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# Calculation of Research Support Program allocations

This document is a practical guide on the calculation of Research Support Program funding for the 2022 to 2025 grant years



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## Overview

For the 2022 to 2025 grant years, funding for the Research Support Program (RSP) is allocated to eligible higher education providers (HEPs) based on their relative performance in earning research and development (R&D) income.

The funding formula to calculate the RSP is set by the [Other Grants Guidelines (Research) 2017](https://www.legislation.gov.au/F2016L01603/latest/text). The purpose of this document is to provide a practical guide with examples of how the RSP funding is calculated and allocated to HEPs.

The calculation of RSP can be broken down to the following steps:

1. Calculating a HEP’s percentage share by funding driver
2. Calculating a HEP’s base grant amount
3. Applying the rounding methodology

## Data used

### Research and Development (R&D) income

R&D income is collected as part of the [Higher Education Research Data Collection](https://www.education.gov.au/research-block-grants/higher-education-research-data-collection) (HERDC) and comprises two categories for the purposes of calculating RSP:

1. **Competitive income** – R&D income classified as Category 1 in HERDC
2. **Engagement income** – R&D income classified as Categories 2, 3 and 4 in HERDC.

The two most recent years of available R&D income is summed together. For example, when calculating the 2025 RSP, the 2022 and 2023 data years collected through HERDC is used to calculate the competitive income and engagement income for each HEP.

A time series of [R&D income](https://www.education.gov.au/research-block-grants/resources/research-income-time-series) used to calculate RSP funding is available.

### Funding pools

The funding pools for the RSP from 2022 to 2025 are listed below:

2022 = $934,828,015

2023 = $967,546,995

2024 = $1,043,015,660

2025 = $1,085,779,304

### Funding drivers

A HEP’s RSP base grant amount is determined by its share of each funding driver relative to other HEPs. Each funding driver accounts for a proportion of the overall RSP funding pool.

The RSP base grant amount is comprised of two funding drivers:

1. **Competitive income** – 47% of the funding pool allocation
2. **Engagement income** – 53% of the funding pool allocation

Figure 1: Proportion of RSP funding pool allocation by funding driver



## Part 1: Calculating a HEP’s percentage by funding driver

### Calculation steps

**Step 1** - For each grant year, a HEP’s share of COMPETITIVE income is calculated by the sum of that HEP’s Category 1 income for the two most recent years divided by the sum of Category 1 income for all eligible HEPs for the two most recent years of data. For example, if the grant year is 2025, Category 1 income data from 2022 and 2023 (the two most recent years) will be used to calculate the share.

**Step 2** - For each grant year, a HEP’s share of ENGAGEMENT income is calculated by the sum of that HEP’s Category 2, 3 and 4 income for the two most recent years divided by the sum of Category 2, 3 and 4 income for all eligible HEPs for the two most recent years of data.

### Worked example

Where the HEP has R&D income in the two most recent years comprising:

* Competitive income: $36,000,000 and $44,000,000
* Engagement income: $30,000,000 and $40,000,000

And the total R&D income for all eligible HEPs in the two most recent years is:

* Competitive income: $1,900,000,000 and $2,100,000,000
* Engagement income: $3,400,000,000 and $3,600,000,000

**Step 1 – Calculate the HEP’s share of COMPETITIVE income**

=$ \frac{(\$36,000,000 + \$44,000,000 ) }{(\$1,900,000,000 + \$2,100,000,000)}$

= $\frac{\$80,000,000 }{\$4,000,000,000}$

= $ 2\% share$

**Step 2 – Calculate the HEP’s share of ENGAGEMENT income**

= $\frac{(\$30,000,000 + \$40,000,000) }{(\$3,400,000,000 + \$3,600,000,000)}$

= $\frac{\$70,000,000 }{\$7,000,000,000}$

=$ 1\% share$

## Part 2: Calculating a HEP’s RSP base grant amount

### Calculation steps

**Step 1** – A HEP’s competitive component is calculated by multiplying 47% of the RSP funding pool by the HEP’s share of COMPETITIVE income.

**Step 2** – A HEP’s engagement component is calculated by multiplying 53% of the RSP funding pool by the HEP’s share of ENGAGEMENT income.

**Step 3** – These two amounts are added together to determine a HEP’s RSP base grant amount.

Equation 1: Calculating a HEP's RSP basic grant amount



### Worked example

**Step 1 – Calculate the HEP’s competitive component where the total RSP funding pool is $1,000,000,000**

= $47\% × \$1,000,000,000 × COMPETITIVE share $

= $47\% × \$1,000,000,000× 2\% $

= $\$470,000,000× 2\%$

= $\$9,400,000$

**Step 2 – Calculate the HEP’s engagement component where the total RSP funding pool is $1,000,000,000**

= $53\% × \$1,000,000,000× ENGAGEMENT share $

= $53\% ×\$1,000,000,000× 1\% $

= $\$530,000,000× 1\%$

= $\$5,300,000$

**Step 3 – Calculate the HEP’s RSP base grant amount**

= $\$9,400,000+\$5,300,000$

=$ \$14,700,000$

## Part 3: Applying rounding to calculate a HEP’s RSP grant amount

### Calculation steps

**Step 1** –The RSP base grant amount for each HEP is rounded down to the nearest dollar.

**Step 2** –The rounded down RSP base grant amount is subtracted from the unrounded RSP base grant amount. The difference in cents between a HEP’s rounded down and unrounded RSP base grant amount is its remainder. The sum of all remainders is the unallocated dollars.

**Step 3** –Each HEP is ranked in descending order based on their remainder’s closeness to 100 cents.

**Step 4** –One dollar is assigned to each HEP’s rounded RSP base grant amount in order of ranking until all unallocated dollars are exhausted. Each HEP’s RSP grant amount is equal to the rounded down RSP base grant amount plus any whole dollars.

### Worked example

Where there are three HEPs with the following RSP base grant amounts:

* HEP A: $8,250,000.61
* HEP B: $7,500,000.92
* HEP C: $5,750,000.47
* *Total:* $21,500,002.00

**Step 1** – Round the RSP base grant amount for each HEP down to the nearest dollar.

* HEP A: $8,250,000.61 rounds down to $8,250,000
* HEP B: $7,500,000.92 rounds down to $7,500,000
* HEP C: $5,750,000.47 rounds down to $5,750,000
* *Rounded down total:* $21,500,000.00

**Step 2** – Subtract the rounded down RSP base grant amount from the unrounded RSP base grant amount. The sum of all remainders is the unallocated dollars.

* HEP A: $8,250,000.61 - $8,250,000 = 0.61
* HEP B: $7,500,000.92 - $7,500,000 = 0.92
* HEP C: $5,750,000.47 - $5,750,000 = 0.47
* *Unallocated dollars:* (0.61 + 0.92 + 0.47) = 2.00

**Step 3** – Rank HEPs in descending order based on their remainder’s closeness to 100 cents.

* HEP B: 92 cents
* HEP A: 61 cents
* HEP C: 47 cents

**Step 4** – Assign one dollar to each HEP’s rounded RSP base grant amount in order of ranking until all unallocated dollars are exhausted. Calculate each HEP’s RSP grant amount by adding the rounded down RSP base grant amount and any whole dollars assigned.

Assigned dollar:

* HEP B: $1
* HEP A: $1
* HEP C: $0

Final RSP grant amount:

* HEP A: $8,250,000 + $1 = $8,250,001.00
* HEP B: $7,500,000 + $1 = $7,500,001.00
* HEP C: $5,750,000 + $0 = $5,750,000.00
* *Total:* $21,500,002.00