UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 110 OF THE BUSINESS BOARD

February 19, 2001

To the Governing Council,
University of Toronto.

Your Board reports that it met on Monday, February 19, 2001 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. Amir Shalaby (In the Chair)
Professor Robert J. Birgeneau, President
Professor Michael G. Finlayson, Vice-President - Administration and Human Resources
Ms Sheila Brown, Acting Chief Financial Officer
Dr. Robert Bennett
Ms Susan Eng
Professor Brian A. Langille
Ms Karen Lewis
Mr. Gerald A. Lokash
Professor Heather Munroe-Blum
Dr. John P. Nestor
Mr. Martin Offman
Ms Jacqueline C. Orange
Mr. Roger P. Parkinson
Professor Ronald D. Venter

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

Secretariat:

Mr. Neil Dobbs
Ms Beverley Stefureak

Regrets:

Ms Wendy M. Cecil-Cockwell
Mr. Brian Davis
Mr. H. Garfield Emerson
Mr. Paul V. Godfrey
Dr. Anne Golden
Mr. James S. Kinnear
Mr. Josh Koziebrocki
Mr. Frank MacGrath
Ms Rose M. Patten
The Hon. David R. Peterson
Mr. John H. Tory
Mr. Robert S. Weiss

In Attendance:

Dr. Sheldon Levy, Vice-President - Government and Institutional Relations
Dr. Peter B. Munsche, Assistant Vice-President, Technology Transfer
Professor Ian Orchard, Vice-Provost, Students
Mr. Don Beaton, Director, Real Estate
Ms Rivi Frankle, Director of Alumni and Development
Mr. Brian Marshall, Director of Human Resources
Ms Cristina Oke, Assistant Secretary of the Governing Council
Ms Deborah Simon-Edwards, Executive Assistant to the Chief Financial Officer

ITEM 2 CONTAINS A CONCURRENCE WITH A RECOMMENDATION OF THE ACADEMIC BOARD TO THE GOVERNING COUNCIL FOR APPROVAL.

1. Report of the Previous Meeting

Report Number 109 (January 15, 2001) was approved.

2. Medical and Related Sciences Discovery District: Proposed Contribution

The Chair noted that the proposal for a University contribution to the Medical and Related Sciences (MARS) Discovery District to assist in the purchase of the College Street site of Toronto General Hospital had been introduced and supported in principle by this Board at its January 15 meeting.

Professor Munroe-Blum indicated that the status of this initiative was as described in the detailed briefing and preliminary consideration of MARS at the previous meeting of the Business Board. Since then, the proposal had gone forward to the Planning and Budget Committee and the Academic Board, both of which had supported the proposed recommendation.

Responding to questions, Professor Munroe-Blum confirmed that the $10-million from individual benefactors had been raised and that the proposal for repayment of the debt and borrowing charges was from money currently flowing from royalties and the sale of equity in “spin-off” companies. It was expected that, in the future, MARS would provide many benefits to the University, including those of a financial nature. However, the projected revenue to repay the loan did not depend on the University's share of future royalties from the intellectual property of University faculty who would be tenants in the MARS project. The MARS not-for-profit corporation would own the facility and the University’s participation would be through twenty percent representation on MARS’ governing board.

On the recommendation of the Vice-President – Research and International Relations,

YOUR BOARD CONCURRED

With the recommendation of the Academic Board

(a) THAT the University contribute $5 million to the Medical and Related Sciences (MARS) Discovery District, a not-for-profit organization, to be used to acquire strategically located lands at or close to the intersection of University Avenue and College Street for development into multiple use, multi-technology facilities complementary to the academic mission of the University, borrowing the funds to do so, and

(b) THAT, effective the date of the financing of the gift, the University’s net revenues from (a) royalties and (b) the sale of equity in “spin-off” companies be applied against the borrowing charges and the repayment of the debt.

3. Chair's Remarks

The Chair welcomed Ms Sheila Brown. Ms Brown had attended many Board meetings as the University's Controller and Director of Financial Services. She was attending today as Acting Chief Financial Officer and a voting assessor to the Board.

The Chair also welcomed Ms Beverley Stefureak, recently appointed Assistant Secretary of the Governing Council, who would be supporting the work of the Board.

4. Business Arising from the Report of the Previous Meeting

University of Toronto Art Centre: Terms of Reference - Size and Value of the University's Art Collections

The Chair recalled that at the previous meeting, the Board had approved new terms of reference for the University of Toronto Art Centre. During the discussion, a member had asked about the size and value of the University's art collection. Professor Gooch had kindly arranged for a response. A memorandum from Mr. David P. Silcox, the Director of the Centre, had been included in the agenda package. The University Art Centre was responsible for approximately 4,000 works of art, including just over 500 pieces in the Malcove collection, 500 in the Art Centre itself, and 3,000 - including the official portraits hanging in Simcoe Hall - in various locations around the University. The insured value of the collection was $20-million. In response to a question, the Chair and Professor Finlayson said that the count did not include works owned by the federated Universities (St Michael's, Trinity and Victoria) or those owned by the Faculty Club.

5. Budget: Operating Fund Forecast for the Year Ending April 30, 2001

Ms Brown reported that the University had budgeted for a $3.0-million operating fund deficit for the 2000-01 fiscal year. That deficit was now projected to be $4.6-million. Ms Brown described the two largest variances. On the positive side, enrolment and therefore tuition-fee revenue had been higher than budget, producing a favourable variance of $2.9-million. On the negative side, the cost of utilities had increased by $2.4-million over budget. Although the budget had provided for a substantial increase in the price of natural gas, the actual increase had been even higher. The projected $4.6-million deficit on the year's operations would bring the cumulative operating fund deficit to $9.9-million, which was within the limit established by Governing Council policy, i.e. 1.5% of operating income. In addition, the $9.9-million cumulative deficit was less than that projected in the Long-Range Guidelines for Planning and Budgeting, 1998-9 through 2003-04, because the cumulative deficit at the start of the 2000-01 fiscal year had been significantly less than projected in the Guidelines.

Professor Sedra recalled that the 1.5% limit on the cumulative deficit applied at the end of the long-range budget planning period. While it was true that the cumulative deficit was projected to be less than 1.5% of operating income at the end of the current fiscal year, it would be permissible for the deficit to exceed the 1.5% figure within the planning period, so long as it was 1.5% or less at the end of the period.

6. Deferred Maintenance and Facilities Renewal: Annual Report, February 2001

Miss Oliver presented her annual report on the University's backlog of facilities-renewal work. The Government of Ontario supported the renewal of university facilities by an annual grant from its Facilities Renewal Fund. In the mid-1990s, the amount of that Fund had been reduced, reaching a low of $15-million for all Ontario universities in 1998-99. During this

6. Deferred Maintenance and Facilities Renewal: Annual Report, February 2001 (Cont'd)

period, the University of Toronto had supplemented government funding with funds from the University Infrastructure Investment Fund, derived mostly from pension-contribution savings. The reduction in the Provincial grant had been the cause of great concern to all universities in the Province, and the Council of Ontario Universities had submitted a paper on the "Capital Infrastructure Crisis in Ontario Universities." The Government of Ontario had responded by increasing the size of its Facilities Renewal Fund to $41.7-million for 1999-2000, but it had cautioned that the increase was for one year only and that the continuing amount would be $26.5-million. For 2000-01, the Fund had amounted to $26.5-million, and the University of Toronto's share had been $5.2-million. For 2000-01, the Government had also augmented the Facilities Renewal Fund with funding from the Province's SuperBuild Growth Fund, almost doubling the amount available for facilities renewal across the Province. It was, however, disappointing that this was one-time-only funding. It was also disappointing to the University of Toronto that the allocation of the SuperBuild funds had been based on enrolment rather than the C.O.U. space standards. The outcome at the University of Toronto had been total spending of $14.1-million in 1999-2000 and $12.1-million in 2000-01 on repairs and facilities renewal. The figure on the top of page 3 of Miss Oliver's report showed the purposes to which this spending had been put: deferred maintenance and infrastructure renewal, the campus computer network, classroom upgrades, disabled access, landscape improvements, support for the capital plan, alterations to academic space and gas-line compliance.

Miss Oliver said that the Council of Ontario Universities was continuing its strenuous advocacy of increased provincial support for facilities renewal. The Ontario universities had hired consultants to carry out an audit of their facilities, with one fifth of all facilities being audited every year for five years. The aim was to identify the true needs for infrastructure repair and to give the Government of Ontario reliable information on the use of its Facilities Renewal Fund. The outcome of the audits was a Facilities Condition Index (F.C.I.) for each Ontario university, expressing the deferred-maintenance need as a percent of the current replacement value of the institution's buildings.

The University of Toronto's consultants had assessed five buildings in the first year of the exercise. Not surprisingly, the newest building, the Earth Sciences Centre, had received the best F.C.I. of 5. One of the older buildings, the Robarts Library, had received an F.C.I. of 28. Buildings with indices of 15 - 29 were described as "managed care" facilities - ones where buildings and equipment were periodically upgraded to current standards and use, but not enough to control the effects of normal use and deterioration. Sidney Smith Hall had a very poor F.C.I. of 34. Repairs to that building were particularly costly because they could not be made without disturbing asbestos insulation. Miss Oliver hoped that the index would convince the Government of Ontario of the need for a higher level of funding for facilities renewal.

The Chair commented that the University appeared to have turned a corner two years ago. The annual reports until then had appeared to be bleak and getting bleaker. He noted that the Board's interest in the report was its general responsibility for the maintenance of facilities, its responsibility for the health and safety of members of the University and visitors, and its concern with respect to fiscal prudence - were buildings being allowed to deteriorate in a financially imprudent manner? The Chair commented that the term "infrastructure renewal" was a more appropriate one than "deferred maintenance" to describe the content of the list that was being presented to the Board. Miss Oliver agreed with the Chair's observation that the situation had improved in the past two years; her concern was that much of the government funding in 2000-01 had been provided on a one-time-only basis.

6. Deferred Maintenance and Facilities Renewal: Annual Report, February 2001 (Cont'd)

Discussion focused on three matters.

(a) Possibility of borrowing for infrastructure renewal. A member suggested that, because the University was seriously behind in its facilities maintenance and renewal, it consider borrowing to reduce the backlog and then asking the Government of Ontario to assist with repayment of the loan. Professor Finlayson replied that the administration had not considered borrowing for that purpose, and it would be wary of doing so. The Council of Ontario Universities and the University of Toronto had been successful in their recent approach - stressing to the Government of Ontario the importance of investing in facilities renewal. The audit of the condition of facilities in the universities had been a very useful tool in demonstrating to the Province the need for action. To borrow money and to remedy major problems would be to remove the largest incentive for the Province to act. The President and Professor Sedra concurred with this view. The President commented that if the Government of Canada was to make a commitment to fund the full cost of university research, including the overhead cost, he would be willing to endorse borrowing to construct new research facilities, with the borrowing being amortized from the revenue stream from research-overhead payments.

(b) Likelihood of enhanced Provincial support for facilities renewal. The President commented that the Province had asked the universities to rank their needs in priority order. The universities had responded that their primary need was full funding for enrolment expansion. The second most important need was for facilities and infrastructure renewal. There had been a positive tone to the discussions with the Province; the President was therefore hopeful about the prospect of enhanced funding for facilities renewal.

(c) Audit of the condition of Ontario university facilities. A member asked whether the same consulting firm was conducting the audit of facility conditions at all Ontario universities. Referring to attachment 2 to Miss Oliver's report, "Preliminary Facility Condition Index for Ontario Universities," he noted that the University of Waterloo had an atypically good Facilities Condition Index. Might that be the result of the application of different standards? Miss Oliver replied that the indices reported in Attachment 2 were the outcome of work prior to the current C.O.U. initiative, and there appeared to be a variance in the standards that had been applied. With the current C.O.U. initiative, many universities were using the same firm, although use of that firm was not possible in all cases. However, all consultants were using a common set of standards that would ensure the consistency of future audit results.

7. Capital Projects: Status Report, February 2001

The Chair said that he had invited Professor Finlayson and his colleagues to present an updated status report on capital projects in order to provide context for the Board, which would be considering proposals with respect to the University's planned, extensive construction program.

Professor Finlayson noted that the Report divided projects into four broad categories. Those in the first category had received full approval to proceed and were well underway. Among them, the Bahen Centre for Information Technology was in construction, with the parking garage and the interface with the loading dock at the Koffler Student Services Centre completed. The project was on budget and within a few weeks of its schedule. Donors had funded the fourth-floor fit-out for the Lash Miller Chemical Laboratories, also in construction. Renovations to the attic and installation of an elevator in the Faculty of Law building had a tender closing of February 20. The Lewar Centre for Cardiovascular Research and the current phase of the Faculty of Architecture, Landscape and Design renovation were in the final stages of construction.

7. Capital Projects: Status Report, February 2001 (Cont'd)

The projects in category "B" had been reviewed by the Business Board and were in the design stage. They would come forward as detailed proposals within the next several months. This category included four new student residence buildings, located on all three campuses, planned in order to implement the University's decision to offer an increased proportion of its students the opportunity of living on campus. This category also included the first phase of the Open Space Plan. The University had engaged a firm of landscape architects from Philadelphia to work, under the general supervision of the Design Advisory Committee, to produce proposals for King's College Road and Convocation Plaza, King's College Circle, Galbraith Road, Simcoe Walk, and University College Walk. Professor Finlayson anticipated bringing forward in the current year a proposal for approval of the project to implement the new landscape design for King's College Road and Convocation Plaza.

Category "C" listed those projects that had been approved in principle by Governing Council but had not yet been seen by Business Board. Detailed plans would come forward when funding was identified. Professor Finlayson hoped that might take place some time in 2001. That category included the Centre for Cellular and Biomolecular Research, the Academic Resource Centre at the University of Toronto at Scarborough, and the renovation of 371 Bloor Street West for the Ontario Institute for Studies in Education / University of Toronto Schools. The Centre for Cellular and Biomolecular Research was a $110-million project for which about half of the funding was being provided by various federal and provincial government programs. The University was working hard to obtain additional public and private support for this very important project. Similarly, about half of the funding had been identified for the Academic Resource Centre at Scarborough, also a very important facility, especially in the light of planned enrolment expansion at Scarborough.

The final category listed eleven projects for which users' committee reports were being prepared. The proposal for two daycare facilities was expected to come to Business Board by the end of June. It was anticipated that one facility would be located on Glen Morris Avenue and another on the ground floor of the Charles Street married student residences. The University was in need of good day care facilities, and the current Margaret Fletcher and Co-operative Daycare centres were located on the site proposed for a new student residence.

Professor McCammond reported that various other users' committees were working. Users' committee reports on the new Pharmacy Building and on the Botany Greenhouse Replacement project would be going to Planning and Budget Committee within the next six weeks. The new Pharmacy Building, to be built on the northwest corner of College Street and Queen's Park Crescent, was part of the Health Sciences Complex. It would be funded by the Provincial SuperBuild Growth Fund, the University Infrastructure Investment Fund, and substantial private donations. It would allow the Faculty of Pharmacy to meet an important public-policy objective by doubling its enrolment. Constructing the Pharmacy building would require moving the Botany greenhouse located on the site to the current location of the Department of Botany - the Earth Sciences Centre. The new greenhouse facility would be funded by the Canada Foundation for Innovation. Users' Committee reports on two projects for Sidney Smith Hall (Infill-Third Floor and Patio Enclosure) would go to the Planning and Budget Committee on February 27, although neither was fully funded at this time. They would provide much needed office space, study space and general student space. A project at the University of Toronto at Mississauga would house its new joint program with Sheridan College of Applied Arts and Technology - the Program in Communication, Culture and Information Technology. That project would be funded by the Ontario SuperBuild Growth Fund and a very generous donation from the City of Mississauga. The remaining users' committees were further from completion, but reports were expected before the end of the year. A new residence building for University College

7. Capital Projects: Status Report, February 2001 (Cont'd)

was being planned adjacent to its two existing residence buildings. The College was looking at using a part of the back campus, and this would require consultation with the neighbours. General planning and design work was continuing with respect to the Bloor / Devonshire / Varsity precinct. This would include construction of a new, smaller stadium, a renovated arena, possibly a second rink, and student residence buildings. The report of the users' committee for the Multi-Faith Study and Worship Centre was expected in about six weeks' time. The users' committee for the second phase of the renovation of the Stevens and Benson buildings was continuing its work. New facilities for the programs in Occupational Therapy, Physical Therapy and Speech-Language Pathology might be provided by the purchase of an existing building close to the teaching hospitals.

Among the matters that arose in questions and discussion were the following:

(a) Cost of residence construction. In response to a question, Miss Oliver and Professor McCammond said that the floor space per bed in each residence was roughly the same. The cost was approximately $70,000 per bed, but building costs were slightly higher for the residences on the St. George Campus.

(b) University College Residences. In response to a member's question about the location of the planned new University College residence using the back campus, Professor McCammond said that planning work was proceeding, that discussions were underway with a number of neighbours and that a proposal would come forward only when both the neighbours and University College concurred. Use of a part of the back campus for a residence building would require a change to the existing zoning by-law. The University did not have as-of-right permission to build on this site. A member asked how members of the Governing Council could participate in the discussion of the use of the back campus before the proposal reached an advanced stage and was brought to the Council for approval. The member anticipated a lively discussion. Professor McCammond said that the proposal would be taken initially to the Planning and Budget Committee and then to the Academic Board. He did not expect the proposal to be ready to proceed to governance before the end of the spring.

(c) Bloor / Devonshire / Varsity Precinct Development. Professor Finlayson said that a planning exercise for the area south of Bloor Street West, between St. George Street and Varsity Stadium, including the Stadium, had begun about a year ago and was near completion. The plan, at this stage, included a new, two-tower residence building, a new, reconfigured Varsity Stadium, and Varsity Arena with the possibility of a second rink. Discussions were underway with Trinity College, which owned the property just to the south of the Stadium and arena. Planning at this time was at a high level of generality, as part of a consultative process within the University, with the neighbours and with the City of Toronto. The process was being led by Dr. John G. Dimond, the Secretary Emeritus of the Governing Council. A major obstacle to proceeding was finding funding for the new Varsity Stadium.

8. Physical Planning and Design Advisory Group: Annual Report, February 2001

Professor Finlayson noted that a detailed summary of activity in the past year had been provided, adding that the Design Advisory Group had had significant input into the drafting of the proposed revised policies on Steps in the Planning and Execution of Capital Projects, which would come forward within the next several months. The policy review had been a positive exercise and improvement in process was expected as a result.

8. Physical Planning and Design Advisory Group: Annual Report, February 2001 (Cont'd)

The Board discussed the process for the selection of architects. A member referred to the comment in the Advisory Group's report that the University had in the past been unable to attract interest from international architectural firms because of inadequate provision for design in project budgets. Had that problem been remedied or would the University continue to be unable to build first-class buildings going forward? Professor Finlayson replied that the University had engaged the services of many, very good architects for recent and current projects. For example, the excellent firm of Diamond and Schmidt had done very good work on the design of the Bahen Centre for Information Technology, and the equally outstanding firm of Kuwabara Payne McKenna and Bloomberg had done outstanding work on the renovation of both Woodsworth College and the Munk Centre for International Relations. It was true that the University had not attracted the interest of "high flying" firms from the U.S. for its projects, apart from Graduate House. In part, that had been the result of the weakness of the Canadian dollar. The issue was, however, being addressed in the revised Policy on the Steps in the Planning and Execution of Capital Projects, which was being drafted by Dr. John G. Dimond, the Secretary Emeritus of the Governing Council. A draft of that policy would be reviewed within days by the University's executive group, and Professor Finlayson was confident that a proposal would come before the Planning and Budget Committee and the Business Board before June 30.

A member commented that the problem of finding funding to attract the very best architects was the symptom of a deeper problem - the constraints on funding of capital projects in general. With such constraints, it was very difficult to meet basic space needs, let alone fund the designs of the very best international architects. The President noted that a building equivalent to the Bahen Centre had been planned by the Massachusetts Institute of Technology at a cost of $180-million (Canadian). The actual cost had since increased to $300-million. It would be simply impossible for the University of Toronto to meet its space needs and erect buildings at that cost. Using an internationally eminent architect such as Frank Gehry could double the cost of a building.

A member noted that the administration clearly did not think it appropriate to make a recommendation for action in response to the concern expressed by the Design Advisory Committee. The administration's position was apparently informed by the view that the buildings the University could currently afford were satisfactory and did not represent a compromise. She urged the Board to consider whether it should accept this approach, refer the question back to the Design Advisory Committee, or call for the allocation of increased funding for design.

Professor Finlayson replied that the revised Policy on the Steps in the Planning and Execution of Capital Projects would provide that design be considered before a budget is set to ensure that the cost of good of design is taken into account. Professor Finlayson would not deny that the design issue was a significant one. It had been a major focus of discussion with respect to Graduate House and the Bahen Centre. It was also true that the issue of design had been the subject of animated debate in the Design Advisory Committee: did the University allocate enough money for good design? Some members of the Committee felt that the University should spend more. Others, including Professor Finlayson, took the view that during the years when he was involved, the University had selected many excellent architects. In such buildings at the Gerstein Science Information Centre, the Munk Centre and the future Woodworth College Residence, there was no major shortfall.

8. Physical Planning and Design Advisory Group: Annual Report, February 2001 (Cont'd)

The Chair stressed that the new Policy would ensure that the Design Advisory Committee would be involved at the appropriate times in the planning and execution of all capital projects. That Committee was discussing this among other issues, and Dr. Dimond was clearly taking the Committee's views into account in the drafting of the new policy. The Chair therefore concluded that the process was being respected and that the Board could expect positive and progressive change.

9. Enrolment Report, 1999-2000

The Chair commented that the Business Board's interest in the Enrolment Report and the Report on Student Financial Support (the next item on the agenda) derived from its responsibility for tuition fees. He reminded members that the University's approach was guided by two policies: the Tuition Fee Policy and the Policy on Student Financial Support. In considering tuition fees, the Business Board had to satisfy itself that fees were having no negative effect on enrolment - that the University was not pricing itself out of the market. Also, and even more importantly, the Board had to satisfy itself that fees were having no negative effect on the accessibility of disadvantaged groups to the University. Access was to be protected by student financial support. For that reason, the Board also received, as background to its consideration of the tuition fee schedule, the annual report of the Vice-Provost, Students on Student Financial Support.

In the course of his presentation, and in response to a question, Professor McCammond said that the basis of the Province's operating grant to the University was the count of "basic income units" or B.I.U.s. Each program was assigned a B.I.U. weight, which depended roughly on the cost of offering instruction. For example, each student enrolled in a first year arts program counted as a single B.I.U., whereas each student enrolled in a PhD. program counted as six B.I.U.s. The Province had established an enrolment corridor for each University, expressed in terms of basic income units. Operating grants were provided to each university on the basis of the B.I.U. count for the midpoint of that corridor. If the five-year average of the University's B.I.U. count fell more than 3% below the midpoint, it was deemed to be out of the corridor and the University would lose funding - being funded only for its actual enrolment. The corridor also had an upper limit, which was 3% above the midpoint. But a university would not receive additional funding for enrolment above the corridor; universities that wished funding to expand were required to request a change to their corridor. Also in the course of his presentation, Professor McCammond noted that the University was able to control its enrolment only at the level of intake into programs. Once students were admitted to programs, they were entitled to proceed to complete them, provided that they remained in good academic standing. Each year, therefore, the Provost reached agreement with each division on its target intake.

Professor McCammond surveyed the highlights of the report.

- **Total enrolment**. Enrolment in government-funded programs for the winter session 2000-01 was 29 full-time-equivalent students above target and 464 full-time-equivalent students above enrolment for the previous year.

9. Enrolment Report, 1999-2000 (Cont'd)

- **International students**. The University had been making progress in its effort to increase its enrolment of students from other countries, which enrolment had fallen off substantially owing to the Government's imposition of high tuition fees in the mid-1990s. Effective 1996-97, the Government had both discontinued operating funding for such students and had deregulated fees for them. The University had taken advantage of the deregulation to reduce fees for students from other countries in an effort to restore international enrolment at its level before the mandated fee increase in 1993. For 2000-01, approximately 2,800 students from other countries were enrolled at the University, representing 5.3% of enrolment.

- **Arts and Science enrolment**. Arts and Science enrolment was 123 full-time-equivalent students above target on the St. George Campus and 109 students above target on the Scarborough Campus. At Mississauga, enrolment was very close to target.

- **Applied Science and Engineering**. Enrolment was very healthy at 86 students above plan. The increase included the continuation of the planned increase of students in computer and related engineering programs under the Province's Access to Opportunities Program.

- **Ontario Institute for Studies in Education in the University of Toronto (OISE/U.T.)** In response to a Government initiative, OISE/U.T. had agreed to increase its entering class in the Bachelor of Education program by 94 students per year for 1999-2000 and 2000-01. It had done so and had exceeded its target by five students.

- **Graduate programs: professional masters degrees**. Enrolment results had been mixed in masters degree programs leading to professional qualifications. In the masters programs in Engineering, Business Administration, Industrial Relations and Health Science, enrolment had exceeded target. In other programs, which were new programs or programs that were seeking to build up their enrolments, there had been some shortfalls from planned enrolment levels. In the relatively new masters degree programs in the Faculty of Architecture, Landscape, and Design and in the Master of Nursing Program, enrolment had increased but less than planned.

- **Doctoral-stream programs**. Enrolment in doctoral-stream programs had increased by 63 full-time-equivalent students over the previous year, but that increase still left enrolment 206 students below the planned level. Part of the shortfall had arisen from not meeting targets for enrolment increases in computer science, computer engineering and related programs under the Access to Opportunities Program. Another part of the shortfall represented a positive development: doctoral students were completing their degrees more quickly than in the past. Intake into doctoral-stream programs had been strong.

Professor McCammond concluded that the report was a good one overall, with the University's enrolment being significantly over target, generating, as noted in the Operating Fund Forecast, higher revenue from tuition fees than had been budgeted.

9. Enrolment Report, 1999-2000 (Cont'd)

Among the matters that arose in discussion were the following.

(a) Graduate enrolment. A member asked whether the shortfall in enrolment in doctoral-stream and some professional masters programs was a reflection of any problem in students' perception of the strength of the University as a research university. Professor McCammond replied that the intake of doctoral-stream students was increasing, leading to an increase in total doctoral-stream enrolment. The main reason that enrolment had been below the higher target was a positive one: students were completing their degrees faster. This was evidenced by the fact that basic income units on account of graduate students had increased much more substantially than enrolments; doctoral students were not included in the B.I.U. count and did not generate Provincial operating funds after four years. With respect to enrolments below target in professional masters programs, enrolment had increased. While the increases had not met the targets in a few cases, the targets themselves had likely been over-optimistic. The Chair reminded the Board that its responsibility was to monitor enrolment from the point of view of its responsibility for tuition fees. The Enrolment Report would also be forwarded to the Planning and Budget Committee of the Academic Board. That Board was responsible for monitoring the quality and reputation of academic programs. The member noted that the performance indicators presented to the Governing Council would be of assistance in answering questions such as this.

(b) Financial effects of enrolment changes in various programs. A member expected that enrolments in some programs would be financially advantageous to the University, with Government operating income and tuition fees exceeding the cost of providing the program, whereas enrolment in other programs would cause a net financial loss to the University. He asked about the financial effect of the variances from the planned enrolment. Were the various over-and under-enrolments in areas where they were of net financial benefit or net cost to the University? Was the University increasing enrolment in areas of net financial benefit or cost? Professor Sedra replied that in the current period of financial restraint, it would not be possible to identify any program as satisfactorily funded. The most expensive program to offer was the professional program in Dentistry, where government funding and fees were substantial but where there was certainly need to improve the clinic. Even for less expensive programs, such as undergraduate programs in Arts and Science, there was need, for example, to reduce class size and to offer more tutorial and laboratory sections. Where tuition fees were de-regulated, the University sought to reflect costs as far as possible in setting those fees, and the cost of offering those programs was reported in the annual proposal for tuition fees. The costs of programs did not correspond exactly to the revenue they generated; the University did cross-subsidize programs for good academic reasons and was proud to do so. The University had based its decisions to add to its enrolment in recent years largely on the basis of demand for graduates. That had been the basis of the addition to enrolment in such areas as Education, Medicine, Computer Science and Computer Engineering. With additional government funding, the University was able in those areas to produce well-trained graduates within the resources available. The University engaged in careful enrolment planning, establishing enrolment targets each year in discussions with every Dean. Those enrolment targets were important in budget planning. Because enrolment did not come out on target in every division, funds were set aside to provide some assistance to divisions that over-shot their targets.

(c) Tuition fees and enrolment. A member cautioned against assuming a direct relationship between the level of tuition fees and enrolment levels. Many other factors, for example the rigour of admission requirements, affected enrolment. The President agreed with the members' observation. For example, significantly higher tuition fees had not prevented a substantially higher admissions yield rate in Medicine.

10. Student Financial Support: Report of the Vice-Provost, Students 1999-2000

Professor Orchard presented his report on student financial support. The report was prepared annually for the Committee on Academic Policy and Programs, which was responsible for student awards. He stressed that the report dealt solely with need-based assistance and not with scholarships based on academic merit. In addition, it dealt only with financial support for undergraduate and second-entry professional-faculty students. A separate, comprehensive report had been prepared on funding for graduate students. He recalled that the Policy on Student Financial Support stated that no student offered admission to a program should be unable to enter or complete the program due to lack of financial means. The University's program was based on the Ontario Student Assistance Program (OSAP) need assessment, which took into account actual tuition fees and allowances for other costs. When OSAP support was inadequate to meet a student's assessed need, the University's program, called the University of Toronto Advanced Planning for Students (UTAPS) program, provided supplemental aid. Support was provided in the form of grants to full-time first-entry and doctoral-stream students and in the form of a mix of grants and loans to second-entry professional-faculty students. In addition, grants were provided to pay the interest on the loan portion while students remained enrolled. In the second-entry professional programs, there was also an income-sensitive loan remission program, based upon the Canada student loan interest-relief program, for graduates who pursued low-income careers within their professions and for graduates who suffered ill-fortune. Special assistance was also available for needy part-time students who were ineligible for OSAP, for First Nations students to supplement aid from their bands, and for other students with special financial needs, such as single parents.

Professor Orchard provided an overview of the financial counselling available to students, which was provided both in the academic divisions and by the central Office of Admissions and Awards. In addition to personal counselling, general information was made available on a website and through brochures, including one directed at parents.

Professor Orchard reported that all funding for UTAPS for 1999-2000 had been provided from a central University budget, freeing divisional budgets to provide other assistance. Spending on UTAPS had risen from $1.6-million in 1996-97 to $9.2-million in 1999-2000. In addition, in 1999-2000, $13.6-million had been granted to students under aid programs other that UTAPS. They included the need-based bursaries provided by the proceeds of endowments established under the Ontario Student Opportunities Trust Fund program. In total, therefore, the University had provided $22.8-million of need-based aid to students to supplement their OSAP loans. In addition to that was over $30-million of merit based awards provided from numerous individual funds. Finally, $87 million from all sources had been distributed to graduate students.

Professor Orchard reported on the University's work to monitor accessibility. One step was to monitor the levels of OSAP debt of students graduating from first-entry programs. Over 50% of students in first-entry programs had graduated in 2000 with no outstanding OSAP loans, and the remaining students had an average debt load of between $15,000 and $16,000. One of the University's objectives was to reduce the number of students graduating with debt in excess of $20,000. The number of such students had been declining over the past three years.

10. <u>Student Financial Support: Report of the Vice-Provost, Students 1999-2000</u> (Cont'd)

A second method of monitoring accessibility was a program of surveys of students. A 1998-99 survey of undergraduate students at Ryerson, University of Toronto, Western, Queen's and York showed the University of Toronto had a larger proportion of students born outside Canada, identifying themselves as members of minority groups, coming from homes with low incomes, and having parents with less than a post-secondary education, compared to the five-university average. A comparable survey was completed by the University of Toronto in 2000, which showed that the University continued to attract a large proportion of students from minority groups and families with relatively low incomes and parental education levels. A second set of surveys was completed of students in professional faculties. Those surveys were designed to determine whether the higher level of tuition fees in the professional programs with deregulated fees, combined with the University's student-support programs, had caused any negative effect on accessibility. In 1999, students in upper years of professional programs were surveyed; those students had not been subject to the increased fees that followed fee deregulation. The survey results were compared with surveys taken in 1999 and 2000 of new students in those same programs, who were required to pay higher fees. The proportion of students who were born outside of Canada had declined slightly; the proportion who identified themselves as members of minority groups had increased; and the proportion coming from low income families and families without post-secondary education had increased. Overall, the indicators suggested the University of Toronto's financial support programs had delivered money to the appropriate people, and that that higher fees, combined with improved student aid, had caused no negative effect on accessibility. That was a logical outcome, with higher fees being charged to those who could afford them, and increased financial support being delivered to needy students to offset the higher fees and other costs.

In the course of discussion, a member commented favourably on the University's program of financial support to students. Among the matters that arose in discussion were the following.

(a) Millennium scholarships. A member noted that the Government of Canada's millennium scholarships were regarded by OSAP as income, which reduced students' eligibility for OSAP loans. Had the universities made any headway in their effort to have the Province change that practice so that students would derive a net benefit from the Federal program? Dr. Levy replied that the universities were continuing to advocate that change in policy, but they had made no progress. One outcome was discouragement on the part of the Government of Canada, which might have a negative effect on its willingness to improve transfers to the Provinces for post-secondary education.

(b) Student debt loads. In response to a suggestion from the President, Professor Orchard agreed to provide a report showing how much it would cost the University to provide assistance to the level that would save any student from graduating from a first-entry program with a student-loan debt of more than $24,000.

(c) Provincial suggestion with respect to merit-based scholarships. The President reported on a suggestion made by Provincial officials that scholarships continue to be awarded solely on the basis of merit, but that their amount take into account the scholarship winners' need. This would ensure that the most academically meritorious students continue to receive the honour of receiving a scholarship, but would allow the distribution of money to be fairer. The President noted that the terms of many scholarships had been established by agreements between the University and benefactors, and any change would require the consent of the benefactors.

10. <u>Student Financial Support: Report of the Vice-Provost, Students 1999-2000</u> (Cont'd)

(d) Part-time employment. A member observed that the surveys had found that many students worked part-time during the academic year. She asked whether students had found it necessary to undertake such part-time work in order to complete their programs without debt. The member was concerned that the need to engage in part-time work during the academic year could increase stress and cause harm to students' academic work. Professor Orchard indicated that there was very little correlation between students' economic backgrounds and their decisions to work during the academic term. Students who worked averaged fifteen hours' work per week, and worked for a variety of reasons. Counsellors worked hard to ensure that students understood the need for a balance among work, debt load, study time and personal time.

11. <u>Reports of the Administrative Assessors</u>

Professor Finlayson reported on three matters.

(a) Personnel policies for non-unionized administrative staff. Draft personnel policies had been developed and distributed for comment to members of the administrative staff who were not represented by the United Steelworkers of America or any other union. Professor Finlayson anticipated that he would bring those policies for approval to the May meeting of the Board. There would be two sets of policies: one for professional and management staff and one for other staff with access to confidential information concerning labour relations.

(b) University of Toronto Faculty Association: Negotiations. Negotiations with the Faculty Association were proceeding with the assistance of a mediator, Mr. Kevin Burkette. Because the University had agreed to enter into negotiations, well before the expiry of the current agreement and outside of the usual process that ended in arbitration, the negotiations would end in April, with or without an agreement to revise and extend the current salary and benefits agreement.

(c) United Steelworkers of America. The first arbitration under the collective agreement with the Steelworkers' union, on the difficult matter of call-in pay, had been completed, with the arbitration endorsing the University's position.

12. <u>Date of Next Meeting</u>

The Chair had reminded members that the next regular meeting was scheduled for Monday, April 2, 2001 at 5:00 p.m.

13. <u>Closed Session Reports</u>

The Chair reported that, in addition to the usual closed-session reports, Professor Finlayson wished to recommend approval of a real estate transaction.

On motion duly made and seconded, it was RESOLVED

> THAT pursuant to section 33 of By-Law Number 2, the Board consider Professor Finlayson's reports and proposal *in camera*, with staff members named by Professor Finlayson invited to attend to assist the Board in its consideration of these items.

Professor Finlayson reported on the progress of two real estate transactions, which had been approved previously by the Board.

13. <u>Closed Session Reports</u> (Cont'd)

On motion duly made and seconded, and carried by the required two-thirds majority, it was RESOLVED

> THAT pursuant to section 32(d) of By-Law Number 2, the Board add to its agenda consideration of Professor Finlayson's recommendation for a real estate transaction.

The matter was resolved *in camera*.

The Board returned to open session**.**

The meeting was adjourned at 7:40 p.m.

Secretary	Chair

March 26, 2001