



Board of Governors
FINANCE COMMITTEE SPECIAL MEETING
AGENDA

Wednesday, April 12, 2023
2:30 PM to 3:30 PM
VIDEOCONFERENCE

1. Agenda Approval	APPROVAL REQUESTED IT IS HEREBY RESOLVED that the Finance Committee approves as circulated the Agenda for the April 12, 2023 open meeting of the Finance Committee.
2. Trek Endowment Flat Spend Increase Recommendation	APPROVAL REQUESTED IT IS HEREBY RESOLVED that the Finance Committee recommends to the Board of Governors approval of an increase of \$3.0 million in the Trek Endowment Flat Real Spend to \$54.2 million for fiscal 2023-2024, increasing at 2.0% annually.
3. 2023-2024 UBC Budget	APPROVAL REQUESTED IT IS HEREBY RESOLVED that the Finance Committee recommends to the Board of Governors approval of Fiscal 2023-2024 UBC Budget.



SUBJECT	Trek Endowment Flat Spend Increase Recommendation
SUBMITTED TO	Finance Committee
MEETING DATE	April 12, 2023
SESSION CLASSIFICATION	Recommended session criteria from Board Meetings Policy: OPEN
REQUEST	APPROVAL REQUESTED IT IS HEREBY RESOLVED that the Finance Committee recommends to the Board of Governors approval of an increase of \$3.0 million in the Trek Endowment Flat Real Spend to \$54.2 million for fiscal 2023-2024, increasing at 2.0% annually.
EAD EXECUTIVE	Frank Laezza, Vice-President Finance & Operations
SUPPORTED BY	Gage Averill, Provost and Vice-President Academic, UBC Vancouver Lesley Cormack, Deputy Vice-Chancellor and Principal, UBC Okanagan Yale Loh, Treasurer Rob Einarson, Associate Vice-President Finance & Operations, UBC Okanagan Matthew Boydston, Interim Comptroller Doug Cheung, Director, Treasury Sarah Goold, Interim Director, Treasury

PRIOR SUBMISSIONS

The subject matter of this submission was considered previously by the Board of Governors on [December 5, 2022](#).

EXECUTIVE SUMMARY

In conjunction with the development of the fiscal year 2023-2024 (FY24) budget and support of approved budgeted asks, the administration is seeking approval of a \$3.0 million increase in the flat real spend to \$54.2 million for FY24, increasing by 2.0% annually, from the \$51.2 million approved in December 2022 by the Board of Governors. The \$51.2 million represented the inflation increase of 2.0% from the approved \$50.2 million for FY23. The flat real spend is a fixed absolute dollar amount that grows with an annual inflation adjustment of 2%, and does not change with any changes in the underlying market value of the Trek Endowment. The flat real spend is a result of interest income from student housing and faculty loans combined with market investment returns for other funds within the Trek Endowment. The Trek Endowment fund encompasses all of the land revenue distributions, both strata and rental property, resulting from land development on the UBC Vancouver campus. Funding from the Trek Endowment can be used to advance the mission of the university, which broadly can include funding for education, research, student financial aid, construction and maintenance of facilities, provision of equipment and supplies, and debt service among other expenses.

At the closed November 2022 Finance Committee meeting, analysis was presented that showed that a small increase from the recommended \$51.2 million flat spend was sustainable and did not put the Trek Endowment at risk. With budget pressures and only small incremental amounts of recurring funding available, accessing additional spend from the Trek Endowment is deemed appropriate and beneficial to the academic mission.

In keeping with the Trek Endowment allocation guiding principles established in June 2021, the recommended increase to the flat real spend will be split 85%/15% between UBCV and UBCO, roughly in line with student population. Going forward, this allocation principle will be reviewed in an effort to incorporate consideration of strategic priorities of the broader university.

If approved, the additional flat real spend will be allocated as follows in support of the FY24 budget:

- UBCV – Privacy & Information Security \$2.025 million
- UBCV – Sustainment of Indigenous Support \$525 thousand
- UBC – Student Financial Aid \$450 thousand

Undated flat real spend funding and allocations can be seen in the table below:

In notional \$ millions	FY22 Actuals	FY23 Forecast	FY24 Forecast ¹
Total Funding	\$49.2	\$50.2	\$54.2²
Funding Allocations			
On-going internal debt service	14.4	14.4	14.4
President’s Academic Excellence Initiative	12.0	12.0	12.0
Integrated Renewal Program	12.0	12.0	12.0
Medicine Faculty Renewal	6.7	6.9	6.7
UBC Student Financial Support ³	4.1	5.2	5.3
Privacy & Information Security Management ³			2.0
Rent Geared to Income Program	0.5	0.8	0.9
Pharmaceutical Sciences Building – Debt Relief	0.5	0.5	0.5
Indigenous Support ³			0.5
Total Funding Allocations⁴	\$51.6	\$51.8	\$54.2

¹ FY24 forecast is subject to budget approval

² Previously approved \$51.2 million plus recommended \$3.0 million

³ \$3m additional funding is subject to Board approval

⁴ Reserves were used to offset funding shortfall in FY22



SUBJECT	2023-2024 UBC Budget
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REQUEST	APPROVAL REQUESTED IT IS HEREBY RESOLVED that the Finance Committee recommends to the Board of Governors approval of Fiscal 2023-2024 UBC Budget.
LEAD EXECUTIVE	Frank Laezza, Vice-President Finance & Operations
SUPPORTED BY	Lesley Cormack, Deputy Vice-Chancellor and Principal, UBC Okanagan Gage Averill, Provost and Vice-President Academic, UBC Vancouver Rehan Sadiq, Provost and Vice-President Academic, UBC Okanagan Yale Loh, Treasurer Rob Einarson, Associate Vice-President Finance & Operations, UBC Okanagan Matt Boydston, Interim Comptroller David Shorthouse, Executive Director, Academic Initiatives Lucy Li, Associate Director, Strategic Implementation Sarah Goold, Treasury Manager, Financial Planning & Analysis

PRIOR SUBMISSIONS

The subject matter of this submission was considered during the [March 22, 2023](#) Finance Committee meeting.

EXECUTIVE SUMMARY

For 2023-2024, UBC is projecting a balanced operating budget, as detailed in the table below, compared to the Q3 forecasted operating deficit of \$32 million for 2022-2023. While the 2023-2024 operating budget is anticipated to be balanced at the institutional level, it is important to note that many faculties and administrative units face growing cost pressure as a result of increases to faculty and staff salaries that are outpacing available incremental revenue.

Operating Budget (in \$millions)	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	Variance
Operating Fund Revenues	2,174	2,313	2,523	210
Operating Fund Expenses	1,992	2,190	2,425	(235)
Interfund Transfers and Internal Transactions	23	83	32	51
Investments in Capital Assets	71	72	66	6
Operating Budget Surplus / (Deficit)	88	(32)	0	32

The consolidated budget, which includes both restricted funding that is set aside for specific purposes (such as capital projects or research) as well as the operating budget, is projecting a surplus of \$85 million, as detailed in the table below:

Consolidated Budget (All Funds) <i>(in \$millions)</i>	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	Variance
Consolidated Revenues	3,207	3,379	3,654	275
Consolidated Expenses	3,046	3,279	3,569	(290)
Consolidated Budget (All Funds) Surplus / (Deficit)	161	100	85	(15)

It should be noted that the consolidated surplus of \$85m is restricted in nature and cannot be used for general operating purposes such as paying salaries and benefits.

Fiscal 2023-2024 Budget Context

Although UBC's long-term financial position remains strong, the university is operating in an environment of fiscal restraint as a result of rising costs and constrained revenue. This year, and into future years, the combination of rising salary costs, unprecedented global inflation impacting non-labour costs, and slower growth of domestic and international student enrolment over prior years will require conservative financial strategies and proactive approaches.

Strategic Investments

UBC continues to face financial pressure as a result of lower than anticipated student enrolment, rising salary costs, and high levels of inflation impacting non-salary expenses. Within this context of fiscal restraint, revenue growth in 2023-2024 will be used to cover inflationary costs, enhance services and supports for students, and invest in areas of critical academic importance or that reduce risk to the university.

The table below provides a summary of investments from incremental operating funds, the Academic Excellence Funds (AEF), and UBC Okanagan Excellence Fund (EF) that advance both UBC's strategic priorities, as articulated in the university's strategic plan and the President's priorities. These investments include the total amounts for 2023-2024 planned from the AEF and EF, as well as incremental operating funding allocated as part of the budget process from both new budget asks and prior commitments.

UBC Strategic Investments (2023/24)

(in \$thousands)

	TOTAL	UBC Vancouver		UBC Okanagan	
		Operating, AED and EF	Operating Fund	Academic Excellence Fund (AEF)	Operating Fund
Student Priorities	23,357	2,876	16,457	1,266	2,758
Indigenous Reconciliation	12,663	2,173	9,196	269	1,025
Equity, Diversity and Inclusion	13,028	1,459	10,226	50	1,293
Academic Transformation & Research Excellence	82,971	6,938	61,168	584	14,281
Climate Action & Sustainability	3,142	1,342	1,685	115	-
Operational Excellence	12,930	10,185	783	1,962	-
Sustainment, Risk, Compliance Actions	35,309	29,970	4,106	1,164	69
Strategic Investments - total	183,400	54,943	103,621	5,410	19,426

The following are some highlights of critical initiatives being supported by these strategic investments.

Supporting Students

UBC Vancouver investments include supporting the initiatives identified in the Student Affordability Task Force recommendations; food security; critical student mental health and wellbeing support; the President's Recruitment/International Doctoral Fellowship Awards; and expansion of the UBC Public Scholars Initiative, the Work Learn Program, and Jump Start for all first-year students.

UBC Okanagan investments include support for the minimum funding guarantee for PhD students; Indigenous Graduate Student Entrance and International Doctoral Fellowships; the Work Study program; the Disability Resource Centre (DRC) Access; Destination UBC; the International Impact Scholarship; graduate student space; the Black Resource Centre; and the introduction of a graduate student internship program.

Indigenous Reconciliation

UBC Vancouver investments include support for initiatives identified in the Indigenous Strategic Plan, including for the Office of Indigenous Strategic Investments and the Indigenous Research Support Initiative; Indigenous curriculum support; funding for the Residential School History and Dialogue Centre; Indigenous student awards and support for the Indigenous Student Collegium.

UBC Okanagan investments include increased support for the development of the Bachelor of Nsyilxcn Language Fluency and the Bachelor of Nłeʔkepmxcín Language Fluency; support for Indigenous initiatives and staffing, including an Indigenous Initiatives Coordinator, an Admissions Advisor for Indigenous applicants, and Indigenous Community Liaison; and support for the development of a Wildland Fire Ecology and Management Program (WFEM) in the Faculty of Science.

Equity, Diversity, and Inclusion

UBC Vancouver investments include funding to support IBPOC hiring, anti-racism initiatives, and the Beyond Tomorrow Scholars Program; staffing investments, including a Human Rights Advisor in Anti-Racism, Executive Director of Operations, Equity and Inclusion Office, and Former Youth-in-Care Enrolment Services Advisor; and EDI awards for Black graduate students.

UBC Okanagan investments include a new Associate Provost, Inclusion, Diversity, Equity, Anti-racism appointment; increased support for the Beyond Tomorrow Scholars Program; nine strategic IBPOC hires through the Accelerate Phase of the President's Academic Excellence Initiative; and funding for a Student Recruiter Advisor to support IBPOC initiatives.

Academic Transformation and Research Excellence

UBC Vancouver investments include support for the Integrated Renewal Program, the new School of Biomedical Engineering building, the Clean Energy Research Centre, and the Canada 150 Research and President's Excellence Chairs; investments in Research Clusters, grants, and awards; as well as expansion of student financial aid to attract and retain top graduate students and initiatives to support student recruitment.

UBC Okanagan investments include increased support for the Principal's Research Chairs program; continued investment in the Aspire Research Fund, the Eminence Program, and the Research Infrastructure Fund; support for programming, including the implementation of the Master of Design and the Interdisciplinary Graduate Program; continued investment in space and capital planning to address the acute academic space needs of the campus.

Climate Action and Sustainability

UBC Vancouver investments include support for the implementation of Climate Action Plan 2030, Zero Waste and Neighbourhood Climate Action, including funding for staffing and operational costs for the Sustainability Hub, the Social Ecological Economic Development Studies (SEEDS) Sustainability Program; as well as funding to expand student-led research and to implement the strategic priorities associated with Climate Emergency Task Force recommendations.

UBC Okanagan investments include a project planner for the Campus Plan and Transportation Plan.

Operational Excellence

UBC Vancouver investments include expanding critical capacity for UBC's fundraising campaign, advance the Campus Vision 2050 long-term planning process, and advocacy for rapid transit to campus; continue to support the modernization of UBC's student information system; and initiatives to help the university focus limited resources and optimize our processes and operations through the Operational Excellence department.

UBC Okanagan investments include funding of contract increases to maintain and improve upon delivery of core campus operations, including updates to the campus plan, staffing, and campus promotion and recruitment.

Sustainment/Risk/Compliance Action

UBC Vancouver investments include renovation costs for UBC Robson Square; matching provincial funding for capital costs and investing in critical emergency response infrastructure for the Vancouver campus; increases in insurance premiums and programs and commodities rate increases; continued investments in privacy and information security to reduce the university's risks; and expand staffing to support regulatory compliance, continuity, and safety requirements.

UBC Okanagan investments include investments in IT staffing to complete mandatory operating system upgrades on research computers and addressing network infrastructure and file storage capacity; academic integrity initiatives; and a Campus Security Communications Coordinator.

Conclusion

Budget 2023-2024 carefully balances investing in strategic priorities that lay the groundwork for a strong future with operational needs and long-term financial sustainability. While uncertainty remains across some areas, we emphasize that UBC's financial position is prudently overseen by the university's Board of Governors, the Audit and the Finance Committees of the Board, and Executive, and that our liquidity position is forecast to remain healthy during 2023-2024. Leading credit rating agencies continue to consider UBC as having a "very strong financial profile" and rate UBC's financial obligations as high quality and very low credit risk. In December 2022, Moody's Investor Service, who assessed UBC to have an "outstanding market position", reaffirmed the university's Aa1 rating, and in March 2023 the university was re-issued an AA+ rating from Standard and Poor's.

With this context in mind, we are pleased to recommend the 2023-2024 Budget for The University of British Columbia for approval by the Board of Governors.

APPENDICES

1. 2023-2024 UBC Budget

PRESENTATIONS

1. UBC Budget 2023-2024 (Vancouver and Okanagan)



MARCH 2023

2023/24 Budget



THE UNIVERSITY OF BRITISH COLUMBIA

Table of Contents

LETTER FROM THE PRESIDENT	3
EXECUTIVE SUMMARY	4
STRATEGIC INVESTMENTS	6
Vancouver Campus Investments.....	7
Okanagan Campus Investments.....	8
President’s Academic Excellence Initiative (PAEI).....	10
UNIVERSITY BUDGET PROCESS	11
The Budget Process.....	11
Alignment with UBC’s Strategic Priorities	12
Budget Framework.....	13
Budget Assumptions and Risks.....	14
OPERATING BUDGET.....	17
University Operating Revenues.....	17
Vancouver Campus Operating Budget	20
Okanagan Campus Operating Budget	25
CONSOLIDATED FINANCIAL BUDGET	29
Related Entities	32
CAPITAL BUDGET	33
RESEARCH BUDGET.....	36
ENDOWMENT BUDGET	38
APPENDIX: CONSOLIDATED STATEMENTS FOR BOARD APPROVAL	42
Consolidated Statement of Operations – By Function.....	43
Consolidated Statement of Changes in Net Debt	44
.....	45

Letter from the President

As a leader in learning, teaching, and research, UBC is a vital contributor to provincial, national, and global development, social well-being, and environmental health. As a public university, UBC is a source of talent, ideas, and innovation that respond to the crises of climate and sustainability, advance health and medical solutions, and foster improved social and economic conditions. UBC's contributions in these areas have never been more critical.

The fiscal year 2023/24 budget furthers academic excellence by building capacity in research and teaching, investing in stated priorities, and responding to the financial challenges at this stage in the global pandemic and macroeconomic downturn. Planning for the 2023/24 budget began at a time when global economic deceleration and rising inflation were intensifying financial challenges for the UBC community and putting pressure on all areas of the university's operations.

Budget 2023/24 advances UBC's vision of inspiring people, ideas, and actions for a better world and furthers our academic priorities as articulated in our strategic plan by prioritizing our investments and prudent stewarding of our resources. Key highlights include:

- New and continuing investments in 1) recruiting and retaining exemplary students, faculty, and staff; 2) world-class research infrastructure; and 3) providing an excellent student learning experience, both inside and outside the classroom.
- Support for the recommendations of the Student Affordability Task Force Report to lower financial barriers for existing and incoming students, as well as funding for critical student mental health and wellbeing supports.
- Investments in implementing the Indigenous Strategic Plan.
- Funding for the implementation of the Inclusion Action Plan and Anti-Racism and Inclusive Excellence Task Force recommendations.
- Support for our ambitious climate action plans, advancing the work of the Climate Emergency Task Force, and funding to develop and institute climate solutions.

UBC continues to chart an ambitious vision to be the most research-intensive university in Canada, a leading innovator in teaching and learning, a champion of the student experience, and among the top ten public universities in the world. This financial plan will help to move us along this path while ensuring that UBC continues to become an even more diverse, inclusive, and equitable community.

Sincerely,

Professor Deborah Buszard
Interim President and Vice-Chancellor

Executive Summary

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 primary aim of UBC's annual budget process is to ensure the long-term financial sustainability of the university and that limited financial resources are targeted towards academic priorities, as articulated in the President's priorities and *Shaping UBC's Next Century*, UBC's strategic plan.

The budget is informed by relevant economic and political factors, risk assessments, assumptions, and the Government of BC's mandate for UBC. The university's budget process involves many months of collaborative planning across the faculties, administrative units, and stakeholders at both campuses, culminating in its presentation to the Board of Governors for approval. The university's budget model and planning processes are described in more detail in this report.

The 2023/24 Budget

Although UBC's long-term financial position remains strong, the university is operating in an environment of fiscal restraint as a result of rising costs and constrained revenue. This year, and into future years, the combination of rising salary costs, unprecedented global inflation impacting non-labour costs, and slower growth of domestic and international student enrolment over prior years will require conservative financial strategies and proactive approaches.

UBC's operating budget—the unrestricted funds that cover the university's core operations and activities—is projecting a balanced position in 2023/24 which supports the university's long-term financial stability. While the operating budget is anticipated to be balanced at the institutional level, it is important to note that many faculties and administrative units face growing cost pressures as a result of increases to faculty and staff salaries that are outpacing available incremental revenue. These are established by collective agreements and contractual obligations to appropriately compensate university employees. The university will need to continue to focus on new revenue sources and operational efficiencies to provide capacity for both new investments and maintaining current activity levels.

Operating Budget <i>(in \$millions)</i>	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	Variance
Operating Fund Revenues	2,174	2,313	2,523	210
Operating Fund Expenses	1,992	2,190	2,425	(235)
Interfund Transfers and Internal Transactions	23	83	32	51
Investments in Capital Assets	71	72	66	6
Operating Budget Surplus / (Deficit)	88	(32)	0	32

The focus of UBC's budget planning is allocating the operating budget, or the unrestricted funds. Budget 2023/24 includes strategic 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.

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The consolidated budget, which incorporates the operating budget and also includes restricted funding that is set aside for specific purposes (such as capital projects or research), is projecting a surplus of \$85 million. UBC is required by the BC provincial government to produce at least a balanced result on a consolidated basis.

Consolidated Budget (All Funds) <i>(in \$millions)</i>	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	Variance
Consolidated Revenues	3,207	3,379	3,654	275
Consolidated Expenses	3,046	3,279	3,569	(290)
Consolidated Budget (All Funds) Surplus / (Deficit)	161	100	85	(15)

UBC consistently ranks as one of the world's top research universities, and is projected to attract \$708 million in total research funding in 2023/24 — up from \$662 million in 2022/23. Funding from Tri-Agency is expected to remain flat, with minor increases from other government agencies and non-profits.

The UBC Endowment Fund supports teaching, research, student financial aid programs, campus infrastructure, and student and faculty housing. UBC's endowment is projected to grow to \$3 billion, inclusive of land development endowments. The endowments provide approximately \$129 million in spendable investment income annually, spent in accordance with the terms of each endowment.

In 2023/24, total capital expenditures of \$662 million are planned — up from \$496 million in 2022/23. This includes \$399 million towards major capital projects planned or underway including:

- Activate Recreation Center,
- Beaty Biodiversity Centre Addition,
- Brock Commons Phase 2,
- Food and Beverage Innovation Centre,
- Gateway Building,
- Museum of Anthropology - Great Hall Renewal,
- Sauder School of Business Power House Expansion,
- School of Biomedical Engineering Building,
- Surrey City Centre 1,
- UBCO Interdisciplinary Collaboration and Innovation Building, and
- UBCO Downtown Kelowna Project.

Budget 2023/24 carefully balances investing in strategic priorities that lay the groundwork for a strong future with operational needs and long-term financial sustainability. While uncertainty remains across some areas, we emphasize that UBC's financial position is prudently overseen by the university's Board of Governors, the Audit and the Finance Committees of the Board, and Executive, and that our liquidity position is forecast to remain healthy during 2023-2024. Leading credit rating agencies continue to consider UBC as having a "very strong financial profile" and rate UBC's financial obligations as high quality and very low credit risk. In December 2022, the Moody's Investors Service, who assessed UBC to have an "outstanding market position", reaffirmed the university's Aa1, and in March 2023 the university was re-issued an AA+ rating from Standard and Poor's.

Strategic Investments

UBC continues to face financial pressure as a result of lower than anticipated student enrolment, rising salary costs, and high levels of inflation impacting non-salary expenses. Within this context of fiscal restraint, revenue growth in 2023/24 will be used to cover inflationary costs, enhance services and supports for students, and invest in areas of critical academic importance or that reduce risk to the university.

Through the annual budget planning process, revenue available for allocation for new strategic initiatives is identified after pre-determined allocations to faculties, the UBC Vancouver Academic Excellence Funds (AEF), the UBC Okanagan Excellence Fund (EF), and Student Financial Aid. Through this process, allocations from incremental operating funding and the AEF and the EF are proposed for priority investments that advance UBC’s strategic priorities. The university’s budget model and planning processes are described in more detail in the following sections of this report.

Academic Excellence Funds (AEF) and UBC Okanagan Excellence Fund (EF)

The AEF and the EF are intended to enhance UBC’s long-term research and educational excellence. Through targeted strategic investments on both campuses, the funds ensure UBC is:

- Recruiting and retaining exemplary students, faculty, and staff;
- Building and supporting world class infrastructure to enable innovative 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.

Budget 2023/24 includes investments from incremental operating funds, the AEF, and EF that advance both UBC’s strategic priorities, as articulated in the university’s strategic plan and the President’s priorities. The following table provides a snapshot of allocations:

UBC Strategic Investments (2023/24) <i>(in \$thousands)</i>	Total	UBC Vancouver		UBC Okanagan	
	Operating, AEF, and EF	Operating Fund	Academic Excellence Fund (AEF)	Operating Fund	Excellence Fund (EF)
Student Priorities	23,357	2,876	16,457	1,266	2,758
Indigenous Reconciliation	12,663	2,173	9,196	269	1,025
Equity, Diversity and Inclusion	13,028	1,459	10,226	50	1,293
Academic Transformation & Research Excellence	82,971	6,938	61,168	584	14,281
Climate Action & Sustainability	3,142	1,342	1,685	115	-
Operational Excellence	12,930	10,185	783	1,962	-
Sustainment, Risk, Compliance Actions	35,309	29,970	4,106	1,164	69
Total Strategic Investments	183,400	54,943	103,621	5,410	19,426

The above strategic investments include the total amounts for 2023/24 planned from the AEF and EF, as well as incremental operating funding allocated as part of the budget process from both new budget asks and prior commitments.

Vancouver Campus Investments

Priority Operating Investments

In 2023/24, \$54.9 million in incremental operating funding is allocated to new requests and to cover previously approved commitments. UBC Vancouver has made allocations across the following categories:

- **Supporting Students:** For investments in the first-year experience and food security and to continue to provide critical student mental health and wellbeing support.
- **Indigenous Reconciliation:** To continue to support Indigenous Strategic Plan initiatives, including creating permanent staff positions; Indigenous curriculum support through the Centre for Teaching, Learning, and Technology; funding for the Residential School History and Dialogue Centre; additional support for the Learning Exchange; and other Indigenous strategic priorities.
- **Equity, Diversity, and Inclusion:** To support anti-racism initiatives and the Beyond Tomorrow Scholars Program as well as staffing investments, including a Human Rights Advisor in Anti-Racism, Executive Director of Operations, Equity and Inclusion Office, and Former Youth-in-Care Enrolment Services Advisor.
- **Academic Transformation and Research:** To cover inflationary costs for library collections, and undergraduate admissions and personal profile reading, as well as faculty salary increases; expansion of student financial aid to attract and retain top graduate students and initiatives to support student recruitment; and new or expanded positions in research, the Institute for Veterans Education and Transition, and the Voyages Gallery.
- **Climate Action and Sustainability:** To support the implementation of Climate Action Plan 2030, Zero Waste and Neighbourhood Climate Action, including funding for staffing and operational costs for the Sustainability Hub, the Social Ecological Economic Development Studies (SEEDS) Sustainability Program; as well as funding to expand student-led research and to implement the strategic priorities associated with Climate Emergency Task Force recommendations.
- **Operational Excellence:** To expand critical capacity for UBC's fundraising campaign, advance the Campus Vision 2050 long-term planning process, and advocacy for rapid transit to campus; continue to support the modernization of UBC's student information system; and initiatives to help the university focus limited resources and optimize our processes and operations through the Operational Excellence department.
- **Sustainment/Risk/Compliance Action:** For renovation costs for UBC Robson Square; matching provincial funding for capital costs and investing in critical emergency response infrastructure for the Vancouver campus; increases in insurance premiums and programs and commodities rate increases; continued investments in privacy and information security to reduce the university's risks; and expand staffing to support regulatory compliance, continuity, and safety requirements.

Academic Excellence Funds (AEF) Investments

On the Vancouver campus, a total of \$103.6 million in funding from the AEF is planned for 2023/24 across initiatives that support UBC's strategic priorities, as articulated in the university's strategic plan and the President's priorities. Highlights of planned investments for the coming year include:

- **Supporting Students:** To invest in initiatives identified in the Student Affordability Task Force recommendations, including matching funding for the Open Educational Resources Impact Award;

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maintain student support service levels in the Learning Technology Hub; investments in the Koerner Grad Space, the Digital Scholarship in Arts Pilot Program, and the President's Recruitment/International Doctoral Fellowship Award; and expansion of the UBC Public Scholars Initiative, the Work Learn Program, and Jump Start for all first-year students.

- **Indigenous Reconciliation:** To support the implementation of the Indigenous Strategic Plan, including the Office of Indigenous Strategic Investments and the Indigenous Research Support Initiative; staffing, including an Admissions Advisor and Community Liaison Manager for Indigenous students, an Indigenous Education and Advancement Manager/Director, Indigenous faculty positions; support for Indigenous curriculum, awards for Indigenous graduate students, investments in postdoctoral and bridge fellowships for emerging Indigenous scholars the First Nations House of Learning, and the Indigenous Student Collegium.
- **Equity, Diversity, and Inclusion:** Funding to support IBPOC hiring, the Community-University Engagement Support Fund, the Student Affordability Taskforce initiatives, and EDI awards for Black graduate students; investments in postdoctoral and bridge fellowships for emerging black scholars; and support for the Centre for Asian Canadian Research and Engagement.
- **Academic Transformation and Research:** For investments in the Integrated Renewal Program, the new School of Biomedical Engineering building, the Clean Energy Research Centre, the Dairy Research and Education Centre, Peter Allard School of Law expansion, Canada 150 Research and President's Excellence Chairs, matching funds to support the UBC Farm Building Project, support for the BioHub and Bio Centre, renovations for the Faculty of Dentistry, professional student study and interaction space, funding for President's Academic Excellence Initiative positions; Research Clusters, grants and awards.
- **Climate Action and Sustainability:** Funding to expand the Beaty Centre for Biodiversity and investments in the Centre for Climate and Environmental Justice, to develop and institute climate solutions, and to support implementation of the Climate Emergency Task Force's strategic priorities and recommendations.
- **Operational Excellence:** To reclassify salaries based on employment markets and cover impacts related to international tuition loss.
- **Sustainment/Risk/Compliance Action:** For staff and faculty cost increases.

Okanagan Campus Investments

Priority Operating Investments

In 2023/24, \$5.4 million in incremental operating funding is allocated to new requests (\$2.7 million) and to cover previously approved commitments (\$2.7 million). UBC has made allocations across the following categories:

- **Supporting Students:** Investments in the Disability Resource Centre (DRC) Access and Destination UBC, as well as staffing, including a Sexual Violence Prevention Specialist, Senior Academic Scheduler, Learning Strategist, Associate International Student Recruiter/Advisor, and wage increases for Student Ambassadors.
- **Indigenous Reconciliation:** For an Indigenous Initiatives Librarian to support language fluency programs; support for Indigenous initiatives and staffing, including an Indigenous Initiatives Coordinator and

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Indigenous Community Liaison; and restructuring and appropriately resourcing the Indigenous Affairs Office.

- **Equity, Diversity & Inclusion:** For a new Associate Provost, Inclusion, Diversity, Equity, Anti-racism appointment and investments in the Beyond Tomorrow Scholars Program.
- **Academic Transformation and Research:** Investments in UBCO Debates and staffing, a University-Industry Liaison Office Project Facilitation Officer, entrepreneurship@UBC Director, Events and Knowledge Translation, and Makerspace Manager role.
- **Climate Action and Sustainability:** For a project planner for the Campus Plan and Transportation Plan.
- **Operational Excellence:** To maintain and improve upon delivery of core campus operations, including updates to the campus plan, staffing, and campus promotion and recruitment.
- **Sustainment/Risk/Compliance Action:** For Integrated Service Centre contributions, investments in IT staffing and file storage capacity, and addressing network infrastructure.

Excellence Fund (EF) Investments

On the Okanagan campus, a total of \$19.4 million in funding from the EF is planned for 2023/24 across initiatives that support UBC's strategic priorities, as articulated in the university's strategic plan and the President's priorities. The EF continues to have an immense impact on the campus. Highlights of planned investments for the coming year include:

- **Supporting Students:** For minimum funding guarantee for PhD students; Indigenous Graduate Student Entrance and International Doctoral Fellowships; the Work Study program; the International Impact Scholarship; graduate student space; the Black Resource Centre; and the introduction of a graduate student internship program.
- **Indigenous Reconciliation:** For increased support for the development of the Bachelor of Nsyilxcn Language Fluency and the Bachelor of Nt̓eʔkepmxcín Language Fluency; funding for an Admissions Advisor for Indigenous applicants, an Indigenous Programs and Services Events, and Program Manager; support for the Summer Indigenous Art Initiative, Indigenous Engineering PhD Cohort Pilot, and Indigenous Research Mentorship; and support for the development of a Wildland Fire Ecology and Management Program (WFEM) in the Faculty of Science.
- **Equity, Diversity & Inclusion:** For increased investment in the Beyond Tomorrow Scholars Program; nine strategic IBPOC hires through the Accelerate Phase of the President's Academic Excellence Initiative; and funding for a Student Recruiter Advisor to support IBPOC initiatives.
- **Academic Transformation and Research:** Increased support for the Principal's Research Chairs program; continued investment in the Aspire Research Fund, the Eminence Program, the Research and Innovation Patent Fund, and the Research Infrastructure Fund to enable research excellence; continued investment in support of programming, including the implementation of the Master of Design, the Doctor of Education, and the Interdisciplinary Graduate Program; continued support for student research, including the summer multidisciplinary undergraduate research projects in Health, and the learning resource service conservations; as well as continued investment in space and capital planning to address the acute academic space needs of the campus.
- **Sustainment, Risk, Compliance Actions:** For academic integrity initiatives.

President’s Academic Excellence Initiative (PAEI)

The President’s Academic Excellence Initiative (PAEI) is an initiative aimed at elevating the research impact of UBC. The program is focused on recruitment of professors at all levels (with a focus on junior and up and coming) who conduct leading edge research; and to provide supports to them both from a professional and personal basis in order for them to focus on their intellectual leadership. Funding for this program is a combination of Academic Excellence Funds (AEF), central operating funds and TREK Endowment Funds.

PAEI is comprised of two programs:

- a. Accelerate – this program has been approved to hire 84 faculty members over a period of four years starting FY21 across UBC Vancouver and 9 across UBC Okanagan.
- b. Campaign – this program has been approved to hire 16 faculty members to date (Phase 1 and 2) with pending approval of a future phase by BOG for FY24 onward. This program leverages matching philanthropic gifts to support salary costs of chairs and professorships either on a term or endowed basis. To date 8 endowments have been established that will enable recruitment to start for 8 of the chairs/professorships.

University Budget Process

Working closely with the UBC Vice-President Finance and Operations, the UBC Vancouver Provost and UBC Okanagan Deputy-Vice-Chancellor and Principal have overall responsibility for ensuring the budget is developed in relation to UBC’s academic priorities.

The budget represents the financial plan for the university — it serves as a roadmap for allocating 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 2023/24 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 within the central units and embedded within faculties and administration units — 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 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 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:

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- Faculty and administrative unit leadership, through individual strategic budget meetings as well as financial forecast/outlook sessions
- Deans
- Academic heads/directors of units
- Associate vice-presidents and senior staff
- Indigenous Strategic Plan Executive Advisory Committee (ISPEAC) 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 2023/24 budget process at UBCV, strategic budget meetings were held with each area in November 2022 to explore in-depth priorities, cost pressures, as well as identify new revenue/funding opportunities and potential cost savings initiatives. These meetings were followed by a Deans' retreat in December 2022, where common and unit specific financial issues were shared. Additionally, financial forecast/outlook sessions were completed in February 2023 to share updated information through the third quarter forecast process as a comparison to the 2023/24 Budget. Executive meetings were held in November and December 2022 to review all the 2023/24 incremental budget asks brought forward through these strategic meetings. This was a rigorous process where budget asks were presented, explained, and approved by the Executive, leading to an overall recommended funding allocation and the 2023/24 Budget.

At UBCO, the Budget Committee met in November and December 2022 to review requests from administrative units for incremental operating funding. Final recommendations on budget allocations for 2023/24 were made by UBCO budget committee in January and February 2023, reflecting firmer revenue projections for the coming year and after appropriate engagement with the relevant stakeholders had taken place. In spite of limited incremental resources available for the upcoming year an extensive process reviewed all requests for funding and implications of decisions by UBCO leadership.

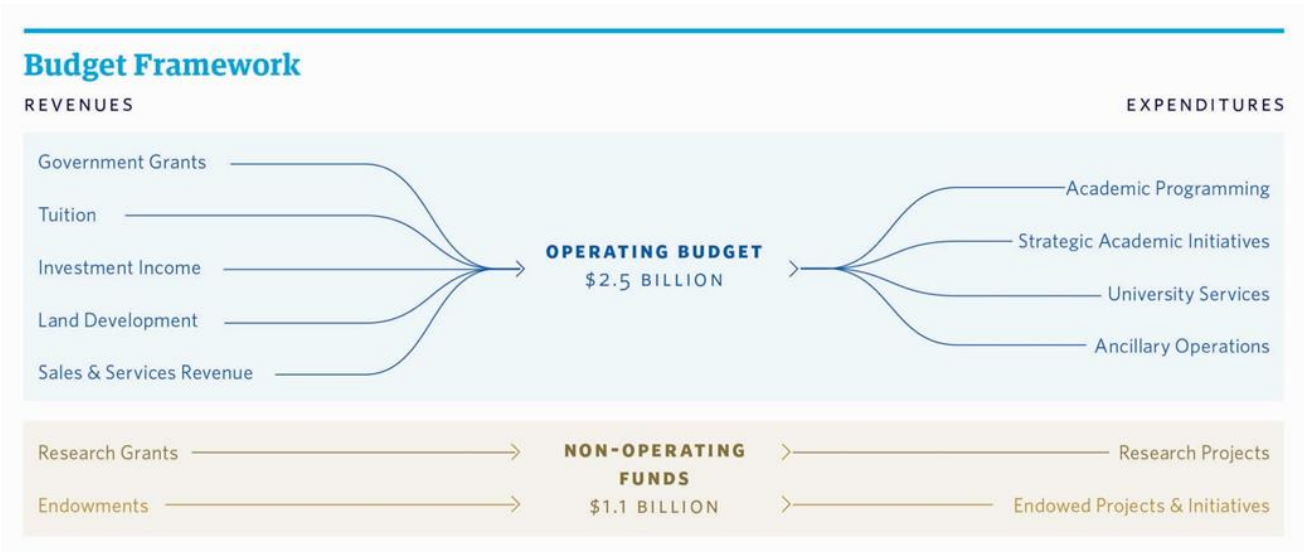
These processes ensure that financial planning across the university is aligned with UBC's strategic priorities and encourages collaboration and knowledge sharing across all academic and administrative groups.

The Budget is presented for the approval of UBC's Board of Governors and covers the fiscal year from April 1, 2023, to March 31, 2024.

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 expenditures. The intention of this 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 2023/24 is as follows:



Plans for capital expenditures 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 as well as land development proceeds, and
- Research overheads and indirect costs of research funds received from the federal government.

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 cost expenditures and internal loans for capital projects) are at equivalent levels.

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The Province of British Columbia provides an operating grant totaling an estimated \$941m to the university to support the teaching of domestic undergraduate and graduate students in selected degree-granting programs. Of this, \$841m is designated for UBC Vancouver and \$100m for UBC Okanagan.

The provincial operating grant funds the full-time equivalent (normal load FTE) enrolment of 30,303 full-time domestic undergraduate and 5,952 graduate students in Vancouver, and 7,035 domestic undergraduate and 157 graduate students in the Okanagan. There are some specific enrolment targets, primarily in the health professions, sciences, education, and engineering. In 2023/24 UBC expects to exceed the provincial enrolment targets by approximately 2,940 domestic undergraduate students and 4,522 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. Approximately 7.5% of tuition is allocated to support SFA 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). The remaining tuition revenue is allocated to the Vancouver operating fund for core operating and support services and strategic priorities. It should be noted that the allocation methodology for the Academic Excellence Funds is currently under review and a change may be made at some point in 2023/24. The outcome of the review is not known at the time this budget has been prepared.

Budget Assumptions and Risks

Budget Assumptions

As part of the budget development process, the university outlines key assumptions that are utilized by units across the organization in the development of their budgets. Major assumptions used in the development of the 2023/24 budget include:

General Wage Increase (GWI) Costs and Funding

Many of UBC's collective agreements with different bargaining units expired in the 2022/23 fiscal year and collective bargaining is still underway for some. The outcomes of collective bargaining may have both retroactive and forward-looking financial impacts. Incremental costs for bargaining units that have not yet been settled have been assumed to be in line with the 2022 Shared Recovery Mandate set by the Public Sector Employers' Council (PSEC), estimated at 3.24% retroactive into 2022/23, and 6% for 2023/24. It is also assumed that equivalent funding to cover GWI costs will be received from the provincial government.

Operating Funding Allocations

As started in 2020/21, a one-time reduction of 1% of total general purpose operating funding for all UBC administrative units is planned (reduced from a 2% reduction in 2022/23).

Tuition Increases

As approved by the Board of Governors in December 2022, tuition increases are assumed at 2% for all domestic students. International students will see increases of 3% for continuing students, and 5% for new students, except for continuing international graduate students enrolled in programs with standard rate tuition which will increase by 2%.

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Inflation

A general consumer price index (CPI) rate of 3% is assumed for 2023/24. Other more granular rates are applied where increases are forecasted to be higher than this, such as for utilities that are forecasted to increase from between 3% to 12%, depending on the commodity type.

Capital Assets

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.

Budget Risks

There are many financial risks to the university, driven by both internal and external factors, that may have an impact on the financial outcomes in 2023/24. These risks are monitored carefully by the university as part of ongoing financial and operational diligence. Major risks include:

Inflation

Unprecedented global inflation has had a material impact on UBC's operating expenses and capital construction costs. A general continuation of inflation above UBC's assumptions could significantly impact overall costs.

Self-Funded Compensation Increases

As noted in the assumptions above, collective bargaining is currently underway with many bargaining units. It is assumed that settlements will fall within the provincial government mandates for General Wage Increases and that the university will receive funding for these increases. However, if a settlement results in compensation increases beyond funding received by the Province (i.e., only due to binding interest arbitration), the university must find resources or efficiencies to self-fund increases beyond government funding.

Employment Market

UBC has a sustained reputation as a top employer across the province and beyond and the ability to attract and retain talent is key to UBC's success. Increased competition in the labour market for critical positions, and a higher cost of living in British Columbia, may increase overall compensation costs.

Operating Contingency Utilization

Available incremental operating funding is reviewed annually. As part of the budget process the total operating contingency is assessed against future commitments to determine available allocations towards strategic initiatives. Allocations of funding are based on current known strategic initiatives that have been prioritized, and projections of funding required for additional commitments into future years. Any increased demands on the operating contingency not already projected for current or future commitments will impact overall results.

Foreign Exchange

The university has material recurring financial commitments that are often paid in US and other foreign currencies. This includes significant library acquisitions that are paid in US dollars, and many others. Any unfavorable changes in the exchange rate put significant financial strain on units that make such purchases.

Enrolment

UBC carefully manages its anticipated enrolment annually, in separate processes that involve the Senates of both campuses, the Financial Planning and Analysis (FP&A) team, Enrolment Services, the faculties, the Planning and Institutional Research (PAIR) team, and many others. However, unanticipated changes in

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number of students enrolled, or in the number of courses taken on average per student, can impact overall tuition revenues. International enrolment is particularly vulnerable to increased risk due to factors such as changing immigration or study permit policies, government sponsorships, and others.

Operating Budget

The consolidated operating budget for 2023/24 (Vancouver and Okanagan combined) is a projected balanced position, as summarized in the financial statement below:

	2021/22 Actuals	2022/23 Forecast	2023/24 Plan
Operating Budget <i>(in \$millions)</i>			
Operating Revenues			
Government of British Columbia	736	824	954
Tuition	984	1,004	1,057
Other	454	485	512
Total Revenues	2,174	2,313	2,523
Operating Expenses			
Salaries and benefits	1,505	1,620	1,812
Non salaries	487	570	613
Total Expenses	1,992	2,190	2,425
Internal transfers and activities, and capital expenditures	94	155	98
Excess (deficiency) of revenues over expenses	88	(32)	-
Accumulated reserves - opening	314	402	370
Accumulated reserves - closing	402	370	370

Further details and analysis on the overall operating budget, including details about revenues, expenses, campuses, and units within each campus can be found in the sections that follow.

University Operating Revenues

The operating budget includes all unrestricted revenue received by the university. Most 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 2023/24 is \$2.5b which is further detailed below:

	UBC Total			UBC Vancouver			UBC Okanagan		
	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	2021/22 Actuals	2022/23 Forecast	2023/24 Plan
Operating Revenues <i>(in \$millions)</i>									
Government grants and contracts									
Government of Canada	40	35	35	38	33	33	2	2	2
Government of British Columbia	736	824	954	652	735	854	84	89	100
Other governments	1	1	-	1	1	-	-	-	-
Student Fees - Domestic	390	401	400	339	349	347	51	52	53
Student Fees - International	594	603	657	511	521	569	83	82	88
Sales and services - external	365	446	477	361	441	472	4	5	5
Non-government grants, contracts and donations	17	13	12	16	11	11	1	2	1
Investment income - external	31	(10)	(12)	31	(10)	(12)	-	-	-
Total Revenue	2,174	2,313	2,523	1,949	2,081	2,274	225	232	249

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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 \$130m in 2023/24, from \$824m to \$954m, largely due to the \$101m estimated funding for general wage increases for all bargaining units. Additionally, there are budgeted increases in the Faculty of Medicine and childcare services as well as FTE growth in Health programs on both campuses. A projected deferral of \$21m of the operating grant to restricted capital in 2022/23 contributed to the growth and a similar deferral is not planned in 2023/24.

The Government of Canada grant, budgeted at \$35m, represents the Federal Research Support Fund for the university, and is consistent with prior years.

Tuition Income and Student Enrolment

The university is projecting a total enrolment of 61,496 student FTEs in 2023/24 across both campuses, with details as follows:

	UBC Total			UBC Vancouver			UBC Okanagan		
	2022/23 Forecast	2023/24 Plan	Plan vs. Forecast	2022/23 Forecast	2023/24 Plan	Plan vs. Forecast	2022/23 Forecast	2023/24 Plan	Plan vs. Forecast
Student Enrolment <i>(30-credit FTE)</i>									
Domestic	45,607	44,917	(690)	37,420	36,761	(659)	8,187	8,156	(31)
International	16,358	16,579	221	14,078	14,229	151	2,280	2,350	70
Total	61,965	61,496	(469)	51,498	50,990	(508)	10,467	10,506	39

Domestic tuition

The planned domestic student enrolment (graduate and undergraduate) is 36,761 FTE at the Vancouver campus and 8,156 at the Okanagan campus for 2023/24. This leads to a slight planned decrease of 690 FTE overall, compared to the prior year. During the pandemic, some programs enrolled domestic students above historical targets and this decrease reflects a return to enrolment that aligns closer to provincial targets, factoring in teaching space constraints and available teaching resources. Budget 2023/24 reflects a 2% domestic tuition rate increase, as was approved by the UBC Board of Governors in December 2022.

While the plan includes the 2% domestic tuition rate increase, the overall domestic graduate and undergraduate revenue will decrease approximately \$1m across both campuses due to the overall planned reduction in FTE's.

International tuition

The planned international student enrolment (graduate and undergraduate) is 14,229 FTE at the Vancouver campus and 2,350 FTE at the Okanagan campus. The enrolment plan reflects a slight growth of 221 FTE, mainly in the Faculties of Science, Arts, and UBC Sauder School of Business. Including the approved rate increases (3% for continuing students and 5% for new students), the international student revenue for both graduate and undergraduate will increase by \$54m across both campuses.

Sales and Services – External

Includes ancillary operating revenue in housing and hospitality services, fee-for-service activities across campus, and bill back revenue in UBC Information Technology (UBC IT) and the Faculty of Medicine.

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Sales and services revenue in 2023/24 is expected to be \$30m higher than the prior year primarily due to ancillary units returning to a pre-pandemic state. Additionally, inflationary increases related to both student housing and food services are further driving this growth as costs have necessitated increases in prices.

Investment Income – External

The interest distribution from the operating fund to the Student Housing Financing Endowment (SHFE) and the Main Endowment Pool are budgeted to be higher than the incoming investment income and student fee related internal loan interest income to the operating fund. Not unexpectedly, this has caused a negative revenue balance planned in the 2023/24 budget.

University Operating Expenses and Reserves

Total expenses of \$2.4b are predominantly driven by salaries and benefits which represent approximately 75% of UBC's 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 expense drivers (Salaries and Benefits, Supplies and Sundries, and Student Financial Aid) is outlined below.

	UBC Total			UBC Vancouver			UBC Okanagan		
	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	2021/22 Actuals	2022/23 Forecast	2023/24 Plan
Operating Expenses and Reserves <i>(in Millions)</i>									
Salaries - Academic	566	593	652	498	521	572	68	72	80
Salaries - Student services	75	83	87	65	72	77	10	11	10
Salaries - Staff and purchased	625	688	787	573	630	715	52	58	72
Total Salaries	1,266	1,364	1,526	1,136	1,223	1,364	130	141	162
Employee benefits	239	256	286	215	230	258	24	26	28
Total Salaries and Benefits	1,505	1,620	1,812	1,351	1,453	1,622	154	167	190
Supplies and sundries - external	201	248	273	188	231	256	13	17	17
Cost of good sold	66	77	82	66	77	82	-	-	-
Scholarships, fellowships and bursaries	127	122	136	107	104	116	20	18	20
Travel and field trips	5	19	21	4	16	18	1	3	3
Professional and consulting fees	59	72	69	56	69	66	3	3	3
Grants and reimbursements to other agencies	1	2	2	1	2	2	-	-	-
Utilities	7	9	9	4	6	6	3	3	3
Interest on long term debt - external	21	21	21	21	21	21	-	-	-
Total Expenses	1,992	2,190	2,425	1,798	1,979	2,189	194	211	236
Transfers to (from) non-operating funds	87	153	104	69	131	70	18	22	34
Internal activities	(64)	(70)	(72)	(65)	(70)	(72)	1	-	-
Change in invested in capital assets	71	72	66	65	62	60	6	10	6
Excess (deficiency) of revenues over expenses	88	(32)	-	82	(21)	27	6	(11)	(27)
Accumulated reserves - opening	314	402	370	253	335	314	61	67	56
Accumulated reserves - closing	402	370	370	335	314	341	67	56	29

Salaries and Benefits

The increase of \$192m in salaries and benefits costs includes progress through the ranks (PTR) increases for faculty, merit increases for staff, any applicable market adjustments, and amounts related to general wage increases and benefits. For 2023/24, general wage increases are funded through the provincial grant. It should be noted that with respect to the general wage increase, the 2023/24 rate was based on a 6% increase as opposed to the typical 2% used in past years to cover the provincial shared recovery mandate (SRM).

The remainder of the increase seen within salaries and benefits 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), the

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filling of vacancies, as well as the 2023/24 hiring plan for both faculty and staff on both campuses. For faculties, there will be a planned increase of approximately 94 FTE and for staff a planned increase of approximately 302 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, etc.).

Supplies and Sundries

The increase in supplies and sundries costs of \$25m is primarily due to various IT-related cloud subscriptions, increases to cybersecurity licenses, in-person Vancouver summer programs, anticipated increases for food services revenue, as well as inflationary impacts across all portfolios.

Scholarships, Fellowships, and Bursaries

UBC ensures funds are available for all student financial support, in accordance with established criteria. In 2023/24, UBC is budgeting \$136m for scholarships, fellowships, and bursaries, an increase of \$14m over the previous year. This is driven by projected increases within domestic bursaries due to the anticipated reduction of government student grants to pre-pandemic levels and increased bursary funding within the Bachelor of Education, as the faculty moves out of the post-baccalaureate differentiated bursary program to the general bursary program. Additionally, there is a planned increase to the four-year fellowships for graduate students.

Transfers to (from) Non-operating Funds

The decrease in transfers to non-operating funds is primarily due to several large one-time transfers in 2022/23 related to the Capital Fund (UBC Sauder School of Business Powerhouse Project, Faculty of Arts – construction of Brock Commons, Faculty of Land Food Systems - Dairy Centre's barn renovation, and the Food and Beverage Innovation Centre) partially offset by UBCO's 2023/24 investment in Downtown Kelowna.

Vancouver Campus Operating Budget

The following tables show the 2023/24 projected operating surplus/deficit, non-operating transfers, and capital assets investment.

UBCV - Fiscal 2023/24 (in \$thousands)	Revenues	Expenses	Operating Surplus/ (Deficit)	Transfers and Internal Activities	Invested in Capital Assets	Reserve Addition/ (Draw down)	Ending Reserve Balance
Faculties and Schools	1,131,142	1,127,367	3,775	(12,335)	16,763	(653)	297,440
Central Support Units (incl. ancillaries)	919,720	843,792	75,928	69,153	42,741	(35,966)	3,665
Student Financial Aid	92,015	113,861	(21,846)	(20,164)	-	(1,682)	24,995
Academic Excellence Funds (AEF)	99,436	9,705	89,731	77,814	500	11,417	54,029
President's Academic Excellence Initiative (PAEI)	26,500	240	26,260	14,912	-	11,348	24,381
Campus Wide Expenses	5,099	94,418	(89,319)	(132,242)	300	42,623	(63,543)
UBC Vancouver	2,273,912	2,189,383	84,529	(2,862)	60,304	27,087	340,967

The total reserve addition for the Vancouver campus is \$27.1m, consisting of a net \$42.6m addition to campus-wide, and \$22.8m to AEF and PAEI reserves, partially offset by (\$653k) drawdown from faculties, (\$36.0m) drawdown from central support units and ancillaries, and (\$1.7m) drawdown from Student Financial Aid. Details are included in the sections below.

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Faculties and Schools

Overall, the net position of the faculties is a projected total drawdown of (\$653k) as follows:

UBCV Faculties - Fiscal 2023/24 (in \$thousands)	Revenues	Expenses	Operating Surplus/ (Deficit)	Transfers and Internal Activities	Invested in Capital Assets	Reserve Addition/ (Drawdown)	Ending Reserve Balance
Faculties and Schools	1,131,142	1,127,367	3,775	(12,335)	16,763	(653)	297,440
Faculty of Applied Science	118,797	109,461	9,336	6,148	6,192	(3,004)	44,758
Faculty of Arts	216,798	221,728	(4,930)	374	1,407	(6,711)	31,386
Sauder School of Business	111,889	104,321	7,568	5,086	550	1,932	19,348
Faculty of Dentistry	34,215	31,854	2,361	1,777	379	205	3,153
Faculty of Education	71,847	69,872	1,975	925	992	58	20,863
Faculty of Forestry	32,240	33,530	(1,290)	(352)	500	(1,438)	3,240
Graduate and Postdoctoral Studies	5,943	7,202	(1,259)	(644)	75	(690)	1,125
Faculty of Land and Food Systems	26,380	25,107	1,273	1,168	319	(214)	10,240
Allard School of Law	18,545	21,742	(3,197)	(2,173)	50	(1,074)	(5,135)
Faculty of Medicine	286,899	298,232	(11,333)	(26,055)	4,289	10,433	108,703
Faculty of Pharmaceutical Sciences	28,077	27,757	320	546	64	(290)	13,322
Faculty of Science	179,512	176,561	2,951	865	1,946	140	46,437

Faculty of Applied Science: the reserve drawdown is mainly driven by the one-time expenditures on capital projects to replace and upgrade labs, classrooms and existing building footprints as related to research and teaching needs. While there is significant increasing demand for additional undergraduates, the current infrastructure puts limitations on potential future growth. Opportunities for expansion continue to be a strategic priority for the faculty

Faculty of Arts: the reserve drawdown is mainly due to self-funded salary increases for faculty and merit for staff, as well as capital investments towards the completion of the Asian Centre recording studio, multiple room renovation and upgrades in Geography for students and new faculty. Arts also continues to invest in key activities for the upcoming fiscal year including the ramp up of Workday Student project team, Indigenizing undergraduate curriculum, renewal of Anthropology/Sociology and Jack Bell buildings, and closure of Museum of Anthropology (MOA) for seismic upgrades.

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

Faculty of Forestry: the drawdown in reserve is primarily due to self-funded salary increases for faculty and staff, inflation on operational expenses, capital expenditures to address space issues, and research support for new faculty hires and other collaboration initiatives. Similar to other faculties, Forestry continues to review opportunities including new revenue generation through micro credentials which have been very successful.

Allard School of Law: the drawdown is primarily due to self-funded salary increases for faculty and merit for staff. The School continues to work with the Provost's Office to address the recurring funding gap including opportunities for revenue growth.

Faculty of Medicine: the addition to the reserve is largely driven by temporary surpluses in advance of recurring expenditures relating to the School of Biomedical Engineering Building and ramp up of expansion programs for the Master of Occupational Therapy and Master of Physical Therapy.

While some faculties are financially stabilized, various faculties at Vancouver are facing either one-time or recurring budget pressure in 2023/24. The common challenge is that the operating funding and revenue are not able to keep pace with inflation and increased costs. The university continues to support faculty enhancement

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through hiring plans and new initiatives such as the Academic Excellence Funds, President's Academic Excellence Initiative, and TREK Endowment.

Central Support Units, Ancillaries, and Campus Wide Expenses

Overall, central support units and ancillary operations are projecting a drawdown of reserves by \$36.0m. This is in large part due to inflationary pressures, self-funded positions, deferred activities from prior years that will be completed in 2023/24, and a 1% one-time funding reduction redirected towards areas impacted by the pandemic. This overall drawdown is partially offset by a surplus generated under campus wide expenses, mainly from the principal repayment of internal loans across the university and from reserves built up in AEF and PAEI committed to new faculty renewal initiatives and strategic investments.

UBCV Admin/Central - Fiscal 2023/24 (in \$thousands)	Revenues	Expenses	Operating Surplus/ (Deficit)	Transfers and Internal Activities	Invested in Capital Assets	Reserve Addition/ (Drawdown)	Ending Reserve Balance
Central Support Units (including ancillaries)	919,720	843,792	75,928	69,156	42,742	(35,970)	3,665
Provost and VP Academic	220,595	227,546	(6,951)	(18,798)	20,739	(8,892)	(3,041)
Information Technology	77,611	101,547	(23,936)	(28,028)	6,731	(2,639)	247
Library Services	47,267	32,192	15,075	251	14,743	81	3,182
Enrolment Services	17,019	18,498	(1,479)	(518)	85	(1,046)	(2,353)
Office of the Provost and VP Academic	14,009	14,344	(335)	961	(980)	(316)	3,968
International	13,989	7,807	6,182	6,425	42	(285)	(1,746)
Vantage College	10,553	6,653	3,900	3,701	20	179	554
Other VP Academic Units	40,147	46,505	(6,358)	(1,590)	98	(4,866)	(6,893)
VP Students	368,138	247,518	120,620	116,694	17,305	(13,379)	(11,730)
Student Housing and Community Services	296,600	178,074	118,526	113,598	15,985	(11,057)	(14,938)
Athletics and Recreation	36,954	33,452	3,502	3,254	1,187	(939)	(7,699)
Student Health and Wellbeing	14,488	13,724	764	(168)	56	876	2,379
Student Affairs	12,539	12,756	(217)	6	35	(258)	2,314
Other VP Students Units	7,557	9,512	(1,955)	4	42	(2,001)	6,214
VP Finance and Operations	184,479	194,065	(9,586)	(7,837)	2,885	(4,634)	3,444
AVP Facilities	130,833	134,895	(4,062)	(5,787)	2,653	(928)	2,609
AVP Finance & Operational Excellence	25,392	29,472	(4,080)	(1,991)	117	(2,206)	1,008
Safety and Risk Services	15,777	17,984	(2,207)	(59)	94	(2,242)	(3,619)
Other VP Finance and Operations Units	12,477	11,714	763	-	21	742	3,446
Governance	14,143	16,865	(2,722)	97	170	(2,989)	(1,895)
VP Development and Alumni Engagement	39,779	38,824	955	752	203	-	(1,594)
VP Health	3,046	3,266	(220)	455	60	(735)	3,935
VP External Relations	30,302	35,153	(4,851)	(3,604)	337	(1,584)	(282)
VP Research and Innovation	38,449	48,367	(9,918)	(9,736)	1,000	(1,182)	11,035
VP Human Resources	20,789	32,188	(11,399)	(8,867)	43	(2,575)	3,793
Academic Excellence Funds (AEF)	99,436	9,705	89,731	77,813	500	11,418	54,029
President's Academic Excellence Initiative (PAEI)	26,500	240	26,260	14,912	-	11,348	24,381
Campus Wide Expenses	5,099	94,418	(89,319)	(132,243)	300	42,624	(63,543)

VP Academic portfolio: currently projecting to draw down their reserves due to new activities with approved funding from prior years; non-credit programs with international enrolments slowly returning to pre-pandemic levels (i.e., Vancouver Summer Program, Extended Learning, Go Global Seminars and Future Global Leaders); and self-funded salary progression increases. The VP Academic portfolio is undertaking an administrative optimization project to review alternative different operating models to provide services in a more effective and cost-efficient manner. Additionally, a review of the funding model for UBC Extended Learning is planned to be undertaken in 2023/24.

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VP Students: the reserve drawdown is primarily related to the resumption of the ancillary financial contributions in support of broader UBC activities, as ancillary business units return to nearly pre-pandemic levels. Despite improvements, Conferences and Accommodation's summer business will require additional time to achieve pre-pandemic booking levels. Additionally, campus parking revenues have been impacted by employee remote work options and increased student recreational activities continue to outpace UBC facility availability which continues to result in increased rental costs from outside organizations. The VP Student portfolio will continue to utilize funding on Jumpstart Program affordability, a Strategic Projects and Evaluation team, organizational development and learning, expansion of IBPOC strategic initiatives, as well as the Student Strategic Plan rollout.

VP Finance and Operations (VPFO): the reserve drawdown is driven by additional salary costs resulting from the return to full staffing and normal campus support operations, partially offset by higher projected fee-for-service sales and savings in non-labour costs. As with other administrative units, VPFO continues to be impacted by the 1% funding cut implemented at the beginning of the pandemic. Mitigation strategies and additional optimization opportunities are actively being explored not only to reduce costs but also to ensure appropriate service levels are provided across the university.

Governance: the reserve drawdown is mainly driven by additional legal and professional support required across the university. This is driven largely by the return to pre-pandemic activities in faculty and administrative units in 2023/24.

VP External Relations: the reserve drawdown reflects prior-year approved spending on strategic initiatives that will start or continue in 2023/24 (Indigenous strategic priorities, climate action, SEEDS, and Campus Vision), coupled with a slower than anticipated recovery of Robson Square operations to pre-pandemic levels.

VP Research and Innovation: the reserve drawdown reflects increasing research regulatory requirements for animal care, research security and controlled goods as well as self-funded infrastructure upgrades to address regulatory changes for Containment Level 3 scientific experiments and self-funded staff merit increases.

VP Human Resources: the reserve drawdown is due to a combination of previously funded Centre for Workplace Accessibility (CWA) activities that will continue in 2023/24 as well as additional salary costs commensurate with a return to pre-pandemic campus operations.

The UBC Vancouver Academic Excellence Fund (AEF) is a critical program and is utilized to fund new strategic investments as well as continue prior commitments that advance UBC's strategic priorities, particularly those enhancing teaching and research. The temporary increase in reserves in 2023/24 is due to spending against commitments occurring at a rate slower than the accumulation of funding; however, this is anticipated to reduce in the near future as spending ramps up.

The President's Academic Excellence Initiative (PAEI) reflects UBC's commitment towards elevating its research impact by hiring new research faculty members. The temporary increase in reserves is due to funds being accumulated to support hires underway, as well as anticipated future support for graduate students, space renovations, and start-up funding.

Student Financial Aid

Student Financial Aid (SFA) drawdowns are mainly associated with domestic SFA for bursaries (\$2.3m), anticipated increased bursary funding for Bachelor of Education students (\$3m) as the faculty moves out of the post-Baccalaureate differentiated bursary program to the general bursary program, and a projected increase of

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\$3.5m to four-year fellowships for graduate students. Cost of living funding adjustments have been identified by domestic, international, and graduate SFA as a funding factor to consider moving forward, as living in the Vancouver Lower Mainland is expensive, and UBC needs to remain competitive in the recruitment of all students.

UBCV SFA - Fiscal 2023/24 (in \$thousands)	Revenues	Expenses	Operating Surplus/ (Deficit)	Transfers and Internal Activities	Invested in Capital Assets	Reserve Addition/ (Drawdown)	Ending Reserve Balance
Student Financial Aid (SFA)	92,015	113,861	(21,846)	(20,164)	-	(1,682)	24,995
Student Housing	1,400	1,527	(127)	-	-	(127)	141
Work Integrated Learning	4,673	6,813	(2,140)	(1,033)	-	(1,107)	-
Go Global	1,000	1,274	(274)	-	-	(274)	2,087
Domestic	18,928	23,975	(5,047)	(4,000)	-	(1,047)	8,154
Graduate	31,277	44,575	(13,298)	(15,131)	-	1,833	14,151
International Student Initiative	34,737	35,697	(960)	-	-	(960)	462

Incremental Funding for Allocation

The balance available for allocation is projected to be \$215.1m of which \$148m is recurring. The majority of incremental tuition is allocated to faculties, Academic Excellence Funds (AEF) and Student Financial Aid (SFA) along with operating grant funding from the Province to cover general wage increases.

UBCV - Incremental Revenues (2023/24) (in \$Millions)	One-Time	Recurring	Total Fiscal
Incremental revenue			
International tuition	-	32.7	32.7
Domestic tuition	-	2.0	2.0
Provincial grant	0.1	93.3	93.4
Ancillary dividends, business revenue, research	2.0	(3.1)	(1.1)
Investment (incl. sundries, endowment overhead, TREK)	2.3	(3.7)	(1.4)
1% one-time funding reductions for admin portfolios	4.0	-	4.0
Internal loan funding savings	6.8	2.5	9.3
Operating's prior years surplus and recurring reserve	51.9	24.3	76.2
Balance available for allocation	67.1	148.0	215.1
Less:			
Tuition allocations			
Faculties	-	11.1	11.1
Student financial aid	-	2.9	2.9
Academic Excellence Fund	-	18.0	18.0
Ministry grant allocations			
Salaries provision	(2.5)	82.1	79.6
FTE growth in Health programs	0.1	2.4	2.5
Commitments			
General contingency	5.0	-	5.0
Prior commitments (incl. tuition bad debt/credit card)	0.8	20.9	21.7
Operating reserve for future investments	37.6	(0.6)	37.0
Funding priorities (Strategic Investments)	26.1	11.2	37.3
Total allocations	67.1	148.0	215.1
Net of revenue and allocations	-	-	-

As presented in the table \$37.3m is available for 2023/24 strategic priorities. The operating reserves of \$37.0m are earmarked towards prior approved multi-year strategic initiatives including Student Health and Wellbeing, Campus Vision 2050, Climate Action plan 2030, the UBC fundraising Campaign, and capital related activities.

Okanagan Campus Operating Budget

UBCO is forecasting a 2022/23 deficit of \$11m, an increase of \$3.8m from the approved budget. This was driven by falling short of planned tuition revenues by \$10.7m, primarily in undergraduate international student enrolment. It was partially mitigated by significant in-year savings but will create a current year shortfall and impact resources available in future years. UBCO endeavored to preserve ongoing strategic investments, core services, and critical term positions while developing strategies to increase new student enrolments and retention plans. Not insignificant is UBCO’s continued commitment to long term priorities for major investments in space for research and learning and future climate action strategies.

UBCO - Fiscal 2023/24 (in \$thousands)	Revenues	Expenses	Operating Surplus/ (Deficit)	Transfers and Internal Activities	Invested in Capital Assets	Reserve Addition/ (Drawdown)	Ending Reserve Balance
Faculties, Colleges, and Schools	115,605	120,160	(4,555)	(4,167)	2,128	(2,516)	21,473
Central Support Units (incl. ancillaries)	108,196	87,538	20,658	22,364	4,311	(6,017)	4,273
Student Financial Aid	18,304	20,871	(2,567)	(2,436)	-	(131)	807
Campus Wide Expenses	7,010	7,261	(251)	18,155	-	(18,406)	2,799
UBC Okanagan	249,115	235,830	13,285	33,916	6,439	(27,070)	29,352

The total 2023/24 reserve drawdowns for the Okanagan campus are \$27.1m, driven in large part by a planned \$21.8m investment in UBC Downtown Kelowna which is also supported by prior year reserve balances. An additional drawdown of \$6.0m in central support units is due to supporting one-time capital projects and initiatives, in addition to a \$2.5m drawdown in faculty reserves for investments in faculty hiring and salary increases. Offsetting these drawdowns is a \$4.3m transfer-in from the TREK Endowment to support SFA, graduate awards, and UBCO’s Truth and Reconciliation Commission (TRC) commitments.

Faculties, Colleges, and Schools

Overall faculty reserves are being drawn down by \$2.5m, mainly due to investments in faculty hiring to support future programming in addition to ongoing salary increases. Faculty reserves will be used to support planned upcoming minor capital investments and to address inflation and self-funded salary increases (which are anticipated to outpace revenue growth).

UBCO Faculties - Fiscal 2023/24 (in \$thousands)	Revenues	Expenses	Operating Surplus/ (Deficit)	Transfers and Internal Activities	Invested in Capital Assets	Reserve Addition/ (Drawdown)	Ending Reserve Balance
Faculties, Colleges, and Schools	115,605	120,160	(4,555)	(4,167)	2,128	(2,516)	21,473
Irving K. Barber Faculty of Arts and Social Science	21,715	23,125	(1,410)	(502)	45	(953)	5,923
Irving K. Barber Faculty of Science	27,027	26,915	112	(133)	385	(140)	3,572
Faculty of Creative and Critical Studies	14,041	16,864	(2,823)	(2,475)	148	(496)	(1,625)
Okanagan School of Education	4,954	5,263	(309)	(135)	16	(190)	1,560
College of Graduate Studies	1,802	1,782	20	20	-	-	-
School of Engineering	22,282	20,475	1,807	414	1,475	(82)	9,290
Faculty of Health and Social Development	16,635	18,570	(1,935)	(1,525)	50	(460)	333
Faculty of Management	7,149	7,166	(17)	169	9	(195)	2,420

Faculty of Arts and Social Sciences (FASS): plans to hire three research-stream faculty to increase research and meet teaching needs. FASS will continue to draw down these balances as inflation and self-funded salary increases outpace revenue growth. With a new Dean in place as of December 2020, FASS is still in the process of shaping its long-term strategic priorities which are expected to be based on the central pillars of interdisciplinarity, indigeneity, social justice, and sustainability.

Faculty of Creative and Critical Studies: the reserves drawdown of \$0.5m is due to ongoing salary increases outpacing the current projected growth in tuition revenue. Due to this projected deficit, no new hires are

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currently planned for 2023/24. The faculty continues to work on developing new programs and credentials that will attract new students to their programs.

School of Engineering: projecting a small drawdown of reserves in 2023/24, mainly due to ongoing capital investments. Investments in capital during the year will be made for a pouch cell facility, the Design, Innovation, Creativity and Entrepreneurship (DICE) facility, in addition to lab and CFI investments. Construction of a new battery facility will be ongoing during 2023/24, with investment in the project completed in the prior fiscal year. Reserve balances will be used to make strategic investments via strategic partnerships in the areas of: (1) clean technologies to offset the effects of global warming in BC, (2) disaster resiliency to prepare for the effects of global warming in BC, (3) computer engineering to respond to the market needs of BC, and (4) engineering design as a method for how to engage with and address complex problems.

Faculty of Health and Social Development: the reserves will be drawn down by \$0.5m. The 2023/24 plan includes the recruitment of three new research-stream faculty (two at the School of Health and Exercise Science and one hire at the School of Social Work). The School of Health and Exercise Science will also be hiring one new staff member to support lab operations.

Faculty of Management: projecting a small drawdown of reserves in 2023/24 mainly driven by one new research-stream faculty hire, in addition to expiring research salary grants. The faculty is preparing to roll out a new Minor in Management (under development), and a new 5-year dual degree Masters of Management program.

Central Support Units, Ancillaries, and Campus Wide Expenses

The drawdown of \$6.0m for Central Support Units is primarily due to one-time capital projects being funded by reserves. The limited incremental funding will support inflationary pressures on core campus services and contract extensions for key strategic positions.

UBCO Admin/Central - Fiscal 2023/24 (in Thousands)	Revenues	Expenses	Operating Surplus/ (Deficit)	Transfers and Internal Activities	Invested in Capital Assets	Reserve Addition/ (Drawdown)	Ending Reserve Balance
Central Support Units (including ancillaries)	108,196	87,538	20,658	22,364	4,311	(6,017)	4,273
Provost and VP Academic - Academic Support Units	37,603	16,980	20,623	19,909	1,570	(856)	1,533
Library	5,032	3,843	1,189	(123)	1,407	(95)	298
Excellence Fund	19,725	-	19,725	19,425	-	300	255
Enrolment Services	3,878	3,963	(85)	(121)	92	(56)	27
International Student Initiative	1,361	1,343	18	9	9	-	-
Centre for Teaching and Learning	1,190	1,301	(111)	-	10	(121)	(18)
Other Provost and VP Academic Units	6,417	6,530	(113)	719	52	(884)	971
AVP Finance and Operations	36,066	33,896	2,170	780	1,946	(556)	961
Campus Operations and Risk Management	15,777	15,936	(159)	(77)	171	(253)	(25)
Infrastructure Development	887	1,616	(729)	(226)	494	(997)	42
Information Technology Services	9,133	8,552	581	(598)	1,181	(2)	168
Business Operations	4,284	1,941	2,343	1,455	100	788	549
Other AVP Finance and Operations Units	5,985	5,851	134	226	-	(92)	227
AVP Students	17,808	19,453	(1,645)	(480)	196	(1,361)	1,395
Athletics and Recreation	4,646	4,300	346	391	-	(45)	1,156
Other AVP Student Units	13,162	15,153	(1,991)	(871)	196	(1,316)	239
Deputy Vice-Chancellor and Principal	10,515	10,545	(30)	88	15	(133)	105
Office of the Deputy Vice-Chancellor and Principal	2,422	2,446	(24)	1	-	(25)	-
Development and Alumni Engagement	2,477	2,501	(24)	(76)	5	47	58
Human Resources	1,866	1,875	(9)	39	-	(48)	6
University Relations	3,750	3,723	27	124	10	(107)	41
Vice-Principal Research and Innovation	5,569	6,029	(460)	2,067	584	(3,111)	279
Innovation Precinct	635	635	-	-	-	-	-
Campus Wide Expenses	7,010	7,261	(251)	18,155	-	(18,406)	2,799

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Excellence fund allocations in 2023/24 include commitments to continue progression on UBCO's TRC commitments and Equity, Diversity, and Inclusion (EDI) initiatives, minimum funding for PhD students and the President's Academic Excellence Initiative (PAEI). Significant contributions are planned to central operating 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.

Provost and Vice-President Academic: carrying forward from 2022/23 are balances primarily for Excellence Fund initiatives at the unit level continuing in 2023/24 as well as Aspire Learning and Teaching awards under the Office of the Provost and Vice-President Academic. Balances will be partially drawn down in 2023/24, to use the remaining reserve balances to continue programs and operations that already exist.

AVP Finance and Operations: drawing down opening reserves reflects planned project spending under Campus Operations and Risk Management, and Infrastructure Development, as well as completion of projects under the Construction Management Office.

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

Deputy Vice-Chancellor and Principal: reserves drawdown relates to the completion of campus promotion and advertising activities within University Relations, carried over from 2022/23, and planned recruitment and retention strategies.

Vice-Principal Research and Innovation: reserves usage is mainly due to one-time contract extensions to support ongoing research activities.

Campus –Wide Expenses: the 2023/24 \$18.4m drawdown of reserves is primarily due to the planned \$21.6m investment in UBC Downtown Kelowna, offset by a \$6.0m transfer-in from the Excellence Fund.

Student Financial Aid

The 2023/24 budget includes continued support from the Excellence Fund for Fellowships, PhD minimum funding programs, and the new Graduate Research Scholarship, which replaced the Entrance Scholarships. The SFA also plans to launch the Distinguished Doctoral Scholarship and the Postdoctoral Fellowship in 2023/24.

UBCO SFA - Fiscal 2023/24 (in \$thousands)	Revenues	Expenses	Operating Surplus/ (Deficit)	Transfers and Internal Activities	Invested in Capital Assets	Reserve Addition/ (Drawdown)	Ending Reserve Balance
Student Financial Aid (SFA)	18,304	20,871	(2,567)	(2,436)	-	(131)	807
Graduate SFA	4,220	6,347	(2,127)	(1,995)	-	(132)	-
Okanagan Enrolment Services SFA	7,476	7,693	(217)	(160)	-	(57)	556
International Student Initiative (ISI) SFA	5,945	5,787	158	73	-	85	251
Workstudy, Go Global SFA	663	1,044	(381)	(354)	-	(27)	-

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Incremental Funding for Allocation

The balance available for allocation is projected to be \$22.8m for 2023/24, of which \$18.3m is recurring. A portion of the incremental tuition is allocated to the faculties, Excellence Fund, and SFA, along with operating grant funding from the Province of \$10.1m to units to fund the projected general wage increase. As presented in the table, \$2.7m is available for 2023/24 strategic priorities, after prior year commitments of \$2.7m and balance held for future investments.

UBCO - Incremental Revenues (2023/24) <i>(in \$millions)</i>	One-Time	Recurring	Total Fiscal
Incremental revenue			
International tuition	-	6.3	6.3
Provincial grant	-	11.0	11.0
Domestic tuition	-	0.5	0.5
Estimated returned FY23 surplus	-	0.4	0.4
Prior year surplus and recurring reserve	4.5	-	4.5
Balance available for allocation	4.5	18.2	22.7
Less			
Tuition allocations:			
Faculties	-	1.9	1.9
Excellence Fund	-	2.7	2.7
Student financial aid	-	0.5	0.5
Ministry grant allocations			
FTE growth in Nursing, Social Work	-	0.6	0.6
Salary provision (General Wage Increase)	-	10.1	10.1
Commitments			
Funding priorities (Budget asks)	1.7	0.9	2.6
Transfer to capital contingency	-	-	-
Prior commitments	1.2	1.5	2.7
Operating reserve for future investments	1.6	-	1.6
Total allocations	4.5	18.2	22.7
Net of revenue and allocations	-	-	-

Consolidated Financial Budget

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

The university's consolidated budget projects annual revenues of \$3.6b, 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 2023/24 of \$85m as detailed in the table below:

Consolidated Statement of Operations By Object <i>(in \$millions)</i>	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	Variance
Revenues				
Government grants and contracts				
Government of Canada	348	390	389	(1)
Province of British Columbia	964	1,057	1,198	141
Other governments	27	33	34	1
Other contributions	198	197	221	24
Student fees	983	1,005	1,057	52
Investment income	186	110	117	7
Income from Government Business Enterprises	27	18	18	-
Sales and services	386	476	500	24
Amortization of deferred capital contributions	88	93	120	27
	3,207	3,379	3,654	275
Expenses				
Salaries & benefits	1,929	2,042	2,256	214
Operating costs - other	486	513	530	17
Capital asset amortization	240	284	320	36
Cost of goods sold	32	77	82	5
Scholarships, fellowships and bursaries	185	182	197	15
Grants to third parties	153	160	163	3
Debt service costs	21	21	21	-
	3,046	3,279	3,569	290
Annual surplus from operations	161	100	85	(15)

Within the consolidated budget there is a planned balanced operating fund position, discussed in the prior operating budget sections, which compares favorably to the forecasted operating deficit of \$32m in Q3 of 2022/23. Non-operating funds are budgeted to provide an \$85m surplus from UBC's Endowment, unrestricted research funding, and net investment in capital adjustments.

It is important to note that the consolidated surplus of \$85m is an accounting surplus only and does not reflect funds available for spending on operations or new initiatives.

The components of the consolidated surplus are as follows:

Income Statement Analysis <i>(in \$millions)</i>	2022/23 Forecast	2023/24 Plan	Variance
UBC Vancouver	(21)	27	48
UBC Okanagan	(11)	(27)	(16)
Total Operating	(32)	-	32
Deferred land lease revenue	11	12	1
Endowment surplus	18	15	(3)
Research and other funds	56	24	(32)
Related organizations	13	(3)	(16)
Net investment in capital	34	37	3
Consolidated Surplus	100	85	(15)

- **Total Operating:** Balanced position in 2023/24.
- **Deferred Land Lease Revenue:** Income of \$12m 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 lease period (99 years).
- **Endowment Surplus:** Surplus of \$15m represents the returns on unrestricted endowment funds (TREK) plus any endowed transfers from faculties, operations, and so forth. The \$3m decrease in this value is reflective of an increase in operating expenses, inflation, and spend-down of reserves by units. The increase in operating expenses is offset by an increase in investment income of \$9m.
- **Research and Other Funds:** The surplus in research and other funds of \$24m 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.
- **Net Investment in Capital (NIC):** The NIC is a summary of the total capital investments by the university and how those investments are funded. It is a snapshot which takes into account the difference between the cash basis and accrual basis of accounting. The surplus in NIC of \$37m is broken down as follows:

Net Investment in Capital <i>(in \$millions)</i>	2021/22 Actuals	2022/23 Forecast	2023/24 Plan
Capital asset additions	329	496	662
Less funded externally (includes internal loans)	(118)	(273)	(428)
Depreciation	(240)	(282)	(318)
Less amortization of deferred capital contributions	87	93	121
Financial Statement Impact	58	34	37

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

Consolidated Statement of Financial Position (Unaudited) <i>Presented in Classified Statement of Financial Position Format</i> <i>(in \$millions)</i>	Mar 31, 2023 Forecast	Mar 31, 2024 Plan
ASSETS		
Current Assets		
Cash and cash equivalents	100	100
Accounts receivable	230	235
Housing and other loans receivable	60	61
Operating investments	1,109	937
Investments in Government Business Enterprises	57	53
Supplemental pension assets	127	129
Other current assets	29	30
	1,712	1,545
Non-Current Assets		
Endowment investments	2,054	2,154
Capital assets	4,204	4,522
	6,258	6,676
TOTAL ASSETS	7,970	8,221
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	344	351
Deferred revenue	144	147
Current portion of debt	6	6
	494	504
Non-Current Liabilities		
Employee future benefits	16	16
Supplemental pension liabilities	127	129
Deferred other restricted contributions	817	833
Non-current portion of debt	345	340
Asset retirement obligation	50	52
	1,355	1,370
Total Liabilities	1,849	1,874
Net Assets		
Accumulated surplus*	2,652	2,716
Deferred capital contributions	1,663	1,708
Deferred land lease revenue	1,129	1,208
Deferred endowment contributions	677	715
	6,121	6,347
TOTAL LIABILITIES AND NET ASSETS	7,970	8,221
*Accumulated surplus is comprised of:		
Accumulated surplus	2,635	2,745
Accumulated remeasurement gains	17	(29)
	2,652	2,716

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/American Foundation/Hong Kong Foundation/UK Foundation – established to encourage philanthropic support for 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 (UBCIM) – manages the investment assets of the university's endowment and operating funds, and the staff pension plan.
-

UBC Properties Trust (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.

Capital Budget

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

Capital expenditures for 2023/24 are budgeted as follows:

Capital Expenditures <i>(in \$millions)</i>	2021/22 Actuals	2022/23 Forecast	2023/24 Plan
Building and Property:			
Major buildings	92	228	399
Routine capital	61	51	51
Building renovations and additions	24	54	54
Capital infrastructure ¹	12	16	16
	189	349	520
Research equipment	54	62	45
Other equipment and furnishings	39	29	29
Information technology	32	40	52
Library	15	16	16
Total Capital Expenditure	329	496	662

1. Capital infrastructure includes improvements to roads, lots, sewer, gas, water and electrical assets.

The majority of buildings and property capital expenditures are under the management and control of Infrastructure Development, with additional capital expenditures overseen by Student Housing & Community Services (SHCS). 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 Post-Secondary Education & Future Skills (PSFS), 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.
- 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 Capital Projects

There are currently eleven major capital projects in design or construction and for which capital expenditures will be incurred in 2023/24. Projects include:

Major Capital Projects (2023/24)

(in \$millions)

Project Name	Total Budget	2023/24 Estimated Cost	Estimated Completion
Activate Recreation Center	68	41	24-Nov
Beaty Biodiversity Centre Addition	40	22	24-Nov
Brock Commons Phase 2	165	70	24-Mar
Food and Beverage Innovation Centre	12	7	24-Mar
Gateway Building	190	105	24-Oct
Museum of Anthropology - Great Hall Renewal	40	15	23-Jul
Sauder School of Business Power House Expansion	120	5	26-Sep
School of Biomedical Engineering Building	139	70	24-Dec
Surrey City Centre 1	34	9	23-Aug
UBCO Interdisciplinary Collaboration and Innovation Building	119	35	25-Sep
UBCO Downtown Kelowna Project	54	30	26-Sep

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

Routine Capital

The Ministry of Post-Secondary Education & Future Skills (PSFS) increased Routine Capital funding to address much needed capital maintenance in campus buildings. UBC as a whole received \$38.6 from PSFS in 2022/23 and is notionally scheduled to receive another \$38.6m in 2023/24. PSFS has specified that these funds are to 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 PSFS 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 following table provides a high-level breakdown of the 2023/24 PSFS-supported Routine Capital programs for the UBC Vancouver and Okanagan campuses. PSFS has allocated funding using a formula based on the amount of deferred maintenance at each campus.

Routine Capital Projects (2023/24) <i>(in \$millions)</i>	Ministry 75%	UBC 25%	TOTAL
Vancouver Campus			
Major Maintenance & Rehabilitation Projects	35.6	11.9	47.5
Minor Maintenance & Rehabilitation Projects	2.1	0.6	2.7
	37.7	12.5	50.2
Okanagan Campus			
Major Maintenance & Rehabilitation Projects	0.9	0.3	1.2
	0.9	0.3	1.2
Routine Capital Projects - UBC Total	38.6	12.8	51.4

Information Technology

Major systems projects 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:

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 eventually 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 further refinements ongoing. The IRP Student program will move from the Build phase to the Testing phase of the project.

Other Enterprise-Wide Systems - Phase one of the Adaptive Insights forecasting and budgeting system has been successfully completed. Phase two is anticipated to complete in July 2023. This system will replace the current Hyperion solution and will provide significant improvements in budgeting and forecasting capabilities across the university.

Research Equipment

Research projects contain a wide range of capital expenditure commitments, primarily related to major and minor equipment needs, and 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.

Research Budget

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.

Research Awards by Funding Source <i>(in \$millions)</i>	2021/22 Actuals	2022/23 Forecast	2023/24 Plan
Government (Tri-Agency)	249	241	241
Government (Other agencies)	234	185	208
Non-Profit	210	164	188
Industry	80	72	71
Research Awards - total	773	662	708

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.

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.

UBC's total research funding is expected to be stable in 2023/24 compared to 2022/23, with increases in the Other Government and Non-Profit sectors and same level of funding as in the previous year for the Tri-Agency and Industry sectors.

The university invests in support to help UBC researchers be more competitive in funding competitions to ensure researchers have the necessary funds to advance their research programs. UBC support includes proposal development and review services provided through the Office of the Vice-President, Research and Innovation's Support Programs to Advance Research Capacity (SPARC) and Institutional Programs Office (IPO). By working with SPARC, assistant professors in science and engineering applying to the Natural Sciences and Engineering Research Council of Canada 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 Project competition. IPO supported programs such as the John R. Evans Leaders Fund have an average success rate of 83%.

Another source of research funding is through sponsored research. In 2021/22, the University-Industry Liaison Office's Sponsored Research Group (SRG) negotiated, drafted, and administered a record 2,785 research

contracts and clinical trial agreements with industry, government, and non-profit partners (highest in Canada) with \$80.2m in industry sponsored research.

The university's investments in innovation, coupled with the current federal emphasis on partnered and applied research funding, is expected to result in increased activity with respect to sponsored research funding at UBC, with greater complexity as a result of Government of Canada mandated research security measures.

The table below presents the Research Awards by Faculty for 2023/24, summarizing research awards to be received and expected across the university by faculty.

Research Awards by Faculty (2023/24) <i>(in \$thousands)</i>	Government (Tri-Agency)	Government (Other)	Non-Profit	Industry	Total
Applied Science	24,691	23,539	10,093	14,020	72,343
Arts	18,639	5,120	7,582	346	31,687
Dentistry	2,718	425	378	46	3,567
Education	4,100	944	2,008	55	7,107
Forestry	3,700	5,244	3,365	454	12,763
Land and Food Systems	3,005	3,063	2,541	1,035	9,644
Law	940	186	778	17	1,921
Medicine	110,021	92,659	125,283	42,699	370,662
Pharmaceutical Sciences	3,426	2,211	3,385	686	9,708
Sauder School of Business	2,630	1,187	937	861	5,615
Science	54,496	36,377	20,476	7,254	118,603
UBC Okanagan	12,896	18,820	9,504	3,028	44,248
Non-Faculty Units	73	18,621	1,764	559	21,017
Faculty Research Awards - Total	241,335	208,396	188,094	71,060	708,885

Endowment Budget

The university's Endowment Funds consist of endowed gifts, bequests, donations, land lease proceeds and rental income from land development. Approximately \$2.1 billion of the Endowment Funds, including TREK and TREK Rental Income are invested by UBC Investment Management (UBCIM). These funds support the university's academic mission, student financial awards, academic and research initiatives, student housing, and capital projects.

Endowment Summary <i>(in \$millions)</i>	Total Endowments			UBCIM Invested Funds and Others (excluding TREK)		TREK Endowment (TREK, TREK Rental SHFE & FHAFE)	
	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	2022/23 Forecast	2023/24 Plan	2022/23 Forecast	2023/24 Plan
Endowment market value							
Endowment capital account	2,488	2,628	2,844	1,540	1,615	1,088	1,229
Stabilization account	306	201	190	194	187	7	3
Balance	2,794	2,829	3,034	1,734	1,802	1,095	1,232
Change in endowment reserve							
Investment income	171	120	129	72	81	48	48
Operating expenses	(111)	(117)	(130)	(73)	(83)	(44)	(47)
Internal transfers to endowment capital	17	15	16	2	2	13	14
Surplus (deficit)	77	18	15	1	-	17	15

The land development endowments include the TREK, TREK Rental Income, Student Housing Financing (SHFE) and Faculty Housing Assistance Financing (FHAFE) endowment funds. TREK and TREK Rental Income support the UBC mission and advance its charitable goals. SHFE was established in 2012 to invest in new student residences. FHAFE 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 development endowment funds currently support various strategic initiatives including 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, Enterprise-wide IT renewal project, UBC Okanagan and Academic Enhancement.

Other gifts, held separately from the UBCIM invested funds, include the Vancouver Foundation funds held for the benefit of the university, the Merilees Chair for the Study of Democracy fund and the Gordon and Gladys Sherlock Prize fund.

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 represent internal contributions to endowment capital.

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

Investment Income on Land Development

The Endowment Lands are intended 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 current President 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.”

Four endowment funds have been established with the net proceeds of land development on the Endowment Lands: TREK and TREK Rental Income which reside in the Main Pool of endowment funds managed by UBC Investment Management, the Student Housing Financing Endowment (SHFE) and the Faculty Housing Assistance Financing Endowment (FHAFE).

TREK and TREK Rental Income are intended to 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.

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. In 2021, the Board approved a change of the TREK spending policy from an annual 4.0% spend rate to a flat spend amount, increasing by 2% annually. The flat real spend amount for 2023/24 is planned to be \$54.2m subject to the approval by the Board.

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.

Land Development Endowment <i>(in \$millions)</i>	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	Variance
TREK, in the Main Pool	425	412	421	9
TREK Rental Income, in the Main Pool	13	25	40	15
Student Housing Financing Endowment Fund	532	581	686	105
Faculty Housing Financing Endowment Fund	66	77	85	8
	1,036	1,095	1,232	137

The \$9 million increase in TREK represents approximately \$25 million of earnings net of administrative costs recovery and \$16 million of spend allocations. The \$15 million increase in TREK Rental Income represents approximately \$15 million of estimated rental distributions. The \$105 million increase in SHFE is comprised of \$91 million estimated land lease proceeds and \$30 million of earnings, net of \$10 million of spend allocations and \$6 million transferred to FHAFE. The \$8 million increase in FHAFE is made up of \$6 million transferred from SHFE and \$2 million of earnings net of spend allocations.

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>	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	Variance
Funding sources, includes carryforward				
Balance carried forward	2.4	1.4	(0.2)	(1.6)
SHFE and FHAFE spend allocations	11.8	18.7	19.6	0.9
TREK spend allocations	37.4	31.5	34.6	3.1
Total funding	51.6	51.6	54.0	2.4
Funding allocations				
On-going debt service	14.4	14.4	14.4	-
Other allocations:				
Academic Enhancement	12.0	12.0	12.0	-
Internal Loan - IT projects	12.0	12.0	12.0	-
Medicine Faculty Renewal	6.7	6.9	6.7	(0.2)
UBCO Student Financial Support	4.1	5.2	5.3	0.1
Central Contingency	-	-	2.6	2.6
Rent Geared to Income Program	0.5	0.8	0.9	0.1
Pharmaceutical Sciences Building - Debt Relief	0.5	0.5	0.5	-
	35.8	37.4	40.0	2.6
Total allocations	50.2	51.8	54.4	2.6
Ending balance	1.4	(0.2)	(0.4)	(0.2)

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 2023/24 spending budget is as follows:

Killam Endowment Funds <i>(in \$thousands)</i>	Killam General	Killam Memorial Salary	Izaak Walton Killam Memorial for Advanced Studies	Total
Program spending				
Research and scholarly activities	985	-	-	985
Faculty research fellowship awards	230	-	-	230
Bridge funding for academic priorities	295	-	-	295
Excellence in Teaching and Research	-	783	-	783
Post-doctoral awards	-	-	519	519
Pre-doctoral awards	-	-	520	520
Graduate Studies administration	-	-	55	55
Total 2023/24 budgeted spending allocation	1,510	783	1,094	3,387

Appendix: Consolidated Statements for 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 - By Function below reflects the same consolidated income statement included previously, 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

Consolidated Statement of Operations By Function <i>(in \$millions)</i>	2022/23 Forecast	2023/24 Plan	Variance
Revenues			
Government grants and contracts			
Government of Canada	390	389	(1)
Province of British Columbia	1,057	1,198	141
Other governments	33	34	1
Other contributions	197	221	24
Student fees	1,005	1,057	52
Investment income	110	117	7
Income from Government Business Enterprises	18	18	-
Sales and services	476	500	24
Amortization of deferred capital contributions	93	120	27
	3,379	3,654	275
Expenses			
Learning	1,703	1,841	138
Research	587	612	25
Facilities	319	358	39
Students	427	474	47
Community Engagement	84	93	9
Administration	159	191	32
	3,279	3,569	290
Annual surplus from operations	100	85	(15)
External endowment donations	25	25	-
Annual surplus	125	110	(15)
Accumulated surplus, beginning of period	2,510	2,635	125
Accumulated surplus, end of period	2,635	2,745	110

Consolidated Statement of Changes in Net Debt

Consolidated Statement of Changes in Net Debt Year End March 31 (in \$millions)

	2022/23 Forecast	2023/24 Plan	Change
Annual surplus	125	110	(15)
Exclude items not affecting net debt:			
Endowment donations and transfers	(25)	(25)	0
	100	85	(15)
Acquisition of tangible capital assets	(496)	(662)	(166)
Amortization of tangible capital assets	284	320	36
	(212)	(342)	(130)
Acquisition of inventories held for use ¹	0	0	0
Acquisition of prepaid expense ¹	0	0	0
Consumption of inventories held for use ¹	0	0	0
Use of prepaid expense ¹	0	0	0
	(112)	(257)	(145)
Net remeasurement gains ²	15	(29)	(44)
Self-supported subsidiary other comprehensive income ²	0	0	0
Increase in net debt	(97)	(286)	(189)
Net debt, beginning of year	(2,566)	(2,664)	(98)
Net debt, end of year	(2,664)	(2,950)	(287)

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.



THE UNIVERSITY OF BRITISH COLUMBIA

2023-2024 UBC BUDGET

April 12, 2023

FRANK LAEZZA, VICE-PRESIDENT FINANCE & OPERATIONS

YALE LOH, TREASURER

GAGE AVERILL, PROVOST AND VICE-PRESIDENT ACADEMIC, UBC VANCOUVER

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



Q3 REVIEW



2022-2023 INCOME STATEMENT: CONSOLIDATED



Accrual basis of Accounting
(in \$millions)

	2022-2023				
	Forecast	Plan	Variance	2021/22 Actual	Variance
Revenues					
Government grants and contracts					
Government of Canada	390	390	-	348	42
Province of British Columbia	1,057	1,036	21	964	93
Other governments	33	31	2	27	6
Other contributions	197	186	11	198	(1)
Student fees	1,005	1,042	(37)	983	22
Investment income	110	111	(1)	186	(76)
Income from Gov't Business Enterprises	18	-	18	27	(9)
Sales and services	476	505	(29)	386	90
Amortization of deferred capital contributions	93	93	-	88	5
	3,379	3,394	(15)	3,207	172
Expenses					
Salaries & benefits	2,042	2,064	(22)	1,929	113
Operation costs - other	513	508	5	486	27
Capital asset amortization	284	282	2	240	44
Cost of goods sold	77	76	1	32	45
Scholarships, fellowships and bursaries	182	189	(7)	185	(3)
Grants to third parties	160	153	7	153	7
Debt service costs	21	22	(1)	21	-
	3,279	3,294	(15)	3,046	233
Surplus/(Deficit) from operations	100	100	-	161	(61)

- Forecast 2022-2023 **Consolidated Operating Surplus of \$100m** in line with budget
- **Negative Impacts to Budget:**
 - **Student fee/Tuition** is forecast to be below budget due to higher student withdrawals, lower course intensity for some undergraduate programs, and study permit delays for international students.
 - **Sales & Services** revenue is less than budget mainly due to a classification issue between internal and external revenues in the budget. However, there is an increase compared to prior year due to student housing occupancy and higher on campus activity which had a positive impact on food services, parking and bookstore sales.
- **Positive Impacts to Budget:**
 - **Salaries & Benefits** are lower than the approved budget by \$22m due to turnover savings and hiring delays. The increase compared to prior year is a result of GWI, incremental costs of the Integrative Enablement Centre, and return to historic staffing levels in several areas.

2022-2023 INCOME STATEMENT: CONSOLIDATED BY FUND



Cash Basis

(in \$millions)

	2022-2023				
	Forecast	Plan	Variance	2021-22 Actual	Variance
UBCV Faculties	(9)	3	(12)	53	(62)
UBCV Administration	(12)	(4)	(8)	(49)	37
UBC Okanagan	(11)	(7)	(4)	6	(17)
Operating surplus/(deficit)	(32)	(8)	(24)	10	(42)
Deferred land lease revenue	11	11	-	12	(1)
Endowment surplus	18	23	(5)	78	(60)
Capital funds	35	-	35	-	35
Research and other funds**	21	20	1	(2)	23
Related organizations	13	2	11	5	8
Net investment in Capital	34	52	(18)	58	(24)
Non-operating Surplus/(Deficit)	132	108	24	151	(19)
Surplus/(Deficit)	100	100	-	161	(61)

**Includes special purpose and awards

2022-2023 Forecast Highlights

- The overall **Operating Funds** deficit is forecasted to be higher than budget at the end of 2022-2023. The primary drivers include:
 - Non-budgeted capital transfers (with corresponding positive variance in non-operating surplus) along with an accounting adjustment to defer a portion of the Provincial operating grant.
 - Limited incremental funding against rising costs and high inflation.
- The overall **Non-Operating Funds** surplus is forecasted to be higher than budget. The primary drivers include:
 - Non-budgeted capital transfers mentioned above.
 - Increase in Related Organizations surplus due to a gain on fair value of derivatives from UBC Properties Trust.
- The overall 2022-2023 forecasted surplus is \$61m lower than prior year due to realized gains resulting from the restructuring of internally restricted endowment funds as well as the realization of contingent payments from the sale of an investment company in 2021-2022.

2023-2024 CONSOLIDATED BUDGET REVIEW



2023-2024 BUDGET OPPORTUNITIES



- **Growth in tuition and program revenue** - Potential of new or expanded micro-credential programs, professional programs.
- **Operational efficiencies** - These include robotic processing automation for accounts payable leading to reduced manual transactional processing and a review space planning and telecommunications contracts under the impact of hybrid work.
- **Workforce planning** - Reviewing services within some faculties and VP portfolios.

2023-2024 BUDGET RISKS



- **Inflation** – Unprecedented global inflation has had a material impact on UBC’s operating expenses and capital construction costs. A general continuation of inflation above UBC’s assumptions could significantly impact overall costs.
- **Self-Funded Compensation Increases** – Collective bargaining is currently underway with many bargaining units. It is assumed that settlements will fall within the Provincial Government mandates for GWI and that the University will receive funding for these increases.
- **Operating Contingency Utilization** – Incremental operating funding remains very limited and any increased demands on the operating contingency not already projected for current or future commitments will impact overall results.
- **Foreign Exchange** – The University has material recurring financial commitments that are often paid in US and other foreign currencies. This includes significant library acquisitions that are paid in US dollars, and many others. Any unfavorable changes in the exchange rate put significant financial strain on units that make such purchases.
- **Enrolment** – Unanticipated changes in number of students enrolled, or in the number of courses taken on average per student, can impact overall tuition revenues. International enrolment is particularly prone to increased risk due to factors such as changing immigration or student visa policies, government sponsorships, and others.

2023-2024 BUDGET ASSUMPTIONS



- **General Wage Increase (GWI) Costs and Funding** – Many of UBC’s collective agreements with bargaining units expired in the 2022/23 fiscal year and collective bargaining is still underway for some. The outcomes of collective bargaining may have both retroactive and forward-looking financial impacts. Incremental costs for bargaining units that have not yet been settled have been assumed to be in line with the 2022 Shared Recovery Mandate set by the Public Sector Employers’ Council (PSEC), estimated at 3.24% retroactive into 2022/23, and 6% for 2023/24. It is assumed that equivalent funding to cover GWI costs will be received from the Provincial Government.
- **Operating Funding Allocations** – As started in fiscal 2019/20, a one-time reduction of 1% of total general purpose operating funding for all UBC administrative units is planned (reduced from a 2% reduction in 2022/23).
- **Tuition Increases** – As approved by the Board of Governors in December 2022, tuition increases are assumed at 2% for all domestic students. International students will see increases of 3% for continuing students, and 5% for new students, except for continuing international graduate students enrolled in programs with standard rate tuition which will increase by 2%.
- **Inflation** – A general consumer price index (CPI) rate of 3% is assumed for fiscal 2023/24. Other more granular rates are applied where increases are forecasted to be higher than this.
- **Capital assets** - 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.

2023-2024 CONSOLIDATED BUDGET

Accrual basis of Accounting
(in \$millions)

	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	Variance
Consolidated Revenue							
Provincial government grants	823	902	952	964	1,057	1,198	141
Tuition	815	891	922	983	1,005	1,057	52
Other	1,090	1,123	1,049	1,260	1,317	1,398	81
Total Revenue	2,728	2,916	2,923	3,207	3,379	3,653	274
Consolidated Expenses							
Salaries & Benefits	1,571	1,719	1,823	1,929	2,042	2,256	214
Non Salaries	1,025	1,107	1,018	1,117	1,237	1,312	75
Total Expenses	2,596	2,826	2,841	3,046	3,279	3,568	289
Reserve (drawdowns)/additions	132	90	82	161	100	85	(15)



2023/24 Budget highlights

- Projecting **consolidated annual revenues of \$3.6b**, \$2.5b which are from the university's core operations (excludes research, endowment, and capital funds). Adjusting for internally restricted surpluses in research, endowments and net investment capital, the University expects a **consolidated surplus of \$85m**.
- Similar to 2022/23, this surplus is restricted in nature and is **not available for general operating purposes**.
- Non-operating funds are budgeted to provide a \$85m surplus from UBC's Endowment, unrestricted research funding and the net investment in capital adjustments.

2023-2024 BUDGET DEEP DIVE - STUDENT ENROLMENT



<i>Student Enrolment (30 credit FTE)</i>	UBC Total			UBC Vancouver			UBC Okanagan		
	2022/23 Forecast	2023/24 Plan	Plan vs. Forecast	2022/23 Forecast	2023/24 Plan	Plan vs. Forecast	2022/23 Forecast	2023/24 Plan	Plan vs. Forecast
Domestic	45,607	44,917	(690)	37,420	36,761	(659)	8,187	8,156	(31)
International	16,358	16,579	221	14,078	14,229	151	2,280	2,350	70
Total Student Enrolment	61,965	61,496	(469)	51,498	50,990	(508)	10,467	10,506	39

2023-2024 Budget Highlights

- Total planned domestic student enrolment (graduate and undergraduate) is 36,761 FTE for UBC Vancouver and 8,156 FTE for UBC Okanagan, leading to slight planned decrease of 690 FTE overall compared to the prior year.
- This decrease reflects a return to enrolment that aligns closer to Provincial targets, factoring in teaching space constraints and available teaching resources, compared to slightly elevated enrolment during the pandemic.
- Total planned international student enrolment (graduate and undergraduate) is 14,229 FTE for UBC Vancouver campus and 2,350 FTE for UBC Okanagan and reflects a slight growth of 221 FTE.

2023-2024 CONSOLIDATED BUDGET BY FUND

<i>Cash basis of Accounting (in \$millions)</i>	2020/21 Actuals	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	Variance
UBC Vancouver – Faculties	31	53	(9)	(1)	8
UBC Vancouver – Administration	(83)	(54)	(19)	5	24
UBC Vancouver – AEF & Trek Endowment	16	5	7	23	16
UBC Okanagan	5	6	(11)	(27)	(16)
Total Operating	(31)	10	(32)	-	32
Deferred land lease revenue	11	12	11	12	1
Endowment surplus	25	78	18	15	(3)
Research, capital and other funds	32	(2)	56	24	(32)
Related organizations	9	4	13	(3)	(16)
Net investment in capital	36	59	34	37	3
Surplus	82	161	100	85	(15)



2023-2024 Budget Highlights

- **Total operating is budgeted as a balanced position.** Operating position includes ringfencing of Academic Excellence Fund and Trek Endowment funding for long-term strategic initiatives such as President’s Academic Excellence Initiative and capital projects. UBCO operating deficit driven largely by transfers for capital projects.
- Endowment surplus represents the return on the unrestricted endowment funds plus any endowed transfers from faculties, operations and so forth. The \$3m decrease is driven by slight increase in operating expenses, inflation and spend down of unspent endowment funding.
- Research, capital and other funds decrease is primarily driven by the large transfers to the capital fund in support of the Sauder School of Business Powerhouse Project and Robson Square renovations.

NON-OPERATING FUNDS



2023-2024 SPONSORED RESEARCH

	2022/23 Forecast	2023/24 Plan	Variance	2021/22 Actual	Variance
Revenues					
Government grants and contracts	411	419	8	356	55
Non-government grants, contracts and donations	132	156	24	135	(3)
Sales and services	-	-	-	-	-
Transfers into research	54	48	(6)	60	(6)
	<u>597</u>	<u>623</u>	<u>26</u>	<u>551</u>	<u>46</u>
Expenses					
Salaries and benefits	334	353	19	322	12
Grants and reimbursements to other agencies	37	37	-	31	6
Operating costs	143	143	-	119	24
	<u>514</u>	<u>533</u>	<u>19</u>	<u>472</u>	<u>42</u>
Excess (deficiency) of revenue over expenses	83	90	7	79	4
Capital Investments	(62)	(66)	(4)	(64)	2
Net Change in Fund	<u>21</u>	<u>24</u>	<u>3</u>	<u>15</u>	<u>6</u>



2023-2024 Budget Highlights

- UBC is expecting research funding to be stable in 2023-2024, with increases in the Other Government and Non-Profit sectors and the same level of funding for the Tri-Agency and Industry sectors
- The university is expecting that its investments in innovation, coupled with the federal emphasis on partnered and applied research funding to result in increased sponsor research funding at UBC.

2023-2024 CAPITAL EXPENDITURES

<i>(in \$millions)</i>	2021/22 Actuals	2022/23 Forecast	2023/24 Plan	Major Capital Projects	Total Project Budget	2023/24 Estimated Cost	ACF Funding
Building and Property:				Activate Recreation Center	68	41	
Major buildings	92	228	399	Beaty Biodiversity Centre Addition	40	22	20
Routine capital	61	51	51	Brock Commons Phase 2	165	70	
Building renovations and additions	24	54	54	Food and Beverage Innovation Centre	12	7	2
Capital infrastructure	12	16	16	Gateway Building	190	105	131
	<u>189</u>	<u>349</u>	<u>520</u>	Museum of Anthropology - Great Hall Renewal	40	15	
Research equipment	54	62	45	Sauder Powerhouse Expansion	120	5	35
Other equipment and furnishings	39	29	29	School of Biomedical Engineering Building	139	70	75
Information technology	32	40	52	Surrey City Centre 1	34	9	
Library	15	16	16	UBCO Interdisciplinary Collaboration and Innovation Building	119	35	
Total Capital Expenditure	<u>329</u>	<u>496</u>	<u>662</u>	UBCO Downtown Kelowna Project	54	30	



2023-2024 Budget Highlights

- There are eleven major capital projects in design or construction on which capital expenditures will be incurred in 2023-2024.
- Planned IT costs include continued costs to IRP specifically in relation to Workday Student module and refinements to Workday Finance and HR and Phase Two of Adaptive Insights forecasting and budgeting systems.

UBC STRATEGIC INVESTMENTS



2023-2024 INCREMENTAL OPERATING FUNDING AVAILABLE UBCV & UBCO



There will be very limited incremental operating funding in 2023-2024 and going forward for the next few years. Discretionary spending across the university is being carefully balanced among:

- fulfilling multi-year commitments (e.g., debt servicing of IRP and major capital projects);
- continuing investments in strategic priorities as outlined by the President; and
- ensuring that the University's resources and infrastructure are sustainable in the long-term (e.g., self-funded salary increases, inflation on non-labour expenditures, routine maintenance of existing infrastructure and seismic upgrades)

Campus (in millions \$)		Number of requests	One-time	Recurring
UBCV	Incremental Funding Available		\$27.3m	\$13.0m
	New Funding Requested ¹	55	\$30.5m	\$14.4m
UBCO	Incremental Funding Available		\$3.1m	\$1.0m
	New Funding Requested	94	\$1.8m	\$5.5m

¹ based on original asks

2023-2024 OPERATING CONTINGENCY FUNDING UBCV

In \$ millions	One-time	Recurring	Total
Available Funding	\$35.3	\$22.0	\$57.3
Less Prior Commitments*	8.0	9.0	17.0
Funding Available for New Asks	\$27.3	\$13.0	\$40.0
45 Recommended Asks for Funding	26.1	11.2	37.3
Net Funding Remaining	\$1.2	\$ 1.8	\$3.0



2023-2024 AEF FUNDING UBCV

in \$millions	Items	FY24 Total
Funding Available for New AEF Asks		\$11.0
Funding Returned – VP Research*		5.9
Total Funding Available for Distribution		\$16.9
Recommended for 2023-2024 Funding	23	\$10.5
Pre-Committed AEF Asks	6	\$7.1
Not Recommended for 2023-2024 Funding	11	\$2.6

*Funding returned due to Covid delaying projects in the Digital Supercluster.

*\$2m of this returned funding will be required in FY25 to support undergraduate research activities.

2023-2024 STRATEGIC INVESTMENTS, INCLUDING PREVIOUS COMMITMENTS



UBC is focused on its vision of inspiring people, ideas and actions for a better world and is focused on prioritizing investments that advance our academic priorities that support the university's Strategic Plan. These include:

- New and continuing investments in 1) recruiting and retaining exemplary students, faculty, and staff; 2) world-class research infrastructure; and 3) providing an excellent student learning experience, both inside and outside the classroom.
- Supporting the recommendations of Student Affordability Task Force Report to lower financial barriers for existing and incoming students; as well as funding for critical student mental health and wellbeing supports .
- Implementing the Inclusion Action Plan and Anti-Racism and Inclusive Excellence Task Force Recommendations.
- Implementing the Indigenous Strategic Plan.
- Supporting the ambitious climate action plans and advancing the work of the Climate Emergency Task Force.

(in \$thousands)

	TOTAL	UBC Vancouver		UBC Okanagan	
	Operating, AEF, and EF	Operating Fund	Academic Excellence Fund (AEF)	Operating Fund	Excellence Fund (EF)
Student Priorities	23,357	2,876	16,457	1,266	2,758
Indigenous Reconciliation	12,663	2,173	9,196	269	1,025
Equity, Diversity and Inclusion	13,028	1,459	10,226	50	1,293
Academic Transformation & Research Excellence	82,971	6,938	61,168	584	14,281
Climate Action & Sustainability	3,142	1,342	1,685	115	-
Operational Excellence	12,930	10,185	783	1,962	-
Sustainment, Risk, Compliance Actions	35,309	29,970	4,106	1,164	69
Total Strategic Investments	183,400	54,943	103,621	5,410	19,426

UBCV 2023-2024 INCREMENTAL FUNDING FOR PRIORITIES 1



Academic transformation and Research Excellence. 2023-2024 investments in academic transformation and research excellence include a \$450k increase in 4-year Fellowships for graduate students; over \$2m to support our Library collections and to counter currency exchange rates and increased publisher fees; research start-up support in Medicine, Forestry, and Pharmacy; support for interdisciplinary, community-oriented student research; nearly \$3m to support new learning spaces and a new UBC Farm Building for Land and Food Systems; \$1m to fund the BioHub and Bio Centre support for LNP/mRNA; and a program for UBCO faculty with research collaborations with UBCV faculty.

Indigenous Reconciliation, Justice and Engagement. 2023-2024 investments in Indigenous Reconciliation, Justice and Engagement include \$2m for grant funding awarded by the Office of Indigenous Strategic Initiative (OISI-previously awarded); increased funding for the Indigenous Collegium; salary support for the new Indigenous Land Stewardship program (Forestry); over \$500k to fund post-doc and bridging fellowships for Indigenous and Black emerging scholars; \$450k for the Learning Exchange; \$525k to sustain Indigenous curricular support in CTLT, FNHL and RSHDC.

UBCV 2023-2024 INCREMENTAL FUNDING FOR PRIORITIES 2



Student priorities - 2023-2024 investments in student priorities include \$270K for open educational resource (OER) support and awards; \$800k for food security; the previously mentioned increase in graduate student support; and \$1m to support broad-based personal portfolio reading for undergraduate admissions; provide an additional year of support to Jumpstart for faculty instruction.

Equity, Diversity and Inclusion - 2023-2024 investments in equity, diversity, and inclusion include an increase in staffing for the Former Youth In Care; an Executive Director for the Equity and Inclusion Office; additional staffing in immigration support for faculty, staff and students; the previously mentioned fund for post-doc and bridging for Indigenous and Black emerging scholars; and \$453k to support the Centre for Asian Canadian Research and Engagement.

Climate Action - 2023-2024 investments in climate action include \$400k for the Climate Action Plan; support for the Social Ecological Economic Development Studies (SEEDS) Sustainability Program; 1.5 additional positions for the Sustainability Hub; \$1m in climate solutions funding; and \$595k to address Climate Emergency Taskforce priorities.

UBCV 2023-2024 INCREMENTAL FUNDING FOR PRIORITIES 3



Operational Excellence - 2023-2024 investments in operational excellence include \$1.3m to stabilize positions on the Operational Excellence Team; 2 new positions in the Office of the University Counsel, 1 in HR, 1 in the Government Office, and 1 in Event Management to increase capacity; support for PAIR (Institutional Research) on both campuses to enhance data gathering and analysis; nearly \$300k to sustain the Campus Vision 2050 to plan for UBCV's future; \$2.4m to stabilize the Integrated Service Centre for IRP/Workday.

Sustainment, Risk, and Compliance - 2023-2024 investments in sustainment risk, and compliance include \$390k for increased learning technology innovation, sustainment, and security and an additional \$1.5m for license costs in IT; 1.6m for PrISM (cybersecurity) sustainment; nearly \$1.5m for critical emergency response infrastructure; \$2m recurring for Workday subscriptions; nearly \$0.9m for commodity rate increases and nearly \$5m to meet the deficit and shortfall in insurance premiums.

These seven priority areas (derived from the Presidential Priorities and the UBC Strategic Plan, *UBC's Next Century*) make up the bulk of the commitments of incremental revenue for FY23-24 made in this budget cycle for the Vancouver campus.

UBCO SUMMARY OF INCREMENTAL FUNDING FOR STUDENT PRIORITIES



Selected multi-year investment highlights include:

- \$1.3m - Sustained Investments in the Disability Resource Centre (DRC) Access and Destination UBC, as well as staffing, including a Sexual Violence Prevention Specialist, Senior Academic Scheduler, Learning Strategists, Associate International Student Recruiter/Advisor, wage increases for Student Ambassadors and funding for Health Summer Clinic
- \$2.8m - Minimum funding guarantee for PhD students; Indigenous Graduate Student Entrance and International Doctoral Fellowships; the Work Study program; the International Impact Scholarship; graduate student space; the Black Resource Centre; and the introduction of a graduate student internship program

UBCO SUMMARY OF INCREMENTAL FUNDING THAT ADVANCES INDIGENOUS RECONCILIATION



Selected multi-year investment highlights include:

- \$269k - Indigenous Initiatives Librarian to support language fluency programs; support for Indigenous initiatives and staffing, including an Indigenous Initiatives Coordinator and Indigenous Community Liaison; and restructuring and appropriately resourcing the Indigenous Affairs Office.
- \$1m - Increased support for the development of the Bachelor of Nsyilxcn Language Fluency and the Bachelor of Nłeʔkepmxcín Language Fluency; funding for an Admissions Advisor for Indigenous applicants, an Indigenous Programs and Services Events, and Program Manager; support for the Summer Indigenous Art Initiative, Indigenous Engineering PhD Cohort Pilot, and Indigenous Research Mentorship; and support for the development of a Wildland Fire Ecology and Management Program (WFEM) in the Faculty of Science.

UBCO SUMMARY OF INCREMENTAL FUNDING FOR EDI/IAP INITIATIVES



Selected multi-year investment highlights include:

- \$50k - Reorganizing and providing coordinated central support, including new Associate Provost, Inclusion, Diversity, Equity, Anti-racism appointment.
- \$1.3m - Increased investment in the Beyond Tomorrow Scholars Program; nine strategic IBPOC hires through the Accelerate Phase of the President's Academic Excellence Initiative; funding for a Student Recruiter Advisor to support IBPOC initiatives; and funding for UBC Okanagan public art gallery.

UBCO SUMMARY OF INCREMENTAL FUNDING FOR ACADEMIC TRANSFORMATION AND RESEARCH EXCELLENCE



Selected multi-year investment highlights include:

- \$0.6m - Investments in UBCO Debates, term Librarian for study leaves, a University-Industry Liaison Office Project Facilitation Officer, entrepreneurship@UBC Director, Events and Knowledge Translation, a Plant Care Facility Manager and Makerspace Manager role.
- \$14.3m - Continued investment in space and capital planning; support for academic priorities of faculties experiencing financial challenges; new investment to support international student recruitment and retention; increased support for the Principal's Research Chairs program; continued investment in the Aspire Research Fund, the Eminence Program, the Research and Innovation Patent Fund, and the Research Infrastructure Fund; support of programming, including the implementation of the Master of Design, the Doctor of Education, and the Interdisciplinary Graduate Program; continued support for student research, including the summer multidisciplinary undergraduate research projects in Health.

UBCO SUMMARY OF INCREMENTAL FUNDING FOR CLIMATE ACTION INITIATIVES



Selected multi-year investment highlights include:

- \$115k - Project planner for the Campus Plan and Transportation Plan.
- Multi-year investments in District energy decarbonization with \$8.1m planned for FY25 to FY28.

UBCO SUMMARY OF INCREMENTAL FUNDING FOR operational excellence

Selected investment highlights include:

- \$2m - Contract increases to maintain service levels and improve upon delivery of core campus operations, including updates to the campus plan, staff salary increases and reclassifications, and campus promotion and recruitment.

CONCLUSION



- UBC is committed to supporting the health and wellbeing of students, faculty, and staff
- To maintain and advance UBC's academic mission into the future, we continue to make investments in the key priorities of the UBC Strategic Plan. These include providing our students with the supports they need; transforming learning and pushing the boundaries in research; advancing our EDI goals and our commitments to Truth and Reconciliation; and fighting against climate change.
- UBC's financial position is overseen by the university's Executive and the Board of Governors. While uncertainty continues in some areas, the university's liquidity is well monitored and remains in good health

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 2023-2024 UBC Budget, as presented.

APPENDIX



2023-2024 UBCV FACULTIES OPERATING BUDGET

Cash basis of Accounting
(in \$millions)

	2020/21 Actuals	2021/22 Actuals	2022/23 Forecast	2023/24 Plan
Revenues				
Government grants of British Columbia	422	445	482	512
Tuition	434	468	475	489
Other	163	213	214	210
Total Revenues	1,019	1,126	1,171	1,211
Expenses				
Salaries & benefits	831	881	926	1,004
Non salaries	124	155	180	177
Total Expenses	955	1,036	1,106	1,181
Net Operating Fund	64	90	65	30
Capital Transfers	4	7	45	1
Research Transfers	29	30	29	30
Excess (deficiency) of revenues over expenses	31	53	(9)	(1)



2023-2024 Budget Highlights

- Faculties are facing budget pressure in 2023/24 given inflation pressure and other increased costs.
- Some of the significant faculty reserve changes include:
 - Faculty of Arts drawdown due to self-funded salary increases for faculty and merit for staff, as well as capital investments towards the completion of the Asian Centre recording studio and Geography room upgrades.
 - Faculty of Applied Science drawdown due to a one-time expenditure on capital projects to refresh existing infrastructure.
 - Faculty of Medicine increase in reserves driven by temporary surpluses in advance of recurring expenditures relating to School of Biomedical Engineering Building and a ramp up of expansion Masters programs.

2023-2024 UBCV ADMINISTRATION OPERATING BUDGET

Cash basis of Accounting
(in \$millions)

	2020/21 Actuals	2021/22 Actuals	2022/23 Forecast	2023/24 Plan
Revenues				
Government grants of British Columbia	248	207	253	343
Tuition	363	382	395	426
Other	651	876	709	766
Total Revenues	1,262	1,465	1,357	1,535
Expenses				
Salaries & benefits	461	470	526	618
Non salaries	761	887	732	798
Total Expenses	1,222	1,357	1,258	1,416
Net Operating Fund	40	108	99	119
Capital Transfers	89	133	90	80
Research Transfers	18	24	21	11
Excess (deficiency) of revenues over expenses	(67)	(49)	(12)	28



2023-2024 Budget Highlights

- Overall, Central support units are showing a reserve build-up primarily due to funding within the AEF and PAEI which is 'ring-fenced' for new Faculty Renewal and Strategic Investments. This is somewhat offset by inflationary pressures, critical unfunded positions and a 1% one-time funding reduction.
- Student Financial Aid drawdowns are mainly from domestic SFA for bursaries due to anticipated reduction of government student grants to pre-COVID-19 levels, anticipated increased bursary funding for Bachelor of Education students and projected increase to four-year fellowships for graduate students.

2023-2024 UBCO TOTAL OPERATING BUDGET

Cash basis of Accounting
(in \$millions)

	2020/21 Actuals	2021/22 Actuals	2022/23 Forecast	2023/24 Plan
Revenues				
Government grants of British Columbia	80	84	89	100
Tuition	125	133	134	141
Other	12	37	61	40
Total Revenues	217	254	284	281
Expenses				
Salaries & benefits	137	154	167	191
Non salaries	59	81	109	87
Total Expenses	196	235	276	278
Net Operating Fund	21	19	8	3
Capital Transfers	10	5	12	22
Research Transfers	6	8	7	8
Excess (deficiency) of revenues over expenses	5	6	(11)	(27)



2023-2024 Budget Highlights

- UBCO plans to preserve ongoing strategic investments, core administrative services, and critical term positions while developing strategies to increase new student enrolments and retention.
- Continued commitment to long term priorities for capital investments contribute to the planned deficit with major building projects and climate action plans (\$21.8m) and research support (\$8.0m).
- Faculty reserve drawdowns (\$2.5m) reflect current critical hiring priorities while monitoring enrolment levels and salary pressures into the future.
- Investments being made from Operating and Excellence Fund for undergraduate SFA, graduate awards and minimums, and UBCO's Truth and Reconciliation Commission (TRC) commitments, EDI initiatives, and the President's Academic Excellence Initiative (PAEI).