Governance Review Subcommittee

Review Report on

Fee Remission/Scholarship Schemes

**Key Circulars:**

To enhance schools’ own governance and internal accountability, schools should comply with the requirements as set out in relevant EDB circulars. Below are the key circulars.

* Education Bureau Circular (EDBC) No. 7/2012 on *Improvement Measures to Strengthen the Governance and Internal Control of DSS Schools*;
* EDBC No. 10/2012 on *Fee Remission/ Scholarship Schemes in DSS Schools*;
* EDBC No. 16/2012 on *Delineation of Reserves and Reserve Ceiling for the Operating Reserve of DSS Schools*; and
* EDBC No. 17/2012 on *Use of Government and Non-government Funds in DSS Schools*.

**Key references (Extracts from circulars):**

1. **EDBC No. 7/2012 - Paragraph 15(e)**

**Essential Items to be Discussed at SMC/IMC Meetings**

15. DSS schools will have to put up the following essential matters, where applicable, to their SMC/IMC for discussion and approval **as from the 2012/13 school year** to forestall the inadvertent oversight of important administrative and management matters:

* (a) the human resources policies for senior teaching and administrative posts such as the recruitment, appointment, promotion and remuneration packages;
* (b) annual school budgets and financial report/audited account including acceptance of donations and fund raising activities;
* (c) large-scale capital works (including the SMC/IMC’s determination of 4 what constitutes “large-scale” works);
* (d) procurement of services or goods through tendering with significant financial implications (including the SMC/IMC’s determination of the thresholds for different modes of procurement);
* **(e) operation of the fee remission/scholarship scheme including an annual operational summary and criteria for the schemes;**
* (f) fee revision proposals;
* (g) investment policy and update;
* (h) advisory letter(s) specifying for the attention of the SMC/IMC and/or any warning letter(s) (e.g. the management letter from EDB’s School Audit Section); and
* (i) self-evaluation on schools’ academic as well as non-academic performance under the School Development and Accountability Framework, including the endorsement of School Development Plan, Annual School Plan and School Report.
1. **EDBC No. 10/2012** **- Paragraphs 2, 3, 5,6,7, 8 and 9(b)**

*Existing Arrangements*

2. In order to ensure that students will not be deprived of the opportunity to attend DSS schools solely because of their inability to pay fees, each DSS school is required to offer to parents a fee remission/scholarship scheme with a set of eligibility benchmarks no less favourable than the government financial assistance schemes for needy students. In assessing the students’ eligibility for fee remission, no factors except the parents’ financial situation should be taken into consideration.

3. At least 10% of the school’s total school fee income should be set aside to provide fee remission/scholarship for deserving students. If a DSS school charges a school fee between 2/3 (two-third) and 2 1/3 (two and one-third) of the DSS unit subsidy rate, the school should set aside 50 cents for the fee remission/scholarship scheme for every additional dollar charged over and above 2/3 (two-third) of the DSS unit subsidy rate. The total amount of funds set aside for the fee remission/scholarship scheme as described above should be calculated on the basis of the school fee levels as set out in the Fees Certificate issued by the EDB.

*New Measures Introduced in the 2011/12 School Year*

5. Details of the new measures implemented as from the 2011/12 school year are as follows:

(a) DSS schools are required to consult their School Management Committee (SMC)/Incorporated Management Committee (IMC) or parent-teacher associations on the operation of their school fee remission/scholarship schemes and how the related information should be presented to ensure that it can be easily understood by parents and prospective parents of the schools;

(b) DSS schools are required to clearly indicate in the application form for admission and the School Profile published by the Committee on Home-School Co-operation that needy students, including those from families receiving the CSSA and students receiving financial assistance provided by the Student Finance Assistance Agency (SFAA), could apply for school fee remission. DSS schools are also required to provide in the admission application form details of their school fee remission/scholarship schemes and in the School Profile, a hyper-link through which details of the school fee remission/scholarship schemes can be obtained on the schools’ websites. Contact information including telephone number for enquiry about the schemes has to be included in both the application form and schools’ websites;

(c) DSS schools are required to provide details of their fee remission/scholarship schemes to all students newly admitted to the schools by enclosing such details with the letter offering admission;

(d) subject to the availability of funds under the school fee remission/scholarship schemes, in principle, DSS schools are required to offer fee remission to students from families receiving the CSSA and those receiving assistance from the SFAA. This should be clearly set out in the details of the school fee remission/scholarship schemes for information of parents/prospective parents;

(e) when notifying students of the application results for assistance from the SFAA, DSS schools are required to provide an application form for the school fee remission/scholarship schemes to each of the eligible students as well;

(f) DSS schools should as far as possible complete processing the applications for school fee remission schemes from newly admitted students before the new school year begins so that those eligible students will not be required to pay the school fee in advance. Likewise, if applications are received during the school year, they should be processed as early as possible;

(g) DSS schools are encouraged to provide a simulation test for school fee remission on their websites so that parents will know in advance the precise level of school fee remission their children will be granted. This will facilitate decision on school choice and/or whether to apply for remission; and

(h) the EDB provides on its website hotlinks to the school fee remission/scholarship schemes of individual DSS schools to facilitate interested parents to get the information they need easily.

*Providing additional financial subsidy for needy students*

6. Currently, when the reserve for the fee remission/scholarship scheme of a DSS school has reached a cumulative amount that exceeds the school’s half-year total fee income due to low utilisation of the scheme, the SMC/IMC should devise a plan on how this specific reserve could be effectively deployed and submit it to the EDB for consideration. Acceptable options to avoid excessive reserve include:

1. relaxing the criteria for awarding fee remission/scholarship;
2. reducing the school fees;
3. subsidizing eligible students in their purchase of textbooks/ reference books/stationery; and
4. sponsoring eligible students for joining extra-curricular activities, such as overseas educational visits and exchange study programmes, etc.

7. The options above are by no means exhaustive. The Working Group has recommended that DSS schools should continue to be given the flexibility to devise their school-based arrangements to offer financial assistance to needy students over and above the current requirements outlined in paragraphs 2 and 3 above. In this connection, DSS schools with sizable fee remission/scholarship reserves are encouraged to continue to explore ways to better utilize their fee remission/scholarship reserves and to provide additional financial assistance for needy students. DSS schools, however, are reminded that the fee remission/scholarship reserve should aim to assist needy students lacking means in studying in DSS schools, and they should award students scholarship on a merit basis. In other words, DSS schools need to devise their school-based criteria with appropriate selective elements for using the reserve. While the Working Group does not recommend setting a cap for scholarship, DSS schools should demonstrate that their fee remission and scholarship criteria are well thought-out with due regard to their mix of students.

*Exemption from the requirement for DSS schools to adopt eligibility criteria for fee remission schemes no less favourable than those of the government financial assistance schemes*

8. There are cases where DSS schools have been topping up the fee remission/scholarship provisions by using their non-government funds because they have admitted a large number of needy students. To help DSS schools of this kind maintain a sustainable mode of operation of their fee remission/scholarship scheme, the Working Group has recommended that DSS schools meeting the following criteria be allowed to apply to the EDB for exemption from the requirement for DSS schools to adopt eligibility criteria for fee remission schemes no less favourable than those of the government financial assistance schemes:

(a) the utilization rates of their fee remission/scholarship provisions are 100% or more as reflected in the audited accounts of the past three consecutive years; and

(b) in overall terms, during the three years in question, two thirds of their fee remission/scholarship provisions or more have been used for fee remission purposes as confirmed by the schools.

9. In this connection, should DSS schools meeting the above criteria decide to apply for the exemption, they have to first put up the revised eligibility criteria for discussion and endorsement by their SMC/IMC. DSS schools are reminded of the following in devising the revised eligibility criteria and deciding the implementation date:

(b) students receiving fee remission before the schools adopt the revised eligibility criteria will not be affected, i.e. they will continue to receive fee remission under the previous eligibility criteria until they graduate from the schools if the new criteria are less favourable to them;

1. **EDBC No. 16/2012 - paragraphs 6, 8, 9 and 11**

Designated Reserve

**School Fee Remission/Scholarship Reserve**

6. All unspent balances of the provisions for the school fee remission/scholarship scheme accumulated in or before the 2011/12 school year, if any, should be recorded under the school fee remission/scholarship reserve.

8. For schools having used up all the provisions and the accumulated reserve of the school fee remission/scholarship scheme in a school year, they can continue to top up their school fee remission/scholarship reserve by transferring the non-government funds in the operating reserve to this reserve on an actual need basis.

9. Transfer of funds in the school fee remission/scholarship reserve out to other reserves is prohibited unless with the special approval of the Education Bureau (EDB).

11. Only non-government funds can be recorded under/transferred to this reserve.

1. **Financial Assistance Schemes for Primary and Secondary Students of the Student Finance Assistance Agency (SFAA):**

<http://www.sfaa.gov.hk/eng/schemes/fts.htm>

1. **Section 10 (f) of Direct Subsidy Scheme Explanatory Notes (DSS E Notes)**

Every prospectus should at least contain the following information –

(f) a statement of school fees with details of any fee remission and scholarship scheme and of the school’s budget for the coming year.

School should ensure that the contents of its prospectus are updated and factually correct before it is issued to parents.

<http://www.edb.gov.hk/attachment/en/edu-system/primary-secondary/applicable-to-primary-secondary/direct-subsidy-scheme/index/ss-e-notes-table.pdf>

Governance Review Subcommittee

Review Report on

Fee Remission/Scholarship Schemes

Period/ Date :

| Areas to be reviewed:(1) Criteria for Awarding Fee Remission/Scholarship(2) Application Procedures, Approving and Appeal Mechanisms(3) Publicity of Fee Remission/Scholarship Scheme(4) Others: (please specify, if any)  |
| --- |
|  | Review Items | Yes | No | Findings/Evidence(*Provide documentation/cross referencing to attachments, where necessary)* | Recommendations*(Provide cross referencing to attachments, where necessary)* | Major Reference | Other Remarks |
| **1** | **Major Policies on School Governance and Administration**Discussion and approval from SMC/IMC on(i) the policy (including application procedures, approving and appeal mechanisms);(ii) the operation of the scheme which includes an annual operational summary and criteria for the scheme;(iii) eligibility criteria: the school has adopted eligibility benchmarks no less favourable than the government financial assistance schemes for the fee remission/scholarship scheme.[[1]](#footnote-1) |  |  |  |  | ***Para. 15(e) of EDBC No. 7/2012*** |  |
| **2** | **School fee remission/scholarship reserve set up**(i) The required [[2]](#footnote-2)amount of school fee income has been set aside for the school fee remission/ scholarship scheme. |  |  |  |  | ***Paras. 2 & 3 of EDBC No. 10/2012 and para. 6 of EDBC No. 16/2012*** |  |
|  | (ii) When the reserve for the fee remission/scholarship scheme has reached a cumulative amount that exceeds the school’s half-year total fee income, a plan on how this specific reserve could be effectively deployed has been devised and submitted to the EDB. |  |  |  |  |  |  |
|  | (iii) The school to provide additional financial assistance to needy students. |  |  |  |  |  |  |
| **3** | **Transparency and Access to information**(i) The school has consulted the SMC/IMC or parent-teacher association about the operation of the school fee remission/ scholarship schemes and how the related information should be presented to ensure that it can be easily understood by parents and prospective parents of the school. |  |  |  |  | ***Paras. 2, 8 and 9(b) of EDBC No. 10/2012*** |  |
|  | (ii) Details of the school fee remission/scholarship schemes, including the amount of school fee, eligibility criteria and levels of fee remission have been provided; and(ii)(a) in the application form for admission. |  |  |  |  |  |  |

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|  | (ii)(b) in the School Profile published by the Committee on Home-School Co-operation (a hyper-link is included through which details of the school fee remission / scholarship schemes can be obtained on the schools’ websites); |  |  |  |  |  |  |
| (ii)(c) for all students newly admitted to the school by enclosing such details with the letter offering admission; |  |  |  |  |  |  |
| (ii)(d) in the school prospectuses and on the school’s website. |  |  |  |  | ***Section 10 (f) of DSS E Notes*** |  |
|  | (iii) When notifying students of the application results for financial assistance provided by Student Financial Assistance Agency, the school has provided an application form for the school fee remission/ scholarship schemes for each of the eligible students. |  |  |  |  |  |  |
|  | (iv) The EDB encourages schools to process applications for the school fee remission/ scholarship scheme from newly admitted students before the new school year begins as far as possible so that those eligible students will not be required to pay the school fee in advance. The school has done so. |  |  |  |  |  |  |

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|   | (v) The EDB encourages schools to process applications received during the school year as far as possible so that those eligible students will not be required to pay the school fee in advance. The school has done so. |  |  |  |  |  |  |
|  | (vi) The EDB encourages schools to provide a simulation test for school fee remission on the school’s website so that parents will know in advance the level of fee remission their children will be granted. The school has done so. |  |  |  |  |  |  |

1. [For schools with exemption from the above requirement granted by the EDB, please enter N.A. Students receiving fee remission before schools adopt the revised eligibility criteria should not be affected.] [↑](#footnote-ref-1)
2. At least 10% of the school’s total school fee income should be set aside to provide fee remission/ scholarship for deserving students. If a DSS school charges a school fee between 2/3 (two-third) and 2 1/3 (two and one-third) of the DSS unit subsidy rate, the school should set aside 50 cents for the fee remission/scholarship scheme for every additional dollar charged over and above 2/3 (two-third) of the DSS unit subsidy rate. [↑](#footnote-ref-2)