



Operating Budget
Year End Variance
Report
As at 30 April 2021

We aspire to be a university of influence through excellence and innovation in research and teaching to enable positive social change across our communities.

Our mission is to inspire and educate our people to become problem solvers and leaders in the world, undertake research that addresses societal and scientific challenges, and engage with our partners to build a more just, sustainable and inclusive world.

2020-2021

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Executive Summary

Budget Objective

The Board of Governors approved a 2020-21 operating budget with a structural deficit of \$(9.7) million resulting largely from financial pressures caused by the covid19 pandemic primarily in enrolment and operation of the residence system as well as the termination of the provincial nursing grant.

The budget also included the application of one-time transfers from reserves to offset the budgeted effect of the pandemic, bringing the budget to a net deficit of \$(2.4) million.

Year End Results

As shown in the consolidated operating budget (page 5), the University of New Brunswick has ended the year with a structural deficit of \$8.3 million, which is \$1.4 million better than budgeted. A list of the main variances from the planned budget is as follows:

Revenue was better than budget by \$1.3 million, the most significant items being (more detail on page 10):

- \$1.8 million more than budgeted tuition revenue
- \$0.3 million more than budgeted for short term investment income
- \$(0.2) million less than budgeted for College of Extended Learning
- \$(0.5) million less than budgeted for Contract Overheads, Parking and Sundry Fees,

Expenses were close to budget. Items of note include (more detail on pages 11-13):

- \$0.2 million better than budgeted salary savings
- \$1.0 million better than budgeted for utilities
- \$0.8 million better than budgeted for Fringe Benefits
- \$(0.3) million worse than budget for Ancillary services
- \$(0.7) million worse than budget for print services which includes the recognition of previous years deficits
- \$(0.5) million worse than budget for URec

Transfers from internally restricted assets were \$6.0 million, against a budget of \$7.4 million. The transfer for the Saint John campus was less than budgeted as the campus had a deficit below the budgeted level.

Compared to the March 2021 forecast

At the April Finance Committee meeting, we reported a forecasted structural deficit of \$(7.3) million. The actual year-end result is for a structural deficit of \$(8.3) million or \$1.0 million more than anticipated in April.

The April report was prepared in mid-March.

The main variances from the April report are:

Revenue:

- Tuition revenue \$(0.2m) less than anticipated
- Outreach revenue \$0.3m better than anticipated

Expenses:

- Fringe Benefits \$0.2m less than anticipated
- Utilities and Maintenance \$0.3m less than anticipated
- URec net costs \$(0.5)m greater than anticipated
- Bookstore net loss \$(0.1)m greater than anticipated
- Grants and Membership (President's office) \$(0.1)m greater than anticipated
- ITS Print Services \$(0.7)m greater than anticipated partly due to recognizing prior years deficits \$(0.5)m.
- Ancillary Operations \$(0.1)m higher deficit than anticipated

Consolidated Operating Budget 2020-21 Year End Results

(Thousands of Dollars)				Fav (Unfav) Variance	
	Actual Results	Approved Budget	Actual Results	Dollars	Percent
	2019-20	2020-21	2020-21		
Revenue					
Provincial Operating Grant	\$ 117,079.4	\$ 120,611.6	\$ 120,611.6	\$ -	0.0%
Student Fee Income	67,133.6	67,734.8	69,510.0	1,775.2	2.6%
Other	26,959.6	22,411.9	21,986.1	(425.8)	(1.9%)
Total Revenue	211,172.6	210,758.3	212,107.7	1,349.4	0.6%
Expense					
Academic and Research					
Faculties and Departmental Costs	118,546.2	118,613.8	118,203.1	410.7	0.3%
Academic and Student Support	39,217.7	36,853.5	37,231.0	(377.5)	(1.0%)
Sub-Total	157,763.9	155,467.3	155,434.1	33.2	
Administration and Support Services					
Administration and Development	36,271.2	35,774.1	36,672.9	(898.8)	(2.5%)
Maintenance and Utilities	26,861.0	25,197.0	24,207.1	989.9	3.9%
Sub-Total	63,132.2	60,971.1	60,880.0	91.1	
In-Year Salary Savings	(4,733.4)	(4,714.4)	(4,928.3)	213.9	(4.5%)
Total Operating Expenses	216,162.7	211,724.0	211,385.8	338.2	0.2%
Operating Surplus/(Deficit)	(4,990.1)	(965.7)	721.9	1,011.2	104.7%
Ancillary Operation (Net Deficit)	1,655.3	6,985.1	7,303.6	(318.5)	(4.6%)
Covid-19 related costs	-	1,800.0	1,724.3	75.7	4.2%
Sub-Total	1,655.3	8,785.1	9,027.9	(242.8)	
Net Position before One-Time Items	(6,645.4)	(9,750.8)	(8,306.0)	1,444.8	(14.8%)
Transfers From Internally Restricted Net Assets	6,645.4	7,370.0	6,056.6	(1,313.4)	(17.8%)
Net Position	\$ -	\$ (2,380.8)	\$ (2,249.4)	\$ 131.4	\$ -
Net Position as a % of Budgeted Revenue	0.0%	(1.1%)	(1.1%)	0.1%	0.0%

Fredericton Campus and University-wide Units Operating Budget 2020-21

(Thousands of Dollars)				Fav (Unfav) Variance	
	Actual Results	Approved Budget	Actual Results		
	2019-20	2020-21	2020-21	Dollars	Percent
Revenue					
Provincial Operating Grant	\$ 97,766.2	\$ 100,771.9	\$ 100,771.9	\$ -	0.0%
Student Fee Income	50,905.8	52,173.9	52,524.2	350.3	0.7%
Other	24,016.9	19,621.0	19,351.4	(269.6)	(1.4%)
Total Revenue	172,688.9	172,566.8	172,647.5	80.7	0.0%
Expense					
Academic and Research					
Faculties and Departmental Costs	95,520.3	94,498.0	94,129.2	368.8	0.4%
Academic and Student Support	34,423.7	32,208.6	32,661.1	(452.5)	(1.4%)
Sub-Total	129,944.0	126,706.6	126,790.3	(83.7)	
Administration and Support Services					
Administration and Development	29,214.6	28,863.9	29,711.5	(847.6)	(2.9%)
Maintenance and Utilities	22,058.0	20,386.6	19,812.1	574.5	2.8%
Sub-Total	51,272.6	49,250.5	49,523.6	(273.1)	
In-Year Salary Savings	(3,974.4)	(4,094.4)	(4,191.8)	97.4	(2.4%)
Total Operating Expenses	177,242.2	171,862.7	172,122.1	(259.4)	(0.2%)
Operating Surplus/(Deficit)	(4,553.3)	704.1	525.4	340.1	(48.3%)
Ancillary Operation (Net Deficit)	1,524.7	6,092.9	6,473.6	(380.7)	(6.2%)
Covid-19 related costs	-	1,400.0	1,400.0	-	0.0%
Sub-Total	1,524.7	7,492.9	7,873.6	(380.7)	
Net Position before One-Time Items	(6,078.0)	(6,788.8)	(7,348.2)	(559.4)	8.2%
Transfers From Internally Restricted Net Assets	6,078.0	5,098.8	5,098.8	-	0.0%
Net Position	\$ -	\$ (1,690.0)	\$ (2,249.4)	\$ (559.4)	\$ -
Net Position as a % of Budgeted Revenue	0.0%	(1.0%)	(1.3%)	(0.3%)	0.0%

Saint John Campus Operating Budget 2020-21

(Thousands of Dollars)				Fav (Unfav) Variance	
	Actual Results	Approved Budget	Actual Results		
	2019-20	2020-21	2020-21	Dollars	Percent
Revenue					
Provincial Operating Grant	\$ 19,313.2	\$ 19,839.7	\$ 19,839.7	\$ -	0.0%
Student Fee Income	16,227.8	15,560.9	16,985.8	1,424.9	9.2%
Other	2,942.7	2,790.9	2,634.7	(156.2)	(5.6%)
Total Revenue	38,483.7	38,191.5	39,460.2	1,268.7	3.3%
Expense					
Academic and Research					
Faculties and Departmental Costs	23,025.9	24,115.8	24,073.9	41.9	0.2%
Academic and Student Support	4,794.0	4,644.9	4,569.9	75.0	1.6%
Sub-Total	27,819.9	28,760.7	28,643.8	116.9	
Administration and Support Services					
Administration and Development	7,056.6	6,910.2	6,961.4	(51.2)	(0.7%)
Maintenance and Utilities	4,803.0	4,810.4	4,395.0	415.4	8.6%
Sub-Total	11,859.6	11,720.6	11,356.4	364.2	
In-Year Salary Savings	(759.0)	(620.0)	(736.5)	116.5	18.8%
Total Operating Expenses	38,920.5	39,861.3	39,263.7	597.6	1.5%
Operating Surplus/(Deficit)	(436.8)	(1,669.8)	196.5	671.1	40.2%
Ancillary Operation (Net Deficit)	130.6	892.2	830.0	62.2	7.0%
Covid-19 related costs	-	400.0	324.3	75.7	18.9%
Sub-Total	130.6	1,292.2	1,154.3	137.9	
Net Position before One-Time Items	(567.4)	(2,962.0)	(957.8)	2,004.2	(67.7%)
Transfers From Internally Restricted Net Assets	567.4	2,271.2	957.8	(1,313.4)	(57.8%)
Net Position	\$ -	\$ (690.8)	\$ -	\$ 690.8	\$ -
Net Position as a % of Budgeted Revenue	0.0%	(1.8%)	0.0%	1.8%	0.0%

Enrolment Update 2020-21 (Actuals and Historical)

Highlights:

Term	Academic Level	Immigration Status	Actual	Actual	Budget	Actual	Variance from Budget	Change from 2019/20	
			2018/19	2019/20	2020/21	2020/21			
Fredericton	Fall	Undergraduate Domestic	5,156	5,053	4,892	4,816	(76)	(237)	
		Undergraduate International	453	499	450	499	49	0	
		Total Undergraduate	5,609	5,552	5,342	5,315	(27)	(237)	
	Graduate	Domestic	730	726	686	714	28	(12)	
		International	386	446	432	411	(21)	(36)	
		Total Graduate	1,116	1,172	1,118	1,125	7	(48)	
	Total Fall	6,725	6,724	6,460	6,440	(20)	(285)		
	Winter	Undergraduate	Domestic	4,962	4,856	4,681	4,639	(42)	(216)
			International	428	489	428	537	109	48
			Total Undergraduate	5,390	5,345	5,109	5,176	67	(168)
Graduate		Domestic	714	714	655	684	29	(30)	
		International	375	426	419	422	3	(5)	
Total Graduate		1,089	1,140	1,074	1,106	32	(35)		
Total Winter		6,479	6,485	6,183	6,282	99	(203)		
Winter Term enrol as % of Fall			96.4%	96.4%	95.7%	97.5%			
Saint John	Fall	Undergraduate Domestic	1,548	1,520	1,422	1,498	76	(22)	
		Undergraduate International	206	238	215	234	19	(4)	
		Total Undergraduate	1,754	1,758	1,637	1,732	95	(26)	
	Graduate	Domestic	72	73	60	85	25	12	
		International	74	103	40	50	10	(53)	
	Total Graduate	146	176	100	135	35	(41)		
	Total Fall	1,900	1,934	1,737	1,867	130	(67)		
	Winter	Undergraduate	Domestic	1,450	1,467	1,351	1,393	42	(74)
			International	197	237	204	225	21	(12)
		Total Undergraduate	1,647	1,704	1,555	1,618	63	(86)	
Graduate		Domestic	72	79	57	95	38	16	
		International	76	101	38	118	80	17	
Total Graduate	148	180	95	213	118	33			
Total Winter	1,795	1,884	1,650	1,831	181	(53)			
Winter Term enrol as % of Fall			94.4%	97.4%	95.0%	98.1%			
UNB Total	Fall	Undergraduate Domestic	6,704	6,574	6,314	6,313	(1)	(260)	
		Undergraduate International	659	736	665	734	69	(3)	
		Total Undergraduate	7,363	7,310	6,979	7,047	68	(263)	
	Graduate	Domestic	802	799	746	800	54	1	
		International	460	549	472	460	(12)	(89)	
	Total Graduate	1,262	1,348	1,218	1,260	42	(88)		
	Total Fall	8,625	8,658	8,197	8,307	110	(351)		
	Winter	Undergraduate	Domestic	6,412	6,323	6,032	6,033	1	(290)
			International	625	726	632	762	130	36
		Total Undergraduate	7,037	7,049	6,664	6,795	131	(254)	
Graduate		Domestic	786	793	712	779	67	(14)	
		International	451	527	457	539	82	12	
Total Graduate	1,237	1,320	1,169	1,318	149	(2)			
Total Winter	8,274	8,369	7,833	8,113	280	(256)			
Winter Term enrol as % of Fall			95.9%	96.7%	95.6%	97.7%			

Fall Term

Undergraduate and graduate enrolment exceeded budgeted FTE by a combined 110.

- + 68 undergraduate, + 42 graduate students FTE over budget.

International enrolment was 57 FTEs above budget.

- + 69 undergraduate, - 12 graduate FTE compared to budget.

Loss of 351 FTE (4.0%) compared to Fall 2019.

- - 263 undergraduate FTE (-3.6%)
 - Of this loss, UNB is down 119 FTE domestic students from high school, with the remaining losses coming from previously enrolled students.
- - 88 graduate FTE (-6.5%)
- - 92 international FTE (-7.1%)

While UNB maintained its international undergraduate enrolment only dropping 3 FTE, the remainder of the international losses were in graduate FTE.

Looking to the longer term, UNB's first year domestic high school enrolment decreased 125 FTE (10%) year over year. The impact of this smaller cohort will likely be felt for a number of years as they progress through their education and is something that we will continue to monitor.

Winter Term

Undergraduate and graduate enrolment exceeded budgeted FTE by a combined 280.

- + 131 undergraduate, + 149 graduate students FTE over budget.
- Undergraduate increases related to students who deferred to January.
- The graduate increase is related to both campuses bringing in a Winter cohort of MBA students, which has not been done previously.

International enrolment was 212 FTEs above budget.

- + 130 undergraduate, + 82 graduate FTE compared to budget.

Loss of 256 FTE (3.1%) compared to Winter 2020.

- - 254 undergraduate FTE (-3.6%)
- - 2 graduate FTE (-0.0%)
- + 48 international FTE (3.8%)

UNB increased its international undergraduate enrolment 36 FTE, the remainder of the international increases were in graduate FTE.

Revenue

Provincial Operating Grant

An MOU with the Province was signed on July 3rd, 2018 ensuring stable funding for the University and stable tuition for students through 2020-21. For 2020-21, the unrestricted operating grant pool was increased by 2% and enrolment totals were weighted into the calculation for the first time since they were frozen at 2014-15 levels. These two factors resulted in UNB's Operating Grant increasing 2.9% over the 2019-20 amount, indicating that UNB's total weighted enrolment is a greater percentage of total provincial enrolment total than it was 6 years ago.

Student Fee Income

Table 1: Major Drivers of Variance in Student Fee Income

(Thousands of Dollars)	CONSOLIDATED			
	Summer	Fall	Winter	Total Final Result
Positive/ (Negative) Variance from Budget				
Undergraduate Tuition	\$ (244.2)	\$ 394.6	\$ 386.8	\$ 537.2
Undergraduate (Supplementary International Fees)	\$ 22.1	\$ 398.8	\$ 669.8	\$ 1,090.8
Graduate Tuition	\$ (0.6)	\$ 83.8	\$ 284.8	\$ 368.0
Graduate (Supplementary International Fees)	\$ 0.2	\$ (98.4)	\$ (85.3)	\$ (183.6)
Fee remissions, miscellaneous and forfeited fees	\$ (2.0)	\$ (0.1)	\$ (35.3)	\$ (37.3)
Total Final Result	\$ (224.4)	\$ 778.7	\$ 1,220.9	\$ 1,775.2

As shown in Table 1 (above), the consolidated year-end tuition and fees for 2020-21 are better than budgeted due to stronger undergraduate numbers, both domestically and internationally and good domestic graduate figures. These factors contributed a nearly \$2.0 million positive budget variance which was offset by lower than budgeted revenue from international graduate tuition for a net positive variance related to Student Fee Income of \$1.8 million.

On Fredericton Campus, strong international undergraduate and domestic graduate figures, were mostly offset by lower domestic undergraduate and international graduate tuition, ultimately contributing a positive variance of \$350.3k. The Saint John campus had positive budget variances in all categories, the most significant of which was in domestic undergraduate tuition, leading to an overall positive variance of \$1,424.9k.

Other Revenue

The consolidated year-end other revenue total resulted in a negative variance of \$(426)k. In the Fredericton operations, this is made up of negative variances related to net revenue from the College of Extended Learning \$(192)k, Research Overhead \$(285)k, and offset by a positive variance in Investment Returns \$214k. The negative variance in Saint John was generated from Management fees, Parking and sundry items \$(222)k offset by an increase in investment income \$67k.

Expense

Academic and Research

The consolidated Academic and Research expenses were close to budgeted.

Fringe benefits were better than budget by \$620k. However this was offset by negative budget variances relating to the MQIM program in the Faculty of Management (\$157)k and URec \$(454)k - both these variances can be attributed to Covid-19 restrictions.

Administration and Support Services

The consolidated year-end variance for the Administration and Support Services expenses were \$91k better than budget.

On the Fredericton Campus there is a negative variance of \$(273)k. The largest contributor to the negative variance relates costs for the print services department in ITS of \$(735)k, other negative variances occurred in expenses for Insurance \$(72)k and Bad Debts \$(59)k. These were more than offset by positive variances for Fringe Benefits \$229k and Utilities of \$516k.

On the Saint John campus there was a negative variance on agent fees paid through the International recruiting office of (\$180)k. The negative variance was more than offset by a positive variance in utilities costs of \$286k, central administrative and contingency accounts \$130k, and snow removal \$130k.

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, salary savings in the region of 2% of the salary mass 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 increased the budgeted amount by \$750k to account for additional savings expected from the reduced hiring during Covid. The salary savings budget was \$4.1 million. The year-end results exceeded that amount by \$97 thousand as shown in table 4.

The Saint John Campus had a salary savings budget of \$736.5 thousand. The year-end results exceeded that amount by \$116.5 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	\$ 2,676	\$ 734	\$ 3,410	\$ 832	\$ 2,578
Academic and Student Support	108	995	1,103	381	722
Administration and Support Services	66	1,116	1,182	291	891
Maintenance & Utilities	-	-	-	-	-
Year to date	\$ 2,850	\$ 2,845	\$ 5,695	\$ 1,504	\$ 4,191
Total salary savings					\$ 4,191
Budget					\$ 4,094
Variance					\$ 97

Table 5: Saint John Campus In-Year Salary Savings

	Academic	Non Academic	Total Savings	Returned	Net Savings
	000's				
Faculties and Departments	\$ 685	\$ 27	712	\$ 59	\$ 653
Academic and Student Support	-	33	33	-	33
Administration and Support Services	-	38	38	-	38
Maintenance & Utilities	-	12	12	-	12
Year to date	\$ 685	\$ 110	\$ 795	\$ 59	\$ 736
Total salary savings					\$ 736
Budget					\$ 620
Variance					\$ 116

Ancillary Operations

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

Table 6: Ancillaries

Fredericton Campus	\$000's				
	Budget	Actual Results	Fav (Unfav)		
	2020/21	2020/21	Variance		
<u>Positive (negative) variance from budget</u>			Dollars	Percent	
Residential Life, Campus and Conference Service:	\$ 5,370.2	\$ 5,439.0	\$ (68.8)	(1.3%)	
Aitken University Centre	500.1	740.4	\$ (240.3)	(48.1%)	
Turf Field and Dome	5.0	45.7	\$ (40.7)	(814.0%)	
Wu Conference Centre	204.4	226.6	\$ (22.2)	(10.9%)	
Bookstore	13.2	21.9	\$ (8.7)	(65.9%)	
Total Ancillary Operations	\$ 6,092.9	\$ 6,473.6	\$ (380.7)	(6.2%)	

The Fredericton Campus Ancillaries budget was adjusted to reflect the estimated effects of the covid pandemic. The bulk of the adjustment was because only one suite style and one apartment style residence could be opened on the campus due to the covid19 restrictions. The total ancillaries operations show a \$(380.7) thousand negative variance from budget. The variances relate to lower than budgeted income from conference services, loss of rental contracts for the Turf Field and Dome and rentals and concert bookings for the Aitken Centre all due to the restrictions imposed by the Dept. of Health guidelines. The variances were mitigated slightly by lower expenses in the Residence system. The Fredericton residence operation also included an allocation for capital renewal in accordance with the residence renewal plan, which is reflected in both the budgeted and actual deficit numbers.

Saint John Campus	\$000's				
	Budget	Actual Results	Fav (Unfav)		
	2020/21	2020/21	Variance		
<u>Positive (negative) variance from budget</u>			Dollars	Percent	
Residence Life, Campus and Conference Services	\$ 599.6	\$ 606.7	\$ (7.1)	(1.2%)	
Saint John College	\$ 292.6	\$ 223.0	\$ 69.6	23.8%	
Total Ancillary Operations	\$ 892.2	\$ 829.7	\$ 62.5	7.0%	

Normally a break even operation, the ancillaries budget for the Saint John campus was adjusted to reflect the estimated effects of the covid pandemic. Actual results show an overall positive variance of \$62.5k from budget. The residence system in Saint John had a budgeted occupancy rate of approximately 60% (221 rooms out of 353) which resulted in a projected deficit of \$(600)k. Actual occupancy was 70% - 175 out of 249 available beds were sold (excluding the Beckett since its opening was delayed until January 2021) resulting in a deficit of \$(253)k. Adding to the year end deficit, unbudgeted construction overruns on the new residence Beckett house amounted to an additional \$(353)k resulting in a year end deficit of \$(607)k.