



## Operating Budget Year End Variance Report

# 2023-2024

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.

## Table of Contents

Executive Summary.....	3
Budget Objective.....	3
Year End Results.....	3
Year End Results (continued).....	4
Compared to the March 2024 forecast.....	4
Consolidated Operating Budget 2023-24 Year End Results.....	5
Enrolment .....	6
Enrolment Actuals and Historical .....	6
Enrolment Highlights .....	7
Revenue .....	8
Provincial Operating Grant .....	8
Student Fee Income .....	8
Other Revenue .....	9
Expense .....	9
Academic and Research .....	9
Administration and Support Services.....	9
In-Year Salary Savings .....	10
Ancillary Operations.....	11

## Executive Summary

### Budget Objective

The Board of Governors approved an operating budget with a \$356 thousand surplus. As the University transitioned to one budget, this was the first year without transfers from internally restricted net assets (IRNA) to balance the budget.

### Year End Results

As shown in the consolidated operating budget (page 5), the University has ended the year with a surplus of revenues above expenses of \$0.61 million after one-time transfers. The budgeted surplus after the transfer of one-time items was \$0.36 million, resulting in a surplus greater than the budget of \$0.25 million. A list of the main variances from the budget are as follows:

UNB's operating surplus of \$6.91 million before one-time items was better than the budget by \$6.56 million. The most significant factors contributing to this positive variance are as follows:

- \$5.4 million better than budgeted international tuition revenue
- \$2.2 million better than budgeted salary savings
- \$2.2 million better than budgeted short-term investment income
- \$1.9 million better than budgeted unrestricted operating grant receipts related to performance
- \$1.2 million better than budgeted utility and snow removal costs due to warmer winter
- \$(0.3) million worse than budgeted costs related to legal costs
- \$(0.4) million worse than budgeted costs related to athletics travel
- \$(0.4) million worse than budgeted from Ancillary Operations
- \$(0.7) million worse than budgeted operating grant receipts related to ancillary partnerships
- \$(0.8) million worse than budgeted maintenance costs due to minimum wage increasing, an inventory drawdown and a new waste management contract
- \$(0.8) million worse than budget for international recruitment costs
- \$(1.3) million worse than budget for Experiential Learning
- \$(1.6) million worse than budgeted Fringe Benefits costs

In addition, UNB has made the decision to allocate \$6.3 million of its \$6.9 million total operating surplus to strategic initiatives as follows:

- \$5.3 million to capital projects (Engineering Atrium, Health and Social Innovation Centre)
- \$1.0 million to academic growth and related strategic initiatives in the President's Office

The remaining \$0.6 million from the surplus will go towards reducing the accumulated operating deficit.

## Year End Results (continued)

To improve the University's overall reporting and ensure revenues and expenses are reported on a gross basis, an effort has been made to work with departments to identify unbudgeted revenues. The revenue reported in departments for the 2023-24 fiscal year was \$3.0 million. This does not contribute to the overall surplus as corresponding expenses are against these revenues. It does, however, create variances in the consolidated operating budgets. Individual lines on the operating statement are affected, as shown in the table below.

### Revenue Reclass Changes by Slice

(Thousands of Dollars)

	<b>Restated Budget 2023-24</b>	<b>Actual Results 2023-24</b>	<b>Fav (Unfav) Variance</b>
<b>Revenue Increase</b>			
Student Fee Income	\$ 7,445.0	\$ 9,578.7	\$ 2,133.7
Other Revenue	\$ 9,128.7	\$ 10,008.6	\$ 879.9
	<b>\$ 16,573.7</b>	<b>\$ 19,587.3</b>	<b>\$ 3,013.6</b>
<b>Expense Increase</b>			
Faculties and Departmental Costs	\$ 4,616.4	\$ 5,923.4	\$ (1,307.0)
Academic and Student Support	\$ 3,048.2	\$ 4,023.2	\$ (975.0)
Online and Outreach	\$ 5,319.5	\$ 6,283.7	\$ (964.2)
Academic and Research	\$ 12,984.1	\$ 16,230.3	\$ (3,246.2)
Administration and Development	\$ (187.3)	\$ 159.3	\$ (346.6)
Maintenance & Utilities	\$ 4,041.9	\$ 3,462.8	\$ 579.1
Administration and Support Services	\$ 3,854.6	\$ 3,622.1	\$ 232.5
	<b>\$ 16,838.7</b>	<b>\$ 19,852.4</b>	<b>\$ (3,013.7)</b>

## Compared to the March 2024 forecast

At the April Finance and Properties Committee meeting, a forecasted surplus, before one-time transfers, of \$10.0 million was reported. The actual year-end result, before one-time transfers, is a surplus of \$6.9 million or \$3.1 million less than anticipated in March.

The April report was prepared in mid-March. The main variances from the April report are:

#### Revenue:

- Short-term investment income \$0.6 million more than anticipated
- Recognized tuition revenue \$(0.5) million less due to change in online course deferral methodology
- Ancillary Partnerships funding \$(0.7) million less than anticipated

#### Expenses:

- Heating and snow removal fees \$0.5 million better than anticipated
- Salary savings of \$0.2 million better than anticipated
- International student recruitment fees (\$0.5) million more than anticipated
- Experiential education \$(1.3) million deficit
- Fringe Benefits \$(1.5) million more than anticipated

## Consolidated Operating Budget 2023-24 Year-End Results

(Thousands of Dollars)				Fav (Unfav) Variance	
	Actual Results	Restated Budget*	Actual Results		
	2022-23	2023-24	2023-24	Dollars	Percent
<b>Revenue</b>					
Provincial Operating Grant	\$ 123,666.9	\$ 126,127.0	\$ 127,320.6	\$ 1,193.6	0.9%
Student Fee Income	103,434.5	109,739.1	117,513.0	7,773.9	7.1%
Other	26,736.2	26,965.1	30,436.7	3,471.6	12.9%
<b>Total Revenue</b>	<b>253,837.6</b>	<b>262,831.2</b>	<b>275,270.3</b>	<b>12,439.1</b>	<b>4.7%</b>
<b>Expense</b>					
Academic and Research					
Faculties and Departmental Costs	131,315.0	140,460.6	142,961.5	(2,500.9)	(1.8%)
Academic and Student Support	41,664.4	41,023.1	42,696.7	(1,673.6)	(4.1%)
Online and Outreach	8,919.1	9,589.7	10,589.0	(999.3)	(10.4%)
Sub-Total	181,898.5	191,073.4	196,247.2	(5,173.8)	
Administration and Support Services					
Administration and Development	42,769.2	45,588.1	47,398.4	(1,810.3)	(4.0%)
Maintenance and Utilities	28,085.1	30,170.0	29,566.2	603.8	2.0%
Sub-Total	70,854.3	75,758.1	76,964.6	(1,206.5)	
In-Year Salary Savings	(7,245.9)	(5,950.0)	(8,142.7)	2,192.7	36.9%
<b>Total Operating Expenses</b>	<b>245,506.9</b>	<b>260,881.5</b>	<b>265,069.1</b>	<b>(4,187.6)</b>	<b>(1.6%)</b>
<b>Operating Surplus/(Deficit)</b>	<b>8,330.7</b>	<b>1,949.7</b>	<b>10,201.2</b>	<b>8,251.5</b>	<b>423.2%</b>
Ancillary Operation (Net Deficit)	1,251.2	1,093.6	1,447.6	(354.0)	(32.4%)
Restricted Grants & Contributions (Net Deficit)	-	-	1,341.6	(1,341.6)	(100.0%)
Contribution to Capital	1,089.1	500.0	500.0	-	0.0%
Sub-Total	2,340.3	1,593.6	3,289.2	(1,695.6)	
<b>Net Position before One-Time Items</b>	<b>5,990.4</b>	<b>356.1</b>	<b>6,912.0</b>	<b>6,555.9</b>	<b>1841.0%</b>
Transfers From Internally Restricted Net Assets	-	-	-	-	0.0%
Surplus Allocation	(3,763.2)	-	(6,300.0)	(6,300.0)	(100.0%)
<b>Net Position</b>	<b>\$ 2,227.2</b>	<b>\$ 356.1</b>	<b>\$ 612.0</b>	<b>\$ 255.9</b>	
<b>Net Position as a % of Revenue</b>	<b>0.9%</b>	<b>0.1%</b>	<b>0.2%</b>		
<b>Statement of Change in Unrestricted Deficit</b>					
Unrestricted Net Deficit Opening	\$ (4,840.0)	\$ (2,612.8)	\$ (2,612.8)		
Net Position for Fiscal	2,227.2	356.1	612.0		
Unrestricted Net Deficit Closing	<b>\$ (2,612.8)</b>	<b>\$ (2,256.7)</b>	<b>\$ (2,000.8)</b>		

\* The approved budget has been restated to reflect reallocation of expenses between categories. Also, departmental revenues that were previously reported as netted against expenses are now reported in the revenue section.

## Enrolment

### Enrolment Actuals and Historical

	Term	Academic Level	Immigration Status	Actual	Actual	Budget	Actual	Variance from Budget	Change from 2022/23
				2021/22	2022/23	2023/24	2023/24		
UNB Consolidated	Fall	Undergraduate	Domestic	6,289	6,208	6,325	6,232	(93)	24
			International	811	1,066	1,298	1,458	160	392
		Total Undergraduate		7,100	7,274	7,623	7,690	67	416
		Graduate	Domestic	827	830	820	787	(33)	(43)
			International	781	871	852	916	64	45
		Total Graduate		1,608	1,701	1,672	1,703	31	2
	Total Fall		8,708	8,975	9,295	9,393	98	418	
	Winter	Undergraduate	Domestic	5,996	5,990	6,130	5,999	(131)	9
			International	911	1,181	1,265	1,482	217	301
		Total Undergraduate		6,907	7,171	7,395	7,481	86	310
		Graduate	Domestic	818	817	801	795	(6)	(22)
			International	724	902	845	857	12	(45)
		Total Graduate		1,542	1,719	1,646	1,652	6	(67)
	Total Winter		8,449	8,890	9,041	9,133	92	243	
Winter Term enrol as % of Fall				97.0%	99.1%	97.3%	97.2%		
Fredericton	Term	Academic Level	Immigration Status	Actual	Actual	Budget	Actual	Variance from Budget	Change from 2022/23
				2021/22	2022/23	2023/24	2023/24		
	Fall	Undergraduate	Domestic	4,799	4,729	4,807	4,766	(41)	37
			International	617	828	1,053	1,148	95	320
		Total Undergraduate		5,416	5,557	5,860	5,914	54	357
		Graduate	Domestic	739	740	740	701	(39)	(39)
			International	529	673	712	771	59	98
		Total Graduate		1,268	1,413	1,452	1,472	20	59
	Total Fall		6,684	6,970	7,312	7,386	74	416	
	Winter	Undergraduate	Domestic	4,591	4,601	4,658	4,597	(61)	(4)
			International	695	935	1,027	1,148	121	213
		Total Undergraduate		5,286	5,536	5,685	5,745	60	209
		Graduate	Domestic	730	727	721	703	(18)	(24)
			International	536	717	705	705	-	(12)
Total Graduate		1,266	1,444	1,426	1,408	(18)	(36)		
Total Winter		6,552	6,980	7,111	7,153	42	173		
Winter Term enrol as % of Fall				98.0%	100.1%	97.3%	96.8%		
Saint John	Term	Academic Level	Immigration Status	Actual	Actual	Budget	Actual	Variance from Budget	Change from 2022/23
				2021/22	2022/23	2023/24	2023/24		
	Fall	Undergraduate	Domestic	1,490	1,479	1,518	1,466	(52)	(13)
			International	194	238	245	310	65	72
		Total Undergraduate		1,684	1,717	1,763	1,776	13	59
		Graduate	Domestic	88	90	80	86	6	(4)
			International	252	198	140	145	5	(53)
		Total Graduate		340	288	220	231	11	(57)
	Total Fall		2,024	2,005	1,983	2,007	24	2	
	Winter	Undergraduate	Domestic	1,405	1,389	1,472	1,402	(70)	13
			International	216	246	238	334	96	88
		Total Undergraduate		1,621	1,635	1,710	1,736	26	101
		Graduate	Domestic	88	90	80	92	12	2
			International	188	185	140	152	12	(33)
Total Graduate		276	275	220	244	24	(31)		
Total Winter		1,897	1,910	1,930	1,980	50	70		
Winter Term enrol as % of Fall				93.7%	95.3%	97.3%	98.7%		

## Enrolment Highlights

### Fall Term

Total enrolment for Fall 2023 exceeded budgeted full-time equivalents (FTE) by a combined +98.

- Specifically, undergraduate enrolment was better than budget by +67 FTE while graduate student enrolment was better than budget by +31 FTE.

International enrolment was +224 FTE above budget.

- +160 undergraduate, +64 graduate FTE compared to budget.

Domestic enrolment was -126 FTE below budget.

- -93 undergraduate, -33 graduate FTE compared to budget.

UNB realized a gain of 418 FTE (+4.6%) compared to Fall 2022.

- +416 undergraduate FTE (+5.7%)
- +2 graduate FTE (+0.1%)

Shown another way

- +437 international FTE (+22.6%)
- -19 domestic FTE (-0.3%)

### Winter Term

Total enrolment for Winter 2024 exceeded budgeted FTE by a combined +92.

- Specifically, undergraduate enrolment was better than budget by +86 FTE while graduate student enrolment was better than budget by +6 FTE.

International enrolment was 229 FTE above budget.

- +217 undergraduate, +12 graduate FTE compared to budget.

Domestic enrolment was -137 FTE below budget.

- -131 undergraduate, -6 graduate FTE compared to budget.

UNB realized a gain of 243 FTE (+5.2%) compared to Winter 2023.

- +310 undergraduate FTE (+4.3%)
- -67 graduate FTE (-3.9%)

Shown another way.

- +256 international FTE (+12.3%)
- -13 domestic FTE (-0.2%)

## Revenue

### Provincial Operating Grant

On June 26<sup>th</sup>, 2023, the University received confirmation that the Operating Grant would increase by 2.0% as budgeted. In addition, in the Fall of 2023, the Province confirmed that the University had achieved the 2% targeted enrolment growth and, as a result, would receive an additional \$1.9 million in operating assistance. The additional performance grant funding had not been budgeted and, as a result, created a positive variance. These gains were offset by the termination of the ancillary partnerships funding, which was budgeted at \$(0.7) million, resulting in a positive variance in grant funding of \$1.2 million.

### Student Fee Income

Table 1: Major Drivers of Variance in Student Fee Income

<b>Consolidated</b>	<b>Summer</b>	<b>Fall</b>	<b>Winter</b>	<b>Total Final Result</b>
<b>Positive/ (Negative) Variance from Budget</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Undergraduate Domestic Tuition	\$ 609.6	\$ 91.5	\$ (262.6)	\$ <b>438.5</b>
Undergraduate International Tuition	118.5	1,962.7	1,990.0	<b>4,071.2</b>
Graduate Domestic Tuition	(177.8)	(73.5)	12.6	<b>(238.7)</b>
Graduate International Tuition	249.8	654.9	441.1	<b>1,345.8</b>
Other Tuition Related Fees, Waivers	100.8	(9.6)	(67.8)	<b>23.4</b>
<b>Total Projected Result</b>	<b>\$ 900.9</b>	<b>\$ 2,626.0</b>	<b>\$ 2,113.3</b>	<b>\$ 5,640.2</b>
Total Departmental Tuition Revenue Variance				\$ 2,133.7
<b>Total Final Tuition Variance</b>				<b>\$ 7,773.9</b>

As shown in Table 1 (above), the consolidated year-end tuition and fees for 2023-24 are better than budgeted by \$7.8 million. Domestic enrollment was down slightly in the Fall and Winter terms, but a strong summer session resulted in a \$0.2 million positive tuition variance overall in domestic and other related fees. International enrollment was the main driver of the overall strong tuition revenue variance compared to budget, contributing \$5.4 million to the positive variance. Undergraduate growth was seen in Computer Science, Engineering, Arts and Management, while the Faculty of Education saw a decline at the undergraduate level. Computer Science again showed strong growth at the graduate level, while the Faculty of Business experienced a decrease in enrolment.

In addition to contributing positively to tuition and related fees, faculty and departmental units generated a further \$2.1 million in the following areas:

- CEL's non-credit tuition programs \$1.2 million (OALP tech fees, English Language Program, Personal and Cultural Program and OHS)
- Program fees \$321k (Engineering and MBA)
- Pathway Programs \$253k
- Education program in Montreal \$192k
- Forestry's non-credit tuition for the Canadian Rivers Institute online program is \$139k.



## Other Revenue

Other revenue resulted in a positive variance of \$3.5 million, including positive variances in each of the following:

- Short term investment income exceeding budget by \$2.2 million
- Nursing grants \$167k
- Facility access fees \$88k
- Parking fees and fines \$69k
- Student health fees \$52k. In addition
- Unbudgeted departmental revenues with offsetting expenses or carryforward growth of \$880k.
  - Event gate receipts/admission fees \$355k
  - Youth camps and workshops \$341k
  - Gym and club memberships 298k
  - Athletic team fundraising initiatives 215k
  - Charge-out for services such as security \$208k
  - Lower than budgeted external steam charge-out (\$572)k

## Expense

### Academic and Research

The consolidated Academic and Research expenses were (\$5.2) million higher than budget.

- Unbudgeted expenses of (\$3.2) million but this is offset by unbudgeted revenue variance (see table on page 4)
- Fringe Benefit costs of (\$1.2) million
- Athletics team travel (\$391)k
- Academic recruitment/ relocation costs (\$154)k.

### Administration and Support Services

The consolidated Administration and Support Services expenses were (\$1.2) million higher than budget.

- Increased international student recruitment costs (\$830)k associated with our surplus tuition revenue
- Increased cleaning costs associated with minimum wage (\$634k)
- Fringe Benefits costs of (\$428)k
- Legals costs of (\$345)k
- Fredericton campus bookstore operations (\$110)k
- Waste management contract (\$75)k
- Saving in utility costs \$1,142k, the result of a mild winter, were further increased by not incurring costs to produce steam for external partners (see table on page 4) \$579k resulted in a net offset in utilities of \$1,721k
- Unbudgeted expenses in the Administration and Development slice of (\$347)k explain the remainder of the variance

## 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 budget for salary savings was \$5.95 million while the final figure was \$8.14 million resulting in a positive variance of \$2.19 million. Consistent turnover and longer periods of vacancy to find qualified employees are the main drivers of this increase in salary savings.

**Table 2: In-Year Salary Savings by Reporting Slice**

### Consolidated

Slice	Academic	Non Academic	Total Savings
Faculties and Departments	\$ 5,368.0	\$ 905.9	\$ 6,273.9
Academic and Student Support	167.5	604.5	772.0
Administration and Student Support	-	1,010.3	1,010.3
Maintenance and Utilities	-	44.3	44.3
	<b>5,535.5</b>	<b>2,565.0</b>	<b>8,100.5</b>
Other Salary Related Savings			42.2
Total Salary Savings			8,142.7
Total Budgeted Salary Savings			5,950.0
Variance			<b>\$ 2,192.7</b>

## Ancillary Operations

The tables below highlight the multiple budgets considered to be Ancillary units.

**Table 3: Ancillary Operations Detail**

<b>Ancillary Operation</b>	<b>\$000s</b>			
	<b>Acutal 2022/23</b>	<b>Budget 2023/24</b>	<b>Actual 2023/24</b>	<b>Fav (Unfav) Variance</b>
Residential Life, Campus and Conference Services	\$ (153.4)	\$ (472.4)	\$ (256.1)	\$ 216.3
Aitken University Centre	(930.4)	(548.4)	(1,020.2)	(471.8)
Turf Field and Dome	(27.4)	14.1	(158.3)	(172.4)
Wu Conference Centre	(41.7)	13.1	60.7	47.6
SJ Campus Store	(98.3)	(100.0)	(73.7)	26.3
<b>Total Ancillary Operations (Deficit) Surplus</b>	<b>\$ (1,251.2)</b>	<b>\$ (1,093.6)</b>	<b>\$ (1,447.6)</b>	<b>\$ (354.0)</b>

The Ancillaries were budgeted to have a deficit of (\$1,094)k. The total ancillary operations show a (\$354)k negative variance from budget. The results of the Aitken Centre and Turf Field drove the negative variance. The Aitken Centre deficit is due to the loss of revenue streams due to event organizers either finding new venues or remaining virtual to save costs, which are higher than budgeted utilities and salary costs. The Turf Field's deficit is mainly due to renovation costs for the facility's bathrooms as we continue to improve the space for future use.

Residence and Conference Services were able to offset some of this variance through effective expense management against anticipated revenues. Surpluses realized by the Saint John residences are internally restricted for future deferred maintenance.

In its third year of operations, the Saint John Campus Store is projected to generate deficits for several more years as it adapts to best practices in the space.