

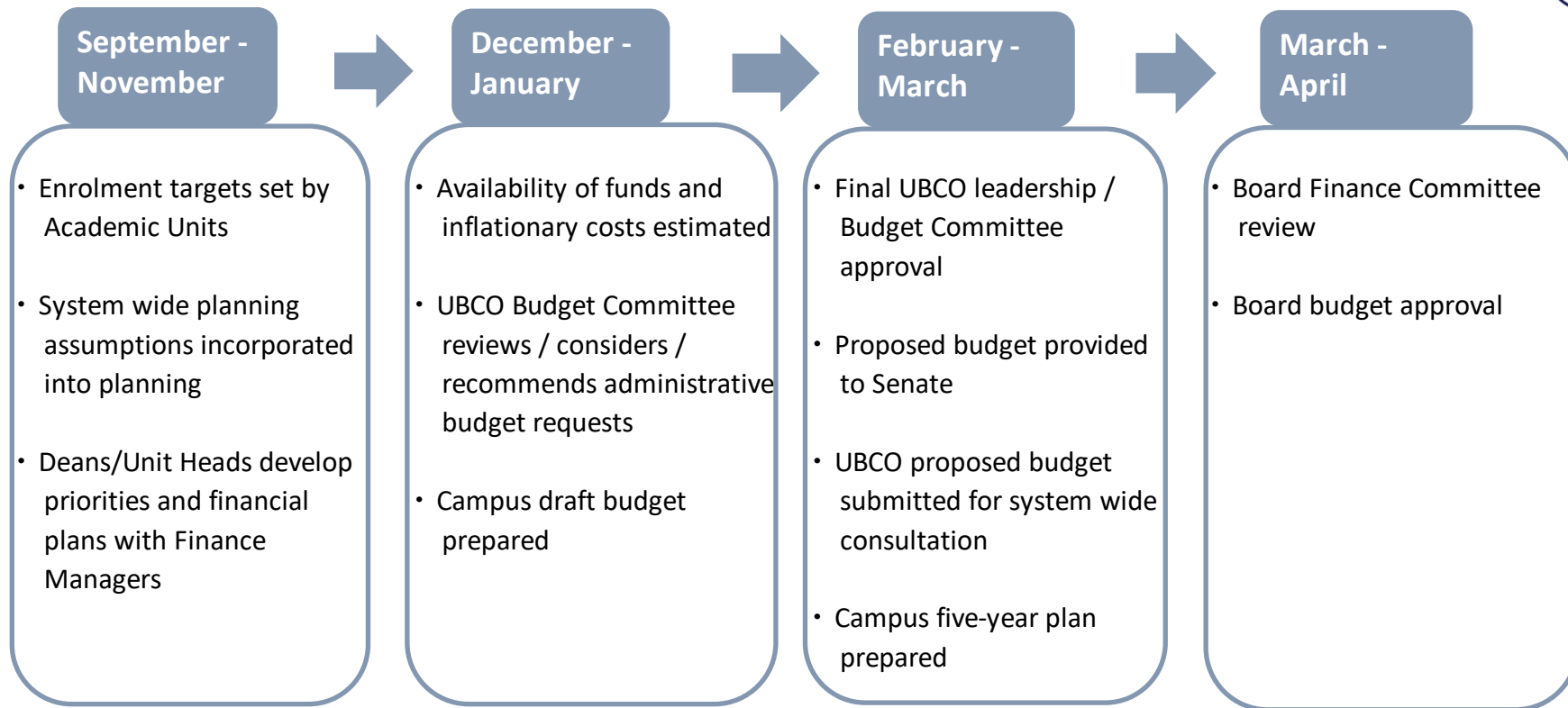
UBCO Financial Overview & Budget Process

Okanagan Senate

October, 2023



Okanagan Budget Process



Key Elements of the Budget

UBC Okanagan



Centralized Services	Administrative services are centralized, with shared subject matter professionals (IT, HR, Finance, Academic advising/counselling, Co-op, etc.) supporting all Faculties.
Surplus Balances	Administrative units return unspent balances to Central at year end, for redistribution towards strategic priorities.
Capital Reserves	Reserves for capital investments such as major renovations and new construction are held centrally.
Scheduling and Space	Scheduling of classes and use of space of all kinds are managed centrally and are largely a shared resource.
Inflationary Costs	Administrative units are generally funded annually for incremental inflationary salary costs from Central.
Infrastructure Support	There are no dedicated funding resources for infrastructure costs or public realm improvements.

UBC Vancouver

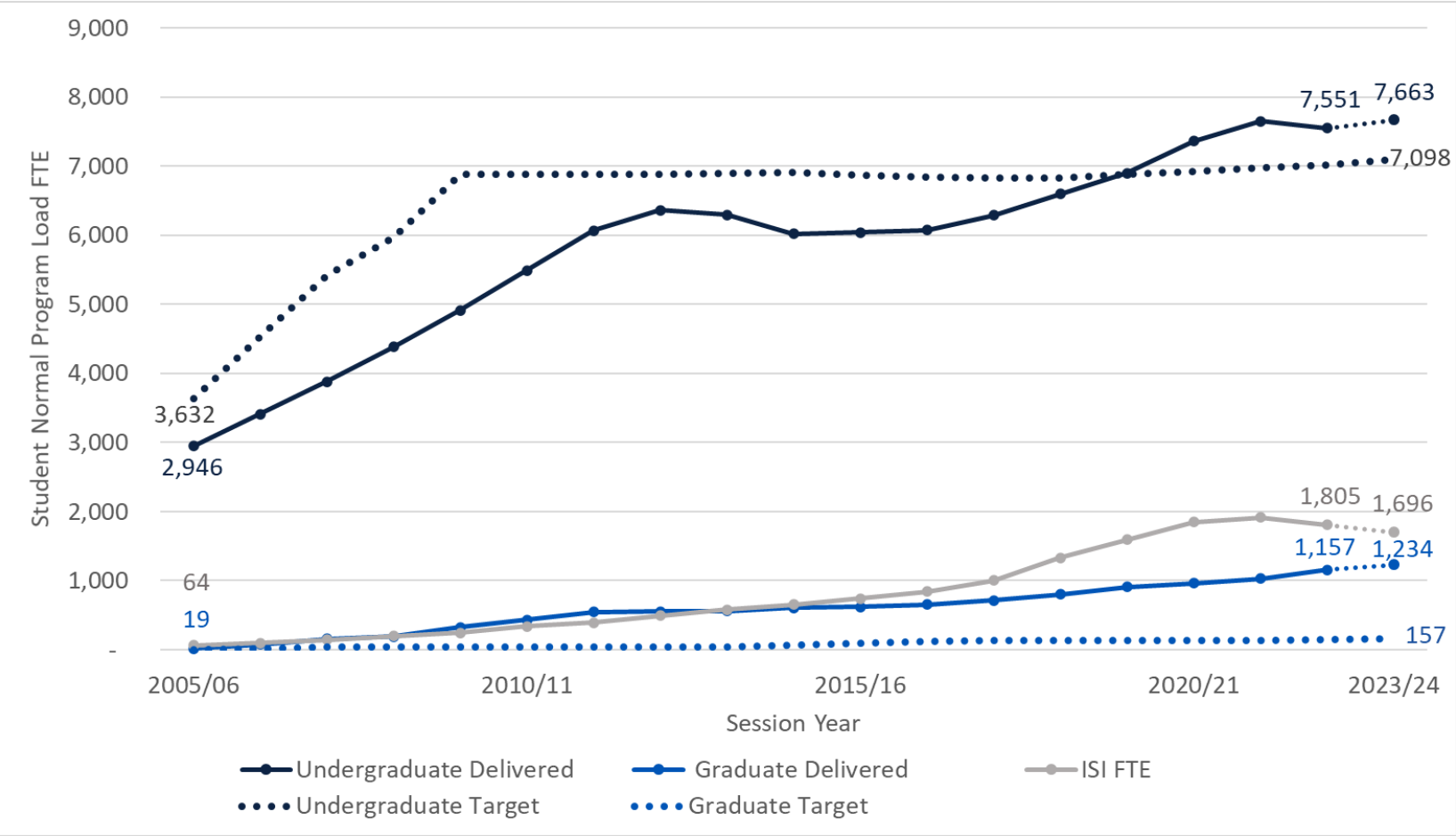
Balanced Budget	UBC must request approval from the Minister of Finance and the Minister of Advanced Education, Skills and Training to operate in a deficit position.
Decentralized Model	Administrative Units (by VP) and Faculties are responsible for a balanced budget for their respective portfolios.
Carry-Over Allowance	Administrative Units and Faculties are allowed to carry over their surpluses.
Base Budget	The base budget is based on the prior year budget allocation, which identifies recurring funding.
Incremental Budget	Budget process only allocates incremental revenue based on alignment with UBC's strategic goals and does not realign the base budget.
Accounting Basis	Administrative Units and Faculties use a modified cash basis of accounting.
Main Focus	Primarily Operating Funds (incremental central operating and academic excellence funds) which account for \$2.5 billion of the \$3.4 billion consolidated budget.
Consolidated Budget	Adjustments for accounting purposes including net investment in capital, endowment, research, related organizations and land lease revenues.

Funding Context



- UBCO FY24Q1 operating budget is approximately \$250m
- Research funding awarded of \$45m in FY23, \$47m in FY22, \$38m in FY21, \$32m in FY20
- Operating budgets are “firewalled” between campuses
- Annual TREK funding of \$5.3M to support undergraduate and graduate aid, Indigenous Initiatives, and attracting matching donations
- Significant investment in space needs
- Stabilization strategy on domestic enrolment – Projected utilization for Undergrad is 108%, and 786% for graduate (graduate target of 157 and 1,234 delivered)
- Projected 18% international undergraduate composition for FY24 (down 1% from FY23), and 48% for Graduate student annualized FTE
- Board approved tuition rate increases of 2% for Domestic and 5% for new and 3% for continuing for FY24

UBCO Enrolment History



Government Grant

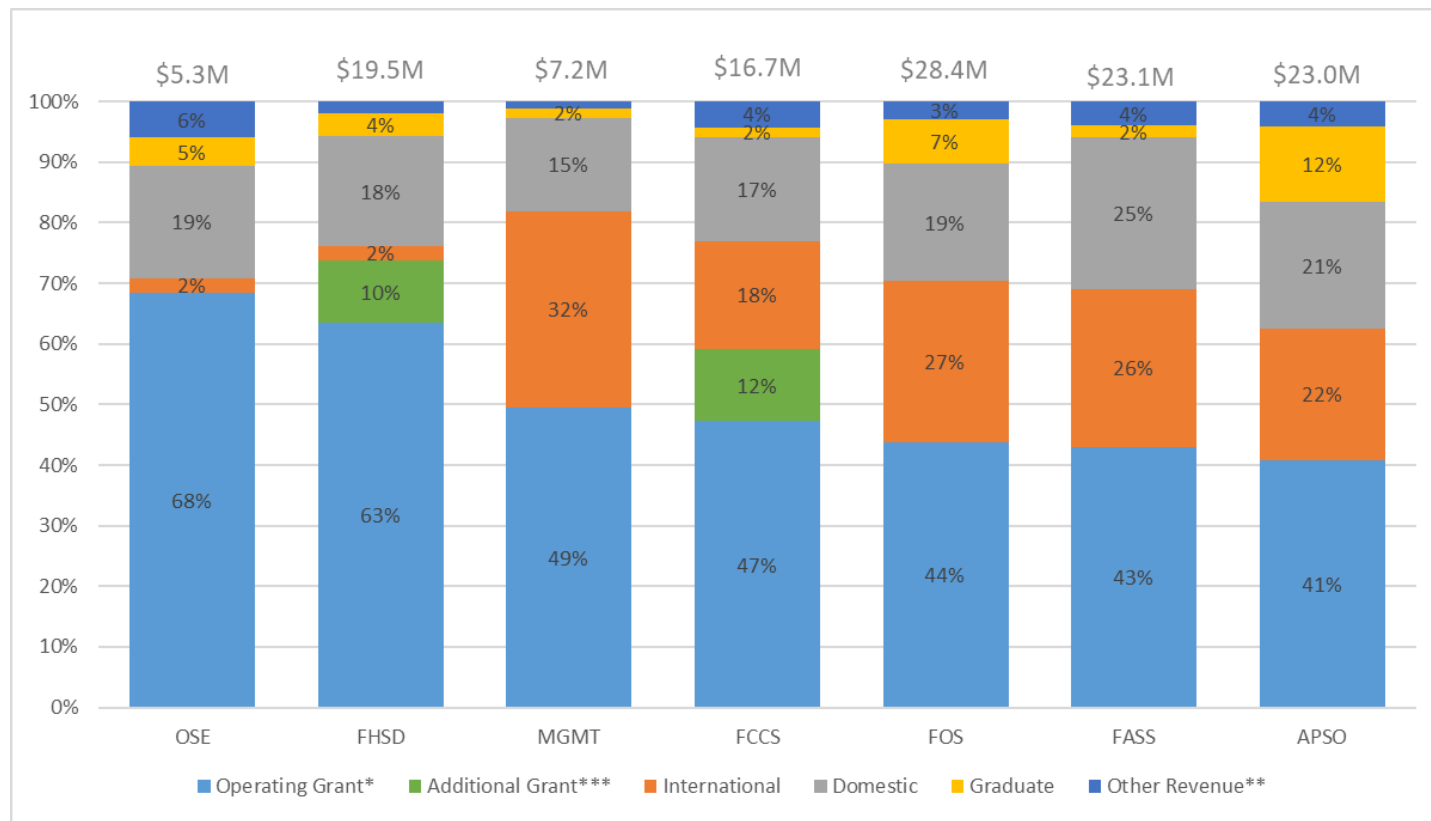


- FY24 provincial government grant funding (Ministry target) was based on 7,255 student FTE (domestic undergraduate and all graduate students), at an average of \$9,685/seat, with no differentiation between undergraduate and graduate
- Delivered 8,897 student FTE in FY24Q1 (domestic undergraduate and all graduate) resulting in a Ministry utilization of 123%, bringing down the average grant funding to \$7,897/seat
- Delivered 1,696 international undergraduate student FTE in FY24, no grant funding received, compensated for by higher international student tuition fees
- Additional provincial grant funding for program expansion in nursing, social work, and data science, as well as for general wage indexation (GWI)
- Provincial funding differential between campuses exists

Faculty Tuition Allocation Model

- Tuition is allocated via formula to Faculties, Student Financial Aid (SFA), Excellence Fund and Central
- Original driver-based budget model introduced in 2014/15
- A portion of allocations based on enrolment driver in courses taught for undergraduate programs and tuition assessed for graduate programs
- Balance of funding to Faculties from an allocation of a portion of the provincial government grant specific to the needs of each Faculty, monitored annually with a variety of metrics

UBCO Faculty Revenue Breakdown 2023/24 Q1 Forecast



* Operating Grant Includes both recurring and one-time

** Other Revenue includes Excellence Fund supports (Interfund Transfers In) and departmental revenue

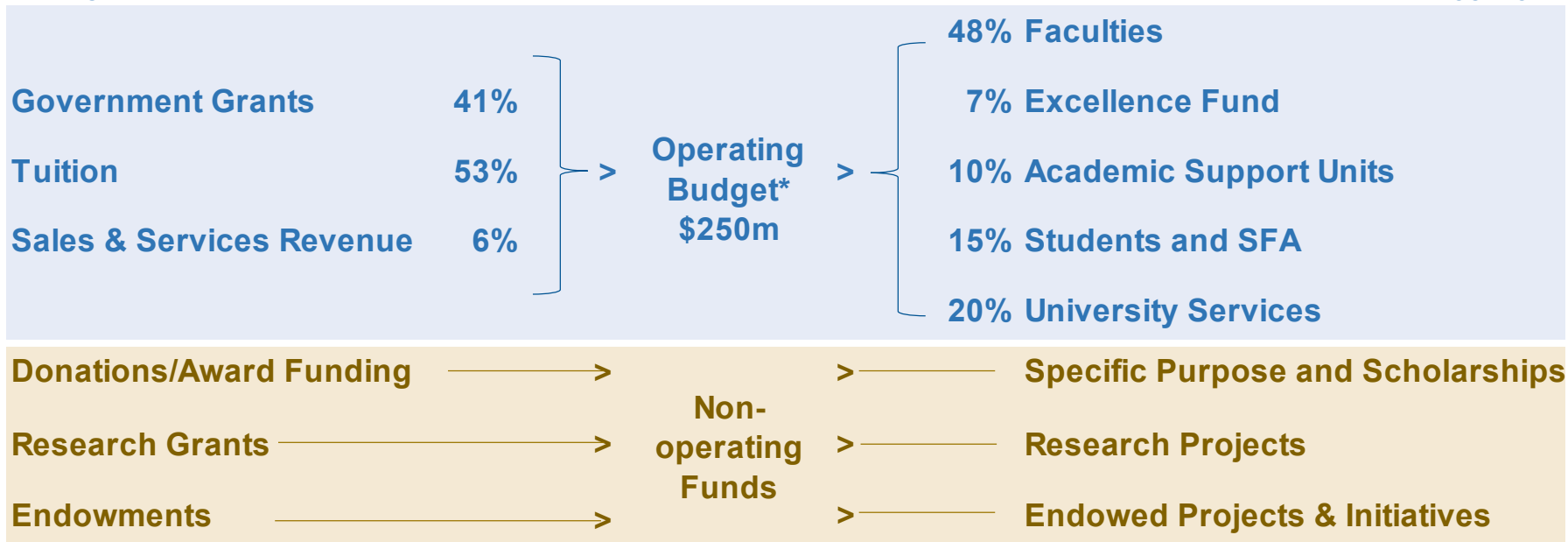
*** Additional Grant includes one-time Faculty support from Contingency or Excellence Fund

UBCO Consolidated Budget Framework – 2023/24 at Q1



REVENUES

ALLOCATIONS



* Operating Budget at Q1 FY24 Forecast

Total Campus Operating Revenue (\$Millions)



	Actual <u>2022/23</u>	Plan <u>2023/24</u>	Q1 Forecast <u>2023/24</u>	Increase (Decrease) <u>From Plan</u>
Revenues				
Domestic Undergraduate Tuition	46.0	46.6	46.3	(0.3)
International Undergraduate Tuition	75.3	80.4	74.0	(6.4)
Graduate Tuition	10.0	11.2	11.3	0.0
Total Tuition Revenues	131.3	138.3	131.6	(6.7)
Provincial Government	85.5	99.4	101.9	2.5
Research Revenues	1.7	1.7	1.7	0.0
Business Revenues	2.0	2.0	2.0	0.0
Total Central Revenues	220.4	241.4	237.3	(4.1)
Faculty Revenues	3.0	1.9	1.9	0.0
All Other Unit Revenues	10.8	9.4	11.1	1.6
Total Campus Revenue including departmental operating revenues	234.3	252.7	250.2	(2.5)

Fiscal Operating Funding By Portfolio (\$Millions)



	2022/23 <u>Actual</u>	2023/24 <u>Q1 Forecast</u>	Increase/ <u>(Decrease)</u>
<i>Allocations and unit revenues</i>			
Faculties	116.9	125.1	8.2
Provost and Vice-Principal Academic	16.4	19.1	2.7
Excellence Fund	17.2	18.2	1.0
Vice-Principal Research and Innovation	9.5	8.8	(0.7)
Innovation Precinct	0.6	1.1	0.5
AVP Students ¹	18.3	23.1	4.8
Student Financial Aid	17.5	20.1	2.6
Deputy Vice-Chancellor and Principal	1.6	1.9	0.3
Human Resources	2.2	2.6	0.4
University Relations & Ceremonies	3.3	3.9	0.6
Development and Alumni	2.0	2.5	0.5
AVP Finance and Operations	31.1	34.0	2.9
Infrastructure Development	1.2	0.8	(0.4)
Business Operations	4.1	4.6	0.5
Contribution to UBCV	6.8	6.2	(0.6)
Campus Wide Expenses	16.2	7.6	(8.6)
Total Revenues and Interfund Transfers In	264.9	279.6	14.8
Less: Total Interfund Transfers In ¹	30.6	29.4	(1.2)
Total Allocations and Unit Revenues	234.3	250.2	15.9

¹ FY23 Interfund transfers were reduced by \$29m due to full offset in interfund transfers out as a result of cleanup between different Fund Codes

Historical Context



(\$millions)	Fiscal Allocations ¹		Change		
	2019/2020 Actuals	2023/24 Q1 Forecast	Fiscal (\$)	% of Total	Growth (%)
Faculties	89.2	125.1	35.9	52%	40%
Provost and Vice-President Academic	14.5	19.1	4.5	7%	31%
Excellence Fund ²	4.5	18.2	13.7	20%	305%
Vice-Principal Research and Innovation	5.3	8.8	3.5	5%	65%
Innovation Precinct	4.5	1.1	(3.4)	(5%)	-75%
AVP Students	12.1	23.1	11.1	16%	92%
Student Financial Aid	15.0	20.1	5.1	7%	34%
Deputy Vice-Chancellor and Principal	5.5	7.0	1.5	2%	28%
University Relations & Ceremonies	2.4	3.9	1.5	2%	60%
AVP Finance and Operations ³	28.3	34.0	5.7	8%	20%
Infrastructure Development ⁴	9.9	0.8	(9.1)	(13%)	-92%
Business Operations	4.9	4.6	(0.3)	0%	-5%
Contributions to UBCV	4.6	6.2	1.7	2%	36%
Campus Wide Expenses	9.8	7.6	(2.2)	-3%	-22%
Total Revenue and Interfund Transfers In	210.5	279.6	69.2	100%	33%
Less: Interfund Transfers In	10.5	29.4	18.9	-	181%
Total Campus Revenues	200.0	250.2	50.2	-	25%
Total Student HC ⁵	10,708	12,012	1,304	-	12%

Notes to Historical Context



- ¹ *Fiscal allocations include departmental revenues, internal revenues and interfund transfers in*
- ² *Change in reporting and presentation in Excellence Fund beginning in FY23. Allocations previously allocated via one time transfer, resulting in net funding balance. FY20 Excellence Fund allocation was \$10.2m.*
- ³ *AVPFO Includes Information Technology, Campus Planning, Campus Operations and Risk Management (CORM), Finance and Integrated Service Center.*
- ⁴ *Includes Project Services; allocations and expenses not reflected until project is active. Projects in planning phase reflected in units.*
- ⁵ *Fiscal 2019/20 winter student headcount at November 1, provided by Okanagan Planning and Institutional Research. Fiscal 2023/24 based on Plan headcount.*

TAM Allocations



Tuition Allocation Model (TAM)

Introduced in 2014/15, TAM provides a driver based framework for the allocation of tuition revenue to Faculties, Excellence Fund and Student Financial Aid (SFA). Allocations are calculated based on enrolment in credit courses taught for undergraduate programs and program fees assessed for graduate programs.

Domestic tuition

- Faculty allocated 60% and Central 40%, after allocations for credit card fees (0.125%), bad debts (1%) and student financial aid (7.25% for UG and 5% for graduate)

International – Base tuition (held constant at 2015/16 rate)

- Faculty allocated 50% and Central 50%, after allocations for credit card fees (0.125%), bad debts (1%) and student financial aid (7.5%)

International – Incremental tuition

- Tuition related to the international fee increase implemented in 2016/17 are allocated 2/3 to the Excellence fund and 1/3 to Faculties and Central, after allocations for credit card fees (0.125%), bad debts (1%) and student financial aid (7.5%). The 1/3 to Faculty and Central is allocated 50/50

Example: TAM Allocation of an Undergrad Student



Undergraduate Tuition		
Driver	Per Credit	Total 30-Credit Tuition
Domestic Undergraduate Tuition		
1 Domestic UG Base	190.97	5,729
International Undergraduate Tuition		
6.1 International UG Base	879.97	26,399
6.2 International UG Base Incremental	546.78	16,403
Total International Tuition	1,426.75	42,803

Allocation						
Faculty	Central	Excellence Fund	SFA	Bad Debt	Credit Card	Total
3,150	2,100	-	415	57	7	5,729
12,061	12,061	-	1,980	264	33	26,399
2,498	2,498	9,992	1,230	164	21	16,403
14,559	14,559	9,992	3,210	428	54	42,803

Source: March 2023 TAM Data

TAM Distribution: Domestic UG & Graduate Tuition



Driver	Tuition Driver	Allocation Basis	Teaching Faculty	Home Faculty	Central	Excellence Fund	SFA	Bad Debts	Credit Card	Total
1	Domestic UG Base	Course FTE	54.98%	-	36.65%	-	7.25%	1.00%	0.125%	100%
2	Domestic UG Differentiated	Course FTE	-	50.33%	33.55%	-	15.00%	1.00%	0.125%	100%
6.1	International UG Base	Course FTE	45.69%	-	45.69%	-	7.50%	1.00%	0.125%	100%
6.2	International UG Incremental	Course FTE	15.23%	-	15.23%	60.92%	7.50%	1.00%	0.125%	100%
11	Domestic Graduate Program	Net Tuition	56.33%	-	37.55%	-	5.00%	1.00%	0.125%	100%
11.3	Designated Graduate Program (MDS)	Net Tuition	69.21%	-	29.66%	-	-	1.00%	0.125%	100%
11.4	International Graduate Program	Net Tuition	59.33%	-	39.55%	-	-	1.00%	0.125%	100%

Note 1: Differentiated fee applied to Engineering, Education and Bachelor of Media Studies Students

2023/24 Forecast at Q1

Tuition Allocation Model Before Tuition Deferral



Tuition Allocation Model (2023/24)	
(\$thousands)	Total TAM Tuition
Domestic Tuition Allocations	49,211
Total Undergraduate Domestic Tuition per TAM	45,775
Domestic Graduate	3,436
ISI Tuition Allocations	81,722
Base Undergraduate International Tuition per TAM	43,557
Incremental Undergraduate International Tuition per TAM	29,853
International Graduate	8,312
Other Allocations	329
COOP Tuition	329
Total Tuition Allocation	131,261

Allocation							
Faculty	Central	Excellence Fund	SFA	Bad Debt	Credit Card		Total
27,157	17,981	-	3,519	492	62		49,211
25,167	16,724	-	3,368	458	57		45,775
1,990	1,257	-	151	34	4		3,436
29,502	27,610	18,185	5,506	817	102		81,722
19,900	19,900	-	3,267	436	54		43,557
4,546	4,546	18,185	2,239	299	37		29,853
5,055	3,164	-	-	83	10		8,312
285	41	-	-	3	0		329
285	41	-	-	3	0		329
56,943	45,632	18,185	9,025	1,313	164		131,261



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