

ITEM FOR FINANCE COMMITTEE

**HEAD 146 - GOVERNMENT SECRETARIAT :
EDUCATION AND MANPOWER BUREAU AND
ECONOMIC DEVELOPMENT AND LABOUR BUREAU
(LABOUR)**

Subhead 700 General other non-recurrent

Item 034 Accreditation grant to providers of post-secondary programmes

Members are invited to approve an increase in commitment from \$10 million by \$20 million to \$30 million under Head 146 Subhead 700 Item 034 for the continued provision of financial assistance for the accreditation of post-secondary programmes.

PROBLEM

The approved commitment of \$10 million for providing accreditation grant to providers of post-secondary programmes is insufficient to kick-start the emergence of more self-financing course providers / programmes in the market.

PROPOSAL

2. The Secretary for Education and Manpower proposes to increase the approved commitment from \$10 million by \$20 million to \$30 million for an extension of the accreditation grant scheme.

JUSTIFICATION

3. In November 2001, a new non-recurrent commitment of \$10 million was approved under delegated authority under Head 146 Subhead 700 for introducing the accreditation grant scheme for an initial period of two years.

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4. The purpose of the scheme is to promote diversity in the post-secondary education sector by providing non-self-accrediting providers with financial assistance to undergo academic accreditation. This would widen student choice and contribute towards meeting the Chief Executive's policy target of increasing post-secondary education opportunities for our senior secondary school leavers. For small and start-up providers, the grant effectively relieves their financial burden in the initial years of operation, thus allowing them to gear up their capacity and meet other front-end expenses. It would also provide a level playing field for them to compete with the self-accrediting institutions who do not need to incur such expenses. The scope of and the eligibility for accreditation grant are at Enclosure 1. The scheme is time-limited, as the objective is to facilitate the emergence of a critical mass of self-financing course providers and programmes, and thereafter let the market forces take their course. After all, the objective has always been to encourage the development of a self-financing post-secondary education sector.

5. Since the introduction of the scheme, a total of seven institutions have successfully gone through accreditation, and 25 programmes at sub-degree or degree level have been validated. Of the \$10 million approved commitment for the scheme, the total amount of grant approved to date is \$8,346,000. Details of the applications approved are at Enclosure 2. We expect that the commitment will largely be exhausted in 2002-03.

6. We carried out a review of the effectiveness of the accreditation grant scheme in September 2002. The review reaffirmed our view that the grant is an effective incentive to encourage the provision of a wider variety of programmes within a shorter timeframe. The scheme has facilitated the growth of the self-financing sector and accelerated the provision of more types of courses. It has also alleviated the financial burden of providers in meeting their front-end expenses, otherwise the providers might have to pass the costs on to the first few cohorts of students in the form of higher tuition fees. We are satisfied that the scheme has been able to meet its intended purpose. In the next few years, we envisage that demand for the grant will remain strong in both the degree and sub-degree sectors as post-secondary colleges are seeking to upgrade their programmes or to introduce new ones.

7. In order to sustain the momentum of the initiative, we propose to invest additional non-recurrent funding and extend the scheme along the same existing terms for a longer period of time, bearing in mind the fact that the self-financing post-secondary education sector is still a developing sector. A further review of the scheme would be carried out in 2005.

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FINANCIAL IMPLICATIONS

8. The proposal will incur an additional non-recurrent expenditure of \$20 million. Based on our forecast of the likely demand for the grant (see Enclosure 3), the estimated cashflow requirement is as follows -

Encl. 3

2003-04 \$ million	2004-05 \$ million	2005-06 \$ million	Total \$ million
10	9	1	20

9. Subject to Members' approval, we will include sufficient provision in the annual estimates of the relevant financial year.

BACKGROUND INFORMATION

10. The Chief Executive announced in the 2000 Policy Address that 60% of our senior secondary school leavers should have access to tertiary education within ten years. To support this policy initiative, we have launched a package of support measures for students and providers, including -

- (a) an interest-free start-up loan scheme for post-secondary education providers to meet the costs of premises, refurbishment and equipment;
- (b) a new means-tested financial assistance scheme for needy students pursuing full-time, accredited and self-financing post-secondary programmes (and the Student Travel Subsidy Scheme and the Non-means-tested Loan Scheme have also been extended to these students); and
- (c) a scheme to provide one-off accreditation grants for post-secondary institutions to meet the costs of academic accreditation.

11. The response of the post-secondary sector has been encouraging. In the 2002/03 academic year, there are about 80 programmes providing some 9 000 places at sub-degree level or above for Secondary 5 and Secondary 7 graduates. We have a diverse group of providers, including University Grants Committee-funded institutions and their continuing education arms, the Open University of Hong Kong, Vocational Training Council, colleges registered under the Post-secondary College Ordinance (Cap. 320) and institutions authorized under the Education Ordinance (Cap. 279) to provide post-secondary education. Their programmes all meet the quality assurance requirements set out by the Government. With the emergence of these accredited programmes at sub-degree level, the overall post-secondary participation rate for the 17-20 age cohort has increased from 32% in 2000 to 42% in 2002.

12. On 20 January 2003, we consulted the Legislative Council Panel on Education. Members of the Panel indicated support to the proposal.

Education and Manpower Bureau
February 2003

Scope and Eligibility for Accreditation Grant

To be eligible for the accreditation grant, the following criteria should be fulfilled -

- (a) providers must be non-profit making;
- (b) programmes to be offered must be full-time, self-financing post-secondary programmes leading to a qualification at or above the level of higher diploma, associate degree or professional diploma; and
- (c) accreditation must be conducted by the Hong Kong Council for Academic Accreditation (HKCAA), statutory professional bodies or other accreditation agencies recognised by the Secretary for Education and Manpower.

2. The grant covers the full cost of Institutional Reviews and 50% of the cost of Programme Validations, based on the fee structure of the HKCAA. Institutional Review is an assessment on the suitability of a higher education institution in awarding qualifications at sub-degree level or above, and the evaluation of its general academic environment and its academic processes. Programme Validation is an evaluation on a proposed programme to assess its comparability with its equivalents in Hong Kong and international standards.

3. Assistance would only be offered upon successful accreditation and the grant is one-off in nature, i.e. applicants are not eligible to apply for the grant to cover the cost of subsequent periodic reviews and re-validations. Eligible course providers may apply for the grant to cover the cost of validation for more than one programme.

Approved Accreditation Grant to Providers of Post-secondary Programmes

Institution	No. of Institutional Review	No. of Programme Validations	Total Grant
Hong Kong College of Technology	1	5	\$1,673,000
Caritas Bianchi College of Careers	1	3	\$1,235,000
Hong Kong Institute of Education	-	4	\$806,500
College of Info-Tech	1	5	\$1,673,000
Caritas Francis Hsu College	-	4	\$876,000
Po Leung Kuk Community College	1	2	\$1,016,000
Hong Kong Learning Community College	1	2	\$1,066,500
Subtotal	5	25	\$8,346,000

Note -

1. Based on the fee structure of the Hong Kong Council for Academic Accreditation in 2001-02.
2. We subsidise the full amount of the cost of institutional review and 50% of the cost of programme validation.

**Estimated Cash Flow Requirement Based on
Forecast Demand for the Accreditation Grant**

	2003-04	2004-05	2005-06
No. of institutional reviews	4	5	1
No. of programme validations	27	26	4
Total amount of grant required	\$ 10 million	\$ 9 million	\$ 1 million

Note -

1. Based on the fee structure of the Hong Kong Council for Academic Accreditation in 2002-03.
2. We subsidise the full amount of the cost of institutional review and 50% of the cost of programme validation.