

For discussion
on 14 April 2014

Legislative Council Panel on Education

Increasing Subsidised Higher Education Opportunities

PURPOSE

This paper seeks Members' views on the following three initiatives announced in the 2014 Policy Address to broaden the opportunities for local students of receiving higher education –

- (a) launching a new scholarship scheme to support up to 100 outstanding Hong Kong students per cohort to study in renowned universities outside Hong Kong, starting from the 2015/16 academic year;
- (b) exploring how to practically introduce a new subsidy scheme starting from the 2015/16 academic year to subsidize up to 1 000 students per cohort to pursue designated full-time locally-accredited self-financing undergraduate programmes in selected disciplines to nurture talents to meet Hong Kong's social and economic needs; and
- (c) launching the Mainland University Study Subsidy Scheme starting from the 2014/15 academic year to support needy students pursuing studies under the Scheme for Admission of Hong Kong Students to Mainland Higher Education Institutions.

PROPOSALS

(a) Scholarship scheme for studying outside Hong Kong

Objectives

2. We propose the establishment of a new Scholarship Scheme for supporting local students to pursue studies outside Hong Kong (the Scholarship Scheme) with a view to grooming a top cadre of talents with global vision, international network and world-class education, thereby contributing to enhancing Hong Kong's competitiveness as Asia's World City amidst intense

competition in a globalised knowledge economy. The Scholarship Scheme seeks to complement rather than compete with local universities, and hence **priority will be given to those students applying for studies in disciplines or programmes not available in Hong Kong but are conducive to building up or diversifying our talent for the sustainable development and long-term competitiveness of Hong Kong.**

Eligibility

3. We propose that the Scholarship Scheme should be merit-based, targeting the best and brightest Hong Kong students admitted to world renowned universities or programmes. Initially **up to 100 scholarships will be awarded each year** to support the brightest students to pursue degree education outside Hong Kong, primarily at undergraduate level.

4. The Scheme seeks to benefit Hong Kong students who –
- (a) have right of abode or right to land, or have entered Hong Kong on One-way Permits (OWP); and
 - (b) have resided in Hong Kong continuously for three complete years immediately prior to the commencement of the academic programme outside Hong Kong.

For the avoidance of doubt, those applicants who cannot demonstrate that they can return to Hong Kong upon graduation to work (see paragraph 12 below) will not be considered.

5. For undergraduate programmes, we recommend that only students who have completed their formal school education in Hong Kong are eligible. This would cover all Hong Kong students receiving senior secondary education in Hong Kong, including those studying local (i.e. Hong Kong Diploma of Secondary Education) and non-local curricula (e.g. International Baccalaureate, etc.) in Hong Kong.

6. Awardees will be selected through a rigorous selection process. Consistent with the practices for other prestigious scholarship schemes, we plan to establish a Steering Committee comprising community leaders for deciding on the selection criteria. We also plan to set up selection panels for vetting, interviewing and selecting qualified applicants in accordance with the criteria and directions set out by the Steering Committee.

7. Selection for award is primarily based on the applicant's merit in terms of academic and non-academic achievements, leadership qualities and potential, as well as contribution and commitment to Hong Kong, particularly the willingness to contribute to Hong Kong after completion of studies. In addition, we will take into account the following –

- (a) the candidates should receive confirmed or conditional offer(s) from renowned university(ies) for programmes at undergraduate or above levels;
- (b) while there is no limitation on the disciplines of study, priority will be given to programmes that are conducive to building up Hong Kong's long-term competitiveness, in particular those not available in Hong Kong; and
- (c) other things being equal, priority will be given to students from needy families who will otherwise not have the opportunity to support their studies in prestigious overseas universities.

Scholarship and bursary

8. We propose a two-tiered structure whereby all awardees will receive a **non-means-tested scholarship to cover their tuition fees, subject to a ceiling of HK\$250,000 per annum, whichever is lower**. In addition, considering that some financially less well-off students may need additional support in order for them to pursue study, we also propose a **means-tested bursary**, subject to a ceiling of **HK\$200,000 per annum**. The means-tested bursary will consist of two components, i.e. up to \$50,000 per annum for covering tuition fee in excess of \$250,000; and up to \$150,000 per annum for covering living and other study-related expenses.

9. The Steering Committee will be invited to advise on the details of the bursary for the living expense component taking into account the relative costs of living of different study destinations. The ceilings applicable to the non-means-tested scholarship and the means-tested bursary are subject to periodic review. Besides, the value of the award may be correspondingly adjusted downwards taking into account other awards concurrently granted to the same awardee to finance his/her studies overseas.

10. We propose to adopt the same means test formula of the Student Financial Assistance Agency as applicable to local tertiary students with five tiers of financial assistance based on the result of the means test. However, in view of the fact that awardees will be away from Hong Kong during their studies, we propose that the **means test should be conducted only once**

throughout the study rather than on an annual basis, unless the awardees encounter significant changes in their family circumstances which warrant reassessment.

Conditions and requirements

11. Once awarded, a scholarship will be tenable for the normal duration of the programme concerned (i.e. normally four years for undergraduate studies and up to two years for a master's degree or equivalent level) and renewable annually subject to documentary proof of the awardees' good academic performance.

12. We note that some prestigious publicly-funded scholarships in other jurisdictions are usually accompanied by an obligation to return and work for the country/sector for a specific period. As the Scholarship Scheme involves a significant amount of public money, such an obligation is considered a reasonable safeguard measure to ensure the talents would return to Hong Kong and contribute to our community. That said, we also note some arguments against imposing such a mandatory requirement on the ground that in this increasingly globalised environment, students can still contribute to the development of Hong Kong whilst working outside Hong Kong in, for instance, multinational companies or international organisations. On balance, we **recommend** that –

- (a) awardees should be required to complete the specific study programmes and undertake to return to Hong Kong upon graduation to work for at least two years or a period equivalent to the duration of receiving the proposed scholarship, whichever is longer;
- (b) flexibility should be given to the Steering Committee to decide, upon application on a case-by-case basis, whether the requirement to undertake to return to and work in Hong Kong could be suitably deferred or waived under exceptional circumstances (e.g. pursuing more advanced studies immediately after graduation, or need to work in the country of their study as a mandatory requirement for acquiring professional qualifications); and
- (c) In the event of failure to comply with (a) or (b), the awardees concerned will have to repay the amount of scholarship monies in full or on a pro-rata basis as the case may be.

Implementation

13. We propose that the Scholarship Scheme will benefit three cohorts of students starting from the **2015/16 academic year** and then be subject to a review on its effectiveness. We estimate that the total expenditure will be \$358 million for three cohorts of students, including around \$9.6 million for three time-limited civil service posts from 2014-15 to 2021-22 (one Executive Office I, one Clerical Office and one Assistant Clerical Officer in EDB) to support the implementation.

(b) Study Subsidy Scheme for Designated Professions/Sectors

Objectives

14. We also propose the introduction of a new subsidy scheme starting from the 2015/16 academic year to subsidise up to 1 000 students per cohort to pursue designated full-time locally-accredited self-financing undergraduate programmes in selected disciplines to nurture talents to meet Hong Kong's social and economic needs (the Subsidy Scheme). The Subsidy Scheme aims to achieve the following objectives –

- (a) to increase the supply of subsidised undergraduate places by leveraging on the supply of the self-financing sector;
- (b) to nurture talent in support of specific industries with urgent or keen demand for human resources;
- (c) to encourage the self-financing education sector to offer programmes in selected disciplines that meet Hong Kong's social and economic needs by providing targeted financial support; and
- (d) in achieving (a) and (b) above, to support the healthy and sustainable development of the self-financing post-secondary education sector to complement the University Grants Committee (UGC)-funded sector in broadening and diversifying study opportunities.

Eligibility

15. Eligible programmes must meet the following requirements –
- (a) the programmes must be full-time locally-accredited self-financing undergraduate programmes;

- (b) the programmes are included in a list of designated programmes nominated by relevant bureaux/departments (B/D) for the purpose of nurturing necessary talent in support of specific industries with urgent or keen demand for human resources; and
- (c) for full-time programmes offered by post-secondary education institutions, the tuition fees would need to be adjusted downwards to reflect the subsidy.

16. EDB is now finalising the disciplines, programmes and number of places intended to be supported under the Subsidy Scheme in consultation with relevant B/D and programme providers. We have initially identified health care, construction industry, testing and certification, creative industry, as key disciplines that are in keen and urgent demand for talent. We are exploring the merits and possibility of requiring the programmes to allocate the places through the Joint University Programmes Admissions System (JUPAS)¹ in order to ensure eligible students are selected through a merit-based system.

Subsidy

17. At present, average annual tuition fees for most self-financing undergraduate programmes range from \$45,000 to some \$110,000. We propose that the unit subsidy be administered by a two-tier arrangement in which a subsidy of up to \$40,000 is provided to programmes which are not laboratory-based while a higher subsidy of up to \$70,000 is provided to more costly programmes which are laboratory-based. The subsidy is tenable for the normal duration of the programme concerned (i.e. four to six years) and will be distributed to the relevant institutions based on the actual enrolment of eligible students subject to the quota for the designated programme.

Implementation

18. We propose that the Subsidy Scheme will benefit three cohorts of students starting from the **2015/16 academic year** and then be subject to a review on its effectiveness. We estimate that the total expenditure will be \$965 million for three cohorts of students, including around \$5 million for one time-limited civil service post from 2014-15 to 2021-22 (one Executive Officer I in EDB) to support the implementation.

¹ JUPAS is a scheme and the main route of application designed to assist students with Hong Kong Diploma of Secondary Education (HKDSE) Examination results to apply for admission to programmes offered by the JUPAS participating institutions, namely the eight UGC-funded institutions and the Open University of Hong Kong.

(c) Mainland University Study Subsidy Scheme (MUSSS)

19. As one of the measures to support the development of HKSAR, the Central People's Government approved in 2011 a new scheme for some Mainland higher education institutions to admit Hong Kong students based on their Hong Kong Diploma of Secondary Education (HKDSE) examination results, thus exempting them from taking the Joint Entrance Examination (the Scheme for Admission of Hong Kong Students to Mainland Higher Education Institutions, or "Admission Scheme"). With the joint efforts of the HKSARG Education Bureau and the Ministry of Education of the People's Republic of China (MoE), the Admission Scheme was launched with effect from the 2012/13 academic year. More than 6 500 students have submitted applications for the Admission Scheme in the past two years, and a total of about 2 200 offers (971 and 1 188 in the 2012/13 and 2013/14 academic years respectively) have been given by Mainland institutions to Hong Kong students under the Admission Scheme. In the 2014/15 academic year, there will be 75 participating institutions, covering 14 provinces / municipalities in the Mainland and thus offering more choices for Hong Kong students.

20. The Admission Scheme is a Government-to-Government (G to G) initiative jointly taken forward by MoE and HKSAR Government. This is distinct from other channels whereby Hong Kong students, on their own volition, pursue studies outside Hong Kong. In launching the Admission Scheme, the MoE is making valuable, highly competitive government-subsidized tertiary education places available for Hong Kong students, while charging them the same tuition fee level as applicable to Mainland students. As such, we propose to introduce the MUSSS starting from the 2014/15 academic year to support needy Hong Kong students pursuing undergraduate education in the Mainland via the G to G Admission Scheme.

Eligibility

21. We **recommend** that only students pursuing undergraduate studies in the Mainland institutions via the Admission Scheme would be eligible, as the Admission Scheme is the only scheme promulgated at G to G level. It is noteworthy that all the Mainland institutions participating in the Admission Scheme are covered by the Memorandum of Understanding on mutual recognition of academic qualification signed by the Mainland and HKSAR for the purpose of further studies.

Subsidy

22. We **recommend** that a means-tested subsidy of up to **HK\$15,000 (i.e. about RMB12,000** at prevailing exchange rate) per student per year be provided under the MUSSS. The bursary is tenable for the normal duration of the programme concerned (i.e. four to six years) and will be distributed by annual instalment subject to documentary proof from the relevant Mainland institutions certifying the student status of the applicants. The subsidy level is subject to review taking into account relevant factors such as the annual price movement.

23. We propose that the means test as currently applicable to financial assistance for secondary students with two tiers of assistance should be adopted for MUSSS. We further propose that the means test should be conducted only once, at the time of first application, rather than on an annual basis, unless the awardees encounter significant changes in their family circumstances which warrant reassessment.

Implementation

24. We propose that the MUSSS will benefit three cohorts of students starting from the **2014/15 academic year** and then be subject to a review on its effectiveness. Based on the number of students admitted through the “Admission Scheme” in the past, we estimate that the total expenditure will be \$114 million for three cohorts of students, including around \$8.4 million for three time-limited civil service posts from 2014-15 to 2020-21 (one Executive Officer I, one Clerical Officer and one Assistant Clerical Officer in EDB/SFAA). Actual number of beneficiaries and amount of expenditure will depend on the number of actual intake via the Admission Scheme and the number of students passing the means test.

ADVICE SOUGHT

25. Subject to Members’ support to the three proposed initiatives, we will seek funding approval from the Legislative Council Finance Committee for launching the three initiatives in mid-2014.