

22 June 2012

Education Bureau Circular No. 10/2012

Fee Remission/Scholarship Schemes in Direct Subsidy Scheme (DSS) Schools

[Note: This circular should be read by –

- (a) Supervisors and Principals of DSS Schools – for action; and
- (b) Heads of Sections – for information.]

SUMMARY

This circular recapitulates the existing requirements for the fee remission/scholarship schemes in DSS schools, and sets out implementation details of the recommendations in respect of the fee remission/scholarship schemes in DSS schools put forward by the Working Group on DSS¹ (Working Group). This circular supersedes Education Bureau (EDB) Circular No. 2/2011 dated 5 July 2011.

DETAILS

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 $\frac{2}{3}$ (two-third) and $2\frac{1}{3}$ (two and one-third) of the DSS unit subsidy rate, the school should set aside 50 cents for the fee

¹ In response to the recommendations in the Director of Audit's Report No.55 by the Audit Commission and the Public Accounts Committee Report No.55 by the Public Accounts Committee of the Legislative Council about DSS schools, the EDB set up the Working Group on DSS in February 2011 to review the administration of the DSS as well as the governance and administration systems of DSS schools. The Working Group submitted its recommendations to the Secretary for Education in December 2011, and the Secretary for Education accepted all the recommendations on 17 February 2012.

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

4. In the light of the recommendations made by the Audit Commission (AC) and the Public Accounts Committee (PAC) of the Legislative Council in the Director of Audit's Report No.55 and the PAC Report No.55 respectively about DSS schools' fee remission/scholarship schemes, the EDB introduced in the 2011/12 school year various new measures that would further increase the transparency and access of information of the fee remission/scholarship schemes, and provide parents who are receiving the Comprehensive Social Security Assistance (CSSA) or with financial difficulties with the necessary information to facilitate them to make an informed choice of schools.

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.

Implementation Details of the Working Group's Further Recommendations

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:

- (a) relaxing the criteria for awarding fee remission/scholarship;
- (b) reducing the school fees;
- (c) subsidizing eligible students in their purchase of textbooks/reference books/stationery; and
- (d) 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:

- (a) needy students eligible for financial assistance under the government financial scheme ought to be granted fee remission under the revised eligibility criteria, though the level of fee remission granted may be different from the level of financial assistance awarded under the

government financial schemes. For example, the two levels of financial assistance, i.e. full and half, under the government financial scheme are divided into five levels of financial assistance, i.e. 100%, 80%, 60%, 40% and 20% under a school's revised eligibility criteria. Students originally awarded half level of financial assistance under the government financial scheme may be granted 60%, 40% or 20% of financial assistance under the school's revised eligibility criteria;

- (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; and
- (c) sufficient notice² must be given to prospective parents/students before the new eligibility criteria are implemented, and the revision must also be made available for public consumption as per the measures to enhance the transparency and accessibility of information of the fee remission/scholarship schemes set out in paragraph 5 above.

10. Upon their SMC/IMC's approval, DSS schools may apply to their respective Senior School Development Officers for exemption. A sample letter for such applications is prepared at Annex I for the reference of DSS schools.

11. The Working Group has also recommended that the exemption to DSS schools should be cancelled once:

- (a) the average utilization rate of their fee remission/scholarship provisions under the revised eligibility criteria in the past three years is less than 80%; or
- (b) in the past three years, on average, less than two thirds of their fee remission/scholarship provisions under the revised eligibility criteria are used for fee remission purposes.

12. In this connection, if a DSS school is granted exemption, it will be required to report the percentage of its fee remission/scholarship provision that is used for fee remission purposes under the revised eligibility criteria in its audited accounts for assessment by the EDB. The format of the audited accounts will be revised accordingly in due course.

Better utilization of fee remission/scholarship reserves in through-train secondary and primary schools

13. To facilitate better utilization of fee remission/scholarship reserves in through-train secondary and primary schools, thereby enabling them to admit

² Prospective parents/students have to be notified of the revised eligibility criteria before they are offered a school place at the latest.

more needy students overall, the Working Group has recommended that through-train secondary and primary schools be allowed to transfer a maximum of 50% of the fee remission/scholarship reserves of the linked primary school to the linked secondary school or vice versa should they meet the following conditions and obtain prior approval from their SMC/IMC:

- (a) the utilization rates of the fee remission/scholarship provisions of the linked school which is to receive funds are 100% or more as reflected in the audited accounts of the past three consecutive years; and
- (b) in the past three years, two thirds of the fee remission/scholarship provisions or more of the linked school which is to receive funds are used for fee remission purposes as confirmed by the schools.

14. In this connection, should through-train secondary and primary schools meeting the above criteria decide to apply for transfer of reserves, they have to first consult parents of the linked school which is to contribute its reserves and then put up a proposal including the amount of funds to be transferred for discussion and endorsement by their SMC/IMC.

15. Upon their SMC/IMC's approval, through-train secondary and primary schools may apply to their respective Senior School Development Officers for the transfer of reserves between the linked schools. A sample letter for such applications is prepared at Annex II for the reference of through-train secondary and primary schools. A fresh application is needed for each proposed transfer of reserves.

ENQUIRY

16. For enquiries about the implementation details of the measures as set out in this circular, please contact the respective Senior School Development Officers.

Miss P L WU
for Permanent Secretary for Education

Sample Letter

To: Senior School Development Officer ()
Education Bureau

**Application for Exemption from the Requirement
for DSS Schools to Adopt Eligibility Criteria for Fee Remission Schemes
No Less Favourable than those of Government Financial Assistance Schemes**

I write to apply for exemption from the requirement for DSS schools to adopt eligibility criteria for fee remission schemes no less favourable than those of government financial assistance schemes with effect from the _____ *s.y.(school year)*. I certify that the utilization rates of my school's fee remission/scholarship provisions are 100% or more in the past three school years*, i.e. _____ *s.y.(school year)*, _____ *s.y.(school year)*, _____ *s.y.(school year)*. The following supporting documents are attached:

- (i) Copies of relevant parts of the audited accounts of my school which show my school's fee remission/scholarship provisions and their utilization in the past three school years as mentioned above ; and
- (ii) Proposed revised eligibility criteria for the fee remission scheme of my school, which has been approved by the SMC/IMC.

I also certify that in overall terms, during the three school years as mentioned above, two thirds or more of the fee remission/scholarship provisions have been used for fee remission purposes. Relevant records are available for the Education Bureau's scrutiny where necessary.

For needy students eligible for financial assistance under the government financial scheme, they will be granted fee remission under the revised eligibility criteria, though the level of fee remission granted may be different from the level of financial assistance awarded under the government financial schemes. For existing students receiving fee remission before my school adopts the above revised eligibility criteria, they will continue to receive fee remission under the previous eligibility criteria which are no less favourable than those of the government financial assistance schemes until they graduate from the school.

Prospective parents/students will be informed of the revised eligibility criteria via the measures as set out in paragraph 5 of the EDB Circular No. 10/2012 on Fee Remission/Scholarship Schemes in Direct Subsidy Scheme (DSS) Schools on _____ (*date*).

Signature of School Supervisor: _____

Name of School Supervisor: _____

School: _____

Date: _____

* The latest three school years with audited accounts available

Sample Letter

To: Senior School Development Officer ()
Education Bureau

Application for Transfer of Fee Remission/Scholarship Reserve
within Through-train Schools

We write to apply for the transfer of (a proposed amount) from
the fee remission/scholarship reserve of (the
linked school to contribute funds) to (the linked
school to receive funds). We certify that the utilization rates of the fee
remission/scholarship provisions of the linked school to receive funds are 100%
or more in the past three school years*, i.e. s.y.(school year), s.y.
(school year), s.y.(school year). The following supporting documents are
attached for your consideration:

- (i) A copy of the relevant part of the latest audited account, i.e. the
audited account for s.y.(school year), of the linked school
to contribute funds, which shows the latest accumulated funds in the
fee remission/scholarship reserve of the school; and
(ii) Copies of the relevant part of the audited accounts of the linked
school to receive funds which show that the linked school's fee
remission/scholarship provisions and their utilization in the past
three school years as mentioned above.

We certify that during the three school years as mentioned above, two
thirds or more of the fee remission/scholarship provisions of the linked school
which is to receive funds have been used for fee remission purposes. Relevant
records are available for the Education Bureau's scrutiny where necessary.

We also confirm that we have consulted the parents of the linked school
which is to contribute its reserves and addressed their concerns, and the proposed
transfer of reserves will not affect the interests of needy students in the linked
school which is to contribute its reserves.

Name of School Name of School
to contribute funds: to receive funds:

Signature of Signature of
Supervisor: Supervisor:

Name of Name of
Supervisor: Supervisor:

Date:

* The latest three school years with audited accounts available