



<b>SUBJECT</b>	2022-2023 UBC Budget
<b>SUBMITTED TO</b>	Finance Committee
<b>MEETING DATE</b>	March 22, 2022
<b>SESSION CLASSIFICATION</b>	Recommended session criteria from Board Meetings Policy: OPEN
<b>REQUEST</b>	Resolution to be considered under Item 6: IT IS HEREBY RESOLVED that the Finance Committee recommends to the Board of Governors approval of the fiscal 2022-2023 UBC Budget, as presented.
<b>LEAD EXECUTIVE</b>	Peter Smailles, Vice-President Finance & Operations
<b>SUPPORTED BY</b>	Lesley Cormack, Deputy Vice-Chancellor and Principal, UBC Okanagan Andrew Szeri, Provost and Vice-President Academic, UBC Vancouver Rehan Sadiq, Provost and Vice-President Academic pro tem, UBC Okanagan Rob Einarson, Associate Vice-President Finance & Operations, UBC Okanagan Karamjeet Heer, Comptroller David Shorthouse, Executive Director, Academic Initiatives Matt Boydston, Assistant Comptroller Lucy Li, Associate Director, Strategic Implementation

**PRIOR SUBMISSIONS**

The Board of Governors considers the University's budget annually, most recently in [April 2021](#).

**EXECUTIVE SUMMARY**

The UBC Budget represents the financial plan for the university, providing a roadmap for allocating the university's revenues against anticipated expenses for the coming fiscal year.

While UBC has weathered the impact of COVID-19 through fiscal 2020-2021 and fiscal 2021-2022 more positively than initially anticipated, some COVID-related uncertainty still exists that may impact UBC's financial position in future years. Modest tuition increases in line with peer institutions are critical to funding new courses, strategic initiatives, and support for students. As the university and the global economy continue to recover in fiscal 2022-2023, we are committed to being proactive in our financial strategies and conservative in our approach.

The university's consolidated budget projects annual revenues of \$3.4 billion, of which \$2.5 billion are from the university's core operations (which does not include research funds, capital funds, etc.). Adjusting for unrestricted surpluses in research and endowments, as well as a net investment in capital, the university expects a consolidated surplus for fiscal 2022-2023 of \$100 million as detailed in the table below:

<b>CONSOLIDATED BUDGET FISCAL 2022/23</b> <i>(in \$millions)</i>	<b>2020/21</b> <b>Actuals</b>	<b>2021/22</b> <b>Forecast</b>	<b>2022/23</b> <b>Plan</b>
<b>Operating Revenue</b>			
Provincial government grants	952	993	1,036
Tuition	922	989	1,042
Other	1,048	1,244	1,316
<b>Total Operating Revenue</b>	<b>2,922</b>	<b>3,226</b>	<b>3,394</b>
<b>Operating Expenses</b>			
Salaries & benefits	1,823	1,932	2,064
Non Salaries	1,017	1,138	1,230
<b>Total Operating Expenses</b>	<b>2,840</b>	<b>3,070</b>	<b>3,294</b>
<b>Reserve (drawdowns)/ additions</b>	<b>82</b>	<b>156</b>	<b>100</b>

While there is a \$100 million consolidated accounting surplus, the entire surplus is not available for cash distribution for example the internally restricted research funds are committed to support new faculty hires and start-up, returns from internally restricted endowment funds are reinvested.

Within the consolidated budget there is a planned operating deficit of \$7 million which reflects some of the lingering effects of the COVID-19 pandemic, delays in projects from fiscal 2021-2022 that will be undertaken or completed in fiscal 2022-2023 and additional hiring activity anticipated in fiscal 2022-2023. This compares to the forecasted operating surplus of \$22 million in Q3 of 2021-2022. Non-operating funds are budgeted to provide a \$107 million surplus from UBC's Endowment, unrestricted research funding, and the net investment in capital adjustments

While uncertainty remains across some areas, we emphasize that UBC's strong financial position is prudently overseen by the university's Executive, the Audit Committee, the Finance Committee, and the Board of Governors, and that our liquidity position is closely monitored and remains in excellent health. External validation through leading credit rating agencies continuously rates UBC highly — in December 2021 the university was reaffirmed with an Aa1 rating from Moody's Investors Service, who assessed UBC to have an "outstanding market position" and in March 2021 the university was re-issued an AA+ rating from Standard and Poor's.

With this context in mind, we are pleased to submit UBC's 2022-2023 budget.

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## APPENDICES

1. 2022-2023 UBC Budget

## PRESENTATIONS

1. UBC Budget 2022-2023 (Vancouver and Okanagan)



MARCH 2022

# 2022/23 Budget



THE UNIVERSITY OF BRITISH COLUMBIA

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## **Letter from the President**

More than two years since the COVID-19 global pandemic began, our community continues to display a spirit of collaboration that has kept UBC moving forward during this challenging time. I am proud to say that strong financial management and the hard work of the UBC community to reduce expenditures have enabled us to reduce the impact of COVID-19 and continue advancing our academic mandate and vision, all while supporting our students, faculty, and staff.

The financial support of our governments, both provincially and federally, lays the foundation for ongoing investment in our core mission of research, learning, and engagement. We are grateful for their continued partnership, which will enable an even greater impact on the communities we serve in British Columbia, Canada, and the world in the coming years.

Our budget for 2022/23 keeps us moving forward towards our vision of inspiring people, ideas, and actions for a better world. It prioritizes investments that advance our academic mission, as well as equity, diversity, and inclusion, our commitments to Truth and Reconciliation, crucial supports for our students, and our response to the climate emergency. Key highlights include:

- Ongoing support totaling \$3.3m to further enhance student mental health resources and expand the Jumpstart program at UBC Vancouver and an additional \$2.4m to further enhance the student experience at UBC Okanagan.
- An investment of \$0.8m to kick start the recommendations from the Student Affordability Task Force Report and lower financial barriers for existing and incoming students.
- \$2.6m in funding to support UBC Vancouver initiatives that seek to celebrate and elevate diverse communities and advance anti-racism efforts, including the expansion of the Beyond Tomorrow Scholars Program and implementation of the Anti-Racism and Inclusive Excellence Task Force recommendations. A further \$0.4m will be invested to enhance access, success, and representation of traditionally underrepresented populations at UBC Okanagan.
- To support the ongoing implementation of the Indigenous Strategic Plan, \$4.2m has been earmarked by UBC Vancouver for additional resourcing for the Office of the Indigenous Strategic Initiatives, expanding Indigenous student support, and other Indigenous initiatives. Additional allocations totaling \$0.8m will support the new Indigenous Graduate Entrance Fellowships and other Indigenous student supports and Indigeneity projects at UBC Okanagan.
- An additional investment of \$1.4m at UBC Vancouver and \$1.1m at UBC Okanagan to support our ambitious climate action plans, advance the work of the Climate Emergency Task Force, as well as other sustainability initiatives.
- Over \$7.3m in support for excellence in teaching, learning, and research at UBC Vancouver. An additional \$0.4m will advance new academic programming at UBC Okanagan.

I am proud of the way our community has come together during this unprecedented and challenging time, and I am confident that our financial plan will help chart a path towards an even stronger university in the years ahead.

Sincerely,

**Santa J. Ono President and Vice-Chancellor**

# 1. Executive Summary

## Overview

The UBC Budget represents the financial plan for the university to provide a roadmap for allocating the university's revenues against anticipated expenses for the coming fiscal year. The budget is presented to the Board of Governors each year for approval.

While UBC has weathered the impact of COVID-19 through fiscal 2020/21 and fiscal 2021/22 more positively than initially anticipated, some COVID-related uncertainty still exists that may impact UBC's financial position in future years. Modest tuition increases in line with peer institutions are critical to funding new courses, strategic initiatives, and supports for students. As the university and the global economy continue to recover in fiscal 2022/23, we are committed to being proactive in our financial strategies and conservative in our approach.

While uncertainty remains across some areas, we emphasize that UBC's strong financial position is prudently overseen by the university's Executive, the Audit Committee, the Finance Committee, and the Board of Governors, and that our liquidity position is closely monitored and remains in excellent health. External validation through leading credit rating agencies continuously rates UBC highly — in December 2021 the university [was reaffirmed with an Aa1 rating from Moody's Investors Service](#), who assessed UBC to have an "outstanding market position" and in March 2021 the university was re-issued an AA+ rating from Standard and Poor's.

With this context in mind, we are pleased to present the 2022/23 Budget for The University of British Columbia. The annual budget supports the collective vision, purpose, values, and goals of the institution as identified in the university's strategic plan, [Shaping UBC's Next Century, Strategic Plan 2018 – 2028](#), and in this report we aim to show how UBC's financial approach is advancing the university's priorities and supporting our pursuit of excellence in research, learning, and engagement.

## Consolidated Budget

The UBC consolidated budget reflects the operations of both campuses of the university, including capital spending and income earned from land development proceeds, research, and endowments.

The university's consolidated budget projects annual revenues of \$3.4b, of which \$2.5b are from the university's core operations (which does not include research funds, capital funds, etc.) Adjusting for unrestricted surpluses in research and endowments, as well as a net investment in capital, the university expects a consolidated surplus for fiscal 2022/23 of \$100m as detailed in the table below:

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Within the consolidated budget there is a planned operating deficit of \$7m which reflects some of the lingering effects of the COVID-19 pandemic, delays in projects from fiscal 2021/22 that will be undertaken or completed in fiscal 2022/23 and additional hiring activity anticipated in fiscal 2022/23. This compares to the forecasted operating surplus of \$22m in Q3 of 2021/22. Non-operating funds are budgeted to provide a \$107m surplus from UBC's Endowment, unrestricted research funding, and the net investment in capital adjustments.

## Strategic Investments

The heart of UBC's Strategic Plan is to inspire and enable students through excellence in transformative teaching, learning, mentoring, advising, and student experience. While COVID-19 continues to present unprecedented financial uncertainty, Budget 2022-23 includes investments that maintain momentum in UBC's core priorities and critical operations. Among these are:

- Investing in health and wellness initiatives for students, faculty and staff;
- Advancing anti-racism, equity, diversity, and inclusion actions across UBC's campuses;
- Supporting the ongoing implementation of the Indigenous Strategic Plan;
- Deepening UBC's research impact through the President's Academic Excellence Initiative (PAEI);

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- Implementing the recommendations of the Climate Emergency Task Force and the Climate Action Plan; and
- Supporting strategic initiatives that will elevate UBC's teaching, learning, and research capabilities through the Academic Excellence Funds.

A high-level summary of UBC's incremental strategic investments, capturing the full picture of operating and Excellence Funds on both campuses, follows below. The increase in 2022/23 largely reflects the growing impact of the Excellence Funds, and support of their ongoing commitments, on the university's areas of focus.

<i>UBC (in \$thousands)</i>	<b>2020/21 Allocation</b>	<b>2021/22 Allocation</b>	<b>2022/23 Plan</b>
People and Places	40,524	70,546	75,402
Research Excellence	25,437	29,287	28,616
Transformative Learning	22,871	21,355	21,436
Local and Global Engagement	7,232	8,758	12,654
Strategic Plan Enablement	4,937	4,045	10,500
Sustainment, Risk & Compliance	1,943	6,374	18,769
FY23 Contingency Allowance	15,000	8,000	3,000
Residual Central contingency	-	23,413	59,167
<b>Total Commitments</b>	<b>117,944</b>	<b>171,777</b>	<b>229,545</b>

*\*Note: People and Places core area includes investments in PAEI, a comprehensive initiative that also supports Transformational Learning and Research Excellence.*

### Priority Operating Investments

#### Vancouver Campus

Due to the two-year impact of COVID-19 and allowing for longer-term financial commitments (in particular capital projects and PAEI initiatives), incremental funding for strategic initiatives on the Vancouver campus from the central operating fund is again limited for the 2022/23 fiscal year, with \$26.2m available for new requests in addition to the \$11.4m to cover previously approved commitments.

The investments are prioritized to support UBC's core priorities, mitigate risks, and ensure the university's long-term financial sustainability. An additional \$3m contingency will enable the university to respond to any unknown events in fiscal 2022/23.

The total of \$37.6m is allocated as follows:

- **People and Places — \$10.5m:** continued funding for our equity, diversity, and inclusion priorities, including anti-racism initiatives and the Inclusion Action Plan; ongoing support for the Beyond Tomorrow Scholar's Program; investments in student health and wellbeing; support for activities under the Student Affordability Task Force recommendations; and ongoing support for the Rapid Transit Office, which advocates for the extension of SkyTrain service to the UBC Vancouver campus.
- **Transformative Learning and Research Excellence — \$5.9m:** for ongoing resourcing of Development and Alumni Engagement to support fundraising that will enable new investment in teaching, learning, and research excellence; funding for student demographic studies; and support for library services.

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- **Local and Global Engagement — \$3.1m:** for ongoing investment in the implementation of UBC's Indigenous Strategic Plan; continued support of the Residential School History and Dialogue Centre; and ongoing support for the Climate Action Plan 2030 and Campus Vision 2050.
- **Sustainment/Risk/Compliance Actions — \$18.1m:** for enhancements to the PrISM program, which reduces the risk of privacy or information security breaches; support for classroom upgrades and routine capital improvements (with 25%/75% matched funding from the Province); continuing resourcing for the Integrated Service Centre and critical roles to support the Workday system; debt servicing for the newly implemented Workday system; and \$5m to help fund cost containment and operational excellence initiatives to reduce structural deficits and support long-term financial sustainability.

### Okanagan Campus

The funding available for allocation is projected to be \$25.9m for fiscal 2022/23, of which \$19.1m is recurring. A portion of the incremental tuition is allocated to the faculties, Excellence Fund, and Student Financial Aid, along with grant funding of \$3.3m to units across campus to support the projected general wage increase. As such, \$2.9m is available for fiscal 2022/23 strategic priorities after prior year commitments, transfer to capital contingency, and balance held for future investments. The recommendation for allocation follows:

- **People and Places — \$0.8m:** to support the UBC Wellbeing Strategic Framework; for Athletics and Recreation to support resource and facility development; to update UBCO Campus Plan scoping and visioning; and increased support for Integrated Service Centre and enrolment services systems.
- **Research Excellence — \$0.3m:** to enhance research activities on campus; mandatory reporting to funders; and to enhance communications for the research portfolio.
- **Transformative Learning — \$0.8m:** to enhance the student experience by investing in the new Student Support and Case Management Office and Global Engagement Office; technical support for the new Career and Personal Education unit of Learning Services; to continue the Interdisciplinary Co-op Education Partner Engagement Advisor role, the online learning technology team, and the successful makerspace UBCO initiative. Also, additional resources for Enrolment Services to support the growing number of award programs and provide flexibility in course scheduling.
- **Local and Global Engagement — \$0.4m:** to improve communication locally and globally both with potential students and applicants, as well as internal communications; increased digital marketing and recruitment.
- **Sustainment/Risk/Compliance Actions — \$0.6m:** to support climate action and IT inventory management and executive search and relocation costs.

### Priority Investments from the Excellence Funds

UBC is a globally recognized institution of research and educational excellence, and its goal is to enhance this excellence through targeted strategic investments on both campuses. In February 2016, the university created designated excellence funds — the subsequently renamed Academic Excellence Funds (AEF) on the Vancouver campus and the UBC Okanagan Excellence Fund — to support UBC's ambition to become Canada's best university over the next decade.

The funds support strategic initiatives that will enhance and amplify current efforts in key areas to ensure UBC is:

- Recruiting and retaining exemplary students, faculty, and staff;

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- Building and supporting world class research infrastructure to enable innovative, cutting-edge research; and
- Providing an excellent student learning experience for domestic and international students, at the graduate and undergraduate levels, both inside and outside the classroom.

In addition to the above funds, the President's Academic Excellence Initiative (PAEI) enters its third year in fiscal 2022/23. This initiative is aimed at elevating the research impact of UBC. It is focused on professors who conduct the research, and on the various support / infrastructure – professional and personal – that the university provides them with, to aid in their intellectual leadership.

### *Vancouver Campus*

On the Vancouver campus, a total of \$102m in funding from the AEF is planned for fiscal 2022/23 across initiatives that support the core areas of UBC's Strategic Plan. The Academic Excellence Funds' impact on the university continues to grow, with spending forecasted to increase by \$16m over the prior fiscal year (forecasted as at Q3). Highlights of planned investments for the coming year include:

- **People and Places — \$58.8m:** to support the University Transitions program; the Scholarship of Educational Leadership program; and kickstart a \$2 million multi-year donor matching program to incentivize fundraising for need-based aid as recommended in the Student Affordability Task Force Report.
- **Research Excellence — \$22.4m:** to support the upgrade and renovation of the Dairy Education and Research Centre; construction of a Food and Beverage Innovation Centre; and the proposed upgrade of the Gateway Building research space, which will bring together an interdisciplinary team of scholars to examine and reimagine communication for future decades.
- **Transformative Learning — \$11.4m:** to support the development and delivery of teaching excellence through alternative models, including the continuation of Learning Technology Hub faculty and student support; learning technology licensing; integration of high-performance computing with teaching and learning; and enhancing the scheduling system to enable a better student experience.
- **Local and Global Engagement — \$7.6m:** including seed funding for the Global Engagement Strategy, "In Service" initiatives, such as Global Virtual classrooms, a means to develop students' global citizenship competencies and the Global Engagement Heat Map, a comprehensive way to identify and map UBC's global partnerships and activities; investments in the new Traditional Land Stewardship (TLS) program in the Faculty of Forestry; and various Indigenous engagements with the community and with new incoming students.
- **Strategic Plan Enablement — \$2m:** for advancing academic renewal and strategic pilot proposals on both campuses.
- **President's Academic Excellence Initiative— \$9.9m:** for development of the President's Academic Excellence Initiative PhD Awards as a tool to attract top students in support of research; recruitment of the first PAEI faculty hire in September 2020, with a joint appointment in the Department of Medical Genetics and Michael Smith Labs.

### *Okanagan Campus*

On the Okanagan campus a total of \$24.8m funding from fiscal allocations and reserves is planned across initiatives that support the same core areas, including:

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- **People and Places — \$5.3m:** for ongoing investments in the recruitment and retention of faculty, continuing support of the International Impact Scholarship, minimum per year funding for PhD students, and the Accelerate Phase of the President’s Academic Excellence Initiative, with specific recruitment of BIPOC faculty; and a new allocation to co-create a Black Resource Centre that will support the learning and engagement of black students.
- **Local and Global Engagement — \$1.5m:** for increased support of the Indigenous Graduate Entrance Fellowship and the Indigenous Undergrad Research Mentorship; continuing development of a new Indigenous language fluency degree; ongoing investment in anti-racism and Truth and Reconciliation commitments; and support for an Admissions Advisor for Indigenous Applicants.
- **Research Excellence — \$3.5:** for significant investment in research clusters (through the Eminence Program); increased funding for the Principal’s Research Chairs program; and continued enhancement of research infrastructure.
- **Transformative Learning — \$5.9m:** for continued investment in UBC Okanagan’s Aspire Learning and Teaching Fund to support curricular innovation; continued investment in new programs; and increased investment in the Beyond Tomorrow Scholars Program.
- **Strategic Plan Enablement - \$8.5m:** to address the acute academic space needs and continue building a reserve to invest in the Interdisciplinary Collaboration and Innovation (ICI) building and the UBC Downtown Kelowna project.



### Supporting Anti-Racism and Inclusive Excellence at UBC

Promoting equity, diversity, and inclusion is an important pre-condition for attracting and retaining the best and brightest students, faculty, and staff from around the world. This requires that we create inclusive environments free from racism in which to work, learn, and live.

Last year, more than \$8m was dedicated to supporting Indigenous and Black students, including ongoing funding for the Indigenous Collegium, various undergraduate and graduate student supports, and increased funding for Student Financial Aid.

In 2022/23, UBC will continue to promote equity, diversity, inclusion, and anti-racism through the university’s spending priorities, including:

- \$2.6m to support equity, diversity, and inclusion initiatives, including the expansion of the Beyond Tomorrow Scholars Program and implementation of the Anti-Racism and Inclusive Excellence Task Force recommendations.
- \$0.4m to enhance access, success, and representation of traditionally underrepresented populations at UBC Okanagan.
- \$16.8m over 7 years to support the hiring of Indigenous faculty.

## Base Operations

UBC uses a decentralized budget model, meaning that faculties and administrative units are responsible for balancing local budgets within their respective areas. The university's core revenues are fully allocated towards the cost of continuing current base operations, as well as investing in new strategic initiatives to meet university priorities. Operating revenues for 2022/23 are forecasted to increase over the previous fiscal year by \$149m (from \$2,389m in 2021/22, to \$2,538m in 2022/23), mainly because of the recovery in sales and services revenue (and ancillary operations in particular).

### Operating Revenue

UBC's operating revenue is generated from government grants, tuition and fees, land proceeds, and faculty and central unit revenues. The provincial grant has in recent years increased funding for general wage increases (GWI) for core operations and incrementally funded seats for specific programs. Funding required for new initiatives must be provided by incremental tuition and business revenues.

### Operating Costs

The Operating Budget, covering the core academic operations of the university, includes investments in new programs and services, as well as providing resources necessary to maintain current activities.

UBC continues to be challenged in meeting some escalating cost pressures, some of which have been exacerbated by the COVID-19 pandemic, as well as the plateauing of international tuition revenue.

Savings from efficiencies continue to make an important contribution to providing the capacity for both new investments and maintaining current activity levels. The 2022/23 budget again has incorporated a 2% reduction for funding in administrative areas on the Vancouver campus to incentivize operating efficiencies. The university will need to continue to focus on operational excellence to deliver efficiencies, particularly as inflation is forecast to maintain near 5% to the end of fiscal 2021/22 and remain well above the Bank of Canada target in fiscal 2022/23. Additionally, both faculties and administrative units continue to absorb unfunded costs including contractually obligated wage increases (non-GWI) and incentive increases. Unfortunately, these escalating costs are driving several of the administrative units into a structural deficit situation. To reduce structural deficits and support long-term financial sustainability, \$5m has been earmarked to help fund organizational cost containment and operational excellence initiatives.

The capital program for fiscal 2022/23 continues to be extensive with \$561m of total capital expenditure budgeted. A notable feature in the year ahead is the continuation of funding from the provincial government for "routine capital", which is augmented by a 25% matching contribution from UBC. This expenditure principally focuses on the deferred maintenance associated with university facilities and is estimated to be \$52m in fiscal 2022/23.

Major building projects under development include:

- The "Gateway Health" Building (official name to be determined), which will co-locate the School of Nursing, the School of Kinesiology, Integrated Student Health Services, and components of UBC Health that will facilitate inter-program interaction and synergies and contribute to health and wellbeing;
- The Brock Commons Phase 2 project is phased for completion in Spring to Fall of 2022 and will provide academic space, student housing and child care facilities;

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- The School of Biomedical Engineering Building, which will support the expansion of undergraduate and graduate programs, as well as research activities;
- The new Recreation Centre, which will provide much needed recreation space including a state-of-the-art fitness centre, three gymnasiums, an indoor track, and many other amenities.
- The Okanagan Interdisciplinary Collaboration & Innovation Building, which will address the critical space shortage on the Okanagan campus while facilitating world-leading, interdisciplinary/ transdisciplinary research and academic programming.; and,
- The UBCO Downtown Kelowna Project, which will create a presence for UBC in downtown Kelowna, building on existing activities such as the Southern Medical program campus, the Innovation Library, e@ubc activities in the downtown Innovation Centre, and the partnership with the Rotary Centre for the Arts.



### Expanding UBC's Research Impact

The President's Academic Excellence Initiative (PAEI) will significantly enhance UBC's research capacity by increasing the complement of research faculty as well as supporting academic support and infrastructure.

One of the key components of this program is to increase support for our new and existing graduate students. Nursing PhD student Catherine Liao received support through the PAEI for her research which aims to improve equity for marginalized groups in BC who experience higher risks of burn injuries and less access to health care.

Implementation of the Accelerate Phase is now underway with increased financial support being provided for PhD students. \$4.2m was approved in the fiscal 2021/22 budget and \$4.6m has been included in the fiscal 2022/23 budget at UBC Vancouver and \$4m has been allocated from 2021/22 onwards at UBC Okanagan.

## Endowment

UBC's endowment is an important vehicle for donated funds to support the university's academic mandate and vision. The externally endowed funds (along with any match funding from the university, including growth) are restricted in nature, and as such have no impact on the surplus/deficit position of the university. These restricted funds support important university initiatives including endowed chair positions and targeted programs.

Additionally, the endowment provides critical support for the university through the distribution of returns from land proceeds (this is unrestricted funding) and in the past any growth has been allocated to new strategic initiatives (e.g., debt servicing of new buildings and critical infrastructure projects).

In fiscal 2021/22 endowment investment income was significantly higher driven by IMANT's public equity portfolio restructuring activities. The restructuring plan was put in place to identify new partners and strategies and combine them in a way that is expected to produce superior risk adjusted results. The restructuring program also took into consideration UBC's responsible investment approach and is being carried out in a way to not only meet the university's commitment but, where possible, exceed the expected time frame for achieving its carbon reduction goals. The transition is happening in phases and is expected to be completed by the end of calendar year 2022; however, the financial impact to fiscal 2022/23 is not anticipated to be significant.

## Research

As with the endowment, research at UBC has restricted and unrestricted funding sources. Restricted research utilizes external funding to support specific projects and initiatives, and therefore has no impact on the surplus/deficit position of the university. UBC is a research powerhouse, with sponsored (i.e., restricted) research generating over \$640m in investment through fiscal 2021/22, with \$660m projected in 2022/23.

Funding for unrestricted research is transferred by the faculties from their operations to support start-up costs for new faculty appointments, as well as filling funding gaps in sponsored research projects. The funding that is transferred is recognized as revenue in the year, with costs incurred over time. As such, a surplus is generally reflected in the budget when the funding exceeds costs incurred in the fiscal year, with the current budget projecting a \$19m surplus.

## Risk Assessment and Economic Environmental Scan

### Domestic

COVID-19 continued to have significant impacts on the operations of the Province of British Columbia in fiscal 2021/22 and are forecast to have lingering effects for several years. However, at this time, the Province is committed to continuing to invest in higher education and has not indicated a reduction in provincial operating grant funding for the sector. While the overall economic environment UBC faces in the year ahead continues to be constrained in several aspects, it does include an estimated uplift in funding from the provincial government for general wage increases (general wage rate increases are estimated as fiscal 2022/23 is a bargaining year for several employee groups). The Province is also likely to continue its commitment to routine capital funding (deferred maintenance on academic facilities), and significant contributions to several building projects.

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UBC, as with many organizations in British Columbia, continues to experience supply chain challenges, in some cases causing significant delays particularly for major equipment purchases and capital projects. This challenge is accompanied by a material increase in inflation – ending last year at 4.8%, which has put substantial pressure on a number of non-labour expenditures (including utilities, consumables, and equipment) across the university. The Bank of Canada forecasts that the inflation rate will be above target levels in the first half of 2022, and that there is uncertainty in how quickly inflation will return to target.

UBC is also being challenged by the highly competitive employment market, causing issues with attracting and retaining staff (this has been exacerbated by the pandemic). It is taking significantly longer to recruit staff and some positions are remaining vacant for extended periods of time.

### International

The economic contributions of UBC to the regional and provincial economies are significant, and the dynamic impact through knowledge creation and translation increases the productive capacity of the region and the nation. UBC is a globally recognized institution for teaching, learning, and research, and an important contributor to the landscape of international education, in addition to its contributions to the province. The institution is [consistently ranked as one of the top universities](#) in the world, and this position has created opportunities for UBC to attract talented students and researchers from over 160 countries, as well as opening doors for the university to engage with global challenges that have far-reaching impact. The university's teaching and research complement continues to be enhanced through strategic academic renewal, including substantial investment in the President's Academic Excellence Initiative.

Enrolment, combined with increases in international tuition, has provided an important source of revenue for the university. This revenue base now supports the UBC Academic Excellence Funds and contributes to UBC's strategic investments.

While difficult to control, international travel restrictions and geopolitical tensions do have an impact to UBC's international student population. The COVID pandemic and recent world events have made that even more clear. UBC continues to monitor and manage these situations closely.



### UBC's Continued Response to COVID-19: Supporting a Safe Return to Campus

A key priority for fiscal 21/22 was supporting students, faculty, and staff through the transition of the return to campus, as well as the shifting landscape of temporary return to online in some cases. In fiscal 21/22, the university invested an additional \$16m to support a safe return to campus.

As we transition to recovery from COVID-19, our highest priority remains the long-term health and wellbeing of our community. In this year's budget, UBC is planning to invest an additional \$2.4m in student health and wellbeing as part of a five-year commitment totaling \$9m to support the implementation of an integrated student health and wellbeing approach, a health equity framework, and meeting the needs of our students.

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### UBC Enrolment

The university's main campuses in Vancouver and the Okanagan are home to world-class facilities that foster cutting-edge research, innovative entrepreneurship, and boundless academic and extracurricular opportunities. The campuses, as well as UBC's satellite locations around British Columbia, also represent important social and economic contributions to their respective communities and beyond.

The university projects 47,234 enrolled domestic and 16,936 international students in fiscal 2022/23 across both campuses. A high-level view of enrolment data from recent years, combined from across both campuses,

### Enrolment Trends



is provided. While UBC has seen consistently strong enrolment, including throughout the pandemic, enrolment can be sensitive to global economic conditions and international shocks.

## 2. UBC’s Budget Process

The UBC Budget represents the financial plan for the university — it serves as a roadmap for allocating all of the university’s revenues against anticipated expenses. It uses the prior year’s allocations as a baseline to identify recurring funding, and considers enhancement requests and the distribution of incremental revenues to fund strategic initiatives and to manage cost pressures. It should be noted that in the 2022/23 fiscal year, the university will continue to manage its limited incremental funding allocations conservatively.

The model used at UBC is decentralized, meaning that faculties and administrative units are responsible for balancing budgets within their respective portfolios. The university’s finance teams — both centrally and distributed — are constantly reviewing base budgets against the priorities of UBC’s Strategic Plan.

The budget process includes key assumptions with regard to revenues and expenses relating to:

- Funding from the provincial government,
- Tuition levels and student numbers,
- Revenue forecasts from other sources,
- Salary and benefit increases, and
- Other cost increases, based on changes to the consumer price index or the Higher Education Price Index, and currency exchange rates.

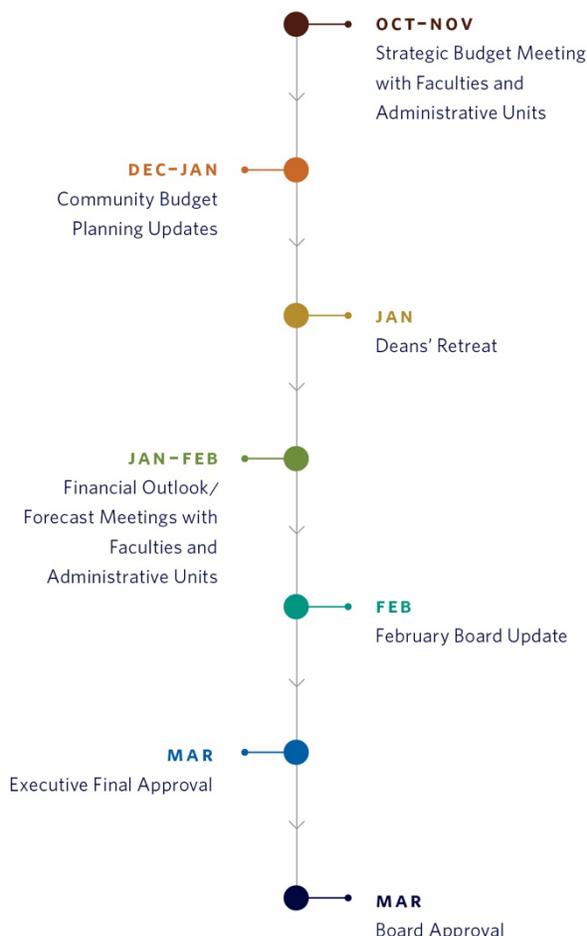
These budget assumptions (summarized in Appendix III) include all proposed budget allocations, as well as projections made by faculties and units from both campuses (Vancouver and Okanagan) of expected results for the year, including any plans for drawdowns of reserves. The budget for each campus is determined separately, but both are combined in this report, with supporting details provided for each.

### The Budget Process

The development of UBC’s budget is a collaborative effort including all of the university’s faculties and administrative units, with consultation and discussion at the core of the process.

This year UBC’s finance teams have collaborated with:

- Faculty and administrative unit leadership, through individual strategic budget meetings as well as financial forecast/outlook sessions
- Deans
- Academic heads/directors of units



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- Associate vice-presidents and senior staff
- Indigenous Strategic Plan (ISP) Guiding Network and President’s Advisory Committee on Indigenous Affairs
- Equity-deserving groups
- Elected student leadership
- Senate Budget Sub-Committees of the Budget Committee of the Council of Senates (Vancouver and Okanagan) Executive

### Alignment with UBC’s Strategic Priorities

All of the university’s base budget activities are driven by the vision set out in the UBC Strategic Plan. Consistent with UBC’s budget model, faculty and administrative unit budgets are reviewed independently.

For the fiscal 2022/23 budget process at UBCV, strategic budget meetings were held with each area in November 2021 to explore in-depth priorities, cost pressures, as well as identify new revenue/funding opportunities and potential cost savings initiatives. Additionally, financial forecast/outlook sessions were completed in February 2022 to share the more accurate data provided through the third quarter forecast as a comparison to the 2022/23 Budget. Executive meetings were held in November and December 2021 to review all the fiscal 2022/23 incremental budget asks brought forward through these strategic meetings. This was a rigorous process where budget asks were presented, explained, and ranked by the Executive, leading to an overall recommended funding allocation which has been incorporated into the 2022/23 Budget.

At UBCO, the Budget Committee met in November and December 2021 to review requests for incremental operating funding from administrative units. Final recommendations on budget allocations for fiscal 2022/23 were made by UBCO leadership in January and February 2022, once firmer revenue projections were available for the coming year and appropriate engagement with the relevant stakeholders had taken place.

These processes ensure that financial planning across the university is aligned with UBC’s strategic priorities and encourages collaboration and knowledge sharing across all academic and administrative groups.

The Budget is presented for the approval of UBC’s Board of Governors, and covers the fiscal year from April 1, 2022, to March 31, 2023.



### Addressing the Climate Crisis

UBC is committed to doing our part to address the climate crisis. UBC’s Climate Action Plan 2030 (CAP 2030) commits the university to achieving net-zero operational emissions by 2035—15 years ahead of the previous target date—and to reduce our emissions by at least 85 per cent below 2007 levels.

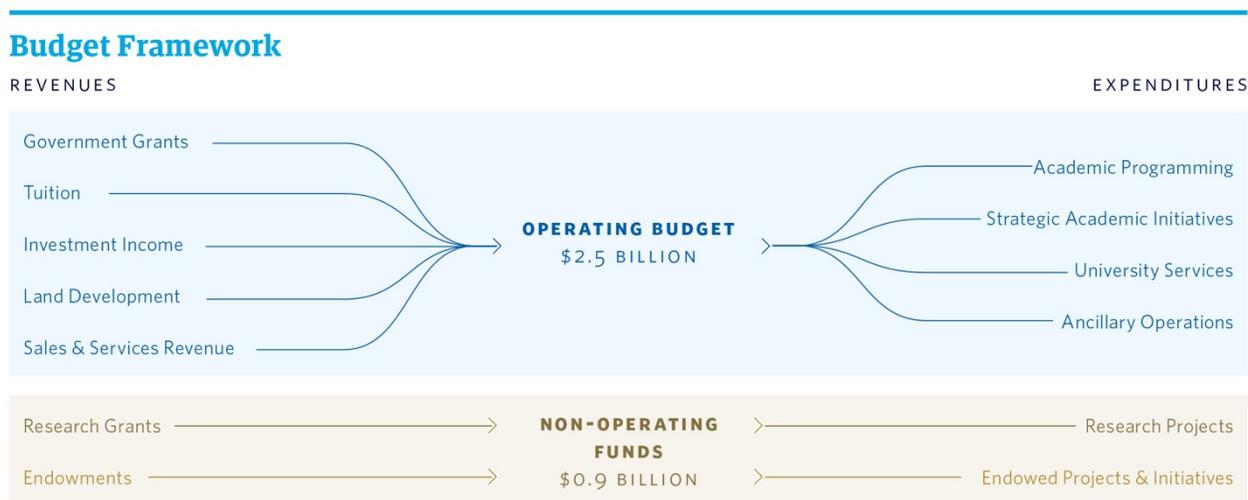
Investing in sustainability initiatives has been a priority for UBC for decades and, as a result, is integrated in most faculties and administrative units’ core budgets. Ongoing support for sustainability initiatives, such as Campus as a Living Lab and Sustainability Scholars, staffing, and investments in sustainable buildings and infrastructure likely total far more than \$40m annually.

In this year’s budget, UBC is planning to invest an additional \$1.4m to support the implementation of CAP2030 and the creation of a Centre for Climate and Environmental Justice at UBC Vancouver. At UBC Okanagan, \$1.1m will go towards the district energy renewal and decarbonisation plan, while \$332k from operating will support the Strategic Energy Management Plan, the CAP2030, and the newly approved Transportation Plan.

## Budget Framework

The most significant component of the university's Consolidated Budget is the Operating Budget, which covers the core academic operations of UBC. This report also covers all other areas comprising the consolidated financial statements of the university, including research, endowment, and capital expenditure. The intention of the budget report is to illustrate how these pieces link together, as well as the financial targets for each.

A simple picture of the university's Consolidated Budget for fiscal 2022/23 is as follows:



Plans for capital expenditure are summarized later in this report, including projections for major projects approved separately by the Board of Governors and other planned minor capital and information technology projects.

The Operating Budget includes income received by the university to support core academic operations. This revenue includes the provincial operating grant, domestic and international tuition, investment income earned on cash and investments, research overheads and indirect costs of research funds received from the federal government, and investment income earned from land development proceeds. It also includes other revenue generated by central units and ancillaries across both campuses that directly support those operations, including student housing, food services, the UBC Bookstore, and parking. Many faculties receive funding directly from non-core activities, which are managed locally to support their operations.

In a typical year, the financial target for the Operating Budget is to achieve a near balanced result. This means that operating revenue and expenditures (which include ongoing capital costs and internal loans for capital projects) are at equivalent levels.

The Province of British Columbia provides an operating grant totaling an estimated \$818m to the university to support the teaching of domestic undergraduate and graduate students in selected degree-granting programs. Of this, \$731m is designated for UBC Vancouver and \$87m for UBC Okanagan.

The provincial operating grant funds the full-time equivalent (Normal load FTE) enrolment of 30,259 full-time domestic undergraduates and 5,934 graduate students in Vancouver, and 7,157 total students in the Okanagan. There are some specific enrolment targets, primarily in the health professions, sciences, education,

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and engineering. The preliminary current year records indicate that UBC expects to exceed the provincial enrolment targets by approximately 4,264 domestic undergraduate students and 4,102 graduate students to meet continuing rising demand from students across the country.

UBC Vancouver allocates tuition received to the faculties and to Student Financial Aid (SFA) via an established formula. About 7.5% of tuition is allocated to support Student Financial Aid for both international and domestic students. Of the remaining graduate and domestic undergraduate tuition, 75% flows directly to the faculties (60% at UBCO). Of international undergraduate tuition, after the SFA allocation, two thirds of the incremental tuition is directed to the Academic Excellence Funds, with 65% of the remainder flowing directly to the faculties (50% at UBCO). Remaining tuition revenue is allocated to the Vancouver operating fund for core operating and support services and strategic priorities.



### Advancing Truth and Reconciliation: UBC's Indigenous Strategic Plan

UBC's Indigenous Strategic Plan (ISP), launched in September 2020, outlines eight goals and 43 actions that the university will collectively take to advance its vision of becoming a global leader in the implementation of Indigenous peoples' human rights.

Investing in additional resources and strategic initiatives to support the implementation of the ISP continues to be a priority in fiscal 2022/23. The Indigenous Strategic Initiatives (ISI) Fund launched to support projects that advance the goals and actions of the ISP, with \$4m dedicated in its first year.

This year's budget proposes further funding including:

- Additional resourcing for Office of the Indigenous Strategic Initiatives, expansion of Indigenous student, curriculum and advising support across numerous faculties and CTLT, and the upgrade to Laboratory of Anthropology, totaling \$4.2m.
- Allocations totaling \$856k to support the new Indigenous Graduate Entrance Fellowships and other Indigenous student supports and Indigeneity projects at UBCO.
- \$5m in capital funding to support the expansion of the Longhouse.
- Ongoing funding to support Indigenous student recruitment and faculty hiring, expansion of the Indigenous Students Collegium and Indigenous Student Financial Aid.

### 3. Operating Budget

The Operating Budget for fiscal 2022/23 (Vancouver and Okanagan combined) is projecting a deficit of \$7m, as summarized in the statement below.

OPERATING BUDGET FISCAL 2022/23 (in \$ millions)	2020/21 Actual	2021/22 Forecast	2022/23 Plan
<b>Operating Revenue</b>			
Government grants and contracts			
Government of Canada	34	39	35
Province of British Columbia	750	785	818
Other governments	-	-	-
Student fees - Domestic	375	388	409
Student fees - International	547	601	633
Non-government grants, contracts and donations	9	16	12
Investment Income	117	82	77
Sales and services	351	478	554
<b>Total Revenue</b>	<b>2,183</b>	<b>2,389</b>	<b>2,538</b>
<b>Operating Expenses</b>			
Salaries - Academic	544	569	600
Salaries - Student services	66	78	81
Salaries - Staff	600	643	698
Salaries - Purchased	(3)	2	-
<b>Total Salaries</b>	<b>1,207</b>	<b>1,292</b>	<b>1,379</b>
Employee benefits	223	239	257
<b>Total Salaries and Benefits</b>	<b>1,430</b>	<b>1,531</b>	<b>1,636</b>
Supplies and sundries	224	286	308
Amortization expenses	4	-	-
Cost of goods sold	30	62	76
Scholarships, fellowships and bursaries	106	136	130
Travel and field trips	1	6	15
Professional fees	52	59	62
Grants and reimbursements to other agencies	1	2	1
Interest on long term debt	82	96	104
Utilities	26	11	10
<b>Total Expenses</b>	<b>1,956</b>	<b>2,189</b>	<b>2,342</b>
<b>Excess (deficiency) of revenues over expense</b>	<b>227</b>	<b>200</b>	<b>196</b>
Transfers to (from) non-operating funds	70	97	113
Change in invested in capital assets	111	81	90
<b>Net change in unrestricted fund balance</b>	<b>46</b>	<b>22</b>	<b>(7)</b>
Accumulated reserves - opening	269	315	337
<b>Accumulated reserves - closing</b>	<b>315</b>	<b>337</b>	<b>330</b>

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Total revenue is budgeted to increase by \$149m (6.2%), mainly from recovering sales and services revenue and the proposed increase in tuition revenue. Expenses are expected to increase by approximately \$153m (7.0%), due to a range of factors including salaries and benefits and increases to supplies and sundries, costs of goods sold, travel and field trips due to increases in planned activity.

## Operating Revenue

The Operating Budget includes all unrestricted revenue received by the university. The majority of this revenue is managed and allocated through the budget process, but a smaller portion is generated directly by faculties and central support units. The total operating revenue for fiscal 2022/23 is \$2,538m.

OPERATING REVENUE (in \$ millions)	UBC Total				UBC Vancouver				UBC Okanagan			
	2020/21 Actual	2021/22 Forecast	2022/23 Plan	Plan vs. Forecast	2020/21 Actual	2021/22 Forecast	2022/23 Plan	Plan vs. Forecast	2020/21 Actual	2021/22 Forecast	2022/23 Plan	Plan vs. Forecast
<b>Operating Revenue</b>												
Government grants and contracts												
Government of Canada	34	39	35	(4)	33	37	33	(4)	1	2	2	-
Province of British Columbia	750	785	818	33	670	702	731	29	80	83	87	4
Student fees - Domestic	375	388	409	21	326	337	356	19	49	51	53	2
Student fees - International	547	601	633	32	471	518	542	24	76	83	91	8
Non-government grants, contracts and donati	9	16	12	(4)	9	16	12	(4)	-	-	-	-
Investment Income	117	82	77	(5)	117	82	77	(5)	-	-	-	-
Sales and services	351	478	554	76	346	470	546	76	5	8	8	-
<b>Total Revenue</b>	<b>2,183</b>	<b>2,389</b>	<b>2,538</b>	<b>149</b>	<b>1,972</b>	<b>2,162</b>	<b>2,297</b>	<b>135</b>	<b>211</b>	<b>227</b>	<b>241</b>	<b>14</b>

## Government Grants

The provincial grant is an important source of funding for domestic undergraduate and some graduate teaching. Operating revenue from the provincial grant has increased \$33m in fiscal 2022/23, from \$785m to \$818m, largely due to funding for general wage increases for all bargaining units, as well as the continuation of student FTE growth in Health and Technology programs on both campuses.

The Government of Canada grant, budgeted at \$35m, represents the Federal Research Support Fund for the university, and is consistent with prior years. The decrease, compared to last year's grant, is due to a one-time grant received from the Canada Student Work Placement Program (SWPP) during COVID-19 restrictions, which have been removed as Canada moves toward recovery.

## Tuition Income

### Student enrolment

The university is projecting a total enrolment of 64,170 student FTEs in fiscal 2022/23 across both campuses, with details as follows:

Student FTE	Fiscal 2021/22			Fiscal 2022/23 (Projected)			Change
	Vancouver	Okanagan	Total UBC	Vancouver	Okanagan	Total UBC	
Domestic	38,534	8,476	47,010	38,774	8,460	47,234	0.5%
International	14,299	2,363	16,662	14,471	2,465	16,936	1.6%
<b>Total</b>	<b>52,833</b>	<b>10,839</b>	<b>63,672</b>	<b>53,245</b>	<b>10,925</b>	<b>64,170</b>	<b>0.8%</b>

\* 30-credit FTE

### Domestic tuition

In fiscal 2021/22, enrolment (graduate and undergraduate) was 38,534 FTE at the Vancouver campus and 8,476 FTE at the Okanagan campus. There is a slight planned increase in expected enrolment for fiscal 2022/23 on the Vancouver Campus, compared to the prior year (largely in the Faculties of Applied Science,

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Education and Sauder School of Business). The plan assumes a 2% domestic tuition rate increase (subject to Board approval).

The domestic growth in enrolment and tuition rate increase for both graduate and undergraduate will bring an additional \$21m across both campuses.

### *International tuition*

The enrolment (graduate and undergraduate) plan reflects a slight growth in international student FTE (volume increase) as well as the proposed rate increases (2% for continuing students and 4% for new students — subject to Board approval).

The international student enrolment volume and rate increases for both graduate and undergraduate will add an additional \$32m of revenue across both campuses.

### **Other revenue**

#### *Sales and Services*

Sales and services revenue typically includes lease income, and the General Municipal Service Levy (GMSL) charged to businesses on campus. It also includes revenue from fee-for-service activities across campus, and bill-back revenue from IT services and the Faculty of Medicine.

Under normal circumstances, ancillary services are expected to be financially self-sustaining, including setting aside funds for capital renewal and providing a financial dividend to the university to be invested in important strategic priorities. However, COVID-19 had a significant impact through fiscal 2021/22 on revenue from student housing, food services, parking and other fee-for-services activities. As a mitigation, the university provided relief of the dividend and principal payments on SHCS loans through fiscal 2021/22, which is planned to continue in fiscal 2022/23.

Ancillary unit activities are expected to return to normalcy as the COVID-19 restrictions are lifted.

#### *Investment income*

Investment income represents income earned on cash and operating investments, internal loans, and construction project financing. The earnings are netted against interest payments on external debt, the Student Housing Finance Endowment, and the endowment borrowing for Orchard Commons. Overall volatility is mostly a function of the amount of working capital available for investment. For example, delays in construction will reduce the interest earned on construction deficits, while increasing interest earned on operating investments. The exposure to interest rate risk is minimal due to fixed rates of interest on internal loans and external debt.

Investment revenue in fiscal 2022/23 is expected to be \$5.3m lower than the prior year, mainly due to lower liquidity in the Working Capital Fund, lower construction interest after the completion of Pacific Residence project in last quarter of fiscal 2021/22, and the Paragon contingent payment received in fiscal 2021/22 that is not anticipated to repeat in fiscal 2022/23.

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A high-level view of operating revenue from recent years, combined across both campuses, is as follows:

### Operating Revenues



### Operating Expenditures

Total expenditures of \$2,342m are predominantly driven by salaries and benefits (approximately 70% of total expenditures). Driving efficiencies within this large expenditure pool, as well as actively managing discretionary spending, are strategies employed by the university through the budget process with the goal of producing a balanced result. Information relating to key expenditure drivers (Salaries and Benefits, Supplies and Sundries/COGS, and Student Financial Aid) is outlined below.

OPERATING EXPENDITURES (in \$ millions)	UBC Total				UBC Vancouver				UBC Okanagan			
	2020/21 Actual	2021/22 Forecast	2022/23 Plan	Plan vs. Forecast	2020/21 Actual	2021/22 Forecast	2022/23 Plan	Plan vs. Forecast	2020/21 Actual	2021/22 Forecast	2022/23 Plan	Plan vs. Forecast
<b>Operating Expenses</b>												
Salaries - Academic	544	569	600	(31)	482	501	526	(25)	62	68	74	(6)
Salaries - Student services	66	78	81	(3)	58	68	72	(4)	8	10	9	1
Salaries - Staff	600	643	698	(55)	554	591	638	(47)	46	52	60	(8)
Salaries - Purchased	(3)	2	-	2	(3)	2	-	2	-	-	-	-
<b>Total Salaries</b>	<b>1,207</b>	<b>1,292</b>	<b>1,379</b>	<b>(87)</b>	<b>1,091</b>	<b>1,162</b>	<b>1,236</b>	<b>(74)</b>	<b>116</b>	<b>130</b>	<b>143</b>	<b>(13)</b>
Employee benefits	223	239	257	(18)	202	215	231	(16)	21	24	26	(2)
<b>Total Salaries and Benefits</b>	<b>1,430</b>	<b>1,531</b>	<b>1,636</b>	<b>(105)</b>	<b>1,293</b>	<b>1,377</b>	<b>1,467</b>	<b>(90)</b>	<b>137</b>	<b>154</b>	<b>169</b>	<b>(15)</b>
Supplies and sundries	224	286	308	(22)	212	270	290	(20)	12	16	18	(2)
Amortization expenses	4	-	-	-	4	-	-	-	-	-	-	-
Cost of goods sold	30	62	76	(14)	30	62	76	(14)	-	-	-	-
Scholarships, fellowships and bursaries	106	136	130	6	93	114	110	4	13	22	20	2
Travel and field trips	1	6	15	(9)	1	5	12	(7)	-	1	3	(2)
Professional fees	52	59	62	(3)	49	56	58	(2)	3	3	4	(1)
Grants and reimbursements to other agencies	1	2	1	1	1	2	1	1	-	-	-	-
Interest on long term debt	82	96	104	(8)	80	94	102	(8)	2	2	2	-
Utilities	26	11	10	1	23	8	7	1	3	3	3	-
<b>Total Expenses</b>	<b>1,956</b>	<b>2,189</b>	<b>2,342</b>	<b>(153)</b>	<b>1,786</b>	<b>1,988</b>	<b>2,123</b>	<b>(135)</b>	<b>170</b>	<b>201</b>	<b>219</b>	<b>(18)</b>
Transfers to (from) non-operating funds	70	97	113	(16)	48	80	98	(18)	22	17	15	2
Change in invested in capital assets	111	81	90	(9)	97	73	76	(3)	14	8	14	(6)
<b>Total Operating Expenditures</b>	<b>2,137</b>	<b>2,367</b>	<b>2,545</b>	<b>(178)</b>	<b>1,931</b>	<b>2,141</b>	<b>2,297</b>	<b>(156)</b>	<b>206</b>	<b>226</b>	<b>248</b>	<b>(22)</b>

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### Salaries and benefits

The increase of \$105m in salaries and benefits costs includes progress through the ranks (PTR) increases for faculty, merit increases for staff, market adjustments, and amounts related to general wage increases and benefits (which are funded through the Provincial Grant). The remainder of the increase is primarily due to the annualized financial impact of prior-year new hires (i.e., individuals who are hired part way through the previous fiscal year), as well as the fiscal 2022/23 hiring plan for both faculty and staff on both campuses. For faculties, there will be a planned increase of approximately 91 FTE, and for staff a planned increase of approximately 538 FTE. This increase will be invested largely in staff and faculty committed to teaching and student support as well as increased activity within the ancillary business and general operating support (i.e. repairs, maintenance, cleaning). When comparing salaries and benefits to pre-pandemic levels, the largest increases are being driven within the faculties (UBCV and UBCO) as well as support services through VP Finance and Operations and VP Academic.

### Supplies and Sundries and Costs of Goods Sold

The increase in supplies and sundries costs of \$22m is primarily due to anticipated spending levels across multiple portfolios returning gradually to pre-COVID-19 levels due to the return of students on campus, re-classification of expenses that were previously considered capital, and increases in sales in services. The increase in cost of goods sold of \$14m is primarily due to the anticipated increased costs due to recovering sales at the Bookstore and UBC Food Services at both campuses.

### Scholarships, Fellowships, and Bursaries

UBC ensures funds are available for all student financial supports, in accordance with established criteria. Through 2021/22, while external funding was also being made available through temporary government programs, the university recognized the importance of providing bridge funding for students awaiting bursaries and other supports. To support students' COVID-related needs, the \$18m tuition increase in fiscal 2021/22 was allocated on a one-time basis to fund student support initiatives. One-time housing bursaries were also made available. In 2022/23, UBC is proposing to allocate \$130m to scholarships, fellowships, and bursaries, an increase from pre-pandemic levels.



### Progressing Operational Efficiency

UBC is introducing new initiatives to achieve efficient and effective service delivery and move towards a culture of operational excellence. This work includes a continued focus on modernizing our core Finance, Human Resources and Student information technology systems. As the next step in UBC's Integrated Renewal Program (IRP) implementation, a refreshed student ecosystem is scheduled to be completed during the 2023/2024 academic year.

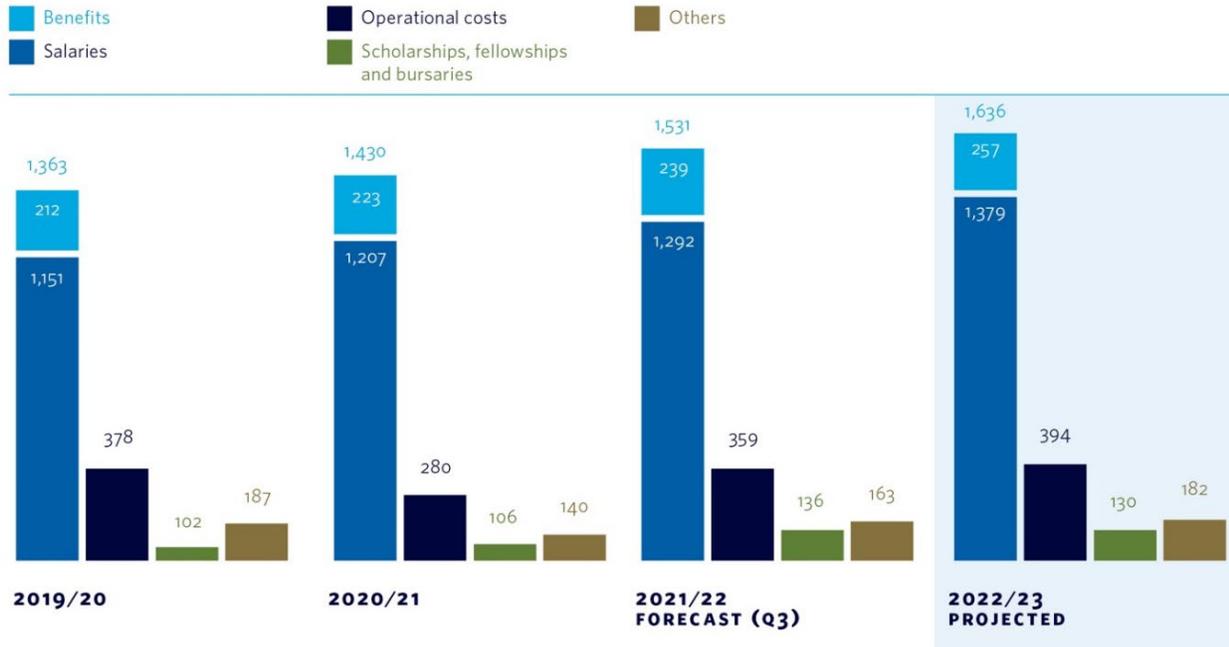
Other initiatives that will help the university focus limited resources and optimize our processes and operations include:

- Launching a Lean Six Sigma program in partnership with the UBC Sauder School of Business to train leaders from areas such as Finance and Operations, IT and HR to implement solutions that will improve efficiency and effectiveness across the university.
- Implementing projects that show tangible results, such as streamlining payroll accounting adjustments through automation to improve accuracy and impacts to grants reporting. Additionally, automation of critical capital reporting processes and creation of automated dashboards for decision making will lead to more efficient, timely and accurate information.
- Optimizing workflows and approvals within Workday for HR services, optimizing onboarding processes, and implementing automation tools for back-office processes.

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A high-level view of operating expenses from recent years, combined from across both campuses, is as follows:

### Operating Expenses



## 4. Consolidated Financial Budget

The Consolidated Statement of Operations (by function) and the Consolidated Statement of Net Debt require formal Board approval, as these components are required for inclusion in the university's audited annual financial statements under Public Sector Accounting Board guidelines, and are provided below for information only.

(By Object) (in \$millions)	2020/21 Actuals	2021/22 Forecast	2022/23 Plan	Variance
<b>Revenues</b>				
Government grants and contracts				
Government of Canada	367	364	390	26
Province of British Columbia	952	993	1,036	43
Other governments	20	27	31	4
Other contributions	148	177	186	9
Student fees	922	989	1,042	53
Investment income	157	183	111	(72)
Income from Government Business Enterprises	23	-	-	-
Sales and services	244	397	505	108
Amortization of deferred capital contributions	89	96	93	(3)
	<b>2,922</b>	<b>3,226</b>	<b>3,394</b>	<b>168</b>
<b>Expenses</b>				
Salaries & benefits	1,823	1,932	2,064	132
Operating costs - other	429	444	508	64
Capital asset amortization	231	261	282	21
Cost of goods sold	17	62	76	14
Scholarships, fellowships and bursaries	164	195	189	(6)
Grants to third parties	155	153	153	-
Debt service costs	21	23	22	(1)
	<b>2,840</b>	<b>3,070</b>	<b>3,294</b>	<b>224</b>
<b>Annual surplus from operations</b>	<b>82</b>	<b>156</b>	<b>100</b>	<b>(56)</b>

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The consolidated statement of operations reflects a 2022/23 surplus of \$100m. This is an accounting surplus only, and does not reflect funds available for spending on operations. The components are as follows:

<b>INCOME STATEMENT ANALYSIS</b> <i>(in \$millions)</i>	<b>2021/22 Forecast</b>	<b>2022/23 Plan</b>	<b>Variance</b>
UBC Vancouver faculties	28	4	(24)
UBC Vancouver administrative units	(7)	(4)	3
UBC Okanagan	1	(7)	(8)
	<u>22</u>	<u>(7)</u>	<u>(29)</u>
Deferred land lease revenue	11	11	-
Endowment surplus	65	23	(42)
Research and other funds	19	19	-
Related organizations	-	2	2
Net investment in capital	39	52	13
<b>Surplus</b>	<b><u>156</u></b>	<b><u>100</u></b>	<b><u>(56)</u></b>

### Key Drivers

- Reserve drawdowns of \$(7m) represent spending by units from reserves on capital projects and to support operating deficits.
- Deferred land lease income of \$11m represents proceeds from the land leases that have been issued for development. This is allocated to the endowment as it is received, and the revenue is recognized in the Statement of Operations over the period of the lease (which is 99 years).
- The Endowment surplus of \$23m represents the returns on unrestricted endowment funds (TREK) plus any endowed transfers from faculties, operations, and so forth. The decrease in this value is related to the growing adoption of a flat spend strategy on UBC's endowment that will draw against the endowment capital, plus a return to normal returns after a year of restructuring of the endowment investments which recognized one-time gains in the prior year.
- The surplus in research and other funds of \$19m is primarily driven by the unspent balances from unrestricted research funds that have been transferred from the faculties in support of start-up research for newly hired scholars.
- The surplus in Net Investment in Capital of \$52m is a function of how much UBC invests in capital in a given year, how much we receive in external funding for capital projects, depreciation/amortization, and activity relating to internal loans. It is broken down as follows:

<b>NET INVESTMENT IN CAPITAL</b> <i>(in \$millions)</i>	<b>2020/21 Actuals</b>	<b>2021/22 Forecast</b>	<b>2022/23 Plan</b>
Capital asset additions	381	400	561
Less funded externally	(95)	(100)	(149)
Depreciation	(231)	(261)	(282)
Less amortization of deferred capital contributions	88	96	93
<b>Financial Statement Impact</b>	<u>143</u>	<u>135</u>	<u>223</u>
Less funded from internal loans	(136)	(131)	(226)
Plus internal loan payments	29	35	55
Net internal loans	<u>(107)</u>	<u>(96)</u>	<u>(171)</u>
<b>Net investment in capital</b>	<b><u>36</u></b>	<b><u>39</u></b>	<b><u>52</u></b>

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The consolidated statement of financial position showing the university's assets, liabilities, and equity is as follows:

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

Presented in Classified Statement of Financial Position Format (in \$millions)	Mar 31, 2022 Forecast	Mar 31, 2023 Plan
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	100	100
Accounts receivable	235	240
Housing and other loans receivable	56	57
Operating investments	1,106	1,183
Investments in Government Business Enterprises	43	46
Supplemental pension assets	121	124
Other current assets	34	34
	1,695	1,784
<b>Non-Current Assets</b>		
Endowment investments	2,133	2,235
Capital assets	3,991	4,271
	6,124	6,506
<b>TOTAL ASSETS</b>	<b>7,819</b>	<b>8,290</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	345	351
Deferred revenue	135	138
Current portion of debt	6	6
	486	495
<b>Non-Current Liabilities</b>		
Employee future benefits	15	15
Supplemental pension liabilities	121	124
Deferred other restricted contributions	684	698
Non-current portion of debt	351	350
	1,171	1,187
<b>Total Liabilities</b>	1,657	1,682
<b>Net Assets</b>		
Accumulated surplus	2,687	2,965
Deferred capital contributions	1,599	1,655
Deferred land lease revenue	1,107	1,174
Deferred endowment contributions	769	814
	6,162	6,608
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>7,819</b>	<b>8,290</b>

## 5. Documents Requiring Board Approval

Under public sector accounting board guidelines, certain approved budget information is required for inclusion in the year-end financial statements. These two documents are the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Changes in Net Debt.

The Consolidated Statement of Operations and Accumulated Surplus below reflects the same consolidated income statement included in Section 6, although the expenses are reflected by function, rather than by object. This mirrors the way that the information is presented in the financial statements. To derive the information by function, the university makes various assumptions about which operating units should be reflected within each category.

### CONSOLIDATED STATEMENT OF OPERATIONS (By Function)

(in \$millions)

#### Revenues

Government grants and contracts

	2021/22 Forecast	2022/23 Plan	Variance
Government of Canada	364	390	26
Province of British Columbia	993	1,036	43
Other governments	27	31	4
Other contributions	177	186	9
Student fees	989	1,042	53
Investment income	183	111	(72)
Income from Government Business Enterprises	-	-	-
Sales and services	397	505	108
Amortization of deferred capital contributions	96	93	(3)
	<b>3,226</b>	<b>3,394</b>	<b>168</b>

#### Expenses

Learning	1,537	1,689	153
Research	542	636	94
Facilities	355	299	(56)
Students	379	415	35
Community Engagement	74	88	14
Administration	183	167	(16)
	<b>3,070</b>	<b>3,294</b>	<b>224</b>

<b>Annual surplus from operations</b>	156	100	(56)
<b>External endowment donations</b>	25	25	-
<b>Annual surplus</b>	181	125	(56)
<b>Accumulated surplus, beginning of period</b>	2,506	2,840	334
<b>Accumulated surplus, end of period</b>	<b>2,687</b>	<b>2,965</b>	<b>278</b>

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### CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT YEAR END MARCH 31

(in \$millions)

	2021/22 Forecast	2022/23 Plan	Change
Annual surplus	181	125	(56)
Exclude items not affecting net debt:			
Endowment donations and transfers	(25)	(25)	-
	<u>156</u>	<u>100</u>	<u>(56)</u>
Acquisition of tangible capital assets	(270)	(400)	(130)
Amortization of tangible capital assets	261	282	21
	<u>(9)</u>	<u>(118)</u>	<u>(109)</u>
Acquisition of inventories held for use <sup>1</sup>	-	-	-
Acquisition of prepaid expense <sup>1</sup>	-	-	-
Consumption of inventories held for use <sup>1</sup>	-	-	-
Use of prepaid expense <sup>1</sup>	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	147	(18)	(165)
Net remeasurement gains <sup>2</sup>	24	(10)	(34)
Self-supported subsidiary other comprehensive income <sup>2</sup>	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net debt	171	(28)	(198)
Net debt, beginning of year	(2,567)	(2,396)	171
Net debt, end of year	<u>(2,396)</u>	<u>(2,424)</u>	<u>(28)</u>

#### **Notes**

1. UBC does not manage inventory and prepaids at a consolidated level or budget activity for these items.
2. The budget for investment income is prepared using high level assumptions around management of investment balances; this does not extend to detailed forecasts around individual investment holdings.

## APPENDIX I. UBC Vancouver

### Strategic Initiatives

The following tables summarize the calculation of the revenue available for allocation (after pre-determined allocations to faculties) to the Academic Excellence Funds (AEF) and Student Financial Aid (SFA), and the proposed allocations for the Vancouver campus:

#### UBC VANCOUVER - OPERATING BUDGET

Fiscal 2022/23 Budget on a Differential Basis

(In \$ millions)

Fiscal 2022/23 Outlook	One-time	Recurring	Total Fiscal
<b>Incremental revenue</b>			
International Tuition (Graduate and Undergraduate)	-	31.6	31.6
Domestic Tuition (Graduate and Undergraduate)	-	4.1	4.1
Provincial Grant	6.1	31.7	37.8
Ancillary dividends, Business revenue	(19.1)	(1.7)	(20.8)
Investment	-	(5.4)	(5.4)
2% one-time funding reductions to admin portfolios	7.9	-	7.9
Savings (Mainly IRP Fin debt services)	15.0	.1	15.1
Operating's prior year surplus and recurring reserve	85.9	29.9	115.8
<b>Total incremental revenue</b>	<b>95.8</b>	<b>90.3</b>	<b>186.2</b>
<b>Less</b>			
<b>Tuition allocations</b>			
Faculties	-	16.0	16.0
Student Financial Aid	-	1.6	1.6
Academic Excellence Fund	-	12.2	12.2
Others	-	(.2)	(.2)
<b>AVED grant allocations</b>			
FTE growth in Computer Sci, Biomed Eng, Manu Eng	5.8	1.4	7.2
Salaries provision	-	21.9	21.9
<b>Commitments</b>			
Future Commitments	54.5	4.3	58.8
Strategic priorities (Budget Asks)	22.4	15.2	37.6
FY23 Contingency allowance	3.0		3.0
Residual Central contingency	10.1	17.9	28.0
<b>Total allocations</b>	<b>95.8</b>	<b>90.3</b>	<b>186.2</b>
<b>Net of revenue and allocations</b>	<b>-</b>	<b>-</b>	<b>-</b>

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Incremental revenues are projected to increase by \$186.2m for fiscal 2022/23, of which \$90.3m is recurring. As previously described, some of that increase is allocated to the faculties, the AEF, and SFA, commitments approved by the Board as well as the recommended budget asks of \$37.6m. This leaves a residual contingency of \$28.0m.

<b>UBCV (in \$millions)</b>	<b>Central</b>	<b>Faculty</b>	<b>Academic Excellence Funds</b>	<b>Student Financial Aid</b>	<b>Total</b>
Tuition	6.0	16.0	12.2	1.4	35.7
Net Provincial Grant*	8.8	7.2	-	-	15.9
Ancillary dividends, business revenue, and allocations	(20.8)	-	-	-	(20.8)
Investment Income	(5.4)	-	-	-	(5.4)
2% funding reduction for admin portfolios	7.9	-	-	-	7.9
Other savings	15.1	-	-	-	15.1
Operating prior year surplus and recurring reserve	115.8	-	-	-	115.8
<b>Total Incremental Revenue</b>	<b>127.5</b>	<b>23.2</b>	<b>12.2</b>	<b>1.4</b>	<b>164.3</b>
Held for Future Commitments	58.8				
Budget Asks	37.6				
FY23 Contingency allowance	3.0				
<b>Residual Central contingency</b>	<b>28.0</b>				

\*increase in provincial grant funding for GWI treated as a flow-through to Faculties and Admin Units

A breakdown of incremental operating funding by core area of UBC's Strategic Plan is available as follows:

<b>Fiscal 2022/23 Outlook</b> <i>(in \$millions)</i>	<b>One-time</b>	<b>Recurring</b>	<b>Total Fiscal</b>
<b>Proposed Allocations</b>			
People & Places	5.6	4.9	10.5
Research Excellence	1.1	1.5	2.5
Transformative Learning	0.6	2.7	3.3
Local & Global Engagement	1.9	1.3	3.2
Sustainment/Compliance/Operations/Risk	13.2	4.9	18.1
Future Commitments	54.5	4.3	58.8
FY23 Contingency allowance	3.0	0.0	3.0
Residual Central contingency	10.1	17.9	28.0
<b>Total Proposed Allocations</b>	<b>90.0</b>	<b>37.4</b>	<b>127.5</b>

## **Academic Excellence Funds (AEF)**

UBC is a globally recognized centre of research and educational excellence, and our goal is to enhance this excellence through targeted strategic investments. The Vancouver Academic Excellence Funds and the Okanagan Excellence Fund were established in February 2016 to support the university's ambition to become Canada's best university over the next decade.

Both funds support strategic initiatives that will enhance and amplify current efforts in key areas, to ensure UBC is:

- a. Recruiting and retaining exemplary faculty members, students and staff;
- b. Building and supporting world class research infrastructure to enable innovative, cutting-edge research; and,
- c. Providing an excellent student learning experience for domestic and international students, at the graduate and undergraduate levels, both inside and outside the classroom.

The key principles underlying the allocation of the funds are:

1. Excellence – funds must support UBC's goal of being Canada's best university;
2. Sustainability – funds may not be invested in permanently recurring expenditures;
3. Strategic nimbleness – the allocation process will recognize the need to capitalize on new opportunities and changing circumstances quickly;
4. Effectiveness – funds may be used to leverage additional funding – for example, donations or grants that require matching funds;
5. Openness – members of the academic community will be invited to attend forums to provide advice to UBC's Provosts on strategic uses of the funds and prioritization of initiatives;
6. Accountability – metrics will be developed to measure the impact and outcomes of all allocations; and,
7. Transparency – the Provosts will report annually to the university community and especially to the Board of Governors and Senate Budget Committees, on the impact and outcomes of the funds.

On the Vancouver campus, the Academic Excellence Funds reflect the following stratification, as approved by the Board of Governors for the 2019/20 fiscal year:

- Strategic Excellence Fund
- Revenue Sharing Fund
- Student Financial Aid (SFA) Fund
- Academic Capital Fund
- Integrated Renewal Project (IRP) Fund

The following highlights cover all stratifications of the funds in general.

In fiscal 2022/23 a total planned spend of \$102m against a fiscal allocation of \$103.5m will result in a \$1.5m surplus, with an accumulated ending reserve of \$44.3m available for spending to address opportunities as they

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arise. The Academic Excellence Funds' impact on the university continues to grow, with spending forecasted to increase by \$16m over the prior fiscal year (forecasted as at Q3).

In fiscal 2021/22, the university spent \$86m on committed initiatives even with the continued impact of the pandemic. Despite slower spending on initiatives that resulted from managing the ongoing impact of COVID-19 on teaching, learning, and research for our students and faculty, key initiatives centred on the core areas of UBC's Strategic Plan still moved forward.

UBCV (in \$thousands)	Total Academic Excellence Fund			
	FY20/21 Actual	FY21/22 Q3 Forecast	FY22/23 Plan	Change (Plan vs. Forecast)
<b>Total Funding Available</b>	<b>75,876</b>	<b>85,088</b>	<b>103,542</b>	<b>18,454</b>
People and Places	29,649	48,520	58,764	10,244
Research Excellence	11,649	20,553	22,377	1,824
Transformative Learning	14,222	11,475	11,365	(110)
Local and Global Engagement	3,744	4,843	7,570	2,727
Strategic Plan Enablement	977	800	2,000	1,200
<b>Total Commitments</b>	<b>60,241</b>	<b>86,191</b>	<b>102,076</b>	<b>15,885</b>
Net Surplus / (Deficit)	15,635	(1,103)	1,466	2,069
Opening Carryforward	28,803	44,439	43,336	(1,103)
<b>Ending Carryforward</b>	<b>44,438</b>	<b>43,336</b>	<b>44,802</b>	<b>1,466</b>

A summary of the past year's activity and the planned investment for fiscal 2022/23 is included below based on the UBC Strategic Plan core areas.

### People and Places

Continual investment into areas that support faculty, students, and staff is core to maintaining an excellent academic experience for students and in developing excellence in our people. Some highlights of initiatives supported in fiscal 2021/22 follows:

- The President's International Doctoral Research Fellowship: This initiative focuses on recruiting talented international PhD students who are often eligible for fewer Canadian scholarships and fellowships, and also has been instrumental in PAEI faculty recruitment.
- The Graduate Covid Program Delay Tuition Award: Awards ranging from \$800 to \$2000 support graduate students whose academic and/or research progress was delayed by disruptions due to the pandemic. This fair and equitable response to the burden of longer program times for students — a situation disproportionately affecting women and marginalized groups — supports UBC's key contributors to the research enterprise as they complete the final critical stages of their work.

New investments for fiscal 2022/23 include:

- The University Transitions Program: Through mentorship, consulting and activities that are part of the student experience at UBC, this program seeks to enable academic excellence while promoting

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social and emotional development for academically gifted adolescents who are committed to the goal of early entrance to university.

- The Scholarship of Educational Leadership supports our academic leaders through a professional development program designed to develop expertise in educational leadership practices. What is learned through this program leads into transformative learning opportunities as these practices are further implemented into academic programs across the university.
- Student financial support matching program: The Student Affordability Task Force (SATF) recommended prioritizing need-based funding when fundraising for student awards. This proposal implements a \$2 million multi-year matching program to incentivize donors and build awareness and support for need-based aid as a key feature of the upcoming comprehensive campaign.

2021/22 Investment: \$48.5m | 2022/23 Planned Investment: \$58.8m

### Research Excellence

UBC is committed to supporting continued success in research by development of disciplinary depth, interdisciplinary collaboration, resources for research services, and the development of digital research infrastructure both from an operational and capital perspective. Some highlights of initiatives supported in fiscal 2021/22 follow:

- The Clusters of Research Excellence program: This major initiative fosters collaboration and enables established and emerging interdisciplinary clusters of researchers (those that are nationally ranked as global leaders, and those that show great potential for further achievement) to have more significant impact than they could otherwise achieve.
- The UBC Advanced Research Computing (ARC): This university-wide service helps computational and data-intensive researchers use local, regional, and national advanced research computing infrastructure and services, and access and comply with standards for data management.
- Innovation UBC: This extensive network is working to expand the range of assistance for UBC researchers, scholars, and their partners to generate social and economic impacts locally, nationally, and internationally. The Knowledge Exchange, Innovation Partnerships, University-Industry Liaison Office, and entrepreneurship@UBC teams work together to make connections and build transformative partnerships that increase the interaction with UBC research excellence, discoveries and capacity.

New investments for fiscal 2022/23 include:

- Dairy Education and Research Centre upgrade and renovation: Support will result in a fully operational dairy farm with increased data collection capabilities, improved management, performance and welfare of animals and improved forecast for labor challenges.
- Food and Beverage Innovation Centre construction: New space will be used by researchers and industry stakeholders actively involved with food process engineering and innovations in food product development and preservation, with particular emphasis on reducing the impact of lost societal food security due to food waste, interruptions of vital food supply chains and potential failures in food safety and nutritional quality.
- Gateway Building research space proposed upgrade: This space will bring together an interdisciplinary team of scholars to examine and reimagine communication for future decades. This work requires new infrastructure which is essential for the collection of an advanced range of language data in a variety of

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contexts; to model and verify the anatomical, physiological, and neurological processes that underpin human communication; and to develop technologies to support safer and more sophisticated multimodal virtual communication.

2021/22 Investment: \$20.5m | 2022/23 Planned Investment: \$22.4m

### Transformative Learning

The provision of support for the development and delivery of teaching excellence through alternative models will continue for the remainder of the 2022 calendar year. This support is composed of several resources located within central units that directly sustain and enhance support for faculty and students, as well as a continuation of block funding to faculties. Support during fiscal 2021/22 included:

- Continuation of fixed-term LT Hub support positions;
- Hybrid pilot funding for Summer 2021 (including a light refresh and delivery costs for the Academic Essentials program, as well as other projects)
- Support of open educational resources to students;
- Continuation and enhancement of Indigenous curriculum support;
- UBC's Work Learn Program continued throughout the year, and students were able to work remotely to fulfil these requirements despite overseas experiential learning being curtailed. These integrative learning opportunities helped to enhance the quality of student learning, while enabling them to earn money towards their education.
- The First Nations House of Learning, in partnership with UBC Collegia, opened the Indigenous Student Collegium (ISC) at the First Nations Longhouse to support first year Indigenous students. The First Nations Longhouse has long been considered a home away from home for First Nations, Métis, and Inuit students on UBC's Vancouver campus, and now there is a new space inside the Longhouse for Indigenous students to meet and gather.

The provision of support for the development and delivery of teaching excellence through alternative models will continue into fiscal 2022/23. This support is composed of resources located within central units that directly sustain and enhance support for faculty and students. New investments for fiscal 2022/23 include:

- Continuation of Learning Technology Hub faculty and student support; learning technology licensing
- High Performance Computing integration with Teaching and Learning
- Enhancing support of the scheduling system to enable a better student experience

2021/22 Investment: \$11.5m | 2022/23 Planned Investment: \$11.4m

### Local and Global Engagement

Investment in the important work of engagement and expanding its scope to connect our local and global efforts more effectively continues with emphasis on supporting various Indigenous initiatives, the new UBC Climate Action Plan, and leading change on a global level. Some highlights of initiatives supported in fiscal 2021/22 follow:

- Support for undergraduate and graduate Indigenous student recruitment, hiring of advisors dedicated to addressing their academic needs, and support for faculty in the development and delivery of Indigenous curricula.

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- The Indigenous Research Support Initiative (IRSI): IRSI is designed to bring attention to newer research approaches that are more likely to address the needs and priorities of Indigenous communities in ways that respect their interests and autonomy. Funding provided thus far has enabled the recruitment of three staff members for the unit.
- Continuing commitments for the Indigenous Strategic Plan include curriculum content expansion for the First Nations House of Learning Collegium, and support for communications on the history of the Truth and Reconciliation process.
- Climate and Sustainability Initiative: Support was provided to launch the initiative, including the hire of 2 FTEs in response to the [Climate Action Plan, which](#) outlines targets the university is committed to achieving by 2050.

New investments for fiscal 2022/23 include:

- Global Engagement Strategy “In Service” seed funding: This strategy marks a cultural shift toward a view of the university as a “global actor” – with a pivotal part to play in building a better world through co-creating solutions in collaboration with community partners. The funding will support initiatives such as: Global Virtual classrooms, a means to develop students' global citizenship competencies without physical travel, degree interruption, or financial barriers; and the Global Engagement Heat Map, a comprehensive way to identify and map UBC's global partnerships and activities that provide value to the UBC community, enabling UBC to engage more effectively globally and meet its strategic global goals.
- Indigenous engagement: Investments will support the new Traditional Land Stewardship (TLS) program in the Faculty of Forestry which was recently approved by Senate, as well as various Indigenous engagements with the community and with new incoming students.

2021/22 Investment: \$4.8m | 2022/23 Planned Investment: \$7.6m

### Strategic Plan Enablement

Work continues in support of projects that advance the UBC Strategic Plan. Ongoing investments are being made for the following:

- Strategic pilot proposals: Proposals on both campuses were funded with a \$4.6m investment over three years. Due to the pandemic and shift in priorities, activity level has not changed significantly from prior year and \$1.6m funding remains available to spend.
- Strategy 11 (Transformative Learning): During fiscal 2020/21 a call for proposals was made for Advancing Education Renewal, with tremendous interest. Of the \$1.5m funding set aside, 23 projects worth \$1.2m over a two-year period were approved for funding. Proposals were accepted from faculty members, staff, post-docs, and students. A second round of funding was paid out in fiscal 2021/22.

2021/22 Investment: \$0.8m | 2022/23 Planned Investment: \$2.0m

## **President’s Academic Excellence Initiative (PAEI)**

The President’s Academic Excellence Initiative (PAEI) is an initiative aimed at elevating the research impact of UBC. It is focused on professors who conduct the research, and on the various support / infrastructure – professional and personal – that the university provides them with, to aid in their intellectual leadership.

Key benefits of the PAEI include:

- Adding to the existing faculty complement through a carefully developed plan for growth will introduce new members into an environment that is unmatched in Canada for research;
- Ensuring that research and teaching come together such that the benefits of academic renewal are available to all students (undergraduate and graduate) as well as post-doctoral scholars; and
- Strengthening the research ecosystem and ensuring research impact.

PAEI is comprised of two phases: The Accelerate Phase, which is solely supported by Academic Excellence Funds, TREK Endowment Funds, Operating Funds and Faculty funding; and the Campaign Phase, which is centered on matching philanthropic gifts. The Accelerate Phase was approved by the UBC Board of Governors on February 14, 2020 and is currently being implemented across the UBC Vancouver campus.

The Accelerate phase has a number of components, thoughtfully designed with a coordinated set of investments to further expand the university’s research capacity and capabilities as a whole. A central element of PAEI’s Accelerate Phase is the strategic expansion of the professoriate with the goal of further enhancing equity, diversity, and inclusion among the new faculty searches. New faculty bring new pedagogical approaches to UBC; they introduce new courses based on their research and in turn, new degree programs; and lastly, they will expand the capacity to supervise undergraduate research, and graduate students. To sustain long term success in academic renewal, it requires university support in the following areas:

- Three key areas of the Research ecosystem need to be established and supported to pursue world-leading impactful research. These areas – Shared Research Platforms (SRPs), Canada Foundation for Innovation (CFI) funding, and Research Support Services have been augmented in the current environment to support the projected increase in demand for research services.
- Doctoral students play a pivotal role in scholarly, research and innovation activities across the university. Continuing to expand flexible graduate funding in the form of a recurring partial tuition award has enabled additional support for research and increased the university’s ability to continue to attract the best students.
- UBC Library leads and partners with the university and communities in the creation, stewardship, exploration and discovery of knowledge. Additional investment in the library by increasing the overall collections budget and adding librarians to support new and existing scholars allow it to continue to develop, maintain and evolve its ability in meeting the growing and diverse set of user needs, while making information easier to discover, access and use for scholars across the university.

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The current fiscal year is the second year of the initiative and although the COVID-19 pandemic has impacted the ability of faculties to make significant advances on their recruitment efforts, faculty members are steadily being recruited with a goal of 84 faculty hires by the end of FY24.

UBCV <i>(in \$thousands)</i>	President's Academic Excellence Initiative			
	FY20/21 Actual	FY21/22 Q3 Forecast	FY22/23 Plan	Change (Plan vs. Forecast)
<b>Total Funding Available</b>	<b>5,000</b>	<b>10,000</b>	<b>17,000</b>	<b>7,000</b>
People and Places	2,489	4,600	4,500	(100)
Research Excellence	952	1,400	5,401	4,001
<b>Total Commitments</b>	<b>3,441</b>	<b>6,000</b>	<b>9,901</b>	<b>3,901</b>
Net Surplus / (Deficit)	1,559	4,000	7,099	3,099
Opening Carryforward		1,559	5,559	4,000
<b>Ending Carryforward</b>	<b>1,559</b>	<b>5,559</b>	<b>12,658</b>	<b>7,099</b>

### People and Places, Local and Global

Support has been provided through the development of the President's Academic Excellence Initiative PhD Awards, an award that is based on tuition assessment but is made available for all PhD students to recognize their contributions to research. These awards recognize that there should be additional funding to support not just education costs, but also the contributions they make to support research at UBC. The award is part of the President's Academic Excellence Initiative and is hoped to serve in part as a recruitment tool to attract top students in support of research. The award was especially important through fiscal 2020/21, given the impact of COVID-19 on the financial needs of students and was initiated earlier than planned to meet this need. \$4.6m was spent on this initiative in 2021/22.

### Research Excellence, Transformative Learning

The Accelerate Phase of the President's Academic Excellence Initiative started in 2020/21 and was interrupted by COVID-19. Recruitment plans submitted by faculties have been approved to proceed, which involves the hiring of new faculty members across both campuses over the next three to four years. [Renowned neurobiologist Dr. Freda Miller](#) was recently recruited as the first PAEI faculty hire in September 2020, with a joint appointment in the Department of Medical Genetics and Michael Smith Labs.

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# UBC Vancouver Faculties and Departments – Allocations and Projected Expenses

The following tables show the fiscal 2022/23 projected operating surplus/deficit, non-operating transfers, and capital assets investment.

UBC Vancouver (in \$000s)	Revenue	Expenses	Operating Surplus/ (Deficit)	Non-operating transfers	Invested in Capital Assets	Reserve (Drawdowns) / Additions	Ending Reserve Balance	(Drawdowns) Addition
Faculties	1,083,319	1,055,200	28,119	2,701	21,082	4,336	286,640	
Student Financial Aid	89,774	106,472	(16,698)	(19,471)	-	2,773	20,675	
Central Support units (incl ancillaries)	1,124,734	962,444	162,290	114,804	54,948	(7,462)	(33,698)	
<b>Total UBC Vancouver</b>	<b>2,297,827</b>	<b>2,124,116</b>	<b>173,711</b>	<b>98,034</b>	<b>76,030</b>	<b>(353)</b>	<b>273,617</b>	

## Summary

The total reserve drawdown for the Vancouver campus is (\$0.4m), consisting \$4.3m additions from the Faculties, \$2.8m from the Student Financial Aid (SFA), offset with (\$7.5m) draws on reserves from the central support units.

## Faculties and Departments

Overall, the net position of the faculties is a projected total surplus of \$4.3m added to their reserve balances, as broken down below:

UBC Vancouver (in \$000s)	Revenue	Expenses	Operating Surplus/ (Deficit)	Non-operating transfers	Invested in Capital Assets	Reserve Addition/ (Drawdown)	Ending Reserve Balance	(Drawdowns) Addition
<b>Provost and VP Academic - Faculties</b>	<b>1,083,319</b>	<b>1,055,200</b>	<b>28,119</b>	<b>2,701</b>	<b>21,082</b>	<b>4,336</b>	<b>286,640</b>	
Faculty of Applied Sciences	113,442	99,978	13,464	3,884	6,423	3,157	42,511	
Faculty of Arts	211,716	206,445	5,271	6,568	2,581	(3,878)	33,828	
Sauder School of Business	109,574	104,284	5,290	950	900	3,440	41,244	
Faculty of Dentistry	33,128	31,228	1,900	367	2,059	(526)	4,012	
Faculty of Education	63,832	64,523	(691)	(612)	1,180	(1,259)	6,897	
Faculty of Forestry	30,614	30,476	138	316	500	(678)	4,708	
Graduate and Postdoctoral Studies	5,798	6,820	(1,022)	914	(49)	(1,887)	1,353	
Faculty of Land and Food Systems	25,116	23,841	1,275	1,302	1,626	(1,653)	16,324	
Allard School of Law	17,013	20,439	(3,426)	(2,319)	50	(1,157)	(4,320)	
Faculty of Medicine	268,897	272,321	(3,424)	(15,427)	4,413	7,590	92,171	
Faculty of Pharmaceutical Sciences	27,305	26,827	478	147	279	52	13,915	
Faculty of Science	176,884	168,018	8,866	6,611	1,120	1,135	33,997	

The addition in the Faculty of Applied Science reserve reflects the increased volume in the Master of Engineering Leadership / Master of Health Leadership and Policy (MEL/MHLP), lower non-salary expenses and further delays of capital spending.

The drawdown in the Faculty of Arts is mainly related to the \$6.5m capital contribution towards construction of Brock Commons. There are also increases in graduate enrolment and tuition, and sales, partially offset by the increase in various costs.

The addition to the UBC Sauder School of Business reserve is primarily due to the additional revenues from professional programs, cross-subsidizes academic and research activities across the Faculty.

The drawdown in the Faculty of Education reserve is due to lower revenue from non-credit international programs, as well as an increase in faculty salaries from new hires. The faculty will also have increased operating expenses due to the full on-campus resumption.

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The drawdown in the Faculty of Land and Food Systems is caused by one-time capital expenditure and new hires in both faculty and staff positions.

The drawdown in the Faculty of Graduate & Postdoctoral Studies is related to funding received in 21/22 for Graduate Life centre, and increases in expenses for 4 term positions.

The addition to the Faculty of Medicine reserve mainly relates to the School of Biomedical Engineering, Master of Occupational Therapy Expansion and Master of Physical Therapy Expansion. These additions are temporary, as the surplus will be utilized in future years for new building costs, additional hires, and unfunded wage increases.

Overall, the faculties at the Vancouver campus are in a healthy financial position, aside from a few faculties that are under budget pressure. International student growth continues to be a key driver of revenue that helps to balance the budget. Faculties are continually examining their cost structures by finding more effective ways to deliver their core academic programs while enhancing the quality of teaching, research, and student support. The university continues to support faculty enhancement through hiring plans and new initiatives such as the President's Academic Excellence Initiative.

### Student Financial Aid

UBC Vancouver (in \$000s)	Revenue	Expenses	Operating Surplus/ (Deficit)	Non-operating transfers	Invested in Capital Assets	Reserve (Drawdowns) / Additions	Ending Reserve Balance	(Drawdowns) Addition
<b>Student Financial Aid</b>	<b>89,774</b>	<b>106,472</b>	<b>(16,698)</b>	<b>(19,471)</b>	-	<b>2,773</b>	<b>20,675</b>	
SFA Graduate	30,559	43,335	(12,776)	(14,500)	-	1,724	10,509	
SFA Undergraduate Domestic	18,920	18,384	536	(4,000)	-	4,536	7,324	
SFA Undergraduate International Workstudy, Go Global - SFA, Int'l Tuition Award	33,090	35,801	(2,711)	-	-	(2,711)	706	
	7,205	8,952	(1,747)	(971)	-	(776)	2,136	

Overall, the addition in the Student Financial Aid reserve is mainly due to the continuation of the federal government's doubling of Canada student grants to students who apply for financial assistance. However, undergraduate international SFA is projected to be drawn down by \$2.7m in fiscal 2022/23 in order to provide additional support for international students.

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### Central Support Units (including ancillaries)

UBC Vancouver (in \$000s)	Revenue	Expenses	Operating Surplus/ (Deficit)	Non-operating transfers	Invested in Capital Assets	Reserve (Drawdowns) / Additions	Ending Reserve Balance	(Drawdowns) Addition
<b>Central Support units (including ancillaries)</b>	<b>1,124,734</b>	<b>962,444</b>	<b>162,290</b>	<b>114,804</b>	<b>54,948</b>	<b>(7,462)</b>	<b>(33,698)</b>	
<b>Provost and VP Academic - Support Units</b>	<b>222,778</b>	<b>212,074</b>	<b>10,704</b>	<b>(3,617)</b>	<b>25,665</b>	<b>(11,344)</b>	<b>(1,569)</b>	
Library	44,411	30,859	13,552	(2,624)	17,261	(1,085)	2,498	
Information Technology	96,342	88,059	8,283	(62)	9,002	(657)	(156)	
Extended Learning	6,542	8,636	(2,094)	155	10	(2,259)	(7,885)	
Enrolment Services	16,055	17,657	(1,602)	(936)	83	(749)	(1,760)	
International Student Initiative	15,509	16,781	(1,272)	(39)	87	(1,320)	237	
Vantage College	12,444	11,835	609	500	25	84	821	
Centre for Teaching, Learning and Technology	8,731	11,241	(2,510)	(873)	20	(1,657)	(2,228)	
Other Provost and VP Academic units	22,744	27,006	(4,262)	262	(823)	(3,701)	6,904	
<b>VP Students</b>	<b>331,355</b>	<b>285,410</b>	<b>45,945</b>	<b>24,671</b>	<b>22,728</b>	<b>(1,454)</b>	<b>(12,048)</b>	
Athletics and Recreation	35,827	34,506	1,321	784	987	(450)	(9,127)	
AVP Student Health and Wellbeing	11,585	11,765	(180)	(135)	55	(100)	899	
Student Housing and Community Services	263,591	216,412	47,179	24,417	21,631	1,131	(9,771)	
Student Engagement	12,943	13,512	(569)	(287)	40	(322)	1,202	
VP Students Office	7,409	9,215	(1,806)	(108)	15	(1,713)	4,749	
<b>VP Finance and Operations</b>	<b>209,327</b>	<b>190,551</b>	<b>18,776</b>	<b>20,011</b>	<b>3,107</b>	<b>(4,342)</b>	<b>3,315</b>	
Energy and Water	58,021	54,639	3,382	1,925	1,471	(14)	(687)	
Building Operations	65,827	65,249	578	-	536	42	847	
Campus Security	6,586	7,297	(711)	-	20	(731)	(850)	
Other VP Finance and Operations units	78,893	63,366	15,527	18,086	1,080	(3,639)	4,005	
<b>Academic Excellence Funds</b>	<b>103,542</b>	<b>11,111</b>	<b>92,431</b>	<b>90,965</b>	<b>-</b>	<b>1,466</b>	<b>44,803</b>	
<b>UBC PAEI Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,099)</b>	<b>-</b>	<b>7,099</b>	<b>12,658</b>	
<b>Governance</b>	<b>13,656</b>	<b>16,206</b>	<b>(2,550)</b>	<b>(160)</b>	<b>71</b>	<b>(2,461)</b>	<b>(1,149)</b>	
<b>VP Development and Alumni Engagement</b>	<b>35,551</b>	<b>35,438</b>	<b>113</b>	<b>40</b>	<b>73</b>	<b>-</b>	<b>(1,530)</b>	
<b>VP Health</b>	<b>2,963</b>	<b>3,899</b>	<b>(936)</b>	<b>155</b>	<b>115</b>	<b>(1,206)</b>	<b>3,470</b>	
<b>VP External Relations</b>	<b>27,838</b>	<b>33,030</b>	<b>(5,192)</b>	<b>(405)</b>	<b>402</b>	<b>(5,189)</b>	<b>(1,829)</b>	
<b>VP Research and Innovation</b>	<b>43,637</b>	<b>49,427</b>	<b>(5,790)</b>	<b>(5,123)</b>	<b>2,738</b>	<b>(3,405)</b>	<b>6,090</b>	
<b>VP Human Resources</b>	<b>32,211</b>	<b>31,184</b>	<b>1,027</b>	<b>(1,001)</b>	<b>49</b>	<b>1,979</b>	<b>14,787</b>	
<b>Campus Wide Expenses</b>	<b>101,876</b>	<b>94,114</b>	<b>7,762</b>	<b>(3,633)</b>	<b>-</b>	<b>11,395</b>	<b>(100,696)</b>	

The drawdown in the Provost and Vice-President Academic mainly reflects the plan to utilize the reserves and funding received in prior years. There are some areas within the portfolios with deficits due to underfunded activities and some due to the pandemic impact.

The drawdown in the Vice-President Students portfolio reflects further increased ancillary business revenue which is fully offset by the return of full debt service payments and spending the Student Work Placement funding that was received in the prior year.

The drawdown in the Vice-President Finance & Operations reserves reflects full staffing of roles required to meet service requirements.

The addition in the Academic Excellence Funds reserve is mainly due to a funding increase from the projected volume increase of international student tuition and a slower rate of spend due to the pandemic.

President's Academic Excellence Initiative (PAEI) increase in reserves is attributed to lower spend associated with the ramp up stage of the program, as well as the residual impact of the pandemic.

The drawdown in the Governance portfolio is due to structural deficit in various areas.

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The drawdown in Vice-President External Relations is mainly due to delay in spending the funding received in prior years for Brand campaign launch, Musqueam engagement and various other initiatives, and structural deficit.

The drawdown in the Vice-President Research and Innovation reserve is due to multi-year planned equipment repairs, capital renewal for Animal Care Services (ACS) and FINDERS; units with structural deficits, staff replacement due to attrition during COVID-19, and additional activities to support campus-wide initiatives. This deficit is funded by operating reserves.

The addition in Vice-President Human Resources reserve is largely due to \$5m one-time upfront funding for a new three-year Accessibility Program for Faculty and Staff.

The addition in the Campus-Wide Expenses is primarily related to the \$14m VP Student increase in Housing internal loan payments.

Overall, central support units are expected to generate 49% of total revenue. This revenue is mostly driven by ancillary services, including Student Housing and Community Services. Drawdowns in the central support units are expected to total \$(7m) as units plan to utilize a portion of, or all, their accumulated reserves (or to overdraw their reserves, which will need to be repaid in future years).

## APPENDIX II. UBC Okanagan

### Strategic Initiatives

The following tables summarize the calculation of the revenue available for allocation after pre-determined allocations to faculties, the Okanagan Excellence Fund and Student Financial Aid (SFA), and the proposed allocations for the Okanagan campus:

#### UBC OKANAGAN - OPERATING BUDGET

Fiscal 2022/23 Budget on a Differential Basis

(In \$ millions)

Fiscal 2022/23 Outlook	One-time	Recurring	Total Fiscal
<b>Incremental revenue</b>			
International tuition (Graduate and Undergraduate)	—	8.1	8.1
Domestic tuition (Graduate and Undergraduate)	0.2	1.5	1.7
Provincial grant	—	3.9	3.9
Estimated returned fiscal 2021/22 surplus	1.1	—	1.1
Prior year surplus and recurring reserve	5.4	5.6	11.0
<b>Balance available for allocation</b>	<b>6.8</b>	<b>19.1</b>	<b>25.9</b>
<b>Less:</b>			
<b>Tuition Allocations</b>			
Faculties	0.2	3.1	3.3
Excellence fund	—	2.9	2.9
Student Financial Aid	—	0.7	0.7
<b>AVED grant allocations</b>			
Salary provision (General Wage Increase)	—	0.3	0.3
Program expansion - Compu Sci and Manu Eng	—	3.3	3.3
<b>Commitments</b>			
Strategic Priorities	0.7	2.2	2.9
Transfer to Capital Contingency	2.0	0.0	2.0
Prior Year Commitments	3.8	2.1	6.0
Held for future commitments	0.0	4.4	4.4
<b>Total allocations</b>	<b>6.8</b>	<b>19.1</b>	<b>25.9</b>
<b>Net of revenues and allocations</b>	<b>-</b>	<b>-</b>	<b>-</b>

The balance available for allocation is projected to be \$25.9m for fiscal 2022/23, of which \$19.1m is recurring. A portion of the incremental tuition is allocated to the faculties, Excellence Fund, and SFA, along with grant funding of \$3.3m to units across campus to support the projected general wage increase. As presented in the table below, \$2.9m is available for fiscal 2022/23 strategic priorities, after prior year commitments, transfer to capital contingency and balance held for future investments.

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<b>UBCO (in \$millions)</b>	<b>Central</b>	<b>Faculty</b>	<b>Academic Excellence Funds</b>	<b>Student Financial Aid</b>	<b>Total</b>
Tuition	2.9	3.3	2.9	0.7	9.8
Net Provincial Grant program expansion	0.2	0.3	—	—	0.5
Net Provincial Grant GWI*	3.3	—	—	—	3.3
Estimated Returned FY22 Surplus	1.1	—	—	—	1.1
Prior Year Operating Surplus and Recurring Reserve	11.0	—	—	—	11.0
<b>Total Incremental Revenue</b>	<b>18.7</b>	<b>3.6</b>	<b>2.9</b>	<b>0.7</b>	<b>25.9</b>
Transfer Provincial Grant to units for GWI	3.3				
Transfer to Capital Contingency	2.0				
Prior Year Commitments	6.0				
Operating Reserve for Future Investments	4.4				
<b>Proposed allocations from central contingency</b>	<b>2.9</b>				

*\*increase in provincial grant funding for GWI treated as a flow-through to Faculties and Admin Units*

Prior year commitments include one-time structural faculty support, the continuation of campus recruitment and promotional activities to facilitate student and community engagement, as well as salary and operational cost pressures.

The proposed strategic investments in the amount of \$2.9m will promote UBC's core priorities, with a focus on enhancing the student experience, student wellness, experiential learning, expanded support for online and professional learning services, as well as the continuation of previously term-funded initiatives.

A breakdown of incremental operating funding by core area of UBC's Strategic Plan is available as follows:

<b>Fiscal 2022/23 Outlook</b> <i>(in \$thousands)</i>	<b>One-time</b>	<b>Recurring</b>	<b>Total Fiscal</b>
<b>Proposed Allocations</b>			
People & Places	123	680	803
Research Excellence	-	251	251
Transformative Learning	242	565	807
Local & Global Engagement	172	228	400
Sustainment/Compliance/Operations/Risk	125	534	659
<b>Total Proposed Allocations</b>	<b>662</b>	<b>2,258</b>	<b>2,920</b>

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### UBC Okanagan Excellence Fund

UBC Okanagan has retained the original name of the Fund, approved by the Board of Governors in 2016, and the original terms of reference.

As with the Academic Excellence Funds on the Vancouver campus, the Okanagan Excellence Fund supports strategic initiatives to enhance and amplify current efforts in key areas, and ensure the university is:

- a) Recruiting and retaining exemplary faculty members, students, and staff
- b) Building and supporting world class research infrastructure to enable innovative, cutting-edge research
- c) Providing an excellent student learning experience for domestic and international students, at the graduate and undergraduate levels, both inside and outside the classroom.

UBCO (in \$thousands)	Excellence Fund			
	2020/21 Actuals	2021/22 Q3 Forecast	2022/23 Plan	Change (Plan vs Forecast)
<b>Total Funding Available</b>	<b>13,753</b>	<b>15,654</b>	<b>19,465</b>	<b>3,811</b>
Local and Global Engagement	834	749	1,536	787
Transformative Learning	866	1,274	5,944	4,670
People and Places	3,947	6,566	5,348	(1,217)
Research Excellence	2,338	4,460	3,463	(997)
Strategic Plan Enablement	3,960	3,245	8,500	5,255
<b>Total Commitments</b>	<b>11,945</b>	<b>16,293</b>	<b>24,792</b>	<b>8,499</b>
Net Surplus / (Deficit)	1,807	(640)	(5,327)	(4,688)
Opening Carryforward	4,273	6,081	5,441	(640)
<b>Ending Carryforward</b>	<b>6,081</b>	<b>5,441</b>	<b>114</b>	<b>(5,327)</b>

In summary, for the 2022/23 fiscal year, a total planned spend of \$25m against a fiscal allocation of \$19.5m will result in a drawdown of \$(5m) on opening reserves, resulting in planned accumulated ending reserve of \$100k. The Okanagan Excellence Funds continue to grow in their impact on the university, and this is an increase of \$8.5m over initiative spending the prior fiscal year (forecasted at Q3). A summary of the past year's activity, along with planned investments for 2022/23, is included below based on each core area of the UBC Strategic Plan.

#### People and Places

Investment continues in the Aspire Research Fund by supporting competitive start-up funds to aid in the recruitment and retention of faculty with outstanding academic and research opportunities. Additional funds were allocated towards retention of top international graduate students through the International Doctoral Fellowship and International Doctoral Partial Tuition Awards.

Also continued were allocations for a student recruitment advisor for Black, Indigenous or People of Color (BIPOC); COVID supports for students, such as the Isolation Relief Fund and student technology bursary; and new classroom technology for remote learning.

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Beginning in 2021/22:

- The establishment of a \$20k per year minimum funding guarantee for full-time PhD students for four years.
- A new scholarship, the International Impact Scholarship, was established for exceptional students with a strong commitment to social justice, equity and inclusion, human wellness and climate crisis mitigation, and other pressing societal issues.
- The Accelerate phase of the President's Academic Excellence Initiative (PAEI) is being supported with three-year bridge funding for eight research faculty.
  - Appointments support recruitment of faculty who self-identify as Black, Indigenous or People of Color (BIPOC).
  - Six positions have started (Geography, Engineering, Biology, Black Anglophone Literature and two in Computer Science – Empirical Software Engineering and Behavior Change Systems and Persuasive Technologies) with the final two beginning in 2022/23 (Francophone Studies and African Transcultural Studies and Political Science).
- Also new for 2021/22 was the establishment of UBCO Intercultural Excellence Fund (UIEF) and Experience UBCO Access Excellence Fund (EUAEF).

New for 2022/23 is an allocation to co-create a Black Resource Centre that will support the learning and engagement of black students on the Okanagan campus, informal space renewal to optimize seating capacity for informal learning spaces and support for make-up.

2021/22 Investment: \$6.6m | 2022/23 Planned Investment: \$5.3m

### Research Excellence

Significant investments to support clusters of research excellence through the Eminence Program continues, in line with the UBC Okanagan Strategic Research Support Plan, and in the Research Infrastructure Fund used to support planning, development and start-up costs for new shared facilities and to fund operation, maintenance, repairs, and upgrades of equipment used in UBCO facilities.

Other continued investments include support in the Principal's Research Chairs program – which aligns with the federal Canada Research Chairs program – to recruit and retain outstanding UBCO faculty and thereby support research and creative scholarship in all areas and disciplines, and to enable research excellence, promote research intensifications, and generate international recognition of UBCO for its research achievements.

Increased allocation for 2021/22 for design and planning of Innovation Precinct Annex 1 (IA1). Investment to expand occupancy in IA1 to accommodate three faculty groups: Design, Innovation, Creativity, and Entrepreneurship (DICE) program; Supporting Funded Creative Research; and Virtual Reality (VR) / Human-computer Integrations (HIC) Research Group.

New for 2022/23 is the UBC Okanagan Research and Innovation Patent Fund under the University-Industry Liaison Office (UILO). One-time funding will support growth in patent and legal costs associated with technology transfer activities.

2021/22 Investment: \$4.5m | 2022/23 Planned Investment: \$3.5m

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### Local and Global Engagement

Continuing in 2021/22 was funding for the development of a new Bachelor of Nsyilxcn Language Fluency (BNLF) degree – which aims to sustain and revitalize the Nsyilxcn language traditions, restore language competence and protect community knowledge – and investment in library collections for the new BNLF.

Allocations were made to advance anti-racism and for operationalization of Truth and Reconciliation Commission (TRC) commitments. New for 2021/22 was support for the Indigenous Engineering PhD Cohort Pilot, Syilx Okanagan Nation Engagement Strategist to strengthen the relationship between the Okanagan Nation Alliance and the campus, Summer Indigenous Art Initiative, as well as the creation of an anti-racism fund for staff and faculty.

UBCO is committed to increasing the enrolment of Indigenous Students, including access and pathways to graduate programs. As a result, increased support in 2022/23 has been planned for the Indigenous Graduate Entrance Fellowship, from eight one-time merit-based awards to incoming students to an Entrance Fellowship that will support students throughout the normal duration of their program. Also included is increased support in 2022/23 for Indigenous Undergrad Research Mentorship. The initiative aims to provide students with the opportunity to develop skills in research and increased practical experiences and long-lasting mentor-mentee relationships.

Beginning in fiscal 2022/23, funding to support an Admissions Advisor for Indigenous Applicants will be made available. After a successful pilot at the Vancouver campus, a parallel role at UBC Okanagan will be established. Further funding will support Indigeneity projects coordinated by Campus Planning to support engagement, design, and translation for signage and to enhance Syilx Okanagan expression and presence at UBC Okanagan. Funding will also go towards Indigenous Programs and Services events and a program manager position to help create a community and sense of belonging that supports the academic success and personal development of Indigenous students; waiver of application fees for Indigenous graduate program applicants; and investment in Indigenous Engagement on select Strategic Projects.

2021/22 Investment: \$0.7m | 2022/23 Planned Investment: \$1.5m

### Transformative Learning

Curricular innovation at UBC Okanagan is supported through the ALT-2040 Aspire Learning and Teaching fund for an annual investment of \$500,000. Investments were also continued to expand work study programs so that all students have the option to participate in experiential learning opportunities.

In response to COVID-19, several new initiatives and programs were introduced to support faculty and students through the transition to online teaching and learning. The Learning Technology Rover program continues to facilitate technology transition in Hybrid delivery. Funding to support Learning Resources expansion, the introduction of a graduate student internship program, as well as career and personal education start-up funding have also been made available.

Increased investment in 2022/23 over previous year in the Beyond Tomorrow Scholars Program (BTSP) will offer financial support to Black Canadian student recipients. In its inaugural year, two Okanagan students received renewable BTSP awards with the additional investment supporting an additional four new awards each year, for a total of 16 continuing.

Continued investment in support of academic programming:

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- the implementation of the professional Master's program, (MDes), Design, Innovation, Creativity and Entrepreneurship (DICE);
- Interdisciplinary Graduate Program (IGS) which has articulated six themes:
  - Digital Arts and Humanities (DAH);
  - Power, Conflict, and Ideas (PCI);
  - Global Studies (GS);
  - Sustainability (SUST);
  - Community Engagement, Social Change, and Equity (CESCE); and
  - Urban, Rural, and Regional Dynamics (URRD);
- And new for fiscal 2022/23 is support for the development of The Wildland Fire Ecology and Management (WFEM) Program:
  - a 150-hour non-credit certificate being developed in the Department of Earth, Environmental and Geographic Sciences in collaboration with Indigenous Fire Keepers and wildland fire and social scientists at the Canadian Forest Service and Parks Canada.

New for 2022/23 is the approval of a High Impact Practice Hub, a collaboration between the offices of AVP Students, Provost and VPA (Okanagan), and Vice-Principal Research and Innovation, with the goal of building a high impact practice student hub as a mechanism to strengthen student communities that engage in experiential learning. Also new are an investment in Learning Resource Service Conservations, an allocation for medium/short term off-campus academic space to address critical space shortage until the Interdisciplinary Collaboration Innovation (ICI) and downtown Kelowna buildings are complete, and one-time faculty funding in amount of \$3.1m to bridge structural deficits while longer term resourcing is evaluated.

2021/22 Investment: \$1.3m | 2022/23 Planned Investment: \$5.9

### Strategic Plan Enablement

A funding envelope has been set aside, with an emphasis on space and capital planning, to address the acute academic space needs of the campus and continue to build a reserve targeted at \$40-\$50m to invest in the Interdisciplinary Collaboration and Innovation (ICI) building and the UBC Downtown Kelowna project.

2021/22 Investment: \$3.2m | 2022/23 Planned Investment: \$8.5m

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# UBC Okanagan Faculties and Departments – Allocations and Projected Expenses

The following tables show the fiscal 2022/23 projected funding and expenses by unit, and the projected net change in reserve balances. Revenue includes both government grant and tuition allocations, as well as operating revenues generated directly by the faculties and central support units.

### Summary

UBC Okanagan (in \$000s)	Revenue	Expenses	Operating Surplus/ (Deficit)	Non-operating transfers	Invested in Capital Assets	Reserve (Drawdowns) / Additions	Ending Reserve Balance	(Drawdowns) Addition
Faculties	114,043	112,055	1,988	(2,386)	2,918	1,456	26,906	
Student Financial Aid	18,020	19,918	(1,898)	(2,751)	0	853	2,353	
Central Support units (incl ancillaries)	104,545	83,452	21,093	22,952	11,003	(12,862)	4,570	
Campus Wide Expenses	4,508	4,005	503	(2,828)	0	3,331	21,235	
<b>Total UBC Okanagan</b>	<b>241,116</b>	<b>219,430</b>	<b>21,686</b>	<b>14,987</b>	<b>13,921</b>	<b>(7,222)</b>	<b>55,064</b>	

The total net reserve drawdowns for the Okanagan campus are \$7.2m, driven by \$12.9m of spending under Central Support Units, supported by prior year reserve balances. The largest drawdown includes \$3.9m relating to AVP Finance and Operations, primarily for capital initiatives to be completed in fiscal 2022/23 and \$5.3m relating to Excellence Fund allocations exceeding fiscal revenue, primarily for planned capital investments. Offsetting these increases are additions of \$1.6m from Faculties for future strategic priorities and \$0.9m held in Student Financial Aid reserves until estimates and post-pandemic needs are more widely understood.

### Faculties/School/College

UBC Okanagan (in \$000s)	Revenue	Expenses	Operating Surplus/ (Deficit)	Non-operating transfers	Invested in Capital Assets	Reserve (Drawdowns) / Additions	Ending Reserve Balance	(Drawdowns) Addition
<b>Faculties</b>	<b>114,043</b>	<b>112,055</b>	<b>1,988</b>	<b>(2,386)</b>	<b>2,918</b>	<b>1,456</b>	<b>26,906</b>	
Irving K. Barber Faculty of Arts and Social Science	22,100	21,118	982	(164)	310	836	7,927	
Irving K. Barber Faculty of Science	26,791	26,222	569	99	510	(40)	4,191	
Faculty of Creative and Critical Studies	15,262	15,917	(655)	(1,909)	129	1,125	456	
Okanagan School of Education	4,720	4,893	(173)	15	6	(194)	1,431	
College of Graduate Studies	1,588	1,590	(2)	(6)	4	0	19	
School of Engineering	21,278	17,812	3,466	757	1,900	809	10,318	
Faculty of Health and Social Development	15,009	16,918	(1,909)	(1,275)	50	(684)	105	
Faculty of Management	7,295	7,585	(290)	97	9	(396)	2,459	

Overall faculty reserves are increasing by \$1.5m, largely by the Faculty of Arts and Social Sciences (FASS), the Faculty of Creative and Critical Studies (FCCS), and the School of Engineering (SoE). Faculty reserves will be used to support planned upcoming capital investment and to acknowledge the understanding that reserve balances will be required as inflation and faculty-funded salary increases outpace revenue growth. FCCS increase to reserve balance is the result of one-time contributions from the Excellence Fund and Central reserves provided to offset the Faculty's projected structural deficit.

Contributing to the net addition to Faculty reserves is the Faculty of Arts and Social Sciences (FASS). Incremental tuition from enrolment growth is expected to offset planned spending. The Faculty has included plans to hire nine research-stream faculty and two teaching-stream faculty, to increase faculty research and meet teaching needs. FASS will continue building reserves for the next two years, after which they will begin to draw down these balances as inflation and faculty-funded salary increases outpace revenue growth. With a

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new dean in place as of December 2020, FASS is still in the process of shaping its long-term strategic priorities; however, they are expected to be based on the central pillars of interdisciplinarity, indigeneity, social justice and sustainability.

The Faculty of Science (FoS) is projecting a balanced budget, with incremental tuition offsetting planned operational spending. Incremental expenses include the hiring of one new research-stream and two teaching-stream faculty in fiscal 2022/23. In addition, three new staff hires are planned for the Biodiversity Geospatial Centre. Priorities for spending of reserves will be centered on research excellence and student experience, with initiatives including the recruitment of top caliber faculty members, growing funding support for research and graduate students and updating infrastructure within FoS.

A contribution of \$1.1m to Faculty reserves by the Faculty of Creative and Critical Studies due to one-time structural faculty support from Excellence Fund and Central. Two new programs were introduced in 2021/22: Professional Certificate in Communications and Professional Masters in Design Innovation Creativity Entrepreneurship (DICE), with the School of Engineering and Faculty of Arts and Social Sciences. For fiscal 2022/23, two new research-stream faculty hires are planned, one in Environmental Justice and Cultural Studies and the other in Francophone Studies and African Transcultural Studies. In addition, two new teaching-stream faculty hires are planned for English and Digital Humanities.

The Okanagan School of Education is projecting a small deficit, with funding continuing to be a constraint. The undergraduate program is currently at capacity, with limited international student enrolment, creating pressure to cover contractual salary increases. The Faculty is planning for one new research-stream faculty replacement hire, and enrolment in the English Foundational Program is assumed to return to pre-COVID-19 levels.

Also contributing to overall positive faculty reserves are contributions from the School of Engineering (SoE), driven by program expansion funding and incremental tuition. Investments in capital during the year will be made for new research and teaching space, as well as a new initiative focused on student co-curricular & experiential learning. During fiscal 2022/23 the School will begin occupying new space at 1540 Innovation Drive (Innovation Precinct or IP1) and completion of a Hydrogen (H2) research lab is expected to be completed. Additional investments are planned for a Battery Facility to support research activity, as well as further construction at Innovation Precinct Annex 1 (IA1) for the DICE interdisciplinary professional master's program. It is anticipated that significant capital projects over the next 5 years will consume most of the Faculty's current reserve balance.

The Faculty of Health and Social Development (FHSD) will be drawing down reserve balances in fiscal 2022/23. One-time structural faculty support was received in fiscal 2021/22 from Central reserves and will be received from the Excellence Fund in 2022/23. With support from the Provost Office, the Faculty will be recruiting a new dean during fiscal 2022/23, following the departure of the previous dean on December 31, 2021. The fiscal 2022/23 plan includes the recruitment of three new research-stream faculty (two at the School of Health and Exercise Science and one Canada Research Chair (CRC) hire at the School of Social Work). The School of Health and Exercise Science continues to work towards program changes, from the Bachelor of Human Kinetics to Bachelor of Health and Exercise Science. During fiscal 2021/22, FHSD accepted international students into its School of Nursing for the first time. The cohort was smaller than planned, however enrolment is projected to increase in fiscal 2022/23.

New initiatives at the Faculty of Management include the newly created Social and Economic Change Laboratory (SE-Change), focused on social and economic change, engaging in novel explorations as related to delivering cross-campus, interdisciplinary programming, research and community engagement. The Faculty's

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planned drawdown of opening reserves is driven by the recruitment of three new research faculty in the area of SE-Change, as new programming is introduced. The Faculty is preparing to roll out new Wine Programming, a new Minor in Management (under development), and a new 5-year dual degree Masters of Management program. The Wine program, a non-degree program (Wine Tasting Ability Canada), will help the Faculty establish a community presence in Kelowna when the Sensory Lab is completed, as part of UBC Downtown Kelowna.

### Central Support Units (including ancillaries)

UBC Okanagan (in \$000s)	Revenue	Expenses	Operating Surplus/ (Deficit)	Non-operating transfers	Invested in Capital Assets	Reserve (Drawdowns) / Additions	Ending Reserve Balance	(Drawdowns) Addition
<b>Central Support units (including ancillaries)</b>	<b>104,545</b>	<b>83,452</b>	<b>21,093</b>	<b>22,952</b>	<b>11,003</b>	<b>(12,862)</b>	<b>4,570</b>	
<b>Provost and VP Academic - Academic Support Units</b>	<b>35,374</b>	<b>16,922</b>	<b>18,452</b>	<b>23,652</b>	<b>1,804</b>	<b>(7,004)</b>	<b>1,856</b>	
Library	4,755	3,670	1,085	(125)	1,408	(198)	306	
Excellence Fund	19,465	0	19,465	24,792	0	(5,327)	114	
Enrolment Services	3,557	3,867	(310)	(105)	26	(231)	1	
International Student Initiative	1,160	1,234	(74)	0	0	(74)	0	
Centre for Teaching and Learning	1,104	1,137	(33)	(170)	330	(193)	98	
Other Provost and VP Academic Units	5,333	7,014	(1,681)	(740)	40	(981)	1,337	
<b>AVP Finance and Operations</b>	<b>37,437</b>	<b>32,813</b>	<b>4,624</b>	<b>118</b>	<b>8,041</b>	<b>(3,535)</b>	<b>230</b>	
Campus Operations and Risk Management	15,829	15,303	526	0	1,275	(749)	(108)	
Infrastructure Development	4,784	1,805	2,979	60	5,277	(2,358)	121	
Information Technology Services	8,407	7,881	526	(237)	1,363	(600)	0	
Business Operations	2,801	2,161	640	113	126	401	216	
Other AVP Finance and Operations Units	5,616	5,663	(47)	182	0	(229)	1	
<b>AVP Students</b>	<b>15,751</b>	<b>17,217</b>	<b>(1,466)</b>	<b>(1,734)</b>	<b>446</b>	<b>(178)</b>	<b>2,145</b>	
Athletics and Recreation	4,248	4,402	(154)	(94)	74	(134)	1,704	
Other AVP Student Units	11,503	12,815	(1,312)	(1,640)	372	(44)	441	
<b>Deputy Vice-Chancellor and Principal</b>	<b>9,838</b>	<b>10,238</b>	<b>(400)</b>	<b>(125)</b>	<b>45</b>	<b>(320)</b>	<b>99</b>	
Office of the Deputy Vice-Chancellor and Principal	1,928	1,979	(51)	(20)	0	(31)	55	
Development and Alumni Engagement	2,465	2,496	(31)	0	0	(31)	0	
Human Resources	2,316	2,387	(71)	(75)	5	(1)	44	
University Relations	3,129	3,376	(247)	(30)	40	(257)	0	
<b>Vice-Principal Research and Innovation</b>	<b>5,566</b>	<b>5,627</b>	<b>(61)</b>	<b>1,041</b>	<b>667</b>	<b>(1,769)</b>	<b>240</b>	
<b>Innovation Precinct</b>	<b>579</b>	<b>635</b>	<b>(56)</b>	<b>0</b>	<b>0</b>	<b>(56)</b>	<b>0</b>	
<b>Campus Wide Expenses</b>	<b>4,508</b>	<b>4,005</b>	<b>503</b>	<b>(2,828)</b>	<b>0</b>	<b>3,331</b>	<b>21,235</b>	

The drawdown of \$12.9m for Central Support Units is primarily due to planned capital spending for projects continuing from fiscal 2021/22, including contributions to central reserves from the Excellence Fund.

Excellence fund allocations in fiscal 2022/23 include commitments to continue progression on Truth and Reconciliation Commission (TRC) and equity, diversity and inclusion (EDI) initiatives, minimum funding for PhD students and the President's Academic Excellence Initiative (PAEI), as well as one-time structural faculty support. Contributions are planned to Central reserves for capital strategic priorities, including the Interdisciplinary Collaboration and Innovation (ICI) building, UBC Downtown Kelowna and to support a medium-term off campus lease for academic space until new buildings are complete.

Carrying forward from fiscal 2021/22 are balances under the Provost and Vice-President Academic Support Units, primarily for Excellence Fund initiatives at the unit level continuing in fiscal 2022/23, including Academic Learning Space enhancement initiative under the Centre for Teaching and Learning, COVID-19 supports for Learning Services, as well as Aspire Learning and Teaching awards under the Office of the Provost and Vice-President Academic. Balances are expected to be drawn during the upcoming fiscal year and returned to the Excellence Fund if not fully spent.

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Drawing down opening reserves under AVP Finance and Operations is planned capital spending under Campus Operations and Risk Management, with the start of a multi-year, district energy renewal and decarbonization project, as well as completion of projects under the Construction Management Office. Under Infrastructure Development is Project Services, which will be completing the second phase of the IA1 lease improvements. In addition, the fiscal 2022/23 plan includes investments originally planned in fiscal 2021/22 by Information Technology for campus firewalls and Data Centre network replacement, upgrades which were delayed due to availability of equipment.

The AVP Students reserves primarily relate to Athletics and Recreation and will be used to support capital upgrades and renewals planned for future years.

The drawdown of reserves in the Vice-Principal Research and Innovation portfolio relates to planned capital expenditures to focus on the launch of the Shared Research Facility Infrastructure Support Funding Program as part of the Strategic Research Infrastructure Fund.

Balances drawdown under the Deputy Vice-Chancellor and Principal relate to the completion of campus promotion and advertising activities within University Relations, carried over from fiscal 2021/22.

### Campus Wide Expenses

The fiscal 2022/23 addition to reserves is primarily due to contributions from the Excellence Fund for strategic capital projects, including the Interdisciplinary Collaboration and Innovation (ICI) building and UBC Downtown Kelowna.

### Student Financial Aid

UBC Okanagan (in \$000s)	Revenue	Expenses	Operating Surplus/ (Deficit)	Non-operating transfers	Invested in Capital Assets	Reserve (Drawdowns) / Additions	Ending Reserve Balance	(Drawdowns) Addition
<b>Student Financial Aid</b>	<b>18,020</b>	<b>19,918</b>	<b>(1,898)</b>	<b>(2,751)</b>	<b>0</b>	<b>853</b>	<b>2,353</b>	
Graduate SFA	4,456	6,291	(1,835)	(2,316)	0	481	682	
Okanagan Enrolment Services SFA	6,548	6,304	244	(80)	0	324	521	
International Student Initiative (ISIS) SFA	6,428	6,554	(126)	(180)	0	54	667	
Workstudy, Go Global - SFA	588	769	(181)	(175)	0	(6)	483	

Fiscal 2022/23 includes continued support from the Excellence Fund for the new minimum PhD student funding, International Doctoral Fellowship, Indigenous Graduate Entrance Fellowships and Workstudy programs. New initiatives supported from Excellence Fund include the Beyond Tomorrow Scholars Program. Balances will be reviewed throughout 2022/23 with projections updated once post-pandemic needs and government supports are known for the upcoming year.

## **Appendix III. Key Budget Assumptions**

1. Provincial funding for the fiscal 2022/23 budget includes assumed funding for future rounds of General Wage Increases (GWI).
2. The budget assumes that undergraduate domestic, continuing international undergraduate, and all continuing graduate tuition is budgeted to increase by 2%. International undergraduate tuition and most professional graduate programs will increase by 4% for new students. All increases are subject to approval by the Board of Governors.
3. A one-time budget reduction of General-Purpose Operating funding for UBC Vancouver administrative units for fiscal 2022/23 will be calculated at 2% (this follows a 1% reduction in fiscal 2020/21 and 2021/22).
4. The budget for endowment returns reflects the target return of 6.65% (including an administrative charge of 0.65%) of which 75% is projected to be realized, and 25% is projected to be unrealized. A proposed flat spend budget of \$50.8m for TREK has also been incorporated into the budget, with spending in excess of the net 6% return drawn from endowment stabilization.
5. Net land development proceeds from UBC Properties Trust are projected to total \$68m during the year, and the distribution of rental income from UBC Properties Trust is projected to be \$14m.
6. Capital asset additions are based on the construction completion schedule of Board-approved capital projects, as well as the planned capital priorities. General additions (computers and equipment) are as projected by units across both campuses.
7. The budget includes Routine Maintenance funding from the provincial government of \$40m (representing the 75% match funding).

## **Appendix IV. Financial Risks**

### **Global Health**

As we continued to see through the 2021/22 fiscal year, international issues — including global health and the world economy — have an obvious potential to impact the university in a variety of ways, including effects on enrolment and operations. While the impacts of the COVID-19 pandemic are forecast to be minimal in fiscal 2022/23, the long-term effects are still unknown and may have financial implications in the near-term (particularly in student housing and ancillary services).

### **Supply Chain and Inflation**

Global supply chain challenges continue to impact UBC, in some cases causing significant delays particularly for major equipment purchases and capital projects. While pre-planning and effective vendor management will help mitigate this risk, it is likely UBC will continue to experience supply chain issues in fiscal 2022/23. Accompanying supply chain challenges is a significant increase in inflation. In 2021, inflation increased significantly, ending at 4.8%, putting substantial pressure on a number of non-labour expenditures (including utilities, consumables, equipment) across the university. The Bank of Canada forecasts that the inflation rate will be above target levels in the first half of 2022 and that there is uncertainty in how quickly the inflation would return to target.

### **Tuition Increase**

Tuition increases are normally implemented to address self-funded cost pressures of the university. For fiscal 2022/23, the university has proposed the following increases: 2% for domestic students, 4% for new international students and 2% for continuing international students. The increases will, as usual, need to address inflationary cost pressures, but also support critical programs and initiatives within both faculty and administrative units. That revenue has been incorporated into the budget proposal, although the increase is still subject to Board approval.

Should the tuition increase not be approved, there will be a flow-through impact on revenues which will reduce the revenues to allocate to faculty programs, the Academic Excellence Fund, Student Financial Aid and also reduce the total amount of funding available for new Budget asks by approximately \$4m. Additionally, the lack of an increase in fiscal 2022/23 will have a long-term financial impact as it will be difficult to make up for this increase in future years.

### **Information Systems Upgrade**

As reported, the university has undertaken a major systems renewal program (the Integrated Renewal Program) to replace the aging student, human resources, and finance systems. The Human Resources and Financial modules were implemented in fiscal 2020/21 and will continue to stabilize in fiscal 2022/23. The student module received formal approval in fiscal 2021/22 and as with the human resources and finance modules, there is a potential risk of cost overruns and negative operational impact from the required change management. To mitigate these risks, the university has implemented a robust governance structure for the project, established a strong Project Management Office (PMO) to monitor and report progress and engaged an external quality assurance firm to identify, monitor, and report program risks to Executive Sponsors and the Audit Committee of the Board.

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### **Foreign Exchange Risk**

The foreign exchange rate of the Canadian dollar in comparison to the US and other currencies puts financial stress in numerous areas. These include Library acquisitions which are purchased primarily from the US, faculty recruitment since we compete internationally for the best faculty, research equipment, construction costs, and IT systems development and maintenance costs.

## Appendix V. Research

The Sponsored Research Fund accounts for all research transactions, the majority of which are funded externally. The use of external funding is restricted by the sponsor, donor, or granting agency and is intended to support the research activities of principal investigators in their areas of expertise. The fund also includes some restricted activities funded from internal sources. These activities are typically for start-up purposes or represent residual balances from expired research projects, which are retained by the principal investigators.

Restricted funds are only recognized as income when the funding received is spent in accordance with the restrictions stipulated by the funding agreement so that revenues match expenditures, resulting in no change to the bottom line. For this reason, the research revenues reported in the university's consolidated financial statements may vary considerably from the amounts awarded to the university during any given year.

Unrestricted research funding will have an immediate impact on the reported bottom line each year to the extent that the funding has not been spent.

### Awards

External research funds enable UBC researchers to produce meaningful research and fund staff and students. The variation in research funding amounts from year to year is due to the availability of different large-scale funding programs, such as Innovation Fund awards from Canada Foundation for Innovation (CFI), and Large-Scale Applied Research awards from Genome Canada amongst others.

<i>(In \$millions)</i>	2020/21 Actuals	2021/22 Q3 Forecast	2022/23 Plan
Government (Tri-Agency)	270	227	241
Government (Other agencies)	259	175	185
Non-profit	168	175	164
Industry	62	67	73
Total	759	644	662

UBC's total research funding is expected to be largely stable in fiscal 2022/23, compared to fiscal 2021/2022, with increases in tri-agency, other government and industry sectors. A decrease in non-profit funding is projected due to lingering financial pressures from the COVID-19 pandemic.

The university invests in support for UBC researchers to aid in their success in funding competitions, so that they will receive the funds required for desired research programs. UBC support includes proposal development and review services provided through the Office of the Vice-President, Research and Innovation's (VPRI) Support Programs to Advance Research Capacity (SPARC) and the Institutional Programs Office (IPO). By working with SPARC, assistant professors applying to the Natural Sciences and Engineering Research Council of Canada (NSERC) have been 1.6 times more likely to be funded. A similar rate of improved success is seen for faculty applying to the Canadian Institutes of Health Research (CIHR) Project competition. IPO supported programs such as the John R. Evans Leaders Fund (JELF) has an average success rate of 80%.

Sponsored research provides another source of funding to UBC's research community. In fiscal 2020/2021, the VPRI University-Industry Liaison Office's Sponsored Research group negotiated, drafted, and administered 2,502 research contracts and clinical trial agreements worth \$163.3m with industry, government, and non-profit partners. This total, which is the highest in Canada, included a record \$62.2m in industry sponsored research.

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Coupled with the current federal emphasis on partnered and applied research funding, the university's investments in innovation are expected to lead and continue to grow in activity for this aspect of research funding at UBC

The table below presents the Research Awards by Faculty for fiscal 2022/23, summarizing research awards to be received and expected across the university by faculty.

<i>(In \$thousands)</i>	<b>Government (Tri-Agency)</b>	<b>Government (Other agencies)</b>	<b>Non-Profit</b>	<b>Industry</b>	<b>Total</b>
Applied Science	24,799	15,058	7,849	11,641	59,348
Arts	19,126	5,786	6,340	197	31,449
Dentistry	2,752	356	634	21	3,763
Education	3,839	1,188	1,775	73	6,876
Forestry	3,629	5,291	2,047	648	11,616
Land and Food Systems	2,298	2,326	1,747	1,108	7,479
Law	819	52	606	30	1,507
Medicine	114,124	76,724	117,129	41,873	349,850
Pharmaceutical Sciences	2,319	1,384	2,892	639	7,234
Sauder School of Business	2,497	822	1,049	606	4,974
Science	53,435	47,896	18,377	5,806	125,514
UBC Okanagan	11,198	10,114	2,591	8,091	31,994
Non-Faculty Units	80	17,796	991	1,806	20,673
<b>Total</b>	<b>240,916</b>	<b>184,793</b>	<b>164,027</b>	<b>72,539</b>	<b>662,275</b>

## Appendix VI. Endowment

The UBC endowment funds consist of endowed gifts, bequests, donations, and land lease proceeds. Approximately \$2.1 billion of the endowment funds, including TREK and TREK Impact, are invested by UBC Investment Management Trust Inc. (IMANT). These funds support the university's academic mandate, student financial awards, academic and research initiatives, student housing, and capital projects.

The land lease proceeds endowments include the TREK, TREK Impact, Student Housing Financing (SHFE) and Faculty Housing Assistance Financing (FHAFF) endowment funds. TREK and TREK Impact support UBC and advance its charitable goals. SHFE was established in 2012 to invest in new student residences. FHAFF was established in February 2017 to facilitate the recruitment and retention of outstanding faculty members. In addition to providing financial support for student residences and faculty recruitment, the land lease proceeds endowment funds currently support the Faculty of Pharmaceutical Sciences capital project, the Stem Cell Lab Biomedical Research Centre capital project, the Faculty of Medicine's Faculty Renewal, the Fitness Facility Expansion in the Old SUB, UBC's Brand Positioning campaign, the Enterprise-wide IT renewal project UBC Okanagan and Academic Enhancement.

Other gifts, held separately from the IMANT invested funds, include the Peter Wall Endowment, the Vancouver Foundation funds held for the benefit of the university and the Merilees Chair for the Study of Democracy fund.

<i>(in \$millions)</i>	Total (including SHFE and FHAFF)			IMANT Invested Funds (excluding TREK AND TREK IMPACT)		Land Lease Proceeds (TREK, TREK IMPACT, SHFE and FHAFF)	
	2020/21 Actuals	2021/22 Q3 Forecast	2022/23 Plan	2021/22 Q3 Forecast	2022/23 Plan	2021/22 Q3 Forecast	2022/23 Plan
<b>Endowment market value</b>							
Endowment capital account	2,275	2,476	2,637	1,494	1,540	982	1,097
Stabilization account	320	351	349	307	313	44	36
<b>Balance</b>	<b>2,595</b>	<b>2,827</b>	<b>2,986</b>	<b>1,801</b>	<b>1,853</b>	<b>1,026</b>	<b>1,133</b>
<b>Endowment spending</b>							
Investment income	110	154	122	69	67	85	55
UBCPT rental distributions	(101)	(107)	-116	(64)	(67)	43	(49)
Operating expenses	8	5	3	5	3	-	-
Internal transfers to endowment capital	9	13	14	-	-	13	14
<b>Surplus (deficit)</b>	<b>26</b>	<b>65</b>	<b>23</b>	<b>10</b>	<b>3</b>	<b>55</b>	<b>20</b>

The capital account balances represent external donor, internal university contributions, and inflation adjustments recorded to maintain the purchasing power of endowment capital over time.

The stabilization account balances reflect the value of endowments that have been generated through returns that are above target levels. It is a measure of the amount that is currently in the endowment fund above the inflation adjusted principal balances as a protection against future market downturns.

For unrestricted endowment funds, investment income includes only realized returns. For restricted endowment funds, investment income includes total returns to the extent of expenses incurred. The excess is deferred and recorded on the Statement of Financial Position until the period in which the related expenses are incurred.

Internal transfers to endowment capital represent internal contributions to endowment capital.

UBCPT rental distributions are endowed to the TREK Rental Income endowment fund.

## **Appendix VII. Related Entities**

The consolidated financial statements reflect the assets, liabilities, revenue, and expenses of organizations that are controlled by the university. All related organizations are consolidated, with the exceptions of UBC Properties Trust (UBCPT) and Great Northern Way Campus Trust, which are reported using the modified equity method.

The organizations that are fully consolidated into the financial statements of the university are:

- UBC Foundation – established to encourage philanthropic support for the university;
- American Foundation – established to encourage philanthropic support of the university;
- Hong Kong Foundation – established to encourage philanthropic support of the university;
- UK Foundation – established to encourage philanthropic support of the university;
- UBC Asia Pacific Regional Office – a Hong-Kong based association formed to promote and advance the academic and research interests of the university and its partners in the Asia Pacific region;
- entrepreneurship@UBC Management Inc – manages the university’s investments in start-up ventures; and
- UBC Investment Management Trust – manages the investment assets of the university’s endowment and operating funds, and the staff pension plan.

UBCPT is the most significant subsidiary of the university. In addition to managing a portfolio of rental assets and providing project management services on capital projects, UBCPT carries out real estate development activities for the benefit of the university. Through UBCPT, the university sells pre-paid leases on certain properties to third parties for a period of 99 years. The proceeds from land leases have historically been directed to an internal endowment fund (TREK) and used to support the university’s priorities.

## Appendix VIII. Killam Endowment Funds

In 1965, The University of British Columbia was fortunate in receiving various Killam Trusts, which were created pursuant to the last will and testament of the late Dorothy J. Killam. The trust funds were established at the Canada Council, Dalhousie College and University, The University of Alberta, The University of British Columbia (UBC) and The Montreal Neurological Institute. Subsequently, part of the fund bequeathed to The University of Alberta was transferred to The University of Calgary.

Annual budgets for the Killam Endowment Funds held at the university require the approval of the UBC Board of Governors. They are based on the Killam spending guidelines and calculated using a spending allocation of 3.75% of the preceding three years average market value of the funds. The fiscal 2022/23 spending budget is as follows:

	Killam General	Killam Memorial Salary	Izaak Walton Killam Memorial for Advanced Studies	Total
<i>In \$thousands</i>				
<b>Program spending</b>				
Research and scholarly activities	1,003	-	-	1,003
Faculty research fellowship awards	230	-	-	230
Bridge funding for academic priorities	247	-	-	247
Excellence in Teaching and Research	-	768	-	768
Post-doctoral awards	-	-	511	511
Pre-doctoral awards	-	-	511	511
Graduate Studies administration	-	-	50	50
<b>Total 2021/22 budgeted spending allocation</b>	<b>1,480</b>	<b>768</b>	<b>1,072</b>	<b>3,320</b>

## Appendix IX. Capital Details

The university makes significant on-going capital investments to support learning and research and to create an outstanding student experience.

Capital Expenditure and Funding for 2022/23 is budgeted as follows:

<b>CAPITAL FUNDING</b> <i>(in \$millions)</i>	<b>2020/21</b> <b>Actuals</b>	<b>2021/22</b> <b>Forecast</b>	<b>2022/23</b> <b>Plan</b>
<b>Funding Source:</b>			
Ministry (KDF/COA)	18	18	35
Ministry - Routine capital	36	42	40
Federal - CFI	15	20	15
Federal - SIF	-	-	
Donations	26	20	59
	<u>95</u>	<u>100</u>	<u>149</u>
<b>Internal Sources</b>			
Unit/Central	137	143	158
Infrastructure impact charges	13	27	27
Internal loans	136	130	227
	<u>286</u>	<u>300</u>	<u>412</u>
<b>Total Funding</b>	<u><b>381</b></u>	<u><b>400</b></u>	<u><b>561</b></u>

### Buildings and Property

The majority of buildings and property capital expenditure is under the management and control of Infrastructure Development, with additional capital expenditures overseen by Student Housing & Hospitality Services. Faculties and administrative departments also commission other building projects, normally of a minor nature. The design, construction, renovation and upgrades of all buildings and property projects are project managed by either UBC Properties Trust or UBC Project Services (Infrastructure Development).

Projects are organized according to type, scope and required approval level:

- Major buildings – this includes new building or major renewal projects greater than \$5m, approved by the Board of Governors.
- Routine capital – includes core maintenance projects funded in part by the Ministry of Advanced Education, Skills and Training (AEST), with projects typically less than or equal to \$5m. This program is approved by the Board of Governors. Building Operations and Energy & Water Services identify and prioritize projects under this program based on facility condition and building user input.

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- Infrastructure Impact Charge (IIC) and Community Amenity Charge (CAC) Program – this includes utility, public and community infrastructure projects funded through charges on campus development. This program is approved by the Board of Governors.
- Department-funded capital – includes renovation and upgrade projects less than or equal to \$5m that are commissioned and funded by faculties and administrative departments. This work is recorded under “Funded from available reserves.” Projects greater than or equal to \$2.5m require UBC Executive approval.

## Major Buildings

There are currently six major building projects in design or construction and for which capital expenditures will be incurred in fiscal 2022/23. Projects include:

### 2022/23 Major Building Projects

(in \$millions)

Building Project	Total Budget	2022/23 Estimated Cost	Estimated Completion Date
Brock Commons Phase 2	165	97	22-Sep
School of Biomedical Engineering Building	139	26	24-Jul
Gateway Building	190	76	24-Jul
Recreation Center	66	23	24-May
Interdisciplinary Collaboration & Innovation Building - UBCO	109	29	24-Dec
UBCO Downtown Kelowna Project	76	27	25-Aug

These projects provide renewed or expanded infrastructure to address the following needs:

- Academic program changes and enrolment growth
- Research activity and grant awards
- Student housing demand
- Deferred maintenance and seismic upgrade requirements to ensure safe and reliable facilities
- Transportation and utility infrastructure capacity requirements

Further details on major building projects are provided in the Capital Projects Update report, which is included in the docket for each meeting of the Board of Governors.

## Routine Capital – Core Building Maintenance

The Ministry of Advanced Education, Skills, and Training (AEST) increased Routine Capital funding to address much needed capital maintenance in campus buildings. UBC (both campuses) received \$42.7 from AEST in 2021/22 and is notionally scheduled to receive \$39.6m in 2022/23. AEST has specified that these funds are to

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be directed toward the reduction of deferred maintenance in core academic facilities and that the overall package of projects in each year must be cost-shared between AEST and UBC on a 75%/25% basis.

Infrastructure Development coordinates the development of the annual plan with Building Operations and Energy & Water Services, who set the program of specific projects based on facility condition assessment and input from department administrators regarding building user priorities. Synergies are sought with other infrastructure renewal and modernization requirements such as learning space upgrades, accessibility upgrades, and seismic upgrades.

The first category, Major Maintenance and Rehabilitation Projects, includes campus-wide maintenance and rehabilitation projects consisting of roof and envelope repairs, elevator retrofits, electrical infrastructure projects, fire and life safety system retrofits, minor interior refit projects (such as flooring replacements and washroom refurbishments), and utilities infrastructure improvements. Individual projects in this category will cost less than the \$5.0m Board approval threshold.

Example projects in this category for 2022/23 include:

- Buchanan Tower building renewal final phase - \$1.6m
- J.B MacDonald roofing & envelope repairs - \$1.8m
- H.R. MacMillan room 166 classroom renewal - \$1.6m
- Thea Koerner main roof replace - \$0.9

The next eligible category for work is whole-building renewal projects to address the full range of deferred maintenance items in targeted buildings. There are no buildings confirmed at present for targeted seismic upgrades.

Whole building renewal projects are larger in scope and fall above the \$5.0m threshold. The Macleod Building renew project, for example, is scheduled for completion in June of 2022 and final cost is estimated at approximately \$49m. In addition, the Museum of Anthropology Great Hall Renewal project continues into fiscal 2022/23. Given the necessity to plan and execute these projects in very tight timelines, it was previously agreed that they be approved by the Board, as part of the annual university budget approval process.

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The following table provides a high-level breakdown of the 2022/23 AEST-supported Routine Capital programs for the UBC Vancouver and Okanagan campuses. AEST has allocated funding using a formula based on the amount of deferred maintenance at each campus.

<b>2022/23 ROUTINE CAPITAL PROJECTS</b> <i>(in \$millions)</i>	<b>AEST 75%</b>	<b>UBC 25%</b>	<b>TOTAL</b>
<b>Vancouver Campus</b>			
Major Maintenance & Rehabilitation Projects	35.6	11.9	47.5
Minor Maintenance & Rehabilitation Projects	3.1	1.1	4.2
<b>Total - Vancouver Campus</b>	<b>38.7</b>	<b>13.0</b>	<b>51.7</b>
<b>Okanagan Campus</b>			
Major Maintenance & Rehabilitation Projects	0.9	0.3	1.2
<b>Total - Okanagan Campus</b>	<b>0.9</b>	<b>0.3</b>	<b>1.2</b>
<b>Routine Capital Projects - UBC Total</b>	<b>39.6</b>	<b>13.3</b>	<b>52.9</b>

## Information Technology

### Major Systems Projects

These include the university's capital investments in enterprise-wide systems either to create new capabilities or upgrade existing systems to extend useful life. The required investments in major systems replacements and upgrades are essential for the university to maintain its level of service in a rapidly changing technology environment and is considered a major risk factor if the systems were allowed to decline.

The Integrated Renewal Program and the Other Enterprise-Wide Systems are financed through internal loans, in accordance with Board policy, while Minor Systems Upgrades and Lifecycle investments are funded from Information Technology's annual operating budget.

The major cost items over the period are:

#### a) *Integrated Renewal Program (IRP)*

The IRP unites previously independent projects, formerly known as Student Academic Systems Initiative (SASI), Procurement Modernization, HR and Finance Renewal to replace legacy systems. The IRP will implement one core platform for students, faculty, and staff to conduct administrative tasks – resulting in a better user experience, a new set of tools, a new way of working, and improved reporting for informed decision-making. The HR and Finance Renewal has now been implemented with expected costs to be incurred related to refining implementation and to support user issues that may arise from a new system. There will also be further development in the Architect plan for the Student System.

#### b) *Other Enterprise-Wide Systems*

Preliminary estimates for the Adaptive Forecasting and Budgeting system have begun, and Phase 1 of the project has been completed. Phase 2 should start a needs analysis in the upcoming fiscal year:

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### **Research Equipment**

Research projects contain a wide range of capital expenditure commitments, primarily related to major and minor equipment needs, and also IT equipment and software. Some major projects include building adaptations or renovations.

### **Library**

The Library collections are integral to the past and future success of the university, and underpin the academic mission of world-leading learning, teaching and research. Because the majority of the university's collections are purchased in US currency, Canadian currency depreciation has placed pressure on the Library's ability to maintain its collection acquisition levels. Consequently, an additional \$2.0m has been allocated to maintain the current collection.

## Appendix X. Investment Income on Land Development

The Endowment Lands were gifted to the university by the provincial government a century ago to fund a “margin of excellence” beyond what a publicly funded university could achieve. The university generated proceeds through developing land starting in the 1990’s. The capital was invested, and the net income was available to support discretionary strategic priorities.

At the time, the Board had two objectives: first, to maintain the capital in perpetuity; second, to ensure the use of the income was not permanently restricted to specific purposes so that the annual cash flows could be used for strategic purposes the president of the day determined. This lack of restriction is illustrated in the TREK terms of reference dating back to 2002, which broadly states that “the income will be used to support the mission of the university.”

Three endowment funds have been established with the net proceeds of long-term leases: TREK which resides in the Main Pool of endowment funds managed by IMANT, the Student Housing Financing Endowment (SHFE) and the Faculty Housing Assistance Financing Endowment (FHAFE).

During fiscal 2021/22, the TREK Rental Income endowment fund has been established with the income that UBC Properties Trust earned on its rental properties. All future rental distributions from UBC Properties Trust are expected to be endowed to this newly created endowment fund. Similar to TREK, TREK Rental Income is also being invested as part of the Main Pool of endowment funds managed by IMANT.

### Land Development Endowment

<i>(in \$millions)</i>	2020/21 Actuals	2021/22 Q3 Forecast	2022/23 Plan	Change
Trek Endowment, in the Main Pool	393	435	434	(1)
TREK Rental Income, in the Main Pool	0	13	27	14
Trek Impact, in the Sustainable Future Pool	36	0	0	0
Student Housing Financing Endowment Fund	437	525	596	71
Faculty Housing Financing Endowment Fund	55	66	76	10
	<b>921</b>	<b>1039</b>	<b>1133</b>	<b>94</b>

*The \$1 million decrease in TREK represents approximately \$26 million of earnings net of administrative costs recovery and \$27 million of spend allocations under the new flat spend proposal.*

*The \$14 million increase in TREK Rental Income represents approximately \$14 million of estimated rental distributions.*

*During fiscal 2021/22, TREK Impact and the Sustainable Future Pool were combined into TREK and the Main Pool respectively.*

*The \$71 million increase in SHFE is comprised of \$68 million estimated land lease proceeds and \$28 million of earnings, net of \$16 million of spend allocations and \$9 million transferred to FHAFE.*

*The \$10 million increase in FHAFE is made up of \$9 million transferred from SHFE and \$1 million of earnings net of spend*

TREK and TREK Rental Income support the mission of the university generally and advance its charitable goals. SHFE was established to support student housing projects while the intention of FHAFE was to facilitate the recruitment and retention of outstanding faculty members. In all cases, earnings have been used to support strategic initiatives and preserve the principal value of the original contributions.

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At the June 2019 Board of Governors' meeting, a review of the TREK-related spending policy was presented, illustrating an opportunity to unlock the value of the TREK-related assets while improving intergenerational equity. The review recommended converting the current spending policy for the TREK endowment from a 4% spend rate to a flat spend amount. At the June 2021 Board of Governor's meeting, the Board approved a flat real spend policy generating \$49.2 million in fiscal 2021/22, increasing by 2% annually.

These funds are not intended to be allocated permanently but are used to support initiatives with limited life spans to maintain flexibility as to their use for future administrations. That said, a large portion has been allocated to support building projects which are university priorities but are not fully funded from other sources. Typically, funding is allocated to finance construction costs, which are amortized over periods of up to 30 years until the debt has been repaid, at which point the funding will become available for reallocation. On-going allocations below represent debt service payments to support the construction of various university buildings, such as the IK Barber Learning Commons, Allard Hall, the Centre for Comparative Medicine, the Life Sciences Building, the Iona Building, and the Student Nest.

More recently, as funding has become available, these endowments have supported other types of priorities, such as enterprise-wide renewal, the Faculty of Medicine's Faculty Renewal, Academic Enhancement, and matching funds.

The funds available from investment income on land development and funding allocations are summarized as follows:

### Investment Income on Land Development

<i>(in \$ millions)</i>	2020/21 Actuals	2021/22 Q3 Forecast	2022/23 Plan	Change
<b>Funding sources, includes carryforward</b>				
Balance carried forward	3.0	2.4	13.1	10.7
TREK 4% spend allocation	15.0	16.2	17.1	0.9
TREK - UBCO \$4m allocation	4	4.1	4.2	0.1
TREK Rental Income 5% spend allocation	0	0.6	1.0	0.4
TREK Impact 3.5% spend allocation	1	0	0.0	0.0
SHFE 4% spend allocation	8.9	9.6	16.1	6.5
FHAFE 4% spend allocation	1.0	1.4	1.7	0.3
UBCPT rental distributions	9	0.0	0.0	0.0
TREK - incremental allocations for the flat spend	0.0	17.1	10.1	(7.0)
<b>Total funding</b>	<b>41.9</b>	<b>51.4</b>	<b>63.3</b>	<b>11.9</b>
<b>Funding allocations</b>				
On-going debt service	14.4	14.4	14.4	0.0
<u>Other allocations</u>				
Academic Enhancement	-	-	5.0	5
Internal loan - IT projects	12.0	12.0	12.0	0
Medicine Faculty Renewal	6.5	6.6	7.0	0.4
UBCO Student Financial Support	6.1	4.1	4.2	0.1
Pharmaceutical Sciences Building - Debt relief	0.5	0.5	0.5	0
Rent Geared to Income Program	-	0.7	0.8	0.1
	25.1	23.9	29.5	5.6
<b>Total allocations</b>	<b>39.5</b>	<b>38.3</b>	<b>43.9</b>	<b>5.6</b>
<b>Funding available for future commitments</b>	<b>2.4</b>	<b>13.1</b>	<b>19.4</b>	<b>6.3</b>

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THE UNIVERSITY OF BRITISH COLUMBIA

# UBC BUDGET 2022-2023 (VANCOUVER AND OKANAGAN)

March 22, 2022

PETER SMAILES, VICE-PRESIDENT FINANCE & OPERATIONS

ANDREW SZERI, PROVOST AND VICE-PRESIDENT ACADEMIC, UBC VANCOUVER

LESLEY CORMACK, DEPUTY VICE-CHANCELLOR AND PRINCIPAL, UBC OKANAGAN



# PRESIDENTIAL PRIORITIES



We have invested in the following priorities this year and will continue to fulfill our commitments to these important focus areas **in addition to supporting UBC's academic mission of pursuing excellence in teaching, learning and research.**

## Presidential Priorities



Equity Diversity, and Inclusion



Indigenous Engagement and Reconciliation



Climate Change



COVID-19 Response



Operational Efficiency



President's Academic Excellence Initiative

# UBCV PRIORITY INVESTMENTS - HIGHLIGHTS



Greater than anticipated enrolment, continued savings from the administrative units' budget reduction, cost containment initiatives across both campuses, and continued strong provincial support have allowed UBC to continue to invest in critical initiatives:

## **Equity, Diversity and Inclusion**

- \$2.6m to support initiatives that seek to elevate diverse communities and advance anti-racism efforts, including the expansion of the Beyond Tomorrow Scholars Program, gender equity for athletics and implementation of the Anti-Racism and Inclusive Excellence Task Force recommendations.

## **Indigenous Engagement and Reconciliation**

- \$4.2m for additional resourcing for Office of the Indigenous Strategic Initiatives, expansion of Indigenous student, curriculum and advising support across numerous faculties and CTLT, and the upgrade to Laboratory of Archaeology.

## **Providing More Holistic Support for Our Students**

- \$3.3m of recurring funds to further enhance student mental health resources and expand the Jumpstart program; \$825k to kick start the recommendations from the Student Affordability Task Force (SATF) Report.

## **Furthering Our Academic Mission**

- Over \$7.3m to support the expansion of Global Research Excellence Institutes, additional learning technology licenses and support at CTLT, upgrades at the Dentistry teaching clinic, Dairy Education and Research Centre, and Food and Beverage Innovation Centre, creations of a Language Science research space at Gateway, and Global Engagement Strategy seed funding.

# UBCV CLIMATE EMERGENCY AND SUSTAINABILITY INVESTMENTS



To address the climate crisis, UBC's annual investments total more than \$40m, with ongoing support for programming such as Campus as a Living Lab and Sustainability Scholars, staffing and investments in sustainable buildings and infrastructure.

- For fiscal 2022/23, \$1.4m in funding is proposed to support the implementation of CAP2030 and support for the Center for Climate and Environmental Justice
- Large-scale critical investments to support climate improvement initiatives (annual debt servicing of \$7.8m per year):
  - 2011-2017 Steam to hot water conversion project \$88m (24% efficiency improvement, and 22% GHG reduction)
  - 2012 creation of Bio-Research Demonstration Facility (BRDF) \$27m (14% GHG reduction)
  - 2022 BRDF Expansion \$22m (targeted 24% GHG reduction)
  - Annual continuous optimization program and energy conservation initiatives \$500k/year (10% GHG reduction over the entire program)
- Significant staffing in support of climate and sustainability totaling approximately \$850k per year; funding for two Co-Senior Managers at Sustainability Hub to support the implementation of the recommendations of the CETF
- Partnership programs including Campus as a Living Lab, Sustainability Scholars Program, SEEDS approximately \$2.1m over the past 5 years.



# UBCO PRIORITY INVESTMENTS - HIGHLIGHTS

## Equity, Diversity and Inclusion

- \$0.4m to enhance access, success, and representation of traditionally underrepresented populations, with the creation of a Black Resource Centre that will support the learning and engagement of black students on the campus and an investment in Beyond Tomorrow Scholars Program.

## Indigenous Engagement and Reconciliation

- \$856k will support the new Indigenous Graduate Entrance Fellowships and the continuation of the Indigenous Undergraduate Research Mentorship, an Admissions Advisor for Indigenous Applicants, and other Indigeneity projects and programs such as the signage on campus to support the engagement and enhance the Syilx Okanagan expression and presence.

## Providing More Holistic Support for Our Students

- Recognizing the importance of holistic support for students, UBCO is proposing to invest an additional \$2.4m to further enhance the student experience (\$0.8m), admissions and awards (\$0.9m), student employment (\$0.4m) and student wellness (\$0.3m).

## Furthering Our Academic Mission

- \$400k will go towards new academic programming (DICE – the Design Innovation Creativity Entrepreneurship Program and The Wildland Fire Ecology and Management Program) while \$3.1m in faculty funding will bridge structural deficits while longer term resourcing is evaluated.

# UBCO CLIMATE EMERGENCY AND SUSTAINABILITY INVESTMENTS



- Multi-year district energy renewal and decarbonisation plan - \$1.1m in FY22/23, first year of approximately \$5.6m over four-five years
- \$130k annual - Fortis matching for UBCO energy team – 50% matching program with Fortis for two Energy Specialist positions (UBCO portion approx.. \$130k per year) – FY 2023 is the 4th year
- \$200k annual - Energy Strategy Investments - \$1.2m over 6 years towards projects identified by the Energy Team
- Sustainability investments incorporated into capital projects:
  - Skeena – Passive House Premium – Approx. \$2.0m-\$3.0m
  - Nechako & Commons Buildings - Stormwater retention investments Approx. \$500k
  - ICI - old growth tree retention design – costs TBC
- Climate Action Plan/Transportation plan approved in January 2022, \$100k in FY23 with more investments to come - Amounts TBD



## FY22/23 BUDGET CONTEXT

- **Internal cost pressures will persist as a result of FY20/21's COVID-related operating deficit, higher-than-normal inflationary expenditures and very limited incremental funding.**
- The university plans to draw \$7m from reserves and shift existing resources to continue to **advance its academic mission, fulfill capital project obligations and invest in key priorities.**
- VP Portfolios (UBCV) will continue to absorb budget cuts (initiated in FY20/21) for at least two more years to mitigate the impact of COVID-19. Additional **cost savings are being actively explored and implemented at both campuses.**
- While applications numbers look promising, **ongoing uncertainty, and potentially higher than normal withdrawals, could affect next year's enrolment numbers.**
- Ancillary operations' ability to return to pre-pandemic activity levels continues to depend on the likelihood of a full return and sustainment of on-campus activities.
- **UBCO continues to build a reserve targeted at \$40-\$50m** to invest in the Interdisciplinary Collaboration and Innovation (ICI) building and the UBC Downtown Kelowna project **to address acute academic space needs.**



## CONSOLIDATED BUDGET – FISCAL 2022/23

<b>Consolidated Budget</b> (in millions)	<b>2020/21</b> <b>Actuals</b>	<b>2021/22</b> <b>Forecast</b>	<b>2022/23</b> <b>Plan</b>
Revenue	2,183	2,389	2,538
Expenses	2,137	2,367	2,545
<b>Operating Surplus/ (Deficit)</b>	<b>46</b>	<b>22</b>	<b>(7)</b>
Non-Operating Surplus/ (Deficit)	36	134	107
<b>Consolidated Surplus/ (Deficit)</b>	<b>82</b>	<b>156</b>	<b>100</b>

While there is a \$100m consolidated **accounting** surplus — all of this is not available for cash distribution (for example, reinvested funds from the returns on Endowment, internally restricted research funds to support new faculty hires and start-up, etc.)

Faculties and central administrative units are drawing from reserves to maintain operations, recruit new faculty and staff, refresh aging infrastructure, and support strategic initiatives, creating an operating deficit of (\$7m).



## TOTAL REVENUE – FISCAL 2022/23

Revenue (in \$millions)	Base	Centrally Managed Incremental	FY23 Revenue
<b>UBC revenue</b>	<b>2,470</b>	<b>68</b>	<b>2,538</b>
Operating	2,368	44	2,412
AEF/EF	102	24	126
<b>Total</b>	<b>2,470</b>	<b>68</b>	<b>2,538</b>

- The base budget is allocated based on the prior year budgets, which identify recurring funding
- Centrally managed incremental Operating Funds are mainly derived from additional investment income, dividends and one-time administrative units reductions (FY21 to FY24)
- Incremental Academic Excellence Funds/Excellence Fund (AEF/EF) are allocated based on TAM

*The limited centrally managed incremental funds (Operating and AEF/EF) are proposed to be directed towards key university priorities.*

# PROPOSED INCREMENTAL ALLOCATIONS – FISCAL 2022/23



Incremental Allocations (in \$millions)	Operating			AEF/EF			
	UBCV	UBCO	Total	Prior Committed Funding	Incremental		Total
					UBCV	UBCO	
Local and Global Engagement	3.1	0.4	3.5	6.5	1.7	0.9	9.1
Transformative Learning	3.4	0.8	4.2	61.2	2.5	0.4	64.1
People and Places	10.5	0.8	11.3	8.3	4.9	4.1	17.3
Research Excellence	2.5	0.3	2.8	20.4	5.5		25.9
Strategic Plan Enablement				10.5			10.5
Sustainment, Risk and Compliance	18.1	0.6	18.7				
<b>Subtotal</b>	<b>37.6</b>	<b>2.9</b>	<b>40.5</b>	<b>106.9</b>	<b>14.6</b>	<b>5.4</b>	<b>126.9</b>
FY23 Contingency allowance	3.0		3.0				
Ramp-up of prior commitments					1.3	3.1	
<b>Total</b>	<b>40.6</b>	<b>2.9</b>	<b>43.5</b>		<b>15.9</b>	<b>8.5</b>	

\$68m proposed allocations (both campuses):

- \$44m from operating funds
- \$24m from AEF/EF

24.4 total



## CONSIDERATIONS FOR FISCAL 2022/23

- **Global supply chain challenges continue to impact UBC**, in some cases causing significant delays particularly for major equipment purchases and capital projects, which are also impacted by high inflation.
- While **the university is actively implementing cost saving and reprioritization initiatives**, a number of expenditures continue to create **upward cost pressures, including salary increases in accordance with the respective Collective Agreements and the impact of high inflation on expenditures** such as utilities, consumables, and equipment. Many of these costs have been rising faster than the tuition increases in the last couple of years.
- **COVID-19 and escalating geopolitical tensions in Europe continue to present uncertainty with potential impacts to UBC's financial position**, such as evolving travel restrictions, study permit availability, impacted family income, and possible new variants. These events are being closely monitored, and impact assessed regularly.
- **The recommended tuition increase will, if approved, enable UBC to continue to accelerate its investments in key priorities in future years.** Should the tuition increase not be approved, there will be a flow-through compounded impact on revenues in future years.

## KEY TAKEAWAYS

1

**UBC** is responding proactively to mitigate the continuing impacts of COVID-19 and rising internal cost pressures by **reducing expenditures and seeking operational efficiencies**. Simultaneously, as evolving geopolitical events unfold, potential impact to the university is being closely monitored.

2

**UBC's financial position and liquidity** are prudently overseen by the university's Executive, the Audit Committee, the Finance Committee, and the Board of Governors, and **remain in good health**. External validation through leading credit rating agencies continuously rates UBC highly, with Moody's and Standards & Poor's issuing an Aa1 and AA+ respectively.

3

Despite the limited incremental funding available, the **FY22/23 budget is grounded in driving forward the key priorities of the UBC Strategic Plan**. These include: providing our students with the support they need; our ongoing goals of continuing to transform learning and push the boundaries in research; advancing our EDI goals and our commitments to Truth and Reconciliation; and our pledge in fighting against climate change.

4

**These** are areas of focus that the university has been intentionally growing over time and **will continue to be the focus of our investments for years to come**.



## REQUEST FOR APPROVAL

The budget sets out the university's goals and strategies for the year ahead. The priorities will guide our decisions, actions and resource allocations.

Despite ongoing financial challenges, we will continue to prioritize investments that benefit students and drive UBC's strategic priorities forward.

IT IS HEREBY RESOLVED that the Finance Committee recommends to the Board of Governors approval of the fiscal 2022-2023 UBC Budget, as presented.