

THE GOVERNING COUNCIL
REPORT NUMBER 83 OF
THE PLANNING AND BUDGET COMMITTEE

October 15, 2002

To the Academic Board,
University of Toronto.

Your Committee reports that it met on Tuesday, October 15, 2002, 4:30 p.m. in the Council Chamber, Simcoe Hall, with the following members present

Professor Avrum Gotlieb (in the Chair)
Professor Susan Horton, Vice-Chair
Professor Shirley Neuman, 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
Professor Paul J. Halpern
Professor Edith Hillan
Ms. Shirley Hoy
Professor Bruce Kidd
Ms Karen Lewis
Professor Ian McDonald
Professor David Mock
Mr. Colm Murphy
Professor Ian Orchard

Mr. Timothy Reid
Professor J. J. Berry Smith
Mr. Nick Turk-Browne

Non-voting Assessors:

Mr. John Bisanti, Chief Capital Projects
Officer
Ms. Sheila Brown, Controller and Director
of Financial Services
Ms. Catherine Riggall, Assistant Vice-
President, Facilities and Services
Professor Ron Venter, Vice-Provost,
Space and Facilities Planning

Secretariat:

Mr. Neil Dobbs
Mrs. Beverley Stefureak, Secretary

Regrets:

Professor Michael Berkowitz
Professor John F. MacDonald

In Attendance:

Professor Michael Marrus, Dean, School of Graduate Studies
Ms. Mary McGee, Assistant Provost
Dr. Peter Munsche, Assistant Vice-President, Technology Transfer

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 82 of September 17, 2002 was approved.

2. Business Arising from the Report of the Previous Meeting

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

3. Senior Assessor's Report

SuperBuild: Professor Neuman reported that the Government of Ontario had given assurances of further SuperBuild funding. Details had not been forthcoming but the University had been led to expect that there would be flexibility with respect to applications. She hoped the announcement would be soon and expected that the turnaround time to submit applications would be short. Signals from the Government indicated that submissions would be considered quickly and results announced shortly thereafter. Professor Neuman recalled that additional funding for capital expansion at the East and West campuses was particularly important if the University were to meet its obligations under the enrolment agreement with the Government.

Enrolment Expansion: It was becoming increasingly evident that the Government of Ontario had under-estimated the number of secondary students who would be applying in the 2002-03 year for admission to Ontario universities. Government predictions had anticipated about 60% of the university-eligible double cohort to come through in the upcoming year; it now seemed to believe that the percentage was likely to be closer to 75%. If this estimate were correct, the University of Toronto could be expected to accept 1,085 direct entry students over and above what was indicated in the agreement with the Ministry. Professor Neuman said that there was much concern about how the unanticipated students could be accommodated at a time when the Ontario system appeared to have reached its capacity. It was not clear what incentives would be offered for universities to expand their admission quotas. Serious conversations were currently underway within the Council of Ontario Universities (COU) about what it would take for the system to be in a position to absorb the additional students. The University of Toronto would have to insist on at least SuperBuild and full BIU funding as well as a range of other support, the shape of which had not yet been fully decided, in order to accommodate effectively its allocation of the additional demand.

Budget: Professor Neuman said that the continuing poor stock market performance was having a significant negative impact on the budget. Investment was the mechanism by which the University expected earned income on the large amount of funds that, at any given time, were committed but not yet used. The poor investment performance was likewise having a negative impact on pension funds and investment income from the endowment. The Office of the Vice-President, Business Affairs, had undertaken budget modelling which projected investment income or lack thereof on a monthly basis to give a more accurate picture of where the University's funds stand. Professor Neuman indicated she would be having conversations with the Deans imminently and that the financial picture would be tabled with UTFA. She would report more fully after in-depth discussions with the President and Vice-Presidents group.

Professor Neuman said the University was facing difficult times because of several unrealized revenue assumptions in last spring's budget. There had been no recognition for inflation in grant funding from the Provincial Government and the expected increase in grants for indirect costs from the Federal Government had not materialized. These, together with the continued

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

downward trend in investment income, had created a situation where pressures to expand would have to be weighed against the wisdom of retrenchment. Certainly, the Planning and Budget Committee would be kept informed and its advice sought when the administration had thought through the options.

A member enquired about where surplus students would be accommodated. Professor Neuman said that, while it was too early to make a decision, this would depend most critically on where the University was best able to accommodate them. Additionally, the administration would have to consider where the additional students would be most beneficial to the University. Last, but not least, it would depend on where the students wished to go. In her view, the University of Toronto at Scarborough could not accommodate very many more students without significant capital activity.

In response to a question, Professor Neuman assured the Committee that there were no contingency funds to which the administration could turn for a solution. The myth of contingency funds was one of long standing but, unfortunately, such funds did not exist to address the current fiscal problem.

4. University Infrastructure Investment Fund (UIIF): Allocation – Renovation of 256 McCaul Street

The Chair referred to Professor Venter's memorandum of October 7, 2002, (attached as Appendix "A") which had outlined the proposed allocation from the University Infrastructure Investment Fund to the Faculty of Medicine, Family and Community Medicine. There were no questions.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

THAT an allocation not to exceed \$120,000 be made from the University Infrastructure Investment Fund to address the cost of the renovation at 256 McCaul Street that will house the Department of Family and Community Medicine.

5. University Infrastructure Investment Fund (UIIF): Allocation - Decommissioning of SLOWPOKE

The Chair welcomed Dr. Peter Munsche to the meeting for this item.

Professor McCammond explained that because of unforeseen delays in the process to decommission SLOWPOKE, and currency fluctuations involved in expenditures that were partly in pounds sterling and US dollars, the final cost of this endeavour had risen to \$285,562 over what was initially authorized. (Memorandum attached as Appendix "B".)

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

5. University Infrastructure Investment Fund (UIIF) Allocation: Decommissioning of SLOWPOKE (cont'd)

THAT an allocation of \$285,562 from the University Infrastructure Investment Fund be approved to complete the decommissioning of the SLOWPOKE reactor.

6. Canada Research Chairs' Fund: Allocations, 2002-03

The Chair invited Professor Neuman to comment on her memorandum of September 26 (attached as Appendix "C") outlining the proposal for this year's allocations from the Canada Research Chairs' Fund. She did so briefly and welcomed questions.

A member asked if the Canada Research Chairs' program, which he understood to be funded by the Federal Government, resulted in any cost to the University's operating budget. Professor Neuman replied that to date it had not. However, if the program were to continue under the current model, in the long run it would be costing the University more than was acceptable. Last fall, the administration had reviewed the funding model and begun discussions of a new model which would change the proportion of new hires to upgrades. There would be talks with the Deans over the next few weeks to determine an appropriate way of changing the model.

A member recalled that Professor Neuman had indicated at the last meeting her preference for more conservative budgeting and wondered if this were an example of that. Professor Neuman responded that she was referring largely to a process that included more realistic budget assumptions. In this instance, budget stress came as a result of higher salaries and higher research cluster support than projected at the beginning of the program. Also, the Government had underestimated the costs for recruiting high level researchers. None of these could have been predicted. In her view, therefore, the Canada Research Chairs' program was not an example of an instance where conservative budgeting would have made a difference.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

THAT \$2.6m be allocated from the Canada Research Chairs' Fund to cover the salaries, benefits, research allowances and cluster support for thirteen Chairholders approved in the September 2001 and December 2001 CRC competitions.

THAT \$.7m (\$.8m less \$77,000 indirect cost of 16% of salaries and benefits) be allocated to the Faculty of Medicine in support of seven campus-based Chairholders that were approved in the September 2001 competition.

THAT \$1.3m (\$1.4m less \$74,000 indirect cost of 6% of salaries and benefits) be allocated to the Faculty of Medicine in support of nine Chairholders based in Hospital and Research Institutes that were approved in the September 2001 competition.

7. Academic Priorities Fund: Allocation – Post-Doctoral Office

The Chair welcomed Professor Michael Marrus to the meeting for this item.

Professor Neuman indicated that this was an important recommendation. The number of post-doctoral fellows was increasing as was the range of disciplines with post-doctoral fellowships. This was the last line of training prior to a faculty appointment. These individuals did not fit neatly into any category within the University community, and when difficulties arose they had few avenues for assistance and little recourse. She thought this was a long-overdue initiative. (Memorandum attached as Appendix “D”.)

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

THAT a base allocation of \$67,363 and an one time only allocation of \$10,300 be made from the Academic Priorities Fund for the establishment of a Post-doctoral Office in the School of Graduate Studies.

8. Other Business

There was no other business.

9. Date of the Next Meeting

The Chair reminded members that the next regular meeting was scheduled for Tuesday, November 12, 2002 in the Council Chamber.

The meeting adjourned at 6:30 p.m.

Secretary

Chair

October 29, 2002

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