

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 diploma 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, four cost categories are defined as follows:
 - (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	Based on the time survey data collected from academic staff members who are involved in both UGC-funded and non-UGC-funded activities.
Premises and Related Cost	<ul style="list-style-type: none"> • For bookable space, cost will be allocated based on the actual number of hours used recorded in the Room Booking System. • For non-bookable space, cost is allocated based on the number of full-time equivalent students/staff or actual usage.
Departmental Shared Cost	Based on the % of involvement or the time survey data collected from staff members who are involved in both UGC-funded and non-UGC-funded activities.
Central Cost	<p>Commonly used bases are</p> <ul style="list-style-type: none"> • Number of full-time-equivalent students • Number of full-time-equivalent staff • Actual usage, e.g. Number of entries

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