UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 165 OF THE BUSINESS BOARD

March 5, 2008

To the Governing Council,
University of Toronto.

Your Board reports that it met on Monday, March 5, 2008 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. Richard Nunn, (In the Chair)
Mr. Geoffrey Matus, Vice-Chair
Professor C. David Naylor, President
Ms Catherine J. Riggall, Vice-President, Business Affairs
Professor Angela Hildyard, Vice-President, Human Resources and Equity
Ms Mary Anne Elliott
Dr. Gerald Halbert
Mr. Alex Kenjeev
Ms Paulette L. Kennedy
Dr. Joel A. Kirsh
Mr. Jim Linley
Professor Arthur S. Ripstein
Mr. John Varghese
Ms B. Elizabeth Vosburgh
Mr. Larry Wasser
Mr. Yang Weng
Mr. W. David Wilson

Professor Vivek Goel, Vice-President and Provost
Ms Judith Wolfson, Vice-President, University Relations
Professor R. Paul Young Vice-President- Research
Ms Sheila Brown, Chief Financial Officer
Mr. Louis R. Charpentier, Secretary of the Governing Council
Ms Rivi Frankle, Chief Operating Officer, University Advancement, and Assistant Vice-President, Alumni Relations
Ms Christina Sass-Kortsak, Assistant Vice-President, Human Resources
Mr. Nadeem Shabbar, Chief Real Estate Officer
Ms Elizabeth Sisam, Assistant Vice-President, Campus and Facilities Planning
Mr. Ron Swail, Assistant Vice-President, Facilities and Services
Professor Safwat Zaky, Vice-Provost, Planning and Budget

Mr. Neil Dobbs, Secretary

Regrets:

Mr. P. C. Choo
Ms Susan Eng
Dr. Stephan Mathias Larson
Mr. Gerald A. Lokash
Mr. Gary P. Mooney
Mr. George E. Myhal
Mr. David Oxtoby
Mr. Stephen C. Smith
Mr. Robert S. Weiss

In Attendance:

Professor Emeritus Joan E. Foley, Past-Member, Governing Council, University Ombudsperson
Professor Cheryl Misak, Deputy Provost

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In Attendance (Cont'd)

Mr. Ken De Baeremaeker, Manager, Enrolment Planning and Modeling, Office of the Vice-Provost, Planning and Budget
Mr. Garvin De Four, Case Officer, Office of the University Ombudsperson
Ms Sally Garner, Senior Manager, Long-Range Budget Planning, Office of the Vice-Provost, Planning and Budget
Dr. Anthony Gray, Special Advisor to the President
Ms Deepa Jacob, Research and Policy Analyst, Office of the Vice-President, Business Affairs
Ms Anne Lewis, Manager, Student Accounts
Mr. Sandeep Malik, Senior Manager, Budget Planning and Administration
Mr. Henry T. Mulhall, Assistant Secretary of the Governing Council
Ms Ruta Pocius, Director, Issues Management and Media Relations, Office of the Assistant Vice-President, Strategic Communications
Ms Meredith Strong, Director, Office of the Vice-President, University Relations
Ms Karel Swift, University Registrar
Ms Mae-Yu Tan, Assistant Secretary of the Governing Council

ITEMS 2 TO 5 DEAL WITH RECOMMENDATIONS TO THE GOVERNING COUNCIL FOR APPROVAL AND CONCURRENCE.

The Chair noted that the main theme of the meeting concerned student fees and the budget. Professor Goel would make a substantial combined presentation on both matters, after which the Board would begin its consideration of each.

1. Report of the Previous Meeting: Report Number 164 – February 4, 2008

Report Number 164 (February 4, 2008) was approved.

2. Tuition Fees and Budget: Provost's Presentation

Professor Goel presented the proposed tuition-fee schedules and the Budget Report, using power-point slides. He noted that the Enrolment Report and the Report on Student Financial Support were presented in support of the tuition fees proposal. The Budget was the first under the new budget model and included a proposal to revise the manner in which long-range budgeting was completed and placed before governance for approval. The highlights of Professor Goel's presentation included the following.

Enrolment. The University had grown dramatically over the past thirty years, including the substantial growth in the past decade. Enrolment was now being held steady. The *Towards 2030* process would consider major questions concerning enrolment planning. Should enrolment be held steady or should the University foster growth? Should there be

2. Tuition Fees and Budget: Provost's Presentation (Cont'd)

growth only on some campuses? Should there be growth in particular areas: graduate, undergraduate, professional master's or doctoral-stream graduate studies? There had been in recent years a substantial bulge in the enrolment of undergraduate students. For budget planning purposes, undergraduate enrolment was projected to remain steady and growth was projected in the area of graduate studies.

With respect to the enrolment of international students, it was the University's objective to increase its internationalization, and its international enrolment now stood at about 10%. While undergraduate international enrolment growth was forecasted, there was no plan at this time to increase the proportion of international graduate students because the Province of Ontario provided resources to support only domestic students.

There was every reason for confidence that the University would be able to achieve its planned enrolment levels. The number of applications received, the number of offers of admission and the number of students registering had remained strong. The number of applications had, as anticipated, returned to a level similar to that before the double cohort and indeed somewhat exceeded it. The University monitored its yield rate – the rate of registrations compared to the number of offers. It had remained strong at about 30% for undergraduate applicants. The enrolment of international students had continued to increase even after the increase in tuition fees for those students.

- **Tuition fees and budget needs**. The real (after-inflation) value of the Province's per-student funding unit – the Basic Income Unit or B.I.U. – had been eroded substantially as inflation had strongly outpaced the growth in the B.I.U. The amount of the B.I.U. had been reduced drastically at the time of the "Common Sense Revolution," and its value had then been maintained for a time relative to inflation. There had then been some improvements, with funding for the double cohort: the "Quality Enhancement" funding and the "Reaching Higher" plan. Nonetheless, the real value of the B.I.U. remained 25% below that of fifteen years ago. Even after the funding enhancements, the per-student funding in Ontario was still 25% below the average funding in the other provinces.

- **University of Toronto policy context concerning tuition fees**. The University's 1998 Policy on Student Financial Support committed the University to ensuring that "no student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to lack of financial means." The University's statement of Commitment to International Students recognized that while such students were required, as a condition of their study permits (student visas), to demonstrate that they had the resources required to meet their costs, emergencies could occur after students had begun their programs, and the University would seek to assist students in those circumstances.

2. Tuition Fees and Budget: Provost's Presentation (Cont'd)

- **Government of Ontario framework for tuition fees**. The year 2008-09 would be the third year of the four-year Provincial tuition-fee framework, and discussions were now commencing regarding a successor arrangement. Under the current framework, the average increase in tuition fees for domestic students could not exceed 5% per year. Fee increases for continuing students were capped at 4%. Fee increases for students entering most undergraduate programs were capped at 4.5%. Fee increases for students entering most professional and graduate programs were permitted up to 8%. In addition, the Government required adherence to its student access guarantee: that students would have access to the financial resources required for tuition fees, other mandatory fees and books. The University was required to report on its compliance with that access guarantee.

- **Tuition-fee increases: domestic students**. It was proposed that fees be increased by 4% for all doctoral-stream students, graduate diploma students and most continuing students. For students in the Doctor of Medicine program, fees would be increased by only 2%. That was made possible by the substantial investments of the Province of Ontario which had increased per-student funding for medical student places that had been added in recent years. There would be no increase in the fees for continuing students in five special programs such as the Master of Management in Public Accounting because those fees had been set at the start of each program cohort.

  Fees would increase by 4.5% for entering undergraduate students in most programs including Arts and Science, Physical Education and Health, Music, Radiation Science, Education, and Nursing and in the upper years of the programs in Computer Science, Bioinformatics and the Culture, Communications and Information Technology Program at U.T.M. A 4.5% increase would also apply to students in the Master of Music program.

  Fees would increase by 8% for domestic students in most professional programs including: professional masters programs, Engineering, Law, Dentistry, and the second and higher years of Commerce and Management. Fees for students in the Leslie Dan Faculty of Pharmacy would increase by 5%.

- **Tuition-fee increases: international students**. Tuition fees for international students would increase by 10% for students in undergraduate Arts and Science, Music, Engineering, Physical Education and Health, the Ontario Institute for Studies in Education, Engineering, Nursing, and the Master of Environmental Science program offered at U.T.S.C. The University had some years ago held fee increases for international students to 5%. More recently, the University had sought to ensure the revenue from international students, who did not generate per-student B.I.U. funding, matched that for domestic students. That would prevent a situation whereby domestic students subsidized international students. Initially, the University had set fees for international students at the amount of the grant for domestic students plus the tuition fees paid by domestic students in the program. That had, however, proven unsatisfactory;

2. Tuition Fees and Budget: Provost's Presentation (Cont'd)

it had not captured various other costs such as capital costs for which the University received income on account of domestic students. The divisions had, therefore, now proposed slightly higher fees.

- **Distribution of increases in tuition**. For three quarters of students, the cost of the tuition-fee increases would be $250 or less. A further 15% of students would pay fees that were between $251 and $350 higher. Only 10% would incur fees that were $351 higher or more.

  In percentage terms, the fee increases amounted to between 4% and 4.5% for 92% of students. A further 2% would have increases of less than 4% and only 6% would have increases of more than 4.5%. While the list of programs with fee increases of 8% was a long one, it affected a very small proportion of students.

- **Fees relative to other Canadian institutions**. Professor Goel displayed a graph comparing fees for domestic students in Arts and Science programs in 2007-08. He described the University of Toronto's proposed fees as being in the "middle of the pack." He noted that the fees displayed for Quebec universities were those charged to out-of-Province students. Professor Goel noted that several Canadian universities were planning large fee increases for 2008-09, reinforcing the position of the University of Toronto in the middle range. A comparison of fees at the University of Toronto and those at several other universities, including public universities in the United States, showed that the fees here were less than those at many peer institutions.

- **Budget impact of the proposed tuition-fee increases**. If the University were to forego any tuition-fee increase for 2008-09, the cost would be $22.4-million, the equivalent of 160 average faculty salaries. The cost of limiting the tuition fee increase to 2% in all programs would be $9.3-million – the equivalent of 66 faculty positions. Professor Goel stressed that the reference to faculty positions was intended only to show an order of magnitude of the potential cost of lost revenue. The increases would not enable the engagement of that many new faculty. Foregoing the increases would not lead to an immediate reduction in positions but rather would have an impact on a broad range of services.

- **Quality improvement initiatives**. Tuition-fee increases enabled a number of quality-improvement initiatives. Professor Goel cited as examples new writing-development and academic-skills-development initiatives and undergraduate research courses and opportunities. Initiatives also included those funded by the Student Experience Fund, as reported to the Planning and Budget Committee, for example: Geology equipment at the University of Toronto at Mississauga; materials for Archaeology programs; and updating classrooms for the Human Biology Program. Tuition-fee revenue was also being used to increase student study space, including 24-hour per day study spaces for five days a week, and to provide additional common rooms and student lounges.

2. Tuition Fees and Budget: Provost's Presentation (Cont'd)

- **Accessibility**: **Student aid**. The University of Toronto's spending on student aid as a proportion of its operating budget was almost twice the average at Ontario universities. For 2006-07, the University had provided $45-million of need-based student aid, compared to $1.5-million in 1992-93. In addition, the University had provided graduate student funding, to both domestic and international students, amounting to $163.8-million in order to provide its guaranteed funding packages. International students had also received $2.8-million in need-based grants and admission scholarships.

- **Accessibility**: **Debt loads**. Of graduates from first-entry programs in 2006-07, 59% of University of Toronto students had no Ontario Student Assistance Program (OSAP) debt. The average debt load for the remaining graduates was $19,000. Those figures were unchanged from the previous year. A total of 11% of OSAP recipients graduated from first-entry programs with debt of more than $25,000 – an increase attributable to the larger proportion of students graduating with four-year degrees. In 2005, 9.2% of University of Toronto graduates had defaulted on their OSAP loans, less than the provincial average of 10.6%. That proportion had declined to 4.5% in 2006, compared to the 5.7% provincial average.

- **Conclusion concerning tuition fees**. Professor Goel concluded that tuition-fee increases were necessary for the University to maintain quality and to enable significant new and expanded initiatives to improve the student experience. Enrolment at the University had remained strong and accessibility had been maintained. The proposed tuition fees remained competitive with those of peer institutions.

Professor Goel presented the Budget Report for 2008-09, including the proposal to move to rolling five-year budget-planning windows ending with no accumulated deficit.

- **New budget model: objectives**. The new budget model had been developed to increase the transparency of the budget process and to ensure that budgetary allocations were driven by academic priorities. The model sought to provide incentives to the budget units to increase revenues and to control expenses. A part of budget planning would be debate about the University-wide expenses to which each budget unit would contribute, and indeed a great deal of such debate had been taking place.

- **New budget-allocation model: basic operation**. All of the revenue received by the University was assigned to each academic division. The gross revenue generated by each division was assigned to that division, including: the government grants, tuition-fee receipts and endowment income. Other University-wide revenue was allocated to the divisions by appropriate formula.

2. Tuition Fees and Budget: Provost's Presentation (Cont'd)

From that gross revenue, the University deducted 10% for the University Fund. That Fund had been established to ensure that the University's revenues served its academic priorities rather than serving purposes that were defined purely formulaically by the weight of the per-student grants for each program and relative tuition fees.

Then, from that gross revenue the University deducted an amount to cover each division's appropriate share of University-wide expenses. That deduction was not a tax on divisional revenue. On the contrary, the University used a set of drivers to calculate each division's use of University-wide services. The largest cost was the occupancy cost of the facilities used by the division, based on the proportion of space it occupied and on a formula to take into account special costs, for example laboratory space. A division's share of Library costs was based on its student enrolment and faculty complement. Each division's share of the cost of central Human Resources services was based on the number of its employees, and so on. Those costs were considered in various "cost bins" set out in the budget.

Finally, the University deducted from each division's gross revenue an amount for student aid. Those were the funds required to ensure that the University met its obligation to maintain the accessibility of qualified students to its programs.

The outcome, following the deductions was the division's net revenue.

- **Transition to the new budget-allocation model**. The University had made a commitment in the transition to the new model to ensure that no division would be worse off than under the old model. Allocations for the 2006-07 year were made on the basis of the old model but were recast in the format of the new model, with the latter being regarded as a shadow budget. Allocations were made in the new budget model that used the University Fund to ensure that the fiscal integrity of each division was maintained. There had been no revisiting of the prior decisions that led to those allocations. The University Fund allocations made in 2006-07 would be regarded as Reference Level allocations, and going forward no division would receive a lower allocation from the University Fund, apart from exceptional circumstances. Growth in that fund would provide flexibility in allocations above the Reference Level in future years.

- **Budget review process: academic divisions**. The establishment of budget-review processes, both at the central level and at the level of the academic divisions, had added substantial value to the budgeting process. In the academic divisions, each division prepared a multi-year budget plan for review by an advisory committee consisting of the Vice-President and Provost, the Vice-Provost, Planning and Budget, the Chief Financial Officer and appropriate staff. That committee reviewed the assumptions being used by the division. The result of the review led to proposed allocations from the University Fund and other special funds. That committee's review would also lead to the approval

2. Tuition Fees and Budget: Provost's Presentation (Cont'd)

of new faculty positions. The review covered the division's enrolment plan, its plan to achieve a surplus or incur a deficit, and any plans to borrow for capital purposes. Would the division be in a position to achieve a balanced budget from a deficit position and would it be able to repay its capital borrowing? Such reviews had previously taken place, but they had been separate processes, sometimes through different portfolios, rather than as part of the overall budget process. The new model had led to the re-energizing of the relationship between the central administration and the divisions.

- **Budget review process: central divisions**. A similar review process had been put into place for the budgets of the central divisions: both the central administrative divisions and the academic service divisions such as the Library. For that process, the President chaired a Budget Planning and Priorities Committee, which included in its membership the Vice-Presidents and representatives from the academic divisions. The inclusion of representatives from the academic divisions was a critical innovation – giving users of the services input into their plans and funding. The service units, like the academic divisions, prepared multi-year strategic and budget plans. The reviews of those plans were aimed at ensuring that they served the University's academic priorities.

- **Proposal for rolling budget windows**. The University had been using a fixed, six-year budget planning cycle. The University had been permitted, in that arrangement, to incur an accumulated operating deficit so long as, at the end of the fixed cycle, the annual budget was in balance and the accumulated deficit was no greater than 1½% of operating revenue. That approach had proven to be somewhat inflexible and had tended to result in large deficits in the early years of the plan as the University hoped for improvements in funding in later years or as it hoped to work out of its deficit position in future years. That did in fact take place, but it had often proven necessary to introduce a new budget period before the end of the previous one in order to allow more time to reduce the accumulated deficit to the permissible level. Moreover, as time advanced in the fixed six-year cycle, the period of advanced budget planning – looking into the future - was reduced. Under the proposed new model of rolling five-year cycles, the University would each year look at least five years into the future to assess its financial circumstances properly. For the first of the five-year cycles, it was proposed that the University's budget be balanced in each year, with a payment being made each year of the cycle, using one-time-only funds, to eliminate the accumulated deficit.

  Professor Goel said that there might be a concern that having a system of rolling cycles could lead to a pattern of constant delay in dealing with an accumulated deficit. The administration would, however, have to return to the Business Board each year with a new long-range budget projection that had to provide a realistic plan to eliminate any deficit. In each budget, the average deficit had to be zero by the end of the plan. If therefore, a deficit was permitted in any year, the plan had to provide a surplus in later years. There was always a possibility of year-end variances. Under normal

2. Tuition Fees and Budget: Provost's Presentation (Cont'd)

circumstances, however, the University would adhere to its budget model, and the new deficit would be distributed to the central and academic divisions, which would have to increase their income or reduce their spending accordingly. In the exceptional circumstances of a sudden, unplanned decline in revenue or increase in expenses, the University would have to absorb the effect, with the budget plan being formulated to enable the reduction of the accumulated deficit over five years. Such exceptional circumstances had arisen, for example, with the severe decline in the securities market in 2001-02, when the University had amortized the loss in the Expendable Funds Investment Pool over three years. In the case of the sudden spike in energy prices and therefore utilities costs, the University had absorbed the additional cost in a single year. In most instances, therefore, variances would be dealt with within the budget year or by the end of the next year. In the case of very large variances, the administration would have to prepare a prudent budget plan that would spread out the effects of the sudden variance and would have to obtain the approval of the Business Board and the Governing Council for that plan.

- **Budget Report for 2008-09: General budget assumptions and budget situation**. The University had made no assumption of increases in per-student funding from the Government of Ontario. That represented a shift from previous years, when a forecast of some increase had been made and included in the budget. The University was aware of some one-time-only funding increases. The Government of Ontario had made a very welcome announcement of additional funding for capital purposes: deferred maintenance and infrastructure. Similarly, the Government of Canada had recently announced a funding increase for additional graduate scholarships. While that would have no direct impact on the operating budget, it would spare the University some spending to meet its commitment to full funding packages for graduate students. In general, capital funding for new facilities did not relieve the operating budget; on the contrary, the University incurred new expense to operate those facilities.

  Over many years, the rate of the University's increases in revenue had been less than the rate of its growth in expenses for salaries and benefits, utilities and other occupancy costs. In addition, the University had been faced with significant new costs to meet statutory and other regulatory and accountability requirements, for which it had not received incremental funding. That gap of 2% to 3% per year had been partially masked by rapid enrolment expansion. However, the University's ability to grow was constrained, and enrolment growth had its negative effects, including increased student/faculty ratios, as shown by the report on performance indicators. The gap had also been partially masked by the University's incurring operating deficits. There had been some marginal increases in revenue from non-government sources such as the endowment. There had also been some very welcome special sources of revenue that had helped the University to deal with its budget situation: the Canada Research Chairs, the Canada Foundation for Innovation and the grants to cover a fraction of the indirect costs of research. It was, however,

2. Tuition Fees and Budget: Provost's Presentation (Cont'd)

unlikely that the special sources of revenue would be increased, if recent federal and Ontario budgets were taken as evidence.

For the academic divisions, the new budget model provided more transparency. Divisions could see clearly the effect of increases in government funding that were less than the increases in the cost of salaries and benefits. While the academic divisions were pleased to have the greater transparency and independence, they were now more directly exposed to budget problems. They were no longer protected from, for example, spikes in energy costs or the effect of not meeting enrolment targets in a given year. Such problems would not affect the University's overall financial situation any differently, but the individual divisions would no longer have the protection of the central budget. The outcome was considerable variation among divisions. While in previous years, there had identical across-the-board budget reductions, which had amounted to between 2% and 3%, now the outcome would vary by division, with no reductions being required in some divisions and reductions up to 5% in others.

Overall, the budget contained no assumption of an increase in government per-student funding. Assumptions about costs and spending were prudent, and expense-containment measures would still be necessary.

- **Revenue**. Enrolment was the primary driver of revenue, but the University was entering a period of steady undergraduate enrolment, with domestic enrolment forecasted to decline by 1,000 full-time-equivalent students and international enrolment to increase by 1,200 full-time-equivalent students. As noted, there was no forecast of an increase in per-student grants. On the contrary, there had been a discount on the funding for undergraduate enrolment expansion, which was estimated to be $4-million in 2008-09. Moreover, the University had not only to formulate its budget but had to operate through much of the year without knowing the amount of the per-student grants. Graduate enrolment was forecasted to increase significantly according to divisional plans, and it was assumed that there would be full funding for graduate expansion through 2012-13. However, increased revenue for graduate students was matched or exceeded by the costs associated with such students, including the cost of their guaranteed funding packages. The result of this under-funding over the years was that provincial grants now accounted for only 40% of the University's revenue. The additional sources of revenue such as the Canada Research Chairs and endowment income were certainly welcome, but they each provided only about 3% of operating revenue. Furthermore, there had been no adjustment to the value of a Canada Research Chair since the introduction of the program a decade ago. Tuition fees now provided 36% of operating revenue. Divisional income, earned by such activities as continuing studies courses, amounted to a further 12% of income. Smaller sources included the grant for part of the indirect costs of research and the income earned on investment of the expendable funds.

2. Tuition Fees and Budget: Provost's Presentation (Cont'd)

- **Expenses: University-wide**. A review of all University-wide expenses by the President's Budget Planning and Priorities Committee had been undertaken. There would be very few allocations for new spending, and they would be based on top priorities, driven by the needs of the academic divisions. It had been agreed that the overall growth in University-wide expenses would be constrained to a rate less than the rate of growth in revenues. Expense increases would include $1.3-million for the utilities infrastructure reserve, $2.4-million for caretaking and building maintenance, $1-million for Library acquisitions, and $4.3-million for compensation increases in the University-wide service divisions (based on contracts currently in place or assumed to be put in place at the rate of inflation). As a result, the service divisions would have to apply cost containment measures to a total of $4-million.

- **Expenses: general**. 72% of all revenues would flow directly to the academic divisions. The remaining 28% would provide for University-wide costs. The largest proportion, 25%, was required for occupancy costs – the cost of heating, cooling and maintaining the buildings occupied by the academic and service divisions. A further 18% was used for Library costs. 13% was required for University-wide academic services. Most of the University-wide costs were required for the delivery of academic programs; they were not administrative costs. University management in fact cost 4% of the 28% of the budget used for University-wide costs. The University wide-costs were allocated back to the academic divisions, where possible taking into account their use of the services, for example the cost of their occupancy of buildings.

- **Growth in revenue and expenses**. It was assumed that revenue would grow by 5.2% in 2008-09 as the result of tuition-fee increases and graduate enrolment expansion. That growth was assumed to be 4% over the next years of the plan. The academic divisions and the special funds supporting the divisions would receive the largest allocations of the revenue increase, amounting to 5.5% in 2008-09. The increase in the allocation to University-wide costs and special administrative funds would be only 4.3%. Student aid was projected to increase by 5.3% for 2008-09. The rate of increase in student aid was projected to be lower over the remainder of the budget-planning period because of the Province's increase in its support of need-based funding through the Ontario Student Assistance Program. Notwithstanding the proposed growth rate of student aid, the University of Toronto still spent twice the proportion of its budget on such aid than did other Ontario universities. Whatever the budget projection, the University would spend the amount required (a) to maintain its own student financial support commitment that "no student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to a lack of financial means," and (b) to maintain the Student Access Guarantee for the Government of Ontario.

- **Accumulated deficit**. The accumulated deficit was projected to be $55.1-million at the end of the 2007-08 fiscal year, which was to be paid down to zero by one-time-only payments of $11-million for four years and $10.3-million in the final year of the plan.

2. Tuition Fees and Budget: Provost's Presentation (Cont'd)

- **Revenue shortfall**. Even with the increases in revenue, expenses were increasing at a faster rate, leading to a shortfall of $29-million for the 2008-09 budget, which divisions would be required to deal with in their budget plans. In the absence of the proposed increase in tuition fees, that shortfall would increase by $22-million, which amount would recur each year.

Professor Goel concluded that the rolling five-year cycles would supply a better planning tool, providing a better basis for governance to monitor the budget. The revenue projections were conservative ones. New funding allocations were proposed only for high-priority needs. The reviews of the budgets of the academic divisions and administrative units were proving to be highly informative. The overall budget framework was fiscally prudent.

3. Enrolment Report, 2007-08

The Enrolment Report for 2007-08 was received for information. It was intended to provide background information to the tuition fee schedule**,** assisting the Business Board in dealing with the following question: was there risk that the proposed level of tuition fees would have a negative effect on enrolment? Was there a risk that the University would be pricing itself out of the market?

4. Student Financial Support: Report of the Deputy Provost, January 2008

The Chair stated that the student financial aid report was intended to deal with the question: was there risk that the proposed level of tuition fees would have a negative effect on accessibility, particularly the enrolment of groups of students with special needs? Student Financial Support was the responsibility of the Committee on Academic Policy and Programs, which had reviewed this report at its meeting the previous week and had raised no concerns. The report was distributed to the Business Board to provide comfort that the University was monitoring this very important matter.

5. Tuition Fee Schedule for Publicly Funded Programs, 2008-09

Questions and discussion concerning the proposed tuition-fee schedule for publicly funded programs arose on the following subjects.

(a) Tuition fees: Criterion for differentiation of increases. In response to a question, Professor Goel said that the 8% fee increases had been applied to the programs previously unregulated by the Government on Ontario. They were programs in high demand and ones in which graduates had the potential to earn higher incomes.

(b) Tuition fees for international students: effect of the stronger Canadian dollar. A member asked whether the combination of increased tuition fees and the increase in the value of the Canadian dollar would together reduce the competitiveness of the University in attracting

5. Tuition Fee Schedule for Publicly Funded Programs, 2008-09 (Cont'd)

international students. Professor Goel replied that the growth in the value of the Canadian dollar had been primarily relative to the value of the United States dollar. The increases in fees for international students were proposed for undergraduate programs, and the University recruited relatively few students from the U.S.A. to such programs The matter was, however, an important one because the University might wish to change its recruiting strategy in the U.S.A. following *Towards 2030*, and the University would need to monitor the impact of currency fluctuations carefully.

(c) Tuition fees for international graduate students: accessibility. A member observed that the number and proportion of international graduate students was significantly lower than the number and proportion of international undergraduates. He asked about the University's commitment to international graduate students. He thought it very important for the University to have more international graduate students. Professor Goel replied that it had long been the University's policy to seek more international graduate students. Such students received the same funding guarantee as domestic graduate students: tuition fees plus a stipend to cover other expenses. However, because international students did not generate government per-student grant revenue, the funding of the guarantee was much more difficult for Faculties and Departments. Professor Goel agreed with the member about the value of international graduate students, and he stressed that the University was continuing its long-standing effort to convince the federal government, the provincial government, or both, to support such students.

The President said that the University was currently facing considerable pressure to contribute to the accommodation of an increase of about 14,000 Ontario students, arising from the double cohort, who would now be seeking places in graduate programs. Until that group had been accommodated, it would be difficult for the University to succeed in its efforts to secure government per-student funding for international graduate students. There was every reason for government support for such students; many stayed on in Canada and contributed their new expertise to this country. The University would continue its efforts to secure government support for international graduate students, but it was more likely to succeed after the double cohort of Ontario students had been accommodated.

A member asked whether there was reason for concern that international undergraduates would seek to continue to graduate study and find that they were unable to do so. Professor Goel replied that that was not normally the case. Many international students had in fact completed some secondary school study in Ontario before they entered their undergraduate programs, and they obtained permanent resident status at some time during their studies and before they entered graduate programs.

(d) Budget impact of tuition-fee increases. A member observed that the documentation expressed the impact of increased tuition revenue only in terms of faculty positions. Given that it was not the case that that number of additional faculty would be hired as a result of the increase or that that number of faculty would be dismissed in the absence of the increase, the member asked whether some other, more realistic metric could be used. Professor Goel noted that the

5. Tuition Fee Schedule for Publicly Funded Programs, 2008-09 (Cont'd)

total increase in revenue deriving from tuition fees would be $46-million. Of that amount, $22.4-million would arise from the proposed fee increases. The remainder would arise from the projected increase in enrolment. Of course, the remaining amount of $23.6-million would have to be used to support the increased enrolment. Only the $22.4-million amount could be used for such purposes as improving the student experience. It would be possible to model other effects of the absence of the $22.4-million addition to the budget, for example in terms of days of library service. In fact, however, under the new budget model each division would decide on the use of the incremental funding.

(e) Back-end debt relief program. A member asked whether the University had considered the initiation of an overall back-end debt relief program like that of the Faculty of Law, which would enable indebted graduates to enter public-interest fields that provided lower levels of compensation than that generally available to graduates in the discipline. Ms Swift replied that the University had initiated a program providing some income-sensitive debt relief for graduates of all of the professional programs with higher fees. The University's program was tied to an Ontario plan for graduates of certain second-entry programs. Although the University had written to all eligible graduates, the take-up rate had been relatively low. A member asked whether there was any possibility of expanding such a program University-wide. Professor Goel said that back-end debt relief programs were difficult to implement and expensive. The University had, in its submission to the Rae Commission, supported such a scheme, but it would have to be implemented in conjunction with the Canada Student Loan program and a provincial program such as that described by Ms. Swift. He stressed that the University's current program was available to students in all of the high-fee programs.

(f) General view. A member commented that while he would normally be opposed to substantial increases in tuition fees, in the light of the circumstances, including a 2% rate of inflation and a higher rate of increase in the university costs, tuition-fee increases averaging 4½% seemed to be reasonable.

On the recommendation of the Vice-President and Provost,

YOUR BOARD RECOMMENDS

THAT the Tuition-Fee Schedule For Publicly Funded Programs in 2008-09, as described in Professor Goel's February 20, 2008 report to the Business Board, and the tuition fees in 2008-09 and 2009-10 for the special programs identified in Tables B2 and C2 of Appendices B and C of the report, be approved.

Professor Goel's February 20, 2008 report to the Business Board on the "Tuition Fee Schedule for Publicly-Funded Programs for 2008-09 is attached hereto as Appendix "A".

6. Tuition Fee Schedule for Self-Funded Programs, 2008-09

On the recommendation of the Vice-President and Provost,

YOUR BOARD RECOMMENDS

THAT the tuition-fee schedule for self-funded programs for 2008-09, a copy of which is attached to Professor Goel's February 20, 2008 memorandum to the Business Board as Table 1, be approved.

Professor Goel's February 20, 2008 memorandum to the Business Board on the “tuition Fee Schedule for Self-funded Programs for 2008-09” is attached hereto as Appendix “B”.

7. Budget Report, 2008-09

The Chair noted that the Business Board terms of reference made the Board responsible for the “approval of policies governing the financial operations of the University.” It was therefore being asked to recommend to the Governing Council the proposed change to rolling five-year budget windows ending in a balanced budget. The Budget Report itself was considered by both the Academic Board and the Business Board before being forwarded to the Governing Council for approval. The Governing Council system sought to provide for both (a) academic self-governance within the University and (b) accountability to external stakeholders including the taxpayers and the University’s benefactors. The Academic Board, as the source of academic self-governance, was responsible for the selection of priorities and the allocation of resources contained in the budget. Its Planning and Budget Committee had reviewed the Budget Report in detail, and had recommended it to the Academic Board for its consideration and forwarding to the Governing Council. The Business Board, as the source of accountability and advice about financial matters, was asked to concur with the recommendation of the Academic Board that the Budget be approved. The Business Board’s duty was to satisfy itself: (a) that the budget framework was achievable and financially prudent; (b) that the budget assumptions were realistic, and (c) that the level of risk in the budget was acceptable.

The President said that it was a long-standing tradition that the President provide his views to the Business Board on the level of internal risk and prudence of the Budget Report and on the external environment affecting it. The Vice-President and Provost had set out the budget context very clearly, making it apparent that there were no unreasonable assumptions. Indeed, the budget was based on rather pessimistic assumptions. Apart from any specific commitments already made, there was no assumption in the growth of per-student funding from the Province. In particular, there was no assumption of additional funding to assist with improvements in educational quality. That was the case notwithstanding the strong, on-going advocacy for such funding and notwithstanding hopes for such funding in the early years of the Province’s “Reaching Higher” plan. The University had experienced considerable frustration as funds that had previously been ear-marked for quality funding had been moved to support accessibility to deal with the unanticipated growth in enrolment across the post-secondary system. There were

7. Budget Report, 2008-09 (Cont'd)

no assumptions concerning an increase in non-endowment benefactions, despite some movement among benefactors to support capital purposes and operations rather than endowments. There was also no assumption of increased revenue from technology-transfer in spite of some successes in that area. Despite strenuous efforts to achieve improved federal funding of the indirect costs of research, there was no assumption of an increase in that area, and the universities were forced to use their general revenues to provide substantial indirect support to grant-funded research. Canadian university Presidents were working together to make it clear that the failure to provide adequate support for the indirect costs of federally funded research was causing real damage to the universities' efforts to maintain and improve the quality of the student experience.

The President observed that a Provincial budget was expected in the near future. He was working with his colleagues in the Ontario universities to make the collective case for the need for additional funding for both excellence and access, but the budget made no assumption of the success of those efforts. The only assumption made was that the University would meet its graduate-student enrolment targets as set out in divisional plans and that it would therefore qualify for funding for increases in graduate-program enrolment. The President said that the use of a limited number of modest assumptions was particularly important in the light of the change to the five-year rolling budget framework.

The President commented on the risks contained in the budget: the risk of unexpected cost increases and of revenue shortfalls. The President believed that the budget dealt with both types of risk effectively. With respect to unanticipated cost increases, one area where it was very difficult to control costs was utilities. Utility costs reflected oil prices, electricity costs, and variations in weather conditions. The University had consulted widely on projected utility costs and the proposed budget assumed an annual 3% increase in utility costs over the next several years. The President believed that this assumption was defensible and prudent. He noted that in spite of the rigorous winter in 2007-08, the University's utility expenses were unchanged because a reduction in prices would offset the increase in volume. That reduction in utility prices was the outcome of good decision-making leading to the advanced purchasing arranged by Vice-President Riggall and her team. In addition, the University had contributed to the Utilities Infrastructure Reserve, as planned, and the proposed budget would set aside funds to continue building that Reserve.

The President said that a second area of potential unanticipated cost was high wage or salary settlements. Given the high calibre of its faculty and staff, the University aimed to pay competitive wages and salaries, and it relied in turn on reason on the part of all the representatives of bargaining units. It would be an active year for negotiations, with a need to arrive at settlements with fifteen employee groups. The University would urge that all bargaining units be informed by a collective understanding of the University's financial situation as set out so realistically in the proposed budget.

The President said that calamitous developments represented a third area of risk and had the potential to alter the University's financial situation dramatically. The Utilities Infrastructure

7. Budget Report, 2008-09 (Cont'd)

Reserve would help to deal with some of this risk. In addition, the University maintained a strong suite of insurance coverage. The University was, therefore, reasonably well buffered against the risk of an unanticipated calamity.

A final area of unexpected cost concerned borrowing. While long-term interest rates remained favourable, there was always risk associated with borrowing. The University had, however, been very effective in placing long-term borrowing arrangements at very favourable rates, with the aid of its AA credit rating, which the University worked very hard to maintain. The President was satisfied that there was nothing in the proposed budget that would jeopardize the University's strong credit rating.

The President commented on various revenue risks that faced the University. The proposed budget made very few assumptions that revenue would grow, minimizing the risk of missing revenue targets. It was assumed that tuition fees would grow only at the current rate, given the constraint of the Province's tuition-fee framework. As the *Towards 2030* Task Force on Resources had made clear, it would be very difficult to improve the student experience, especially at the undergraduate level, in the absence of the Province's providing real increases in the value of its per-student grants, or its permitting more flexibility to universities in setting their tuition fees, or preferably both. With respect to enrolment, the budget assumed that undergraduate enrolment would remain steady, with a decline in the enrolment of about 1,000 domestic students offset by an increase in the enrolment of foreign students. The President believed that the goal of increasing the enrolment of international undergraduate students was an achievable one and one that was consistent with the University's objective of internationalization. The University planned to increase graduate student enrolment by 4,200 full-time-equivalent students by 2012-13, and the budget assumed full funding for those positions. There was some real risk that the University could see changes from domestic to international graduate student enrolment, with international students not qualifying for per-student government grants. However, the University did have the opportunity to encourage eligible international students to seek permanent resident status in Canada at as early a date as possible and, in so doing, to enable the University to receive the appropriate grants for them. With the double cohort and with hard work to encourage early applications by international students for permanent-residence status, the University should be able to meet its enrolment targets. The President noted that each university had a target for expanding its graduate enrolments, and not all universities had been meeting those targets. It had been encouraging, however, that the Province had not moved its funding earmarked for increased graduate enrolments to universities that did not have as strong a reputation for graduate education but had instead trusted that the universities with stronger graduate programs would meet their targets perhaps a year late. Therefore, the assumption concerning enrolment continued to be a defensible and conservative one.

The President concluded that overall the budget was a very realistic one, based on assumptions that were prudent bordering on pessimistic. The University would make every effort through its management and its advocacy to ensure that the risks inherent in any budget did not take place and that the outcome was in fact more favourable that the budget forecasted.

7. Budget Report, 2008-09 (Cont'd)

Among the topics of questions and discussion were the following.

(a) Budget reductions. In response to a member's questions, Professor Goel said that the amount of $17.3-million was that by which divisions as a group would reduce their on-going costs – reductions that could be described as base-budget reductions. The amount of $11.2-million was a one-time-only reduction made University-wide to pay down a part of the accumulated deficit. The remaining budgets in the current plan were to be balanced, and therefore the $11.2-million payment to reduce the accumulated deficit would be a fixed sum until that deficit had been eliminated. The $17.3-million of cost containment would vary in future budgets depending on circumstances. Professor Goel noted that the $28.5-million total amount of the base plus the one-time-only reductions represented a similar percentage reduction to those required in budgets over the past fifteen years.

(b) Effects of the new budget model on the divisions. A member noted that there were major changes over the past three years in the monies available to the divisions for spending. For the Faculty of Medicine, for example, the expense budget had been $95-million in 2006-07 and $88-million for 2007-08. The proposed budget for 2008-09 would be only $82-million. In contrast, the expense budget of the Faculty of Arts and Science had changed from $101-million to $110-million to $117-million. The member asked about the effect of those differentiated reductions on the academic divisions. Professor Goel replied that there had been some expressions of concern that a division's situation was the fault of the new budget model. However, the budget situation of the University as a whole had not changed in unusual ways. Rather, the transparency in the new model had produced more awareness of the impact on different divisions. Prior to the availability of such information, most divisions had believed that they were subsidizing other divisions. Therefore, all divisions had assumed that the new budget model would improve their situation. For most divisions, the effect of the new budget model was both to provide more information to them and to permit them to make their own decisions concerning the use of the monies available to them. In addition, the academic divisions had the new opportunity to provide input into decisions concerning central costs. Even if a division's expenditure budget were reduced more than the average, it would see the effects on the division for, for example, varying amounts of graduate expansion. Previously, all budget allocations were negotiated, with each division receiving between 50% and 75% of the new revenue they generated. Under the new model, such allocations were done in a much more fair and transparent manner. Under the model, some divisions would come out ahead and others not. But, all divisions would have the incentives and the opportunity to do what was necessary to generate additional revenue and to contain expenses, and they would have the new opportunity to have input into the decisions concerning the University-wide costs.

(c) New budget process and accountability. A member commented that while the new budget process provided the divisions with more autonomy, it also required more accountability. Professor Goel replied that the new process of academic and budget reviews involving the central officers and the divisions had in effect been exercises in accountability. When the divisions had

7. Budget Report, 2008-09 (Cont'd)

put forward plans to increase their revenue or reduce their costs, they were asked challenging questions. Were their assumptions realistic? Were their programs and their marketing in fact able to attract an increased enrolment? Would it really be possible to reduce costs as planned? The dialogue was valuable not only for the current year's budget but it would also serve as a baseline for the examination of divisions' proposals for the following year.

The President added that the new budget process provided other steps to accountability. The central departments and the central administration in general were under pressure to provide services that would truly meet the academic needs of the division and to do so as cost-effectively as possible. The new process also made apparent unusual situations that required strong and successful advocacy efforts. The President cited three examples. In the Faculty of Medicine, the cost of training a student in the Medical Doctor program was at least $75,000 per year. Nonetheless, the traditional funding available was the Ontario government's per-student grant of about $25,000 per year plus tuition fees of approximately $18,000 per year. However, in the Province's new model, aiming at enlarging the number of M.D. graduates, the per-student grant amounted to $50,000, which provided considerable incentive to admit students to close the budget gap. It was clearly essential to advocate such instances of more realistic funding. Second, it was essential to advocate increased funding for the indirect costs of funded research, bringing such funding from 20% of the amount of grant provided by the federal research-funding agencies to 40%, which would help to fill the gap in that portion of the divisions' income and expense. Third, a major issue for the Faculty of Dentistry was the cost of operating its clinic. That clinic provided dental care for hundreds of individuals who were in financial need. In Medicine, the cost of operating clinics in which students provided supervised treatment had for many years been borne by the Ministry of Health and Long-Term Care. No such arrangement existed for dental care. The Dean of the Faculty of Dentistry was therefore making a very strong case for a more effective model for the delivery of dental services by university clinics that would provide a socially necessary service and that would allow for better training. The new budget model made clear that shortfalls between revenue and expenses were not a manifestation of bad management, and it made clear the need for the University's leadership to work with the divisions to secure appropriate support for particular needs.

A member said that it had become very clear from the work of the *Towards 2030* Task Force on Revenue that there were and would continue to be major problems in the absence of more appropriate funding for many University activities. In the absence of such support, it would be very difficult for divisions to balance their revenue and expenses and at the same time to achieve their academic mission.

In the course of discussion, a member commented that the document before the Board represented a great deal of work and a very major improvement in the transparency of the budget. She offered her congratulations to those responsible.

7. Budget Report, 2008-09 (Cont'd)

In the course of discussion, a member said that there was a lack of clarity in the part of the proposed motion stating "THAT a rolling five-year budget planning window, ending with a balanced budget, as described in the *Budget Report, 2008-09*, be approved. . . . " It was unclear whether the ending balanced budget was the single-year budget at the end of the plan or whether the ending balanced budget referred to the accumulated deficit at the end of the plan. The phrase "*Budget Report, 2008-09*" referred to a 75 page document. She suggested the adoption of the wording on page 2 of the Budget Report: "THAT a rolling five-year budget planning window, ending with the accumulated deficit reduced to zero by the end of any five-year planning period, be approved . . . ." Professor Goel agreed to the clarifying amendment of the motion as suggested.

On the recommendation of the Vice-President and Provost

YOUR BOARD RECOMMENDS

THAT a rolling five-year budget planning window, ending with the accumulated deficit reduced to zero by the end of any five-year planning period, be approved, replacing:

(a) the 1977 Governing Council policy limiting the annual surplus/deficit to 1.5%, and

(b) the current arrangement of fixed multi-year budget cycles ending in a balanced annual budget in the final year and an accumulated deficit not to exceed 1.5% of revenue.

and

YOUR BOARD CONCURS

With the recommendation of the Academic Board

(a) THAT the 2008-09 Budget be approved; and

(b) THAT the Long Range Budget Guidelines for 2008-13 and the Planning Assumptions for 2008-13 be approved in principle.

8. Administrative User Fees and Fines, 2008-09

The Chair noted that the next two items had been identified as "consent agenda" items. Members had been asked to raise any questions directly with Professor Zaky before the meeting and to notify the Secretary if they wised to discuss the item at this meeting. No such notification

8. Administrative User Fees and Fines, 2008-09 (Cont'd)

had been received. The administration had the authority to increase existing cost-recovery academic user fees so long as the increases matched increased costs. Only the addition or removal of fees required the approval of the Business Board.

On the recommendation of the Vice-President and Provost,

YOUR BOARD APPROVED

1. THAT the International Visiting Graduate Student Research Mobility Agreement Administrative Fee be added to the Administrative User Fee Schedule; and

2. THAT the Woodsworth College Summer Abroad Site Service Fee for Kenya be added to the Administrative User Fee Schedule.

9. Cost-Recovery Ancillary Fees and Administrative User Fees and Fines (fees reported for information), 2008-09

The Board received the Report on Cost-Recovery Ancillary Fees and Administrative User Fees and Fines (fees reported for information).

10. Capital Projects Report as at January 31, 2008

The Board received for information the Capital Projects Report as at January 31, 2008. That report listed: (a) projects under construction with a forecasted final cost of $262.05-million, and (b) projects occupied but not yet closed (for example, projects with finishing underway or still under warranty) with a forecasted final cost of $342.19-million.

11. Capital Project Closure Report, February 15, 2008

The Board received for information the Capital Project Closure Report as at February 15, 2008. That document reported on the closure of the Multi-Faith Centre project on the St. George Campus at a final cost of $3.41-million.

12. Borrowing: Status Report to February 29, 2008

The Board received for information the status report on Borrowing as at February 29, 2008. Maximum borrowing capacity was $875.2 million. Borrowing allocated by Business Board was $836.0 million (net of $22.1 million of repayments that could be reallocated). Actual external borrowing was $556.7 million, and actual internal borrowing outstanding was $132.4-million.

13. University of Toronto at Mississauga (UTM) South Building – Phase One

Mr. Shabbar recalled that enrolment at the University of Toronto at Mississauga had grown by over 70% since 2000-01. Accommodation of that growth had required substantial construction, and five new buildings had been completed. The proposal with respect to the South Building, one of the original UTM buildings, was for renovation. The UTM Library had in 2006 moved to the new Hazel McCallion Academic Learning Centre, and the space hitherto occupied by the Library had remained vacant since that move. Mr. Shabbar at this time requested Board approval of the first of four phases of the proposed renovation. The Phase I project would take place on the third floor of the Building and would provide space for the Department of Sociology, the administrative offices of the Department of Geography, the UTM police and additional faculty offices. There would also be work completed on the building infrastructure, for example its heating, ventilation and air conditioning systems. The cost of the proposed project would be just over $10-million and the planned occupancy date was January 2010. The next phase of the project (for which approval would be sought later) would include space for currently scattered student services in a new Student Commons and space for the Registrar's Office. The third phase would provide for the renovation of the remaining unoccupied space, and the final phase would provide for the renovation of the Meeting Place. Funding for the Phase One project would be a $3.5-million cash contribution from the UTM operating budget and a loan of about $6.6-million to be repaid by the UTM operating budget.

On the recommendation of the Vice-President, Business Affairs

YOUR BOARD APPROVED

Subject to Governing Council approval of the project,

THAT the Vice-President, Business Affairs be authorized:

(i) to execute the Phase One of the South Building Master Plan at the University of Toronto at Mississauga at a total project cost not to exceed $ 10,057,000 dollars, with sources of funding as follows:

- $3,500,000 cash contribution from the University of Toronto at Mississauga operating budget, and
- $6,557,000 through borrowing paid from the University of Toronto at Mississauga operating budget; and

(ii) to arrange such interim and long-term borrowing as required, either from internal or external sources.

14. Vice-President, Research, Annual Report, 2006-07

The Chair noted that the Vice-President, Research reported to governance primarily through the Committee on Academic Policy and Programs and the Academic Board. Nonetheless, the Business Board was interested in the work of that portfolio, particularly with respect to revenue-generation and (having been responsible for the former Innovations Foundation) technology transfer.

Professor Young noted that in previous years, the annual report had provided information on the work of the Office of the Vice-President, Research and also statistics on the University's research work. For the current annual report, Professor Young and his colleagues had combined a number of advocacy documents into a single report, which they hoped would have substantial impact. The annual report tried to tell the story in two different ways. First, it provided the statistical information on the research work carried out at the University. Second, it featured profiles of a number of the University's leading researchers who provided examples of the excellence and innovation to be found at the University of Toronto. Among the highlights of the annual report were the following.

- **Global reach**. About 43% of the research conducted at the University involved collaboration with researchers outside of Canada. That number was well ahead of other Canadian universities and it continued to increase.

- **Research productivity and impact**. The University of Toronto was one of the three leading universities in the world in terms of number of publications. It was also among the leading universities of the world, and by far the leading university in Canada, in terms of the number of citations of research – one of the best indicators of the influence of a university's research.

- **Research funding**. The University of Toronto with its affiliates was the leading university in Canada in terms of research funding from both the federal and provincial governments.

- **Innovation**. The University, with its affiliates, was among the leaders in North America in the number of companies spun off from university research.

- **Industry partners**. Partners in industry invested nearly $64-million in research across many disciplines in the University and its affiliates – an area in which there was considerable opportunity for development.

- **Network of hospital partners**. The University, in combination with its ten affiliated hospital partners, formed one of the largest and most innovative centres of health research in the world.

14. Vice-President, Research, Annual Report, 2006-07 (Cont'd)

- **Connaught Fund**. The Fund was used to support (among other purposes) scholarships, new staff matching grants, start-up awards, and research fellowships in the social sciences. The fund was especially useful to enable the university to fund areas of scholarship where other funding was less available.

- **Honours**. The University's faculty had been very successful in winning prestigious awards and honours. This was, however, an area in which the University could do much more (see below). The report provided numerous examples of awards and honours won by the University's faculty over the past five years.

Professor Young said that the profiles provided in the report dealt with very major questions and showed how the University researchers in the profiles dealt with those questions. They included: how do we deal with H.I.V. AIDS? How will we produce energy? How do we define ourselves? What do cancer cells say to each other?

Professor Young commented on three key priorities of the Office of the Vice-President, Research.

- **Faculty awards and honours**. The University had an outstanding faculty, with excellent records of publication and citation. Clearly, the quality of the faculty merited more awards and honours, and much more could be done by the Office of the Vice-President, Research to ensure that individual researchers were appropriately recognized.

  Professor Young stressed that many members of the University's faculty had already completed the research work appropriate for recognition; therefore the task in hand was to recognize more of this. What was needed was additional assistance with the large amount of work required to submit nominations so as to add value to the fine work already done in this area by Departments, Faculties and the Office of the Vice-President, Research. The Office of the Vice-President was developing a dedicated group of staff members to assist with major awards where institutional nominations would strengthen the case. He cautioned that it might well be difficult to win many more Canadian awards and honours; University of Toronto researchers might find that there was a "glass ceiling" on the number of Canadian awards and honours that would be awarded to members of one institution. There was, however, no such ceiling limiting international awards. If University of Toronto faculty were to win more international awards and honours, there would be a substantial ripple effect. Their recognition would lead to their greater success in applying for grants, in the University's greater share of funding for the indirect costs of research, and in more revenue to support research from other sources.

- **Canada Foundation for Innovation (C.F.I.)** An amount of $400-million (leveraging $1-billion) was available to support research infrastructure, to be awarded in the Fall 2008 C.F.I. competition. The University of Toronto had not fared well in the previous

14. Vice-President, Research, Annual Report, 2006-07 (Cont'd)

competition, with a success rate far less than some of its peer institutions. With stronger internal competitions, and with more support for applications from the University, Professor Young thought that it would be possible to increase the success rate so as to regain market share and be a leader in the competition. The University currently had $300-million of "asks," and an internal competition would reveal excellence within the University and improve the University's outcome in the C.F.I. competition.

- **Government Science and Technology Strategy**. The Office of the Vice-President, Research would develop research inventories – do "research mining" – to show what research was being carried out and to demonstrate how it supported public priorities. It was not always obvious, for example, that University of Toronto researchers in the arts, sciences and technological disciplines had done a great deal of valuable work in the area of digital media – an area of high priority for government funding.

- **New research website**. The new website would celebrate the University's research successes and act as an advocate for the University's research activities and aspirations. A new gateway would direct visitors using words that people were interested in and could understand: science and technology, business, arts and culture, health and environment, for example. The new website should assist in the general portrayal of University of Toronto excellence in research and in the University's advocacy efforts.

A member observed that the annual report was an excellent marketing tool. How would the University derive most benefit from it? Professor Young replied that the document had taken many elements that had been compiled in previous years and combined thin into one very good document. It would be sent to a long list of leaders in government and industry, and it should help to represent the University's research excellence and to advocate improved support for it.

A member said that it would prove very useful to place the annual report into the hands of students, whose parents might emerge as supporters of the University and who themselves, after their graduation, might be supporters. Professor Young replied that the report had been published on the web, where it was available to all. It had been launched in the University's e-Bulletin. While hard copies were limited, they could be made available to students with a particular interest and need.

15. Reports of the Administrative Assessors

University of Toronto Asset Management Corporation: Appointment of a New President and Chief Executive Officer

Ms Riggall reported that the search for a new President and Chief Executive Officer of the University of Toronto Asset Management Corporation (UTAM) was coming very close to a highly successful conclusion. That process had identified an outstanding individual. The

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

University of Toronto Asset Management Corporation: Appointment of a New President and Chief Executive Officer (Cont'd)

appointment still required the approval of the Executive Committee of the Governing Council for the new President's appointment to the UTAM Board. Subject to that approval and following the individual's providing appropriate notice to the current employer, an announcement would be made.

16. Dates of Next Meetings

The Chair reminded members that the next regular meeting was scheduled for **Monday**, **April 28, 2008** at 5:00 p.m. That meeting would have as its main theme Human Resources and Equity matters. It would also receive the annual report from the University of Toronto Asset Management Corporation and consider the proposed relationship between UTAM and the University. The Chair anticipated that the meeting would provide the Board with the opportunity to meet the new President and Chief Executive Officer of the University of Toronto Asset Management Corporation.

The final meeting for the academic year was scheduled for **Thursday June 19, 2008 –** when the Board would, among other things, consider the audited financial statements for 2007-08

17. Gifts and Pledges over $250,000: Quarterly Report November 1, 2007 – January 31, 2008

The Board received, for information, the Report on Gifts and Pledges over $250,000 for the period November 1, 2007 – January 31, 2008.

The meeting adjourned at 6:55 p.m.

Secretary	Chair

March 27, 2008

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