

**REPORT  
OF THE  
UNB COMMISSION ON INTER-CAMPUS RELATIONS,  
FUNDING AND GOVERNANCE**

**October 31, 2008**

**Thomas J. Condon, Commissioner  
James F. O'Sullivan, Commissioner**



Postal Address:  
133 Inglewood Drive  
Grand Bay-Westfield, N.B. E5K 2E4

Email : [intercampus@unb.ca](mailto:intercampus@unb.ca);  
Phone: 506-738-9120 ; Fax: 506-648-5528  
Administrative Services: Jane Marr

Co-Chairs:  
Thomas J. Condon  
James F. O'Sullivan

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**UNB COMMISSION  
ON INTER-CAMPUS RELATIONS, FUNDING AND GOVERNANCE**

October 31, 2008

John McLaughlin, President, and Members of the Board of Governors  
University of New Brunswick  
Fredericton and Saint John  
New Brunswick

We are pleased to submit the following Report of your Commission on Inter-Campus Relations,  
Funding and Governance, 2008.

A handwritten signature in blue ink that reads "Thomas J. Condon".

Thomas J. Condon

A handwritten signature in blue ink that reads "James F. O'Sullivan".

James F.

O'Sullivan

“There have been great changes in my time – great changes. But I can say this. Every change has been made at the right time, and the right time is when you cannot help it.”

--Prince George, the Duke of Cambridge, on the occasion of his retirement in 1895 after serving 39 years as Commander-in-Chief of the British Army

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## I. EXECUTIVE SUMMARY

The President and Board of Governors asked our Commission to examine the current state of inter-campus relations, with particular reference to finance, centrally provided services and governance matters. We were specifically directed to make our recommendations "within the guiding principle of one university with two campuses."

Our full terms of reference are contained in Appendix A of our report. In carrying out our work we requested and received a great deal of statistical information and background documentation from offices throughout the University. We also benefitted from meeting to discuss specific questions with a total of 91 individuals from both inside and outside the University (Appendix J) and received no fewer than 35 written submissions and comments from the people we met with and others (Appendix K).

**Background:** UNB's roots extend back to its 1785 beginnings in Fredericton but in 1964 it became a two-campus university when it began to offer full-time university education in Saint John. This came about not as an initiative of UNB but as a result of a public policy decision by the provincial government in response to the report of the Deutsch Royal Commission in 1962. Over the past 44 years, inter-campus relations have undergone many changes as UNB Saint John moved from being essentially a junior college to become a smaller version of UNB Fredericton, offering a more limited range of undergraduate, professional and graduate programs but with the same mission statement as the larger campus. Initially tightly controlled centrally, with its programs, faculty and staff integrated into the departments and faculties of the Fredericton campus, UNBSJ gradually gained increasing campus autonomy over academic and administrative matters during its first two decades. By 1984 its Vice President reported directly to the President, its government funding was apportioned by the University in much the same way as the University received its single grant for both campuses and it presented a separate budget to the Board. In addition, the Saint John campus, along with the Fredericton campus, was granted its own separate Senate which replaced the one University-wide Senate in which it had only limited membership.

Through these changes the Saint John campus became essentially a university within the University, smaller but organizationally on a par with the Fredericton campus – the other university within the University. Under the direction of the President and with the involvement of the appropriate Senate and the necessary final approval of all matters by the University Board of Governors, each campus has operated fairly autonomously in planning and administering its own affairs within the confines of those resources it had available -- its share of the provincial government grant, its own tuition fee revenue, and any other sources of income which it can generate.

Some functions do remain centrally administered: legal, accounting, payroll and human resource services, student financial aid, property and liability insurance, the single collective agreement that applies to faculty and librarians on both campuses, and the operation of University-wide offices such as the President, the University Secretary, Campus Planning, Development and Alumni Affairs. Until international student recruitment was assigned to the Saint John campus as a University-wide function, all centrally administered functions were based in Fredericton

campus units. Centrally provided services, or “shared services” as they are termed, are financed by each campus from its campus budget on the basis of an agreed cost-sharing formula.

Since the mid-1990s, there has been a swing back toward centralization in the management of a number of functions: communications and marketing, government relations, graduate studies and research, computing services and library collections. Created just a few months ago, the new post of provost could well impinge upon the authority of the two campus vice-presidents though the responsibilities now assigned to the incumbent are fairly closely delineated and may only be temporary. If the position does become permanent, care will need to be given to defining the responsibilities of the office and its relationship to other senior administrators.

**Financing UNB’s Two-Campus Structure:** In our discussions internally and externally and in submissions we received, the financing of UNB and particularly UNBSJ was a major concern. It is clear to us that the present arrangements, modified only very slightly over the last 30 years, are not generally well understood. Since 1976 there have been separate budgets for each campus with only a very modest President’s contingency fund, created by transfers from the two campus budgets rather than taken off the top. Provincial funding for the full range of programs currently delivered by UNB on both campuses has been inadequate for many years and the share of the government’s annual operating grant in the overall income of the University has sharply declined since the 1970s. This has only been offset to some extent by sharp increases in tuition and other student fees.

Our report examines the nature of university operating funds and the role of the formula financing method used by the provincial government in providing operating grants for New Brunswick’s four publicly-financed universities. Since the government has consistently and persistently refused UNB’s request to implement separate grants for the two campuses, the report reviews in detail how the Board has internally divided the single government operating grant and the smaller non-space capital and alteration and renovation grants between the Fredericton and Saint John campuses. However fair and reasonable the policies of the Board of Governors may have been over the past 30 years in dividing government funding between the two campuses – and we have concluded that they were fair and reasonable – the inherent lack of transparency in the process makes it easy for anyone or any group to characterize the “University in Fredericton” as being “unfair” to Saint John simply because it is larger, more developed and therefore has a larger budget. Some observers have even gone so far as to suggest that if this is the way things are perceived, that perception must be the reality whatever the facts may be. The only way to provide transparency is for the government to respond positively to the repeated requests by UNB for separate grants to the two campuses. In that way, the needs of each campus can be clearly presented to government and the consequence of government funding decisions better understood.

Budget projections for the next four years, reviewed by the Board at the time it approved the budget for 2008-09, suggest that both campuses of UNB – and UNBSJ in particular - face very difficult times ahead. Moreover, there is at present considerable uncertainty about just how New Brunswick universities are to be financed in the years to come. Major changes have been outlined in the government’s “Action Plan to Transform Post-Secondary Education in New Brunswick,” but the document is short on specifics. The funds which the government has



projected to implement the Action Plan seem also to be considerably short of what is needed. Despite these uncertainties, the University needs to carry on and so we examine how to deal with the as yet unallocated funds in the 2008-09 budget on which we were asked to make a recommendation.

**Shared Services:** From its beginning, UNBSJ has drawn on the Fredericton campus for a variety of administrative and support services. As the campus grew in size and complexity, it made sense to download some of these services in whole or in part to the Saint John campus in order to better meet the needs of its students and faculty, and to meet its responsibilities as a corporate citizen in Saint John. Initially they were provided on a kind of “grace and favor” basis, which was never very satisfactory. It has long since become the practice for the Saint John campus to pay for the services obtained from Fredericton from its regular operating budget funds, with adjustments made as activities are devolved to Saint John or new services come into being. The consulting firm of Clarkson Gordon examined the matter of shared services in the 1980s and concluded that both campuses benefited from this arrangement, which provided each with efficiencies and cost savings. This still seems to be the case.

As universities everywhere are increasingly finding ways of working together in research and teaching, in purchasing supplies, in creating common computer services and networks, UNB’s two campuses have been finding ways of doing more together, extending the concept of shared services. The two campuses are now doing more by way of coordinating computer activities, sharing expensive library resources for teaching and research, and working together in student recruiting, communications, marketing, development and government relations. Some of these efforts are in early stages and will need to be tested to ensure the actual needs of each campus continue to be met effectively. Some seem to have come into being in unplanned, informal ways and through *ad hoc* arrangements. In fact, at the present time, neither senior management nor the Board of Governors receives a formal annual budget covering the full range of shared services now in place, and there is no regular review of how well the shared services are working, what needs to be done to improve them, and the merits of extending the sharing of services to other campus operations. It is clear to us that the University should become much more proactive and systematic in monitoring the operation of all shared services and in exploring new areas for cooperation and collaboration.

**Governance Issues:** We were asked to look at a variety of issues related to the governance of a two-campus university. These include the functioning and relationship of the two Senates within the University and how basic uniformity in policies can be maintained with sufficient flexibility to recognize appropriate differences in the size and programs of the two campuses. When there are differences between the views of the two Senates there is clearly a need for dispute resolution mechanisms to be in place so that the Board of Governors is not placed in the awkward position of having to choose between conflicting academic recommendations. Given the importance of inter-campus relations to the well-being of the University, we have examined how well the University is managing this extensive and complex area of UNB life. We were asked as well to examine the ease with which students can transfer within the University and from other institutions. The need for greater community involvement in matters related to the governance of the Saint John campus and the University is frequently voiced and we have considered ways in which more can be done. In the light of the government’s expressed interest in receiving five-

year strategic plans from all New Brunswick universities, we explore how important it will be for UNB to use this opportunity to develop specific mandates for its two campuses and to set new goals for each.

**Concluding Comments:** For better or worse, the two campuses of UNB have been joined together for the past 44 years. The relationship has had its ups and downs but on the whole it has worked reasonably well, providing benefits for both campuses. The refusal of successive governments over the years to provide separate grants for Saint John and Fredericton has occasioned frustrations and misunderstandings within the University and between the Saint John community and the University. We feel the time has come for government to deal with this fundamental financial issue and to recognize that UNBSJ has transitioned from being a junior college to a full-fledged university, comparable in educational functions and financial requirements with the other universities in New Brunswick.

**Summary of Recommendations:** We have summarized our eight recommendations at the end of our report. Full details and the analysis supporting our proposals are set out in the appropriate sections.

## II. INTRODUCTION

The defining feature of today's UNB is that it is a *two-campus* university. Yet the daily perceptions and preoccupations – both inside and outside the University – are quite different.

UNB in Fredericton is rooted deep in the past. It came into being years before Canada became a country. It was for many decades the only university in New Brunswick receiving financial support – however scanty – from the provincial government, and was a leader nationally in pioneering such degree programs as engineering, forestry and computing science. The “Old Arts Building” and the surrounding red-brick campus on the hill is a dominant feature in the City of Fredericton, and the Fredericton campus has become one of the largest employers in the community.

The UNB campus in Saint John came much later. It is the university presence that the residents of the Province's largest city struggled to obtain 50 years ago and to maintain ever since – the one they fought so vigorously and effectively to keep this past year when it was threatened with separation from UNB and merger with the Community College to form a “polytechnic.” While it has introduced programs of its own, the Saint John campus offers traditional programs in arts, science and business like those in Fredericton and at other universities, and provides a research base through graduate programs to the Ph.D. level that is needed in greater Saint John. However, it remains much smaller – with only about 25 percent of the enrolment, fewer degree and graduate-level programs and roughly one-quarter of the budget of the older campus in Fredericton.

How to govern and manage the current two-campus university is the preoccupation of only a few – the members of the Board of Governors, the President and the senior administrators on both campuses. Many decision-making processes and services now take place at the campus level, and for most faculty, staff and students daily life is what happens on their own campus. In terms of awareness much activity on the other campus could as well be occurring in a separate university far away.

Yet the overriding reality is that the futures of the two campuses are bound together. If one gets into difficulty, the consequences spill over onto the other. If one seems to prosper more than the other, concerns about “fairness” are bound to arise.

Our Commission was established in late March of this year to look into the current state of inter-campus relations and to make recommendations “within the guiding principle of one University of New Brunswick with two campuses.” We were asked to propose:

- “1. a financial and funding model appropriate to the two-campus structure, that will support and enable financial sustainability of each campus and the University over the long term;
2. the role and financing of services provided centrally to both campuses;
3. a governance structure and functions appropriate to the two distinct but integrated campuses of UNB . . . .”

Not surprisingly the question of finance was the subject most commonly raised, directly or implicitly, in the submissions we received and the meetings we held. But the focus of our other terms of reference – joint endeavour and the sharing of services, and appropriate forms of governance for a two-campus enterprise – could well have greater long-term significance. Certainly they have been the more difficult to analyze and address.

We have been impressed, unfavorably we have to say, about the little attention paid to inter-campus relations in UNB's day-to-day operations. The last comprehensive review of inter-campus matters initiated by the University was in 1984 – a quarter-century ago. It is striking that such a key part of UNB's reality could go so long without a serious review. It has meant, for one thing, that much information on current arrangements that we thought would be available as a matter of course had to be compiled especially for us.

We hope that this report will cause the University to think about inter-campus matters more carefully – and more frequently – and to chart a clear course that will be of greater benefit to both the Saint John and Fredericton campuses in the years ahead.

### **Acknowledgements**

We received help from many people in carrying out the work of our Commission. We are particularly grateful to the 91 individuals from inside and outside the University who provided information and met with us, some of them several times, to discuss various aspects of the current relations between the Saint John and Fredericton campuses (Appendix I). Some of them – and others – also provided us with 35 written submissions or comments (Appendix J). We benefited greatly from the knowledge, experience and perspectives they shared with us.

Others helped in various ways to compile important background information and documentation, including Stephen Strople, Sarah DeVarenne and Betty Madsen of the University Secretariat; Cathy Mahboob in the Office of the Vice-President (Finance and Corporate Services); Larry Guitard, Ernie Robinson, and Trevor Gonnason of Financial Services; and Susan Allen in the Office of the Assistant Vice President (Financial and Administrative Services). All of this was in addition to their regular duties.

We are especially indebted to Jane Marr for a wide range of administrative services and for so ably maintaining our virtual office. She organized scores of meetings, deciphered our drafts and produced this report with patience, skill and good humour. It was a pleasure to work with her.

### III. THE MAKING OF A TWO-CAMPUS UNIVERSITY

The University of New Brunswick's story is that of conflict between academic goals and New Brunswick realities. From the beginning the ambition has been to offer academic opportunities of a standard that will be widely accepted and the struggle has been to obtain sufficient resources – money, people and facilities – to sustain the range of programs offered.

The beginnings of this struggle can be traced back to 1785 when, shortly after the arrival of the Loyalists from the United States, Crown land was set aside in Fredericton to permit establishment of a state-supported “academy of liberal arts and sciences.” However, it was not until 1793 that the Legislature approved a grant for the new institution, and the trustees were able to purchase “a new well-built house ... sufficient, at least for some years to come, for all the necessary purposes of the College.” Indeed, although a provincial charter re-established the academy as the College of New Brunswick in 1800, it would take until 1828 for the College to confer its first (and) last three degrees.

Shortly afterward, a Royal Charter transformed the institution into Kings College, which was able to begin operations in a new building “up the hill” in Fredericton – the building still in use today as Sir Howard Douglas Hall, home for the University's central administrative officers.

However, King's College had connections to the Church of England, and was not seen to serve the interests of members of other religious denominations who repeatedly challenged the allocation of public money to the College. After a report submitted in 1854 by a Commission headed by the Honourable John H. Gray, the Legislature acted in 1859 to repeal the provisions relating to King's College that “had not been found adequate” and to pass “An Act to Establish the University of New Brunswick” intended to abolish all religious preference and to expand courses such as engineering and surveying considered to be more appropriate to the needs of the population at large.

Still government financial support for UNB was limited, continuing virtually unchanged over the whole 78-year period between 1829 and 1907. Over the years five charters were granted to initiate private universities in various other centres in New Brunswick, and in the 1950's all six institutions began to receive small but significant operating grants directly from the federal government.

With a rising demand across Canada to provide new space in universities to accommodate the “baby-boom” children born immediately after the Second World War, pressures developed to extend provincial government support to the six institutions then operating in New Brunswick. Ironically, with the exception of the UNB Law School that would move to Fredericton in 1959, not one of these existing institutions was located in Saint John, the Province's largest city. Early in 1961 a bill was presented to the legislature to establish a new independent college in that community.

In May 1961 the provincial government appointed a commission headed by John J. Deutsch to recommend “how the future requirements of the Province in the field of higher education may

best be met (and) the available resources of the Province can be used in the most efficient manner.”

The Commission concluded that the existing proliferation and dispersion of efforts would make it impossible to sustain real progress. To put in place an institutional framework which would avoid wasteful duplication, promote the development of necessary programs with good academic standards and justify the investment of larger amounts of provincial government support, the Commission recommended – and both the institutions and the government agreed - to implement the following changes:

- to consolidate the existing three French-language universities and their network of affiliated colleges into a single university organization, now known as the Université de Moncton with its main campus in Moncton and two smaller operations in Edmundston and Shippagan;
- to accept Mount Allison’s plan to continue development as a specialized undergraduate institution of limited enrolment;
- to move St. Thomas University from Chatham (now part of the City of Miramichi) to the Fredericton campus of the University of New Brunswick, where it could take advantage of the facilities available there and operate as a specialized undergraduate institution through a federation agreement with UNB;
- to have the University of New Brunswick establish a permanent branch in Saint John, to “offer immediately the full first two years of the University’s regular degree programs in arts and science, with further development as justified by requirements and the availability of adequate resources.”

Instead of supporting creation of an entirely separate institution in Saint John, the Commission believed the community “would be better served through the establishment of a full-time branch of the University of New Brunswick. By taking advantage of the academic services, administrative experience and central facilities of the Provincial University, higher education would be firmly established in the Saint John area, with assurance that the resources involved would be applied from the beginning toward instruction of a widely accepted standard . . . (and to facilitate) recruiting and retaining qualified academic staff in competition with larger, more fully-developed institutions.”

From the outset, the involvement of UNB in full-time university education in Saint John was the result of public policy – not an initiative of the University itself.

Initially the Saint John campus operated as an extension and under the jurisdiction of the respective faculties and departments on the Fredericton campus, with the management of local operations in Saint John assigned to a principal – a position below the level of vice-president. Classes in arts and science began in September 1964. In 1966 first-year courses were instituted in business administration, engineering, forestry, physical education and nursing. By 1969 operations were transferred from temporary quarters to permanent buildings on the new Tucker Park campus in the Millidgeville area of the city. The first, limited, full degree programs were initiated in 1972.

As activity and enrolments expanded in Saint John, the lack of local autonomy in operations, staffing, planning and development created serious difficulties. Moreover, there was little representation of the Saint John campus on the important decision-making bodies of the University.

In 1974 the University appointed a committee, chaired by Dr. Deutsch, to carry out a major review of the developments which had taken place over the previous decade. The review committee recommended that the role and scope of the Saint John campus be developed to meet more fully the aspirations of students and the needs of the Saint John community and the province, and that administrative changes be made to allow the campus to plan and carry out its programs more effectively.

Among other proposals, the committee recommended major changes in the academic programs being offered; the appointment of a Vice-President (Saint John), to be responsible for academic, administrative and financial matters and reporting directly to the President of the University; the creation of a Saint John Committee of Senate to be responsible for advising the full Senate on all academic matters pertaining to Saint John; establishment on each campus of separate revenue and expense budgets, and implementation by the provincial government of separate operating grants for each campus. The University responded positively to these recommendations. However, separate government grants were not implemented, and the University was left to divide its total operating grant to each campus.

In 1984 a further review was carried out by the Committee to Review Inter-Campus Relations (CRICR). Chaired by President James Downey and with equal membership from both campuses, the Committee found that the trend toward increased autonomy had “continued steadily and amicably . . . with the Saint John campus increasingly taking the initiative in exercising and developing that autonomy.” The Committee concluded that more change was necessary, and recommended among other matters:

- the institution of separate Senates for the two campuses, along with a number of measures intended to assist in obtaining agreement between the Senates as required for university-wide issues,
- initiation of Saint John-based graduate programs, to be administered through a University-wide School of Graduate Studies,
- improving upon the existing shared administrative and support service arrangements between the campuses to benefit both locations in terms of financial economies and the quality of services received,
- requesting once more the creation of separate government grants for each campus. The Committee felt that it would be undesirable to revert to a single University-wide budget with allocations based on review by the University’s senior administrators and Board of Governors of competing proposals from each campus. Nor did it favor continuation of the existing internal formula (or some modification of it) for dividing the University’s total grant between the campuses, “since a purely internal formula is not able to provide the additional resources required to compensate adequately for rapid enrolment growth or increased needs on one campus without adversely affecting the other.” The Committee concluded that “conversion to separate government grants for each campus is an

important stage in the evolution of the two-campus, one-university institution, and that relations between the two campuses, which have improved dramatically during the past few years, will be strengthened by this reinforcement of the concepts of local fiscal responsibility.”

- seeking a special grant to offset the cumulative impact of enrolment growth on the Saint John campus that had not been recognized in the provincial government’s operating grant for UNB. [In 1989-90 a modest adjustment of \$700,000 (less than requested) was made in the UNB base grant by the government and allocated by the University to the Saint John budget.]

However, the government did not agree to establish separate annual operating grants for each campus. In lieu of separate grants, the University has since 1986-87 adopted for the internal division of its overall government grant the same formula used by the government to calculate grant amounts for the four eligible universities (UNB, Moncton, St. Thomas and Mount Allison). In other words, it has aimed to make the internal distribution as close as possible to the amount which would be calculated for the Fredericton and Saint John campuses if they were treated as independent institutions under the provincial grant distribution formula.

Nearly five decades have passed since the provincial government appointed the Deutsch Royal Commission in 1961, and total university enrolment in New Brunswick has expanded dramatically over those years. UNB continues to account for about one-half of the student population, but a good part of its enrolment is located on the Saint John campus, which is now comparable in size to St. Thomas and Mount Allison.



**TABLE 1**  
**Change in Full-Time Enrolments at Publicly-Supported**  
**New Brunswick Universities, 1961-62 to 2006-07**

	1961-62		2006-07	
	Students	% of Total	Students	% of Total
<i>University of New Brunswick</i>				
Fredericton	2,170	47.4	7,606	39.1
Saint John	-	-	2,229	11.5
<b>Total for UNB</b>	<b>2,170</b>	<b>47.4</b>	<b>9,835</b>	<b>50.6</b>
<i>Mount Allison</i>	1,219	26.7	2,133	11.0
<i>St. Thomas</i>	199	4.4	2,532	13.0
<b>Total for English-language Institutions</b>	<b>3,588</b>	<b>78.5</b>	<b>14,500</b>	<b>74.6</b>
<i>Université de Moncton</i>				
Moncton	588	12.8	4,020	20.7
Shippigan	189	4.1	408	2.1
Edmundston	208	4.5	496	2.5
<b>Total for Université de Moncton (French-language Institutions)</b>	<b>985</b>	<b>21.5</b>	<b>4,924</b>	<b>25.4</b>
<b>Total for New Brunswick</b>	<b>4,573</b>	<b>100.0</b>	<b>19,424</b>	<b>100.0</b>

**Notes:**

- Individual percentages may not add to 100 due to rounding.
- St. Thomas University was located in Chatham (now part of the City of Miramichi) in 1961-62, in Fredericton in 2006-07.
- Campuses for the Université de Moncton are shown as currently constituted. In 1961-62, before formation of the Université de Moncton, there were three independent French-language universities which had authorized a total of five affiliated colleges also to offer courses counting for degrees from these universities. St. Joseph had campuses in Moncton and Memramcook plus three affiliated colleges in the Moncton area. Sacred Heart was located in Bathurst with an affiliated college in Shippagan. St. Louis was located in Edmundston with an affiliated college in St. Basile. Enrolments shown for 1961-62 include all these locations.
- Enrolment numbers exclude part-time students.

**Sources:** 1961-62, Report of the Royal Commission on Higher Education in New Brunswick (1962); 2006-07, Maritime Provinces Higher Education Commission.

Between the years 1964-65 and 2007-08 there have been varying efforts both to centralize and decentralize UNB's two-campus operations. In the early years there was a high degree of centralization. This began to change after 1972 as four-year degree programs were introduced and as the practical experience of the initial years suggested the need for greater autonomy for Saint John campus operations. As the Committee to Review Inter-Campus Relations (CRICR)

noted in 1984, the trend toward increased autonomy had “continued steadily and amicably . . . with the Saint John campus increasingly taking the initiative in exercising and developing that autonomy.” With the initiation of separate senates in 1984, the University became a true two-campus university, each with separate budgets and senates, presided over by a single President and Board of Governors. Local autonomy continued apace until the mid-1990s when there began a trend back toward some new elements of centralization with the creation of more University-wide functions and shared services between the campuses to achieve greater efficiencies, effectiveness and cost savings, as well as to develop more uniformity and control over some activities. The shifting pattern of centralization and decentralization is outlined in Appendix I.

In 2007, the provincial government established a Commission on Post-Secondary Education in New Brunswick. Among its various recommendations, that Commission proposed that the Saint John campus be separated from UNB and merged with the community colleges in Saint John and St. Andrews to form a new Saint John Polytechnic. There was a strong reaction, both inside the University and throughout the broader community, against the threat which this seemed to pose for existing degree programs and potential future development of the Saint John campus.

After much uncertainty, Premier Shawn Graham announced in his “State of the Province Address” on January 31, 2008 that “the University of New Brunswick in Saint John will remain the University of New Brunswick in Saint John. UNBSJ will retain programs like the liberal arts while expanding with new program offerings to meet emerging economic opportunities in the Port City and beyond. The University of New Brunswick will soon be creating a commission to review the relationship between the Fredericton and Saint John campuses and to make recommendations for improvement. Our government supports this important initiative.”

Our current study is the first major review of inter-campus relations at the University of New Brunswick in nearly a quarter-century.

#### IV. FINANCING UNB'S TWO-CAMPUS STRUCTURE

The Fredericton campus of the University of New Brunswick was initiated in the late 18<sup>th</sup> century to fulfill the immediate educational aspirations of a new wave of settlers. It then evolved over many decades to offer a much broader range of educational opportunities to students from throughout the Province of New Brunswick and elsewhere. The Saint John campus came into being nearly 180 years later – in 1964 – as a necessary step to establish a permanent university presence in the Province's largest city. Both ventures were the outcome of public policy, and at times the operations of these two campuses have been complementary and mutually reinforcing. However, conflicts and contradictions do arise. Nowhere is the conflict – and controversy – more apparent than in the division of financial resources. The Board of Governors and the administrative structures which it has put in place, have been made responsible for managing these two distinct operations within the framework – and financial limitations – of a single corporation.

Although the University has responded to expressed campus, community and provincial needs in developing a wide range of academic, professional and research programs on both campuses, many of these programs are small and not well funded by national standards. The financial reality is that UNB has had great and continuing difficulty in obtaining the necessary resources to achieve and maintain acceptable standards for the variety of programs it offers. At the same time, to terminate some of these programs would require the residents of New Brunswick to go elsewhere to pursue their studies, and the community would lose local access to the expertise and resources now available.

Only in a few cases – for example, in 1972 when Teacher's College was merged with the University's Faculty of Education and most recently to enable substantial expansion of enrolment in nursing – has the provincial government provided designated funding to support new academic programs. Generally the University has had to rely on its regular government operating grants and the additional tuition fee income from increases in total enrolment to finance new program initiatives. UNB has not enjoyed the luxury of having financial reserves to support program development. The reality is that the creation of most new programs has meant stretching existing financial resources even more thinly.

Current and prospective budget pressures have added new stress to the natural tensions involved in having to share limited resources. Declining enrolments, reductions in faculty and staff numbers, rising electricity and heating costs, aging buildings and equipment with a large backlog of expensive maintenance and upgrading requirements, the need to adopt new technologies, growing public pressures to take on new programs and directions, more intense competition from other universities and different forms of post-secondary education – all these have impacted the vitality and viability of both campuses.

Although some operating expenses have been reduced on both campuses, the University's projections show a widening shortfall between existing sources of revenue and ongoing expenses. The current outlook for the Saint John campus is especially severe. These existing budget pressures make it even more difficult for the University to respond to new needs and opportunities.

The purpose of this section is to examine the University's existing budgeting arrangements for the Fredericton and Saint John campuses, how and why they have developed, and the consequences which flow for the progress and success of each campus.

In this section and throughout the report we refer many times to "provincial government grants". While the provincial government is responsible for determining the amount of these grants and any conditions attached to their expenditure, the government has over the years often based its decisions on the recommendations of special advisory agencies -- such as the New Brunswick and the Maritime Provinces Higher Education Commissions -- which it established for this purpose. The amount of authority delegated to such advisory agencies has varied from time to time, and the government has always remained free to accept or reject the advice it received. Indeed, it has sometimes sent recommendations back to the advisory agency with direction for further consideration and revision. The government's June 2008 "Action Plan to Transform Post-Secondary Education in New Brunswick" indicates that the present "university and community college funding formulas will be modernized and replaced" and that under the new arrangements "each public institution will submit a five-year strategic plan, including an annual business plan to government." We have therefore elected in this report to use the terminology "provincial government grants" to indicate the source and authority for such funds, regardless of the steps taken in reaching the final decision.

### **The Nature of University Operating Costs**

Like other enterprises, universities have to manage a mixture of fixed and variable operating costs. The fixed costs reflect the basic services needed by universities to continue their current range of program offerings. Typically these will include the faculty and support staff, library, laboratory and computer resources, and the building space required for these programs. There will be some additional operating costs if enrolment increases modestly -- perhaps more laboratory supplies or part-time faculty and staff will be needed -- but these variable costs will be small compared to the fixed operating costs.

Should enrolment be expected to increase substantially, more faculty, support staff and other resources -- perhaps even additional building space -- must be obtained. This causes the institution's fixed costs to grow. Similarly, significant additional resources are required if the university is to initiate new programs which involve different expertise, laboratory or other facilities than it already has.

The level of fixed costs is also influenced by competitive factors. Salaries and benefits, especially for the most qualified faculty and staff, are subject to the demand for these key personnel elsewhere in Canada and abroad. Similarly, library, laboratory and computing resources, student services and recreational programs must be comparable to those at other institutions which compete for the same students, faculty and staff.

Declining enrolments have little effect on fixed operating costs -- unless the university chooses to downsize or reduce its program offerings in response. It takes time to effect these changes, and

an institution will be reluctant to scale back unless smaller enrolments are seen as permanent – not temporary.

To finance their annual operating costs, public universities in New Brunswick depend, mainly, on a combination of provincial government grants and tuition fees. Income derived from other sources – such as grants for specific research projects and private donations – can be important, but the amounts paid by the provincial government and students are still key to the university's financial health.

For the University of New Brunswick, government grants and tuition fees currently represent close to 95 percent of annual operating revenue:

<b>TABLE 2</b>		
<b>Sources of Operating Income, University of New Brunswick</b>		
<b>2007-08 and 2008-09</b>		
	<b>2007-08 Budget</b>	<b>2008-09 Budget</b>
Provincial Operating Grant	58.0%	60.1%
Tuition Revenue	36.7	33.9
Other Revenue	5.3	6.0
Total Operating Revenue	100.0	100.0

**Note:** Operating revenue excludes ancillary enterprises (such as residences, food services and book stores which generate their own revenues and are intended to operate on a break-even basis), specific research grants and expenditures from restricted funds not available for general operating purposes.

The rise of the provincial government operating grant as a percentage of total operating revenue for 2008-09 reflects a government decision to impose a one-year freeze in tuition fees charged by all New Brunswick universities – now among the highest in Canada – and to offset the impact of this fee freeze on university operating revenue budgets by means of a special increase in grant support. Grant and fee policy for 2009-10 and subsequent years has not yet been determined.

### **The Role of Formula Financing**

For more than four decades, New Brunswick government operating grants for the province's universities have been determined by formula. Universities do not submit proposed budgets to the government, but receive their formula operating grants as a lump sum. The formula grants are provided for the support of approved programs of instruction, and institutions are not supposed to use the province's general operating grants for ancillary enterprises (such as residences, food services and bookstores), food services, scholarships, intercollegiate athletics, contract research or capital projects. Apart from these minor limitations, institutions are free to allocate their formula grants to the activities they consider most important for institutional effectiveness. This traditional arm's length approach to institutions' internal budget allocations has served to reinforce the concepts of university autonomy and academic freedom.

Some provincial government grants (such as those for building alterations and renovations or for the expansion of nursing enrolments) are provided for designated purposes, but these have been small, and by far the largest part of the province's annual financial support – about 95 percent – is unrestricted.

The success of the formula approach depends upon four assumptions:

- the individual institution – not a central agency – is in the best position to make detailed spending decisions for academic programs;
- the total amount of the formula grant is appropriate for the range of programs being offered;
- the university will operate in a fiscally responsible way, by limiting its overall spending to the financial resources (grants, fees, donations and other income) it has available, and
- the government will not be responsible for absorbing any deficits.

To reinforce the no-deficit rule, government policy stipulates that institutions that do incur accumulated deficits in excess of 2 percent of their annual operating grant are required to reduce such deficits by a minimum of 2 percent of next year's operating grant. In other words, the institution will then have to increase its other revenue or reduce its spending to achieve the required deficit reduction.

Since the 1960s, the University of New Brunswick has been treated as a single entity for provincial government grant purposes, leaving the institution to decide how its total grant is to be distributed between the Fredericton and Saint John campuses.

### **Initial Budget Arrangements for UNBSJ**

As indicated earlier, the Saint John branch of the University of New Brunswick began operation in 1964, in temporary space, under “the jurisdiction of the respective faculties and departments in Fredericton.” At the outset, the Principal of the Saint John branch and some other employees were located in the city, but faculty from Fredericton also travelled to the city to teach various courses.

In its early years the Saint John campus offered the first two years of four-year degree programs in arts and science, with first-year offerings in business administration, forestry, engineering and physical education. Courses taught in Saint John were identical to those taught in Fredericton, and upon their successful completion students could transfer to Fredericton for the remainder of their bachelor's degree program. Total full-time enrolment rose from 97 in 1964-65 to 340 in 1966-67, and was projected to grow to 1,000 by 1975-76.

An independent advisory Committee on the Financing of Higher Education in New Brunswick, appointed by the provincial government, observed in its 1967 report that “despite the less-extensive program now being carried on in Saint John, with the present student numbers, academic expenditures per student have been somewhat higher than on the Fredericton campus. While significant growth of enrolment will occur in the years ahead and is likely eventually to warrant more advanced courses, provision of adequate standards of full-time instruction at higher levels would be very expensive at this stage.” Indeed, and despite the stated policy of formula

financing, the provincial government had "found it necessary to make special grants to the University of New Brunswick to cover operating losses incurred through the unexpectedly high costs of the operations of its new Saint John branch. These deficits have been as follows: 1964-65 \$68,000, 1965-66 \$110,000; 1966-67 (estimate) \$80,000." The provincial Committee concluded that "there should be a continuing review of the progress being made in developing this institution, with a view to fostering its further development as circumstances require and adequate resources are available."

The number of full-time faculty rose from six in 1964 to more than 40 in 1969, when a new permanent campus was opened at Tucker Park. However, the Saint John campus had been established with virtually no local autonomy for planning and development, and there was no direct access to provincial government grants to support operations. With no financial relief forthcoming from the provincial government, only slow progress could be made in expanding programs and extending them to the full degree level. In 1972 the New Brunswick Higher Education Commission again advised the University that a judgment on the availability of adequate funds to implement new academic programs could be made "only" by the University itself: no supplementary aid would be provided for this purpose

Implementation of new activity in Saint John consequently continued to be dependent upon budgetary processes in Fredericton, where proposals for spending in Saint John had to compete directly with proposals for the Fredericton campus. As Peter McGahan observed in *The "Quiet Campus"*, the position of Principal in Saint John was increasingly "marked by responsibility without concomitant authority."

### **1974 Proposals for Separate Operating Budgets and Government Grants for Each Campus**

In 1974, the University invited Dr. Deutsch to return to the Province to chair a Saint John Campus Review Committee to make recommendations for the future development of that campus. The Committee recommended the modification and expansion of academic programs in a number of areas, and came to the conclusion that "the possibility of a viable institution in the future requires the transfer of authority and the appropriate degree of autonomy which would enable the Saint John campus not only to initiate but to plan and to execute its programs and to be held accountable for them." The Review Committee recommended that the Saint John campus have its own separate budget, prepared by the authorities for that campus and submitted directly to the Board of Governors, which would be responsible for its coordination with the budget for the Fredericton campus. Moreover, the Review Committee recommended that the provincial government provide **separate** operating grants for each campus.

UNB acted positively on these recommendations. Separate campus budgets were established, along with the appointment of a Vice-President (Saint John) who was made responsible for academic and administrative matters for that campus, reporting directly to the President. The Vice-Presidents on the Fredericton campus were to be available for consultation and advice, but the Vice-President (Saint John) would not be required to report through them.

At the same time, the provincial government did not act on the Deutsch Committee's recommendation to implement separate government operating grants for Fredericton and Saint

John, and the University remained responsible for splitting its total grant between the campuses. In the absence of separate operating grants, the Board of Governors approved an internal formula to split the grant. This formula divided the total grant between the campuses entirely on the basis of each campus's share of Weighted Full-Time-Equivalent Enrolment (WFTE), averaged for a three-year period. In keeping with the government formula by which the University itself was then funded, different weights were applied to each type and level of academic program. These weights were intended to recognize in a rough way that there are large differences in *average* operating costs for these programs throughout the entire university system. Formula weights are not intended to determine the actual budget allocations for these programs at a specific institution.

The weighting system, which is still in use today, can be summarized as follows:

<b>Academic Program</b>	<b>Level of Program</b>		
	<b>Under-Graduate</b>	<b>Master's Level</b>	<b>Doctoral Level</b>
Arts	1.5	3	6
Business	2	4	8
Education	2	4	8
Science	3	6	12
Computer Science	3	6	12
Forestry	4	8	12
Kinesiology	4	8	12
Law	4	8	12
Nursing	4	8	12
Engineering	4	8	12

The University also adopted a formula approach to the inter-campus distribution of the two forms of annual restricted operating grants, which in total amount to approximately 5 percent of total provincial government operating assistance. It used the weighted enrolments to distribute so-called non-space grants for financing eligible equipment and library purchases. The block grant received for building alteration and renovation projects was also distributed by formula: half on the basis of weighted enrolments, and half on the basis of the physical plant space that must be maintained at each location. Both these formulas paralleled the methods used by the provincial government to allocate these restricted operating funds among institutions.

At the time that the internal formula approach was adopted by the University, continuation of the existing level of expenditure per student in Saint John required funding above the amount provided by the enrolment-based formula for unrestricted operating grants. Under the plan approved by the Board of Governors on March 21, 1978, this additional funding was reflected in a supplementary grant amount, that was to be phased out over a period of five years (or more quickly if enrolments grew at rates in excess of those specified in the formula). The premium support level for the Saint John campus did in fact end in 1982-83, and starting in 1983-84 each campus's share of the government grant reflected its share of weighted full-time-equivalent enrolment, averaged for the most recent three-year period.



Since the 1970s, most other revenues (such as tuition fees, research grants and contracts, and the sale of services to outside organizations) have been allocated to the campus that generates them. Short-term investment income is distributed between the campuses in relation to their shares of all other revenues. Trust funds that are restricted to a specific use (such as scholarships) but are available for use on either campus are managed on a University-wide basis.

Ancillary enterprises such as residences, food services and bookstores are budgeted separately by campus, with any deficit to be financed from the other revenues available to that campus. Any surplus from ancillary enterprises is available to support other operations on the campus where it is earned.

The fiscal transfer paid by the provincial government with respect to the costs of the various services provided by the Fredericton campus to St. Thomas University is credited to the Fredericton budget.

The University policy of stand-alone budgets requires each campus to achieve a balanced budget within the limits of its total funding, with any surplus or deficit carried forward to be taken into account in the development of the following year's budget for that campus.

In short, the University has had since the 1970s a comprehensive budget policy framework which forces each campus to look to its own sources of revenue – including its share of provincial government operating grants – to support its operations. There is consequently a built-in incentive for each campus to seek as much non-grant income as possible, and to spend its available income in the most efficient and effective way. In that respect, the Fredericton and Saint John campuses have been treated very much as if they were independent institutions. However, the University of New Brunswick as a whole remained responsible for enforcing these rules, and the provincial government continued to view the University as a single entity in assessing its conformity with provincial government policy requirements.

For Saint John, separate budgets, together with acceptance of the 1974 Deutsch Committee recommendation that made the Vice-President (Saint John) a direct report to the President, meant that responsibility and authority were joined together, allowing the Saint John campus to operate with greater autonomy.

### **CRICR and the Granting of Greater Operating Authority to UNBSJ**

Completed in 1984, the Report of the Committee to Review Inter-Campus Relations (popularly known as CRICR, pronounced “cricker”) marked another important milestone in the evolution of arrangements between the two campuses. Implementation of the Committee's proposals to create a separate academic senate for each campus and to encourage the spread of graduate studies and research on the Saint John campus put in place new procedures which have guided the development of new programs and activities on each campus for more than two decades. These changes strongly reinforced the decentralizing trend toward campus autonomy and responsibility that began in the mid-1970s.

The Committee called once again for the introduction of separate government operating grants for each campus. Before doing so, it identified the three main options for funding the two campuses:

- "a) to revert to the arrangement whereby senior administration and the Board of Governors determined the inter-campus allocations based on their assessment of the merits of competing proposals that come forward;
- b) to continue the present formula (or some agreed modification of it) in operation of a further fixed period, say, five years;
- c) to request that the Higher Education Commission adopt the policy of calculating separate grants for each campus"

The Commission went on to say:

"We believe that the first option of reverting to a single University-wide budget would lead to renewal of serious inter-campus disputes over the sharing of resources, with no decisions accepted as equitable by those whose proposals were regularly rejected. Probably even more disruptive would be the adverse impact this process could have for the ability to carry out locally the longer-term planning required by each campus. The second approach of continuing the existing formula, or some agreed modification of it, has much to recommend it. However, use of an internal formula does make it difficult for the University to put forward effectively the case to increase the support for an individual campus, since an external body such as the Higher Education Commission can respond simply that the needs of that campus should be met by a reallocation of resources within the University. We prefer the third option, and *recommend that the University ask the Higher Education Commission to introduce separate grants for each campus . . . (The) future development of both our campuses, and the government's role in financing them, would be better defined if the Commission and the government, rather than the University, specified the amounts to be allocated to each campus.*"

Once again the University's request for separate grants was refused.

### **Changes in Government Grant Formula**

Although the University had not revised its internal enrolment-based formula for splitting its annual government operating grant between the campuses, there had been a major change in the way provincial government grants were calculated for UNB and the other universities in the Province. For much of the 1960's and '70's, government operating grant formulas in many Canadian provinces were based almost entirely on weighted enrolment figures. In times of rising enrolments, this meant that both tuition fee and government grant revenue would increase proportionately. This revenue growth was often faster than the increase in operating costs for current activities, thereby encouraging creation of new programs and the enrichment of existing ones. However, demographic studies in the late 1970's indicated that university enrolments were

likely to level off and even decline. As a result, institutions became alarmed by the prospect that their fee and grant revenue could decline in step with enrolments, while their expanded fixed operating costs (for faculty, staff and facilities) would remain largely unchanged, at least for the immediate future.

These concerns led to a revision of the government's grants formula which reduced the effect of enrolment change on total grant amounts. Although enrolments did not decline as projected, but in fact rose sharply for a number of years, the revised allocation formula has remained in place since 1979-80. The grant calculations for 2008-09 therefore mark the 30<sup>th</sup> time it has been used. This current formula consists of two components:

- 1) a Flat (or Base) Grant, representing 75 percent of an institution's total unrestricted funding for the previous year, which is increased/or decreased by a uniform percentage for all institutions, depending on the total amount of government funding provided, and
- 2) an Enrolment Grant, accounting for the remaining 25 percent of total unrestricted operating assistance. This portion is distributed on the basis of a three-year rolling average of weighted full-time-equivalent enrolment at each university.

In 1981, a Joint Finance Committee appointed by the Maritime Provinces Higher Education Commission and the Association of Atlantic Universities in 1981 examined the issue of whether institutions with more than one campus should receive additional assistance to offset extra costs arising from multi-campus operations. As stated in the report, "the additional costs identified in the review consist of:

- 1) teaching – costs associated with course offerings duplicated at satellite campuses that could be accommodated within existing classes at the main campus
- 2) physical plant - costs related to the maintenance of space at satellite campuses that would not be required if students could be accommodated at the main campus
- 3) libraries, administration and student services - the costs of duplicate acquisition and other costs that would not be required if all students were at the main campus."

Based on this approach the Joint Committee tabulated the additional costs for the two-campus operation by the University of New Brunswick as follows:

<b>TABLE 4</b>		
<b>Additional Costs of Two-Campus Operations Identified by the University of New Brunswick</b>		
	<b>Total Second-Campus Expenditures</b>	<b>Possible Cost Savings if all Students were at Main Campus</b>
	<b>\$'000</b>	<b>\$'000</b>
Academic	3,106.4	1,963.3
Student Services	178.5	146.5
Administration	622.3	264.8
Physical Plant	974.5	595.1
Other	334.3	209.5
<b>Total</b>	<b>5,216.0</b>	<b>3,179.2</b>
<b>Source:</b> Report of the Joint Finance Committee to the Maritime Provinces Higher Education Commission, August 10, 1981		

The Joint Finance Committee's analysis only took account of university operating costs, and did not attempt to measure cost savings for students who did not have to travel to Fredericton or elsewhere as a result of the availability of university courses in Saint John, or the other benefits to Saint John of having campus services located in the community.

"In the Committee's view (the additional operating) costs are significant and should be explicitly recognized in the (grant) allocation process. The Committee does not necessarily believe that additional funding should be provided to the institutions involved in respect of their multi-campus activities since the funding bases that have evolved over time may already reflect this factor. The Committee leaves judgement on this aspect with (the Maritime Provinces Higher Education) Commission."

The Joint Committee did recommend "that the extra costs associated with the multi-campus activities of the University of New Brunswick and the Université de Moncton be explicitly recognized by including such amounts as supplementary grants for these institutions either by providing additional assistance or transferring an amount from the respective institution's Flat Grant as appropriate."

At the time (1981-82), when the Saint John campus accounted for 10.4 percent of UNB's total Weighted Full-Time-Equivalent (WFTE) enrolment, an adjustment of \$3,179,000 to reflect the extra costs of bi-campus operations would have represented 10.8 percent of UNB's existing Flat Grant (\$29,378,370) and 8.2 percent of its total formula operating grant (\$38,598,035).

However, no action was taken to implement the Joint Finance Committee's recommendation to recognize the additional costs of operating on two campuses.

Under the revised government formula introduced in 1979-80, the impact of changes in enrolment on university budgets is now limited to the immediate gain or loss of tuition fee revenue, plus the effect of the enrolment change on one-quarter of the total government

operating grant as it is incorporated into the three-year rolling average of enrolments used to calculate the Enrolment Grant.

Nevertheless, the effect of enrolment change on operating revenue remains substantial, given the rising importance of tuition fee revenue in recent years. In fact, tuition fee revenue now accounts for about one-third of UNB's general operating revenue, compared to approximately 20 percent in the late 1980's. The current dependence of the Saint John campus operating budget on tuition fee income is especially high (46 percent for 2008-09, compared to 31 percent for the Fredericton campus).

It was recognized that a substantial change in enrolment could affect total government assistance per student in a significant way. To remedy this situation, the formula design provided that the amount of the Flat Grant could be adjusted when an institution's WFTE rose – or fell – by more than 25 percent relative to total enrolment change for all institutions from the base period (defined as 1976-77 through 1978-79).

Because of the government's policy to calculate a single grant for the entire University of New Brunswick, total enrolment growth for the two campuses did not meet the threshold for such an automatic Flat Grant adjustment. Despite vigorous efforts, the University's argument to government that the campuses should be considered separately and that in this case enrolments for the Saint John campus easily met that threshold was not accepted.

On the other hand, although it is located on the same campus as the University of New Brunswick in Fredericton, St. Thomas University does receive its own operating grant, and hence its Flat Grant was adjusted a number of times to help take account of its rapid enrolment growth. (Despite these adjustments, the latest available figures indicate that its total operating grant per average WFTE remains the lowest for any New Brunswick university.)

### **UNB's Internal Application of Government Grant Formula**

As already indicated, the University did not immediately apply the new government formula to its own distribution of operating grant funds between the Fredericton and Saint John campuses, but continued to use three-year average WFTE enrolments to determine inter-campus sharing for the entire period from 1978-79 through 1985-86. However, the University did move in 1986-87 to apply the Flat-plus-Enrolment Grant approach to its internal allocation of the operating grant between the campuses, commencing in 1986-87. The new arrangements incorporated, as the starting point for Flat Grant calculations, the historical funding levels for each campus which had been determined through use of the previous internal formula through 1985-86. This benefited the Saint John campus budget. Nevertheless, given the faster rate of growth in enrolments in Saint John, the change in the internal formula provided a smaller share of **future** operating grants than the University's previous internal formula based entirely on enrolment figures. A special committee appointed by the Board (James Downey, Art O'Connor and Ed Graham) concluded in 1987 that it was fair and reasonable to apply internally the methods used to calculate the total grant for UNB: "the Committee could find no logical or other suitable basis for proposing for the long-term a policy which departs substantially from the stated objectives of provincial

government funding policies. To do so would make the University responsible for events for which the government alone should be responsible.”

The Committee pointed out that as of April 30, 1987, the University as a whole had an accumulated operating deficit of \$1,271,717 due entirely to Fredericton campus operations, and stressed that the total government grant then provided to the University was not sufficient to fulfill the University’s total responsibilities for both campuses.

The Committee did recommend the provision of some additional interim assistance for the Saint John campus from Fredericton campus funds (\$100,000 a year for three years, beginning 1988-89) while the University pursued the issue of separate or additional funding with the provincial authorities. The University’s and the community’s vigorous efforts subsequently led to an increase of \$700,000 per year in the University’s Flat Grant, beginning in 1989-90, to recognize the impact of the growth and development which had already occurred on the Saint John campus. The University added the full amount of this grant increase to its annual Flat Grant for the Saint John campus. While welcome, this adjustment was somewhat less than half of the amount requested by the University.

There have been no similar adjustments since 1989-90, despite repeated efforts to advance the case for separate grants or at least an adjustment to reflect what the University has considered inadequate total funding for its two-campus operation. In fact, citing overall budget constraint, the New Brunswick government in July of 2002 suspended all arrangements to adjust an institution’s Flat Grant for cumulative enrolment change in the years ahead.

In 1998-99, the government adopted a policy of excluding undergraduate students from other countries from the calculation of the enrolment portion of operating grants. The understanding was that institutions were free to charge supplementary tuition fees to offset the loss of grants for these international students. Students from other countries enrolling for graduate study continued to be counted for government operating grants.

The use of a weighting factor for different academic programs, the elimination of the adjustment to flat grants to recognize large-scale enrolment change, and the ineligibility of international undergraduate students to be counted for operating grants have affected institutions in different ways, as indicated by the following simplified calculations:

**TABLE 5****Simplified Illustration of Effect of Current Provincial Government Unrestricted Operating Grant Formula for New Brunswick Universities**

ASSUMPTIONS: Flat Grant \$75,000; Enrolment Grant \$25 per WFTE (Full-Time-Equivalent Enrolment Weighted By Type of Academic Program), with International Undergraduate Students Ineligible for Enrolment Grants

*Starting Point: Two institutions, each with 1,000 FTE students with a hypothetical average WFTE of 1.0, and no international students*

	<u>FTE</u> <u>Enrolment</u>	<u>WFTE</u> <u>Enrolment</u>	<u>Flat</u> <u>Grant</u>	<u>Enrolment</u> <u>Grant</u>	<u>Total</u> <u>Grant</u>	<u>Formula Yield Per</u>	
						FTE	WFTE
Institution A	1,000	1,000	75,000	25,000	100,000	100.00	100.00
B	1,000	1,000	75,000	25,000	100,000	100.00	100.00

*EXAMPLE ONE: Institution A changes its academic programs to increase its average WFTE to 1.25 (B remains at 1.0)*

Institution A	1,000	1,250	75,000	31,250	106,250	85.00	106.25
B	1,000	1,000	75,000	25,000	100,000	100.00	100.00

Result: The 25 percent higher weighting for enrolments at Institution A increases its total grant by only 6.25 percent, and reduces its average grant per unweighted FTE compared to Institution B.

*EXAMPLE TWO: Institution A increases its enrolment by 300 (all Canadian students) with average weight remaining at 1.25*

Institution A	1,300	1,625	75,000	40,625	115,625	71.15	88.94
B	1,000	1,000	75,000	25,000	100,000	100.00	100.00

In this case Institution A's total grant increases much more slowly than enrolment because the flat portion is unchanged. Consequently, the average grant for both unweighted and weighted FTE students falls below the levels for Institution B.

**Simplified Illustration of Effect of Current Provincial Government Unrestricted Operating Grant Formula for New Brunswick Universities** (continued from previous page)

	<u>FTE</u> <u>Enrolment</u>	<u>WFTE</u> <u>Enrolment</u>	<u>Flat</u> <u>Grant</u>	<u>Enrolment</u> <u>Grant</u>	<u>Total</u> <u>Grant</u>	<u>Formula Yield Per</u>	
						FTE	WFTE

**EXAMPLE THREE:** *Institution A's increase of 300 in enrolment consists entirely of international undergraduate students (average weight still 1.25)*

Institution A	1,300	1,250	75,000	31,250	106,250	85.00	81.73
B	1,000	1,000	75,000	25,000	100,000	100.00	100.00

Actual WFTE enrolment at Institution A is 1,625, including the 375 for international undergraduate students not eligible to be counted for grants. Grant per actual WFTE is therefore 65.38 (106,250 divided by 1,625). Government policy assumes that universities will charge higher tuition fees to international students to offset loss of grants.

**EXAMPLE FOUR:** *The Government increases the flat grant for Institution A to recognize increase of 300 in enrolment and the weighting change for its programs:*

Institution A	1,300	1,625	121,875	40,625	162,500	125.00	100.00
B	1,000	1,000	75,000	25,000	100,000	100.00	100.00

This produces a very large increase in Institution A's total grant, and restores parity in funding per WFTE at Institutions A and B.

**EXAMPLE FIVE:** *Institution A has enrolment decrease from 1,000 to 700 with average WFTE remaining at 1.25 and no change in the amount of its flat grant*

Institution A	700	875	75,000	21,875	96,875	138.39	110.71
B	1,000	1,000	75,000	25,000	100,000	100.00	100.00

Although enrolment at Institution A has fallen by 30 percent, its total grant decreases by only 3.1 percent because the flat portion of the grant is not affected. The formula also has the effect of *increasing* the average total grant received for each FTE and WFTE student!

In summary, the current New Brunswick government operating grants formula, which has been in place since 1978-80, establishes each eligible university's share of the total available grants. About one-quarter of the total is an Enrolment Grant distributed on the basis of full-time-equivalent enrolment, weighted according to type and level of program, and averaged for a three-year period. An individual university must increase its percentage share of total WFTE enrolment to gain a larger share of the enrolment grants. The remaining three-quarters of provincial government funding is provided as a Flat Grant to each institution. As a consequence the grants system responds slowly and only partially to changes in enrolment, offering instead an element of stability and predictability in the amount of government funding. The formula



approach generally leaves the individual institution free to allocate its available funds in accordance with its own internal priorities and needs. At the same time, institutions are required to maintain balanced budgets since no supplementary government funds will be provided if deficits are incurred.

Unfortunately, the value of the Flat Grant as a stabilizer for total university operating revenue has been eroded over time. In 1979-80, when the current grants formula was introduced, provincial government operating grants provided 83.3 percent of UNB's general operating revenue. Tuition fees then represented only 13.8 percent. In 1986-87, when the University first applied the methodology of the provincial grants formula to determining the internal split of its total grant between the Fredericton and Saint John campuses, the grant still represented 76.7 percent of total general operating income. However, by 2005-06, the grant had fallen to 50.4 percent – just half – of general operating revenue, while tuition and other student fees has risen to 42.4 percent. Since the Flat Grant portion accounts for only about three-quarters of the total provincial grant and the Enrolment Grant portion the balance, the stabilizing effect of the Flat Grant now applies to only about 35 percent of UNB's general operating revenue, compared to more than 60 percent when the current formula was introduced in 1979-80. The three-year averaging of enrolments does reduce swings in the value of the province's Enrolment Grant, but eventually the impact is felt. Hence for UNB – and the other institutions in the Province – changes in enrolment now have a much bigger impact on total operating income:

	<b>1979-80</b>	<b>1986-87</b>	<b>2005-06</b>
Provincial Government Grant	83.3%	76.7%	50.4%
Tuition and Other Student Fees	13.8	21.0	42.4
Other Operating Income	2.9	2.3	7.2
	100.0	100.0	100.0

The formula continues to produce a single grant for the University of New Brunswick as a whole. This means that it makes no allowance for the different conditions which may exist on the two campuses. The detailed internal studies conducted in 1974 and 1984 both concluded that it would be preferable for the University to receive separate government grants for the two campuses. However, separate grants have not been implemented, and since 1986-87 the University has simulated the effect by dividing its total grant between the Fredericton and Saint John campuses by applying the same formula that the government uses for the University as a whole. Under the arrangement and assuming that total funding is not changed, each campus receives the same amount it would if it were a separate university.

### **Current Budget Realities**

In recent years, New Brunswick government grants have accounted for less than 40 percent of **total** funds (general operating plus special purpose and trust, sponsored research, ancillary enterprise, capital and endowment) for the four provincially-assisted universities in the Province. The provincial operating grants formula makes no allowance for any differences which exist in

this other funding. This provides a powerful incentive for institutions to raise as much money as possible from such other sources as tuition fees, federal government research grants, grants and contracts from business and not-for-profit organizations, donations, bequests, investments, and the sale of services and products. In the face of resistance to rapidly rising tuition the ability of universities to increase tuition has been diminished. And universities are more vulnerable if the economy and market conditions alter the ability to raise funds from non-tuition sources.

Despite the impressive gains which universities have made in developing other sources of funding, student tuition and other fees are by far the largest source of their non-government funds, accounting for about 40 percent of general operating funds and more than one-quarter of all funds. Institutions have generally been free to determine their own fees, and have adjusted them to reflect the competition for students and budget needs. Restraint in government funding over past years has caused student fees at all New Brunswick institutions to rise sharply. They now rank among the highest in Canada, raising questions about the adequacy of existing financial aid packages (scholarships, bursaries and loans) in maintaining access for lower-income students. No other campus in New Brunswick now derives a higher percentage of its operating income from tuition and differential fees, or a smaller percentage from provincial government grants, than the Saint John campus of the University of New Brunswick.

**TABLE 7**  
**Sources of General Operating Income, New Brunswick Universities**  
**2005-06**

	<b>UNBF</b>	<b>UNBSJ</b>	<b>UNB</b>	<b>STU</b>	<b>MAU</b>	<b>U de M</b>	<b>Totals</b>
Government of New Brunswick	53.6%	37.8%	50.4%	40.7%	46.2%	63.2%	52.7%
Tuition and other fees	39.0	55.8	42.4	56.8	45.8	30.6	40.6
Other sources	7.4	6.4	7.2	2.5	8.0	6.2	6.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Operating funds in \$'000	137,668	35,224	172,892	23,469	33,351	85,431	315,143

**TABLE 8**  
**Sources for All Funds, New Brunswick Universities**  
**2005-06**

	<b>UNB</b>	<b>St. Thomas</b>	<b>Mount Allison</b>	<b>Moncton</b>	<b>Combined Totals</b>
Provincial Government	35.3%	33.3%	31.2%	48.1%	38.0%
Federal Government	11.6	1.5	4.8	9.9	9.6
Other Governments	-	1.1	-	0.3	0.2
<b>Total for Governments</b>	<b>46.9</b>	<b>35.9</b>	<b>36.1</b>	<b>58.3</b>	<b>47.8</b>
Tuition and Fees	27.7	34.6	29.2	21.3	26.8
Donations	5.8	2.8	7.4	4.7	5.4
Non-Government Grants and Contracts	3.9	-	0.1	2.2	2.7
Investments	4.2	9.6	8.3	3.9	5.0
Other (including ancillary enterprises, other services and miscellaneous income)	11.5	17.1	18.9	9.5	12.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Funds in \$'000</b>	<b>265,435</b>	<b>38,528</b>	<b>52,388</b>	<b>122,721</b>	<b>479,072</b>

**Note:** "All funds" include general operating, special purpose and trust, sponsored research, ancillary, capital and endowment funds.

**Source:** *Financial Information of Universities and Colleges 2005-2006*, prepared by Statistics Canada for the Canadian Association of University Business Officers.

There has been no direct effort to remove the substantial differences in tuition fees among the four institutions in the Province:

<b>TABLE 9</b>	
<b>Undergraduate Tuition Fees for Canadian Students</b>	
<b>Attending New Brunswick Universities</b>	
<b>2007-08</b>	
Mount Allison	\$6,720
UNB	5,482
Moncton	4,920
St. Thomas	4,570
<b>Notes:</b>	
1) Average fees for universities in other provinces are: Nova Scotia \$5,878, Ontario \$5,381, Alberta \$4,964, British Columbia \$4,855, Saskatchewan \$4,774, Prince Edward Island \$4,440, Manitoba \$3,384, Newfoundland \$2,633, and Quebec \$2,025.	
2) Fees shown are for undergraduate arts and sciences, and may vary for other degree programs. Tuition fees exclude any other mandatory charges (such as student union fees, health insurance premiums, athletics and technology fees), which vary from institution to institution.	
<b>Source:</b> Maritime Provinces Higher Education Commission and Statistics Canada.	

However, from time to time the government has indicated that in adjusting total operating grants it has assumed that fee increases should if possible be limited to the same percentage change. For 2008-09 the government went further and, for the first time, has provided an additional grant increase on the stipulation that institutions would freeze fees for Canadian students at their current level for at least this year.

Since 1998-99 the government formula has not counted undergraduate students from other countries for operating grant purposes. As a result institutions charge higher fees to those students. During the past decade the Saint John campus greatly expanded its efforts to attract international students so that they reached about 25 percent of total enrolment in 2003-04 – the highest level for any campus in the Maritime Provinces. During the growth period the percentage of campus operating income derived from tuition fees also rose sharply. Unfortunately the numbers of international students has since declined, resulting in a large and immediate fall in tuition and differential fee revenue. Nevertheless, the relative numbers of international students enrolled on the Saint John campus remain at a high level:

**TABLE 10**  
**International Students as Percent of Total Enrolment**  
**In New Brunswick Universities**  
**2006-07**

Saint John	19.0%
Fredericton	11.1
<b>Total for UNB</b>	<b>12.9</b>
St. Thomas	4.2
Mount Allison	7.0
Moncton	6.0

**Source:** Maritime Provinces Higher Education Commission

The changing contribution of the fee differential for undergraduate students from other countries to UNB's total tuition fee income is shown below:

**TABLE 11**  
**Fee Differential for International Undergraduate Students as**  
**Percent of Total Tuition Fee Income, University of New Brunswick**  
**2000-01 to 2007-08**

	Fredericton %	Saint John %	University Total %
2000-01	3.76	9.71	5.36
2001-02	4.86	12.63	7.13
2002-03	7.08	17.06	10.04
2003-04	8.07	19.47	11.70
2004-05	7.69	19.75	11.46
2005-06	7.97	19.05	11.34
2006-07	7.00	17.50	10.17
2007-08	6.22	15.58	8.80

**Note:** Percentage calculations are based on regular tuition fee income. In 2006-07, for example, that amounted to \$54,047,059 and excluded a total of \$17,713,069 in fees received by the College of Extended Learning, Saint John College, and from the additional fees charged for law and engineering, cooperative education programs. Roytec programs, the MicMac-Maliseet program, the cost-recovery Master of Business Administration program in Saint John, facilities improvement, technology, applications and transcripts.

Assuming the same total enrolment grant to be distributed among the four public universities for 2006-07, the Saint John campus's share would have been approximately \$758,000 higher (and the combined enrolment grants payable to the Fredericton campus and the other three institutions correspondingly lower) if international undergraduate students had been counted for provincial operating grants:

**TABLE 12**  
**Effect of Making International Undergraduate Students Eligible**  
**For Provincial Government Operating Grants**  
**2006-07**

	<b>Actual Enrolment Grants for Eligible WFTE Students</b>	<b>Grant Distribution if International Under- Graduate Students Counted</b>	<b>Gain (Loss)</b>
Université de Moncton	\$11,210,631	\$10,833,140	(377,491)
Mount Allison	3,753,456	3,726,110	( 27,346)
St. Thomas	3,604,278	3,463,479	(140,799)
UNB Fredericton	18,185,429	17,972,757	(212,672)
UNB Saint John	3,545,007	4,303,315	758,308
<b>Total</b>	<b>\$40,298,800</b>	<b>\$40,298,800</b>	<b>0</b>

However, the loss of enrolment grant income did not adversely affect the Saint John campus budget for 2006-07. In that year, the unweighted FTE enrolment of international undergraduate students in Saint John was 565.78, and for that year the University charged each of those students a supplementary tuition fee of \$5,374 (over the regular undergraduate fee of \$5,246). Total income from the supplementary fee would have been roughly \$3,040,000, indicating a net revenue gain of \$2,282,000 from this arrangement.

The following table illustrates how the provincial government formula – and its internal application by UNB – has operated over the 20 years between 1986-87 and 2006-07:

**TABLE 13**  
**Inter-Campus Split of Unrestricted Provincial Government**  
**Operating Grant Using Current Formula**  
**1986-87 and 2006-07**

	1986-87	2006-07	Change	
			Amount	Percent
<i>Totals for University of New Brunswick</i>				
Average WFTE	24,758	29,241	4,483	18.1
Enrolment Grant in \$ per WFTE	600	743	143	23.8
Total Enrolment Grant	14,854,800	21,730,420	6,875,620	46.3
Flat Grant	38,432,980	64,059,400	25,626,420	66.7
<b>Total Formula Grant</b>	<b>53,287,780</b>	<b>85,789,820</b>	<b>32,502,040</b>	<b>61.0</b>
Total Grant per Average WFTE	2,152	2,934	782	36.3
<i>Saint John Campus</i>				
Average WFTE	2,846	4,770	1,924	67.6
Total Enrolment Grant	1,707,600	3,545,010	1,837,410	107.6
Flat Grant	4,405,861	9,827,146	5,421,285	123.0
<b>Total Formula Grant</b>	<b>6,113,461</b>	<b>13,372,156</b>	<b>7,258,695</b>	<b>118.7</b>
Total Grant per Average WFTE	2,148	2,803	655	30.5
<i>Fredericton Campus</i>				
Average WFTE	21,912	24,471	2,559	11.7
Total Enrolment Grant	13,147,200	18,185,410	5,038,210	38.3
Flat Grant	34,027,119	54,232,254	20,205,135	59.4
<b>Total Formula Grant</b>	<b>47,174,319</b>	<b>72,417,664</b>	<b>25,243,345</b>	<b>53.5</b>
Total Grant per Average WFTE	2,153	2,959	806	37.4

**Notes:**

- Average WFTE used for grant calculations: based on 1982-83 through 1984-85 for 1986-87 grants.
- Average WFTE numbers for 2006-07 exclude international undergraduate students.
- University and Fredericton campus grant totals exclude fiscal transfer paid to Fredericton campus for services provided to St. Thomas University (\$960,000 for 1986-87, \$1,652,180 for 2006-07).

For UNB as a whole, the total formula grant increased by 61 percent, with the share allocated to the Saint John campus rising by 118.7 percent and that for the Fredericton campus by 53.5 percent. At the same time, the dollar yield per average WFTE of the total Flat plus Enrolment Grant diverged through operation of the formula, from a negligible \$5 in 1986-87 to \$156 or 5.6 percent for 2006-07. Had the 2006-07 split produced the same dollar amount per Average WFTE for each campus (\$2,934), the share of the total grant allocated to Saint John would have been \$622,000 greater.

The yield of the grant per actual WFTE enrolled for the year the grant is paid (instead of the three-year rolling average WFTE) produces somewhat different figures:

<b>TABLE 14</b>		
<b>Government Operating Grant per Eligible WFTE Student Enrolled</b>		
<b>1986-87 and 2006-07</b>		
	<b>1986-87</b>	<b>2006-07</b>
<b>Actual WFTE Enrolment for Year</b>		
Total for University of New Brunswick	24,774	29,181
Saint John Campus	3,141	4,813
Fredericton Campus	21,633	24,368
<b>Yield of Grant per Actual WFTE for Year</b>		
University of New Brunswick	\$2,151	\$2,940
Saint John Campus	1,946	2,778
Fredericton Campus	2,181	2,972
<b>Note:</b> Eligible WFTE enrolment for 2006-07 excludes international undergraduate students.		

In this case, providing each campus with the same dollars per actual WFTE (\$2,940) would have increased the Saint John campus's share of the total grant by \$777,000.

It is also useful to compare the changes in the other main components of general operating revenue, full- and part-time enrolments and the numbers of full-time teaching staff on the Fredericton and Saint John campuses which have taken place since the University adopted its current arrangement for splitting provincial government operating grant support between the campuses. These key indicators confirm that over this 21-year period, the Saint John campus received a growing share of UNB's total operating income as a result of its rising enrolment and operation of the internal grant formula.



**TABLE 15**  
**Changes in Operating Income, Enrolment and Teaching Staff by Campus**  
**1986-87 to 2006-07**

	1986-87	2006-07	Change	Percent Change
<b><i>University Totals</i></b>				
Tuition Fee Income	14,491	71,760	57,269	395.2
Provincial Government Grant	53,743	91,266	37,523	69.8
Other Operating Income	4,833	14,475	9,642	199.5
<b>Total Operating Income (\$'000)</b>	<b>73,067</b>	<b>177,501</b>	<b>104,434</b>	<b>142.9</b>
Consumer Price Index (2002=100)	68.5	111.5	43.0	62.8
Full-time Students	7,762	10,175	2,413	31.1
Part-time Students	2,759	1,901	(858)	(31.1)
WFTE Enrolment for Year	24,774	29,181	4,407	17.8
Full-time Teaching Staff	574	599	25	4.4
<b><i>Saint John Campus</i></b>				
Tuition Fee Income	2,126	19,310	17,184	808.3
Provincial Government Grant	6,101	14,210	8,109	132.9
Other Operating Income	257	1,822	1,565	608.9
<b>Total Operating Income (\$'000)</b>	<b>8,484</b>	<b>35,342</b>	<b>26,858</b>	<b>316.6</b>
Full-time Students	1,087	2,416	1,329	122.3
Part-time Students	1,005	488	(517)	(51.4)
WFTE Enrolment for Year	3,141	4,813	1,672	53.2
Full-time Teaching Staff	72	121	49	68.1
<b><i>Fredericton Campus</i></b>				
Tuition Fee Income	12,365	52,450	40,085	324.2
Provincial Government Grant	47,642	77,056	29,414	61.7
Other Operating Income	4,576	12,653	8,077	176.5
<b>Total Operating Income (\$'000)</b>	<b>64,583</b>	<b>142,159</b>	<b>77,576</b>	<b>120.1</b>
Full-time Students	6,675	7,759	1,084	16.2
Part-time Students	1,754	1,413	(341)	(19.4)
WFTE Enrolment for Year	21,633	24,368	2,735	12.6
Full-time Teaching Staff	502	478	(24)	(4.8)
<b>Note:</b>				
■ WFTE enrolment for 2006-07 excludes international undergraduate students.				
■ Provincial grant figures include special support for expansion of nursing programs.				

Although current teaching staff numbers are still higher than in 1986-87, faculty and staff numbers (including the full-time-equivalent of part-time appointments) have been reduced on both campuses over the past five years:

<b>TABLE 16</b>			
<b>Budgeted FTE Academic and Support Staff Positions, by Campus</b>			
	<b>Fredericton</b>	<b>Saint John</b>	<b>University Total</b>
<i>Academic Staffing</i>			
2004-05	519.10	190.17	709.27
2005-06	508.60	192.19	700.76
2006-07	489.43	183.73	673.16
2007-08	474.23	177.48	651.71
2008-09	461.56	173.07	634.63
<i>Support Staff</i>			
2004-05	824.71	150.31	975.02
2005-06	827.71	156.71	984.42
2006-07	829.11	150.51	979.62
2007-08	813.30	140.21	953.51
2008-09	811.74	134.01	945.75
<b>Note:</b> Fredericton figures for 2007-08 and 2008-09 exclude positions funded by targeted provincial grants for nursing.			

Another indicator of the net effect of existing funding arrangements for the two campuses and UNB as a whole is the following tabulation for 2004-05 prepared in July 2006 by the Financial Review Committee chaired by Norm Betts and Barbara MacDonald, which has been updated for our Commission to include data for 2006-07:

<b>TABLE 17</b>						
<b>Degree of Comprehensiveness and Funding, New Brunswick Universities</b>						
<b>2004-05 and 2006-07</b>						
	<b>Comprehensive Indicator (Ratio WFTE/FTE)</b>		<b>General Operating Funds Per FTE Student</b>		<b>Unrestricted Provincial Operating Grant Per FTE Student</b>	
	<b>2004-05</b>	<b>2006-07</b>	<b>2004-05</b>	<b>2006-07</b>	<b>2004-05</b>	<b>2006-07</b>
<b>UNB</b>						
Fredericton *	2.91	2.89	14,299	16,394	7,638	8,358
Saint John	2.18	2.26	11,873	13,453	4,277	5,027
<b>Total*</b>	<b>2.73</b>	<b>2.74</b>	<b>13,701</b>	<b>15,715</b>	<b>6,810</b>	<b>7,589</b>
<b>Université de Moncton</b>	2.75	2.76	14,166	16,134	8,295	9,126
<b>Mount Allison</b>	2.25	2.22	13,748	15,461	6,221	6,760
<b>St. Thomas *</b>	1.64	1.65	6,832	8,535	2,400	2,947
* For the above calculations, UNB Fredericton <i>includes</i> , St. Thomas excludes, the amount of the annual fiscal transfer which UNB receives for services provided to St. Thomas (\$1,465,180 for 2004-05, \$1,652,180 for 2006-07). The following calculations adjust UNB Fredericton to <i>exclude</i> and St. Thomas to include the value of this fiscal transfer.						
<b>UNB</b>						
Fredericton	2.91	2.89	14,136	16,207	7,475	8,172
Saint John	2.18	2.26	11,873	13,453	4,277	5,027
<b>Total</b>	<b>2.73</b>	<b>2.74</b>	<b>13,578</b>	<b>15,571</b>	<b>6,687</b>	<b>7,446</b>
<b>St. Thomas</b>	1.64	1.65	7,310	9,139	2,878	3,551

There are clearly wide differences among the four publicly-supported New Brunswick universities in provincial government operating grants and total operating income measured on a per-student basis – significantly greater than the differences which exist between the Fredericton and Saint John campuses. These differences did not change appreciably between 2004-05 and 2006-07.

As presented to the Board of Governors, the University of New Brunswick's approved budget for 2007-08 and budget plan for 2008-09 confirm deep-rooted structural difficulties:

<b>TABLE 18</b>			
<b>University of New Brunswick Operating Budgets</b>			
<b>2007-08 and 2008-09</b>			
	<b>Fredericton \$'000</b>	<b>Saint John \$'000</b>	<b>Total \$'000</b>
<b>2007-08 Budget</b>			
Provincial Operating Grant	76,853.2	13,865.6	90,718.8
Tuition Fees	41,232.2	16,273.3	57,505.5
Other Revenue	6,366.6	1,896.6	8,263.2
<b>Total Revenue</b>	<b>124,452.1</b>	<b>32,035.5</b>	<b>156,487.6</b>
<b>Total Expenses</b>	<b>126,194.8</b>	<b>33,115.7</b>	<b>159,310.5</b>
<b>Deficit</b>	<b>(1,742.8)</b>	<b>(1,080.2)</b>	<b>(2,823.0)</b>
Suspension of Priority Allocations	0	300.0	300.0
<b>Net Deficit</b>	<b>(1,742.8)</b>	<b>(780.2)</b>	<b>(2,523.0)</b>
<b>2008-09 Budget Plan</b>			
Provincial Operating Grant	80,925.7	14,809.4	6,820.1*
Tuition Fees	40,381.9	14,298.2	4,680.1
Other Revenue	7,586.7	2,046.6	9,633.3
<b>Total Revenue</b>	<b>128,894.2</b>	<b>31,154.2</b>	<b>161,133.6*</b>
<b>Total Expenses</b>	<b>129,885.6</b>	<b>33,350.3</b>	<b>163,235.9</b>
<b>Deficit</b>	<b>(991.3)</b>	<b>(2,196.1)</b>	<b>(2,102.3)</b>
<b>Use of One-Time Funds</b>			
Special Allocation for Recruitment and Retention	(375.3)	(300.0)	(675.3)
Suspension of Priority Allocations	877.6	500.0	1,377.6
Special Contribution to Saint John Campus		1,000.0	1,000.0
Utilization of Internal Reserves	200.0	200.0	400.0
<b>Net Deficit</b>	<b>(289.0)</b>	<b>(796.1)</b>	<b>0.0*</b>
* The total shown for the provincial operating grant for 2008-09 includes \$1.085 million which has not been allocated to either campus pending consideration of this Commission's report. Inclusion of that amount in the University total offsets the total deficit of \$1.085 million shown for the individual campuses.			

The 2008-09 budget approved by the Board of Governors represents a significant break from previous procedures. The approved budget for the Saint John campus includes a "special" one-time contribution of \$1 million from other sources, including a transfer of \$600,000 from Fredericton campus funding, \$250,000 from University-wide contingency funds, and an allocation of \$150,000 from unrestricted donations. One-time funding sources have also been

used to allocate a total of \$675,300 to strengthening student recruitment and retention programs for both campuses. Without these one-time supports the net budget deficit shown for the year (\$289,000 for Fredericton, and \$796,100 for Saint John) would have been higher. Moreover, it is not possible to count on similar one-time funds to support recurring operating costs for future years.

As indicated in Table 18, the University has held in reserve approximately \$1.1 million in its provincial government operating grant for 2008-09 pending consideration of this Commission's report and recommendations. No matter how this amount is distributed, it will not eliminate the substantial imbalance which currently exists in the University's recurring revenues and expenditures.

The recent decline in enrolments has created severe budget problems for both campuses. The situation in Saint John is especially acute, where the difficulties (including an undermining of campus morale) were accentuated by the prolonged uncertainty about the future of government support for that campus, caused first by the September 2007 recommendation of the Commission on Post-Secondary Education in New Brunswick to convert the Saint John campus into a "polytechnic" and then by the delay in releasing the report of the subsequent Working Group on Post-Secondary Education and the provincial government's Action Plan until June 2008. In the meantime, longer-term financial projections submitted to the Board of Governors indicated growing annual operating deficits ahead at least to 2012-13, based on continued annual declines in enrolment and assuming no further reduction in faculty and staff positions for both campuses.

### **New Uncertainties about Government Grant Policy**

The 2007 report of the Commission on Post-Secondary Education in New Brunswick concluded that there were three problems with the current formula. First, because it is designed to place a greater value on funding stability, it penalizes a university with growing enrolments. "This has worked to the particular disadvantage of St. Thomas University, although partial compensation was made for that in a one-time adjustment, and the Saint John campus of UNB." Second, "the enrolment weights are so old and simplistic that one wonders if they accurately reflect relative program costs." Third, the "most serious deficiency in the MPHEC approach, which is based on the sole use of a formula, is that it serves no public policy purpose, except to transfer money from the government to the universities." Although short on specifics, the Commission proposed a new approach to the distribution of government funding for universities, to consist of a small base grant to take account of the size, complexity and mission of the particular institution; a larger variable enrolment grant (with revised weightings for different programs and designated corridors of enrolment levels to be eligible for funding), and a special purpose fund to provide for performance-based contracts and support for specific activities or projects to accomplish specific public policy objectives. The new funding arrangements would apply to community colleges as well as universities, and be phased in over a period of three years, with special assistance if required to ease transitional problems. The Commission's report did not indicate how the new arrangements would affect individual institutions.

The government's more recent "Action Plan to Transform Post-Secondary Education in New Brunswick" was also less than specific. Released on June 26, 2008, the Plan indicated that

“university and community college funding formulas will be modernized and replaced to reflect the complexity of institutional roles and to ensure public post-secondary institutions can effectively plan and manage their operations in line with provincial priorities.” The Plan also stated that “each public institution will submit a five-year strategic plan, including an annual business plan, to government. These will be supported by performance-based contracts and indicators reflecting the strategic priorities of New Brunswick’s Self-Sufficiency Action Plan.” There is to be an Innovation Fund to encourage and support such developments as research for provincial priorities, investment in science and engineering programs, and the development of “smart technology, product development, investment in priority areas such as engineering, graduate level business and other strategic niche areas.” In addition, institutes and consortia of applied learning and training are to be created to develop new program partnerships between universities, community colleges and communities. “As a further accountability measure, beginning in 2009, the government will require that each public university, the francophone and the Anglophone community college appear annually before an appropriate committee of New Brunswick’s Legislature to address their strategic plans and speak to the effective use of public funds.”

The government plan also calls for first- and second-year courses leading to degrees to be offered at community college campuses in those areas without a university presence.

With so much information still lacking, there are many unanswered questions about the effects on university operations of:

- the proposed new government funding arrangements;
- the forthcoming review of existing university programs and potential new programs for the purpose of finding new ways for collaborative delivery;
- new mechanisms for the sharing of administrative services;
- a planned review of the acts of incorporation and of the “roles, missions and mandates” for each of the province’s four public universities;
- the administrative and financial relationships which universities are to develop with the projected institutes and consortia for applied learning and training programs, and
- the establishment within three years of a new Post-Secondary Education Agency to “provide overall coordination, planning and governance for the transformation of the post-secondary system.”

Each of these measures could affect the current independence of university decision-making and academic freedom in important ways, and the actual impacts will not be known for some time to come. At this stage all that can be said for certain is that after a long period of policy stability, the government’s Action Plan has created a wide range of new uncertainties in the operating framework for higher education – and inevitably the outcomes will affect the nature of the future

working relationships between the Fredericton and Saint John campuses of the University of New Brunswick.

For more than three decades, the Fredericton and Saint John campuses have had separate operating budgets, with a good deal of authority for spending decisions delegated to campus officials. For nearly a quarter century, the University has credited to each campus the revenue derived from its own operations, and in the absence of separate government grants has sought to divide the University's total grant between the campuses by applying the same formula calculations which are used to determine grant amounts for each of the four independent public universities in the Province. This automatic allocation of revenue to each campus has supported local autonomy in spending decisions, on the understanding that each campus had to achieve a balanced operating budget within the funds at its disposal. There were of course some practical limitations on local financial flexibility, especially the University-wide application of the collective agreement with the Association of University of New Brunswick Teachers and a University policy to maintain uniform tuition fees, but the residual campus budget autonomy has been real and substantial. Nevertheless, this overall arrangement still provided for the development of shared-service arrangements where these were seen by the two campuses to meet their common requirements in the most economical manner. These existing long-standing financial policies helped avoid the dangers of overly centralized decision making where the interests of the larger Fredericton partner, representing about 80 percent of total University enrolments and spending, could easily dominate budget realities and priority-setting. At the same time, with the inter-campus distribution of available operating revenue subject to such entrenched rules, the University has reduced its ability to move significant operating budget funds from one campus to respond to major new opportunities or financial pressures at the other campus.

Whatever new policy arrangements do emerge at the provincial level, it is hard to see how the University of New Brunswick will be able to meet the new challenges for greater local responsiveness – or the government to achieve its goals – without the introduction of separate funding arrangements for the Fredericton and Saint John campuses. Therefore, as one of the outcomes of the forthcoming financial discussions, the University of New Brunswick should insist on the creation, finally, of separate government funding arrangements for each campus to fix responsibility on the provincial government for provide the financial resources and administrative flexibility to meet the new requirements. As part of these discussions it is to be hoped that the government will also finally address positively the costs that arise from UNB operating a multi-campus university.

### **Operating Grants for Each Campus for 2008-09 and Beyond**

There has been great controversy about the way the University divides its single government operating grant between the campuses. Two previous studies, the first in 1974 and the second in 1984, concluded that the University – and the public – would be better served by the implementation of separate government grants for each campus. In their absence, the University has for decades split its total grant between the campuses by applying internally the same formula which the provincial government uses to calculate the grants for UNB as a whole and each of other three government-supported universities. In other words, the University has tried to

treat the campuses as though they were separate institutions under the provincial grants formula. We believe that the approach taken by the University has been fair and reasonable in the circumstances.

However, because this is an internal process, there is lingering suspicion in some quarters about the integrity of the calculation, and we are convinced that the validity of the grant distribution will never be fully accepted on both campuses and by both the Fredericton and Saint John communities as transparently fair as long as it must be done by the University. Moreover, the fact that the provincial government refuses to announce separate grant amounts for the two campuses means that it can ignore any special development and financial needs they may have. As a result, the grant issue has been a festering sore in the inter-campus relationship throughout the entire history of UNBSJ, and makes the working relationship more difficult and less productive than it could otherwise be.

It has been argued that the practice of adhering strictly to a formula distribution between the campuses now prevents the University's Board of Governors from allocating additional funds to meet what it sees to be higher priority needs on one campus, whether that be Saint John or Fredericton. In fact this is a defect in the current arrangements. But when total government funding for UNB as a whole is too low, tuition fees are already high and each campus has severe problems balancing its own operating budget, to abandon the current practice in order to allocate a significantly larger share of the University's total provincial government operating grant to one campus requires reducing the budget for the other. To pursue this course over time will be deeply divisive for inter-campus relations and the quality of the educational enterprise on the campus adversely affected.

Moreover, continuing to have the University's Board of Governors allocate government funds between the two campuses makes it difficult to fix the responsibility for properly funding both campuses and for providing the additional required funds exactly where it belongs – on the provincial government. We believe that the need for separate government grants is greater than ever, and the Board of Governors should take whatever steps are required to achieve it.

The fact that total enrolment on the Saint John campus now approximates that for Mount Allison and St. Thomas universities, both of which receive their own government operating grants, is another indicator that the time to institute separate operating grants for UNB's Saint John and Fredericton campuses has finally come.

When the Board of Governors considered the 2008-09 operating budget in March, the University's total unrestricted government operating grant was expected to be \$96,820,000, including a fiscal transfer in the amount of \$1,767,000 for services provided by the Fredericton campus to St. Thomas University. At that time, the Board approved setting aside \$1,085,000 until the recommendations of our Commission had been received and considered. Of the remaining amount, \$1,775,000 was distributed (\$1,362,000 to Fredericton, \$413,000 to Saint John) to offset the government requirement to impose a freeze on tuition fees for 2008-09, with the balance amount of \$92,193,000 allocated between the campuses by applying the provincial government grant formula (\$77,796,000 going to the Fredericton campus and \$14,397,000 to the Saint John campus). As a result, the total grant amounts provided for each campus's operating



budget for 2008-09 were \$14,810,000 for Saint John and \$80,925,000 for Fredericton (including the fiscal transfer of \$1,767,000 for services provided to St. Thomas University).

Six months later, on September 12, the University was notified that as part of a general adjustment, it would receive a total operating grant of \$97,622,500 for 2008-09 – an increase of \$802,500 over the March figure. Of this revised amount, \$1,787,900 was designated as the fiscal transfer for services provided to St. Thomas and \$2,695,346 as the allowance to offset the fee freeze, leaving a balance of \$92,053,904 plus the amount of \$1,085,000 which was set aside by the University pending consideration of the Commission's recommendations.

Allocation of the \$2,695,346 to offset the effect of the tuition freeze and application of the existing formula to distribute the balance of \$92,053,904 produces the following inter-campus split:

<b>TABLE 19</b>			
<b>Revised Provincial Government Operating Grant for the University of New Brunswick 2008-09</b>			
	<b>Fredericton</b>	<b>Saint John</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Offset of Tuition Freeze	2,127	568	2,695
Formula Grant	77,676	14,378	92,054
<b>Sub-Total</b>	<b>79,803</b>	<b>14,947</b>	<b>94,750</b>
Fiscal Transfer for St. Thomas	1,788		1,788
<b>Total</b>	<b>81,591</b>	<b>14,947</b>	<b>96,537</b>
Unallocated Balance			1,085
<b>TOTAL</b>			<b>97,622</b>

Note: Details may not add to totals due to rounding.

Excluding the fiscal transfer, the total amounts per eligible WFTE student allocated to each campus are equivalent to \$3,239 for Fredericton (\$79,802,645 divided by 24,636 WFTE) and \$3,090 for Saint John (\$14,947,015 divided by 4,837 WFTE) – a difference of about 5 per cent. This compares to the approximately equal amounts per eligible WFTE provided to each campus in 1986-87. The current difference has arisen over the years as a result of the University using the government's grant formula to determine the inter-campus split. In our estimation, a similar inequality would have resulted if each campus had been an independent institution during this same time period. The actual grant figures for the other New Brunswick universities bear this out.

We have followed the government practice of not including the WFTE for international undergraduate students in our grant calculations. The additional fee revenue collected from these students more than offsets the loss of government grant revenue.

As a preparatory step for the implementation of separate government operating grants for each campus, we recommend that the present \$1,085,000 in unallocated operating grant funds for 2008-09, which has been held back pending our Commission's report, be divided between the campuses (\$304,000 to Fredericton, \$781,000 to Saint John) so as to restore an equal dollar yield

for each eligible WFTE student covered by the government grant formula. We believe that it would be a worthwhile investment in the improvement of inter-campus relations for the University to make this exception to existing practice in order to restore parity in the formula dollar amounts at \$3,252 for 2008-09, and for this to be the starting point for the introduction of separate government grants. This would also ensure that responsibility for any future deviation from grant parity would attach directly – and rightly – to the provincial government.

<b>TABLE 20</b>			
<b>Recommended Distribution of Unallocated Operating Grant Balance</b>			
<b>2008-09</b>			
	<b>Fredericton</b>	<b>Saint John</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Previous Grant Allocation by Campus	79,803	14,947	94,750
Our Recommended Distribution of Currently Unallocated Balance	304	781	1,085
<b>Operating Grant for 2008-09</b>	<b>80,107*</b>	<b>15,728</b>	<b>95,835*</b>
<i>Eligible WFTE Students</i>	<i>24,636</i>	<i>4,837</i>	<i>29,473</i>
<i>Average Dollar Grant per WFTE</i>	<i>3,252</i>	<i>3,252</i>	<i>3,252</i>
* Grant figures shown above exclude fiscal transfer of \$1,787,900 for services provided to St. Thomas University			
<b>Note:</b> Detail may not add to totals due to rounding.			

If the government does not act in time for 2009-10, the University should use the existing internal formula to distribute the University's total grant between the campuses, but using our 2008-09 allocations as the base levels for the calculations. In other words, it is possible that some difference in yield per average WFTE student could reappear for 2009-10, but that would be a consequence of government's failure to act.

We need to stress that no matter how the existing total provincial government grant is distributed between the campuses, the University does not now have adequate ongoing revenue sources to support its current budget commitments, and the 2008-09 budget has been balanced only by drawing upon one-time funds which will not be available in future years. Projections submitted to the Finance Committee of the Board of Governors in March of this year assumed annual provincial government grant increases of 3 percent but even faster increases in operating costs if total faculty and staff positions remain at their current level, and enrolments decline as anticipated. These projections made no allowance for new program initiatives. In this environment both the Saint John Fredericton campuses will face growing annual operating deficits ahead at least to 2012-13. The financial outlook is much worse for Saint John, but in the absence of additional revenue the Fredericton campus also faces the need for further budget adjustment. Clearly effective action needs to be taken to rebalance budgets on both campuses. There would be some reduction of budget pressures if actual enrolments should rise above the projected levels, but a combination of additional revenues and budget reductions could still be required to restore fiscal balance.

Implementation by the provincial government of separate operating grants for each campus will highlight the need to increase both these grants to help ensure the future financial viability and academic quality of the University's current operations in Saint John and Fredericton. It would also underscore the responsibility for any program cutbacks required as a lack of appropriate government financial support. While it may not be sufficient to eliminate all need for internal budget corrections, the introduction of separate grants coupled with the increase in total annual grant support for all publicly-supported universities which was projected in the provincial government's recent "Action Plan to Transform Post-Secondary Education in New Brunswick" will be important in clarifying and strengthening the financial position of both campuses.

Although the University has followed a policy of requiring a balanced stand-alone operating budget for each campus since the mid-1970s, the Board of Governors continues to be responsible for key elements of budget preparation. This will still be the case if separate government operating grants are implemented. Salaries and benefits account for 75 percent of general operating expenditures, and the Board is responsible for approving all collective agreements (including that with the Association of University of New Brunswick Teachers which governs terms and conditions of employment for academic staff on both campuses) and setting compensation policy for non-bargaining personnel. The Board must approve tuition and other student fees, which in recent years have represented a rising share of total operating revenue. In developing its own budget, each campus must adhere to these and other budget policies established by the Board of Governors. Any planned deviation from a balanced budget must receive specific approval by the Board. The introduction of separate government grants for each campus will not affect these existing obligations.

The Board also continues to be responsible for University fund-raising campaigns. It has to select the projects for which the University will seek donations, and decide on the priority which each project will receive. Most donors now place restrictions on how their gifts are to be used, but some gifts are unrestricted and the Board has discretion over how and where these are to be allocated.

## V. SHARED SERVICES

Although the Fredericton and Saint John campuses have had separate operating budgets since 1975, the two campuses continue to maintain a number of common or shared services and the extent and importance of these services has actually grown significantly in recent years. The costs of these University-wide services are split in various ways between the two campuses. The campuses must budget for their share of these costs as they do for their stand-alone operations.

When the Saint John campus was launched in 1964, almost all its services were managed as an extension of the operations of the relevant academic and support service departments in Fredericton, drawing upon the expertise and resources which were already in place there.

However, as the size and scope of activity in Saint John increased, as the necessary staff and other resources became available locally, and as the need for more local decision-making and responsibility was recognized, the Saint John campus developed free-standing capabilities in a growing number of areas. As a result the newer campus no longer had to call upon the assistance of Fredericton departments to meet these particular responsibilities. These independent operations have been part of the Saint John campus operating budget since 1975.

Nevertheless, a number of areas continued to be administered on a University-wide basis, either because it was considered essential to maintain uniformity in the approach taken on both campuses (for example, to meet legal requirements), or because there were economies and opportunities available through cooperation that could not be achieved independently (as has been the case for graduate studies and research).

In its 1984 report, the Committee to Review Inter-Campus Relations (CRICR) examined the arrangements which then existed for shared services and for dividing the costs of these services between the two campuses. At that time the shared services that were subject to formal cost-sharing arrangements included:

*the offices of the President, University Secretary, Personnel Services, Assistant Vice-President (Administration) and Campus Planning, Administrative Data Processing, Comptroller's Office, Director of Budget and Special Projects, Purchasing Manager, Registrar and High School Relations, Computing Centre, Publications, Public Relations and Information, Alumni Affairs, Development Office, Graduate Studies and Research, Scholarships and Awards, Institutional Memberships, Bad Debts, Interest and Exchange.* (The names of some of these departments have changed since 1984, but no attempt has been made to update the list quoted here.)

Within this overall framework, some services were operated entirely by a Fredericton-based office, while in other service areas part of the activity was carried out by Saint John campus personnel with the remainder provided by a Fredericton department. There was a separate cost-sharing formula for each service area, with the total charge made to the Saint John campus for services provided from Fredericton amounting to \$424,000 for 1983-84.

As part of its work, CRICR engaged the services of external consultants (the firm of Clarkson Gordon) to conduct a thorough and independent review of the existing common-service arrangements. The consultant's report concluded that in general "both the Saint John and Fredericton campuses receive substantial benefit from the shared service arrangement. Saint John is provided with services of high quality in the majority of shared service areas at a relatively modest cost. The Fredericton campus at the same time is able to 'charge-out' a portion of its total

administrative expenses. In addition to the financial advantages, the arrangement provides the Saint John campus with a level of experience and expertise that could probably not be possible if the campus operated autonomously.”

Clarkson Gordon did recommend a number of revisions, including the creation of a new position of Director of Accounting and Budgets in Saint John to improve the level of administrative support provided locally, and the addition of dedicated inter-campus telephone services and legal services to the shared cost formula. In addition, CRICR itself recommended including the inter-campus travel costs for members of designated committees responsible for University-wide governance and management.

The operation and costs of the individual shared service arrangements were subject to regular review for a number of years. However, an agreement was then made to convert the total amount paid from the Saint John campus budget to a flat sum and simply to adjust that amount annually by the percentage change in the University’s total provincial government operating grant. For 2008-09 the amount of this transfer is \$721,335.

Over the years since the CRICR report, a number of ad hoc agreements have been made for cost-sharing beyond the fixed transfer. Some of these adjustments recognized the additional costs of maintaining services covered by the original shared service formula, specifically legal services and the alumni office. Cost sharing was also introduced for radiation safety, internal audit, institutional research and website management services as these new services were developed in Fredericton and shared with the Saint John campus. Other cost-sharing arrangements applied to the central purchasing of liability and property insurance required for both campuses. Each campus also contributes to a small University-wide contingency fund administered by the President as a means of responding to unforeseen developments and opportunities that may arise on either campus during the course of the budget year. For 2008-09 the charges made to Saint John for these nine services total \$217,391 in addition to the flat sum of \$721,335.

More recently, a decision was made to split the actual physical operation of new University-wide offices for communications, marketing and government relations between the two campuses. In these areas there is only one department, but some staff are located in Fredericton and some (including the Director of Communications and the Director of Government Relations) in Saint John. The 2008-09 cost-sharing for communications, marketing and government relations reflects the amounts previously budgeted by the Saint John campus (\$301,302) to meet its own requirements.

There is probably no area for sharper competition among independent universities than in the search for new students. Not only do departing students have to be replaced to maintain enrolments, the ability to attract new students is seen by many as an indicator of the quality of education the institution offers and a test of its responsiveness to student needs. In some cases (such as dentistry or veterinary studies) where the number of institutions offering a particular program is low and the demand for places extremely high, the competition for entry is really between the prospective students – and not schools. For most fields of study, however, new students now have many options, and competing universities make great efforts to attract the kind of students they want. Given the current and projected decline in the numbers of students graduating from high school in the Atlantic Provinces, many institutions in this region are expanding their efforts to attract students from other age groups, as well as from other parts of Canada and from other countries. There are also growing numbers of students who transfer

between institutions, either because they or their families move or because their educational goals change.

UNB's approach to student recruitment and retention services has varied over the years. Originally centralized with an office in Fredericton responsible for recruiting for both campuses, these services were eventually delegated to each campus. In the late 1990s, the University made a major change in its shared-service arrangements by establishing on the Saint John campus a new office to concentrate on the recruiting of international undergraduate students for both campuses. This office was put in place to develop the specialized skills needed to attract students from other countries in competition with universities all over the world. Recently the mandate was expanded to include the recruitment of graduate students. In addition to the office in Saint John, the International Recruitment Centre has offices in Dubai and Shanghai, and working relationships with recruitment services at other key locations. The office also assists Canadian students on both campuses who wish to take advantage of study-abroad opportunities. Currently the total cost of the International Recruitment Centre is split 50-50 between the two campuses.

In late 2007 the University undertook the latest reorganization of its efforts to recruit and retain students from across Canada. The Integrated Recruitment and Retention office in Fredericton and the office of the Registrar for the Saint John campus remain administratively separate, but are working closely to integrate their recruitment planning and operations, particularly for students from outside New Brunswick. Their efforts are supported by the University-wide Communications and Marketing department supervised by the Chief Advancement Officer.

The cooperative approach to recruiting is likely to work most easily when only one campus offers a particular program, but has to involve the provision of full information about the options a student has when the program in question is available at both locations. The fear of conflict of interest between the campuses is reduced by the understanding that students attracted from long distance are really choosing between UNB and institutions much closer to home – and should be seen as a gain for the whole institution (rather than as a gain or loss for one campus). Moreover, student recruiting is an expensive undertaking, and the pooling of efforts reduces the net cost to each campus. The Board of Governors recently approved a special allocation of \$500,000 to supplement the 2008-09 operating budget provision for expansion of University-wide recruiting efforts, reflecting the high priority currently being given to achieving enrolment targets. At the same time, financial aid – scholarships and bursaries – offered from UNB funds continue to be administered on a University-wide basis to maintain uniform policies and avoid having different awarding standards for each campus.

Another cost-sharing arrangement has developed at the grass-roots level, so to speak. Not only do the Fredericton and Saint John campus libraries have a common on-line catalogue, a single website, and make any of their books available for use at either location, the librarians have arranged to coordinate the purchase of electronic materials so as to allow each campus access to a larger array of reference resources – in the range of 20,000 scholarly periodicals – than would be possible through independent purchasing. This is especially beneficial for faculty research and graduate-level study, but is also of value to undergraduate students and other library users. In fact it is estimated that electronic access to these and other library resources by users located beyond the doors of the library buildings now accounts for about one-half of all library use. For 2008-09, the Saint John campus is contributing \$412,000 to gain access to electronic resources valued at over \$2 million, while the Fredericton campus budget requirement to maintain these same resources is reduced by approximately 20 percent. The directors of the Fredericton and

Saint John libraries are both members of the Council of Atlantic University Libraries which offers opportunities to improve cooperative development and use of library resources.

Of equal importance to the contemporary university is the availability of high-quality and reliable computing and other information technology services. For many decades, UNB has been a leading member of the New Brunswick-Prince Edward Island Educational Computing Network which serves many computing needs of the universities in both provinces. At the same time, there has been a good deal of cooperative endeavour between the information technology staffs in Fredericton and Saint John. The two campuses share a similar wireless network, several common computer systems and major software licenses so that users on both campuses have access to comparable computing resources. They are currently instituting a centrally-managed service for all University email accounts. As a consequence of this collaboration, the much smaller staff group on the Saint John campus is able to direct its attention to providing direct services to local users, and local applications can diverge as circumstances require without sacrificing net financial advantage.

In contrast, St. Thomas University in Fredericton concluded some time ago that its existing arrangement to share computer resources with UNB did not adequately meet its growing needs and opted to develop a resource-sharing agreement with Mount Allison University located 200 kilometres away in Sackville, with costs distributed on the basis of each institution's use. Their joint project has received second prize in the national 2008 quality and productivity awards program sponsored by the Canadian Association of University Business Officers

The University of New Brunswick has a single School of Graduate Studies. However, there are related costs (such as Graduate Research and Graduate Teaching Assistantships) that are budgeted separately by each campus. Plans have been developed to create a single University-wide budget for all these costs for 2008-09, with a charge-back to each campus (\$1,359,466 for Fredericton, \$384,514 for Saint John) for its share of the total budget.

One downside of the single university structure for graduate studies and research is the resulting ineligibility of the Saint John campus for certain financial support which the federal government makes available for research initiatives by small universities. An independent institution of the size of the Saint John campus would be eligible for this support, but the federal government – like the provincial government – treats the University of New Brunswick as a single organization, making the Saint John campus ineligible for the type of assistance available to independent small universities such as Mount Allison and St. Thomas.

On the other hand, a powerful upside has been the ability of UNBSJ to participate in a significant way in graduate study and research through the University-wide School of Graduate Studies. Currently about 100 students pursue masters and doctoral study on the Saint John campus. This provides the opportunity for the campus's highly qualified faculty to supervise graduate students and undertake major research which would not be possible without access to membership in a school of graduate studies.

Because of the diverse origins and different structures for the Universities shared service arrangements, the overall pattern is not at all clear. To help clarify the changing situation, the Commission asked the office of Vice-President (Finance and Corporate Services) to compile a summary of the budgets for all the bi-campus operations which seem to be in place for 2008-09. The information provided to us, for which some of the details are only rough approximations, is shown in the following table. Because the details are not complete, some of the activities are in

transition and others remain informal, we would not vouch for the accuracy of a simple total of the existing figures. Still it gives an order of magnitude, and confirms that the spending on shared services is large and growing, and that the activity they cover is important to each campus and the University as a whole.

**TABLE 21**  
**Summary of University-Wide, Corporate or Shared Service Budgets**  
**(in \$'000) for 2008-09**

Service/Budget	Total	Fredericton		Saint John		Comment
		\$	%	\$	%	
Libraries	1,451	1,019	70	432	30	Electronic materials and other bi-campus services only. Excludes single campus services, and expenditures from restricted funds.
Graduate Studies	1,744	1,359	78	385	22	Includes GTAs and GRAs.
Integrated Technology	4,539	4,368	96	172	4	Total Fredericton budget of \$4.4 million includes Fredericton-only activity in addition to University-wide services
Integrated Recruiting	966	948	98	18	2	
International Recruitment	489	245	50	245	50	Located on Saint John campus
Communications and Marketing	393	193	49	200	51	Senior staff based in Saint John
Financial Services	1,835	1,686	92	149	8	
Corporate Costs	1,038	916	88	122	12	Includes property and liability insurance, legal and internal audit services
Government Relations	(2)	(117)	NA	115	NA	Located in Saint John. Full budget details not available.
Human Resources	1,125	1,020	91	105	9	
President's Office	626	539	86	87	14	Includes institutional memberships
Fredericton Registrar's Office	826	747	90	79	10	Includes Undergraduate Awards office and administrative systems
Alumni Office	387	330	85	57	15	
Scholarships	260	211	81	49	19	Most scholarship funds are provided from other sources (including endowments)
Vice-President Research	937	898	96	39	4	
University Secretary	303	281	93	22	7	Includes undergraduate calendar
Capital Planning and Property Development	259	245	94	15	6	
Environmental Health & Safety	216	205	95	11	5	
Development/Donor Relations	(7)	(17)	NA	10	NA	Total budget is \$1.8 million, with most costs recovered from proceeds of fund-raising
Institutional Research	68	58	86	9	14	
<b>Sub-Total</b>	17,453	15,134	87	2,321	13	
Vice-President Finance & Corporate Services	323	323	100			
Chief Advancement Office	247	247	100			
<b>Total</b>	18,023	15,704	87	2,321	13	

**Note:** There are currently no formal cost-sharing arrangements for the University-wide services provided by the office of the Vice-President Finance and Corporate Services and the Chief Advancement Office. In addition, various other Fredericton and Saint John departments provide incidental services to the other campus for which there is no or minimal chargeback.



It is clear that since the CRICR report, the University has taken a mainly opportunistic and *ad hoc* approach to the development of shared services. Much of benefit has been accomplished in this way over the past quarter-century, but there is still no widely accepted philosophy or priority to the development and management of shared services. No one office is responsible for overseeing these activities. Budget details for the departments charged with serving both campuses are scattered widely, and no single budget document submitted to the Board of Governors identifies or assesses the current extent of the shared services. The formal terms of reference for the University-wide Budget Management Committee include as an objective “to review inter-campus budget allocation matters” but it does not appear that this Committee undertakes a specific, integrated review of the annual budgets for shared services. We have not found evidence of a regular effort, at the Board level or elsewhere, to measure how effectively the existing shared services meet the needs of each campus and the University as a whole, or of an effective mechanism for taking corrective action where required. Finally, and perhaps most important, we could not find a systematic effort to explore new areas for cooperative arrangements which could work to the benefit of both campuses.

In other words, the management of shared services, which should be a cornerstone for a single-university, two-campus structure, has not received a high priority, and has been left largely to chance. This is a shame.

### **Splitting the Costs of Shared Services**

Although those services which are supplied to both UNB campuses have been variously called University-wide, corporate or shared services, we believe that the term “shared service” best captures the intent of these activities.

These shared services can be either compulsory or voluntary. For those which must be performed on a uniform and consistent basis on each campus, such as legal, banking, accounting and audit services, truly independent operation is really not a viable option. The voluntary arrangements, on the other hand, are operated by the two campuses to derive mutual benefit, for example to gain access to more or higher quality resources or to achieve lower costs than could be achieved on a stand-alone basis.

In the 1980s, each of the shared services was subject to an annual review and bi-campus agreement on a specific cost-sharing arrangement usually based on some measure of use. Later the individual amounts were combined into a single flat sum intended to cover all the shared services, and that flat sum was subject to a percentage adjustment based on the percentage change in the University’s total provincial government operating grant. Once the flat sum approach was adopted, it was no longer clear how much a campus was paying for a particular service, and there was less occasion to examine or adjust that service from the point of view of efficiency and effectiveness in serving the needs of the receiving campus. Although the flat sum transfer continues to operate for the original package of shared services, a number of new shared services have recently been put in place, each with a separate cost-sharing formula. These now account for the larger share of shared service payments. As a consequence, it is now hard to generalize about the nature of the cost-sharing payments.

According to the figures compiled at our request by the Office of Vice-President (Finance and Corporate Services), the current range of shared services will involve an estimated total expenditure of approximately \$18 million for 2008-09. Of this amount the Fredericton campus

will pay approximately 87 percent and the Saint John campus 13 percent. Some of the detailed budget figures are still only rough approximations, and further work would be required to confirm their accuracy for future use. Still they give an order of magnitude and confirm that spending on shared services is large, growing, and important to the performance of each campus and the University as a whole.

The cost-sharing percentages for individual services vary widely. For example, the Saint John campus contributes 50 and 51 percent in two cases, and from zero to less than 5 percent in five cases.

Taken together, the estimated budgets for shared services currently represent about 11 percent of UNB's total operating expenses. The other side of the coin is that campus-specific activity still represents almost 90 percent of the total operating budget for 2008-09:

	<b>Total Operating Budget for 2008-09</b>		<b>Estimated Spending on Shared Services</b>		<b>Shared Services as % of Total Operating Budget</b>
	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>	
Fredericton	129,886	79.6	15,704	87.1	12.1
Saint John	33,350	20.4	2,321	12.9	7.0
<b>Total</b>	<b>163,236</b>	<b>100.0</b>	<b>18,025</b>	<b>100.0</b>	<b>11.0</b>

Looking to the future, each campus could be asked to contribute to the cost of shared services by paying a revised flat amount considered appropriate for the block of services now being received, with some form of indexing to take account of general cost changes. That would be similar to the practice adopted at a time when the total extent and cost of shared services were much less than at present. Use of a flat sum is simple and easy to project for annual budgets. However, past experience indicates that when a flat sum is used, the details of the individual service arrangements are not always subject to annual or regular review of any depth. Hence, if the University should elect to pursue the flat sum option, the sum should be regularly monitored - at least once every three years - to ensure that the amount is still appropriate for the level and quality of services provided.

The alternative would be to revert to a separate sharing formula for each service (for example, to split library costs based on circulation or use numbers for the library materials involved). This detailed approach requires more analysis, and runs the risk of encouraging disputes over small details. Nevertheless, it means that the adequacy of the service provided to each campus will be subject to annual review, that the attention of administrators on both campuses will be routinely directed to assessing if the service is operating satisfactorily, and that the cost-sharing can change as services are adjusted and use patterns evolve. We therefore favor resuming this approach to the cost-sharing calculations, and the preparation of an integrated annual budget covering the full range of shared services for submission to the Board of Governors.

Both the supplying and receiving campuses have a powerful financial test to apply to their participation in shared services. For the supplying campus, the amount received for sharing the

service must be greater than the additional (marginal) cost incurred to extend that service to the second location. If that is the case, the supplying campus will be able meet its own service needs at less cost than would otherwise be the case. For the receiving campus, there will be a gain if the amount paid for a necessary level of service is less than the cost of providing the service on a stand-a-lone basis or obtaining it from another source.

## VI. GOVERNANCE ISSUES

The governance of corporations, not-for-profit corporations and universities has received increasing attention in recent years. UNB is no exception. The governance structure of the University of New Brunswick has been spelled out in an act of the New Brunswick legislature since 1859 when UNB became the successor corporation to Kings College Fredericton and all religious tests for faculty, staff and students were removed. The act has been amended many times over the past century and a half to reflect changing circumstances, the latest being on April 11, 2003.

### **UNB Governance**

As set out in the act and subsequent amendments, governing powers are divided, as they are in most universities, between an academic senate and a governing board – in UNB’s case, between the Fredericton and Saint John Senates, which decide all academic matters, and a single Board of Governors, which approves all Senate decisions and decides all other matters. The administrative structure is headed by the President, who is the Chief Executive Officer of the University, assisted by the Vice-President Fredericton (Academic) and the Vice-President (Saint John), who are Chief Operating Officers for their respective campuses, along with the Vice-President (Finance and Corporate Services) and the Vice-President (Research), who have University-wide responsibilities. Other senior administrators with University-wide responsibilities are the Chief Advancement Officer and the University Secretary.

The present Board of Governors is a large body, with 34 voting and 10 non-voting members. Of the voting members, ten are appointed by the Lieutenant-Governor in Council, five by the alumni, and five by the Board of Governors. There are six elected faculty representatives (four from Fredericton, two from Saint John) and three elected student representatives (two from Fredericton, one from Saint John). The remaining five voting members are the Chancellor, the President, a member elected by the New Brunswick Teachers’ Association, and the incumbent Mayors of the cities of Fredericton and Saint John. The 10 non-voting members include the four vice-presidents, the director of alumni affairs, four Governors *Emeriti*, and the University Secretary, who serves as Secretary of the Board.

Most people agree that the Board is very large, larger than the typical university or corporate board, and too large for effective discussion. As a result, much of the Board’s work is conducted by committees, some of which are very active and play a leading role in developing recommendations for policies and actions for approval by the full Board.

There is a growing consensus that to make the Board a more effective body the membership should be cut substantially, perhaps by half or more, which would require revision of the UNB Act and at least acceptance if not agreement to reduce the numbers now appointed or elected in each category.

Internally, the University has been reviewing the University of New Brunswick Act with a view to recommending changes with respect to the membership of the Board and other matters related to bringing the Act more up to date. Externally, in the recommendations of the Miner/d’Écuyer

Commission on Post-Secondary Education, the Working Group on Post-Secondary Education and the government's "Action Plan to Transform Post-Secondary Education in New Brunswick," suggestions have been made to review the acts of all four New Brunswick universities. Various community groups in Saint John have also voiced concerns about the need for a revision of the UNB Act with a view to enhancing community participation in campus and Board matters. Our Commission was not charged with a review of the Act but we were asked to look at several related matters.

### **Community Liaison Council**

Among other things, our terms of reference have asked us to look at:

- appropriate representation on the Board of Governors from each campus and the greater metropolitan area in which each campus is located; and
- possible establishment of specific terms of reference for oversight of the overall inter-campus relationship within an existing or new Board standing committee.

Whatever the size of the Board, we do not favor having specific community representation from either Fredericton or Saint John. The fact is that the Mayors of Fredericton and Saint John have generally not taken an active role in Board affairs, reflecting no doubt the heavy burden of the other responsibilities of their municipal office.

The members of the Board currently appointed by the provincial government, the alumni and the Board are drawn from a wide area, not just Fredericton and Saint John. Along with the elected faculty and student representatives, these Board members are – and should be – concerned with the progress and well-being of the University as a whole – not a particular part in isolation. Moreover, the Board has responsibilities to serve New Brunswick communities and citizens beyond the boundaries of Fredericton and Saint John, and a role to play regionally and nationally. The latter is enhanced, along with fund-raising potentials, by the appointment of committed members with the required talents from both inside and outside New Brunswick. With a smaller total membership there would be less room to have narrow interests represented on the full Board.

There is a long-standing feeling in the Saint John community that the well-being of the local campus is an afterthought – and not a priority – for the University of New Brunswick. To help overcome this perception, the Board of Governors should appoint a **community liaison council** for the Saint John campus, to focus on ways to enhance the development of the University's campus in Saint John and to advise on campus development and on ways that the community of Saint John can best assist. The Council should consist of Board members plus the President and Vice-President (Saint John), and an equal number of community leaders, drawn from local government, business and the not-for-profit sector, with all members to be selected on the basis of their knowledge, influence and independence of mind. The council should be empowered to select its own chair, as an additional non-voting member. The council should have an initial life of five years, and the Board's decision whether to extend its life should be based on the value and acceptance of its contribution to campus development.

The community liaison council is to be advisory to the Board of Governors, and matters requiring Board approval will still have to be submitted to the full Board. However, the active involvement of Board members in the work of the council should carry a good deal of weight when matters come before the Board. We have not specified the size of the council, but the total membership should be large enough to achieve representation of different points-of-view and small enough to permit effective dialogue. Nor do we recommend a requirement to have a certain number of faculty or student representatives among the Board appointees to the council since Board membership includes these and other constituencies. All members of the Board would be eligible to serve, and the appointments will have to take account of the other committee memberships and responsibilities Board members may already have.

We also favor the creation of a new position within the Office of President to oversee inter-campus relations generally and submit an annual report to the Board with recommendations on ways to enhance these arrangements (discussed in more detail below). With such a community liaison council in place and with more reporting on intercampus relations coming regularly and annually to the Board, we do not feel it is necessary to establish a Board standing committee on the inter-campus relationship or to add this as a concern for an existing Board committee.

### **The Functioning of UNB's Two Senates**

The Commission was asked to look at several matters relating to the functioning of UNB's two Senates:

- the extent of flexibility for divergence between the Senates while maintaining equivalent standards and ease of credit transfer within an integrated University of New Brunswick degree-granting model;
- increased opportunity for beneficial cooperation between the two Senates, including possible changes in the committee structure;
- a means for resolution of differences and disputes between the Senates that have an impact on University strategic priorities and interests;

University senates play a major role in university governance. They are the highest academic body in a university and are responsible for the academic rules and regulations that guide departments, faculties and students. Since acceptance of the CRICR report UNB has had two separate Senates: the Fredericton Senate and the Saint John Senate; these have replaced a single University-wide Senate. This may seem to some an unnecessary duplication. But, as the CRICR report recognized in 1984, there are in effect two academic communities, one in Saint John and one in Fredericton. The report noted that the creation of separate senates “achieves the goal of giving equality to the two campuses and also has the advantage of according to each the autonomy necessary to pursue its own academic development in the way that seems most appropriate to the needs of its potential student body.” For a variety of reasons, the previous University-wide Senate simply did not work very well with respect to inter-campus relations. The experience of the first 20 years of two-campus operations argued for the creation of separate

Senates and both the University Senate and the Board of Governors, as well as the government, agreed. On the whole this arrangement has worked well over the past 20 and more years.

### **Extent of Flexibility Between the Two Senates**

Given the two-campus/one university nature of UNB, some matters require a high degree of uniformity: entrance standards, grading standards, the awarding of scholarships, student regulations, appeals procedures and the like. For other matters there is greater flexibility: course requirements in various degree programs for example, because of differences in the size of budgets and the numbers of enrolled students may have a bearing on the range of courses that can be offered in a particular program causing differences between the campuses. Through consultation most matters can be sorted out between the Senates. It is important, however, in order to preserve the standards and the integrity of the University, that there be a mechanism to resolve differences when they do occur. Asking the Board of Governors to choose between different recommendations from the two Senates should be avoided. The CRICR report recommended the establishment of a Joint Liaison Committee of the two Senates but this was rejected by the University Senate before its dissolution. The matter of dispute resolution was therefore left to the President who chairs both Senates. We do not think this is workable and would therefore recommend that the University consider adopting the CRICR report's recommendation to establish a Joint Liaison Committee as outlined in Appendix H.

### **Ease of Student Transfer**

Facilitating student mobility is a responsibility of the campus Registrars, the academic departments and faculties on both campuses, the two Senates and, of course, students now and in the future. In recent years, there has been growing interest in seeing greater ease of credit transfer within UNB, between UNB and other universities and community colleges, as well as with the increasing number of private institutions of learning. Credit transfer is complex but given the changing nature of undergraduate education, with students increasingly mobile and taking varying lengths of time to complete programs, it is something that needs to be more fully addressed by UNB.

We have been told that a large number of undergraduate students will change their academic program and/or move to another campus or institution before completing their studies. In fact some studies have suggested that more than half of today's undergraduate students will attend at least two different institutions before receiving their first degree.

In 2007-08, for example, only 45 percent of students newly enrolled in degree programs on the Saint John campus came directly from high school. About 11 percent were returning to the campus after being away for at least one year, 18 percent were transfers from another Saint John campus program, and 26 percent were transfers from either another institution (23 percent) or the Fredericton campus (3 percent). In recent years the Fredericton campus has received in the order of 500 new transfers and between 100 and 200 transfers from the Saint John campus.

In its beginning years as a junior college or feeder campus, UNBSJ students were able to transfer easily to UNBF since first and second year programs were essentially identical at the two

campuses. There were a greater number of courses and options offered to students in Fredericton in the first and second years but all course credits obtained in Saint John were usable for entry into the third and fourth years of study in Fredericton. The only exception to this was when students switched from one degree program to another - for example, if students completing first and second year courses in Saint John in arts wished to switch to science or to programs not offered in Saint John in the first and second years such as forestry. Fields such as science, for example, allow only a few non-science elective courses and a student switching fields would therefore have more completed arts credit courses than could be counted toward a science degree. Required science courses not taken in the first two years in Saint John by a student then in arts would have to be taken in Fredericton to meet the science degree requirements before proceeding to full third year standing. This would also be true for UNBSJ students who changed fields of study when transferring to another university, and for UNBF students who switched to a different degree program at UNBF.

Student mobility changed somewhat after 1972 when degree programs were first introduced at UNBSJ and again in the 1980's after separate Senates were established for each campus. Most students on either campus continued to be able to transfer easily to the other campus to complete a major in the same program. With a smaller number of students and faculty members at UNBSJ, it is not always possible to offer the range of courses available in Fredericton. When degree programs change on either campus, as they do from time to time in order to reflect newer thinking about what should be taught to constitute a contemporary major in a given discipline, small changes can be introduced in a major which has the same name as a major offered on the other campus. This occurs because there may be differences of opinion between departments or faculties on the two campuses as to the desirability or nature of the change, or because there may be financial resource concerns that prevent or delay the adoption of a change by the smaller campus. When there are differences in required courses for a major by one campus, this has no bearing on the quality of the major being offered by the campus rejecting the change for intellectual or financial reasons. However, it may mean a student transferring to the other campus will be affected and may need an additional course credit to complete the degree there. Students are advised of this as they decide about transferring.

In engineering, where only the first two years of courses are offered and where students go on to Fredericton or elsewhere to complete their degrees, strong efforts are made to adopt curriculum changes in Saint John when they occur so that the identical program to that in Fredericton is offered. The same is similarly the case for physics, geology and chemistry.

One hears from time to time voices in the community alleging that UNBF does not accept course credits from UNBSJ or vice versa. It needs to be said that this is not the case. A particular course may be offered at only one campus (for example, Arts 1000 which is offered in Fredericton but not in Saint John). There may also be different course numbers for similar courses on the two campuses. But in general the other campus accepts all course credits, provided they meet the program requirements and have grades that are acceptable by the program into which the student transfers. A degree is more than a number of prescribed courses however, and the various programs have different requirements, formally approved by the department, faculty and campus Senate. As noted above, if students switch to a different program, it is possible that not all courses will be accepted by the particular program into which



they transfer. In addition, they may have to take an additional course or courses in order to meet the requirement of the particular program. This would be true for students transferring from another university and switching programs. Regulations for admission, grading, and many other matters related to students are the same for both campuses.

Student mobility these days entails more than the transfer of credits from one campus to the other or to one university from another for increasingly there are student transfers between community colleges and universities and there are programs offered together by community colleges and universities which are termed articulated programs. Both campuses of UNB have created articulated programs with community colleges and with community colleges and hospitals for degrees that put the experience and knowledge of these institutions together with university learning. The practice in transferring credits from the community college to the university varies widely in the post-secondary educational sector. Closer collaboration between universities and community colleges to enhance student mobility has been evident in recent years. The institutions have been addressing student mobility questions themselves but the need to do more has been emphasized in the reports of the recent Commission on Post-Secondary Education in New Brunswick and the Working Group on Post-Secondary Education, and in the government's "Action Plan to Transform Post-Secondary Education in New Brunswick." More articulated programs are likely to come as well because of the need for new programs in areas such as the health sciences or in tackling energy and environmental problems where interdisciplinary and inter-institutional resources can be brought to bear.

Both campuses of UNB have shown leadership in forging closer links with New Brunswick's community colleges and those in other jurisdictions. That there is a need for closer linkages between component parts of the post-secondary educational system is evident from the growing concern across Canada that there be greater transparency in the transferability of credits between institutions in the interest of a more student-friendly and student-focused environment. UNB seems to be aware of this need and can be expected to continue movement in this direction on its own, in tandem with other institutions, or if facilitated by government so that student mobility is made easier and more efficient.

### **Managing the Inter-campus Relationship**

We have also been asked to look at:

- administrative mechanisms appropriate to effective and efficient operations on and between the Saint John and Fredericton campuses;
- related aspects of the inter-campus relationship between the Fredericton and Saint John campuses.

Despite its importance, we have found that the University has devoted few resources to the care and feeding of the two-campus structure. Our own Commission is the first serious evaluation the University has initiated in 24 years. It would appear that in recent years inter-campus affairs have developed in a piecemeal manner, without strategic oversight, and with no regular report to the Board on the effectiveness of existing working relationships between the campuses. Most

senior University personnel now think of inter-campus matters only after dealing with their more pressing responsibilities to the campus where they are located. Many routine shared-service operations continue to work tolerably well, but mainly because of the personal efforts and working relationships between key personnel. When such communication and cooperation breaks down, little can be done to improve matters. Small disputes can therefore escalate in organizational and political importance, with the cracks being papered over when matters reach the Presidential or vice-presidential level, or in worst cases, surface at the Board of Governors.

For example, the University recently entered into a formal agreement with the provincial government to expand its total enrolments in nursing. The Faculty of Nursing in Fredericton is responsible for nursing education on that campus and at two satellite locations in Moncton and Bathurst, while in Saint John the Department of Nursing is part of the Faculty of Science, Applied Science and Engineering. Although the agreement called for the attainment of a total enrolment target by the University and for a financial penalty in the event of a shortfall, there has been no firm agreement between the Fredericton and Saint John authorities – either before or after the agreement was signed – on how responsibility for achieving the total enrolment target was to be shared. This is clearly a case where independent decision-making was not a productive option, and a firm inter-campus agreement, including whatever compromises were required, should have been in place before the agreement with the government was signed.

Much of the current centralized activity within the University has been the result of ad hoc decisions made throughout the organization in response to perceived opportunities and a need for change. (The changing patterns of centralized and decentralized administration for the Saint John campus over the years are summarized in Appendix I.) What impact the latest efforts at centralization of services will have on campus autonomy remains to be seen. Decentralization and an emphasis on campus autonomy in the 1970s and '80s was a response to problems that existed when there was a highly centralized structure. This previous centralization had proved to be somewhat suffocating for UNBSJ and had impeded its appropriate development.

There is no question that UNB is a brand name with a high degree of brand recognition. In common parlance UNB usually means UNBF. Indeed, there has been an insistence on the part of UNBF to call itself UNB in everything from email addresses to athletic teams. This is probably inevitable and understandable because for 179 years the Fredericton campus was UNB. It is the same with other multi-campus universities. "Cal" generally denotes the University of California, Berkeley even though the University of California, Los Angeles is an equally distinguished university within the California system. Similarly the University of Maine means U Maine (Orono) with the other campuses having geographical tags. Like UCLA and the rest of the University of Maine (and especially the large University of Southern Maine operation in the Greater Portland area), UNBSJ still struggles to maintain a degree of brand recognition apart from its parent. In time and with greater growth of UNBSJ the continuing problem of a somewhat submerged identity might drop away. It currently is a minor irritant.

UNB's current distribution of vice-presidential responsibilities could best be described as pragmatic. There are currently four positions formally designated as vice-presidents: three based in Fredericton – the Vice-President Fredericton (Academic), the Vice-President (Finance and

Corporate Services) and the Vice-President (Research) – and one in Saint John – the Vice-President (Saint John).

However, all have responsibility for a mixture of both campus-specific and University-wide services. Even the Vice-President Fredericton (Academic), who is responsible for no fewer than 10 academic faculties and a large number of other academic and support services for that campus, oversees a number – in the Fredericton library, the undergraduate awards and other parts of the Office of Registrar (Fredericton) – that are intended to serve both campuses. Similarly, the Vice-President (Saint John), whose office was created specifically to supervise both academic and administrative activity of that campus, now also bears University-wide responsibility for the recruiting of students from other countries.

The other two vice-presidential portfolios are mainly University-wide in scope. The position of Vice-President (Research) was created in 1992 to oversee and promote graduate studies and research activity on both campuses. The Vice-President (Finance and Corporate Services) has a number of responsibilities for some Fredericton-only operations, but essentially supervises financial and accounting services, legal services, human resources and organizational development for the University as a whole.

Another position based in Fredericton – that of Chief Advancement Officer – is vice-presidential in all but name. Established in 2006, the office has University-wide responsibility for development and donor relations, government relations, communications and marketing, and alumni affairs.

Finally, although not vice-presidential in nature, the office of the University Secretary has a broad range of organizational and reporting responsibilities for the Board of Governors and both the Fredericton and Saint John Senates, their committees and other University bodies. As the repository of official Board and Senate records, the University Secretariat is a principal source of information and advice about University policies, procedures, regulations, precedents, practices and past performance.

Together with the President, the holders of these six offices constitute an informal University Management Committee. The Committee meets fairly frequently to discuss matters of general concern and is therefore an important vehicle for University-wide consultation and coordination. However, the Committee itself lacks formal authority, no minutes are kept, and any follow-up action is based on the authority of the individual office-holders or other University bodies such as the Board and Senates. A review of the agendas for the past three years suggests there has been infrequent discussion of the management of inter-campus relations in this forum.

With such dispersion of responsibility for shared services, the University has depended to a large extent on the interests and compatibility of the incumbent members of the administrative team to make things work smoothly and to achieve the maximum benefits from inter-campus arrangements. Because existing search processes for vice-presidential offices vary in the importance which is given to the performance of inter-campus responsibilities, it is fortunate that they have been carried out as well as they have.

In May 2008, the President announced that the Board of Governors had approved creation of the new position of Provost to be an overall “academic leader during a bridging period.” The responsibilities were added to the portfolio of the incumbent Vice-President (Research) for an initial term of 3 ½ years from July 1 to December 31, 2011, with the role of Provost to be reviewed in 2011 based on the experience gained during this initial term.

The immediate University-wide responsibilities for this new position include:

- to act “in concert with the President and the team of Vice-Presidents to lead academic strategic planning and the administration of academic matters of University-wide significance on a near-term basis”,
- to lead the University’s response to the new provincial government measures announced in the June 2008 “Action Plan to Transform Post-Secondary Education in New Brunswick”, which are to include possible changes in the funding model, additional reporting and accountability requirements, and new forms for cooperation with other post-secondary institutions in the Province,
- to assist the newly-appointed campus vice-presidents for both Fredericton and Saint John in adjusting to the duties and expectations of their positions,
- to lead management participation in the next rounds of collective bargaining with both full- and part-time academic employees.

The Provost is also to have responsibility for assessing and implementing where approved the recommendations of our Commission on Inter-Campus Relations, Funding and Governance.

This is the first time that UNB has had a Provost, and the office is by no means common for university administration in Canada. The specific duties may vary from institution to institution. Nevertheless, where the position does exist, the Provost usually ranks next to the President in the organizational hierarchy, at least for academic matters.

In the words of the President, UNB’s immediate need was “for an academic leader during a bridging period.” These words take on increasing importance with the announcement that the current University President is to step down as of July 31, 2009, therefore creating greater uncertainty for the evolution of the University’s senior administrative positions. If the position of Provost does become permanent at UNB, care will need to be given to defining the ongoing responsibilities of this new office and its relationship to other senior administrators.

In the present circumstances, one possible expedient for bringing greater focus to the management of inter-campus or University-wide services would be to transfer administrative responsibility for all such activity to **one** of the three positions – the Vice-President (Research)/Provost, the Vice-President (Finance and Corporate Services) or the Chief Advancement Officer. These offices are currently responsible for delivering most of the shared services, and those few which currently reside outside their responsibility could be assigned to

the particular offices considered best equipped to handle them. As a consequence all shared services would be in the hands of one of these three administrators, all of whom report to the President. This would allow the Vice-President Fredericton (Academic) and the Vice-President (Saint John) to concentrate their management time entirely on campus-specific matters, while continuing to participate in the discussion and coordination of University-wide operations as members of the University Management Committee. However, we do not recommend such an approach.

Nevertheless, the lackadaisical approach to inter-campus relations cannot go on. The management complexity associated with maintaining current inter-campus relationships, and the need to overcome the confusing ambiguity which currently exists both internally and in the public mind, require a significant expenditure of time and effort – more than they get now. We recommend the appointment of an Executive Assistant for Inter-campus Relations, to be part of the President's office, with a clear authority and responsibility for:

- monitoring the operation of existing shared services
- taking action to resolve operational problems (including disputes between the Senates) as they arise
- identifying new opportunities for inter-campus cooperation, and organizing the arrangements to implement them
- advising on steps to downsize or eliminate shared services that may no longer be needed because of changing circumstances
- reviewing and making separate recommendations annually to the University Budget Committee on bi-campus operations and cost-sharing provisions for shared services
- conducting regular orientation sessions on the requirements and proper procedures for UNB's two-campus structure for (a) members of the Fredericton and Saint John Senates and the Board of Governors, (b) all those who are newly appointed to senior academic and support service positions (such as vice-presidents, deans, chairs and directors) on both campuses, and (c) any other employee whose job responsibilities affect inter-campus affairs in a significant way
- ensuring that general faculty and staff orientation sessions make clear the two-campus nature of UNB
- reviewing all university publications to ensure that statements about the two-campus nature of UNB are dealt with appropriately and if they are not that those responsible for publication are advised
- communicating with the general public regularly about how UNB works as a two-campus University to ensure better public understanding on such matters as governance, financing, inter-campus relations and student transfers between campuses

- preparing an annual report on inter-campus relations and developments, including an assessment of the effectiveness of current operations with recommendations as required, for presentation to the Fredericton and Saint John Senates and the Board of Governors.

The cost of this new position should be divided equally between the campuses, and the person holding this position should have no other duties which conflict with the responsibility to foster and promote the benefits of inter-campus cooperation wherever appropriate.

### **New Mandates for Saint John and Fredericton**

When the Saint John campus was established in 1964 it had a clear-cut goal of providing residents of that community with local access to basic university-level programs. It was initiated as part of UNB, and not as a new independent institution, to be able to take advantage of the existing operational capabilities, academic standards and reputation of the Fredericton campus.

This initial goal of providing access to university-level courses in Saint John has been met. However, other objectives for the Saint John campus have never been clearly defined, especially when compared to the Fredericton campus. Instead, activities have been added piecemeal as opportunities and available resources have come together.

The two campuses do differ in important particulars. Fredericton continues to be much larger whether measured by enrolment, the numbers of faculty and staff, or the size of its operating budget and physical plant. The range of its academic programs is broader, and more are developed at the graduate level. More Fredericton-based faculty are involved in externally funded research projects.

Nevertheless, in broad outline, the campuses *are* similar. Indeed, the University's official mission statement, approved in 1991 by both the Fredericton and Saint John Senates and the Board of Governors, makes no distinction between the two campuses. UNBSJ, through the decisions that have been taken over the years to develop beyond offering courses only in the first two years of arts and science, to offer professional degree programs and graduate programs and to have relative autonomy in its operations, has in fact become a smaller version of UNBF, quite different from Mount Allison and Saint Thomas universities and from the Edmundston and Shippagan campuses of the Université de Moncton. Through these changes, the Saint John campus, though still a part of UNB, has become more like the full-fledged university that the Saint John community wanted when it argued for a separate university in the late 1950s.

Given the lack of a distinguishing mission, too much attention is often given to making overly simple comparisons between the two campuses. We were told frequently how Saint John compares unfavorably in some way, as though the goal was to make the two campuses identical.

The time has come to specify development goals for each campus. These should avoid – or at least minimize – duplication in areas of specialization where costs are high and resources hard-to-come-by at any price. But there should continue to be available at each campus a broad range

of basic university courses as justified by student demand and available resources – regardless of whether they are available on the other campus.

Above all the time has come to decide what the nature of UNBSJ is to be once and for all. In the early 1970s it was grudgingly allowed to offer degree programs in arts but only if they were interdisciplinary and would not compete with UNBF arts majors programs. This did not work because students did not want such programs and enrolment stagnated. Besides, the far greater campus competition for UNBF in arts turned out to be St. Thomas, right on its doorstep in Fredericton. In the mid 1970s, various reforms in programs and structures gave greater autonomy and decision-making to the campus. Beginning in the late 1970s and in the more than 30 years that followed, student numbers began to grow, internationalization of the campus was undertaken and the campus seemed to be on a path to be a regular university, rather like UNBF but smaller. But some 30 years later, in the Miner- l'Écuyer report in 2007, yet another direction was recommended for UNBSJ: total separation from UNB in order to become part of an ill-defined polytechnic institution. However, the reaction of the campus, the University and the greater Saint John community was such that this direction was abandoned.

The government has since declared that UNBSJ will remain a part of UNB but what that means in terms of its future development is far from clear. Will it remain on the path of the last 35 years of becoming a UNBF writ small, with a strong core of arts, science and business but fewer professional programs, and begin to offer new degree programs in the energy, information technology and health areas with related centres of excellence, as well as creating even more articulated programs with the community colleges in Saint John, St. Andrews and Moncton as needs and opportunities arise? We believe this is what the people of greater Saint John want for their university presence in the port city.

The development and approval of specific new mandates for the Saint John and Fredericton campuses cannot be achieved overnight, but it should be the University's and in particular the Board's goal to have them fully in place within five years (that is, by 2012-13).

With approval from the Board of Governors, the future development plan for a campus could, if appropriate, involve the transfer of an existing program and related resources from the other campus. For example, the creation of a single strong faculty or school of business on one campus with only limited business offerings on the other, has often been talked about but not carefully or seriously examined. The one-time costs of accomplishing such transfers (including required employee compensation and building construction or renovation) may be very substantial, and the campus surrendering the program will suffer an ongoing loss of tuition, grant and other income as a consequence. Hence it is unlikely that there will be financial savings sufficient to cover them. Since the receiving campus will benefit from the relocation, there is a logic to requiring that campus to absorb the transfer costs, even if they must be spread over a number of years. However, if the transfer is in accord with provincial government development priorities, there is a stronger case for obtaining government financial assistance to cover these expenses. Beyond the one-time costs there would be the need as well to create 5-10 fully endowed professorships at a cost of \$10-20 million (or alternatively adding from \$1,000,000 to \$2,000,000 to the annual operating budget) to attain the necessary critical mass for the faculty or school to become a leader in this field regionally and nationally.

## **Separation Protocol**

The Saint John campus has been part of UNB for 44 years, and we have been asked to make our recommendations “within the guiding principle of one University of New Brunswick with two campuses.” The assumption is that the two campuses should never evolve into separate and independent universities. We find this an unrealistic assumption, based on the history of two-campus institutions in Canada. Most previous two-campus initiatives have led to separate institutions. One cannot help but wonder what the community reaction would have been if, instead of proposing that UNBSJ be folded into an unfamiliar and unproved "polytechnic" venture, the Miner-L'Écuyer Commission had recommended the conversion of the Saint John campus into an independent "University of Saint John". We believe that UNB should remain a two-campus institution as long – and only as long – as both campuses benefit – and are seen to benefit – from this arrangement.

The day may come – indeed probably will – when evolution of the University of New Brunswick into two independent universities for Fredericton and Saint John will make sense, for both academic and operational reasons. This need not bring an end to key forms of inter-campus cooperation for mutual benefit – no more than it has to the well established cooperation which has existed for many years among independent universities through such vehicles as the New Brunswick-Prince Edward Island Educational Computer Network, the cooperative purchasing programs operated for Atlantic Provinces universities through Inter-university Services Incorporated, and country-wide pooling of property and liability insurance risks through CURIE – the Canadian Universities Reciprocal Insurance Exchange. Nor would it require withdrawal from any new forms of cooperation with other universities and community colleges that may result from the provincial government's recent “Action Plan to Transform Post-Secondary Education in New Brunswick.”

Even if the University itself does not see eventual separation as a positive goal, any number of potential crises in inter-campus or inter-community relations could develop to force an unplanned break within a short period of time. No one is currently pressing to achieve this end – but the history of two-campus relations elsewhere in Canada, or for that matter here in New Brunswick, suggests that the risk of forced separation is never entirely absent. It would therefore be prudent for the Board of Governors to develop a protocol to apply if and when separation happens. This protocol should specify how assets and liabilities of the current University are to be split between the two new institutions (with provision for independent arbitration for disputes which cannot be resolved by compromise). The protocol must also honour the legal and moral commitments which attach to the existing endowments and the many gifts which the University of New Brunswick has received over the years. In addition, it should allow for the continued sharing of services and joint endeavours where there is agreement on the mutual benefits to be achieved. After 44 years it is too late to create a true “pre-nuptial agreement”, but contingency thinking and the development of a protocol for how to implement separation on the best achievable terms should the need arise, could well pay many dividends later on. Indeed, the prior existence of a well-thought-out protocol could inject a useful element of realism into otherwise fanciful speculations about the practical outcome of a separatist thrust.



## VII. CONCLUDING COMMENTS

During the 1950s and at various times since, there have been voices in the Saint John community arguing for the creation of an independent university there. They reflect a view that being part of a single University of New Brunswick works to the disadvantage of the Saint John campus. In the absence of separate government operating grants for each campus, there is a deep-rooted suspicion that the distribution of budget resources and approval of new programs by the Board of Governors favors Fredericton. There is also a feeling that the University has unfairly lobbied, for example, to have the New Brunswick branch of the National Research Council's Institute for Information Technology located in Fredericton and not Saint John, and to discourage the initiation of a degree program in medicine in Saint John. Our Commission's review of the history of inter-campus relations has found no evidence to support the view that the responsible administrators and the members of the Board of Governors have aimed to undermine the interests of the Saint John campus. We feel it is important to confront these allegations.

We have suggested elsewhere in the report that the \$1.085 million that the Board has reserved for allocation between the campuses pending our report should be divided so as to restore the dollar yield per WFTS student to the bi-campus equivalency that existed in 1986-87. This is something the University can do in the present circumstances but we labour under no illusion that this will fix the current and on-going budget problems. Our terms of reference challenged us to recommend "a financial and funding model appropriate to the two-campus structure that will support and enable financial sustainability of each campus and the University over the long term." Such a "financial and funding model" can only be devised by the provincial government. It is for this reason that we have emphasized throughout the report the importance of the government finally agreeing to the repeated requests of UNB for separate government grants to each of its two campuses.

This is the only way that the needs of each campus can be addressed fully and fairly. For too long, successive governments have avoided recognizing that UNBSJ has become the institutional and educational equivalent of UNBF, Mount Allison, Saint Thomas and Université de Moncton.

As a result of public policy that set the future direction for all New Brunswick universities in 1963, UNBSJ was initially planned to be a two-year junior college. Its first programs, physical plant, and financing were planned on the basis of that scenario, with its future development left in the hands of UNB. Despite many start-up problems and difficulties along the way, UNB, with presumably the assent of government at each step, has done just that, developing UNBSJ into essentially a smaller version of itself.

When UNBSJ started offering four year degree programs in 1972, with approval of the University Senate and the Board, beginning the task of turning itself into a full-fledged university instead of a junior college, the government refused to provide start up costs for this major step in its development on the grounds that it was not funding program start-up costs elsewhere. But this, of course, was not the initiation of another new program at a university; it represented the transition of UNBSJ to realize the ambitions of the Saint John community for a full university presence in the city. That this step was different and was changing the fundamental status of UNBSJ was simply not considered. While UNB approved this new

direction, it could not then fund its implementation. Instead, a Saint John philanthropist provided the funds to launch the BBA program at UNBSJ until it could be absorbed into the UNB budget. Once started, momentum followed and so too did increases in enrolment, as UNBSJ added a fuller range of undergraduate programs.

Developing a separate campus of the University is not the same as adding another faculty to the same campus. The costs of fully developing and operating a two-campus university are considerable and have never been recognized by government. Many of the same services need to be provided and there are additional costs to administering two campuses instead of one. As noted elsewhere in our report, a study was done under the auspices of the Maritime Provinces Higher Education Commission in 1981 to assess what the costs then were to operate UNB's two campus structure. The study determined that the additional annual costs were approximately \$3 million, which were being paid from the University's existing resources -- the equivalent of about 8 percent of the University's total government grant for that year. Nothing was done to provide additional government support.

In the first three years of operation UNBSJ's expenses exceeded estimated costs and in 1967 the government reimbursed UNB for the over runs. Since then the government has consistently passed the buck to UNB to use the regular resources provided by government plus its tuition fee and other and its other sources of income to operate the two campuses. For the most part UNB has done the best it could, in the face of overall inadequate government funding for both campuses. For the past 20 years at least, the Board has divided its single government grant between the two campuses by applying the same method the government uses to calculate the total grant for the University. All government funding is thereby allocated to one campus or the other and each is expected to budget annually within their available resources and not incur a deficit. Unlike the government it has aimed to treat both campuses as if they were separate universities. This has meant at times that the Fredericton campus budget has had to support the Saint John campus budget even when it was experiencing real difficulty in meeting its own needs.

When the government introduced its new 75 percent flat/25 percent enrolment based formula for 1979-80, which served UNBSJ less well because its enrolment was then growing more rapidly than UNBF's, the University continued internally to use the government's former formula which was more favorable to UNBSJ and gave that campus 17 percent more funding over the succeeding six years. When in 1987 the Fredericton campus's accumulated operating budget deficit reached more than \$1 million, with no accumulated deficit in Saint John, the Board determined that henceforth the government grant would be divided by the new formula in the interest of inter-campus fairness. Even then the Board provided an additional \$100,000 from the Fredericton campus budget a year for three years to phase in the application of the government's formula.

After a great deal of negotiation the government recognized for the first time in 1989-90 that UNBSJ's enrolment had been growing rapidly and even though the combined Fredericton/Saint John enrolment total had not reached the threshold for adjustment, which had been the basis for rejecting earlier requests, it did increase the base grant to UNB by \$700,000. UNB added this

full amount to the UNBSJ base grant in its formula calculation without any payback to the Fredericton budget campus for previous transfers.

In developing the University's current 2008-09 operating budget, the Fredericton campus once again has contributed \$600,000 from its funding to the Saint John campus on a one-time basis to help offset a serious revenue shortfall. We ourselves are recommending that the \$1.085 million withheld by the Board of Governors pending receipt of our report be allocated essentially to build up a higher though still inadequate level of base funding for the Saint John campus.

It is not only operating funds that have been transferred from the Fredericton campus to Saint John over the years but capital funds as well. In 1984 the University recommended that the \$2.4 million that had been approved by the government for an addition to the Harriet Irving Library be transferred to construction of the Student Centre at UNBSJ because of a change in planning for library renovations in Fredericton. The government agreed.

For better or worse, UNBF and UNBSJ have been joined together since 1964. We can never know how things might have developed if the government had opted at the outset to create a separate university in Saint John. A completely new university would have been able, however hesitatingly at first, to shape its own identity rather than grow up in the shadow of the larger campus in Fredericton. Its role within the New Brunswick university system might well have been more clearly assigned, allowing for a different form of growth to take place. As a competitor rather than a dependent of UNB, its battles would have been of an entirely different nature. It would have been a co-equal of the other four universities in the province, able to plead for its own development needs rather than have them bundled with those of UNBF. It would have had separate government funding. It almost certainly would have offered some degree programs from the start. Planning for a new university in Saint John might well have entailed the kind of careful planning that took place at Trent University or the University of Waterloo and other new universities around the country in these years, with greater consideration given to what kind of university would be created and how the needs of the community might best be met. A new university in Saint John might have succeeded brilliantly. It might have failed spectacularly. It might have become less than it has become if its role had been too narrowly circumscribed. It might have become more than a smaller UNBF or the very small comprehensive university it has in fact become and done this faster as an independent university. We simply cannot know. For whatever reasons, gradualism rather than vision and careful planning was the way forward with its own attendant advantages and disadvantages. At the same time, UNBF might well have developed in different and more focused ways over the past four-and-a-half decades if it had not always to consider and accommodate the interests and needs of the campus in Saint John.

If the government follows through on seeking five-year strategic plans from the universities and the colleges as outlined in its Action Plan, an opportunity will be provided for UNB to examine directly with the government what specific mandates its two campuses should have for future years. These mandates need to be supported by separate government grants, finally putting an end to the long-standing practice of providing only one grant for both campuses which has led to unproductive frustration and misunderstandings, at some times between Fredericton and Saint John and at other times between the Saint John community and UNB. Appropriate deliberations between the government and UNB must not only clarify the roles and mandates of these two

educational enterprises, they need also deal with the chronic under-funding of UNB with respect to the costs of operating a two-campus university and the government's failure to properly adjust the base grant of UNBSJ as it moved from junior college to university status.

## VIII. SUMMARY OF RECOMMENDATIONS

- 1) The University of New Brunswick must take whatever steps are required to achieve the implementation of separate provincial government operating grants for the Fredericton and Saint John campuses, beginning in 2009-10.

We have concluded that the University's existing internal arrangements for splitting its total provincial government operating grant between the two campuses are fair and reasonable. But no matter how the University itself divides a single grant between the campuses, there will be suspicion in some quarters that one campus or the other has been treated unfairly by the Board or the administration. The real problem is that the University does not now have adequate ongoing revenue sources to support current budget commitments. With the levels of enrolment now projected and current spending commitments, both campuses of the University face growing operating deficits ahead to at least 2012-13. The budget outlook is especially severe for the Saint John campus. These annual deficits can only be avoided if government or other revenues increase more rapidly than now projected, and/or existing spending commitments are reduced. The increase in total annual grant support for all publicly-supported universities promised in the provincial government's recent "Action Plan to Transform Post-Secondary Education in New Brunswick" will probably not be adequate for these institutions to do all they are being called upon to do. However, the Fredericton and Saint John campuses exist as expressions of long-standing public policy, and the introduction of separate government grants is critical to clarifying the provincial government's basic responsibility for determining the financial capacity of each campus to carry out the educational and service mandates assigned to it.

- 2) The University's internal use of the provincial government's operating grant formula to divide its single grant between the Fredericton and Saint John campuses has produced a different dollar amount per eligible Weighted-Full-Time-Equivalent (WFTE) student. This difference reflects the nature of the provincial formula and would have been about the same if Fredericton and Saint John had been separate universities since 1986-87. Nevertheless, and as an investment to improve inter-campus relations, we recommend that the University split the currently unallocated balance of \$1,085,000 in its unrestricted provincial government operating grant for 2008-09 as follows:

Saint John	\$ 781,000
Fredericton	<u>304,000</u>
	1,085,000

This will produce an equal amount of \$3,252 per eligible WFTE student for 2008-09, with the following total grant for each campus:

Saint John	15,728,047
Fredericton	<u>80,106,713</u>
	95,834,760

(The fiscal transfer of \$1,787,900 to compensate the Fredericton campus for services provided to St. Thomas University brings the total grant amount for Fredericton to \$81,894,613.)

This internal allocation of government grant funds for 2008-09 should serve as the base for the introduction of separate government grants for 2009-10. While this grant adjustment will improve the current budget position of the Saint John campus, there will still be a substantial gap between recurring revenue and expense that requires corrective action.

If the government does not act in time to implement separate grants for 2009-10, the University should use its existing internal formula to distribute its 2009-10 grant between the campuses, using this 2008-09 allocation as the starting point for the calculations. In this case, it is possible that some difference in yield per average WFTE could reappear for 2009-10, but that would be a consequence of the government's continued failure to act on a recommendation first made more than 30 years ago.

- 3) Cost-sharing for each University service provided to both campuses should be subject to annual review, and adjusted as service levels change and use patterns evolve. An integrated budget for these shared services should be subject to specific review and approval by the Board of Governors.
- 4) The University should develop and pursue specific and separate program mandates for the Saint John and Fredericton campuses, aiming to have them fully in place no later than the 2012-13 academic year.
- 5) The University should appoint a community liaison council, consisting of members of the Board of Governors plus the President and the Vice-President (Saint John), and an equal number of community leaders, drawn from local government, business and the not-for-profit sector, to advise on the development of the new mandate for the Saint John campus. The council should be empowered to select its own chair, as an additional non-voting member. This council should have an initial life of five years, and the Board's decision whether to extend its life should be based on the value and acceptance of its contribution by the Board and the community representatives.
- 6) The defining feature of today's UNB is that it is a **two-campus** university, yet the management of the inter-campus relationship receives little attention on a day-to-day basis. In the current environment, small problems can go unresolved until they escalate into full-blown crises which affect the University's public image and demand senior-level attention. Opportunities to exploit new cooperative ventures for mutual benefit can go unexplored because they require crossing traditional departmental boundaries and the incentive to proceed is lacking. As an immediate priority, the University should create in the President's office the senior position of Executive Assistant for Inter-campus Relations with a clear authority and responsibility to ensure the effective operation of University policies, measures and offices bearing on the operation of both campuses. One of the duties of this Executive Assistant would be to prepare an annual report on inter-

campus relations and developments, with recommendations as required, for presentation to the Fredericton and Saint John Senates and the Board of Governors.

- 7) To promote greater coordination and cooperation between the Fredericton and Saint John campuses in the development of academic policies and procedures, the University should establish a Joint Liaison Committee for the two Senates, as recommended by the Committee to Review Inter-Campus Relations (CRICR) in 1984 but not implemented at that time.
- 8) We believe that UNB should remain a two-campus institution as long – and only as long – as both campuses benefit – and are seen to benefit – from this arrangement. Although the University does not seek the eventual separation and independence of the two campuses as a positive goal, this could still take place, and in the right circumstances could be an appropriate development. It would therefore be prudent to develop a protocol to apply if and when separation happens. This protocol should specify how the assets and liabilities of the current University are to be distributed, with provision for independent arbitration of disputes which cannot be resolved by acceptable compromise. In addition, it should allow for the continued sharing of services and permit joint endeavours where there is agreement on the mutual benefits to be achieved. The prior existence of a well-thought-out protocol would inject a useful element of realism into otherwise fanciful speculations about the practical outcome of a separatist thrust, and allow any actual separation to occur on predictable and equitable terms for each campus.

## APPENDIX A

### Commission's Terms of Reference

*As Approved by the Board of Governors on February 14, 2008  
and announced by the University on March 26, 2008*

“The University of New Brunswick needs to further examine and modify inter-campus relations in a way that will allow for continuing development and change on each campus while enabling UNB to fulfill its role as the province's national comprehensive university. Accordingly, the Board of Governors has established a Commission to study and report to the President and the Board on certain aspects of the relationship of the Saint John and Fredericton campuses. This will be the first major review of inter-campus relations since the Board Committee on Inter-Campus Allocation of grants of 1987.

This commission will have a focused mandate to enquire into, report on and make recommendations, within the guiding principle of one University of New Brunswick with two campuses, on the following matters:

1. a financial and funding model appropriate to the two-campus structure, that will support and enable financial sustainability of each campus and the University over the long term;
2. the role and financing of services provided centrally to both campuses;
3. a governance structure and functions appropriate to the two distinct but integrated campuses of UNB that addresses:
  - a. the extent of flexibility for divergence between the Senates while maintaining equivalent standards and ease of credit transfer within an integrated University of New Brunswick degree-granting model;
  - b. increased opportunity for beneficial cooperation between the two Senates, including possible changes in the committee structure;
  - c. a means for resolution of differences and disputes between the Senates that have an impact on University strategic priorities and interests;
  - d. appropriate representation on the Board of Governors from each campus and the greater metropolitan area in which each campus is located;
  - e. possible establishment of specific terms of reference for oversight of the overall inter-campus relationship within an existing or new Board standing committee.
  - f. administrative mechanisms appropriate to effective and efficient operations on and between the Saint John and Fredericton campuses;
  - g. related aspects of the inter-campus relationship between the Fredericton and Saint John campuses.”



## APPENDIX B

### University of New Brunswick Mission Statement

*As Approved in 1991: by the Fredericton Senate on March 12, the Saint John Senate on March 13, and the Board of Governors on March 28.*

“The University of New Brunswick, with campuses in Fredericton and Saint John, and with its diverse programs and varied activities, strives:

- to be known for its excellence in teaching by providing students with the highest possible quality instruction, library and laboratory resources which are appropriate for both undergraduate and graduate learning, and an environment conducive to the development of the whole person;
- to achieve national and, in selected areas, international recognition for its research programs by capitalizing on its comparative advantages and by maximizing the benefits to be derived from its two-campus structure through reinforcement and enhancement of their individual strengths;
- to serve New Brunswick, the Atlantic Region and the Nation through the provision of broadly educated graduates, and through the development of applied programs involving the private sector and government agencies;
- to co-operate with governments and post-secondary institutions in developing a coherent system of advanced education, and to recognize the need for long-term financial stability and accountability;
- to serve as a source of information and expertise to help society understand and deal with the major issues and opportunities of our time;
- to encourage the development of a network of international co-operation in teaching, research and community development;
- to be a responsible and responsive.”

## APPENDIX C

### Approximate Full-Time Enrolment for the University of New Brunswick By Year Since 1900

#### PART ONE: Fredericton Campus From 1900 to 1963

<b>Year</b>	<b>Total</b>	<b>Year</b>	<b>Total</b>	<b>Year</b>	<b>Total</b>
1900	76	1921	133	1942	326
1901	93	1922	153	1943	347
1902	104	1923	135	1944	352
1903	119	1924	153	1945	401
	123	1925	150	1946	608
	133	1926	183	1947	1,280
1904	124	1927	227	1948	1,356
1905	128	1928	243	1949	1,295
1906	139	1929	271	1950	1,093
1907	148	1930	317	1951	782
1908	164	1931	346	1952	796
1909	163	1932	359	1953	677
1910	154	1933	343	1954	767
1911	149	1934	318	1955	874
1912	154	1935	275	1956	1,022
1913	131	1936	257	1957	1,277
1914	112	1937	249	1958	1,381
1915	91	1938	381	1959	1,615
1916	72	1939	323	1960	1,847
1917	62	1940	363	1961	2,170
1918	142	1941	335	1962	2,367
1919				1963	2,522
1920					

## Approximate Full-Time Enrolments for the University of New Brunswick by Year Since 1900

### PART TWO: Saint John and Fredericton Campuses From 1964 to 2007

Year	Saint John	Fredericton	Total	Year	Saint John	Fredericton	Total
1964	97	2,867	2,964	1986	1,087	6,675	7,762
1965	271	3,071	3,342	1987	1,164	6,615	7,779
1966	340	3,256	3,596	1988	1,211	6,823	8,034
1967	362	3,826	4,188	1989	1,268	6,994	8,262
1968	462	4,330	4,792	1990	1,367	7,135	8,502
1969	513	4,555	5,068	1991	1,505	7,447	8,952
1970	464	4,945	5,409	1992	1,697	7,724	9,421
1971	531	4,996	5,527	1993	1,843	7,562	9,405
1972	529	4,702	5,231	1994	1,948	7,719	9,667
1973	569	4,662	5,231	1995	1,928	7,779	9,707
1974	498	4,810	5,308	1996	1,930	7,788	9,718
1975	522	5,385	5,907	1997	2,003	7,436	9,439
1976	497	5,386	5,883	1998	1,908	7,584	9,492
1977	560	5,363	5,923	1999	1,980	7,341	9,321
1978	582	5,311	5,893	2000	2,075	7,411	9,486
1979	626	5,234	5,860	2001	2,293	7,299	9,592
1980	689	5,383	6,072	2002	2,397	7,687	10,084
1981	754	5,657	6,411	2003	2,614	8,035	10,649
1982	914	6,079	6,993	2004	2,647	8,068	10,715
1983	984	6,481	7,465	2005	2,561	8,090	10,651
1984	990	6,795	7,785	2006	2,416	7,690	10,106
1985	998	6,811	7,809	2007	2,198	7,514	9,712

**NOTE:**

- Data for:
- (a) *Enrolment numbers for all years from 1900 to 1969 are from UNB Facts and Figures: Past and Present (information compiled by Professor Eric C. Garland for the Academic Planning and Campus Development Committee, May 1970);*
  - (b) *Data for 1970-73 are as compiled by the Office of the Registrar and published in various UNB Calendars;*
  - (c) *Data for 1974 to 2007 are from reports compiled by the Office of the Registrar.*

<b>APPENDIX D</b>				
<b>Total Enrolment and Academic Credentials Awarded, University of New Brunswick</b>				
<b>2006</b>				
<b>Page 1 of 2</b>				
	<b>Total Enrolment 2006-07</b>	<b>%</b>	<b>Total Credentials 2006</b>	<b>%</b>
<b>Fredericton Campus</b>				
Arts or Science – General	1,350	14.0	16	0.6
Education, Physical Education, Recreation and Leisure	1,706	17.7	588	23.3
Fine and Applied Arts	24	0.2	9	0.4
Humanities and Related	410	4.3	246	9.8
Social Sciences and Related	674	7.0	246	9.8
Commerce and Administration	1,377	14.3	450	17.9
Agriculture and Biological Sciences	360	3.7	109	4.3
Engineering and Applied Sciences	1,723	17.8	369	14.6
Health Professions and Occupations	749	7.8	311	12.3
Mathematics and Physical Sciences	506	5.2	158	6.3
Not applicable/Not reported	777	8.0	18	0.7
<b>TOTAL</b>	<b>9,656</b>	<b>100.0</b>	<b>2,520</b>	<b>100.0</b>
Undergraduate	8,314	86.1	2,132	84.6
Graduate	1,342	13.9	388	15.4
<b>TOTAL</b>	<b>9,656</b>	<b>100.0</b>	<b>2,520</b>	<b>100.0</b>

<b>APPENDIX D</b>				
<b>Total Enrolment and Academic Credentials Awarded, University of New Brunswick 2006</b>				
<b>Page 2 of 2</b>				
	<b>Total Enrolment 2006-07</b>	<b>%</b>	<b>Total Credentials 2006</b>	<b>%</b>
<b>Saint John Campus</b>				
Arts or Science – General	909	31.7	9	1.7
Education, Physical Education, Recreation and Leisure	114	4.0	16	2.9
Fine and Applied Arts				
Humanities and Related	102	3.6	49	9.0
Social Sciences and Related	183	6.4	79	14.5
Commerce and Administration	817	28.5	241	44.2
Agriculture and Biological Sciences	169	5.9	49	9.0
Engineering and Applied Sciences	118	4.1	3	0.6
Health Professions and Occupations	234	8.1	63	11.5
Mathematics and Physical Sciences	88	3.0	23	4.2
Not applicable/Not reported	135	4.7	13	2.4
<b>TOTAL</b>	<b>2,869</b>	<b>100.0</b>	<b>545</b>	<b>100.0</b>
Undergraduate	2,778	96.8	521	95.6
Graduate	91	3.2	24	4.4
<b>TOTAL</b>	<b>2,869</b>	<b>100.0</b>	<b>545</b>	<b>100.0</b>
<b>Note:</b>				
Total enrolment for the 2006-07 academic year equals the sum of all full- and part-time students who are registered for that year in academic programs which take a number of years to complete. Undergraduate credentials that were awarded during the calendar year 2006 include bachelor and first professional degrees and undergraduate certificates and diplomas, while graduate credentials include masters and doctorate degrees, for those student who completed their program in that calendar year. Degrees awarded in any one year reflect enrolment patterns from previous years, including transfers between programs and institutions, plus the effect of pass/fail and dropout rates.				
<b>Source:</b> Maritime Provinces Higher Education Commission				

<b>APPENDIX E</b>						
<b>Geographic Origin of Full-Time Students, University of New Brunswick</b>						
<b>2006-07</b>						
	<b>Fredericton</b>		<b>Saint John</b>		<b>Total</b>	
	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
New Brunswick	4,832	63.5	1,700	76.3	6,532	66.4
Nova Scotia	627	8.2	28	1.3	655	6.7
Prince Edward Island	321	4.2	4	0.2	325	3.3
Newfoundland and Labrador	227	3.0	3	0.1	230	2.4
Other Canadian Provinces	745	9.8	74	3.3	819	8.3
<b>Total from Canada</b>	<b>6,752</b>	<b>88.8</b>	<b>1,809</b>	<b>81.2</b>	<b>8,561</b>	<b>87.0</b>
International Students	824	10.8	366	16.4	1,190	12.1
Permanent Residence not known	30	0.4	54	2.4	84	0.8
<b>Total Full-time Students</b>	<b>7,606</b>	<b>100.0</b>	<b>2,229</b>	<b>100.0</b>	<b>9,835</b>	<b>100.0</b>
<b>Source:</b> Maritime Provinces Higher Education Commission						

<b>APPENDIX F</b>				
<b>Geographic Distribution of University of New Brunswick Alumni by Campus</b>				
<b>2008</b>				
	<b>Fredericton Campus</b>		<b>Saint John Campus</b>	
	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
New Brunswick				
Fredericton	9,639	19.9	127	2.1
Saint John	4,005	8.3	3,585	59.2
Other	10,657	22.0	858	14.2
<b>Total in New Brunswick</b>	<b>24,301</b>	<b>50.1</b>	<b>4,570</b>	<b>75.5</b>
Nova Scotia	3,628	7.5	222	3.7
Prince Edward Island	1,314	2.7	33	0.5
Newfoundland and Labrador	1,103	2.3	28	0.5
<b>Total in Atlantic Region</b>	<b>30,346</b>	<b>62.6</b>	<b>4,853</b>	<b>80.2</b>
Quebec	1,222	2.5	58	1.0
Ontario	7,953	16.4	420	6.9
Manitoba	205	0.4	14	0.2
Saskatchewan	156	0.3	10	0.2
Alberta	1,956	4.0	143	2.4
British Columbia	1,660	3.4	119	2.0
Territories	129	0.3	7	0.1
<b>Total in Canada</b>	<b>43,627</b>	<b>90.0</b>	<b>5,624</b>	<b>92.9</b>
Other Countries	4,853	10.0	428	7.1
<b>Total Alumni</b>	<b>48,480</b>	<b>100.0</b>	<b>6,052</b>	<b>100.0</b>
<b>Notes:</b> Numbers include May 2008 graduates, but do not include approximately 8,000 alumni for whom current addresses are not available.				
<b>Source:</b> UNB Alumni Office				

**APPENDIX G**  
**University of New Brunswick**  
**Unrestricted Operating Revenues (\$'000) By Campus, 1987-2007**

**Part 1 of 3**

	1987		1988		1989		1990		1991		1992		1993	
<b>Fredericton Campus</b>	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Provincial Operating Grant	47,642	65.4	49,988	65.5	52,774	65.2	56,017	64.6	59,810	64.9	61,478	63.9	61,461	61.7
Tuition and Related Fees	12,365	17.0	12,855	16.9	13,994	17.3	15,347	17.7	16,295	17.7	18,343	19.1	20,884	21.0
Services and Other	4,576	6.3	4,620	6.1	4,871	6.0	5,517	6.4	5,845	6.3	5,445	5.7	6,133	6.2
<b>Sub-Total</b>	<b>64,583</b>	<b>88.6</b>	<b>67,463</b>	<b>88.4</b>	<b>71,639</b>	<b>88.5</b>	<b>76,881</b>	<b>88.7</b>	<b>81,950</b>	<b>88.9</b>	<b>85,266</b>	<b>88.6</b>	<b>88,478</b>	<b>88.9</b>
Ancillary Enterprises	8,299	11.4	8,813	11.6	9,321	11.5	9,816	11.3	10,195	11.1	10,930	11.4	11,087	11.1
<b>TOTAL</b>	<b>72,882</b>	<b>100.0</b>	<b>76,276</b>	<b>100.0</b>	<b>80,960</b>	<b>100.0</b>	<b>86,697</b>	<b>100.0</b>	<b>92,145</b>	<b>100.0</b>	<b>96,196</b>	<b>100.0</b>	<b>99,565</b>	<b>100.0</b>
<b>Saint John Campus</b>														
Provincial Operating Grant	6,101	67.5	6,383	65.6	6,943	65.9	8,054	65.9	8,754	65.1	9,103	63.9	9,125	59.0
Tuition and Related Fees	2,126	23.5	2,414	24.8	2,595	24.6	2,857	23.4	3,200	23.8	3,668	25.8	4,572	29.6
Services and Other	257	2.8	309	3.2	295	2.8	472	3.9	586	4.4	542	3.8	736	4.8
<b>Sub-Total</b>	<b>8,484</b>	<b>93.9</b>	<b>9,106</b>	<b>93.6</b>	<b>9,833</b>	<b>93.3</b>	<b>11,383</b>	<b>93.2</b>	<b>12,540</b>	<b>93.3</b>	<b>13,313</b>	<b>93.5</b>	<b>14,433</b>	<b>93.4</b>
Ancillary Enterprises	555	6.1	620	6.4	705	6.7	830	6.8	900	6.7	928	6.5	1,023	6.6
<b>TOTAL</b>	<b>9,039</b>	<b>100.0</b>	<b>9,726</b>	<b>100.0</b>	<b>10,538</b>	<b>100.0</b>	<b>12,213</b>	<b>100.0</b>	<b>13,440</b>	<b>100.0</b>	<b>14,241</b>	<b>100.0</b>	<b>15,456</b>	<b>100.0</b>

**Notes:**

- (1) Ancillary Enterprises include residences, food services and bookstores
- (2) Unrestricted Operating Revenues exclude transfers from/to other University funds
- (3) Percentages may not add to total due to rounding

**Source:** Annual Financial Statement of the University of New Brunswick



**APPENDIX G**  
**University of New Brunswick**  
**Unrestricted Operating Revenues (\$'000) By Campus, 1987-2007**

Part 2 of 3

	1994		1995		1996		1997		1998		1999		2000	
<b>Fredericton Campus</b>	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Provincial Operating Grant	62,506	61.1	62,527	59.9	62,341	58.6	61,354	56.8	60,690	55.9	60,302	54.1	61,691	56.5
Tuition and Related Fees	21,927	21.4	22,579	21.6	23,918	22.5	25,737	23.8	27,918	25.7	28,699	25.7	29,237	26.8
Services and Other	6,677	6.5	7,681	7.4	8,203	7.7	8,547	7.9	6,741	6.2	8,628	7.7	7,185	6.6
<b>Sub-Total</b>	91,110	89.0	92,787	88.9	94,462	88.8	95,638	88.6	95,349	87.9	97,629	87.6	98,113	89.9
Ancillary Enterprises	11,229	11.0	11,599	11.1	11,864	11.2	12,299	11.4	13,170	12.1	13,860	12.4	11,033	10.1
<b>TOTAL</b>	<b>102,339</b>	<b>100.0</b>	<b>104,386</b>	<b>100.0</b>	<b>106,326</b>	<b>100.0</b>	<b>107,937</b>	<b>100.0</b>	<b>108,519</b>	<b>100.0</b>	<b>111,489</b>	<b>100.0</b>	<b>109,146</b>	<b>100.0</b>
<b>Saint John Campus</b>														
Provincial Operating Grant	9,392	55.7	9,388	54.3	9,818	54.2	10,500	54.1	11,083	52.8	11,156	52.2	11,327	49.5
Tuition and Related Fees	5,273	31.3	4,491	31.7	5,600	30.9	6,071	31.3	7,225	34.4	7,305	34.2	8,582	37.5
Services and Other	811	4.8	838	4.8	1,024	5.7	1,117	5.8	897	4.3	1,027	4.8	913	4.0
<b>Sub-Total</b>	15,476	91.8	15,717	90.8	16,442	90.8	17,688	91.1	19,205	91.5	19,488	91.2	20,822	91.0
Ancillary Enterprises	1,385	8.2	1,586	9.2	1,659	9.2	1,737	8.9	1,774	8.5	1,869	8.8	2,060	9.0
<b>TOTAL</b>	<b>16,861</b>	<b>100.0</b>	<b>17,303</b>	<b>100.0</b>	<b>18,101</b>	<b>100.0</b>	<b>19,425</b>	<b>100.0</b>	<b>20,979</b>	<b>100.0</b>	<b>21,357</b>	<b>100.0</b>	<b>22,882</b>	<b>100.0</b>

**Notes:**

- (1) Ancillary Enterprises include residences, food services and bookstores
- (2) Unrestricted Operating Revenues exclude transfers from/to other University funds
- (3) Percentages may not add to total due to rounding

**Source:** Annual Financial Statement of the University of New Brunswick

**APPENDIX G**  
**University of New Brunswick**  
**Unrestricted Operating Revenues (\$'000) By Campus, 1987-2007**

**Part 3 of 3**

	2001		2002		2003		2004		2005		2006		2007	
<b>Fredericton Campus</b>	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Provincial Operating Grant	62,847	55.5	64,435	53.6	65,624	51.2	67,830	50.2	68,872	49.8	71,611	48.4	77,056	49.8
Tuition and Related Fees	31,268	27.6	34,980	29.1	40,099	31.3	44,234	32.7	46,710	33.8	51,205	34.6	52,450	33.9
Services and Other	8,378	7.4	9,357	7.8	10,581	8.2	10,340	7.7	10,510	7.6	11,694	7.9	12,653	8.2
<b>Sub-Total</b>	102,493	90.5	92,787	90.5	116,304	90.7	122,404	90.6	126,092	91.1	134,510	90.9	142,159	91.9
Ancillary Enterprises	10,796	9.5	11,434	9.5	11,983	9.3	12,756	9.4	12,290	8.9	13,460	9.1	12,477	8.1
<b>TOTAL</b>	<b>113,289</b>	<b>100.0</b>	<b>108,772</b>	<b>100.0</b>	<b>128,287</b>	<b>100.0</b>	<b>135,160</b>	<b>100.0</b>	<b>138,382</b>	<b>100.0</b>	<b>147,970</b>	<b>100.0</b>	<b>154,636</b>	<b>100.0</b>
<b>Saint John Campus</b>														
Provincial Operating Grant	11,589	47.1	11,829	42.5	11,968	40.3	12,601	34.8	12,595	33.2	13,005	33.6	14,210	36.3
Tuition and Related Fees	9,723	39.5	12,488	44.9	14,291	48.1	18,680	51.5	19,419	51.2	19,581	50.6	19,310	49.3
Services and Other	940	3.8	946	3.4	915	3.1	1,456	4.0	2,342	6.2	2,322	6.0	1,822	4.7
<b>Sub-Total</b>	22,252	90.4	25,263	90.8	27,174	91.5	32,737	90.3	34,356	90.6	34,908	90.2	35,342	90.3
Ancillary Enterprises	2,376	9.6	2,559	9.2	2,527	8.5	3,504	9.7	3,546	9.4	3,787	9.8	3,797	9.7
<b>TOTAL</b>	<b>24,628</b>	<b>100.0</b>	<b>27,822</b>	<b>100.0</b>	<b>29,701</b>	<b>100.0</b>	<b>36,241</b>	<b>100.0</b>	<b>37,902</b>	<b>100.0</b>	<b>38,695</b>	<b>100.0</b>	<b>39,139</b>	<b>100.0</b>

**Notes:**

- (1) Ancillary Enterprises include residences, food services and bookstores
- (2) Unrestricted Operating Revenues exclude transfers from/to other University funds
- (3) Percentages may not add to total due to rounding

**Source:** Annual Financial Statement of the University of New Brunswick

## APPENDIX H

### 1984 Proposal for Joint Liaison Committee To Reconcile Significant Differences in Academic Policies and Procedures

In its 1984 Report, the Committee to Review Inter-Campus Relations (CRICR) recommended the conversion of the existing University Senate into separate senates for the Fredericton and Saint John campuses and the creation of a Joint Liaison Committee of the two senates "to assist in the process of obtaining agreement on university-wide issues."

The structure and role envisaged for the Joint Liaison Committee was described as follows:

"Given the difficulties of continuing to operate with a single Senate, the view of the committee is that *each campus should have its own Senate, which would have the same powers with respect to academic matters on that campus as the University Senate presently has for the University as a whole.* The Saint John campus Senate could be roughly half the size of the present University Senate, while the Fredericton Senate could be similar to the present University Senate, with the membership slightly revised to allow for the absence of the elected members from Saint John. This proposal achieves the goal of giving equality to the two campuses and also has the advantage of according to each the autonomy necessary to pursue its own academic development in the way that seems most appropriate to the needs of its potential student body.

In order to maintain the one-university concept in an institution with two separate Senates, it is essential that *some mechanism be established (a) to identify, and (b) to resolve disagreements over, issues for which a university-wide consensus is necessary in order to preserve the standards and academic integrity of the institution.* This liaison between the Senates is seen by the committee as the key to the success of the two-Senate system. In order to facilitate liaison, we make the following proposals:

(1) While a study of the items that have come before Senate in recent years has shown that most of them could have been dealt with by each campus separately without violating the one-university concept, there were a number having a university-wide significance that would have required agreement between the Senates if we had been operating under a two-Senate system. It is essential that such issues be resolved by mutual agreement to avoid the possibility of conflicting resolutions being submitted to the Board of Governors. To this end, *it is proposed that a Joint Liaison Committee of the Senates be set up to assist in the process of obtaining agreement on university-wide issues.* The Joint Liaison Committee would (a) identify the items on which consensus should be achieved and (b) attempt to produce a compromise acceptable to both Senates on university-wide issues over which there is an initial divergence of opinion.

*It is proposed that the composition of the Joint Liaison Committee be as follows: The President (as Chairman), the Vice-President (Academic), the Vice-President (Saint John) and one additional faculty member from each campus, to be elected by the appropriate*

*Senate. The Secretary to the Board of Governors would be a non-voting member of the committee. It is also proposed that the President be Chairman of both Senates; in this way, he would automatically have the degree of familiarity with the issues that would be essential in his role as Chairman of the Joint Liaison Committee.*

Once an item is identified by the Joint Liaison Committee as being one for which a university-wide consensus is necessary, it would be referred to the "other" Senate for consideration. (In many cases, this will not be necessary, since the university-wide significance of the item will be so obvious that it will already have been submitted to both Senates by the proposers.) If the proposal is accepted in principle by both Senates, the only role of the Joint Liaison Committee would be to incorporate any amendments passed by either Senate in such a way as to produce a final version acceptable to both. Where disagreements of principle exist, the Committee will attempt to resolve these by negotiation with the Senates and the parties proposing the legislation. In the event that no compromise can be achieved, the proposal, as approved by the Senate of the campus on which it originated, will be forwarded to the Board of Governors. It will be accompanied by a recommendation for the Joint Liaison Committee. The latter may recommend that the proposal be rejected, accepted for university-wide application, or approved for implementation on one campus only, even though a university-wide application would have been desirable.

The Committee is conscious that the method of conflict resolution suggested above may seem at first sight to be a cumbersome one. After much consideration of this issue, however, it cannot find any simpler way of ensuring that the interests of both campuses are protected without placing undue restraints on the ability of each to develop the policies that seem to be of the most benefit to the University. *It must be emphasized that all the experience of the past few years strongly suggests that very few of the policy proposals coming before Senate would be of such a kind that they would have to be implemented identically on both campuses, and that a fundamental divergence of view on such a policy would therefore be a very rare occurrence indeed.* The infrequent need to invoke the procedures suggested is a small price to pay for the equity that would be achieved by the existence of a Senate on each campus."

On February 5, 1985 the University Senate voted (24 in favor, 22 opposed) to approve the establishment of separate senates for each campus. However, the proposal for a Joint Liaison Committee was not well received. One objection was that the Committee might ask the Board of Governors – a non-academic body – to decide on differences between the two senates. Some members of the University Senate also felt that the proposed membership of the Joint Liaison Committee was not sufficiently representative of senate interests.

After extensive discussion, the President and Chair of the Committee, Dr. James Downey, agreed to call the Committee to Review Inter-Campus Relations back to consider further the question of what happens if the two Senates conflict.

On March 19, 2005 the Committee submitted the following alternative recommendations:

"That Senate approve the revised Recommendation (2) as follows: that each Senate make its recommendations to the Board of Governors in the same way as the single Senate does under the present arrangements. To try to avoid forcing the Board to choose between conflicting recommendations that might originate with the two Senates, the President would use whatever method seems most appropriate to achieve a university-wide consensus in cases where this appears to be desirable. Depending on the particular issue, such methods might include the establishment of an ad-hoc committee or the convening of a joint meeting of the two Senates or of the Senate committees involved."

The Senate approved these alternative recommendations (27 in favor, 12 opposed).

At its meeting on May 22, 1985 the Board of Governors approved the creation of separate senates for the Fredericton and Saint John campuses and the alternative recommendations for reconciling differences between them (12 in favor, 6 opposed).

## **APPENDIX I**

### **Centralization and Decentralization of Saint John Campus Management**

#### **1964 - 1971: A Centralized Beginning**

Principal appointed for UNBSJ with responsibility for finance and administrative matters, reporting to the Vice President (Administration), and for coordinating academic matters with UNBF academic chairs and deans, reporting to the Vice President (Academic)

UNBSJ disciplines operate as extension of UNBF departments and faculties, reporting to respective chairs and deans. Local Saint John discipline coordinators serve in unpaid capacity

One University-wide budget for all activities on both campuses

One University Senate

Saint John begins operation with two-year program offerings in arts and science, then adds engineering, business administration and physical education

Seamless transfer of student credits to UNBF

Master's and doctoral work undertaken by Saint John faculty members in Physics, Chemistry and Geology working with departments in Fredericton

#### **1972 - 2000: Strong Move to Campus Autonomy**

Four-year degree program in business administration was introduced in 1972.

Four-year degree programs in arts were introduced in 1973. Programs are made interdisciplinary rather than disciplinary majors in arts so as not to compete with existing arts degree programs in Fredericton.

Faculty members/programs are administratively grouped into divisions rather than departments, within one Saint John Faculty to be headed by a Dean of the Saint John Faculty in 1974

Office of Vice President was created in 1976 for UNB Saint John to replace Principal and to be on par with and in salary range of VP Finance and Administration and VP Academic.

Separate campus budgets were introduced in 1976, along with introduction of formal cost-sharing arrangements for those Fredericton administrative offices responsible for serving both campuses.

Separate graduation ceremonies were begun in 1975/1976.

Unsuccessful request to obtain separate government separate operating grants for each campus: 1975-76, leaving University responsible for dividing single grant. University adapts government grant formula to internal grant distribution.

New Vice President (Saint John) appointed: to serve also as Dean of Saint John Faculty.

Saint John Campus Registrar appointed in 1977.

Separate Dean of Saint John Faculty appointed for 1979-80 and continued thereafter.

Interdisciplinary programs discontinued and replaced by traditional discipline majors in arts, 1976-1979.

Saint John Faculty Secretary appointed in 1978.

First UNBSJ residence established in Beaverbrook House, 1978.

Campus gives priority to launching full four-year degree program in Science. University Senate approves Marine Biology, and two new faculty appointments are made for Biology in 1977-78

Degree in Data Analysis started in 1978.

Full-time enrolment grows from 496 in 1977 to approximately 1,500 in 1990.

Separate academic Senates established for the Saint John and Fredericton campuses in 1985, as recommended by Committee to Review Inter-Campus Relations and approved by the Board of Governors

Expansion of graduate studies at UNBSJ through the creation of one School of Graduate Studies and Research embracing both campuses, 1985. Faculty members on either campus become eligible for membership in the Graduate Academic Units (GAU) of either campus and authority was given to UNBSJ to establish Saint John based GAUs when appropriate and when able to be financed through campus funds.

Renewed request to government in 1987-88 for separate annual operating grants for each campus and special adjustment to UNBSJ to recognize enrolment growth. University eventually receives smaller than requested grant to recognize accumulated growth in Saint John, but request for separate annual operating grants for each campus rejected again.

Separate Faculties of Arts, Science and Applied Science and Business created in 1991 with 3 Deans to replace the single Saint John Faculty and the single Dean of Faculty

Office of International Recruiting established at UNBSJ to serve both campuses, 1998.

## **2000 to the Present: Return of Some Centralization**

Funding of existing shared services frozen.

Office of Vice President (Research) created in 2001 with responsibilities for research and graduate studies on both campuses.

Efforts to extend mandate of College of Extended Learning (Extension and Summer School) to UNBSJ; rejected by UNBSJ 2001-2003.

Budget transfers from UNBSJ library to UNBF library for licensing and use of electronic library resources 1999-2002.

Office of Chief Advancement Officer created in 2006, combining advancement, communications and marketing, government relations, and alumni affairs on both campuses. CAO based in Fredericton, director of communications and marketing based in Saint John, alumni affairs based in Fredericton; other support staff located at both campuses to handle these university-wide activities

Faculty members at UNBSJ in physics, chemistry and geology to be members of Fredericton departments on a three-year trial basis, without transfer of budget

Budgets for School of Graduate Studies from both campuses consolidated into one budget 2008

Closer inter-campus coordination of basic computing and other information technology services, allowing Saint John campus to focus more on local applications, 2008

Creation in 2008 of new University-wide position of Provost to focus on academic leadership and planning, with the incumbent Vice-President Research, based in Fredericton, to perform this new role as an additional responsibility for a three-year trial period.

Increased integration of undergraduate student recruiting for both campuses, with special supplementary allocation of \$500,000 provided by Board of Governors, 2008.



## APPENDIX J

### Commission Meetings with Groups and Individuals

- 1) Kathryn Hamer, Vice-President (Saint John), UNBSJ; Muhammed Kabir, Associate Vice-President (Saint John), UNBSJ; Robert MacKinnon, Dean of Arts, UNBSJ; John Terhune, Acting Dean of Science, UNBSJ; Regena Farnsworth, Acting Dean of Business, UNBSJ; Tom Buckley, Registrar, UNBSJ; Terry Nikkel, Director, Information Services and Systems, UNBSJ. Group meeting - April 8, 2008
- 2) Chris Callbeck, Assistant Vice-President (Financial and Administrative Services), UNBSJ – April 9, 2008
- 3) John McLaughlin, President, UNB – April 21, 2008
- 4) Association of University of New Brunswick Teachers (AUNBT) Executive: Saba Mattar, Past President, Miriam Jones, Vice-President – UNBSJ; Gopalan Srinivason, Treasurer; Francesca Holyoke; James Sexsmith; Lee Chalmers, UNBSJ; Peregrine Riley, UNBSJ – April 23, 2008
- 5) Judith Potter, Executive Director, College of Extended Learning, UNB; Lloyd Henderson, Director of Business Development for CEL – April 25, 2008.
- 6) Dan Murray, Vice-President (Finance and Corporate Services), UNB – April 25, 2008
- 7) Jane Fritz, Acting Vice-President Fredericton (Academic), – April 25, 2008
- 8) Peter McDougall, Associate Vice-President (Human Resources & Organizational Development), UNB – April 28, 2008
- 9) Bob Skillen, Chief Advancement Officer, UNB – April 28, 2008
- 10) Stephen Stropole, University Secretary, UNB – April 29, 2008
- 11) Greg Kealey, Vice-President (Research), UNB – April 29, 2008
- 12) Barbara Nicholson, Associate Vice-President (Capital Planning & Properties), UNB – April 30, 2008
- 13) Dan Murray, Vice-President (Finance and Corporate Services), UNB; Jane Fritz, Acting Vice-President Fredericton (Academic), UNB; Greg Kealey, Vice-President (Research), UNB; Bob Skillen, Chief Advancement Officer, UNB; Stephen Stropole, University Secretary, UNB – April 30, 2008

- 14) Barry Ogden, Teacher, Saint John High School – May 5, 2008
- 15) Paul Zed, Member of Parliament for Saint John – May 5, 2008
- 16) David Emerson, Director, Government Relations, UNB – May 5, 2008
- 17) Janice Thompson, Dean, Faculty of Nursing, UNBF – May 6, 2008
- 18) Faculty of Arts, UNBF: James Murray, Dean; Allan Reid, Acting Associate Dean; Stephanie Slauenwhite, Assistant Dean; Chairs: Bill Kerr, Department of Classics and Ancient History; Mary Rimmer, Department of English; Dan Ahern, Department of Philosophy; David Bedford, Department of Political Science; Sandra Byers, Department of Psychology – May 6, 2008
- 19) Barbara MacDonald, Board of Governors Member; Norman Betts, Faculty of Business Administration, UNBF – May 6, 2008
- 20) Terry Haggerty, Dean, Faculty of Kinesiology, UNBF – May 12, 2008
- 21) David Coleman, Dean, Faculty of Engineering, UNBF – May 12, 2008
- 22) Michael Bradley, Department of Psychology, UNBSJ – May 13, 2008
- 23) Debra Lindsay, History & Politics, UNBSJ – May 13, 2008
- 24) Roberta Clark, Chair, Department of Nursing, UNBSJ – May 13, 2008
- 25) Cathie Hurley, Assistant Dean, Faculty of Business, UNBSJ – May 14, 2008
- 26) Cynthia Goodwin, Director, Communications & Marketing, UNB; Dan Tanaka, Manager, Communications & Marketing, UNB - May 14, 2008
- 27) CUPE Local 3339 Members, UNBSJ: Tammy Hicks, President; Judy Arseneau, VP; Margaret Gray, Secretary; Gail Correia, Treasurer – May 14, 2008
- 28) Andrew Oland, Moosehead Breweries – May 14, 2008
- 29) Elizabeth McGahan, Part-time Instructor, UNBSJ – May 14, 2008
- 30) Barry Beckett, Registrar *Emeritus*, UNBSJ – May 16, 2008
- 31) UNB Associated Alumnae Executive: Catherine Sutherland, President; Mardi Cockburn, Councillor on Executive; Carol Loughrey, Second Vice President; Jane McGinn, Secretary – May 16, 2008
- 32) Dan Murray, Vice President (Finance and Corporate Services), UNB – May 20, 2008

- 33) Mureille Duguay, Chief Executive Officer, Maritime Provinces Higher Education Commission (MPHEC) – May 21,
- 34) Kathryn Hamer, Vice-President (Saint John), UNBSJ – May 23, 2008
- 35) David Munro, Director, Athletics, UNBSJ – May 23, 2008
- 36) Murray Littlejohn, Humanities and Languages, UNBSJ – June 2, 2008
- 37) Roxanne Fairweather, President, Innovation Inc. and UNB Board Vice Chair. – June 2, 2008
- 38) Dan Murray, Vice-President (Finance and Corporate Services), UNB; Tim Walker, Director, Resource Planning & Budgeting – June 3, 2008
- 39) Kevin Dickie, Director, Athletics, UNBF – June 3, 2008
- 40) Faculty of Science, Applied Science and Engineering (SASE), UNBSJ: John Terhune, Acting Dean; Rameshwar Gupta, Computer Science & Applied Statistics (CSAS); Janet Light Thompson, CSAS; Lawrence Gary, CSAS; Robyn Humphries, Chemistry; Keith DeBell, Mathematical Sciences; James Christie, Engineering; Roberta Clark, Nursing; Linda Nugent, Nursing; James Keiffer, Chair, Biology – June 5, 2008
- 41) Chris Callbeck, Assistant Vice-President (Financial and Administrative Services), UNBSJ – June 5, 2008
- 42) David Hinton, Registrar, UNBF; Tom Buckley, Registrar, UNBSJ – July 3, 2008
- 43) Tom Buckley, Registrar, UNBSJ; Susan Mesheu, U First: Integrated Recruiting and Retention, UNBF – July 3, 2008
- 44) Jane Fritz, Acting Vice-President Fredericton (Academic) – July 3, 2008
- 45) Terry Nikkel, Director, Information Services and Systems, UNBSJ; Lori MacMullen, Associate Vice-President, Integrated Technology Services, UNBF – July 4, 2008
- 46) Terry Nikkel, Director, Information Services and Systems, UNBSJ; John Teskey, Director of Libraries, UNBF – July 4, 2008
- 47) Beth Corey, Human Resources & Organizational Development, UNBF – July 4, 2008
- 48) Thierry Chopin, Department of Biology, UNBSJ – July 16, 2008

- 49) Muhammed Kabir, Associate Vice-President (Saint John), UNBSJ; Jim Hamilton, Director, Saint John College, UNBSJ; Kemal Pinar, Manager, International Recruiting, UNB – July 16, 2008
- 50) Peter McGill, former Principal, New Brunswick Community College (NBCC) – July 21, 2008
- 51) Bob Manning, President, Enterprise Saint John – August 18, 2008
- 52) Susan Montague, Director of Development and Donor Relations and Senior Advisor for the President (Retired), UNB - August 20, 2008
- 53) Greg Kealey, Vice-President (Research), UNB – August 20, 2008
- 54) Larry Durling, Vice-President (Administration and Finance), St. Thomas University – August 20, 2008
- 55) John P. Barry, Q.C. – August 21, 2008
- 56) Michael Barry, Chair, Saint John Board of Trade; Imelda Gilman, President, Saint John Board of Trade – August 21, 2008
- 57) Dan Murray, Vice-President (Finance and Corporate Services), UNB; Chris Callbeck, Assistant Vice-President (Financial and Administrative Services), UNBSJ – August 22, 2008
- 58) Shared Vision Group: Cheryl Robertson; John P. Barry; Malcolm Somerville; Wendy Papadopoulos, Enterprise Saint John; Larry M. Cain, Growth Strategies – August 25, 2008
- 59) Robert MacKinnon, Vice-President (Saint John), UNBSJ – August 29, 2008

## APPENDIX K

### Commission Submissions and Comments Received

- 1) Associated Alumnae - UNB
- 2) Dean and Chairs, Faculty of Arts - UNBF
- 3) Director of Athletics - UNBSJ
- 4) Director of Athletics - UNBF
- 5) Association of University of New Brunswick Teachers (AUNBT)
- 6) Anonymous
- 7) Beckett, Barry - Registrar Emeritus, UNBSJ
- 8) Barry, John P., Q.C.
- 9) Bradley, Michael - Department of Psychology, UNBSJ and UNB Board Member
- 10) CUPE 3339 Members, UNBSJ
- 11) Chalmers, Lee - Department of Social Science, UNBSJ
- 12) Davis, Gary - Former faculty member, Faculty of Business, UNBSJ
- 13) Enterprise Saint John - Bob Manning, Chair
- 14) Emerson, David, Director, Government Relations - UNB
- 15) Engineering, Faculty of – UNBF and UNBSJ
- 16) Hansen, Linda (as a private individual), Electronic Services Librarian, Ward Chipman Library – UNBSJ
- 17) Kabir, Muhammed, Associate Vice-President (Saint John) – for Saint John College
- 18) Lindsay, Debra (as a private individual), Associate Professor, Department of History and Politics – UNBSJ
- 19) Linguistics Programme jointly submitted by W. Cichocki, Department of French, UNBF; Christine Horne, Department of French, UNBF; Anne Klinck, Department of English, UNBF; Virginia Hill, Department of Humanities and Languages, UNBSJ

- 20) MacDonald, Corinne (as a private individual), Cataloguing Department, Ward Chipman Library – UNBSJ
- 21) McGahan, Elizabeth, part-time Instructor - UNBSJ
- 22) Morrison, Paul, President, ADI Limited
- 23) Moir, Robert, Associate Professor, Economics – UNBSJ
- 24) Nikkel, Terry, Director, Information Services and Systems, UNBSJ - joint submission with John Teskey, Director of Libraries, UNBF; Lori MacMullen, Associate Vice-President, Integrated Technology Services, UNB
- 25) Nursing, Department of – UNBSJ
- 26) Ogden, Barry - Teacher, Saint John High School
- 27) Psychology, Department of – UNBF and UNBSJ joint submission
- 28) Saint John Board of Trade
- 29) Science, Applied Science and Engineering (SASE) – UNBSJ
- 30) Somerville, Malcolm (as a private individual)
- 31) Shared Vision Group
- 32) Student Union – UNB
- 33) Terhune, Jack (as a private individual), Acting Dean, Science Applied Science and Engineering (SASE)
- 34) Vice-President's Excellence in Teaching Committee (VPETC)
- 35) Zed, Paul, Member of Parliament for Saint John