Federation for Self-financing Tertiary Education (FSTE)
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With the continuing decline in HKDSE student numbers, there have been concerns expressed in the media over the sustainability of self-financed post-secondary education institutions. The decline in HKDSE student numbers started in 2013, and this downward trend is projected to continue until 2022. This is a known fact. Self-financing institutions have been well aware of it for some time, and different institutions have put in place different strategies to cope with the situation.

Even with the drop in DSE student numbers, the Self-financing Tertiary Education sector is still a very important sector in Hong Kong, educating close to 77,000 students, and producing over 36,000 graduates every year, with countless graduate success stories. Systematic studies on the academic performance of self-financing sub-degree students, after articulation to UGC-funded degree programmes, show that their performance is no different from those entering UGC funded programmes in their first year[1]. Latest employers' survey also indicates that the majority of employers are, in general, satisfied with the performance of self-financing sub-degree graduates[2].

DSE student numbers will gradually go back up after 2022, reaching the 2016 level around 2026. The pressure on institutions will be most acute in the coming 5 years. FSTE has the following recommendations:

Vouchers: Government now subsidizes every UGC funded degree student around \$200,000 a year and subsidizes around \$100,000 a year for a funded sub-degree student. DSE students who attained 3322 or 22222 but could not get a government-funded place now gets no subsidy. FSTE has been advocating a voucher system, whereby a student with appropriate DSE exam scores entering a self-financing college would not have to pay significantly more than what a student would pay in a subsidized institution. Based on the difference between the median fee of self-financing institutions and the government-funded fee, FSTE proposes a voucher of \$20,000 for sub-degree students and \$25,000 for degree students (for non-laboratory based programmes).

Non-local students: FSTE considers the government imposed ceiling of 10% for mainland students for self-financing institutions as unfair, when UGC-funded institutions can admit up to 20% non-local students. Raising the ceiling to 20% (in line with UGC-funded institutions) would help some institutions especially during the coming 5 years.

Start-up Loan repayment: Many institutions borrowed hundreds of millions from Government to build their campus. These institutions have to set aside large sums of money for government loan repayment. Measures such as extending the interest-free period or loan forgiving (in full or at least in part) would be very helpful, so that these institutions can deploy more resources for teaching and learning purposes.

Federation for Self-financing Tertiary Education

[1]Yuen, Peter P. (2015) Self-financing Sub-degree Programmes in Hong Kong: Facts vs Myths. *Public Administration and Policy*, 18,1,8-15

[2]Education Bureau (2016) *Opinions of Employers on Major Aspects of Performance of First Degree and Sub-degree Graduates in Year 2013*