

Operating Budget
Year End Variance
Report
As at 30 April 2019

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

2018-2019

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Executive Summary

Budget Objective

The Board of Governors approved the 2018-19 Operating Budget with a structural deficit of \$5.0 million and the use of one-time funds to net this to zero. The one-time funds are transfers from internally restricted net assets.

The distinction of one-time versus ongoing items is important, since one-time items do not continue in future years. One-time costs are not ongoing and are reported on separately in the operating statement to reflect that fact, otherwise they will result in added pressure on the ongoing operating budget. Similarly, one-time revenues or transfers from reserves cannot be relied on to fund future ongoing costs, although they do have an impact on the results in the year received. When ongoing expenses exceed ongoing revenues, the University has what is termed as a structural deficit and steps to return the operations to balanced must be taken to ensure long-term financial sustainability. UNB's objective is to balance its annual operating budget by the year 2020-21.

Year End Results

As shown in the consolidated operating budget (page 6), the University of New Brunswick has ended the year with a structural deficit of nearly \$3.8M, which is \$1.2 million less than budgeted. Use of one time reserves reduce this to a net operating deficit of (\$65) thousand. The variance is the result of \$0.5 million more revenue than budgeted and \$0.8 million in expenses savings over budget.




























Revenue was better than budget by \$500 thousand comprising (more detail on page 11):




- \$0.8 million more than budgeted tuition revenue on the Fredericton campus
- (\$0.6) million less than budgeted tuition revenue on the Saint John campus
- \$0.3 million more than budgeted other revenue

Expenses were under budget by \$761 thousand comprising (more detail on pages 12-14):

- (\$0.3) million less than budgeted salary savings on the Fredericton campus
- \$0.3 million more than budgeted salary savings on the Saint John campus
- (\$0.4) million more than budgeted on Fredericton campus relating to Ancillary costs
- (\$0.3) million more than budgeted on Fredericton campus relating to Utilities and Maintenance
- \$1.5 million less than budgeted for Fringe Benefits

One-time items were under budget by (\$1.3) million as the full transfer was not required on the Fredericton campus.

Highlights: Projected Results and trends as compared to Budget	Consolidated	Fredericton Campus and University-wide	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*

Compared to the April 2019 outlook

At the April Finance Committee meeting, we reported a forecasted structural deficit of \$5.1 million and a net deficit of (\$0.1) million after the budgeted transfer of \$5.0 million from internally restricted net assets. The year-end result was a structural deficit of \$3.8 million. This meant the full budgeted transfer from internally restricted net assets was not required and resulted in a net deficit of \$0.1 million.

The most significant variance in the \$1.3 million improvement in the structural deficit since March relates to the fringe benefit expenses being lower than anticipated. The fringe benefit portfolio is complex and a significant part of this variance relates to changes in the contribution rate for pensions (NBPSPP), health, dental and life insurance.

The year-end results show a lower than expected structural deficit on the Fredericton campus (\$1.3 million positive variance) and a slightly larger structural deficit on the Saint John campus (\$0.1 million negative variance). Therefore the transfer from internally restricted accounts on the Fredericton campus was reduced by \$1.3 million, bringing the net deficit on that campus to \$0. The Saint John campus net results are also essentially balanced by the planned transfer from internally restricted net assets of \$327.9 thousand.

Consolidated Operating Budget 2018-19 Year End Results

(Thousands of Dollars)	Restated			Fav (Unfav) Variance	
	Actual Results	Approved	Actual Results	Dollars	Percent
	2017-18	Budget*	Actual Results		
Revenue					
Provincial Operating Grant	\$ 114,939.3	\$ 116,042.5	\$ 116,070.1	\$ 27.6	0.0%
Student Fee Income	57,009.3	59,013.0	59,192.6	179.6	0.3%
Other	16,206.8	17,423.0	17,716.4	293.4	1.7%
Total Revenue	188,155.4	192,478.5	192,979.1	500.6	0.3%
Expense					
Academic and Research					
Faculties and Departmental Costs	(106,526.9)	(108,613.2)	(107,463.5)	(1,149.7)	1.1%
Academic and Student Support	(33,110.4)	(33,519.0)	(33,450.4)	(68.6)	0.2%
Sub-Total	(139,637.3)	(142,132.2)	(140,913.9)	(1,218.3)	
Administration and Support Services					
Administration and Development	(36,441.2)	(35,442.8)	(35,178.0)	(264.8)	0.7%
Maintenance and Utilities	(22,460.0)	(22,259.5)	(22,565.4)	305.9	(1.4%)
Sub-Total	(58,901.2)	(57,702.3)	(57,743.4)	41.1	
	(198,538.5)	(199,834.5)	(198,657.3)	(1,177.2)	0.6%
Ancillary Operation (net deficit)	(1,152.3)	(953.3)	(1,352.3)	399.0	(41.9%)
In-Year Salary Savings (expense reduction)	4,297.4	4,089.4	4,072.9	16.5	0.4%
In-Year Priority Allocations	(994.0)	(807.2)	(807.2)	-	0.0%
Sub-Total	2,151.1	2,328.9	1,913.4	415.5	
Total Expense	(196,387.4)	(197,505.6)	(196,743.9)	(761.7)	0.4%
Net Position before One-Time Items	(8,232.0)	(5,027.1)	(3,764.8)	1,262.3	(25.1%)
Sources and (Applications) of One-Time Funding					
One Time Costs	(336.7)	-	-	-	
Transfers From Internally Restricted Net Assets	6,629.7	5,027.1	3,700.0	(1,327.1)	(26.4%)
Net Position	\$ (1,939.0)	\$ -	\$ (64.8)	\$ (64.8)	\$ (0.5)
Net Position as a % of Budgeted Revenue	(1.0%)	0.0%	(0.0%)	(0.0%)	(0.0%)

* The approved budget has been restated to reflect current classifications of revenues and expenses

Fredericton Campus and University-wide Units Operating Budget 2018-19 Year End Results

(Thousands of Dollars)	Restated			Fav (Unfav) Variance	
	Actual Results	Approved	Actual Results	Dollars	Percent
	2017-18	Budget *			
Revenue					
Provincial Operating Grant	\$ 96,002.7	\$ 96,924.7	\$ 96,947.7	\$ 23.0	0.0%
Student Fee Income	42,362.7	44,013.3	44,787.3	774.0	1.8%
Other	12,907.8	14,315.0	14,193.9	(121.1)	(0.8%)
Total Revenue	151,273.2	155,253.0	155,928.9	675.9	0.4%
Expense					
Academic and Research					
Faculties and Departmental Costs	(84,800.3)	(86,782.2)	(85,623.5)	(1,158.7)	1.3%
Academic and Student Support	(28,485.6)	(28,815.7)	(28,742.6)	(73.1)	0.3%
Sub-Total	(113,285.9)	(115,597.9)	(114,366.1)	(1,231.8)	
Administration and Support Services					
Administration and Development	(29,232.3)	(28,544.6)	(28,159.9)	(384.7)	1.3%
Maintenance and Utilities	(17,607.2)	(17,452.3)	(17,707.2)	254.9	(1.5%)
Sub-Total	(46,839.5)	(45,996.9)	(45,867.1)	(129.8)	
	(160,125.4)	(161,594.8)	(160,233.2)	(1,361.6)	0.8%
Ancillary Operation (net deficit)	(1,152.3)	(953.3)	(1,352.3)	399.0	(41.9%)
In-Year Salary Savings (expense reduction)	3,444.5	3,344.4	3,033.0	311.4	9.3%
In-Year Priority Allocations	(935.3)	(748.5)	(748.5)	-	0.0%
Sub-Total	1,356.9	1,642.6	932.2	710.4	
Total Expense	(158,768.5)	(159,952.2)	(159,301.0)	(651.2)	0.4%
Net Position before One-Time Items	(7,495.3)	(4,699.2)	(3,372.1)	1,327.1	(28.2%)
Sources and (Applications) of One-Time Funding					
One Time Costs	-	-	-	-	
Transfers From Internally Restricted Net Assets	5,556.3	4,699.2	3,372.1	(1,327.1)	(28.2%)
Net Position	\$ (1,939.0)	\$ -	\$ -	\$ 0.0	\$ (0.6)
Net Position as a % of Budgeted Revenue	(1.3%)	0.0%	0.0%	0.0%	(0.0%)

* The approved budget has been restated to reflect current classifications of revenues and expenses

Saint John Campus Operating Budget 2018-19 Year End Results

(Thousands of Dollars)				Fav (Unfav) Variance	
	Restated		Actual Results	Dollars	Percent
	Actual Results 2017-18	Approved Budget *			
Revenue					
Provincial Operating Grant	\$ 18,936.6	\$ 19,117.8	\$ 19,122.4	\$ 4.6	0.0%
Student Fee Income	14,646.6	14,999.7	14,405.3	(594.4)	(4.0%)
Other	3,299.0	3,108.0	3,522.5	414.5	13.3%
Total Revenue	36,882.2	37,225.5	37,050.2	(175.3)	(0.5%)
Expense					
Academic and Research					
Faculties and Departmental Costs	(21,726.6)	(21,831.0)	(21,840.0)	9.0	(0.0%)
Academic and Student Support	(4,624.8)	(4,703.3)	(4,707.8)	4.5	(0.1%)
Sub-Total	(26,351.4)	(26,534.3)	(26,547.8)	13.5	
Administration and Support Services					
Administration and Development	(7,208.9)	(6,898.2)	(7,018.1)	119.9	(1.7%)
Maintenance and Utilities	(4,852.8)	(4,807.2)	(4,858.2)	51.0	(1.1%)
Sub-Total	(12,061.7)	(11,705.4)	(11,876.3)	170.9	
	(38,413.1)	(38,239.7)	(38,424.1)	184.4	(0.5%)
Ancillary Operation (net deficit)	-	-	-	-	
In-Year Salary Savings (expense reduction)	852.9	745.0	1,039.9	(294.9)	(39.6%)
In-Year Priority Allocations	(58.7)	(58.7)	(58.7)	-	0.0%
Sub-Total	794.2	686.3	981.2	(294.9)	
Total Expense	(37,618.9)	(37,553.4)	(37,442.9)	(110.5)	0.3%
Net Position before One-Time Items	(736.7)	(327.9)	(392.7)	(64.8)	19.8%
Sources and (Applications) of One-Time Funding					
One Time Costs	(336.7)	-	-	-	0.0%
Transfers From Internally Restricted Net Assets	1,073.4	327.9	327.9	-	0.0%
Net Position	\$ 0.0	\$ 0.0	\$ (64.8)	\$ (64.8)	19.8%
Net Position as a % of Budgeted Revenue	0.0%	0.0%	(0.2%)	(0.2%)	0.0%

* The approved budget has been restated to reflect current classifications of revenues and expenses

Enrolment Update 2018-19 (Actuals and Historical)

Term	Academic Level	Immigration Status	Actual	Actual	Actual	Actual	Budget	Actual	Variance	Variance	
			2014/15	2015/16	2016/17	2017/18	2018/19	2018/19	from Budget	from 17-18A	
UNB Total	Fall	Undergraduate Domestic	6,784	6,643	6,625	6,648	6,736	6,704	(32)	56	
		Undergraduate International	912	857	734	700	683	659	(24)	(41)	
		Total Undergraduate	7,696	7,500	7,359	7,348	7,419	7,363	(56)	15	
	Graduate	Domestic	805	833	836	833	829	802	(27)	(31)	
		International	426	390	358	389	384	460	76	71	
		Total Graduate	1,231	1,223	1,194	1,222	1,213	1,262	49	40	
		Total Fall	8,927	8,723	8,553	8,570	8,632	8,625	(7)	55	
	Winter	Undergraduate	Domestic	6,481	6,317	6,339	6,395	6,392	6,412	20	17
			International	828	740	644	584	664	625	(39)	41
			Total Undergraduate	7,309	7,057	6,983	6,979	7,056	7,037	(19)	58
Graduate		Domestic	828	803	821	810	762	786	24	(24)	
		International	412	366	348	397	374	451	77	54	
		Total Graduate	1,240	1,169	1,169	1,207	1,136	1,237	101	30	
	Total Winter	8,549	8,226	8,152	8,186	8,192	8,274	82	88		
Winter Term enrol as % of Fall			95.8%	94.3%	95.3%	95.5%	94.9%	95.9%			
Fredericton	Fall	Undergraduate Domestic	5,343	5,230	5,174	5,089	5,116	5,156	40	67	
		Undergraduate International	564	521	471	472	470	453	(17)	(18)	
		Total Undergraduate	5,907	5,751	5,645	5,561	5,586	5,609	23	49	
	Graduate	Domestic	741	764	760	760	759	730	(29)	(30)	
		International	355	328	302	310	334	386	52	76	
		Total Graduate	1,096	1,092	1,062	1,070	1,093	1,116	23	46	
		Total Fall	7,003	6,843	6,707	6,631	6,679	6,725	46	95	
	Winter	Undergraduate	Domestic	5,122	4,998	4,980	4,913	4,853	4,962	109	50
			International	473	438	401	381	462	428	(34)	47
			Total Undergraduate	5,595	5,436	5,381	5,294	5,315	5,390	75	96
Graduate		Domestic	742	737	741	734	692	714	22	(20)	
		International	343	304	289	318	324	375	51	57	
		Total Graduate	1,085	1,041	1,030	1,052	1,016	1,089	73	37	
	Total Winter	6,680	6,477	6,411	6,346	6,331	6,479	148	133		
Winter Term enrol as % of Fall			95.4%	94.7%	95.6%	95.7%	94.8%	96.3%			
Saint John	Fall	Undergraduate Domestic	1,441	1,413	1,451	1,559	1,620	1,548	(72)	(11)	
		Undergraduate International	348	336	263	228	213	206	(7)	(22)	
		Total Undergraduate	1,789	1,749	1,714	1,787	1,833	1,754	(79)	(33)	
	Graduate	Domestic	64	69	76	73	70	72	2	(1)	
		International	71	62	56	79	50	74	24	(5)	
		Total Graduate	135	131	132	152	120	146	26	(6)	
		Total Fall	1,924	1,880	1,846	1,939	1,953	1,900	(53)	(39)	
	Winter	Undergraduate	Domestic	1,359	1,319	1,360	1,482	1,539	1,450	(89)	(32)
			International	355	302	243	203	202	197	(5)	(6)
			Total Undergraduate	1,714	1,621	1,603	1,685	1,741	1,647	(94)	(38)
Graduate		Domestic	86	66	80	75	70	72	2	(4)	
		International	69	62	59	79	50	76	26	(3)	
		Total Graduate	155	128	139	154	120	148	28	(7)	
	Total Winter	1,869	1,749	1,742	1,839	1,861	1,795	(66)	(45)		
Winter Term enrol as % of Fall			97.1%	93.0%	94.4%	94.9%	95.3%	94.4%			

Notes:

Fall Term

The above snapshot of Fall enrolment was taken December 15, 2018.

- 1) The 5,609 undergraduate FTE students on the Fredericton Campus represent 100.4% of budget, while 1,754 undergraduate FTE students on the Saint John Campus represent 95.7% of budget. Overall, there are a total of 7,363 undergraduate FTEs in the Winter Term or 99.2% of the budgeted total.
- 2) The 1,116 graduate FTE students on the Fredericton Campus represent 102.1% of budget, while 146 graduate FTE students on the Saint John Campus represent 121.7% of budget. Overall, there are a total of 1,262 graduate FTEs in the Winter Term, or 104.0% of the budgeted total.
- 3) The 839 international FTE students on the Fredericton Campus represent 104.4% of budget, while 280 international FTE students on the Saint John Campus represent 106.5% of budget. Overall, there are a total of 1,119 international FTEs in the Winter Term, or 104.9% of the budgeted total.

Winter Term

The above snapshot of Fall enrolment was taken April 15, 2019.

- 1) The 5,390 undergraduate FTE students on the Fredericton Campus represent 101.4% of budget, while 1,647 undergraduate FTE students on the Saint John Campus represent 94.6% of budget. Overall, there are a total of 7,037 undergraduate FTEs in the Winter Term or 99.7% of the budgeted total.
- 2) The 1,089 graduate FTE students on the Fredericton Campus represent 107.3% of budget, while 148 graduate FTE students on the Saint John Campus represent 123.3% of budget. Overall, there are a total of 1,237 graduate FTEs in the Winter Term, or 108.9% of the budgeted total.
- 3) The 803 international FTE students on the Fredericton Campus represent 102.2% of budget, while 273 international FTE students on the Saint John Campus represent 108.3% of budget. Overall, there are a total of 1,076 international FTEs in the Winter Term, or 103.7% of the budgeted total.

Revenue

Provincial Operating Grant

The University received confirmation on July 3, 2018 that the operating grant would increase by 1% over 2017-18 levels. In addition to that, it confirmed that UNB would continue to receive the pilot project and ancillary partnership funding as previously agreed.

Student Fee Income

Table 3: Major Drivers of Variance in Student Fee Income

	CONSOLIDATED			Positive (Negative)
	Summer	Fall	Winter	Variance
Undergraduate Tuition	\$ 43.5	\$ 0.6	\$ (0.8)	\$ 43.2
Undergraduate (Supplementary International Fees)	\$ (84.4)	\$ 46.8	\$ 142.8	\$ 105.1
Graduate Tuition	\$ 55.3	\$ 1.3	\$ (32.6)	\$ 24.0
Graduate (Supplementary International Fees)	\$ 5.8	\$ 91.4	\$ 103.3	\$ 200.5
Fee remissions, miscellaneous and forfeited fees	\$ (25.2)	\$ (131.0)	\$ (37.2)	\$ (193.3)
Positive/(Negative) Variance from Budget	\$ (5.1)	\$ 9.2	\$ 175.5	\$ 179.6

As shown in Table 3 (above), the consolidated year-end tuition and fees for 2018-19 is better than budgeted due to a strong winter term. This was better than budget by \$175.5 thousand while the summer and fall terms are very close to budget.

Enrolment and student fee income was better than budgeted on the Fredericton campus for fall 2018, with strong retention numbers into the winter term leading to a positive variance of \$774.0 thousand. The Saint John campus had a negative variance of (\$594.4) thousand at year-end due to lower than budgeted undergraduate enrolments in all terms.

Other Revenue

The consolidated year-end result for other revenue was a positive variance of \$293.4 thousand. This comprises a negative variance of (\$121.1) thousand on the Fredericton Campus and a positive variance of \$414.5 thousand on the Saint John Campus. The Fredericton variance mainly related to lower than budgeted net revenue from the College of Extended Learning, less Research Overhead than budgeted and less than budgeted Tri Council funding for the Research Support Fund. This is partially offset by increased application fees and investment income. The positive variance in Saint John was generated from MBA and Saint John College management fees, application fees, investment income and room rentals.

Expense

Academic and Research

The consolidated results for the Academic and Research expenses were \$1.2 million better than budget.

There are a few items that account for most of this, with the most significant portion relating to fringe benefit expenses being lower than budget by \$1.1M. Other items include academic recruiting expenses that were also lower than budget by \$170k, while this is offset the Red's championship travel exceeding budget by \$70k.

Administration and Support Services

The consolidated year-end variance for the Administration and Support Services expenses are effectively on target, exceeding budget by (\$41) thousand.

The Saint John campus experiences a negative result of (\$171) thousand mostly resulting from faculty recruitment and snow removal.

The significant items contributing to this net result are as follows:

Positive (Negative) Variance

- \$436k Fringe Benefits
- \$275k Legal Expenses
- (\$70k) Deans Searches
- (\$75k) PET Searches
- \$320k Central Heating Plant expenses
- (\$350k) Utilities
- (\$535k) SMA Pool Operating costs
- \$100k Maintenance costs
- (\$120k) Faculty recruitment in the SJ campus
- (\$55k) Snow removal on the SJ campus

In-Year Salary Savings

Salary savings arise due to position vacancies (resignations, retirements, etc.) that are not filled immediately. The University expects a certain level of salary savings but this will vary depending on actual experience. A portion of salary savings are returned to the units to assist with hiring interim personnel.

The Fredericton Campus had a net salary savings budget of \$3.3 million. The year-end results fell short of budget by \$312 thousand as shown in table 4.

The Saint John Campus had a net salary savings budget of \$745 thousand. The year-end results exceeded that amount by \$295 thousand.

Table 4: Fredericton Campus In-Year Salary Savings

	Academic	Non Academic	Total Savings	Returned	Net Savings
	000's				
Faculties and Departments	\$ 1,628	\$ 523	\$ 2,151	\$ 387	\$ 1,764
Academic and Student Support	272	475	747	319	428
Administration and Support Services	-	793	793	152	641
Maintenance & Utilities	-	200	200	-	200
Year to date	\$ 1,900	\$ 1,991	\$ 3,891	\$ 858	\$ 3,033
Total salary savings					\$ 3,033
Budget					\$ 3,345
Variance					\$ (312)

Table 5: Saint John Campus In-Year Salary Savings

	Academic	Non Academic	Total Savings	Returned	Net Savings
	000's				
Faculties and Departments	\$ 2,549	\$ 223	2,772	\$ 2,102	\$ 670
Academic and Student Support	113	488	601	356	245
Administration and Support Services	-	316	316	222	94
Maintenance & Utilities	-	124	124	93	31
Year to date	\$ 2,662	\$ 1,151	\$ 3,813	\$ 2,773	\$ 1,040
Total salary savings					\$ 1,040
Budget					\$ 745
Variance					\$ 295

Ancillary Operations

Table 6 (below) outlines the multiple budgets considered to be Ancillary units on each campus.

Table 6: Ancillaries - net surplus (deficit)

Fredericton Campus	\$000's				
	Budget 2018/19	Actual Results 2018/19	Fav (Unfav)		Percent
			Variance		
			Dollars		
Residential Life, Campus and Conference Services	\$ (702.0)	\$ (476.9)	\$ 225.1		(32.1%)
Aitken University Centre	\$ (450.1)	\$ (678.8)	\$ (228.7)		50.8%
Turf Field and Dome	\$ 22.1	\$ (113.6)	\$ (135.7)		(614.0%)
Wu Conference Centre	\$ 36.5	\$ (51.4)	\$ (87.9)		(240.8%)
Bookstore	\$ 140.2	\$ (31.6)	\$ (171.8)		(122.5%)
Total Ancillary Operations	\$ (953.3)	\$ (1,352.3)	\$ (399.0)		41.9%

The Fredericton Campus Ancillaries had a \$399K negative variance from budget. The Fredericton residence operation includes an annual allocation for future capital renewal, which contributes to the annual deficit.

Saint John ancillary operations consist of the operation of two residence buildings which are typically budgeted to break even. This year, the residence system operated at a surplus of \$197.5k which, according to policy, has been restricted for future capital projects in the residences.