

THE GOVERNING COUNCIL
REPORT NUMBER 109 OF
THE PLANNING AND BUDGET COMMITTEE

March 7, 2006

To the Academic Board,
University of Toronto.

Your Committee reports that it met on Tuesday, March 7, 2006, at 4:10 p.m. in the Council Chamber, Simcoe Hall, with the following members present.

Professor Avrum Gotlieb (in the Chair)
Professor Vivek Goel, Vice-President and
Provost
Ms Catherine J. Riggall, Vice-President,
Business Affairs
Professor Safwat Zaky, Vice-Provost,
Planning and Budget
Professor Philip H. Byer
Mr. Ryan Matthew Campbell
Mr. P.C. Choo
Professor John Coleman

Mr. Martin Hyrcza
Professor Glen A. Jones
Ms Carole Moore
Mr. Timothy Reid
Professor Pekka Sinervo
Mr. Stephen C. Smith

Non-voting Assessors:

Mr. John Bisanti, Chief Capital Projects
Officer
Ms Elizabeth Sisam, Assistant Vice-
President, Space and Facilities Planning

Regrets:

Miss Coralie D'Souza
Professor Miriam Diamond
Professor David Mock
Professor J. J. Berry Smith
Professor Ron Smyth

Secretariat:

Mr. Henry Mulhall
Ms Cristina Oke, Secretary

In attendance:

Professor Angela Hildyard, Vice-President, Human Resources and Equity
Ms Sheree Drummond, Assistant Provost
Professor Antoinette Gagné, Coordinator, Concurrent Teacher Education Program, Ontario
Institute for Studies in Education of the University of Toronto
Ms Mira Gambhir, Assistant Coordinator, Concurrent Teacher Education Program, Ontario
Institute for Studies in Education of the University of Toronto
Ms Helen Lasthiotakis, Director, Policy and Planning, Office of the Vice-President and Provost
Ms Rosanne Lopers-Sweetman, Director, Special Projects, Office of the Vice-President and
Provost

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 Number 108 of the Previous Meeting held on February 28, 2006

The Chair advised members that the report was being finalized and would be on the agenda of the March 28 meeting of the Committee.

2. Business Arising from the Report of the Previous Meeting

There was no business arising from Report Number 108.

3. Senior Assessor's Report

Professor Goel informed members that no matters requiring reporting to the Committee had arisen since the previous meeting that had been held seven days previously.

4. Affiliation Agreement between the Governing Council of the University of Toronto and the University of Toronto Schools (UTS), July 1, 2006 to June 30, 2021

The Chair reminded members that the Planning and Budget Committee was responsible for agreements with associated organizations. Section 3 of the Committee's Terms of Reference stated that the Committee was generally responsible for making recommendations concerning the use of University resources, including funds, space and facilities.

Introduction

At the invitation of the Chair, Professor Hildyard recalled that an Interim Affiliation Agreement between the University and the University of Toronto Schools (UTS), for the period January 1, 2004 to April 30, 2006, had been approved by the Governing Council in 2003.¹ Following that approval, the University had established a team, led by Professor Hildyard, to negotiate a long-term affiliation agreement between the University and UTS that would be in place by April 30, 2006.

During the course of the negotiations, three key issues had emerged:

- In order to become financially self-sufficient, UTS would have to increase tuition fees substantially. While such an increase would be feasible for new students, it would be problematic for current students, and would create tensions with respect to the school's stated mission of maintaining accessibility.
- UTS would face significant cash flow problems as it moved to financial self-sufficiency.
- As tuition fees increased, a guarantee of an appropriate long-term location for UTS would become increasingly important to parents.

In response to these issues, the University's negotiating team had structured a proposal that:

- provided financial support when it was needed;
- established UTS on a financial model that clarified the actual operating costs of the school and provided explicit subsidies and an operating line of credit; and
- set a repayment schedule that was reasonable and encouraged the school to achieve financial self-sufficiency.

The University had also proposed a long-term license for the use of the current space at 371 Bloor Street West. However, included in the proposed agreement was a commitment to explore a redevelopment of the site that would accommodate the needs of the University, including those

¹ The University of Toronto Schools (UTS) was established in 1910 as a practice school linked to the University's Faculty of Education. While the strength of the academic and programmatic linkages between UTS and the University had varied over time, a strong relationship between the two institutions had been maintained through its joint graduates, many of whom have held leadership positions within the University,

4. Affiliation Agreement between the Governing Council of the University of Toronto and the University of Toronto Schools (UTS), July 1, 2006 to June 30, 2021 (cont'd)

Introduction (cont'd)

of the Ontario Institute for Studies in Education of the University of Toronto (OISE/UT), as well as the future needs of UTS. There was a clear understanding that any such redevelopment plan would be subject to the normal approval processes within the University.

Key Terms of the Affiliation Agreement

a) Assets

- The University would transfer to UTS (or to a Charitable Foundation established by UTS) the financial assets it currently held on behalf of the school, including endowed and expendable funds, some physical assets, and cash on hand
- Transfer of endowed and expendable funds would be subject to court approval.
- If UTS ceased operation, these assets would revert to the University, subject to court approval.

Financial and/or Planning Implications:

- The use of these assets was currently restricted to UTS and therefore their transfer had no financial or planning implications.

b) Operating Costs/Operating Subsidy

- Starting July 1, 2006, the University would pay UTS four annual payments in the amount of \$1.5 million.
- Effective July 1, 2006, UTS would be required to pay an annual fee of \$615,000 per year for a license for the use of specified portions of 371 Bloor Street West.
- Effective July 1, 2006, UTS would pay the University for:
 - its share of utilities (hydro, gas, water) at market rates;
 - cleaning and maintenance at a set rate per net assignable square metres (nasm), to be increased annually by the Consumer Price Index (CPI); and
 - human resource and technology support at set rates.

Financial and/or Planning Implications:

- The University subsidy of \$6 million would be offset by the requirement that UTS pay for a license for the use of the space and for the cost of utilities, maintenance and various services.
- The University would be in a break-even situation within 6 years.
- The maximum estimated net cost to the budget in any year was \$443,000.

c) Line of Credit

- The University would provide up to \$ 4 million as a line of credit at the rate of prime plus one-half percent.
- The maximum amount of the loan that could be drawn in any year would be \$ 1 million.
- No amounts could be drawn after 2012.
- The loan would have to be fully repaid by 2016.

Financial and/or Planning Implications:

- There would be no significant impact on the University's ongoing operations by the provision of this line of credit.

4. Affiliation Agreement between the Governing Council of the University of Toronto and the University of Toronto Schools (UTS), July 1, 2006 to June 30, 2021 (cont'd)**Key Terms of the Affiliation Agreement (cont'd)****d) Redevelopment of 371 Bloor Street West Site**

- Contemplated in the agreement was the exploration of the possibility of a proposal for joint re-development of 371 Bloor Street West, to meet the academic needs of the University as well as the current and future needs of UTS.
 - Any proposal for redevelopment would be prepared in accordance with normal University practice and policy and would be subject to the University's normal approval processes.
 - It was understood that the University would provide UTS with the opportunity to acquire some form of long-term interest in the property if a redevelopment was approved.
- UTS would be provided with an opportunity to submit its plan for the redevelopment of the site in the event that there was no joint submission, or the joint submission was not approved.
 - While the University was required to consider any such proposal in good faith, there was no obligation to approve it.
- In the event that no redevelopment of any kind was approved by 2011, the University would revisit the question of the remaining length of the license.

Financial and/or Planning Implications:

- The financial and planning implications of a redevelopment would be considered as part of the approval process.

e) UTS Name, Marks, etc.

- The University would retain the ownership of the UTS name and all trade marks, and would license them to UTS on a royalty-free basis during the term of the Agreement.

f) Advancement

- Effective July 1, 2006, UTS was responsible for its own advancement activities, on an unrestricted basis.

g) Employee Issues

- Teaching staff were employed by UTS, and had been represented by the Ontario Secondary School Teachers' Federation (OSSTF) since January 1, 2004.
- Non-teaching staff who had been hired since January 1, 2004 were employed by UTS and were members of a United Steel Workers of America (USWA) unit.
- Non-teaching staff employees of the University who had been working at UTS prior to January 1, 2004 would be transferred to UTS in accordance with the collective agreement and the sale of a business provisions of the *Ontario Labour Relations Act*, and in consultation with the union.
- Those UTS employees who were long service employees of the University would be grandparented.

h) Membership on UTS Board

- The By-laws of the UTS Board would be revised in order to replace the two University of Toronto Directors with non-affiliated Directors. The University would have Observer status on the Board.

4. Affiliation Agreement between the Governing Council of the University of Toronto and the University of Toronto Schools (UTS), July 1, 2006 to June 30, 2021 (cont'd)

Discussion

A member asked why the interim agreement was being extended for a two-month period. Professor Hildyard replied that the extension was proposed to allow the proposed affiliation agreement to begin on July 1, which was the beginning of the fiscal year of UTS. Professor Goel added that the interim agreement had been based upon the fiscal year of the University.

The member asked what would happen if no collective agreement had been reached by July 1, 2006. Professor Hildyard replied that the University would work with UTS and USWA to handle such a situation.

The member questioned the current status of UTS staff with respect to UTS job postings. Professor Hildyard replied that the status of employees within a bargaining unit was covered by the collective agreement, and was an issue for USWA.

A member asked how many students were enrolled at UTS. Ms Riggall replied that the school had 625 students. The member observed that the subsidy provided by the University in the agreement was equivalent to approximately \$3,000 per student, and asked whether there was an incentive for UTS to become self-sufficient. Ms Riggall replied that the subsidy would end after four years, and the line of credit must be paid completely by 2016. The member asked whether any repairs were required for UTS. Ms Riggall replied that the building was well-maintained, and had a high rating in the University's building inventory.

A member asked what the University's long-term objective was with respect to UTS. Professor Goel replied that at the time of the interim agreement, the University's goal had been for UTS to become an independent and self-sufficient institution that would work with the University in the areas of teaching and research in education. The current long-term objective of the University was for UTS to become a successful school affiliated with the University in a way similar to the federated Universities and the affiliated teaching hospitals.

A member asked whether the existing endowments would be sufficient to provide financial assistance to all students. Professor Hildyard replied that, although tuition fees were projected to rise significantly, the tuition for UTS would continue to be less than that for other private schools. A major goal of UTS was to double or triple the amount of the endowment, in order to meet the object of accessibility in their articles of incorporation.

A member observed that there was no adjustment for inflation on the annual fee of \$615,000, which would be paid by UTS for a period of fifteen years for the use of specified portions of 371 Bloor Street West. Ms Riggall noted that commercial landlords often offered long-term fixed-price arrangements to their tenants. The member asked whether the University would retain ownership of the site. Ms Riggall replied that the University would continue to own the land, but could sell certain rights to UTS.

The member asked why the license would be reviewed in 2011 if no redevelopment proposal for 371 Bloor Street West had been approved. Professor Goel replied that the date had been chosen to allow a ten-year period of transition that would allow UTS to move to a new location while the University proceeded on its own to determine the most appropriate use of the site.

The member asked whether UTS would be able to sell naming opportunities for the building and rooms within the school. Professor Hildyard replied that there were strict provisions for licencing in the agreement with sufficient protections built in.

4. Affiliation Agreement between the Governing Council of the University of Toronto and the University of Toronto Schools (UTS), July 1, 2006 to June 30, 2021 (cont'd)

Discussion (cont'd)

A member asked whether language could be included in the agreement to make UTS consistent with the University in placing 30% of the tuition fee increase into student financial support. Professor Goel noted that the requirement of 30% of tuition fee increases being used for student financial support had been mandated by the provincial government for post-secondary institutions. UTS had a large endowment for financial aid, among the largest for private schools. The University had providing direct and indirect funding to UTS since the school's provincial grant had been withdrawn in 1993. It would be more difficult for UTS to become self-sufficient if the University imposed too many directives on the school.

A member asked why disputes were to be resolved by non-binding mediation. Ms Riggall replied that, if mediation failed, the parties could go to court.

On motion duly moved and seconded

YOUR COMMITTEE RECOMMENDS

1. THAT the Interim Agreement between the University and the University of Toronto Schools (UTS) be extended from April 30, 2006 to June 30, 2006;
2. THAT the Vice-President, Human Resources and Equity be given authority to execute an Affiliation Agreement between the Governing Council of the University of Toronto and the University of Toronto Schools, for the period July 1, 2006 to June 30, 2021, that is essentially in accordance with the principles and terms outlined in the Term Sheet (Appendix 1), attached hereto as Appendix 'A'.

5. Academic Initiative Fund (AIF) Allocations - Round 3

Professor Goel reminded members that the University's academic plan, *Stepping UP*, had articulated the University's vision to be a leader among the world's best public teaching and research universities in the discovery, preservation and sharing of knowledge through its teaching and research and its commitment to excellence and equity. The *Stepping UP* vision had been developed through a process that included extensive, grass-roots consultation with the broader University community. *Stepping UP* had identified a substantial number of initiatives, actions and recommendations that form the strategy towards achieving this vision. The *Stepping UP – Synthesis*² had identified the major themes that had emerged from the consultations and Divisional plans through the *Stepping UP* exercise. Within the *Synthesis*, five priority objectives had been identified for the University. The *Synthesis* had presented five items for continued action that were necessary to enable the University's mission.

Consistent with the vision and mission, a fund had been set up to assist in the implementation of initiatives arising from the academic planning process. This Academic Initiative Fund (AIF) consisted of a total of \$30 million in base funding available through the Long-Range Budget, with \$5 million in each year over six years. Funds could be used for a broad range of base budget and one-time only (OTO) purposes including capital, operating or development initiatives. Of importance was the support of existing initiatives that further built on and/or consolidated current programs or that indicated the potential to significantly leverage other resources. In the initial years, investments were being made in more OTO initiatives, which would allow for the pool of

² This document is available at <http://www.utoronto.ca/govcncl/bac/details/pb/2004-05/pba20041207-08ii.pdf> .
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5. Academic Initiative Fund (AIF) Allocations - Round 3 (cont'd)

OTO and base funds available in the later years to be greater. This would also provide time for the lateral conversations and planning required for significant new investments.

The third call for Submissions to the AIF had been made in the Fall of 2005, with proposals due on December 9, 2005. Forty-one proposals had been received from seventeen University divisions. The total requests were for \$11 million of base and \$55 million of OTO support. The Vice-President and Provost's allocation decisions had been based on advice from a committee, chaired by the Vice-President and Provost and including representation from Principals & Deans and the Provost's Office.

Professor Goel highlighted some of the proposals that were being recommended for funding.

- **Cities Centre:** This proposal would be led by the Faculty of Architecture, Landscape, and Design, and would initially include the Faculties of Arts and Science and Applied Science and Engineering, and the School of Graduate Studies. The Centre would raise the profile of and awareness for urban teaching and research at the University by stimulating, sponsoring and undertaking interdisciplinary scholarship and teaching; offering research opportunities for students and scholars; and engaging members of the public, private, and not-for-profit sectors in collaborative research and teaching.
- **Enhancing Engineering Student Experience through Leadership Development:** This proposal addressed the need for integrating leadership development through all facets of the engineering student experience: curricular, co-curricular and extra-curricular. It could serve as a pilot project for implementation within other divisions of the University.
- **School of Public Policy:** The School was envisioned as a networked organization within the strong cluster of related academic work and policy activity at the University that would establish a distinctive Canadian presence in the area. It would draw together and build upon established strengths and research interests of University faculty and facilitate new collaborative research, teaching and exchange.
- **Centre for the Analysis of Genome Evolution and Function:** The Centre's aim was to bring together researchers and educators with interests in comparative, evolutionary, and functional analyses of genomes and proteomes. The Centre would advance, foster and integrate research and training of students in the field of genome biology, and would provide an important bridge among the many departments at the University of Toronto that support this interdisciplinary research and teaching.
- **Museum Studies at the University of Toronto:** The Faculty of Information Studies (FIS) would incorporate the Museum Studies program with its current programs in library and information science and in archives to create a single, integrated area focusing on Libraries, Archives and Museums.

A member asked for clarification of the Museum Studies proposal. Professor Goel explained that the program was currently administered by the School of Graduate Studies, but, in recent years, it had become clear that the program, as currently constituted, was not sustainable. FIS would create a doctoral-level program stream, building upon its current programs. The Chief Librarian noted that the combination of programs in Archives and Museum Studies was an emerging trend in the field.

5. Academic Initiative Fund (AIF) Allocations - Round 3 (cont'd)

- **Re-establishment of travel funding for doctoral external examiners:** The School of Graduate Studies would re-establish a central source of supplementary travel funds for doctoral external examiners.

A member asked how the allocation of travel funding would work. Professor Goel replied that the details of the funding were still to be worked out. The needs of divisions would be examined to determine which had the greatest need for the funding.

A member asked about the source of the \$15 million AIF allocation for 2006-07. Professor Goel reminded the member that the AIF increased by \$5 million per year, and that 2006-07 was the third year of the AIF allocation.

A member commented that, in his opinion, information regarding the allocations had been minimal. The proposals sounded good, but he would have appreciated having additional information about why these proposals had been chosen. The Dean of Arts and Science noted that proposals went through a rigorous internal approval process at the divisional level to ensure that they were aligned with divisional priorities. Professor Goel recalled that, in the past, each allocation that had been made from the Academic Priorities Fund (APF) had been considered separately, whether the allocation was for \$10,000 or several million dollars. Members of the Governing Council and its Boards and Committees had expressed concern about the amount of time taken for these individual approvals. However, Professor Goel said he appreciated the interest in additional information, and agreed to take the comment under advisement.

A member asked what reports the Committee would receive concerning the implementation of the proposals that were being recommended for funding. Professor Goel explained that benchmarks and deliverables were included in the submission of each proposal, and would be monitored by his office. The overall progress with respect to *Stepping UP* and AIF funding would be reported back to the Committee.

A member asked what would happen under the new budget model if the central administration was not pleased with the way in which a division was using the funds that had been allocated to it. Professor Goel replied that there were accountability requirements for all allocations. The proposed new budget model was intended to provide additional transparency.

The member expressed his concern that some of the proposed projects would be curtailed because of budget cuts. Professor Goel reminded the member that the AIF was a reallocation tool that was being used to fund focused priorities, and could be seen as seed money to start new programs. Other sources of funding for approved proposals could include tuition fees, enrolment growth funding, and Basic Income Unit (BIU) funding.

On motion duly moved and seconded

YOUR COMMITTEE RECOMMENDS

THAT the Third Round of the Academic Initiative Fund be allocated as per the table attached to the Memorandum from the Provost dated March 1, 2006, (Appendices 2 & 3), a copy of which is attached hereto as Appendix 'B'.

6. Concurrent Teacher Education Program

The Chair informed members that this program had been considered by the Committee on Academic Policy and Programs on March 1, 2006, and had been recommended to the Academic Board for approval. The role of the Planning and Budget Committee was to advise the Academic Board on the planning and resource implications of the proposal.

Professor Zaky explained that the University's current teacher education program was a consecutive program in which students received an initial degree, and then enrolled in the B. Ed. Program offered by OISE/UT. The proposed concurrent teacher education program would combine the program for these two degrees, and would be neutral in terms of revenue and resources. However, courses in the program would be redesigned, and revenue would flow differently than it did at the present time. Seven partners were involved with this program: the Faculty of Music, the Faculty of Physical Education and Health, OISE/UT, St. Michael's College, Victoria College, the University of Toronto at Mississauga (UTM) and the University of Toronto at Scarborough (UTSC).

A member asked what would happen to a student who decided to withdraw from the program after two or three years. At the invitation of the Chair, Professor Gagné, Coordinator of the Concurrent Teacher Education Program, replied that the best exit point from the program would be at the end of the third year. The student could complete a primary degree without penalty.

A member asked whether students at UTM and UTSC would have their classes at those campuses. Professor Gagné replied that it was the intention that UTM and UTSC students would have most of their classes on those campuses, but it might be necessary for them to take at least one course in the fifth year of their programs on the St. George campus.

A member observed that the program had involved a complicated co-ordination effort, and acknowledged the efforts of all those who had been involved in its development. Professor Goel echoed the member's remarks.

On motion duly moved and seconded

YOUR COMMITTEE RECOMMENDS

That the Planning and Budget Committee concur with the recommendation of the Committee on Academic Policy and Programs

THAT the Concurrent Teacher Education Program (CTEP) be offered at the University of Toronto as described in the documentation dated February 3, 2006 and attached hereto as Appendix 'C', subject to approval of the University Faculties involved, and pending OISE/UT initial accreditation of CTEP by the Ontario College of Teachers and effective for the academic year 2007-2008.

7. Capital Project: University of Toronto at Scarborough (UTSC) New Science Building: Change in Scope

Ms Sisam recalled that the Capital Project for the UTSC Science Building had been approved in May 2005. The approval for the first phase had allowed for detailed planning to be completed, through to the concept design and detailed costing. This had been necessary because of the particular site conditions on the UTSC campus, and the top of bank set-back requirements. A \$3 million cash allocation had been approved for this portion of the work.

7. Capital Project: University of Toronto at Scarborough (UTSC) New Science Building: Change in Scope (cont'd)

The detailed planning exercise had identified opportunities to link the new Science Building with the existing John Andrews Science Wing, and the Leah Brown Theatre at the end of the wing. It also provided for the possibility of constructing low-cost basement space, originally not in the space program. The expansion in the basement, now proposed, would include low-cost space for plant growth chambers, storage space for field and other science equipment, and increased space for the NMR facility to accommodate additional required infrastructure.

Ms Sisam explained that UTSC was aggressively seeking additional support from the Canada Foundation for Innovation and other agencies for strategic research projects that could be included as a second phase to this project. No approval was being sought for Phase 2 at this time, although the concept design had taken into account the possibility for further expansion.

The operating costs for the new facility were estimated to be approximately \$300,000 annually, and would be re-evaluated once the building was operational. These costs would be carried by the operating budget of UTSC. Originally approved at 2543 nasm, the current proposal was to increase the space program to approximately 3000 nasm, and would increase the cost of the new building from \$31.5 million to \$33.089 million, an increase of approximately \$1.59 million.

Additional sources of funding had been identified as an allocation of \$10.089 million from the UTSC operating budget and a debt of \$20 million to be repaid by UTSC from its operating budget.

Ms Sisam informed members that the Science Building was necessary to support and provide the facilities for the development of the research endeavours of the physical and environmental sciences and life sciences as a direct result of the double cohort and resulting enrolment expansion and to provide laboratories for the new faculty associated with the expansion.

A member asked whether the John Andrews Science Building was the building with the structural problem that had been described during the February 28, 2006 meeting of the Committee. Ms Sisam replied that this was the building in question. Steel reinforcing rods were being exposed through the concrete, but could be remedied, and caused no safety concerns.

A member asked about the assumptions underlying the allocation and repayment of debt from the operating budget. Professor Goel explained that UTSC had had to complete multi-year budget projections for the project. If the Science Building was not built, enrolment could not increase and less revenue would be realized.

On motion duly moved and seconded

YOUR COMMITTEE RECOMMENDS

1. THAT the February 2006 revised change in scope for the Science Building at UTSC, approximately 2982 nasm and 6041 gross, increasing the total project cost to \$33,089,000, be approved in principle.
2. THAT the additional sources of funding identified below be approved:
 - a. An allocation of \$10,089,000 from the UTSC operating budget;
 - b. Debt of \$20 million to be repaid by UTSC from its operating budget.

Documentation is attached as Appendix 'D'.

8. Date of Next Meeting

The Chair reminded members that the next meeting of the Committee was scheduled for Tuesday, March 28, 2006 at 4:10 p.m. in the Council Chamber.

9. Other Business

(a) Information Session on the Budget and Tuition Fees

The Chair reminded members of the information session on the 2006-07 Budget and Tuition fees that was being held on Wednesday, March 22.

The meeting adjourned at 5:45 p.m.

Secretary

Chair

March 24, 2006