

For discussion on  
24 March 2014

LC Paper No. CB(2)1076/13-14(01)

## **Legislative Council Subcommittee on Poverty**

### **Proposed Community Care Fund Initiatives to Assist Needy Post-secondary Students**

#### **Purpose**

This paper invites comments from Members on our two proposals to seek funding from the Community Care Fund (CCF): first, providing subsidy for needy undergraduate students to meet student hostel expenses so that they are not denied hostel accommodation when offered a hostel place because of lack of means; and second, increasing the academic expenses grant under the Financial Assistance Scheme for Post-secondary Students (FASP) to strengthen our support for needy students pursuing locally-accredited self-financing post-secondary programmes.

#### **Hostel Subsidy**

#### **Background**

##### ***Current policy and situation on student hostel accommodation in universities/post-secondary institutions***

2. Hostel life is an important learning experience for undergraduate students. It can provide students with valuable learning experience outside classroom as well as opportunities for social interaction. According to the prevailing post-secondary student hostel policy, local students pursuing undergraduate programmes at institutions funded by the University Grants Committee (UGC) should be given the opportunity to stay in student hostel for at least one year of their study period. In addition, undergraduate students whose daily travelling time exceeds four hours should be provided with student hostel places. Some self-financing institutions also provide hostel places for undergraduate students.

3. At present, the eight UGC-funded institutions and two self-financing institutions<sup>1</sup> are providing about 20 000 student hostel places for their local undergraduate students and the hostel fee (based on double-room rate) ranges from about \$8,100 to \$14,600 per student per year<sup>2</sup>.

### ***Government assistance currently provided for needy post-secondary students***

4. At present, eligible students pursuing locally-accredited publicly-funded and self-financing post-secondary programmes may apply for assistance under the Tertiary Student Finance Scheme – Publicly-funded Programmes (TSFS) and FASP respectively. Students who pass the income and asset test are eligible for grants and loans. Grants are provided to cover tuition fees and academic expenses, while loans are provided to meet living expenses. For needy students who are eligible for a hostel place, they may find it difficult to bear the expenses incurred from hostel accommodation.

### **Funding Justifications**

5. The Government has already deployed considerable resources into the provision of hostels for post-secondary students, including the allocation of land and construction of hostels. Separately, some institutions have provided assistance for needy students in need of hostel accommodation, subject to the availability of institutional resources. In spite of this, some needy students may still be unable to accept the offer of hostel place due to financial hardship. To ensure that needy students who are offered a hostel place will not be denied hostel life because of lack of means, the Chief Executive announced in the 2014 Policy Address that the CCF Task Force will be invited to consider providing a hostel subsidy for needy undergraduate students who reside in hostels. To take forward this recommendation, the Education Bureau (EDB) will seek funding from the Commission on Poverty (CoP) to provide a hostel subsidy for needy undergraduate students staying in institutional student

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<sup>1</sup> Hong Kong Shue Yan University and Hang Seng Management College.

<sup>2</sup> A different fee may be charged for single rooms, triple rooms and rooms accommodating more than three persons. The fee charged does not cover meals.

hostels. The Education, Employment and Training Task Force and the CCF Task Force under the CoP have both given their support for this proposal.

## **Detailed Recommendations**

### ***Target recipients***

6. Target recipients of the proposed subsidy must fulfill all the following requirements:

- (i) pursuing publicly-funded or locally-accredited self-financing full-time undergraduate programmes;
- (ii) eligible for TSFS or FASP and having passed the Student Financial Assistance Agency's (SFAA) income and asset test;
- (iii) staying in student hostels provided by their institutions<sup>3</sup>; and
- (iv) confirmed by their institutions as hostel resident in the semester<sup>4</sup>.

### ***Assistance level and disbursement mode***

7. With reference to the prevailing level of student hostel fees, the EDB proposes to provide each eligible student with an annual hostel subsidy of up to \$8,000, which is to be funded by the CCF. Considering the fact that students may only opt to stay in hostels for one semester, we propose that the subsidy be provided on a semester basis, with the level of assistance equivalent to the hostel fee payable or \$8,000 per year/\$4,000

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<sup>3</sup> The subsidy does not cover students staying in premises other than student hostels provided by the institutions, such as those solely occupying or sharing a private flat as tenants.

<sup>4</sup> To ensure the effective use of the subsidy, coupled with the fact that certain students may not be able to stay in the hostel throughout the entire semester because of adjustment difficulties and/or other academic needs during the initial period of hostel accommodation, it is proposed that needy students may still receive the subsidy as long as they are confirmed by their institutions as the registered person of the hostel place concerned for at least 75% of the time during a semester. It is also proposed that institutions have the discretion to provide the subsidy for needy students with genuine difficulties who fail to meet the above accommodation time requirement (for example due to unexpected family or health reasons or participation in overseas exchange programmes arranged by their institutions).

per semester, whichever is the lower. The actual amount of subsidy is to be determined according to the student's level of assistance as assessed by the means test mechanism. The proposed hostel subsidy will be disbursed by the SFAA.

### ***Roll-out period***

8. The proposed subsidy will be offered starting from the 2014/15 academic year. Since the proposal involves post-secondary student hostel policy, supply of hostel places, occupation rate of hostels, etc, and hence the Government needs a longer time to review its effectiveness, it is recommended that the proposed subsidy be provided over a period of three years. During implementation, the maximum assistance level will be subject to annual adjustment according to the movement of the Consumer Price Index (A) (CPI(A)).

### ***Estimated provision***

9. Based on the number of hostel places provided for local undergraduate students by institutions, we estimate that the proposed subsidy will incur an expenditure of about \$41 million for the 2014/15 academic year and benefit about 6 600 needy students of publicly-funded or self-financing undergraduate programmes who are staying in institutional hostels. We estimate that the total provision required together with administrative costs over the three-year period will be around \$137 million (administrative expenses are around \$2.49 million, which represents about 1.8% of the total budget of the programme).

## **Increasing Academic Expenses Grant**

### **Background**

10. At present, eligible students pursuing locally-accredited self-financing full-time sub-degree and first degree programmes may apply for financial assistance through the FASP, which is administered by the SFAA. Students who pass the income and asset test are provided with grants to cover tuition fees and academic expenses, and a

low-interest loan to meet living expenses<sup>5</sup>.

11. In the 2013/14 academic year, under the FASP, the maximum tuition fees grant is \$68,110, the maximum academic expenses grant is \$4,700, and the maximum living expenses loan is \$40,960. The maximum assistance levels are adjusted annually according to the movement of the CPI(A). Students assessed to be eligible for full assistance under the means test mechanism may receive the maximum level of grants and loans as mentioned above, while those not eligible for full assistance will receive assistance at various levels.

### **Funding Justifications**

12. The Government launched the FASP in the 2001/02 academic year to provide assistance for needy students pursuing locally-accredited self-financing full-time sub-degree or degree programmes. In the 2012/13 academic year, a total of some 28 000 eligible students received assistance under the scheme. As with students pursuing publicly-funded programmes who apply for assistance under the TSFS, needy students pursuing self-financing post-secondary programmes are eligible for tuition fees grant to cover tuition fees and academic expenses grants to cover academic expenses, such as those on textbooks, reference books, stationery as well as learning-related materials and equipment. To a certain extent, expenses on such educational purposes put financial pressure on needy students. Currently, students pursuing self-financing post-secondary programmes may receive an academic expenses grant of up to \$4,700 per year, which is lower than the maximum assistance level made available to students pursuing publicly-funded programmes<sup>6</sup>. There are views that the prevailing academic expenses grant under the FASP is inadequate to cover all the necessary expenses and support in this regard needs to be strengthened.

13. As announced by the Chief Executive in the 2014 Policy Address, the Government will invite the CCF Task Force to consider increasing the academic expenses grant for needy students pursuing eligible self-financing post-secondary programmes. To take forward

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<sup>5</sup> Eligible students pursuing publicly-funded full-time sub-degree or degree programmes may apply for assistance under the Tertiary Student Finance Scheme – Publicly-funded Programmes.

<sup>6</sup> Ranging from \$6,350 to \$31,040, depending on the academic subject.

this recommendation, the EDB will seek funding from the CoP to raise the maximum level of academic expenses grant under the FASP for needy students to meet daily academic expenses. The Education, Employment and Training Task Force and the CCF Task Force under the CoP have both given their support for this proposal.

## **Detailed Recommendations**

### ***Target recipients and disbursement mode***

14. We propose that funding be sought from the CCF for disbursement of additional academic expenses grant to students who have passed the income and asset test under the FSAP, following the SFAA's practice. Information shows that currently about 80% of the eligible self-financing post-secondary programmes are those on business, social sciences, arts, science, and education. We propose that students pursuing self-financing post-secondary programmes be provided an additional academic expenses grant of up to \$2,000 (an increase of 43%). Based on this recommendation, students pursuing self-financing programmes who are eligible for full grant can receive up to \$6,700 academic expenses grant per year. This is comparable to the amount made available to students pursuing publicly-funded programmes on science and education.

### ***Roll-out period***

15. The proposed grant will be awarded starting from the 2014/15 academic year. We expect that the proposal will strengthen support for needy students pursuing self-financing post-secondary programmes. The Government will also review the level of academic expenses assistance provided for students pursuing publicly-funded and self-financing programmes, having regard to the implementation and development of the new academic structure as well as the overall planning of tertiary education. Since a longer period is required for analysis under the review, it is suggested that the proposed grant be provided for a period of three years. The level of assistance will be subject to annual adjustment according to the movement of the CPI(A), as with the maximum assistance level of the existing academic expenses

grant.

### ***Estimated provision***

16. Based on the recommendations above, we estimate that about 31 000 students will benefit from the proposal each year. The estimated expenditure for the 2014/15 academic year is about \$46 million. We estimate that the total provision required together with administrative costs over the three-year period will amount to around \$151 million (administrative expenses are around \$2.54 million, which represents about 1.7% of the total budget of the programme).

### **Advice Sought**

17. Members are invited to note the paper and comment on the above two proposals.

**Education Bureau**  
**March 2014**