

**REPORT OF THE
UNIVERSITY BUDGET COMMITTEE
ON THE 2010-11 TO 2013-14
UNIVERSITY BUDGET**

MAY 2010

The University Budget Committee Report For
The Years 2010-11 to 2013-14

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I. GENERAL

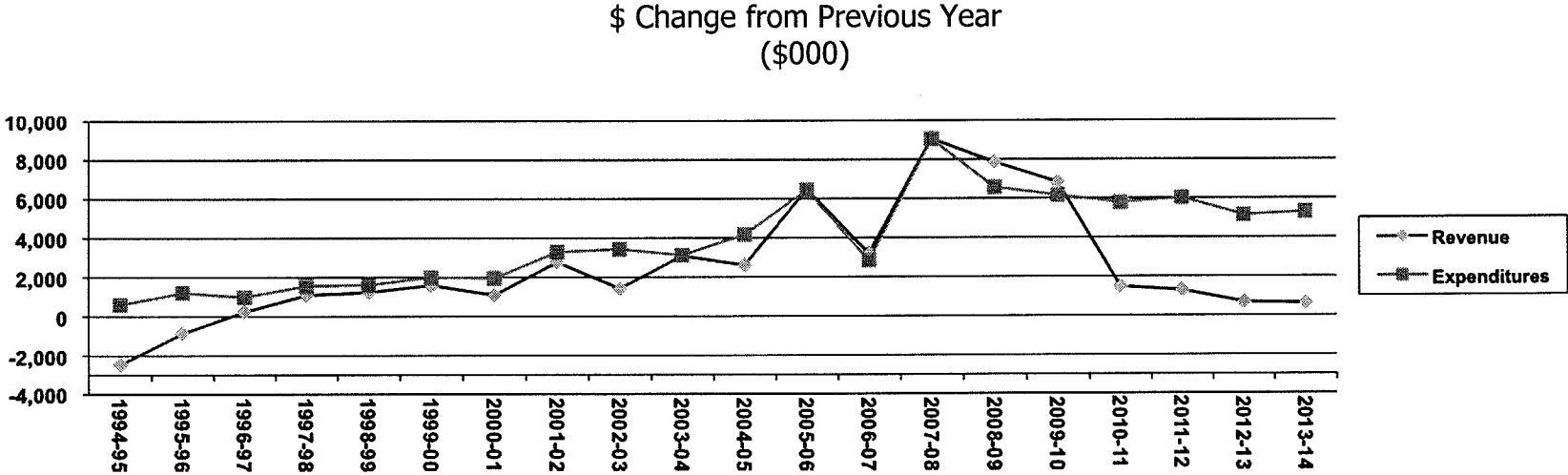
President Bill Cade is pleased to recommend the University of Lethbridge's Operating Budget for fiscal year 2010-11 to the Board of Governors' Finance Committee who in turn recommends it to the Board of Governors for approval. The proposed operating budget is \$150,002,319 for the upcoming fiscal year, which is an increase of \$2,746,904 (1.84%) from the previous year primarily due to one-time grants received in 2010-11. As in previous years, budget decisions were made in consultation with the University Budget Committee (UBC) and with the University's various budget units. Budget decisions were also made within the context of the University's 2009-13 Strategic Plan.

This year's budget was a challenge, as the University of Lethbridge is facing reductions in the 2010-11 fiscal year, which is also expected to continue for the following three years, due to a reduction in the operating grant and anticipate holding student enrolment steady over this period. The reductions that the University will be making to the operating budget could be reason enough to step back and put the institution in a holding pattern. Instead, we are finding ways, through increased efficiencies and reallocations, to continue to make strides towards our strategic priorities using one-time funds and reallocations of continuing funds. While the fiscal environment is unfavourable for the next four years, the University remains committed to directing as many of its scarce resources as possible towards our strategic priorities and enhancing our position as a comprehensive teaching and research University. As reductions are made to the operating budget, UBC has made every effort to ensure that the quality of our academic programs and service to our students has been maintained.

Each year through the budget process, the University Budget Committee (UBC) follows certain guiding principles which provide the framework for decision making processes. These guiding principles include:

- An open budget process that allows for discussion between all units on campus.
- A process that allows resources to be aligned with strategic priorities.
- A process that examines the long-term consequences of short term decisions.
- A process that concentrates on the long-term financial viability of the University.
- A process that ensures the financial stability and growth of the institution

The following graph indicates the change in the University's operating revenue and expenditures in current dollars over the past 15 years.



II. PROPOSED REVENUE BUDGET

The University's overall general fund revenue budget will increase by approximately \$2.7 million in 2010-11 primarily due to increases in one-time grants. The proposed revenue estimates are realistic and attainable, although there is little room for unexpected revenue swings apart from minor fluctuations, especially in tuition revenue. Although past experience shows that the budget projections have tracked very closely with realized revenue, we are now seeing fluctuations in student enrolment which can significantly affect the tuition revenue that the institution receives. For this reason many of the Faculties have reduced or maintained their enrolment projections for the next few years.

The operating grant provided by Alberta Advanced Education and Technology (AET) has increased annually by 6% in the past four years. The Government expects post-secondary institutions to absorb reduced government funding over the next few years within existing budgets. In 2010-11 Advanced Education is introducing the Campus Alberta grant which combines the existing operating grant and Enrolment Planning Envelope (EPE) funding into one grant. By combining these two grants, institutions will be able to make strategic decisions on how best to meet student demand within

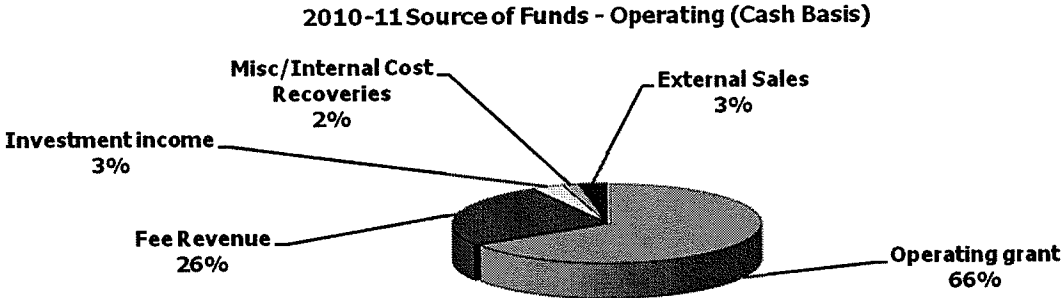
budgeted resources. Over the next month we will be working with Advanced Education to define institutional enrolment levels within existing programs including which EPE programs will roll into base operating funding in 2010-11.

To summarize, the proposed 2010-11 general fund revenue budget is categorized into the following groups:

2010-11 General Operating Revenue by Source (Cash Basis)

Grant Revenue	\$99,416,370	66.28%
Fee Revenue	38,552,740	25.70%
Investment Income	5,000,000	3.33%
Miscellaneous/Internal Cost Recoveries	2,549,733	1.70%
External sales/Cost Recoveries	4,473,476	2.98%
Endowment/Trust Revenue	10,000	.01%
Total Projected General Operating Revenue	\$150,002,319	100.00%

The following graph illustrates the breakdown of revenue by category. The graph depicts operating funds only and does not include capital, research, special purpose, endowments or ancillary operations.

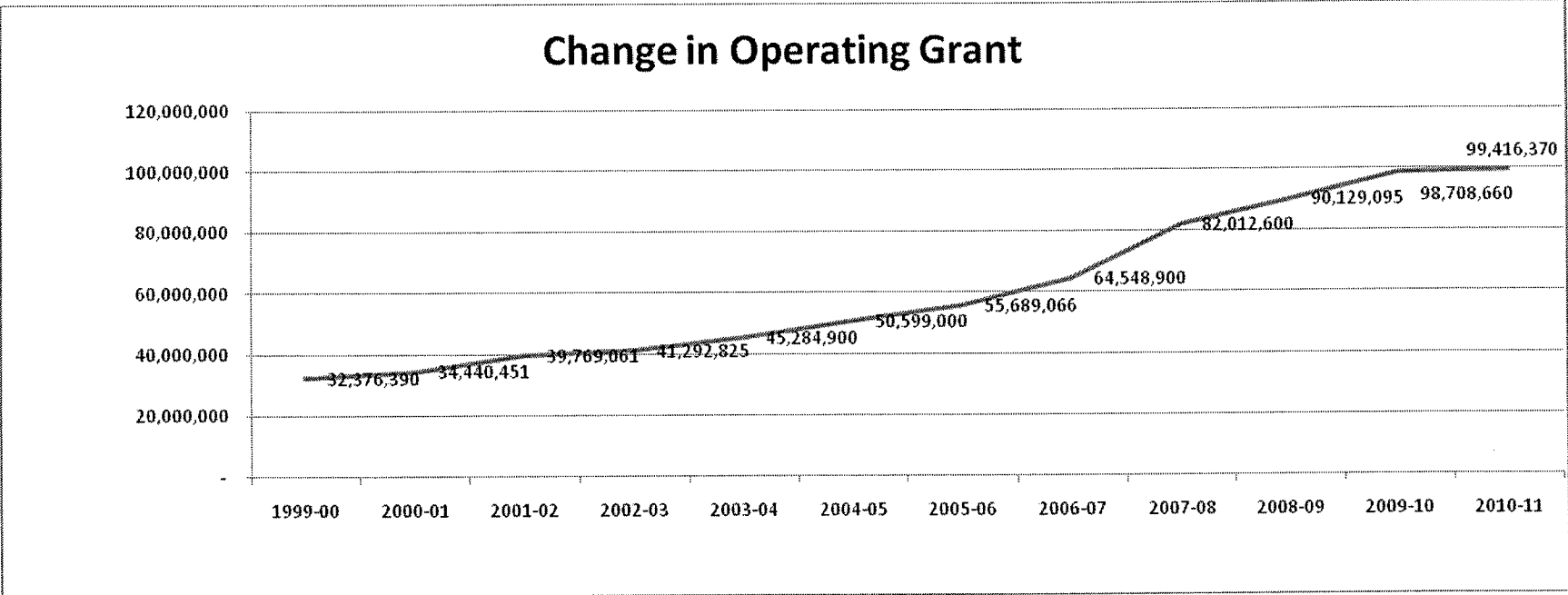


Government Grants

The single largest revenue item (66%) for the University is government grants, totalling \$99,416,370. This year this grant includes both continuing and one-time funds. The continuing provincial government support will decrease by \$2 million in 2010-11 which is a 2.6% reduction in the general operating grant and EPE grants over last year. In addition, there will be no continuing operating funds provided for new facilities that will become operational in 2010-11. The University was recently notified by AET that it will receive one-time funding in 2010-11 of \$1 million for operating Markin Hall, the Penny Building and the Sports Stadium but the operational costs for these facilities will have to be absorbed in the operating grant to be received from Advanced Education and Technology beyond 2010-11. The University will also receive \$1.7 million from AET in one-time funding in 2010-11 to provide funding to allow the University to make strategic decisions, address budget challenges and due to the fact that EPE funding has been significantly reduced.

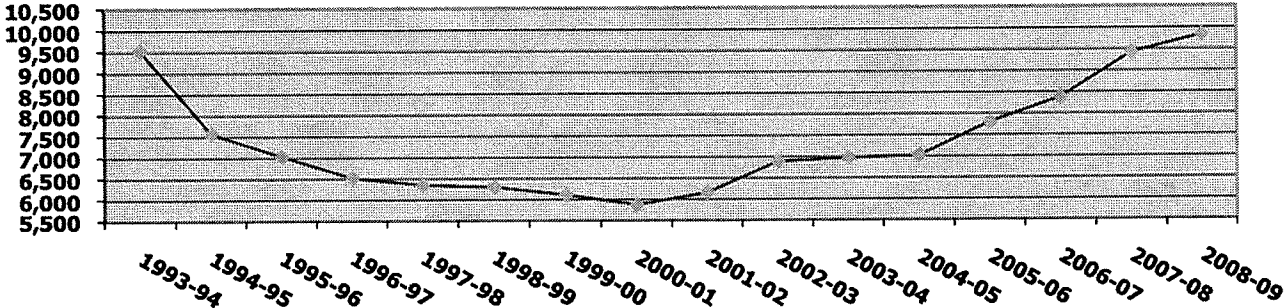
The operating grant provided for the 2010-11 year has resulted in reduced funding in a number of areas. These include:

Operating grant reduction	\$2,000,000
Projected contractual expenditure increases in 2010-11	\$4,300,000
Expected EPE growth expenditures for enrolment increases in 2010-11	\$1,200,000
Markin Hall Operating costs	\$1,000,000
One time voluntary retirement and layoff payouts	<u>\$1,700,000</u>
Operating Budget Expense shortfall	\$10,200,000
One-time Funding	<u>\$2,700,000</u>
TOTAL FUNDING SHORTFALL 2010-11	<u>\$7,500,000</u>



Although there has been a steady increase in the operating grant over the past 10 years, the grant per student decreased steadily until 2002 when AET began to provide unfunded enrolment grants to compensate the universities for the increased access provided to students. Although these grants did not fund the entire cost of students attending the University, they did provide some support. In addition, the University has received continuous funding for the past few years to fund expansions and new programs through the Enrolment Planning Envelope (EPE). These funds have provided a grant per FLE (Full Load Equivalent) student that has also provided funds for unfunded and new students. The following graph indicates the base operating grant on a per student basis.

Base Operating Grant per Student



Fees

Fees represent the second largest component of the University’s general operating fund revenue budget. For the fiscal year 2010-11, the University projects approximately \$38.5 million in fee revenue from all credit and non-credit instructional programs, and from the remaining non-mandatory student related fees. This is an increase of \$1.6million (1.04%) over the 2009-10 fiscal year. This increase consists of the tuition fee increase and credit hour changes within each of the academic units. Approximately ninety percent (91.3%) of tuition and materials and services fees for undergraduate students fund faculty expenditures related to teaching.

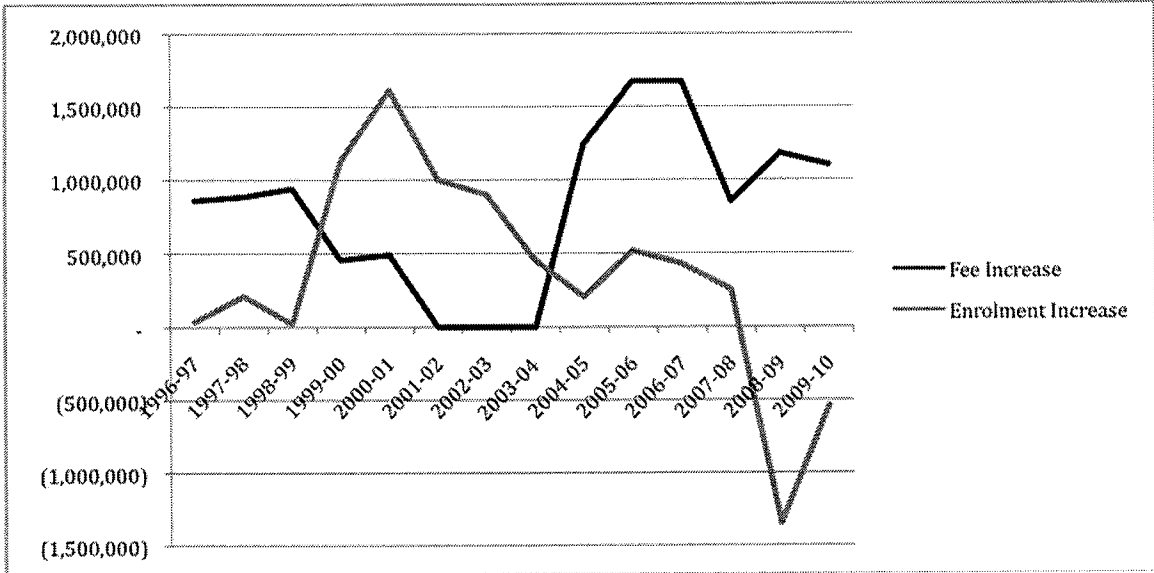
The Board of Governors formally approved the new fee rates for the 2010-11 fiscal year at their December 2009 meeting. AET introduced a new tuition policy in the 2007 year that rolled back tuition fees to the 2004-05 level and restricts fee increases to the annual average Alberta CPI (using a twelve month period ending in June each year). The maximum rate, as directed by AET, used for the 2010-11 increases is 1.5% (4.1% in 2009-10).

The increase in instructional fee revenue provided in the budget is attributed to both increases in fee rates as well as to planned enrolment changes in some of the faculties. The following table provides the credit hour profiles, excluding EPE funded programs, which each faculty has planned for the next four years to meet their budget requirements (note that Health Sciences will see an increase in credit hours but they are accounted for in EPE).

Credit Hours by Faculty						
	Actual 2008-09	Estimated 2009-10	Proposed 2010-11	Proposed 2011-12	Proposed 2012-13	Proposed 2013-14
Arts and Science	98,222	96,881	95,796	95,796	95,796	95,796
Education	12,949	12,720	13,056	13,056	13,056	13,056
Management	34,914	34,142	33,338	33,338	33,338	33,338
Fine Arts	22,715	22,122	22,867	22,867	22,867	22,867
Health Sciences	9,495	10,514	10,045	9,409	9,210	9,612
Total	178,295	176,379	175,102	174,466	174,267	174,669

The following graph depicts the increased revenue provided from instructional fees for the past 14 years and the portion of the increases that is attributed to fee increases and from enrolment growth. Between 2001-02 and 2004-05, the entire increase in fees was attributed to enrolment growth with fees being frozen at the 2000-01 levels. In 2008-09 (and projected for 2009-10) we experienced reductions in credit hours that has resulted in a decrease in fees revenue of \$1.88 million. This does not include the EPE programs rolling into base in the current year.

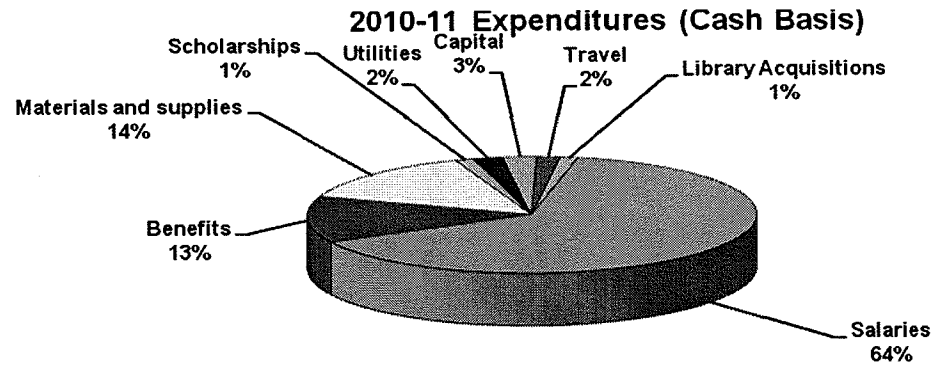
Instructional Fees – Analysis of Fee Increases



III. PROPOSED EXPENDITURE BUDGET

The University is again in a position where our expenditure line items have outpaced the growth in our revenues. This is primarily due to less funds being provided through the provincial and federal governments and smaller increases in instructional and other fees.

The following graph illustrates the University’s expenditure budget by object of expenditure. The most notable components of the budget are salaries and benefits which comprise approximately 77% of the total budget (cash basis – excluding amortization).



As in previous years, the starting point for the 2010-11 operating budget is the projection of the continuing cost base from the 2009-10 year. Projected expenditures remain at prior year levels unless increases are required through contractual or statutory obligations. UBC recognizes that this method of budgeting has had consequences for many budget units, including a loss of purchasing power due to inflationary increases. In prior years, UBC has attempted, through selective reductions, to provide some relief to specific departments. The Committee has also made efforts in previous years, when funds have been available, for distribution to provide for expenditure increases where required. Each year contractual or statutory increases including salaries and benefits, utilities, insurance, software contracts/ maintenance costs, and inflationary increases for library acquisitions are automatically adjusted in the budget process. These costs are not discretionary and must be paid, and are therefore fully funded.

Compensation Costs

The largest component of the University of Lethbridge's expenditure budget is compensation costs which comprise approximately 77% of the total expenditures budget (cash basis – excluding amortization). Attracting and retaining faculty and staff continues to remain a Board of Governors' priority.

The University is in the third year of a three-year agreement, to June 30, 2010, with the University of Lethbridge Faculty Association (ULFA). The Alberta Union of Provincial Employees (AUPE) contract was renegotiated 2 years ago, with a three-year agreement expiring on June 30, 2011. Exempt Support Staff, Administrative Professional Officers, and Senior Administration compensation rates are reviewed and set annually. The budget projections have used the rates set in the existing agreements and estimated increases in years where the agreements are to be renegotiated.

The Senior Administration group, comprised of the President, Vice Presidents, Associate Vice Presidents, Executive Directors, Librarian and Associate Librarians, Deans and Associate Deans will not take merit or cost of living increases for the 2010-11 year which will result in savings of \$315,000 annually. This Senior Administration group also did not receive a cost of living increase in 2009-10.

With investment returns not meeting budgeted returns in the latter part of 2008 and 2009, the financial position of the Universities Academic Pension Plan (UAPP) has been eroded. With uncertainty in the future with respect to the behaviour of the financial markets, the UAPP's Board of Trustees has recommended an increase in contribution rates of approximately 1.5% effective July 1, 2010. In addition, the contribution rates to the Public Service Pension Plans (PSPP) increased approximately 2.9% effective January 2010. These increases are shared equally between employers and employees.

Fixed Costs

While quite modest this year, fixed costs continue to grow and represent a factor in the development of the 2010-11 operating budget. Like compensation cost increases, any increases in fixed costs must be provided for out of existing funds.

There are several noteworthy increases and decreases within the fixed cost category:

- Utility costs do not show any major increases over the next four years. The University signed a four-year electrical agreement commencing in 2011, which has stabilized our electrical prices until 2014. The University buys gas on a two-year basis and any consumption over the contract amount is bought on the free market.
- There are no anticipated increases in insurance rates over the next four years.
- There are anticipated increases in our software contracts and maintenance of \$50,000 per year for the next four years.

IV. OPERATING BUDGET REQUIREMENTS

While the fiscal environment for the next four years appears unfavourable Senior administration remain committed to redirecting as many resources as possible towards our strategic priorities outlined in the Strategic Plan 2009-13. Ensuring student academic programs and services at the undergraduate and graduate levels are properly funded, dealing with issues around the attraction and retention of students, and addressing the internal infrastructure issues have been the focus of this four-year budget. The recommendations detailed later in this report build on the strategic directions presented in the new strategic plan of providing quality education opportunities, quality support services, and a research base that will enable the University to grow and maintain many of the excellent qualities that we are known for.

The operating budget for the next four years has been modeled on the basis of a number of assumptions, many of which have been described above. In making these assumptions, UBC has adopted a conservative approach to ensure that any changes to these assumptions will still allow for sufficient resources to provide for a balanced budget. The assumptions are provided in the table below:

Budget Assumptions				
	2010-11	2011-12	2012-13	2013-2014
Revenue				
Grant decrease	-2.6%	0.0%	0.0%	0.0%
Instructional fee increase	1.5%	1.5%	1.5%	1.5%
Expenditures				
Compensation increases - merit	2.5% to 4.0%	2.5% to 4.0%	2.5% to 4.0%	2.5% to 4.0%
- market	Pool established	Pool established	Pool established	Pool established
- benefits	5.0%	5.0%	5.0%	5.0%
Contracts	5.6%	5.3%	5.1%	5.0%
Utilities	0%	0%	4.6%	0%
Insurance	0%	0%	0%	0%

The results of making these assumptions in preparing the budget for the next four years are provided below. The University will be facing deficits in each of the four-years in the rolling budget. The total amount of reductions that will be required based on these assumptions is \$7.5 million. Details on the reductions for the first year are provided in Appendix A to this report.

Proposed Operating Fund Budget Changes (\$000)				
	2010-11	2011-12	2012-13	2013-14
Prior year budgeted expenditures	\$147,255.2	\$157,553.6	\$161,052.1	\$166,527.1
Cost increases for existing programs				
Salaries & benefits	6,140.5	5,155.3	5,425.0	5,707.6
Professional fees	201.1	-	-	-
Insurance	-	-	-	-
Contracts	50.0	50.0	50.0	-
Utilities	-	-	-	-
Lights on costs – Markin Hall	1,000.0	-	-	-
Newly established EPE	1,200.0	-	-	-
VRP/layoff payouts	1,706.8	(1,706.8)	-	-
Operating fund requirements	\$157,553.6	\$161,052.1	\$166,527.1	\$172,234.7
Prior year budgeted revenue	\$147,255.2	\$ 150,002.3	\$ 147,779.5	\$148,240.7
Grant decrease	(2,050.6)	-	-	-
General fee increase	440.3	477.2	461.2	412.2
EPE fees rolled into operating	841.7	-	-	-
Misc. fees and other revenue	815.7	-	-	-
One time grant	2,700.0	(2,700.0)	-	-
Operating funds available	\$ 150,002.3	\$ 147,779.5	\$148,240.7	\$148,652.9
Annual reductions required	\$7,551.3	\$ 5,721.3	\$5,013.8	5,295.4
Cumulative additional funds/reductions required	\$7,551.3	\$ 13,272.6	18,286.4	\$ 23,581.8

V. BUDGET ADJUSTMENTS

Reductions have been asked of each unit based on 5% of their original operating budget for the 2010-11 year. Units may balance either through reductions to expenditures or increases to revenue. Financial Planning has stipulated that when determining budget adjustments, workload or costs cannot be downloaded onto other units and consideration to re-engineering processes should be considered wherever possible. Although equal reductions have been requested of each unit, budget reductions may not be taken as equal across the board cuts. Decisions concerning balancing the operating budget have been made by the University Budget Committee based upon the consequences of the reductions to the unit and the institution as a whole as well as the effects on the institutional priorities as provided in the Strategic Plan. Consultations have occurred with Deans, Executive Directors and Senior Executives prior to budget recommendations being made to the President.

The 5% operating adjustment has not been applied to several line items within the budget due to contractual obligations or the requirements under strategic priorities.

These line items include:

- Library acquisitions
- Faculty travel and study leave removal
- Research grants
- Faculty retention – Board Chairs and course relief
- Scholarships and awards
- Contracts and utilities

Proposed reductions are provided in Appendix A. Appendix B provides the positions that are proposed to be cut either through attrition, early retirement or abolishment.

University Wide Initiatives

There are several initiatives that have been implemented and administered centrally that will allow the institution to reduce costs and ease the pressure of reductions on individual units. These initiatives include:

Senior Administration Compensation Reduction

Senior administration including the President, Vice Presidents, Associate Vice Presidents, Deans, Associate Deans, University Librarian, Associate University Librarians and Executive Directors will not take any salary increases in 2010-11.

The approved compensation for senior administrators will result in a savings of approximately \$315,000 on an annual basis.

Voluntary Early Retirement Proposals

Voluntary Early retirement plans for members of ULFA and AUPE/Exempt/APO/Executive Directors have been approved and offered to employees. 43 faculty and support staff members applied and were approved through the voluntary early retirement program.

Although savings are difficult to estimate, estimated savings that the University could see out of the faculty retirements could be \$1 million after the replacement of the retired faculty members over the next two years.

The APO/Alberta Union of Provincial Employees (AUPE)/Exempt Support Staff (ESS)/Executive Director voluntary early retirement plan would require that the position or a similar position within the unit not be replaced unless approved at the Vice President level. The savings under this plan will be approximately \$300,000 over the next two years.

Budget Unit Reviews

Financial Planning has reviewed the operations of a number of units over the past year. The mandate of these reviews is to ensure that fees are charged at market rates, budgets meet expenditure needs, and sufficient funds are being set aside for future replacement of assets.

The Parking Services review recommended several changes which have allowed Parking Services to increase contributions to University operations. At the conclusion of the review, \$300,000 was allocated to the operating budget on a continuing basis. The allocations included \$200,000 to Facilities to defer reductions in their areas and \$100,000 to central funds to be used to fund strategic priorities or to selectively reduce budget unit reductions.

A review of Graduate Studies Enrolment Planning Envelope recommended several changes to operations which have allowed the University to provide an additional \$300,000 to academic programming for the Graduate programs, stabilize the graduate student Advantage Awards by providing continuing money on an annual basis, and provide \$150,000 to central funds.

A review was completed on the Quality Initiative Program funding provided to the Students' Union to fund student and University initiatives. UBC has reduced the allocation to this program by \$130,000 to help defer reductions required by budget units.

Ancillary Services provides the University with an annual allocation of \$150,000 each year to be used to fund student initiatives. These funds have been used in the past to fund student scholarships, additional student residences, and upgrades to existing student residences. Ancillary Services will be providing an additional \$100,000 annually which will be used to help defer reductions in the operating fund.

VI. STRATEGIC PLAN ALLOCATIONS

The University of Lethbridge Strategic Plan was approved by the Board of Governors in December 2008 and was launched and communicated to the University community in January and February of 2009. UBC has developed a set of budget values and principles which have helped to guide the budget process in recent years and which aid in realizing the strategic priorities of the University. The following are the strategic directions that drove all budgetary decisions and reallocations to a select number of initiatives:

Our Commitment to Society - The University of Lethbridge is committed to ensure we are a community focused institution and that our commitments to teaching, research, and service are blended with those of the surrounding areas.

Our Commitment to Creativity, Inquiry and Discovery - The University of Lethbridge stimulates and supports research, scholarship, and creative work in all areas in which we teach, and wherever possible we connect our research to the needs and aspirations of the communities we serve.

Our Commitment to Students – We give students the best preparation for their future. We help students to identify strengths and overcome weaknesses. We seek to foster: a sense of responsibility for students' learning and personal development; effective student relations with peers and teachers; and student involvement in local, provincial, and national communities.

Our Commitment to Inspiration – The University of Lethbridge aspires to inspirational teaching that ignites intellectual passion and stimulates a thirst for knowledge.

Our Commitment to Responsible Action – We communicate with our internal and external communities so that our mission, goals, and work are well understood. We engage our alumni and other supporters in the activities of the University. We build the value of the University to society by developing mutually supportive relationships with government, individuals, and organizations.

Several reallocations are being proposed in this budget document which support the strategic direction that the institution has recently approved. To meet institutional priorities and move the institution forward in the next year, UBC is proposing reallocating existing resources towards our strategic priorities. The table below indicates the proposed allocations and how they relate to the strategic priorities of the institution.

Strategic Direction: Confirm our place as a Comprehensive University

Strategic Priorities	Budget Allocations
<ol style="list-style-type: none"> 1. Create and grow graduate programs and a culture of graduate education. 2. Broaden our base of undergraduate programming. 3. Grow the financial resource base of the University. 4. Create a physical and intellectual environment that fosters and promotes creativity, research, and innovation. 5. Preserve and enhance our focus on teaching excellence. 6. Hire excellent professors that contribute to the continued success of the University in teaching and research. 	<ul style="list-style-type: none"> • Provision of Advantage Awards on a continuing basis to ensure every MA, MSc, and PhD student admitted will be guaranteed a minimum monthly income during their program. • Provision of \$300,000 to academic programming for graduate programs. • The new Digital Audio Arts program in the Faculty of Fine Arts has first intake of students in 2009-10. • Completion of sports stadium project.

Strategic Direction: Enhance the Student Experience

Strategic Priorities	Budget Allocations
<ol style="list-style-type: none"> 1. Refine and promote liberal education. 2. Evaluate and evolve student recruitment strategies. 3. Develop and implement student retention strategies. 4. Expand internationalization of the University. 5. Promote and enhance diversity within the University. 6. Engage students in a welcoming environment that supports learning, discovery, and creativity and promotes model citizenship. 7. Enhance the experience for FNMI (First Nations, Metis and Inuit) students. 8. Continue to encourage academic and administrative units to work together to enhance the student experience. 9. Ensure the health, safety, and security of students. 10. Recognize and promote the essential role of staff in keeping the campuses welcoming, functioning, and modern. 	<ul style="list-style-type: none"> • Development of a tutoring program for students. • Provision of Advantage Awards to graduate students on a continuing basis. • Reallocation of \$380,000 for future strategic enrolment initiatives from operating fund reserves. • Development of University web pages to enhance student registration and experience. Work has started on a student portal website. • Strategic Enrolment Management committee established with mandate to coordinate recruitment and retention efforts across the campuses. • Implementation of the Student Recruitment and Retention project. • Quality Initiatives Program allocations to the Students' Union for student initiatives.

Strategic Direction: Build Internal Community and Enhance Relationships with External Communities

Strategic Priorities	Budget Allocations
<ol style="list-style-type: none"> 1. Continue to build a healthy, supportive, and collaborative environment and culture that promotes students, faculty, staff, and alumni success and satisfaction. 2. Continue to develop bridges to Lethbridge and southern Alberta communities. 3. Strengthen links to regional centres of excellence in research and development. 	<ul style="list-style-type: none"> • Invest in the community garden project. • Completion of the sports stadium project. • Investment in the University Information Technology department and specifically the Web unit. • Opening of the downtown Penny Building. • Continue to support Science and Sports Summer Camps.

Strategic Direction: Promote Access to Quality Post-Secondary Education

Strategic Priorities	Budget Allocations
<ol style="list-style-type: none"> 1. Develop a sustainable strategy for delivering programs outside Lethbridge. 2. Maintain and enhance working alliances with other educational service providers and stakeholders. 	<ul style="list-style-type: none"> • Investment in the University Information Technology department and specifically the Web unit. • Continuing support to Alberta Post-Secondary Application System (APAS).

Strategic Direction: Enhance the Environmental Sustainability of the University

Strategic Priorities	Budget Allocations
<ol style="list-style-type: none"> 1. Continue to transform the University into a sustainable community. 2. Wherever possible, incorporate sustainability into teaching, learning, and research. 3. Promote sustainability inside and outside the University. 	<ul style="list-style-type: none"> • Continue with sustainability projects including working with the Students' Union on recycling in the Students' Union Building (SUB) • Work with Students' Union to expand composting program on campus. • Invest in Facilities training programs. • Support review of carbon footprint of renovations, alterations, and infrastructure renewal projects.

VII. STUDENT QUALITY INITIATIVES PROGRAM (QIP)

In the Fall of 2005, the Students' Union approached University Administration with a proposal to allocate \$300,000 (12%) of the 2006-07 and 2007-08 tuition increase to student initiative projects identified by U of L students, in consultation with University Administration. In 2007-08 a total of \$600,000 was allocated to the QIP on a continuing basis.

The Students' Union made the following allocations in the 2009-10 year:

- \$210,000 Scholarships, grants, and bursaries. The funds have been divided equally between each of the three and are administered by the Scholarships and Student Finance Office.
- \$120,000 Student Commons Fund. These funds will be used by the students for renovations and capital projects around campus.
- \$ 80,000 Undergraduate Research Fund. Established for the Faculties/Schools to hire undergraduate research assistants in humanities and social sciences.
- \$ 35,000 Needs Based Funding to support the Student Food Bank, emergency student assistance, students with disabilities, and student counselling.
- \$155,000 Academic related events such as an academic speaker series, student travel, and conference grants.

All the funds are held by the University and allocated on an annual basis. The allocation for the 2010-11 year will be reduced by \$130,000.

VIII. RECOMMENDATIONS

The President makes the following recommendations to the Board of Governors:

1. Approve the 2010-11 budget as presented, and approve the budgets for the three years 2012-14 in principle.
2. Approve the reductions for 2010-11 as provided in Appendix A.
3. The University Budget Committee recommends to Senior Administration a review of the budget in the direction of a zero base budget process to ensure that resources are allocated effectively based on the strategic priorities of the institution.

2010-11 Operating Budget

SUMMARY OF UNIVERSITY OPERATING REVENUE AND EXPENDITURES					
2010-2011 Operating Budget					
REVENUES	2008-2009 Original Budget	2008-2009 Actual	2009-2010 Original Budget	2009-2010 Projected Actual	2010-11 Proposed Budget
Tuition and Fees					
Summer Session Tuition	2,189,015	2,550,910	2,204,110	2,518,548	3,050,042
Regular Session Tuition	29,625,770	28,312,851	30,085,236	29,823,900	30,356,553
Subtotal Tuition	31,814,785	30,863,761	32,289,346	32,342,448	33,406,595
Special Programs					
MA/MSc	614,210	470,883	614,210	797,840	614,210
Master of Education	384,435	418,553	469,270	902,830	656,365
MSc/Mgt	195,840	115,052	163,200	124,049	190,345
Master of Counselling	370,395	345,355	335,779	239,046	284,840
Ph.D.	109,890	202,480	146,520	315,956	190,000
Subtotal Special Programs	1,674,770	1,552,323	1,728,979	2,379,720	1,935,760
Incidental Fees					
Student Administration Fees	750,000	701,696	750,000	790,803	750,000
Music Conservatory Fees	229,510	302,617	256,540	297,398	278,275
Athletic and Recreation Services Fees	1,120,210	1,488,355	1,325,000	1,618,429	1,582,655
English Language Fees	452,850	363,547	452,850	452,107	452,850
Other Miscellaneous Fees	355,410	631,721	103,910	800,663	146,605
Subtotal Incidental Fees	2,907,980	3,487,936	2,888,300	3,959,400	3,210,385
Total Tuition and Fees	36,397,535	35,904,020	36,906,625	38,681,568	38,552,740
Other Revenues					
Grants	90,129,095	94,179,220	98,708,660	96,090,381	99,416,370
Gifts and Donations	62,000	628,442	10,000	509,721	10,000
Investment Income	5,000,000	(11,767,386)	5,000,000	17,286,410	5,000,000
Internal Cost Recoveries	1,606,130	3,083,804	2,075,940	3,562,604	2,549,733
External Cost Recoveries	5,050,605	6,574,584	4,553,990	5,429,708	4,473,476
Total Other Revenues	101,847,830	92,698,663	110,348,590	122,878,824	111,449,579
Total Tuition and Other Revenues	138,245,365	128,602,684	147,255,215	161,560,391	150,002,319
Interfund Transfers					
Transfers from (to) other funds	117,365	(2,232,645)	208,550	(1,746,749)	112,360
Total Interfund Transfers	117,365	(2,232,645)	208,550	(1,746,749)	112,360
Appropriations					
Amortization of Deferred Capital Contributions	6,500,000	7,280,031	6,300,000	7,300,000	9,700,000
Unrealized Investment Income	-	-	-	-	2,903,645
Total Interfund Transfers	6,500,000	7,280,031	6,300,000	7,300,000	12,603,645
Total University Operating Revenues	144,862,730	133,650,070	153,763,765	167,113,643	162,718,324

2010-11 Operating Budget

SUMMARY OF UNIVERSITY OPERATING REVENUE AND EXPENDITURES					
2010-2011 Operating Budget					
EXPENDITURES	2008-2009 Original Budget	2008-2009 Actual	2009-2010 Original Budget	2009-2010 Projected Actual	2010-2011 Proposed Budget
Academic Units					
Arts and Science	32,965,115	31,219,065	32,635,590	32,404,451	34,171,622
Education	8,300,255	8,318,727	9,468,555	8,676,355	9,725,346
Management	14,026,875	13,228,881	14,390,715	12,819,932	13,371,552
Fine Arts	9,450,770	8,846,961	9,528,205	10,168,485	10,111,917
Health Sciences	4,174,330	4,475,399	4,904,665	5,246,920	5,385,187
Graduate Studies	2,862,275	1,435,944	2,874,410	1,778,662	2,060,275
Library	4,353,385	3,504,111	4,391,995	3,744,310	4,931,658
Library - Acquisitions	1,523,170	1,677,936	1,581,170	2,148,908	1,312,170
Faculty Travel	152,600	154,444	152,600	135,287	152,600
Study Leave Removal Fund	35,000	35,000	35,000	28,944	35,000
Research Grants	253,700	13,255	103,700	94,380	103,700
Faculty Retention - Board Chairs	200,000	195,000	210,000	174,585	215,000
Faculty Retention - Course Relief	400,000	400,000	400,000	400,000	400,000
Total Academic Units	78,697,475	73,504,722	80,676,605	77,821,219	81,976,027
Support Units					
Office of the President	1,085,765	1,060,736	1,157,525	1,026,246	1,101,875
Board of Governors	84,720	116,757	98,885	65,536	103,826
Senate	79,410	82,927	83,170	87,539	93,322
General Faculties Council	27,205	25,469	28,865	31,468	33,806
University Advancement	2,002,210	2,032,835	2,126,705	1,971,935	2,046,723
Vice President (Academic)	982,990	830,084	1,273,590	922,192	986,893
CRDC & CAETL	782,400	861,036	736,765	1,012,464	1,145,558
Institutional Analysis	147,455	190,307	237,455	231,926	269,215
Language Centre	664,250	487,297	694,945	501,643	664,311
International Centre	500,715	512,092	546,465	610,506	576,883
Scholarships & Student Finance - Scholarships	1,326,000	1,765,905	1,636,000	1,575,000	2,030,651
ROSS	5,334,250	5,343,554	5,492,735	5,684,951	5,236,653
Art Gallery	319,300	319,300	270,905	367,224	381,050
Vice President (Research)	1,112,530	927,449	1,302,490	1,327,102	1,803,327
Vice President (Administration & Finance)	466,630	448,301	495,930	446,576	417,665
Financial Planning	523,690	482,028	536,580	506,115	518,729
Sports & Recreation Services	3,940,840	4,579,424	4,306,070	5,019,704	5,042,049
Interdepartmental - Ancillary	(102,495)	(413,050)	(152,495)	(502,050)	(158,495)
Internal Audit	88,875	34,730	95,460	90,310	106,774
Information Technology	4,811,630	5,175,118	4,610,570	6,013,743	5,584,207
Telecommunication	1,138,745	1,383,724	1,387,680	1,643,202	2,020,712
Financial Services	2,331,795	2,623,447	2,773,780	2,845,478	3,015,270
Facilities	7,998,035	8,823,330	8,143,215	9,660,834	9,788,918
Utilities	2,429,580	2,445,954	2,731,935	2,818,559	3,290,935
Parking	1,050,000	927,167	1,750,000	993,136	1,335,000
Human Resources	2,266,775	2,676,527	2,584,950	2,765,811	2,759,496
Contingencies	951,205	-	3,455,580	-	5,016,725
Provisions	7,975,280	6,879,532	10,259,795	5,623,058	11,839,499
Total Support Units	50,000,485	50,621,979	58,665,550	53,340,210	67,051,577
Appropriations					
To Capital Projects	2,677,270	7,518,872	2,748,530	9,765,628	-
To (From) Capital Reserves	987,500	(7,428,727)	987,500	382,670	1,087,076
Amortization of Capital Assets	12,500,000	13,880,407	10,685,580	14,849,381	12,603,645
	16,164,770	13,970,552	14,421,610	24,997,680	13,690,721
Total University Operating Expenditures	144,862,730	138,097,253	153,763,765	156,159,109	162,718,325
Provision - UAPP					1,686,165

APPENDIX A

PROPOSED 2010-2011 BUDGET REDUCTIONS

2010-11 Operating Budget

THE UNIVERSITY OF LETHBRIDGE 2010-2011 BUDGET PROCESS			
		2010-2011 BUDGET REDUCTIONS	
BUDGET UNIT	DESCRIPTION	REQUIRED REDUCTION	REDUCTION MADE
BOARD OF GOVERNORS	REQUIRED REDUCTION	4,250	
	Position Funds		4,250
SENATE OFFICE	REQUIRED REDUCTION	3,490	
	Position Funds		3,490
PRESIDENT'S OFFICE	REQUIRED REDUCTION	48,980	
	Contracts		48,980
INSTITUTIONAL ANALYSIS	REQUIRED REDUCTION	10,412	
	Position Funds		10,412
GENERAL FACULTIES COUNCIL	REQUIRED REDUCTION	1,325	
	Position Funds		1,325
UNIVERSITY ADVANCEMENT	REQUIRED REDUCTION	91,945	
	Materials & Supplies		91,945
FINANCIAL PLANNING	REQUIRED REDUCTION	20,525	
	Student Salaries		2,290
	Travel		3,500
	Position Funds		14,735

2010-11 Operating Budget

VICE-PRESIDENT (ACADEMIC)	REQUIRED REDUCTION	42,790	
	Position Funds		42,790
CRDC	REQUIRED REDUCTION	31,735	
	Life-cycle equipment replacement		31,735
ARTS & SCIENCE	REQUIRED REDUCTION	1,442,760	
	Term position moved to carryover		24,534
	Term position moved to carryover		25,509
	Academic Assistant II resignation		81,143
	Expected faculty resignations		362,065
	Planned AUPE reductions		255,334
	Expendable equipment		92,000
	Travel		25,000
	Material & Supplies		6,284
	Sessional budget		195,655
	Reduce student markers		12,009
	Increase 9001 for Polaris and Prentice		(156,000)
	Increase expendable equipment		(1,000)
	Reduce full-time temporary budget (5221)		20,935
	Reduce CPP budget for 5221 salaries		748
	Reduce Undergrad Research Assistant budget (org 4220)		2,805
	Move advisor position to EPE		28,826
	Salary recovery - CRC (Gonzales)		(100,000)
	Faculty resignation		25,650
	Two faculty positions moved to BA EPE		170,843
	One faculty position moved to FNTP EPE		75,198
	One faculty position moved to Public Health EPE		84,128
	Reduce student budget (4101-5211)		11,094

2010-11 Operating Budget

EDUCATION	REQUIRED REDUCTION	308,360
	Reduce capital equipment (Deans' Office)	5,000
	Reduce expendable equipment (Deans' Office)	5,000
	Reduce Rental equipment (Deans' Office)	1,000
	Reduce rental equipment (4305-1201)	1,090
	Reduce rental equipment (4305-1208)	2,000
	Reduce travel (4305-1208)	3,000
	Reduce telephone (4305-1201)	7,000
	Reduce telephone (4305-1208)	500
	Reduce telephone (4301-1201)	500
	Reduce telephone (4315-1201)	1,000
	Reduce materials & supplies (4305-1201)	15,000
	Reduce telephone (4305-1212)	1,000
	Reduce expendable equipment (4305-1222)	2,500
	Reduce expendable equipment (4305-1219)	2,500
	Reduce materials & supplies (4305-1219)	2,500
	Reduce materials & supplies (4305-1222)	12,500
	Reduce materials & supplies (4305-1212)	4,500
	Reduce materials & supplies (4305-1208)	2,000
	Reduce materials & supplies (4301-1201)	1,000
	Reduce faculty salary line (4305-1201) - move to AISI	67,500
	Reduce secondments (4305-1201)	100,000
	Reduce secondments (4305-1208)	45,000
	Reduce secondments (4305-1222)	14,000
	Undergrad tuition adjustment based on projected credit hours	(20,630)
	MEd tuition adjustment based on projected # of students	(95)
	MC tuition adjustment based on projected # of students	(18,220)
	PSI & PS II Practicum travel fee adjustment	12,375
	Educ 2500 Practicum fee adjustment	(2,420)
	AISI reduced due to lower grant received	(5,000)
	Reduce materials & supplies (4305-1211) re: AISI grant reduction	2,500
	Reduce contracts (4305-1211) re: AISI grant reduction	2,500

2010-11 Operating Budget

MANAGEMENT	REQUIRED REDUCTION	304,985	
	SAIT Lease		38,740
	Edmonton facility rental		20,000
	Reduce Edmonton campus telephone		1,725
	Reduce Calgary campus materials & supplies		13,655
	Reduce Calgary campus expendable equipment		1,500
	Reduce Tech Services materials & supplies		4,550
	Reduce Tech Services telephone		1,000
	Reduce TIPs travel		500
	Reduce Co-op & Mentors vehicle rental		5,000
	Reduce MSc telephone		150
	Reduce Dean's Office contingency		60,000
	Reduce general Management contingency		10,000
	Credit hour increase		(36,894)
	Reduce Marketing telephone		995
	Reduce Finance telephone		1,350
	Position Funds		108,926
FINE ARTS	REQUIRED REDUCTION	380,540	
	Increase credit hours		(110,112)
	Increase Music Conservatory revenue		(5,898)
	Reduce Theatre costs		18,905
	Position Funds		245,625
HEALTH SCIENCES	REQUIRED REDUCTION	32,839	
	Increase credit hours		(33,893)
	Allocate credit hour increase to position funds/contingency (1x)		(3,849)
	Allocate credit hour increase to Nursing Lab Replacement Accural (1x)		(17,197)
	Allocate credit hour increase to bad debt provision (1x)		(3,500)
	Allocate credit hour increase to dept provisions (1x)		(2,767)
	Allocate credit hour increase to capital (1x - RA/MSc space startup)		(1,290)
	Pos. ████████ abolishment		27,549

2010-11 Operating Budget

ART GALLERY	REQUIRED REDUCTION	11,560	
	Position Funds		11,560
LIBRARY	REQUIRED REDUCTION	173,905	
	Cut bindery budget		29,000
	Materials & Supplies		20,000
	Reduce full-time temporary for part-time librarians		21,894
	Retirement Pos. [REDACTED]		58,011
	Elimination of inter-library loans		45,000
LANGUAGE CENTRE	REQUIRED REDUCTION	29,500	
	Position Funds		29,500
ROSS	REQUIRED REDUCTION	244,725	
	Abolish Pos. [REDACTED]		73,888
	Abolish Pos. [REDACTED]		61,254
	Abolish Pos. [REDACTED]		51,828
	Reduce Pos. [REDACTED].2		16,827
	Reduce Materials & Supplies (eliminate paper calendars)		40,000
	Reduce materials & supplies - Admissions postage		928
RESEARCH SERVICES	REQUIRED REDUCTION	37,945	
	Position Funds		37,945
CAETL	REQUIRED REDUCTION	8,795	
	Reduce contingency		8,795
INTERNATIONAL CENTRE FOR STUDENTS	REQUIRED REDUCTION	26,965	
	Position Funds		26,965

2010-11 Operating Budget

GRADUATE STUDIES	REQUIRED REDUCTION	22,640	
	Position Funds		2,525
	Materials & Supplies		10,000
	Institutional Memberships moved to EPE		1,500
	Rental equipment		500
	Reduce recruitment travel		8,115
HUMAN RESOURCES	REQUIRED REDUCTION	110,310	
	Position Funds		75,810
	Return funds to Position Funds taken by UBC in 2008-09		28,000
	Retirement [REDACTED] Dec 31/11		6,500
INFORMATION TECHNOLOGY/TELECOM	REQUIRED REDUCTION	265,635	
	Position Funds		168,700
	Life-cycle equipment replacement funds		96,935
RECORD SERVICES	REQUIRED REDUCTION	5,845	
	Position Funds		5,845
FINANCIAL SERVICES	REQUIRED REDUCTION	122,620	
	Position Funds		69,998
	Abolish Pos. [REDACTED]		52,622
FACILITIES	REQUIRED REDUCTION	414,625	
	Capital equipment		39,000
	Abolish Pos [REDACTED]		41,767
	Abolish Pos [REDACTED]		40,526
	Reduce full-time temporary budget		30,000
	Increase internal contribution to Facilities		100,000
	Reclass Pos [REDACTED] following retirement		12,000
	Reduce summer student positions - Grounds		7,000
	25% reduction to life-cycle equipment funds in Grounds		7,000
	Abolish Pos [REDACTED]		70,063
	Reduce summer students positions - Maintenance		8,091
	Materials & Supplies - Safewalk Program		5,000
	Abolish .5 [REDACTED]		30,032
	Position Funds		24,146

2010-11 Operating Budget

SPORT & RECREATION SERVICES		REQUIRED REDUCTION	202,475	
		Increase revenue		106,565
		Reduce one-time payments		10,000
		Reduce Materials & Supplies		31,510
		Reduce Memberships		10,000
		Reduce expendable equipment		2,010
		Reduce rental equipment		410
		Reduce travel		26,720
		Reduce contracts		1,355
		Reduce capital equipment		5,905
		Reduce contingency		8,000
VICE-PRESIDENT (FINANCE & ADMINISTRATION)		REQUIRED REDUCTION	21,435	
		Position Funds (abolished Pos [REDACTED])		21,435
INTERNAL AUDIT		REQUIRED REDUCTION	4,145	
		Position Funds		4,145
UNIVERSITY WIDE REDUCTIONS		REQUIRED REDUCTION	3,123,239	
		QIP Reductions		130,000
		Executive Salary increases		251,149
		Enrollment Planning Envelope reductions - current programs not meeting enrolment		1,542,090
		- enrolment growth 2008-10 programs		1,200,000
TOTAL REQUIRED REDUCTIONS FOR 2010-11:			7,551,300	
TOTAL REDUCTIONS MADE FOR 2010-11:				7,551,300

APPENDIX B

PROPOSED POSITION REDUCTIONS

APPENDIX C
PROPOSED BUDGET BY FUND

The University of Lethbridge 2010-11 Budget by Fund (\$000)				
	General Operating	Ancillary Funds	Restricted Funds	TOTAL
REVENUE				
Government and other grants	99,416	-	14,623	114,039
Tuition and related fees	38,553	-	-	38,553
Sales of services and products	6,915	9,514	-	16,429
Gifts and donations	10	-	5,244	5,254
Investment income	5,000	56	104	5,160
Miscellaneous	220	-	1,679	1,899
Unrealized Investment Income	2,904	-	-	2,904
Amortization of deferred capital contributions	9,700	-	-	9,700
	162,718	9,570	21,650	193,938
EXPENDITURES				
Salaries and benefits	112,866	3,044	8,746	124,655
Supplies and services	9,828	901	2,294	13,023
Repairs and maintenance	691	254	6,273	7,218
Cost of goods sold	198	3,421	-	3,619
Travel	2,541	28	815	3,384
External contracted services	2,296	575	467	3,338
Utilities	3,136	496	-	3,632
Scholarships, fellowships and bursaries	1,978	-	2,380	4,358
Professional fees	931	11	122	1,064
Interest on long term liabilities	275	125	-	400
Property taxes	9	111	-	120
Insurance	623	33	-	656
Equipment	2,690	269	553	3,512
Provisions	9,710	-	-	9,710
Amortization of capital assets	14,947	260	-	15,207
	162,718	9,529	21,650	193,897
REVENUE OVER EXPENDITURES	(0)	41	-	41
Unfunded Liability - UAPP	1,686	-	-	1,686
EXCESS REVENUE OVER EXPENDITURES	(1,686)	41	-	(1,645)

The University of Lethbridge		
Ancillary Budget		
		2010-11
		Ancillary
		Enterprises
REVENUE		
Government and other grants		-
Tuition and related fees		
Sales of services and products		9,514,000
Gifts and donations		-
Investment income		56,000
Miscellaneous		-
Unrealized Investment Income		-
Amortization of deferred capital contributions		-
		9,570,000
EXPENDITURES		
Salaries and benefits		3,043,700
Supplies and services		901,400
Repairs and maintenance		254,300
Cost of goods sold		3,421,000
Travel		28,100
External contracted services		575,000
Utilities		496,300
Scholarships, fellowships and bursaries		-
Professional fees		11,000
Interest on long term liabilities		125,000
Property taxes		111,000
Insurance		33,400
Equipment		268,800
Provisions		-
Amortization of capital assets		260,000
		9,529,000
EXCESS REVENUE OVER EXPENDITURES		41,000

2010-11 Operating Budget

The University of Lethbridge Restricted Funds 2010-11							
	Sponsored Research	Special Purpose and Trust	Scholarship, Bursaries and Other	Capital and Infrastructure	TOTAL	Deferred Contributions	2010-11 Net
REVENUE							
Government and other grants	12,658,000	234,000		11,102,000	23,994,000	(9,371,396)	14,622,604
Tuition and related fees	-	-		-	-	-	-
Sales of services and products	-	-		-	-	-	-
Gifts and donations	350,000	641,000	435,000	2,484,000	3,910,000	1,333,896	5,243,896
Investment income	-	104,000	-	-	104,000	-	104,000
Miscellaneous	1,492,000	108,000	79,000	-	1,679,000	-	1,679,000
Amortization of deferred capital contributions	-	-		-	-	-	-
	14,500,000	1,087,000	514,000	13,586,000	29,687,000	(8,037,500)	21,649,500
EXPENDITURES							
Salaries and benefits	7,975,000	391,000	325,000	55,000	8,746,000	-	8,746,000
Supplies and services	2,045,500	138,000	110,000	-	2,293,500	-	2,293,500
Repairs and maintenance	-	-		6,273,000	6,273,000	-	6,273,000
Cost of goods sold	-	-		-	-	-	-
Travel	725,000	66,000	24,000	-	815,000	-	815,000
External contracted services	300,000	144,000	23,000	-	467,000	-	467,000
Utilities	-	-	-	-	-	-	-
Scholarships, fellowships and bursaries	800,000	379,000	1,201,000	-	2,380,000	-	2,380,000
Professional fees	100,000	16,000	6,000	-	122,000	-	122,000
Interest on long term liabilities	-	-		-	-	-	-
Property taxes	-	-		-	-	-	-
Insurance	-	-		-	-	-	-
Equipment	500,000	25,000	28,000	-	553,000		553,000
Provisions	-	-		-	-	-	-
Amortization of capital assets	-	-		-	-	-	-
	12,445,500	1,159,000	1,717,000	6,328,000	21,649,500		21,649,500
EXCESS REVENUE OVER EXPENDITURES	2,054,500	(72,000)	(1,203,000)	7,258,000	8,037,500	(8,037,500)	-

**APPENDIX D
UNIVERSITY BUDGET
COMMITTEE MEMBERSHIP**

2009-2010

**University Budget Committee Membership
2009-10**

Karen Clearwater, Chair	Associate Vice-President (Financial Planning)	ex-officio
Andrew Hakin	Vice-President (Academic) & Provost	ex-officio
Nancy Walker	Vice-President (Finance & Administration)	ex-officio
Bob Boudreau	Associate Vice-President (Academic)	ex-officio
Carrie Takeyasu	Executive Director, Financial Services	Presidential Appointment 2012
Leona Jacobs	Librarian	Presidential Appointment 2010
Gary Nixon	Faculty Member	Presidential Appointment 2010
Wilf Roesler	Faculty Member	Presidential Appointment 2010
Peter Visentin	Faculty Member	Presidential Appointment 2010
Pamela Adams	Faculty Member	GFC Appointment 2011
Rene Boeré	Faculty Member	GFC Appointment 2011
Lesley Brown/Robert Wood	Faculty Member	GFC Appointment 2011
Wei Xu	Faculty Member	GFC Appointment 2011
Jeremy Girard	Student Member	GFC Appointment 2010
Alan Hall	Student Member	GFC Appointment 2010
Scott Jones	Graduate Student Member	GFC Appointment 2010
Lynn Arnold	Resource	
Sheila Lowe	Resource	
Marnie Sawa	Resource	
Nicole Leusink	Secretary	