

Operating Budget
Year End Variance
Report
As at 30 April 2020

2019-2020

Table of Contents

Executive Summary	3
Highlights: Projected Results as compared to Budget.....	4
Compared to the March 2020 Outlook.....	5
Consolidated Operating Budget 2019-20 Year-End Results.....	6
Fredericton Campus and University-wide Units Operating Budget 2019-20 Year-End Results.....	7
Saint John Campus Operating Budget 2019-20 Year-End Results.....	8
Enrolment Update 2019-20 (Actuals and Historical).....	9
Revenue.....	11
Provincial Operating Grant.....	11
Student Fee Income.....	11
Other Revenue.....	11
Expense.....	12
Academic and Research.....	12
Administration and Support Services.....	12
In-Year Salary Savings.....	13
Ancillary Operations.....	14

Executive Summary

Budget Objective

The Board of Governors approved an operating budget with a structural deficit of \$(2.4) million for the 2019-20 fiscal year. The budget also included the application of one-time transfers from reserves to bring it to a net balanced position.

It is important to understand that one-time transfers from reserves cannot continue indefinitely, as these reserves are finite.

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 \$6.6 million, which is \$4.3 million more than budgeted. This primarily relates to the loss of nursing grant funding from the Province and the early closure of residences due to COVID-19. A more detailed list of variances from the planned budget is as follows:




























Revenue was under budget by \$2.7 million, the most significant items being (more detail on page 11):




- \$0.7 million more than budgeted tuition revenue
- \$2.1 million net, more than budgeted departmental revenues
- \$(3.7) million less than budgeted for provincial nursing grant
- \$(1.3) million less than budgeted for outreach revenue
- \$(0.6) million less than budgeted for short term investment income

Expenses were more than budget by \$1.5 million, the most significant items being (more detail on pages 12-14):

- \$0.3 million less than budgeted fringe benefits
- \$0.6 million more than budgeted salary savings
- \$0.3 million less than budgeted for maintenance costs
- \$0.3 million less than budgeted for legal costs
- (\$2.1) million net, more than budgeted departmental expenses
- (\$0.6) million more than budgeted in net ancillary costs
- (\$0.4) million more than budgeted for utilities
- (\$0.5) million not budgeted related to LB Gym expenses

Transfers from internally restricted assets were \$4.3 million over budget to net the year end results to zero. The total transfer of \$6.6 million includes the \$2.4 million that was planned in the budget as well as carryforwards in the Nursing programs to offset the grant revenue loss.

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 (including Nursing grant)			
Expense Faculties & Departmental Costs			
Academic and Student Support			
Administration & Development			
Maintenance and Utilities			
Ancillaries (Net)			
In-Year Salary Savings			

Enrolment Trend			
------------------------	---	---	---

Legend:  *On Track*  *Concern*  *Significant Concern*

Compared to the March 2020 forecast

At the April Finance Committee meeting, we reported a forecasted structural deficit of \$(9.1) million. The actual year-end result is for a structural deficit of \$(6.6) million or \$2.5 million better than anticipated in April.

The April report was prepared in mid-March during the very early stages of the pandemic shut down and the full impact of the health emergency was difficult to estimate.

The main variances from the April report are:

Revenue:

- Tuition revenue (\$450k) worse than anticipated
- Outreach revenue \$458k better than anticipated

Expenses:

- Legal expenses \$291k less than anticipated
- Fringe Benefits \$317k less than anticipated
- Maintenance \$318k less than anticipated
- Expenses for the LB Gym (\$520k) were not reflected in the March forecast
- Short term investment income is \$45k better than anticipated
- Residence operations were \$1,000k better than anticipated. The significant refunds that occurred were offset by better than expected results related to both revenue and residence facilities costs
- Salary savings were \$700k better than expected

Consolidated Operating Budget 2019-20 Year End Results

(Thousands of Dollars)	Restated Actual Results 2018-19	Approved Budget * 2019- 20	Actual Results 2019-20	Fav (Unfav) Variance	
				Dollars	Percent
Revenue					
Provincial Operating Grant	\$ 116,070.1	\$ 117,212.2	\$ 117,079.4	\$ (132.8)	(0.1%)
Student Fee Income	62,669.4	66,384.8	67,133.6	748.8	1.1%
Provincial Nursing Grant	3,402.2	3,736.9	-	(3,736.9)	(100.0%)
Other	28,632.8	26,591.4	26,959.6	368.2	1.4%
Total Revenue	210,774.5	213,925.3	211,172.6	(2,752.7)	(1.3%)
Expense					
Academic and Research					
Faculties and Departmental Costs	(118,624.8)	(117,770.4)	(118,546.2)	(775.8)	0.7%
Academic and Student Support	(36,072.1)	(37,212.3)	(39,217.7)	(2,005.4)	5.4%
Sub-Total	(154,696.9)	(154,982.7)	(157,763.9)	(2,781.2)	
Administration and Support Services					
Administration and Development	(36,203.0)	(36,162.8)	(36,271.2)	(108.4)	0.3%
Maintenance and Utilities	(26,360.0)	(28,151.5)	(26,861.0)	1,290.5	(4.6%)
Sub-Total	(62,563.0)	(64,314.3)	(63,132.2)	1,182.1	
	(217,259.9)	(219,297.0)	(220,896.1)	(1,599.1)	0.7%
Ancillary Operation (Net)	(1,352.3)	(1,092.3)	(1,655.3)	(563.0)	51.5%
In-Year Salary Savings	4,072.9	4,089.4	4,733.4	644.0	15.7%
Sub-Total	2,720.6	2,997.1	3,078.1	81.0	
Total Expense	(214,539.3)	(216,299.9)	(217,818.0)	(1,518.1)	0.7%
Net Position before One-Time Items	(3,764.8)	(2,374.6)	(6,645.4)	(4,270.8)	179.9%
Sources and Applications of One-Time Funding					
Transfers From Internally Restricted Net Assets	3,700.0	2,374.6	6,645.4	4,270.8	179.9%
Net Position	\$ (64.8)	\$ -	\$ -	\$ -	\$ -
Net Position as a % of Budgeted Revenue	(0.0%)	0.0%	0.0%	0.0%	0.0%

* The approved budget has been restated to reflect reallocation of expenses between categories as well as showing the Nursing Grant as revenue rather than a reduction on the Faculties and Department Costs line. Also, departmental revenues that were previously reported as netted against expenses are now reported in the revenue section.

**Fredericton Campus and University-wide Units Operating Budget
 2019-20 Year End Results**

(Thousands of Dollars)	Restated Actual Results 2018-19	Approved Budget * 2019- 20	Actual Results 2019-20	Fav (Unfav) Variance	
				Dollars	Percent
Revenue					
Provincial Operating Grant	\$ 96,947.7	\$ 97,899.0	\$ 97,766.2	\$ (132.8)	(0.1%)
Student Fee Income	48,264.1	50,778.7	50,905.8	127.1	0.3%
Provincial Nursing Grant	2,058.6	2,381.4	-	(2,381.4)	(100.0%)
Other	25,579.8	23,741.9	24,016.9	275.0	1.2%
Total Revenue	172,850.2	174,801.0	172,688.9	(2,112.1)	(1.2%)
Expense					
Academic and Research					
Faculties and Departmental Costs	(95,910.7)	(94,713.9)	(95,520.3)	(806.4)	0.9%
Academic and Student Support	(31,364.3)	(32,370.8)	(34,423.7)	(2,052.9)	6.3%
Sub-Total	(127,275.0)	(127,084.7)	(129,944.0)	(2,859.3)	
Administration and Support Services					
Administration and Development	(29,126.2)	(29,056.3)	(29,214.5)	(158.2)	0.5%
Maintenance and Utilities	(21,501.8)	(23,216.6)	(22,058.0)	1,158.6	(5.0%)
Sub-Total	(50,628.0)	(52,272.9)	(51,272.5)	1,000.4	
	(177,903.0)	(179,357.6)	(181,216.5)	(1,858.9)	1.0%
Ancillary Operation (Net)	(1,352.3)	(1,092.3)	(1,524.7)	(432.4)	39.6%
In-Year Salary Savings	3,033.0	3,344.4	3,974.4	630.0	18.8%
Sub-Total	1,680.7	2,252.1	2,449.7	197.6	
Total Expense	(176,222.3)	(177,105.5)	(178,766.8)	(1,661.3)	0.9%
Net Position before One-Time Items	(3,372.1)	(2,304.5)	(6,077.9)	(3,773.4)	163.7%
Sources and Applications of One-Time Funding					
Transfers From Internally Restricted Net Assets	3,372.1	2,304.5	6,077.9	3,773.4	163.7%
Net Position	\$ -	\$ -	\$ -	\$ -	\$ -
Net Position as a % of Budgeted Revenue	0.0%	0.0%	0.0%	0.0%	0.0%

* The approved budget has been restated to reflect reallocation of expenses between categories as well as showing the Nursing Grant as revenue rather than a reduction on the Faculties and Department Costs line. Also, departmental revenues that were previously reported as netted against expenses are now reported in the revenue section.

Saint John Campus Operating Budget 2019-20 Year End Results

(Thousands of Dollars)	Restated Actual Results 2018-19	Approved Budget * 2019- 20	Actual Results 2019-20	Fav (Unfav) Variance	
				Dollars	Percent
Revenue					
Provincial Operating Grant	\$ 19,122.4	\$ 19,313.2	\$ 19,313.2	\$ -	0.0%
Student Fee Income	14,405.3	15,606.1	16,227.8	621.7	4.0%
Provincial Nursing Grant	1,343.6	1,355.5	-	(1,355.5)	(100.0%)
Other	3,053.0	2,849.5	2,942.7	93.2	3.3%
Total Revenue	37,924.3	39,124.3	38,483.7	(640.6)	(1.6%)
Expense					
Academic and Research					
Faculties and Departmental Costs	(22,714.1)	(23,056.5)	(23,025.9)	30.6	(0.1%)
Academic and Student Support	(4,707.8)	(4,841.5)	(4,794.0)	47.5	(1.0%)
Sub-Total	(27,421.9)	(27,898.0)	(27,819.9)	78.1	
Administration and Support Services					
Administration and Development	(7,076.8)	(7,106.5)	(7,056.7)	49.8	(0.7%)
Maintenance and Utilities	(4,858.2)	(4,934.9)	(4,803.0)	131.9	(2.7%)
Sub-Total	(11,935.0)	(12,041.4)	(11,859.7)	181.7	
	(39,356.9)	(39,939.4)	(39,679.6)	259.8	(0.7%)
Ancillary Operation (Net)	-	-	(130.6)	(130.6)	
In-Year Salary Savings	1,039.9	745.0	759.0	14.0	1.9%
Sub-Total	1,039.9	745.0	628.4	(116.6)	
Total Expense	(38,317.0)	(39,194.4)	(39,051.2)	143.2	(0.4%)
Net Position before One-Time Items	(392.7)	(70.1)	(567.5)	(497.4)	709.6%
Sources and Applications of One-Time Funding					
Transfers From Internally Restricted Net Assets	327.9	70.1	567.5	497.4	709.6%
Net Position	\$ (64.8)	\$ -	\$ -	\$ -	\$ -
Net Position as a % of Budgeted Revenue	(0.2%)	0.0%	0.0%	0.0%	0.0%

* The approved budget has been restated to reflect reallocation of expenses between categories as well as showing the Nursing Grant as revenue rather than a reduction on the Faculties and Department Costs line. Also, departmental revenues that were previously reported as netted against expenses are now reported in the revenue section.

Enrolment Update 2019-20 (Actuals and Historical)

Term	Academic Level	Immigration Status	Actual	Actual	Actual	Actual	Budget	Actual	Variance from Budget	Change from 2018/19	
			2015/16	2016/17	2017/18	2018/19	2019/20	2019/20			
UNB Total	Undergraduate	Domestic	6,643	6,625	6,648	6,704	6,922	6,574	(348)	(130)	
		International	857	734	700	659	703	736	33	77	
	Total Undergraduate		7,500	7,359	7,348	7,363	7,625	7,310	(315)	(53)	
	Graduate	Domestic	833	836	833	802	840	799	(41)	(3)	
		International	390	358	389	460	384	549	165	89	
	Total Graduate		1,223	1,194	1,222	1,262	1,224	1,348	124	86	
	Total Fall		8,723	8,553	8,570	8,625	8,849	8,658	(191)	33	
	Winter	Undergraduate	Domestic	6,317	6,339	6,395	6,412	6,542	6,323	(219)	(90)
			International	740	644	584	625	684	726	42	101
		Total Undergraduate		7,057	6,983	6,979	7,037	7,226	7,049	(177)	12
Graduate		Domestic	803	821	810	786	773	793	20	7	
		International	366	348	397	451	374	527	153	76	
Total Graduate		1,169	1,169	1,207	1,237	1,147	1,320	173	83		
Total Winter		8,226	8,152	8,186	8,274	8,373	8,369	(4)	95		
Winter Term enrol as % of Fall			94.3%	95.3%	95.5%	95.9%	94.6%	96.7%			
Fredericton	Undergraduate	Domestic	5,230	5,174	5,089	5,156	5,272	5,053	(219)	(102)	
		International	521	471	472	453	490	499	9	45	
	Total Undergraduate		5,751	5,645	5,561	5,609	5,762	5,552	(210)	(57)	
	Graduate	Domestic	764	760	760	730	770	726	(44)	(4)	
		International	328	302	310	386	334	446	112	60	
	Total Graduate		1,092	1,062	1,070	1,116	1,104	1,172	68	56	
	Total Fall		6,843	6,707	6,631	6,725	6,866	6,724	(142)	(1)	
	Winter	Undergraduate	Domestic	4,998	4,980	4,913	4,962	4,974	4,856	(118)	(107)
			International	438	401	381	428	482	489	7	61
		Total Undergraduate		5,436	5,381	5,294	5,390	5,456	5,345	(111)	(46)
Graduate		Domestic	737	741	734	714	703	714	11	(0)	
		International	304	289	318	375	324	426	102	51	
Total Graduate		1,041	1,030	1,052	1,089	1,027	1,140	113	51		
Total Winter		6,477	6,411	6,346	6,479	6,483	6,485	2	5		
Winter Term enrol as % of Fall			94.7%	95.6%	95.7%	96.4%	94.4%	96.4%			
Saint John	Undergraduate	Domestic	1,413	1,451	1,559	1,548	1,650	1,520	(130)	(28)	
		International	336	263	228	206	213	238	25	32	
	Total Undergraduate		1,749	1,714	1,787	1,754	1,863	1,758	(105)	4	
	Graduate	Domestic	69	76	73	72	70	73	3	1	
		International	62	56	79	74	50	103	53	29	
	Total Graduate		131	132	152	146	120	176	56	30	
	Total Fall		1,880	1,846	1,939	1,900	1,983	1,934	(49)	34	
	Winter	Undergraduate	Domestic	1,319	1,319	1,482	1,450	1,568	1,467	(100)	17
			International	302	302	203	197	202	237	35	40
		Total Undergraduate		1,621	1,621	1,685	1,647	1,770	1,704	(65)	57
Graduate		Domestic	66	66	75	72	70	79	9	7	
		International	62	62	79	76	50	101	51	25	
Total Graduate		128	128	154	148	120	180	60	32		
Total Winter		1,749	1,749	1,839	1,795	1,890	1,884	(6)	89		
Winter Term enrol as % of Fall			93.0%	94.7%	94.8%	94.4%	95.3%	97.4%			

Highlights:

Fall Term

The snapshot of Fall enrolment was taken December 15, 2019.

Domestic enrolment growth did not reach budgeted targets.

- Domestic enrolment was budgeted to increase +218 undergraduate FTEs and +38 graduate FTEs.
- Actual results were a decrease from prior year of -130 undergraduate FTEs and a decrease of 3 graduate FTEs.

International enrolment growth over 2018-19 and positive variance from budget.

- + 77 undergraduate, + 89 graduate students FTEs over prior year.
- + 33 undergraduate, + 165 graduate students FTEs over budget.

Winter Term

The snapshot of Fall enrolment was taken April 15, 2020.

International enrolment growth over 2018-19 and positive variance from budget.

- + 101 undergraduate, + 76 graduate students FTEs over prior year.
- + 42 undergraduate, + 153 graduate students FTEs over budget.

Domestic enrolment growth did not reach budgeted targets.

- Domestic enrolment was budgeted to increase +130 undergraduate FTEs and decrease -13 graduate FTEs.
- Actual results were a decrease from prior year of -90 undergraduate FTEs and an increase of 7 graduate FTEs.

While overall enrolment is down compared to budget, tuition revenue exceeded budget due to three key factors.

- The losses in domestic students were offset partially by the gain in international students who pay a differential.
- A decision to reclassify students taking 3 courses from part time to full time.
- Stronger retention of students from Fall to Winter term than budgeted.

Revenue

Provincial Operating Grant

The unrestricted operating grant increased by 1% over the 2018-19 level in accordance with the Memorandum of understanding with the Province. UNB also received the pilot project and ancillary partnership funding from the Province as previously agreed.

Student Fee Income

Table 1: Major Drivers of Variance in Student Fee Income

Positive/ (Negative) Variance from Budget	CONSOLIDATED			
	Summer	Fall	Winter	Total Final Result
Undergraduate Tuition	\$ 203.9	\$ (673.4)	\$ (499.0)	\$ (968.5)
Undergraduate (Supplementary International Fees)	\$ 44.0	\$ 438.8	\$ 530.1	\$ 1,012.9
Graduate Tuition	\$ 131.6	\$ 107.0	\$ 253.5	\$ 492.1
Graduate (Supplementary International Fees)	\$ 76.2	\$ 121.9	\$ 73.7	\$ 271.7
Fee remissions, miscellaneous and forfeited fees	\$ 7.4	\$ 12.8	\$ (79.6)	\$ (59.4)
Total Final Result	\$ 463.1	\$ 7.1	\$ 278.6	\$ 748.8

As shown in Table 1 (above), the consolidated year-end tuition and fees for 2019-20 is better than budgeted due to strong international undergraduate enrolment, as well as stronger graduate enrolment. These factors contributed a nearly \$1.8 million positive budget variance which was offset by lower than budgeted revenue from domestic undergraduate tuition for a net positive variance related to Student Fee Income of \$748.8 thousand.

On Fredericton Campus, strong international and graduate figures, were mostly offset by domestic undergraduate tuition, ultimately contributing a small positive variance of \$127.1 thousand. The Saint John campus had positive variances in all categories, the most significant of which was in international undergraduate tuition, leading to an overall positive variance of \$621.7 thousand.

Provincial Nursing Grant

The provincial government's termination of the nursing grant funding resulted in a \$(3.7) million negative variance comprised of \$(2.3) million on the Fredericton campus and \$(1.4) million on the Saint John campus.

Other Revenue

The consolidated year-end result for other revenue was a positive variance of \$368 thousand. This is comprised of a positive variance of \$275 thousand on the Fredericton Campus and a positive variance of \$93 thousand on the Saint John Campus. Fredericton had negative variances related to lower than budgeted net revenue from the College of Extended Learning, less Research Overhead than budgeted and a decline in Investment Returns due to covid-19. This was offset by increases in areas such as application fees and an additional \$2 million in revenue generated directly within units. The positive variance in Saint John was generated from MBA management fees, application fees, contract overhead and room rentals; partially offset by a decline in investment income.

Expense

Academic and Research

The consolidated results for the Academic and Research expenses were \$2.8 million more than budget.

The largest contributor to the overspending relates to departments utilizing \$3.2 million in unbudgeted self-generated revenue to support departmental spending in excess of budgeted levels. In an effort to improve transparency, we have reported self-generated revenue as “Other Revenue” rather than a reduction in unit expenses. Because this revenue and the related expenses were largely unbudgeted, both revenue and expenses reported in the operating statement exceed budget by the same amount resulting in no net variance, so no effect on the net deficit. Other smaller items include fringe benefit expenses being lower than budget by \$214 thousand and other small positive variance in various accounts on both campuses, offset by the Red’s championship travel exceeding budget by \$111 thousand.

Administration and Support Services

The consolidated year-end variance for the Administration and Support Services expenses were \$1.2 million better than budget.

On the Fredericton Campus there is a positive variance of \$1 million. The largest contributor to the positive variance relates to the higher than budgeted internal chargebacks from the steam plant of \$1.9 million. This is offset by unbudgeted expenses of (\$700k). In an effort to improve transparency, we have reported self-generated revenue as “Other Revenue” rather than a reduction in unit expenses. Other variances are from Fringe Benefits being lower than budget by \$102 thousand, Legal Services by \$290 thousand and maintenance costs by \$318 thousand, offset by Utilities in excess of budget by \$(400) thousand and the pool expenses by \$(520)thousand.

The Saint John campus experienced a positive result of \$182 thousand mostly resulting from savings on utilities.

In-Year Salary Savings

Salary savings arise due to position vacancies (resignations, retirements, etc.) that are not filled immediately. The University expects, and budgets for, a certain level of salary savings annually. The actual salary savings 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 exceeded that amount by \$630 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 \$14 thousand as shown in table 5.

Table 4: Fredericton Campus In-Year Salary Savings

	Academic	Non Academic	Total Savings	Returned	Net Savings
	000's				
Faculties and Departments	\$ 2,095	\$ 477	\$ 2,572	\$ 205	\$ 2,367
Academic and Student Support	226	732	958	45	913
Administration and Support Services	-	861	861	166	695
Maintenance & Utilities	-	-	-	-	-
Year to date	\$ 2,321	\$ 2,070	\$ 4,391	\$ 416	\$ 3,975
Total salary savings					\$ 3,975
Budget					\$ 3,345
Variance					\$ 630

Table 5: Saint John Campus In-Year Salary Savings

	Academic	Non Academic	Total Savings	Returned	Net Savings
	000's				
Faculties and Departments	\$ 684	\$ 29	713	\$ 53	\$ 660
Academic and Student Support	-	52	52	14	38
Administration and Support Services	-	54	54	-	54
Maintenance & Utilities	-	7	7	-	7
Year to date	\$ 684	\$ 142	\$ 826	\$ 67	\$ 759
Total salary savings					\$ 759
Budget					\$ 745
Variance					\$ 14

Ancillary Operations

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

Table 6: Ancillaries

	Budget 2019/20	\$000's Actual Results 2019/20	Fav (Unfav) Variance
<u>Positive (negative) variance from budget</u>	<u>Dollars</u>		
Residential Life, Campus and Conference Service	\$ (778.7)	\$ (562.7)	\$ 216.0
Aitken University Centre	(410.7)	(718.3)	(307.6)
Turf Field and Dome	21.5	(45.2)	(66.7)
Wu Conference Centre	88.5	8.9	(79.6)
Bookstore	(12.9)	(207.4)	(194.5)
Total Ancillary Operations	\$ (1,092.3)	\$ (1,524.7)	\$ (432.4)

The Fredericton Campus Ancillaries had a \$(432.4) thousand negative variance from budget. The Fredericton residence operation includes an annual allocation for future capital renewal, which contributes to the annual budgeted deficit.

Saint John ancillary operations consist of the operation of two residence buildings which are typically budgeted to break even. COVID-19 related refunds to students leaving residence early contributed to a negative variance of \$130 thousand for 2019-20.