



**McGill Managers Matters**

# **A “Q & A” with the Provost**

Professor Anthony C. Masi  
Provost  
McGill University

Presentation to Management Staff

22 January 2014



# Table of contents

1. Word of thanks
2. Not out of the woods yet
3. McGill's strategic priorities: drivers of resource allocations
4. Update on the implementation of recent budget measures
5. Budget framework: FY2015 and beyond
6. Provincial government reinvestments: FY2015 to FY2019
7. Provincial government funding: high level of uncertainty
8. New integrated budget models and "Agreements"
9. Unit level: benchmarking, performance, capacity measures
10. Revenue growth and diversification
11. McGill's risk factors

***Q and A Session***

# 1. A word of thanks

- significant changes to the budget planning context
- rapid adaptation of plans and operations
- implementation of “Agreements” and a new integrated Finance-Budget Model (FBM)
- budget cuts and the Voluntary Retirement Program
- continuing government funding gap
- community involvement was a major factor in meeting objectives (ours and those imposed upon us)
- sincere thanks to all of you for your understanding, dedication, and hard work

## 2. Not out of the woods yet

- FY2013 closed with a cash deficit of \$13M
- McGill's Budget Book FY2014 projected a cash deficit of just under \$11M, to which we are tracking
- MESRST expects that the sum of those deficits must be paid back steadily over the five budget years from FY2015 to FY2019
- not doing so is “consequential”
- No net growth in administrative and support staff
  - Voluntary Retirement Program and other measures
  - new, more stringent, HR requirements for units to advertise and fill positions
  - stop doing some things, do the things we have to more efficiently

### **3. McGill's strategic priorities: drivers of resource allocations**

- advancing McGill's academic success, profile and reputation for excellence, nationally and internationally
- achieving a sustained student-centred focus that will enhance educational, research and extra-curricular life and learning for students at all levels
- managing existing resources on a multi-year basis and diversifying and optimising revenue sources for maximum impact in support of educational programs, research activities, and community engagement

## 4. Update on the implementation of recent budget measures

- FY2013
  - initially planned \$7.1M deficit
  - first estimates after the reduction in our Provincial grant and lost tuition revenues: could be as high as \$29.8M
  - year-end Financial Statements: \$13.1M deficit
- FY2014
  - budgeted deficit: \$10.4M
  - tracking to achieve this goal
  - implementation of VRP exceeded expectations

## 5. Budget framework: FY2015 and beyond

- must pay down the deficit accumulated over the past two years (\$24M) or Provincial grant will be further cut
- salary policy issues and other commitments
- re-investment to be targeted to advance University strategic priorities as articulated in ASAP 2012 and related documents
- multi-year, multi-fund perspective
- revenue growth and diversification imperative
- development of unit level benchmarking, performance, and capacity measures

## 6. Provincial government re-investments: FY2015 to FY2019

- \$1.8B “re-investment” promised to Quebec university system from FY2015 to FY2019
  - received indications on targeted areas of for such reinvestment
  - McGill share projected between \$200M - \$250M [approximately 12% to 15% of total]
  - awaiting April 2014 recommendations from government workgroups on university governance and financing
- may be more appropriate to call these funds a “re-instatement” of the cuts rather than a true “re-investment”



## 7. Provincial government funding: high level of uncertainty

- uncertainties:
  - weak economy could impede reinvestment
  - elections
  - possible changes in allocation mechanisms
  - shifts in government priorities

## 8. New integrated budget models and the “Agreements”

- integrating the budget model with the “Agreement” process
  - units asked to plan/project over a 5-year horizon
  - from a university perspective:
    - ensure various dimensions are aligned and coherent
    - align resource allocations and performance indicators with the University’s strategic priorities, goals, and objectives
    - year to year follow-ups to track progress
    - take into account operating expenditures related to capital investments

## 9. Unit level: benchmarking, performance, capacity measures

- beyond university-wide KPIs
- for administrative units, need voice of clients (e.g. Faculties, students, profs) in helping to determine appropriate service levels and indicators
- indicators to be developed in conjunction with Faculties and admin units over the coming months
  - measures to follow
- appropriate Faculty-Support ratios and balance

# 10. Revenue growth and diversification

- On-going discussions about ways we can:
  - grow existing revenues
  - innovate to develop new revenue sources
  - reduce overall reliance on the provincial government grant (and its inherent volatility)

# 11. McGill's risk factors

- re-investment (re-instatement of the cuts) are not likely to be sufficient to support our obligations, aspirations, and future needs
- important to ensure that the financial gains made through the VRP program are just used to fuel a re-hiring trend
- need ability to re-think, re-deploy, and modify processes in order to cope with decreases in administrative and support staff numbers
- budget cuts will likely be needed in order to allocate resources from lower to higher priorities while paying back the deficit and balancing the books for at least the next five years



Managers Matter: A Q and A with  
the Provost

## Discussion

# Questions from Management Forum Members

# National Assembly Governance Model and Reporting: Bill 133

- *Where do we stand in our three-year plan and Bill 133?*
- *How much money has been allocated to our spending program covered for the next fiscal year and on what projects/activities?*

# Operational savings and reinvestment

- *How can Pls and other managers make efficiency improvements to produce savings when they are rarely allowed to capture and reinvest capital and operational savings for further improvements?*
- *The traditional budget model focuses on “use-it-or-lose-it” funds with unspent allocations being clawed back at end of fiscal year, but where deficits are carried forward. This results in unnecessary spending and reducing incentive to reduce costs over the year.*
- *How can managers be more involved in rethinking this issue in challenging times?*



# Budgets

- *Has there been any consideration given to opportunities that address deferred maintenance construction and capital projects budgets?*
- *Is McGill moving forward with an activity-based budgeting?*
- *Will there be savings to be made by adopting such budgeting model?*

# Hiring, redeployment, and salary freeze

- ***Updates on the following:***
  - *Rematch and hiring freeze*
  - *Redeployment of staff*
  - *Reorganization implementations in several Faculties*
- ***What resources are available for departments who have had a large number of retirements?***
- ***Why are certain Faculties, i.e., Medicine, still able to replace/post positions during the University's financial constraints?***

# Hiring, redeployment, and salary freeze (cont'd)

- *Will we pursue the administrative salary freeze and hiring freeze in the next fiscal year?*
- *Given that M's are said by the Executive levels of the University to be considered valued employees, why did the University impose a non-recurrent 3-day holiday in lieu of a recurrent salary increase, rather than discuss/negotiate with our Staff Association how M's could contribute to the budget effort?*

# Voluntary retirement program and pension contributions

- *How are we saving money if we gave all the retirees a year's package, and we are not looking to replace them?*
- *Why did we not arrange for the department staff members to train the new staff?*
- *How is the budget affecting our pension contribution vs. the University's contribution?*

# Research/teaching support

- *In planning and establishing the University's mandate with respect to research, is consideration given to the ancillary offices required to maintain and/or fulfill that mandate?*
- *There are now less administrative support staff to assist the students and the academics. Unfortunately the academics and students still want the complete support they had before.*
- *If there will be no new hiring of support staff, how are we to keep up with the same level of service being requested?*

# Enrollment

- *The Canadian Government recently announced its intention to boost international student numbers. In addition, there has been growth in Quebec University student numbers, despite demographics that expected numbers to decline starting in 2015.*
- *How do these announcements impact McGill in terms of our capacity and in terms of services offered?*

## Enrollment (cont'd)

- *The Gazette published an article showing that enrollment at the four Montreal Universities has increased over the last year. McGill is accepting more and more students but yet the administrative support staff pool is shrinking.*
- *By adopting this centralization policy, will the level and quality of services offered to students (especially advising) will be impacted in a negative way?*
- *Would this policy also require already overstretched staff members to do more with no monetary incentives?*

# Collaboration and communication

- *How can the M staff, particularly, those in support services, be enabled to form stronger ties with the core academic mission of the University?*
- *How is our leadership team fostering a climate that will keep the administrative and support team engaged and empowered in these challenging times?*



# Community relations

- *After the strike, there has been a sense that McGill has lost its sense of community and need to rebuild these bonds of trust between employee groups.*
- *Is there any intention to try to improve relations amongst all employee groups moving forward?*
- *Will the Provost continue to keep our community as apprised of the budgetary situation as possible, including and especially any positive developments?*

## Familiarize yourself with:

- [McGill Budget Book 2013](#)
- [Achieving Strategic Academic Priorities](#)
- [Provost's New Initiatives](#)
- [Your Unit's Agreement](#) (found on CenterStage or ask your supervisor for a copy)
- [Key Performance Indicators](#)

# Get involved!

- **Send your ideas on:**
  - **new revenue streams**
  - **best practices and how to working more efficiently and streamline work processes**
  - **developing online tools, electronic approvals and electronic playbooks**
  - **reducing red tape and duplication**



**Managers Matter: A Q and A with  
the Provost**

**Discussion**

**Comments?**

**Questions?**

**Concerns?**

**Suggestions?**