

**UNIVERSITY OF WATERLOO
SENATE FINANCE COMMITTEE
NOTICE OF MEETING**

DATE: Wednesday 15 February 2023
TIME: 1:00 p.m. – 3:00 p.m.
PLACE: Needles Hall, Room 3318

Chair – V. Goel

AGENDA

<u>Item</u>	<u>Action</u>
1. Declarations of Conflict of Interest a. Excerpt from Bylaw 1, section 8*	Information
2. Remarks from the Chair	Information
3. Minutes of 18 March 2022* and Business Arising	Decision
4. Senate Governance Review – Committee Terms of Reference* (Goel)	Information
5. General Information on University Funds* (Hadley)	Information
6. 2022/23 Operating Budget Update* (Rush)	Information
7. 2023/24 Operating Budget Scenario** (Rush)	Information
8. Other Business	Information
9. Next Meeting: Wednesday 15 March 2023 from 1:00 p.m. – 3:00 p.m.; NH 3318	Information

* material attached

** to be distributed separately

8 February 2023

Kathy Winter, PhD, CPsych
Assistant University Secretary

Excerpt from Senate Bylaw 1

8. Declarations of conflict of interest

8.01	At the beginning of each meeting of Senate or any of Senate's committees or councils, the chair will call for members to declare any conflicts of interest with regard to any agenda item. For agenda items to be discussed in closed session, the chair will call for declarations of conflict of interest at the beginning of the closed portion of the meeting. Members may nonetheless declare conflicts at any time during a meeting.
8.02	A member shall be considered to have an actual, perceived or potential conflict of interest, when the opportunity exists for the member to use confidential information gained as a member of Senate, or any of Senate's committees or councils, for the personal profit or advantage of any person, or use the authority, knowledge or influence of the Senate, or a committee or council thereof, to further her/his personal, familial or corporate interests or the interests of an employee of the university with whom the member has a marital, familial or sexual relationship.
8.03	Members who declare conflicts of interest shall not enter into debate nor vote upon the specified item upon which they have declared a conflict of interest. The chair will determine whether it is appropriate for said member to remove themselves from the meeting for the duration of debate on the specified item(s).
8.04	Where Senate or a committee or council of Senate is of the opinion that a conflict of interest exists that has not been declared, the body may declare by a resolution carried by two-thirds of its members present at the meeting that a conflict of interest exists and a member thus found to be in conflict shall not enter into debate on the specified item upon which they have declared a conflict of interest. The chair will determine whether it is appropriate for said member to remove themselves from the meeting for the duration of debate on the specified item(s).

University of Waterloo
SENATE FINANCE COMMITTEE
Minutes of the 18 March 2022 Meeting
[in agenda order]
Meeting held by Teleconference

Present: Jean Andrey, Anne Bordeleau, Jeff Casello, Charmain Dean, Paul Fieguth (for Mary Wells), Mark Giesbrecht, Vivek Goel (Chair), Onurcan Gokkaya, David Ha, Dennis Huber, Sonia Ismail, Marten Karsten, Jennifer Kieffer, Bob Lemieux, Lili Liu, Carol Ann MacGregor, Ellen MacEachen, Erin O’Connell, Douglas Peers, Nicholas Pfeifle, James Rush, Matthew Schwarze, Sharon Tucker, Kathy Winter (secretary) Stanley Woo, Nancy Worth.

Resources: MaryAnne Chan, Sarah Hadley, Beth Sandore Namachchivaya, Allan Starr.

Absent: Jeff Casello*, Mary Wells*

Guest: Andrea Kelman

Organization of meeting: Vivek Goel took the chair and Kathy Winter (secretary) advised that due notice of the meeting had been given, a quorum was present, and the meeting was properly constituted.

1. DECLARATIONS OF CONFLICT OF INTEREST

No conflicts of interest were declared.

2. REMARKS FROM THE CHAIR

Goel welcomed new Senate Finance committee members and meeting guests.

3. MINUTES OF 11 FEBRUARY 2022 AND BUSINESS ARISING

The minutes were approved as distributed. Giesbrecht and Liu. Carried.

4. 2022/23 OPERATING BUDGET

Members heard a motion that Senate recommend that the Board of Governors approve the 2022-23 Operating Budget as presented. Rush and Andrey.

Speaking to his presentation, Rush outlined: the operating budget’s principal considerations; challenges in the coming year ahead (expense growth, constrained revenue); approaches being taken (1% expense budget reduction, and messaging re: year-end spending constraint); a 2021/22 update and income and expenses in the 2022/23 opening budget. In discussion: where further details are available in the [audited financial statements online](#); direct student support exempted from 1% expense reduction; history of some small expense budget reductions and one-time cost-recoveries. Rush continued his presentation, speaking to some Strategic Plan investments and multi-year commitments confirmed for and beginning in 2022/23. Investments in the areas of developing talent, advancing research, sustainable communities, and student support were detailed. In discussion: student support (request for clarification of recent teaching assistantship package in terms of wages and scholarships–Rush to consult with Casello whom will follow up directly with Worth); an invitation from the president for ongoing feedback from senators with regard to the way the budget is presented.

The question was called and the motion carried unanimously.

5. SUPPLEMENTARY INSTITUTIONAL DATA

Members received for information supplementary institutional (a) enrolment and faculty appointments data and (b) positions by department – operating fund data, as distributed.

6. OTHER BUSINESS

There was no other business.

7. NEXT MEETING

The next meeting will be held in February 2023 – date yet to be determined.

4 April 2022

Kathy Winter, PhD, CPsych,
Assistant University Secretary



MEMORANDUM

TO: Senate Finance Committee

FROM: Andrea Kelman, Acting University Secretary

DATE: 18 January 2023

SUBJECT: Senate Governance Review Recommendations

Senate endorsed the recommendations of the [Senate Governance Review](#) at its meeting on 20 June 2022, and you will be aware the recommendations were broad and will impact many aspects of the work of Senate and Senators.

Each of the Senate Committees and Councils will be working in a coordinated fashion, supported by the Secretariat, to review their terms of reference concurrently, with recommendations being brought forward as they are ready through the two-step Senate review and approval process.

Each Committee/Council will be provided with key documents (e.g., terms of reference) and a series of guiding questions will be provided to encourage strategic discussion, streamline conversations, and create consistency between and amongst recommendations. Selected excerpts from key documents have been included as an appendix A to this memo for ease of reference and in support of the questions provided, however, the complete original documents are hyperlinked as well.

The following guiding questions are provided to encourage strategic conversation and similar conversations between Committees and Councils, however, discussion is not limited to these questions. Additionally, the questions may solicit discussion around guiding governance principles for Senate at the University of Waterloo.

Guiding Questions

- How would you describe the current level of engagement within the Senate Finance Committee?
- Is the current timing, cadence, and length of meetings appropriate? Could improvements be expected from changing one or more of these elements?
- Does the Committee's agenda accurately reflect its mandate? Is the Committee appropriately engaged on matters in its mandate? What examples support this (if any)? Are there any changes required to the mandate of the Committee?
- Do members observe any inappropriate overlap (whether minor or significant) in the mandate, membership, or responsibilities with other Senate Committees and Councils? Are there Committees with similar mandates that could be combined?

- Are the Senate-delegated powers of the Committee appropriate? Are there any matters/powers that could be delegated from Senate to this Committee or from this Committee to a subcommittee or other university Committee?
- Is the membership composition of the Committee appropriate? How could it be changed with tasks delegated to sub-committees or other committees?
- How does this Committee communicate with Senate? How might the Committee communicate differently with Senate?
- For consideration of proposals with a scope that is cross-campus/interdisciplinary or otherwise does not neatly fall within the remit of a single governance body, could the Committee adopt mechanisms (for itself or with other bodies) to provide a more efficient pathway toward approval?

The Secretariat is also exploring implementation of an annual orientation for each of the Senate Committees and Councils. Please provide feedback on those topics you would like covered in an orientation.

Finally, the Secretariat is proposing that all Committees/Councils undertake regular reviews of the respective terms of reference (on a five-year staggered cycle), with monitoring and accountability to Senate (or an appropriate Senate Committee). This cycle ensures regular review without assigning any obligation to amend the terms of reference.

Request:

Committees and Councils of Senate may provide their observations and input through the chair and secretary, for inclusion within the suite of changes under contemplation in the implementation of the Senate Governance Review.

APPENDIX A

Excerpt from the [University of Waterloo Act](#)

POWERS OF THE SENATE

22. The Senate has the power to establish the educational policies of the University and to make recommendations to the Board of Governors with respect to any matter relative to the operation of the University and without restricting the generality of the foregoing, this includes the power,

- (a) to make recommendations to the Board of Governors relative to the creation, establishment, maintenance, modification, or removal of organizational structures such as faculties, schools, institutes, departments or chairs within the University;
- (b) subject to the approval of the Board of Governors, in so far as the expenditure of funds is concerned, to establish, maintain, modify or remove, curricula of all courses of instruction including extension courses;
- (c) to determine policies concerning the qualifications of faculty members within the University with respect to appointments or promotions in rank, or to the granting of tenure, in connection with research or teaching or academic administration;
- (d) to determine standards of admission of students to the University;
- (e) to consider and determine the conduct and results of examinations in all faculties or academic units;
- (f) to hear and determine appeals from the decisions of the faculty councils on applications and examinations by students;
- (g) to confer degrees, diplomas and certificates or other awards in any and all branches of learning and in any subject taught in the University or its federated or affiliated colleges;
- (h) to confer honorary degrees in Divinity, without fees, upon the recommendation of any theological college federated or affiliated with the University;
- (i) to confer honorary degrees in any department of learning;
- (j) to undertake, consider and co-ordinate long-range academic planning;
- (k) to consider and to recommend to the Board of Governors policies concerning the internal allocation or use of University resources;
- (l) to consider and to recommend to the Board of Governors the federation or affiliation of the University with any college for teaching any branch of learning;
- (m) to create councils and committees to exercise its powers;
- (n) to provide, if considered necessary, for an executive committee which shall act in the name and on behalf of the Senate between regular meetings of the Senate; and
- (o) to enact by-laws and regulations for the conduct of its affairs.

Excerpts from [Senate Bylaw 1 – Business and affairs of Senate](#)

4. Committees and councils - agenda and background material to be available

4.01 Notice in writing of each general meeting of any committee or council shall be available at least seven (7) days prior to the date of each such meeting.

4.02 The agenda and available background material for any general meeting of any committee or council shall be available at least seven (7) days prior to the date of each such meeting.

12. Limit on service on committees

12.01 An elected member of Senate shall not serve on more than one of the Executive, Finance or Long Range Planning Committees.

14. Bylaws - general

14.01 The passage of a new bylaw or amendment(s) to an existing bylaw is accomplished in two readings by Senate. At the first reading, such discussion as is deemed appropriate by Senate shall take place. At the second reading, further discussion may take place and the vote on the document shall be taken. The two readings shall take place at different, but not necessarily consecutive, meetings of Senate.

14.02 No proposed bylaw or amendment(s) will be given reading unless it has been bound into or accompanies the agenda portfolio distributed in advance of the meeting.

14.03 Any proposed bylaw or amendment(s) shall include the proposed wording of the bylaw or amendment(s), and where appropriate, a summary of the reasons for such bylaw or amendment(s).

14.04 In order to be approved by Senate, any new bylaw or amendment(s) to bylaws must receive the affirmative vote of at least two-thirds of the members of Senate present and voting at the meeting.

Excerpt from [Senate Bylaw 2 – Committees and councils of Senate](#)

Senate Finance Committee

2.01	There shall be a standing committee of Senate called the Finance Committee.
2.02	<p>Finance Committee Membership</p> <p>The membership of this committee shall consist of the following:</p> <ul style="list-style-type: none">a. <i>Ex Officio</i><ul style="list-style-type: none">i. The president of the university, who shall chair this committee.ii. The vice-president, academic & provost.iii. The vice-president, administration & finance.iv. The vice-president, research and international.v. The associate vice-president, graduate studies and postdoctoral affairs.vi. The deputy provost, integrated planning and budgeting.vii. The dean of each faculty.b. Elected<ul style="list-style-type: none">i. One member from the community-at-large members of the Board of Governors.ii. One elected faculty member of Senate from each faculty and one faculty member of Senate from the affiliated and federated institutions of Waterloo.iii. Three members from the elected student members of Senate, at least one of whom shall be an undergraduate student and at least one of whom shall be a graduate student.iv. One member from among the alumni members of Senate.
2.03	The term of office of members elected pursuant to paragraph 2.02.b shall be one year. Each member is eligible for re-election.
2.04	<p>Powers and Duties of Finance Committee</p> <p>The Finance Committee shall have the following powers and duties:</p> <ul style="list-style-type: none">a. To consider, study, and review all matters pertaining to the financial operations of the university and to make recommendations to Senate thereon.b. To consider, study, and review the general policies governing the internal allocation of the university's financial resources and to make recommendations to Senate thereon.c. To receive each year from the vice-president, academic & provost, for consideration, study, and review, on behalf of Senate, a detailed operating budget for the university and to make recommendations to Senate thereon.

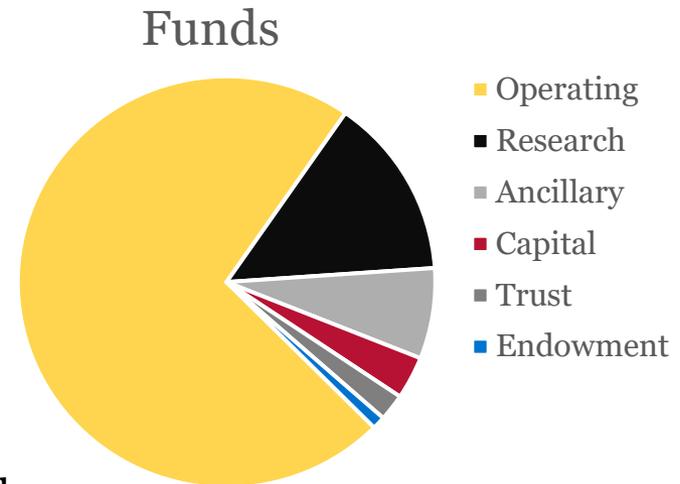


UNIVERSITY OF
WATERLOO

Overview of University Funds

Background

- Total annual revenue and expenses of the University ~ \$1.1B in recent years including activities in the following funds:
 - Operating, research, capital, trust, endowment and ancillary
 - Audited financial statements of the University include all funds
 - University revenues and expenses are segregated and managed in specific funds, depending on their source and purpose
 - Transfers between funds only occur in limited pre-defined scenarios



Operating Fund

- Unrestricted fund used to manage general operations of the University
- Largest fund, which accounts for approximately 80% of the University's total revenue and expenses
- In February, Senate Finance Committee and Senate receive an update on the current year operating budget for information
 - Current year budget update processes inform transition to new budget year
- In March, Senate Finance Committee and Senate review recommended annual operating budget, and Senate makes recommendation to the Board of Governors for its April meeting
 - Finance Investment Committee of the Board also reviews and makes recommendation to the Board of Governors

Operating Fund

Sources of Income

- Grant revenue from the Ontario Ministry of Colleges and Universities
- Tuition fees
- Co-op and student services fees
- Interest on expendable funds held in University bank accounts
- Miscellaneous income – application fees, rental income, etc.

Expenditures

- Salaries and employee benefits
- Student financial support
- University Fund
- Capital project fund and deferred maintenance fund
- Insurance, municipal taxes and utilities
- Other non-salary expenses

Research Fund

- Restricted fund to manage grant and contract revenue received for research activities
- Second largest fund, which accounts for approximately 13% of the University's total revenue and expenses
- University must ensure funds are spent according to the terms of the research agreement
- Federal granting agencies (NSERC, CIHR, and SSHRC)
 - Provide for direct costs of research (e.g., salaries, supplies, equipment)
 - Provide funding to help offset indirect costs of research through a multi-year commitment

Ancillary Funds

- Funds used to manage operations for each ancillary unit
- Includes: Campus Housing, Print & Retail Solutions, Food Services, Parking and WatCard
- Accounts for approximately 5% of the University's total revenue and expenses
- Expenses include transfers to the operating fund for space, utilities, administrative services and maintenance
- Ancillary unit revenues fund the expenses of running their operations, and the units set aside funds for significant future costs such as capital projects and renovations

Trust and Endowment Funds

- Restricted funds to support scholarships, Chairs, student activities or other activities as agreed upon by the donor
- Trust funds:
 - Includes donations intended to be fully spent for a purpose designated by the donor
 - Also, includes grants to be used for specific purposes
- Endowment funds:
 - Endowment contributions (principal) must be permanently maintained
 - A spending rate is set each year (2022/23 - 3% of principal) and is funded by the investment income earned by endowments
 - Additional portion of investment income is used to grow the principal balance to preserve purchasing power (based on CPI)

Capital Fund

- Restricted fund used to manage major construction, renovations and facility renewal projects
- Sources of funding:
 - MCU provides annual grant funding to support building repairs, maintenance and alterations
 - Strict guidelines apply, and projects must be submitted to MCU for pre-approval
 - Donations
 - Other special government grants for capital programs
 - Transfers from operating fund

UNIVERSITY OF WATERLOO



UNIVERSITY OF WATERLOO
2022/23 Operating Income Budget (in thousands)

Senate Finance
February 15, 2023

Estimated 2022/23 As at April 5, 2022	Increase / (Decrease)	Estimated 2022/23 As at February 7, 2023	Notes
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INCOME

Operating Grant

Enrolment	162,703	(25,280)	137,423	Note 1
SMA3 Performance Outcomes	87,920	25,280	113,200	Note 1
Special Purpose	5,605	(55)	5,550	
International Student Recovery	(5,600)	200	(5,400)	
Transfers to AFIW	(13,190)	(30)	(13,220)	
	237,438	115	237,553	

Tuition

Domestic - Undergraduate	233,900	6,300	240,200	Note 2
Domestic - Graduate	28,400	(900)	27,500	
International - Undergraduate	263,900	(15,500)	248,400	Note 3
International - Graduate	54,100	3,000	57,100	Note 4
Transfers to AFIW	(21,340)	550	(20,790)	
	558,960	(6,550)	552,410	

Other Revenue

Co-op Recovery	25,700	600	26,300	
Student Services Fees	15,320	(350)	14,970	
Interest	10,600	17,400	28,000	Note 5
Services to AFIW	4,050	(60)	3,990	
Miscellaneous Income	9,670	-	9,670	Note 6
	65,340	17,590	82,930	

Total Income

861,738	11,155	872,893
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Note 1: The shift between Enrolment and SMA3 Performance Outcomes is due to the Ministry of Colleges and Universities (MCU) providing clarification of the funding envelopes for 2022-23.

Note 2: The increase in Domestic Undergraduate tuition is due to new students exceeding forecast.

Note 3: The decrease in International Undergraduate tuition is due to new students intake below forecast. This has been further impacted by student graduations accelerating beyond expected in the forecast.

Note 4: The increase in International Graduate tuition is due to new students in Master's exceeding forecast.

Note 5: The investment income earned on operational funds is based on current and forecasted cash management and investment plans. The increase is due to the impact on general interest rates of the significant increases Bank of Canada has made in interest rates throughout calendar year 2022.

Note 6: Miscellaneous income includes application fees, rental income and various other fees such as transcripts, verification letters, etc.

UNIVERSITY OF WATERLOO
2022/23 Operating Expense Budget (in thousands)

Senate Finance
February 15, 2023

Estimated 2022/23 As at April 5, 2022	Increase / (Decrease)	Estimated 2022/23 As at February 7, 2023	Notes
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EXPENSES

Salary and Wages

Current salaries and wages	510,577	7,600	518,177	
Current benefits	125,460	800	126,260	
	<u>636,037</u>	<u>8,400</u>	<u>644,437</u>	Note 1

Non Salary Expenses - Strategic and Priority Spending

Student Support	75,967	-	75,967	Note 2
University Fund	43,100	-	43,100	Note 3
Capital Project Fund	3,300	1,000	4,300	Note 4
Deferred Maintenance Fund	-	6,000	6,000	Note 5
	<u>122,367</u>	<u>7,000</u>	<u>129,367</u>	

Non-Salary Expenses - Other

Insurance	3,250	-	3,250	
Municipal taxes	3,050	-	3,050	
Utilities	22,925	-	22,925	
Other non-salary expenses	92,526	(5,725)	86,801	Note 6
Total other - before budget reduction	<u>121,751</u>	<u>(5,725)</u>	<u>116,026</u>	
Budget reduction	(5,300)	-	(5,300)	
Total other - after budget reduction	<u>116,451</u>	<u>(5,725)</u>	<u>110,726</u>	

Gross expenses	<u>874,855</u>	<u>9,675</u>	<u>884,530</u>	
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Cost recoveries	<u>(11,900)</u>	<u>-</u>	<u>(11,900)</u>	Note 7
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Estimated net expenses	<u>862,955</u>	<u>9,675</u>	<u>872,630</u>	
Estimated income	<u>861,738</u>		<u>872,893</u>	
Surplus (Unfunded deficit)	<u>(1,217)</u>		<u>263</u>	

Note 1: The budget increase mainly reflects a reallocation from non-salary budget to update for in-year deployments of available budgets to support new positions and to provide more funding for TA positions.

Note 2: Student Support includes Tuition Set Aside (TSA), as well as undergraduate and graduate support in the form of scholarships, bursaries and awards. The TSA amount (approximately \$26 million) is calculated based on a formula mandated by the Ministry of Colleges and Universities and it is to be used for needs based student support programs.

Note 3: The University Fund is used strategically for funding the University's strategic priorities and managing risk.

Note 4: The Capital Project Fund budget supports central funding of capital projects. Other support for capital projects includes other central operating funds, faculty funding, donations and other sources.

Note 5: The Deferred Maintenance Fund supports central funding of deferred maintenance projects. Other support for deferred maintenance includes other central operating funds, faculty funding, grants and donations.

Note 6: Other non-salary budget reflects the budget for a variety of non-salary expenses of the Faculties and Academic Support Units including investments in capital and enterprise software, and expenses in professional services, maintenance and supplies. Faculties and Administrative Support Units determine use of this budget based on operational requirements. The decrease reflects a reallocation of budget to salaries.

Note 7: Chargeouts and cost recoveries primarily include recoveries from Ancillary Enterprises (Housing, Food Services, Print & Retail Solutions, Watcard and Parking) for space charges and administrative support.