## AGENDA ITEM

<table>
<thead>
<tr>
<th>TIMING</th>
<th>AGENDA ITEM</th>
<th>PAGE</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:30 a.m.</td>
<td><strong>OPEN SESSION</strong></td>
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<tr>
<td></td>
<td>1. Declarations of Conflict of Interest</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>a. <a href="#">Excerpt from Bylaw 1, section 8</a></td>
<td>3</td>
<td>Information</td>
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<td></td>
<td>2. Remarks from the Chair</td>
<td></td>
<td>Information</td>
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<td></td>
<td>3. <a href="#">Minutes of 15 March 2023* and Business Arising</a></td>
<td>5</td>
<td>Decision</td>
</tr>
<tr>
<td>9:35 a.m.</td>
<td>4. Presentation - <a href="#">Operating Budget Update/Developments</a> (J. Rush)</td>
<td>7</td>
<td>Information</td>
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<tr>
<td>(60 min)</td>
<td>- Enrolment and Geopolitical Update</td>
<td></td>
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<td></td>
<td>- MCU University Financial Accountability Framework Update</td>
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<td>10:35 a.m.</td>
<td>5. Waterloo Budget Model – Developments and Plans (P. Fieguth)</td>
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<td>Information</td>
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<td>(25 min)</td>
<td>6. Other Business</td>
<td></td>
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<td></td>
<td>7. Next Meeting: Wednesday 7 February 2024 from 1:00 – 3:00 p.m., NH 3318</td>
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29 September 2023

Mike Grivicic
Associate University Secretary
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### Excerpt from Senate Bylaw 1

#### 8. Declarations of conflict of interest

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>8.01</td>
<td>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.</td>
</tr>
<tr>
<td>8.02</td>
<td>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.</td>
</tr>
<tr>
<td>8.03</td>
<td>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).</td>
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<tr>
<td>8.04</td>
<td>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).</td>
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University of Waterloo  
SENATE FINANCE COMMITTEE  
Minutes of the 15 March 2023 Meeting  
[in agenda order]

Present: Marc Aucoin, Jeff Casello, Charmaine Dean, David Ha, Marten Karsten, Jennifer Kieffer, Mark Giesbrecht, Lili Liu, Ellen MacEachen, Erin O'Connell, Robert Park (for Sheila Ager), Jacinda Reitsma (chair, for Vivek Goel), James Rush, Sarah Willey-Thomas, Stanley Woo

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

Regrets: Bruce Frayne, Vivek Goel, Scott Kline, Bob Lemieux, Nicholas Pfeifle, Sharon Tucker, Mary Wells, Onurcan Gokkaya, Sonia Ismail

Guest: Andrea Kelman

Organization of meeting: Jacinda Reitsma took the chair and Sarah Willey-Thomas (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
Reitsma welcomed committee members and noted the consideration of the operating budget as the main goal for the meeting.

3. MINUTES OF 11 FEBRUARY 2022 AND BUSINESS ARISING
The minutes were approved as distributed. Giesbrecht and Woo. Carried.

Reitsma encouraged individuals to provide comments and feedback on the terms of reference to the Secretary as per the Senate Governance Review.

4. 2023/24 OPERATING BUDGET
Members heard a motion that Senate recommend that the Board of Governors approve the 2023-24 Operating Budget as presented. Rush and MacEachen. Carried.

Speaking to the presentation, Rush outlined:
- the operating budget's principal considerations; challenges in the coming year ahead (expenses higher than income, increased salary costs, constrained tuition revenue, in-year upward salary pressures);
- Activity undertaken to identify, model and forecast risks over a rolling five-year period in coordination with Finance, IAP, Associate Provost Integrated Planning and the Provost;
- Impact of the recently announced tuition framework and related impact as well as continued advocacy on the matter;
- Impact of rate change effect and enrolment effect on tuition revenue (international and domestic; undergraduate and graduate);
- Overview of non-salary expenses;
- Overview of budget commitments, including support for students; and
- Inclusion of 0.5% budget reduction and budget deficit, and plan to address the budget deficit.
The Committee discussed:

- Supplemental materials package provided in previous years;
- The Province's Blue Ribbon Panel and panel membership;
- Allocation of risk mitigation funds;
- Presentation of budget information and segregation of funds;
- Transition to a responsibility center management budget model;
- Changes to expenses related to insurance, taxes and utilities; and
- Impact of monthly payroll periods on interest and employees.

The question was called and the motion carried unanimously. The Committee agreed that the motion would stand with a commitment to circulate additional information, substantially similar to the supplemental package provided in previous years.

5. OTHER BUSINESS

Rush noted Paul Fieguth's new role as AVP Academic Operations and role as delegate of the Provost in overseeing the budget process.

6. NEXT MEETING

The next scheduled committee meeting will be in February 2024. The committee discussed the possibility of scheduling a meeting in Fall 2023 to receive an update on the Integrated Planning Model and operating budget.

12 April 2023

Sarah Willey-Thomas
Associate University Secretary
Update to Operating Budget 2023/24

Executive Summary

At the time of preparation and presentation of the 2023/24 opening operating budget, uncertainties were identified in several areas with updates expected later in the year. A commitment was made to provide updates this fall. This memo outlines the nature of these uncertainties and related updates including estimated impact on the operating budget.

<table>
<thead>
<tr>
<th>Operating Budget (in thousands)</th>
<th>Opening 2023/24</th>
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<tbody>
<tr>
<td>Deficit for 2023/24 in budget at start of year</td>
<td>($ 4,017)</td>
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<tr>
<td>Bill 124 base salary amendments</td>
<td>(16,000)</td>
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<tr>
<td>Blue Ribbon Panel impacts</td>
<td>-</td>
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<tr>
<td>Enrolment impacts</td>
<td>-</td>
</tr>
<tr>
<td>Increase in interest income</td>
<td>5,000</td>
</tr>
<tr>
<td>Estimated (deficit)</td>
<td>($15,017)</td>
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</table>

The University continues to commit to work to achieve an in-year balanced budget, including the use of some one-time resources, with further significant work to support achieving a balanced 2024/25 budget. Given the significant constraints and regulations currently in place impacting the University’s income, a balanced budget will require spending constraints and budget reductions.

Salary Bill 124 amendments

Under Bill 124, salary scale increases in the faculty and staff salary agreements for May 2021-April 2024 were limited to 1%. Since Bill 124 has subsequently been found to be “void and of no effect”, the University initiated Bill 124 reopener clauses with employee groups and has communicated Bill 124 salary adjustments for faculty and staff, including, for eligible employees, extraordinary base salary increases effective May 1, 2023 and lump sum payments. The estimated operating fund costs are:

- May 1, 2023 base salary extraordinary adjustments - $16 million (salary and benefits) recurring annual expense to be reflected in the annual operating budget
- Lump sum payments – $8 million one-time expense to be funded by drawing down one-time resources (one-time resources built up over time from past underspending of available budgets)
Blue Ribbon Panel

On March 2, 2023 the Ontario Ministry of Colleges and Universities (MCU) announced the creation of a Blue-Ribbon Panel to provide advice and recommendations to the province on financial sustainability in the postsecondary education sector in Ontario. The panel was specifically asked to provide advice on a long-term tuition-fee policy. The Blue Ribbon Panel conducted their work in the spring and summer of 2023, but their report has not yet been shared publicly. We therefore do not currently know the advice provided by the report, or how the province will choose to respond to the recommendations of the report. We anticipate that the recommendations, particularly regarding domestic Ontario tuition fees, will be implemented after the current (2023/24) fiscal year.

Enrolment

Based on Spring 2023 and preliminary estimates for Fall 2023, fiscal year to date overall tuition revenue is tracking to be close to overall tuition budget for the year, with some underlying changes and trends within individual categories of tuition revenue versus budget.

Preliminary estimates of undergraduate international new student intake are tracking below planning target and less than the last two years, 2021 and 2022. This will contribute to overall international undergraduate enrolments lower than forecasted in opening budget planning.

The financial impact of lower than forecasted undergraduate international enrolment is mostly offset by undergraduate domestic and graduate international new student intake levels above targets.

The University continues to closely monitor potential risks arising from geopolitical tensions with our two largest international student markets, China and India.

Inflation and interest rates

Interest rates have continued to rise since the opening budget was prepared. The estimated increase in operating investment income in the current year is $5 million (from $30 million to $35 million). A return over time to operating interest income of around $10 million - $15 million annually, more typical of the 2018/2019 to 2021/22 period, is expected to follow future decreases in interest rates. Draw downs on one-time resources will be employed to help manage budgetary transitions in the current fiscal year.

Next Steps

Further updates will be shared as available in the February Senate Finance meeting as part of preparation for the 2023/24 Operating budget update.