



Board of Governors
April 18, 2013
Agenda Item #11.4.3

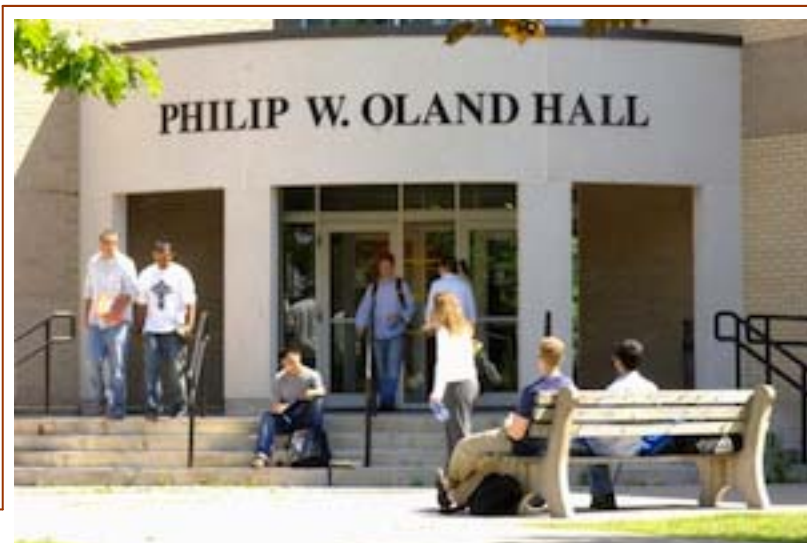
University of New Brunswick

BUDGET FOR CURRENT OPERATIONS

Summary and Detail

2013-14

*Presented by the Vice-President (Finance and Corporate Services)
Daniel V. Murray, C.A.*



2013-14 BUDGET – TABLE OF CONTENTS

	Page
President’s Commentary	3
Scope	4
Introduction and Fiscal Context.....	5
Objectives/Strategy	6
Operating Budget Summary	7
- Sources of Revenue	8
- Provincial Grant Funding	9
- Student Enrolment	10
- Tuition Fees	12
- Other Revenue	15
Operating Expenses	
-Overall Allocations	16
Residence Budget Summary	20
Capital Budget Summary	22
Endowment Budget – Pro-forma Balances and Spending.....	25
Summary of Key Budget Assumptions and Risks	27
Multi-year Financial Outlook – Operating Budget.....	29
Budget Process, Accountability and Budget Policies.....	30
Supplemental Schedules	33



PRESIDENT'S COMMENTARY

For the fourth time in as many years, the University Management Committee is proposing a balanced operating budget of \$182M to the Board of Governors. Credit is due to the hard work of UNB's faculty, deans, staff, Board of Governors, senior management and other committed stakeholders in overcoming a considerable number of challenges.

Economic growth has been sluggish, both at home and abroad. As a result, government investment in public sector spending has been reduced in most jurisdictions. In the midst of this uncertainty, UNB developed a strategic plan that continues to guide our direction and establish our priorities and focus. Fiscal responsibility and financial resiliency are key components of that plan. Over the past eight years, we have made significant progress in the responsible management of costs, removing more than \$25-million of expense growth from our operating budget. These measures ensure that our available resources are utilized as efficiently as possible, while maintaining quality and accessibility for our students.

With New Brunswick's grant to universities frozen for the second year in a row, and facing enrollment challenges in our region due to shrinking demographics, UNB's 2013-14 budget proposal reflects difficult decisions. The budget we are submitting proposes that the university's operating expenses be reduced by \$3.8-million for the coming year, two percent of the overall budget. As well, the provincial government suggests a tuition fee increase of not more than \$150 in 2013-14, compared to \$175 last year and

\$200 the year before. That amount is reflected in this budget proposal.

Even though balanced, UNB's budget in 2013-14 contains \$3-million funded from non-recurring sources. This structural imbalance between ongoing revenue and expenses will need to be addressed in future budgets.

While this proposal also provides for modest capital expenditures on UNB's campuses in 2013-14, the budget contains a mix of projects aimed at deferred maintenance as well as classroom upgrades and modernization.

Finally, while our 2013-14 budget includes \$1.8-million in additional one-time operating funding from the province, UNB will continue to work with the government and other public universities on a more sustainable and predictable funding model for higher education in New Brunswick.

Despite these challenges, UNB's impact on a number of areas of public importance (learning, research, social and economic development, to name but a few) continues to be significant. Through the smart management of our resources, we will continue to ensure that UNB's impact is broadly felt in our province and beyond.

H. E. A. (Eddy) Campbell
President and Vice-Chancellor
University of New Brunswick



SCOPE

The budget package includes operating, capital, endowment spending and ancillary operations budgets. There are separate individual budgets for each research grant or contract and for expendable trust funds.

Scope of the Budget

The University of New Brunswick's budgets are developed and managed according to the principles of fund accounting. Revenue is segregated into a variety of fund types, the use of the revenue is governed by the restrictions on the specific fund. Funding is recorded in separate individual accounts to ensure strict adherence to terms associated with the funding and to ensure there is a clear chain of accountability for the funds. The annual budget package includes information on the following funds:

Operating Budget

This fund contains the revenues and expenses associated with the day-to-day operations of the University, including instruction and program delivery, student services, administrative services, operational maintenance, cleaning, utilities and supplies.

The net position of ancillary operations, such as university residences, food services, bookstores and other non-academic activities that generate revenue, are included within the overall operating budget fund.

Each main campus, Fredericton and Saint John, prepares an annual operating budget for the activities of the campus. In certain areas, there are shared services that may be either housed in Fredericton or Saint John but are shared by both campuses. Cost-sharing mechanisms are in place to allocate the costs of shared services between campuses.

Capital Budget

This fund contains the resources and expenditures related to capital asset activity at the University, including the construction or major renovation of facilities. The capital budget also includes expenditures on equipment and technology that is funded from special purpose, restricted government funding.

Endowment Budget

The University is the recipient of donations and gifts from Alumni, corporations, members of the public and foundations. Some of the gifts are expendable, meaning the funds are received and utilized immediately or in the near future for the

specific wishes of the donor as directed. Some of the gifts are endowed, meaning the funds are held in perpetuity and only the income generated from the investment of the endowments can be spent on an annual basis. These funds are accounted for in a series of special trust and endowment funds. An annual illustration of the expected payments out of endowment accounts in 2013-14 is contained in the budget package.

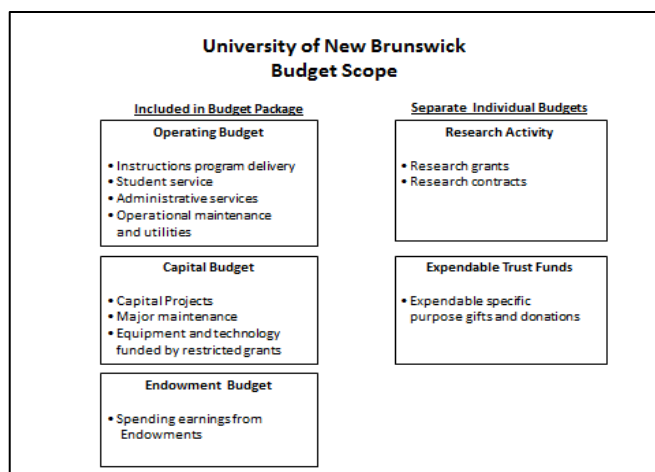
Excluded from the Budget Scope:

Research Activities

The University of New Brunswick conducts a wide variety of research activity funded primarily by Federal Research Programs and various types of contractual arrangements. Each research grant or contract is budgeted and accounted for individually through a series of restricted accounts. Annual research activity for the University of New Brunswick is over \$50 million.

Expendable Trust Funds

In some cases, donors provide funds to the University that are intended to be utilized in the very near future for the specific purpose that the donor has designated. The activity patterns for these activities can vary widely from year to year. The University accounts for these funds via restricted trust fund accounting. Larger balances related to capital projects are included in the University Capital Budget.



INTRODUCTION AND FISCAL CONTEXT

Overall Context

The University sector continues to face significant financial challenges related to the sluggish economic climate and associated pressure on public funding. UNB has added challenges linked to a demographic-based decline in student enrolment. The University's Strategic Plan provides a strategic framework for planning and prioritization.

Introduction and Fiscal Context

The world economy continues to experience low growth. Countries, states, provinces and other public bodies continue to experience various degrees of economic pressure which challenges public funding. Most publically funded universities in North America are experiencing funding reductions, freezes or low growth to various degrees depending on the fiscal position of the jurisdiction and the priority of post-secondary education. UNB brought forward a new Strategic Plan in 2010 that provides a framework for prioritization and planning. One of the key revenue targets within the Strategic Plan, annual operating revenue growth of 4%, has been adversely impacted by the broad economic context.

UNB has a long history of fiscal responsibility. Even since the beginning of the recession in 2008, UNB has achieved net positive operating budget results in three out of four years and eliminated the previously accumulated operating deficit of \$6 million.

The University approved a balanced operating budget for 2012-13. Current forecasts illustrate that the University should finish the 2012-13 fiscal year with a positive net budget result. UNB has achieved these results through strong fiscal discipline and proactive expense management. Over the past seven years, prior to 2013-14, UNB managed approximately \$22 million, or nearly 12%, out of its operating budget. These reductions were necessary in order to deal with economic challenges and to offset ongoing revenue shrinkage of nearly \$15 million caused by a demographic based reduction in FTE student enrolment of approximately 15%. While these stringent budget actions have resulted in balanced budgets, they also have run their course. Little flexibility is left within operational budgets making existing operations vulnerable to the challenges that lie ahead.

The financial challenges and risks for 2013-14 and beyond include:

- Level of funding from the province. As of the time the budget was completed, the 2013-14 provincial budget has been finalized including summary information on university funding and suggested tuition fee increases. Detailed post-secondary departmental budgets have not, as yet, been made public. There are currently no indications as to future levels of provincial operating funding, or context for tuition fees and what type of related restrictions may be in place for New Brunswick universities.
- The level of student enrolment reflecting the shrinking regional demographics but also in relation to the ability to increase enrolments from other domestic and international markets.
- The collective agreement for full-time faculty and librarians and contract academic employees, as represented by the Association of University of New Brunswick Teachers (AUNBT), both expire in 2013. Collectively, the costs associated with the wages and benefits of this group comprise approximately 50% of the operating budget.
- Like many pension plans around the world, the current Pension Plan for Academic Employees of the University of New Brunswick continues to face serious financial and funding challenges. While the inherent nature of this Plan shares the costs and risks between the University and active members of the Plan (AUNBT), both parties have agreed to begin negotiations towards a possible conversion to the New Shared Risk Pension model that has recently been enabled in New Brunswick through legislation.

With the levels of risk and uncertainty, the 2013-14 budget proposal has been prudently prepared using reasonable assumptions. In the absence of a multi-year framework for provincial funding and tuition fees, the 2013-14 budget is very much a one-year budget, although it has been prepared in the context that reflects long-term pressures on operating funding and expenses.

OBJECTIVES – STRATEGY

The overall objective of the 2013-14 budget is to align available resources with priorities in order to further accomplish the University's mission. The overall strategy is to exercise fiscal responsibility while striving to maintain quality of programs, manage risks and address requirements and priorities.

Basic Objectives of the University Budget

The overall objective of the University budget is to align available resources with strategic and operational plans and priorities.

In regards to the 2013-14 operating budget, additional objectives were to:

- achieve a balanced budget;
- allocate funds to enable further implementation of the University's Strategic Plan; and
- position finances to assist in enabling the University to deal with future risks and uncertainty.

The budget also serves as an important control mechanism for the management and monitoring of revenues and expenditures.

Overall Budget Strategy

The 2013-14 budget was developed within the context of the University's Strategic Plan <http://www.unb.ca/initiatives/strategicplan/resources/pdf/news/stratplan2010.pdf> and reflecting the current economic context.

Resource allocations and expense reductions were made on a strategic basis rather than on an across-the-board basis. The allocations were informed by the following considerations:

- Minimize the impact of expenditure reductions on students and core academic programs and services.
- Emphasis placed on investing in areas where there is a potential for further growth in revenues in order to support the overall institution.
- Where possible, retain budget flexibility for possible resource reallocations in future years.
- Adequately provide for risk in the budget.



2013-14 BUDGET - OPERATING BUDGET SUMMARY

Budget Overall

The 2013-14 operating budget is balanced as submitted. Maintaining quality, protecting accessibility, while being fiscally responsible, has become more and more challenging within the current economic context. The 2013-14 budget proposal reflects difficult choices made to match expenses to revenues while focusing on strategic priorities.

The 2013-14 operating budget is balanced as submitted. This is the fourth year in a row that the University has submitted a balanced budget. The main determinates in achieving a balanced budget were:

- A \$150, or 2.6%, increase in basic tuition fees
- Reducing operating expenses by \$3.8 million which limited overall expense increases to 1.7%.
- Utilization of one-time sources of funds totaling \$3.0 million sourced from a combination of one-time sources, including \$1.8 million provided by the Province, limited risk reserves, planning for extraordinary efforts to realize savings from vacant positions.

Overall operating revenues are budgeted at \$179.0 million, an increase of \$124,600, or 0.1% over the 2012-13 budget.

While the operating budget was balanced as submitted, the budget contained a structural shortfall of \$3.0 million as ongoing revenues were less than ongoing expenses. The structural shortfall was covered by one time sources in 2013-14. The structural shortfall, therefore, remains for future budgets.

Fredericton and Saint John campus budgets were both balanced. The structural shortfall residing on both campuses were funded by one-time sources.

The following is a summary of some of the key figures in the 2013-14 operating budget.

UNB		
Key Operating Budget Figures		
<i>Operating Budget is Balanced</i>		
- Overall operating revenues	\$179.0	million (0.1% growth)
- Change in ongoing provincial operating grant	\$0.0	(no increase)
- Basic increase in undergraduate tuition fees	\$150	(2.6% increase)
- Overall budgeted student FTE enrolment	9,275	(3.24% decrease Budget to Budget) (2.3% decrease Budget to Actual)
- Operating budget expenses	\$182.0	million (1.7% growth)
- Level of budget adjustments made	\$3.8	million
- Structural imbalance offset by one-time funding sources	\$3.0	million
- Overall contingency provision in budget	\$1.5	million (or .8% of expense budget)

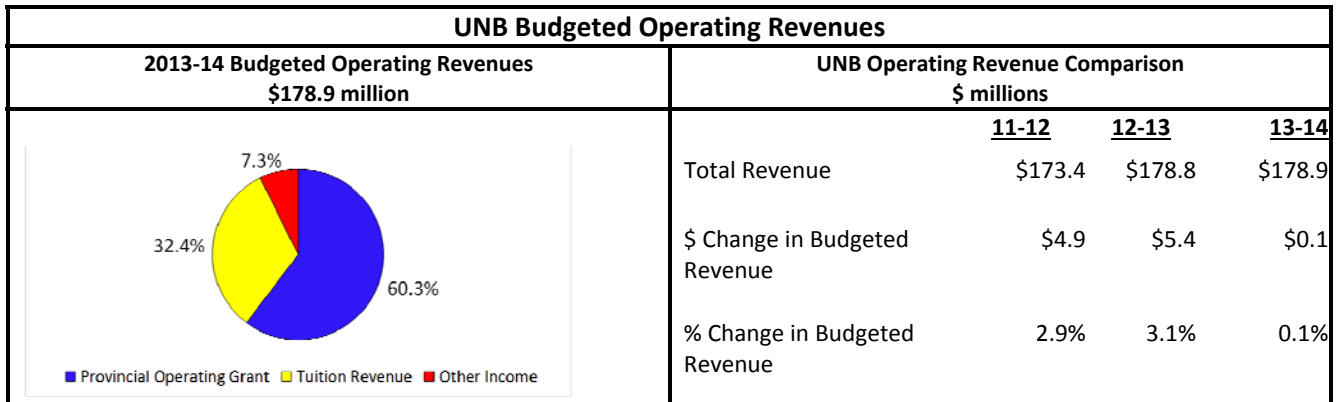
2013-14 OPERATING BUDGET – SOURCES OF REVENUE

Overall Revenue

Overall revenue growth is budgeted to be a very low 0.1%. The largest component of operating revenue is the provincial operating grant which is budgeted to remain constant. Tuition fees are budgeted to increase by 2.6%.

Total operating revenues are budgeted at \$179.0 million in 2013-14. This is a \$124,600, or 0.1%, increase over the levels budgeted for last year.

The following charts illustrate the key components of UNB budgeted operating revenues and an historical comparison of changes in total budget revenues.

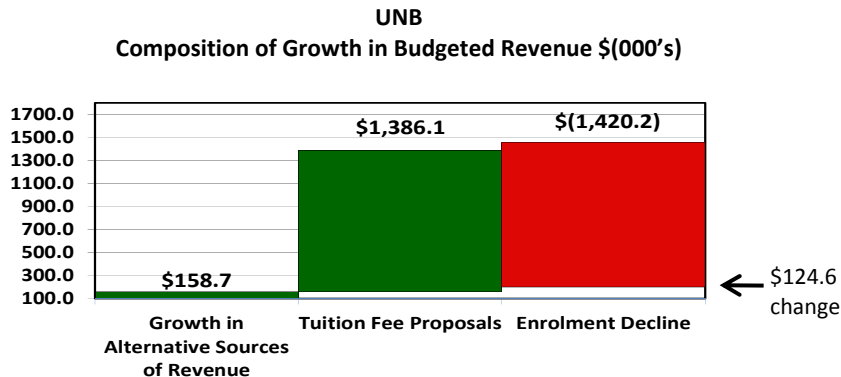


Over the five-year period ended 2013-14, the average annual growth in operating revenue was 2.2%.

The following table illustrates the changes in the major components of operating revenue budgets over the last three years.

% Change in Revenue Components	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
Total Provincial Operating Grant	1.6%	(0.1%)	0.0%
Tuition Revenue	2.9%	8.6%	0.0%
Other Income	16.0	7.9%	1.2%
Combined % Change	2.9%	3.1%	0.1%

Overall operating growth came from two basic sources; tuition fee increases net of budgeted enrolment decline, additional alternative sources of revenue.



2013-14 OPERATING BUDGET – PROVINCIAL GRANT FUNDING

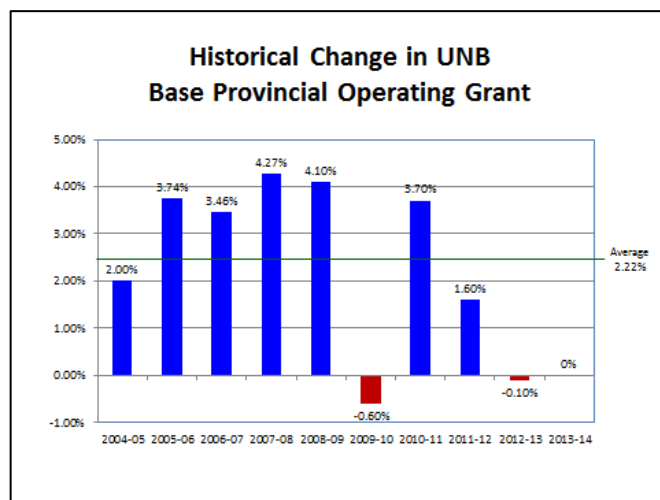
Total budgeted operating revenue is \$178.9 million. At 60.3% of the total, the provincial operating grant is the largest component of operating revenue.

The following is a brief summary of recent changes to the provincial operating grant funding:

- In 2011-12, the province provided universities with a 2% increase in provincial operating grants. Tuition fees for domestic students were limited to a \$200 increase.
- In 2012-13, the provincial operating grant was frozen and tuition fee increases for domestic students were limited to a \$175 increase. One-time funding of \$1.8 million was also provided by the province.
- In the 2013-14 provincial budget, it was announced that basic operating funding for publicly funded universities in New Brunswick would again be frozen, that the suggested basic tuition fee increase would be \$150 and that one-time funding provided last year would be again provided in 2013-14.

The main revenue assumptions included in the submitted 2013-14 budget are:

- No change in the level of ongoing provincial operating grant funding;
- One-time provincial operating grant funding in 2013-14 in the amount of \$1.8 million;
- A suggested tuition fee increase by the province of 2.6%, or \$150, for domestic students.



The assumption in the budget is that base unrestricted operating grant will be distributed to New Brunswick universities in accordance with the existing funding allocation formula administered by the Maritime Provinces Higher Education Commission (MPHEC). Approximately 75% of this formula is a fixed amount that changes annually based on the level of change prescribed in the provincial budget. The remaining 25% is subject to a formula allocation that utilizes relative enrolments for each institution and recognizes differences in level of intensity for degree programs.

The University of New Brunswick utilizes the same funding allocation formula as the MPHEC to allocate the provincial grant between the two main campuses of UNB, Fredericton and Saint John. A permanent adjustment to the Saint John campus base grant amount was made in 2008-09 through a reallocation mechanism resulting from the Report of the UNB Commission on Inter-campus Relations, Funding and Governance (31 October 2008). This adjustment continues to be reflected in campus allocations.

UNB Provincial Operating Grant \$(000's)			
	2012-13 Budget	2013-14 Budget	\$ Change
Base funding	\$108,000	\$108,000	0
One-time funding	\$1,800	\$1,800	0

The following chart summarizes the change in base unrestricted operating grants to UNB over the past few years:

2013-14 OPERATING BUDGET - STUDENT ENROLMENT

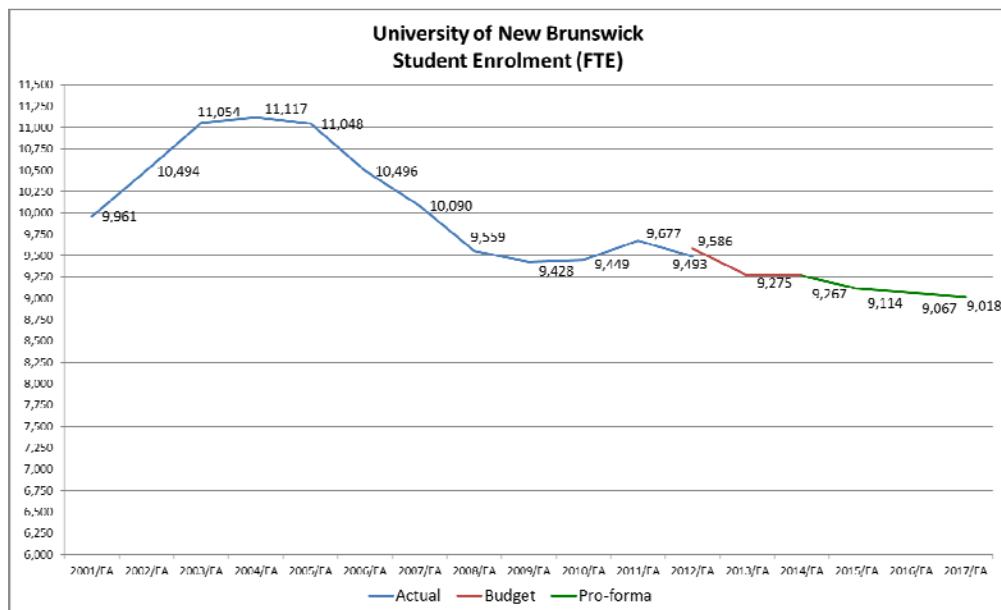
Student enrolment is a key factor in the University operating budget. Demographic changes have played a significant role in recent declines in student enrolment. The assumption contained in the 2013-14 budget is that overall FTE student enrolment will decrease by 219 students, or 2.31%, from last year.

Student enrolment is an important driver of operating funding for UNB. Tuition fee income derived from student enrolment accounts for approximately 32.4% of total operating budget revenue. As outlined in the contextual part of the budget package, student enrolment has been decreasing for Maritime-based universities in recent years. The table below illustrates actual FTE student enrolment at UNB over the last twelve years, along with the figures budgeted for 2013-14. Enrolment figures plateaued in and around the years of the double cohort of students in Ontario. Since student enrolment peaked in 2004-05, actual overall FTE enrolment has decreased by 1,623, or nearly 15%. This decrease has resulted in ongoing annual tuition fee revenue loss of nearly \$15 million and has been a significant driver of the University financial framework for the last decade. The 2013-14 budget is for FTE student enrolment to be 9,275, a decrease of 2.3% from actual levels in 2012-13. The University Strategic Plan set a notional target to increase student enrolment by 10% over a five-year period. Budgeted enrolment figures illustrate that this target is currently not being achieved.

University of New Brunswick Student Enrolment (FTE's)					
	Undergraduate	Graduate	Total	Change	% Change
2001-02 A	9,106	855	9,961	-	-
2002-03 A	9,523	971	10,494	533	5.4%
2003-04 A	9,961	1,093	11,054	560	5.3%
2004-05 A	9,973	1,144	11,117	63	.6%
2005-06 A	9,858	1,190	11,048	(69)	(.6%)
2006-07 A	9,341	1,155	10,496	(552)	(5.0%)
2007-08 A	8,910	1,180	10,090	(406)	(3.9%)
2008-09 A	8,389	1,170	9,559	(531)	(5.3%)
2009-10 A	8,199	1,229	9,428	(131)	(1.4%)
2010-11 A	8,143	1,306	9,449	21	.2%
2011-12 A	8,281	1,397	9,678	229	2.4%
2012-13 A	8,174	1,320	9,494	(184)	(1.90%)
2013-14 B	8,032	1,243	9,275	(219)	(2.31%)

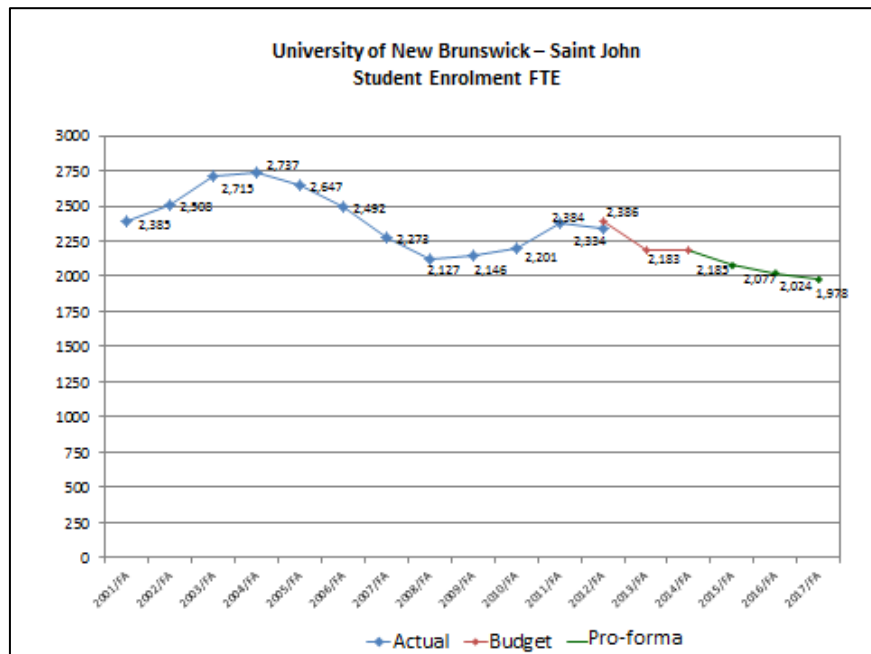
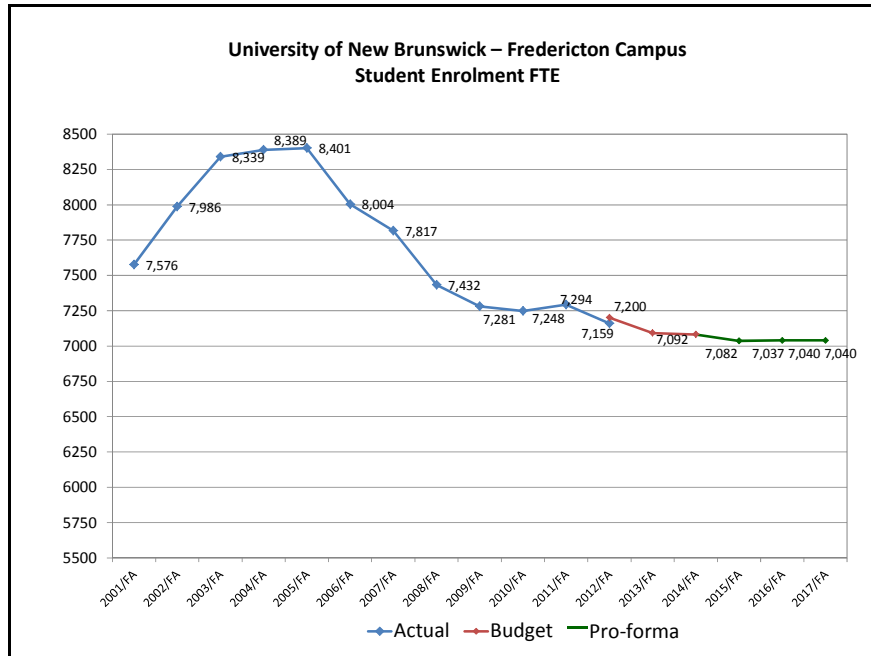
FTE is based on MPHEC definitions with figures as of December 01, excludes out-of-province offshore arrangements

The graph below illustrates actual FTE student enrolment since 2001-02 and shows budgeted amounts for 2011-12, 2012-13 and 2013-14. Pro-forma estimates of possible future FTE enrolments, as determined by the University Registrars, is also illustrated.



2013-14 OPERATING BUDGET - STUDENT ENROLMENT (continued)

Enrolment figures for each of the two main campuses follow:



The student enrolment figures reflect students on both the Fredericton and Saint John campuses (students at Bathurst and Moncton nursing programs are satellite locations within the Fredericton campus). UNB is also party to various agreements with other educational institutions around the world. The financial circumstances for each of these arrangements vary and the net financial contributions from these arrangements are included in the UNB budget. There is no New Brunswick provincial government funding for students in these programs.

2013-14 OPERATING BUDGET – TUITION FEES

The level of tuition fees is an important ingredient in the overall financial framework for the University. The proposed level of fee increase of 2.6%, or \$150, compares to \$175 last year and \$200 in the previous year.

In recent years, the Province of New Brunswick has been involved in the process of establishing tuition fees for New Brunswick universities. In the past two years, the Province made suggestions as to what the level of tuition fee increase should be, \$200 in 2011-12 and \$175 in 2012-13. In the three prior years, basic tuition fees for New Brunswick universities were frozen in return for special grant funding increases equivalent to a 5% increase in tuition fees.

The assumption in the 2013-14 budget is that basic tuition fee increases will be limited to 2.6%, or \$150. Similar tuition fee recommendations will apply to other programs.

The following table provides a summary of the key elements of UNB various tuition fees:

	<u>2012-13</u>	<u>2013-14</u>	<u>\$ Change</u>	<u>% Change</u>
- Undergraduate tuition fee	\$5,857	\$6,007	150	2.56%
- Supplemental fee for Undergraduate Int'l students	7,125	7,275	150	2.11%
- Graduate				
• Research-based (per term)	1,978	2,028	50	2.53%
• Course-based (excluding MBA) (per course)	733	748	15	2.05%
• Supplemental fee for Graduate Int'l students	1,354	1,404	50	3.69%
- Faculty of Business Administration	5,957	6,107	150	2.52%
- Faculty of Law	9,407	9,557	150	1.59%
- Faculty of Engineering	6,857	7,007	150	2.19%

The following table provides a summary of changes to the major categories of UNB tuition fees for 2013-14, as well as a six-year history:

	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
Undergraduate Fees							
\$ change from previous year	\$236	\$0	\$0	\$0	\$200	\$175	\$150
% change from previous year	4.50%	0.00%	0.00%	0.00%	3.6%	3.1%	2.56%
Graduate Tuition Fees							
% change from previous year	4.50%	0.00%	0.00%	0.00%	3.6%	3.0%	2.05%
Undergraduate International Supplemental Fee							
\$ change from previous year	\$242	\$393	\$421	\$320	\$200	\$175	\$150
% change from previous year	4.50%	7.00%	7.00%	4.98%	3.0%	2.5%	2.11%

2013-14 OPERATING BUDGET – TUITION FEES (continued)

Compulsory student ancillary fees levied for University purposes are listed below. The table indicates fee categories as well as the level of fees in 2012-13 and the 2013-14 fee proposals.

UNB Compulsory Student Ancillary Fees Levied for University Purposes Per Year		
	<u>2012-13</u>	<u>Proposals 2013-14</u>
Facilities Improvement Fee	\$175	\$181
Facility Access Fee (UNBF Only)	150	153
Technology Fee	50	51
Student Health Centre Fee	50	51
	\$425	\$436

Schedule E outlines the analysis and rationale for proposed adjustments to ancillary fees.

The table below illustrates the national context for average undergraduate tuition fees in provinces across Canada. The table illustrates that average Canadian undergraduate tuition fees increased by 5.0% in 2012-13. Average tuition fees for New Brunswick universities increased by 3.3%, UNB's fees increased 3.1%. The table also shows that New Brunswick universities had the fourth highest average undergraduate tuition fees in Canada last year.

Average Undergraduate Tuition Fees for Canadian Full-time Students by Province			
	2011-12	2012-13	2011-12 to 2012-13
	Current Dollars		% Change
Canada	\$5,313	\$5,581	5.0%
Nfld & Labrador	2,649	2,649	0.0%
PEI	5,258	5,470	4.0%
Nova Scotia	5,722	5,934	3.7%
New Brunswick	5,728	5,917	3.3%
Quebec	2,520	2,774	10.1%
Ontario	6,815	7,180	5.4%
Manitoba	3,638	3,729	2.5%
Saskatchewan	5,734	6,017	4.9%
Alberta	5,663	5,883	3.9%
British Columbia	4,919	5,015	2.0%
Source: Statistics Canada, The Daily, September 12, 2012			

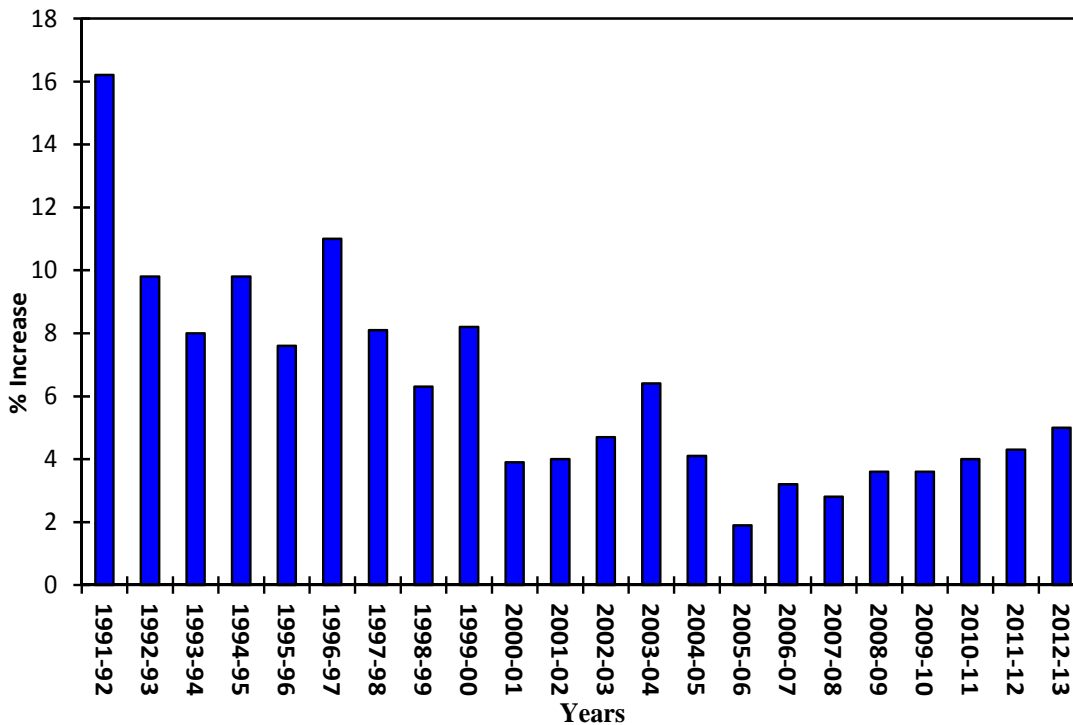
2013-14 OPERATING BUDGET – TUITION FEES (continued)

The chart below provides a 22-year historical overview of the average change in undergraduate tuition fees in Canada. The table illustrates that the 90's was a decade of very high tuition fee increases, this moderated somewhat from 2000 to 2010. In recent years, many provinces have become more actively engaged in, either establishing some form of restriction, or subsidies on university tuition fees.

As of the time of budget preparation, the following information is known regarding the Canadian tuition fee landscape for 2013-14.

- Nova Scotia has limited basic tuition fee increases to 3%.
- Quebec universities to increase basic tuition fees by no more than 3%.
- Ontario universities may increase basic tuition by up to 5%.
- Alberta had previously announced tuition fee increases would be limited to annual Alberta CPI.
- British Columbia universities are planning increases of 2%.

Canadian Rates of Increase in Undergraduate Tuition Fees



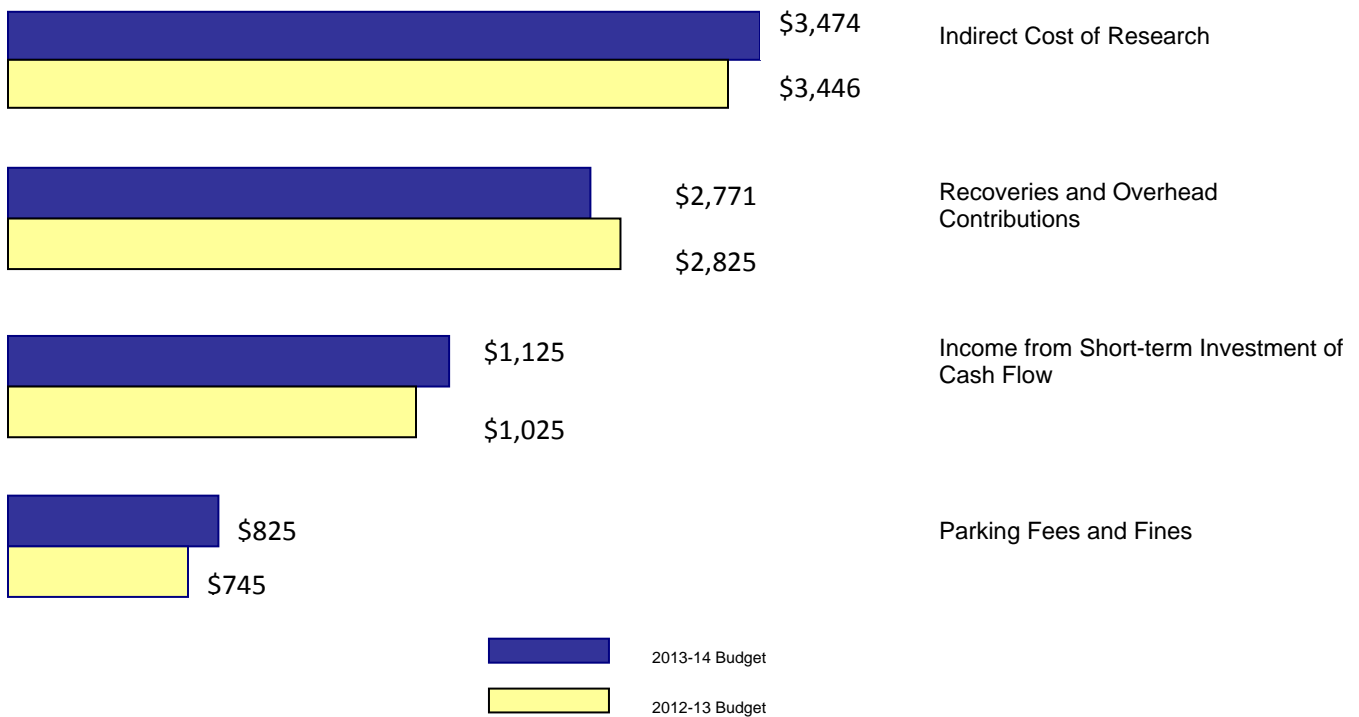
Source: Statistics Canada, The Daily, September 12, 2012

2013-14 OPERATING BUDGET – ALTERNATIVE SOURCES OF REVENUE

Alternative sources of revenue, other than provincial funding and tuition fees, are becoming an increasingly important component of the University's financial framework. Over the past five years, including 2013-14, budgeted levels of alternative sources of revenue have increased by 40%.

The 2013-14 operating budget contains more than \$13.0 million in revenues from other sources, this compares to \$12.8 million that was contained in the 2012-13 budget. The major components of centrally budgeted other revenues follows:

University of New Brunswick
Other Revenue Budget
Key Items 2013-14 and 2012-13
 \$000's



Other components of revenue within this category include, application fees, contribution to operations from land leasing activities, commissions earned and other miscellaneous amounts.

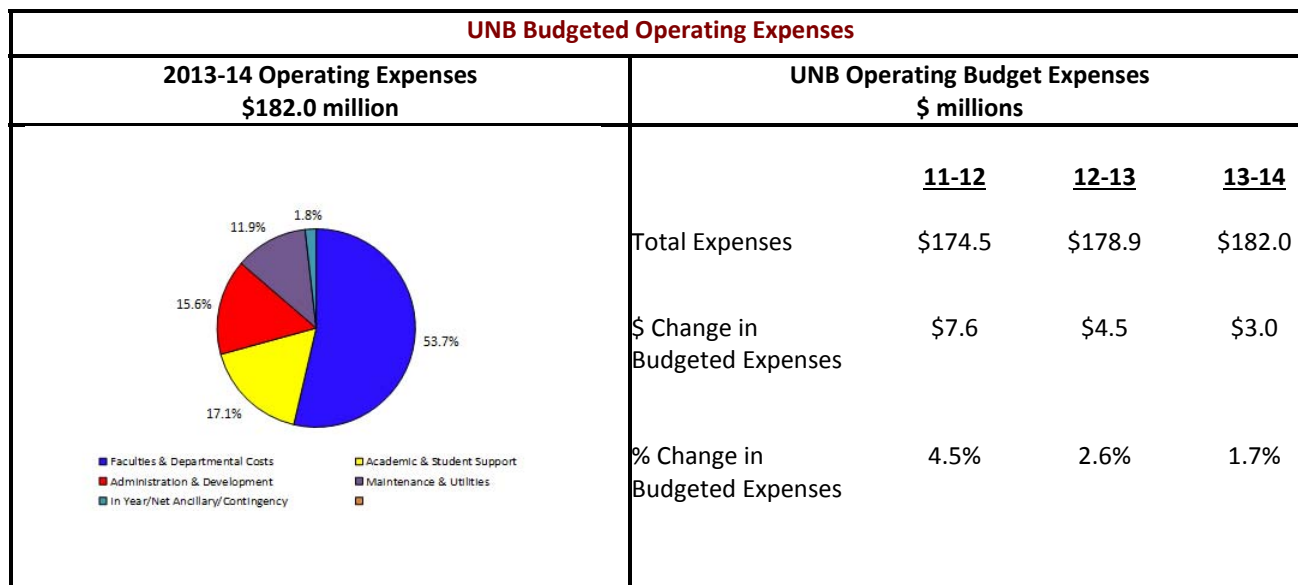


2013-14 OPERATING BUDGET - OPERATING EXPENSES

Overall Expenses

Operating expenses are comprised of the salaries and benefits of faculty and support staff of the University, along with costs associated with instructional and library materials, as well as heating, cleaning and other operational costs. UNB continues to actively manage these costs to ensure efficient operations and strategic application of available resources. In the 2013-14 budget, some \$3.8 million in expense reductions were made in order to limit overall expense growth to 1.7%.

Overall operating expenses are budgeted at \$182.0 million, an increase of \$3.0 million, or 1.7%, over 2012-13 budget levels. \$3.8 million in expense reductions from baseline amounts were made as part of the budget process. Without these adjustments, operations expense growth would have been slightly more than 3.8%. In addition to expense management, there were areas where resources were redeployed from one budget activity to another in order to address University priorities. The following charts illustrate the allocation of operating expense to broad categories and also provide a historical comparison to recent budgets.



The average level of budgeted expense increase over the five years ending 2013-14 was 2.3%

The composition of budgeted expense changes on a campus basis is illustrated below:

University of New Brunswick % Change in Operating Expenses		
	% change	
	2012-13	2013-14
Fredericton campus and University-wide units	1.9%	2.1%
Saint John campus	5.3%	0.2%
Overall University	2.6%	1.7%

2013-14 OPERATING BUDGET - OPERATING EXPENSES (continued)

The following table provides a high level summary of the composition of the main elements of the overall net change in budgeted operating expenses of \$3,062,700, or 1.7%

UNB Composition of Net Change in Budgeted Operating Expenses		
	\$(000's)	Contribution to % Change
- Provision for salary and benefits, including economic adjustments, progression-through-the-ranks, pension and all other benefit cost increases net of savings from planned reductions in positions and part-time salary pools	\$2,444.0	1.36%
- Strategic priority allocations and sustainability issues	495.0	.27%
- Increased provision for in-year priorities	367.0	.20%
- Stabilization of funding for the University Development Office	250.0	.14%
- Funding to Renaissance College	100.0	.05%
- Increased Scholarship support	100.0	.05%
- Reduction in net cost of ancillary operations	(178.0)	(.09)%
- Savings from heating and utilities (not included in above lines)	(646.0)	(.35)%
- All other Net Changes	130.0	0.7%
Total	\$3,062.7	1.7%

A brief analysis of the categories of overall changes in operating expenses follows. More detailed information is included in campus budget submissions:

	\$(000's)	
	\$ Change	% Change
Faculties and Departmental costs Net increases relates primarily to estimated salary and benefit provisions, also included are specific non-salary increases	\$2,278.3	2.4%
Academic and Student Support Net increase relates primarily to estimated salary and benefits provisions includes additional scholarship funds	\$597.7	2.0%
Administration and Support Services Net increase relates primarily to estimated salary and benefit provisions. Balance also includes an additional allocation of \$250,000 aimed at bringing stability to the funding of the Development Office associated with the impending fund raising campaign.	\$903.0	3.3%
Maintenance and Utilities The main reasons for the decrease in expenses in this area are: <ul style="list-style-type: none"> - ongoing utilization of higher levels of lower priced natural gas fuel sources - Lower debt service and operational costs related to new facilities - Realization of savings from energy management projects <p>Ongoing day-to-day maintenance levels have not been reduced</p>	\$(755.8)	(3.4)%
Other Categories Including the net cost of ancillary operations, a reduction of \$177,400; in year contingency, no change; in year ongoing salary savings, an increase of \$150,000; and an increase in in-year priority allocations of \$367,000	\$39.5	1.2%
Overall Expense Change	\$3,062.7	1.7%

2013-14 OPERATING BUDGET - OPERATING EXPENSES (continued)

Each year, the University compiles a series of charts and illustrations that illustrate the allocation of UNB operating expenses compared to other Canadian universities. These comparisons are assembled from information prepared by the Canadian Association of University Business Officers (CAUBO) and can be found at the following link beginning at page 37:

http://www.unb.ca/vpfinance/_resources/pdf/reports-presentations/frederictonsenatereport.pdf

There were approximately \$3.8 million in ongoing, mainly expense based, budget adjustments made as part of the 2013-14 budget. The eight-year total of budget adjustments is approximately \$25.5 million, or roughly 14%. The majority of these budget adjustments were in keeping with a robust expense management strategy. The composition of budget adjustments in 2013-14 follows:

UNB	
2013-14 Ongoing Budget Adjustments	
	<u>\$ (000's)</u>
- Savings from reductions in faculty positions, including salaries, benefits and other related provisions.	\$2,645
- Savings and reductions in maintenance and utilities (salary and non-salary)	815
- Other budget adjustments	365
	<u>\$3,825.9</u>
Campus Allocation	
- Fredericton campus and University-wide units	\$2,934.2
- Saint John campus	891.7
	<u>\$3,825.9</u>

Included in the above, many departmental non-salary budgets were frozen with departments expected to offset the impact of these amounts, estimated at 500,000, through efficiencies.

A total of 26 vacant faculty positions were eliminated with a commitment to strategically return a minimum of five and no more than nine positions to Deans after receiving input from Deans and finalization of the 2013-14 budget.

2013-14 OPERATING BUDGET – OPERATING EXPENSES AND OTHER ITEMS (continued)

Net Ancillary Operations

Ancillary operations are non-academic or non-research units that are expected to be self-funding. A detailed budget submission is made for each ancillary unit and is reviewed during campus budget processes. The net results of ancillary operations are included in the overall University operating budget to ensure completeness. The net budgeted cost for ancillary operations in 2013-14 is \$1,282,000, down from a net budgeted cost of \$1,458,200 last year. The main reason for overall improvement in the net cost is due to a repayment of certain outstanding debt within the UNBSJ residence system.

A listing of the components within this category is illustrated below:

UNB Summary of Net Ancillary Operating Budgets \$(000's) (Net Loss)		
	<u>2012-13</u>	<u>2013-14</u>
UNBF Residence System	\$(900)	\$(897)
UNBSJ Residence System	(191)	0
Aitken University Centre	(586)	(554)
BMO Turf field & dome	30	22
UNBF Bookstore	167	141
UNBSJ Bookstore	0	0
Wu Conference Centre	22	6
(Net Loss)	<u>\$(1,458)</u>	<u>\$(1,282)</u>



Contingency

The University budget contains a contingency provision of \$1.5 million (0.8%) for potential adverse deviations from budget covering both revenue and expense budget categories. The level of contingency is unchanged from the 2012-13 budget.

In-Year Priority Allocations

As part of a strategy to retain a degree of budget flexibility and have unallocated budget funding available to respond to opportunities during the year, some budget funds remain unallocated within the budget. Campus Vice Presidents determine the allocation of these funds during the year based on priorities. In order to provide for more flexibility in allocating funds towards strategic priorities, the in-year allocation budget has been increased to \$2 million.

UNB In-year Priority Allocations \$(000's)		
	<u>2012-13</u>	<u>2013-14</u>
UNBF and University Wide Units	\$973	\$1,340
UNBSJ	660	660
	<u>\$1,633</u>	<u>\$2,000</u>

One-time Source (Use of Funds)

In the 2013-14 budget, this budget line represents a \$3,045,800 one-time contribution, net source, of specific purpose funds into the operating budget in order to achieve a balanced position:

One-time provincial funding	\$1,812,800
Contribution from specific risk reserve	399,000
Contribution from planned one-time salary savings	1,000,000
Contribution to capital projects	(166,000)
	<u>\$3,045,800</u>

RESIDENCE BUDGET (including Conference Services) - Summary

University residence systems on both campuses are an important element in the attraction and retention of students at UNB. Residence operations generate approximately \$13.8 million in annual revenues which is utilized to operate and maintain the residences, including the contracted food services. There is a net cost of \$877,000 for current residence operations, including costs for a modest, but expanded, capital renewal program.

As part of the overall strategy to attract and retain students, the University operates a residence system on the Fredericton and Saint John campuses. On the Fredericton campus, the system comprises 12 traditional undergraduate residences, one suite-style residence and one apartment building offering accommodation for a maximum of 1,607 students. As currently configured, the operational total is 1,444 beds. The Saint John system includes two residences with a bed capacity of 236. Residences are expected to operate on a full cost recovery basis, meaning revenues are expected to offset all operational and major maintenance expenses. Over the last several years, the decline in student enrolment has had a direct impact on overall occupancy rates on the Fredericton campus. This, combined with continuously rising utilities, heating and maintenance expenses, has resulted in a structural budget shortfall. The Saint John campus residence system also has a shortfall as the

capital cost of a new residence was not fully funded and is being amortized over time. With limited capacity to increase rates due to market conditions, the result is a budget shortfall on the Fredericton campus of \$877,000 with the Saint John campus being balanced. Over the last few years, several actions have been taken in the Fredericton campus Residence System to lessen the level of the annual budget shortfall, however, there still is a significant structural shortfall.

Fredericton campus residence administration has developed a draft plan to modernize facilities over the next 10 years. The increase in capital improvements is reflective of this plan.

The following tables provide a summary of the key operational and financial data for the residence system as related to the budget:

Fredericton Residence System

Saint John Residence System

	2012-13 Budget	2013-14 Budget	% Change	2012-13 Budget	2013-14 Budget	% Change
Financial (\$000's)						
Revenues	\$12,282	\$12,394	0.9%	\$1,422	\$1,453	2.2%
Expenses	13,172	13,271	0.8%	1,613	1,453	(9.9%)
Net shortfall	<u>(\$890)</u>	<u>(\$877)</u>		<u>\$(191)</u>	<u>\$0</u>	
Capital improvements (\$000's)						
Included in expenses	\$863	\$1,460		\$28	\$32	
Occupancy						
Total beds in system	1,607	1,607		238	238	
Beds budgeted to be occupied	<u>1,358</u>	<u>1,330</u>		<u>212</u>	<u>212</u>	
Budgeted Occupancy %	<u>85.6%</u>	<u>83.0%</u>		<u>90%</u>	<u>90%</u>	



RESIDENCE BUDGET (continued)

After a review of the residence room and meal rates charged by other Atlantic universities, the local housing markets and budget requirements, recommendations are developed for UNB residence and meal rates. For the Fredericton system, traditional rates (residence and meals combined) will increase by 2.5%. Apartment rates are proposed to increase by between 3% and 3.8%. For the Saint John residence, the proposed rate increases amount to 3.0%.

Fredericton Campus Residence & Meal Rates:

Room – Accommodation	2012-13	2013-14	Increase (Decrease) In 2013-14	
			\$	%
Meal Plan	\$3,866	\$3,943	\$77	2.1%
Undergrad Residence (Two Terms)				
Special Room	\$6,251	\$6,439	188	3.1%
Single Room	\$5,530	\$5,696	166	3.1%
Double Room	\$4,181	\$4,306	125	3.1%
Magee House (Monthly)				
1 Bedroom Apt.	\$696	\$717	21	3.1%
2 Bedroom Apt.	\$824	\$853	29	3.6%
3 Bedroom Apt.	\$957	\$987	30	3.2%
Suite Style Residence (Monthly)				
Single Suite	\$842	\$867	25	3.0%
One Bdrm in Double Suite	\$722	\$749	27	3.8%
One Bdrm in Triple Suite	\$648	\$667	19	3.0%
Overall Room & Board Fees				2.5%

Saint John Campus Residence & Meal Rates

Room - Accommodation	2012-13	2013-14	\$ Increase	% Increase
Meal Plan	\$2400	\$2400	\$0	0%
Sir James Dunn Residence				
Super Single (double bed)	\$4,804	\$4,984	\$144	3%
Large Single	\$4,698	\$4,834	\$136	3%
Single	\$4,394	\$4,525	\$131	3%
Double	\$3,920	\$4,037	\$117	3%
Dr. Colin B. Mackay Residence				
2 Bedroom Suites	\$4,928	\$5,075	\$147	3%
Meal Plan III	\$300	\$300	\$0	0%
Meal Plan IV	\$800	\$800	\$0	0%

2013-14 CAPITAL BUDGET – SUMMARY

Capital Budget

In order to support the needs of world class teaching, research and the overall student experience, buildings, infrastructure, classrooms, laboratories and other, spaces must be constantly renewed, upgraded and modernized. Over the past five years, UNB undertook a major deferred maintenance program supported by stimulus-based Provincial University Deferred Maintenance funding, as well as completing major capital projects on both campuses funded by donors and governments. The 2013-14 capital budget reflects a modest deferred maintenance program and strategic improvements to classrooms with limited available funds.

The capital budget reflects expenditures to be made on capital assets (equipment, buildings, renovations, improvements and capital renewal) that are funded from designated sources. The 2013-14 capital budget reflects ongoing funding and projects, as well as major projects supported by UNB donors and other special limited time stimulus-based funds from the provincial government. All funding sources have been identified including utilization of \$4 million of working capital to complete phases 3 and 4 of the Fredericton campus Central Heating Plant Renewal Plan. These funds will be repaid through resulting costs savings and shared utilization by external heating plant customers.

A summary of the 2013-14 capital budget follows:

University of New Brunswick 2013-14 Capital Budget Summary \$(000's)				
	<u>Fredericton Campus</u>	<u>Saint John Campus</u>	<u>2013-14 Total</u>	<u>2012-13 Total</u>
Buildings and Space				
-Major maintenance, improvements and infrastructure renewal	\$12,053	\$1,750	\$13,803	\$18,173
Equipment and Technology				
-(including \$650K in library acquisitions)	2,434	413	2,847	2,670
	<u>\$14,487</u>	<u>\$2,163</u>	<u>\$16,650</u>	<u>\$20,843</u>

No new building projects are included in the 2013-14 capital budget.



2013-14 CAPITAL BUDGET – SUMMARY

The following is a summary of the major projects included in the detailed campus capital budgets:

Fredericton Campus (individual building and spaces projects greater than \$100,000)

- Central Heating Plant boiler replacement project (Phases 3 and 4)	\$4,000,000
- Classroom improvements	1,617,000
- UDMP Marshall D’Avray window replacement	845,120
- Major renovation to be determined (Residence system)	659,932
- Sir Howard Douglas Hall egress issues	225,000
- Carleton Hall – HVAC upgrade Phase 1	207,200
- Campus water and sewer infrastructure rehabilitation	200,000
- Maggie Jean Chestnut – Roof replacement	147,500
- Neill House – Roof replacement	128,000
- Joy Kidd – Upgrade heating system piping	119,150
- McConnell Hall – replaced sloped and dishroom roofs	117,000
- Ludlow Hall fire alarm upgrade	107,300
- Facilities Management retaining wall replacement	104,000
- 2013 Asbestos Abatement and Mould replacement program (Academic Buildings)	100,000

Saint John Campus (individual building and spaces projects greater than \$100,000)

- Ganong Hall 305	\$270,000
- Ganong Hall mechanical and electrical room cooling	200,000
- Washroom accessibility	150,000
- Irving Hall Energy Audit implementation phases 2, 5 & 6	130,000
- Athletic Centre fire separation changes	100,000

In addition to these amounts, there will be approximately \$900,000 of investments made in various energy management projects in accordance with the Energy Management Program previously approved by the Board.



2013-14 CAPITAL BUDGET – SUMMARY (continued)

Special Provincial Infrastructure funding

For the four years from 2009-10 to 2012-13, the Province of New Brunswick had in place a special \$60 million Provincial University Deferred Maintenance program (UDMP). These funds had a two-fold purpose:

- 1) To aid in stimulus of the provincial economy
- 2) To assist universities in addressing the need to undertake necessary capital renewal projects.

Over this four year period, the University of New Brunswick received \$32 million in UDMP funding which was deployed to various infrastructure renewal projects on both campuses. A total of 49 different projects were undertaken, ranging in dollar value from \$14,000 to nearly \$4 million, including projects such as window and roof replacements, underground infrastructure (water, sewer), campus electrical systems to renewal of classroom theatres and accessibility based projects.

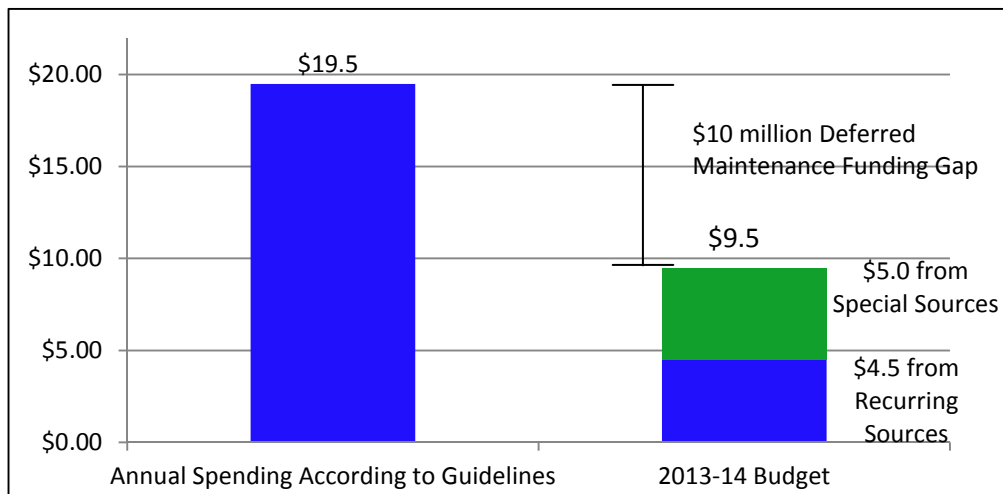
In the 2013-14 provincial capital budget, the province announced that the UDMP program would be continued with total funding of \$2 million. UNB's share of this funding, just over \$1 million, has been included in the 2013-14 capital budget and will be utilized to fund specific deferred maintenance projects on both campuses.

Level of Accumulated Deferred Maintenance

Deferred Maintenance, the backlog of necessary major maintenance on buildings and infrastructure is a significant issue for most Canadian universities. As referred to above, in recent years UNB undertook significant infrastructure renewal projects on both campuses, supported by special stimulus-based, limited duration, funding sources. After completing this work, the level of deferred maintenance at UNB is estimated to be approximately \$200 million on buildings and infrastructure, compared to a total replacement value estimated at close to \$1 billion. The ratio of deferred maintenance to current replacement values, (FCI), of 20 is very high compared to standards which state a ratio of 10 or more is considered as poor.

Without new sources of capital maintenance funding, deferred maintenance will continue to grow at UNB as facilities continue to age and necessary replacements and repairs are not funded. It is estimated that UNB should be spending approximately 2% per year of current replacement values, or roughly \$20 million annually, on major maintenance. The 2013-14 capital budget contains approximately \$9.5 million in expenditures related to major capital maintenance. The funding for these expenditures comes from a number of sources which leverage together to address this challenge.

University of New Brunswick- 2013-14 Capital Budget In Spite of Creative Leveraging of Resources Deferred Maintenance Grows

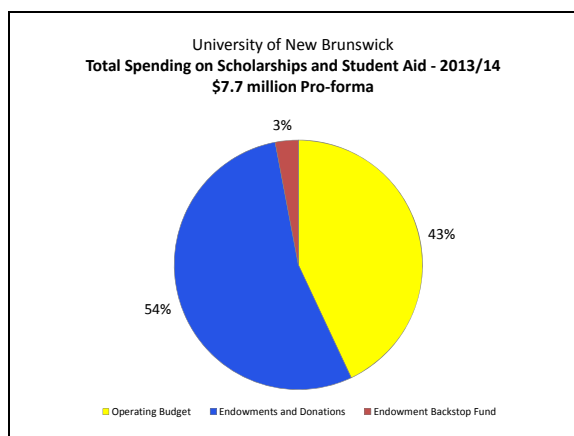


ENDOWMENT BUDGET – Pro-forma Balances and Spending

Endowment Spending

The global economic environment, with lower interest rates and volatile stock markets in recent years, has caused many investors, including universities, to lower their return expectations and adjust their spending patterns. Through a well-diversified endowment investment portfolio, a system of prudent spending reserves and a strategic approach, UNB has been able to adjust its endowment spending rates without adversely impacting scholarships and student aid.

At \$7.7 million, the University's budget for overall spending on scholarships and student aid in 2013-14 reflects a 3.27% increase compared to the previous year. The overall spending is funded from a number of sources including an allocation from the operating budget, spending from scholarship endowment and trust accounts, and ongoing gifts from donors. The chart below provides a breakdown of how the overall spending will be financed in 2013-14. Actual amounts in each category may vary depending on circumstances:



The balance of this section is focused on spending from endowment and trust accounts and how this component is expected to be approached in 2013-14.

UNB Endowment Spending Rate – Long-term Target

The university has adopted an endowment spending policy which is designed to achieve a reasonably stable, sustainable and predictable rate of spending through volatile market cycles. Stability and predictability are important for planning scholarships and other programs and activities that are supported by trust and endowment spending. In 2005, following the completion of a study by an actuarial consulting firm on behalf of the University, the policy spending rate target was set at 4.5% applied to a 48-month moving average

market value base. In 2011-12, following a number of years of volatility and uncertainty in global capital markets, the Board approved a reduction in the policy rate target to 4.25%, considered to be a more sustainable level. This reduction was consistent with trends at other Canadian universities and reflected expectations by many analysts and economists for lower expected returns going forward. It was also consistent with trends in actuarial valuations of pension plans where actuaries are reducing many of the key economic assumptions including inflation, discount rates and expected rates of return.

As more fully described in the following section, in this uncertain environment, the Committee has recommended a cautious approach to spending from endowment accounts in each of the last three years in order to protect the financial position of the endowments. In 2012-13, spending of up to 4% was permitted from individual endowment accounts when spending reserves were available to support this level of spending. This is less than the long-term target of 4.25%. A plan was developed to maintain the University's overall level of spending on scholarships and bursaries in 2012-13 by "topping up" spending from scholarship accounts to the 4.25% level using an allocation from 2011-12 net budget savings. A similar approach was taken in each of the previous two years.

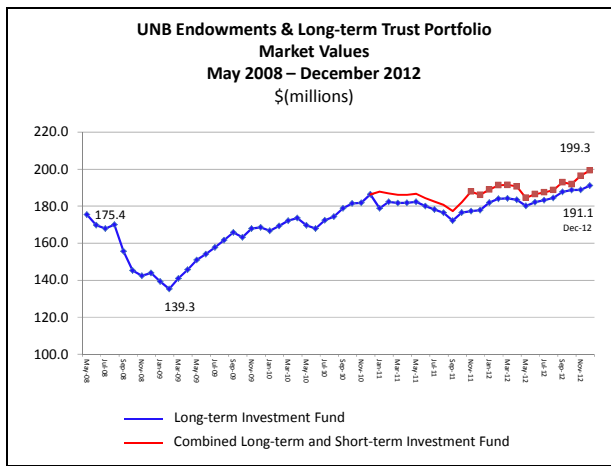
The Investments Committee reviews the policy spending rate target on an annual basis. During the current year review it was noted that capital markets have continued to experience significant volatility. Interest rates are at historic low levels and most economists are forecasting that future investment returns will likely not meet historic levels. In this environment the Committee is concerned that there is an increased level of risk that the current policy target of 4.25% may not be sustainable. The Committee has recommended Board approval of a reduction in the policy spending rate to 4%, a .25 % reduction from the

ENDOWMENT BUDGET – Pro-forma Balances and Spending

current level. A two year transition plan has been developed whereby total spending will be maintained at the 4.25% level through a .25% transfer from endowment backstop funds in each of the next two years. It is expected that over the two year period overall endowment and bursary spending will grow as a result of the upcoming capital campaign.

Update on Endowment Returns and Market Values

The chart below tracks the market value of University endowment and other Trust accounts from May 2008 until December 31, 2012.



The chart illustrates that in May of 2008 the portfolio had a value of \$175.4 million. Due to the sudden and sharp declines in financial markets in 2008 and into early 2009 the portfolio declined to \$135.3 million at the end of February 2009. Financial markets rebounded strongly later in 2009 and continued to perform well in 2010. Markets were very volatile in 2011 and UNB’s Trust & Endowment portfolio was basically flat for the year. Returns were positive in 2012, and the portfolio reflected a market value of \$191.1 million as at December 31, 2012. The following chart summarizes the returns for the portfolio for the periods ended December 31, 2012.

University of New Brunswick Trust and Endowment Portfolio Returns Dec 31, 2012 Annualized		
	<u>1 Year</u>	<u>2 Years</u>
Actual Returns	7.41%	3.76%
Policy Target	7.27%	3.88%

As noted, UNB returns for the one and two year periods ending December 31, 2012 were positive. The two year return was slightly below the policy benchmark and less than the estimated 6.75% nominal return needed to support a spending rate of 4.25%

Endowment Spending 2013-14

As noted above, in order to protect the financial position of endowment accounts, the Investments Committee has recommended that spending of up to 4% be permitted from these accounts in 2013-14. However, in order to ensure that the University maintains a competitive level of spending on scholarships and bursaries, spending from scholarship endowment accounts will be topped up to 4.25% through an allocation of endowment backstop funds.

Specifically, the spending policy for 2013-14 will be enacted as follows:

- Spending will be determined on an account-by-account basis
- There will be no spending permitted from “underwater accounts (where the current value is less than the original donor value)
- Spending of up to 4% will be permitted from accounts where spending reserves are sufficient to support this level of spending
- For scholarship and bursary endowment accounts,
 - 1) where an award was issued in 2011-12 and the account is currently underwater, or the account’s spending reserve is inadequate to support a 4% spending allocation, spending will be “topped-up” to 4.0% from the endowment backstop fund
 - 2) spending for scholarship and bursary accounts will then be topped up to 4.25% via an allocation of endowment backstop funds.



SUMMARY OF KEY BUDGET ASSUMPTIONS AND RISKS

The University budget is prepared using a series of best estimate assumptions. These assumptions are influenced by a variety of factors, some of which are outside of the control of the University, while, in other cases, the University can influence or control the variables to various degrees. The broad economic context and its impact on provincial funding, enrolment challenges and pending collective bargaining process have elevated the level of uncertainty and risks for 2013-14 and beyond.

A summary of the key budget assumptions and risks follows:

time of the budget preparations, the amounts have not been confirmed.

General Economic Environment

Inflation Rates

The budget is based on the assumption that overall inflation rates will be in the range of 2.0% in 2013-14.

Interest Rates

The operating budget contains \$1.1 million in income earned from the short-term investment of cash flow. Earnings are related to the bank rate which is assumed to remain in the lower range. Budgeted earnings are based on an assumed average earning rate of 1.4%

Market Returns

The level of returns from Canadian and world equity markets, as well as the position of interest rates, has a direct impact on the level of earnings for university endowments and the assets of the Academic Pension Plan. The basic assumption is that overall returns for the endowment fund will be in keeping with a real return objective of 4.0% and that real returns for the pension plan will be in keeping with actuarial assumptions. If there is a material negative variance in endowment or pension earnings, the impacts will be felt in future years.

• Operating Revenues

Student Enrolment

- Operating budget revenue is based on overall student FTE enrolment of 9,275 students. This represents a 219 FTE decrease in the number of students from 2012-13 actual amounts. Actual enrolments in 2012-13 were 184 less than the previous year. Each change in 100 FTE students (depending on the nature of students, domestic or international, and which program) has an impact on operating revenues of between \$0.6 million and \$1.2 million.

Provincial Funding

- The amounts in the 2013-14 budget reflect current best estimates of what the University will receive in funding from the provincial government budget via the Maritime Provinces Higher Education Commission formula. As of the

• Operating Expenses

Collective Agreements

- The collective agreement with full-time faculty and professional librarians, as represented by the Association of University of New Brunswick Teachers (AUNBT), expires on June 30, 2014. The budget contains assumptions related to the financial aspects of the collective agreement. Actual amounts will be known when the collective agreement process is complete.
- The collective agreement with contract academic employees, as represented by the AUNBT, expires on April 30, 2013. Negotiations have commenced with this group.
- The collective agreement with graduate student workers, as represented by the Public Service Alliance of Canada (PSAC), expires on April 30, 2013. The budget contains assumptions related to the financial aspects of the collective agreement.
- The University has approximately 600 non-unionized professional staff. Recently, approximately 395 of these employees joined a bargaining group and will be represented by PSAC. Negotiations for a first-time collective agreement with this group will likely commence during 2013-14. The budget contains assumptions related to the financial aspects of both the unionized and non-unionized professional staff salaries and benefits.
- The University has a signed collective agreement with unionized support workers on the Saint John campus, as represented by the Canadian Union of Public Employees (CUPE). The collective agreement is effective until June 30, 2016. The budget reflects the financial aspects of the collective agreement.
- The University has a signed collective agreement with unionized support workers on the Fredericton campus, as represented by the University of New Brunswick Employees Association (UNBEA). The collective agreement is effective until June 30, 2015. The budget reflects the financial aspects of the collective agreement.

SUMMARY OF KEY BUDGET ASSUMPTIONS AND RISK (continued)

- Academic Pension Plan

The Pension Plan for Academic Employees of the University of New Brunswick has been in inception since January 1, 1993. The Plan is funded and administered on a 50/50 basis with the University and active Plan members, as represented by the AUNBT, jointly sharing the costs and risks of the Plan. The July 01, 2012 actuarial valuation of the Plan disclosed an actuarial shortfall of \$80.6 million, compared to \$74.5 million in the previous year. The actuarial funded ratio of the Plan, assets compared to liabilities, was 72.1%. The valuation also indicated a requirement of funding from both parties of 13.15%, on average, of pensionable earnings, compared with 12.39% in the previous valuation.

In accordance with a six-year agreement established in 2007, the parties would annually review the performance and outlook of the Plan. During 2012-13, the parties performed a review and determined that it was highly likely, due to decreases in mortality rates, continued low interest rates and volatile investment markets, that funding rates would increase by potentially 3% or more in the near future. Based on a pensionable earning mass of approximately \$68.0 million, this meant the University and the collective employee group were each exposed to a potential increase in annual costs of \$2 million or more. During this same period of time, the Province of New Brunswick enacted new pension legislation that established a new pension model in New Brunswick. The new Shared Risk model has been reviewed by both parties and they have agreed to begin negotiations aimed at a possible conversion to the new Shared Risk model. The new model has the potential to better manage risks, provide for more predictable costs, be more affordable, more sustainable and assist with intergenerational equity. The negotiation

process is expected to begin prior to the commencement of the University's new fiscal year.

The budget reflects pension funding similar to recent levels.

- Non-Pension Benefit Costs

University Non-Pension Benefit Plans are cost shared equally between the University and members of the benefit plans. Certain components of these plans contain elements of self-insurance (with partial stop loss coverage). The assumption contained in the budget is that the utilization and loss patterns of recent years will continue in 2013-14.

Heating and Utility Costs

The operating budget contains electricity costs of \$3.1 million and heating costs of \$4.0 million. Estimates have been made for future utilization and prices.

The University Energy Management Program continues to have a positive effect on energy utilization and has contributed to stability in overall costs.

Telecommunications Changes

The University of New Brunswick Fredericton campus is currently in the process of converting to a new voice-over-internet protocol (VOIP) communication system. The net phased-in savings (after amortization of capital and other start-up costs) have been reflected in the budget submission.

2013-14 BUDGET - MULTI-YEAR FINANCIAL OUTLOOK – Operating Budget

Multi-year Outlook

In order to achieve its long-term strategic objectives, the University requires financial stability. Estimates of future budgets illustrate that existing financial pressures will likely magnify as the structural gap between revenues and expenses grows. Limitations on expense growth, structural changes to operations with resulting positive impact on finances, new sources of alternative revenue, increased efficiencies and strategic investments will all be required to address these challenges.

The pro-forma estimates below are currently based on the following key assumptions related to current operations.

Revenue

- Provincial operating budget – 0% increase for 2013-14 and the following four years.
- Tuition fees – basic tuition fee increases of 3% per year have been modeled.
- Student enrolment – Registrars’ current best estimate assumptions have been utilized.

Expenses

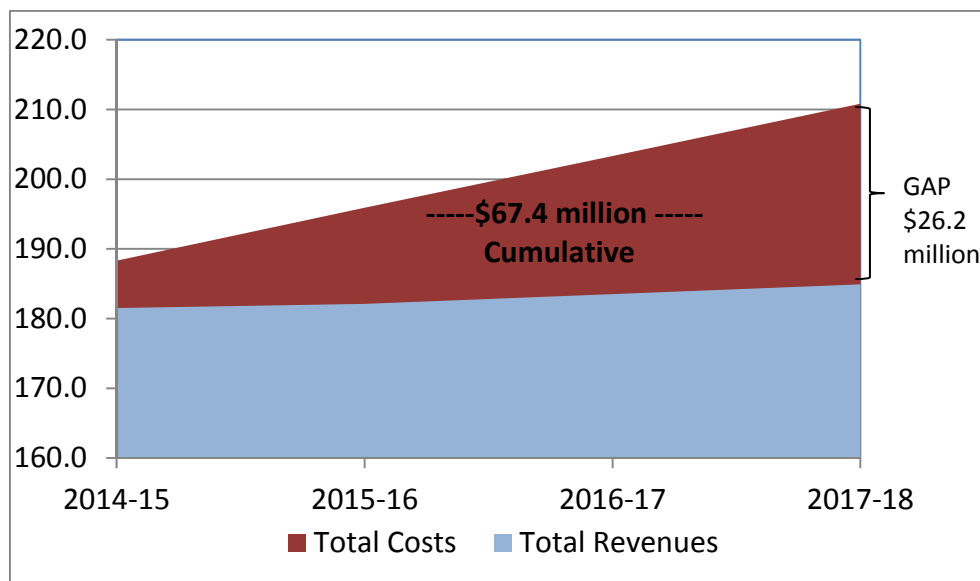
- The overall inflationary environment is assumed in the range of 2% annual growth in basic Canadian CPI.
- Assumptions for settlements related to current and impending collective agreements have been made in the multi-year estimates.

Analysis

Under the assumptions modeled, baseline expense growth would be nearly 4% annually while growth in revenues would be less than 1% per year. Under this environment, the current structural imbalance between revenues and expenses would grow from \$3.0 million in 2013-14 to \$26.2 million annually by 2017-18 if left unchecked. The cumulative total of the imbalance shortfall would amount to \$67.4 million.

University of New Brunswick Operating Budget Funding Gap

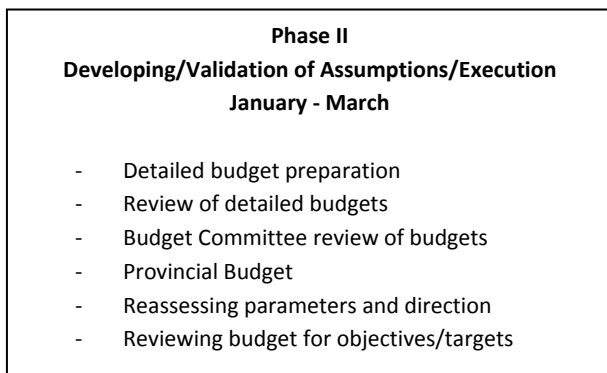
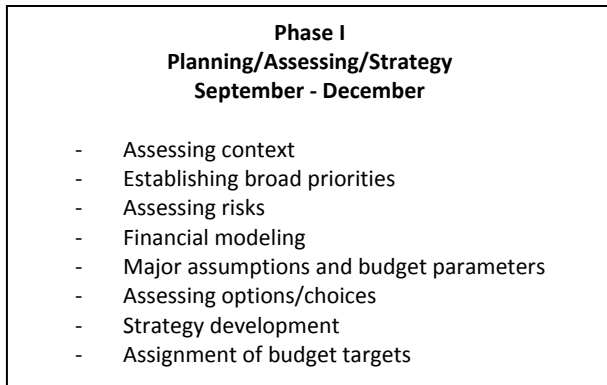
Pro-forma \$ millions



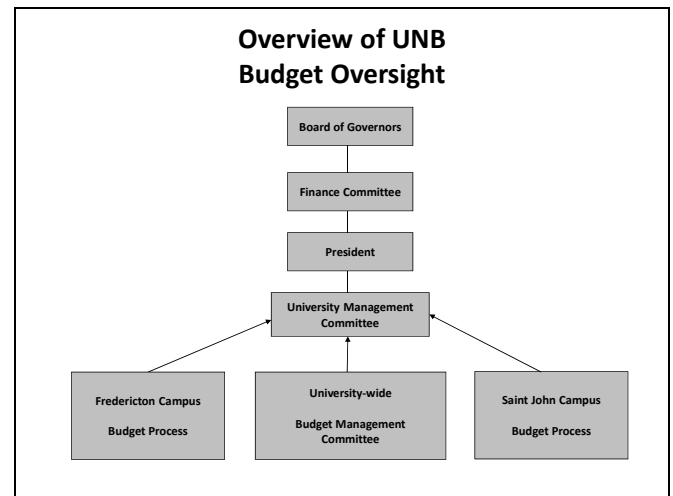
BUDGET PROCESS

Preparing the annual budgets for the University of New Brunswick is a significant undertaking requiring planning, coordination and the effort and contributions from a number of stakeholders. There were three basic phases to the 2013-14 budget process as outlined below:

UNB 2013-14 BUDGET PROCESS Overview of Stages and Timing



The following chart provides an overview of the budget oversight process at UNB to ensure that budget options and choices are reviewed and analyzed prior to the President bringing forward the final budget proposal to the Board of Governors for consideration and approval.



The following is a summary of the role of the University-wide Budget Management Committee, as well as all the membership of budget committees and basics of the Fredericton campus budget process:

University-wide Budget Management Committee

This group ensures coordination between campus budget processes and committees and provides oversight to the University budget process. The committee reviews budget submissions from University-wide budget units and acts as a forum for discussion of budget policy matters as well as inter-campus allocations. The committee is advisory to the University Management Committee.

BUDGET PROCESS (continued)

The following individuals were members of the University and campus budget committees for the 2013-14 budget process:

University-wide Budget Management Committee

Eddy Campbell, President, Chair
Daniel Murray, Vice-President (Finance & Corporate Services)
Tony Secco, Vice-President Fredericton (Academic)
David Burns, Vice-President (Research)
Bob Skillen, Chief Advancement Officer
Robert MacKinnon, Vice-President Saint John
Brenda Collings, Faculty representative, Saint John
Wayne Albert, Faculty representative, Fredericton
Elin Maher, Senate representative
John Neville, Associate Dean (Graduate Studies)
Andrew Martel, Undergraduate Student representative, Fredericton
Wayne Solomon, Graduate Student representative
Brad Trecartin, Undergraduate Student representative, Saint John
Karen Keiller, Staff representative, Saint John
Anne Forrestall, Staff representative, Fredericton (Directors Plus)
Chris Callbeck, Assistant Vice-President (Finance & Administration) UNBSJ
Karen Cunningham, Comptroller
Tim Walker, Director, Resource Planning and Budgeting Team
Eleanor Curtis, Committee Secretary

Saint John Campus Budget Management Committee

Robert MacKinnon, Vice-President (Saint John)
Chris Callbeck, Assistant Vice-President (Finance & Administration) UNBSJ
Laurelle LeVert, Associate VP
Joanna Everitt, Dean, Faculty of Arts
Regena Farnsworth, Dean, Faculty of Business
Ruth Shaw, Dean, Faculty of Science, Applied Science and Engineering (SASE)
Lilly Both, Faculty member, Arts
Brenda Collings, Faculty member, Business
Jim Kieffer, Faculty member, SASE
Bruce MacDonald, Associate Dean, Graduate Studies
Karen Keiller, Director, Information Services and Systems
Mark Bishop, Registrar
Brad Trecartin (student)
Steve Gamblin, Staff member

Fredericton Campus Budget Process

During the 2013-14 campus budget process, discussions were held with campus stakeholders through the Fredericton Campus Deans Council, campus and university-wide directors group, as well as consultation through the University-wide Budget Management Committee. Throughout the budget process, Deans also interacted with chairs/faculty councils and Directors with their managers/coordinators.

BUDGET – Accountability and Budget Policies

The University of New Brunswick has a long tradition of fiscal responsibility and provides clear open disclosure of its financial position, budgets and results. Among the chief tools that support this approach are:

- A comprehensive set of University financial and budget planning principles and policies which are available on the secure University website at <http://www.unb.ca/secretariat/policy-repository/resources/php/download-policy.php?id=Yw==>
- Preparation and disclosure of annual independently audited financial statements, available on the University open website http://www.unb.ca/financialservices/consolidated_financial_statements.html
- Annual reports by the University Comptroller and the Vice-President (Finance and Corporate Services) which describe the financial results and compare to budget targets, both are available on the open University website at <http://www.unb.ca/vpfinance/reports-presentations.html>
- The 2013-14 and previous years' budgets are available on the open University website at <http://www.unb.ca/vpfinance/budgets/index.html>



BUDGET SCHEDULES

- Schedule A: Summary of Statement of Operating Revenues & Expenses
 - Schedule B: Provincial Operating Grant
 - Schedule C: Recommended Tuition and Related Fee Changes
 - Schedule D: Recommended Parking Fee Changes
 - Schedule E: Ancillary Fees
 - Schedule F: Student Health and Optional Dental
 - Schedule G: Student Organization Fees
-

University of New Brunswick

University-wide Consolidated Operating Budget \$(000's)

Schedule A

	Approved	Proposed	Increase(Decrease)	
	Budget 2012-13	Budget 2013-14	Dollars	Percent
Revenue				
Provincial Operating Grant	\$108,000.1	\$107,975.5	(\$24.6)	(0.0%)
Tuition Revenue	58,007.1	57,997.6	(9.5)	(0.0%)
Other Revenue	12,828.8	12,987.5	158.7	1.2%
Total Revenue	<u>178,836.0</u>	<u>178,960.6</u>	<u>124.6</u>	<u>0.1%</u>
Expense				
Academic and Research				
Faculties and Departmental Costs	95,522.0	97,800.3	2,278.3	2.4%
Academic and Student Support	30,436.2	31,033.9	597.7	2.0%
Sub-total	<u>125,958.2</u>	<u>128,834.2</u>	<u>2,876.0</u>	<u>2.3%</u>
Administration and Support Services				
Administration and Development	27,434.0	28,337.0	903.0	3.3%
Maintenance and Utilities	22,360.1	21,604.2	(755.8)	(3.4%)
Sub-total	<u>49,794.1</u>	<u>49,941.3</u>	<u>147.2</u>	<u>0.3%</u>
Total Operating Expense	175,752.2	178,775.4	3,023.2	1.7%
Ancillary Operations (Net)	1,458.2	1,280.7	(177.4)	(12.2%)
In-Year Contingency	1,500.0	1,500.0	0.0	0.0%
In-Year Salary Savings	(1,400.0)	(1,550.0)	(150.0)	10.7%
In-Year Priority Allocations	<u>1,633.3</u>	<u>2,000.3</u>	<u>367.0</u>	<u>22.5%</u>
Total Expense	178,943.7	182,006.4	3,062.7	1.7%
Net Position before One-Time Funds	(107.7)	(3,045.8)	2,938.1	
One-Time Sources (Uses) of Funds				
Capital	(612.6)	(166.0)	446.6	
Specific Risk	(722.7)	399.0	1,121.7	
Strategic	(356.9)	0.0	356.9	
Other: One-time Provincial Operating Grant	1,799.9	1,812.8	12.9	
Other: In-Year Salary Savings	0.0	1,000.0	1,000.0	
Sub-total	<u>107.7</u>	<u>3,045.8</u>	<u>2,938.1</u>	
Net Position	<u><u>\$0.0</u></u>	<u><u>\$0.0</u></u>	<u><u>\$0.0</u></u>	

University of New Brunswick
Provincial Operating Grant \$(000's)

Schedule B

	Actual 2012/13	Proposed Budget 2013/14	Increase(Decrease)	
			((\$000))	Percent
University-wide				
Unrestricted Operating Grants				
Flat Grant Ongoing ⁽³⁾	\$71,898	\$80,490	\$8,592	12.0%
Flat Grant One-time ⁽³⁾	\$1,826	\$1,813	(\$13)	(0.7%)
Enrolment-based grant	\$25,568	\$25,568	\$0	0.0%
Fiscal transfer for St.Thomas University ⁽¹⁾	\$1,918	\$1,918	\$0	0.0%
Sub-Total	\$101,209	\$109,788	\$8,579	8.5%
Flat Grant in lieu of tuition Increase ⁽⁴⁾	\$8,617	\$0	(\$8,617)	(100.0%)
Total	\$109,826	\$109,788	(\$38)	(0.0%)
Restricted Operating Grants				
Non-space	\$2,176	\$2,176	\$0	0.0%
Alteration & Renovation	\$2,439	\$2,439	\$0	0.0%
Total	\$4,616	\$4,616	\$0	0.0%
Grand Total	\$114,442	\$114,404	(\$38)	(0.0%)
Fredericton Campus and University-wide Units				
Unrestricted Operating Grants				
Flat Grant Ongoing ⁽³⁾	\$60,160	\$66,987	\$6,827	11.3%
Flat Grant One-time ⁽³⁾	\$1,598	\$1,585	(\$13)	(0.8%)
Enrolment-based grant	\$21,476	\$21,476	\$0	0.0%
Fiscal transfer for St.Thomas University ⁽¹⁾	\$1,918	\$1,918	\$0	0.0%
Sub-Total	\$85,152	\$91,966	\$6,814	8.0%
Flat Grant in lieu of tuition Increase ⁽⁴⁾	\$6,827	\$0	(\$6,827)	(100.0%)
Total	\$91,979	\$91,966	(\$13)	(0.0%)
Restricted Operating Grants				
Non-space	\$1,863	\$1,863	\$0	0.0%
Alteration & Renovation	\$2,105	\$2,105	\$0	0.0%
Total	\$3,968	\$3,968	\$0	0.0%
Grand Total	\$95,947	\$95,934	(\$13)	(0.0%)
Saint John Campus ⁽²⁾				
Unrestricted Operating Grants				
Flat Grant Ongoing ⁽³⁾	\$11,737	\$13,503	\$1,766	15.0%
Flat Grant One-time ⁽³⁾	\$228	\$228	\$0	0.0%
Enrolment-based grant	4,092	4,092	\$0	0.0%
Fiscal transfer for St.Thomas University ⁽¹⁾	\$0	\$0	\$0	
Sub-Total	\$16,057	\$17,823	\$1,766	11.0%
Flat Grant in lieu of tuition Increase ⁽⁴⁾	\$1,790	\$0	(\$1,790)	(100.0%)
Total	\$17,847	\$17,823	(\$25)	(0.1%)
Restricted Operating Grants				
Non-space	\$313	\$313	\$0	0.0%
Alteration & Renovation	\$334	\$334	\$0	0.0%
Total	\$648	\$648	\$0	0.0%
Grants Total	\$18,495	\$18,470	(\$25)	(0.1%)

Note

1 The Fiscal transfer represents the amount allotted to UNB from MPHEC in recognition of the joint services that are provided by the Fredericton Campus that also service the St. Thomas University. These include student services, medical centre and library services.

2 The Unrestricted and Restricted portions of the grant are provided to the University in total. Intercampus allocations reflect the recommendations of the recent commission on Intercampus Relations, Funding and Governance as well as Board policy. The application of this policy results in an allocation that would result if the Provincial approach to allocation between universities was also applied towards the two campuses.

3 The 2012/13 and 2013-14 Flat Grant included a one-time increase amount of \$1.8 Million.

4 The 2013/14 Flat Grant effects the consolidation of the Flat Grant in lieu of Tuition Increase with the Flat Grant.

**Recommended Tuition and Related Fee Changes
for 2012-13**

Schedule C

	2008-09			2009-10			2010-11			2011-12			2012-13			Recom. 2013-14		Inc (Dec)	
																\$	%		
5,482	5,482	5,482	5,482	5,682	5,857	6,007	150	2.56%											
548	548	548	548	568	586	601	15	2.56%											
1,096	1,096	1,096	1,096	1,136	1,172	1,202	30	2.56%											
5,482	5,482	5,482	5,482	5,782	5,957	6,107	150	2.52%											
548	548	548	548	578	596	611	15	2.52%											
1,096	1,096	1,096	1,096	1,156	1,192	1,222	30	2.52%											
6,482	6,482	6,482	6,482	6,682	6,857	7,007	150	2.19%											
648	648	648	648	668	686	701	15	2.19%											
1,296	1,296	1,296	1,296	1,336	1,372	1,402	30	2.19%											
9,032	9,032	9,032	9,032	9,232	9,407	9,557	150	1.59%											
903	903	903	903	923	941	956	15	1.59%											
1,806	1,806	1,806	1,806	1,846	1,882	1,912	30	1.59%											
1,854	1,854	1,854	1,854	1,920	1,978	2,028	50	2.53%											
927	927	927	927	960	989	1,014	25	2.53%											
0	0	0	0	0	0	0	0												
927	927	927	927	960	989	1,014	25	2.53%											
690	690	690	690	715	733	748	15	2.05%											
100	100	100	100	100	100	100	0	0.00%											
738	838	838	838	858	876	891	15	1.71%											
1,200	1,300	1,300	1,300	1,320	1,338	1,353	15	1.12%											
2,400	2,500	2,500	2,500	2,520	2,538	2,553	15	0.59%											

Basic Tuition Fees:

Undergraduate Tuition Fee - (including students in a qualifying year)

Full-time students

Per course (0 - 5 credit hours)

Per course (6 - 11 credit hours)

Faculty of Business Administration

Full-time students (includes a **\$100** Program Fee)²

Per course (0 - 5 credit hours) (includes a **\$10** Program Fee)²

Per course (6 - 11 credit hours) (includes a **\$20** Program Fee)²

Faculty of Engineering

Full-time students (includes a **\$1,000** Program Fee)²

Per course (0 - 5 credit hours) (includes a **\$100** Program Fee)²

Per course (6 - 11 credit hours) (includes a **\$200** Program Fee)²

Faculty of Law

Full-time students (includes a **\$3,550** Program Fee)

Per course (0 - 5 credit hours) (includes a **\$355** Program Fee)

Per course (6 - 11 credit hours) (includes a **\$710** Program Fee)

Graduate Tuition Fees for Research Based Programs

Full Time Program Fee (per term)

Part time or Continuing Fee (per term)

Visiting GR Students Registered at Canadian Universities

Visiting GR Students Registered at Non-Canadian Universities (up to 1 year)

Graduate Tuition Fees Per Course for Course Based Programs

All Programs (except MBA) Per course (0 - 5 credit hours)

M.Ed On-line program Administration Fee Per 3 credit hour course

Masters of Business Administration - Per 3 credit hour course

MBA in Engineering Mgt. - Compressed Courses (includes a **\$462** Program Fee)

MBA in Engineering Mgt. - Independent Study (includes a **\$1,662** Program Fee)

1 All fee changes for 2013-14 will take effect as of September 1, 2013 except where identified in Note 8.

2 \$1,000 maximum per Academic Year (September 1, 2013 to August 31, 2014).

University of New Brunswick
Recommended Tuition and Related Fee Changes
For 2012-13

Schedule C

	2008-09					2009-10					2010-11					2011-12					2012-13					2013-14					Inc (Dec)	
																															\$	%
Supplementary Tuition Fee for International Students																																
Undergraduate (for Academic Year)																																
Undergraduate Per course (0 - 5 credit hours)	6,009	6,430	6,750	6,950	7,125	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	7,275	150	2.11%
Undergraduate Per course (6 - 11 credit hours)	600	643	675	695	713	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	15	2.10%
Graduate (per term)	1,200	1,286	1,350	1,390	1,426	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	30	2.10%
Graduate (per course)	1,296	1,296	1,296	1,296	1,354	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	50	3.69%
	388	388	388	388	406	421	421	421	421	421	421	421	421	421	421	421	421	421	421	421	421	421	421	421	421	421	421	421	421	421	15	3.69%
Program for Academic English Preparation (PAEP)																																
Full time students in SP/IN/SU (May to August term)	-	1,305	1,145	1,229	1,229	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	37	3.01%
<u>Other Fees:</u>																																
Work Term Fee (for all Undergraduate and Graduate Co-Op Programs)	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	0	0.00%
Professional Experience Program (Faculty of Engineering)	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	730	0	0.00%
Intensive One-year MBA Program (UNBSJ)																																
International Full time (exclusive of Technology & Facilities fees)	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	0	0.00%
Canadian Full time (exclusive of Technology & Facilities fees)	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	0	0.00%
Per 2.5 credit hour course	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	975	0	0.00%
Faculty of Education																																
Practicum Fee for one-year consecutive B.Ed (UNBF)	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	0	0.00%
Out-of-Province Intern Differential Fee	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	0	0.00%

Supplementary Tuition Fee for International Students

Undergraduate (for Academic Year)
 Undergraduate Per course (0 - 5 credit hours)
 Undergraduate Per course (6 - 11 credit hours)
 Graduate (per term)
 Graduate (per course)

Program for Academic English Preparation (PAEP)
 Full time students in SP/IN/SU (May to August term)

Other Fees:

Work Term Fee (for all Undergraduate and Graduate Co-Op Programs)

Professional Experience Program (Faculty of Engineering)

Intensive One-year MBA Program (UNBSJ)

International Full time (exclusive of Technology & Facilities fees)

Canadian Full time (exclusive of Technology & Facilities fees)

Per 2.5 credit hour course

Faculty of Education

Practicum Fee for one-year consecutive B.Ed (UNBF)

Out-of-Province Intern Differential Fee

1 All fee changes for 2013-14 will take effect as of September 1, 2013 except where identified in Note 8.

Recommended Tuition and Related Fee Changes

Schedule C

	Recom.						Inc (Dec)	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	\$	%
On-Line Administrative & Technical Fees								
Open Access Learning Program (OALP)	40.00	100.00	100.00	100.00	100.00	100.00	0	0.00%
M.Ed On-line program Administration Fee Per 3 credit hour course	100.00	100.00	100.00	100.00	100.00	100.00	0	0.00%
Web-Based	-	100.00	100.00	100.00	100.00	100.00	0	0.00%
Technology Fee ³								
Full-time Undergraduate programs per term for 2 terms	25.00	25.00	25.00	25.00	25.00	25.50	1	2.00%
Full-time & Cont. Research Based Graduate programs per term for 3 terms	16.50	16.50	16.50	16.50	16.50	17.00	1	3.03%
Part-time Research Based Graduate programs per term for 3 terms	8.25	8.25	8.25	8.25	8.25	8.25	0	0.00%
Undergraduate and Course Based Graduate Programs per course	5.00	5.00	5.00	5.00	5.00	5.00	0	0.00%
Facilities Improvement Fee ^{4 & 6}								
Full-time Undergraduate programs per term for 2 terms	87.50	87.50	87.50	87.50	87.50	90.50	3	3.43%
Full-time & Cont. Research Based Graduate programs per term for 3 terms	58.00	58.00	58.00	58.00	58.00	60.00	2	3.45%
Part-time Research Based Graduate programs per term for 3 terms	29.00	29.00	29.00	29.00	29.00	29.00	0	0.00%
Undergraduate and Course Based Graduate Programs per course	17.50	17.50	17.50	17.50	17.50	17.50	0	0.00%
Student Health Fee ^{4 & 6}								
Full-time Undergraduate programs per term for 2 terms	-	25.00	25.00	25.00	25.00	25.50	1	2.00%
Full-time & Cont. Research Based Graduate programs per term for 3 terms	-	16.50	16.50	16.50	16.50	17.00	1	3.03%
Full-time Course Based Graduate Programs per course	-	5.00	5.00	5.00	5.00	5.00	0	0.00%
Facility Access Fee ^{3 & 5}								
Full-time Undergraduate programs per term for 2 terms	-	-	-	75.00	75.00	76.50	2	2.00%
Full-time & Cont. Research Based Graduate programs per term for 3 terms	-	-	-	50.00	50.00	51.00	1	2.00%
Full-time Course Based Graduate Programs - students may opt in per term	-	-	-	50.00	50.00	51.00	1	2.00%
Undergraduate or Graduate part time students may opt in per term	-	-	-	50.00	50.00	50.00	0	0.00%
Prior Learning Assessment Fee	-	400.00	400.00	400.00	400.00	400.00	0	0.00%

On-Line Administrative & Technical Fees

Open Access Learning Program (OALP)

M.Ed On-line program Administration Fee Per 3 credit hour course

Web-Based

Technology Fee³

Full-time Undergraduate programs per term for 2 terms

Full-time & Cont. Research Based Graduate programs per term for 3 terms

Part-time Research Based Graduate programs per term for 3 terms

Undergraduate and Course Based Graduate Programs per course

Facilities Improvement Fee^{4 & 6}

Full-time Undergraduate programs per term for 2 terms

Full-time & Cont. Research Based Graduate programs per term for 3 terms

Part-time Research Based Graduate programs per term for 3 terms

Undergraduate and Course Based Graduate Programs per course

Student Health Fee^{4 & 6}

Full-time Undergraduate programs per term for 2 terms

Full-time & Cont. Research Based Graduate programs per term for 3 terms

Full-time Course Based Graduate Programs per course

Facility Access Fee^{3 & 5}

Full-time Undergraduate programs per term for 2 terms

Full-time & Cont. Research Based Graduate programs per term for 3 terms

Full-time Course Based Graduate Programs - students may opt in per term

Undergraduate or Graduate part time students may opt in per term

Prior Learning Assessment Fee

1 All fee changes for 2013-14 will take effect as of September 1, 2013 except where identified in Note 8.

3 Co-Op and PEP Work Term students are exempt.

4 Bathurst, Moncton and Miramichi students are exempt.

5 Bathurst, Moncton, Miramichi and Saint John students are exempt.

6 International students studying outside the country are exempt.

Recommended Tuition and Related Fee Changes

Schedule C

	2008-09		2009-10		2010-11		2011-12		2012-13		2013-14		Inc (Dec)	
											\$	%		
Diploma in University Teaching	300	300	300	300	300	300	300	300	307	316			9	2.93%
Distance Education Fees														
Toronto	50	50	50	50	50	50	50	50	50	50			0	0.00%
Maritimes	-	50	50	50	50	50	50	50	50	50			0	0.00%
Application Fee														
Undergraduate - Canadian (Schedule E)	45	45	45	45	45	45	45	45	55	55			0	0.00%
Undergraduate - International Graduate	60	60	60	60	60	60	60	60	60	60			0	0.00%
Faculty of Law (Schedule E)	50	50	50	50	50	50	50	50	50	50			0	0.00%
Intensive One-year MBA Program (UNBSJ)	50	50	50	50	50	50	50	125	125	125			0	0.00%
Intensive One-year MBA Program (UNBSJ)	-	-	-	-	-	-	-	100	100	100			0	0.00%
Registration Confirmation Deposit ⁷														
Undergraduate - Canadian & International	100	100	100	100	100	100	100	100	100	100			0	0.00%
Undergraduate - Canadian & International for Faculty of Nursing	250	250	250	250	250	250	250	250	250	250			0	0.00%
Masters of Business Administration (Fredericton Campus)	-	-	-	-	-	-	-	500	500	500			0	0.00%
MBA in Engineering Management	-	-	-	-	-	-	-	500	500	500			0	0.00%
Intensive One-year MBA Program (UNBSJ)	-	-	-	-	-	-	-	1,000	1,000	1,000			0	0.00%
Faculty of Law	300	300	300	300	300	300	300	300	300	300			0	0.00%
Late Payment Fee (per term) ⁸ (Schedule E)	25	25	25	25	25	25	25	25	50	50			0	0.00%
Reregistration Fee (per term) ⁸ (Schedule E)	25	25	25	25	25	25	25	25	100	100			0	0.00%
Non Sufficient Funds (NSF) Fee	25	25	25	25	25	25	25	25	25	25			0	0.00%
Audit courses (percentage of normal course fees)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%			0	0.00%
Challenge for Credit Examinations (percentage of normal course fees)	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%			0	0.00%
Review of Final Course Grade	15	15	15	15	15	15	15	15	15	15			0	0.00%
Transcript Fee (Schedule E)	5	6	6	6	6	6	6	6	10	10			0	0.00%
Graduation Fee (A deposit of \$60 is required for graduation regalia. Upon return of the regalia, \$25	35	35	35	35	35	35	35	35	35	35			0	0.00%

1 All fee changes for 2013-14 will take effect as of September 1, 2013 except where identified in Note 8.
 7 The Registration Confirmation Deposit is credited against a student's tuition balance upon arrival and enrolment at UNB.
 8 Fee changes for 2013-14 will take effect as of May 1, 2013.

Recommended Parking Fee Changes for 2012-13

Schedule D

	2008-09	2009-10	2010-11	2011-12	2012-13	Recom. 2013-14	Inc (Dec)	
							\$	%
Students								
12 month permit	196.00	200.00	205.00	138.00	142.00	147.00	5.00	3.52%
10 month permit	-	-	-	115.00	119.00	123.00	4.00	3.36%
8 month permit	77.00	79.00	81.00	94.00	97.00	101.00	4.00	4.12%
4 month permit	56.00	57.00	58.00	64.00	66.00	68.00	2.00	3.03%
1 month permit	26.00	27.00	28.00	28.00	29.00	30.00	1.00	3.45%
Daily Visitor Pass	4.00	4.00	4.00	4.00	4.00	4.00	-	0.00%
Hourly - SJ only	-	1.25	1.25	1.25	1.25	1.25	-	0.00%
Replacement of Permit	10.00	10.00	10.00	10.00	10.00	10.00	-	0.00%
<u>Fines</u>								
Tier 1	15.00	15.00	15.00	15.00	15.00	15.00	-	0.00%
Tier 2	30.00	30.00	30.00	30.00	30.00	30.00	-	0.00%
Tier 3	-	-	-	-	-	125.00	125.00	NEW
Vehicle Immobilizer (Boot) Removal	-	-	-	50.00	50.00	50.00	-	0.00%

196.00	200.00	205.00	211.00	216.00	224.00	8.00	3.70%
-	-	-	176.00	181.00	187.00	6.00	3.31%
133.00	136.00	140.00	144.00	148.00	153.00	5.00	3.38%
92.00	94.00	96.00	98.00	101.00	105.00	4.00	3.96%
92.00	65.00	66.00	67.00	69.00	71.00	2.00	2.90%
26.00	27.00	28.00	28.00	29.00	30.00	1.00	3.45%
4.00	4.00	4.00	4.00	4.00	4.00	-	0.00%
-	-	1.25	1.25	1.25	1.25	-	0.00%
10.00	10.00	10.00	10.00	10.00	10.00	-	0.00%
15.00	15.00	15.00	15.00	15.00	15.00	-	0.00%
30.00	30.00	30.00	30.00	30.00	30.00	-	0.00%
-	-	-	-	-	125.00	125.00	NEW
-	-	-	50.00	50.00	50.00	-	0.00%

Faculty and Staff

12 month permit	224.00	8.00	3.70%
10 month permit	187.00	6.00	3.31%
8 month permit	153.00	5.00	3.38%
4 month permit (full-time)	105.00	4.00	3.96%
4 month permit (part-time)	71.00	2.00	2.90%
1 month permit	30.00	1.00	3.45%
Daily Visitor Pass	4.00	-	0.00%
Hourly - SJ only	1.25	-	0.00%
Replacement of Permit	10.00	-	0.00%
<u>Fines</u>			
Tier 1	15.00	-	0.00%
Tier 2	30.00	-	0.00%
Tier 3	125.00	125.00	NEW
Vehicle Immobilizer (Boot) Removal	50.00	-	0.00%

Notes:

All permits are issued on a "per vehicle" basis.
 Faculty and Staff are able to utilize payroll deductions over a maximum of 16 pay periods to purchase their permits.
 Increases were adjusted for rounding and for HST calculations.

Background

At its February 7th 2013 meeting, Finance Committee approved a framework through which stakeholders may review and assess Ancillary Fees, including the ongoing requirement for fees as well as the protection of each fee's purchasing power through potential inflationary increases.

As part of its annual budget to the Board of Governors, university management recommends tuition and related fee changes which comprise:

- “*Basic tuition fees*”;
- “*Program fees*” which are currently specific to the Faculties of Business Administration, Education (graduate), Engineering and Law;
- “*Supplementary tuition fees*” applicable to our international students;
- “*Residence and related fees*” comprising room and board fees; and,
- “*Other fees*” which include a variety of charges including coop/PEP work term fees, practicum fees, application fees, registration confirmation deposit and late-payment fees etc. Among these fees are a special group of fees identified as “*Ancillary Fees*” intended to recover the costs of specific activities which directly support the learning environment, but only indirectly support the instructional activity of the institution. These fees are currently considered to be: Technology Fee, Facilities Improvement Fee, Student Health Fee and the Facility Access Fee.

This year's “Recommended Tuition and Related Fee Changes” can be found in Appendix C.

It is important to note that the University successfully lobbied on behalf of the students that its Ancillary Fees be considered tuition for the purposes of the Canada Student Loan program and for income tax purposes. Accordingly, such fees have also been restricted when restrictions on tuition increases are put in place by the Province of New Brunswick.

Technology Fee

Objective of the Fee

From the Budget Plan submitted to Board of Governors in April 2002, "The income from this fee... will be transferred to the capital budget and be designated for specific improvements to computer equipment and technology that directly impacts students."

From the formal announcement of the Student Technology Fee in September 2002, "...the University of New Brunswick has instituted the student technology fee to ensure that students have access to appropriate technological resources. The student technology fee is important because it allows the university to remain up-to-date with regards to computer hardware and software... New technology is needed to help students prepare for the work world, and to aid in teaching, research and administrative work."

Does the need identified in the original proposal for the Ancillary Fee still exist?

Approximately \$471 K is expected to be available from Technology Fee revenues in 2013-14. Over 40 applications (totaling \$540 K) were submitted by faculty, staff and students for projects which directly impact students of the Fredericton Campus. While applications are not sought on the Saint John Campus, a survey is sent to students containing potential projects. UNBSJ funds are then deployed strategically to such projects by the Vice-President (Saint John) based upon review and recommendation on those survey results.

Has the need increased, mitigated or eliminated since the time of the original proposal?

Per Information Technology Services, who administers the Technology Fee on the Fredericton Campus,

"Over the past few years, the number of smaller projects being approved is decreasing in favour of larger, wider impact projects. These larger projects, including campus-wide infrastructure projects such as wireless and "virtualization", are deemed to be higher priority by the committee as compared to individual workstations or smaller labs.

These projects benefit the maximum number of students. In the early years of the Technology Fee, lab renewals were the biggest projects. While still important, the need for large scale infrastructure projects with a wider impact continues to grow. This need is both reflective of evolving technology as well as a reduction in funding available from other sources (e.g. operating funds and the provincial Non-Space restricted grant).

There is a strong case for maintaining, and growing, these funds. These projects directly impact and are visible to students."

Historical Increase (Decrease) in the Technology Fee schedule

The current fee (\$25 per full-time student per term) has not increased since its inception (2002-03, 11 yrs).

Context

What are the cost drivers related to the good/services provided?

While there is a small service element (e.g. the installation of equipment, wiring or other infrastructure), the majority of the costs relate to the information technology and supporting office equipment/infrastructure.

What has the *historical* increase (decrease) applicable to those drivers been?

Due to the lack of historical Statistics Canada indices related to information technology, a general consumer price index is believed to form the best proxy for historical increases applicable to those drivers. The average Consumer Price Index (CPI) for the period 2007 to 2011 was 1.9% per annum.

What is the *expected* increase (decrease) applicable to those drivers?

One could expect that, given recent economic downturns, the historical increase may not perpetuate into the future. It is also true, however, that many information technology items are subject to global manufacturing markets (and costs) as well as global demand. It is considered reasonable to assume that a 1.9% CPI will continue into the short and medium term for these products.

What portion of the costs related to the goods/services provided are recovered from the Technology Fee?

The committee recovers 100% of expended funds with the following exceptions:

- The committee administering the Student Technology Fee is mandated to maintain a 5% reserve for project overruns and contingency.
- In addition, the committee has a standing allocation of up to \$1,500 for “marketing” related to the fee, e.g. the solicitation of proposals in student publications.

The committee is not mandated to allocate funds in excess of those available.

Options and Choices

Given the original purpose of the fee remains valid and the need has not been mitigated or eliminated, it would be inappropriate to eliminate the fee at this time.

The choices which remain are:

- *Maintain the fee at existing levels.* Assuming 1.9% is indicative of past inflation over the last 11 years, the 2013-14 revenue of \$471 K is purchasing 22% less technology (in real dollars) than it did at the inception of the fee. The purchasing power will continue to deteriorate.
- *Increase the fee by 1.9% in 2013-14* (from \$25.00 to \$25.50 per term). While this would not recoup purchasing power lost over the past 11 years, it would mitigate further deterioration of purchasing power.
- *Increase the fee by 5% in 2013-14* (from \$25.00 to \$26.25 per term). While this would not entirely recoup purchasing power lost over the past 11 years, it would both restore some previous loss and mitigate future deterioration.

While it is possible for a university’s operating budget to supplement the amount available for spending on student technology, the financial challenges expressed elsewhere in the 2013-14 operating budget of both campuses make this option financially infeasible at this time.

Each 1% increase would yield \$4 K.

Recommendation

Increase the fee by 1.9% in 2013-14 (from \$25.00 to \$25.50 per term).

Governance

This briefing note shall be reviewed by University management, Finance Committee and Board of Governors. University-wide Budget Management Committee, Finance Committee and Board of Governors each have student representation on behalf of each Campus.

It is important to note that the Technology Fee is administered (annually) by information technology departments on each campus on behalf of a committee of voting members (8 on the UNBF committee and 9 on the UNBSJ committee). Students are included on each committee (four on the UNBF committee and 2 on the UNBSJ committee).

Facilities Improvement Fee

Objective of the Fee

From the Budget Plan submitted to Board of Governors in April 2005, “The funds derived from this fee... would be placed into a separate fund to be used solely for infrastructure renewal purposes. It is estimated that this new fee would generate an additional \$2 million in annual cash flow for UNB, this would nearly match the level of the annual infrastructure renewal grant that is received from the Provincial Government.” The proposal also stated, “This level of cash flow provides the university with a number of new options to address the significant level of infrastructure renewal that is required at UNB. These options include, financing annual additional projects on a “pay as you go” basis, funding to service debt and thereby front-end load the infrastructure projects, or provide a source of funds to possibly lever with Provincial and/or Federal programs as required.”

Does the need identified in the original proposal for the Ancillary Fee still exist?

The University of New Brunswick currently estimates its annual capital spending requirement at \$19.5 Million to maintain current levels of deferred maintenance. Recurring sources of funding total approximately \$6.0 Million (or 31%) of our annual requirement.

Has the need increased, mitigated or eliminated since the time of the original proposal?

In 2005-06, when the Facilities Improvement Fee was proposed, it was estimated that annual capital spending of \$17 Million was required to maintain UNB’s deferred maintenance at current levels. At that time, the restricted operating grant provided by the Province (Alteration & Renovation “A&R” funding) totaled \$2.1 Million. The proposed Facilities Improvement Fee was \$1.9 Million (or a matching of almost 92% of Provincial A&R) and 11.4% of total annual capital requirement.

In 2012-13, \$19.5 Million of capital spending was required to maintain UNB’s deferred maintenance at current levels. At that time, the restricted operating grant provided by the Province totaled \$2.4 million. The 2012-13 budgeted Facilities Improvement Fee was \$1.6 Million (or a matching of 67% of Provincial A&R) and 8.2% of total annual capital requirement.

Based on increasing deferred maintenance and declining fee revenue, it is reasonable to assume the need has increased since the time of the original proposal.

Historical Increase (Decrease) in the Facilities Improvement Fee schedule

The current fee (\$87.50 per full-time student per term) has not increased since inception (2005-06, 8 yrs).

Context

What are the cost drivers related to the good/services provided?

The major cost driver related to the work funded by the Facilities Improvement Fee is construction labour and materials.

What has the *historical* increase (decrease) applicable to those drivers been?

Statistics Canada indices related to construction of non-residential buildings and institutional structures, ("Construction Price Index") is believed to best reflect the historical increase (decrease) applicable to those drivers. The average Construction Price Index for the period 2007 to 2011 was 3.5% per annum.

What is the *expected* increase (decrease) applicable to those drivers?

During the period 2007 to 2011, considerable variation in the annual rate occurred, i.e a range of 9.6% to (3.9%). The most recent measure (2011) was 3.5%. These costs, while variable in the short term, will inflate over the medium to long term.

What portion of the costs related to the goods/services provided is recovered from the Facility Improvement Fee?

As indicated above, it was expected (at inception of the fee) that the Facility Improvement would represent approximately 11% of annual capital requirement. In 2012-13, this fee represented 8% of the annual capital requirement.

Options and Choices

Given the original purpose of the fee remains valid and the need has not been mitigated or eliminated, it would be inappropriate to eliminate the fee at this time.

The choices which remain are:

- *Maintain the fee at existing levels.* Assuming 3.5% is indicative of past inflation over the last 8 years, the 2013-14 revenue of \$1,600 K is purchasing 23% less construction (in real dollars) than it did at the inception of the fee. The purchasing power will continue to deteriorate.
- *Increase the fee by 3.5% in 2013-14* (from \$87.50 to \$91.00 per term). While this would not recoup purchasing power lost over the past 8 years, it would mitigate further deterioration.

While it is possible for a university's operating budget to supplement the amount available for spending on deferred maintenance, the financial challenges expressed elsewhere in the 2013-14 operating budget of both campuses make this option financially infeasible at this time.

Each 1% increase in the Facility Improvement Fee would yield approximately \$16 K.

Recommendation

Increase the fee by 3.5% in 2013-14 (from \$87.50 to \$91.00 per term).

Governance

This briefing note shall be reviewed by University management, Finance Committee and Board of Governors. University-wide Budget Management Committee, Finance Committee and Board of Governors each have student representation on behalf of each Campus.

It is important to note that proposals for funding from the Facilities Improvement Fee are reviewed and recommended from committees on each campus. In Fredericton, there are two student representatives on that committee.

Student Health Fee

Objective of the Fee

From the Budget Plan submitted to Board of Governors in April 2009, "The opportunity for revenue generation in this area is limited. There is continued ongoing pressure on costs, direct and indirect, related to providing these services. Given today's fiscal context, there is extreme pressure to reduce budgets- not expand them... In order to provide stable service to full-time students, and to provide improved health education and promotion to all students, it is important that these {student health} services remain funded in an ongoing manner."

Does the need identified in the original proposal for the Ancillary Fee still exist?

Student health centres continue to operate and provide services on both the Fredericton and Saint John Campuses. Almost 10,500 student visits occurred at UNB's Student Health Centres during the year this fee was introduced. This increased to 12,385 in 2011-12 (an increase 1,885 visits or 18%).

Has the need increased, mitigated or eliminated since the time of the original proposal?

In 2009-10, the gross cost of providing students with their student health centres was \$1.1 Million of which the University provides \$383 K (or 35%) against the cost of staff and benefits, supplies and facility support. The proposed fee was expected to raise \$487 K (or 44%) of the annual cost.

In 2013-14, the gross cost of providing students with their student health centres is budgeted at \$1.5 Million of which the University provides \$498 K (or 42%) against the cost of staff and benefits, supplies and facility support. The current fee is expected to raise \$394 K (or 25%) of the annual cost.

Historical Increase (Decrease) in the Student Health Fee schedule

The current fee (\$25 per full-time student per term) has not increased since inception (2009-10, 4 yrs).

Context

What are the cost drivers related to the good/services provided?

The major cost drivers related to the provision of student health is the human resources required to do so, i.e. doctors, nurses and support staff.

What has the *historical* increase (decrease) applicable to those drivers been?

With regard to human resources, the University of New Brunswick has experienced an average annual increase to salaries within its non-bargaining group of 1.4% over the past five years.

What is the *expected* increase (decrease) applicable to those drivers?

In our current fiscal context, and that of the Province, non-bargaining support staff salaries have been assumed to increase at a rate of 2% per annum.

What portion of the costs related to the goods/services provided is recovered from the Student Health Fee?

At inception, it was expected that the Student Health Fee would collect approximately 44% of the annual funding requirement. In 2013-14, this fee is expected to represent 25% of the annual funding requirement.

Options and Choices

Given the original purpose of the fee remains valid and the need has not been mitigated or eliminated, it would not be appropriate to eliminate the fee.

The choices which remain are:

- *Maintain the fee at existing levels.* Each Campus Vice-President will then be required to evaluate whether the Campus contribution to the cost of providing a student health centre may be borne without cost or service reductions.
- *Increase the fee by 2% in 2013-14 (from \$25.00 to \$25.50).* While this would not recoup purchasing power lost over the past 4 years, it would mitigate further deterioration.
- *Increase the fee by 5% in 2013-14 (from \$25.00 to \$26.25 per term)* such that it would both partially restore previous losses to purchasing power and mitigate further deterioration.

While it is possible for a university's operating budget to further supplement the amount available for spending on the student health centre, the financial challenges expressed elsewhere in the 2013-14 operating budget of both campuses make this option financially infeasible at this time.

Each 1% increase in the Student Health Fee would yield approximately \$4 K.

Recommendation

Increase the fee by 2% in 2013-14 (from \$25.00 to \$25.50).

Governance

This briefing note shall be reviewed by University management, Finance Committee and Board of Governors. University-wide Budget Management Committee, Finance Committee and Board of Governors each have student representation on behalf of each Campus.

Facility Access Fee

Objective

From the Budget Plan submitted to Board of Governors in April 2011:

“The Facility Access Fee will provide both a student contribution towards the \$2.9 Million annual operating cost of the facility (comprised of \$0.9 Million Campus Recreation and \$2.0 Million facility operation, utilities, regular maintenance with provision for special maintenance) as well as a student contribution towards the expanded Campus Recreation program The Facility Access Fee will automatically make students Campus Recreation members with benefits to include free access to all recreational facilities (e.g. cardio & strength training room, recreational gymnasiums, pool, squash courts, indoor walking and jogging track, changing room with day-use lockers, noon-hour skating at the Aitken University Center) as well as free participation in all non-ice intramural sports and the majority of group fitness classes.”

Does the need identified in the original proposal for the Ancillary Fee still exist?

The Richard J. Currie Centre and expanded programming which it offers remain available to faculty, staff and students of the Fredericton Campus. In Fall 2011-12, over 3,200 student FTE (or 44% of enrolled FTE) accessed facilities at the Currie Centre. In 2012-13, over 3,400 student FTE (or 50% of enrolled FTE) accessed these facilities.

Has the need increased, mitigated or eliminated since the time of the original proposal?

In 2011-12, the proposed fee was expected to raise \$1.1 Million (or 36%) of the annual funding required to operate the facility and related programs and services within the Richard J. Currie Centre (estimated at \$2.9 Million).

In 2013-14, the proposed fee is expected to raise \$0.9 Million (or 33%) of the annual funding required to operate the programs and services in the Richard J. Currie Centre (estimated at \$2.8 Million).

Historical Increase (Decrease) in the Facility Access Fee schedule

The current fee (\$75.00 per full-time student per term) has not increased since inception (2011-12, 2 yrs).

Context

What are the cost drivers related to the good/services provided?

The major cost drivers related to the provision of services at the Richard J. Currie Centre are the costs of:

- human resources to staff the Campus Recreation, administrative and regular maintenance functions;
- utilities to run the facility (e.g. fuel, water and electricity); and,
- major maintenance on this state-of-the-art facility (construction-related).

What has the *historical* increase (decrease) applicable to those drivers been?

With regard to human resources, the University of New Brunswick has experienced an average annual increase to salaries within its non-bargaining group of 1.4% over the past five years.

Ancillary Fees

Schedule E

Statistics Canada indices related to utilities (i.e. water, fuel and electricity) indicate an average annual increase of 1.7% over the past five years.

Statistics Canada indices related to construction of non-residential buildings and institutional structures indicate an average annual increase of 3.5% over the past five years.

What is the *expected* increase (decrease) applicable to those drivers?

Given the facility is early in its useful life, it would not be appropriate to apply the construction-related inflation to a majority of costs.

In our current fiscal context, and that of the Province, non-bargaining support staff salaries have been assumed to increase at a rate of 2% per annum. This rate is a reasonable proxy as well for the expected inflation of utilities.

What portion of the costs related to the goods/services provided is recovered from the Student Health Fee?

At inception, it was expected that the Facility Access Fee would represent approximately 36% of the annual funding requirement. In 2013-14, this fee is expected to represent 33% of the annual funding requirement.

Options and Choices

Given the original purpose of the fee remains valid and the need has not been mitigated or eliminated, it would be inappropriate to eliminate the fee at this time.

The choices which remain are:

- *Maintain the fee at existing levels* and absorb inflationary costs within existing budgets.
- *Increase the fee by 2% in 2013-14* (from \$75.00 to \$76.50). While this would not recoup purchasing power lost over the past 2 years, it would mitigate future deterioration of purchasing power.

Each 1% increase in the Facility Access Fee would yield approximately \$9 K.

Recommendation

Increase the fee by 2% in 2013-14 (from \$75.00 to \$76.50).

Governance

This briefing note shall be reviewed by University management, Finance Committee and Board of Governors. University-wide Budget Management Committee, Finance Committee and Board of Governors each have student representation on behalf of each Campus.

Student Health and Optional Dental Coverage Premiums

Background:

Undergraduate Supplementary Health and Dental Coverage

The Fredericton Student Union (SU) and the Saint John Student Representative Council (SRC) jointly operate a health and optional dental insurance program for their members. The plan is fully insured, and is designed to supplement the coverage provided by provincial Medicare Plans or by the Medicare equivalent plan for international students. The plan provides students with a comprehensive set of extended health and dental benefits including 80% coverage on prescription drugs, paramedical services, ambulance services, etc.

Students providing proof of alternate coverage may opt out of the Student Health Plan. To opt out, students must access an on-line Student Union web site. Students who opt out will be credited for the Health fee. Students may opt out of the Dental Plan without providing proof of alternate coverage.

Fees for the Health/Dental Plan are treated as compulsory fees by the University and accordingly must be approved by the Board. Fees are negotiated annually by the SU/SRC and the insurer based on utilization rates. There is no change for the 2013-2014 premiums as compared to 2012-2013.

Graduate Supplementary Health and Dental Coverage

The plan is fully insured, and is designed to supplement the coverage provided by provincial Medicare Plans or by the emergency health plan for international students. The plan provides students with a comprehensive set of extended health and dental benefits including 80% coverage on prescription drugs, paramedical services, ambulance services, etc.

The GSA began a new contract with C&C Insurance Consultants for 2011-2012. The initial term of the contract with C&C was for one year, from September 1, 2011, to August 31, 2012, and the agreement will be renewed annually thereafter.

Students providing proof of alternate coverage may opt out of the GSA Health Plan. To opt out, students must sign an opt-out form and have it signed by a GSA staff member. Students who opt out will be credited for the Health fee. Students may opt out of the Dental Plan without providing proof of alternate coverage.

Fees are negotiated annually by the GSA and the insurer based on utilization rates. Both the Vision Care and Paramedical benefits have been increased for 2013-14. The plan has also shifted to a mandatory product selection for drugs to mitigate rising drug costs.

Fees for the Health/Dental Plan are treated as compulsory fees by the University and accordingly must be approved by the Board. The increase in benefits as noted above, compounded by the increase in the value of claims from rising drug costs have caused an increase to the premium for Health Benefits for 2013-2014 while the premium for the Dental Plan have decreased.

Health Plan for International Students

Basic health and hospital benefits for Canadian students are provided by the provincial Medicare Plan of the province of their permanent residence. International students with landed immigrant status also qualify for Medicare. However, international students studying at UNB on a student visa do not qualify. Health coverage for such students is provided by a fully insured health plan administered on behalf of the University and underwritten by the Royal & Sun Alliance Insurance Company of Canada. This plan was first introduced in 2002-2003.

Last year, a review was conducted by our Benefits consultant and since the vast majority of plans across Canada are set as mandatory we implemented a mandatory plan in September 2012. Only International students who are not provided insurance from an approved sponsor program or NB Medicare are allowed to opt-out.

The insurer originally suggested a 5% increase to premiums for 2013-2014. We have negotiated only a very slight increase in the premium to allow for an evenly divisible semester billing rate.

Student Health and Optional Dental

Schedule F

Undergraduate Supplemental¹

Health Plan

- Student
- Family
- 1 dependent
- 2 or more dependents

Optional Dental Plan

- Student
- Family
- 1 dependent
- 2 or more dependents

	2008-09	2009-10	2010-11	2011-12	2012-13	Recom. 2013-14	Inc (Dec)	
							\$	%
Student	137	137	137	137	142	142	-	0.00%
Family	-	-	-	-	275	275	-	0.00%
1 dependent	175	175	175	175	-	-		
2 or more dependents	215	215	215	215	-	-		
Student	112	112	112	112	118	118	-	0.00%
Family	-	-	-	-	315	315	-	0.00%
1 dependent	180	180	180	180	-	-		
2 or more dependents	220	220	220	220	-	-		

Graduate Supplemental²

Health Plan

- Student
- Family
- Couple

Optional Dental Plan

- Student
- Family
- Couple

Student	189	189	176	193.50	221.75	265.00	43.25	19.50%
Family	293	293	293	370.00	410.25	485.00	74.75	18.22%
Couple	228	228	226	-	-	-	-	-
Student	176	176	176	199.25	217.75	200.00	(17.75)	-8.15%
Family	317	317	317	380.00	402.50	370.00	(32.50)	-8.07%
Couple	211	211	211	-	-	-		

Health Coverage for International Students³

- Registered Student (mandatory)
- Registered Student + 1 Family (optional)
- Registered Student + 2 Family (optional)
- Registered Student + 3 Family (optional)
- Registered Student + 4 Family (optional)

Registered Student (mandatory)	483	567	861	861	904	906	2.00	0.22%
Registered Student + 1 Family (optional)	966	1,740	1,722	1,722	1,808	1,812	4.00	0.22%
Registered Student + 2 Family (optional)	1,407	4,431	2,583	2,583	2,712	2,718	6.00	0.22%
Registered Student + 3 Family (optional)	1,880	5,922	3,444	3,444	3,616	3,624	8.00	0.22%
Registered Student + 4 Family (optional)	1,880	5,922	4,305	4,305	4,520	4,530	10.00	0.22%

Notes:

- 1 All full-time undergraduate students on both campuses including International students.
- 2 All full-time graduate students on both campuses including International students.
- 3 All full-time and part-time International students on both campuses.

**University of New Brunswick
Student Organization Fees**

Schedule G

FREDERICTON Campus

Full Time Undergraduates

UNB Student Union

Full-time fee (per term)

First year orientation fee (Fall term only)

CHSR Broadcasting Inc. (per term)

Brunswickan Publishing Inc. (per term)

Part Time Undergraduates

Adult Learners Part time Students (per 0-5 credit hour course)^{1 2}

CHSR Broadcasting Inc. (per 0-5 credit hour course)¹

Brunswickan Publishing Inc. (per 0-5 credit hour course)¹

Graduates (applicable to three terms)

Graduate Student Assoc.

Full time

Part time

U-Pass (Fall Term Fee only)

	2008-09	2009-10	2010-11	2011-12	2012-13	Recom. 2013-14	Inc (Dec)	
							\$	%
UNB Student Union								
Full-time fee (per term)	44.50	44.50	44.50	47.50	47.50	47.50	-	0.00%
First year orientation fee (Fall term only)	60.00	60.00	60.00	60.00	65.00	65.00	-	0.00%
CHSR Broadcasting Inc. (per term)	7.50	7.50	7.50	7.50	7.50	7.50	-	0.00%
Brunswickan Publishing Inc. (per term)	5.00	5.00	5.00	5.00	5.00	6.50	1.50	30.00%
Part Time Undergraduates								
Adult Learners Part time Students (per 0-5 credit hour course) ^{1 2}	10.00	10.00	10.00	10.00	10.00	10.00	-	0.00%
CHSR Broadcasting Inc. (per 0-5 credit hour course) ¹	1.50	1.50	1.50	1.50	1.50	1.50	-	0.00%
Brunswickan Publishing Inc. (per 0-5 credit hour course) ¹	1.00	1.00	1.00	1.00	1.00	1.00	-	0.00%
Graduates (applicable to three terms)								
Graduate Student Assoc.								
Full time	36.50	36.50	37.50	40.50	43.50	46.00	2.50	5.75%
Part time	12.25	12.25	12.50	13.50	16.50	15.00	(1.50)	-9.09%
U-Pass (Fall Term Fee only)	-	100.00	100.00	100.00	100.00	140.00	40.00	40.00%

SAINT JOHN Campus

Full Time Undergraduates

UNB Student Rep Council

Full-time fee (per term)

First year orientation fee (Fall term only)

CRSJ Inc. (per term)

Baron (per term)

Part Time Undergraduates

UNB Student Rep Council (per 0-5 credit hour course)¹

CRSJ Inc. (per 0-5 credit hour course)¹

Baron (per 0-5 credit hour course)¹

Graduates (applicable to three terms)

Graduate Student Assoc.

Full time

Part time

	2008-09	2009-10	2010-11	2011-12	2012-13	Recom. 2013-14	Inc (Dec)	
							\$	%
UNB Student Rep Council								
Full-time fee (per term)	67.50	67.50	67.50	67.50	70.00	70.00	-	0.00%
First year orientation fee (Fall term only)			40.00	40.00	40.00	40.00	-	0.00%
CRSJ Inc. (per term)	10.00	10.00	10.00	10.00	10.00	10.00	-	0.00%
Baron (per term)	10.00	10.00	10.00	10.00	10.00	10.00	-	0.00%
Part Time Undergraduates								
UNB Student Rep Council (per 0-5 credit hour course) ¹	13.00	13.00	13.00	13.00	13.00	13.00	-	0.00%
CRSJ Inc. (per 0-5 credit hour course) ¹	2.00	2.00	2.00	2.00	2.00	2.00	-	0.00%
Baron (per 0-5 credit hour course) ¹	2.00	2.00	2.00	2.00	2.00	2.00	-	0.00%
Graduates (applicable to three terms)								
Graduate Student Assoc.								
Full time	26.75	26.75	26.75	26.75	29.75	31.00	1.25	4.20%
Part time	9.00	9.00	9.00	9.00	12.00	15.00	3.00	25.00%

Notes:

- 1 Part-time fees for 6-11 credit hour courses are double the 0-5 credit hour rate.
- 2 To a maximum of \$30 per Academic Term