



University of Toronto

OFFICE OF THE VICE-PRESIDENT AND PROVOST

TO: **Planning and Budget Committee**

SPONSOR: Vivek Goel, Vice-President and Provost

CONTACT INFO: Safwat Zaky, Vice-Provost, Planning & Budget
(416) 978-7116, safwat.zaky@utoronto.ca

DATE: For meeting on February 27, 2008

AGENDA ITEM: 6

ITEM IDENTIFICATION

- Budget Report for 2008-09

JURISDICTIONAL INFORMATION

Excerpt from the terms of reference for the Planning and Budget Committee:

4.3.2. The annual budget is considered by the Committee for recommendation to the Academic Board. [The concurrence of the Business Board is sought in regard to fiscal soundness before it is forwarded to Council.]

HIGHLIGHTS

In the past, the University's long-range budget planning process was managed within a fixed five-year cycle. At the beginning of a cycle, revenue and expense projections were prepared for a period five or six years forward. These projections were updated in subsequent years, but no projections were prepared past the end of the cycle until a new cycle was started. Thus, the number of years for which projections were prepared became smaller as the cycle progressed.

The fixed-cycle approach is somewhat inflexible when the financial circumstances in which the University finds itself are changing rapidly. Often, it was felt necessary to start a new planning cycle before the previous cycle ended. Furthermore, under the new budget model, the University and each of its divisions need to look several years forward to properly assess their financial circumstances. Revenue and expense patterns change as divisions update enrolment plans, as tuition levels change, and so on. The availability of projections over a reasonably long horizon is needed to inform decisions on long-term commitments, such as hiring faculty and staff.

It is proposed that starting in fiscal 2009 the University adopt a budget planning policy based on a five-year rolling window. Each year, the budget assumptions used in the Budget Guidelines of the year before would be updated and new assumptions prepared for one additional year. Revised

revenue and expense projections would then be prepared for the new cycle based on these assumptions. This approach should provide a more realistic horizon for the University for the purpose of planning and decision making in a fast-changing environment. A proposal to use a rolling five-year window ending with no accumulated deficit as the framework for budget planning will be presented to Business Board.

The University's current enrolment plans call for a minor increase of undergraduate enrolment by about 100 students over the next five years. During the same period, graduate enrolment is expected to grow by about 4500 students, as per the graduate expansion plan approved by Governing Council in December, 2006. Total revenue is projected to increase by \$70M in 2008-09 and by \$289M by the end of the cycle. Cost of living increases and other necessary expenses will cause expenditures to increase at a faster rate. However, the University is proposing to implement cost containment measures to maintain a balanced budget for each year of the cycle.

According to the provisions of the new budget model, revenues flow to academic divisions. Costs for university-wide and shared services in the administrative divisions are then attributed to the academic divisions. Cost increases that will result in the need for cost containment measures at the divisional level. A large portion of the growth in revenue is derived from graduate enrolment and there are considerable costs associated with this expansion, particularly for graduate student support. Also, repayment of the accumulated deficit will cost an additional \$11.2M. Coming after several years of expense reductions, budget pressures in 2008-09 are very significant.

After taking these into account, and based on the assumptions described in the report for increases in salaries and benefits, an overall expense containment measure of at least \$16M is needed in 2008-09 to maintain a balanced budget. In addition, academic divisions will need to apply internal cost containments in order to achieve the objectives outlined in their academic plans. A cost containment of \$4M will be absorbed by the administrative divisions.

Projections for the years after 2008-09 show that increases in revenue are much less than what is needed for the University to recover from a long period of large expense reductions. This slow growth in revenue is a result of no projected increases in per-student funding by the government. At this time, no information is available about government funding beyond 2008-09, and no increases have been assumed in the budget guidelines for that period. For this reason, the projected increases in expense beyond 2008-09 are still somewhat uncertain. If there are no increases in revenue in the outer years, more stringent expense containment measures will need to be implemented.

FINANCIAL AND/OR PLANNING IMPLICATIONS

Total revenue is projected to increase from \$1,334M in 2007-08 to \$1,416M in 2008-09. After applying a cost containment measure in the amount of \$4M to the Administrative divisions, expenses will be equal to projected revenues, resulting in a balanced budget. Compensation increases and additional costs associated with graduate expansion and capital renewal are estimated to require cost containment of at least \$12.3M in the academic divisions.

The accumulated deficit is projected to be reduced to \$55M by the end of the 2008 fiscal year. It is proposed that this deficit be repaid in equal installments of \$11.2M in each of the next four years, with a final payment of \$10.3M in 2012-13, thus reducing the accumulated deficit to zero at the end of the budget cycle. Balanced budgets are proposed for each year.

RECOMMENDATION

1. THAT the 2008-09 Budget be approved, and
2. THAT the Long Range Budget Guidelines for 2008-2013 and the Planning Assumptions for 2008-2013 be approved in principle.



Faculty of Forestry

UNIVERSITY OF TORONTO

33 Willecks Street, Toronto, Ontario Canada M5S 3B3

Tel/fax: (416) 978-5480 / (416) 971-3077

Email: tat.smith@utoronto.ca

Constitution of the Council of the Faculty of Forestry

- I Derivation of Authority:** The Council of the Faculty of Forestry exercises its powers and duties under the provision of the University of Toronto Act, 1971, as amended.
- II Definitions:** In this Constitution and the accompanying by-laws:
- “*Faculty*” means the Faculty of Forestry and “*Council*” means the properly composed Council of the Faculty of Forestry of the University of Toronto.
- “*Teaching staff*” means a member of the Faculty of Forestry who holds an academic appointment of 50% or more in the Faculty of Forestry.
- “*Administrative staff*” means an appointed staff member of the Faculty of Forestry who is not a member of the teaching staff and who holds an appointment of 50% or more.
- “*Graduate student*” means any student registered with the School of Graduate Studies in a Forestry program of study leading a Master’s or PhD degree.
- “*Undergraduate student*” means any student registered with the Faculty of Arts and Science in the Forest Conservation Programs of study leading a BSc or BA degree.
- “*Alumni*” means anyone who is either a graduate of the Faculty of Forestry or a graduate of the Forest Conservation Programs (offered by Faculty of Arts and Science).
- III Council’s General Powers, Duties and Responsibilities:**
- a) Council shall determine its composition, including the number, composition and authority of committees of Council, subject to the provisions of the *University of Toronto Act 1971*, as amended, and with the approval of the Governing Council of the University, as required.
 - b) Council has authority for the academic policies of the Faculty, subject to the approval of such policies by Governing Council, as required. Academic policy sets out the principles for, the general directions, and/or priorities for the teaching and research activities of the Faculty. Recommendations on Faculty’s academic policy shall be referred to Council for discussion, advice and approval.
 - c) Council may delegate authority to a committee of Council; however, decisions of committees of Council must be reported to Council.
 - d) Council plays an advisory role, tendering advice to the Faculty administration, other bodies in the University, or bodies external to the University.

IV Council's Specific Powers and Duties: The specific power and duties of the Council are as follows:

- a) **Determine its rules and regulations:** Council shall determine the rules and regulations for governing its procedures and its decisions shall be made by resolutions passed at its meetings.
- b) **By-Laws:** The Council shall pass by-laws regulating the exercise of its powers and the calling and conduct of its meetings, and the method of appointment or election of its members.
- c) **Establish committees:** Council shall have the power to establish, alter, or disband its committees as deemed necessary and to determine their composition, authority, quorum and method of appointment of their members and chairs. Council has the final authority, be that in its decision-making capacity or in its advisory role, regarding recommendations brought forward by such committees.
- d) **Determine teaching programs:** Council shall determine the content and requirements of the teaching programs and courses of study that lead to degrees, diplomas, certificates and credits over which the Faculty has authority, and shall monitor the quality and standards of the programs.
- e) **Delegation of authority:** Subject to the provisions of the above, Council may delegate its authority over teaching programs and courses of study to various committees, to make minor changes without obtaining the approval of Council. All such changes shall be reported for information to Council. Major changes to any graduate program and new initiatives require the approval of Council. The decision of whether a matter is major or minor may be made by the Dean in consultation with the Chair of the Council, as per University policies and guidelines.
- f) **Awards:** Council shall award scholarships, bursaries, prizes and other awards in the gift of the Faculty and may delegate this responsibility to committees or officers of the Faculty.

V Powers, Duties and Responsibilities of the Dean:

- a) Council recognizes that the Dean exercises powers under the authority of the "*Policy on Appointments of Academic Administrators*" which states that the "*Dean of the Faculty is the Chief Executive Officer*" of the Faculty and reports directly to the Vice President and Provost.
- b) While the Dean may delegate authority to other academic administrators in the Faculty, the Dean retains responsibility for the overall direction of the Faculty and, in particular, for authority over the budget, appointments and promotions. In this respect, Council recognizes that the Dean has ultimate authority for the allocation and management of the Faculty's resources.
- c) According to the "*Policy on Appointments of Academic Administrators,*" the

Dean shall consult with the members of the Faculty on matters of policy and practice but is ultimately responsible for all administrative decisions that are within his/her jurisdiction and authority.

- d) The Dean shall advise Council of the resource implications of proposed academic policy decisions.
- e) The Dean shall seek the advice of Council on administrative proposals that may have a significant impact on the academic programs of the Faculty.

VI Membership of the Council:

- a) The following will be the *Ex Officio* members of the Council (*ex-officio implies voting, unless otherwise noted*):
 - President of the University, or designate;
 - Vice President and Provost of the University, or designate;
 - Dean of the School of Graduate Studies, or designate;
 - **Dean of the Faculty of Arts & Science, or designate;**
 - Dean of the Faculty of Forestry;
 - Graduate Coordinator of the Faculty of Forestry;
 - Undergraduate Coordinator of the Faculty of Forestry;
 - Coordinator of the Master of Forest Conservation Program;
 - Graduate Administrator of the Faculty of Forestry;
 - President of the Forestry Undergraduate Student Association;
 - President of the Forestry Graduate Student Association;
 - The Governing Council member representing the Constituency of the Faculty of Forestry;
 - President of the Alumni Association;
 - Secretary of the Faculty Council (non-voting).
- b) Other voting members will be elected or appointed, and normally should include the following:
 - three teaching staff members (from full-time and part-time – with 50% or greater annual appointments), one each from three streams of the faculty – biological sciences, social sciences and wood products;
 - one member of the administrative staff;
 - one undergraduate student;
 - two elected graduate students – one from the Master of Forest Conservation program and one from the research stream graduate program (MScF and PhD);
 - one member of the Alumni, who is not a member of the teaching staff, administrative staff or a student in the Faculty;
 - up to two members who are teaching staff of other University of Toronto faculties, schools and departments;
 - up to two members of professionally-related agencies/affiliated units/Faculty of Forestry Advisory Board, as recommended by the Dean of the Faculty of Forestry;

- one emeritus professor or other associate member of the faculty;
- one Director or Chair of Collaborative programs.

VII Chair:

- The Council will elect at its final meeting of the year, from among its members for that year, who will be continuing members, a Chair and a Vice-Chair for the succeeding year.
- The Chair shall preside at all meetings of the Council.
- In the absence of the Chair, the Vice-Chair shall preside.

VIII Secretary of Council:

- The Secretary of Council shall be appointed by the Dean in consultation with the Chair.
- The Secretary shall be a non-voting *ex officio* member of Council.

IX Meetings: Council shall meet at least two times during the academic year.

X Voting: Each voting member of Council has one vote on any question. Motions pass with a simple majority unless otherwise stated in the rules of procedures of Council.

XI Notice of Meetings:

- Notice of each meeting, including a proposed agenda, shall be give to members at least two weeks in advance of the meeting.
- Meetings of Council shall be open to the public.

XII Special Meetings:

A special meeting may be called by the Chair of the Council, the Dean of the Faculty, or upon the written request of five members of the Council, and shall be convened within 30 days to consider the matter(s) requiring the meeting. Notice of such a meeting shall be given at least one week prior to the meeting.

XIII Quorum:

One third of the voting members shall constitute a quorum for all meetings. This number will be determined each year.

XIV Amendment:

The Constitution of the Council may only be amended with the approval of the Council and the Governing Council of the University of Toronto. Voting shall take place at a regularly constituted meeting to which there has been 30 days' notice of the proposed amendment. An affirmative vote to amend the Constitution is required by two-thirds of the members of the Council present. Following approval of the amendment by Council, the amendment is forwarded to Governing Council for approval.

XV Revision:

This Constitution was revised on 28 June 2006. It is subject to a review within five years.

XVI Approval:

Approved by Academic Affairs Committee September 12, 1985.

Revised by Faculty Council (Section III) June 1, 1988; submitted to Academic Affairs August 29, 1988.

Revised by Faculty Council (Section III) May 30, 1989; submitted to Academic Affairs June 19, 1989.

Revised by Faculty Council (Section III.5) January 11, 1991.

Revised by Faculty Council (Section III.5) May 30, 1991; approved by Executive Committee of Governing Council July 17, 1991.

Revised by Faculty Council June 28, 2006; approved by Executive Committee of Governing Council October 18, 2006.

Revised by Faculty Council (Section VI) April 17, 2007; approved by Executive Committee of Governing Council (date)