



APRIL 2021

# 2021/22 Budget

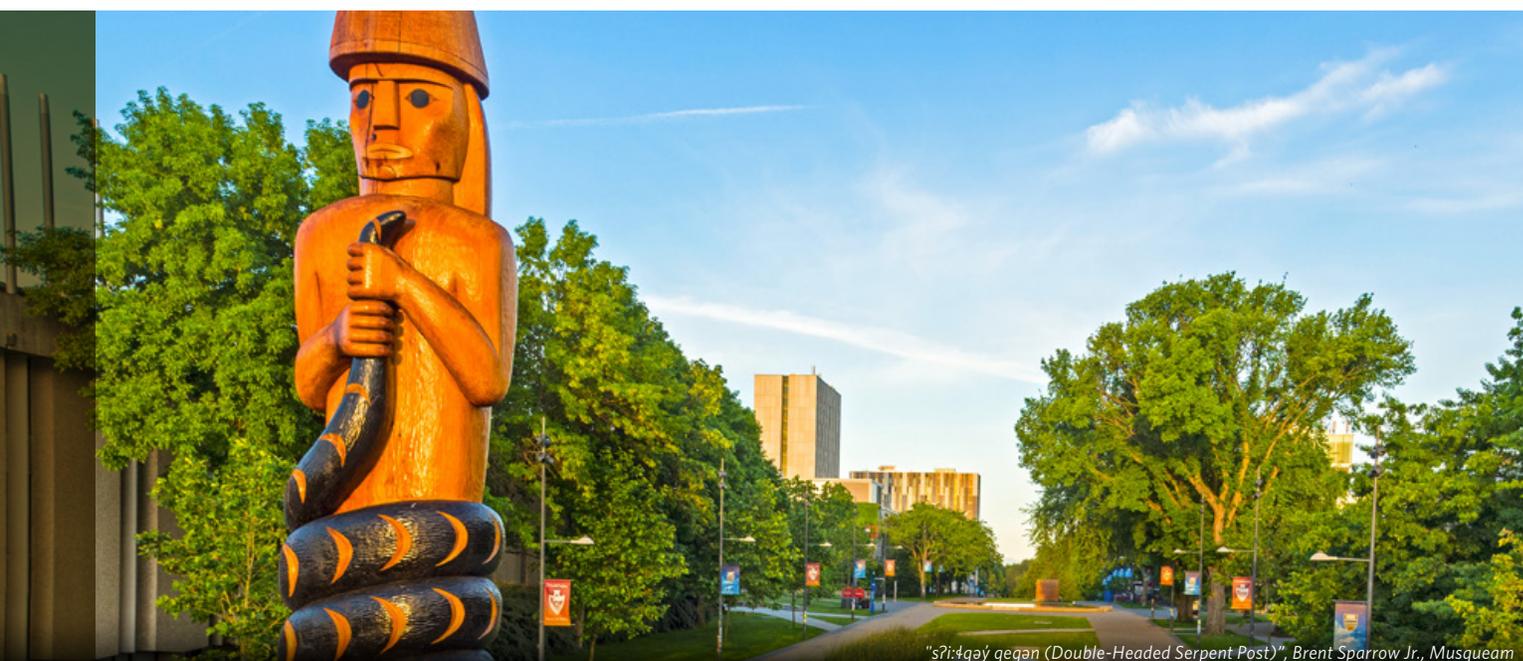


THE UNIVERSITY OF BRITISH COLUMBIA

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We acknowledge that UBC's campuses are situated within the traditional territories of the Musqueam, Squamish and Tsleil-Waututh, and in the territory of the Syilx Okanagan Nation and their peoples.



"s7i:4qay qeqan (Double-Headed Serpent Post)", Brent Sparrow Jr., Musqueam

# Letter from the President

The past year has been unprecedented and challenging in many ways for our community, on both the individual and organizational levels. This includes an impact on the university's finances, but I am proud to say that strong financial management – as well as effort on the part of UBC's community to curb discretionary spending throughout the COVID-19 response – has enabled us to maneuver through these challenges and continue advancing our academic mandate and vision, all while supporting our community.

While we recognize that COVID-19 has had an impact, we remind our community that UBC's financial affairs have strong oversight and governance through the Executive and the Board of Governors. Our university's liquidity position is monitored and remains in good health, and we are rated highly on an annual basis by external credit rating agencies. Our prudent fiscal management and conservative approach through the COVID-19 pandemic has ensured that UBC maintains a solid foundation on which to grow and flourish in the coming years.

We are also enabled by our governments, both provincially and federally, in the financial support they provide, and, as always, express our gratitude to these critical partners.

While the 2020/21 year could easily be one we look back on for its challenges, I encourage our community to reflect upon our remarkable achievements in the face of adversity:

- The university invested over \$13.7m to facilitate the transition to an enriched remote learning experience, including moving over 11,000 courses online.
- We developed a valuable suite of student supports, including \$2.3m of additional recurring investment in mental health and wellbeing resources for our students around the world.
- We focused our efforts on ensuring that students were provided additional financial aid, including adding \$5.6m in emergency bursaries to support those affected by the pandemic.



- Our research community mobilized to address COVID-19 in a variety of ways, including drawing significant investments totaling over \$24m to push forward critical advances including new therapies, biodegradable masks, novel vaccine delivery mechanisms, epidemiological understanding, and social and policy responses.
- We furthered our commitment to enhancing access, success, and representation of historically underserved, marginalized, and excluded populations, including dedicating \$4.8m to support Indigenous and Black students, \$4m to support faculty who are Indigenous, Black, and People of Colour (IBPOC), and \$5.6m to cultivate a more diverse and inclusive community at UBC.
- Through all of it, we continued to advance our strategic priorities, including launching our Indigenous Strategic Plan, creating a series on anti-racism teaching, initiating the President's Academic Excellence Initiative, and advancing our work on sustainability and climate action.

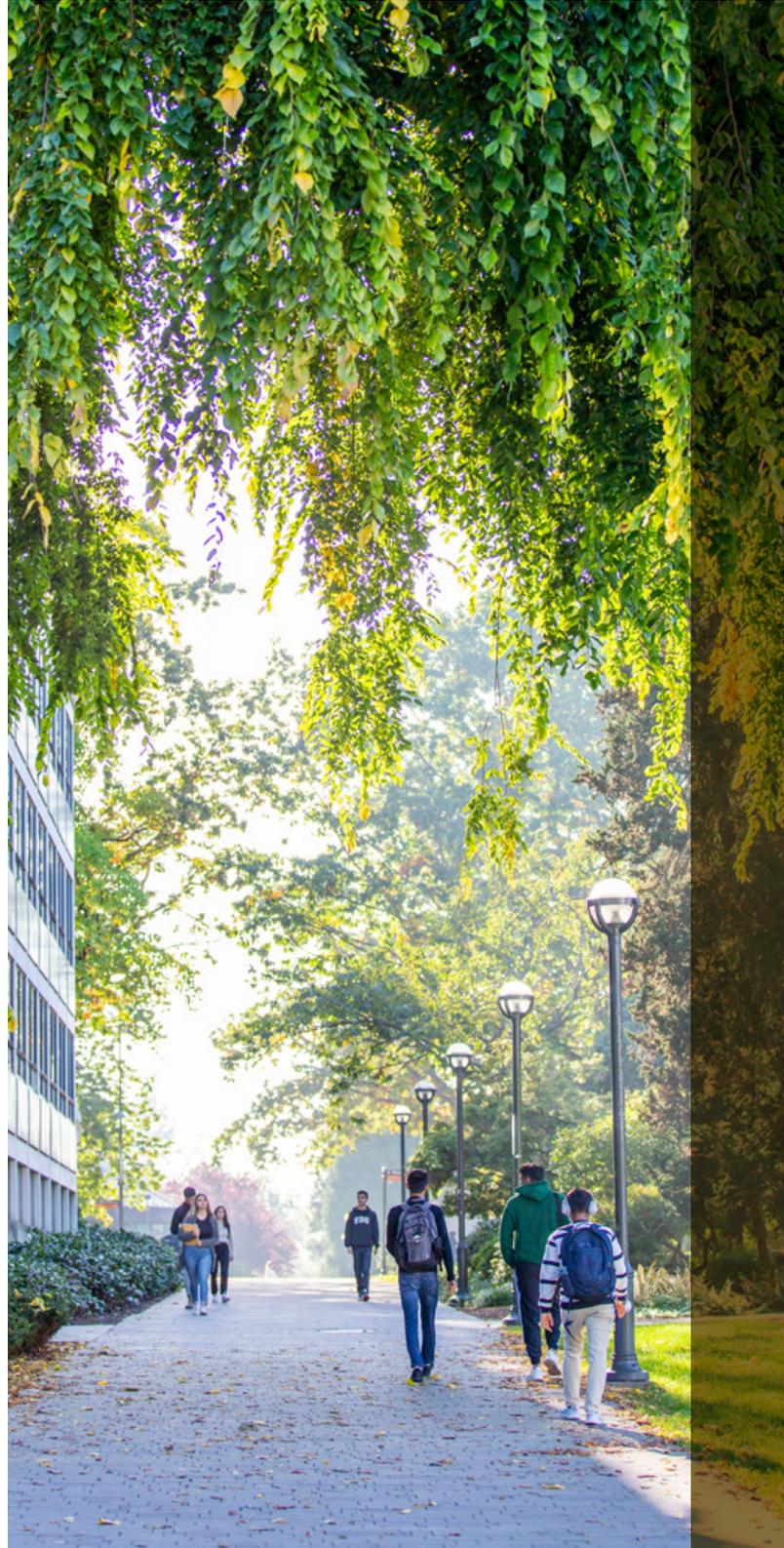
Our budget for 2021/22 is centred on propelling our priorities, including advancing our Equity, Diversity, and Inclusion initiatives, our commitments to Truth and Reconciliation, our crucial student supports, and our very purpose — pursuing excellence in research, learning, and engagement to foster global citizenship, and advance a sustainable and just society across British Columbia, Canada and the world. These are not one-time commitments, but core areas of focus that we have been deliberately developing, over time, and that will continue to be the focus of our investments for years to come.

On behalf of the university, I would like to extend my profound thanks to our students, faculty, staff, alumni, partners, and community, whose collective resilience has enabled UBC to adapt to extraordinary circumstances, and to rise to the challenges that face us. I promise that our ongoing financial strategy will continue to honour UBC's diverse and inclusive community, and our shared vision of excellence in teaching, learning, and research.

Sincerely,

**Santa J. Ono**

President and Vice-Chancellor



# 1.0 Executive Summary

## Overview

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

In March 2020, as the budget process for fiscal 2020/21 was nearing completion, it became clear that the university would need to pivot and develop a financial strategy that recognized the effects of COVID-19. UBC's finance teams embarked on a significant process to consider, analyze, and plan for how COVID-19 would impact university operations, as well as how the university could mitigate some of that impact through prudent and thoughtful financial management.

UBC has weathered the initial impact of COVID-19 through fiscal 2020/21 more positively than anticipated. However, we are conscious that uncertainty remains high across many areas, and that impact may have flow-through effects on subsequent years. As the university and the global economy recover, we are committed to being proactive in our financial strategies and conservative in our approach.

The knowledge and experience gained through the 2020/21 fiscal year has enabled us to identify key areas of the university that have potential to be particularly impacted by COVID-19, such as revenue from tuition and ancillary services. As part of this cycle's budget process, our approach has included the preparation of a sensitivity analysis that explores how various scenarios could further impact key areas, and identifies possible mitigating strategies that could be taken. By being proactive and fiscally prudent, we have set a solid foundation for the university's finances for future years.

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

With that context in mind, we are pleased to present the 2020/21 Budget Report for The University of British Columbia. The annual budget supports the collective vision, purpose, values, and goals of the institution as identified in the university's strategic plan, *Shaping UBC's Next Century, Strategic Plan 2018 - 2028*, and in this report we aim to show how UBC's financial approach is advancing the university's priorities and supporting our pursuit of excellence in research, learning and engagement.

## Consolidated Budget

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

The university's consolidated budget assumes annual revenues of \$3.1b, of which \$2.3b are from the university's core operations. Adjusting for unrestricted surpluses in research and endowments, as well as a net investment in capital, the university expects a consolidated surplus for fiscal 2021/22 of \$10m as detailed in the table below:

<b>CONSOLIDATED BUDGET FISCAL 2021/22</b> <i>(in \$ millions)</i>	2019/20 ACTUALS	2020/21 FORECAST	2021/22 PLAN
<b>Operating Revenue</b>			
Provincial government grants	902	939	971
Tuition	891	916	984
Other	1,124	964	1,139
<b>Total Operating Revenue</b>	<b>2,917</b>	<b>2,819</b>	<b>3,095</b>
<b>Operating Expenses</b>			
Salaries and benefits	1,719	1,851	1,936
Non Salaries	1,108	1,018	1,149
<b>Total Operating Expenses</b>	<b>2,827</b>	<b>2,868</b>	<b>3,084</b>
<b>Reserves (drawdowns) / additions</b>	<b>90</b>	<b>(50)</b>	<b>10</b>

Within the consolidated budget, there is a planned operating deficit of \$(61m), which reflects the ongoing impact of the COVID-19 pandemic, although improved from the \$(84m) forecasted operating deficit in Q3 of 2020/21. This is offset by a \$71m surplus within the non-operating funds from UBC's Endowment, unrestricted research funding, and the capital bias.

## Strategic Investments

The heart of UBC's Strategic Plan is to inspire and enable students through excellence in transformative teaching, learning, mentoring, advising, and student experience. While the 2021/22 budget continues the university's strategic financial response to COVID-19, which is centred on supporting the long-term health and wellbeing of students, faculty, and staff, it also includes ongoing investment in UBC's core priorities and critical operations. Among these are:

- Ensuring the university's ongoing capability to manage its recovery from COVID-19;
- Making additional investments in students, faculty, and staff, to better support and innovate as needed for remote teaching, learning, research, and working;
- Advocating for anti-racism, equity, diversity, and inclusion across UBC's campuses, and making meaningful progress through thoughtful and deliberate actions;
- Investing in additional resources and strategic initiatives to support the implementation of the Indigenous Strategic Plan;
- Implementing the President's Academic Excellence Initiative (PAEI);
- Championing the deployment of the recommendations of the Climate Emergency Task Force through the Climate Action Plan; and
- Supporting strategic student and faculty initiatives that will elevate UBC's teaching, learning, and research capabilities through faculty resources, the Academic Excellence Funds, and student-directed priorities.

A high-level summary of UBC's incremental strategic investments, capturing the full picture of operating and Excellence Funds on both campuses, follows below. The increase in 2021/22 largely reflects the growing impact of the Excellence Funds, and support of their ongoing commitments, on the university's areas of focus.

It is important to note that these priority areas are interconnected, and investments in various initiatives may impact multiple categories. For example, as noted below, major investments in the President's Academic Excellence Initiative (PAEI) have been included in the People and Places category, although they also connect directly to Transformative Learning and Research Excellence.

<b>INCREMENTAL STRATEGIC INVESTMENTS FOR FISCAL 2021/22, BY CORE AREA</b> <i>(in \$ thousands)</i>	2019/20 ALLOCATION	2020/21 ALLOCATION	2021/22 PLAN
Local and Global Engagement	9,399	7,570	11,321
Transformative Learning	10,117	28,076	23,041
People and Places	38,061	36,060	69,953
Research Excellence	27,148	29,014	26,724
Sustainment, Risk and Compliance	16,219	1,943	6,374
Strategic Plan Enablement	2,249	5,572	6,158
COVID-19 Contingency	—	15,000	7,290
Held for Future Commitments	—	—	23,413
<b>Total Commitments</b>	<b>103,193</b>	<b>123,235</b>	<b>174,274</b>

\* Please note that the *People and Places* core area includes investments in PAEI, a comprehensive initiative that also supports *Transformative Learning and Research Excellence*.

## PRIORITY OPERATING INVESTMENTS

### VANCOUVER CAMPUS

Due to the impact of COVID-19, incremental funding for strategic initiatives on the Vancouver campus from the central operating fund is limited for the 2021/22 fiscal year, with \$25.1m available in total (an additional \$10.4 is held for future commitments).

The investments made through this limited funding will continue to support UBC's core priorities, while also ensuring that the university is capable of responding to any potential further financial impacts from COVID-19 through the protection of COVID-19-related contingency funding totalling \$7.3m.

The remaining \$17.7m will be allocated to:

- **People and Places — \$9.1m:**

for ongoing support of the Integrated Service Centre, which was created to provide faculty and staff with day-to-day support and to answer questions about the new Workday finance and human resources system; continued funding for our Equity, Diversity, and Inclusion priorities, including anti-racism initiatives and the Inclusion Action Plan; ongoing

support for the Rapid Transit Office, which advocates for the extension of Vancouver's Skytrain service to the UBC campus; and student supports.

- **Local and Global Engagement — \$2.1m:**

for ongoing investment in UBC's Aboriginal Strategy; continued support of the Residential School History & Dialogue Centre; establishment of the Indigenous Strategic Plan office; and resources for the Climate Action Plan.

- **Transformative Learning — \$2.5m:**

for ongoing resourcing of Development and Alumni Engagement campaigns to enable fundraising growth. The success of these campaigns will lead to new investment in teaching, learning, and research excellence.

- **Sustainment/Risk/Compliance Actions — \$4.2m:**

for the PRISM 2.0 program, which reduces the risk of privacy or information security breaches; implementation of a chemical/biological/radioactive inventory system; and support for classroom upgrades and routine capital improvements (with 25%/75% matched funding with the Province).

## OKANAGAN CAMPUS

Incremental tuition for fiscal 2021/22, along with unallocated tuition carrying forward from fiscal 2020/21 and reserves committed to address the campus's space shortage, result in \$33.9m available for allocation to strategic priorities. Funding of \$13m will be held back to support future planned capital and operating requirements — until planned new building constructions are complete the campus is at enrolment capacity, reducing the opportunity for incremental revenues in the coming years. The balance available for strategic priorities in fiscal 2021/22 is \$20.8m, with recommendation for allocations as follows:

- **People and Places — \$7.1m:**

for proposed minimum funding for PhD students; support for the Integrated Service Centre; and funding for EDI priorities, including resources for the Equity Office and Sexual Violence Prevention and Response Office. Significant investment is also included for capital development, including the build-out of Innovation Precinct building 1, the Interdisciplinary Collaboration and Innovation building, and Nechako Housing Commons.

- **Research Excellence — \$4.3m:**

for investments to continue to support innovation, knowledge and resource sharing, and research infrastructure, as well as the build-out of Innovation Precinct building 1.

- **Local and Global Engagement — \$1.1m:**

for implementation of Truth and Reconciliation Commission (TRC) commitments, including ongoing positions for the Indigenous Affairs Office, Indigenous student advising, and Library Services resources.

- **Transformative Learning — \$6.1m:**

for resources to expand student services, primarily in the areas of career and academic development, disability and student learning resources; and counselling and health resources. Additional resources are allocated for faculties to support academic priorities.

- **Sustainment/Risk/Compliance Actions — \$2.2m:**

for support for administrative unit staff salary increases; operating costs for new building service contract increases; routine capital, including an annual roof replacement program; and growth pressures for core services, including infrastructure development, facilities management, security, information technology, and finance.

## HIGHLIGHT

### UBC's Continued Response to COVID-19: Supporting our Community

A key priority for the coming fiscal year continues to be UBC's COVID-19 response, which is centred on supporting the long-term health and wellbeing of students, faculty, and staff above all other considerations.

In fiscal 20/21, in response to the impact of COVID-19, UBC invested over \$13.7m to facilitate the shift to a high-quality online learning experience – including the transition of over 11,000 courses to remote delivery.

In this year's budget, the university is planning to invest an additional \$11m to support a safe return to campus for our students this fall, as well as committing \$2.5m in future years to expand existing learning enhancements, technology tools, and open educational resources. The university is also holding a contingency of \$7.3m to manage COVID-19-related impacts, and public health and safety requirements, as they arise.



## PRIORITY INVESTMENTS FROM THE EXCELLENCE FUNDS

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

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

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

### VANCOUVER CAMPUS

On the Vancouver campus, a total of \$87m funding is planned for fiscal 2021/22 across initiatives that support the core areas of UBC’s Strategic Plan. The Academic Excellence Funds continue to grow in their impact on the university, and this is an increase of \$21m over academic initiative spending in the prior fiscal year (forecasted as at Q3). Planned investments for the coming year include:

- **People and Places — \$48.3m:**  
in ongoing support of the President’s Academic Excellence Initiative PhD Awards and the President’s International Doctoral Research Fellowship; recruitment funding and support for the President’s Excellence Chairs, Canada 150 Research Chairs, and Canada Excellence Research Chairs; and match funding to support endowed chair positions within various faculties.
- **Local and Global Engagement — \$7.1m:**  
for the ongoing recruitment and retention of Indigenous students; continued investment in the Indigenous Research Support Initiative (IRSI) and the activation of the Indigenous Strategic Plan; and further funding for climate and sustainability initiatives.

- **Research Excellence — \$18.5m:**  
in ongoing support for the President’s Academic Excellence Initiative; funding for research clusters; the continued development of digital research infrastructure; and Innovation UBC, a network involving multiple units and teams working to expand the range of assistance for UBC researchers, scholars, and their partners to generate social and economic impacts locally, nationally, and internationally.
- **Transformative Learning — \$11.5m:**  
for the continued development and delivery of teaching excellence through alternative modes of instruction; funding for open source educational resources for students; ongoing support of the Work Learn Program; and support for the new Indigenous Student Collegium at the First Nations House of Learning.

### OKANAGAN CAMPUS

On the Okanagan campus a total of \$17.5m funding is planned across initiatives that support the same core areas, including:

- **People and Places — \$5.5m:**  
for investments in the recruitment and retention of faculty, the Aspire Research Fund, and International Doctoral Fellowships, as well as the new International Impact Scholarship; the establishment of minimum per year funding for PhD students; and the Accelerate Phase of the President’s Academic Excellence Initiative, with specific recruitment of BIPOC faculty.
- **Local and Global Engagement — \$1.1m:**  
for ongoing support of Aboriginal Entrance Fellowships for graduate students and development of a new Indigenous language fluency degree; new investment in anti-racism and Truth and Reconciliation commitments; and support for the UBC Okanagan Public Art Gallery and the Public Humanities Hub.
- **Research Excellence — \$4.0:**  
for significant investment in research clusters (through the Eminence Program); increased funding for the Principal’s Research Chairs program; and continued enhancement of research infrastructure.
- **Transformative Learning — \$2.9m:**  
for continued investment in UBC Okanagan’s Aspire Learning and Teaching Fund to support curricular innovation; investment in seed funding for new programs; and support for student-led initiatives.

## STUDENT-DIRECTED PRIORITY INVESTMENTS

Prior to the onset of COVID-19, the Board of Governors directed the administration to allocate all of the incremental domestic student tuition from rate increases in 2020/21 (totaling \$7.9m) to enhance the student experience. The distribution of this funding was guided by the elected student leadership, and included:

- **On the Vancouver campus \$6.8m for student-directed priorities, including:** a transit subsidy, emergency financial aid (the UBC Emergency Bursary and Graduate Student Financial Aid Programs), the Graduate Life Centre Project, funding for graduate student financial aid, funding for student-facing climate projects/programs, upgrades to the Norm Theatre in the Life Building in collaboration with the Faculty of Arts, and supporting SafeWalk services.

- **On the Okanagan campus \$1.1M for support student-directed priorities, including:** enhancements to existing spaces (informal study and recreational spaces) to make them more functional, and emergency financial aid.

For 2021/22 the proposed tuition rate increases for both international students (4% for new students and 2% for continuing) as well as domestic students (2%) are also earmarked to be allocated to student-directed priorities. Subject to Board of Governor approval, this would generate \$18m of tuition revenue, which has been incorporated into the 2021/22 budget.

UBC has worked closely with students to seek input on the allocation of this revenue. The result of the consultation is a variety of focus areas for investment, including resources for teaching and learning, student financial supports, student support staffing, housing bursaries, student spaces, and food security.



## HIGHLIGHT

### Paving the Way for World-Changing Research

The President's Academic Excellence Initiative (PAEI) will increase the complement of UBC's research faculty through a carefully developed plan for growth. This unprecedented faculty recruitment effort will significantly enhance the university's research capacity, and provide supports for our new and existing faculty members and graduate students.

Renowned neurobiologist Dr. Freda Miller was recently recruited as the first PAEI faculty hire in September 2020, with a joint appointment in the Department of Medical Genetics and UBC's Michael Smith Laboratories. Implementation of the Accelerate Phase is now underway, and recruitment plans submitted by faculties have been approved to proceed, which will lead to the hiring of new faculty members across both campuses over the next three to four years.

## Base Operations

UBC uses a decentralized budget model, meaning that faculties and administrative units are responsible for balancing local budgets within their respective areas. The university's core revenues are fully allocated towards the cost of continuing current base operations, as well as investing in new strategic initiatives to meet university priorities. Operating revenues for 2021/22 are forecasted to increase over the previous fiscal year by \$206m (from \$2,123m in 2020/21, to \$2,329m in 2021/22), mainly because of the recovery in sales and services revenue (and ancillary operations in particular).

### ALIGNMENT WITH UBC'S STRATEGIC PRIORITIES

All of the university's base budget activities are driven by the vision set out in UBC's Strategic Plan. Consistent with UBC's budget model, faculty and administrative unit budgets are reviewed independently. For the 2020/21 budget process, strategic budget meetings were held with each area in November 2020 to explore priorities and cost pressures, and follow-up financial forecast/outlook sessions were completed in February 2021 to benefit from the more accurate data provided through the third quarter forecast. This process helps to 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.

### OPERATING REVENUE

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

### OPERATING COSTS

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

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

Savings from efficiencies continue to make an important contribution to providing the capacity for both new investments and maintaining current activity levels. The 2021/22 budget has incorporated a 2% reduction for funding in administrative areas on the Vancouver campus to incentivize operating efficiencies, where they make sense. The university will need to continue to focus on operational excellence to deliver efficiencies.

The capital program for fiscal 2021/22 continues to be extensive with \$367m of total capital expenditure budgeted. A notable feature in the year ahead is the continuation of funding from the provincial government for "routine capital", which is augmented by a 25% matching contribution from UBC. This expenditure principally focuses on the deferred maintenance associated with university facilities, and is estimated to be \$47m in fiscal 2021/22.

Major building projects under development include:

- the Pacific Residence, providing 1,000 new beds for students as well as new academic and social spaces, which will further enhance the vibrance and vitality of the northeast area of the Vancouver campus;
- the Okanagan Nechako Housing Commons;
- the Arts Student Centre, a multi-purpose facility that will advance the mandate of the Arts Undergraduate Society by providing amenities to support the learning, social, and collaboration and innovation space needs of the Faculty of Arts student population;
- the School of Biomedical Engineering Building, which will support the expansion of undergraduate and graduate programs, as well as research activities;
- the Water Pump Station on the Vancouver campus;
- the Okanagan Interdisciplinary Collaboration & Innovation Building; and,
- the "Gateway" Building (official name to be determined), which will co-locate the School of Nursing, the School of Kinesiology, Integrated Student Health Services, and components of UBC Health that will facilitate inter-program interaction and synergies and contribute to health and wellbeing.

The timing of the Brock Commons Phase 2 project, a mixed-use academic/student housing hub is under review. Please refer to the [Capital Details Appendix](#) for further information.

UBC's previous student, finance, and human resources enterprise IT systems were implemented over 20 years ago, and critical transformation began in 2018/19 with the Integrated Renewal Program. Workday — the replacement system for HR and Finance — was deployed in November 2020, and the university will begin payment of debt service costs for this project starting in the 2021/22 budget year. The financial plan for the student information system replacement is in development. The university has set aside committed funding for debt servicing of the project of \$33.5m in 2021/22.

## Endowment

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

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

The university is proposing to move to a flat spend strategy (subject to Board approval), with the committed allocation of \$4m to UBCO (which is already Board approved) and \$15m to the President's Academic Excellence Initiative, both growing at 2% annually. With these initiatives, and if approved, the fund is now fully committed for the foreseeable future.

## Research

As with the Endowment, Research at UBC has restricted and unrestricted funding sources. Restricted research utilizes external funding to support specific projects and initiatives, and therefore has no impact on the surplus/deficit position of the university. UBC is a research powerhouse, with sponsored (i.e., restricted) research drawing over \$640m in investment through fiscal 2020/21, with \$660m projected in 2021/22.

Funding for unrestricted research is transferred by the faculties from their operations to support start-up costs for new faculty appointments, as well as filling funding gaps in sponsored research projects. The funding that is transferred is recognized as revenue in the year, with costs incurred over time. As such, a surplus is generally reflected in the budget when the funding exceeds costs incurred in the fiscal year, with the current budget projecting a \$21m surplus.

## Risk Assessment and Economic Environmental Scan

### DOMESTIC

COVID-19 has had a significant impact on operations for the Province of British Columbia, and the government has announced that some post-secondary institutions may be exempt from the balanced-budget rule with approval to operate in a deficit position for the 2021/22 fiscal year (UBC has not made this request, based on the balanced budget proposal). This will provide stability for the post-secondary institutions that have seen extra costs and lower revenue as a result of the pandemic, and will permit them to navigate the financial impacts of COVID-19. At this time, there is no indication of a reduction in provincial operating grant funding for the sector, and while the overall economic environment UBC faces in the year ahead continues to be constrained in several aspects, it does include an uplift in funding from the provincial government for general wage increases. The Province is also continuing its commitment to routine capital funding (deferred maintenance on academic facilities), and significant contributions to several building projects.

## INTERNATIONAL

The economic contributions of UBC on the regional and provincial economies are significant, and the dynamic impact through knowledge creation and knowledge transmission increases the productive capacity of the region and nation. UBC is a globally-recognized institution for teaching, learning, and research, and an important contributor to the landscape of international education, in addition to its contributions to the province. The institution is consistently ranked as one of the top universities in the world, and this position has created

opportunities for UBC to attract talented students and researchers from over 160 countries, as well as opening doors for the university to engage with global challenges that have far-reaching impact. The university's teaching and research complement is currently being enhanced through the President's Academic Excellence Initiative, and as UBC has weathered the COVID-19 impact of the 2020/21 financial year more steadfastly than many institutions, there may be a unique opportunity to attract top scholars to the organization.



## HIGHLIGHT

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

Sustained excellence in research, education, and engagement depends on the integration of diverse perspectives and approaches. UBC is committed to advocating for anti-racism and inclusive excellence across our campuses, and making meaningful progress through thoughtful and deliberate actions.

Last year approximately \$4.8m was dedicated to supporting Indigenous and Black students, and an additional \$3m has been earmarked to further increase dedicated awards, bursaries, and student support. \$4m was also provided to support faculty who are Indigenous, Black, and People of Colour (IBPOC), with \$5.6m allocated to cultivate a more diverse and inclusive community at UBC.

In 2021/22, UBC will continue to promote Equity, Diversity, Inclusion, and Anti-Racism through the university's spending priorities, including:

- Over \$8m in support for Indigenous and Black students, including ongoing funding for the Indigenous Collegium, various undergraduate and graduate student supports, and increased funding for Student Financial Aid.
- \$10m specifically dedicated for the hiring of IBPOC faculty to enable a more diverse faculty complement over the next seven years.
- Over \$5.3m to support Equity, Diversity, and Inclusion initiatives, including ongoing funding for the Equity & Inclusion Office, the President's fund for Anti-Racism, and the Dimensions Program.

As we have seen through the 2020/21 fiscal year, international issues — including global health and the world economy — have an obvious potential to impact the university in a variety of ways, including effects on enrolment and operations. The ongoing COVID-19 pandemic continues to present a recognized risk against the trajectory of the university, notably with regards to UBC’s ancillary services (especially student housing). However, international student enrolment continues to show strong demand at UBC, and while the impacts of COVID-19 and international vaccine strategies present ongoing uncertainty, the recent announcement that the university expects to return to on-campus activity this fall may enhance that demand.

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

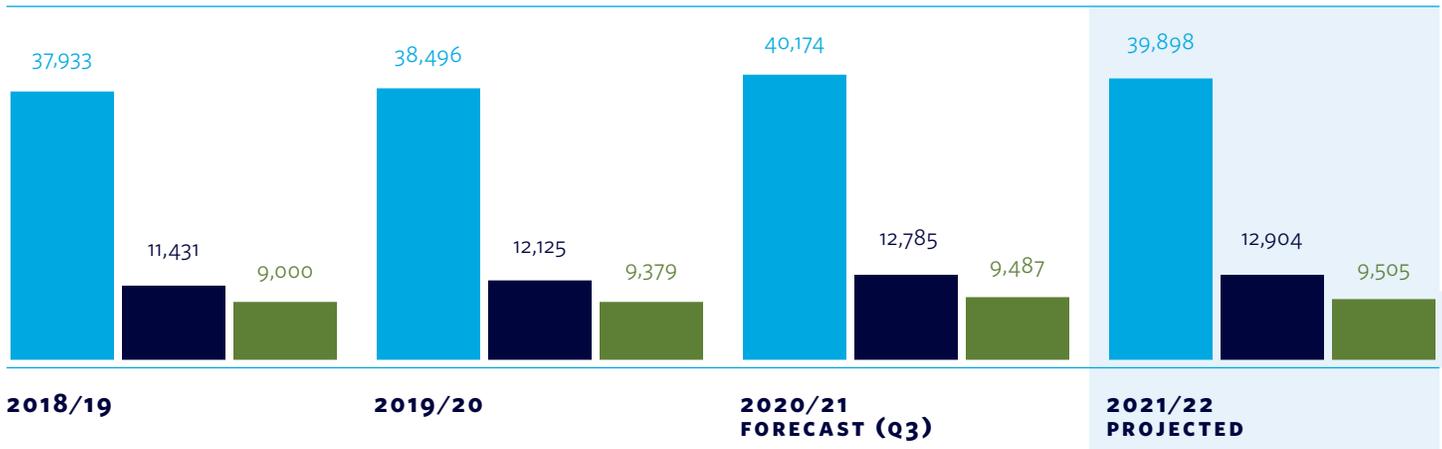
**UBC ENROLMENT**

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

The university projects 52,802 enrolled undergraduate and 9,505 graduate students in fiscal 2021/22 across both campuses. A high-level view of enrolment data from recent years, combined from across both campuses, is provided below.

**Enrolment Trends**

- UBC Domestic Undergrad (includes residents)
- UBC International Undergrad
- UBC Graduate



# 2.0 UBC's Budget Process

The UBC Budget represents the financial plan for the university – it serves as a roadmap for allocating all of the university's revenues against anticipated expenses. It uses the prior year's allocations as a baseline to identify recurring funding, and considers enhancement requests and the distribution of incremental revenues to fund strategic initiatives and to manage cost pressures.

In the 2021/22 fiscal year, the university will continue to manage its limited incremental funding allocations very conservatively, as the impact of COVID-19 may continue into future years. This will be monitored and assessed during the year as certainty increases related to enrolment and on-campus activity.

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

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

- Funding from the provincial government
- Tuition levels and student numbers
- Revenue forecasts from other sources

- Salary and benefit increases
- Other cost increases, based on changes to the consumer price index or the Higher Education Price Index, and currency exchange rates

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

Because of the circumstances leading into the 2021/22 fiscal year and the ongoing impact of COVID-19, the budget team has included a sensitivity analysis to demonstrate the possible impacts on key areas of the university based on alternative scenarios (mid-range and worst-case alternatives) to the budget presented here. This analysis examines these scenarios as potential variances from the 2021/22 budget proposal.

## The Budget Process



## The Budget Process

The development of UBC's budget is a collaborative effort including all of the university's faculties and administrative units, with consultation and discussion at the core of the process. For the development of the 2021/22 budget, the university has not been in typical circumstances given the impact of COVID-19 — not only on our financial position, but on our entire community. The process that led to the development of this year's budget was changed to reflect this. However, while the methods and mediums through which discussion and consultation have occurred may have changed, meaningful engagement has remained the cornerstone of the university's financial planning approach.

This year UBC's finance teams have collaborated with:

- Faculty and administrative unit leadership, through individual strategic budget meetings as well as financial forecast/outlook sessions
- Deans
- Academic heads/directors of units
- Associate vice-presidents
- Elected student leadership
- Senior staff
- Senate Budget Sub-Committees of the Budget Committee of the Council of Senates (Vancouver and Okanagan)
- Executive

The Budget is presented for the approval of UBC's Board of Governors, and covers the fiscal year from April 1, 2021, to March 31, 2022.

## Budget Framework

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

A simple picture of the university's Consolidated Budget for fiscal 2021/22 is represented in the graphic below.

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

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

## Budget Framework

REVENUES

EXPENDITURES



## Sensitivity Analysis

In a typical year, the financial target for the Operating Budget is to achieve a near balanced result. This means that operating revenue and expenditures (which include ongoing capital costs and internal loans for capital projects) are at equivalent levels. However, given the impact of COVID-19 through 2020/21, the provincial government announced flexibility for post-secondary institutions to develop a deficit budget plan for 2021/22 if necessary. At the time of writing, UBC expects to have a small surplus for fiscal 2021/22.

The Province of British Columbia provides an operating grant totaling an estimated \$779m to the university to support the teaching of domestic undergraduate and graduate students in selected degree-granting programs. Of this, \$697m is designated for UBC Vancouver and \$82m for UBC Okanagan.

The provincial operating grant funds the full-time equivalent (FTE) enrolment of 30,199 full-time domestic undergraduates and 5,873 graduate students in Vancouver, and 7,103 students in the Okanagan. There are some specific enrolment targets, primarily in the health professions, sciences, education, and engineering. UBC expects to exceed the provincial enrolment targets by approximately 2,733 domestic undergraduate students and 3,495 graduate students.

UBC Vancouver allocates tuition received to the faculties and to student financial aid (SFA) via an established formula. About 7.5% of tuition is allocated to support student financial aid for both international and domestic students. Of the remaining graduate and domestic undergraduate tuition, 75% flows directly to the faculties. 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. Remaining tuition revenue is allocated to the Vancouver operating fund for core operating and support services and strategic priorities.

The 2020/21 fiscal year provided UBC's finance teams with insight into key areas of sensitivity to the impacts of COVID-19 — namely tuition and ancillary services. The university's finance teams have used the knowledge gained relating to these key drivers to inform a separate analysis based on alternative scenarios that deviate from the 2021/22 budget assumptions.

Throughout 2020/21, the potential impact on university tuition was mitigated through proactive management of student recruitment and support, and this analysis assumes UBC will continue to actively manage recruitment, enrolment and student support similar to the prior year, leading to tuition not having a significant impact on revenue. Accordingly, the main focus is on alternative scenarios relating to ancillary services and associated building operations.

The sensitivity analysis focuses on two alternative scenarios that provide a mid-range (Scenario 1 — blended on-campus and remote teaching) and worst-case (Scenario 2 — mainly remote teaching) alternative to the budget based on two key drivers: housing occupancy and on-campus activity. The table below provides the assumptions used in both scenarios, as compared against assumptions used for the budget proposal.

SENSITIVITY ANALYSIS — ASSUMPTIONS	PLAN			SCENARIO ONE			SCENARIO TWO		
	SUMMER	WINTER TERM ONE	WINTER TERM TWO	SUMMER	WINTER TERM ONE	WINTER TERM TWO	SUMMER	WINTER TERM ONE	WINTER TERM TWO
Housing Occupancy	50%	90%	90%	50%	70%	70%	50%	50%	50%
On-Campus Occupancy	10%	70%	70%	10%	30%	30%	10%	10%	10%

## FINANCIAL IMPACT

The operational areas that are deemed to be most sensitive to these scenarios — and therefore most likely to experience a significant impact — are the VP Students portfolio (notably ancillary operations), and the VP Finance & Operations portfolio. While the units are able to mitigate a portion of potential lost income, Scenario 1 would be expected to produce a \$(31m) negative variance, and Scenario 2 a \$(57m) negative variance from the \$10m surplus proposed in the 2021/22 budget, as outlined in the table below. This would result in a net \$(21m) deficit for the university under Scenario 1, and a net \$(47m) deficit under Scenario 2.

IMPACT TO NET INCOME, PER SCENARIO <i>(in \$ thousands)</i>	PLAN	SCENARIO ONE			SCENARIO TWO		
		ADD'L INCOME LOSS	MITIGATION	NET INCOME IMPACT	ADD'L INCOME LOSS	MITIGATION	NET INCOME IMPACT
Housing	8,659	(15,819)	2,388	(13,431)	(44,955)	9,619	(35,336)
Food (Vancouver)	(9,113)	(20,423)	12,346	(8,077)	(15,468)	6,424	(9,044)
Food (Okanagan)	(573)	(6,516)	4,357	(2,159)	(5,006)	3,108	(1,898)
Parking	38	(894)	466	(428)	(2,478)	1,421	(1,057)
Athletics	(2,416)	(2,681)	45	(2,636)	(2,956)	85	(2,871)
Bookstore	(4,221)	(7,330)	3,109	(4,221)	(9,322)	4,182	(5,140)
Others	4,298	—	—	—	—	—	—
<b>VP Students</b>	<b>(3,328)</b>	<b>(53,663)</b>	<b>22,711</b>	<b>(30,952)</b>	<b>(80,185)</b>	<b>24,839</b>	<b>(55,346)</b>
Building Operations	(929)	(839)	396	(443)	(956)	605	(351)
Energy & Water Services	(669)	(413)	413	—	(689)	689	—
Financial Operations	(1,176)	—	—	—	(820)	—	(820)
Others	(8,943)	—	—	—	—	—	—
<b>VP Finance &amp; Operations</b>	<b>(11,717)</b>	<b>(1,252)</b>	<b>809</b>	<b>(443)</b>	<b>(2,465)</b>	<b>1,294</b>	<b>(1,171)</b>
<b>Total Variance</b>	<b>(15,045)</b>	<b>(54,915)</b>	<b>23,520</b>	<b>(31,395)</b>	<b>(82,650)</b>	<b>26,133</b>	<b>(56,517)</b>
Consolidated Surplus/(Deficit) - from proposed Budget				10,315			10,315
<b>Consolidated Surplus/(Deficit) - under each Scenario</b>				<b>(21,080)</b>			<b>(46,202)</b>

Key details relating to each of these sensitive areas, as examined against each scenario, are available as follows:

**VP Students:** Significant income loss would be incurred under both scenarios, mainly through reduced occupancy in student housing and reduced demand for food services. The UBC Bookstore, UBC Athletics & Recreation, and UBC Parking would experience less — but still impactful — income losses. VP Students is able to mitigate a portion of the income loss through operational savings (supplies), staffing, and minor reductions in capital spending. Under both scenarios the unit would experience significant net financial losses.

**VP Finance & Operations:** Lost revenues would be incurred through lower fee-for-service activities (mainly through lower utilization of those services in Student Housing and Community Services) and additional cleaning costs. The portfolio is able to mitigate a significant portion of any losses through holding some positions vacant that were originally expected to be filled throughout the year.

## UNIVERSITY: CENTRAL MITIGATIONS

The resulting net deficit of \$(21m) or \$(47m) possible under Scenarios 1 and 2 would need to be strategically mitigated by UBC as a whole over an agreed-upon period of time through activities including (but not limited to) the use of existing reserves, payment relief, the reduction of capital spending, or limiting the availability of incremental funding.

Given the size of the deficit values presented by Scenarios 1 and 2, the university is confident in its ability to manage and absorb pressures as necessary. However, given the recent announcement of UBC's intentions for on-campus fall instruction, the likelihoods of either Scenarios 1 or 2 occurring are low.



Reconciliation Pole, Hereditary Chief ʔidansuu (James Hart), Haida

## HIGHLIGHT

### Honouring Truth and Reconciliation: Championing the Indigenous Strategic Plan

UBC's [Indigenous Strategic Plan \(ISP\)](#) was completed and launched during 2020/21, with goals and actions set out. The work outlined in the plan is well underway — the First Nations House of Learning Collegium has been established to support Indigenous students as a home away from home, curriculum content has been expanded, and support has been provided for communications on the history of the Truth and Reconciliation process.

Investing in additional resources and strategic initiatives to support the implementation of the ISP continues to be a priority in fiscal 2021/22. This year's budget proposes further funding including:

- \$1.7m in ongoing support for the Residential School History and Dialogue Centre
- \$900k in further support for the [Indigenous Research Support Unit \(IRSI\)](#), which provides crucial support and services for Indigenous research collaborations across both of UBC's campuses
- Ongoing funding for initiatives through the ISP Implementation Office and the First Nations House of Learning, as well as significant supports for Indigenous students.

# 3.0 Operating Budget

The Operating Budget for fiscal 2021/22 (Vancouver and Okanagan combined) is projecting a deficit of \$61m, as summarized in the statement below.

<b>OPERATING BUDGET FISCAL 2021/22</b> (in \$ millions)	2019/20 ACTUAL	2020/21 FORECAST	2021/22 PLAN
<b>Operating Revenue</b>			
Government grants and contracts			
Government of Canada	34	36	33
Province of British Columbia	701	749	779
Other governments	—	—	1
Student fees — Domestic	389	366	385
Student fees — International	502	550	600
Non-government grants, contracts and donations	12	10	9
Investment income	77	82	74
Sales and services	573	331	449
<b>Total Revenue</b>	<b>2,288</b>	<b>2,123</b>	<b>2,329</b>
<b>Operating Expenses</b>			
Salaries — Academic	513	532	574
Salaries — Student services	64	65	70
Salaries — Staff	574	595	641
<b>Total Salaries</b>	<b>1,151</b>	<b>1,193</b>	<b>1,285</b>
Employee benefits	212	220	234
<b>Total Salaries and Benefits</b>	<b>1,364</b>	<b>1,412</b>	<b>1,520</b>
Supplies and sundries	277	207	262
Cost of goods sold	44	32	59
Scholarships, fellowships and bursaries	102	111	143
Travel and field trips	25	4	12
Professional fees	70	57	59
Grants and reimbursements to other agencies	9	1	1
Interest on long term debt	83	83	96
Utilities	57	41	30
<b>Total Expenses</b>	<b>2,030</b>	<b>1,948</b>	<b>2,182</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>258</b>	<b>176</b>	<b>147</b>
Transfers to (from) non-operating funds	94	163	116
Change in invested in capital assets	137	97	92
<b>Net change in unrestricted fund balance</b>	<b>27</b>	<b>(84)</b>	<b>(61)</b>
Accumulated reserves — opening	235	262	178
<b>Accumulated reserves — closing</b>	<b>262</b>	<b>178</b>	<b>117</b>

## Operating Revenue

Total revenue is budgeted to increase by \$206m (9.7%), mainly from recovering sales and services revenue and the proposed increase in tuition revenue. Expenses are expected to increase by approximately \$234m (12%), due to a range of factors including salaries and benefits and increases to student financial supports, as well as expenses relating to supplies and sundries and costs of goods sold due to increased activity.

The Operating Budget includes all unrestricted revenue received by the university. The majority of this revenue is managed and allocated through the budget process, but a smaller portion is generated directly by faculties and central support units. The total operating revenue for fiscal 2021/22 is \$2,329m.

<b>OPERATING REVENUE — UBC TOTAL</b> <i>(in \$ millions)</i>	2019/20 ACTUAL	2020/21 FORECAST	2021/22 PLAN	PLAN VS FORECAST
<b>Operating Revenue</b>				
Government grants and contracts				
Government of Canada	34	36	33	(2)
Province of British Columbia	701	749	779	30
Other governments	—	—	1	—
Student fees — Domestic	389	366	385	19
Student fees — International	502	550	600	50
Non-government grants, contracts and donations	12	10	9	(1)
Investment income	77	82	74	(8)
Sales and services	573	331	449	119
<b>Total Revenue</b>	<b>2,288</b>	<b>2,123</b>	<b>2,329</b>	<b>206</b>

<b>OPERATING REVENUE BY CAMPUS</b> <i>(in \$ millions)</i>	UBC VANCOUVER				UBC OKANAGAN			
	2019/20 ACTUAL	2020/21 FORECAST	2021/22 PLAN	PLAN VS FORECAST	2019/20 ACTUAL	2020/21 FORECAST	2021/22 PLAN	PLAN VS FORECAST
<b>Operating Revenue</b>								
Government grants and contracts								
Government of Canada	33	34	32	(2)	1	1	1	—
Province of British Columbia	625	669	697	28	76	80	82	3
Other governments	—	—	1	—	—	—	—	—
Student fees — Domestic	342	318	334	16	47	48	51	3
Student fees — International	437	473	513	40	65	77	86	9
Non-government grants, contracts and donations	11	10	9	(1)	1	—	—	—
Investment income	77	82	74	(8)	—	—	—	—
Sales and services	563	326	442	116	10	5	7	3
<b>Total Revenue</b>	<b>2,088</b>	<b>1,912</b>	<b>2,101</b>	<b>189</b>	<b>200</b>	<b>211</b>	<b>228</b>	<b>17</b>

## GOVERNMENT GRANTS

The provincial grant is an important source of funding for domestic undergraduate and some graduate teaching. Operating revenue from the provincial grant has increased \$30m in fiscal 2021/22, from \$749m to \$779m, largely due to funding for general wage increases for all bargaining units, as well as the continuation of student FTE growth in computer science and manufacturing engineering on both campuses, and biomedical engineering on the Vancouver campus.

The Government of Canada grant, budgeted at \$33m, represents the Federal Research Support Fund for the university, and is consistent with prior years.

## TUITION INCOME

### STUDENT ENROLMENT

The university is projecting a total enrolment of 62,307 student FTEs in fiscal 2021/22 across both campuses, with details as follows in the table below.

### DOMESTIC TUITION

In fiscal 2020/21, undergraduate enrolment was 32,830 FTE at the Vancouver campus and 7,344 FTE at the Okanagan campus. There is a slight planned decrease in expected undergraduate enrolment for fiscal 2021/22 on the Vancouver Campus, compared to the prior year (largely in the Faculties of Arts, Science, and Education). The plan assumes a 2% domestic tuition rate increase (subject to Board approval).

The domestic growth and tuition rate increase for both graduate and undergraduate enrolment will bring an additional \$19m across both campuses.

## INTERNATIONAL TUITION

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

The international volume and rate increases for both graduate and undergraduate students will add an additional \$50m of revenue across both campuses.

## GRADUATE TUITION

The Vancouver campus budget reflects a proposed 2% tuition rate increase for graduate students. It also includes some growth in professional programs, largely in the Faculties of Applied Science, Land and Food Systems, Arts, and the Allard School of Law. The Okanagan campus budget also reflects a 2% tuition rate increase for graduate students.

## OTHER REVENUE

### SALES AND SERVICES

Sales and services revenue includes the dividend to the university from ancillary operations (including Student Housing and Community Services, UBC Parking, UBC Food Services, and the UBC Bookstore), lease income, and the General Municipal Service Levy (GMSL) charged to businesses on campus. It also includes revenue from fee-for-service activities across campus, and bill-back revenue from IT services and the Faculty of Medicine.

STUDENT ENROLMENT (Student FTE)	FISCAL 2020/21			FISCAL 2021/22 (PROJECTED)			CHANGE
	VANCOUVER	OKANAGAN	TOTAL	VANCOUVER	OKANAGAN	TOTAL	
<b>Undergraduate</b>							
Domestic	32,830	7,344	40,174	32,489	7,409	39,898	-0.7%
International	10,930	1,855	12,785	10,960	1,944	12,904	0.9%
Total	<b>43,760</b>	<b>9,199</b>	<b>52,959</b>	<b>43,449</b>	<b>9,353</b>	<b>52,802</b>	<b>-0.3%</b>
<b>Graduate</b>							
Domestic	5,296	604	5,900	5,295	616	5,911	0.2%
International	3,245	342	3,587	3,245	349	3,594	0.2%
Total	<b>8,541</b>	<b>946</b>	<b>9,487</b>	<b>8,540</b>	<b>965</b>	<b>9,505</b>	<b>0.2%</b>
<b>Total</b>	<b>52,301</b>	<b>10,145</b>	<b>62,446</b>	<b>51,989</b>	<b>10,318</b>	<b>62,307</b>	<b>-0.2%</b>

Under normal circumstances, ancillary services are expected to be financially self-sustaining, including setting aside funds for capital renewal and providing a financial dividend to the university to be invested in important strategic priorities. However, COVID-19 had a significant impact through fiscal 2020/21 on revenue from student housing, food services, parking and other fee-for-services activities. As a mitigation, the university provided relief of the dividend and principal payments on SHCS loans through fiscal 2020/21, which is planned to continue in fiscal 2021/22.

Ancillary unit activity is expected to remain reduced until end of Summer 2021. UBC has recently announced expectations of returning to on-campus activity in the fall for Winter Session Term 1.

### INVESTMENT INCOME

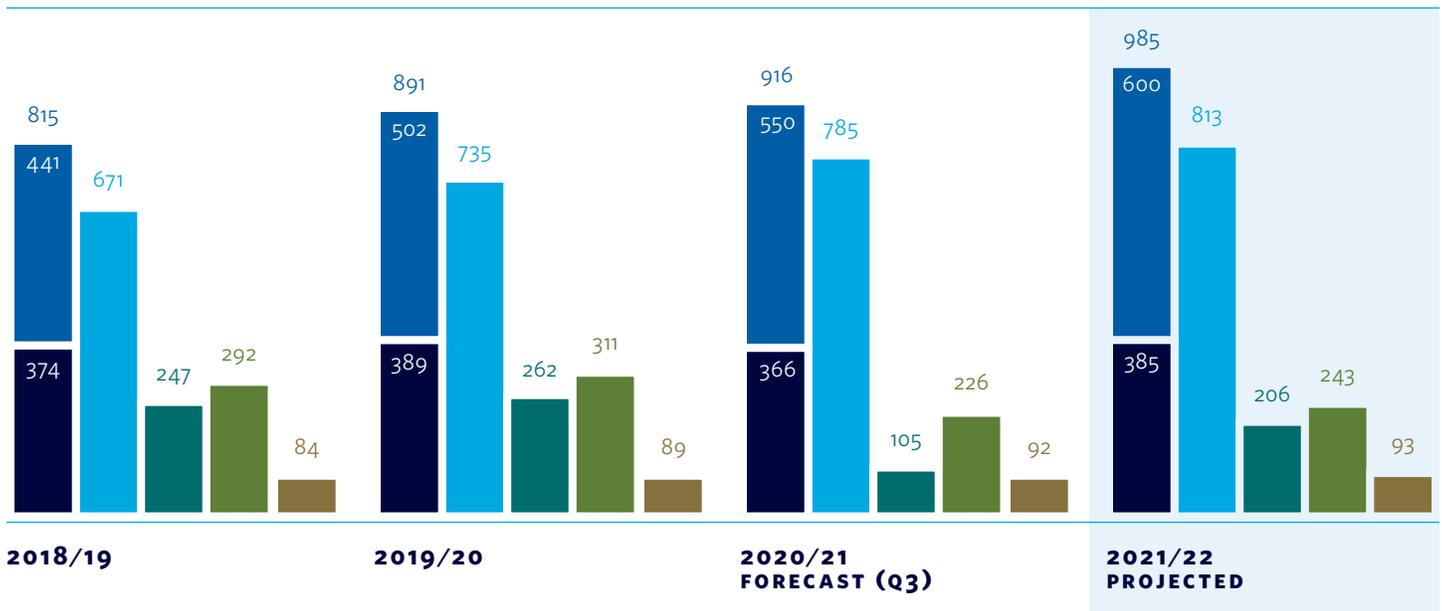
Investment income represents income earned on cash and operating investments, internal loans, and construction project financing. The earnings are netted against interest payments on external debt, the Student Housing Finance Endowment, and the endowment borrowing for Orchard Commons. Overall volatility is mostly a function of the amount of working capital

available for investment. For example, delays in construction will reduce the interest earned on construction deficits, while increasing interest earned on operating investments. The exposure to interest rate risk is minimal due to fixed rates of interest on internal loans and external debt.

Investment revenue in fiscal 2021/22 is expected to be lower than that in fiscal 2020/21 by approximately \$6.7m. This is in part due to one-time capital gains of \$11.7m in 20/21 when IMANT moved working capital funds into more liquid investments in response to COVID-19. This will not be the case in 21/22, when it is expected that there will be \$3m in capital gains. The remaining difference is explained by: the mitigating internal loan principal holiday, which results in higher principal balances through the year and slightly higher realized interest; higher than expected cash balances, which have built up over the last few months due to improved operating results; payments of land sale distributions; and unexpected repayments of promissory notes by UBC Properties Trust.

A high-level view of operating revenue from recent years, combined across both campuses, is below.

## Operating Revenues



## Operating Expenditures

Total expenditures of \$2,182m is predominantly driven by salaries and benefits (approximately 70% of total expenditures). Driving efficiencies within this large expenditure pool, as well as actively managing discretionary spending, are strategies employed by the university through the budget process with

the goal of producing a balanced result. Information relating to key expenditure drivers (Salaries and Benefits, Supplies and Sundries/COGS, and Student Financial Aid) is outlined in the following tables.

<b>OPERATING EXPENDITURES — UBC TOTAL</b> <i>(in \$ millions)</i>	2019/20 ACTUAL	2020/21 FORECAST	2021/22 PLAN	PLAN VS FORECAST
<b>Operating Expenses</b>				
Salaries — Academic	513	532	574	(42)
Salaries — Student services	64	65	70	(5)
Salaries — Staff	574	595	641	(45)
<b>Total Salaries</b>	<b>1,151</b>	<b>1,193</b>	<b>1,285</b>	<b>(93)</b>
Employee benefits	212	220	234	(15)
<b>Total Salaries and Benefits</b>	<b>1,364</b>	<b>1,412</b>	<b>1,520</b>	<b>(107)</b>
Supplies and sundries	277	207	262	(55)
Cost of goods sold	44	32	59	(28)
Scholarships, fellowships and bursaries	102	111	143	(32)
Travel and field trips	25	4	12	(9)
Professional fees	70	57	59	(1)
Grants and reimbursements to other agencies	9	1	1	—
Interest on long term debt	83	83	96	(13)
Utilities	57	41	30	11
<b>Total Expenses</b>	<b>2,030</b>	<b>1,948</b>	<b>2,182</b>	<b>(235)</b>
Transfers to (from) non-operating funds	94	163	116	46
Change in invested in capital assets	137	97	92	5
<b>Total Operating Expenditures</b>	<b>2,261</b>	<b>2,208</b>	<b>2,390</b>	<b>(184)</b>

**OPERATING EXPENDITURES  
BY CAMPUS**

(in \$ millions)

	UBC VANCOUVER				UBC OKANAGAN			
	2019/20 ACTUAL	2020/21 FORECAST	2021/22 PLAN	PLAN VS FORECAST	2019/20 ACTUAL	2020/21 FORECAST	2021/22 PLAN	PLAN VS FORECAST
<b>Operating Expenses</b>								
Salaries — Academic	456	470	505	(35)	57	62	69	(7)
Salaries — Student services	58	57	60	(3)	6	8	10	(2)
Salaries — Staff	533	550	587	(37)	41	45	53	(8)
<b>Total Salaries</b>	<b>1,047</b>	<b>1,077</b>	<b>1,152</b>	<b>(75)</b>	<b>104</b>	<b>115</b>	<b>133</b>	<b>(18)</b>
Employee benefits	193	199	210	(12)	19	21	24	(3)
<b>Total Salaries and Benefits</b>	<b>1,240</b>	<b>1,276</b>	<b>1,363</b>	<b>(86)</b>	<b>124</b>	<b>136</b>	<b>157</b>	<b>(21)</b>
Supplies and sundries	265	196	245	(48)	12	10	17	(7)
Costs of goods sold	44	32	59	(28)	—	—	—	—
Scholarships, fellowships and bursaries	89	97	120	(23)	13	14	24	(10)
Travel and field trips	22	3	10	(7)	3	—	2	(2)
Professional fees	66	54	55	(1)	5	3	4	—
Grants and reimbursements to other agencies	9	1	1	—	—	—	—	—
Interest on long term debt	81	81	94	(13)	2	2	2	—
Utilities	54	38	27	11	3	3	3	—
<b>Total Expenses</b>	<b>1,869</b>	<b>1,779</b>	<b>1,974</b>	<b>(195)</b>	<b>162</b>	<b>169</b>	<b>208</b>	<b>(39)</b>
Transfers to (from) non-operating funds	84	141	101	40	10	22	15	6
Change in invested in capital assets	120	81	81	—	17	16	11	5
<b>Total Operating Expenditures</b>	<b>2,073</b>	<b>2,001</b>	<b>2,156</b>	<b>(155)</b>	<b>189</b>	<b>207</b>	<b>234</b>	<b>(28)</b>

**HIGHLIGHT**

**Promoting Sustainability  
and Climate Action**

In 2020, UBC was ranked number one in the world for taking urgent action to combat climate change and its impacts, according to *Times Higher Education* (THE). The university also furthered its commitments established through the 2019 [declaration on the climate emergency](#), including achieving key milestones on the path to [responsible divestment from fossil fuels](#).

For 2021/22, a further \$1.3m is being invested in the climate emergency and the [Climate Action Plan](#), which outlines targets the university is committed to achieving by 2050. Research and activity that addresses climate change is also being undertaken, as UBC plays a unique role as a global leader in sustainability and a hub for technological innovation and research.



**SALARIES AND BENEFITS**

The increase in salaries and benefits costs of \$107m includes progress through the ranks (PTR) increases for faculty, merit increases for staff, market adjustments, and amounts related to general wage increases and benefits (which are funded through the Provincial Grant). The remainder of the increase is primarily due to the annualized financial impact of prior-year new hires (i.e., individuals who are hired part way through the previous fiscal year), as well as the fiscal 2021/22 hiring plan for both faculty and staff on both campuses. For faculties, there will be a planned increase of approximately 142 FTE, and for staff a planned increase of approximately 248 FTE. This increase will be invested largely in staff and faculty committed to teaching and student support. The fiscal 2021/22 plan also factors in the impact of annualized Integrated Service Centre staff costs.

**SUPPLIES AND SUNDRIES AND COSTS OF GOODS SOLD**

The increase in supplies and sundries costs of \$55m is primarily due to anticipated spending levels across multiple portfolios returning gradually to pre-COVID-19 levels, annual Workday licensing costs, as well as a forecasted year end

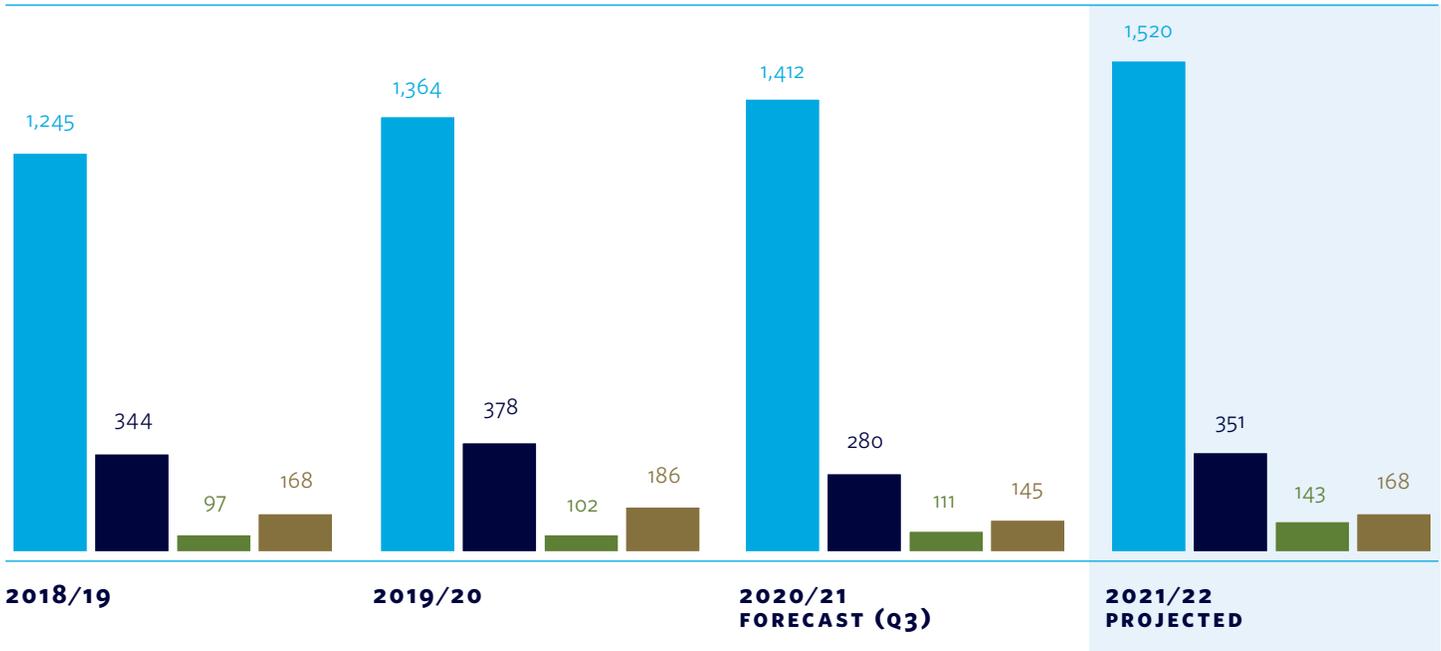
adjustment made in fiscal 2020/21 that is not present in the fiscal 2021/22 plan. The increase in COGS of \$28m is primarily due to a change in accounting presentation, resulting from a transition in accounting systems. There are also anticipated increased costs due to recovering sales at the Bookstore and UBC Food Services.

**SCHOLARSHIPS, FELLOWSHIPS, AND BURSARIES**

UBC ensures funds are available for all student financial supports, in accordance with established criteria. Through 2020/21, while external funding was also being made available through temporary government programs, the university recognized the importance of providing bridge funding for students awaiting bursaries and other supports. This activity is expected to continue into fiscal 2021/22, and the increase in scholarships, fellowships, and bursaries of \$32m is primarily due to increased Academic Excellence Funds support for the President’s Academic Excellence Initiative PHD Awards (PAEIPA), the President’s International and Recruitment Doctoral Fellowships, and the undergraduate bursary program.

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

**Operating Expenses**



# 4.0 Consolidated Financial Budget

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

<b>CONSOLIDATED STATEMENT OF OPERATIONS — BY OBJECT</b> <i>(in \$ millions)</i>	2019/20 ACTUALS	2020/21 FORECAST	2021/22 PLAN	VARIANCE
<b>Revenues</b>				
Government grants and contracts				
Government of Canada	312	328	393	66
Province of British Columbia	902	939	971	32
Other governments	23	24	26	2
Other contributions	193	157	181	24
Student fees	891	916	984	69
Investment income	95	101	104	4
Income from Government Business Enterprises	(5)	9	9	—
Sales and services	420	254	332	78
Amortization of deferred capital contributions	86	91	94	3
	<b>2,917</b>	<b>2,819</b>	<b>3,095</b>	<b>277</b>
<b>Expenses</b>				
Salaries and benefits	1,719	1,851	1,936	85
Operating costs — other	530	428	483	56
Capital asset amortization	219	237	250	13
Cost of goods sold	41	29	57	27
Scholarships, fellowships and bursaries	153	164	197	33
Grants to third parties	144	139	141	2
Debt service costs	21	21	21	—
	<b>2,827</b>	<b>2,868</b>	<b>3,084</b>	<b>216</b>
<b>Annual surplus from operations</b>	<b>90</b>	<b>(50)</b>	<b>10</b>	<b>60</b>

The consolidated statement of operations reflects a 2021/22 surplus of \$10m. This is an accounting surplus only, and does not reflect funds available for spending on operations. The components are on the next page:

**INCOME STATEMENT ANALYSIS***(in \$ millions)*

	2020/21 FORECAST	2021/22 PLAN	VARIANCE
UBC Vancouver faculties	17	2	(15)
UBC Vancouver administrative units	(106)	(57)	49
UBC Okanagan	5	(6)	(11)
	<b>(84)</b>	<b>(61)</b>	<b>23</b>
Deferred land lease revenue	10	11	1
Endowment surplus	7	1	(6)
Research and other funds	8	21	13
Related organizations	—	—	—
Net investment in capital	9	38	29
<b>Surplus</b>	<b>(50)</b>	<b>10</b>	<b>60</b>

**Key Drivers**

- Reserve drawdowns of \$(62m) represent spending by units from reserves on capital projects and to support operating deficits.
- Deferred land lease income of \$11m represents proceeds from the land leases that have been issued for development. This is allocated to the endowment as it is received, and the revenue is recognized in the Statement of Operations over the period of the lease (which is 99 years).
- The Endowment surplus of \$1m represents the returns on unrestricted endowment funds (TREK) plus any endowed transfers from faculties, operations, and so forth. The decrease in this value is related to the growing adoption of a flat spend strategy on UBC's endowment that will draw against the endowment capital.
- The surplus in Research and other funds of \$22m 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. This presents as an increase (i.e., more unspent) as it is mainly in anticipation of external funding for research returning to normal activity levels after the initial impact of COVID-19.
- The surplus in Net Investment in Capital of \$38m is a function of how much UBC invests in capital in a given year, how much we receive in external funding for capital projects, depreciation/amortization, and activity relating to internal loans. It is broken down in the table below:

**NET INVESTMENT IN CAPITAL***(in \$ millions)*

	2019/20 ACTUALS	2020/21 FORECAST	2021/22 PLAN
Capital asset additions	403	382	367
Less funded externally	(120)	(124)	(82)
Depreciation	(218)	(237)	(250)
Less amortization of deferred capital contributions	85	91	94
<b>Financial Statement Impact</b>	<b>150</b>	<b>113</b>	<b>129</b>
Less funded from internal loans	(133)	(127)	(119)
Plus internal loan payments	39	24	28
<b>Net internal loans</b>	<b>(94)</b>	<b>(103)</b>	<b>(91)</b>
<b>Net investment in capital</b>	<b>56</b>	<b>9</b>	<b>38</b>

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

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)</b> <i>Presented in Classified Statement of Financial Position Format (in \$ millions)</i>	MAR 31, 2021 FORECAST	MAR 31, 2022 PLAN
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	100	100
Accounts receivable	190	193
Housing and other loans receivable	47	47
Operating investments	609	627
Investments in Government Business Enterprises	64	64
Supplemental pension assets	108	110
Other current assets	31	32
	<b>1,149</b>	<b>1,175</b>
<b>Non-Current Assets</b>		
Endowment investments	1,997	2,059
Capital assets	3,854	3,971
	<b>5,851</b>	<b>6,030</b>
<b>TOTAL ASSETS</b>	<b>7,000</b>	<b>7,205</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	324	327
Deferred revenue	148	151
Current portion of debt	8	8
	<b>480</b>	<b>486</b>
<b>Non-Current Liabilities</b>		
Employee future benefits	10	10
Supplemental pension liabilities	108	110
Deferred other restrictions contributions	694	814
Non-current portion of debt	351	346
	<b>1,163</b>	<b>1,281</b>
<b>TOTAL LIABILITIES</b>	<b>1,643</b>	<b>1,767</b>
<b>Net Assets</b>		
Accumulated surplus	2,151	2,166
Deferred capital contributions	1,621	1,609
Deferred land lease revenue	1,034	1,101
Deferred endowment contributions	551	562
	<b>5,357</b>	<b>5,438</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>7,000</b>	<b>7,205</b>

# 5.0 Documents Requiring Board Approval

Under public sector accounting board guidelines, certain approved budget information is required for inclusion in the year-end financial statements.

These two documents are the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Changes in Net Debt.

The Consolidated Statement of Operations and Accumulated Surplus below reflects the same consolidated income statement included in Section 6, although the expenses are

reflected by function, rather than by object. This mirrors the way that the information is presented in the financial statements. To derive the information by function, the university makes various assumptions about which operating units should be reflected within each category.

<b>CONSOLIDATED STATEMENT OF OPERATIONS</b> (BY FUNCTION) (in \$ millions)	2020/21 FORECAST	2021/22 PLAN	VARIANCE
<b>Revenues</b>			
Government grants and contracts			
Government of Canada	328	393	66
Province of British Columbia	939	971	32
Other governments	24	26	2
Other contributions	157	181	24
Student fees	916	984	69
Investment income	101	104	4
Income from Government Business Enterprises	9	9	—
Sales and services	254	332	78
Amortization of deferred capital contributions	91	94	2
	<b>2,819</b>	<b>3,095</b>	<b>277</b>
<b>Expenses</b>			
Learning	1,472	1,557	85
Research	535	585	50
Facilities	370	360	(10)
Students	305	380	75
Community Engagement	70	73	3
Administration	116	129	13
	<b>2,868</b>	<b>3,084</b>	<b>216</b>
<b>Annual surplus from operations</b>	(50)	10	60
<b>External endowment donations</b>	25	25	—
<b>Annual surplus</b>	(25)	35	60
<b>Accumulated surplus, beginning of period</b>	2,176	2,135	(40)
<b>Accumulated surplus, end of period</b>	<b>2,151</b>	<b>2,170</b>	<b>20</b>

**CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT**

Year end March 31 (in \$ millions)

	2020/21 FORECAST	2021/22 PLAN	CHANGE
Annual surplus	8	(11)	19
Exclude items not affecting net debt:			
Endowment donations and transfers	(25)	(25)	—
	<b>(17)</b>	<b>(36)</b>	<b>19</b>
Acquisition of tangible capital assets	(382)	(367)	(15)
Amortization of tangible capital assets	237	250	(13)
	<b>(145)</b>	<b>(117)</b>	<b>(28)</b>
Acquisition of inventories held for use <sup>1</sup>	—	—	—
Acquisition of prepaid expense <sup>1</sup>	—	—	—
Consumption of prepaid expense <sup>1</sup>	—	—	—
Use of prepaid expense <sup>1</sup>	—	—	—
	<b>—</b>	<b>—</b>	<b>—</b>
	(162)	(153)	(9)
Net remeasurement gains <sup>2</sup>	(85)	29	(114)
Self-supported subsidiary other comprehensive income <sup>2</sup>	—	—	—
Increase in net debt	(247)	(124)	(123)
Net debt, beginning of year	(2,521)	(2,768)	247
Net debt, end of year	<b>(2,768)</b>	<b>(2,892)</b>	<b>124</b>

## 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.



2021/22 Budget  
Appendices

# Appendix I. UBC Vancouver

## Strategic Initiatives

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

### UBC VANCOUVER — OPERATING BUDGET

Fiscal 2021/22 Budget on a Differential Basis (*In \$ millions*)

#### FISCAL 2021/22 OUTLOOK

	ONE-TIME	RECURRING	TOTAL FISCAL
<b>Incremental revenue</b>			
International Tuition (Graduate and Undergraduate)	—	41.9	41.9
Domestic Tuition (Graduate and Undergraduate)	—	8.6	8.6
Provincial Grant	—	30.9	30.9
Ancillary dividends, Business revenue	(19.6)	19.5	(0.1)
Investment	—	(6.5)	(6.5)
2% one-time funding reductions to admin portfolios	7.9	—	7.9
Savings (Mainly IRP Fin debt services)	4.4	2.2	6.6
Operating's prior year surplus and recurring reserve	15.2	6.1	21.4
<b>Total incremental revenue</b>	<b>7.9</b>	<b>102.7</b>	<b>110.6</b>
<b>Less</b>			
<b>Tuition allocations:</b>			
Faculties	(6.0)	20.2	14.2
Student Financial Aid	—	4.2	4.2
Academic Excellence Fund	(6.3)	18.3	12.0
Others	—	0.5	0.5
Add'l funding for Students	15.2	—	15.2
<b>AVED grant allocations:</b>			
FTE growth in Computer Sci, Biomed Eng, Manu Eng	—	2.0	2.0
Salaries provision	—	26.9	26.9
<b>Commitments</b>			
Strategic Priorities	2.7	15.1	17.8
COVID Contingency	0.8	6.5	7.3
Held for Future Commitments	1.5	8.9	10.4
<b>Total allocations</b>	<b>7.9</b>	<b>102.7</b>	<b>110.6</b>
<b>Net of revenue and allocations</b>	<b>—</b>	<b>—</b>	<b>—</b>

Incremental revenues are projected to increase by \$111m for fiscal 2021/22, of which \$103m is recurring. As previously described, some of that increase is allocated to the faculties, the AEF, and SFA, as well as commitments approved by the board, with the remaining \$35.5m of additional revenue available for fiscal 2021/22. A summary of the \$35.5m in funding available is as follows:

<b>UBC VANCOUVER</b> <i>(In \$ millions)</i>	CENTRAL	FACULTY	ACADEMIC EXCELLENCE FUNDS	STUDENT FINANCIAL AID	STUDENT DIRECTED INITIATIVES	TOTAL
Tuition	4.9	14.2	12.0	4.2	15.2	50.5
Net Provincial Grant*		2.0				2.0
Ancillary dividends, business revenue, and allocations	7.8					7.8
Investment Income	(6.5)					(6.5)
2% funding reduction for admin portfolios	7.9					7.9
Operating prior year surplus and recurring reserve	21.4					21.4
<b>Total Incremental Revenue</b>	<b>35.5</b>	<b>16.2</b>	<b>12.0</b>	<b>4.2</b>	<b>15.2</b>	<b>83.0</b>
Held for Future Commitments	10.4					
<b>Remaining funds from central contingency</b>	<b>25.1</b>					

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

The investments made through this limited funding will continue to support UBC's core priorities, while also ensuring the university is capable of responding to any further financial impacts from COVID-19 through the protection of COVID-19-related contingency funding totalling \$7.3m. \$10.4m is also held for future commitments that have already been approved. A breakdown of incremental funding by core area of UBC's Strategic Plan is available as follows:

<b>FISCAL 2021/22 OUTLOOK</b> <i>(In \$ millions)</i>	ONE-TIME	RECURRING	TOTAL FISCAL
<b>Proposed Allocations</b>			
Local & Global	1.3	0.8	2.1
People & Places	(2.2)	11.3	9.1
Transformative Learning	—	2.5	2.5
Sustainment/Compliance/Operations/Risk	3.6	0.6	4.1
COVID Contingency	0.8	6.5	7.3
Future Commitments	1.5	8.9	10.4
<b>Total Proposed Allocations</b>	<b>4.9</b>	<b>30.5</b>	<b>35.5</b>

## PROPOSED SPENDING BY STRATEGIC PLAN CORE AREA

- **People and Places — \$9.1:**  
for ongoing support of the Integrated Service Centre; continued funding for our EDI priorities, including anti-racism initiatives, the Dimensions program, and the Inclusion Action Plan; ongoing support of the Rapid Transit Office; and student supports.
- **Local and Global Engagement — \$2.1m:**  
for ongoing investment in UBC's Aboriginal Strategy; continued support of the Residential School History & Dialogue Centre; implementing the Indigenous Strategic Plan office; and resourcing the Climate Action Plan.
- **Transformative Learning — \$2.5m:**  
for ongoing resourcing of Development and Alumni Engagement campaigns to enable fundraising growth. This will ultimately be reinvested in the university's mandate of teaching, learning, and research excellence.
- **Sustainment/Risk/Compliance — \$4.2m:**  
for information security through the PRISM 2.0 program; for a chemical/biological/radioactive inventory system; and support for classroom and routine capital (with 25%/75% match funding with the Province).

## Academic Excellence Funds (AEF)

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

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

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

The key principles underlying the allocation of the funds are:

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

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

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

The highlights noted below cover all stratifications of the funds in general.

In summary, for the 21/22 fiscal year, a total planned spend of \$87m against a fiscal allocation of \$89m will result in a \$2m surplus. This will result in an accumulated ending reserve of \$41.8m available for spending to address opportunities as they arise. The Academic Excellence Funds continue to grow in their impact on the university, and this is an increase of \$21m over academic initiative spending over the prior fiscal year (forecasted as at Q3).

A report of the past year's activity, along with planned investment for 2021/22, is included below based on each core area of the UBC Strategic Plan. In 2020/21, \$66m of committed initiatives were spent in the year. With the onset of the pandemic at the end of the 2019/2020 fiscal period, slower spending on initiatives occurred as the university focused on managing the impact of COVID-19 on teaching, learning, and research for our students and faculty. However, despite the pandemic, key initiatives centred on the core areas of UBC's Strategic Plan still moved forward as noted below:

UBC VANCOUVER (In \$ thousands)	TOTAL ACADEMIC EXCELLENCE FUND			
	2019/20 ACTUALS	2020/21 Q3 FORECAST	2021/22 PLAN	CHANGE (PLAN VS FORECAST)
<b>Total Funding Available</b>	<b>54,625</b>	<b>76,960</b>	<b>88,944</b>	<b>11,984</b>
Local and Global Engagement	1,402	4,095	7,055	2,960
Transformative Learning	4,402	18,381	11,533	(6,848)
People and Places	19,847	27,124	48,277	21,153
Research Excellence	19,731	15,182	18,490	3,308
Strategic Plan Enablement	1,249	1,562	2,119	557
<b>Total Commitments</b>	<b>46,631</b>	<b>66,344</b>	<b>87,474</b>	<b>21,130</b>
<b>Net Surplus / (Deficit)</b>	<b>7,994</b>	<b>10,616</b>	<b>1,470</b>	<b>(9,146)</b>
Opening Carryforward	20,821	28,815	39,431	10,616
<b>Ending Carryforward</b>	<b>28,815</b>	<b>39,431</b>	<b>40,901</b>	<b>1,470</b>

#### PEOPLE AND PLACES

- New support has been provided through the development of the President's Academic Excellence Initiative PhD Awards, an award that is based on tuition assessment but is made available for all PhD students to recognize their contributions to research. These awards recognize that there should be additional funding to support not just education costs, but also for the contributions they make to support research at UBC. The award is part of the President's Academic Excellence Initiative, and is hoped to serve in part as a recruitment tool to attract top students in support of research. The award was especially important through fiscal 2020/21, given the impact of COVID-19 on the financial needs of students and was initiated earlier than planned to meet this need. \$4.8m is budgeted for this initiative in 2021/22.
- Support has also continued for the President's International Doctoral Research Fellowship, aimed at recruiting talented international PhD students to support research excellence. International students have been a particular focus, as there are limited scholarships and fellowships available that they are eligible to receive in Canada. This program is instrumental to the success of PAEI faculty recruitment.
- UBC continues to attract outstanding academic talent with funds allocated to recruit and support strategic hires. Four of the six President's Excellence Chairs have now been recruited (with two more underway), and four Canada 150 Research Chairs and two Canada Excellence Research Chairs are currently being supported. Funding for the Prescribed Interest Loan Program (PIRL), for housing, continues to be a significant factor in reducing barriers to successful recruitment, as well as support during COVID-19 for quarantine costs incurred by newly recruited academics.
- \$10m in matching funds were committed to support six faculty recruits with various faculties across UBC's Vancouver campus (Arts, Forestry, Faculty of Medicine, Applied Science, and Education) with the focus on key faculty strategic areas (Indigenous Art, Pathology, Substance Use, Naval Architecture/Marine Engineering, Conservation, and Social/Emotional Learning). This initial support was part of the pilot of the campaign phase of the President's Academic Excellence Initiative, to be implemented in the coming years.

2020/21 Investment: \$27.1m  
2021/22 Planned Investment: \$48.3m

## LOCAL AND GLOBAL ENGAGEMENT

- The recruitment and retention of Indigenous students continues to be a top priority for UBC. Funds have been committed to support the recruitment of both undergraduate and graduate Indigenous students, and to ensure that they are well supported once on campus through the hiring of advisors dedicated to addressing their academic needs, and support for faculty in the development and delivery of Indigenous curricula.
- The Indigenous Research Support Initiative (IRSI) is based on the premise that more effective research and greater mutual understanding can be developed from identifying, developing, and supporting research practices that proceed from respectful relations between researchers and Indigenous communities. IRSI is designed to bring attention to newer research approaches that are more likely to address the needs and priorities of Indigenous communities in ways that respect their interests and autonomy. Funding provided thus far has enabled the recruitment of three staff members for the unit.
- The Indigenous Strategic Plan was completed and launched during 2020/21, with goals and actions set out. The work outlined in the plan is well underway — the First Nations House of Learning Collegium has been established to support Indigenous students as a home away from home, curriculum content has been expanded, and support has been provided for communications on the history of the Truth and Reconciliation process.
- Support has been provided to launch the Climate and Sustainability Initiative, including the hiring of 2 FTEs. UBC plays a unique role as a global leader in sustainability, and as a hub for technological innovation and research. The Climate Action Plan outlines targets the university is committed to achieving by 2050.

2020/21 Investment: \$4.1m

2021/22 Planned Investment: \$7.1m

## RESEARCH EXCELLENCE

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

2020, with a joint appointment in the Department of Medical Genetics and Michael Smith Labs.

- Support for research clusters is a major initiative and continues to be a significant investment for established and emerging clusters of researchers (those that are nationally ranked as global leaders, and those that show great potential for further achievement). The Clusters of Research Excellence program fosters collaboration, and enables established and emerging interdisciplinary groups of researchers to have more significant impact than they could otherwise achieve.
- UBC is committed to supporting the development of digital research infrastructure both from an operational and capital perspective. The UBC Advanced Research Computing (ARC) is a university-wide service to help computational and data-intensive researchers use local, regional, and national advanced research computing infrastructure and services, and access and comply with standards for data management. The UBC ARC team is seen as a model in Canada for the services it provides to researchers. For UBC academics, the investment provides local capacity and expertise as well as access to domain and systems analysts.
- Innovation UBC is a network involving multiple units and teams working to expand the range of assistance for UBC researchers, scholars, and their partners to generate social and economic impacts locally, nationally, and internationally. The Knowledge Exchange, Innovation Partnerships, University-Industry Liaison Office, and entrepreneurship@UBC teams work together to make connections and build transformative partnerships that increase the interaction with UBC research excellence, discoveries and capacity.

2020/21 Investment: \$15.1m

2021/22 Planned Investment: \$18.5m

## TRANSFORMATIVE LEARNING

- Over \$7m of \$10m total funding was provided to faculties on the Vancouver campus from the AEF during 2020/21 to support transitioning courses to online delivery. Student opportunities were created through the tuition-free Academic Essentials program and the Academic Learning Technology Rover program, which were developed to support faculty and students as they proceeded with their teaching and learning online, around the globe.
- Funding was provided to support open educational resources to students.

- While opportunities for overseas experiential learning were curtailed due to the pandemic, local opportunities through UBC's Work Learn Program continued throughout the year, and students were able to work remotely to fulfil these requirements. These integrative learning opportunities helped to enhance the quality of student learning, while enabling them to earn money towards their education.
- The First Nations House of Learning, in partnership with UBC Collegia, opened the Indigenous Student Collegium (ISC) at the First Nations Longhouse to support first year Indigenous students. The First Nations Longhouse has long been considered a home away from home for First Nations, Métis, and Inuit students on UBC's Vancouver campus, and now there is a new space inside the Longhouse for Indigenous students to meet and gather.

2020/21 Investment: \$18.4m

2021/22 Planned Investment: \$11.5m

#### STRATEGIC PLAN ENABLEMENT

- Work continued with the strategic pilot proposals on both campuses, which was funded with a \$4.6m investment over three years (of which \$3m has been spent to date).
- Support was provided for Strategy 11 of the UBC Strategic Plan (Transformational Learning), which seeks to facilitate sustained program renewal and improvements in teaching effectiveness, with particular emphasis on expanding opportunities for graduate students to learn about teaching and broaden their learning as they prepare for their careers. During the year, a call for proposals was made for Advancing Education Renewal, with tremendous interest. Of the \$1.5m funding set aside, 23 projects worth \$1.2m over a two-year period were approved for funding. Proposals were accepted from faculty members, staff, post-docs, and students

2020/21 Investment: \$1.6m

2021/22 Planned Investment: \$2.1m

#### NEW COMMITMENTS FOR FISCAL 2021/22

##### PEOPLE AND PLACES

Inclusive excellence is a priority for UBC, and the university's achievement of this goal is not possible without increased representation of Black faculty members. Not only is it imperative for our faculty to be more representative of the diversity of UBC's student body, but our faculty complement needs to be more representative of the diversity of Canada as a whole. Modelled after the program that has been in place for more than six years to support the hiring of Indigenous faculty, AEF funding will be provided to match faculty contributions on a 50/50 basis for the hiring of a number of Black faculty members each year for up to seven years. At the seventh year, the respective faculties will absorb the salaries, and central funding will be replenished to hire the next cohort of Black scholars.

There is also growing demand for additional financial support for graduate students and postdoctoral fellows, who contribute significantly to the research outputs of UBC. As part of UBC's efforts to expand Inclusion Excellence and advance our EDI commitments, another \$1m of funding is being added for the next five years to augment existing awards for IBPOC scholars.

**Proposed funding:** \$300k is available incrementally for the hiring initiative for up to seven years, until an annual funding envelope of \$2.1m is established. Another \$1m per year for five years will be available to support the awards.

##### TRANSFORMATIVE LEARNING

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

- Extension of the Academic Continuity Program for Summer and Fall 2021;
- Continuation of fixed-term LT Hub support positions;
- Expansion of support for faculty-based TA training programs;
- Hybrid pilot funding for Summer 2021 (including a light refresh and delivery costs for the Academic Essentials program, as well as other projects)

**Proposed funding:** Total planned commitment for FY22 is \$5m.

## LOCAL AND GLOBAL ENGAGEMENT

Investment in local and global engagement includes the continuation of a program initiated six years ago to support Indigenous hiring. This connects to UBC's Indigenous Strategic Plan — the university's response to the Truth and Reconciliation Commission of Canada's Calls to Action, the National Inquiry into Missing and Murdered Indigenous Women and Girls' Calls for Justice, and the United Nations Declaration on the Rights of Indigenous Peoples.

This program has been successful in supporting the growth and retention of the cohort of Indigenous faculty. To maintain a continuous and renewable funding source, this proposal provides seven years of funding for Indigenous hiring on a 50/50 cost share basis with faculties for a number of new hires per year. After the seventh year, the respective faculties assume the full cost of the salaries, and the central portion of the funding is returned to the AEF to support future Indigenous scholars. This renewable funding commitment ensures support for ongoing Indigenous faculty hires on a long-term basis.

**Proposed funding:** \$300k is available incrementally for this initiative for up to seven years, until an annual funding envelope of \$2.1m is established.

## RESEARCH EXCELLENCE

Most UBC graduate students have encountered delays in their research progress due to COVID-19-related disruptions. This is expected to lead to longer completion timelines and increased costs to students as they are assessed for the continuing tuition fee. Graduate students are key contributors to UBC's research enterprise, and attracting and retaining strong graduate students directly supports UBC's core priority of Research Excellence.

This funding permits students in research-based programs who remain registered beyond the median program completion time of 2.33 years for a master's program or 5.33 years for a doctoral program, to receive an award equivalent to one term of continuing fees (approximately \$800 to \$2,000 per student, depending on their program). This is a fair and equitable response to the burden of longer program times for students — a situation disproportionately affecting women and marginalized groups — and supports UBC's key contributors to the research enterprise as they complete the final critical stages of their work. This funding will support graduate students in focusing on their research through the final stages of their programs, when they are having their greatest impact.

**Proposed funding:** The cost of the award program is estimated to be \$4.4m over six years.

## UBC Vancouver Faculties and Departments – Allocations and Projected Expenses

The following tables show the fiscal 2021/22 projected operating surplus/deficit, non-operating transfers, and capital assets investment.

### SUMMARY

The total reserve drawdown for the Vancouver campus is \$(54.8m). This is almost completely related to draws on reserves from the central support units totalling \$(56.9m), mainly driven by the ongoing need to respond to the impact of COVID-19. (Table below.)

UBC VANCOUVER (In \$000s)	Revenues	Expenses	Operating Surplus/ (Deficit)	Non- Operating Transfers	Invested In Capital Assets	Reserve (Drawdowns) /Additions	Ending Reserve Balance	(Drawdowns) Additions
Faculties	994,809	971,476	23,333	(2,049)	23,177	2,205	248,063	
Student Financial Aid	87,733	105,849	(18,116)	(18,006)	3	(113)	12,599	
Central Support units (incl ancillaries)	1,018,522	896,572	121,950	121,047	57,805	(56,902)	(200,600)	
<b>Total UBC Vancouver</b>	<b>2,101,064</b>	<b>1,973,897</b>	<b>127,167</b>	<b>100,992</b>	<b>80,985</b>	<b>(54,810)</b>	<b>60,062</b>	

## FACULTIES AND DEPARTMENTS

Overall, the net position of the faculties is a projected total surplus of \$2.2m added to their reserve balances, as broken down below:

<b>UBC VANCOUVER</b> (In \$000s)	Revenues	Expenses	Operating Surplus/ (Deficit)	Non- Operating Transfers	Invested In Capital Assets	Reserve (Drawdowns) /Additions	Ending Reserve Balance	(Drawdowns) Additions
<b>Faculties</b>	<b>994,809</b>	<b>971,476</b>	<b>23,336</b>	<b>(2,049)</b>	<b>23,177</b>	<b>2,206</b>	<b>248,063</b>	
Faculty of Applied Sciences	102,922	92,639	10,283	5,544	5,969	(1,230)	37,701	
Faculty of Arts	198,061	193,302	4,759	1,558	2,820	380	34,380	
Sauder School of Business	100,879	96,408	4,471	390	1,006	3,075	27,928	
Faculty of Dentistry	28,863	28,972	(109)	777	886	(1,772)	2,027	
Faculty of Education	53,619	54,710	(1,090)	186	910	(2,187)	7,536	
Faculty of Forestry	28,546	28,510	36	610	750	(1,324)	6,307	
Graduate and Postdoctoral Studies	5,757	6,133	(375)	(456)	101	(20)	2,355	
Faculty of Land and Food Systems	24,472	21,925	2,547	1,284	2,929	(1,666)	16,151	
Allard School of Law	16,662	19,226	(2,564)	(2,283)	100	(380)	(3,046)	
Faculty of Medicine	242,850	250,031	(7,181)	(12,452)	4,375	896	73,429	
Faculty of Pharmaceutical Sciences	25,319	23,509	1,811	(738)	815	1,733	14,579	
Faculty of Science	166,859	156,111	10,748	3,531	2,516	4,701	28,716	

The drawdown in the Faculty of Applied Science reserve is primarily due to increased capital expenditures linked to building renovations (McLeod upgrade), and building maintenance.

The addition to the Faculty of Arts reserve is attributed to growth in tuition revenues. The reserve will be invested in the expansion of faculty and staff positions, for the implementation of new Arts degree requirements, and to finalize status on all Research Centres.

The addition to the Sauder School of Business reserve is primarily due to increased enrolment in professional graduate programs and professional programs. The school is planning to upgrade facilities on the Vancouver campus and at Robson Square.

The drawdown in the Faculty of Dentistry reserve is the result of investment in critical one-time renovations, as well as faculty and staff recruitment.

The drawdown in the Faculty of Education reserve is due to lower revenue from non-credit international and outreach programs, as well as increased operating expenses driven by the potential return to campus in fall 2021. The faculty will continue with key initiatives such as space renovations to adequately deliver important programs.

The drawdown in the Faculty of Forestry reserve is the result of additional support for new faculty start-up costs. The overall financial outlook is expected to be at the same level as fiscal 2020/21.

The drawdown in the Faculty of Land and Food Systems reserve is primarily caused by one-time capital expenditures and increases in faculty and staff hires.

The Allard School of Law is projecting a structural deficit. The school will require ongoing support from the university until such time that it is permitted to increase the Juris Doctor tuition rate beyond the 2% cap and at a rate that is comparable with other Canadian JD programs.

The addition to the Faculty of Medicine reserve relates to savings from faculty retirements.

The addition to the Faculty of Pharmaceutical Sciences reserve is due to strong enrolment in existing programs and in the new Bachelor of Pharmaceutical Sciences program, as well as support from the Academic Excellence Fund. The faculty is planning to invest in faculty hires and to complete building renovations.

The addition to the Faculty of Science reserve is due to increased enrolment and an increase in the number of majors. The faculty is planning to expand the data science program, reinvest in faculty, and develop plans to replace buildings.

Overall, the faculties at the Vancouver campus are in a healthy financial position, aside from a few faculties that are under budget pressure. International student growth continues to be a key driver of revenue that helps to balance the budget. Various faculties included one-time costs for return to work in fall 2021. Faculties are continually examining their cost structures by finding more effective ways to deliver their core academic programs while enhancing the quality of teaching, research, and student support. The university continues to support faculty enhancement through hiring plans and new initiatives such as the President's Academic Excellence Initiative.

#### STUDENT FINANCIAL AID

Student Financial Aid (SFA) is close to a break-even position. SFA undergraduate international plans to utilize the reserve, which results in a deficit in the plan. It is offset by a small surplus in graduate SFA. Overall, SFA is in a healthy position. (Table below.)

<b>UBC VANCOUVER</b> (In \$000s)	Revenues	Expenses	Operating Surplus/ (Deficit)	Non-Operating Transfers	Invested In Capital Assets	Reserve (Drawdowns) /Additions	Ending Reserve Balance	(Drawdowns) Additions
<b>Student Financial Aid</b>	<b>87,733</b>	<b>105,849</b>	<b>(18,116)</b>	<b>(18,006)</b>	<b>3</b>	<b>(113)</b>	<b>12,599</b>	
SFA Graduate	29,905	41,184	(11,279)	(12,200)	—	921	2,069	
SFA Undergraduate Domestic	18,940	23,792	(4,852)	(5,000)	—	148	6,062	
SFA Undergraduate International	32,599	33,789	(1,190)	—	—	(1,190)	938	
Workstudy, Go Global — SFA, Int'l Tuition Award	6,289	7,084	(795)	(806)	3	8	3,530	

## CENTRAL SUPPORT UNITS (INCLUDING ANCILLARIES)

<b>UBC VANCOUVER</b> (In \$000s)	Revenues	Expenses	Operating Surplus/ (Deficit)	Non- Operating Transfers	Invested In Capital Assets	Reserve (Drawdowns) /Additions	Ending Reserve Balance	(Drawdowns) Additions
<b>Central Support units (incl ancillaries)</b>	<b>1,018,522</b>	<b>896,572</b>	<b>121,951</b>	<b>121,047</b>	<b>57,805</b>	<b>(56,904)</b>	<b>(200,600)</b>	
<b>Provost and VP Academic — Support Units</b>	<b>217,639</b>	<b>211,732</b>	<b>5,907</b>	<b>(2,352)</b>	<b>25,963</b>	<b>(17,705)</b>	<b>8,044</b>	
Library	43,035	29,260	13,775	(1,190)	18,950	(3,985)	(1,144)	
Information Technology	91,164	85,223	5,941	(191)	5,943	190	12,508	
Extended Learning	10,074	13,649	(3,575)	—	10	(3,586)	(7,310)	
Enrolment Services	14,991	17,409	(2,419)	(893)	73	(1,599)	(1,252)	
International Student Initiative	12,911	14,229	(1,317)	(79)	60	(1,299)	364	
Vantage College	16,879	16,251	628	475	25	128	969	
Centre for Teaching, Learning and Technology	9,065	12,765	(3,700)	(827)	5	(2,878)	(1,734)	
Other Provost and VP Academic units	19,520	22,946	(3,426)	353	897	(4,676)	5,643	
<b>VP Students</b>	<b>272,166</b>	<b>247,829</b>	<b>24,338</b>	<b>5,715</b>	<b>21,949</b>	<b>(3,329)</b>	<b>(46,842)</b>	
Athletics and Recreation	28,934	28,993	(58)	1,405	952	(2,416)	(9,377)	
AVP Student Health and Wellbeing	8,990	9,122	(132)	(100)	26	(59)	725	
Student Housing and Community Services	200,372	183,400	16,972	4,806	17,825	(5,660)	(47,040)	
Student Engagement	12,078	12,970	(892)	(288)	59	(663)	1,239	
VP Students Office	21,792	13,344	8,448	(108)	3,087	5,469	7,611	
<b>VP Finance and Operations</b>	<b>183,957</b>	<b>179,209</b>	<b>4,749</b>	<b>13,400</b>	<b>3,065</b>	<b>(11,716)</b>	<b>(2,676)</b>	
Energy and Water	55,360	52,654	2,707	1,821	1,555	(669)	(669)	
Building Operations and Infrastructure Dev't	85,816	73,933	11,883	12,012	1,236	(1,365)	(1,731)	
Other VP Finance and Operations units	42,781	52,622	(9,841)	(433)	274	(9,682)	(276)	
<b>Academic Excellence Funds</b>	<b>88,944</b>	<b>17,250</b>	<b>71,694</b>	<b>70,224</b>	<b>—</b>	<b>1,470</b>	<b>40,900</b>	
<b>Governance</b>	<b>11,700</b>	<b>14,610</b>	<b>(2,911)</b>	<b>—</b>	<b>341</b>	<b>(3,251)</b>	<b>(78)</b>	
<b>VP Development and Alumni Engagement</b>	<b>29,591</b>	<b>31,353</b>	<b>(1,761)</b>	<b>—</b>	<b>76</b>	<b>(1,837)</b>	<b>(2,449)</b>	
<b>VP Health</b>	<b>2,943</b>	<b>2,630</b>	<b>313</b>	<b>155</b>	<b>24</b>	<b>134</b>	<b>4,409</b>	
<b>VP External Relations</b>	<b>23,771</b>	<b>25,955</b>	<b>(2,184)</b>	<b>(433)</b>	<b>514</b>	<b>(2,265)</b>	<b>640</b>	
<b>VP Research and Innovation</b>	<b>41,382</b>	<b>44,757</b>	<b>(3,375)</b>	<b>(2,662)</b>	<b>1,568</b>	<b>(2,281)</b>	<b>10,820</b>	
<b>VP Human Resources</b>	<b>35,850</b>	<b>32,886</b>	<b>2,963</b>	<b>(558)</b>	<b>190</b>	<b>3,331</b>	<b>12,635</b>	
<b>Campus Wide Expenses</b>	<b>110,579</b>	<b>88,361</b>	<b>22,218</b>	<b>37,558</b>	<b>4,115</b>	<b>(19,455)</b>	<b>(226,003)</b>	

### CENTRAL SUPPORT UNITS (INCLUDING ANCILLARIES)

The drawdown in the Provost and Vice-President, Academic reserve is primarily due to lower international revenues from cancelled or paused programs, increased student recruitment costs, and increased capital spending.

The drawdown in the Vice-President, Students reserve is primarily due to reduced revenue as a result of the cancellation of in-person teaching until September 2021, and the closure of many facilities due to public health measures.

The drawdown in the Vice-President, Finance & Operations reserve is driven primarily by staffing and operating costs for the newly established Integrated Service Centre.

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

The drawdown in the Governance portfolio reserve is mainly driven by underfunded legal fees, compliance investigations, and planned utilization of carry-forward to address projected operating deficits and capital projects.

The drawdown in the Vice-President, External Relations reserve is due to a funding reduction, lost revenues at Robson Square, and the launch of the Brand campaign.

The drawdown in the Vice-President, Research and Innovation reserve is due to multi-year planned equipment repairs and capital renewal operated by Animal Care Services (ACS) and Sequencing and Bioinformatics Consortium (SBC), as well as innovation staff and activities who support campus-wide initiatives. This deficit is funded by operating reserves.

The addition in the Vice-President, Human Resources reserve is largely due to bargaining funding received from the provincial government to cover programs that benefit staff. However, removing this bargaining funding results in a deficit for the portfolio.

The Campus-Wide Expenses drawdown is primarily due to the expense portion of project costs for the student stream of the Integrated Renewal Program, which will be recovered in future years through internal loans.

Overall, central support units are expected to generate 49% of total revenue. This revenue is mostly driven by ancillary services, including Student Housing and Community Services. Drawdowns in the central support units are expected to total \$(56.9m) as units plan to utilize a portion of, or all, their accumulated reserves (or to overdraw their reserves, which will need to be repaid in future years).



# Appendix II. UBC Okanagan

## Strategic Initiatives

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

### UBC OKANAGAN — OPERATING BUDGET

Fiscal 2021/22 Budget on a Differential Basis (In \$ millions)

FISCAL 2021/22 OUTLOOK	ONE-TIME	RECURRING	TOTAL FISCAL
<b>Incremental revenue</b>			
International Tuition (Graduate and Undergraduate)	—	9.5	9.5
Domestic Tuition (Graduate and Undergraduate)	—	2.7	2.7
Provincial Grant	—	3.1	3.1
Prior year surplus and recurring reserve	19.5	7.8	27.2
Excellence fund contribution to capital reserve	3.2	—	3.2
<b>Balance available for allocation</b>	<b>22.7</b>	<b>23.1</b>	<b>45.8</b>
<b>Less</b>			
<b>Tuition allocations:</b>			
Incremental tuition rate allocation — student priorities	(2.8)	—	(2.8)
Faculty share of tuition growth	0.9	(4.4)	(3.5)
Excellence fund	(1.3)	(3.0)	(1.8)
Student Financial Aid	—	(0.9)	(0.9)
<b>Ministry Grant Allocations:</b>			
Salary provision (General Wage Increase)	—	(2.5)	(2.5)
Program expansion — Compu Sci and Manu Eng	—	(0.4)	(0.4)
<b>Commitments</b>			
Strategic Priorities	(14.0)	(6.8)	(20.8)
Capital reserve for planned future investments	(6.8)	—	(6.8)
Operating contingency fund for future allocation	(1.1)	(5.1)	(6.2)
<b>Total allocations</b>	<b>(22.7)</b>	<b>(23.1)</b>	<b>(45.7)</b>
<b>Net of revenue and allocations</b>	<b>—</b>	<b>—</b>	<b>—</b>

Incremental revenues are projected to go up by \$15.3m for fiscal 2021/22, driven by enrolment and rate increases, including incremental tuition from an adjustment related to the term ending dates. Tuition from 2020 winter enrolments is recognized in April 2021 due to the 2020 extended winter break and delayed start of undergraduate classes. Carrying forward from fiscal 2020/21 is \$27.2m, including capital reserves of \$8.9m committed to help address the campus' space shortage, and a \$7.8m recurring balance from stronger than anticipated enrolments in fiscal 2020/21.

After allocations to support student initiatives per the Board of Governors proposed tuition rate increase plan, faculties, Excellence fund, and Student Financial Aid (SFA), with a further \$13m held for allocations, \$20.8m remains for strategic operating and capital priorities in fiscal 2021/22.

The recommended allocation of the incremental funding available for fiscal 2021/22 is summarized into the following categories, consistent with the UBC Strategic Plan.

### FISCAL 2021/22 OUTLOOK

(In \$ millions)

	ONE-TIME	RECURRING	TOTAL FISCAL
<b>Proposed Allocations</b>			
People and Places	5.0	2.1	7.1
Research Excellence	3.5	0.8	4.3
Transformative Learning	4.2	1.9	6.1
Local and Global Engagement	0.9	0.2	1.1
Sustainment/Compliance/Operations/Risk Mitigation	0.4	1.8	2.2
Future Commitments	7.9	5.1	13.0
<b>Total Proposed Allocations</b>	<b>21.9</b>	<b>11.9</b>	<b>33.8</b>

### PEOPLE AND PLACES

Recommended for fiscal 2021/22 is increased funding for graduate student financial aid, to support the proposed new minimum funding for PhD students.

Support is being made available to prioritize equity, diversity and inclusivity, with resources to support workplace health and accommodation, the Equity Office and Sexual Violence Prevention and Response Office.

Priority investments have been recommended for infrastructure development, the creation of space for academic needs, and support for sustainability and climate change initiatives. Additional capital investments towards the Interdisciplinary Collaboration and Innovation building, Nechako Housing Commons, office modular expansion, and servicing connections (for new buildings as well as target emissions reductions) promote development towards the longer-term Outlook 2040 vision.

System enhancements to facilitate growth pressures are also recommended, including creation of Okanagan Integrated

Service Centre positions to support the new Workday system, additional information technology service delivery resources, including firewall and network hardware, as well as energy saving projects to support sustainability goals in the campus Strategic Energy Management Plan (SEMP).

### RESEARCH EXCELLENCE

Fiscal 2021/22 allocations focus on continued research excellence through investments to further support Entrepreneurship at UBC, Mitacs, Canadian Institute for Inclusion and Citizenship, as well as research infrastructure. Funding also promotes partnerships supporting innovation, knowledge and resource sharing, as well as new initiatives to enhance research activity on campus.

Additional allocations support the build-out of Innovation Precinct building 1 (IP1 — formerly 1540 Innovation Drive), which will be completed during fiscal 2021/22. Support for IP1 construction costs as well as operational support for Innovation Precinct Annex 1 (IA1 — formerly 1545 Innovation Drive), create the additional space critically needed to support faculty and staff on campus.

## TRANSFORMATIVE LEARNING

Considerable focus for fiscal 2021/22 is on enhancing the student experience with additional resources prioritized for the AVP Student portfolio to expand services provided to students, primarily in the areas of career and academic development, expansion of disability and student learning resources, and counselling and health resources.

Commitments are included for one-time support for faculties to support academic priorities while new programming is developed and introduced, and existing programs are reviewed for efficiencies

Further investments are recommended for ongoing graduate studies and co-op office support, following completion of a successful pilot phase, as well as online teaching and learning, and academic scheduling resources.

## LOCAL AND GLOBAL ENGAGEMENT

Recommendations for fiscal 2021/22 prioritize implementation of the Truth and Reconciliation Commission (TRC) commitments, including ongoing positions for a Syilx Okanagan Nation Engagement Strategist, Indigenous Affairs Office, and Indigenous student graduate advisor. Further support is proposed to allow for continued Indigenous engagement with extension of Mitacs Indigenous Business Development and Indigenous librarian positions.

Additional funding is recommended to continue promotional initiatives to support recruitment through campus marketing.

## SUSTAINMENT/COMPLIANCE/OPERATIONS/ RISK MITIGATION

Funding is allocated to maintain adequate core services and personnel in central support units. These units include infrastructure development, facilities management, security, information technology and finance. Further investments are made for routine capital expenditures, including an annual roof replacement program and operational support for new academic and administrative spaces.

## UBC Okanagan Excellence Fund

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

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

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

## UBC OKANAGAN

(In \$ thousands)

	TOTAL ACADEMIC EXCELLENCE FUND			
	2019/20 ACTUALS	2020/21 Q3 FORECAST	2021/22 PLAN	CHANGE (PLAN VS. FORECAST)
<b>Total Funding Available</b>	<b>10,196</b>	<b>13,974</b>	<b>15,751</b>	<b>1,777</b>
Local and Global Engagement	822	822	1,100	279
Transformative Learning	1,752	1,911	2,902	990
People and Places	987	2,008	5,506	3,498
Research Excellence	2,940	2,382	3,960	1,578
Strategic Plan Enablement	1,000	4,010	4,039	29
<b>Total Commitments</b>	<b>7,500</b>	<b>11,133</b>	<b>17,507</b>	<b>6,373</b>
<b>Net Surplus / (Deficit)</b>	<b>2,695</b>	<b>2,841</b>	<b>(1,756)</b>	<b>(4,597)</b>
Opening Carryforward	2,231	4,273	7,114	2,841
<b>Ending Carryforward</b>	<b>4,927</b>	<b>7,114</b>	<b>5,358</b>	<b>(1,756)</b>

## ACHIEVEMENTS IN FISCAL 2020/21

In fiscal 2020/21, the Okanagan Excellence Fund increased to \$13.9m, driven by strong enrolment of international students. This provided the opportunity to expand commitments, support the need for additional space, and enable our campus to progress toward the Outlook 2040 vision and implementation of the strategic plan. Examples of some of the investments made in fiscal 2020/21 in support of the four core areas of the UBC Strategic Plan are noted below:

### PEOPLE AND PLACES

Investment continues in the Aspire Research Fund for recruitment and retention of faculty with outstanding academic and research opportunities by supporting competitive start-up funds. Additional funds were allocated towards a retention funding strategy for outstanding scholars. Also continued was commitment to support top international graduate students through the International Doctoral Fellowship and International Doctoral Partial Tuition Awards.

New allocations for fiscal 2020/21 include student recruiter advisor for Black, Indigenous or People of Color (BIPOC) initiatives. In response to the impacts of COVID-19, additional investments were made in student support peer mentoring programs and student technology grant program to assist students facing technological barriers in the transition to online learning.

2020/21 Investment: \$2.0m

### RESEARCH EXCELLENCE

The commitment to support clusters of research excellence continues through the Eminence Program, in line with the UBC Okanagan Strategic Research Support Plan, along with the continuation of the Aspire Research Fund which supplements start-up funds provided by the Faculties to new professorial recruits. Other continued investments include support in the Program for Undergraduate Research Experience (PURE) initiative, and Research Infrastructure fund used to support planning, development and start-up costs for new shared facilities and to fund operation, maintenance, repairs, and upgrades of equipment used in UBCO facilities.

Beginning in fiscal 2020/21 is the Principal's Research Chairs program, which aligns with the federal Canada Research Chairs program, to recruit and retain outstanding UBCO faculty and thereby support research and creative scholarship in all areas and disciplines, and to enable research excellence,

promote research intensifications, and generate international recognition of UBCO for its research achievements.

2020/21 Investment: \$2.4m

### LOCAL AND GLOBAL ENGAGEMENT

Investment is continuing for the Aboriginal Entrance Fellowship, which funds up to eight one-time merit-based awards of \$10,000 to incoming full-time Aboriginal graduate students entering a thesis-based full-time graduate degree program. Further support was committed to enhance Aboriginal engagement, with the Aboriginal Undergraduate Research Mentorship and Aboriginal Programs and Services Event and Program Manager, as well as continued support for the Indigenous Summer Scholars Program and international Indigenous student exchange.

New in fiscal 2020/21 were allocations made for operationalization of Truth and Reconciliation Commission (TRC) commitments, including the development of a new Bachelor of Nsyilxcn Language Fluency (NLF) degree, which will specialize in the preservation of the Nsyilxcn language, and investment in library collection for new NLF.

Several international projects were delayed, the collaboration with the University of Exeter is continuing.

2020/21 Investment: \$0.8m

### TRANSFORMATIVE LEARNING

Curricular innovation at UBC Okanagan is supported through the ALT-2040 Aspire Learning and Teaching fund for an annual investment of \$500,000. In 2020, four projects (\$100,000 each) and three projects (\$25,000 each) were supported. The 2021 competition is currently in process.

Investments were also continued in the Interdisciplinary Graduate Studies Program, and the expansion of work study programs so that all students have the option to participate in experiential learning opportunities.

In response to COVID-19, several new initiatives and programs in fiscal 2020/21 were introduced to support faculty and students through the transition to online teaching and learning. These include: the Learning Technology Rover program; the Learning Design Intern program; support for Inclusive Online Design; the Student Technology Grant program; the Learning Coaches program; and the Graduate students and TA training program.

2020/21 Investment: \$1.9m

## STRATEGIC PLAN ENABLEMENT

Investment was made towards the Plant Growth Facility as well as a funding envelope set aside to address the acute academic space and capital needs of the campus.

2020/21 Investment: \$4.0m

## COMMITMENTS FOR FISCAL 2021/22

### PEOPLE AND PLACES

- Investments for the recruitment and retention of faculty, the Aspire Research Fund, and International Doctoral Fellowships will continue. A new scholarship, the International Impact Scholarship has been established for exceptional international students with a strong commitment to social justice, equity and inclusion, human wellness and climate crisis mitigation, and other pressing societal issues.
- New for 2021/22 is the establishment of a \$20k per year minimum funding guarantee for full-time PhD students for four years, increasing to \$22k in 2023.
- The Accelerate phase of the President's Academic Excellence Initiative (PAEI) is also being supported by the Excellence Fund. For the first eight research faculty appointments under the Accelerate Phase, bridge funding provides support for three years to the tune of \$3.2m. All of these appointments have been earmarked to recruit faculty who self-identify as Black, Indigenous or People of Color (BIPOC). Three of the eight positions have been filled so far (Engineering, Science, Health) and several searches are in process.

2021/22 Planned Investment: \$5.5m

### RESEARCH EXCELLENCE

- Significant investments to support clusters of research excellence through the Eminence Program will continue, in line with the UBC Okanagan Strategic Research Support Plan. An increasing amount is also dedicated to the Principal's Research Chairs program, to support research and creative scholarship in all areas and disciplines, and to enable research excellence, promote research intensifications, and generate international recognition of UBCO for its research achievements. Increased support is also planned for Research Infrastructure Fund.
- Funds have also been committed for continued enhancement in research infrastructure, as well for continuing development of the Innovation Precinct 1.

2021/22 Planned Investment: \$4.0m

## TRANSFORMATIVE LEARNING

- Investment continues in UBC's Okanagan's Aspire Learning and Teaching (ALT-2040) Fund to support curricular innovation, as well as in other areas like the expansion of academic learning spaces, work study programs, and the graduate student internship program.
- New in fiscal 2021/22 is an allocation to provide seed funding to Faculties for new programs and funding for medium/short term off-campus academic space and support for launching of new programs as outlined in Outlook 2040.
- A few other initiatives UBC Okanagan is looking to launch this year include funding for student-led intercultural initiatives; a summer undergraduate research program; programs to implement the "campus as a living lab" approach and a student sustainability hub.

2021/22 Planned Investment: \$2.9m

## LOCAL AND GLOBAL ENGAGEMENT

- Support continues for ongoing initiatives, including Aboriginal Entrance Fellowships for graduate students, and development of a new Indigenous language fluency degree, which will specialize in the preservation of the Nsyilxcn language.
- New allocations have been made to advance anti-racism and TRC commitments. These include the Aboriginal Undergrad Research Mentorship; funding for a Syilx Okanagan Nation Engagement Strategist to strengthen the relationship between the Okanagan Nation Alliance and the campus; and a Summer Indigenous Art Initiative.
- Two other initiatives, the UBC Okanagan Public Art Gallery and the Public Humanities Hub also support local public engagement of the campus.

2021/22 Planned Investment: \$1.1m

## STRATEGIC PLAN ENABLEMENT

- A funding envelope has been set aside, with an emphasis on space and capital planning, to address the acute academic space needs of the campus and build a down payment for the Interdisciplinary Collaboration and Innovation (ICI) building. Commitments have also been allocated for strategic opportunities including bridge funding for strategic opportunities and for a forward-looking mapping exercise.

2021/22 Planned Investment: \$4.0m

## UBC Okanagan Faculties and Departments – Allocations and Projected Expenses

The following tables show the fiscal 2021/22 projected funding and expenses by unit, and the projected net change in reserve balances. Revenue includes both government grant and tuition allocations, as well as operating revenues generated directly by the faculties and central support units.

### SUMMARY

The total reserve drawdowns for the Okanagan campus are \$6.3m, of which \$4.7m reflects support for capital initiatives from Campus Wide Expenses, and \$6.5m from Central Support units (including Excellence Fund), offset by a \$4.9m addition to faculty reserves for anticipated strategic initiatives in future years. (See table below.)

UBC OKANAGAN (In \$000s)	Revenues	Expenses	Operating Surplus/ (Deficit)	Non- Operating Transfers	Invested In Capital Assets	Reserve (Drawdowns) /Additions	Ending Reserve Balance	(Drawdowns) Additions
Faculties	110,009	100,374	9,635	2,828	1,916	4,891	26,027	
Student Financial Aid	21,727	21,737	(10)	0	0	(10)	5,039	
Support units (incl ancillaries)	92,308	82,586	9,722	7,627	8,571	(6,476)	8,694	
Campus Wide Expenses	4,363	3,632	731	4,814	600	(4,683)	17,146	
<b>Total UBC Okanagan</b>	<b>228,407</b>	<b>208,329</b>	<b>20,078</b>	<b>15,269</b>	<b>11,087</b>	<b>(6,278)</b>	<b>56,906</b>	

### FACULTIES/SCHOOL/COLLEGE

The largest contributor to the overall growth in faculty reserves is the School of Engineering, driven by program expansion funding, along with incremental tuition from enrolment growth. Reserves are held to support growth and build the research profile of the School, as well as to invest in undergraduate student initiatives, including entrepreneur and innovation partnerships. Additional reserves are held for contribution towards research infrastructure, including a manufacturing lab, Hydrogen “H2 lab”, and CleanTech facility, as well as investment in new program development, including a potential new Design Innovation Creativity Entrepreneurship (DICE) facility in the downtown campus building. At July 1, 2020, reserves from the Irving K Barber School of Arts and Science were divided equally between the two new faculties.

The addition to the Irving K. Barber Faculty of Arts and Social Sciences (FASS) reserve is attributed to growth in tuition revenues, primarily from increased international enrolment. The new FASS dean was appointed in December 2020, and during fiscal 2021/22, the faculty will engage in defining long term strategic priorities that align with planned spending of reserves. Priorities are anticipated to include support

and programming for graduate students, new faculty hires to strengthen research and teaching as well as Indigenous studies offerings, including the new Bachelor of NSyilxcn Language Fluency Degree.

The addition to the Irving K. Barber Faculty of Science (FoS) reserve is attributed to program expansion, specifically growth in Computer Science, as well as increased international enrolment. The new FoS dean was appointed in September 2020 and strategic planning for the drawdown of reserves will occur in fiscal 2021/22. Priorities are anticipated to center around research excellence and student experience, with initiatives including the recruitment of top calibre faculty members, growing funding support for research and graduate students and updating infrastructure within FoS.

The Faculty of Creative and Critical Studies is projecting a small addition to reserves, with receipt of one-time funding in fiscal 2021/22 to support academic priorities, while new programs begin generating revenue, including the new Professional Certificate in Communications (starting fiscal 2021/22) and the new DICE program collaboration with the School of Engineering.

The Okanagan School of Education's reserves are projected to grow in fiscal 2021/22, however in future years they are projected to be used to support contractual salary increases and strategic hires to promote the faculty's strategic plan.

The small fiscal deficit for the Faculty of Health and Social Development reflects the deficit balance caused by limited international student enrolment, and rising faculty salary costs, offset by receipt of funding in fiscal 2021/22 to support academic priorities. The faculty will be working to review programs for efficiencies and new funding opportunities.

The drawdown of reserves for the Faculty of Management is driven by strategic hires in preparation of rolling-out new Wine Programming and to support the development of a new Minor in Management and 5-year dual degree Masters of Management program. Reserve balances will be used to develop the Social and Economic Change Laboratory (SE-Change), as well to support the Sensory Lab will be completed as part of UBCO's new downtown building.

<b>UBC OKANAGAN</b> (In \$000s)	<b>Revenues</b>	<b>Expenses</b>	<b>Operating Surplus/ (Deficit)</b>	<b>Non-Operating Transfers</b>	<b>Invested In Capital Assets</b>	<b>Reserve (Drawdowns) /Additions</b>	<b>Ending Reserve Balance</b>	<b>(Drawdowns) Additions</b>
<b>Faculties</b>	<b>110,009</b>	<b>100,374</b>	<b>9,632</b>	<b>2,828</b>	<b>1,916</b>	<b>4,890</b>	<b>26,027</b>	
Irving K. Barber Faculty of Arts and Social Science	21,211	19,511	1,700	474	42	1,184	6,170	
Irving K. Barber Faculty of Science	25,229	23,399	1,830	1,000	406	424	4,523	
Faculty of Creative and Critical Studies	14,365	14,003	361	47	160	155	315	
Okanagan School of Education	4,441	4,152	288	9	6	274	1,936	
College of Graduate Studies	1,427	1,415	11	10	2	(1)	0	
School of Engineering	19,940	15,175	4,765	591	1,180	2,994	10,156	
Faculty of Health and Social Development	16,222	15,704	518	465	112	(59)	419	
Faculty of Management	7,174	7,015	159	232	8	(81)	2,508	

## CENTRAL SUPPORT UNITS (INCLUDING ANCILLARIES)

UBC OKANAGAN (In \$000s)	Revenues	Expenses	Operating Surplus/ (Deficit)	Non- Operating Transfers	Invested In Capital Assets	Reserve (Drawdowns) /Additions	Ending Reserve Balance	(Drawdowns) Additions
<b>Central Support units (incl ancillaries)</b>	<b>92,308</b>	<b>82,586</b>	<b>9,721</b>	<b>7,627</b>	<b>8,571</b>	<b>(6,477)</b>	<b>8,694</b>	
<b>Provost and Vice-President Academic</b>	<b>19,640</b>	<b>19,658</b>	<b>(19)</b>	<b>306</b>	<b>2,184</b>	<b>(2,509)</b>	<b>6,784</b>	
Library	4,953	3,447	1,506	0	1,458	48	335	
Excellence Fund	2,614	3,650	(1,036)	50	670	(1,756)	5,358	
Enrolment Services	3,268	3,322	(54)	0	26	(80)	(37)	
International Student Initiative	1,056	1,055	1	0	0	1	1	
Centre for Teaching and Learning	1,261	1,241	20	0	20	0	169	
Other Provost and VP Academic Units	6,488	6,943	(456)	256	10	(722)	958	
<b>AVP Finance and Operations</b>	<b>32,844</b>	<b>29,894</b>	<b>2,949</b>	<b>(33)</b>	<b>4,761</b>	<b>(1,779)</b>	<b>168</b>	
Campus Operations and Risk Management	15,551	14,381	1,170	0	1,516	(346)	251	
Information Technology Services	8,449	7,283	1,166	(93)	1,363	(105)	0	
Business Operations	2,057	2,138	(81)	0	250	(331)	(217)	
Other AVP Finance and Operations unit	6,787	6,092	694	60	1,632	(997)	134	
<b>AVP Students</b>	<b>17,401</b>	<b>17,729</b>	<b>(327)</b>	<b>0</b>	<b>886</b>	<b>(1,214)</b>	<b>1,218</b>	
Athletics and Recreation	3,970	3,981	(10)	0	156	(166)	1,151	
Other AVP Student Units	13,431	13,748	(317)	0	730	(1,048)	67	
<b>Deputy Vice-Chancellor and Principal</b>	<b>9,269</b>	<b>9,368</b>	<b>(99)</b>	<b>20</b>	<b>11</b>	<b>(130)</b>	<b>0</b>	
Office of the Deputy Vice-Chancellor and Principal	1,863	1,768	95	95	0	0	0	
Development and Alumni Engagement	2,196	2,206	(10)	0	0	(10)	0	
Human Resources	2,225	2,303	(78)	(75)	5	(8)	0	
University Relations	2,985	3,091	(106)	0	6	(112)	0	
<b>Vice-Principal Research and Innovation</b>	<b>9,492</b>	<b>5,167</b>	<b>4,325</b>	<b>4,387</b>	<b>729</b>	<b>(790)</b>	<b>524</b>	
<b>Innovation Precinct</b>	<b>3,662</b>	<b>770</b>	<b>2,892</b>	<b>2,947</b>	<b>0</b>	<b>(55)</b>	<b>0</b>	

The drawdown of \$6.5m for Central Support Units is primarily due to planned capital spending for projects continuing from fiscal 2020/21, including student support initiative to revitalize student spaces in the Arts building, as well as initiatives planned under the Excellence fund.

Excellence fund investments from reserves include faculty program development, the proposed minimum funding for PhD students and the President’s Academic Excellence Initiative (PAEI). Reserve balances will be used to support strategic plan priorities, including continuation of the Equity, Diversity and Inclusion (EDI) initiatives, contributions towards the Interdisciplinary Collaboration and Innovation (ICI) building as well as addressing near term academic space lease off campus.

Carrying forward from fiscal 2020/21 are balances under the Provost and Vice-President Academic Office, for program funding to be disbursed in fiscal 2021/22, including faculty support for online delivery and Aspire Learning and Teaching awards.

Additional capital spending is planned under Campus Operations and Risk Management, to complete the administrative space “shuffle” to move administrative staff out of academic spaces.

The negative reserve balance under Business Operations is driven by a fiscal 2020/21 projected deficit for Parking Services of \$1.8m driven by a reduction in parking fee revenue due to online instruction and remote work arrangements.

Included under Other AVP Finance and Operations units are reserves for Infrastructure Development, which are drawn down to complete capital projects continuing from fiscal 2020/21, such as the IA1 lease improvements, Commons improvements, and completion of the Greenhouse.

The AVP Students use of reserves relates to completion of fiscal 2020/21 student initiatives to revitalize student spaces in the Arts building. The ending reserve balance primarily relates to Athletics and Recreation which will be used to support capital upgrades planned for future years.

The drawdown of reserves in the Vice-Principal Research and Innovation portfolio relates to allocations under the Aspire faculty recruitment fund, equipment for research infrastructure, as well as planned spending under the VPRI Strategic Recruitment and Retention Fund.

#### STUDENT FINANCIAL AID

Fiscal 2021/22 revenue includes allocations from the TREK endowment to increase graduate financial aid for the recommended minimum PhD student funding. Reserve opening balance for fiscal 2021/22 under Enrolment Services SFA is driven by lower than expected demand for need-based bursaries during fiscal 2020/21. Balances will be reviewed along with 2021/22 updated projections once actual demand is known for the upcoming year. ISI SFA is projected to receive a transfer in fiscal 2020/21 not reflected above to support the planned shortfall.

UBC OKANAGAN (In \$000s)	Revenues	Expenses	Operating Surplus/ (Deficit)	Non- Operating Transfers	Invested In Capital Assets	Reserve (Drawdowns) /Additions	Ending Reserve Balance	(Drawdowns) Additions
<b>Student Financial Aid</b>	<b>21,727</b>	<b>21,737</b>	<b>(10)</b>	<b>0</b>	<b>0</b>	<b>(10)</b>	<b>5,039</b>	
Graduate SFA	6,959	7,063	(105)	0	0	(105)	910	
Okanagan Enrolment Services SFA	7,781	7,260	522	0	0	522	4,167	
ISI SFA	6,199	6,616	(417)	0	0	(417)	(261)	
Workstudy, Go Global — SFA	788	798	(10)	0	0	(10)	223	

**CAMPUS WIDE EXPENSES**

Fiscal 2021/22 reserve drawdown primarily due to capital projects planned under central contingency, including contributions to the Interdisciplinary Collaboration and Innovation building, Nechako Housing Commons, office modular expansion, and servicing connections.

<b>UBC OKANAGAN (In \$000s)</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Operating Surplus/ (Deficit)</b>	<b>Non- Operating Transfers</b>	<b>Invested In Capital Assets</b>	<b>Reserve (Drawdowns) /Additions</b>	<b>Ending Reserve Balance</b>	<b>(Drawdowns) Additions</b>
<b>Campus Wide Expenses</b>	<b>4,363</b>	<b>3,632</b>	<b>731</b>	<b>4,814</b>	<b>600</b>	<b>(4,683)</b>	<b>17,146</b>	
UBCO Contributions to UBCV	4,952	0	4,952	4,952	0	0	0	
Debt Servicing	3,032	2,090	942	942	0	0	1	
UBCO TREK Endowment	(3,280)	0	(3,280)	(3,280)	0	0	0	
Other Campus Wide Expenses	(341)	1,542	(1,883)	2,200	600	(4,683)	17,145	



# Appendix III. Key Budget Assumptions

1. Provincial funding assumptions are based on funding received in fiscal 2020/21, plus increases for general wage increases (GWI) in line with the Provincial mandate.
2. Undergraduate domestic and most graduate tuition rates are budgeted to increase by 2%. International undergraduate tuition rates will increase by 2% for continuing students and by 4% for new students. Some international professional tuition rates will increase by greater amounts, as approved by the Board.
3. Incremental revenue related to tuition rate increases in 2021/22 will be sequestered from the Tuition Allocation Model (TAM) for one year, and instead allocated towards student-directed priorities (and hence will not be allocated to Faculties, AEF, or central operations).
4. A one-time budget reduction of General Purpose Operating funding for UBC Vancouver Administrative Units for fiscal 2021/22 will be calculated at 2% (this follows a 1% reduction in fiscal 2020/21).
5. The budget for endowment returns reflects the target return of 6.65% (including an administrative charge of 0.65%) of which 50% is projected to be realized, and 50% is projected to be unrealized. A proposed flat spend rate of \$53m has also been incorporated into the budget (subject to Board approval), with spending in excess of the net 6% return drawn from endowment capital.
6. Net land development proceeds from UBC Properties Trust are projected to total \$60m during the year, and the distribution of rental income from UBC Properties Trust is projected to be \$12m.
7. 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.
8. The budget includes Routine Maintenance funding from the Provincial government of \$36m (representing the 75% match funding).



# Appendix IV. Financial Risks

## PROVINCIAL OPERATING GRANT

The Provincial Operating Grant has not yet been confirmed for fiscal 2021/22.

Despite being able to maintain UBC's operating grant in fiscal 2020/21, as the provincial government absorbs the short-term economic consequences of COVID-19 there may be increasing pressures and competition for limited public resources, with future funding potentially affected. The outcome of the Province's planned funding review of the sector is as yet unknown.

## GLOBAL HEALTH

As we have seen through the 2020/21 fiscal year, international issues — including global health and the world economy — have an obvious potential to impact the university in a variety of ways, including effects on enrolment and operations. The ongoing COVID-19 pandemic continues to present a recognized risk against the trajectory of the university, notably with regards to UBC's ancillary services (especially student housing).

## INTERNATIONAL STUDENT ENROLMENT

The impact of COVID-19 on international enrolment is still ongoing and may have an impact on fiscal 2021/22. The effectiveness of vaccine delivery and its efficacy — locally, nationally, and internationally — will impact public health guidelines and policies and the pace at which the university approaches "new normal" operational levels. Longer-term circumstances relating to COVID-19 also could be impacted by various unknowns (e.g. new variants and the duration of vaccine protection).

The proactive management of international undergraduate student intake, and the effective transition to online course delivery, should significantly mitigate this risk.

## TUITION INCREASE

Tuition increases are normally implemented to address unfunded cost pressures of the university. For fiscal 2021/22, the university will, as usual, need to address inflationary cost pressures, but is conscious of the impacts of COVID-19 on student tuition. As such, the university has proposed that all of the revenue generated by the rate increase in fiscal 2021/22 be allocated back to student-directed initiatives. That revenue has been incorporated into the budget proposal, although the increase is still subject to Board approval.

Should the tuition increase not be approved, there will be a flow-through impact on revenues in future years that will limit future initiatives.

## ANCILLARY SERVICES

The university has a strong reliance on ancillary units as a revenue source. While this is correlated to housing occupancy and on-campus activity, it is not directly related to enrolment — meaning that even if enrolment targets are achieved, there is a potential risk of a financial impact due to the ongoing effect of COVID-19. Ongoing travel restrictions, adverse economic outlooks internationally, and continued public health risks may impact on-campus activity and related revenue streams.

## INFORMATION SYSTEMS UPGRADE

As reported, the university has undertaken a major systems renewal program (the Integrated Renewal Program) to replace the aging Student, Human Resources, and Finance systems. Given the magnitude of the financial investment and the scope of the implementation, there is potential risk of cost overruns and negative operational impact from the required change management. To mitigate these risks, the university has implemented a robust governance structure for the project, established a strong Project Management Office (PMO) to monitor and report progress and engaged an external quality assurance firm to identify, monitor, and report program risks to Executive Sponsors and the Audit Committee of the Board.

The Human Resources and Finance modules went live in November 2020, with the transition from the aging Oracle PeopleSoft system to the new Workday system managed through the Integrated Service Centre (that was initiated as part of the renewal project). The Student initiative is ongoing, with the above noted governance structure, and a review of the budget is currently being undertaken.

#### **FOREIGN EXCHANGE RISK**

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



# Appendix V. Research

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

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

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

## AWARDS

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

<i>(in \$ millions)</i>	2019/20 ACTUALS	2019/20 Q3 FORECAST	2020/21 PLAN
Government (Tri-Agency)	235	227	232
Government (Other agencies)	185	175	232
Non-profit	182	175	138
Industry	71	67	56
<b>Total</b>	<b>673</b>	<b>644</b>	<b>658</b>

UBC's total research funding is expected to be largely stable in fiscal 2021/22 with a 16% to 21% decrease in funding from Non-profit and Industry sectors due to the COVID-19 pandemic, balanced by increases from government granting agencies as compared to fiscal 2020/2021 totals.

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

Sponsored research provides another source of funding to UBC's research community. In fiscal 2019/2020, the VPRI University-Industry Liaison Office's Sponsored Research group negotiated, drafted, and administered 2,570 research contracts and clinical trial agreements worth \$162m with industry, government, and non-profit partners. This total, which is the highest in Canada, included a record \$70.6m in industry sponsored research. Due to the pandemic, there was a decrease in activity in fiscal 2020/2021, which has since approached normal levels, but has not made up for the initial shortfall.

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

The table below presents the Sponsored Research Fund budget for fiscal 2021/22, summarizing research awards to be received and expected across the university by faculty.

<b>RESEARCH AWARD BY FACULTY 2021/22</b> <i>(in \$ thousands)</i>	<b>GOVERNMENT (TRI-AGENCY)</b>	<b>GOVERNMENT (OTHER AGENCIES)</b>	<b>NON-PROFIT</b>	<b>INDUSTRY</b>	<b>TOTAL</b>
Applied Science	24,184	27,465	5,650	9,716	67,015
Arts	17,803	6,046	5,198	144	29,192
Dentistry	2,637	509	553	121	3,820
Education	3,813	1,304	1,555	66	6,738
Forestry	5,372	5,237	2,341	733	13,682
Land and Food Systems	2,451	2,606	1,395	914	7,368
Law	804	63	501	36	1,405
Medicine	106,598	111,141	97,982	34,812	350,533
Pharmaceutical Sciences	1,900	2,649	2,006	482	7,037
Sauder School of Business	2,422	474	743	302	3,941
Science	53,300	49,173	13,444	5,142	121,058
UBC Okanagan	10,783	7,532	5,090	1,877	25,282
Non-Faculty Units	130	17,612	1,300	1,750	20,791
<b>Total</b>	<b>232,196</b>	<b>231,810</b>	<b>137,758</b>	<b>56,094</b>	<b>657,859</b>

# Appendix VI. Endowment

The UBC endowment funds consist of endowed gifts, bequests, donations, and land lease proceeds. Approximately \$1.9 billion of the endowment funds, including TREK and TREK Impact, are invested by UBC Investment Management Trust Inc. (IMANT). These funds support the university's academic mandate, student financial awards, academic and research initiatives, student housing, and capital projects.

The land lease proceeds endowments include the TREK, TREK Impact, Student Housing Financing (SHFE) and Faculty Housing Assistance Financing (FHAFE) endowment funds. TREK and TREK Impact support UBC 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 lease proceeds endowment funds currently support the Faculty of Pharmaceutical Sciences capital project, the Stem Cell Lab

Biomedical Research Centre capital project, the Faculty of Medicine's Faculty Renewal, the Fitness Facility Expansion in the Old SUB, UBC's Brand Positioning campaign, the Enterprise wide IT renewal project UBC Okanagan and Academic Enhancement.

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

<i>(in \$ millions)</i>	TOTAL (INCLUDING SHFE AND FHAFE)			IMANT INVESTED FUNDS (EXCLUDING TREK AND TREK IMPACT)		LAND LEASE PROCEEDS (TREK, TREK IMPACT, SHFE AND FHAFE)	
	2019/20 ACTUALS	2020/21 Q3 FORECAST	2021/22 PLAN	2020/21 Q3 FORECAST	2021/22 PLAN	2020/21 Q3 FORECAST	2021/22 PLAN
<b>Endowment market value</b>							
Endowment capital account	2,131	2,330	2,440	1,455	1,489	875	951
Stabilization account	180	301	295	251	251	50	44
<b>Balance</b>	<b>2,311</b>	<b>2,631</b>	<b>2,735</b>	<b>1,706</b>	<b>1,740</b>	<b>925</b>	<b>995</b>
<b>Endowment spending</b>							
Investment income	88	97	100	62	63	35	37
UBCPT rental distributions	10	9	12	—	—	9	12
Operating expenses	(107)	(106)	(115)	(61)	(64)	(45)	(51)
Internal transfers to endowment capital	7	8	3	8	3	—	—
<b>Surplus (deficit)</b>	<b>(2)</b>	<b>8</b>	<b>—</b>	<b>9</b>	<b>2</b>	<b>(1)</b>	<b>(2)</b>

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

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

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



# Appendix VII. Related Entities

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

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

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

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

# Appendix VIII. Killam Endowment Funds

In 1965, The University of British Columbia was fortunate in receiving various Killam Trusts, which were created pursuant to the last will and testament of the late Dorothy J. Killam.

The trust funds were established at the Canada Council, Dalhousie College and University, The University of Alberta, The University of British Columbia (UBC) and The Montreal Neurological Institute. Subsequently, part of the fund bequeathed to The University of Alberta was transferred to The University of Calgary.

Annual budgets for the Killam Endowment Funds held at the university require the approval of the UBC Board of Governors. They are based on the Killam spending guidelines and calculated using a spending allocation of 3.75% of the preceding three years average market value of the funds. The fiscal 2021/22 spending budget is as follows:

<i>(in \$ thousands)</i>	KILLAM GENERAL	KILLAM MEMORIAL SALARY	IZAAK WALTON KILLAM MEMORIAL FOR ADVANCED STUDIES	TOTAL
<b>Program spending</b>				
Research and scholarly activities	1,038	—	—	1,038
Faculty research fellowship awards	230	—	—	230
Bridge funding for academic priorities	121	721	—	842
Post-doctoral awards	—	—	478	478
Pre-doctoral awards	—	—	478	478
Graduate Studies administration	—	—	50	50
<b>Total 2021/22 budgeted spending allocation</b>	<b>1,389</b>	<b>721</b>	<b>1,006</b>	<b>3,116</b>

# Appendix IX. Capital Details

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

Capital Expenditure and Funding for 2021/22 is budgeted as follows:

<b>CAPITAL EXPENDITURE</b> <i>(in \$ millions)</i>	2019/20 ACTUALS	2020/21 FORECAST	2021/22 PLAN
<b>Building and Property:</b>			
Major buildings	68	145	120
Routine capital	59	49	47
Building renovations and additions	71	49	73
Capital infrastructure <sup>1</sup>	25	12	12
	<b>223</b>	<b>255</b>	<b>252</b>
<b>Research equipment</b>	51	57	46
<b>Other equipment and furnishings</b>	42	8	10
<b>Information technology</b>	71	48	43
<b>Library</b>	16	14	16
<b>Total Capital Expenditure</b>	<b>403</b>	<b>382</b>	<b>367</b>

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

<b>CAPITAL FUNDING</b> <i>(in \$ millions)</i>	2019/20 ACTUALS	2020/21 FORECAST	2021/22 PLAN
<b>Funding Source:</b>			
Ministry (KDF/COA)	39	45	25
Ministry — Routine capital	38	34	36
Federal — CFI	23	27	10
Federal — SIF	—	—	—
Donations	20	18	11
	<b>120</b>	<b>124</b>	<b>82</b>
<b>Internal Sources</b>			
Unit/Central	132	104	139
Infrastructure impact charges	18	27	27
Internal loans	133	127	120
	<b>283</b>	<b>259</b>	<b>285</b>
<b>Total Funding</b>	<b>403</b>	<b>382</b>	<b>367</b>

## Buildings and Property

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

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

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

Services identify and prioritize projects under this program based on facility condition and building user input.

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

## Major Buildings

There are currently eight major building projects in design or construction and for which capital expenditures will be incurred in fiscal 2021/22. Three of these are partially funded through the Federal Strategic Infrastructure Funding (SIF). Projects include:

### 2021/22 MAJOR BUILDING PROJECTS

(in \$ millions)

#### Building Project

	TOTAL BUDGET	2021/22 ESTIMATED COST	ESTIMATED COMPLETION DATE
Pacific Residence (Walter Gage Infill Site)	165	70	22-Feb
Water Pump Station	12	12	22-Mar
Gateway Building	190	11	24-Jul
UBC Nechako Residence	51	9	21-Aug
Arts Student Centre	11	7	21-Sep
Interdisciplinary Collaboration & Innovation Building — UBCO	109	4	24-Dec
School of Biomedical Engineering Building	136	3	24-Jul
Brock Commons Phase 2*	163	0	22-Sep

\* On hold

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

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

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

## Routine Capital— Core Building Maintenance

The Ministry of Advanced Education, Skills and Training (AEST) increased Routine Capital funding to address much needed capital maintenance in campus buildings. UBC (both campuses) received \$33.9 from AEST in 2020/21 and is notionally scheduled to receive \$35.6m in 2021/22. AEST 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 AEST and UBC on a 75%/25% basis.

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

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

Example projects in this category for 2021/22 include:

- Geography Roof & Skylights — \$2.0m
- BUTO - 2nd floor— \$1.9m
- War Memorial Gym roof — \$1.7m
- J.B MacDonald Roofing & envelope repairs — \$1.5m
- Linear assets — \$1.1m
- Thea Koerner main roof replace — \$0.7m

The next eligible category for work is whole-building renewal projects to address the full range of deferred maintenance items in targeted buildings. Seismic risk in the Kenny Building will improve the safety, extend the useful life, and improve the system reliability of this core academic building.

Whole building renewal projects are larger in scope and fall above the \$5.0m threshold. The Macleod Building renew project, for example, is estimated at approximately \$19m. Given the necessity to plan and execute these projects in very tight timelines, it was previously agreed that they be approved by the Board, as part of the annual university budget approval process.

The following table provides a high-level breakdown of the 2021/22 AEST-supported Routine Capital programs for the UBC Vancouver and Okanagan campuses. AEST has allocated funding using a formula based on the amount of deferred maintenance at each campus.

2021/22 ROUTINE CAPITAL PROJECTS (in \$ millions)	AEST 75%	UBC 25%	TOTAL
<b>Vancouver Campus</b>			
Major Maintenance & Rehabilitation Projects	14.5	4.8	19.3
Museum of Anthropology	6.0	2.0	8.0
Macleod building	14.3	4.8	19.0
Minor Maintenance & Rehabilitation Projects	—	—	—
<b>Total — Vancouver Campus</b>	<b>34.7</b>	<b>11.6</b>	<b>46.3</b>
<b>Okanagan Campus</b>			
Major Maintenance & Rehabilitation Projects	0.9	0.3	1.2
<b>Total — Okanagan Campus</b>	<b>0.9</b>	<b>0.3</b>	<b>1.2</b>
<b>Routine Capital Projects — UBC Total</b>	<b>35.6</b>	<b>11.9</b>	<b>47.5</b>

## Information Technology

### MAJOR SYSTEMS PROJECTS

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

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

The major cost items over the period are:

#### A) INTEGRATED RENEWAL PROGRAM (IRP)

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

#### B) OTHER ENTERPRISE-WIDE SYSTEMS

Preliminary estimates for the Adaptive Forecasting and Budgeting system have begun, and should start a needs analysis in the upcoming fiscal year:

## Research Equipment

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

## Library

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

# Appendix X. Investment Income on Land Development

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

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

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

<b>LAND DEVELOPMENT ENDOWMENT</b> <i>(in \$ millions)</i>	2019/20 ACTUALS	2020/21 Q3 FORECAST	2021/22 PLAN	CHANGE
Trek Endowment, in the Main Pool	356	388	427	39
Trek Impact, in the Sustainable Future Pool	30	36	0	(36)
Student Housing Financing Endowment Fund	372	448	507	59
Faculty Housing Financing Endowment Fund	44	53	63	10
	<b>802</b>	<b>925</b>	<b>997</b>	<b>72</b>

The \$39 million increase in TREK represents \$36 million of TREK Impact funds planned to be combined into TREK in April 2021, approximately \$28 million of earnings net of \$4 million of administrative costs recovery and \$21 million of spend allocations under the new \$52 million flat spend proposal.

The \$36 million decrease in TREK Impact represents \$36 million of TREK Impact funds planned to be combined into Trek in April 2021.

The \$59 million increase in SHFE is comprised of \$58 million estimated land lease proceeds and \$22 million of earnings, net of \$12 million of spend allocations and \$9 million transferred to FHAFE.

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

TREK and TREK Impact support the mandate 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 up to March 31, 2021, preserve the principal value of the original contributions. The university also receives net proceeds from rental properties managed by UBC Properties Trust (UBCPT), which up to March 31, 2021, have been combined with the income from these endowments to support strategic initiatives.

At the June 2019 Board of Governors' meeting, a review of the TREK-related spending policy was presented, illustrating an opportunity to unlock the value of the TREK-related assets while improving intergenerational equity. The review proposed converting the current spending policy for the TREK endowment from a 4% spend rate to a flat real spend of \$53 million in fiscal 2021 dollars. Although it was determined at the June 2019 Board meeting that a decision to adopt the real spend strategy would be held pending until appropriate uses of the funds could be identified, the 2022 TREK Plan has been modelled on the flat spend in anticipation of its approval

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

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



<b>INVESTMENT INCOME ON LAND DEVELOPMENT</b> <i>(in \$ millions)</i>	2019/20 ACTUALS	2020/21 Q3 FORECAST	2021/22 PLAN	CHANGE
<b>Funding sources, includes carryforward</b>				
Balance carried forward	6.9	3.0	1.3	(1.7)
TREK 4.0% spend allocation	14.7	15.0	16.4	1.4
TREK Impact 3.5% spend allocation	1.0	1.0	0.0	(1.0)
SHFE 3.5% spend allocation	8.2	8.9	13.4	4.5
FHAFF 4.0% spend allocation	0.7	1.0	1.4	0.4
UBCPT rental distributions	10.0	9.0	12.0	3.0
UBCO \$4m allocation	4.0	4.0	4.1	0.1
Incremental allocations for the \$52m flat spend	0.0	0.0	4.7	4.7
<b>Total Funding</b>	<b>45.5</b>	<b>41.9</b>	<b>53.3</b>	<b>11.4</b>
<b>Funding allocations</b>				
On-going debt service	22.4	22.7	22.5	
New ongoing allocations				
Internal loan — Enterprisewide IT renewal	4.0	4.0	4.0	
Medicine Faculty Renewal	5.1	6.7	6.6	
UBCO Student Financial Support	2.0	6.0	4.1	
	33.5	39.4	37.2	(2.2)
Limited term allocations				
Academic Enhancement	—	—	15.0	
Routine Capital match + classroom & learning space deferred maintenance and renewal	4.2	—	—	
UBC Brand Positioning Campaign & Speaker Series Support	2.0	—	—	
VPRI space renovation	1.4	—	—	
Pharmaceutical Sciences Building — Debt relief	0.5	0.5	0.5	
Rent Geared to Income Program	0.7	0.7	0.6	
UNA athletics	0.2	—	—	
	9.0	1.2	16.1	14.9
<b>Total allocations</b>	<b>42.5</b>	<b>40.6</b>	<b>53.3</b>	<b>12.7</b>
<b>Funding available for future commitments</b>	<b>3.0</b>	<b>1.3</b>	<b>—</b>	<b>(1.3)</b>

# Appendix XI. Fiscal 2021/22 Plan to Fiscal 2020/21 Forecast by Faculty/Portfolio

<b>PORTFOLIO ANALYSIS</b> <i>(in \$ thousands)</i>	2019/20 ACTUALS	2020/21 Q3 FORECAST	2021/22 PLAN	PLAN VS FORECAST	OPENING	CLOSING
Faculty of Applied Science	8,691	3,830	(1,230)	(5,061)	38,931	37,701
Faculty of Arts	6,326	(4,224)	380	4,604	33,999	34,380
Sauder School of Business	5,169	2,819	3,075	256	24,853	27,928
Faculty of Dentistry	1,200	(540)	(1,772)	(1,231)	3,799	2,027
Faculty of Education	3,631	195	(2,187)	(2,381)	9,723	7,536
Faculty of Forestry	(2,339)	(2)	(1,324)	(1,322)	7,630	6,307
Graduate and Postdoctoral Studies	44	552	(20)	(572)	2,375	2,355
Faculty of Land and Food Systems	4,019	3,699	(1,666)	(5,364)	17,817	16,151
Allard School of Law	(891)	(417)	(380)	37	(2,665)	(3,046)
Faculty of Medicine	(734)	808	896	88	72,533	73,429
Faculty of Pharmaceutical Sciences	2,730	1,691	1,733	42	12,845	14,579
Faculty of Science	7,328	8,577	4,701	(3,877)	24,015	28,716
Governance	4,816	(547)	(3,251)	(2,704)	3,174	(78)
Provost and VP Academic — Support Units	6,990	(9,118)	(17,703)	(8,585)	25,747	8,043
UBC Academic Funds	11,614	10,615	1,470	(9,145)	39,430	40,900
Vice President Development & Alumni Engagement	(187)	(783)	(1,837)	(1,054)	(611)	(2,449)
Vice President External Relations	(788)	(2,404)	(2,265)	139	2,905	640
VP Health	1,478	1,175	134	(1,040)	4,274	4,409
VP Finance and Operations	1,904	(1,224)	(11,717)	(10,493)	9,041	(2,676)
VP Human Resources	2,292	2,944	3,331	387	9,303	12,635
VP Research and Innovation	1,776	1,725	(2,281)	(4,006)	13,101	10,820
VP Students	(8,934)	(65,540)	(3,328)	62,212	(43,514)	(46,843)
Student Financial Aid — UBCV	4,360	5,721	(112)	(5,833)	12,712	12,599
Campus Wide Expenses (incl. Central Revenues) — UBCV	(44,764)	(48,328)	(19,455)	28,873	(206,547)	(226,002)
Provost and VP Academic—Faculties—UBCO	2,385	11,631	4,890	(6,741)	21,138	26,027
Central Support Units UBCO	8,266	(7,827)	(6,476)	1,351	15,171	8,694
Student Financial Aid — UBCO	1,197	3,573	(10)	(3,582)	5,050	5,041
Campus Wide Expenses (incl. Central Revenues) — UBCO	(249)	(2,740)	(4,683)	(1,943)	21,828	17,146
<b>Grand Total — Surplus / (Deficit)</b>	<b>27,330</b>	<b>(84,139)</b>	<b>(61,087)</b>	<b>23,055</b>	<b>178,057</b>	<b>116,969</b>



THE UNIVERSITY OF BRITISH COLUMBIA