

Humanities Budget Presentation

The View from 2018

Faculty Strategic Objectives

- Strengthening the Excellence of our Research
- Supporting and Inspiring the Aspirations of our Students
- **Building a Sustainable Platform for Success**

Possible Worlds: “Debt or Reserve”

| What we said in | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------|-----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| about: | | | | | | |
| 2012-13 | <i>-\$1,900,000</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> | | | |
| 2014-15 | <i>-\$12,000,000</i> | <i>-\$6,800,000</i> | <i>-\$7,300,000</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>-\$10,300,000</i> | <i>-\$11,300,000</i> | <i>-\$7,800,000</i> | <i>-\$3,600,000</i> | <i><u>-\$4,100,000</u></i> |
| 2017-18 | | | | <i>-\$8,000,000</i> | <i>-\$1,400,000</i> | <i>-\$250,000</i> |
| 2018-19 | | | | | <i>\$1,200,000</i> | <i>\$1,300,000</i> |
| 2019-20 | | | | | | <i>\$1,600,000</i> |

Wait a minute...how did the debt go away so quickly?

- **The Provost's Office helps those who help themselves.**
 - Initially 50c for every \$ of debt reduction, so impressed that in 2017-18 and 2018-19 \$ for \$.
 - In place of hold harmless, we receive a supplement from the university in allocating revenue, being reduced but not eliminated.
 - \$5.281 million, reduced to \$3.5 million in 2019-20 (we still will have an operating surplus, even after removing \$1.781 million from our allocation!)

Understanding Revenue Allocation

| Fiscal Year (what we said in) | 2017-18 (2017) | 2017-18 (2018) | 2018-19 (2018) |
|----------------------------------|----------------------------|----------------------------|----------------------------|
| Graduate Tuition | \$2,601,000 | \$1,899,000 | \$1,911,000 |
| Graduate Grant | \$4,658,000 | \$4,711,000 | \$4,843,000 |
| UG Tuition | <u>\$22,398,000</u> | <u>\$22,127,000</u> | <u>\$23,974,000</u> |
| UG Grant | \$10,406,000 | \$10,734,000 | \$9,817,000 |
| Other Income | \$375,000 | \$403,000 | \$403,000 |
| <u>Gross Revenues</u> | <u>\$40,425,000</u> | <u>\$39,462,000</u> | <u>\$41,002,000</u> |

Gross Revenue Allocation

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

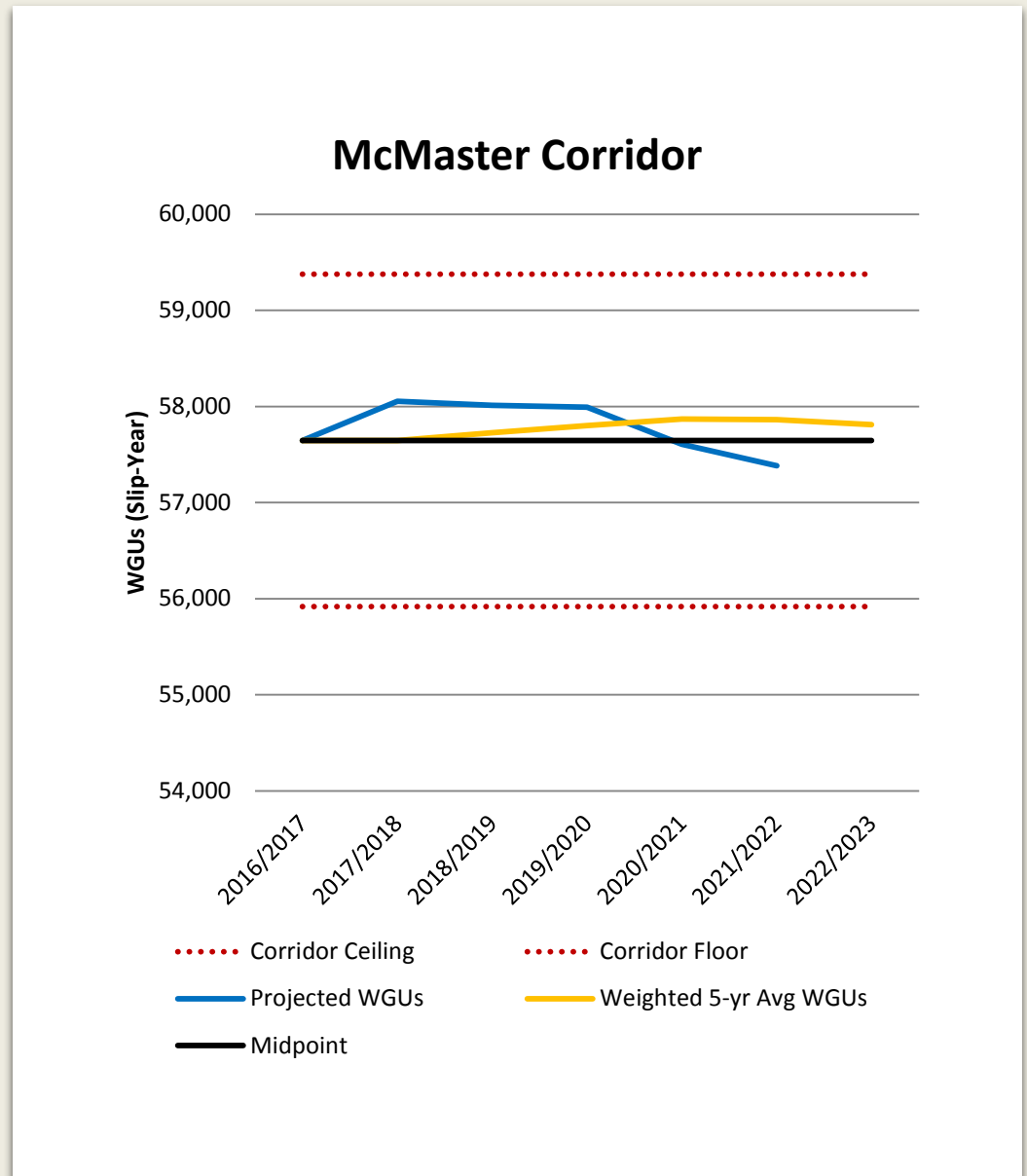
Teach more and prosper: The budget model at work

| Fiscal Year (what they projected in) | 2017-18 (2017) | 2017-18 (2018) | 2018-19 (2018) |
|---|--------------------------|--------------------------|--------------------------|
| <i>UG Program tuition (only)</i> | <i>\$13,765,000</i> | <i>\$13,345,000</i> | <i>\$13,540,000</i> |
| Teaching tuition | \$21,120,000 | \$20,129,000 | \$20,890,000 |
| Difference over old system | +\$7,355,000 | +\$6,784,000 | +\$8,243,000 |

RISK: impact of the new government funding formula

Funding in a corridor based on WGUs (formerly BIUs), funding at current level if do not drop below floor or exceed ceiling.

To stay close to midpoint, following domestic admissions of 5390 in 2016-17 and 4947 in 2017-18, would need to cut domestic admissions to 4705 for each of remaining years...



Constrain Domestic / Increase Visa

| University | Target | Actual | <i>Domestic</i> | <i>Visa</i> | <i>Visa (MELD)</i> |
|---------------------|--------|--------|-----------------|-------------|--------------------|
| | | | | | |
| 2016-17 | 5395 | 6129 | 5390 | 668 | 71 |
| 2017-18 | 5850 | 5783 | 4947 | 679 | 157 |
| 2018-19 | 6065 | | 5011 | 837 | 217 |
| | | | | | |
| To keep at midpoint | | | 4705 | | |

Constrain Domestic / Increase Visa

| Humanities | Target | Actual | <i>Domestic</i> | <i>Visa</i> | <i>Visa (MELD)</i> |
|------------|--------|--------|-----------------|-------------|------------------------|
| | | | | | |
| 2016-17 | 545 | 489 | 464 | 25 | 4 |
| 2017-18 | 540 | 480 | 449 | 27 | 4 |
| 2018-19 | 510 | | 460 | 41 | 9 |
| | | | | | |

Risk in new formula

- Can Humanities meet its domestic targets?
 - Program revenues
- Can Humanities attract more Visa students?
 - Program revenues + tuition premium
- Will University attract more Visa students?
 - Relative support unit costs, teaching tuition
- Will Visa students take Humanities electives?
 - Teaching tuition

Corridor and International Students?

| Fiscal Year (what they projected in) | 2017-18 (2017) | 2017-18 (2018) | 2018-19 (2018) |
|---|---------------------------|---------------------------|---------------------------|
| UG Program tuition | \$13,765,000 | \$13,345,000 | \$13,540,000 |
| Domestic “domestic” | \$13,248,000 | \$12,739,000 | \$12,647,000 |
| International “domestic” | \$516,000 | \$606,000 | \$894,000 |
| International “premium” | \$1,278,000 | \$1,481,000 | \$2,440,000 |

Understanding Revenue Allocation

| Fiscal Year (what we said in) | 2017-18 (2017) | 2017-18 (2018) | 2018-19 (2018) |
|---|---------------------------------|---------------------------------|---------------------------------|
| Gross Revenues | \$40,425,000 | \$39,462,000 | \$41,002,000 |
| Less University Fund 8% | -\$3,234,000 | -\$3,157,000 | -\$3,280,000 |
| Less Research Infrastructure 1% | -\$404,000 | -\$395,000 | -\$410,000 |
| Plus Humanities Share of Research Infrastructure and Excellence | \$282,000 | \$253,000 | \$270,000 |
| Indirect Cost of Research net (Gross) | -\$71,000 (\$454,000) | \$173,000 (\$417,000) | \$173,000 (\$417,000) |
| Adjustment for Combined Honours w Soc Sci | -\$218,000 | -\$218,000 | -\$396,000 |
| NET Revenue Allocation (NOT REALLY) | \$36,998,000 | \$36,119,000 | \$37,359,000 |

(Mis)Understanding Revenue Allocation

| Fiscal Year (what we said in) | 2017-18 (2017) | 2017-18 (2018) | 2018-19 (2018) |
|------------------------------------|----------------------------|----------------------------|----------------------------|
| NET Revenue Allocation | \$36,998,000 | \$36,119,000 | \$37,359,000 |
| Less Support Unit Costs | -\$15,879,000 | -\$16,174,000 | -\$15,945,000 |
| Actual NET Allocation BUT | \$21,119,000 | \$19,945,000 | \$21,414,000 |
| HOLD HARMLESS LEVEL REVENUES | <u>\$23,913,000</u> | <u>\$23,913,000</u> | <u>\$23,913,000</u> |
| Held Harmless (by University Fund) | \$2,794,000 | \$3,968,000 | \$2,499,000 |

Understanding Revenue Allocation

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| Held Harmless (by University Fund) | \$2,794,000 | \$3,968,000 | \$2,499,000 |
| Supplement (University Fund) | \$5,281,000 | \$5,281,000 | \$5,281,000 |
| Operating Revenue Allocation | \$26,400,000 | \$25,226,000 | \$26,695,000 |
| Adjusted Operating Revenue | | \$26,520,000 | \$27,467,000 |
| | | | |

Understanding Support Unit Costs

- 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.
- All support unit budgets are static, but can apply for increases.

SUPPORT UNIT COSTS

| | Driver | 2017-18 | 2018-19 |
|---|------------------------------------|-----------|-----------|
| <u>Libraries</u> , HSc Library | <u>Faculty & Student FFTE</u> | <u>8%</u> | <u>8%</u> |
| <u>Occupancy</u> , Deferred Maintenance, Bond Interest, Insurance | <u>NASM</u> | <u>7%</u> | <u>8%</u> |
| <u>UTS</u> , UTS MOSAIC, Museum of Art | <u>Employee & Student FFTE</u> | <u>8%</u> | <u>8%</u> |
| <u>Pension related</u> , Special | Estimate Pensionable | 11% | 11% |
| <u>Registrar</u> , UG Scholarships, UG Bursaries | <u>Undergraduate FFTE</u> | <u>9%</u> | <u>8%</u> |
| <u>Graduate Scholarship</u> | <u>Grad FFTE</u> | <u>7%</u> | <u>6%</u> |
| School of Graduate Studies | Grad Headcount | 7% | 6% |
| Student Affairs, MacPherson I | Student FFTE | 9% | 8% |
| Human Resources | Employee FTE | 6% | 6% |
| Research Support | Research Revenue | 1% | 1% |
| Advancement, Branding | Operating Revenue | 8% | 7% |
| Administration, President, Provost, Secretariat, General | Operating Expenses | 10% | 9% |
| | | | |

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.

Other Revenues

| | 2017-18 (2017) | 2017-18 (2018) | 2018-19 (2018) |
|----------------------------------|---------------------|---------------------|---------------------|
| Operating Revenue Allocation | \$26,400,000 | \$26,400,000 | \$27,467,000 |
| University Fund Allocation | \$1,472,000 | \$2,865,000 | \$1,472,000 |
| Other Revenues | | | |
| - Tuition | \$4,655,000 | \$5,044,000 | \$5,586,000 |
| - Research Overhead | \$322,000 | \$261,000 | \$280,000 |
| - Other | \$428,000 | \$418,000 | \$380,000 |
| Recoveries and Transfers | \$164,000 | \$236,000 | \$64,551 |
| TOTAL SOURCES OF FUNDING: | \$33,441,000 | \$35,345,000 | \$34,469,000 |
| | | | |

Other Revenues

- Tuition see here is gross revenues of MELD – McMaster English Language Development Program.
- So successful that we are now being asked to help lead English language services for current international undergraduate and graduate students. No net budget impact.

| Fiscal Year (what we said in): | 2017-18 (2017) | 2017-18 (2018) | 2018-19 (2018) |
|--|---------------------|---------------------|---------------------|
| about: | | | |
| Total Academic Salaries & Benefits | \$22,360,000 | \$22,450,000 | \$23,320,000 |
| Total TA Salaries & Benefits | \$3,000,000 | \$3,000,000 | \$3,300,000 |
| Total Support Staff Salaries & Benefits | \$4,350,000 | \$4,425,000 | \$4,735,000 |
| Total Other Expenses | \$1,200,000 | \$1,200,000 | \$1,300,000 |
| TOTAL EXPENSES: | \$31,200,000 | \$31,400,000 | \$33,000,000 |
| PROJECTED DEFICIT / SURPLUS : | \$2,200,000 | \$3,935,000 | \$1,540,000 |

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%, 2017 84.6%
- Sustaining graduate program enrolments, most successfully at PhD level

How did we get here?

Faculty Complement

| | 2006 | 2008 | 2012 | 2016 | 2018 |
|---|------------|------------|------------|--------------|------------|
| Tenure | 103 | 97 | 112 | 96 | 100 |
| Teaching | 0 | 2 | 9 | 8 | 8 |
| CLA | 22 | 18 | 13 | 8.5 | 9 |
| Special | 0 | 0 | 0 | 1 | 0 |
| Total | 125 | 117 | 134 | 112.5 | 117 |
| <i>Sections taught by sessionals dipped in 2012, but in 2018 project about same as 2006 and 2008, in spite of fact that at least 48 units attributable to teaching of McMaster English Language Development Program</i> | | | | | |

How did we get here?

Faculty Complement Plan

- Everyone 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.
 - Current targets hovering at 115, although 110 would be target.

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
 - Are there other new revenue sources? Summer camps?

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.

From a Dean about to conclude his 5th year in the Dean's office and 25th year with a
McMaster office:

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

Thank you.