

UNIVERSITY OF TORONTO
THE GOVERNING COUNCIL
REPORT NUMBER 70 OF
THE PLANNING AND BUDGET COMMITTEE

March 20, 2001

To the Academic Board,
University of Toronto.

Your Committee reports that it met on Tuesday, March 20, 2001, 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Professor David Mock (In the Chair)	Professor Kenneth Sevcik
Professor Avrum Gotlieb (Vice-Chair)	Ms. Wendy Talfourd-Jones
Professor Adel S. Sedra, Vice-President and Provost	Professor Fred Wilson
Professor Michael Finlayson, Vice-President, Administration and Human Resources	Professor Linda Wilson-Pauwels
Professor Derek McCammond, Vice-Provost, Planning and Budget	Non-Voting Assessors:
Mr. Muhammad Basil Ahmad	Ms. Sheila Brown, Acting Chief Financial Officer
Professor Carl Amrhein	Professor Heather Munro-Blum, Vice-President, Research and International Relations
Professor Philip Byer	Professor Carolyn Tuohy, Deputy Provost
Professor W. Raymond Cummins	Secretariat:
Mr. Brian Davis	Mrs. Beverley Stefureak, Secretary
Professor Angela Hildyard	Ms. Cristina Oke
Professor Susan Horton	
Professor Robert McNutt	
Mr. Fayez A. Quereshey	
Professor Nancy Reid	

Regrets:

Mr. Brian C. Burchell	Professor Bruce Kidd
Mr. Ljupco Gjorgjinski	

In Attendance:

Mr. Louis R. Charpentier, Secretary of the Governing Council
Professor John Coleman, Department of Botany, Faculty of Arts and Science
Dr. Mary Cone Barrie, Director, School of Continuing Studies
Mr. Neil Dobbs, Deputy Secretary of the Governing Council
Professor Gail Donner, Dean, Faculty of Nursing
Mr. Marty England, Assistant Vice-Provost
Dr. Beata FitzPatrick, Assistant Provost
Dr. Sheldon Levy, Vice-President Institutional and Government Relations
Miss Janice Oliver, Assistant Vice-President, Operations and Services
Professor Ian Orchard, Vice-Provost, Student Affairs
Mr. Jorge Sousa, President, Graduate Students' Union
Professor Ron Venter, Vice-Provost, Space and Facilities Planning

THE MEETING WAS HELD IN OPEN SESSION.

ITEMS 4 to 9 are RECOMMENDED FOR APPROVAL.

1. Report of the Previous Meeting

Approval of Report Number 69 (March 13, 2001) was deferred to the next meeting.

The Chair noted regrets from Professor Bruce Kidd and informed members that Professor Kidd was at a CBC taping of the presentation of athletic awards that would be aired tomorrow evening. An award had been named in Professor Kidd's honour.

2. Business Arising from the Report of the Previous Meeting

There was no business arising from the previous meeting.

3. Senior Assessor's Report

Professor Sedra invited Dr. Levy to report on the release of the Report of the Task Force on Investing in Students. Dr. Levy tabled two documents: his brief analysis of The Report of the Investing in Students Task Force and a summary of key government issues as of March 19, 2001.

Dr. Levy reminded members that the mandate of the Task Force had been to look critically at administrative spending in Ontario universities to determine whether economies could be found to direct money into student support. The Task Force determined that Ontario universities, relative to other publicly funded institutions and Canadian universities, spent less than average on administration. Overall, boards of governors and administrations were responsibly managing the affairs of universities and allocating higher than average percentages of operating budgets into supporting students.

Dr. Levy said the Government had hoped that increased enrolment associated with the double cohort could be partially funded by transferring funds from administration into classroom support. The Task Force's findings had not supported this view and its Report stated clearly that such a plan was not feasible.

Dr. Levy said that there was as yet no indication of what the operating grants would be. He was optimistic because the Ontario university system had worked closely with the Government and would do well if system recommendations were accepted. The downside was that revenues of the Province were not as strong as last year and that health care continued to dominate the agenda. However, the Report of the Task Force was unequivocal in recognizing that the system could not absorb the double cohort without the infusion of significant additional funding.

Last year, universities in Ontario had been asked to provide institutional plans outlining how they proposed to meet the sharp increases in enrolment demand in 2003-04. In discussions since then, the University had reiterated its position that it could deliver on its enrolment plan only with the provision of full funding for all enrolment above its corridor mid-point and significant additional capital support. Further, it had indicated a desire to have discussions with the Ministry of Training, Colleges and Universities regarding the system benefits of moving toward a differentiated funding formula.

3. Senior Assessor's Report (cont'd)

associated with institutional missions. This was a long-term objective and was similar to how hospitals were funded.

Mr. England was invited to respond to a question about how the administrative spending at the University of Toronto compared to other universities. He stated that administration expenses were reported as a proportion of budget and the University of Toronto was among the lowest. Further, the Task Force had reported that administrative spending in Ontario universities was below the national average.

A member noted that government funding was already differentiated by program of study and wondered how the proposal for institutional differentiation would be new. Dr. Levy pointed out that the proposal was for an additional differential based on the mission of the University, recognizing, for example, the additional operating costs in a research-intensive University.

Before proceeding with the next item, the Chair noted that there was a request to add one item to the Agenda.

On motion duly moved and seconded,

“Users’ Committee for 500 University Avenue – Terms of Reference” was added to the Agenda as item 10.3.

The Chair reported that the motion had been carried unanimously.

4. Academic Program Changes

4.1 School of Graduate Studies: Institute for the History and Philosophy of Science and Technology - Disestablishment Faculty of Arts and Science: Institute for the History and Philosophy of Science and Technology - Re-establishment

Professor McCammond introduced proposals (attached as Appendix “A”) (a) to disestablish the Institute for the History and Philosophy of Science and Technology (IHPST) within the School of Graduate Studies and to re-establish it within the Faculty of Arts and Science; and (b) to disestablish the Institute of Medical Science (IMS) within the School of Graduate Studies and to re-establish it within the Faculty of Medicine. In effect, this was a move of two mature institutes into a Faculty with which each was strongly associated. Because their budgets would move as well, there would be no budget implications.

A member asked what impact, if any, these moves would have on the Institutes. Professor Sedra said that, while the School of Graduate Studies had played an important role in the formative stages of the Institutes, they had now become mature units that envisioned the potential of better synergies in their new locations.

On the recommendation of the Vice-President and Provost,

**4.1 School of Graduate Studies: Institute for the History and Philosophy of Science and Technology - Disestablishment
Faculty of Arts and Science: Institute for the History and Philosophy of Science and Technology - Re-establishment (cont'd)**

YOUR COMMITTEE RECOMMENDS

THAT the Institute for the History and Philosophy of Science and Technology be disestablished as an academic unit in the School of Graduate Studies and re-established as the Institute for the History and Philosophy of Science and Technology in the Faculty of Arts and Science, effective May 1, 2001.

The Chair reported that the motion had been carried unanimously.

**4.2 School of Graduate Studies: Institute of Medical Science - Disestablishment
Faculty of Medicine: Institute of Medical Science - Re-establishment
Academic Priorities Fund and Enrolment Growth Fund: Allocations**

In addition to the relocation, Professor McCammond proposed an allocation to the Faculty of Medicine for the Institute of Medical Science. He explained that the School of Graduate Studies, under its "Raising our Sights" Plan had requested funding for the Institute of Medical Science. The decision on the School's request had been deferred until IMS had been finally located. The Committee was asked to recommend to the Academic Board approval of an allocation of \$120,000 in base-budget funding from the Academic Priorities Fund and of \$25,000 in base from the Enrolment Growth Fund to the Faculty of Medicine for the Institute of Medical Science. The latter amount recognized the significant increase in graduate enrolment that had taken place within the Institute.

A member agreed that the IMS needed the additional funds, some of which was due to its significant growth. She questioned how graduate enrolment was controlled so that escalating costs in one unit would not reduce allocations to others. Professor Sedra said this requested allocation was minimal. He noted that graduate enrolment at the University of Toronto had not traditionally been well planned but that limits were imposed by the availability of professors for graduate supervision and graduate student funding.

On the recommendation of the Vice-President and Provost,

YOUR COMMITTEE RECOMMENDS

THAT the Institute of Medical Science be disestablished as an academic unit in the School of Graduate Studies and re-established as the Institute of Medical Science in the Faculty of Medicine, effective May 1, 2001; and

THAT an allocation of \$120,000 in base from the Academic Priorities Fund and of \$25,000 in base from the Enrolment Growth Fund to the Faculty of Medicine for the Institute of Medical Science be approved.

The Chair reported that the motions had been carried unanimously.

5. Academic Transitional Fund: Allocation - Faculty of Law

Professor McCammond recalled that the Committee had recommended for approval last year a Users' Committee Report for a major renovation to the Flavelle House attic at a cost of \$2.14 million. Sources of funding had been identified as the Ontario Research and Development Challenge Fund (ORDCF) (\$600,000), the University Infrastructure Investment Fund (UIIF) (\$600,000) and private donors (\$940,000, to be raised by the Faculty of Law). Private funding to date was \$617,000 short of what was needed. In addition, the Accommodation and Facilities Directorate had previously approved a separate project to renovate the ground floor of Flavelle House in order to create a central and common space (the Rowell Room and Foyer) for faculty and students at an estimated cost of \$242,000. The combined tender for the two projects had come in at \$233,000 greater than originally estimated. The allocation recommended in Professor Sedra's report of March 14, 2001 (attached as Appendix "B") was for a loan, to be repaid over the next three years, which would allow the projects to proceed. It was hoped that the Faculty's fund-raising for this project would be completed in three years. If not, repayment of the loan would be secured as a charge against the Faculty's budget, if necessary.

A member's concern that this cost was much more than had been anticipated was addressed by Professor McCammond. He said alternatives to proceeding with the approved plan were limited. New space near the Faculty of Law was not available and the proposed renovation converted an attic into useful space. The Committee had agreed when the project first had been presented that the attic conversion was the best approach; what was reflected in this proposal was an increase in the cost of construction between then and now.

A member urged stricter guidelines and supervision for contractors working on historic buildings to avoid the loss of elements of historical value or interest. Professor Sedra said he would take this under advisement. Another member requested that proposals should be explicit relative to the opportunity cost, e.g. in this case the foregone interest on the loan.

On the recommendation of the Vice-President and Provost,

YOUR COMMITTEE RECOMMENDS

THAT an allocation of \$850,000 be approved from the Academic Transitional Fund to the Faculty of Law as a loan to be repaid by the Faculty over the next three years.

The Chair reported that the motion had been carried unanimously.

6. Capital Project: Botany Greenhouse Relocation - Users' Committee Report

Professor Venter introduced the Report of the Users' Committee for the Botany Greenhouse Relocation (attached as Appendix "C"). He said the Greenhouse had been erected in 1932 and that it was outdated in terms of supporting the leading role of the Botany Department in national and international research. The Users' Committee Report proposed relocated and expanded facilities on the roof of the Earth Sciences Centre; the creation of basement growth facilities in the renovated space in the Earth Sciences Building for the installation of new environmental growth chambers; a small soil facility at the southwest corner of the Earth Sciences building; and, a partial re-glazing and

6. **Capital Project: Botany Greenhouse Relocation - Users' Committee Report**
(cont'd)

maintenance to the frame and vent mechanisms of the greenhouses on the Ramsay Wright Building.

Professor Venter said approval in principle of the Users' Committee Report was sought, noting that the project would be funded by the Canada Foundation for Innovation (CFI) and the Ontario Innovation Trust (OIT) for approximately 80% of its cost.

A member asked if other Departments in the Earth Sciences Building had been consulted. Invited to respond, Professor Coleman indicated that there had been some consultation. There would be no impact on either the Faculty of Forestry or the Department of Geology, though there would be a sharing of the latter's loading dock for the soils facility.

Professor Coleman anticipated that the new facility would be used by the University of Toronto at Mississauga and the University of Toronto at Scarborough on an ad hoc basis. In response to a question, Professor Venter noted that the old greenhouse might be moved to the Scarborough campus where it would primarily serve a decorative purpose.

On the recommendation of the Vice-President and Provost,

YOUR COMMITTEE RECOMMENDS

THAT the Users' Committee Report for the Relocation of the Botany Greenhouse be approved in principle; and,

THAT the project scope as identified in the Users' Committee Report be approved at a cost of \$6,065,810 with funding of \$2,760,800 from each of the Canada Foundation for Innovation (CFI) and the Ontario Innovation Trust (OIT), and the remainder of \$544,210 to be funded as a secondary effect from the Pharmacy Building Project.

The Chair reported that the motion had been carried unanimously.

7. **Capital Project: Woodworth College Residence - Change of Scope**
University Infrastructure Investment Fund: Allocation

Professor Venter reviewed the March 14, 2001 proposal (attached as Appendix "D") for a change of scope of the Woodsworth College Residence project and a UIIF allocation to cover the cost. He said that initial plans for this 361-bed residence building, to be constructed at the corner of St. George and Bloor Streets, had not included a basement. The proposal was to add 1,315 net assignable square metres (nasm) below grade, some of which would be to accommodate video and film storage for the University of Toronto Library. Mechanical services would be re-located from the first floor into the below-grade space. Space from this and other redistribution of activities would be under Provostial jurisdiction until assigned.

A member asked if Library expansion could be handled within the new building. Professor Sedra replied that there were no current plans to assign to the Library any further space. More and more, libraries' reliance on electronic media should limit their

7. **Capital Project: Woodworth College Residence - Change of Scope**
University Infrastructure Investment Fund: Allocation (cont'd)

need for space. If that were not the case, the University would look to rental of space at remote locations for materials that could be stored off-site.

A member saw this as an example of the multi-faceted, good planning at the University. It was important to have the film archive available to users on campus, nearby the Robarts Library and the Innis College Cinema Studies Program, and he saw tremendous academic benefit to the proposal.

On the recommendation of the Vice-President and Provost,

YOUR COMMITTEE RECOMMENDS

THAT the change of scope in the Woodworth College Residence of 1,315 nasm be approved;

THAT an allocation of \$1,360,000 from the UIIF be approved.

The Chair reported that the motion had been carried unanimously.

8. **University Infrastructure Investment Fund: Allocation – Faculty of Nursing**

Professor Venter reported that a project currently underway for the renovation of Cody Hall addressed the Faculty of Nursing's need for small lecture rooms. This proposal (attached as Appendix "E") proposed further renovation of the Faculty of Nursing to allow for better utilization of the administrative offices, creating a better environment and making available more space for reception, alumni and development services and improving space for student services. In response to a question, Professor Sedra confirmed that this request had evolved out of the planning process, as did other capital requests.

On the recommendation of the Vice-President and Provost,

YOUR COMMITTEE RECOMMENDS

THAT an allocation of \$354,000 from the UIIF for renovation to the Faculty of Nursing Building be approved.

The Chair reported that the motion had been carried unanimously.

9. **Budget Report 2001-02**

The Chair reminded members that during the past two meetings they had discussed at length the long-range guidelines, assumptions, projections and strategies on which the 2001-02 budget was constructed. They had also reviewed the Contractual Obligations and Policy Commitments list. Today, they were presented with the Operating Budget for 2001-02, which they were asked to recommend to the Academic Board for approval. He referred to the Budget Report (attached as Appendix "F") and drew attention to revised pages 14 and 15 that had been placed on the table. He said that Mr. Jorge Sousa had been granted permission to address this item and would be recognized after the motion was

9. Budget Report 2001-02 (cont'd)

placed on the table. He invited Professor Sedra to present the budget and introduce staff who would be assisting in responding to questions.

Professor Sedra introduced Mr. Marty England, who, along with Professor McCammond, was a leading architect of the budget. He said that this Budget Report was a compilation of what had been presented at the last two meetings and an application of the assumptions and guidelines discussed therein. Since there was little new material, he thought there was no need for a lengthy presentation, allowing more time for questions. He noted that some text had been updated but none that had an effect on the financial position of the University. Details of the various funds and the divisional budgets were new. He pointed out one change in the last line of Revenue: Divisional Income, but noted that this reflected revenue collected by the division, which was completely offset by expenses, and it had no effect on the University's overall position. Finally, he noted that the new pages 14 and 15 placed on the table reflected an update to the report on the University Infrastructure Investment Fund, to include the allocations to the Sidney Smith infill project.

Mr. Sousa spoke to support the transfer of funds to graduate student aid and to the endowment for graduate student aid. He thought the \$6.2 million projected for the endowment was a tremendous commitment toward graduate student support. He recalled previous student leaders' criticism of the University's lack of action in this area and said this budget was a strong positive step toward enhancing competitive incentives for recruitment and retention of students. Reviewing his own experience as a graduate student, he noted that students were incurring tremendous debt loads in order to complete their degrees or were withdrawing before completion. He agreed with speakers at previous meetings who had indicated that the proposed budget reductions, if needed, would not affect the quality of academic programs, and he urged the Committee to endorse this budget and, in particular, the proposed graduate student endowment.

A member asked for clarification of the proposed base reductions in the future. Professor McCammond stated that the 1.5% reductions in 2002-03 and 2003-04, if needed, would be further base-budget reductions on top of the reallocation levy.

There was a question about a base budget cut of \$1.5 million to the Facilities and Services Department's budget at a time when the University was expanding. Mr. England explained that \$1.1 million of the reduction was from the discontinuation of the lease payment on OISE/UT property. The actual reduction was \$0.4 million.

A member asked that the record note the \$6.2 million allocated to the endowment for graduate student aid was not guaranteed. This was dependent on income earned from investments and was subject to upward or downward fluctuation. Professor Sedra concurred, but added that \$9.4 million was guaranteed. The anticipated \$6.2 million addition to the endowment would generate investment income that supported the \$9.4 million expenditure over the four-year period.

The member recalled that Professor Sedra had indicated last week the one-time-only 2.5% deficit control reduction would be applied, if needed, in the fourth quarter of 2001-02. Page 6 of the Budget Report had been silent on the timing of the reduction. He requested that this language be clarified, and Professor Sedra agreed to do this.

9. Budget Report 2001-02 (cont'd)

Professor Sedra also agreed to reword "partial offset" in the same paragraph so as to clarify his intent that any net positive variances that arose in the financial forecasts for the operating budget would be used to lessen the deficit control reduction.

The member indicated that he could not in conscience support the budget, citing increased tuition fees concurrent to what he perceived as declining service to students. Another member disagreed, noting that the absolute budget for students was increasing and that he could see no responsible choice but to proceed with the budget as presented. A member noted that similar hard choices had been necessary at other universities and that the payback to students was probably greater at the University of Toronto than elsewhere because of the first-class faculty and top graduate students that were successfully recruited here. Another member added that while tuition fees had gone up, scholarships has risen significantly so that the per capita cost to students here likely was less than at other institutions.

A member referred to the assumptions and asked for clarification of the compensation increases to senior administration and to unionized employees. Professor McCammond explained that the 2% across-the-board increase assumed for staff did not include merit or scale increases. The cost for salary increases including the merit or scale increases would be approximately 4%. No across-the-board increase was assumed for members of the senior management group. The 4% increase for that group was awarded solely on the basis of merit. Professor Sedra added that these were assumptions only and did not translate into negotiating positions.

A member indicated concurrence with the proposed budget, but some unease about how divisions would deal with the reductions if needed. The member was particularly concerned about the proposed additional 1.5% reductions in 2002-03 and 2003-04 in light of the many uncertainties. He expressed the hope that a good discussion could be entertained at the Committee early in the next budget cycle, to work with the administration in setting new guidelines. The Chair noted that this opportunity would present itself when new Long-Range Budget Guidelines, 2002-08 came forward for discussion this fall.

A member returned to the concern about what he perceived to be declining service to students, citing larger tutorials and higher faculty/student ratios in his Faculty. Responding on behalf of that Faculty, a member disagreed that there had been a deterioration of service to students that was related to budget. He said that faculty renewal was underway, that people were excited about the positive environment in the Faculty, that infrastructure support had risen in the last few years, and that overall students should be receiving a high quality education. He acknowledged that there was a problem recruiting qualified faculty but that this was related to scarcity of faculty rather than the budget.

Another member confessed serious concerns with the potential for a one-time-only reduction. He believed this presented real difficulty for some divisions and could mean tough times for the University. For that reason, he found it problematic to vote for this budget.

On the recommendation of the Vice-President and Provost,

9. **Budget Report 2001-02** (cont'd)

YOUR COMMITTEE RECOMMENDS

THAT the proposed Budget Report for 2001-02 be approved.

The Chair reported that the motion had carried with two opposed and two abstentions.

10. **Items for Information:**

10.1 **School of Continuing Studies: Budget and Strategic Plan, 2000-2004**

Dr. Mary Cone Barrie distributed the Strategic Plan 2000-01 to 2003-04 of the School of Continuing Studies which provided a financial picture of the School currently and projected to the end of 2004. Briefly, she noted that the School was entering a debt-free period after ten years of debt repayment. This would allow net income to be directed toward other uses, including an annual allocation to support high technology delivery of education. She said that it had become critical in continuing education to meet new demands for choice between traditional classroom delivery and various modes of distance delivery.

This increasingly optimistic outlook would allow for accumulation of a reserve against any unforeseen revenue shortfall. Initially, \$100,000 would be put aside, increasing annually until an overall reserve fund of \$1 million was established.

She reported that registrations were escalating significantly, with a 9% increase this past year. This was due to new programming, the baby boomer effect and the successful launching of a satellite campus in Oakville this past year. Similar campuses were planned for Richmond Hill and Markham next year. The objective was to maximize outreach to the community and to meet the demand for accessible programs. In summary, the School was continuing to do what it had over many years while utilizing new technology to provide relevant programming at market driven fees.

Finally, Dr. Barrie reported that the School's annual calendar had been entered into a competition at the *New York Times* and had received the award for the best calendar for 2000.

A member asked about the difference between courses offered by the School of Continuing Studies and continuing education courses offered in various divisions. Dr. Barrie explained that other units offered courses that were continuing the development of professionals in their profession or discipline. Continuing Studies offered courses that were not taught elsewhere and involved the non-University community to a greater degree. Without formal restructuring, it had been successful in collaborating with other units in offering programs. For example, it was into the sixth year of a co-venture with the Faculty of Information Studies and was moving into further collaborative efforts with that Faculty this year.

The member questioned whether Oakville was not more appropriately in the catchment area of the University of Toronto at Mississauga or Sheridan College. Dr. Barrie responded that while it might seem that way, the move to Oakville was not done randomly. Oakville students had already been taking continuing education courses from the School. The demand was evident and the demographics were right. Course offerings were different from those at Sheridan or UTM and about 80% of the enrolled students were U. of T. alumni.

10.2 Academic Program Changes:**Rotman School of Management: Diploma in Forensic and Investigative Accounting**

Professor McCammond reported that there were no resource implications to the proposed diploma in Forensic and Investigative Accounting in the Rotman School of Management. The program would be self-funded with startup from the Canadian Institute of Chartered Accountants. No subsidy from the University would be provided and overhead charges would be paid to the University.

University of Toronto at Scarborough: New Cooperative Programs and Revised Early Teacher Projects

Professor McCammond reported that these new or revised programs had been approved by the Committee on Academic Policy and Programs in March, subject to review of resource implications. They capitalized on strengths at the University of Toronto at Scarborough. The first two were to further develop a current minor in Health Studies and extend the co-operative education option to that program; the next two were extensions of co-operative education options; and, the last was to allow direct entry into Early Teacher Projects in French and Physical Sciences. All changes were funded by reallocated resources within the University of Toronto at Scarborough and had no resource implications for the operating fund.

School of Graduate Studies: M.H.Sc. in Bioethics – Alternative Delivery Option for International Students

Professor McCammond reported that there would be no reduction in enrolment nor any decline in revenue as a result of the extension of an alternative delivery option as proposed.

10.3 Capital Project: Users' Committee 500 University Avenue, Terms of Reference

Professor Venter reported that the University had recently acquired 500 University Avenue. This would provide a facility for three programs which were currently at 256 McCaul Street and one which was currently in the Tanz Building. The membership of the Users' Committee on 500 University Avenue was reported today for information. He hoped to bring the report of the Users' Committee for approval within the next several months in order that the University could move quickly with the relocation of these programs.

11. Date of Next Meeting

The Chair reminded members of the next scheduled meeting on Tuesday, April 17, 2001.

12. Other Business

A member submitted a request, signed by 10% of the members of the Committee, to add to the Agenda of the next meeting an item titled "Allocation of Funding for Physical Accessibility Retrofit of University of Toronto Facilities".

The meeting adjourned at 7:20 p.m.

Secretary
April 103, 2001

Chair