



UNIVERSITY GRANTS COMMISSION

Finance Circular Letter No 1/2012

06th January 2012

Vice – Chancellors of Universities,
Directors of Institutes,
Rectors of Campuses,

Annual Allocation – 2012

Head No. 214 University Grants Commission

In terms of the section 15 (ii) of the Universities Act No. 16 of 1978, University Grants Commission prepared Budget Estimates for the Universities and Higher Educational Institutions (HEIs) for 2012 and submitted to the National Budget Department for their approval under the Head 214 – University Grants Commission.

2) National Budget Department approved the expenditure ceilings for 2012 on 30th December 2011 as given in Table -1.

Table – 1: Approved Budget 2012 (Rs. millions)

Category/Object Title	Approved Budget 2011	Budget Estimates 2012	Approved Budget 2012	Approved Budget as a % of Budget Estimates
Recurrent Grants	12,600	16,762	14,800	88%
Capital Grants	7,100	11,601	6,350	56%
Total Grants	19,700	28,363	21,150	74%
Internal Income	1,479	1,560	1,560	N/A
Total Expenditure	21,179	29,923	22,710	

3). Allocation of Government Grants - 2012

Allocation of Recurrent and Capital grants to the Universities/HEIs for 2012 has been based on the funding policy as approved by the UGC.

The detailed allocation of each University and Higher Educational Institute is given in *Annex I*.

Table – 2: Summary of the Allocation 2012

Object details	Budget 2011 Rs.000	Budget 2012 Rs.000
Recurrent Grants		
- Personal Emoluments and other Recurrent	11,468,900	13,548,000
- Bursary/Mahapola	515,000	500,000
- UPF,ETF & Gratuity on COLA	N/A	500,000
- Academic & Research Allowance	500,000	Note -1
- Retained grants	116,100	252,000
Total	12,600,000	14,800,000
Capital Grants		
- Rehabilitation & Improvements	851,000	894,000
- Acquisition of Fixed Assets	774,000	777,000
- Ongoing Construction projects	2,515,000	2,195,000
- Development of Infrastructure of the New Universities	1,000,000	750,000
- Advancement of six Universities to the International Level	600,000	450,000
- Knowledge Enhancement & Institutional Development	860,000	880,000
- Retained grants	500,000	404,000
Total	7,100,000	6,350,000

Note I - Funds for the payment of Academic and Research Allowances have been allocated under the Recurrent Grants. Universities/HEIs are advised to follow circular instructions in this regard before payment of Research Allowance.

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;

- Increased Academic Allowance in 2011
- Academic and Research Allowance introduced in 2011
- Annual Increments on Personal Emoluments
- Increased salary and Cost of Living Allowance (COLA) implemented by the MSD Cir. No.43 (BP 2011)
- Ratification of UPF & ETF contributions on COLA (Establishment Cir.No.14/2011).
- Inflation adjustment for the other recurrent expenditure (OR)

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) 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.

4.5) Allocations have not been made 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) Additional allocations have not been made for new cadre positions for 2012. Universities / HEIs are advised to submit an estimate for new cadre positions before filling of said vacancies.

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-3 below.

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

Table 3: 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.30,000/-to Rs.40,000/-	Rs.200,000/- per University to ensure minimum allocation of Rs.200,000/- for small Universities
T-2	North and East Universities	JAFN,EUSL	Rs.120,000/- to 130,000/-	
T-3	New Universities	RUSL,WUSL, SUSL, SEUSL,UVPA, UWU	Rs.100,000/- to Rs.113,000/-	

- 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 2012) and 4th Quarter (October 2012) to evaluate the performance of the utilization of capital grants. Accordingly additional funds will be allocated / re-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.

5.3) Knowledge Enhancement and Institutional Development program

Rs 880 million have been allocated among the nine projects under the above program as given in project 1 to 9 of this memo. It is proposed to enhance the skills and talent of university community and improve the institutional capacity in order to achieve overall objective of the Higher Education.

Accordingly following projects have been approved to be implemented under the *Knowledge Enhancement and Institutional Development* program for the year 2012.

Project -1 Development of Leadership Skills and Positive thinking of the Undergraduates Rs.225 million

Leadership project is coordinated by the Ministry of Higher Education (MOHE) with the assistance of the Ministry of defense in order to develop leadership skills and positive thinking of the students to be admitted for the academic year 2011/2012. Accordingly it is proposed to conduct theoretical and practical residential training program for the students selected for the university education.

Funds for this project will be released by the UGC to the MOHE within the approved budget.

Project -2 Development of Sports Skills Rs.200 .85 million

Development of Sports Skills project is coordinated by the MOHE with the assistance of the universities/HEIs in order to identify, improves and develops sports skills of the undergraduate students.

Funds for this project will be released by the UGC to the MOHE/Universities/HEIs within the approved budget.

Project -3 Talent Developments, Rs.64.35 million

Talent Developments project is coordinated by the MOHE with the assistance of the universities / HEIs in order to identify, develop and appreciation of special skills of the undergraduate students. Accordingly it is proposed to conduct workshops, produce publications/TV commercial and dramas and hold an inter-university talent festival (KAVITHA).

Funds for this project will be released by the UGC to the MOHE within the approved budget.

Project -4 Entrepreneurships Development and Career guidance Rs.31 million

This project is coordinated by the MOHE and UGC with the assistance of the universities in order to identify, improve or develop entrepreneurship skills of the undergraduate students. Accordingly it is proposed to introduce entrepreneurship program collaborated with professional organizations in Sri Lanka for 1500 undergraduates in Arts faculties.

Funds for this project will be released by the UGC to the universities/HEIs within the approved budget.

Project -5 1000 Foreign Students Attraction Program Rs.20.0 million

This project is coordinated by the MOHE and UGC with the assistance of the Universities in order to attract 1000 foreign students for selected six universities, it is proposed to conduct awareness program in SAARC and other countries.

Funds for this project will be released by the UGC to the MOHE/Universities/HEIs within the approved budget.

Project -6 Academic Publications, International Symposium and Research Rs.80.0 million

Academic publications, International Symposium and Research project is coordinated by the UGC with the assistance of the Universities / HEIs. Funds for this project are allocated to the Universities/HEIs except for the Universities selected to finance under the Advancement of Six Universities to the International Level and requested to implement this project as per the guide line issued by the UGC. *If you need any clarifications in this regard, please contact Office of the Vice-Chairman on 011-2694093/vicechairman@ugc.ac.lk.*

Project -7 30 Phds and 200 Masters/Mpils Rs.85.0 million

Funds for this project are allocated to the Universities / National Centre for Advance Studies in Humanities & Social Sciences (NCAS) and UGC.

Universities/HEIs are advised contact Director – National Centre for Advance Studies (NCAS) and Office of the Vice-Chairman in order to finance the Postgraduate program of the universities.

Project -8 Staff Development Rs.76.8 million

This project is coordinated by the relevant standing committee of the UGC with the assistance of the Human Resource Department. Funds for this project will be allocated by the UGC to the Universities/HEIs based on project report evaluated and approved by the relevant standing committee.

Universities are requested contact Assistant Secretary – Human Resource Department/ UGC (Tel.011-2683653 / nishantha @ ugc.ac.lk) in this regard.

Project – 9 Information Technology Developments (IT) Rs.100 million

Information Technology Development project is 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.

6). Advancement of Six Universities to the International Level – Rs.450 million

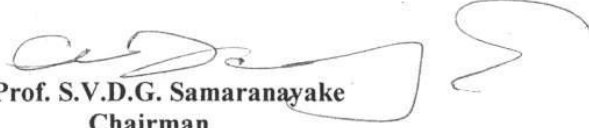
As recommended by the PEMC, funds for the above program is **nominally** allocated as proposed in *Annexure I* with annual expenditure ceilings to University of Peradeniya ,University of Colombo, University of Sri Jayewardenepura, University of Kelaniya, Moratuwa University and University of Ruhuna.

The said Universities are not entitled to utilize the funds allocated under this project until the final approval is granted by the UGC

A special progress review meeting will be held in January 2012 to review the progress of the funds allocated in 2011.

7. The allocation for 2012 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 to 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 2012, in formats A, B, C and D on or before 12th January 2012.

You are requested to submit hard copy of the Budget on or before 13th 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


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

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- 2 Vice-Chairman/UGC
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