

LINGNAN UNIVERSITY

Cost Allocation for UGC-funded and Non-UGC-funded Activities

Background

1. Lingnan University is one of the eight publicly funded tertiary institutions in Hong Kong receiving subventions from the Government via the University Grants Committee (“UGC”) for the provision of a number of UGC-funded programmes at both undergraduate and post-graduate levels. The University also offers a number of self-financed programmes, including Project Yi Jin, associate degrees, diplomas, higher diplomas, post-graduate diplomas and taught post-graduate degrees, for supporting the Government’s decision to widen the access to higher education and for developing Hong Kong into a regional education hub. Other self-financed activities would include research activities funded by non-UGC grants, contract research, consultancy projects and etc.
2. As the UGC grants are for supporting approved UGC-funded activities, the UGC has promulgated a set of Cost Allocation Guidelines (“CAGs”) taking effect from 2018/19 financial year to ensure that there is no cross-subsidization of UGC resources to non-UGC-funded activities. The full text of the CAGs is available at the website of the UGC (<https://www.ugc.edu.hk/doc/eng/ugc/note/CAGs.pdf>).

Principles and Allocation Bases

3. All costs which can be separately identified shall be charged to the respective funds, i.e. UGC-fund or non-UGC-fund, directly. Non-UGC funds will be charged for the full cost of the activities, including the cost of the central services that have been consumed.
4. Under the CAGs, there are four cost categories, namely,
 - (a) Academic Staff Cost
 - (b) Premises and Related Cost
 - (c) Departmental Shared Cost
 - (d) Central Cost
5. Costs are allocated to UGC-funded and non-UGC-funded activities in accordance with the bases as set out in the table below:

Cost Category	Allocation Basis*
Academic Staff Cost	Online time surveys are conducted 3 times (Term 1, Term 2 and Summer Term) a year for all academic staff members, excluding those on annual leave, sabbatical leave, maternity leave and no-pay leave during the entire survey period. Each survey will last for 2 weeks. Based on the data collected in the time surveys, the full academic staff cost will be re-charged between UGC/Non-UGC votes.
Premises and Related Cost	<ol style="list-style-type: none"> 1. Split the cost for bookable space and non-bookable space based on area. 2. (a) For bookable space, such as classrooms, laboratories and meeting rooms, costs will be allocated based on the actual number of hours recorded in the Room Booking System. (b) For non-bookable space, different facilities will use different bases to allocate costs. The commonly used bases are number of users/students/staff.
Departmental Shared Cost	Following the general principle of directly charging the relevant cost to the appropriate vote, all self-financed programmes employ their own administrative staff and maintain separate offices. No re-charging is required between UGC/non-UGC votes.
Central Cost	Except for those cost items that can be directly charged to UGC or non-UGC vote, central cost items that cannot be separately identified are subject to cost allocation. Different central costs will use different allocation bases. For examples, the allocation of the cost of Human Resources Office will be based on "number of staff", Information Technology Services Centre will be based on "number of staff and students", Office of Communication and Public Affairs will be based on "income" and Office of Student Affairs will be based on "number of students".

**The allocation bases are subject to review from time to time.*