

# Humanities Budget Presentation

The View from 2017

# Last Year's Slide

## Understanding NEW Revenue Allocation: Opportunity and Risk

	2016-17 (2016)	Imaginary Opportunity	Imaginary Risk
NET Revenue Allocation	\$34,722,000	\$36,000,000	\$33,000,000
Less Support Unit Costs	-\$16,555,000	-\$16,000,000	-\$17,000,000
Actual NET Allocation BUT	\$18,166,000	\$20,000,000	\$16,000,000
Held Harmless / Supplement	\$5,747,000	\$5,281,000	\$5,281,000
<u>REVENUE ALLOCATION</u>	<u>\$23,913,000</u>	<u>\$25,281,000</u>	<u>\$21,281,000</u>

Opportunity: Net allocation higher than \$18,166,000, will see the increase.

Risk: Net allocation lower than \$18,166,000, will see the decrease, no longer held at **\$23,913,000**.

# NEW Revenue Allocation: Opportunity was Reality

	2016-17 (2016)	Opportunity Was Reality	Imaginary Risk
NET Revenue Allocation	\$34,366,000	\$36,036,000	\$33,000,000
Less Support Unit Costs	-\$16,555,000	<b>-\$15,593,000</b>	-\$17,000,000
Actual NET Allocation BUT	\$18,166,000	\$20,443,000	\$16,000,000
Held Harmless / Supplement	\$5,747,000	\$5,281,000	\$5,281,000
REVENUE ALLOCATION	<u>\$23,913,000</u>	<u>\$25,724,000</u>	<u>\$21,281,000</u>

Under the held harmless approach, our “reward” would have been an allocation of: \$23,913,000 or \$1.8 million less.

# ANNUAL BUDGET PROJECTIONS AND RESULTS: Possible Worlds

What we said in	2013	2014	2015	2016	2017
about:					
2013-14	<b>-\$5,500,000</b>	<b>-\$2,800,000</b>	<b><u>-\$2,400,000</u></b>	<b><u>-\$2,400,000</u></b>	<b><u>-\$2,400,000</u></b>
2014-15	<b>-\$5,500,000</b>	<b>-\$3,000,000</b>	<b>-\$2,700,000</b>	<b><u>-\$3,300,000</u></b>	<b><u>-\$3,300,000</u></b>
2015-16	<b>-\$5,900,000</b>	<b>-\$2,000,000</b>	<b>-\$2,000,000</b>	<b>\$2,000</b>	<b><u>-\$314,000</u></b>
2016-17		<b>-\$1,700,000</b>	<b>-\$2,000,000</b>	<b>\$29,000</b>	<b>\$2,500,000</b>
2017-18				<b><i>-\$219,000</i></b>	<b>\$2,200,000</b>
2018-19					<b>\$2,660,000</b>

# Remember the Debt: Possible Worlds

What we said in	2013	2014	2015	2016	2017
about:					
2012-13	<i>-\$1,900,000</i>	<i><u>-\$2,200,000</u></i>	<i><u>-\$2,200,000</u></i>	<i><u>-\$2,200,000</u></i>	<i><u>-\$2,200,000</u></i>
2013-14	<i>-\$7,000,000</i>	<i>-\$4,500,000</i>	<i><u>-\$4,500,000</u></i>	<i><u>-\$4,500,000</u></i>	<i><u>-\$4,500,000</u></i>
2014-15	<i>-\$12,000,000</i>	<i>-\$6,800,000</i>	<i>-\$7,300,000</i>	<i><u>-\$7,800,000</u></i>	<i><u>-\$7,800,000</u></i>
2015-16	<i>-\$17,300,000</i>	<i>-\$8,700,000</i>	<i>-\$9,030,000</i>	<i>-\$7,800,000</i>	<i><u>-\$6,100,000</u></i>
2016-17	<i><u>?</u></i>	<i>-\$10,300,000</i>	<i>-\$11,300,000</i>	<i>-\$7,800,000</i>	<i>-\$3,600,000</i>
2017-18	<i>?</i>	<i>?</i>	<i>?</i>	<i>-\$8,000,000</i>	<i>-\$1,400,000</i>
2018-19	<i>?</i>	<i>?</i>	<i>?</i>	<i>?</i>	<b>\$1,200,000</b>

# Debt

- Adjustment – recognition
  - Last year, reduced by \$2 m
  - Remaining debt, for every \$1 from Humanities, .50 from University Fund
  - **BY 2018-2019, we project operating surplus and no debt.**
  - **Redder side of black: need the supplement.**

# Understanding Revenue Allocation

Fiscal Year (what we said in)	2016-17 (2016)	2016-17 (2017)	2017-18 (2017)
Graduate Tuition	\$2,660,000	\$2,542,000	\$2,601,000
Graduate Grant	\$4,853,000	\$4,615,000	\$4,658,000
UG Tuition	<b><u>\$19,318,000</u></b>	<b><u>\$21,174,000</u></b>	<b><u>\$22,398,000</u></b>
UG Grant	\$10,997,000	\$10,734,000	\$10,406,000
Other Income	\$415,000	\$375,000	\$375,000
<b><u>Gross Revenues</u></b>	<b><u>\$38,242,000</u></b>	<b><u>\$39,427,000</u></b>	<b><u>\$40,425,000</u></b>

# Gross Revenue Allocation

- Program students still matter.
  - Graduate tuition, graduate grants, undergraduate grants for undergraduate students registered in our programs -- slight decline results in slight decline in graduate tuition and grants, undergraduate grants
- **Teach more and prosper.**
- Undergraduate *Tuition* “100%”:
  - Every student registered in a Humanities course (Simpson units)



# Teach more and prosper.

<b>Fiscal Year (what they projected in)</b>	<b>2016-17 (2016)</b>	<b>2016-17 (2017)</b>	<b>2017-18 (2017)</b>
<b>Teaching units</b>	85,429	92,518	95,072

# Teach more and prosper: The budget model at work

<b>Fiscal Year (what they projected in)</b>	<b>2016-17 (2016)</b>	<b>2016-17 (2017)</b>	<b>2017-18 (2017)</b>
<b>Program tuition</b>	\$13,936,000	\$13,587,000	\$13,765,000
<b>Teaching tuition</b>	\$18,479,000	\$19,990,000	\$21,120,000
<b>Difference</b>	<i>\$4,543,000</i>	<i>\$6,403,000</i>	<i>\$7,355,000</i>

# Understanding Revenue Allocation

Fiscal Year (what we said in)	2016-17 (2016)	2016-17 (2017)	2017-18 (2017)
Gross Revenues	<b>\$38,242,000</b>	<b>\$39,427,000</b>	<b>\$40,425,000</b>
Less University Fund 8%	<b>-\$3,059,000</b>	<b>-\$3,154,000</b>	<b>-\$3,234,000</b>
Less Research Infrastructure 1%	<b>-\$382,000</b>	<b>-\$394,000</b>	<b>-\$404,000</b>
Plus Humanities Share of Research Infrastructure and Excellence	<b>\$84,000</b>	<b>\$220,000</b>	<b>\$282,000</b>
Indirect Cost of Research net (Gross)	<b>\$143,000</b> <b>(\$185,293)</b>	<b>-\$69,000</b> <b>(\$454,000)</b>	<b>-\$71,000</b> <b>(\$454,000)</b>
Adjustment for Combined Honours w Soc Sci	<b>-\$307,000</b>	<b>-\$218,000</b>	<b>-\$218,000</b>
NET Revenue Allocation (NOT REALLY)	<b>\$34,722,000</b>	<b>\$36,036,000</b>	<b>\$36,998,000</b>

# Understanding Revenue Allocation

Fiscal Year (what we said in)	2016-17 (2016)	2016-17 (2017)	2017-18 (2017)
NET Revenue Allocation	\$34,722,000	\$36,036,000	\$36,998,000
Less Support Unit Costs	-\$16,555,000	-\$15,593,000	-\$15,879,000
Actual NET Allocation BUT	<b>\$18,166,000</b>	<b>\$20,443,000</b>	<b>\$21,119,000</b>
<b>HOLD HARMLESS LEVEL REVENUES</b>	<b><u>\$23,913,000</u></b>	<b><u>\$23,913,000</u></b>	<b><u>\$23,913,000</u></b>
Held Harmless (by University Fund)	\$5,747,000	\$3,470,000	\$2,794,000

# Last Slide is the Old Way!

## Understanding Revenue Allocation

Fiscal Year (what we said in)	2016-17 (2016)	2016-17 (2017)	2017-18 (2017)
NET Revenue Allocation	\$34,722,000	\$36,036,000	\$36,998,000
Less Support Unit Costs	-\$16,555,000	-\$15,593,000	-\$15,879,000
Actual NET Allocation BUT	<b>\$18,166,000</b>	<b>\$20,443,000</b>	<b>\$21,119,000</b>
HOLD HARMLESS LEVEL REVENUES	<b><u>\$23,913,000</u></b>	<b><u>\$23,913,000</u></b>	<b><u>\$23,913,000</u></b>
Held Harmless (by University Fund)	\$5,747,000	\$3,470,000	\$2,794,000
<b>Supplement (from University Fund)</b>		\$5,281,000	\$5,281,000
<b>Net Revenue Allocation</b>	<b>\$23,913,000</b>	<b>\$25,724,000</b>	<b>\$26,400,000</b>

# Understanding Support Unit Costs

- Why would support unit costs go down?
  - Concept of driver – how we measure cost: eg. if we account for 10% of driver, we pay 10% of the budget of the support unit e.g. Registrar – our proportion of undergraduate FTEs declined from 9% to 8%, so our proportion of budget down from 9% to 8%.
  - All support unit budgets are static, but can apply for increases.

	Driver	2016-17	2017-18
<u>Libraries, HSc Library</u>	<u>Faculty &amp; Student FFTE</u>	<u>9%</u>	<u>8%</u>
<u>Occupancy, Deferred Maintenance, Bond Interest, Insurance</u>	<u>NASM</u>	<u>7%</u>	<u>7%</u>
<u>UTS, UTS MOSAIC, Museum of Art</u>	<u>Employee &amp; Student FFTE</u>	<u>9%</u>	<u>8%</u>
<u>Pension related, Special</u>	Estimate Pensionable	11%	11%
<u>Registrar, UG Scholarships, UG Bursaries</u>	<u>Undergraduate FFTE</u>	<u>10%</u>	<u>9%</u>
<u>Graduate Scholarship</u>	<u>Grad FFTE</u>	<u>8%</u>	<u>7%</u>
School of Graduate Studies	Grad Headcount	8%	7%
<u>Libraries, HSc Library</u>	<u>Faculty &amp; Student FFTE</u>	<u>9%</u>	<u>8%</u>
Student Affairs, MacPherson I	Student FFTE	10%	9%
Human Resources	Employee FTE	6%	6%
Research Support	Research Revenue	1%	1%
Advancement, Branding	Operating Revenue	8%	8%
Administration, President, Provost, Secretariat, General	Operating Expenses	10%	10%

# Support Unit Costs

- Most of our costs can change when things happen that we cannot control.
- We have some control over some costs – particularly dedicated space that we occupy – that is why we are reviewing our space needs. Much of Wilson Hall is not built into the estimates of our Occupancy (NASM) costs.



# Other Revenues

	2016-17 (2016)	2016-17 (2017)	2017-18 (2017)
Operating Revenue Allocation	\$23,913,000	\$25,724,000	\$26,400,000
University Fund Allocation	\$712,000	\$2,015,000	\$1,472,000
<b>Other Revenues</b>			
- Tuition	\$2,656,000	\$3,914,000	\$4,655,000
- Research Overhead	\$282,000	\$302,000	\$322,000
- Other	\$372,000	\$487,000	\$408,000
Recoveries and Transfers	\$319,000	\$708,000	\$189,000
<b>TOTAL SOURCES OF FUNDING:</b>	<b>\$28,416,000</b>	<b>\$33,150,000</b>	<b>\$33,441,000</b>

# Other Revenues

- Tuition see here is gross revenues of MELD – McMaster English Language Development Program.
- Revenues of MELD after costs are still high:
  - 2016-17: \$2,900,000
  - 2017-18: \$3,800,000

Fiscal Year (what we said in):	2016-17 (2016)	2016-17 (2017)	2017-18 (2017)
about:			
<b>Total Academic Salaries &amp; Benefits</b>	<b>\$19,900,000</b>	<b>\$21,860,000</b>	<b>\$22,360,000</b>
<b>Total TA Salaries &amp; Benefits</b>	<b>\$3,300,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>
<b>Total Support Staff Salaries &amp; Benefits</b>	<b>\$3,600,000</b>	<b>\$4,100,000</b>	<b>\$4,350,000</b>
<b>Total Other Expenses</b>	<b>\$1,200,000</b>	<b>\$1,400,000</b>	<b>\$1,200,000</b>
<b>TOTAL EXPENSES:</b>	<b>\$28,200,000</b>	<b>\$30,650,000</b>	<b>\$31,200,000</b>
<b>PROJECTED DEFICIT / SURPLUS :</b>	<b>\$29,000</b>	<b>\$2,500,000</b>	<b>\$2,200,000</b>

# How did we get here?

- Teach more (teach smart) and prosper:
    - Strategic course management: ensuring offering of large enrolment classes to allow us to teach smaller ones, reviewing need for small enrolment classes, reviewing restrictions on enrolment
    - Sharing of resources like TAs
- (sought to create new opportunity – concurrent undergraduate certificates)

# How did we get here?

- Limited undergraduate enrolment decline compared to some institutions, through your recruitment and retention efforts, by finding ways to give students sense of value of degree through leadership theme.
- NOT by reducing standards: mean admission average Humanities I, 2011-2015 83%, 2016 84%
- Sustaining graduate program enrolments, most successfully at PhD level

# How did we get here?

## Creating a Sustainable Faculty Complement

	2006	2008	2012	2016	2018
Tenure	103	97	112	96	99
Teaching	0	2	9	8	8
CLA	22	18	13	8.5	3
Special	0	0	0	1	1
<b>Total</b>	<b>125</b>	<b>117</b>	<b>134</b>	<b>112.5</b>	<b>111</b>

- 2008-2012, hired 25 tenure and 8 teaching faculty members (plus 2 transfers, and **not** counting new hires we did not retain).
- Budgeted 7 tenure faculty members to start 2017, 2018.

# How did we get here?

## Faculty Complement Plan

- Everyone has experienced reduction in faculty complement since 2012.
- No expectation of growth in overall faculty complement.
- We are now in a position to make selected strategic hires and replacements, no questions asked.
- Current plan shows where we will hire and replace, where we will not.
  - NOT based on budget exercise, but is based on assessment of teaching, enrolments.
  - Current allocation is fluid; has changed.
  - NOT zero sum – medium term target, which 3 years ago set at 100, now somewhat higher.

# How did we get here?

- Generating new revenues:
  - McMaster English Language Development (MELD) Program
    - Premium tuition market, relatively nimble expenses, strength of university's reputation
    - Every department's budget is benefitting from net new revenues



# Conclusions

- **Conclusion 1: Course management matters. Teach smart.**
- **Conclusion 2: Program requirements and TA expectations matter.**
- **Conclusion 3: Recruiting, retaining and attracting program students still matters.**
- **Conclusion 4: Teach and be prosperous. We need to make our courses accessible to as many students as possible, and to teach as many students as possible.**
- **Conclusion 5: Space costs us \$\$\$. We need to review our use of the spaces that are allocated to us.**
- **Conclusion 6: Faculty complement planning matters.**

**We still must contain costs, look for revenue opportunities.**

**Conclusion 7:  
We are in this together.**

**Thank you.**