

**Planning for the impacts of COVID-19 on
Higher Education in Canada**



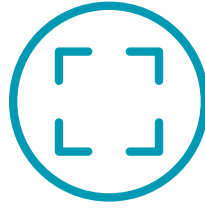
Higher education in the wake of COVID-19

The COVID-19 pandemic has and will continue to contribute to widespread uncertainty, and present a number of urgent and complex challenges across the higher education sector. Colleges and universities have had to act fast to respond to a number of immediate functional and operational issues, including the expansion of remote delivery and online learning, determining strategies for marking and graduation, and providing additional support to students through wellness programs.

While these pressing immediate issues are being addressed, institutions continue to face an uphill battle as they adapt to operate under unpredictable timelines, public health enforcements, and adjust to a “new normal” in a post-COVID-19 world. It is therefore important that focus is placed on financial mechanisms and cash management at this time in order to be able to continue to move forward on a secure footing.

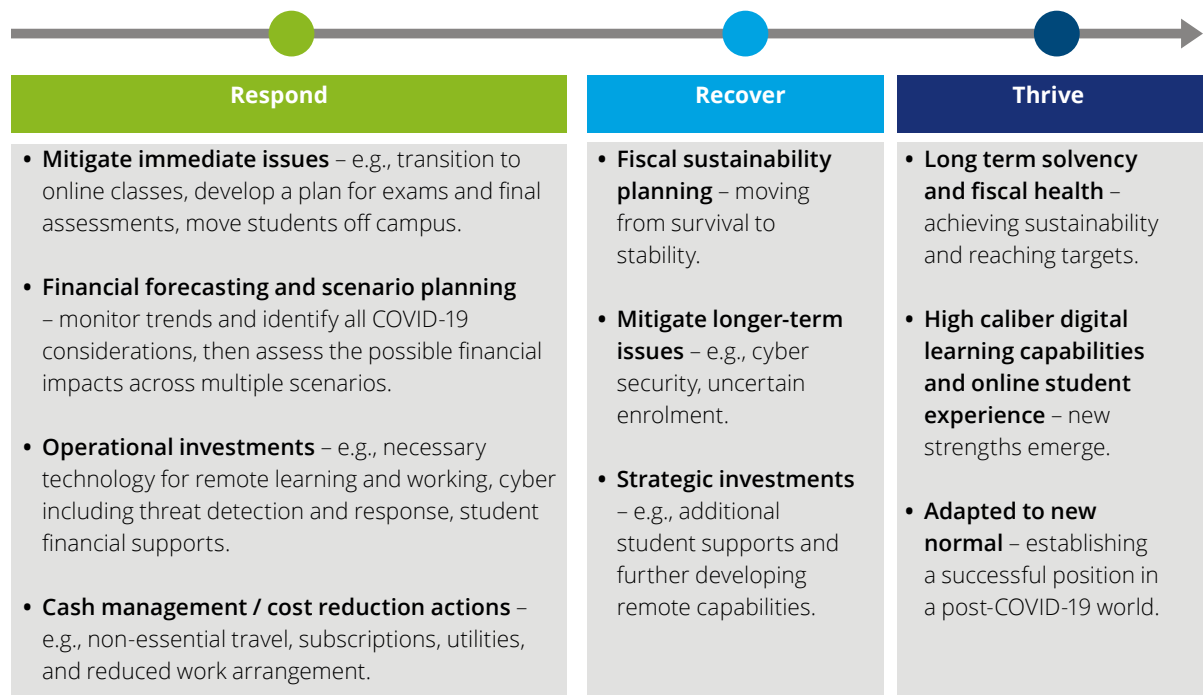
An important next step for institutions will be to move past immediate issues, and to begin to plan for the future. One key element of this will be to look at the implications for the financial health of the institution. This needs to consider not just prominent issues such as enrolment, but take a broader strategic and operational view. Given the level of uncertainty we recommend exploring considerations for scenario-based planning.





A framework for crisis management: Respond-Recover-Thrive

Deloitte’s framework, Respond-Recover-Thrive, offers a three dimensional view on crisis management over time. Institutions are currently in the midst of the Respond phase, and have done much work to mitigate immediate issues. It is now important to carry on into assessing near and long-term implications and planning for potential scenarios. The aim of this will be to prepare for minimized burden, and be well positioned for recovery.



The focus of this paper is to assist institutions in the **financial forecasting and scenario planning** activity as they Respond to the crisis; and we will consider some of the other topics in future papers.

Scenario planning enables you to apply a structured approach to develop hypotheses and explore various possibilities about potential futures, and then translate plausible scenarios into actions across different time horizons. Particularly in disruptive and fast-changing times, like those of the COVID-19 pandemic, scenario planning enables leaders to avoid the potential pitfalls of relying too heavily on a partial or rushed strategy given highly uncertain timelines and outcomes. It also allows for leaders to identify necessary actions and feel as ready as possible for whatever outcome.

By identifying key considerations, drivers, and uncertainties, institutions can then assess the potential impacts and combined outcomes across best, worst, and neutral case scenarios. Allowing organizations to be prudent in decision-making and minimize financial burden.



Key factors and uncertainties for institutions to consider

As part of the Respond phase of the framework, we believe all higher education institutions should be prioritizing financial forecasting and scenario planning in the coming months. Here is a list of **9 considerations and key factors** that we believe should be assessed throughout this process:

1. Student enrolment and retention.

For both international and domestic students the following factors will impact enrolment and retention:

- **Travel bans** – Should travel bans continue into multiple upcoming academic terms, how might this impact international student enrolment, on a country by country basis? What will be the impact if Provincial bans continue?
- **Remote study** – Do all students have the means to sustain the remote study model for a longer duration (technology barriers, learning accommodations, etc.)? Will students pay the same price for studying at a distance? Could the demand for remote learning post COVID-19 actually grow in some subsets of students?
- **Lost income** – Will students and their families have the ability to pay tuition and fees in the coming terms due to lost income during COVID-19 shutdowns? Can more creative payment plans be implemented to accommodate for students with cash flow challenges?
- **Voluntary deferral** – Will students opt to temporarily defer their studies for a more traditional student experience should physical-distancing and remote learning measures remain in place for a longer term? What accommodations including freezing/extending graduation requirements are required?
- **Virtual recruitment** – Forgoing traditional on-campus tours or travelling recruitment efforts in times of physical-distancing, will investments be required to expand virtual tour capabilities?



2. Facilities and services.

There are a number of considerations related to facilities and services that institutions should take into account, including:

- **Residence fees** – If physical-distancing enforcements continue into the coming terms, what will be the financial impact on student housing? Without fee revenue, what costs would need to be absorbed?
- **Food services, parking, and campus stores** – Will it be possible to continue gaining revenue from campus services, and if not, what costs would need to be absorbed? Can certain services/sales be shifted online? Which services are contracted out, and what are the financial implications of these contracts?
- **Maintenance and utilities** – Are there possibilities to save on maintenance and utility expenses due to temporary or long-term facility closures? Are plans in place to implement critical ongoing maintenance requirements? Do these plans consider temperature fluctuations, physical security and insurance stipulations – for example, requirements for periodic physical inspections? Have kitchen facilities undergone appropriate shut down procedures and all freezer and food inventory been managed?
- **Supply chain** – How has COVID-19 impacted the institutional supplier network? Will there be disruptions and supply shortages, and what might be the financial impacts of such disruptions? Are there options to negotiate supplier payment terms based on contracts?

3. Donations and investment income.

Given poor market conditions and a predicted recession, institutions should consider the potential impact on donations and investment income, including:

- **Donors** – How will fundraising efforts be impacted, and from which groups most significantly if individuals and businesses cut non-essential spending due to economic conditions? Are there certain groups that could continue to provide large donations?
- **Investment income** – How much of a hit to investment portfolios and endowments should be expected based on various economic projections and timelines?

4. Impact on programs and teaching.

As all classes have moved online without a definitive date for a return to campus, the impacts on programs/teaching for both students and faculty should be evaluated, including:

- **Programs** – Which courses and programs will not be adaptable to an online program based on structure or accreditation? What will be the financial hit if certain programs are suspended temporarily?
- **Partnerships** – How will COVID-19 impact existing partnerships with businesses, and are there opportunities for new partnerships (e.g. partners to deliver remote learning)?
- **Academic student supports** – How will students continue to receive sufficient academic help (e.g. office hours, tutorials, TAs) in a long-term remote learning model? Are the current working hour expectations of faculty sufficient to support the volume of student questions?
- **Investments** – What investments (e.g., improved technology) will be required in order to deliver a positive and secure experience for teaching and testing, and achieve longer-term buy-in from faculty and students?
As the models for teaching and learning move off site how will we safeguard the institution and students from cyber threats? Has a cyber security program been developed and does it include investments in end-point protection, multifactor authentication and change adoption?

5. Impact on research.

In many cases, academic research cannot be easily adapted to a remote form. Should physical distancing measures continue, institutions should be considering:

- **Research dollars** – How many research programs are reliant on in-person access to facilities and equipment, and are there expected losses in research funding should physical-distancing measures continue in the coming terms? Are there any potential new funding opportunities?
- **Restructuring research teams** – Are current team structures well suited for isolation and physical-distancing enforcements? Should temporary restructuring or reduced work arrangements be considered?

6. Student expectations and wellness.

COVID-19 has and will continue to bring uncertainty and unique challenges for everyone, and will impact the expectations, experience, and wellness of students. The expectations of students' parents will also be impactful. Institutions should consider:

- **Mental health** – How can institutions address mental health concerns effectively in a remote learning model? What role can/should institutions play in maintaining social connectedness? What expectations will students have for required supports and services in order to continue their studies, and what might be the associated costs?
- **Extracurricular aspects of higher education** – Most students participate in more than just classwork, seeking social connection through extracurricular programs as a key component of their student experience. Can certain programs continue on a remote/digital basis? What are the costs/savings associated with continuing or pausing funding to these programs?
- **Work-integrated learning (WIL)** – Will there be sufficient demand for student co-ops or internships to continue offering WIL? Are there remote options? What are the costs/savings associated with continuing or pausing WIL programs?

7. Workforce planning.

Successful implementation of a business continuity strategy will hinge on active and effective participation by the workforce. There are related policy and procedure considerations that institutions should take into account, including:

- **Training & development** – Are training programs required for faculty and staff to advise on how to effectively conduct their work and deliver results remotely by using technology? What might be the associated costs?
- **Wellness and benefits** – Mental health and wellness will also be top of mind for employees – will investments or policy changes are required? Is it time to roll-out COVID-19 specific employee benefits such as special leaves or reimbursements for purchase of remote working supplies/technology? Should the benefit schemes be updated to include enhancements to their existing physical and mental wellness policies?
- **Workforce planning** – What is the makeup of the workforce (e.g. faculty vs. staff, permanent vs. casual/part-time) and is effective workforce planning and deployment being taken into account? Is there a need for implementing change in the roles and responsibilities of the current workforce?



8. Capital planning.

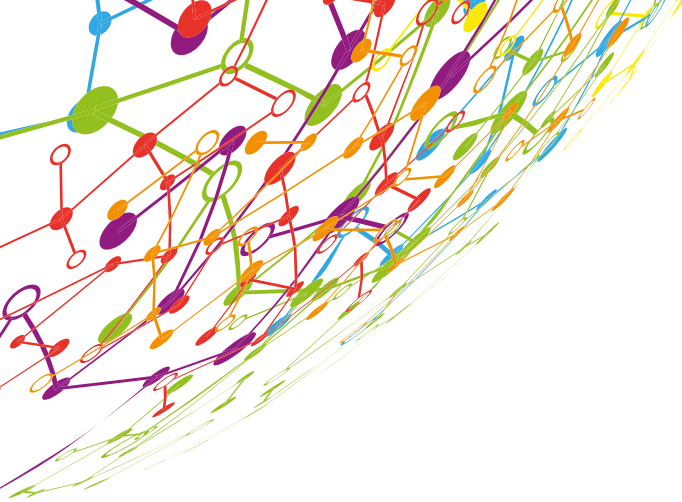
Given the uncertainty and potential disruption that all sectors are facing any potential capital investment programs will need to be carefully considered, including:

- **In progress** – Should existing programs be carried forward? For ongoing projects, how is the risk of exposure of the project teams to Covid-19 being mitigated and how is compliance with evolving regulatory/Health & Safety requirements being ensured? What are the implications around how they are being financed? Could these be restructured to assist in the new cash flow requirements of the institution? What are the implications for the developer or contractor? What is the impact of any current delay? What has to be done to safely pause in progress projects? Is the institution exposed to potential additional claims?
- **Planned** – Should plans and investment be delayed until times of greater certainty?
- **Future** – Does it make sense to plan for new capital investments as institutions enter the Recover phase? If any economic stimulus becomes available, are there opportunities to take advantage of the funds? What planning is required to execute a safe and efficient start up/restart?

9. Government funding.

A question remains as to government's response to higher education in the wake of COVID-19 and the economic impact it will have. With an unprecedented situation that continues to evolve daily, institutions should consider all possible funding impacts, including:

- **Operating grants** – What would be the financial impacts of an increased, decreased, or status quo operating grant? What would be prioritized (through cost saving actions or investment) under each scenario?
- **Outcome based funding** – What might the approach be to outcome based funding? Will plans carry forward, or will outcomes such as graduate employment targets be adjusted to reflect the impact of COVID-19?
- **Emergency funding** – What are the impacts of receiving or not receiving emergency relief funding? Where could funds best be allocated if received?



While assessing these considerations and factors across a number of potential scenarios/outcomes (i.e., best, worst and neutral case), institutions should develop action plans to prepare them for responding to various future state environments. Arming leaders to implement solutions at the right time which have been weighed across all factors and prioritized based on urgency of need. It is important this is done from both a financial and greater institutional/student impact lens.

The scenario development process can be summarized in 7 steps:





Scenario planning will be a key activity for preparing institutions for the “new normal”

The considerations above highlight a number of factors that institutions will be facing, with no real level of certainty. Detailed scenario planning and modelling can help institutions understand, plan, and react to the unprecedented number of rapid changes occurring. The Respond-Recover-Thrive framework combined with scenario planning allows for institutions to evolve during change until a “new normal” plateau is reached. These activities need to be intensive and regularly reviewed with both the executive teams and Board of Governors. In uncharted times, being able to plan for a range of possible outcomes will be essential to support decision making – which is having to be done at a pace never before experienced.

As part of our commitment to the sector we will continue to share our views based on our crisis management framework.



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