

Operating Budget
Year End Results

Prepared For: Board
of Governors Finance
As at April 30th, 2016

*Our mission is to create
the premier university
environment for our
students, faculty and
staff in which to learn,
work and live.*

2015-2016

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Executive Summary

Budget Objective

The Board of Governors approved a \$3.6 million net operating deficit, after one-time items, in its 2015-16 Operating Budget for the University of New Brunswick. This one-time funding included additional revenue of \$1.9 million and a transfer from reserves of \$6.5 million, offset by a \$4.2 million contribution to the Why UNB campaign. Before these one-time items, the approved deficit was \$7.8 million, often referred to as the structural deficit.

The designation of amounts as 'one-time' is to highlight the fact that these amounts are not confirmed as continuing year after year. It is important to understand that one-time revenue is not factored into funding for ongoing expenditures. Similarly, one-time transfers from reserves cannot continue as these reserves are finite.




























Year End Result




As shown in the consolidated operating budget (page 5), the University of New Brunswick has ended the year with a net operating deficit of \$3.1 million.

Overall revenue was under budget by \$1.6 million almost entirely related to a shortfall in tuition revenue resulting from decreased domestic and international enrolment (primarily on the Fredericton campus). Other revenue came in at a net \$11 thousand over budget. This result is a combination of higher than anticipated parking and miscellaneous revenue on the Fredericton campus (\$221 thousand) offset by lower than expected enrolment in the Saint John College program (\$210 thousand).

Overall total expenses were under budget by \$2.1 million. The budget variance is made up of the following factors.

- \$1.9 million of additional salary savings on both campuses.
- (\$0.3 million) relating to unbudgeted positions on the F'ton campus.
- \$0.2 million related to Fringe Benefits across all portfolios on the F'ton campus.
- \$0.6 million under spending on utilities on the F'ton campus.
- (\$0.2 million) over expense for utility charges on the SJ campus.
- \$0.7 million lower deficit for the F'ton Ancillary units.
- (\$0.1 million) over expense related to legal fees.
- (\$0.4 million) related to the carry forward of legal costs related to a prior year.
- (\$0.2 million) related to salary settlements on the SJ campus.

Highlights: Projected Results as compared to Budget	Consolidated	Fredericton Campus	Saint John Campus
Revenue			
Provincial Operating Grant			
Student Fee Income			
Other			
Expense			
Faculties & Departmental Costs			
Academic and Student Support			
Administration & Development			
Maintenance and Utilities			
Ancillaries (Net)			
In-Year Salary Savings			

Enrolment Trend			
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Legend:  *On Track*  *Concern*  *Significant Concern*

Consolidated Operating Budget 2015-16 Year End Results

(Thousands of Dollars)	Approved Budget	Actual Results	Fav (Unfav) Variance	
			Dollars	Percent
Revenue				
Provincial Operating Grant	\$ 112,009.4	\$ 111,966.4	\$ (43.0)	(0.0%)
Student Fee Income	57,310.8	55,688.4	\$ (1,622.4)	(2.8%)
Other	14,441.0	14,451.9	\$ 10.9	0.1%
Total Revenue	183,761.3	182,106.8	(1,654.5)	(0.9%)
Expense				
Academic and Research				
Faculties and Departmental Costs	104,683.1	105,105.6	(422.6)	(0.4%)
Academic and Student Support	33,150.8	32,966.1	184.7	0.6%
Sub-Total	137,833.9	138,071.8	(237.9)	
Administration and Support Services				
Administration and Development	30,912.7	31,534.5	(621.9)	(2.0%)
Maintenance and Utilities	22,565.2	22,121.7	443.6	2.0%
Sub-Total	53,477.9	53,656.2	(178.3)	
Total Operating Expense	191,311.8	191,727.9	(416.1)	(0.2%)
Ancillary Operation (Net)	1,268.7	581.5	687.2	54.2%
In-Year Contingency	1,500.0	1,500.0	-	0.0%
In-Year Salary Savings	(3,769.4)	(5,649.0)	1,879.6	(49.9%)
In-Year Priority Allocations	1,214.0	1,214.0	(0.0)	(0.0%)
Sub-Total	213.4	(2,353.5)	2,566.8	
Total Expense	191,525.2	189,374.5	2,150.7	1.1%
Net Position before One-Time Items	(7,763.9)	(7,267.6)	496.2	(6.4%)
Sources of One-Time Funding				
<u>Operating</u>				
One-time (Additional) Outreach Revenue	1,934.0	1,994.2	60.2	3.1%
Sub-Total	1,934.0	1,994.2	60.2	-
<u>Transfers from Internally Restricted Assets</u>				
Strategic	4,250.0	4,250.0	-	0.0%
One-time Funding from Reserves	2,229.9	2,229.9	-	0.0%
Sub-Total	6,479.9	6,479.9	-	-
Application of One-Time Funding				
<u>Operating</u>				
Why UNB Campaign	(4,250.0)	(4,250.0)	-	0.0%
Sub-Total	(4,250.0)	(4,250.0)	-	-
<u>Transfers to Internally Restricted Assets</u>				
Strategic	-	(100.0)	(100.0)	0.0%
Sub-Total	-	(100.0)	(100.0)	-
Net Position	\$ (3,600.0)	\$ (3,143.5)	\$ 456.4	
Net Position as a % of Budgeted Revenue	(2.0%)	(1.7%)	0.2%	

Fredericton Campus and University-wide Units Operating Budget 2015-16 Year End Results

(Thousands of Dollars)	Approved Budget	Actual Results	Fav (Unfav) Variance	
			Dollars	Percent
Revenue				
Provincial Operating Grant	\$ 93,627.4	\$ 93,584.4	\$ (43.0)	(0.0%)
Student Fee Income	\$ 43,352.5	\$ 41,109.4	\$ (2,243.1)	(5.2%)
Other	\$ 10,781.5	\$ 11,002.2	\$ 220.7	2.0%
Total Revenue	147,761.5	145,696.1	(2,065.4)	(1.4%)
Expense				
Academic and Research				
Faculties and Departmental Costs	82,426.6	82,617.8	(191.2)	(0.2%)
Academic and Student Support	27,683.8	27,605.0	78.8	0.3%
Sub-Total	110,110.4	110,222.8	(112.4)	
Administration and Support Services				
Administration and Development	25,103.9	25,704.3	(600.5)	(2.4%)
Maintenance and Utilities	17,259.4	16,681.5	578.0	3.3%
Sub-Total	42,363.3	42,385.8	(22.5)	
	152,473.7	152,608.6	(134.9)	(0.1%)
Ancillary Operation (Net)	1,268.7	581.5	687.2	54.2%
In-Year Contingency	1,500.0	1,500.0	-	0.0%
In-Year Salary Savings	(3,044.4)	(3,809.3)	765.0	(25.1%)
In-Year Priority Allocations	955.3	955.3	(0.0)	(0.0%)
Sub-Total	679.7	(772.5)	1,452.2	
Total Expense	153,153.4	151,836.1	1,317.3	0.9%
Net Position before One-Time Items	(5,391.9)	(6,140.0)	(748.1)	13.9%
Sources of One-Time Funding				
<u>Operating</u>				
One-time (Additional) Outreach Revenue	1,934.0	1,994.2	60.2	3.1%
Sub-Total	1,934.0	1,994.2	60.2	-
<u>Transfers from Internally Restricted Assets</u>				
Strategic	4,250.0	4,250.0	-	0.0%
One-time funding from reserves	616.4	616.4	-	0.0%
Sub-Total	4,866.4	4,866.4	-	-
Application of One-Time Funding				
<u>Operating</u>				
Why UNB Campaign	(4,250.0)	(4,250.0)	-	0.0%
Sub-Total	(4,250.0)	(4,250.0)	-	-
<u>Transfers to Internally Restricted Assets</u>				
Strategic	-	-	-	-
Sub-Total	-	-	-	-
Net Position	\$ (2,841.5)	\$ (3,529.4)	\$ (687.9)	
Net Position as a % of Budgeted Revenue	(1.9%)	(2.4%)	(0.5%)	

Saint John Campus Operating Budget 2015-16 Year End Results

(Thousands of Dollars)	Approved Budget	Actual Results	Fav (Unfav) Variance	
			Dollars	Percent
Revenue				
Provincial Operating Grant	\$ 18,382.0	\$ 18,382.0	\$ -	0.0%
Student Fee Income	13,958.3	14,579.0	620.7	4.4%
Other	3,659.5	3,449.7	(209.8)	(5.7%)
Total Revenue	35,999.8	36,410.7	410.9	1.1%
Expense				
Academic and Research				
Faculties and Departmental Costs	22,256.5	22,487.9	(231.4)	(1.0%)
Academic and Student Support	5,467.0	5,361.1	105.9	1.9%
Sub-Total	27,723.5	27,849.0	(125.5)	
Administration and Support Services				
Administration and Development	5,808.8	5,830.2	(21.4)	(0.4%)
Maintenance and Utilities	5,305.8	5,440.2	(134.4)	(2.5%)
Sub-Total	11,114.6	11,270.4	(155.8)	
Total Operating Expense	38,838.1	39,119.3	(281.2)	(0.7%)
Ancillary Operation (Net)				
In-Year Contingency	-	-	-	
In-Year Salary Savings	(725.0)	(1,839.7)	1,114.7	(153.7%)
In-Year Priority Allocations	258.7	258.7	-	0.0%
Sub-Total	(466.3)	(1,581.0)	1,114.7	
Total Expense	38,371.8	37,538.4	833.4	2.2%
Net Position before One-Time Items	(2,372.0)	(1,127.7)	1,244.3	(52.5%)
Sources of One-Time Funding				
<u>Operating</u>				
One-time (Additional) Outreach Revenue	-	-	-	-
Sub-Total	-	-	-	-
<u>Transfers from Internally Restricted Assets</u>				
Strategic	-	-	-	-
One-time Funding from Reserves	1,613.5	1,613.5	-	0.0%
Sub-Total	1,613.5	1,613.5	-	-
Application of One-Time Funding				
<u>Operating</u>				
Why UNB Campaign	-	-	-	-
Sub-Total	-	-	-	-
<u>Transfers to Internally Restricted Assets</u>				
Strategic	-	(100.0)	(100.0)	0.0%
Sub-Total	-	(100.0)	(100.0)	-
Net Position	\$ (758.5)	\$ 385.8	\$ 1,144.3	
Net Position as a % of Budgeted Revenue	(2.1%)	1.1%	3.2%	

Enrolment Update 2015-16 (Actuals and Historical)

	Term	Academic Level	Immigration Status	2011/12	2012/13	2013/14	2014/15	Budget	Actual
				2011/12	2012/13	2013/14	2014/15	2015/16	2015/16
Fredericton Campus	Fall	Undergraduate	Domestic	5,597	5,479	5,468	5,343	5,249	5,230
			International	484	530	581	564	576	521
		Total Undergraduate		6,081	6,009	6,049	5,907	5,825	5,751
		Graduate	Domestic	851	774	720	741	820	764
			International	360	376	381	355	384	329
		Total Graduate		1,211	1,150	1,101	1,096	1,204	1,092
	Total Fall		7,292	7,159	7,150	7,003	7,029	6,843	
	Winter	Undergraduate	Domestic	5,277	5,252	5,222	5,122	4,987	4,976
			International	463	483	509	473	552	407
		Total Undergraduate		5,740	5,735	5,731	5,595	5,539	5,383
		Graduate	Domestic	803	747	696	742	735	671
			International	362	364	379	343	372	290
Total Graduate		1,165	1,111	1,075	1,085	1,107	961		
Total Winter		6,905	6,846	6,806	6,680	6,646	6,344		

	Term	Academic Level	Immigration Status	2011/12	2012/13	2013/14	2014/15	Budget	Actual
				2011/12	2012/13	2013/14	2014/15	2015/16	2015/16
Saint John Campus	Fall	Undergraduate	Domestic	1,674	1,664	1,571	1,441	1,365	1,413
			International	524	501	419	348	312	336
		Total Undergraduate		2,199	2,165	1,990	1,789	1,677	1,749
		Graduate	Domestic	112	92	81	64	70	70
			International	73	78	97	71	50	62
		Total Graduate		185	170	178	135	120	132
	Total Fall		2,384	2,334	2,168	1,924	1,797	1,880	
	Winter	Undergraduate	Domestic	1,550	1,529	1,416	1,359	1,296	1,319
			International	534	471	418	355	297	302
		Total Undergraduate		2,084	2,000	1,834	1,714	1,593	1,621
		Graduate	Domestic	105	95	83	86	67	66
			International	67	80	93	69	48	62
Total Graduate		172	175	176	155	115	128		
Total Winter		2,256	2,175	2,010	1,869	1,708	1,749		

Notes:

Fall

The official snapshot of Fall enrolment was taken the first week after the exam period in December 2015.

- 1) Paid undergraduate students on the Fredericton Campus (5,751 FTE) represent 98.7% of budget.
Paid undergraduate students on the Saint John Campus (1,749 FTE) represent 104.3% of budget.
- 2) Paid graduate students on the Fredericton Campus (1092 FTE) represent 90.7% of budget.
Paid graduate students on the Saint John Campus (132 FTE) represents 110% of budget.
- 3) Paid international students on the Fredericton Campus (850 FTE) represent 88.5% of budget.
Paid international students on the Saint John Campus (398 FTE) represents 109.9% of budget.

Winter

The official snapshot of Winter enrolment was taken 2 weeks after the start of the 2016 winter exam period.

- 1) Paid undergraduate students on the Fredericton Campus (5,383 FTE) represent 97.2% of budget.
Paid undergraduate students on the Saint John Campus (1,622 FTE) represent 101.8% of budget.
- 2) Paid graduate students on the Fredericton Campus (961 FTE) represent 86.8% of budget.
Paid graduate students on the Saint John Campus (128 FTE) represents 112.3% of budget.
- 3) Paid international students on the Fredericton Campus (697 FTE) represent 75.4% of budget.
Paid international students on the Saint John Campus (364 FTE) represents 105.5% of budget.

Revenue

Provincial Operating Grant

The University received confirmation regarding the 2015-16 Provincial Operating Grant on June 22nd 2015. The final allocation formula implemented by the Province resulted in a \$43.0 thousand decrease in overall operating funds for the 2015-16 year.

Student Fee Income

Table 3: Major Drivers of Variance in Student Fee Income

Consolidated Actuals

Increase (Decrease) in \$000s	Summer	Fall	Winter	Total Variance
Undergraduate Tuition	\$ (617.6)	\$ 75.1	\$ (234.4)	\$ (776.9)
Undergraduate (Supplementary International Fees)	(181.5)	(78.0)	(66.8)	(326.3)
Graduate Tuition	(47.7)	(332.5)	(291.1)	(671.2)
Graduate (Supplementary International Fees)	(25.0)	(31.4)	(52.2)	(108.6)
Fee remissions, miscellaneous and forfeited fees	(45.2)	84.2	221.6	260.5
Total Variance	\$ (917.0)	\$ (282.6)	\$ (422.9)	\$ (1,622.5)

As shown in Table 3 (above), the consolidated year-end negative result for 2015-16 is attributed to significant unfavorable results for Summer (\$917 thousand), Fall (\$282.6 thousand), and Winter (\$422.9 thousand)

While enrolment and student fee income were down on the Fredericton campus for all three terms, the Saint John campus yielded a positive variance of \$620.7 thousand at year-end due to higher than budgeted domestic and international undergraduate enrolments and higher than budgeted graduate enrolment. Although Saint John's enrolment is above budget, it is important to note that enrolment is down when compared to prior year's actuals.

It is also important to note the recruitment marketing campaign that commenced in 2015-16 was not expected to have any impact on the 2015-16 enrolment.

Other Revenue

The overall year end result for other revenue is \$10.9 thousand better than budget. The Fredericton campus experienced a surplus over budget of \$220.7 thousand related to parking and other miscellaneous revenue. This was offset by a \$209.8 thousand deficit from budget on the Saint John campus related to lower than budgeted enrolment at the Saint John College that resulted in a deficit greater than the amount currently in its risk reserve.

Expense

Academic and Research

The consolidated result for the Academic and Research expense slice is a (\$237.9 thousand) negative variance from budget.

The Fredericton campus yielded a (\$112.4 thousand) negative variance from budget largely attributed to unfunded Faculty positions (\$297 thousand), offset by a savings of \$108 thousand due to lower than expected recruitment expenses.

The Saint John campus experienced \$130 thousand of savings related to scholarships due to decreased enrolment, offset by a negative variance of (\$247 thousand) resulting from salary settlements.

Administration and Support Services

The consolidated year-end result for the Administration and Support Services slice is a negative variance of \$178.3 thousand.

Administration and Development experienced a negative budget variance of (\$621.9 thousand) largely resulting from absorbing negative carryforward in legal fees from a prior year (\$468 thousand) in addition to an over expenditure on university memberships (79.2 thousand).

Maintenance & Utilities ended the year with positive \$443.6 thousand variance from budget. The Fredericton campus yielded \$578 thousand in savings on steam and utility costs, which is offset in part by a net shortfall of (\$134.4 thousand) relating to utilities on the Saint John campus.

In-Year Contingency

\$1.2 million of items identified by senior management were funded from the in-year contingency fund. The funding covered exchange rate issues experienced by the University Libraries (\$981 thousand) and ITS (\$244 thousand). The remaining \$274 thousand has been carried forward for use towards future strategic priorities as has been the historical practice.

In-Year Salary Savings

The Fredericton Campus Board approved budget assumed a base level of \$3,044 thousand of in-year salary savings (net). At year end, the salary savings exceed budget by \$765 thousand largely attributable to the revised policy on in-year salary savings and the in-year hiring freeze implemented by university management.

The Saint John Campus Board-approved budget assumed \$725 thousand of in-year salary savings, and realized a \$1,114.6 thousand positive variance from budget.

Table 4: Fredericton Campus In-Year Salary Savings

	Academic	Non Academic	Total Savings	Returned	Net Savings
<u>Slice in \$000s</u>					
Academic & Student Support	\$ 252.9	\$ 578.9	\$ 831.8	\$ 433.4	\$ 398.4
Administration & Support Services	-	1,275.3	1,275.3	473.1	802.2
Faculties & Departments	3,759.3	298.5	4,057.8	1,824.5	2,233.4
Maintenance & Utilities	-	449.0	449.0	73.6	375.4
Year to date	\$ 4,012.2	\$ 2,601.6	\$ 6,613.8	\$ 2,804.5	\$ 3,809.3
Total salary savings					\$ 3,809.3
Budget					\$ 3,044.0
Variance					\$ 765.3

Table 5: Saint John Campus In-Year Salary Savings

	Academic	Non Academic	Total Savings	Returned	Net Savings
<u>Slice in \$000s</u>					
Academic & Student Support	\$ 4.3	\$ 429.8	\$ 434.1	\$ 77.7	\$ 356.4
Administration & Support Services	-	370.3	370.3	134.6	235.7
Faculties & Departments	1,483.4	467.5	1,950.9	726.8	1,224.1
Maintenance & Utilities	-	56.8	56.8	33.4	23.4
Year to date	\$ 1,487.7	\$ 1,324.4	\$ 2,812.1	\$ 972.5	\$ 1,839.6
Total salary savings					\$ 1,839.6
Budget					\$ 725.0
Variance					\$ 1,114.6

Ancillary Operations

Table 6 (below) outlines the multiple budgets considered to be Fredericton Campus Ancillaries.

Table 6: Ancillaries

Fredericton Campus	Budget	Actual Results	Fav (Unfav) Variance	
			Dollars	Percent
	2015/16	2015/16		
Deficit (Surplus) \$000s				
Residential Life, Campus and Conference Services	\$ 878.7	\$ (52.7)	\$ 931.4	106.0%
Aitken University Centre	\$ 553.6	\$ 666.3	\$ (112.7)	(20.4%)
Turf Field and Dome	\$ (22.1)	\$ 24.5	\$ (46.6)	210.9%
Wu Conference Centre	\$ (0.9)	\$ 15.6	\$ (16.5)	1831.1%
Bookstore	\$ (140.6)	\$ (72.2)	\$ (68.4)	48.6%
Total Ancillary Operations	\$ 1,268.7	\$ 581.5	\$ 687.2	54.2%

The Fredericton Campus Ancillaries yielded a \$687.2k positive variance from budget largely due to lower than anticipated steam costs (\$185 thousand), in-year salary savings (\$145 thousand), and higher than budgeted occupancy in Fredericton traditional residences (\$500 thousand). These savings were offset by a negative variance of \$159.3 thousand related to lower than budgeted revenue for the Aitken Centre and Turf field and Dome.

The Saint John campus ancillary operations came in on budget in 2015-16.