Fiscal Year 2007-2008: budget concerns and priorities

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Background

- the deficit forecast for FY 2006-2007: $17.3M
  - consistent with the BoG approved budget
  - includes preliminary estimates from MELS
  - includes re-investment and tuition revenues
  - spending expected to be consistent with budgeted amounts
  - unforeseen costs?

Background (continued)

- FY 2008 budget must include modified revenue and expenditure assumptions:
  - no additional reinvestment by MELS except for OTO grant announced in FY07
  - combined (undergraduate, graduate, professional) enrolment growth of 3% leading to other revenue increases
  - no “catch-up” on departures (FY07 included 20)
    - recent experience failed to produce such a catch-up
    - demographic trends do not support the catch-up model at this time

Spending availability

- funding for new academic hires
  - faculty awards
  - CRCs
  - endowed chairs
  - other non-operating budget sources
- conservative estimate for new endowed chairs
  - based on past experience
- spending reallocations
  - introduced for FY 2008
  - the pressure is on for actual budget cuts!

Investment in Faculty Operations – FY 2008: Strategic

- compensation increases
  - $11M for faculty and support staff
- academic salary policy
  - predominantly merit driven
  - retention and anomaly envelope
- continuation of McGill/Dawson program
  - $4M for research and salary stipend amounts
  - possible re-purposing of research component – see below?
- research support and additional graduate student funding
  - $2.1M, including centres
  - $1.5M, fellowships, recruitment, special program for DFWs
- Libraries
  - $1M increase permanent funding
  - continuation renovations and infrastructure improvements

Investment in Faculty Operations – FY 2008: priorities and initiatives

- academic renewal costs
  - $8.0M
- support staff and administrative needs for Faculties
  - $1.5M
- institutional support, including Faculty-based financial specialists
  - $ 1.5M
- federal indirect cost grant allocation
  - to continue at 25% for Faculties
- contract overheads to be distributed
  - more than $2M
- benefits cost increases
  - 2% overall
  - medical and dental up $0.5M

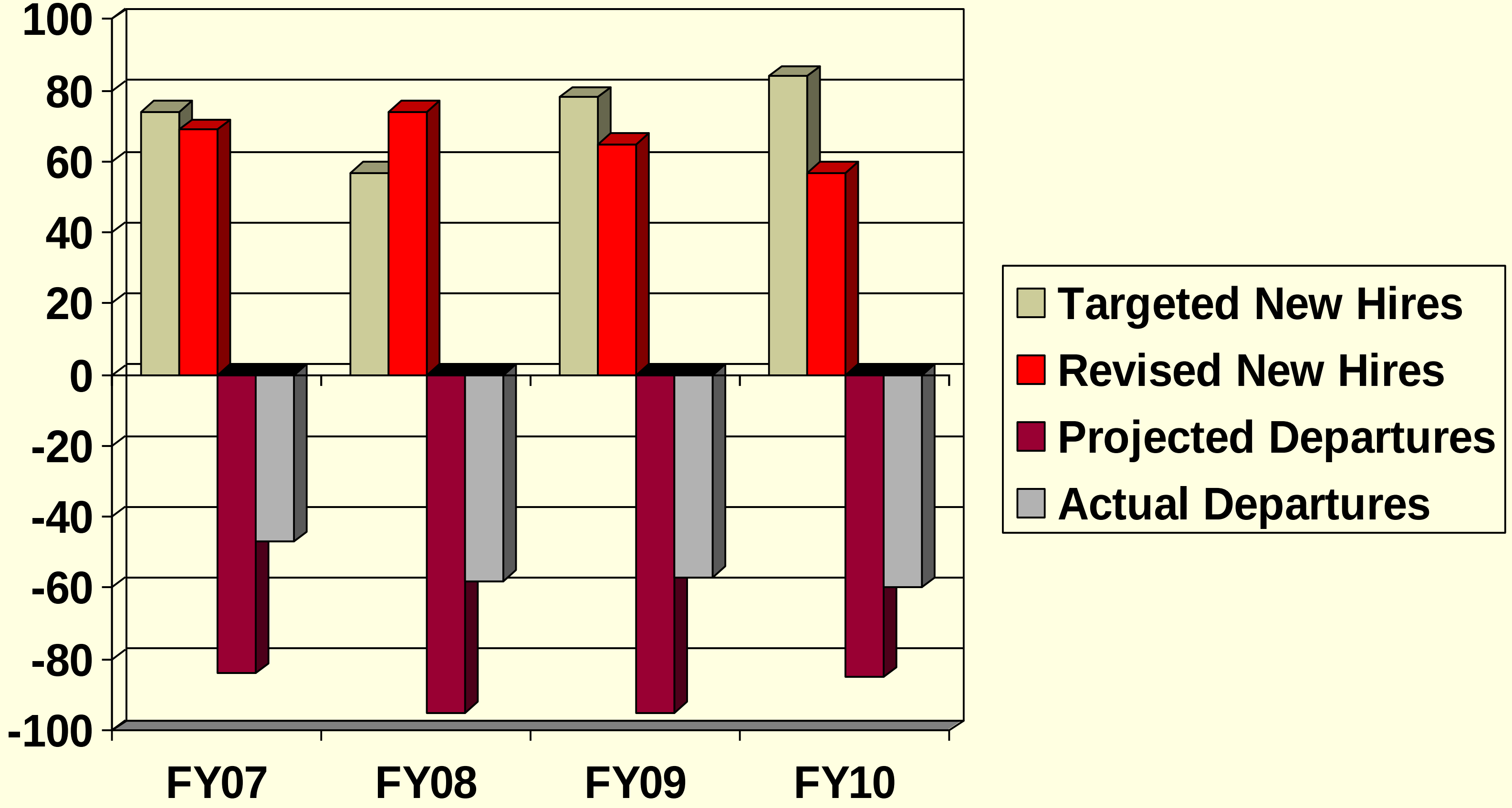
Investment in Faculty Operations – FY 2008: Academic renewal costs: $8.0M

- new hires: $7.4M
- expected departures: ($3.4)M
- recruitment costs: $0.5M
- operating start-ups: $0.8M
- salary award contribution: $1.2M
- retirement allowances: $1.5M
  - we need a new program

Investment in Faculty operations – FY 2008: incentives

- no CRC “claw-back” (as in FY07)
  - enhanced spending power: >$6.0M
  - future spending power: new sources of funds to pay salaries
- fully-funded salary awards and endowed chairs
  - 25% to Faculties
- tenure-track academic leaves and leaves of absence
  - 100% to Faculties if no salary attached

Projected TT University-wide academic complement deltas: FY 2007 to 2010



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Investment in Faculty operations – FY 2008: capital funding

- capital start-ups and priority themes: $2.5M
- classroom improvements: $1M
- CFI start-ups: $50M available for FY08 and beyond
- campus renewal: $10M available as supplement (loan)
  - MELS deferred maintenance grant $5.5M
- space reallocation efforts: $3.3M

Building a priorities envelope: short to mid-term solutions

- possible conversions of some McGill/Dawson chairs to CRCs
- increase retirements, especially prior to May 2008
  - working toward a meaningful program for the steady-state
- judicious use of carry-forward balances
- deployment of unspent individual McGill/Dawson research funds
  - graduate student funding
- increase research and contract revenues
  - generate more indirect cost recoveries and overheads
- targeted internal reallocations (possible budget cuts?)

Conclusions

- present projected estimate of deficit FY08
  - neither responsible nor acceptable
  - available amounts do not meet current (or future) requirements
  - “aspirations” have been left out of budget forecasting for now
- BoG accepted a downward sloping 5-year deficit plan
  - present trajectory is sharply upward
- university-wide “planned” tenure-track complement
  - trying to avoid the “boom-bust” cycle of academic renewal
  - target has been exceeded: delta (entries – exits) must equal 0
  - development of “retirement friendly” policies (salaries to pensions)
  - salary policies, including pressure to increase benefits, influence complement targets

Conclusions (continued)

- continue lobbying for changes to public policies in Quebec and Canada for universities
  - re-regulation of tuition at undergraduate level
  - no tuition and increased support for research-based graduate students
  - recognition of mission-specific needs
  - incentives not penalties for international students
  - fair treatment of McGill in the Quebec context
- diversify external sources of funds
- accountability requirements at all levels
  - justify expenditures
  - look internally for funds to support priorities
  - re-allocate or cut non-priority areas within Faculties and administrative units

Questions

concerns

suggestions

comments

criticisms

complaints

ideas

recommendations

next steps