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[For immediate release]

Presidents of Self-financing Degree-awarding Institutions' Submission of Views to the Task Force on Review of Self-financing Post-secondary Education

The Task Force on Review of Self-financing Post-secondary Education (Task Force) published the Consultation Document on 25 June 2018 with 4 key issues identified including the role of self-financing post-secondary education sector, the current landscape of self-financing sector, regulation of self-financing institutions (SFIs) and the way forward of sub-degree programmes. The Presidents of self-financing degree-awarding institutions (hereafter called "the Group) met and deliberated on the Consultation Document. The Group welcomes and supports the Task Force to put forward proposals on the development of the self-financing post-secondary education sector in Hong Kong for public consultation.

SFIs have been serving a public policy mission in educating our young people and in meeting Hong Kong's diverse talent needs just as Government-funded universities do. The Group is delighted to share the Task Force's view that the Government should take proactive actions in assisting SFIs. As highlighted by the Chairman of the Task Force, SFIs is already playing a complementary role in the post-secondary education sector, i.e. in parallel with UGC-funded institutions. With the financial and policy support from the Government, SFIs will be able to enhance their academic quality, infrastructure and governance, in the long term narrowing the gap with UGC-funded institutions.

In response to the consultation document, the Group would like to take this opportunity to convey our collective opinions and recommendations. We hope that the review can further reaffirm the pivotal role played by SFIs, and benefit the long-term strategic development of the post-secondary education sector and the sustainability of SFIs.

1. Provision of Direct Subsidy to Self-financing Institutions

In view of SFIs' public policy mission, the Government should provide direct subsidy to SFIs. The current system of UGC-funded institutions co-existing with SFIs is healthy, but the UGC-funded institutions are far more developed than the SFIs as they receive substantial direct government recurrent funding (for example, they are subsidized by more than HK$200,000 per student place) and also block grant for capital projects. The self-financing sector was developed in response to the Government's initiative to increase post-secondary education participation rate. However, due to their late development and lack of direct government funding support, it is relatively difficult for the SFIs to operate and recruit students. In addition, as most students from the SFIs come from grassroots families and cannot afford high tuition fees, it is less viable for these institutions to improve teaching quality and upgrade equipment through tuition fee increase. Needless to say, some SFIs have consistently been running at a loss every year, and the sponsoring body has to make up for the difference. Therefore, in many cases, the tuition fee collected by the SFIs is far below the unit cost. Since the launch of the Government's *Non-means-tested Subsidy Scheme for Self-financing Undergraduate Studies in Hong Kong (NMTSS)* in 2017, SFIs' annual tuition fee increase is capped at the rate of annual inflation, which hardly covers the rise in operating expenses.

Just like the UGC-funded institutions, the SFIs have been nurturing talents much needed by the society and contributing significantly to the development of Hong Kong. The Government should, in parallel with the support to UGC-funded institutions, provide direct subsidy to the SFIs on a regular basis. In other parts of the world, such as Taiwan and Singapore, SFIs also receive direct recurrent government funding support. The institutions are self-financing, but this does not mean that Government funding is not required. The Group recommends the Government in the long run could provide a regular direct subsidy to SFIs, say at about 30% of the unit cost of a UGC-funded place.

In the short run, to make it possible for SFIs to take the current decline in DSE graduates as an opportunity to further improve quality as recommended by the Taskforce, the Government should also consider other means of subsidy or one-off funding to alleviate the financial needs of SFIs. The Study Subsidy Scheme for Designated Professions / Sectors (SSSDP) and NMTSS subsidize students' tuition fees for enrolling in relevant programmes offered by the SFIs. These two measures should be highly praised for easing, to some extent, the disparities in the higher education sector. However, both Schemes are not without limitations. They only alleviate the burden of the students paying the tuition fee and do not sponsor the operating expenses of the SFIs while practically restricting fees adjustments to the inflation rate. The Government should consider providing matching funds to SFIs that offer self-financing locally-accredited degree programmes, i.e., direct subsidy to SFIs to match the tuition fee subsidy given to the students under the SSSDP/NMTSS. This will enable the institutions to upgrade the teaching equipment and quality of their programmes so that the quality in training qualified personnel in Hong Kong can be assured. Similar to SSSDP/NMTSS matching fund, the Government should consider supporting SFIs directly by giving subsidy in the form of one-off grant for capital projects, expanded Quality Enhancement Support Scheme (QESS) or start-up funding for new initiatives.

2. <u>Role Differentiation between of UGC-funded Institutions and SFIs: Top-up Degree Articulation Places should be offered by SFIs</u>

The Group agrees to the view in the consultation paper that UGC-funded institutions should focus on their paramount role and mission of providing subvented higher education and conducting academic research for fostering the comprehensive development of the higher education sector. The SFIs, on the other hand, should focus on providing more practical and professional programmes. This will enable rapid response to market needs, offer students more choices, and bring about diversified development in the higher education sector. Over the last decade, the self-financing post-secondary education sector has grown in both size and diversity. Most of the SFIs have well established governance structure and strong academic expertise in niche areas which are comparable with UGC-funded institutions.

Right now, the funded articulation places are promoted as "through-train tickets" for the AD graduates of the self-financing arms of UGC-funded institutions. This makes the self-financing arms or community colleges of UGC-funded institutions a more favorable choice over the degree programmes of SFIs for HKDSE graduates. Joining the self-financing arm for a sub-degree and then to earn a bachelor's degree in four years after HKDSE is just too alluring to those who could not be admitted to a funded FYFD place. To many students and parents, this route is far more attractive than a non-UGC-funded undergraduate place at SFIs. The self-financing arms and community colleges of UGC-funded institutions have become the *de facto* feeder to the 5,000 articulation places.

The Group proposes that the 5,000 articulation places allocated to UGC-funding institutions should be abolished. Instead of providing the 5,000 articulation places to UGC-funding institutions, the funding could be given to SFIs for the same purpose. With a lower unit cost at SFIs, the 5,000 UGC funded senior places (for two years) could easily be translated to 10,000 subsidized places for four years in the self-financing sector.

3. <u>Restriction on Offering Self-financed Programmes Operated by UGC-funded Institutions: Ensuring a Level-playing Field</u>

The original intention of developing the SFIs is to increase the chances for students to receive post-secondary education and bring about diversified development in the higher education sector. However, currently many subvented higher education institutions have been offering self-financing degree programmes through their self-financing arms (or even their funded academic units). These self-financing arms have certain advantages over the SFIs, such as branding and leveraging on existing expertise and resources. Moreover, as the Government has in recent years allocated more articulation places in subvented UGC-funded programmes, this makes the self-financing arms an even more favourable choice over the SFIs for secondary school leavers.

On top of the 5,000 UGC-funded articulation places, some self-financing arms or community colleges of UGC-funded institutions are offering self-financing top-up degrees but with the graduation certificate from the associated UGC-funded universities, without reference to the self-financing arm. Again, the self-financing degree programmes are promoted as a through-train service for associate degree students in the same self-financing arm. The self-financing arms therefore have a double-edge advantage over the other self-financing institutions, because of the seamless articulation to UGC-funded top-up places plus the self-financing degrees bearing the award of the UGC university proper.

In addition, it is increasingly alarming that in recent years several UGC-funded institutions have started offering 4-year or 5-year self-financing bachelor's degree programmes through their UGC-funded academic school/departments. As a result, the development of the SFIs has been hindered even further. The Group expects the Government to address the issue and restrict UGC-funded institutions' (direct and indirect) participation in offering self-financing degrees and sub-degrees. Only with this can the Government provide a level-playing field, e.g. in terms of branding and accreditation process for the self-financing post-secondary education sector.

4. Updating the Regulation of Self-financing Institutions

The Group welcomes the Task Force's recommendation of reviewing and updating the Post Secondary Colleges Ordinance (Cap. 320) which has been enacted since 1960, to reflect the public expectation and Government policy on the regulation of self-financing degree-awarding institutions as well as those providing sub-degree programmes. The Group supports the proposal of applying the updated Cap. 320 to both SFIs and UGC-funded institutions providing self-financing local programmes at sub-degree and/or undergraduate levels. As a result, all post-secondary institutions that are currently registered under Cap. 279 and all self-financing subsidiaries/schools and/or regular academic units of UGC-funded institutions are to migrate to the "reformed" regulatory regime under the aegis of Cap. 320 after the Ordinance is reviewed and modernized. The detachment of the self-financing programmes from the UGC-funded university will foster a fairer and healthier competition in the sector.

As mentioned in the Consultation Document, there are many "non-local" post-secondary education programmes (locally accredited or not) operating in Hong Kong either independently by an overseas institution or jointly with a local partner. These programmes are regulated separately under Cap. 493. The non-local programmes emerged long time ago when Hong Kong had insufficient post-secondary education places but now the landscape has significantly changed to be oversupply of relevant places. Considering quite a number of these non-local programmes are operated by SFIs or self-financing arms of UGC-funded institutions as local partners, the Group opines that they are a major obstacle to a healthy, consistently regulated education environment, and must not be excluded from this Review. In fact, the Group expresses grave concern over the academic quality and governance of these non-local programmes (particularly the non-locally accredited ones). A rigorous review on Cap. 493 including the registration requirements, approval procedures and quality assurance should be conducted.

The Group also requests the Task Force or the authority to review the non-local but locally accredited programmes' eligibility of the Non-means-tested Subsidy (NMTSS) Scheme. It will be more logical to support only local students taking locally-accredited programmes leading to the award of a local academic qualification rather than those leading to a non-local award, i.e. Cap. 493 programmes should be excluded.

The opinions and recommendations are collectively raised by the Presidents of self-financing degree-awarding institutions listed below and have been submitted to the Task Force on Review of Self-financing Post-secondary Education.

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The End

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