

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 Transitional 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

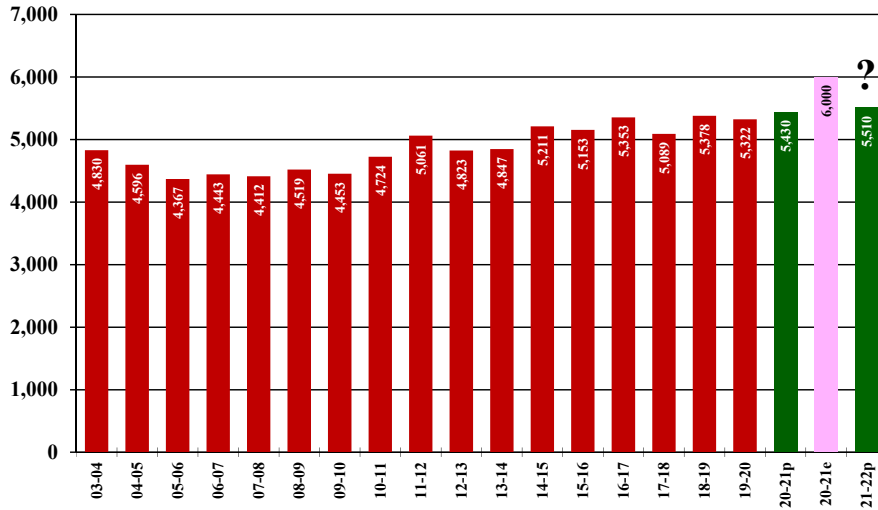
**Here we are !!
Fall 2020**

Various High-level Updates

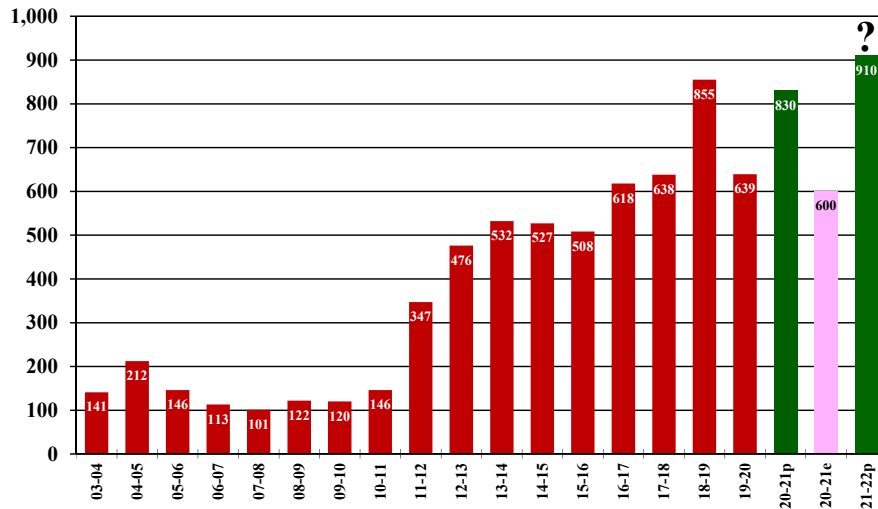
- Many Student Financial Support Programs Implemented for the Summer
 - Student Relief Program, Summer Research Assistantships, Housing Credit, Grad Summer Bursaries
- Course delivery planning and on-line course development progressing well – CTL/ITRC/K1/Student Interns
- Plenty of work on Return-to-Campus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

Enrolments

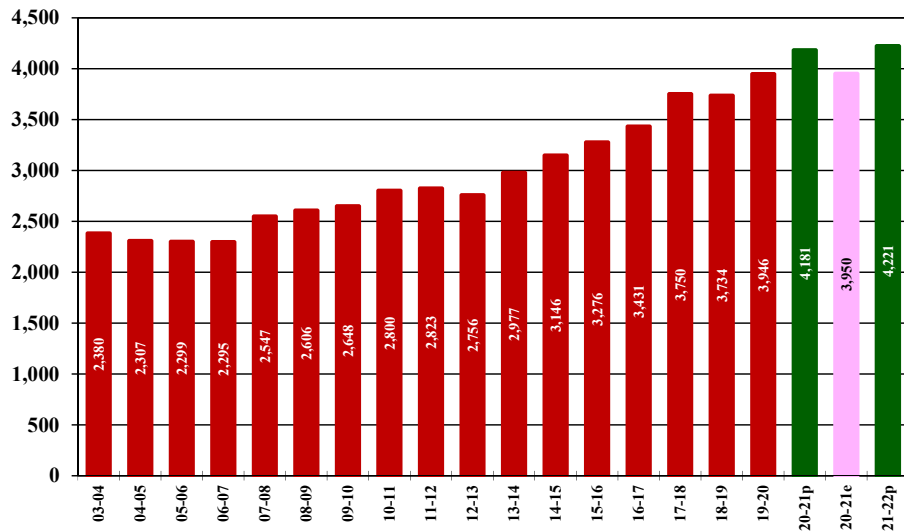
Total Full-Time Year 1 Undergraduate at Western



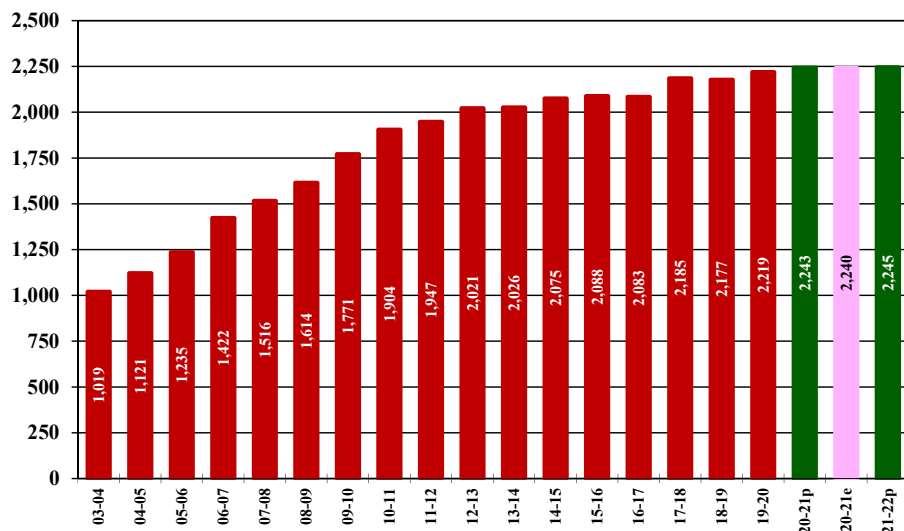
Full-Time Year 1 Undergraduate International Enrolment at Western



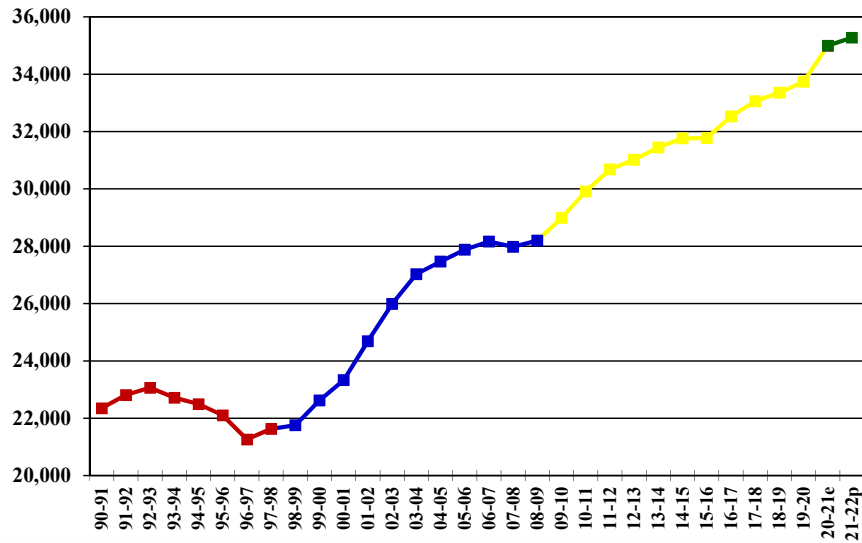
Total Full-Time Masters Enrolment at Western



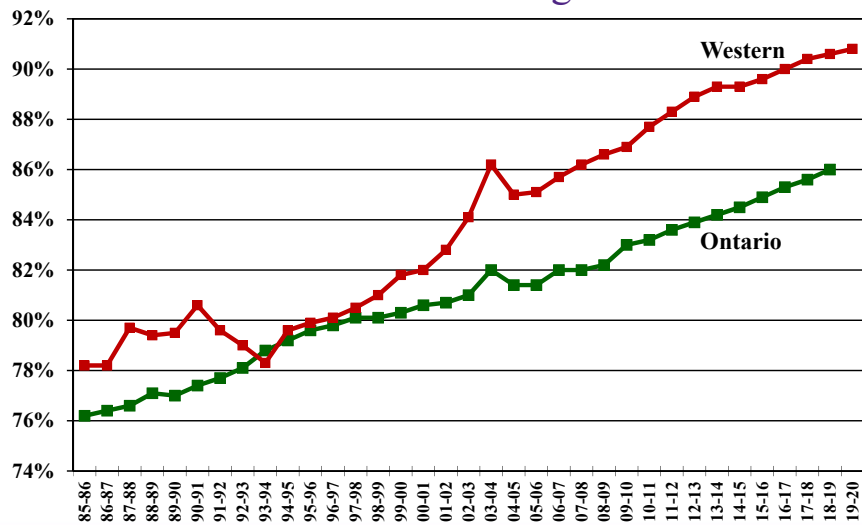
Total Full-Time Doctoral Enrolment at Western



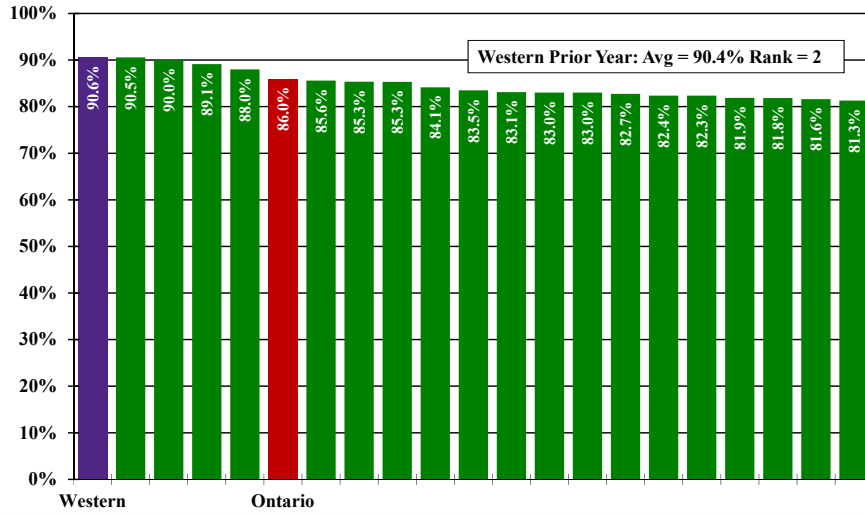
Western: Constituent University FTE Enrolment



Average Entering Grade of Full-Time First-Year Students from Ontario High Schools

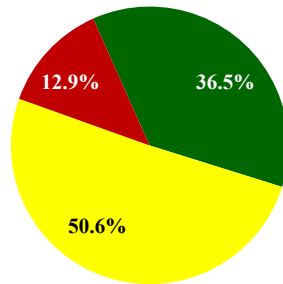


2018-19 Average Entering Grade All Programs



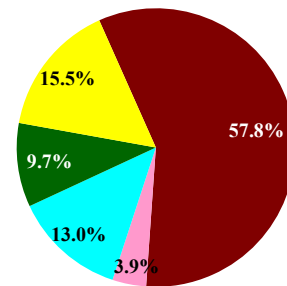
2020-21 Operating Budget Summary: As approved by the Board in April 2020

2020-21 Operating Revenues (Total = \$807.5M)



■ Govt Grants ■ Tuition ■ All Other

2020-21 Operating Expenditures (Total = \$841.9M)



■ Faculties Base + One-Time ■ Centrally-Funded Student Aid
 ■ Support Units Base + One-Time ■ University-Wide Expenditures
 ■ All Other

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**

Known Changes since Budget Approval

- **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**

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