

## **Views on the Proposed Education Funding Cuts --- Submission to Legco Panel on Education**

*Anita Chi-kwan Lee*

*PhD candidate, Department of Comparative Literature, Faculty of Arts;  
Assistant Research Officer, Centre for the Advancement of University Teaching,  
The University of Hong Kong*

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Regarding the recent contention about the proposed education funding cuts, I am writing to submit my views in my capacity as both a postgraduate student and a research staff in The University of Hong Kong.

Before bringing forth the argument, I must emphasize my understanding that, as part of the Hong Kong community, the higher education sector is expected to share the financial burden of the budget deficit. In fact, our UGC-funded institutions have been very cooperative with the government in implementing its policy of gradually tightening resources over the past few years. According to UGC statistics, the amount of the recurrent grants in 2002/03 (HK\$11,748 million) has almost leveled that in 1997/98 (HK\$11,618 million). This is already a decrease of 6.9% from the largest amount of recurrent grants in 1998/99 (HK\$12,623 million). So, instead of increasing resources, Hong Kong has been experiencing a gradual decline in government funding for higher education. The proposed funding for 2004/05 will be further cut to HK\$10,657.8 million, despite the short-lived increase in 2003/04.

As for the next triennium, different percentages of reduction have been suggested to the universities, with the highest amounting to 30%. It is not my intention here to question the real objective behind this move. But the chaos and panic this has aroused will prove more detrimental and impactful. By suggesting a 30% percent reduction, does the Secretary for Education and Manpower really want the UGC-funded institutions to shoulder the total amount of education funding cut in his operating expenditure (OPEX) envelope for the relevant financial years, without even slightly touching the schools sector? If this

is the case, then the education sector is willfully split into two, each fighting for its own resources, and each one set against the other. To what end? Perhaps divide and rule. And if the whole community of Hong Kong has the responsibility to shoulder the deficit together, is it fair to ask one sector to take the burden for the flourish of the other?

And how is a decision made on the percentage of funding reduction for the higher education sector? How will the amounts of recurrent grants be calculated in the future? Now that the government has decided to introduce the proposed Credit Accumulation and Transfer System (CATS), is the current formula based on FTEs still relevant in the calculation of recurrent grants? As we are starting to implement new directives that would impact the higher education sector for the coming future, it is imperative that there is more consultation with the public and all the stakeholders in the sector before any decision are made. The deficit is a fact well recognized, but the ability to shoulder the funding reduction is a more significant factor to consider.

The government announced in its final decision to the UGC Report last year to consider matching grants and other incentives to encourage private sector support for higher education. The matching grants are offered, but how about the other incentives? Will they include attractive tax reductions for donations made, by both corporations and individuals?

I would think that any forward financial planning would inevitably point to the government's policy on higher education. But the present policy is a conflicting one with solutions to problems made in a piecemeal fashion. In 2001, the CE announced the target to achieve 60% participation rate for senior secondary school leavers in 2010/11. And he has pledged more than once in his policy speeches the government's promise to invest in education. But now, all we know is the deep cut that is fast approaching. There seems to be no memory of the pledges made. It would take quite a genius mind to figure out how drastic cuts in the higher education funding in the coming years could achieve a similarly drastic increase in the participation rate from the current 17% to 60% in less than 10 years' time, not to mention the intention to replace the university curriculum from a 3-year one to a 4-year one.

The Sutherland Report last year recommended making all the Associate Degree programs and Taught Postgraduate programs self-funding. I have argued in my submission to the UGC on the above report that the rationale for making Taught Postgraduate programs self-funding is in direct contradiction with the government's avocation of life-long learning. Such a policy would not only discourage those needy but gifted students from furthering their studies, but also not be effective in retaining local talents who have the means to pursue their studies overseas. This is also in direct contraction with the government's target of cultivating and retaining local talents. At the same time that we are asking the students to take on more government loans for their education, have we thought of more rewarding tax schemes for the repayment of the loans? This would definitely be a big encouragement for the students to further their education.

Notwithstanding, the present dispute over the education funding cuts has not even touched on the main issue: that there is a lack of a comprehensive higher education policy to be formulated in relation to the larger framework of education and its effects on society as a whole. The development of other private higher education institutions is disregarded and neglected for most of the time, never included into the map of higher education in the past. Let me say again: it is high time that our government formulated a comprehensive policy integrating all aspects of higher education. It is also time that our society thought about higher education seriously, not as a commodity, but as a cultivating bed of local talents.