

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 263 OF THE BUSINESS BOARD

Wednesday, March 15, 2022

To the Governing Council,
University of Toronto.

Your Business Board reports that it held a virtual meeting on Tuesday, March 15, 2022 at 5:00 p.m. with the following members:

In Attendance: Anna Kennedy (Chair), Sandra Hanington (Vice-Chair), Meric Gertler (President), Scott Mabury, Vice-President, Operations and Real Estate Partnerships, Kelly Hannah-Moffat, Vice-President, People Strategy, Equity and Culture, Trevor Rodgers, Chief Financial Officer, Olenka Baron, Harvey Botting, David Bowden, Janet Cloud, Alicia Damley, Teodora Dechev, K. Sonu Gaiind, Sue Graham-Nutter, Maureen Harquail, Thomas Hofmann, Paul Huyer, Sarosh Jamal, Kathryn A. Jenkins,, Amin Kamaledin, Evan Kanter, Rajiv Mathur, David Regan, Nhung Tran, Ian Taylor,

Regrets: Danielle Skipp, Geeta Yadav, Samra Zafar

Secretariat: Sheree Drummond, Secretary of the Governing Council, Anwar Kazimi, Deputy-Secretary of the Governing Council, Patrick F. McNeill, Secretary

Non-Voting Assessors:

Cheryl Regehr, Vice-President and Provost, David Estok, Vice-President, Communications, David Palmer, Vice-President, Advancement, Joseph Wong, Vice-President, International, Heather Boon, Vice-Provost, Faculty and Academic Life, Jeff Lennon, Interim Assistant Vice-President, Planning and Budget, Joshua Mitchell, Director, Real Estate

In Attendance:

Dwayne Benjamin, Vice Provost, Strategic Enrolment Management, Elizabeth Cragg, Director, Office of the VPOREP, Angelique Saweczko, University Registrar, Raj Sharda, Chief Operating Officer, University Advancement, Olivia Stewart, Development Finance Analyst, Real Estate, Ali Syed, Advocacy Lead and General Executive, Computer Science Students Union (CSSU), Donna Wall, Director, Financial Aid and Awards

ITEMS 3(a), 3(b) AND 4 WERE RECOMMENDED TO THE GOVERNING COUNCIL FOR APPROVAL. ITEMS 5(a) and 6; AND *IN CAMERA* ITEMS 16(a), 16(b) and 16(c) AND 17 WERE APPROVED. ALL OTHER ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION

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Pursuant to section 33(i) of By-Law Number 2, items 14 to 17 were considered in camera.

OPEN SESSION

1. Chair's Remarks

The Chair welcomed members and guests, including President Gertler.

The Chair noted that two speaking requests had been received to speak to items 3(a) and 4 on the Agenda: *Publicly-Funded Tuition Fees*; and the *Budget Report 2022-2023 and the Long Range Budget Guidelines 2022-23 to 2025-27*.

2. Reports of the Administrative Assessors

New Chief, University Planning, Design and Construction (UPDC)

Professor Scott Mabury, Vice-President, Operations and Real Estate Partnerships stated that he was pleased to report that after a 2-year search, Mr. David Lehto had been appointed as the Chief, University Planning, Design & Construction. Mr. Lehto would join the University on March 28th.

3. Tuition Fees

Tuition Fees and Budget

The Chair advised members that the main theme of the meeting was student fees and the budget. Ms Kennedy referred to two background reports that had been provided: under Item 3(c) *Annual Report on Student Financial Support*; and Item 3(d) *Enrolment Report*. She thanked those members who were able to attend the budget preview information session held on February 14, 2022.

Professors Regehr and Mabury, and Mr. Lennon, reported on the *Budget Report for 2022-2023* and the *Long Range Budget Guidelines 2022-23 to 2026-27*, as well as the tuition fee recommendations.

As part of the Provost's introductory remarks, the Professor Regehr stated that despite the lasting effects of the pandemic, the University was in positive financial shape. Additional challenges included the declining proportion of government funding, potential constraints on domestic tuition, and the slowing of enrolment growth.

The Provost had consulted with the Deans on how to better engage students in the annual budget process – the Faculty of Arts and Science had also developed an improved budget consultation process which would be shared with other Deans. She also noted that both the Provost's Office and the Office of the Vice-Provost, Students, had met regularly with student leaders and that the budget reflected key priorities that were identified by students in the areas of student mental health, financial support for students (both domestic and international), student advising and experiential learning. In response to a member's question, the Provost added that the Vice Provost Strategic Enrolment Management and the Planning & Budget Office would meet with the member to discuss their perspectives on the University's student fee policy last updated in 1998.

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Highlights of the budget [presentation](#) included the following:

- the *Long Range Budget Guidelines* planned for a balanced budget in each of the five years; since 2006, the same budget model has been used;
- the total budgeted operating revenue for 2022-23 of \$3.23 billion was an increase of \$110M over the previous year;
- there continued to be a shift in the balance of funding between tuition and provincial operating grants, with provincial support representing 20% of operating revenues, down from 21% last year;
- the expense structure was unchanged (58% for faculty and staff compensation, 10% for student aid, and 7% for capital and equipment);
- budgetary impacts of COVID-19 had been less severe than expected;
- increased spending on financial aid, health and safety cleaning protocols, and student supports and services (partially offset by changes in travel and occupancy);
- deficit funding would be put in place to support recovery in ancillary services (e.g. food services and residences), which continued to be significantly impacted by reduced campus activity;
- divisional plans included an average 3.5% revenue growth overall, but with significant variation across divisions;
- revenue growth was expected to slow in future years;
- tuition fees for out of province domestic students in all undergraduate programs would be increased by 3% in 2022-23;
- long-range plan assumed return to a 3% tuition framework starting in 2023-24 going forward for all domestic students;
- provincial funding was expected to decrease from 20% to 18% by the end of the five-year plan;
- international tuition revenues made up 43% of the total operating budget with a slightly higher proportion of international student enrolment planned in the outer years;
- provincial funding for the University of Toronto was significantly less than Canadian peer institutions;
- enrolment remained steady, despite the continuing COVID-19 pandemic;
- 11% increase in undergraduate intake in Fall 2021 included increases in both international and domestic incoming cohorts, offset by decrease in retention rates for upper year domestic students;
- changes to provincial OSAP criteria required a larger contribution from parents and students with a household income of more than \$140K were no longer eligible for non-repayable support, resulting in a decrease in the number and proportion of students receiving OSAP support;
- impact of OSAP changes were not universally experienced across the three campuses given higher rates of participation at UTSC and UTM;
- \$331M would be set aside for financial aid in 2022-23; key priority under *Defy Gravity Campaign*;
- divisions had earmarked 6% of international tuition revenue for international scholarships for undergraduate students;
- budget priorities focused on students included mental health service redesign and expanded counselling options, increased experiential learning and research experiences, the Climate Positive Campus plan, investments in undergraduate financial aid and graduate funding

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packages, innovations in embedding EDI principles into curriculum and program designs, increased investment in the Sexual Violence Prevention & Support Centre, and support for divisional priorities in light of continued domestic fee freeze;

- academic divisional plans included hiring of tenure and teaching stream faculty, enhancement of student services, increased experiential learning, work-integrated learning, and research opportunities, introduction of several new academic programs, equity, diversity, and inclusion (EDI) initiatives, and allocations for capital projects;
- considerable progress in the diversification goals of the University’s international strategic plan over the last two years; will continue to build on success;
- the pension plan had a \$792M plan surplus (on July 1, 2021) for the transfer to the new University Pension Plan [the “UPP”], although the University was responsible for any potential future deficits for 10 years so a pension plan contingency reserve will be built up over the planning period to mitigate against this risk;
- deferred maintenance funding remained a high priority with a long-term goal of increasing investment to 1.5% of the replacement value of facilities annually; and,
- further to the approach established in 2019 by deans and senior leadership for the management and oversight of operating reserves, no more than 5-10% of operating reserves would be approved for any portfolio.

President Gertler expressed his support for the *Budget* and *Long Range Budget Guidelines* commenting that it reflected the prudent management of resources by many University leaders and the other administrators. The President stated that he welcomed the early engagement by students this year. The budget reflected the high priority on mental health service initiatives and more than \$330M allocated to student aid for domestic and international students – as well as the University’s strategic investment to leverage the *Defy Gravity* campaign. Professor Gertler stated he was impressed with 130 new positions that had been created to expand our recruitment of Black and Indigenous Faculty in the last five years year under the University Fund and that the 2022-23 Budget anticipated another 30 hires – this was a testament to the University’s commitment to EDI and the attractiveness and quality of U of T as a preferred employer; plus the effectiveness of academic leaders in enticing new faculty to join the University.

President Gertler acknowledged and thanked the Provost, the Vice-President, Operations and Real Estate Partnerships and Vice-Provost, Academic Operations, and the Interim Assistant Vice-President, Planning and Budget, and their teams for their exceptional work in bringing the budget forward; and to members of the Business Board and other members of governance for their excellent guidance and advice. Professor Gertler concluded his remarks by referencing Item 9 of the agenda regarding the *Moody’s Investors Service Credit Opinion* noting that the report acknowledged that the success of U of T in maintaining a balanced budget and its excellent financial picture was underpinned by strong governance and management oversight.

In response to a member’s comments and question, Professor Mabury, stated that that he did not anticipate any Provincial announcements regarding an updated *Tuition Fee Framework* and related changes to the out-of-province tuition fees – as part of the Budget, the proposed fee increase was set at 3% in line with the current allowable tuition fee framework. Professor Mabury added that “out-of-province” enrolment included approximately 3,300 student who also lived out of the country but were defined as “domestic” students who paid “out-of-province” domestic tuition fees.

REPORT NUMBER 263 OF THE BUSINESS BOARD – Tuesday, March 15, 2022**3. Tuition Fees continued:****a) Tuition Fee Schedule for Publicly-Funded Programs, 2022-23**

The Chair invited Mr. Ali Syed, Advocacy Lead and General Executive, Computer Science Students Union (CSSU) to address the Board. Mr. Syed stated that CSSU had, together with other student unions, led a comprehensive student consultation on the University budget and tuition policy. He reported on some of the results of the consultations and presented feedback on the budget informed by CSSU's consultations – this included research on post-graduate salary comparisons for Computing Science graduates according to Statistics Canada. Mr. Syed encouraged members to read CSSU's *Same Degree Same Fee Report* and reminded members about being invited to a series of information sessions with University of Toronto Student Union leaders that would be taking place via Zoom throughout the month of March.

The Chair thanked Mr. Syed for his presentation.

In response to Mr. Syed's presentation and additional questions by members, the Provost expressed gratitude to all the student groups for their tremendous amount of research, outreach and presentations to the various governance bodies, including the Academic Board and Business Board. Professor Regehr reported that students had met with the Dean of the Faculty of Arts and Science (FAS) – she noted that the divisions were each responsible for recommending and setting tuition fees.

The Provost explained that differential fees were a key part of the tuition fee framework developed by the Province in 1998, including all professional undergraduate and graduate programs. The University had also undertaken its own research on post-graduate salaries and earning potential. With respect to Computing Science graduates, salaries were considerably higher than other B.Sc. graduate potential earnings. The Provost invited student leaders to meet with Professor Dwayne Benjamin, Vice Provost, Strategic Enrolment Management. Professor Benjamin was an expert in the field of labour economics and welcomed further discussion with members of the CSSU.

The Provost commented that overall tuition, grants, and other revenue that supported the University as a whole (particularly faculty salaries) were largely distributed according to Divisional needs and not on the basis of any one unit's or program's capacity to be self-funding or profit generating –the University Fund had helped to redistribute funds to support programs and services, including mental health and wellness services across the three campuses. Professor Regehr stated that the University is committed to supporting students who are experiencing mental health distress and if computer science students are experiencing difficulty in accessing mental health services and support, they should indicate this to their undergraduate chair. She reiterated that the University was committed to accessibility for both domestic and international students.

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Prior to the vote on Item 3(a) re *Tuition Fee Schedule for Publicly-Funded Programs, 2022-23*, a request by a member to divide the motion was ruled by the Chair as being out of order¹.

On a motion duly moved, seconded, and carried

YOUR BOARD RECOMMENDED TO THE GOVERNING COUNCIL

THAT the 2022-23 tuition fees as described in the *Tuition Fee Schedule for Publicly-Funded Programs 2022-23* (March 1, 2022) be approved.

b) Tuition Fee Schedule for Self-Funded Programs, 2022-23

On a motion duly moved, seconded, and carried

YOUR BOARD RECOMMENDED TO THE GOVERNING COUNCIL

THAT the 2022-23 tuition fees as described in the *Tuition Fee Schedule for Self-Funded Programs for 2022-23* (March 2, 2022) be approved.

c) Annual Report on Student Financial Support, 2020-21

The Chair noted that the *Report* was intended as background to the tuition fee schedule.

d) Enrolment Report, 2021-22

The Chair noted that the *Report* was intended as background to the *Budget Report* and *Long Range Budget Guidelines*.

4. Institutional Operating Budget Report 2022-23 and Long Range Budget Guidelines 2022-23 to 2026-27.

The Chair reminded members that the Business Board, as the source of advice about financial matters and public accountability, was being asked to concur with the recommendation of the Academic Board that the Budget be approved. It was the Board's duty to satisfy itself that the proposal was financially responsible, that the budget assumptions were realistic, and that the level of risk in the budget was acceptable.

The Chair reported that the second speaker that had been granted speaking privileges to address that Board on the Budget Report had not joined the virtual meeting.

In response to a member's question regarding the proposed pension risk contingency reserve, Mr. Trevor Rodgers, Chief Financial Officer, explained that the University was responsible for any

¹ As per *By-Law Number 2*, Section 72(b): "An amendment which contravenes the sense of the motion to which it is proposed or negates it shall be out of order."

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potential future deficits of the University Pension Plan [the “UPP”] for 10 years so a pension plan contingency reserve would be built up over the planning period to mitigate against this risk; the amount of monies reserved to offset any deficits were determined based on work done with external actuaries on scenario modeling of investment returns and actuarial assumptions (e.g. discount rates). A slow reduction to the annual pension special payment budget was proposed as being the most prudent response to build up a pension plan contingency reserve fund over the 5-year planning period.

On a motion duly moved, seconded, and carried

YOUR BOARD RECOMMENDED TO THE GOVERNING COUNCIL

THAT the Business Board concur with the recommendation of the Academic Board,

THAT the *Budget Report 2022-23 be approved*, and

THAT the *Long Range Budget Guidelines 2022-23 to 2026-27* be approved in principle.

5(a). New Administrative User Fees and Fines (Category 6 Ancillary Fees), 2022-2023

On motion duly moved, seconded and carried

IT WAS RESOLVED

THAT the fees listed in Table 1 of the Report entitled *Schedule of Ancillary Fees (Categories 5 and 6) 2022-23* be added to the Administrative User Fees and Fines Schedule for 2022-23; and

THAT the fees listed in Table 2 of the Report entitled *Schedule of Ancillary Fees (Categories 5 and 6) 2022-23* be removed from the Administrative User Fees and Fines Schedule for 2022-23.

5(b). Category 5 Cost-Recovery Ancillary Fees, 2022-23 and Category 6, Administrative User Fees and Fines, 2022-23

The report was received by the Board for information.

OPEN SESSION CONSENT AGENDA

On a motion duly moved, seconded, and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted.

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6. Report of the Previous Meeting

Report Number 261 of the Business Board, February 2, 2022 was approved.

7. Business Arising from the Report of the Previous Meeting

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

8. Service Ancillaries Operating Plans, 2022-2023

The *Service Ancillaries Operating Plans, 2022-2023* was received for information.

9. Moody’s Investors Service – Credit Opinion dated February 10, 2022

The *Moody’s Investors Service – Credit Opinion* dated February 10, 2022 was received for information.

10. Status Report on Debt to February 28, 2022

The *Status Report on Debt to February 28, 2022* was received for information.

11. Correction - Senior Research Associate/Research Associate Policy – Recruitment

The Memorandum from the Vice-President, People Strategy, Equity & Culture, dated March 2, 2022 regarding the Correction to the *Senior Research Associate/Research Associate Policy (Recruitment Section)*, was received for information.

12. Date of the Next Meeting – Tuesday, April 26, 2022

The Chair advised members that the next meeting would be Tuesday, April 26, 2022 at 5:00 p.m.

13. Other Business

There were no items of other business.

**On motion duly made, seconded and carried,
THE BOARD MOVED *IN CAMERA***

14. *In Camera* Reports of the Administrative Assessors

The Vice-President, Vice-President Operations and Real Estate Partnerships reported on a property matter.

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15. Quarterly List of Donations of \$250,000 or more to the University of Toronto – November 1, 2021 to January 31, 2022

The *Quarterly List of Donations of \$250,000 or more to the University of Toronto – November 1, 2021 to January 31, 2022* was received for information.

16. Capital Projects:

(a) Galbraith Structural Testing Facility – Execution of the Project

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President, Operations and Real Estate Partnerships, as outlined in the memorandum dated March 7, 2022, regarding the execution of the Galbraith Structural Testing Facility capital project.

(b) Capital Project: University of Toronto Emerging and Pandemic Infections Centre (EPIC) Facility – Execution of the Project

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President, Operations and Real Estate Partnerships, as outlined in the memorandum dated March 7, 2022, regarding the execution of the University of Toronto Emerging and Pandemic Infections Centre (EPIC) Facility capital project.

(c) Capital Project: Harbord Residence, A New Graduate Residence on Harbord Street

i. Financing Requirement

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President, Operations and Real Estate Partnerships, as outlined in the memorandum dated March 7, 2022, regarding the Financing requirement of the Harbord Residence, A New Graduate Residence on Harbord Street capital project.

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ii. Execution of the Project

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President, Operations and Real Estate Partnerships, as outlined in the memorandum dated March 7, 2022, regarding the execution of the Harbord Residence, A New Graduate Residence on Harbord Street capital project.

17. Property Acquisition Matter

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President, Operations and Real Estate Partnerships, as outlined in the memorandum dated March 12, 2022, regarding a property acquisition matter.

**On motion duly made, seconded and carried,
THE BOARD RETURNED TO OPEN SESSION.**

The Chair thanked members for their attendance and participation in the Board meeting.

The meeting adjourned at 7:22 p.m.

Secretary

Chair

March 19, 2022