

**Extract from the minutes of meeting of the
Panel on Education held on 15 April 2002**

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IV. Research report on "Education Voucher System"
[LC Paper No. RP 06/01-02]

6. At the invitation of the Chairman, Head, Research and Library Services (H(RL)) briefed members on the scope and the main findings of the research report on "Education Voucher System (EVS)" with the aid of power-point presentation. The presentation materials were tabled at the meeting and subsequently issued vide LC Paper No. CB(2)1618/01-02(01).

Scope of an EVS

7. Ms Emily LAU considered that an ideal EVS should involve the participation of both public and private schools to create competition for providing quality education, as well as to provide diversity in education to meet parents' and students' expectations. She asked why the majority of the education voucher programmes under the research study applied to private schools only.

8. H(RL) explained that EVS was primarily aimed at increasing parental choice, promoting school competition and facilitating students of low-income families to study in private schools. These objectives were in line with theoretical models on EVS which were largely formulated on the Friedman's Model (the liberal market approach) or the Jencks' Model (the social policy approach). According to Friedman, the quality of education provided by private schools was in general better than that of their public counterparts. On the other hand, Jencks' Model advocated that EVS as a way of providing education should be designed to ensure that disadvantaged students could also gain access to quality education. In the research study, the EVS in Chile and England followed the model of Friedman and the EVS in Colombia, Milwaukee and Cleveland resembled more of Jencks' model. Deputy Head, Research and Library Services (DH(RL)) supplemented that although there was no conclusive evidence on the merits of EVS in terms of improving the quality of education, implementation of EVS did increase competition between public and private schools for providing quality education.

Education voucher programme in Chile

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9. Mr SZETO Wah asked why teachers' union was ordered to be dismantled under the Chilean education voucher programme. DH(RL) explained that the Pinochet military regime of Chile had ordered the dismantlement of teachers' union in order to privatise public school teacher contracts for implementing an EVS for primary and secondary education in 1980.

Education voucher programme in Milwaukee

10. Dr YEUNG Sum asked whether EVS was considered by the relevant authority in Milwaukee as having more merits than demerits, and should be extended to other areas of education. He also asked whether EVS was implemented in other states or cities in the United States.

11. H(RL) responded that the authorities in Milwaukee had not yet decided to extend EVS to other areas of local education. Research Officer 3 (RO3) of the Research and Library Services Division (RLSD) supplemented that the Wisconsin Legislature required both the Department of Public Instruction (which was authorised to administer and monitor the performance of the EVS programme) and the Legislative Audit Bureau to evaluate the results of EVS in 1990, 1995 and 2000, but no conclusion was drawn on EVS so far. She added that many states and cities in the United States were considering the incorporation of EVS in their education systems. Currently, there were three cities implementing EVS in the United States, namely, Milwaukee of Wisconsin, Cleveland of Ohio and a city in Florida.

12. Dr YEUNG Sum enquired how participating schools under the Milwaukee education voucher programme would allocate their school places when the demand was larger than supply.

13. RO3 of RLSD responded that the Milwaukee education voucher programme was designed to provide low-income students with the opportunities to attend private schools. Participating schools were required to admit all eligible applicants. In case the number of applications exceeded the number of available places, enrolment of students should be determined by a lottery draw. However, preference might be given to applicants who were previously enrolled in the programme and to siblings of students.

14. Ms Emily LAU asked whether all students who preferred to enrol in a private school had been allocated a place in the private schools under the Milwaukee education voucher programme. RO3 of RSLD responded that participating private schools should enrol students with a cash voucher as long as places were available. Students could apply for enrolment to other private schools when places in schools of their first priority had already been filled.

15. Mr SZETO Wah enquired about the higher tax levy on property taxpayers in Milwaukee arising from implementing an EVS. RO3 of RLSD explained that

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55% of the Milwaukee education voucher programme was funded by state general revenue and the remaining 45% by re-allocation of revenue reserved for public schools. As a result, higher property taxes were imposed to offset the deficit in funding for public schools.

Applicability to Hong Kong

16. Mr LEUNG Yiu-chung noted that there were positive and negative feedback on the effects of the different EVSs covered by the research study. He asked whether EVS could be implemented in Hong Kong in the light of the experience gained from the programmes under study.

17. H(RL) responded that it was difficult to ascertain whether EVS would be feasible for implementation and beneficial to improving the quality of education in Hong Kong since there was no conclusive evidence in this respect at the present stage. Further researches and more information would be required before a conclusion on the pros and cons of EVS could be drawn.

18. Mr CHEUNG Man-kwong expressed reservations about the effects of EVS on improving the quality of education in the Hong Kong environment. He considered that EVS might in practice restrict rather than increase parental choice if the value of the education voucher was insufficient to cover the costs of enrolment in the better schools. He pointed out that the operation of Direct Subsidy Scheme (DSS) was similar to that of an EVS in that schools under the Scheme received Government grant on the one hand and school fees from parents on the other. Mr CHEUNG was worried that for the sake of cream-skimming, DSS schools providing quality education would not be willing to allocate places by a lottery draw. Instead, they would set higher fees to deter applications from less wealthy families. As a result, students of low-income families would be at a disadvantageous position in competing for admission to better schools and conflicts between different social classes might subsequently arise. Mr SZETO Wah expressed a similar view.

19. Dr YEUNG Sum considered that an EVS would inevitably fuel the already fierce competition for admission to the most famous schools and universities. He pointed out that allocation of school and university places could hardly be determined by lottery draw and the scarcity of land resources in Hong Kong had limited the supply of schools to satisfy the demand. He therefore doubted whether EVS would really have the effect of increasing parental choice and creating competition among schools for providing quality education. Mr SZETO Wah asked and (RO3) of RLSD confirmed that EVS had not been implemented in overseas countries for provision of higher education.

20. Mr TSANG Yok-sing considered that an EVS should be implemented to meet local educational needs and circumstances. He pointed out that the five overseas places had their political, economic and educational reasons for implementing an education voucher programme. He shared the view that DSS

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was to a certain extent an EVS in that it provided participating schools with a fixed grant for each student enrolled and autonomy in school management. In addition, DSS provided parents and students with choices in school education. Mr TSANG was of the view that the real issue should be what kinds of improvement would be needed in the present education system rather than whether EVS should be adopted in Hong Kong.

The Administration's views

21. The Chairman invited the Administration's views on the research report. In response, Deputy Secretary for Education and Manpower (2) (DS(EM)2) thanked RSLD of the LegCo Secretariat for preparing the research report which contained comprehensive information on EVS. She said that it should be noted that none of the overseas places under study had carried out a full implementation of EVS, as restrictions had been imposed either on the eligibility criteria or operation mode of participating schools. The strategies and conditions adopted in these overseas places hinged on the objectives for implementing EVS which would also affect the assessment of its outcomes. As regards the applicability of EVS to Hong Kong, DS(EM)2 said that the following issues should be considered -

- (a) whether there was a sufficient surplus of school places to enable a genuine exercise of parental choice;
- (b) whether there was adequate transparency on schools' characteristics and effectiveness;
- (c) the social implications, including whether the EVS was available to all or only to certain groups as defined by income or asset levels;
- (d) whether cream-skimming would be allowed; and if so, the extent and the resultant implications for student diversity within the same schools;
- (e) the possible consequential implications for the structure and other conditions of service of the teaching force arising from greater competition among schools; and
- (f) administrative costs for implementing EVS.

22. DS(EM)2 further said that in her opinion, DSS should not be equivalent to EVS because the former only sought to inject greater diversity and choice in the education system. The proposed credit accumulation and transfer system recommended in the UGC's report on "Higher Education in Hong Kong" which sought to facilitate greater student mobility and competition/collaboration among institutions did not amount to EVS. She pointed out that approval of the

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home institution and the receiving institution would be required for a student to transfer his credit. DS(EM)2 remarked that various critical issues needed to be addressed if EVS was to be implemented in tertiary education.

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