

**UNB**  
**Financial Outlook for the Future**  
**2006-07 Budget Planning**

**OPERATIONS**

**Summary**

While recent financial results have been positive and the overall balance sheet of the University has been strengthened, there are, as expected, concerns for the future. The fiscal environment in which UNB operates is rapidly changing resulting in a more challenging fiscal environment in the years ahead. Academic inflation and cost pressure in utilities is forecast to outpace growth in revenues by about 1% each year. Based on an annual operating budget of approximately \$150 million, this would result in an unsustainable financial position of \$1.5 million, a structural deficit, that would need to be actively managed through a combination of expenditure controls and priorities as well as increasing and diversifying revenues.

**Revenues**

Slowed growth, forecasted @ 3%

- demographic outlook for region and provinces places pressures on UNB enrolment;
- tightened environment for tuition fees;
- forecasted Provincial grant increases of 3%;
- growth in other income sources is limited, as lead time is required for investment impact to take effect;
- UNB operating funding continues to lag peer group comparisons by approximately 6%.

**Expenses**

Academic inflation and utilities result in cost pressures, forecasted @ 4%

- sustaining nationally competitive faculty salaries;
- funding the Academic Pension Plan;
- forecasted increases in utilities;
- University academic priorities

**CAPITAL**

UNB also has many infrastructure and capital challenges. While significant progress has been made in this area, continued diligence and new funding is required in order for existing facilities to be sustained and for new facilities to be developed. This is an important priority in order for UNB teaching and research to be carried out in modern competitive facilities.

# UNB Initial Operating Budget Forecast 2006-07

<b>UNB Fredericton Campus Operating Budget % Change</b>				
	Actual			Planning
<u>Revenues</u>	<u>03-04</u>	<u>04-05</u>	<u>05-06</u>	<u>2006-07</u>
Provincial Grant	3.00%	2.04%	3.35%	<b>3.0%</b>
Student Fee Income	11.18%	12.81%	4.99%	<b>4.0%</b>
Other Income	.68%	74.52%	8.71%	<b>2.0%</b>
	5.32%	8.37%	4.24%	<b>3.25%</b>

<b>UNB Fredericton Campus Operating Budget 2006-07 Current Forecast</b>	
■ Status Quo Forecast	3.87%
■ Current Revenue Forecast	3.25%
Current Forecast Shortfall %	<u>&lt; .62% &gt;</u>
Budget & Shortfall	<u>\$750,000</u>

<b>UNB Saint John Campus Operating Budget % Change</b>				
	Budget			Planning
<u>Revenues</u>	<u>03-04</u>	<u>04-05</u>	<u>05-06</u>	<u>2006-07</u>
Provincial Grant	2.00%	3.10%	3.60%	<b>3.0%</b>
Student Fee Income	12.80%	28.40%	1.74%	<b>0.31%</b>
Other Income	65%	18.90%	6.70%	<b>&lt;7.26%&gt;</b>
	9.10%	16.40%	2.70%	<b>1.01%</b>

<b>UNB Saint John Campus Operating Budget 2006-07 Current Forecast</b>	
■ Status Quo Forecast	4.40%
■ Current Revenue Forecast	1.01%
Current Forecast Shortfall %	<u>&lt; 3.39% &gt;</u>
Budget \$ Shortfall	<u>\$1,251,400</u>