

Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

Controlling officer: the Controller, Student Financial Assistance Agency will account for expenditure under this Head.

Estimate 2014–15 **\$5,380.6m**

Establishment ceiling 2014–15 (notional annual mid-point salary value) representing an estimated 671 non-directorate posts as at 31 March 2014 reducing by 28 posts to 643 posts as at 31 March 2015..... **\$214.0m**

In addition, there will be an estimated two directorate posts as at 31 March 2014 and as at 31 March 2015.

Commitment balance..... **\$2,492.4m**

Controlling Officer's Report

Programme

Student Assistance Scheme

This programme contributes to Policy Area 16: Education (Secretary for Education) and Policy Area 34: Manpower Development (Secretary for Labour and Welfare).

Detail

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	4,589.2	5,016.3	4,954.2 (–1.2%)	5,380.6 (+8.6%)
				(or +7.3% on 2013–14 Original)

Aim

2 The aim is to administer efficiently and cost-effectively various student financial assistance schemes, scholarships and merit award schemes.

Brief Description

3 The Agency provides publicly-funded financial assistance in the form of grants and loans to students of different levels and administers privately-donated and publicly-funded scholarship schemes. The scholarships, merit awards and related schemes include the Sir Edward Youde Memorial Fund Scholarships, scholarships under the Education Scholarships Fund and Scholarship for Prospective English Teachers. Financial assistance disbursed by the Agency takes the form of:

- means-tested grants and loans# under the Tertiary Student Finance Scheme - Publicly-funded Programmes (TSFS) for eligible full-time students of publicly-funded institutions, i.e. University Grants Committee-funded institutions, the Hong Kong Institute of Vocational Education and Hong Kong Design Institute of the Vocational Training Council, the Hong Kong Academy for Performing Arts and the Dental Technology Course of the Prince Philip Dental Hospital;
- means-tested grants and loans# under the Financial Assistance Scheme for Post-secondary Students (FASP) for eligible full-time students aged 30 or below pursuing locally-accredited, self-financing post-secondary education programmes;
- non-means-tested loans# for eligible students of publicly-funded institutions, eligible students pursuing locally-accredited self-financing post-secondary programmes, and eligible students pursuing specific part-time and full-time post-secondary and continuing and professional education courses provided in Hong Kong;
- means-tested allowances under the Student Travel Subsidy Scheme (STSS) for needy students who receive formal primary or secondary education or attend a full-time day course up to the degree level, provided that these students live beyond ten minutes' walking distance from their schools;
- means-tested fee remission under the Examination Fee Remission Scheme (EFRS) for needy school candidates taking public examinations conducted or administered by the Hong Kong Examinations and Assessment Authority;
- means-tested grants under the School Textbook Assistance Scheme (STAS) for needy students in public sector schools and local private schools under the Direct Subsidy Scheme;

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- means-tested grants under the Subsidy Scheme for Internet Access Charges (SIA)§ for low-income families with children who are full-time students receiving education at primary or secondary level;
- means-tested fee remission under the Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS) for needy children attending kindergartens and child care centres;
- tuition fee reimbursement under the Continuing Education Fund (CEF) for eligible persons pursuing continuing education and training in specified sectors;
- tuition fee reimbursement under the Yi Jin Diploma (YJD)¶ for eligible students taking modules under YJD to gain a formal qualification for employment and continuing education; and
- tuition fee reimbursement under the Financial Assistance Scheme for Designated Evening Adult Education Courses (FAEAEC) for eligible students attending designated evening secondary courses.

Loans disbursed under these schemes are provided under the Loan Fund. Details are provided in Volume II.

§ Families with children who are full-time students receiving education at primary or secondary level and who are in receipt of the flat-rate grant for School-related Expenses under the Comprehensive Social Security Assistance Scheme are also eligible for subsidy under SIA, which is disbursed by the Social Welfare Department. The expenditure is funded under Head 173.

¶ The expenditure on fee reimbursement is funded under Head 156—Government Secretariat: Education Bureau *Subhead 700 General non-recurrent Item 839 Yi Jin Diploma*.

4 The Agency is responsible for assessing the eligibility of applicants under the Pre-primary Education Voucher Scheme (PEVS). The actual redemption of pre-primary education vouchers is processed by the Education Bureau and the expenditure is funded under Head 156—Government Secretariat: Education Bureau *Subhead 000 Operational expenses*.

5 The key performance measures are:

Targets

	Target Processing Time for Applications ^Ψ	<i>Academic Year</i>		
		2012/13 (Actual)	2013/14 (Revised Estimate)	2014/15 (Estimate)
TSFS				
application for financial assistance (%).....	60 days	98.8	98.0	98.0
application for review of financial assistance (%).....	70 days	100	100	100
FASP				
application for financial assistance (%).....	60 days	96	98	98
application for review of financial assistance (%).....	70 days	100	100	100
Non-means-tested Loan Schemes (NLS) (%).....				
KCFRS (%).....	21 days	100	99	99
CEF (%).....	2 months	99.9	99.9	99.9
CEF (%).....	2 weeks	100	100	100
financial assistance for primary and secondary school students (eligibility assessment) (%)[^].....				
PEVS (eligibility assessment) (%).....	3 months	100	100	100
	6-8 weeks	99.9	99.8	99.9

^Ψ Target processing time is subject to submission of complete supporting documents by the applicants.

[^] Financial assistance for primary and secondary school students comprises STSS (also for full-time post-secondary students), EFRS, STAS, SIA, FAEAEC and YJD.

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Indicators

	<i>Academic Year</i>		
	2012/13 (Actual)	2013/14 (Revised Estimate)	2014/15 (Estimate)
TSFS			
no. of applications	33 923	32 004	33 362
funds disbursed (\$m) (including grants and loans)	1,396.0	1,350.3	1,413.3
no. of applications/post	167	159	163
FASP			
no. of applications	33 934	31 000	32 238
funds disbursed (\$m) (including grants and loans)	1,492.4	1,465.6	1,582.1
no. of applications/post	186	170	175
NLS			
no. of applications	38 377	40 000	39 604
funds disbursed (\$m) (loans)	1,276.0	1,390.5	1,415.4
no. of applications/post	178	182	183
KCFRS			
no. of applications	42 211	42 874	44 648
funds disbursed (\$m)	448.2	505.0	653.3^ω
no. of applications/post	844	893	930
Scholarships, Merit Awards and related Schemes			
no. of applications	5 514	6 020	5 466
no. of scholarships, grants and awards granted	4 179	4 737	4 223
amount of scholarships, grants and awards disbursed (\$m)	27.4	33.7	35.3
no. of applications/post	324	376	342
CEFA			
no. of applications	40 673	35 518	36 905
funds disbursed (\$m)	218.0	203.1	204.7
no. of applications/post	865	756	785
Financial assistance for primary and secondary school students			
no. of family-based applications	207 768	199 971	196 294
no. of applications/post	944	823	888
EFRS			
no. of applications	25 703	24 104	22 829
funds disbursed (\$m)	52.4	49.0	47.2
SIA			
no. of family-based applications	175 194	169 680	167 401
funds disbursed (\$m)	175.6	170.2	168.1
STAS			
no. of applications	261 861	252 250	271 685
funds disbursed (\$m)	647.2	679.3	971.6
STSS^θ			
no. of applications	239 210	226 132	223 793
funds disbursed (\$m)	446.2	484.9	482.8
YJD@			
no. of applications	5 572	6 787	7 264
funds disbursed (\$m)	74.4	80.7	88.5
no. of applications/post	1 857	2 262	2 421
FAEAEC^φ			
no. of applications	757	856	856
funds disbursed (\$m)	3.3	4.4	4.6
no. of applications/post	379	285	285
PEV^{Sy}			
no. of applications	49 765	52 308	55 663
no. of Certificates of Eligibility for the PEVS issued	49 314	51 832	55 156
voucher value involved (\$m)	752.5	907.6	1,103.7^ω
no. of applications/post	1 185	1 216	1 358

^ω The KCFRS and PEVS will be enhanced in the 2014/15 school year, subject to separate funding approval from the Finance Committee of the Legislative Council. The relevant figures shown here are the estimates based on the enhanced schemes.

^Δ The CEF is open to applications throughout the year. The figures shown here relate to financial rather than academic years.

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- θ Number of applications include applications of primary and secondary school students as well as post-secondary students.
- @ Financial assistance for YJD is disbursed on a reimbursement basis. The number of applications received and funds disbursed for students of the 2012/13 academic year are provisional figures only as reimbursement applications are still being processed.
- φ Financial assistance for FAEAEC is disbursed on a reimbursement basis. The number of applications received and funds disbursed for students of the 2012/13 academic year are provisional figures only as reimbursement applications are still being processed.
- γ Holders of the Certificate of Eligibility for PEVS need not re-apply for PEVS within the specific validity period. The indicators above include the number of Certificates of Eligibility for PEVS issued and voucher value involved for first-time applicants. The voucher value involved for the 2012/13 academic year reflects the actual amount of subsidy redeemed, which is less than the maximum amount redeemable for the year because not all Certificates issued in the year were presented for voucher redemption.

6 In the 2012/13 academic year, around 953 000 applications were received for processing under the various student financial assistance schemes. The Agency was generally able to process all applications with complete information within the time frame as pledged.

Matters Requiring Special Attention in 2014–15

7 During 2014–15, the Agency will :

- plan, as a one-off improvement measure, to lift the fee remission ceilings under KCFRS from the weighted average to the 75th percentile of the school fees of kindergartens under PEVS in the 2014/15 and 2015/16 school years. This, together with the enhancement of the voucher value under PEVS to be implemented by the Education Bureau, will provide greater support to parents on kindergarten education of their children pending the recommendations of the Committee on Free Kindergarten Education on how to practicably implement free kindergarten education;
- increase the amount of flat rate grant under the STAS by \$1,000 (for full-grant students) or \$500 (for half-grant students) in addition to the annual price adjustment in the 2014/15 school year;
- continue to provide efficient and quality services to students under various student financial assistance schemes;
- continue to step up efforts to recover student loans in arrears and tackle the default problem; and
- continue to develop the Integrated Student Financial Assistance System to support the administration of all student financial assistance schemes as well as scholarships and merit award schemes, with a view to improving the operational efficiency and effectiveness of the Agency in the administration and delivery of these schemes.

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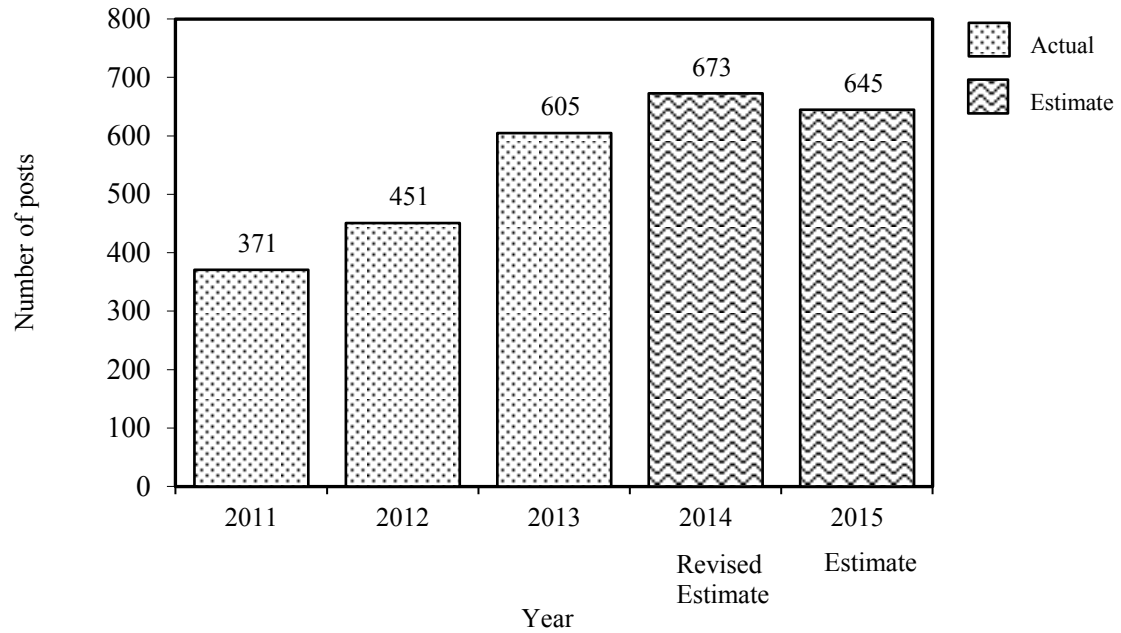
ANALYSIS OF FINANCIAL PROVISION

Programme	2012-13 (Actual) (\$m)	2013-14 (Original) (\$m)	2013-14 (Revised) (\$m)	2014-15 (Estimate) (\$m)
Student Assistance Scheme.....	4,589.2	5,016.3	4,954.2 (-1.2%)	5,380.6 (+8.6%)
				(or +7.3% on 2013-14 Original)

Analysis of Financial and Staffing Provision

Provision for 2014-15 is \$426.4 million (8.6%) higher than the revised estimate for 2013-14. This is mainly due to the increased provision for fee remission under KCFRS and disbursement of grants under STAS, partly offset by the reduced provision for grants to be disbursed under FASP. In addition, there will be a decrease of 28 posts in the Agency in 2014-15 due to the lapse of time-limited posts for implementing various initiatives.

*Changes in the size of the establishment
(as at 31 March)*



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Sub-head (Code)	Actual expenditure 2012-13	Approved estimate 2013-14	Revised estimate 2013-14	Estimate 2014-15
	\$'000	\$'000	\$'000	\$'000
Operating Account				
Recurrent				
000	Operational expenses	284,359	338,653	325,624
228	Student financial assistance	4,074,627	4,402,877	4,412,877
	Total, Recurrent	<u>4,358,986</u>	<u>4,741,530</u>	<u>4,738,501</u>
Non-Recurrent				
700	General non-recurrent	230,227	274,764	215,659
	Total, Non-Recurrent	<u>230,227</u>	<u>274,764</u>	<u>215,659</u>
	Total, Operating Account	<u>4,589,213</u>	<u>5,016,294</u>	<u>4,954,160</u>
	Total Expenditure	<u><u>4,589,213</u></u>	<u><u>5,016,294</u></u>	<u><u>4,954,160</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2014–15 for the salaries and expenses of the Student Financial Assistance Agency is \$5,380,592,000. This represents an increase of \$426,432,000 over the revised estimate for 2013–14 and of \$791,379,000 over actual expenditure in 2012–13.

Operating Account

Recurrent

2 Provision of \$336,021,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Student Financial Assistance Agency.

3 The establishment as at 31 March 2014 will be 673 permanent posts. It is expected that there will be a decrease of 28 permanent posts in 2014–15. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2014–15, but the notional annual mid-point salary value of all such posts must not exceed \$213,982,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2012–13 (Actual) (\$'000)	2013–14 (Original) (\$'000)	2013–14 (Revised) (\$'000)	2014–15 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	149,363	195,108	189,388	210,101
- Allowances.....	1,990	2,277	2,368	2,408
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	1,111	1,262	2,184	2,836
- Civil Service Provident Fund contribution.....	1,321	2,392	3,470	5,564
Departmental Expenses				
- General departmental expenses	130,574	137,614	128,214	115,112
	284,359	338,653	325,624	336,021

5 Provision of \$4,827,997,000 under *Subhead 228 Student financial assistance* is for the payment of student financial assistance under various schemes to students at all levels of study in meeting their education expenses, such as tuition and examination fees, textbooks, Internet access charges and other academic and travel expenses. This includes \$208,188,000 for increasing the amount of flat rate grant under the School Textbook Assistance Scheme (STAS) by \$1,000 (for full-grant students) or \$500 (for half-grant students) in the 2014/15 school year in addition to the annual price adjustment according to the established mechanism as authorised by the Finance Committee based on the movement of the Composite Consumer Price Index (CCPI). From the 2015/16 school year onwards, the entire amount of flat rate grant in the 2014/15 school year will continue to be annually adjusted according to CCPI in accordance with the established mechanism. The increase of \$415,120,000 (9.4%) of the provision under *Subhead 228 Student financial assistance* over the revised estimate for 2013–14 is mainly due to the increased provision for fee remission under the Kindergarten and Child Care Centre Fee Remission Scheme and for disbursement of grants under the STAS, partly offset by the reduced provision for the disbursement of grants under the Financial Assistance Scheme for Post-secondary Students.

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2013	Revised estimated expenditure for 2013–14	Balance
			<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	508	Continuing Education Fund	6,200,000	3,492,003	215,644	2,492,353
		Total	<u>6,200,000</u>	<u>3,492,003</u>	<u>215,644</u>	<u>2,492,353</u>