

Board of Governors  
April 17, 2008

University of New Brunswick

# 2008-09 Budget



## 2008-09 Budget – Table of Contents

	Page
President’s Commentary .....	3
Introduction and Fiscal Context .....	4
Strategic Direction and Budget Process.....	6
Operating Budget Summary .....	7
- Sources of Revenue .....	8
-Provincial Grant Funding .....	9
-Student Enrolment .....	10
-Tuition Fees .....	11
-Other Revenue .....	13
Operating Expenses	
-Overall Allocations .....	14
-Analysis.....	15
Residence Budget Summary .....	18
Capital Budget Summary .....	20
Endowment Budget – Pro-forma Balances & Spending.....	22
Multi-year Financial Outlook – Overview .....	23
Budget Risks .....	26
Budget Process, Accountability and Budget Policies.....	27
Supplemental Schedules .....	30
Linking Resources with Strategy .....	35

## 2008-09 Budget – President’s Commentary

There is so much to be proud of at UNB. The calibre of our students, the amazing research that is taking place on both campuses and the quality of our faculty and support staff are unequalled.

We have accomplished a lot at UNB. This has been possible through the UNB way, because of our core beliefs and values, and because of our tradition of resourcefulness of finding a way to get things done within a very challenging set of circumstances. Over the last year and looking ahead into the future, our context is becoming even more complex and competitive.

As we look ahead, the challenges will be even greater. The population is decreasing in the Maritimes. This decline is impacting the pool of potential students to our traditional market. Maritime universities, including UNB, have experienced a decline in student enrolment which has resulted in reduced levels of overall funding.

We have made many hard decisions over the past 3 year budgets, including 2008-09, we have cut over \$8.7 million in expenses from our operating budget. We have managed these reductions in such a way as to minimize the impact on our students and the overall quality of the institution but this is becoming increasingly difficult.

Over the past year, there have been many other uncertainties in the New Brunswick post-secondary system as the Province began a comprehensive review of the system. Over the past six months, a PSE Task Force, comprised of officials from the Province and from the universities and community colleges, has been meeting and discussing the challenges and opportunities for the system in a deep and meaningful manner. As of the time this budget was prepared, the final report of the working group was not released but I am encouraged by the discussions and directions. In

the meantime, the 2008-09 provincial budget has provided a one-year funding plan for New Brunswick universities. This plan includes a base level of increase which is similar to previous years and provides universities with funding to compensate for a tuition freeze on tuition fees for domestic students.

Clearly, as we move forward, universities require a long-term stable funding framework that is adequate for each institution’s mandate. This framework will facilitate longer term institutional and system-wide planning and strategic investment.

We understand that the Province cannot be expected to unilaterally solve the challenges of the post-secondary system. UNB is committed to further innovation and change that supports its role as a national comprehensive university.

Our challenge is to harness the UNB way of innovation and creativity and apply it in an even more disciplined way, pursuing excellence in everything we do while understanding that we cannot do everything.

In the 2008-09 budget, we continued with the process of making difficult choices in resource allocations which has included budget reductions through attrition and other measures. We have also sustained strategic investments made in previous years and invested again this year in student-related areas. At the end of the day, our operating budget is balanced but we understand that the current situation is not sustainable. As we move forward with the new post-secondary chapter in New Brunswick, what is clear is that we must continue to focus on quality.

John McLaughlin  
President

### Introduction

This Budget report contains information regarding the operating, capital, ancillary operations and endowment budgets for the University of New Brunswick for the 2008-09 fiscal year commencing May 1, 2008.

The report contains operational and financial information for each of the two main campuses located in Fredericton and Saint John, New Brunswick, and captures the results of UNB's total operating activities, including net results from other locations. The financial figures and tables are prepared on a basis consistent with previous years as disclosed in the appendices to the Budget report.

### Fiscal Context

#### University Sector

Canadian universities, and Maritime universities in particular, have been facing an increasingly complex and challenging operating and fiscal environment over the last decade or so. These challenges began in the mid to late nineties as reductions in federal transfers to the provinces resulted in decreases in funding to universities. While provincial operating funding for New Brunswick universities has since stabilized, annual grant increases fall well short of university requirements.

The more recent fiscal challenges include additional pressures on operating revenues and expenses, as well as the issues associated with operating, maintaining, upgrading and modernizing an increasingly aging physical infrastructure (including the recent dramatic increases in electricity and fuel costs). The university sector is also faced with increasing costs of its most important asset, faculty, as the demand for faculty increases while the supply is expected to decrease as more faculty reach retirement. Benefits costs have also been increasing as post-retirement costs for faculty and staff have followed the world trend of increase due to changing economic circumstances.

These pressures are particularly acute for Maritime universities which also face a declining population in

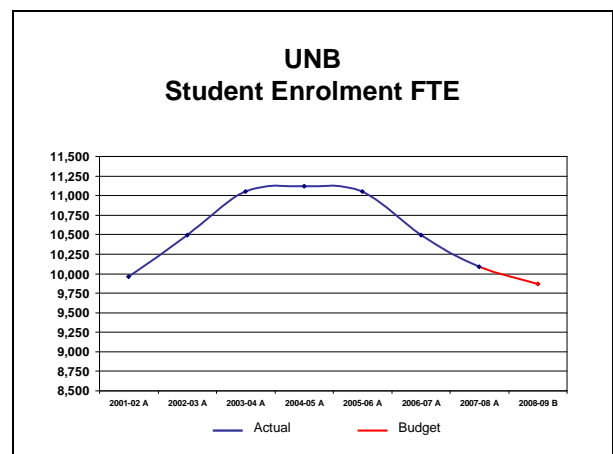
the 18-22 year old age category, higher than average tuition fees and older facilities, on average, than other Canadian universities.

#### UNB Context

As a national calibre comprehensive university, offering a full range of undergraduate and graduate programs on its two main campuses, UNB is exposed to the full spectrum of challenges associated within the University sector.

From 2001-02 to 2004-05, overall FTE enrolment grew by 11.6% at UNB. This growth was due to a number of factors, including the impact of the Ontario double cohort, increasing international enrolments (particularly students originating from China and attending the Saint John campus), as well as growth in the number of graduate students.

Growth in student enrolment stopped in 2005-06, as the impact of Ontario double cohort worked through the university system, international markets became more complex and competitive, and as the demographics of the Province and region began to turn and outmigration issues began to emerge.



Correspondingly, the annual survey of enrolments compiled by the Association of Atlantic Universities illustrated that full-time enrolment for Atlantic universities was stagnate in 2005-06 and declined by

an average of approximately 2.7% in each of 2006-07 and 2007-08.

The decline in student enrolment has had a profound impact on UNB finances. Lower student enrolment resulted in less revenue from student tuition fees. Based on the current level of tuition fees (including international supplemental fees), the loss in student tuition fee income to the University operating budget, prior to the 2008-09 budget, is estimated to be nearly \$6 million. It also had an impact on residence occupancy rates, in particular on the Fredericton campus, which reduced the level of revenue available within the residence system. The impact of these lost revenues is particularly challenging in a university environment with relatively fixed cost structures and ongoing program requirements. These factors make it difficult to match expense reductions with the pace of lost revenues.

#### **UNB Budget Challenge**

For the ten years ended in 2006-07, UNB had balanced operating budgets. Each year, a very rigorous budget process ensured that expenditures were matched to available resources. In 2007-08, the final UNB operating budget was not balanced with an overall shortfall of \$2.4 million, or 1.58%. In essence, the permanent decline in the operating revenue base, combined with basic annual University cost inflation has resulted in a built-in structural deficit where expenditures exceed revenues.

The initial forecasted level of budget shortfall, the structural deficit, for the 2008-09 year was \$5.2 million.

University of New Brunswick Initial Operating Budget Forecast \$(millions)			
	Fredericton <u>Campus</u>	Saint John <u>Campus</u>	University <u>Total</u>
Net Shortfall	\$2.1 million	\$3.1 million	\$5.2 million
As a % of Budget	1.6%	9.2%	3.15%

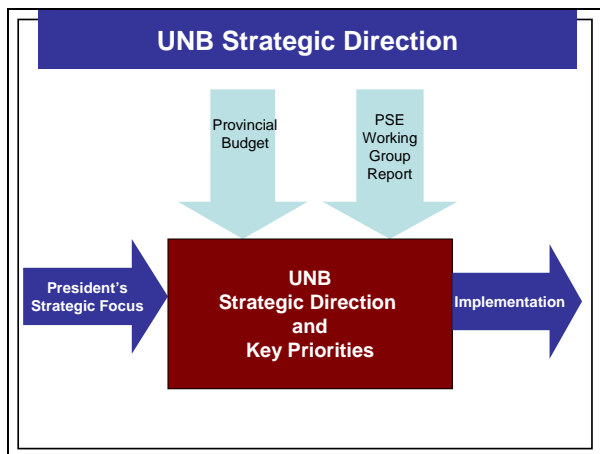
One of the key assumptions underlying the initial budget forecasts was the level of the provincial operating grant. This key budget driver accounts for over 60% of UNB's annual operating funding. During the budget planning period, the actual level of the 2008-09 provincial operating grant for New Brunswick universities was unknown. In 2007, the Province of New Brunswick established a Commission on Post-Secondary Education. The Commission issued a report in the Fall of 2007. Subsequently, an action committee comprised of university presidents, community college principals and officials from the Department of Post-Secondary Education, Training and Labour has been examining various options. In the vacuum of uncertainty related to university mandates and the funding base, the initial operating budget forecast was prepared on the basis of an estimated grant increase of 3% which is similar to recent average increases. The initial forecasts also reflected an increase in tuition fees. The final budget reflects the announcements made in the March 18, 2008 Provincial budget whereby universities would receive an increase in base funding of approximately 4.0%, with a further increase of approximately 2% to provide compensation to offset the financial impact of a freeze on domestic tuition fees.

## 2008-09 Budget - Strategic Direction

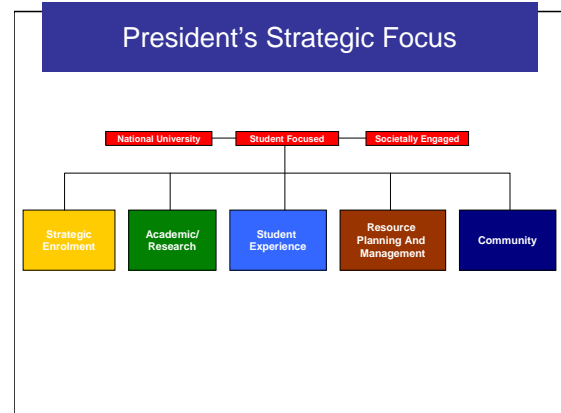
Within the outlined fiscal context, a basic budget strategy was developed that had the following three main components:

- 1) Improve on the near term financial outlook while minimizing the impact of budget actions on students, quality and operations.
- 2) Execute cost reductions and implement enhanced student recruitment and retention initiatives.
- 3) Retain budget flexibility in order to adapt to Post-Secondary Review outcomes and to pursue UNB strategic directions.

Accordingly, these three basic strategies informed the budget process with resource allocations shaped by UNB strategic directions.



The President has clearly articulated the three main strategic priorities for UNB and the main strategic objectives flowing from these priorities as outlined below:



At the end of the day, a budget is all about making choices, about how resources are obtained and allocated. Given the challenging context from which these choices must be made, the University budget process has been designed to ensure that strategic directions and academic and operational plans inform resource allocations.

Schedule D provides an overview of how UNB resources have been linked with strategy.

## 2008-09 Budget – Operating Budget Summary

The 2008-09 operating budget totals \$163.2 million, which is an increase of \$3.9 million, or 2.5%, in comparison to last year's budget. The context for the University necessitated a budget of fiscal restraint which meant that resource decisions were made carefully to ensure available funds were allocated in support of the University's mission and strategic priorities. The following are some of the key points of the budget:

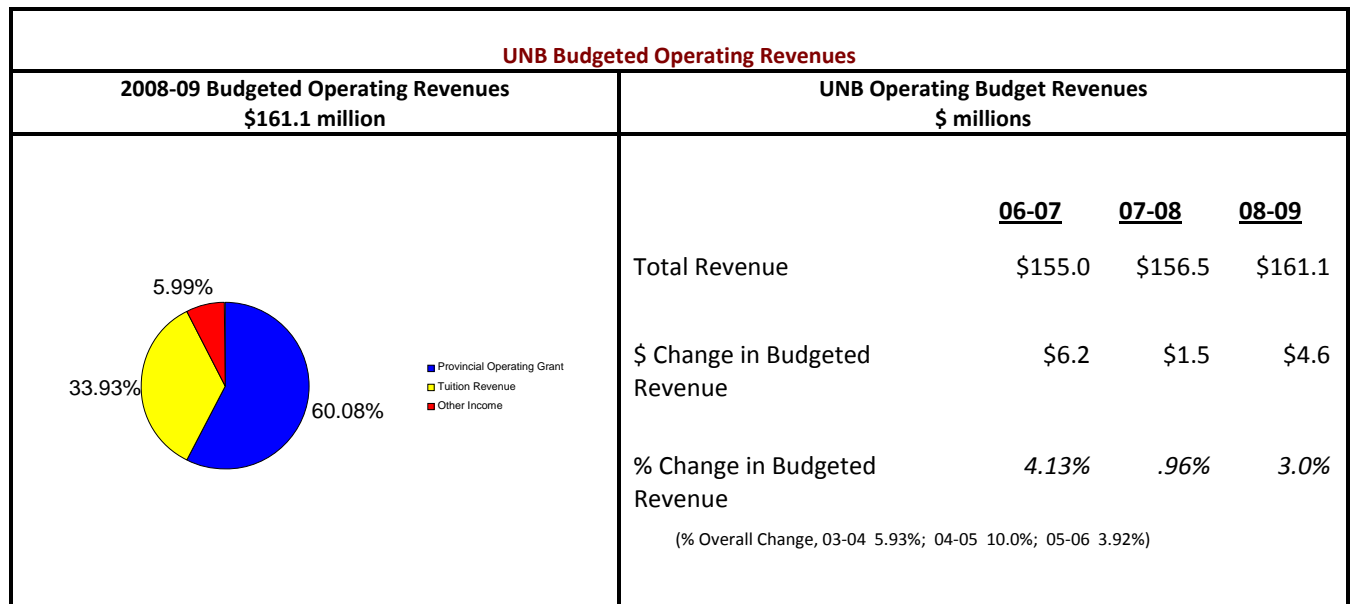
- Student recruitment, student services, scholarships and graduate student support;
- Library acquisitions and funding to support further development of UNB online course offerings;
- Marketing and advancement including enhancing ongoing fundraising activities.
- Tuition fees for domestic undergraduate and graduate students have been frozen at 2007-08 levels with the University being compensated for the resulting loss in tuition fee income by the Province of New Brunswick. Overall tuition fees for international undergraduate students have been increased by approximately 3.5%.
- Overall student enrolment has been forecast to decrease by 220 FTE students, or 2.2%, with undergraduate figures declining on both campuses and graduate student enrolment forecast to increase by nearly 80 students, or 7.3%. The overall decrease in forecasted enrolment is nearly one half of the actual enrolment decline in 2007-08. Increased recruitment and retention initiatives are expected to result in improvements over last year. The decline is mainly based on regional demographic changes and an increasingly competitive international market.
- The budget is balanced, although there continues to be a built-in shortfall between the level of ongoing revenues and expenses which amounts to \$2.1 million in 2008-09. This shortfall has been funded through the use of limited one-time sources.
- Overall ongoing operating expenses have increased by \$3.9 million, or 2.5% in comparison to last year. In addition, special allocations of \$675,000 have been made for student recruitment and retention initiatives. During the budget process, approximately \$2.4 million in expense reductions were made, including position reductions mainly through attrition and through cuts to base budget amounts.
- The operating budget sustains important investments made in strategic priorities over the last several years and provides for further strategic investments in the following areas:

UNB Key Operating Budget Figures			
- Overall total revenue		\$161.1	million (3% increase)
- Operating grant Provincial Government		\$96.8	million (6.2% increase over 2007-08 actual)
- Basic grant Increase	4.2%		
- Amount to offset tuition freeze	2.0%		
	6.2%		
- Basic undergraduate tuition fee		\$5,482	(frozen at 2007-08 level)
- Final operating budget position			
- Structural deficit		\$(2.1)	million
- Use of one-time resources		2.1	million
Final budget position		\$0	balanced
- Overall FTE student enrolment			9,870 students (2.2% decrease)
- Level of expense reductions			\$2.4 million (total of \$8.7 million over last 3 years)

## 2008-09 Operating Budget - Sources of Revenue

Total operating revenues are budgeted to be \$161.1 million in 2008-09, an increase of \$4.6 million, or 3.0%, in comparison to the 2007-08 budget.

The following charts illustrate the composition of UNB budgeted operating revenues and also provide a historical comparison to recent budgets.



While the level of revenue growth forecasted in 2008-09 is higher than last year, the overall growth is less than necessary to support existing operations and to be comparable in growth with other Canadian universities. The primary reason for lower growth is the actual and forecasted decline in student enrolment at Maritime universities and at UNB. A further breakdown of percentage changes in revenue components follows:

<b>UNB Main Operating Revenue Budget Components Comparison</b>			
	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>
<b>% Change in Revenue Components</b>			
Provincial Operating Grant	3.6%	3.9%	6.7%
Tuition Revenue	4.5%	(1.0%)	(4.9%)
Other Income	6.3%	2.4%	16.6%
Combined % Change	4.1%	2.0%	3.0%

A review of the composition of each major operating revenue category is included on the next pages of the report.



## 2008-09 Operating Budget - Provincial Grant Funding

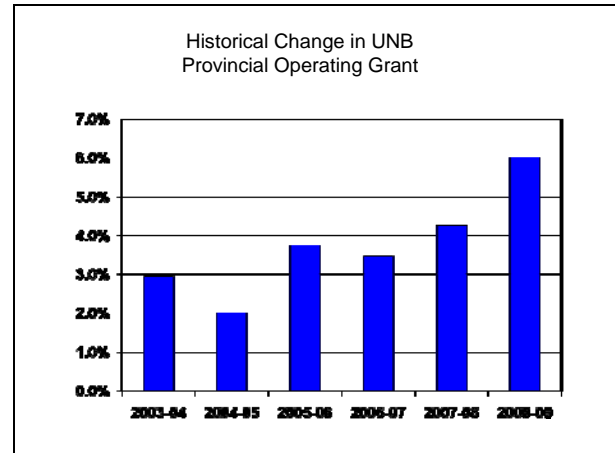
At \$96.8 million, the Provincial Operating Grant is the largest component of funding in the University operating budget. As part of the findings of the Post Secondary Review process in 2007 and 2008, the Province of New Brunswick chose to provide New Brunswick universities with an increase in operating grant funding for the 2008-09 fiscal year. The Province decided there would be two components to the increase:

- 1) An increase in the level of base funding for universities;
- 2) An increase in funding sufficient to offset the loss in tuition fee income resulting from a tuition fee freeze for domestic students.

At the time of preparing the budget submission, the actual level of grant increase for UNB was not known, however, based on announcements in the March 18, 2008 provincial budget and discussions with officials from the Department of Post-Secondary Education, Training and Labour, the following estimates have been developed:

UNB Provincial Operating Grant Increase 2008-09	
	%
Base funding increase	4.2%
Amount required to offset Tuition fee income from freeze	2.0%
<b>Total</b>	6.2%
<b>\$ Total Increase</b>	\$5.6 million

The estimated grant increase for 2008-09 is compared to increases in previous years as follows:



It should be noted that the level of 2008-09 operating grant increase that was required in order for UNB to have a structurally balanced operating budget, including the impact of freezing tuition, was 10%.

No funding announcements have been made for years subsequent to 2008-09.

The provincial grant increase has been reflected in the budget as follows:

The Fredericton and Saint John budgets have each reflected a base increase of 3% as well as the funding required to offset the impact of a tuition freeze on domestic fees. The additional provincial funding of approximately \$1 million has not been included within the campus budgets but has been included within the overall University consolidated totals. This decision has been made as there currently is a process, established by the President, to review inter-campus activities, including inter-campus funding models. The operating grant is currently allocated between campuses using the same formula that is used by the Province to allocate funding between the four New Brunswick universities.

The provincial funding formula has a fixed component, 75%, which changes based on the overall level of change in the level of the system grant, and a variable portion, 25%, which changes based on a three-year rolling average (one-year in arrears) of the weighted value of proportional student enrolments. The formula provides higher per student funding to programs based on overall resource requirements. For example, graduate programs receive more funding than undergraduate programs and professional undergraduate programs that require laboratories or special equipment also receive greater funding on a per student basis.

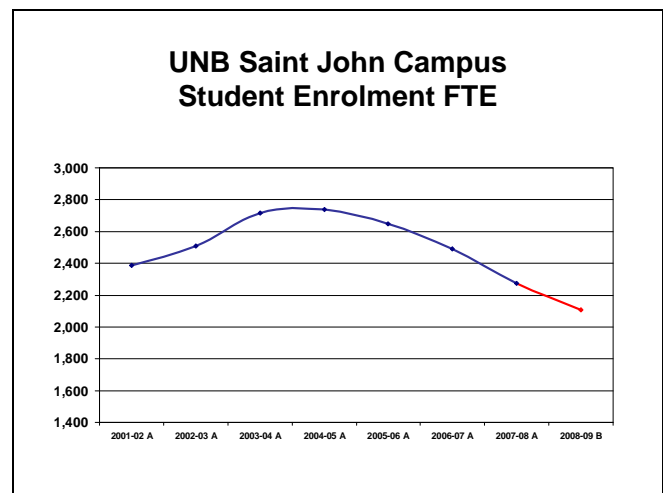
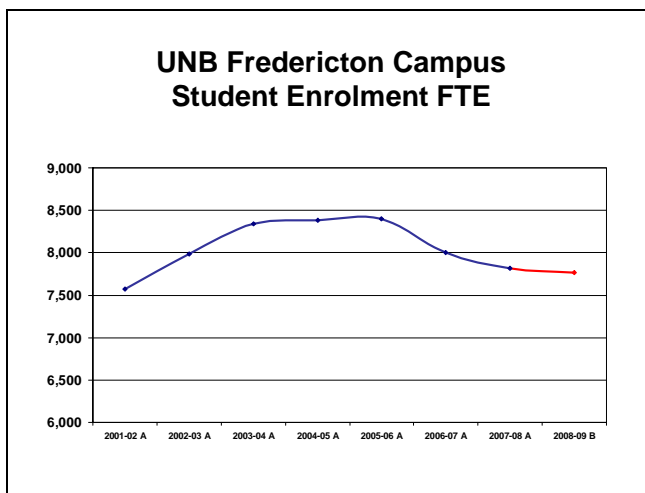
## 2008-09 Operating Budget - Student Enrolment

Student enrolment is an important driver of operating funding for UNB. The tuition fee income derived from student enrolment accounts for approximately 34% of total operating budget funding. As outlined in the contextual part of the budget package, student enrolment has been decreasing for Maritime universities in recent years. These declines have been felt at UNB and have had a significant impact on overall levels of tuition fee income, residence occupancy and revenue levels and other ancillary revenues such as bookstore sales. UNB has increased recruitment and retention activities, enhanced scholarships and broadened marketing initiatives to improve the enrolment outlook. The 2008-09 budget reflects current best estimates of student enrolments for the coming year. The following table illustrates total actual FTE student enrolments from prior years in comparison to the 2008-09 budgeted amounts:

University of New Brunswick Student Enrolment (FTE's)					
	Undergraduate	Graduate	Total	Change	% Change
2001-02 A	9,106	855	9,961	-	-
2002-03 A	9,523	971	10,494	533	5.4%
2003-04 A	9,961	1,093	11,054	560	5.3%
2004-05 A	9,973	1,144	11,117	63	.6%
2005-06 A	9,858	1,190	11,048	(69)	(.6%)
2006-07 A	9,341	1,155	10,496	(552)	(5.0%)
2007-08 A	8,910	1,180	10,090	(406)	(3.9%)
2008-09 B	8,603	1,267	9,870	(220)	(2.2%)

FTE is based on MPHEC definitions with figures as of December 01 counts excluding Roytech, SAMS, Humber and other offshore arrangements

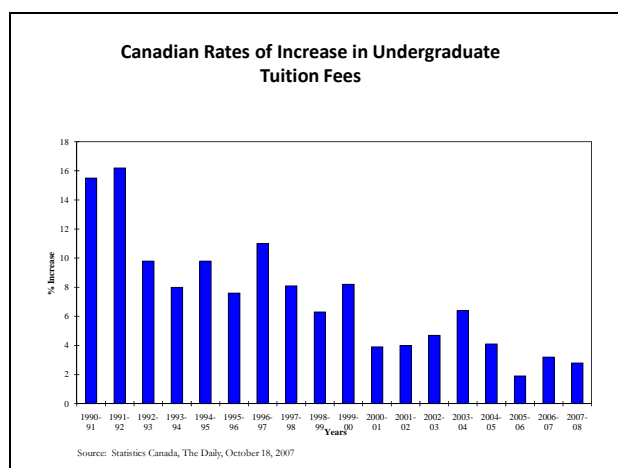
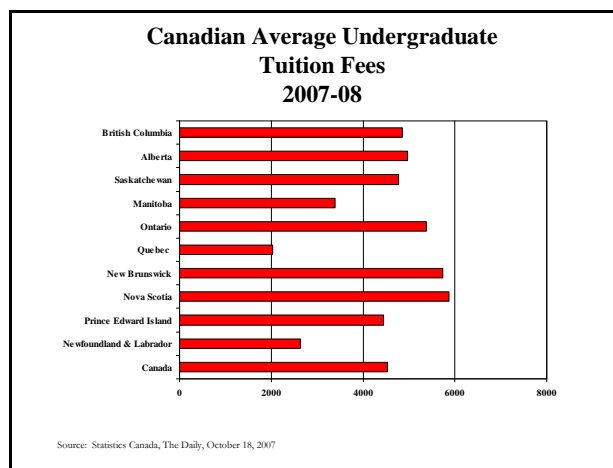
The enrolment figures are broken down into the two main campuses as follows:



UNB also provides services to over 600 students around the world with programs in Cairo, Trinidad and Singapore. The net revenues from these activities are reflected in faculty budgets and other revenues.

## 2008-09 Operating Budget - Tuition Fees

The Provincial Government has announced that it would be providing New Brunswick universities with funding to offset forgone tuition fee income resulting from a freeze on tuition fees for domestic students in 2008-09. This decision follows a trend that has recently developed across Canada with various provincial governments becoming involved in the process of establishing university tuition fees, typically by providing funding to offset the impact of tuition fee freezes, caps, or other forms of limitation based on provincial policy objectives. This trend is reflected in the following chart which illustrates the average rate of increase in undergraduate tuition fees at Canadian universities over nearly the last twenty years:



Assuming that tuition fees for all Maritime universities will be frozen at 2007-08 levels, the following figures would result:

Tuition fees in the Maritimes have historically been higher than Canadian averages. In 2007-08, Nova Scotia enacted a tuition fee freeze and PEI rolled back tuition fees. The relative positioning of average provincial tuition fees is illustrated in the following chart:

Pro-forma	Tuition Fees	Rank	% Change 2007-07/2008-09
Acadia	8,062	1	0
Mount Allison	6,720	2	0
Saint Francis Xavier	6,205	3	0
University of King's College	6,030	4	0
Dalhousie University	6,030	5	0
College of Cape Breton	5,660	6	0
Université Saint-Anne	5,660	7	0
Saint Mary's	5,580	8	0
<b>Group Average (Maritimes)</b>	<b>5,755</b>		
Mount Saint Vincent	5,550	9	0
N.S. Agricultural College	5,500	10	0
N.S. College of Art & Design	5,500	11	0
<b>UNB</b>	<b>5,482</b>	<b>12</b>	<b>0</b>
UPEI	5,412	13	0
Atlantic School of Theology	5,210	14	0
Université de Moncton	4,920	15	0
Saint Thomas	4,570	16	0
<b>Canadian Average (2007-08)</b>	<b>4,524</b>		

Source: Association of Atlantic Universities  
Based on Arts Program  
**Assuming all Maritime universities fees are frozen**

### Summary of Key UNB Tuition Fees

	2007-08	2008-09	\$ Change	% Change
- Undergraduate tuition fee	\$5,482	\$5,482	-	-
- Graduate				
- Research-based (per term)	1,854	1,854	-	-
- Course-based (excluding MBA) (per course)	690	690	-	-
- Faculty of Law	9,032	9,032		
- Faculty of Engineering	6,282	6,482	200	3.18%
- Supplemental fee for U/G visa students	5,616	6,009	393	7.0%

## 2008- 09 Operating Budget - Tuition Fees

The tuition freeze is compared to recent tuition fee increases outlined in the adjacent table.

The University of New Brunswick currently has a differential tuition fee for the Faculties of Law, Engineering and for certain course-based Master's programs. These differentials will continue in 2008-09 and are outlined in the detailed schedules of this report.

University of New Brunswick						
Tuition Fee Changes for 2008-09 and 5 Year History						
	03-04	04-05	05-06	06-07	07-08	08-09
<b>Undergraduate Fees</b>						
\$ change from previous year	245	260	238	238	236	0
% change from previous year	5.75%	5.75%	5.00%	4.75%	4.5%	0%
<b>Graduate Tuition Fees</b>						
% change from previous year	5.75%	5.75%	5.00%	4.72%	4.5%	0%
<b>Undergraduate International Supplemental Fee</b>						
\$ change from previous year	350	382	508	244	242	393
% change from previous year	9.00%	9.80%	10.99%	4.76%	4.5%	7.0%

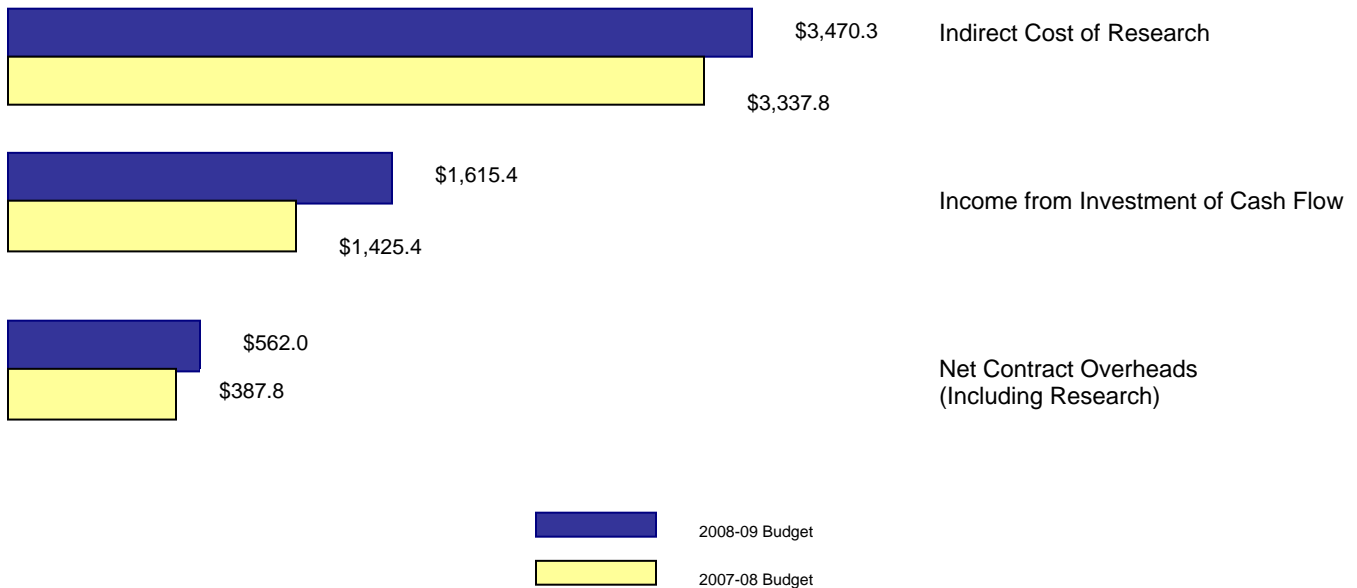
In accordance with a phase-in plan developed in 2006-07, the program fee for undergraduate Engineering will increase by a further \$200 in 2008-09. The base level of engineering tuition fees has been frozen. The majority of revenues from the supplemental fee are used to fund programs to sustain or enhance programs, equipment or facilities in Engineering. The detailed tuition fee schedule includes one other policy recommendation: in order to support recruitment objectives for international graduate students, there is a proposal to retain the existing level of supplementary tuition fees for international graduate students. Further, the budget includes a recommendation for continuation of a pilot program whereby new international PhD students would be offered a scholarship equivalent to the supplemental tuition fee.

## 2008-09 Operating Budget - Other Revenue

One of the financial strategic objectives for the University is to increase and diversify overall revenue sources including other operating revenues. The 2008-09 operating budget contains \$9.6 million in other revenue that is budgeted centrally. This represents an increase of \$1.4 million or 16.6% in comparison to the 2007-08 budget. Areas of increase within the budget include funding from the Federal Indirect Cost of Research program, contract overhead from research contracts, investment income, net contributions from the College of Extended Learning and enhanced contributions from the special MBA program in Saint John. Credit card commission costs are netted in this budget line and have decreased as a result of the decision to eliminate credit cards for tuition and residence fees commencing September 2008. In addition to these revenues, departmental budgets reflect a net of approximately \$20 million in revenues or cost recoveries which are netted against associated costs.

The following charts summarize the major components of central other revenues in the budget compared to last year's budget:

University of New Brunswick  
**Other Revenue Budget**  
**2008-09 Key Amounts compared to 2007-08**  
**\$000's**

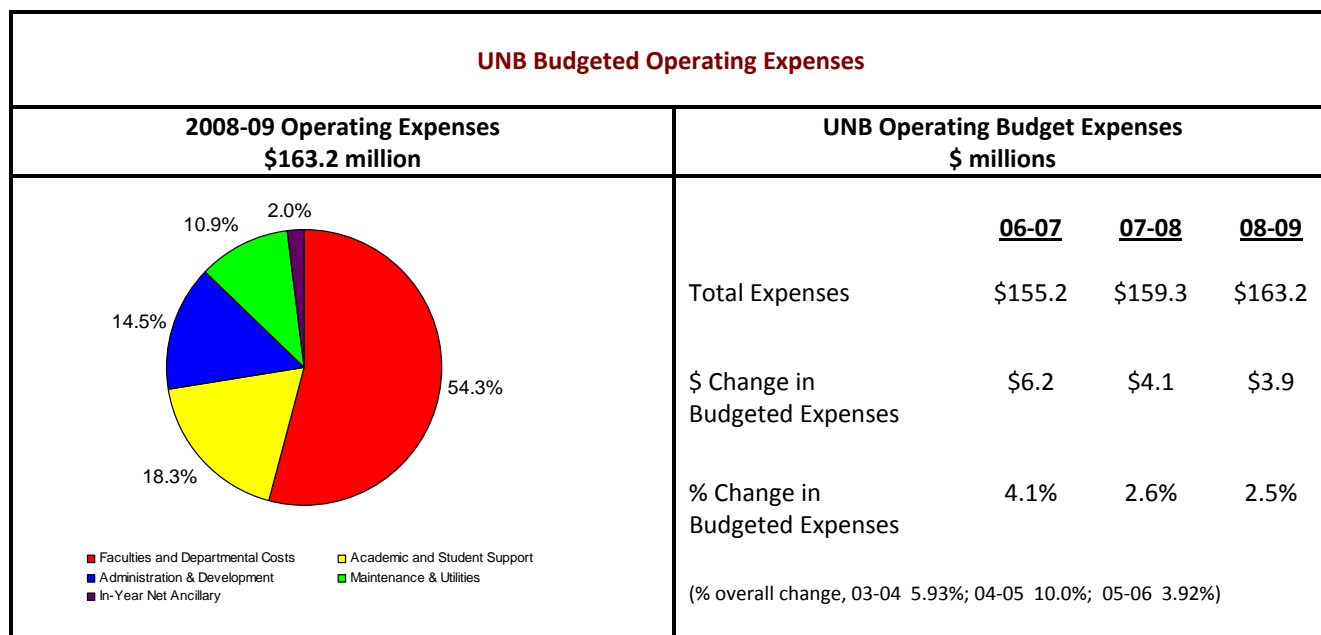


One of the significant new revenue initiatives that is underway is development of a new UNB Online strategy. This strategy is being developed by the College of Extended Learning utilizing the College's business development funds, which have been secured from prior retained earnings of the College. Until a Phase I business case is approved, no new revenues will be budgeted.

The Advancement Committee of the Board has endorsed a new Strategic Plan for advancement activities. This plan includes new targets for fundraising activities that are approximately 40% higher than past annual amounts. Many of the projects to be supported by the new Advancement model are donor specific projects which serve to supplement activities, either through specific projects that would not otherwise be possible, or through increases to endowment and trust balances.

## 2008-09 Operating Budget - Operating Expenses

Total expenses in the 2008-09 operating budget are \$163.2 million, an increase of 2.5% in comparison to the 2007-08 budget. The following charts illustrate the allocation of operating expenses to broad budget categories and also provide a historical comparison to recent budgets.



As was outlined in the contextual section of the budget early on in the budget process, it became clear that revenue growth would fall short of expected growth in baseline operating expenses. One of the key strategies in the 2008-09 budget was an expense management and cost reduction program. Through this program, approximately **\$2.4 million in expenses** in the operating budget **were reduced** from baseline levels. The basic approach to implement the expense management and cost reduction program was unique for the particular circumstance of each campus.

- The Fredericton campus followed mainly an attrition based approach to reductions in ongoing salary and related benefit costs by reducing the number of faculty and staff positions. In order to support strategic priorities of the campus and to respond to core operational needs, the budget provided for the

reinstatement of a limited number of positions that would have otherwise been reduced through attrition. Faculties and departmental non-salary budgets were also frozen (except in key strategic areas such as Library acquisitions, scholarships and student support areas). The overall combined salary and non-salary impact was a reduction of \$1.4 million.

- The Saint John campus budget committee carefully reviewed all vacant and continuing positions as well as allocations of expenses in the operating budget and made priority-based decisions. The net impact was a reduction of expenses from the baseline of \$1.0 million.

Further details on the expenditure management and cost reduction programs for each campus are outlined in the detailed campus budgets.

## 2008- 09 Operating Budget - Operating Expenses Analysis

The 2008-09 budget reflects an overall level of expense growth below what is required to support existing levels of service and operations. Therefore, the resource allocation process was designed to be strategic to ensure that limited resources were allocated to highest priorities and that provisions were made, to the extent possible, for necessary strategic investments.

<b>University of New Brunswick Analysis of Overall Budgeted Expense Growth</b>		
	\$(000's)	%
Level of Expense Increase (before budget actions)	\$6,314.4	4.0%
Less impact of expense management & cost reduction	(2,389)	(1.5%)
Overall expense growth	\$3,925.4	2.5%
<u>Further broken down as:</u>		
- Increase in utilities & heating costs	\$686	.43%
- Investments made in strategic priorities	541	.34%
- Basic cost increases (Net)	2,057.4	1.29%
- Ancillary operations	641	.40%
Overall Expense Growth	\$3,925.4	2.46%

The following table provides a listing of the new budgeted funding for strategic items as well as providing an indication of the components of the other net basic cost increases.

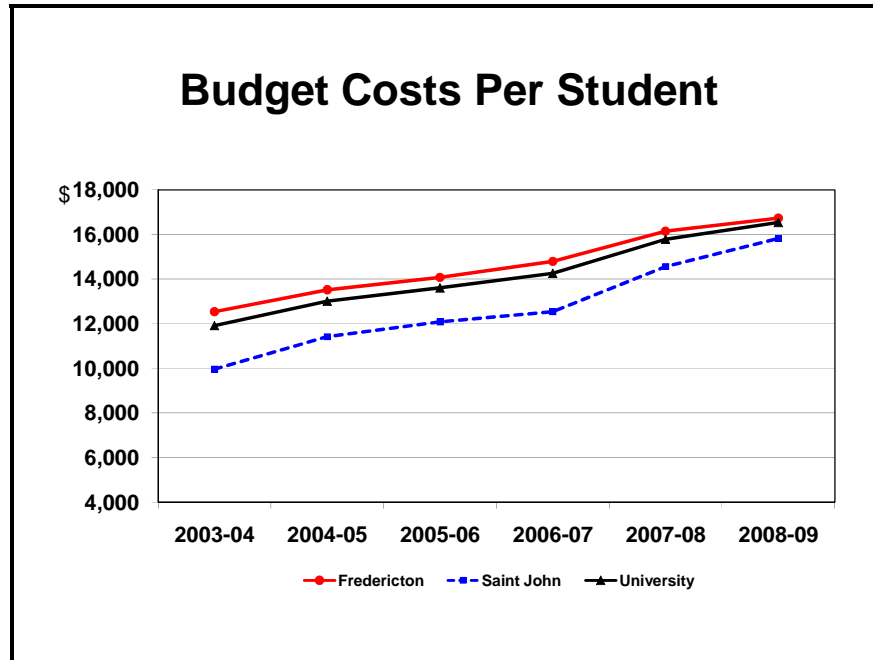
New Strategic Investments		Ongoing Expense Items	
	\$(000's)		
Increases in student scholarships	\$266	-Salary provisions per collective agreements	
Additional library funding	70	-Estimates for salary settlements	
Safety	35	-Benefit programs	
Graduate student teaching & research support	70	-Day-to-day non-salary operational expenses	
Ongoing recruitment budget	100		
	<u>\$541</u>		
		Net increase (after reductions), \$2 million	

In addition to the ongoing funding provided for strategic investments, the budget also includes special one-time funding for student recruitment and retention initiatives totaling \$675,000. Each campus budget provides a further breakdown and analysis of operating expense budgets. The following table provides a historical analysis of the four main components in the operating budget:

<b>UNB Operating Expenses Allocation of Main Budget Envelopes (excluding Ancillary and In Year)</b>			
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Faculties and Departmental Costs	56.6%	56.0%	55.4%
Academic and Student Support	18.2%	18.4%	18.6%
Administration and Development	14.3%	14.6%	14.8%
Maintenance and Utilities	10.8%	10.9%	11.2%
Total Expenses	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

## 2008- 09 Operating Budget - Operating Expenses Analysis cont'd...

The following table provides a perspective of UNB operating expenses on a per student basis:



Due to the fixed nature of University cost structures, declines in revenues are difficult to match with corresponding declines in costs in the same periods of time. The result is that while overall expenses, including new strategic investments, may be growing at a very modest rate, the budget costs on a per student basis are growing at a higher rate.

UNB % Growth in Budgeted Operating Expenses 2008-09				
	Overall Growth		Growth on a Student Basis	
	07-08	08-09	07-08	08-09
Fredericton Campus	3.36%	2.9%	11.2%	3.6%
Saint John Campus	(.36%)	.7%	12.7%	4.0%
University	<u>2.57%</u>	<u>2.5%</u>	<u>11.7%</u>	<u>4.5%</u>



## 2008- 09 Operating Budget Analysis Cont'd...

- Net Ancillary Operations
- In-year Priority Allocations
- One-time Items

### Net Ancillary Operations

Ancillary operations are non-academic or non-research units that are expected to be self funding. A detailed budget submission is made for each ancillary unit and is reviewed by the respective campus budget committees. The net results from these budgets are included in the overall operational budget to ensure completeness. The net financial result for ancillaries has been a disappointment and results in a net cost to the operating budget of \$1.7 million. A summary of the net result from ancillary operations is provided below:

UNB Summary of Net Ancillary Operating Budgets \$(000's)		
	<u>2007-08</u>	<u>2008-09</u>
UNBF Residence System	\$(603.7)	\$(1,025.6)
Aitken University Centre	(331.9)	(547.9)
Wu Conference Centre	70.9	49.9
UNBF Computer Sales	(50.3)	(33.0)
UNBSJ Residence System	(191.4)	(191.4)
Net Loss < >	<u>\$(1,106.4)</u>	<u>\$(1,748.0)</u>

A summary of residence financial results is provided in the budget package.

### In-Year Priority Allocations

This budget line reflects an ongoing budget allocation that is available for utilization within the year for strategic priorities. The annual allocations are typically made on a one-time basis to ensure flexibility is retained in the ongoing budget. An overall strategic financial objective is to increase the level of these funds to provide more operational flexibility. The current balance of \$1.55 million represents approximately 1% of the overall budget. Due to the constrained financial context for the University, a decision was made by the budget committee to suspend the use of the majority of these funds in 2008-09. This has been illustrated in the one-time items area as \$1.37 million in one-time priority funding has been suspended in order to achieve a balanced budget.

	\$(000's)
- In-year Priority allocations in base budget	\$1,550
- Less amount withheld for deficit projection	(1,378)
Amount Allocated	<u>\$172</u>

### One-Time Items

This budget line has been utilized to illustrate special one-time expenditures of a strategic nature and the use of limited one-time funding sources that have been applied to the operating budget.

- Special allocation to Student Recruitment and Retention, \$675,300

One of the strategic priorities of the University is to strengthen student recruitment activities and funding. Due to the overall limited availability of ongoing funding, the priority has been supported by special one-time funding sources. An additional ongoing investment of \$100,000 has also been included in the Administration and Development budget line.

- Special contribution to Saint John campus.

The Saint John campus currently has a structural imbalance between available revenue and ongoing expenses of \$2.2 million, or 6.7%. In 2007-08, the President recommended that one-time university funding in the amount of \$1 million be set aside for utilization by the campus in a strategic manner during 2008-09. \$300,000 of this funding has been applied towards the allocation to Student Recruitment and Retention referred to above. \$300,000 has also been utilized to support the campus capital budgets for infrastructure renewal (which would have otherwise been reduced) and is reflected in the campus maintenance and utilities budget. The balance of the funding is being utilized to lessen the overall level of the forecasted deficit in the budget.

## 2008- 09 Residence Budget - Summary

As part of the overall strategy to attract and retain students, the University operates a residence system on both the Fredericton and Saint John campuses. On the Fredericton campus, the system comprises 12 traditional undergraduate residences, one suite-style residence and one apartment building offering accommodation for a maximum of 1,606 students. As currently configured, the operational total is 1,534 beds. The Saint John system includes two residences with a bed capacity of 239. Residences are expected to operate on a full cost recovery basis, meaning revenues are expected to offset all operational and major maintenance expenses. Over the last several years, the decline in student enrolment has had a direct impact on overall occupancy rates on the Fredericton campus. This, combined with continuously rising utilities, heating and maintenance expenses, has resulted in a structural budget shortfall. The Saint John campus residence system also has a shortfall as the capital cost of a new residence was not fully funded and is being amortized over time. With limited capacity to increase rates due to market conditions, the result is a budget shortfall on the Fredericton campus of \$1 million and the Saint John campus of \$191,000. A comprehensive review and analysis has been performed regarding the longer

term options to improve the financial result for the Fredericton residence system. The options have been endorsed by the Residence Budget Committee, the Joint Board Senate Residence Committee and the Fredericton Campus Budget Committee.

Some of the identified options have already been implemented with approximately \$400,000 in operational costs eliminated from the budget, including the impact of closing one traditional residence building, Jones House (which is currently being redeployed as a student services center). Further options include:

- Reducing the overall number of beds in the system and, therefore, reducing the level of ongoing expenses. This reduction could stem from further closure and/or sale of residences. A sale option is currently a priority consideration.
- Modernization of the residences through capital upgrades or room reconfiguration to enhance the attractiveness and potential pricing.

The following tables provide a summary of the key operational and financial data for the residence system as related to the budget:

### Fredericton Residence System

### Saint John Residence System

	2007-08 Budget	2008-09 Budget	% Change		2007-08 Budget	2008-09 Budget	% Change
<b>Financial \$(000's)</b>							
Revenues	\$11,519	\$11,583	.5%		\$1,352	\$1,352	0
Expenses	12,149	12,608	3.7%		1,543	1,543	0
Net shortfall	<u>\$(630)</u>	<u>\$(1,025)</u>	<u>62.6%</u>		<u>\$(191)</u>	<u>\$(191)</u>	<u>0</u>
Capital improvements Included in expenses	<u>\$725</u>	<u>\$800</u>	<u>10.3%</u>		<u>\$36</u>	<u>\$46</u>	<u>2.78%</u>
<b>Occupancy</b>							
Total beds in system	1,706	1,606			239	239	
Beds available	<u>1,534</u>	<u>1,534</u>			<u>0</u>	<u>0</u>	
Budgeted Occupancy*	<u>85%</u>	<u>82%</u>			<u>90%</u>	<u>90%</u>	
* as a % of available							

## 2008- 09 Residence Budget – Summary cont'd..

After a review of the residence room and meal rates charged by other Atlantic universities, the local housing markets and budget requirements, recommendations are developed for UNB residence and meal rates. For the Fredericton system, traditional rates (residence and meals combined) will increase by 4.4% (which is mainly food related). Apartment rates are proposed to increase by 3%. For the Saint John residence, the proposal is to not increase any of the rates for competitive reasons.

### Fredericton Campus Residence & Meal Rates:

Room – Accommodation	2007-08	2008-09	\$ Increase	% Increase
Meal Plan	\$2,985	\$3,255	\$270	9.04%
Undergrad Room Rate				
Special Room	\$5,780	\$5,805	\$25	.43%
Single Room	\$5,010	\$5,035	\$25	.50%
Double Room	\$3,781	\$3,806	\$25	.66%
Magee House (per month)				
1 Bedroom Apt.	\$613	\$631	\$18	2.93%
2 Bedroom Apt.	\$731	\$753	\$22	3.0%
3 Bedroom Apt.	\$847	\$872	\$25	2.95%
New Residence (per month)				
Single Suite	\$695	\$716	\$21	3.0%
One Bdrm in Double Suite	\$600	\$618	\$18	3.0%
One Bdrm in Triple Suite	\$535	\$551	\$16	3.0%

### Saint John Campus Residence & Meal Rates

Room - Accommodation	2007-08	2008-09	\$ Increase	% Increase
Meal Plan 1	\$2,100	\$2,100	0	0
Meal Plan 2	\$2,400	\$2,400	0	0
Sir James Dunn Residence				
Large Single	\$4,257	\$4,257	0	0
Single	\$3,924	\$3,924	0	0
Double	\$3,449	\$3,449	0	0
Dr. Colin B. MacKay Res.				
2 Bedroom Suites	\$4,401	\$4,401	0	0
Meal Plan III	\$300	\$300	0	0
Meal Plan IV	\$800	\$800	0	0

## 2008-09 Capital Budget - Summary

The capital budget reflects expenditures made on capital assets, equipment, buildings, space and infrastructure that are funded from designated sources. The focus of the capital budget is to direct funds to the highest priority strategic priorities which include highest priority infrastructure renewal projects, student support and improving the learning area. The level of the budget is dependent on the level of funding available from all sources. The 2008-09 capital budget is \$7.9 million in comparison to the 2007-08 budget of \$20.4 million.

University of New Brunswick 2008-09 Capital Budget Summary \$(000's)				
	Fredericton Campus	Saint John Campus	2008-09 Total	2007-08 Amount
<b>Buildings and Space</b>				
- Major maintenance, improvements and infrastructure renewal	\$3,909	\$1,475	\$5,384	\$11,709
- New construction	-	-	-	6,300
	3,909	1,475	5,384	18,009
<b>Equipment and Technology</b> <small>(Including \$650 K for Library acquisitions)</small>				
	2,126	396	2,522	2,471
	\$6,035	\$1,871	\$7,906	\$20,480

The 2008-09 capital budget is considerably less than the 2007-08 budget primarily due to:

- In 2007-08, special one-time Federal infrastructure funding of approximately \$8.5 million was provided to UNB. The majority of these funds were used for infrastructure renewal projects. No such funding has been announced for 2008-09.
- In 2007-08, special one-time capital reserves were available on the Saint John campus, these funds have now been utilized.

With limited funding available, the aim of the budget process was to ensure that funds were allocated to highest priorities which include the following projects:

<u>Fredericton Campus</u>	<u>\$(000's)</u>
- Primary phase of consolidation of Student Services	\$1,600
- Water main upgrade, Mackay Drive	503
- Sanitary storm sewer upgrade	300
- Steam heat tunnel top replacement	206
- Equipment room safety upgrades	116
- Accessibility projects	100

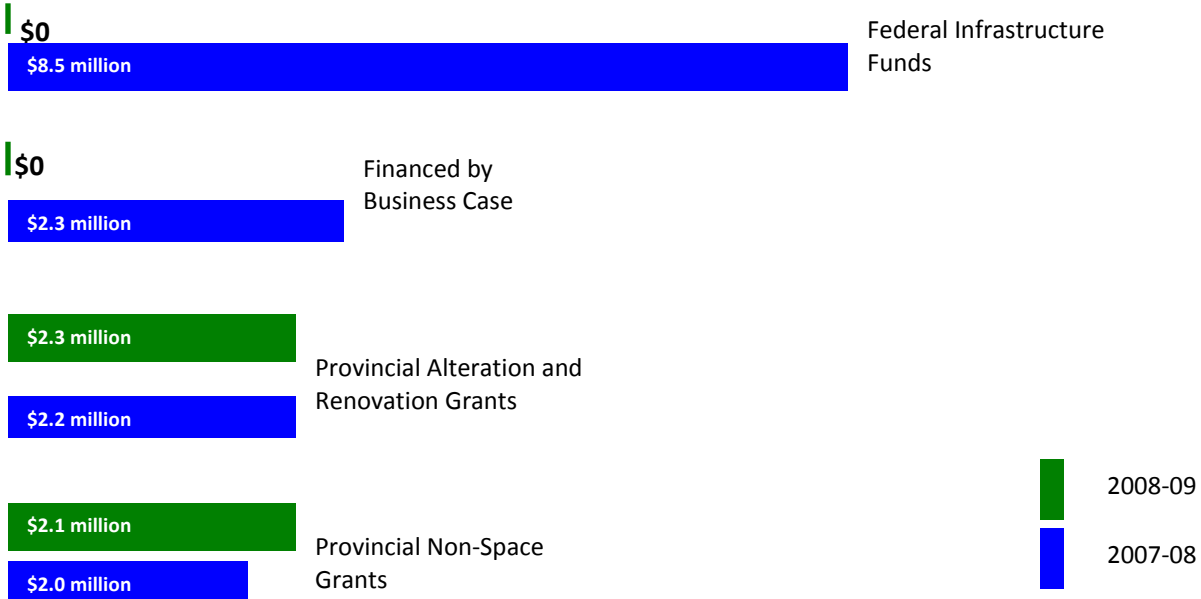
(The Currie Centre project will be submitted to the Board as a special separate submission)

<u>Saint John Campus</u>	
- Roof replacements	\$374
- Washroom accessibility	125
- Energy management metering	72

## 2008 09 Capital Budget – Summary cont'd.....

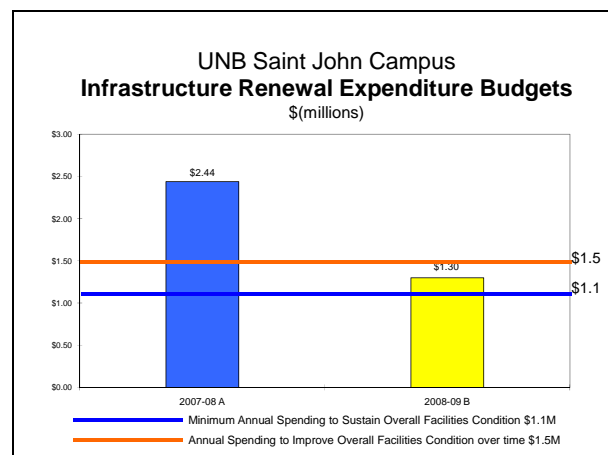
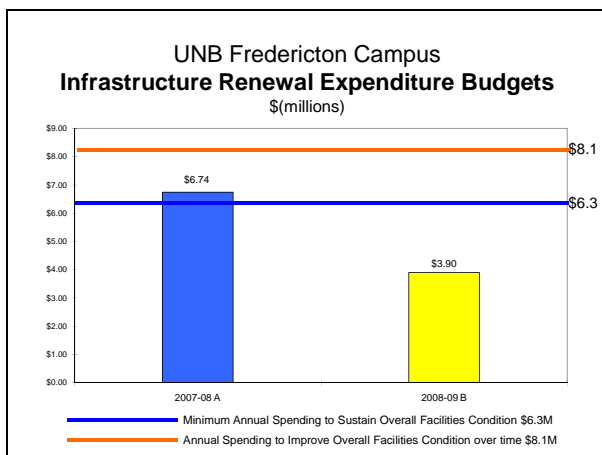
### Sources of Funding

The following charts summarize the major sources of funding available for the capital budget with comparisons to previous years.



### Infrastructure Renewal

The following tables illustrate the level of spending available from resources for major maintenance and infrastructure renewal in comparison to standards:



In the absence of special infrastructure funding sources, UNB does not have sufficient funding to sustain the overall condition of facilities. As a result, overall required infrastructure renewal, deferred maintenance on academic, research and administrative buildings and facilities, will be increasing by approximately \$2 million, bringing the total requirements to approximately \$126 million. As the level of deferral increases, the risks associated with continuous use of facilities and ultimate replacement cost increases.

## 2008-09 Endowment Budget – Pro-forma Balances and Spending

The estimated market value of the University’s trust and endowment investments as at December 31, 2007 was \$173.0 million, slightly less than the December 31, 2006 market value of \$173.7 million. The decline resulted from a combination of investment losses and endowment spending, net of new contributions. The rate of return on the fund for the year ended December 31, 2007 was a loss of (0.34%), or a real loss of (3.24%) net of inflation and estimated administration costs. 2007, particularly the last quarter, was a difficult year for stock and bond markets with overall Canadian bond returns in the range of 3.68%, the World stock index experienced a (7.54%) loss, after reflecting the appreciation of the Canadian dollar, and the Canadian stock market provided a return of 9.83%. The UNB portfolio is widely diversified with funds allocated across various sectors and markets. Over a four year cycle, the UNB portfolio has returned 8.88%, which is slightly ahead of the target level.

significantly exceeded the amount needed to support annual spending.

Based on the approved rate of 4.5%, the estimated amount available for spending from trust and endowment accounts in 2008-09 will be approximately \$6.4 million, compared to the 2007-08 total of \$5.5 million. As noted in the chart below, this year-over-year increase results from a corresponding increase in the 48-month moving average market value base to which the spending rate is applied.

A 2008-09 pro-forma endowment spending budget has been prepared which breaks down total available spending into broad categories based on donor imposed restrictions and historical spending patterns. The budget is framed as pro-forma because:

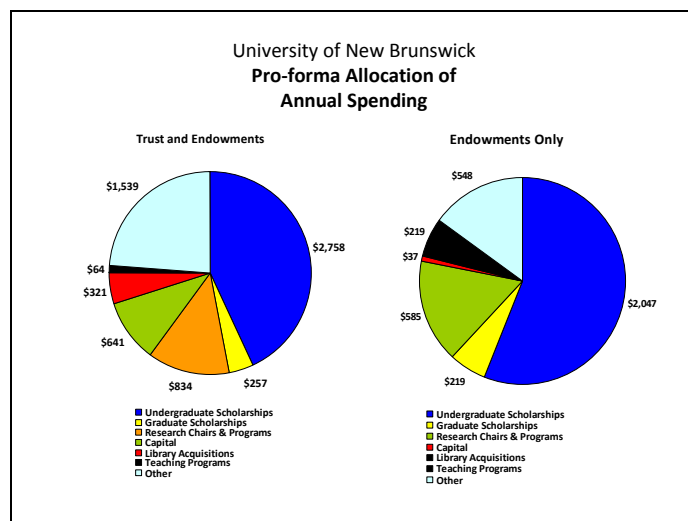
- It assumes that all trust and endowment accounts are subject to the endowment spending policy. In reality, non-endowed trust accounts are not constrained by the spending policy and annual spending decisions are made within the terms of the trust.
- On “new” endowment accounts, spending is delayed until sufficient income has been earned to cover the one-time 10% administration fee, and the first year spending. The impact of this spending delay on new endowments is not factored into the pro-forma spending figures.

<b>University of New Brunswick Trust and Endowment Portfolio Returns Dec 31</b>		
	<u>1 Year</u>	<u>4 Years</u>
Gross Return	(.34%)	8.88%

The University has adopted an endowment spending policy which is designed to achieve a reasonably stable, sustainable, and predictable rate of spending through volatile market cycles. Stability and predictability are important for planning scholarships and other programs and activities that are supported by trust and endowment spending. The long-term spending rate target is 4.5% applied to a 48-month moving average market value base.

Each year, the Investments Committee examines a number of key indicators to determine whether the long-term spending rate can be maintained in the following year. On February 15, the Committee accepted a recommendation from management and approved a spending rate of 4.5% for 2008-09. A key factor in the decision was the existence of significant spending timing reserves (accumulated unspent income) accumulated over the last several years when investment returns

The 2008-09 pro-forma endowment spending budget is set out in the following table:



## 2008-09 Budget - Multi-year Financial Outlook – Operating Budgets

As part of the annual budgeting process, a series of multi-year financial forecasts are prepared under various scenarios and assumptions. These forecasts inform the context of current year resource allocations and plans as well as longer-term plans and strategies. The context for multi-year planning is complex as there is uncertainty in many areas including:

- What will be the level of, and nature of, restrictions upon future provincial operating grants. The recent provincial budget only made funding announcements for one year.
- The results of the Post-Secondary Review process and the potential implications on New Brunswick university missions, mandates and areas of strategic focus.
- The impact of forecasted further declines in traditional student enrolment in the Maritimes and the impact that this may have on UNB.
- The environment for tuition fees in Canada and the Maritimes and public policy direction.
- Potential changes in energy prices, world investment market returns and future collective bargaining results.

Due to these uncertainties, best estimate assumptions are prepared to guide the overall financial framework. The details of these forecasts are summarized in each of the campus budgets. The net result of these forecasts follows:

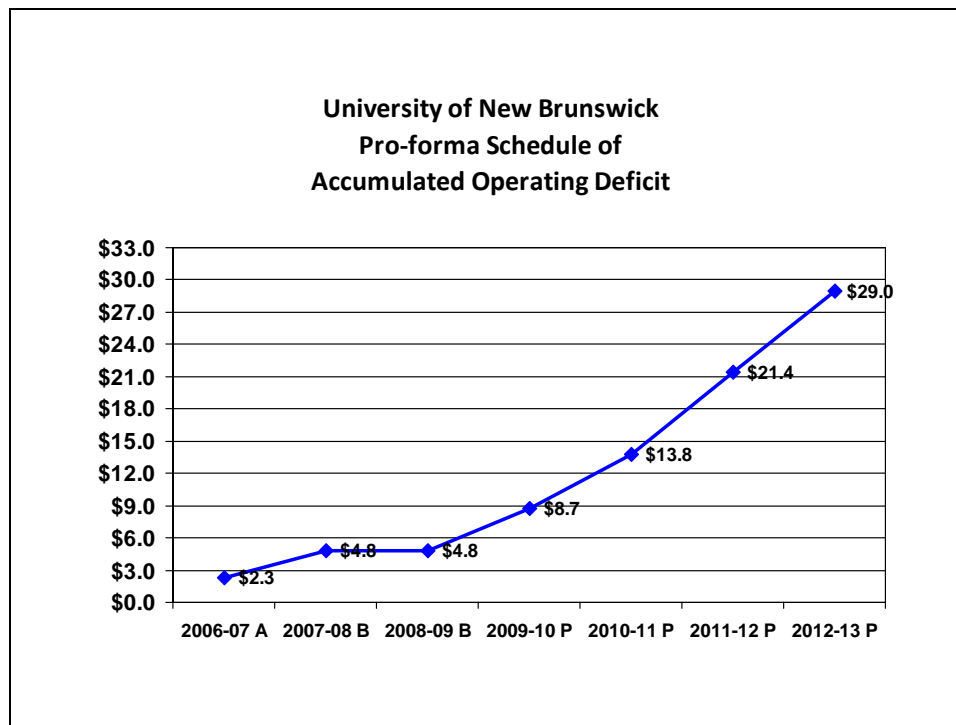
<b>UNB Multi-year Forecast Operating Budget \$(millions) Annual Shortfall</b>					
	<u>2008-09 Proposed Budget</u>	<u>2009-10 Pro-forma</u>	<u>2010-11 Pro-forma</u>	<u>2011-12 Pro-forma</u>	<u>2012-13 Pro-forma</u>
Net Budget Position (Shortfall)	\$0	\$(3.9)	\$(5.1)	\$(7.6)	\$(7.6)

These forecasts illustrate a continued annual operating budget shortfall. When the 2008-09 structural deficit of \$2.1 million (which has been offset by one-time funding sources) is rolled forward, along with the annual challenge of the growth in revenues forecast to be less than the growth in expenses, an annual and compounding budget shortfall continues. When broken down on a campus-by-campus basis, the following figures result:

<b>UNB Multi-year Forecast Operating Budget \$ (millions) Annual Shortfall</b>					
	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Fredericton campus As a % of budget	\$(.28) (.21%)	\$(1.9) (1.41%)	\$(2.5) (1.80%)	\$(4.3) (3.0%)	\$(3.4) (2.3%)
Saint John campus As a % of budget	(.80) (2.4%)	(3.1) (9.0%)	(3.7) (10.4%)	(4.5) (12.2%)	(5.4) (14.2%)
Unallocated Grant	1.08	1.1	1.1	1.2	1.2
University Total (Shortfall)	<u>0</u>	<u>\$(3.9)</u>	<u>\$(5.1)</u>	<u>\$(7.6)</u>	<u>\$(7.6)</u>

## 2008-09 Budget - Multi-year Financial Outlook – Operating Budgets cont'd....

When the forecasted shortfall for each year is added to the actual accumulated deficit of \$2.3 million as of April 30, 2007, plus the \$2.5 million budget shortfall in 2007-08, the forecasted balances quickly accumulate after 2008-09. If these annual shortfalls are not reduced through additional funding or other budget actions, then the accumulated balances would quickly exceed levels currently permitted by the Maritime Provinces Higher Education Commission, which could impact future funding. The accumulation would also have a significant impact on the working capital position of the University which would result in external cash borrowings along with related restrictions.





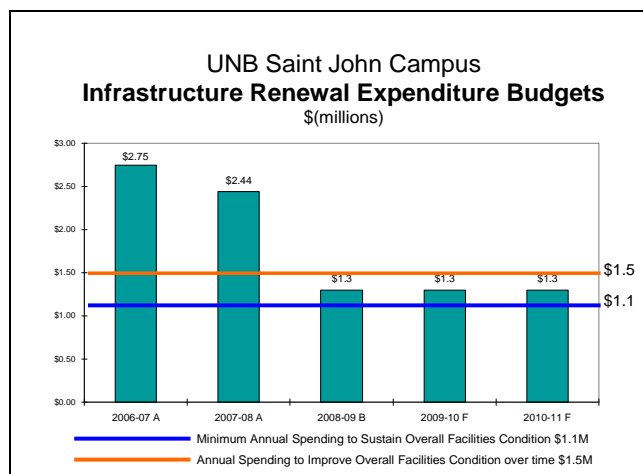
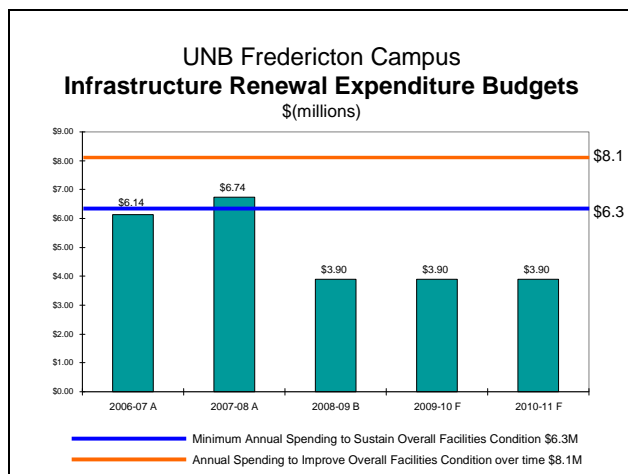
## 2008-09 Budget - Multi-year Financial Outlook - Capital

Multi-year capital forecasts are currently prepared on the following basis: estimates are made regarding the overall level of capital funding that will be available from designated sources for several years; this funding is then grouped into various categories, such as infrastructure renewal, equipment and technology and new construction. Major projects are submitted for Board of Governors' approval through a 3-phase process:

- *Phase One Concept Approval* provides management with the project rationale and broad-based preliminary costing on which they can make a decision to support the project. (Project is identified as a university priority and is included in the multi-year capital forecasts)
- *Phase Two Design Approval* builds on the broad information provided in Phase I to provide management with detailed scope, costing and schedule information on the project. (Project parameters are reviewed against original assumptions and forecasts. Project is reconfirmed as a university priority)
- *Phase Three Final Design Approval* ensures the Board has a final opportunity to review and approve the project prior to tendering and construction.

Processes are currently in place to review the scope, costs, funding sources and time lines for these major projects. Until such time that these variables become finalized and approved, the projects will not appear in the multi-year capital forecast.

What is provided below is a summary of the infrastructure renewal component of the multi-year capital budget outlined in each campus budget package. As can be seen from the charts, in 2006-07 and 2007-08, UNB has had sufficient funding available to sustain infrastructure renewal requirements on an overall basis. These funding sources have been greatly supported by one-time infrastructure funding provided by Federal and Provincial governments. In order for renewal programs to be sustainable, continued significant annual funding sources are required.



## 2008-09 Budget - Budget Risks

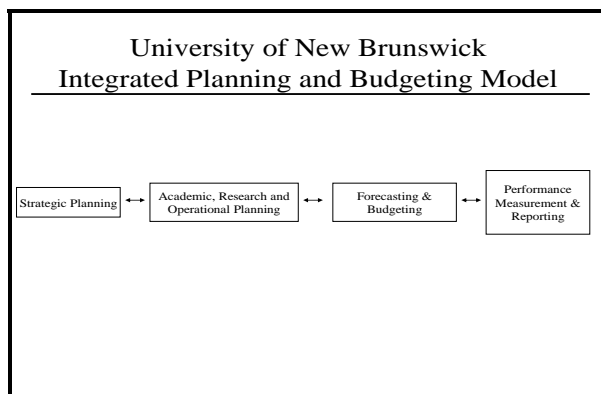
The University is subject to various strategic and operational risks. The budget is comprised of a number of estimates and assumptions which are also subject to certain risks. These are summarized as follows:

- Student enrolment is a significant driver of operating budget funding and heavily impacts residence occupancy rates. The current forecast is based on a 2.2% decrease in comparison to 2007-08 actual figures. In 2007-08, UNB experienced an actual enrolment decrease of 3.9%. Current application and confirmation figures are better than those in 2007-08 at this time. Each 100 students, or 1% of the total enrolment, has a \$600,000 impact on tuition revenue.
- The operating budget has \$1.1 million in interest income earned on cash flow. This amount is based on the overall level of cash flow and the applicable interest rate earned. The interest rate is linked to the Canadian prime rate which has been tracking downward at a faster pattern than usual. Each .5% change in the interest rate impacts the budget by \$150,000.
- The budget contains actual salary and progression-through-the-ranks adjustment for faculty and libraries as per the collective agreement with the AUNBT. These are fixed amounts. The current collective agreement expires in June 2009.
- Salary increase provisions have also been made for unionized support staff and non-unionized professional staff on both campuses. The budget provides for inflation-like salary adjustments. The collective agreements for both staff unions expire in June 2008. The salary mass for both unions totals approximately \$15-\$16 million.
- Part-time instructors have recently become unionized and will be negotiating their first collective agreement with UNB this year. The current cost of payments made to instructors and financed from the operating budget is \$5 million.
- The graduate students at UNB are currently in the process of unionization, with the Provincial Labour Board reviewing the voting process. The approximate annual amount of teaching related payments that relate to these students is \$2 million.
- The operating budget contains overall electricity costs of \$2.8 million and heating costs of \$5.2 million. Estimates have been made on utilization and price increases. The price of fuel, which impacts heating pricing, is budgeted to increase by 19% in comparison to the 2007-08 budget. Each 1¢ increase in fuel oil prices translates into a budget impact of approximately \$35,000.
- The budget is based on the assumption that normal retirement patterns will continue at UNB with the overall faculty complement plan reflecting a partial replacement of those who retire (in order to reduce the overall complement as overall student enrolment decreases). A risk is that mandatory retirement in New Brunswick is rescinded and the provisions for retirement at the age of 65 would no longer continue at UNB. This could change the overall salary change model with less annual salary savings resulting from normal turnover trends.
- The budget contains minimal provisions for contingencies and risks as the majority of built-in flexibility amounts have already been captured as part of balancing the budget.
- The University non-pension benefit programs contain elements of self insurance (with partial stop loss insurance coverage). The budget assumes benefit experience will follow recent years' experience. Current funding rates for the Academic Pension Plan are expected to be adequate in accordance with the Financial Improvement Plan.
- Capital budgets, infrastructure renewal and equipment each contain \$100,000 for in-year allocation on unforeseen expenditure requirements. With the high level of deferred maintenance, there is a risk that a major emergency capital requirement could occur with limited contingency funding available.
- The operating budget reflects the new advancement function that has been approved as a strategic priority for the University. The ongoing costs for this area are partially funded from an assumed 40% grown in annual fund raising results and that \$1,000,000 in additional annual fund raising administration fees or undesignated funds are available as a result. This risk is back stopped by a freeze on remaining undesignated fund balances of \$500,000.

## 2008-09 Budget - Budget Process

Preparing the annual budgets for a large, complex and diverse organization like the University of New Brunswick is a significant undertaking requiring planning, cooperation, effort and contributions from a number of stakeholders.

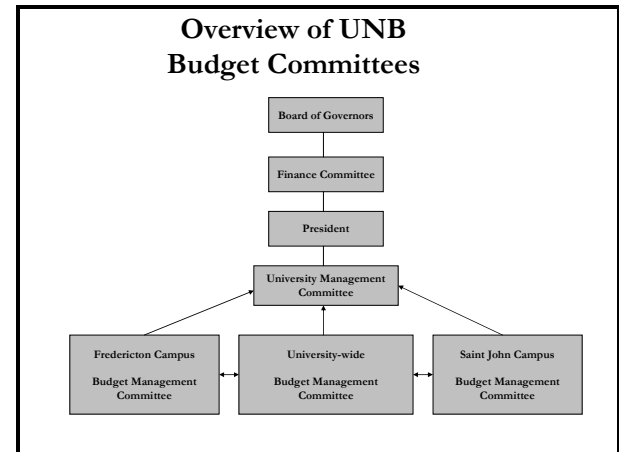
Key to the budgeting process are the institutional strategic directions that are articulated by the President and the campus academic and operational plans and priorities established through consultative processes on each campus.



After analyzing the fiscal content, competitive situation, objectives, plans and priorities, a series of budget parameters, themes and targets are developed for each campus. Budget administration and accountability is highly distributed at UNB with budget managers accountable for the development and management of detailed budget proposals. Budget proposals must address unit plans, priorities and detailed spending and investment proposals.

All budgets are independently reviewed and queried by budget committees. Once the budget is approved, a series of individual budgets and amounts are established so that approved funds may be tracked and controlled against targets.

The following chart provides an overview of the budget committee process at UNB to ensure that budget options and choices are reviewed and analyzed prior to the President bringing forward the final budget proposal to the Board of Governors for their consideration and approval.



The membership of the UNB budget committees is as follows:

## 2008-09 Budget - Budget Process cont'd.....

The following individuals were members of the University and campus budget committees for the 2008-09 budget process:

### University-wide Budget Management Committee

Dr. John McLaughlin, President, Chair  
Mr. Daniel Murray, Vice-President (Finance & Corporate Services), Vice-Chair  
Dr. Greg Kealey, Vice-President (Research)  
Dr. Jane Fritz, Vice-President (Fredericton-Academic)  
Mr. Bob Skillen, Chief Advancement Officer  
Mr. Larry Guitard, Assistant Vice-President (Finance & Corporate Services) & Comptroller, Ex-officio  
Mr. Tim Walker, Director, Resource Planning and Budgeting, Ex-officio  
Dr. Marcelo Santos, Professor  
Ms. Anne Forrestall, Student Affairs and Services, Directors Plus  
Mr. Carl Burgess, President Graduate Student Association  
Mr. Brad Mullins, President, Student Union  
Dr. Gwen Davies, Dean of School of Graduate Studies  
Mr. Chris Callbeck, Assistant Vice-President (Finance & Administration)  
Dr. Kathryn Hamer, Vice-President (Saint John)  
Judith Dunstan, Faculty of Business (Saint John)  
Mr. Tom Buckley, Office of the Registrar (Saint John)  
Mr. Patrick Beamish, Undergraduate Student Representative (Saint John)

### Fredericton Campus Budget Management Committee

Professor Jane Fritz, Vice-President (Fredericton-Academic), Chair  
Mr. Dan Murray, Vice-President (Finance & Corporate Services)  
Dr. Greg Kealey, Vice-President (Research)  
Professor Gwen Davies, Dean of School of Graduate Studies  
Dr. Shirley Cleave, Associate Vice-President Academic (Learning Environment)  
Dr. Sharon Rich, Dean, Faculty of Education, Dean's Council  
Dr. Richard Langley, Faculty of Engineering, Senate faculty representative  
Ms. Anne Forrestall, Student Affairs and Services, Directors Plus  
Mr. Carl Burgess, President, Graduate Student Association  
Mr. Brad Mullins, President, Student Union, Undergraduate Student Union representative  
Mr. Larry Guitard, Assistant Vice-President (Finance & Corporate Services) & Comptroller, Ex-officio  
Ms. Barb Nicholson, Associate Vice-President (Capital Planning and Property Development), Ex-officio  
Ms. Lori MacMullen, Associate Vice-President (Integrated Technology Services), Ex-officio  
Mr. Tim Walker, Director, Resource Planning & Budgeting, Ex-officio

### Saint John Campus Budget Management Committee

Dr. Kathryn Hamer, Vice-President Saint John, Chair  
Dr. Muhammed Kabir, Associate Vice-President  
Chris Callbeck, Assistant Vice-President (Finance & Administration)  
Dr. Robert MacKinnon, Dean of Arts  
Dr. John M. Terhune, Acting Dean of Science, Applied Science & Engineering  
Dr. Regena Farnsworth, Acting Dean of Business  
Tom Buckley, Registrar  
Terry Nikkel, Director, Information Services and Systems  
Kevin Bonner, Director, Student Services  
Dr. David Creelman, Faculty of Arts  
Judith Dunstan, Faculty of Business  
Dr. Bruce MacDonald, Faculty of Science, Applied Science & Engineering  
Eric Savoie, Vice-President External Relations, Student Representative Council

## 2008-09 Budget – Accountability and Budget Policies

The University of New Brunswick has a long tradition of fiscal responsibility and provides clear open disclosure of its financial position, budgets and results. Among the chief tools that support this approach are:

- A comprehensive set of University Financial and Budget Planning Principles and Policies which are available on the open University website at [http://www.unb.ca/services/financialservices/facstaff/bud\\_plan.htm](http://www.unb.ca/services/financialservices/facstaff/bud_plan.htm).
- Preparation and disclosure of annual independently audited financial statements, available on the University open website at <http://www.unb.ca/vpfin/documents/AuditedFinancialStatementsApril302006.pdf>
- Annual reports by the University Comptroller and the Vice-President (Finance and Corporate Services) which describe the financial results and compare to budget targets, both are available on the open University website at [http://www.unb.ca/services/financialservices/facstaff/fin\\_acc.htm](http://www.unb.ca/services/financialservices/facstaff/fin_acc.htm) and <http://www.unb.ca/vpfin/reports.html>.
- The 2008-09 and previous years' budgets are available on the open University website at <http://www.unb.ca/vpfin/budget.html>

**University of New Brunswick**

**2008-09  
Budget Schedules**

Summary Statement of Operating Revenues & Expenses	A
Provincial Grants	B
Tuition Fee Recommendations	C
Linking Resources with Strategy	D
Budgeted FTE Positions	E

## UNIVERSITY OF NEW BRUNSWICK

## CONSOLIDATED

## 2008-2009 Operating Budget

\$(000)

	Approved Budget 2007-2008 (Restated)	Proposed Budget 2008-2009	Increase(Decrease)	
			Dollars	Percent
<b>Revenue</b>				
Provincial Operating Grant *	\$90,718.8	\$96,820.2	\$6,101.4	6.7%
Tuition Revenue	57,505.5	54,680.1	(2,825.4)	(4.9%)
Other Revenue	8,263.2	9,633.3	1,370.1	16.6%
<b>Total Revenue</b>	156,487.6	161,133.6	4,646.0	3.0%
<b>Expense</b>				
<b>Academic and Research</b>				
Faculties and Departmental Costs	87,615.3	88,577.0	961.7	1.1%
Academic and Student Support	28,858.1	29,774.4	916.3	3.2%
	116,473.4	118,351.4	1,878.0	1.6%
<b>Administration and Support Services</b>				
Administration and Development	22,882.4	23,735.0	852.6	3.7%
Maintenance and Utilities	17,099.4	17,851.4	751.9	4.4%
	39,981.8	41,586.4	1,604.6	4.0%
<b>Total Operating Expenses</b>	156,455.2	159,937.8	3,482.5	2.2%
<b>Ancillary Operations (Net)</b>	1,106.3	1,748.0	641.7	58.0%
<b>In-Year Priority Allocations</b>	1,749.0	1,550.1	(198.9)	(11.4%)
<b>Total Expenses</b>	159,310.5	163,235.9	3,925.3	2.5%
<b>(Deficit) before One Time Sources (Uses) of Funds</b>	<b>(2,823.0)</b>	<b>(2,102.3)</b>	<b>720.7</b>	
<b>One Time Sources (Uses) of Funds:</b>				
Special Allocation to Recruitment & Retention	0.0	(675.3)	(675.3)	
Suspension of Priority Allocations	300.0	1,377.6	1,077.6	
Special Contribution to Saint John Campus	0.0	1,000.0	1,000.0	
Utilization of Internal Reserves	0.0	400.0	400.0	
Sub-total	300.0	2,102.3	1,802.3	
<b>Net Position (Deficit)</b>	<b>(\$2,523.0)</b>	<b>\$0.0</b>	<b>\$2,523.0</b>	

\* 2008-09 Budget includes \$1.1 M that has not yet been allocated to campus budgets.

## UNIVERSITY OF NEW BRUNSWICK

Schedule B

Provincial Government Grants

	Actual	Budget	Change	
	2007-08 (\$000's)	2008-09 (\$000's)	\$ (\$000's)	%
<b>UNIVERSITY TOTALS</b>				
Unrestricted Operating Grants				
Flat grant (1)	66,647	69,607	2,960	4.4%
Flat grant to offset tuition freeze	-	1,775	1,775	
Enrollment based grant	22,807	23,671	864	3.8%
Fiscal transfer for STU (2)	1,719	1,767	48	2.8%
<b>Total</b>	<b>91,173</b>	<b>96,820</b>	<b>5,647</b>	<b>6.2%</b>
Restricted Capital				
Non-space	1,994	2,054	60	3.0%
Alteration & Renovation	2,256	2,324	68	3.0%
<b>Total</b>	<b>4,250</b>	<b>4,378</b>	<b>128</b>	<b>3.0%</b>
<b>Total Grants</b>	<b>95,423</b>	<b>101,198</b>	<b>5,775</b>	<b>6.1%</b>
<b>FREDERICTON CAMPUS</b>				
Unrestricted Operating Grants				
Flat grant	56,423	58,010	1,587	2.8%
Flat grant to offset tuition freeze	-	1,362	1,362	
Enrollment based grant	19,098	19,786	688	3.6%
Fiscal transfer for STU (2)	1,719	1,767	48	2.8%
<b>Total</b>	<b>77,240</b>	<b>80,925</b>	<b>3,685</b>	<b>4.8%</b>
Restricted Capital				
Non-space	1,707	1,758	51	3.0%
Alteration & Renovation	1,947	2,006	59	3.0%
<b>Total</b>	<b>3,654</b>	<b>3,764</b>	<b>110</b>	<b>3.0%</b>
<b>Total Grants</b>	<b>80,894</b>	<b>84,689</b>	<b>3,795</b>	<b>4.7%</b>
<b>SAINT JOHN CAMPUS (3)</b>				
Unrestricted Operating Grants				
Flat grant	10,224	10,512	288	2.8%
Flat grant to offset tuition freeze	-	413	413	
Enrollment based grant	3,709	3,885	176	4.7%
Fiscal transfer for STU (2)		-	-	
<b>Total</b>	<b>13,933</b>	<b>14,810</b>	<b>877</b>	<b>6.3%</b>
Restricted Capital				
Non-space	287	296	9	3.1%
Alteration & Renovation	309	318	9	2.9%
<b>Total</b>	<b>596</b>	<b>614</b>	<b>18</b>	<b>3.0%</b>
<b>Total Grants</b>	<b>14,529</b>	<b>15,424</b>	<b>895</b>	<b>6.2%</b>

**Notes**

- (1) University-wide flat grant includes \$1.1 million of Unrestricted Operating Grant not yet allocated to campuses.
- (2) The Fiscal Transfer represents the amount allotted to UNB from the MPHEC in recognition of the joint services services that are provided by the Fredericton campus of UNB that also serve St. Thomas University (these include student services, medical centre, and primary library services)
- (3) The unrestricted and restricted Provincial operating and grants are provided to UNB in total. Intercampus allocations reflect Board policy. The application of this policy results in an allocation that would result if the Provincial approach to allocations between universities was also applied towards the UNB campuses.



**UNIVERSITY OF NEW BRUNSWICK**  
**Recommended Tuition Fee Changes for 2008-09 (Note 1)**

**Basic Tuition Fees:**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Recommended for 2008-09	Change from 2007-08	
								\$	%
1. Undergraduate Tuition Fee - (including students in a qualifying year)									
Full-time students	4,265	4,510	4,770	5,008	5,246	5,482	5,482	0	0.00%
Per course (0 - 5 credit hours)	426	451	477	500	524	548	548	0	0.00%
Per course (6 - 11 credit hours)	852	902	954	1,000	1,048	1,096	1,096	0	0.00%
2. Faculty of Engineering									
Full-time students (includes a <b>\$1,000</b> Program Fee)	4,265	4,510	4,770	5,008	5,846	6,282	6,482	200	3.18%
Per course (0 - 5 credit hours) (includes a <b>\$100</b> Program Fee)	426	451	477	500	584	628	648	20	3.18%
Per course (6 - 11 credit hours) (includes a <b>\$200</b> Program Fee)	852	902	954	1,000	1,168	1,256	1,296	40	3.18%
3. Faculty of Law									
Full-time students (includes a <b>\$3,550</b> Program Fee)	5,340	5,647	6,972	7,320	8,646	9,032	9,032	0	0.00%
Per course (0 - 5 credit hours) (includes a <b>\$355</b> Program Fee)	534	565	697	732	864	903	903	0	0.00%
Per course (6 - 11 credit hours) (includes a <b>\$710</b> Program Fee)	1,068	1,130	1,395	1,464	1,728	1,806	1,806	0	0.00%
4. Graduate Tuition Fees Per Term for Research Based Programs							1		
Full time Program Fee	1,442	1,525	1,613	1,694	1,774	1,854	1,854	0	0.00%
Part time or Continuing Fee	720	762	806	847	887	927	927	0	0.00%
Visiting GR Students Registered at Canadian Universities	720	762	806	847	887	-	-	-	-
Visiting GR Students Registered at Non-Canadian Universities	720	762	806	847	887	927	927	0	0.00%
5. Graduate Tuition Fees Per Course for Course Based Programs									
All Programs (except MBA) Per course (0 - 5 credit hours)	-	570	603	633	660	690	690	0	0.00%
M.Ed. Online program Administration Fee Per 3 credit hour course	-	-	-	-	-	-	100	100	New
Master of Business Administration - Per 3 credit hour course	510	610	645	677	706	738	738	0	0.00%
6. Supplementary Tuition Fee for Visa Students									
Undergraduate (for Academic Year) - (Note 2)	3,890	4,240	4,622	5,130	5,374	5,616	6,009	393	7.00%
Per course (0 - 5 credit hours)	389	424	462	513	537	561	600	39	6.95%
Per course (6 - 11 credit hours)	778	848	924	1,026	1,074	1,122	1,200	78	6.95%
Graduate (per term)	1,296	1,296	1,296	1,296	1,296	1,296	1,296	0	0.00%
Visiting GR Students Registered at Canadian Universities (per term)	1,296	1,296	1,296	1,296	1,296	-	-	-	-
Visiting GR Students Registered at Non-Canadian Universities (per term)	1,296	1,296	1,296	1,296	1,296	1,296	1,296	0	0.00%

NOTES:

- (1) All fee changes for 2008-09 will take effect as of September 1, 2008.
- (2) Effective for 2008-09 admissions, the Registration Confirmation Deposit for International Undergraduate Students had increased to \$750. The Confirmation Deposit is credited against a student's tuition balance upon arrival and enrolment at UNB.

**UNIVERSITY OF NEW BRUNSWICK**  
**Recommended Tuition Fee Changes for 2008-09 (Note 1)**

**Other Fees:**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Recommended for 2008-09	Change from 2007-08	
								\$	%
7. Work Term Fee (for all Co-Op Programs)	700	714	714	730	730	730	730	0	0.00%
8. Professional Experience Program (Faculty of Engineering)	700	714	714	730	730	730	730	0	0.00%
9. Practicum Fee (Faculty of Education)									
Practicum Fee for new one-year consecutive B.Ed (UNBF)	-	-	-	-	-	-	500	500	New
10. Diploma in University Teaching	130	130	130	130	200	200	300	100	50.00%
11. Cost-Recovery MBA Program (UNBSJ)									
International full time (inclusive of Technology & Facilities fees)	28,000	28,000	28,000	28,000	28,000	24,500	24,500	0	0.00%
Canadian full time (inclusive of Technology & Facilities fees)	-	-	-	-	-	18,000	18,000	0	0.00%
Per 2.5 credit hour course	-	1,100	1,100	1,100	1,110	975	975	0	0.00%
12. Application Fee									
Undergraduate	35	35	35	45	45	45	45	0	0.00%
Graduate	50	50	50	50	50	50	50	0	0.00%
13. Technology Fee (Note 3)									
Full-time Undergraduate programs per term for 2 terms	25	25	25	25	25	25	25.00	0.00	0.00%
Full-time & Cont. Research Based Graduate programs per term for 3 terms	25	25	25	25	16.50	16.50	16.50	0.00	0.00%
Part-time Research Based Graduate programs per term for 3 terms	25	12.50	12.50	12.50	8.25	8.25	8.25	0.00	0.00%
Undergraduate and Course Based Graduate Programs per course	5	5	5	5	5	5	5	0.00	0.00%
14. Facilities Improvement Fee (Note 4)									
Full-time Undergraduate programs per term for 2 terms	-	-	-	87.50	87.50	87.50	87.50	0.00	0.00%
Full-time & Cont. Research Based Graduate programs per term for 3 terms	-	-	-	58.00	58.00	58.00	58.00	0.00	0.00%
Part-time Research Based Graduate programs per term for 3 terms	-	-	-	29.00	29.00	29.00	29.00	0.00	0.00%
Undergraduate and Course Based Graduate Programs per course	-	-	-	17.50	17.50	17.50	17.50	0.00	0.00%

NOTES:

- (1) All fee changes for 2008-09 will take effect as of September 1, 2008.
- (3) Co-op and PEP Work Term students are exempt.
- (4) Bathurst, Moncton and Miramichi students are exempt

# UNB

## Linking Resources with Strategy

### President's Strategic Focus

**National University**

**Student Focused**

**Societally Engaged**

**Strategic Enrolment**

**Academic/ Research**

**Student Experience**

**Resource Planning And Management**

**Community**

**Initiatives and Budget Actions**

- Added \$ to Base
- Student Scholarships
- Graduate Student Support
- Recruiting budgets
- Support Service units
  
- One-time Investments
- Recruitment budgets
  
- Other
- International graduate tuition freeze
- PhD tuition fee pilot
- Increased retention activities

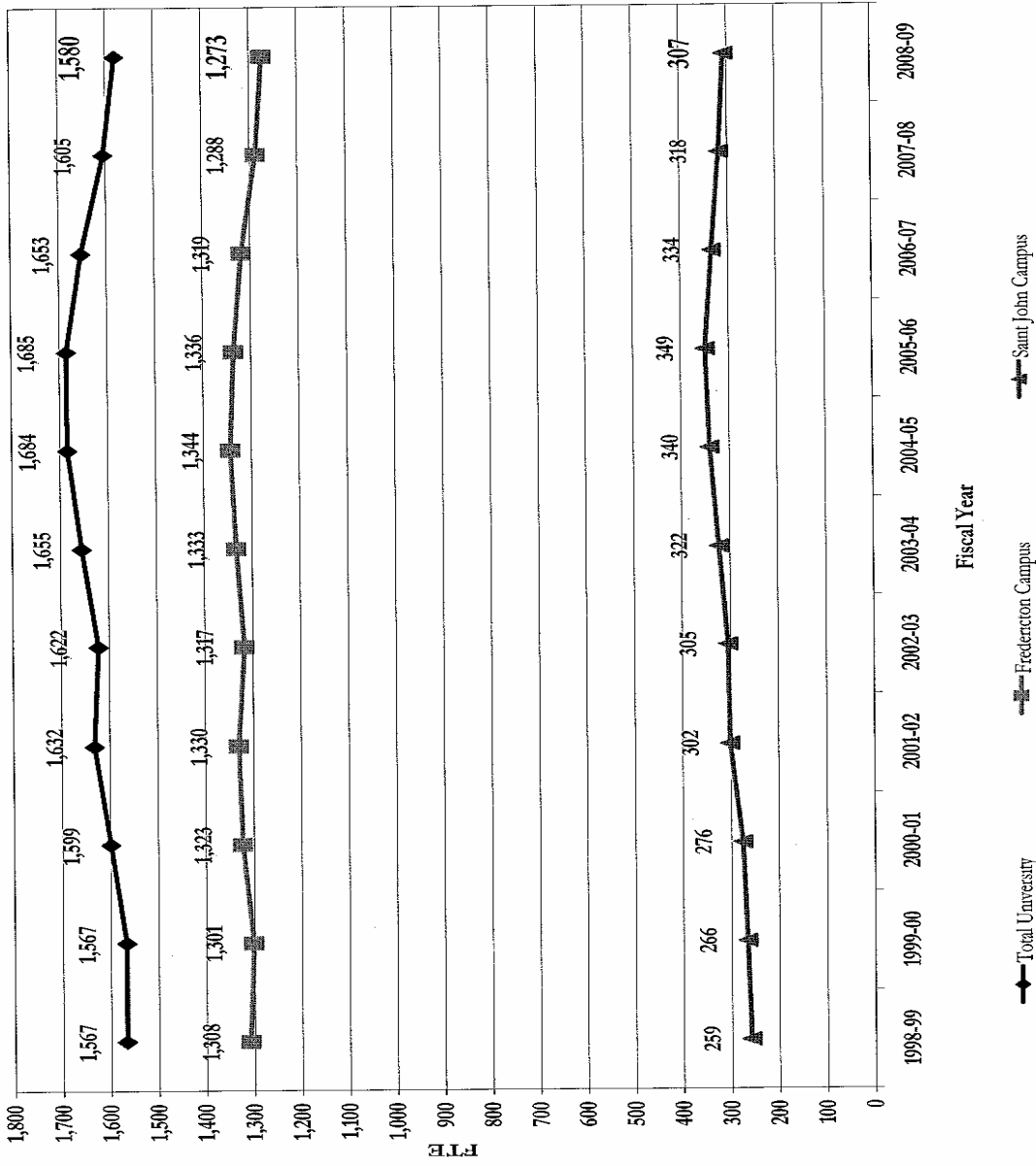
- Collective Agreement \$ commitments
- Net reductions in faculty positions with additions to strategic areas
- Indirect cost of research supports research growth
- Innovation and change in various programs
- Engineering differential fee for re-investment
- Library acquisitions

- Base budgets sustained
- Health clinics
- Consolidation of UNBF student services
- Implementation of a refocused UNB Web
- Specific capital renewal projects to improve learning environment
- Excellence in Teaching Committee UNBSJ

- Growth in other income
- Complement reallocations
- New advancement agenda
- UNB Online
- Financial outlook improved from baseline
- Saint John College revenue initiatives

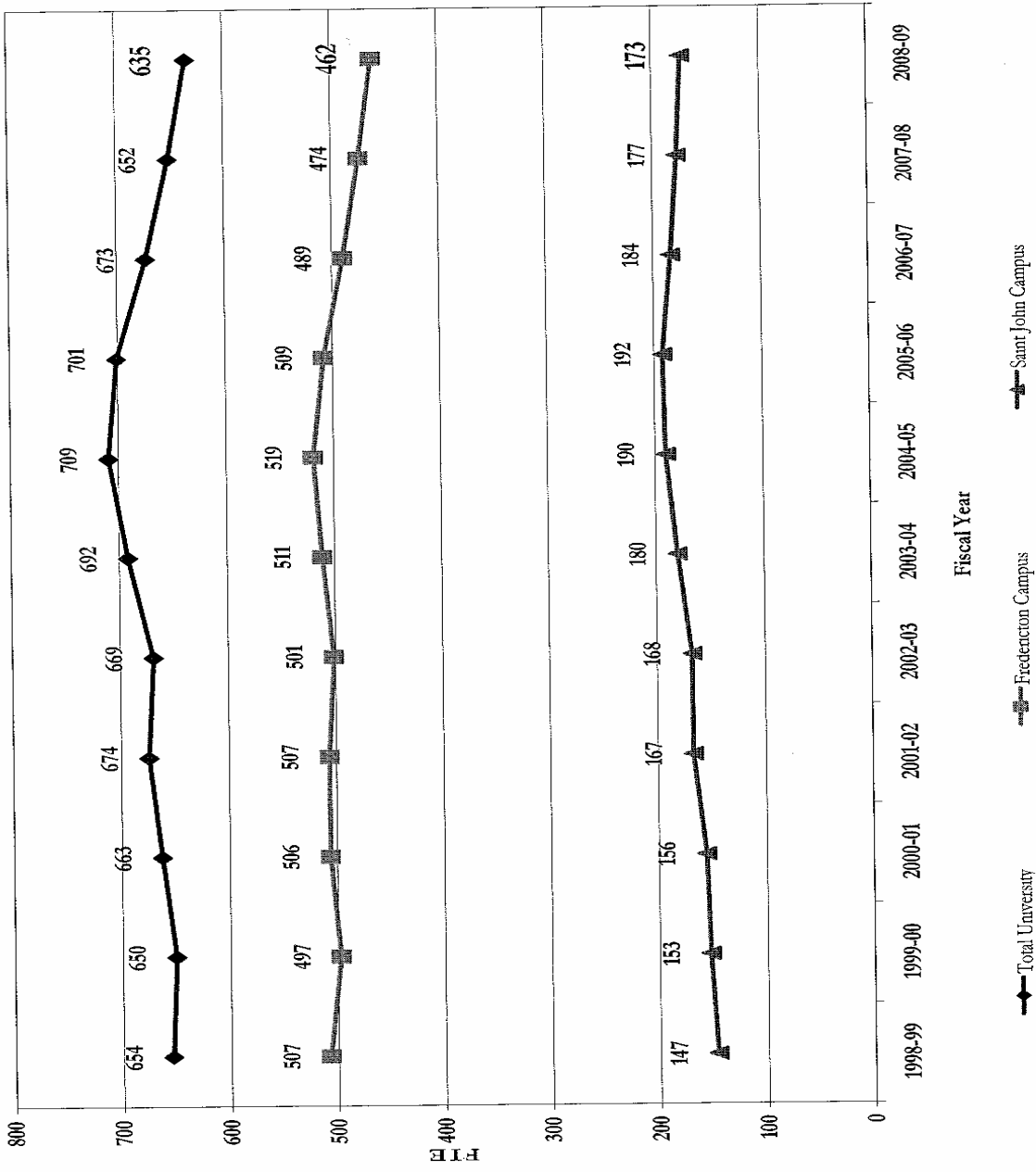
- Sustained funding arts & culture
- Human Rights and Positive Environment Office
- Allocations to accessibility infrastructure
- Wellfield protection allocation
- Environmental initiatives

University of New Brunswick  
 Budgeted FTE Positions  
 Academic Staff and Support Staff

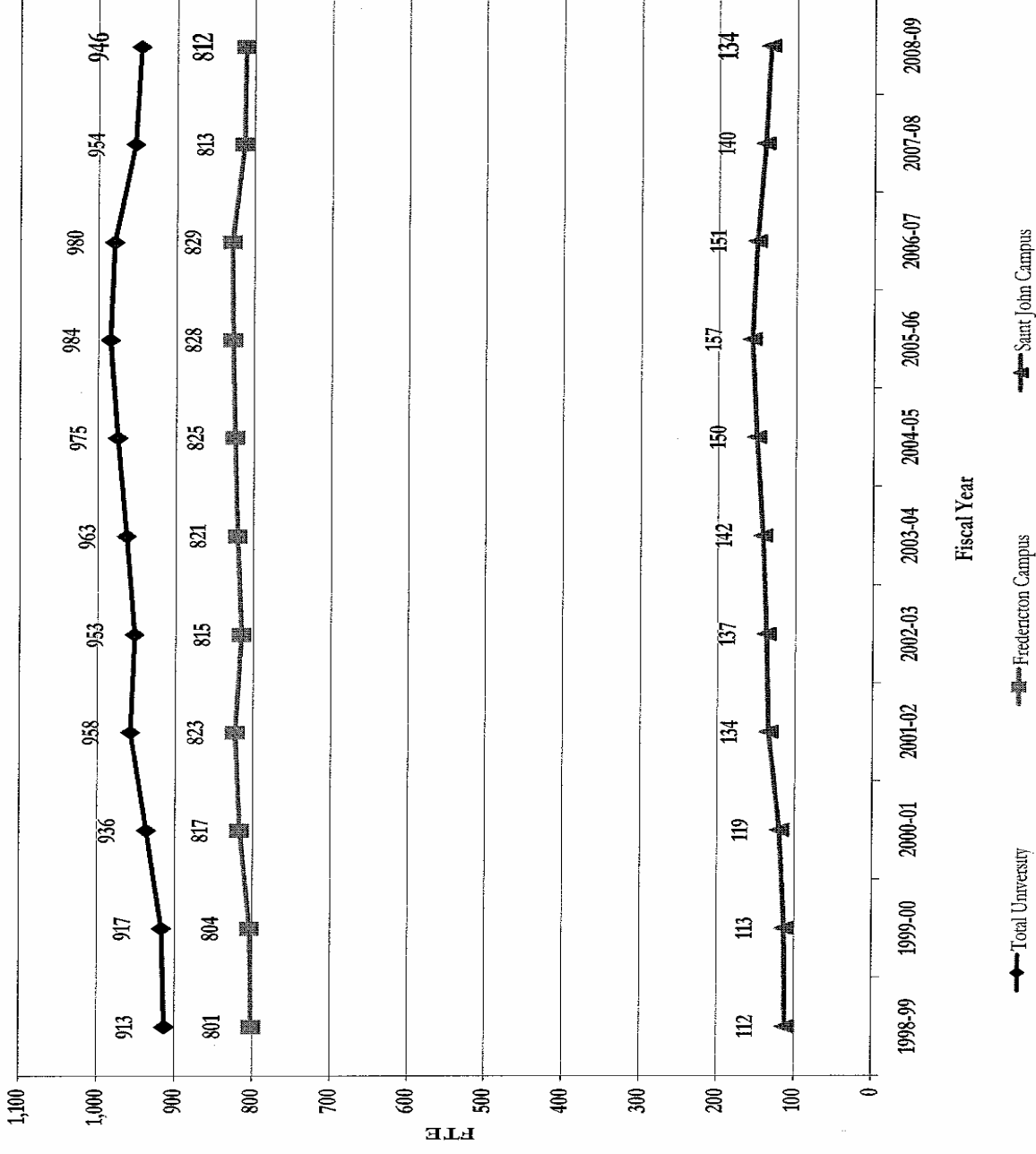


Prepared by: Resource Planning and Budgeting Team  
 S:\Campus\_wide\_initiatives\Budget\2008-09 Budget\Complementi\Budget FTE Schedules\2008-04-14 Budgeted FTE Position Graphs.xlsx [Total FTE]

University of New Brunswick  
 Budgeted FTE Positions  
 Academic Staffing



University of New Brunswick  
 Budgeted FTE Positions  
 Support Staff



Prepared by: Resource Planning and Budgeting Team  
 S:\Campus\_wide\_Initiatives\Budget\2008-09\Budget\Complement\Budget FTE Schedules\2008-04-14 Budgeted FTE Position Graphs.xlsx [Total SuppStaff FTE]