

**St. Thomas University**

**Budget Summary  
Fiscal Year 2013-2014**

**May 10, 2013**

## **Introduction**

An initial Budget Development Report for 2013-14 was produced and communicated to the University community in January 2013. This document described the context and challenges of developing the University's 2013-14 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 directions of the University.

The Budget Development Report also requested input regarding how to contain costs and develop a balanced budget. A summary of the responses received (18) and of the discussions of a focus group (7 students) were provided and discussed at the President's Advisory Committee on the Budget (PACB).

At the end of March 2013, the University was informed that the provincial operating grant would be frozen at the 2012-13 level, and that government was continuing its approach of capping tuition increases. To further the campus discussion on budget development, the PACB decided to hold a Town Hall meeting on April 4, 2013 with faculty, staff and students. At this meeting, a status update on the budget development plan was given, and options regarding how to address an estimated shortfall in operations was provided, including the concept of a multi-year tuition and student financial aid strategy.

The 2013-14 budget was developed in the context of the University's 2013-18 Strategic Plan. One of the 5 Strategic Priorities in the Strategic Plan is Financial Sustainability. Under this priority, the University has committed to:

- continuing to advocate for autonomy in setting tuition and equitable government funding;
- developing and implementing a long term strategy for tuition and student financial aid; and
- establishing an appropriately staffed and effective Office of Advancement and Alumni Affairs, significantly increasing financial support from alumni, and growing the endowment through fundraising activities.

The Strategic Plan also outlines a number of areas where we need to invest (student support services, renewal of our residences, etc.).

The PACB developed budget recommendations which were approved by the Board of Governors on April 27, 2013. The following sections of this report provide a summary of the approved operating, ancillary, endowment, and capital budgets for St. Thomas University for 2013-14.

## General Operating Fund (\$28.5M)

The General Operating Fund covers the core functions of the University, including most of the expenditures directly related to, or in support of, offering programs of instruction to students. The operating budget has two dominant revenue sources - government operating grant and tuition fees.

Our annual operating revenue base is approximately \$4.4 million lower than it could be because of the operating grant level being 84% of the provincial average (see Appendix I), and because of the low tuition level (\$852 lower than the 2012-13 provincial average).

In developing the 2013-14 budget, it was clear that the University was at a critical juncture due to the convergence of a number of factors:

- The operating grant is frozen at the previous year's level.
- The Province's approach to capping tuition has followed a pattern of a declining tuition cap over a 3 year period (from \$200 to \$175 to \$150).
- The operating grant freeze and the tuition cap approach do not allow the University to keep up with the inflationary cost of education which is in the 3 to 4% range. Approximately 75% of the University operating expenditures are salaries.
- A decreased student enrolment in 2012 significantly affected revenues (\$350,000), and this smaller 2012-13 incoming class will affect enrolment numbers for another 3 years.

### Domestic tuition

Further to the 2013-2018 Strategic Plan, there is a commitment to develop a long term strategy for tuition and student financial that supports and enhances the quality of education at St. Thomas and ensures continued accessibility to post-secondary education for students from low income families. The objective is to achieve a tuition level for domestic students in the Bachelor of Arts program that is representative of the NB provincial average for public universities. The 2012-13 average NB university tuition is \$5,797 compared to \$4,945 for STU. It should be noted that the tuitions at UNB and Mount Allison University are higher than the provincial average (see Table A).

**Table A. Full-time Undergraduate Arts Tuition**

		2010-11		2011-12		2012-13	
STU	\$	4,570	\$	4,770	\$	4,945	
MtA	\$	6,720	\$	6,920	\$	7,095	
UdeM	\$	4,920	\$	5,117	\$	5,292	
UNB	\$	5,482	\$	5,682	\$	5,857	
Prov. Avg	\$	5,423	\$	5,622	\$	5,797	

Source: MPHEC Undergraduate Arts Tuition Fees & Ancillary Fees at Maritime Universities

A three-year approach to bridging the gap between the current tuition level and the provincial average was approved by the Board of Governors. This represents an annual tuition increase of \$284 for 3 years, over and above the Province’s tuition cap (of \$150 in 2013-14).

The University will utilize 25% of the additional tuition revenue (25% of \$284) to fund greater student accessibility. This will be used to create a STU Accessibility Bursary, and to help cover the cost of other student financial aid. Under this new STU Accessibility Bursary, students who meet the eligibility criteria for the Canada Student Grant for Students from Low-income Families will be eligible for a bursary in the amount of \$300.

International tuition

The 2012-13 average tuition and health fee amount for NB Anglophone universities for international students is \$13,998 compared to \$12,855 for STU. See Table B for more details. An average of NB Anglophone universities is used due to the reality that Université de Moncton competes with Quebec universities to recruit francophone international students.

	2012-13	Health Plan Fee	Tuition + Health Plan Fee
STU	12,855	0	12,855
MtA	14,900	400	15,300
UNB	12,982	857	13,839
Prov. Avg.	13,579		13,998
Gap between STU and provincial average			1,143
Source: MPHEC Undergraduate Arts Tuition Fees and Ancillary Fees at Maritime Universities			
Health plan fee information taken from university websites.			
STU does not currently charge a separate fee for the health plan. The cost is covered by the tuition fee.			

For 2013-14, the international tuition fee will increase by \$150. A health plan fee for international students will be introduced in the amount of \$284. The intent is to increase the health plan fee over time (by a maximum of \$284 annual increments) in order to eventually fully recover the cost of the health plan.

Operating Budget

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

- A balanced budget of \$28.5 million in revenues and expenses.
- The provincial operating grant frozen at the 2012-13 level of \$13.5 million
- Tuition fee and compulsory revenues of \$13.7 million based on:

- A \$434 increase that will bring tuition fee levels to
  - \$5,379 for Arts programs
  - \$7,909 for Education
  - \$8,109 for Social Work
- A \$150 increase that will bring tuition fee levels to:
  - \$13,005 for international students (Arts programs)
- New health plan fee of \$284 for international students.
- Other compulsory fees remaining at the following levels:
  - Technology fee \$50
  - Capital enhancement fee \$50
  - UNB Health Centre fee \$50
  - Journalism years 3 and 4 \$250
- Academic expenses totalling \$16.7 million – an increase of 2.7% over 2012-2013 budget
- Administrative and General expenses totalling \$4.5 million – a 1.3% increase over 2012-13 budget
- Student Services expenses totalling \$2.4 million – an increase of 7.5% over 2012-2013 budget. The increase is mostly due to the addition of 2 staff in Student Services. The net budget of Athletics remains the same as last year (\$399.5k). This includes \$100,000 in net revenue from advertising sales at the Grant Harvey Centre.

### **Ancillary Operations (\$4.8M)**

The ancillary budget covers the operations of the residences and dining halls. A separate budget is required for these operations because they are funded from separate sources and because of generally accepted and long-standing policies that ancillary operations be self-supporting.

The 2013-2014 budget for ancillary operations is presented in Schedule II and incorporates the following:

- A budget of approximately \$4.8 million in revenues, producing an excess of revenues over expenditures of \$104,000. Any excess is intended to help fund the cost of future residence renewal projects, which is a priority identified in the 2013-18 Strategic Plan.
- Residence room and meal plan rates based on a residence fee increase of approximately 3.0% resulting in a fee of \$9,405 for an on-campus single room (with a meal plan of \$2,625) and \$7,505 for a double room; Forest Hill residence rooms would continue to have a \$350 supplementary fee. See Appendix II for comparison of 2012-13 residence and meal rates of NB Anglophone universities.
- Debt servicing and the amortization of capital costs in the amount of \$671,500 are included and are related to developments at Forest Hill over the past ten years. Of that amount, \$537,900 represents internal repayments to the University. If actual occupancy does not meet the budgeted level, the internal repayment amount will need to be decreased accordingly.

## **Endowment Funds (\$1.9M)**

The University's endowed funds consist of 9 major endowment fund categories that have varying origins. 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 (\$30.5 million at March 31, 2013).

The budgeted expenditure allocations from the University's endowment funds are presented in Schedule III and incorporate the following:

- Total endowment fund expenditures of \$1.893 million.
- Scholarship fund expenditures of \$1.1 million. The investment policy expenditure guideline of 5% would provide for expenditures of \$688,000 for scholarships. The \$1.1 million allocation exceeds this guideline, however it is consistent with past practice and is deemed necessary in light of the competitive recruitment context. The total amount budgeted for scholarships and bursaries is \$1.6 million, when taking into consideration the amount of \$500,000 contained in the General Operating Fund.
- Endowed chair expenses, totalling \$793,300, generally conform to the investment policy expenditure guideline.

## **Capital Expenditures (\$1.1M)**

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 2013-2014 budget for capital expenditures of \$1.1M is detailed in Schedule IV.

Projects will be funded from the restricted grants provided by the provincial government, with the exception of:

- The capital expenditures relating to the creation of an off-campus student lounge in the Sir James Dunn Hall. A donation of \$250,000 from the Sir James Dunn Foundation will help cover this cost.
- The capital expenditures relating to the Grant-Harvey Center. Pepsi funds (internally restricted fund) will be utilized to fund the second year instalment payments to the City, as well as equipment.

## **Risks and Uncertainties**

In the end, actual results will vary from the budget. We will need to monitor results closely and make adjustments as needed as the fiscal year progresses. For example, the amount budgeted for tuition revenue is based on an enrolment estimate of 2,300 students. 10 fewer undergraduate students would represent a revenue shortfall of \$54k.

**Appendix I  
New Brunswick Universities  
Operating Grant Support  
2012-2013**

	<b>Operating Grant</b>	<b>WFTE*</b>	<b>Total Grant/ WFTE</b>	<b>% of Average</b>
Mount Allison University	19,639,247	5,034	3,786	98%
St. Thomas University	13,534,750	4,051	3,303	84%
Université de Moncton	63,359,097	14,184	4,398	112%
University of New Brunswick	107,908,190	28,056	3,783	97%
Provincial Total	204,441,284	51,325	3,915	100.0%

\*The weighted full-time equivalent (WFTE) is a calculated value intended to reflect the difference in the relative costs of various programmes of instruction. The WFTE value for each full-time student (as of December 1) is obtained by multiplying the student's Full-Time Equivalent value (FTE) by the specified weighting factor assigned to their programme. Psychology is assigned a weighting factor of 2.5; Journalism, Education, and Social Work are 2.0; and all other full-time or non-degree programmes are assigned 1.5. All part-time students are assigned a weighting factor of 2.0.

A Full-Time Equivalent (FTE) is a calculated total of full-time students on December 1, part-time students on December 1, students in the previous Intersession/Summer Session, and new part-time students in Semester 2, each category given a value between 0.1 and 1.0 FTE.

## Appendix II: Comparison of 2012-13 meal and residence rates at NB Anglophone Universities

2012-13 NB Anglophone Universities												
Room and Board Fees												
<b>St. Thomas University</b>												
Vanier, Harrington & Holy Cross												
	<b>MP 1 (\$2500)*</b>	<b>Room</b>	<b>Total</b>	<b>MP 2 (\$2750)</b>	<b>Room</b>	<b>Total</b>	<b>MP 3 (\$3000)</b>	<b>Room</b>	<b>Total</b>			
Double Room	\$2,500.00	\$4,780.00	<b>\$7,280.00</b>	\$2,750.00	\$4,780.00	<b>\$7,530.00</b>	\$3,000.00	\$4,780.00	<b>\$7,780.00</b>			
Single Room	\$2,500.00	\$6,650.00	<b>\$9,150.00</b>	\$2,750.00	\$6,650.00	<b>\$9,400.00</b>	\$3,000.00	\$6,650.00	<b>\$9,650.00</b>			
Rigby & Chatham Hall												
Double Room	\$2,500.00	\$5,130.00	<b>\$7,630.00</b>	\$2,750.00	\$5,130.00	<b>\$7,880.00</b>	\$3,000.00	\$5,130.00	<b>\$8,130.00</b>			
Single Room	\$2,500.00	\$7,000.00	<b>\$9,500.00</b>	\$2,750.00	\$7,000.00	<b>\$9,750.00</b>	\$3,000.00	\$7,000.00	<b>\$10,000.00</b>			
*most popular plan												
<b>Mount Allison University</b>												
	<b>7 day unlimited</b>	<b>Room</b>	<b>Total</b>	<b>14 meal plan</b>	<b>Room</b>							<b>Total</b>
Double Room	\$4,087.00	\$4,357.00	<b>\$8,444.00</b>	\$3,955.00	\$4,357.00							<b>\$8,312.00</b>
Single Room	\$4,087.00	\$5,108.00	<b>\$9,195.00</b>	\$3,955.00	\$5,108.00							<b>\$9,063.00</b>
Double Ensuite	\$4,087.00	\$4,801.00	<b>\$8,888.00</b>	\$3,955.00	\$4,801.00							<b>\$8,756.00</b>
Single Ensuite	\$4,087.00	\$5,713.00	<b>\$9,800.00</b>	\$3,955.00	\$5,713.00							<b>\$9,668.00</b>
<b>University of New Brunswick</b>												
	<b>19 meal plan</b>	<b>Room</b>	<b>Total</b>	<b>14 meal plan</b>	<b>Room</b>	<b>Total</b>	<b>12 Meal Plan</b>	<b>Room</b>	<b>Total</b>	<b>10 meal plan</b>	<b>Room</b>	<b>Total</b>
	<b>+\$140 Cash</b>			<b>+\$300 Cash</b>			<b>+\$375 Cash</b>			<b>+\$430 Cash</b>		
Double Room	\$3,866.00	\$4,551.00	<b>\$8,417.00</b>	\$3,866.00	\$4,551.00	<b>\$8,417.00</b>	\$3,866.00	\$4,551.00	<b>\$8,417.00</b>	\$3,866.00	\$4,551.00	<b>\$8,417.00</b>
Single Room	\$3,866.00	\$5,901.00	<b>\$9,767.00</b>	\$3,866.00	\$5,901.00	<b>\$9,767.00</b>	\$3,866.00	\$5,901.00	<b>\$9,767.00</b>	\$3,866.00	\$5,901.00	<b>\$9,767.00</b>
Special Double	\$3,866.00	\$4,865.00	<b>\$8,731.00</b>	\$3,866.00	\$4,865.00	<b>\$8,731.00</b>	\$3,866.00	\$4,865.00	<b>\$8,731.00</b>	\$3,866.00	\$4,865.00	<b>\$8,731.00</b>
Special Single	\$3,866.00	\$6,621.00	<b>\$10,487.00</b>	\$3,866.00	\$6,621.00	<b>\$10,487.00</b>	\$3,866.00	\$6,621.00	<b>\$10,487.00</b>	\$3,866.00	\$6,621.00	<b>\$10,487.00</b>
special single/double: bathroom												
meal plan costs are the same across plans; difference is in the amount of cash each meal plan includes												



**St. Thomas University**  
**General Operating Revenue and Expenses**  
**2013-2014 (with comparative information for 2012-2013)**

Schedule I

	2013-2014 Budget	2012-2013 Budget	2012-2013 Forecast	Budget Increase/ (Decrease) (\$)	Budget Increase/ (Decrease) %
<b>Revenues</b>					
MPHEC Operating Grant	11,617,100	11,617,100	11,617,100	0	0.00%
MPHEC Fiscal Transfer to UNB	1,902,500	1,902,500	1,902,500	0	0.00%
Tuition and Compulsory Fees	13,073,600	13,078,000	12,740,800	-4,400	-0.03%
Tuition and Financial Aid Strategy	624,800	0	0	624,800	-
Miscellaneous student fees	405,000	380,500	400,000	24,500	6.44%
Other Government Grants	706,600	764,100	769,200	-57,500	-7.53%
Miscellaneous revenues	201,000	201,000	206,000	0	0.00%
<b>Total Revenue</b>	<u>28,530,600</u>	<u>27,943,200</u>	<u>27,635,600</u>	<u>587,400</u>	<u>2.10%</u>
<b>Expenses</b>					
<b>Academic</b>					
Faculty salaries and benefits	15,480,300	15,041,500	15,207,700	438,800	2.92%
Department Expenses	232,900	231,100	208,600	1,800	0.78%
Travel Study and Research	558,500	552,500	492,500	6,000	1.09%
Other Academic	420,900	422,100	391,100	-1,200	-0.28%
	<u>16,692,600</u>	<u>16,247,200</u>	<u>16,299,900</u>	<u>445,400</u>	<u>2.74%</u>
<b>Computing Services</b>					
Salaries and benefits	648,600	635,900	635,900	12,700	2.00%
Systems Support	169,500	169,500	169,500	0	0.00%
Other Computing	118,200	128,200	128,200	-10,000	-7.80%
	<u>936,300</u>	<u>933,600</u>	<u>933,600</u>	<u>2,700</u>	<u>0.29%</u>
<b>Administration and General</b>					
Salaries and benefits	2,683,300	2,664,900	2,402,800	18,400	0.69%
Unit Expenses	674,700	674,700	710,100	0	0.00%
Other Administrative	354,800	369,500	394,700	-14,700	-3.98%
Advancement and Alumni	459,900	305,700	373,100	154,200	50.44%
Professional Services and memberships	195,000	195,000	280,000	0	0.00%
New England recruitment project	132,800	233,900	117,100	-101,100	-43.22%
	<u>4,500,500</u>	<u>4,443,700</u>	<u>4,277,800</u>	<u>56,800</u>	<u>1.28%</u>
<b>Student Services</b>					
Salary and Benefits	1,172,400	1,049,700	1,002,700	122,700	11.69%
Scholarships	500,000	600,000	600,000	-100,000	-16.67%
Accessibility Bursaries	156,200	0	0	156,200	-
Athletics	399,500	399,500	399,500	0	0.00%
Other Student Services	191,500	201,500	219,200	-10,000	-4.96%
	<u>2,419,600</u>	<u>2,250,700</u>	<u>2,221,400</u>	<u>168,900</u>	<u>7.50%</u>
<b>Physical Plant</b>					
Utilities and Insurance	1,075,300	1,083,600	985,100	-8,300	-0.77%
Cleaning	475,500	474,500	470,000	1,000	0.21%
Maintenance and Repairs	523,200	604,300	534,300	-81,100	-13.42%
	<u>2,074,000</u>	<u>2,162,400</u>	<u>1,989,400</u>	<u>-88,400</u>	<u>-4.09%</u>
Fiscal Transfer to UNB	1,902,500	1,902,500	1,902,500	0	0.00%
<b>Total Expenditures</b>	<u>28,525,500</u>	<u>27,940,100</u>	<u>27,624,600</u>	<u>585,400</u>	<u>2.10%</u>
<b>Excess of Revenue over Expenses</b>	<u>5,100</u>	<u>3,100</u>	<u>11,000</u>	<u>2,000</u>	na

**St. Thomas University**  
**Revenue and Expenses - Ancillary Operations**  
**2013-2014 (with comparative information for 2012-2013)**

	<b>2013-2014</b>	<b>2012-2013</b>	<b>2012-2013</b>	<b>Budget</b>	<b>Budget</b>
	<b>Budget</b>	<b>Budget</b>	<b>Forecast</b>	<b>Increase/ (Decrease)</b>	<b>Increase/ (Decrease)</b>
				<b>(\$)</b>	<b>%</b>
<b>Revenues</b>					
Residence Fees and Dining Hall**	3,815,608	5,585,500	5,202,200	-1,769,892	-31.69%
ELP Room and Board	490,000	525,000	494,500	-35,000	-6.67%
Cafeteria**	70,000	694,900	619,000	-624,900	-89.93%
Conferences	215,000	215,000	206,600	0	0.00%
Catering**	160,000	419,200	397,800	-259,200	-61.83%
Miscellaneous	68,100	69,000	78,100	-900	-1.30%
<b>Total Revenue</b>	<b>4,818,708</b>	<b>7,508,600</b>	<b>6,998,200</b>	<b>-2,689,892</b>	<b>-35.82%</b>
<b>Expenditures</b>					
Food Service**	700,000	3,738,400	3,344,600	-3,038,400	-81.28%
Administration Salaries and Benefits	471,800	411,700	401,200	60,100	14.60%
Utilities	998,800	963,300	930,600	35,500	3.69%
Property Management	944,500	886,800	836,400	57,700	6.51%
Maintenance and Repairs	745,300	629,300	709,000	116,000	18.43%
Debt repayments and interest	671,500	687,400	618,200	-15,900	-2.31%
Insurance	56,500	57,100	54,400	-600	-1.05%
Residence Bursaries	75,000	75,000	75,000	0	0.00%
Equipment Purchases	10,000	10,000	6,300	0	0.00%
Miscellaneous	41,000	49,000	22,500	-8,000	-16.33%
<b>Total Expenses</b>	<b>4,714,400</b>	<b>7,508,000</b>	<b>6,998,200</b>	<b>-2,793,599</b>	<b>-37.21%</b>
<b>Excess of Revenue over Expenses</b>	<b>104,308</b>	<b>600</b>	<b>0</b>	<b>103,707</b>	<b>na</b>

\*\*Food services contract to be renewed August 15, 2013. The proposed new contract will change to a profit and loss from current cost plus management fees. As a result, all revenues associated with food services as of August 15 will be the food service providers; however the University will no longer have any expenditures related to the cafeteria. The value of meal plans will be transferred directly to the service provider. Meal plans are expected to increase by 5% for 2013-14. The anticipated revenue associated with the plans is \$1,710,200.

## Schedule III

**St. Thomas University**  
**Endowment Fund Expenditures**  
**2013-2014 (with comparative information for 2012-2013)**

	<b>Budget 2013-2014</b>	<b>Forecast 2012-2013</b>	<b>Budget 2012-2013</b>	<b>Average Fund Balance 2011-2013</b>	<b>Available (5%)</b>
Scholarships	1,100,000	1,150,000	1,100,000	13,767,800	688,000
Endowed Chairs					
Aquinas Chair in Interdisciplinary Studies	238,000	213,600	238,000	4,874,600	244,000
Canadian Citizenship & Human Rights	88,000	108,300	97,000	1,953,400	98,000
Catholic Theology	90,000	9,200	99,000	1,998,200	100,000
Criminology and Social Justice	51,000	35,200	56,000	1,132,100	57,000
Camp Endowment in Journalism	42,000	31,500	45,000	926,900	46,000
Gerontology	141,000	156,600	154,000	3,143,400	157,000
Irving Chair in Journalism	44,000	48,700	48,000	979,000	49,000
Native Studies	<u>99,300</u>	<u>127,300</u>	<u>125,400</u>	<u>1,698,600</u>	<u>85,000</u>
	<u><u>1,893,300</u></u>	<u><u>1,880,400</u></u>	<u><u>1,962,400</u></u>	<u><u>30,474,000</u></u>	<u><u>1,524,000</u></u>

Schedule IV

St. Thomas University  
 Capital Expenditures  
 2013-2014

Restricted Government Assistance

Non-space	Equipment and furnishings	231,100	
Alteration and Renovation	Academic building and grounds improvements	40,430	
	James Dunn Hall- off campus lounge and classroom renovations	167,000	
University Deferred Maintenance Program (UDMP)	James Dunn Hall- classroom renovations	<u>131,000</u>	569,530

Externally funded capital projects:	James Dunn Hall-off campus lounge		250,000
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Internally Restricted Funds

Grant-Harvey Centre 2013-14 installment		263,000	
Athletic equipment		<u>30,000</u>	
			<u>293,000</u>

Total capital projects			<u><u>1,112,530</u></u>
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