Cost Allocation Policy for UGC-funded and non-UGC-funded activities

The guiding principles for cost allocation and overhead recovery of the University are:

- There should be no hidden subsidy to avoid dilution of UGC-funded resources and unfair competition with the private sector;

- All direct costs which can be separately attributable to specific activities should be fully taken up and borne by such activities;

- All indirect costs, such as centrally provided facilities, administrative and support services, which cannot be separately attributable to specific activities, are allocated to segments as overhead recovery according to internal policy.

Overhead Recovery

Self-financing Continuing and Professional Education Programs

A percentage of the programs’ revenue will be deducted upfront as overhead recovery. In general, the programs are subject to an overhead recovery rate of 25%.

Non-UGC funded Research Contracts and Grants

A percentage will be charged on the research contracts and grants as overhead recovery. Currently, the normal rate of overhead recovery is 30% on direct costs (excluding equipment). A reduced rate of 15% is charged on research grants from government due to the rules imposed by the funding agency. No overhead is charged against local non-profit non-governmental organizations (e.g. local Foundations), and donations for research.

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