

THE GOVERNING COUNCIL
REPORT NUMBER 88 OF
THE PLANNING AND BUDGET COMMITTEE

April 15, 2003

To the Academic Board,
University of Toronto.

Your Committee reports that it met on Tuesday, April 15, 2003, 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Professor David Mock (in the Chair)
Professor Derek McCammond, Vice-
Provost, Planning and Budget
Professor Carl Amrhein
Professor Michael Berkowitz
Professor Philip H. Byer
Professor Paul J. Halpern
Professor Edith Hillan
Professor Bruce Kidd
Ms Karen Lewis
Professor John F. MacDonald
Professor Ian McDonald
Mr. Colm Murphy
Professor Ian Orchard

Mr. Timothy Reid
Mr. Nick Turk-Browne

Non-voting Assessors:

Ms. Sheila Brown, Controller and Director
of Financial Services
Professor Ron Venter, Vice-Provost,
Space and Facilities Planning

Secretariat:

Mr. Neil Dobbs
Mrs. Beverley Stefureak, Secretary

Regrets:

Mr. Felix Chee
Professor Avrum Gotlieb
Professor Susan Horton
Ms. Shirley Hoy

Professor Shirley Neuman
Mr. Josh Paterson
Professor J. J. Berry Smith

In Attendance:

Professor David Farrar, Assistant Vice-Provost, Students
Professor Scott Mabury, Associate Chair, Department of Chemistry
Professor Cheryl Misak, Vice-Principal, Academic, University of Toronto at Mississauga
(UTM)
Professor Peter Pauly, Associate Dean, Research and Academic Resources, Rotman
School of Management
Ms. Mary Ellen Yeomans, Assistant Dean, Administration, Rotman School of
Management

ITEMS 4, 5, 6 and 7 ARE RECOMMENDED TO THE ACADEMIC BOARD FOR APPROVAL.

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

1. Report of the Previous Meeting

Report number 87 of March 26, 2003 was approved.

2. Business Arising from Report of the Previous Meeting

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

3. Senior Assessor's Report

Professor McCammond gave the senior assessor's report on behalf of Professor Neuman who was unable to be at the meeting. Professor McCammond spoke to two items: updated information on the 2003-04 budget; and, the announcement of SuperBuild funding.

Professor McCammond said that, since the last Planning and Budget Committee meeting, a Provincial budget had announced increased revenue to universities. In 2003-04, \$75 million would be allocated to Quality Assurance Funds, rising to \$200 million by 2006-07. Phase 2 of the Ontario Student Opportunities Trust Fund (OSOTF) had been confirmed, in the amount of \$400 million over the next ten years, and \$14 million would be available to help students with learning disabilities. If the Quality Assurance Funds were allocated on a pro-rata basis, it would mean that the University of Toronto could expect to receive an additional \$15 million in 2003-04 which was the equivalent of a 3.6% increase in provincial funding. It could further expect an average annual increase in base operating grant funding for the years 2004-05 to 2006-07 of \$8.3 million per year, or 1.7% annually. This was extremely good news.

Less positive was the news that the funding for Indirect Costs of Federal Research would not flow into base budget until 2003-04. The one-time-only grant which had been received on April 1, 2002 had been recorded as revenue in 2001-02. Hence, there would be a gap year in 2002-03 in which no federal funding would be received from this source. One effect of this would be an increase in the accumulative deficit by the end of 2002-03 of \$14.6 million. A secondary effect would be a loss to divisions of \$3.7 million since, normally, 25% of this funding flowed to the divisions whose research earned it. Finally, it would also mean a net increase in the accumulative deficit in 2003-04 of \$10.9 million.

Returning to the positive news, Professor McCammond spoke of how the Quality Assurance Funds could be used in 2003-04. The additional accumulative deficit of \$10.9 million from the one-year gap in receipt of the Indirect Costs of Federal Research funding could be eliminated. The one-time-only budget cut of \$7.3 million could be reduced by \$4.1 million, and the remaining \$3.2 million of the one-time-only cut could be offset by accessibility payments from the Provincial Government for 2002-03 enrolment above the Enrolment Target Agreement, if the payment came through as promised on April 29, 2003.

Finally, Professor McCammond identified the financial challenges beyond 2003-04. The most significant of these were the pension plan contributions and deferred maintenance, though there would also be the challenges of finding appropriate funding for new initiatives from the academic planning process and to meet additional capital and operating costs of much needed new space.

3. Senior Assessor's Report (cont'd)

The pension plan was projected to be in actuarial deficit by July 2004. This would require the University to resume full payment of current service costs in 2004-05. Though 100% of the current service costs of the Supplementary Retirement Arrangement and 75% of the current service costs of the registered pension plan were protected in the base operating budget, covering the remaining 25% of the latter would require an increased contribution of \$9.4 million over 2003-04.

The report to the Business Board on April 7 had identified the need for \$276 million to address deferred maintenance. By a recent provincial performance indicator called the Facilities Condition Index, the University of Toronto had measured worse than the Canadian average and much worse than universities in the United States. Simply holding the line on deferred maintenance and improving routine maintenance operations to avert further deterioration of facilities would require \$9 million in base funding. This would be built into the guidelines for 2004-05 and onward. However, this was a challenge that could not be met by operating budget funds only and it was critical that additional sources of funding be found to address this concern.

SuperBuild: Professor McCammond indicated that few details had been included with the funding announcement by the Provincial Government. The University of Toronto would be receiving \$55.5 million or 37% of the total funding. This was not as much as had been requested and less than had been hoped for. The University had not received a letter of transmittal, but had been told informally that projects at the east and west campuses had been accepted. Discussions were continuing about how urgent projects at the St. George campus could be managed and whether out-year enrolment pressures could be met. Generally speaking, less capital funding than expected would mean less capacity for enrolment expansion.

In response to a question about the Enrolment Target Agreement and the probable absence of the required level of "appropriate" funding, Professor McCammond said that capital expansion was under review and enrolment expansion would be watched very carefully. This announcement did not have any implications for the enrolment intake this fall, but it may mean that adjustments would have to be made to the steady state. Discussions with Government would continue. He further confirmed that maximum pressures on space would not occur until flow-through from increased intake was realized.

In closing, Professor McCammond assured members that careful planning was underway to ensure that capital expansion would not impact the operating budget in an unforeseen way.

4. Capital Projects: Rotman Management Building Extension - Project Planning Report

Professor Peter Pauly and Assistant Dean Mary-Ellen Yeomans were welcomed to the meeting for this item. Professor Venter reviewed the highlights of his memorandum of April 1 (attached hereto as Appendix "A") outlining the proposal for the addition of office space on the 4th and 5th floors of the Rotman Building. This project would address part of the space requirements of the Rotman School of Management and would serve to maximize the density within the existing building. Additional space would need to be identified in the future, but there was no capital funding available to consider that now. Most of the funding for the proposed expansion was currently available and all of it would

4. Capital Projects: Rotman Management Building Extension – Project Planning Report (cont'd)

be in place before construction began. Addressing concerns about what seemed to be a high estimated construction cost per net assignable square metre (nasm), Professor Venter said that much of this was due to the additional reinforcement required to add two floors to the existing structure. He thought this was a cost-effective project, given that only space in close proximity to existing space would meet the academic needs of the program and given that construction of new space at this time would cost about ten times more – an option that was not fiscally available to the School at this time.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

1. THAT the project planning report for the Expansion to the Joseph L. Rotman Building be approved in principle.
2. THAT the project scope of 488 nasm, approximately 880 gsm, of new space be approved at an estimated total project cost of \$3,999,000 to \$4,400,000, with funding as follows:
 - (i) Contribution of \$3 million received from a supporter of the Rotman School of Management and assigned to this project.
 - (ii) Contribution of \$341,000 from the Rotman Building Construction Project. This represents the balance of funds allocated to the original Joseph L. Rotman Building project.
 - (iii) Contribution of \$658,000 or as requested to be raised from external donors to meet the complete project cost. Project will only proceed to construction once all funds identified in (ii) and (iii) are received

5. Capital Projects: Lash Miller Laboratories - Project Planning Report

Professor David Farrar, former Chair of Chemistry, and Professor Scott Mabury were welcomed to the meeting for this item. Professor Venter's memorandum outlining this proposal and the Executive Summary (attached hereto as Appendix "B"), as well as the full Project Planning Report, were distributed to members electronically on April 11, 2003. Copies of the memorandum were placed on the table.

Professor Venter said this project was very important to the Faculty of Arts and Science and one which had been identified in the list of projects for which SuperBuild funding was proposed. The Lash Miller undergraduate laboratories had been constructed in 1961 and, with the exception of two rooms, they had not been updated since then. Projected enrolment increases for 2003 first-year chemistry courses could not be handled within the existing laboratories. As well, there were safety and course-delivery issues that could not

5. Capital Projects: Lash Miller Laboratories - Project Planning Report (cont'd)

be addressed within the current arrangements. Professor Venter recognized the schedule for this project was ambitious. Every effort would be made to have the project completed in advance of the start of the fall term or as soon thereafter as possible.

Professor Mabury was invited to comment. He confirmed Professor Venter's comments and added that the labs could safely accommodate only 28 students; currently they were required to accommodate 90 and by the fall it was expected that space would be needed for 120 students. The completion of this project would allow all students to work under fume hoods. Aside from providing for a safer environment, the upgrading and renovation would allow for increased capacity for many years and would improve the delivery of courses in Chemistry.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

THAT the project planning report to Upgrade and Renovate the Undergraduate Chemistry Laboratories within the Lash Miller Building be approved in principle;

THAT the project scope to upgrade and renovate the undergraduate chemistry laboratories within the Lash Miller Building be approved at an estimated total project cost of \$5,300,000 to \$5,600,000 with funding as follows:

- (i) contribution of \$4,000,000 from approved growth enrolment funds to be allocated by the University of Toronto towards this project;
- (ii) contribution of \$700,000 from the Department of Chemistry; and,
- (iii) contribution of \$900,000 from the Faculty of Arts and Science.

6. University of Toronto at Mississauga: Establishment of Departmental Structure

Professor McCammond reviewed his memorandum of March 28. As a result of final discussions at the Erindale College Council, some corrections in departmental names were required on the second page, in the Proposed Departmental Structure for the University of Toronto at Mississauga. The Department of Biological Sciences became the Department of Biology; the Department of Modern Languages (including French, German, Italian and Linguistics) became the Department of French, German and Italian; and, the Institute of Communication and Culture should appear underlined, rather than in italics, to indicate its status as a division equivalent to Humanities, Sciences and Social Sciences. In conclusion, Professor McCammond noted that this proposal was part of the administrative changes as enrolment expansion continued at UTM and that there were no financial implications to this proposal.

Professor Orchard was invited to comment. He reviewed the extensive and consultative process that this proposal had undergone at UTM. There had been unanimous endorsement of the document proposing the establishment of departments this week by the Erindale College Council. He also outlined briefly the continuing planning process that would be underway under the guidance of Vice-Principal, Academic, Professor Cheryl Misak. Plans

6. University of Toronto at Mississauga: Establishment of Departmental Structure (cont'd)

and justification for the development of departments and interdisciplinary programs would be reviewed and recommended to governance by an academic planning team, composed of members of the Academic Affairs Committee and the senior administration of UTM, in consultation with the Provost's Office.

In response to questions, Professor Orchard confirmed that principles like department size and organizational structure had been debated very thoroughly at all levels. The most efficient and effective structure was determined to be what was before this Committee today. Department size would range from a low of 12 to a high of 22, and the structure would be very flat with departments reporting directly to the Vice-Principal, Academic. He hoped this position would evolve into Dean, UTM. In five years, he expected departments to range in size from 16 to 28. However, much of the future planning was contingent on responses to the Provost's White Paper.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

THAT the Departmental Structure of the University of Toronto at Mississauga described in Professor McCammond's amended memorandum of March 28 (attached hereto as Appendix "C"), be approved, effective July 1, 2003.

7. School of Graduate Studies: Master of Arts in Teaching in English – Discontinuation

Professor McCammond reviewed his memorandum of April 1, 2003 (attached hereto as Appendix "D"). Low enrolment had been the motive for this proposal to discontinue the Master of Arts in Teaching in English. Students currently enrolled in the program would be able to complete their studies but no further students would be accepted. There would be no loss of government revenue as a result of ending this program and, because of the low enrolment, loss of tuition revenue was minimal.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

THAT the proposal for discontinuation of the MAT degree in English, be approved, with no new students admitted to the program, effective immediately.

8. Capital Projects: 1 Spadina – Project Planning Committee – Membership and Terms of Reference

A memorandum from Professor Venter, dated April 1, 2003, described the membership and terms of reference of a Project Committee for One Spadina Crescent. There were no questions.

9. Other Business

The Chair noted that this would be Professor Amrhein's last meeting before he left to assume his appointment as Vice-President and Provost of the University of Alberta. Professor Amrhein was one of the long-standing members of this Committee and, over the years, had been an outstanding contributor to the work of and debate within the Committee. He knew that members and the administration would miss Professor Amrhein's insight and critical appraisal of items on the agenda. On behalf of the Committee, the Chair thanked him for his participation and wished him well in his new position.

10. Date of the Next Meeting

The Chair reminded members that the next regular meeting was scheduled for Tuesday, May 13, 2003 in the Council Chamber, beginning at 5:00 pm.

The meeting adjourned at 6:25 p.m.

Secretary

Chair

April 30, 2003