

## **ITEM FOR FINANCE COMMITTEE**

### **HEAD 173 – STUDENT FINANCIAL ASSISTANCE AGENCY**

#### **Subhead 700 General non-recurrent**

#### **Item 920 Financial Assistance Scheme for Designated Evening Adult Education Courses**

Members are invited to approve the continuation of the Financial Assistance Scheme for Designated Evening Adult Education Courses with expanded scope.

#### **PROBLEM**

There is a continuous demand for evening adult secondary education. Calls have also been made by some quarters of the community to provide further financial assistance for adult learners in need.

#### **PROPOSAL**

2. The Secretary for Education proposes to continue the Financial Assistance Scheme for Designated Evening Adult Education Courses (the Scheme) and to expand its scope from the 2008/09 school year onwards as follows –

- (a) extending the levels of study of the Scheme to cover junior secondary courses, i.e. Secondary 1 to 3; and
- (b) adding a 50% tuition fee reimbursement assistance level.

#### **JUSTIFICATION**

3. The Scheme was introduced in the 2005/06 school year to provide financial assistance to adult learners (aged 17 or above) attending senior secondary evening courses offered by the approved course provider(s) in designated centres. After three years of operation, we have conducted a review on the Scheme and the key findings of the review are set out in the ensuing paragraphs.

*/Continuous .....*

*Continuous demand for evening mainstream secondary courses*

4. In recent years, the Government has provided a range of education and training programmes, such as Project Yi Jin, Skills Upgrading Scheme, Continuing Education Fund, for adult learners. Notwithstanding, there is still a continuous demand from adult learners, in particular working adults and new immigrants who did not have the opportunity to receive basic education in Hong Kong in the past, to pursue secondary education by attending evening mainstream secondary courses.

5. Since the 2005/06 school year, the enrolment figures for mainstream evening secondary schools (including approved courses under the Scheme and courses offered by private evening schools) have hovered around 5 000 each year. The enrolment figures, with those under the Scheme and its share of total enrolment shown in brackets, are tabulated below –

School year	Enrolment			
	Secondary 1 - 3	Secondary 4 - 5	Secondary 6 - 7	Total
2005/06	336	3 854 (931 or 24%)	820 (0 or 0%)	5 010 (931 or 19%)
2006/07	361	3 673 (1 028 or 28%)	718 (27 or 4%)	4 752 (1 055 or 22%)
2007/08	360	4 132 (993 or 24%)	457 (25 or 5%)	4 949 (1 018 or 21%)

*Note - Enrolment figures represent the position in September of each school year.*

Given the steady and continuous demand for adult education, we see a need to continue the Scheme to provide financial assistance to those who pursue evening mainstream secondary education.

*Effectiveness of the Scheme*

6. The cumulative drop out rates of adult learners of the Scheme for the 2005/06 and 2006/07 school years were 31% and 30% respectively. For those who have completed the courses in these two school years, 73% met the minimum attendance requirements and were successful in getting 30% or full (100%) tuition fee reimbursement. In other words, over 50% of those who enrolled in the secondary courses under the Scheme were eligible for financial assistance. According to information provided by the approved course provider, of the students who sat for the Hong Kong Certificate of Education Examination in the 2006/07 school year, almost 10% attained the basic requirements for Secondary 6 to continue with their studies.

7. To enhance our financial support to the Scheme, we have arranged to reimburse rental charges to the approved course provider in respect of the designated centres running evening secondary courses under the Scheme. The expenditure was \$0.8 million in the 2006/07 school year. With this enhanced support, the approved course provider is able to lower its operating costs and keep the tuition fees at a reasonably low level without affecting the quality of the courses provided. The tuition fees of evening secondary courses in the 2007/08 school year are as follows –

Courses	Tuition fee (per annum)		
	Secondary 1 - 3	Secondary 4 - 5	Secondary 6 - 7
As provided under the Scheme	NA	\$8,500	\$10,600
Other courses	\$7,200 – \$9,400	\$6,000 – \$15,600	\$8,400 – \$15,740

8. Most of the adult learners enrolled in evening secondary courses under the Scheme are working adults earning a meager salary due to their low academic educational level. The completion of secondary education will enable these adult learners to attain the basic academic qualification for further education and/or employment purposes. The provision of financial assistance has reduced their financial burden and provided them an incentive to complete the course.

### ***Proposed enhancements***

#### **Extending levels of study**

9. Among the above-mentioned 5 000 adult learners in mainstream evening secondary schools, about 350 are studying in the junior secondary courses per year. These adult learners, including new arrivals from the Mainland, need to start their secondary education from the junior level which will provide them with a more solid foundation to ensure a higher chance of success in the senior secondary level. With a less favourable academic background and earning relatively low income in general, they are in need of financial assistance to pursue their studies. We propose to extend the scope of the Scheme to cover junior secondary courses, i.e. Secondary 1 to 3 to benefit these adult learners as well. We estimate that about 300 adult learners will benefit from the extension per year.

/Adding .....

**Adding a new reimbursement assistance level**

10. At present, a student of a four-member family will be able to get 100% tuition fee reimbursement under the Scheme if his/her gross family income is less than \$8,291 per month<sup>1</sup> in the 2007/08 school year, subject to his/her meeting the minimum attendance requirements. If his/her family income exceeds this limit, he/she will still get a 30% tuition fee reimbursement after attaining the minimum attendance requirements. In our review, we have identified a need to strengthen financial assistance for students of low-income families. We therefore propose to provide an additional subsidy level by introducing the standard means test for half grant currently administered by the Student Financial Assistance Agency (SFAA) for daytime secondary students. Under this new arrangement, students from a four-member family meeting the attendance requirements and whose family income ranges from \$8,291 to \$22,140 per month<sup>1</sup> will be eligible for a 50% tuition fee reimbursement. The eligibility criteria for financial assistance under the enhanced Scheme are detailed at the Enclosure.

Encl.

11. Subject to Members' approval of the proposals in paragraph 2 above, we will conduct an open invitation exercise to select suitable non-profit-making course provider(s) to operate the enhanced Scheme, as the service agreement with the existing approved course provider will expire in August 2008. The approved course provider(s) will be required to adopt the New Senior Secondary Curriculum with effect from the 2009/10 school year, in line with the implementation of the new academic structure and curriculum for senior secondary education in day schools. The SFAA will continue to be responsible for processing applications and disbursing subsidy to adult learners under the enhanced Scheme.

**FINANCIAL IMPLICATIONS**

12. Of the \$36 million commitment approved by this Committee for the Scheme in May 2005, we estimate that there will be an unspent balance of about \$29 million after taking into account the financial assistance payable to adult learners of the 2005/06 to 2007/08 school years.

13. With the proposed enhancements, we estimate that about 1 500 learners will enroll in the evening secondary courses under the enhanced Scheme each year. The estimated annual expenditure is –

/Type .....

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<sup>1</sup> The limit(s) is/are annually adjusted in accordance with the movement of the Consumer Price Index (A).

Type of subsidies under the Enhanced Scheme	Estimated expenditure per school year (\$ million)
(a) basic subsidy for reimbursement of 30% tuition fee for adult learners meeting the attendance requirement	0.9
(b) full fee reimbursement for adult learners passing the means test and meeting the attendance requirement	1.0
(c) proposed half fee reimbursement for adult learners passing the means test and meeting the attendance requirement	1.2
<b>Total</b>	3.1

The projected cash flow of the enhanced Scheme in the next two financial years<sup>2</sup> is set out below –

Financial Year	\$ million
2009-10	3.1
2010-11	3.1

14. The actual expenditure of the Scheme will depend on factors such as the number of intakes and the number of adult learners meeting the attendance requirement as well as the number of such adult learners eligible for full/half fee reimbursement. The expenditure will also be affected by the implementation of the New Senior Secondary Curriculum from the 2009/10 school year onwards. Subject to Members' approval of the proposals, we will operate the enhanced Scheme with the unspent balance of the commitment pending the outcome of the review mentioned in paragraph 16 below.

15. Regarding the reimbursement of rental charges for the course provider(s) to run the courses at designated centres under the Scheme, we will continue to absorb these funding requirements using existing resources of Head 156 Government Secretariat : Education Bureau.

**/PUBLIC .....**

<sup>2</sup> Financial assistance under the enhanced Scheme will continue to be payable on a reimbursement basis upon completion of the relevant level of study. Therefore, the first financial year whereby cash flow will be incurred for the enhanced Scheme will be 2009-10, one year after the 2008/09 school year when the enhanced Scheme will be implemented. Furthermore, as the enhanced Scheme will be reviewed after the completion of the 2008/09 school year (please see paragraph 16), the cash flow requirement after 2010-11 will be subject to the outcome of the review.

## **PUBLIC CONSULTATION**

16. The proposed enhancements are made having considered the views of the Concern Group for Former Government Evening Schools, individual adult learners and the existing approved course provider. The Legislative Council Panel on Education discussed the proposal on 26 March 2008 and 14 April 2008 respectively. While noting the improvements to the Scheme that the proposal would bring, Members considered that the Administration should further enhance support for students attending designated evening adult education courses, including providing adult learners with free education under the Scheme, reviewing the existing payment mode whereby financial assistance is provided on a reimbursement basis to eligible learners upon their meeting the eligibility criteria, lowering the 80% attendance requirement, providing assistance to adult learners attending evening secondary courses operated by other non-profit-making course providers, and establishing more designated centres under the Scheme, particularly in remote areas. As some suggestions raised by Members involve changes to certain fundamental aspects of the Scheme and require careful consideration, we undertook to review the enhanced Scheme after the completion of the 2008/09 school year when we would have a better grasp of the effectiveness of the improvements to be made under the current proposal. It will also provide us more time to work through the implications of the various suggestions.

## **BACKGROUND**

17. The Finance Committee approved in May 2005 vide FCR(2005-06)7 a commitment of \$36 million to implement the Scheme from the 2005/06 to 2007/08 school years. Learners meeting the eligibility criteria, such as having at least 80% attendance, are eligible for 30% reimbursement of the tuition fees. Full reimbursement (100%) of the tuition fees are provided for those who meet the eligibility criteria and pass the means test for full grant administered by SFAA. Students with financial hardship for making upfront payment of the initial tuition fees may apply for loans under the Non-means Tested Loan Scheme administered by the SFAA.

18. We undertook to review the Scheme in the third year of operation (i.e. in the 2007/08 school year) with due regard to the demand and effectiveness of the Scheme, the potential impact of the reform of the academic structure for senior secondary education and higher education, as well as the situation on continuing education.

**Proposed Eligibility Criteria for  
the Enhanced Financial Assistance Scheme  
for Designated Evening Adult Education Courses**

- The eligibility criteria for receiving assistance under the enhanced Scheme are as follows –
  - (a) applicants should be aged 17 or above;
  - (b) eligibility is restricted to designated secondary courses (inclusive of all secondary levels) that are quality-assured and commissioned by the Education Bureau;
  - (c) subsidies are provided on reimbursement basis whereby learners are required to attain the following minimum attendance requirements –
    - (i) at least 80% attendance; or
    - (ii) at least 60% attendance plus an overall pass in the final examination; or
    - (iii) at least 60% attendance plus inclusion of an exemption for the remaining 20% attendance to be proved by prescribed means including medical certificates or employers' certification of work commitment; and
  - (d) since Project Yi Jin is also pitched at secondary education level and offers an alternative route to mainstream secondary education, applicants may not receive financial assistance under both schemes, regardless of whether they succeed or fail to complete the programme or attain the desired qualification under one of the two schemes. Furthermore, they may not receive financial assistance for repeating the same level of study under the Scheme.
  
- Students meeting the above-mentioned criteria are eligible for reimbursement of 30% of the tuition fees, regardless of their financial position. Full reimbursement (i.e. 100% of the tuition fees) or half reimbursement (i.e. 50% of the tuition fees) will be provided for those who meet the criteria and pass the means test administered by the Student Financial Assistance Agency (SFAA) for full grant or half grant respectively. Students with financial hardship for making upfront payment of the initial tuition fees may apply for loans under the Non-means Tested Loan Scheme administered by the SFAA.

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