

**St. Thomas University**

**Budget Summary  
Fiscal Year 2012-2013**

**May 25, 2012**

## **Introduction**

An initial Budget Development Report for 2012-13 was produced in February 2012, describing the context and challenges of developing the University's 2012-13 budget. The stated principles in developing the budget recommendations were:

- The requirement 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 also requested input regarding how to contain costs and develop a balanced budget. There were seven responses to the document, which were summarized and discussed at the President's Advisory Committee on the Budget (PACB).

The PACB subsequently developed budget recommendations which were approved by the Board of Governors on May 12, 2012. The following sections of this report provide a summary of the approved operating, ancillary, endowment and capital budgets for St. Thomas University for 2012-13.

## **General Operating Fund**

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. There are two dominant revenue sources - government operating grants and tuition fees. The expenditure categories are those used generally for university reporting in Canada, with salaries representing approximately 70% of total expenditures.

St. Thomas University, like other New Brunswick universities, faces 2012-2013 expenditure increases of 4% to maintain the "status quo" in operations. The increase in total government funding is \$116,920 (1 % increase). However this is a one-time increase, rather than a permanent addition to our base grant as in previous years. The tuition increase for 2012-13 is \$175 for domestic and international students.

The increase in revenues as a result of the additional one-time funds from the Province and the capped tuition increase of \$175 are not sufficient to cover the increased costs we face in 2012-13, and indeed left us with an initial deficit of \$500,000. This situation, combined with the need to make increased investments in strategic areas such as the new decanal structure, and additional staff in strategic areas such as accessibility services, student advising and admissions meant that we had to find savings and additional revenue of approximately \$750,000.

Although the University was able to achieve a balanced budget for 2012-13, the bigger challenge will come as we prepare for 2013-14, as we will already be “behind” or short due to the one-time nature of the operating grant increase of 2012-13 as well as other factors. Our hope is that by this time next year, we will have the ability to set the tuition fees based on a new tuition policy developed by the University, and permitted under a new multi-year Memorandum of Understanding with the Province.

The General Operating Fund budget is presented in Schedule 1. Highlights include:

- A balanced budget of \$27.9 million in revenues and expenses
- A one-time operating grant increase of 1 % resulting in a total operational grant of \$13.5 million.
- Tuition fee and compulsory revenues of \$13.2 million based on:
  - a \$175 increase for both domestic and international students that will bring tuition fee levels to:
    - \$4,945 for Arts (see Appendix A for tuition fees at N.B. universities)
    - \$7,475 for Education
    - \$7,675 for Social Work
    - \$12,855 for international students
  - Supplementary fees remain at the following levels:
    - Technology fee \$50
    - Capital enhancement fee \$50
    - UNB Health Centre fee \$50
    - Journalism years 3 and 4 \$250
  - a projected flat enrolment level of 2,475.
- External funding from the provincial and federal governments totalling \$639,200 for special projects or initiatives (such as Aboriginal education initiatives and Learning for Success) and for eligible indirect costs related to research.
- Academic expenses totalling \$16.2 million – an increase of 3.1% over 2011-2012 budget.
  - Reflects staffing plan of 109 full-time faculty – a decrease of 1 over 2011-2012.
  - The number of courses (6 credit hours) to be taught by part-time faculty is 126, with a contingency of 10 additional courses if needed; this represents a decrease of 11 courses from 2011-12.
  - Estimated savings from the special one-time retirement initiative for senior faculty.
  - Includes provision for career progress increments, salary scale adjustments, and implementation of the decanal structure.

- An increase of approximately \$10k for academic departments, with most increases attributed to teaching assistant costs and increases in the minimum wage.
- Budget reductions were found in a number of administrative units, including Computing Services (\$50k), Facilities Management (\$73k), and Communications (\$58k). In the case of Communications, these savings include the reallocation of 0.5 FTE from Communications to Recruitment.
- Administrative and General expenses totalling \$4.3 million – a 4.5% increase over 2011-12 budget.
  - Includes provision for salary grid step changes and adjustments to salary scale, as well as an increase of 2 positions to improve student services in the Registrar’s Office and Admissions. The cost of these positions is funded through anticipated savings from a vacant position.
  - Includes investments in the area of Advancement (\$120,000) to implement the recommendations from the external review of Advancement and Alumni Affairs.
- Student Services expenses totalling \$2.4 million – an increase of 3.7% over 2011-2012 budget.
  - Includes provision for salary grid step changes and adjustments to salary scale, as well as an increase of one position for Accessibility Services.
- While the net budget for Athletics remains the same as last year, anticipated advertising revenue (\$100,000) from the Grant-Harvey Centre agreement is reflected under Athletics. In February 2012, the University and the City of Fredericton entered into an agreement with respect to the Grant-Harvey Centre, which will be the new home for the University’s hockey, rugby and soccer teams. The total advertising revenue will be shared on a 70/30 basis between the University (70%) and the City of Fredericton (30%), in accordance with the agreement with the City.

## **Ancillary Operations**

The ancillary budget covers the operations of the residences and dining halls. It is a generally accepted and long-standing policy that ancillary operations be self-supporting and not eligible for government operating assistance. The 2012-2013 budget for ancillary operations is presented in Schedule II and incorporates the following:

- A balanced budget of approximately \$7.5 million in revenues and expenses
- Residence room and meal plan revenues of \$5.6 million based on:
  - A residence fee increase of approximately 4.0% resulting in a fee of \$9,150 for an on-campus single room (including a meal plan of \$2,500) and \$7,280 for a double room; Forest Hill residence rooms will continue to have a \$350 supplementary fee. See Appendix B for residence room and meal fees at N.B. universities.
  - Occupancy of 695 students – a projected decrease of 25 compared to the 2011-2012 budget.
- English Language Program revenues remaining near 2011-2012 budget levels at \$525,000.
- Cafeteria, conference services and catering revenues are also expected to be near the 2011-2012 budget level of \$1.3 million.
- Food service costs of \$3.7 million represent approximately 50% of total expenses and are projected to increase by 1.2% compared to last year's budget.
- Debt servicing and the amortization of capital costs in the amount of \$687,400 are included and are related to developments at Forest Hill over the past ten years. Of that amount, \$357,900 represents internal repayments to the University. If actual occupancy does not meet the budgeted level, the internal repayment amount will be decreased accordingly.

## **Endowment Funds**

The University's endowed funds consist of 9 major endowment fund categories that have varying origins. The scholarship endowment, which represents approximately 45% of total endowment value, has a number of funds that originated with gifts and bequests and are managed in accordance with terms specified by the donors and accepted by the University. However, most of the scholarship endowments have resulted from operating surpluses over the years that have been transferred by the Board of Governors to the scholarship fund.

The other endowment funds relate mainly to eight endowed chairs. Most 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.

The University's investment policy permits expenditures of up to 5% of endowment fund values based on a rolling three-year average of market values (\$30.3 million at March 31, 2012). This provides an ongoing level of spending while maintaining the endowment's value in real terms.

The budget for the University's endowment funds is presented in Schedule III and incorporates the following:

- Total endowment fund expenditures of \$1.962 million.
- Scholarship fund expenditures of \$1.1 million. The investment policy expenditure guideline of 5% would provide for expenditures of \$687,000 for scholarships; the \$1.1 million allocation exceeds this guideline. The total amount budgeted for scholarships and bursaries by the University is over \$1.8 million, when taking into consideration the amount of \$739,000 contained in the General Operating Fund. This is consistent with practice in recent years and is regarded as necessary in light of the competitive recruitment context.
- Endowed chair expenses, totalling \$862,000, generally conform to the expenditure policy.

### **Capital Expenditures**

Capital expenditure activity is generally funded from restricted provincial grants provided on an annual basis for equipment and renovations, capital grants approved by the federal or provincial governments and the University's fund-raising activities.

The 2012-2013 capital budget is detailed in Schedule IV.

The restricted grants provided by the provincial government represent \$370,100, and will be used to purchase equipment and furnishings, and to do alterations and renovations to academic and administrative buildings, as well as grounds improvements. This amount reflects an allocation or transfer of \$50,000 from the restricted grant to operations on a one-time basis in light of the challenges of the 2012-13 operating budget.

The capital budget includes \$213,700 with respect to capital expenditures for the Grant-Harvey Centre, including instalment payments to the City, as well as signage, athletic equipment, and office and administrative equipment. The funding source is internally restricted funds earned through the Pepsi exclusivity agreement. As this is a new venture with some uncertainty regarding estimated advertising revenues and operating costs, funding source recommendations with respect to the instalment payments will be made as part of the annual budget process and may differ from year to year.

## **Risks and Uncertainties**

The budget is based on assumptions and on the most accurate information available. In the end, actual results will vary from the budget. Some areas of risk where the results may vary from the budget are identified below to provide an indication of the importance of recruitment and retention, and the need to monitor results on a timely basis and to make adjustments as needed as the fiscal year progresses:

- The amount budgeted for tuition revenue is based on an enrolment target of 2,475.
  - 10 fewer undergraduate students represent a revenue shortfall of \$49k.
  - 10 fewer B.Ed. students represent a revenue shortfall of \$75k.
- Residence occupancy target of 695.
  - 10 fewer students in single rooms in residence represent a revenue shortfall of \$91.5k.
- Risk of external funding not materializing.
  - The University receives funding from a number of government sources for specific projects and initiatives. For projects already approved (e.g. New England recruitment project), the funding is assured until the end of the project. For one initiative (accessibility services), the funding has not yet been approved.

## Appendix A

### Tuition Fees at Other N.B. Public Universities 2012-13

	Domestic	International
St. Thomas University	4,945	12,855
Mt. Allison University	7,095	14,900
Université de Moncton	5,292	8,972
University of New Brunswick	5,857	12,982

## **Appendix B**

### **Residence Room and Meal Fees at Other N.B. Public Universities 2012-13**

St. Thomas University	\$7,280-\$10,000
Mt. Allison University	\$8,312- \$9,195
University of New Brunswick	\$8,402- \$9,752

Note: fees for residence rooms and meals vary based on the type of room (single or double), specific residence, and the specific meal plan chosen.

Note: 2012-13 fees for Université de Moncton are not yet posted on their website.

**St. Thomas University**  
**General Operating Revenue and Expenses**  
**2012-2013 (with comparative information for 2011-2012)**

Schedule I

	2012-2013 Budget	2011-2012 Budget	2011-2012 Forecast	Budget Increase/ (Decrease) (\$)	Budget Increase/ (Decrease) %
<b>Revenues</b>					
MPHEC Operating Grant	11,500,200	11,500,200	11,500,200	0	0.00%
MPHEC 2012-13 One-time Grant	116,900	0	0	116,900	0.00%
MPHEC Fiscal Transfer to UNB	1,902,500	1,881,800	1,881,800	20,700	1.10%
Tuition and Compulsory Fees	13,217,400	12,807,800	12,807,800	409,600	3.20%
Miscellaneous student fees	380,500	355,500	400,000	25,000	7.03%
Other Government Grants	639,200	445,400	425,400	193,800	43.51%
Miscellaneous revenues	201,000	161,000	126,100	40,000	24.84%
<b>Total Revenue</b>	<u>27,957,700</u>	<u>27,151,700</u>	<u>27,141,300</u>	<u>806,000</u>	<u>2.97%</u>
<b>Expenses</b>					
<b>Academic</b>					
Faculty salaries and benefits	15,041,500	14,662,600	14,727,600	378,900	2.58%
Department Expenses	231,100	221,100	203,900	10,000	4.52%
Travel Study and Research	552,500	485,800	485,800	66,700	13.73%
Other Academic	422,100	391,600	381,600	30,500	7.79%
	<u>16,247,200</u>	<u>15,761,100</u>	<u>15,798,900</u>	<u>486,100</u>	<u>3.08%</u>
<b>Computing Services</b>					
Salaries and benefits	635,900	623,400	623,400	12,500	2.01%
Systems Support	169,500	219,500	165,000	-50,000	-22.78%
Other Computing	128,200	128,200	100,000	0	0.00%
	<u>933,600</u>	<u>971,100</u>	<u>888,400</u>	<u>-37,500</u>	<u>-3.86%</u>
<b>Administration and General</b>					
Administrative salaries and benefits	2,711,300	2,717,400	2,618,100	-6,100	-0.22%
Unit Expenses	779,100	702,900	836,900	76,200	10.84%
Other Administrative	369,500	373,800	400,300	-4,300	-1.15%
Professional Services and memberships	225,000	155,000	245,000	70,000	45.16%
New England recruitment project	233,900	184,800	155,000	49,100	26.57%
	<u>4,318,800</u>	<u>4,133,900</u>	<u>4,255,300</u>	<u>184,900</u>	<u>4.47%</u>
<b>Student Services</b>					
Salary and Benefits	1,049,700	958,600	958,600	91,100	9.50%
Scholarships	739,400	739,400	733,000	0	0.00%
Athletics	399,500	399,500	440,000	0	0.00%
Other Student Services	201,500	206,500	202,400	-5,000	-2.42%
	<u>2,390,100</u>	<u>2,304,000</u>	<u>2,334,000</u>	<u>86,100</u>	<u>3.74%</u>
<b>Physical Plant</b>					
Utilities and Insurance	1,083,600	1,096,500	1,028,100	-12,900	-1.18%
Cleaning	474,500	448,000	448,000	26,500	5.92%
Maintenance and Repairs	604,300	554,300	494,300	50,000	9.02%
	<u>2,162,400</u>	<u>2,098,800</u>	<u>1,970,400</u>	<u>63,600</u>	<u>3.03%</u>
Fiscal Transfer to UNB	1,902,500	1,881,800	1,881,800	20,700	1.10%
<b>Total Expenditures</b>	<u>27,954,600</u>	<u>27,150,700</u>	<u>27,128,800</u>	<u>803,900</u>	<u>2.96%</u>
<b>Excess of Revenue over Expenses</b>	<u>3,100</u>	<u>1,000</u>	<u>12,500</u>	<u>2,100</u>	<u>na</u>

**St. Thomas University**  
**Revenue and Expenses - Ancillary Operations**  
**2012-2013 (with comparative information for 2011-2012)**

	<b>2012-2013 Budget</b>	<b>2011-2012 Budget</b>	<b>2011-2012 Forecast</b>	<b>Budget Increase/ (Decrease) (\$)</b>	<b>Budget Increase/ (Decrease) %</b>
<b>Revenues</b>					
Residence Fees and Dining Hall	5,585,500	5,464,800	5,122,400	120,700	2.21%
ELP Room and Board	525,000	525,000	486,000	-	0.00%
Cafeteria	694,900	650,800	681,300	44,100	6.78%
Conferences	215,000	215,000	174,900	-	0.00%
Catering	419,200	446,500	411,000	- 27,300	-6.11%
Miscellaneous	69,000	70,200	89,000	- 1,200	-1.71%
<b>Total Revenue</b>	<b>7,508,600</b>	<b>7,372,300</b>	<b>6,964,600</b>	<b>136,300</b>	<b>1.85%</b>
<b>Expenditures</b>					
Food Service	3,738,400	3,694,400	3,594,600	44,000	1.19%
Administration Salaries and Benefits	411,700	441,200	361,700	- 29,500	-6.69%
Utilities	963,300	962,300	936,600	1,000	0.10%
Property Management	886,800	853,300	818,900	33,500	3.93%
Maintenance and Repairs	629,300	544,300	550,900	85,000	15.62%
Debt repayments and interest	687,400	696,000	531,300	- 8,600	-1.24%
Insurance	57,100	58,000	56,500	- 900	-1.55%
Residence Bursaries	75,000	30,000	75,000	45,000	150.00%
Equipment Purchases	10,000	10,000	6,300	-	0.00%
Miscellaneous	49,000	70,000	32,600	- 21,000	-30.00%
<b>Total Expenses</b>	<b>7,508,000</b>	<b>7,359,500</b>	<b>6,964,400</b>	<b>148,500</b>	<b>2.02%</b>
<b>Excess of Revenue over Expenses</b>	<b>600</b>	<b>12,800</b>	<b>200</b>	<b>- 12,200</b>	<b>na</b>

**St. Thomas University**  
**Endowment Fund Expenditures**  
**2012-2013 (with comparative information for 2011-2012)**

	<b>Budget 2012-2013</b>	<b>Forecast 2011-2012</b>	<b>Budget 2011-2012</b>	<b>Average Fund Balance 2010-2012</b>	<b>Available (5%)</b>
Scholarships	1,100,000	1,175,000	1,100,000	13,745,600	687,000
Endowed Chairs					
Aquinas Chair in Interdisciplinary Studies	238,000	230,300	238,000	4,843,400	242,000
Canadian Citizenship & Human Rights	97,000	111,600	116,000	1,936,800	97,000
Catholic Theology	99,000	94,600	58,000	1,970,800	99,000
Criminology and Social Justice	56,000	36,500	53,000	1,111,700	56,000
Camp Endowment in Journalism	45,000	29,100	43,000	907,300	45,000
Gerontology	154,000	114,700	149,000	3,081,700	154,000
Irving Chair in Journalism	48,000	47,300	47,000	969,100	48,000
Native Studies	<u>125,400</u>	<u>114,650</u>	<u>115,400</u>	<u>1,706,600</u>	<u>85,000</u>
	<u><u>1,962,400</u></u>	<u><u>1,953,750</u></u>	<u><u>1,919,400</u></u>	<u><u>30,273,000</u></u>	<u><u>1,513,000</u></u>

**Schedule IV**

**St. Thomas University  
Capital Expenditures  
2012-2013**

Restricted Government Assistance

Non-space	Equipment and furnishings	231,100
Alteration and Renovation	Academic building and grounds improvements	139,000

Internally Restricted Funds

Grant-Harvey Centre

2012-13 installment	112,500
Athletic equipment	48,000
Office and administrative equipment	40,000
Signage	<u>13,200</u>
	<u>213,700</u>

Total capital projects

583,800