

THE GOVERNING COUNCIL

REPORT NUMBER 79 OF

THE PLANNING AND BUDGET COMMITTEE

April 16, 2002

To the Academic Board,
University of Toronto.

Your Committee reports that it met on Tuesday, April 16, 2002, 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Professor Avrum Gotlieb (in the Chair)
Professor Adel Sedra, Vice-President and
Provost
Mr. Felix Chee, Vice-President, Business
Affairs
Professor Derek McCammond, Vice-
Provost, Planning and Budget
Professor Carl Amrhein
Professor Philip H. Byer
Mr. Brian Davis
Professor Susan Horton
Professor Bruce Kidd
Professor Ian McDonald
Professor Robert H. McNutt
Professor David Mock
Mrs. Susan Scace

Ms. Heather C. Schramm

Non-voting Assessors:

Mr. John Bisanti, Chief Capital Projects
Officer
Ms. Sheila Brown, Controller and Director
of Financial Services
Mr. Louis Charpentier, Secretary of the
Governing Council
Professor Ron Venter, Vice-Provost,
Space and Facilities Planning

Secretariat:

Mr. Neil Dobbs
Mrs. Beverley Stefureak, Secretary

Regrets:

Professor W. Raymond Cummins
Professor Ruth M. Gallop
Professor Marc Gotlieb
Professor Paul Halpern

Ms. Shirley Hoy
Ms Françoise Ko
Mr. Kashif Pirzada
Professor Victor R. Timmer

In Attendance:

Ms. Lesley Lewis, Assistant Vice-Provost
Ms. Mary McGee, Assistant Provost
Professor Paul Perron, Principal, University College
Professor Paul Thompson, Principal, University of Toronto at Scarborough

ITEM 4 AND 5 ARE RECOMMENDED TO THE ACADEMIC BOARD FOR APPROVAL.

ALL OTHER ITEMS ARE REPORTED TO THE ACADEMIC BOARD FOR INFORMATION.

1. Approval of Report Number 78 of April 1, 2002

Report Number 78 of April 1, 2002 was approved.

2. Business Arising from the Report

There was none.

3. Senior Assessor's Report

In the interests of allowing maximum time for the discussion of the next two items, Professor Sedra said he would defer his report to the next meeting.

4. Updated Enrolment Expansion Plan

Professor McCammond reviewed the Update on Enrolment Expansion of April 8, 2002 attached to Professor Sedra's memorandum of April 4, 2002 (both attached as Appendix "A"). This cycle of planning for enrolment expansion had begun in 1998, initially using enrolment numbers in 1997-98 as the base. Then the Ministry of Training, Colleges and Universities (MTCU) had asked for proposals with respect to growth using 1998-99 enrolment as the base. In May 2001, the Ministry announced a new funding envelope relative to enrolment in 2000-01.

Professor McCammond spoke to a PowerPoint presentation (attached as Appendix "B"). Issues that factored into the expansion of enrolment were an increased pool of potential applicants because of demographic shifts, an increased participation in post-secondary education within the pool, changing workplace requirements that translated into a significant increase in mature students and the double cohort of high school graduates. The latter had already begun to unfold in the increased applications for September 2002. The effect of the double cohort was to bring forward an enrolment increase that would have otherwise occurred in 2008. Government projections of the magnitude of this increase had been lower than an independent report commissioned by the Council of Ontario Universities (COU) and carried out by Pricewaterhouse Coopers. Budget operating funding had been based on the Government's estimate; actual demand for next year suggested that the Pricewaterhouse Coopers projection had been realistic.

A bar graph from the Pricewaterhouse Coopers' Report illustrated the projected increase in full-time student demand against a base of 230,000 in 1998-99. The lower tranche reflecting demographic changes projected growth of approximately 41,000 over a 10-year period. Participation rates were expected to increase by about 1% per year, which was not aggressive when compared to the 2% annual growth in participation in the late 80s. Effects of the workplace change were expected to account for another ¾% growth annually. The effect of the double cohort had begun in 2001-02 and was expected to grow dramatically to account for significant growth in 2004-05 and 2005-06, and then to diminish in the following few years.

A working group comprising representatives of MTCU and of COU assumed a lower participation rate than that used by Pricewaterhouse Coopers' (PWC) and projected instead that by 2004 the Ontario university system would be faced with 16,441 fewer extra students than the PWC projection of 74,000. However, actual enrolment data in a COU

4. Updated Enrolment Expansion Plan (cont'd)

Report published in August 2001 showed that enrolment could be expected to grow at the rates projected by PWC.

The University of Toronto's response to the Government's requests for enrolment expansion plans began with the *Discussion Paper on Expanding Enrolment* of November 1999. The *Discussion Paper* framed the issues for broad discussion among members of the University community and within governance. *The Framework for Enrolment Expansion at the University of Toronto* emerged out of that discussion and was endorsed by Governing Council in April 2000. It provided the policy guidelines within which the University's response to enrolment expansion would develop and it replaced the earlier steering policy on enrolment.

The principles articulated in *The Framework* were: the need to maintain a balance among enrolment in different levels of study; expansion of between 50% to 100% in Arts and Science over 1997-98 levels at the two suburban campuses; and, finally, a modest increase primarily in professional programs enrolment on the St. George campus. These planning discussions identified a need to rethink the governance relationship between the three campuses, and this process was underway.

On the St. George campus, the University expected to accommodate the increase as a result of phasing-out the fifteen-credit degree and expanding in second-entry professional programs that were unique to the University of Toronto. Targeted expansion was also planned for programs that met special needs such as Occupational Therapy, Physical Therapy, and Medical Radiation Sciences. In the case of the latter, there had been a shift to require that practitioners have degrees and the University expected increased demand for these programs. Finally, expansion was planned in programs that offered special opportunities for growth such as the Master of Business Administration.

The *Framework* further envisaged an expansion of between 8,000 and 14,400 students, with 60% of that growth occurring at the suburban campuses. The expansion would only occur if the minimum entering averages could be maintained and was dependent upon appropriate capital funding, operating funding and student support.

Professor McCammond noted that expansion plans had proposed an increase of less than 25% while the system projections now indicated an increased demand of greater than 35%. Actual numbers showed that in both 2001-02 and 2002-03, the number of applications and of applicants to the University of Toronto had increased by more than the system rate of growth.

In July 2000, MTCU had requested institutional plans for enrolment growth for the years to 2005-06. The University's Enrolment Plan, submitted in August 2000 and based on the assumption that MTCU had accepted the PWC projections, projected a total enrolment increase of 12,800, to be accommodated by an 85% and 80% increase at UTM and UTSC respectively. The submission again emphasized strongly the need for supportive operating and capital funding. A response from MTCU two months later indicated clearly that the Government had not accepted the PWC projections, but that it was operating with the reduced projections. Further, the communication stated that plans should not be contingent upon capital funding and that, if this was a caveat of the institution's plan,

capital funding could be discussed in a footnote or a separate document. The University of Toronto's response had been a new submission, in two parts: one projecting an

4. Updated Enrolment Expansion Plan (cont'd)

increase of 4,000 assuming no increased capital funding and one projecting an increase of 9,000 that was conditional on adequate capital funding. Both plans assumed adequate operating funding.

In its May 2001 budget, the Province announced full average operating grant funding through to 2003-04 for increases up to MTCU's projected undergraduate enrolment increase and based on 2000-01 enrolment. Approximately \$26 million was allocated in 2001-02, \$20 million of which was for the increase in first-entry undergraduate enrolment and \$5.8 million of which was allocated to second entry professional and graduate enrolment increases.

Following that announcement, the University of Toronto began detailed planning focused on five areas: those program changes already underway, such as the move to graduate only programs in the Faculty of Architecture, Landscape and Design; those program changes and plans already approved with funding sources identified as other than MTCU, for example ATOP; program changes and enrolment plans proposed in *Raising Our Sights* plans where implementation was conditional on funding, for example, Pharmacy expansion; the need for additional enrolment expansion to meet increased demand for places in arts and science on all campuses; and the need for additional enrolment in doctoral-stream programs to maintain the preferred balance between different levels of study.

In order to effectively address the last two points, an Enrolment Expansion Working Group was formed in June 2001. The outcome of that endeavour was a recommendation to increase the University's 2001-02 intake targets and approximately 1,000 additional students were admitted to first-entry programs. In the absence of any government commitment to capital funding, expansion on the two suburban campuses would proceed in two phases. Phase I expansion would be limited to what could be accommodated by the construction that was already in an advanced planning stage and/or under construction, funded by SuperBuild and a modest level of debt to be managed with operating grant and tuition fees revenues. Phase II would proceed only after receipt of either capital funding from the Province or operating funding to service the debt for the mortgages that would have to be undertaken.

Professor McCammond reviewed a series of bar graphs illustrating the intake projected for Arts and Science at all three campuses. Full-time intake over the 2001 target at St. George would be maintained at the current elevated level to 2004 and then drop back to the planned intake for this campus. Expansion at UTSC, without capital funding, would rise by several hundred students in 2002-03, then remain constant through to 2008. With capital funding, enrolment could increase significantly annually up to 2005-06, then drop back slightly to a steady state. UTM would undergo gradual growth, to peak in 2005-06 and then drop off modestly. Growth would be significant within Phase I because of expected enrolment in the CCIT program. The overall picture showed peaking in Arts and Science intake through the years of the double cohort.

Professor McCammond reviewed a table that illustrated planned enrolment growth in publicly funded programs which included the effects of ATOP; phasing out of the 15-credit degree program; changes in programs offered (the negative number in Architecture

with the phasing out of the undergraduate degree); the plans for growth (Pharmacy); and, the establishment of a new degree program (Medical Radiation Sciences). Including other

4. Updated Enrolment Expansion Plan (cont'd)

undergraduate programs with special funding envelopes, the overall undergraduate enrolment growth over the 2000-01 base was expected to increase from 1,161 in 2001-02 to 7,833 in 2005-06, back down to a steady state of 6,907.

Professor McCammond recalled that the Government had not provided full average funding for graduate level students and thus there was a constrained incentive to grow in graduate enrolment. Numbers of graduate students would increase as a result of programs already in effect, for example, as a result of flow-through from the ATOP program and additional sections of the MBA program. In an attempt to maintain the balance between undergraduate and graduate enrolment, there were plans to increase doctoral-stream intake by 200 in Arts and Science. Nevertheless, it would continue to be a challenge to maintain the ratio of graduate to undergraduate enrolment.

In closing, Professor McCammond reviewed resource allocations to divisions for approved enrolment increases beyond their 2000-01 level. Divisions would receive 75% of the operating grant plus 75% of the tuition fee revenue, net of mandated student aid. During Phase I at UTM and UTSC, 90% of the funding generated would flow to reflect the debt service costs assumed by these two divisions for the capital expansion associated with Phase I. Resource allocations for increases in doctoral enrolment would be tailored to a division's needs, mindful of the obligation to comply with the graduate funding guarantee.

Referring to the Update on Enrolment Expansion report distributed with the Agenda, a member noted that the tables included showed current tuition fees and asked what would happen when tuition changed. Professor McCammond replied that the plan was prepared assuming a constant fee going forward. Increased revenue from tuition would be used centrally to fund increased operating costs and salary increases. Professor McCammond further clarified that funding would flow based on actual enrolment. He would be concerned if enrolment were to actualize considerably below target in areas where a significant capital commitment was associated with that target.

Members congratulated Professors Sedra, Professor McCammond and the Planning and Budget secretariat for putting together an excellent plan.

A member expressed concern about what appeared to be a slip-year allocation to the divisions of revenue generated by enrolment expansion. Professor McCammond explained that this was not a slip-year model. Two-thirds of the revenue generated by a division's enrolment expansion was allocated to that division within the year. The following year, one hundred percent of the increased revenue was allocated back to the division. This was considerably more generous than in the past, where only 65% of the revenue generated was returned to the divisions.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

1. THAT the enrolment expansion as described in Figure 3 of the report *Update on Enrolment Expansion*, dated April 8th, 2002, be approved in principle, and

4. Updated Enrolment Expansion Plan (cont'd)

2. THAT the principles for allocation of resources as described in the section entitled RESOURCE IMPLICATIONS and detailed in Appendix A of the Report be approved.

5. Capital Project: University College Residence Expansion– Project Planning Report – University Infrastructure Investment Fund: Allocation

Professor Venter introduced the Project Planning Report for the University College Residence under cover of his memorandum of April 8, 2002 (both attached as Appendix “C”). Currently University College, one of the founding Colleges of the University, was able to accommodate 450 residents in Whitney Hall and Sir Daniel Wilson Residence. The proposed extension was to be well positioned, situated adjacent to the College and the other two residences. It would add 312 beds and was expected to be completed by June 2004.

Professor Venter recalled that initial planning had proposed locating this extension on the west side of the back campus, positioned north and south. For a number of reasons not within the University’s control, that site was abandoned to pursue the current proposed location. He recognized the sensitivity of the new site and, as a result, it has been carefully considered from a number of perspectives before it was brought forward. While it was important to proceed and he hoped approval would be given to do so, the site was currently designated University Open Space by the City of Toronto and a zoning change would be required.

A member recognized that University College was desperately in need of additional residence beds, that the proposed plan effectively addressed considerations of vertical limits and that this site was conducive to maintaining a University College community. However, there were also major concerns with the proposed site. It would require the construction of a major service road in an area that was currently attractively landscaped green space. Several mature trees and a sunken rose garden would be destroyed. Additionally, this proposed an expensive residence at a time when students were complaining about increased tuition and living costs. He noted, too, that there was ambiguity about the vertical dimension of the building and its compatibility with other buildings in that part of the campus.

Professor Venter responded. The cost per bed was approximately \$80,000 and was comparable with other residences. He assured the Committee that the site had been discussed extensively, using modeling facilities and plans were to limit the height to four storeys. Professor Perron, commenting on the cost, added that the College’s residence fees were currently the lowest in the system. The proposed rates for this residence had been reviewed and approved by the Students’ Residence Council at University College. A major problem identified by both the administration and the students was that, without this expansion, University College could currently lodge only 12% of its students. This was not satisfactory.

Other members shared concerns about the loss of walkways, trees and green space in what was considered by many to be the most beautiful area of the St. George campus. They voiced the hope that planning would be sensitive to preserving as much of the current

5. Capital Project: University College Residence Expansion– Project Planning Report (cont'd)
University Infrastructure Investment Fund: Allocation (cont'd)

environment as possible and that the building design would not be sacrificed to concerns about cost. The discussion about cost effectiveness and the lack of alternatives continued. Members recognized that University College held an important role in the University community and its share of residence space must be increased so it would not lose its competitive advantage to other colleges. A member recalled that the first proposal for a University College residence had been turned down. There seemed no alternative and the losers, if this project were not to proceed, would be the students.

Asking about the risk in assuming that the ancillary would be able to contribute its share, Professor Perron indicated that the residence ancillary was in a position to make its contribution this year and the food ancillary would be in a similar position by next year.

Final comment from another member indicated agreement that this was a project vital to University College. Residence life was important to students. Though he preferred using an available site on Devonshire, he recognized the importance of having the residence adjacent to the College. He, too, had concerns about the proposed site and urged the administration to proceed carefully, hoping that scrutiny from the College and its alumni would ensure that this was done.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

1. THAT the Project Planning Report for the University College Residence Expansion, dated April 8, 2002, be approved in principle;
2. THAT the project scope totaling some 10,708 gross square metres, allowing for the addition of a north/south wing to complete the eastern edge of the Sir Daniel Wilson residence quadrangle, and using an approved building site (Site 22) and an area currently zoned University Open Space requiring municipal approvals be approved; and,
3. THAT the project cost of \$31.100 million be approved, with the funding sources as follows:
 - (i) Donation from University College of \$3.0 million,
 - (ii) University College ancillary operation allocation of \$2.385 million,
 - (iii) University Infrastructure Investment Fund [UIIF] of \$1.3 million, and
 - (iv) Financing in the amount of \$24.407 million to be repaid from residence fees over a 25-year amortization period.

6. University of Toronto at Scarborough: Joint Undergraduate Program in Paramedicine with Centennial College

Professor McCammond referred to his memorandum of April 12, 2002 proposing a Joint Undergraduate Program with Centennial College in Paramedicine, which would be considered by the Committee on Academic Policy and Priorities on April 17. He informed the Committee that this was the third joint program with Centennial. The previous two had been approved in March. Costs associated with the program would be met entirely from UTSC's allocations from the Enrolment Growth Fund resulting from planned expansion. Since there were no resource implications, this was for information only.

7. Next Meeting

The Chair reminded members that the next regular meeting was scheduled for Tuesday May 21, 2002 in the Council Chamber.

There was no other business.

The meeting adjourned at 6:45 p.m.

Secretary

Chair

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