

University of New Brunswick

Fredericton Campus

**Campus Budget Overview: Planning, Framework
and Priorities**

2006-07

University of New Brunswick – Fredericton
2006-2007 Plan and Budget Context
March 24 2006

Introduction

The success of UNB Fredericton (UNBF) is based on its ability to differentially allocate resources in support of academic and operational priorities to meet the vision and mission of a comprehensive university. The 2006-2007 operating budget continues the approach to managing/controlling our costs while focusing on achieving desired outcomes that will ensure the achievement of our organizational goals.

As in previous years the 2006-07 operating budget presents a significant challenge to the Fredericton Campus Budget Management Committee. The greatest challenges impacting the budget this year were the commitments to improve our sustainability position (by significantly addressing our structural deficit), ensure competitive compensation for faculty and staff, and retain a degree of investment funding to address priorities in our teaching and learning environment and student-centred support activities. Complicating these challenges was the need to balance overall enrollment projections with a reasonable tuition rate that a) did not outstrip our students' capacity to pay (or greatly expand student debt), and b) kept us competitive in domestic and international student markets. As in 2005-06, maintaining this balance was a significant challenge.

Projections for 2006-07 indicated that expense increases would be greater than new revenue; therefore all departments (academic and non-academic) were required to review current and future activities. UNBF implemented an Initial Budget Adjustment (IBA) process, which averaged -2.3% across campus (with a range of 0 to -4%). In the near term, this approach to managing costs and providing selective investment funds are necessary, as UNBF develops more thoughtful and manageable strategies to managing costs and growing new revenues. The adjustment was achieved in 2006-07 by reducing both the full time complement and stream-lining some basic business operations. Perhaps the most significant impact of the current year's activities (which will not be realized for some time) is a renewal of academic planning around several of our traditional program offerings and delivery modes. Many Faculties are reviewing their programs in light of the needs for today's learners; these include the Faculties of Arts, Computer Science, Education, Engineering, Forestry and Environmental Management and Nursing. Other Faculties, such as Business Administration, Kinesiology, Law, Science and Renaissance College are committed to enhancing the quality of the existing programs that are well subscribed.

It is important to note that the 2006/07 Annual Planning and Budgeting System (APBS) process is a complex one. The IBA (representing an average reduction of 2.3% to units on the Fredericton Campus) is taken on "base budget". Final budgets for these same units include negotiated faculty and staff salary increases and benefit increases, one-time funding in support of the teaching and learning environment, student centered support activities and research as well as a 2.5% increase to non-salary budgets. The overall budget on the Fredericton Campus has increased by 4.4% in 2006/07 as compared to the budget for 2005/06.

Aligning Resources with Priorities for 2006-07

Even in times of revenue uncertainties and rising cost pressures it is essential that the Fredericton Campus focus on aligning resources with its highest priorities and obligations. It is not possible in a university as diverse as UNBF to implement a single funding algorithm which could be sensibly applied to academic and support service units. Therefore the process employed this year (as in the past) encouraged each budget manager to align their detailed budget plans within a strategic framework, which also helped inform the budgetary decisions underlying the budget management committee recommendations. To support the continued demand for strong programs anticipated in 2006-07, the Budget focuses on:

Faculty and Departments

Retaining and Renewing Faculty and Staff

Perhaps the single most important factor to ensure that UNBF is able to compete for staff, faculty, students and research grants at the level required of a national comprehensive university will be measured by the Fredericton's Campus ability to retain and renew outstanding faculty and staff members. Although the distinctions and processes supporting faculty/staff retention and renewal are many and diverse, a number of issues are common in meeting these challenges. The importance of negotiated compensation levels in these activities cannot be underscored, but meaningful application of the market-based salary adjustments, credit for prior years of experience and the president's discretionary fund are also essential elements in supporting faculty/staff complement.

Academic and Student Support

Promoting a Stimulating Learning Environment and Culture for All Learners

The UNBF is justly known for its wide-ranging, high-quality undergraduate and graduate programs. During the past few years, creativity, change and a quest for new ways of pursuing our core objectives in education and learning have characterized our collective thinking. As a result our Academic Priority Fund (~\$300,000) in 2006-07 was targeted at projects that improved the level of student engagement and/or promoted the scholarship

of learning in the classroom. It is also important to recognize that UNBF must commit to promote centralized programs in support of our learning environment. Overall budgets for Academic and Student Support units have increased by 5.9% in 2006/07 as compared to the budget for 2005/06. These budgets include negotiated staff salary increases and benefit increases, a 2.5% increase to non-salary budgets and one-time funding (from our Quality Improvement Plan's Academic, Academic Service and Administrative Priority Funds) in support of "internationalization", media services for the teaching environment, graduate financial aid, and research funding (both seed funding and technology support). Although a large part of student recruitment activities should continue to be aimed at attracting outstanding students from across New Brunswick, UNBF must pay particular attention to retaining undergraduate and graduate students from other parts of Canada and the world. Financial assistance and expanded student career and employment services will promote this objective for 2006-07.

Accommodation for students and Residence Life student support services play an important role in the learning environment and ability of UNBF to attract qualified students. Living in residence can be an integral part of a student's educational program and experiences. Demand for our residences has remained strong with increased demand for choice in our residence and food offerings. UNBF's Residence System and Capital budgets reflect the new residence project which will open in 2006.

Expanding Research and Scholarly Activity

It is essential to UNBF's aspirations as a major national and international university to demonstrate a significant profile in innovative research in its broadest definition. Although comparability of specific data among universities is difficult to ascertain, many indicators suggest that UNBF is for the most part keeping pace in attracting substantial external research funding, and in some instances surpassing national trends. UNBF is fortunate to have outstanding scholars in many disciplines involved in individual investigator driven scholarly activity and research. A critical ingredient for a national comprehensive university and the ability to attract highly qualified students, staff and faculty. The presence of our Centres and Institutes add immensely to the potential for success at peer reviewed national agency grants, private industry partners, and cross-disciplinary collaborations.

Administration (Operating Services)

Ensuring Infrastructure Supports

Historically the proportion of the operating budget allocated to expenditures for student support services (including scholarships), physical plant and academic equipment renewal have been low. When reviewed in the context of our national/international competition it was concluded that continuing this trend at UNBF would compromise the future of scholarly activity at UNBF. In addition to supporting teaching and learning services, many other priorities related to the provision of a safe and positive environment were addressed in the 2006-07 operating budget recommendations. Overall budgets for Academic and Student Support units have increased by 4.3% in 2006/07 as compared to the budget for 2005/06. These budgets include negotiated staff salary increases and benefit increases, a 2.5% increase to non-salary budgets and one-time funding (from our

Quality Improvement Plan's Academic, Academic Service and Administrative Priority Funds) in support of wellfield protection, student recruitment, risk management and professional development.

The University has accumulated a need for capital renewal (or a deferred maintenance backlog) that exceeds \$100 million. Resources from the 2005-06 operating budget were directed to essential infrastructure support, so that the campus does not run the risk of being able to continue to offer certain programs or the more immediate risk of endangering students, faculty and staff. Continuation of a multi-year university and campus strategy that oversees a portion of operating budget resources directed to maintenance, renewal and adaptation of its infrastructure and physical plant is fundamental to ensuring UNBF remains a destination for students/learners.

Looking Forward to 2006-2007- Financial Review

The cost structure and experience of UNBF dictate the need for a) expanded revenue sources and b) policies and strategies to better allocate control and manage operating costs. A broad range of strategies and activities must be examined in both areas if UNBF is to meet and overcome any fiscal challenges successfully in the future. Effective selective investment, whether through reallocation of resources among academic units and programs or through workload adjustments for individual members of faculty, cannot be achieved without systematic, equitable, and meaningful planning parameters. To this end the President's Financial Review should have a positive influence on the necessary ingredients (directional priorities, policies and procedures) required for UNB's long term sustainability.

Summary

The 2006-07 Integrated Plan and Budget process continues the transition to a distributed plan and budget system. A change of direction aimed at enabling our academic and support units to integrate resources in support of priorities in education, scholarship and service. The BMC also identified the need to integrate our annual planning and budgeting throughout a determined annual planning cycle, with a renewed focus on multi-year plan and budget considerations.

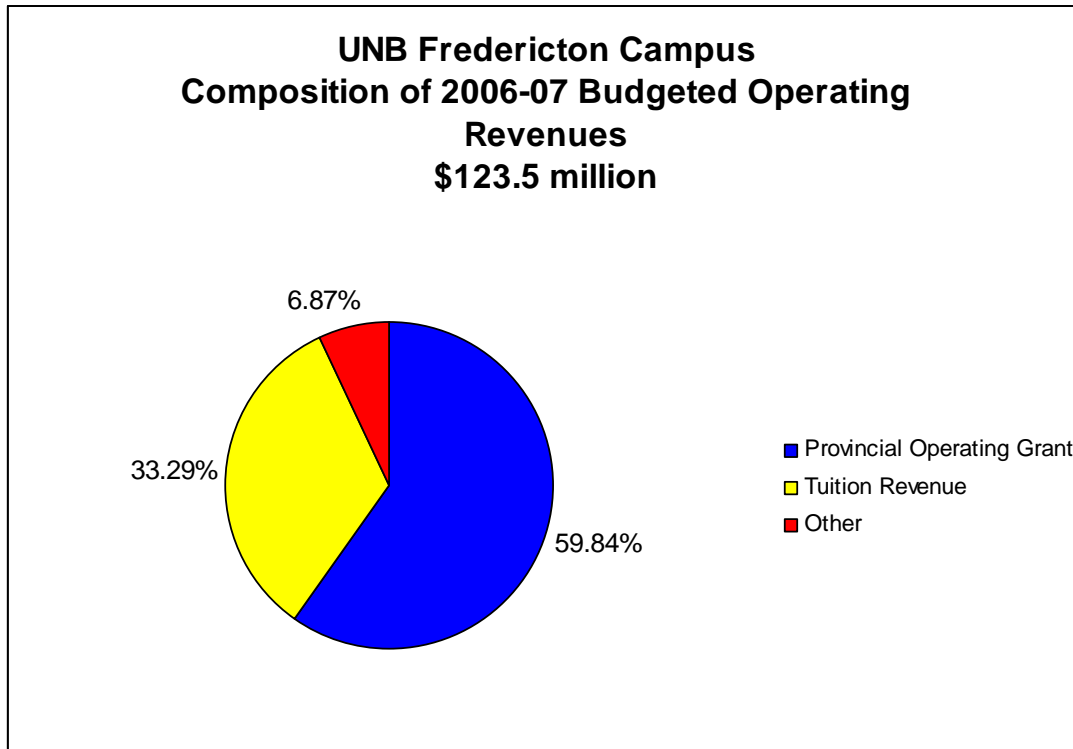
University of New Brunswick

**Fredericton Campus
2006-07 Operating Budget**

**University of New Brunswick
Fredericton Campus
2006-07 Operating Budget**

REVENUE

Overall operating revenues are budgeted at \$123.5 million, a 4.41% increase over the 2005-06 budget. Revenue is comprised of the following sources.



The relative portion of each of these categories over a three-year period is:

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Provincial Operating Grant	60.79%	60.20%	59.84%
Tuition Revenue	32.65%	32.85%	33.29%
Other Income	<u>6.56%</u>	<u>6.95%</u>	<u>6.87%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

The following table illustrates the composition of 2006-07 budgeted revenues in comparison to the 2005-06 budget:

UNB Fredericton Campus Budgeted Operating Revenues (\$000's)				
	<u>2005-06 Budget</u>	<u>2006-07 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
Provincial Operating Grant	\$71,207.1	\$73,911.1	\$2,704.0	3.80%
Tuition Revenue	38,858.1	41,111.2	2,253.1	5.80%
Other Income	<u>8,221.1</u>	<u>8,479.0</u>	<u>257.9</u>	<u>3.14%</u>
	<u>\$118,286.3</u>	<u>\$123,501.3</u>	<u>\$5,215.0</u>	<u>4.41%</u>

Recent comparative figures for changes in revenue categories are:

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Provincial Operating Grant	*1.96%	3.35%	3.80%
Tuition Revenue	12.81	4.99	5.80
Other Income	<u>74.52</u>	<u>8.71</u>	<u>3.14</u>
	<u>8.37%</u>	<u>4.24%</u>	<u>4.41%</u>

*includes an advance of .55%

The overall level of budgeted revenue growth of 4.41% includes the best estimates for the level of the Provincial grant, student enrolment forecasts and recommended tuition fee increases. The recommended tuition fee increases include the introduction of a differential student fee for Engineering and an increase in the existing differential student fee for Law. These recommendations generated an additional \$750,000 in revenue or roughly .64%. Excluding these items, **base operating revenues are forecast to grow at 3.77% in 2006-07.**

This base level of budgeted operating revenue growth is less than in each of the previous two years. The primary reasons for this lower base growth are:

- a lower level of basic tuition fee increase, 4.75% in 2006-07 compared to 5% in 2005-06
- a projected decline in student enrolment of .64% on the Fredericton campus.

- other income in previous years reflected the introduction of the Federal Indirect Cost of Research program and initial growth from the new mandate for the College of Extended Learning.

An analysis of each major revenue category follows:

Provincial Operating Grant

The Provincial Operating Grant accounts for nearly 60% of operating budget funding for the Fredericton campus. As outlined in the consolidated budget material, the level of Provincial grant to UNB is not known at the time the budget is prepared. However, based on pronouncements of the Government and analysis provided by the Maritime Provinces Higher Education Commission, a best estimate assumption has been made.

Provincial Operating Grant Increase			
	2004-05	2005-06	2006-07
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>
Overall increase to N.B. Universities	2.00%	4.60%	3.00%
Increase to UNB	1.45%	4.85%	2.73%
Allocation to UNBF	1.41%	4.94%	2.82%

Tuition Revenue

Tuition Revenue is budgeted to increase by 5.80% in 2006-07. The increase in budgeted tuition revenue is comprised of three factors:

- basic tuition fee increase recommendation of 4.75%
- impact of increased student fee differential for the Faculty of Law and introduction of a new student fee differential for the Faculty of Engineering which together add approximately 1.93% to overall tuition revenue
- a forecasted decrease in student enrolment of .64% or 54 FTE students.

Of the \$41.1 million in budgeted tuition revenue, approximately \$800,000 is estimated to relate to enrolment levels that are above the long-term outlook for the strategic enrolment corridor. Accordingly, flexibility has been built in the budget cost structure through allocating these resources, where possible, to one-time expenditures.

Enrolment

	UNB Fredericton Campus Student Enrolment (FTE's)				
	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>	<u>Change</u>	<u>% Change</u>
2001-02 A	6,820	755	7,575		
2002-03 A	7,109	878	7,986	411	5.42%
2003-04 A	7,339	1,001	8,339	353	4.42%
2004-05 A	7,316	1,062	8,379	40	.48%
2005-06 A	7,283	1,117	8,400	21	.25%
2006-07 B	7,182	1,164	8,346	<54>	<.64%>

The above figures illustrate that student enrolment on the Fredericton campus has grown significantly since 2001-02. Each year, the number of graduate students has increased while growth in undergraduate students has slowed and is now decreasing slightly each year.

The campus Registrar works with each of the Deans in determining what the forecasted enrolment will be each year. The forecast included in the budget is that undergraduate enrolment will decrease by 101 students in 2006-07. This forecasted decrease reflects:

- a declining population in New Brunswick
- an already high rate of participation in universities in New Brunswick
- an increasingly complex and competitive international market
- the campus strategic enrolment initiatives including efforts to improve the learning environment, improve scholarships, retention initiatives and other activities designed to sustain undergraduate enrolment levels within a defined strategic enrolment corridor.

The Registrar and Dean of Graduate Studies forecast that recent growth in the number of graduate students is expected to continue in 2006-07 but they are concerned that we may be reaching capacity and would not expect similar growth in future years without some capacity enhancing strategies.

Other Income

Other income is budgeted at \$8.479 million in 2006-07, an increase of \$258 or 3.14% over the 2005-06 budget. Components of the 2006-07 other income budget are as follows:

UNB Fredericton Campus Other Income Budget \$(000's)			
	<u>2005-06</u>	<u>2006-07</u>	<u>\$ Change</u>
Indirect Costs of Research	\$2,878.5	\$2,936.1	\$57.6
Net Contribution College of Extended Learning	1,639.9	1,778.2	138.3
Short-term Investment Income	672.0	672.0	-
Shared Services	667.9	678.6	10.7
Non-space Funding	650.0	650.0	-
Contract Overhead	542.5	542.7	.2
Rental Incomes	477.5	477.5	-
Parking Fees or Fines	339.0	340.0	1.0
Application Fees	295.0	305.0	10.0
Other	<u>58.8</u>	<u>98.9</u>	<u>40.1</u>
	<u>\$8,221.1</u>	<u>\$8,479.0</u>	<u>\$257.9</u>

3.14% increase

These other income amounts are the amounts that flow to the central campus budget and become available income for all expenditures. In addition to these centrally budgeted amounts, faculties and departments generate revenues or cost recoveries for their own budgets in the range of \$13 million per year.

EXPENSES

Overall operating expenses for the Fredericton campus are budgeted at \$123.5 million for 2006-07, an increase of \$5.2 million or 4.41% in comparison to the 2005-06 budget.

UNB Fredericton Campus % Change in Operating Expenses			
	<u>2004-05 Budget</u>	<u>2005-06 Budget</u>	<u>2006-07 Budget</u>
% Change from Previous Year Budget	8.37%	4.24%	4.41%

The 2006-07 expense budget includes approximately \$750,000 in additional expenses associated with the new differential student fee in Engineering and the increased student differential fee in Law. These additional expenditures are funded by the new revenues associated with these fee changes. The expenditures are budgeted in Engineering and Law faculty budgets reflecting plans to sustain or improve upon the quality of operations. If these new quality-based expenditures are excluded, the **comparable level of budgeted base expense increase in 2006-07 was 3.77%**.

A breakdown of expenses into the major categories with comparison to last year follows:

UNB Fredericton Campus Budgeted Operating Expenses (\$000's)				
	<u>2005-06 Budget</u>	<u>2006-07 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
Faculties and Departmental Costs	\$66,546.3	\$69,635.2	\$3,088.9	4.64%
Academic and Student Support	22,483.3	23,789.0	1,314.7	5.85
Administration and Development	17,154.8	17,669.2	514.4	3.00
Maintenance and Utilities	11,234.3	11,937.7	703.4	6.26
Net Ancillary Costs	242.5	211.2	<31.3>	<12.92>
Contribution to Capital Budget	625.0	250.0	<375.0>	<60.0>
TOTAL	<u>\$118,286.2</u>	<u>\$123,501.3</u>	<u>\$5,215.1</u>	<u>4.41%</u>

There was a tremendous amount of pressure on operating expenses going into the 2006-07 budget. These pressures would have resulted in a total growth of close to 6% or a base growth of approximately 5.25% if they had not been actively managed.

Level of Operating Budget Expense Increase		
	<u>Before Budget Management</u>	<u>After Budget Process</u>
- Total Growth (including New Law & Engineering Initiatives)	5.91%	4.41%
- Baseline Growth	5.27%	3.77%

The pressure stemmed from the following sources:

- increases in campus utility rates, fuel costs, insurance costs, amounting to over \$550,000.
- Increases in University contributions to fund the Academic Pension Plan as contribution rates for each of UNB and the employees rose from 10.15% to 11.44% (a 12% increase) effective July 01, 2006. The impact on the 2006-07 University budget of these rate changes and a larger contribution base was over \$625,000 or over \$500,000 for the Fredericton campus.
- The impact of the new faculty collective agreement and the related salary adjustments aimed at increasing the competitiveness of average UNB salaries in relation to National University average salaries. In comparing the 2006-07 budget to the 2005-06 budget, it is important to note that the level of salary increase provision included in the 2005-06 budget was not adequate to reflect the actual settlement achieved in the collective agreement, therefore, this additional base increase impacts the 2006-07 budget. The following salary adjustments are included in the collective agreement and University budget:

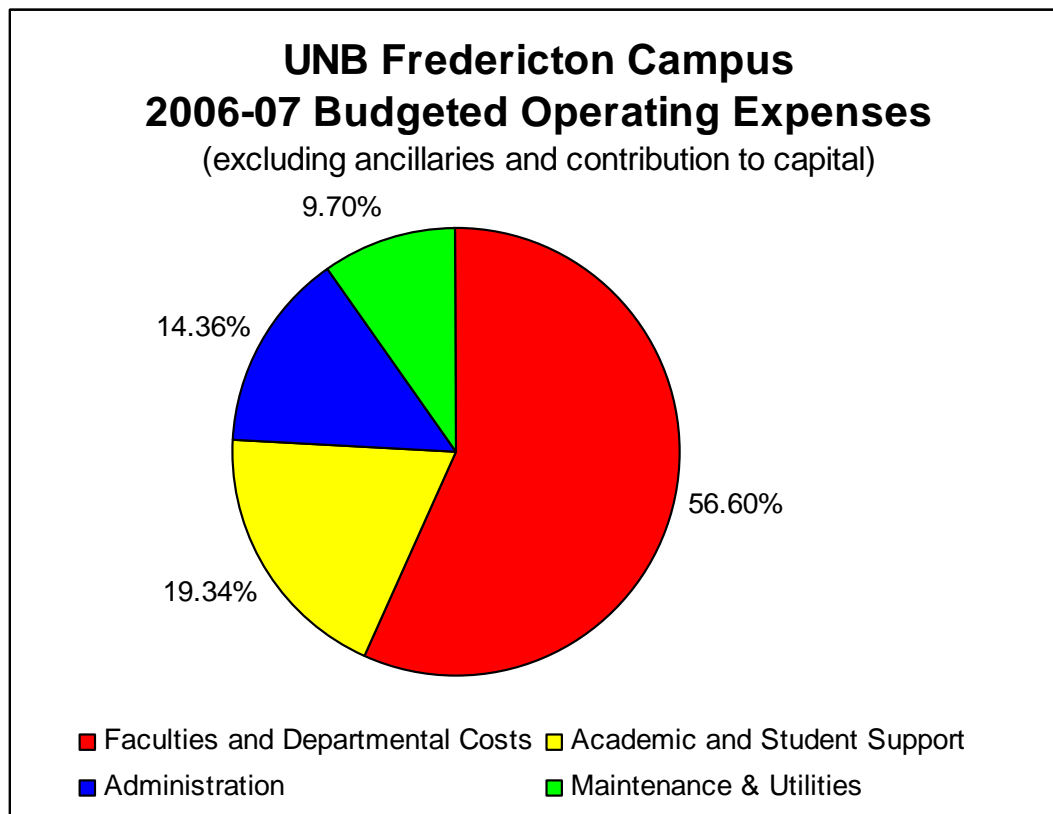
July 01, 2005	3.25%
November 01, 2005	1.00%
	4.25%
July 01 2006	2.25%
January 01, 2007	1.25%
	3.5%

In addition to the pressures relating to the rate of increase in expenses for existing activities, the University budgets also were squeezed as additional resources needed to be allocated to key priority areas including, scholarships and bursaries, graduate student support, libraries and student services, in order to improve the competitive position and quality in these areas.

A significant amount of budget work was therefore required to cover the actual level of basic expense increases and to reallocate available resources to University priority areas. On the Fredericton campus, basic expense levels were reduced by approximately \$1.8 million. As outlined in the budget context documents, budget adjustments of between 0% and 4% were implemented. These adjustments included an overall reduction of 18 continuing faculty positions as a result of attrition.

The Fredericton campus budget continues to include approximately \$1 million of annual expenditures that are variable in nature and subject to allocation to highest priorities on an annual basis. This funding was allocated to highest University and campus priorities through the Campus Budget Committee.

When the four main operating budget components are expressed in “piece of the pie” format, the following results:



The following table provides a historical comparison of the envelope allocations in comparison to the proposed 2006-07 amounts:

UNB Fredericton Campus			
Envelope % of Expenses			
(excluding ancillaries and contributions to capital)			
	<u>2004-05</u>	% of Expenses <u>2005-06</u>	<u>2006-07</u>
Faculties and Departmental Costs	57.29	56.67	56.60
Academic and Student Support	18.94	19.15	19.34
Administration and Development	14.44	14.61	14.36
Maintenance & Utilities	9.33	9.57	9.70

Faculties and Departmental Costs

This envelope contains operating funding for teaching and non-sponsored research activities of the Fredericton campus. Ongoing budget priorities are to provide diversity of programs and course offerings, consistent with the mission of the University, and to attract and retain national caliber faculty. The envelope, therefore, contains the salaries and benefits for faculty and support staff and day-to-day operating expenses required for these activities. Salary and benefit provisions are outlined in the overall University-wide budget summary.

The budget includes cost recoveries of \$2.0 million related to continuing academic positions that are financed from external sources. This funding includes support for Canada Research Chairs, endowed chairs, and other research chairs.

The cost pressures on this budget envelope included the afore mentioned increased contributions to the Academic Pension Plan and funding the salary rates pursuant with the new 4-year collective agreement with the Faculty Association. In order to manage this overall envelope, budget reductions of approximately \$1.6 million were made. The envelope also contains \$675,000 in new funding derived from the proposed new differential student fee for Engineering and an increase in the current differential fee for Law. When funding from these new items are excluded, the actual baseline cost increase was 3.62%.

The actual growth in this budget envelope is summarized as follows:

Budgeted Change from Previous Year Faculties and Departmental Costs			
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
% Budgeted Change	5.76%	2.89%	4.64%
\$ Budgeted Change (\$000's)	\$3,529.5	\$1,869.4	\$3,088.9

Academic and Student Support

This budget envelope contains costs associated with student services, operating budget contributions to scholarships, graduate and undergraduate student teaching assistantships, graduate research assistantships, library operations and other academic support activities.

The overall budget for this envelope in 2006-07 is \$23.8 million, an increase of 5.85% over the 2005-06 budget.

The following table illustrates the changes for this budget envelope over the last three years. These changes reflect the University-wide and campus specific priorities of:

- improving the overall level and quality of student services
- supporting strategic enrolment plans through expanding scholarship programs
- growth in the School of Graduate Studies and providing additional levels of support to graduate students
- sustaining and improving library offerings

Budgeted Change from Previous Year Academic and Student Support			
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
% Budgeted Change	16.26%	5.87%	5.85%
\$ Change (\$000's)	\$2,988.5	\$1,255.0	\$1,314.7

During this period of time, the Fredericton campus budget has allocated the following increases to key strategic areas:

- Graduate Student Support (GRA's, GTA's, & Graduate Scholarships) 36%
- Undergraduate Scholarships 28%
- Student Services 14%

Administration and Development

This budget envelope contains the expenses for operating various administrative and support activities that are provided through various departments including Office of the President, Human Resources, Integrated Technology Services, Vice-President Finance and Fredericton campus Property Planning, as well as developmental departments including, Development Office, Alumni, Marketing.

The overall final increase for this budget envelope was \$514,500 or 3.0% after reflecting budget reductions of \$185,000. The following table illustrates recent budget changes for this envelope.

Budgeted Change from Previous Year Administration and Development			
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Annual % Change	8.74%	4.43%	3.0%
Annual \$ Change (\$000's)	\$1,287.8	\$918.5	\$514.5

Within this portfolio there were several areas that faced higher than usual expenses including:

- Insurance costs for the University rose by over \$108,000, or 14%, as a result of an increasingly costly insurance market. Options to reduce costs, such as altering coverages and deductibles, were reviewed but not changed as they form an integral part of overall risk management framework.
- Legal costs have gradually risen over the past five years as more work has been required on property-related matters, pension issues, student issues and employment-related matters. The 2006-07 budget adjusted the baseline budget by \$27,000, or 15%, to more accurately reflect the ongoing costs.

The budget included \$44,000 in one-time funding to support costs associated with the joint review of the Academic Pension Plan.

This envelope does not include costs associated with the *Forging Our Futures* campaign as these costs are funded from campaign proceeds under a Board approved plan.

The envelope also does not reflect any additional costs for planned changes in Development activities at UNB that were reviewed by the External Relations Committee of the Board. Again, incremental costs associated with these changes are assumed to be offset by incremental revenues raised.

Maintenance and Utilities

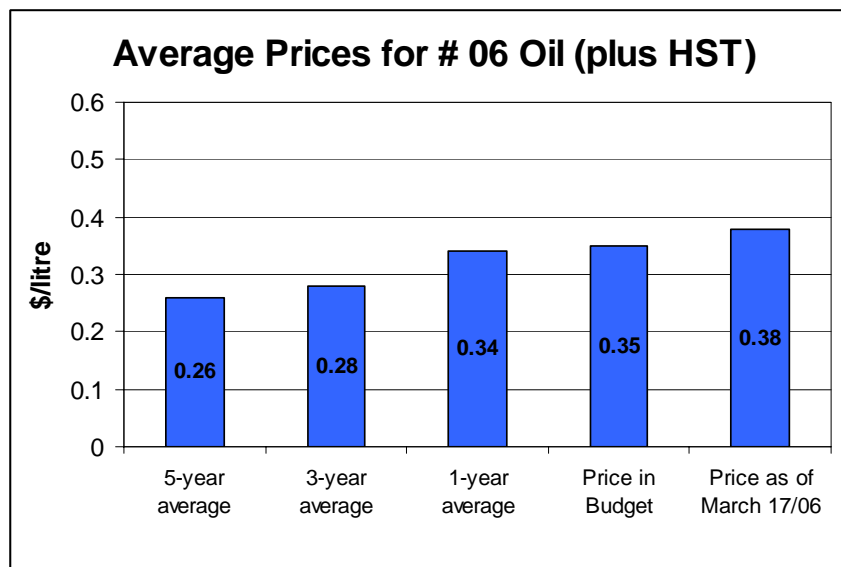
This budget envelope contains the costs of heat, electricity, water, cleaning and operational maintenance for Academic, Research and support buildings on the Fredericton campus. Over the last three years, there has been considerable pressure on this budget item as utility and fuel costs continue to rise and maintenance requirements increase with further aging of facilities.

Budgeted Change from Previous Year Maintenance and Utilities			
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
% Budgeted Change	5.89%	4.38%	6.26%
\$ Change (000's)	\$585.6	\$461.0	\$703.3

Heating, electricity and water account for over 40% of the costs of this envelope. These items are budgeted to increase by nearly \$350,000 or approximately 7.50% in 2006-07. The overall Canadian CPI for the utilities component of the index was 6% for the year ended December 31, 2005. Further increases are expected in 2006-07 in electricity prices as N.B. Power is poised to announce commercial rate increases of approximately 8%.

The heating budget continues to reflect best estimate of fuel source costs, wood, No.2 oil, No.6 oil, and natural gas, with approximately 58% of the costs associated with No.6 oil.

The following table illustrates recent average prices for No.6 oil (plus hst):



The Central Heating Plant utilizes approximately 5.5 million litres of this fuel per year

The operating budget is, therefore, vulnerable to potential variances in world fuel costs. Every 1¢ change in the price of fuel has a \$30,000 impact on the campus operating budget. The campus has a fuel price reserve should a sudden price spike materialize.

Management strategies and initiatives to mitigate cost increases in this area include:

- energy management program (investments made to upgrade facilities and controls which result in lower consumption). Analyses illustrate annual energy savings of approximately \$350,000 from these investments.
- fuels management/operational strategy (technology assists in determining appropriate blending of fuel sources to achieve cost effectiveness). Estimated annual savings in heating costs from this initiative are \$150,000.
- Infrastructure renewal plan includes installation of new multi-purpose heating boilers
- Bulk purchasing of fuel through University consortium.

The balance of the budget envelope, approximately 60% is for operational maintenance and cleaning. The routine and preventative maintenance at UNBF, as a percentage of current replacement value, is as follows:

Annual Funding Buildings and Grounds Maintenance as a % of Current Replacement Value		
	<u>UNB</u>	<u>CAUBO & APPA Guidelines</u>
Ratio	.79%	.50% - 2.50%

The budget envelope also includes a one-time allotment of \$30,000 for software that will enhance the ability to perform multi-year infrastructure renewal planning.

Contribution to Capital Budget

The operating budget contains two budget lines to account for funding transferred into the capital budget to be used for major maintenance, infrastructure renewal and improvements. The sum of \$250,000 is permanently included in the campus maintenance budget as a provision for the capital budget. In addition, there is an additional \$250,000 that has been allocated on a one-time basis as part of the 2006-07 budget process. The funding for this additional contribution comes from revenues associated with enrolments above long-term corridor levels. These funds will be spent after they are earned and, therefore, will be used in the 2007-08 project allocations.

**Operating Contributions
Towards the Capital Budget
For Infrastructure Renewal
\$(000's)**

	<u>2005-06</u>	<u>2006-07</u>
- Included in Maintenance Budget	\$250,000	\$250,000
- Additional Contribution to Capital Budget	625,000	250,000

The level of the additional contribution in 2006-07 decreased from 2005-06 levels as the level of available funding decreased due to a forecasted decline in student enrolment. The overall level of infrastructure renewal funding is outlined in the capital budget.

Net Ancillary Operations

Certain aspects of campus operations are accounted for as business units with separate budgets and profit and loss statements. The Wu Conference Centre, Residence System (separate budget), and Imaging Services are either self sustaining or generate a small contribution towards the University budget. The Aitken University Centre has an excess of operating expenses over revenues representing a net cost to the University for the flexibility and services provided by the facility. As an ancillary entity, the AUC is not eligible for any government funding including infrastructure renewal. A small budget for facilities renewal is included in the annual AUC budget, however, building assessments indicate significant renewal challenges lie ahead for this facility.

**Fredericton Campus
Net Cost of Ancillary Operations**

	\$(000's)	
	<u>2005-06 Budget</u>	<u>2006-07 Budget</u>
Aitken University Centre	\$216.3	\$222.8
UNBF Bookstore (computer sales only)	50.3	38.9
Wu Centre Contribution	<24.1>	<50.5>
Net Cost	<u>\$242.5</u>	<u>\$211.2</u>

University of New Brunswick

**Fredericton Campus
2006-07 Operating Budget**

Schedules

**UNIVERSITY OF NEW BRUNSWICK
FREDERICTON
2006-2007 OPERATING BUDGET
\$ (000)**

	Approved 2005-2006 Budget (Restated)	Proposed 2006-2007 Budget	\$ Change	% Change
REVENUE				
Provincial Operating Grant	\$71,207.1	\$73,911.1	2,704.0	3.80%
Tuition Revenue	\$38,858.1	\$41,111.2	2,253.1	5.80%
Other Revenue	\$8,221.1	\$8,479.0	257.9	3.14%
Total Revenue	\$118,286.3	\$123,501.3	5,215.0	4.41%
EXPENSE				
Academic and Research				
Faculties and Departmental Costs	66,546.3	69,635.2	3,088.9	4.64%
Academic and Student Support	22,483.3	23,798.0	1,314.7	5.85%
	<u>89,029.6</u>	<u>93,433.2</u>	<u>4,403.6</u>	<u>4.95%</u>
Administration and Support Services				
Administration & Development	17,154.8	17,669.2	514.5	3.00%
Maintenance & Utilities	11,234.3	11,937.7	703.3	6.26%
	<u>28,389.1</u>	<u>29,606.9</u>	<u>1,217.8</u>	<u>4.29%</u>
Total Operating Expense	<u>117,418.7</u>	<u>123,040.2</u>	<u>5,621.4</u>	<u>4.79%</u>
Contribution to Capital	625.0	250.0	(375.0)	-60.00%
Net Ancillary Operations	242.5	211.2	(31.3)	-12.92%
	<u>867.5</u>	<u>461.2</u>	<u>(406.3)</u>	<u>-46.84%</u>
Total Expenses	<u>\$118,286.2</u>	<u>\$123,501.3</u>	<u>5,215.1</u>	<u>4.41%</u>
NET POSITION	<u><u>\$0.0</u></u>	<u><u>(\$0.0)</u></u>	<u><u>\$0.0</u></u>	