



A Breakdown of the UBC 2023/2024 Budget

The UBC Budget Made Simple

Prepared by Office of the Vice President Academic and University Affairs

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On April 14, 2023, the UBC Board of Governors approved UBC’s annual budget for the fiscal year (April 1, 2023 to May 31, 2024.) This plan covers proposed revenue, expenses, and investments. The full report can be found [here](#). This brief will summarize those parts which the AMS believes are of relevance to students and student groups on the Vancouver campus. All bolded words or phrases have been further defined in the glossary at the end of this brief.

Context

In this year’s budget, total **capital expenditures** of \$662 million are planned, an increase from last year’s \$496 million. \$399 million is going towards **major capital projects** including but not limited to the Activate Recreation Center, Beaty Biodiversity Centre Addition, Brock Commons Phase 2, etc. Despite larger numbers, the report outlines a year of expected financial restraint. This reflects a number of factors, specifically lower than anticipated student enrollment with 61,496 full time enrollments across both campuses. Rising salary costs and high levels of inflation on non-salary expenses also influence the direction of this year’s proposed budget.

Investments

Through the annual budget planning process, revenue available for allocation for new **strategic initiatives** is identified after pre-determined allocations to faculties, the UBC **Vancouver Academic Excellence Funds (AEF)**, the UBC Okanagan Excellence Fund (EF), and **Student Financial Aid**. On the Vancouver campus, \$54.9 million of the Operating Budget, and \$103.6 million from the AEF are used to support initiatives within the categories listed in the table below. An overview can be found below. After the budget is approved at the Board level, more specific allocations within each category will be approved throughout the year by their appropriate governing unit.

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

Table 1
UBC Vancouver Strategic Investments

Budget Process

The UBC Vancouver Provost and UBC Okanagan Deputy-Vice-Chancellor and Principal are responsible for the creation of the budget for each campus in alignment with UBC’s strategic priorities. They work closely with the VP Finance and Operations, to consider previous year’s allocations, requests for increased funding, and distribution of **incremental revenues** to create a budget that works towards strategic initiatives while managing cost pressures. They also make several assumptions to guide financial plans. The university’s budget assumptions for 2023/24 include general wage increase costs based on the **2022 Recovery Mandate** and collective bargaining, tuition increases, inflation rates, **capital asset additions** based on completion of capital projects, and a 1% decrease in total general administrative operating. These assumptions ultimately lead to a more restrained spending agenda for the upcoming year. A number of risks are also identified and monitored throughout the year for the impact they may have on the fiscal term. This year, major risks include inflation, employment market competition, contingent changes to the operating fund, foreign exchange fluctuations, and enrollment changes which impact tuition revenues.

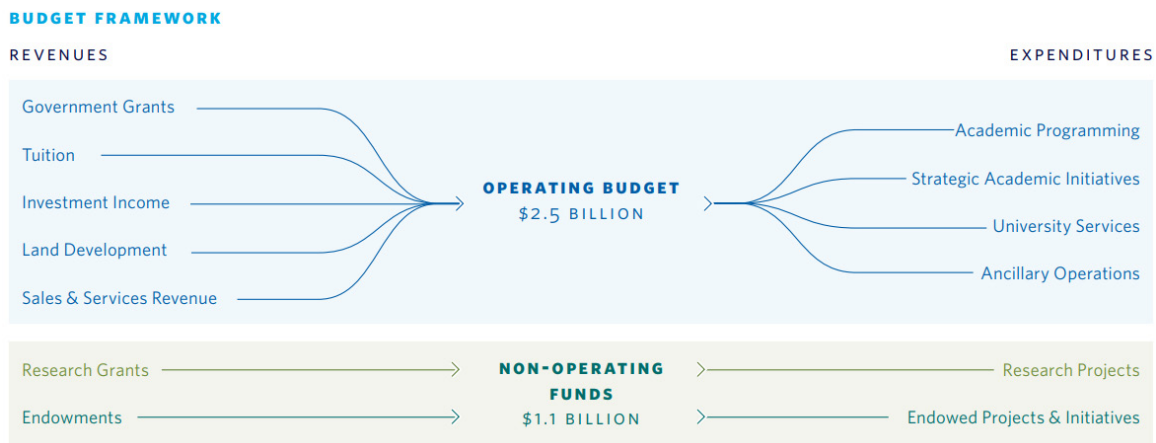


Figure 1
Budget Framework

Operating Budget

The most significant component of the university’s consolidated budget is the operating budget, which covers the core academic operations of UBC. This is illustrated above. A more thorough breakdown can be found below.

The operating budget includes all unrestricted revenue received by the university. This revenue does not have a specific predetermined purpose like non-operating funds (see below) and can be used towards any **discretionary initiatives**. Most of this revenue is managed and allocated through the budget process, but a smaller portion of this revenue is generated directly by faculties and central support units.

The total operating revenue for 2023/24 is \$2.5 billion. \$980 million in operational revenue is generated through provincial (\$954 m) and federal grants (\$35 m). This is an \$130 million increase from last year to account for wage increases and program expansions. Tuition is the largest source of operational revenue bringing in a projected \$1.057 billion, 41.9% of operational revenue. About 7.5% of this tuition is allocated towards Student Financial Aid. 75% of the remaining tuition revenue goes directly to faculties and the rest is funneled back to the operating fund. The university projects a slight decrease in domestic student enrollment but expects an increase in international student enrollment. Tuition rates will increase for both domestic (2%) and international students (3-5%). Other projected operating revenue comes from sales and services (\$472 million) sold by UBC IT and the Faculty of Medicine. **Investment income** this year is expected to be negative \$12 million to account for **interest distribution** greater than investment income and **student fee loan interest**.

Operating expenses and **reserves** amounting to \$2.4b are predominantly driven by salaries and benefits (\$1.364b) which represent approximately 75% of UBC’s total expenditures which covers a 6% general wage increase and 396 new employees. Other expenses include supplies (\$25m), student financial support (\$136m), and transfers from the operating budget to non-operating funds such as the AEF or Endowment Fund.

UBC VANCOUVER FISCAL 2023/24 <i>(in \$ thousands)</i>	REVENUES	EXPENSES	OPERATING SURPLUS/ (DEFICIT)	TRANSFERS & INTERNAL ACTIVITIES	INVESTED IN CAPITAL ASSETS	RESERVE ADDITION/ (DRAWDOWN)	ENDING RESERVE BALANCE
Faculties	1,131,142	1,127,367	3,775	(12,335)	16,763	(653)	297,440
Central Support units (including ancillaries)	919,720	843,792	75,928	69,153	42,741	(35,966)	3,665
Student Financial Aid	92,015	113,861	(21,846)	(20,164)	-	(1,682)	24,995
Academic Excellence Funds (AEF)	99,436	9,705	89,731	77,814	500	11,417	54,029
President's Academic Excellence Initiative (PAEI)	26,500	240	26,260	14,912	-	11,348	24,381
Campus Wide Expenses	5,099	94,418	(89,319)	(132,242)	300	42,623	(63,543)
UBC Vancouver	2,273,912	2,189,383	84,529	(2,862)	60,304	27,087	340,967

Table 2
UBC Vancouver Reserves

For the Vancouver Campus, the **total reserve addition** is equal to the sum of total **transfers & internal activities** and money invested in **capital assets**, minus the total **operating surplus**. This consists of a net \$42.6m addition towards campus-wide expense reserves, and \$22.8m to AEF and **President’s Academic Excellence Initiative** reserves. This is offset by faculties who are not financially stabilized (\$653k), central support units, **ancillaries**, and campus wide expenses including the 7 Vice-President portfolios (36.0m), and \$1.7m from Student Financial Aid. The Vice-President Students, whose portfolio has the most direct interaction with students, is projected to spend \$247.5 million. Approximately 72% of this is allocated towards Student Housing and Community Services. Other areas of expense include Athletics and Recreation (\$33.5 m), Student Health and Wellbeing (\$13.7 m), and Student Affairs (\$12.5 m).

Despite having the second largest budget (after the Provost and VP Academic), the VP Students unit expects an overall reserve drawdown of \$13.3 million as a result of recovering Conferences and Accommodation’s business, external recreational facility rental costs, and less than average campus parking revenues impacted by remote work options.

Capital Budget

This year the university plans to spend \$662 million across 11 capital projects. Capital projects are major developments to the university that are meant to maintain or improve infrastructure. These are divided into 4 major categories: **Major Buildings, Routine Capital, Infrastructure and Community changes, and Department-funded capital.** Capital projects also include information technology improvements.

Research Budget

The Sponsored Research Fund manages the funding for all research at the university. Most of this comes from external sources including Government, Industry, and Non-Profit sponsors who are contributing a projected \$708 million to UBC research this year. UBC commits funds to advance research through programs such as **Support Programs to Advance Research Capacity (SPARC)** provided through the Office of the Vice-President, Research and Innovation.

Endowment Budget

ENDOWMENT SUMMARY <i>(in \$ millions)</i>	TOTAL ENDOWMENTS			UBCIM INVESTED FUNDS AND OTHERS (EXCLUDING TREK)		TREK ENDOWMENT (TREK, TREK RENTAL INCOME, SHFE & FHAFE)	
	2021/22	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	ACTUALS	FORECAST	PLAN	FORECAST	PLAN	FORECAST	PLAN
Endowment market value							
Endowment capital account	2,488	2,628	2,844	1,540	1,615	1,088	1,229
Stabilization account	306	201	190	194	187	7	3
Balance	2,794	2,829	3,034	1,734	1,802	1,095	1,232
Change in endowment reserve							
Investment income	171	120	129	72	81	48	48
Operating expenses	(111)	(117)	(130)	(73)	(83)	(44)	(47)
Internal transfers to endowment capital	17	15	16	2	2	13	14
Surplus (deficit)	77	18	15	1	-	17	15

Table 3
Endowment Overview

The University has an Endowment fund valued at about 2.8 billion meant to allow UBC to go farther than what a publicly funded university can achieve. The Endowment is mostly made up of the Endowment lands but also includes gifts, **bequests**, and donations which are divided into the **capital account** and **stabilization account**. The Endowment Lands are divided into 4 land development endowments, TREK, TREK Rental Income, Student Housing Financing (SHFE), and Faculty Housing Assistance Financing (FHAFE). Money from the land endowments are made by developing land and investing the capital. Income is also generated by leasing the land or renting out properties on the land. 2.1 Billion from the **TREK** and **TREK Rental Income** endowments are invested by UBC's own investment firm, UBC Investment Management (IMANT) to support the UBC mission and advance its charitable goals. The SHFE and FHAFE are investments to support student and faculty housing on the endowment lands at affordable prices.

Glossary

2022 Recovery Mandate: The 2022 Shared Recovery Mandate is a ratified agreement created by the Ministry of Attorney General, the Association of Legal Aid Lawyers and Legal Aid BC with the purpose of increasing general wages as the cost of living increases. It applies to all public sector employers with unionized employees whose collective agreements expire on or after December 31, 2021.

Ancillaries: Employees that are necessary for the core activities of an organization.

Bequests: A gift from an estate or will.

Capital: Wealth in the form of money or assets.

Capital account (endowment): The capital account balances represent external donor, internal university contributions, and inflation adjustments

Capital assets: Capital in the form of tangible property such as buildings or land that can generate revenue.

Capital expenditures: The amount of capital that is spent.

Department-funded initiatives: A capital project that is funded and executed at the faculty level.

Discretionary initiatives: Activities that are not specifically disclosed in the budget.

Incremental revenues: Revenue that comes from new services, products, or markets that would not otherwise have been received without expansion actions.

Infrastructure and Community changes: Includes utility, public and community infrastructure capital projects funded through charges on campus development. This program is approved by the Board of Governors.

Interest distribution: Interest on investments that is given to stakeholders.

Investment income: The return on investments.

Land lease proceeds: Income from the endowment that comes from leasing the endowment lands and generating profit.

Major Buildings (capital projects): New building or major renewal projects greater than \$5m, approved by the Board of Governors such as the Activate Recreation Center.

Major capital projects: Major capital projects are large projects outside the core activities of the university that are meant to develop or maintain infrastructure. They are often quite expensive.

Operating Surplus: Excess funds in the Operating Fund as a result of income greater than expenditures.

President's Academic Excellence Initiative: This fund is meant to support research by funding the recruitment and support for research intensive professors.

Reserve: Long-time savings set aside that can be used to meet financial emergencies or obligations.

Reserve addition: The amount in a reserve can fluctuate year to year based on reserve additions/reserve drawdowns which add or take away money from a reserve. The reserve addition is how much is added (or taken away) from the reserve at the end of fiscal year based on various drawdowns or surpluses from throughout the year.

Routine capital: A capital project used to maintain infrastructure which includes core maintenance projects funded in part by the Ministry of Postsecondary Education And Future Skills (PSFS), with projects typically less than or equal to \$5m

Stabilization Account (endowment): Represents returns on the endowment that are above target levels

Student Fee loan interest: Interest is charged on all student fees outstanding amounts that are past due and is calculated monthly

Student Financial Aid: UBC provides financial support for students through scholarships and bursaries.

Support Programs to Advance Research Capacity (SPARC): Support program to assist with proposal review and development that has resulted in a 1.6 increase in likelihood for professors to get funded.

Transfers: Money that is allocated to a specific fund or usage and is then moved to another.

TREK Endowment: The TREK endowment is made up of land proceeds (such as selling condos on endowment lands). This endowment finances student housing. Due to the nature of land proceeds, income can fluctuate year to year depending on sales which could lead to pauses in investments.

TREK Rental Income Endowment: As a response to the instability of the TREK endowment, the TREK Rental Income Endowment was created where income is made from rental income on the endowment. This rental income is better sustained with a stable 5% spend rate. This endowment is relatively new so there is not yet significant income built up and will likely remain unused for several decades.

Vancouver Academic Excellence Funds (AEF): The AEF is an investment used to fund recruitment, infrastructure, research, and the overall student experience on the Vancouver campus. This is mirrored by the UBC Okanagan Excellence Fund (EF) on the Okanagan campus. At this time the method with which the AEF is allocated is under review and changes may occur over the next fiscal year.