



St. Thomas
UNIVERSITY

**Budget Summary Report
2021-22**

May 2021

1.0 Introduction

An initial *Budget Development Report 2021-22* document was produced and communicated to the University community in February 2021. The report is available at:

https://www.stu.ca/media/stu/site-content/about/faculty-reconition/administrative-offices/financial-statements-and-reports-/BudgetDevelopment2021_FINAL.pdf

The *Budget Development Report 2021-22* identified the composition of the President's Advisory Committee on the Budget (PACB) and described the context and challenges of developing the 2021-22 budget. The principles in developing the budget recommendations were:

- The need to achieve a balanced budget where expenditures do not exceed revenues;
- The importance of developing a budget plan that balances competing priorities in order to serve, to the best of our ability, the needs of students and other members of the community; and
- The desirability of allocating resources to areas that support the strategic direction of the University.

The *Budget Development Report 2021-22* requested input with respect to the financial challenges outlined in the *Report*. There were two written responses to the *Report* providing suggestions in relation to faculty retirement incentives. To further the campus discussion on budget development, the PACB held a virtual Town Hall via Teams on March 24, 2021. At this meeting, a status update on the budget development plan to date was provided, and proposed strategies to help address the operating deficit were presented. Approximately seventy-five (75) people attended, including PACB members, staff, faculty, and students.

2.0 General Operating Fund

2.1 BACKGROUND INFORMATION

The General Operating Fund covers the core functions of the University, including most of the expenditures directly related to, or in support of, offering programs of instruction to students. The operating budget has two main revenue sources: the Provincial Government operating grant and tuition fees. The expenditure categories are those used generally for university reporting in Canada. At St. Thomas, salaries represent approximately 75% of operating expenditures.

The 2019-20 fiscal year produced a deficit of \$291,400 in the General Operating Fund (before inter-fund transfers). Although this is a significant improvement compared to a deficit of \$1.4M in 2015-16, the University continues to have a structural operating deficit where operating revenues are lower than operating expenditures. See Appendix I for Operating Fund and Ancillary Fund financial results for the last 10 years.

Further to signing an MOU with the Province in 2019 that covers the 2017-18 to 2020-21 fiscal years, the Province recently committed to extending the MOU. St. Thomas University's provincial operating grant for 2021-22 is \$14.9M, an increase of 1% compared to last year. This portion of our revenues is not keeping up with inflationary pressures, thus causing an inflation gap. For the fiscal years 2017-18, 2018-19, and 2019-20, the operating grant increases were 1% per year, compared to annual increases in operating expenditures of 1.5%, 4.5%, and 3.2% respectively.

A significant on-going financial risk faced by the University is that of student enrolment. Between 2010 and 2019, St. Thomas' full-time enrolment declined by 21% (496 net full-time students). (Note: Other Maritime universities have experienced similar declines in liberal arts.) This situation is exacerbated by COVID-19.

There is uncertainty in relation to fall 2021 enrolment as the number of applications remains lower than last

year's application data.

We are planning for the resumption of in-person classes in September 2021 unless something significant changes with Public Health's direction and guidelines regarding COVID-19.

2.2 TUITION FEES

Appendix II provides a comparison of 2020-21 tuition fees of domestic and international students for a Bachelor of Arts at Maritime universities which shows that St. Thomas had the fourth lowest domestic tuition fees (after UPEI, Université de Moncton, and UNB), and fifth lowest international tuition fees (after Université Sainte-Anne, Université de Moncton, UPEI, and Mount Saint Vincent University).

In May 2019, a *Tuition Fee Guidelines* document was approved by the Board of Governors and is available at <https://www.stu.ca/media/stu/site-content/about/faculty-reconition/administrative-offices/financial-statements-and-reports-/Tuition-Fee-Guidelines.pdf>. The *Tuition Fee Guidelines* describe the factors and parameters that are considered by the University in determining tuition fees, namely:

- The need to achieve a balanced budget to maintain the quality of the education and ensure the long-term sustainability of the University.
- The cost of programs and annual inflationary cost pressures.
- The tuition fees for each program are to be set at a similar level as other universities in Atlantic Canada. This reflects the reality that the post-secondary sector is a competitive one and St. Thomas needs to offer a high-quality education and support services to attract students.
- The amount of financial support provided by the University to students in the form of scholarships, bursaries and other awards.
- Undergraduate international students are not funded through government operating grants. Consequently, the international tuition fee should be at a level where the University can recover the cost of providing services. Secondary to the concept of recovering costs, the tuition fee level should be at a similar level as other universities in Atlantic Canada. The following table provides information on actual expenditures per FTE (FTE reflecting the total number of domestic and international students) at St. Thomas for the period of 2014-15 to 2019-20. The international tuition fee charged continues to be less than the actual cost of providing the service, with the difference being \$753.

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
actual operating expenditures	33,524,378	32,469,510	31,082,559	30,620,043	31,168,065	31,800,266
FTEs*	1,993	1,980	1,965	2,011	2,060	2,165
actual operating expenditures/FTEs	16,821	16,399	15,818	15,229	15,133	14,688
international tuition fee	16,068	15,230	14,503	13,747	13,385	13,192
variance	753	1,169	1,315	1,482	1,748	1,496
*based on MPHEC figures for domestic and international students (actual calculated FTEs, including the Part-time and new Sem 2)						

Due to the University's continued financial challenges, a tuition fee increase of 5% was approved for the Bachelor of Arts and Bachelor of Education programs for the Academic Year 2021-22. Approved tuition fees are outlined in the following Table.

For the fiscal year 2020-21 that just ended, we anticipate a deficit of approximately \$305,900 in the General Operating Fund before inter-fund transfers.

The 2021-22 General Operating Budget is presented in Schedule 1. It reflects a deficit of \$408,800 before the transfer of \$410,000 from certain restricted funds, for a net profit (excess of revenues over expenses) of \$1,200 after inter-fund transfers. As stated in previous *Budget Summary Reports*, **the extensive use of certain restricted funds is a short-term solution to our fiscal challenges.**

Highlights of the General Operating Budget include:

- A budget of \$31.9 million in revenues and \$32.3 million in expenditures.
- The provincial operating grant of \$12.9 million and the fiscal transfer to UNB of \$2 million for a total of \$14.9 million.
- A projected enrolment of 1,834 which translates to 1,776 (fee-paying students) after adjustments for in-year student attrition, the number of students in programs that are budgeted separately (e.g., MMBSW), etc. The 1,776 number represents 16 more students compared to what was budgeted last year (1,760).
- Tuition fee and compulsory revenues of \$15.6 million.
- External grants from government and other sources totalling \$771,700. This includes indirect costs related to research (\$99,000), funding from the provincial government for several contract positions (\$234,200) and a transfer of restricted capital funds to Operations (\$400,000). The Department of Post-Secondary Education, Training and Labour has advised universities that this type of transfer from restricted capital to Operations is permitted for the fiscal year 2021-22 due to COVID-19. A transfer of \$400,000 to Operations will serve to reduce the operating budget deficit.
- Academic expenses totalling \$18.3 million and Administrative and General expenses totalling \$5.3 million.

3.0 Ancillary Budget

Ancillary Services are comprised of student residences and conference services. A separate budget is required for these activities because they are funded from separate sources and because of generally accepted and long-standing policy that ancillary activities be self-supporting and not eligible for government operating assistance.

The residence room rates were approved at the December 2020 Board of Governors meeting and represent a 6% and 1% price increase respectively for single and double rooms. The rates for 2021-22 are as follows:

- Holy Cross double room rate: \$5,495
- Holy Cross single room rate: \$8,327
- Vanier and Harrington double room rate: \$5,889
- Vanier and Harrington single room rate: \$8,758
- Vanier single room ensuite rate: \$9,758
- Windsor Street: \$4,843

The 2021-22 budget for ancillary services is presented in Schedule II. The budget reflects an estimated surplus of \$7,100, after principal payments on long-term debt of \$301,000. The budget reflects the following factors:

- It assumes occupancy of 370 students. We believe it will be possible to use both single and double rooms provided that the necessary public health measures are in place.
- It reflects a significant loss of revenue from events normally held on campus which are not being

held this year (e.g., UNB's English Language Program). This represents a revenue reduction of \$210,000 compared to the pre-COVID-19 budget of 2019-20.

- It takes into consideration the end of the lease at Rigby Hall in July 2021. This is in keeping with the University's long-term plan to amalgamate residence services on the main campus. We will incur some costs for Rigby Hall in 2021-22 for the period of May to July 2021 relating to the lease and normal building expenses such as utilities and security.

This break-even budget is a significant improvement compared to the fiscal year 2020-21 where we are forecasting a deficit in Ancillary Services of \$1,488,000 (before principal payments of \$180,000 on long term debt), as residence occupancy was minimal in 2020-21 due to COVID-19. On a go-forward basis, the University will need to budget for Ancillary Services to achieve significant surpluses over an extended period to pay back the accumulated deficit in the Ancillary Fund. The total expected deficit as of April 30, 2021 is estimated at \$2.8M.

The meal plan rates for 2021-22 are provided below and reflect an annual increase of 2.5% due to increasing labour, food, and other costs.

- Freedom Plan \$4,297
- 14 Meal Plan \$4,095
- 10 Meal Plan \$3,460

4.0 Restricted Funds

The University's restricted funds have varying origins. The scholarship fund consists of several funds that originated with gifts and bequests and are managed in accordance with terms specified by the donors and accepted by the University.

The other restricted funds relate mainly to endowed Chairs. Several of the Chairs were established with the assistance of external funding. Generally, these funds support teaching and research activities in a number of disciplines and supplement the operating fund budget. However, expenditures must be in accordance with the respective terms of reference of the endowed Chairs.

It should be noted that the Aquinas Fund is an internally restricted fund. It was established in 1996 by the Board of Governors from donations made to the St. Thomas University 2000 Fund (a fundraising campaign). This fund was created to support the Aquinas Program and to promote scholarship in the liberal arts as well as alternative, cross-disciplinary and interdisciplinary curricula. The initial fund amount was supplemented by subsequent contributions from operating surpluses during the period of 1999-2000 to 2004-05, as approved by the Board of Governors. Since the fiscal year 2014-15, the amounts spent from this Fund are higher than the normal 5% spend rate and they are used to assist in covering academic salary expenditures including (but not limited to) academic salary expenditures relating to Aquinas or Great Books. This short-term strategy of having a spend rate higher than 5% was implemented due to the need to address a significant operating deficit. In recent years, the Fund has also been used to help cover the cost of scholarships that were previously covered by the internally restricted scholarship fund that was depleted in 2018-19.

The University's investment policy permits expenditures of up to 5% of fund values based on a rolling three-year average of market values (\$21 million at April 2021).

The 2021-22 expenditure allocations from the University's restricted funds are presented in Schedule III and incorporate the following:

- Total restricted fund expenditures of \$1.6 million.
- A 5% spend rate was used for the restricted funds with the following exceptions:
 - For the Aquinas Fund, the budgeted expenditures of \$200,000 will deplete this fund in 2021-22. This will be used to fund some of the cost of the scholarships that were previously charged to the internally restricted scholarship fund.
 - The Canadian Citizenship and Human Rights Chair represents a 6% spend rate.
 - The Endowed Chair in Gerontology represents a 14% spend rate. This includes \$410,000 for academic salaries of the Gerontology Department to address the deficit in the Operating Fund.

5.0 Funding of Scholarships

The following funding sources have been identified to cover the estimated cost of 2021-22 scholarships that were previously funded by the internally restricted scholarship fund:

Operations	\$1,200,000
Aquinas Fund	\$200,000
Operations (internat. bursaries)	\$200,000
<u>Other external sources</u>	<u>\$200,000</u>
Subtotal	\$1,800,000

6.0 Capital Expenditures Budget

The 2021-22 capital expenditures are outlined in Schedule IV. Capital expenditures are funded from the restricted grants provided by the Provincial Government with the following exceptions:

- The interest on the capital lease at the Grant-Harvey Centre (\$37,000) is budgeted in Operations. The principal payment amount on the capital lease (\$81,600) will need to be covered through a future surplus.
- The Vanier Hall capital project is being funded through a bank loan. In May 2020, the Board of Governors approved a borrowing amount of \$7.64M for the Vanier Hall project, consisting of the project budget of \$7.52M and \$120,000 in estimated accrued interest during the construction period.

APPENDIX I
Year End Operating Fund
and Ancillary Fund Results

Year End Operating Fund Results (before inter-fund transfers)					
Year	Oper. Revenues	% Incr.	Oper. Expenditures	% Incr.	Net oper inc
2019-20	33,232,973	3.7%	33,524,378	3.2%	(291,405)
2018-19	32,043,473	4.4%	32,469,510	4.5%	(426,037)
2017-18	30,703,233	1.7%	31,082,559	1.5%	(379,326)
2016-17	30,176,321	1.3%	30,620,043	-1.8%	(443,722)
2015-16	29,780,290	-2.3%	31,168,065	-2.0%	(1,387,775)
2014-15	30,476,637	0.1%	31,800,266	4.6%	(1,323,629)
2013-14	30,435,025	1.7%	30,416,183	1.6%	18,842
2012-13	29,940,595	2.1%	29,936,633	2.2%	3,962
2011-12	29,318,918	3.3%	29,305,226	3.8%	13,692
2010-11	28,370,632	4.6%	28,228,613	7.1%	142,019
Source: audited financial statements					

Year End Ancillary Fund Results (before inter-fund transfers)					
Year	Ancill revenues	% Incr.	Ancill expend.	% Incr	Net income
2019-20	3,096,079	-10.0%	3,190,109	-1.4%	(94,030)
2018-19	3,439,975	1.3%	3,236,020	-1.6%	203,955
2017-18	3,395,406	8.2%	3,289,641	2.2%	105,765
2016-17	3,138,288	-2.5%	3,220,116	-6.3%	(81,828)
2015-16	3,220,160	-0.8%	3,435,023	-9.8%	(214,863)
2014-15	3,246,767	-20.7%	3,809,309	-5.5%	(562,542)
2013-14	4,096,299	-40.6%	4,030,916	-39.7%	65,383
2012-13	6,890,879	-3.5%	6,688,693	-3.8%	202,186
2011-12	7,143,817	1.1%	6,954,886	6.3%	188,931
2010-11	7,065,255	4.2%	6,539,895	4.9%	525,360

Source: Audited Financial Statements

Note: Since August 2013, food services' revenues and expenditures no longer part of STU financial statements (except for conference services and food services commission revenue).

APPENDIX II
2020-21 Tuition Fees for a Bachelor of Arts

University	Canadian Tuition
UPEI	6,390
U de M	6,937
UNB	7,270
STU	7,292
U. Sainte-Anne	8,020
Dal	8,103
Kings	8,103
SMU	8,140
MSVU	8,170
CBU	8,280
NSCAD	8,940
StFX	9,095
MtA	9,165
Acadia	9,201
Average	8,079

University	International Tuition
U. Ste-Anne	10,970
U de M	12,713
UPEI	13,860
MSVU	16,340
STU	16,389
CBU	16,440
UNB	17,023
StFX	18,190
SMU	18,280
Acadia	18,421
MtA	18,490
NSCAD	19,740
Dal	21,180
Kings	21,180
Average	17,087

St. Thomas University
General Operating Revenue and Expenses
For Budget Year Ending April 30, 2022

Schedule I

	2021-22 Budget	2020-21 Budget	2020-21 Forecast	Budget Increase/ (Decrease) (\$)	Budget Increase/ (Decrease) %
Revenues					
MPHEC Operating Grant	12,865,600	12,738,200	12,738,200	127,400	1.00%
MPHEC Fiscal Transfer to UNB	2,009,100	1,989,200	1,989,200	19,900	1.00%
Tuition and Compulsory Fees	15,636,500	15,268,700	15,018,700	367,800	2.41%
Miscellaneous student fees	428,000	430,000	430,000	-2,000	-0.47%
Government and Other Grants	771,700	325,200	725,200	446,500	137.30%
Advancement annual fund	25,000	25,000	20,000	0	0.00%
Miscellaneous revenues	140,000	279,000	304,000	-139,000	-49.82%
Total Revenue	31,875,900	31,055,300	31,225,300	820,600	2.64%
Expenses					
Academic					
Faculty salaries and benefits	17,301,700	17,158,200	17,058,200	143,500	0.84%
Department Expenses	301,300	256,700	160,000	44,600	17.37%
Travel Study and Research	422,100	619,100	629,100	-197,000	-31.82%
Other Academic	290,400	263,000	214,000	27,400	10.42%
	<u>18,315,500</u>	<u>18,297,000</u>	<u>18,061,300</u>	<u>18,500</u>	<u>0.10%</u>
Computing Services					
Salaries and benefits	710,600	678,400	678,400	32,200	4.75%
Systems Support	282,200	272,700	272,700	9,500	3.48%
Other Computing	146,100	146,500	146,500	-400	-0.27%
	<u>1,138,900</u>	<u>1,097,600</u>	<u>1,097,600</u>	<u>41,300</u>	<u>3.76%</u>
Administration and General					
Salaries and benefits	3,299,800	3,218,800	3,218,800	81,000	2.52%
Unit Expenses	647,800	664,400	539,000	-16,600	-2.50%
Other Administrative	416,700	415,700	413,800	1,000	0.24%
Advancement and Alumni	676,100	635,900	609,400	40,200	6.32%
Professional Services and memberships	255,000	280,000	205,000	-25,000	-8.93%
	<u>5,295,400</u>	<u>5,214,800</u>	<u>4,986,000</u>	<u>80,600</u>	<u>1.55%</u>
Student Services					
Salary and Benefits	1,579,200	1,548,200	1,498,200	31,000	2.00%
Athletics	372,000	267,500	155,000	104,500	39.07%
Scholarships	1,200,000	750,000	1,400,000	450,000	60.00%
Other Student Services	138,900	138,900	138,900	0	0.00%
	<u>3,290,100</u>	<u>2,704,600</u>	<u>3,192,100</u>	<u>585,500</u>	<u>21.65%</u>
Physical Plant					
Salary and Benefits	175,700	171,000	246,000	4,700	2.75%
Utilities and Insurance	1,127,000	1,127,000	1,014,000	0	0.00%
Cleaning	608,000	545,000	595,000	63,000	11.56%
Maintenance and Repairs	325,000	300,000	350,000	25,000	8.33%
	<u>2,235,700</u>	<u>2,143,000</u>	<u>2,205,000</u>	<u>92,700</u>	<u>4.33%</u>
Fiscal Transfer to UNB	2,009,100	1,989,200	1,989,200	19,900	1.00%
Total Expenditures	32,284,700	31,446,200	31,531,200	838,500	2.67%
Excess of expenses over revenues before inter-fund transfers	-408,800	-390,900	-305,900	-17,900	4.58%
Inter-fund transfers	410,000	395,000	310,000	15,000	3.80%
Excess of revenue over expenses after inter-fund transfers	<u>1,200</u>	<u>4,100</u>	<u>4,100</u>	<u>-2,900</u>	<u>n/a</u>

St. Thomas University
Ancillary Budget-Normal Operations
For Budget Year Ending April 30, 2022

Schedule II

	2021-22	2020-21	2020-21	Budget
	Budget	Budget	Forecast	Increase/ (Decrease) (\$)
Residence Fees	2,605,100	529,800	500,000	2,075,300
Miscellaneous	145,000	100,000	115,000	45,000
Total Revenue	2,750,100	629,800	615,000	2,120,300
Expenses:				
Administration Salaries and Benefits	467,800	440,200	440,200	27,600
Utilities	584,000	755,000	660,000	-171,000
Property Management	407,300	430,000	301,100	-22,700
Residence student staffing	116,300	51,300	51,300	65,000
Residence Bursaries	225,000	85,000	118,600	140,000
Maintenance and Repairs	271,600	232,300	157,300	39,300
Rigby Hall leaseback and property taxes	51,000	167,000	167,000	-116,000
Interest on long-term debt	229,900	138,000	138,000	91,900
Insurance	40,000	40,000	52,000	0
Residence Refrigerator Purchases	14,100	0	0	14,100
Equipment Purchases	5,000	5,000	2,500	0
Miscellaneous	30,000	30,000	15,000	0
Total Expenses	2,442,000	2,373,800	2,103,000	68,200
Excess of Revenue over Expenses	308,100	-1,744,000	-1,488,000	2,052,100
Principal payments on long-term debt	301,000	180,000	180,000	121,000
Net cash flow Ancillary	7,100	-1,924,000	-1,668,000	1,931,100

**St. Thomas University
Restricted Fund Expenditures
For Budget Year Ending April 30, 2022**

	Budget 2021-22	Forecast 2020-21	Budget 2020-21	Average Fund Balance 2019-21	Available (5%)
Scholarships					
Externally restricted	521,000	522,000	522,000	10,413,400	521,000
Flow-through	100,000	100,000	100,000	0	n/a
	<u>621,000</u>	<u>622,000</u>	<u>622,000</u>	<u>10,413,400</u>	
Internally Restricted Funds					
Aquinas Chair	200,000	175,000	500,000	n/a	200,000 (1)
Endowed Chairs					
Canadian Citizenship & Human Rights	105,000	105,000	105,000	1,733,600	87,000
Catholic Theology	110,000	75,000	109,000	2,196,700	110,000
Criminology and Criminal Justice	60,000	10,000	58,000	1,191,600	60,000
Camp Endowment in Journalism	56,000	20,000	56,000	1,178,100	56,000
Gerontology	420,000	320,000	538,000	2,822,500	141,000 (2)
Native Studies	73,000	72,000	72,000	1,455,700	73,000
	<u>1,645,000</u>	<u>1,399,000</u>	<u>2,060,000</u>	<u>20,991,600</u>	<u>1,248,000</u>

(1) Provision for internally restricted scholarships which will draw the fund balance to zero.

(2) Includes an additional transfer to operations of \$410,000 for academic salaries pending approval of operating budget.

**St. Thomas University
Capital Expenditures
For budget year ending April 30, 2022**

OperationsEquipment

Computer equipment and furnishings	275,000
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Renovations

Academic buildings and grounds improvements	<u>520,000</u>
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Total Capital Projects

	<u>795,000</u>
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Funding Sources

Restricted Gov't Assistance-Non-space 2021-22	245,000
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Restricted Gov't Assistance-Non-space carryforward	30,000
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Restricted Gov't Assistance-Alterations and Renovations 2021-22	200,000
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Restricted Gov't Assistance-Alterations and Renovations carryforward	275,000
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Restricted Gov't Assistance transferred to operations	-400,000
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University Deferred Maintenance Program (UDMP) 2021-22	132,400
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University Deferred Maintenance Program (UDMP) carryforward	<u>312,600</u>
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Total Funding Sources

	<u>795,000</u>
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