



St. Thomas
UNIVERSITY

**Budget Development Report
2020-2021**

February 14, 2020

Message from the President

With circulation of the attached *Budget Development Report*, we are launching consultations for our 2020-21 budget. This is an opportunity to learn about our operations and provide feedback on our fiscal issues. To supplement this *Report*, a Budget Town Hall will take place on March 23 at 4 pm in BMH 101 with Vice-President (Finance and Administration) Lily Fraser and members of the President's Advisory Committee on the Budget (PACB), which includes members drawn from faculty, students, and staff. In addition, there will be separate presentations at Senate and the Administrative Management Committee.

The PACB is tasked with achieving a balanced budget where expenditures do not exceed revenues; developing a budget that balances priorities to serve the needs of students and our community; and allocating resources that align with our strategic plan (which may be found [here](#)).

To understand the context of our financial challenges, we ended the 2018-19 fiscal year with a deficit of \$426,038 in general operations, which was mostly covered by an inter-fund transfer of \$400,000 (audited financial statements may be found [here](#)). For 2019-20, we are forecasting a deficit of \$342,600 before an inter-fund transfer.

The overall context for our budget can be described as constrained in that there is little financial flexibility. Our most significant sources of revenue are tuition and fees from students (\$15.3M in 2019-20) and the operating grant from the Province of New Brunswick (\$14.5M). The remaining revenues include other student fees and government funding, the Annual Fund, and miscellaneous revenues (totaling \$0.9M). Our most significant area of expenditures are academic expenditures (\$18.1M), followed by administrative and general (\$5.3M), physical plant (\$2.2M), fiscal transfer to UNB for library, counselling, and athletics facilities (\$2M), student services (\$2.4M), and computing services (\$1.1M). In addition, the report provides important context for key operating factors, particularly enrolment (recruitment and retention), the operating grant and provincial initiatives, tuition/fees, faculty composition, non-academic expenditures, academic programming, ancillary operations, and fundraising.

Minimizing and then eliminating the on-going operating deficit has been complex. With 77% of our expenses being fixed, we have limited capability to make reductions. Fixed costs include items like academic and administrative salaries, along with costs for utilities, cleaning, and security. When you examine the actual results in 2017-18 and 2018-19, you see increases of over 4% for both revenues and expenses. Most of the increase in operating expenses was due to higher expenditures for academic wages, student services, physical plant, and scholarships, while the increase in operating revenues was due to higher tuition/fees and a gain in the fair value of our investments.

That being said, we have made progress in addressing the deficit. Our financial results are significantly improved compared to 2014-15 where the operating deficit was \$1.3M. As we have stated, the use of transfers from restricted funds to balance the operating budget is unsustainable as these funds are limited. Going forward, our annual operating budget must account for a larger amount of the total scholarship expenditures.

This year, in addition to the *Budget Development Report*, we have also posted a document on *Tuition Fee Guidelines* (May 2019) on the parameters used in setting tuition fees and it may be found [here](#).

As we begin this consultation process, our most serious institutional challenge is therefore one of

healthy financial sustainability. Post-secondary funding issues have been compounded by a shrinking number of high school graduates; our comparatively small endowment; and the uncertainty of markets that affect investment returns. We have been addressing the operating deficit and strengthening our financial sustainability over the past five years with a multi-strategy approach to increase revenues and limit expenditure growth. It has included the following initiatives:

- Stabilizing enrolment
- Transitioning scholarship funding from internal funds to other sources
- Rationalizing non-academic expenditures
- Lobbying government on the operating grant situation
- Continuing our successful Capital Campaign as funds raised help to rebuild the scholarship endowment and provide modest assistance with residence renewal

All of these factors and variables are important considerations in our budget development consultation process. In the coming weeks, budget proposals from academic and administrative units will be reviewed by the Vice-President (Academic and Research) and the Vice-President (Finance and Administration) with the resulting budget reviewed by PACB. Following that, the budget will be presented to the Board of Governors' Finance Committee and to the Board of Governors in May 2020.

As always, your feedback on these issues is greatly appreciated. You may provide your confidential feedback to gallant@stu.ca by March 13, 2020.



Dawn Russell
President and Vice-Chancellor

Budget Development Process

The President's Advisory Committee on the Budget is comprised of the President and members drawn from faculty, staff and students:

- Dawn Russell, President and Vice-Chancellor
- Dr. Kim Fenwick, Vice-President (Academic and Research) (*ex officio*)
- Lily Fraser, Vice-President (Finance and Administration) (*ex officio*) – Committee Chair
- Reg Gallant, Comptroller (*ex officio*)
- Dr. Matt Dinan, Assistant Professor, Great Books Department (Senate Appointment)
- Dr. Marcea Ingersoll, Associate Professor, School of Education (Senate Appointment)
- Ashlen Henry, Director of Marketing (President's Appointment)
- Matthew Oram - Student (President's Appointment)
- Husoni Raymond - Student (President's Appointment)
- Philip Cliff, Director of Facilities Management (President's Appointment)
- Jeffrey Carleton, Associate Vice-President, Communications (President's Appointment)

In the development of its budget recommendations, the PACB will consider the feedback received as a result of this Budget Development Report, and will be guided by the following principles:

- 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 our community; and
- The desirability of allocating resources to areas that support the strategic direction of the University as outlined in its Strategic Plan.

As with previous years, each academic and administrative unit will develop a budget proposal for its area, taking into consideration the three principles outlined above.

These budget proposals will be reviewed by the Vice-President (Academic and Research) and the Vice-President (Finance and Administration). The resulting draft budget will be reviewed by the President's Advisory Committee on the Budget. Following that, the presentation of the Draft Budget 2020-21 will be made to the Board of Governors' Finance Committee and finally to the Board of Governors in May 2020.

FISCAL YEAR 2018-19 FINANCIAL RESULTS

With respect to Operations, we ended the 2018-19 fiscal year with a deficit of \$426,038. Most of this deficit was covered by a transfer of restricted funds of \$400,000. The annual audited financial statements are available on the University website.

The structural operating deficit is due to expenses being higher than revenues. Approximately 77% of expenses are fixed costs where we have limited ability or discretion to reduce the cost, such as full-time academic wages, full-time staff wages, and costs related to utilities, cleaning and security. When compared to the previous fiscal year, there was a significant increase in operating revenues and expenses of 4.4% and 4.5%, respectively. Most of the increase in operating revenues was due to student tuition and fees and a gain in the fair value of investments. Most of the increase in operating expenses was due to higher expenditures for academic wages, student services, physical plant, and scholarships.

For ancillary services, there was a surplus of \$203,955. This is an improvement compared to last year's surplus of \$105,765.

We are pleased with the progress made in addressing the University's fiscal challenges. These results are much improved compared to the fiscal year 2014-15 where the operating and ancillary deficits were \$1.3M and \$562,542 respectively. As we have stated in the past, we recognize that extensive use of inter-fund transfers to balance the operating budget is unsustainable. The depletion of the internally restricted scholarship fund in 2018-19 is evidence of this. On a go-forward basis, the operating budget must accommodate a larger amount of the total scholarship expenditures.

FISCAL YEAR 2019-20 PROJECTION (AS AT OCTOBER 31, 2019)

For the current fiscal year, St. Thomas University is forecasting general operations to have an excess of expenditures over revenues of \$342,600 before inter-fund transfers. This is the same amount as what was budgeted (operating deficit of \$342,500).

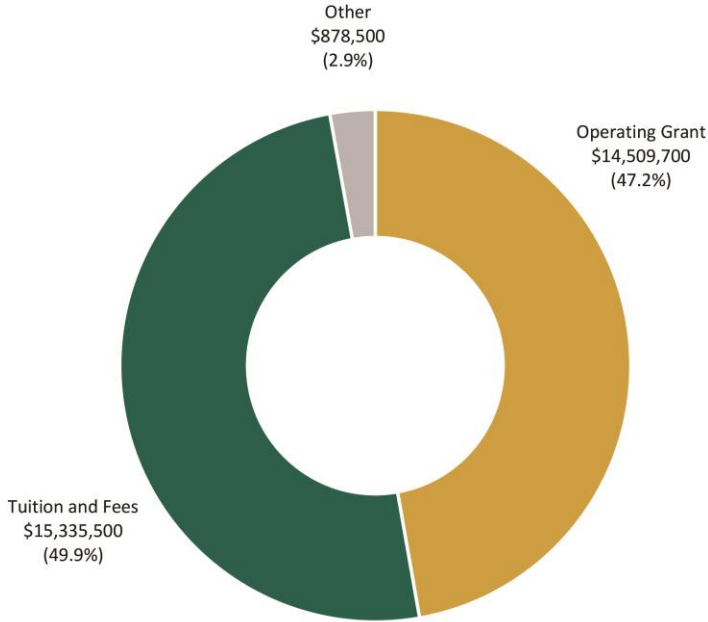
A separate ancillary budget is developed for revenues and expenses related to residences because of generally accepted and long-standing policies that ancillary operations be self-supporting. These areas are not eligible for government operating assistance. For the fiscal year 2019-20, we are forecasting a deficit of \$25,400 compared to a budgeted ancillary surplus of \$291,500 (before principal payments of \$176,000 on long term debt), as occupancy in residence is lower than what was budgeted. A comparison of current residence rates at some other NB Universities (as well as meal plan rates) is provided in Appendix G.

Our most serious institutional challenge is one of financial sustainability. New Brunswick universities have been underfunded relative to their counterparts in Canada. This situation is also compounded by several factors: a shrinking number of high school graduates; a small endowment; and uncertainty and volatility of capital markets that affect investment income.

2020-21 BUDGET DEVELOPMENT CONTEXT

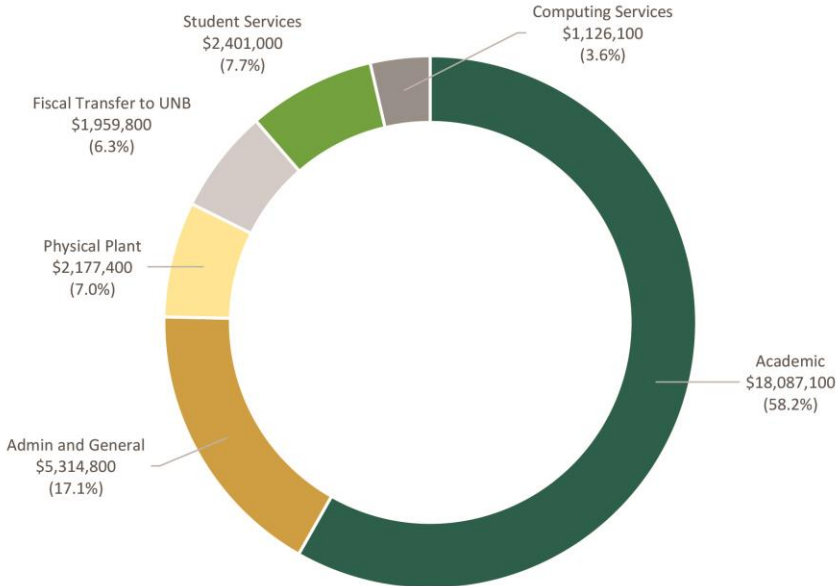
The most significant sources of revenue for the operating budget are the operating grant from the Province of New Brunswick and tuition and other compulsory fees. In 2019-20, these sources represented 47.2% and 49.9% respectively of revenues. The remaining 2.9% of revenues include miscellaneous student fees, other government grants, Advancement annual fund, and miscellaneous revenues.

2019-2020 Budgeted Revenues (Total \$30,723,700)



The most significant area of expenditure of the University are academic expenditures, followed by administrative and general, physical plant, the fiscal transfer to UNB (for library services, counselling services, and some recreation / athletics facilities), student services, and computing services.

2019-20 Budgeted Expenses (Total \$31,066,200)



Appendix F shows a breakdown of our budgeted operating expenses for 2019-20, categorized for illustration purposes, as fixed and semi-fixed costs.

- *Fixed costs* represent costs where there is very limited ability or discretion to reduce the cost. This represents approximately 77% of expenditures. For example, full-time academic wages are determined by the collective agreements. Examples of non-academic fixed costs include full-time staff wages and the fiscal transfer to the University of New Brunswick.
- *Semi-fixed costs* represent approximately 23% of expenditures and include items where there is some discretion over the level of expenditure. Examples include expenditures related to limited-term appointments and the number of sections taught by part-time faculty, maintenance and repairs, athletics, communication and marketing activities, and academic department expenses.

Similar to other universities, the University has a significant list of deferred maintenance needs which is updated annually. Deferred maintenance represents the postponing of maintenance activities such as repairs of buildings and equipment, normally due to budget limitations. Deferred maintenance needs for St. Thomas are estimated at \$1.2 million annually (2% of insured value of buildings, excluding ancillary). The operating budget for maintenance and repairs in 2019-20 was \$361,000. Deferred maintenance is a good example of a semi-fixed or discretionary cost where there is a tendency to limit these expenditures due to budget constraints. However, the issue does not go away and it eventually needs to be addressed, usually at a higher cost because of the passing of time and further deterioration of the asset.

Regarding ancillary services and deferred maintenance needs, we conducted a conditions assessment in 2013 of our older residences (Harrington Hall, Vanier Hall and Holy Cross House). The intent of residence renewal is to address the deferred maintenance needs of the residences over time, with Harrington Hall being the first phase. The renewal of Harrington Hall was completed in 2017. In 2020, we will turn our attention to the renewal of Vanier Hall.

For more detailed information on operating expenses, please see the 2018-19 Financial Statements and the 2019-20 Budget Summary Report at:

<https://www.stu.ca/about/administrative-offices/vice-president-finance-and-administration/financial-statements-and-reports/>

Salary reports are also available on this website, providing salary range information relating to all employees who had salaries of \$60,000 or more as at July 1st.

Addressing the structural operating deficit requires a multi-strategy approach to increase revenues and limit the growth in expenditures. The following sections will address the key factors or levers that we have control over or that we may be able to influence, and which can help us achieve a balanced operating budget. The main revenue levers are student enrolment, the provincial operating grant, and tuition fees, while the main expenditure levers are the number of full-time faculty and rationalization of non-academic expenditures. Other factors that can affect our financial results include academic programming, ancillary operations, and fund-raising.

A. Enrolment (Student Recruitment and Retention)

Our operating revenues depend significantly on student enrolment, as the number of students determines tuition revenue. A portion of the provincial operating grant is also based on the enrolment level (in relation to the other NB universities).

Appendix C provides information on enrolment at Maritime Institutions as reported by the Maritime Provinces Higher Education Commission (MPHEC). Between 2009 and 2018, St. Thomas' full-time enrolment declined by 19% (437 net full-time students).

The causes of this decline in enrolment are varied and complex, but our recruitment efforts in New Brunswick, our most important market, are particularly challenged by increased competition and demographic trends. Although it is expected to stabilize over the next few years, the size of the Anglophone high school graduating class in New Brunswick declined sharply over the last decade. (See Appendix D). Moreover, although our share of Maritime liberal arts students has remained fairly stable at around 11-12%, during the same ten-year period the total number of undergraduate liberal arts students in the Maritimes fell by 22%. (See Appendix C)

On a positive note, we have managed to stabilize student recruitment since 2014 (we recruited 596 new full-time students in 2014, 641 in 2015, 662 in 2016, 677 in 2017, 605 in 2018, and 660 in 2019) after multiple years of sharp decline. Because of this trend reversal, overall enrolment stabilized at 1,993 total full-time students as of October 1, 2019 compared to 1,953 in 2018.

Due to the decline in high school graduates in NB and the general decline in liberal arts enrolment, we have increased our focus on international recruitment. Based on MPHEC data, international students at St. Thomas have increased from a low of 70 students in 2010 to 167 in 2018, which is our largest ever international student body.

In any given year, approximately 65% of our full-time undergraduate students are continuing students. Based on the size and distribution by year of study of our current student population, we project that 1,137 full-time students will be returning to continue their study at St. Thomas in the 2020-21 academic year, compared to 1,149 continuing students in the 2019-20 academic year.

In the past ten years, the retention of new full-time first-year students admitted from high school has typically ranged from 69% to 75%. Retention for the 2017 and 2018 cohorts was exceptionally high at 79.4% and 78.6% respectively. (See Appendix E).

B. Provincial Operating Grant and Provincial Initiatives

The provincial operating grant of \$14.5 million represents 47% of total operating revenue. In February 2017, the Provincial Government stated that it hoped to announce memoranda of understanding (MOU) with each of the NB public universities. On January 25, 2018, the provincial government announced that it had reached agreements with the other three publicly funded universities. Highlights of the memorandums, which cover the 2017-18 to 2020-21 academic years, include:

- Increases to the universities' operational funding of one per cent in each of the first three years, followed by up to two per cent in 2020-21.
- Tuition increases capped at two per cent per year for the duration of a degree in which a New Brunswick student is already enrolled in 2018-19 or earlier.
- Universities may undertake a tuition review for which results would only be

- implemented in 2019-20 and apply to new students enrolled in 2019-20.
- Funding for pilot projects aims to increase enrolment and allow for more research and development opportunities.
- The universities agree to appear before a committee of the legislative assembly.

Since 2017, significant effort was deployed to negotiate an MOU with the Province and to address STU's operating grant inequity. In 2019, with the realization that not having a signed MOU with the Province was causing more harm than good (as STU's operating grant had been frozen at the 2014-15 amount), STU agreed to sign the "standard" MOU (the same MOU as the three other NB public universities). The MOU was signed by the two parties in July 2019. The retroactive increases in the operating grant were received in September 2019.

To be compliant with the MOU with the Province, STU was required to limit tuition fee increases for New Brunswick students for 2019-20. This annual cap of 2% applies for the duration of any degree a full-time New Brunswick student is already enrolled in at 2018-19 or earlier.

The increases in the operating grant as a result of the signed MOU are appreciated. However, this portion of our revenues is not keeping up with inflationary pressures, thus causing an inflation gap. For the fiscal year 2017-18 and 2018-19, the operating grant increases were 1 % per year, compared to an annual increase in operating expenditures of 1.5% and 4.5% respectively.

The Provincial Government has made a number of changes to its student financial assistance programs in recent years. The Free Tuition Program was introduced prior to the 2016-17 academic year and covers the tuition costs of students whose gross family income is \$60,000 or less. The Tuition Relief for the Middle-Class Program was introduced prior to the 2017-18 academic year and covers a portion of tuition costs for students whose family income is more than \$60,000. Cuts were subsequently made by the Provincial Government in 2019-20.

Many factors come into play when students make decisions regarding whether to attend university, and which University they choose. We do not have the data to determine whether any changes in enrolment at STU might be related to these student financial assistance changes. We do know, based on information provided by PETL, that 602 STU students were eligible for \$2.5 M under the Free Tuition Program for the academic year 2018-19 (compared to 605 STU students who were eligible for \$2.6M in 2017-18). 161 STU students were eligible for \$362,500 under the Tuition Relief for the Middle-Class Program in 2018-19 (compared to 133 STU students who were eligible for \$283,000 in 2017-18).

C. Tuition Fees

In October 2013, the Province and St. Thomas University arrived at an agreement that established a five-year domestic tuition fee schedule, as part of a larger agreement that included a positive adjustment to the operating grant of \$225,000 (representing a 1.7% increase). Further to this agreement, the domestic tuition at STU was increased annually by no more than 3 % plus \$170 in order to bring our tuition close to the provincial average. The 3 % increase was based on the provincial average tuition of the three other publicly funded universities in New Brunswick. The academic year 2017-18 was the fifth and last year of that agreement.

Appendix B provides a comparison of 2019-20 tuition fees of domestic and international students 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). Appendix B also

provides comparison information on 2019-20 tuition fees for Bachelor of Education and Bachelor of Social Work Programs.

In May 2019, a Tuition Fee Guideline was approved by the Board of Governors. The Tuition Fee Guideline describes 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 2018-19.

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
actual operating expenditures		32,469,510	31,082,559	30,620,043	31,168,065	31,800,266
FTEs*		1,980	1,965	2,011	2,060	2,165
actual operating expenditures/FTEs		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		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)						

The following table provides revenue estimates in relation to a couple of tuition fee scenarios for 2020-2021.

Tuition Fee Scenarios	Increase in Domestic Tuition Revenue*	Increase in International Tuition Revenue	Total
3% increase	\$195,500	\$85,300	\$280,800
5% increase	\$362,000	\$142,200	\$504,200

*For New Brunswick Students: Tuition increases capped at 2 per cent per year for the duration of a degree in which a New Brunswick student is already enrolled in 2018-19 or earlier.

D. Full-time Faculty Composition

Full-time academic wages and benefits represent 46% of operating expenditures (based on 2019-20 budgeted expenditures). The number of full-time faculty positions varies over time, in light of a number of factors such as fiscal realities, retirements, hiring decisions, etc.

The salary grid is set out in the Full-time Collective Agreement. In general, faculty move one step up the salary grid per year; thus, longer lengths of service correlate with higher salaries.

The end of mandatory retirement has had a notable impact on our demographic profile, as can be seen from the following table that shows that 10% of full-time faculty members are age 65 and over (as of July 1, 2019). This figure was 14.9% at October 2018. The reduction from 14.9% to 10.0% is due to the impact of the Voluntary Retirement Incentive (VRI).

Faculty Age Group	Number	Proportion	Average Years of Service
Less than 50	42	42.0%	7.1
50 – 54.9	15	15.0%	16.5
55 – 59.9	16	16.0%	15.6
60 – 64.9	17	17.0%	19.5
65 – 69.9	6	6.0%	25.3
70 and over	4	4.0%	22.6
Total	100	100.0%	13.7 (overall)

(Note: The above table reflects all full-time faculty positions including Limited Term Appointments (LTAs), as well as two (2) Endowed Chairs. It excludes four (4) tenure-track positions where the incumbent is in an administrative role.)

The VRI increased the number of retirements for the period of July 1, 2017 to July 1, 2019. The cost of the VRI is currently being amortized over a five-year period, although for the earlier VRIs, the cost was amortized over three years. The most significant cost savings occur when replacement of the retiring faculty member is not necessary. In cases where there is replacement of a retiring faculty member, there are some cost savings due to a new faculty member normally entering at a lower salary compared to the retiring faculty member.

Academic staffing decisions in relation to vacant positions will continue to be evidence-based and to consider needs/factors such as the trend in student enrolment in each program.

E. Rationalization of Non-Academic Expenditures

On an annual basis and as part of the budget process, we review non-academic expenditures to determine if any reductions can be made. The following are examples of the most significant non-academic budget reductions made to address the structural operating deficit:

- Permanent reductions of approximately \$150,000 were made in 2013-14 and 2014-15 relating to repairs and maintenance, Communications, and Information Technology Services.
- An analysis of the revenues and expenditures related to Athletics led to the decision by Senior Management in April 2016 to cancel the Men’s Hockey program. (Estimated cost savings = \$144,000 in operations and \$110,000 in internally restricted scholarship funds.) The other varsity teams are cost-neutral or close to being cost-neutral when taking into consideration the tuition paid by student-athletes, a proportion of the operating grant revenue for student-athletes, and each team’s expenses.

- The Senior Leadership Team initiated a process in July/August 2016 to identify potential reductions in administrative departments for implementation in 2016-17. This exercise achieved cost savings of approximately \$170,000 in 2016-17 (some of which were one-time savings).

With respect to opportunities to increase revenues, in 2017, the University with the assistance of KPMG, conducted a review of HST tax recoveries with respect to the HST paid on capital and operating expenditures related to buildings. The University has received HST refunds on general and administrative expenditures of approximately \$30,000 per year since the fiscal year 2012-13. It is anticipated that these annual savings will continue in future fiscal years. The University has also recovered the HST paid on capital expenditures. However, this recovery affects the Capital Fund and does not affect the Operating Fund.

Non-academic wages and benefits represent approximately 19% of operating expenditures (based on 2019-20 budgeted expenditures). In 2016, we conducted a benchmarking exercise to compare the St. Thomas administrative staffing level with three other Atlantic Universities of a similar size (although they have a higher student enrolment compared to STU). Based on this analysis, it was concluded that St. Thomas is a flat organization – there is virtually no middle management and confirmed that the staffing level is at a minimum.

Based on the above information, there is limited scope for additional administrative cost reductions. In 2016, KPMG concurred with this conclusion, after reviewing CAUBO data on the proportion of non-academic salary cost in relation to total operating costs for St. Thomas and other comparator universities. Based on the fiscal year 2017-18 and as can be seen in the following table, St. Thomas had the lowest proportion of non-academic salary cost at 17.7%.

Table C: Proportion of Non-Academic Salary Costs (“Other Salaries and Wages”) In Relation to Total Operating Costs for the Fiscal Year Ending in 2018

Source: CAUBO 2018

In thousands (000s)	STU	MSVU	CBU	St. FX	MTA	Acadia
Other salaries and wages	5,420	14,177	11,584	17,658	10,758	13,891
General operating expenses	30,620	46,514	49,928	78,715	43,700	72,352
Percentage of total	17.7%	30.5%	23.2%	22.4%	24.6%	19.2%

Note: CAUBO classifies salary costs in the following three categories: academic ranks; other instruction and research; and other salaries and wages. As a result, “other salaries and wages” used in the above table represents all salary costs, excluding academic ranks and other instruction and research.

F. Academic Programming

As part of the annual course allocation process, the number of courses to be offered by each Department is determined after reviewing how many full-time faculty will be teaching in the upcoming year and their teaching loads, how many courses are expected to be taught by part-time faculty, etc. As part of this process, the University must ensure an academic staffing level that can provide the core academic disciplines and programs for a liberal arts degree and that is necessary to sustain honors and majors within those disciplines.

In the past, new programming such as Criminology and Journalism has resulted in significant increases in enrolment. As part of the annual academic planning process, a number of strategies are explored that may result in new programming that is attractive to potential students considering attending St. Thomas University. For example, we recently received approval from the MPHEC for significant changes to the B.SW. program and approval to offer an M.SW. These changes are expected to be implemented in the fall of 2021.

G. Ancillary Operations

One of the priorities in the University's Strategic Plan is to invest in the renewal of our residences, the goal being that our residence system becomes a self-sustaining operation that contributes positively to student retention and the student experience. The renewal of Harrington Hall was the first phase of residence renewal.

Over the years, the University acquired or built residential properties to adjust to the increase in enrolment which peaked at 2,938 full-time students in 2004. Rigby Hall was purchased in 1999 and Chatham Hall was constructed in 2003 to offer residence services to a growing student population.

For the period of 2014-15 to 2016-17, ancillary operations produced a deficit mostly due to a decline in revenues as a result of reduced occupancy. Lower enrolment and the changing living habits of university students have resulted in reduced residence occupancy and surplus capacity in our residence system. We do not foresee returning to a residence occupancy of 600 in light of the student enrolment numbers and the availability of other rental housing in Fredericton. Our goal therefore is to consolidate residence life on the main campus to produce a vibrant campus community with residences at full capacity.

The sale in July 2018 of the Forest Hill property and lease-back of Rigby Hall for a period of three years will serve to address the overcapacity in the residence system and will help to facilitate the renewal of Vanier Hall (Vanier is expected to be off-line for one academic year while it undergoes renovations).

The reduction in costs due to fewer buildings (which will be more significant when the Rigby Hall lease ends) will improve the financial results of Ancillary Services.

H. Fundraising

The Office of Advancement and Alumni Relations connects with alumni and friends to engage alumni and raise awareness for university events, as well as to generate donations for a number of different objectives which receive support from the STU Fund and from other gifts to St. Thomas. On an annual basis, fundraising priorities are reviewed to ensure that all appeals and campaigns are directed to the University's area(s) of greatest need.

Each year, the University receives both unrestricted funding (often allocated to the area of greatest need) and restricted donations, which generally support particular programs and initiatives (such as Moot Court, study abroad and experiential learning opportunities) as well as providing enhanced support for student financial aid, by providing scholarships, bursaries, and awards. Restricted funding usually significantly outweighs unrestricted donations.

Currently in the fourth year of a comprehensive capital campaign to raise a minimum of \$10M for St. Thomas, the University has now received more than this amount in pledges in support of Campaign objectives, such as scholarships and bursaries, residence renovations, the establishment of new

academic chairs, and enhanced programming and services for students.

While fundraising objectives are not established to directly impact the operating budget of the University, there are elements of fundraising that have a positive impact on operations. For example, annual donations and multi-year campaign pledges have been directed to the enhancement of scholarships and bursaries, to provide additional mental health programming, and to a modest investment in residence renewal.

Preliminary Projection for Fiscal Year 2020-21

As we begin the 2020-21 budget development process, we are faced with several known financial challenges, including our current operating budget deficit, as well as uncertainties relating to forecasted revenues and expenditures for 2020-21. Factors to be considered in the development of the 2020-21 operating budget include:

- For the current fiscal year, we are forecasting general operations to have an excess of expenditures over revenues of \$342,600 before inter-fund transfers.
- Inflation and collective agreement obligations normally result in cost pressures of approximately 3.7% per year. However, the faculty and staff collective agreements expired on June 30, 2019 therefore the actual cost of living increments for July 1, 2019 and July 1, 2020 are not known.
- We are assuming student enrolment of approximately 1,800 (fee paying) students. This is a preliminary enrolment estimate that will be updated in March 2020 when more information is available with respect to the number of applications received for the 2020-21 academic year.

Addressing the structural operating deficit will require a multi-strategy approach to increase revenues and limit the growth in expenditures. The following are the key strategies which are currently being pursued to achieve financial sustainability. A number of these strategies will take more than one fiscal year to realize the financial results.

- Stabilizing the enrolment level.
- Implementing a multi-year plan to address the funding of scholarships. The funding source for scholarships that were previously funded through internally restricted funds are being transitioned to other funding sources, such as Operations, capital campaign donations, etc.
- Continuing to rationalize non-academic expenditures where possible.
- Continuing the efforts to address the University's provincial operating grant inequity.
- Although it does not have a significant impact on Operations, a successful Capital Campaign will improve the overall financial health of the University as the funds raised will help to re-build the scholarship endowment, provide modest assistance with the cost of residence renewal, etc.

Request for Comments and Feedback

During this consultation process, we invite comments and suggestions on the financial challenges faced by the University. In particular, the reality that the operating budget on a go-forward basis must accommodate a larger amount of the total scholarship expenditures.

Please forward any suggestions, comments or feedback to gallant@stu.ca by March 13, 2020. The Committee will consider the suggestions, comments and feedback received as confidential.

APPENDICES

A - Restricted Funds

B - 2019-20 Tuition Fees for Bachelor of Arts and Post-Baccalaureate Programs

C - Enrolment

D - Projection Of Size Of The Anglophone Grade 12 Class In NB

E - Retention Of Full-Time First Year Students Admitted From High School

F - Budgeted Expenditures for 2019-20

G - Comparison of 2019-20 Meal and Residence Rates

APPENDIX A
St. Thomas University Restricted Funds
Budget 2019-20

	Budget	Average	Available	
	2019-20	Fund Balance	(5%)	
		2017-19		
Scholarships				
Externally restricted	450,000	9,078,100	454,000	
Flow-through	100,000	0	n/a	
	<u>550,000</u>	<u>9,078,100</u>		
Chairs				
Aquinas Chair in Interdisciplinary Studies	1,550,000	3,082,600	154,000	(1)
Canadian Citizenship & Human Rights	91,000	1,818,800	91,000	
Catholic Theology	109,000	2,181,400	109,000	
Criminology and Criminal Justice	58,000	1,152,100	58,000	
Camp Endowment in Journalism	55,000	1,102,800	55,000	
Gerontology	381,000	2,899,500	145,000	(2)
Irving Chair in Journalism	52,000	1,040,400	52,000	
Native Studies	74,000	1,478,000	74,000	
	<u>2,920,000</u>	<u>23,833,700</u>	<u>1,192,000</u>	

(1) Includes provision for scholarship expenditures of \$1,350,000. This is an internally restricted fund.

(2) Includes an additional transfer to operations for academic salaries of \$343,000 bringing annual draw to 13.1%.

APPENDIX B
2019-20 Tuition Fees for Bachelor of Arts

University	Canadian tuition
UPEI	6,270
U de M	6,423
UNB	7,126
STU	7,149
U. Ste-Anne	7,787
Dal	7,866
Kings	7,866
SMU	7,900
MSVU	7,932
CBU	8,040
MtA	8,770
StFX	8,830
Acadia	8,933
NSCAD	8,940
Average	7,845

University	International Tuition
U. Ste-Anne	10,650
U de M	11,771
UPEI	13,590
MSVU	15,864
STU	16,068
CBU	16,080
UNB	16,595
SMU	17,080
StFX	17,660
Acadia	17,884
MtA	18,130
Dal	19,134
Kings	19,134
NSCAD	19,740
Average	16,384

2019-20 Tuition Fees for Post-Baccalaureate Programs

B.SW. Tuition Amount and Program Duration

STU	10,089 (15 month program) (\$500.00 practicum)
Dalhousie	17,388 (24 month program (869.40 per 3 credit hours; 60 credits for degree)

B. Ed. Tuition Amount and Program Duration Practicum Amount

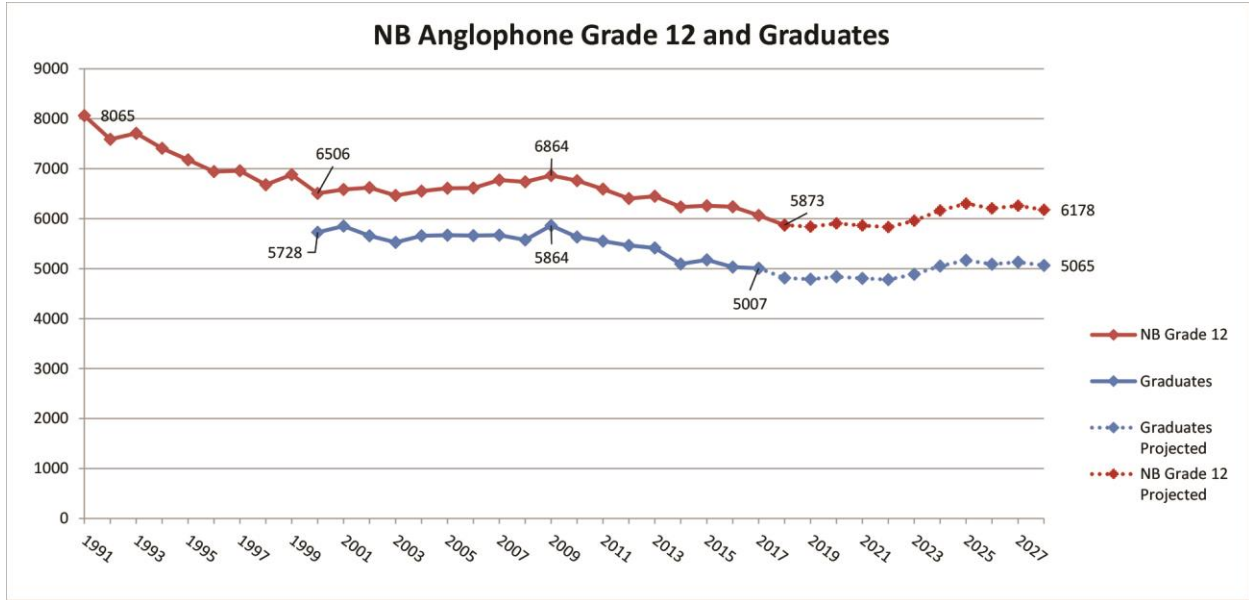
STU	9,967 (11 months; 60 credits)	500.00
UNB	10,689 (10 months; 60 credits)	500.00
MSVU	16,651 24 months (1,665.10 per unit; 10 units)	
St. FX	17,660 24 months (8,830 per year)	560.00 (2 years)
Acadia	18,566 24 months (9,283 per year)	
CBU	19,180 (16 months)	
Crandall	16,485 (3 semesters)	600.00/semester
UPEI	12,540 (12 months)	750.00

APPENDIX C Enrolment

Domestic Undergraduate Enrolment (Full-time Headcounts) - Maritime Institutions												Cum. Change	
Institution	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	N	%	
Acadia	2508	2563	2816	2965	3104	3093	2872	2970	2984	2897	389	15.5%	
Cape Breton	1932	1872	1784	1755	1659	1550	1625	1601	1493	1407	-525	-27.2%	
Dalhousie	10004	10362	10788	10667	10722	10731	10629	10197	9968	9832	-172	-1.7%	
Mount Allison	2150	2248	2241	2290	2107	2051	2060	1974	1901	1832	-318	-14.8%	
MSVU	1908	1944	1905	1889	1799	1852	1774	1745	1722	1789	-119	-6.2%	
Saint Mary's	4406	4366	4199	4208	4119	3922	3790	3870	3769	3762	-644	-14.6%	
St. FX	3888	3831	3830	3735	3740	3717	3686	3657	3542	3633	-255	-6.6%	
St. Thomas	2219	2301	2319	2210	2055	1872	1805	1777	1697	1693	-526	-23.7%	
U de Moncton	3964	3901	3784	3750	3502	3168	3060	3011	3103	3135	-829	-20.9%	
Sainte-Anne	368	363	298	333	311	289	265	234	228	265	-103	-28.0%	
King's College	1083	1104	1131	1065	1030	927	862	799	754	752	-331	-30.6%	
UNB - F'ton	5096	4993	5032	4935	4912	4815	4688	4598	4459	4567	-529	-10.4%	
UNB - SJ	1595	1546	1561	1558	1453	1357	1321	1373	1470	1465	-130	-8.2%	
UPEI	3035	3062	3086	3051	2920	2798	2666	2630	2728	2621	-414	-13.6%	
Total	44156	44456	44774	44411	43433	42142	41103	40436	39818	39650	-4506	-10.2%	
<i>Source: MPHEC Dataset STU_DDB_Enr2_law_separated.xlsx</i>													
<i>Excludes Atlantic School of Theology and Nova Scotia College and Art and Design. Nova Scotia Agricultural College included in Dalhousie.</i>													
<i>Excludes Dalhousie, UdeM and UNB-F'ton Law</i>													
International Undergraduate Enrolment (Full-time Headcounts) - Maritime Institutions												Cum. Change	
Institution	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	N	%	
Acadia	354	335	349	380	369	377	390	431	448	478	124	35.0%	
Cape Breton	254	313	545	637	657	584	577	533	652	1184	930	366.1%	
Dalhousie	755	1066	1283	1349	1519	1748	1892	2154	2362	2688	1933	256.0%	
Mount Allison	174	199	191	228	217	216	197	205	165	172	-2	-1.1%	
MSVU	172	225	265	326	384	466	485	458	404	340	168	97.7%	
Saint Mary's	1035	1147	1282	1483	1601	1615	1729	1777	1688	1628	593	57.3%	
St. FX	249	247	250	226	206	209	227	282	257	257	8	3.2%	
St. Thomas	78	70	75	98	117	139	123	129	149	167	89	114.1%	
U de Moncton	431	465	494	594	710	731	718	606	547	618	187	43.4%	
Sainte-Anne	48	39	38	38	42	67	144	140	94	106	58	120.8%	
King's College	37	39	44	41	45	39	37	33	33	35	-2	-5.4%	
UNB - F'ton	277	299	370	459	500	478	473	414	432	431	154	55.6%	
UNB - SJ	260	277	432	416	352	295	302	216	201	177	-83	-31.9%	
UPEI	286	355	387	399	444	480	556	657	772	881	595	208.0%	
Total	4410	5076	6005	6674	7163	7444	7850	8035	8204	9162	4752	107.8%	
<i>Source: MPHEC Dataset STU_DDB_Enr2_law_separated.xlsx</i>													
<i>Excludes Atlantic School of Theology and Nova Scotia College and Art and Design. Nova Scotia Agricultural College included in Dalhousie.</i>													
<i>Excludes Dalhousie, UdeM and UNB-F'ton Law</i>													

Maritime Full-time Undergraduate Arts Enrolment 2009-2018												Cum. Change	
Institution	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	N	%	
Acadia	887	952	1040	1067	1055	1015	937	970	958	919	32	3.6%	
Cape Breton	924	849	747	767	719	606	597	560	518	540	-384	-41.6%	
Dalhousie	2662	2802	2864	2707	2533	2444	2348	2132	1982	1987	-675	-25.4%	
Mount Allison	1364	1446	1420	1402	1280	1243	1250	1228	1132	1071	-293	-21.5%	
MSVU	1009	998	993	1027	996	1032	972	980	968	998	-11	-1.1%	
Saint Mary's	2329	2373	2324	2246	2134	2013	1975	1978	1989	1997	-332	-14.3%	
St. FX	1448	1339	1338	1226	1122	1103	990	970	870	861	-587	-40.5%	
St. Thomas	2025	2045	2086	2010	1894	1740	1618	1586	1513	1591	-434	-21.4%	
U de Moncton	662	654	673	667	651	619	657	695	700	712	50	7.6%	
Sainte-Anne	82	104	90	90	59	45	43	23	19	23	-59	-72.0%	
King's College	1003	1028	1057	985	944	834	769	714	675	659	-344	-34.3%	
UNB - F'ton	1164	1139	1076	1011	943	873	844	826	878	978	-186	-16.0%	
UNB - SJ	735	707	680	659	571	516	460	437	501	505	-230	-31.3%	
UPEI	1132	1163	1156	1119	1025	944	808	800	822	800	-332	-29.3%	
Total	17426	17599	17544	16983	15926	15027	14268	13899	13525	13641	-3785	-21.7%	
Source: MPHEC Dataset Enr_DDB2_sans_law.xlsx													
"Arts" includes CIP Groups General Arts, Humanities, Social and Behavioural Sciences and Law, Visual and Performing Arts													
Excludes Dal, UdeM and UNB Law, and STU students in Education and Mathematics													
Share of Maritime Full-time Undergraduate Arts Enrolment													
Institution	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018			
Acadia	5.1%	5.4%	5.9%	6.3%	6.6%	6.8%	6.6%	7.0%	7.1%	6.7%			
Cape Breton	5.3%	4.8%	4.3%	4.5%	4.5%	4.0%	4.2%	4.0%	3.8%	4.0%			
Dalhousie	15.3%	15.9%	16.3%	15.9%	15.9%	16.3%	16.5%	15.3%	14.7%	14.6%			
Mount Allison	7.8%	8.2%	8.1%	8.3%	8.0%	8.3%	8.8%	8.8%	8.4%	7.9%			
MSVU	5.8%	5.7%	5.7%	6.0%	6.3%	6.9%	6.8%	7.1%	7.2%	7.3%			
Saint Mary's	13.4%	13.5%	13.2%	13.2%	13.4%	13.4%	13.8%	14.2%	14.7%	14.6%			
St. FX	8.3%	7.6%	7.6%	7.2%	7.0%	7.3%	6.9%	7.0%	6.4%	6.3%			
St. Thomas	11.6%	11.6%	11.9%	11.8%	11.9%	11.6%	11.3%	11.4%	11.2%	11.7%			
U de Moncton	3.8%	3.7%	3.8%	3.9%	4.1%	4.1%	4.6%	5.0%	5.2%	5.2%			
Sainte-Anne	0.5%	0.6%	0.5%	0.5%	0.4%	0.3%	0.3%	0.2%	0.1%	0.2%			
King's College	5.8%	5.8%	6.0%	5.8%	5.9%	5.6%	5.4%	5.1%	5.0%	4.8%			
UNB - F'ton	6.7%	6.5%	6.1%	6.0%	5.9%	5.8%	5.9%	5.9%	6.5%	7.2%			
UNB - SJ	4.2%	4.0%	3.9%	3.9%	3.6%	3.4%	3.2%	3.1%	3.7%	3.7%			
UPEI	6.5%	6.6%	6.6%	6.6%	6.4%	6.3%	5.7%	5.8%	6.1%	5.9%			
Source: MPHEC Dataset Enr_DDB2_sans_law.xlsx													
"Arts" includes CIP Groups General Arts, Humanities, Social and Behavioural Sciences and Law, Visual and Performing Arts													
Excludes UNB Law, and STU students in Education and Mathematics													

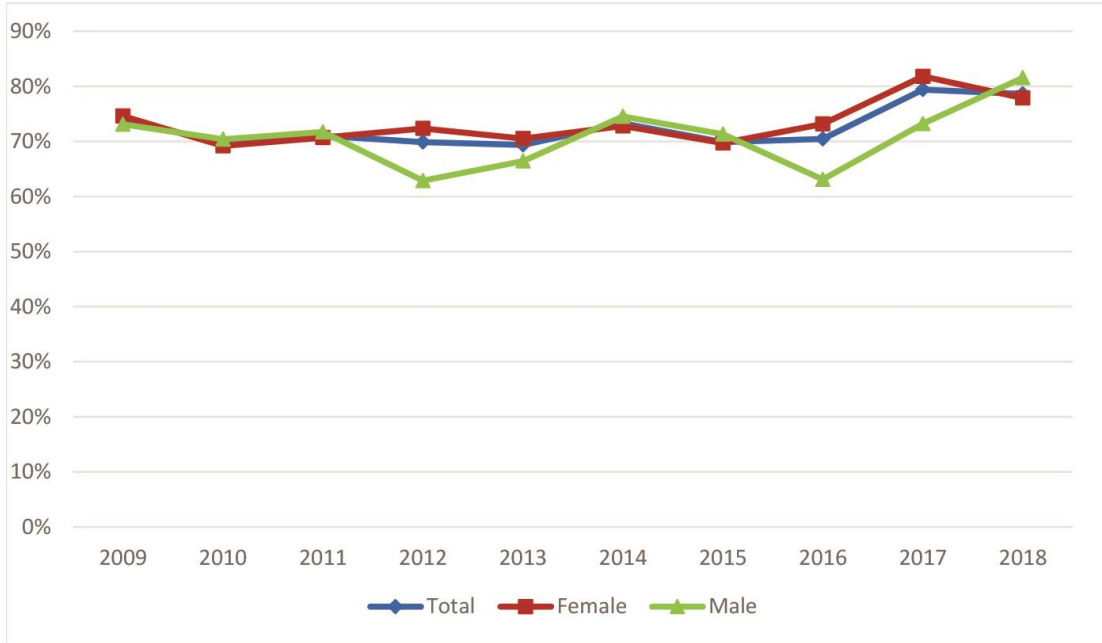
APPENDIX D Projection Of Size Of The Anglophone Grade 12 Class In NB



Source: Projection by Office of Institutional Research based on Dept. of Education and Early Childhood Development Summary Statistics 2001-02 to 2018-19

APPENDIX E

Retention of Full-time First-Year Students Admitted from High School



Cohort Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	74.1%	69.6%	71.0%	69.9%	69.4%	73.3%	69.9%	70.5%	79.4%	78.6%
Female	74.6%	69.2%	70.7%	72.3%	70.5%	72.8%	69.7%	73.2%	81.8%	77.9%
Male	73.1%	70.4%	71.7%	62.9%	66.4%	74.6%	71.3%	63.1%	73.2%	81.6%

Source: Analysis of December 1 retention by Office of Institutional Research

APPENDIX F
Expenditures for St. Thomas University
Budget year ending April 30, 2020

Budgeted Expenditures 2019-20	<u>31,066,200</u>			Academic
<u>Fixed Costs</u>				Expenses
<u>Academic Expenses</u>				
FT Academic Wages-tenured and tenure-track including benefits	12,987,300			12,987,300
FT Academic Wages Sabbaticals	1,114,100			1,114,100
Professional Development Allowances	<u>260,000</u>			<u>260,000</u>
	<u>14,361,400</u>	46.2%	(1)	<u>14,361,400</u>
<u>Non-Academic Expenses</u>				
FT Wages and benefits	5,966,300			354,600
Utilities	1,111,000			
Cleaning and security	538,900			
Fiscal transfer to UNB	<u>1,959,800</u>			<u> </u>
	<u>9,576,000</u>	30.8%		<u>354,600</u>
Total fixed costs	23,937,400	77.1%		14,716,000
<u>Semi-fixed costs</u>				
PT Academic wages	2,124,300			2,124,300
Limited term FT Academic wages	518,800			518,800
Scholarships	500,000			
Supplies, telephone, postage	245,100			121,600
Graduation	67,300			67,300
Computing software/licenses	457,200			
University publications	60,000			
University memberships	112,000			37,000
Professional and banking fees	250,500			
Recruiting travel and supplies	302,900			
Communications	322,900		(2)	
Advancement	168,300			
Athletics	385,500		(3)	
Maintenance and repairs	361,000			
Academic department expenses	327,800			327,800
Academic recruiting and VP special projects	174,300			174,300
Student wages	239,200			
Administrative unit expenses	147,100			
Miscellaneous admin expenses	225,700			
Student services unit expenses	138,900			

	<u>7,128,800</u>	22.9%	<u>3,371,100</u>
Total budgeted expenditures	<u>31,066,200</u>	100%	<u>18,087,100</u>

(1) Subject to collective agreements

(2) Includes designing, printing and mailing various publications to prospective students, web development and maintenance, video and photography, recruitment marketing development and media buys, and university promotions.

(3) Net operating expenditures of all athletic teams as well as student wages for JB O'Keefe operations and coaches honorariums.

APPENDIX G

Comparison of 2019-20 Meal and Residence Rates at Other NB Universities									
St. Thomas University									
	10 meal plan	Room	Total	14 meal plan	Room	Total	Freedom plan	Room	Total
Vanier & Holy Cross Halls									
Double Room	3,295	5,334	8,629	3,800	5,334	9,134	4,092	5,334	9,426
Single Room	3,295	7,702	10,997	3,800	7,702	11,502	4,092	7,702	11,794
Harrington & Rigby Halls									
Double Room	3,295	5,717	9,012	3,800	5,717	9,517	4,092	5,717	9,809
Single Room	3,295	8,100	11,395	3,800	8,100	11,900	4,092	8,100	12,192
Mount Allison University									
	Meal Plan	Room	Total						
Double Room	4,981	5,279	10,260						
Single Room	4,981	6,250	11,231						
Double Ensuite	4,981	5,885	10,866						
Single Shared Ensuite	4,981	7,107	12,088						
Single Private Ensuite	4,981	7,857	12,838						
University of New Brunswick									
	Meal Plan	Room	Total						
Double Room	4,574	5,393	9,967						
Single Room	4,574	7,299	11,873						
Super Single (double room for 1)	4,574	8,140	12,714						
Single + (semi-private bathroom)	4,574	8,140	12,714						
Special Single (private bathroom)	4,574	8,212	12,786						
Note: a \$500 application fee is included in the above rates.									
There are 3 different meal plans, all the same cost. Difference is the amount of cash in each meal plan and the number of meals included.									
lowest and highest rates									