

National Institution for Academic Degrees and Quality Enhancement of Higher Education  
(Incorporated Administrative Agency) (Facilities Improvement Account)

<https://www.niad.ac.jp/>

1. Summary of operations implemented using FILP funds

The National Institution for Academic Degrees and Quality Enhancement of Higher Education (NIAD-QE) grants loans to national university corporations for the improvement of hospital wards in order to enhance the facilities of national university hospitals and for the introduction of advanced medical equipment.

Note: Major non-FILP operations include university evaluation, awarding of academic degrees and grants for facilities.

2. Amount of lending under FY2019 FILP

(Unit: billion yen)

FY2019 FILP	Estimated outstanding amount of FILP lending at the end of FY2018
46.6	715.9

3. Estimated policy cost analysis of the project

(1) Policy cost (Unit: billion yen)

Category	FY2018	FY2019	Fluctuation
1. Government expenditure (subsidies, etc.)	0.3	0.4	+0.0
2. Government revenue (payments to the government, etc.)*	-	-	-
3. Opportunity cost of capital investments, etc.	-	-	-
<b>Total (1+2+3=policy cost(A))</b>	<b>0.3</b>	<b>0.4</b>	<b>+0.0</b>
Analysis period (years)	29 years	35 years	+6 years

(2) Breakdown of policy cost by the time of the provision of funds (Unit: billion yen)

Category	FY2018	FY2019	Fluctuation
(A) Policy cost (previously cited)	0.3	0.4	+0.0
1) Opportunity cost of capital investments, etc. provided before the beginning of the analysis period	-	-	-
2) Policy cost expected to be newly accrued during the analysis period	0.3	0.4	+0.0
Government expenditure (subsidies, etc.)	0.3	0.4	+0.0
Government revenue (payments to the government, etc.)*	-	-	-
Opportunity cost of surplus, etc.	-	-	-
Opportunity cost of capital investments, etc.	-	-	-

(3) Year-to-Year comparison analysis

(Computing any fluctuation from previous year)

(Unit: billion yen)

Policy cost		FY2018	FY2019	Simple fluctuation
		Simple comparison (before adjustment)	0.3	0.4
Past year comparison (after adjustment)	1) Adjusting initial years (Analysis results after adjusting initial year to that for FY2019 analysis)		2) Adjusting assumed interest rates (Analysis results of re-estimation using assumed interest rate for FY2018)	Real fluctuation (2-1)
		0.3	0.4	+0.1

[Real fluctuation factor analysis]

○Factors behind policy cost increase

- Increase in subsidies, etc. due to increase in administrative cost accompanying new financing (+0.1 billion yen)

○Factors behind policy cost decrease

- None

(4) Breakdown of policy cost by causative factor (Unit: billion yen)

(A) Policy cost in FY2019 (previously cited)	0.4
1) Prepayments	-
2) Loan losses	-
3) Others (including profit spread)	0.4

(5) Sensitivity analysis (cases where assumptions change)

(Unit: billion yen)

(A) Policy cost (previously cited)	Case for raising lending and fundraising rates by 1 %	Fluctuation	1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
			0.4	0.4	-0.0

(Note) Components in each column may not add up to the total because of rounding.

\* Government revenue (payments to the government, etc.) is booked as a negative amount. Example: -10 b. yen for 10 b. yen in payments to government, etc.

#### 4. Outline of estimation and project prospect employed in the analysis

- 1) The estimation covers the project for loans from the National Institution for Academic Degrees and Quality Enhancement of Higher Education to finance facilities expenses at national universities. (Facilities Improvement Account)
- 2) The scale of loans is estimated to be ¥50.7 billion for FY2019 plus the loans that continue to be granted thereafter.
- 3) The analysis period is 35 years, during which all the loans granted under the above 2) are to be recovered (up to 30 years).
- 4) The amount of administration expenses is the sum of the property expenses and the personnel expenses proportionate to the number of people concerned. The cost of the project to offer loans for facilities expenses is calculated based on the proportion of new loans, while the cost of the project of liabilities redemption is calculated based on the proportion of the balance of borrowed money.
- 5) As prepayments have been limited to only five cases since the commencement of operations, no prepayment is projected from FY2019 onward.
- 6) No loan charge-off has been seen since the commencement of operations. Therefore, loan charge-off is not projected from FY2019 onward.

FY	Result				Estimated	Planned	Assumptions for calculation
	2014	2015	2016	2017	2018	2019	2020-2053
Prepayment ratio	-	-	-	-	-	-	—
Provision on loans	-	-	-	-	-	-	—

#### 5. Reasons for granting of subsidies, mechanism and underlying laws

The National Institution for Academic Degrees and Quality Enhancement of Higher Education aims to improve and enhance education and research environment of national universities, etc. through its operations such as lending or delivering of funds necessary for purposes including improvement of such institutions.

Operation subsidy from the government covers such expenses as administration cost necessary to carry out and achieve such goals.

(Underlying laws and regulations)

- Article 46 of the Act on General Rules for Incorporated Administrative Agencies

"The Government can grant subsidies to cover part or whole of the funds required for the operation of incorporated administrative agencies within the limits of the budget."

#### 6. Special remarks

(i) Upon the promulgation of the Act for Partial Amendment of the Act on the National Institution for Academic Degrees and University Evaluation, Incorporated Administrative Agency, in May 2015, the duties performed by the Center for National University Finance and Management were succeeded to by the newly incorporated National Institution for Academic Degrees and Quality Enhancement of Higher Education, Incorporated Administrative Agency (the Center for National University Finance and Management and the National Institution for Academic Degrees and University Evaluation are to be integrated) as of April 1, 2016.

(ii) The Center for National University Finance and Management settled the accounting for its projects in the Facilities Improvement Account and received the funds necessary to cover operational expenses in the General Account as grants for operational expenses. The newly incorporated National Institution for Academic Degrees and Quality Enhancement of Higher Education has also adopted separate accounting, and settles the accounting of duties that had been performed by the Center for National University Finance and Management in the Facilities Improvement Account, while receiving the funds necessary to cover operational expenses in the General Account as grants for operational expenses and also settling the accounting of duties that had been performed by the National Institution for Academic Degrees and University Evaluation in the General Account.

(iii) In this analysis, out of the grants for operational expenses received in the General Account, expenses necessary for the operation of the facilities expense loan project subject to the fiscal investment and loan program are considered as and included in the policy cost. The organizational integration does not exert any particular influence on this policy cost analysis.

(Reference) Outcome and social and economic benefits of operations

○ Quantitative achievements of operations

[Financing results, etc.] (unit: billion yen)

Category	2015 result	2016 result	2017 result	2018 estimated	2019 planned
Facility development	43.8	40.6	35.0	27.9	28.7
Equipment development	19.6	15.3	32.1	18.6	22.0
Total	63.4	55.9	67.1	46.5	50.7

<FY2019 planned operations>

Planned facility development operations: Asahikawa Medical University core environment development, 22 other universities

Planned equipment development operations: Asahikawa Medical University hospital equipment development, 23 other universities

○ Facility loan result

• Accumulated facility loan results (FY2004-FY2017)

Facility maintenance cost: 556.1 billion yen (760 projects)

Special medical appliance maintenance cost: (Facility maintenance): 279.1 billion yen (376 projects)

• Facility loan results in FY2017

Facility maintenance cost: 35.0 billion yen (51 projects)

Special medical appliance maintenance cost: (Facility maintenance): 32.1 billion yen (28 projects)

• Planned facility loan cost in FY2019

Facility maintenance cost: 28.7 billion yen (39 projects)

Special medical appliance maintenance cost: (Facility maintenance): 22.0 billion yen (23 projects)

○ Social/Economic benefits

National university hospitals serve as the facilities necessary for the training and educational activities of the faculty of medicine and the faculty of dentistry, etc., play a role as medical institutions that train medical personnel who provide medical services in the future, provide specialized high-quality medical services, and develop advanced medical services.

In particular, national university hospitals play an important role as medical institutions. In Japan, most medical institutions that can provide advanced medical services are national university hospitals. They accept patients who are seriously ill or have intractable diseases because ordinary hospitals cannot diagnose or treat them properly. National university hospitals serve as central medical institutions in local communities in liaison with other medical institutions in the areas.

The National Institution for Academic Degrees and Quality Enhancement of Higher Education grants loans to national university hospitals for their improvement (improvement of facilities and special medical appliances), etc. in order to enhance their educational and medical research functions and properly respond to social demands.

1. Advanced medical technology (as of January 1, 2019)

• All hospitals at 42 national universities are certified to implement advanced medical techniques. National university hospitals as a whole are certified for 20 (71.4%) of the 28 Group 2 advanced medical (advanced medical A) techniques and 53 (85.5%) of the 62 Group 3 advanced medical (advanced medical B) techniques.

2. Organ transplants from brain-dead donors (as of January 29, 2019)

• 37 national university hospitals are designated as medical institutions for organ transplants (88.1%) and 1,446 of the total of 2,490 organ transplants from braindead donors were performed at national university hospitals (58.1%).

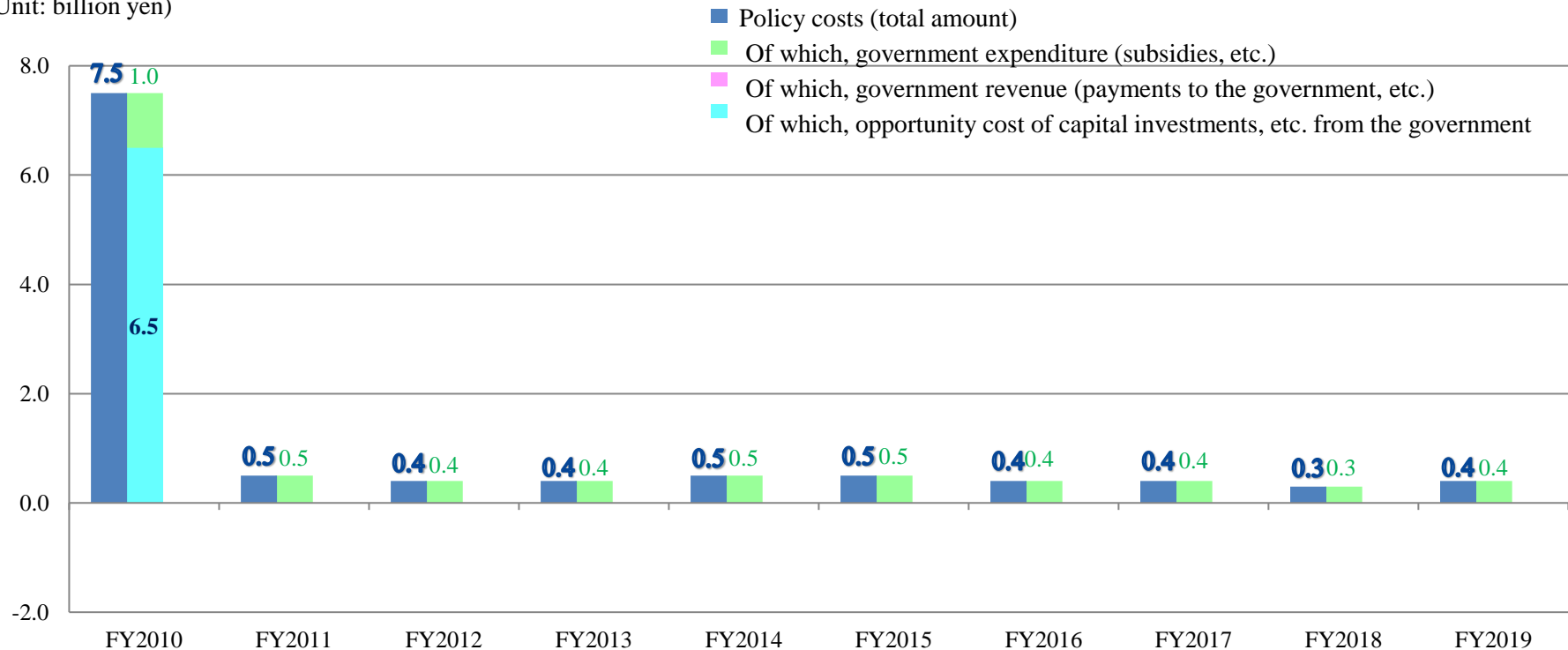
3. Response to political medical care (as of April 1, 2018)

• National university hospitals are designated as cancer medical care coordination base hospitals (23 prefecture cancer medical care coordination base hospital and 18 community cancer medical care coordination hospitals), advanced critical care and emergency centers (11 advanced critical care and emergency centers and 12 critical care and emergency centers), general perinatal centers (17 general perinatal centers and 23 regional perinatal centers), etc.

# (Reference) Changes in Policy Costs by Component

## <National Institution for Academic Degrees and Quality Enhancement of Higher Education (Incorporated Administrative Agency)>

(Unit: billion yen)



Notes 1. Policy costs for each fiscal year differ in assumptions including interest rates applied to estimates.

2. Figures until FY2015 indicate the policy cost of former Center for National University Finance and Management.

### (Points)

- From FY2011 onward, the policy cost has consisted only of subsidies, etc. from the government (grants for operational expenses), which are applied to clerical costs for loaning the funds necessary for developing facilities and equipment of national university hospitals, etc., and has remained almost unchanged.
- The FY2011 cost analysis and later analyses cover only the facilities expense loan project subject to FILP in the Facilities Development Account, and cannot be compared with FY2010 and earlier analyses covering the entire account including the facilities expense grant project.

## (Reference) Financial Statements

## Balance Sheet (Facilities Improvement Account)

(Unit: million yen)

Item	End of FY2017	End of FY2018	End of FY2019	Item	End of FY2017	End of FY2018	End of FY2019
(Assets)				(Liabilities and equity)			
Current assets	777,284	760,086	740,804	Current liabilities	70,313	70,464	68,297
Cash and bank deposits	19,036	16,942	14,815	National Institution for Academic Degrees and Quality Enhancement of Higher Education bonds in payable to be repaid within a year	5,000	5,000	5,000
Inventory assets	2,606	2,082	1,694	Long-term debts payable to be repaid within a year	31,919	36,772	38,697
Accrued income	360	204	139	Inherited debts to be repaid within a year	33,038	28,485	24,458
Loans on facility expenses	591,064	609,678	621,461	Accrued payments	1	1	1
Inherited debt burden claims	164,218	131,180	102,695	Accrued expenses	356	206	141
				Fixed liabilities	685,326	670,601	656,046
				National Institution for Academic Degrees and Quality Enhancement of Higher Education bonds	20,000	20,000	22,000
				Long-term loans payable	534,145	547,905	555,808
				Inherited debt	131,180	102,695	78,238
				(Total liabilities)	755,639	741,065	724,343
				Retained earnings	21,645	19,021	16,461
				Reserve fund under Article 18 of the Act on the National Institution for Academic Degrees and Quality Enhancement of Higher Education	21,645	19,021	16,461
				Unappropriated income for the current year	-	-	-
				(Of this, gross profit)	-	-	-
				(Total equity)	21,645	19,021	16,461
Total assets	777,284	760,086	740,804	Total liabilities and equity	777,284	760,086	740,804

Notes 1. The balance sheet includes costs for projects other than those subject to the policy cost analysis.

2. Components may not add up to the total because of rounding.

## Income Statement (Facilities Improvement Account) (Unit: million yen)

Item	FY2017 (Result)	FY2018 (Estimated)	FY2019 (Planned)
Ordinary expenses	10,871	9,530	9,252
Operating expenses	10,857	9,516	9,233
Finance expenses	14	14	19
Ordinary income	10,328	6,906	6,692
Income from leasing assets to be disposed	116	97	82
Gain on disposal of assets	2,010	1,810	1,381
Income from facility expense subsidy	1,576	30	392
Interest received	6,626	4,969	4,837
Financial income	0	0	-
Ordinary loss	543	2,624	2,560
Net loss	543	2,624	2,560
Reversal of reserve fund under Article 18 of the Act on the National Institution for Academic Degrees and Quality Enhancement of Higher Education	543	2,624	2,560
Gross profit	-	-	-

(Note) Components may not add up to the total because of rounding.