

# Responses from University Grants Committee on 2025-26 Budget

The following is issued on behalf of the University Grants Committee:

The 2025-26 Budget promulgates a number of financial measures relating to the higher education sector. The Chairman of the University Grants Committee (UGC), Mr Tim Lui, welcomes the Government's approval of the recurrent funding to the UGC-funded universities for the 2025/26 to 2027/28 triennium (2025-28 triennium) as well as the allocation of an additional \$1.5 billion for a new round of the Research Matching Grant Scheme. They represent the continuous investment in the future, which injects impetus into the higher education sector, while promoting the effective use of resources in the universities as they forge ahead.

The recurrent funding for the UGC-funded universities in the 2025-28 triennium has reflected the magnitude of efficiency savings applied government-wide, i.e. a progressive 2 per cent reduction each year cumulatively to achieve total savings of about \$2.8 billion. In addition, the UGC-funded universities will return \$4 billion from their balances of the General and Development Reserve Fund (GDRF) to the Government on a one-off basis in the 2025-26 financial year. Together with the savings of \$1.2 billion following the increase in the tuition fee level in the 2025-28 triennium, such measures will yield benefits that worth \$8 billion to the public coffer altogether.

In accordance with the established mechanism, the recurrent subvention requirement of the UGC-funded sector in the 2025-28 triennium amounts to \$70.9 billion, whereas the recurrent funding as approved by the Government is \$68.1 billion. In other words, there is a reduction of \$2.8 billion over three years, resulting in a 4 per cent average reduction rate.

The UGC-funded universities retain their unspent recurrent grants from the UGC as the GDRF to buffer against variations in cash flow requirements. As of June 30, 2024, the aggregate balance of the GDRF of all universities totalled \$11.1 billion. The \$4 billion to be returned to the Government accounts for more than one-third of such reserve funds.

Mr Lui said, "Over the past years, the Government had allocated abundant resources to propel the vibrant development of our higher education sector, including various new UGC initiatives for universities to step up their roles in nurturing talent and advancing scientific research. With such support, we have garnered international reputation for our higher education sector that we take pride in. At this critical juncture, the higher education sector is demonstrating their solidarity with the wider community. The UGC believes that our universities will continue their efforts in advancing excellence in teaching and research with valuable public resources, thereby contributing towards developing Hong Kong into an international hub for post-secondary

education and building our nation into a leading country in education."