

Note from the University Grants Committee Secretariat:
Funding of the Hong Kong Institute of Education
in the 2005-2008 Triennium

For transparency and accuracy, the UGC Secretariat sets out below the main reasons leading to the reduction in recurrent funding to the Hong Kong Institute of Education (HKIEd) during the 2005-2008 triennium.

1. Summary Position

- The reduction in recurrent funding to the HKIEd for the 2005-2008 triennium is mainly due to the following factors -
 - reduction in number of publicly-funded student places;
 - phasing out of front-end loading within the 2005-2008 triennium;
 - replacement of exemption from 10% unit cost reduction in 1998-2001 by a monotechnic premium
 - delivery of 5% efficiency saving in 2007/08; and
 - residual effect of the 3% civil service pay adjustment with effect from 1 January 2005 on the institution's funding requirement.

The last two items above are common to all UGC-funded institutions.

2. Change in Student Numbers

- The total student number, and hence any change in number, is an important element in assessing recurrent funding to be allocated to all UGC-funded institutions. The reduction in student numbers is about 14% in aggregate across all levels at HKIEd. The provision of teacher education places in the UGC sector is subject to the specific manpower planning requirements of the Administration. Such provision thus has taken into account the current situation of surplus teachers, projected demand for teachers (which in turn is affected by the projected decline in school student population), demands for teachers in specific key learning areas, and anticipated needs in upgrading existing teachers in the coming years. The figures do not, however, take account of the possible needs of the change to the 3+3+4 structure for secondary and tertiary education, since the consultation exercise is still on going.
- The nature of HKIEd of being a monotechnic institution focused on the delivery of teacher education programmes means that it has no other programmes to switch student numbers to, to “compensate” for the reduced demand in teacher education places.

3. Front End Loading

- Front-end loading is only given to institutions at their early stage of development or upgrading. For the HKIEd, front-end loading has been provided by the University Grants Committee (UGC) since 1998/99. Since the HKIEd has already become a well-developed institution and obtained self-accreditation status in 2004, the UGC decided it was time gradually to reduce its front-end loading during the triennium and to remove it in the year of 2007/08. It will have thus been in place for nine years. The imminent removal of front end loading has been well known to the HKIEd for some time and was accepted by them as one of the consequences of becoming a self accrediting institution. This practice is wholly consistent with what the UGC did for the other institutions in the past.

4. Monotechnic premium

- The HKIEd was exempted by the UGC from the 10% unit cost reduction that took place in 1998-2001, in view of the fact that it was then at a very early stage of its development. This anomaly is no longer appropriate, since the HKIEd is now a mature institution. However, the UGC has recognised that the monotechnic nature of the HKIEd places constraints on its flexibility of operation and therefore has made an extra-formulaic (upwards) adjustment to its total grant. The monotechnic premium is somewhat less than the exemption figure was.

5. Other Funding Parameters

- The way that the UGC determines funding allocation to HKIEd is consistent with the formula and methodology that apply to all other UGC-funded institutions.

**University Grants Committee Secretariat
3 January 2005**