

INFORMATION PAPER

**SPECIAL FURNITURE AND EQUIPMENT GRANT
FOR ALL AIDED SCHOOLS**

PURPOSE

At its meeting on 16 October 1998, the Finance Committee (FC) discussed the Administration's proposal to provide all aided schools with a special Furniture and Equipment (F&E) Grant on a recurrent basis. This paper aims at providing additional information in response to the questions raised by Members during the discussion.

BACKGROUND

2. The FC discussed the proposed disbursement of a special recurrent F&E Grant to all aided schools from the 1998/99 school year at the following rates -

- \$2,000 per class per annum for secondary, practical schools and skills opportunity schools;
- \$1,000 per class per annum for whole-day primary schools;
- \$700 per class per annum for bi-sessional primary schools; and
- \$3,000 per class per annum for special schools.

3. At the meeting, Members enquired on:

- (i) the basis for determining the proposed rates of the special F&E Grant for different types of schools;
- (ii) the reason for the differential rates between secondary and primary schools;
- (iii) the reason for the differential rates between bi-sessional primary schools and whole-day primary schools; and
- (iv) the reason for using the number of classes as the basis for calculating the amount of subsidy for the whole school.

THE BASIS FOR DETERMINING THE RATES FOR DIFFERENT TYPES OF SCHOOLS

4. In determining the rates for different types of schools, the Administration has taken into account the following:

- the average amount of non-recurrent F&E subsidy approved for each school in the past three years;
- the actual utilisation of the approved subsidy; and
- the recurrent F&E subsidy rates for schools which have joined the School Management Initiative (SMI) Scheme.^{Note 1}

5. Appendix I sets out the detailed calculations for the various rates. For secondary schools under the SMI, the present recurrent F&E subsidy rate is \$3,599 per class per annum, while the average non-recurrent F&E subsidy allocated to the non-SMI secondary schools in the past three years is \$6,772 per class per annum. The difference of these two figures is \$3,173 per class per

Note 1

The Education Department implemented the School Management Initiative Scheme from 1991. To enable schools to use resources flexibly, all SMI schools are given a Block Grant which includes a recurrent Furniture and Equipment element.

annum. The disparity points to the need for the Administration to improve the recurrent F&E subsidy rate for SMI schools to meet their needs. Taking into account the average utilisation rate of 64% of the approved non-recurrent subsidy, the Administration proposes that the additional recurrent grant for SMI schools be set at \$2,000 per class per annum ($\$3,173 \times 64\%$, round off to \$2,000).

6. Using the same method of calculation for primary schools, the rate for bi- sessional (half-day) SMI primary schools should be \$493. However, to enable the SMI primary schools to better meet their F&E requirements, we have decided not to discount the average utilisation rate, thereby arriving at the proposed rate of \$700. On average, a bi-sessional school runs for five hours and a whole-day primary school for seven. With these two extra hours, whole-day primary schools are able to devote more care and attention to students, and to provide a wider range of educational services, such as additional remedial teaching, library periods, and other extra-curricular and informal curricular activities. The additional activities and longer hours will inevitably increase the wear and tear of the F&E items. Taking into account these factors, the rate for whole-day primary schools is proposed to be set at \$1,000 per class ($\$700 \times 7/5$, or \$1,000).

7. Using the same method of calculation as that for secondary schools, the rate for special schools under the SMI scheme should be \$2,436. However, in recognition of the specialised nature of F&E items for special schools which usually command a higher price, we have also decided not to discount the average utilisation rate so as to provide a higher rate of \$3,000 per class per annum to meet the actual needs of the schools.

8. As the non-SMI schools will prepare for full implementation of school- based management in due course, we propose to similarly introduce a special

F&E Grant for these schools. The amount of this grant will be the same as that for the SMI schools. Both the SMI and non-SMI schools may use the proposed recurrent grant flexibly to purchase F&E items to suit their needs. They may also accumulate the unspent balance for future F&E use.

DIFFERENTIAL RATES BETWEEN SECONDARY AND PRIMARY SCHOOLS

9. While the F&E items of secondary and primary schools are generally comparable, their requirements for subject-based F&E items are very different. A standard secondary school has 26 classrooms and 14 special rooms, and provides facilities for 16 subjects; a standard primary school has 30 classrooms, 5 special rooms and provides facilities for 7 subjects. The F&E requirements of secondary schools and primary schools are therefore quite different and their prices also vary greatly. When comparing the cost for furnishing and equipping a new secondary and primary school of the latest design, the cost is approximately \$9 million and \$4 million respectively (details at Appendix II). A differential ratio of 2:1 in the rates between secondary and primary schools reflects their respective needs.

DIFFERENTIAL RATES BETWEEN BI-SESSIONAL AND WHOLE-DAY PRIMARY SCHOOLS

10. The F&E items for bi-sessional and whole-day primary schools are basically the same but the degree of use, the length of the school hours and the size of the student population all affect the frequency and extent of replacement and additional purchases arising from wear and tear. Hence, it is necessary to

take into account these factors in determining the amount of subsidy for bi- sessional and whole-day primary schools.

11. The number of periods per week in a bi-sessional school and a whole-day primary school is 76 and 40 respectively. In terms of the number of periods, the ratio between a bi-sessional and a whole-day primary school is 1.9:1. In terms of school hours, a bi-sessional primary school runs for 55 hours per week and a whole-day primary school 35 hours per week.

^{Note 2} The ratio is 1.57:1. Given the longer school hours, there is greater wear and tear of the F&E items used by a bi-sessional primary school. We therefore consider it appropriate to provide a higher rate to bi-sessional schools.

THE NUMBER OF CLASSES AS THE BASIS FOR CALCULATING THE AMOUNT OF SUBSIDY FOR SCHOOLS

12. Since the majority of the F&E items are directly related to teaching and student activities, it follows that the larger the number of classes, the greater the demand for F&E items. Correspondingly, there will also be higher maintenance costs and a greater need for replacement of F&E items. For example, the quantities of such items as student desks and chairs, library facilities and certain subject-based equipment are directly proportional to the number of operating classes. We have therefore used the number of operating classes as the basis for calculating the amount of subsidy for schools under this special F&E Grant.

^{Note 2}

The number of school hours for a bi-sessional primary school is 5 hours per day from Monday to Friday, while Saturday is on alternate week with 2.5 hours per day. Therefore, the total number of school hours for a bi-sessional primary school is 55 hours per week [(i.e. 5 days x 5 hours +2.5 hours) x 2]. A whole-day primary school is of a 5-day week with 7 hours per day and the total number of school hours per week is 35 hours [7 days x 5 hours].

CONCLUSION

13. The present provisions for F&E for all aided schools under the Code of Aid are detailed at Appendix III.

14. The purpose of this special F&E Grant is to provide schools with extra resources which they can use more flexibly to enhance their facilities, thereby enabling the teacher staff to better plan and budget for improvements to the overall teaching environment. Subject to policy support and funding approval for the disbursement of the grant, the Education Department intends to implement the grant with effect from the 1998/99 school year.

15. At the same time, the Administration is reviewing the existing tendering and purchasing procedures for F&E with a view to streamlining them to enable schools to procure their F&E items in a more timely and effective manner. The Administration is also planning to review the needs of schools and further improve the funding arrangements for F&E upon the full implementation of school-based management.

Education Department

November 1998

The Basis for determining the Rates of the Special F&E Grant

	95/96 Non- recurrent subsidy \$ (per class) (a)	96/97 Non- recurrent subsidy \$ (per class) (b)	97/98 Non- recurrent subsidy \$ (per class) (c)	Average non- recurrent subsidy amount in past 3 years \$ (per class) (d)=[(a)+(b)+ (c)]/3	97/98 F&E recurrent grant \$ (per class) (e)	Difference \$ (per class) (f)=(d)-(e)	Average actual expenditure in the past 3 years % (g)	Actual difference \$ (h)=(f)x(g)	Proposed grant rate \$ (i)
Secondary	5,247	5,625	9,446	6,772	3,599	3,173	64	2,031	2,000
Primary	1,439	1,499	1,834	1,590	854	736	67	493	700*
Special	3,818	5,184	6,269	5,090	1,454	3,636	67	2,436	3,000#

- Remarks:
- (1) In the past 3 years, most of the primary schools are half-day schools, therefore the difference reflects the need of half-day schools.
 - (2) (a), (b), (c) are the approved non-recurrent F&E subsidies for the non SMI schools in the annual estimates for the past 3 years; (d) is the average figure; (e) is the rate for the recurrent F&E Grant for the SMI schools.
 - (3)* In order to encourage all primary schools to improve their F&E, each class will be granted \$700, leaving out the actual rate of expenditure.
 - (4)# As the F&E items for the special schools are expensive, therefore the grant rate is set at \$3,000, leaving out the actual rate of expenditure.

Appendix II

**Estimated Capital Cost of Furniture and Equipment for a Standard
Design Secondary School with 30 Classrooms**

Description	\$
Classrooms, General Furniture and Equipment	619,192
Guidance Activity and Interview Room	20,000
Interview Room 1	5,000
Interview Room 2	7,000
Conference Room	35,218
Preparation Rooms	8,000
School Library	309,000
Staff Room and Staff Common Room	88,218
Student Activities Centre	100,000
Multi-media Room	2,751,114
Language Room	100,038
Wireless Induction Loop System	10,000
Multi-purpose Area	100,085

Subject	\$
Art and Design	249,000
Audio-Visual Aids	209,000
Biology and Human Biology	410,000
Chemistry	440,000
Computer Studies	436,000
Design and Technology	759,000
Education Television	44,000
Geography	139,000
History	37,000
Home Economics	362,000
Integrated Science	641,000
Music	160,000
Physical Education	373,000
Physics	732,000
Social Studies	38,000

Total **9,181,865**

**Estimated Capital Cost of Furniture and Equipment for a Standard Design
Primary School with 30 Classrooms**

Description	\$
General Furniture and Equipment	917,000
Guidance Activity and Interview Room	17,000
Interview Room	12,000
Conference Room	35,280
School Library	283,000
Staff Room and Staff Common Room	88,280
Student Activities Centre	100,000
Multi-media Room	1,453,463
Language Room	100,800
Wireless Induction Loop System	10,000
Multi-purpose Area	100,170

Subject	\$
Art and Craft	94,000
Audio-Visual Aids	93,000
Education Television	191,000
General Purpose	9,000
General Studies	384,000
Music	120,000
Physical Education	136,000

Total **4,143,993**

The Furniture and Equipment Grant under the Code of Aid

THE EXISTING ARRANGEMENTS

At present, all aided schools can acquire Furniture and Equipment (F&E) Grant in various ways.

2. Schools can use the School and Class Grant to replace minor F&E items (aided secondary schools not exceeding \$8,000 and aided primary schools and special schools not exceeding \$3,000).

3. Schools participating in the School Management Initiative (hereunder referred to as SMI) receive a recurrent F&E Grant every year. The Grant was first determined in accordance with the average expenditure of non-recurrent F&E subsidy in the past three years and to be adjusted annually in accordance with the Consumer Price Index (A). The present rates are as follows:

Type of schools	The rate of the recurrent F&E Grant
Secondary	\$3,599 per class per annum
Primary	\$854 per class per annum
Special schools	\$1,454 per class per annum

4. The SMI schools can also apply for additional non-recurrent F&E Subsidy should they have a proven need. However, they have to apply to the Education Department in the annual estimates like their non-SMI counterparts, and they have to prove that the recurrent F&E Grant of the current year and any surplus in the Block Grant for the previous year have been exhausted.

5. The non-SMI schools can apply to the Education Department for the non-recurrent F&E subsidy in the annual estimates. Schools have to make such

applications at the beginning of each financial year and will be notified in April the year after.

The existing F&E purchasing procedures

6. The SMI schools can purchase the F&E items needed in accordance with the current specified quotation or tendering procedures and it requires no approval is required from the Education Department (Below \$10,000 by oral quotations; between \$10,000 and \$20,000 by written quotations; over \$20,000 by tenders).

7. The non-SMI schools obtain the F&E items by tendering (aided secondary schools: over \$10,000; aided primary and special schools: over \$5,000) and the tender has to be approved by the Education Department before schools placing orders. Schools have to settle payments first and apply for reimbursement afterwards. Items cost less than the required tender amount can be purchased by quotations and be reimbursed by the Education Department afterwards.