Present: Sheila Ager, Jean Andrey, Anne Bordeleau, Jeff Casello, Charmaine Dean, Mark Giesbrecht, David Ha, Feridun Hamdullahpur (chair), Dennis Huber, Martin Karsten, Sabrina Khandakar, Jennifer Kieffer, Robert Lemieux, Lili Liu, Ellen MacEachen, James Rush, Cristina Vanin, Mary Wells, Kathy Winter (secretary), Stan Woo.

Resources: Mary Anne Chan, Sarah Hadley, Beth Sandore-Namachchivaya, Allan Starr.

Regrets: Clarence Woudsma

Organization of meeting: Feridun Hamdullahpur 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. MINUTES OF 12 FEBRUARY 2021 AND BUSINESS ARISING
The minutes were approved as distributed. Andrey and Ager. Carried.

3. 2021/22 OPERATING BUDGET
Members heard a motion that Senate recommend that the Board of Governors approve the 2021-22 Operating Budget as presented. Speaking to his presentation, Rush advised about: budget themes and priorities, future revenue uncertainty factors, ways the strategic plan priorities are being resourced; and 2021-22 operating income and expense budget details including estimated total revenues ($862.8M), estimated net expenses ($863.6M), and estimated unfunded deficit ($699K) (see Attachment). Rush and Giesbrecht. Carried.

4. 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.

5. OTHER BUSINESS
There was no other business.

6. NEXT MEETING
The next meeting will be held in February 2022 – date yet to be determined.

25 March 2021

Kathy Winter, PhD, CPsych
Assistant University Secretary
# UNIVERSITY OF WATERLOO

### 2021/22 Operating Income Budget (in thousands)

**Senate Finance Committee**  
March 12, 2021

<table>
<thead>
<tr>
<th></th>
<th>2020/21 Base</th>
<th>Increase / (Decrease) $</th>
<th>Increase / (Decrease) %</th>
<th>2021/22 Base</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Grant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enrolment</td>
<td>186,669</td>
<td>(23,966)</td>
<td>-12.8%</td>
<td>162,703</td>
<td></td>
</tr>
<tr>
<td>SMA3 Performance Outcomes</td>
<td>63,954</td>
<td>23,966</td>
<td>37.5%</td>
<td>87,920</td>
<td></td>
</tr>
<tr>
<td>Special Purpose</td>
<td>5,416</td>
<td>(27)</td>
<td>-0.5%</td>
<td>5,389</td>
<td></td>
</tr>
<tr>
<td>International Student Recovery</td>
<td>6,439</td>
<td>763</td>
<td>-11.8%</td>
<td>5,676</td>
<td></td>
</tr>
<tr>
<td>Transfers to AFIW</td>
<td>13,496</td>
<td>692</td>
<td>-5.1%</td>
<td>12,804</td>
<td></td>
</tr>
<tr>
<td></td>
<td>236,104</td>
<td>1,428</td>
<td>0.6%</td>
<td>237,532</td>
<td>Note 1</td>
</tr>
<tr>
<td>Tuition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic - Undergraduate</td>
<td>236,156</td>
<td>(3,927)</td>
<td>-1.7%</td>
<td>232,229</td>
<td>Note 2</td>
</tr>
<tr>
<td>Domestic - Graduate</td>
<td>29,289</td>
<td>322</td>
<td>1.1%</td>
<td>29,611</td>
<td></td>
</tr>
<tr>
<td>International - Undergraduate</td>
<td>240,643</td>
<td>21,290</td>
<td>8.8%</td>
<td>261,933</td>
<td>Note 3</td>
</tr>
<tr>
<td>International - Graduate</td>
<td>46,121</td>
<td>2,029</td>
<td>4.4%</td>
<td>48,150</td>
<td>Note 4</td>
</tr>
<tr>
<td>Transfers to AFIW</td>
<td>19,656</td>
<td>(866)</td>
<td>4.4%</td>
<td>18,790</td>
<td></td>
</tr>
<tr>
<td></td>
<td>532,553</td>
<td>18,848</td>
<td>3.5%</td>
<td>551,401</td>
<td></td>
</tr>
<tr>
<td>Other Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-op Recovery</td>
<td>23,734</td>
<td>782</td>
<td>3.3%</td>
<td>24,516</td>
<td></td>
</tr>
<tr>
<td>Student Services Fee</td>
<td>14,364</td>
<td>1,261</td>
<td>8.8%</td>
<td>15,625</td>
<td>Note 5</td>
</tr>
<tr>
<td>Research Overhead</td>
<td>9,128</td>
<td>1,479</td>
<td>16.2%</td>
<td>10,607</td>
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<tr>
<td>Interest</td>
<td>11,100</td>
<td>(1,500)</td>
<td>-13.5%</td>
<td>9,600</td>
<td>Note 6</td>
</tr>
<tr>
<td>Services to AFIW</td>
<td>3,891</td>
<td>18</td>
<td>0.5%</td>
<td>3,909</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>9,672</td>
<td>(2)</td>
<td>0.0%</td>
<td>9,670</td>
<td></td>
</tr>
<tr>
<td></td>
<td>71,889</td>
<td>2,038</td>
<td>2.8%</td>
<td>73,927</td>
<td></td>
</tr>
<tr>
<td>Non-recurring Operating Income budget</td>
<td>16,200</td>
<td>(16,200)</td>
<td>-100.0%</td>
<td>0</td>
<td>Note 7</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>856,746</td>
<td>6,114</td>
<td>0.7%</td>
<td>862,860</td>
<td></td>
</tr>
</tbody>
</table>

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**Note 1** - Under the Strategic Mandate Agreement (SMA3, effective 2020/21 - 2024/25), the Ministry of Colleges and Universities (MCU) is annually increasing the share of total grant funding contingent upon performance outcomes.

**Note 2** - The projected decrease in Domestic Undergraduate tuition revenue represents a return to expected new enrolments in 2021/22 after significantly exceeding 2020/21 new enrolment targets. The Board of Governors approved a 0% tuition rate increase consistent with 2020/21 rates at their February meeting in the absence of a provincial tuition framework.

**Note 3** – The increase in International Undergraduate tuition revenue is consistent with tuition rate increases approved by the Board of Governors in its February 2021 meeting, partially offset by a projected decrease in international undergraduate new enrolments. 2021/22 figures represent a return to expected new enrolments after significantly exceeding 2020/21 new enrolments targets.

**Note 4** - The increase in International Graduate tuition revenue is driven by international tuition rate increases approved by Board in its February 2021 meeting as well as a slight projected increase in overall international graduate enrolment.

**Note 5** - The increase in the student services fee revenue relates mainly to decisions of the Student Services Advisory Committee to provide funding for designated student services.

**Note 6** - The investment income earned on operational funds is based on current and forecasted cash management and investment plans. The decrease relates to declining interest rates as fixed income investments mature.

**Note 7** - Non-recurring income budget was included in the 2020/21 operating budget to reflect various tuition income and other revenue increases and decreases in 2020/21 related to the financial and operational impacts of COVID-19, such as additional revenue related to accelerated academic terms and course enrolment by co-op students and student service fees for Athletics being waived for some terms. While some of these revenue impacts may extend into the current year, these impacts are not expected to continue on an ongoing basis. Although uncertainties remain relating to the impact of COVID-19, any non-recurring impact to operating income in 2021/22 is expected to be small. This will be reassessed for consideration in the 2021/22 budget update.
<table>
<thead>
<tr>
<th></th>
<th>2020/21 Base Budget</th>
<th>Increase / (Decrease) $</th>
<th>Increase / (Decrease) %</th>
<th>2021/22 Base Budget</th>
<th>2021/22 Base Budget as % of Income</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and Wages</td>
<td>476,032</td>
<td>14,700</td>
<td>3.1%</td>
<td>490,732</td>
<td>56.9% Note 1</td>
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</tr>
<tr>
<td>Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current benefits</td>
<td>108,347</td>
<td>5,753</td>
<td>5.3%</td>
<td>114,100</td>
<td>13.2%</td>
<td>Note 2</td>
</tr>
<tr>
<td>Faculty professional expense reimbursement plan</td>
<td>2,742</td>
<td>50</td>
<td>1.8%</td>
<td>2,792</td>
<td>0.3%</td>
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<tr>
<td>Parental leave supplement</td>
<td>2,080</td>
<td>500</td>
<td>25.0%</td>
<td>2,500</td>
<td>0.3%</td>
<td></td>
</tr>
<tr>
<td>Total benefits</td>
<td>113,089</td>
<td>6,303</td>
<td>5.6%</td>
<td>119,392</td>
<td>13.8% Note 2</td>
<td></td>
</tr>
<tr>
<td>Total salaries and benefits</td>
<td>589,121</td>
<td>21,003</td>
<td>3.6%</td>
<td>610,124</td>
<td>70.7%</td>
<td></td>
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<tr>
<td>Student Support</td>
<td>54,673</td>
<td>1,794</td>
<td>3.3%</td>
<td>56,467</td>
<td>6.5% Note 3</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accessibility fund for students with disabilities</td>
<td>1,051</td>
<td>244</td>
<td>23.2%</td>
<td>1,295</td>
<td>0.2%</td>
<td></td>
</tr>
<tr>
<td>Capital Project Financing</td>
<td>0</td>
<td>2,000</td>
<td>100.0%</td>
<td>2,000</td>
<td>0.2% Note 4</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>2,500</td>
<td>500</td>
<td>20.0%</td>
<td>3,000</td>
<td>0.3%</td>
<td></td>
</tr>
<tr>
<td>Library acquisitions</td>
<td>8,519</td>
<td>-</td>
<td>0.0%</td>
<td>8,519</td>
<td>1.0%</td>
<td></td>
</tr>
<tr>
<td>Municipal taxes</td>
<td>3,050</td>
<td>-</td>
<td>0.0%</td>
<td>3,050</td>
<td>0.4% Note 5</td>
<td>Note 5</td>
</tr>
<tr>
<td>University Fund</td>
<td>41,000</td>
<td>2,100</td>
<td>5.1%</td>
<td>43,100</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>22,925</td>
<td>-</td>
<td>0.0%</td>
<td>22,925</td>
<td>2.7%</td>
<td>Note 6</td>
</tr>
<tr>
<td>Total other</td>
<td>79,045</td>
<td>4,844</td>
<td>6.1%</td>
<td>83,889</td>
<td>9.7%</td>
<td></td>
</tr>
<tr>
<td>Supplies and expenses</td>
<td>129,642</td>
<td>(5,043)</td>
<td>-3.9%</td>
<td>124,599</td>
<td>14.4% Note 6</td>
<td></td>
</tr>
<tr>
<td>Gross expenses</td>
<td>852,481</td>
<td>22,598</td>
<td>2.7%</td>
<td>875,079</td>
<td>101.4%</td>
<td>Note 7</td>
</tr>
<tr>
<td>Cost recoveries</td>
<td>(12,720)</td>
<td>1,200</td>
<td>-9.4%</td>
<td>(11,520)</td>
<td>-1.3% Note 7</td>
<td></td>
</tr>
<tr>
<td>Net additional non-recurring expenses not covered by budgets above</td>
<td>15,000</td>
<td>(15,000)</td>
<td>-100.0%</td>
<td>0</td>
<td>0% Note 8</td>
<td></td>
</tr>
<tr>
<td>Estimated net expenses</td>
<td>854,761</td>
<td>8,798</td>
<td>1.0%</td>
<td>863,559</td>
<td>100.1%</td>
<td></td>
</tr>
<tr>
<td>Estimated income</td>
<td>856,746</td>
<td>862,860</td>
<td>7.2%</td>
<td>862,860</td>
<td>100.1%</td>
<td></td>
</tr>
<tr>
<td>Surplus (Unfunded deficit)</td>
<td>1,985</td>
<td>(699)</td>
<td>-34.8%</td>
<td>1,286</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

Note 1 - This reflects estimated May 1, 2021 salary increases as well as a small increase for potential new positions.

Note 2 - This reflects increases in benefits costs related to a number of factors including changes as a result of salary increases, rate/premium increases and a small increase for potential new positions. The increase in Parental Leave Supplement reflects increased usage of parental leave benefits.

Note 3 - Student Support includes Tuition Set Aside (TSA), as well as graduate support and undergraduate scholarships and bursaries. The TSA amount (approximately $25 million) is calculated based on a formula mandated by the Ministry of Colleges and Universities. It is to be used for needs based student support programs.

Note 4 - This ongoing budget is being established to support central funding of internally financed capital projects.

Note 5 - The University Fund is used for funding the University's strategic priorities and managing risk.

Note 6 - Supplies and expenses reflects the budget for a variety of non-salary operating expenses of the faculties and academic support units such as supplies, enterprise software, maintenance, professional services, etc. The overall decrease is result of a small reallocation of budget to salaries for potential new positions, net of other various small non-salary budget increases and decreases.

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. The decrease relates to a decrease in recoveries from ancillary enterprises for chargeouts that are based on their revenues.

Note 8 - Non-recurring expense budget was included in the 2020/21 operating budget to reflect various costs related to non-recurring operating expenses included in that year’s operating budget, including financial and operational impacts of COVID-19 such as additional student support, transition to online learning and work, enhanced cleaning and updates to physical space etc. not covered by existing budgets. While some of these costs may extend into the current year, they are not expected to continue on an ongoing basis beyond what can be incorporated into ongoing budgets. Although uncertainties remain relating to the impact of COVID-19, any non recurring impact to operating expenses in 2021/22 is expected to be small. This will be reassessed for consideration in the 2021/22 budget update.