



GSA Budget Report to the GSA Board of Directors

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The Board/Council Budget Committee and the Board Executive Committee (BEC) reviewed the general framework within which the GSA-UW's annual operating budget was developed, and received several versions of detailed budgets from the staff for the Association Fund, Graduate House Fund, Capital Fund, and the Heath & Dental Fund. The BEC makes a recommendation to the Board for the GSA-UW Annual Operating Budget. This year the process was not completed in time for the BEC to make its recommendation to the Board and the draft budget scenarios are presented to the Board for final consideration.

A summary of the scenarios of the Association Fund, Graduate House Fund, Capital Fund, and Health and Dental Fund Budgets, with inclusions from Rose Vogt, General Manager, and Henry Ensley, Graduate House Manager is attached to this report.

The budget preparation team is tasked with finding ways to keep the current fees as close to possible to the current rate.

This report is companion to the Excel Workbook attached.

Assumptions:

The following assumptions are made in developing the individual fund budgets.

1.) Number of graduate students paying fees

Association Fee: (non-refundable)

- Full time and Part time graduate students pay the GSA Fee, but this does not include every student registered in graduate studies. Exchange and IVGS do not pay GSA-Association Fee.
- The "enrollment" figures reflect the past year's actual fees collected, and a comparison of the number of registered students (IAP) and actual fees collected, with an expectation of growth in enrollment.
- The assumption is the Association will net an increase in fees of 2% increase from previous year. This is a very conservative estimate.

Graduate House Fee: (refundable 100%)

- The assessment of the Graduate House Fee is limited to "on campus" students in regular programs.
- Based on actual fees it is 82% of the Association Fee enrollment.
- Recent historical GH Fee refund rates have be approximately 2%.

The rate has been dropping from 12% as more social programming offering “free” events increases. (Such as Free Food Thursday, Trivia etc.)

- The budget scenarios estimate a potential of increased refund rates of 4% and 8% as a consequence of price increase, fee increases, and perceived value of the service.

Capital Fund:

- New equipment for the Graduate House approved by the Board in July 2017 is estimated at the time of preparation of this budget. Actual costs will be reflected in the amortization of the expenses once the installation is completed.

Health & Dental Plan

- Fee for the health and dental plan remain the same as prior years.
- A revised cost (premium) is expected in January, once the new OHIP *plus* program is reviewed in relation to claims made to the FEDS/GSA health plan.
- To be conservative, the premiums are set according to the renewal report presented by Studentcare and reviewed by the GSA Board earlier in the spring term.

Bus Pass:

- The bus pass is not a separate fund but the revenue and expense are extracted from the Association fund to provide transparency.
- The service is revenue neutral, that is, we pay the GRT the fees collected without a surcharge or administrative fee added.
- Students in the region of Waterloo have a contract (GSA/WLU) with GRT ending in 2020 with pre-determined increases.

The *Tables 2017-2018* worksheet in the *Budget 2017-2018-revised-draft-V7* define the enrollment rates applied to the various fee based items.

2.) Drivers of change:

A. Minimum Wage- the biggest influencer on the GH

- A major driver is 23% increase to minimum wage. 11.40 to 14.00 as of January 2018 and a further increase to \$15.00 for January 2019.
- Especially evident is the impact in the GH budget, as the most number of graduate students working at minimum wage are employed at the GH.
- Association staff are paid at rates aligned with the University pay scales and the TA rates for graduate students. The minimum wage has less impact on the Association than the GH, although there is an expectation that a trickle down of increases to supplies and external services will be experienced.
- Wages & Benefits are the greatest expense to the GSA.

GH - Moving staff to Full time positions:

- The positions of Supervisor and Cook were included in the UW Human Resources as full time positions in the past.
 - These are positions that are not able to be held by graduate students due to the number of hours required per week, and the skill/expertise needed for the position.
 - The current staff work in these roles as “casual” staff eventhough they work approx.. 40 hours/week regularly.
 - The current supervisor has worked full time hours, as “casual” staff for over 4 years.
- Without a clear direction regarding the status of these two positions, the scenarios in the GH Budget reflect various options:
 - Status quo – stay at casual
 - Reduce one day per week – scenario B reflects the GH as Closed on Mondays and reducing hours on two days per week.
 - All staff would see a reduction in hours,
 - except the GH Manager, who would use the closure to receive supplies and complete back of house/office tasks, along with developing promotional strategies.
 - The third scenario reflects the two staff shift to full time positions, this would increase the burden from 13% to 24%.

B. Association-reduce staff wages

- The Association does not generate revenue outside of fees. To balance the budget expenses need to be reduced.
- The GSA Office position was removed, to save on the wages/benefits expense.
- The expectation is to fill the role by requiring the support staff fill at least four hours of their ten hours per week at the office in the COM.
- The COM walk in traffic is light, and this may be an exercise that requires everyone to work more cooperatively. Outside of office hours, appointment can be made to address specific student questions, concerns, and issues.
- This is not a sustainable model once the GSA office moves to the SLC, where walk in traffic is expected to increase significantly.
- In summary: there were 7 positions and now there are 5 support staff with a “hold” of a potential for 10 hours if needed to fill the office reception role.
 - That is the Association staff includes 6 x 10 hours per week, saving `0 hours per week, although the 6th position is vacant.

The *Tables 2017-2018* worksheet in the *Budget 2017-2018-revised-draft-V7* for Graduate House and the GSA break down the wages and benefits.

C. Investment of reserves

- Assume that the investment of approx. ½ million in reserves will net a return of at least .75%. This is a conservative estimate.
- No policy exists in this area, the return in past years was about 0.2%.

3.) Social programming and outreach.

- Graduate House generates revenue from the kitchen and bar service, but this is not the sole purpose of the Graduate House. That is, unlike commercial hospitality venues, no member is required to purchase items or avail themselves of the bar/kitchen service.
- GH funding includes activity that is not centered on the service of food and alcohol. Opportunities for social networking top the list, whether they are organized by faculty, department, or the GSA. Expenditures by the GSA for internal events are at cost.
- The GSA could operate a Graduate Lounge that provides graduate space, but no hospitality services. (This would impact one of the top activities, Free Food Thursday)
- The GH has many fixed expenses. See *Worksheet GH Budget* in the *Budget 2017-2018-revised-draft-V7* for detailed accounting line items.
- Information gathered from the Grad Life Vital Signs survey informs the us that the budget should allow for as much funding for social programming as possible, including events at the GH and outside of the GH.
- Reduction to staff was made to enable the Association to offer at least the same level as programming. (GSI, Orientation, Outreach)
- Scenario B increases programming to \$44,5000
- The *Expense proposals* worksheet in the *Budget 2017-2018-revised-draft-V7* for a breakdown of Association non-fixed expenses.

4.) Scenarios

A. Association- Advocacy assumptions

- Student advocacy on multiple government levels is assumed to be one of the priority areas for the Association. Especially areas of funding, research ethics, and quality of education.
- Assume the exit of CASA, as it has limited outcomes for graduate students at the federal level. The voice of undergraduate issues outweighs the graduate student voice, by the sheer number of u/g member schools.
 - Have to pay the balance of the membership year to April 2018. Must abide by CASA bylaws regarding exit from membership.
 - CASA costs total expense of \$25,000 - \$15,500 in dues and \$9,000 in conferences – because the conferences occur across the country. (West coast, East Coast and Central).

- Assume continuance in OGSA, due to the potential in provincial government on PSE, as a sole graduate student voice.
 - Total cost of OGSA is its dues of \$12,000. As a working Board, each member is a director, no long distance conferences are held, most meetings are on-line.
 - Half the cost of national representation and graduate voice added to a strong Waterloo presence on behalf of students in Ontario.
 - *(Waterloo has a strong voice for students in general, as the u/g leaders hold executive roles on OUSA and FEDS VP Education works with other associations across Canada.)*

B. Inter-fund Transfers

Association/Health & Dental Fund

- Assume a continuance of the Health & Dental Fund transferring \$18,000. For use of GSA resources in the delivery of the service.
- This assumption exists in each scenario and is applied annually to the balance of each fund. *(See Summary to Board worksheet in Budget 2017-2018-revised-draft-V7 for details)*
- Pays for use of General Manager, to attend meetings, and with direct contact with graduate students, and the studentcare staff, management of the financials. *(pays for part of the wages that the GM expends on the H&D plans)*
- The *GSA Budget* worksheet in the *Budget 2017-2018-revised-draft-V7* for a breakdown of Association non-fixed expenses.

Graduate House/Capital Fund

- GH fund pays for all depreciation of assets.
- Assume a new model of depreciation that reflects a straight line “usefulness” of new equipment.
- Assume the annual amount, with estimates of installation costs. The number may need to be increased, but the amount may be immaterial.
- The transfer occurs annually and is summarized in the Fund Balances chart found in the *Summary to Board worksheet in Budget 2017-2018-revised-draft-V7*.

5.) Omissions

- The annual budget does not consider the needs of the Association for the future, once the SLC expansion is complete. There has been no discussion of the model by which it will operate the graduate lounge and its offices.
- The philosophy and possible changes due to an internal human resources policy are not included in the assumptions. Except for the option that the cook and supervisor role may move to full-time positions, because this was already discussed by the Board over the last few years, but not acted on.

- The expense of a consultant for the evaluation of the Graduate House is not included in the operating budget. The determination of where this expense will lie has not been discussed, that is, will this be an Association or GH expense?
- The Health & Dental Fund does not include possible cost of implementing the Empower Me program, which is approx.. \$4.00 per year/student.

6.) Recommendations

Association

- The Association Budget B is recommended which reflects a 10% + 1.2% (just under CPI) increase to the fee from \$20.50 to \$22.80 per term. This allows the Association to cover its fixed costs (wages were reduced for this year) in order to provide enhanced social and outreach funding.
- There has historically been a reluctance to appropriately address the Association Fee with the corporation's growth. As one of the lowest fees in Canada, it prevents the Association from expanding services.

Graduate House

- Graduate House Budget C is recommended which combines an ambitious target to increase overall sales with an increase to the GH Fee from \$18.00 to \$23.50.
- The main driver is the 23% hike to minimum wage and future increases coming.
- The development of strategies to achieve the revenue targets will be left to the GH management team, and may include price differentiation to benefit graduate students, removing the affiliate membership requirements for non-graduate students, use of graduate student specific timing of specials and special events, outreach and large scale events held outside the Grad House.
- Budget C takes into consideration that the two non-graduate student staff will be converted to full time positions. This will provide security and may promote the longevity of key members of the management team.

Capital Fund

- The estimate of the new equipment costs and a more realistic model of amortization will streamline the depreciation rates in the fund.
- Depreciation from the GH Fund is a model that should remain.
- Future Association asset may be considered as a separate expense for the Association once the SLC expansion is completed and furnishing costs are determined.

Health & Dental Fund

- The enrollment rate in the health & dental fund is the driver for the revenue and expenses (premium). The actual fees will not change this year and the budget reflects and extension of the fees per enrolled student.
- The Fund should continue to pay for use of administrative resources as the GM, and potentially other staff, provide service in the delivery of the plans on a daily, termly and annual basis.

Attached to this document (or separately on email) is the excel workbook titled **Budget 2017-2018 -revised-draft-V7**

End of Report.