

**REPORT**  
**COUNCIL OF ONTARIO UNIVERSITIES. C.O.U**  
**LAKEHEAD UNIVERSITY REPRESENTATIVE: DR. TONY BAUER**

The following summaries are taken from 2 meetings of the Academic Colleagues on February 11<sup>th</sup> and 12<sup>th</sup>. 2010

In addition please refer to the attached documents:

- 1) A review of the current in progress C.O.U. projects.
- 2) Executive Report of the Final Report of the Working Group on University Pension Plans
  - 1) RETENTION AND ATTRITION IN ONTARIO UNIVERSITIES.

The follow is a summary of some of the current trends in attrition and retention in universities across Canada:

- a) Recent trend for higher reported attrition rates related to higher access numbers
- b) An ongoing increase in younger age group enrolment ie. 18 years and younger due to abolition of grade 13. A general Increase in enrolments of woman over men. 60/40 ratio.
- c) Increased foreign student enrolment for additional external funding.
- d) Increased special needs and disabilities students.
- e) Increase in students employed while attending university - majority not employed.
- f) Current mean time for completion of undergraduate degree. 5-7 years
- g) Trend- 80% retention 20% drop out with some enrolling in other programs

C.O.U. Discussion paper in progress: Retention in Universities.

Based on:

- Need for a more strategic cost benefit measurement approach.
- Redefining student success.
- Adapting to a more rapidly changing environment.
- Development of performance indicators linked to attrition opposed to access.
- Development of e.learning degrees and the "casualisation" re design and delivery of university programs.

## **2) PROVINCIAL BUDGET AND UNIVERSITY FUNDING**

There has been an increase of 2.7% in new applications to Universities with no planned matching cash flow from the province

To date there is little to no information or news regarding funding for universities in the March budget and there remains a high level of uncertainty. The economic down turn , high deficit and hints of a 2011 election are causes for uncertainty.

There has been some discussion between C.O.U and the province regarding long term growth planning and multi year agreements. There is the possibility of no guarantees that all BRU's will not be funded. Student tuition remains the major source of funding while the current provincial government verbally promotes the importance of post secondary investment without the budgetary support.

There remains a high level of uncertainty.

### **3) CREDIT TRANSFER-COLLEGES TO UNIVERSITIES.**

The current movement toward the creation of cheaper degree programs and credit transfers from the colleges is evident. Cost saving is the primary driver for government to introduce cheaper degrees.

There are a number of program options being developed to provide stronger ties between colleges and universities. The trend is toward colleges offering discipline based degrees but no general degrees.

There are currently a number of colleges with joint programs and bridging courses for credit transfer.

The admission of college students into graduate university programs is a question for the future with some Quebec institutions already leading the transfer process.

The development of external accreditation by outside organizations plus quality assurance programs are in being discussed.

The C.O.U will challenge the movement toward college degrees based on staffing credentials, and discrepancies in content and course quality. Colleges are considered to be organized and methodical in the move toward equivalency. Universities need to be more creative and take a leadership role.

The ministry reflects a move toward looking at alternate models and systems to provide post secondary programs. There remains a high level of frustration due to the apparent “no support” approach from Malloy, the minister of education

### **4) UNIVERSITY PENSIONS.**

Summary: Final Report on University Pension Plans. Bonnie. M. Pearson. President, C.E.O.

The recent decline in the markets created an unprecedented decline and funding crisis for most universities. Even with provincial budget support in 2009 many universities are unable to fulfill their mission to provide adequate pension funds. The report discussed alternate measures should universities become insolvent.

Universities recognize that there needs to be fundamental changes to defined benefit and hybrid pension plans in order to provide long term sustainability.

It was recognized that cost sharing contributions need to be reconfigured with new initiatives developed including; co mingling of assets for investment management , a self insured wind up scheme, and more cost certainty though plan re design. However success requires a solvency funding exemption from government .

Universities planning to negotiate collective agreements need to set the stage now with a clear plan.

Changes to some plans have already started with increases in member contributions eg. Waterloo.

As universities plan their budget cycles for next year there is a need for a temporary solvency exemption to avoid cut backs in university operations.

Collaboration from the Ontario provincial government is required to provide funding exemptions equivalent to those already provided in 5 other provinces.

# Summary of Information on Existing University Defined Benefit and Hybrid Pension Plans

## Executive Summary

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As a result of the unprecedented situation in the financial markets, most universities are facing a pension funding crisis. Even with the pension funding relief introduced in the 2009 Ontario Budget, the required special payments will be unaffordable and will severely undermine the ability of many universities to fulfill their mission. The Working Group on University Pension Plans was established to examine alternatives for enhancing the sustainability of university pension plans and to avoid diverting operating dollars that support the academic mission to fund university pension plans as if the universities are wound up.

### **Goals for All Stakeholders**

The Working Group believes that all stakeholders in the Ontario university system share the following goals with respect to university pension plans:

- To ensure an effective and sustainable pension system for Ontario universities, with reasonable risk sharing and greater cost certainty for universities and members.
- To continue to recognize the importance of pensions in the total compensation package for university faculty and staff.
- To have a system that facilitates the systematic retirement of faculty and staff with safe and secure retirement income.

### **Why Universities are Asking for a Solvency Funding Exemption?**

#### **University Revenues are Controlled by the Government**

In general, government regulates the funding of universities and the tuition fees they can charge. On average, Ontario's publicly-assisted universities derive about 50% of their operating revenue from provincial operating grants and about 44% from student tuition fees, based on 2007/2008 data. With tight operating budgets and little capacity to generate additional revenue, the outcome is very direct—any additional pension costs divert spending from educating students. The provision of quality education is the universities' core mission which acts as the key guiding principle for all aspects of university business. Unpredictable and fluctuating solvency costs, in particular, go to the heart of this principle. They not only strain universities from a cash flow standpoint, but they also impact on universities' credit ratings and borrowing power—and ultimately their ability to fulfill their mission.

#### **The Risk of Pension Plan Wind-Up is Small**

The probability of institutional insolvency necessitating the wind-up of a pension plan is very small. Moreover, the publicly-assisted universities are unique among the broader public sector or private sector employers in that were there to be a plan wind-up because of institutional closure, the considerable land and capital assets owned by many of the universities would be available to defray any unfunded pension obligations. A merger of two universities would be more likely than a full closure of a university, and in this scenario a pension plan wind-up would not be triggered.

#### **Five Provinces Have Already Provided Solvency Funding Exemptions to Their Universities**

Alberta, Manitoba, Quebec, New Brunswick and Newfoundland have amended their provincial Pension Benefits Acts to specifically provide universities with a solvency funding exemption.

### **Summary of Findings in Connection With Mandate**

#### **Feasibility of Merging University Pension Plans Into One System-Wide Pension Plan or Into One of the Public Sector Pension Plans?**

From the data presented in the report on bargaining structure, pension plan design, pension plan funding and services to be offered by the large Ontario public sector pension plans, the conclusion is that a system-wide pension plan would not be feasible:

- There are over 80 collective agreements/memorandum of agreements under which bargaining these approaches would be required. Within each university, there are numerous agreements with a wide range of expiry dates. Therefore, the scope and complexity of bargaining would be massive to merge existing pension plans into one system-wide plan or into one of the public sector plans.
- There are significant differences in current plan design. There are three types of pension plans—defined benefit, hybrid, and defined contribution pension plans—and then within each of these types of plans, numerous differences in even the basic plan features. Pension legislation alone would make it very difficult to bring the designs together.
- There is a wide range of funded statuses across Ontario university pension plans and the differences in funded status would have to be addressed in order to merge pension plans.
- Closing the current pension plans to new entrants and having all new employees join a new university sector plan going forward would not generate any cost savings and would create additional challenges in managing the liabilities of closed plans.
- There would be significant governance issues associated with all the Ontario universities joining one of the large public sector pension plans and, in general, these plans are more focused on providing investment management only services. As such, having universities join one of the public sector pension plans is not a feasible approach. However, commingling assets for investment management purposes under one of these plans remains an option to be considered.

#### **Feasibility of Universities Individually Changing to a Jointly-Sponsored Pension Plan or Jointly-Governed Target Benefit Plan**

The Report of the Expert Commission on Pensions recommended that solvency funding exemptions only be granted to jointly-sponsored pension plans, multi-employer pension plans and a new form of plan called a Jointly-Governed Target Benefit Plan.

The report includes an analysis of the current pension governance structures at Ontario universities and demonstrates that most universities have well-developed pension governance structures in which both active and retired members of the pension plan participate. Joint sponsorship requires joint risk sharing so there is little incentive for active and retired members of a university pension plan to take on more risk sharing for a slightly expanded role in governance, particularly in the current environment. Any change in governance and/or risk sharing structure would be subject to bargaining at most universities and given that the proposed conditions for solvency funding exemptions could result in a reduction in the current rights and entitlements of plan members, it is very unlikely that these conditions could be met without being legislated by the government.

## Executive Summary (continued)

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### **Feasibility of Commingling Assets Maintained in Separate Pension Plans for Investment Management Purposes**

The report includes an analysis of current fund and fee structures and assesses, at a very high level, potential savings in investment management fees resulting from a commingling of assets for investment management purposes. In connection with the analysis, the Working Group met with two of the large Ontario public sector pension plans interested in broadening their service offerings to other plans.

The commingling of assets for investment management purposes remains a viable alternative for moving forward. Further analysis is required on ongoing fees and transition costs for a commingled asset management arrangement. Given the amount of work involved in that analysis, the Working Group is looking for feedback from the government on the proposed framework outlined below before undertaking the additional analysis.

Given the scope of the effort involved to make such a transition, the varying savings by university, and the potential transition costs, a solvency funding exemption for universities participating in such an arrangement would serve as a significant impetus for making this happen.

### **Feasibility of Establishing a Self-Insured Wind-Up Scheme**

Based on the solvency deficiency estimates shown in this report, and based on the current Pension Benefits Guarantee Fund (PBGF) fee structure, the PBGF assessments for universities in the first year following the next filed actuarial valuation would total approximately \$6 million. Given the low level of guaranteed benefits under the PBGF and the fact that indexation is not one of the guaranteed benefits, the PBGF provides little security for members of university pension plans. If universities were granted a solvency funding exemption, it would likely follow that university pension plans would not be covered by the PBGF. A self-insured pension plan wind-up scheme could replace that with a higher level of coverage. As noted above, the Working Group is looking for feedback from the government on the proposed framework outlined below before undertaking the additional analysis required to further assess the feasibility.

### **University-Specific Principles for Going Concern Funding to Maintain Long-Term Health and Viability of Pension Plans**

This has been addressed in the proposed framework for moving forward outlined below.

### **Contribution/Benefits Relationship Under University Pension Plans**

The report includes a comparison of benefit provisions and contribution rates under university pension plans and the large Ontario public sector pension plans. The data shows that the public sector pension plans tend to have more favourable early retirement provisions (earlier eligibility for an unreduced pension and bridge benefits to age 65). Combined with the higher utilization of early retirement provisions in the public sector versus in universities, the total cost of the public sector pension plans tends to be higher, which in turn drives the level of member contribution rates.

Universities are in the process of bargaining increases in member contribution rates as current agreements expire. The report includes data on changes in member contribution rates from recent collective agreements at McMaster University and Trent University, as well as increases in member contribution rates at University of Waterloo through its Pension and Benefits Committee.

## Executive Summary (continued)

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### **Enhanced Portability Through a Pension Transfer Agreement for Ontario Universities**

The Working Group received feedback from both university administrations and stakeholder groups that this would be welcomed initiative and should be expanded to include transfers to and from the broader public sector. Further work would be undertaken as part of the proposed framework for moving forward.

### **Proposed Framework for Moving Forward**

The Working Group recognizes that fundamental changes need to be made to DB and hybrid pension plans at some universities in order to enhance the long-term sustainability of those plans. The plans need more **cost sharing** through reconfiguration of the employee/university contribution arrangements, more **cost efficiency** through initiatives such as commingling assets and a self-insured wind-up scheme, and more **cost certainty** which can be partly attained through plan redesign, but requires a solvency exemption from government to be successful.

To accomplish the three objectives requires the following commitments from universities who elect to participate and from the government.

#### **Universities**

1. A Formal Pension Funding Plan would be submitted by each participating university to the government which would include university-specific principles for going concern funding, a long-term funding policy and a specific plan of action to address any current going concern funding shortfalls.
2. Increases to member contribution rates and changes to plan design would be negotiated through collective bargaining. Employee/university cost sharing would be reconfigured to be more in line with public sector pension plans, recognizing the differences in risk-sharing arrangements.
3. Solvency valuations would continue to be included in the reporting requirements.
4. Limitations would be placed on contribution holidays (e.g., only permitted if certain conditions met such as market value of plan assets exceed solvency liabilities with indexation and a going concern surplus based on market value of assets).
5. Accelerated funding of plan amendments would be required (e.g., when the ratio of the market value of assets to solvency liabilities calculated including indexation is less than 0.9).
6. Commingling of university pension plan assets for investment management purposes would be required through a university-owned asset management entity, one of the public sector pension plans, or an external organization.
7. A university self-insured pension plan wind-up scheme would be created whereby participating universities would be required to self-insure the plan wind-up risk for the participating universities.
8. An Ontario University Pension Transfer Agreement would be established to facilitate the transfer of pension benefits for individuals transferring within the Ontario university system and to/from the broader public sector.

#### **Government**

A temporary solvency funding exemption would be provided for a period of three to four years during which universities electing to participate would abide by all the terms of this framework. Universities would be granted a permanent exemption at end of that period provided the framework has been fully implemented.

## COU UPDATE – February 1, 2010

Subject	Issue	Status
<p>University Operating Funding</p>	<p>This issue continues to be the number one priority for universities.</p>	<p>COU staff members have been actively engaged in advocating the principles outlined in the COU Submission regarding the multi-year plan and the Report of the Working Group on University Pensions. We have held a rotating series of meetings with both political and civil service staff at all levels in MTCU and also in Finance. We have also extended our outreach to other cabinet ministers, and deputy ministers who are strategic to our agenda and/or have influence with the Premier. Additionally, we have also identified key opinion leaders outside government with a view to informing and mobilizing them as champions for the sector.</p>
<p>Undergraduate Accessibility Fund</p>	<p>The shortfall to fully fund undergraduate enrolment growth is significantly higher than in recent years.</p>	<p>In the recent past, the Ministry of Training, Colleges and Universities has provided funding to respond to undergraduate enrolment growth at Ontario universities through the Undergraduate Accessibility Grant. The Province has provided full funding for growth over 2004-05 enrolment levels in each of the past few years.</p> <p>In the Ministry's preliminary allocation of operating grants for 2009-10, provision was made for the Accessibility Grant this year of \$127M. Based on institutional enrolment estimates provided to the Ministry for the current year, there will be a significant shortfall between the preliminary allocation of the Accessibility Grant and the amount that would be flowed if the allocation were calculated on the same basis as last year, taking account of all growth of Basic Income Units (BIUs) since 2004-05.</p> <p>This shortfall is likely to be in the range of \$90 to \$100M.</p> <p>As a result, the COU sent a letter to the Deputy Minister seeking a commitment from the Province that funding through the Accessibility Grant will be adjusted as in past years to provide full funding for the growth in BIUs.</p>



## COU UPDATE – February 1, 2010

Subject	Issue	Status
<p>Capital Funding</p>	<p>The Ontario government committed \$60 billion to a ten-year infrastructure plan. MTCU, with support from the Ministry of Energy and Infrastructure, is developing a long-term capital planning process to meet the province's infrastructure needs, including those in the postsecondary sector. The Courtyard Group, a third party expert consulting firm, facilitated the exercise.</p> <p>Under the federal and provincial infrastructure announcements last year, universities received investments for construction of new facilities and renewal of old ones. Universities received \$487.9 million from the federal government and \$607.1 million from the provincial government.</p>	<p>Ontario universities have included capital in their submission to government concerning the next multi-year funding plan because new investments in buildings will be necessary to handle the high level of growth that MTCU is forecasting.</p> <p>As part of its advocacy agenda, COU is discussing the capital needs associated with growth.</p> <p>COU is preparing a report on how federal and provincial infrastructure dollars are being put to work in the university sector and the impact that they are having on local communications. A media release will articulate the benefits and the report will be sent to Ontario MPs and MPPs.</p>

## COU UPDATE – February 1, 2010

	Issue	Status
<p>Applications for 2010-11</p>	<p>The Ontario Universities' Application Centre (OUAC) released data on first year undergraduate applications for 2010-11 on January 18, 2010.</p>	<p>The number of high school applicants rose 2.7% to 86,542 from 84,300 last year and the number of university choices grew 2.1% to 375,278 from 367,739 last year. Since 2000, there has been a 46.2% increase in applicants. These statistics include all applications received by the January 13 deadline for secondary students, although OUAC will continue to process applications received after the deadline and forward them to the universities.</p> <p>The total number of university applicants will get another boost later this year when mature, returning, transfer and international students apply. This group, which is called non-secondary school applicants, is also tracking 2.7% higher and could represent more than 45,000 applicants by the end of the application cycle in September. These students are diverse, with some presenting secondary school marks achieved in previous years, some applying from other provinces and countries, and others submitting transfer applications based on their desire to change programs or upgrade their educational credentials. More details and regular updates can be found at: <a href="http://www.ouac.on.ca/news/news.htm">http://www.ouac.on.ca/news/news.htm</a>.</p>
<p>Student Mobility and Pathways</p>	<p>The provincial government would like student mobility and pathways enhanced at the postsecondary level.</p>	<p>COU is continuing its consultations with MTCU and Colleges Ontario on ways to facilitate student mobility and pathways across the province and has made progress on developing a set of core principles to guide student mobility.</p> <p>The Ministry has established a Steering Committee with representatives from COU, Colleges Ontario, CUCC and student associations to develop options for a credit transfer system for Ontario. COU representatives are Alastair Summerlee, Guelph, Patrick Deane, Queen's, Dan Lang, Toronto, and Peter Gooch, COU. The Ministry also set up a Working Group to support their work, with representatives from the same four groups noted above: COU, CO, CUCC and student associations. COU's representatives are Dan Lang and Peter Gooch. In addition, COU has established a resource group to advise the COU members of the Steering Committee and Working Group on strategies and challenges.</p> <p>The resource group includes Jerry Tomberlin, Carleton; Richard Marceau, UOIT; Chris Conway, Queen's; Keith Alnick, Ryerson; Karen Maki, Trent; Feridun Hamdullahpur, Waterloo; Ken Lavigne, Waterloo; Ray Darling, WLU; Barbara Brown, York; Glenn Craney, York; Sheila Embleton, York; and George Granger, OUAC.</p>

## COU UPDATE – February 1, 2010

Subject	Issue	Status
Quality Assurance	<p>Significant changes are under development for quality assurance processes at the graduate and undergraduate levels. Oversight of graduate quality assurance is transitioning to the Ontario Council of Academic Vice-Presidents (OCAV) from the Ontario Council of Graduate Studies (OCGS). OCAV already oversees the undergraduate component (UPRAC).</p>	<p>A draft framework has been prepared by the Quality Assurance Transition/Implementation Task Force and submitted to OCAV, which is currently reviewing and refining it in cooperation with the new Executive Director of Quality Assurance, Dr. Donna Woolcott. A final draft of the framework will be presented to OCAV this month. A process for implementation currently is being developed.</p> <p>Under the proposed Framework, undergraduate and graduate programs would be treated in the same way; the Framework includes a New Program Approval Protocol, a Cyclical Program Review Protocol and an Audit process. It is intended that institutions will design and implement an Institutional Quality Assurance Process consistent with the university's mission statement and degree-level expectations, and with the Framework. The institutional processes will be submitted to the Quality Council for review and ratification.</p> <p>Other tasks to be completed by the OCAV Executive working with the staff at COU include development of the terms of reference of the Ontario Universities Council on Quality Assurance (OUCQA) – the new body that will implement the Framework.</p>
Student Access Guarantee (SAG)	<p>COU and Colleges Ontario (CO) continue to work with MTCU on issues related to the implementation of the SAG.</p>	<p>Universities are strongly committed to the Student Access Guarantee and will continue to work with the Ministry on the development of the annual guidelines. The COU Task Force on Student Financial Assistance contributes to the consultations and helps communicate COU's position on the impact of this initiative.</p> <p>COU has issued an RFP for a Student Line of Credit, as required for the SAG, on behalf of several universities. The RFP was issued in September to six major banks. Once the vendor has been selected, a provider agreement will be developed between the bank and the participating universities. It is anticipated that the vendor will be selected in early February 2010 and that the provisions will be in place for the 2010-11 academic year.</p>

## COU UPDATE – February 1, 2010

	Issue	Status
<p>University Health Insurance Plan</p>	<p>Costs of UHIP</p>	<p>The issue continues to be a concern for Ontario universities in their efforts to attract high quality students.</p> <p><b>Background Information:</b> COU has been reviewing concerns about the cost of UHIP to international students. International students and their parents have been lobbying their universities to lower or eliminate UHIP premiums. A joint letter from COU and the Ontario Undergraduate Student Alliance (OUSA) was sent to the Minister of Health and Long-Term Care, requesting:</p> <ul style="list-style-type: none"> <li>• Reinstatement of OHIP coverage which should include all UHIP members (foreign students, faculty and staff from abroad, and their dependants).</li> <li>• A joint Executive Heads/Student meeting with the Minister to discuss the issue.</li> </ul> <p>Former COU President Paul Genest met the Deputy Minister of Health and Long-Term Care and the Deputy Minister of MTCU to discuss various issue including UHIP.</p>
<p>University Pension Plans</p>	<p>Unmanageable solvency and going concern special payments:</p> <p>-based on June 30/July 1, 2009 estimates going concern special payments were estimated to be \$298 million per year and \$257 million per year for solvency payments for total special payments of \$555 million per year.</p> <p>-based on the relief provided in the 2009 Budget, these payments could be reduced to \$349 million per year provided member consent is attained.</p>	<p>The Working Group on University Pension Plans has completed its report and it will be presented to Executive Heads on February 4<sup>th</sup>. Once approved, it will be distributed to the Ministers of Finance and Training, Colleges and Universities. Details of the report have been shared with staff at both Finance and TCU over the past two and a half months through a series of working meetings.</p> <p>During that period, the Working Group also presented a slide package summarizing the issue as part of its stakeholder consultations with OCUFA, CUPE, USW, OSSTF and COUSA. Additionally, a presentation was made to the Academic Colleagues of the COU at their meeting on December 11, 2009, with a motion being passed, by Academic Colleagues, expressing their general support of the work to date of the Working Group.</p> <p><b>Background</b> The Working Group on University Pension Plans presented its Interim Report to Executive Heads on October 15, 2009. The Interim Report contains:</p> <ul style="list-style-type: none"> <li>- Information on existing defined benefit and hybrid pension plans including the funded status and projected special payments of each university's pension plan estimated at June 30/July 1, 2009</li> <li>- Comparisons of university pension plans benefits and contributions to large public sector pension plans.</li> <li>- Information on permanent solvency exemptions for universities in other provinces including any accompanying requirements.</li> </ul>

## COU UPDATE – February 1, 2010

	Issue	Status
University Pension Plans (continued)		<ul style="list-style-type: none"> <li>- Services available from public sector pension plans including a summary of meetings with HOOPP and OMERS. (The Working Group has plans to meet with the Commonfund, a non-profit investment manager.)</li> <li>- An assessment of the Pension Benefit Guarantee Fund.</li> <li>- Pension plan governance structure in each Ontario University.</li> </ul> <p>In addition, the Working Group presented a possible end state solution or framework for an agreement with government. Essentially, the framework document laid out what may be required of the universities to get the desired result from government, which is a solvency funding exemption.</p> <p>To focus the work of the Working Group moving forward, Executive Heads were presented with 4 options for moving forward at their round table meeting on October 15, 2009, including the Working Group's recommended framework. Executive Heads were asked to consider the options and communicate to Bonnie Patterson by October 30 their support for proceeding with one of the options.</p> <p>Following the October 15 Executive Heads Round Table, 12 universities with Defined Benefit or Hybrid pension plans provided their active support for the proposed framework (option 3).</p> <p>MTCU has committed \$240,000 to fund the actuarial costs associated with the completion of the Working Group's mandate. As a requirement of the funding, the Ministry asked that, where applicable, the Working Group's report include inputs from groups representing plan members including retirees, as well as OCUPA. The Ministry indicated that the consultations be held on the findings of the feasibility analysis of alternatives to enhance the long-term sustainability of university pension plans.</p> <p><b>Further Historical Background</b></p> <p>The Ontario Expert Commission on Pensions (OECF) has concluded its work and issued its final report on Pensions, titled <i>A Fine Balance</i> on Thursday November 20, 2008. A copy of the report can be found at <a href="http://www.pensionreview.on.ca/english/report/">http://www.pensionreview.on.ca/english/report/</a></p> <p>Unfortunately, the universities' main concern has not been satisfactorily addressed in the report: that is, exemption from pension solvency funding requirements for universities.</p> <p>On February 26, COU provided comments on the report to the Minister of Finance indicating that we are in disagreement with the underlying premises for solvency funding for universities and quantified the staggering special payments required (special payments of \$566M annually based on October 31, 2008 estimates).</p>

## COU UPDATE – February 1, 2010

	Issue	Status
University Pension Plans (continued)		<p>The Ontario 2009 Budget did provide some regulatory changes to pensions provided that universities acquire the needed consent from plan holders. If consent could be obtained, total special payments based on October 31, 2008 estimates would be reduced from \$566 million per year to \$331 million per year.</p>
Education Safety Association of Ontario (ESAO)	Inequitable funding model	<p>Ontario universities, along with schools boards, libraries, and colleges, are members of ESAO. In the past, Ontario universities have had serious concerns about the performance and structure of ESAO. COU recently (October 20<sup>th</sup>) submitted comments to the Workplace Safety Insurance Board (WSIB) relating to the <i>Illustrative Future State Model</i> outlined in a report from the Occupational Health and Safety Council of Ontario entitled <i>Roles Review and Realignment</i> dated September 5, 2008.</p> <p>Ontario universities support the apparent direction of the proposed model that would significantly reduce the number of Health and Safety Associations (entities), create multi-stakeholder governance and enable the streamlining of administration. The latest iteration of the model seems to address the funding inequity universities faced in the previous model and should provide better services as well to institutions. COU through CSAO and CEHSO will continue to monitor this issue.</p>
Auditor-General (AG) Report	Response to the 2007 Auditor General report and the Standing Committee on Public Accounts recommendations	<p>On May 28, 2009, the Standing Committee on Public Accounts held hearings on a section of the Auditor General's 2007 Annual Report, Universities – Management of Facilities. On February 19, 2009, the committee notified COU that it has asked the Ministry of Training, Colleges and Universities (MTCU) to obtain data through COU on deferred maintenance spending for fiscal years 2005-06 to 2008-09.</p> <p>On June 4, 2009 MTCU and COU met to discuss the data collection process. MTCU agreed that universities do not have to report previously collected historical data on the new template. COU used the historical data provided by MTCU to pre-populate the templates. Data has been gathered over the summer. The finalized dataset was submitted to MTCU on August 24, 2009</p>

## COU UPDATE – February 1, 2010

	Issue	Status
<p>New Space Management Committee</p>		<p>At the Executive Heads Round Table of May 21, 2009, Executive Heads agreed to a recommendation by CSAO for the formation of a new, broad-based Space Management Committee with representation from CSAO, OCAV, the Ontario Association of Physical Plant Administrators (OAPPA), Registrars, and senior space management specialists from the committee on Space Standards and Reporting. The new Committee will perform in-depth analyses of space management practices; examine the extent to which facilities renewal requirements impact space utilization; make strategic recommendations for change; and provide advice to the Ministry of Training, Colleges and Universities (MTCU) for their response to the Standing Committee on Public Accounts recommendations related to the Auditor General’s 2007 Annual Report deferred maintenance section.</p> <p>At its first meeting in September, the Committee agreed that a two-step process is required in order to gather information to provide advice to the MTCU. As a first step, the Committee is gathering information on current space management practices at each university through a survey. The second step will be to develop a second survey to obtain information on utilization rates, based on the responses received from the first request.</p> <p>The survey on current space management practices was developed and distributed on October 7, 2009 to both OCAV and CSAO.</p> <p>The Committee met on January 19, 2010 to (1) analyze the survey findings collected from the first survey, (2) discuss researching of best practices in other jurisdictions, and (3) to draft a second survey, aimed at collecting utilization rates from all Ontario universities. The second survey will be finalized and distributed by the beginning of February 2010.</p>

## COU UPDATE – February 1, 2010

Subject	Issue	Status
PST/GST	Cost impact on Ontario universities of GST/PST harmonization	<p>The Government of Ontario announced in the 2009 Budget it will introduce the harmonized sales tax (HST) in 2010.</p> <p>At the February 12, 2009 Executive Heads meeting, CSAO was asked to review the impact of sales tax harmonization and designated COFO to undertake a survey and perform some analysis. The data was collected and analyzed by COFO and on December 10, 2009 COFO submitted their final report concerning the impact of the HST on Ontario universities to CSAO. The report will be reviewed by Executive Heads at their Round Table meeting on February 4, 2010.</p> <p><b>Background: Process Used by COFO</b>            COFO provided a status update to CSAO on November 3, 2009 in which they noted that a template had been developed to assess the implications of the HST. The template was tested by 5 universities, and based on primary results the implementation of HST will result in tax savings in the operating and ancillary funds, a small tax savings in the research funds dependent upon the proportion of previously exempt research equipment to the total fund expenditures, and increased costs in the capital fund.</p> <p>The template was discussed at the COFO Executive meeting on November 5, 2009 and was shared with all universities for completion. COFO is currently collecting the results and will soon finalize their analysis.</p>



## COU UPDATE – February 1, 2010

	Issue	Status
<p>Supply Chain Guideline</p>	<p>Government guidelines for university procurement</p>	<p>COFO members continue to monitor the development of Supply Chain Guidelines and report on issues of significance to CSAO.</p> <p>In October 2009, the Deputy Minister, MTCU, informed universities of changes to the government’s Procurement Directive, and Travel, Meal and Hospitality Directive. Among other changes, the new Procurement Directive requires a competitive process for all consulting services and increases the restrictions of allowable expenses for consulting services. Although universities do not all within the application of these directives, Bill 201, the <i>Public Sector Expenses Review Act</i>, not only enables the Integrity Commissioner to review employee expense claims in a public entity, but enables the Integrity Commissioner to prescribe any entity as a public entity.</p> <p>COFO is reviewing how the various directives fit together.</p> <p><u>Background Information:</u> The Supply Chain Guideline has been prepared to support and improve broader public sector (BPS) supply chain activities. The Treasury Board of Cabinet has directed that the Supply Chain Guideline be incorporated into the transfer agreements of organizations in the broader public sector (BPS) receiving more than \$10 million in funding per fiscal year including organizations funded by the Ministry of Training, Colleges and Universities.</p>
<p>Ontario Council on University Research</p>	<p>New Ontario Network of Excellence</p>	<p>In June 2009, the Ministry of Research and Innovation announced a new Ontario Network of Excellence, which is intended to streamline programs and services to accelerate collaboration and commercialization of research.</p> <p>OCUR has committed to working closely with the Ontario government in order to ensure open discussion and input into the development and implementation of this initiative. In particular, it is interested in participating in the development of performance metrics. OCUR invited the Ontario Centres of Excellence (OCE) to its meeting on November 19, 2009 to provide an update on OCE’s work in this area. The OCUR Sub-Committee on Provincial Relations is pursuing a dialogue with MRI to better understand the ways in which the ONE will affect universities.</p>

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Topic	Issue	Status
<p>Ontario Council on University Research (cont.)</p>	<p>Harmonization of Research Ethics</p> <p>Ontario Research Fund – Research Infrastructure (ORF-RI) / Canada Foundation for Innovation (CFI)</p> <p>Federal Granting Agencies</p>	<p>In the past year, the Ontario Ministry of Health and Long-term Care has signaled to OCUR an interest in better harmonization of ethics processes among universities in an effort to reduce barriers to research.</p> <p>An OCUR Working Group has been struck to work on this issue.</p> <p>The 2009 Ontario Budget announced \$300 million in capital funds (ORF-RI) over six years for research infrastructure, which will be available to leverage funding from CFI.</p> <p>In keeping with the process and criteria developed for the last ORF Large Infrastructure Funding applications, a new process and criteria will be developed to guide distribution of the funds announced in Budget 2009.</p> <p>OCUR will work closely with MRI over the coming months to provide input into process and criteria development.</p> <p>OCUR will also monitor closely, work with CFI on its next call for proposals in 2010.</p> <p>OCUR remains committed to working with the three federal granting agencies on a number of issues including funding; NSERC's new conference structure to evaluate grant applications; NSERC's new University/Industry Partnership programme; and CIHR/SSHRC funding of health-related research.</p>
	<p>Federal ADM Integration Board</p>	<p>The federal science-based departments and agencies have established an ADM committee to provide a forum for discussion and to work on areas of collective interest. They have invited OCUR to participate in a pilot initiative with them that will seek to:</p> <ol style="list-style-type: none"> <li>1) Enhance the awareness and strengthen relationships between science-based departments and Ontario universities;</li> <li>2) Build a strong platform for dialogue on national challenges and science-policy integration as a first step towards full integration of the innovation system; and,</li> <li>3) Support the recruitment and skill development of future public servants.</li> </ol>

