DRAFT

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 195 OF THE BUSINESS BOARD

March 5, 2012

To the Governing Council,
University of Toronto

Your Board reports that it met on Monday, March 5, 2012 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. W. David Wilson (In the Chair)
Ms Shirley Hoy, (Vice-Chair)
Ms Judy G. Goldring, Vice-Chair of the Governing Council
Professor David Naylor, President
Professor Scott Mabury, Vice-President, University Operations
Ms Sheila Brown, Chief Financial Officer
Professor Angela Hildyard, Vice-President, Human Resources and Equity
Ms Celina Rayonne Caesar-Chavannes
Mr. P. C. Choo
Mr. Jeff Collins
Ms Mary Anne Elliott*
Mr. J. Mark Gardhouse
Professor Edward Iacobucci
Ms Paulette L. Kennedy
Professor Michael R. Marrus
Mr. Gary P. Mooney
Ms Catherine Riddell
Mr. Howard Shearer
Mr. W. John Switzer
Mr. Chris Thatcher
Ms Rita Tsang
Ms B. Elizabeth Vosburgh

Professor Cheryl Misak, Vice-President and Provost
Mr. David Palmer, Vice-President, Advancement
Mr. Paul Donoghue, Chief Administrative Officer, University of Toronto Mississauga
Ms Sally Garner, Executive Director, Planning and Budget
Ms Gail Milgrom, Acting Assistant Vice-President, Campus and Facilities Planning
Ms Christina Sass-Kortsak, Assistant Vice-President, Human Resources

Mr. Neil Dobbs, Secretary

Regrets:

Mr. Steve (Suresh) Gupta
Ms N. Jane Pepino
Mr. Jorge J. Prieto
Mr. Manveen Puri
Ms Penny Somerville
Mr. W. Keith Thomas
Dr. Sarita Verma

In Attendance:

Ms Gillian Morrison, Assistant Vice-President, Divisional Relations and Campaigns
Ms Marny Scully, Assistant Vice-President, Government, Institutional and Community Relations

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* Participated by telephone.

In Attendance (Cont'd)

Ms Anita Comella, Assistant Dean, Co-Curricular Physical Activity and Sport, Faculty of Kinesiology and Physical Education
Mr. Ken DeBaeremaeker, Manager, Enrolment Planning and Modeling
Mr. Jim Delaney, Director, Office of the Vice-Provost, Students
Ms Shree Drummond, Assistant Provost
Mr. Jason Dumelie, Executive-at-Large, Graduate Students' Union
Ms Catherine Gagne, Senior Manager, Budget Administration and Institutional Planning
Professor Ira Jacobs, Dean, Faculty of Kinesiology and Physical Education
Mr. Richard Levin, Executive Director, Enrolment Services, and Acting University Registrar
Ms Rosanne Lopers-Sweetman, Chief Administrative Officer, Faculty of Kinesiology and Physical Education
Professor Paul Santerre, Director, Institute of Biomaterials and Biomedical Engineering
Mr. Daniel Vandervoort, External Affairs Commissioner, Graduate Students' Union

ITEM 3 CONTAINS TWO RECOMMENDATIONS TO THE GOVERNING COUNCIL FOR APPROVAL AND A CONCURRENCE WITH A RECOMMENDATION OF THE ACADEMIC BOARD.

ALL OTHER ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION.

1. Report of the Previous Meeting

Report Number 194 (January 30, 2012) was amended on page 11, item 9, Deferred Maintenance: Annual Report 2011. The Report originally read "While the Facilities Condition Index for certain buildings was high, the buildings were both safe and wholly habitable." That sentence was amended to read, "While the Facilities Condition Index for certain buildings was high (a member had specifically referred to the Banting Institute and Best Institute Buildings), those buildings were both safe and wholly habitable." Report Number 194, as amended, was approved.

2. Business Arising from the Report of the Previous Meeting

Item 3(b) – Pension Plan Funding

Ms Brown was pleased to report that the Government of Ontario had accepted the University's application for Stage 1, temporary, pension-plan solvency funding relief. Absent any change to the pension plan that would require the filing of a new actuarial valuation with the Pension Commission, the acceptance of the application gave the University firm knowledge of the amount of the special contributions to the plan (in addition to the regular current-service contributions) that would be required for the current year and the next three years.

3. Tuition Fees and Budget

Professor Misak said that the administration was proposing a budget (a) in less than ideal circumstances, and (b) under conditions of some real uncertainties. The budget was nonetheless balanced, and the University was continuing to thrive under difficult conditions.

The Chair reminded members that the Business Board's responsibility in considering the budget and related items was to ensure the fiscal prudence of the University's operations. The budget was a balanced one, which was prudent. Provided that it was based on assumptions that were fair, the University would be on a sound financial footing.

Professor Mabury and Ms Garner presented (a) the proposed tuition-fee schedule, and (b) the operating budget for 2012-13 and the long-range budget plan for 2012-13 to 2016-17. Their presentation included two reports that were integrally related to the tuition-fee and budget proposals. Both reports had been provided to other Governing Council Committees: the enrolment report and the annual report on student financial support. A copy of the tuition-fee proposal for publicly funded programs is attached hereto as Appendix A". A copy of the tuition fee proposal for self-funded programs is attached hereto as Appendix "B". A copy of Professor Mabury's and Ms Garner's presentation is attached hereto as Appendix "C".

(a) Board Discussion

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

(i) Growth in revenue, enrolment and costs. A member observed that revenue had increased by 5.9% over the past three years – an ostensibly large increase in a period of restraint. However, that growth appeared to have been the result primarily of growth in enrolment, which in turn required an increase in spending to teach and provide services to the larger number of students. The member asked about revenue growth and cost growth on a per-student basis.

Professor Mabury replied that the member's question had pointed to the University's structural budget challenge. In a steady state, the University's revenue had been increasing by an average of 2.6% per year, but its expenses for salary and benefits, supplies and services, and student aid had been increasing by an average of 4.3% per year. The University had sought to deal with that challenge primarily by enrolment growth and, to a much smaller extent, by increasing the proportion of better funded graduate students in its enrolment and by increasing the proportion of international students. The overall 5.9% revenue growth over the past three years had been used to hire more faculty and staff to serve the increased enrolment and to keep the faculty to student ration relatively static. That ratio was lower than the University would prefer, and the Provost was using the University Fund to assist divisions most in need of it to improve their faculty to student ratios.

Professor Misak noted that the University devoted the bulk of its revenue to its educational mission. All spending ultimately served that mission. She agreed that the University had been solving its structural deficit problem each year by enrolment expansion, particularly at the Mississauga (U.T.M.) and Scarborough (U.T.S.C.) campuses, where there was room to grow.

3. Tuition Fees and Budget (Cont'd)

In Ontario at this time, universities had no option except to deal with their budget problems by growth. While that strategy was meeting the University needs for the time being because there was the opportunity to expand at U.T.M. and U.T.S.C., the strategy could not continue indefinitely.

(ii) Need for new sources of revenue. A member observed that a significant element in the University's structural budget challenge was the 5.2% annual increase in the cost of salaries and benefits, which was unsustainable in the long run. On the other hand, the University had need to refresh its faculty over time and to attract the very best faculty possible. On the revenue side, it was also unsustainable in the long run to increase revenue from tuition fees by 5% per year. In the Province's current fiscal circumstances, there was very little likelihood that operating grants would increase at all substantially. The member therefore concluded that the University's miscellaneous other revenue, which had grown by only 2% per year, had to be increased more quickly to deal with the structural deficit. It was imperative that the University be diligent in seeking out new sources of revenue. The member observed that the Governing Council was seeking to clear more time on its agenda for strategic discussions, and he urged that those discussions include one of ways of increasing revenue from sources than tuition fees and operating grants.

(iii) Financial sustainability and the possibility of rethinking the University's educational model. A member observed that the universities had been carrying out their educational mission in much the same way over many years, and the long-range budget plan appeared to assume that the University of Toronto would continue that same educational model without significant change. Given the concern about the financial sustainability of the current model, he asked whether there was any thinking within the University about the possibility of fundamental, structural change. He cited as one possibility consideration of sharing of certain resources or responsibilities among universities. He noted that there was substantial discussion of the need for such fundamental rethinking in the literature on public policy and higher education.

Professor Misak replied that the question was a good one, with pressure for change arising not only from budgetary challenges but also from questions in society in general. There was thinking about change, both (i) within the Ontario system of higher education and in Canada, and (ii) within the University of Toronto. In the Ontario context, there had been a great deal of thinking about the diversification of roles within the higher-education system, although no outcomes had yet arisen from that thinking. The University of Toronto would of course not become, for example, a wholly on-line institution or one in which non-research-stream faculty was responsible for most teaching of undergraduate students. Nonetheless, thinking about change was taking place within the University. It currently had pilot project in operation for the delivery of course material on-line. It was not proving to be significantly less expensive to deliver course material on-line than it was using traditional methods and, on the whole, students valued the interaction they had with their professors in face-to-face teaching and learning. The University was, however, continuing to give consideration to delivering certain course material on-line,

3. Tuition Fees and Budget (Cont'd)

where it made educational and economic sense to do so. Change in the delivery of university education may well require some change, but the University had to ensure that the change was not driven simply by currently fashionable thinking in a direction that ultimately proved to be damaging.

The President said that the basic form of pedagogy – education as discourse and conversation – had endured for thousands of years and was very fundamental. There were clear currents in the media and in the literature on education that there should be change, but the President thought that the change should be modest, representing steps that complemented or supplemented the basic means of university education, which was disciplined discussion in the classroom and the seminar room. A retreat to widely disseminated pre-recorded lectures and on-line programs would be destructive. It was appropriate to ask what could make the system more efficient and differentiated. That could not take place in Ontario on the basis of the assumptions (a) that all universities should be like smaller versions of the University of Toronto, and (b) that universities should be funded by a combination of reduced Provincial grants and increased tuition fees. While some people in government spoke of the need for increased efficiency, it was clear that faculty, staff and students were all working very hard. Faculty to student ratios were very low compared with those elsewhere in Canada and across North America. Yet, the University competed worldwide and enjoyed a reputation for excellent research output and for a very high quality of education. The University was highly productive and represented a great bargain. While it was true that the University should strive to make whatever improvements were possible, it was still reasonable for it to take pride in its achievements compared to institutions in jurisdictions that provided vastly superior funding.

The member noted that the University had for many years articulated and advocated the goal of differentiation within the Ontario system of higher education. However, for political reasons, it had not achieved any progress towards that goal. He asked what steps the University could take on its own to achieve a more differentiated position. He said that structural changes could be sought that would not necessarily dilute the quality of the University's education and could possibly enhance it.

Another member stressed that because of current financial pressures, it was essential to develop a strategy to add some other kind of student learning experience. In the light of the economic forecasts, and in the light of the Province's very difficult financial position, which was unlikely to change in the near future, it was essential to make a serious effort to develop an alternative educational strategy. While the University might ultimately choose not to implement such an alternative, it should nonetheless be developed and debated.

The President replied that there had been considerable thought put into finding options. The first option was the adoption of digital educational methods that would be more cost-effective and that could be integrated effectively with current face-to-face pedagogy. While there had been no pressure from students to adopt such tools, they might win support if they did prove to be cost-effective. However, the development of such on-line tools had proven not to be materially less

3. Tuition Fees and Budget (Cont'd)

costly than the current model. The University was currently looking seriously at the option of sharing the cost of the development of such tools which might be used cost-effectively across a number of universities, and the University of Toronto would continue to review that option seriously. The second option that could be considered was seeking to contain salary costs by moving a significant portion of undergraduate teaching from research-stream faculty to teaching-stream faculty with a strong scholarly commitment. It would be very difficult to reduce salary costs except by making such a shift. Top faculty were highly mobile, and the only way to reduce salary costs would be on a national basis, hoping that very top faculty did not leave the country. The President stressed that the University was very efficient and lean compared to many of its peers. A lean institution would presumably be more nimble than others if there were to be major changes in the educational model. The President undertook to return to governance with the outcome of further thinking and discussion.

(iv) Sustainability of the student-aid guarantee. A member said that the University's student aid guarantee – that no domestic student offered admission to a program at the University would be unable to enter or complete that program for reason of lack of financial means – represented a great ideal. On the other hand, it also involved a substantial cost in a Province where government grants were the lowest in Canada and where fee increases were already high. The member was concerned that, absent enhanced Government funding, the student-aid guarantee might prove eventually to be unsustainable. Professor Misak said that the University had no intention of backing off from its student-aid guarantee. She agreed that it would be very difficult to fund in the absence of adequate government support for the University. The only means of doing so would be philanthropy. Fortunately, donors liked to provide support to students in need.

A member asked about the effect of the Ontario Tuition Fee Grant of $1,600 for up to four years for full-time, Ontario-resident students in first-entry programs. Clearly the University would have questions about the program. Would the grants have a negative effect on other funding provided by the Province? How long would the program remain in place? However, was it possible that the program would reduce the University's obligations under its student-aid guarantee? Professor Mabury replied that the University did not yet know the answer to that question. For the current year, however, there was no reduction in the University's obligation. The University provided support where the Ontario Student Assistance Program (OSAP) did not meet the full amount of student need according to the OSAP need assessment. The Ontario Tuition Fee grant to students receiving OSAP reduced the amount of their loan eligibility dollar for dollar. The only effect was to reduce their debt load. It did not reduce their unmet need, which still had to be met by the University funds.

The President stressed that while the program might not reduce the University's student-aid obligation, it was still very welcome. There had been, over the years, a relatively small but still steady and unsettling increase in student debt. The Ontario grants, which would reduce that debt-load, represented a real benefit for students.

3. Tuition Fees and Budget (Cont'd)

(v) Revenue from international students. A member observed that the University had sought to deal with its structural budget deficit through growth. An important element of that growth was the increase of international-student enrolment. What was the effect of that growth on academic goals and how long was such growth sustainable? Professor Mabury replied that the growth in international student enrolment was to a large degree driven by academic aspirations. A higher proportion of international students made for a better educational experience for all students. It was the case that international-student fees did have some financial benefit for the University. However, it had been the University's goal from their inception that international student fees would cover only the true cost of students' education without subsidy from domestic students. The Faculty of Arts and Science, as an example, aimed to have, by the end of the five-year budget planning period, 17.3% of its enrolment from international students, and it expected to earn 49.2% of its tuition-fee revenue from that group of students. Professor Mabury noted that the University also planned to increase its proportion of graduate students, primarily for academic reasons but also in part for reasons of efficiency and productivity.

Later in the discussion, the President stated his confidence that international enrolment would be sustainable for at least a generation given the pressure for places in good universities abroad especially from Asia and increasingly from Brazil. After a period of further increases, the University would reach a point where it would be necessary to make hard decisions, from an academic point of view, about the appropriate mix of students. He stressed that the criteria for that decision would ultimately be academic ones.

(vi) The new budget process and financial sustainability. Professor Mabury said that the implementation of the new budget process, which devolved substantial responsibility onto the divisions, had done a great deal to enhance the financial sustainability of the University, and he was confident that it would continue to serve the University well. On the revenue side, the three Arts and Science divisions, for example, had acted to increase their revenue by expanding their course offerings in the summer session, increasing enrolment and associated revenue in one year to the level originally planned for the end of the five-year, long-range budget period. On the expense side, the Faculty of Medicine, for example, had succeeded in gaining substantial efficiencies and savings in its use of space. The University as a whole was the largest user in the world of the Blackboard on-line communication system, with over 80,000 participants. That system enabled, among other things, keeping track of student grades and facilitating academic communication with students. Professors were able to answer student questions about a course on-line, with their responses available to all students. That often saved the need for repeated answers to similar questions. The outcome was both an improvement in the student experience, the smoothing of communications within a course, and material increases in faculty productivity.

(vii) Student financial support and student success. A member asked about the relationship between student financial support and student success. In particular, were students whose support was greater than the amount of their tuition fees remaining enrolled and graduating? Professor Misak replied that the University measured retention rates and graduation rates, paying

3. Tuition Fees and Budget (Cont'd)

particular attention to divisions where there had been unusual changes such as substantial increases in tuition fees. Both retention and graduation rates had remained remarkably steady and remarkably high. In cases where students qualified for student aid in amounts that exceeded their tuition fees, it was difficult to draw conclusions. Most such students came from severely disadvantaged backgrounds and had often entered the University through such programs as the Transitional Year Program. In those cases, it was not possible to isolate the factors that had caused withdrawal or inability to complete a degree program. Overall, however, retention rates and graduation rates had not declined with changes in tuition fees.

(viii) Differentiation within the Province's post-secondary educational system. In response to a member's question, the President said that the current funding system provided no financial reward for high rates of educational success or research success. On the contrary, given the inadequacy of support for the indirect costs of research, success in winning research grants led to the loss of money as a result of the unfunded portion of the indirect costs. The funding system also made no distinction in operating grants, or in the student-aid program, between institutions in cities such as Toronto with high living costs and institutions in less expensive locations. Faculty, staff and students at the University of Toronto were therefore forced to do more with less financial support. The outcome was tension within the University and mission drift within the system as a whole. There was therefore need for a realignment of incentives and a differentiation of the roles and responsibilities of different institutions within the system. It was true that the University had been arguing this case for many, many years without success. But the Higher Education Quality Council of Ontario and other bodies, as well as the Ontario Government itself, were now at least expressing some support for this thrust, which was in effect in some other Provinces. It remained to be seen what the outcome would be, particularly at a time of strained Provincial finances, but the University hoped for appropriate and needed improvements both in operating grants and in student aid.

(b) Statement from the Graduate Students' Union

In the course of the discussion, Mr. Vandervoort was invited to address the Board on behalf of the Graduate Students' Union. Citing his own experience as a student in his fifth year of graduate study, he said that many graduate students were forced to undertake substantial part-time work to fund their studies, and they still encountered real financial difficulties in completing their programs, being forced both to pay high tuition fees and the high cost of living in the most expensive city in Canada. Most international students, who were required to pay fees that were two or three times higher than Canadian students, faced particularly dire financial problems in completing their programs. Students' financial problems were often exacerbated by the levy of large user fees, as in the case of students in the Institute of Biomaterials and Biomedical Engineering (the subject of a presentation to follow). Notwithstanding the formal guarantee in the Policy on Student Financial Support, many students were being forced to make very difficult choices and were undergoing substantial stress – stress sometimes causing mental-health challenges. Students, who were undertaking programs to gain and generate knowledge that would serve the public good, were frequently feeling considerable anger as tuition fees were

3. Tuition Fees and Budget (Cont'd)

being allowed by the present Ontario government to increase more than they had even under the fiscally conservative government of Premier Harris. The primary reason cited by potential students for not undertaking post-secondary education was its high cost. In a survey of Ontario residents, 90% felt that fees were too high. A particular concern of graduate students was the limitation of graduate-student funding to four years, combined with the requirement that graduate students pay full fees, even after four years when they were completing their theses and not using university resources. Such students should have post-residency fees that were substantially lower than the full-time fee.

Mr. Vandervoort proposed a number of alternatives to fee increases. First, the Government could eliminate the Registered Education Savings Plan, which benefited only well-off families, and use the saved tax payments to provide need-based grants to students. Second, the Ontario Government should provide the same real (inflation-adjusted) funding to post-secondary education that it had provided in 1990, enabling the reduction of fees. Better, it should provide funding that would eliminate tuition fees altogether. The cost would be, on average, only $170 per year per family, and 59% of Ontario survey respondents had said that they would be willing to pay increased taxes to improve funding for post-secondary education. The cost of the corporate tax reduction made in the previous year alone, amounting to between $2- and $4-billion would, in itself, enable the elimination of tuition fees for post-secondary education. Members of the Board might say that it was not within the jurisdiction of the Governing Council to raise taxes and to increase funding for post-secondary education. On the other hand, when the Council approved major increases in tuition fees year after year to compensate for inadequate public funding, governments had no incentive not to invest more in university funding. Finally, the limitation of the salaries of senior administrators to a maximum of $250,000 per year would in itself provide more than $15-million for post-secondary education in Ontario. $250,000 per year represented a substantial salary, and the level of current salaries was especially egregious in the light of the University's offer for salaries for teaching assistants.

(c) President's Statement

The President said that the proposed budget was a careful, prudent and balanced one. He continued to be surprised that the University was able to compete as well as it did with universities worldwide with resources that were so inadequate. The University had been able to make real improvements to the quality of student education and to achieve research success beyond that attributable to its size. The budget proposal came forward in an environment of uncertainty - provincially, federally and globally. As a result, notwithstanding the prudence of the budget, there were two major areas of uncertainty. The first concerned the pension-plan solvency deficit. Fortunately, the University had been accepted for phase one of the temporary solvency-funding relief program. It remained to be seen whether the Province would approve further solvency relief. For reasons that no-one had foreseen, there had been an unprecedentedly long period of low interest rates, which had a major effect on the financial condition of the pension plan. An increase of only two percent in the level of interest rates would reduce the solvency deficit in the University's pension plan by half. In the current circumstances, there was

3. Tuition Fees and Budget (Cont'd)

clear need for an increase in member contributions to the plan. Without such an increase, it would be very difficult for the University to get through phase two of the temporary solvency-funding-relief program. There would also be need for the University to increase its own special payments into the plan dramatically and unsustainably. The second area of uncertainty concerned the Province's tuition-fee framework.* The President noted that the Ontario tuition-fee grant program was a very generous one that would mean the additional investment of an amount in excess of $400-million in the post-secondary education system. That program would not, however, aid all students, and it was unlikely to have any effect on the tuition-fee framework and the amount of revenue that universities could raise from tuition fees.

The President noted that the issue of compensation was an important one, and one that had no easy solution. The University was a community, in which employees often spent their entire working lifetimes. Any labour disruption would be hard to deal with. The University was in a global competition for leading talent and its employees had to meet the costs of living in an expensive city. The matter was not, therefore, a straightforward one.

The President commented on the balance in expenditures by the shared-service divisions and the academic divisions. He chaired a committee which included a number of Deans. The Vice-Presidents were required to defend their budgets to that committee, which represented the academic divisions the Vice-Presidents' portfolios served. That had been done for several years, it represented appropriate accountability, and it had led to a clear sharpening of decision-making. Interestingly, in recent years there had been some expressions of concern by that committee that some budget reductions for central services had gone too far, for example in the Research Services group. The President was pleased with that balanced view.

The President concluded that overall, the budget was a reasonable one. He shared concerns about the potential growth of a gap between revenue and expense. The University was clearly not receiving the level of Provincial grant support its students, faculty and staff deserved. The University would, however, work to change that situation and in the meanwhile do its very best to continue to provide an outstanding education for its students with the resources it had. The budget was one that deserved the Board's support.

(d) Enrolment Report, 2011-12

The Board received for information the Enrolment Report, 2011-12, which had been reviewed by the Planning and Budget Committee, which was responsible for enrolment planning. It was provided to the Business Board to assist in dealing with the question: was there risk that the proposed level of tuition fees would have a negative effect on enrolment – i.e. that the University would be pricing itself out of the market?

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* Subsequently, on March 8, 2012, the Government of Ontario announced that it would extend for one year the cap of five percent on overall tuition-fee increases for students. In addition, it placed a moratorium on increasing or establishing flat and deferral fees for 2012-13.

3. Tuition Fees and Budget (Cont'd)

(e) Student Financial Support: Report of the Vice-Provost, Students, 2010-11

The Board received for information the Report of the Vice-Provost, Students on Student Financial Support, 2010-11. That report, which had been reviewed by the Committee on Academic Policy and Programs, was intended to deal with the question: was there risk that the proposed level of tuition fees would have a negative effect on accessibility, especially on the enrolment of students in particular need? Or would the availability of student financial support be sufficient to ensure the accessibility of students requiring support?

(f) Tuition Fee Schedule for Publicly Funded Programs, 2012-13

A member commented that, in view of its budget circumstances, the University had no option except to increase tuition fees by the amount permitted under the Ontario tuition-fee framework. It was, however, important that this financial necessity be explained to students. He asked whether there had been conversations with student leaders to make this need clear. Professor Misak replied that she, Professor Matus (the Vice-Provost, Students), and Professor Corman (the Vice-Provost, Graduate Education) had on-going conversations with the leaders of students groups.

On the recommendation of the Vice-President, University Operations,

YOUR BOARD RECOMMENDS

THAT the Tuition-Fee Schedule For Publicly Funded Programs in 2012-13, as described in Professor Mabury's February 20, 2012 report to the Business Board, and the tuition fees in 2012-13 and 2013-14 for the special programs identified in Tables B2 and C2 of Appendices B and C of the report, be approved.

Documentation is attached hereto as Appendix "A".

(g) Tuition Fee Schedule for Self-Funded Programs, 2012-13

On the recommendation of the Vice-President, University Operations,

YOUR BOARD RECOMMENDS

THAT the tuition-fee schedule for self-funded programs for 2012-13, a copy of which is attached hereto as Appendix "B", be approved.

3. Tuition Fees and Budget (Cont'd)

(h) Budget Report 2012-13 and Long Range Budget Guidelines 2012-13 to 2016-17

On the recommendation of the Vice-President and Provost,

YOUR BOARD CONCURS

With the prospective recommendation of the Academic Board

THAT the 2012-13 budget be approved, and
THAT the Long Range Budget Guidelines 2012-13 to 2016-17 be approved in principle.

4. Administrative User Fees and Fines, 2012-13

The Chair noted that the academic incidental fees were cost-recovery fees. The administration had the authority to increase existing fees so long as the increases matched increased costs. Only the addition and removal of fees were subject to the approval of the Business Board.

On motion duly made, seconded and carried,

YOUR BOARD APPROVED

(i) That the Faculty of Medicine Speech-Language Pathology records and documents fees and examination and grades fee be added to the Administrative User Fee Schedule.
(ii) That the Faculty of Medicine Speech-Language Pathology library fine be added to the Administrative User Fee Schedule.
(iii) That the Lawrence S. Bloomberg Faculty of Nursing Master of Nursing Nurse Practitioner Fields NU DNPC2 and NU DNPC4 Year 1 Clinical placement fee be added to the Administrative User Fee Schedule.
(iv) That the Faculty of Nursing Bachelor of Science in Nursing Year 2 Consolidation Clinical placement fee be added to the Administrative User Fee Schedule.
(v) That the Faculty of Nursing Bachelor of Science in Nursing replacement of sew-on faculty crest fee be added to the Administrative User Fee Schedule.
(vi) That the Faculty of Forestry Master of Forest Conservation students internship placement fee be added to the Administrative User Fee Schedule.
(vii) That the University of Toronto Scarborough Management and International Business Co-op Program domestic and international students placement fee be added to the Administrative User Fee Schedule.
(viii) That the University of Toronto Mississauga records and documents fee related to completing and/or verifying RESP forms, student loans, student attendance verification forms, etc. be added to the Administrative User Fee Schedule.
(ix) That the University of Toronto Mississauga commissioner for oaths fee be added to the Administrative User Fee Schedule.

4 Administrative User Fees and Fines, 2012-13

(x) That the University of Toronto Mississauga visiting students application fee be added to the Administrative User Fee Schedule.
(xi) That the University of Toronto Mississauga Study in Florence Program application fee be added to the Administrative User Fee Schedule.
(xii) That the Faculty of Arts and Science Master of Financial Economics Year 1 internship placement fee and Year 2 internship placement fee – be added to the Administrative User Fee Schedule.
(xiii) That the Woodsworth Summer Abroad Site Service Fee – United Arab Emirates be added to the Administrative User Fee Schedule.
(xiv) That the Centre for Medieval Studies certified copy of document fee be removed from the Administrative User Fee Schedule.
(xv) That the School of Graduate Studies print calendar fee be removed from the Administrative User Fee Schedule.

5. Cost-Recovery Ancillary Fees and Administrative User Fees and Fines (fees reported for information), 2012-13

The Chair said that in the light of a request from a representative of the Graduate Students' Union to speak to this item, it had been removed from the consent agenda and placed on the regular agenda.

Mr. Dumelie said that the Graduate Students' Union had two main concerns with the compulsory ancillary fees now before the Board. The first concern was with the fees being levied on students in the clinical programs offered by the Institute of Biomaterials and Biomedical Engineering (the I.B.B.M.E.) The concerns involved both the fees themselves and the procedure used to impose them. The fees, in a total amount over $1,000, had initially been levied for the current academic year. Students were completely unaware of the fees until they were invoiced for them, with the result that they had not budgeted to pay the fees, and their sudden imposition had caused considerable distress. Allowing the surprise imposition of compulsory academic incidental fees would create a very large risk for all students who might similarly find they suddenly had to pay fees that they did not expect. With respect to procedure, the University took the view that the introduction of the I.B.B.M.E. fees was exempt from the Ministry of Training, Colleges and Universities' "protocol requirement" – a requirement that "for certain specified non-tuition-related compulsory ancillary fees to be introduced or in order for any such fee to be increased by the University of Toronto, there be in place a long-term protocol, setting out the means by which students will be involved in decisions . . . ."[*] An exemption from the protocol requirement was permissible only with three provisions. First, institutions were required "provide a full rationale for each fee . . . at the time it is submitted to the governing body for approval." Second, "institutions must provide the above rationale to student governments . . . ."

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[*] Long-Term Protocol on the Increase or Introduction of Compulsory Non-tuition Related Fees, Section "A".

5. Cost-Recovery Ancillary Fees and Administrative User Fees and Fines (fees reported for information), 2012-13 (Cont'd)

Third, "institutions must respond with a full explanation to inquiries made by student governments in connection with concerns about any of these fee." It was not at all clear to the Graduate Students' Union that the requirements for exemption had been met. Even if they had, students in the program were not consulted and were not aware that the fees would be levied. Moreover, it appeared to be the case that some of the fees did not meet Ministry requirements. For example, universities were permitted to charge fees for field trips that would cover the "reasonable, direct costs of travel and accommodation of students on compulsory field trips." However, the $664 fee levied on students in three courses for "field trips to hospitals" were said to cover such costs as coordinating lectures for classes held outside the University, the cost of coordinating schedules for experts in the field and any other related activity external to on-campus courses. Mr. Dumelie thought that those purposes were not permissible within the definition of permissible field-trip fees – a conclusion that had been reinforced by his discussions with staff in the Ministry. He urged that the compulsory academic incidental fees charged to students at the Institute of Biomaterials and Biomedical Engineering be rescinded and that the amounts collected be returned. The cost would be a small one for the University, but the amounts were very important to individual students. Similarly, it was important that the University make students aware well in advance when new or substantially increased fees would be levied so that students could be prepared to pay them.

Mr. Dumelie said that the second concern of the G.S.U. was the Access Copyright Fee, which the Board had discussed at its previous meeting. It was to be levied under category 5.7, described by the University as fees for "materials, services, or licenses where the University acts as broker with a vendor for the students." However, the Ministry's policy made no provision for license fees – again a fact that he had confirmed in discussions with Ministry officials.

Invited to respond with respect with respect to the Access Copyright Fee, Mr. Delaney said that he had been in touch with Mr. Dumelie over the past few weeks and had cleared up a number of matters. The University had a memorandum of agreement with the Association of Part-time Undergraduate Students, the Graduate Students' Union and the Students' Administrative Council (now operating as the University of Toronto Students' Union) which specifically exempted a number of fees from discussions under the protocol arrangement. Those exemptions included the CanCopy fee, now called the Access Copyright Fee. That agreement placed the fee under category 5 of the Policy on Ancillary Fees. Category 5 fees could be adjusted by the administration to reflect actual costs, with adjustments reported to the Business Board for information. The language of the Policy on Ancillary Fees was precisely the same as that of the Ministry of Training, Colleges and Universities policy.

Invited to respond to the comments on the academic incidental fees levied on students in the Institute of Biomaterials and Biomedical Engineering, Professor Santerre said that the establishment of the new fees was communicated to students on the Institute's website. A portion of the incidental fees had been collected in the fall by the University along with tuition fees. A second portion - the fees classified as category 6 fees (administrative user fees) - were to

5. Cost-Recovery Ancillary Fees and Administrative User Fees and Fines (fees reported for information), 2012-13 (Cont'd)

be collected by the Department. However, owing to a major change in operations staff over the summer, those fees were not collected for the fall term, and the category 6 fees were therefore waived for that term. It was then communicated to students that the relevant category 6 fees would be collected for the spring term beginning in January 2012. The Department held a number of question and answer sessions with students to deal with questions about the fees, highlighting those fees that would be charged beginning in January 2012. In response to a question, Professor Santerre said that the total proceeds of the incidental fees would amount to about $40,000 per year. The cost of waiving the fees that had not been collected in the fall term had been about $30,000.

Professor Misak noted that the programs offered by the Institute of Biomaterials and Biomedical Engineering were among the leading programs in the University, taught by outstanding faculty, and students in the programs were very fortunate to be in them. The programs were, however, very expensive to deliver, and the costly academic incidental fees were essential in order to deliver the programs at their very high level of quality.

6. Reports of the Administrative Assessors

Borrowing: Debenture Issue

Ms Brown recalled that the Board had, early in 2009, approved $200-million of external borrowing. In December 2011, the University had issued a debenture to borrow $100-million for forty years at a fixed rate of 4.251%. She was pleased to report that on February 7, 2012, the University had completed the borrowing of a further $100-million for forty years at a fixed rate of 4.118%.

7. Date of the Next Meeting

The Chair reminded members that the next regular meeting of the Board was scheduled for Monday, April 2, 2012 at 5:00 p.m. That meeting would, among other things, receive and consider the 2011 annual report of the University of Toronto Asset Management Corporation.

8. Capital Projects Report to January 31, 2012

The Board received for information the regular report on capital projects as at January 31, 2012. It reported on the status of ten approved projects under construction for an estimated total construction cost of $228.62-million. It reported also on a further sixteen projects that had been occupied but that had not yet been closed. The sum of the originally approved costs for those projects was $353.72-million.

9. Capital Project Closure Report – Varsity Centre, Phase I

The Board received a report on the closure of the Varsity Centre Phase I project, which was originally approved at a total project cost of $16,386,000. Owing to unforeseen site problems, the Business Board, at its meeting of May 29, 2006, had approved a cost increase to $21,750,000. The project was completed in January 2007 at a total amount of $21,745,656.

10. Borrowing - Status Report to February 29, 2012

The Board received the status report on borrowing to February 29, 2012. Maximum borrowing capacity was $1,053-million. Borrowing allocated by the Business Board was $970-million (net of $83.3-million of repayments that could be re-allocated). Actual external borrowing was $724.1-million and internal borrowing outstanding was $169.7-million. Separate borrowing capacity approved for pension-plan funding was $150-million, for which a loan in the amount of $112.6-million had been issued on June 1, 2011.

THE BOARD MOVED IN CAMERA

11. Capital Project: St. George Campus - Back Campus Fields

The Chair said that the financial aspects of the proposed project had to remain confidential in order to protect the financial interests of the government funders and the University, until tenders were received. Basic information about the project had been released by the Faculty of Kinesiology and Physical Education.[*]

After discussion, on motion duly moved, seconded and carried,

> Subject to Governing Council approval of the project,
>
> YOUR BOARD APPROVED
>
> The recommendation contained in Professor Maybury's February 23, 2012 memorandum to the Business Board.

12. Report on Gifts and Pledges over $250,000, November 1, 2011 to January 31, 2012

The Board received for information the quarterly report on donations over $250,000 for the period November 1, 2011 to January 31, 2012.

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[*] http://physical.utoronto.ca/FacilitiesAndMemberships/Back_Campus_Fields_Project.aspx

13. Closed Session Reports

Professor Hildyard reported on steps taken to reach a tentative agreement with the Canadian Union of Public Employees, Local 3201, unit 1, which represented the University's teaching assistants. The union local would carry out a process for ratification.

Professor Hildyard reported on the negotiations that were underway, now with the aid of a mediator, with the University of Toronto Faculty Association.

14 Human Resources: Professional/Managerial and Confidential Staff - Compensation, Benefit and Policy Revisions

On motion duly made, seconded and carried,

YOUR BOARD APPROVED

Subject to the terms of any applicable legislation,

THAT the proposed Compensation, Benefit, Pension and Policy Revisions for Professional/Managerial & Confidential Staff outlined in the memorandum from the Vice-President, Human Resources and Equity dated February 9, 2012, be approved.

15. Human Resources: Senior Research Associates and Research Associates (Limited Term) - Policy Amendments

On motion duly made, seconded and carried,

YOUR BOARD APPROVED

Subject to the terms of any applicable legislation,

THAT the proposed policy amendments for Senior Research Associates and Research Associates (Limited Term) outlined in the memorandum from the Vice-President, Human Resources and Equity, be approved.

15. Human Resources: Senior Research Associates and Research Associates (Limited Term) - Compensation and Benefits Improvements

On motion duly made, seconded and carried,

YOUR BOARD APPROVED

Subject to the terms of any applicable legislation,

THAT the proposed Compensation, Pension and Benefit changes for Senior Research Associates and Research Associates (Limited Term) outlined in the memorandum from the Vice-President, Human Resources and Equity dated February 22, 2012, be approved.

16. Human Resources: Canadian Union of Public Employees (CUPE) Local 3907 (Graduate Assistants at the Ontario Institute for Studies in Education of the University of Toronto) - Collective Agreement

Professor Hildyard reported on the terms of the new collective agreement between the University and the Canadian Union of Public Employees (CUPE) Local 3907, which represented Graduate Assistants at the Ontario Institute for Studies in Education of the University of Toronto.

17. Human Resources: Canadian Union of Public Employees (CUPE) Local 2484 (Early Learning Centre Employees) Collective Agreement

On motion duly made, seconded and carried,

YOUR BOARD APPROVED

a) Increases in CUPE 2484 Employee Pension Contributions as follows:

Below YMPE	5.0% to 5.45%	6.05%	6.80%
Above YMPE	6.0% to 6.60%	7.40%	8.40%
Effective Date	January 1, 2012	July 1, 2012	July 1, 2013

b) Effective July 1, 2012, use only the CANSIM interest rate, as currently defined under the Pension Plan (i.e. five-year fixed term deposit rate), to credit interest on required member contributions.

18. Striking Committee for 2012-13: Appointment

It was AGREED

THAT the following be appointed to the Business Board Striking Committee to recommend appointments of members to the Board, other than appointments of members of the Governing Council, for 2012-13:

Mr. W. David Wilson (Chair)
Ms Shirley Hoy (Lieutenant-Governor-in-Council appointee; Vice-Chair)
Mr. P. C. Choo (administrative staff)
Mr. Manveen Puri (student)
Professor Sarita Verma (teaching staff)
Ms Elizabeth Vosburgh (alumnus)

The meeting adjourned at 7:20 p.m.

____________________ Secretary

____________________ Chair

April 9, 2012