

University of New Brunswick

**Saint John Campus
2008-09 Operating Budget**

Executive Summary

Revenues

Saint John Campus budgeted revenues have decreased by \$0.9 Million (or 2.8%) over 2007-08. Major drivers are:

- Base growth in the Provincial Operating Grant (assuming a 3% increase to the Government Grant Pool) translates into a 3.8% increase over 2007-08 budgeted revenue;
- Incremental growth in the Provincial Operating Grant (assuming Province's announcement of a grant-in-exchange for tuition freezes on undergraduate enrolment) translates into a 3% increase over 2007-08 budgeted revenues;
- Increases in our Indirect Costs of Research, Short Term Investment Income and savings in Bank Charges/Bad Debt translate into a 0.5% increase over 2007-08 budgeted revenues.

This is more than offset by:

- Enrolment trends result in a 12.1% decrease from 2007-08 budgeted revenues.

Expenses

Saint John Campus budgeted expenses have increased by \$0.2 Million (or 0.7%) over 2007-08.

As in prior years, there has been a tremendous amount of pressure on Expenses leading into the 2008-09 budget. Without mitigation, it is estimated that the Saint John Campus would have required an additional \$1.0 million in costs. Including these additional costs, expenses would have increased by \$1.2 million (or 3.6%) over the 2007-08 budget.

Major drivers of this year's 0.7% expense growth are:

- Typical increases related to human resources and non-salary inflationary pressures (of between 2.5% and 4.0%).
- The Vice-President Saint John has identified approximately \$350,000 of permanent salary savings for this budget plan.
- Rising fuel prices have resulted in \$60 Thousand increase over the 2007-08 budget year.

One-Time Items

In order to mitigate the structural deficit of \$2.2 Million, the Vice-President Saint John has authorized the one-time use of internal reserves in the amount of \$200 Thousand as well as the one-time use of priority funds which have traditionally been retained in the annual budget of the Saint John Campus in the amount of \$500 Thousand. The Vice-President is proposing a Special Allocation to Recruitment & Retention in the amount of \$300 Thousand in order to facilitate additional marketing and advancement activities in order to aid the sustainability of the Campus aspect of the \$1 Million special contribution. Once all these measures are implemented, the Saint John Campus proposes a Deficit of \$796 Thousand.

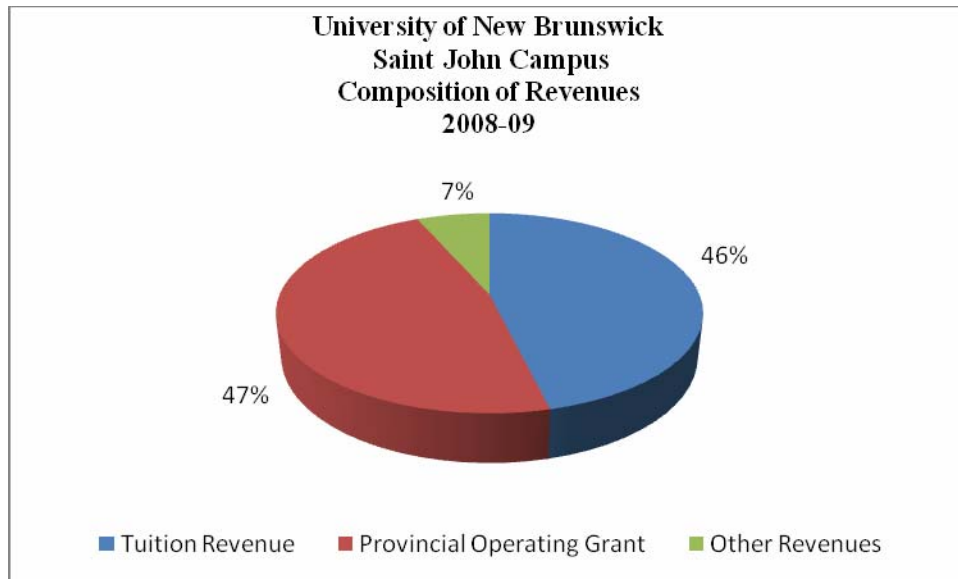
Ongoing Strategies

Despite considerable fiscal challenges, the Saint John Campus has invested additional ongoing funding towards increased support for the following important items:

- Student Health Clinic;
- Library acquisitions;
- Increasing support for Vice President's Excellence in Teaching activity.

Revenue

Overall operating revenues for the Saint John Campus are budgeted at \$31.1 Million. This represents a decrease of \$0.9 Million (or 2.8%) over the 2007/08 budget. Revenue is comprised of the following sources:



The following table further illustrates the composition of budgeted revenues and provides a year-to-year comparison of each source:

Saint John Campus	\$(000's)				
	Approved Budget	Approved Budget	Proposed Budget	Increase (Decrease)	
	2006-07	2007-08	2008-09	Dollars	Percent
Provincial Operating Grant	\$13,365.2	\$13,865.6	\$14,809.4	\$943.8	6.8%
Tuition Revenue	17,551.1	16,273.3	14,298.2	(1,975.1)	(12.1%)
Other Revenues	2,017.3	1,896.6	2,046.6	150.0	7.9%
Total Revenues	\$32,933.6	\$32,035.5	\$31,154.2	\$(881.3)	(2.8%)

The following table provides a comparison of the relative portion of budgeted revenues, by source, for the last three years:

Saint John Campus	Approved Budget	Approved Budget	Proposed Budget
	2006-07	2007-08	2008-09
Provincial Operating Grant	40.6%	43.3%	47.5%
Tuition Revenue	53.3%	50.8%	45.9%
Other Revenues	6.1%	5.9%	6.6%
Total Revenues	100.0%	100.0%	100.0%

Base revenue growth for 2008-09 includes the following key assumptions:

- A base increase to the provincial operating grant pool available to New Brunswick universities of 3%;
- Additional funding of \$413 Thousand (or 3%) as compensation for the impact of freezing tuition fees for domestic students at 2007-08 levels;
- An overall tuition fee increase for undergraduate international students of approximately 3.5%, by increasing the Supplementary Tuition Fee for Visa Students (i.e. international differential) by 7%;
- A decision by the University to freeze the international differential for graduate students;
- Enrolment projections prepared by the Campus Registrar and approved by the Saint John Campus Budget Management Committee in February, 2008.

Provincial Operating Grant

The Provincial Operating Grant represents nearly 47% of budgeted revenues on the Saint John Campus.

The Provincial Operating Grant is impacted by the announcement by the Provincial Government to provide New Brunswick universities an operating grant increase in exchange for a tuition freeze. The value of the tuition increase forgone by the Campus is estimated at \$400 Thousand.

As compared to the 2007-08 budget, Provincial Operating Grant revenue is budgeted to increase by \$944 Thousand (or 6.8 %) in 2008-09. At the time of budget preparation, the level of the Provincial Operating Grant allocated to the University is not known with certainty, and is subject to both government pronouncements and implementation policies of the Maritime Provinces Higher Education Commission.

As compared to the actual grant received in 2007-08, Provincial Operating Grant revenue is budgeted to increase by \$876 Thousand (or 6.3%) in 2008-09. The following table details key information with regard to the Provincial Operating Grant:

Operating Grant			Proposed		
	Actual	Actual	Budget	Increase (Decrease)	
	2006/07	2007/08	2008/09	Dollars	Percent
Fredericton Campus	\$74,069.8	\$77,239.6	\$80,925.7	\$3,686.0	4.8%
Saint John Campus	\$13,372.2	\$13,933.2	\$14,809.4	\$876.2	6.3%
Operating Grant Above Base	\$0.0	\$0.0	\$1,100.0	\$1,100.0	
University of New Brunswick	\$87,442.0	\$91,172.8	\$96,835.1	\$5,662.2	6.2%

Tuition Revenue

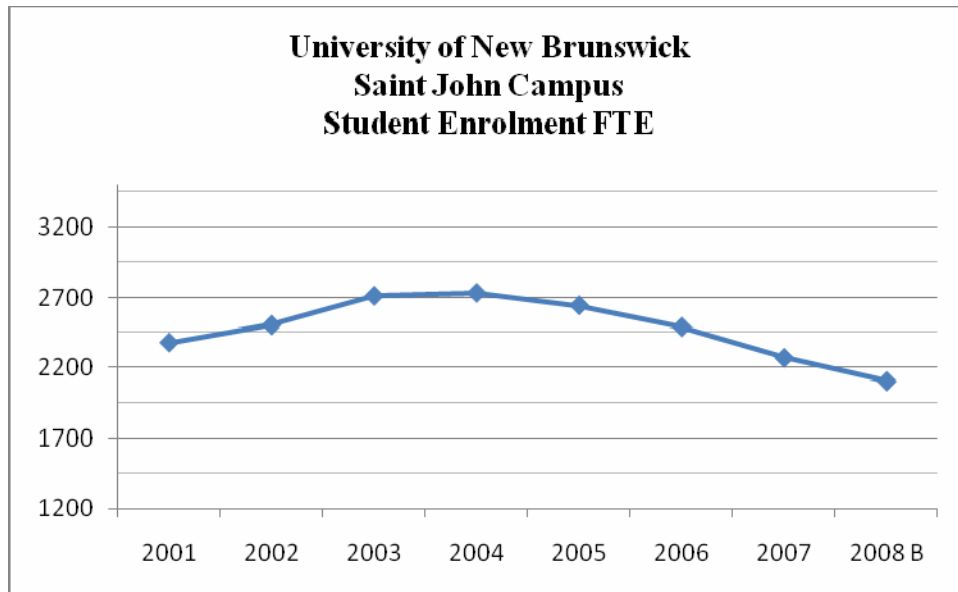
Tuition Revenue has traditionally represented about 50% of budgeted revenues on the Saint John Campus, the combined impact of lower enrolment and the Provincial government's freeze on tuition rates has resulted in a decrease of almost 5% when compared with the 2007-08 budget.

2008-09 tuition revenue is budgeted to decrease by \$1.975 Million (or 12.1%) in comparison to last year's budget. Actual enrolments were less than budgeted in 2007-08 and the enrolment in 2008-09 is forecast to decrease by 7.3%.

The overall decline in enrolment on the Saint John Campus is expected to decrease for the fourth consecutive year. Decreases in undergraduate enrolment are largely driven by:

- A declining population in New Brunswick;
- An already high rate of participation in universities in New Brunswick; and,
- An increasingly complex and competitive market place.

UNB Saint John Campus Student Enrolment (FTE's)						
	Full Time Undergraduate	Full Time Graduate	Part Time Undergraduate and Graduate	Total	Change	% Change
2001	2205	88	91	2384	-	7.1%
2002	2317	80	110	2507	123	5.2%
2003	2535	79	101	2715	208	8.3%
2004	2575	72	89	2736	21	0.8%
2005	2495	66	86	2647	(89)	(3.3%)
2006	2347	66	81	2494	(153)	(5.8%)
2007	2112	89	73	2274	(220)	(8.8%)
2008 B	1947	90	72	2109	(165)	(7.3%)



Other Revenue

While Other Revenue has traditionally represented about 6% of budgeted revenues on the Saint John Campus, the 2008-09 Budget assumes growth to almost 7%. In 2008-09, Other Revenue has increased by \$150 Thousand (or 8%). Other Revenue is comprised of the following items:

Saint John Campus	\$(000's)			
	Approved Budget 2007-08 (Restated)	Proposed Budget 2008-09	<u>Increase (Decrease)</u>	
			\$	Percent
Indirect Costs of Research	\$ 176.0	\$ 176.0	\$ -	0.0%
Short-term Investment Income	240.0	300.0	60.0	25.0%
Shared Services with Fredericton Campus	249.2	244.6	(4.6)	(1.8%)
Contract Overhead (Net of Distributions)	164.0	135.8	(28.2)	(17.2%)
Contribution from Related Units	468.3	569.5	101.2	21.6%
Parking Fees and Fines	170.1	202.1	32.0	18.8%
Application Fees	76.0	76.0	0.0	0.0%
All Other	353.0	342.6	(10.4)	(2.9%)
Total Revenues	\$ 1,896.6	\$ 2,046.6	\$ 150.0	7.9%

Major drivers of this increase are:

- Short-term Investment Income is expected to increase due to an anticipated change in the cash flow pattern of payments from the Provincial Operating Grant.
- Contributions from Related Units is expected to increase due to enhanced cost-recovery MBA results.

Other Revenue amounts flow to the central budget of the Saint John Campus and become available to offset all other expenditures.

Revenue Proposals

Included in this year's budget submission are a number of revenue proposals:

- A proposal to amend parking fees. This proposal implements a small increase to help offset normal inflation in the Environmental Health, Safety and Security department responsible for administering our parking regulations.
- A proposal to implement fees for certain services not covered by New Brunswick Medicare or interprovincial agreements. This proposal implements fees for services commonly chargeable by other physicians and campus-based health centres.

The Saint John Campus budget committee recommends approval of these two proposals.

Expenses

Overall operating expenses (including Ancillary Operations and In-Year Priority Allocations) for the Saint John Campus are budgeted at \$33.4 Million. This represents an increase of \$235 Thousand (or 0.7%) over the 2007-08 budget. This rate of growth in Expenses compares to 0.6% in the prior year.

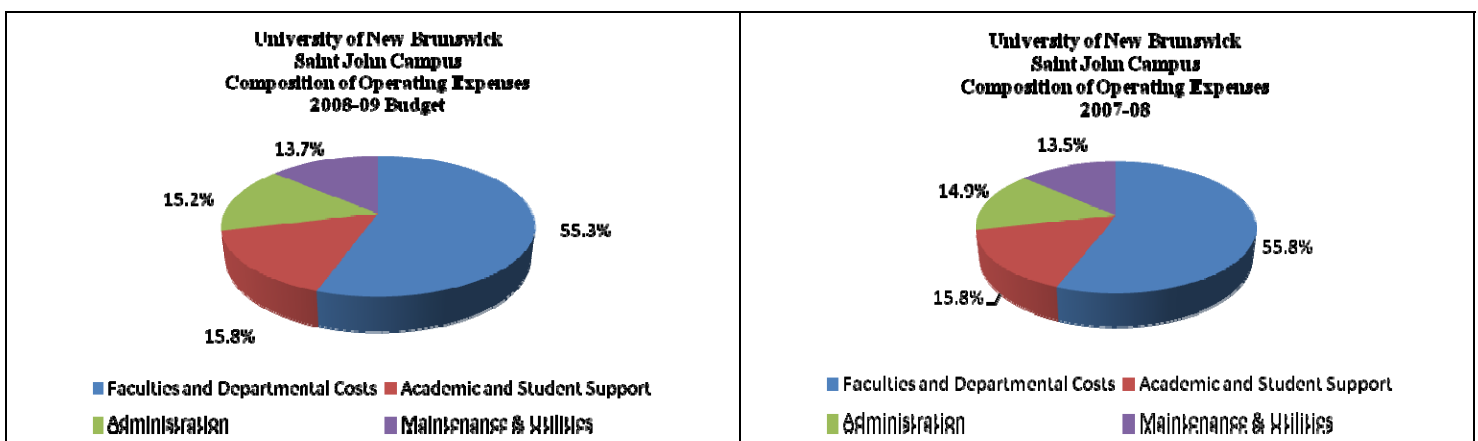
The following table illustrates the composition of budgeted Expenses and provides a year-to-year comparison of each major category:

Saint John Campus	\$(000's)		Proposed Budget 2008-09	Increase (Decrease)	
	Approved Budget 2006-07 (Restated)	Approved Budget 2007-08 (Restated)		Dollars	Percent
	Faculties and Departmental Costs	\$ 17,645.0		\$ 17,947.4	\$ 17,959.3
Academic and Student Support	5,064.8	5,085.5	5,144.2	58.7	1.2%
Administration	4,677.8	4,799.4	4,946.2	146.8	3.1%
Maintenance & Utilities	4,778.5	4,330.0	4,449.2	119.2	2.8%
Total Operating Expenses	32,166.1	32,162.3	32,498.9	336.6	1.0%
Net Ancillary Operations	100.0	191.4	191.4	0.0	0.0%
In-year Priority Allocations	667.5	762.0	660.0	(102.0)	(13.4%)
Total Expenses	\$ 32,933.6	\$ 33,115.7	\$ 33,350.3	\$ 234.6	0.7%

As in prior years, there has been a tremendous amount of pressure on Expenses leading into the 2008-09 budget. Without mitigation, it is estimated that the Saint John Campus would have had an additional \$1.0 million of expenses. This would have represented an increase of \$1.2 million (or 3.6%) over the 2007-08 budget.

Operating Expenses

Operating Expenses of the Saint John Campus are budgeted at \$33.4 Million. This represents an increase of \$235 Thousand (or 0.7%) over the 2007-08 budget. Operating Expenses are comprised of the following major categories:



The following table provides a comparison of the relative portion of budgeted Operating Expenses, by major categories:

Saint John Campus	Approved Budget 2006-07 (Restated)	Approved Budget 2007-08 (Restated)	Proposed Budget 2008-09
Faculties and Departmental Costs	54.9%	55.8%	55.3%
Academic and Student Support	15.7%	15.8%	15.8%
Administration	14.5%	14.9%	15.2%
Maintenance and Utilities	<u>14.9%</u>	<u>13.5%</u>	<u>13.7%</u>
Total Operating Expenses	<u>100.0%</u>	<u>100.00%</u>	<u>100.0%</u>

Faculties and Departmental Costs

Budgeted Change from Previous Year Faculties and Departmental Costs			
		Approved 2007-08 (Restated)	Proposed 2008-09
Year to Year Increase (Decrease)	(\$000)	\$302.4	\$11.9
	Percent	1.71%	0.1%

Faculties and Departmental Costs for the Saint John Campus are budgeted at \$17.9 Million. This represents an increase of \$11.9 Thousand (or 0.1%) over the 2007-08 budget. This rate of growth compares to 1.71% in the prior year.

This category of expense includes funding for teaching and non-sponsored research activities on the Saint John Campus, including the salaries and benefits for faculty and support staff as well as day-to-day operating costs (i.e. "non-salary" expenses).

This category is subject to the normal increases related to human resources and non-salary inflationary pressures (of between 2.5% and 4.5%), however, the Vice-President Saint John has identified permanent cost reductions of approximately \$350,000, the majority consisting of salary reductions through the discontinuation of vacant positions and through attrition.

Academic and Student Support

Budgeted Change from Previous Year Academic and Student Support			
		Approved 2007-08 (Restated)	Proposed 2008-09
Year to Year Increase (Decrease)	(\$000)	\$20.7	\$58.7
	Percent	0.4%	1.2%

Academic and Student Support for the Saint John Campus is budgeted at \$5.1 Million. This represents an increase of \$58.7 Thousand (or 1.2%) over the 2007-08 budget. This rate of growth compares to 0.4% in the prior year.

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.

While this category is certainly subject to the normal increases related to human resources and non-salary inflationary pressures (of between 2.5% and 3.0%), redeployment within this portfolio were made within the library and Student Services. In particular, we have increased the hours at our student health clinic due to student demand.

Administration and Development Services

Budgeted Change from Previous Year Administrative and Development			
		Approved 2007-08 (Restated)	Proposed 2008-09
Year to Year Increase (Decrease)	(\$000)	\$121.6	\$146.8
	Percent	2.6%	3.1%

Administrative and Development Services for the Saint John Campus is budgeted at \$4.9 Million. This represents an increase of \$146.8 Thousand (or 3.1%) over the 2007-08 budget. This rate of growth compares to 2.6% in the prior year.

This category of expenses includes costs of various administrative and support activities on the Saint John Campus, such as: the offices of the Vice President Saint John, Assistant Vice President (Financial and Administrative Services), and Registrar's Office.

This category is generally subject to the normal increases related to human resources and non-salary inflationary pressures (of between 2.5% and 3.0%), however, this portfolio reduced its costs by approximately \$106,000, and this was offset by providing for the additional Vice President search costs.

Maintenance and Utilities

Budgeted Change from Previous Year Maintenance and Utilities			
		Approved 2007-08 (Restated)	Proposed 2008-09
Year to Year Increase (Decrease)	(\$000)	(\$448.5)	\$119.2
	Percent	(9.4%)	2.8%

Maintenance and Utilities for the Saint John Campus are budgeted at \$4.4 Million. This represents an increase of \$119.2 Thousand (or 2.8%) over the 2007-08 budget. This rate of growth compares to a decline of 9.4% in the prior year.

The majority of this category is comprised of the costs of heat, electricity, water, cleaning and operational maintenance for all academic, research and support facilities on the Saint John Campus. While this category of expenses is generally subject to the same pressures on human resource and non-salary inflation, it is particularly sensitive to fluctuations in weather as well as the volatility of fuel prices.

Ancillary Operations (Net)

Certain components of the Saint John Campus operations are accounted for as business units having separate budgets as well as profit/loss statements. These units are expected to either remain self-sustaining or generate a small contribution towards the Saint John Campus.

The budget package contains a separate section which describes the Saint John residence system, including details about revenues, proposed fees, expenses and capital investment requirements. This package outlines the reasons for the budget shortfall of over \$190 Thousand including occupancy rates, increased costs of utilities and major capital improvement costs.

University of New Brunswick

Saint John Campus
2008-09 Operating Budget
Schedules

UNIVERSITY OF NEW BRUNSWICK
SAINT JOHN
2008-2009 Operating Budget
\$(000)

	Approved Budget 2007-2008 (Restated)	Proposed Budget 2008-2009	Increase(Decrease)	
			Dollars	Percent
Revenue				
Provincial Operating Grant	\$13,865.6	\$14,809.4	\$943.8	6.8%
Tuition Revenue	16,273.3	14,298.2	(1,975.1)	(12.1%)
Other Revenue	1,896.6	2,046.6	150.0	7.9%
Total Revenues	<u>32,035.5</u>	<u>31,154.2</u>	<u>(881.3)</u>	<u>(2.8%)</u>
Expense				
Academic and Research				
Faculties and Departmental Costs	17,947.4	17,959.3	11.9	0.1%
Academic and Student Support	5,085.5	5,144.2	58.7	1.2%
	<u>23,032.9</u>	<u>23,103.5</u>	<u>70.6</u>	<u>0.3%</u>
Administration and Support Services				
Administration and Development	4,799.4	4,946.2	146.8	3.1%
Maintenance and Utilities	4,330.0	4,449.2	119.2	2.8%
	<u>9,129.4</u>	<u>9,395.4</u>	<u>266.0</u>	<u>2.9%</u>
Total Operating Expenses	<u>32,162.3</u>	<u>32,498.9</u>	<u>336.6</u>	<u>1.0%</u>
Ancillary Operations (Net)	191.4	191.4	0.0	0.0%
In-Year Priority Allocations	762.0	660.0	(102.0)	(13.4%)
Total Expenses	<u>33,115.7</u>	<u>33,350.3</u>	<u>234.6</u>	<u>0.7%</u>
(Deficit) before One Time Sources (Uses) of Funds	(1,080.2)	(2,196.1)	(1,115.9)	103.3%
One Time Sources (Uses) of Funds:				
Special Allocation to Recruitment & Retention	0.0	(300.0)	(300.0)	
Suspension of Priority Allocations	300.0	500.0	200.0	
Special Contribution to Saint John Campus	0.0	1,000.0	1,000.0	
Utilization of Internal Reserves	0.0	200.0	200.0	
Sub-total	<u>300.0</u>	<u>1,400.0</u>	<u>1,100.0</u>	
(Deficit)	<u>(\$780.2)</u>	<u>(\$796.1)</u>	<u>(\$15.9)</u>	2.0%