

**UNIVERSITY OF TORONTO**  
**THE GOVERNING COUNCIL**  
**REPORT NUMBER 62 OF**  
**THE PLANNING AND BUDGET COMMITTEE**

**June 7, 2000**

To the Academic Board,  
University of Toronto.

Your Committee reports that it met on Wednesday, June 7, at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Professor David Mock (In the Chair)  
Ms Wendy M. Cecil-Cockwell, Chairman,  
Governing Council  
Professor Adel S. Sedra,  
Vice-President and Provost  
Professor Michael Finlayson, Vice-  
President, Administration and Human  
Resources  
Professor Derek McCammond,  
Vice-Provost, Planning and Budget  
Professor Carl Amrhein  
Professor Raymond Cummins  
Professor Ruth Gallop  
Professor Avrum Gotlieb  
Professor Susan Horton  
Mr. Arvin Hariri  
Professor Michael Marrus  
Mr. Elan Ohayon

Professor Paul Perron  
Professor Nancy Reid  
Ms Wendy Talfourd-Jones  
Professor Fred Wilson  
Mr. Vilko Zbogar

**Non-Voting Assessors:**

Professor Heather Munroe-Blum,  
Vice-President, Research and International  
Relations  
Professor Carolyn Tuohy, Deputy Provost

**Secretariat:**

Mr. Neil Dobbs  
Ms Susan Girard  
Ms Margaret McKone

**Regrets:**

Mr. Brian Burchell  
Professor John Challis  
Professor Bruce Kidd

Ms Jacqueline Orange  
Professor Ronald Venter (Vice-Chair)  
Ms Judith Wilson

**In Attendance:**

Mr. Chris Borst, Graduate Students' Union  
Mr. Ken Burke, Chief Administrative Officer, OISE/UT  
Mr. Louis R. Charpentier, Secretary of the Governing Council  
Mr. Martin England, Assistant Vice-Provost, Planning and Budget  
Dr. Beata FitzPatrick, Assistant Provost  
Professor Joan Foley, Acting Principal and Acting Dean, University of Toronto at  
Scarborough  
Professor Rhonda Love, President-elect, University of Toronto Faculty Association  
Ms Cristina Oke, Assistant Vice-Provost, Professional Faculties

THE MEETING WAS HELD IN OPEN SESSION. ITEMS 4 AND 5 ARE RECOMMENDED FOR APPROVAL.

**1. Vary the Order of the Agenda**

The Chair proposed that the Senior Assessor's Report be moved down the agenda and be dealt with after the approval items. The members had no objections.

**2. Report of the Previous Meeting**

A member recalled that under the item concerning the Munk Centre for International Studies, he had noted that a Public Affairs document referred to the amount of the Munk donation as \$6.4 million. (The correct figure was \$4.6 million.) His comment had been omitted from the Report.

Report Number 60 (April 24 and May 9, 2000), was approved, as amended.

The Chair noted that Report Number 61 of the meeting of May 24 had been placed on the table and would be dealt with at the next meeting.

**3. Canada Research Chairs Program: Framework for Allocating Chairs - Discussion Paper**

The Chairman reminded members that the Planning and Budget Committee was responsible for recommending the creation of and allocation of general University funds in the University's operating budget. He then invited Professor Sedra to introduce the discussion paper.

Professor Sedra noted that the Canada Research Chairs (CRC) Program, established by the Government of Canada to enable Canadian universities to create research opportunities, represented a breakthrough in the history of federal funding for university research. It represented the first time that the full costs of research were eligible to be covered under a competitive federal research program.

By means of a Power Point presentation, Professor Sedra outlined the program parameters, the principles for determining allocations within the University of Toronto, considerations regarding the definition, location and size of research clusters that would be created, and the assumptions that would be used in allocation of Chairs across the University's divisions as well as the process of allocating the individual Chairs. He emphasized that the total number of Chairs allocated to the University of Toronto was expected to increase marginally in the future, as the University's share of granting council funding had grown in recent years. Much of the information contained in his presentation was also contained in the discussion paper before members; however, Professor Sedra believed the presentation was beneficial because it would help focus the Committee's discussion. A copy of his presentation is attached hereto as Appendix "A".

Following Professor Sedra's presentation, a number of questions for clarification were posed and subsequently addressed. Substantive discussion of the Canada Research Chairs Program and the University's discussion paper focused on the following matters.

**(a) Potential for Chair clusters to create a new or second-tier infrastructure.** A member observed that the University's Chairs were to be clustered in key areas of academic priority and research strength. He wondered if the University was in danger of creating a

3. **Canada Research Chairs Program: Framework for Allocating Chairs - Discussion Paper** (cont'd)

new or second-tier administrative infrastructure that would be in addition to the existing structure of departments and centres.

Professor Sedra clarified that the existing infrastructure of departments and centres would be maintained and would be responsible for the administration of the CRC program. It was anticipated that the research clusters might span disciplines, faculties and indeed granting council jurisdictions. The range of disciplines involved would vary: some clusters would be entirely or almost entirely located within a given discipline or sub-discipline, while others would be cross-disciplinary. They would not be viewed as new academic or budgeting units. The Chair clusters might be organized around a common research agenda or they might constitute a broad area of complementary strengths. Chair funding would be allocated to the home department of the Chair holder. In some instances, there would be a sharing of facilities, equipment, datasets, technical support and other research infrastructure.

Professor Tuohy clarified that the role of the working groups that were to be established for each Chair cluster was to advise on the appropriate number and mix of Chairs in the cluster. There would be no on-going administrative role for these groups thereafter.

Professor Munroe-Blum agreed that there was no intention to create new administrative units within the University. Indeed, appointments to the Chairs would be conducted in compliance with the University's *Policies and Procedures on Academic Appointments* and with the Memorandum of Agreement with the University of Toronto Faculty Association, and would require the approval of the Provost and, in the case of an award of tenure, the President. Some clusters would be located entirely on one campus or within a dedicated faculty. Others would span campuses and faculties. In the health sciences, clusters could involve both campus-based faculty and those based in teaching hospitals and hospital research institutes. The balance would vary by Chair cluster as appropriate to the area of research of faculty members. Funding would be allocated to the various divisions involved in each cluster. The goal remained to develop a critical mass and to do so in a way that would support the Chairs and research programs.

**(b) Potential for clusters within smaller divisions.** Two members asked about the likelihood of the assignment of Chair clusters, which would typically comprise four to eight Chair holders, to smaller faculties or areas within the University where there were not large enrolments of graduate students (i.e. the University of Toronto at Scarborough and various research centres). Professor Sedra responded that while some Chair clusters would be centred within a dedicated faculty, it was anticipated that a significant number of Chair clusters would span disciplines and faculties. There was, therefore, the potential for individual faculty members based at the Scarborough campus or within smaller faculties to become Chair holders based on their area of research. The initial determination of thematic areas for Chair clusters would be made by the President, the Provost and the Vice-President, Research and International Relations, in consultation with Principals and Deans, on the basis of proposals received from Principals and Deans. A call for proposals for the identification of areas for Chair clusters had been issued along with the release of the present discussion paper.

**(c) Distribution of Chairs across disciplines.** In response to a member's question, Professor Sedra clarified that a requirement of the Canada Research Chairs Program was that the Chairs be allocated on the basis of the three-year average of granting council funding received by the University over the period 1995-96 to 1997-98. The Chairs had been distributed within the CRC program as follows: 20% to Social Sciences and

3. **Canada Research Chairs Program: Framework for Allocating Chairs - Discussion Paper** (cont'd)

Humanities Research Council (SSHRC) disciplines; 35% to Medical Research Council (to be succeeded by the Canada Institutes for Health Research), and 45% to Natural Sciences and Engineering Research Council (NSERC) disciplines. The University's record of funding by MRC, NSERC and SSHRC had generated a specific allocation of Chairs under the aegis of each granting council. Under the terms of the CRC program, it was expected that these allocations would be respected in the internal allocation process, although some variance was allowed depending on the University's research priorities.

The balance of Tier I and Tier II Chairs might vary across areas. In some cases the priority might be to retain key faculty at the peak of their careers, while building strength behind them by bringing in junior faculty. It was also possible that academic units would want to place greater emphasis on building capacity in emerging areas.

Professor Munroe-Blum added that the program was new and that many of the details would be worked out as the process unfolded. She clarified that not all the Chair holders in the various clusters would be appointed immediately. In some areas, the appointment of Chair holders within a cluster would be phased in over time, building on an existing critical mass. The second phase of the appointment process would provide an opportunity for divisions to take the lead in developing clusters with other divisions.

**(d) Need to ensure diversity in faculty hiring.** A member applauded the inclusion within the discussion paper of funding for graduate students and the provision that "search processes must be designed to ensure that excellent candidates from a diversity of backgrounds were sought out and considered for Chair appointments". He cautioned that diversity could be interpreted by divisions to pertain to the academic rather than the ethnic background of a candidate. Professor Sedra responded that the University remained committed to diversity in its hiring practices. Any new opportunity to hire new faculty to address diversity would be explored. He clarified that the central administration would not be involved in the determination of the research areas of new faculty. Rather, this would be determined through the consultation processes previously outlined. The member asked that his concern be taken under advisement and that the intent of the clause as articulated by the Provost be fully articulated to the divisions.

**(e) Partnerships with Health Care Institutions.** A member asked if it was known how many Chairs would be allocated to each of the affiliated teaching hospitals. Professor Tuohy responded that the funding would flow to the affiliated institutions according to the plan developed through the Faculty of Medicine's joint planning and nomination process, which was to be approved by the President of the University. While there was no formula for the allocations of these Chairs, it was anticipated that the total number of Chairs allocated would be in substantial correspondence with the total contribution made by the affiliated institutions to the University's total number of Chairs. Similarly, it was expected that the allocation of Chairs to each affiliated institution would substantially correspond to that institution's contribution but there would be some variations from this principle in order to build capacity as well as to build on established strengths.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

THAT A *Framework for Allocating Canada Research Chairs at the University of Toronto: Discussion Paper*, dated June 1, 2000, a copy of which is attached hereto as Appendix "B", be endorsed.

**4. Budget Report 2000-2001**

The Chair noted that the Committee had already discussed the updated Long-Range Budget Guidelines and Projections and had approved the COPC list for inclusion in the Budget. The Budget Report was now before the Committee for consideration and recommendation to the Academic Board. The Business Board would consider the Budget for fiscal soundness before Governing Council approval was sought at the end of the month.

Professor Sedra gave a Power Point presentation on the Budget Report, a copy of which is attached hereto as Appendix "C". The highlights of the Budget Report were (i) no new base budget reductions, (ii) a substantial increase in graduate student support, and (iii) the introduction of the Canada Research Chairs Fund. The terms of reference of the Fund were included in the Budget Report. The budget projections for the end of 2000-01 showed a small deficit of \$3 million on the year, with an accumulated deficit of \$11.2 million. It was predicted that the accumulated deficit would drop to \$10 million by the end of the current planning period in 2003-04.

The Chair welcomed Professor Foley and Mr. Burke and asked whether members had questions that related to the budgets of either the University of Toronto at Scarborough or OISE/UT. Both were on responsibility centre management. There were no questions.

The Chair said that he had given permission for Mr. Chris Borst from the Graduate Students' Union (GSU) to address the Committee. Mr. Borst, referring to the proposed increases in graduate student support, indicated that the GSU had been pleased with the Report of the Task Force on Graduate Student Support and with most of its recommendations. Although the GSU was happy to see new money for graduate student support, there would have been a greater impact in implementing the Report's recommendations if the increased funding had been concentrated at the beginning of the next four-year period rather than spread approximately evenly over that timeframe. There were students in need now and it was important to make available new funding as early as possible. He understood that the \$2.7 million increase scheduled for 2000-01 was primarily for the "post-4" bursary program and that there would be little impact on the rest of the graduate student population. The GSU would have liked to see some funding to begin implementation of the minimum support packages referred to in the Report of the Task Force. He also noted that the amount of the endowment sought to support graduate student aid was lower in the Budget Report than it was in the Report of the Task Force. The GSU urged that the goal be as high as possible and that the attainment of that goal be made a high priority. In the Task Force Report, the proposed aid packages consisted of a fixed amount plus tuition. With tuition rising five percent annually, the value of the support package became less effective. Finally, he commented that the budgets for UTS and OISE/UT were very clear and he hoped the main budget could become more transparent.

In response, Professor Sedra indicated that the fundraising goal for graduate student support, for the purposes of the Budget Report, was one that was considered achievable, and might be thought pessimistic. However, that would not limit the goal of the actual campaign. Graduate student support would be assigned a very high priority for the remainder of the current fundraising campaign. He would have liked to assign more support to graduate student aid but preparing the Budget Report involved balancing the needs of a number of competing and meritorious items. The GSU had not yet seen the administrative response to the Report of the Task Force but Professor Sedra believed that an increase of \$20 million per year over three years was a very good start.

A member asked about the University of Toronto Schools, noting that the University appeared to provide rent-free space to the Schools. Was this a part of the University's mission - to have a private school as part of its academic mandate? Professor Sedra recalled

**4. Budget Report 2000-2001 (cont'd)**

that six years ago, the government had decided to withdraw its financial support for the two important laboratory schools, the Institute of Child Study and the University of Toronto Schools. Although the major means of supporting themselves had devolved to the schools, the University had continued to provide annually approximately \$260,000 in infrastructure support and rent-free space.

In response to a member's questions, Mr. England explained the \$13 million negative expense in the Graduate Fellowship budget on page 21. A decision had been taken to devolve the distribution and management of this funding from the centre, that is the School of Graduate Studies, to the three multidepartmental faculties - Arts and Science, Applied Science and Engineering and Medicine. The funding had been moved, not lost. With respect to the absence of a reference to the Capital Renewal Fund (CRF) in the Budget Report, Professor McCammond explained that no operating funds were proposed to be transferred to the CRF and, therefore, there was no necessity to mention the capital fund in the operating budget. Lastly, Mr. England explained the \$1.9 million increase in the presidential envelope (page 23). This was not attributable to the cost of operating the Office *per se*. These were funds for Contractual Obligations and Policy Commitments (COPC) items that were held, for administrative purposes, in the presidential envelope. He recalled that the various COPC items had been discussed at the last meeting. Professor McCammond said that there were no funds from pension savings attributed to staff in the student services that could be applied to the student services budget.

A member spoke to the proposed allocation from the Academic Priorities Fund (APF) in support of student residences, \$1.7 million over the two-year period, 2002-02 and 2003-04. He said that he has been supportive of building new residences because they had always been revenue-neutral. Residences would, of course, occupy sites that could be used for other academic purposes. But he was concerned about using funding from the APF to support capital projects and he asked whether this was consistent with the purposes of the Fund. This proposal was not revenue-neutral; it would cost a lost opportunity to fund other academic initiatives. He was uneasy about subsidizing housing and asked whether a long-term loan to underwrite residence expansion might not be more appropriate. Professor Sedra explained that the allocation from the APF represented the interest payment on a long-term loan. He said that he would be happy to share with the member the research done by Professor John Browne on financing residences. He too would prefer not to use the APF but there was a limit to what the University could charge students for a residence place and the fees revenue was not enough to carry the mortgage. Costs per bed had risen to over \$70,000. Recent residence construction had depleted the reserve and there were no funds for a down payment. The \$1.7 million was a subsidy to help the University begin its residence expansion over the next four years. The administration continued to lobby the government to make residence projects eligible for funding from the SuperBuild Growth Fund. He was not too optimistic about the outcome. In the past, the government had provided a per-bed subsidy. For the colleges involved, new residence space was an academic priority. It improved the academic experience for their students. He emphasized his position that the allocation was consistent with the terms of reference of the APF. It was an administrative decision to show the residence subsidy clearly in the Budget Report as an allocation from the APF; the alternative would have been to drop the item to the bottom line.

Another member underlined the importance of residence capacity to attract National Scholars from outside the Greater Toronto Area. At present, the University could only house a small percentage of its students; more spaces were needed. He also suggested that the federated colleges should be treated in an analogous fashion to the constituent colleges in terms of residences since their students were enrolled in the Faculty of Arts and Science.

**4. Budget Report 2000-2001 (cont'd)**

A member indicated that he would vote against the Budget Report because of its inequities. Ways of increasing diversity in the faculty were not addressed. The fact that the portion of government funding had dropped to 50 percent was disconcerting. He suggested that the University needed to get the message to the public of how dire the funding situation was for universities. In his opinion, the debt was being carried by the students. He was pleased to see increased graduate student support, but the students were still incurring debt.

Another member thought the support for student housing, increased graduate student aid and no base budget cuts were all good news. However, he had a problem when he compared the audited financial statements for the year ended April 30, 1999 with the figures in the Budget Report for the year 1998-99 (see page 7). For example, the audited statements indicated a \$41 million surplus at the end of last year while the Budget Report said there was a \$15 million deficit. That was a \$56 million difference. He asked for an explanation of this huge discrepancy. Mr. England expressed his regret that the student governors had been unable to attend a scheduled information session on the budget process at which such discrepancies would have been discussed and explained. One reason for the discrepancy involved endowment revenues. Accounting guidelines required that the entire yield from an endowment be reported as revenue. In the budget, only the expendable portion was shown; Governing Council policy required that part of the revenue be capitalized to preserve the value of the endowment. Another difference concerned carryforward funds. For the past number of years, divisions have been allowed to carryforward committed funds to the next year. Divisions might assemble funds for start-up research funding for new faculty or for staffing next year's academic course offerings. The audited statement would show this amount, approximately \$15 million, as unspent and therefore a surplus while the budget would consider the funds committed. Finally, the audited financial statements would show the current pension savings as a surplus while in fact the funds had been assigned to various uses including the University Infrastructure Investment Fund. Mr. England said that he would be pleased to prepare a detailed reconciliation. The Budget Report was an operating plan not a financial statement. The member said that in his view the problem was the transparency of the Budget Report but agreed that a reconciliation would be helpful.

A member asked whether the carryforward funds could be used as a division's contribution to the matching funds for new chairs. Professor Sedra recalled that since 1998, divisions have been required to provide 20 percent of the matching funds for chairs. This funding could come from a number of sources including carryforward funds and unrestricted donations. Professor Tuohy noted that donations for chairs often came with a payment schedule spread over a number of years. Matching funds would not be required until the donation was complete. She said that there had not been a significant use of divisional funds for matching chairs.

Dean Amrhein explained the proposed uses of the \$6 million in carryforward funds in his division. This funding was not surplus; it was committed for three particular purposes. The first concerned start-up funding for new faculty. In September, the Faculty would know how many new faculty members it was expecting to begin on July 1 and consequently how much start-up funding would be required to support the new faculty. He would begin to set aside that funding and on May 1, the beginning of the new financial year, the funding would show as surplus but it was in fact committed. As the number of new hires increased, the start-up funds required and, therefore, the carryforwards would increase. Carryforward funds were also committed to supporting and staffing the courses for the following year and for new equipment such as computers. The last item was related to new faculty and concerned funds earmarked to cover moving expenses. He commented that accounting practices did not recognize forward spending. The carryforward funds were unspent but definitely allocated for specific purposes.

**4. Budget Report 2000-2001 (cont'd)**

Another member agreed that the carryforward funds were literally what carried departments and faculties forward into the next year. Because divisions were allowed to keep the carryforward funding, they had developed ways of earmarking funds for future use and carrying them into the next budget period. If the budget process called for any unspent money at the end of a budget year to be reclaimed centrally, there would be a flurry of year-end spending, perhaps not to the best purpose.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

THAT the Budget Report, 2000-2001, dated May 30th, 2000, a copy of which is attached hereto as Appendix "D", be approved.

**5. Senior Assessor's Report**

**(a) McLaughlin Foundation Gift**

Professor Sedra was very pleased to report a \$50 million gift from the McLaughlin Foundation, which gift would be endowed and the interest used to support medical research at the University and four of its affiliated teaching hospitals - the University Health Network, Mount Sinai Hospital, the Hospital for Sick Children and the Sunnybrook and Women's College Health Sciences Centre. Each partner was committed to matching the income from the endowed funds. The Faculty of Medicine would be responsible for matching the University's share. There had been a further announcement that the Ontario Innovation Trust would match the \$50 million gift which, with the University and partners match, created a resource base of \$150 million for the new McLaughlin Centre to support "bench to bedside" research.

A member noted the possibility for an imbalance in the support given to the four discipline divisions, with the humanities and social sciences being underfunded. Professor Sedra explained that the University match of the funds would come from the Faculty of Medicine's budget and not from the general University budget. The administration was cognizant of the effect of external funding on certain disciplines. Dean Amrhein reported that of the last four chairs donated to the Faculty, three had been in the humanities. The Faculty's fundraising campaign was doing very well, and was in fact leaning more heavily to the humanities and social sciences areas.

A member noted that the gift was won through a competition and was not a windfall. The Faculty of Medicine worked aggressively to develop a proposal and to bring in the hospital partners. The proposal had been peer reviewed and the gift was won on the basis of the quality of what was offered by the University and its partners.

**(b) Chairs Matching Program**

Professor Sedra announced that the chairs matching program was being closed. The program has been immensely successful, having led to the creation of 115 matched chairs with the agreements for another 20 underway. The original aspiration had been to create 100 chairs - the University would instead have 135. However, the University had run out of matching funds and with the creation of the Canada Research Chairs program, it was time to pursue other endeavours. A member recalled the skepticism with which the 100 chair goal was greeted seven years ago.



**6. Items for Information**

- (a) School of Graduate Studies: Master of Science in Biomedical Communications and Sheridan College: Post-Graduate Certificate in Computer Animation - Resource Implications

Professor McCammond indicated that this proposal was a small pilot program in which four students would take a combined program in biomedical communications and 3-D animation. The student would take the first four terms at the University and the final two terms at Sheridan College. For the final two terms, the students would pay tuition fees of just over \$7,000 plus the usual two-term fee for the University's master's program. This funding would flow to Sheridan College. There were no resource implications except for the loss of fees for two terms for four students. The item was presented for information.

- (b) Capital Project: Users' Committee Terms of Reference

- (i) Centre for Communication, Culture and Information Technology (CCIT) at the University of Toronto at Mississauga

Professor McCammond noted that this was the project for which the University had been awarded SuperBuild funding. Again, it was a joint program with Sheridan College.

- (ii) Botany Greenhouse

Professor McCammond explained that the greenhouse on the corner of College Street and University Avenue was being relocated to make way for the new Pharmacy building, part of the Health Sciences Complex.

**7. Date of Next Meeting**

The Chair noted that there would be a summer meeting; the date was yet to be determined.

**8. Other Business**

A member asked about the strike at the St. George Campus bookstore. The Chair said that such matters were not within the purview of this Committee. He also noted that the bookstore employees were not employees of the University.

The meeting adjourned at 7:35 p.m.

Secretary

Chair

June 8, 2000