



Dear Faculty and Staff,

The work to build the University of Lethbridge's 2021-22 budget continues, and I would like to share with you today an update on the progress made in this area as well as some important related items.

The U of L and its fellow post-secondary institutions across Alberta are facing enormous budget challenges that have been compounded by the COVID-19 pandemic. The Government of Alberta has indicated additional cuts to Alberta's post-secondary sector will be coming over the next two fiscal years. These further operating grant cuts to the U of L will total approximately \$10 million. These two funding reductions are on top of significant reductions made over the past two fiscal years.

Last year, the U of L's overall provincial government funding was reduced by 6.62 per cent (\$6.7 million), which included reductions to the base grant for operations and other grant programs. This was in addition to the 3.16 per cent (\$3.4 million) operating grant reduction the U of L experienced in the 2019/20 fiscal year. Over the past two budgets, the U of L has experienced a cut of 9.8 per cent in provincial grant funding (\$10.5 million). In short, the University's operating grant will be cut by 20 per cent over four fiscal years.

These challenges have been exacerbated by the effects of the COVID-19 pandemic. With investments required to move teaching and working activities to an online format, coupled with the loss of revenue associated with a restricted campus, the latest estimated financial impact of COVID-19 on the University's 2020-21 fiscal year is \$6 to \$7 million in revenue losses and increased expenses. This figure will continue to be updated as more data becomes known.

The University has managed its budget situation by using a number of different strategies – from reducing specific budget line expenses to increasing revenues. Over the course of the past two years, every effort has been made to identify actions to minimize employee layoffs. Unfortunately, because the majority of expenditures are in positions, a reduced workforce is a reality. The University has realized savings by not rehiring certain faculty positions after resignations or retirements. In December 2020, 13 employees had their existing temporary layoffs made permanent due to the continued impact of COVID-19 on university operations. In January 2021, the University of Lethbridge issued permanent layoff notices to 7 additional employees due to the impact of COVID-19 on university operations. As with all workforce reductions at the U of L, we have tried our utmost to afford the respect and dignity employees deserve upon leaving the institution, as well as ensure we have met the directives in our collective agreements and employee manuals. All our former employees have been given access to resources to assist them during this transition.



Since November 2019, the University has reduced its workforce by 105 positions in order to address the budget reductions required – the majority being Alberta Union of Provincial Employees (AUPE) and Administrative Professional Officer (APO) members. The University is waiting anxiously to hear from the province about our 2021-22 operating grant, which will be announced with the provincial budget on February 25.

In order to meet our mandate for the benefit of the students and communities the University serves, we will have to transform the way we undertake many of our activities. Last year, 20 task forces began important work to look at how we can change various structures and operations to adjust to our new fiscal realities in a way that allows the institution to maintain its success.

Regardless of the scope of change individual task forces propose, input from across our campus will be critical. At its February 1, 2021 meeting, General Faculties Council approved a "committee of the whole" approach to act as an ad hoc committee to receive information and provide feedback directly to the Budget Advisory Committee (BAC), which formed the task forces, to provide detailed data collection and analysis to inform budget decisions. This is a process that will run parallel to that of the Independent Consultation Committee (ICC), which includes members from all employee and student groups.

To ensure our entire community is able to participate in discussions related to budget and transformation, we will be hosting an open house later this month. Further details about the date of this important event will be shared with students, faculty and staff in the coming weeks. I encourage you to join us for this session.

While community input is critical to the budget process, so too are some upcoming activities. A critical piece of information required to present a balanced budget to the U of L Board of Governors is the release of the provincial budget, which will inform us about the level of operating support from the Alberta government. Alberta's post-secondary sector will play a critical role in our province's recovery and future prosperity and we continue to make the case that investments in post-secondary are critical for the future of all Albertans. We will continue to meet with officials and community leaders in this regard.

Finally, my sincere thanks for the extraordinary efforts undertaken by our faculty, staff, senior administrators, and students in these uncertain times. Every day brings us closer to the end of this pandemic and I am looking forward to when we are able to continue our important work in the midst of our bustling campuses.

Sincerely,

Mike Mahon, PhD
President & Vice-Chancellor