UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 187 OF THE BUSINESS BOARD

March 7, 2011

To the Governing Council,
University of Toronto.

Your Board reports that it met on Monday, March 7, 2011 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. W. David Wilson (In the Chair)
Ms Shirley Hoy, (Vice-Chair; In the Chair for the last part of the meeting)
Ms Catherine J. Riggall, Vice-President, Business Affairs
Professor Angela Hildyard, Vice-President, Human Resources and Equity
Mr. P. C. Choo
Mr. Jeff Collins
Mr. William Crothers
Ms Paulette L. Kennedy
Mr. Gary P. Mooney
Ms Deborah Ovsenny
Ms Penny Somerville
Mr. Olivier Sorin
Mr. W. John Switzer
Ms B. Elizabeth Vosburgh
Professor Cheryl Misak, Vive-President And Provost
Mr. David Palmer, Vice-President, Advancement
Professor Judith Wolfson, Vice-President University Relations
Ms Sheila Brown, Chief Financial Officer
Mr. Louis R. Charpentier, Secretary of the Governing Council
Mr. Paul Donoghue, Chief Administrative Officer, University of Toronto at Mississauga
Ms Sally Garner, Executive Director, Planning and Budget
Professor Scott Mabury, Vice-Provost, Academic Operations
Mr. Ron Swail, Assistant Vice-President, Facilities and Services

Mr. Neil Dobbs, Secretary

Regrets:

Ms Mary Anne Elliott
Mr. J. Mark Gardhouse
Mr. Steve (Suresh) Gupta
Mr. Kent Kuran
Mr. George E. Myhal
Mr. Tim Reid
Professor Arthur S. Ripstein
Ms Melinda Rogers
Mr. Howard Shearer
Professor Janice Gross Stein

In Attendance:

Professor Cristina Amon, Dean, Faculty of Applied Science and Engineering
Mr. Ken DeBaeremaeker, Manager, Enrolment Planning and Modeling, Office of the Vice-Provost, Academic Operations
Mr. Jim Delaney, Director, Office of the Vice-Provost, Students
Ms Sheree Drummond, Assistant Provost
Professor Meric Gertler, Dean, Faculty of Arts and Science
Dr. Anthony Gray, Special Advisor to the President
Ms Joan Griffin, Coordinator, Student Policy Initiatives, Office of the Vice-Provost, Students

Mr. Sandeep Malik, Senior Manager, Budget Planning and Administration, Office of the Vice-Provost, Academic Operations
Professor Jill Matus, Vice-Provost, Students
Professor Mark McGowan, Principal, St. Michael's College
Ms Gillian Morrison, Assistant Vice-President, Divisional Relations and Campaigns
Mr. William (Bill) Simmons, Assistant Vice-President, University Development
Mr. Daniel Vandervoort, External Commissioner, Graduate Students' Union
Ms Mae-Yu Tan, Assistant Secretary, Office of the Governing Council
Mr. Anwar Kazimi, Committee Secretary, Office of the Governing Council

ITEMS 2 AND 6 CONTAIN RECOMMENDATIONS TO THE GOVERNING COUNCIL FOR APPROVAL.

1. Report of the Previous Meeting: Report Number 186 – January 31, 2011

Report Number 186 (January 31, 2011) was approved.

2. Student Fees and the Budget

The Chair said that the main items of business of the meeting were the proposals for student fees and for the budget for 2011-12. Professor Misak would introduce the matters, and Professor Mabury and Ms Garner would provide a substantial combined presentation on them. Their presentation would include reference to two background reports that had been provided to other Governing Council Committees: the enrolment report and the annual report on student financial support. Both were very important to the consideration of the tuition-fee schedule. The Chair had received from the President his statement, traditionally requested by the Board, concerning the President's view with respect to the financial prudence of the budget framework and his assessment of the major elements of risk in the budget. Because the President had another University commitment and was unable to attend, the Chair would read his statement. Following the presentation and questions for clarification, the Board would begin its consideration of each of the agenda items in turn. In the course of discussion, Mr. Daniel Vandervoort, the External Commissioner of the Graduate Students' Union, would be invited to speak.

Professor Misak said that the proposals on tuition fees and the budget were coming forward in perilous economic circumstances for post-secondary education in Ontario, Canada and internationally. Less and less public assistance was being provided to public universities in the United States and there had been massive reductions in funding for public universities in the United Kingdom. The University's defined-benefit pension plan was, as members were aware, in a severe deficit position, which would require substantial additional funding from the operating budget. On the other hand, the University's new budget model was becoming well established. With divisions retaining most of the revenue they generated, they were making very good decisions that served to create additional revenue. The situation of the various divisions differed, with some divisions facing real problems in making their special payments to the

2. Student Fees and the Budget (Cont'd)

pension plan. Others were finding it easier to do so, although the cost was very real for all divisions.

Professor Misak said that the proposals concerning tuition fees and the budget were being brought to the Board together because the budget relied so heavily on the revenue generated by fees. Remarkably, tuition fees were now expected to generate more revenue than provincial operating grants. Enrolment was also tightly intertwined with student fees and the budget. There was considerable demand for every place at the University – a fact that ensured that the University would be able to generate its projected revenue and continue to attract excellent students.

(a) Presentation and Questions

Professor Mabury and Ms Garner presented the tuition-fee and budget proposals along with the other associated items. Among the highlights of their report and responses to questions were the following.

- **Province of Ontario tuition-fee framework**. The maximum average fee increase for any university in Ontario was limited to 5% per year. Within that overall limit, tuition-fee increases for students continuing in their programs were limited to a maximum of 4%. The increase in the tuition fee for most entering students was limited to 4.5%, in particular for students entering the large Arts and Science divisions. The increase in the tuition fee for students entering professional and graduate programs was limited to 8%.

- **Enrolment**. In 2010-11, the University had met its planned enrolment targets in all categories of students: undergraduate, graduate, domestic and international. Each year, it received applications from approximately 62,000 high-school graduates for direct-entry undergraduate programs, made offers to about 40,000 of them, and registered about 12,000 students in the first year of those programs. Those numbers had remained fairly consistent over recent years. The University's first-year registrations currently represented about 18% of first-year places in direct-entry programs in Ontario. The University planned to grow its first-year enrolments in those programs by only 9% of the overall growth in the Province. The result should be a significant increase in the quality of the students admitted and registered.

- **Tuition-fee increases**. While the average permissible increase in tuition fees was 5%, and while most Provincial authorities assumed that the University would increase its revenue by that amount, the University of Toronto, because of its large enrolment in Arts and Science programs with a lower maximum, would have an average increase in tuition fees for domestic students of only 4.31%. While the difference in the revenue generated between a 4.31% increase and a 5% increase was not a large amount in any given year, compounded over five years, the difference amounted to about $50-million per year less revenue.

2. Student Fees and the Budget (Cont'd)

For international students, the average fee increase would be 6.42%. For most programs, tuition fees for incoming international students would increase by between 8% and 10%. The increase for continuing students would be limited to the usual 4%. That increase would be accompanied by a considerable increase in investment in services to support international students. Providing appropriate services would be very important in recruiting international students in future years. There would also be a significant increase in the investment made to recruit international students.

The outcome would be, in dollar terms, a tuition fee increase of $250 or less for about 60.9% of students, with 19.6% having an increase of between $251 and $350 and 19.5% having an increase of $351 or more. The average increase would be $325, and the median increase would be $235.

In percentage terms, the increase for about 92% of students would be between 4% and 4.5%, with 6.5% having an increase greater than 4.5%.

The total fees (tuition plus incidental fees) in the large Arts and Science programs at the University of Toronto were currently at about the middle of the range of fees in Canada. The total tuition and incidental fees would be $6,263 for Arts and Science students at this University, more than the lowest fee of $5,253 at the University of British Columbia and less than the highest fee of $7,198 for out-of-Province students at McGill. For international students, the Arts and Science fee of $24,525 for international students in Arts and Science was the highest among Canadian universities, but it was below the mean of $25,972 for Arts and Science fees at universities in the Association of American Universities (assuming the Canadian and U.S. dollars at parity). It was also well under the non-resident tuition plus incidental fees for a University with a large population of international students to which the University of Toronto was frequently compared. The fee at the University of Michigan – Ann Arbor was $37,265.

A member asked how the University's proposed tuition-fee increases compared with those of other Universities in Ontario. Professor Mabury and Ms Garner said that the average 4.3% increase was very close to the average increase planned by other universities with a large proportion of Arts and Science students. In some universities with a higher proportion of students in professional programs, the increase was closer to the permissible maximum average increase of 5%. In response to another member's question, Ms Garner said that the 4.3% average increase included fees for domestic students in all government-supported programs, including professional master's degree programs.

- **Student aid**. In 1998, the Governing Council of the University of Toronto had led the Province by its approval of the Policy on Student Financial Support, which stated that "no student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to lack of financial means." That Policy was a precursor of the Ontario Ministry of Training, Colleges and Universities' Student Access Guarantee, which

2. Student Fees and the Budget (Cont'd)

stated that "no qualified Ontario student should be prevented from attending . . . due to lack of financial support programs," and that "students should have access to the resources they need for their tuition and books and mandatory fees." Professor Mabury stated that the University of Toronto did a good job of meeting the requirements of those policies.

In 2009-10 (the most recent year for which full data were available), the University had provided student assistance amounting to $137.6-million. 23% of that amount or $31.4-million was distributed through the University of Toronto Advanced Planning for Students (UTAPS) program. 22% or $30.2 million took the form of awards funded by the endowment. 27% or $37.5-million took the form of fellowships for graduate students, funded from the operating budget. Spending projected in the 2010-11 budget was significantly higher.

In 2009-10 the University's doctoral-stream graduate students had $196.5-million in support from various sources. About one half of that was provided through the University's operating fund in the form of teaching assistantships and University of Toronto fellowships. University of Toronto students did well in competitions for federal government funding, including $57.1-million for awards and stipends funded by the three national research granting councils and $28.3-million of funding for research assistantships from research grants.

Well over half of students graduating from direct-entry programs, nearly 55%, did so without any Ontario Student Assistance Program (OSAP) debt. That proportion had remained roughly the same over the past decade. Of those with OSAP debt, over 30% owed less than $15,000 (in 2009 dollars).

A member commented that the University should not take too much comfort from the fact that the proportion of students with OSAP debt had remained the same and that the amount of that debt had not increased dramatically. While it was very difficult to know the proportion of students or the amounts involved, students did have other types of debt. Professor Misak, Professor Mabury and Professor Matus replied that the University recognized that fact. However, it had information on OSAP debt and was required to report that information to the Ministry of Training, Colleges and Universities. It had not been able to assemble information on other types of debt, in spite of real efforts to do so. The University would, in a survey of new graduates in the coming year, include a question concerning debt being carried from all sources. The University had been concerned that OSAP debt would have increased as a result of the recent recession, and it was relieved that such debt had not increased. Nonetheless, University policy required that student need be met, and more money was being placed into student aid budgets each year, in part to deal with enrolment increases and in part as recognition of the effect on students of increasing costs. The percent increase in the budget provision for student aid was greater than the average percent increase in student fees.

2. **Student Fees and the Budget** (Cont'd)

- **Budget context**. Governing Council policy provided for long-term budget planning using a rolling, five year window. The University was committed to producing a balanced budget each year, unless there were extraordinary circumstances, as had been the case two budgets previously when there had been no payout from the endowment funds. Any accumulated deficit was to be repaid over a five-year period.

  Government funding for higher education in Ontario and in many other jurisdictions, particularly in the United States and the United Kingdom, had been flat in recent years and had, in fact, been declining, especially after taking into account the effect of inflation. The Province of Ontario's tuition-fee framework would, for the forthcoming year, be in effect for its final scheduled year. The University did not know whether or how tuition fees would be regulated in the later years of its budget plan. Therefore, for planning purposes, the University assumed that the current Framework would remain in effect. The University's enrolment was on target because demand for places at the University was strong and because the University carefully controlled its enrolment. The University faced challenges in funding its pension plan, as did almost every other public-sector institution with a defined-benefit pension plan.

  The proposed budget for 2011-12 was a balanced one at the institutional level, and the University would continue to pay down its accumulated deficit on schedule. In addition, those divisions that had borrowed from the special fund set up two years ago to provide assistance in dealing with the cancellation of the endowment payout would repay their borrowing over the established five-year period. It was anticipated that there would be substantial new revenue, amounting to $108.6-million, for 2011-12, which would be a real help in making the required special payment into the pension plan. Compensation represented a real challenge for the year, with the University entering into negotiations with most of the major staff groups for 2011-12, in the new regulated environment in Ontario. Nonetheless, the University did plan to move ahead with funding key institutional priorities for the year.

- **Budget overview**. The budget projected revenue of almost $1.7-billion. $1.3-billion or 78% of that amount would consist of tuition fees and Provincial operating grants, which depended on enrolment. $168-million of other general revenue included transfers to the operating budget from endowment earnings, investment income on expendable funds, and research-overhead payments. Divisional revenues of $204-million would be earned directly by the divisions from such activities as continuing-education programs.

  An amount of $98-million was included in the operating budget for centrally funded student aid. That represented only a part of overall student aid, which also included funding supplied by the individual academic divisions and monies supplied to graduate students through research grants. University-wide costs for shared services were budgeted at $425-million. An amount of $1.165-billion, or nearly 70% of the total, represented expenditures budgeted for the academic divisions

2. Student Fees and the Budget (Cont'd)

- **Enrolment** drove 89% of revenue (other than divisional revenue). The University planned enrolment growth of 2,500 students over the next five years to 81,000 students, or (taking into account some part-time students) 69,000 full-time-equivalent students. It was planned that the enrolment in Arts and Science programs on the St. George campus would be reduced somewhat over the period, with growth in Arts and Science enrolment taking place on the Mississauga and Scarborough Campuses. That growth would be limited, and it would differ between the two campuses, until they had an opportunity to expand their facilities. Until the University was able to expand the campuses, enrolment at UTM was likely to grow to a population of 1,300 students greater than that at UTSC. Some growth was also projected for students in other direct-entry undergraduate programs: Applied Science and Engineering, Physical Education and Health, and Music. The enrolment of graduate students on the three campuses was projected to grow, and that growth to date was on track. The Government had capped funding for both graduate and undergraduate funding for domestic students, and it did not fund international students. The University was therefore carefully controlling its enrolment to ensure that it took advantage of the full funding available for domestic students and that it did not register unfunded domestic students. The divisions were focusing on growing the enrolment of international enrolments, who paid higher fees and were self-funding. Since 1977, total enrolment at the University had about doubled. In 1997, international students formed 3.8% of the University's enrolment. They currently represented 11% of enrolment, and that proportion was projected to grow to 14% by 2015.

  In 2005-06, 74% of the University's undergraduates had been from the greater Toronto area. By 2010-11, that had declined to 66%. The proportion from other locations in Ontario had remained fairly stable, with a small increase in students from other provinces and a larger increase, from 12% to 19%, in students from other countries. For graduate-student enrolment, international student enrolment had shrunk from 17% to 14%. There had been some growth from 9% to 14% in the proportion of students from other provinces.

  A member asked how international enrolment compared with other Canadian universities. Professor Misak and Ms Garner replied. While the enrolment of international undergraduate students was greater at the University of Toronto than at other Ontario universities, international-student enrolment at McGill and the University of British Columbia was significantly greater than that at the University of Toronto. The enrolment of international students at this University was less than that at peer institutions in the American Association of Universities such as the University of Michigan. The University did see some opportunity for attracting more international students and it was investing more in the recruitment of such students. For example, fees for domestic students in the United Kingdom were being increased substantially to about £9,000 per year. Students in the U.K. could therefore attend highly rated programs at the University of Toronto and pay international-student fees that were very similar to the fees they would have to pay at universities in the U.K. The University would seek to recruit more, outstanding international students.

2. Student Fees and the Budget (Cont'd)

In response to members' questions, Professor Misak said that the enrolment of international graduate students was much less than the University would like it to be. The Government of Ontario provided no funding for such students. Because of the University's policy of funding the tuition fees and living costs of doctoral-stream graduate students, and in the absence of Provincial funding, such students were very expensive. The University was making every effort to advocate Government funding for top-rate international students, but it was facing a very difficult task in so doing.

Another member asked whether the University would place a limit on graduate places for international students. Professor Misak replied that the University recognized its duty, as a publicly funded institution, to provide graduate training to Canadian students. That duty had to be balanced with the other duty of attracting the best possible graduate students from any location. Therefore, while it would seek to recruit more international graduate students, it recognized the necessity of establishing some limit. However, the University was now nowhere near having to do so.

- **Revenue: incremental revenue for 2011-12**. $108.6-million of new revenue was expected for 2011-12 over that received in the current year. $31.7-million was expected from additional operating grants. $66.0-million was projected from additional tuition-fee revenue, reflecting both fee increases and growth in enrolment. Finally, $10.9-million of additional revenue was budgeted from increases in endowment earnings, investment earnings, and application fees. The increase in Government operating grants over the five years of the planning period was projected to arise from some enrolment growth in Master's degree graduate students and at UTM and UTSC, and from some increase in per-student funding for students in the professional program in Medicine and in the post-graduate medical education program. There was no projection of any other increase in per-student funding. Government per-student operating grants were lower in Ontario than in any other province. If the University of Toronto received the same level of per-student funding as universities in the provinces where post-secondary education funding was the best – Newfoundland and Alberta – its funding would be approximately double its current level.

  The $66-million projected increase in revenue from tuition fees would include $20-million from changes in fees for domestic students, $33-million from changes in fees for international students, and $13-million from enrolment increases and from the flow-through of students to the second year where in-program tuition levels increased at that level.

- **Revenue: other sources**. Other revenue included Federal Government funding for 242 Canada Research Chairs. The number of Canada Research Chairs was determined by the University's share of funding from the three federal research granting councils. While the University's funding from those Councils had increased, its share of overall funding had declined, with the result that the University's number of Canada Research Chairs had declined by five. It was projected that the number of Chairs would increase by 6 by the end of the five-year budget planning period. Another source of revenue was the investment

2. Student Fees and the Budget (Cont'd)

income earned from the Expendable Funds Investment Pool. For the current year, that revenue was budgeted at 2.63%, and it was projected to increase to 3.22% for 2011-12. Federal funding for the institutional (overhead) cost of federally funded research was projected to be $19.6-million. That was 18% of the total amount of grants from the three federal granting Councils, a decline from the previous rate of 20%. The actual institutional cost of funded research amounted to more than 50% of the amount of grants, meaning that the operating budget had to absorb about $30-million of that cost.

Revenue from the endowment in support of student aid and endowed chairs was projected to grow from $7.20 per unit of the unitized endowed pool in 2009-10 to $8.00 per unit at the end of the planning period in 2014-15. Revenue from the endowment would generate about $33.8-million for student aid in 2011-12 and $14-million in support for endowed chairs. In response to a question, Professor Misak and Ms Garner said that the projection assumed a reasonably stable economic environment. The University had been forced to cancel any payout in 2008 as a result of the market crisis. It had to meet its commitments for need-based student aid and for the salaries of endowed chairs, and it had done so. It had done so by using funds that were being saved by the divisions for other purposes, by delaying new appointments and by other painful means, and it would be very difficult to face the same situation again at any time soon. The projection of revenue from the endowment was not an aggressive one.

The largest source of the University's revenue for 2011-2 would be tuition fees at 40% of total revenue, for the first time exceeding Provincial operating grants, which would provide 38% of total revenue.

- **Expense**. Notwithstanding an expected amount of over $100-million of new revenue, the University was giving a great deal of attention to spending controls. Base-budget and one-time-only reductions were continuing to be made. The central divisions across the Board were required to make 3% budget reductions for the 2011-12 year. With the new budget model, the required reductions varied among the academic divisions. The divisions retained a substantial proportion of the revenue they generated. In some cases, for example academic divisions with growing enrolments, or with good income sources such as professional master's degree programs, or with monies set aside, there might be no need to make base-budget reductions. In others, such as those with no enrolment growth, such reductions would be required. One-time-only reductions were required to pay down the old institutional deficit of $21.5-million; that amount would be paid off in two years. In spite of the budget pressures, the University was planning to make investments in key institutional priorities.

- **Expense: Pension plan**. Members were aware of the major problem in funding the pension plan, with its solvency deficit of about $1-billion. The University hoped and expected that the Government would approve the University's special funding plan and allow it to amortize that deficit over a period of fifteen years. If for some reason the Government did not do so, the University would be required to amortize the deficit over a period of only five

2. Student Fees and the Budget (Cont'd)

years at a rate of $200-million per year. As members knew, the University had adopted a multi-pronged strategy. First, it would increase its budget for special payments into the pension plan. Second it would borrow internally from the Expendable Funds Investment Pool or externally. Third, it would consider the sale or lease of assets. Fourth, it could issue letters of credit. The Government would require that the University's strategy include increased employee contributions for current-service costs. Such contributions would not be used to fund the deficit, but they would be required to ensure a sustainable plan for the future.

The current amount of special payments into the pension plan (over and above employer payments for the current-service costs) was $27.2-million per year. The University would increase that special payment by $30-million for 2011-12, by a further $20-million for 2012-13 and by a further $10-million for 2013-14. At that time, the special payments budget would amount to $87.2-million per year, which would have to continue until at least 2029. While it would be difficult to find an additional $30-million per year for special payments in the budget for 2011-12, it would, given the anticipated new revenue, be manageable. Special payments of the eventual amount of $87.2-million per year would be a very major challenge. They would, however, be much preferable to the $200-million per year that would be required if the Government did not agree to the University's plan and allow it fifteen years to amortize the plan deficit. The University hoped that the prevailing interest rate would increase, which would enable an increase in the rate used to discount the liability of the plan to its present value; that would reduce the liability and therefore the deficit. In addition, the University hoped that the securities markets would rise, providing more assets to cover the plan liability.

- **Expense: Investment in shared infrastructure**. In spite of the difficulty caused by the need to make the special payments into the pension plan, the University did plan to invest $18.9-million in shared infrastructure, much of it for information technology. $17.9-million had been budgeted for a new-generation student information system. The Blackboard system had been very successful, and the University of Toronto was the largest University user of that system. It now had to be upgraded with new hardware and software. In addition, the University had to increase its wireless connectivity for students. The budget for caretaking and maintenance had to be increased by $2.2-million to handle the new facilities that had been built over the past year. An investment of $4.7-million was required for University Advancement, both to handle the increased expense that would be required for the forthcoming Campaign and to improve the Advancement Information System. An additional $2.5-million was being budgeted for research services, both to improve the Research Information System and also to provide for an expansion of the staff required to assist in the management of the significantly increased funding being received from research grants. Major efforts were underway to increase funding even further from non-government sources. A small increase of $200,000 would be provided to the Financial Services operation, and $1-million would be added to the student recruitment and marketing fund. The emphasis in student recruitment would be efforts to attract international students. Finally, consistent with the University's policy of maintaining the real value of the Library acquisition budget against

2. **Student Fees and the Budget** (Cont'd)

erosion by inflation, the Library acquisition budget would be increased by $1.2-million. Of the $18.9-million proposed for investment in shared infrastructure, $15-million would be one-time-only spending.

- **Expense: University-wide costs**. University-wide costs were budgeted at $425-million for the year. The largest item, at almost 25%, was occupancy cost – the cost of maintaining the University's buildings and grounds. The second largest item was central Library costs, at almost 20% of the total. The cost of special pension contributions would be 11% of the total for 2011-12.

  According to data gathered by the Council of Ontario Universities, based on rigorous definitions, central administrative costs at the University of Toronto represented 4.2% of total expense, significantly under the 6.0% of the average in the Ontario system other than this university.

- **Expense: student aid**. Central funding for student aid would increase by $12.3-million to a total of $98.2-million. The increase in centrally funded student aid would take place at a higher rate than the proposed increase in tuition fees. The operating budget would supply $3.4-million more base-budget money. An additional $2.4-million was expected for University of Toronto students from the Ontario Graduate Scholarship program. Student aid funded by endowments was expected to increase by $2.5-million. An additional $4-million would be found for one-time funding of student aid from the carry-forward of unspent funds from the current year's budget and from expendable donations. The University was committed to ensuring that no student admitted to a program would be unable to enter or complete it because of a lack of funds. Therefore, additional funds had to be identified to meet student need. In response to a member's question, Professor Matus undertook to include in the next year's Report on Student Financial Support the number of students receiving need-based aid.

- **Budgets for the academic divisions**. Professor Mabury outlined the process for the allocation of budgets to the academic divisions. From the gross revenue generated by each division was subtracted the division's share of University-wide expenses, its contribution to the University Fund and its contribution to centrally supplied student aid. The divisions than retained and allocated their remaining revenue.

  In addition to that revenue, divisions might receive allocations from the University Fund. Those allocations emerged from budget review meetings with the eighteen divisions held each fall. Wide-ranging discussions sponsored by the Vice-President and Provost considered elements of divisional revenue, largely driven by enrolment targets, by the balance between domestic and international enrolment which drove revenue from tuition fees, and by advancement targets. That same group also considered elements of expense including capital / space plans (which provided the context for enrolment targets) and faculty / staff

2. Student Fees and the Budget (Cont'd)

complement plans. The discussions were supported by a great deal of analysis and were very wide-ranging. They led to allocations from the University Fund, they provided a clear view of where each division was going and where the University as a whole was going, and they led to valuable advice for each Dean, often based on steps being taken by other divisions that were proving to be helpful. They also led to the emergence of opportunities for collaboration.

One element that had emerged for the forthcoming year was the plan to invest $1.5-million in a course development fund that would make it possible for faculty members in primarily graduate divisions to offer courses to students in undergraduate divisions. The outcome was expected to be the offering of between 40 and 50 new courses without the hiring of new faculty. Very importantly, the outcome would enable undergraduate students to take courses from some of the leading faculty members at the University. This was an example of the very high level of effort being made to ensure that all members of the University were working together to do everything possible within the limitations of the budget.

Until 2007-08, the University Fund had been required almost entirely to ensure, in the transition to the new budget model, that divisions did not find themselves with reduced budgets from the previous budget process. Since that time, the University Fund had provided $35-million of funding differentially to the academic divisions, and Professor Mabury displayed a bar chart showing which divisions had derived net allocations, and their amount, and which divisions had provided net contributions and their amount. He also displayed a graph showing the total amount of University Fund allocations, which represented a relatively small proportion of the expense budget. In the proposed budget for 2011-12, for example, the University Fund would allocate $134-million out of a total expense budget of $1,688-million. Divisions made the vast majority of the budget decisions from their net revenues, which were 89% driven by their enrolment.

New revenue was expected to amount to $108.6-million. Of that, $3.1-million or 2% would be allocated to shared-service divisions, $5.1-million to student aid and other non-discretionary expense, $30-million or 27% to the special payment into the pension plans. $70.4-million or 65% would be allocated to the academic divisions. In allocating their net revenue, divisions would have to deal with important cost pressures. They included the cost of increases in compensation. It was assumed that there would be progress-through-the ranks or merit increases but no across-the-board increases for faculty members, members of the Steelworkers' Union and other unions where no settlement was in place, and members of the professional / managerial / confidential staff. The outcome was subject to negotiations. The divisions would also have to fund increases to graduate student support. In some cases, the divisions would have to make payments for capital projects and payments for divisional deficit reduction. The remaining amount would be used for new investments.

- **Summary**. Professor Mabury concluded that the outcome was a balanced budget and a responsible one. Decision-making was based on somewhat more clarity than one year previously. At that time, there was uncertainty about $16-million of funding for unfunded

2. Student Fees and the Budget (Cont'd)

enrolment, which was subsequently provided. There was uncertainty about the tuition-fee framework, which was extended. Finally there was uncertainty about how the University would respond to the severe pension-plan deficit. There was now a clear and persuasive plan in place to deal with it. Professor Mabury concluded that strategic decisions did matter, at the level of the University as a whole, at the level of each division, and at the level of each budget unit.

(b) Further Questions and Discussion Arising from the Presentation

Among the matters that arose in questions and discussion following the presentation were the following.

(i) Effect on students of budget reductions in the academic divisions. A member asked about the effect on students of budget reductions in the academic divisions. Professor Misak replied that the University did not specify a particular level of reductions to be required of all divisions. Rather, individual Faculties generated income through their enrolments, had some deductions from that income for shared, University-wide expenditures and for the University Fund (which was redistributed), but retained the remainder. The objective of the budget was to leave as much revenue as possible with each Faculty. To achieve that objective, the University had, for example, ceased to have an Academic Initiatives Fund, which in effect taxed the revenue generated by Faculties for a fund for redistribution. The current view was that the Faculties themselves knew how best to use the revenue they generated. As a result of that process, some Faculties had to make budget reductions, but others did not. In the Faculty of Arts and Science, there had a year or two previously been a very serious structural deficit that had amounted to more than $20-million and was growing. There had in addition been need for the Faculty to take one-time-only action to deal with outstanding debt that had approached $70-million. The Dean had therefore implemented, in cooperation with the Provost's Office, a number of initiatives that would end the Faculty's structural deficit in two years' time.

Invited to comment, Dean Gertler said that the Faculty would increase its revenues to pay its share of the institution-wide historical debt. There were no additional reductions in expenditures planned for 2011-12. The Faculty was not forecasting that it would incur further debt and it was working very hard, in collaboration with the Planning and Budget Office, to eliminate its structural deficit over the next two years. The Faculty had its own budget committee, consisting of leaders from across the Faculty and representatives of undergraduate and graduate students, to give advice on specific reductions.

(ii) Budget for advancement activities. A member expressed concern that the University planned to spend $23.6-million on advancement activities – an amount that appeared to be almost as much as planned spending on student recruitment, registrarial and other student services. Ms Garner noted that the amounts cited were to fund central services only such as the University Health Service. Many more services were provided to students within the individual academic units. Similarly there were advancement offices within the individual academic

2. Student Fees and the Budget (Cont'd)

divisions, but the balance was very different. A higher proportion of advancement activities were centrally provided and funded, and a much higher proportion of student services were provided within the academic divisions.

Professor Misak noted that the amount cited paid for a very substantial office that worked very hard on alumni relations and on engaging actual and potential benefactors. Those benefactors made very substantial donations to the endowment to provide on-going student support, to fund endowed chairs and to support academic programs. Their donations also made possible the completion of many capital projects. A substantial investment was required to achieve success at raising money, and the University would gain substantially from that investment. The cost cited supported marketing and advertising costs that aided not only fundraising but also student recruitment and building the University's reputation in Canada and internationally.

The member asked whether the high level of spending was ever evaluated. Professor Misak replied that all budgets were scrutinized annually, including annual scrutiny by a committee of Deans, and reductions were made where and when appropriate. Mr. Palmer added that there had been a comprehensive review of the advancement area in 2007-08, with the expenditure on advancement benchmarked against that of many other institutions. Even before the launch of the forthcoming fundraising campaign, the University raised between $80-million and $125-million per year, and it expected to reap very substantial rewards from its investment.

(iii) Special payments into the pension funds. A member observed that when special payments into the pension fund reached a steady state in 2013-14, those payments would amount to $87-million per year and would continue until 2029. Those payments would be added to the special $150-million payment planned to be made before July 1, 2010. The sum of those payments, however, appeared to add to an amount greater than the pension plan deficit, without taking into account future earnings of the pension fund. Ms Riggall and Ms Brown replied, first that while the strategy did assume investment earnings on the pension fund (10% for the 2010-11 year and 6.5% per year thereafter), it was also necessary to take into account the cost of interest on the deficit. Second, the budget plan had to take into account various other costs associated with the pension strategy including: repayment of the $150-million internal loan; payment of the University's obligations under the Supplemental Retirement Arrangement (if the funds reserved for that Arrangement were applied to reduce the deficit in the registered plans); and the cost of issuing letters of credit.

(iv) University Fund. In response to a member's question, Professor Misak said that the University Fund had, since 2007-08 and under the new budget model, been used to support strategic planning for the future. It had ceased to be used to provide compensation to divisions whose allocations had declined as the result of the shift to the new budget model. The major beneficiaries of the Fund, from the point of view of net allocations greater than their 10% contributions to the fund, had been the three Arts and Science divisions: UTSC, UTM, and the Faculty of Arts and Science. The Faculties of Pharmacy and Physical Education and Health had also gained, but they were smaller Faculties receiving smaller net amounts. Professor Misak

2. Student Fees and the Budget (Cont'd)

provided an example of the use of the University Fund for strategic purposes. For the 2011-12 budget year, three divisions had earned substantial increases in funding from the national research-granting councils, and the funding for the indirect or overhead costs of that research was clearly inadequate. Amounts from the University Fund had therefore been provided to the Faculty of Medicine, the Faculty of Applied Science and Engineering, and the Faculty of Arts and Science to deal with those indirect costs.

(c) Comments from Graduate Students' Union

The Chair invited Mr. Vandervoort, External Commissioner of the Graduate Students' Union, to address the Board. Mr. Vandervoort spoke against what he described as the high-fee, high-debt model of funding for the University. The model was particularly burdensome to some students including part-time graduate students, who did not qualify for funding packages or for Ontario Student Assistance, and aboriginal students and members of racial minorities, whose economic circumstances meant that they would require more time to repay student loans and who would therefore pay more interest costs. That outcome was a shameful one. It was especially shameful for 2011-12, when a significant milestone had been reached: when for the first time in Ontario the revenue generated by tuition fees and incidental fees would exceed the revenue provided by public funding. Public funding had been reduced over many years, and the Board had for many years acquiesced in that reduction by increasing fees to generate the revenue required to make the system work. Many members of the Board no doubt would prefer not to have that outcome, and it was important that the Board insist on striking an appropriate balance. Society demanded that young people acquire a post-secondary education; such an education was required for most jobs in the new economy. Mr. Vandervoort believed that such an education should be provided free of charge, as Canada had promised the United Nations Educational, Scientific and Cultural Organization (UNESCO) in 1976 it would be. However, since that time, the University had been moving in the opposite direction, and increases in tuition fees had vastly exceeded other increases in the cost of living. Education was not like other goods that people could purchase. It not only benefited students but was also a public good that benefitted society at large. Polls showed that post-secondary education and the reduction of tuition fees were high on the list of public priorities.

Mr. Vandervoort argued that Canada should emulate several other countries, both rich and not-as-rich, where higher education was provided free of charge. Many Canadian students starting out their careers in Ontario had a staggering debt load of $30,000 or more, incurred only to earn a Bachelor's degree. Canadians had a total of $14-billion of outstanding Canada Student Loans. Many students were forced to choose higher paying careers in order to repay their student loans. The might, for example, choose to practice corporate law over environmental law. That kind of forced choice was harmful to society, which needed people in a variety of fields.

Mr. Vandervoort urged that, in this Provincial election year and on the landmark occasion when tuition fees bore more of the cost of public education than did public support, all parts of the University demand an appropriate level of public funding. While it was not easy for

2. Student Fees and the Budget (Cont'd)

members of the Board to act, fearing damage to the University if it did not act to increase tuition fees to the maximum permissible, the University of Toronto should take a leadership position to demand appropriate public funding, to ensure that tuition fee increases would not impede students' opportunity to obtain a post-secondary education and that they would not impede the University's achievement of the goals set out in its Statement of Institutional Purpose.

Professor Misak thanked Mr. Vandervoort for his statement. She thought that everyone on the Board would agree that higher education was both a private and a public good, and that the Ontario system of higher education should be funded at a much higher rate. The University's administration would be very pleased to work with student groups to that end. The University did know, however, from fifteen years of lobbying for better funding, that there was little likelihood of success.

A member urged that the University continue and intensify its efforts to obtain an appropriate level of funding. Education ranked with health care as the highest priorities for Provincial funding. Nonetheless, it would be important to be realistic: the University had no choice in the short term but to increase tuition and other fees to meet its costs. It would, therefore, be important, for the medium- and long-term, to intensify efforts to increase funding from a source where success was more likely – raising private-sector support.

(d) President's Statement

The Chair conveyed the President's regrets. A prior University engagement had prevented his attending the meeting, but he had prepared a statement for the Board expressing his view on the financial prudence of the Budget Report. The Chair read his statement to the Board. The President affirmed his very strong support for the direction of the budget and the associated long-range guidelines. He noted that preparing the budget had been complicated by a number of uncertainties. Both Federal and Provincial budgets were due to be released in March. A provincial election was just over 200 days away; and a federal election was also likely in the near future. Preparing a budget and long-range guidelines for an institution as complex as the University of Toronto under those conditions was challenging, and the President extended his congratulations and thanks to: the Provost, the Vice President – Business Affairs, the Vice Provost – Academic Operations, the Chief Financial Officer, the Principals, Deans, and Chairs, and the teams in the Planning and Budget and Financial Services Offices who had worked very hard on the budget and its associated matters.

The President stated his belief that the 2011-2012 Budget and Long Range Guidelines were prudent in the face of substantial fiscal uncertainty. In particular, the budget managed unavoidable risks well. At the same time, it reflected shared optimism for the University's future in spite of challenging fiscal circumstances.

2. Student Fees and the Budget (Cont'd)

The President observed that per-student funding from the Province had declined in real terms by over 30% since 1992-93 – notwithstanding the best efforts of the University's administration to make the case for better funding and notwithstanding recent and very welcome improvements. The President viewed that situation as a distressing example both of the structural inequities of fiscal federalism in Canada and of the extent to which healthcare spending was crowding out other important public investments. However, twice in the past six years, and most recently last year, the Ontario Government had reversed the practice of pro-rating the amount of funding available for new undergraduate students entering the system. Last year's budget had also committed the Government to full funding of projected growth in undergraduate enrolment. Therefore, the proposed University budget anticipated that the Provincial Government would provide full per-student funding for the University's current undergraduate enrolment plans. At the same time, the budget assumed again that the operating grant would not include an inflationary increase. Recent history and the Province's current deficit showed that to be a realistic and prudent assumption.

The President addressed the budget assumptions concerning enrolment. Enrolment was projected to increase over the planning period by about 2,500 students, with most of the growth occurring at UTM and, space permitting, UTSC. Undergraduate enrolment in the Faculty of Arts & Science on the St. George campus was forecast to decline slightly. The Budget anticipated that graduate enrolment would grow in accordance with both university and provincial plans and that new graduate spaces would be fully funded. The continued rebalancing of institutional enrolment reflected the goals set out in the *Towards 2030* plan and aligned with the University's mission. The President stressed that the enrolment assumptions were very realistic. Although recent demographic projections were more conservative, the greatest medium-term rise in demand for university spaces was anticipated to take place in the Toronto region. The Government had no firm plans to build new universities, and it had been cautious about funding new satellite campuses for existing universities. While there would likely be more degree-granting by colleges, particularly the strong colleges in the Toronto region, the demand from highly-qualified students should be more than sufficient to meet the University's enrolment projections.

The President noted that that the University had been meeting its enrolment targets for graduate students on or ahead of schedule. With the University's superb faculty, it remained the nation's premier destination for graduate education and had outstanding applicants to both Masters and Doctoral programs. The President did, however, caution that the intake of international graduate students had declined from 17% in 2005-06 to 14% in 2010-11. That was a direct consequence of funding decisions taken by the Provincial Government. Ontario lagged other provinces where international research-stream graduate students received more generous funding. In Ontario, there were no educational grants made available to fund those students until and unless they became Landed Immigrants. The University was making every effort to persuade the Government that supporting those students would represent a very good investment in Ontario's future. However, the Budget prudently assumed no change in the current funding model for international graduate students.

2. Student Fees and the Budget (Cont'd)

On the subject of the budget for tuition fees, the President recalled that with the Provincial election on the horizon, there was uncertainty about how long the tuition-fee framework would be extended or whether it might be modified in some way. The key, in any case, was that the Budget made no assumptions about any potential changes associated with those plans.

The President recalled that an important source of budget uncertainty was the financing of the pension plan. However, he believed it unlikely that there would be major changes with respect to that issue in the coming year. As members knew, the Ontario Government had tied solvency relief for universities to the achievement of certain key metrics. Chief among them was a negotiated agreement with employees to increase their pension plan contribution rates. It was therefore imperative that collective reasoning replace traditional collective bargaining in order to achieve agreement on a reasonable contribution ratio to propose to the Government. If members of the University could not reach agreement on a reasonable contribution ratio, a sharply accelerated payment rate on the solvency deficit would be required, and many of the University's ambitious plans for the future could be derailed. However, it was pertinent to consider the timetable for dealing with this issue. For the past several months, the University had been developing strategies for funding the pension deficit, and the proposed Budget included important first steps to implement those strategies. It made provision for an immediate payment of $150-million into the pension plan using working capital as leverage to the University's advantage. The prudence of that approach had already been affirmed by the Business Board. Second, the long-range budget guidelines included additions to the amount of the annual special payments into the pension plan. $30-million would be added in 2011-12, another $20-million in 2012-13 and another $10-million in 2013-14, for a total of $60-million in annual base funding. That was over and above the yearly $27.2-million the University had begun setting aside since 2004-05. Because of increased revenues and the prudent management by many faculty and staff, the proposed Budget anticipated that the University would be able to make the 2011-12 special payment of $30-million, to continue retiring the accumulated operating deficit, to respond to other cost pressures, and still to provide $10-million of new spending capacity for the divisions. While those sums would be manageable for the University as a whole, the President acknowledged that special payments would bear more heavily on some divisions than others. They were also frustrating for everyone given the University's many academic priorities. At the same time, the University of Toronto was in a stronger position than many peer institutions that simply did not have the capacity to respond rapidly to their pension challenges and related fiscal pressures.

Focusing on short-term uncertainty, the President noted that a critical milestone would be reached when the University filed its July 1st, 2011 valuation report and its plan for dealing with the solvency deficit with the Financial Services Commission of Ontario. Assuming that the University's provisional strategies passed muster, the University would have a three-year window to implement its strategies and to put its pension plan on a firm footing. That window was important, and the President believed that the University would be able to move through it successfully. He therefore remained optimistic about the University's collective capacity to surmount the pension challenge while maintaining its substantial academic and institutional momentum.

2. Student Fees and the Budget (Cont'd)

In conclusion, the President observed that the University had endured major financial challenges in the past, and it had kept moving forward. Faculty and staff in all of the divisions, using information from the current budget model, and staying true to their academic aspirations, had done a superb job in recent years. The University continued to recruit the best students in the country, and its global reputation had never been stronger. The University had prepared sensible plans to fund the pension deficit – involving internal borrowing, letters of credit, and increasing special payments funded through the operating budget. It had also taken particular pains in the proposed Budget to ensure that the lion's share of new net revenues would be available to the academic front lines. The differences in relative allocations to shared services versus divisional allocations were deliberate.

The President assured the Board that the assumptions underlying the budget and guidelines were prudent and defensible, erring in general on the side of caution. Overall, his considered opinion was that the 2011-2012 Budget and Long Range Guidelines embodied the University's continuing commitment to fiscal responsibility and academic excellence. They President gave them his unreserved endorsement.

(e) Enrolment Report, 2010-11

The Chair said that the Enrolment Report was provided to the Business Board as background information for the Board's consideration of the Budget and the Tuition Fee Schedule. It had been reviewed by the Planning and Budget Committee, which was responsible for enrolment planning. It was provided to the Business Board to assist it in dealing with the question: was there risk that the proposed level of tuition fees would have a negative effect on enrolment – i.e. was the University would be pricing itself out of the market? The Enrolment Report was received for information.

(f) Student Financial Support: Report of the Vice-Provost, Students, 2009-10

The Chair said that the student financial aid report was intended to deal with the question: was there risk that the proposed level of tuition fees would have a negative effect on accessibility, especially for groups of students in particular need? Governance responsibility for student financial support resided with the Committee on Academic Policy and Programs, which had received this report on March 1 and had raised no concerns. The Report of the Vice-Provost, Students on Student Financial Support was received for information.

2. Student Fees and the Budget (Cont'd)

(g) Tuition Fee Schedule for Publicly Funded Programs, 2011-12

On the recommendation of the Vice-President and Provost,

YOUR BOARD RECOMMENDS

THAT the Tuition-Fee Schedule For Publicly Funded Programs in 2011-12, as described in Professor Misak's February 28, 2011 report to the Business Board (a copy of which is attached hereto as Appendix "A"), and the tuition fees in 2011-12 and 2012-13 for the special programs identified in Tables B2 and C2 of Appendices B and C of the report, be approved.

(h) Tuition Fee Schedule for Self-Funded Programs, 2011-12

On the recommendation of the Vice-President and Provost,

YOUR BOARD RECOMMENDS

THAT the tuition-fee schedule for self-funded programs for 2011-12, a copy of which is attached to Professor Misak's January 14, 2011 memorandum to the Business Board as Table 1, be approved.

Professor Misak's January 14, 2011 memorandum is attached hereto as Appendix "B".

(i) Budget Report, 2011-12 and Long-Range Budget Guidelines, 2011-12 to 2015-16

On the recommendation of the Vice-President and Provost,

YOUR BOARD CONCURS

With the recommendation of the Academic Board

THAT the Bu*dget Report 2011-12* be approved, and

THAT the *Long-Range Budget Guidelines*, *2011-12 to 2015-16*, be approved in principle.

3. Service Ancillaries Operating Plans

The Chair stated that governance responsibility for the operating plans for the service ancillary operations –such as student residences, parking, and food services – resided with the University Affairs Board. That Board would consider the operating plans for 2011-12 at its meeting of March 15, 2011. The Business Board was responsible for the financial policies that set the ground rules for those operations, for example: the requirement that they break even and that they set aside a reserve fund to deal with unforeseen contingencies.

The Board received the Operating Plans for information.

4. Administrative User Fees and Fines, 2011-12

The Chair noted that the proposal concerning administrative user fees and fines had been identified as a "consent agenda" items. The administration had the authority to increase existing fees so long as the increases matched increased costs. Only the addition or removal of fees required the approval of the Business Board.

A member asked about the service provided by the Faculty of Arts and Science as a result of the Document Fee for Course Description. Ms Garner replied that the fee was charged when a student requested that a written course description be prepared for submission (usually) to another institution in connection with an application for admission.

On the recommendation of the Vice-President and Provost,

YOUR BOARD APPROVED

i. That the Woodsworth College Summer Abroad Site Service Fee – India be added to the Administrative User Fee Schedule.

ii. That the Woodsworth College Summer Abroad Site Service Fee – Brno be added to the Administrative User Fee Schedule.

iii. That the Faculty of Arts and Science Document Fee for Course Description be added to the Administrative User Fee Schedule.

iv. That the Faculty of Applied Science and Engineering ReFresh Program Registration Fee be added to the Administrative User Fee Schedule.

v. That the Faculty of Medicine Photocopies of Student Records Fee be added to the Administrative User Fee Schedule.

4. Administrative User Fees and Fines, 2011-12 (Cont'd)

vi. That the Faculty of Nursing NP Student Site Visit Fees – Local Site Fees be added to the Administrative User Fee Schedule.

vii. That the Faculty of Nursing NP Student Site Visit Fees – National Site be added to the Administrative User Fee Schedule.

viii. That the Faculty of Applied Science and Engineering MHSc and PhD Clinical Biomedical Engineering –Records and Documents Fee be added to the Administrative User Fee Schedule.

ix. That the Faculty of Applied Science and Engineering MHSc and PhD Clinical Biomedical Engineering –Placement Fee be added to the Administrative User Fee Schedule.

x. That the Faculty of Applied Science and Engineering MHSc and PhD Clinical Biomedical Engineering –Application Fee be added to the Administrative User Fee Schedule.

xi. That the Faculty of Nursing Out of Province Clinical Placement Fee for Compliance with Respective Provincial Association Standards Fee be removed from the Administrative User Fee Schedule.

xii. That the Office of Convocation Fee for Each Additional Copy of the Same Degree be removed from the Administrative User Fee Schedule.

5. Cost-Recovery Ancillary Fees and Administrative User Fees and Fines (fees reported for information), 2011-12

The Board received for information the annual list of cost-recovery ancillary fees and administrative user fees and fines for 2011-12.

6. Framework on Off-Campus Safety

Professor Mabury said that the current Policy on Safety in Field Research was twenty-three years old. Since its approval, a variety of guidelines had been developed to regulate diverse off-campus activities. There was, therefore, need to develop an overall framework of principles and to ensure the consistent application of the various guidelines under a that framework. The need for an updated framework had been suggested by the University Ombudsperson and others, and it was particularly important in the light of the substantial

6. Framework on Off-Campus Safety (Cont'd)

increase in travel for research and scholarly activity abroad. The Framework was based on three key principles. First, issues of safety should be taken into account during the planning for off-campus activities. Second, the University and its members had a shared responsibility for safety in such activities. Third, the level of risk, and the measures that could be taken to mitigate the risk, should be a key part of the decision whether or not to pursue an off-campus activity. Professor Mabury advised that the development of the proposed Framework and the Guidelines had been the outcome of a great deal of consultation with faculty, staff and students, including a number of consultations with the group of Principals, Deans, Academic Directors and Chairs. The proposed Framework would replace the current Policy on Safety in Field Research, and the Guidelines under the proposed Framework would be set by the Office of the Vice-President and Provost. Those Guidelines would be updated from time to time to address new issues as they arose.

On the recommendation of the Vice-President and Provost,

YOUR BOARD RECOMMENDS

THAT the proposed Framework on Off-Campus Safety be approved, effective immediately, replacing the Policy on Safety in Field Research approved by the Governing Council on May 19, 1988.

7. Sustainability: Annual Report, 2010

Given the late hour and the importance of the Annual Report on Sustainability, it was suggested by the Vice-Chair and agreed that consideration of the Report be deferred until the Board's next meeting to allow time for a full presentation and discussion.

8. Borrowing: Status Report to February 28, 2011

The Status Report on Borrowing to February 28, 2011 was received for information.

9. Capital Projects Report as at January 31, 2011

The Report on Capital Projects as at January 31, 2011 was received for information.

10. Reports of the Administrative Assessors

Ms Riggall recalled that the University had undertaken projects on each campus funded by the Federal / Provincial Knowledge Infrastructure Program grants. A condition of those grants, albeit since modified, was that all funded projects be substantially completed by March 31, 1011. She was very pleased to report that the University would meet that condition in all cases, and she noted that the University of Toronto would be one of the few institutions to meet the original condition. The University had, as a precaution, applied for and been granted an extension of the March 31 deadline, but the extension would not be required.

REPORT NUMBER 187 OF THE BUSINESS BOARD – March 7, 2011

11. Report Number 96 of the Audit Committee – December 8, 2010

The Vice-Chair noted that Report 96 of the Audit Committee recorded the Committee's discussions of the pension plan financial report and its recommendation that the financial statements of the pension plans be approved. The Board had approved those statements at its meeting of December 13. Report Number 96 of the Audit Committee was received for information

12. Date of Next Meeting

The Vice-Chair reminded members that the next regular meeting of the Board was scheduled for Monday, April 4, 2011 at 5:00 p.m. That meeting would, among other things, receive and consider the 2010 annual report of the University of Toronto Asset Management Corporation.

13. Other Business

The Vice-Chair remarked that the combined presentation on student fees and the budget had been excellent and had helped the Board to obtain a good understanding of those complex, inter-related matters.

THE BOARD MOVED INTO CLOSED SESSION.

14. Gifts and Pledges over $250,000: Quarterly Report November 1, 2010 – January 31, 2011

The Board received for information the Quarterly Report on Donations over $250,000 for the period November 1, 2010 – January 31, 2011.

THE BOARD RETURNED TO OPEN SESSION

The meeting adjourned at 7:10 p.m.

Secretary	Chair

March 29, 2011

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