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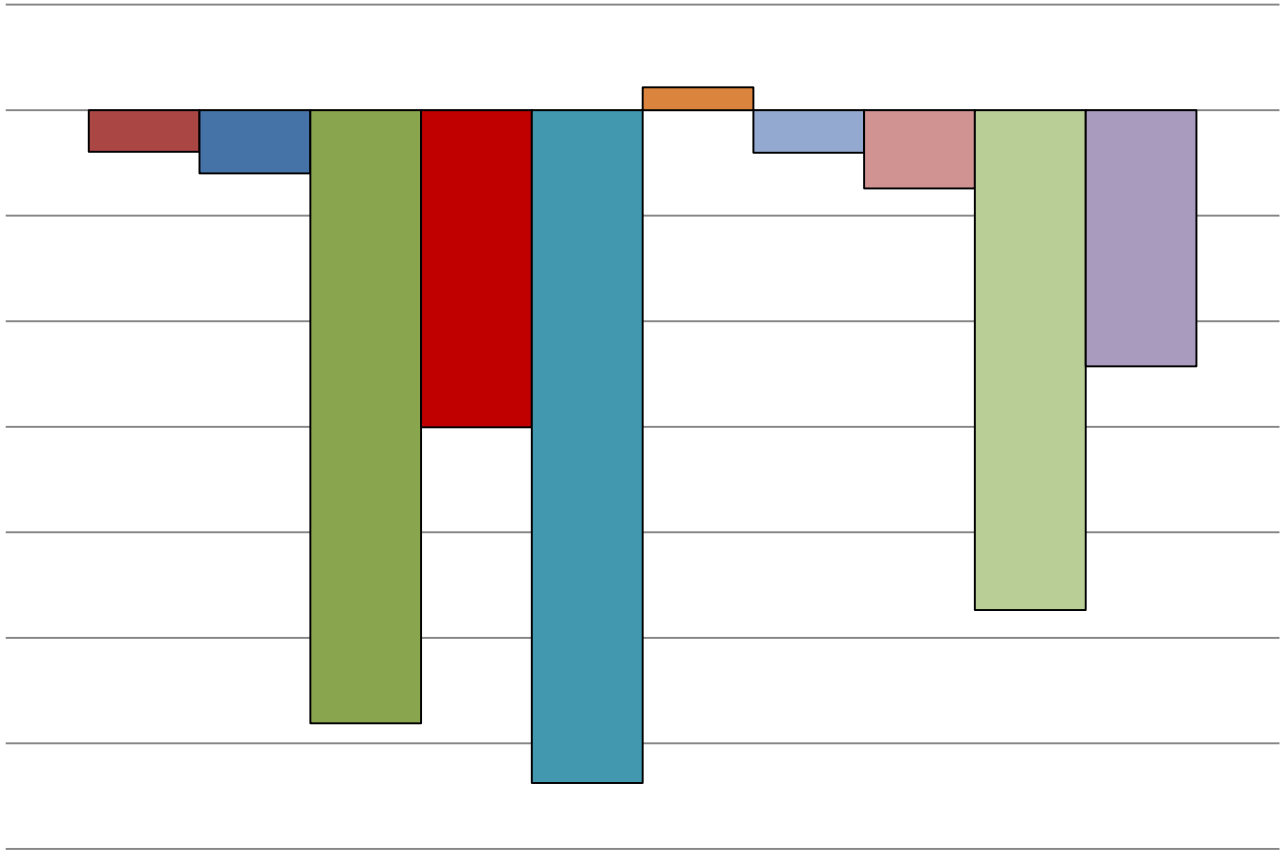
Update on MELS

Objectives and Mandates

1. build the future for McGill as a publicly-funded, research-intensive, student-centred university
   a) retain academic talent
   b) increase research quality and quantity

2. balance operating position to be achieved by FY11
   a) sustain investments made in last 5 years
   b) limit operating detity D FY11ce

Quebec Universities' Accumulated Operating Deficit (May 2008)



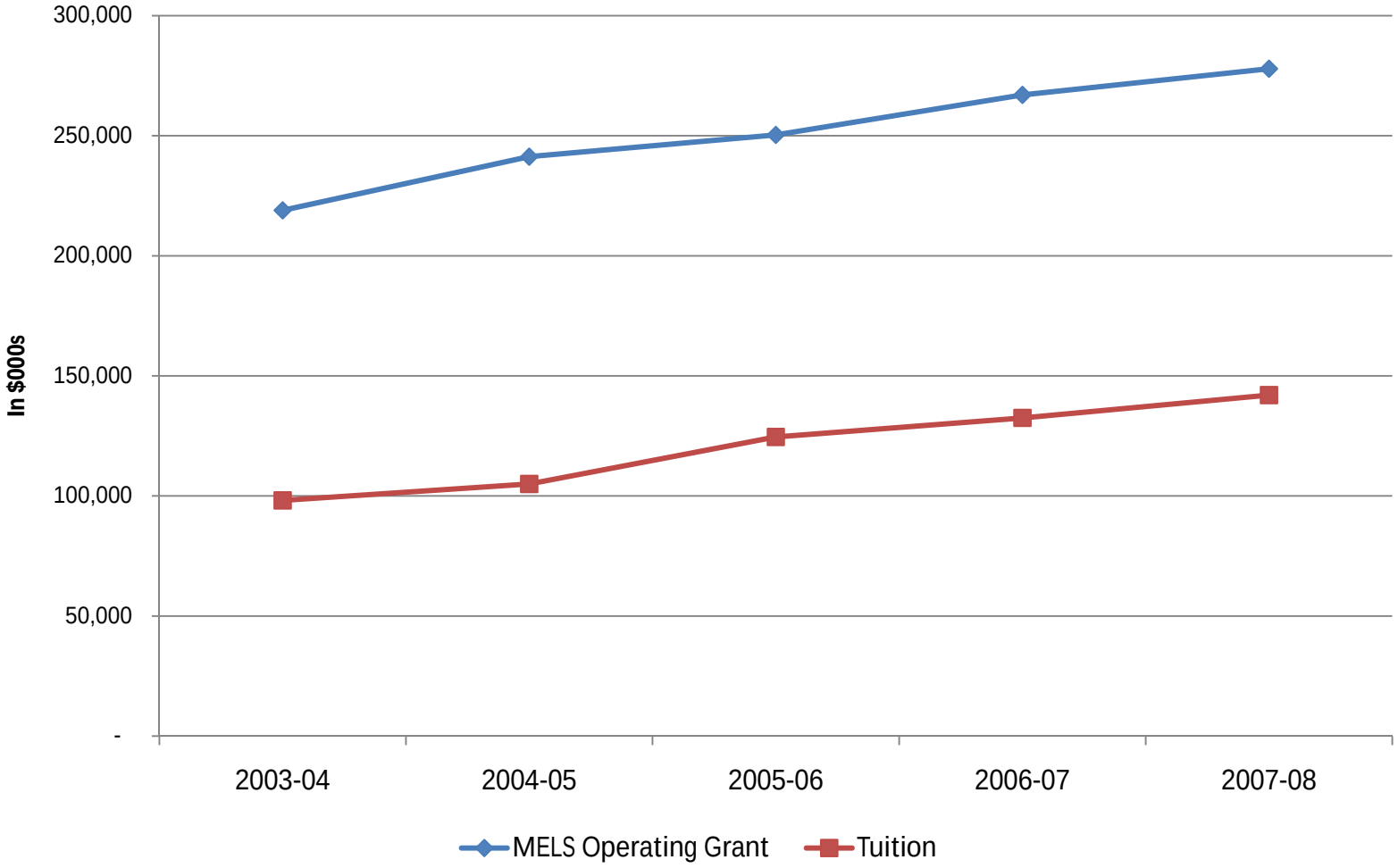
Revenue Growth

- tuition and MELS operating grant revenues have increased steadily for the last 5 years (*Graph 1a*)
- high growth in graduate FTEs in FY09
  - expect continued growth in graduates (*Graph 1b,1c*)
- modest increase in Bachelor students (*Graph 1d*)
- increased research activity has led to consistent and significant indirect cost recoveries from all sponsors (*Graph 1e*)

Graph 1a:

MELS operating grant and tuition revenues

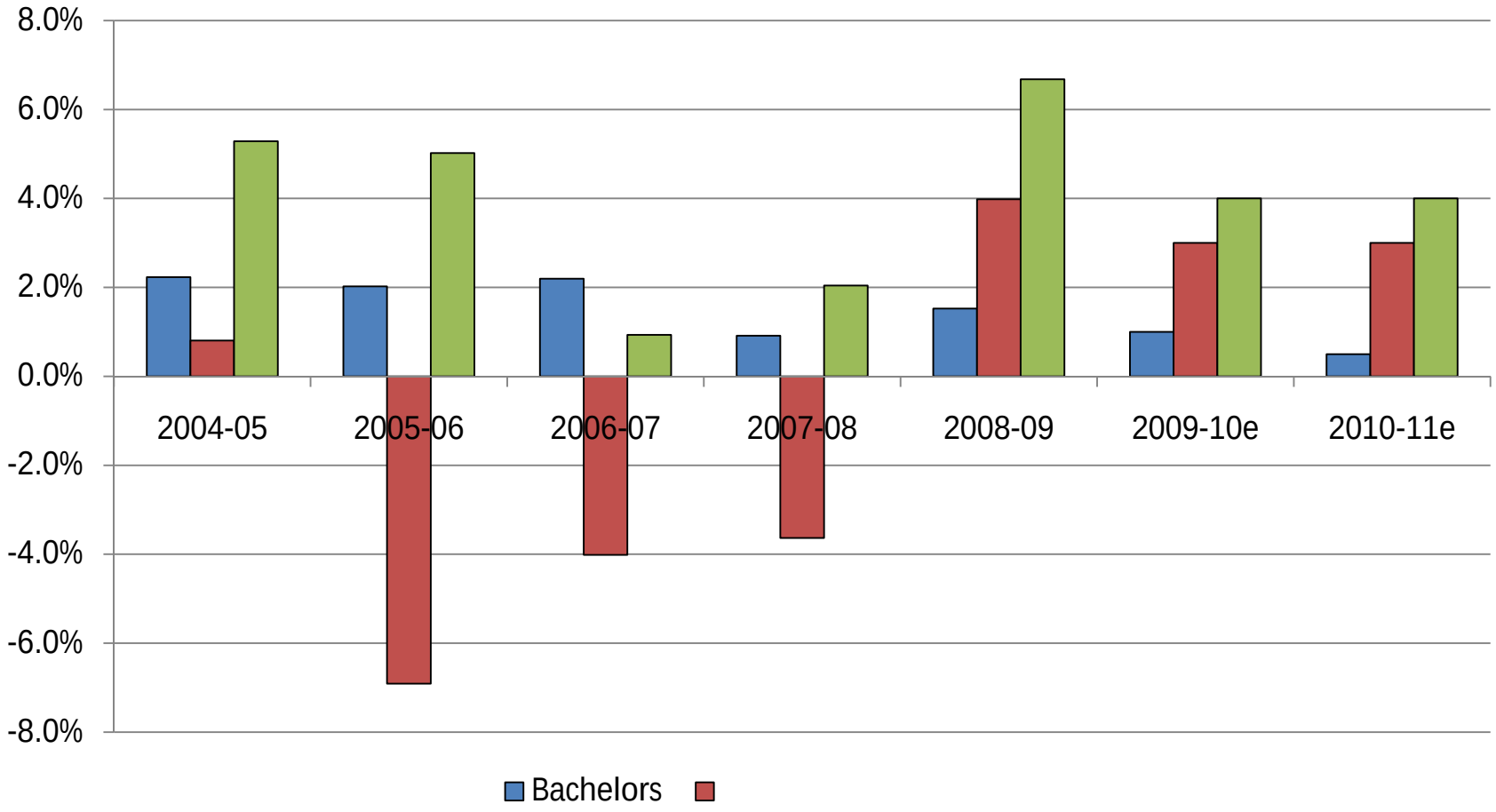
FY 2004 to FY 2008



Graph 1b:

FTE Student Enrolment (% change)

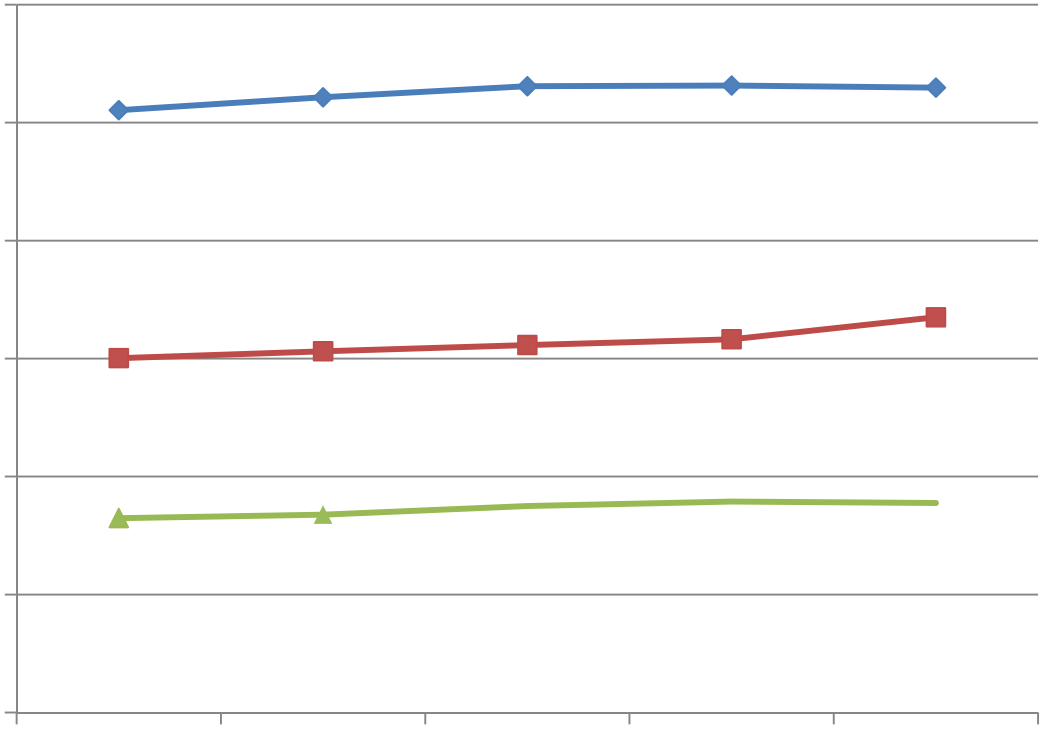
FY 2004 – FY 2011 (estimated)



Graph 1d:

Bachelors increase

(primarily in Canadian students)



Graph 1e:

Federal Indirect Cost of Research

FY 2004 – FY 2008

Revenue Opportunities

- leverage growth in research graduate students (masters and doctoral); continued investment in aid required
- international fee liberalisation will provide growth in tuition revenues (*Table 1*)
  - six disciplines will gradually deregulate over the next five years
  - price sensitivity analysis underway
    - US and international applications are up, even with the Canadian dollar at parity
- strategic enrolment growth of academic programs in Faculties
- undertaking analyses of potential growth areas
  - summer studies at McGill
  - new vision and mission for continuing education at McGill

Table 1:

Re-regulation to de-regulation of International Undergraduate Fees in 6 Disciplines

- Assume FTEs @ FY 08 levels ([1]); no

Strategic Enrolment Management

- maintain undergraduate student : tenure track professors ratio at level comparable to leading peer competitors
  - current target is 15 : 1, maybe lower
- increase

Constraints

- Quebec per capita grants are no longer the most generous in the nation, but tuition fees are by far the lowest
- aim to make our tenure-track academic salaries competitive with our national and international peers (competitors)
- increase in “poaching” activities (retention)
- actual “unwanted” mobility of professors up slightly
- reported difficulty in landing top candidates from searches
- inadequate physical infrastructure
- more dollars must be allocated to attract graduate students

Compensation Issues: academic staff

- stated goal: McGill to be among the top 3 in G13 (*Tables 2a,b*)
- retirement targets increasing
  - median age of TT profs = 50.1
  - average age of retirement (*Graph 2a*)
  - Total of TT professors at/approaching retirement age (*Graph 2b*)
- average age of assistant professor at hiring = 35
- additional pressure on benefit costs

Table 2a:

Professorial Salaries McGill vs.Top

Table 2b:

Professorial Salaries McGill vs.Top 5 G-13

Average salaries of full-time teaching staff at Canadian universities and colleges, 2006-07

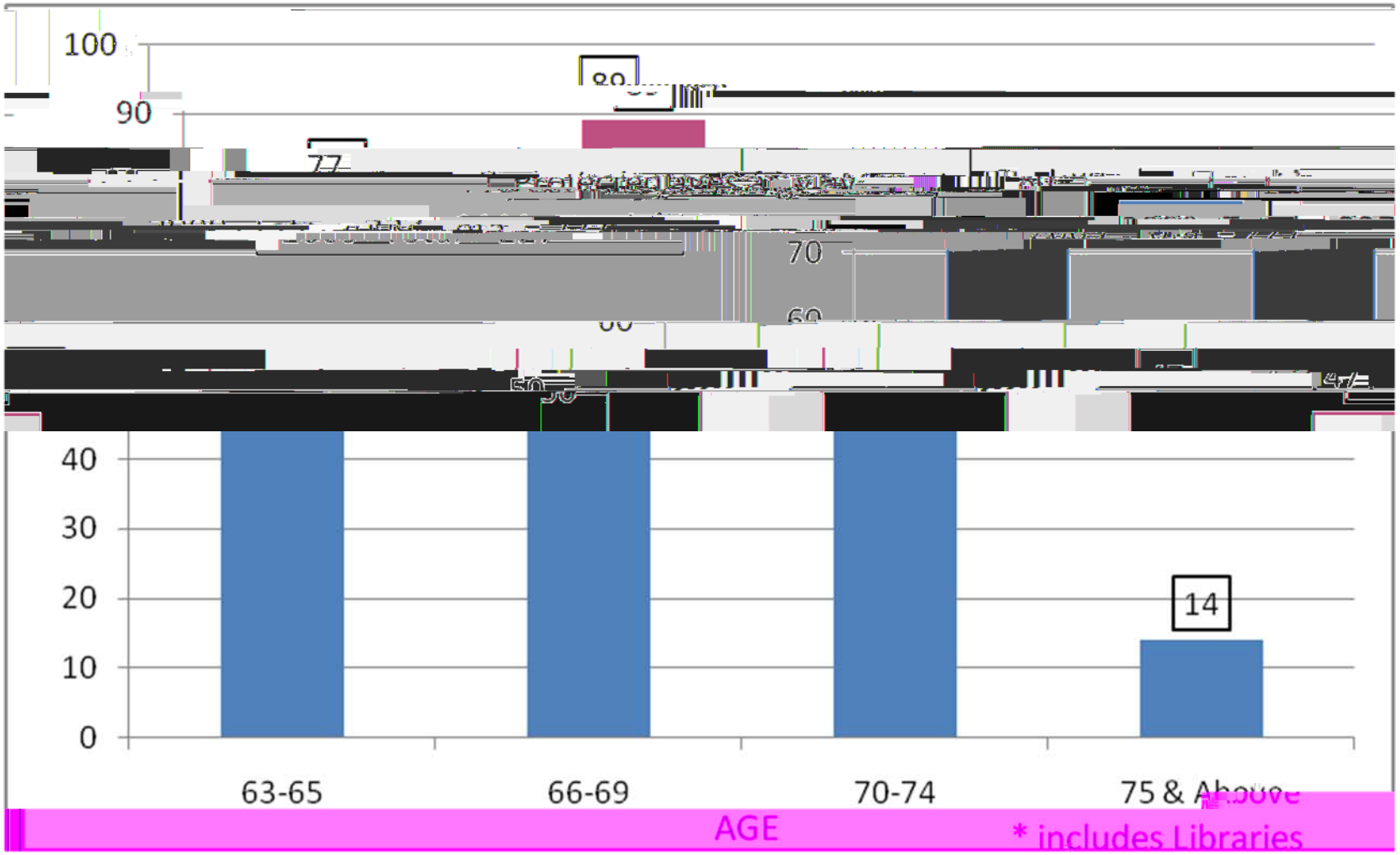
	Full professors	Associate professors	Assistant professors			
McGill	**128,386**	**101,731**	**81,432**			
"Top 3" G13 Average*	139,759	106,468	89,590			

•Note: Data from G13; Statistics Canada not yet updated for 2006-07
Not able to list individual Universities' data until available from Statistics Canada
* Includes UofT, UBC, and Alberta (Calgary data not available)

Graph 2b:

Tenure Track Faculty over Age 63

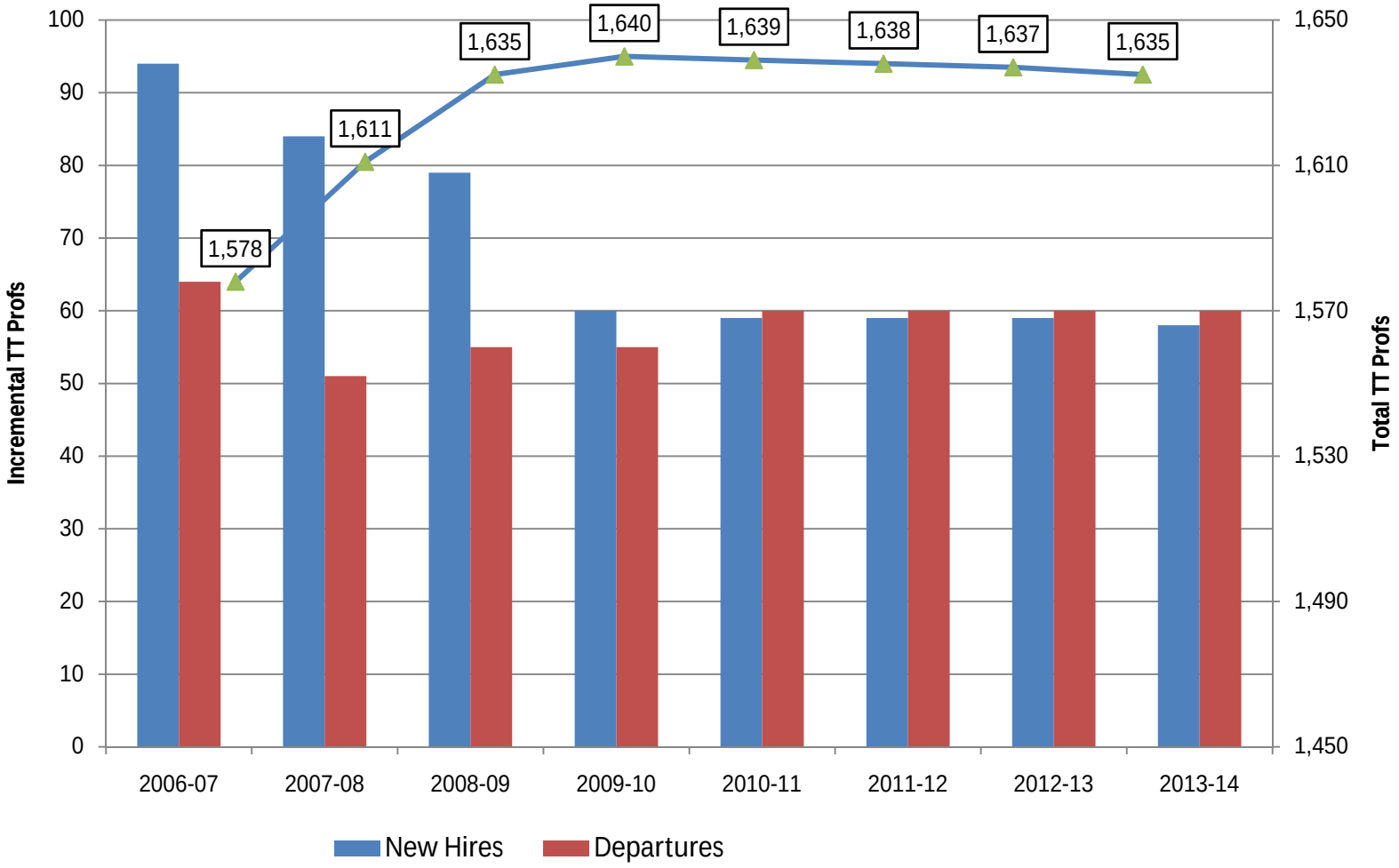
(Almost 15% of Total TT Profs*)



Graph 3:

Academic Renewal Pattern

FY 2007 – FY 2014



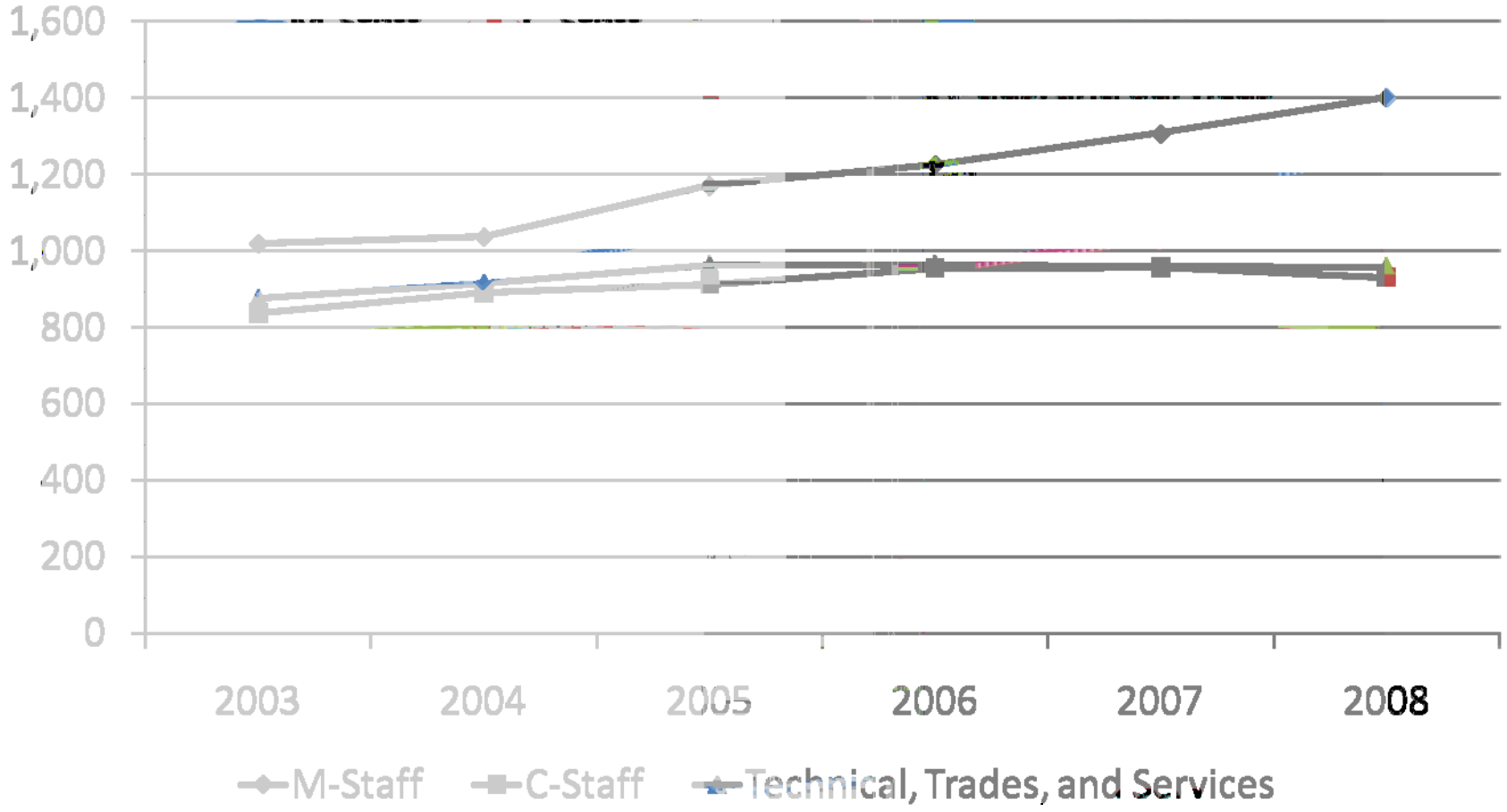
Compensation Issues: administrative and support staff

- manage the growth in numbers of administrative and support staff
  - greater than 30% increase in the last 5 years (*Graph 4*)
- need also to upgrade skills and capacity
  - recruitment, training, mentoring, and succession planning
- negotiations with unions and associations ongoing
  - controls on administrative and support staff salaries and working conditions may lead to turnover
  - possible work stoppages

Graph 4:

Administrative and Support Staff

FY 2003 – FY 2008



Significant Unknowns: Future Costs

- substantial up front investment in financial support required to increase number of graduate students
  - GERI program, Year 1: students (via Faculties) received $5,000 for each new PhD registrant and $1,500 for each new Research Masters registrant
  - GERI program very successful at PhD level, increasing registrants more than expected
  - continued pressure to increase investment in this area: guaranteed funding
  - potential unfunded liability relating to TT hires in hospital R.I.'s

Significant Unknowns: Infrastructure

-

Significant Unknowns: future of MELS policy environment

- shortfall in “reseau” is increasing rapidly, now over $450M
- continued annual indexation ($100/year/FTE) of basic tuition fee, beyond original 5 year plan
- new cap on increases for administrative (FIO) fees
- timing and impact of international pricing policy – additional disciplines (6+)

Significant Unknowns: McGill specific issues

- retirement: average age, pension costs, program-specific effects
- drive for increases in graduate students
- price-sensitivity for international students
- aging infrastructure, strategic acquisitions, new buildings, re-deployment of existing spaces, redevelopment on existing sites
- salary levels in our competitive environment

New for FY 2010 Budget

- pilot an “activity-based costing” model
  - Human Resources on the administrative side
  - Desautels Faculty of Management on academic side
- activity based process:
  - start with **Goals** of the Organization
  - list **Activities** that support those Goals, over a multi-year planning period
  - identify **Resources** needed to undertake those Activities
  - estimate the **Costs** required to fund those Resources
- present preliminary budget to BC, APG, P7/PVP
  - then Provost to present to Finance Committee, Senate, Executive Committee, Board

New for FY 2010 Budget (but starting in FY2009)

- develop mechanisms to multi-year plan for spend-down or re-absorption of carry-forward amounts
  - during FY 2009, require all academic and administrative unit heads to submit a plan to either spend positive carry-forward balances or payback negative balances
  - continue this requirement going forward at end of year for significant fund balances
- explore continued need for separate merit portion of salaries

Revised Budget Preparation Schedule and Procedures

- October year-to-date spend is basis for projecting expenses to year end and framework for FY 2010 Budget
- expense input provided by HR, Facilities, AMO, etc.
- revenue forecasts being completed with input for Deans, SEMA, Finance, etc.
- expect first pass of budget availability by January

Discussion

Question?

Comments?

Suggestions?

Criticisms?

Complaints?