

Memorandum

Office of the Provost and VP (Academic)James Administration Building
845 Sherbrooke St. West, Room 504
Montreal, Quebec H3A 2T5

TO: Senate

FROM: Professor Christopher P. Manfredi, Provost and Vice-Principal (Academic)

SUBJECT: Budget Planning 2016-2017 Report I

DATE: November 18, 2015

DOCUMENT #: D15-16

ACTION REQUIRED: ☒ INFORMATION ☐ APPROVAL/DECISION

ISSUE: The Budget Planning 2016-2017 Report I is presented for Senate's information.

BACKGROUND & RATIONALE: This presentation is the first in a series of budget communications to the University community outlining major considerations shaping the budget for the coming fiscal year. This presentation is followed later in the year by Budget Planning II, and finally by the release of the McGill University Budget Book.

The initial portion of this presentation outlines progress and provides updated forecasts for the FY2016 budget. The latter sections outline key considerations for the development of the FY2017 budget.

MOTION OR RESOLUTION FOR APPROVAL: N/A

PRIOR CONSULTATION: Finance Committee of the Board of Governors

NEXT STEPS:

- Budget Planning II delivered to Senate on February 17, 2016
- McGill University Budget delivered to Senate on April 20, 2016
- McGill University Budget delivered to Board of Governors on 21 April 2016

APPENDICES: Appendix A: Budget Planning 2016-2017 Report I (PowerPoint Presentation)

FY2017 Budget Planning Report I

Key Considerations DRAFT

Prof. Christopher Manfredi
Provost and Vice-Principal (Academic)

18 November 2015

Presentation to University Senate

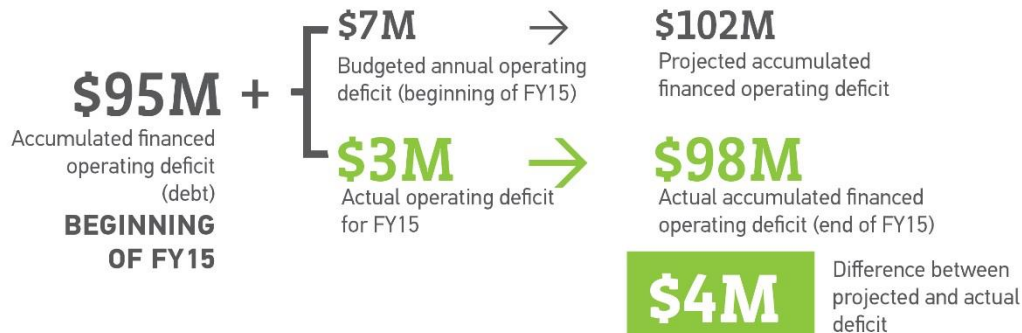


McGill

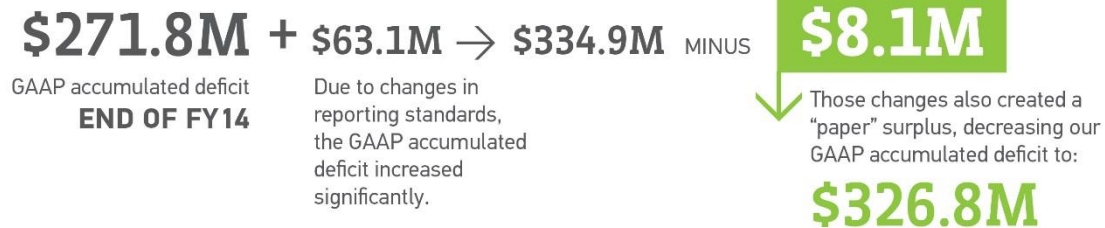
FY2015 Operating and GAAP Deficits

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MCGILL'S ANNUAL DEFICIT & ACCUMULATED FINANCED OPERATING DEFICIT (DEBT)



GAAP ACCUMULATED DEFICIT



Budget snapshot FY2016

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- **\$98M**: accumulated financed deficit at the start of the year
 - **\$92M**: FY2016 Budget Book projection
- **\$4.7M**: FY2016 deficit as projected in Budget Book
- **\$102.7M**: total projected accumulated financed deficit at year end
- Mid-year developments
 - delay in planned borrowing for deferred maintenance
 - changes to admin and support staffing strategy and hiring policy
 - new collective agreements
 - provincial operating grant only announced 2 November 2015: \$325.5M indicated for McGill. Final figure could be +/- 2%

Budget snapshot FY2017

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- **\$5.9M**: FY2017 planned deficit (as in FY2016 BB)
- **\$108.6M**: anticipated accumulated financed deficit at year end
- Priorities
 - support of academic mission, strategic plan, and the Principal's 5 priorities
 - address critical deferred maintenance needs
 - revisit administrative and support staffing strategy and hiring policy
 - honour admin/support and academic salary policy commitments
 - diversify revenue generation
 - longer-term planned surpluses to address accumulated deficit
- Necessities
 - reduction of 1A operating budgets across campus (as in FY2016 BB)

Risks and Uncertainties in FY2017

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Specific to McGill			QC system			Macro		
Achieving enrolment targets	+/-	known	Stability of gov't commitments (possible cut of \$4-\$8M)	-	known	Persistent low interest rates	+/-	known
Deferred maintenance and IT requirements	-	potential	Modif. of non-QC tuition policies; lack of flexibility on tuition	-	known	Canadian dollar exchange rate	+/-	known
Increased pension fund liabilities	-	potential						

MEESR operating grant: budget vs. actuals

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MEESR Unrestricted Operating Grant projections (\$M)

	FY12	FY13	FY14	FY15	FY16	<i>FY17</i>	<i>FY18</i>	<i>FY19</i>	<i>FY20</i>
Adopted Budget	328.8	346.2	331.9	358.8	323.3	324.0	331.7	340.1	353.7
Actuals	354.7	328.4	350.4	341.6	TBD				
Difference	25.9	(17.8)	18.5	(17.2)					

FY17-FY20 as in FY2016 BB



Budget Planning: FY2017

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