

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 135 OF THE PLANNING AND BUDGET COMMITTEE

March 3, 2010

To the Academic Board,
University of Toronto

Your Committee reports that it held a meeting on Wednesday, March 3, 2010 at 4:10 p.m. in the Council Chamber, Simcoe Hall, at which the following were present:

Professor Avrum Gotlieb (Chair)
Professor Cheryl Misak, Vice-President
and Provost
Ms Catherine J. Riggall, Vice-President,
Business Affairs
Professor Wendy Rotenberg
Professor Parth Markand Bhatt
Mr. Ryan Matthew Campbell
Mr. P.C. Choo
Professor Joseph Desloges
Professor Ronald Kluger
Professor Angelo Melino
Ms Carole Moore
Professor David Mock
Professor Andrea Sass-Kortsak
Mr. W. John Switzer

Secretariat:
Mr. Anwar Kazimi, Secretary

Regrets:
Professor Denise Belsham
Professor William Cluett
Professor Jane Gaskell
Miss Tulika Gupta
Ms Shirley Hoy
Ms Kim McLean
Mr. David Palmer
Dr. Sarita Verma
Mr. Gregory Louis West
Professor R. Paul Young

Non-voting Assessors:
Ms. Sheila Brown, Chief Financial Officer
Ms. Sally Garner, Executive Director,
Planning and Budget
Professor Scott Mabury, Vice-Provost,
Academic Operations
Ms Catherine Rigall, Vice-President,
Business Affairs
Ms Elizabeth Sisam, Assistant Vice-
President, Campus and Facilities
Planning
Mr. Nadeem Shabbar, Chief Real Estate
Officer

In Attendance:

Professor Cristina Amon, Dean, Faculty of Applied Science and Engineering

Ms Melissa Berger, Program and Planning Officer/Research Opportunity Program

Coordinator, University of Toronto at Mississauga

Professor Gage Averill, Vice-Principal Academic and Dean, University of Toronto at

Mississauga

Professor William Gough, Vice-Dean, Graduate Education and Program Development,

University of Toronto at Scarborough

Professor Louis Kaplan, Director of the Institute of Communications and Culture, University

of Toronto at Mississauga

Ms Helen Lasthiotakis, Director, Academic Programs and Policy, Office of the Provost

Mr. Henry Mulhall, Assistant Secretary of the Governing Council

Professor Anthony Wensley, Director, Communication, Culture and Information Technology,

University of Toronto at Mississauga

Mr. Robert Ramsay, Chair, CUPE 3902

Ms. Mae-Yu Tan, Assistant Secretary of the Governing Council

ITEMS 4, 5, 6 AND 8 ARE RECOMMENDED TO THE ACADEMIC BOARD FOR
APPROVAL. ALL OTHER ITEMS ARE REPORTED FOR INFORMATION.

1. Report of the Previous Meeting (January 18, 2010)

Report Number 134 of the meeting of January 18, 2010, was approved as amended.

2. Business Arising from the Report of the Previous Meeting

There was no business arising from the minutes of the previous meeting.

3. Senior Assessor's Report

Professor Cheryl Misak deferred her report until the presentation of the Budget Report.

4. School of Graduate Studies and University of Toronto at Scarborough: Doctor of Philosophy in Environmental Science – New Program

In presenting this proposal to the Committee, Ms Garner said that the Ph.D. in Environmental Science was a tri-campus graduate program that would be based at the Department of Physical and Environmental Sciences at the University of Toronto at Scarborough (UTSC). It was expected that the program would build on the Department's existing undergraduate program in Environmental Science and Master of Environmental Science (M.Env.Sc.). Professor Misak added that this was a milestone at UTSC as it would be the first tri-campus program to be housed there. The department had received input from the School of Graduate Studies. The program had received approval from the UTSC Council and the Three Campus Graduate Curriculum Committee. It was expected that the program would have thirty four students in six years.

In the discussion that followed, Professor William Gough, Vice-Dean, Graduate Education and Program Development, University of Toronto at Scarborough said that it was expected that the students would be largely housed in the faculty laboratories at UTSC where the courses would be offered. With respect to the minimum Research Assistant contribution to the funding model, Professor Gough said that the Research Assistant value set for the program was comparable with other existing tri-campus science programs.

A member queried about the administrative staffing plans given the growth of the expected enrolment. Professor Gough replied that it was assumed that the number of administrative positions would grow as the enrolment in the program grew. However, it was recognized that work needed to be done independent of the number of students, especially in the first years of the program. In terms of resources, a member sought clarification about the three new faculty members being hired. Professor Gough stated that the allotment was already in place for the expected growth – there was an internal allocation in place within UTSC. The program did not require the new faculty to be on board and be active before the start of the program.

Finally, Professor Gough told the Committee that the Environmental Science group at UTSC had been established in 1993, starting with an undergraduate program and adding a Masters program in 2006. Based on multiple discussions with various faculties and departments across three campuses, it was hoped that this program would build on both the strengths of the resources at UTSC and capitalize on strengths from the other campuses and thus provide an excellent student experience.

4. School of Graduate Studies and University of Toronto at Scarborough: Doctor of Philosophy in Environmental Science – New Program (Cont'd)

On motion duly moved, seconded, and carried,

YOUR COMMITTEE CONCURS WITH THE RECOMMENDATION OF THE
COMMITTEE ON ACADEMIC POLICY AND PROGRAMS

THAT the proposed Doctor of Philosophy (Ph.D.) in Environmental Science be approved, with enrolment commencing September, 2010.

5. University of Toronto Mississauga: Proposal to disestablish the Institute of Communication and Culture and establish an Institute of Communication, Culture and Information Technology (EDU: A) and a Department of Visual Studies

Ms Garner advised the Committee that effective July 1, 2010, the proposal presented was to disestablish the Institute of Communication and Culture; to establish an Institute of Communication, Culture and Information Technology as an Extra-Departmental Unit (EDU:A); and establish the Department of Visual Studies. It was expected that the Department of Biomedical Communications would move to the Department of Biology. The restructuring had resulted from an external review that had been done at the original department. The review had identified concerns about the structure and direction of the institute. Broad consultations had taken place within UTM and with the partner institute, Sheridan Institute of Technology and Advanced Learning. In addition to this, Human Resources at UTM had also been consulted as it was expected that staff would be reassigned based on the new department structure. There was a specialist and major program that would be eliminated. However, students that were enrolled in that program would be allowed to complete it. Finally, no financial implications were expected to arise from the proposed changes at the institute level because the resources would be realigned.

In response to a member's question about the impact of the proposed changes on administrative staff, Professor Wensley said that there would be a rebalancing of positions and it was likely that staff would be moved. Professor Kaplan added that there would be a reclassification of two staff positions from Administrative Assistant 1 (7N) to Administrative Assistant 2 (9N).

On motion duly moved, seconded, and carried,

YOUR COMMITTEE RECOMMENDS

1. THAT the University of Toronto at Mississauga (UTM) Institute of Communication and Culture be disestablished, effective July 1, 2010;
2. THAT the UTM Institute of Communication, Culture and Information Technology be established as an Extra-Departmental Unit A (EDU:A), effective July 1, 2010;
3. THAT the UTM Department of Visual Studies be established, effective July 1, 2010.

6. Capital Project: Project Planning Report for the Biozone: Bioengineering Research Facility

Ms Sisam said that the Biozone project was awarded \$4.429 million dollars for the construction and renovation of laboratories in the Wallberg Building. The project had received funding of \$1.77 million from each of the Canadian Foundation for Innovation (CFI) and the Ontario Research Fund (ORF). The balance of the funding would be provided by the Department of Chemical Engineering and Applied Chemistry and the Faculty of Applied Science and Engineering. The project scope included the construction of 350 gross square metres (gsm) of space on the rooftop of the Wallberg Building, and the renovation of 420 gsm of space on the third floor of that building directly below the roof area.

It was expected that there would be some secondary effects related to the project. An engineering computing facility would have to be moved to a different location. The cost of \$75,000 to outfit the new location was outside the scope of the CFI funding and would be borne by the Faculty of Applied Science and Engineering. The approval for \$75,000 for the renovation of the engineering computing facility would be brought forward through the Accommodations and Facilities Directorate per the Policy of Capital Planning and Capital Projects. There would be a net operating cost increase of \$43,260 in total annually that would be assumed by the Faculty. The project was scheduled to begin in December 2010, with occupancy planned for January 2012.

During the Committee's discussion, a member asked about the process needed to replace existing equipment (such as the HVAC) if required. The Committee was advised by Ms Sisam that in such a case there would be two options: 1) re-examine the budget in order to identify possible modifications that could be contained within the project scope, or 2) seek an additional contribution from the Faculty of Applied Science and Engineering.

On motion duly moved, seconded, and carried,

YOUR COMMITTEE RECOMMENDS

1. That the Project Planning Report for the Biozone: Bioengineering Research Facility for Energy, Environmental, and Economic Sustainability be approved in principle.
2. That the project scope as identified in the Project Planning Report be approved in principle at a Total Project Cost of \$ 4,429,000 with funding as follows:

Canada Foundation for Innovation	\$ 1,771,679
Ontario Research Fund	\$ 1,771,679
Department of Chemical Engineering and Applied Chemistry	\$ 485,642
<u>Faculty of Applied Science and Engineering</u>	<u>\$ 400,000</u>
Total	\$ 4,429,000

7. Enrolment Report, 2009-2010

The Enrolment Report, 2009-2010 was presented to the members for information. There were no questions asked about the Report.

8. Budget Report, 2010-2011

Professor Misak began her address by informing the Committee that the budget that was being presented was responsible and balanced, in tough economic times. Citing examples of the pressures faced by institutions in the Californian system and in the United Kingdom, Professor Misak said that extreme measures were being taken by institutions globally to cope with the economic downturn.

The University faced system-wide pressures like all other Ontario universities – pressures due to pension plans; the weak economy; and because of the lack of funds available to governments to put towards post-secondary education. In Ontario, all universities had to cope with the BIU (basic income unit) discounts. With no increase in grants, the net affect was that the costs continued to increase even as the number of students grew. The University had been chronically underfunded compared to other Canadian universities. In terms of research, as funds were procured, additional costs were incurred that had to be covered by the University.

With signs of improvement in the economy, it was expected that some of the pressures would be mitigated. However, Professor Misak cautioned that careful choices needed to be made in order to keep the University's values intact; and to ensure that quality of education provided to undergraduate and graduate students remained of the highest standard. Ms Misak ended by saying that the University was on the right path but it would not be an easy path to travel.

Fiscal Context

Professor Mabury introduced the budget report by providing a fiscal context on the prevalent conditions. He said that the funding for higher education had decreased across all jurisdictions. The province of Ontario faced a deficit of \$25 billion in its budget as of the end of March 2010. On the federal side, the government had hinted that there would be limited funding available with a \$56 billion deficit. Will all of this, the enrolment demand at the University remained strong – the number of first choice undergraduate applications to the University had increased by 8 per cent. Professor Mabury added that a balanced budget was proposed at the institutional level for 2010-11, despite the ongoing and pressing challenges that varied across divisions. There had been an effective decrease in the per student funding provided by the government. A high level of uncertainty remained about the economy, government funding and the tuition framework. There had been some recovery of the endowment and investment income. Funding of key institutional priorities was a goal and key strategic choices would be made to that effect.

Revenue

As stated earlier, no increase in per student funding was expected. In real terms, there was shortfall of 37 per cent relative to 1992-1993 levels – prior to which there was inflation protection. The tuition framework had expired and the restrictions continued. The endowment projection was based on \$7.00 per unit pay out (as a comparison, in 2008 it was \$7.65 per unit). The University had lost twelve Canada Research Chairs and received no new funds towards student aid from the federal government. Costs had to be contained to cope with the reduction in resources.

8. Budget Report, 2010-2011 (Cont'd.)

In terms of the government operating grants, there was an increase in quality funds to the value of \$7 million. Graduate growth would result in a modest increase over the next five years. There was system-wide shortfall for \$100 million for undergraduate funding – compared to \$ 25.5 million in the previous year. There was a significant risk of discounted undergraduate funding. For the University, this translated to a shortfall of \$16 million in each of the next two years. It was expected that the province would solve the problem in the third year.

Next, Professor Mabury provided a comparison of the government operating grant that the University could have expected were it located in another province. In all, the University would have received higher provincial operating grants had it been in British Columbia, Quebec, Nova Scotia or Alberta.

The tuition framework was to expire on April 30, 2010. With no announcement of a new tuition framework, it was assumed that the existing framework would continue. Domestic fees would increase by an average of 4.31 per cent and there would be an average increase of 6 per cent in the international fees. The University would continue to meet its student aid commitments and the student access guarantee stipulated by the Ministry of Training, Colleges and Universities. The increase in tuition revenue was expected to be \$54.2 million.

In endowments, the University was beginning to recover from the impact of severe losses and payout cancellation to the value of \$62 million. To manage the impact of this revenue loss, divisions had made use of expendable funds and funds that had been carried forward. \$17.8 million had been drawn from the deficit fund that had to be repaid over the next five years. Overall, an increment of \$124.8 million in total revenue was expected in 2010-11, compared to that in 2009-2010. In 2010-2011, for the first time, the proportion of the tuition fee would be greater than that for the provincial grant.

Enrolment and Expenses

Ms Garner outlined the plans for undergraduate enrolment. It was expected that growth would occur at the University of Toronto at Mississauga; remain relatively flat at the University of Toronto at Scarborough; and decline slightly at the downtown St. George campus, by 2014-2015. Divisions would not be funded for growth over the approved targets unless full funding was made available by the province. International enrolment was planned to increase but with the associated risks and costs due to global economic and political uncertainty. As international enrolment increased, additional funds would be required to be set aside to support international student services.

Graduate enrolment was expected to grow till 2013-2014. Enrolment and revenue plans had been revised to reflect targets, taking advantage of flexibility and timing. There was enormous pressure for more Masters spaces –the decision by the government to permit fungibility to convert some doctoral positions to Masters spaces had been of help. However, the government support for student funding had not kept pace with the growth.

8. Budget Report, 2010-2011 (Cont'd.)

Careful controls on spending remained in place and contingency planning remained necessary. The need for base and one-time only (OTO) cost containments continued: a base cost containment rate of 2 per cent would be applied across central divisions. The degree of containment varied across academic divisions based on their enrolment plans, and cost structures. There was pressure on student-faculty ratios. Notwithstanding, some investments were planned for key institutional priorities.

The total new spending non-discretionary expenses stood at \$10 million. This included \$1.5 million for the USW job evaluation adjustment fund as per the terms of the collective agreement. There were additional expenditures planned related to investment in shared infrastructure. These totaled \$18.6 million, including \$4.9 million for the Next Generation Student Information System (NGSIS) which was to replace the Repository of Student Information (ROSI). The net change to University-wide cost was \$26 million. In 2009-2010, academic related costs made up 62 per cent of the University's net operating expense.

Concluding the presentation, Professor Mabury noted that net revenue available to academic divisions was \$29 million. This was before taking into account the possibility of an estimated annual pension special payment of \$49 million to fund the pension deficit. The estimated divisional costs took into account compensation increases (at 2 per cent where a settlement was not in place), graduate student support, capital costs and deficit repayments. There was a structural shortfall that would be dealt with through cost containment, and increase of the mix of international to domestic undergraduate students. It was reiterated that the budget presented was a responsible one.

In the discussion that followed, two significant questions were asked by the members.

First, a member sought clarification on whether the year by year allocations from the University Fund were based on academic values and priorities, or were guided by historical decisions. In response, Professor Misak said that the University fund allocations were made on a year to year basis. These allocations were made after extensive consultation within the University community. In the budget presented the allocations weighed heavily towards arts and science undergraduate programs for 2010-2011. The University continued to strike a careful balance between various competing priorities.

A member provided his perspective as someone who was involved in the planning of the new budget model. He added that due to the compensation inadequacies in government funding models in the 1970s, it had been decided that the University Fund was going to be the mechanism that dealt with the inadequacies. It was important to note the Reference Level University was used to maintain the balance of divisions within the University in transition from the old budget model.

8. Budget Report, 2010-2011 (Cont'd.)

Another member sought information on the University's pension fund strategies. He wanted to know what avenues were available for various stakeholders to get involved in the development of these strategies. Ms Cathy Riggall responded by saying that the strategies for dealing with the pension deficit remained limited. These included increasing the contributions of the members of the plan through negotiations with the Unions; increasing the University's contribution; borrowing money and looking at other forms of assets. One opportunity for employee involvement was to join the Business Board or the new Pensions Committee.

The Chair invited Mr. Robert Ramsay, Chair - CUPE 3902, to address the Committee.

Mr. Ramsay thanked the Committee for being given the opportunity to speak. He stated that his comments were made with reference to the Faculty of Arts and Science planning documents and, more broadly, towards the budget report. According to Mr. Ramsay, the Faculty of Arts and Science planning document claimed that there would be an accumulation of operating deficit over the next few years; compensation costs would increase as the BIU payments remained fixed; and, the commitment to "rebuilding" undergraduate education had received criticism through an external review. As there was limited opportunity for contingent instructors to participate in the planning process, Mr. Ramsay recommended an addenda to the budget guidelines to include, the expansion of the Faculty of Arts and Science planning committee with seats for long-serving sessional faculty; a reassessment of the baseline figures for the University fund redistribution that ensured that divisions did not subsidize other divisions to their detriment; a seat for long-serving sessional instructors on the Governing Council; and, the formation of a working group to examine the growth of the contingent instruction and the consequence of that on the academic mission. In Mr. Ramsay's opinion; sessional faculty delivered teaching and had a stake in the financial planning of the University.

In response to the speaker's comments, a member said it was important to recognize that governance was about approving what other people did. However, it was more important to initiate change at the grassroots level. In his opinion, initiatives came through units and the work needed to be done at that level; and not necessarily by lobbying for a specific representation at the level of the Governing Council. The Chair added that before issues came to Committees and Boards, they were well thought out and researched.

On motion duly moved, seconded, and carried,

YOUR COMMITTEE RECOMMENDS

THAT the Budget Report, 2010-11, which includes the long-range budget projections for 2010-2011 to 2014-15 and the budget for 2010-2011, be approved.

9. Date of the Next Meeting – Monday, April 12, 2010

The Chair reminded members that the next meeting of the Committee was scheduled for Monday April 12 at 4:10 p.m. in the Council Chamber.

10. Other Business

There were no items of other business.

The meeting adjourned at 5:50 p.m.

Secretary

Chair