



UNIVERSITY GRANTS COMMISSION

Finance Circular Letter No 12/2012

20th December 2012

Vice – Chancellors of Universities
Directors of Institutes
Rectors of Campuses

Annual Allocation – 2013 Head No. 214 University Grants Commission

University Grants Commission strives to uplift the university system by improving infrastructure facilities, strengthening research capabilities and increasing quality of the Higher Education in Sri Lanka. Accordingly eight development priorities have been proposed to finance by the 2013 budget and submitted to the National Budget Department for their approval.

- 2) As approved by the Parliament of Sri Lanka on 09th December 2012, National Budget Department released university wise expenditure ceilings for 2013.

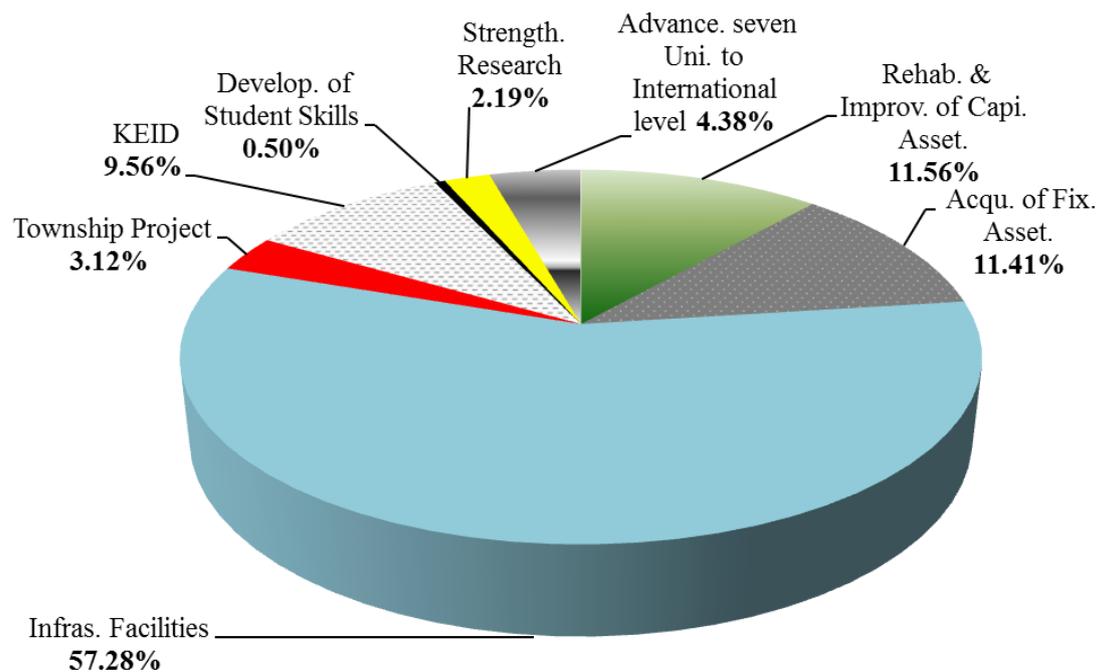
Table – 1 Approved Budget 2013 (Rs. Million)

Category / Object Title	Approved Budget 2012	Budget Estimates 2013	Approved Budget 2013	Approved Budget as a % of Budget Estimates
Recurrent Grants	14,504	20,540	17,125	83%
Capital /Development Grants	5,778	15,567	7,365	47%
Total Grants	20,282	36,107	24,490	68%
Internal Income	1,560	1,800	2,500	N/A
Total Expenditure	21,842	37,907	26,990	

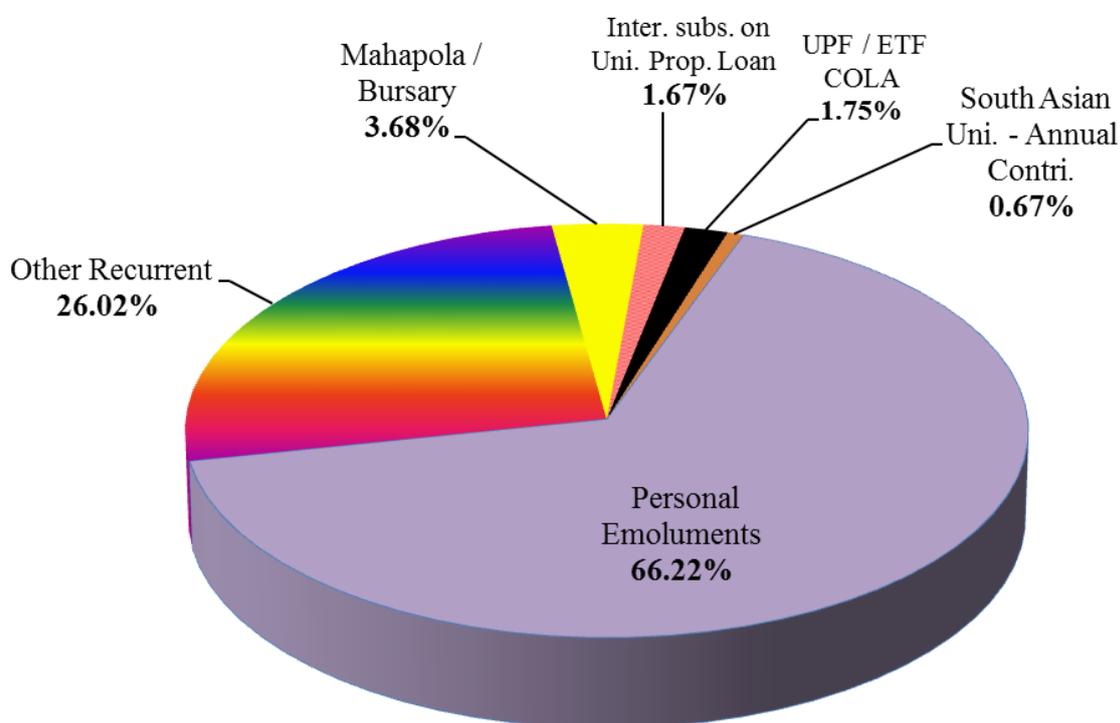
Accordingly 83% of the recurrent estimates and 47% of capital estimates have been approved by the National Budget Department with eight development priorities proposed by the UGC to be financed under the Capital/Development Budget.

- a) Rehabilitation and Improvement of Assets
- b) Acquisition of Assets
- c) Development of Infrastructure facilities
- d) Knowledge Enhancement and Institutional development for Quality
- e) Development of Students Skills
- f) Strengthening Research
- g) Advancement of six universities to the International Level
- h) University Township Project

Composition of the Capital/Development Estimates – 2013 submitted to the National Budget Department



Composition of the Recurrent Estimates – 2013 submitted to the National Budget Department



3) Allocation of Recurrent and Capital grants

Recurrent and Capital grants to the Universities/HEIs for 2013 are allocated as Recurrent Block Grant (RCG) and Capital Block Grant (CBG) based on the funding policy approved by the UGC. Universities and HEIs are encouraged to prepare the program budget considering development priorities proposed by the University Grants Commission and approved by the National Budget Department under the Head No 214 University Grants Commission.

University wise RBG and CBG is given in Annex – 1 and Annex -11 for the information of the Universities/HEIs

- a) Rehabilitation and Improvement of Fixed Assets –UGC considered that preventive maintenance of existing infrastructure facilities is as important as construction of new infrastructure facilities. Therefore 11.56 % of the total capital budget has been allocated to finance rehabilitation and improvement of fixed assets.
- b) Acquisition of Fixed Assets – As per the request made by the universities 11.41% of the total capital budget has been allocated to finance the acquisition of fixed assets of universities vote
- c) Development of Infrastructure facilities – In addition to 113 ongoing construction projects, it is proposed to finance 41 new construction projects approved under Medium Term Program 2011/2020 for the development of infrastructure facilities under the Capital Budget/Development Budget 2013.
- d) Knowledge Enhancement and Institutional Development program (KEID)

It is proposed to enhance the soft skills and talent of the university community and improve the institutional capacity in order to achieve overall objective of the Higher Education. Accordingly following projects have been approved to implement under the *Knowledge Enhancement and Institutional Development (KEID)* for 2013. Funds for KEID projects have been allocated with CBG except *Competency Building and Capacity Enhancement and Information Technology Developments projects*

Project -1 Transforming existing degree programs to produce more employable graduates.

Objective of this project is to improve the employability of Arts gradates produced by the universities. Accordingly it is proposed to;

- a) replace approximately 2000 conventional places (general degree by the specialized places (special degrees)
- b) provide on the job training in an IT related organization and give them an opportunity to improve their skills
- c) enter in to collaboration agreements with other universities and institutes providing IT degrees.

Project -2 Trilingual skills development of undergraduates

The objective of this project is to encourage the acquisition of trilingual skills and competencies by all sections of the country as a major step towards national integration and harmony. Accordingly it is proposed to;

- a) Include Tamil, Sinhala and English to the university curriculum and assign credits
- b) Establish a language development centre within the university

Project – 3 Development of sports skills

Development of sports skills project is coordinated by the MOHE with the assistance of the universities/HEIs in order to identify, improve and develop sports skills of the undergraduate students. Accordingly further instructions will be issued by the Director General–Sports and Talent Development/MOHE in this regard.

Project -4 Postgraduate / Doctoral Projects

Objective of this project is to provide financial assistance to obtain Postgraduate and PhD. qualifications for the academic and administrative staff of the university system.

Funds for this project have been allocated to the University Grants Commission / Universities and National Centre for Advance Studies in Humanities & Social Sciences (NCAS). Accordingly further instruction will be issued by the UGC/NCAS on Postgraduate /Doctoral Projects coordinated by the respective institution.

Project -5 Competency Building and Capacity Enhancement

Objective of this project is to produce skilled teachers, visionary leaders, skilled and committed technical and support staff since all stakeholders are the key element in designing and delivering a quality higher education.

This project is financed by the UGC and coordinated by Human Resource Development Unit of the UGC. Universities/HEIs are requested contact *Ms.Nadeesha Samarasinghe, Assistant Secretary- HRDU/UGC (Tel- 011-3092068/011-3092045 or email: jnadeesha@yahoo.com)*

Project – 6 Information Technology Developments

In order to promote effective communication throughout the university system and to foster and support excellence, innovation, best practice and value for money in the use of IT in administration, teaching and research across the university system.

Information Technology Development project is financed by the UGC and coordinated by the Information Technology Development committee (ITDC) of the UGC. Universities are requested contact Mr.Nalaka Lankasena Systems Analyst – UGC (Tel.011-2685502 / nalaka @ ugc.ac.lk) in this regard.

e) Development Student skills

Project -1 Career guidance and student welfare

This project is coordinated by the UGC with the assistance of the universities in order to identify, improve or develop entrepreneurship skills of the undergraduate students.

As recommended by the standing committee on career guidance and student welfare of the UGC, additional funds will be allocated to the universities/HEIs by the UGC.

f) Strengthening Research

Project -1 International Symposium, Research & Publication

The objective of this project is to encourage academic and administrative staff of the universities to produce publications and organize international symposiums to achieve international standard.

Project 2 Research for national development & resolving the burning social issues

In order to address the existing socio-economic problems recognized as a national priority today and contribute to the economic development in the country, universities are requested to prepare project proposals on research projects which could address the national issues and submit to the UGC for necessary approval.

The research projects less than Rs. 5.0 million are considered to be financed by the UGC subject to the availability of funds.

g). Advancement of Six Universities to the International Level

The project was introduced by H.E President as the Hon. Minister of Finance and Planning as a budget proposal in 2011. It was an encouragement for the universities to uplift their academic and administrative activities by enhancing the quality and equity.

Funds for this project are allocated with annual expenditure ceilings for the year 2013. University of Peradeniya, University of Colombo, University of Sri Jayewardenepura, University of Kelaniya, Moratuwa University and University of Ruhuna are requested to continue their activities as approved in 2011.

h). University Township Project (UTP)

Implementation of the University Township Project is coordinated by the MOHE/UGC. A steering Committee to monitor UTP will be appointed by the UGC/MOHE by January 2013.

Accordingly additional funds amounting to Rs.1.5 billion as proposed by the Budget 2013 for the UTP is allocated to the universities after proper evaluation of individual project proposals. A special circular instruction will be issued by the UGC in this regard in January, 2013.

4). Funding Policy - Allocation of Recurrent Grants (RG)

4.1). As approved by the UGC at its 793rd meeting held on 7th July 2009 allocation of recurrent grants for the Universities and Undergraduate HEIs have been based on following funding formulae.

$$\text{RECURRENT GRANTS} = \text{Modified Cost per Student (MCPS)} \times \text{Student Enrolment (SE)}$$

4.2) Modified Cost per Student (MCPS) was computed considering following policy factors;

- Annual salary increments for the employees per student
- 10% inflation on other recurrent cost
- 10% Capacity expansion on other recurrent cost
- Increase of CPS (Cost Per Student)

4.3) Recurrent Grants for the Postgraduate Institutes and Open University of Sri Lanka (OUSL) have been allocated based on following funding policy;

- OUSL - 2/3 of the total Recurrent Grant has been financed by the UGC
- Postgraduate Institutes (PGIs) - Postgraduate Institutes are encouraged to generate funds internally to finance their annual budget. Therefore government grants are only to bridge the shortfalls.

4.4) Bursary/Mahapola – treasury contribution

Funds for the payment of Mahapola-treasury contribution and Bursary have been allocated to the UGC on the basis of estimated Mahapola/Bursary recipients plus value of the existing scholarship installment.

If you need further clarifications in this regard please contact Mr. M.P Bandara – Senior Assistant Accountant /UGC on 011-2694299.

4.5) Ratification of UPF and ETF on Cost of Living Allowances

Allocations have not been made to the universities / HEIs to finance the ratifications of UPF and ETF on Cost of Living Allowances (COLA) paid during 1.1.2006 to 31.5.2011. Therefore Universities/HEIs are requested to submit a list of UPF and ETF contributions entitled on COLA as per the Establishment Cir.No.14/2011 issued by the UGC.

If you need further clarifications in this regard please contact Mr. N.Gallage – Deputy Accountant /UPF on 011-2686930.

4.6) Funds for interest subsidy on University Staff Property Loan

Universities/HEIs are requested to submit their reimbursement request to the UGC according to the guide lines given in Finance Circular No.10/2012 dated 9th October 2012 issued by the UGC.

If you need further clarifications in this regard please contact Mr. M.P Bandara – Senior Assistant Accountant /UGC on 011-2694299.

5) Funding Policy - Allocation of Capital Grants (CG)

5.1) Priority-based funding

As recommended by the Project Monitoring and Evaluation Committee (PEMC), following five criteria have been considered for the allocation of capital grants according to the priority based funding policy.

- i.** Ongoing Construction Projects
- ii.** Projects approved under the Ten Year Medium Term Program
- iii.** Faculty Load/Faculty Weight – Universities have been weighted based on the relative cost factor of a subject disciplines in order to compute Rehabilitation and Acquisition of Fixed Assets grants proposed to be allocated to the each universities.

Proposed Relative Cost Factors – Medicine – 5, Science – 2, Management- 1
Law – 1, Art-1, Education – 1, Engineering – 3, Veterinary Science – 4,
Agriculture – 3, Paramedical – 2

- iv. Maximum and Minimum capital grants ceiling have been introduced under the three Tears as given in Table-2 below.

SEUSL has not been considered for funding under the North- East Tear since it is financed by the special Kuwaite grant.

Table 2: Minimum and Maximum Capital Grants (CG) Ceiling

Tear		Name of the Universities	Maximum Ceiling -CG Per Student	Minimum Ceiling – Total CG per University
T-1	Established Universities	PDN,COL,SJP, KLN, MRT, RUH	Rs.45,000/-to Rs.60,000/-	Rs.225,000/- per University to ensure minimum allocation of Rs.225,000/- for small Universities
T-2	North and East Universities	JAFN,EUSL	Rs.125,000/- to 200,000/-	
T-3	New Universities	RUSL,WUSL, SUSL, SEUSL,UVPA, UWU	Rs.120,000/- to Rs.175,000/-	

- v. Postgraduate Institutes and all other HEIs are funded based on needs and priority factors of the HEIs as approved by the PEMC

5.2) Performance based Funding

It is proposed to conduct two progress review meetings by 2nd Quarter (June 2013) and 4th Quarter (October 2013) to evaluate the performance of utilization of capital grants.

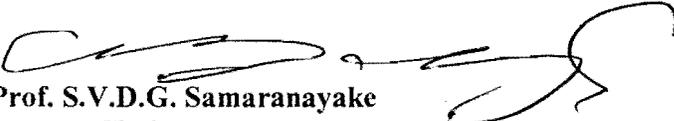
Accordingly additional funds will be relocated/allocated among the Universities/HEIs based on their performance. UGC will not be in a position to consider any request for additional funds without evaluating the progress of the allocated funds.

6. All requests for additional funds should be approved by the finance committee of respective university/HEIs and reference to the finance committee should be quoted in every project proposal. UGC will not be in a position to consider any request for additional funds without proper approval of the finance committee.

7. The allocation for 2013 authorizes expenditure only on programmes, project, and expenditure items which have been already sanctioned by the Treasury.
8. In terms the section 8 (2) (b) of the Finance Act. No. 38 of 1971 the approval of the Hon Minister in charge of the subject of finance and the concurrence of the Line Minister should be obtained before incurring capital expenditure in excess of Rs.500,000/- . Therefore Universities/HEIS are requested submit their capital expenditure program to the UGC in order to obtain approval of the Hon. Minister of Finance in this regard.
9. Please e-mail (finance@ugc.ac.lk) a **soft copy of the Budget** for the year 2013, in formats A, B, C and D on or before 31st December 2012.

You are requested to submit hard copy of the Budget on or before 5th January 2012 with a copy to the Director General, Department of National Budget, General Treasury.

10. Please note that standard formats should not be changed by the Universities/HEIs for whatever reason.
11. This Circular together with all annexes is available for down load at www.ugc.ac.lk
12. If you need any clarification in this regard please contact Accountant /UGC on 011-2685021 or e-mail:-finance@ugc.ac.lk. or Mr.UST Vithanage/Assistant Accountant/UGC on 011-2686932/ e-mail:- ustvithanage@ugc.ac.lk.


Prof. S.V.D.G. Samaranayake
Chairman

- 1 Secretary/MOHE
- 2 Vice-Chairman/UGC
- 3 Secretary/UGC
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