

UNIVERSITY OF TORONTO
THE GOVERNING COUNCIL
REPORT NUMBER 117 OF THE PLANNING AND BUDGET COMMITTEE
March 6, 2007

To the Academic Board,
University of Toronto

Your Committee reports that it held a meeting on Tuesday, March 6, 2007 at 4:10 pm in the Council Chamber, Simcoe Hall, at which the following were present:

Professor Avrum Gotlieb (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 Stewart Aitchison
Professor John Coleman
Professor Ellen Hodnett
Professor Brad Inwood
Professor David Mock
Mr. Tim Reid

Professor Andrea Sass-Kortsak
Professor Pekka K. Sinervo
Mr. Patrick Wong

Non-voting Assessors:

Professor John R. G. Challis, Vice-President,
Research and Associate Provost
Ms Elizabeth Sisam, Assistant Vice-President,
Campus and Facilities Planning

Regrets:

Ms Diana A. R. Alli
Mr. Kristofer T. Coward
Professor Miriam Diamond
Professor Jane Gaskell
Professor Gregory Jump
Ms Carole Moore
Ms Theresa J. C. Pazonis
Mr. Stephen C. Smith

Secretariat:

Ms Cristina Oke
Ms Mae-Yu Tan

In Attendance:

Professor Ulli Krull, Vice-Dean, Graduate & Vice-Principal, Research, University of Toronto at
Mississauga
Ms. Helen Lasthiotakis, Director, Policy and Planning
Professor Susan Pfeiffer, Dean, School of Graduate Studies and Vice-Provost, Graduate
Education
Professor Brian Cantwell Smith, Dean, Faculty of Information Studies
Professor Catharine Whiteside, Dean, Faculty of Medicine and Vice-Provost, Relations with
Health Care Institutions

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

ALL OTHER ITEMS ARE REPORTED FOR INFORMATION.

1. Report of the Previous Meeting

A member referred to p. 5, item 4 (The Current Borrowing Strategy) and asked whether the word “ideally” had been used in the meeting as reported below:

Ideally, each capital project would include a significant equity contribution in order to make it more economically viable.

Ms Riggall confirmed that “ideally” had been used. While a significant equity contribution was not a criterion for the selection of capital projects, it was preferred. For example, the 89 Chestnut residence had no equity contribution, yet that capital project had still been approved. Professor Goel added that the statement indicated an aspiration of the University with respect to one parameter of capital projects, but projects such as the Varsity Centre would not have proceeded without the provision of 100% debt financing.

Report Number 116 of the meeting of January 30, 2007 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

(a) Provincial Government Funding

Professor Goel reported that the 2007-08 budget was being developed and would be presented to the Planning and Budget Committee at its next meeting on April 16, 2007. However, a number of uncertainties existed that could have an impact on the budget. The Ministry of Training, Colleges and Universities had not yet allocated all of its funds, including those marked for quality enhancement, for the current fiscal year that would end on March 30, 2007. It was unclear whether or not an announcement about the status of those funds would be made in the near future by the provincial government. The level of provincial funding that would be provided to the University for the coming fiscal year was also unclear.

Professor Goel reminded members that undergraduate enrolment at universities across the province in 2006-07 and enrolment projections for 2007-08 were higher than had been anticipated and had not been entirely planned for when budgets had been prepared. If universities were given pro rata shares of funding by the provincial government rather than funding based on achievement of targets, the University of Toronto might receive a relatively smaller share of that additional funding, as unlike the system as a whole, the University had largely met its targets. The University continued to advocate for provincial funding to be provided for previously agreed upon targets. Professor Goel commented that the University always faced uncertainties as it prepared its budgets and therefore regularly included assumptions; the current process was no exception.

(b) Accumulated Deficit

The University had developed a system of multi-year budgeting and it was currently in the fourth year of a six-year budget cycle. Within the long-range budget guidelines, the Governing Council required that the accumulated deficit not exceed 1.5 % of the operating budget by the sixth year of the budget cycle. However, some budget assumptions of revenue had not been met as some funding assumptions had been greater at the beginning of the cycle, and some expenses were not greater. If the requirement concerning the accumulated deficit was to be met in the current

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

(b) Accumulated Deficit (cont'd)

budget planning cycle, divisions would be subjected to significant additional cost containment measures over the next two years.

Professor Goel indicated that one option being considered was to begin a new six-year budget cycle in 2007-08 rather than in 2009-2010. Under that option, no annual budget deficits would be incurred in any of those years, and the University would end each year with a balanced budget or a slight surplus in order to be able to eliminate the accumulated deficit at the end of the cycle. The benefit of such a scenario would be that the repayment of the \$80 million deficit would be distributed over six years rather than two.

A member asked what the anticipated deficit was for the current year. Professor Zaky indicated that it was \$20 million for 2006-07, and that amount was included in the estimated \$80 million total accumulated deficit. Professor Goel added that the existing accumulated deficit was approximately 6% of the University's \$1.2 billion operating budget, four times that of the permitted 1.5%.

A member inquired if it would be beneficial to alter the 1.5% deficit limit, for example, increasing it to 2%, or if there were economic reasons for maintaining that percentage. Professor Goel explained that such a slight variation in the deficit limit might have little effect. A more significant question to consider might be whether a deficit of 5% or 10% would be manageable, as there would likely be great concern within the University community if the accumulated deficit reached \$100 million. There were other budget assumptions that had a far larger impact on the overall deficit that were greater than the deficit limit. Professor Goel stated that the \$80 million deficit forecast had already been altered by approximately \$13 million since December 2006. In general, the larger the overall budget, the larger the possible fluctuations from the initial forecast.

A member asked whether there was a need to flatline the debt. Professor Zaky explained that was not essential; the accumulated deficit only needed to be reduced to 1.5% of the budget, as that was the main constraint. Ms Riggall added that the investment income was one of the variable items that had an impact on the deficit. The figures were usually more accurate towards the end of the budget year than at the beginning.

4. Academic Initiative Fund: Allocations

Professor Goel reported to members that the fourth round of the Academic Initiative Fund (AIF) proposals received from the faculties had been reviewed. The AIF had been established as part of the University's long-range budget framework to assist in the implementation of initiatives arising from the *Stepping UP* academic planning process. The Vice-President and Provost's AIF allocation recommendations had been based on advice from a review committee that had included representation from Principals and Deans and senior academic administrators from within the Provost's portfolio. Thirty-two proposals had been submitted with total requests of \$22 million. The calibre of the proposals had been excellent, and consequently it had not been an easy task to select the recipients to recommend for AIF allocations. Not every proposal could be supported as only \$5 million was available from the AIF each year. Professor Goel noted that in the fourth round, there were more proposals that had developed more directly out of priorities from *Stepping UP* than in past rounds. Examples included the U of T Arts Zone proposal, initiatives related to the environment, and proposals that dealt directly with teaching and the student experience.

A member commented that in the fourth round the AIF awards were made on a one-time-only (OTO) basis and asked whether the future continuity of the funded projects was being considered. Professor

4. Academic Initiative Fund: Allocations (cont'd)

Goel explained that there were a few ways that base allocations might continue under the new budget model. Divisions could resubmit proposals to the same source seeking funding on multiple occasions; the AIF could be used to serve as a bridge to other sources of funding; or allocations from the University Fund could be provided. As the University continued the implementation of the new budget model, allocation processes would be developed. Professor Zaky commented that there had been a perception that the previous base model had provided additional funds that could be used for such purposes as hiring faculty, but that was not accurate. The present round's OTO model for the AIF provided a more realistic view of available funds. A member commented that it would be favorable if the University Fund were flexible enough to assist with the continuation of some AIF projects.

On motion duly moved and seconded

YOUR COMMITTEE RECOMMENDS

THAT the Fourth Round of the Academic Initiative Fund be allocated as per the table in Appendices 2 & 3 to the Memorandum from the Vice-President and Provost dated February 26, 2007, a copy of which is attached hereto Appendix "A".

5. UTM Professional Graduate Program Centre – Extra-Departmental Unit B (EDU:B)

The Chair welcomed Professor Susan Pfeiffer, Dean, School of Graduate Studies and Vice-Provost, Graduate Education, and Professor Ulli Krull, Vice-Dean, Graduate & Vice-Principal, Research, University of Toronto at Mississauga (UTM), to the meeting for this item.

Professor Goel explained that the structure of the proposed unit was new for Arts and Science programs, but was similar to that of the Institute for Medical Sciences. The proposed Professional Graduate Program Centre (PGPC) would serve as an administrative and academic centre for campus-based cross-disciplinary professional graduate master's degree and diploma programs located at UTM. The doctoral programs were part of the tri-campus structure, but the professional master programs would preferably be housed in a local graduate unit. As the number of graduate programs had increased, there had been more complexities involved with multiple departments supporting multiple programs. Under the new interdisciplinary education framework, the PGPC was proposed as an EDU:B. While the PGPC would not have the authority to make primary faculty appointments, it would be able to make graduate cross-appointments. If a permanent faculty member were appointed, he or she would hold the appointment in an appropriate tri-campus graduate department and would then be cross-appointed to the PGPC. The UTM Dean would undertake the responsibilities of a Graduate Chair for the professional graduate programs.

A member asked how the current five professional master programs at UTM (listed in Appendix 1 of the attached documentation) would fit in the structure of the new Centre. Professor Krull replied that a proposal to transfer the Diploma in Investigative and Forensic Accounting to the PGPC from the Rotman School of Management would be submitted to governance in the future. The other programs had affiliations with home departments that would remain intact for the time being.

5. UTM Professional Graduate Program Centre – Extra-Departmental Unit B (EDU:B) (cont'd)

On motion duly moved and seconded

YOUR COMMITTEE RECOMMENDS

THAT the Professional Graduate Program Centre be established as an Extra-Departmental Unit B within the University of Toronto at Mississauga, effective July 1, 2007.

Documentation is attached hereto as Appendix “B”.

6. Community Affiliation Template Agreement between the University of Toronto and 15 Community Hospitals/Centres

Professor Goel stated that the community affiliation template agreement between the University of Toronto and the community hospitals was similar to the full affiliation template agreement. The main difference was that not all of the community hospitals were recognized as teaching hospitals. Within the proposed community affiliation template agreement there was also recognition that not all hospital medical staff had university appointments. As well, since not all clinical faculty members would have academic appointments, there would be less requirement than in the fully affiliated hospitals for University policy framework to be recognized by the hospital. The proposed agreement provided clarity about the teaching responsibilities and the responsibilities for patient services.

On motion duly moved and seconded

YOUR COMMITTEE RECOMMENDS

- (a) THAT the template for community affiliation agreements between the University of Toronto and the current community hospitals/centres, a copy of which is attached hereto as Appendix “C”, be approved, effective immediately;
- (b) THAT the President, or designate, be authorized to sign such agreements on behalf of the Governing Council, provided that the agreements conform to the approved template; and
- (c) THAT the agreements signed under the provisions of this resolution be filed with the Secretary of Governing Council.

7. Capital Project: Project Planning Report – St. George Examination Facility

Ms Sisam provided some background information, explaining that there was an urgency to provide dedicated examination space, as campus redevelopment had led to the loss of previously used exam spaces such as the Varsity Arena. The project planning report proposed the construction of a dedicated examination facility that would have a capacity of over 1000 seats, with 105 specialized accessible writing facilities for students. It was proposed that the former warehouse building at 255/257 McCaul Street be renovated to become the St. George Campus Examination Centre, addressing the shortage of both in-term and final examination space. The space could also be used for student study space when not in use for exams, and it could be rented as a general testing facility to outside users which would be convenient for our students and would generate revenue for the University. The provision of such a facility would make available approximately 15,700 hours of classroom time that was currently scheduled for in-term testing

7. Capital Project: Project Planning Report – St. George Examination Facility (cont'd)

and exams and would release Kruger Hall, making it available for other use by Woodsworth College.

A member asked whether the proposed location would cause a great shift in exam activity from the north to the south end of the campus. Ms Sisam replied that 255/257 McCaul Street was on the transit and subway line so would be accessible for students. She also pointed out that exam facilities were provided in multiple locations on campus, and the proposed Centre would help to consolidate the facilities and streamline the costs of testing. Professor Goel informed members that the provision of accessible exam testing across multiple sites was quite costly and required much coordination on the part of the Accessibility Services staff and faculty. The new location would lead to improved services for students and faculty.

A member praised the administration for developing the proposal and asked whether specific organizations that might want to use the Centre had been identified. Ms Sisam stated that the organizations that held standardized tests such as the Law School Admission Test or the Medical College Admission Test examinations had been suggested by the University registrars. Professor Goel added that the accessible stations would be very appealing and some colleges in the Greater Toronto Area, particularly those in the downtown core, might also be interested in using the Centre.

On motion duly moved and seconded

YOUR COMMITTEE RECOMMENDS

1. THAT the Project Planning Report for the St. George Campus Central Examination Facility to be located at 255/257 McCaul Street, a copy of which is attached hereto as Appendix "D", be approved in principle.
2. That the project scope, having a space allocation of 2700 nasm at a cost of \$10.6 million in January 2007 dollars be approved with funding provided as follows:

a) Woodsworth College	\$.50 million
b) Facilities and Services (FRP) spread over two years	\$1.00 million
c) Office of Space Management annualized payments over 20 years	\$.075 million
d) Borrowing, amortized over 20 years	\$8.35 million

8. Enrolment Report 2006-2007

Professor Zaky advised members that the enrolment report and enrolment projections had again been combined into a single document, following the format used for 2005-06. As well, the reporting had been extended to include the next 5 years as the budget plans were based on that time period. Undergraduate enrolment had been decreasing slightly, but graduate enrolment had been increasing in accordance with the graduate expansion plan that had been previously approved by the Planning and Budget Committee. The 2006-07 enrolment had been very close to target for most items with the exception of graduate enrolment. The projections of graduate

8. Enrolment Report 2006-2007 (cont'd)

enrolment had been based on aggressive estimates of the University's growth that were greater than actual enrolment.

Professor Zaky reported that there had also been a slight decrease in the number of international students. However, given that the international student enrolment had been quite high in the previous year, it was not unusual to see a decrease in 2006-07. Professor Zaky stated that international enrolment was highly volatile and was influenced by many external factors, so variations from year to year were expected. Over the past 6 or 7 years, there had been a steady increase of international students; currently they represented 9% of the undergraduate student population.

A member commented that he found the categories provided for graduate enrolment in the Faculty of Arts and Science (humanities, social sciences, physical sciences and life sciences - listed on p. 14 of the attached documentation) useful, and suggested that a similar program analysis be conducted for undergraduate enrolment in the future. Professor Zaky explained that undergraduate students did not select their program specialization upon entry, so it would be more difficult to provide such information. Professor Sinervo added that many students combined programs from different fields, choosing to enrol in double major or double minor programs. While the Faculty did produce reports on specialist, major, and minor distribution, reports based on the categories used for graduate enrolment might not be very useful. Professor Goel acknowledged that it would be valuable to examine how the distribution of student enrolment in fields had evolved over time, but noted that other reports might be better suited for such a purpose.

In response to a question, Professor Zaky informed members that enrolment numbers are subject to agreements with the Ministry of Training, Colleges and Universities. While the projections to 2011-2012 had been provided by the divisions, they were subject to revision as academic plans were updated and approved.

9. Capital Project: Project Planning Committee for the Faculty of Information Studies Expansion: Terms of Reference and Membership

The Committee received for information the membership and terms of reference for the Project Planning Committee for the Faculty of Information Studies Expansion. There were no questions.

10. Capital Project: Project Planning Committee for the Relocation of Capital Projects and Facilities and Services: Terms of Reference and Membership

The Committee also received for information the membership and terms of reference for the Project Planning Committee for the Relocation of Capital Projects and Facilities and Services. There were no questions.

11. Date of the Next Meeting (Monday, April 16, 2007)

The Chair reminded members that the next regular meeting of the Committee was scheduled for Monday, April 16, 2007 at 4:10 p.m. in the Council Chamber.

12. Other Business

There was no other business.

The meeting adjourned at 5:10 p.m.

Secretary

Chair

March 16, 2007