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25 August 2011

Ms Amy Yu
Clerk to the Panel on Education
Legislative Council
8 Jackson Road
Central

Dear Ms Yu,

LegCo Panel on Education meeting on 11 July 2011
Item V: Allocation of research funding and
undergraduate student places

The Chairman of the University Grants Committee (UGC) was grateful for the opportunity to attend the Education Panel meeting on 11 July and to explain some of our policy. The UGC would like to provide further response to the various issues raised at the meeting:

1. **Impact of competition on the quality of education**

Some Education Panel members expressed doubts on the benefit of competition on the quality of education in general. It was suggested that by introducing more competition to research funding and undergraduate places, the UGC would in fact be undermining the quality of higher education as institutions would focus on hiring “star” researchers to do research in order to obtain more funding and move up the various global rankings of universities, all at the expense of the teaching of students.

The UGC wishes to emphasize again that the hiring of academic staff is a matter of institutional autonomy and is entirely the internal policy of each institution. Neither does the UGC take into consideration the rankings or league tables of any sort, whether local or international, in allocating funds to our institutions. The UGC places great importance on teaching and learning,

which is the core mission of higher education. Thus, 75% of our block grant to institutions each triennium is earmarked for teaching and 25% for research. In addition, research and teaching are tightly integrated where research informs teaching benefiting students' learning and their education.

In evaluating the institutions' Academic Development Proposals ("ADP") which form the key basis of our allocation of funding for each triennium, we evaluate each such proposal on its merits and in the totality of the institution's mission, role and strategic goals. The quality of teaching and learning is a key component of the assessing criteria [*see details in our background paper LC Paper No. CB(2)2291/10-11(07) to LegCo*].

It is universally accepted that competition is a driving force for excellence. While we believe strongly in this principle, we are mindful of the impact of the quantum and pace being introduced and have taken into consideration the concerns expressed by the institutions. We have therefore modified the competitive elements to be introduced in the 2012-15 triennium. By any standard the measures to be introduced are very mild indeed: (i) 6% of First Year Student Places being placed in a competitive pool, with 94% remaining unchanged from prior allocation model; and (ii) over a nine-year period, 12.5% of the total block grant in funding research will be subject to the new competition.

2. Commercialization of higher education

A few representatives of staff associations as well as Education Panel members expressed the view that UGC's policy in introducing more competition was a "commercialization" of higher education. It is unclear to us what is meant by such term.

The UGC has always held the view that higher education is an investment in our young people and the future of our society, the fruits of which are unquantifiable and will not be immediately evident. Such investment cannot be measured in terms of "returns on investment" or other commercial terms. However, this does not mean that public money spent on higher education should not be subject to accountability. As the disbursing agent for the public funds in the higher education sector, the UGC has the responsibility to ensure that money disbursed to institutions is properly and efficiently spent. Other than broad principles and perimeters, the UGC does not prescribe the manner in which the institutions spend the funds allocated to them.

It was also suggested that by introducing competition, the UGC would be “forcing” the institutions to eliminate courses which do not attract sufficient students or which have less application value such as those in humanities and social sciences. We wish to emphasize again that the decision to add or phase out any academic programs is entirely up to the institution and falls squarely within academic freedom and institutional autonomy. In the ADP exercise, the UGC panel of experts not only evaluate what curriculum the institutions proposed to offer or enhance, but also those that the institutions wish to phase out. These are considered together in their totality in light of the institution’s strategic goals and the UGC does not hold any view on any particular discipline.

3. Impact on humanities and social sciences disciplines

A few members suggested at the meeting that the competitive measures being introduced by the UGC would place the humanities and social science disciplines (“HSS”) at a disadvantage. We have explained in paragraph 10 of our paper to LegCo that in response to such concerns voiced by some institutions, the UGC has already introduced additional measures to support and facilitate research by HSS faculty members. For instance, a premium will be introduced to provide additional support when HSS academics receive their research grants, and additional funding of \$20 million per year will be provided to the Research Grants Council (RGC) to support HSS academics, through expansion in the scope and duration of the teaching relief grants, and the introduction of a new fellowship scheme for outstanding academics in all HSS disciplines. In addition, the UGC was pleased to note that all institutions are enhancing their core curriculum and general education to include substantial components on HSS in their new 4-year curriculum.

4. Appeal Mechanism

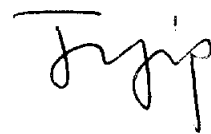
A couple of members suggested that there should be an appeal mechanism for those institutions not satisfied with the outcome of the allocation decision. We had explained that in the allocation of student places or funding, an appeal mechanism would not work for the following reasons: (i) since the size of the fund or student places are finite, the UGC would have to remove student places or funds already allocated to the other institutions in order to satisfy the successful appellant(s), thereby prompting more appeals; (ii) having an appeal mechanism would invariably invite appeal from those who want to get more than what they had been allocated. This would render the entire exercise unworkable.

It was further suggested that perhaps a sum could be set aside at the outset of the competitive exercise to serve as a "reserve" for appeal purposes. This would in essence mean a further top-slicing of the student places or funding from the entire pool before the exercise. Query whether this would be a fair system if a reserve is placed aside for those did not get the allocation they desire, at the expense of those who were assessed to deserve their share.

We believe that in order for the system to work, the parties must be engaged in setting the rules and criteria of the assessment before the process begins. We held extensive consultation with the institutions in reaching consensus on the criteria of assessing the ADP and all institutions understand that there could be no appeal once the assessment is done by the UGC.

We hope that the above would further enable Panel Members to understand the reasons behind our policy in introducing a small element of competitiveness to our funding and allocation exercise. The UGC is now working out the funding requirements for the 2012-15 triennium and will soon submit our recommendations to the Administration. A detailed breakdown on the student numbers and resources to the institutions will then be submitted to the Legislative Council later this year.

Yours sincerely,



(Miss Jenny Yip)
for Secretary-General

c.c. Secretary for Education