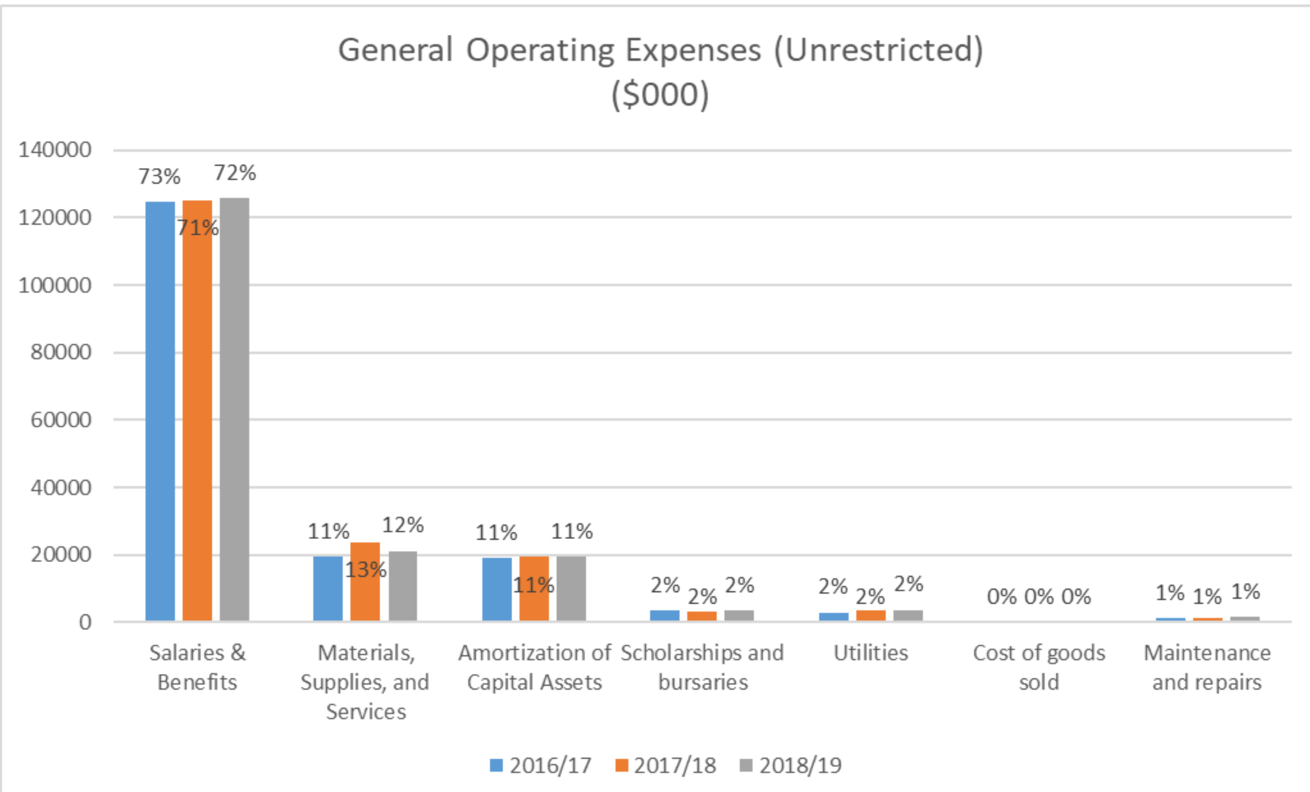
WHERE DOES ALL THE (OPERATING) MONEY GO?

The University presents a consolidated budget, comprised of unrestricted and restricted funds, to the Board of Governors for approval. The Budget Advisory Committee (BAC) focuses on the general operating fund budget as, generally, the budgets for the other funds are dictated by external granting agency conditions. The difference between unrestricted funds and restricted funds is that the University has more flexibility in how it spends unrestricted funds, but can only spend restricted funds in ways that are allowed by the external agencies, donors and organisations that contributed the funds to the University. The "Operating Vs Restricted Budgets" Budget Brief describes the various funds that comprise the consolidated budget.

This Budget Brief focuses on expenses in the general operating fund, which is the largest fund in the consolidated budget, and is an unrestricted fund. General operating funds are used to pay for the operating expenses of the University. The major expenditure line items include employee compensation costs, facilities operations, scholarships and materials and services.



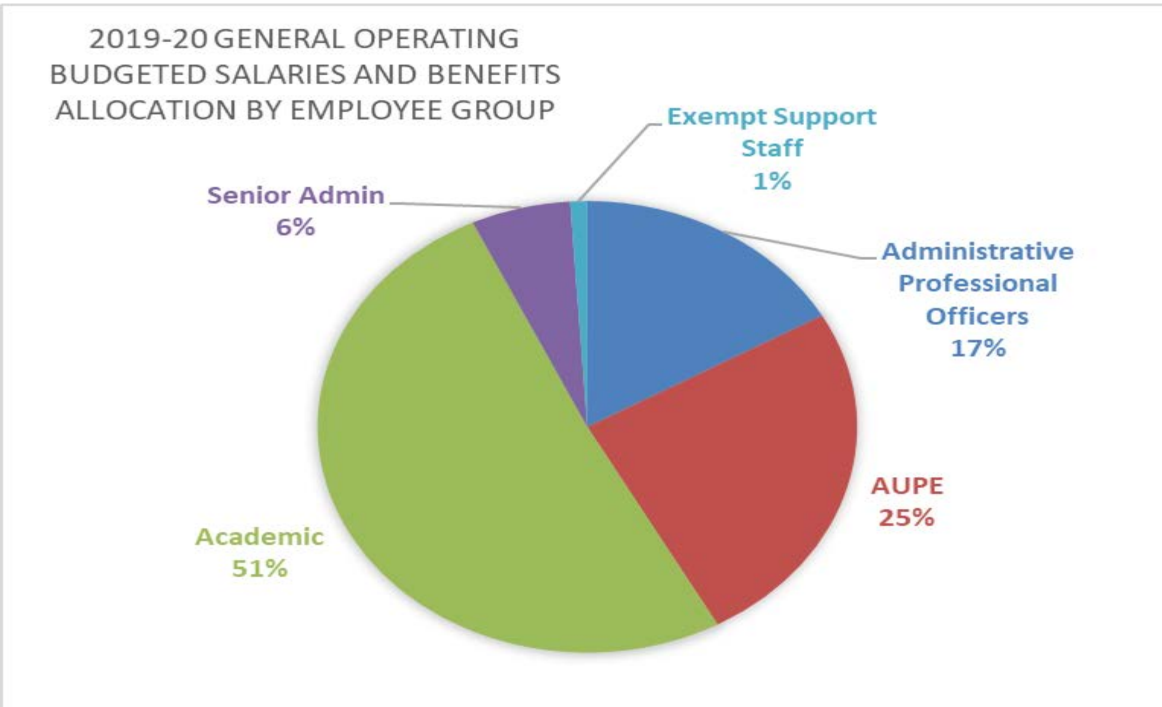
Salaries and Employee Benefits

Salaries and benefits are the most notable expenditure component of the general operating fund, comprising approximately 72% ($125 million) of the general operating expenses. Attracting and retaining quality faculty and staff remains an institutional priority. Salaries and benefit expenses remained relatively flat between 2018 to 2019 as a result of the 0% salary increase for non-bargaining employees, no cost of living increases for all employee groups, attrition from vacant positions and a reduction in Universities Academic Pension Plan costs due to amortized actuarial gains.

Whilst it is recognized that freezing compensation for non-bargaining staff has controlled some compensation costs, it is important to note that the University has five employee groups and that non-bargaining groups, of which there are three, account for only 24% of the total compensation costs paid by the University.

	Number of Employees	% of Total Compensation Dollars
University of Lethbridge Faculty Association (ULFA)	497	51%
Alberta Union of Provincial Employees (AUPE)	428	25%
Administrative Professional Officers (APO)	237	17%
Exempt Support Staff (ESS)	22	1%
Senior Administration*	38	6%

* Included in Senior Administration are the President, Vice-Presidents, Associate Vice-Presidents, Deans/University Librarian, Associate Deans/Librarians and Executive Directors.



Materials, Supplies, and Services

This category includes supplies used for administrative purposes (i.e. office supplies), instructional supplies and teaching aids, janitorial and cleaning supplies, telecommunications, employee training and development, employee recruitment, equipment, travel, professional fees, insurance, and property taxes.

Expenses for materials, supplies and services have increased over the past three years. A primary reason for this increase is additional external contracts related to the new Science and Academic building (Science Commons). Additionally, many contracts for IT software and services are in US dollars, and have increased significantly over the past several years as value of the Canadian dollar decreased with respect to the US dollar.

Amortization of Capital Assets

This expense recognizes the use of capital assets by reducing the value of each capital asset, including buildings, equipment, software, vehicles, and learning resources, by prorating its cost over a period of years (each asset's useful life).

Scholarships and Bursaries

While many scholarships and bursaries are funded from restricted funds and endowments, the University also supports its students through scholarships and bursaries that are funded through general operating funds. The University is committed to supporting students and maintaining access.

Utilities

Utilities expenses include charges for domestic water and sewage consumption, electrical power consumption, and natural gas consumption. The University works to minimize utility costs by building sustainable facilities that are better for the environment and at the same time minimize the amount of ongoing maintenance and operating costs to the University. Four buildings at the University hold Silver LEED status: the 1st Choice Savings Centre for Sport & Wellness, the Alberta Water and Environmental Science Building, Markin Hall, and the Science Commons. The University also uses energy supply contracts to provide, fixed, competitive electrical supply rates. Utilities costs generally increase year over year as utility prices rise. In 2018-19, another contributing factor was the cost of utilities for the new Science Commons building. Even though this building uses the latest technology and the most environmentally friendly equipment to reduce the operating costs and carbon footprint, there is still a significant increase in utility consumption associated with operating such a large building (approximately 93% of the size of University Hall). The University anticipates that a new carbon tax that took effect in January 2020 will further increase utilities costs.

Cost of Goods Sold

This category includes expenses related to purchasing items that will subsequently be resold, such as items sold in the bookstore, and through Sport and Recreation Services, as well as supplies used by Printing Services.

Maintenance and Repairs

The expenses in this category relate to maintenance and renewal of facilities that house teaching, research, administrative and common areas within the University. These expenses include facilities administration, building maintenance, custodial services, grounds keeping, as well as major repairs and maintenance. These expenses include payments to external vendors for costs relating to repairing and maintaining machinery and equipment, repairs and upkeep costs to University vehicles, and general repairs and maintenance costs of University buildings. The completion of the Science Commons building also contributed to an increase in expenses in this category in 2018-19, as the building incurred staffing expenses and other one-time start-up costs such as contracts and equipment.