



Board of Governors
May 27, 2014
Agenda Item # 12.3.2

University of New Brunswick

2014-15 Budget

Executive Summary



Presented by the Vice-President (Finance and Corporate Services)
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University of New Brunswick
2014-15 Budget
Executive Summary

The 2014-15 University budget submission contains detailed budgets for university operations, capital activity, spending from university endowments, residence operations, as well as a multi-year financial outlook. The Executive Summary for these follows:

Operating Budget

Highlights of the 2014-15 Operating Budget

- **\$185.8 million budget is balanced**
- **Key Contributing Factors to the balanced budget position were:**
 - A 2% increase in the unrestricted provincial operating grant *plus* stabilization of the funding base with operating grant funding that had previously been considered as one-time now added to the ongoing funding base.
 - 3% increase in basic tuition fees, in keeping with tuition fee parameter recommendations from the Province of New Brunswick.
 - Recent initiatives to reduce expenses and generate additional sources of non-traditional revenues have been confirmed and are reflected in the ongoing budget.
- **Overall operating revenue growth of 3.3%**
 - Reflects provincial funding and tuition fee recommendations
 - Increase in other non-traditional revenue sources of 5.6%
 - Student enrolment budgeted to decrease by 165 FTE, or 1.78%
 - Stretch enrolment targets established to offset this decline
- **Operating expense growth limited to 2.3% overall.**
 - \$1 million in budgeted reductions made, compared to \$3.8 million last year.
 - Academic budgets have been insulated from budget reductions.
 - Recruitment budget stabilized
- **Other Matters**
 - Budget contains \$4.2 million in one-time operational resources that will be allocated to campus priorities through prioritization processes.
 - Risk reserves of \$6 million will be released to campuses for one-time expenditures to be informed by campus prioritization processes.

Capital Budget

- \$16 million capital budget, similar amount as last year.
 - A mix of infrastructure renewal, improvements to facilities and spaces, new technology and equipment.
- \$10 million of capital budget is for infrastructure renewal
 - Over 50% of this amount is self-funding, will be repaid through future cost savings.
- Deferred maintenance will go up despite these investments as facilities age and require more renewal each year.
- All funding sources have been secured.

Spending from University Endowments

- Long-term spending rate of 4%, after inflation, is continued
- Scholarships are topped up to a 4.25% spending rate
- Total scholarships \$8.1 million, up to 4.4%
- Recent strong risk adjusted returns from investment portfolio

Residence Budgets

UNB Fredericton Campus

- Basic room and board +2.1%
 - Increase of +6.7% to 7.3% for special rooms
 - Communications fee moves from \$300 to \$450
- \$1 million more infrastructure renewal
 - Funds sourced from certain debts which are now paid off
- Net cash outflow \$864,000, similar to last year
- Occupancy 82.3%

UNB Saint John Campus

- Room increase +3 %
- Food Plan from \$2,400 to \$2,600
- Break even budget
- Occupancy 90%

Multi-Year Operational Outlook

- Various scenarios have been modeled for future operational revenues and for expenses associated with steady state operations.
- Models illustrate a continuing challenge where operational revenues in the current economic, fiscal and demographic environment would increase by less than 2% per year, whereas operational expenses would increase (if unadjusted) by between 3.5% and 4% per year.
- These scenarios illustrate that UNB, like many universities, will be faced with potential funding shortfalls that must be addressed in order to achieve long-term financial sustainability.

University of New Brunswick
University-wide Consolidated Operating Budget
2014-15
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	Budget	Budget	Change	
	2013-14	2014-15	Dollars	Percent
Revenue				
Provincial Operating Grant	\$107,975.5	\$112,018.4	\$4,042.9	3.7%
Tuition Revenue	57,997.6	59,132.9	1,135.2	2.0%
Other Revenue	13,887.5	14,665.9	778.4	5.6%
Total Operating Revenue	<u>179,860.6</u>	<u>185,817.1</u>	<u>5,956.6</u>	<u>3.3%</u>
Expense				
Academic and Research				
Faculties and Departmental Costs	98,185.1	99,797.3	1,612.2	1.6%
Academic and Student Support	31,000.3	32,486.6	1,486.3	4.8%
Sub-total	<u>129,185.4</u>	<u>132,283.9</u>	<u>3,098.5</u>	<u>2.4%</u>
Administration and Support Services				
Administration and Development	28,540.0	30,567.4	2,027.4	7.1%
Maintenance and Utilities	21,604.2	22,270.0	665.7	3.1%
Sub-total	<u>50,144.2</u>	<u>52,837.3</u>	<u>2,693.1</u>	<u>5.4%</u>
Total Operating Expense	<u>179,329.6</u>	<u>185,121.3</u>	<u>5,791.7</u>	<u>3.2%</u>
Ancillary Operations (Net)	1,274.5	1,268.0	(6.6)	(0.5%)
In-Year Contingency	1,500.0	1,500.0	0.0	0.0%
In-Year Salary Savings	(2,498.0)	(3,769.4)	(1,271.4)	50.9%
In-Year Priority Allocations	2,000.3	1,633.3	(367.0)	(18.3%)
Sub-total	<u>2,276.8</u>	<u>631.9</u>	<u>(1,644.9)</u>	
Total Expense	<u>181,606.4</u>	<u>185,753.1</u>	<u>4,146.7</u>	<u>2.3%</u>
Net Position before One-Time Funds	<u>(1,745.8)</u>	<u>64.0</u>	<u>1,809.8</u>	
Sources of One-Time Funding				
<u>Operating</u>				
One-time Provincial Operating Grant	1,812.8	0.0	(1,812.8)	
One-Time Tuition (Stretch Enrolment Target)	0.0	1,074.9	1,074.9	
One-time (Additional) Outreach Revenue	1,300.0	3,000.0	1,700.0	
One-time (Additional) Salary Savings	1,400.0	133.6	(1,266.4)	
Sub-total	<u>4,512.8</u>	<u>4,208.5</u>	<u>(304.3)</u>	
<u>Transfers from Internally Restricted Assets</u>				
Specific Risk	<u>399.0</u>		<u>(399.0)</u>	
Application of One-Time Funding				
Priority Allocations	3,166.0	4,272.5	(1,106.5)	
Net Sources (uses) of One-time Funds	<u>1,745.8</u>	<u>(64.0)</u>	<u>(1,809.8)</u>	
Net Position	<u><u>\$0.0</u></u>	<u><u>\$0.0</u></u>	<u><u>\$0.0</u></u>	