

THE GOVERNING COUNCIL
REPORT NUMBER 81 OF
THE PLANNING AND BUDGET COMMITTEE

June 4, 2002

To the Academic Board,
University of Toronto.

Your Committee reports that it met on Tuesday, June 4, 2002 at 9:00 a.m. in the Council Chamber, Simcoe Hall, with the following members present

Professor Avrum Gotlieb (in the Chair)
Professor W. Raymond Cummins, Vice-Chair
Professor Adel Sedra, Vice-President and Provost
Mr. Felix Chee, Vice-President, Business Affairs
Professor Derek McCammond, Vice-Provost, Planning and Budget
Professor Carl Amrhein
Professor Philip H. Byer
Mr. Brian Davis
Professor Marc Gotlieb
Professor Paul J. Halpern
Professor Susan Horton
Professor Bruce Kidd

Ms. Françoise Ko
Professor Ian McDonald
Professor Robert H. McNutt
Professor David Mock
Mrs. Susan Scace

Non-voting Assessors:

Mr. John Bisanti, Chief Capital Projects Officer
Professor Ron Venter, Vice-Provost, Space and Facilities Planning

Secretariat:

Ms. Susan Girard
Mrs. Beverley Stefureak, Secretary

Regrets:

Professor Ruth Gallop
Ms. Shirley Hoy
Mr. Kashif Pirzada
Ms. Heather C. Schramm

In Attendance:

Mr. David Melville, Member of the Governing Council
Dr. Sheldon Levy, Vice-President, Government and Institutional Relations
Ms. Susan Addario, Director of Student Affairs
Dr. Mary Cone Barrie, Director, School of Continuing Studies
Ms. Karina Dahlin, Director of Communications, School of Continuing Studies
Professor Ron Daniels, Dean, Faculty of Law
Ms. Mary McGee, Assistant Provost
Mr. Brian Martin, Senior Development Officer, School of Continuing Studies
Mr. John Rawle, Chief Financial Officer, School of Continuing Studies

ITEMS 4, 5, 6, 7 and 8 ARE RECOMMENDED TO THE ACADEMIC BOARD FOR APPROVAL.

ALL OTHER ITEMS ARE REPORTED FOR INFORMATION.

1. Approval of Report Number 80 of May 21, 2002

Report Number 80 of May 21, 2002 was approved.

2. Business Arising from the Report of the last Meeting

There was no business arising from the report of the last meeting.

3. Senior Assessor's Report

Professor Sedra began his report by saying that he was pleased to be bringing forward at this meeting a proposal in support of the last allocation in the current round of academic planning. He also would be speaking later to the longstanding issue of Joker's Hill in support of a proposal for funding that would enhance the capability of the site to be used as a research and teaching facility.

Professor Sedra recalled that, at the meeting of May 21, he had undertaken to bring forward for this meeting the preliminary guidelines for long-range budgets projections for 2003-08. There was an intent that these would overlap the current guidelines by one year, 2003-04, and planning for them had begun in earnest. The preliminary guidelines had been shared with the Principals and Deans and good discussion had taken place. He informed the Committee that the guidelines were not ready to be shared with governance on paper, but that he would like to share with the members some of the thoughts that are setting the stage for this planning exercise as it enters the detailed phases over the summer and early fall.

Professor Sedra reminded the Committee that it had already approved an update of the current plan to 2003-04, and the budget for 2002-03. A 2.75% base reduction had already been approved for 2002-03 and that was underway. Also, the Committee was aware that projections called for a further reduction in base of 1.5% for 2003-04.

Long-range planning was proceeding on the basis of two crucial assumptions with respect to revenue. The first was that the majority of the operating revenue would need to come from provincial grants and the current government's position of not recognizing inflationary cost increases was untenable for the university in the long-term. The second was that through 2004-05 any increase in tuition fees in regulated programs – and those were the programs in which the majority of the students were registered – could not exceed 2%. It was clear that without a breakthrough in operating grant funding, the University would be facing significant financial difficulties in the near future. This was obvious when one recognized that costs had been increasing at the rate of approximately 3.5% annually, that the major portion of the tuition revenue could not increase beyond 2%, and that operating grants had not been adjusted for increasing costs. The Government's assurance of full-average funding for new students, even if it were realized to the full 100%, would not do more than meet the costs to accommodate those new students. Thus, the challenge in long-range planning would be to accurately quantify the funding problem and to propose sources of revenue increase to avert fiscal disaster.

Planning for the next five years continued to assume that the operating grant would increase by 2% in 2003-04 and 2004-05. Budget modeling at the University, which normally separated tuition fees and grants, would combine them into a single source of revenue and project that it would increase in 2005-06 and beyond by the Consumer Price Index annually. The model for expenses included a number of challenges. Utilities and benefits costs had been escalating dramatically – the latter exponentially. Over the summer, working groups would be studying these and other issues that were important to

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

long-range planning, including a graduate enrolment plan, targets for international student enrolment, PTR structure, capital costs and funding of the University Infrastructure Investment Fund (UIIF). The planning exercise would provide the opportunity to consider all these issues, proposing change if and where that was necessary or desirable.

Professor Sedra indicated that, with what was known now, the future did not look good, with annual budget cuts required to maintain a balanced budget. Discussions to date indicated that to maintain the current state of affairs and avoid any further budget reductions, funding in grants and tuition fees would need to increase by 3.5% annually. In order to meet its aspirations to be among the very best universities in the world, the University of Toronto would need to have a well-formulated plan for dealing with the revenue challenges.

A member urged Professor Sedra to make a similar presentation to the Academic Board, and the Governing Council on June 27 and to invite new members of the Council to be in attendance.

Responding to a question about how costs might be contained, Professor Sedra said that two high-cost items in the budget were faculty salaries and library acquisitions. The University had set as an objective the ability to offer salaries that were competitive to public institutions in the United States. As well, the University of Toronto Library was rated as having the best collection among public universities in North America, third only overall to Harvard and Yale. He thought it was important that both of these areas continue to be well funded.

A member asked if there might be divisional expenses that could be further reduced. Professor Sedra said there has been significant cutting throughout the last two planning exercises and that he was skeptical of effecting major cost savings by any focused trimming or cost-cutting. However, there may be areas where greater efficiency could be achieved, for example, in space usage. A policy had been approved recently that addressed office space and a study of classroom usage was underway.

A member encouraged Professor Sedra to request of his successor that an update to the planning process be provided to the Committee early in the fall.

To a question about the effects of the changed environment for fund-raising, Professor Sedra said that this would require a response from Dr. Dellandrea. Dr. Levy added that the Committee should not be diverted into thinking that the core funding problem could be resolved in any other way than through fees and government grants. The challenges in fund-raising were many and often there were additional costs associated with revenue from that source.

4. Capital Project: School of Continuing Studies - Project Planning Report

The Chair welcomed from the School of Continuing Studies Dr. Mary Cone Barrie, Director, Mr. John Rawle, Chief Financial Officer and Assistant Director, and Mr. Brian Martin, Senior Development Officer. He invited Professor Venter to present the item.

Professor Venter referred to his memorandum of May 28, 2002 and attached Project Planning Report (attached hereto as Appendix "A"). The School had been doing excellent work, having delivered courses to upward of 130,000 students in the last ten years. This Project Planning Report addressed a proposal to upgrade and renovate the

4. Capital Project: School of Continuing Studies - Project Planning Report
(cont'd)

building in which the School was located with the objective of having a suitable “home” for its activities. Professor Venter noted that Moryama & Teshima had been appointed the consultants for the proposed renovation and addition. It was noted that Raymond Moryama was actually a student of the School of Continuing Studies. In closing, Professor Venter acknowledged the tremendous support of Dr. Barrie and her team, and of Ms. Elizabeth Sisam, in bringing this proposal forward.

Mr. Chee requested that the proposed motion be amended to replace 2.ii and 3 with the following:

That the University of Toronto make available a loan of up to \$4.5 million on terms to be approved by the Vice-President, Business Affairs. Such loan to be repaid over a term not exceeding 17 years from income generated within the School of Continuing Studies.

The mover and seconder agreed to the amendment, the intent of which was to clarify that the loan from the University was not a bridging loan but a long-term line of credit.

In response to a question from a member, Dr. Barrie confirmed that the School of Continuing Studies paid for the use of classrooms. Professor Venter further added that space generated in this capital project would have no impact on the rental of classrooms within the University facilities.

Several members spoke strongly in support of the project, citing the deplorable and unwelcoming condition of the current facility. A member asked if approval of the loan posed any risk to the University, recalling the ups and downs in the School’s operation prior to the appointment of Dr. Barrie. Professor Sedra saw the risk as minimal. The School had been a major success story in the past few years; it paid the University overhead for its own building and for the rental of other space, it had a surplus of \$1 million currently, and it was on a steady upward trajectory.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDED

1. THAT the project planning report for the School of Continuing Studies be approved in principle
2. THAT the project scope of 102 gsm of new space and 1,646 gsm renovated space be approved at an estimated total project cost of \$7,100,000 (May 2003 dollars), with funding as follows:
 - (i) external funding raised by the School of Continuing Studies; and,
 - (ii) a loan made available by the University of Toronto of up to \$4.5 million on terms to be approved by the Vice-President, Business Affairs, such loan to be repaid over a term not exceeding 17 years from income generated within the School of Continuing Studies

5. Capital Project: Faculty of Arts and Science – Lash Miller Chemistry Addition and Renovation (Update)

Professor Venter reviewed the documentation supporting this item (attached hereto as Appendix “B”). He noted that the Committee had approved the Users’ Committee Report for the project in May 1998. Expansion of the St. George Wing of the Department of Chemistry and renovations to the existing Lash Miller Tower were to be funded by a generous donation from the Davenport family with additional funding to be sought from the Canada Foundation for Innovation (CFI) and the Ontario Research and Development Challenge Fund (ORDCF). The project was to proceed in phases. By 1999, additional funding had been secured and sub-projects, identified as 1 to 19 and 29 on Table 1, were completed at a cost of approximately \$20 million. The Committee was being asked for approval to proceed with the remaining sub-projects (20 to 32 in Table 1), each of which would be individually approved for funding by the Accommodation and Facilities Directorate.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDED

1. THAT the Users’ Committee Report for the Department of Chemistry that identified numerous projects including the Davenport Building and renovation of facilities within the Lash Miller Building be fully implemented.
2. THAT the remaining funds originally provided from contributions from the Davenport Family, and the Canada Foundation for Innovation [CFI] and the Ontario Research and Development Challenge Fund [ORDCF] be approved in the amount of \$4,704,927 and directed to each of the listed projects to be approved by the Accommodations and Facilities Directorate [AFD], according to policy procedures. [This allocation will exhaust all current funding available in support of these improvements directed to the Davenport and Lash Miller Building initiated in 1998.]

6. Academic Priorities Fund: Allocation – Faculty of Law *Raising Our Sights* Plan - Allocation

The Chair welcomed Professor Ron Daniels for this item, and invited Professor Sedra to introduce it.

Professor Sedra began by saying that the proposed allocation from the Academic Priorities Fund was in response to the *Raising Our Sights* plan submitted by the Faculty of Law, an executive summary of which was attached to his memorandum of May 29, 2002 (both attached hereto as Appendix “C”). The complete plan was available in the Office of Governing Council. He reminded members that academic plans did not come to governance for approval; however, an executive summary was usually provided to give context to the proposed allocation.

Professor Sedra informed the Committee that the Faculty of Law had submitted a five-year plan to be funded by tuition fee increases, which would be approved one year at a time. Funding would flow one year at a time concurrent to revenue from tuition fees. If revenue did not increase as expected, allocations would be amended accordingly. This year’s proposed tuition fees had already been approved and, thus, the Faculty would receive the first installment amounting to \$1.3 million.

6. Academic Priorities Fund: Allocation – Faculty of Law *Raising Our Sights* Plan – Allocation (cont'd)

The Chair invited Professor Daniels to speak. Professor Daniels indicated that the Faculty's plan had responded first, to the long-standing core aspirations of the Faculty of Law to be competitive with the leading law schools in the world while maintaining a distinctive and separate Canadian identity, and, secondly, to an external report by a review committee which looked at challenges and strengths of the Faculty. The review committee had indicated areas of priorities, critical of which was the need to ensure that faculty salaries could compete favorably with leading public law schools in the United States, such as the University of Michigan, the University of Virginia and Berkley. Professor Daniels said that the current gap between salaries was daunting.

Professor Daniels continued by recalling that this academic plan had evolved out of twelve months of planning which included town hall meetings, focus groups and a variety of other mechanisms for broad-ranging consultation. The recommendations which came out of that comprehensive consultation, and which were prominent in the plan, were not only focused on the issue of competitive salaries, but also addressed increased funding for the legal aid clinic, new supports for human rights and diversity initiatives and significant support for financial aid initiatives. He closed by affirming his view that this was an exciting plan to move the Faculty forward. He was cognizant of the concurrent responsibility to ensure that it did not create barriers to access nor to options for career placement.

A member congratulated Dean Daniels on a good plan. He asked if what was, in his view, ambiguous wording in the motion could be resolved with a simple amendment. Following discussion, it was agreed that the wording would be amended to read: "The recommendation is subject to *annual* Governing Council approval of the J.D. tuition . . .".

A member enquired about who would ensure that the Faculty of Law did not assume financial obligations that it would be unable to meet if the Governing Council failed to give approval in any given year to the tuition fee increases proposed in the plan. Professor Sedra said that this would be the responsibility of the Provost but that, if the Provost proposed to resolve such a situation with a further allocation, governance approval for the allocation would be necessary. This was not different than what would occur in any other division.

In response to a further question for clarification, Professor Sedra confirmed that the sharing formula for the Faculty of Law was the same as for all other faculties, that is 75%. To another member, Professor Sedra indicated that the Faculty would not receive any Enrolment Growth Fund allocation since there was no enrolment growth in the J.D. program.

There was some discussion about the study on accessibility which the Provost had committed to the Governing Council would be undertaken. Professor Sedra said the sequence of events would be that the accessibility report would be presented to governance, then approval for tuition fees would be sought, following which the funding would flow.

6. Academic Priorities Fund: Allocation – Faculty of Law *Raising Our Sights Plan – Allocation* (cont'd)

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDED

THAT an allocation of \$3,722,182 in base for the Faculty of Law from the Academic Priorities Fund be approved. The recommendation is subject to annual Governing Council approval of the J.D. tuition fees rising to planned levels as described in the University's *Tuition Fee Schedule for publicly funded programs for 2002-03*.

7. Academic Priorities Fund: Allocation – Joker's Hill

Invited by the Chair to introduce this item, Professor Sedra indicated that Joker's Hill was acquired by the University as a gift about seven years ago. Documents supporting his memorandum of May 29, 2002 had been circulated electronically and were on the table (memorandum and attachments attached hereto as Appendix "D").

Professor Sedra said that over time the University had increased its use of the property but had never approved a financial plan for ongoing funding. The current plan was developed under the leadership of Dr. Levy and was the result of consultation with the Principals and Deans. Prominent among the contributors were the Deans of Arts and Science, the Dean of Forestry and the Principal of the University of Toronto at Mississauga.

It was now necessary to allocate funding. He noted that a number of committees had been established to oversee the property at least two of which would be populated by researchers. The Management Committee would be chaired by the Dean of Arts and Science and the Faculty of Arts and Science would be making a significant contribution to the running of the facility for the initial three-year period.

A member recognized that the facility was well used by his colleagues engaged in research, and that it was a wonderful resource because of its proximity to the city and the environment it presented for research. However, he had some concern that funding from the University might be used to cover costs associated with the non-university uses of the property. Professor Sedra admitted to having the same concerns earlier, but now that he was more fully informed he was enthusiastically supportive of the resolution to do what was necessary to maintain the site as a research field station. He noted that here had been some discussion about severing some of the property for use as a golf course. Some members of the Committee had been strongly opposed and this was on hold for the time being.

A member urged the administration to retain the property in its entirety, saying that it could only prove more valuable as a research area as time went on.

In response to some discussion about tenancy on the property and other ancillary uses, Dr. Levy noted that Joker's Hill was a very generous gift and part of the agreement was the use by the donor of the house. This incurred no cost to the University. The proposal today came as a result of the need by researchers, some of who have devoted their life to their research, to be assured of stability in their research at that site. A commitment such as proposed in the recommendation would also allow the Dean of Arts and Science to promote the facility as a research site during recruitment of natural scientists. The

7. Academic Priorities Fund: Allocation – Joker’s Hill (cont’d)

Committee should be aware that the academic needs for the property would always come before other needs and he was happy that the University could now begin to take full advantage of the site.

Other members expressed strong support for the recommendation to provide funding support to Joker’s Hill, noting that in years hence it could well be unique in the world as a research facility. Care would be taken to ensure that the capacity to do research would always be paramount over the ancillary uses and this could evolve into a site that was primarily financed by indirect costs of research. Already, the facility had proven important in the recruitment of young, top scholars in Botany.

A member noted that there were no students on the committees. In light of this being a prime research facility in which graduate students were likely to be involved, the member asked if consideration could be given to adding student members in the future. Professor Sedra said this would be taken under advisement.

A member was concerned about the inference that negotiations about the property would include non-University personnel. Dr. Levy assured the Committee that this was not the case. This was a University property; anyone working on the property was doing so as agents of the University and, while input would be received, decisions were made by the University administration.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDED

THAT a \$150,000 base allocation from the Academic Priorities Fund in support of research infrastructure at Joker’s Hill be approved, and

THAT a \$150,000 one-time-only allocation for each of three years from the Academic Priorities Fund in support of non-research related expenses at Joker’s Hill be approved.

8. University Infrastructure Investment Fund: Allocation – Varsity Stadium (Demolition), Bloor-Devonshire Site (Fence)

Professor Venter referred to his memorandum of May 27, 2002 (attached as Appendix “E”). The referendum on the Varsity Centre had been unsuccessful. The existing stadium was not safe and so should be demolished. The plan proposed creation of an open, fenced playing field to support the ongoing athletic activities of the Faculty of Physical Education and Health. The administration would bring forward revised plans for the Varsity Centre. It was anticipated that the playing field would be completed by September 2002. In the meantime he was recommending that the demolition take place as soon as possible.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDED

THAT an allocation of \$1,700,000 from the University Infrastructure Investment Fund [UIIF] towards the demolition cost of Varsity Stadium and the establishment of a fenced-in open playing field be approved.

9. Capital Project: Multi-Faith Centre – Terms of Reference and Membership of Project Planning Committee

The Chair said that this was an item for information but because of its importance and because it had been under consideration for a long time, he would invite Professor Venter to give a more detailed overview than was normally provided to the Committee orally with respect to an item informing the Committee about the terms of reference and membership of a project planning committee.

Professor Venter reported that a project planning committee was being established to replace the committee formed in 1999. The earlier committee had done a significant amount of work and had produced a near-complete report which had been distributed with the agenda package. The report had never come through governance because, until recently, a suitable site had not been identified. A site has now been proposed. However, a number of members of the 1999 committee, students in particular, had left the University, so it had been necessary to appoint replacement members. The project planning committee would proceed, using the current report as a base and with Ms. Susan Addario continuing as the Chair. It was hoped that the remaining committee work could be concluded quickly and that the report could be brought through governance early this fall.

Professor Venter informed the Committee of the current usage of the proposed space in the Koffler Institute of Pharmacy Management Building. The administration would report back this fall on the cost and timelines for acquiring the space for a Multi-faith center.

Professor Sedra added that he was delighted with the proposed location and that he hoped the project planning committee could bring forward a complete report quickly. He expected the cost to be minimal; the building was most suitable for this usage.

There was discussion about the costing model for maintaining the center and whether it would be operated as an ancillary. Professor Venter replied that the project planning committee would be looking at options and details would come forward in the committee's report.

In response to a question about how members of the project planning committee were selected, Ms. Addario indicated that efforts had been made to ensure that there was extensive student participation in the process and that members were widely representative. Members urged that the project planning committee aim for agreement from as many groups as feasible for the final report.

10. Capital Project: University College Residence, Expansion – Update

The Chair noted that when the Project Planning Report on the University College Residence Expansion had been approved, the Committee had been informed that the City of Toronto had concerns with regard to the proposed site.

In recent weeks the City had indicated a preference for the building to be entirely located on the St. George Street parking site, immediately north of Sir Daniel Wilson Residence. This would require a higher building and marginally reduce the number of available beds. Details of this site were being investigated and a revised Project Planning Report would be prepared. In the event that revisions could be completed sufficiently early in the

10. Capital Project: University College Residence, Expansion – Update

summer, it would be the intent to have the project approved under summer executive authority.

11. Other Business

There was no other business.

The Chair expressed personal thanks to the members of the Committee -- and particularly to the assessors and Vice-Chair Ray Cummins -- for the support that they had provided during the past year.

He noted that this would be the last meeting for Professor Adel Sedra in his role as Senior Assessor. On behalf of the Committee and personally, he expressed appreciation for the tremendous support Professor Sedra had given the Committee over the past nine years. Professor Sedra's astute leadership and the clarity of reports from the Office of the Provost had greatly assisted the Committee in making informed, intelligent decisions and in carrying out its difficult and very important responsibility to governance. In closing, he wished Professor Sedra very well in future endeavours.

Other members of the Committee spoke in appreciation for Professor Sedra's redirection of the role of this Committee to emerge as a very strong governance body with significant responsibility.

Members expressed appreciation with a standing ovation.

Before adjournment, the Chair informed returning members of the Committee that the first meeting of 2002-03 is currently scheduled for September 17 and that a confirmed schedule of meetings for the full year would be distributed shortly.

The meeting adjourned at 11.20 a.m.

Secretary

(20441)

Chair