

**Report of the
Financial Review
for the
University of New Brunswick**

July 21, 2006

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A. Executive Summary

This is a high level report to set the context for further action internally, with the university community, and externally, with the provincial commission on post-secondary education in New Brunswick.

The Financial Review Committee was struck at the request of UNB President John McLaughlin to conduct a high level review of the basic operational model at UNB and the financial framework that supports it. As a national comprehensive university with significant internal and external challenges that are affecting its sustainability, the review will help identify and assess options for the university going forward. By identifying a number of pertinent themes and issues, it will also help position the university in relation to the upcoming provincial review on post-secondary education in New Brunswick.

Although the review team examined an extensive amount of detailed documentation, this report is delivered in a distilled, key message format. There was limited consultation, as the report is not intended to present solutions. It is intended only to examine the current financial situation and point to recommended next steps.

A variety of internal and external information was used as resource material, including internal UNB budgeting and planning documents and information from external sources. A complete list is found in Appendix 4. References to UNB's financial assumptions, financial reporting protocols and comparison groups, will be found throughout the report. Please see Appendices 1, 2, and 3 respectively for detailed information.

The committee was co-chaired by UNB Board member Barbara MacDonald, a retired senior vice-president and chief accountant at CIBC, and Norm Betts, associate professor of business administration at UNB. Members included Tom Buckley, UNBSJ Registrar, Suzanne Tucker, MBA student at UNBF and Eric Savoie, BBA student at UNBSJ. The committee was assisted in its work by the staff of various university departments, including: Dan Murray, VP (Finance & Corporate Services); Angelo Belcastro, VP Fredericton (Academic); Kathryn Hamer, VP (Saint John); Gregory Kealey, VP (Research); Larry Guitard, Assistant VP (Finance & Corporate Services) and Comptroller, UNBF; Christopher Callbeck, Assistant VP (Financial & Administrative Services), UNBSJ; Susan Mesheau, Director, Student Recruitment & Integrated Marketing; Donald Dennison, Director, Next NB; Averlyn Pedro, Co-ordinator, Institutional Research & Analysis; and the Financial Review's Project Manager, John St. Pierre, a former senior public servant with the NB Department of Finance.

The committee began its work following UNB's 2006-07 budget process in mid-April and respectfully submitted this report to the President on July 21, 2006.

UNB is faced with fiscal challenges that derive from national, regional, provincial and internal factors. Over the last 20 years, the university system in Canada has faced reductions in the levels of federal and provincial government support, \$4 billion in deferred infrastructure maintenance, rising tuition fees, dated laboratories and equipment and more. Universities in Atlantic Canada face a shrinking population and fewer students, unlike those elsewhere in the country. UNB is not like other universities in New Brunswick because it is a national comprehensive institution with two very distinct campuses which offer different student experiences.

The nature of this environment has had a significant impact on UNB's operations and finances. This is particularly relevant as UNB is a comprehensive university with aspirations to become an even stronger player on the national scene.

UNB operates with less overall resources than most other national comprehensive universities, and is one of the smallest. Its tuition fees are above average nationally, yet competitive regionally. However, the demographics in the region are shrinking. The age of UNB's facilities and chronic under-funding of infrastructure renewal have resulted in the accumulation of a large capital deficit. With expenditures rising at a faster rate than revenues, it has a built-in deficit in its operational budget. It has serious gaps in the level of funding allocated to aspects that would make it more competitive, such as scholarships and student services. The university has difficulty obtaining sustainable resources to allocate to strategic priorities because existing revenues are constrained, new revenue sources are limited and the ability to reallocate funds is difficult due to a rigid cost structure. Although UNB has been operating with certain strategic directions, it has inadequate strategic planning and prioritization processes to achieve its vision. This makes it vulnerable to a lack of focus, making it difficult to allocate scarce resources to strategic initiatives. It also lacks a well-developed series of planning indicators to adequately evaluate the effectiveness of operations and progress in meeting its strategic objectives.

UNB has a number of strengths upon which it can capitalize in future planning, however. In addition to a relatively strong balance sheet at this time, it has a strong base of support from the community and alumni, which is evident from the recent fundraising campaign. While these will allow the university to expand some activities, campaigns typically do not provide a source of ongoing funding required for existing operational and infrastructure renewal needs. It does have emerging strategies to develop alternative sources of revenue, including the development of non-core university properties for commercial purposes, a plan for the development of ongoing fundraising activities, and initiatives to support life-long learning. Although ad hoc, there has been some informal implementation of long-term strategic goals, for example, investment in scholarships.

The university has had four recent years where operating budget results have been favourable, due to enrolment increases that are not likely to continue.

The operational deficit is not yet severe, but if left unaddressed will become so, forcing the university to continue to make across-the-board cuts without making investments in its future. Doing more with less is not sustainable.

Although the operational and capital deficits need to be considered, in light of UNB's combined challenges, the biggest concern of this committee centers on the university's ability to do three main things: Firstly, generate increased revenue from existing sources; secondly, generate new sources of revenue; and thirdly, reallocate existing resources to more fully realize the vision of a strong national comprehensive university. The university must turn vision into action. The status quo is not sustainable and moving forward requires hard decisions, investments in the future and a mindset of doing less, better.

UNB must clearly articulate its long-term goals and objectives within a strategic framework to form a foundation for a much-needed integrated academic, research, operational, financial and human resource planning process. It must undertake a serious examination of its current operations through a more comprehensive and longer-term methodology than that utilized currently.

Stakeholders of the university, including the provincial government, will need to work more closely together. Investment in the future and prosperity of the province means investing in post-secondary education generally and its sole national comprehensive university - the University of New Brunswick.

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B. Environmental Scan

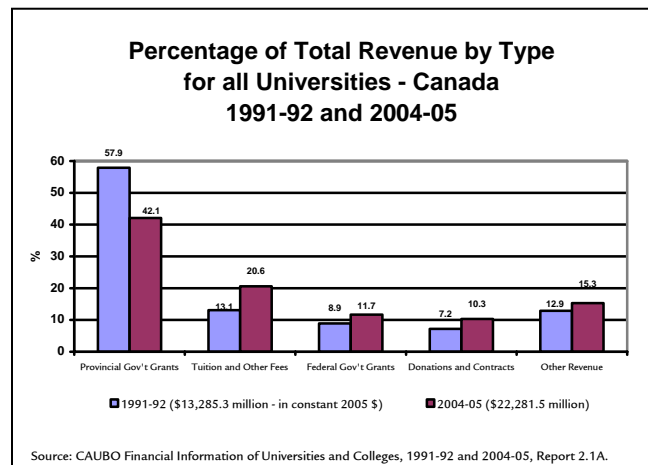
Key message B1 *UNB is not alone. Universities across Canada are all facing financial challenges as the level of government sector support has decreased dramatically over the past two decades.*

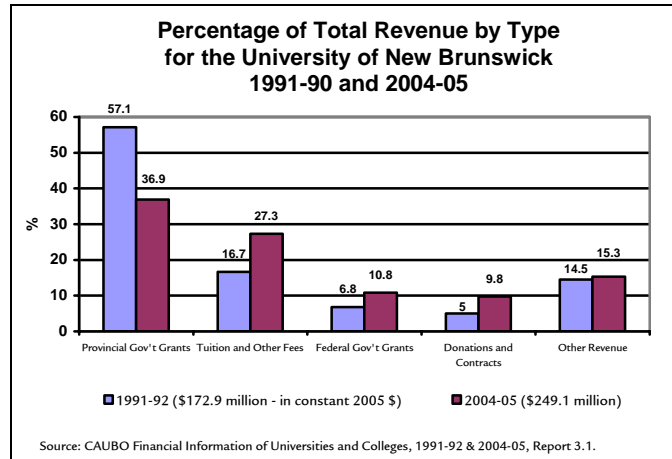
All Canadian universities are facing significant challenges relating to issues such as decreases in government funding and deferred maintenance regarding campus physical infrastructure. Some provincial governments, particularly Alberta and Ontario, are responding to these issues, which will likely have an impact on UNB's situation.

UNB's revenue growth is below the national average. At the end of the 2003-04 fiscal year, the total revenue of Canada's universities was slightly above \$21 billion, an increase of nearly 90 per cent since 1997. UNB's overall revenue was \$225 million, an increase of 48 per cent over the same period.

The Association of Universities and Colleges of Canada (AUCC) noted that between the early 1990s and 2005, in real terms, universities received \$2,800 less in operating support from government per student. In recent years, growth in university revenue has been driven primarily by three things - increases in tuition fees and enrolments and public and private sector support of sponsored research.

Measured as a percentage of total revenue, UNB has experienced a greater decline in provincial grant funding than the national average. The following two charts illustrate changes in university revenue percentages from a national perspective and total percentage revenue changes specific to UNB in constant 2005 dollars. (Constant dollars have the inflation effect removed.)





Universities face high infrastructure renewal. According to the 2000 report prepared for the Canadian Association of University Business Officers (CAUBO), it would cost as much as \$3.6 billion to eliminate accumulated deferred maintenance, including such things as repairs to classrooms, residences, and other on-campus buildings.

UNB's accumulated deferred maintenance is in excess of \$106 million. This figure was established recently through an external independent audit of buildings on both campuses conducted by Jacques Whitford Environmental Ltd. and was internally verified.

To gauge the severity of deferred maintenance, CAUBO uses a facilities condition index (FCI). The FCI is the ratio of deferred maintenance over the current replacement value and, as a general rule, should not exceed 10 per cent. The index at UNB is about 20 per cent, the Atlantic average is 17.3 per cent, and the Canadian average is 11.2 per cent

Another major emerging issue recently identified by the AUCC is the increasing use of information and communications technology in the university learning environment. Universities now must acquire a wide range of resources including software, fibre optic hook-ups, broadband requirements, and terminal outlets in order to fulfill their teaching and research missions.

In response to the financial pressure under which Canadian universities have been operating, some provincial governments have increased the amount of funding allocated to higher education. Alberta's 2005 budget included an additional 30 per cent funding over the next three years to post-secondary education. As a response to the 2005 report *Ontario – A Leader in Learning: Report and Recommendations* by the Hon. Bob Rae, in its 2005 budget, the Ontario provincial government announced a \$6.2 billion cumulative investment by 2009-10 for colleges, universities and training. The budget stated that this represented a 39 per cent increase, the largest in 40 years.

In Atlantic Canada, universities also have special challenges due to the age of their institutions and severe demographic declines. For example, Dalhousie University instituted mid-year cuts to its budget last year and reduced budgets again this year; and reports from the Atlantic Association of Universities (AAU) have shown that enrolments

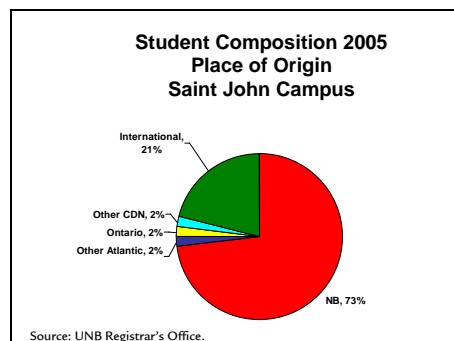
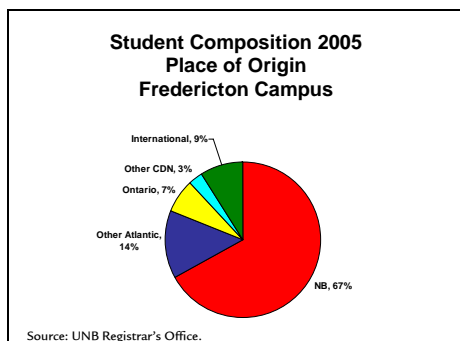
have decreased across the region. In addition to the direct impact on enrolment levels, these demographic declines will affect provincial economies, which may also have an impact on provincial spending.

Key message B2 *While there are some systemic challenges facing all universities, there are some challenges specific to UNB.*

UNB is facing more severe challenges than those faced by many other Canadian universities. These include such things as a declining and aging New Brunswick population, severe infrastructure issues, an out-dated government grant formula, and inadequate government funding levels.

As with most universities, UNB’s student enrolments have increased over the past decade. According to Statistics Canada, national student enrolment increases were due to three main factors. The demand for a university education increased as a result of the restructuring of the Canadian economy over the past 25 years. Students responded by enrolling at universities in order to fulfill the labor market stipulations for entry-level jobs, many of which now require higher post-secondary qualifications. Finally, Ontario’s double cohort, commencing in fall 2003, contributed to an influx of grades 12 and grade 13 students, who graduated simultaneously. This double cohort will be completed in fall 2007 enrolment, with graduation in May 2008.

Statistics Canada figures show that the number of international students enrolling at Canadian universities grew to 70,000, an increase of 16.8 per cent between 2002-03 and 2003-04. UNB has also experienced growth in this area, particularly on the Saint John campus, as that campus attempted to offset declining local enrolments by increasing its international student cohort. International students still make up 21 per cent of UNBSJ’s student population, although the numbers have declined somewhat due to increased competition. This is 13 per cent higher than the national average of seven per cent. International students comprise nine per cent of UNBF’s student body.

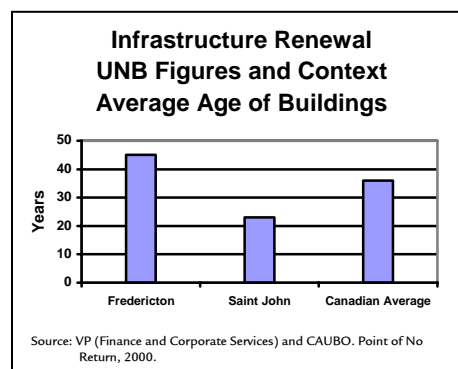


New Brunswick is one of only three provinces where population will likely experience zero growth or decline over the next 25 years, while Canada’s population is estimated to grow between 12 per cent and 30 per cent during that time. The province’s population is

also ageing, with the median age expected to rise from 40.7 years in 2005 to 48.7 years in 2031, according to Statistics Canada. This is a trend throughout Canada, as demographic data indicates that the nation's population is expected to age faster in the coming years due to the rapid decline in fertility and ageing baby boomers. As well, New Brunswick's participation rate in post-secondary education is already 10 per cent higher than the national average. In 2003, the Canada Millennium Scholarship Foundation indicated that 30 per cent of New Brunswickers aged 18 to 21 were enrolled in university, compared to the national average of just below 20 per cent.

This demographic trend will have a substantial impact on UNB – from what types of programs it offers to where it must draw its students. Many of UNB's current programs are principally geared to meet the needs of first-year students who enter directly from high school while this population, which is UNB's major market, is facing a significant decline.

UNB's infrastructure issues are more severe than most other Canadian universities because of UNB's age, as can be seen in the following chart:



Another specific challenge for New Brunswick universities is the government funding formula used by the Maritime Provinces Higher Education Commission (MPHEC) to determine institutional operating grants. The MPHEC adopted its current formula almost 30 years ago, in 1979-80. The formula is broken into two components: 75 per cent is a fixed allocation and is based on history (to provide a stabilized fund less sensitive to enrolment changes as many university operating costs are fixed or do not fluctuate directly with enrolment); 25 per cent is variable and is based on a rolling three-year enrolment average of weighted full-time equivalent (WFTE) student enrolment figures at all New Brunswick universities. At one time, the formula included a provision for a flat grant adjustment to a university that showed a substantial increase in student enrolment above a certain threshold level but this was suspended indefinitely in 2002.

The following table shows the level of operating funding and provincial operating grant funding, on a per student basis, for each university in the province. It also illustrates the level of each university's comprehensiveness. A higher number indicates a more comprehensive combination of programs, such as engineering, which are more costly to deliver. (This is due to curriculum content which influences things such as infrastructure,

maintenance and lab requirements, specialized course materials and equipment, and accreditations.)

An analysis of the information in this table raises many questions, demonstrates inconsistencies and points to the need for a re-examination of the provincial operating grant funding formula. (The figures include international students.)

New Brunswick Universities Degree of Comprehensiveness and Funding 2004-05			
	Comprehensiveness Indicator <u>Ratio WFTE/FTE</u>	General Operating Funding <u>Per WFTE Student</u>	Provincial Unrestricted Operating Grant <u>Per FTE Student</u>
Université de Moncton	2.75	\$14,166	\$8,295
UNB*	2.73	13,701	6,810 ⁽¹⁾
Mount Allison	2.25	13,748	6,221
St. Thomas	1.64	7,310	2,400
*UNB Fredericton	2.91	14,299	7,638
*UNB Saint John	2.18	11,873	4,276

Source: MPHEC, CAUBO, UNB Financial Services.

The question of how to distribute available government funding to institutions, while important, is secondary to the key financial issue: inadequate funding levels. As is indicated elsewhere in this report, the level of increase in provincial operating grants over the last two decades has not kept pace with university inflation. This has resulted in a major shift in the burden of costs paid by students through higher tuition fees. UNB's funding from the provincial government, in constant 2005 dollars and measured as a percentage of total revenue, has declined from about 57 per cent of revenue in 1991-92 to 37 per cent in 2004-05, as compared to the national average decline from 58 per cent to 42 per cent.

If the province is going to be home to a national comprehensive university, both the University of New Brunswick and the Government of New Brunswick will need to punch above their weight.

Key message B3 UNB is different from other universities in New Brunswick because it is a national comprehensive university with two very distinct campuses which offer different student experiences.

UNB is a national comprehensive university because it is the provincial centre for graduate students and research, the centre for large professional programs which require national accreditation and it must set standards that will attract students and faculty from around the world.

With their mix of graduate studies, research and professional programs, the Fredericton and Saint John campuses both support UNB's role as a national comprehensive university. The Canadian Rivers Institute, which operates from both campuses, is an

(1) This figure includes the fiscal transfer for common services provided to St. Thomas University

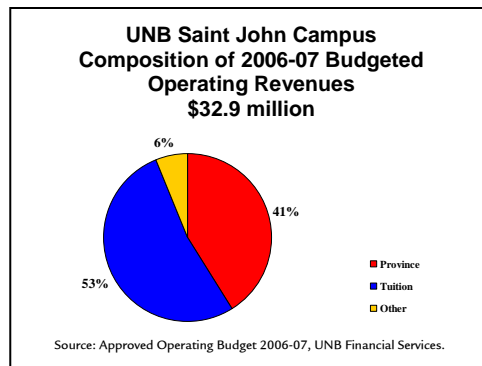
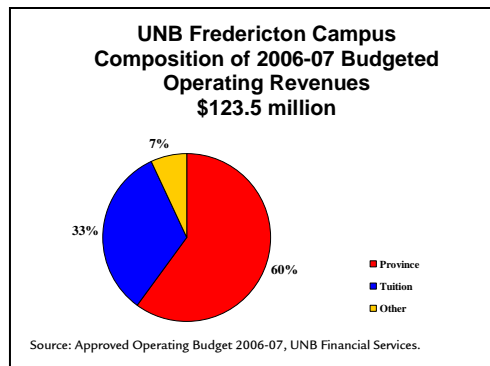
example of the advantages of this collective strength. Despite the combined effect of the two campuses, UNB remains one of the smallest universities in the national comprehensive arena. (See Appendix 3.)

The two-campus reality offers challenges as well as opportunities. The Fredericton campus provides its students with an experience associated with a comprehensive university: undergraduate, graduate and professional programs, and research. The Saint John campus offers its students the experience of a small, liberal arts and science institution as well as the benefits of comprehensive programs and associated activities. The duality of experience allows UNB, as an institution, to offer its students a choice in their experiences while still providing them the benefits of a single, larger institution. However, this opportunity comes at a cost.

Maintaining infrastructure and program diversity at two campuses can increase overall expenses, particularly if there are not clearly defined roles for each campus within the overall strategic vision.

UNB must also consider the provincial funding formula in relation to its two campuses. UNB applies the government formula when allocating the provincial grant between the two campuses. Since 75 per cent of the formula is fixed, there has been little change to the level of funding at either campus, despite how each campus has evolved in the last 15 years. The remaining 25 per cent of government funding is variable depending upon enrolment.

This formula, however, does not provide funding for international students. It also allocates different funding amounts for students based on their study program and their status as an undergraduate versus a graduate student. For example, a university receives funding of approximately \$1,089 for an undergraduate student in an arts program versus \$8,715 for a graduate student in an engineering program. These parameters result in the Saint John campus receiving less government funding due to the make up of its student body - with its high levels of both undergraduate and international students – rather than as a result of supporting strategic priorities or initiatives between the two campuses. The following charts indicate the impact this has on the operating revenues of each campus.

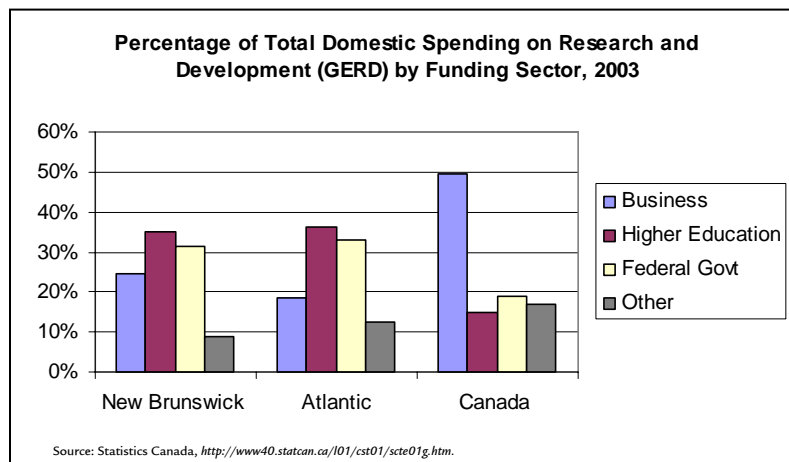


No matter what level of government funding is received by UNB, it should be used to best support its strategic direction and allocated between the two campuses accordingly.

Key message B4 *UNB faces a financial challenge in achieving a national level of research comparable to that of its counterparts in the rest of Canada.*

UNB is facing two major financial challenges relating to research: New Brunswick's (and Atlantic Canada's) research funding levels are low in comparison to the rest of Canada and the province's higher education institutions spend more than the private sector on research, which is opposite to the national trend.

In 2003, research and development (R&D) spending in Canada was \$23.9 billion, in the Atlantic region it was \$810 million, and in the Province of New Brunswick spending was only \$194 million.



As indicated in the graph above, the major contributors to R&D nationally, regionally, and provincially are business enterprises, the federal government, and higher education. In most areas of Canada, notably Ontario and Quebec, R&D is driven by business enterprises. Atlantic Canada's R&D is driven by the higher education sector. Higher education in New Brunswick invests more than twice the national level as a percentage of total spending, while the province's business enterprises spend only half the national level.

This is certainly the case for UNB, which conducts more than half of all research carried out in the province and close to 80 per cent of the research done at New Brunswick universities.

New Brunswick in particular is lagging behind the rest of the country in R&D investment on a per capita basis. For 2003, per capita funding for R&D in New Brunswick was \$258 versus the Atlantic province average of \$346 and the Canadian average of \$758.

Total research funding to UNB from the three major Canadian granting councils increased 35 per cent, from \$6.5 million to \$8.8 million, between 1999-00 and 2003-04. This is in line with the increase of 36 per cent in all universities in the Atlantic Provinces, but well below the 53.1 per cent increase in all Canadian universities.

The MPHEC's November 2005 report titled *R&D Funding in Atlantic Universities*, p.iv, noted that "several of the newest federal R&D initiatives require matching funding. This presents a significant challenge to Atlantic Canadian universities for two main reasons. First, the region's private sector, consisting primarily of small- to medium-sized industries, has limited resources to devote to R&D...and Second, while elsewhere in the country provincial governments have stepped in to provide matching funds for these federal research funding initiatives, in Atlantic Canada this type of support is relatively new and considerably limited."

The report notes that the small size of the three larger Atlantic universities also poses a challenge for research and development. By 2010, total funding under the Canada Foundation for Innovation (CFI) is expected to increase to \$8 billion from its current level of \$3.9 billion. Over the next decade, demand for research will continue to grow as a result of a strong public policy emphasis on research and innovation as drivers of social and economic development. In order for universities to meet the increased demand for research, they will require highly qualified personnel, which will largely depend on the resources available to support an internationally competitive environment for research and research training.

Given the potential size of research funding availability in the future, it is imperative that UNB specifically target this funding source.

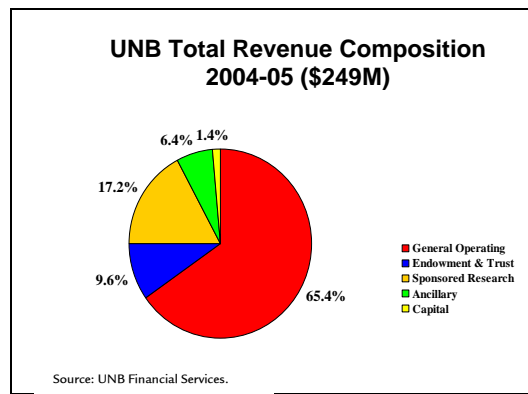
C. The Current Financial Model

Key message C1 *While UNB receives funding from many sources, the use of a large portion of this funding is externally restricted.*

UNB obtains funding from a number of sources, with components of this funding targeted for specific purposes. University revenues and related expenses are accounted for in separate funds in order to recognize restrictions and objectives specified by donors, the Government of New Brunswick, other external agencies (including research bodies) and the Board of Governors.

Financial reports are prepared for a number of different purposes in various formats depending on the information needs and requirements. A brief explanation of these various reports is included in Appendix 2. The majority of the comparative information that is provided in this report is based on the CAUBO reporting format.

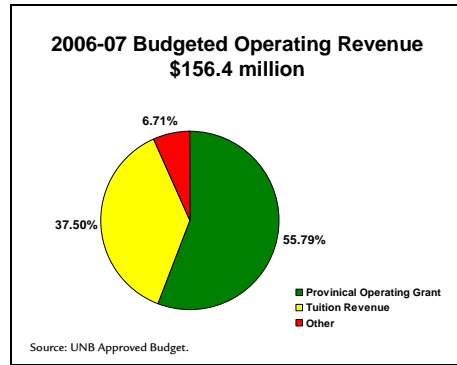
The following chart outlines actual revenue for all funds, using the CAUBO format reports, in 2004-05:



There are several components in the UNB Total Revenue Composition chart:

General Operating Revenue: In 2004-05, UNB's general operating revenue accounted for 65.4 per cent, or \$162.8 million, of total university revenues. Operating revenues are essentially unrestricted and are used to support the day-to-day operational costs associated with the two main campuses including teaching, salaries, student services, libraries, administration, utilities, cleaning and operational maintenance.

The breakdown of UNB's general operating revenue in the format utilized for internal budgeting purposes in 2006-07 is as follows:



Endowments & Trusts: Endowments and trusts account for 9.6 per cent, or \$23.9 million, of total university revenues. This is comprised of the actual donations received by the university each year and the amount of income that has been earned on the principal. As at April 30, 2005, the university had \$114 million in long-term investments, of which \$72 million were endowed. The principal donated, and interest earned on the principal, are to be used for the purposes specified by the donor. UNB has a policy to protect the economic value of endowed funds from the impact of inflation. Under this policy, a portion of the income earned on endowments is reserved by the Board of Governors for capital preservation. The Board has also adopted a policy that a long-term spending rate of 4.5 per cent is used in determining the amount of annual expenditures that may be made from endowment accounts. Any earnings in excess of that amount are maintained in a timing reserve. This reserve is used to maintain a stable spending rate in years where earnings are less than the required level.

Sponsored Research: Sponsored research accounts for 17.2 per cent, or \$42.8 million, of total revenues. This revenue originates from various federal funding agencies, provincial or regional development or innovation programs, other not-for-profit groups and private sector organizations. These revenues are used to support research activities, including the various obligations outlined in the research grant applications and contracts.

Ancillary Revenue: Ancillary revenue makes up 6.4 per cent, or \$15.9 million, of total revenues and is accounted for separately from the day-to-day operations of the university. These activities are expected to be self-sustaining and to generate sufficient funds to cover their annual operating costs. They include areas such as the Wu Conference Centre, Saint John College, bookstore operations, residence operations and the Aitken University Centre (AUC). For the most part, they have been self-sustaining. Due to the inherent cost structure of the AUC and its inability to generate sufficient revenues to cover its cost, the university subsidizes the AUC by approximately \$250,000 per year.

Capital Revenue: Capital revenue of \$3.5 million, or 1.4 per cent, makes up the balance of total revenues. These funds include restricted capital grants from the province and more recently supplemental student fees which are also restricted for facilities improvements.

Key message C2 ***The dramatic decline in provincial funding over that past two decades has shifted the relative burden of revenue to students. With tuition reaching maximum competitive levels, the ability to continue this revenue shift is not feasible.***

Student debt is the direct result of higher tuition and the increasing cost of higher education. *Beyond the 49th Parallel - The Affordability of University Education*, a report issued by the Education Policy Institute, indicated that Canadian post-secondary education in all 10 Canadian provinces has been found to be less affordable than in the American system. This study reported that Quebec was the most affordable province in Canada, followed by Alberta and Ontario. The least affordable provinces were Prince Edward Island, New Brunswick and by a greater gap, Nova Scotia, which is the least affordable overall.

Tuition accounts for more than one third of UNB's operating revenue. In 2005-06, the average tuition in Canada was \$ 4,214. The highest tuition is in Nova Scotia, which averages \$6,281. The lowest are in Newfoundland and Labrador, Manitoba and Quebec, where undergrads pay the lowest tuition in the country as a result of a freeze that has kept tuition at less than half the national average since the late 1990s. Tuition at UNB, for most undergraduates, has been set at \$5,246 for 2006-07, an increase of 4.75 per cent over the previous year. International students continue to pay substantially more in tuition at both the undergraduate and graduate level, to compensate for their exclusion from the provincial operating grant. For 2005-06, the average international undergraduate tuition fee in Canada was \$12,587, compared to \$10,138 at UNB.

UNB tuition fees are competitive on a regional basis but slightly above national comparisons. By raising tuition to the level of its regional competitors, UNB would further disadvantage itself at the national level. This would be problematic, due to the population declines in the region and the need to recruit students nationally.

According to the Canada Millennium Scholarship Foundation, any new government money provided over the last decade to address student financial assistance has come through the tax system and savings initiatives, as opposed to loans and grants set aside for students who have the most financial need.

In New Brunswick, more university graduates owe more in student loans and take longer to repay their loans than the national average. The national average of university graduates with student loans is 42 per cent. In New Brunswick, this rate is 52 per cent, the second highest rate in the country. The national average student debt is \$18,900. The average in New Brunswick is \$21,700. Nationally 13.4 per cent of university graduates have a student debt exceeding \$25,000, while New Brunswick's average is 25 per cent. In New Brunswick, the average amount of student debt repaid within two years of university graduation is \$3,500, well below the national average of \$4,500.

TUITION FEES MARITIME UNIVERSITIES 2005-06

	Tuition Fees	Rank	% Change 2004-05 2005-06
Acadia	7,756	1	3.9
Mount Allison	6,298	2	8.4
Saint Francis Xavier	5,974	3	3.9
University of King's College	5,829	4	3.9
Dalhousie University	5,829	5	3.9
College of Cape Breton	5,465	6	3.9
Université Sainte-Anne	5,454	7	3.9
Saint Mary's	5,372	8	3.9
Group Average	5,458		4.6
Mount Saint Vincent	5,340	9	3.9
N. S. Agricultural College	5,300	10	3.9
N.S. College of Art & Design	5,295	11	3.9
Atlantic School of Theology	5,028	12	3.9
UNB	5,008	13	5.0
Université de Moncton	4,618	14	5.8
UPEI	4,615	15	6.1
Saint Thomas	4,150	16	6.0

SOURCE: Association of Atlantic Universities 2005.

Based on Arts Program

AVERAGE UNDERGRADUATE TUITION FEES Provincial Comparisons

PROVINCE	2004-05	2005-06	% Change
Newfoundland	2,606	2,606	0.0
Nova Scotia	5,984	6,281	5.0
Prince Edward Island	4,374	4,645	6.2
New Brunswick	4,719	5,037	6.7
Quebec	1,888	1,900	0.7
Ontario	4,831	4,881	1.0
Manitoba	3,236	3,272	1.1
Saskatchewan	5,062	5,062	0.0
Alberta	4,940	5,125	3.8
British Columbia	4,735	4,874	2.9
Canadian Average	4,140	4,214	1.8
UNB	4,770	5,008	5.0

SOURCE: Statistics Canada, The Daily, September 2005.

MACLEAN'S GROUP 2005-06

UNIVERSITY	Tuition
Concordia University	\$4,651
York University	\$4,184
University of Guelph	\$4,184
University of Windsor	\$4,084
University of Victoria	\$4,325
Carleton University	\$4,152
Simon Fraser University	\$4,356
Memorial University	\$2,550
University of Waterloo	\$4,194
University of Regina	\$4,551

Average **\$4,123**

UNB **\$5,008**

Source: Maclean's, November 14, 2005.

There are no formal provincial restrictions on tuition fees in New Brunswick. Many provincial governments across Canada are placing restrictions on tuition fee increases. However, they are offsetting that by providing universities with funding increases. For example, basic tuition fee increases in Nova Scotia are limited to 3.9 per cent, Ontario's 2005 budget continued its tuition freeze for 2005-06, Newfoundland has frozen tuition fees and Quebec has had frozen tuition fees for almost 20 years, with an extremely low rate of approximately \$1,900.

Key message C3 ***UNB has had mixed financial results over the last few years. While operating results have been favourable, mainly due to enrolment growth, longer-term systemic issues, such as infrastructure renewal and post-retirement liabilities, continue to be a challenge.***

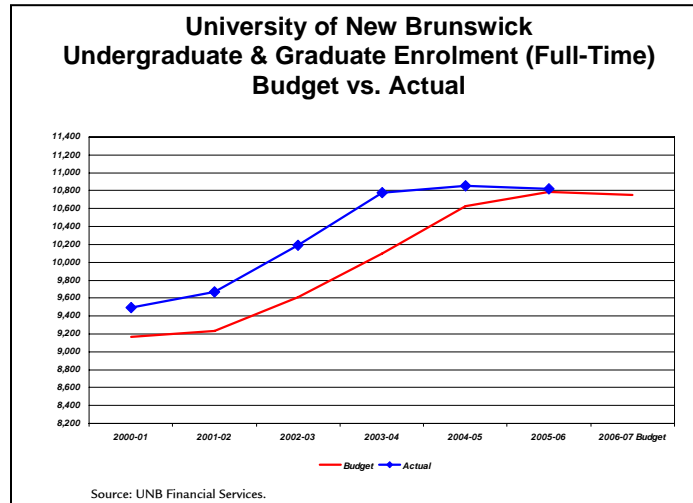
Operating Results:

Between 2001-02 and 2004-05, UNB experienced operating revenue growth of approximately 23 per cent. Over this period, student fee income increased by close to 50 per cent, resulting from a combination of annual tuition fee increases of 8.5 per cent, 8.0 per cent, 5.75 per cent and 5.75 per cent respectively, and a significant increase in student enrolment, which rose from 9,947 full-time equivalent students to 11,106. This enrolment growth was the result of new student recruitment approaches and techniques, the impact of the double cohort of Ontario students and successful international student recruitment, mainly affecting the Saint John campus. These positive results have diminished significantly as overall enrolment levels stabilized and have started to decrease marginally.

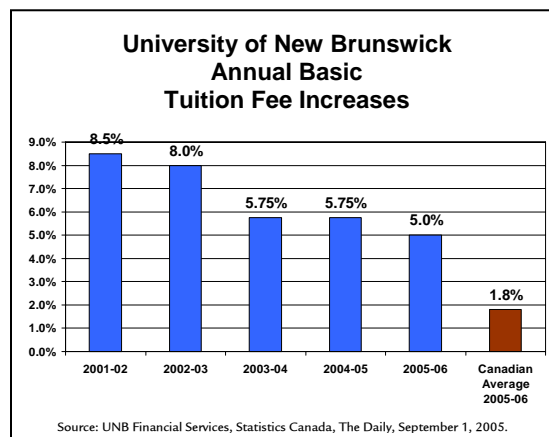
This operating revenue growth supported university inflationary cost increases for salaries, benefits, fuel, insurance and other non-salary items. It also provided the university with funding to make important investments in priority areas, including increases in faculty positions, research support services, increased student service support and scholarship funding.

Primarily because student enrolment increases were greater than projected, UNB experienced positive results in its annual operating budgets during that same four-year period. Student fee income and related revenues from part-time and extended learning students were together greater than budget by a total of over \$15 million, or approximately three per cent of total revenues. These funds were utilized by the university to support one-time initiatives such as infrastructure renewal, scholarship top-ups, and reductions in the level of accumulated operating deficit.

By the end of 2004-05, the impact of increased enrolments had been fully factored into ongoing operating budgets. The following table depicts actual full-time enrolment (not including part-time enrolment) compared to budget:



The conditions that contributed to this growth are not likely to continue. Given demographic and other conditions, enrolments are more likely to decline. Tuition increased by a cumulative 28 per cent over the four year period. Any future increases will need to be more moderate, due to affordability and competitiveness issues. The average tuition fee increase nationally was 1.8 per cent in 2005-06.



Financial Results:

The university balance sheet reflects recorded assets and liabilities of the university measured at a particular point in time. Two of UNB's significant liabilities, deferred maintenance and the level of the pension plan deficit, are not required to be included in the university financial statements. However, they do have a significant impact on university finances, which cannot be ignored.

From 2001-02 to 2004-05, the level of deferred maintenance at UNB of approximately \$106 million increased by about \$11 million. This worsening of the overall condition of facilities occurred despite an investment by UNB of \$18.5 million in infrastructure

funding. This funding came from a number of funding sources including special one-time capital grants from the provincial government and transfers of positive operating budget results to infrastructure priorities.

During this same period, post-retirement liabilities for the university increased by \$17.9 million. Of this, \$5.7 million, relating to early retirement obligations and retirement allowances, was reflected in the university audited financial statements. Payments toward these will be made in future years. The balance of the increase in liabilities - \$12.2 million – was related to the academic pension plan and was not reflected on the university balance sheet.

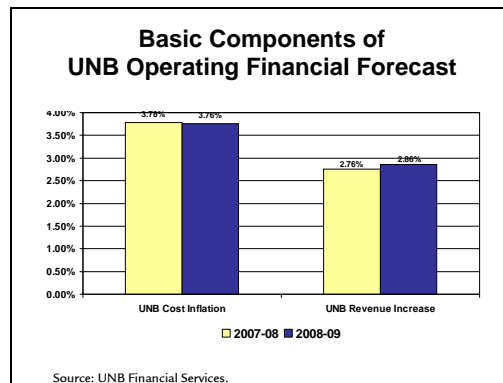
The financial condition of the pension plan for academic employees of the university deteriorated by \$24.4 million during this time frame, as the plan deficit grew from \$22.5 million in 2002 to \$46.9 million in mid-2005. Since this plan is jointly funded on a 50/50 basis by the university and by the members of the plan, the university exposure to potential future additional pension payments increased by \$12.2 million over this period.

Key message C4 *UNB has a built-in deficit in its operations and capital activities and the financial options for dealing with it are limited.*

The annual structural deficit is comprised of an operational structural deficit and a capital structural deficit.

Operational Structural Deficit:

The fundamental challenge for the UNB operating budget is that expenses (university cost inflation) grow at a faster rate than revenues do.



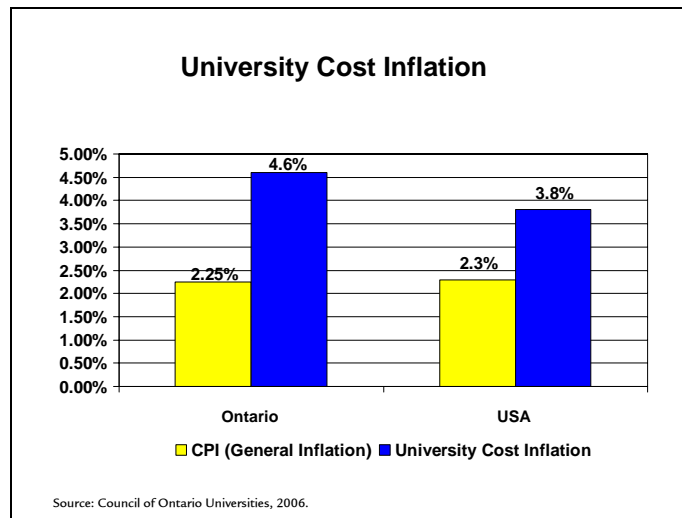
This creates a fiscal imbalance between revenues and expenses that, if left unchecked, results in an annual budget shortfall - a deficit in the range of approximately \$2 million per year.

If left unaddressed, this amount would be cumulative and compounding. While such budget pressures are being met by painful cost-cutting measures throughout the university, this is not sustainable over time.

University Cost Inflation:

Cost pressure is not unique to UNB. Various studies and statistics illustrate that operational costs for universities rise at a faster rate than general inflation. This is termed university cost inflation and is due to the fact that the basket of goods and services required for university operations varies significantly from that of the general price index. These goods and services include, for example, library materials, lab supplies and equipment, significant physical infrastructure and their associated costs including energy and utilities, as well as the rate increase in faculty salaries and benefits which, in a competitive market, is higher than the basic consumer price index (CPI).

A recent study, prepared by the Council of Ontario Universities, illustrated that overall expense growth of Ontario universities was 4.6 per cent per year. CPI has been in the range of 2.0 per cent to 2.5 per cent over the last three years. There is a formal tracking of higher education cost inflation in the United States called the Higher Education Price Index (HEPI). Between 2002 and 2005, this index had average annual increases of 3.8 per cent, compared to US inflation average increases of 2.3 per cent during the same period.

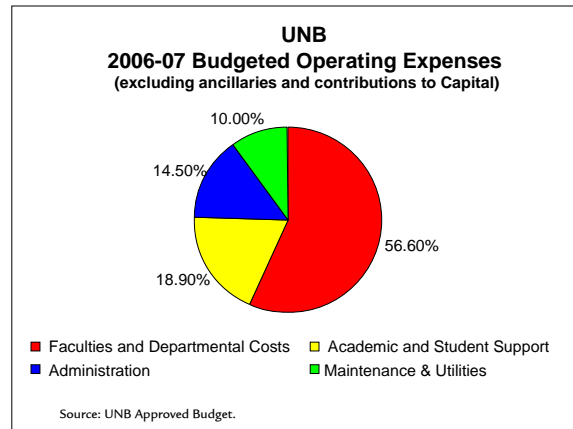


This aspect of the university environment is one of the more pressing challenges for university finances. In order to fund this cost inflation, universities must secure revenue increases of an equal amount (one of the driving factors in tuition fee increases), reduce expenditures or do some combination of both revenue increases and expenditure reductions.

For UNB, this is a particularly challenging exercise. The main source of UNB's funding is the provincial operating grant. While there have been recent increases in the grant, the level of increase has not been sufficient to address basic university cost inflation.

Recently there have been significant increases in tuition fees and strong growth in student enrolment. It is not expected that these conditions can continue to be relied upon to deal with the challenge of university cost inflation, as they have been in the recent past.

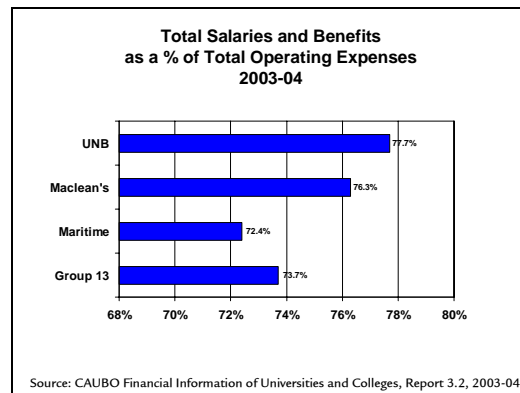
UNB annual operating budgets, salary and non-salary, are distributed to the following main operational categories:



Changes to budgets would require modifications to activities in these areas.

A further complication is that university cost structures are generally very fixed, as a large percentage of costs are committed to salaries and benefits as well as operational costs associated with servicing the large physical infrastructure.

As can be seen from the following charts, the basic operational model at UNB has resulted in a higher proportion of operating expenses being allocated to salaries and benefits than most institutions.



These costs are attributable to the faculty and staff in existing academic and support positions. Due to current program requirements, service standards and the terms and conditions in collective agreements, it is very difficult to achieve short-term budget reductions in the salaries and benefit categories. Changes to longer-term operational approaches would be required in order to alter existing cost structures and budget levels.

These types of changes would need to be directed by longer-term strategic directions and campus operational plans rather than through annual budgeting processes.

Capital Structural Deficit:

Each year, UNB receives and allocates less funding to infrastructure renewal than is required. As a result, UNB has a backlog of unfunded projects, totaling in excess of \$106 million. When all sources of UNB capital renewal funding (from government capital grant, the new supplemental fee for facilities improvement of \$175 per student and operating budget contributions to capital) are added together, it falls short each year by approximately \$3 million of what is required to sustain the overall condition of the facilities. As well, it is about \$5.2 million per year short of what is required to improve the condition of the facilities over time.

It is also apparent that UNB requires significant amounts of capital for new buildings, equipment and other infrastructure in order to meet current curriculum needs and to be competitive with other national comprehensive universities.

Summary:

The following table provides a summary of the forecasted and estimated annual financial challenges that UNB must address to sustain existing operations, equipment and infrastructure:

	<u>Annual Structural Deficit (millions)</u>
Day-to-day operating budget	\$ 2.0
Equipment and technology	\$ 0.5 - \$ 1.0
Capital structural deficit (infrastructure renewal)	\$ 3.0 - \$ 5.2
<u>Annual Total</u>	<u>\$ 5.5 - \$ 8.2</u>

Key message C5 There is a lack of sustainable funding to invest in strategic priorities.

The university has limited amounts of funding to invest in strategic priorities. Without this funding, it is very difficult to make any substantive progress toward strategic directions and the university runs the risk of being uncompetitive in its operations.

While the *Forging Our Futures* campaign will provide an infusion of funding for many university priorities, there are still fundamental ongoing needs, such as student services, capital renewal and upgrading of equipment and technology, which are under-funded.

Key message C6 ***While UNB has just completed a very successful fundraising campaign, most of the funds from the campaign are either targeted for specific new initiatives or are endowed, meaning only the future earnings from these funds may be spent.***

The *Forging Our Futures* fundraising campaign has had a significant impact on advancing the university's mission. It represents the largest amount of funds raised in any university campaign in Atlantic Canada. It has created a momentum for UNB, while enhancing the university's brand image.

The funds raised will help address the university's operating challenges in some areas. For example, a total of \$35 to \$40 million will be spent on the major capital expenditures associated with the Currie Building at UNBF and with the Commons Building at UNBSJ. However, these two facilities will also require additional funding of approximately \$1.5 million in annual operating costs, plus appropriate funding for infrastructure renewal. Some of the funds raised are for endowed scholarships or graduate student support. In accordance with donor direction, the original donation will be invested with only the future earnings available for spending. The university may choose to use the earnings to replace existing funding which comes from the operating budget, or choose to enhance the overall level of competitiveness of its scholarships and support by adding this new interest to existing operating budget levels.

Most of the costs of the fundraising campaign are paid for from campaign proceeds rather than from the university operating budget. This is accomplished by directing the first 10 per cent of earnings from the invested campaign proceeds against the fundraising campaign costs. In effect, there is a two-year delay between the time that most campaign funds are received and the time that investment earnings are available to be spent for specified purposes.

In short, the bulk of the *Forging Our Futures* funds are endowed and directed, with interest available for specific purposes in coming years and their availability to assist in funding the ongoing operating deficits is limited. We recommend that, upon completion of the campaign, a projected cash flow analysis be completed to better understand the effect of the campaign on the university's day-to-day operations and strategic initiatives.

Key message C7 ***The current assumptions underlying UNB's financial projections are reasonable.***

Each year, UNB prepares an operating and a capital budget. The annual budgets are an aggregation of all of the detailed budget submissions that have been prepared and submitted by faculties, departments and other budget units on each campus. In addition, a two-year financial forecast is also prepared, thereby providing a three-year outlook for the basic financial environment at UNB.

Because all of the financial factors are not known when the annual budget and forecasts are prepared, certain financial assumptions must be made. These assumptions include the expected level of the provincial operating grant, the forecasted student enrolments prepared by the Registrars' Offices and reflected in the campus academic plans, the expected level of benefit costs and the future price of heating fuel.

A listing of the main assumptions that have been used in the budgets and forecasts are included in Appendix 1 of this report. A table to illustrate the financial sensitivity of the basic financial elements and assumptions is also included in that appendix.

The Financial Review Committee has reviewed the underlying assumptions and finds that:

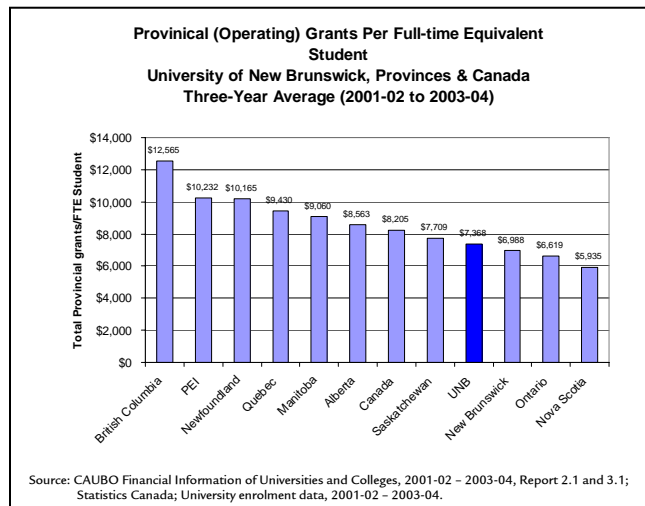
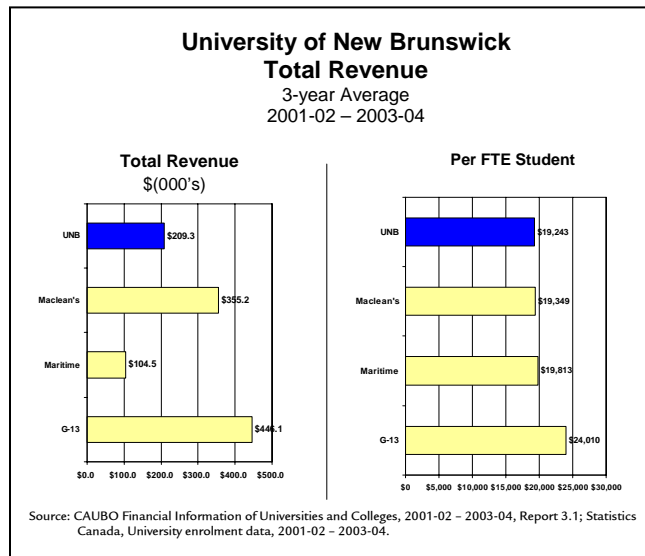
1. This is a traditional budget process that addresses annual operations of the university based on information at a point in time. While actual results will be different from the budgeted assumptions, the goal of this process is to avoid facing a deficit in the current year's operations. It does not specifically address strategic priorities.
2. The current assumptions are appropriately based primarily on last year's actual results and other current external factors such as inflationary indices, planned tuition increases, collective agreements, actuary reports, and enrolment estimates from the Registrars' Offices.

University officials and the external auditor are in the process of finalizing actual budget results for 2005-06. It appears that the overall results on operations will be very close to budget. It is this committee's view that the base 2005-06 budget, which is being used for the multi-year plan, is also realistic.

D. Competitive Information Benchmarking

Key message D1 *UNB is operating with less overall resources than most other national comprehensive universities.*

The following charts demonstrate that UNB is operating with less overall resources than other comparable universities. As examples, UNB's total revenues and revenues per student are less than those at most other national comprehensive universities and UNB's provincial operating grants per full-time student are less than most of its peers.

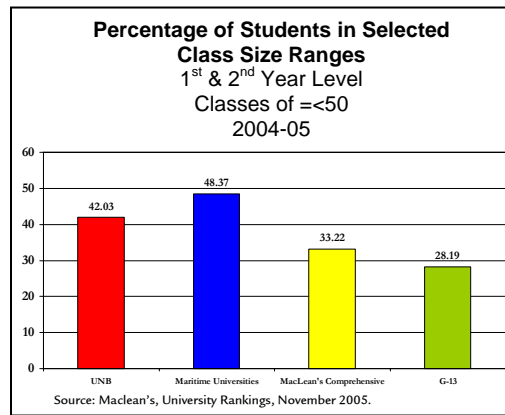


Further, according to the recent rankings from *Maclean's*, UNB's operating resources on a weighted full-time basis are approximately \$6 million less per year than the average of the comprehensive group in which UNB is ranked.

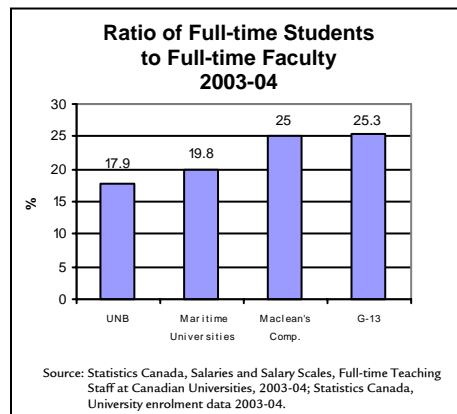
Key message D2 *UNB has chosen to invest in academic programs and those choices are reflected in the university's cost structure.*

UNB has chosen to invest in its people versus its non-salary initiatives. For example, small class sizes and the number of full-time faculty are just two examples of UNB's investment in people. This model requires a significant resource commitment, which is a challenge when revenues are also constrained.

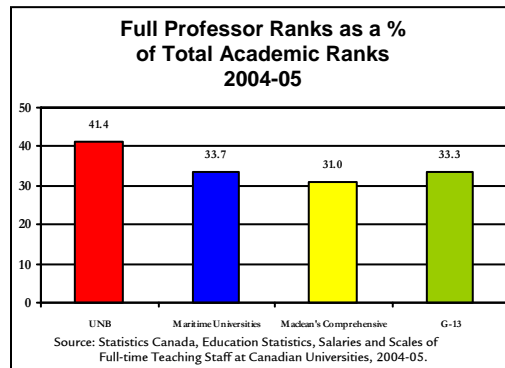
Reasonable class size in early years of study is recognized as an indication of the university's investment in the learning process. Often, it is believed to help separate the quality of instruction at small-mid sized universities from that at larger institutions. The following chart illustrates the percentage of students in first- and second-year classes of less than 50 students. It shows that UNB scores ahead of other national comprehensive universities in the *Maclean's* comprehensive grouping but is behind the Maritime average.



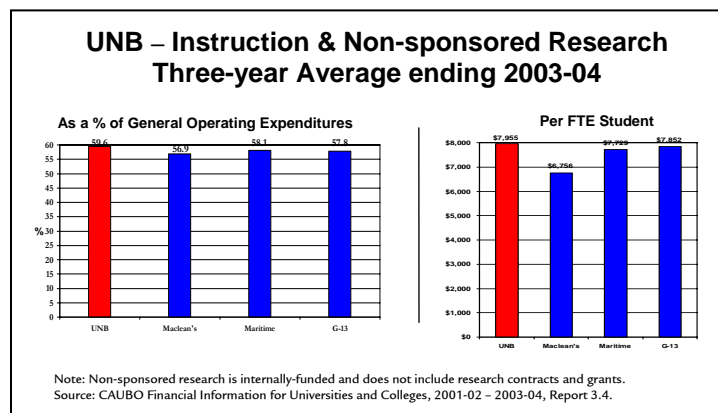
Investment in full-time faculty demonstrates that a university is committed to teaching excellence. In hiring full-time faculty (tenure track and instructors), a university reduces reliance on term appointments, stipendiary appointments and the use of graduate students in program delivery.



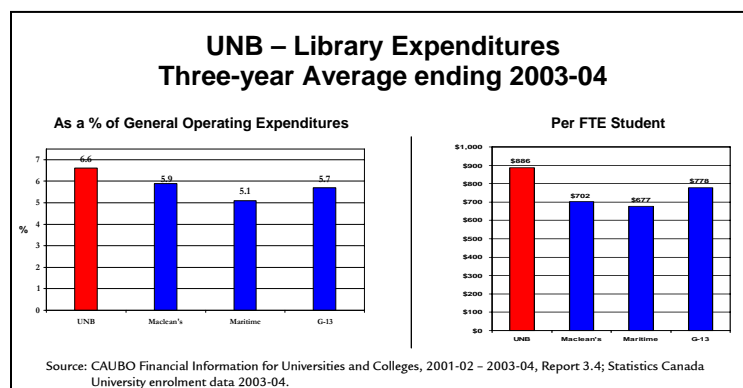
The following chart shows that UNB has a higher percentage of full professors as a percentage of total academic ranks than do its peer groups.



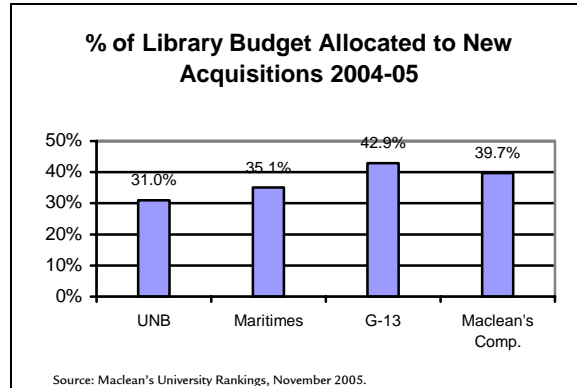
The combination of small class sizes, low student-to-faculty ratios and high percentage of faculty who have achieved rank of full professor demonstrates investments made to improving the learning environment and advancing the research agenda. While this concentration on the learning environment results in a larger portion of overall operating expenditures being spent on instruction, measures with the respect to quality output achieved from this investment need to be developed.



Investment in libraries is also a key element of program support and of the academic environment. The following chart demonstrates that UNB's expenditures in this area are higher than its peer group.

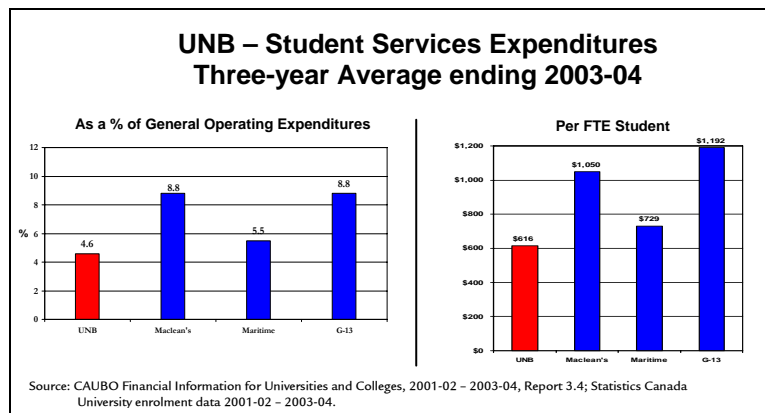


As the next chart shows, UNB allocates fewer dollars to acquisitions than do its peer groups. On the surface, it appears that UNB's library expenditures are skewed to larger salary versus non-salary costs. This is most likely due to multiple campuses, multiple libraries and required compensation levels.

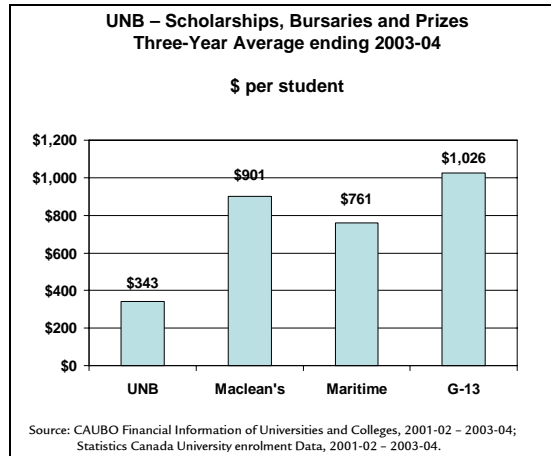


Key message D3 *UNB student services and scholarship resource allocations require significant enhancements to be competitive.*

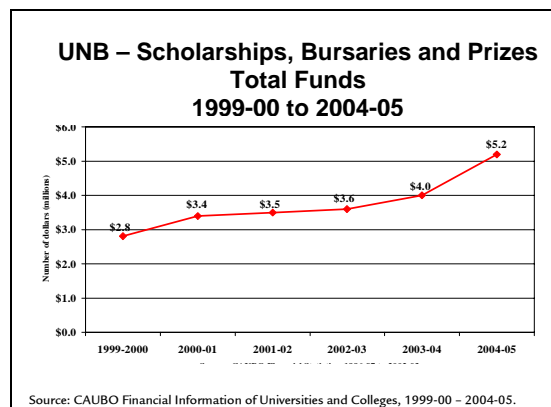
Investing in student services and scholarships has been a focus for UNB during the last three years. This choice was made with the understanding that a significant investment was required to raise UNB to the average spent by other national comprehensive universities. UNB has not yet caught up to that national average, while those other universities have been increasing their investments in these areas. These areas are a key driver in attracting and retaining students and, while UNB is making progress, it needs to do more to close the gap.



The three-year average of total spending on scholarships, bursaries and prizes, on a per student basis, for UNB compared to other universities is as follows.



The following chart shows the recent progress that UNB has made in relation to awards:

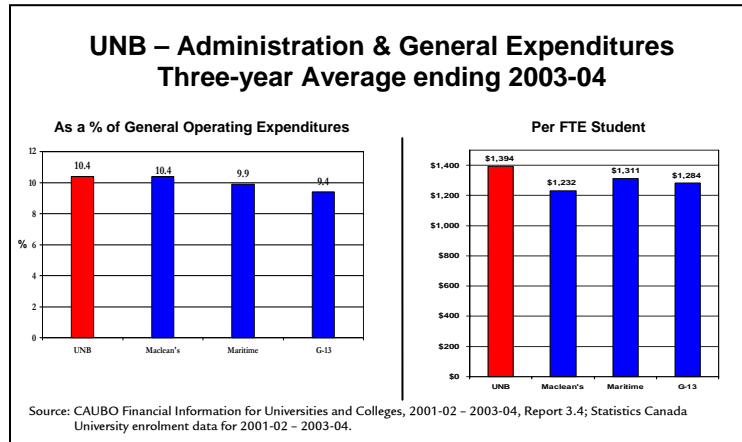


UNB would have to increase funding to approximately \$9.5 million per year to be comparable to the *Maclean's* national comprehensive group average.

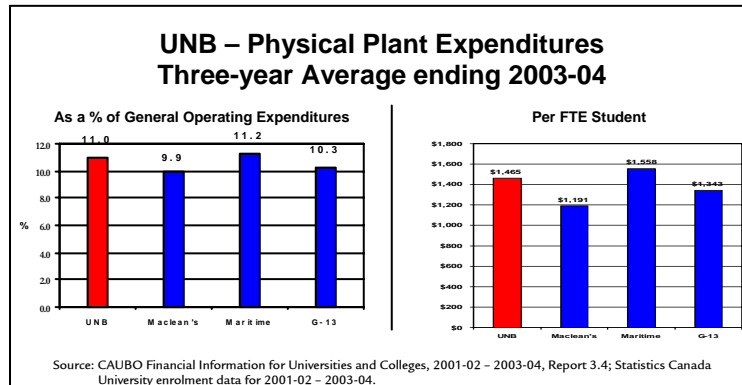
Key message D4 *UNB's administrative expenditures, as a percentage of total operating expenditures, are consistent with peer group comparisons.*

The following chart confirms that, as a percentage of total operating expenditures, UNB's administrative expenditures are consistent with the *Maclean's* national comprehensive universities grouping.

In order to operate a national comprehensive university, a certain level of administrative expenses is required. The per FTE student chart reflects the smaller size and scale of UNB operations and enrolments, in comparison to its peers.



UNB spends approximately the same amount as its peers on its physical plant, as can be seen from the following chart, keeping in mind that UNB has an older physical infrastructure and must maintain this infrastructure on two campuses.



Key message D5 Pension and other post-retirement costs at UNB represent an unusually large allocation of the operating budget. The allocation of additional scarce resources to this category places budgetary pressure on other operational requirements and priorities.

The university operating budget provides funding for faculty and staff pension plans, a retirement allowance program, and special supplemental payments required under the terms of two previous optional early retirement programs for faculty. The annual funding for these programs amounts to \$13.5 million.

UNB Annual Retirement Related Payments	
	<u>\$ Millions</u>
Current UNB funding (11.44% of pensionable earnings) for faculty pension plan	\$6.8
Current UNB funding (8.28% of pensionable earnings) for staff pension plan	3.9
Annual retirement allowance payments	1.2
Annual special supplemental pension payments from previous faculty early retirement programs	1.6
Total Annual Payments	<u>\$13.5</u>

The magnitude of these payments becomes evident when expressed in relation to the total annual operations budget and in comparison to annual tuition fee income.

	As a % of	
	<u>Annual Operating Budget</u>	<u>Annual Tuition Fee Budget</u>
Total Annual Retirement Payments	8.63%	23.0%

A significant issue in this expense category is the funding required for the academic pension plan. As of July 1, 2005, the academic pension plan had an unfunded liability of \$46.9 million. This means the plan had enough assets to satisfy only 69.8 per cent of the funding required for plan benefits. Due to the serious financial condition of the plan, the university and the faculty association are jointly reviewing options to improve its long-term financial sustainability.

Academic employees and the university each contribute 11.44 per cent of pensionable earnings into the plan annually, or approximately \$6.8 million each.

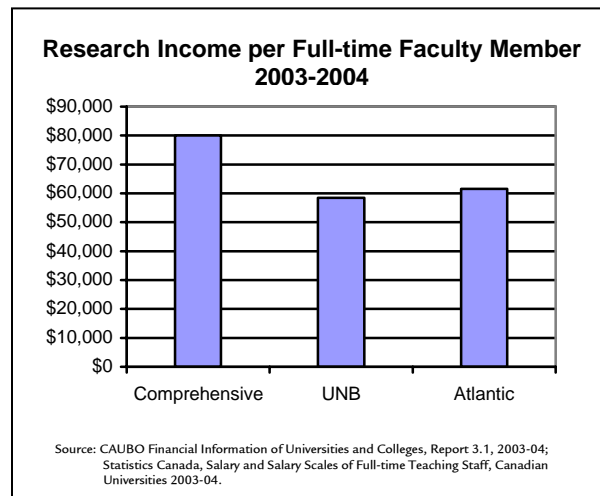
Academic Pension Plan Funding		
	<u>% of Pensionable Earnings</u>	<u>Annual \$ Contributions</u>
UNB	11.44%	\$6.8 million
Academic Employees	<u>11.44%</u>	<u>\$6.8 million</u>
	22.88%	\$13.6 million

Source: Ecklers Actuarial Evaluation.

For most organizations and employees, total annual pension contributions would be in the range of 15 per cent of pensionable earnings (approximately \$9 million per year), meaning the university and the collective members of the plan are each paying an additional \$2.3 million into the plan in order to fund the plan deficit over time.

Key message D6 *UNB must increase its volume of sponsored research to maintain its role as a national comprehensive university.*

Although UNB conducts more than half of all research carried out in New Brunswick, and close to 80 per cent of research done at New Brunswick universities, the following chart indicates that the average research income per full-time faculty member at UNB is significantly below the average of other national comprehensive universities.



By increasing the average research revenue per faculty member to the national comprehensive university average of \$80,000, research revenues at UNB would increase by 37 per cent to \$47.5 million. Expanding the research base at UNB would be in line with the provincial objective of increasing the provincial share of Tri-Council (federal funding agencies) awards from 0.8 per cent in 2003-04 to 1.6 per cent in 2008-09.

Key message D7 *The financial issues inherent in the existing UNB cost structure within the existing funding constraints, necessitate a review of the longer-term competitive implications.*

There are challenges inherent in UNB's resource allocations that cause its cost structure to be more fixed and to escalate at a rate that may be higher than that at other universities. That, in combination with the funding constraints outlined earlier in this report, point to longer-term implications which need to be examined.

The allocation of academic and support resources towards instruction and research activities appears to be greater than that at comparison institutions. There is a concern that UNB may not be receiving appropriate levels of research funding from the primary research funding bodies, NSERC, SSHRC and CIHR. A more definitive analysis of progress over time and targets for research funding should be established as part of a more comprehensive benchmarking exercise. Small class sizes, low student-to-faculty ratio and the high percentage of full-time professors should help advance UNB's research activity. In the learning environment, it is believed that these indicators support a higher quality classroom experience and lead to higher student retention and enhanced reputation for both campuses. However, given its inherent cost, it is important for UNB to determine whether this type of learning environment is necessary and appropriate across the entire university.

Support expenses such as administration, library, physical plant and information technology do not deviate significantly from other universities. The relatively low percentage of investment in student services is cause for further review. Support for students in the area of scholarships, bursaries and academic support services directly impact students' decisions to attend and remain at UNB and to attain success in their studies.

E. Budget Process and Strategic Financial Framework

Key message E1 ***When everything is a priority, nothing is a priority.***

There are finite resources available to meet UNB's academic plan. Although it is commendable to want to excel in all areas, this is not a sustainable method of operation if UNB is to remain a national comprehensive university.

The academic plan must be based upon the university's strategic framework and the priorities set within the academic plan should drive the use of available financial resources. Without this, the university continues to face a system of ongoing across-the-board cuts.

Key message E2 ***There must be a strategic framework which clearly identifies the university's overall long-term goals and objectives designed to achieve the university's vision and mission.***

A university's overall long-term strategic goals and objectives are based on the vision and mission of the university and include such things as multi-year financial parameters. If these goals and objectives are the compass pointing the university's direction, then the academic, research, financial and operational plans are the roadmaps which will ensure the university moves in that direction.

UNB currently does not have an articulated university strategic framework which clearly identifies its multi-year goals and objectives. It needs goals and objectives, not only to set long-term direction, but to provide a basis for academic, research, financial and operational planning. Long-term strategic initiatives need to be identified and costed and measures established to monitor implementation. As well, detailed revenue and expense information at the program level needs to be developed and refined to assist with decision making.

Given the nature of the university, it is difficult to make short-term decisions on things such as programming or staffing. The strategic framework will ensure that a realistic process is in place to support the academic, research, financial and operational planning in a manner consistent with available resources.

Key message E3 ***The university's strategic framework must drive the academic, research, financial and operational planning.***

The current budgeting process is a traditional one and is not driven by well-defined academic, research, financial and operational plans based on the overall strategic framework.

Although some long-term strategic goals have been informally implemented, such as investments in scholarships, the academic, research, financial and operational planning process must be driven by long-term strategic goals and objectives, which include overall multi-year financial parameters. It is also critical that this process ensure the integration and inter-dependence of these main areas.

Currently, the UNB budget process, by necessity, forces across-the-board cuts to deal with annual deficits. In the absence of an academic plan that translates vision into costed strategic objectives, this type of annual exercise will continue. Such a process does not reward innovation and drive excellence. Rather, these types of cuts are demoralizing at all levels and encourage mediocrity.

F. Turning Vision to Action

Key message F1 UNB is not yet in a financial crisis but its financial situation is not sustainable.

UNB is one of the smallest and one of the least well-financed national comprehensive institutions in the country. Its annual structural deficit (operational and capital) is in the range of \$5.5 to \$8.2 million. The annual operational portion of the annual structural deficit is approximately \$2 million. This is currently not severe, but if left unchecked, will become so. As well, it has significant deferred maintenance and pension plan funding issues and required strategic investments. The university is also faced with increasing demographic challenges which will affect enrolment and tuition revenue.

If these factors are left unaddressed, the university will continue to have to make across-the-board cuts without making investments in its future.

Key message F2 Continued inaction will ultimately drive UNB's vision.

UNB is a national comprehensive university. It is the provincial center for graduate studies and research, and for the professional programs which require accreditation. It sets and upholds standards that will attract students and faculty from around the world.

The university could continue on the path of trying to maintain the status quo. That decision, by default, would set the future direction of the university.

Given the demographic challenges, UNB must be able to attract more students and faculty from other national and international destinations. UNB must provide something better than they can get elsewhere – programs and an environment that will set the institution apart from other universities nationally and even internationally.

This means that UNB must ensure its national competitiveness. From the findings of this review, it is obvious that trying to do more with less is not sustainable. Only by doing less, better, can UNB ensure its place as a national comprehensive university. In order to do that, however, the university must make key, focused decisions within a strategic framework. Given demographic and fiscal conditions, it is imperative that those key decisions be made now.

One of the most important factors to consider in establishing an effective strategic framework is the ability of the university to access new resources and its ability to realign existing resources. This will require the development and implementation of integrated academic, research, financial, operational and human resource plans within the strategic framework.

UNB has a gap between its current financial reality and the investment it must make to bring itself up to the national comprehensive university average. As noted in this report, the university's structural deficit is approximately \$5.5 to \$8.2 million annually and the scholarship and student services gap is about \$4 million annually. This means that UNB would require additional funding of approximately \$9.5 to \$12.2 million annually, to bring existing activities to a sustainable basis and to bring student services and scholarships to the national average.

On top of that, UNB has a visionary gap. This means that, not only does UNB require additional funding to bring existing activities to a sustainable basis and to bring student services and scholarships to the national average, it requires further investment to achieve its vision. In order to determine the scope of the visionary gap, an analysis of program offerings and opportunities needs to be undertaken.

UNB can't afford not to move forward. Given the internal and external situations described in this report, if UNB does not make, and support, those focused decisions to do less, better, demographic and fiscal realities will make UNB smaller and, in its attempt to be excellent at all things, it will fail. This will result in an institution that will be both smaller and mediocre.

Key message F3 The university's strategy must be a provincial strategy.

“Universities mean more to their communities, their provinces and their region than just about any other single industry.” – *Smarter Together: The Economic Impact of Universities in the Atlantic Provinces*”

The report, *The Economic Impact of Universities in the Atlantic Provinces* (February 2006), issued by the Atlantic Association of Universities (AAU), reinforces the perspective that universities are a powerful strategic partner for governments, economic development agencies, regional advocacy organizations and communities to advance and grow the knowledge economy.

Students also contribute significantly to the local economy while attending university and continue to do so beyond graduation providing innovation, growth and immigration. The university provides meaningful R&D for the private sector, funded primarily by the federal government's national granting councils, which fuels innovation and growth in economic and social sectors.

The continued positioning of UNB as a nationally-recognized comprehensive university will require substantial levels of provincial funding beyond what is necessary to fund current operations. Securing that commitment and funding will require alignment of UNB's strategy with that of the Province of New Brunswick

New Brunswick's provincial competitiveness and productivity depend on both a highly educated and trained labour force as well as an investment in research and development.

UNB provides human capital, research and a focal point for arts, culture, continuing education and international co-operation.

The New Brunswick government has issued several key policy documents relating to post-secondary education. *Greater Opportunity: New Brunswick's Prosperity Plan* commits the government to: the provision of access to quality post-secondary education; assisting universities and colleges in recruitment of key researchers who can build the province's R&D and innovation capacity (joining the top four provinces in R&D expenditures per capita by 2012); investing in research infrastructure and providing flexible financial support. Through its quality learning agenda, New Brunswick's aim is to be among the top three provinces in Canada in post-secondary education participation rates. The province also aims to have the highest increase in workers with post-secondary education in Canada as outlined in its *Five Goals in Five Years* initiative.

A vigorous immigration strategy is currently being developed by the province. One of the elements will be to target those seeking educational opportunities. A university with an international reputation for excellence can be a magnet by attracting and retaining international faculty and students. The province can enhance this attractiveness through changes in its funding practices to encourage international students and reward universities that bring them to New Brunswick.

Provincial policies have recently been changed to allow international students to work off-campus during their period of study and for graduating students to stay and work for up to two years. Measures should be explored to further increase the likelihood of retention in a province that remains below national norms in the number of immigrants that it is able to attract and integrate.

The province is creating a Commission on Post-Secondary Education in New Brunswick. One of the issues that the commission will need to consider is how universities can better contribute to the provincial development agenda. Because UNB is a pre-eminent player in the province, the university will want to ensure that its own strategy and that of the province, mutually reinforce.

Key message F4 Now is the time for UNB to clearly articulate its vision and how it will implement this agenda.

UNB has been following certain strategic directions but it is now at a pivotal point. The university is operating in an environment where current available revenues do not address all the funding needs of the university and existing resources are neither sufficient nor strategically aligned to help meet the university's vision. Given these challenging circumstances, status quo is not sustainable. New direction and actions are required.

Agenda for Action:

Strategic Planning

It is imperative that UNB's vision be clearly articulated through goals and objectives that provide a strategic framework. The framework must be in sufficient detail that academic, research, financial, operational and human resource plans, all of which support the vision, can be developed from it.

UNB must make hard, but necessary, determinations about what it is going to be, what it is going to do and how it is going to do it. It must identify those things at which it will be nationally and/or internationally competitive (and the cost to develop or maintain them at that level), those things it requires to maintain as core competencies to support priority areas and those things which fall outside its strategic direction. It must take advantage of resource allocation opportunities and align programming, using internal and external partnerships.

Finding the answers to these and other questions will define UNB's strategic direction. Once this direction is clearly established, change initiatives need to be identified and costed, and implementation plans put in place to address time frames, specific actions and funding sources.

Revenues and Expenditures

All decisions concerning revenues and expenditures must be based on advancing the strategic goals and objectives of the university. UNB must also determine which performance measures are most relevant in assessing its success. These measurements should be monitored internally and compared with external sources on a regular basis.

The amount of revenue that UNB generates is key to the university's ongoing success. Actions should focus on both the traditional revenue sources as well as identification of new opportunities. Action should include the following:

1. Develop detailed student enrolment and retention plans, which include specific targets, markets, and tuition strategies, that are aligned with UNB's strategic vision.
2. Develop clear cash flow schedules showing when the funds raised from the *Forging Our Futures* campaign will be received and how they will be used to advance key strategic initiatives. This information should also be integrated in future fundraising planning and initiatives.
3. Determine how the university can take advantage of the increasing pool of research funding that exists in Canada.
4. Learn from other universities, nationally and internationally, that may have models which provide for beneficial external partnerships.
5. Review the inter-campus financial allocation mechanisms.

Reducing the level or direction of expenditures in a university is difficult to accomplish in the short term, as the university's expenditures tend to be relatively fixed in nature. To address the financial and visionary deficits, a process must be put in place to align expenditure patterns with the strategic framework. Action should include the following:

1. Align the human resources plan with the strategic framework because UNB's largest expenditure category is salaries and benefits. This will maximize opportunities and flexibility resulting from employee demographics. This should receive as much attention as the academic, research, financial and operational plans.
2. Understand the costs and contributions associated with the delivery of various programs. Currently there is limited understanding of the financial contribution that programs provide to the university. The availability of such information is key in assisting with future expenditure decisions.

Issues to be addressed in collaboration with other institutions and government

1. The growing liability of all universities relating to deferred maintenance.
2. The appropriate level of New Brunswick government funding and how the funding should be allocated.
3. The role of post-secondary education within New Brunswick.

These agenda items are not all-inclusive and the underlying details of these recommendations need to be developed to ensure that steps taken are meaningful in addressing the issues raised. This process will most likely identify additional areas of opportunity.

This will involve considerable commitment, hard decisions and risk. The commitment is in evidence. The process to drive the decisions must be identified and will involve all university stakeholders. One thing is clear: it must start now.

APPENDIX 1
UNB FINANCIAL FORECASTS AND ASSUMPTIONS

The following material summarizes the main assumptions utilized in the three-year forecasts for the university including the 2006-07 budget that was approved by the Board.

Revenue

Provincial Operating Grant

The actual level of the provincial operating grant to be received by UNB in 2006-07, 2007-08 and 2008-09 is not known when the budget and forecasts are prepared in March.

Assumptions		
% Increase in Operating Grant		
	<u>N.B. Provincial Grant to Universities</u>	<u>Formula Allocation to UNB</u>
2006-07 Budget	3.00%	2.73%
2007-08 Forecast	3.40%	3.00%
2008-09 Forecast	3.00%	3.00%

Source: UNB Approved Budget.

Tuition Fee Revenue

Enrolment

FTE Students			
	<u>Fredericton</u>	<u>Saint John</u>	<u>Total</u>
2006-07 Budget	8,263	2,636	10,899
2007-08 Forecast	8,238	2,567	10,805
2008-09 Forecast	8,167	2,490	10,657

Source: UNB Registrars' Offices and Campus Academic Plans.

Tuition Fees

The 2006-07 budget reflects the detailed tuition fee recommendations outlined in the budget. The 2007-08 and 2008-09 forecast assumes basic tuition fee increases of 4.75 per cent.

Other Income

The 2006-07 budget reflects detailed the breakdowns and assumptions outlined in the budget.

The 2007-08 and 2008-09 forecasts assume all existing sources including the Federal Indirect Cost of Research funding of \$3.1 are continued with an average inflation factor of 1.6 per cent.

Expenses

The main assumption is that existing operations continue on the same basis without any new activities, initiatives, or programs.

Over 75 per cent of the operating budget is comprised of salary and benefit costs. The basic assumption is that there will be no change in the overall number of faculty and staff positions at UNB. The following assumptions are relevant to each component of operating expenses.

Faculty and Departmental Costs

Salary Provisions

Faculty – the budget and forecast provides for the compensation elements that are outlined in the current collective agreement, including annual salary adjustments, progression through the ranks payments, stipends, and professional development amounts.

The budget and forecast also provides for estimated annual savings of \$475,000 which result from regular sabbatical trends. The budget provides for salary savings resulting from attrition through faculty who choose to retire or leave UNB with retirement patterns predicted on an age 65 retirement date. The budget also reflects anticipated annual savings resulting from unfilled faculty positions. On the Saint John campus, these savings are built into the 2006-07 budget base of \$135,000 per year. On the Fredericton campus, it is assumed that annual vacancy savings of \$500,000 will be returned to faculties to be used within policy guidelines.

Benefits

The 2006-07 budget and 2007-08 and 2008-09 forecasts reflect an assumption that non-pension benefits will increase by 5 per cent per year. The budget reflects current service pension contributions for staff pensions of 8.28 per cent of salary. Budgeted contributions for faculty pensions are based on current service requirements of 7.49 per cent of salary and past service contributions of 3.95 per cent of salary, for a combined funding rate of 11.44 per cent of pensionable salaries effective July 1, 2006.

The budget and forecasts reflect \$1.6 million in annual payments from the University to faculty who took early retirement options.

The budget and forecasts reflect the current service costs or actual payments (whichever is greater) for retirement allowances paid to eligible UNB faculty and staff who will retire in those years.

Other basic non-salary costs are assumed to increase by 2.5 per cent per year.

External Funding Offset

The 2006-07 budget includes approximately \$1.9 million in salary costs for faculty positions which are externally funded. The budget reflects an offsetting salary recovery of \$1.9 million.

The 2007-08 and 2008-09 forecasts assume a continuation of external funding for these positions.

Academic and Student Support

The 2007-08 and 2008-09 forecasts assume that the level of investment in academic and student support will be maintained at the 2006-07 level, adjusted for the inflation factors summarized above. No provision is made for additional investments to improve UNB's competitiveness in this area.

Administration and Development

The 2007-08 and 2008-09 forecasts assume that the level of investment in administration and development will be maintained at the 2006-07 level, adjusted for basic inflation factors.

Utilities

The 2006-07 budget for utilities costs is based on best estimate assumptions of expected increases in utilities costs on each campus and reflects an approximate average increase of 7.3 per cent compared to the 2005-06 budget. The 2007-08 and 2008-09 forecasts assume annual increases of 4.5 per cent.

Depreciation and Provisions for Infrastructure Renewal

The operating budget makes no provision for depreciation of buildings and equipment, estimated at \$12 million annually.

The budget and forecasts provide for funding to be transferred to the capital budget for infrastructure renewal in the following amounts:

	\$(000's)		
	<u>Fredericton</u>	<u>Saint John</u>	<u>Total</u>
2006-07	\$900	\$1,400	\$2,300
2007-08	500	1,400	1,900
2008-09	500	1,400	1,900

The budget and forecasts continue to assume that \$650,000 of the non-space grant will be allocated towards library acquisition funding in each of the next three years.

Forging Our Futures Campaign Results

The financial forecasts have not as yet been updated to reflect the impact of the *Forging Our Futures Campaign*. There may be operational benefits that must be identified and quantified, i.e. scholarships and operational costs such as the utilities and maintenance for new buildings.

UNIVERSITY OF NEW BRUNSWICK
DETAILED CONSOLIDATED
OPERATING BUDGET MULTI YEAR PROJECTION
\$ (000)

	Approved 2005-2006 Budget	% Change	Proposed 2006-2007 Budget	Proforma Forecast Tuition increase 4.75%			
				% Change	2007-2008	% Change	2008-2009
Revenue							
Provincial Operating Grant	\$84,226.0	3.62%	\$87,276.3	3.00%	\$89,894.6	3.00%	\$92,591.5
Tuition Revenue	56,126.8	4.52%	58,662.3	3.10%	60,480.9	3.01%	62,299.2
Other Revenue	9,878.7	6.25%	10,496.3	-1.10%	10,380.7	0.85%	10,469.1
Total Revenue	<u>\$150,231.6</u>	<u>4.13%</u>	<u>\$156,434.9</u>	<u>2.76%</u>	<u>\$160,756.1</u>	<u>2.86%</u>	<u>\$165,359.8</u>
Expense							
Academic and Research							
Faculties and Departmental Costs	84,184.2	4.13%	87,661.2	4.03%	91,194.2	4.17%	94,997.9
Academic and Student Support	27,604.1	5.32%	29,073.2	3.22%	30,008.9	3.03%	30,918.5
	<u>111,788.3</u>	<u>4.42%</u>	<u>116,734.3</u>	<u>3.83%</u>	<u>121,203.1</u>	<u>3.89%</u>	<u>125,916.4</u>
Administration and Support Services							
Administration & Development	21,815.1	2.79%	22,423.1	3.50%	23,207.4	3.13%	23,933.7
Maintenance & Utilities	14,410.7	7.32%	15,466.2	3.79%	16,052.1	3.75%	16,653.7
	<u>36,225.8</u>	<u>4.59%</u>	<u>37,889.3</u>	<u>3.62%</u>	<u>39,259.6</u>	<u>3.38%</u>	<u>40,587.4</u>
Total Operating Expense	<u>\$148,014.1</u>	<u>4.47%</u>	<u>\$154,623.7</u>	<u>3.78%</u>	<u>\$160,462.7</u>	<u>3.76%</u>	<u>\$166,503.8</u>
Variable One Time Funds					450.2		347.3
Contribution to Capital	1,825.0	20.55%	1,450.0	-5.50%	1,370.3	12.43%	1,200.0
Net Ancillary Operations	392.5	-7.98%	361.2	0.00%	361.2	0.00%	361.2
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-Total	2,217.5	18.32%	1,811.2	20.46%	2,181.7	12.52%	1,908.5
Total Expenses	<u>\$150,231.6</u>	<u>4.13%</u>	<u>\$156,434.9</u>	<u>3.97%</u>	<u>\$162,644.4</u>	<u>3.55%</u>	<u>\$168,412.3</u>
(Deficit)/Funding for priorities	<u>(\$0.0)</u>		<u>(\$0.0)</u>		<u>(\$1,888.3)</u>		<u>(\$3,052.5)</u>

**UNIVERSITY OF NEW BRUNSWICK
FREDERICTON & UNIVERSITY WIDE
OPERATING BUDGET MULTI YEAR PROJECTION
\$ (000)**

	Approved 2005-2006 Budget	Proposed 2006-2007 Budget	Proforma Forecast Tuition Increase 4.75%			
			% Change	2007-2008	% Change	2008-2009
Revenue						
Provincial Operating Grant	\$71,207.1	\$73,911.1	3.00%	\$76,128.4	3.00%	\$78,412.3
Tuition Revenue	\$38,858.1	\$41,111.2	4.29%	\$42,876.7	3.87%	\$44,534.4
All other non -departmental revenue	\$8,221.1	\$8,479.0	-1.36%	\$8,363.5	1.06%	\$8,451.9
Total Revenue	\$118,286.3	\$123,501.3	3.13%	\$127,368.6	3.16%	\$131,398.6
Expense						
Academic and Research						
Faculties and Departmental Costs	66,546.3	69,635.2	3.76%	72,254.9	3.93%	75,093.6
Academic and Student Support	22,483.3	23,798.0	3.21%	24,561.4	3.08%	25,318.5
	89,029.6	93,433.2	3.62%	96,816.3	3.71%	100,412.1
Administration and Support Services						
Administration & Development	17,154.8	17,669.2	3.21%	18,236.6	3.20%	18,820.3
Maintenance & Utilities	11,234.3	11,937.7	3.73%	12,382.9	3.74%	12,846.0
	28,389.1	29,606.9	3.42%	30,619.5	3.42%	31,666.4
Total Operating Expense	117,418.7	123,040.2	3.57%	127,435.9	3.64%	132,078.3
Variable/One Time Funds				450.2	22.85%	347.3
Contribution to Capital -One Time	625.0	250.0	31.87%	170.3		0.0
Net Ancillary Operations	242.5	211.2	0.00%	211.2	0.00%	211.2
Sub-Total	867.5	461.2	80.36%	831.7	32.85%	558.5
Total Expenses	\$118,286.2	\$123,501.3	3.86%	\$128,267.6	3.41%	\$132,636.9
(Deficit)/Funding for priorities	\$0.0	(\$0.0)		(\$899.0)		(\$1,238.4)

**UNIVERSITY OF NEW BRUNSWICK
SAINT JOHN
OPERATING BUDGET MULTI YEAR PROJECTION
\$ (000)**

	Approved 2005-2006 Budget	Proposed 2006-2007 Budget	Proforma Forecast Tuition Increase 4.75%			
			% Change	2007-2008	% Change	2008-2009
Revenue						
Provincial Operating Grant	\$13,019.0	\$13,365.2	3.00%	\$13,766.2	3.00%	\$14,179.2
Tuition Revenue	\$17,268.7	\$17,551.1	0.30%	\$17,604.1	0.91%	\$17,764.8
All other non -departmental revenue	\$1,657.7	\$2,017.3	0.00%	\$2,017.2	0.00%	\$2,017.2
Total Revenue	\$31,945.4	\$32,933.6	1.38%	\$33,387.5	1.72%	\$33,961.2
Expense						
Academic and Research						
Faculties and Departmental Costs	17,637.9	18,026.0	5.07%	18,939.3	5.09%	19,904.3
Academic and Student Support	5,120.8	5,275.2	3.26%	5,447.4	2.80%	5,600.0
	22,758.7	23,301.2	4.66%	24,386.8	4.58%	25,504.3
Administration and Support Services						
Administration	4,660.3	4,753.9	4.56%	4,970.8	2.87%	5,113.4
Maintenance & Utilities	3,176.4	3,528.5	3.99%	3,669.2	3.77%	3,807.7
	7,836.7	8,282.4	4.32%	8,640.0	3.25%	8,921.1
Total Operating Expense	30,595.4	31,583.6	4.57%	33,026.8	4.23%	34,425.3
Contribution to Capital	1,200.0	1,200.0		1,200.0		1,200.0
Net Ancillary Operations	150.0	150.0	0.00%	150.0	0.00%	150.0
Sub-Total	1,350.0	1,350.0	0.00%	1,350.0	0.00%	1,350.0
Total Expenses	\$31,945.4	\$32,933.6	4.38%	\$34,376.8	4.07%	\$35,775.3
(Deficit)/Funding for priorities	(\$0.0)	\$0.0		(\$989.3)		(\$1,814.1)

**University of New Brunswick
Capital Budget Forecast
UNIVERSITY -WIDE
3 Years - 2006-07 to 2008-09**

<u>Buildings and Space</u>	<u>2006-07 Budget</u>	<u>2007-08 Forecast</u>	<u>2008-09 Forecast</u>	<u>Total</u>
<u>Ongoing</u>				
Provincial A & R Funding	\$2,174,192	\$2,239,417	\$2,306,599	\$6,720,208
Land Revenues	100,000	800,000	850,000	1,750,000
Operating Budget Contribution	450,000	450,000	450,000	1,350,000
Supplemental Infrastructure Fee	<u>1,757,175</u>	<u>1,757,175</u>	<u>1,757,175</u>	<u>5,271,525</u>
	4,481,367	5,246,592	5,363,774	15,091,733
<u>One-time</u>				
Priority Funding (previous year)	1,850,000	1,450,000	1,450,000	4,750,000
Provincial Capital Assistance	2,061,500	-	-	2,061,500
Capital Reserve	500,000	-	-	500,000
Debt and Equity Plan	8,600,000			8,600,000
	<u>\$13,011,500</u>	<u>1,450,000</u>	<u>1,450,000</u>	<u>15,911,500</u>
	<u>\$17,492,867</u>	<u>\$6,696,592</u>	<u>\$6,813,774</u>	<u>\$31,003,233</u>

Source: UNB Financial Services.

**UNB Operating Budget Forecasts
Sensitivity Analysis**

		\$ (000's)		
	<u>Factor</u>	<u>Fredericton Campus</u>	<u>Saint John Campus</u>	<u>Total</u>
<u>Revenues</u>				
Provincial Operating Grant	1% change	\$739	\$134	\$873
Tuition Fees	1% change	411	175	586
Enrolment (Tuition Fees)	1% (- 83 students-F - 26 students SJ)	435	137	572
Other Income	1%	85	20	105
<u>Expenses</u>				
Faculty Salaries	1%	550	128	678
Staff Salaries	1%	378	63	441
Overall Benefits	1%	165	37	202
Academic Pension Plan (% of pensionable earnings)	1%	500	113	613
Electricity Costs	1%	21	4	25
Heating Costs	1%	27	8	35

July 4, 2006

Source: UNB Financial Services.

APPENDIX 2

UNB FINANCIAL REPORTING PROTOCOLS

The university maintains a comprehensive set of financial accounts and records that provide for overall control and accountability as well as ensuring available funds are utilized for specified or restricted purposes.

The university prepares financial reports from those records that are suited for the particular reporting objectives. The reporting objectives can be separated into three broad categories:

1) Annual external audited financial statements

These are prepared in accordance with generally accepted accounting principles and illustrate the overall financial position of the university at a point in time as well as the overall revenues, expenses and combined results for all university funds. In the 2004-05 fiscal year, total university revenues from all sources amounted to \$233 million. There is also supplementary financial information in the notes to the financial statements which illustrates what the overall operating revenues, (on a fund accounting or cash basis) were for the year. In 2004-05, total operating revenues amounted to \$178.1 million which included \$15.8 million in revenues associated with ancillary operations.

2) Annual financial reports that are prepared in accordance with requirements of the Canadian Association of University Business Officers (CAUBO) and are used by Statistics Canada and other organizations, including universities, as a basis for illustrating, in a consistent manner, the composition of revenues and expenses at Canadian universities. In 2004-05, total revenues in this format amounted to \$249 million, with total operating revenue amounting to \$162.8 million. The primary differences between revenue figures in the audited financial statements format and those in the CAUBO format are:

- total revenue in the CAUBO format reflects restricted funding, such as research funds or donations or trust amounts when these items are received, whereas these items are only reported as revenue in the audited financial statements when the associated expenditures are made.
- total operating revenue disclosed in the summary notes in the financial statements includes ancillary revenues (for example, residence revenues) which amounted to \$15.8 million in 2004-05, whereas these items are reflected in a separate category of ancillary operations in the CAUBO reporting format.

3) Annual internal budget reports and financial forecasts

These reports are prepared in order to account for the day-to-day operating budget of the university. In 2004-05, budgeted operating revenues in this format amounted to \$144.5

million. The primary difference between the budget report format and the CAUBO format is that in the budget reports, there are revenues or cost recoveries for certain activities that are netted against associated expenses and reflected in the budget on a net basis. This approach more clearly illustrates the amount of resources that are available for allocation through the budget process. For example, the College of Extended Learning is accounted for in the operating budget on a net basis meaning that the costs associated with the activities of the college are netted against college revenues with the net result showing as a contribution in the operating budget. A similar approach is taken for external cost recoveries. For example, the UNB Fredericton campus central heating plant provides steam heat to the campus and also to the Dr. Everett Chalmers Regional Hospital and St. Thomas University. UNB charges these organizations for the cost of the steam they utilize. The charges to these organizations are netted against the total costs of the central heating plant in the UNB operating budget. The result is that UNB heating costs reflect the actual heating costs related to UNB. In the CAUBO format, these steam charges would be reflected as revenues.

It is, therefore, important that users of financial reports clearly understand the basis of the financial reporting especially if they are comparing figures from one set of financial reports to figures from another.

APPENDIX 3 UNB COMPARISON GROUPS

Comparisons of UNB Revenues and Expenses to Other Canadian Universities

Within this report, there are broad comparisons of revenues and expenses of UNB to those of other Canadian universities. These comparisons are meant to be general indicators rather than specific and direct comparisons. There are three groups of institutions that have been used for this purpose. The groupings, as well as some of the key indicators of financial resources and university size, are:

Maritime Universities

Information was consistently available for the following Maritime universities and was, therefore, used as one broad indicator:

	2004-05 Total University Revenue \$(000's)		2004-05 General Operating Revenue \$(000's)		2003-04 Full-time Equivalent Students	
		<u>Rank</u>		<u>Rank</u>		<u>Rank</u>
Dalhousie	\$415,523	1	\$255,084	1	13,620	1
UNB	249,075	2	163,014	2	11,468	2
Université de Moncton	119,954	3	80,064	3	5,487	4
Saint Mary's	102,635	4	74,253	4	7,098	3
UPEI	96,085	5	66,765	5	3,452	7
St. FX.	91,822	6	56,660	6	4,388	6
Acadia	82,428	7	56,418	7	4,833	5
Mount Allison	49,742	8	31,320	8	2,363	9
St. Thomas	33,839	9	22,409	9	3,022	8

Revenues from CAUBO; FTE calculations based on Student enrolment data from Statistics Canada.

Maclean's Comprehensive

Each year, *Maclean's* magazine performs an annual ranking of Canadian universities. *Maclean's* groups universities into three broad categories for ranking purposes: undergraduate universities, comprehensive universities and medical-doctoral universities. UNB is listed within the comprehensive category which is defined as "universities that have a significant amount of research activity and a wide range of programs at the undergraduate and graduate levels including professional degrees". The UNB figures represent the accumulation of Fredericton and Saint John campus figures. Internal comparisons are also made between the Saint John campus and a subset of primarily undergraduate universities.

The *Maclean's* group of comprehensive universities is comprised of:

	2004-05 Total University Revenue \$(000's)		2004-05 General Operating Revenue \$(000's)		2003-04 Full-time Equivalent Students	
	Rank	Rank	Rank	Rank	Rank	Rank
York	\$767,291	1	\$555,522	1	40,988	1
Waterloo	571,482	2	303,181	2	23,253	2
Guelph	520,806	3	269,425	5	17,997	5
Simon Fraser	436,778	4	295,532	3	16,580	6
Victoria	403,449	5	243,009	7	14,638	9
Concordia	379,129	6	281,940	4	22,747	3
Carleton	375,156	7	241,033	8	19,418	4
Memorial	353,389	8	244,865	6	15,480	7
UNB	249,075	9	163,014	10	11,468	11
Windsor	238,947	10	165,964	9	14,640	8
Regina	197,801	11	109,714	11	11,470	10

Revenues from CAUBO; FTE calculations based on Student enrolment data from Statistics Canada.

Group of 13 Universities

For several years, the University of New Brunswick had compared the weighted average of faculty salaries of a group of Canadian universities to UNB average faculty salaries. UNB made annual salary adjustments to its salaries to reflect changes in the group average. The group of universities used for this purpose was:

	2004-05 Total University Revenue \$(000's)		2004-05 General Operating Revenue \$(000's)		2003-04 Full-time Equivalent Students	
	Rank	Rank	Rank	Rank	Rank	Rank
McMaster	\$867,040	1	\$337,294	5	19,928	5
Calgary	814,981	2	433,079	2	25,457	3
York	767,291	3	555,522	1	40,988	1
Ottawa	701,229	4	384,354	3	26,328	2
Queens	692,676	5	371,666	4	17,690	7
Saskatchewan	593,566	6	282,127	7	17,362	8
Manitoba	581,391	7	326,379	6	21,990	4
Dalhousie	415,523	8	255,084	8	13,620	12
Victoria	403,449	9	243,009	10	14,638	11
Carleton	375,156	10	241,033	11	19,418	6
Memorial	353,389	11	244,865	9	15,480	9
UNB	249,075	12	163,014	13	11,468	14
Windsor	238,947	13	165,964	12	14,640	10
Regina	197,801	14	109,714	14	11,470	13

Revenues from CAUBO; FTE calculations based on Student enrolment data from Statistics Canada.

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