

For discussion  
on 4 January 2019

## Legislative Council Panel on Education

### Eighth Matching Grant Scheme

#### Purpose

This paper seeks Members' views on the Government's proposal to launch the eighth round of Matching Grant Scheme (MGS) with an amount of \$2.5 billion for the publicly-funded post-secondary education sector.

#### Background

2. Since 2003, the Government has launched a total of seven rounds of MGS to help the higher education sector diversify its funding sources. The coverage of the previous rounds of MGS is listed at Annex A.

3. In the first six rounds of MGS which have been completed, participating institutions have altogether secured additional resources of about \$22.2 billion, comprising \$14.8 billion of private donations and \$7.4 billion of government matching grants. The results are tabulated below –

<b>MGS round</b>	<b>Duration</b>	<b>Government matching grants allocated</b>	<b>Private donations secured</b>
<b>1<sup>st</sup></b>	1 July 2003 – 30 June 2004	\$1.0 billion	\$1.3 billion
<b>2<sup>nd</sup></b>	1 August 2005 – 28 February 2006	\$1.0 billion	\$1.9 billion
<b>3<sup>rd</sup></b>	1 June 2006 – 15 March 2007	\$0.9 billion	\$1.6 billion
<b>4<sup>th</sup></b>	1 January 2008 – 28 February 2009	\$1.0 billion	\$2.2 billion
<b>5<sup>th</sup></b>	1 June 2010 – 15 March 2011	\$1.0 billion	\$2.3 billion
<b>6<sup>th</sup></b>	1 August 2012 – 31 July 2014	\$2.5 billion	\$5.5 billion
<b>Total</b>		<u>\$7.4 billion</u>	<u>\$14.8 billion</u>

The breakdown of matching grants received and private donations secured by individual institutions in the first six rounds of MGS is at **Annex B**. With the Government's allocation of \$500 million matching grants, the seventh round of MGS is currently open for application by eligible self-financing local degree-awarding institutions until 31 July 2019.

4. The MGS has been highly successful in cultivating a philanthropic culture, diversifying funding sources for higher education and fostering the development of a systemic fund-raising mechanism in the participating institutions. It provides institutions with additional resources to offer quality higher education, including recruitment and retention of top-notch faculty, enhancement of teaching and learning, development of academic strength and niche areas, and organisation of student-oriented activities (including exchange programmes).

### **Eighth Round of MGS**

5. In view of the positive responses and encouraging results of the previous rounds of MGS, the Financial Secretary proposed in his 2018-19 Budget Speech to allocate \$2.5 billion for launching the eighth round of MGS for the publicly-funded post-secondary education sector in order to help institutions tap more funding sources, promote community involvement and improve the quality of education.

#### *Policy objectives*

6. We propose to launch a new round of MGS with the following policy objectives –

- (a) to reinforce the solid foundation of philanthropic and alumni giving;
- (b) to demonstrate the Government's commitment to encouraging students to pursue further studies via multiple pathways and helping institutions provide students with post-secondary education of a higher quality;
- (c) to incentivise private donors to establish scholarships and bursaries to complement government scholarships and student financial assistance;

- (d) to help institutions secure additional resources for internationalisation efforts; and
- (e) to encourage institutions to build on their strengths and enhance their teaching efforts.

### *Coverage*

7. It is proposed that the eighth round of MGS should cover the following publicly-funded post-secondary institutions while their self-financing units and extension arms are excluded –

- (a) the eight University Grants Committee (UGC)-funded universities;
- (b) the Vocational Training Council; and
- (c) The Hong Kong Academy for Performing Arts.

A total student population of around 139 800<sup>1</sup> is expected to benefit from the eighth round of MGS. A list of eligible institutions is at **Annex C**.

### *Duration*

8. Unlike the sixth and seventh rounds of MGS which lasted for two years, we propose that the duration of the eighth MGS should be **three years** (i.e. from 1 July 2019 to 30 June 2022). It aims at giving the institutions more time to identify and discuss with their donors amid the uncertain prospects of the global economy. The extended duration will also allow smaller and relatively younger institutions to gear up their fund-raising capabilities and networks. Any unmatched grant will lapse upon expiration of the specified duration.

---

<sup>1</sup> This figure includes students of full-time and part-time publicly-funded programmes.

### *Matching formula*

9. To encourage healthy competition among institutions and to ensure a fair chance of securing grants among all institutions, the matching formula is proposed as follows –

- (a) We will set aside an amount of **\$60 million** (i.e. a “floor”) for matching to each institution, as a guaranteed minimum over the three-year period. Any request of the institutions over and above this amount will be considered on a first-come-first-served basis (see paragraph 9(b) below).
- (b) By the end of the three-year period, funding under the guaranteed minimum which has yet to be matched by the institutions concerned will be opened up for allocation to match donations of other institutions above the floor on a first-come-first-served basis.
- (c) There will be an upper limit of **\$600 million** (i.e. a “ceiling”) applicable to the aggregate amount of government matching grants received by each institution. The ceiling serves to prevent several institutions with strong fund-raising ability from capturing a dominating share of the matching grants at the expense of the smaller or relatively younger institutions.
- (d) The matching should be **\$1 for \$1 up to \$60 million, beyond which a \$1 for \$2 matching ratio is proposed** (i.e. \$1 government grant for every \$2 of private donations secured). The matching ratio of \$1 for \$1 up to \$60 million is to facilitate those smaller or relatively younger institutions with less fund-raising capabilities to secure a reasonable share of the matching grant. A \$1 for \$2 matching ratio is proposed for the level beyond \$60 million in order to maximise the amount of private donations to be solicited.

### *Operating terms and conditions*

10. We propose to adopt broadly the same basic operating terms and conditions of the sixth round of MGS, as highlighted below, and to invite the UGC to administer the Scheme for all participating institutions.

- (a) Only donations paid to the institutions within the specified duration are eligible for matching grants.
- (b) The fact that an institution has secured a government matching grant for a project does not commit the Government to providing recurrent grants or further matching grants to the institution for the project. Recurrent consequences of all projects undertaken by institutions with funding secured under this Scheme will have to be met by the institutions from their own available resources.
- (c) Institutions may retain any unspent matching grants for future use.
- (d) To ensure fairness in the matching process, there will be no “double matching” or “double subsidies”. In other words, donations from various public or government funds (e.g. projects sponsored by the Quality Education Fund and the Innovation and Technology Fund), those from the Hong Kong Jockey Club, and donations already matched with public funds under other matching schemes will not be eligible for any government matching grants under the proposed Scheme.
- (e) To ensure the accountability and transparency of the operation of the proposed Scheme –
  - (i) the UGC will coordinate all participating institutions’ disclosure of donations and the intended use of both the private donations and the government matching grants received. Institutions should also disclose publicly in their annual accounts the aggregate amount of donations and grants received and income generated, as well as the total amount of expenditure from the donations and grants broken down into broad category of purposes;
  - (ii) the use of government matching grants and the donations matched will be subject to audit assurance. Auditors will need to confirm to the UGC that the conditions of the grants have been met; and

- (iii) the institutions will need to ensure the cost-effectiveness of the government matching grants to be spent.

### *Eligibility criteria*

11. We propose adopting broadly the same eligibility criteria of the sixth MGS, which are set out at **Annex D**. Any private donation matched under the proposed Research Matching Grant Scheme will not be eligible under the eighth MGS.

### **Financial Implications**

12. The proposal to launch the eighth MGS will involve a non-recurrent funding of \$2.5 billion. It has no recurrent financial implications for the Government.

### **Way Forward**

13. Subject to Members' views and the funding approval from the Legislative Council, we will liaise with the eligible institutions with a view to launching the eighth MGS in mid-2019.

**Education Bureau**  
**December 2018**

**Coverage of Matching Grant Scheme**

<b>MGS round</b>	<b>Eligible Institutions</b>
<b>1<sup>st</sup></b>	- The eight UGC-funded universities
<b>2<sup>nd</sup></b>	
<b>3<sup>rd</sup></b>	
<b>4<sup>th</sup></b>	<ul style="list-style-type: none"> <li>- The eight UGC-funded universities</li> <li>- The Open University of Hong Kong</li> <li>- Hong Kong Shue Yan University</li> </ul>
<b>5<sup>th</sup></b>	<ul style="list-style-type: none"> <li>- The eight UGC-funded universities</li> <li>- The Open University of Hong Kong</li> <li>- Hong Kong Shue Yan University</li> <li>- The Hong Kong Academy for Performing Arts</li> <li>- Chu Hai College of Higher Education</li> </ul>
<b>6<sup>th</sup></b>	<ul style="list-style-type: none"> <li>- The eight UGC-funded universities</li> <li>- The Open University of Hong Kong</li> <li>- The Hong Kong Academy for Performing Arts</li> <li>- Vocational Training Council</li> <li>- All approved post-secondary colleges registered under the Post Secondary Colleges Ordinance (Cap. 320)</li> </ul>
<b>7<sup>th</sup></b>	<ul style="list-style-type: none"> <li>- The Open University of Hong Kong</li> <li>- Technological and Higher Education Institute of Hong Kong under the Vocational Training Council</li> <li>- All approved post-secondary colleges registered under the Post Secondary Colleges Ordinance (Cap. 320)</li> </ul>

**Matching grants received and donations secured by participating institutions  
in the first six rounds of Matching Grant Scheme**

<b>Institution</b>	<b>Matching grants (\$ million)</b>	<b>Donations secured (\$ million)</b>
City University of Hong Kong	380	649
Hong Kong Baptist University	564	977
Lingnan University	249	269
The Chinese University of Hong Kong	1,798	4,194
The Education University of Hong Kong	196	197
The Hong Kong Polytechnic University	694	1,055
The Hong Kong University of Science and Technology	993	1,680
The University of Hong Kong	1,820	4,886
The Open University of Hong Kong*	192	245
Hong Kong Shue Yan University*	33	43
The Hong Kong Academy for Performing Arts^	71	71
Chu Hai College of Higher Education^	99	132
Vocational Training Council#	60	72
Caritas Institute of Higher Education#	101	151
Centennial College#	62	64
The Hang Seng University of Hong Kong#	62	65
Tung Wah College#	10	10
<b>Total</b>	<b>7,386</b>	<b>14,758</b>

Figures may not add up due to rounding.

\* Participating since the fourth round.

^ Participating since the fifth round.

# Participating since the sixth round.

**List of publicly-funded post-secondary institutions covered by  
the Eighth Matching Grant Scheme**

1. City University of Hong Kong
2. Hong Kong Baptist University
3. Lingnan University
4. The Chinese University of Hong Kong
5. The Education University of Hong Kong
6. The Hong Kong Polytechnic University
7. The Hong Kong University of Science and Technology
8. The University of Hong Kong
9. The Hong Kong Academy for Performing Arts
10. Vocational Training Council

**Proposed eligibility criteria**

- (a) Private donations which are eligible for matching include those for –
- (i) activities at sub-degree level or above within the ambit of recurrent grants provided by the University Grants Committee (UGC), the Education Bureau (EDB) or the Home Affairs Bureau (HAB) to the institutions;
  - (ii) providing scholarships to students and bursaries to local students of publicly-funded programmes at sub-degree level or above;
  - (iii) supporting outgoing student exchange programmes for students enrolled in publicly-funded programmes at sub-degree level or above; and
  - (iv) capital works projects on campus in Hong Kong.
- (b) Government matching grants which match the above private donations can be used for –
- (i) activities within the ambit of recurrent grants provided by the UGC, the EDB or the HAB to the institutions; or
  - (ii) offering scholarships to local students enrolled in programmes funded by the UGC, the EDB or the HAB; or
  - (iii) supporting outgoing student exchange programmes for local students enrolled in programmes funded by the UGC, the EDB or the HAB.