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Panel on Education

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 11 December 2006**

Sub-degree education

Purpose

This paper summarises the deliberations of the Panel on Education (the Panel) on issues relating to sub-degree education.

Background

2. In his 2000 Policy Address, the Chief Executive announced the Government's commitment to enable 60% of senior secondary school leavers to have access to tertiary education by 2010. To achieve the policy target, the Administration undertook to facilitate tertiary institutions, private enterprises and other organisations to provide options other than traditional sixth form education, such as professional diploma courses, and allocate more resources by providing land and one-off loans to those institutions interested in offering such courses. The Administration also undertook to extend the scope of assistance offered to students.

3. In May 2001, the Secretary for Education and Manpower (SEM) commissioned the University Grants Committee (UGC) to launch a review of higher education in Hong Kong. UGC published the review report entitled "Higher Education in Hong Kong" in March 2002 for public consultation. One of the recommendations of UGC accepted by the Executive Council was to put taught postgraduate and sub-degree programmes on a self-financing basis gradually, subject to specified exceptions.

4. In January 2006, a Steering Committee appointed by the Education and Manpower Bureau to review the development of the post-secondary education sector completed Phase I of its work. The Phase I review mainly took stock

of the development of the post-secondary education sector since the announcement of the policy target stated in the 2000 Policy Address. It also thrashed out the issues involved and summarised the views received.

Deliberations of the Panel

5. The Panel held a series of meetings and met with many educational organisations and concern groups over the past few years to discuss the subject of post-secondary education. The deliberations of the Panel on issues relating to the provision of sub-degree education are summarised in the following paragraphs.

Provision of sub-degree places

6. Members noted that since the announcement of the policy target in 2000, there was a robust development of the post-secondary sector. The post-secondary education participation rate had increased from about 33% in the 2000-2001 academic year to an estimated 66% in the 2005-2006 academic year. According to the review of the Steering Committee, in the 2005-2006 academic year, there were around 50 000 publicly-funded and self-financing places in the bachelor and sub-degree programmes of which 32 570 were sub-degree places. However, the total number of candidates sitting the Hong Kong Advanced Level Examination was 34 000 in the 2005-2006 academic year. Members were concerned about the oversupply of sub-degree places.

7. According to the Administration, the actual demand for and supply of sub-degree places at a given time would depend on the entry requirements and the number of qualified students who wished to enrol in sub-degree courses. To meet the demand of a knowledge-based economy, the Administration considered it appropriate to provide a wider variety of post-secondary programmes and adopt the "lenient entry, stringent exit" principle so that more students could pursue post-secondary studies. Notwithstanding, the exit standards had been rigorously guarded to ensure the quality of sub-degree graduates. Instead of resorting to central planning, the Administration considered it appropriate to let market forces determine the supply of sub-degree places.

Self-financing of sub-degree programmes

8. One of the recommendations accepted by the Executive Council in 2001 was to put taught postgraduate and sub-degree programmes on a self-financing basis gradually, subject to specified exceptions. The exceptions were courses that required high start-up and maintenance costs or access to expensive laboratory/equipment; courses that would meet specific manpower needs; and courses that could be regarded as endangered species, i.e. courses that lacked market appeal to the providers and the students, such as pure arts and science.

9. Members noted with concern that since the implementation of the self-financing policy in the 2003-2004 academic year, around 5 800 publicly-funded places in associate degree/higher diploma programmes offered by UGC-funded institutions had been reduced.

10. The Administration explained that under the self-financing policy, the savings recovered from the sub-degree sector would be ploughed back mainly to benefit students in the same sector through measures such as improving the package of financial assistance to students of self-financing courses. Similarly, the savings generated from phasing out publicly-funded taught post-graduate programmes would be ploughed back to the UGC sector, and a substantial part had been used to increase the provision of articulation places for sub-degree holders.

Existing sub-degree programmes

11. Members had expressed concern about the impact of the self-financing policy on the existing publicly-funded sub-degree programmes provided by the City University of Hong Kong (CityU) and the Hong Kong Polytechnic University (PolyU). They were concerned, in particular, about the long-term viability of these programmes and the impact on staff members who had made substantial contribution to the development of these programmes. The Administration was urged to continue to subsidise existing sub-degree programmes with a long and reputable history.

12. At the meeting on 30 June 2003, the Panel passed a motion calling upon the Administration to provide resources to assist CityU and PolyU in continuing the provision of existing sub-degree programmes to perform the educational duties they had been shouldering since the founding of the institutions. At another meeting of the Panel on 17 November 2003, members urged the Administration to identify a suitable site and provide CityU with sufficient start-up loans for the construction of a new community college to house an associate degree student population of around 5 000. Members also requested the Administration to allow a period of 20 years or longer for the repayment of start-up loans and extend the transitional period from four to six years for withdrawal of funding support for the 13 associate degree programmes provided by CityU.

13. The Administration's view was that with an expanding post-secondary sector, there was a need to free up resources so that more students could benefit from public subsidy in one form or another. The Administration aimed to ensure a more equitable distribution of public resources within a reasonable time frame. The timetable for withdrawing funding support for the sub-degree programmes in CityU and PolyU was recommended by a specialist group set up by UGC based on the same objective criteria and having regard to the institutions' views. The Administration saw no justifications for

disregarding the recommendations of the specialist group.

14. The Administration also explained that it had an established policy to assist self-financing institutions in the provision of post-secondary programmes. Assistance was available in the form of land grant at nominal premium, interest-free loans for the construction of campus and accreditation grants. As an education provider offering self-financing programmes, CityU could submit applications to the Administration in accordance with the established procedures. The Administration would continue to search for and identify suitable sites of different sizes to meet the different requirements of course providers.

15. As regards the repayment period for start-up loans, the Administration responded that the current repayment period was 10 years. The current terms of loans were approved by the Finance Committee on 6 July 2001 and were reasonable and practical. The repayment periods for start-up loans granted so far were all set at 10 years, and the institutions concerned had all expressed confidence in settling the loans in 10 years. Prolonging the repayment period from 10 to 20 years or longer would have financial implications for the Government.

16. At members' request, the Administration agreed to collaborate with the CityU management to identify a suitable site for the construction of a new college campus and facilities for CityU to provide quality associate degree programmes on a self-financing basis in the long run.

Quality of sub-degree programmes

17. Members considered it crucial to ensure the quality of the post-secondary programmes while increasing the tertiary education opportunities. Members requested the Administration to work out a quality assurance mechanism in respect of sub-degree programmes, in particular those offered by non-self-accrediting institutions.

18. The Administration explained to members the various measures to ensure the quality of sub-degree programmes, including -

- (a) establishing a two-tier regulatory framework consisting of registration and accreditation. Registration would provide a legal basis for post-secondary courses to be offered, and accreditation would bear a quality label; and
- (b) maintaining a register of accredited courses. The register would serve as a guide for students.

19. Members noted the Administration's collaboration with UGC, self-accrediting institutions, the Hong Kong Council for Academic

Accreditation (HKCAA) and relevant professional bodies to work out the regulatory framework. Statutory institutions with self-accrediting status had established their internal quality assurance mechanisms to accredit their sub-degree programmes, while sub-degree programmes offered by non-self-accrediting institutions had to be accredited by approved accreditation bodies such as HKCAA and statutory professional bodies. The Administration had established an accreditation grant scheme to provide one-off grants to non-self-accrediting institutions to meet the cost of academic accreditation.

20. The Administration also informed members that it had commissioned the Federation for Continuing Education in Tertiary Institutions (the Federation) to conduct a study to draw up a set of common descriptors for associate degree and equivalent qualifications, having regard to international practices. HKCAA had conducted a similar study and its recommendations on the common descriptors were broadly similar to those of the Federation. Both had agreed to conduct accreditation of different courses on the basis of these common descriptors. Hence, all local associate degree courses would adopt the same set of common descriptors. Those failing to comply with these descriptors would not be accredited.

21. Members noted that the UGC-funded institutions had recently set up the Joint Quality Review Committee (JORC) to oversee their self-financing programmes at sub-degree level. The JORC would conduct on-site visits and observations on the operation of individual sub-degree programmes, and evaluation on their exit standards which were currently set by institutions. JORC aimed to establish the minimum exit standards for sub-degree programmes in the Phase 2 review currently being undertaken by the Steering Committee.

Articulation to undergraduate programmes

22. Members pointed out that the current provision of 840 articulation places in the second and third years of undergraduate programmes in UGC-funded institutions could hardly satisfy the wish of sub-degree holders for pursuing university education. Members considered it necessary to increase the provision of first-year-first-degree (FYFD) places to cater for the need of sub-degree holders in the long term.

23. The Administration responded that the provision of publicly-funded undergraduate places would depend on the availability of resources, and the prioritisation of education expenditure should be subject to wider discussion. Apart from publicly-funded undergraduate programmes, sub-degree programme graduates could pursue further education by enrolling in a variety of self-financing sub-degree, degree and post-graduate programmes offered by local and overseas tertiary institutions. The policy of providing 14 500 FYFD places had been implemented for years, having regard to the available

resources and the admission criteria set by UGC-funded institutions.

24. UGC informed members that it was exploring the feasibility of increasing the number of articulation places in UGC-funded institutions by redeployment of savings generated from phasing out the taught post-graduate programmes. With the approval of the Finance Committee, the Administration agreed to make available a total of 1 680 publicly-funded senior year places by phases during the 2005-2006 to 2007-2008 triennium. The first cohort of 840 places in Year Two was introduced in September 2005, and the second cohort of 840 places would be introduced in 2006-2007 for Year Three.

Employment of sub-degree holders

25. Members had sought information on the employment opportunities for sub-degree holders, in particular their appointment to civil service posts and professional jobs such as accountants.

26. The Administration pointed out that sub-degree was a valuable and self-standing qualification. Many members of the Manpower Development Committee from the commercial sector had indicated that the commercial sector was expecting an adequate supply of sub-degree holders to take up middle-level management work. According to a recent survey on the performance of degree and sub-degree graduates, employers in general considered good working attitude and proficiency in Chinese the most important merits of staff. They found that staff with sub-degree qualifications had demonstrated good working attitudes.

27. According to the information provided by the Administration, a total of 22 professional bodies, including a number of associations of accountants, had indicated that they recognised the associate degree qualifications for the purpose of granting exemptions from parts of their professional examinations. In 2005, the Government had recruited, under either civil service or non-civil service contract terms, some 4 800 persons with qualifications at sub-degree or above levels. Among these new recruits, 1 206 were sub-degree holders.

Support measures

Course providers

28. Members noted that assistance was provided to non-profit-making post-secondary course providers in the form of loans to support the start-up cost and land at a nominal premium for the construction of new post-secondary colleges. Members had expressed concern about the capacity of existing self-financing providers of tertiary education to provide full-time post-secondary education which required a campus environment with supporting facilities. They also expressed doubts about the feasibility of increasing the provision of certain expensive courses on a self-financing basis

with the provision of one-off start-up loans only.

29. The Administration had advised that after careful consideration of concrete data relating to the estimated number of students, teachers and space requirements, etc, it had reached a consensus with the Federation that offering interest-free loans should be adequate. A two-staged approach in offering loan assistance for providers would be adopted. This would allow some time for providers to test the market, particularly those without a solid academic status. For such institutions, the initial loan would be calculated with reference to the rental cost of the initial period, plus renovation and equipment expenses. A higher loan amount for laboratory-based science and technology disciplines would be allowed as these courses were likely to involve more capital investment. After the providers had built up a solid track record in running sub-degree programmes, the Administration would consider providing a more substantial loan for building or buying college premises as a longer-term measure. For the established or self-accrediting institutions, the Administration would consider providing a more substantial loan in the first instance.

30. The Administration noted members' request for retaining vacated school premises for the operation of sub-degree programmes after the necessary conversion works.

Students

31. Students of accredited post-secondary programmes had access to means-tested grants, means-tested loans and non-means-tested loans. The Financial Assistance Scheme for Post-Secondary Students (FASP) provided a means-tested grant or loan to cover tuition fees for locally accredited, self-financing full time post-secondary programmes leading to a sub-degree or higher qualification. Under the Local Student Finance Scheme (LSFS) which was applicable to students pursuing publicly-funded post-secondary programmes, the most needy students received full grants for both tuition fees and academic expenses while the less needy students received partial grants for payment of tuition fees and academic expenses.

32. Many student organisations had expressed concern about the disparity of treatment between students of self-financing and publicly-funded programmes. They called for a merger of the two financial assistance schemes.

33. The Administration explained to members its proposals to bring the means-tested grant under FASP on par with that of LSFS with effect from the 2006-2007 academic year and increase the ceiling for Non-means-tested Loan Scheme for Post-secondary Students (NLSPS) to cover academic expenses, in addition to tuition fees and living expenses, for those students who did not receive the maximum grant. Subject to the availability of resources, the Administration would explore the feasibility of further improving the provision

of financial assistance under the two schemes. The Administration also pointed out that the savings arising from the withdrawal of subvention for previously publicly-funded sub-degree programmes were around \$400 million, while the additional allocation for improving the provision of financial assistance to students of local accredited self-financing programmes would be around \$780 million in the 2010-2011 academic year.

34. The financial proposals for improving FASP and NLSPS were approved by the Finance Committee on 19 May 2006.

Relevant papers

35. A list of the relevant papers on the Legislative Council website is in **Appendix I**. A list of the relevant motions moved and questions raised at Council meetings is in **Appendix II**.

Council Business Division 2
Legislative Council Secretariat
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List of papers relating to sub-degree education

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
13.10.2000	Panel on Education	Minutes of meeting	CB(2)276/00-01
23.4.2001	Panel on Education	Minutes of meeting	CB(2)1829/00-01
		Administration's paper on "Increase in Post-secondary Education Opportunities"	CB(2)1317/00-01(03)
26.3.2002	Panel on Education	Minutes of meeting	CB(2)2174/01-02
		The Report on Higher Education in Hong Kong	Report
7.5.2002	Panel on Education	Minutes of meeting	CB(2)2339/01-02
13.5.2002	Panel on Education	Minutes of meeting	CB(2)2340/01-02
2.12.2002	Panel on Education	Minutes of meeting	CB(2)901/02-03
		Legislative Council Brief on "Higher Education Review and rolling over the 2001-02 to 2003-04 triennium to the 2004-05 academic year"	EMB CR 3/21/2041/89
20.1.2003	Panel on Education	Minutes of meeting	CB(2)1177/02-03
		Administration's paper on "Accreditation Grant for Post-Secondary Programme Providers"	CB(2)894/02-03(01)
30.6.2003	Panel on Education	Minutes of meeting	CB(2)3057/02-03
		Administration's paper on "Review of the funding of sub-degree programmes"	CB(2)2662/02-03(01)

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
20.10.2003	Panel on Education	Minutes of meeting	CB(2)341/03-04
		Administration's paper on "Future provision of associate degree programmes in the City University of Hong Kong"	CB(2)111/03-04(01)
17.11.2003	Panel on Education	Minutes of meeting	CB(2)636/03-04
		Administration's paper on "Future provision of associate degree programmes in the City University of Hong Kong"	CB(2)111/03-04(01)
27.3.2006	Panel on Education	Minutes of meeting	CB(2)1879/05-06
		Administration's paper on "Review of the Post-secondary Education Sector and Financial Assistance Schemes for Post-secondary Students"	CB(2)1449/05-06(01)
19.5.2006	Finance Committee	Minutes of meeting	FC5/06-07
		Head 173 – Student Financial Assistance Agency Subhead 228 Student financial assistance Loan Fund Head 254 – Loans to Students Subhead 102 Non-means-tested loan scheme	FCR(2006-07)9

**List of questions raised / motions moved at Council meetings
relating to sub-degree education**

Meeting Date	Question/Motion
27.6.2001	Hon CHEUNG Man-kwong moved a motion on "Increasing the opportunities for tertiary education". [Hansard (page 196 - 254)]
21.11.2001	Hon SIN Chung-kai raised a written question on "Provision of Sub-degree and High Diploma IT-related Programmes". [Hansard (page 76 - 79)]
6.3.2002	Hon CHEUNG Man-kwong raised a written question on "Recognition of Associate Degree Programmes". [Hansard (page 11 - 13)]
6.3.2002	Hon Frederick FUNG raised a written question on "Associate Degree and Higher Diploma Programmes". [Hansard (page 13 - 15)]
13.3.2002	Hon CHEUNG Man-kwong raised a written question on "Courses at Diploma to Degree Levels Conducted by Local and Non-local Education Institutes". [Hansard (page 55 - 57)]
12.6.2002	Ir Dr Hon Raymond HO Chung-tai moved a motion on "Associate degree". [Hansard (page 83 - 155)]
11.12.2002	Hon WONG Sing-chi raised an oral question on "Funding for Sub-degree Programmes". [Hansard (page 24 - 32)]
9.7.2003	Hon SZETO Wah raised an oral question on "Provision of Post-secondary Places". [Hansard (page 53 - 63)]
9.6.2004	Ir Dr Hon Raymond HO Chung-tai raised a written question on "Dropout of Students of Sub-degree and Degree Programmes". [Hansard (page 78 - 79)]
3.11.2004	Hon Frederick FUNG raised a written question on "Self-financing Courses Operated by Tertiary Institutions". [Hansard (page 75 - 81)]

Meeting Date	Question/Motion
9.3.2005	Hon CHEUNG Man-kwong raised a written question on "Allowing 60% of Secondary School Leavers to receive Tertiary Education". [Hansard (page 77 - 83)]
16.11.2005	Hon CHEUNG Man-kwong raised a oral question on "Statistics on student finance schemes". [Hansard (page 56 - 67)]
10.5.2006	Hon CHEUNG Man-kwong raised a written question on "Statistics on higher education". [Hansard (page 86 - 91)]
10.5.2006	Hon CHEUNG Man-kwong moved a motion on "Strengthening the development of post-secondary education and upgrading the quality of sub-degree courses". [Hansard (page 313 - 363)]

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