



St. Thomas
UNIVERSITY

**Budget Development Report
2021-2022**

February 26, 2021

Message from the President

With the circulation of this *Budget Development Report*, we are launching consultations for the development of our 2021-22 budget. The President's Advisory Committee on the Budget (PACB), which is comprised of students, faculty, and staff, began meeting in January and this document presents operational and financial information and issues that influence our deliberations.

A key part of the consultations will be a virtual Budget Town Hall that will take place in late March following the delivery of the Province of New Brunswick's budget. This report and the Town Hall are opportunities to learn about our operations and provide feedback on our financial issues.

CURRENT FINANCIAL SITUATION

With respect to the Operations Budget, we ended the 2019-20 fiscal year with a deficit of \$291K which was covered by a transfer of restricted funds of \$300K. For the Ancillary Budget, there was a deficit of \$94K before principal payment on long-term debt. These results are improved compared to five years ago when the operating and ancillary deficits were \$1.3M and \$563K respectively.

For the current 2020-21 fiscal year, we are forecasting an Operations Budget deficit of \$306K before inter-fund transfers which is \$85K less than budgeted. For the Ancillary Budget, we are forecasting a deficit of \$1.5M compared to a budgeted ancillary deficit of \$1.7M before principal payments of \$180,000 on long-term debt. This deficit is due to the significantly lower occupancy in residence attributed to the COVID-19 pandemic. A separate Ancillary Budget is developed for revenues and expenses related to residences because of the generally accepted and long-standing principle that ancillary operations be self-supporting—these areas are not eligible for government operating assistance and we will have to pay back the accumulated deficit in the Ancillary Fund by achieving annual surpluses in future years.

There remains significant uncertainty in relation to the COVID-19 pandemic and the resulting impact on our enrolment, campus activities, and residence operations. There is also uncertainty as to the annual increase in the provincial operating grant, which is 47% or \$14.7M of our revenues, given the end of the current Memorandum of Understanding (MOU) with the Province.

FINANCIAL CHALLENGES AND RESPONSES

Our most important institutional goal is taking the steps necessary to ensure that we maintain financial sustainability. As outlined in this *Report*, this situation is affected by many factors: a lower number of high school graduates in the province, a comparatively small endowment, and the volatility of the capital markets that affect investment income on an annual basis. Moreover, the current global pandemic has only exacerbated our financial challenges. As we have stated in the past, the extensive use of inter-fund transfers to balance our Operating Budget is not sustainable as these funds are finite. The depletion of the internally restricted scholarship fund in 2018-19 is evidence of this and, therefore, on a go-forward basis, the Operating Budget must accommodate a larger amount of scholarship expenditures.

Addressing the structural operating deficit has required a multi-strategy approach to increase revenues and limit the growth in expenditures while meeting our academic mission. The following strategies are intended to address our priorities and will only increase in importance in the future:

- Stabilizing the enrolment level.
- Implementing a multi-year plan to address the funding of scholarships. The funding sources for scholarships that were previously funded through internally restricted funds are being transitioned to other sources, such as Operations, Capital Campaign donations, etc.
- Continuing to rationalize non-academic expenditures where feasible.
- Continuing efforts to address the provincial operating grant inequity.
- Although it does not have a significant impact on the Operations Budget, a successful Capital Campaign will improve our overall financial health as the funds raised will not only help to increase the scholarship endowment, they will provide modest assistance with the cost of residence renewal and fund other faculty, student, and student services activities.

The *Budget Development Report* provides detailed information on enrolment, tuition, ancillary operations, and fundraising so that the context of the aforementioned strategies are understood. As well, the appendices have current information on restricted funds, tuition fees, enrolment, retention of first-year students, operating expenditures for 2020-21, and meal and residence rates. Along with the explanations of our fixed and semi-fixed cost structures, this information provides the context for our decisions.

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) and the resulting Operations and Ancillary Budgets will be reviewed by PACB. Thereafter, these budgets will be presented to the Board of Governors' Finance Committee and to the Board of Governors in May 2021.

INVITING YOUR FEEDBACK

As always, your feedback on these issues to the PACB is helpful and appreciated. You may provide your confidential feedback to Reg Gallant, Comptroller, at gallant@stu.ca by March 19, 2021.

Thank you.



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, Associate Professor, Great Books Program (Senate Appointment)
- Dr. Marcea Ingersoll, Associate Professor, School of Education (Senate Appointment)
- Shauna Foote, Associate Registrar (President's Appointment)
- Matthew Oram - Student (President's Appointment)
- Sarah Kohut - Student (President's Appointment)
- Michelle Wright, Director of Admissions (President's Appointment)
- Jeffrey Carleton, Associate Vice-President, Communications (President's Appointment)

In the development of its budget recommendations, the President's Advisory Committee 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 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 2021-22 will be made to the Board of Governors' Finance Committee and finally to the Board of Governors in Spring 2021.

FISCAL YEAR 2019-20 FINANCIAL RESULTS

With respect to Operations, we ended the 2019-20 fiscal year with a deficit of \$291,405. This deficit was covered by a transfer of restricted funds of \$300,000. The annual audited financial statements are available on the University website.

The structural operating deficit is due to expenses being higher than revenues. Approximately 78% 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 an increase in operating revenues and expenses of 3.7% and 3.2%, respectively.

For ancillary services, there was a deficit of \$94,030 (before principal payment on long term debt).

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. The fiscal year 2014-15 was chosen as a comparator year as it represents the most significant combined deficit (\$1.9M) in operations and ancillary experienced by the University. 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 2020-21 PROJECTION (as of January 31, 2021)

For the current fiscal year, St. Thomas University is forecasting general operations to have a deficit of \$305,900 before inter-fund transfers. This is \$85,000 less than the budgeted operating deficit of \$390,900.

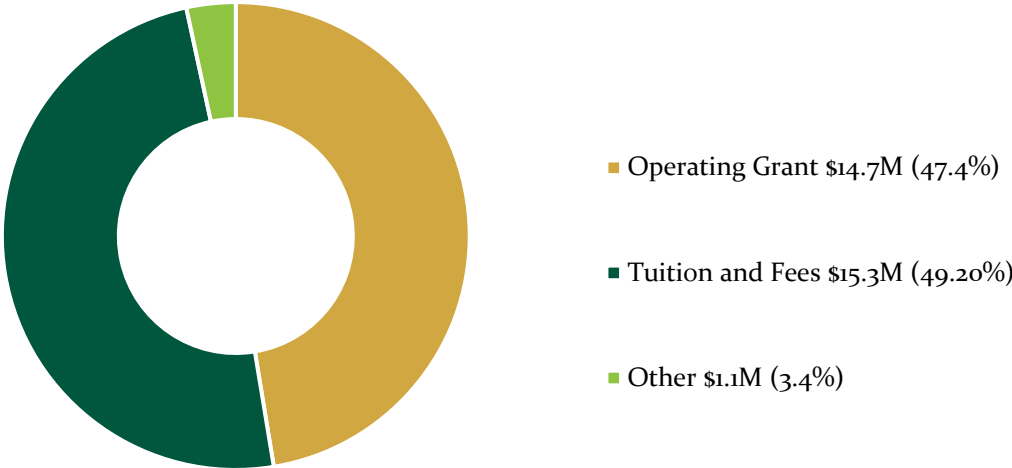
A separate ancillary budget is developed for revenues and expenses related to residences because of generally accepted and long-standing policies that ancillary operations be self-supporting. These areas are not eligible for government operating assistance. For the fiscal year 2020-21, we are forecasting a deficit of \$1,488,000 compared to a budgeted ancillary deficit of \$1,744,000 (before principal payments of \$180,000 on long term debt), as occupancy in residence is minimal due to the ongoing COVID-19 pandemic. A comparison of 2019-20 residence rates (i.e., pre-pandemic) 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. The current global pandemic has exacerbated this challenge. This situation is also compounded by several factors: a shrinking number of NB high school graduates; a small endowment; and uncertainty and volatility of capital markets that affect investment income.

2021-22 BUDGET DEVELOPMENT CONTEXT

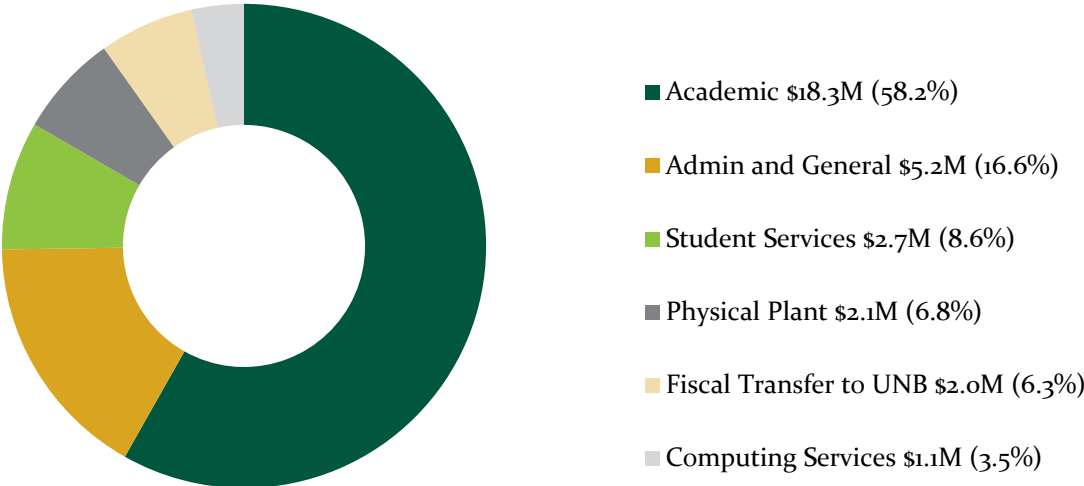
The most significant sources of revenue for the operating budget are the operating grant from the Province of New Brunswick and tuition and other compulsory fees. In 2020-21, these sources represented 47.4% and 49.2% respectively of revenues. The remaining 3.4% of revenues include miscellaneous student fees, other government grants, Advancement annual fund, and miscellaneous revenues.

2020-2021 Budgeted Revenues (Total \$31,055,300)



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

2020-21 Budgeted Expenses (Total \$31,446,200)



Appendix F shows a breakdown of our budgeted operating expenses for 2020-21, 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 78% 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 22% 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 \$1.6 million annually (2% of insured value of buildings, excluding ancillary). The operating budget for maintenance and repairs in 2020-21 was \$300,000. 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.

For more detailed information on operating expenses, please see the 2019-20 Financial Statements and the 2020-21 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 of 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 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 2010 and 2019, St. Thomas' full-time enrolment declined by 21% (496 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. 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)

Similar to other universities, COVID-19 has impacted our enrolment. In 2020, we attracted 553 new students compared to 660 in 2019, 605 in 2018, and 677 in 2017. As of October 1, 2020, total full-time student enrolment was 1,912 compared to 1,993 in 2019 and 1,953 in 2018. We expect that we will experience the financial impact of the smaller 2020-21 cohort for at least another three years.

As in other years we continue to focus on international recruitment. Based on MPHEC data, international students at St. Thomas have increased from a low of 70 students in 2010 to 184 in 2019, which is our largest ever international student body. Unfortunately, we anticipate travel restrictions, and the economic impact of COVID-19 will negatively impact international enrolment.

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 1,108 full-time students will be returning to continue their study at St. Thomas in the 2021-22 academic year, compared to 1,181 continuing students in the 2020-21 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. Retention for the 2019 cohort was lower at 71.8% which is likely due to the impact of COVID-19. (See Appendix E).

B. Provincial Operating Grant

The provincial operating grant of \$14.7 million represents 47% of total operating revenue. The current four-year memorandum of understanding (MOU) between the Province and each of the NB public universities will expire in 2021. The MOU covers the 2017-18 to 2020-21 academic years and includes:

- 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.

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 years 2017-18, 2018-19, and 2019-20, the operating grant increases were 1 % per year, compared to an annual increase in operating expenditures of 1.5%, 4.5%, and 3.2% respectively.

In light of the current challenges posed by the global pandemic, the four New Brunswick universities recently requested that the current Memorandum of Understanding (MOU) be extended by one year, including an operating grant increase of 2% for the fiscal year 2021-22.

The Province's 2021-22 Budget Speech is currently scheduled for March 2021. Normally the Budget Speech makes some reference to the operating grants of public universities for the upcoming year.

It remains our contention that St. Thomas' operating grant amount is inequitable. This funding inequity was confirmed in 2007 by the Commission on Post-Secondary Education which concluded "St. Thomas clearly suffers from a funding anomaly that needs to be addressed" and that STU is

"supported at a level well below the other universities in the province." The issue was also cited by the Province's Auditor General in her report last year. She pointed out that the percentage of revenue from tuition or fees from students at STU was 49%, compared to University of New Brunswick (26%), Université de Moncton (19%), and Mount Allison University (41%).

C. Tuition Fees

Appendix B provides a comparison of 2020-21 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 2020-21 tuition fees for our 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 past six years.

	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)						

The following table provides revenue estimates in relation to a couple of tuition fee scenarios for 21-22.

Tuition Fee Scenarios	Increase in Domestic Tuition Revenue*	Increase in International Tuition Revenue	Total
3% increase	\$253,000	\$88,500	\$341,500
5% increase	\$435,600	\$147,500	\$583,100

*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 2020-21 budgeted expenditures). The number of full-time faculty positions varies over time, considering a number of factors such as fiscal realities, retirements, hiring decisions, etc. Academic staffing decisions in relation to vacant positions continue to be evidence-based and to consider needs/factors such as the trend in student enrolment in each program.

The faculty 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 Voluntary Retirement Incentive (VRI) for faculty that was agreed to by FAUST and the University in June 2016 has increased the number of faculty retirements since July 1, 2017. 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.

The VRI was recently revised in recognition of the changes that have occurred since the initial Memorandum of Understanding on this same subject was signed on June 3, 2016. Since 2016, a global pandemic was declared in March 2020 resulting in a transition to remote teaching and the Parties negotiated a new Full-time Collective Agreement in 2020 that included several changes to the retirement article. Considering these changes, the Parties agreed that the June 2016 MOU terminated on January 1, 2021. However, under the terms of this new VRI for full-time faculty members, those faculty members who were eligible but did not retire under the June 2016 MOU, are eligible for a revised VRI. Eligible faculty members were offered a voluntary retirement incentive in the amount of one (1) time their regular annual salary for retirements that take effect on or before July 1, 2022.

E. Rationalization of Non-Academic Expenditures

Non-academic wages and benefits represent approximately 20% of operating expenditures (based on 2020-21 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.

We believe 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 costs in relation to total operating costs for St. Thomas and other comparator universities. Based on the fiscal year 2018-19 and as can be seen in the following table, St. Thomas had the lowest proportion of non-academic salary costs at 17.8%.

Table C: Proportion of Non-Academic Salary Costs (“Other Salaries and Wages”) In Relation to Total Operating Costs for the Fiscal Year Ending in 2019

Source: CAUBO 2019

In thousands (000s)	STU	MSVU	CBU	St. FX	MTA	Acadia
Other salaries and wages	5,715	14,584	13,251	19,041	10,921	14,676
General operating expenses	32,120	48,460	53,697	84,980	44,412	74,521
Percentage of total	17.8%	30.1%	24.7%	22.4%	24.6%	19.7%

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.

During the fiscal year 2020-21, there were reduced expenditures relating to the global pandemic, including reduced travel expenditures, lower costs due to university events and gatherings not being held, and reduced varsity sports costs. It is difficult to predict the impact that COVID-19 will have on expenditures for the next academic year.

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).

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 are necessary to sustain honors and majors within those disciplines. Similarly, the professional programs offered by the School of Education and the School of Social Work must meet the accreditation standards of their respective accreditation bodies. It is important that we maintain quality academic programming so that we can continue to recruit strong students and faculty.

In the past, new programming such as Criminology and Journalism has resulted in significant increases in enrolment. As part of the ongoing academic planning process, a number of strategies are explored that may result in new courses or experiential learning opportunities that could be attractive to potential students considering attending St. Thomas University. For example, we received approval from the MPHEC for significant changes to the BSW program and approval to offer an MSW. 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.

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. The renewal of Harrington Hall was completed in 2017, while the renewal of Vanier Hall is expected to be completed in August 2021.

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.

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.

As stated previously in this document, we are forecasting a deficit in Ancillary Services of \$1,488,000 for the fiscal year 2020-21 (before principal payments of \$180,000 on long term debt), as current residence occupancy is minimal 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 end of the lease at Rigby Hall will assist in this regard as it will remove the annual expenses related to the existing lease and the Rigby building. This represents approximately \$675,000 in annual costs.

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 fifth 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. The campaign has raised over \$13M so far and has been successful, considering its original goal of \$10M. Some of the funds raised are intended as endowed amounts where the capital amount of the donation is protected and 5% of the principal amount is used annually, whereas other funds are intended to be spent over a specified period for a specific purpose. Perhaps the best example of this latter type of fund would be the three grants received from the Harrison McCain Foundation, which has gifted \$950,000 to St. Thomas since 2015 to establish and support Indigenous Student Services, and the creation of the Wabanaki Centre. In addition to capital funding, the grants from the Foundation have supported personnel, programs, scholarships, and events and activities of the Senate Committee on Reconciliation.

With respect to the capital campaign and fundraising, as with many other activities of the University, our progress has been slowed because of COVID-19. Restricted travel has had an impact on our ability to conduct in-person calls on prospective donors, which is essential for larger gifts, while significant workplace adaptations in companies across the country have resulted in requests being rescheduled to a later date.

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 and ancillary services. 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 services, and a modest investment in residence renewal.

Although there have been new scholarships established because of the Capital Campaign, those new scholarships do not replace the flagship renewable entrance scholarships (e.g., President's Scholarship for full tuition) which were previously funded through the internally restricted scholarship fund which was depleted in 2018-19. To date, more than half of the monies raised under the Campaign have been for scholarships or bursaries (\$7.52M), with the majority of those funds being received as endowments. While this is a significant amount to receive to create new sources of scholarships and bursaries, it is only the income from the endowed funds which is available for use on an annual basis. This is but one of the reasons that fundraising for scholarships will continue to be an ongoing priority going forward, with the recognition that scholarship funding is our area of greatest need.

Preliminary Projection for Fiscal Year 2021-2022

As we begin the 2021-22 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 2021-22. Factors to be considered in the development of the 2021-22 operating budget include:

- For the current fiscal year, we are forecasting general operations to have an excess of expenditures over revenues of \$305,900 before inter-fund transfers.
- Inflation and collective agreement obligations normally result in cost pressures of approximately 3.7% per year.
- We are assuming student enrolment of approximately 1,700 (fee paying) students. This is a preliminary enrolment estimate that will be updated in March 2021 when more information is available with respect to the number of applications received for the 2021-22 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 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.

Please forward any suggestions, comments or feedback to gallant@stu.ca by March 19, 2021. The Committee will consider the suggestions, comments and feedback received as confidential.

APPENDICES

A - Restricted Funds

B - 2020-21 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 2020-21

G - Comparison of 2019-20 Meal and Residence Rates

APPENDIX A
St. Thomas University Restricted Funds
Budget 2020-2021

			Average	
		Budget	Fund Balance	Available
		2020-21	2018-20	(5%)
Scholarships				
	Externally restricted	522,000	10,443,700	522,000
	Flow-through	100,000	0	n/a
		622,000	10,443,700	
Internally Restricted Funds				
	Aquinas Chair in Interdisciplinary Studies	500,000	2,503,200	125,000 (1)
Endowed Chairs				
	Canadian Citizenship & Human Rights	105,000	1,747,000	87,000
	Catholic Theology	109,000	2,182,800	109,000
	Criminology and Criminal Justice	58,000	1,153,900	58,000
	Camp Endowment in Journalism	56,000	1,125,300	56,000
	Gerontology	538,000	2,852,100	143,000 (2)
	Irving Chair in Journalism	5,000	100,000	5,000
	Native Studies	72,000	1,440,800	72,000
		2,065,000	23,548,800	1,177,000
	(1) Includes provision for internally restricted scholarships of \$450,000			
	(2) Includes an additional transfer to operations for academic salaries of \$395,000 bringing annual draw to 18.9%.			

APPENDIX B
2020-2021 Tuition Fees for Bachelor of Arts

University	Canadian tuition
UPEI	6,390
UdeM	6,937
UNB	7,270
STU	7,292
U. Ste-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

2020-2021 Tuition Fees for Post-Baccalaureate Programs

BSW

Tuition Amount and Program Duration

STU	10,291 (15 month program) (\$500.00 practicum)
Dalhousie	17,910 (24 month program (895.50 per 3 credit hours; 60 credits for degree)

BEd

Tuition Amount and Program Duration

Practicum

STU	10,166 (11 months; 60 credits)	500.00
UNB	10,905 (10 months; 60 credits)	500.00
MSVU	17,151 24 months (1,715.06 per unit; 10 units)	
St. FX	18,190 24 months (8,830 per year)	560.00 (2 years)
Acadia	19,122 24 months (9,561 per year)	
CBU	19,758 (16 months)	
Crandall	20,785 (3 semesters including practicum fees)	
UPEI	12,780 (12 months)	750.00

APPENDIX C Enrolment

Domestic Undergraduate Enrolment (Full-time Headcounts) - Maritime Institutions

Institution	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Cum. Change	
											N	%
Acadia	2563	2816	2965	3104	3093	2872	2970	2984	2897	2905	342	13.3%
Cape Breton	1872	1784	1755	1659	1550	1625	1601	1493	1407	1328	-544	-29.1%
Dalhousie	10362	10788	10667	10722	10731	10629	10197	9968	9832	9709	-653	-6.3%
Mount Allison	2248	2241	2290	2107	2051	2060	1974	1901	1832	1844	-404	-18.0%
MSVU	1944	1905	1889	1799	1852	1774	1745	1722	1789	1811	-133	-6.8%
Saint Mary's	4366	4199	4208	4119	3922	3790	3870	3769	3762	3633	-733	-16.8%
St. FX	3831	3830	3735	3740	3717	3686	3657	3542	3633	3742	-89	-2.3%
St. Thomas	2301	2319	2210	2055	1872	1805	1777	1697	1693	1691	-610	-26.5%
U de Moncton	3901	3784	3750	3502	3168	3060	3011	3103	3135	3242	-659	-16.9%
Sainte-Anne	363	298	333	311	289	265	234	228	265	326	-37	-10.2%
King's College	1104	1131	1065	1030	927	862	799	754	752	741	-363	-32.9%
UNB – F'ton	4993	5032	4935	4912	4815	4688	4598	4459	4567	4476	-517	-10.4%
UNB – SJ	1546	1561	1558	1453	1357	1321	1373	1470	1465	1460	-86	-5.6%
UPEI	3062	3086	3051	2920	2798	2666	2630	2728	2621	2638	-424	-13.8%
Total	44456	44774	44411	43433	42142	41103	40436	39818	39650	39546	-4910	-11.0%

Source: MPHEC Dataset STU_Enr_DDB_Law_separate_Nov2020.xlsx

Excludes Atlantic School of Theology and Nova Scotia College and Art and Design. Nova Scotia Agricultural College included in Dalhousie.

Excludes Dalhousie, UdeM and UNB-F'ton Law

International Undergraduate Enrolment (Full-time Headcounts) - Maritime Institutions

Institution	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Cum. Change	
											N	%
Acadia	335	349	380	369	377	390	431	448	478	463	128	38.2%
Cape Breton	313	545	637	657	585	577	533	652	1184	2216	1903	608.0%
Dalhousie	1066	1283	1349	1519	1748	1892	2154	2362	2688	3039	1973	185.1%
Mount Allison	199	191	228	217	216	197	205	165	172	246	47	23.6%
MSVU	225	265	326	384	466	485	458	404	340	510	285	126.7%
Saint Mary's	1147	1282	1483	1602	1615	1729	1777	1688	1628	1579	432	37.7%
St. FX	247	250	226	206	209	227	282	257	288	263	16	6.5%
St. Thomas	70	75	98	117	139	123	129	149	167	184	114	162.9%
U de Moncton	465	494	594	710	731	718	606	547	618	627	162	34.8%
Sainte-Anne	39	38	38	42	67	144	140	94	106	156	117	300.0%
King's College	39	44	41	45	39	37	33	33	35	43	4	10.3%
UNB – F'ton	299	370	459	500	478	473	414	432	431	423	124	41.5%
UNB – SJ	277	432	416	352	295	302	216	201	177	215	-62	-22.4%
UPEI	355	387	399	444	480	556	657	772	881	1099	744	209.6%
Total	5076	6005	6674	7164	7445	7850	8035	8204	9193	11063	5987	117.9%

Source: MPHEC Dataset STU_Enr_DDB_Law_separate_Nov2020.xlsx

Excludes Atlantic School of Theology and Nova Scotia College and Art and Design. Nova Scotia Agricultural College included in Dalhousie.

Excludes Dalhousie, UdeM and UNB-F'ton Law

Maritime Full-time Undergraduate Arts Enrolment 2010-2019

Institution	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Cum. Change	
											N	%
Acadia	952	1040	1067	1055	1015	937	970	958	919	900	-52	-5.5%
Cape Breton	849	747	767	721	606	602	561	518	540	554	-295	-34.7%
Dalhousie	2802	2864	2707	2533	2444	2348	2132	1982	1987	1967	-835	-29.8%
Mount Allison	1446	1420	1402	1280	1243	1250	1228	1132	1071	1093	-353	-24.4%
MSVU	998	993	1027	996	1032	972	980	968	998	1043	45	4.5%
Saint Mary's	2373	2324	2246	2134	2013	1975	1978	1989	1997	1982	-391	-16.5%
St. FX	1339	1338	1226	1122	1103	990	970	870	861	806	-533	-39.8%
St. Thomas	2045	2086	2010	1894	1740	1618	1586	1513	1591	1614	-431	-21.1%
U de Moncton	654	673	667	651	619	665	695	700	712	698	44	6.7%
Sainte-Anne	104	90	90	59	48	44	23	19	23	43	-61	-58.7%
King's College	1028	1057	985	944	834	769	714	675	659	647	-381	-37.1%
UNB – F'ton	1139	1076	1011	943	873	844	826	878	978	931	-208	-18.3%
UNB – SJ	707	680	659	571	516	460	437	501	505	524	-183	-25.9%
UPEI	1163	1156	1119	1054	966	833	837	822	800	895	-268	-23.0%
Total	17599	17544	16983	15957	15052	14307	13937	13525	13641	13697	-3902	-22.2%

Source: MPHEC Dataset STU_Enr_DDB_Law_separate_Nov2020.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

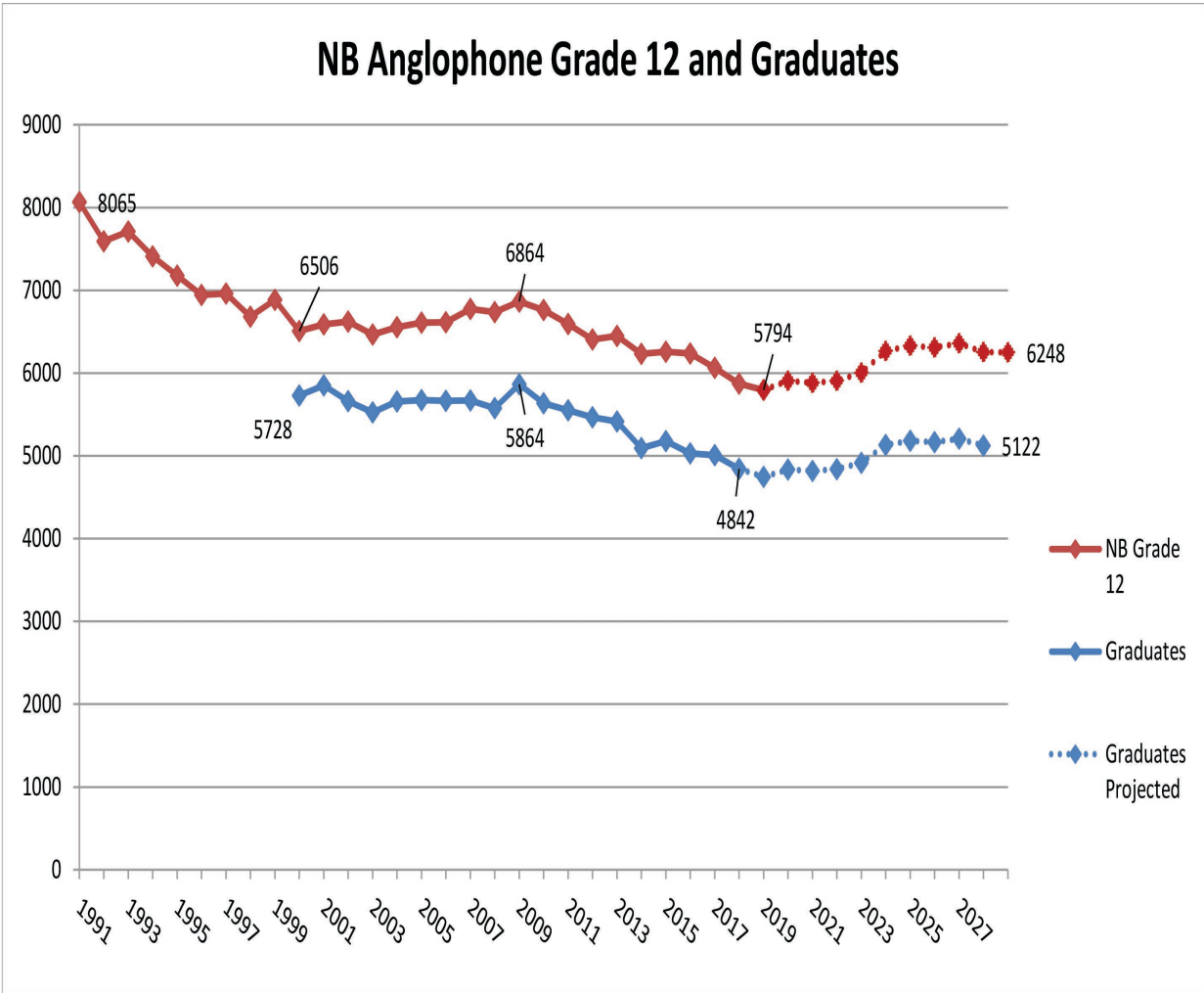
Institution	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Acadia	5.4%	5.9%	6.3%	6.6%	6.7%	6.5%	7.0%	7.1%	6.7%	6.6%
Cape Breton	4.8%	4.3%	4.5%	4.5%	4.0%	4.2%	4.0%	3.8%	4.0%	4.0%
Dalhousie	15.9%	16.3%	15.9%	15.9%	16.2%	16.4%	15.3%	14.7%	14.6%	14.4%
Mount Allison	8.2%	8.1%	8.3%	8.0%	8.3%	8.7%	8.8%	8.4%	7.9%	8.0%
MSVU	5.7%	5.7%	6.0%	6.2%	6.9%	6.8%	7.0%	7.2%	7.3%	7.6%
Saint Mary's	13.5%	13.2%	13.2%	13.4%	13.4%	13.8%	14.2%	14.7%	14.6%	14.5%
St. FX	7.6%	7.6%	7.2%	7.0%	7.3%	6.9%	7.0%	6.4%	6.3%	5.9%
St. Thomas	11.6%	11.9%	11.8%	11.9%	11.6%	11.3%	11.4%	11.2%	11.7%	11.8%
U de Moncton	3.7%	3.8%	3.9%	4.1%	4.1%	4.6%	5.0%	5.2%	5.2%	5.1%
Sainte-Anne	0.6%	0.5%	0.5%	0.4%	0.3%	0.3%	0.2%	0.1%	0.2%	0.3%
King's College	5.8%	6.0%	5.8%	5.9%	5.5%	5.4%	5.1%	5.0%	4.8%	4.7%
UNB – F'ton	6.5%	6.1%	6.0%	5.9%	5.8%	5.9%	5.9%	6.5%	7.2%	6.8%
UNB – SJ	4.0%	3.9%	3.9%	3.6%	3.4%	3.2%	3.1%	3.7%	3.7%	3.8%
UPEI	6.6%	6.6%	6.6%	6.6%	6.4%	5.8%	6.0%	6.1%	5.9%	6.5%

Source: MPHEC Dataset STU_Enr_DDB_Law_separate_Nov2020.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

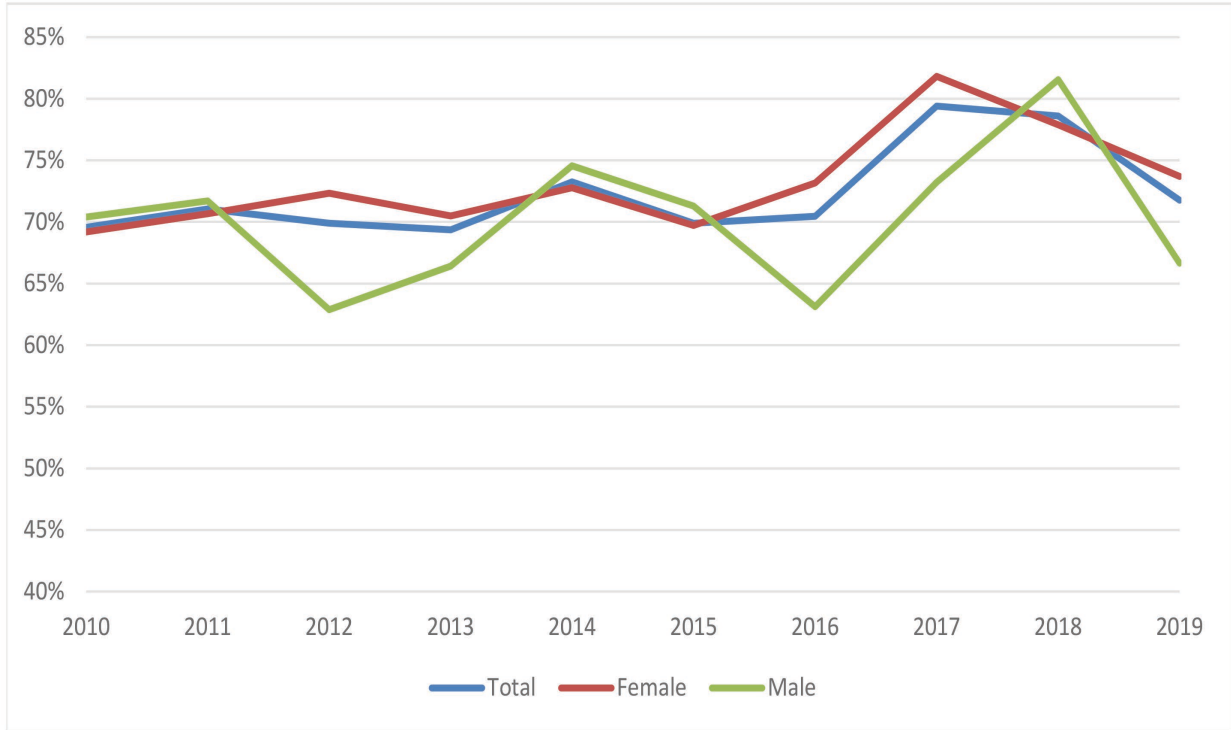
APPENDIX D
Projection of Size of the Anglophone Grade 12 Class in NB



Source: Projection by Office of Institutional Research based on Dept. of Education and Early Childhood Development Summary Statistics 2001-02 to 2019-20
 NB Grade 12 anglophone projection 210126A

APPENDIX E

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



Cohort Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total	69.6%	71.0%	69.9%	69.4%	73.3%	69.9%	70.5%	79.4%	78.6%	71.8%
Female	69.2%	70.7%	72.3%	70.5%	72.8%	69.7%	73.2%	81.8%	77.9%	73.7%
Male	70.4%	71.7%	62.9%	66.4%	74.6%	71.3%	63.1%	73.2%	81.6%	66.7%

Source: Retention 19S1 to 20S1 Report 201202B

APPENDIX F
Expenditures for St. Thomas University
Budget year ending April 30, 2021

Budgeted Expenditures 2020-21	<u>31,446,200</u>		<u>Academic</u>
			<u>Expenses</u>
<u>Fixed Costs</u>			
<u>Academic Expenses</u>			
FT Academic Wages-tenured and tenure-track including benefits	13,276,200		13,276,200
FT Academic Wages Sabbaticals	930,700		930,700
Professional Development Allowances	<u>280,000</u>		<u>280,000</u>
	<u>14,486,900</u>	46.1%	<u>14,486,900</u>
		(1)	
<u>Non-Academic Expenses</u>			
FT Wages and benefits	6,272,000		363,300
Utilities	1,082,000		
Cleaning and security	590,000		
Fiscal transfer to UNB	<u>1,989,200</u>		
	<u>9,933,200</u>	31.6%	<u>363,300</u>
		(2)	
Total fixed costs	24,420,100	77.7%	14,850,200
<u>Semi-fixed costs</u>			
PT Academic wages	2,332,300		2,332,300
Limited term FT Academic wages	530,700		530,700
Scholarships	750,000		
Supplies, telephone, postage	201,100		103,600
Graduation	20,000		20,000
Computing software/licenses	419,200		
University publications	50,000		
University memberships	112,000		37,000
Professional and banking fees	253,000		
Recruiting travel and supplies	207,900		
Communications	317,600		
		(3)	
Advancement	131,500		
Athletics	267,500		
		(4)	
Maintenance and repairs	300,000		
Academic department expenses	327,800		327,800
Academic recruiting and VP special projects	95,400		95,400
Student wages	212,100		
Administrative unit expenses	138,900		
Miscellaneous admin expenses	220,300		
Student services unit expenses	138,900		
		(5)	

	<u>7,026,200</u>	22.3%	<u>3,446,800</u>
Total budgeted expenditures	<u>31,446,300</u>	100%	<u>18,297,000</u>

- (1) Subject to collective agreements.
- (2) The services covered by the fiscal transfer to UNB are: library services, counseling services, and recreation and athletics facilities. The amount increases at the same rate as the operating grant. The transfer is paid directly by MPHEC/PETL to UNB.
- (3) 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.
- (4) Net operating expenditures of all athletic teams as well as student wages for JB O'Keefe operations and coaches honorariums. O'Keefe operations and coaches honorariums.
- (5) Incl. student union tuition waivers, sexual violence partnership, student accessibility, special projects, and other student services related expenditures.

