

UNIVERSITY OF TORONTO
THE GOVERNING COUNCIL
REPORT NUMBER 324 OF
THE EXECUTIVE COMMITTEE

May 1, 2000

To the Governing Council,
University of Toronto.

Your Committee reports that it held a meeting on Monday, May 1, 2000 at 7:00 p.m. in the Board Room, Simcoe Hall, with the following members present:

| | |
|--|--------------------------|
| Ms Wendy M. Cecil-Cockwell (In the Chair) | Dr. Joseph L. Rotman |
| Mrs. Mary Anne V. Chambers (Vice-Chair) | Mr. John H. Tory |
| Professor J. Robert S. Prichard, President | |
| Professor Jack Carr | Mr. Louis R. Charpentier |
| Dr. Robert J. Kyle | |
| Professor Brian Langille | Secretariat: |
| Dr. John P. Nestor | |
| Professor Wendy Rolph | Ms Margaret McKone |

Regrets:

Ms Shruti Dev-Nayyar
Mrs. Susan M. Scace
Dr. Alexander R. Waugh
Ms Nancy L. Watson

In Attendance:

Mr. Brian Burchell, Chair, University Affairs Board
Professor John T. Mayhall, Chair, Academic Board
Mr. Amir Shalaby, Chair, Business Board
Ms Jacqueline C. Orange, member, Governing Council
Professor Adel S. Sedra, member, Governing Council, and Vice-President and Provost
Ms Wendy Talfourd-Jones, member, Governing Council
Professor Michael G. Finlayson, Vice-President, Administration and Human Resources
Mr. Kasi Rao, Director of the Office of the President and Director of Government Relations

1. Report of the Previous Meeting

Report Number 323 (March 27, 2000) was approved.

2. Business Arising from the Report of the Previous Meeting

There were no items of business arising from the report of the previous meeting.

3. Minutes of Governing Council Meeting held on April 6, 2000

Members had received the Minutes for information.

4. Board Items for Endorsement and Forwarding to the Governing Council**(a) Ancillary Operations: Indemnification for Directors of Incorporated Ancillaries
(Arising from Report Number 104 of the Business Board – March 27, 2000)**

Mr. Shalaby noted that Section 27A of By-Law Number 2 protected members of the Governing Council against the costs of any law suits arising from their activities as governors. Some years ago, the Governing Council had extended that protection to the volunteers, and others, who served on the Board of the University of Toronto Press Incorporated. The current proposal was to protect the people who served on the Boards of the University's other incorporated ancillary operations -- the Innovations Foundation and the new Asset Management Corporation. The appointees to these Boards were "approved and nominated" by the Executive Committee. However, there were limits to the protection granted: the Directors could still be held liable in the case of willful neglect or willful default of their duty. The risk being assumed by the University was a small one because the Directors were covered by the University's "errors and omissions" liability insurance coverage.

On motion duly moved and seconded,

YOUR COMMITTEE ENDORSED AND FORWARDED

to the Governing Council for consideration the recommendation

Except in respect of an action by the ancillary to procure a judgment in its favour, the University will indemnify and save harmless every director of the ancillary and the heirs, executors and administrators and the estate and effects of each of them respectively, from time to time and at all times, from and against all costs, charges and expenses whatsoever (including amounts paid to settle an action or satisfy a judgement and fines and other monetary penalties) that such a person sustains or incurs in or about any civil, criminal or administrative action, suit or proceeding that is brought, commenced or prosecuted against him or her, for or in respect of any act, deed, matter or thing whatsoever, made done or permitted by him or her, in or about the execution of the duties of his or her office, except such costs, charges or expenses as are occasioned by his or her own willful neglect or willful default and except to the extent that any such person is indemnified under a policy or contract of insurance or indemnity with respect to any such costs, charges or expenses.

4. Board Items for Endorsement and Forwarding to the Governing Council (cont'd)

(b) Tuition Fee Schedules for Publicly Funded Programs and Tuition Fee Schedule for Self-Funded Programs

(Arising from Excerpt from Report Number 105 of the Business Board -- May 1, 2000)

Mr. Shalaby reported in detail on the meeting of the Business Board. He noted that the tuition fees for publicly funded programs fell into the following five categories.

1. **First-entry programs where fees were regulated** by the Province: most Arts and Science programs, Bachelor of Music, Physical Education and others. It was proposed to increase those fees to the maximum permitted: \$3,951, an increase of 3%.
2. **Second-entry regulated programs:** Architecture, Landscape Architecture, Physical Therapy, Occupational Therapy, and others. Here, the Government had restricted fee increases to 2% per year for five years - not compounded. Given that the Consumer Price Index had increased in excess of 2%, the real cost of tuition fees for these regulated programs would be reduced.
3. **Deregulated programs for students now at the University and continuing into higher years.** The *Tuition Fees Policy* required a commitment to incoming students concerning maximum fee increases for the normal length of a full-time program. The University had said that fees for continuing students would increase by no more than 5% per year, and it was proposed that fees increase by 5%.
4. **New students in deregulated programs.** In some cases, such as doctoral-stream graduate programs, the fee was proposed to increase by the familiar 5%. Other graduate programs with 5% increases included programs in engineering, architecture, landscape architecture, planning and design, forestry, information studies, musical performance, nursing, and master's programs in education and social work.

In other cases, the proposed fee increase was much larger. The *Tuition Fee Policy* called for differentiation based on such criteria as:

- program costs - including the division's costs to deliver a program at the level of its aspirations;
- fees charged by competing programs; and
- the income prospects of graduates.

The larger increases were as follows:

- 52% for undergraduate and graduate programs in business (the undergraduate program fee begins in second year),
- 17% in Dentistry;
- 25% in Law;
- 27% in Medicine;
- 21% in Pharmacy; and
- computer science, where this year's entering class would, beginning in their second year, pay the same fee as engineering students. That would amount to an increase of over 40% from the Arts and Science fee in 2000-2001.

Where large increases were proposed, program costs were high; aspirations concerning program quality were also high; competition for first-rate faculty was fierce; and income prospects of graduates were very good.

4. Board Items for Endorsement and Forwarding to the Governing Council (cont'd)**(b) Tuition Fee Schedules for Publicly Funded Programs and Tuition Fee Schedule for Self-Funded Programs** (cont'd)

Mr. Shalaby noted that, given that government funding was likely to increase by one third of 1%, there were only two alternatives to these large fee increases. The first was to subsidize the high-cost programs where graduates had good earnings prospects. The second was to allow for a decline in the quality of these programs to reflect their lower price.

- 5. International students.** By and large, fees for non-Canadian students were proposed to increase by the same dollar amount and, therefore, a lower percentage amount, as domestic fees.

The *Tuition Fee Policy* called on the University to make every effort to seek the highest level possible of government support. After that, it supplemented public funding by tuition fee increases when that "can be demonstrated to be necessary to offer students an educational experience of a quality that ranks with that of the finest public research universities in the world."

Mr. Shalaby continued that in considering this recommendation, two questions should be considered. First, was there any risk that the University was pricing itself out of the market? The Business Board had received the Enrolment Report for 1999 - 2000, and it was clear that enrolment was very strong. The University was in fact over enrolled, and the quality of incoming students had increased. Second, was the University adhering to the following basic premise: that "no student offered admission at the University of Toronto should be unable to enter or complete the program due to lack of financial means"? This was the premise of the University's *Policy on Student Financial Support*. The University's policy was to set fees as it had to, to ensure quality programs, and then to provide student aid to ensure that the cost of those fees, as well as other costs, did not impair accessibility. Experience to date had shown that tuition fee increases had not impaired access. If there were problems, the remedy was not to reduce tuition fees for all students but rather to increase financial support for students in need.

Mr. Shalaby reported that members of the Committee on Academic Policy and Programs had received a very full report on student financial aid from the Vice-Provost, Students. That report had concluded, from data gathered from a survey of students, "it appears that accessibility has been maintained."

Mr. Shalaby noted that the University's budget for tuition fee revenue for 1999-2000 was \$209 million. Its budget for expenditures on student aid was \$59 million - 28% of tuition fee income. That did not count external sources of student support such as Ontario Graduate Scholarships (OGS) or interest subsidies under the Ontario Student Assistance Program (OSAP). Of the new income deriving from tuition-fee increases, the government required that 30% be devoted to student financial support. The University did in fact spend more than that.

Mr. Shalaby continued that the Business Board had had a full debate on the proposal. It had heard two submissions from student groups: the Graduate Students' Union and the Medical Society. Where divisions proposed large increases in deregulated fees, their Deans had been in attendance to answer questions.

4. Board Items for Endorsement and Forwarding to the Governing Council (cont'd)**(b) Tuition Fee Schedules for Publicly Funded Programs and Tuition Fee Schedule for Self-Funded Programs** (cont'd)

In the case of the self-funded programs, which received no provincial government support, tuition fees were set at the level required to enable each program to recover at least its own direct costs. For several of these programs, tuition fees were generally paid by employers or other sponsors.

It was duly moved and seconded,

THAT the following recommendations be endorsed and forwarded to the Governing Council for consideration.

THAT the proposed tuition-fee schedules for publicly funded programs for 2000-01, copies of which are attached to Professor McCammond's April 13, 2000 memorandum to the Business Board as Tables 1 and 3, be approved.

THAT the proposed tuition-fee schedule for self-funded programs for 2000-01, a copy of which is attached to Professor McCammond's April 17, 2000 memorandum to the Business Board as Table 1, be approved.

A member noted that while he was not in support of the proposed schedule for publicly funded programs he agreed that the Governing Council should, rightly, debate the proposed schedules. Therefore, he suggested that the motion be amended, so that the proposal could be forwarded to the Governing Council in the absence of an endorsement by the Executive Committee.

It was duly moved and seconded,

THAT the beginning of the proposal be amended as follows:

THAT the following recommendations be ~~endorsed and~~ forwarded to the Governing Council for consideration.

The President urged members to follow the usual practice of endorsing and forwarding the proposal to the Governing Council for consideration. The Business Board had had a lengthy discussion of the proposed tuition fee schedules and had ultimately recommended them to the Governing Council for approval.

Discussion of the proposed tuition fee schedules focused on the following topics.

- (a) Long-term Impact of Tuition Fee Increases on Accessibility.** The member who had moved the amendment to the motion noted that the long-term effect of tuition fee increases on accessibility was not yet known. As well, despite his previous requests, members of the Governing Council had not yet received copies of the Vice-Provost, Student's report on student financial aid. The member also questioned the wisdom of tuition fee increases during the current climate of uncertainty with respect to the level of government funding for post-secondary education. The President undertook to distribute copies of the Vice-Provost, Students' report on student financial aid to members with their Governing Council agenda packages.

4. Board Items for Endorsement and Forwarding to the Governing Council (cont'd)**(b) Tuition Fee Schedules for Publicly Funded Programs and Tuition Fee Schedule for Self-Funded Programs** (cont'd)

A member echoed his colleague's concern that there might be a yet-to-be-determined impact on accessibility (e.g. law and dentistry). For example, students might choose not to apply to the University, fearing an unmanageable debt load, despite the promise of future earnings.

A number of members cited examples wherein increased tuition fees had not resulted in a decrease in accessibility. The members advocated that the cost of tuition should reflect the quality of the program offered. Given the recent government-funding announcement it was important to subsidize the cost of programs where graduates had good earnings prospects. The alternative would be a decline in the quality of these programs to reflect their lower price. For these reasons, the members were in support of the proposed tuition fee schedules.

- (b) Overall Target for Tuition Fee Levels in Deregulated Programs.** Some members expressed concern that tuition fee increases for students in deregulated programs were being proposed in the absence of information concerning an overall target for these fees; that is, would there be an end-point identified?
- (c) Ratio of Government Funding to Tuition Fees.** A member observed that government funding for the University was decreasing and students were being required to pay a greater share of the cost of their education. He cautioned against a future scenario wherein the government would withdraw public support altogether and require students to pay the total cost of their education.
- (d) Potential for Future Decline in Enrolment.** A member observed that current enrolment was strong and that the quality of incoming students had increased. However, this was in part a reflection of the current economy, which was strong. He suggested that this would not always be the case and the University might be at risk of pricing itself out of the market.
- (e) Need for Across-the-Board Review of Tuition Fees.** A member suggested a future review of the overall relationship between the various tuition fees. It was important to assess the difference in program costs across the board.
- (f) Tuition Fees for Postgraduate Medical Trainees (Medical Residents).** In response to a member's question, the President clarified that it was recommended that tuition fees for Postgraduate Medical Trainees remain at zero for the next four to five years. This was based on recommendations contained in the soon-to-be-released report of the task force that had been established to review tuition fees and other matters related to Postgraduate Medical Trainees (chaired by Dear Naylor).

During the course of the discussion, the President responded to some of the points made. He explained that the University's recommendations for fee increases were derived from the University's *Tuition Fee Policy*, which outlined five key elements. He recalled that a detailed discussion of the fee schedules had taken place at the Business Board meeting held immediately prior to the Executive Committee's meeting. The President emphasized that the overarching goal in determining fees was for the University to offer its students a Canadian education that ranked with that offered by the top ten university educations in North America. He believed the University was making strides to realize this goal through

4. Board Items for Endorsement and Forwarding to the Governing Council (cont'd)**(b) Tuition Fee Schedules for Publicly Funded Programs and Tuition Fee Schedule for Self-Funded Programs** (cont'd)

the implementation of its *Tuition Fee Policy* -- which called for a more differentiated structure of fees across programs, taking into account the plans and aspirations of each academic division and the level of resources necessary to achieve high program quality -- and through the implementation of its *Policy on Student Financial Support* -- which provided that no student offered admission at the University of Toronto should be unable to enter or complete the program due to lack of financial means.

The vote was taken on the motion to amend the main motion.

The motion was defeated.

The vote was taken on the main motion.

The motion was carried.

(c) University of Toronto Trademark Licensing Policy

(Arising from Report Number 91 of the University Affairs Board - April 18, 2000)

Mr. Burchell noted that the University Affairs Board was responsible for policy concerning the use of the University of Toronto name. The proposed *University of Toronto Trademark Licensing Policy (Policy)* had been drafted following a long period of consultation with faculty, staff and students. It would achieve three goals. First, the proposed *Policy* recognized that the University had a responsibility to ensure humane and non-exploitive manufacturing conditions for products that would bear the name, trademark and/or image of the University. Second, the proposed *Policy* provided mechanisms for its implementation and complaint resolution. Third, the proposed *Policy* provided for an annual report on the operation of and issues connected with the trademark-licensing program to be submitted to the University Affairs Board.

Mr. Burchell continued that the proposed *Policy* had been discussed by the University Affairs Board over the course of two meetings (January 11 and April 18). At its April 18 meeting, the Board had heard submissions from the Ms Evelyn Napier, Counsel, University of Toronto Faculty Association and, most notably, from Mr. Kevin Thomas, representative, Students Against Sweatshops. Both organizations had spoken in support of and urged approval of the *Policy*. The proposed *Policy* had received the unanimous endorsement of the University Affairs Board and, if approved by the University of Toronto, it would be the first one of its kind to be adopted by a Canadian university.

A member expressed the reservation that a great deal of time would be required to enforce the *Policy*. As well, he questioned whether it would in fact achieve its objective of assisting workers in developing nations, noting that many developing nations were opposed to labour standards because they often eliminated, rather than assisted, international trade. He addressed several standards set out in the *Code of Conduct for Trademark Licensees (Code)*, which he believed would ultimately protect high-income workers in Canada as opposed to low-income workers in developing nations. For these reasons, he urged that the University resist the public pressure to adopt a *Policy* in this area.

4. Board Items for Endorsement and Forwarding to the Governing Council (cont'd)**(c) University of Toronto Trademark Licensing Policy** (cont'd)

Several members echoed the concerns expressed. It would be difficult for the University to ensure that contractors were in compliance with the *Policy*. While its intentions were admirable, the proposed *Policy* could, in fact, be detrimental to those it sought to help.

A member expressed concern that should the proposed *Policy* be adopted, there would be pressure on the University to apply it to areas other than licensing (e.g. purchasing and investments). He questioned whether this would be a breach of governors' fiduciary responsibilities to "act in the best interests of the University". The President responded that the administration did not advocate the extension of the proposed *Policy* to the areas of investments or purchasing. Mr. Burchell added that he did not believe adoption of the proposed *Policy* to be in contravention of the obligations of governors.

The President encouraged members to debate the merits of the proposed *Policy* at the Governing Council meeting. Following a great deal of consideration, he was of the view that it was within the jurisdiction of the University to adopt a principled statement in this area. Following his earlier consultation with the Executive Committee on the matter, a Forum on Licensing had been organized by the Clarkson Centre for Business Ethics. Participants in the Forum had included representatives from non-governmental organizations (NGOs) and the Retail Council of Canada, and representatives from governments of developing countries. Given the great deal of consultation to date, the President believed it was appropriate that the proposed *Policy* be endorsed and forwarded to the Governing Council for consideration.

During the course of the discussion, the President clarified that the Governing Council would be asked to approve the proposed *Policy*. The *Code*, which represented the guidelines for administering the proposed *Policy*, was being provided to members for information only. The *Code* could be modified at any time by the President in response to experience and new information. Any such changes would be reported annually to the University Affairs Board. This would be the appropriate forum in future for governance to offer its advice to the President on the application of the *Policy*.

On motion duly moved and seconded,

YOUR COMMITTEE ENDORSED AND FORWARDED

to the Governing Council for consideration the recommendation

THAT the *University of Toronto Trademark Licensing Policy*, dated April 11, 2000, a copy of which is attached to the Excerpt from Report Number 91 of the University Affairs Board as Appendix "A", be approved.

5. Reports for Information

That Chairman noted that members had received the following report for information.

Report Number 104 of the Business Board (March 27, 2000)

6. Report of the President

The President reported on the following matters.

(a) Provincial Government Relations.

- The provincial budget was to be announced the following day. It had been the overarching priority of the University in recent weeks to make the case to the provincial government for increased funding for post-secondary education.
- In recent meetings between University representatives and government officials, including the Minister of Training, Colleges and Universities, it had been indicated that the government might undertake an administrative review of Ontario's universities. The Council of Ontario Universities had since counseled against such a review, noting the efficiencies that already existed despite modest resource support. The President noted that should the government determine that it wished to proceed with the review, the University would advocate that it be undertaken as soon as possible so as to minimize the distraction and the resources that would be required to respond to this government initiative. While the President was confident that the University of Toronto would fair well in such an exercise, it would be a distraction from more compelling issues and the University would have to be vigilant in ensuring that its interests were advanced.
- Ministry officials had also indicated that the government was contemplating a review of the funding formula by which universities and colleges received their operating grants. Given the critical significance of operating grant revenue to the University, the administration would consider such a review, which could take place over two to three years, a number one priority for the University.
- The provincial government had announced its intention to permit private universities in Ontario. Given the absence of a clear mandate from the Governing Council on this subject, the President had refrained from issuing a comment and/or response. Subject to advice to the contrary, he would continue to take no position on this issue, other than to advocate that private universities receive no public funding, that there were no assistance provided from provincial student-aid programs, and that a clear and transparent process existed for measuring quality. The President also noted that the University of Toronto's focus was to ensure strong public funding for public universities.
- The Deputy Minister of Training, Colleges and Universities had organized a dinner to introduce President-Designate Robert Birgeneau to Ministry officials.

(b) Federal Government Relations

Further to the announcement of the Canada Research Chairs (CRC) Program, the University of Toronto had just been notified of its allocation of Chairs, which totaled 251 (50% for junior chairs – 50% for senior chairs). The President explained that this allocation had been based on the most recent grant awards information. Future allocations, beyond 2000-2001, were expected to increase as data on research grant awards to universities was updated each year.

The University could begin to nominate candidates for these Chairs as soon as it had submitted to the CRC Program a Strategic Research Plan. Funding for each Chair would begin to flow to the University once the Chair candidates had been approved through a

6. Report of the President (cont'd)

rigorous peer-review process and had taken up their appointments. President-Designate Robert Birgeneau had been consulted and the administration would be issuing a paper, which established a framework for allocation of the Chairs.

(c) Awards

University of Toronto researchers had won three of the four Killam Prizes awarded this year. The University of Toronto was the only university in Canada to have won three Killam Prizes in one year; this was the second time the University had done so in this decade and was a truly outstanding accomplishment.

Fellowships from the prestigious American Guggenheim Foundation had been awarded recently to three University of Toronto faculty.

(d) Hospital for Sick Children / Dr. Gideon Koren

The President briefed members on the outcome of this disciplinary matter.

(e) Miscellaneous

The President briefed members on a personnel matter and an administrative matter.

7. Date of Next Meeting

The Chairman reminded members of the next meeting scheduled for Monday, June 19, at 7:00 p.m.

8. Other Business**(a) Governing Council Meeting**

The Chairman reminded members that the May 11 meeting of the Governing Council was to be held at the University of Toronto at Mississauga and would be followed by a reception in the Principal's residence.

The Chairman consulted with members on two requests to address the Governing Council and on the ordering of agenda items.

The meeting adjourned at 9:10 p.m.

Secretary

Chairman

May 3, 2000