



AXED
DATE: 10.1.05

From the Vice President (Academic)
副校長 (學術)
Professor Bernard Hung Kay LUK 陸鴻基教授

Hon. Mr Yeung Sum
Chair, Education Panel
Legislative Council
(Fax: 2553 5595)

10 January 2005

Dear Mr Yeung,

HKIED Budget

Re. the proposed UGC budget, and further to our President's letter to you dated the 6th instant, I write to reiterate two points about the proposed UGC grants for HKIED covering the 2005-08 triennium, viz., that the Institute was surprised by the extent of the reduction of funding, and that the depth of the cut will inevitably hurt the quality of teacher education.

Depth of Cuts

In 2002/03, the UGC recurrent grant to the Institute amounted to \$804 million; by 2007/08, according to the proposed budget, it will be \$422 million. That will be a reduction of 47% over 4 years. In the past few years, we have already trimmed our teaching staff establishment from 407 to 388, and our non-teaching staff establishment from 701 to 505 (i.e., a total staff reduction of nearly 20%); equipment and general expenses also have been reduced by 24%. With the anticipated reduction in student numbers allocated by UGC, and maintaining a teaching staff: student ratio of 1:14, we project that the teaching staff establishment by 2007/08 will be down to 329, with planned decreases also in non-teaching staff and other expenses, despite the substantial cut already over the past 2 years. We believe we have been acting in a fiscally responsible manner while trying our best to safeguard academic and educational standards. Yet with the unexpectedly deep cuts and despite our planned efforts to reduce expenditure substantially, the Institute still will possibly be incurring a deficit of \$94 million dollars in 2007/08 unless staff: student ratio and other indices of quality are compromised.

Another notable indicator is that in 1998/99 when we introduced our first Bachelor of Education programme, UGC funded it at a student unit cost of \$197,000, including tuition fee at \$42,000 (i.e. with the grant at \$155,000). Calculating from the proposed budget, the corresponding UGC net grant per fulltime equivalent student will only be around \$93,000 in 2007/08. A sharp decline of 40%, which surely does not suggest a high valuation of teacher education.

We at HKIED are dedicated to improving the quality of teacher education for the sake of the future of our society. While we appreciate the need for the Government to economize and to reduce funding, as well as the demographic imperatives for reducing student numbers, we remain committed to maintain the high quality of teacher education which the Institute has attained.

We note that the depth of the proposed cutback may be due to a combination of several factors which happen to coincide in timing: decline of student numbers, phasing out of "front-end loading", general reduction of student unit cost across all UGC-funded institutions, reduction of public sector salaries; etc. While each of these reasons for trimming may be justifiable, their unfortunate coincidence results in such a drastic cut for the HKIED as to make it well nigh impossible for us to maintain our quality. Some measure of amelioration with any of these factors will be necessary.

Surprise

The Institute has been aware since last summer that its student quota allocated by UGC will be reduced by some 15% during the triennium, and that the "front-end loading" portion, amounting to some 7% of the UGC net recurrent grant for 2001-04 might be removed. While applying to UGC to prolong the phasing out of the "front-end loading", the Institute has been preparing itself for a reduction of funding in the vicinity of 20% plus. We never received any reply from UGC about our request to prolong the period over which the front-end loading should be removed; nor were we able to estimate accurately the extent of other reductions on the basis of information made available to us. Hence we were not able to anticipate the cut of a shocking 33% which was made public just before Christmas.

On another occasion the Director of Audit had noted that none of the higher education institutions was made aware of how their funding was composed. So HKIED was not the only institution unable to anticipate accurately its funding from UGC. However, in our ongoing discussions, we will not focus on the issue of surprise and funding formulas, since it could easily become highly technical and involved. Rather, we intend to focus on the depth of the cutback.

I attach our Financial Projection to 2007/08 for your perusal, and will be glad to furnish any further information which you may require.

Thank you for your attention.

With best regards,



Bernard Hung Kay LUK
Vice President (Academic)

c.c. Clerk of Education Panel
Hon. Arthur Li (SEM)

Encl.

(Chinese version of letter follows.)

