

**Progress report on the motion on
“Improving further education and
employment of sub-degree students”
moved by Hon Cyd HO
at the Legislative Council meeting
on 23 November 2011**

Background

Hon Cyd HO moved the motion on “Improving further education and employment of sub-degree students” at the Council meeting on 23 November 2011. The motion, as amended by Hon CHEUNG Man-kwong, Hon WONG Kwok-hing, Hon Starry LEE, Dr Hon Priscilla LEUNG and Hon CHAN Hak-kan as follows, was endorsed –

“That, given that since the SAR Government announced in the Policy Address 2000 the policy objective of providing 60% of local young people with the opportunity of receiving tertiary education and rolled out a series of measures, the number of self-financing programmes at associate degree level or above offered by local institutions has been increasing; however, as the social recognition of sub-degree qualifications over the past 10 years is still lacking, sub-degree students have to face various problems in further education and employment and even have to bear high tuition fees and loan repayments, thus making them the new blood of the poverty population, this Council urges the authorities to:

- (a) increase the number of first-year and senior year articulation places for publicly-funded universities;
- (b) establish a mechanism for monitoring and assuring programme quality, so as to ensure adequate credibility and recognition of sub-degree qualifications;
- (c) offer subsidies in the form of education vouchers or direct subsidies to sub-degree graduates for enrolling on self-financing degree programmes;

- (d) expand the channels to study in universities for sub-degree graduates;
- (e) increase the transparency of institutions' admission systems and establish a credit accumulation and transfer system to ensure that institutions admit students under the principles of fairness and 'selectivity', so as to rationalize and link up articulation pathways for sub-degree graduates from different backgrounds;
- (f) increase the number of civil service entry ranks for sub-degree graduates; and
- (g) review student financial assistance as well as loan and repayment arrangements, including abolishing the fixed interest rate (2.5%) for means-tested low interest loans and the risk rate for non-means-tested; significantly lower the interest rates of all loan schemes for tertiary students, waive the interest accrued during students' study periods under the Non-means-tested Loan Scheme, and change the situation where interest rates of student loans are higher than those of bank mortgages; allow tax deduction on repayment amounts of university education loans; study the feasibility of allowing local students to apply for student loans for pursuing further education outside Hong Kong; and increase the grant amounts for tertiary students;
- (h) review the contents covered by sub-degree programmes, so as to enhance the applicability of such programmes;
- (i) strengthen the monitoring of sub-degree programme fees; and
- (j) enhance the employment support for sub-degree graduates;
- (k) ensure the diversity of self-financing programmes, so as to provide programme options in different academic

disciplines for students;

- (l) provide matching grants for self-financing post-secondary institutions to build campuses, so as to alleviate the pressure of tuition fee increases exerted by campus construction costs;
- (m) collect data on sub-degree graduates' further education and employment, so as to accurately grasp the destinations of graduates and make good preparation for the planning of sub-degree programmes and their number of places;
- (n) conduct surveys on employers' opinions about the work performance of sub-degree graduates for assessing the value-adding effectiveness of sub-degree programmes, so as to enable post-secondary institutions to better understand employers' needs and make corresponding curriculum arrangements; and
- (o) assist Hong Kong sub-degree graduates in pursuing studies in mainland universities, including studying the establishment of a mutual recognition mechanism between Hong Kong sub-degree qualifications and Mainland tertiary diploma qualifications, and striving for sub-degree graduates' exemption from the Joint Entrance Examination for Universities in the People's Republic of China for Overseas Chinese, Hong Kong, Macao and Taiwan Students, so as to promote exchanges between Hong Kong and Mainland students;
- (p) study relaxing the academic requirements for appointment to more civil service posts, so that sub-degree graduates can have more opportunities to apply; and
- (q) add more elements of vocational training or practical skills to existing sub-degree programmes, so that students can secure employment more easily after graduation."

2. This progress report sets out the follow-up actions taken or being taken by the Administration for Members' information.

Flexible pathways with multiple entry and exit points

3. The Government attaches great importance to the development of post-secondary education in Hong Kong and strives to provide young people with quality and diversified study pathways with multiple entry and exit points. We adopt a two-pronged strategy to promote the parallel development of publicly-funded and self-financing post-secondary education sectors. For the publicly-funded sector, we propose to double the number of University Grants Committee (UGC)-funded senior year undergraduate places to 8 000 per annum (i.e. around 4 000 intakes) by phases starting from the 2012/13 academic year. This will provide meritorious sub-degree graduates with more opportunities for articulation to the last two years of an undergraduate programme under the New Academic Structure. We expect that this initiative will help foster a flexible, diversified and multiple-entry multiple-exit education framework with greater inter-flow between the self-financing and publicly-funded sectors, and between the sub-degree and degree sectors. In addition, the UGC-funded first-year first-degree (FYFD) places will increase from 14 620 to 15 000 per annum starting from the 2012/13 academic year. We estimate that by 2016, the number of students in publicly-funded undergraduate programmes will increase by a hefty 40%. By 2014/15, the UGC-funded institutions will receive an extra \$3 billion of recurrent grant.

Quality assurance and monitoring

4. Sub-degree, including Associate Degree (AD) and Higher Diploma (HD), qualification is a valuable standalone exit qualification for further studies and employment in administrative and management positions at entry level. The Government is dedicated to promote and enhance the quality of the sub-degree programmes provided by post-secondary education institutions in Hong Kong. A series of measures has been implemented, including:

- (i) All local post-secondary programmes are required to undergo quality assurance before they can be offered in Hong Kong;
- (ii) The Common Descriptors for sub-degree programmes have set out the requirements in areas such as entrance requirements, curriculum content, programme objectives and learning outcomes, so as to better define and differentiate the sub-degree qualifications; and
- (iii) A set of good practices for the sub-degree sector has been compiled having regard to the good practices of the institutions concerned in Hong Kong and overseas, and promulgation of the Handbook on Good Practices in Quality Assurance for the sub-degree sector on the essential principles and practices in quality assurance.

5. To increase transparency of the post-secondary education sector, we have set up the iPASS website – Information Portal for Accredited Self-financing Post-secondary Programmes since 2007, providing detailed information on the self-financing post-secondary programmes and programme operators to facilitate students to access easily the sector’s latest development.

6. The UGC conducted a higher education review in 2010 and submitted the report “Aspirations for the Higher Education System in Hong Kong” to the Government for consideration. The report made 40 recommendations on the post-secondary education system, including suggestions concerning the self-financing sector. In responding to the recommendations, the Government will continue to treat all elements of post-secondary educational provision as a single interlocking system and support the parallel development of both the publicly-funded sector and the self-financing sector. We also support in principle the development of a vertical Credit Accumulation and Transfer System (CATS) to facilitate articulation from sub-degree programmes to senior year undergraduate entry. A Committee on Self-financing Post-secondary Education will be established to advise the Government on the development of the self-financing post-secondary sector.

Support measures to the self-financing post-secondary education sector

7. The self-financing post-secondary sector has played an increasingly important role in increasing the opportunities and widening the choices of post-secondary education for the benefit of our school leavers and sub-degree graduates. During the past few years, we have been making great effort to support the development of the self-financing post-secondary sector and promote the diversification of post-secondary education through various support measures, including:

- (a) Land Grant Scheme which provides land at nominal premium to self-financing non-profit-making post-secondary institutions for the construction of purpose-built premises. Since 2007, four sites have been granted / allotted for the development of self-financing degree programmes. We are also inviting applications for another two sites in Chai Wan and Tseung Kwan O. Separately, we had invited expression of interest for the Queen's Hill site in the New Territories and plan to invite applications in 2012;
- (b) Start-up Loan Scheme which provides interest-free loans to support self-financing non-profit-making post-secondary institutions to develop new college premises and reprovision existing premises. The Scheme was launched in 2001 with a total commitment of \$7 billion and \$5.2 billion was provided thus far. We propose to further increase the commitment by \$2 billion and extend the ambit of the Scheme to cover the development of student hostels;
- (c) Quality Enhancement Grant Scheme which supports projects/initiatives dedicated to enhancing the quality of teaching and learning in the self-financing post-secondary education sector. The three-year scheme was launched in 2008 with a non-recurrent commitment of \$100 million;
- (d) \$2.5 billion Self-financing Post-secondary Education Fund which provides sustainable resources to the self-financing post-secondary sector. The Fund provides scholarships and

support workable initiatives and schemes that aim to enhance the quality of the self-financing post-secondary education. The 2012-13 Budget has proposed injection of \$1 billion into the Fund to establish more scholarship or award schemes to give recognition to more students with outstanding academic performance or remarkable achievements in other areas such as sports, fine art, science and technology and community services;

- (e) We will inject \$3 billion into the Research Endowment Fund to fund self-financing tertiary institutions on a competitive basis to enhance academic and research development; and
- (f) The 2012-13 Budget has proposed allocating \$2.5 billion to launch the sixth Matching Grant Scheme (MGS) in the post-secondary education sector to help institutions tap more funding sources, improve the quality of education and foster a philanthropic culture. The five rounds of the MGS launched since 2003 have helped institutions secure additional resources of \$14.1 billion, comprising \$9.2 billion private donations and \$4.9 billion government matching grants. For the first time, the proposed sixth MGS will cover all statutory and approved post-secondary institutions to further consolidate their development.

8. Through the above measures, we estimate that by 2015, over one-third of our young people in the relevant cohort will have access to degree-level education. Including sub-degree education, over two-thirds of them will have access to post-secondary education.

Employment opportunity for sub-degree graduates

9. The Government has been taking active measures in enhancing and promoting the recognition of the sub-degree qualifications. For civil service appointments, it has already been clearly articulated that qualification of AD graduates is broadly equivalent to HD qualification. At present, there are 14 civil service grades which set sub-degree as entry qualification requirements. In addition, sub-degree graduates may also

apply for grades requiring academic qualifications below sub-degree level, including grades requiring two passes at Advanced Level in Hong Kong Advanced Level Examination plus three credits in Hong Kong Certificate of Education Examination (the so-called “2A3O”) or those requiring attainment of School Certificate level. In sum, there are more than 80 civil service grades which accept applications from sub-degree graduates.

10. As to the commercial sector, the Government continues to work in collaboration with education institutions to step up efforts in promoting the sub-degree qualifications among employers and the business. Currently, many institutions provide career guidance and related services to their sub-degree graduates. In this regard, we encourage and support institutions to develop and implement such initiatives through the Quality Enhancement Grant Scheme.

11. At present, self-financing institutions offer to students a diversity of different full-time locally-accredited post-secondary programmes. Apart from over 300 degree programmes offered by 15 local tertiary institutions, various local post-secondary institutions also run around 500 sub-degree programmes covering different professional disciplines. In addition, there are also a wide variety of continuing education and vocational training programmes. Youngsters can choose the pathway that best suits their abilities and aspirations and develop their potential to the full. These programmes not only provide more choices and opportunities to students, many of them also closely match the need for the economic development in Hong Kong. For example, in support of the development of the six priority industries, more institutions, such as the Open University of Hong Kong, are offering programmes on testing and certification, medical services, and cultural and creative industries.

12. Apart from the traditional academic programmes, vocational education plays an important role in providing a solid foundation for young people to seek employment in various industries. The Vocational Training Council (VTC) offers about 235 000 vocational education and training places, including over 180 HD programmes in nine disciplines. These programmes provide students with professional knowledge as well as general education and training, with emphasis on both theory and practice. In the Policy Address, the Government has proposed to set up

an international Cuisine College under the VTC. The College will provide training facilities and progression pathways for people aspiring to become professional chefs proficient in international cuisines.

Financial assistance for students

13. It is Government's policy that no eligible students will be denied access to education due to lack of means. At present, full-time students pursuing locally-accredited self-financing post-secondary programmes may apply for financial assistance under the Financial Assistance Scheme for Post-secondary Students (FASP). The FASP is a means-tested scheme which provides needy students with financial assistance in the form of grant and/or low-interest loan to help them meet their tuition fees, academic expenses and living expenses. In the 2010/11 academic year, a total amount of about \$790 million in grant and \$260 million in loans were disbursed under FASP to over 22 000 students or one-third of the student population. The average grant and loan amount disbursed was about \$35,000 and \$26,000 respectively.

14. Starting from 2011/12, the Government has implemented a number of improvement measures, including relaxing the income ceiling for full level of assistance under the means test mechanism, adjusting the tiers of assistance and providing additional academic expenses grant to eligible post-secondary students. It is expected that the percentage of post-secondary students receiving full level of assistance would be increased from about 32% to 63% in 2011/12, and the average grant per post-secondary student will increase by about 20 percent.

15. We have further proposed a number of improvement measures to FASP to enhance our support to students engaging in eligible self-financing programmes. These include: (i) relaxing the age limit from 25 to 30; (ii) removing the requirements/restrictions on prior academic qualification for the purpose of applying for assistance; and (iii) removing the repayment requirement of grants for those students who fail to complete the programme and attain the intended qualification within the prescribed period. We aim to implement the above measures from

2012/13.

16. The Government has also put forward a package of proposals to improve the operation of the non-means-tested loan schemes administrated by the Student Financial Assistance Agency, including: reducing the risk-adjusted-factor (RAF) rate of the three schemes to zero, and reviewing the situation after three years; extending the standard repayment period of non-means-tested loans from 10 years to 15 years; relaxing the deferment arrangements such that those borrowers whose applications for deferment have been approved will be allowed an extension of loan repayment period without interest during the approved deferment period; and revising the repayment interval from quarterly to monthly basis. Currently, these proposals are under public consultation. If the proposals are supported by the public, the Government will implement them in phases starting from the next academic year.

17. Furthermore, the Government has announced in the 2012-13 Budget further one-off relief measures to reduce students' repayment burden. We plan to offer all student loan borrowers who complete their studies in 2012 the option to start repaying their student loans one year after completion of studies. This will alleviate the financial burden of fresh graduates and allow them more time to secure a stable job. In addition, we will review the interest rate mechanism for the means-tested living expenses loans and launch improvement measures in the next academic year.

Education Bureau
February 2012