



January 2015 Budget Update

The following is a message from Dr. Mike Mahon, President and Vice-Chancellor

Publicly, there continues to be a lot of musing and speculation as to what impact falling commodity prices will have on our province. With the current level of resource prices – and without speculating where they will go in the future or on revenue enhancing initiatives the province may implement – we can still assume that in 2015/2016 and likely for a number of years following, the University of Lethbridge and the entire post-secondary system in the Province of Alberta will face challenging and lean budget years.

Like you, I find this very concerning. I share the sentiment that through recent memory, our University and the post-secondary system consistently have faced budget reductions and freezes. Regardless, we must prepare ourselves once again for the budget challenges we likely will face. In a note to the University community on [December 16, 2014](#), Nancy Walker, Vice-President (Finance and Administration), provided an update on the development of the 2015/2016 University operating budget. While there is no new direction from the province on the budget scenario we will ultimately face, I do want to reiterate that we continue to plan for scenarios of between 0% and a reduction of 8% in our Campus Alberta operating grant and the corresponding impact this will have on our University operating budget. One certainty is that in all of our interactions with government, both with elected officials and those within government ministries, there is a consistently recurring message – that the province is facing a significant economic issue and we should plan in anticipation of reductions and adopt appropriate practices that enable us to contain costs. Despite this message, we continue to advocate for our University.

To this end, the University has adopted a number of initiatives to help contain costs and better position the U of L to address budget reductions. As the Province of Alberta previously [announced](#) for its own practices, we too must exhibit restraint in all of our hiring. It is important to note that this does not represent a complete hiring freeze. I recognize that certain faculty and staff positions currently under consideration are absolutely necessary to the proper functioning of the University or the continuation of research or academic programming. As well, discretionary expenditures must also be scrutinized and reduced – as long as this does not affect the operational or legal obligations of the University. These measures were discussed at length and communicated to members of senior administration through the Budget Advisory Committee earlier this week.

At this point, all we know is that the 2015/2016 Provincial budget and our Campus Alberta grant will be announced after March 10, 2015. With the University fiscal year beginning on April 1, we likely will not have enough time to finalize the University operating budget and proceed with the consultations and approvals necessary in our

internal budget process. As an interim measure, to allow the University to continue to operate, we will have a motion for approval by the Board of Governors in February for an interim budget based on the 2014/2015 data for our fiscal year beginning April 1, 2015.

As we addressed the 7.3% Campus Alberta operating grant reduction in the 2013/2014 operating budget, I committed to communicate regularly with the University community as new information became available and as reduction strategies were undertaken. As we work through the 2015/2016 operating budget, I will continue to keep you apprised and update you regularly of new information as it comes available. Most importantly, as we addressed previous budget reductions, we committed to a set of [values](#) to guide our decision-making. When the Budget Advisory Committee met last week to continue its work, we unanimously recommitted ourselves to those values:

1. Our people define our University and are our greatest strength;
2. High quality is central to all that we do; and
3. Access to our University is a fundamental belief.

Although the weeks and months ahead will be challenging, we have an obligation to our students and our community to keep our University confidently moving forward.

Sincerely,

Mike Mahon, PhD
President and Vice-Chancellor