Update on Budget and Planning

Town Hall Meetings
October 20 and 21, 2020

Context / Background
2 Years Ago . . . at this Time
(Fall 2018)

Planning Considerations

• New Provincial Government
• At Western
  – New Provost
  – Presidential Transition
  – Final Year of 4-Year Plan (i.e. 2018-19)
• Recommendation: 2-Year Transitionary Plan
  – For 2019-20 and 2020-21
Within a Few Months . . .
(January 2019)

Government (unexpected) Actions

• Domestic Tuition Rolled-back 10% in 2019-20 and then held flat for 2020-21
• Student Choice Initiative
• Changes to OSAP
• No public announcement on changes to Grant Funding
  – However . . . About $4M cut in capital grants
Impact on Western’s Budget

• Domestic Tuition Roll Back
  – Revenue loss of $43M over a 2-year period

• Changes to Ancillary Fee System
  – Lower revenues for some Student Services

• Changes to OSAP
  – Direct “financial impact” on students
  – Increased pressure on our Student Aid Budget

Western’s Planning Parameters

• Implemented Two-Year Plan (2019-20 & 2020-21)

• Budget Approach Continues
  – 3% Inflationary Budget Adjustment (IBA)
  – Selective Investments through APF/SUPF
  – Funding for Strategic Priorities
  – Tuition Revenue Sharing with Faculties on Incremental Revenue

• Additional Base Reductions
  – 2.5% in each of the 2 years, for a total base reduction of 5% -- on top of IBA
A Year Ago . . . at this Time
(Fall 2019)

External Environment

- No known changes to Major Funding Components (grants and tuition)
- SMA3 Discussions
- Performance Funding to start in 2021-22
At Western

• First year of 2-Year Plan on track
• Enrolment plans under Review
  – Deans Recommendations on Int’l Undergraduate Enrolment Expansion
  – First-Year International Intake for Fall 2020 set at 830 – compared to 639 in Fall 2019
  – Aspirations for further (modest ?) growth
    • with a focus on “diversification” of geographical origin and destination program

January/February 2020: Budget & Plan moving along
Planning at Western

• 2020-21 Budget and Plans Finalized
  – Provost’s Recommendations on Unit Budgets
  – University-wide Investments
    • Office of Indigenous Initiatives
    • Long-Range Space Plan
    • Continuation of WRCs, IDIs
    • Western Academy for Advanced Research
    • Data Strategy
    • One-Time Spending totaling $122M
  – Early conversations on Next Strategic Plan

Mid-March 2020 . . .
COVID !!
Major Uncertainties and Concerns

• Sudden and Rapid Impacts – across the Globe
  – Health-related Concerns
  – Turmoil on the Economic Front
• At Western, concerns about:
  – Enrolments – in particular, international enrolment
  – Delivery of Education
  – Financial Pressures on Students
  – Impacts on Research
  – Governments’ ability to maintain PSE funding levels

April 2020 . . .

Western’s 2020-21 Budget approved by Board of Governors
Western’s 2020-21 Budget

• Early stages of COVID – with many unknowns
• Assume that COVID’s impact will be short-term and that we can/will respond to one-time budget pressures
• Budget moves forward with two adjustments:
  – $13.5M one-time added to needs-based student aid
  – Assume 7.5% reduction in int’l UG tuition revenue

Here we are !!
Fall 2020
Various High-level Updates

• Many Student Financial Support Programs Implemented for the Summer
  – Student Relief Program, Summer Research Assistantships, Housing Credit, Grad Summer Bursaries
• Course delivery planning and on-line course development progressing well – CTL/ITRC/K1/Student Interns
• Plenty of work on Return-to-Campus Planning and Health & Safety related Initiatives
• Summer enrolments exceeded projections
• Current Estimates: Fall enrolments “look ok”

Enrolments
Total Full-Time Year 1 Undergraduate at Western

Full-Time Year 1 Undergraduate International Enrolment at Western
Total Full-Time Masters Enrolment at Western

Total Full-Time Doctoral Enrolment at Western
2018-19 Average Entering Grade
All Programs

2020-21 Operating Budget Summary:
As approved by the Board in April 2020
Summary of the 2020-21 Operating Budget
(as Approved by the Board in April 2020)

• Revenue Forecast $ 807.5M
  – Increase of 1.4%

• Expenditure Plan $ 841.9M
  – Increase of 5.2%

• Projected In-Year Position $ -34.4M

• Projected Operating Reserve $ 56.7M

Current Update
of the 2020-21 Budget
Known Changes since Budget Approval

**Revenues**

- Grants – expect no change
- Tuition Revenue – no change
  - But . . . Recall the 7.5% int’l tuition reduction assumption in the budget – not needed
- Losses in Business/Ancillary Units – impact on Operating Budget
- **Estimated Net change = $0**

**Expenditures**

- On-Line Course Development & I.T. Infrastructure
- Pandemic-related Expenditures
  - Supplies, Signage, Security, Testing Facilities, Tents, Safety Kits, Classroom Ambassadors, Space Planning
- Business Unit Losses – impact on Operating Budget
- Ancillary Fee Backstopping
- **Estimated Net Change = $22M increase**
### Updated Operating Reserve Forecast: 2020-21

- As Approved by Board in April $ 56.7M
- Prior Year Change + $ 7.4M
- Current Changes to Budget - $ 22.0M
- Projected Operating Reserve $ 42.1M

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### The Current Planning Cycle
Planning Parameters

• External Factors
  – COVID . . . and its economic impact
  – Grant Funding Levels ?
  – Waiting for Domestic Tuition Framework

• Internal Considerations
  – Enrolments – in particular, international
  – Increased Cost Pressures
    • Technology Infrastructure, Student Aid
  – Strategic Plan time lines

Recommendation

• *Extend the current 2-Year Plan by One Year*
• Continue with the current budget approach/structure – except for the additional 2.5% cut
• Complete the Strategic Planning Process
• Allow time for Faculties/Support Units to develop new Academic/Operational Plans
• Fall 2021 . . . Plan for the next (post-COVID ?) Multi-Year Cycle
## Planning Process Timeline

- Deans’ Retreat: August 27/28
- Board Retreat: Sept 21/22
- Planning Guidelines Released: Sept 28
- Pre-Planning Mtgs with Deans: Early October
- Planning Meetings Start: Nov - Dec
- Provost’s Recommendations: Early February
- Board Budget Approval: April 22, 2021

## Discussion