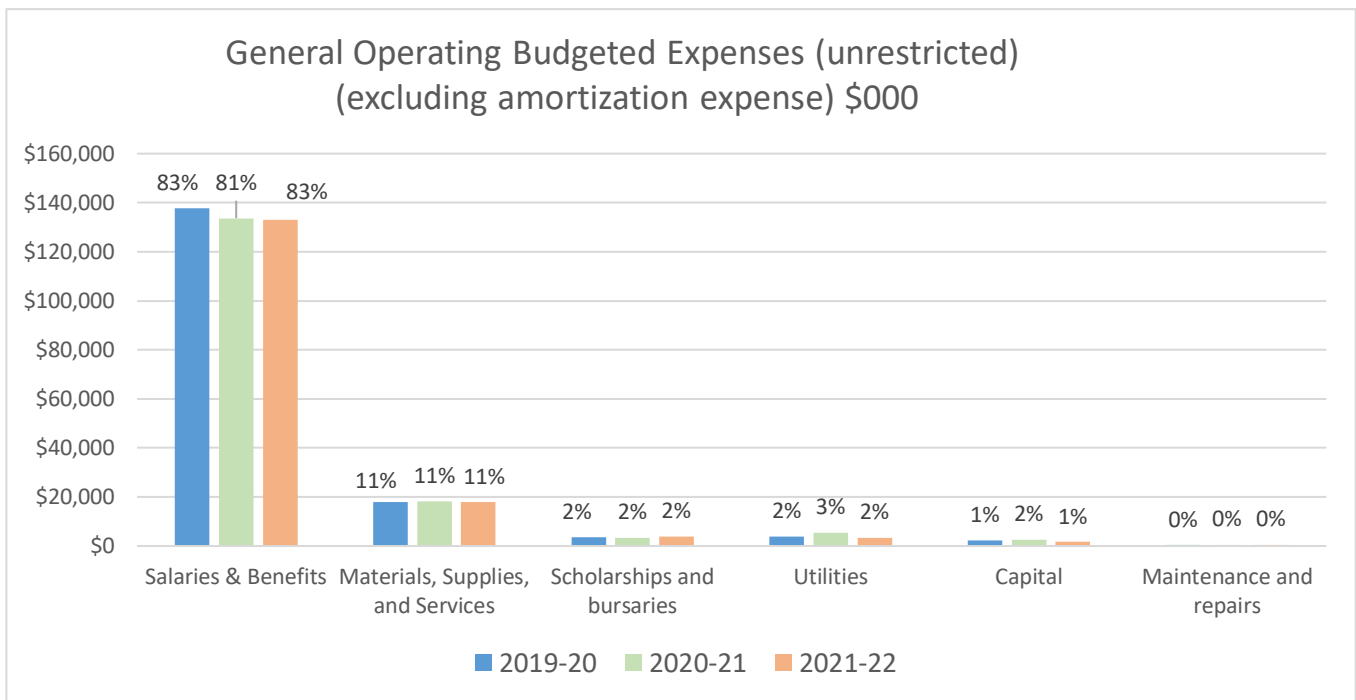


## OPERATING EXPENSES

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, materials and services, facilities operations, and scholarships.



### Salaries and Employee Benefits

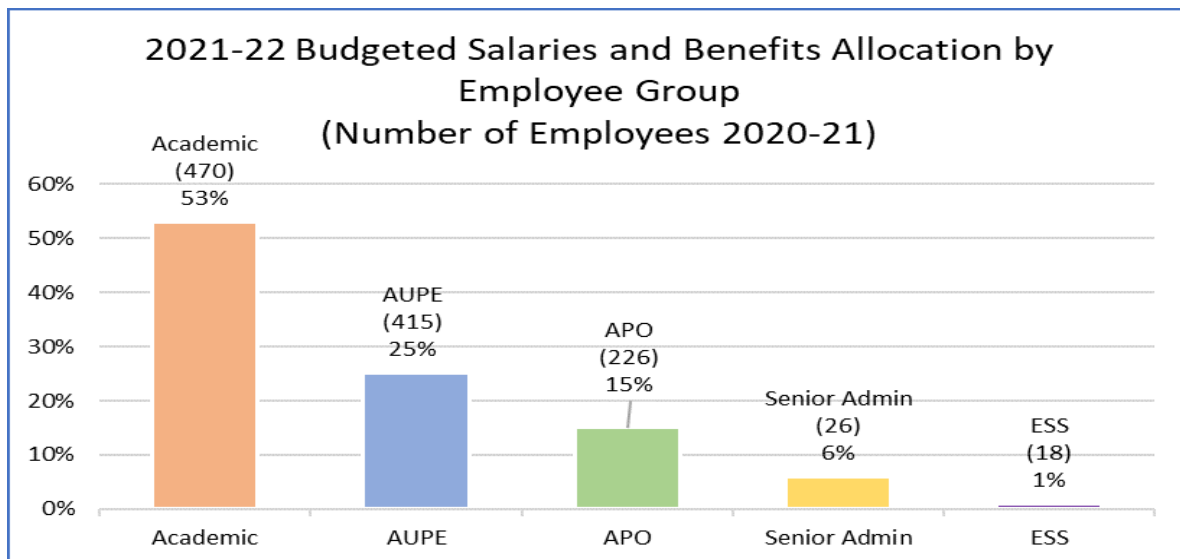
Salaries and benefits are the most notable expenditure component of the general operating fund, comprising approximately 82.7% (\$133 million) of the general operating expenses (excluding amortization expense) in 2021/22. Despite planning in advance to address decreased operating revenues and utilizing several different strategies a reduction in work force was inevitable starting in February 2020. The University eliminated 19 positions to balance the 2019/20 budget plus an additional 86 positions in the 2020/21 budget (105 positions; 10% of the University's workforce) which is a combination of resignations, retirements and, regrettably, position terminations.

## BUDGET BRIEF CONTEXT FOR 2021-22 BUDGET

2019-20 to 2021-22 Budgetred Position Eliminations			
	Academic Positions	Non-Academic Positions	TOTAL
Attrition - Resignation/Retirement	20	29	49
Position Abolishment	0	56	56
<b>TOTAL Positions Eliminated</b>	<b>20</b>	<b>85</b>	<b>105</b>
2020-21 Total Number of Employees	473	583	1,056
% Reduction in Workforce	4.2%	14.6%	9.9%

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 22% of the total compensation costs paid by the University.

	Number of Employees (2020-21)	% of Total Compensation Dollars
University of Lethbridge Faculty Association (ULFA)	470	53%
Alberta Union of Provincial Employees (AUPE)	415	25%
Administrative Professional Officers (APO)	226	16%
Exempt Support Staff (ESS)	18	1%
Senior Administration*	26	5%
<b>TOTAL</b>	<b>1155</b>	<b>100%</b>



### 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, property taxes, and cost of good sold.

Expenses for materials, supplies and services have increased over the past three years. 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. IT maintenance and site license contracts are projected to increase by 2% in 2021/22, based on a combination of contract price increases and new maintenance and site licenses, offset by concerted efforts to not renew or to negotiate more favourable terms for the University in existing site licenses. Additionally, insurance premiums are projected to increase by 21%, due to the global risks and uncertainty due to the pandemic, fraud risks, property / casualty becoming more evident, and the steady increase to global natural disaster insurance losses.

Costs of goods sold relate to purchasing items that will subsequently be resold, such as inventory sold in the bookstore, and through Sport and Recreation Services, as well as supplies used by Printing Services.

### 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 (\$3.9 million in 2021/22; 3% general operating budget). 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. Three buildings at the University hold Silver LEED (Leadership in Energy and Environmental Design) status: the 1st Choice Savings Centre for Sport & Wellness, the Alberta Water and Environmental Science Building, Markin Hall. The University recently received confirmation that the Science Commons facility attained LEED Gold status, which is the first facility on campus to achieve this.

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. However, the utilities budget will decrease by 16% in 2021/22, approximately \$922,000. The adjustment in the budget is due to adjusting the utilities budget of the Science Commons building. There is still an element of risk in this budget assumption since this building has not been fully occupied for an entire year, with the opening of the facility in September 2019, and the impacts from COVID-19 and restricted access to campus since March 2020.



## BUDGET BRIEF CONTEXT FOR 2021-22 BUDGET

### Capital

Capital expenditures budgeted in the general operating fund include expendable equipment, such as computers, mobile devices, furnishings, software, lab equipment, scientific and research equipment, with a value less than \$5,000.

### 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.

### Amortization of Capital Assets

Amortization 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). Amortization costs are approximately \$25 million per year but have been excluded in the above chart of budgeted expenses as amortization costs are non-cash. Amortization expenses are included in the University's financial statements as it is important to recognize the "cost" of the use of our capital assets.