permanent establishment of Head 156 Government Secretariat : Education and Manpower Bureau by \$8,574,000 in 2005-06 for the transfer of 22 non-directorate posts from Head 170 Social Welfare Department;

in respect of financial assistance for parents/legal guardians/registered custodians

- (d) expansion of the Kindergarten Fee Remission Scheme (which will be renamed as the “Kindergarten and Child Care Centre Fee Remission Scheme”) to cover all eligible children receiving pre-primary services, including those originally covered by the Child Care Centre Fee Assistance Scheme, which will be cancelled;
- (e) inclusion of meal charges into the fee assistance under the Kindergarten and Child Care Centre Fee Remission Scheme for full-day classes;
- (f) transitional arrangement for existing recipients under the Child Care Centre Fee Assistance Scheme and Kindergarten Fee Remission Scheme;
- (g) supplementary provision of \$70,379,000 under Head 173 Student Financial Assistance Agency Subhead 228 Student financial assistance in 2005-06; and
- (h) increase in the ceiling placed on the total notional annual mid-point salary value of non-directorate posts in the permanent establishment of Head 173 Student Financial Assistance Agency by \$662,000 in 2005-06 for the transfer of three non-directorate posts from Head 170 Social Welfare Department.

/PROBLEM

PROBLEM

We need to rationalise the financial assistance for service providers and parents/legal guardians/registered custodians upon the harmonisation of pre-primary services to take effect from the 2005/06 school year.

PROPOSAL

2. The Secretary for Education and Manpower (SEM) and the Controller, Student Financial Assistance Agency, with the support of the Secretary for Health, Welfare and Food and the Director of Social Welfare, propose to rationalise the financial assistance to service providers and parents/legal guardians/registered custodians upon the harmonisation of pre-primary services with effect from the 2005/06 school year. Specifically, we propose –

in respect of financial assistance for service providers

- (a) to expand the existing Kindergarten Subsidy Scheme (KSS) to cover all eligible providers of pre-primary services to children aged below six¹, including those originally covered by the 5% Subsidy Scheme, which will be cancelled. The conditions of subsidy and the group grant arrangement under KSS will apply to all eligible providers of pre-primary services. To better reflect the expanded scope, KSS will be renamed as “Kindergarten and Child Care Centre Subsidy Scheme” (KCSS);
- (b) to transfer 22 staff from the Social Welfare Department (SWD) to the Education and Manpower Bureau (EMB) under the new regulatory regime to administer the new arrangements;

in respect of financial assistance for parents/legal guardians/registered custodians

- (c) to expand the existing Kindergarten Fee Remission Scheme (KGFRS) to cover all eligible children receiving pre-primary services, including those originally covered by the Child Care Centre Fee Assistance Scheme (CCCFAS), which will be cancelled. Needy

/children

¹ The eligibility of service providers providing services to children aged below three to receive subsidy under the KCSS will be confined to existing service providers receiving the 5% subsidy, except those with proven new service demand.

children who are attending pre-primary institutions are eligible for fee assistance under the existing eligibility criteria of KGFRS, to which an enhanced subsidy arrangement will be made. To better reflect the expanded scope, KGFRS will be renamed as “Kindergarten and Child Care Centre Fee Remission Scheme” (KCFRS);

- (d) to expand the KCFRS to include meal charges for full-day classes;
- (e) to implement transitional arrangement for existing recipients of CCCFAS and KGFRS (i.e. those who receive subsidy under the respective schemes in the 2004/05 school year) to opt to continue receiving assistance based on the formulae under the respective schemes until they proceed to primary schools, so that they would not be worse-off under the new arrangements; and
- (f) to transfer three staff from SWD to the Student Financial Assistance Agency (SFAA) to administer the new arrangements.

JUSTIFICATION

3. At present, kindergartens (KGs) and child care centres (CCCs), both providing services for pre-primary children, are regulated by two authorities, i.e. EMB and SWD, under two separate Ordinances. KGs, which provide education for children aged three to six, are registered under the Education Ordinance (EO) (Cap. 279), whereas CCCs, which receive more than five children aged below six for the purposes of care and supervision are registered under the Child Care Services Ordinance (CCSO) (Cap. 243). CCCs comprise day nurseries (DNs), which admit children aged two to six, and day crèches (DCs), which admit infants and toddlers aged below two. As the target groups of KGs and CCCs are similar, the Administration considers that it would be desirable to harmonise the regulatory framework and the financial assistance for services providers and parents/legal guardians/registered custodians.

Financial Assistance to Service Providers

Existing arrangement

4. At present, there are some 480 CCCs operating in Hong Kong, serving some 33 000 children aged zero to six (including some 32 000 children aged two to six and some 1 000 children aged below two). Non-profit-making CCCs are eligible for reimbursement of rent, rates and government rent from SWD.

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In addition, they are eligible for a direct subsidy equivalent to 5% of the fee approved on the basis of capacity of the CCCs as approved by SWD. The 5% Subsidy Scheme aims to provide financial assistance to non-profit-making CCCs to cover cash flow problems arising from fluctuations in enrolment and to meet unexpected increase in operating costs that may arise from time to time.

5. As for non-profit-making KGs, EMB provides financial assistance in two forms – reimbursement of rent, rates and government rent, which is similar to that for non-profit-making CCCs; and grants under KSS, which is different from the 5% Subsidy Scheme. KSS was introduced to encourage KGs to enhance the qualifications of their teaching force by employing more qualified kindergarten teachers (QKTs) without having to increase their fees substantially. Under KSS, EMB disburses grants based on the number of groups per level of study (nursery class, lower kindergarten and upper kindergarten) per session (morning, afternoon or whole-day session) with 15 pupils each. The subsidy rate under KSS for the 2004/05 school year is set at \$29,662 per group (or \$2,966 per capita for certain scale of incomplete groups), and the subsidy rate is price-adjusted annually by SEM in accordance with the movement of Consumer Price Index (A) (CPI(A)) under authority delegated by the Finance Committee (FC). KGs joining KSS are required to employ 100% QKTs based on a teacher-to-pupil ratio of 1:15 for all levels of study.

Proposed arrangement

6. Upon harmonisation, we propose to expand KSS, to be renamed as KCSS, to cover all eligible pre-primary service providers so that government subsidies will be disbursed under one unified arrangement. The 5% Subsidy Scheme will be cancelled. The arrangement for KGs as approved by the FC vide FCR(2001-02)67 on 8 March 2002 will be extended to pre-primary services to full-day children aged below three. The subsidy rate for children aged two to three will be based on the number of groups of 15 children or part thereof². As for services to children aged zero to two, the subsidy rate will be based on groups of eight children or part thereof, taking full account of the statutory staff to children ratio of 1:8 applicable to DCs. The subsidy rate under KCSS for children aged

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² While the Administration has agreed on the Bills Committee meeting on 31 May 2005 for the Child Care Services (Amendment) Bill 2005 that the statutory staff-to-children ratio at CCC for age two to three will remain at 1:14 as at present, the Administration has also agreed that for the purpose of calculation of subsidy rate, the staff-to-children ratio will be set at 1:15.

two to six for the 2005/06 school year will be set at \$29,662 per group (or \$2,966 per capita for certain scale of incomplete groups). The subsidy rate under KCSS for children aged below two for the 2005/06 school year will be set at \$29,662 per group (or \$5,932 per capita for certain scale of incomplete groups). The calculations of Eligibility Group for children aged two to six and children aged below two are at Enclosures 1 and 2 respectively. SEM will continue to carry out price-adjustment to the subsidy rate annually in accordance with the movement of CPI(A) under authority delegated by the FC. The arrangement for reimbursement of rent, rates and government rent will remain unchanged. A summary of changes of financial assistance to service providers is set out at Enclosure 3.

Encls. 1 & 2

Encl. 3

7. Since the 5% Subsidy Scheme and the KCSS operate on different mechanisms, the level of subsidy received by CCCs may increase or decrease under the new arrangement. A majority of existing CCCs with reasonable enrolment (i.e. those CCCs with enrolment at about 70% or more of their approved capacity) will receive a higher level of subsidy under the new arrangement, while those with low enrolment may receive lower level of subsidies.

8. As the calculation of subsidy rate under KCSS is based on enrolment rate, CCCs with better quality that attract more enrolment will receive more subsidies. This will provide incentives for service providers to enhance their service quality to attract more enrolment in face of keen competition in the market, which will then help to ensure more effective use of public money. Service providers receiving less subsidy under the new arrangement are generally those that are not able to recruit a reasonable number of children, either because of their weak performance or the lack of service demand in their locality. In view of the declining children population, the under-utilised DNs and DCs have already been adjusting their provisions and capacities in recent years.

9. Upon harmonisation, financial assistance to providers offering pre-primary services for children aged zero to six or aged two to six will be disbursed by EMB. As for standalone CCCs for young children aged below three, they will remain to be registered under CCSO, and continue to be monitored by SWD. With the cancellation of the 5% Subsidy Scheme, SWD will administer KCSS to standalone CCCs according to the subsidy rate based on groups of 15 or part thereof for full-day children aged two to three, and groups of eight children or part thereof for full-day children aged two or below. CCCs joining KCSS are required to employ 100% registered child care workers on the statutory staff-to-children ratio.

10. To take forward the harmonisation measures, we plan to set up a joint office under EMB to handle registration of KG-cum-CCCs and registration of child care workers. The joint office will be responsible for various regulatory issues and the administration of the financial assistance to service providers (i.e. KCSS). The joint office will comprise staff redeployed from within relevant divisions of EMB as well as staff transferred from SWD. A total of 22 staff will be transferred from SWD to EMB under the new regulatory regime, including the administration of the new arrangements of financial assistance to service providers.

Financial Assistance to Parents/Legal Guardians/Registered Custodians

Existing arrangement

11. At present, parents/legal guardians/registered custodians of children attending full-day CCCs may apply for fee assistance under the CCCFAS. Parents/legal guardians/registered custodians have to demonstrate social need for child care (for example, both parents having to go out to work) to be eligible for CCCFAS. The maximum level of assistance under CCCFAS is the actual fee charged by a CCC or the general maximum level of fees of aided CCCs approved by SWD, whichever is lower. The actual level of assistance to be received by parents/legal guardians/registered custodians is determined by a means-tested sliding scale with contribution from parents/legal guardians/registered custodians based on household income with no pre-set ceiling. CCCFAS does not cover children attending half-day CCCs.

12. As for parents/legal guardians/registered custodians of pupils attending KGs (both full-day and half-day programmes), they may apply for fee assistance under KGFRS. Parents/legal guardians/registered custodians do not have to demonstrate social need to be eligible for KGFRS. The maximum level of assistance under KGFRS is the actual fee charged by a KG or the weighted average fee of all non-profit-making KGs, whichever is lower. The actual level of assistance to be received by parents/legal guardians/registered custodians is determined by a means test based on the Adjusted Family Income (AFI) formula for all other means-tested student financial assistance schemes. KGFRS provides three levels of assistance, i.e. 100%, 75% or 50% of the maximum level of assistance.

The need for change

13. Upon harmonisation, we propose to expand KGFRS, to be renamed as KCFRS to cover parents/legal guardians/registered custodians of children/pupils receiving all pre-primary services so that government subsidies will be disbursed

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under one unified means-tested mechanism. We propose to adopt the framework of KGFRS, rather than that of CCCFAS, for the new arrangement because, at present, about 80% of the relevant age groups (i.e. aged three to six) attend KGs and can benefit from KGFRS. In the 2003/04 school year, there are 58 849 recipients under KGFRS, which is more than three times of the 17 602 recipients under CCCFAS. It will be more appropriate to subsume the recipients under CCCFAS into KGFRS. Besides, the means-tested mechanism of KGFRS is a common mechanism for all other means-tested student financial assistance schemes, from KGs to tertiary levels. It would be fair and appropriate to extend KGFRS to replace CCCFAS.

14. Furthermore, we consider that the eligibility criteria for remission of fees under the KGFRS are appropriate and reasonable. Under KGFRS, low income families can be eligible for 100%, 75% and 50% fee remission. For example, in actual dollar terms, in the 2004/05 school year a four-person family with a monthly income of \$8,055 or below will receive full remission, while those with a monthly income between \$8,056 and \$11,710 will receive 75% remission, and a monthly income between \$11,711 and \$21,512 will receive 50% remission. This is a reasonable level as a four-person family with a median household income, i.e. \$18,500 per month (published by Census and Statistics Department for the fourth quarter of 2004), will still be eligible for 50% remission. The three levels of assistance and a common means-tested mechanism of the KGFRS will ensure that no children would be deprived of education and care due to lack of means.

Proposed arrangement

15. For those children aged six and below that start joining the pre-primary services in the 2005/06 school year, they will be eligible for financial assistance through KGFRS, to be renamed as KCFRS. CCCFAS will be cancelled. As a result, the eligibility of KCFRS will be as follows –

- (a) those children aged three to six attending full-day programme in KGs (including KGs converted from CCCs) on the grounds of social needs will be covered by KCFRS for full-day fee assistance;
- (b) those children aged three to six attending full-day programme without social needs or half-day programme in KGs (including KGs converted from CCCs) will be covered by KCFRS for half-day fee assistance;

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- (c) those children aged below three attending full-day programme in CCCs on the grounds of social needs will be covered by KCFRS for full-day fee assistance; and
- (d) those children aged below three attending full-day programme without social needs or half-day programme in CCCs will remain ineligible for any fee assistance.

Encl. 4

A summary of the changes of the financial assistance to parents/legal guardians/registered custodians is set out at Enclosure 4. In line with existing arrangements, families receiving Comprehensive Social Security Assistance will not be eligible for KCFRS, but will be given a special grant for half-day fee assistance (or full-day fee assistance if they could demonstrate social need for full-day services).

16. From an educational point of view, a half-day KG programme will suffice for pupils aged three to six. Hence, we consider that the existing social need criteria should also be applied to determine whether children attending full-day programme in KGs are qualified for full-day rates of fee remission under KCFRS. For those pupils who could not satisfy the social need criteria, they will only be eligible for a portion of fee assistance which is based on the half-day (i.e. a.m. session) fee charged by the concerned KG³ or the weighted average fee for half-day session of the non-profit-making KGs, whichever is lower. The actual level of assistance will be determined by a means test according to the AFI formula.

17. At present, CCCFAS only includes meal charges but not air-conditioning fees, whereas KGFRS only includes air-conditioning fees but not meal charges. To rationalise the arrangement, we propose to enhance the assistance by including both meal charges for children attending full-day programme and air-conditioning charges in KCFRS.

18. Since the CCCFAS and the KCFRS operate on different mechanisms, the level of subsidy received by parents/legal guardians/registered custodians may increase or decrease under the new arrangement. In order to ensure that no existing CCCFAS and KGFRS recipients (i.e. those who receive subsidy under the respective schemes in the 2004/05 school year) will be worse off, we consider that, as a transitional arrangement, the “no worse-off” principle should be applied to existing CCCFAS and KGFRS recipients until the children concerned proceed to primary schools as follows –

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³ If the concerned KG does not operate the half-day sessions, the weighted average fee for half-day session of non-profit-making KGs will apply.

- (a) the existing CCCFAS recipients will be allowed to opt to continue receiving assistance based on the formula of the existing CCCFAS (subject to their meeting the eligibility criteria of the existing CCCFAS in a continuous manner); and
- (b) the existing KGFRS recipients attending full-day programme in KGs will be exempted from the social need test in their applications for full-day fee remission.

19. SFAA will be responsible for the administration of the financial assistance to parents/legal guardians/registered custodians (i.e. KCFRS). A total of three staff will be transferred from SWD to SFAA for the purpose.

FINANCIAL IMPLICATIONS

Financial Assistance for Service Providers

20. The recurrent expenditure of existing financial assistance for KGs (including KSS and reimbursement of rent, rates and government rent) is about \$347 million per annum. The recurrent expenditure of the existing financial assistance for CCCs offering pre-primary services for children aged zero to six or aged two to six (including the 5% Subsidy Scheme and reimbursement of rent, rates and government rent) amounts to about \$84 million per annum. The harmonisation measures on financial assistance for service providers will lead to an additional expenditure of about \$14 million per annum.

21. Upon harmonisation starting from the 2005/06 school year, the assistance will be disbursed by EMB. Subject to Members' approval, we will arrange for supplementary provision of \$49,066,000 under Head 156 Government Secretariat : Education and Manpower Bureau Subhead 000 Operational expenses in 2005-06 to cover the seven months of expenditure for the 2005/06 school year which falls in 2005-06, offset by equivalent amount of provision under Head 170 Social Welfare Department Subhead 000 Operational expenses. We will provide sufficient funding for future years in the context of the annual Estimates.

22. As for standalone CCCs for young children aged below three, financial assistance (under KCSS) will continue to be provided under Head 170 Social Welfare Department Subhead 000 Operational expenses.

23. Subject to Members' approval, we will increase the notional annual mid-point salary value (NAMS) ceiling for EMB by \$8,574,000 to give effect to the transfer of staff from SWD to EMB, offset by equivalent reduction of NAMS ceiling for SWD.

Financial Assistance for Parents/Legal Guardians/Registered Custodians

24. The recurrent expenditure of existing KGFRS amounts to about \$531 million per annum. The recurrent expenditure of the existing CCCFAS amounts to about \$344 million per annum. An additional recurrent expenditure of about \$29 million per annum will be required for expansion of the scope of financial assistance to cover meal charges and air-conditioning charges as well as extending KGFRS to children aged three to six attending half-day programme in KGs converted from CCCs. The transitional arrangement to existing CCCFAS and KGFRS recipients will lead to an additional expenditure of around \$80 million in total over a period of six years. The additional expenditure may be partly offset by the lower level of financial assistance to some parents/legal guardians/registered custodians upon completion of the transitional arrangement. The actual expenditure in the longer term will be subject to fluctuations in price level, school fees, children population and applicants' financial position.

25. Upon harmonisation starting from the 2005/06 school year, the assistance to KGs (for age three to six), KG-cum-CCCs (for age zero to six or two to six) and CCCs (for age below three) will be jointly disbursed by SFAA. Subject to Members' approval, we will arrange for supplementary provision of \$70,379,000 under Head 173 Student Financial Assistance Agency Subhead 228 Student financial assistance in 2005-06 to cover the seven months of expenditure on new applicants for the 2005/06 school year which falls in 2005-06, offset by a provision of \$37,359,000 under Head 170 Social Welfare Department Subhead 175 Child care centre fee assistance and a provision of \$33,020,000 under Head 106 Miscellaneous Services Subhead 251 Additional commitments. The existing recipients of CCCFAS in the seven months of the 2005/06 school year will continue to be funded under Head 170 Social Welfare Department Subhead 175 Child care centre fee assistance. We shall arrange the transfer of the whole provision of \$344 million under Head 170 Social Welfare Department Subhead 175 Child care centre fee assistance to Head 173 Student Financial Assistance Agency Subhead 228 Student financial assistance from 2006-07 in the context of the annual Estimates.

26. Subject to Members' approval, we will increase the NAMS ceiling for SFAA in 2005-06 by \$662,000 to give effect to the transfer of staff from SWD to SFAA, offset by equivalent reduction of NAMS ceiling for SWD.

/BACKGROUND

BACKGROUND INFORMATION

27. The proposal of harmonisation was studied in detail by a Working Party (WP) on Harmonisation of Pre-primary Services formed by EMB and SWD in 2000. The WP organised a series of focus group meetings with representatives of CCC and KG sectors, training institutions and parents/legal guardians/registered custodians in 2001, and conducted a public consultation in 2002.

28. Based on the views collected in the public consultation, we consulted the Education Commission (EC) and the Social Welfare Advisory Committee (SWAC) in February 2003, and the Legislative Council (LegCo) Joint Panel on Education and Welfare Services on 3 March 2003, which provided general support to our proposals. Our original plan was to implement the recommendations by the 2004/05 school year. However, the plan was deferred due to the Severe Acute Respiratory Syndrome epidemic in 2003 which dealt a major blow to the operating conditions of the pre-primary services sector.

29. We briefed the SWAC and EC on 7 and 24 February 2005 respectively on our latest proposals to implement harmonisation starting from the 2005/06 school year, and they were in support of our proposals. We briefed the LegCo Panel on Education (with extended invitation to Members of the LegCo Panel on Welfare Services) on 14 March 2005. The funding arrangement proposed in this paper was also discussed at meetings of the Bills Committee on the Child Care Services (Amendment) Bill 2005 in May and June 2005. While Members supported the Bill, they suggested the Administration to consider possible measures to support the low income applicant families, which would be affected by the change of the financial schemes. We will follow up on these matters in the LegCo Panel on Education.

30. To facilitate the implementation of harmonisation, the Administration introduced the Child Care Services (Amendment) Bill 2005 to the LegCo on 27 April 2005. The Bill was discussed at the Bills Committee meetings, and was supported by Members. The second reading of the Bill is scheduled for resumption at the LegCo sitting on 29 June 2005.

Kindergarten and Child Care Centre Subsidy Scheme
Basis of calculation of subsidy for children aged two to six

<u>No. of Children Per Level/Session</u>	<u>Basis of Calculating Subsidy</u>
1-9	Per capita
10-15	1 group
16-19	1 group for 15 pupils + per capita for the remainder
20-30	2 groups
31-45	3 groups
46-60	4 groups
61-75	5 groups
76-90	6 groups
91-105	7 groups
106-120	8 groups
121-135	9 groups
136-150	10 groups
151-165	11 groups
166-180	12 groups
181-195	13 groups

Kindergarten and Child Care Centre Subsidy Scheme
Basis of calculation of subsidy for children aged below two

<u>No. of Children Per Level/Session</u>	<u>Basis of Calculating Subsidy</u>
1-4	Per capita
5-8	1 group
9-16	2 groups
17-24	3 groups
25-32	4 groups
33-40	5 groups
41-48	6 groups
49-56	7 groups
57-64	8 groups
65-72	9 groups
73-80	10 groups

**Summary of changes of
financial assistance to service providers**

	Existing arrangement	Proposed arrangement
Day Crèches (DC) (for age 0-2)	<ul style="list-style-type: none"> • Registered with SWD • Receive from SWD subsidy calculated at 5% of fee approved on the basis of capacity (5% Subsidy Scheme) • Receive from SWD refund of rent, rates and government rent 	<ul style="list-style-type: none"> • Registered with SWD (i.e. no change) • Receive from SWD subsidy calculated by number of groups of children enrolled (KCSS) • Receive from SWD refund of rent, rates and government rent (i.e. no change)
Day Nurseries (DN) (for age 2-6) or DN-cum-DCs (for age 0-6) [these centres will become KG-cum-CCCs after harmonisation]		<ul style="list-style-type: none"> • Registered with the Joint Office under EMB (dual registration under EO and CCSO) • Receive from EMB subsidy calculated by number of groups of children enrolled (KCSS) • Receive from EMB refund of rent, rates and government rent
Kindergartens (KG) (for age 3-6)	<ul style="list-style-type: none"> • Registered with EMB • Receive from EMB funding under KSS and refund of rent, rates and government rent 	No change

Enclosure 4 to FCR(2005-06)23

**Summary of changes of financial assistance
to parents/legal guardians/registered custodians**

	Type of programme	Existing arrangement	Proposed arrangement
Day Crèches (DC) (for age 0-2)	Full Day (with social need)	Eligible for CCCFAS with subsidy calculated by specific formula applicable to CCCFAS only	Eligible for KCFRS (full day assistance)# with subsidy calculated by standard formula applicable to all means-tested student financial assistance schemes
	Full Day (without social need) or Half Day	Ineligible for assistance	Ineligible for assistance
Day Nurseries (DN) (for age 2-6) or DN-cum-DCs (for age 0-6) [these centres will become KG-cum-CCCs after harmonisation]	Full Day (with social need)	Eligible for CCCFAS with subsidy calculated by specific formula applicable to CCCFAS only	Eligible for KCFRS (full day assistance)# with subsidy calculated by standard formula applicable to all means-tested student financial assistance schemes
	Full Day (without social need) or Half Day	Ineligible for assistance	CCC (Age below 3): Ineligible for assistance KG (Age 3-6): Eligible for KCFRS (half day assistance) with subsidy calculated by standard formula applicable to all means-tested student financial assistance schemes
Kindergartens (KG) (for age 3-6)	Full Day (with social need)	Eligible for KGFRS (full day assistance) with subsidy calculated by standard formula applicable to all means-tested student financial assistance schemes	Eligible for KCFRS (full day assistance) with subsidy calculated by standard formula applicable to all means-tested student financial assistance schemes
	Full Day (without social need) or Half Day	Eligible for KGFRS (full day assistance for full day programme; half day assistance for half day programme) with subsidy calculated by standard formula applicable to all means-tested student financial assistance schemes	Eligible for KCFRS (half day assistance)# with subsidy calculated by standard formula applicable to all means-tested student financial assistance schemes

Transitional arrangement based on “no worse-off” principle will be applied to existing recipients as described in paragraph 18 of the paper.
