

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 105 OF THE BUSINESS BOARD

May 1st, 2000

To the Governing Council,
University of Toronto.

Your Board reports that it met on Monday, May 1st, 2000 at 5:00 p.m.
in the Council Chamber, Simcoe Hall, with the following members present:

Mr. Amir Shalaby (In the Chair)
Ms Rose M. Patten, Vice-Chair
Ms Wendy M. Cecil-Cockwell, Chairman
of the Governing Council
Professor J. Robert S. Prichard, President
Professor Michael G. Finlayson,
Vice-President - Administration
and Human Resources
Mr. Robert G. White, Chief
Financial Officer
Dr. Robert Bennett
Professor Vivek Goel
Dr. Anne Golden
Dr. Robert J. Kyle
Professor Brian A. Langille
Mr. Gerald A. Lokash
Mr. Frank MacGrath
Professor Heather Munroe-Blum
Dr. John P. Nestor

Mr. Martin Offman
Ms Jacqueline C. Orange
Mr. Kashif S. Pirzada
Dr. Joseph L. Rotman
Mr. John H. Tory
Mr. Robert S. Weiss
Mr. Vilko Zbogar

Mr. Louis R. Charpentier, Secretary of the
Governing Council
Professor Derek McCammond,
Vice-Provost, Planning and Budget
Miss Janice Oliver, Assistant Vice-
President, Facilities and Services

Secretariat:

Mr. Neil Dobbs
Ms Susan Girard

Regrets:

Ms Shruti Dev-Nayyar
Ms Wanda M. Dorosz
Mr. H. Garfield Emerson
Mr. Paul V. Godfrey
Mr. Roger P. Parkinson

The Hon. David R. Peterson
Mrs. Susan M. Scace
Mr. Terrence L. Stephen
Dr. Alexander R. Waugh
Ms Judith J. Wilson

In Attendance:

Mr. Brian Davis, member-elect, Governing Council
Mr. Ljupco Gjorgjinski, member, Governing Council
Mr. Elan Ohayon, member, the Governing Council
Mr. Fayez Quereshy member-elect, Governing Council

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000

Ms Wendy Talfourd-Jones, member, Governing Council

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000

In Attendance (Cont'd)

Professor Ian Orchard, Vice-Provost, Students
Professor Carl Amrhein, Dean of Arts and Science
Professor Wayne Hindmarsh, Dean, Faculty of Pharmacy
Professor David Mock, Associate Dean, Faculty of Dentistry
Professor David Naylor, Dean, Faculty of Medicine
Professor Peter Pauly, Associate Dean, Rotman School of Management
Professor Rona Abramovitch, Director, Transitional Year Program
Ms Susan Bloch-Nevitte, Director, Public Affairs
Ms Bonnie Croll, Assistant Dean, Faculty of Law
Mr. Irfan Dhalla, Vice-President - External Affairs, Medical Society
Ms Rebecca Dolgoy, University Affairs Commissioner, Students' Administrative Council
Dr. Beata FitzPatrick, Assistant Provost
Ms Rivi Frankle, Director of Alumni and Development
Ms. Laurie M. Lawson, University of Toronto Asset Management Corporation
Ms Anne Lewis, Manager, Student Accounts
Mr. Donald W. Lindsey, President and Chief Executive Officer, University of Toronto Asset Management Corporation
Ms Liza Miller, Vice-President, Students' Administrative Council
Mr. Kasi Rao, Director of the Office of the President and Director of Government Relations
Ms Deborah Simon-Edwards, Executive Assistant to the Chief Financial Officer
Mr. Jorge Sousa, President, Graduate Students' Union

ITEMS 2 AND 3 ARE RECOMMENDED TO THE GOVERNING COUNCIL FOR APPROVAL.

1. Report of the Previous Meeting

Report Number 104 (March 27th, 2000) was approved.

2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001

Professor Sedra outlined the changes contained in the proposed Tuition Fee Schedule for Publicly Funded Programs for 2000-01.

- **Arts and Science programs and other regulated first-entry programs** (such as the undergraduate programs in Music and Physical Education). Tuition fees would be increased to \$3,951, the maximum permitted by the Government of Ontario. This would exceed the Government's general 2% limit on increases in regulated undergraduate programs, but the somewhat larger increase (approximately 3%) was permissible because the University had not, two years previously, increased those fees to the maximum 10% permitted by the Government at that time. That additional room was proposed to be occupied for 2000-01.

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000

2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)

- **Regulated second-entry programs** (such as Architecture, Landscape Architecture, Physical Therapy, and Occupational Therapy). It was proposed that tuition fees be increased by 2%, the Government's maximum permissible increase.
- **Deregulated programs: students now at the University and continuing into higher years.** The Tuition Fee Policy required a commitment to incoming students concerning maximum fee increases for the normal length of a full-time program. The University had specified that fees for continuing students would increase by no more than 5% per year, and it was proposed that those fees increase by 5%.
- **Deregulated professional programs: new students.** In many cases (such as Engineering, Architecture, Landscape Architecture, Planning and Design, Forestry, Information Studies, Musical Performance, Nursing, Masters' programs in Education, and Social Work) fees were proposed to increase by 5%.

In other cases, the proposed fee increase was much larger. The Tuition Fee Policy called for differentiation among tuition fees depending on program costs, fees charged by comparable programs elsewhere, and the income prospects of graduates. Those proposed changes were as follows.

- **Undergraduate programs in Commerce and Management.** The administration had given notice to the Business Board two years ago of its intention to make use of the Government's deregulation of tuition fees in commerce and management. Students entering their first year this year would take a program in common with other Arts and Science students and would pay the same tuition fees. Then, beginning in their second year, tuition fees would be \$6,000 per year.
- **Undergraduate Computer Science.** Similarly, students would pay the Arts and Science fee in first year. Beginning in second year, they would pay the same fee as engineering students, that is, a maximum of \$5,513 in 2001-02.
- **Dentistry.** The tuition fee proposed for new students was \$14,000 per year.
- **Law.** The tuition fee for new students in 2000-01 would increase from \$8,000 to \$10,000. The Faculty of Law was currently preparing a plan to achieve a level of quality that would enhance its competitive position relative to the top law schools on the continent, to which it was currently losing some Canadian applicants. It was anticipated that implementing that plan would require further tuition-fee increases.

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000**2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)**

- **Medicine.** The tuition fee for new students would increase to \$14,000 per year, the same fee as that proposed for students in Dentistry.
- **Pharmacy.** The proposed tuition fee was \$8,500 per year.
- **Master of Business Administration.** The fee for the M.B.A. program for 2000-01 was proposed to be \$16,000. Further increases would be recommended over the next three or four years to bring that fee eventually to \$25,000 per year.
- **Postgraduate Medical Trainees.** The question of tuition fees for medical residents had been of considerable interest to the Board over the past two years. It was proposed to set that fee at zero for the next few years. A Task Force had been established to consider the matter, and a draft of its report had been submitted. Its basic recommendation was that fees be set at zero. Professor Sedra had accepted that recommendation, although he would recommend that the issue be revisited in four or five years.
- **Doctoral-stream graduate students.** Tuition fees were proposed to increase by 5%. A Task Force on Graduate Student Financial Support, chaired by Professor Ian Orchard, had produced an excellent report. Its implementation would see the expansion of funding for graduate student support that would cost far more than the revenue derived from the proposed tuition-fee increase.

Professor Sedra stressed that the University would continue to make a commitment to students entering the University that their fees would increase by no more than 5% per year for the usual length of their full-time program and for four years for doctoral programs. The University's Policy on Student Financial Support guaranteed that "no student offered admission at the University of Toronto should be unable to enter or complete the program due to lack of financial means." The University's budget for student financial support was projected to be \$64-million for 2000-01. At least 30% of the additional revenue derived from tuition fee increases would be devoted to increasing student financial support, and a large proportion of the remainder of the fee increase for each division would be assigned to that particular division for improvements to the quality of their programs.

Further information was provided in response to a number of questions for clarification.

(a) Effect of tuition-fee increases on Government funding. A member asked whether the significant increases in tuition fees for some programs would have the effect of reducing public funding. The member was concerned that the Government could

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000**2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)**

eventually conclude that such programs could be fully funded by tuition fees. The President did not anticipate that outcome. The consistent policy of the Government of Ontario was that support for the deregulated programs should consist of a mix of public funding and tuition fees, with the proceeds of the permissible tuition-fee increases being available to increase program quality.

(b) Budgetary provision for student aid. A member noted that the University of Toronto Advance Planning for Students (UTAPS) program assisted needy students with the actual cost of tuition fees, whereas the Ontario Student Assistance Program (OSAP) considered tuition fees costs only up to a given limit. With higher tuition fees in many programs, there would be a need for larger awards from the UTAPS program. Would the University have the funds available to meet that higher level of expense? The President replied that, unequivocally, the necessary funds would be found as a first charge against the budget.

(c) Master of Business Administration program tuition fees. A member asked for the rationale for the increase in fees for the M.B.A. program, the largest of the proposed increases. Professor Sedra replied that business schools were very expensive operations. Over the past several years, the Rotman School had been struggling to find the funding required to achieve its aspiration to be among the leading business schools anywhere. For 2000-01, the School had succeeded in making twelve outstanding faculty appointments in areas where the competition for faculty was severe, with potential professors having lucrative opportunities in the private sector as well as in teaching. While these new appointments were very welcome, they were also very expensive, and the Faculty wished to move forward further. As with all tuition fee increases, 30% of the proceeds would be reinvested in student financial support. Of the remaining 70%, two thirds would be assigned to the Rotman School for quality improvements in its program, based on a plan for the School.

Invited to comment further, Professor Pauly said that the Rotman School was in the second year of its ambitious plan to bring itself into an international leadership position. Over the past year and one half, the School had been exploring the steps it would need to take to achieve its aspirations, and it had projected the cost of those steps. It had become clear that a significant part of the cost would have to be met from an increase in tuition fees. Business-school education was expensive. Fees at the School's two leading Canadian competitors were now higher than those at the University of Toronto, and fees for comparable programs in the U.S. ranged between \$25,000 and \$30,000 in U.S. currency. A large part of the increased revenue would be devoted to student aid, and the Rotman School had a very comprehensive aid program. All students were entitled to interest-free loans for their time in the School, and \$500,000 per year was spent on need-based grant assistance. Completing the program had very substantial economic value to graduates, whose average starting salary was 110% greater than their average salary before entering the program from the workforce. The School had been inundated with applications, and the quality of students registered in the program, as indicated by such factors as Graduate Management

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000**2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)**

Admission Test scores, was very high. Professor Pauly concluded that the proposed tuition-fee increases would eventually bring the fees charged by the Rotman School into line with those charged by other internationally leading M.B.A. programs and enable the School's program to be competitive with them.

(d) Dental Public Health Program. In response to a member's question, Professor McCammond said that the fee for the MSc Specialty Program in Dental Public Health was being reduced from \$9,286 in 1999-2000 to the same level as other professional master's degree programs at \$5,819 for 2000-01. It would then be subject to the same 5% annual increase as those other programs.

(e) Revenue generated by fee increases in deregulated programs. In response to a member's question, Professor Sedra said that the tuition fee increases in the deregulated programs, that is the programs with fee increases beyond 2%, would generate about \$5-million of additional revenue out of total tuition-fee revenue amounting to something in excess of \$200-million for the publicly funded programs.

(f) Risk of enrolment declines. A member asked about the revenue to be generated by the large tuition-fee increases in a number of specific programs - Management, Medicine, Dentistry, and Pharmacy - and the contribution of that revenue as a proportion of the entire tuition-fee revenue of the University. It would be useful to know the marginal revenue in order to assess the benefit to be gained from incurring the risk of an enrolment decline arising from the price increase.

The President and Professor Sedra replied that the total amount of increased revenue was approximately \$5-million from fee increases in the deregulated programs; they could at a later date calculate and provide to the member the proportion attributable to the individual programs. In general terms, the University had monitored very carefully the effect of the tuition fee increases on enrolment and student quality. For example, in the Faculty of Law, tuition fees had increased from about \$4,000 to \$8,000. The quality of students had increased. The yield rate on offers of admission had grown to an all-time high. The increase in tuition fees had been accompanied by a very large increase in student financial support. A significant number of students were, in effect, paying no tuition fees, with student awards covering the full cost of their fees. The number of such students was at an all-time high. Students had been attracted by the financial aid packages that were available, which had been marketed aggressively, and by the quality improvements that were being made in the Faculty. Students who were investing three years to study law wanted to have the very highest quality program available. The President noted that the Osgoode Hall Law School at York University was now similarly planning to increase tuition fees to fund quality improvements.

A member distributed a document showing that tuition fees in Medicine and Law would be far higher at the University of Toronto than at other Canadian universities. Given the

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000**2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)**

difference, he was concerned that a significant number of students would choose those other programs for financial reasons. He asked for assurances that the quality of students entering those programs would be monitored and that a report would be made annually. The President replied that the quality of incoming classes was, and would continue to be, monitored very carefully and the result reported annually.

(g) Accessibility. A member asked how many students had decided not to apply to the University's Faculty of Law because of the high tuition fees. Had the member faced tuition fees at their present level, he would not have applied to the Faculty. Invited to respond, Assistant Dean Croll said that the volume of applications to the Faculty had been unchanged with the introduction of tuition fee increases, and the take-up rate on offers of admission had increased. There had also been no decline in the quality of students. A large number of bursaries were available for needy entering students. Ms Croll was confident that the Faculty's comprehensive program of financial aid was addressing the challenges presented by the tuition-fee increases.

A member said that he could support the tuition fee increases, but only if the administration could provide assurances that no student would be unable to enter or complete a program because of inadequate income. The President replied that he would unequivocally provide such an assurance. The University's Policy on Student Financial Support stated clearly that "no student offered admission at the University of Toronto should be unable to enter or complete the program due to lack of financial means."

(h) Consultation with students. A member asked whether the administration had consulted with student groups concerning possible alternatives to fee increases. The member noted that he knew of no consultation with the Graduate Students' Union or the Association of Part-time Undergraduate Students. Ms Croll said that the proposed fee increase had been discussed with students in the Faculty of Law. Dean Amrhein outlined an extensive process of consultation that had been used in the Faculty of Arts and Science in connection with the proposals to increase tuition fees in Computer Science and Commerce. That process had included both the Arts and Science Students' Union and the Association of Part-Time Undergraduate Students.

(i) Quality improvements funded by tuition-fee increases. A member noted that fee increases were ostensibly required to fund improvements in program quality, but no information had been provided to the Board about such improvements. The President replied that every division was required to submit an academic and budget plan. The Planning and Budget Committee reviewed those plans and recommended to the Academic Board the allocations to effect quality improvements. Those allocations, separately or in the Budget Report, were approved by the Governing Council.

(j) Higher tuition fees and self-funded programs in Business Administration. A member referred to the proposal to increase the fee for the M.B.A. program over a number

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000**2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)**

of years to \$25,000 per year. This was very close to the current \$27,000 fee for the self-funded Executive M.B.A. program. Was it intended that the regular M.B.A. program would eventually move to a self-funded basis? If so, would the University seek more private-sector support for the program? Professor Sedra replied that the fee would not grow to \$25,000 for another four years, by which time the fee for the Executive M.B.A. would probably be significantly higher. The fee proposed for the M.B.A. program for 2000-01 was \$16,000. That compared with the fee of \$20,000 at the University of Western Ontario. As the proportion of Government funding for the publicly funded program declined, the difference between the publicly funded and the self-funded program would indeed become less distinct. Nonetheless, public funding would continue, and the University would be unable to offer the program at a comparable level of quality in the absence of the public funding.

The President added that the need for financial aid was very different for students in the two programs. Students in the Executive M.B.A. program were in fact executives who remained in their positions and earned significant incomes. Their fees were frequently paid by their employers. On the other hand, students in the regular M.B.A. program were full-time students who often required financial aid. The Rotman School of Management was seeking private-sector donations for this purpose and had been achieving considerable success, receiving some endowment funds and some expendable funds. The School would continue with its strenuous fundraising efforts and would also continue its efforts to seek support for doctoral students.

The Chair invited representatives of three student groups to address the Board.

(a) Graduate Students' Union. Mr. Sousa recalled that the Graduate Students' Union (G.S.U.) had repeatedly raised a number of issues with respect to tuition fees that had not been addressed. Tuition fees for graduate students had increased by 42% over the past decade and student debt had increased by 200%. Yet, at the same time, the University was spending millions of dollars on capital projects. Just at its previous meeting the Business Board had approved the spending of \$6.5-million, and the Board had before it a proposal at this meeting to spend a further \$13-million on a project. In his view, this demonstrated severely misplaced institutional priorities. The Task Force on Graduate Student Financial Support had included a number of significant recommendations, but an increase in tuition fees of 5% per year compounded over four years contravened the purposes set out in the Task Force report. The University's budget guidelines made the simple assumption that revenue from Government and from tuition fees would increase annually at the rate of the Consumer Price Index plus 2%. While it was easy to make this assumption, doing so failed to take into account the impact that increased tuition fees would have on the daily lives of students. Between forty and fifty students per week were attending an on-campus food and clothing bank. There was a clear need for further consultation before proceeding with any tuition fee increases. Notwithstanding claims that students had been consulted, Mr. Sousa had served on the executive of the Graduate Students' Union for the past year, and the G.S.U. had not been consulted. He had first heard of the intention to increase fees

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000**2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)**

by 5% in January; there had clearly been time for consultation. Mr. Sousa read a letter from a student user of the food bank who had no money, no food and no opportunity to achieve his/her potential. Students should not be left in that position, and they should not be required, as was this student, to incur a \$25,000 debt that would take nine years to repay. Until grant funding could be increased to keep up with student costs, the Graduate Students' Union urged the Board to reject the tuition fee increase. The Graduate Students' Union presented a petition, signed by nearly 1,000 people, urging a tuition fee freeze.

(b) Medical Society. Mr. Dhalla urged the Board not to raise the tuition fee for medical students to \$14,000 per year but instead to freeze it at \$11,000. He noted that he and his colleagues were not pleading on their own behalves; the large increase would become effective beginning with students entering the program in the forthcoming year. Mr. Dhalla cited four reasons. First, the best applicants would choose to attend other universities. Medical tuition fees were already higher at the University of Toronto than at any other university in Canada. The highest fees elsewhere were at the University of Western Ontario, where they had been frozen at \$10,000. The previous year's fee increase had already had a negative effect. While the Board had been told that increased fees had not affected yield rates in the Faculty of Law, the rate of acceptance of offers of admission had declined in the Faculty of Medicine. The data were included with the document from the Medical Society, which had been placed on the table for the meeting. This problem could only become worse when tuition fees became 40% higher than those at other universities, as they would be with the proposed increase to \$14,000. Second, tuition fees would be too high in the light of available student aid. While tuition fees were proposed to be \$14,000 per year, the Ontario Student Assistance Program need assessment considered fees to a maximum of only \$4,500. Moreover, according to estimates from the Student Affairs Office, fully one third of Mr. Dhalla's class (with fees now set at \$11,000) would graduate with a debt in excess of \$100,000. The average age of graduates from the University's Faculty of Medicine was 28 years, and graduates then had to spend up to seven years as residents. A first-year resident earned a salary of less than \$39,000 per year. It was very difficult to finance a \$100,000 debt on that salary. Third, accessibility would be further compromised. The Canadian Medical Association had issued a statement that high tuition fees would adversely affect "not only current and potential medical students, but also the Canadian health care system and public access to medical services. High tuition fees may create an imbalance in admissions to medical school by favouring those who represent the affluent segment of society." While the University was blind to socioeconomic status in making offers of admission, tuition fees could be raised to only a certain level before social class became an implicit consideration. Fourth, tuition fees had been increased so quickly that there had been insufficient time to assess the consequences. Would the University continue to produce as many first-rate clinician-scientists as it had traditionally done? Would higher fees reduce the Province's ability to maintain an adequate supply of physicians in rural areas? Would the best potential students choose another profession altogether? Mr. Dhalla pointed out that while the University's budget guidelines had projected a doubling of tuition fee levels from 1995, the tuition fees for medical students would almost quadruple.

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000**2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)**

The President responded to Mr. Dhalla's statement that the Ontario Student Assistance Program (OSAP) need assessment considered fees to a maximum of only \$4,500, while the University's actual fees were significantly higher. He said that the University's own program, University of Toronto Advanced Planning for Students (UTAPS), did take into account the full tuition fee as well as all incidental fees, and the UTAPS program would make up any gap.

(c) Students' Administrative Council. Ms Dolgoy said that she was saddened that, while members knew well that increased tuition fees would reduce accessibility to the University and would increase students' burdens, they would probably nonetheless vote to support the proposal now before the Board. She was concerned not only that tuition fees were being increased but that, at the same time, the quality of education was declining. While it was easy at this time to blame the University's administration, it was important to remember that the root of the problem was the decline in support for post-secondary education by the Government of Ontario and the growth of its emphasis on vocationally related education. At the University, class sizes continued to increase, and a liberal arts education had to be justified on the basis of its marketability and employment potential. The problem was the loss of emphasis on teaching students how to think and question. While the effects of this neglect of liberal education would not be felt until some time into the future, when the population in general would not know how to think, those consequences would be severe. Ms Dolgoy therefore urged members both to vote against the proposed tuition fee schedule and to support a stronger public stance in defence of a liberal education. Students were becoming increasingly alienated towards the University, and they would rebel in any way they could. That rebellion should be directed primarily against the Government of Ontario, but it would be highly desirable that the University be an ally in student action.

The Chair invited Professor Orchard to brief the Board with respect to the financial support programs in place to assist students with tuition fees and other costs. Professor Orchard said that he very much shared student concerns about accessibility. He described the aid provided by the UTAPS program. For students in first-entry programs (including Engineering, Commerce and Computer Science) and doctoral-stream programs where OSAP did not provide the full amount of assistance required according to the OSAP needs assessment, then UTAPS would provide a grant to fill the gap. For second-entry professional programs (such as Dentistry, Law, the M.B.A. program, Medicine, and Pharmacy) a UTAPS grant would fill the gap to a maximum of \$4,000 per year. Thereafter, students would have access to low-interest bank loans, with second grants to pay the interest cost while students remained in their programs. After students graduated, they would in certain circumstances have access to an income-sensitive loan-remission program. Students might make use of this program if they chose a low-income field in a generally high paying profession. They could similarly have access to this program if they encountered some unanticipated ill fortune. Accessibility was a key issue in the design of the University's financial aid programs. Professor Orchard reported annually on accessibility to the Committee on Academic Policy and Programs. He had submitted his

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000**2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)**

first report in April 1999 and a second interim report would come before the Committee in two days' time. This evaluation of accessibility included a regular, professional survey of students by the Hitachi Research Centre at the University of Toronto at Mississauga. In 1999, the Centre had surveyed students in undergraduate programs and in the programs with deregulated fees (Dentistry, Law, M.B.A., Medicine and Pharmacy). The current year's survey also assessed accessibility for students in undergraduate programs and professional faculties. The surveys compared the demographic characteristics of (a) students in the upper years of their programs, who were not affected by the major increases in tuition fees, and (b) students in first year, who were facing those fee increases. With respect to ethno-cultural background, the 1999 survey found that the proportion of students who identified themselves as being from non-European background had, notwithstanding higher tuition fees, increased from 37% in the upper years to 46% in first year. The preliminary results from the recently completed survey found that the proportion had increased further to approximately 50%. With respect to family income, the proportion of students from families with incomes under \$30,000 had increased from 15% in the upper years in 1999, to 18% in first year in 1999, to approximately 20% currently in first year. The survey also monitored the current debt load being carried by students, and it found no significant change. All indicators showed that the combination of higher tuition fees, along with more financial assistance to needy students, was not reducing accessibility. On the contrary, more students from non-European and from low-income families were attending the University. Professor Orchard stressed that the University was taking its commitment to financial assistance very seriously; spending to provide financial-aid counselling was approximately \$300,000 per year. The program delivered by those counsellors was one that Professor Orchard thought to be the leading one in Canada, and one which was succeeding in its objective of maintaining and increasing accessibility to the University.

Several members spoke against the proposal.

- The proposal was contrary to the University's principles. Differential fees reflected a market-based approach to education. Professional programs could extract higher fees from students, and those programs in turn received disproportionate budgetary appropriations. The outcome was insufficient support for providing a liberal education.
- Requiring specialists in certain areas, such as Computer Science, to pay very high fees, might have eventually the effect of denying other students the opportunity to enrol in courses in those disciplines - something that would be very damaging to their educational opportunities.
- The proposal reflected a failure of the planning and priority-setting in the University. Specifically, on one hand the administration was willing to spend many millions of dollars on expensive capital projects. On the other hand, it claimed that

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000**2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)**

financial necessity forced the enormous tuition-fee increases that were being proposed. In general, the tuition fees proposal was coming forward before the University knew whether the Province would provide additional funding in its forthcoming budget. The tuition fees proposal was also coming forward before the University's budget. In the absence of that budget, members would have no basis for making a judgment about the need for such large tuition-fee increases. One member asked that at the very least, the administration make a commitment that tuition fees be reduced if the Provincial and University budgets meant that the fee increases would not be required. Another member urged that before the University proceeded with the fee increases, it evaluate from a zero base how it chose to spend its money. All expenditures should be examined and prioritized. The member thought that, at the present time, the University spent a great deal on purposes that were less important than the needs of its students, who were after all the very *raison d'etre* of the institution. The Board had a duty to examine the total budget context before proceeding to a decision on tuition fees.

- The University had a very large endowment fund. In the current constrained financial circumstances, it would be preferable to spend down some of that endowment rather than impose the proposed draconian tuition fee increases.
- While the administration spoke proudly of its financial aid programs, students who were forced to resort to Government and University financial aid programs would incur huge amounts of debt. That would in turn limit what those students could do upon graduation. They would be forced to choose their paths based solely on economic considerations so that they could repay their loans.
- While the administration spoke proudly of its financial aid programs, there were many instances of students in desperate financial need. It was shocking and unacceptable that students be forced to resort to food banks to survive.
- One member had argued that University of Toronto students received a comparable education to that provided by many leading U.S. universities that charged much higher fees. That member had not, however, enquired into the financial support provided by those universities or the debt loads carried by their graduates.
- The need to pay such high fees and to incur so high a level of debt was causing many students severe anxiety. This was becoming a major problem among students.
- Increasing fees so much in the deregulated programs would eventually have the effect of enabling the Government to abdicate responsibility for providing any funding for those programs. It would be easy for the Government to point out that

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000**2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)**

students were now paying so large a part of the cost of their professional training that the programs should be privatized fully. The Government could also use the same rationale that the University now used with respect to income prospects of graduates.

- Moving to rely so largely on tuition fees represented an unacceptable Americanization of public education.
- It was readily possible to envision circumstances in which increasing the price of the high-demand deregulated programs could reduce enrolment and therefore total tuition fee revenue. While there might have been no negative effects on enrolment to date, Canada was now experiencing its longest ever period of economic growth. When the buoyant economic times ended, the University's experience with enrolment in its high-fee programs could well change significantly.
- It was proposed that students be required to pay the much higher fees in 2000-01 to fund quality improvements. The problem was that those quality improvements would take some time to implement, and the students being required to pay the cost would not be those who would reap the future benefits.
- Tuition fee increases had simply gone too far. Fees for professional programs such as law had increased since 1990 in an exponential manner. There was no need for such a high rate of increase.
- It was unreasonable to charge high, differentiated fees for any first-entry program. Students entering the University after Grade 12 should not be expected to make decisions that would involve their need to take on enormous debt.
- At the time of the strike by the University's teaching assistants, the administration had rationalized its refusal to meet a union demand for tuition waivers by arguing that there should not be two classes of graduate students - one (teaching assistants) receiving tuition waivers and the other (other graduate students) being required to pay fees. At this time, however, the University was establishing two classes of students: one being required to pay a much higher level of tuition fees in the deregulated programs and a second facing less drastic fee increases.

Other members spoke in support of the proposal.

- A member noted that she had been over the years, and remained, troubled by the University's substantial increases in its tuition fees. The problems caused by the higher fees were offset by the fact that 30% of the proceeds were reinvested in student financial support, but there remained concerns about access - especially in

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000

2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)

cases where students were discouraged from entering the University and applying for aid. There were also risks that good students would decide to study at other institutions where tuition fees were lower. The member was, however, persuaded that there simply were no other options and therefore no alternative to fee increases if the quality of the University's programs was to be maintained.

- A member had compared the increased fees proposed for one division, the Faculty of Dentistry, with those charged by comparable programs in the United States, and he had found the Toronto fee to be much lower. The comparison was a reasonable one; only 90 students per year graduated from Ontario Dentistry programs, and many Canadian students obtained their training in the U.S. In fact, three quarters of the graduates completing the qualification examinations of the Royal College of Dental Surgery had been trained in the United States.
- While it was unfortunate that the University had been forced to raise its tuition fees to provide quality training, the problem was more than counterbalanced by the University's well-funded financial aid programs and its excellent counselling service in delivering those programs.

A member moved:

THAT two percent of the proceeds of the proposed tuition-fee increases be allocated to the support of the campus food and clothing bank.

The Chair ruled that the motion was out of order. The member had given no notice of this motion, and budgetary allocations were not within the authority of the Business Board. The President suggested that the member propose to the Agenda Committee of the Academic Board that this motion be placed on the agenda of the Planning and Budget Committee. The Chair said that it would be in order to move to refer the proposed tuition fee schedule back to the administration pending consideration of the member's proposal.

It was duly moved and seconded

THAT the proposed tuition fee schedule for publicly funded programs be referred back to the administration.

The vote was taken on the motion.

The motion to refer back was defeated.

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000

2. Tuition-Fee Schedules for Publicly Funded Programs, 2000-2001 (Cont'd)

It was duly moved and seconded

THAT the question be divided, with a separate vote on the proposed tuition increases in excess of 5%.

The vote was taken on the motion.

The motion to divide the question was defeated.

The question was put on the motion to recommend to the Governing Council approval of the proposed tuition-fee schedules for publicly funded programs for 2000-01. Three members requested a recorded vote. The motion was carried, fifteen votes in favour and five votes against.

On the recommendation of the Vice-President and Provost,

YOUR BOARD RECOMMENDS

THAT the proposed tuition-fee schedules for publicly funded programs for 2000-01, copies of which are attached hereto as Tables 1 and 3 of Appendix "A", be approved.

3. Tuition Fee Schedule for Self-Funded Programs, 2000 - 2001

The President proposed approval of the tuition fee schedule for self-funded programs for 2000-01.

A member noted a number of large disparities among the fees being proposed. Professor McCammond replied that some fees were for full-time programs and others were for only single courses.

On the recommendation of the Vice-President and Provost,

YOUR BOARD RECOMMENDS

THAT the proposed tuition-fee schedule for self-funded programs for 2000-01, a copy of which is attached hereto as Table 1 of Appendix "B", be approved.

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000

4. Chair's Remarks

The Chair introduced and welcomed a recently elected student member of the Governing Council who was in attendance for the meeting, Mr. Ljupco Gjorgjinski (a student in St. Michael's College). He also welcomed two guests who had been elected to the Governing Council for 2000-01 and who were also in attendance: Mr. Brian Davis (a member of the administrative staff) and Mr. Fayeز Quereshy (a student in the Faculty of Medicine).

The Chair also welcomed Mr. Donald Lindsey, who had on May 1st assumed office as the first President and Chief Executive Officer of the University of Toronto Asset Management Corporation. Invited to speak, Mr. Lindsey said that he was very excited about the opportunity to manage the University's investments.

5. Budget Briefing

Professor Sedra reported that the University had suspended work on developing its budget for 2000-01 pending the Province of Ontario's budget, expected to be tabled in the Legislature the next day. The Province's recent announcement of the increase in operating grants to post-secondary institutions would have the effect of increasing the University of Toronto's funding by 0.3%, an amount of about \$1-million in an annual operating grant of approximately \$350-million. The University planned its budget on a long-term basis, with the current long-range budget plan running until 2004. That plan assumed that funding from a combination of the Province's operating grants and tuition fees would increase at the rate of inflation plus 2% per year. Across-the-board salary increases had in the current year's agreements with the Faculty Association and the unions been an average of 2% per year plus the progress-through-the-ranks or merit or scale increases, resulting in an increment in the cost of salaries amounting to about 4%. The outcome of the lower-than-anticipated Provincial funding would be a base-budget shortfall of \$12-million per year. The University's relevant base budget - that part of the operating budget subject to reduction - was approximately \$400-million. A shortfall of \$12-million of this \$400-million base would require a budget reduction of 3%, following upon a 9% reduction over the past two years. A further reduction of this magnitude would be equivalent to 120 fewer faculty. That would be highly damaging to the University's academic programs, its faculty renewal, and its long-term future. Professor Sedra stressed that those reductions assumed approval of the proposed tuition-fee increases.

Professor Sedra said that the University had been acting with great vigour to make representations to the Government of Ontario to seek enhanced funding through the forthcoming Provincial budget. Such activity had been the President's first priority over the past several weeks. The outcome would be known in one day's time. If the University was forced to reduce its base budget by 3%, the cutbacks would be likely phased in over three years, combined with annual reductions in one-time-only spending to control the cumulative deficit. While those further reductions could be made, the outcome would be devastating. As a consequence, the University had delayed its own budget process for two or three weeks to learn with certainty whether the very damaging cutbacks would be needed.

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000**5. Budget Briefing (Cont'd)**

The President said that the University would regard any absence of amelioration in the Province's budget with real disappointment. There was every reason to expect that the Province, like most other jurisdictions in North America, would be increasing its investment in post-secondary education. The economy had been buoyant for nine years. The contributions of University education and research to economic health were plainly evident. The Province was well aware of the forthcoming growth in demand for post-secondary places arising from demographic factors as well as from the double cohort that would follow the Government's elimination of the fifth year of high school. The President thought that the Government was not intentionally harming the universities. In most other provinces, investment in post-secondary education had increased substantially in recent years: in Quebec by 25% over three years, in British Columbia by 7.5% in the current year, and substantially also in Alberta. In response to a member's question, the President said that he thought that there was some possibility that the budget would contain some investment of benefit to the universities. For example, the Province might establish a program to fund health research in order to foster the biotechnology industry in Ontario. Such support would be most welcome, but there was the risk that support of that nature would not alleviate the University's base operating-fund shortfall. On the contrary, if the Province provided no support to research infrastructure, such support could impose more costs.

Among the topics that arose in questions and discussion were the following.

(a) Provincial support for other sectors. A member commented that post-secondary education was not alone in the inadequacy of Provincial support. All services and infrastructure were affected.

(b) Setting tuition fees before formulating the budget. Two members commented that it would be inappropriate to proceed with the tuition fees proposal while development of the budget was suspended. One of the members said that the fee increases were being justified by the need to make quality improvements. In the absence of a budget, it would be impossible to judge whether the increases were required for this purpose or whether the higher fees would indeed provide such improvements.

The President replied that in the absence of the proposed tuition-fee increases as well as the lack of relief in the Province's forthcoming budget, the University would have to reduce its base-budget expenditures by \$18-million per year. In the absence of a favourable announcement(s) in the Province's budget, tuition-fee increases would, by and large, simply mitigate further reductions. Only the larger tuition-fee increases in particular professional programs would fund quality improvements. If the Provincial budget did provide further resources, the University would be able to proceed with the investments it wished to make in terms of improving the faculty/student ratio, providing more student aid, making improvements to the student experience and dealing with the deferred maintenance problem. The President could foresee no realistic scenario in which the administration would not wish to go forward with its recommendation concerning tuition fees. It was essential to proceed with consideration of the tuition fee schedule

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000

5. Budget Briefing (Cont'd)

at this time in order to give notice concerning tuition fees to students, especially potential new students who were currently making choices concerning their programs for the forthcoming year.

(c) University's response to underfunding and other Provincial actions concerning post-secondary education. A member thought it wrong that the Business Board would year after year accept without protest inadequate Provincial funding and also accept such steps as the establishment of private universities. Other provinces, such as British Columbia and Quebec had ensured that post-secondary education would continue to be provided by public institutions.

Another member said that he did not share the concern about private universities. He did not anticipate that students would be willing to pay fees in the order of \$60,000 per year to study at a university with no reputation.

A third member said that the President had been an eloquent advocate of the cause of post-secondary education. From time to time, questions would arise about the advocacy strategy adopted by the universities and other public institutions: why did they promote their causes in so polite a manner? The reason was that other approaches were most often ineffective and even counter-productive.

The President said that he had spent many hours considering the question of strategy, in his roles as Vice-Chair and Chair of the Council of Ontario Universities as well as in his role as President of the University of Toronto. The President had sought the best advice available from those within the public service, within politics, and outside the political process. He had been advised that some earlier advocacy efforts had been too aggressive and had received a negative response. In the case of funding for enrolment expansion, the strategy had been to work closely with the Province's responsible officials and others. The President was confident that, over time, reason would prevail.

(d) General prospects for improved Provincial funding. In response to a member's question, the President thought that, notwithstanding the large reductions in previous years, the Ontario Government did wish to make new public investments in higher education. It wished to ensure access for the increased number of students who would be seeking post-secondary places, and it had provided substantial capital funding to enable the universities to expand their facilities. The problem was that the Province was providing funding for only the marginal cost of new students, providing about 33 cents of funding for every new dollar of expenditure that the University should make in order to retain the quality of its students' education and experience. Until the recent funding announcement, the President had been optimistic, having spent a great deal of time with officials in the Ministry of Training, Colleges and Universities, on working through a plan to accommodate expanded enrolment. Notwithstanding the very good case the universities had made, the Province had placed its priorities elsewhere: implementing balanced-budget legislation, making tax reductions, and improving funding for health care, including physicians' incomes. That left very little for other purposes, but the President did hope for some additional investments in the forthcoming budget.

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000

6. Capital Project: Bahen Centre for Information Technology: Interim Funding

Miss Oliver said that she would bring the full proposal for the Bahen Centre for Information Technology to the Board's June meeting, when detailed cost analysis and review would be complete and the full cost known. In the meanwhile, an opportunity had arisen to combine the contracts for the concrete work for both the parking garage and the superstructure for the Bahen building. Doing so would lead to considerable savings, helping to keep the project on budget. However, to take advantage of this opportunity, it would be necessary to execute the combined contract before the June meeting. Therefore, Miss Oliver requested approval for an additional \$13-million appropriation for the Bahen Centre.

The Chair recalled that the project was on an accelerated schedule. In response to questions, Miss Oliver said that the request represented no increase to the total project cost; on the contrary, the opportunity to combine the projects would help to keep the cost at its target. The contractor was willing to provide a lower price for the combined contract because it would allow economies of scale.

On the recommendation of the Vice-President - Administration and Human Resources,

YOUR BOARD APPROVED

THAT the Vice-President - Administration and Human Resources be authorized to expend an additional \$13-million on execution of the Bahen Centre for Information Technology project.

7. Ancillary Operations: Real Estate - Interim Appropriation

Miss Oliver said that an operating plan for the Real Estate Ancillary operation would be brought to the Board at its June meeting. She had hoped to be able to submit the plan to this meeting or to an earlier one, but it had not proven possible to constitute and assemble the ancillary's Advisory Board in time for it to review the plan. Miss Oliver therefore asked the Board to authorize interim spending authority of \$250,000 for the ancillary for the first two months of the fiscal year, May and June. Anticipated revenues over the period would be about \$350,000.

On the recommendation of the Vice-President - Administration and Human Resources,

YOUR BOARD APPROVED

THAT the Real Estate Ancillary operation be authorized to expend up to \$250,000 for its normal operations for the period May 1st to June 30th, 2000, pending submission of its operating plan to the Business Board for approval.

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000

8. Deferred Maintenance: Annual Report, 1999

The Board received for information the annual report on deferred maintenance. Given the lack of time to discuss the report, the Chair invited members with any questions to speak directly with Miss Oliver outside of the meeting.

9. Employment Equity: Annual Reports, 1997-98 and 1998-99

The Chair said that the Employment Equity Policy mandated an annual report to the University Community. Those reports, with respect to academic staff, were made to the Academic Board and with respect to administrative staff to the Business Board.

Given the lack of time to discuss the reports, it was agreed that consideration of the item be deferred until the June meeting.

10. Risk Management and Insurance: Annual Report, 1999

The Board received for information the annual report on risk management and insurance.

11. Reports of the Administrative Assessors

The Board received for information Professor Finlayson's written report on recent developments, which report had been placed on the table for the meeting. The report included the following items:

(a) Relations with faculty and staff groups. With the exception of seven carpenters, every full-and part-time employee of the University was now covered by a current collective agreement. Negotiations had begun with the Faculty Association in April, 1999. Since that time, the Human Resources Department had carried out negotiations with sixteen separate associations or unions for over a year. Professor Finlayson was pleased to report a successful outcome. With the exception of some market adjustments in a small number of agreements, each of the new collective agreements had followed the pattern set by the agreement with the Faculty Association in April, 1999. Since the Board's previous meeting, the University had achieved settlements with the unions representing the operating engineers and the campus police. With the notable exception of the strike by the University's teaching assistants, this had been achieved without any labour disruptions, maintaining the Human Resources Department's record since 1991. Professor Finlayson recorded his, and the University's, debt to the Director of Human Resources, Mr. Brian Marshall, and the entire Human Resources staff.

(b) Munk Centre for International Studies. Work was proceeding on the Munk Centre project, and Professor Finlayson anticipated that, with the exception of the garden, construction would be completed by May 31st, 2000.

REPORT NUMBER 105 OF THE BUSINESS BOARD - May 1st, 2000

11. Reports of the Administrative Assessors (Cont'd)

(c) **Graduate House.** Work on the project had accelerated, and Professor Finlayson was optimistic that there would be partial occupancy on July 1st and full readiness of the entire building by August 15th, 2000.

(d) **Bahen Centre for Information Technology.** The project remained on schedule.

12. Date of Next Meeting

The Chair reminded members that the next regular meeting was scheduled for Thursday, June 22nd, 2000 at 5:00 p.m. That meeting would be a substantial one, with a number of important matters coming before the Board including: the financial statements for 1999-2000, the Budget Report for 2000-01, and the full proposal for the Bahen Centre for Information Technology.

13. Striking Committee: Appointment

On the recommendation of the Chair,

YOUR BOARD APPROVED

THAT the following be appointed to the Business Board Striking Committee to recommend appointments for 2000-01:

Mr. Amir Shalaby (alumnus, Chair)
Ms Rose Patten (Lieutenant Governor in Council
appointee, Vice-Chair)
Ms Shruti Dev-Nayyar (student)
Professor Vivek Goel (teaching staff)
Dr. Alex Waugh (administrative staff)

The meeting adjourned at 7:15 p.m.

Secretary

Chair

May 31st, 2000