



# University of Alberta

# Budget 2024-25

**March 2024**

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# 1 Introduction

The University of Alberta's 2024–25 budget has been developed in alignment with the University Strategic Plan enabling the university to plan for long-term growth. The model also provides an opportunity to ensure we're using our budget to move the university forward and focus on strategic priorities, including growing our reputation and global impact.

The release this past year of Shape, the University Strategic Plan; as well as Forward with Purpose, the strategic plan for research and innovation; and the Student Experience Action Plan outline our bold path forward and establish ambitious goals for the university which are reflected in this budget. For example, we are receiving \$25.9M in Targeted Enrolment Expansion (TEE) funding in the upcoming year. This funding will allow us to address areas of student interest and labour market need as we move towards our enrolment goal of 60,000 students by 2033. The proposed budget also includes funding to support and grow our research capacity, which is vital for our continued success.

Budget Model 2.0 ensures that our limited resources are directed in a way that achieves our strategic goals. This model enables us to plan ahead and reduces vulnerability to year-over-year fluctuations while creating incentives with respect to our growth and research targets, and rewards for faculty efficiencies.

We will continue to look at operating efficiencies, while allocating the maximum available dollars to our core missions of teaching, research, and community engagement. This budget supports our innovation and growth, keeping the university on track to achieve our strategic goals.

## 2 Consolidated Budget

The consolidated budget for the upcoming year, as well as projections for the following two years, are presented below and include all university activities.

Table 1: Consolidated Budget (2024-25, 2025-26, 2026-27)

(\$000's)	2022-23		2023-24		2024-25	2025-26	2026-27
	Actual	Budget	Forecast	Budget	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>							
Government of Alberta grants	756,203	711,848	728,466	738,280	767,869	731,388	
Federal and other government grants	206,457	224,579	225,923	242,597	251,097	261,736	
Student tuition and fees	458,523	489,800	468,103	500,365	520,425	529,189	
Sales of services and products	214,973	219,295	219,061	226,041	233,441	239,712	
Donations and other grants	136,423	147,101	160,848	155,917	157,828	160,806	
Investment income	141,021	111,375	144,981	128,870	116,045	118,745	
Investment gain (loss) from government business enterprise	(530)	(3,870)	(1,000)	(934)	(934)	(934)	
Gain on sale of tangible capital assets	-	-	-	-	-	-	
<b>Total revenue</b>	<b>1,913,070</b>	<b>1,900,128</b>	<b>1,946,382</b>	<b>1,991,136</b>	<b>2,045,771</b>	<b>2,040,642</b>	
<b>Expense</b>							
Salaries	889,317	924,637	938,011	963,446	986,844	1,005,414	
Employee benefits	176,611	186,730	178,921	193,513	200,483	217,832	
Materials, supplies and services	327,202	334,613	326,240	372,773	333,828	342,799	
Scholarships and bursaries	165,992	175,871	186,384	194,134	198,371	202,709	
Maintenance and repairs	91,042	84,857	91,113	75,617	60,006	53,273	
Utilities	71,371	68,496	61,751	67,017	69,872	72,824	
Amortization of tangible capital assets	156,621	163,766	162,551	170,829	174,588	177,537	
<b>Total expense</b>	<b>1,878,156</b>	<b>1,938,970</b>	<b>1,944,971</b>	<b>2,037,329</b>	<b>2,023,992</b>	<b>2,072,388</b>	
<b>Annual operating surplus (deficit)</b>	<b>34,914</b>	<b>(38,842)</b>	<b>1,411</b>	<b>(46,193)</b>	<b>21,779</b>	<b>(31,746)</b>	
Endowment contributions	17,771	-	27,444	15,000	15,000	15,000	
Endowment capitalized investment income	19,589	-	-	-	-	-	
<b>Annual surplus (deficit)</b>	<b>72,274</b>	<b>(38,842)</b>	<b>28,855</b>	<b>(31,193)</b>	<b>36,779</b>	<b>(16,746)</b>	

The Government requires that the university has a balanced budget on a consolidated basis for all fiscal years. This requirement is found in legislation. (Post-Secondary Learning Act, Subsection 78(6): "The board of a public post-secondary institution shall not submit a budget in which consolidated operating expense exceeds consolidated operating revenue unless the board has the written approval of the Minister to do so.").

The Government of Alberta has permitted institutions to request access to reserves up to 15 per cent of the institution's reserve balance leading to a deficit budget. The university intends to request access to the full 15 per cent and thus is submitting a deficit budget.

Public Sector Accounting Standards (PSAS) require a budgeted Statement of Change in Net Financial Assets and a consolidated budget with expenses by function (the above representation is by object). Additionally, the government requires a consolidated Statement of Cash Flows. All of these statements are derived from the figures included in the consolidated budget. All these statements will appear as comparatives in the institution's annual audited financial statements. Please refer to Appendix A for this information.

The consolidated budget for the institution includes the Operating, Ancillary, Research, Capital and Special Purpose funds.

- **Operating** relates to funds within the university's budget that represent the general operations of the institution. The revenue sources support the core teaching activities and the indirect costs of research. The university's budget process focuses on the allocation of these funds.
- **Ancillary** relates to cost recovery operations where revenues are generated entirely through the sale of goods and/or services and all costs born by those who benefit. Major operations include residence and hospitality services, parking services, and utilities and are, in some instances, required to generate excess revenue to return to the university's operating budget.
- **Research** includes the annual spending allocation for research-related endowments and other research funding used in the direct pursuit of research endeavors. These are generally subject to restrictions and can only be used for the purposes for which the funds were provided.
- **Capital** includes both restricted and unrestricted funding invested in capital and renewal infrastructure projects, with an emphasis on addressing deferred maintenance.
- **Special Purpose** relates primarily to the Academic Medicine and Health Services Program (AMHSP), and the annual spending allocation for undergraduate student awards and non-research-related endowment funds held by the university. The AMHSP encompasses various specializations including medicine, pediatrics, family medicine and psychiatry.



The following is the 2024-25 consolidated budget segregated into the various funds identified above.

Table 2: Consolidated Budget by Fund (2024-25)

(\$000's)	Ancillary				Special Purpose	Total
	Operating	Operations	Research	Capital		
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	483,888	-	90,240	71,500	92,652	<b>738,280</b>
Federal and other government grants	25,854	-	200,219	16,524	-	<b>242,597</b>
Student tuition and fees	499,865	500	-	-	-	<b>500,365</b>
Sales of services and products	86,355	115,133	24,553	-	-	<b>226,041</b>
Donations and other grants	6,081	-	130,934	13,335	5,567	<b>155,917</b>
Investment income	45,000	30	55,870	2,400	25,570	<b>128,870</b>
Investment gain (loss) from government business enterprise	(934)	-	-	-	-	<b>(934)</b>
Gain on sale of tangible capital assets	-	-	-	-	-	<b>-</b>
<b>Total revenue</b>	<b>1,146,109</b>	<b>115,663</b>	<b>501,816</b>	<b>103,759</b>	<b>123,789</b>	<b>1,991,136</b>
<b>Expense</b>						
Salaries	687,127	23,427	191,342	-	61,550	<b>963,446</b>
Employee benefits	138,276	6,254	33,947	-	15,036	<b>193,513</b>
Materials, supplies and services	154,231	31,030	167,097	2,705	17,710	<b>372,773</b>
Scholarships and bursaries	71,467	-	99,950	-	22,717	<b>194,134</b>
Maintenance and repairs	23,930	20,076	3,524	28,044	43	<b>75,617</b>
Utilities	61,233	5,762	1	-	21	<b>67,017</b>
Amortization of tangible capital assets	58,895	15,300	-	96,634	-	<b>170,829</b>
<b>Total expense</b>	<b>1,195,159</b>	<b>101,849</b>	<b>495,861</b>	<b>127,383</b>	<b>117,077</b>	<b>2,037,329</b>
<b>Annual operating surplus (deficit)</b>	<b>(49,050)</b>	<b>13,814</b>	<b>5,955</b>	<b>(23,624)</b>	<b>6,712</b>	<b>(46,193)</b>

An overview for each individual fund follows, including the key assumptions used in the development of the budget and the projections for the following two years.

## 2.1 Operating Budget

The Government of Alberta released the 2024 provincial budget on February 29, 2024. The operating grant has remained unchanged at \$436.6M, however access to reserves of up to \$46.4M for this fiscal year has been granted.

The operating budget conservatively showed growth in its revenues and expenditures to reflect the economic realities the university operates in. Through initiatives such as the new budget model, implementation of functional planning for university-wide services and fiscal accountability reporting, the university continues to evolve and enhance its approach to budgeting.

## 2.1.1 Operating Revenues

### 2.1.1.1 Government of Alberta Grants

The institution received Operating Grant Funding of \$436.6M for the 2024-25 fiscal year. The University is utilizing two Targeted Enrolment Expansion grants that it received in 2023 and 2024. The first iteration received in 2023 was for three years and \$48.4M and the second grant received in 2024 for three years was \$65.8M. The University is continuing to work with the Government of Alberta to make those previous grants perpetual as well as looking for new opportunities to get new envelope funding to support enrolment growth.

### 2.1.1.2 Federal and Other Government Grants

The largest component of this category relates to the federal Research Support Fund, with a budget of \$17.3M, provided to the institution in order to support research grants provided by the Tri-Council agencies. New funding of \$1.5M for Research Security is also included. The 2024-25 fiscal year budget of \$25.9M is consistent with the amount forecasted for the 2023-24 fiscal year.

### 2.1.1.3 Student Tuition and Fees

Further details on the tuition increases are presented below for both undergraduate and graduate students for the 2024-25 fiscal year.

#### Undergraduate

Domestic student tuition rates will increase by 2.0% in the 2024-25 academic year, with 15% of this increase dedicated to student financial support. Domestic rates are projected to increase by 2.0% in 2025-26 and beyond.

International students are assessed a fixed program fee averaged over the nominal duration of their academic programs (“program-based” tuition). This is consistent with the government’s Tuition and Fees Regulation, which requires the university to provide international students with greater certainty regarding the cost of their education at the time of admission. International program-based tuition rates will increase by 6.5% in the 2024-25 academic year. International program-based rates are projected to increase by an amount commensurate with the university’s expected inflationary cost increases in 2025-26 and beyond.

The current financial support set aside for international students will remain at 7.55% of total international student tuition for 2024-25. This model has been in place since the inception of international tuition differentials at the institution.

Continuing international students admitted prior to Fall 2020 had been excluded from the program-based tuition model. Starting in Fall 2024, any international students in this situation will be transitioned to the program-based tuition model at the rate for Fall 2024 cohort students.

#### Graduate

Domestic student tuition rates (both thesis-based and course-based) will increase by 2.0% in the 2024-25 academic year, with 15% of this increase dedicated to student financial support. Domestic rates are projected to increase by 2.0% in 2025-26 and beyond.

International students (both thesis-based and course-based) are assessed a fixed program fee averaged over the nominal duration of their academic programs ("program-based" tuition). This is consistent with the government's Tuition and Fees Regulation, which requires the university to provide international students with greater certainty regarding the cost of their education at time of admission. International program-based tuition rates will increase by 6.5% in the 2024-25 academic year. International program-based rates are projected to increase by an amount commensurate with the university's expected inflationary cost increases in 2025-26 and beyond.

The current financial support set aside for international students will remain at 7.55% of total international student tuition for 2024-25. This model has been in place since the inception of international tuition differentials at the institution.

Continuing international students admitted prior to Fall 2020 had been excluded from the program-based tuition model. Starting in Fall 2024, any international students in this situation will be transitioned to the program-based tuition model at the rate for Fall 2024 cohort students.

#### Mandatory Non-Instructional Fees

Mandatory non-instructional fees (Student Health and Wellness fee, Student Academic Support fee and the Athletics and Recreation fee) will be increased by 1.82% for fiscal year 2024-25 .

#### 2.1.1.4 Investment Income

The investment income budget for fiscal 2024-25 has been set at \$45M and then returns to \$30M in the 2025-26 and 2026-27 projection years. The increase in the upcoming fiscal year is only intended to be temporary as the university will need to continue to manage its reliance on highly variable investment income to fund ongoing and substantially less variable expenditures on an annual basis. Although short-term interest rates have fallen slightly they remain substantially





higher than prior years which supports the increase in the investment income budget for 2024-25. Markets are anticipating more declines in interest rates in the coming years which leads the investment income projections for 2025-26 and 2026-27 downwards.

#### 2.1.1.5 All Other Sources of Revenues

The largest component of this category relates to sales of services and products, with a budget of \$86.4M in 2024-25 fiscal year. This budget broadly reflects a new normal, post-pandemic level of sales activity.

### 2.1.2 Operating Expenditures

Operating expenditures are developed with the consideration of the increase in inflationary pressures that the university is expected to experience.

#### 2.1.2.1 Compensation

Overall salaries are expected to change year over year reflecting two significant factors:

- Merit pay increase in salaries for existing staff.
- Across-the-board increases.

As the university is currently in collective bargaining no across-the-board increases related to any prospective settlement have been included.

Benefits rates are expected to increase by 2.4% in 2024-25, driven by increased government and self-insured plan costs, and partly offset by reduced pension contribution costs. Staffing levels have normalized and there are no further anticipated significant reductions.

### 2.1.3 Overall Budget Planning Assumptions

The above discussion provides insights into the assumptions and planning parameters used to develop the operating budget for the 2024-25 fiscal year. The table below provides a summary of these, along with the figures used for the following two years.



Table 3. Assumptions and Planning Parameters

<b>Revenue</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
Operating and Program Support Grant (OPS)	0.0%	0.0%	0.0%
Capital Maintenance and Renewal Grant (CMR)	\$34.9M	\$34.9M	\$34.9M
Tuition - Undergraduate Domestic	2.0%	2.0%	2.0%
Tuition Rates - Undergraduate International, Program-Based	6.5%	5.0% <sup>1</sup>	2.0%
Tuition Rates - Undergraduate International, Legacy	2.0%	2.0%	2.0%
Mandatory Non-Instructional Fees	1.8%	2.0%	2.0%
Investment Income	\$45M	\$30M	\$30M

Note 1: Proposed 2025-26 rate increase is 5.0%, with Science program rate increase of 6.5%.

<b>Expenditures</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
AASUA - ATB <sup>1</sup>	1.0%	TBN	TBN
AASUA - Merit	1.8%	1.8%	1.8%
NASA - ATB <sup>1</sup>	0.6%	TBN	TBN
NASA - Merit	1.1%	1.1%	1.1%
Graduate Students Association - ATB <sup>1</sup>	1.0%	TBN	TBN
Graduate Students Association - Merit	N/A	N/A	N/A
Post-Doctoral Fellows Association - ATB <sup>1</sup>	1.0%	TBN	TBN
Post- Doctoral Fellows Association - Merit	N/A	N/A	N/A
Excluded Management - ATB <sup>1</sup>	0.6%	TBN	TBN
Excluded Management - Merit	0.0%	0.0%	0.0%
Benefits	2.4%	1.9%	2.2%

Note 1: The percentage reflects the impact of previously negotiated salary settlements on the 2024-25 *fiscal year*. This does not reflect the nominal value of any salary adjustments based on 2024 collective bargaining.

Other key considerations in developing the institutional budget are the underlying sensitivities concerning major revenue sources and expenditure types. The following represent the key sensitivities.

Table 4. Key Budget Sensitivities

<b>Sensitivity of a 1% change in:</b>	<b>2024-25 (\$millions)</b>
Government OPS Grant (Base)	4.4
Undergraduate Enrolment	3.2
Tuition Rates - Domestic	2.4
Tuition Rates - International, Program-based	0.6
Tuition Rates - Mandatory Non-Instructional Fees	0.4
Investment Income - 1.00% change in short-term interest rates	3.0
Salaries - AASUA	4.1
Salaries - NASA	2.0
Salaries - Excluded	0.6
Benefits - 1% change in Operating staff salaries	0.7
Utilities - \$1 / GJ increase in natural gas prices	2.3

Note: The above sensitivities pertain only to Operating Funds (100 & 210), except for Investment Income (all funds).

Note: This is provided for informational purposes only on an annual basis.

Table 5 provides an overall outline of the following in relation to the operating budget:

- Actual results for the year ending March 31, 2023
- Budget and forecast for the year ending March 31, 2024
- Budget for the year ending March 31, 2025
- Projections for the years ending March 31, 2026 and March 31, 2027

Table 5. Operating Budget

(\$000's)	2022-23	2023-24		2024-25	2025-26	2026-27
	Actual	Budget	Forecast	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	468,251	472,804	480,697	483,888	499,510	457,916
Federal and other government grants	24,993	23,504	24,958	25,854	26,371	26,899
Student tuition and fees	458,081	489,300	467,403	499,865	519,925	528,689
Sales of services and products	85,770	86,438	88,358	86,355	88,083	89,845
Donations and other grants	14,536	6,750	5,550	6,081	6,202	6,326
Investment income	61,760	30,000	65,000	45,000	30,000	30,000
Investment gain (loss) from government business enterprise	(530)	(3,870)	(1,000)	(934)	(934)	(934)
Gain on sale of tangible capital assets	-	-	-	-	-	-
<b>Total revenue</b>	<b>1,112,861</b>	<b>1,104,926</b>	<b>1,130,966</b>	<b>1,146,109</b>	<b>1,169,157</b>	<b>1,138,741</b>
<b>Expense</b>						
Salaries	641,098	668,387	678,825	687,127	696,026	705,071
Employee benefits	129,097	136,512	129,192	138,276	141,677	157,125
Materials, supplies and services	112,341	133,623	124,090	154,231	109,844	111,895
Scholarships and bursaries	54,255	60,072	65,155	71,467	72,896	74,353
Maintenance and repairs	21,085	27,078	23,217	23,930	24,408	24,896
Utilities	66,074	63,475	56,289	61,233	63,826	66,658
Amortization of tangible capital assets	55,363	57,037	56,504	58,895	60,263	60,998
<b>Total expense</b>	<b>1,079,313</b>	<b>1,146,184</b>	<b>1,133,272</b>	<b>1,195,159</b>	<b>1,168,940</b>	<b>1,200,996</b>
<b>Annual operating surplus (deficit)</b>	<b>33,548</b>	<b>(41,258)</b>	<b>(2,306)</b>	<b>(49,050)</b>	<b>217</b>	<b>(62,255)</b>

## 2.2 Ancillary Enterprises

It is common for an institution as large and expansive as the University of Alberta to own and operate a number of ancillary enterprises operating as stand-alone units funded by self-generated revenues. Each of these enterprises must be financially self-sustaining and is expected to generate revenue sufficient to cover all operating costs (including central services purchased from the university such as human resources, financial, and technological support) as well as maintain reserves necessary for operational and (where appropriate) capital purposes.

Included in this system is the university's district energy system, which provides utility services to all university properties plus several others in the vicinity of North Campus. It also includes a 5,200-bed student residence system, parking capacity for 9,500 vehicles, commercial leasing and real estate, and an array of business across our campuses including food and retail outlets, the University Pharmacy, and the Glen Sather Sports Medicine Clinic.

While most of these entities do not consider excess profit as a driver and are more appropriately akin to a not-for-profit entity, some are required to generate excess revenue in order to provide a financial return to the university. On an aggregate basis, in fiscal year 2024-25, \$3.4M will be made available to support the teaching and research objectives of the institution. This is a reduction from fiscal year 2023-24 (\$5.6M), however, maintaining that level of return in a time of markedly

higher input costs (inflation), would see rates charged to users (residences, meal plans, etc.) increase by an unacceptable amount.

Table 6. Ancillary Budget

(\$000's)	2022-23	2023-24		2024-25	2025-26	2026-27
	Actual	Budget	Forecast	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	-	-	-	-	-	-
Federal and other government grants	-	-	-	-	-	-
Student tuition and fees	440	500	700	500	500	500
Sales of services and products	105,341	112,771	108,653	115,133	120,314	124,322
Donations and other grants	-	-	-	-	-	-
Investment income	97	10	50	30	15	15
Investment gain (loss) from government business enterprise	-	-	-	-	-	-
Gain on sale of tangible capital assets	-	-	-	-	-	-
<b>Total revenue</b>	<b>105,878</b>	<b>113,281</b>	<b>109,403</b>	<b>115,663</b>	<b>120,829</b>	<b>124,837</b>
<b>Expense</b>						
Salaries	20,971	21,606	21,343	23,427	23,965	24,461
Employee benefits	4,891	5,469	4,904	6,254	6,496	6,727
Materials, supplies and services	31,541	35,349	23,472	31,030	31,892	32,667
Scholarships and bursaries	6	-	5	-	-	-
Maintenance and repairs	16,919	20,330	19,821	20,076	20,852	20,491
Utilities	5,296	4,798	5,462	5,762	6,024	6,144
Amortization of tangible capital assets	13,273	13,447	15,952	15,300	11,234	11,150
<b>Total expense</b>	<b>92,897</b>	<b>100,999</b>	<b>90,959</b>	<b>101,849</b>	<b>100,463</b>	<b>101,640</b>
<b>Annual operating surplus (deficit)</b>	<b>12,981</b>	<b>12,282</b>	<b>18,444</b>	<b>13,814</b>	<b>20,366</b>	<b>23,197</b>



## 2.3 Research

Research revenues at the University of Alberta come from five major sources:

- Government of Alberta grants from a number of Ministries
- Federal government grants including those provided by the Tri-Council Agencies
- Fee-for-service research activities for outside entities
- Donations and non-governmental grants
- The endowment spending allocation resulting from research-related endowments

Table 7. Research Budget

(\$000's)	2022-23	2023-24		2024-25	2025-26	2026-27
	Actual	Budget	Forecast	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	118,083	83,879	82,640	90,240	90,673	93,121
Federal and other government grants	167,271	182,464	184,598	200,219	207,097	216,815
Student tuition and fees	2	-	-	-	-	-
Sales of services and products	23,852	20,086	22,044	24,553	25,044	25,545
Donations and other grants	103,579	120,060	137,606	130,934	131,599	133,845
Investment income	52,241	56,189	56,221	55,870	57,921	60,047
Investment gain (loss) from government business enterprise	-	-	-	-	-	-
Gain on sale of tangible capital assets	-	-	-	-	-	-
<b>Total revenue</b>	<b>465,028</b>	<b>462,678</b>	<b>483,109</b>	<b>501,816</b>	<b>512,334</b>	<b>529,373</b>
<b>Expense</b>						
Salaries	173,953	177,852	185,817	191,342	195,168	202,974
Employee benefits	30,862	30,589	33,074	33,947	34,626	36,010
Materials, supplies and services	154,249	147,242	157,857	167,097	171,174	178,007
Scholarships and bursaries	93,306	95,375	100,119	99,950	101,949	103,988
Maintenance and repairs	3,138	2,137	3,256	3,524	3,595	3,667
Utilities	1	204	-	1	1	1
Amortization of tangible capital assets	-	-	-	-	-	-
<b>Total expense</b>	<b>455,509</b>	<b>453,399</b>	<b>480,123</b>	<b>495,861</b>	<b>506,513</b>	<b>524,647</b>
<b>Annual operating surplus (deficit)</b>	<b>9,519</b>	<b>9,279</b>	<b>2,986</b>	<b>5,955</b>	<b>5,821</b>	<b>4,726</b>



## 2.4 Capital Budget

### 2.4.1 Capital Investments

While there are capital items purchased or funded with operating and other funds (such as learning materials, IT equipment, and certain research focused and renovation projects), the capital budget largely consists of restricted and unrestricted funding invested in capital and infrastructure renewal projects.

The capital budget is developed with an understanding that what is anticipated may unfold differently throughout the year. Due to the unpredictable nature with which capital construction and maintenance activities occur (e.g. unpredictability in government grants and approvals or unexpected philanthropic gifts), capital projects may be added or changed in scope throughout the year. All material changes, regardless of when they occur, remain subject to the institution's normal governance and approval processes.

### 2.4.2 Capital Budget

Table 8. Capital Budget

(\$000's)	2022-23		2023-24		2024-25	2025-26	2026-27
	Actual	Budget	Forecast	Budget	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>							
Government of Alberta grants	92,006	75,180	84,016	71,500	71,161	72,349	
Federal and other government grants	14,193	18,611	16,367	16,524	17,629	18,022	
Student tuition and fees	-	-	-	-	-	-	
Sales of services and products	-	-	-	-	-	-	
Donations and other grants	13,767	15,112	13,344	13,335	14,227	14,544	
Investment income	2,788	-	800	2,400	1,600	1,200	
Investment gain (loss) from government business enterprise	-	-	-	-	-	-	
Gain on sale of tangible capital assets	-	-	-	-	-	-	
<b>Total revenue</b>	<b>122,754</b>	<b>108,903</b>	<b>114,527</b>	<b>103,759</b>	<b>104,617</b>	<b>106,115</b>	
<b>Expense</b>							
Salaries	-	-	-	-	-	-	
Employee benefits	-	-	-	-	-	-	
Materials, supplies and services	10,627	4,408	1,957	2,705	1,880	928	
Scholarships and bursaries	-	-	5	-	-	-	
Maintenance and repairs	49,869	35,238	44,787	28,044	11,105	4,172	
Utilities	-	-	-	-	-	-	
Amortization of tangible capital assets	87,985	93,282	90,095	96,634	103,091	105,389	
<b>Total expense</b>	<b>148,481</b>	<b>132,928</b>	<b>136,844</b>	<b>127,383</b>	<b>116,076</b>	<b>110,489</b>	
<b>Annual operating surplus (deficit)</b>	<b>(25,727)</b>	<b>(24,025)</b>	<b>(22,317)</b>	<b>(23,624)</b>	<b>(11,459)</b>	<b>(4,374)</b>	



As part of the University of Alberta’s consolidated budget, the capital budget is subject to Public Sector Accounting Standards (PSAS). Under these standards, restricted revenues received for capital projects cannot be recognized in the year received or spent, but rather the revenue must be recognized over the useful life of the capital project. In other words, capital revenue is recognized to match the in-year amortization expense of capital projects funded by restricted revenues in previous years.

To demonstrate this impact, table 9 provides a breakdown of the budgeted capital revenues expected to be received and the capital revenues recognizable per PSAS.

Capital Budget: Revenues

Although seldom in nature, Government of Alberta grants have provided targeted funding for multi-year capital projects (e.g. University Commons renewal). Additionally, the university typically receives an annual Capital Maintenance and Renewal grant, which is provided to address capital renewal activities with a view to addressing our significant deferred maintenance liability, which is currently at \$364M with a five-year projection of nearly \$1.12 billion.

Note that the following table shows when the revenue will be received and recognized by the institution whereas subsequent tables outline when the funds will be either spent (tables 10 and 11) or the resulting asset is capitalized (table 12).

Table 9. Capital Budget: Revenues

(\$000's)	2024-25	2025-26	2026-27
	Budget	Projection	Projection
<b>Government of Alberta grants</b>			
Capital Maintenance and Renewal (CMR)	34,914	34,914	34,914
CMR- Universiade Pavillion Building Envelope	7,000	10,000	10,000
<b>Total Government of Alberta grants</b>	<b>41,914</b>	<b>44,914</b>	<b>44,914</b>
<b>Investment income</b>	<b>2,400</b>	<b>1,600</b>	<b>1,200</b>
<b>Deferred revenue</b>	<b>(37,189)</b>	<b>(44,988)</b>	<b>(45,388)</b>
<b>Expended capital recognized as revenue</b>	<b>96,634</b>	<b>103,091</b>	<b>105,389</b>
<b>Total revenue</b>	<b>103,759</b>	<b>104,617</b>	<b>106,115</b>

Capital Budget: Expenditures

Although shown collectively within our consolidated budget, capital expenditures are categorized based on the impact the particular expenditure has on the infrastructure in play.



### Capital Budget: Expenditures- Materials, Supplies, and Services

These expenditures advance and enable future projects and, as such, are expensed as they do not extend the useful life of a capital asset.

Table 10. Capital Budget: Materials, Supplies, and Services

(\$000's)

Project	2024-25	2025-26	2026-27
	Budget	Projection	Projection
Strategic Space Planning	1,565	1,390	505
Augustana Residences	650	-	-
Other materials, supplies and services	490	490	423
<b>Total materials, supplies and services</b>	<b>2,705</b>	<b>1,880</b>	<b>928</b>

### Capital Budget: Expenditures (Maintenance and Repairs)

These expenditures address major maintenance and renewal activities- principally to address deferred maintenance- and, as such, are expensed as they do not extend the useful life of a capital asset.

Table 11. Capital Budget: Maintenance and Repairs

(\$000's)

Project	2024-25	2025-26	2026-27
	Budget	Projection	Projection
Education South - First Peoples' House	15,248	6,993	1,000
Tory Business Atrium Interior Finishes	4,000	800	-
ECERF Nano Fab Lab Ventilation Upgrade & Renewal	1,479	-	-
Li-Ka Shing Alberta Cell Therapy Manufacturing Fill/Finish System	1,295	-	-
Other maintenance and repairs	6,022	3,312	3,172
<b>Total maintenance and repairs</b>	<b>28,044</b>	<b>11,105</b>	<b>4,172</b>

### Capital Budget: Expenditures (Tangible Capital Acquisitions)

These expenditures represent capital investments in buildings as defined by accounting standards and, as such, do not appear on the statement of operations. Rather they are captured as investments in tangible assets on the university's statement of financial position.

Table 12. Capital Budget: Tangible Capital Acquisitions

Project	2024-25	2025-26	2026-27
	Budget	Projection	Projection
University Commons (Dentistry Pharmacy) Renewal	38,000	19,900	-
Bio Sciences- Zoology Levels 4, 5, 10, and 11 Renewal	15,000	9,885	-
SUB New Electrical Vault	5,200	-	-
HMRC Electrical Distribution Upgrade	4,200	-	-
Tory Mechanical Upgrades	4,000	750	-
HUB Phase 9 Renovations	3,850	50	-
NINT Energy Efficiency Project	3,500	2,850	-
Turf Replacement- Lister Hall & South Campus	2,400	50	-
CSJ Infrastructure Renewal Phase 2	2,200	552	-
Schaffer Hall Rooftop Unit and Roofing Upgrades	2,100	-	-
Cooling Plant River Water Intake Piping Repair	1,821	-	-
Van Vliet Complex West- Clare Drake Heating System	1,700	-	-
Boiler #4 Burner Management System and Equipment Replacement	1,619	-	-
Education North- Elevators 129, 130, and 131 Renewal	1,121	350	-
SAB- Elevators 6, 7, and 8 renewal	1,091	400	-
District Energy System (DES)	1,000	300	300
Other tangible capital acquisitions	12,194	385	-
<b>Total tangible capital acquisitions</b>	<b>100,996</b>	<b>35,472</b>	<b>300</b>



## 2.5 Special Purpose

This fund is funded by endowment investment income available for spending, donations and grants. Expenditures include scholarships and bursaries, student loans and other projects involving teaching and public service.

Forward-looking analysis indicates that the university projects growth in its endowment accounts. The university will continue to focus on expediting all of its endowment earnings available.

Table 13. Special Purpose Budget

(\$000's)	2022-23	2023-24		2024-25	2025-26	2026-27
	Actual	Budget	Forecast	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>						
Government of Alberta grants	77,863	79,985	81,113	92,652	106,525	108,002
Federal and other government grants	-	-	-	-	-	-
Student tuition and fees	-	-	-	-	-	-
Sales of services and products	10	-	6	-	-	-
Donations and other grants	4,541	5,179	4,348	5,567	5,800	6,091
Investment income	24,135	25,176	22,910	25,570	26,509	27,483
Investment gain (loss) from government business enterprise	-	-	-	-	-	-
Gain on sale of tangible capital assets	-	-	-	-	-	-
<b>Total revenue</b>	<b>106,549</b>	<b>110,340</b>	<b>108,377</b>	<b>123,789</b>	<b>138,834</b>	<b>141,576</b>
<b>Expense</b>						
Salaries	53,295	56,792	52,026	61,550	71,685	72,908
Employee benefits	11,761	14,160	11,751	15,036	17,684	17,970
Materials, supplies and services	18,444	13,991	18,864	17,710	19,038	19,302
Scholarships and bursaries	18,425	20,424	21,100	22,717	23,526	24,368
Maintenance and repairs	31	74	32	43	46	47
Utilities	-	19	-	21	21	21
Amortization of tangible capital assets	-	-	-	-	-	-
<b>Total expense</b>	<b>101,956</b>	<b>105,460</b>	<b>103,773</b>	<b>117,077</b>	<b>132,000</b>	<b>134,616</b>
<b>Annual operating surplus (deficit)</b>	<b>4,593</b>	<b>4,880</b>	<b>4,604</b>	<b>6,712</b>	<b>6,834</b>	<b>6,960</b>



### 3 Concluding Comments

The fiscal year 2024-25 budget, alongside the new budget model, supports the university in advancing our strategic goals. This model allows us to plan ahead, incentivizing growth and research while continuing to support our core missions of teaching, research, and community engagement.



# Appendix A: Supplemental Financial Information

Table 14. Budgeted Consolidated Statement of Operations with Expenses by Function

(\$000's)	2022-23		2023-24		2024-25	2025-26	2026-27
	Actual	Budget	Forecast	Budget	Budget	Projection	Projection
<b>Revenue (including deferrals)</b>							
Government of Alberta grants	756,203	711,848	728,466	738,280	767,869	731,388	
Federal and other government grants	206,457	224,579	225,923	242,597	251,097	261,736	
Student tuition and fees	458,523	489,800	468,103	500,365	520,425	529,189	
Sales of services and products	214,973	219,295	219,061	226,041	233,441	239,712	
Donations and other grants	136,423	147,101	160,848	155,917	157,828	160,806	
Investment income	141,021	111,375	144,981	128,870	116,045	118,745	
Investment gain (loss) from government business enterprise	(530)	(3,870)	(1,000)	(934)	(934)	(934)	
Gain on sale of tangible capital assets	-	-	-	-	-	-	
<b>Total revenue</b>	<b>1,913,070</b>	<b>1,900,128</b>	<b>1,946,382</b>	<b>1,991,136</b>	<b>2,045,771</b>	<b>2,040,642</b>	
<b>Expense by function</b>							
Academic costs and institutional support	994,254	1,047,640	1,050,211	1,111,361	1,086,360	1,110,224	
Research	507,604	520,820	547,350	566,267	578,766	599,736	
Facility operations and maintenance	180,487	159,811	151,554	139,605	125,194	124,893	
Special purpose	102,914	109,700	104,897	118,247	133,209	135,895	
Ancillary services	92,897	100,999	90,959	101,849	100,463	101,640	
<b>Total expense</b>	<b>1,878,156</b>	<b>1,938,970</b>	<b>1,944,971</b>	<b>2,037,329</b>	<b>2,023,992</b>	<b>2,072,388</b>	
<b>Annual operating surplus (deficit)</b>	<b>34,914</b>	<b>(38,842)</b>	<b>1,411</b>	<b>(46,193)</b>	<b>21,779</b>	<b>(31,746)</b>	
Endowment contributions	17,771	-	27,444	15,000	15,000	15,000	
Endowment capitalized investment income	19,589	-	-	-	-	-	
<b>Annual surplus (deficit)</b>	<b>72,274</b>	<b>(38,842)</b>	<b>28,855</b>	<b>(31,193)</b>	<b>36,779</b>	<b>(16,746)</b>	



Please note that the Special Purpose and Research fund groupings are slightly different from the functions used for the development of the overall budget above. In particular, special purpose includes the attribution of amortization in this presentation where it does not in prior tables. Research in this context also includes costs related to the administration of research and costs related to graduate studies.

Table 15. Budgeted Consolidated Statement of Cash Flows

(\$000's)	2022-23		2023-24		2024-25
	Actual	Budget	Forecast	Budget	Budget
<b>Operating Transactions</b>					
Annual surplus (deficit)	72,274	(38,842)	28,855		(31,193)
Add (deduct) non-cash items:					
Amortization of tangible capital assets	156,621	163,766	162,551		170,829
Expended capital recognized as revenue	(87,985)	(93,282)	(90,095)		(96,634)
Investment loss from government business enterprise	530	3,870	1,000		934
(Gain) loss on sale of portfolio investments	(103,339)	(111,336)	(144,931)		(126,470)
(Gain) loss on disposal of tangible capital assets	18,040	-	-		-
Increase (decrease) in employee future benefit liabilities	(23,150)	(11,136)	(20,331)		(22,222)
Increase (decrease) in asset retirement obligations	21	22	11		11
Change in non-cash items	(39,262)	(48,096)	(91,795)		(73,552)
(Increase) decrease in accounts receivable	(44,873)	(3,321)	(4,152)		(3,858)
(Increase) decrease in inventories held for sale	967	(70)	(43)		(40)
Increase (decrease) in accounts payable and accrued liabilities	(21,884)	4,925	3,802		3,532
Increase (decrease) in deferred revenue	113,262	(58,340)	(60,274)		(29,736)
(Increase) decrease in prepaid expenses	521	(289)	(256)		(238)
Asset retirement obligations abatement	(537)	-	-		-
<b>Cash provided by (applied to) operating transactions</b>	<b>80,468</b>	<b>(144,033)</b>	<b>(123,863)</b>		<b>(135,085)</b>
<b>Capital Transactions</b>					
Acquisition of tangible capital assets	(138,100)	(162,763)	(168,086)		(182,652)
<b>Cash applied to capital transactions</b>	<b>(138,100)</b>	<b>(162,763)</b>	<b>(168,086)</b>		<b>(182,652)</b>
<b>Investing Transactions</b>					
(Purchases) of portfolio investments, net of sales	3,562	200,420	206,312		189,200
<b>Cash provided by (applied to) investing transactions</b>	<b>3,562</b>	<b>200,420</b>	<b>206,312</b>		<b>189,200</b>
<b>Financing Transactions</b>					
Debt - new financing, net of (debt repayment)	(16,556)	(17,180)	(6,568)		(17,831)
Increase in spent deferred capital contributions	69,025	112,381	116,055		105,983
<b>Cash provided by financing transactions</b>	<b>52,469</b>	<b>95,201</b>	<b>109,487</b>		<b>88,152</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1,601)</b>	<b>(11,175)</b>	<b>23,850</b>		<b>(40,385)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>19,183</b>	<b>23,382</b>	<b>17,582</b>		<b>41,432</b>
<b>Cash and cash equivalents, end of year</b>	<b>17,582</b>	<b>12,207</b>	<b>41,432</b>		<b>1,047</b>



Table 16. Budgeted Consolidated Statement of Change in Net Financial Assets

(\$000's)	2022-23		2023-24		2024-25
	Actual	Budget	Forecast	Budget	Budget
Annual surplus (deficit)	72,274	(38,842)	28,855	(31,193)	(31,193)
Acquisition of tangible capital assets	(148,639)	(162,763)	(168,086)	(182,652)	(182,652)
Proceeds on disposal of tangible capital assets	6,563	-	-	-	-
Amortization of tangible capital assets	156,621	163,766	162,551	170,829	170,829
(Gain) loss on disposal of tangible capital assets	18,040	-	-	-	-
Change in prepaid expenses	521	(289)	(256)	(238)	(238)
Change in spent deferred capital contributions	(15,536)	19,099	25,960	9,349	9,349
Change in accumulated remeasurement gains	38,729	96,545	(16,336)	76,020	76,020
<b>Increase (decrease) in net financial assets</b>	<b>128,573</b>	<b>77,516</b>	<b>32,688</b>	<b>42,115</b>	<b>42,115</b>
<b>Net financial assets, beginning of year</b>	<b>1,517,923</b>	<b>1,615,051</b>	<b>1,646,496</b>	<b>1,679,184</b>	<b>1,679,184</b>
<b>Net financial assets, end of year</b>	<b>1,646,496</b>	<b>1,692,567</b>	<b>1,679,184</b>	<b>1,721,299</b>	<b>1,721,299</b>

