

UNIVERSITY OF TORONTO
THE GOVERNING COUNCIL
REPORT NUMBER 174 OF THE BUSINESS BOARD

April 27, 2009

To the Governing Council,
University of Toronto.

Your Board reports that it met on Monday, April 27, 2009 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. Richard Nunn, (In the Chair)	Professor Cheryl Misak, Vice-President and Provost
Mr. Geoffrey Matus, Vice-Chair	Mr. David Palmer, Vice-President and Chief Advancement Officer
Mr. John F. (Jack) Petch, Chair of the Governing Council	Ms Judith Wolfson, Vice-President, University Relations
Ms Catherine J. Riggall, Vice-President, Business Affairs	Professor R. Paul Young Vice-President- Research
Professor Angela Hildyard, Vice-President, Human Resources and Equity	Ms Sheila Brown, Chief Financial Officer
Ms Mary Anne Elliott	Mr. Louis R. Charpentier, Secretary of the Governing Council
Dr. Joel A. Kirsh	Ms Christina Sass-Kortsak, Assistant Vice-President, Human Resources
Dr. Stefan Mathias Larson	Mr. Nadeem Shabbar, Chief Real Estate Officer
Mr. Jim Linley	Ms Elizabeth Sisam, Assistant Vice-President, Campus and Facilities Planning
Mr. George E. Myhal	
Mr. David Oxtoby	
Ms Jennifer Riel	
Professor Arthur S. Ripstein	
Mr. Stephen C. Smith	
Ms B. Elizabeth Vosburgh	
Mr. W. David Wilson	
	Mr. Neil Dobbs, Secretary

Regrets:

Mr. David Asper	Ms Paulette L. Kennedy
Ms Susan Eng	Mr. Gary P. Mooney
Mr. David Ford	Ms Anna Okorokov
Mr. Steve (Suresh) Gupta	Mr. John Varghese
Dr. Gerald Halbert	Mr. Larry Wasser

In Attendance:

Mr. Jeff Peters, member, the Governing Council
Dr. Thomas H. Simpson, past Chair of the Governing Council and past Chair of the Business Board; member, Board of Directors, University of Toronto Asset Management Corporation (UTAM)

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In Attendance (Cont'd)

Mr. Andrew Agnew-Iler, member-elect, the Governing Council
Mr. Gregory West, member-elect, the Governing Council
Ms Murphy Browne, past-member, the Governing Council; Liaison Office, Association of Part-time Undergraduate Students
Professor Emeritus Joan E. Foley, past-member, the Governing Council, University Ombudsperson
Mr. Adam Awad, Vice-President, External, Students' Administrative Council, operating as the University of Toronto Students' Union
Ms Andrea Carter, Employment Equity Officer and Accessibility of Ontarians with Disabilities Act Officer
Ms Karen Coll, Managing Director, Public Markets, University of Toronto Asset Management Corporation
Ms Elizabeth DiDonato, Executive Director, Research Oversight and Compliance Office, Office of the Vice-President, Research
Ms Susan Fern-MacDougall, Director, Office of Environmental Health and Safety
Ms Meghan Gallant, Secretary, the Graduate Students' Union
Ms Sally Garner, Executive Director, Planning and Budget
Professor Meric Gertler, Dean, Faculty of Arts and Science
Ms Nora Gillespie, Legal Counsel, Office of the Vice-President and Provost
Dr. Anthony Gray, Special Advisor to the President
Mr. Colum Grove-White, President, Arts and Science Student Union
Mr. William Hewitt, member, Board of Directors, University of Toronto Asset Management Corporation
Mr. John Hsu, Managing Director, Risk Management and Operations, University of Toronto Asset Management Corporation
Ms Anne Lewis, Manager, Student Accounts
Dr. Glenn Loney, Assistant Dean, Registrar and Secretary of the Faculty of Arts and Science
Mr. John Lyon, Managing Director, Investment Strategy, University of Toronto Asset Management Corporation
Professor George Luste, President, University of Toronto Faculty Association
Professor Scott Mabury, Chair, Program Fee Implementation Committee, Faculty of Arts and Science
Ms. Mary Ann McConkey, Director, Labour Relations
Mr. William W. Moriarty, President and Chief Executive Officer, University of Toronto Asset Management Corporation
Mr. Robert Morrison, Vice-Chair of the Board, University of Toronto Asset Management Corporation
Mr. Henry T. Mulhall, Assistant Secretary of the Governing Council
Ms Rosie Parnass, Director, Organizational Development and Learning Centre
Professor Scott Prudham, Vice-President, Vice-President, Salaries and Benefits, University of Toronto Faculty Association
Ms Neena Saloiya, Executive Secretary, Association of Part-time Undergraduate Students
Mr. Robert Steiner, Assistant Vice-President, Strategic Communications
Ms Meredith Strong, Director, Office of the Vice-President, University Relations
Ms Karel Swift, University Registrar

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ITEM 2 CONTAINS A RECOMMENDATION TO THE GOVERNING COUNCIL FOR APPROVAL.

1. Report of the Previous Meeting

Report Number 173 (March 23, 2009) was approved.

2. Tuition Fees: Faculty of Arts and Science, St. George Campus – Assessment of Full-time Tuition Fees by Program

Professor Misak said that the Faculty of Arts and Science on the St. George Campus proposed to assess fees for full-time students on the basis of a single program fee, moving from the current practice of assessing fees on a course-by-course basis. Charging a single program fee for full-time students was a very common practice in Ontario, used by almost half of the Province's universities and under active consideration by many others. It was also very common in other Faculties at the University of Toronto. Students in such other first-entry programs as Music, Physical Education and Engineering, for example, paid fees on that basis, as did students in the Commerce and Computer Science programs offered in the Faculty of Arts and Science. The Faculty proposed to implement the new model gradually. New students entering the Faculty of Arts and Science in 2009 and 2010 and taking four or more courses (or full course equivalents) would be assessed the full-time program fee – currently the fee for the normal full-time course load of five courses. Beginning in September 2011, all full-time students entering the Faculty of Arts and Science, defined as those taking three or more courses, would pay the program fee. Students who were currently registered in the Faculty would continue to pay their fees according to the current arrangement, i.e. according to their course load. This “grand-parenting” provision would end in 2013-14, when the program fee would apply to all full-time students.

Professor Misak stressed that the proposal was not a radical one. A single program fee for full-time students was very common. The proposal had been discussed within the Faculty of Arts and Science for a decade, and the *Towards 2030* Task Force on Resources had recommended consideration of the model. Professor Misak thought that the model was a very good one. Most importantly, it would encourage students not to think of individual courses as commodities but rather to think of a year's studies as a coherent, focused whole. It would also encourage students to complete their degree studies in a timely fashion, something that would be of economic benefit to them and that would serve them well when making application for post-baccalaureate programs. Those programs quite appropriately considered students' ability to manage a full course load, as students would be required to do in professional and many graduate programs.

Professor Misak stressed that current students who completed full-time programs in the usual time period would not be affected owing to the grand-parenting provision. Students with disabilities who registered with the St. George Campus Accessibility Services Office would not be affected. In addition, the Faculty of Arts and Science had set aside an additional \$1.5-million for financial aid for students who would for financial reasons be disadvantaged by the proposed arrangement.

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Professor Misak reported that the Students' Administrative Council (SAC), which operated as the University of Toronto Students' Union (UTSU), had undertaken a legal action before the Superior Court of Justice of Ontario, challenging the validity of the proposal now being considered by the Board. The legal challenge centred on the action of the Faculty of Arts and Science Council in recommending approval of the fee, and it was based on technical and procedural grounds. SAC had asked that the matter be considered on an urgent basis so that the Board and the Governing Council would be prevented from considering the recommendation. The Triage Court had rejected the application that the matter be dealt with on an urgent basis and had set a hearing date in July. The University took the view that the legal challenge was without merit. Matters concerning tuition fees were considered by the Business Board on the recommendation of the appropriate Presidential assessor. Unlike the case of an academic program proposal, no action by the Faculty Council was required. The debate of that Council was a part of a consultative process, and its affirmative outcome represented assurance to the Vice-President and Provost, the Business Board and the Governing Council that the proposal had been given a full and fair airing in the division and that it could be considered by the Business Board on its merits.

It was duly moved and seconded,

Subject to the understanding that there will be regular review and scrutiny of the model, with regular reporting to the Arts and Science Council and with adjustments as required,

THAT the proposal to charge tuition fees for full-time Arts and Science students on the St. George Campus on the basis of a program fee instead of a per-course fee be approved.

Following questions from members and responses from the Vice-President and Provost and guests from the Faculty of Arts and Science (reported below), the Chair invited a number of non-members to speak to the proposal. He noted that the Secretary had, earlier in the day, electronically distributed two papers from the Arts and Science Student Union and the University of Toronto Students' Union, and copies had been placed on the table for the meeting.

Ms Saloiya said that the proposed flat fee would have a particularly unwelcome effect on students who wished to complete three or three and one-half courses per year. Such students had to date been considered part-time students, and they continued to be so considered, and assisted, by the Association of Part-time Undergraduate Students (APUS). Such students typically could not take a larger course load because they had family-care responsibilities or worked part-time. Such students would now, for financial reasons, be forced either (a) to take a course load that was beyond their ability in the light of their family or financial circumstances, or (b) to reduce their course load to the new and reduced definition of part-time. If they were to do the latter, they would lose their eligibility under both the Ontario Student Assistance Program (OSAP) and the

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University of Toronto Advanced Planning for Students (UTAPS) grant program. The proposed program-fee model would also do irreparable harm to the commitment of such students to become engaged both inside the classroom and in extra-curricular activities.

Professor Prudham said that the Faculty Association was very concerned about the problem of escalating faculty workload caused by the steady increase in graduate and undergraduate enrolment in a context of insufficient resources to meet the needs of that expanding enrolment. The Faculty of Arts and Science was renegeing on a commitment to reduce its undergraduate enrolment to compensate for the increase in graduate enrolment that had taken place as part of the Stepping UP initiative. Although the Faculty had made reference to using the increased revenue anticipated from the proposal to hire additional faculty and staff, it had made no firm commitment to do so. There was, moreover, no negotiated policy that placed limits on the student/faculty and student/librarian ratios, and the outcome of the proposal would clearly be the continued increase in those ratios, which were already high and which posed a threat to the quality of teaching and research at the University. Professor Prudham said that the proposal would also have negative implications for the experience and learning conditions of students. He agreed with the views of student groups that the proposal would have a regressive effect on students who would prefer to take lower course loads for entirely legitimate reasons.

Mr. Awad said that the University of Toronto Students' Union (UTSU) and other student groups had expressed real concerns about the proposal throughout its consideration. An effort to amend the proposal to provide for a review after two years had been narrowly defeated at the Faculty of Arts and Science Council. Several hundred e-mail messages had been sent by students to members of the Council opposing the proposal; that had taken place during the final examination period when students had many other concerns. As noted by Professor Misak, UTSU and the President of the Arts and Science Student Union (ASSU) had initiated legal action to challenge the validity of the fee. While the plaintiffs recognized that the Governing Council had the ability to consider the proposal, the Court would decide the action on the basis of its merits. Mr. Awad said that it was agreed by all that additional revenue would assist the University. The question was whether the proposal would in fact generate additional revenue. UTSU believed that the assumptions behind the proposal were flawed. First, it was assumed that the proposal would bring about enrolment intensification (with the current number of students taking more courses) and therefore increased revenue. However, such an outcome would at the same time require more resources to handle the intensified enrolment. There would be need for more faculty, teaching assistants and other resources. While the proposal envisioned the appointment of 17 to 35 additional faculty, there was no assurance that this would take place, that the additional appointments would be sufficient, or that they would be allocated to the appropriate areas. It was a matter of real concern that the proposal lacked such essential details. Second, it was entirely possible that the proposal would not succeed in generating more revenue. For example, while some students might increase their course loads, the new fee structure might result in other students' reducing their course loads and in fewer students' overall registering in the Faculty.

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The outcome would be no increase in revenue but an increase in costs required to implement the new arrangement, both administrative costs and the costs of employing the new faculty and teaching assistants required to deal with the incorrect expectation of increased overall enrolment.

Ms Gallant commented on the effect of adoption of the proposal on individual students. Students who had to work part-time to pay their fees and other costs, as did 50% of students, would be left with two options. First, they could reduce their loads to part-time to avoid paying the program fee. Second, they could intensify their course load to the usual full load. The proponents of the proposal provided no data on the proportion of students that were expected to choose each option. If course intensification did take place, with most students increasing their course load, students would be faced with the need to pay higher tuition fees and would have even greater need for their part-time jobs, and they would still have to fulfill their family and other obligations. Their increased time constraints would probably damage their grade point averages and would reduce their ability to participate in extra-curricular activities, to conduct research on topics of interest, and so on. In short, their student experience would suffer. While the proponents of the proposal argued that there was no evidence that such an outcome would occur, it was intuitively clear that students forced to take a full course load and to work part-time would not be able to participate in extra-curricular life. In addition, some proportion of students who might have decided to attend the University of Toronto, but who had to rely on part-time work to finance their education, might choose instead to attend such other universities as McGill or York that continued to assess fees by course load and to facilitate a combination of study and work. Those students who did have to work part-time and who still chose to attend the University of Toronto would face added pressures.

Mr. Grove-White said that the proposal contained a very high level of risk. While it projected increased revenue, the amount of overall Provincial funding for post-secondary education would not increase, and an increase in the claims for basic-income-unit (B.I.U.) funding could well result in a reduction in the funding per B.I.U. An intensification of enrolment would cause a corresponding increase in the strain on student resources including writing laboratories, mathematics aid centres, and libraries. There would likely be a reduction in summer course enrolment and a reduction in the number of students who could afford to participate in the study-abroad program. There would be a very significant increase in class size, which would not be substantially mitigated by the projected addition of seventeen new faculty members. The proposal involved a particular risk, currently seen in the Computer Science and Commerce programs, which required payment of a program fee. In those programs, some students tended to register in six courses, paying the program fee equal to that for five courses, and they subsequently withdrew from one of those courses. The outcome was to disadvantage other students who had hoped to gain admission to the sixth course. The Faculty of Arts and Science at this University was proposing that all students registered in three courses or more be regarded as full-time students and required to pay the program fee. That would be one of the lowest thresholds in the Province. It was not correct to suggest that the fee would bring the Faculty of Arts and Science into line with many other Faculties in the University of Toronto. The programs

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in Music and Physical Education were designed in such a manner to encourage extra-curricular participation in musical and athletic activities. The program in Engineering had the opportunity of a professional experience year that gave students the opportunity to generate earnings to pay off educational debt.

Mr. Grove-White said that the economic assumptions cited in support of the proposal were flawed. To increase revenue, it would be necessary both to increase average course enrolment and to maintain the same headcount, which would mean an alarming increase in class size. To have an increase in average course enrolment with a reduced headcount, thereby to maintain the current class size, would generate no new revenue. The research on the financial implications of the proposal was clearly insufficient. While it had been said that the proposal would generate additional revenue to support the student experience, the Faculty was currently carrying a deficit of \$47.5-million, and it was not clear how that deficit would be addressed.

Mr. Grove-White urged the Board to defer consideration of the proposal in order to provide time for more research into the likely development of the economic situation of the Province and to await Provincial response in terms of funding for university education. More work was required to develop benchmarks to measure the success or failure of the proposal. It would be important to investigate the outcome of a similar action taken by Brock University two years ago. That University had only recently required a 5% base budget reduction of its academic divisions. Mr. Grove-White said that the Faculty of Arts and Science Implementation Committee, which had begun its work in February, had reached the conclusion that the proposal should not be implemented for September 2009. Instead, the Faculty should conduct further research and consider alternative means to achieve its financial goals. He urged the Board to defer consideration of the proposal.

Among the matters that arose in questions and discussion were the following.

(a) Fees for Arts and Science students at Mississauga and Scarborough. In response to a question, Professor Misak said that each division proposed a tuition fee model that was appropriate for its programs. For example, students in the Faculty of Music paid a standard program fee for full-time study. The proposal now before the Board was for such a fee for Arts and Science students on the St. George Campus only. The University of Toronto at Mississauga and at Scarborough had not proposed a comparable change at this time.

(b) Anticipated intensification of student course load. A member observed that a significant part of the merit of the proposal was the expectation that students would respond to the new fee structure by intensifying their studies, increasing their course load from the current average of 4.5 courses per winter session to five courses. It was anticipated that intensification would be a more common response than a reduction of course load to fewer than three courses per winter session. He asked how that conclusion had been reached. Invited to respond, Professor Mabury said that the Program Fee Working Group had based its modeling on the Arts and Science programs that

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currently had a program fee. In the Commerce program, the average course load was between 4.9 and 5.0 courses, and in the Computer Science program it was between 4.6 and 4.7 courses. Students, in making their choices, might take into account the opportunity to enrol for a sixth course at no additional fee, and they could consider reducing their course loads to part-time. There could be no definitive answer until the new fee went into effect, but the Working Group had concluded that the highest probability was for the anticipated intensification from an average of 4.5 courses to 5 courses.

A member expressed support for many of the arguments made against the proposal by student members. In his experience as a student, he had been conscious of the advantage of being able to withdraw from a course that had not proven appropriate, knowing that he could make up for it during the summer at no additional fee, provided that he had withdrawn early enough. He had also taken a reduced course load during one year to permit his participation in a worthwhile extracurricular activity. He was also concerned that the proposed arrangement might provide a financial incentive for students to register for six courses per year and to complete their degree requirements through two summer courses – something that would provide them with significant financial savings and would result in lost revenue for the University. He suggested that the University offer students the option of paying the program fee or paying by course-load at least for a time to observe the outcome of the new option.

(c) Notice to potential students. A member asked how potential new students would know of the proposal to change the basis of their fee charges beginning in 2009-10. Invited to respond, Dean Gertler said that the final date for students to accept a current offer of admission for 2009-10 was May 28, 2009. That would provide the Faculty with eight days to notify students after the meeting of the Governing Council that would (with the Board's concurrence) be asked to approve the proposed fee structure. The Faculty had made arrangements to provide that notification immediately following the proposed Governing Council approval. Dr. Loney added that the information provided to applicants to date made mention only of the proposed five-course fee at the level permitted by the Province of Ontario. Applicants would therefore be fully expecting their fees to be determined on the proposed basis.

(d) Consequences of the proposal to students seeking admission to post-baccalaureate programs. A member noted that some students might well, with the current system of assessing fees on the basis of their course load, choose to register for less than the usual full load in order to concentrate their efforts and to earn better grades for purposes of admission to a professional school or a graduate program. Would such students be disadvantaged, or did those responsible for admission to professional or graduate programs take course load into account? Professor Misak said that, unless some convincing explanation was provided, most programs would take into account a student's program completion at less than the usual course load. She suggested that taking less than the normal course load would disadvantage students.

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(e) Student benefits from the added revenue generated by the program fee. A member referred to the statement in the proposal that the shift to the proposed program fee would enable the Faculty to strengthen the learning experience of its students. Professor Misak replied that, while it was difficult to predict the financial outcome of the proposal, it was anticipated that it would deliver additional revenue of between \$8-million and \$14-million, which would be available to improve the student experience. Dean Gertler said that the Faculty planned to use anticipated revenue increases to work towards its very high priority of improving the delivery of undergraduate education by providing more small-group learning experiences. It hoped to provide more tutorial sections for courses and to reduce their size, and to expand the very successful program of first-year learning communities. Achieving that priority was very resource-intensive, requiring the hiring of more faculty and teaching assistants. The Faculty's financial forecast envisioned the engagement of between 17 and 34 new faculty members, which would permit an increase in the number of courses offered. The Faculty also hoped to be able to respond to student demand for more international experiences in its programs. One method being considered was the addition of internationalized course modules, in which faculty and students would be able to go abroad for a week to ten days as part of their course work. The Faculty hoped to be able to add more research opportunity courses at the second year level and to provide more opportunities for individual supervised research courses to students in their third and fourth years.

(f) Potential financial difficulties for students arising from the proposal. A member asked about the effect of the proposal on students who concluded for financial reasons that it would be necessary to reduce their course loads to part-time status. Would such students then lose their eligibility under the Ontario Student Assistance Program and other student aid programs? The member noted the reference to the financial benefits available to students who took advantage of the Professional Experience Year in the Faculty of Applied Science and Engineering. Were there similar opportunities in the Faculty of Arts and Science? Did other Faculties provide flexibility to students in the pace of completing their programs? Professor Misak replied that the Faculty of Arts and Science planned to set aside an additional amount of \$1.5-million for student aid precisely to assist students who might encounter financial difficulties arising from the proposal.

(g) Oversight. A member referred to the provision that there be "regular review and scrutiny of the model, with regular reporting to the Arts and Science Council and with adjustments as required." Given the controversy that had arisen concerning the proposal, and given the role of the Faculty of Arts and Science Council in supporting the proposal, the member asked whether the oversight might better be undertaken by the Business Board. Professor Misak replied that the Business Board's responsibility was to deal with the question of the amount of fees to be charged and the basis on which they were collected. It was the responsibility of the Faculty of Arts and Science Council to monitor how well the program was operating, whether students were receiving the appropriate resources in terms of writing laboratory assistance, libraries and so on, and whether the student/faculty ratios were appropriate.

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Invited to respond to the matters raised in the discussion and to conclude, Professor Misak said that the presentation by the student guests had been excellent, but she believed that fundamentally everyone was “on the same page.” The objective of the Faculty of Arts and Science in proposing the program fee was to improve the quality of the student experience and the quality of education provided to the Faculty’s students. The University of Toronto was in the third wave of Ontario universities to implement a model of charging a single fee to all full-time students in a particular program. In the absence of such a fee, the University of Toronto was at a disadvantage relative to the other institutions which generated more revenue to spend on providing an education to their students. It had been noted, and this was an essential fact, that the Faculty had a structural deficit. That deficit was not the outcome of the temporary economic recession. In the absence of the revenue to be generated by the proposed model for assessing fees, the Faculty of Arts and Science would be unable to hire the faculty and teaching assistants required to offer an even better education than it currently did provide, with many excellent learning opportunities. The University did have evidence that the proposed model would not have a negative effect on students’ participation in extra-curricular life. Such activity was very strong, for example, in the University’s Faculty of Applied Science and Engineering, where course load was highly inflexible. Similarly, there was no fall-off in extra-curricular participation in such other universities as Western Ontario, where a full-time program fee went hand in hand with an outstanding record of extra-curricular participation. The proposal was not a hasty one. On the contrary, the Faculty had been considering the matter for much of the past decade, but it had resisted making the change for reason of the very difficulty of so doing, as manifested at this afternoon’s meeting.

Professor Misak did not wish to comment on the concern raised by the representative of the Faculty Association because she could not understand how the proposal would have an adverse effect on workload. The Faculty of Arts and Science was proposing to use much of the additional resources generated by the program fee to hire additional faculty, and thus the intended effect would be a reduction, not an increase, in work load.

Invited to respond to the matters raised in the discussion, Dean Gertler said that the guest speakers had presented excellent points. All of those points had, however, been considered by the Faculty over a substantial period of time, and the Faculty continued to take them into account. With respect to faculty workload, it was true that enrolment in the Faculty had reached an all-time high. In addition, in view of the economic circumstances, the Faculty had decided to postpone for two years its plan to reduce its enrolment. However, enrolment had already begun to decline somewhat, in accordance with the Faculty’s plan. It was also very important to be aware that the number of faculty was at an all-time high, at some 30 – 35 professors above the complement plan. That had been the outcome of the end of mandatory retirement and the decision of more faculty members than forecast to defer their retirements.

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Dean Gertler stressed that the alternative to the proposed model for assessing fees – the current model – was not a satisfactory one. In the absence of the improvement in revenue anticipated from the proposal, the Faculty would be forced to implement further budget reductions. It had already, in the past two years, been forced to reduce its operating budget by \$14-million. In the absence of the proposed change, the Faculty would be required to remove an additional \$7-million from its operating budget. It would be necessary to reduce budgets for stipend teaching and for teaching assistants, meaning a greater workload for existing faculty members.

Dean Gertler addressed the important concerns expressed by the speakers from the student associations. Students who, in the absence of the new model for assessing fees, might be inclined to register for fewer than five courses, might well under the new arrangement register for the full course load. Those students would, however, be eligible for assistance from the University's financial aid system, which was the most robust in Ontario and perhaps in all of Canada. It was well designed to recognize additional need and to deliver additional aid where the OSAP analysis and the University's analysis indicated greater need as a result of the change. The system was a highly progressive one that delivered large amounts of aid to those students at the low end of the spectrum in terms of personal income and family ability to provide support. Some students had received as much as \$18,000 more than they paid in tuition fees.

Dean Gertler stressed that while the financial aid system was very progressive and effective in responding to need, the Faculty recognized the need for monitoring the implementation of the proposal. He had made a commitment at the Faculty of Arts and Science Council to do two things. First, the Faculty's Implementation Committee for the new program fee would be expanded to include more students, more faculty, and more College registrars. The objective was both to facilitate monitoring and to enable a flexible and fast response to any problems that might develop. Second, the Faculty would monitor the effects of implementation of the new fee model according to specific, agreed benchmarks. They would include: total enrolment, the distribution of enrolment by course-load, average class size, student/faculty ratio, number of small-group learning experiences available, NSSE scores, changes to the use of OSAP and UTAPS over time, student retention rates, and time to degree completion. The Implementation Committee would keep the Dean's Office informed of the outcome of its monitoring and would make regular reports to the Faculty Council. With respect to NSSE scores, Dean Gertler stressed that there was no current evidence from the University of Toronto or elsewhere that full-time students in programs that charged program fees were any less engaged in their academic and extra-curricular lives than students elsewhere.

Professor Mabury said that the Faculty had considered a snapshot of its likely revenue under the proposed program-fee model for full-time students and had compared it to its revenue under the current model of assessing fees by course load. The outcome was the projection of an additional \$10-million in base funding. From that sum, the Faculty had modeled the additional costs that would likely be incurred under the new model. They included \$1.5-million for student

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aid, \$2.8-million for additional University-wide library costs, and \$3.7-million for implementation costs including additional staff. The basis of the Faculty's enrolment projections was precisely the same as that used for the rest of the University, where program fees were in effect. It was essential to understand that the Faculty of Arts and Science, with its structural deficit, simply could not afford to continue to assess full-time fees on the basis of course load. The Faculty had to use a more efficient and more productive model to deal with its structural deficit to improve the experience of its students.

Ms Garner said that the modeling of enrolments and revenues for the Faculty of Arts and Science under the new program fee was consistent with that used for other University divisions for purposes of the new budget model. The modeling techniques were sophisticated ones, and the outcome was not only used for the projections but would also be available for monitoring actual outcomes in comparison to the projected ones.

The vote was taken on the motion and the motion was carried.

On the recommendation of the Vice-President and Provost,

YOUR BOARD RECOMMENDS

Subject to the understanding that there will be regular review and scrutiny of the model, with regular reporting to the Arts and Science Council and with adjustments as required,

THAT the proposal to charge tuition fees for full-time Arts and Science students on the St. George Campus on the basis of a program fee instead of a per-course fee, a copy of which proposal is attached hereto as Appendix "A", be approved.

3. Investments: University of Toronto Asset Management Corporation (UTAM) - Annual Report and Financial Statements, 2008

The Chair reported that members of the Business Board and the Board of the University of Toronto Asset Management Corporation (UTAM) had, just before the current meeting, had an "off line" presentation of the UTAM annual report, and members of the Business Board had been invited to ask questions about it. Because the report had been distributed in advance of the meeting, and because there had been a full presentation of the report at the prior session, which had been attended by almost all of the Business Board members present, the Chair proposed not to ask for a repeated presentation but instead to invite further questions and discussion.

In the course of discussion, the Chair invited Professor Luste to address the Board. The Chair noted that a memorandum from Professor Luste had been distributed to members

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electronically. Professor Luste said that he was concerned with respect to three issues concerning the pension plan. The first was the governance of the plan. That matter was currently being reviewed by Mr. Martin Teplitsky, the mediator in negotiations between the University and the Faculty Association, and Professor Luste did not therefore wish to comment on the matter. The second issue was the many years in which the University had, he thought, contributed too little to the plan. The outcome, in his view, was the conversion of the plan to a Ponzi-like scheme that relied on new active members coming into the plan and making contributions to it to pay the pensions of retired members. That had not always been the case. The third issue, which he wished to address at this time, was the investment of the pension fund. Professor Luste's reading of the UTAM annual reports from its founding in 2000 until the current report for 2008, led him to the conclusion that the evidence of the past nine years, and not just the catastrophic losses incurred in 2008, demonstrated that it was time to admit, for the good of the pension plan and the University, that the UTAM experiment had been an expensive mistake.

Professor Luste explained the reasons for his conclusion. He compared UTAM's returns over the past nine years to the return on a simple passive investment, where there was no effort to outperform the market. One year ago, Professor Luste had discussed at a meeting of the Business Board the idea of such a passive portfolio consisting of 50% Canadian stocks (in the Toronto Stock Exchange equity index) and 50% Canadian bonds. Over the nine years of UTAM's life, the compound annual return provided by UTAM's investment of the pension plan was 1.8% per year. Over the same period, the average annual rate of inflation was 2.1%. In other words, UTAM's investments had not even kept the pension fund even with inflation. Over the same nine-year period the passive portfolio would have provided a compound annual return of 5.3%. While that was still under the target return of inflation plus 4%, it was clearly superior to UTAM'S performance. The difference, in terms of dollars of the return on the passive portfolio above that of the UTAM portfolio, was \$665-million. One very important element was costs, and higher-than-necessary costs added up to a very large amount when compounded over long periods of time. Professor Luste had calculated that pension plan costs had grown by over 500% over the past decade.

Professor Luste stated his concern, from his review of all nine of UTAM's annual reports, that there had been no consistent investment policy; rather there had been continued change in such key matters as the equity to bond ratio and in asset mix in general. He referred to a comment from a previous Chair of the President's Investment Committee, made in the year before the establishment of UTAM, which observed that equity markets had enjoyed strong returns for many years and had become over-valued, and that it would be appropriate to give more weight to government bonds. That advice had not been followed. Professor Luste was also concerned about currency hedging, which he did not see as an appropriate investment vehicle. UTAM had adopted the practice of enhanced indexing and had recently dropped it. Professor Luste had grave concerns about alternative investments. UTAM's investments in hedge funds had until very recently focused on funds of hedge funds. However, Mr. David Swenson, who had a very successful long-term record investing the Yale University endowment, had advised against the use of funds of

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hedge funds. He took the view that funds of hedge funds did not have access to the very best 10% of hedge funds, which were the only ones that succeeded in the long term, and funds of hedge funds added a second substantial layer of fees. The allegedly fraudulent Madoff fund had relied on funds of funds to raise much of its capital. While UTAM management had pointed out that hedge funds had results that were not as bad as equities in general, the problem was that those returns were highly dispersed, and UTAM had not apparently succeeded in targeting the top 10% of funds that did provide a consistently good return. Professor Luste urged that the University cease its efforts to invest in alternative assets and that it return to a greater focus on passive investing. He concluded by expressing his concern about the serious dollar decline in the value of the pension plan as the result of the poor investment returns.

Questions and comments arose on the following topics.

(a) Alternative of the passive reference portfolio. A member observed that over the past several years, the University's reference portfolio had consistently met the University's target return and had outperformed the UTAM return. Should the University, therefore, adopt a passive portfolio to obtain market returns rather than expend all of the time and effort involved in active management? Mr. Moriarty replied that the difficulty with comparing compound annual rates of return was the beginning and ending points selected. In his comments, Professor Luste had selected a starting point at the top of the market and an end point at the bottom of the market. An appropriate and meaningful comparison would be one made over the course of a full business cycle. Such a comparison had been provided in Table 6 of the Annual Report, which showed the five-year compound annual rate of return between 2003 and 2007. During that period, the University's target return (the rate of increase in the consumer price index plus 4%) had been 6.1% per year. The reference portfolio would have returned 11.0% per year, and the endowment fund had returned 11.7% per year, net of all costs. Outperformance of 0.7% per year over five years represented a very significant dollar gain. In the very difficult 2008 year, however, the target return had been 5.2%, with the reference portfolio return a loss of 18.8% and the actual endowment return a loss of 29.4%. As the markets recovered, UTAM hoped and anticipated that it would earn back a significant proportion of the loss. It was important to remember, however, that in making comparisons, a great deal depended on the start and end dates selected.

Ms Brown recalled that the reference portfolio had been presented to the Business Board in February, 2009. It had emerged from the consideration of various possible mixes of asset classes to meet the University's return targets and risk parameters. One of the asset mixes that had been considered was the all-Canadian portfolio cited by Professor Luste, containing 50% equities and 50% bonds. A comparison of the returns of the reference portfolio and the 50/50 all-Canadian portfolio had been included in the report on the reference portfolio that had been made to the Business Board. That 50/50 all-Canadian mix had been specifically rejected as inappropriate because it was far too concentrated, especially to meet the needs of the pension fund.

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(b) Risk management. In response to a member's question, Mr. Moriarty said that UTAM did plan to spend considerable time and effort on enhancing its risk-control measures, particularly with respect to the risks that could arise in very unusual market conditions such as those in 2008.

(c) Learning from the 2008 experience. A member recalled that a question had arisen about lessons to be learned from the 2008 experience. He noted that the only investors who had earned strong returns in 2008 had been those who held very concentrated portfolios and had made very large bet on the credit markets and on the decline of real estate. The diversified approach used by the University of Toronto and other investors had not succeeded because of the declines in virtually all other asset classes. The experience in 2008 had, however, been very atypical, and the failure to maintain a very diversified portfolio was exactly a wrong lesson to learn. The University's pension and endowment liabilities were very long-term ones, and it would be inappropriate to make short-term decisions on the investment of the assets. Rather, the University should stay the course it had established in investing for the long term.

On behalf of the Board, the Chair thanked the volunteer members of the UTAM Board for their on-going efforts on behalf of the University.

4. Vice-President, Human Resources and Equity, Annual Report, 2008, and Employment Equity Annual Report, 2008-09

The Chair reiterated the comments he had made one year ago: that the strength of the University was its human resources – its faculty and staff – as well as in its students. The recruitment, retention, experience, development and equitable treatment of the faculty and staff were immensely important topics, as was the health and safety of everyone on the University's campuses. Faculty and staff also represented by far the largest item of expense in the University's budget.

Professor Hildyard presented selected highlights from the annual report on Human Resources and Equity for 2008.

- **Attracting and retaining outstanding employees.** Over the past year, the University had received over 53,000 applications for 1,000 positions. It was clear that the University was seen as a good place to work. Once here, employees tended to remain at the University. There were over 1200 individuals with more than 25 years of service, and a substantial number of individuals remained employed beyond the normal retirement age.
- **Collective agreements.** The University and its unions had over the past year negotiated fourteen collective agreements with no significant work disruption. The University was currently in negotiations with three employee groups represented by unions.

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4. Vice-President, Human Resources and Equity, Annual Report, 2008, and Employment Equity Annual Report, 2008-09 (Cont'd)

- **Grievances.** There had been about 170 grievances launched in 2008 under the various collective agreements – a low rate of grievances compared with other organizations (the University had 22 collective agreements). Most were resolved at the departmental level, with only 8% sent to arbitration. The number of grievances tended to coincide with the occurrence of bargaining, with the number of grievances in 2008 manifesting the fact that so many collective agreements had been up for renegotiation.
- **Engaging employees.** The University had increased the awards programs for staff. That included a broadening of the SteppingUP awards program for recognition of staff who had made outstanding contributions to the achievement of the University's strategic objectives. The Rose Patten Leadership program was now active, with a concentration on mentoring both junior and senior staff and on succession planning. There had been a great deal of activity in the area of staff learning. The University had provided 1,440 tuition-fee waivers for students to take bachelor's and master's degree courses. In addition, 5,000 staff members had participated in programs offered by the Organizational Development and Learning Centre. Lastly, the Vice-President, Research had been focusing on assisting academic units in sponsoring their faculty members for various recognitions and awards, an important element in promoting the engagement of faculty.
- **Health and wellness.** The University had been increasing efforts to bring staff members on long-term-disability leave back to work. Every effort was made to bring about a prompt return to work because the University recognized that the sooner staff members returned to work, the more successful their returns were likely to be. There had been 51 assisted returns to work in the past year, and there had been 96 situations in which the University had assisted with accommodations for employees with a disability. Professor Hildyard expected an increase in the number of situations in which the University would assist with accommodations to facilitate employee's remaining at or returning to work. She displayed a pie chart showing the reasons for employee cases of long-term disability. The most frequent cause (38%) was psychological, including stress and anxiety problems. Other major categories included musculo-skeletal disorders and accidents. Those reasons were similar to those experienced by other employers across Canada.
- **Outreach programs.** The University had increased its outreach through the Pathways to Employment program which it offered with the School of Continuing Studies to internationally trained project managers. That program provided training and placements for those individuals to enable them to gain practical experience in a Canadian workplace. The University also offered a mentoring program to internationally trained professionals.

Professor Hildyard then presented items from her Annual Report concerning health and safety matters. She reminded members that University officers and Board members could be held personally liable for any failure to exercise due diligence in ensuring that the University was carrying out its responsibilities under the *Occupational Health and Safety Act*.

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4. **Vice-President, Human Resources and Equity, Annual Report, 2008, and Employment Equity Annual Report, 2008-09 (Cont'd)**

- **Risk management.** Under the leadership of Ms Fern-MacDougall, the approach of the Office of Environmental Health and Safety was to stress management of health and safety risk. The Office was updating various processes and improving data management. It was working to improve the functioning of the joint management-staff health and safety committees. While it was clear that the University's 53 committees were too many and should be consolidated to some degree, the University was making every effort to ensure that each was meeting as required by legislation and carrying out its responsibilities appropriately. Three additional committees played a major role in working with the research community to ensure biosafety, radiation safety, and safety in the use of lasers. All were very important areas in which there was an increasing level of activity. There was also in each case an increasing level of legislated requirements requiring appropriate training and monitoring to ensure compliance.
- **Environmental protection.** The University had been focusing on control of air emissions and on the disposal of chemical and bio-hazardous wastes. The amount of chemical and biohazardous waste had almost doubled in the past five years to about 130,000 kg per year. However, by ensuring the holding of waste drums until they were full and by compacting wastes, the University had not had to increase substantially the number of drums shipped. That was an important achievement from the point of view of the control of a substantial cost.
- **Work-related injuries.** There had been only three critical injuries during the 2008 year. Critical injuries were defined as those where a life was in jeopardy, where there was loss of consciousness, a significant loss of blood, a fracture or amputation of an arm or leg, burns to a substantial portion of the body or the loss of sight in one eye. In all three cases, the critical injuries had been related to a fall. A further 67 accidents had been defined as health care accidents – ones that required medical attention but did not cause additional time away from work. Finally, 63 accidents had caused lost time from work. In 35% of those cases, the time away from work had been between one and seven days. There had been relatively few cases where the accident had caused a long period of time off work, and in all cases the cause had been an accident exacerbating a pre-existing medical condition.
- **Performance indicators.** Professor Hildyard displayed a graph illustrating data for Workers' Compensation claims for research-intensive universities in Ontario. An indicator of less than 1.0 meant that performance was better than peers. The data showed a high level of variation from year to year. For the 2008 year, the performance of the University of Toronto was worse than that of all peers, largely owing to the number of loss-of-balance accidents that had taken place in the past year. The University watched these data carefully and engaged in training to seek to avoid a recurrence of poor performance.

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Professor Hildyard then reported on the highlights of activities to promote equity and diversity in the University. Equity and diversity matters were included in the overall report because the Human Resources group sought to include those efforts in everything it did.

- **Equity and diversity achievements.** The University had been named one of Canada's top twenty-five diversity employers. It had established an Equity Network to identify challenges and share strategies. The network included Human Resources staff and staff from various Faculties, Colleges and other units. A Mental Health Convergence conference had included staff from the University and the Centre for Addiction and Mental Health (one of the affiliated teaching hospitals) to make presentations and hold discussions on various mental-health matters that were of increasing concern to the University's faculty and students.
- **Raising awareness.** Communications matters represented a major part of equity activities, and they involved various University offices. The Provost's Office did a great deal of work to assist young faculty members with family issues and to assist women faculty with career issues, including Associate Professors working to advance to full Professor status and Assistant Professors working to achieve tenure. The Lesbian, Gay, Bisexual, Transgender and Queer Resources and Programs Coordinator assisted members of the University in dealing with often-complex issues, including dealings with family members who did not (frequently for religious reasons) approve of lifestyle choices that had been made. The Sexual Harassment Education, Counselling and Complaint Officer, working with the Community Safety Office, had recently been focusing on sexual harassment in cyberspace, with members of the University having been victims of harassment on the internet using such means as social networking sites. The University had offered a significant number of workshops on cultural fluency dealing with anti-racism issues. The Status of Women Office had sponsored a very successful awareness campaign to promote an end to violence against women. The University had been active in the area of accessibility to Ontarians with disabilities. Professor Hildyard served on the Ontario government body dealing with employment standards, and the University was working with the Council of Ontario Universities to develop a system-wide response to new legislation in the area of employment standards for persons with disabilities.

Professor Hildyard then presented the highlights of the Annual Report on Employment Equity for 2008-09. That report was prepared annually as a separate report pursuant to the requirements of the Federal Contractors' Act. Professor Hildyard was very pleased to state that the University had been named one of Canada's best diversity employers, one of Greater Toronto's Top 75 employers, and a top employer for Canadians over 50. Clearly, therefore, the University was making good progress in the area of employment equity.

- **Activities: highlights.** The Office of the Vice-President, Human Resources and Equity continued to host the very successful networking breakfasts for women. With the

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4. Vice-President, Human Resources and Equity, Annual Report, 2008, and Employment Equity Annual Report, 2008-09 (Cont'd)

continuing success of the University in employing women, it might well be appropriate to consider a similar program for men. In terms of outreach, two list-serves had been established to attract candidates for employment opportunities from the aboriginal community and from among persons with disabilities – two groups that remained under-represented in the University's workforce. The Anti-Racism and Cultural Diversity Officer had developed and delivered sessions on cultural fluency to academic administrators, faculty and teaching assistants. The Provost's Office had completed a survey of pre-tenure faculty, the results of which would be used to guide the development and delivery of services for early-career faculty at the University. The University had established a new position – Employment Equity Officer and Accessibility of Ontarians with Disabilities Advisor – to foster continued progress in this area.

- **Representation of members of designated groups among University employees.** Professor Hildyard displayed a table showing the representation amongst University employees of members of the groups designated for purposes of promoting employment equity. Those designated groups included the four groups named in the Federal Contractors' Program legislation: women, visible minorities, persons with a disability and aboriginal people. The University had added data for a fifth group: members of sexual minorities. The proportion of women and of members of visible minorities was significantly higher amongst staff than amongst faculty, as might be expected given the lower rate of turnover in the latter group. While recruitment was increasing the proportion of women and visible minorities, the University could probably increase their representation at a faster pace. Professor Hildyard monitored the trends in employment of the members of each designated group, and sought a situation where the number of new hires was greater than the number of members of the group exiting University employment. She thought that the trends were reasonably good in the case of most designated groups. In the faculty, representation of members of the designated groups varied according to disciplinary group. For example, the proportion of women was higher in the Humanities, Social Sciences and Life Sciences than among the Physical Sciences. The University was continuing its efforts to deal with such disparities, and it was continuing to improve its outcomes. Amongst non-union staff, the proportion of women exceeded availability at the level of senior and other managers, and women were well represented overall. It was very important to note that the representation of women was so well distributed and not clustered at lower levels. Similarly amongst unionized staff, women were employed in more senior level positions in a greater proportion than their availability.
- **Employment equity initiatives for 2009.** The University would continue its outreach efforts with organizations representing aboriginal people and persons with disabilities to encourage their interest in applying for employment in the University. The University also planned to streamline its recruitment process and to monitor applications to ensure that

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outreach efforts were working as well as they could. A significant number of the fourteen collective agreements signed over the past year had included a provision to establish an employment equity committee. Professor Hildyard therefore anticipated a great deal more focus on the matter among the unionized staff.

In the discussion of the report, a number of members praised Professor Hildyard and her colleagues on the reports and on the extraordinary achievements described in them. A member described them as exemplary and as an illustration of best practices. Professor Hildyard credited members of her team for this outcome. Among the matters that arose in discussion were the following.

(a) Internal promotions and external hiring. A member observed that only 45% of administrative staff positions had been filled by internal promotions and 55% had been filled by external hiring. Had that outcome been intentional? Did the University have a policy or a target with respect to internal promotions compared to external hiring? Professor Hildyard replied that there was no policy containing a set proportion of internal compared to external hires. The University was, however, working very hard on the issue of succession planning. While it was sometimes appropriate to hire external candidates, the goal for all union and non-union positions was to have a strong pool of internal candidates able to move into more senior positions when they became vacant. The member noted that her organization did have a policy goal for internal hires, and she had found that having such a goal had worked very well.

(b) Health and safety policies and external contractors and sub-contractors. In response to a member's question, Professor Hildyard said that external contractors and subcontractors working on construction projects in the University were required to sign agreements that they would comply with University policies in areas concerning the health and safety, for example asbestos handling. If it was necessary and appropriate, the University would provide training to ensure that contractors' staff were familiar with University policies and with appropriate procedures to carry them out. The member was pleased with that situation. She noted that the University had legal responsibility for health and safety matters despite the fact that functions were being carried out by external contractors. It was therefore entirely appropriate that they be required to adhere to University policies in the area.

(c) Collective agreements. A member expressed concern about the number of collective agreements (fourteen) that had come due during the past year. He asked about the average term of collective agreements and about the frequency of so many agreements' expiring at the same time. Professor Hildyard replied that the University preferred and sought longer contract terms. The problem that had arisen during the previous year was that uncertainties in the University's financial position meant that the Labour Relations group was not given a mandate to reach longer term agreements. Under more normal circumstances, the University sought longer terms and sought to stagger the maturities in order to avoid so many agreements' coming to an end at the

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same time. In response to the member's question, Professor Hildyard said that the University preferred the longest term possible, and the more recent renewals had been for one, two and three years. While the University would be pleased to sign a five-year agreement, unions rarely accepted so long a term.

5. Quarterly Report on Compliance with Legal Requirements

The Board received for information the quarterly report on compliance with health and safety requirements for the first quarter of 2009.

6. Vice-President, Research, Annual Report, March 2009

The Chair said that the annual accountability report of the Vice-President, Research had been made to the Committee on Academic Policy and Programs, which was responsible for research matters. The Report had also traditionally be sent to the Business Board, arising from the Board's interest in technology transfer to the private sector and in the revenue generation provided by research activities. In view of the crowded agenda, it had been decided that the report would be placed on the agenda and distributed by the Board, but not presented. Professor Young had kindly agreed to attend to answer members' questions.

The Board received for information the Annual Report of the Vice-President Research.

7. Capital Projects: Report as at February 28, 2009

The Board received for information the Capital Projects Report as at March 31, 2009. That report showed projects under construction (forecast cost of \$219.73-million) and projects that were occupied but not formally closed (forecast cost of \$454.07-million).

8. Capital Projects: Borrowing: Status Report to March 4, 2009

The Board received for information the status report on borrowing to March 31, 2009. That report showed borrowing capacity of \$948.0-million pursuant to the University's policy; borrowing allocated (net of repayments that could be reallocated) of \$922.7-million; actual external borrowing of \$556.3-million; and internal borrowing outstanding of \$171.8-million.

9. University of Toronto at Scarborough: Instructional Centre, Phase 1A

The Chair noted that the three projects on the Board's agenda were further submissions in response to anticipated government funding for "shovel ready" capital projects to stimulate the economy. The Board's approval would be subject both to (a) the approval in principle of the

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projects by the Governing Council, and to (b) the availability of government funding. In view of the need for expeditious action to qualify for government funding, the Board was asked to consider the three projects at this time.

Mr. Shabbar said that proposed Instructional Centres at the University of Toronto at Scarborough and at the University of Toronto at Mississauga would be completely new structures, unlike the other projects proposed under the government infrastructure programs, which would be renovations. The proposed U.T.S.C. Instructional Centre would be the first building on the North Campus at Scarborough. All of the current buildings were located to the South of Ellesmere Avenue. The U.T.S.C. master plan did foresee further development of the North Campus. The proposed project would be somewhat larger than the comparable project at U.T.M. because it would include some offices, study space and food service facilities, for which there was pressing need at U.T.S.C. The U.T.S.C. building would be 20,000 square feet larger than that at U.T.M., and the additional cost would be funded by the U.T.S.C. operating budget. That was, of course, conditional of the approval of government funding for the basic project.

Mr. Shabbar said that the University staff was working very quickly to have everything ready for construction upon the hoped-for approval of government funding. For both the U.T.S.C. and the U.T.M. projects, the University would use a design/build procurement model, which was the only model that would enable the project to be completed within the government's 23-month time frame. The University had selected vendors through a request-for-proposal process, and the architects were currently meeting with the clients at U.T.S.C. and U.T.M. and were working on the design, which would have to be complete by the middle of June. For the U.T.S.C. project, there would be need for municipal approval of some zoning variances, and the University was working with the City in an effort to expedite the process. If the Governing Council approved, the federal and provincial Governments authorized funding, and the City approved the proposed zoning variances, it would be necessary for the University to have a complete design by June to allow the eighteen months needed for construction and substantial completion of the project by March 2011.

The following matters arose in questions and discussion.

(a) Sunk costs in the absence of government funding. In response to a member's question, Mr. Shabbar said that the Office of the Vice-President and Provost had made available \$250,000 for each of this project and the U.T.M. project to allow work to begin on them. Professor Misak added that both projects were absolutely essential, and they would have to proceed at some time in the future if there was no government funding for them under the current infrastructure program. Therefore the spending on the projects would not be wasted even if they did not proceed at this time.

(b) Control of risk. In response to a question, Mr. Shabbar described the measures that had been or would be put into place to protect the University against financial risk with respect to the project. The University was using a design/build contract for the projects on both campuses. Certain risk-control features would be built into the contract. It would set out very carefully the

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design and construction matters for which the contractor would be responsible as well as those for which the University would be responsible. The University was therefore confident that most of the risk would be borne by the contractor. However, the University would also hold back a contingency amount in the project budget to deal with any unanticipated problems for which the University would be responsible. An incentive feature would also be built into the contract, stipulating that the University would benefit from 50% of savings achieved on the project under the contract price. The amount budgeted for the project was \$360 per square foot, which should be more than ample for a building of this kind. Moreover, in the current economic environment, costs for services and materials had declined substantially.

On the recommendation of the Vice-President, Business Affairs,

YOUR BOARD APPROVED

Subject to Governing Council approval of the project, and subject to confirmation of funding,

THAT the Vice-President, Business Affairs be authorized to execute Phase 1a of the Instructional Centre at the University of Toronto at Scarborough at a total project cost not to exceed \$78,000,000, with sources of funding as follows:

- University of Toronto
at Scarborough \$ 8,000,000
- Ontario Government \$35,000,000
- Federal Government \$35,000,000

10. University of Toronto at Mississauga: Instructional Centre

On the recommendation of the Vice-President, Business Affairs,

YOUR BOARD APPROVED

Subject to Governing Council approval of the project, and subject to confirmation of funding,

THAT the Vice-President, Business Affairs be authorized to execute the Instructional Centre at the University of Toronto at Mississauga at a total project cost not to exceed \$70,000,000, with sources of funding as follows:

- Ontario Government \$35,000,000
- Federal Government \$35,000,000

REPORT NUMBER 174 OF THE BUSINESS BOARD – April 27, 2009**11. John H. Daniels Faculty of Architecture, Landscape, and Design: Expansion and Renovation, Phase 1**

Mr. Shabbar proposed approval of a project to add an additional floor to the John H. Daniels Faculty of Architecture, Landscape, and Design building, to fill in its courtyard to provide additional space for design teaching studios, to add an elevator and staircase, and to deal with a number of important items of deferred maintenance including the building's heating, ventilation and security systems. The cost of the proposed project was high, almost \$700 per square foot, but that was accounted for by two important factors: the fact that the work was being completed on a heritage building built in 1909 and the fact that the Faculty wished to create a building that exemplified what it taught - excellent design and an exemplary standard of environmental sustainability. That factor would require the replacement of the external "skin" on the building, which was costly. The Faculty was in desperate need of added capacity for its three master's level programs and for the establishment of a new doctoral program. It was anticipated that the project would be partly funded by a donation from the Daniels Foundation, and the University had made application for funding under the Government of Canada and Government of Ontario fiscal stimulus / infrastructure programs.

On the recommendation of the Vice-President, Business Affairs,

YOUR BOARD APPROVED

Subject to Governing Council approval of the project, and subject to confirmation of funding,

THAT the Vice-President, Business Affairs be authorized to execute the Phase 1 expansion and renovation to the John H. Daniels Faculty of Architecture, Landscape, and Design at a total project cost not to exceed \$ 20,000,000, with sources of funding as follows:

- Donor \$ 6,000,000
- Federal Government \$10,000,000
- Provincial Government \$ 4,000,000

12. Faculty of Applied Science and Engineering: Galbraith/Sanford Fleming Building Structures Laboratory Renovation

Mr. Shabbar said that the project, which had been originally budgeted at a cost under \$2-million had been approved under administrative authority. It had faced some cost escalation under the earlier tight construction market conditions, and the outcome was a cost increase bringing the total project cost to \$2,183,634. Because the cost increase brought the project to a cost above \$2-million, it was appropriate to report the matter to the Board.

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13. Ancillary Operations: Residential Housing – Operating Results for 2008-09 and Budget, 2009-10

On the recommendation of the Vice-President, Business Affairs,

YOUR BOARD APPROVED

The operating budget for the St. George Campus Residential Housing Ancillary for 2009-10, as contained in the “2009-10 Budget” column of Schedule 1 to the “Overview of Operations and Business Plan for 2009-2014.”

14. Reports of the Administrative Assessors

University Credit Rating

Ms Riggall reported that Moody’s Investors Service had on that day released an updated credit opinion on the University, which reaffirmed the University’s Aa1 credit rating with a stable outlook.

15. Date of Next Meeting

The Chair reminded members that the final regular meeting of the academic year was scheduled for Thursday, June 18, 2009 at 5:00 p.m. That meeting would, among other things, consider the report of the Audit Committee on the audited financial statements for 2008-09.

THE BOARD MOVED INTO CLOSED SESSION

16. Closed Session Reports

Professor Hildyard briefed members on the negotiations for a new collective agreement with the Canadian Auto Workers’ Union, local 2003, which represented the University’s operating engineers.

THE BOARD RETURNED TO OPEN SESSION.

The meeting adjourned at 7:05 p.m.

Secretary

Chair