

Recurrent Grant Funding Methodology

The funding methodology gives a reasonably rigorous and precise assessment of the resources required to meet the teaching and research targets of each institution. The basis of the funding methodology is a formula. However, the UGC recognises that even the most sophisticated formula is unlikely to capture fully the subtleties of needs within a complex educational system such as that in Hong Kong. The UGC therefore takes into account many other issues, including the institutions' own requests for what we term "extra formulaic adjustments". The formula gives due consideration to the fact that UGC-funded institutions are supported primarily to carry out teaching and research of various kinds and that there is a significant degree of interdependence between the two. This idea is central to the role statements that have been agreed for each institution. The recurrent grants should therefore contain elements that relate to each of these activities which are calculated separately.

2. Recurrent grants to each UGC-funded institution basically comprise a block grant and funds provided for specific purposes. The purpose of the UGC recurrent grants is to fund institutions to support pursuit of their different roles and missions in teaching and research.

3. The 2012/13 academic year is the first year of the implementation of the New Academic Structure in the UGC-funded sector. Thus, there is new recurrent funding for the additional year under the New Academic Structure ("new pot of money") in addition to the existing funding ("existing pot of money") for the three years of undergraduate study and other levels of study. In this regard, a "two pots of money" approach/funding methodology has been applied since the 2012/13 to 2014/15 triennium as detailed below. However, institutions still receive a lump-sum block grant, and the separate methodology in allocating the new Year 1 funding will not affect the existing autonomy in which institutions deploy their block grant.

"Existing pot of money" for the three years of undergraduate study and other levels of study

4. Under the "existing pot of money", the amount of block grants to the sector as a whole comprises three elements –

- (a) Teaching – about 75%
- (b) Research – about 23%
- (c) Professional Activity – about 2%

Teaching Element

5. The Teaching element is based on the student numbers, their study levels (i.e. sub-degree, undergraduate, taught postgraduate and research postgraduate),

mode of study (i.e. part-time and full-time) and disciplines of study. Some subjects are more expensive than the others because they require special equipment, laboratory or more staff time, etc. Relative cost weightings by broad academic programme categories have been grouped into three price groups since the 2005/06 to 2007/08 triennium, as shown in the table below -

Academic Programme Categories (APC)	Price Group of APCs	Relative Cost Weightings	
		Teaching ⁽¹⁾ Programme	Research ⁽²⁾ Programme
1. Medicine 2. Dentistry	A Medicine & Dentistry	3.6	1.8
3. Studies Allied to Medicine and Health 4. Biological Sciences 5. Physical Sciences 6. Engineering and Technology 7. Arts, Design & Performing Arts	B Engineering & Laboratory Based Studies	1.4	1.4
8. Mathematical Sciences 9. Computer Science and Information Technology 10. Architecture and Town Planning 11. Business and Management Studies 12. Social Sciences 13. Law 14. Mass Communication & Documentation 15. Languages & Related Studies 16. Humanities 17. Education	C Others	1.0	1.0

Note:

(1) Include sub-degree, undergraduate and taught postgraduate programmes.

(2) Include research postgraduate programmes.

Research Element

6. Starting from the 2012/13 to 2014/15 triennium, the Research element comprises two parts: one part informed by performance in the Research Assessment Exercise (RAE) 2006 and another part informed by success under the Research Grants Council (RGC). Regarding the latter component, the UGC will gradually allocate about 12.5% of the Block Grant, or 50% of the prevailing Research-portion (R-portion)(i.e. excluding the teaching element), on a more competitive basis according to institutions' success in obtaining RGC Earmarked Research Grants in the next three triennia (over nine years), to fund the indirect/on-costs of research projects approved by the RGC. The fund continues to be disbursed to the institutions as part of the Block Grant as infrastructure funding to enable institutions to provide both the staffing and facilities (e.g. accommodation and equipment) necessary to carry out research, and to fund a certain level of research.

Professional Activity Element

7. This element of funding is associated with professional (non-research) activities which should be undertaken by all members of academic staff. It is calculated based on the total number of academic staff.

“New pot of money” for the additional year under the New Academic Structure

8. The new funding for the additional year under the New Academic Structure is treated as a separate pot of money and is allocated wholly as “teaching funding”, while recognising differentiation in the teaching cost among faculties with price weights of 1.4 and 1.0 for (i) Medicine, Dentistry, Engineering and Laboratory-based studies; and (ii) Others respectively.

Allocation of Block Grant within Institutions

9. The above-mentioned methodology only serves as a basis for determining the block grant allocation to the UGC-funded institutions. Once allocations are approved, institutions have a high degree of freedom and responsibility for determining the best use of the resources vested in them.