

THE GOVERNING COUNCIL
REPORT NUMBER 92 OF
THE PLANNING AND BUDGET COMMITTEE

October 21, 2003

To the Academic Board,
University of Toronto.

Your Committee reports that it met on Tuesday, October 21, 2003, 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present

Professor Edith Hillan (in the Chair)
Professor Shirley Neuman, Vice-President
and Provost
Mr. Felix Chee, Vice-President, Business
Affairs
Professor Safwat Zaky, Vice-Provost,
Planning and Budget
Mr. Sachin K. Aggarwal
Professor Rorke Bryan
Professor Philip H. Byer
Professor Sujit Choudhry
Mr. Brian Davis
Professor Miriam Diamond
Professor Ian McDonald
Professor David Mock

Professor Susan Pfeiffer
Professor Pekka Sinervo
Mr. Nick Turk-Browne

Non-voting Assessors:

Mr. John Bisanti, Chief Capital Projects
Officer
Mr. Louis R. Charpentier, Secretary of the
Governing Council
Professor Ron Venter, Vice-Provost,
Space and Facilities Planning

Secretariat:

Mrs. Beverley Stefureak, Secretary

Regrets:

Professor Avrum Gotlieb
Professor Susan Horton
Ms. Shirley Hoy
Professor Ian Orchard

Mr. Timothy Reid
Professor J. J. Berry Smith

In Attendance:

Professor W. Raymond Cummins, Chair of the Academic Board
Professor Vivek Goel, Deputy Provost and Vice-Provost, Faculty
Mr. John Conrad, Dean of Students, Woodsworth College
Ms. Sheree Drummond, Assistant Provost and Special Assistant to the Provost
Professor Roger Martin, Dean, Rotman School of Management
Mr. Steve Moate, Senior Employment Relations Legal Counsel
Mr. Ashley Morton, President, Students' Administrative Council
Professor Mariel O'Neill-Karch, Principal, Woodsworth College
Mr. Chris Ramsaroop, President, Association of Part-time Undergraduate Students
Professor Wendy Rotenberg, Director of the Commerce Program, Faculty of Arts and
Science
Mr. Adam Slater, Project Consultant, University of Toronto Schools Restructuring Project

ITEMS 4, 5, 6 and 7.1 ARE RECOMMENDED TO THE ACADEMIC BOARD FOR APPROVAL.

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

1. Approval of Report Number 91 of September 16, 2003

The report of the last meeting (Number 91 of September 16, 2003) was approved.

2. Business Arising from the Report of the last Meeting

There was no business arising from Report Number 91.

3. Senior Assessor's Report

Professor Neuman reported that presentation of the Long Range Budget Guidelines, which had been scheduled for November 4, had been delayed to early in the New Year. This decision was a result of the unusual level of uncertainty at present due to the recent provincial election and the impact that this had on the University's ability to do budget forecasting. Accordingly, finalizing the long-range guidelines at this time would be little more than an exercise in speculation.

Professor Neuman spoke to some of these uncertainties, namely, the nature of a freeze on tuition, the possibility of a compensatory adjustment in operating grants, maintenance of the quality assurance funding – and, if this continued, whether it would be a replacement for lost tuition or funding in addition to adjustments in operating grants.

In addition to uncertainties in the provincial environment, an imminent change of leadership in the federal government would also likely result in new initiatives at that level.

Professor Neuman reported that, internally, circumstances had improved slightly from those outlined several months ago. There had been a 7% return over the summer in the pension plan. While the plan remained in a substantial deficit, the situation was not as grim as it had been last spring. Professor Neuman recalled that the deficit would be amortized over the next fifteen years. In addition, investment losses in the EFIP would be amortized over three years.

Professor Neuman discussed in broad terms some of the budget guidelines. She indicated that the guidelines for the next planning period of six years would assume \$5 million base funding annually for initiatives proposed under the new academic plan. This was considerably less than had been available under the last plan, but the lower amount was in recognition of the difficult fiscal circumstances being faced by the University and the fact of significant reallocation at the department and faculty levels through an academic planning process undertaken in a time of faculty and staff turnover. Also, over the next planning period, \$9.5 million in base funding annually would be directed to support improved maintenance. While this allocation would not address the matters of deferred maintenance, hopefully it would ensure that the situation did not deteriorate further.

The fundamental problem remained that academic costs had risen over the last years and operating grants had not included inflation. Since the provincial operating grant was the

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

single most important factor in the University's budget deficit, this was a serious structural problem. If the Province were to restore operating grant funding to the average among Canadian universities, the University of Toronto could expect at least 25% more in base funding annually. Clearly, the most important fiscal priority had to continue to be revenue generation.

Summarizing, Professor Neuman said that the priorities for revenue generation would be: working with the Government to restore the operating grant to the national average per student FTE funding; working with the Council of Ontario Universities to achieve full funding for graduate students; planning concurrently for strategic expansion in graduate enrolment; engaging in excellent enrolment planning; continuing successful fund-raising efforts in the short term focusing on the current Ontario Students' Opportunity Trust Fund (OSOTF) campaign and on capital needs; working with the Federal Government to assure indirect costs returns and sufficient funding for the granting agencies; and, attempting to forge effective federal/provincial partnerships to address deferred maintenance in universities.

Professor Neuman concluded by reiterating that she expected some of the uncertain numbers to be clarified by mid to late December. There were signs giving rise to cautious optimism about new opportunities for federal/provincial cooperation and that returns on investments would continue to strengthen.

In response to a question about government comments on technology transfer, Professor Neuman stated her belief that the University would need to show progress within three years. Clearly, we would have to be sophisticated in capturing what the University was already doing. There were no current benchmarks, but these would be developed to reflect not only patents and royalties, but also, for example, the secondary effects of the employment created by spin-off initiatives.

A member asked about the implications of the changes in the University's credit rating. Professor Neuman responded that credit rating was a measure of assets in relationship to debt. In that ratio, the University's assets were currently lower than they had been as a direct result of its significant capital expansion and its increased pension liability. She noted that the University's credit rating was now the same as that of the Province of Ontario. The former situation in which the University's rating had been higher was very unusual. Specifically addressing the effect of the lower rating, Professor Neuman said that it was not dramatic. The University may now need to go to the open market for mortgages at a slightly higher cost than if it were able to self-finance all of its capital projects. Professor Neuman asked Vice-President Chee to comment. Mr. Chee agreed that the effect on the operating budget would be very small since the downgrade in the rating had not been big. There would likely be more of an impact on the University's borrowing capacity than on budgets. It might, for example, mean that the University would not be able to borrow more than the \$200 million approved last June. Since there was no intent to do so in any event, the impact of the change was negligible.

4. University of Toronto Schools: Proposed Restructuring

The Chair welcomed Professor Vivek Goel to the meeting and invited him to present this item. Professor Goel spoke to his memorandum of October 3, 2003 (attached hereto as Appendix "A") outlining the proposal for the removal of the University of Toronto

4. University of Toronto Schools: Proposed Restructuring (cont'd)

Schools (UTS) as a unit of the Ontario Institute for Studies in Education of the University of Toronto (OISE/UT). He recounted a brief history of the UTS, its current governance and funding structure, its clientele and that, generally, it was considered a school for gifted students. Among the alumni of the School were two Nobel Prize winners and 19 Rhodes Scholars and, over the past six years, 40% of its graduates had enrolled in the University of Toronto.

Professor Goel continued with a brief review of the purpose of the proposal, the proposed new governance model and a description of each of the governance options that had been considered before the option under consideration today had been recommended.

Several members, while applauding the initiative to make the UTS an independent entity within the University of Toronto community, were concerned that the removal of the University subsidy to the School might have a detrimental effect on accessibility. They acknowledged the expressed intent that it would have no effect, but wondered how the Governing Council would assure that this was the case.

Professor Goel replied that the UTS had a large endowment specifically directed toward student accessibility. It would be up to the new Board to determine the priorities and specifics of how this would be used but, regardless of the priorities set by the new Board, accessibility was a principle in the articles of incorporation and would have to be maintained. The Governing Council would be able to monitor the implementation of and respect for this principle through receipt of an annual report and plan for the subsequent year. In addition, the affiliation agreement would set out clear parameters that must be met, the Board of the new entity would include two University of Toronto appointees, and the entire membership of the Board had to be approved by the Governing Council. Finally, the Governing Council would approve the by-laws. The articles of incorporation would not be subject to change, and changes to critical sections of the by-laws would require the approval of the Governing Council. Monitoring and oversight would be analogous to what was currently in place for faculties and colleges. Finally, with respect to operating costs, the UTS would be looking to other sources of revenue. As an independent entity, they would have more flexibility in finding those new sources.

A member asked how stakeholder representation on the Board would relate to accessibility. Professor Goel responded that the new Board was meant to follow the stewardship model. Accessibility would, no doubt, be of significant concern to the parents on the Board and, therefore, would be kept on the agenda.

To a question of whether the model was similar to the University of Toronto Press, Professor Goel said that, conceptually, it was more like the federated universities than either UT Press or UTAM, neither of which was an academic unit. However, with respect to administrative organization it was very much like the UT Press.

A member expressed concern about the UTS employees relative to job security and pensions. Professor Goel invited Mr. Moate to reply. Mr. Moate explained that the new corporation would be in place as of January 2004. Non-unionized employees would be offered employment with that new corporation on terms substantially similar to their current terms. Unionized employees would be treated in accordance with their collective agreement. The conditions under which the new corporation would assume these agreements were a matter of law under the Labour Relations Act. There were some

4. University of Toronto Schools: Proposed Restructuring (cont'd)

peculiarities that were matters of negotiation. For example, the University of Toronto was a large employer and the UTS would be a small employer. This had no implications for the teachers who were members of the Ontario Secondary School Teachers' Federation (OSSTF). However, it was a matter of concern for the United Steel Workers of America (USWA) with regard to potential for displacement rights and job postings. These were matters currently under negotiation. Mr. Moate also indicated that pension rights for current employees were preserved under the Pension Benefits Act of Ontario. Overall, the University's intention was to protect the employees, to preserve their rights, acknowledging movement to the new entity in as seamless a process as possible. Mr. Moate indicated that Human Resources would ensure that employees were fully aware of this information, if they were not already so informed.

Professor Goel reiterated that details of these matters were still under negotiations but that they would be guided by the principles that no employee would lose employment as a direct result of the change in governance, that employee benefits would be maintained and that access to the University community would be preserved.

A member saw this as a win/win situation and absolutely the right thing to do. He saw some confusion in the wording of the cover memorandum which indicated that the interim agreement would be in place *at least* until 2006, when the context within the agreement seemed to indicate that it would in place *no longer* than 2006. Professor Goel explained that 2006 was the latest by which a permanent agreement should be in place, that it might be in place earlier and that he would review the wording in the cover memorandum.

A member wondered if the wording in 14.03 was misleading in not recognizing as well that the University provided value to the UTS. Professor Goel replied that it was important to understand the many intangible mutual benefits to this relationship. While they were hard to measure, the interim period would give a chance to examine those.

The Chair of the Academic Board asked about the ownership of those assets that UTS considered its own. Professor Goel replied that, legally, the UTS did not currently exist as a separate entity and, so, could not own assets. Ownership of assets would be a matter for debate when the School separated. Clearly, the endowment, where donor agreements specify UTS as the beneficiary, would be an asset assignable to the UTS. However, other things were not so clear – for example the complex land deal by which Roberts Field became part of the University of Toronto and the original donation of the land and building by the Government for a Faculty of Education and a Northern Toronto High-School left that open to discussion. The interim arrangement will be an important opportunity to sort out these issues.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

1. THAT the University of Toronto Schools be disestablished as an organizational unit of OISE/UT;
2. THAT the University of Toronto Schools be incorporated as a separate legal entity within the University community; and
3. THAT the University enter into an interim affiliation, services and premises agreement substantially the same as the attached.

5. Canada Research Chairs Fund: Allocation 2003-04

Professor Neuman's memorandum of October 10 (attached hereto as Appendix "B") had informed the Committee on the proposed allocations for this year under the Canada Research Chairs' program. She noted that this was a very successful program at the University of Toronto, having resulted in the recruitment of 168 highly qualified faculty, with 100 Chairs remaining to be filled. In her view, the University was utilizing the program effectively.

There was an extensive discussion about equity matters with respect to the filling of the Chairs, in particular regarding the possible under-representation of women. Professor Neuman reported on a meeting of the Association of Universities and Colleges of Canada in which this matter had been discussed. The major factor continued to be that there were insufficient women in the pool of candidates. There were some peculiar data revealed in the Canadian Institutes of Health Research statistics, where the gap between the pool and the Canada Research Chairs was the greatest, and she thought there might be some errors in the reporting. Nevertheless, the Dean of Medicine had put in place measures designed to correct the problem.

Members briefly discussed the process and procedures for filling the Canada Research Chairs, Tier I and Tier II positions, noting that the role of governance was to ensure an effective process for achieving the desired outcome. If the process seemed not to be working toward its goal, perhaps it needed revising. Professor Neuman indicated that there were a number of factors working against achieving the desired number of female faculty members in these appointments. However, she did not believe the University of Toronto process was at fault, though there were ideas that might assist in identifying worthy female candidates, such as working with lists of PhD candidates from graduate chairs and with faculty lists from other universities to ensure recollection of strong candidates. Likewise, it was important to ensure that female candidates had a good experience during recruitment visits to campus.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

THAT \$4.4m be allocated from the Canada Research Chair Fund to cover the salaries, benefits, research allowances and cluster support for twenty-four Chairholders approved in the April 2002 competitions.

THAT \$.7m (\$.8m less \$91,428 indirect cost of 16% of salaries and benefits) be allocated to the Faculty of Medicine in support of seven campus based Chairholders that were awarded in 2003.

THAT \$2.2m (\$2.3m less \$98,571 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 awarded in 2003.

6. Capital Project: Woodsworth College Residence: Basement Facilities for the Commerce Program and for Audio/Visual Storage for the University Library – Project Planning Report

Professor Venter reviewed his memorandum of October 7, 2003 (attached hereto as Appendix “C”), proposing a capital project to outfit basement classroom facilities to support the Commerce Program and for Audio/Visual storage for the University Library in the soon-to-be-completed Woodsworth Residence. The Business Board had approved the execution of the project in June 2002, including a shelled-in basement that was to be outfitted subsequently for classrooms, breakout rooms, audio/visual storage and general support space. This proposal was a detailed plan to proceed with development of that shelled-in space. In his view, the recommendation being brought forward presented a win/win result for all parties concerned.

Mr. Ramsaroop had requested permission to comment and was invited to do so. Mr. Ramsaroop, speaking as President of the Association of Part-time Undergraduate Students, recalled that initial plans had included office space for APUS in this new residence. APUS was looking forward to consolidating its space and its resources into the new residence. Somewhere along the way, the space in question had been assigned to another user. He had concerns about what he perceived to be the absence of APUS participation in the discussions that led to the change, and he demanded that discussions begin immediately to assist APUS in its process of consolidation. He also demanded an explanation for the exclusion of space assigned to APUS in this facility and comments on the relationship between the new residence and the part-time students, a majority of whom were members of Woodsworth College.

Professor Venter responded. He agreed that in the early planning stages, some three years ago, space had been identified for potential use by APUS. Many discussions had been undertaken over the planning period and there had been a serious effort on his part to get APUS involved in the discussions of how their proposed space would be funded. APUS had been unresponsive. He had had subsequent discussions with Principal O’Neill-Karch and Dean Amrhein, wherein he had been informed that adequate space to accommodate APUS had been allowed in the Sid Smith retrofit.

Mr. Morton was recognized by the Chair. He questioned the student membership of the Project Planning Committee, noting that the student listed had not been present on campus for some time. Professor Venter replied that the work of the Project Planning Committee had been initially undertaken several years ago when the student had been present. There had been student input at that time and throughout the planning process. With respect to the implementation committee, this body was typically very small and did not normally include students. However, he would undertake to ensure that students would have some input into the implementation of the project.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

1. THAT the Project Planning Report for the Outfitting of the Woodsworth College Residence basement and first floor be approved in principle.
2. THAT the project scope identified in the Project Planning Report, to establish the four classrooms, the A/V storage facility and the Commerce Career and

6. Capital Project: Woodsworth College Residence: Basement Facilities for the Commerce Program and for Audio/Visual Storage for the University Library – Project Planning Report (cont'd)

Student Aid Centre within the defined shelled space of the Woodsworth College Residence, be approved at a cost of \$3,696,433 with the funding sources as follows:

Commerce Program	\$ 1,294,376
Rotman School of Management	\$ 571,589
Arts & Science	\$ 711,468
University of Toronto Library	\$ 1,019,000
Coopers PriceWaterhouse Donation	\$ 100,000

3. THAT the project scope will include the re-establishment of the Computer Room, currently located within the Rotman Building, RT117, to Woodsworth College to accommodate the needs of students enrolled in the Commerce program.

7. Academic Program Changes

7.1 Faculty of Dentistry: Joint Program in Dental Hygiene

A memorandum of October 8, 2003 (attached as Appendix “D”) from Professor Zaky had outlined the planning and budgetary implications of a proposal from the Faculty of Dentistry for a Joint Bachelor of Dental Hygiene Program with George Brown College.

A member asked about the financial implications to the Faculty. The Dean was invited to reply and said that, while there were no resource implications for the central University budget, there would, of course, be revenue and expenditure implications for the Faculty budget. He expected that the program would be profitable, allowing for the recruitment of faculty to teach both this program and other courses within the Faculty.

A member queried the accessibility implications of the \$8,500 tuition fee. Professor Mock assured the Committee that these tuition fees compared favourably with what students were already paying in the two-year diploma program at George Brown. Graduates could look forward to an acceptable income in practice and he did not anticipate that the tuition fees would have an impact on accessibility.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

THAT the proposed Bachelor of Dental Hygiene Degree Program in the Faculty of Dentistry to be offered in collaboration with George Brown College be approved to begin in September 2004.

7.2 School of Graduate Studies: Department of Rehabilitation Science, PhD Program in Rehabilitation Science

Members had received a memorandum dated October 8, 2003 indicating that there were no planning or budgetary implications to this proposal. There were no questions.

7.3 Proposed Collaborative PhD Program in Health Care, Technology and Place

Members had received a memorandum dated October 3, 2003 indicating that there were no planning or budgetary implications to this proposal. There were no questions.

7.4 Proposed Renewal of Collaborative MA/PhD Program in South Asian Studies

Members had received a memorandum dated October 3, 2003 indicating that there were no planning or budgetary implications to this proposal. There were no questions.

7.5 Proposed Collaborative Master of Science Program in Geology and Physics

Members had received a memorandum dated October 3, 2003 indicating that there were no planning or budgetary implications to this proposal. There were no questions.

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, December 9, 2003. The reserve date of November 4 would not be needed.

The meeting adjourned at 6:45 p.m.

Secretary

Chair

November 5, 2003