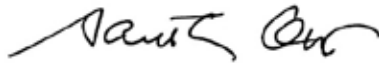


SUBJECT	UBC BUDGET PROCESS 2020-2021
MEETING DATE	DECEMBER 5, 2019

Forwarded on the Recommendation of the President

**APPROVED FOR
SUBMISSION**



Santa J. Ono, President and Vice-Chancellor

Received by the Finance Committee FOR INFORMATION

Report Date	November 7, 2019
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Presented By Andrew Szeri, Provost and Vice-President Academic, Vancouver
Peter Smalles, Vice-President Finance & Operations
Karamjeet Heer, Comptroller

EXECUTIVE SUMMARY

The University is currently undertaking the process for the 2020-2021 Budget and has outlined the process and proposed timelines as information for the Board.

The budget process is conducted with a series of consultations and reviews with a preliminary consolidated budget presented to the Board in February 2020 and the final 2020-2021 Budget for Board approval at the April 2020 board meeting.

Attachments

1. UBC Budget Process Overview 2020-2021

STRATEGIC CORE AREAS SUPPORTED

a People and Places a Research Excellence a Transformative Learning a Local / Global Engagement

BUDGET PROCESS OVERVIEW

FISCAL 2020-2021

November 26, 2019

ANDREW SZERI, PROVOST AND VICE-PRESIDENT ACADEMIC, UBC VANCOUVER
PETER SMAILES, VICE-PRESIDENT FINANCE & OPERATIONS
KARAMJEET HEER, COMPTROLLER





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PURPOSE AND STRATEGIC PLAN ALIGNMENT





PURPOSE OF THE CONSOLIDATED BUDGET

- Ensures that the annual consolidated budget is balanced, or has a surplus
- Maximizes the allocation of resources that directly support UBC's Strategic Plan, *Shaping UBC's Next Century*
- Fulfills the requirements of the Province Mandate
- Advances the long-term health and vitality of the academic mission by allocating the appropriate resources



UBC BUDGET FRAMEWORK

The overall operating budget for each campus of UBC is based on the University's budget model (accounts for \$2.2 billion of the consolidated \$2.9 billion budget).

The consolidated budget incorporates the following adjustments for accounting purposes:

- The Operating Budget is adjusted for net investment in capital;
- Unrestricted endowment earnings, net of the spend allocation;
- Matched revenues and expenditures of sponsored research undertaken;
- Unrestricted UBC Funded research, net of the spending
- Impact of related organizations; and
- Amortization of the land lease revenues.

UBC'S OPERATING BUDGET MODEL





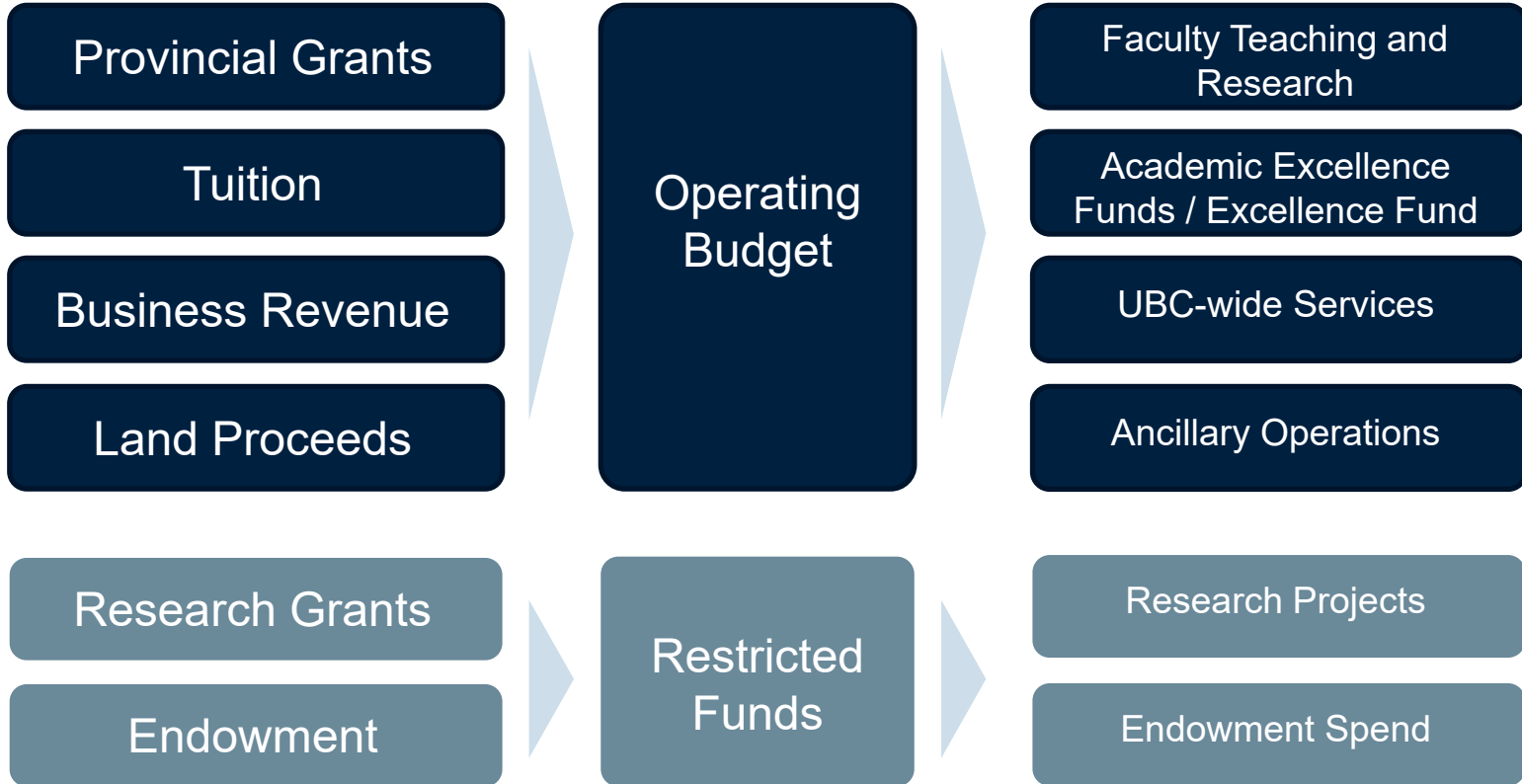
OPERATING BUDGET MODEL

UBC uses a decentralized, balanced budget model, which means that

- Central Units (by VP) and Faculties are responsible for a balanced budget for their respective portfolios;
- The base budget is based on the prior year's budget allocation, which identifies recurring funding;
- Faculties are responsible for managing within their base budget plus allocations from the Tuition Allocation Model (TAM), business revenue (if any), and requests for funding from the Academic Excellence Funds;
- Central Units are responsible for managing within their base budget plus requests for funding from Central Administration to support strategic initiatives including allocations from the Academic Excellence Funds (inflationary cost pressures are typically absorbed);
- Allocation of incremental revenue is assessed based on alignment with UBC's Strategic Plan and ultimately approved by the President and the Board of Governors; and
- UBC Vancouver and UBC Okanagan share similar budget processes.



UBC CONSOLIDATED BUDGET FRAMEWORK



UBC'S BUDGET PROCESS



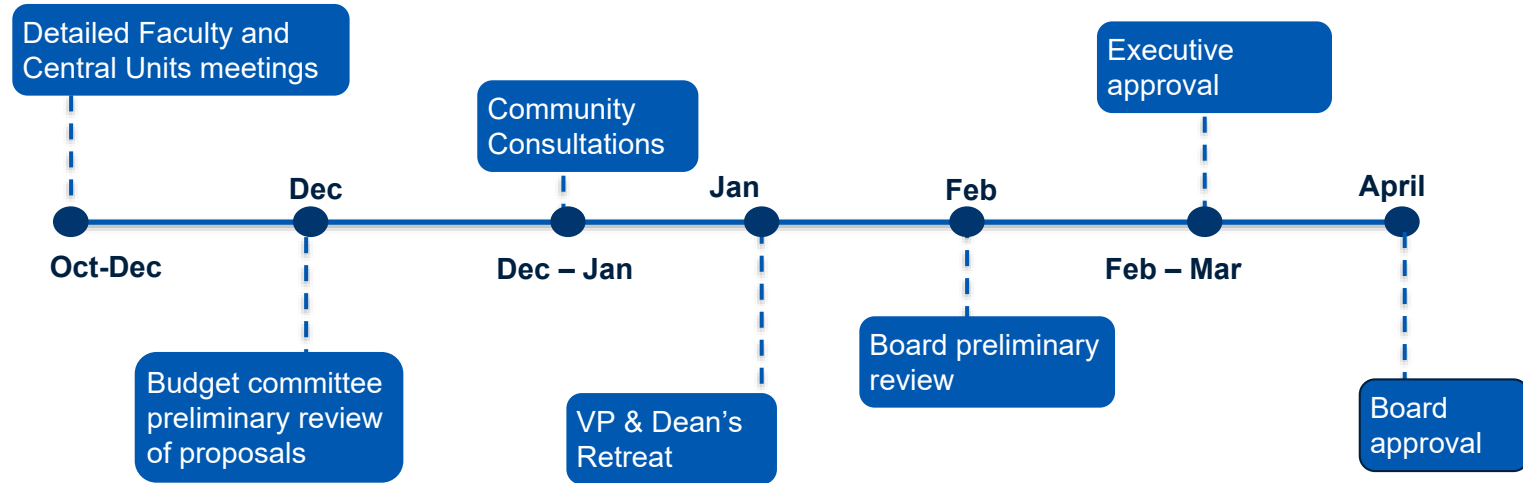


FACULTIES AND ADMINISTRATIVE UNITS

Faculties and Administrative Units are expected to:

- Maintain positive budgets unless approved by Executive Team;
- Be responsible for all capital acquisitions, funded through operating revenues, or internal loans
- Fund inflationary labour and non-labour cost pressures
 - GWI on Faculty and staff salaries (generally funded by Ministry)
 - Faculty progression through the ranks per Collective Agreement (approx. 2.5%)
 - Staff merit and career progression per Collective Agreement (approx. 2.5%)
 - Inflation on non-labour costs (approx. 2%)
- Funding for cost pressure through allocation of incremental revenue.

BUDGET PROCESS – OVERVIEW



Each year, after Faculty and Central Units present opportunities and budget requests, the preliminary budget for consultation is developed. It is informed by priority ranking from the Faculties, units and VPs, as well as alignment with UBC's strategic priorities for the next year.



FACULTY AND CENTRAL UNIT REVIEW MEETINGS

All the Faculties and Central Units for the Vancouver Campus as part of the budget process presents the following:

- SWOT analysis
- Key achievements of 19/20 and Analysis of prior year allocations of Centrally Managed Funds including impact/outcomes achieved
- Key Priorities for 20/21
- 20/21 Annual plan
- Detailed financial forecast of prior year and proposed budget
- Requests for support from the Centrally Managed Funds

UBCO conducts a similar process.



VPS' AND DEANS' RETREAT

Two day retreat with content of presentations from VPs/Deans to include:

- 5 year financial forecast
- 3 year hiring plan, including indication about space availability/constraints to support the plans as well as any critical hires/replacements plans
- 3 year capital plan
- 3 year enrolment plan
- 3 year new programs outlook (Faculties)
- Any proposed initiatives (from either Operating or Academic Funds) to support strategic plan



BUDGET PROCESS – CONSULTATION

Key institutional groups are widely consulted on the budget and invited to provide input, including

- Elected Student Leadership;
- Deans;
- Associate Deans;
- Heads and Directors;
- Senior Staff and AVPs;
- Senates;
- Executive Team; and
- The President.

BUDGET SWOT



BUDGET SWOT

Strengths

- Embodies the Strategic Plan
- Diverse revenues including strong provincial support
- Consultative process
- Tuition Allocation Model (TAM) incentivizes innovative academic programming and collaboration

Weaknesses

- Sub-inflationary constraints on tuition
- Some Faculties cannot admit int'l students
- Limited ability to fund needed capital projects

Opportunities

- Restructured Academic Funds for Vancouver

Threats

- Interruptions in international enrolment
- Unfunded cost pressures
- Foreign exchange susceptibility