

**Office of the President**

**To: All staff and faculty**

**From: David Johnston, President**

**Date: April 23, 2010**

**Re: The President's Quarterly  
UW Community Update**

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It is my pleasure to provide you with the second of four reports I will be sending to the members of our community this year.

I invite you to take a look at the environmental scan I presented at the April 6 meeting of our Board of Governors at the following link:

<http://www.uwaterloo.ca/documents/04-06-10BoardofGovernorsEnvironmentalScan.ppt>

**March 4 Federal Budget**

The federal budget was delivered on March 4 and contains a number of initiatives of interest to UW and the nation's post-secondary sector. Given the government's constrained circumstances, the fact that funding for post-secondary research was moderately increased is a positive story. The budgets of the three federal granting councils – the Canadian Institute for Health Research (CIHR), the Natural Sciences and Engineering Research Council (NSERC), and the Social Sciences and Humanities Research Council (SSHRC) were increased by \$32 million a year, and \$8 million was added to the Indirect Costs of Research program, which exists to help pay for ancillary costs associated with research activities. The budget also established a post-doctoral fellowship program that will eventually support 140 two-year fellowships at \$70,000 annually, an investment of nearly \$10 million.

That these investments in basic research funding, research infrastructure, and talented researchers were made in a budget that is otherwise limited in new spending initiatives is worth celebrating. This budget correctly views Canada's university sector as a vital engine of both economic recovery and long-term economic prosperity.

**March 25 Provincial Budget**

With the budget of March 25, the Ontario government fleshes out its Open Ontario Plan. One of Open Ontario's goals is to see post-secondary attainment in Ontario increased from its current level of 62 per cent to 70 per cent. To that end, at the top of the list of new spending for post-secondary education was the announcement of \$310 million to support the creation of 20,000

new undergraduate spaces at Ontario's colleges and universities. This money covers operating as opposed to capital costs, and is in addition to \$155 million already promised in 2009-2010 to support enrolment growth in the post-secondary sector.

The budget highlights the goal of promoting Ontario as a destination for international education, with the benchmark of a 50 per cent increase in international student enrolment. This was also mentioned in the throne speech preceding the budget, but there have been no details from the province as to what resources they will be allocating for promotion.

By far the most controversial element of the budget, however, was the announcement of a public sector wage freeze. The budget imposes a two-year freeze on salaries and other compensation for those of us who work in the broader public sector, including post-secondary education. More than one million employees in Ontario, or 16 per cent of the population, are affected by this freeze. The freeze is intended to save somewhere on the order of \$700 million dollars in the first year. In the days following the budget, university executive heads held a teleconference with the Minister of Training, Colleges, and Universities to seek clarification on the matter, and we are currently engaged in a conversation with the ministry about how best to apply the freeze to our complicated pay structures. As well, the Provost's Committee on Staff Compensation has met to discuss this issue and is currently monitoring the freeze legislation. The Board of Governors heard that we are still reviewing the legislation and the few details we've received on this issue, and the precise way this new policy will apply to employee groups at Waterloo is still not clear. We continue to seek information and direction on the specifics, and hope to have solid answers in a few days' time. As soon as we have reliable information, Feridun and I will share it with the broader Waterloo community.

### **Operating Budget 2010-2011**

Under normal circumstances, the Board of Governors approves the university's operating budget at its April meeting on the recommendation of our senate. However, with the release of the provincial budget, our budget is being reviewed rather than ratified. Our estimated expenditure totals \$472,578,000 while our income is \$459,958,000, leaving a deficit of \$12.62 million. Prior to the provincial budget, we were anticipating a 3.5 per cent overall budget cut, one of the most severe in recent memory, in order to recover \$9,788,000, leaving an acceptable structural deficit of \$2.8 million. Even with our projected deficit, comparatively speaking we are doing well, as other Ontario universities have been contemplating cuts in the range of 5 to 8 per cent, and it is important to note that our expenditure reductions did not take the form of either layoffs or program cuts. Given the provisions in the budget for increased operating funding, however, we are revisiting our numbers and believe that the final budget cut will be in line with previous years. The revised budget will go before the Senate and the Board of Governors in the coming months.

### **Spring Town Hall Meeting**

A town hall event was held in the Theatre of the Arts on April 8 with approximately 500 attending. Once again I was encouraged by the thoughtful and civil discourse that took place with Feridun and I taking questions and comments from members of our university community. I look forward to these meetings because I find the level of interest and the tone of discussion at this university to be great.

If you were unable to attend, I invite you to watch a video of the town hall event at the following link: <http://www.uwaterloo.ca/documents/president/video/2010-April-Townhall.html>

A handwritten signature in black ink, appearing to read "David Johnston", with a large, stylized flourish at the end.

David Johnston  
President  
University of Waterloo