

TO: Members of the University of Saskatchewan Community

FROM: Provost and Vice-President Academic Brett Fairbairn and
Vice-President Finance and Resources Richard Florizone

RE: 2009-10 University of Saskatchewan Operating Budget Update

DATE: May 8, 2009

We are writing to inform you that the University of Saskatchewan Board of Governors today approved the university's operating budget for 2009-10. The operating budget, a forecast of our core operating revenues and expenditures for the year, has been developed following a broadly-consultative process and represents a sound approach to addressing a projected \$10 million permanent financial shortfall beginning in 2009-10. Ultimately, this budget positions the University of Saskatchewan to emerge from the current global economic downturn in a comparatively stronger position relative to other institutions in the Canadian post-secondary sector.

Funding for the operating budget is built on two major components, namely an operating grant from the provincial government and tuition plus a smaller component that is derived from investment income. The university is very appreciative of continued provincial funding, which has allowed the Board of Governors to hold tuition rates constant from 2004-05 through 2008-09. While tuition revenue from students will comprise a smaller percentage of the university's operating revenue in 2009-10 than the previous year, *most* students in *most* programs will see a moderate three per cent increase in their tuition fees in 2009-10. To illustrate, an undergraduate student who paid \$4,380 in tuition for 30 credit units in 2008-09 will pay \$4,511 for these same classes in 2009-10. Work will begin this year on a new University of Saskatchewan tuition policy that will guide the Board of Governors in setting tuition rates for 2010-11 and beyond. This policy will be developed in consultation with the Board of Governors, University Council, the colleges, the provincial government and students.

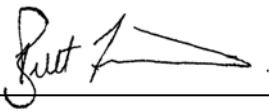
As you are aware, world financial investment markets have been weakening since fall 2008 and remain unstable. Based on the university's financial scenario analysis initiative and the information we currently have available, the Board of Governors has directed senior administration to make a permanent \$10 million adjustment to the university's operating budget, or approximately three percent of operating budget allocations, to be achieved in 2009-10 and 2010-11. This adjustment will provide the university with the needed flexibility to balance budgets and address a range of items directly affected by the global investment market downturn, including our pension and endowment funds and operating income from investments.

We have developed a plan to address the situation that is timely, collaborative, and sustainable over the long term, and that is aligned with the University of Saskatchewan's strategic directions. Beginning in 2009-10, part of this plan involves adjustments to college and unit budgets. Deans and unit leaders have been kept up-to-date on this situation and can expect to receive further details regarding this shortly. After these university leaders have had the opportunity to review this information, a summary of the university's 2009-10 operating budget will be made available to the university community and general public on May 19.

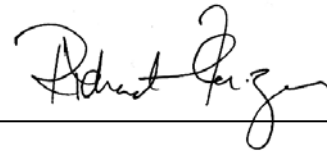
We appreciate that these are challenging times. We have made budget decisions based on principles of sound financial management, clear responsibility, effectiveness and consistency with the university's strategic priorities. These budget adjustments apply to central funds and to administrative and academic units, and will be implemented in a phased manner over the next two years to allow colleges and administrative units time to ensure strategic decision-making. This approach to budget adjustments means the University of Saskatchewan can grow its competitive advantage, and can continue to invest in its people, in the student experience and in priority areas such as scholarships and capital growth.

Your comments and questions are welcome and can be directed through University Communications (by phone at 966-6607 or by email at communications@usask.ca) who will ensure you receive a timely response.

Best Regards,



Brett Fairbairn
Provost and Vice-President Academic
University of Saskatchewan
107 Administration Place
Saskatoon, SK S7N 5A2
Tel: (306) 966-8489



Richard Florizone
Vice-President Finance and Resources
University of Saskatchewan
105 Administration Place
Saskatoon, SK S7N 5A2
Tel: (306) 966-6636