



SUBJECT	COVID-19 FY2020-2021 Mid-Year Financial Review
SUBMITTED TO	Finance Committee
MEETING DATE	November 20, 2020
SESSION CLASSIFICATION	Recommended session criteria from Board Meetings Policy: OPEN
REQUEST	For information only - No action requested
LEAD EXECUTIVE	Peter Smailes, Vice-President Finance & Operations
SUPPORTED BY	Andrew Szeri, Provost and Vice-President Academic, UBC Vancouver Ananya Mukherjee, Provost and Vice-President Academic, UBC Okanagan Karamjeet Heer, Comptroller Yale Loh, Treasurer Rob Einarson, AVP Finance & Operations UBCO Pam Ratner, Vice-Provost and AVP Enrolment & Academic Facilities David Shorthouse, Executive Director, Academic Initiatives Steve Bow, Assistant Comptroller Lucy Li, Associate Director, Strategic Implementation

PRIOR SUBMISSIONS

The subject matter of this submission has been considered previously by the Board of Governors on the following occasions:

1. September 9, 2020 ([OPEN](#) and CLOSED sessions of the Finance Committee) – For Information
2. July 20, 2020 (CLOSED SESSION Board Committee) – For Approval
3. June 1, 2020 (CLOSED SESSION Board of Governors) - For Information

EXECUTIVE SUMMARY

The university continues to navigate the financial impact of COVID-19, and its influence on UBC's overall operation with respect to the approved budget for 2020-2021. Enrolment as at Q2 is trending higher than anticipated, while ancillary operations anticipated revenue losses have largely materialized. The administration continues to closely monitor the financial outlook for this fiscal and will implement the relevant mitigation strategies if/when needed.

UBC is a financially robust university with sufficient resources and flexibility to weather the impact of COVID-19 in the short to medium term.

The following updates are presented for the November update for the Board of Governors for information:

- **FY 20-21 Financial Update and FY21-22 Budget Overview:** This presentation outlines UBC's key priorities for FY20-21 and shares an updated forecast of the university's financial position as at Q2.
- **Liquidity Report:** The University also continues to monitor its liquidity position to ensure that it has sufficient liquid cash resources (both maximum and projected) to address the financial impact of COVID-19 and any planned capital projects.

PRESENTATION: FY20-21 UBC Financial Update and FY21-22 Budget Overview (Vancouver and Okanagan)



FY 20-21 UBC FINANCIAL UPDATE AND FY 21-22 BUDGET OVERVIEW (VANCOUVER AND OKANAGAN)

November 20, 2020



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FY 20/21 KEY PRIORITIES

Each year, the budget is guided by the priorities outlined in the University's Strategic Plan, *Shaping UBC's Next Century*. This budget year, however, is unprecedented and challenging in many ways, including the pandemic's impact on the university's finances. **UBC is investing resources to ensure enhanced support for learning and teaching, research resumption, and remote working. UBC is deferring non-urgent expenditures to later years, and curtailing discretionary spending, while continuing to support key initiatives that advance the academic mission and the strategic plan.**

The first priority of UBC's COVID-19 response is the long-term health and wellbeing of students, faculty, and staff; and therefore UBC's **resources have been realigned with the highest priority given to expenditures related to COVID-19**, such as emergency bursaries, international student support, online learning support, salary continuance for student, staff and faculty, technology enablement, and additional sanitizing supplies, equipment and PPE to ensure that UBC is compliant with public health guidelines.



FY 20/21 KEY PRIORITIES

As UBC continues to look ahead, the university has framed this year's budget around key strategic priorities in addition to the immediate pandemic responses. Among these are **making additional investments in students, staff and faculty to better support and facilitate remote teaching, learning, research, and working**, continuing to **advocate for anti-racism, equity, diversity and inclusion across the UBC campuses and making meaningful progress** through thoughtful and deliberate actions, **additional resources to augment the implementation of ISP**, championing the thoughtful **deployment of the Climate Action Plan**, deliberate roll out of the **President's Academic Excellence Initiative**, and support for **strategic Faculty initiatives that will elevate UBC's teaching, learning and research capabilities**.



FY20/21 FORECAST UPDATE AS AT Q2

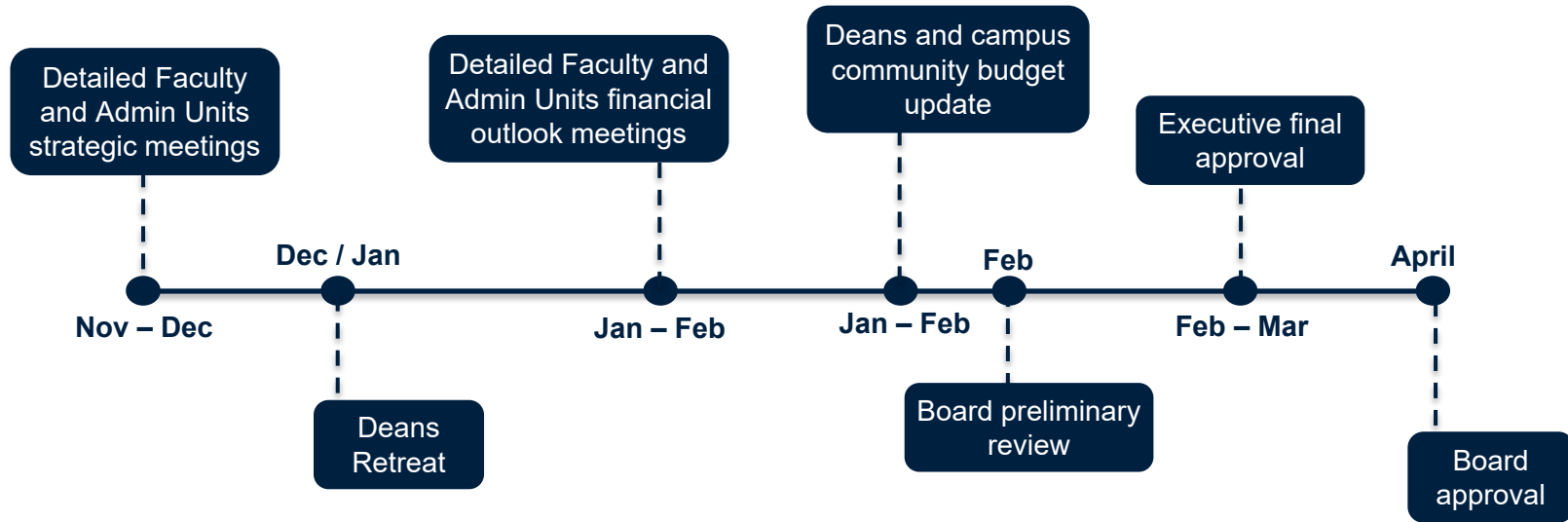
- The forecasted deficit has reduced from the approved budget as at the end of Q2
 - Enrolment is trending higher than planned, and as such, the anticipated reduction in tuition revenues that was incorporated into the approved budget has not yet materialized.
 - Ancillary operations' revenues are worse than planned due to reductions in on-campus activities.
 - Compared to last fiscal year, there is still an unfavourable variance that is mainly due to a reduction in sales and services revenue
- Reductions in discretionary spending across the university have been redirected to investments in online teaching and learning, resumption of research and remote working.
- Despite these financial challenges, UBC will continue to make investments for the benefit of students, faculty and staff, as well as UBC's strategic priorities.



FY 20/21 RISKS

- UBC’s overall financial position has improved from the budget that was presented to the Board in July, however, as countries around the world, including Canada, are in the midst of responding to the second wave of COVID-19 resurgence, there is a risk that ancillary units could be further impacted in coming months if public health guidelines tighten (like those currently being enacted across Europe at the moment).
- Despite the fact that enrolment numbers have stabilized at levels similar to last year as at the end of October, Winter Term 2 enrolment may still fluctuate. There will be more clarity towards end of January 2021, as the “last day to drop without a W standing” passes – where the largest volume of changes typically occur.

FY 21/22 BUDGET PROCESS



The annual budget process is iterative and consultative – incorporating multiple engagement and feedback sessions with the community constituencies and the Executive team.



FACTORS THAT MAY IMPACT THE FY 21/22 BUDGET

- Even though enrolment for this fiscal appears promising as at the end of September, a number of factors including changing travel restrictions, study permit availabilities, reduced family income, continued health risk (in the absence of a feasible treatment or vaccine), and students' desire to take full course loads all introduce varying degrees of uncertainty into student enrolment for next year.
- Despite a number of promising vaccines currently in phase three clinical trials, if an effective vaccine or treatment cannot be widely administered by Sept 2021, then campus activities such as housing, food services, bookstore, athletics and recreation, may not be able to resume full capacity. In the event that ancillary operations must continue to operate at limited capacities, then it is likely that they will observe similar levels of revenue losses to that of FY 20/21.



CONCLUSION

- UBC is expecting a deficit for the fiscal year ending March 31, 2021.
- UBC is committed to supporting the long-term health and wellbeing of students, faculty, and staff above all other considerations.
- Despite the financial impact of COVID-19, UBC continues to make investments in health and safety of the diverse and inclusive community, enhanced support for remote teaching and learning, resumption of research, and student financial aid.
- UBC is a financially robust university with sufficient resources and flexibility to weather the impact of COVID-19.