

My Final
Humanities Budget Presentation
The View from 2019

Faculty Strategic Objectives



Strengthening the
Excellence of our
Research



Supporting and
Inspiring the
Aspirations of our
Students



**Building a
Sustainable Platform
for Success**

Building a Sustainable Platform for Success



Building Understanding



Designing a Faculty Complement Plan



Empowering with Information



Possible Worlds: Operating Budget

WHAT WE SAID IN

2013

2014

2015

2016

2017

2018

2019


about:

2013-14	<i>-\$5,500,000</i>	<i>-\$2,800,000</i>	<i><u>-\$2,400,000</u></i>				
2014-15	<i>-\$5,500,000</i>	<i>-\$3,000,000</i>	<i>-\$2,700,000</i>	<i><u>-\$3,300,000</u></i>			
2015-16	<i>-\$5,900,000</i>	<i>-\$2,000,000</i>	<i>-\$2,000,000</i>	<i>\$2,000</i>	<i><u>\$-314,000</u></i>		
2016-17		<i>-\$1,700,000</i>	<i>-\$2,000,000</i>	<i>\$29,000</i>	<i>\$2,500,000</i>	<i><u>\$1,950,000</u></i>	
2017-18				<i>-\$219,000</i>	<i>\$2,200,000</i>	<i>\$3,935,000</i>	<i><u>\$3,084,000</u></i>
2018-19					<i>\$2,660,000</i>	<i>\$1,540,000</i>	<i>\$2,751,000</i>
2019-20						<i>\$311,000</i>	<i>\$493,000</i>



Possible Worlds: “Debt or Reserve”

What we said in	2013	2014	2015	2016	2017	2018	2019
about:							
2012-13	-\$1,900,000	<u>-\$2,200,000</u>					
2013-14	-\$7,000,000	-\$4,500,000	<u>-\$4,500,000</u>				
2014-15	-\$12,000,000	-\$6,800,000	-\$7,300,000	<u>-\$7,800,000</u>			
2015-16	-\$17,300,000	-\$8,700,000	-\$9,030,000	-\$7,800,000	<u>-\$6,100,000</u>		
2016-17		-\$10,300,000	-\$11,300,000	-\$7,800,000	-\$3,600,000	<u>-\$4,100,000</u>	
2017-18				-\$8,000,000	-\$1,400,000	-\$250,000	<u>-\$1,104,000</u>
2018-19					\$1,200,000	\$1,300,000	\$1,646,000
2019-20						\$1,600,000	\$2,139,000



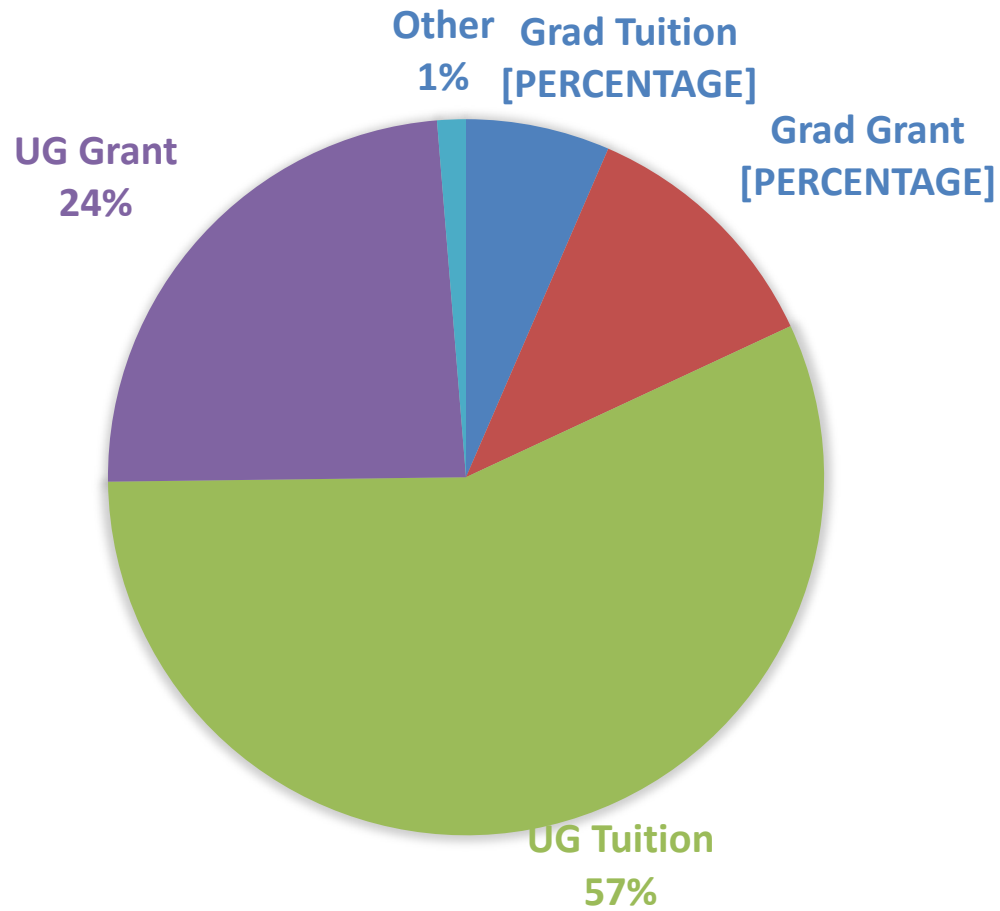
Wait a
minute...how
did the debt
go away so
quickly?

- **The Provost's Office helps those who help themselves.**
 - Rewarded with matching our debt reduction efforts: \$4.235 million total.
 - 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 THEY SAID IN)	2018-19 (2018)	2018-19 (2019)	2019-20 (2019)
Graduate Tuition	\$1,911,000	\$2,707,000	\$2,590,000
Graduate Grant	\$4,843,000	\$4,582,000	\$4,603,000
Graduate Enrolment	278.4 (221.8)	278.8 (212.5)	278 (214.3)
UG Tuition	<u>\$24,028,000</u>	<u>\$23,346,000</u>	<u>\$22,588,000</u>
UG Grant	\$9,817,000	\$9,808,000	\$9,517,000
UG Enrolment	2039	2030.3	2013.6
Other Income	\$403,000	\$515,000	\$515,000
<u>Gross Revenues</u>	<u>\$41,002,000</u>	<u>\$40,958,000</u>	<u>\$39,813,000</u>

GROSS REVENUES SOURCES



Gross Revenue Allocation: Graduate (28%)

Graduate Student
Grant by program
for Eligible (Dom,
Visa as Dom, PhD
1-4) Students

- ~\$13,000 per MA student (3 terms)
- ~\$18,000 per MSc student (3 terms)
- ~\$29,000 per PhD student (3 terms)

Graduate Student
Tuition by
program – 100%
of tuition paid

- ~\$7,000/\$6,300 (3 terms) MA/PhD domestic, PhD visa student , ~\$16,000/\$16,000 (3 terms) MA visa student
- MCM ~\$4,300/\$4,500 domestic/~\$5,300/\$5,800 visa per course (12 courses over 2 years)

Gross Revenue Allocation: Undergraduate (81%)

Undergraduate
Student Grant (WGU)
for undergraduate
students **registered**
in our programs

- ~\$3000 per Hum I and 3 year BA student
- ~\$5900 per Honours BA II-IV, BFA I-IV, Art History 3 year BA II-III student
- ~\$8500 per B Music student
- Each student associated with support unit costs, so subtract about \$3300.

Undergraduate
Student *Tuition*
“100%” Bums in
Seats

- Every student registered in a Humanities course (Simpson units), based on our average tuition
- BUT “Buck a BA”. 10% reduction in tuition projected to mean each bum in 3 unit course = \$603 in 2019-20 instead of \$669 in 2018-19.
- Apart from costs associated with increased revenues, these \$ are free of support unit costs.

Program
students
still
matter.

Graduate tuition,
graduate grants: flat if
slight change in mix,
eligible/ineligible,
domestic/visa

Undergraduate grants for
undergraduate students
registered in our
programs: slight decline

Teach
more and
prosper:
The
budget
model at
work

Fiscal Year (what they projected in)	2018-19 (2018)	2018-19 (2019)	2019-20 (2019)
<i>UG Program tuition (only)</i>	<i>\$13,540,000</i>	<i>\$13,481,000</i>	<i>\$12,148,000</i>
Teaching tuition	\$21,534,000	\$21,257,000	\$19,295,000
Difference over old system	+\$7,994,000	+\$7,776,000	+\$7,147,000
Simpson Units	94,273	92,732	93,083

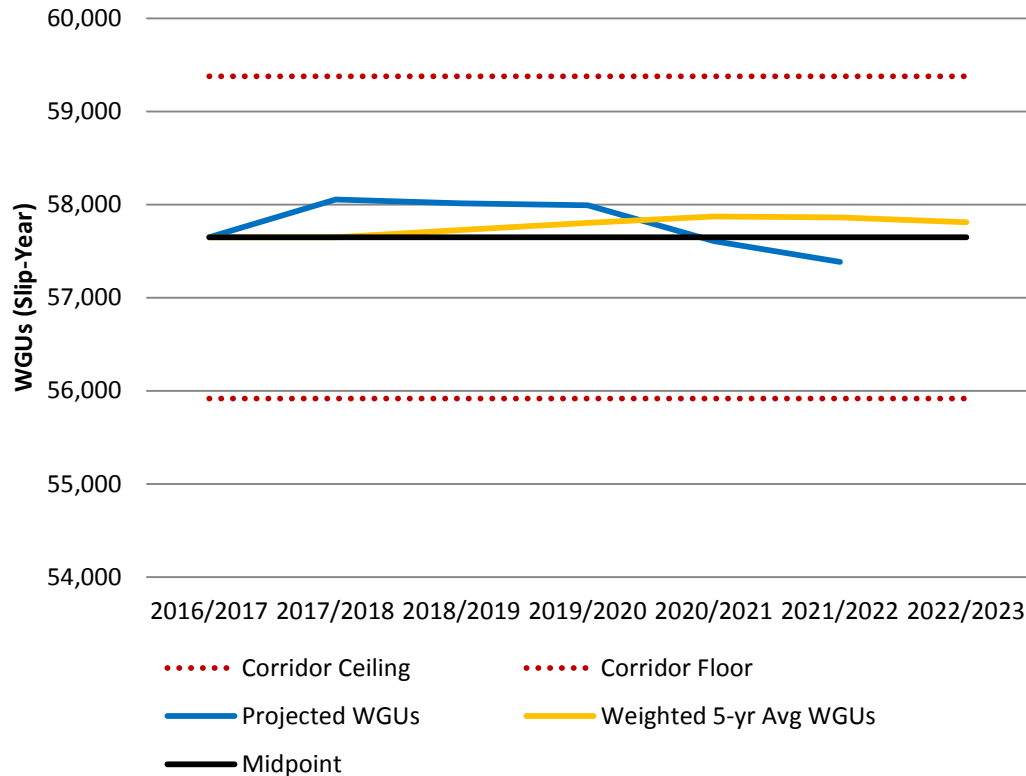
Undergrad Visa Students?

	2018-19	2019-20
Humanities Visa tuition	\$27,977	\$30,774
Humanities Domestic tuition Used for teaching tuition calculation	\$6,714	\$6,043
Difference Goes to Faculty where student enrolled	\$21,263 (76%)	\$24,731 (80%)

Visa Students?

FISCAL YEAR (WHAT THEY PROJECTED IN)	2018-19 (2018)	2018-19 (2019)	2019-20 (2019)
UG Program tuition	\$13,540,000	\$13,481,000	\$12,148,000
- Domestic "domestic"	\$12,647,000	\$12,688,000	\$11,229,000
- Visa "domestic"	\$894,000	\$793,000	\$919,000
Visa "premium"	\$2,440,000	\$2,058,000	\$3,139,000
% Visa	6.9%	6.1%	7.8%

McMaster Corridor



RISK: impact of the new government funding but formula

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

Anywhere above midpoint to ceiling, grant per student is lower, anywhere below midpoint to floor, grant per student is higher

Really, just trying to stay close to midpoint, but that means constrain or even reduce domestic admissions

Corridor Funding Model

Constrain Domestic / Increase Visa

University	Target	Actual	Domestic	Actual	Visa	Actual	Visa (MELD)
2016-17	5395	6129		5390		668	(71)
2017-18	5850	5783		4947		679	(157)
2018-19	6049	5920	5011	5282	837	692	(201)
2019-20	6039		4923		732		(384)

Corridor Funding Model

Constrain Domestic / Increase Visa

Humanities	Target	Actual	Domestic	Actual	Visa	Actual	Visa (MELD)
2016-17	545	493		464		25	(4)
2017-18	540	509		447		27	(4)
2018-19	508	509	460	459	41	29	(7)
2019-20	515		460		30		(25)

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

Understanding Revenue Allocation

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UG Enrolment	2039	2030.3	2013.6
Other Income	\$403,000	\$515,000	\$515,000
<u>Gross Revenues</u>	<u>\$41,002,000</u>	<u>\$40,958,000</u>	<u>\$39,813,000</u>


Understanding Revenue Allocation

Fiscal Year (what we said in)	2018-19 (2018)	2018-19 (2019)	2019-20 (2018)
Revenues from Tuition/Grant	\$41,002,000	\$40,958,000	\$39,813,000
Less University Fund 8%	-\$3,280,000	-\$3,277,000	-\$3,185,000
Less Research Infrastructure 1%	-\$410,000	-\$410,000	-\$398,000
Plus Humanities Share of Research Infrastructure and Excellence	\$270,000	\$282,000	\$284,000
Indirect Cost of Research net (Gross)	\$227,000 (\$417,000)	\$182,000 (\$419,000)	\$182,000 (\$419,000)
Adjustments: Combined Honours w Soc Sci	-\$218,000	-\$218,000	-\$218,000
Adjustments: Contingencies	-\$178,000	-	-
NET Revenue Allocation (NOT REALLY)	\$37,359,000	\$37,517,000	\$36,446,000

Understanding Revenue Allocation

In 2019-20, our operating revenue allocation **-\$3.66 million** over 2018-19. **-\$2 million** in revenues from tuition, partially offset by **\$1 million** in Visa premium **-\$1.78 million** in University supplement **-\$810 thousand** higher shared support unit costs

Fiscal Year (what we said in)	2018-19 (2018)	2018-19 (2019)	2019-20 (2019)
NET Revenue Allocation	\$37,359,000	\$37,517,000	\$36,446,000
Less Support Unit Costs	-\$15,945,000	-\$15,979,000	-\$16,789,000
Actual NET Allocation BUT	\$21,414,000	\$21,539,000	\$19,657,000
Supplement (University Fund)	\$5,281,000	\$5,281,000	\$3,500,000
Operating Revenue Allocation	\$26,695,000	\$26,820,000	\$23,157,000



How do support unit costs work?

- All support unit budgets are static, but can apply for increases.
- Proportion of support unit budget that we pay determined by a “cost driver”.
- We account for 10% of driver, we pay 10% of the budget of the support unit.

SUPPORT UNIT COSTS

2019-20	Driver	Humanities Share	Amount	Proportion Humanities Support Unit Costs
Occupancy, Insurance	NASM	8%	\$3,353,000	20%
All Libraries	Faculty & Student FFTE	8%	\$2,672,000	16%
UTS	Employee & Student FFTE	8%	\$1,861,000	11%
Administration, President, Provost, Secretariat, General	Operating Expenses	9%	\$1,413,000	8%
Pension Special	Estimate Pensionable	11%	\$1,389,000	8%
Registrar	Undergraduate FFTE	8%	\$1,119,000	7%
Graduate Scholarship	Grad FFTE	6%	\$925,000	6%
Student Affairs	Student FFTE	8%	\$925,000	6%
Undergrad Scholarship and Bursaries	UG Student FTE	6%	\$821,000	5%
Advancement, Branding	Operating Revenue	7%	\$628,000	4%
Human Resources	Employee FTE	6%	\$525,000	3%
Research Support	Research Revenue	2%	\$347,000	2%
Other	Various		\$811,000	2%
Total			\$16,789,000	

SUPPORT UNIT COSTS

	DRIVER	2018-19	2019-20
All Libraries	Faculty & Student FFTE	8%	8%
Occupancy, Deferred Maintenance, Bond Interest, Insurance	NASM	8%	8%
UTS, UTS MOSAIC, Museum of Art	Employee & Student FFTE	8%	8%
Pension Special	Estimate Pensionable	11%	11%
Registrar, UG Scholarships, UG Bursaries	Undergraduate FFTE	8%	8%
Graduate Scholarship	Grad FFTE	6%	6%
School of Graduate Studies	Grad Headcount	6%	6%
Student Affairs, MacPherson I	Student FFTE	8%	8%
Human Resources	Employee FTE	6%	6%
Research Support	Research Revenue	1%	2%
Advancement, Branding	Operating Revenue	7%	7%
Administration, President, Provost, Secretariat, General	Operating Expenses	9%	9%



Support Unit Costs

- Most of our costs can change when things happen that we cannot control, but does allow the model to work.
- We have some control over some costs – particularly dedicated space (NASM) that we occupy.

Other Revenues

2019-20

operating allocation

-\$3.66 million

but

total funding **only**

-\$1.7 million

What we said in About	2018-19 (2018)	2018-19 (2019)	2019-20 (2019)
Operating Revenue Allocation	\$27,467,000	\$26,820,000	\$23,157,000
University Fund Allocation	\$1,472,000	\$2,333,000	\$2,707,000
Other Revenues			
- Tuition	\$5,586,000	\$8,446,000	\$10,245,000
- Research Overhead	\$280,000	\$194,000	\$115,000
- Other	\$380,000	\$372,000	\$311,000
Recoveries and Transfers	\$65,000	\$30,000	\$87,000
TOTAL SOURCES OF FUNDING:	\$34,469,000	\$38,385,000	\$36,621,000

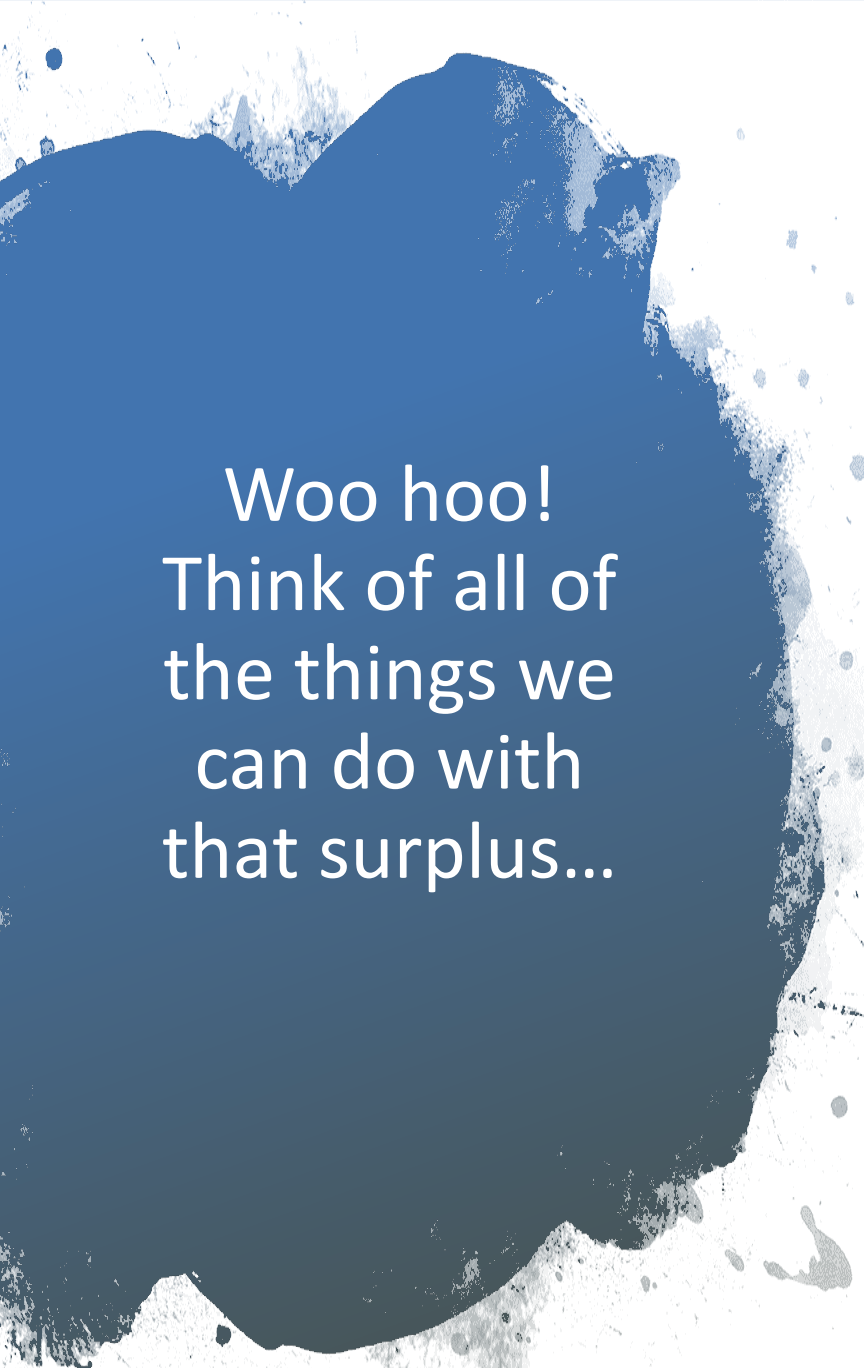


Other Revenues

- Other Tuition is gross revenues of MELD – McMaster English Language Development Program.
- So successful that we are leading English language services for current international undergraduate and graduate students. That is part of increase in UF funding, but increases expenses, so no net budget impact.

Expenses and Operating Results

Fiscal Year (what we said in):	2018-19 (2018)	2018-19 (2019)	2019-20 (2019)
about:			
Total Academic Salaries & Benefits	\$23,320,000	\$24,909,000	\$24,341,000
Total TA Salaries & Benefits	\$3,300,000	\$3,000,000	\$3,600,000
Total Support Staff Salaries & Benefits	\$4,735,000	\$5,239,000	\$5,678,000
Total Other Expenses	\$1,300,000	\$2,117,000	\$2,216,000
TOTAL EXPENSES:	\$33,000,000	\$35,634,000	\$36,128,000
PROJECTED DEFICIT / SURPLUS :	\$1,540,000	\$2,751,000	\$493,000



Woo hoo!
Think of all of
the things we
can do with
that surplus...

- Lesson of 2019-20: we need resiliency.
- Surplus allowed us to absorb the “Buck a BA” initiative.
- It might not be the last funding surprise.

Woo hoo! Think of all of the things we can do with that surplus...
be resilient

What we said in 2019 about	2018-19	2019-20	2020-21	2021-22
Operating Surplus/Deficit	\$2,751,000	\$493,000	\$25,000	\$816,000
???			-???grant cut???	-???tuition cut???
Reserve/Debt	\$1,646,000	\$2,139,00	\$2,164,000	\$2,980,000

How did we get here?

Program Enrolments (Recruitment and Retention):

- Undergraduate enrolment decline but less than some institutions. (NOT by reducing standards: mean admission average Humanities I, 2011-2015 83%, 2016-2018 84%.)
- Sustaining PhD (but not MA) program enrolments.

Teach more (teach smart) and prosper:

- Teaching out of faculty students, from 38% in 2013-14 to 50% in 2017-18.
- Concurrent undergraduate certificates to encourage enrolment.
- Strategic course management: balancing large vs small enrolment classes, reviewing enrolment restrictions
- Reviewing TA needs and sharing graduate TAs



How did
we get
here?

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



How did
we get
here?

- Cost containment
 - Key?: Containing academic salaries and benefits



How did we get here?

Faculty Complement

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Tenure	115.5	107	104	98	96	97.5	98.5	100.5
- Hire	0	1.5	0	2	1	3	4.5	5
- Leave	0	10	3	8	3	1.5	3.5	3
Teaching	10	9	9	9	8	8	8	8
- Hire	0	0	0	0	0	0	0	0
- Leave	0	1	0	0	1	0	0	0
CLA	10	14	8	8.5	9.5	9.5	11	8
- Hire	0	5	0.5	2.5	2	2	4	1
- Leave	0	1	6.5	1	1	2	1.5	4
Total	135.5	129	120	115.5	113.5	115	116.5	116.5

How did we get here? Faculty Complement Plan

No expectation of growth in overall faculty complement; **in fact needs to be somewhat smaller.**

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 department budget exercise, but 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 numbers hovering around 115, although around 105 probably a better target.



How did we get here?

Faculty Complement Target

	IF 2012-13	Current
Classics	6	7
Communication Studies and Multimedia	13	16.5
English and Cultural Studies	22	16
French	6	6
History	16	11
Linguistics and Languages	10	12
Philosophy	13	15
School of the Arts	16	15
Research Chairs / Other	3.5	4.5
Total	105.5	103

Tenure / Teaching Track	2012-13	Leave	New	2019-20
Classics	9	3	1	7
Communication Studies and Multimedia	13	1	3.5	15.5
English and Cultural Studies	25	4	0	21
French	11	5	1	7
History	19	4	1	16
Linguistics and Languages	15.5	5	1	11.5
Philosophy	14	6	5	13
School of the Arts	15	6	3	12
Research Chair/ Other	4	1	2.5	5.5
Total	125.5	34	17	108.5

CLAs	2012-13	Leave	New	2019-20
Classics	0	1	1	0
Communication Studies and Multimedia	1	3.5	2.5	0
English and Cultural Studies	0	0	0	0
French	1	3	2	0
History*	2	0	0	2
Linguistics and Languages	0	1	1	0
Philosophy	1	1	2	2
School of the Arts	5	7.5	4.5	3
Other	0	0	1	1
Total	10	17	15	8

Conclusions

Recruiting, retaining
and attracting
program students
still matters.

Program
requirements and
TA expectations
matter.

Teach smart.
Course
management
matters.

Teach and be
prosperous.

Space costs us \$\$.
Are we using it
well?

Faculty complement
planning matters.

Contain costs, look
for revenue
opportunities.

**From the
Dean, at the
end of his
final budget
presentation:**

**We have
been in
this
together.**

**We are in
this
together.**

**This is our
Faculty.**

**Thank you
for your
support.**