

University of New Brunswick

Saint John Campus

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

March, 2006

The success of the Saint John campus lies in its ability to align available resources with campus priorities that in turn flow from the mission and vision of the University, the President's vision, and the framework for academic planning adopted by the Saint John Senate late in 2005. The 2006-7 budget continues the practice of careful financial management coupled with addressing key goals and measuring our progress towards them.

This has been a particularly challenging budget exercise. The Saint John campus is especially sensitive to even moderate fluctuations in enrolments (a much higher proportion of our operating revenue comes from student tuition than is the case in Fredericton), and long-predicted demographic declines are already apparent in our current and projected enrolments. Declining international student enrolments have an even greater impact because of the loss of international differential fees. At the same time, our costs are projected to rise significantly: utilities in particular, but also the salary/benefit component of the operating budget. We have relatively little flexibility in our faculty complement, which on average is younger than that of the Fredericton campus: there are relatively few scheduled retirements in the next five years, and there is no significant pattern of faculty electing to avail themselves of the retirement provisions of the "85 factor". Thus, there are relatively few opportunities to reduce complement by attrition. Uncertainty with respect to ongoing government funding levels, as well as awareness of rising student debt levels and limits on their ability and/or willingness to accept large tuition increases, add to the challenges we face for the coming year and in the foreseeable future.

Structuring a balanced budget has required some significant reductions in expenditures, including reductions in staff and faculty complement. At the same time, we have been able to maintain our focus and our financial commitment to some of the broad priority areas defined in previous years: student support and services, both academic and non-academic, and ongoing renewal of our facilities. We have also been able to ensure a modest "flex" fund for one-time needs, some of which will support academic departments as they transition to a leaner and more efficient model of programme delivery. At a time of increasing competition in both domestic and international markets, it is imperative that we maintain acceptable levels of support for students; that quality of programmes be ensured; that we retain our ability to attract and keep excellent faculty and staff. To meet this objectives in the current fiscal climate will require no small measure of culture change.

The broad priority areas for the coming year are as follows:

Academic and Student Support:

Scholarships and other forms of financial aid to students continue to be an important priority, though the needs continue to outstrip available resources. We have maintained levels of support in these areas, and we will continue support for services such as career counselling and work placements, the writing centre, the math help centre, and the health centre, all of which are heavily used by students.

Necessary reductions have meant some shrinkage in delivery of programmes, most especially by

reductions in the number of courses delivered by part-time (stipendiary) faculty. Much valuable teaching is delivered via such courses, which in some programmes offer a cost-effective way of ensuring currency of curricular offerings. However, we must guard against excessive reliance on an apparently inexpensive mode of curriculum delivery, which can create a false sense of programme scope and permanence, while adding little to the service and research culture of the university. Flex funding will assist in provision of resources with which to address high enrolments and programme innovation. At the same time, reductions should force some changes in status quo assumptions, and this will be the planning focus for the coming year.

Ensuring Infrastructure Support:

Until recently, the proportion of the operating budget directed to academic and student support services, physical plant, and equipment renewal has been low. Beginning in 2003, the campus began a focused effort to ensure operating budget support (in addition to capital budget resources) for a number of initiatives aimed at enhancing the learning and paracurricular environment of our campus community. The needs far exceed available resources, but we will continue our planned approach to improvements and enhancements, with a number of significant projects scheduled for the summer of 2006 and subsequently. Prioritization of support initiatives has been based on 1) health, safety, and accessibility considerations; 2) rejuvenation and enhancement of teaching and learning spaces; 3) improvements of technological and related infrastructure that will contribute to better integration of data and enhanced service provision. Allocation of operating resources to maintenance and renewal of infrastructure and physical plant is a multi-year strategy aimed at ensuring continuous improvement in the teaching and learning environment.

Recruitment and Retention of Students, Faculty, and Staff:

Recruitment of students is obviously fundamental to our survival. To this end, and in constrained fiscal circumstances, it will be vital to develop innovative and cost-effective ways of promoting the campus and its programmes. Our improved data-gathering capacity (a result of earlier priority funding decisions) will be of great value in further development of effective enrolment management, from recruitment to graduation.

It is likely that recruitment of faculty will be relatively modest in the coming year, but retention is likely to become the next challenge. Although the recent collective bargaining round has resulted in considerably enhanced compensation for faculty, we do not yet know the effect of this improvement on retention. As was foreseen in our academic framework document, enhanced and consistent support and recognition mechanisms will play an important role in acknowledging the value of dedicated and well-qualified employees.

Looking Ahead:

It is abundantly clear that the Saint John campus faces major challenges. Reducing expenditures is only one means of addressing them. There is an immediate and long-term need to identify and implement efficiencies in a broad range of our operations, from more flexible curricular management to cross-training of service employees in some sectors, to more effective communication that raises

awareness of the magnitude of the issues. In addition, and urgently, the campus must pursue new revenue streams, whether through land management and development strategies or identifying new student markets. This effort is ongoing, but must be supported by effective communication of our needs, our constraints, and the realities of the environment in which we function.

**University of New Brunswick
Saint John Campus**

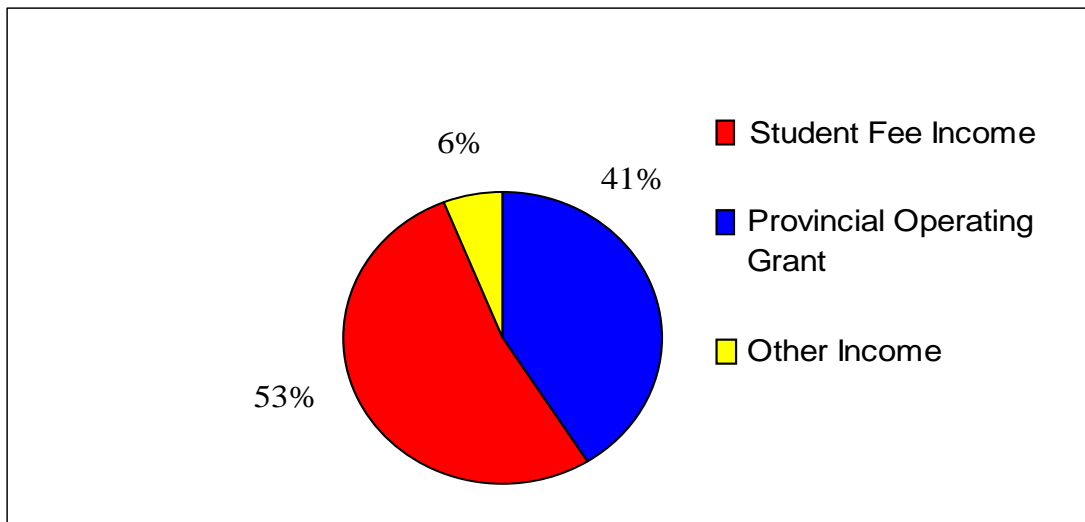
2006 - 07 Operating Budget Plan

**UNIVERSITY OF NEW BRUNSWICK
SAINT JOHN CAMPUS
2006-07 Operating Budget**

REVENUE

Overall operating revenues are budgeted at \$32.9 million representing a 3.09 % increase over the 2005-06 budgets. Revenues are comprised of the following sources:

**UNB Saint John Campus
Composition of 2006-07 Budgeted Operating Revenues**



The budgeted level of revenue growth of \$988 thousand in 2006-07 can be accounted for on the following basis:

| | \$ (000's) | % |
|--|---------------|---------------|
| | <u>Change</u> | <u>Change</u> |
| - Growth from baseline operations | \$1,513 | 4.7% |
| - Decrease from enrolment budget exceeding long-term targets | <u>(525)</u> | <u>(1.6%)</u> |
| | <u>\$ 988</u> | <u>3.1%</u> |

The budgeted level of baseline operations growth in previous years has been:

| | |
|---------|-------|
| 2001-02 | 13.2% |
| 2002-03 | 8.4% |
| 2003-04 | 9.1% |
| 2004-05 | 16.4% |
| 2005-06 | 2.7% |

The major contributing factor for this budget years' revenue growth can be contributed to the proposed tuition rate increase and provincial government support.

The following table illustrates the composition of budgeted revenues in comparison to the 2005-06 budgets in (\$000)'s:

| | <u>2005-06 Budget</u> | <u>2006-07 Budget</u> | <u>\$ Change</u> | <u>% Change</u> |
|----------------------------|----------------------------------|----------------------------------|-----------------------------|----------------------------|
| Provincial Operating Grant | \$13,019 | \$13,365 | \$346 | 2.6% |
| Tuition Revenue | 17,268 | 17,551 | 283 | 1.6% |
| Other Income | 1,658 | <u>2,017</u> | <u>359</u> | <u>21.6%</u> |
| | <u>\$31,945</u> | <u>\$32,933</u> | <u>\$988</u> | <u>3.1%</u> |

An analysis of each major revenue category follows:

Provincial Operating Grant

The Provincial operating grant remains a major source of funding for the Saint John campus. It is important to highlight, however, the provincial grant represents 41% of the campus total revenue, less than student fee income representing 53%. This is significant from a financial exposure perspective. Student enrolment fluctuations have a relatively greater financial impact for the Saint John campus as compared to the Fredericton campus. In addition to this, our international student component represents over 20% of our total student body.

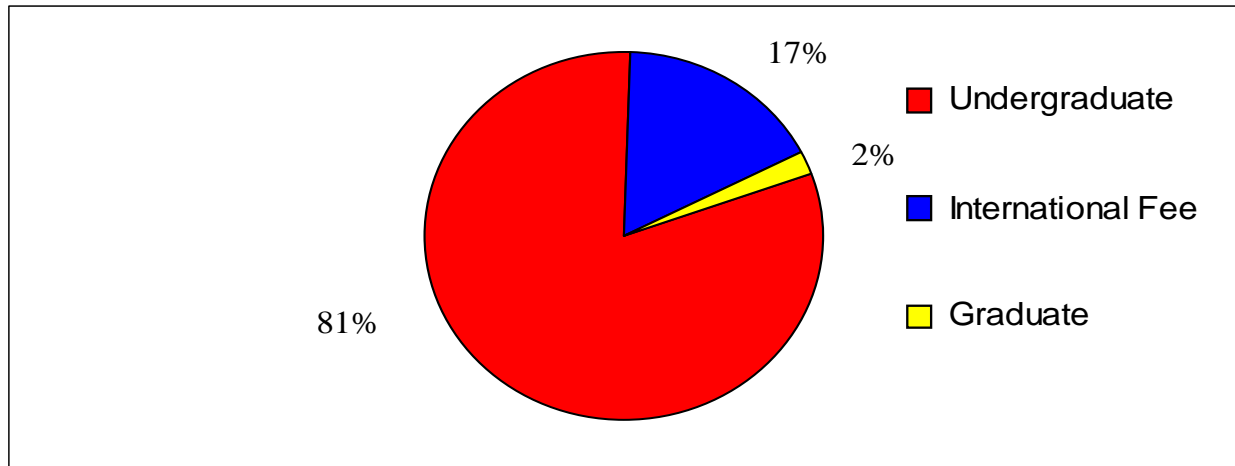
The actual Provincial grant is not known at this time, however, for planning purposes the increase of 2.6% is being used based upon the latest information available from provincial officials. This support from the Province has had a direct impact on the level of increase in tuition fees being recommended for 2006-07.

| Provincial Operating Grant Increase | | |
|--|--------------------------|--------------------------|
| | 2005-06 <u>Actual</u> | 2006-07 <u>Budget</u> |
| Overall Increase to New Brunswick Universities | 4.60% | 4.94% |
| UNB Saint John Increase | 3.26% | 2.66% |

Tuition Revenue

Tuition fee income on the Saint John campus is forecast to increase by \$283 thousand or 1.6% compared to 2005-06 budget levels. The composition of the 1.6% change in student fee income is illustrated by the following table and chart:

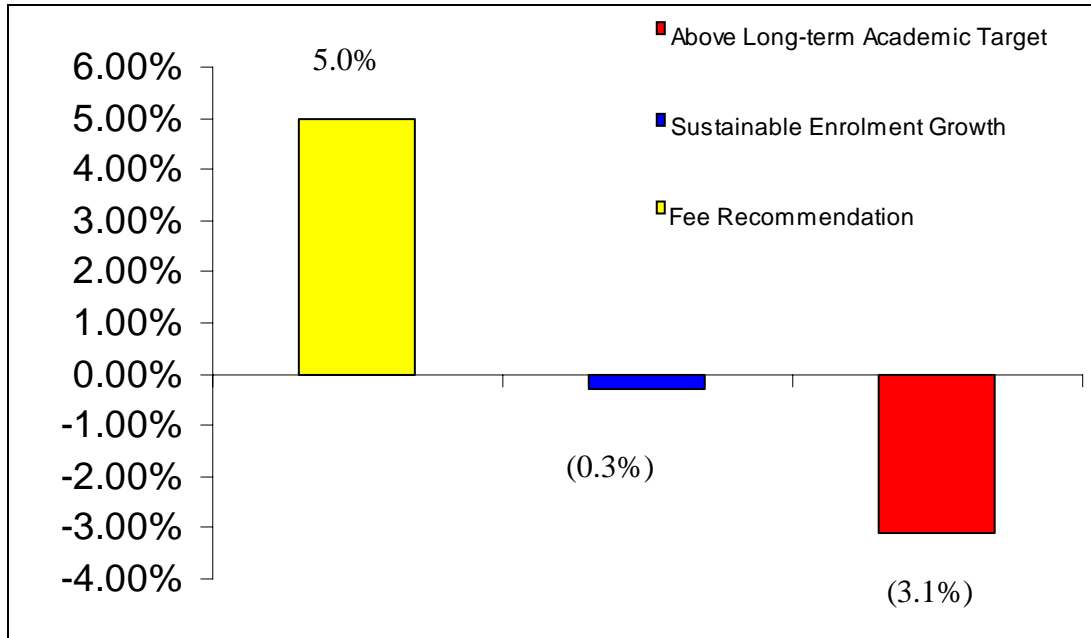
**UNB Saint John Campus
2006-07 Budgeted Tuition Income**



**UNB Saint John Campus
Composition of Change in Budgeted Tuition Income
From 2005-06 to 2006-07**

| | \$ (000's) <u>Change</u> | % <u>Change</u> |
|--|-----------------------------|--------------------|
| - Additional income from tuition fee recommendations | \$863 | 5.0% |
| - Tuition fee income from enrolment decline | (55) | (0.3%) |
| Baseline change | 808 | 4.7% |
| - Tuition fee income from budgeted enrolments above long-term academic targets | (525) | (3.1%) |
| Total Change | <u>\$283</u> | <u>1.6%</u> |

UNB Saint John Campus
1.6% Change in Tuition Fee Income
2005-06 Budget to 2006-07 Budget



This chart illustrates the 3% decline in student enrolments on the Saint John campus. The baseline full time undergraduate student enrolment is not expected to change for 2006-07. The reduction in student enrolment can be contributed to the decline in part time undergraduate students, and student enrolment above long-term targets. The operating budget includes \$1.2 million, which will be used for capital renewal purposes in 2007-08 should the projected enrolments actually materialize

Other Income

The majority of the increase (\$330,000) in other income is attributable to the inclusion of the clinical nursing revenue the University is expected to receive in 2006-07. This revenue relates to the existing nursing program, and we are confident this revenue will be realized in this budget year. If the University is unsuccessful in securing this revenue, the flex fund the campus created will be reduced accordingly.

Enrolments

Overall Enrolment

Budgeted enrolment levels along with recent historical comparisons are illustrated below:

| UNB Saint John Campus Student Enrolment (FTE's) | | | | | | |
|--|------------------------------------|-------------------------------|---|--------------|---------------|-----------------|
| | <u>Full-Time Undergraduate</u> | <u>Full-Time Graduate</u> | <u>Part-Time Undergraduate and Graduate</u> | <u>Total</u> | <u>Change</u> | <u>% Change</u> |
| 1998 | 1886 | 46 | 102 | 2034 | - | - |
| 1999 | 1869 | 90 | 81 | 2040 | 6 | 0.3 |
| 2000 | 2057 | 80 | 76 | 2213 | 173 | 8.4 |
| 2001 | 2189 | 95 | 88 | 2372 | 159 | 7.1 |
| 2002 | 2292 | 81 | 102 | 2475 | 103 | 4.3 |
| 2003 | 2516 | 84 | 93 | 2693 | 218 | 8.9 |
| 2004 | 2554 | 84 | 90 | 2728 | 35 | 1.3% |
| 2005 B | 2504 | 84 | 121 | 2709 | (19) | (0.7%) |
| 2006 B | 2494 | 69 | 62 | 2625 | (84) | (3.1%) |

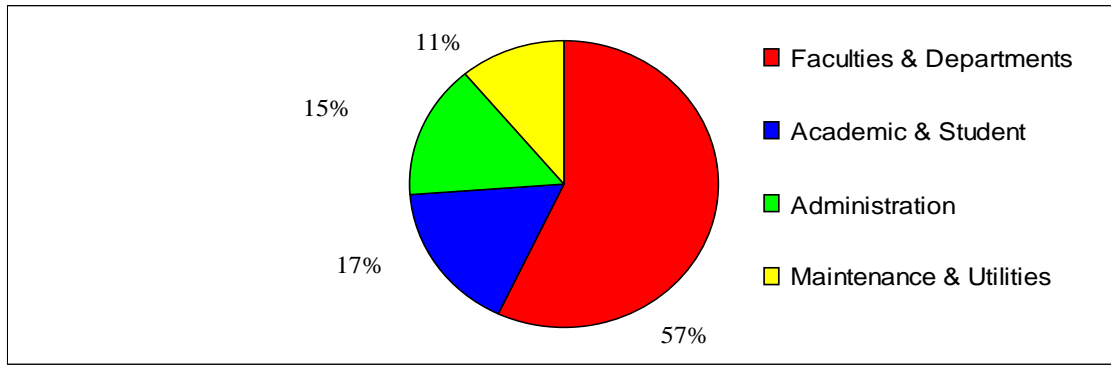
Undergraduate Enrolment

The overall budgeted level of FTE enrolments is forecast to be 2,625 in 2006-07, which represents a decrease of 84 FTE students from the budgeted level of 2,709 in 2005-06. Unfortunately, from a financial perspective, the majority of this decline is expected to occur within the international student population.

EXPENSES

Overall operating expenses are budgeted at \$32.9 million for 2006-07, an increase of \$988 thousand or 3.09% in comparison to the 2005-06 budget.

UNB Saint John Campus 2006-07 Budgeted Operating Expenses



The following table illustrates the composition of the 2006-07 budget operating expenditures in comparison to the 2005-06 budget levels.

| | <u>2005-06 Budget \$</u> | <u>2006-07 Budget \$</u> | <u>\$ Change</u> | <u>% Change</u> |
|----------------------------------|-------------------------------------|-------------------------------------|-----------------------------|----------------------------|
| Faculties and departmental costs | \$17,638 | \$18,026 | \$388 | 2.2% |
| Academic and student support | 5,121 | 5,275 | 154 | 3.0% |
| Administration | 4,660 | 4,754 | 94 | 2.0% |
| Maintenance & utilities | 3,176 | 3,528 | 352 | 11.1% |
| Net ancillary operations | 150 | 150 | 0 | 0.0% |
| Contributions to capital | <u>1,200</u> | <u>1,200</u> | <u>0</u> | <u>0.0%</u> |
| Total | <u>\$31,945</u> | <u>\$32,933</u> | <u>\$988</u> | <u>3.1%</u> |

The following table illustrates the distribution of expenditures to the main budget portfolios in comparison to the previous years' allocations.

UNB Saint John Campus
Portfolio % of Expenditure (excluding Ancillaries) Budget Comparison
% of Expenditures

| | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> |
|----------------------------------|----------------|----------------|----------------|
| Faculties and Departmental Costs | 58.8 | 57.7 | 57.1 |
| Academic and Student Support | 16.3 | 16.7 | 16.7 |
| Administration | 15.1 | 15.2 | 15.0 |
| Maintenance and Utilities | <u>9.8</u> | <u>10.4</u> | <u>11.2</u> |
| | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |

As reported at previous Board meetings, these portfolios and their respective percentages are used as an integral part in formulating the operating budget. For example, the academic and student support portfolio was not reduced in order to address the rising utility costs for the campus.

Faculties and Departmental Costs

This portfolio represents the teaching and research costs for the Saint John campus. Included in the portfolio are the salaries and benefits for faculty and support staff, and the direct operating expenses for the three faculties and related departments.

The overall campus strategy was to reduce expenditures by 6%; 4% was required to balance the budget and 2% would be to create a “flex” fund in order to re-deploy in areas where enrolments increased relatively at a greater rate than in other departments.

Increases in faculty salaries, expansion of the research agenda, and the continuation of the funding challenges of the academic pension plan have put significant pressure on this budget portfolio. There will be reductions in the teaching capacity for the campus, in particular, the campus has reduced the size of the bargaining unit in order to address the budget challenge.

| UNB Saint John Campus Major Inputs to Budget Portfolio | | |
|--|----------------|----------------|
| | <u>2005-06</u> | <u>2006-07</u> |
| -Estimated average increase in faculty salaries for the adjustment and the specified supplements | 3.7% | 3.33% |
| -Salary increase for support staff in faculties, mainly members of CUPE | 3.0% | 3.0% |
| -Estimated increase in all benefits excluding faculty pension | 5.0% | 5.0% |
| -Forecasted increase in faculty pension costs | 5.0% | 14.71% |

Academic and Student Support

This portfolio is comprised of student services, scholarships, graduate student support, including teaching and research assistantships, campus recreation and athletics, as well as certain departments that directly support teaching and research activities such as the library, web, and multimedia services.

This portfolio was a high priority for the Saint John campus, and the growth rate of 3% and maintaining its relative portfolio percentage reflects this.

Administration

This portfolio includes salaries, benefits and non-salary operating expenses for the Vice President’s office, registrar and University-wide services. Expenditure reductions were made in this portfolio, which produced the rate of growth of 2%.

Maintenance and Utilities

This portfolio of expenses includes the heat, power, water, waste disposal, maintenance, repairs and cleaning costs for the academic and research support activities on the Saint John campus. The expected price increases for heating, power and water costs and the impact of the Canadian Rivers Institute, coming on line in June, reflect the significant growth rate in this portfolio.

University of New Brunswick

Saint John Campus
2006-07 Operating Budget

Schedules

UNIVERSITY OF NEW BRUNSWICK
SAINT JOHN
2006-2007 OPERATING BUDGET
\$ (000)

| | Approved 2005-2006 Budget | Proposed 2006-2007 | \$ Change | % Change |
|--|--|-------------------------------|----------------------|---------------------|
| REVENUE | | | | |
| Provincial Operating Grant | \$13,019.0 | \$13,365.2 | 346.2 | 2.66% |
| Tuition Revenue | \$17,268.7 | \$17,551.1 | 282.4 | 1.64% |
| Other Revenue | \$1,657.7 | \$2,017.3 | 359.6 | 21.69% |
| Total Revenue | \$31,945.4 | \$32,933.6 | 988.2 | 3.09% |
| EXPENSE | | | | |
| Academic and Research | | | | |
| Faculties and Departmental Costs | 17,637.9 | 18,026.0 | 388.1 | 2.20% |
| Academic and Student Support | 5,120.8 | 5,275.2 | 154.4 | 3.02% |
| | <u>22,758.7</u> | <u>23,301.2</u> | <u>542.5</u> | <u>2.38%</u> |
| Administration and Support Services | | | | |
| Administration | 4,660.3 | 4,753.9 | 93.6 | 2.01% |
| Maintenance & Utilities | 3,176.4 | 3,528.5 | 352.1 | 11.09% |
| | <u>7,836.7</u> | <u>8,282.4</u> | <u>445.7</u> | <u>5.69%</u> |
| Total Operating Expense | 30,595.4 | 31,583.6 | 988.2 | 3.23% |
| Contribution to Capital | 1,200.0 | 1,200.0 | 0.0 | 0.00% |
| Net Ancillary Operations | 150.0 | 150.0 | 0.0 | 0.00% |
| | <u>1,350.0</u> | <u>1,350.0</u> | <u>0.0</u> | <u>0.00%</u> |
| Total Expenses | \$31,945.4 | \$32,933.6 | \$988.2 | 3.09% |
| NET POSITION | <u><u>(\$0.0)</u></u> | <u><u>(\$0.0)</u></u> | <u><u>\$0.0</u></u> | |

University of New Brunswick
Proposed Saint John Parking Pass Fees

| <u>Saint John Campus</u> | <u>2005-06</u> | <u>2006-07</u> |
|--------------------------|----------------|----------------|
| 12 month | 130 | 150 |
| 8 month faculty/staff | 90 | 100 |
| 8 month student | 70 | 70 |
| 4 month faculty/staff | 60 | 70 |
| 4 month student | 50 | 50 |
| | | |
| \$ from fees | \$135,000 | \$140,000 |

| <u>Fredericton Campus</u> | <u>2006-07</u> |
|---------------------------|----------------|
| 12 month | 180 |
| 8 month faculty/staff | 120 |
| 8 month student | 70 |
| 4 month faculty/staff | 80 |
| 4 month student | 50 |
| | |
| \$ from fees | \$320,000 |