

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 203 OF THE BUSINESS BOARD

March 4, 2013

To the Governing Council,
University of Toronto.

Your Board reports that it met on Monday, March 4, 2013 at 3:00 p.m. in the Debates Room, Hart House, with the following members present:

Mr. John Switzer (Chair)	Professor Cheryl Misak, Vice-President and Provost
Ms Shirley Hoy (Vice-Chair)	Mr. Andrew Arifuzzaman, Chief Administrative Officer, University of Toronto Scarborough
Professor David Naylor, President	Ms Sheila Brown, Chief Financial Officer
Professor Scott Mabury, Vice-President, University Operations	Mr. Paul Donoghue, Chief Administrative Officer, University of Toronto Mississauga
Professor Angela Hildyard, Vice-President, Human Resources & Equity	Ms Sally Garner, Executive Director, Planning & Budget Office
Ms Alexis Archbold	Ms Gail Milgrom, Assistant Vice-President, Campus and Facilities Planning
Mr. Jeff Collins	Mr. David Palmer, Vice-President, Advancement
Mr. Ian Freedman	Ms Christina Sass-Kortsak, Assistant Vice-President, Human Resources
Ms Paulette Kennedy	Mr. Ron Swail, Assistant Vice-President, Facilities & Services
Professor Michael R. Marrus	
Ms Catherine Riddell	Ms Sheree Drummond, Secretary
Mr. Peter Robinson	
Mr. Howard Shearer	
Ms Penny F. Somerville	
Mr. Chris Thatcher	
Ms B. Elizabeth Vosburgh	
Mr. W. Keith Thomas	
Professor Steven J. Thorpe	
Ms Rita Tsang	

Regrets:

Ms Alexis Archbold	Professor Andrea Sass-Kortsak
Ms Celina Rayonne Caesar-Chavannes	Ms Elizabeth Vosburgh
Mr. Arthur Heinmaa	Ms Nana Zhou
Ms Zabeen Hirji	
Mr. Gary P. Mooney	

In Attendance:

Ms Shannon Howes, Coordinator, Student Policy Initiatives
Mr. Richard Levin, Executive Director, Enrolment Services and University Registrar
Professor Jill Matus, Vice-Provost, Students

REPORT NUMBER 203 OF THE BUSINESS BOARD – March 4, 2013

Ms. Erin Oldynski, External Commissioner, Graduate Students' Union
Ms Archana Sridhar, Assistant Provost
Ms Donna Wall, Director, Financial Aid & Awards

MAIN THEME – STUDENT FEES AND THE BUDGET

The Chair advised members that the main theme of the meeting was 'student fees and budget'. He noted that Professor Mabury and Ms Garner would provide a substantial combined presentation on these inter-related items. Their presentation included reference to two background reports that have been provided: the *Enrolment Report* and the *Annual Report on Student Financial Support*.

The Chair informed members that Ms. Erin Oldynski, External Commissioner, Graduate Students' Union, had asked to speak to Item 1(c.) Tuition Fees and that he would invite Ms Oldynski to make her remarks when that item was under consideration.

Before beginning their presentation, Professor Mabury advised members that the University of Toronto's Budget Model had taken the gold in the Institute of Public Administration of Canada (IPAC)/Deloitte Public Sector Leadership Awards - created to recognize excellence, innovation and impact in the public sector. Professor Mabury showed the short video that had been prepared for the awards ceremony.¹

Professor Mabury and Ms Garner then proceeded with their presentation² which addressed the following main points:

- In 2013-13 a balanced budget was projected at the institutional level (\$1.9B) in 2013-14.
- Institution-wide accumulated deficit has been fully repaid.
- Continued undergraduate and graduate enrolment expansion.
- Increase in international undergraduate enrolment – 14.1% of undergraduate headcount.
- Budget assumptions related to revenue: value of Basic Income Unit (BIU); further grant reductions; undergraduate and graduate growth; and roll-over of the existing tuition framework.
- \$156.8 million in financial assistance had been provided by the University to its students in 2011-2012
- OSAP³-eligible students at U of T paid an average of 48% net tuition in 2011-12 after accounting for OSAP, University bursaries and the Ontario Tuition Grant.
- Most divisions were planning balanced budgets with a few smaller divisions working to resolve structural deficits.
- University Fund allocations totaled \$9.1 million.

¹ <http://news.utoronto.ca/u-t-budget-model-wins-gold-public-sector-innovation>

² <http://www.governingcouncil.utoronto.ca/AssetFactory.aspx?did=9586>

³ Ontario Student Assistance Program

REPORT NUMBER 203 OF THE BUSINESS BOARD – March 4, 2013

- Cost containment of 1% (\$1.7 million) across the shared services.
- Pension Special Payments and other related costs cumulative for 2013-14 - \$87 million.
- Structural budget challenge: Weighted average increase in revenue is 2.6% and weighted average increase in expense is 4.2%.
- Divisional reserves continue to grow.
- Significant capital activity. Shift to “scope to budget” approach.

The Chair invited the President to comment. President Naylor spoke to the clarity that had resulted from the budget model. He briefly addressed: the special pension payments and their impact; the *status quo* on the per-student government grant and the value of the BIU; and the tuition framework. He emphasized the importance of understanding ‘net tuition’ and the University’s unwavering commitment to remaining accessible to the best and brightest students.

A member asked about the Ontario Tuition Grant (OTG), specifically the fact that many U of T students who were eligible for it had not applied, as well as its impact on University financial assistance. Mr. Richard Levin replied that for OSAP applicants their application for the OTG was automatic but that the challenge was with non-OSAP students. Ms Donna Wall indicated for the 2011-12 academic year, those students who received support from the University of Toronto’s Advanced Planning for Students program (UTAPs) had received it prior to receiving the OTG. For the 2012-13 academic year the OTG would be part of the OSAP assessment.

A member asked about sustainability in light of the projected revenue increases versus projected expense increases. Professor Mabury replied that there was a keen awareness of this situation across all divisions and at the institutional level, and that he envisioned that the budget model would continue to be a tool for academic administrators to influence these realities.

A member asked (1.) whether the annual increase in divisional reserves was a result of divisions being allowed to keep year end surpluses, and (2) how many divisions were in a structural deficit. Professor Mabury confirmed that divisions were allowed to keep year end surpluses and noted that to not do so would potentially create perverse incentives. He added that divisions were being actively encouraged to strategically use these reserves, for example, towards divisional funding contributions for capital projects or faculty hiring. He said that three divisions were in a structural deficit but that he and the Provost were working closely with these divisions to address this situation.

The Chair concluded the discussion by noting that the budget model was a management tool for the times and noted that it had empowered divisional academic leaders.

1. Tuition Fees

- a. **Annual Report on Student Financial Support: Report of the Vice-Provost, Students 2011-12 (for information)**

REPORT NUMBER 203 OF THE BUSINESS BOARD – March 4, 2013

The Chair noted that the Report was intended as background to the tuition fee schedule and that it had been received on February 26, 2013 by the Committee on Academic Policy and Programs which was the body responsible for student financial support.

At the invitation of the Chair, Professor Jill Matus commented that the Report had included data on net tuition as well as individual student scenarios. There were no questions from members.

b. Enrolment Report, 2012-13 (for information)

The Chair advised members that the Enrolment Report had been reviewed by the Planning and Budget Committee, which was responsible for enrolment planning.

There were no questions from members.

c. Tuition Fee Schedule for Publicly Funded Programs, 2013-14

The Chair invited Ms Erin Oldynksi to address the Board. Ms Oldynski expressed concerns regarding the proposed tuition increases. In her view these increases placed the burden on graduate students and their families. She noted that although the University had introduced a post-residency fee for students in their final year of doctoral studies, most graduate students continued to pay full tuition fees during the later stages of their degrees. She asked that the University consider the broad introduction of post-residency fees and argued that it would result in a net gain for the University and for its graduate students.

Professor Misak noted that doctoral stream students in the funded cohort do not pay any tuition. She said that it was not in the interest of students to be studying beyond the funded cohort and that while further attention would be given to post-residency fees she did not anticipate that it was an option that the University would likely pursue.

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

YOUR BOARD RECOMMENDS

THAT the Tuition Fee Schedule for Publicly-Funded Programs in 2013-14 as described in *Tuition Fee Schedule for Publicly-Funded Programs 2013-14 (February 20, 2013)* and THAT the tuition fees in 2013-14 and 2014-15 for the special programs identified in Tables B2 and C2 of Appendices B and C of the aforementioned report be approved.

(d) Tuition Fee Schedule for Self-Funded Programs, 2013-14 *

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

YOUR BOARD RECOMMENDS

THAT the Tuition Fee Schedule for Self-Funded Programs, 2013-14 be approved.

REPORT NUMBER 203 OF THE BUSINESS BOARD – March 4, 2013

2. Budget Report 2013-14 and Long Range Budget Guidelines 2013-14 to 2017-18

The Chair advised members that the Business Board, as the source of advice about financial matters and public accountability, was asked to concur with the recommendation of the Academic Board that the Budget be approved. He noted that the Business Board's duty was to satisfy itself that the proposal was financially responsible, that the budget assumptions were realistic, and that the level of risk in the budget was acceptable.

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

YOUR BOARD CONCURS

With the prospective recommendation of the Academic Board

THAT the *Budget Report, 2013-14* be approved, and
THAT the *Long Range Budget Guidelines 2013-14 to 2017-18* be approved in principle.

3. Academic Incidental Fees

(a) Administrative User Fees and Fines, 2013-14

The Chair reminded members that under University's *Policy on Ancillary Fee* the introduction or removal of a fee from the Schedule must be submitted to the Business Board for review and approval. He noted that a Schedule of Administrative User Fees and Fines for 2013- 14 had been provided as well as a copy of the *Administrative Review of Category 5 and 6 Ancillary Fees Report*. The findings of the review had been reported at the previous Business Board meeting.

Professor Mabury advised members that the University community had benefitted from the review and that there was a better awareness of the guidelines through all levels of the institution. He noted that his team would continue to work with divisions to ensure that they were appropriately communicating with regard to these fees.

A member asked, in regard to the Access Copyright fee, about the implications of the Supreme Court ruling. Professor Misak replied that the implications were still unclear at this point but that the University would continue to be actively engaged on this matter.

The Chair commended the increased transparency with regard to *Category 5 and 6 Fees* and thanked the Administration for its attention to this issue.

On motion duly made, seconded and carried,

YOUR BOARD APPROVED

THAT the fees listed in Appendix A of the Report entitled *Category 6, Administrative User Fees and Fines, 2013-14* be added to the Administrative User Fees and Fines Schedule for 2013-14.

REPORT NUMBER 203 OF THE BUSINESS BOARD – March 4, 2013

THAT the fees listed in Appendix B of the Report entitled *Category 6, Administrative User Fees and Fines, 2013-14* be removed from the Administrative User Fees and Fines Schedule for 2013-14.

(b) Cost-Recovery Ancillary Fees and Administrative User Fees and Fines (fees reported for information), 2013-14

The Chair reminded members that under the *Policy for Category 5 and for Category 6*, cost recovery fees shown on the schedules may be adjusted annually by administrative authority of the Vice President, University Operations, provided that the adjustments related to changes in the cost of the materials or services provided. He noted that these changes are reported to the Board for information.

OTHER REPORTS

4. Financial Forecast as of April 30, 2013 (for information)

Ms Sheila Brown advised members that the new Not-For-Profit accounting guidelines had resulted in an increase of about \$1 billion to net assets, and the reflection in expenses each year of the full value of any changes in employee benefit expense. She pointed members to the appendix that explained the changes in further detail.

5. Reports of the Administrative Assessors

The administrative assessors indicated that there were no items to report.

OPEN SESSION CONSENT AGENDA

The Chair advised members that as noted in a message from the Secretary, Item 9 – Report on Gifts and Pledges over \$250,000 – had been incorrectly placed on the Open Consent Agenda rather than as part of the *In Camera* session. He indicated that accordingly it would be considered during the *In Camera* session of the meeting.

On a motion duly moved, seconded, and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted.

6. Report of the Previous Meeting – Report Number 202 – January 28, 2013

7. Business Arising for the Report of the Previous Meeting

8. Status Report on Debt to February 28, 2013

REPORT NUMBER 203 OF THE BUSINESS BOARD – March 4, 2013

CLOSING ADMINISTRATIVE ITEMS

9. Date of Next Meeting

The Chair reminded members that the Board's next regular meeting was scheduled for Monday, April 8, 2013 at 5:00 p.m.

THE BOARD MOVED IN CAMERA

10. Closed Session / In Camera Reports of the Administrative Assessors (oral reports)

Professor Mabury spoke briefly to the implications of the tuition framework.

11. September 1, 2012 – August 31, 2014 Collective Agreement between the University and CUPE 3902, Unit 3

The Chair noted that approval of changes to Collective Agreements within existing policies and salary-determination procedures were delegated to the President and were provided for information only. Professor Hildyard made some brief comments.

12. Striking Committee for 2013-14: Appointment

It was AGREED

THAT the following be appointed to the Business Board Striking Committee to recommend appointments for 2013-14:

Mr. John Switzer (Chair)
Ms Shirley Hoy (Lieutenant-Governor-in-Council appointee; Vice-Chair)
Ms Alexis Archbold (administrative staff)
Ms Nana Zhou (student)
Professor Steven Thorpe (teaching staff)
Ms Elizabeth Vosburgh (alumnus)

13. Report on Gifts and Pledges over \$250,000, November 1, 2012 to January 31, 2013

Mr. Palmer reported that there continued to be a strong upsurge of support for the Boundless Campaign.

The meeting adjourned at 5:21 p.m.

Secretary

Chair

April 1, 2013