

**University of Waterloo  
BOARD OF GOVERNORS**

***Minutes of the Tuesday, February 3, 2004 Meeting***

***Present:*** Bob Harding (Chair), Lois Claxton (Secretary), Mary Bales, Jeannette Byrne, Robert Caldwell, Avi Caplan, Adrian Chin, Purdy Crawford†, Chris Edey, Hilde English, Herb Epp, Catherine Fry, Simon Guthrie, Geoff Guy, Rick Helmes-Hayes, Keith Hipel, Cathie Irwin, David Johnston, Paul Koenderman†, Robert Le Roy, Ian McPhee, Peggy Mulligan, Greg Mumford, John North, Alan Plumtree, Ken Seiling, Gerry Sullivan, Mark Walker, John Wetmore, Carl Zehr

Ranjana Bird, Amit Chakma, Gail Clarke, George Dixon, Alan George, Rob Gorbet, Paul Guild, Mark Haslett, Dennis Huber, Carl Kaufman, Bob Kerton, Linda Kieswetter, Ken Lavigne, Bruce Lumsden, Geoff McBoyle, Bruce Mitchell, Catharine Scott, Adel Sedra, Mike Sharratt, Laura Talbot-Allan, Bob Truman, Bud Walker, Jeff Weller

***Regrets:*** Arthur Church, Linda Hasenfratz, Mike Lazaridis, Ray McLenaghan, Val O'Donovan, James Sloan

† via teleconference

***1. REMARKS FROM THE CHAIR***

- ***Welcome.*** The Chair welcomed Governor Epp and welcomed back Governors Seiling and Zehr and offered all congratulations on their recent electoral victories.
- ***Consent Agenda.***  
The Board heard an omnibus motion to approve and/or receive for information by consent Items 2-5 [below].

Plumtree and Bales.

***2. APPROVAL OF MINUTES***

The minutes of the Open Session of the October 28, 2003 meeting were approved as distributed.

***3. REPORT OF THE PRESIDENT***

- ***Recognition and Commendation.*** The Board received this report for information.
- ***Sabbatical Leaves and Administrative Appointments.*** The Board approved the recommended sabbatical leaves/special leave as presented in the report, and received the administrative appointments for information.

***4. INCIDENTAL FEES***

- ***Sandford Fleming Foundation Fee.*** The Board approved that the Sandford Fleming Foundation fee be increased to \$6.00 per term effective September 1, 2004 for a period of five years. The fee is a requirement of registration but is refundable.
- ***Minimum Program Fee.*** The Board approved that the minimum program fee for regular (non cost-recovery) graduate degree programs be eliminated effective Spring 2004.

**5. UW NAMING PRINCIPLES & PROCEDURES**

Board approved the UW Naming Principles & Procedures governing the naming of UW Faculties, Departments, Schools, Chairs, Professorships, academic programs and facilities as presented in the agenda portfolio.

The motion carried.

**6. PRESENTATION: CAMPAIGN WATERLOO UPDATE** [PowerPoint outline slides at Governors' places and available from the Secretariat.]

The Vice-President, University Relations updated the Board on the progress of Campaign Waterloo and future directions. To date, the "quiet phase" of the Campaign has raised \$164 million of the \$260 million "talent trust" goal (63 per cent). The Campaign's public phase will be launched March 23 on campus at noon in the Davis Centre. An evening launch will be held in Toronto at the Design Exchange and an e-launch will be held for alumni worldwide. The public launch is seen as an opportunity to educate various constituencies to the urgent and important needs of the University. Using a series of slides, the Vice-President spoke to the fund-raising trends and challenges, success factors, and funding-raising opportunities afforded by the Campaign.

With respect to the long-term impact of the Campaign on UW, Deans McBoyle and Sedra spoke to what the Campaign has meant for their respective Faculties thus far. For the Faculty of Environmental Studies, it has meant the successful relocation of the School of Architecture to Cambridge (anticipated opening in Fall 2004); for the Faculty of Engineering, new academic programs have been introduced, financial support for undergraduate and graduate students has increased, a number of Research Chairs have been established...the Faculty is a very good school with great aspirations and the "best is yet to come."

In closing, the Chair thanked the Vice-President for her presentation and asked that Governors keep March 23 open to attend the on-campus and/or the Toronto launch. A comment that \$160 million is an outstanding accomplishment based on very hard work by a large number of people (applause) considering that the total does not include any government support.

**7. BUSINESS ARISING FROM THE MINUTES**

**Progress Report #5 - Building on Accomplishment** [PowerPoint slides available from the Secretariat.] Deferred from the October meeting, the Provost reminded Governors that this strategic planning process was initiated in 1994 and the plan for UW's fifth decade, *Building on Accomplishment*, was released in September 1997. It contained 38 recommendations and is reviewed annually. Since Senate has recently approved a framework for the sixth decade planning document, the Vice-President's progress report reflects a transition between the two documents.

The Provost addressed the progress made based on the fifth decade planning document and highlighted three key areas: strategic investment in graduate studies; research intensity; and income diversification. He then listed the current ten institutional priorities which evolved from the fifth decade report and the annual Executive Council retreat. In order, the priorities are:

- pursuit of excellence
- recruitment of the best faculty/students/staff
- development and maintenance of strategic academic programs
- enhancement of co-op programs
- intensifying research (creating and cultivating a research culture)

- administrative efficiencies
- faculty/staff work loads, and
- strategic resource allocation (leading to budgetary flexibility)

The presentation concluded by highlighting progress in three of the ten priority areas (recruitment of the best faculty, recruitment of the best students, and strategic resource allocation and the funding of excellence). Governors heard that through prudent budget allocation and management, the Faculties have created reasonable flexibility to cope with difficult financial challenges this year and next.

In response to a question *re* slippage (basic entrance averages; the research enterprise at UW) and ways to “fix” these specific challenges, there is general acknowledgment that UW has slipped on the research front. With respect to the quality issue, opinion varies from Faculty to Faculty on trying to increase the quality of incoming students with the majority in agreement. While UW considers criteria other than applicant grades, the challenge is to do it with fairness, rigour, and careful judgment through the careful collection of data. A request that the Board discuss the issue of increasing grade standards (numerical marks *vs* a holistic approach) at a future meeting.

**8. REPORT OF THE PRESIDENT** [PowerPoint slides available from the Secretariat.]

**Funding at the University of Waterloo.** Document at Governors’ places.

**Environmental Scan.**

- **National Picture.** Using a series of slides, the President spoke to several important dates (yesterday’s throne speech, today’s response from the Prime Minister, the budget anticipated for late February/early March, the expected spring election call), and the possibility of a cabinet shuffle, Prime Minister Martin’s early themes, AUCC priorities, and the latest AUCC-EKOS poll results.
- **Provincial Picture.** The President commented on the scope of the tuition freeze and the compensation package for universities (no decisions yet on either front), and the requirement to refresh the “commitments” in the current provincial budget (operating grants have had no provision for inflation over the past ten years). He then spoke to the second annual report from the Task Force on Competitiveness, Productivity and Economic Progress entitled *Investing for Prosperity* and reviewed important highlights of the report. Governors heard that: Ontario has a prosperity gap with 14 peer states in the USA; Ontario’s spending lags the USA’s 14 peer states at all levels of educational investment (at the university education level it is less than half of the American expenditure per capita); the government’s spending has shifted towards consumption (in health care and social security benefits/services) from investment in long-term growth (post-secondary education and research); Ontario falls behind in expectations (i.e., the public does not sufficiently value a university education).
- **British Picture.** Starting in 2006, the Blair scheme will allow English and Welsh universities to make their own decision on undergraduate tuition fees with variable rates topping out at about £3,000; fees will be allowed to vary by individual course. Means testing will result in lower fees for those from lower-income families, more grants will be made available to poor students and no one will pay up front, as students do today. This scheme has three important principles: eliminating financial barriers to universities; giving universities more freedom over their tuition and students more choice; and the expectation that students repay foregone tuition fees through their income years after graduation.
- **International Celebration Week 2004.** UW is holding its second International Celebration

Week and is an opportunity to experience an informative, educational and entertaining look into unique aspects of the many different cultures represented on campus.

- ***Master of Business, Entrepreneurship and Technology.*** A team of students from UW's Master of Business, Entrepreneurship and Technology (MBET) program has been selected as one of three North American finalists in the Graduate Student Licensing Competition. Of the numerous entries received, the judges narrowed the field to three finalists – two from the USA and the UW team. UW's team will present their plan at the Society's winter meeting in San Francisco in mid-February.

## **9. REPORT OF THE VICE-PRESIDENT, ACADEMIC & PROVOST**

- ***Canadian Association of Research Libraries (CARL).*** The press release at Governors' places spoke to what UW is doing to gain a leadership position in information technology application in Canada's research libraries where UW has "led the charge."
- ***2003 - 2004 Operating Budget Update.*** The Provost expects some residual money when the current fiscal year ends April 30<sup>th</sup>. There are two major variables: about \$6.23 million is still expected from the Federal government for the indirect costs associated with research and about 15 per cent of the funding from the Quality Assurance Fund is also expected.
- ***2004 - 2005 Operating Budget Development.*** [PowerPoint slides available from the Secretariat.] The Provost provided an overview of the current funding situation and compared revenue and expenditure per student among UW, U of T, Michigan and MIT. It is estimated that UW has lost more than \$100 million in investment capacity over the past decade because government grants have had no adjustment for inflation. Consequently, there has been a gradual decline in quality on UW's campus compared to 1993 – UW has slipped relative to its own 1993 funding base, in reference to its 1996 national position, and in reference to the resources of its competition. That noted, however, it is remarkable that Waterloo has achieved what it has with the funding it receives and this is due largely to the dedication of the institution's students, faculty and staff.

For fiscal 2004 - 2005 it is estimated that the budget will total \$459-\$460 million (up from \$427 million in the current fiscal year). The Provost provided various budget modeling scenarios and "next step" options to deal with budget shortfalls yet maintain the status quo and even provide strategic investment in identified priority areas. A balanced budget proposal with a combination of expenditure reduction and tuition fee increases is expected to be presented to the April meeting of the Board. As well, the Provost expects a multi-year tuition fee plan to be drafted guided by the Board's policy on tuition fees and accessibility. [*Note:* current political climate has made this impractical.] The student aid support system will be reviewed by a task force with a view to making UW more effective in meeting the needs of students.

A number of uncertainties exist with respect to budget development (e.g., the level of government growth funding [double cohort money], the offset for lost tuition fee revenues, the quality assurance fund, the level of student enrollment [applications are expected to decrease and there may be excess capacity in the system], utility costs, the composition of the student body [the number of graduate vs undergraduate students, domestic vs international students]). Waterloo is expected to admit 5359 first-year students in Fall 2004.

The 2004 - 2005 budget document outline will be presented for the first time to the Finance & Investment Committee on February 25, and then the budget will go to Senate Finance on March 12, to

Senate on March 22 and ultimately to Board on April 6.

In response to a question, UW's competitors have made headway in the challenging economic environment of the last three or four years. Waterloo's administration is trying to find answers to the question "why?" While it is hard to compare institutions, the opinion that it is a number of pieces that have made the difference; some of it seems to be accidental and a matter of timing (e.g., in a year when UW chose not to grow, the government gave more money for growth); Queen's and U of T pursued an aggressive tuition fee policy earlier than UW; the larger endowment levels at both U of T and Queen's. The Provost noted that he is always open to leveraging other's good ideas/strategies and voiced the opinion that UW has no choice but to make decisions and take the institution's future into its own hands. A tuition fee policy that protects quality while maintaining accessibility guarantees must be pursued, along with increased external endowments. Whether the proposed budget improves quality depends on how aggressive the administration is; it is more likely that quality will improve through a gradual approach over the next six to ten years.

[Governor Koenderman excused himself from the teleconference call.]

- ***Sixth Decade Planning Framework and Timetable.***

The Vice-President highlighted key points within the document including: recruiting the best faculty/students/staff; rewarding the best staff; relevance and knowledge/technology transfer; strategic resource allocation; diversifying the institution's resource base.

Governors heard a motion to approve the Framework for the Development of UW's Sixth Decade Plan and Planning Timetable as described in the agenda portfolio.

Johnston and Plumtree.

If approved, the next step is to bring together Faculty/departmental academic plans. The opinion that a ten-year planning horizon is too long (the environment changes too quickly) and a suggestion that the decade plan should have a major review at the end of five years. A further suggestion that the academic plans also include measurements/performance indicators.

The motion carried.

## **10. *REPORT OF THE VICE-PRESIDENT, ADMINISTRATION & FINANCE***

Governors heard a motion to approve the 2004 - 2005 housing and residences fees as presented in the agenda portfolio.

Bales and Hipel.

In response to a question, this year's proposed increase is almost identical to last year's rate change and takes into account various escalating factors like general inflation, utility costs, and renovation and construction costs. Compared to the local rental market in Kitchener-Waterloo, these rates are marginally below market rates and reflect the desire of students to live close to the University (the closer one is, generally the higher the cost). While some student residences are more popular than others, the University tries to keep rental rates within reason (depending on the type of residence and the amenities it offers) and yet meet the needs of students.

The motion carried.

**11. REPORTS FROM COMMITTEES**

***Audit Committee.*** Committee Chair Governor Caldwell presented the report and highlighted the ongoing deliberations of the appropriateness of the internal and external audit process along with other audit costs. He noted that the Audit Committee is proposing a campus conference for Ontario university audit chairs and vice-chairs in the Fall.

***Finance and Investment Committee.*** Committee Chair Governor Crawford presented the report. Governors heard that the Committee has met four times and has concluded that the University pension plan has been conservatively, but extremely well, managed during some difficult markets. The Committee expects to bring recommendations to the April meeting of the Board with respect to the balancing/rebalancing the pension portfolio. The Committee is also working with the Provost in developing the 2004 - 2005 operating budget which will also go forward to the April meeting of Board.

The Board convened in confidential session.

LC/rah  
February 11, 2004

Lois Claxton  
Secretary of the University