

**REPORT OF THE  
UNIVERSITY BUDGET COMMITTEE  
ON THE 2014-15 TO 2016-17  
UNIVERSITY BUDGET**

**APRIL 2014**

**The University Budget Committee Report For  
The Years 2014-15 to 2016-17**

**TABLE OF CONTENTS**

I.	GENERAL.....	3
	The other guiding principles used when developing the new budget allocation model were:.....	4
	New Budget Model Principles .....	6
II.	PROPOSED REVENUE BUDGET .....	8
	Government Grants.....	10
	Fees.....	11
	Other Student Fees.....	12
III.	PROPOSED EXPENDITURE BUDGET .....	13
	Compensation Costs .....	14
	Fixed Costs.....	14
IV.	OPERATING BUDGET REQUIREMENTS .....	15
V.	BUDGET ADJUSTMENTS.....	17
	University Wide Initiatives .....	17
VI.	STRATEGIC PLAN ALLOCATIONS.....	18
VII.	STUDENT QUALITY INITIATIVES PROGRAM (QIP) .....	21
VIII.	RECOMMENDATIONS .....	24
	<b>PROPOSED BUDGET BY FUND .....</b>	<b>25</b>
	<b>BUDGET ADVISORY COMMITTEE MEMBERSHIP 2014-2015 and.....</b>	<b>29</b>

**I. GENERAL**

The University has put significant efforts over the past several years on revising its budget processes to ensure that the institution is in a financial position to make informed decisions on resource allocations that will advance established strategic directions. Despite these challenging financial times, we need to be able to adapt quickly to whatever fiscal situation is presented without losing sight of the priorities that we have established in our academic, research and strategic planning.

The approval of the budget entails President Mike Mahon recommending the University of Lethbridge's Operating Budget to the Board of Governors' Finance Committee, who in turn recommends it to the Board of Governors for approval. Budget decisions are made in consultation with the Budget Advisory Committee (BAC), Budget Priority Advisory Committee (BPAC) and with the University's various budget units.

Budget decisions are also made within the context of the University's "Destination 2020" Strategic Plan. "Our strategic priorities remain priorities independent of the financial challenges our University encounters. To take us to our desired future the University will pursue its established strategic directions and identified priorities."

**New Budget Allocation Model**

While the fiscal environment has been and will be unfavourable for the next few years and budget reductions will be experienced in most budget units, 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, senior administration has made every effort to ensure that the quality of our academic programs and services to our students are maintained.

In addressing the budget reductions imposed on the University of Lethbridge during the 2013-14 it became apparent that the current budget model does not allow the University to reallocate funds to our strategic priorities in an effective manner. Other concerns that units have expressed over a number of years have been the lack of rationale for the grant allocation, along with the fact that the tuition allocation does not account for varying costs per course. Due to these concerns, the University undertook to review the current operating budget allocation model during the year.

In dealing with the 4.85% (-7.3% + 2.45% returned in Fall 2013) reduction in the Campus Alberta Operating Grant in 2013/14, a framework of values was developed to guide the Budget Advisory Committee in developing the University of

Lethbridge consolidated operating budget. This framework of values continued to be one the main principles used to guide the discussions on developing a new operating budget allocation method. The values, reaffirmed by both the General Faculties Council and the Board of Governors were that,

**Our people define our University and are our greatest strength**

People are the essential resource of our institution and as such the University will strive to preserve employment. All University employee groups will be treated with fairness and with respect in all that lies ahead in our work to maintain our student centred focus and to ensure the continued financial sustainability of our institution.

**High quality is central to all that we do**

Our commitment to maintaining high quality undergraduate and graduate academic programmes is key to our University mission to build a better society. High quality instruction and teaching are essential to this commitment. Research and creative activity are also key to our mission and their vitality and vibrancy serve as a differentiating feature of our institution and a central part of our culture as a comprehensive academic and research institution. High quality facilities and services support our mission and best serve our students, staff, and academic staff.

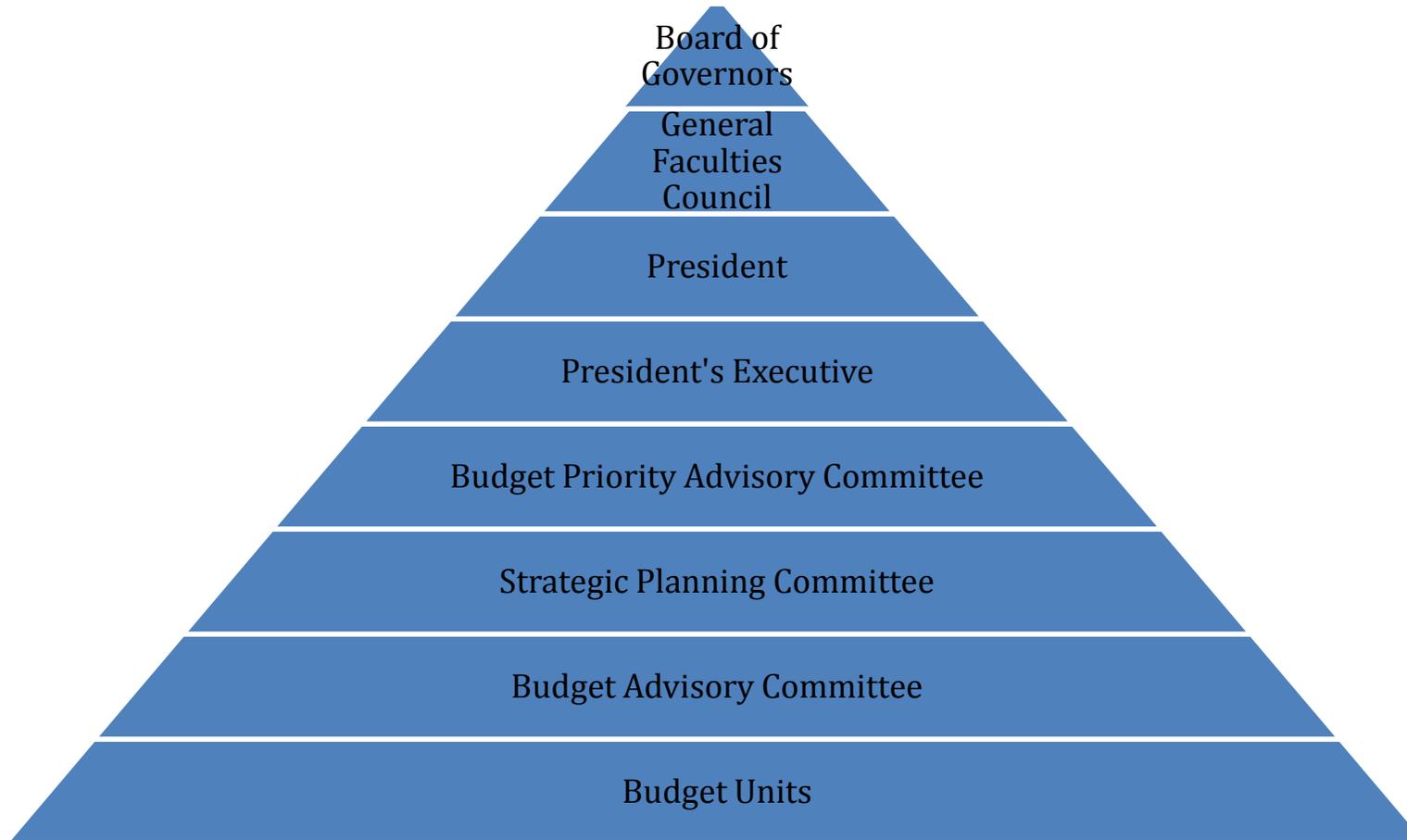
**Access to our University is a foundational value**

As a Comprehensive Academic and Research University, dedicated to liberal education, that was born out of the needs and aspirations of our local communities we are committed to providing student access to our high quality academic programs throughout the province without creating unnecessary financial barriers. Community engagement with our University and community use of our facilities play a role in defining us as a public institution.

The other guiding principles used when developing the new budget allocation model were:

**The budget process is very rigorous and open**

In an effort to ensure that the process is rigorous and open, in 2012 a Presidential Task Force was formed to review the budget process. Through consultations with many in the University community, a process was developed that will be more continuous, have a greater emphasis on communication and transparency, and create more opportunities for individuals with the appropriate knowledge and expertise to contribute to the decision making process.



**Decisions are made within the context of the University's Strategic Plan**

A key principle to ensure the long-term stability and growth of the University is to ensure that the budget supports the strategic directions of the University. This includes both using the Strategic Priorities as a reference to decisions and ensuring the budget allocation method allows funds be available for the Strategic Priorities.

**All decisions are made with a view of their long-term consequences**

As funding is not predictive, the University will continue to see fluctuations in its budget from year-to-year. Knowing this, it is very important to make decisions with a long-term view rather than just looking at the current situation.

**All decisions are made with a purpose of maintaining the stability and growth of the University**

One of the weaknesses in the current budget allocation system is that when an opportunity is presented, it is difficult to obtain and allocate funds to implement it. We want to ensure that the new allocation system has flexibility built in to take advantage of opportunities when they arise.

**New Budget Model Principles**

Position Funds:

- All occupied continuing employment positions as of November 2013 will be funded.
- Essential employment positions that were vacant as of November 2013 will be funded.
- Pooled position funds will be funded at 2013/14 original budget levels.
- All compensation adjustments will be funded centrally.
- Position funds will be centralized into 6 funds:
  - President
  - Provost & Vice-President (Academic) – Faculties
  - Provost & Vice-President (Academic) – Academic Support
  - Vice-President (Finance and Administration)
  - Vice-President (Research)
  - Vice-President (Advancement)

Operating Expenses:

- All fixed costs funded centrally prior to operating expenses allocation to units (e.g. insurance, utilities).
- Based on a 5 year analysis, most faculties and department operating expenditures comprised 7-12% of their total operating budget.
- Allocation of base level operating expense budget based on % of salary expenditures.

- Allocation of funding for allowances above the base level operating expenses.

Carryover Policy:

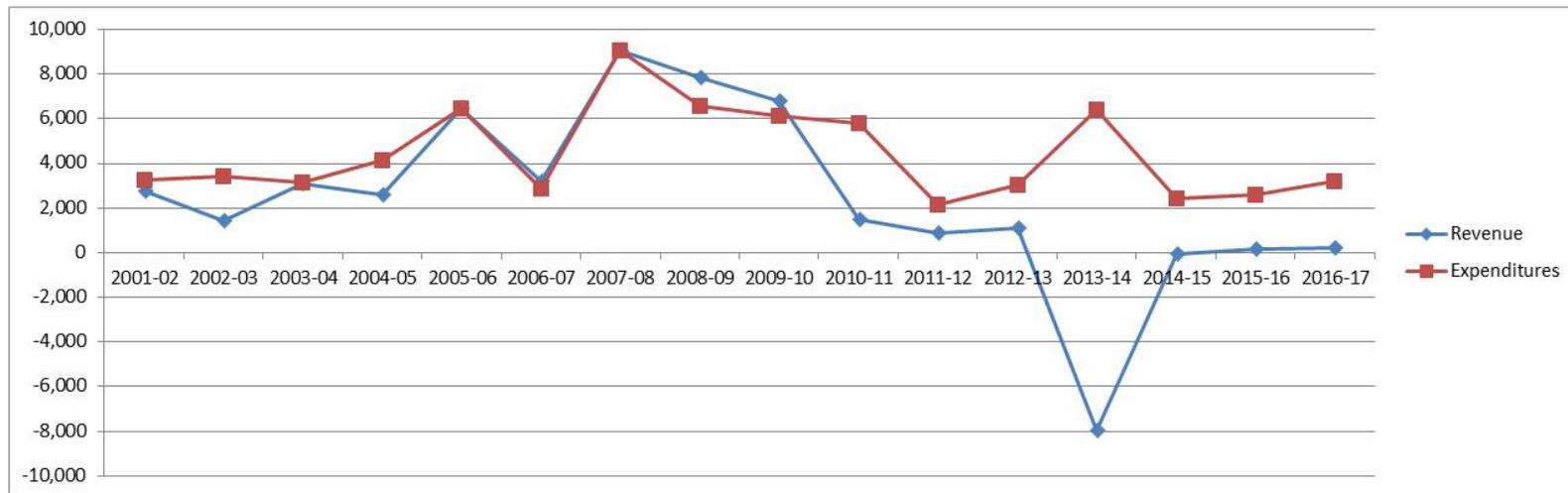
The University's carryover policy has been revised to ensure that there are adequate funds in our Strategic Priorities Fund to support our strategic priorities as outlined in our Strategic Plan. The change in the carryover policy allows Budget Units to retain carryover fund balances to a maximum of 2% (previous maximum was 5%) of their annual operating budgets. The balances in excess of 2% will be moved to the Strategic Priorities Fund and allocated to priorities through the budget process.

**2014-15 Operating Budget**

The proposed operating budget is \$162,157,825 for fiscal year 2014-15.

The following graph indicates the change in the University's operating revenue and expenditures in current dollars over a 15 year period.

**\$ Change from Previous Year  
(\$000)**



**II. PROPOSED REVENUE BUDGET**

The University's overall general fund revenue budget will increase by \$1,474,688 for 2014-15. 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 Innovation and Advanced Education (IAE) will increase by 1.62% (0% base operating grant increase plus \$1.5 million in targeted enrolment funding) to \$97,094,582. This follows a year when the grant was originally decreased by 7.3%. In November 2013, IAE increased the grant by 2.45% which was an increase of \$2,412,731 for the year 2013-14. Future changes to the Campus Alberta grant are assumed at 0%.

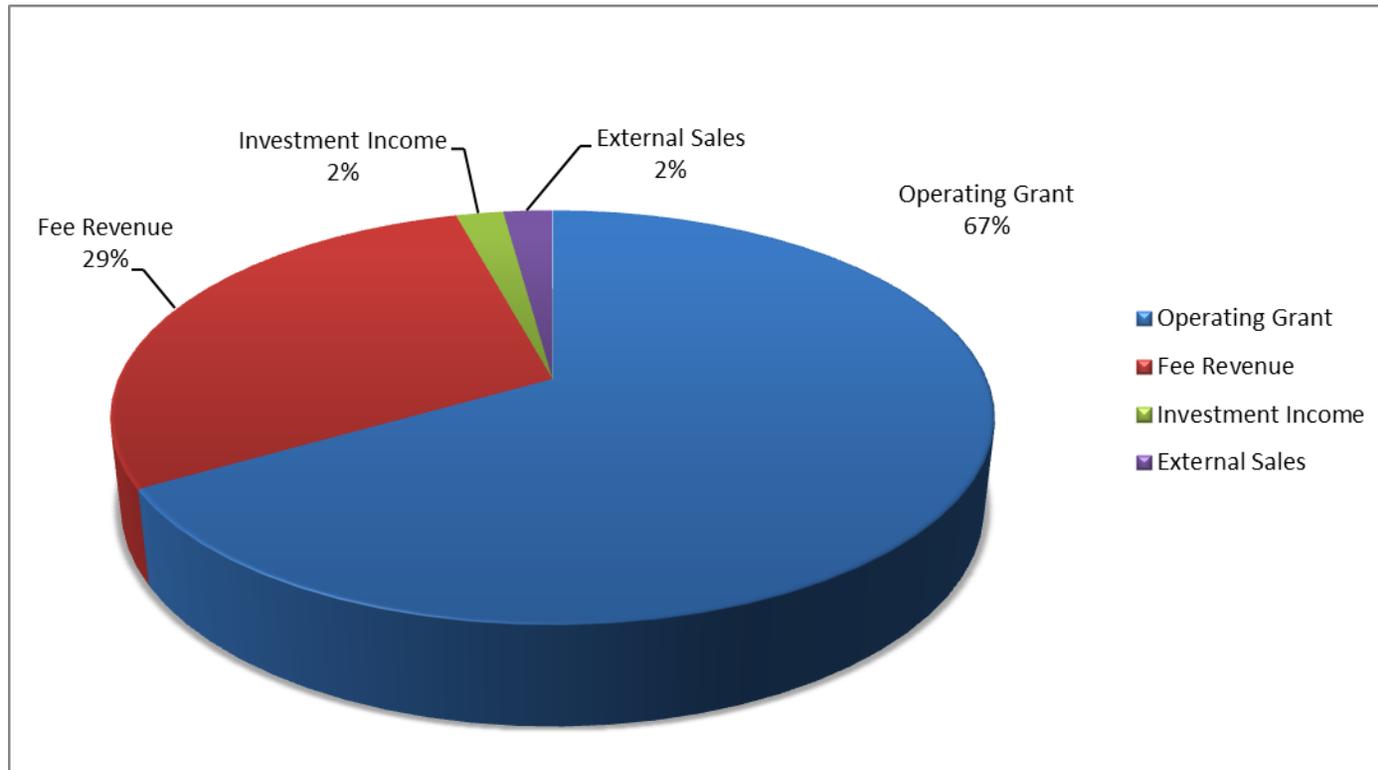
The proposed 2014-15 general fund revenue budget is categorized into the following groups:

**2014-15 General Operating Revenue by Source (Cash Basis)**

Grant Revenue	\$99,054,044	67.27%
Fee Revenue	\$42,384,072	28.78%
Investment Income	\$3,000,000	2.04%
External sales/Cost Recoveries	\$2,807,209	1.91%
<b>Total Projected General Operating Revenue</b>	<b>\$147,245,325</b>	<b>100.00%</b>

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.

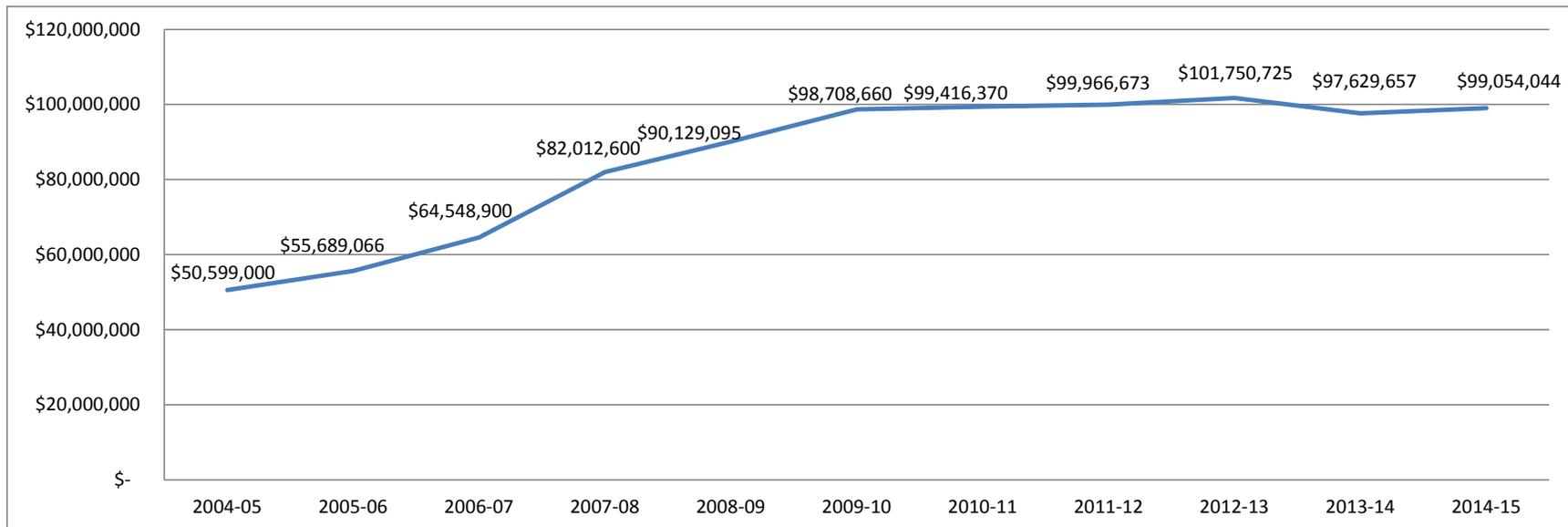
### 2014-2015 Source of Funds – Operating (cash basis)



**Government Grants**

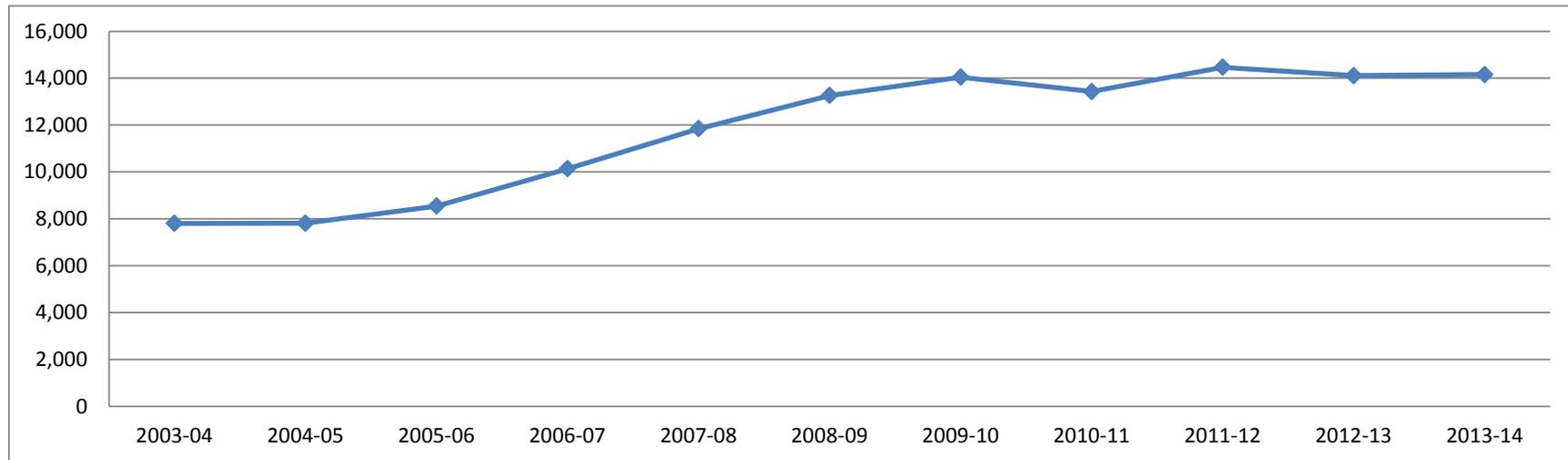
The single largest revenue item (67%) for the University is government grants, totalling \$99,054,044. The Campus Alberta grant will increase by \$1,547,913 for 2014/15 as a result of the 1.62% grant increase. This increase in funding is for targeted enrolment growth programs.

**Change in Government Grants**



Although there had been increases in the operating grant, the grant per student decreased steadily up to 2002 until IAE began to provide unfunded enrolment grants in 2003 to compensate the University for providing increased access to students. In addition, until 2010-11 the University received funding to operate expansions and new programs through Enrolment Planning Envelopes. These funds were provided on a grant per FLE (Full Load Equivalent) student in the specific programs, which also provided funds for services to 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 2014-15, the University projects approximately \$42 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 \$352,517 (.8%) over the 2013-14 fiscal year. This increase consists of the increase to the Student Services Fee and International Student Differential, and credit hour changes within each of the Faculties.

### **Tuition Fees**

IAE introduced a new tuition policy in the 2007 year that rolled tuition fees back to the 2004-05 level and restricted tuition fee increases to the annual average Alberta CPI (using a twelve month period ending in June each year). The maximum rate, as directed by IAE, to be used for the 2014-15 increases will be 1.0% (0% in 2013-14).

In April 2013 IAE notified the University that tuition fees for 2013-14 will be held at 2012-13 rates and that IAE will include the corresponding difference in rates as part of the Campus Alberta Operating Grant. IAE provided these funds (\$742,012) as one-time funding in 2013-14 and has confirmed that this amount will be included in the Campus Alberta grant funding for 2014-15 as continuing funding.

The increase in instructional fee revenue provided in the budget is attributed to planned enrolment changes in some of the faculties. The following table provides the credit hour profiles which each faculty has planned for the next three years to meet their budget requirements.

### Credit Hours by Faculty

	Actual		Estimated		Proposed		Proposed		Proposed	
	2012-13		2013-14		2014-15		2015-16		2016-17	
	Hours	%								
Arts and Science	101,729	54.3%	98,278	53.0%	99,851	53.8%	99,851	53.8%	99,851	53.8%
Education	13,488	7.2%	13,757	7.4%	13,206	7.1%	13,206	7.1%	13,206	7.1%
Management	31,278	16.7%	31,111	16.8%	31,144	16.8%	31,144	16.8%	31,144	16.8%
Fine Arts	23,883	12.8%	24,136	13.0%	23,405	12.6%	23,405	12.6%	23,405	12.6%
Health Sciences	16,902	9.0%	18,257	9.8%	18,007	9.7%	18,007	9.7%	18,007	9.7%
<b>Total</b>	<b>187,280</b>	<b>100.0%</b>	<b>185,539</b>	<b>100.0%</b>	<b>185,613</b>	<b>100.0%</b>	<b>185,613</b>	<b>100.0%</b>	<b>185,613</b>	<b>100.0%</b>

### Other Student Fees

The Student Services fee was introduced in 2002-03 at \$10.50 per course. This fee remained at this rate until 2011-12 when it was raised to \$12.50 per course. In 2013-14 the fee was increased to \$37.50 per course and for 2014-15 the fee will increase to \$39.25 per course.

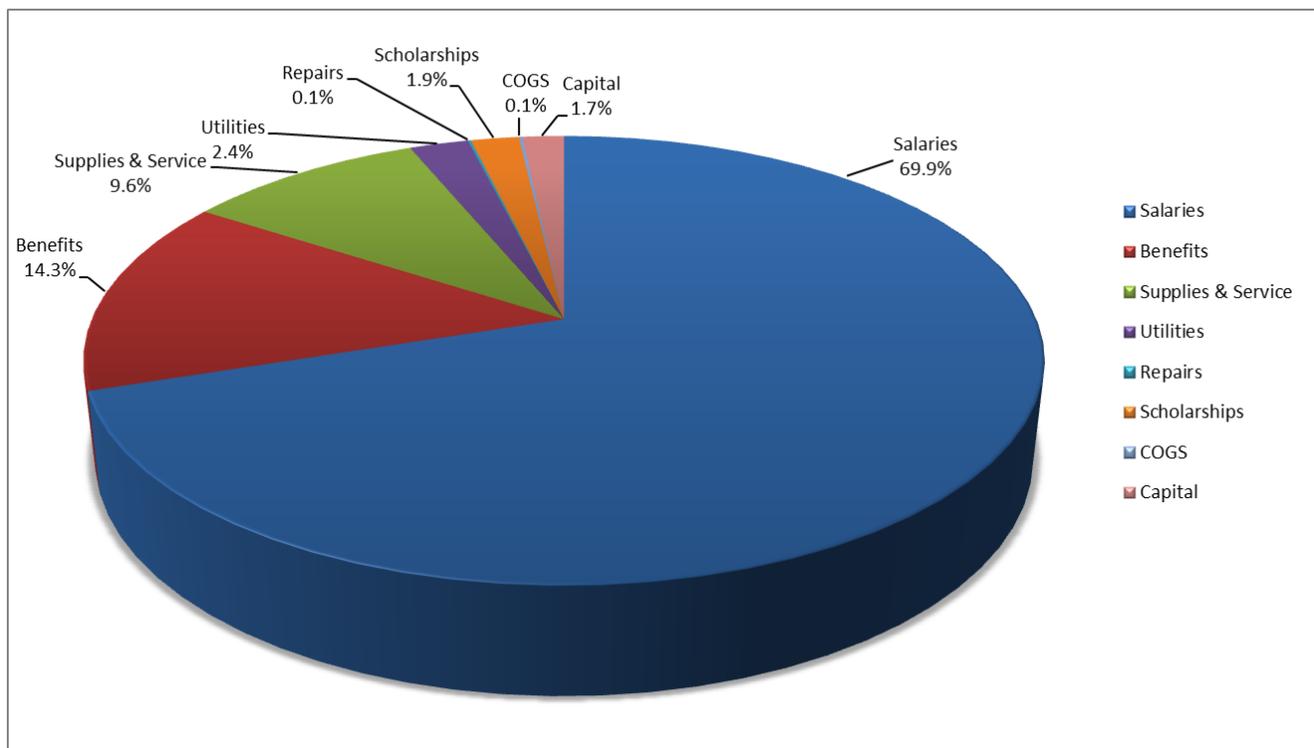
International students pay tuition rates at the same level as domestic students plus an International Student differential. In 2013-14 the differential was 1.26 times the base tuition fee. For 2014-15, the differential for all new international students will increase to two (2) times the base tuition fee. The increased international differential fee of two times the base tuition fee will only be assessed to new international students who began their programs effective September 2013. All international students currently enrolled at the University prior to September 2013 will be assessed the international differential of 1.26 times the base tuition fee until they have completed their program.

### 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 due to fewer 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 84.2% of the total budget (cash basis – excluding amortization).

**2014-15 Expenditures (Cash Basis)**



As in previous years, the starting point for the 2014-15 operating budget is the projection of the continuing cost base from the 2013-14 year. Projected expenditures remain at prior year levels unless increases or decreases are required through contractual or statutory obligations. BAC recognizes that this method of budgeting has consequences for many budget units, including a loss of purchasing power due to inflationary increases. Each year contractual or statutory increases including salaries and benefits, utilities, insurance, and software contracts/ maintenance costs are accounted for 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 84.2% of the total expenditures budget (cash basis – excluding amortization). Attracting and retaining quality faculty and staff continues to remain a Board of Governors' priority.

The University is in a one year agreement, to June 30, 2014, with the University of Lethbridge Faculty Association (ULFA) for compensation items. The Alberta Union of Provincial Employees (AUPE) three-year contract will expire on June 30, 2014. Exempt Support Staff, Administrative Professional Officers, and Senior Administration compensation rates are reviewed and set annually by the Board of Governors. The budget projections have used the rates set in the existing agreements and estimated changes in years where the agreements are to be renegotiated.

### **Fixed Costs**

While quite modest this year, fixed costs continue to grow and represent a factor in the development of the 2014-15 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:

- The utility budget increased \$288,722 (8.9%) from the prior year. The University signed a four-year electrical agreement commencing in 2011, which stabilizes our electrical prices until 2014. However, there was a significant increase in utility costs in 2013-14 from the City of Lethbridge due to increases in electrical transmission costs. The University buys gas on a two-year basis and any consumption over the contract amount is bought on the free market.

- Provided an increase to our insurance budget of \$13,000 (2%) in 2014-2015 and anticipated increases of 5% for the fiscal years 2015-16 and 2016-17.
- Contracts budget will increase by 5% in 2014-15 due to new contracts and estimated contractual increases.

**IV. OPERATING BUDGET REQUIREMENTS**

The operating budget for the next three years has been modeled on the basis of a number of assumptions, many of which have been described above. In making these assumptions, BAC 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.

<b>Budget Assumptions</b>			
	2014-15	2015-16	2016-17
Revenue			
Campus Alberta Grant change	0.0%	0.0%	0.0%
Instructional fee increase	1.0%	1.0%	1.0%
Expenditures			
Compensation increases			
ULFA- merit	2.33%	2.33%	2.33%
- market	Pool Established	Pool Established	Pool Established
APO – merit	2.75%	2.75%	2.75%
- market	Pool Established	Pool Established	Pool Established
AUPE – merit	2.25%	2.25%	2.25%
- market	Pool Established	Pool Established	Pool Established
Contracts	5.0%	11.0%	11.0%
Utilities	8.9%	-6.7%	1.0%
Insurance	2.0%	5.0%	5.0%
WCB	0.0%	8.0%	8.0%

## 2014-15 Operating Budget

The results of making these assumptions in preparing the budget for the next three years are provided below. The University will be facing deficits in each of the three years in the rolling budget. The total amount of reductions over the next three years that will be required to balance the budget based on these assumptions is \$8.8 million.

The University of Lethbridge				
Proposed Operating Fund Budget Changes				
(\$000)				
		<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
Prior Year Budgeted Expenditures:		\$ 146,735	\$ 150,699	\$ 154,718
Cost Increases (Decreases) for existing programs				
	Salaries & Benefits	\$ 3,419	\$ 3,353	\$ 4,143
	Materials & Services	\$ 849	\$ 666	\$ 492
	Travel	\$ (29)	\$ -	\$ -
	Capital & Equipment	\$ (275)	\$ -	\$ -
<b>Operating Funds Required</b>		<b>\$ 150,699</b>	<b>\$ 154,718</b>	<b>\$ 159,354</b>
Prior Year Budgeted Revenue:		\$ 145,771	\$ 147,240	\$ 148,841
	Program Grant Change	\$ (100)	\$ (100)	\$ (100)
	Targeted Enrolment Grant	\$ 1,548	\$ 1,548	\$ 1,548
	General Fee Increase	\$ 51	\$ 153	\$ 218
	Miscellaneous Other Revenues	\$ (30)	\$ -	\$ -
<b>Operating Funds Available</b>		<b>\$ 147,240</b>	<b>\$ 148,841</b>	<b>\$ 150,507</b>
<b>Annual Reductions Required</b>		<b>\$ (3,459)</b>	<b>\$ (2,418)</b>	<b>\$ (2,970)</b>
<b>Cumulative Reductions Required</b>		<b>\$ (3,459)</b>	<b>\$ (5,877)</b>	<b>\$ (8,846)</b>

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## V. BUDGET ADJUSTMENTS

Units were asked to reduce, on average, 5% of their original 2013-14 operating budget for the 2014-15 year. Units may balance either through reductions to expenditures or increases to revenue. The BAC 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. Consultations 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:

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

### University Wide Initiatives

There are several initiatives that have been implemented and administered centrally that will allow the institution to reduce costs. These initiatives include:

#### **Academic Staff Voluntary Retirement Plan (ASVRP)**

A voluntary retirement program for members of University of Lethbridge Faculty Association (ULFA) was approved by the Board of Governors in January 2013. The closing date for applications to the plan was March 15, 2013. Although savings are difficult to estimate, savings are estimated to be \$4.2 million annually, by 2015-16 when all the members have retired. While the original intention was to replace the positions left vacant due to the ASVRP retirements, because of the budget reductions required to balance the budget, approximately half the positions will not be replaced.

**Ancillary Services – Additional Contribution to Operating**

While Ancillary Services has always reimbursed the University for its share of costs for services from Financial Services, Human Resources, Facilities, etc., it also contributed \$150,000 annually towards the University’s operating fund. This contribution will now be increased to \$500,000 annually. The consequences of the increased contribution will be reduced funds available for capital expenditures and maintenance within Ancillary Services.

**VI. STRATEGIC PLAN ALLOCATIONS**

The University updated its Strategic Plan, and in December 2013 the Board of Governors approved “Destination 2020”, Strategic Plan 2014-2019. The Strategic Plan was used as a guide by BAC in setting 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 principles that drive budgetary decisions:

**Our Commitment to Society** - The University of Lethbridge is committed to ensuring that 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 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.

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To meet institutional priorities and move the institution forward in the next year, BPAC is proposing reallocating some 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: Excel as a Comprehensive University**

Strategic Priorities	Budget Allocations
<ol style="list-style-type: none"> <li>1. Create and grow graduate programs and a culture of graduate education.</li> <li>2. Broaden our base of undergraduate programming.</li> <li>3. Grow the financial resource base of the University.</li> <li>4. Create a physical and intellectual environment that fosters and promotes creativity, research, and innovation.</li> <li>5. Preserve and enhance our focus on teaching excellence.</li> <li>6. Hire excellent professors that contribute to the continued success of the University in teaching and research.</li> </ol>	<ul style="list-style-type: none"> <li>• Implementation of on-line graduate student application system.</li> <li>• Continue to provide funding for 1<sup>st</sup> Year Faculty teaching load reduction, Community of Research Excellence Development Opportunities and matching grant for Canada Foundation for Innovation.</li> </ul>

**Strategic Direction: Inspire and Support Student Potential**

Strategic Priorities	Budget Allocations
<ol style="list-style-type: none"> <li>1. Refine and promote liberal education.</li> <li>2. Evaluate and evolve student recruitment strategies.</li> <li>3. Develop and implement student retention strategies.</li> <li>4. Expand internationalization of the University.</li> <li>5. Promote and enhance diversity within the University.</li> <li>6. Engage students in a welcoming environment that supports learning, discovery, and creativity and promotes model citizenship.</li> <li>7. Enhance the experience for FNMI (First Nations, Metis and Inuit) students.</li> <li>8. Continue to encourage academic and administrative units to work together to enhance the student experience.</li> <li>9. Ensure the health, safety, and security of students.</li> <li>10. Recognize and promote the essential role of staff in keeping the campuses welcoming, functioning, &amp; modern.</li> </ol>	<ul style="list-style-type: none"> <li>• Implementation of a student portal website.</li> <li>• Strategic Enrolment Management (SEM) committee established with mandate to coordinate recruitment and retention efforts across the campuses.</li> <li>• Setting enrolment directions document approved by SEM.</li> <li>• The Student Recruitment and Retention project continues.</li> <li>• Quality Initiatives Program allocations for student initiatives.</li> <li>• Provide funding for growing graduate education.</li> <li>• Funding provided for student mental health through a grant from the Provincial Government.</li> <li>• Pursuing Family Care Centre.</li> </ul>

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

Strategic Priorities	Budget Allocations
<ol style="list-style-type: none"> <li>1. Continue to build a healthy, supportive, and collaborative environment and culture that promotes students, faculty, staff, and alumni success and satisfaction.</li> <li>2. Continue to develop bridges to Lethbridge and southern Alberta communities.</li> <li>3. Strengthen links to regional centres of excellence in research and development.</li> </ol>	<ul style="list-style-type: none"> <li>• Music Conservatory moved to the Community Arts Centre in downtown Lethbridge in summer 2013</li> <li>• Penny Building houses Research programs, community rooms, Volunteer Lethbridge, Student Art Gallery and University Advancement.</li> <li>• Development of the Coutts Centre</li> </ul>

**Strategic Direction: Promote Access to Quality, Affordable Post-Secondary Education**

Strategic Priorities	Budget Allocations
<ol style="list-style-type: none"> <li>1. Develop a sustainable strategy for delivering programs outside Lethbridge.</li> <li>2. Maintain and enhance working alliances with other educational service providers and stakeholders.</li> </ol>	<ul style="list-style-type: none"> <li>• New campus locations in Calgary at Bow Valley College and in Edmonton at Concordia University College</li> <li>• Completion of new student residences (259 additional beds in Fall 2013)</li> <li>• Continue to support student scholarships from operating budget</li> </ul>

**Strategic Direction: Enhance the Sustainability of the University**

Strategic Priorities	Budget Allocations
<ol style="list-style-type: none"> <li>1. Continue to transform the University into a sustainable community.</li> <li>2. Wherever possible, incorporate sustainability into teaching, learning, and research.</li> <li>3. Promote sustainability inside and outside the University.</li> </ol>	<ul style="list-style-type: none"> <li>• Continue with sustainability projects with a renewed University Sustainability Committee.</li> <li>• Support review of carbon footprint of renovations, alterations, and infrastructure renewal projects.</li> <li>• Maintain structural monitoring of University facilities.</li> </ul>

**VII. STUDENT QUALITY INITIATIVES PROGRAM (QIP)**

\$446,500 of the University's operating budget is allocated to the Student Quality Initiatives Program (QIP).

Proposed allocations for the 2014-15 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.
- \$ 36,575 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.
- \$ 88,670 Academic related events such as an academic speaker series, student travel, student clubs, and conference grants. Needs based funding to support such initiatives as the Student Food Bank, emergency student assistance, students with disabilities, and student counselling.
- \$ 31,255 GSA (Graduate Students Association) support. GSA's proposed allocations for 2014-15:
  - Scholarships, Grants, Bursaries \$ 8,000
  - Academic Enhancement \$23,255  
(includes speakers, events, orientation & thesis needs)

\$446,500

SUMMARY OF UNIVERSITY OPERATING REVENUES AND EXPENDITURES					
2014-2015 Operating Budget (Cash Basis)					
	2012-2013	2012-2013	2013-2014	2013-2014	2014-2015
	Original Budget	Actual	Original Budget	Projected Actuals	Original Budget
<b>REVENUES</b>					
<b>Student Tuition and Fees</b>					
Student Tuition	33,054,202	32,943,559	33,493,432	32,300,700	33,379,571
<b>Subtotal Tuition</b>	<b>33,054,202</b>	<b>32,943,559</b>	<b>33,493,432</b>	<b>32,300,700</b>	<b>33,379,571</b>
<b>Special Program Fees</b>					
MA/MSc	935,000	912,143	935,000	1,126,341	1,014,730
Master of Education	517,737	467,286	463,146	559,750	470,959
MSc/Mgt	236,200	172,182	201,200	174,899	201,200
Master of Counselling	308,627	260,122	308,627	310,711	305,601
Ph.D.	435,000	440,610	435,000	455,237	435,000
<b>Subtotal Special Program Fees</b>	<b>2,432,563</b>	<b>2,252,343</b>	<b>2,342,973</b>	<b>2,626,938</b>	<b>2,427,490</b>
<b>Incidental Fees</b>					
Student Administration Fees	875,000	850,842	2,412,530	2,354,965	2,525,000
Music Conservatory Fees	300,000	379,663	358,470	446,085	389,571
Athletic & Recreation Services Fees	1,821,500	1,810,052	1,855,600	1,852,743	1,907,900
English Language Fees	452,850	427,796	452,850	563,507	614,490
Other Miscellaneous Fees	1,097,425	1,130,273	1,115,700	1,197,571	1,140,050
<b>Subtotal Incidental Fees</b>	<b>4,546,775</b>	<b>4,598,626</b>	<b>6,195,150</b>	<b>6,414,871</b>	<b>6,577,011</b>
<b>Total Tuition and Fees</b>	<b>40,033,540</b>	<b>39,794,528</b>	<b>42,031,555</b>	<b>41,342,509</b>	<b>42,384,072</b>
<b>Other Revenues</b>					
Government of Alberta Grant	99,707,162	101,356,218	95,546,669	95,840,831	97,094,582
Federal and Other Grants	2,043,563	2,042,459	2,082,988	1,961,189	1,959,462
Gifts and Donations		4,891,153		142,358	
Investment Income	3,000,000	11,035,703	3,000,000	8,211,942	3,000,000
External Cost Recoveries	4,841,429	3,810,326	3,109,426	8,921,924	2,807,209
<b>Total Other Revenues</b>	<b>109,592,154</b>	<b>123,135,859</b>	<b>103,739,083</b>	<b>115,078,244</b>	<b>104,861,253</b>
<b>Total Tuition and Other Revenues</b>	<b>149,625,694</b>	<b>162,930,387</b>	<b>145,770,637</b>	<b>156,420,753</b>	<b>147,245,325</b>
<b>Reserve Transfers</b>					
Reserve Transfers	807,924	(344,083)	(87,500)	(382,855)	(87,500)
<b>Total Reserve Transfers</b>	<b>807,924</b>	<b>(344,083)</b>	<b>(87,500)</b>	<b>(382,855)</b>	<b>(87,500)</b>
<b>Appropriations</b>					
Amortization of Deferred Capital Contributions	11,000,000	11,844,395	15,000,000	12,435,815	15,000,000
Unrealized Investment Income					
<b>Total Appropriations</b>	<b>11,000,000</b>	<b>11,844,395</b>	<b>15,000,000</b>	<b>12,435,815</b>	<b>15,000,000</b>
<b>Total University Revenues</b>	<b>161,433,618</b>	<b>174,430,699</b>	<b>160,683,137</b>	<b>168,473,713</b>	<b>162,157,825</b>

SUMMARY OF UNIVERSITY OPERATING REVENUES AND EXPENDITURES 2014-2015 Operating Budget (Cash Basis)					
	2012-2013	2012-2013	2013-2014	2013-2014	2014-2015
	Original Budget	Actual	Original Budget	Projected Actuals	Original Budget
<b>EXPENDITURES</b>					
<b>Academic Units</b>					
Arts & Science	34,565,921	33,963,474	34,678,588	33,688,572	36,026,911
Education	9,953,286	9,153,059	9,767,420	8,573,647	7,534,710
Management	13,560,993	13,170,375	12,238,893	11,166,629	11,119,359
Fine Arts	11,330,539	10,815,903	11,071,217	10,130,955	9,897,787
Health Sciences	5,715,454	6,176,477	6,123,039	5,981,766	6,157,781
Campus North	-	165,977	1,520,584	1,181,982	1,132,472
Graduate Studies	3,042,138	3,434,157	3,175,733	3,200,557	3,039,997
Library	4,316,745	3,941,996	4,438,209	3,988,632	3,861,694
Library - Acquisitions	2,373,889	1,543,526	2,359,188	2,344,106	2,241,085
Faculty Travel	152,600	150,897	152,600	144,876	152,600
Study Leave Removal Fund	35,000	35,000	35,000	30,636	35,000
Research Grants	253,700	188,609	253,700	20,119	253,700
Faculty Retention - Board Chairs	215,000	200,000	215,000	200,000	215,000
Faculty Retention - Course Relief	400,000	400,000	100,000	100,000	100,000
<b>Total Academic Units</b>	<b>85,915,265</b>	<b>83,339,450</b>	<b>86,129,171</b>	<b>80,752,478</b>	<b>81,768,096</b>
<b>Support Units</b>					
Office of the President	1,075,112	1,061,751	1,093,033	1,006,557	908,406
Board of Governors	175,403	185,411	179,042	159,782	158,070
Senate	92,657	96,007	96,094	98,506	138,177
General Faculties Council	3,740	1,176	3,740	1,998	3,550
University Advancement	2,426,311	2,650,173	2,469,633	2,798,831	2,388,676
Vice President (Academic)	1,313,546	1,049,837	1,183,278	1,110,550	1,295,926
Teaching Centre	1,182,956	1,080,195	1,184,838	1,161,623	1,056,639
Institutional Analysis	295,232	296,925	301,674	293,228	303,428
Scholarships & Student Finance	1,687,000	347,078	1,537,000	1,508,605	1,526,500
Student Services	8,080,825	7,321,676	8,383,639	7,747,489	7,609,265
Art Gallery	378,795	365,573	392,793	387,132	360,995
Vice President (Research)	1,842,926	1,905,587	2,101,948	2,221,563	2,090,473
Vice President (Administration & Finance)	536,293	513,166	550,850	507,951	563,805
Sports & Recreation Services	5,335,215	5,096,599	5,328,092	5,280,291	5,082,902
In House Legal Counsel	177,858	173,856	266,487	252,037	314,492
Internal Audit	114,616	124,004	132,021	131,529	136,014
Information Technology	7,172,129	4,944,323	7,172,159	6,042,401	8,392,229
Financial Services	3,494,914	3,404,990	3,658,985	3,499,565	3,713,228
Facilities	14,412,875	7,733,048	14,545,154	6,817,291	13,670,460
Parking	1,475,000	-	-	-	-
Human Resources	2,696,461	2,682,650	2,707,330	2,730,713	2,844,515
Contingencies	4,115,978	385,837	5,125,804	50,000	2,900,000
Central Administration	4,819,461	9,702,699	3,768,122	3,473,545	2,932,474
Position Funds - New Budget Model	-	-	-	-	5,236,602
Enrolment Expansion Programs	-	-	-	-	1,547,913
Strategic Priorities	-	6,988,259	-	4,443,512	-
Non-Recurring/Carryover	-	10,340,716	-	8,446,944	-
<b>Total Support Units</b>	<b>62,905,303</b>	<b>68,451,536</b>	<b>62,181,716</b>	<b>60,171,643</b>	<b>65,174,739</b>
<b>Appropriations</b>					
Capital	1,613,050	25,238,395	600,109	18,715,027	215,000
Amortization of Capital Assets	11,000,000	18,974,461	15,000,000	19,261,064	15,000,000
<b>Total Appropriations</b>	<b>12,613,050</b>	<b>44,212,856</b>	<b>15,600,109</b>	<b>37,976,091</b>	<b>15,215,000</b>
<b>Total University Operating Expenditures</b>	<b>161,433,618</b>	<b>196,003,842</b>	<b>163,910,996</b>	<b>178,900,212</b>	<b>162,157,835</b>
<b>Excess of Expense over Revenue</b>	<b>-</b>	<b>-</b>	<b>3,227,859</b>	<b>-</b>	<b>-</b>
Unfunded Liability - UAPP	1,500,000	-	1,700,000	-	1,700,000
<b>Total Excess of Expense over Revenue</b>	<b>1,500,000</b>	<b>-</b>	<b>4,927,859</b>	<b>-</b>	<b>1,700,000</b>

**VIII. RECOMMENDATIONS**

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

Approve the 2014-15 budget as presented, and approve the budgets for the two years 2015-16 and 2016-17 in principle.

**APPENDIX A**

**PROPOSED BUDGET BY FUND**

## 2014-15 Operating Budget

The University of Lethbridge							
2014-2015 Budget by Fund - by Object							
(\$000)							
	General	Ancillary	Eliminate	Restricted	2014-2015	2015-2016	2016-2017
	Operating	Enterprises <sup>(1)</sup>	Ancillary Internal Transactions <sup>(2)</sup>	Funds	Proposed Budget	Proposed Budget	Proposed Budget
<b>REVENUES</b>							
Government of Alberta grant	97,095	-	-	11,449	108,544	108,544	108,544
Federal and other government grants	1,959	-	-	5,993	7,952	7,952	7,952
Student tuition and fees	42,384	-	-	-	42,384	42,690	42,690
Sales of services and products	2,807	13,679	(1,017)	263	15,732	16,032	16,390
Donations and other grants	-	88	-	3,121	3,209	3,209	3,209
Investment income	3,000	114	-	1,678	4,792	4,866	4,945
Reserve	(87)	35	-	-	(52)	173	173
Amortization of deferred capital contributions	15,000	-	-	-	15,000	15,000	15,000
	<b>162,158</b>	<b>13,916</b>	<b>(1,017)</b>	<b>22,504</b>	<b>197,561</b>	<b>198,466</b>	<b>198,903</b>
<b>EXPENDITURES</b>							
Salaries	102,935	2,947	-	10,732	116,614	116,786	116,947
Benefits	20,944	590	-	919	22,453	22,480	22,513
Supplies and service	14,112	4,384	(1,017)	4,489	21,968	21,993	22,060
Utilities	3,495	471	-	-	3,966	3,935	3,939
Repairs and maintenance	170	293	-	2,809	3,272	3,354	3,358
Scholarships, bursaries and awards	2,838	-	-	3,555	6,393	6,393	6,393
Cost of goods sold	208	3,406	-	-	3,614	3,720	3,806
Capital	2,456	-	-	-	2,456	2,456	2,456
Amortization of capital assets	15,000	125	-	-	15,125	15,125	15,116
	<b>162,158</b>	<b>12,216</b>	<b>(1,017)</b>	<b>22,504</b>	<b>195,861</b>	<b>196,242</b>	<b>196,588</b>
<b>REVENUE OVER EXPENDITURES</b>	<b>-</b>	<b>1,700</b>	<b>-</b>	<b>-</b>	<b>1,700</b>	<b>2,224</b>	<b>2,315</b>
Unfunded Liability - UAPP	(1,700)	-	-	-	(1,700)	(1,700)	(1,700)
<b>EXCESS (DEFICIENCY) REVENUE OVER EXPENDITURES</b>	<b>(1,700)</b>	<b>1,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>524</b>	<b>615</b>
<b>Notes:</b>							
<sup>(1)</sup> Includes Ancillary Services and Parking Services							
<sup>(2)</sup> General Operating internal sales netted against expenses							

The University of Lethbridge	
2014-2015 Budget by Fund - by Function	
(\$000)	
	2014-2015
	Proposed
	Budget
<b>REVENUES</b>	
Government of Alberta grant	108,544
Federal and other government grants	7,952
Student tuition and fees	42,384
Sales of services and products	15,732
Donations and other grants	3,209
Investment income	4,792
Reserve	(52)
Amortization of deferred capital contributions	15,000
	197,561
<b>EXPENDITURES</b>	
Academic costs and institutional support	147,158
Sponsored research	12,854
Special purpose and trust	6,842
Ancillary services	11,074
Facility operations and maintenance	2,808
Amortization	15,125
	195,861
<b>REVENUE OVER EXPENDITURES</b>	1,700
Unfunded Liability - UAPP	(1,700)
<b>EXCESS REVENUE OVER EXPENDITURES</b>	-

The University of Lethbridge												
Restricted Funds												
2014-2015												
				Special		Scholarship,						
	Sponsored	SR	Purpose	SPT	Bursaries	SBO	Capital and	CI			Deferred	2014-2015
	Research	Deferred	and Trust	Deferred	and Other	Deferred	Infrastructure	Deferred	TOTAL	Contributions	Net	
<b>REVENUE</b>												
Government of Alberta grants	6,100	-	1,190	1,351	-	-	1,782	1,026	9,072	2,377	11,449	
Federal and other government grants	8,100	(2,221)	114	-	-	-	-	-	8,214	(2,221)	5,993	
Student tuition and fees	-	-	-	-	-	-	-	-	-	-	-	
Sales of services and products	-	-	262	-	1	-	-	-	263	-	263	
Donations and other grants	875	-	888	888	470	-	-	-	2,233	888	3,121	
Investment income	-	-	90	-	1,588	-	-	-	1,678	-	1,678	
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	-	-	-	
	15,075	(2,221)	2,544	2,239	2,059	-	1,782	1,026	21,460	1,044	22,504	
<b>EXPENDITURES</b>												
Salaries	8,098	-	2,144	-	490	-	-	-	10,732	-	10,732	
Benefits	550	-	294	-	75	-	-	-	919	-	919	
Supplies and service	3,206	-	1,039	-	244	-	-	-	4,489	-	4,489	
Utilities	-	-	-	-	-	-	-	-	-	-	-	
Repairs and maintenance	-	-	1	-	-	-	2,808	-	2,809	-	2,809	
Scholarships, bursaries and awards	1,000	-	1,305	-	1,250	-	-	-	3,555	-	3,555	
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-	
Provisions	-	-	-	-	-	-	-	-	-	-	-	
Amortization of capital assets	-	-	-	-	-	-	-	-	-	-	-	
	12,854	-	4,783	-	2,059	-	2,808	-	22,504	-	22,504	
<b>EXCESS REVENUE OVER EXPENDITURES</b>	2,221	(2,221)	(2,239)	2,239	-	-	(1,026)	1,026	(1,044)	1,044	-	

## **APPENDIX B**

### **BUDGET ADVISORY COMMITTEE MEMBERSHIP 2014-2015 and BUDGET PRIORITY ADVISORY COMMITTEE MEMBERSHIP 2014-2015**

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**BUDGET ADVISORY COMMITTEE MEMBERSHIP  
2014-15**

**Chairs:**

Provost & Vice-President (Academic)  
Vice-President (Finance & Administration)

Andy Hakin  
Nancy Walker

**Membership:**

Vice-President (Research)

Dan Weeks

Vice-President (Advancement)

Chris Horbachewski

Associate Vice-Presidents

Bob Boudreau  
Lesley Brown  
Elaine Carlson  
Judith Lapadat  
Doug Spoulos

Deans/University Librarian

Bob Ellis  
Ed Jurkowski  
Craig Cooper  
Rob Wood  
Alison Nussbaumer

Chris Hosgood  
Craig Loewen  
Chris Nicol  
Lorne Williams

Executive Directors

Jim Booth  
Mark Humphries  
Ken McInnes  
Sandy Slavin

TJ Hanson  
Charles Jorgenson  
John O'Keeffe  
Carrie Takeyasu

Graduate Students' Association Vice-President (Finance)

Mark Carrell

Students' Union Vice-President (Finance)

Michael Kawchuk

**BUDGET PRIORITY ADVISORY COMMITTEE MEMBERSHIP  
2014-15**

**Chairs:**

Provost & Vice-President (Academic)  
Vice-President (Finance & Administration)  
Vice-President (Research)

Andy Hakin  
Nancy Walker  
Dan Weeks

**Membership:**

3 Deans (appointed by the President)

Chris Hosgood  
Chris Nicol  
Craig Loewen

2 Executive Directors (appointed by the President)

Carrie Takeyasu  
Jim Booth

Associate Vice-President (Finance)

Doug Spoulos

Graduate Students' Association Vice-President (Finance)

Mark Carrell