

Supplementary Information on

FCR(2010-11)9 : HEAD 190 – UNIVERSITY GRANTS COMMITTEE

Subhead 700 General non-recurrent

New Item “Fifth matching grant scheme for local degree-awarding institutions”

for the FC Meeting on 30 April 2010

As requested by the FC Chairman at the pre-meeting briefing with the Administration on 28 April 2010, supplementary information on the above FCai is appended below.

Matching funds secured

2. As mentioned in paragraphs 3 and 7 of the FCai, participating institutions have secured a total of **\$10.8 billion** in the four rounds of Matching Grant Scheme (MGS), comprising government matching grants and private donations. This amount includes donations received by institutions but not matched under the Scheme (e.g. those donations exceeding the ceiling).

Use of matching funds

3. A total of around **\$10.4 billion** is included in the consolidated plans for utilising the resources, after excluding those unmatched donations but adding the interest and investment income. This amount comprises \$10.2 billion for University Grants Committee (UGC)-funded institutions (as shown in paragraph 8 of the FCai) and \$0.2 billion for the two self-financing universities (as shown in paragraph 9 of the FCai). Details are set out below –

	8 UGC-funded institutions (A) \$ billion	2 self-financing universities (B) \$ billion	All 10 institutions (C) = (A) + (B) \$ billion
Funds secured under MGS	10.6	0.2	10.8
<u>Less:</u> unmatched donations	(1.2)	(-)*	(1.2)
<u>Add:</u> interest and investment income	0.8	-*	0.8
Funds under the utilisation plan	10.2	0.2	10.4

** figures being too minimal*

4. In terms of utilisation, \$2.9 billion has been set aside as endowments to generate investment income on a recurrent basis. Out of the \$2.9 billion endowments, \$1.3 billion is for funding teaching and research enhancement/professorships, \$0.8 billion for scholarship, and the remaining \$0.8 billion is for other purposes such as funding student development/activities.

5. In terms of areas of expenditure, the consolidated plans indicate that the funds utilised for “teaching and research enhancement” and “academic strength and niche area development” are \$5,643 million (\$3,028 million + \$2,615 million) and \$42 million (\$9 million + \$33 million) for the eight UGC-funded institutions and the two self-financing universities respectively. These include \$1.3 billion of endowments for funding teaching and research enhancement/professorships as mentioned in paragraph 4 above.

6. The primary objective of the matching grant scheme is to promote the philanthropic culture and to seek diversification of funding in support of the higher education sector. Whilst the MGS has stipulated a number of general conditions for the use of the funds, we have not imposed conditions which seek to direct where, for example, a certain percentage of donation funds should be spent. The decision is best left to individual institutions, having regard to their different roles and missions. Institutions also have to respect the wishes of their donors if donations are designated for specific purposes (including research). The extra funding (including those designated as endowments for research purpose) secured under the scheme will help finance the institutions’ operations, including aiding their furtherance of research activities.

Education Bureau
30 April 2010