



Memorandum

Office of the Provost and Vice-Principal (Academic)
James Administration Building, Room 504
Tel: 514-398-4177 | Fax: 514-398-4768

TO: Senate

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

SUBJECT: Budget Planning Report FY2017-2018 Report I

DATE: December 7, 2016

DOCUMENT #: D16-28

ACTION REQUIRED: INFORMATION APPROVAL/DECISION

ISSUE	The Budget Planning 2017-2018 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 the presentation of the proposed budget in April 2017.
PRIOR CONSULTATION	Finance Committee of the Board of Governors Board of Governors
SUSTAINABILITY CONSIDERATIONS	The FY2018 Budget plan includes support of sustainability research and practice on campus.
IMPACT OF DECISION AND NEXT STEPS	<ul style="list-style-type: none"> • Budget Planning II delivered to Senate on February 15, 2017 • McGill University Budget delivered to Senate for information on April 20, 2017 • McGill University Budget delivered to Board of Governors for approval on April 27, 2017
MOTION OR RESOLUTION FOR APPROVAL	N/A
APPENDICES	Appendix A: Budget Planning 2017-2018 Report I (presentation)



D16-28 FY2018 Budget Planning Report I

Key Considerations DRAFT

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

December 7, 2016

Presentation to Senate



McGill

FY2016 Operating and GAAP Deficits

\$98.1M Actual accumulated financed operating deficit at start of FY2016

\$4.5M Forecast annual financed operating deficit at start of FY2016

\$15.7M Actual operating surplus at close of FY2016

\$102.6M Forecast accumulated financed operating deficit at close of FY2016
($\$98.1\text{M} + \$4.5\text{M} = \$102.6\text{M}$)

\$82.4M Actual accumulated financed operating deficit at close of FY2016
($\$98.1\text{M} - \$15.7\text{M} = \$82.4\text{M}$)

\$326.8M GAAP accumulated deficit at start of FY2016

\$1.8M GAAP surplus

\$325.0M GAAP accumulated deficit at close of FY2016

Budget Snapshot FY2017

- \$82.4M** Actual accumulated financed operating deficit at the start of FY2017
- \$2.7M** Forecast annual operating deficit at the start of FY2017 (per FY2017 Budget Book)
- \$85.1M** Projected accumulated financed operating deficit at the close of FY2017

Mid-year FY2017 developments

Delay in planned borrowing and spending for deferred maintenance

Timing of revenues and expenses to materialize in subsequent years

Règles budgétaires for FY2017 have yet to be released

Budget Snapshot FY2018

- \$85.1M** Anticipated accumulated financed operating deficit at start of FY2018
- \$4.3M** Projected annual operating deficit for FY2018 (per FY2017 Budget Book)
- \$89.4M** Projected accumulated financed operating deficit at close of FY2018

Priorities

Support academic mission, strategic plan, and the Principal's 5 Priorities

Address critical deferred maintenance

Invest in sustainability science, School of Public Policy, Indigenous studies & populations, student support, student life and learning, and online initiatives

Review budget measures

Implement admin/support and academic salary policy commitments

Diversify revenue generation

Plan longer-term surpluses to address accumulated deficit and bond repayment.

Uncertainties in FY2018

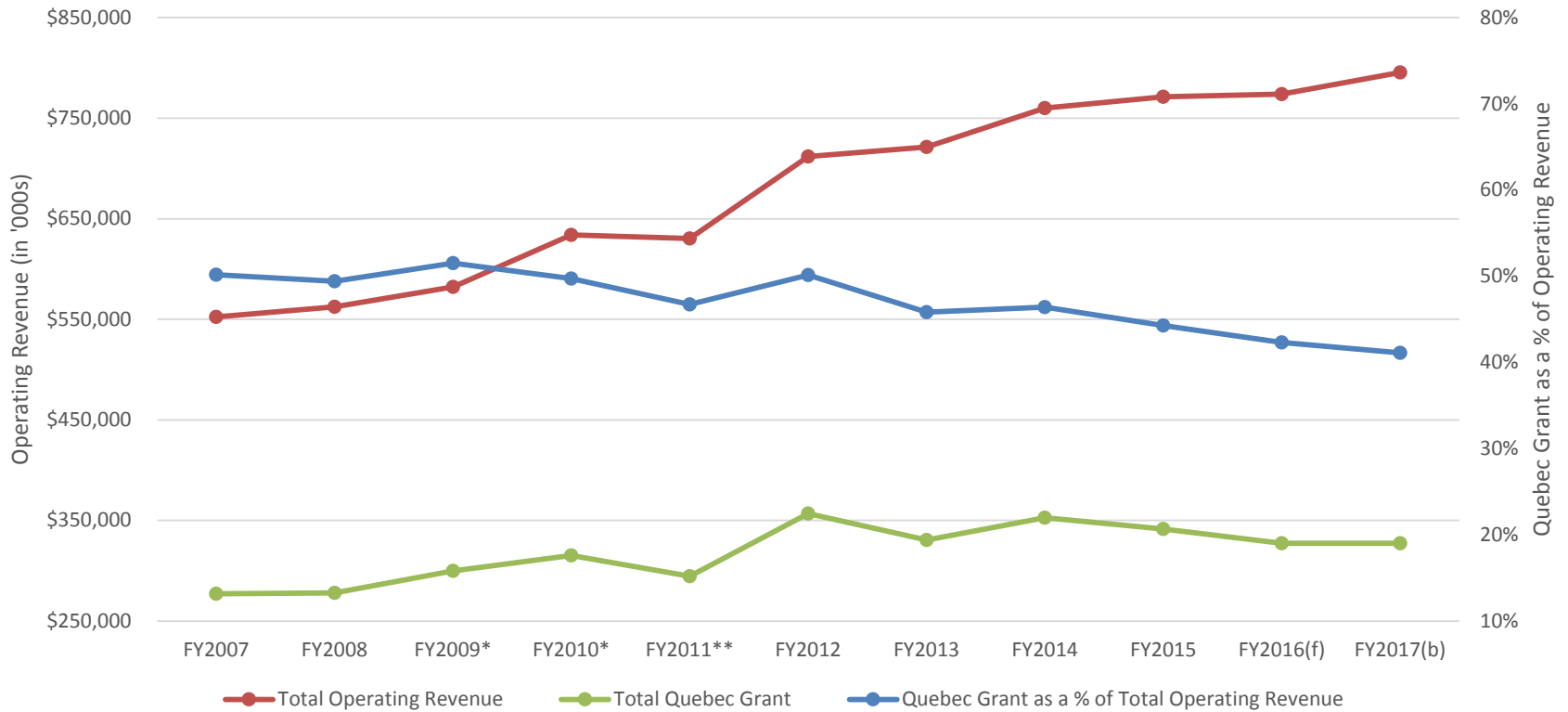
Specific to McGill	QC system	Macro
Achieving enrolment targets	Stability of government commitments	Persistent low interest rates
Deferred maintenance and IT requirements	Changes to funding formula (chantiers sur le financement)	Canadian dollar exchange rate
Unexpected pay equity adjustments		
Carry forward liabilities		

MEES Operating Grant: Budget vs. Actuals

MEES Unrestricted Operating Grant projections (\$M)

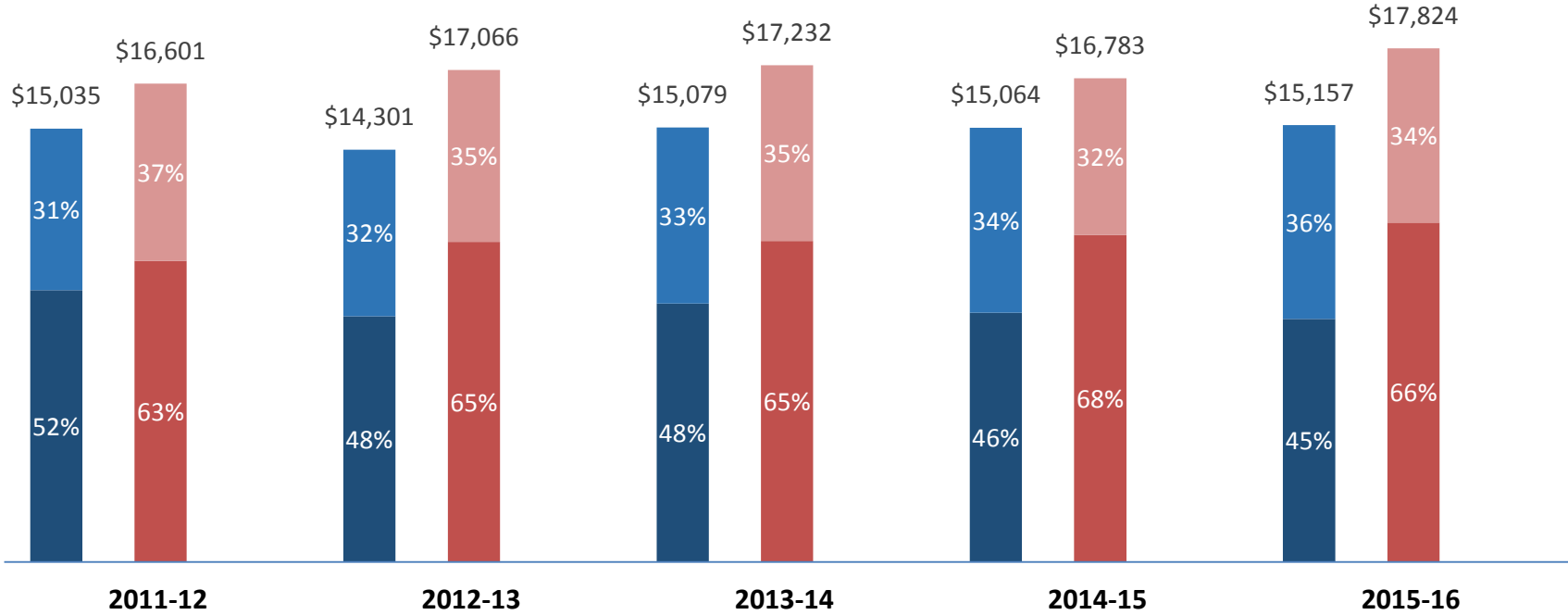
	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Budget	328.8	346.2	331.9	358.8	320.8	324.7	326.0	331.3	336.5	339.1
Actuals	354.7	328.4	350.4	339.2	334.5					
Difference	25.9	(17.8)	18.5	(19.6)	13.7					

Declining Contribution of the Quebec Grant to McGill's Operating Revenue



Notes:
 *GAAP (FY2010) or Restated to GAAP (FY2009) Year
 **11-month year
 (f) forecast
 (b) budget
 Source: FY2007-FY2015, Financial Statement Analysis; FY2016 & FY2017, Budget Book FY2017
 Unrealized Gains (Losses) and extraordinary items are excluded.
 Prepared by Analysis, Planning, and Budget (bt,cv)

University Operating Revenue and Expenditures per Student



- Quebec Grant Revenue
- Tuition and Fee Revenue
- Academic and Student Service Expenditures
- Support Expenditures



Budget Planning: FY2018