

McGill

McGill University Budget Book FY2015



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April 2014

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Table of Contents

McGill University – Quick Facts.....	8
Letter from Principal and Vice-Chancellor Prof. Suzanne Fortier.....	10
Preamble – Prof. Anthony C. Masi, Provost.....	11
1 Budget Book FY2015: Executive Summary	15
1.1 FY2014 Key Variances in Budget versus Forecast Year End	15
1.2 MESRST Budget Cuts and the Reinvestments	16
1.3 Target Surpluses/Deficits.....	16
1.3.1 <i>Table 1.3.1: Revised April 2014 Annual Operating Fund Surplus / Deficit Targets (\$M)</i>	17
1.3.2 <i>Figure 1.3.2: Total Financed Accumulated Deficit – Original 2013 & Revised 2014 Projections</i>	17
1.4 Enrolment Forecasts.....	17
1.5 Academic Renewal	18
1.6 Administrative and Support Staff reductions.....	18
1.7 Compensation and Salary Policy.....	18
1.8 Budget Cuts	18
1.9 Significant one-time and ongoing expenses.....	19
1.10 Special Projects Envelope	19
1.11 Risk factors	19
1.11.1 <i>Table 1.11.1: 5-Year Outlook (\$M)</i>	20
2 Economic and Political Environment	21
2.1 Current Economic and Political Realities.....	21
2.2 The Higher Education Summit and the Commission on Culture and Education (<i>la Commission de l'éducation et de la culture</i>)	24
2.3 McGill's Response to Cuts in Government Funding.....	25
2.3.1 <i>Table 2.3.1: Quebec's reinvestment strategy for universities</i>	28
3 McGill University Strategic Plans	29
3.1 ASAP 2012: Achieving Strategic Academic Priorities	29
3.1.1 Open, Connected, Purposeful: McGill and the Next Five years.....	29
3.1.2 Work in Progress.....	31
3.2 McGill Strategic Research Plan 2013-2017	34
3.3 McGill University Physical Master Plan.....	34
3.4 Principal's Task Force on Student Life and Learning.....	34
3.5 Principal's Task Force on Diversity, Excellence and Community Engagement	35
3.6 Campaign McGill	35
4 Goals and Objectives of the University, Faculties and Administrative Units.....	37
4.1 Academic Units: Faculties, Schools, and the Library	37

4.1.1 <i>Figure 4.1.1: Unrestricted Operating Budget (\$M), Faculty and Library Expenses FY2015, Total \$371.4M</i>	38
4.2 Administrative Units	39
4.2.1 <i>Figure 4.2.1: Unrestricted Operating Budget (\$M), Administrative Units FY2015, \$246.4M</i>	41
4.3 Partners	41
4.3.1 McGill University Affiliated Hospitals	41
4.3.2 Other Affiliated units.....	42
4.4 Unit Objectives, Actions and Targets	42
4.4.1 Agricultural and Environmental Sciences (FY2015 Unrestricted Operating Budget: \$18.2M) [including McGill School of the Environment – MSE]	43
4.4.2 Arts (FY2015 Unrestricted Operating Budget: \$48.7M).....	45
4.4.3 Dentistry (FY2015 Unrestricted Operating Budget: \$6.6M)	47
4.4.4 Education (FY2015 Unrestricted Operating Budget: \$16.7M)	48
4.4.5 Engineering (FY2015 Unrestricted Operating Budget: \$29.3M)	49
4.4.6 Law (FY2015 Unrestricted Operating Budget: \$8.6M).....	51
4.4.7 Desautels Faculty of Management (FY2015 Unrestricted Operating Budget: \$26.0M)	53
4.4.8 Medicine (FY2015 Unrestricted Operating Budget: \$110.3M) (including Montreal Neurological Institute – MNI)	55
4.4.9 Religious Studies (FY2015 Unrestricted Operating Budget: \$2.7M).....	56
4.4.10 School of Continuing Studies (FY2015 Unrestricted Operating Budget: \$11.8M).....	58
4.4.11 Schulich School of Music (FY2015 Unrestricted Operating Budget: \$15.1M)	59
4.4.12 Science (FY2015 Unrestricted Operating Budget: \$46.2M)	60
4.4.13 McGill Library (FY2015 Unrestricted Operating Budget: \$31.2M).....	62
5 Overall Budget: Design and Framework of McGill’s Budget	64
5.1 Design of the FY2015-2019 Budget	65
5.1.1 <i>Figure 5.1.1: High-level illustration of McGill’s Budget Planning (Unrestricted Funds)</i>	66
5.1.2 <i>Table 5.1.2: Breakdown of overall revenues (\$M) for McGill’s four funds</i>	66
5.2 The multi-year, multi-fund Financial and Budget Integration (FBI) Framework	67
5.3 Enterprise Risk Management (ERM)	68
6 Unrestricted Funds: FY2015 Budget	69
6.1 Unrestricted Revenues [\$768.8M]	69
6.1.1 <i>Figure 6.1.1: Projected Operating Revenues - FY2015 Budget (\$M) \$768.8M</i>	69
6.1.2 <i>Figure 6.1.2: Operating Revenue from FY2013 to FY2019 Budget (\$M)</i>	70
<i>Table 6.1.3: Evolution of Operating Revenue from FY2013 to FY2019 (\$M)</i>	71

6.1.4 Student Enrolment and the MESRST Operating Grant	71
6.1.5 <i>Table 6.1.5: Regulated Student FTE and WSU Forecast</i>	73
6.1.6 <i>Table 6.1.6: Deregulated Program FTE Forecast</i>	74
6.1.7 <i>Table 6.1.7: Self-funded Masters Programs in Management FTE Forecast</i>	74
6.1.8 <i>Figure 6.1.8: Evolution of Student-Staff Ratios</i>	75
6.1.9 MESRST reinvestment.....	75
6.1.10 <i>Table 6.1.10: MESRST Reinvestment to Quebec Universities (\$M)</i>	76
6.1.11 <i>Table 6.1.11: FY2015 Strategic Reinvestment Envelopes (\$'M)</i>	77
6.1.12 Tuition and Ancillary fees.....	77
6.1.13 Indirect Costs of Research.....	78
6.1.14 <i>Figure 6.1.14: Evolution of federal research grants versus ICR rate</i>	80
6.2 Expenditures aligned with Priorities	81
6.2.1 <i>Figure 6.2.1: Operating Expenditure Projections FY2013 – FY2019 (\$M)</i>	81
6.2.2 <i>Figure 6.2.2: Projected Operating Expenditures – FY2015 Budget (\$M): \$775.8M</i>	82
6.2.3 Remuneration and Salary Policy: Recruiting and Retaining High Calibre Staff.....	82
6.2.4 <i>Table 6.2.4: McGill Academic Salaries compared to U15 (2010)</i>	83
6.2.5 <i>Figure 6.2.5: Salary Policy Increase in Salary Mass FY2015</i>	83
6.2.6 Tenure Stream Staff and Academic Renewal.....	83
6.2.7 <i>Figure 6.2.7: Total Tenured and Tenure-Track Staff (FY2001 - FY2019)</i>	84
6.2.8 <i>Table 6.2.8: Tenured and tenure-track complement before exclusions</i>	86
6.2.9 <i>Figure 6.2.9: Net new hires (departures)</i>	86
6.2.10 <i>Table 6.2.10: Incremental Cost of Academic Renewal (\$M)</i>	87
6.2.11 Ensuring efficient administrative support	87
6.2.12 <i>Figure 6.2.12: Administrative and Support Staff – Full time only as of 31 May</i>	88
6.2.13 Administrative and Support Staff Counts within Faculties and Major Units	88
6.2.14 Enrolment Driven Allocations	89
6.2.15 <i>Table 6.2.15: Budgetary Allocations for changes in enrolment (\$ per FTE) to Faculties</i>	89
6.2.16 Allocations related to Research	89
6.2.17 Strategic Priorities and New initiatives	90
6.2.18 Student Assistance	91
6.2.19 <i>Figure 6.2.19: Student Assistance from Operating Fund (\$M)</i>	91
6.2.20 Graduate Student Support.....	91
6.2.21 <i>Figure 6.2.21: Average Doctoral Funding Comparison (FY2011)</i>	92

6.2.22 <i>Figure 6.2.22: Average Masters Funding Comparison (FY2011)</i>	92
6.2.23 McGill Library funding.....	93
6.2.24 Self-financed activities and overhead charges	93
6.2.25 Budget Cuts.....	94
6.3 Significant one-time and on-going expenses	94
6.3.1 Pay Equity.....	95
6.3.2 Pension Liability and Post-retirement obligations.....	95
6.3.3 Long-term investments.....	96
6.4 Target Surplus / Deficit.....	96
6.4.1 <i>Table 6.4.1: McGill’s Funding per FTE based on various Provincial Funding Models (FY2012)</i>	97
6.4.2 <i>Figure 6.4.2: McGill’s Projected Funding per FTE (MESRST grant and tuition)</i>	97
6.4.3 MESRST Constraints on Target Deficits.....	97
6.4.4 <i>Table 6.4.4: FY2015 Strategic Reinvestment Envelopes (\$M)</i>	98
6.4.5 McGill GAAP deficit in comparison with other Quebec universities	98
6.4.6 <i>Figure 6.4.6: GAAP Accumulated Deficit of Universities in QC (\$M) for FY2012</i>	99
6.4.7 Accumulated deficits.....	99
6.4.8 <i>Figure 6.4.8: Accumulated (financed) Deficit of McGill as a % of Operating Revenue</i>	100
7 Restricted Funds.....	101
7.1 Research allocations.....	101
7.2 Research revenues	101
7.2.1 <i>Figure 7.2.1: Research Revenue Projection (\$M)</i>	102
7.3 Spendable Income from Endowments.....	102
8 Endowed Funds.....	103
8.1 Donations and Gifts.....	103
8.1.1 <i>Figure 8.1.1: Gifts and Donation Revenue projections</i>	103
8.2 Endowments	103
8.2.1 <i>Table 8.2.1: Change in McGill Endowment Fund market value for the year ended April 30, 2013</i>	105
9 Capital (Plant) Fund.....	106
9.1.1 <i>Table 9.1.1: McGill Capital Budget from MESRST FY2015 (\$M)</i>	106
9.1.2 <i>Table 9.1.2: McGill FY2015 Allocations from the Capital Budget (\$M)</i>	108
9.1.3 <i>Figure 9.1.3: CLASSROOM Renovation Projects Approved for FY 2015:</i>	109
9.1.4 <i>Figure 9.1.4: TEACHING LAB Renovation Projects Approved for FY 2015:</i>	109
9.2 Impact of Capital Expenditures on the Operating Budget	109

10 Overall Borrowing and Debt Position	111
10.1 Interest Expense assumptions	111
11 Conclusion.....	112
11.1.1 <i>Figure 11.1.1: GAAP Total Budget Revenue - FY2015 \$1,243.5M</i>	112
11.1.2 <i>Figure 11.1.2: GAAP Total Budget Expenses - FY2015 \$1,217.3M</i>	113
Appendix 1: FY2014 Operating Fund Forecast vs. last year’s budget.....	114
Appendix 2: Organizational Chart for McGill University.....	115
Appendix 3: Unit Unrestricted Financials FY2010-FY2013 – Faculties & Libraries (1 of 5).....	116
Appendix 4: Unit Unrestricted Financials FY2010-FY2013 – Admin Units (1 of 5)	121
Appendix 5: Unit Level Restricted Financials FY2013 – Faculties & Libraries (1 of 3)	126
Appendix 6: Unit Level Restricted Financials FY2013 – Administrative Units (1 of 4)	129
Appendix 7: Full-Time Tenure-Track Faculty Staff Counts (excluding tenure-track librarians, see Appendix 8)	133
Appendix 8: Full-Time Tenure/Tenured and Full-Time Non-Tenure Track Libraries Staff.....	134
Appendix 9: Administrative and Support Staff Counts within Faculties, Libraries and Administrative Units	135
Appendix 10: Incremental Operating Budget Allocations for Faculties and Libraries FY2014	136
Appendix 11: Incremental Operating Budget Allocations for Administrative Units FY2014	137
Appendix 12: Budget Planning Timeline October2013-April 2014 (1 of 2).....	138
Appendix 13: Pro-forma GAAP Financials FY2015 Budget, FY2014 Forecast and FY2013 Actual - 4 Funds.....	140
Appendix 14: Statement of change in net assets – 5 years	140
Appendix 15: MESRST Operating Grant.....	142
Appendix 16: Endowed Chairs by Faculty	143
Appendix 17: New Initiatives for Faculties and Administrative Units	144
Appendix 18: Research Trends – Federal Granting Agencies	145
Appendix 19: Research Trends – Provincial Granting Agencies.....	147
Appendix 20: Endowment Income Contribution to Restricted Fund (by major unit)	149
Appendix 21: Deferred Maintenance – Schedule of McGill’s Total Debt and Bank Borrowings.....	150
Appendix 22: Capital Projects – Summary of Borrowing.....	151
Appendix 23: McGill University Multi-year financial outlook by Revenue and Expense.....	152
Appendix 24: University Financial Policies and GAAP Principles	153
24.1.1 Financial/accounting policies.....	153
24.1.2 Revenue Recognition	153
24.1.3 Balanced Budget	153
24.1.4 Contingency fund	153

24.1.5	Capital assets.....	153
24.1.6	Grants receivable	154
24.1.7	Pledges	154
24.1.8	Discounting of Long-Term Grants Receivable	154
24.1.9	Deferral of Research and Capital Grants.....	154
24.1.10	Long-term debt	154
24.1.11	Short-term debt	154
24.1.12	Employee Future Benefits.....	154
24.1.13	Employee Future Benefits, Vacation Accrual and Other Pension Costs	154
24.1.14	Other Presentation Changes.....	155
24.2	Future Oriented information	155
Appendix 25: Glossary of Terms		156
Appendix 26: Administrative Groupings (by Unit or Faculty)		161

McGill University – Quick Facts

Mission Statement

The mission of McGill University is the advancement of learning through teaching, scholarship and service to society: by offering to outstanding undergraduate and graduate students the best education available; by carrying out scholarly activities judged to be excellent when measured against the highest international standards; and by providing service to society in those ways for which we are well-suited by virtue of our academic strengths.

At a glance

- Founding date of McGill University: 1821
- Degrees granted in 2012-13: 8,282
- Downtown campus: 845 Sherbrooke St. W., Montreal, Quebec
- Macdonald campus: 21111 Lakeshore Rd., Ste. Anne de Bellevue, Quebec

Leadership

- Chancellor: Arnold Steinberg (to June 2014); Michael Meighen (starting July 1, 2014)
- Chair, Board of Governors: Stuart ("Kip") Cobbett
- Principal and Vice-Chancellor: Suzanne Fortier
- Provost: Anthony C. Masi

Students

- 38,779 students
- Most Rhodes Scholars of any Canadian university

Faculty and staff

- 1,674 tenured and tenure-stream faculty

Faculties and schools

- 11 faculties and 11 schools

Research

- \$483.5 million awarded in research funding in 2011-2012 (McGill and affiliated hospitals)

Notable firsts

- Nature of radioactivity (Ernest Rutherford)
- Discovery of the role of the hippocampus in memory (Brenda Milner)

- First artificial cell (Thomas Chang)
- First Internet Search Engine (Peter Deutsch, Alan Emtage, Bill Heelan)
- Invention of the Charge Coupled Device used in digital cameras and photocopiers (Willard Boyle, BSc'47, MSc'48 and PhD'50)
- Solving how cells protect their DNA from damage (Jack Szostak, BSc'72)
- Discovery of the fastest spinning neutron star (Vicky Kaspi)

Health

- Canada's first faculty of medicine, established in 1829
- 4 teaching hospitals affiliated with McGill, including the McGill University Health Centre, an amalgamation of 6 hospitals and institutes.
- Through its Faculty of Medicine and teaching hospitals, McGill is responsible for tertiary health care services, teaching and research in a region (Réseau Universitaire Intégré de Santé or RUIS) covering 63% of the Quebec's land mass – and about 1.7 million people.

Tuition

- Québec residents \$2, 282.10
- Rest of Canada \$6,640.80
- International students (varies depending on program—see [source](#))

Letter from Principal and Vice-Chancellor Prof. Suzanne Fortier

15 April 2014

Dear Members of the McGill Community,

It is with pride that I write my first letter of introduction for the annual McGill Budget Book, a planning and financial tool designed to support and advance the University's mission and goals. The FY2015 Budget Book outlines McGill's careful stewardship of resources and choice of rigorous remedial measures that have allowed us to respond responsibly to unexpected budget cuts and funding constraints, while protecting our priorities.

The pages that follow underscore our support for students, faculty and staff. Our ongoing measurement of performance is helping McGill become a more agile and efficient organization; it is helping us make good on our pledge to remain accountable and committed to stakeholders at McGill, in Montreal, and throughout Quebec and Canada.

I arrived at McGill in September 2013, a time of financial uncertainty for Quebec universities. Because of large budget cuts and foregone anticipated tuition revenue totalling almost \$57 million over two years, McGill implemented a plan to reduce operating costs by \$43.5 million. We reduced our wage bill by \$29.8 million, for example, through the voluntary retirement program and hiring freezes. Such measures were difficult, but necessary.

We cannot ignore our financial challenges, but we cannot let them define us. This is a lesson we have learned from our past; in the 1990s, for example, McGill bounced back from significant cuts to lead Canada in research performance. We have defined our vision and priorities for the next four years. To achieve our goals, we will need to continue to manage our finances very carefully. Our drive, our talent – and our engagement with each other and the community – will allow us to achieve our vision.

To harness their full potential for the economic prosperity and social progress of the province and the nation, McGill and its sister universities must grow existing revenue streams and seek other avenues to generate significant new revenues. We must also seek, in active partnership with the Quebec government, a new funding formula that is simple, transparent in its administration, and based on equity, predictability and recognition of performance and accountability.

In our global, highly networked and rapidly changing world, ways of learning and knowing are transforming day by day. This Budget Book reflects our need to hold fast to our strengths but also to embrace change. Our openness to change, I believe, will determine our future success.

I would like to thank the Provost, his team and the members of the Budget Working Group for their outstanding work in preparing the FY2015 budget.

Sincerely,

Prof Suzanne Fortier, Principal and Vice-Chancellor
McGill University

Preamble – Prof. Anthony C. Masi, Provost

The Office of the Provost is responsible for preparing the McGill University budget. The timeframe for our planning and budgeting cycle is five years and the exercise incorporates estimates and projections for four McGill funds: Operating, Restricted, Capital, and Endowment. As in previous years, the FY2015 budget reflects and supports McGill's priorities, goals and objectives as outlined in a variety of planning documents, such as [ASAP 2012: Achieving Strategic Academic Priorities](#). The University's priorities as described in these planning documents serve as the drivers for budget processes and related resource allocations.

This preamble highlights the circumstances, considerations and key assumptions that are affecting the current five-year planning cycle. It also outlines some of the major challenges facing McGill in a context of uncertainty about government funding commitments. In addition, it also provides an overview of the FY2015 budget as a policy document in its own right that outlines the key means the administration will use to support an enduring commitment to uphold McGill's mission and position as one of the world's most highly regarded and respected publicly-funded, research-intensive, and student-centred universities.

Readers who are familiar with McGill's Budget Book will note several improvements in the presentation for FY2015. First, the institution-wide key performance indicators that are used to monitor progress toward the achievement of strategic objectives are being supplemented by Faculty-level indicators. Each Faculty has been asked to develop its own five-year targets for academic staff numbers, student enrolment numbers, research grants, and philanthropic donations. Second, there is a new section that presents comprehensive coverage of the capital budget and related processes and examines the impact of capital investments on the operating budget. Third, a common template has been used to ensure greater consistency in data presentation and in the legibility of tables and charts so that, wherever possible, the full five-year planning timeframe can be presented. Fourth, this year for the first time, the University's budget model fully integrates and allows the expenditure plans from each Faculty and Administrative unit's multi-year multi-fund "Financial & Budget Model" (FBM) submission to be rolled-up accordingly. As in FY2014, the FY2015 budget has been developed through the University's integrated budgeting and financial framework that includes consultation with Deans and Vice-Principals and their administrative teams, Faculty Councils, Chairs and Directors, and Senate prior to seeking the Finance Committee's recommendation to the Board of Governors for approval, and final approval by the latter body.

Context for the FY2015 Budget

The context for the design and development of McGill's budget for FY2015 started with provincial government funding proposals during the academic year 2012-2013. As indicated in last year's [FY2014 budget book](#), in December 2012, eight months into FY2013, Quebec announced a \$124-million reduction in funding for the province's university system. McGill's proportionate share of the combined budget cut to its operating grant and from the loss of previously announced tuition revenue represented a reduction of just under \$57-million covering FY2013 and FY2014. The cuts to the grant and the suspension of tuition increases were both subsequent to approval by McGill University's Board of Governor for the start of a new five-year budget cycle that had been predicated on government contributions that were stipulated in a provincial budget that was legitimately tabled.

With this sharp and unanticipated decrease in funding, McGill's financial situation changed dramatically. We moved from a situation in which the University was expecting gradual increases in government support and tuition fees that would have generated much needed new revenues to allow for strategic investments, to a very different scenario characterized by increases in the University's annual operating and financed accumulated deficits. Given the magnitude of the reduction, at one point in January of FY2013 we feared that the annual operating deficit might actually have climbed from a budgeted \$7.2 million to as high as \$37.8 million. That would have pushed our accumulated operating deficit to an untenable \$145.8 million. Fortunately, we took immediate actions to curtail overall spending and to repatriate potential surpluses in local accounts. Some additional revenues and better than anticipated financial performance of the markets saw McGill end FY2013 with an annual cash deficit of only \$13.4 million.

In response to these circumstances, much of FY2014 was spent identifying ways to sustain and support McGill's mission, while at the same time reducing expenses and redirecting on-campus investments. Through the implementation of a variety of cost-control measures, including a Voluntary Retirement Program and other employment-related initiatives, McGill appears to be on track to close FY2014 with an operating deficit of approximately \$10.4 million very close to that projected last April (before the government cuts at \$10.3 million), and an accumulated operating deficit of around \$121.1 million. These efforts, combined with prudent financial management and controls, were aimed at holding McGill's accumulated deficit, which has to be financed by borrowings, to a more sustainable level. One of the effects of this belt-tightening exercise is that McGill will have to operate with a leaner staff complement in order to allow for gradual repayment of deficits and for investments in strategic priorities.

The goal of this Budget Book is to outline a plan to end annual operating deficits and to pay down, within the next five years, the growth of some \$24.5 million in the accumulated operating deficit that arose from the 2012-2013 cuts in the provincial operating grant and rescinding of announced tuition increases. At least a portion of Quebec's publicized reinvestments, promulgated at the Summit on Higher Education held in February 2013, remain conditional on maintaining sound and responsible financial management, including, at the very least, absorption of the deficits accumulated over the past two years. McGill's long-term best interests lie in paying down the deficits and then making provision for additional repayment contributions in subsequent budgets over a five-year cycle. By lowering the accumulated operating deficit, which is financed by borrowings, we will mitigate the risks associated with potential future interest rate increases and thus enhance our ability to dedicate resources to strategic academic priorities rather than to passive interest charges.

A Time of Continuing Uncertainty

Despite some recently promising signs, we cannot declare ourselves to be out of the woods yet. Quebec's commitment to "re-invest" in the province's universities has been offset by what now is clearly the permanent nature of the cuts from FY2013. In fact, comparing FY2015 to FY2012, it is difficult to see any really "new" government funding. It is important to recall that in addition to the significant reduction in administrative staff resulting from the Voluntary Retirement Program, McGill salaries for most employee groups, including tenured professors, were frozen in FY2014. In the context of our peers and competitors, a significant catch-up in faculty salaries is in order, indeed it is far overdue. In order to keep pace with U15 peer institutions in Canada, McGill's budget for FY2015 includes a major undertaking: increasing academic salaries and projecting similar increases over the next three-to-five years in order to remain competitive with our Canadian peer

universities. Overall salary policy for FY2015 covering all employee categories is being budgeted to cost just over \$17.0 million in FY2015.

Questions remain about Quebec's reinvestment plan for FY2015 and beyond. At the time of this writing (April 2014), the provincial government in office prior to the elections of 7 April 2014 had committed to re-invest nearly \$1.8 billion in the university sector between FY2015 and FY2019. Unfortunately, there are elements of this reinvestment that have never been fully described. Consequently, based on the best information available to us, we have crafted a conservative set of projected revenue assumptions for McGill's share of this "reinvestment" – approximately \$27.0 million in FY2015.

Of course, there would be a significant negative impact on our projected revenue if this reinvestment failed to materialize or was significantly smaller than expected. The latest provincial budget released in January 2014 highlighted the delay in achieving a balanced budget due to the weaker than anticipated economic performance. Additionally the Ministry of Finance announced plans to review out-of-province and international student tuition in order to achieve annual savings of some \$60 million. While details on this have yet to be released, this nevertheless suggests further cost cutting measures may emerge to fund the reinvestment commitments. Furthermore, no university had signed its reinvestment agreement ("convention spécifique") prior to the election call for 7 April 2014. It is therefore unclear whether the reinvestment commitment will survive under the new government.

Moving forward in FY2015 and beyond

In writing and editing this Budget Book FY2015, I still do not have a clear picture of the amounts and details to support the University's future funding framework. Nothing has been confirmed to us. Nonetheless, the mandate of the Office of the Provost is to project a five-year budget outlook for McGill and present it to the Board of Governors. Consequently, we will aim to achieve a "balanced budget framework", even if we will not actually plan to balance in FY2015. We will identify funding sources to support key strategic initiatives. We will strengthen and sustain McGill's academic and research missions.

The actions that will be supported by budget allocations must ensure the strengthening of McGill's mission. We have a carefully crafted framework as outlined in *ASAP 2012* and other planning documents. We will have to make choices and recognize trade-offs. We know that we cannot accomplish everything we want to do. However, the Principal and Vice-Chancellor has encouraged the community to rally around three strategic priority areas that will receive special consideration and focus in FY2015:

- (1) advance McGill's record of excellence in teaching, research and knowledge dissemination and exchange
- (2) sustain our focus on enhancing quality and innovation of our students' life and learning experiences, inside and outside the classroom
- (3) continue to strengthen McGill's role, reputation and success as a partner in Montreal, Quebec, Canada and globally

In order to support these priorities in FY2015, as well as to meet the University's other commitments, we must increase McGill's operating expenditures. Some of these additional expenditures will simply allow McGill to meet existing obligations; in particular for the pension plan and for pay-equity. Other expenditures have yet to

find their expression in our current five-year forecast: namely much needed investments in information technology and deferred maintenance. Although these would typically be covered through the capital budget, that budget envelope is insufficient and cannot meet all the University's needs. As a result, the Vice-Principal (Administration and Finance) will be exploring various borrowing options in the course of FY2015 and we must therefore set aside some funds as contingency for these purposes. Refined plans along these lines will be developed to address both the interest and capital repayment obligations from our operating budget in years subsequent to FY2015.

Realistically, in order to achieve our objectives and to fulfil our obligations, McGill must stay the course in two important ways. First, the cost-reduction measures reached during FY2014 must be sustained. The savings attained must be used to pay our existing bills, rather than to return to the previous staffing levels. Second, the University must find new ways to expand revenue growth by working to leverage more funding from existing sources, and by seeking to diversify revenue, both operating and capital. Options to pursue include, but are not limited to: de-regulation of undergraduate tuition fees for international students beyond the initial four Faculties (Science, Engineering, Law, and Management) to other undergraduate disciplines as well as to professional master's programs, improvement in the University's research performance, and identification and implementation of new ways to generate additional operating revenue that support McGill's mission and values.

We must strive to achieve these priorities in order to meet commitments to our students, faculty, staff, and other stakeholders and publics. With the budget for FY2015, McGill will start on the road to becoming a more agile institution, one with a leaner, but stronger, foundation. The efforts outlined in this Budget Book FY2015 must be understood as steps of continuous, incremental improvements and accountability, driven by priorities and recorded by the measurement of key performance indicators (KPIs) and other analytics. We must push even further the kind of sound, sustainable management that emphasizes collegial governance, transparency, participation, and respect. In truth, the hard choices we have made, and must continue to make as a community, constitute the price we have to pay in order to guarantee McGill's future.

A Note of Thanks

Given the uncertainty and difficulties we have faced during the past two years, the response of our community has been remarkable. Individuals and their units came together to find ways to reduce costs and increase efficiency. I am pleased to conclude by offering my sincere thanks to all members of the McGill community for their willingness and efforts to adapt and adjust their ways of working, to implement a new integrated budgeting process, and to address so skilfully many other challenges. Your direct involvement was a major factor in our ability to meet our strategic objectives, within our own constraints and the constraints imposed upon us. I appreciate your understanding, dedication and hard work as we deal with the opportunities and challenges that lie ahead.

1 Budget Book FY2015: Executive Summary

The preparation of McGill's Budget Book FY2015 has been guided by the following considerations:

- a context of continuing uncertainty regarding the actual allocations Quebec universities can expect from the government
- use of the most defensible information contained in the public record or as revealed to us in private meetings with officials from MESRST
- the above caveats cover all four funds (operating, restricted, capital, and endowment)
- conformity with the directives of the Board of Governors and its Finance Committee to continue to project revenues and expenses in a multi-year framework for the five-year period from FY2015 to FY2019
- development of a budget plan explicitly designed to meet the targets established by the senior administration in consultation with the Board of Governors
- detailed description of the budgeting process with the aim of soliciting input for improvements
- outline the uncertainties and risks that could have a negative impact on the University's financial results
- explain the structure and constraints under which the University operates and how we must report and comply with government requirements
- Illustrate how proposed future investments are aligned with the strategic objectives of the University.

We present Budget Book FY2015 as a document that supports transparency, accountability, and communication with members of our community. In order to facilitate communication, when a term appears in **bold typeface** within the text, the reader will find a definition in the Glossary of Terms ([Appendix 24](#)).

1.1 FY2014 Key Variances in Budget versus Forecast Year End

As of 31 March 2014, we were still tracking close to the planned and budgeted deficit target of \$10.3M for FY2014.

The most notable shifts and actions occurring in FY2014 included the following:

- Positive variances:
 - higher than expected provincial grant and tuition revenues as a result of increased enrolment as well as an additional one-time grant from the MESRST of \$8.8M for tuition loss: \$10.6M
 - savings on borrowing costs (net of bank charges) due to continued low interest rates: \$2.8M
 - higher than budgeted sales of goods and services: \$1.9M
- Negative variances:
 - higher than budgeted costs for Facilities: -\$6.1M
 - higher than expected cost of goods sold and services rendered: -\$2.3M
 - higher than budgeted IT-related costs: -\$2.2M

- accrual for a portion of the next phase of Pay Equity: -\$2.0M
- higher than budgeted contract and professional services: -\$1.4M
- higher than budgeted other expenses: \$-1.1M

A summary of variances is provided in [Appendix 1](#): FY2014 Operating Fund forecast versus last year's budget.

As can be seen, therefore, we are tracking very close to the \$10.3M deficit planned at the beginning of the fiscal year and contained in last year's Budget Book FY2014.

1.2 MESRST Budget Cuts and the Reinvestments

Last year's budget book referred to FY2014 as the "*second and final year of the cut in MESRST funding (\$19.1M in FY2013 and \$19.2M in FY2014)*". On 16 December 2013, MESRST announced that the cut would in fact be permanent, and very slightly larger than announced at \$19.3M on-going. On the other hand, as shown below, the announced reinvestment envelope was itself somewhat higher than anticipated.

- The Province's strategic reinvestment envelope as proposed by the outgoing party in government was supposed to total \$1.764B from FY2015 to FY2019. McGill's share for FY2015 was estimated to be \$26.6M, of which:
 - \$20.3M in the draft McGill convention¹, plus
 - \$6.3M from increases in the funding formula – *hausse du financement*, versus the permanent nature of the previous \$19.3M cuts announced in December 2013
 - however, included in the \$20.3M was an incentive for deficit reduction of \$2.5M which must be applied "below the line" directly to the accumulated deficit, and therefore it cannot be used to as part of the allocations to units for FY2015 operations
 - the remainder of the \$20.3M, if the reinvestments materialize, will be spent according to the "McGill convention"

With regard to the last point, the proposed reinvestments are linked to each university in the Quebec network signing a "convention". However, the finalization of this "convention" was postponed following the call for provincial elections for 7 April 2014. If the "conventions" are ultimately finalized, McGill must be prepared to meet some specific objectives to qualify for funding that in previous provincial grants came to the University as "unrestricted"; that is the money may now have "strings attached". See also [Section 4](#), "Economic and Political Environment".

1.3 Target Surpluses/Deficits

The nature of the conditional deficit reduction incentive (refer to [Section 6.4.1](#) for details) has caused us to reconsider our surplus/deficit targets:

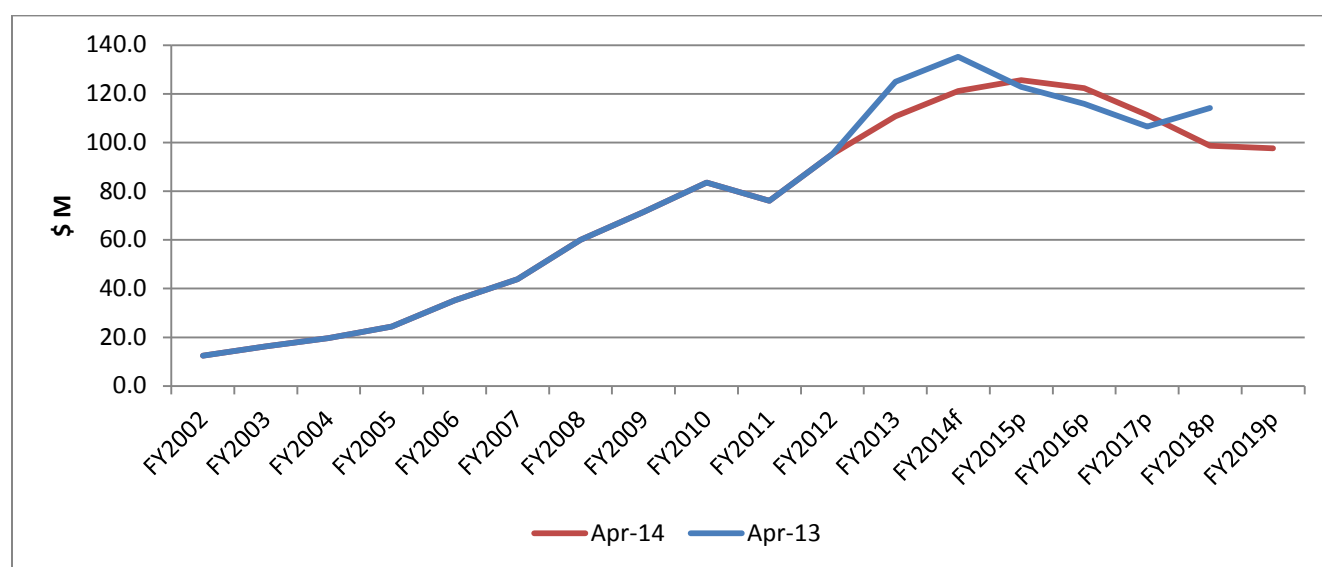
¹ Convention de réinvestissement 2014-2015 entre le Ministre de l'Enseignement supérieur, de la Recherche, de la Science et de la Technologie et l'Université McGill, draft version 14 February 2014. McGill University, p. 8.

1.3.1 Table 1.3.1: Revised April 2014 Annual Operating Fund Surplus / Deficit Targets (\$M)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Surplus (deficit)	(13.4)	(10.4)	(7.0)	(1.0)	5.2	6.5	(5.5)
Conditional "équilibre budgétaire" grant	--	--	2.5	4.2	5.9	6.2	6.5
Net surplus (deficit)	(13.4)	(10.4)	(4.5)	3.2	11.1	12.7	1.0

[Figure 1.3.2](#) presents the impact of the revised targets on the total accumulated financial deficit.

1.3.2 Figure 1.3.2: Total Financed Accumulated Deficit – Original 2013 & Revised 2014 Projections



1.4 Enrolment Forecasts

We base the five-year enrolment forecasts for the University on admissions targets discussed in December 2013 with each Faculty for all degree programs and service teaching (see [Section 6.1.4](#)).

Enrolment-driven grants, related adjustments, and fees account for approximately three-quarters of McGill's total operating revenues. Obviously, revenue forecasts are therefore highly sensitive to enrolment variations.

For "regulated" students (i.e. those funded by the MESRST and for whom basic tuition and supplement are set by the government), the total number of **full-time equivalent (FTE)** students (those taking the equivalent of 30 credits per year) are expected to grow by 0.8% in FY2015 and by 4% over 5 years (from 30,082 FTEs in FY2014 to 31,286 FTEs in FY2019).

For students registered in "**de-regulated**" programs (i.e. international undergraduate students in 6 specified disciplines in the Faculties of Engineering, Law, Management, and Science for which the University sets the

tuition, but for which no teaching grant is received) the full-time equivalent students are expected to grow by 11.8% in FY2015 and by 36.9% over five years (from 1,448 FTEs in FY2014 to 1,982 in FY2019). FY2015 will be the first year of full de-regulation for the four above-mentioned Faculties following a five-year progressive transition toward keeping a larger portion of the tuition supplements and receiving a proportionately lower teaching grant, resulting in a net revenue increase of \$2.5M.

1.5 Academic Renewal

Academic Renewal remains one of the top strategic priorities of the University and related investments will continue in the years to come. A “3 for 4 replacement model” for FY2015 reflects the fact that FY2014 cuts were implemented after a peak in academic recruitment activity in 2013-14. We therefore could not find savings on this expenditure item for FY2014 since recruitment processes for that year were already committed. Following FY2015, Faculties will return to a more normal academic renewal pace. Costs will nonetheless be contained because most Faculties are nearing their target complement (see the Academic Renewal Model in [Section 6.2.6](#)).

1.6 Administrative and Support Staff reductions

Reductions in the number of administrative and support staff due to the Voluntary Retirement Program resulted in on-going savings of nearly \$20M, some of which were already realised in FY2014. For the most part, we expect that these savings will be permanent because only a small fraction of the departing complement of employees will be replaced. Human Resources are closely monitoring all replacement hires and the unit is issuing monthly “staff mobility” reports for the Provost, Vice-Principal (Administration and Finance), and other senior administrators.

1.7 Compensation and Salary Policy

Key employee groups agreed to a salary freeze in FY2014 resulting in savings close to \$10M. The salary freeze comes to an end in FY2015. Our authorised salary policies for FY2015 will total \$17M, including pension and benefits costs.

1.8 Budget Cuts

After the severe budget cuts imposed in FY2014, one component that was planned in FY2014 carries forward to the Faculties to implement in FY2015: the remaining cut in expenditures for academic support staff for a total reduction of \$1.7M.

In planning FY2016 to FY2019, units were asked to include a 2.0% cut each year, representing approximately \$10M in savings for each of these four years. The current financial planning model assumes that these amounts will be re-invested in the unit’s strategic priorities. These budgeted cuts are not included in the special projects envelope outlined below; depending on the soon to be announced provincial budget by the newly elected government, they might not be necessary. Next year’s budget book will provide more

precision on this matter.

1.9 Significant one-time and ongoing expenses

Two significant on-going expenses continue to have an impact on McGill's budgeting: pension plan shortfalls and pay equity settlements.

The annual cost of financing the pension shortfall, net of cost-sharing by plan members, has been put in the five-year model at a cost of \$15M. Insofar as the actual amounts will vary around this forecast depending on interest rates, market returns, and the number and composition of those taking retirement settlements, this is a line item for which we may expect variance when year-end valuations are prepared for the purposes of issuing the audited financial statements.

McGill paid out \$19.7M for retroactive pay equity settlements in FY2014 for employees hired prior to 2010. We are now entering another phase of the pay equity exercise covering the years between 2010 and 2015 for which additional funding will need to be accrued and booked. Going forward, maintaining pay equity salary adjustments on an on-going basis will require \$1.7M annually of which \$1.0M must come from operating funds. Another \$1.2M (\$0.8M from operating funds) will be budgeted for maintaining pay equity adjustments arising from this second phase.

1.10 Special Projects Envelope

For the five-year budget framework, we are reserving a special projects envelope linked to the strategic priorities of the University. We will launch these initiatives after signing the reinvestment "convention" or its equivalent and after confirming the availability of MESRST envelopes. Some of initiatives may also be funded from revenues generated by enrolment growth.

Starting in May 2014, the Office of the Provost will develop and prioritize a list of projects to take advantage of the potential positive revenue balances that may become available each year. This provides a limited opportunity to consider investments in priority capital projects, including IT infrastructure, as well as equipment upgrades. Details by year are illustrated in *Table 1.11.1*: \$6M to \$11M per year will be available over the next four years and \$24M is being planned for FY2019.

1.11 Risk factors

As outlined above, the overall picture does have some positive elements; however there remain many unknowns and questions that are adding to the uncertainty surrounding revenues and inhibiting our ability to authorise allocations for expenditures:

- There is considerable fluctuation surrounding enrolment growth for deregulated programs.
- Will the election of a new government or economic conditions modify the commitments made by the former government?

- For the outer year (FY2017 to FY2019) forecasts contained in this budget, will our recommendations emanating from the “Chantier sur le Financement” be taken into consideration?
- Will the tuition policy related to international students change (e.g. further de-regulation, changes in the tuition supplement exemption policy)?
- Will interest rates remain low, allowing for short-term borrowing that will not excessively burden the operating budget?
- What effect will exchange rates for the Canadian dollar have on enrolments or expenditures?
- Additional deferred maintenance surprises continue to be difficult to estimate.

1.11.1 Table 1.11.1: 5-Year Outlook (\$M)

5 Year Outlook - as of April 2014							
in millions							
	<u>FY13a</u>	<u>FY14f</u>	<u>FY15b</u>	----- Outlook -----			
	<u>FY16o</u>	<u>FY17o</u>	<u>FY18o</u>	<u>FY19o</u>			
Revenues	742.7	751.6	763.9	786.9	808.3	829.6	849.4
Announced cuts by Qc	(19.1)	(19.2)	(19.2)	(19.2)	(19.2)	(19.2)	(19.2)
Expected Reinvestments			24.0	34.4	46.8	50.9	55.0
Total Revenue	723.6	732.4	768.8	802.1	836.0	861.3	885.1
Expenses (excl. special projects)	737.0	742.8	766.8	793.5	825.0	844.3	866.5
Unallocated Special Projects	0.0	0.0	9.0	9.6	5.8	10.5	24.1
Total Expenses	737.0	742.8	775.8	803.1	830.8	854.8	890.6
Annual Surplus (Deficit)	(13.4)	(10.4)	(7.0)	(1.0)	5.2	6.5	(5.5)
Conditional "équilibre budgétaire"							
MESRST grant			2.5	4.2	5.9	6.2	6.5
GAAP Accumulated Deficit	(287.6)	(298.0)	(302.5)	(299.3)	(288.2)	(275.5)	(274.5)
Financed Accumulated Deficit	(110.7)	(121.1)	(125.6)	(122.4)	(111.3)	(98.6)	(97.6)

a=actual; f=forecast; b=budget; o=outlook

2 Economic and Political Environment

2.1 Current Economic and Political Realities

The McGill Budget Book FY2015 and indeed the entire planning framework for McGill's next five years have been shaped by contextual factors in the economic and political environment. Close to half of McGill's overall operating budget still comes from the Quebec government, largely in support of teaching activities. In addition, the Quebec government sets the tuition rates for most of the University's students and their programs of study. The major portion of research support comes from federal agencies, but even on this count there are provincial sources of funding upon which McGill depends. The University's financial position, therefore, is strongly influenced by economic and fiscal factors that affect governments at both levels.

The economic recovery from the 2008 downturn in financial markets has been rather weak, marked by low consumer confidence and low spending, a soft housing market, and tax revenues have been lower than anticipated. These factors have constrained provincial government finances. The Quebec 2014-15 budget tabled in February 2014 projected deficits of \$2.5B in 2013-2014 and \$1.75B in 2014-2015. The government in power at the time foresaw a return to a balanced budget only in fiscal year 2015-2016. As of this writing, the 7 April 2014 provincial election, even though it returned a majority government, is adding uncertainty to the previous government's announced December 2013 multi-year strategic reinvestment for Quebec universities. This follows on the heels of the previous year's sudden cuts to university grants and the rescinding of confirmed tuition increases for Quebec students.

Until the provincial election was called, we were planning a budget for McGill based on a strategic reinvestment envelope expected to be \$1.764B over the years between FY2015 and FY2019. We estimated McGill's annual share would be \$27.1M (\$20.3M in the draft McGill convention² plus another \$6.8M from increases in the funding formula – *hausse du financement de base*). Of course, as noted above and in last year's Budget Book, a \$19.3M cut in McGill's annual grant was imposed in December 2013 and considered permanent in the winter and spring of 2014.

The Ministère de l'Enseignement Supérieur, de la Recherche, de la Science et de la Technologie (MESRST) did provide details on "sub-envelopes" to meet specific purposes discussed in their strategic reinvestment plan. Fortunately, in preparing the Budget Book FY2015, we have been able to align their targets to our academic priorities (see *Figure 4.1.1*). On the negative side, however, the provincial supplementary allocation to compensate for the rescinded tuition increases was limited to FY2014 and will not reappear in McGill's provincial grant in FY2015. The proposed pre-election Quebec Budget also called for a review of university tuition fees paid by out-of-province and international students. The government indicated that a possible objective of such a revision would be to achieve annual savings of \$60M. Such a move could have a negative impact on McGill.

The cuts to Quebec's three research granting councils, announced in close conjunction with the December 2013 university budget cuts, were to have been restored in the "Plan national de recherche et innovation." That plan, announced in October 2013, involves a reinvestment of \$1.8B over five years. It also contains new funds designated to facilitate the transfer and application of research results and for collaborative initiatives

² Convention de réinvestissement 2014-2015 entre le Ministre de l'Enseignement supérieur, de la Recherche, de la Science et de la Technologie et l'Université McGill, draft version 14 February 2014. McGill University, p. 8.

among researchers, organizations, businesses, and start-ups. The Quebec government has also proposed a new method of allocating funding for university research space in lieu of the current provincial indirect-costs-of-research program. Unfortunately, as of this writing, the implementation details are not yet known. There are good indications that these increased dollars for research could provide additional indirect cost recoveries. At the same time, we are concerned that the formula for calculating overhead costs or “indirects” may be reduced.

The federal government appears to have an improved financial outlook has enabled it to provide modest increases in support for university-based research. The Canada Foundation for Innovation’s Leaders Opportunity Fund (CFI-LOF), renamed the John R. Evans Leaders Fund (JELF), is a vital component of McGill’s ability to purchase research equipment and related laboratory renovations for newly recruited faculty. Indeed, the JELF has provided around \$80M to more than 500 projects at McGill since the program’s inception as CFI-LOF. For the period from 1 April 2014 to 31 March 2017, the Fund will allocate \$12.7M to McGill. This is a \$3.0M increase over our initial projections. In addition, the government has announced a modest increase to the federal indirect costs of research (FICOR) program for FY2015, which for a number of years has had a fixed envelope, leading to the gradual erosion of the percentage of McGill’s indirect costs of research partly covered by the program. The government has also increased the envelopes for the Tri-Agency funding councils for research grants and to funding available for post-doctoral students. In addition the government will launch the Canada First Research Excellence Fund to support research excellence at the institutional level, with \$50M in 2015 rising to \$200M annually in 2018. McGill should be well-positioned to garner a competitive share of these new dollars.

Among other political and economic factors that have an impact on McGill’s budget, the following are of particular concern: (a) political and regulatory issues including the proposed Quebec “Charter of Values” (Bill 60), if this continues to be pursued by the new governing party, (b) possible amendments to the French Language Charter (Bill 14), (c) changes to immigration rules at the federal and provincial levels, and (d) anomalies arising from pay equity implementations. Some broader economic factors that will have an impact on McGill’s budget and allocation processes include continuing low interest rates and the recent decline in the value of the Canadian dollar.

The proposed “Charter affirming the values of State secularism and religious neutrality and of equality between women and men” (Bill 60) would restricts staff members of public institutions – including universities and hospitals – from wearing “conspicuous” items (headgear, clothing, jewellery) that overtly indicate religious affiliation. McGill, along with many other provincial institutions and employee groups, has submitted a brief regarding Bill 60 in which we state our opposition to these restrictions as infringements on individual liberty, a fundamental encroachment on the institutional autonomy of Quebec universities, and contradictory to Quebec’s image as a welcoming and open society.³ The Board of Governors, McGill’s Senate, the McGill Association of University Teachers, student societies, and employee groups have endorsed this position adopted by our Principal.

In addition, the proposed Bill 14 modifying the Charter of the French Language, the Charter of Human Rights and Freedoms and other legislative provisions might require English-language Collèges d’enseignement général et professionnel (CEGEPs), even those with limited capacity, to admit all English-speaking applicants before being allowed to admit French-speaking students. Legislated limitations on francophone admissions to

³ McGill, Brief from McGill University on Bill 60, January 9, 2014.

https://www.mcgill.ca/communications/sites/mcgill.ca/communications/files/bill_60_submission_english.pdf

the predominantly Anglophone CEGEPs could have a negative impact on McGill's intake of francophone students. Currently 18 percent of McGill students claim French as their first language.

Recent federal and provincial immigration rule changes might also impair McGill's ability to recruit and retain academic staff coming to us from other countries. The federal government has tightened some rules and regulations for renewing work permits. For example, recruiting or retaining a professor who has an existing right to work in another country but who would lose that status by applying for Canadian permanent residence rather than simply holding a work permit, might be discouraged from accepting employment. , Work permit renewals now require re-advertising the position. This could jeopardize the status of Assistant Professors who seek to renew their work permit in line with the renewal of their initial three year appointment.

The Quebec government has tightened both French and English language requirements to qualify for immigrant status, entailing increased costs for demonstrating language competence, but also posing challenging time limits for mid-career and senior scholars to acquire the language competency needed under Quebec's immigration point system. The administration of existing regulations also presents challenges with budgetary implications.

Apart from the amount of the retroactive \$19.7M pay equity settlement paid in FY2014 to certain categories of past and present employees hired between 2001 and 2010, the settlement awards retroactive increases to some groups that are already appropriately paid in the external context thus creating other forms of pay anomalies. For example, staff in some higher skill levels but in categories that are predominantly male, may now be paid less than the lower skill categories that they supervise if those categories are predominantly female. This requires, and will receive, additional analysis during FY2015.

There are also macro-economic external factors that are shaping McGill's budget context. Consider the current low interest rate environment that formed part of the stimulus policy central banks put in place following the 2008 financial crisis. On the one hand, such policies lower the interest cost on McGill's borrowing. On the other hand, they contribute to lower earnings both for the McGill University Pension Plan (MUPP) and for endowments whose income helps fund endowed chairs, financial aid and some other operating expenses.

The McGill University Pension Plan (MUPP) is a hybrid plan with both a defined benefit⁴ and a defined contribution⁵ component for McGill employees hired before 1 January 2009, and a defined contribution only for those hired after that date. Under government regulations, every three years McGill's pension plan is required to undertake an actuarial valuation exercise to determine whether the pension plan is appropriately funded to meet the defined benefit component of the MUPP as well as other aspects of its funding. Increased longevity not foreseen in the design of the plan has created a deficit for those who were allowed to buy internal annuities or income funds. In addition, lower interest rates and equity returns since the 2008 financial crisis have further exacerbated financial shortfalls in the MUPP. These trends have increased sharply between 31 December 2009 and 31 December 2012.

⁴ A defined benefit pension plan pays a pension based on a formula usually linked to pensionable earnings and length of service. It is the responsibility of the employer/plan sponsor to ensure that contributions and investment earnings are sufficient to meet the defined benefit obligation under the plan. McGill University, Human Resources, *Your McGill University Pension, 2013* [Hybrid version], p. 4. http://www.mcgill.ca/hr/sites/mcgill.ca/hr/files/2013_-_hybrid_pension_plan_brochure_2.pdf

⁵ A defined contribution pension plan has a known contribution rate, but the value of the pension paid will depend on the contributions and investment earnings. McGill University, Human Resources, *Your McGill University Pension, 2013* [Hybrid version], p. 4. http://www.mcgill.ca/hr/sites/mcgill.ca/hr/files/2013_-_hybrid_pension_plan_brochure_2.pdf

The University is obliged to make supplementary contributions from our operating budget to the pension plan to make up for any shortfalls in the ability to cover the defined pension benefits to departing employees as well as shortfalls in annuity plans written for some retirees. These supplementary contributions to cover pension fund shortfalls are expected to continue to grow substantially in coming years.⁶ Amendments have been made to the MUPP, including Amendment 24, which has several provisions including introduction of cost sharing of the pension shortfall starting 1 January 2014 for MUPP members eligible for the defined benefit portion of the plan.

Yet another factor affecting budgeting at McGill is that interest rate policy and changes in demand for commodity exports have affected the value of the Canadian dollar. The Canadian dollar has fallen by more than 10% against the US dollar between January 2013 and January 2014. The lower value of the Canadian dollar substantially increases Library costs through higher costs to acquire electronic and print journals and books. A lower Canadian dollar also increases the cost of imported equipment for research as well as for other aspects of running the day to day operations of the University. In addition, a lower Canadian dollar makes McGill less competitive internationally in recruiting and retaining the talented faculty needed for our teaching and research missions, which are also our primary revenue generating activities. Conversely, the lower value of the Canadian dollar may be an inducement for those seeking a quality higher education at a somewhat discounted rate.

2.2 The Higher Education Summit and the Commission on Culture and Education (*la Commission de l'éducation et de la culture*)

As reported in detail in the [FY2014 Budget Book](#)⁷, the Government of Quebec convened the [Summit on Higher Education](#)⁸ on 25-26 February 2013 to address various issues concerning higher education in the province. The Government established five working groups or “*Chantiers*” to examine and make recommendations on the following themes:

1. new legislation regarding universities governance, values and autonomy (report September 2013)
2. new National [Quebec] Council for Universities as an advisory council for the Quebec university network (report June 2013)
3. optimizing CEGEP training and educational offerings (report expected June 2014)
4. financing and revisions to university funding formulas (preliminary report January 2014; final report expected June 2014)
5. higher education accessibility including tuition fees and student financial aid (report June 2013).

McGill has focused its participation and submissions on *Chantiers* 1, 2 and 4. The University’s *Chantier* 1 recommendations, which are in broad alignment with the position of the other Quebec “charter” universities, i.e., those not in the University of Quebec system, focus on preserving university autonomy and streamlining laws and regulations applicable to universities. However, the April 2014 election renders uncertain the implementation of recommendations on *Chantier* 1.

⁶ McGill University, Information for employees in the hybrid pension plan (hired before 2009), <https://www.mcgill.ca/hr/bp/pensions/plan-changes/hybrid-plan>

⁷ www.mcgill.ca/provost/budget/mcgill-university-budget-book-fy2014

⁸ www.mesrst.gouv.qc.ca/

The *Chantier 2* report recommends an advisory body with responsibility for academic program evaluation and for identifying, evaluating and recommending best practices in various areas of academic administration and quality control, but without a coercive role.

Prior to issuing a final report, the chairs of *Chantier 4* have provided a preliminary report that outlines guidelines, options and issues for further discussion. The follow-up consultation process was under way until the election was called for early April. We do not know if the final report, originally scheduled to be delivered in June 2014, will remain on that timeline. McGill's submission emphasized the need for a funding policy that is simple and transparent in its administration, is based on equity, predictability and recognition of performance and accountability.

McGill continues to advocate for the full de-regulation of international undergraduate student tuition fees beyond the programs in the Faculties of Engineering, Law, Management, and Science. In addition, we have taken the position that professional master's programs should also be fully de-regulated. Given the benefits to society of the research conducted on our campuses, McGill is not advocating for the de-regulation of the tuition regime for research-oriented master's programs and for doctoral programs. For more information about revisions to university funding formulas, see the discussion in [Section 6.1.4](#) below.

2.3 McGill's Response to Cuts in Government Funding

Principal Fortier led McGill University's triennial presentation to the Quebec National Assembly Commission on Education and Culture in November 2013 outlining the financial challenges facing the University, the need to generate new revenues, and McGill's desire for a new university funding formula that is simple, transparent and linked to performance.

At the beginning of FY2014, McGill's dependence on government grants and regulated tuition fees was actually greater than we had forecast eight months earlier. This was so, paradoxically, because of the cuts in provincial grants combined with the rolling back of tuition increases for Quebec residents. In the [FY2014 Budget Book](#),⁹ we presented an analysis of alternative ways of dealing with the cuts (and foregone tuition revenues): we concluded that a "phased approach" to absorbing the funding cuts, as suggested by the provincial government and adopted by most other universities in the Province, would have resulted in a rapid and steep increase in McGill's accumulated deficit. We worried about the implications of an increasing burden of debt servicing costs on the operating budget. We felt it more prudent to take the massive cuts up front and work diligently to increasing the University's margin for manoeuvre within the new political and fiscal context. We acted accordingly during FY2014 and we continue to propose this path for FY2015.

Financing and revisions to University funding formulas

Based on an exchange of information with other universities in Quebec as well as on our own analyses of the submissions by them to *Chantier 4* on University Financing, we have now identified some additional risk factors in the current situation. There appears to be some pressure to revise the funding formula in ways that will not benefit McGill and indeed may penalize us further. For example, some institutions have been lobbying for changes in the allocations to reduce 100% funding for incremental student enrolments; others have argued

⁹ McGill University Budget Book FY2014, http://www.mcgill.ca/provost/sites/mcgill.ca/provost/files/doc_university_budgetbook_2013_2014.pdf and http://www.mcgill.ca/provost/sites/mcgill.ca/provost/files/doc_universite_livre_budget_2013_2014.pdf

for more direct support for universities with higher portions of first-generation university students and/or Aboriginal students; yet others are making claims based on presumed qualitative higher contribution to Quebec society. On the last point, McGill plays an important role in educating francophone students and in training researchers and health professionals for all of Quebec society. Further, the University's significant contributions to the Quebec economy were well-enumerated in the 2010 SECOR Group study.¹⁰

Apart from cuts in government funding and rescinding of tuition increases, McGill like most publicly funded employers in Quebec and indeed in Canada as a whole, has faced sharp increases (up from \$7M to \$15M) in obligations to fund pension plan shortfalls due to demographic changes and lower investment returns. In addition, in FY2014 the University made large retroactive pay equity adjustments, for which we had taken accruals in past fiscal years. The amounts may rise, quickly and somewhat unexpectedly, based on legal decisions involving other organizations using the same pay equity model.

McGill has sought to avoid dramatic increases in both its GAAP and "pre-GAAP" (i.e. bank or cash financed) accumulated deficit, as this would increase risks to McGill's autonomy and ability to focus on its mission.

In preparing the University's budget, the Office of the Provost, with important assistance from the Office of the Vice-Principal (Administration and Finance), has always recognized the need to reconsider expenses in light of reduced forecasts in revenues, while at the same time protecting the academic mission and the University's strategic priorities. This is why we did not follow the phased-cut approach proposed last year by Quebec. Doing so would have seen our **accumulated operating deficit** grow sharply. Instead, we decided, after considerable consultation, that we had to make deep and significant cuts to expenses and that is what was reflected in the University's budget for FY2014. We funded top academic priorities, controlled increases to the accumulated deficit, and avoided increasing debt servicing costs in an already strained operating budget.

As noted above, the Office of the Provost, together with colleagues from Human Resources and Financial Services, both reporting to the Vice-Principal (Administration and Finance), engaged in wide-ranging consultations with members of the University community to develop an acceptable response to the government-imposed reduction in our operating grant: we cut expenditures and we found some modest increases in our revenues to cover the difference between budgeted amounts and actuals.

Universities are a labour-intensive sector. Close to 75% of McGill's base operating budget is devoted to salaries, pensions, and benefits. Consequently, to address the shortfall in government funding, we understood that we would have to reduce McGill's overall salary mass. In FY2014, we looked at a menu of options: salary freezes, unpaid leave (furlough), reductions in headcounts through voluntary retirements, a hiring freeze, slower academic recruitment, non-renewal of contracts and other forms of staff reduction. All alternatives were explored and seriously considered either as standalone options or in combination with other elements.

During these deliberations and despite the extraordinary challenges, we were guided by the critical strategic academic priorities and by a firm commitment to a sustainable multi-year resource allocation framework.

¹⁰“Rooted in Quebec”, McGill News; Alumni Magazine, Fall-Winter 2010,

<http://publications.mcgill.ca/mcgillnews/2010/12/03/rooted-in-quebec/>, and Groupe SECOR (2010), *McGill University: Driving Excellence and Prosperity in Quebec*. <http://www.mcgill.ca/files/community/DrivingExcellenceReport-EN.pdf>

Using [ASAP 2012](#)¹¹ and other University strategic planning documents as guides, we assessed the impact of potential budget decisions on the quality of our research, teaching and service missions, to ensure that these expense reduction decisions would help McGill to preserve a sustainable and successful future, one that is grounded in quality, accessibility, and sound fiscal management.

In March and April 2013, members of the senior administration met with representatives of each McGill employee group to discuss the range of possible measures. In Open Forums and through other community consultations, many expressed their willingness to make sacrifices in order to protect jobs. Following many of the community's suggestions, and in order to minimize potential involuntary job losses, McGill's budget cuts for FY2014 included a salary freeze, a hiring freeze, and a Voluntary Retirement Plan (VRP) for administrative staff as well as a continuation of the existing academic retirement incentive program. In addition, there were a number of targeted expense reductions, and a "3 for 4" tenure-track academic replacement plan for FY2015.

Thus, the implementation of these expense reductions truly involved a shared effort. The Voluntary Retirement Program for administrative and support staff resulted in 255 staff accepting the offer. That represented an acceptance rate of close to 50%; we had initially planned for a 30% uptake on the offers. On an annualized basis these departures, once taken and paid, would result in ongoing \$17.9M in payroll reductions. The one-time pay-outs totalled \$14.6M in retirement allowances. The one-year salary freeze achieved savings of approximately \$12.0M and included academic staff, administrative staff ("M"), trades, and senior administrators. The latter, from deans up, also took a 3% pay cut. In addition, another \$6.9M was realized in the form of verified "targeted" cuts.

In preparing the Budget Book for FY2015, we used the best available information and indications that we have from the MESRST. [Table 2.3.1](#) provides in summary form, the "reinvestments" in universities that the Quebec government announced just prior to calling for a provincial election. The table outlines the marginal increases upon which we will draw in developing the parameters for the allocations described herein. In subsequent sections, we will return to line items contained in this table.

¹¹ <http://www.mcgill.ca/asap/home-page>

2.3.1 Table 2.3.1: Quebec's reinvestment strategy for universities
Quebec's "Réinvestissement Stratégique" (\$M)

	FY15		Restricted Unrestricted	Notes
	Réseau	McGill share		
Hausse de financement de base	48.5	6.3	unrestricted	parameters yet to be determined
Qualité de l'enseignement	59.1	9.3	unrestricted	based on proportion of teaching and support grants
Étudiants en situation de handicap	7.5	1.2	unrestricted	based on students reported as handicapped and total students
Soutien à la recherche	9.0	2.0	unrestricted	operating space maintenance
Gestion financière et gouvernance	2.0	0.1	unrestricted	flat amount per university
Philanthropie	30.0	5.1	unrestricted	"Placements Universités"
Résorption du déficit accumulé	20.0	2.5	unrestricted	pro-rata of operating grant (less amounts managed as fiduciary)
1.3 Premières nations	0.3		restricted	project based: total envelope: \$1.1M
2.1 Universités + les régions	5.0		restricted	project based
2.2 Universités + CEGEPs	7.4		restricted	project based: total envelope: \$15M
2.3 Projets pilotes	0.2		restricted	for UQ
	189.0	26.6		McGill's percentage share: 14.3%

3 McGill University Strategic Plans

3.1 ASAP 2012: Achieving Strategic Academic Priorities

[ASAP 2012](#)¹² is the formal statement of McGill University's strategic academic plan to enhance and sustain McGill's leadership in teaching and learning, research, and community outreach. *ASAP 2012* was developed through wide-ranging consultation across the McGill community. The broad principles and outline of *ASAP 2012* as McGill's strategic academic plan were endorsed by Senate in October 2012 and by the Board of Governors in February 2013.

Together with other core University planning documents, including the McGill's updated [Strategic Research Plan](#)¹³, *ASAP 2012* provides the framework for articulating the University's academic priorities that drive resource allocations to support activities and strategies to attain our objectives. **Key performance indicators** (KPIs) help monitor progress towards our strategic objectives.

Four overarching strategic priorities were identified to guide our actions over the 5 years of the *ASAP 2012* strategic plan. Hence in developing the McGill University Budget for FY2015, our resource allocation decisions seek to support actions that promote these priorities:

1. advance McGill's academic and research excellence, as one of the world's leading research-intensive universities
2. achieve a sustained focus on student-centeredness by enhancing educational, research, and extracurricular life and learning experiences
3. raise further McGill's external visibility, success and reputation
4. effectively manage financial, capital, and human resources on a multi-year basis.

To that end, the Office of the Provost and the Office of the Vice-Principal (Administration and Finance) have been working to create a more fully integrated multi-year and multi-fund planning, budgeting, reporting, and control framework. Each Faculty and Administrative unit at McGill is expected to find concrete and specific expressions and actions for the four over-arching strategic objectives.

3.1.1 Open, Connected, Purposeful: McGill and the Next Five years

On 28 March 2014, Principal Suzanne Fortier addressed the McGill community in a town hall and outlined a common vision for McGill embodying five priority areas for action. These would continue to build an open, connected and purposeful McGill over the coming years. The five priority areas constitute a framework for implementing *ASAP 2012* strategic objectives by means of specific and concrete projects for the coming two to five years:

- a) **Student Life and Learning: A McGill-specific expression of our higher education mission to create a rich learning environment (ASAP Priority 2: Sustained focus on student centeredness)**
 - offering McGill undergraduate students a greater opportunity to challenge themselves through experiential learning, whether through an internship, co-op placement, international exchange, or undergraduate research experience

¹² www.mcgill.ca/asap/home-page

¹³ www.mcgill.ca/research/sites/mcgill.ca.research/files/srp_long_version_final_1.pdf

- giving graduate students and post-doctoral fellows an opportunity to take a graduate certificate in either management or teaching for higher education, depending on where their career ambitions lie and help prepare them for that future through deep disciplinary grounding and strong supervision
- increasing the use of technology as an educational aid, adding more smart classrooms and supporting all professors who use this technology
- developing a comprehensive suite of advising, mentoring and support services to help in all aspects of learning

b) Research: Unleashing McGill’s full research potential: Curiosity and creativity (Priority 1: Academic and Research Excellence)

- developing a “McGill Seed Fund” that supports early-stage, curiosity-driven research and scholarship with a goal of fostering innovation and risk-taking
- providing “proximity support” to researchers on-site in their faculties, to make grant and contract administration easier and more effective
- supporting McGill researchers so that they can assume leadership of major collaborative research projects, both at home and internationally

c) Engagement: Strengthening McGill’s engagement: Goals and strategies (Priority 3: Raise McGill’s external visibility, success and reputation)

- deepening our connection with McGill alumni to help us broaden off-campus learning opportunities, and to develop networks that support recent graduates in their careers
- supporting innovation writ large – social, cultural, scientific, technical and medical – to benefit our communities through a new Innovation Fund and entrepreneurship training
- providing a one-stop shop for business partners, to help them navigate the complex environment of McGill
- reaching out to and engaging with external partners locally, nationally and globally by increasing McGill’s visibility as a welcoming, open place

d) A Learning Organization: A Vision for McGill’s workplace culture: A learning organization that is more agile and effective: (Priority 4: Effectively manage financial, capital & human resources)

- implementing the Triple-A McGill workplace that is agile, aspirational and accountable
- empowering everyone to identify opportunities for greater efficiency, simplification and process improvement
- better aligning our resources to needs and priorities
- identifying measures to ensure that hiring of new administrative staff is done strategically
- incorporating technological tools to make our operations more efficient as well as investing in people, ensure that employees are well trained for the jobs they do, develop more ways for them to learn from each other, encourage a culture that embraces changes and welcomes new ideas

e) Space: Transforming physical and virtual spaces for an environment for teaching and learning and for research and scholarship that is sustainable, accessible, state-of-the-art and healthy (Priority 4: Effectively manage financial, capital & human resources)

- formulating a campus space plan for the next 10 to 15 years

- continuing to green our campus, including new student social spaces and east-west pedestrian corridors
- carrying out major upgrades to our classrooms and teaching labs

These themes are already being used to inform budget planning, will do so more manifestly in coming years, and this vision will become fully integrated into planning, resource allocation, and accountability frameworks.

3.1.2 Work in Progress

McGill's FY2015 budget has made provision for each of the special projects outlined by the Principal in her address to the McGill community. As well, progress has already been made during FY2014 on other items of importance for the strategic positioning of McGill among our peers and competitors. The following is a partial list of the things we must do to achieve already stated objectives. We have also listed some of the challenges we are facing at this time of necessary budgetary constraint.

a) Compensation of Tenured and Tenure-Track (Tenure Stream) Staff (Priority 1: Academic and Research Excellence)

- long-term goal: maintain compensation levels that allow recruitment, development, and retention of world-class professors
- corollary: bring academic compensation levels at McGill back into line with U15 peer universities
- *PROPOSED ACTION*: implement multi-year total compensation improvement plan based primarily on merit for tenure-track faculty starting with FY2015 [net marginal costs estimated at approximately \$10.5M]

b) Academic Leadership (Priority 1: Academic and Research Excellence)

- pursuing our academic renewal objective remains one of our top priorities, thus to improve our recruitment process, guidelines have been developed for the department chairs, a new Faculty Guidebook has been circulated, orientation sessions have been improved and our Academic Personnel Office is more closely involved in intervening on immigration issues
- while, as a whole, the University does not have a retention issue, the situation is being monitored and corrective actions are taken when needed through the retention envelope [net marginal increase estimated at around \$1.0M]
- several Faculties have implemented improved administrative support structures
- networking events (e.g. daylong orientation, Academic Leadership Forum – ALF sessions) are held to support and develop academic leadership.

c) Cluster hiring and interdisciplinarity (Priority 1: Academic and Research Excellence; Priority 3: Raise McGill's external visibility, success and reputation)

- aim to build on the successes of current initiatives (e.g. Inter-disciplinary Program in Neuroscience (IPN), Environment, Genomics, Centre for Interdisciplinary Research in Music Media and Technology (CIRMMT))
- an interdisciplinary program envelope has been set aside for promoting interdisciplinary programs [\$0.8 million]
- other programs are being considered (e.g. Bioengineering, Digital Humanities, IPLAI, Public Policy)

- hiring of two new CERCs in FY2014 (Pain and Green Chemistry) should serve as catalysts for identifying clusters and promoting interdisciplinarity [annual commitments of over \$1.5 million for both, plus tenure-track hiring licenses over a five to seven year period]
- examining other elements that may be needed to ensure success
 - better mechanism for cooperation/alignment between parent units
 - incentives for academic leadership involvement
 - tools for enabling collaboration (e.g. Proximify's UNIWeb software)
 - resources
 - space reassignments.

d) Enhanced Services (Priority 2: Sustained focus on student centeredness)

- building on the work and successes over the past several years:
 - Office for Students with Disabilities, including the Universal Design Working Group;
 - expanding opportunities for internships and UG research
 - graduate student "skillsets series", including writing courses intended for graduate thesis students
 - improving the "Graduate Student Funding Allocation" mechanism
- on-going work includes
 - recently implemented and automated Graduate Application Process
- future streamlining projects which will require securing IT resources:
 - milestones initiative
 - supervisory capacity indicators.

e) Cyclical Unit Review Office (CURO) (Priority 2: Sustained focus on student centeredness)

- launched in FY2013, the reviews of academic units have been very effective and have provided several thoughtful recommendations
- these have been integrated within our planning:
 - APC receives reports and endorses follow-up actions
 - decanal follow-up monitored by the Provost
- looking at extending the reviews to administrative units.

f) Strengthening Professional Programs (Priority 2: Sustained focus on student centeredness)

- a permanent subcommittee of the Academic Policy Committee (APC) has been set up to address this issue
 - the dynamics with the professional orders and their attempts to have a greater say in the way university programs are delivered are causing tension
- the School of Social Work has successfully launched the first Couple and Family Therapy program in Canada with first cohort to be admitted in Fall 2014.

g) Innovative Learning (Priority 2: Sustained focus on student centeredness; Priority 3: Raise McGill's external visibility, success and reputation)

- on-going classroom and teaching lab upgrades having a positive impact on the delivery of courses and programs
 - budget constraints limit improvements to a handful of classrooms, and 1 or 2 teaching labs per year

- development of MOOCs as part of the edX consortium was launched in FY2014
 - we are in a learning phase, developing a few courses a year, and analyzing their impact [\$1 million from philanthropic sources only].
- h) Maintain low undergraduate to tenure-track ratio and increase proportion of graduate students (Priority 2: Sustained focus on student centeredness; Priority 3: Raise McGill’s external visibility, success and reputation)** [academic renewal envelope for FY2015: \$10.0 million, including recruitment, start-up, and initial salaries]
- the objective is to maintain the UG-TT ratio at roughly 14.5 over the next five years while it is felt that we have capacity to grow at the graduate level
 - targets are being set for each Faculty as part of the Agreement process
- i) Resources for new initiatives (Priority 4: Effectively manage financial, capital & human resources; Priority 1: Academic and Research Excellence)**
- we will be maintaining the current envelopes and process to assess new initiatives
 - \$3.5 M envelope available to Faculties for new initiatives
 - \$1.5 M envelope available to Administrative units for new initiatives
 - we will pilot implementation of Activity Based Budgeting (ABB)
 - mechanisms for providing incentives for growing revenues and giving Faculties more power in negotiating costs and service levels / quality with administrative units
 - within the next year we need to develop mechanisms for justifying and addressing the longer term needs related to the “big ticket” items such as space and IT infrastructure–related deferred maintenance.
- j) Agreements and integrated multi-year, multi-fund budgeting and financial framework (Priority 4: Effectively manage financial, capital & human resources)**
- since FY2014, Faculty and administrative unit agreements are intended to capture expression of *ASAP 2012* priorities at the Faculty / Vice-Principal level with embedded KPIs
 - reviews of Agreements and related decisions are inputs to a newly developed Finance Budget Model (FBM) which captures multi-year, multi-fund financial view for enhanced budget planning capability
 - project development is still on-going
- k) Key Performance Indicators (KPIs) (Priority 4: Effectively manage financial, capital & human resources)**
- successful development and implementation of KPIs (benchmarks and on-going monitoring) at the institutional level and the Faculty level
 - over the coming years, we will need to develop and disseminate unit level measures and data as well as extend the measures to all academic and administrative units.
- l) Administrative Excellence Centres (Priority 4: Effectively manage financial, capital & human resources)**
- with the help of Human Resources, Excellence Centres have already been implemented in the Faculties of Engineering and Arts, with work in progress in Science and Medicine

- shared services have been launched in the James Administration Building
- the redefined roles allow current staff opportunities to take on more responsible roles following appropriate training.

3.2 McGill Strategic Research Plan 2013-2017

The [McGill Strategic Research Plan 2013-17](#)¹⁴ (SRP) was endorsed by the University Senate in November 2012 and by the Board of Governors in February 2013.

During the extensive Strategic Research Plan consultation process, the Vice-Principal (Research and International Relations) met with a wide range of McGill faculty, students, staff, and external partners to discuss and identify their research goals, challenges and priorities for the coming years. Groups that provided input included: the SRP Advisory Committee, the Research Advisory Council, student associations, various focus groups, established and early career researchers, and a panel of external advisers. Members of the greater McGill community also had the opportunity to share their feedback via the SRP website and at several open forums. Consultations for the SRP were coordinated with those for *ASAP 2012*, to ensure that priority areas would be aligned across both Plans.

The content and structure of the McGill Strategic Research Plan 2013-2017 encapsulate and reflect the overarching themes that emerged through the extensive outreach and consultation across the McGill communities.

3.3 McGill University Physical Master Plan

The [McGill University Physical Master Plan](#)¹⁵ was developed with extensive consultation with McGill and greater Montreal communities. The plan was approved by the Board of Governors in April 2008.

In support of the University's mission, this Master Plan was intended to guide infrastructure projects and future physical growth in order to help create a dynamic intellectual community and academic experience. Guided by nine overarching principles, the Plan was designed to modernize both the Downtown and Macdonald campuses, improve spaces for teaching and research, steward our historic and green spaces to further campus sustainability, and ensure future development meets the needs of the McGill community.

3.4 Principal's Task Force on Student Life and Learning

McGill strives to offer its students the best education possible, in a vibrant environment for learning and campus life that supports their academic progress and personal development. All members of the McGill community are committed to ensuring that the students' interests and concerns inform all aspects of the university experience.

¹⁴ www.mcgill.ca/research/sites/mcgill.ca.research/files/srp_long_version_final_1.pdf

¹⁵ www.mcgill.ca/campusplanning/planning-services/campus-planning/master-planning

The Principal's Task Force on Student Life and Learning at McGill was launched to ensure that University decision-making at all levels would be guided by principles and goals appropriate to a student-centred, research-intensive university. The Task Force solicited input from all members of the McGill community—students, faculty, administrative staff, alumni and friends. Following consultation, analysis and a review of best practices of peer institutions, the [Task Force Report](#)¹⁶ (December 2006) provided recommendations designed to ensure a supportive campus environment informed by appropriate academic and administrative processes that would provide effective and efficient services to students.

The Office of the Provost was given the task of providing an administrative response to the report (http://www.mcgill.ca/provost/sites/mcgill.ca/provost/files/ptf_sll_final_administrative_response_27nov07_0.pdf). The response contains specific actions items corresponding to each recommendation of the task force and these action items have formed the basis for projects supported by budget allocations.

3.5 Principal's Task Force on Diversity, Excellence and Community Engagement

Integrating a broad spectrum of voices is vitally important in a world-class academic environment. Different ideas and approaches within and across traditional boundaries are essential for challenging assumptions, deepening our understanding of the world around us, and extending our contributions to society.

The Principal's Task Force on Diversity, Excellence and Community Engagement was launched in 2009 to create a forum for new ideas, initiatives, and mechanisms that would foster excellence and inclusiveness in pursuit of McGill's academic mission. The Task Force was charged with assessing University strengths and weaknesses in these arenas, and with formulating concrete strategies for areas that might need improvement.

After broad consultation and deliberation across the McGill community, the Task Force offered [recommendations](#)¹⁷ that addressed ways to enhance diversity and broad access to McGill, to advance knowledge at the highest level, and to provide exemplary service to society. The Task Force also recommended that McGill foster, support, recognise and celebrate the achievement of excellence by all members of the McGill community, and that the University continue to partner with, and learn from, fellow citizens in Montreal, Quebec, Canada and throughout the world.

Once again, the Office of the Provost produced an administrative response with an action plan and funding framework for the specific task force recommendations (http://www.mcgill.ca/provost/sites/mcgill.ca/provost/files/ad_response_to_ptfdece_october_2012_0.pdf).

3.6 Campaign McGill

Through the philanthropic support spearheaded by [Campaign McGill](#)¹⁸, which concluded in June 2013, the University has secured resources to further and enhance the student experience through greater financial support, fund academic priorities, and conduct research with a national and international impact. By creating

¹⁶ www.mcgill.ca/principal/task-forces/focus/final

¹⁷ www.mcgill.ca/principal/task-forces/diversityexcellenceandcommunity

¹⁸ www.mcgill.ca/campaign/

new opportunities for faculty, providing competitive funding for top-notch graduate students and financial aid for undergraduates, and supporting collaborative initiatives with industry and academic leaders around the world, Campaign donors have helped McGill to drive discovery and improve lives, societies and economies in Quebec, across Canada and around the world.

4 Goals and Objectives of the University, Faculties and Administrative Units

The Organization Chart in [Appendix 2](#) illustrates how the University's leadership is structured.

For purposes of McGill's Budget Books, "academic units" refer to all Faculties, two Schools, and the Library. Administrative units are high-level entities reporting directly to a Vice-Principal. "Units" may have sub-components, but the allocations described herein generally refer to the top level of each organization.

McGill's academic and administrative units, as described above, all contributed to the design and development of the University's strategic plans. Consequently, they have the responsibility for aligning their specific goals, objectives and actions with the University's priorities as outlined in *ASAP 2012*. To that end, the Office of the Provost enters into annual "**Agreements**" (formerly labelled "**Compacts**") with each Faculty and large administrative unit. The Agreements describe unit-level specific objectives and actions in the context of McGill's strategic priorities. These objectives are reviewed and confirmed by the Provost, who evaluates proposed targets and new initiatives based on their strategic impact. Resource allocations are made subsequently.

Units are allocated budgets from the University's overall "operating fund", but may also derive monetary resources from other sources which are usually but not exclusively, "restricted" such as research grants, contracts, annual donations, or endowed gifts. Appendices [3](#) through [6](#) provide four years of historical unrestricted financials and one year of restricted financials which represent the resources that have been available to each major unit on the above-noted organization chart. A historical breakdown of employee headcounts by unit is presented in Appendices [7](#) through [9](#).

As part of a recently implemented "Finance and Budget Integration (FBI) framework", all activities undertaken by Faculties and Administrative Units must link to the strategic priorities and objectives of the University. Therefore, budget allocations are also be tied to these strategic priorities and objectives. [Appendix 10](#) and [Appendix 11](#) show the FY2014 incremental Operating Budget allocations to each unit (as of 8 March 2014).

4.1 Academic Units: Faculties, Schools, and the Library

All Faculties, as well as the two Schools listed below and the McGill Library are led by a Dean, appointed for a five-year term, whose mandate is to ensure that the Faculty carries out teaching, research and/or other scholarly activities that are deemed excellent according to the highest international standards. The variety of disciplines is such that excellence takes on a different expression within each academic unit. The Deans, in consultation with the Provost, align these expressions with the overall University strategic priorities and objectives. The Faculties and Schools are:

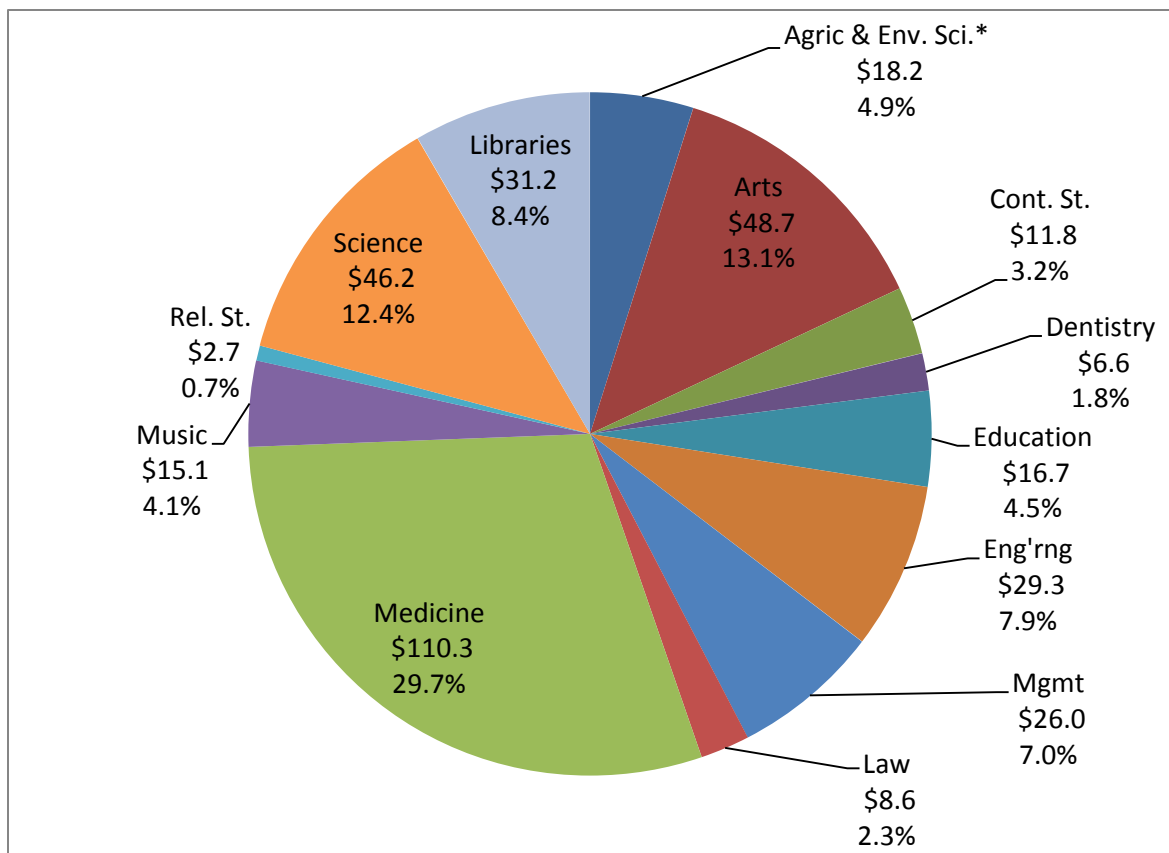
- Agricultural and Environmental Sciences: www.mcgill.ca/macdonald/
- Arts: www.mcgill.ca/arts/
- Dentistry: www.mcgill.ca/dentistry/
- Education: www.mcgill.ca/education/
- Engineering: www.mcgill.ca/engineering/
- Law: www.mcgill.ca/law/
- Desautels Faculty of Management www.mcgill.ca/desautels/

- Medicine (Deanery and Vice-Principal Health Affairs) www.mcgill.ca/medicine/
- Religious Studies www.mcgill.ca/religiousstudies/
- School of Continuing Studies www.mcgill.ca/conted/
- Schulich School of Music www.mcgill.ca/music/
- Science www.mcgill.ca/science/
- McGill Library www.mcgill.ca/library/

For additional information on these units, including goals and objectives, please refer to the corresponding websites.

Each Dean administers the affairs, academic and administrative, of her or his unit, including the preparation of the budget and unit plans, in consultation with department chairs and directors. As indicative of each academic unit's share, [Figure 4.1.1](#) below shows the breakdown of the total Faculties and Library unrestricted operating budget allocations for FY2015.

**4.1.1 Figure 4.1.1: Unrestricted Operating Budget (\$M), Faculty and Library Expenses
FY2015, Total \$371.4M**



*Including McGill School of Environment
Source: Budget Office

4.2 Administrative Units

Administrative units support one or more of the following University missions: teaching, research and community service. The [Principal and Vice-Chancellor](#)¹⁹ is the University's chief executive officer, who works with the University community to achieve excellence in teaching, research and service, and represents McGill to external bodies at home and around the world. McGill's governance bodies - the [Board of Governors](#)²⁰ and [Senate](#)²¹ – provide strategic guidance and oversight, ensuring accountability through a system of formal decision-making and reporting.

Reporting to the Principal and Vice Chancellor are the Provost, Vice-Principals, Secretary General, General Counsel and Legal Services, and Planning and Institutional Analysis.

As McGill's chief academic officer (after the Principal), and the University's chief budget officer, the [Provost](#)²² has responsibility for the development, implementation and assessment of academic strategies, policies, and programs, budget planning and resource allocation for the entire University. The Deputy Provost (Student Life and Learning) and several Associate Provosts, including the Associate Provost (Graduate and Postdoctoral Studies) and the Associate Vice-Principal (Macdonald Campus), who is also the Dean of Agricultural and Environmental Studies, support the Provost as he carries out his mandate.

The [Deputy Provost \(Student Life and Learning\)](#)²³ is the senior administrator responsible for the implementation of policies, actions, and decisions aimed at enhancing student life and learning at McGill.

The [Associate Provost and Dean \(Graduate and Postdoctoral Studies\)](#)²⁴ provides university-wide leadership and promotion of excellence for graduate and postdoctoral education at McGill.

The [Vice-Principal \(Administration and Finance\)](#)²⁵, the chief financial and administrative officer of McGill, oversees Financial Services, Information Technology (IT), University Services, Human Resources, and Investments.

The [Vice-Principal \(Development and Alumni Relations\)](#)²⁶ promotes the University to its alumni community, builds on McGill's record of fundraising success and enhances relations with alumni, volunteers and friends of McGill.

The [Vice-Principal \(Communications and External Relations\)](#)²⁷ oversees and enhances McGill's relations with the media, government and the diplomatic corps, and serves as chief liaison with other organizations and public institutions.

¹⁹ www.mcgill.ca/principal/

²⁰ www.mcgill.ca/boardofgovernors/

²¹ www.mcgill.ca/senate/

²² www.mcgill.ca/provost/

²³ www.mcgill.ca/deputyprovost/

²⁴ www.mcgill.ca/gps/

²⁵ www.mcgill.ca/vpadmin/

²⁶ www.mcgill.ca/vp-dar/

²⁷ www.mcgill.ca/communications/vp

The [Vice-Principal \(Research and International Relations\)](#)²⁸ oversees research services and policies, works to optimize the research successes of the University and its affiliated hospitals, and serves as the representative on research and related matters.

The [Secretary General](#)²⁹ oversees McGill's governance office responsible for the Board of Governors, the Senate and their committees.

McGill's [General Counsel and Director of Legal Services](#)³⁰ is responsible for providing legal advice to the senior administration of the University.

The [Executive Director, Planning and Institutional Analysis \(PIA\)](#)³¹, oversees the office responsible for gathering, maintaining, analysing and communicating institutional and other relevant data. PIA also plays a role in shaping the external policy framework that supports the advocacy work of the Principal, the Provost and McGill's senior executive team.

Finally, the [Internal Audit Department](#)³² was established by the senior administration and the Board of Governors to provide independent appraisals of academic and administrative units to the Audit Committee, a standing committee of the Board of Governors with oversight responsibilities for financial and audit matters of the University.

As indicative of each administrative unit's share, [Figure 4.2.1](#) below shows the breakdown of the total Administrative units unrestricted operating budget allocations for FY2015.

Institutional Services reflect central revenues and expenses that are not attributed to any specific unit. It includes as well the budget envelopes for in-year allocations: priority pools, academic renewal, mid-year contingency and operating fund contributions to building projects. Expenses captured under this grouping include post-retirement benefits, association fees, copyright payments, compensation for senior administration and provisions for bad debt.

²⁸ www.mcgill.ca/research/about/office-vp

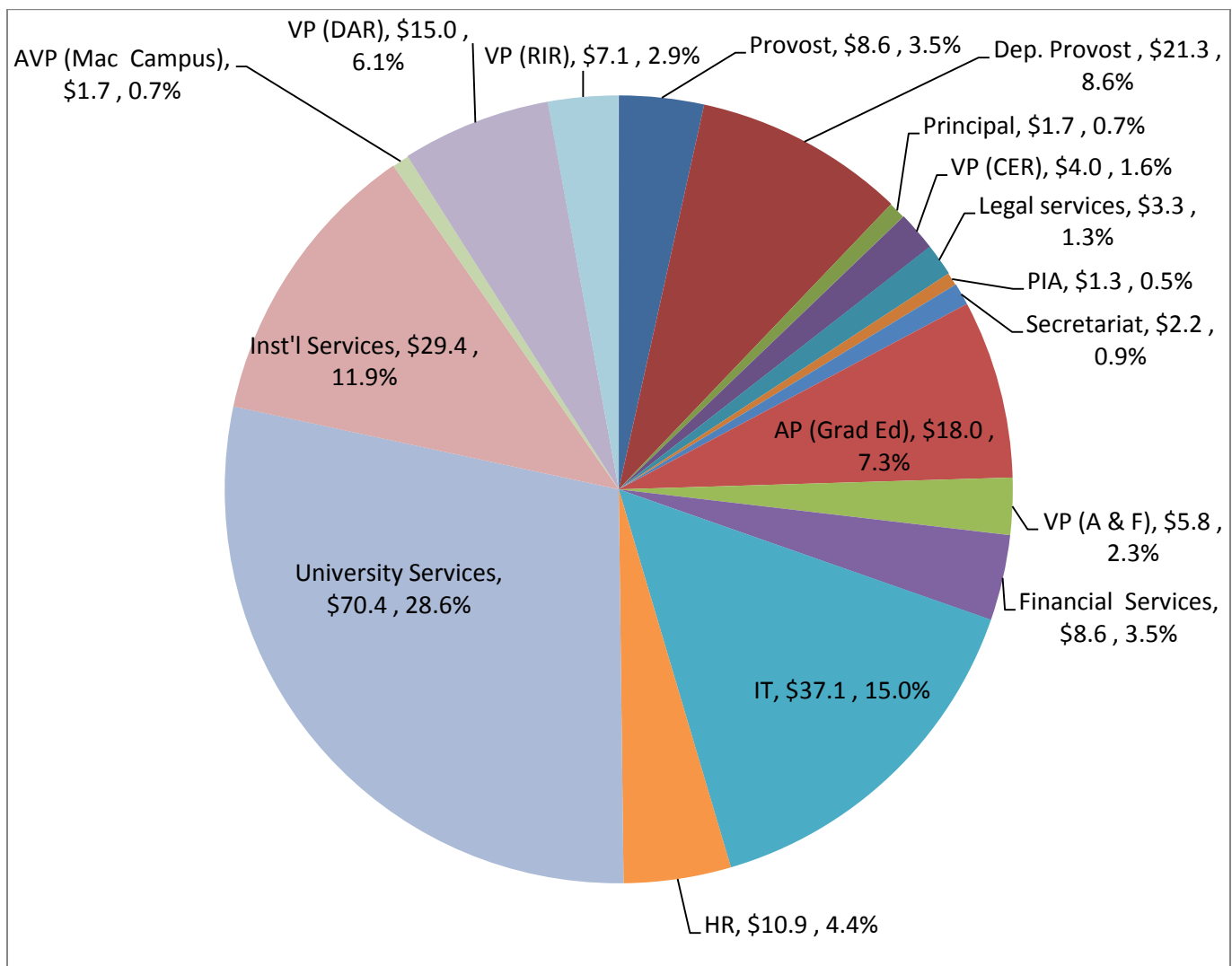
²⁹ www.mcgill.ca/secretariat/secretariat

³⁰ www.mcgill.ca/legal/

³¹ www.mcgill.ca/pia/

³² www.mcgill.ca/internalaudit/

4.2.1 Figure 4.2.1: Unrestricted Operating Budget (\$M), Administrative Units FY2015, \$246.4M



Source: Budget Office

4.3 Partners

4.3.1 McGill University Affiliated Hospitals

The teaching hospital network of McGill University is an integral part of the research, teaching, and clinical activities of the Faculty of Medicine. By agreement and tradition, the administration, medical staff, and scientific personnel of these institutions are closely integrated with McGill University and form the basis of the clinical departments of the Faculty of Medicine. These hospitals include:

- The Douglas Mental Health University Institute www.douglas.gc.ca
- The McGill University Health Centre (MUHC) www.muhc.ca

- Montreal Chest Institute muhc.ca/mci/dashboard
- Montreal Children's Hospital muhc.ca/mch/dashboard
- Montreal General Hospital muhc.ca/mgh/dashboard
- Montreal Neurological Hospital muhc.ca/mnh/dashboard
- Royal Victoria Hospital muhc.ca/royalvic/dashboard
- Lachine Hospital and Camille-Lefebvre Pavilion muhc.ca/lachine/dashboard
- Sir Mortimer B. Davis - Jewish General Hospital www.jgh.ca/
- St. Mary's Hospital Centre www.smhc.qc.ca/en/

In addition, the University is affiliated with the various research institutes associated with each teaching hospital, the largest one of which is the MUHC Research Institute (MUHC-RI). As part of its association, McGill and the MUHC RI signed two arrangements (2000 and 2005) by which the salaries of new tenure-track and tenured professors hired from 2000 to 2010 are shared equally. As part of the move to the Glen Yards site, this annual cost-sharing agreement is being re-negotiated in an effort to ensure the future financial viability of the MUHC-RI, not unduly burden either partner, and keep the overall relationship between the two partner institutions cordial, collegial, and productive.

4.3.2 Other Affiliated units

The University keeps close ties, at times sharing services, with other separate entities, including student and staff associations.

The list of affiliated units, including student and staff groups, includes:

- Macdonald Campus Student Society (MCSS) mcss.mcgill.ca/
- McCord Museum www.mccord-museum.qc.ca/en/
- McGill Association of University Teachers (MAUT) www.mcgill.ca/maut/home-page
- McGill Community Infant-Toddler Family Centre (Daycare) www.mcgill.ca/daycare/
- McGill Student Society (SSMU) ssmu.mcgill.ca/
- McGill University Non-Academic Certified Association (MUNACA) www.munaca.com/
- McGill University Non-Academic Staff Association (MUNASA) www.munasa.com/Welcome.html
- McGill Women's Networking Group www.mcgill.ca/mwng/
- McGill – MCH Learning Centre (The Learning Centre of Quebec) muhc.ca/mch/dashboard
- McGill-Queens University Press www.mqup.ca/
- Mont St. Hilaire Nature Conservation Centre www.centrenature.qc.ca/
- Morgan Arboretum Association www.morganarboretum.org/
- Post-Graduate Students' Society (PGSS) pgss.mcgill.ca/en/home
- Pulp and Paper Research Institute – Canada
[cac.mcgill.ca/campus/buildings/Pulp Paper Research Institute.html](http://cac.mcgill.ca/campus/buildings/Pulp_Paper_Research_Institute.html)
- Valacta www.valacta.com

4.4 Unit Objectives, Actions and Targets

Through the **Agreement** process, Faculties and administrative units were asked to identify and describe their

objectives and actions as expressions of McGill's overall strategic objectives. Faculties were specifically asked to address these along five specific themes:

1. Research intensiveness
2. Student centeredness and providing a rich learning environment
3. Commitment to excellence
4. International orientation
5. Sense of public purpose

The following sections summarize each Faculty's responses. In addition to budget allocations, benchmarking targets were set in terms of student-staff ratios and research grant dollars per tenure-stream staff.

Fundraising targets were also set for each Faculty (considered confidential and not been included here).

In their Agreements, Administrative Units were asked to provide a brief summary of their activities. Readers are invited to review the brief summaries and consult to the corresponding websites for further details. Related targets and benchmarks are in development.

4.4.1 Agricultural and Environmental Sciences (FY2015 Unrestricted Operating Budget: \$18.2M) [including McGill School of the Environment – MSE]

Faculty Objectives and Actions

1. Research Intensiveness

- increase the number of publications in high-impact, peer reviewed journals
- raise the number of grants and dollar amounts from funding agencies, foundations, and research contracts
- increase the ratio of funded graduate students under supervision per tenure-track faculty member
- actively help all new faculty recruits in preparing and submitting grant applications
- ensure that labs are set up with the aid of formal mentorship support
- help new faculty to support graduate students while their own careers are being established
- seek additional funding in areas where the Faculty has established its reputation: bioenergy, water resources management, food safety, food security, environment, parasitology, human nutrition
- develop plans for appropriate infrastructure to house some of the large and expensive research platforms, particularly for CRCs and endowed chairs

2. Student centred/rich learning environment

- emphasise this aspect with donors and seek significant philanthropic support for:
 - an enhanced internship program
 - coupling these opportunities with the NSERC USRA program
- grow the freshman program and maintain the high retention rates (over 90%) of students entering the Faculty's U1 programs.
- maintain modern "active learning" classrooms and labs

- enhance successful peer-to-peer mentoring and tutoring initiative in order to improve student achievement
- improve undergraduate teaching through enhanced academic advising
- support online teaching initiatives to enhance classroom and field trip teaching, and student learning interactions
- take a proactive role in helping students participate in various competitions in order to encourage team-building around specific projects
- support the recently opened Office of Student Support and Services (OSAS) in its efforts related to continuing professional development, student internships, and field studies semesters
- support the recently created unified Office of Graduate Studies for the Faculty as the focal point for relations with GPSO, disbursement of GEF funds, and coordination of thesis examination procedures
- collaborate with GPSO to support skillsets seminars and workshops while offering complementary seminars
- provide competitive graduate student support funding
- launch, with the help of philanthropic support, a 24-credit minor in entrepreneurship and innovation, open to all Macdonald Campus students

3. Committed to excellence

- recruitment of high quality staff
- delivery of academic programs
- increase external research funding
- generate more peer review publications and citations
- prizes and awards won by staff and students
- providing learning opportunities that are at least on par with our peer institutions
- providing a conducive working environment for administrative and support staff
- providing opportunities for training and career advancement for administrative and support staff

4. International

- build on reputation for quality research and teaching in agriculture, such as bioenergy, human nutrition, water, food security, parasitology, environment, and food safety
- collaborate with international partners
- host an annual conference on global food security, which draws to Campus nearly 300 participants from around the world
- collaborate with the Faculty of Medicine in the development of a “Global Health Initiative”

5. Sense of public purpose

- promote Macdonald Farm Tours, and the public outreach programs of the Morgan Arboretum and Lyman Museum
- extend research findings and training the next generation of employees for government and private sector institutions, and volunteers who can work with NGOs of relevance to the Faculty's work

- students working actively with other McGill students and Food and Dining Services to deliver the “McGill Feeding McGill program”
- provide nutrition counselling to First Nations and impoverished communities through the School of Dietetics and Human Nutrition
- increase contact with Quebec's agricultural community
- shareholder and active research partner in Valacta which provides advice to dairy producers on animal herd health, disease control, nutrition and genetic improvement
- assist NGOs, hospitals, clinics and food companies with food formulation and sensory evaluation
- partnering with three surrounding communities (Ste-Anne-de-Bellevue, Senneville and Baie d'Urfé) as well as many other West Island towns, in order to be an active participant in the neighbouring communities and ready to get involved, as and when appropriate
- championing a well-integrated West Island Academic Hub (WIAH) with John Abbott College and Macdonald High School

Agricultural and Environmental Sciences Performance Assumptions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Profs	86.8	84.8	86.8	87.8	88.8	90.8
UG FTEs / Prof	10.8	12.4	12.4	12.5	12.7	12.6
Masters FTEs / Prof	2.4	2.8	2.9	2.8	2.9	2.9
PhD FTEs / Prof	1.7	1.5	1.5	1.5	1.5	1.6
Research \$ / Prof	\$173,329	\$182,783	\$184,332	\$187,927	\$191,441	\$192,731

4.4.2 Arts (FY2015 Unrestricted Operating Budget: \$48.7M)

Faculty Objectives and Actions

1. Research Intensive

Since 2007, Faculty of Arts has recruited 85 TT academics, increased per capita Tri-Council funding by 197% and per capita FQRSC funding by 829%, raised \$60M in philanthropic support and increased annual fund support by 44.5%, and enhanced internship and undergraduate research opportunities.

2. Student centred / rich learning environment

The Faculty of Arts is a comprehensive social sciences and humanities faculty that includes 15 departments, 1 professional school, and 4 institutes. It consists of 7200 undergraduate students, 875

graduate students, 275 tenure-track academic staff, 50 other permanent academic staff, and 114 non-academic staff.

3. Committed to excellence

As the largest social sciences and humanities faculty in the University, Arts contributes significantly to McGill's leading position in these fields: according to a study by Higher Education Strategy Associates, McGill SSH ranks 3rd in citation counts, 1st in SSHRC funding, and 2nd overall in these disciplines.

4. International

The Faculty also has several leading programs according to international university rankings: in the 2013 QS World University Subject Rankings, the Faculty has five top 30, seven top 40, and eight top 50 programs.

5. Sense of public purpose

The Faculty of Arts is deeply connected to the local, national, and global community. In particular, through its School of Social Work, it prepares professionals who provide social services to key demographic groups in Quebec. Our public purpose is also evident in the role of many faculty members in key public policy debates, as well as by student participation in local activities and international internships.

Arts Performance Assumptions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Profs	276.1	281.1	284.1	287.1	290.1	290.1
UG FTEs / Prof	20.7	20.2	20.0	19.8	19.6	19.6
Masters FTEs / Prof	1.1	1.2	1.2	1.2	1.3	1.3
PhD FTEs / Prof	1.0	0.9	0.9	0.9	0.9	0.9
Research \$ / Prof	\$24,448	\$23,152	\$25,199	\$27,429	\$29,045	\$31,079

4.4.3 Dentistry (FY2015 Unrestricted Operating Budget: \$6.6M)

Faculty Objectives and Actions

1. Research Intensive

- aim to be the top dental school in Canada
- aim to be among the 10 best dental schools in the world

2. Student centred / rich learning environment

Being a small faculty, with small student numbers in our undergraduate, graduate and residency programs and high staff-to-student ratios because of the nature of the training, we have an intimate relationship with our students, and have a number of formal and informal mechanisms to enable feedback from them. The Faculty has shown itself to be responsive to the needs of students in as much as we have the capacity. We have a good relationship with our trainees.

3. Committed to excellence

The Faculty is committed to being a leader among dental schools, and in the province in teaching and learning, research and service to the community. This commitment is clear stated in our [Mission Statement](#)³³. As stated above, we are a top dental school for dental research. In addition, we have the highest number of graduate students in Canadian dental schools, the largest General Practice Residency Program, and our community out-reach activities are a model for dental schools across Canada.

4. International

Our researchers and a number of our clinical staff are international leaders in their fields and have collaborations with colleagues and institutions across the globe. In addition, 41 of our 70 graduate students are international students.

5. Sense of public purpose

- Provision of dental care through the undergraduate teaching clinic and our various community outreach activities (Jim Lund Clinic at Welcome Hall Mission, mobile outreach clinic, refugee and immigrant children's clinic at the Montreal Children's Hospital and the summer clinic for people with disabilities).
- Investigating issues concerning access to health care in under-privileged sections of society and the translation of research findings into new clinical practice and health care delivery.

³³ www.mcgill.ca/dentistry/about/mission

Dentistry Performance Assumptions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Profs	20	20.5	20.5	20.5	20.5	20.5
UG FTEs / Prof	7.0	7.4	7.5	7.8	8.0	8.1
Masters FTEs / Prof	2.6	3.7	3.9	3.9	4.2	4.2
PhD FTEs / Prof	1.0	0.9	1.1	1.5	1.8	2.0
Research \$ / Prof	\$136,450	\$156,098	\$165,854	\$175,610	\$185,366	\$195,122

4.4.4 Education (FY2015 Unrestricted Operating Budget: \$16.7M)

Faculty Objectives and Actions

1. Research Intensive

- Lead major collaborative research initiatives in the areas of Learning behaviours and Human Development and Wellbeing
- Promote areas of recognized excellence (strengthen our niches)
- Award new research chairs and CFI's
- Pursue increasing success with the Tri-Council Agencies and in interdisciplinary research
- Ensure that within 3 years, each Tenure Track and tenured academic staff will hold external peer reviewed research funds and have a sustained research program
- Enhance diversity of funds
- Support and promote self-sustained OFFERING (added values of indirect costs)

2. Student-centred / rich learning environment

- Ongoing review of our program offerings with a view to meeting the emerging needs of our future student population, aligned with the goals of ASAP, and ensuring the highest quality of student experience.
- Work to ensure an alignment of our program offerings and requirements from various review and accreditation bodies (e.g. CAPFE).
- Streamline our services to students to ensure support despite the significant reduction in support staff in the Faculty through the Voluntary Retirement Program.

3. Committed to excellence

- Maintain or surpass quality of teaching
- Move the emphasis (with respect to student numbers) from quantity to quality
- Strengthen undergraduate and graduate students' learning and professional experience
- Optimize graduate and post-graduate student population curves in terms of quality, capacity, time to completion; funding
- Optimize employability of graduates

4. International and Sense of public purpose

- Establish valuable partnership with key organizations of our communities of practice
- Play a leadership role in key initiatives for our community of practice
- Continue to support the many education-related initiatives in the community, at both the local, national and international levels
- Leverage the activities of the Office for Leadership in Community and International Initiatives (LCII) to create increased community based activity and participatory research, as well as provide new models for revenue-generation in collaboration with other units

Education Performance Assumptions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Profs	81.5	82	84	89	90	91
UG FTEs / Prof	16.7	17.1	17.0	16.3	16.3	16.3
Masters FTEs / Prof	5.3	6.2	6.6	6.3	6.5	6.4
PhD FTEs / Prof	1.9	2.0	2.0	1.8	1.8	1.9
Research \$ / Prof	\$37,337	\$41,171	\$42,702	\$37,933	\$35,167	\$34,780

4.4.5 Engineering (FY2015 Unrestricted Operating Budget: \$29.3M)

Faculty Objectives and Actions

1. Research Intensive

- Maintain a body of faculty members who are renowned leading-edge researchers, involved in interdisciplinary research
- Create strategic ties with industry, other institutions and government

- Committed to producing major technological advances in advanced materials and nanotechnology, sustainable design, infrastructure planning, bioengineering, aerospace engineering, and broadband communications
- Committed to supporting researchers with cutting-edge facilities and support services.
- Committed to working with professors to explore multiple avenues of support for their research and other academic activities, to encourage risk taking, innovation and an entrepreneurial spirit, and to connect them with partners
- Tap into the potential of all those professors with limited resources to mobilize them on problems of strategic importance
- Encourage and provide the opportunities and incentives that lead to the development of collaborative initiatives between units within the Faculty and across the broader University

2. Student centred / rich learning environment

- Focused on developing an environment that supports the continuous learning and development of a community of students, faculty and staff
- Create an environment that attracts a high quality and diverse body of students from across the world
- Committed to offering our students the opportunity to pursue careers in research through applied student projects and summer research experiences
- Committed to involving students in activities outside of the classroom through community-based and design competition activities
- Committed to creating an environment where professors, staff and students have a sense of career and belonging
- Committed to the development of professors and support staff
- Committed to creating a culture of service and citizenship
- Encouraging professors to connect with and be active within their chosen professional fields

3. Committed to excellence

- Committed to producing cutting edge research and supporting-curiosity driven research
- Develop strong relationships with its stakeholders to solve the most pressing problems facing society today
- Committed to recruiting the best master's and doctoral students in the world through competitive funding packages
- Committed to exploring new and innovative ways of undergraduate and graduate teaching
- Committed to reach wider audiences of students and professionals seeking continuing education
- Committed to developing best practices in teaching, focusing on learning outcomes and on preparation of our students for their chosen professions
- Exploring the sharing of resources and best practices in support of our operations, teaching and research to ensure that every dollar is used in service of our core mission

4. International

- Maintaining strong connections and engagement with people and institutions from the local, Quebec, Canadian and international scenes

- Addressing issues that are global in scale and of wide interest to the global population
- Draw upon the best and brightest students both nationally and internationally

5. Sense of public purpose

- Empower our highly talented students to proactively participate in a range of academic and industrial internships and extra-curricular activities
- Prepare our graduates for the growing complexities of their respective professions and produce dynamic professionals that are prepared to embark on varied career paths, including management, law, medicine or graduate studies in engineering

Engineering Performance Assumptions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Profs	156	161	165	168	168	169
UG FTEs / Prof	11.2	12.7	12.7	12.7	12.8	12.8
Masters FTEs / Prof	2.6	2.5	2.4	2.4	2.5	2.6
PhD FTEs / Prof	2.7	2.0	1.9	1.9	2.0	2.1
Research \$ / Prof	\$179,237	\$182,354	\$186,830	\$198,619	\$202,298	\$211,160

4.4.6 Law (FY2015 Unrestricted Operating Budget: \$8.6M)

Faculty Objectives and Actions

1. Research Intensive

The Faculty of Law is home to 2 institutes, 4 research centres, several research groups, 1 CRC tier II, 3 James McGill Professors, 2 William Dawson Scholars, one Trudeau Fellow and several named (endowed) chairs. Almost all professors hold research grants from Tri-council or other sources, and several professors participate in interdisciplinary teams within McGill and inter-university teams within Canada and internationally. It houses one of the largest graduate programs relative to its size, with a cohort of doctoral students that exceeds in number and quality the North American standard. Research output is difficult to measure using citation indices, but Faculty members publish at a high rate in every form. Several senior professors are viewed as world experts in their respective fields.

2. Student-centred / rich learning environment

The Faculty of Law is a leader in innovative legal education, and has been for the past 50 years. Its undergraduate program provides the benchmark for an interdisciplinary, transnational perspective on law, governance and public policy, and is regarded as a model on the global scene. The Faculty continues to aspire to lead the way and is proceeding aggressively with a major curriculum overhaul with a target implementation in 2016-17. The Faculty has established local services for students under the leadership of an Assistant Dean (Student Life and Learning), ranging from advising, peer-to-peer mentoring, alumni-student mentoring, and extensive career development services. Staff-student ratios remain competitive within the Canadian market, and there are multiple opportunities for varied learning opportunities, from research assistantships for undergraduate and graduate students, to student-led and student-initiated seminars, and from internships and clinical opportunities, to teaching fellowships for doctoral students.

3. Committed to excellence

The Faculty of Law aspires to remain in the leading ranks of publicly-funded law faculties in the world. Its current QS ranking is enviable in this respect, as is its [Maclean's ranking](#)³⁴ within Canada. It has consistently been ranked within the top 30 law schools in the world, and the top three in Canada. It also aspires to lead learned societies, global networks and other relevant organizations.

4. International

The Faculty of Law is by any measure one of the most international law schools in Canada and North America. Its graduate student population is drawn from every corner of the globe. At the undergraduate level, it runs over 50 exchange agreements with high quality international partners. A third of the undergraduate students spend a term abroad at one point or another and the Faculty welcomes 50-60 international exchange students every year. Scholars in the Faculty of Law publish in international journals in French, English, German, Italian and Spanish. The Faculty of Law includes tenured or tenure track professors from Quebec, Canada, the United States, Puerto Rico, France, Germany, Australia and India, and welcomes a dozen or more visiting professors every year, from North America, South America, Europe, Asia, and other parts of the world. The Faculty's undergraduate program is explicitly transnational, and its alumni are practicing law or otherwise using their legal skills in every corner of the world, with a geographic distribution unparalleled by any law school in North America except top-tier American law schools.

5. Sense of public purpose

The Faculty of Law balances its global "footprint" with a very strong commitment to local outreach and community engagement. Several dimensions of the undergraduate program engage students in clinical work with local NGOs and international community organizations in Canada and abroad. Volunteer and Pro Bono opportunities abound within the law faculty to provide legal information and assistance to marginalized communities. Almost two thirds of the students volunteer for such work at one point or another in their studies. Professors are also deeply engaged in contributing to legal reform and community outreach in Montreal, in Quebec and Canada, and on the world scene. Historically, McGill professors were key actors in the development of the United Nations Charter of Human Rights, the

³⁴ www.macleans.ca/education/uniandcollege/2013-law-school-rankings/

Quebec Charter of Human Rights, the Quebec Civil Code, and in the enactment of transformative legislative texts in Quebec and Canada).

Law Performance Assumptions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Profs	40	46	46	45	45	45
UG FTEs / Prof	14.5	13.0	12.9	13.1	13.2	13.2
Masters FTEs / Prof	2.0	1.8	1.8	1.8	1.9	1.9
PhD FTEs / Prof	0.7	0.7	0.8	0.8	0.9	1.0
Research \$ / Prof	\$23,850	\$21,783	\$22,870	\$24,533	\$25,778	\$27,067

4.4.7 Desautels Faculty of Management (FY2015 Unrestricted Operating Budget: \$26.0M)

Faculty Objectives and Actions

1. Research intensive

- Continuously seek to enhance research and innovation contributions
- Provide research support to junior faculty members
- Develop new partnerships to secure research grants and seek new ways to connect research to practice
- Implement a newly developed strategic research plan with a growing focus on the interconnections between the Faculty's seven core areas
- Support the Marcel Desautels Institute for Integrated Management's mandate to integrate teaching, research and practice, and promote innovation
- Maintain an international scope through publishing in various peer-reviewed journals, participating in international conferences, and developing international collaborations.
- Continue to connect the Faculty's research to industry
- Maintain the Faculty among the most research intensive North American business schools

2. Student centred / rich learning environment

- Attract a diverse set of the best students from around the world
- Provide financial assistance through entrance, in-course and graduating, merit-based scholarships and prizes; in particular, increased support to undergraduate international students
- Further support student international experiential learning opportunities (internships, exchanges, work study trips)
- Promote practical components to learning

- Support professional development through its Career Services
- Ensure that students remain connected upon graduation

3. Committed to excellence

- Achieve excellence against international standards by advancing teaching, learning, research and practice in management through its academic and research programs
- Aim to be among the best business schools in the world and seek to build on recent advancements to continue to compete with and lead among the world's best
- Approach education from a multi-sector management perspective, rather than a business perspective, and espouse an integrated, interdisciplinary approach to learning
- Seek to integrate teaching, research and practice while encouraging a global perspective in its programs and in their composition

4. International

- Define itself as an international school, seeking to be among the best in the world
- Differentiate itself from other schools through its mission, vision, values and strategic direction which inherently incorporate an international dimension
- Aim to support an international perspective in its governance, administrative processes, program and research design, student and faculty make-up, international exchanges, collaborations and joint programs, participation in the international academic community, global focus in extra-curricular activities, and connections with the international corporate world
- Further support student international experiential learning opportunities (international internships, exchanges, work study trips)

5. Sense of public purpose

- Committed to empowering its members to make positive societal changes
- Support several environmental initiatives to minimize its ecological footprint, and provides empowering opportunities in the community through public lectures and entrepreneurial support
- Have the Marcel Desautels Institute for Integrated Management become a key driver in the Faculty's community involvement
- Continue to value the voluntary contributions staff make to international organizations
- Develop innovative pedagogical methods that service the management education profession
- Dedicated to creating strong corporate connections

Desautels Faculty of Management Performance Assumptions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Profs	75	77	79	81	83	85
UG FTEs / Prof	21.9	22.3	21.8	21.2	20.6	20.1
Masters FTEs / Prof*	0.9	1.6	1.5	1.5	1.4	1.4
PhD FTEs / Prof	0.4	0.4	0.4	0.5	0.6	0.6
Research \$ / Prof	\$31,933	\$25,584	\$29,114	\$30,247	\$31,084	\$33,647

*Excludes enrolments in the self-funded masters programs: MBA, MBA-Japan, IMPM, and IMHL.

4.4.8 Medicine (FY2015 Unrestricted Operating Budget: \$110.3M) (including Montreal Neurological Institute – MNI)

Faculty Objectives and Actions

As the Faculty of Medicine is currently in the process of developing its strategic plan, objectives and actions were not fully detailed in the Agreement. A fully formed set of Faculty Objectives will be forthcoming. For more information on the Faculty's Strategic Planning process, the reader can refer to: www.mcgill.ca/medicine/about/vision-mission/strategic-planning.

1. Research intensive

- Contribute to the understanding of the basic mechanisms of health and disease
- Develop and evaluate clinical interventions to address health care needs
- Emphasize collaboration between basic and clinical sciences, and between members of our Faculty and researchers in other disciplines
- Encourage and support outstanding research trainees and research training programs.
- Encompass the scholarship of discovery and integration

2. Student centred / rich learning environment

- Programs will be rooted in a scholarship of education designed to the development and exploitation of modern pedagogical techniques

3. Committed to excellence

- To be developed as part of ongoing strategic exercise

4. International

- To be developed as part of ongoing strategic exercise

5. Sense of public purpose

- Prepare graduates to address the present and future health needs of the Canadian population. They will be oriented to preserving health, technically competent, adept at solving problems, capable of functioning as part of a multi-disciplinary team and committed to life-long learning both for themselves and their patients. They will exhibit ethical behaviour and compassion in dealing with patients, restraint in using health resources, and an inquiring attitude towards the mechanisms of health and disease.
- Members and trainees of the Faculty will provide exemplary, scientifically based health services to the McGill target population and will participate actively in national and international professional organizations. Our stance will encompass a scholarship of application whose aim is to ensure that available and new knowledge are used to improve the care and well-being of society.

Medicine Performance Assumptions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Profs	568.5	565	560	555	550	545
UG FTEs / Prof	4.9	5.5	5.6	5.8	5.8	5.9
Masters FTEs / Prof	1.5	1.7	1.8	1.8	1.9	1.9
PhD FTEs / Prof	0.9	0.9	0.9	1.0	1.1	1.1
Medical Residents / Prof	3.1	3.8	3.9	4.1	4.2	4.3
Research \$ / Prof	\$291,316	\$293,805	\$296,429	\$314,054	\$327,273	\$339,450

4.4.9 Religious Studies (FY2015 Unrestricted Operating Budget: \$2.7M)

Faculty Objectives and Actions

1. Research intensive

The Faculty of Religious Studies (FRS) combines the rigorous and historically focused study of religious traditions and contexts with approaches that explore contemporary expressions of religions and engage the best of modern scholarship. We also seek modes of research and channels of research dissemination that bring significant community engagement.

2. Student centred / rich learning environment

FRS is a training ground for more than 300 undergraduate and graduate students each year, as well as over 1,000 more who take at least one course in the Faculty. FRS has four major research and teaching areas: (1) Asian Religions; (2) Biblical Studies; (3) Christian Thought and History; and (4) Religion and

Culture. The unit is responsible for five sets of degree programs, two at the undergraduate level and three at the graduate level: all of the BA programs in Religious Studies; the Bachelor of Theology program, which is primarily a professional program for those preparing for ministry (contributing to the Montreal School of Theology's programs); the STM; MA; and PhD. Graduate supervision is a major focus of the Faculty's activity, with thriving and internationally competitive MA and PhD programs across the four teaching areas.

3. Committed to excellence

The Faculty of Religious Studies is a small, but energetic and vibrant multidisciplinary unit devoted to teaching and research across the world's religious traditions, in historical and contemporary contexts. Its 15 tenured and tenure-track faculty and one full-time lecturer pursue rigorous research agendas, publish extensively, attract postdoctoral researchers, and are involved in top-tier international research networks and learned societies.

4. International

FRS is host to a wide range of prestigious public lectures and international conferences and is recognized as both a national scholarly leader and a locus for international debate and outreach on religious concerns. Recent achievements in fundraising pave the way for future success, particularly in the area of interfaith studies, religion and globalization, and Asian Religions, creating possibilities for international internships, exchanges, and symposia. Our students and faculty come from many different countries and are engaged in international research projects and fieldwork.

5. Sense of public purpose

The unit's work is enhanced by well-traversed bridges connecting FRS with other units in the university (including as one of the Faculties of the Institute of the Public Life of Arts and Ideas), with our international partnerships, and by engagement with a wider community. The Faculty is accredited by the Association of Theological Schools of the United States and Canada (ATS). We have a strong sense of public purpose both in the professional dimensions of the faculty and in many activities involving Religion and Public Life. The new Birks Forum on the World's Religions and Public Policy is but one sign of the commitment to public purpose.

Religious Studies Performance Assumptions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Profs	13.5	14.5	14.5	14.5	14.5	14.5
UG FTEs / Prof	25.4	20.4	20.4	20.5	20.4	20.5
Masters FTEs / Prof	1.0	0.9	0.4	0.4	0.4	0.4
PhD FTEs / Prof	2.1	1.5	1.5	1.0	1.0	1.0
Research \$ / Prof	\$9,852	\$10,345	\$11,034	\$11,724	\$12,414	\$13,103

4.4.10 School of Continuing Studies (FY2015 Unrestricted Operating Budget: \$11.8M)

School Objectives and Actions

1. Research intensive

SCS is strong in applied research as each new programming initiative or service requires intensive needs assessment, benchmarking, content development and evaluation. In addition, SCS includes particular areas of expertise such as adult learning, language learning, communication, distance education.

2. Student centred / rich learning environment

SCS continuously strives to improve its learner-centred approaches and learning environments. Due to the nature of our clientele (busy adults) and to the competitive environment, we could not otherwise be successful. A critical component of meeting the needs of SCS learners is the selection of instructional staff who bring both a strong academic background as well as workplace knowledge.

3. Committed to excellence

As above, SCS offerings must be excellent and meet the needs of learners. The reputation of McGill is, of course, a strength but must be supported by the quality of our programs, services and people.

4. International

SCS has been active internationally for many years, in particular through its language programs. More recently, however, we are making deliberate efforts to develop strategic partnerships and networks that are resulting in enhanced opportunities. We continue to collaborate with the Vice-Principal (Research and International Relations)'s office as well as Enrolment Services and the relevant Faculties in these efforts.

5. Sense of public purpose

By its mission, SCS exists to extend the intellectual resources of McGill to a wider public to improve the lives of citizens, organizations and society.

SCS targets

In contrast to Faculties, there are no tenure stream staff in SCS nor is it expected to carry out an intensive research program. As a result, its targets are based on enrolment growth as measured in terms of registrations.

SCS Registration performance assumptions by category

Category	FY13 baseline		FY16	FY17	FY18	FY19
Undergraduate credit	12,107	12,470	12,969	13,617	13,890	13,634
Graduate credit	6,319	6,572	6,900	7,108	7,321	7,540
Undergraduate non-credit transcript	4,402	4,307	4,479	4,658	4,844	5,039
Non-credit, non-transcript seminars / workshops	8,059	8,461	8,799	9,152	9,517	9,898

4.4.11 Schulich School of Music (FY2015 Unrestricted Operating Budget: \$15.1M)

Faculty Objectives and Actions

1. Research intensive

The Schulich School of Music is undoubtedly the most research-intensive faculty of music at any university in Canada. This is evidenced by our success in obtaining funding from granting agencies for the humanities, for science & technology and for the fine arts, and in the quality and number of our artistic research outputs (performances, recordings, compositions, etc.)

2. Student centred / rich learning environment

The study of music is by definition student centred, featuring very low student/teacher ratios (up to 1-to-1 for private studio instruction, for which students pay an additional fee). Students have access to some of the best technical infrastructure available anywhere in the world, including our excellent library, research labs, and recording studios, as well as a new “smart” classroom for audio/video editing. Graduate and undergraduate students collaborate closely with professors in research projects of all kinds, including artistic research.

3. Committed to excellence

The Schulich School of Music is Canada’s finest school for conservatory-style professional training of performers and composers; for scholarship in the humanities (including the digital humanities); and for research in the science and technology of music. Its undisputed excellence in all areas of the study of music makes it unique in the world. All our energies are focused on maintaining and advancing this

position. The school's associated research centre – CIRMMT – is among the world's top 5 centres of its type.

4. International

McGill is widely acknowledged to be the only Canadian music school with a significant international reputation. As one measure of its international visibility, almost 44% of incoming graduate students in music in the fall of 2013 came from outside of Canada (44/102). The Schulich School has excellent success in attracting and retaining international professors, including Europeans (from France, Belgium, Brazil, Sweden, Poland, and others). Researchers are members of countless international partnerships, including many facilitated by CIRMMT.

5. Sense of public purpose

Nowhere does McGill connect more intimately with Quebec society and culture than in the Schulich School of Music, where we produce more than 700 public events per year, almost all free, that can be appreciated by anyone, with no linguistic barriers. Further outreach occurs through, for example, our Booking Office, and our support for initiatives such as Chamber Music without Borders and the Heart of the City Piano Program.

Schulich School of Music Performance Assumptions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Profs	57	60	60	60	60	60
UG FTEs / Prof	11.1	11.8	11.9	12.0	12.1	12.1
Masters FTEs / Prof	2.2	2.3	2.4	2.3	2.3	2.3
PhD FTEs / Prof	1.1	1.0	1.0	0.9	0.9	0.9
Research \$ / Prof	\$27,860	\$25,000	\$25,000	\$25,833	\$25,833	\$25,833

4.4.12 Science (FY2015 Unrestricted Operating Budget: \$46.2M)

Faculty Objectives and Actions

1. Research intensive

- Ensure each department remains among the best in Canada as measured by peer-reviewed funding, number of papers (impact factors, citations, h-indices), prizes and awards, graduate students (total and those with fellowships), undergraduates (total, and a measure of quality like grades), and service on research councils
- Prioritize investment in the best people

2. Student centred / rich learning environment

- Maintain high selectivity in undergraduate program
- Continue to support service teaching for students of other Faculties
- Continue to minimize use of sessional lecturers and put best professors in front of students
- Continue to promote innovate program paths (e.g. BSc-MSc, and now BSc-M)
- Continue to promote field studies experiences
- Innovate in theme-based advising and include student engagement in advising
- Continue to promote and expand the undergraduate research program. At present, fully 49% of BSc graduates have taken at least one substantial research project for credit
- Promote participation in MOOCs (Massive On-Line-Open-Courses)

3. Committed to excellence

- Continue to excel in research revenue per professor
- Continue to provide seed money for Centres and internal research awards
- Continue to play a leadership role in inter-university Centres
- Continue to seed fund CFI awards

4. International

- Continue to cover PhD international fees
- Continue to offer variable “top-ups” for graduate students holding fellowships
- Continue to offer field courses and semesters abroad that interact and are connected and contribute to their surrounding communities

5. Sense of public purpose

- Dedicated to excellence in teaching, research and service to society
- Continue to offer the Science Outreach Program which includes the Redpath Museum and The Office for Science and Society
- Continue to offer public lectures, school visits and Museum tours
- Continue to offer the “Mini” public lectures and the Annual Trottier Public Symposium
- Aim to inform the development of public Science policy by establishing the Trottier Institute for Public Policy

Science Performance Assumptions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Profs	250.8	255.5	257.5	259.5	261.5	263.5
UG FTEs / Prof	21.7	22.9	22.8	22.6	22.4	22.2
Masters FTEs / Prof	1.0	1.0	1.1	1.1	1.1	1.1
PhD FTEs / Prof	1.5	1.5	1.5	1.7	1.9	2.1
Research \$ / Prof	\$136,523	\$139,458	\$143,909	\$148,512	\$153,270	\$158,192

4.4.13 McGill Library (FY2015 Unrestricted Operating Budget: \$31.2M)

The mandate of the Libraries, through the range and quality of its collections and services, is to deliver innovative information products of the highest quality that are focused on client needs and support the University's strategic mission and directions.

The Library continues to initiate efforts to improve our facilities and services, maintain our commitment to demonstrate the potential for digital resources to enhance education and continue to serve both students and faculty.

Unit objectives and actions

- provide a collection that reflects the research, teaching, and learning needs of McGill University
- respond to user demand in terms of acquisition policy
- support online learning, including MOOCs (massive open online courses)
- provide access to information resources locally and globally

In order to meet the ever-changing information needs of our users we must identify current challenges and re-imagine what makes a 21st century library. In 2014, McGill Library & Archives is undertaking a Concept/Feasibility Study to renew the library structure at the University in terms of 21st century research librarianship and the role of the library in hosting spaces for transformational pedagogy. Phase 1 will explore alternatives for addressing the needs of the Library in terms of both collections (stack space) and user space. A feasibility study is the first step in the planning and approval process for large building construction projects mandated by the province. We also anticipate using the Study as a conceptual and marketing device for fundraising for a renovation/construction project.

The Library occupies historic and iconic spaces in the heart of the university which are representative of the spaces of the mind. The library experiences over five million visits per year and offers access to flexible learning environments that inspire creative thought and study. Through numerous assessment tools, we know that our library facilities will need to be updated in order to provide 21st century library services.

Library Performance Assumptions

Maintain a high level of quality in the Library's collections, spaces, and services, as demonstrated in LibQUAL+ survey scores (scale of 1-9) for the following items in comparison to the average for the Association of Research Libraries (ARL):

- Service: "Overall quality of the service provided by the library" (all user groups: undergraduates, graduates, and faculty): target score - above the average for ARL in the given year (2013 ARL mean: 7.40)
- Space: "Library space that inspires study and learning" (undergraduates): target score is ARL average for the given year (2013 ARL mean: 6.73)
- Collections: "Print and/or electronic journal collections I require for my work" (user groups: undergraduates and graduates): target score – above the average for ARL for the given year (2013 ARL mean for undergraduates: 7.18 and graduates: 7.30)

5 Overall Budget: Design and Framework of McGill's Budget

This section describes the overall budget design and framework at McGill, including the “Finance & Budget Integration” (FBI) project that is now in its second year of implementation.

The budget processes at McGill are variants on the provostial model that is widely employed by major North American research universities. Within that model, and McGill's implementation of it, the Provost serves not only as the University's chief academic officer (after the Principal), but also as the institution's chief budget officer (but not its chief financial officer). The Provost, therefore, supervises the design, development, and delivery of the University's overall budget, ensuring that the allocation of funds and other resources align with McGill's academic priorities, objectives, and goals.

A “Budget Working Group”, comprised of Associate Provosts, the Director of the Budget Office, and representatives from the Office of the Vice-Principal (Administration and Finance), including Financial Services, Human Resources, and University Services (Facilities Development), as well as analysts from Planning and Institutional Analysis, chaired by the Provost, meets bi-weekly (except in July and August) to review and advise on all issues related the University's budget.

In preparing McGill's budget, the Provost consults directly with the Principal, Vice-Principals, the Deans, and other senior administrators, Faculty and Student Association Councils, as well as with the two governance bodies of the University, Senate and Board of Governors. The community-at-large is kept informed of developments and is invited to give feedback several times prior to finalizing the budget and submitting it to the Board of Governors for approval.

The major presentations occur as follows:

1. *November*: “Budget Presentation I” provides a general orientation to the major parameters that are likely to have an impact on the revenues and expenses for the coming year(s). The Finance Committee of the Board provides significant advice and counsel on these matters and Senate is apprised of their general directions.
2. *February*: “Budget Presentation II” goes into significantly more detail on the budgetary outlook. It also provides updates with the assistance of the Assistant Vice-Principal (Financial Services) on the trajectory of revenues and expenses in the current year. Estimates of current year-end results are estimated and shared with Senate, the Board of Governors and various committees, as well as with the Principal's cabinet and the Deans. The targets for the upcoming year are finalized for each academic and administrative unit.
3. *April*: Before the start of the new fiscal year on 1 May, and after it has been cleared by the Principal and the Vice-Principals, a presentation of the final budget in draft gives the Finance Committee and the whole Board the opportunity for final input on the draft Budget Book before seeking final approval of the Budget and the Budget Book from the Board of Governors. It is then presented to Senate, and the entire McGill community for information. The Budget Book itself is made available on the Provost's website once finalized. For ease of reference, the term “Budget Presentation III” is used to represent this process in the timeline presented in the Appendix.
4. *October through March*: Presentations with increasing details are made to Faculty and Student Councils to get input on the shape and direction of budget planning.

A schedule of this year's timeline is presented in [Appendix 12](#).

5.1 Design of the FY2015-2019 Budget

The overall University **budget** is comprised of four funds (see *Table 5.1.2*):

1. **Operating (unrestricted)**
2. **Restricted (mostly research)**
3. **Capital (plant)**
4. **Endowment**

The first two funds deal with activities normally associated with the University's day-to-day teaching and research operating activities. The primary difference between these two funds is that monies received with specific restrictions on their use (e.g., research grants and research contracts) need to be recorded in the restricted fund and cannot cross-over to cover shortfalls in the unrestricted operating fund. Of course, the associated **expenditures** must also be recorded separately to facilitate tracking and reporting. The capital or plant fund records all **revenues** from sources other than operating or restricted funds that are specifically earmarked for the acquisition, construction, and/or renovation of **capital assets** like buildings and other property. The endowment fund consists of all assets related to **gifts, donations, and bequests**, including those for named chairs, financial aid, research support, and other specific purposes for which the principal has been awarded to the University.

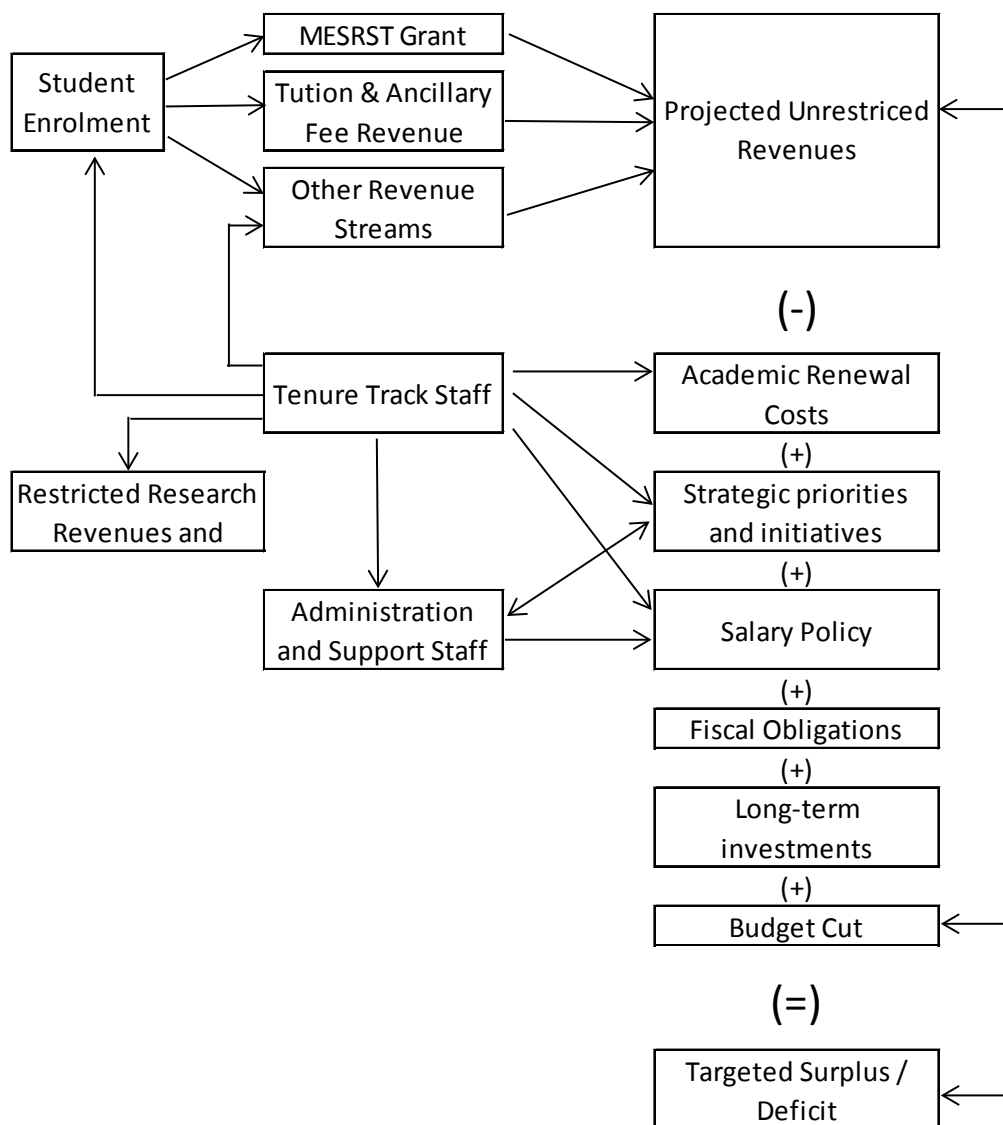
It is important for all revenues, regardless of fund type, to contribute to the strategic priorities and objectives of the University. In the context of well-documented and now chronic underfunding for Quebec universities, this requirement is all the more compelling. Naturally, the lion's share of McGill's budgeting process focuses on the unrestricted operating fund because this is where the University has the most latitude for action.

[Figure 5.1.1](#) provides a schematic of the most prevalent components of the University's budget planning for unrestricted funds and provides indications as to possible impacts on other funds: restricted research and one-time investments (long-term investments). Funds other than operating are not overlooked. Indeed, strategies and processes related to increasing those revenues, and related spending, often require investments and set-asides from limited unrestricted funds. It should be clear, therefore, that resource allocations often consist of explicitly as well as implicitly considering trade-offs.

[Appendix 13](#) illustrates the overall combination of the four funds into one column, for three years: the FY2013 actual, the FY2014 forecast and the FY2015 budget. While the GAAP format combines all four funds into one column, particular attention is put on the Operating Fund as it is through this fund that the University has most discretion and pays for the vast majority of its operations. Changes to the University's net asset positions are shown in [Appendix 14](#).

Sections [6](#) to [9](#) provide descriptive elements related to each of the respective funds.

5.1.1 Figure 5.1.1: High-level illustration of McGill's Budget Planning (Unrestricted Funds)



5.1.2 Table 5.1.2: Breakdown of overall revenues (\$M) for McGill's four funds

Fund type	FY2014 (forecast)	FY2015 (budget)
Operating	\$732.4	\$768.8
Restricted	\$378.0	\$369.7
Plant	\$107.0	\$105.0
Total	\$1,217.4	\$1,243.5

Note: Revenues earned from Endowment investments are recorded in the Operating and Restricted funds under GAAP.

5.2 The multi-year, multi-fund Financial and Budget Integration (FBI) Framework

The aim of the multi-year, multi-fund **Financial & Budget Integration** framework's ([FBI@McGill](#)³⁵), in its second year of implementation, is to streamline and more fully integrate and align appropriately McGill's planning, budgeting, and reporting processes across all units of the University. Further work is on-going in order to simplify processes, develop financial tools, and provide useful and timely metrics that will facilitate the planning, analysis, sharing and management of unit budgets as well as linking them to performance measures and targets.

The FBI encompasses four components:

1. Accountability framework

Drawn from and based on [ASAP 2012](#)³⁶, the accountability framework is a summary document that outlines succinctly the strategic priorities, objectives and accountabilities of the University. The framework has 4 categories of strategic priorities:

- a) academic and research excellence
- b) sustained focus on student centeredness
- c) external visibility and reputation
- d) effective management of total resources on a multi-year, multi-fund basis.

The more comprehensive *ASAP 2012* which underpins much of the budget and financial planning of the FBI framework, elaborates more fully on many of these priorities, including specific strategies and action items. The accountability framework also includes "primary and supporting roles" for Deans and Vice-Principals that are aligned to each strategic objective. The framework also identifies institutional Key Performance Indicators (KPIs) matched to strategic objectives that measure overall University performance.

2. Agreements

The purpose of the Agreements is to ensure alignment of existing and/or proposed activities and financial plans at the unit level with the strategic objectives of the University. Units use the Agreements to report on on-going activities and propose new initiatives along with five-year financial plans. The Agreement is also designed to capture performance indicators and targets in order to measure progress towards achieving objectives.

3. Multi-Year, Multi-fund Budget Planning Process

The aim of this process is to develop timely operational and financial plans that can be used as inputs into the overall multi-year McGill budget plan. The process includes outlining the elements of the unit plans

³⁵ www.mcgill.ca/fbi/rollout

³⁶ <http://www.mcgill.ca/asap/asap-2012-plan>

with identified activities, defined timelines and clear roles and responsibilities, both at the institutional level and at the Faculty and Administrative Unit level.

4. Financial and Budget Model (FBM)

The Financial and Budget Model is a multi-year, multi-fund financial tool that allows units to input their five-year financial plans (all resources) which are then rolled up into a consolidated multi-year, multi-fund budget plan for the University.

Additional information and the budget calendar for Faculties and Administrative Units, which indicates due dates for budget requests and other key dates, can be found on the [FBI website timeline](#)³⁷.

5.3 Enterprise Risk Management (ERM)

Mandated by the Audit Committee of the Board of Governors in late 2009, the ERM initiative provides a means to identify, and report on McGill University's key risks and their impact on the strategic direction of the University. The ERM initiative also provides a methodology for reporting and tracking mitigation plans in order to reduce the potential adverse effects of identifiable risks.

Over the past year, additional techniques have been implemented in order to further mitigate the Top Risks. One of the Top Risks in Research is being mitigated by several different projects, which are all in progress. Each project focuses on a different aspect of this Top Risk; one is focused on the development of an external relations strategy, and another is about building a stronger service-driven research unit that better supports the research enterprise.

Mitigation efforts have been implemented for a Top Risk in Infrastructure as well. Qualitative improvements have been made to several buildings but many others still require attention. Units have also continued to address their risk registers internally, including the financial resources required to support them, by aligning unit objectives to their risk registers with the goal of improving outcomes.

Risk assessments are on-going for new and expanding risks. Next steps include further analysis of the Top Risks that will help us focus on strategic risks through several recommended tactical measures (risk register comparisons, interviews with senior administration, and risk awareness through key internal websites).

With the foundation and groundwork in place at McGill, the implementation and development of ERM will continue to evolve and mature. This will be reinforced as we continue to embed risk management in the University's operational and strategic decision-making process.

³⁷ www.mcgill.ca/fbi/my-planning/timeline

6 Unrestricted Funds: FY2015 Budget

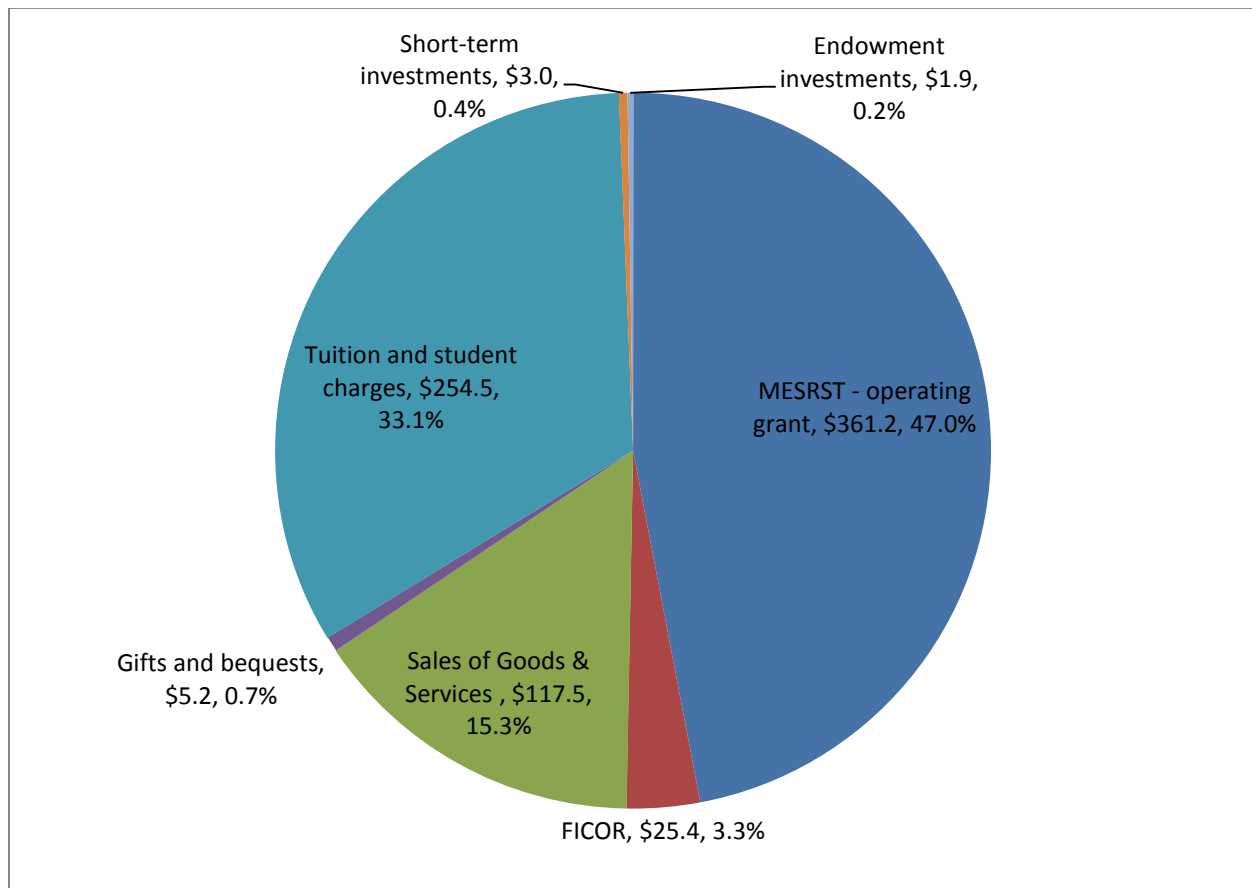
6.1 Unrestricted Revenues [\$768.8M]

The sources of revenue for McGill's operating budget for FY2015 are:

- 1) MESRST grant: 47%
- 2) tuition and fees: 33.1%
- 3) sale of goods and services revenues, including self-funded activities, ancillary, and services to the community: 15.3%
- 4) the federal grant covering the indirect costs of research (FICOR): 3.3%
- 5) gifts and bequests: 0.7%
- 6) investment income: 0.4%
- 7) endowment income: 0.2%

For FY2015, total projected revenues from the above sources are expected to be \$768.8M (see *Figure 6.1.1*).

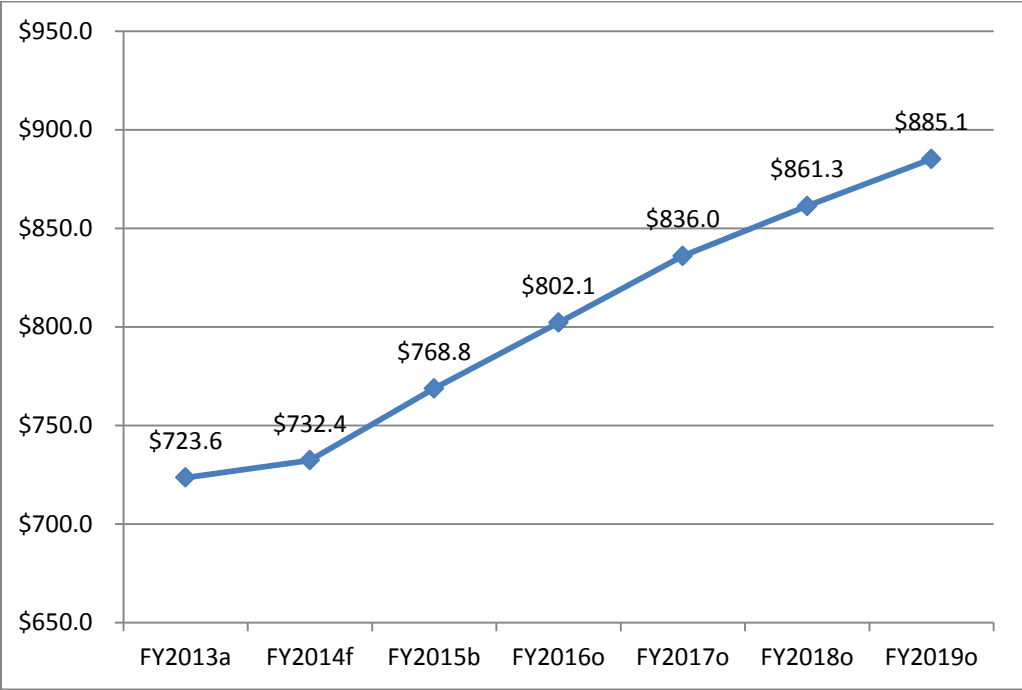
6.1.1 Figure 6.1.1: Projected Operating Revenues - FY2015 Budget (\$M) \$768.8M



After two years of significant cuts (\$19.2M) to the University’s operating grants for FY2013 and FY2014, the University was expecting reinvestments for FY2015-FY2019 which were communicated during the Higher Education Summit held in February 2013. Revenues are expected to rise from FY2015 onwards, as shown in *Figure 6.1.2* below. In preparing this Budget Book, these indications remain the latest and most tenable estimates that we could use. The two primary factors considered and utilised are:

1. MESRST Reinvestment (see [Section 6.1.9](#))
2. Increases in enrolment, particularly at the graduate student level as well as significant increases in the number of international students registered in deregulated undergraduate degrees (see [Section 6.1.4](#)).

6.1.2 Figure 6.1.2: Operating Revenue from FY2013 to FY2019 Budget (\$M)



a=actual f = forecast b = budget o = outlook

Table 6.1.3: Evolution of Operating Revenue from FY2013 to FY2019 (\$M)

	FY2013a	FY2014f	FY2015b	FY2016o	FY2017o	FY2018o	FY2019o	% incr. FY2015- 2014	% incr. FY2019- 2014
Provincial Grant	330.6	346.8	361.2	376.2	394.4	404.5	414.3	4.2%	19.5%
Federal Grants (incl. ICR)	24.9	24.9	25.4	25.4	25.4	25.4	25.4	2.2%	2.2%
Tuition and Fees	228.6	238.9	254.5	269.1	282.4	294.9	306.5	6.5%	28.3%
Gifts & Bequests	6.8	4.7	5.2	5.2	5.3	5.3	5.2	12.0%	11.1%
Endowment Revenue	7.0	1.8	1.9	1.9	1.9	1.9	1.9	3.7%	4.0%
Sales of Goods & Services	120.2	111.9	117.5	121.5	124.5	126.8	129.3	5.1%	15.6%
Short Term Interest	5.4	3.5	3.0	2.9	2.2	2.5	2.4	-13.0%	-29.1%
Total Revenue	723.6	732.4	768.8	802.1	836.0	861.3	885.1	5.0%	20.9%

a=actual f = forecast b = budget o = outlook

6.1.4 Student Enrolment and the MESRST Operating Grant

All tuition, 75% of the provincial grant, and a significant portion of the sale of goods and services are a direct function of the University's enrolments. Consequently, establishing targets, being able to project actual student registrations, and understanding what might cause variances, represent important factors in forecasting the University's unrestricted revenues.

During the course of the year, different groups at McGill engage in a number of established activities that help the Office of the Provost to project student numbers and related fees, and thus to build this component of the budget. The following list highlights some of the activities that aid in this forecasting process:

- the Strategic Enrolment Management (SEM) Workgroup, chaired by the Deputy Provost (Student Life and Learning), with representatives from most Faculties, and using resource personnel from several areas, meets regularly to review scenarios that may have an impact on enrolments
- another workgroup, led by the Executive Director of Enrolment Services, meets with the Dean or authoritative delegate of each Faculty to discuss undergraduate admissions targets that are then reviewed by the Budget Working Group and ultimately approved by the Provost
- the Office of the Dean of Graduate and Postdoctoral Studies meets with and the Deans of each Faculty to determine graduate program enrolment targets to propose to the Provost for approval
- the Deregulated Tuition Advisory Committee, chaired by the Deputy Provost (SLL), with representatives from Enrolment Services, Financial Services, Planning and Institutional Analysis, and the Office of the Provost, reviews and proposes deregulated program tuition levels
- the Fee Advisory Committee, chaired by the Deputy Provost (SLL), reviews and proposes Ancillary Fees and helps coordinate agreements with student groups
- analysts from Planning and Institutional Analysis (PIA) model and forecast admissions targets, translating these into headcounts, **full-time equivalents (FTEs)**, and **weighted student units (WSUs)**

The results from each of the above working groups, allows the Office of the Provost and the Budget Office to project annual (and multi-year) enrolment targets. The latter are then incorporated into each Faculty's Agreement along with a portion of the related revenue streams. Certain expenditure line items, such as student aid, are then derived and also incorporated in a five-year budgetary outlook that is also propagated to the Faculty level.

Five-year admission targets by Faculty and degree are used to forecast full-time equivalent student counts (FTEs) and weighted student units (WSUs) over the five year budget planning horizon. The weighted student units are meant to reflect FTEs adjusted for the relative cost weights of disciplines and levels of study with respect to a baseline. Weights vary between 1.0 and 9.72 at the Bachelors level, 2.29 and 9.41 at the Masters level and 6.4 and 10.69 at the PhD level. For budget planning purposes, enrolments at the University are divided into three major groups:

- **Regulated** students: Students conforming to the tuition rates set by the Government and for which government grants are received. FTEs and WSUs are important student enrolment measures through which the MESRST funds Quebec universities. (Refer to [Table 6.1.5](#)).
- **Deregulated** students: These are Undergraduate international students enrolled in six disciplines (Management, Law, Engineering, Computer Science, Mathematics and Pure Sciences) for which universities are allowed to set the fees but no teaching grant is received, although universities continue to receive administrative support grants. FY2015 will be the first year of full deregulation for international students in related undergraduate degrees. Significant increases are forecast, particularly in Engineering and Science in order to take advantage of capacity in areas which are currently in greater demand from international students. (Refer to [Table 6.1.6](#))
- **Self-funded** students: These are students for which universities are allowed to set the fees but no grant is received. This represents a small number of students enrolled in specialized Masters-level programs in Management as well as non-Quebec students studying in distance programs outside Quebec (refer to [Table 6.1.7](#)). In the case of the Desautels Faculty of Management, the revenues are recognized at the Faculty level. It should be noted that the FY2014 FTE figure was exceptionally high in Summer 2013 due to a curriculum change in the MBA program. FTE numbers for self-funded programs will therefore return to their previous levels in FY2015 and beyond.

6.1.5 Table 6.1.5: Regulated Student FTE and WSU Forecast

	Level	FY2014	FY2015	FY2019	1-yr Growth FY15 - FY14	5-yr Growth FY19 - FY14
Total FTEs	1st cycle	22,221.9	22,387.5	22,571.6	0.7%	1.6%
	2nd cycle	3,778.0	3,777.1	4,160.4	0.0%	10.1%
	3rd Cycle	2,007.1	2,018.5	2,403.9	0.6%	19.8%
	Med Res	2,075.0	2,150.0	2,150.0	3.6%	3.6%
	Total	30,082.0	30,333.1	31,285.8	0.8%	4.0%
Total WSUs	1st cycle	40,293.8	40,616.6	41,106.2	0.8%	2.0%
	2nd cycle	17,482.5	17,096.1	18,561.8	-2.2%	6.2%
	3rd Cycle	17,872.6	18,019.7	21,683.1	0.8%	21.3%
	Med Res	6,972.0	7,224.0	7,224.0	3.6%	3.6%
	Total	82,620.9	82,956.4	88,575.0	0.4%	7.2%

6.1.6 Table 6.1.6: Deregulated Program FTE Forecast

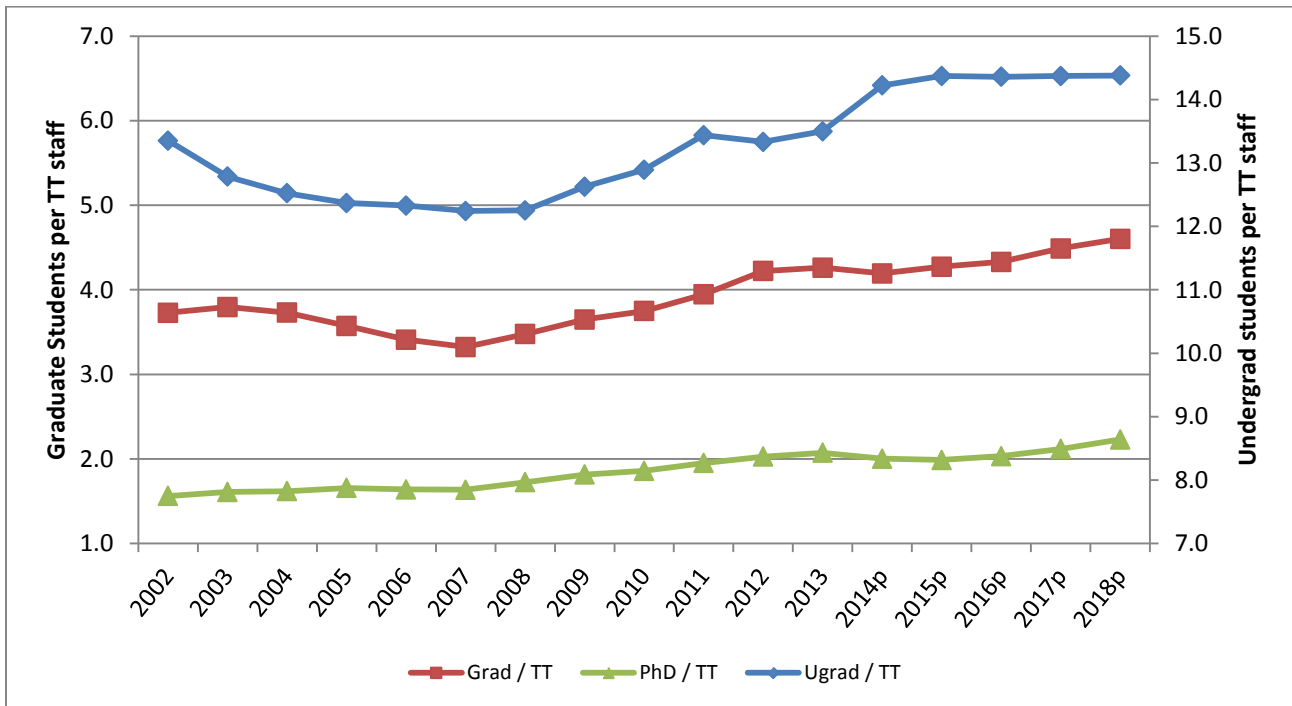
Degree	FY2014	FY 2015	FY 2019	1-yr Growth FY15 - FY14	5-yr Growth FY19 - FY14
B Eng (Bioresource)	29.6	31.3	39.3	5.6%	32.7%
B. Eng	594.9	653.8	809.0	9.9%	36.0%
B. Software Eng.	28.2	33.9	31.0	20.2%	9.9%
BCL/LLB	9.6	7.8	8.7	-18.8%	-9.7%
BCom	301.0	348.8	419.8	15.9%	39.5%
BSc	480.3	539.0	669.3	12.2%	39.3%
Mgmt Certs	2.5	3.0	3.0	20.0%	20.0%
Computer / Engineering Certs	1.7	1.5	1.5	-11.8%	-11.8%
Grand Total	1,447.8	1,619.1	1,981.6	11.8%	36.9%

6.1.7 Table 6.1.7: Self-funded Masters Programs in Management FTE Forecast

FY2014	FY 2015	FY 2019	1-yr Growth FY15 - FY14	5-yr Growth FY19 - FY14
353.1	299.1	330.5	-15.3%	-6.4%

As enrolment-driven revenues represent such a significant portion of the University's unrestricted revenues it is a tempting reflex to increase enrolments in order to solve our financial woes. To a certain extent, we do this selectively, in areas where we believe we have capacity. There is a general consensus, however, that in order to maintain quality in undergraduate education we are nearing this limit, as measured by the student-to-tenure-track-staff ratio. On the other hand, as part of our objective to remain one of the most research-intensive universities in Canada, we believe we have capacity to grow enrolment at the graduate level. [Figure 6.1.8](#) depicts the evolution of university-wide student-to-tenure-track-staff ratios that have informed our enrolment target setting.

6.1.8 Figure 6.1.8: Evolution of Student-Staff Ratios



Close to 25% of the MESRST grant to universities is dedicated to envelopes which are either reserved for certain universities or are restricted to project-based short-term allocations with heavy reporting obligations. The student-driven envelopes are for the most part zero-based which means that the amounts allocated can be very sensitive to increases and decreases in enrolment. Several universities, given the demographic trends tending to show future enrolment drops in the Quebec student population, have made a pitch to the Funding Workgroup (“Chantier sur le financement”) to modify the funding formula from this zero-based model to one which only impacts universities at a marginal rate. The *Chantier* members have echoed this in their preliminary report and we have taken a conservative approach to reduce the anticipated funding revenues related to changes in enrolment to 50% rather than 100%, starting FY2016. The impact of this conservative approach is approximately \$30M less in cumulative net revenues, over 4 years (FY2016 – FY2019).

6.1.9 MESRST reinvestment

Following the February 2013 Summit, the provincial government committed to a \$1.764B reinvestment in the Quebec university system over five years, aligned to identified priorities.

6.1.10 Table 6.1.10: MESRST Reinvestment to Quebec Universities (\$M)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Total
Financement Universitaire - before reinvestment	\$2,624.0	\$2,624.0	\$2,624.0	\$2,624.0	\$2,624.0	\$2,624.0	\$2,624.0	
Interest on long-term Debt	\$ 342.0	\$ 342.0	\$ 342.0	\$ 342.0	\$ 342.0	\$ 342.0	\$ 342.0	
Coûts de systèmes (indexation)	\$ -	\$ 89.0	\$ 182.0	\$ 237.0	\$ 266.0	\$ 325.0	\$ 385.0	\$1,484.0
Financement total - before reinvestment	\$2,966.0	\$3,055.0	\$3,148.0	\$3,203.0	\$3,232.0	\$3,291.0	\$3,351.0	
Hausse du financement de base (\$ 405M):	\$ -	\$ -	\$ 48.5	\$ 65.5	\$ 81.5	\$ 97.0	\$ 112.5	\$ 405.0
Réinvestissement stratégique (\$ 1,359M):	\$ 10.0	\$ 20.0	\$ 140.5	\$ 222.5	\$ 305.5	\$ 322.0	\$ 338.5	\$1,359.0
							Total:	\$1,764.0

The “*coûts de systèmes*” or indexation is a regular incremental part of the existing envelopes and as such, within our budget planning, is included going forward. Within our budget model, we have built a 2% indexation for FY2015 followed by an indexation of 1.5% per year for the following 4 years.

The “*hausse de financement de base*” will only be determined following the implementation of the recommendations of the *Chantier sur le financement*. A preliminary report was released in Fall 2013 and a second series of consultations is currently underway. The final report is expected in late June 2014. At this point in time we are assuming that we will get approximately 14% of the amount available or \$6.8M out of the \$48.5M for the entire réseau or network.

As for the strategic reinvestment, while envelopes have been announced for the next 5 years, details were provided for FY2015 only, and we have made use of what we know of these to prepare our FY2015 budget:

6.1.11 Table 6.1.11: FY2015 Strategic Reinvestment Envelopes (\$M)

Theme	Réseau (\$'M)	McGill (\$'M)	Type	Notes
Qualité de l'enseignement	\$59.1	\$9.3	unrestricted	based on proportion of teaching and support grants
Étudiants en situation de handicap	\$7.5	\$1.2	unrestricted	based on students reported as handicapped and total students
Soutien à la recherche	\$9.0	\$2.0	unrestricted	operating space maintenance
Gestion financière et gouvernance	\$2.0	\$0.1	unrestricted	flat amount per university
Philanthropie	\$30.0	\$5.1	unrestricted	"Placements Universités"
Résorption du déficit accumulé	\$20.0	\$2.5	unrestricted	pro-rata of operating grant (less amounts managed as fiduciary)
1.3 Premières nations	\$0.3	TBD	restricted	project based: total envelope: \$1.1M
2.1 Universités + les régions	\$5.0	TBD	restricted	project based
2.2 Universités + CEGEPs	\$7.4	TBD	restricted	project based: total envelope: \$15M
2.3 Projets pilotes	\$0.2	TBD	restricted	Reserved for UQ only
Total	\$140.5	\$20.3		McGill's percentage share: 14.4%

The unrestricted elements of the strategic reinvestment were to be confirmed for FY2015 through a "convention" signed before the election call. As the parties were unable to complete all the elements of the convention before the election call, it is unclear whether components will be revisited by the new administration.

Details of the MESRST Revenues can be found in [Appendix 15: MESRST Operating Grant](#).

6.1.12 Tuition and Ancillary fees

As described in the previous section, most students are registered under a regulated tuition regime and therefore both their tuition fees and the ancillary fee increases are determined by the Provincial government. The indexation for the base tuition rate applicable to Quebec students in FY2015 is limited to the increase in available family income per person from two years ago (2011-2012)³⁸: 2.2% or a \$49-increase per FTE starting Fall 2014 for an annual FTE (30 credits) rate of \$2,273. For the subsequent four years we are assuming a 2%

³⁸ Refer to document from l'Institut de la statistique de Québec found at <http://www.stat.gouv.qc.ca/statistiques/economie/comptes-economiques/revenu-menage/revenu-disponible-2013.pdf>

indexation rate. It should be noted that 25% of the increase is recaptured by the MESRST in order to help fund the Quebec Student Loans and Bursaries program. The net tuition increase kept by the University is therefore only \$36.75 per FTE or the equivalent of less than 10 cents per student per contact hour of instruction.

Canadians from other provinces and regulated international students pay tuition supplements, known as “**forfaitaires**”, over and above the base Quebec tuition rates. These amounts are deducted from the grant, effectively being returned to the government in exchange for the same per-student grant allocations as Quebec students. Tuition for students from the rest of Canada, comprised of the base Quebec rate plus the out-of-province supplement, is set at a level equivalent to the average tuition across the other nine Provinces of Canada, while the international rate is now being set at the rate approximately equivalent to the average teaching grant received for all international students in the Quebec system.

Apart from a 10% surcharge universities are allowed to assess on international student tuition fees, the supplements are returned to the government and are therefore considered a “flow through” for budget planning purposes. As well, there are fee exemptions for certain groups of international students, such as those from France, who, although international, pay the Quebec rate. Starting in Fall 2015, the out-of-province supplements will increase by 8.8% over the Fall 2014 rate while the international supplements will increase by 2.7%.

An element brought forward during the FY2015 Provincial budget speech was the requirement to review the estimated \$60M in international student fee subsidies. The related decisions may have an impact on the number of international students registered at McGill or the need to add further fee compensations within our own expenses. At this stage, information is too preliminary to be able to include any monetary adjustments in the budget, but it is noted here as a future opportunity and/or risk factor.

Tuition fees for deregulated students are set by the University. For each new entering cohort, we have adopted a “guaranteed” tuition model so that a student’s tuition rate is applicable for the duration of his/her studies. The rates are set so as to be priced competitively with our peers across Canada. For the Fall 2015 cohort, the increase is set at 6% compared to the Fall 2014 rate, with 5% increases planned for the two subsequent years and 4% increases planned for the two years after that. These rates are subject to being adjusted on a program-by-program basis based on our admissions yield figures and comparisons with peer programs.

Increases in ancillary student fees (“*frais institutionnels obligatoires*” or FIOs), have been regulated by the MESRST since FY2011. Indexation of FIOs is set at the same rate as the base tuition (2.2% for FY2015) unless specific agreements are signed with the student associations. As with base regulated tuition, we assume a 2.2% increase in FY2015 followed by 2.0% increases for subsequent years.

6.1.13 Indirect Costs of Research

Both the federal and provincial governments recognise the need to support the full administrative “institutional” or “indirect” costs of administering and managing world-class research activities. **Indirect cost of research** are those activities that cannot be directly attributed to a specific research project, such as maintaining and heating buildings and providing a large array of services from the optical backbone network to Library subscriptions to research journals to hazardous waste removal and other such charges. Research

contracts and grants are generally expected to provide some compensation to the University for the increased operating costs that it incurs in conjunction with such research.

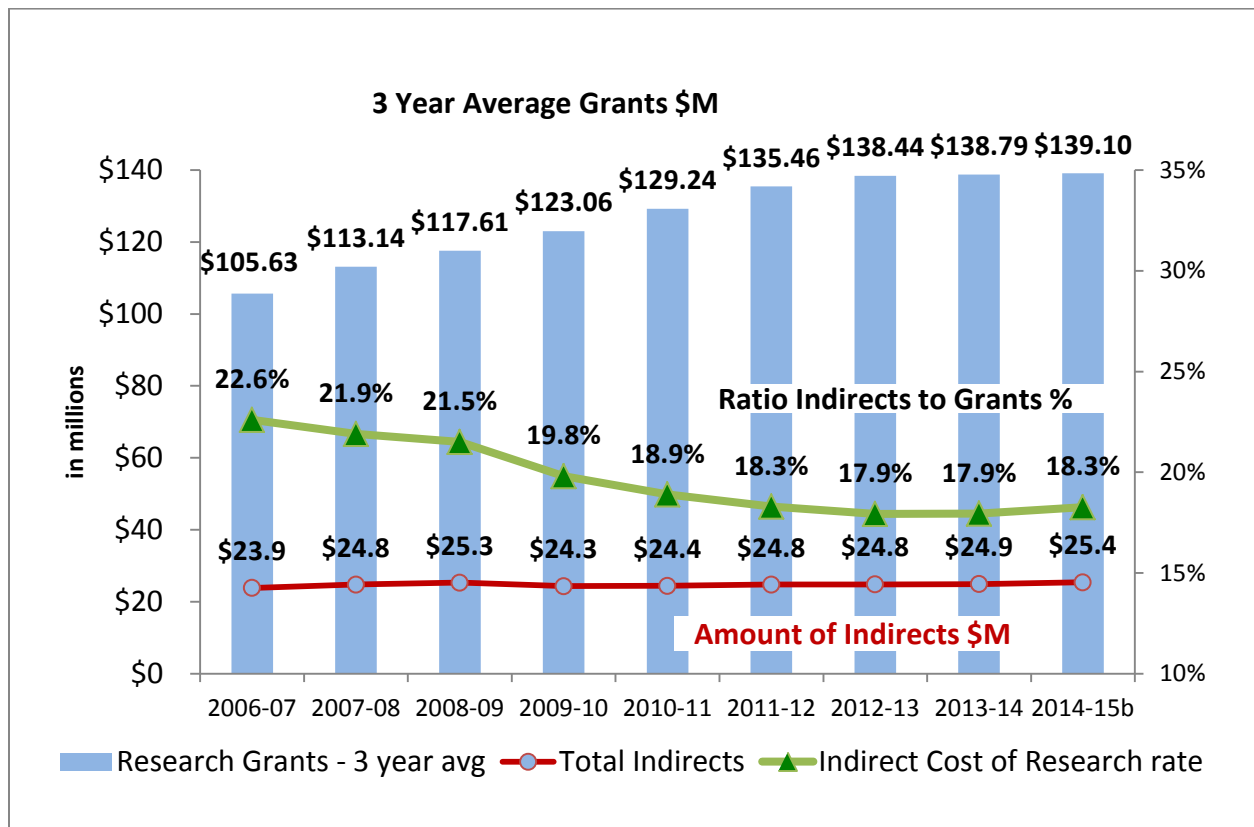
6.1.13.1 Federal indirect costs of research (FICOR) revenue assumptions

The Federal indirect costs of research (FICOR) compensate universities based on federal grants at roughly 18%, while the MESRST compensates the University in the amount of 45-60%, depending on the type of research conducted, of total research revenues from provincial grants.

The federal indirect costs of research revenues are a function of the level of research grants awarded by the Tri-councils. Beyond a few small institutions being added from time to time, the share of total research remains relatively stable: we are estimating McGill's share of the total federal envelope will remain at approximately 7.5% over the planning period. Nevertheless, McGill has seen its ICR rate of total Tri-Agency Research Council grants drop from 22.6% in FY2007 to 17.9% in FY2014 partly because the overall indirect cost of research envelope has not kept pace with the awarded research dollars and also because higher rates of indirect cost recovery are provided to an increasing number of institutions with small research grant amounts. [Figure 6.1.14](#) details the increase in Federal Research Grants versus the decreasing share of ICR received.

In the FY2015 federal budget, it was announced that the Indirect Costs program will receive an additional \$9 million per year representing a 2.7% increase from \$332M in FY2014. For McGill, assuming the 7.5% share, the revenue budget for federal indirect costs of research will be increased by \$675,000.

6.1.14 Figure 6.1.14: Evolution of federal research grants versus ICR rate



Source: Indirect Cost website

6.1.14.2 Provincial indirect costs of research (PICOR) revenue assumptions

Funding from the Quebec councils is included as a component in the **MESRST grant** from the provincial government ministry and therefore directly deposited in the operating budget of the University. The amount of indirect costs of research related to provincial grants was \$11.5M in FY2014, up from \$10.3M in FY2013. An additional \$7.4M per year was provided to McGill as a “transition” grant, to account for the fact that the Federal government’s ICR rate was below 40% and insufficient to cover actual indirect costs of research incurred.

In FY2015, MESRST is initiating a reform of the allocation formula for indirect cost of research. The transition envelope will be transferred to an envelope dedicated to cover cost of research space. In parallel the portion that is based on direct cost of research will be fixed at 27%. Projections by the MESRST shows an overall increase of funding for indirect cost of research at McGill in the range of \$3-4M per year until the reform is fully implemented in FY2018.

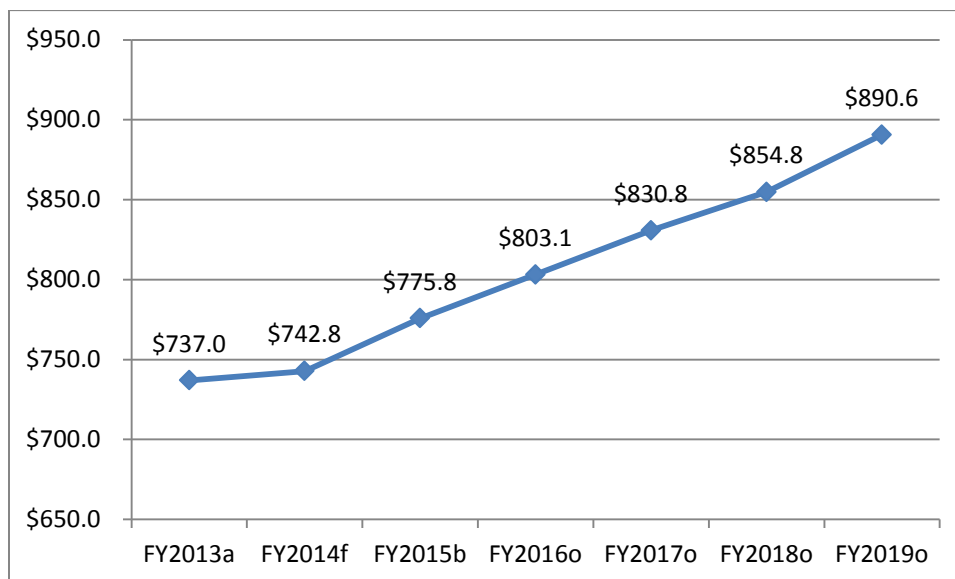
6.2 Expenditures aligned with Priorities

As shown below, our expenditures are aligned with priorities:

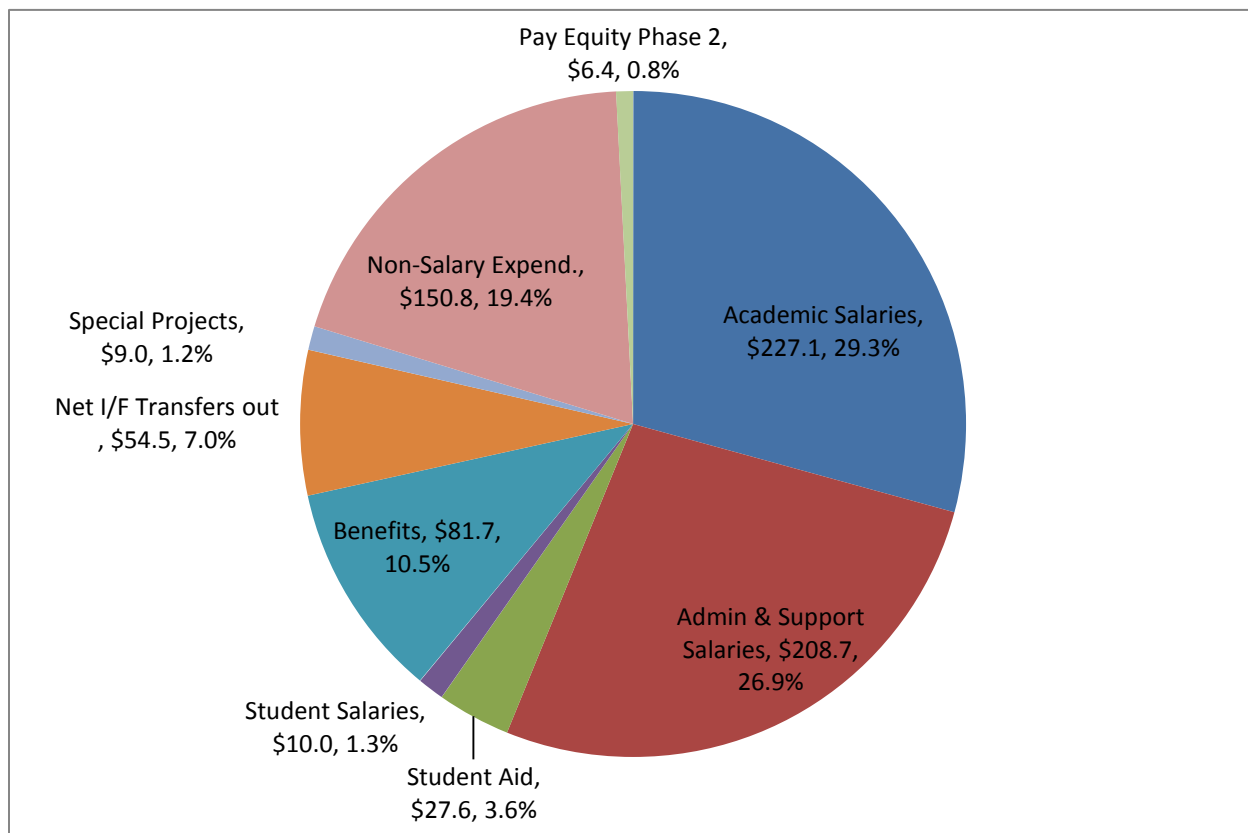
- salary policy to recruit and retain high calibre staff, tenure stream academic renewal for our research and teaching mission
- efficient administrative support for our research and academic mission and resource stewardship
- allocation of administrative and support staff across Faculties and Administrative units
- incentive allocations for incremental enrolment and research activity
- allocations for strategic priorities and new initiatives
- allocations for undergraduate student assistance and to support graduate students
- support for the Library
- self-financed activities and overhead revenues
- application of budget cuts to create room for priorities

Projected operating expenditures over the next five years are described in [Figure 6.2.1](#). Expenditures are expected to grow by 7.1% in FY2015 and 23.4% in the next five years.

6.2.1 Figure 6.2.1: Operating Expenditure Projections FY2013 – FY2019 (\$M)



6.2.2 Figure 6.2.2: Projected Operating Expenditures – FY2015 Budget (\$M): \$775.8M



In order to maintain our quality, not only with other Canadian research universities, but also with the top universities in the world, starting salaries and annual salary increases for McGill professors must remain competitive. The latest available U15 salary data indicates that McGill is currently lagging behind many of its peers in these categories.

Several processes and allocation models support the budgetary processes by providing on-going, documented and transparent mechanisms of resource allocation.

6.2.3 Remuneration and Salary Policy: Recruiting and Retaining High Calibre Staff

Higher education, especially at a research-intensive, student-centred institution such as McGill, the largest single component of our budget expenditures is compensation related. Salaries and benefits represent close to 75% of the University's total unrestricted expenses and academic salaries are an important component.

6.2.4 Table 6.2.4: McGill Academic Salaries compared to U15 (2010)

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
McGill's Rank among U15	6	7	7	8	7	7	8	9	11
Difference between McGill's avg. Salaries compared to U15 Median	\$1,092	\$1,898	\$426	-	\$57	\$404	-	(\$4,408)	(\$9,745)
McGill's Avg. Salary compared to U15 Top Tier	(\$377)	(\$734)	(\$2,022)	(\$2,823)	(\$1,949)	(\$3,871)	(\$3,187)	(\$7,004)	(\$13,124)

McGill's qualified administrative and support staff facilitates the work of our academic staff and support our students. These employees fulfil McGill's operational functions and help meet regulatory requirements. In order recruit and retain these employees, they must be provided with compensation commensurate with that found in the local and Canadian markets.

As a result, salary policy remains an important component of budgeting. Periodically, the University undertakes discussions and negotiations with various employee associations and unions in order to determine salary increases and other compensatory measures. For the most part, these staff groups are partners in the context of the on-going budgetary discussions. FY2014 witnessed a worthy example of several groups that elected to postpone salary increases in order to offset the cuts imposed by the Provincial government. [Figure 6.2.5](#) outlines the budgeted increases for FY2015.

6.2.5 Figure 6.2.5: Salary Policy Increase in Salary Mass FY2015

Staff Category	FY2014 Salary Mass (incl. benefits)	FY2015 incr.	
		%	\$
Total	\$410.7M	4.2%	\$17.2M

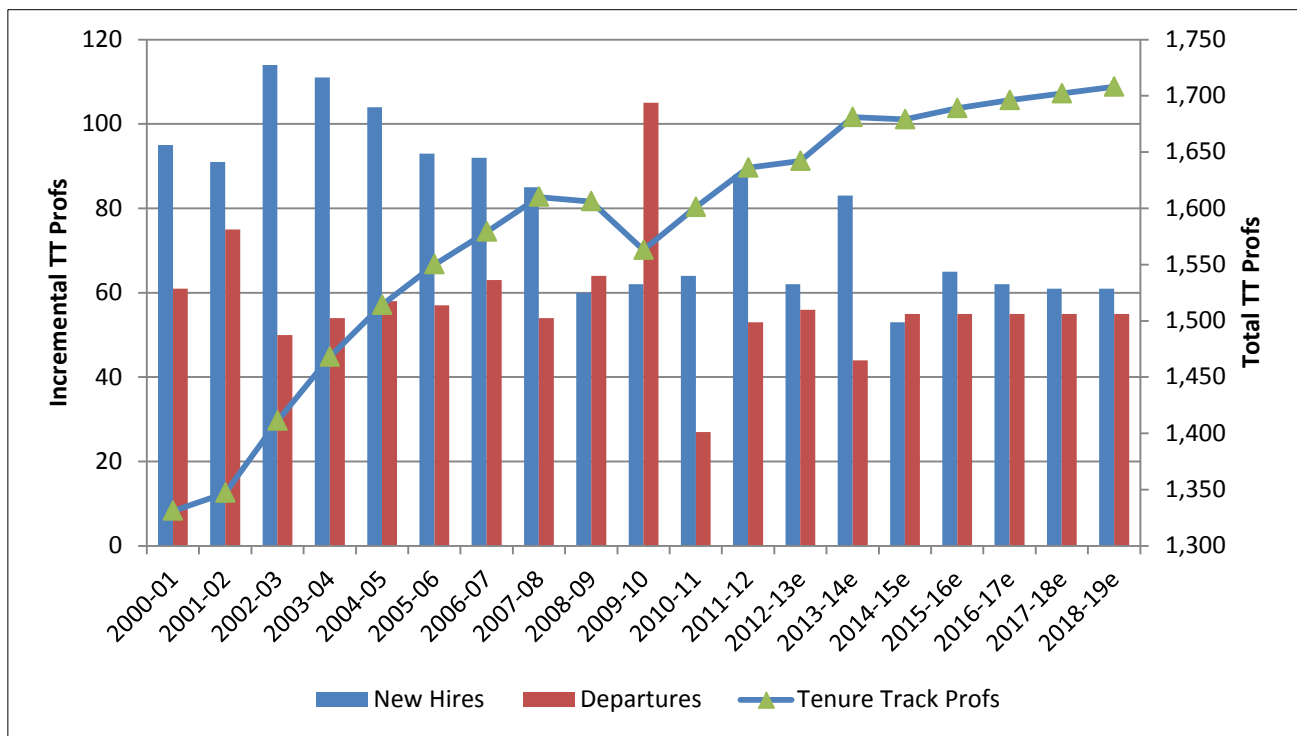
6.2.6 Tenure Stream Staff and Academic Renewal

The number of tenure-track (TT) staff is the single most important driver of teaching and research activity at the University. Indicators including percent of classes taught by TT staff, student-to-TT ratios, number of

graduate students per TT staff, and research dollars per TT faculty members all have an impact the quality of our educational offerings, our research performance, and ultimately McGill’s reputation.

We continue to pay close attention to academic renewal, which has been a core component of our strategic investments over the past dozen years in terms of determining priorities in terms of academic disciplines and capacity. In this context, academic renewal refers to the intense tenure-track hiring activity and the plans McGill has had in place since early 2000 to address the need to improve student-staff ratios and face the impending retirements. Targets for tenure stream complements were agreed upon between the Provost and the Deans, and hires are planned over a five-year horizon based on targeted growth and forecasted departures. Refer to Appendix 7 for a Faculty breakdown.

6.2.7 Figure 6.2.7: Total Tenured and Tenure-Track Staff (FY2001 - FY2019)



Note: Year End Complement in Figure 18 includes approximately 36 individuals who are spousal hires or senior administrators in “vacated academic positions” or holding positions in administration and not teaching, that cannot be used for tenured and tenure-track hiring. McGill is expected to achieve the target complement by 2018-19.

Source: Office of the Associate Provost – Faculty Affairs and Resource Allocation (FARA)

A number of mechanisms help carry out the plan effectively and ensure that the budgets are available to assist academic units to pay for their tenure-track staff. An automated HR-Budget feed tool is used to track changes in HR appointments for tenure track appointments (whether for new hires, departures, or changes in salary distributions) and to update automatically the related operating budgets accordingly.

In addition, a series of allocations support activities related to academic renewal and are included in the Academic Renewal Envelope (ARE):

- recruitment cost allocations (\$6,667 allocation per new hire)
- operating start-up allocation (between \$8,000 and \$12,000 depending on discipline) to support operating start-up research costs
- capital start-up allocations (between \$9,000 and \$84,000 depending on discipline) to support capital start-up research costs
- incentives for salary award contributions to regular salary ranging from 25% to 45%
- payment of retirement allowances
- contribution of one-third of tenure track spousal hire salaries with one-third being paid by each of the partnering Faculties
- incentive for newly created endowed chairs: (50% of contribution to regular salaries plus, as of January 2014, an additional tenure stream license) [A list of all endowed chairs by Faculty can be found in [Appendix 16](#)]
- at 50% of contribution to regular salaries plus, as of this year, an additional tenure stream license for the Faculty
- contribution of half the minimum annual salary of an assistant professor salary for each pre-tenure departure
- contribution to the home Faculty of the minimum of rank for each absented senior administrator

In addition, 157 Canada Research Chairs (CRCs) are allocated to the Faculties based on the University's strategic priorities. To this federal contribution, the very selective Canada Excellence Research Chairs (CERC) provides unique opportunities to attract exceptional researchers. In FY2014, we recruited our first CERC, the first women CERC awardee in the country, a specialist in pain studies. We are currently awaiting the results of our second CERC submission in Green Chemistry. Each successful CERC candidate receives significant contributions from the federal government (\$10M for seven years) and a corresponding \$10M committed by the University. The Provincial government typically provides a portion equivalent to the Federal government for infrastructure costs.

The FY2014 Budget Book had forecasted net departures over a four-year period starting in that fiscal time period. As recruitments had already been completed by April 2013, it would have been quite difficult to effect changes in FY2014. As well, early in FY2014 it was felt that a long drawn out decrease in tenure track would be demoralizing and instead it was decided to adopt a "3 for 4" model for FY2015 only meaning that there could only be three hires for every four departures. Exceptions to the 3 for 4 plan were granted for pre-tenured departures, active recruitments (including repeated failed searches), CRCs, IRCs, endowed chairs and programmatic searches. The projected net new hires for 2015-16 are 10 and in 6 to 7 for years 2016-17 to 2018-19.

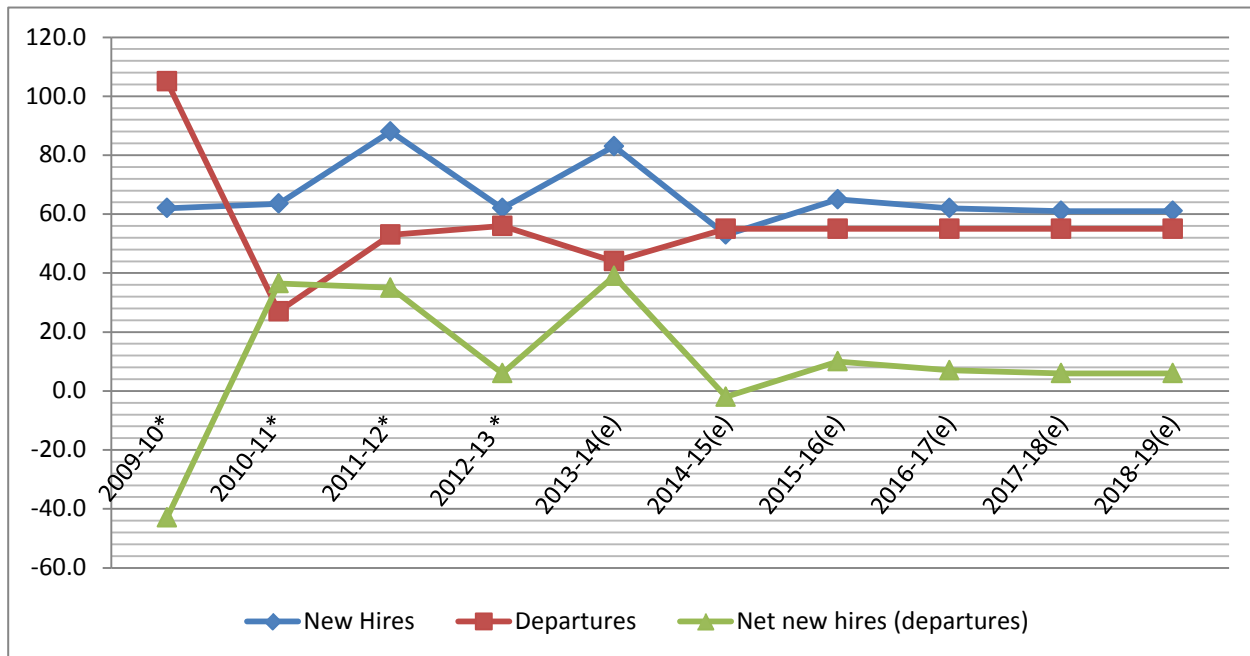
We are expecting to return to more normal hiring patterns thereafter.

6.2.8 Table 6.2.8: Tenured and tenure-track complement before exclusions

	FY2011 (actual)	FY2012 (actual)	FY2013 (actual)	FY2014 (est.)	FY2015 (est.)	FY2016 (est.)	FY2017 (est.)	FY2018 (est.)	FY2019 (est.)
New hires	64	88	62	83	53	65	62	61	61
Departures	27	53	56	44	55	55	55	55	55
Net new hires (departures)	37	35	6	39	(2)	10	7	6	6
End of year complement	1,601	1,636	1,642	1,681	1,679	1,689	1,696	1,702	1,708

The number of expected annual departures is expected to stabilize at approximately 55 in 2014/15 and beyond (Figure 6.2.9).

6.2.9 Figure 6.2.9: Net new hires (departures)



The net incremental cost of academic renewal is estimated at only \$225K for 2014-15 as a result of the “3 for 4” replacement plan referred to above.

Currently projected costs of the Academic Renewal Envelope (ARE) are shown in *Table 6.2.10*.

6.2.10 Table 6.2.10: Incremental Cost of Academic Renewal (\$M)

	2010/11 (actual) (11 month year)	2011/12 (actual)	2012/13 (actual)	2013/14 (est.)	2014/15 (est.)	2015/16 (est.)	2016/17 (est.)	2017/18 (est.)	2018/19 (est.)
Annual	\$2.5	(\$0.1)	(\$3.5)	\$0.6	(\$1.9)	\$0.1	(\$0.2)	(\$0.4)	(\$0.6)
One Time	\$1.7	\$4.7	\$5.5	\$1.4	\$2.1	\$1.0	\$1.3	\$1.4	\$1.6
Total	\$4.2	\$4.6	\$2.0	\$2.0	\$0.2	\$1.1	\$1.1	\$1.0	\$1.0

The Canadian Foundation for Innovation (CFI) JELF (John R. Evans Leadership Funds) awards, formerly known as Leaders Opportunity Funds (LOFs), provide yet another allocation mechanism in support of academic renewal. It has been a strategic decision of the University to reserve these funds for the needs of new recruits. A predetermined 3-year envelope (approximately \$10M per 3-years) in support of capital and equipment start-ups is partitioned between the Faculties based on 3-year hiring plans and the relative disciplinary needs. The CFI portion normally funds up to 40% of a project’s infrastructure costs, matched by a provincial government contribution of 40% and 20% provided through a McGill or hospital cash contribution and/or in-kind contributions from vendors.

6.2.11 Ensuring efficient administrative support

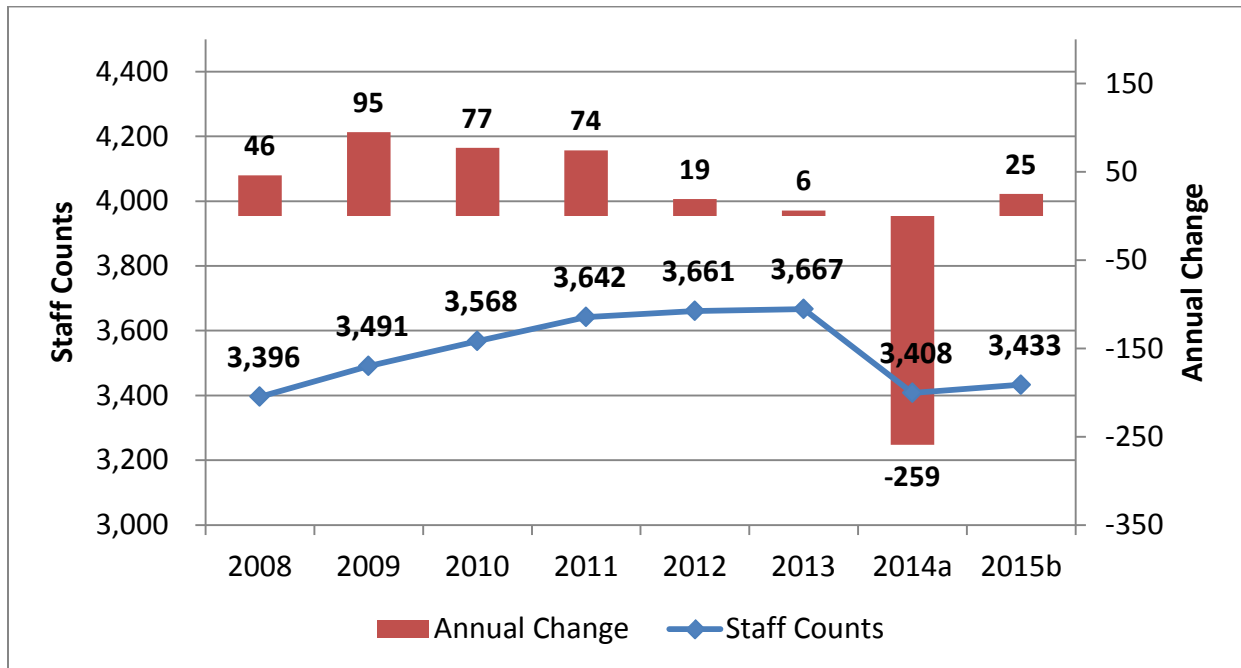
McGill’s dedicated administrative and support personnel are vital to the success of the University in fulfilling its mission and achieving its strategic objectives. Our administrative and support staff grew to 3,667 by 2013, a 7.4% increase over 2008.

Recently, several factors have combined to exert downward pressure on administrative and support staff numbers: the 2011 Bill 100 Article 12 directive to reduce university administrative staff levels through attrition, the Quebec 2012 reductions to the budget and tuition, internal monitoring of administrative and support staff ratios to academic staff, the McGill’s Workforce Planning Initiative, a hiring freeze in 2013 and the Voluntary Retirement Program (VRP) in 2014.

In April 2013 McGill offered its VRP package to trades employees, administrative and support staff age 60 and above. Of the 502 eligible employees, 255 or 50.8% accepted as of January 2014. These voluntary retirements will yield on-going savings of nearly \$18M annually versus the one-time retirement allowance payout of \$14.6M. Factoring in the effects of contract non-renewals and selective replacements of retirees where

redeployment of staff and tasks could not sustain needed service levels, the number of administrative and support staff declined by 259 to 3,408 as of 31 March 2014 as shown in [Figure 6.2.12](#).

6.2.12 Figure 6.2.12: Administrative and Support Staff – Full time only as of 31 May



Notes: Graph excludes staff on long-term disability and placement transition.

a = 31 March 2014

b = budget

Sources: McGill Staffing Report; HR and Budget Office forecasts

6.2.13 Administrative and Support Staff Counts within Faculties and Major Units

Over the past 5 years, up to the VRP staff reductions, there was a steady growth in administrative and support staff positions across the University, with faster growth in the Institutional administrative units than in the Faculties. Whether located in the Faculties (45%) or in the University administration (55%), a primary function of these staff is to facilitate the academic work of professors and to improve the learning environment for our students. A significant portion of the growth for administrative and support staff has been in the “management-professional” category, highlighting the demand for staff with more advanced and flexible skillsets to support the academic mission of the University.

The ratio of administrative and support staff to tenure track academic staff rose from 2.1 in 2008 to 2.2 in 2013 before declining to 2.0 in 2014 following the VRP. Human Resources plays an important role in protecting the savings from the VRP staff reductions by assessing requests to replace retirees and by offering organizational development advice to facilitate internal reorganization arising from the staff reductions. A detailed breakdown of administrative and support staff headcounts by Faculty and by Institutional administrative unit can be found in [Appendix 9](#).

6.2.14 Enrolment Driven Allocations

Changes in enrolments (as measured by full-time equivalent students taught) have an impact on the allocations to Faculties. The dollar amounts, which may be positive or negative, are as described in *Table 6.2.15*.

6.2.15 *Table 6.2.15: Budgetary Allocations for changes in enrolment (\$ per FTE) to Faculties*

Faculty	UG	Masters	PhD
Agric & Env Sc	\$3,500	\$6,000	\$11,000
Arts	\$2,400	\$4,000	\$7,500
SCS	\$2,400	\$3,600	
Dentistry	\$9,000	\$6,000	\$11,000
Education	\$2,400	\$4,000	\$7,500
Engineering	\$3,000	\$5,000	\$11,000
Law	\$2,400	\$4,000	\$7,500
Management	\$2,400	\$3,600	\$7,500
Medical Residents		\$4,000	
Medicine	\$3,500	\$6,000	\$11,000
MSE*	\$3,000	\$4,000	
Music	\$3,500	\$5,000	\$7,500
Relig. St.	\$2,400	\$4,000	\$7,500
Science	\$3,000	\$6,000	\$11,000

*MSE: McGill School of the Environment

For FTEs associated with deregulated programs, the same rates apply and the Faculties managing the relevant degree program also receive an additional allocation based on student growth and level of tuition.

In total, enrolment driven allocations provided an incremental \$5.4M to Faculties in FY2014 to spend on their top academic priorities. This amount is expected to grow to \$6.9M in FY2015

For the self-funded programs in the Desautels Faculty of Management, the revenues flow directly to the Faculty and an overhead is charged for administrative costs.

6.2.16 Allocations related to Research

Several allocation mechanisms are associated to the research activity in the Faculties.

The indirect cost of research (ICR) incentive allocation provides Faculties with 50% of both the incremental Federal ICR and incremental Provincial ICR above a baseline (comprised of a 3-year average of FY2007-FY2009 data). This allocation is in addition to the existing 25% share of Federal ICR that Faculties were already receiving to support costs associated with conducting research prior to 2012 (in the baseline). It was suggested

in last year's Budget Book that this program be re-designed to take into account the declining rate of indirect costs of research received and the fact that the allocation formula funds increases while not taking into account decreases. As changes are in the works at both the federal and provincial levels, modifications have been postponed until their impact is better understood.

The longstanding contract overhead allocation provides Faculties with an allocation equivalent to one-third of the overhead revenues.

An envelope of approximately \$2.5M is available from the Vice-Principal (Research and International Relations) to support matching funds for major grants.

The CFI program, referred to in the academic renewal section above, also holds separate major infrastructure funding competitions every two to three years called Leading Edge Funds (LEF) and New Initiatives Funds (NIF). Within McGill, these competitions are referred to as "Rounds". As with the LOF program, the federal government provides 40% of the funding with matching funds from the provincial government and the remainder coming from the University or vendor contributions. Unlike the smaller LOF allocations, a University provision is budgeted in order to help contribute to the awarded projects. The funding for Rounds 6 and 7 have now been completed and we are making budget provisions for the upcoming Round 8.

As of FY2015, a pilot research proximity support project will be funded between the Vice-Principal (Research and International Relations) and the Faculties of Science and Agricultural and Environmental Sciences. The aim of the pilot will be to examine whether local support provided by research grant officers can improve our research productivity.

6.2.17 Strategic Priorities and New initiatives

In order to be true to McGill's mission and to the University's aspirations, we must be committed to investing continually and incrementally in strategic priorities (refer to [Section 3](#)). This means setting aside "envelopes" from operating funds, developing strategies to generate additional revenues, encouraging new ways of doing things on our campuses, and entering into partnerships to leverage resources. Specific funding is available through the Academic Priority Pool envelope (\$3.5M per year or \$17.5M over 5 years) and the Administrative Priority Pool envelope (\$1.5M per year or \$7.5M over 5 years).

New initiatives relating to academic activities are analysed by the Associate Provost-FARA Office throughout the year. Recommendations are forwarded to the Provost who, based on the financial viability and its strategic importance, determines whether a new project is funded and the level of resources to allocate.

Administrative Units through their Vice-Principals have a similar process whereby their proposals are vetted by the Budget Executive Committee (BEC) comprised of the Principal, Provost and Vice-Principal (Administration & Finance).

Once a year, a University-wide exercise is conducted in order to evaluate initiatives and distribute the funds. Separate committees for the academic and the administrative process are formed, both consultative to the Provost. Projects are evaluated according to guidelines, completeness of proposal, alignment with strategic

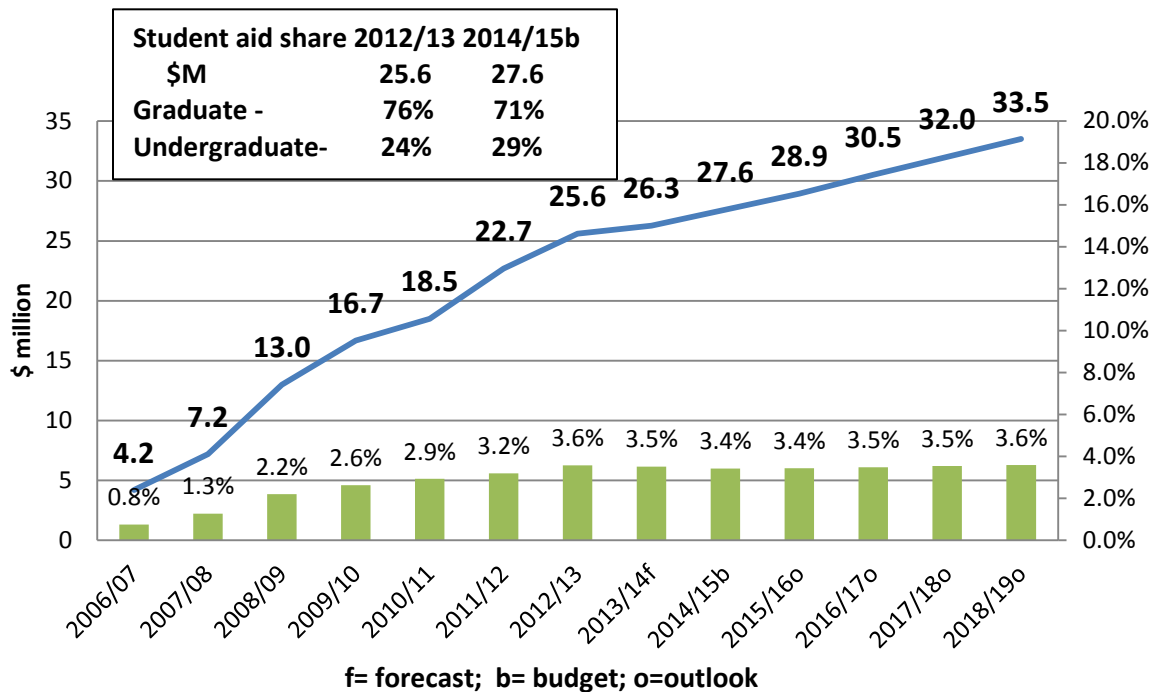
priorities, financial sustainability and timeliness and/or urgency of opportunity. [Appendix 17](#) provides details on new initiatives for Faculties and Administrative units.

6.2.18 Student Assistance

McGill continues to be committed to accessibility by contributing at least 30% of incremental net tuition towards student aid.

[Figure 6.2.19](#) shows total student assistance from the Operating Fund. Included is an estimate of the 30% portion of net tuition increases that are directed toward students. It should be noted that restricted funds (donor funded fellowships and other endowment income) also make a significant contribution (\$72M forecast in FY2014) to student aid. Additionally, the University expects to pay student salaries in the amount of approximately \$33M through the operating and restricted funds. In FY2013, there was a one-time bursary for first year international deregulated students, totalling \$1.1M (included in the graph below). This amount is not recurring going forward, which explains in part the flattening of the slope of the student aid line. The other reason is because of the lower across-the-board tuition increase.

6.2.19 Figure 6.2.19: Student Assistance from Operating Fund (\$M)



Note: Percentage figures on horizontal axis indicate student aid (bursaries and graduate student funding) share of total operating revenue.

Source: Financial Services; Office of the Budget

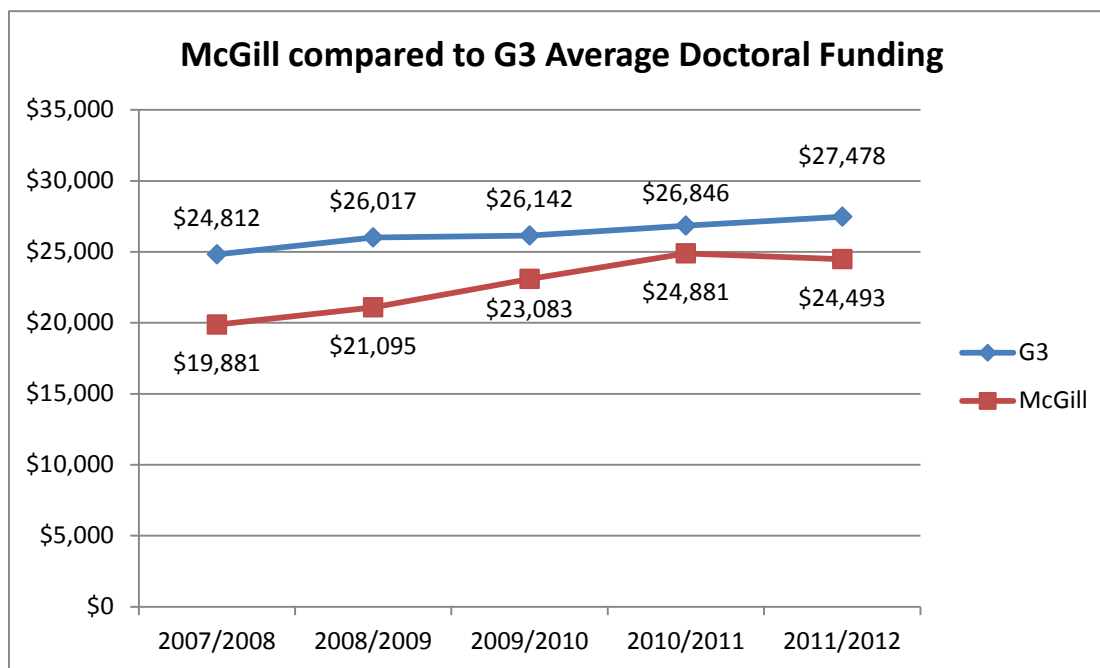
6.2.20 Graduate Student Support

In our strategic planning, McGill University has recognized the need to provide competitive graduate student support in order to be able to attract bright students to work alongside our prestigious group of professors.

The University is committed to increase its allocation based on growth in enrolment. The Dean of Graduate and Postdoctoral Studies allocates to each Faculty, on a formula-driven basis, amounts to support the recruitment and retention of graduate students.

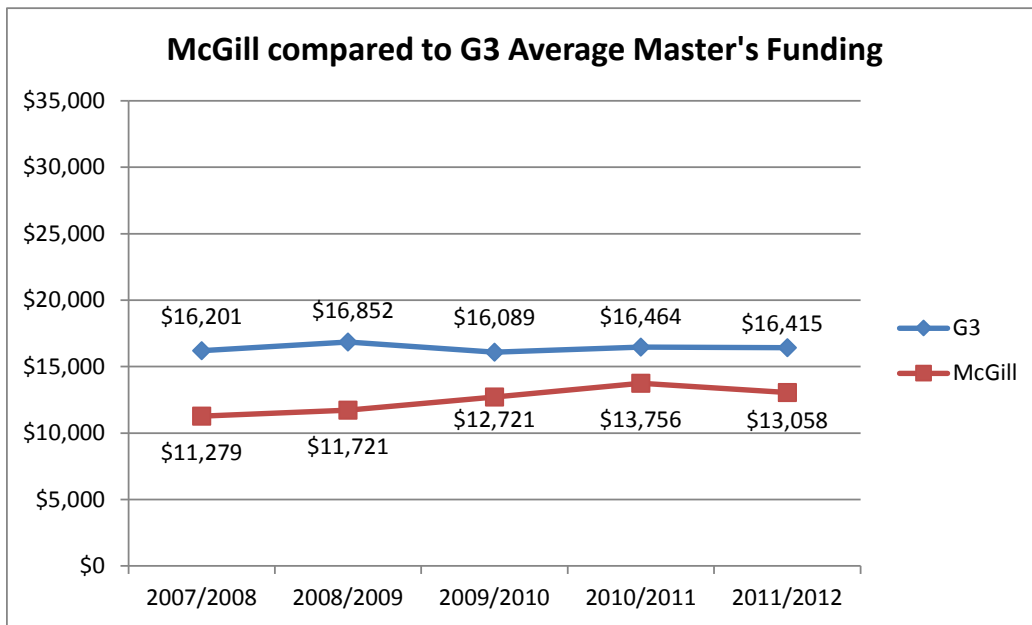
Information comparing the level of funding with our peer Canadian universities seems to indicate that, while we have made great strides in improving the funding situation of our graduate students, we need to continue to invest. *Figures 6.2.21 and 6.2.22* below show convergence of our graduate student funding up to FY2011 compared to our U15 peers but the need to continue to invest based on the information from the latest available year.

6.2.21 Figure 6.2.21: Average Doctoral Funding Comparison (FY2011)



Data source: U15 Data Exchange – G3 peers include University of British Columbia, University of Toronto and University of Alberta.

6.2.22 Figure 6.2.22: Average Masters Funding Comparison (FY2011)



Data source: U15 Data Exchange – G3 peers include University of British Columbia, University of Toronto and University of Alberta.

6.2.23 McGill Library funding

The Library remains a top priority for the University and we wish to maintain our commitment to demonstrate the potential for digital resources to enhance education and continue to serve both students and faculty.

As a result budget cuts within the Library system did not occur within collections spending. The collections budget remains whole and is dominated by the journal budget in accordance with the University's status as Canada's top ranked research intensive institution and the concomitant user demand for journal literature.

The exchange rate and increase in inflation are factors as we strive to maintain a quality number of resources in the face of a flat budget. One time funding of \$500K to mitigate double digit inflation and currency devaluation was allocated to the Library in 2013/14.

6.2.24 Self-financed activities and overhead charges

The University charges an overhead to several **self-financing** units based on revenues to cover part of the central services provided and for the use of the infrastructure.

In FY2010 a university-wide measure was adopted to recuperate 1.5% of unrestricted operating revenues to create the strategic priority envelopes and help meet the budget cuts. The 1.5% overhead recovery fee was increased to 2.5% to adjust for further budget compressions in FY2014.

As revenues from self-financing activities increase so will the overhead charges available for funding priorities and meeting cuts. It is anticipated that the contribution will grow by approximately \$1M in the next five years

As well, self-financed activities that have a positive balance are expected to use funds generated and carry-forward balances as investments related to academic priorities and student support. The need to contribute operating funds towards certain self-funded operations will continue, though this contribution is expected to be under \$1M going forward.

6.2.25 Budget Cuts

Notwithstanding short-term fluctuations that see periodic deficits or even surplus targets being achieved, over the long run, McGill needs to operate within a balanced budget framework. At times, aspirations exceed budget availabilities, requiring that difficult choices be made through budget cuts. In a context in which we have good strategic plans and directions, we have been loath to impose simple across the board (ATB) cuts. Rather, we have chosen to be more prescriptive or targeted in approach. Nonetheless, in given McGill's level of de-centralisation, ATB cuts usually lead to different outcomes in the Faculties and Administrative Units affected. As difficult as cuts can be, the University has a responsibility to maintain a healthy financial outlook without jeopardizing the ability of future generations to make strategic investments by constraining them with heavy debt loads. That said, the Office of the Provost has sometimes recommended running modest deficits in order to ensure strategic investments.

As highlighted in the Provost's preamble and in the executive summary, the budget cuts that had to be absorbed in FY2014 are an illustration of the resolve of the McGill community to make difficult choices in the face of adverse financial circumstances.

Beyond the 1.5% cut for Faculties based on the remaining portion of a two-year phased cut in academic support salaries, no other budget cuts are planned for FY2015. Starting in FY2016, as part of their Financial Budget Model (FBM) inputs (refer to Section 5.2), units were asked to include in their projections a 2% cut each year up to FY2019. This cut represents approximately a \$9M permanent reduction in expenditures each year, or a total of close to \$36M by FY2019.

If such cuts actually become necessary, they will be "re-distributive" and not true expense reductions that will allow the University to continue to invest in strategic priorities and their "expression" in Faculties and Administrative Units. If however, the MESRST reinvestment or other revenues do not materialize as planned, at least a portion of such cut may actually have to be used to achieve our surplus/deficit targets.

6.3 Significant one-time and on-going expenses

In building its budget, the University needs to take into account one-time expenses that often arise from its fiscal obligations. Two current areas of expense include pay equity and pension-related liabilities.

Additionally, according to Bill 100 requirements, all Quebec universities must:

- reduce "general administrative operating expenses" by a total of 10% over FY2013-2016 period
- develop a four-year plan to reduce the number of general administrative staff through attrition (one replacement for every two departures)

- place limits on salary increases for selected managerial and administrative staff.

The staff cuts resulting from the Voluntary Retirement Program as well as the salary freezes applied over the last year should allow McGill to meet its objectives under this law.

6.3.1 Pay Equity

The Quebec Pay Equity Act of 1996 sought to redress differences in compensation for persons in predominantly female job classes. Pay equity requires an employer to pay employees in predominantly female job classes' wages similar to the wages paid to employees in predominantly male job classes that are deemed of equal or comparable value. The Act further stipulates how pay equity is to be evaluated and implemented.

In 2002 McGill accepted and submitted a pay equity program modelled after that used by the Treasury Board of Quebec. Quebec granted the University a one-time-only award for completing this task. However, several years later the Pay Equity Commission decided to reconsider the methodology employed to determine the settlement amounts.

Following years of further discussions with a conciliator, McGill and MUNACA, the union representing clerical staff and technicians, reached an agreement in principle in FY2012 to change the method for salary adjustments. The new method resulted in additional retroactive pay awards to certain classes of employees along with ongoing salary increases.

By FY2012, McGill had reserved \$24.0M for the potential retroactive component covering 2001-2010. In FY2013, based on updated estimates, a further \$4.6 M was accrued for a total \$28.6M. The retroactive calculations were completed in January 2014 with a total \$19.7M retroactive settlement. The ongoing costs of the pay increases resulting from this exercise were provided for the remainder of FY2014 for all funds, approximately \$800K for January – April 2014. The total ongoing cost is estimated at \$1.7M annually for FY2015 onward, of which nearly \$1M is required for unrestricted operating funds. Starting in FY2015, the University will cover the ongoing portion related only to unrestricted operating funds.

A second phase retroactive Pay Equity settlement is being finalized and is expected to take place in FY2015. The final estimated cost is expected to be significant. An additional accrual will be recorded at year end FY2014 to take into consideration any required increase for this potential liability.

6.3.2 Pension Liability and Post-retirement obligations

The McGill University Pension Plan (MUPP) has a defined contribution (DC) pension plan for employees hired on or after 1 January 2009 and a hybrid DC / defined benefit (DB) plan for employees hired before that date. The defined benefit minimum in the hybrid plan requires periodic actuarial valuation to determine the plan's funding adequacy to meet its obligations. In the past, McGill University underwrote annuities for some employees which are also subject to valuation for funding adequacy.

The 31 December 2012 triennial valuation showed a decline in funding adequacy from the 2009 valuation, necessitating increases in contributions to the fund. The shortfall can be amortized over 15 years. In addition, MUPP Amendment 24 introduced shortfall cost sharing with plan members as of 1 January 2014. Taking into

account both cost sharing and the pension plan liability amortization, pension liability expenses will increase to \$15M annually from FY2015 until the next valuation.

Post-retirement liabilities are budgeted at \$5M for FY2015. Beginning 1 January 2016 retirees will contribute a higher share towards the premium for certain benefits.

Total GAAP liabilities include amounts for pension and post-retirement liabilities, are as follows:

	Forecast FY2014	Budget FY2015
Pension liability	\$14.0M	\$15.0M
Post-retirement obligations	<u>\$5.0M</u>	<u>\$5.0M</u>
Total GAAP "expense"	\$19.0 M	\$20.0M

6.3.3 Long-term investments

Beyond the day-today operational needs and priorities, the University must tend to and modernize its infrastructure in order to maintain state-of-the art facilities and technology, including its ERP (Enterprise Resource Planning). The amounts required for deferred maintenance, both for buildings and information technology nears a very disquieting \$1.0B. With an annual capital provincial grant of \$50M and other sources adding close to another \$50M, it would take nearly 10 years simply to maintain our current infrastructure if the University were to invest its complete capital grant with no additional resources. When the need for additional space is factored in, particularly for wet research lab space, the physical constraints need to be studied, scenarios built and multiyear phased planning carried out.

The possibility of long-term borrowing in order to significantly address deferred maintenance is under active consideration by senior administration, and has been mentioned to certain Board committees. It is expected to be a topic of discussion in the coming year.

6.4 Target Surplus / Deficit

As noted above and in past Budget Books, this University and the entire Quebec university network operate in a context of chronic underfunding. An analysis based on FY2012 figures by the McGill Planning and Institutional Analysis Office (PIA) illustrates the relative provincial underfunding by comparing the tuition and grant revenues per FTE that McGill receives with what it would have received if it were located in other provinces:

6.4.1 Table 6.4.1: McGill's Funding per FTE based on various Provincial Funding Models (FY2012)

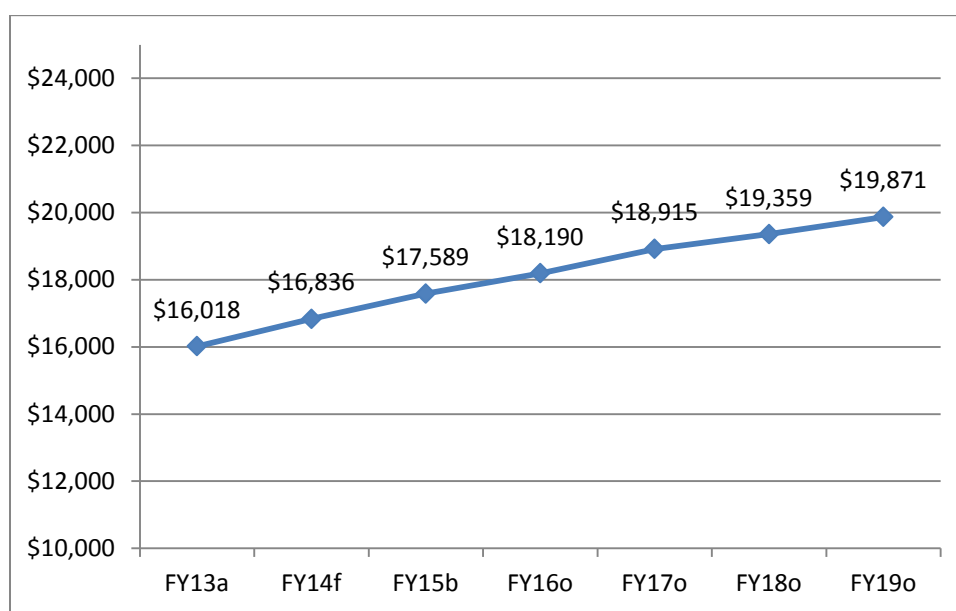
	Quebec	Ontario	BC	Alberta
\$ / FTE	\$15,766	\$18,488	\$20,134	\$21,516
Total Revenue Gap (\$M)	--	\$86.8	\$139.5	\$183.7

Funding includes the Provincial grant and tuition

Source: PIA

Based on current budget assumptions, our funding per FTE will still be under \$20,000 in FY2019 (see Figure 6.4.2); a funding level already surpassed in FY2012 in two out of the three provinces listed.

6.4.2 Figure 6.4.2: McGill's Projected Funding per FTE (MESRST grant and tuition)



f= forecast; b= budget; o=outlook

Maintaining McGill's excellence while trying to balance the budget (and repay a portion of the accumulated operating deficit) therefore represents a significant challenge. Nonetheless, any decision to run a **deficit** cannot be and is not taken lightly. Accumulated over many years and into large amounts, deficits can severely jeopardize McGill's ability to take on new initiatives or even maintain existing services in the future. Yet, there can be a time when running a deficit is the correct option. Consultation with the senior administration and the Board provides a sound system of checks and balances on the proposed bottom-line of McGill's annual budget.

6.4.3 MESRST Constraints on Target Deficits

A factor that McGill must consider in proposing a deficit budget is a constraint set by the Provincial government, which sets upper limits on annual deficits or imposes reduction requirements on accumulated

deficits in order for an institution to qualify for its last payment of a given fiscal year, the so-called “**conditional grant**”. Failure to conform to requirements as stipulated in the **budgetary rules** of the Ministry can come with a substantial penalty, sometimes totalling several millions of dollars.

The MESRST reinvestment grant “Résorption du déficit accumulé” component is directly linked to deficit reduction targets. As of last year, due to the December 2013 government budget cuts imposed for FY2013 and FY2014, the Provincial government provided the universities with more latitude in terms of the requirement to balance their books. Instead, universities were asked to absorb the equivalent of half the two-year cut within the two years and to pay down the remaining amount over the following 5 years. For McGill, this meant paying down the \$25M to \$30M accumulated deficit.

On 16 December 2013, the MESRST announced that what had originally been intended as a two-year cut would now be recurring. In the months that followed, several universities complained that it would be difficult to meet the previous repayment commitment and, as part of the discussions on the convention, the MESRST introduced the concept of the “deficit absorption”. This grant would be conditional on meeting a certain deficit reduction or repayment plan and would be applied directly to the deficit; i.e. “below the line”. Several meetings have been held between MESRST officials and the university finance directors but the details remain sketchy at best.

Preliminary analyses indicate that had we maintained last year’s deficit repayment schedule, reserving this portion of our revenues towards deficit repayment in addition to the “below-the-line” grant would result in paying down as much as \$40M compared to our previous plans of \$25M to \$30M. Similar impacts are as well reflected in our sister universities and not surprisingly there are many questions left to be addressed. As a result, given the best information available we have modified our deficit target for FY2015 to a \$7M deficit compared to our previous target of a \$2.7M surplus (Refer to *Table 6.4.4*). Similar changes to the target deficit have been made for the following years. The net impact on the bottom line for FY2015, with the below-the-line grant, would be a \$4.5M deficit.

6.4.4 Table 6.4.4: FY2015 Strategic Reinvestment Envelopes (\$M)

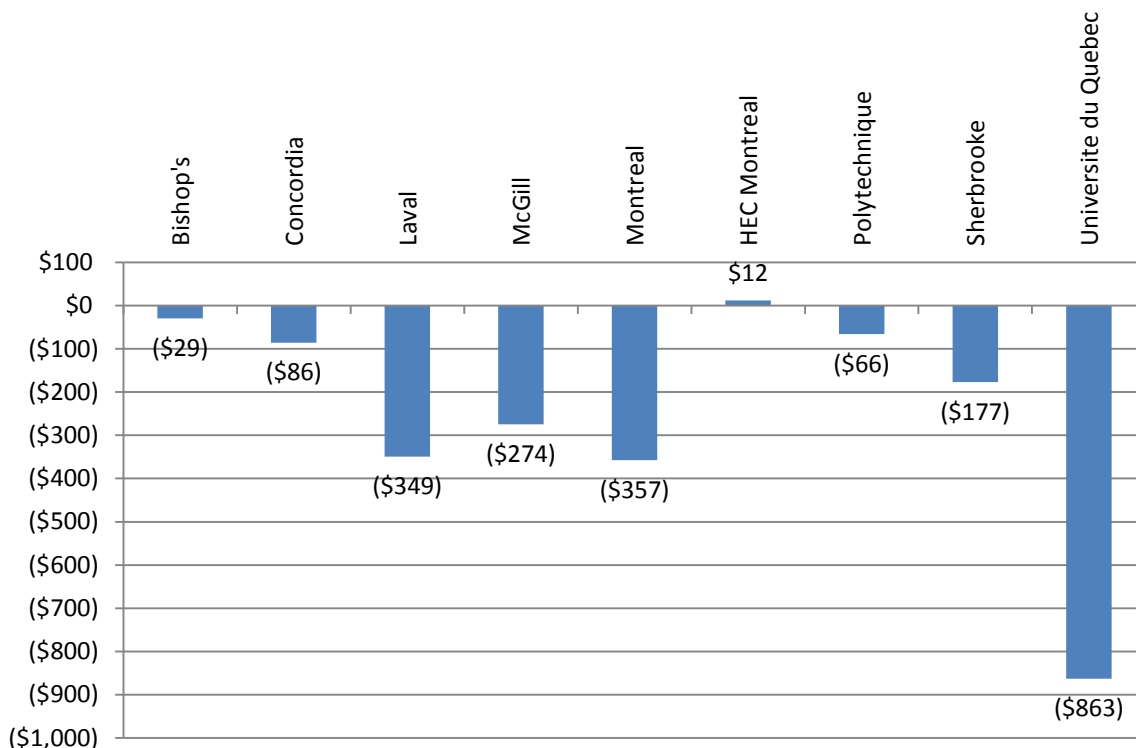
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Surplus (Deficit)	(13,100)	(10,406)	(7,000)	(1,000)	5,200	6,500	(5,500)
Conditional "équilibre budgétaire" grant	--	--	2,546	4,194	5,863	6,195	6,526
Net Surplus (Deficit)	(13,100)	(10,406)	(4,454)	3,194	11,063	12,695	1,026

6.4.5 McGill GAAP deficit in comparison with other Quebec universities

Over the years, McGill has adopted a procedure to benchmark against our Quebec peers to better understand the efficacy of our approach compared to theirs in a shared context of dependence on provincial financial support for a significant proportion of operating revenues. We are able to see where McGill is following

common trends and where the University is truly out on its own. *Figure 6.4.6* illustrates that last year McGill's accumulated deficit compared favourably to other universities in the Province that have medical schools (Laval, Sherbrooke and University of Montreal). Unfortunately, as of April 2014 we had not received an official update of this information. The new BCI (Bureau de coopération interuniversitaire), formerly known as CREPUQ, has, however, indicated that preliminary results show that McGill's disciplined approach with the FY2014 budget cuts seems to have resulted in an improvement of our relative position on accumulated GAAP deficits if not on the financed portion, which we knew would deteriorate slightly.

6.4.6 Figure 6.4.6: GAAP Accumulated Deficit of Universities in QC (\$M) for FY2012

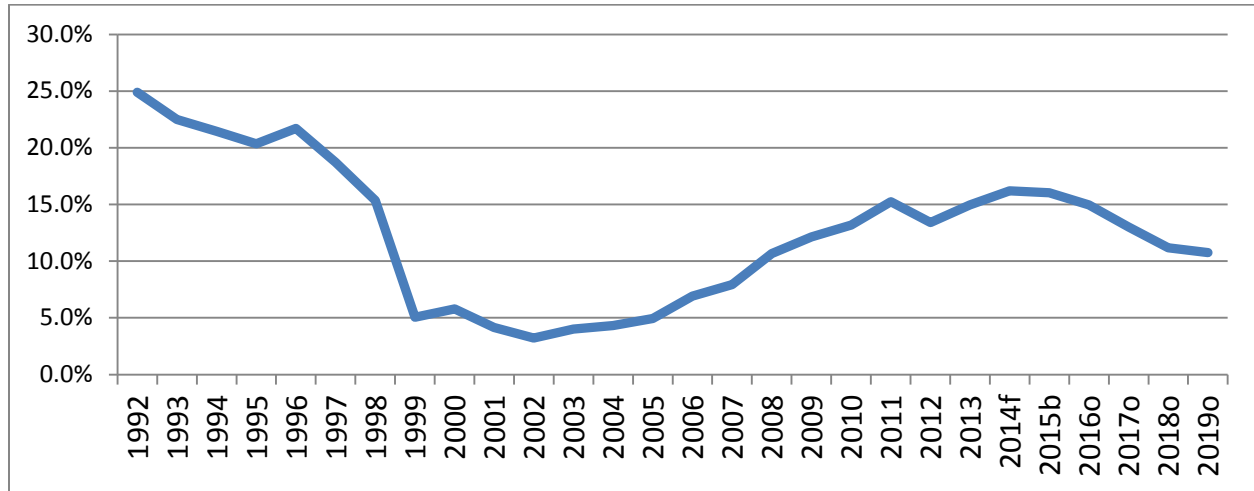


Notwithstanding our relatively positive position among peer comparators, we have taken the position that McGill, in the medium term, should commit to reducing the financed or cash accumulated deficit and develop policies and approaches to prevent the GAAP debt from rising and jeopardizing our financial rating.

6.4.7 Accumulated deficits

As shown in *Figure 6.4.8* below, McGill's **accumulated (financed or cash) operating deficit** of \$97.3M at April 2012 represented an amount equal to 13.4% of total operating revenue. To put this in perspective, in the past 22 years, in current dollars, the highest level of accumulated deficits as a percentage of operating revenue was 24.9% in FY1991, but the lowest was 3.2% in FY2002. The small blip upward in FY2011 was due primarily to an 11-month year in the transition to a new fiscal year start and end dates.

6.4.8 Figure 6.4.8: Accumulated (financed) Deficit of McGill as a % of Operating Revenue



7 Restricted Funds

The Restricted Fund is composed primarily of research grants and contracts, but includes other revenues whose purposes are tightly controlled and received in the form of grants, donations or other allocations that must be spent in accordance with the terms of the grant or wishes of the donors.

In addition to the operating expenses for running and equipping modern laboratories and/or for research infrastructures and services, an important part of research grants is used to support the education and training of graduate students and post-doctoral fellows. In 2002, the federal government recognized that research activity also resulted in an increased level of indirect costs that required funding. These costs are incurred for common resources and activities that cannot be attributed to a specific project or activity, and it is difficult to assess precisely which users should pay what share.

7.1 Research allocations

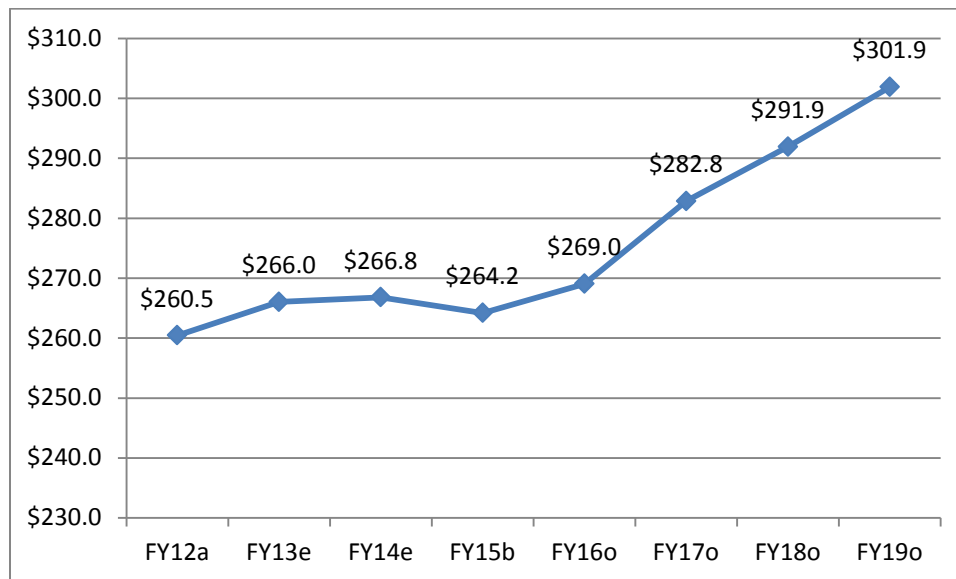
Several allocation mechanisms are associated with research activity in the Faculties.

Indirect costs of research are those that cannot be directly attributed to a specific research project and are supported by university funds. Research contracts are expected to provide overheads to help support the cost of infrastructure employed in research. Federal and provincial governments have programs that make contributions to part of the indirect costs of research, and also flow through the operating budget.

7.2 Research revenues

Figure 7.2.1 represents a projection of research revenues, grants and contracts, as per the target assumptions for each Faculty. The 13% increase in research revenues between FY2014 and FY2019 represents approximately an annual increase of 2.5%.

7.2.1 Figure 7.2.1: Research Revenue Projection (\$M)



a=actual, e=estimate, b=budget, o=outlook

Historical trends for various granting councils, both federal and provincial are presented in Appendices [18](#) and [19](#).

7.3 Spendable Income from Endowments

Revenues earned from Endowment investments and related expenses are recorded in the Operating and Restricted funds under GAAP.

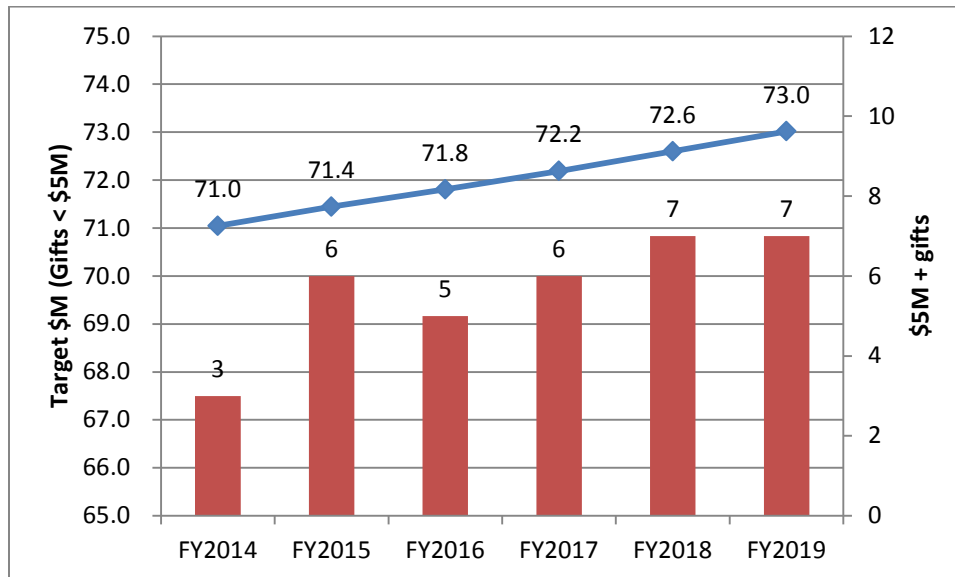
McGill's predicted philanthropic revenues in endowed gifts (gifts plus pledge payments, excluding commitments) are forecasted to be \$39M for FY2014 and budgeted to be \$34M in FY2015. Most of these gifts will flow through the Restricted or Endowment Funds and approximately \$5.2M will be recorded in the Operating Fund. The FY2013 revenue was \$37.9M ([Appendix 20](#) Endowed Income Contribution to Restricted Fund).

8 Endowed Funds

8.1 Donations and Gifts

Figure 8.1.1 represents both a projection of gifts and donation revenues, under \$5M, as per the targets set for each unit and the number of \$5M+ gifts sought by the University. The 2.8% increase in gifts and donations under \$5M represents approximately an annual increase of 0.55%.

8.1.1 Figure 8.1.1: Gifts and Donation Revenue projections



In terms of McGill's predicted philanthropic revenues, total cash in (gifts plus pledge payments, excluding commitments) is forecasted to be \$80M in FY2014 and budgeted at \$70M for FY2015.

Pledges from fundraising and other donations are recorded in the period in which they are collected, with future pledges receivable being disclosed. Previously, pledges were recognized as revenue and a receivable when pledged. See note 17 of the Financial Statements for further details on pledges outstanding.

8.2 Endowments

The University is a careful steward of the gifts and donations it receives. We are also very mindful of the obligations we undertake whenever we accept philanthropic support.

The market value of McGill's endowment, including trust funds, has achieved steady growth during the current fiscal year. Reflecting continuing improvement in financial markets the endowment has experienced an increase of 14.9% for FY2014 thus far (10 months to February 28, 2014), up from \$1.099B at the end of FY2013 to \$1.263B as at end of February. (Note: some trusts included in investments are excluded for financial reporting purposes.)

The McGill Investment Pool (“MIP”) consists of **investments** for the McGill endowments and accounts managed on behalf of McGill units and affiliated entities. Management fees contributed by the MIP to the operating fund are approximately 50 **basis points (bps)**. An additional 40 bps are paid for associated external charges related to investment management and custodial and service provider fees and for costs associated with the Office of Investments.

In FY2014 an income distribution rate of 4.25% was established, consistent with the rate of the previous year. The Board of Governors approved the income distribution rate at 4.25% for FY2015. Although the rate will remain the same in FY2015, the actual income distribution expressed in dollars will be 4.04% greater per unit (\$13.65 in FY2015-versus \$13.12 in FY2014) because of the three-year moving average of market values on which the income distribution rate is based.

Table 8.2.1 reflects the actual growth in the Endowment due to continued gifts and also outlines particular investment returns for Fiscal Year 2013.

Overall, the Fund gained 12.2% in value, as compared to a gain of 1.7% in the prior year. Although new gifts provided a 4.0% increase (2012: 4.2%), the combination of realized gains on sale of investments and change in the unrealized value associated with the investments contributed to an increase in fund value of 11.8% (2012: 0.7% net increase). The annual income distribution/payment, including other transfers, contributed to an additional 3.6% reduction (2012: 3.2% net reduction).

8.2.1 Table 8.2.1: Change in McGill Endowment Fund market value for the year ended April 30, 2013

	<u>April 30, 2013</u>		<u>April 30, 2012</u>	
	(\$ in millions)		(\$ in millions)	
Opening Book Value	903.8		857.6	
Unrealized Market Value	<u>67.0</u>		<u>96.3</u>	
Opening Market Value	<u>970.8</u>		<u>953.9</u>	
New Gifts Received	38.5	4.0%	40.1	4.2%
Net Income Realized	71.6	7.4%	36.4	3.8%
Net Income Distributed (Net of capitalizations)	(34.5)	(3.6)%	(34.5)	(3.6)%
Transfers from (to) Other Funds, excluding Trusts	<u>(0.0)</u>	<u>0.0%</u>	<u>4.2</u>	<u>0.4%</u>
Realized Increase in Assets	75.5	7.8%	46.2	4.8%
Change in Unrealized Market Values	<u>42.9</u>	<u>4.4%</u>	<u>(29.3)</u>	<u>(3.1)%</u>
Total Increase in Fund Value	<u>118.4</u>	<u>12.2%</u>	<u>16.9</u>	<u>1.7%</u>
Closing Book Value	979.3	89.9%	903.8	93.1%
Unrealized Market Value	<u>109.9</u>	<u>10.1%</u>	<u>67.0</u>	<u>6.9%</u>
Closing Market Value	<u>1,089.2</u>		<u>970.8</u>	

Source: 2012-13 Financial Statement Analysis

[Appendix 16](#) shows the 142 total endowed chairs across the University by Faculty (excluding hospital chairs), which are expected to generate in excess of \$8M in income in FY2014, approximately 60% of which will be used to cover the salaries of the chair holders.

[Appendix 20](#) highlights the scholarships, bursaries, fellowships and endowed chairs that flowed from the endowment to the benefit of each Faculty and major unit, totalling \$37.9M in FY2012 versus FY2009-FY2013 totals.

9 Capital (Plant) Fund

The capital fund includes capital grants received primarily for the purposes of renovating existing space, addressing deferred maintenance projects, and from time to time, constructing new space.

In November 2013, the MESRST confirmed McGill's capital budget for FY2012. Based on the FY2013 capital budget, we expect that the FY2015 budget will not significantly change from previous years. It is summarized as follows:

9.1.1 Table 9.1.1: McGill Capital Budget from MESRST FY2015 (\$M)

McGill Capital Budget from MESRST FY2015	Budget
Renovations envelope	\$ 12.5
Renovations (correction envelope)	\$ 3.8
Envelope for redesign of existing space (réaménagement)	\$ 3.1
Deferred Maintenance (current program)	\$ 10.9
Deferred Maintenance (new program)	\$ 17.2
IT Development	\$ 1.9
TOTAL (excluding new initiatives)	\$ 49.4

Excluded from this total are other capital grants received by the University, which include FQRNT (\$0.5M received in FY2013), Canada Foundation for Innovation (CFI), Quebec's matching contributions to CFI, and capital donations from private sources.

In addition to these funds, the MESRST FY2013 Capital Budget confirmed the \$35M 'new initiative' capital grant for the renovation of Wilson Hall, to be funded over the five-year plan.

As was the case last year, in order to build our multi-year capital budget projections, we have assumed that this funding level from MESRST will continue for the next five years, and that the envelopes for deferred maintenance will continue for a 15-year period (beginning in 2007), as indicated in Quebec's own budget. We have built these MESRST allocations into the budget for FY2015 and into preliminary planning for subsequent fiscal years.

In 2007, our deferred maintenance deficit, in MESRST-subsidized buildings, was estimated at \$647M in work that was identified in our deferred maintenance inventory, as estimated in a Province-wide exercise led by CREPUQ in 2007. In 2009, a similar study for our non-MESRST and self-financing buildings (including residences, parking structures, etc.) identified an additional \$185M of deferred maintenance work required.

From 2007-2011, McGill has expended \$245M in capital renewal and deferred maintenance (called Lot 1). In 2011, our Facilities Operations and Development (FOD) unit determined that \$600M+ would have to be invested between 2011-2017 (i.e. \$100M/year) in order to keep university buildings operating and to keep the

University community safe and secure. There was anticipation that alternative sources of funding would be available to meet these expenses.

In last year's budget report, these projects were outlined as follows:

2011-2014	Lot 2	\$350M
2014-2017	Lot 3	<u>\$300M</u>
TOTAL		\$650M

However, in FY2014, the University limited the sources of funds to the annual MESRST \$28M capital budget envelope. As a result, the **deferred maintenance** (DM) program was reduced to include only the most critical projects that could be funded within this envelope. These have been selected using the priorities of safety, supporting the University mission, code compliance, and occupational health. The University recognizes that that the \$28M annual envelope is insufficient to allow execution of all DM projects identified as essential based on these priorities and continues to explore alternate funding sources for this important work.

Going forward, for FY2015, the Quebec Government has changed its Plan quinquennal d'investissment (PQI) program to be a ten year program now called the Plan décennal d'investissements universitaires (PDIU). MESRST has also required that the Plan include the capital priorities for University research projects and priority capital projects for all affiliated institutes (i.e. the research institutes of the teaching hospitals). For new construction and other capital initiatives related to teaching, McGill submitted the following projects as part of the PDIU 2014-2024, in order of priority:

- construction of a building on the Powell site
- RVH planning studies
- Lyman Duff Medical Building major renovation
- Projects for universal design and access
- data centre and IT infrastructure
- growth of Desautels Faculty of Management
- Macdonald campus student services building (new construction)

In addition, 34 research projects were submitted plus 11 projects related to McGill's affiliated hospital research institutes.

Indications continue that MESRST funds will be extremely limited for new capital initiatives for the next few years, although the announcement of the grant last year for Wilson Hall of \$35M is a positive step forward.

The University anticipates allocating \$51.7M in capital monies for FY2015, as shown in *Table 9.1.2*.

9.1.2 Table 9.1.2: McGill FY2015 Allocations from the Capital Budget (\$M)

Institutional Priorities	\$ 6.6
Faculty Compact Allocations \$2.0M Faculty Capital Base Allocations (allocation process under review); \$1.8M for capital start-ups, same as FY2014.	\$ 3.8
Admin and Support Staff Capital Base Allocations	\$ 0.9
Campus Facility Maintenance	\$ 5.0
IT Projects	\$ 1.9
Classroom and teaching lab renovations and universal access projects, managed by working groups.	\$ 4.4
Deferred Maintenance to address the backlog	\$ 28.1
Contingencies	\$ 1.0
TOTAL for FY2015	\$ 51.7

Note: This budget is \$2.3M over the anticipated revenues from the MESRST capital budget for FY2015. For several years, the VP(A&F) and the Provost have agreed that the capital budget could project a deficit up to \$25M, since there is a lag time of approximately one year between the allocations and the actual expenditures. The current FY2014 accumulated budget deficit is \$14.2M. With this proposed budget for FY2015, the accumulated budget deficit will be \$16.5M. Because of the time lag between budget allocation and expenditure there is no deficit on the actual revenues and expenditures for the capital fund.

Within the Faculty Compact Allocations, an allocation is calculated for capital start-ups for new recruits, which contributes to the development of research labs and renovations. These allocations are calculated and adjusted based on expected academic renewal.

To determine the priorities for capital budget allocations, as it does every year, University Services, led by the Associate Vice-Principal, meets with each Dean in November/December 2013 to discuss the Faculty priorities for space needs, maintenance work, and capital projects. The space and maintenance issues are reviewed further by the Campus Space Planning Office and Facilities Operations and Development respectively. The Faculty capital priority projects are then reviewed with the Provost, and the Vice-Principal Administration and Finance, to decide which projects will proceed to further design and cost estimation.

The Teaching and Learning Spaces Working Group (TLSWG), the University Teaching Labs Working Group (UTLWG) and the Universal Access Capital Projects Working Group determine the prioritization and sub-allocations for renovations of classrooms, teaching labs and universal access projects respectively. *Figures 9.1.3 and 9.1.4* below reflect these efforts.

9.1.3 Figure 9.1.3: CLASSROOM Renovation Projects Approved for FY 2015:

TLSWG Allocations FY2015

Status (Multiple Items)

Row Labels	Allocation FY 2014	Proposed Allocation FY 2015
Major	\$173,000	\$1,804,000
Arts W-120	\$0	\$723,500
Education 129	\$0	\$853,500
McConnell 10	\$173,000	\$227,000
Stewart S 1/3	\$0	\$0
Stewart S 1/4	\$0	\$0
Minor	\$0	\$109,000
Small Projects	\$0	\$109,000
Minor, Carry Forward (FY2014)	\$61,386	
Birks 105	\$61,386	
Predesign, Carry Forward (FY2014)	\$10,000	
Macdonald Harr 103	\$10,000	
Minor, Carry Forward (FY2015)	\$42,898	\$87,000
688 Sherb 1255	\$0	\$15,000
Education 434	\$0	\$41,000
Stewart N 7/14	\$42,898	\$0
Stewart S 4/106	\$0	\$31,000
Grand Total	\$287,284	\$2,000,000

9.1.4 Figure 9.1.4: TEACHING LAB Renovation Projects Approved for FY 2015:

Faculty	Teaching Lab and Location	Est Reno Costs	Est Equip Costs	FY 2014 Reno	FY 2014 Equip	FY 2015 Reno	FY 2015 Equip	Notes
Medicine	Physical and Occupational Therapy, Hosmer 101, 102, annex	\$814,740	\$304,760	\$0	\$304,760			Reno Funded in FY2013
Science	Physics teaching lab, re-location to Trottier 3060/70/80	\$720,000	\$200,000	\$720,000	\$200,000			Full Project
Engineering	Construction materials, Macdonald Engineering 076, 077, 168, 177, 178	\$1,100,000	\$300,000			\$1,100,000	\$300,000	Full project
Continuing Studies	Language studio and teaching lab, 688 Sherbrooke rm. (Phase 1)	\$527,000	\$103,000			\$527,000	\$103,000	Full Project (Phase 1)
Medicine	Anatomy Dissecting Lab, SADB 2/49	\$4,690,000	\$560,000			\$586,665	\$0	Fund for design
Science	Biology teaching labs, Stewart Biology W4th floor suite	\$6,860,000	\$1,300,000			\$313,335	\$170,340	DM to be resolved, fund Design only
Education	Kinesiology & Physical Education teaching lab, Currie Gym 304	\$675,000	\$721,900	\$31,000		\$672,000	\$721,900	Full Project
All	Small Projects			\$50,000	\$100,000		\$100,000	
Costs per year -->				\$801,000	\$604,760	\$3,199,000	\$1,395,240	

9.2 Impact of Capital Expenditures on the Operating Budget

Capital expenditures can have important impacts – both positive and negative-- on the operating budget. For new buildings, McGill forecasts the operating costs and funding sources to help cover those costs. The LEED

gold certified Life Sciences Complex completed in 2008 is composed of two facilities totalling 180,200 sq.ft. The operating costs were forecast at \$2.3M annually or \$12.76/square feet. The provincial grant coverage of the operating cost was calculated at just under \$600K or 25.5% of the total. It was forecast that the research teams occupying the space would generate federal indirect costs of research contributions, a portion of which could be allocated to cover another \$300K or 12.8% of the operating costs. For energy costs only, the LEED gold certified design was estimated to be 35% more efficient than using the regular building code standard.

The University also has an established process to quantify the savings and payback period for energy saving investments in existing buildings. These forecasts provide justification to the Board for borrowing to undertake the investment. These energy saving projects are funded by borrowing rather than the capital (plant) fund which has provincially set restrictions on use. In FY2014, the University set forth a \$1.36M project to reduce energy consumption by retrofitting lighting in 14 buildings on the two campuses as part of a 5-year Energy Management Program. The project to install new lighting fixtures and sensor-controlled switches was calculated to save \$142K annually in energy costs, allowing a payback of 11 years at 3% interest. At the project completion, there is a final review of total benefits, costs and payback, with reimbursement of project expenditures based on these revised figures. A similar energy model is used to quantify energy costs in research laboratory renovations.

The province will fund \$35.0M of the cost for major renovations to Wilson Hall which will increase the floor space. For a major renovation project, the impact on operating costs including energy will be quantified. On the other hand, McGill does not quantify changes to operating costs for smaller projects such as renovations of research lab space for new academic staff funded by the capital fund and by research grants (restricted). Changes in energy costs are sometimes quantified, especially if the project involves installation of energy intensive equipment.

Operating costs and deferred maintenance needs also influence relocation decisions. The University plans to move academic units out of small, inefficient row houses and mansions to reduce operating costs and reduce the deferred maintenance backlog. For example the School of Communication Sciences and Disorders will move from Beatty hall to a larger \$800K/yr leased space. This will remove Beatty Hall renovation needs from the university's deferred maintenance backlog.

Finally, eligible equipment and renovation projects funded by research (restricted) awards from the Canadian Foundation for Innovation (CFI) may qualify for Infrastructure Operating Fund (IOF) support to cover a portion of the operation and maintenance costs for CFI-funded infrastructure.

10 Overall Borrowing and Debt Position

As at 31 January 2014, the University's total borrowings were \$956.8M, including long-term debt of \$852.3M and bank indebtedness of \$103.6M. Included in the long-term debt is \$150M of McGill Senior Unsecured Debentures issued in 2002. The remaining \$703.2 is substantially all due from MESRST, for which University charges MESRST interest. Overall long-term debt increased by \$62.6M in FY2013 as compared to year end April 2013, which is all attributable to the Quebec government debt. The projected MESRST total debt is expected to be approximately \$740M by April 2014.

The indebtedness is supported by unsecured and uncommitted lines of credit, totalling \$330M available to McGill and is normally drawn through bankers' acceptances for periods of up to one year. McGill's Board of Governors has approved maximum borrowings in Fiscal 2014 totalling \$300M under short-term credit facilities. It is anticipated that this maximum borrowing level will need to be adjusted upwards, as the University will need to borrow funds to address some deferred maintenance projects over the next 5 years (see [Appendix 21](#)).

Our short-term bank borrowing in FY2013 included approximately \$87M temporarily borrowed on behalf of MESRST and for capital projects (\$45M) for which current fundraising efforts are on-going (see [Appendix 22](#)). The net remainder is comprised of cash generated from working capital items and the financing of the accumulated deficit.

Any carrying costs associated with MESRST temporary borrowings are charged back to the Government at the monthly CDOR rate plus 30 basis points (currently at approximately 1.5%). Other interest rate assumptions are shown below.

10.1 Interest Expense assumptions

The cost of borrowing is expected to be no less than 1.50% over the course of FY2014³⁹ and total interest expenses are forecast to be \$2.9M in FY2014. We have anticipated that this rate will rise modestly to 1.60% in FY2015 for purposes of extrapolation of future budget estimates and interest expense will rise to \$3.5M, in part due to an additional \$50M of borrowing for deferred maintenance projects.

³⁹ Provided by Financial Services

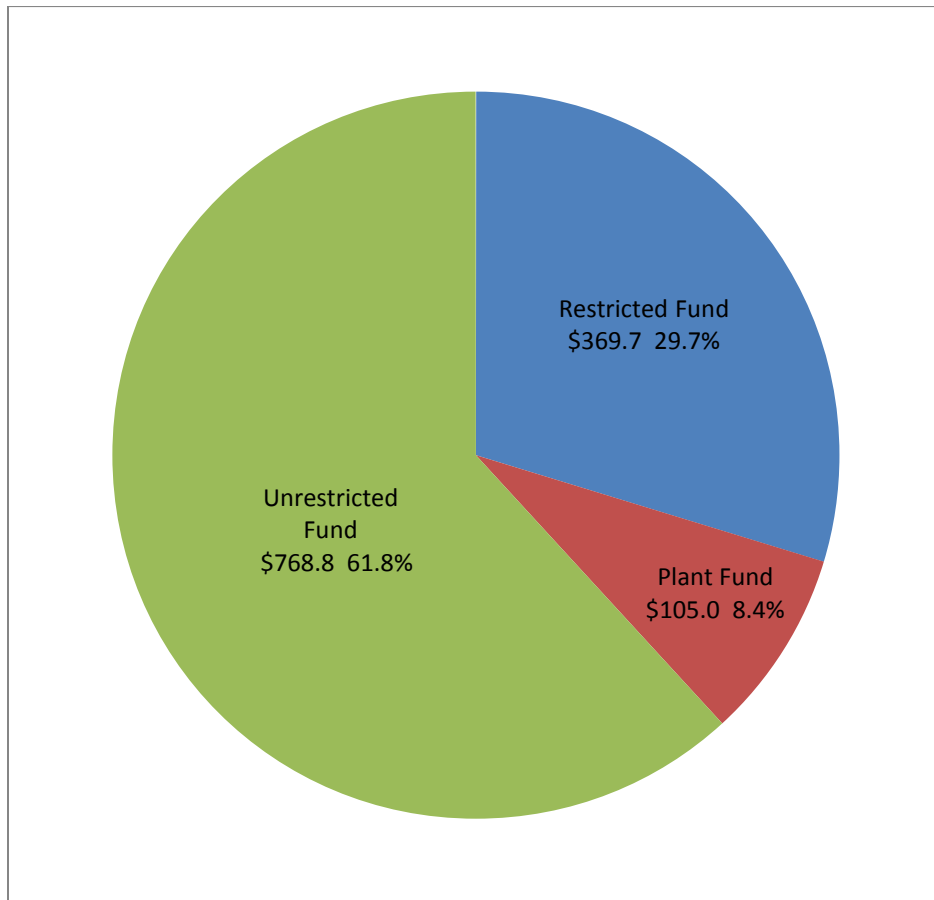
11 Conclusion

For FY2015, the total four-fund revenue budget of the University is forecast to be \$1,243.5M (*Figure 11.1.1*). This revenue will support overall four-fund GAAP expenses which are expected to be \$1,269.8M (*Figure 11.1.2*).

The budget proposed for FY2015 has been designed to take into account the government reinvestments with the aim of reducing the accumulated deficit over the next five years.

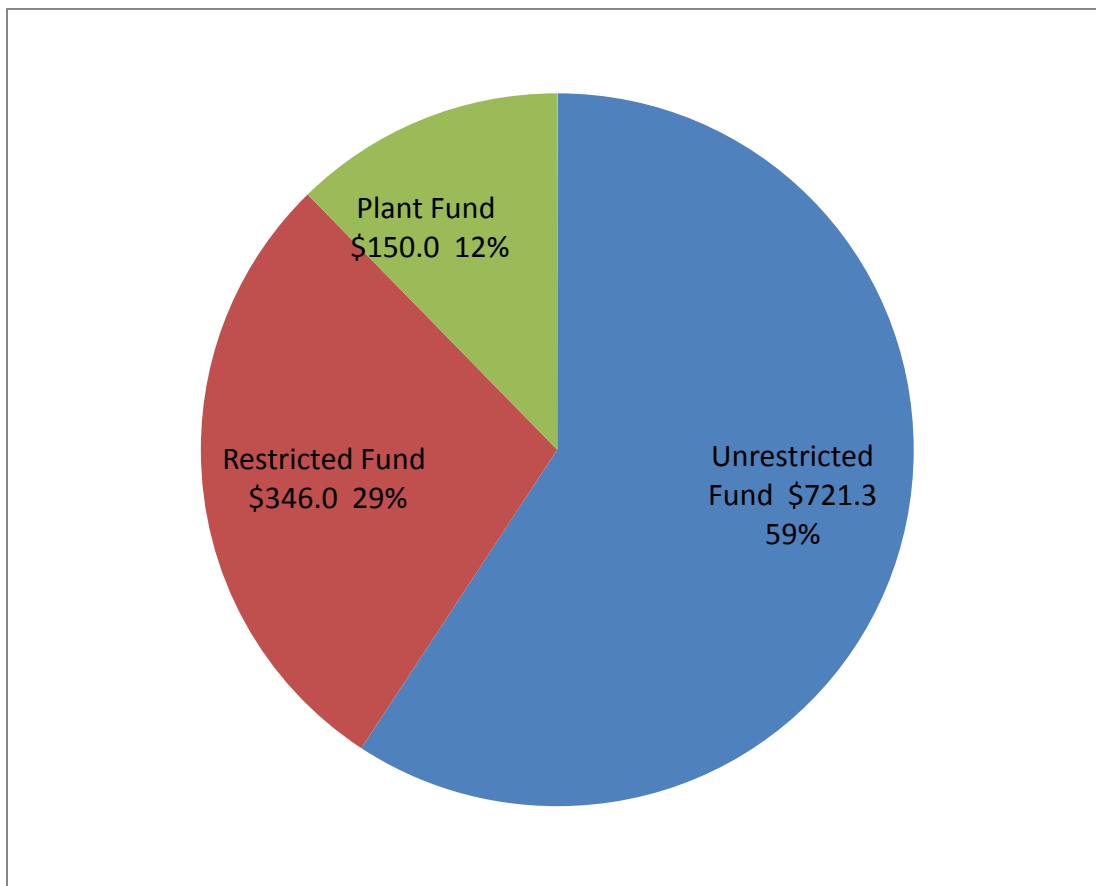
Although there are several uncertainties related to FY2015 revenues we are planning to use the increased revenues to support our top strategic priorities.

11.1.1 *Figure 11.1.1: GAAP Total Budget Revenue - FY2015 \$1,243.5M*



Note: Revenues earned from Endowment investments are recorded in the Operating and Restricted funds under GAAP.

11.1.2 Figure 11.1.2: GAAP Total Budget Expenses - FY2015 \$1,217.3M

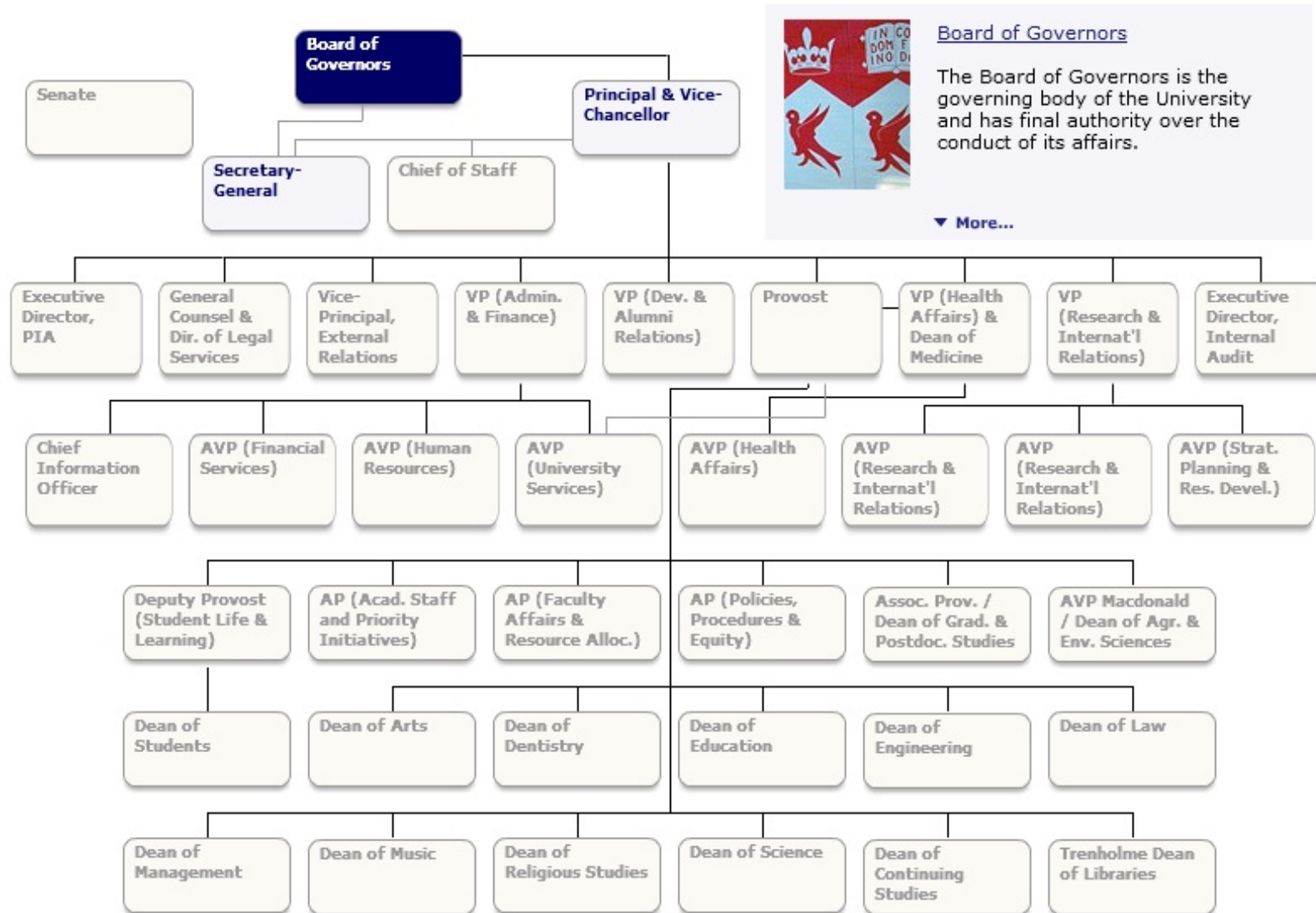


Note: Endowment Fund expenses are allocated to the Operating and Restricted funds under GAAP. They are recorded as a reduction of Net Assets. [Appendix 13](#) provides a detailed breakout for each of the four funds in terms of forecast revenue sources and expenditures for FY2015 budget under GAAP.

Appendix 1: FY2014 Operating Fund Forecast vs. last year's budget

(\$ 000's)	FY14 Budget	FY14 Forecast	Variance	Explanation
Revenues				
Canada	24,851	24,851	-	
Quebec	335,297	346,771	11,474	Tuition loss compensation: \$8.8M; additional students
Tuition & Fees	239,828	238,924	(904)	Additional students but over-estimated self-funded revenues
Sales of Goods & Services	109,943	111,873	1,930	
Gifts & Bequests	5,394	4,680	(714)	
Short-term investment income	3,614	3,455	(159)	
Endowment investment income	2,462	1,844	(618)	
Total Revenue	721,389	732,398	11,009	
Expenses				
Salary:				
Academic	216,611	217,630	1,019	Continuing academic renewal
Administrative & Support	195,296	207,414	12,118	VRP impact
Student	9,380	8,340	(1,040)	
Student Aid	26,800	26,261	(539)	
Benefits	98,150	88,164	(9,986)	VRP impact
Retirement Settlements	1,487		(1,487)	Booked in benefits above under FBM
Total Salary	547,724	547,808	84	
Non-Salary:				
Materials, supplies & publications	12,962	13,497	535	
Contributions to partner institutions	8,277	8,287	10	
Contract services	10,945	11,190	245	
Professional fees	9,997	11,177	1,180	
Travel	7,750	8,665	915	
Cost of good sold & services rendered	19,546	21,854	2,308	Linked partially to sales of goods and services
Building occupancy costs	16,482	22,620	6,138	Higher than expected costs in Facilities Mgmt
Energy	18,970	19,218	248	
Other Non-Salary Expenses	18,077	17,720	(357)	
Faculty Tuition	754	0	(754)	
Hardware & software maintenance	5,982	8,201	2,219	
Interest and bank charges	6,728	3,900	(2,828)	Lower interest rates
Total Non-Salary	136,470	146,329	9,859	
Pay Equity Phase 2 accrual		1,950	1,950	
Special Projects Reserve		0	-	
Total Expenses	684,194	696,086	11,892	
Excess (deficiency) of revenue over expenses	37,195	36,312	(883)	
Interfund transfers	(47,556)	(46,700)	856	
Decrease (Increase) in accumulated deficit - GAAP:	(10,361)	(10,388)	(27)	

Appendix 2: Organizational Chart for McGill University




Board of Governors

The Board of Governors is the governing body of the University and has final authority over the conduct of its affairs.

[▼ More...](#)

Appendix 3: Unit Unrestricted Financials FY2010-FY2013 – Faculties & Libraries (1 of 5)

McGill University												
Unrestricted Funds - Faculties & Libraries												
For FY10, FY11, FY12, FY13												
Summary (In '000s)												
	Agricultural & Environmental Science				Arts				Continuing Studies			
	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13
Revenue												
Canada	-	-	-	-	-	-	-	-	-	-	-	-
Quebec	-	-	-	-	-	-	-	-	-	-	-	-
Tuition & Fees	383	361	395	508	303	676	686	630	4,750	4,728	5,167	4,839
Sales of Goods & Services	1,953	1,695	1,873	2,016	807	406	520	917	835	1,361	3,159	8,724
Gifts & Bequests	25	31	55	45	455	683	659	850	3	3	-	47
Short Term Interest	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	8	3	3	3	3	3	3	3	-	-	-	-
Total Revenue	2,369	2,090	2,326	2,572	1,568	1,768	1,868	2,400	5,588	6,092	8,326	13,610
Expenses												
Salary Expenses												
Academic	10,999	9,656	10,220	10,881	32,016	28,254	30,193	31,947	5,813	6,216	7,878	8,864
Administrative and support	3,485	3,276	3,114	3,618	6,126	5,238	5,055	5,804	2,426	2,380	2,607	3,191
Student	746	815	603	588	2,753	2,384	2,302	2,288	1	6	57	12
Student Aid	32	52	149	129	430	464	575	520	-	13	2	-
Benefits	2,489	2,304	2,423	2,623	6,189	5,636	6,092	6,487	1,383	1,457	1,818	2,115
Total Salaries	17,751	16,103	16,509	17,839	47,514	41,976	44,217	47,046	9,623	10,072	12,362	14,182
Non-Salary Expenses												
Materials, Supplies and Publications	402	329	180	344	157	114	112	167	64	73	75	89
Transfer to Partner Institutions	-	3	(3)	-	1	17	-	15	-	-	-	-
Contract Services	127	132	100	168	640	692	300	702	153	318	1,387	2,985
Professional Fees	27	139	54	39	150	102	111	155	792	736	953	1,352
Travel	466	413	485	583	518	451	433	676	177	168	247	314
Cost of Goods & Services Rendered	18	9	14	17	-	-	-	-	-	-	-	-
Building & Occupancy Costs	117	110	168	250	149	135	63	97	109	175	128	263
Tuition Expense	1	2	-	-	18	4	5	2	35	5	6	15
Energy	8	29	27	35	-	-	-	-	-	-	-	-
Other Non-Salary Expenses	939	651	694	703	1,731	1,427	1,534	1,097	1,584	1,607	1,684	1,720
Capital Purchases	259	195	222	310	237	311	302	208	31	23	67	48
Interest & Bank Charges	-	2	-	1	2	2	4	4	56	53	71	84
Total Non-Salary	2,364	2,014	1,941	2,450	3,603	3,255	2,864	3,123	3,001	3,158	4,618	6,870
Total Expenses	20,115	18,117	18,450	20,289	51,117	45,231	47,081	50,169	12,624	13,230	16,980	21,052
(Deficiency) Excess of Revenues over Expenses, Before the Undernoted	(17,746)	(16,027)	(16,124)	(17,717)	(49,549)	(43,463)	(45,213)	(47,769)	(7,036)	(7,138)	(8,654)	(7,442)
Net capz & decapz of investement income	(3)	(13)	(3)	(3)	-	-	-	-	-	-	-	-
Interfund Transfers	871	1,045	854	484	229	284	331	1,316	(146)	(137)	(168)	(258)
Total Change in Net Assets	(16,878)	(14,995)	(15,273)	(17,236)	(49,320)	(43,179)	(44,882)	(46,453)	(7,182)	(7,275)	(8,822)	(7,700)

Appendix 3: Unit Unrestricted Financials FY2010-FY2013 – Faculties & Libraries (2 of 5)

McGill University												
Unrestricted Funds - Faculties & Libraries												
For FY10, FY11, FY12, FY13												
Summary (In '000s)												
	Dentistry				Education				Engineering			
	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13
Revenue												
Canada	-	-	-	-	-	-	-	-	-	-	-	-
Quebec	-	-	-	-	-	-	-	-	-	-	-	-
Tuition & Fees	751	853	674	789	12	13	36	36	545	749	916	646
Sales of Goods & Services	1,627	1,841	1,975	1,958	607	886	809	984	1,079	1,155	1,265	2,354
Gifts & Bequests	1	24	4	3	22	26	46	195	766	509	489	623
Short Term Interest	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	21	20	23	23	-	-	-	-	1	1	1	1
Total Revenue	2,400	2,738	2,676	2,773	641	925	891	1,215	2,391	2,414	2,671	3,624
Expenses												
Salary Expenses												
Academic	3,213	2,827	3,324	3,917	10,354	9,164	10,143	11,352	15,591	14,877	17,328	17,897
Administrative and support	1,468	1,416	1,367	1,910	2,654	2,377	2,226	2,645	6,172	5,618	5,457	6,041
Student	104	132	89	25	433	453	372	344	1,444	1,980	1,679	1,759
Student Aid	4	22	61	45	4	-	71	64	142	152	528	578
Benefits	758	744	817	1,025	2,099	1,990	2,125	2,258	3,667	3,604	3,903	4,154
Total Salaries	5,547	5,141	5,658	6,922	15,544	13,984	14,937	16,663	27,016	26,231	28,895	30,429
Non-Salary Expenses												
Materials, Supplies and Publications	304	260	221	300	84	97	112	93	390	303	276	432
Transfer to Partner Institutions	48	19	62	79	2	-	4	-	-	-	(11)	11
Contract Services	241	230	218	234	188	171	180	192	(58)	178	76	42
Professional Fees	257	539	322	110	87	102	87	135	93	53	90	111
Travel	106	132	155	173	246	170	205	220	530	361	599	566
Cost of Goods & Services Rendered	394	271	612	464	-	-	-	-	-	-	-	-
Building & Occupancy Costs	182	63	82	105	45	36	17	7	269	243	184	202
Tuition Expense	1	65	66	258	1	-	-	-	3	1	-	-
Energy	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Salary Expenses	494	441	394	328	338	331	376	375	657	837	641	515
Capital Purchases	133	130	88	90	174	150	127	123	991	916	974	887
Interest & Bank Charges	18	17	13	15	3	3	2	2	2	3	4	3
Total Non-Salary	2,178	2,167	2,233	2,156	1,168	1,060	1,110	1,147	2,877	2,895	2,833	2,769
Total Expenses	7,725	7,308	7,891	9,078	16,712	15,044	16,047	17,810	29,893	29,126	31,728	33,198
(Deficiency) Excess of Revenues over Expenses, Before the Undernoted	(5,325)	(4,570)	(5,215)	(6,305)	(16,071)	(14,119)	(15,156)	(16,595)	(27,502)	(26,712)	(29,057)	(29,574)
Net capz & decapz of investment income	26	(9)	(20)	(11)	-	-	-	-	(1)	(1)	(1)	(1)
Interfund Transfers	(171)	(277)	(329)	591	107	88	144	110	1,069	328	1,502	833
Total Change in Net Assets	(5,470)	(4,856)	(5,564)	(5,725)	(15,964)	(14,031)	(15,012)	(16,485)	(26,434)	(26,385)	(27,556)	(28,742)

Appendix 3: Unit Unrestricted Financials FY2010-FY2013 – Faculties & Libraries (3 of 5)

McGill University												
Unrestricted Funds - Faculties & Libraries												
For FY10, FY11, FY12, FY13												
Summary (In '000s)												
	Law				Management				Medicine			
	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13
Revenue												
Canada	-	-	-	-	-	-	-	-	-	-	-	-
Quebec	-	-	-	-	-	-	-	-	-	106	706	1,682
Tuition & Fees	-	-	-	-	228	202	350	586	244	250	266	66
Sales of Goods & Services	225	384	174	213	4,104	3,767	4,018	4,685	10,330	6,753	10,814	15,317
Gifts & Bequests	185	85	84	451	256	334	313	108	313	1,039	718	773
Short Term Interest	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	22	21	22	22	4	3	3	3	310	288	293	315
Total Revenue	432	490	280	686	4,592	4,306	4,684	5,382	11,197	8,436	12,797	18,153
Expenses												
Salary Expenses												
Academic	4,766	4,878	5,024	5,227	13,491	12,803	14,274	15,441	58,298	52,518	59,010	62,896
Administrative and support	1,544	1,456	1,454	1,646	4,870	4,580	4,811	5,720	17,825	16,033	16,716	20,100
Student	113	148	157	121	680	625	420	426	828	900	647	686
Student Aid	4	52	69	99	87	310	817	1,120	140	125	250	432
Benefits	1,023	974	1,067	1,160	2,763	2,675	2,932	3,156	12,592	11,744	13,011	13,937
Total Salaries	7,450	7,508	7,771	8,253	21,891	20,993	23,254	25,863	89,683	81,320	89,634	98,051
Non-Salary Expenses												
Materials, Supplies and Publications	35	(6)	20	40	223	221	184	188	932	1,164	954	1,225
Transfer to Partner Institutions	-	-	-	-	-	-	-	10	821	885	1,199	1,024
Contract Services	200	198	203	225	403	370	259	574	574	924	531	737
Professional Fees	43	19	60	122	1,497	1,218	1,408	1,567	1,116	825	448	919
Travel	118	157	131	213	548	649	820	1,125	905	834	807	906
Cost of Goods & Services Rendered	-	-	-	-	-	-	-	-	-	120	113	121
Building & Occupancy Costs	24	46	46	103	68	298	141	958	939	974	833	1,196
Tuition Expense	-	-	-	-	98	117	91	68	52	5	1	72
Energy	-	-	-	-	-	-	-	-	7	-	-	-
Other Non-Salary Expenses	301	262	441	442	1,683	2,012	1,983	1,443	2,121	1,435	2,356	2,231
Capital Purchases	65	11	62	43	86	94	449	(5)	1,246	1,150	994	868
Interest & Bank Charges	2	4	3	3	18	19	23	31	11	18	20	23
Total Non-Salary	788	691	966	1,191	4,624	4,998	5,358	5,959	8,724	8,334	8,256	9,322
Total Expenses	8,238	8,199	8,737	9,444	26,515	25,991	28,612	31,822	98,407	89,654	97,890	107,373
(Deficiency) Excess of Revenues over Expenses, Before the Undernoted	(7,806)	(7,709)	(8,457)	(8,758)	(21,923)	(21,685)	(23,928)	(26,440)	(87,210)	(81,218)	(85,093)	(89,220)
Net capz & decapz of investement income	(22)	(21)	(22)	(2)	-	-	-	-	(99)	(139)	(129)	(19)
Interfund Transfers	(109)	2	175	198	2,374	1,194	205	359	(3,008)	(2,013)	(4,335)	(5,120)
Total Change in Net Assets	(7,937)	(7,728)	(8,304)	(8,562)	(19,549)	(20,491)	(23,723)	(26,081)	(90,317)	(83,370)	(89,557)	(94,359)

Appendix 3: Unit Unrestricted Financials FY2010-FY2013 – Faculties & Libraries (4 of 5)

McGill University												
Unrestricted Funds - Faculties & Libraries												
For FY10, FY11, FY12, FY13												
Summary (In '000s)												
	Music				Religious Studies				Science			
	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13
Revenue												
Canada	-	-	-	-	-	-	-	-	-	-	-	-
Quebec	-	-	-	-	-	-	-	-	-	-	-	-
Tuition & Fees	805	779	818	809	8	11	19	(2)	560	684	688	670
Sales of Goods & Services	1,960	1,923	1,738	2,125	87	100	113	100	1,212	897	1,215	1,217
Gifts & Bequests	55	141	95	101	4	15	76	4	491	555	334	314
Short Term Interest	-	-	-	-	-	-	-	-	-	26	10	-
Investment Income	40	37	37	35	144	132	132	-	18	17	17	17
Total Revenue	2,860	2,880	2,688	3,070	243	258	340	102	2,281	2,179	2,264	2,218
Expenses												
Salary Expenses												
Academic	9,102	8,389	9,644	9,837	1,607	1,573	1,727	1,729	25,996	24,887	27,669	29,244
Administrative and support	3,042	2,751	2,822	3,001	446	430	399	487	7,799	7,194	6,902	8,256
Student	338	280	249	245	153	141	131	119	4,204	4,188	3,880	3,758
Student Aid	-	60	14	34	4	7	29	23	294	215	530	654
Benefits	2,010	1,927	2,117	2,163	351	337	341	358	5,781	5,588	6,160	6,521
Total Salaries	14,492	13,407	14,846	15,280	2,561	2,488	2,627	2,716	44,074	42,072	45,141	48,433
Non-Salary Expenses												
Materials, Supplies and Publications	109	127	45	76	3	2	1	5	438	259	358	338
Transfer to Partner Institutions	-	-	-	-	-	-	-	-	-	5	3	-
Contract Services	373	125	108	124	11	11	16	14	289	197	357	360
Professional Fees	229	341	222	288	6	8	-	5	103	125	113	115
Travel	126	131	96	95	36	13	59	41	1,167	1,006	987	1,263
Cost of Goods & Services Rendered	-	-	-	-	-	-	-	-	309	399	358	505
Building & Occupancy Costs	159	219	227	236	4	-	5	21	475	657	647	782
Tuition Expense	3	-	-	-	-	-	-	-	8	-	-	-
Energy	-	-	-	-	-	-	-	-	66	80	75	79
Other Non-Salary Expenses	688	666	525	698	81	76	99	14	1,139	993	762	811
Capital Purchases	684	225	149	96	17	2	4	8	874	964	1,763	1,007
Interest & Bank Charges	16	17	18	28	-	-	-	-	1	1	3	3
Total Non-Salary	2,387	1,851	1,390	1,641	158	112	184	108	4,869	4,686	5,426	5,263
Total Expenses	16,879	15,258	16,236	16,921	2,719	2,600	2,811	2,824	48,943	46,758	50,567	53,696
(Deficiency) Excess of Revenues over Expenses, Before the Undernoted	(14,019)	(12,378)	(13,548)	(13,851)	(2,476)	(2,342)	(2,471)	(2,722)	(46,662)	(44,579)	(48,303)	(51,478)
Net capz & decapz of investement income	-	-	-	(35)	(3)	-	-	-	-	(5)	(28)	(2)
Interfund Transfers	(1)	(112)	(25)	(62)	29	(23)	1	7	735	-	427	634
Total Change in Net Assets	(14,020)	(12,490)	(13,573)	(13,948)	(2,450)	(2,365)	(2,470)	(2,715)	(45,927)	(44,584)	(47,904)	(50,846)

Appendix 3: Unit Unrestricted Financials FY2010-FY2013 – Faculties & Libraries (5 of 5)

McGill University								
Unrestricted Funds - Faculties & Libraries								
For FY10, FY11, FY12, FY13								
Summary (In '000s)								
	Libraries				Total			
	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13
Revenue								
Canada	-	-	-	-	-	-	-	-
Quebec	-	-	-	-	-	106	706	1,682
Tuition & Fees	309	248	224	190	8,898	9,554	10,239	9,767
Sales of Goods & Services	353	353	343	244	25,179	21,521	28,016	40,854
Gifts & Bequests	42	43	42	32	2,618	3,488	2,915	3,546
Short Term Interest	-	-	-	-	-	26	10	-
Investment Income	317	326	332	318	888	851	866	740
Total Revenue	1,021	970	941	784	37,583	35,546	42,752	56,589
Expenses								
Salary Expenses								
Academic	5,644	5,220	5,514	5,363	196,890	181,262	201,948	214,595
Administrative and support	7,935	6,862	6,062	7,489	65,792	59,611	58,992	69,908
Student	2	-	-	22	11,799	12,052	10,586	10,393
Student Aid	-	-	-	-	1,141	1,472	3,095	3,698
Benefits	2,503	2,249	2,150	2,360	43,608	41,229	44,956	48,317
Total Salaries	16,084	14,331	13,726	15,234	319,230	295,626	319,577	346,911
Non-Salary Expenses								
Materials, Supplies and Publications	12,450	13,470	15,414	14,506	15,591	16,413	17,952	17,803
Transfer to Partner Institutions	-	-	-	-	872	929	1,254	1,139
Contract Services	825	1,007	1,068	1,577	3,966	4,553	4,803	7,934
Professional Fees	10	11	22	78	4,410	4,218	3,890	4,996
Travel	101	100	128	192	5,044	4,585	5,152	6,367
Cost of Goods & Services Rendered	-	-	-	-	721	799	1,097	1,107
Building & Occupancy Costs	1,763	595	579	306	4,303	3,551	3,120	4,526
Tuition Expense	-	-	-	-	220	199	169	415
Energy	-	-	-	-	81	109	102	114
Other Non-Salary Expenses	813	1,054	1,085	1,157	12,569	11,792	12,574	11,534
Capital Purchases	679	952	468	1,171	5,476	5,123	5,669	4,854
Interest & Bank Charges	7	6	7	10	136	145	168	207
Total Non-Salary	16,648	17,195	18,771	18,997	53,389	52,416	55,950	60,996
Total Expenses	32,732	31,526	32,497	34,231	372,619	348,042	375,527	407,907
(Deficiency) Excess of Revenues over Expenses, Before the Undernoted	(31,711)	(30,556)	(31,556)	(33,447)	(335,036)	(312,496)	(332,775)	(351,318)
Net capz & decapz of investement income	(275)	(118)	(7)	(1)	(377)	(306)	(210)	(74)
Interfund Transfers	56	1,261	(276)	(292)	2,035	1,640	(1,494)	(1,200)
Total Change in Net Assets	(31,930)	(29,413)	(31,839)	(33,740)	(333,378)	(311,162)	(334,479)	(352,592)

Appendix 4: Unit Unrestricted Financials FY2010-FY2013 – Admin Units (1 of 5)

McGill University												
Unrestricted Funds - Administrative Units												
For FY10, FY11, FY12, FY13												
Summary (In '000s)												
	Principal and Vice Chancellor				Institutional Services				Provost			
	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13
Revenue												
Canada	-	-	-	-	24,331	24,414	24,766	24,851	-	-	-	-
Quebec	-	-	-	-	295,042	305,709	356,141	325,760	-	-	-	-
Tuition & Fees	-	-	-	-	164,760	180,337	191,318	202,356	-	-	-	-
Sales of Goods & Services	296	172	32	8	1,486	186	1,749	1,925	1	1	7	-
Gifts & Bequests	-	-	-	-	-	-	-	-	1,967	1,199	1,552	2,155
Short Term Interest	-	-	-	-	1,751	2,269	2,561	5,378	-	-	-	-
Investment Income	-	-	-	-	6,918	1,343	1,338	5,949	(9)	136	150	4
Total Revenue	296	172	32	8	494,288	514,258	577,873	566,219	1,959	1,336	1,709	2,159
Expenses												
Salary Expenses												
Academic	26	40	22	28	(491)	1,015	(1,019)	1,850	8	11	47	39
Administrative and support	3,078	2,895	3,250	3,330	2,140	2,869	8,455	9,290	1,712	1,969	2,498	2,921
Student	1	-	-	-	-	-	-	-	32	3	7	5
Student Aid	-	-	-	-	-	-	-	-	-	3	10	3
Benefits	486	480	524	539	4,557	10,072	10,065	7,596	292	341	436	472
Total Salaries	3,591	3,415	3,796	3,897	6,206	13,956	17,501	18,736	2,044	2,327	2,998	3,440
Non-Salary Expenses												
Materials, Supplies and Publications	33	28	22	25	73	47	51	44	30	34	23	32
Transfer to Partner Institutions	-	-	-	-	-	6,649	8,371	7,978	-	-	-	-
Contract Services	605	485	219	636	653	(12,211)	(12,684)	(12,547)	21	19	24	21
Professional Fees	2,263	2,254	2,158	3,222	813	786	581	1,728	42	27	29	26
Travel	121	123	126	86	147	133	150	137	189	41	200	181
Cost of Goods & Services Rendered	-	-	-	-	-	1,057	332	341	-	-	-	-
Building & Occupancy Costs	161	86	147	335	350	6,914	7,803	12,962	7	27	8	5
Tuition Expense	-	-	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	(1,148)	-	-	-	-
Other Non-Salary Expenses	404	417	619	481	8,456	(6,319)	(4,263)	(7,499)	572	271	1,282	637
Capital Purchases	27	58	32	4	110	4,955	4,852	7,189	41	84	33	20
Interest & Bank Charges	-	-	-	-	2,139	2,584	3,486	3,518	49	-	-	-
Total Non-Salary	3,614	3,451	3,323	4,789	12,741	4,595	8,679	12,703	951	503	1,599	922
Total Expenses	7,205	6,866	7,119	8,686	18,947	18,551	26,180	31,439	2,995	2,830	4,597	4,362
(Deficiency) Excess of Revenues over Expenses, Before the Undernoted	(6,909)	(6,694)	(7,087)	(8,678)	475,341	495,707	551,693	534,780	(1,036)	(1,494)	(2,888)	(2,203)
Net capz & decapz of investement income	-	-	-	-	(13)	(13)	(13)	-	9	200	984	-
Interfund Transfers	62	9	-	(1)	(3,965)	2,303	1,028	(16,635)	(2,279)	(239)	(794)	90
Total Change in Net Assets	(6,847)	(6,685)	(7,087)	(8,679)	471,363	497,997	552,708	518,145	(3,306)	(1,533)	(2,698)	(2,113)

Appendix 4: Unit Unrestricted Financials FY2010-FY2013 – Admin Units (2 of 5)

McGill University												
Unrestricted Funds - Administrative Units												
For FY10, FY11, FY12, FY13												
Summary (In '000s)												
	Assoc. VP (Macdonald Campus)				Deputy Provost (Student Life & Learning)				Assoc. Provost (Graduate Education)			
	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13
Revenue												
Canada	-	-	-	-	-	-	-	-	-	-	-	-
Quebec	-	-	-	-	1,993	1,910	2,144	2,234	-	-	-	-
Tuition & Fees	-	-	-	-	13,213	13,742	14,310	14,503	-	-	-	-
Sales of Goods & Services	206	200	762	776	43,584	44,274	46,682	51,697	156	5	-	64
Gifts & Bequests	-	-	-	-	156	142	376	387	-	-	-	-
Short Term Interest	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	230	215	216	208	47	44	45	13
Total Revenue	206	200	762	776	59,176	60,283	63,728	69,029	203	49	45	77
Expenses												
Salary Expenses												
Academic	-	-	-	-	3,110	3,063	3,049	3,156	37	35	36	36
Administrative and support	903	901	955	1,026	23,220	23,307	25,582	28,522	1,819	1,617	1,567	1,266
Student	4	1	4	2	215	200	227	192	12	39	3	2
Student Aid	-	-	-	-	1,902	2,717	4,089	5,897	13,606	14,308	15,491	16,059
Benefits	180	175	200	213	5,412	5,461	6,074	6,776	349	305	296	232
Total Salaries	1,087	1,077	1,159	1,241	33,859	34,748	39,021	44,543	15,823	16,304	17,393	17,595
Non-Salary Expenses												
Materials, Supplies and Publications	75	64	52	71	3,519	3,877	3,924	4,501	78	70	38	28
Transfer to Partner Institutions	-	-	-	-	-	-	-	-	21	24	1	-
Contract Services	572	502	561	588	2,852	3,316	3,858	4,346	31	8	9	44
Professional Fees	1	-	-	-	152	194	385	227	-	-	1	1
Travel	38	39	31	40	1,129	1,102	1,365	1,186	29	32	35	22
Cost of Goods & Services Rendered	-	-	-	-	6,962	5,722	6,120	6,382	-	-	-	-
Building & Occupancy Costs	26	148	370	579	7,869	16,252	11,823	11,306	6	6	2	2
Tuition Expense	-	-	-	-	81	50	29	39	-	279	62	-
Energy	29	32	62	88	3,923	4,139	4,071	4,408	-	-	-	-
Other Non-Salary Expenses	2	27	(58)	(83)	2,800	2,750	3,393	3,892	193	298	292	143
Capital Purchases	13	8	4	4	2,819	1,569	1,668	3,774	16	21	7	13
Interest & Bank Charges	1	1	1	-	4,810	4,497	4,974	216	-	-	-	-
Total Non-Salary	757	821	1,023	1,287	36,916	43,468	41,610	40,277	374	738	447	253
Total Expenses	1,844	1,898	2,182	2,528	70,775	78,216	80,631	84,820	16,197	17,042	17,840	17,848
(Deficiency) Excess of Revenues over Expenses, Before the Undernoted	(1,638)	(1,698)	(1,420)	(1,752)	(11,599)	(17,933)	(16,903)	(15,791)	(15,994)	(16,993)	(17,795)	(17,771)
Net capz & decapz of investment income	-	-	-	-	(27)	(56)	(51)	(37)	(13)	(13)	-	-
Interfund Transfers	111	85	(14)	47	(6,863)	(138)	(389)	968	170	277	271	22
Total Change in Net Assets	(1,527)	(1,613)	(1,434)	(1,705)	(18,489)	(18,127)	(17,343)	(14,860)	(15,837)	(16,729)	(17,524)	(17,749)

Appendix 4: Unit Unrestricted Financials FY2010-FY2013 – Admin Units (3 of 5)

McGill University												
Unrestricted Funds - Administrative Units												
For FY10, FY11, FY12, FY13												
Summary (In '000s)												
	Vice-Principal (Administration & Finance)				Information Technology Services				Assoc. VP (University Services)			
	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13
Revenue												
Canada	-	-	-	-	-	-	-	-	-	-	-	-
Quebec	420	485	590	960	-	-	-	-	-	-	-	-
Tuition & Fees	-	-	-	-	85	88	94	109	-	-	-	3
Sales of Goods & Services	42,552	375	65	19	2,192	2,119	2,690	3,165	20,789	19,107	19,161	18,795
Gifts & Bequests	-	-	-	-	-	-	-	-	176	419	435	433
Short Term Interest	(176)	-	-	-	-	-	-	-	-	-	-	-
Investment Income	6,836	4	4	8	-	-	-	-	-	61	90	89
Total Revenue	49,632	864	659	987	2,277	2,207	2,784	3,274	20,965	19,587	19,686	19,320
Expenses												
Salary Expenses												
Academic	-	-	-	-	-	1	-	-	1	9	29	34
Administrative and support	2,067	1,553	1,714	1,861	19,916	18,447	21,125	22,745	26,874	25,783	30,223	31,106
Student	-	-	-	-	-	-	-	7	15	27	24	21
Student Aid	-	-	-	-	-	-	-	-	-	15	39	28
Benefits	377	265	292	315	3,529	3,326	3,882	4,142	5,243	5,046	5,907	6,157
Total Salaries	2,444	1,818	2,006	2,176	23,445	21,774	25,007	26,894	32,133	30,880	36,222	37,346
Non-Salary Expenses												
Materials, Supplies and Publications	13	12	10	65	69	41	111	234	3,916	3,934	4,202	4,825
Transfer to Partner Institutions	-	-	-	-	-	-	-	-	-	-	1	-
Contract Services	71	73	73	131	(1,109)	(74)	(1,352)	91	14,642	12,176	14,216	12,961
Professional Fees	50	100	31	13	69	538	479	787	135	125	757	117
Travel	19	7	15	27	172	153	140	85	(138)	(100)	(94)	(131)
Cost of Goods & Services Rendered	-	-	-	-	-	-	-	-	13,247	11,626	12,414	11,326
Building & Occupancy Costs	1,909	2,061	2,589	2,847	4,241	214	677	255	(2,106)	(4,812)	(3,540)	(888)
Tuition Expense	-	-	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	14,483	14,303	14,361	13,010
Other Non-Salary Expenses	7,738	534	671	1,525	(1,628)	1,627	1,156	509	(931)	(922)	(774)	(268)
Capital Purchases	23	14	24	30	3,052	2,856	3,289	2,862	(3,258)	(2,950)	(3,625)	(2,817)
Interest & Bank Charges	-	-	-	-	3	1	1	1	473	396	426	237
Total Non-Salary	9,823	2,801	3,413	4,638	4,869	5,356	4,501	4,824	40,463	33,776	38,344	38,372
Total Expenses	12,267	4,619	5,419	6,814	28,314	27,130	29,508	31,718	72,596	64,656	74,566	75,718
(Deficiency) Excess of Revenues over Expenses, Before the Undernoted	37,365	(3,755)	(4,760)	(5,827)	(26,037)	(24,923)	(26,724)	(28,444)	(51,631)	(45,069)	(54,880)	(56,398)
Net capz & decapz of investment income	(4)	(4)	(4)	(4)	-	-	-	-	-	(61)	(90)	(89)
Interfund Transfers	(117)	(41,453)	(96)	(103)	208	89	96	503	8,116	(2,082)	(361)	450
Total Change in Net Assets	37,244	(45,212)	(4,860)	(5,934)	(25,829)	(24,834)	(26,628)	(27,941)	(43,515)	(47,212)	(55,331)	(56,037)

Appendix 4: Unit Unrestricted Financials FY2010-FY2013 – Admin Units (4 of 5)

McGill University												
Unrestricted Funds - Administrative Units												
For FY10, FY11, FY12, FY13												
Summary (In '000s)												
	Assoc. VP (Human Resources)				Asst. VP (Financial Services)				Vice-Principal (RIR)			
	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13
Revenue												
Canada	-	-	-	-	-	-	-	-	-	-	-	-
Quebec	-	-	-	-	-	-	-	-	-	-	-	-
Tuition & Fees	-	-	-	-	9	540	1,173	1,886	-	-	-	-
Sales of Goods & Services	721	752	747	576	413	361	244	244	1,330	1,234	898	841
Gifts & Bequests	-	-	-	-	-	-	-	-	-	-	-	-
Short Term Interest	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	721	752	747	576	422	901	1,417	2,130	1,330	1,234	898	841
Expenses												
Salary Expenses												
Academic	14	40	6	1	-	-	-	-	2,236	1,143	812	577
Administrative and support	6,148	5,312	5,439	6,140	6,725	6,130	6,129	6,930	3,195	3,798	4,656	5,817
Student	-	-	-	-	-	-	-	-	4	1	-	-
Student Aid	-	-	-	-	-	-	-	-	19	18	13	16
Benefits	(20)	(1,274)	(3,266)	(1,170)	1,215	1,120	1,151	1,344	833	786	896	1,090
Total Salaries	6,142	4,078	2,179	4,971	7,940	7,250	7,280	8,274	6,287	5,746	6,377	7,500
Non-Salary Expenses												
Materials, Supplies and Publications	18	10	10	9	20	29	16	23	38	(7)	2	(17)
Transfer to Partner Institutions	3	-	-	-	-	-	-	-	105	67	121	101
Contract Services	101	111	80	283	104	94	105	106	174	166	212	293
Professional Fees	500	423	347	521	1	154	73	25	655	506	1,388	933
Travel	38	24	31	24	23	12	23	16	177	92	180	227
Cost of Goods & Services Rendered	-	-	-	-	-	-	-	-	-	-	-	-
Building & Occupancy Costs	232	25	7	64	13	4	4	9	24	7	194	171
Tuition Expense	-	-	-	-	509	546	510	558	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Salary Expenses	542	323	263	464	268	243	319	366	414	423	606	568
Capital Purchases	29	19	12	29	9	4	47	14	13	15	31	62
Interest & Bank Charges	-	-	-	-	3	3	3	3	-	-	-	-
Total Non-Salary	1,463	935	750	1,394	950	1,089	1,100	1,120	1,600	1,269	2,734	2,338
Total Expenses	7,605	5,013	2,929	6,365	8,890	8,339	8,380	9,394	7,887	7,015	9,111	9,838
(Deficiency) Excess of Revenues over Expenses, Before the Undernoted	(6,884)	(4,261)	(2,182)	(5,789)	(8,468)	(7,438)	(6,963)	(7,264)	(6,557)	(5,781)	(8,213)	(8,997)
Net capz & decapz of investement income	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Transfers	61	56	2	62	1	-	-	-	(3,010)	(5,097)	(3,568)	(2,912)
Total Change in Net Assets	(6,823)	(4,205)	(2,180)	(5,727)	(8,467)	(7,438)	(6,963)	(7,264)	(9,567)	(10,878)	(11,781)	(11,909)

Appendix 4: Unit Unrestricted Financials FY2010-FY2013 – Admin Units (5 of 5)

McGill University												
Unrestricted Funds - Administrative Units												
For FY10, FY11, FY12, FY13												
Summary (In '000s)												
	Vice-Principal (DAR)				External Relations				Total			
	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13	FY10	FY11	FY12	FY13
Revenue												
Canada	-	-	-	-	-	-	-	-	24,331	24,414	24,766	24,851
Quebec	-	-	-	-	-	-	-	-	297,455	308,104	358,875	328,954
Tuition & Fees	-	-	-	-	-	-	-	-	178,067	194,707	206,895	218,857
Sales of Goods & Services	1,207	1,168	1,114	1,235	40	39	52	117	114,973	69,993	74,203	79,462
Gifts & Bequests	121	178	155	311	-	-	-	-	2,420	1,938	2,518	3,286
Short Term Interest	-	-	-	-	-	-	-	-	1,575	2,269	2,561	5,378
Investment Income	128	-	-	-	-	-	-	-	14,150	1,803	1,843	6,271
Total Revenue	1,456	1,346	1,269	1,546	40	39	52	117	632,971	603,228	671,661	667,059
Expenses												
Salary Expenses												
Academic	3	1	-	15	-	-	-	-	4,944	5,358	2,982	5,736
Administrative and support	9,238	8,728	9,545	10,211	2,383	2,395	2,522	2,772	109,418	105,704	123,660	133,937
Student	-	-	18	-	-	-	-	-	283	271	283	229
Student Aid	-	-	-	1	-	-	-	-	15,527	17,061	19,642	22,004
Benefits	1,574	1,490	1,668	1,770	404	413	461	512	24,431	28,006	28,586	29,988
Total Salaries	10,815	10,219	11,231	11,997	2,787	2,808	2,983	3,284	154,603	156,400	175,153	191,894
Non-Salary Expenses												
Materials, Supplies and Publications	79	261	185	142	123	40	35	66	8,084	8,440	8,681	10,048
Transfer to Partner Institutions	-	-	-	-	-	-	-	-	129	6,740	8,494	8,079
Contract Services	958	747	757	810	123	294	231	271	19,798	5,706	6,309	8,034
Professional Fees	5	63	10	46	109	30	80	250	4,795	5,200	6,319	7,896
Travel	425	382	539	575	22	27	22	24	2,391	2,067	2,763	2,499
Cost of Goods & Services Rendered	-	-	-	-	-	-	-	-	20,209	18,405	18,866	18,049
Building & Occupancy Costs	243	100	72	66	(3)	5	6	5	12,972	21,037	20,162	27,718
Tuition Expense	-	-	-	-	-	-	-	-	590	875	601	597
Energy	-	-	-	-	-	-	-	-	18,435	18,474	18,494	16,358
Other Non-Salary Expenses	2,752	2,042	2,317	2,374	293	410	481	219	21,875	2,124	6,304	3,328
Capital Purchases	48	81	89	30	14	9	18	36	2,956	6,743	6,481	11,250
Interest & Bank Charges	20	33	12	14	-	-	-	-	7,498	7,515	8,903	3,989
Total Non-Salary	4,530	3,709	3,981	4,057	681	815	873	871	119,732	103,326	112,377	117,845
Total Expenses	15,345	13,928	15,212	16,054	3,468	3,623	3,856	4,155	274,335	259,726	287,530	309,739
(Deficiency) Excess of Revenues over Expenses, Before the Undernoted	(13,889)	(12,582)	(13,943)	(14,508)	(3,428)	(3,584)	(3,804)	(4,038)	358,636	343,502	384,131	357,320
Net capz & decapz of investement income	(128)	-	-	-	-	-	-	-	(176)	53	826	(130)
Interfund Transfers	(8)	(1,163)	12	(177)	(5)	1	1	(6)	(7,518)	(47,352)	(3,812)	(17,692)
Total Change in Net Assets	(14,025)	(13,745)	(13,931)	(14,685)	(3,433)	(3,583)	(3,803)	(4,044)	350,942	296,203	381,145	339,498

Appendix 5: Unit Level Restricted Financials FY2013 – Faculties & Libraries (1 of 3)

McGill University Research & Restricted Funds For the year ended April 30, 2013 Summary (In '000s)	Faculties & Libraries				
Revenues	Agriculture & Environmental Science	Arts	Continuing Studies	Dentistry	Education
Grant - Government Sponsors					
Canada	15,437	12,604	-	3,861	4,975
Quebec	3,053	2,635	47	1,995	1,364
United States	152	77	-	21	178
Other Grant Sponsors	1,366	657	-	128	647
Contracts	1,131	75	-	199	(18)
Tuition & Fees	-	-	-	-	-
Sales of Goods & Services	160	175	4	237	191
Gifts and Bequests	959	2,462	132	1,105	443
Investment & Interest Income	873	4,337	14	725	325
Total Revenue:	23,131	23,022	197	8,271	8,105
Expenses					
Salary					
Academic	3,803	4,673	19	1,427	1,547
Administrative and support	874	862	17	393	166
Student	1,420	1,774	-	267	712
Benefits	980	1,074	5	323	321
Student Aid	3,407	6,331	30	517	2,053
Total Salary:	10,484	14,714	71	2,927	4,799
Non-Salary					
Materials, Supplies and Publications	1,916	446	1	495	177
Contributions to Partner Institutions	2,381	865	-	120	497
Contract Services	267	388	6	141	46
Professional Fees	140	609	49	114	273
Travel	1,216	2,007	-	143	524
Building & Occupancy Costs	532	76	3	9	296
Tuition	5	83	5	-	-
Energy	-	-	-	-	-
Other Non-Salary Expenses	1,509	5,487	24	349	344
Capital Purchases	1,126	591	19	336	475
Interest & Bank Charges	-	1	-	-	-
Total Non-Salary:	9,092	10,553	107	1,707	2,632
Total Expense:	19,576	25,267	178	4,634	7,431
(Deficiency) Excess of Revenues Over Expenses, Before the Undernoted	3,555	(2,245)	19	3,637	674
Interfund Transfer	(358)	32	3	(356)	86
Total Change in Net Assets:	3,197	(2,213)	22	3,281	760

Appendix 5: Unit Level Restricted Financials FY2013 – Faculties & Libraries (2 of 3)

McGill University Research & Restricted Funds For the year ended April 30, 2013 Summary (In '000s)	Faculties & Libraries			
<u>Revenues</u>	Engineering	Law	Management	Medicine
Grant - Government Sponsors				
Canada	24,284	834	1,653	65,585
Quebec	3,937	257	612	21,337
United States	854	-	224	4,894
Other Grant Sponsors	2,023	278	371	12,919
Contracts	3,768	(90)	82	4,706
Tuition & Fees	-	-	-	-
Sales of Goods & Services	63	129	802	5,623
Gifts and Bequests	1,791	505	2,995	9,386
Investment & Interest Income	3,526	1,638	1,822	11,746
Total Revenue:	40,246	3,551	8,561	136,196
<u>Expenses</u>				
<u>Salary</u>				
Academic	4,583	808	582	36,981
Administrative and support	1,339	200	237	15,394
Student	2,897	689	287	10,933
Benefits	1,052	231	146	9,994
Student Aid	13,735	1,034	1,310	15,700
Total Salary:	23,606	2,962	2,562	89,002
<u>Non-Salary</u>				
Materials, Supplies and Publications	2,082	42	35	19,072
Contributions to Partner Institutions	3,051	(47)	284	20,199
Contract Services	1,092	181	276	4,534
Professional Fees	239	62	177	2,838
Travel	2,247	445	730	4,334
Building & Occupancy Costs	425	68	1,125	6,328
Tuition	2	-	-	232
Energy	2	-	-	787
Other Non-Salary Expenses	2,658	148	1,433	9,234
Capital Purchases	7,668	51	159	18,362
Interest & Bank Charges	-	-	1	(1)
Total Non-Salary:	19,466	950	4,220	85,919
Total Expense:	43,072	3,912	6,782	174,921
(Deficiency) Excess of Revenues Over Expenses, Before the Undernoted	(2,826)	(361)	1,779	(38,725)
Interfund Transfer	(1,953)	(667)	162	17,595
Total Change in Net Assets:	(4,779)	(1,028)	1,941	(21,130)

Appendix 5: Unit Level Restricted Financials FY2013 – Faculties & Libraries (3 of 3)

McGill University Research & Restricted Funds For the year ended April 30, 2013 Summary (In '000s)	Faculties & Libraries			
Revenues	Music	Religious Studies	Science	Libraries
Grant - Government Sponsors				
Canada	1,484	55	36,285	-
Quebec	876	11	6,711	-
United States	-	-	673	-
Other Grant Sponsors	127	-	2,810	(1)
Contracts	23	-	798	-
Tuition & Fees	-	-	-	-
Sales of Goods & Services	10	-	297	8
Gifts and Bequests	1,093	311	971	1,310
Investment & Interest Income	945	236	2,866	1,173
Total Revenue:	4,558	613	51,411	2,490
Expenses				
Salary				
Academic	444	69	9,446	105
Administrative and support	276	38	1,858	122
Student	54	6	5,861	-
Benefits	137	19	2,117	34
Student Aid	1,893	140	13,485	-
Total Salary:	2,804	272	32,767	261
Non-Salary				
Materials, Supplies and Publications	57	2	3,362	1,790
Contributions to Partner Institutions	1	-	4,021	-
Contract Services	44	1	885	102
Professional Fees	204	-	518	5
Travel	345	74	4,035	21
Building & Occupancy Costs	17	-	2,143	410
Tuition	-	-	-	-
Energy	7	-	674	-
Other Non-Salary Expenses	23	74	2,998	6
Capital Purchases	463	3	11,771	846
Interest & Bank Charges	-	-	2	-
Total Non-Salary:	1,161	154	30,409	3,180
Total Expense:	3,965	426	63,176	3,441
(Deficiency) Excess of Revenues Over Expenses, Before the Undernoted	593	187	(11,765)	(951)
Interfund Transfer	(77)	(23)	1,543	645
Total Change in Net Assets:	516	164	(10,222)	(306)

Appendix 6: Unit Level Restricted Financials FY2013 – Administrative Units (1 of 4)

McGill University Research & Restricted Funds For the year ended April 30, 2013 Summary (In '000s)	Administrative Units			
Revenues	Principal and Vice Chancellor	Institutional Services	Provost	Assoc. VP (Macdonald Campus)
Grant - Government Sponsors				
Canada	(15)	5,201	-	-
Quebec	-	12,209	-	-
United States	-	168	-	-
Other Grant Sponsors	-	13,285	-	-
Contracts	-	7,319	-	-
Tuition & Fees	-	-	-	-
Sales of Goods & Services	-	-	141	1
Gifts and Bequests	-	(18,740)	6	-
Investment & Interest Income	91	7,694	64	192
Total Revenue:	76	27,136	211	193
Expenses				
Salary				
Academic	-	(32)	548	1
Administrative and support	-	277	-	1
Student	-	-	-	-
Benefits	-	(94)	7	-
Student Aid	-	-	-	5
Total Salary:	-	151	555	7
Non-Salary				
Materials, Supplies and Publications	-	-	-	-
Contributions to Partner Institutions	-	(702)	-	-
Contract Services	30	-	-	2
Professional Fees	-	3,445	-	-
Travel	5	-	-	-
Building & Occupancy Costs	-	-	-	20
Tuition	-	-	-	-
Energy	-	-	-	-
Other Non-Salary Expenses	78	(2)	57	137
Capital Purchases	-	-	-	1
Interest & Bank Charges	-	-	-	-
Total Non-Salary:	113	2,741	57	160
Total Expense:	113	2,892	612	167
(Deficiency) Excess of Revenues Over Expenses, Before the Undernoted	(37)	24,244	(401)	26
Interfund Transfer	2	6,081	609	(4)
Total Change in Net Assets:	(35)	30,325	208	22

Appendix 6: Unit Level Restricted Financials FY2013 – Administrative Units (2 of 4)

McGill University Research & Restricted Funds For the year ended April 30, 2013 Summary (In '000s)	Administrative Units			
	Deputy Provost (Student Life & Learning)	Assoc. Provost (Graduate Education)	Vice-Principal (Administration & Finance)	Information Technology Services
<u>Revenues</u>				
Grant - Government Sponsors				
Canada	125	3,459	-	-
Quebec	2,905	55	-	-
United States	-	-	-	-
Other Grant Sponsors	120	12	-	-
Contracts	-	-	-	-
Tuition & Fees	-	-	-	-
Sales of Goods & Services	291	120	181	-
Gifts and Bequests	1,339	202	-	1
Investment & Interest Income	5,490	1,787	227	-
Total Revenue:	10,270	5,635	408	1
<u>Expenses</u>				
<u>Salary</u>				
Academic	2	-	-	-
Administrative and support	1,006	-	-	-
Student	144	149	5	-
Benefits	86	-	1	-
Student Aid	8,718	6,906	-	-
Total Salary:	9,956	7,055	6	-
<u>Non-Salary</u>				
Materials, Supplies and Publications	79	2	4	-
Contributions to Partner Institutions	-	-	-	-
Contract Services	28	-	-	-
Professional Fees	16	-	-	-
Travel	144	11	-	-
Building & Occupancy Costs	96	-	-	-
Tuition	-	-	-	-
Energy	-	-	-	-
Other Non-Salary Expenses	(463)	(53)	206	-
Capital Purchases	68	-	-	-
Interest & Bank Charges	-	-	-	-
Total Non-Salary:	(32)	(40)	210	-
Total Expense:	9,924	7,015	216	-
(Deficiency) Excess of Revenues Over Expenses, Before the Undernoted	346	(1,380)	192	1
Interfund Transfer	(569)	318	(16)	-
Total Change in Net Assets:	(223)	(1,062)	176	1

Appendix 6: Unit Level Restricted Financials FY2013 – Administrative Units (3 of 4)

McGill University Research & Restricted Funds For the year ended April 30, 2013 Summary (In '000s)	Administrative Units		
<u>Revenues</u>	Assoc. VP (University Services)	Assoc. VP (Human Resources)	Asst. VP (Financial Services)
Grant - Government Sponsors			
Canada	-	-	1,355
Quebec	-	-	(686)
United States	-	-	-
Other Grant Sponsors	-	-	3,405
Contracts	-	-	-
Tuition & Fees	-	-	-
Sales of Goods & Services	-	-	137
Gifts and Bequests	8	-	-
Investment & Interest Income	520	6	(149)
Total Revenue:	528	6	4,062
<u>Expenses</u>			
<u>Salary</u>			
Academic	-	-	-
Administrative and support	1	-	-
Student	-	-	-
Benefits	-	-	-
Student Aid	-	-	-
Total Salary:	1	-	-
<u>Non-Salary</u>			
Materials, Supplies and Publications	4	-	2
Contributions to Partner Institutions	-	-	90
Contract Services	-	-	23
Professional Fees	-	-	5
Travel	-	-	-
Building & Occupancy Costs	2	-	70
Tuition	-	-	-
Energy	-	-	93
Other Non-Salary Expenses	516	-	375
Capital Purchases	-	-	-
Interest & Bank Charges	-	-	-
Total Non-Salary:	522	-	658
Total Expense:	523	-	658
(Deficiency) Excess of Revenues Over Expenses, Before the Undernoted	5	6	3,404
Interfund Transfer	9	(6)	(341)
Total Change in Net Assets:	14	-	3,063

Appendix 6: Unit Level Restricted Financials FY2013 – Administrative Units (4 of 4)

McGill University Research & Restricted Funds For the year ended April 30, 2013 Summary (In '000s)	Administrative Units		
Revenues	Vice-Principal (RIR)	Vice-Principal (DAR)	Total
Grant - Government Sponsors			
Canada	453	-	177,635
Quebec	300	-	57,618
United States	-	-	7,241
Other Grant Sponsors	-	-	38,147
Contracts	-	3	17,996
Tuition & Fees	-	-	-
Sales of Goods & Services	130	54	8,754
Gifts and Bequests	-	16,222	22,501
Investment & Interest Income	129	323	46,600
Total Revenue:	1,012	16,602	376,492
Expenses			
Salary			
Academic	142	-	65,148
Administrative and support	217	-	23,278
Student	(4)	-	25,194
Benefits	79	-	16,512
Student Aid	-	-	75,264
Total Salary:	434	-	205,396
Non-Salary			
Materials, Supplies and Publications	72	2	29,642
Contributions to Partner Institutions	-	-	30,760
Contract Services	(252)	2	7,796
Professional Fees	22	19	8,735
Travel	23	3	16,307
Building & Occupancy Costs	14	4	11,638
Tuition	-	-	327
Energy	-	-	1,563
Other Non-Salary Expenses	136	142	25,416
Capital Purchases	13	-	41,952
Interest & Bank Charges	-	94	97
Total Non-Salary:	28	266	174,233
Total Expense:	462	266	379,629
(Deficiency) Excess of Revenues Over Expenses, Before the Undernoted	550	16,336	(3,137)
Interfund Transfer	(2,270)	(14,016)	6,429
Total Change in Net Assets:	(1,720)	2,320	3,292

Appendix 7: Full-Time Tenure-Track Faculty Staff Counts (excluding tenure-track librarians, see Appendix 8)

Appendix 8 outlines the evolution of academic staff that has taken place in each Faculty over the period from 2008 to 2012, and in 2013.

Faculty	Period			1-yr net change		5-yr net change		New Hires 1-June-08 to 31-May-13
	2007-08	2011-12	2012-13	#	%	#	%	GROSS
Agr. & Env. Sciences	86.3	82.8	86.3	3.5	4.2%	0.0	0.0%	16.0
Arts	277.3	275.0	280.1	5.1	1.8%	2.8	1.0%	59.25
Dentistry	16.0	20.0	19.0	-1.0	-5.0%	3.0	18.8%	5.5
Education	84.5	81.0	80.0	-1.0	-1.2%	-4.5	-5.3%	20.5
Engineering	140.5	149.0	151.0	2.0	1.3%	10.5	7.5%	33.0
Law	45.0	39.5	40.0	0.5	1.3%	-5.0	-11.1%	7.0
Management	61.0	74.5	74.0	-0.5	-0.7%	13.0	21.3%	29.5
Medicine	577.7	570.0	576.9	6.9	1.2%	-0.8	-0.1%	89.25
<i>of which, clinicians</i>	<i>188.0</i>	<i>177.0</i>	<i>178.0</i>	<i>1.0</i>	<i>0.6%</i>	<i>-10.0</i>	<i>-5.3%</i>	<i>20</i>
MSE	7.3	9.2	8.8	-0.3	-3.6%	1.5	20.5%	2.5
Music	57.0	58.0	58.0	0.0	0.0%	1.0	1.8%	12.0
Religious Studies	13.5	12.5	12.5	0.0	0.0%	-1.0	-7.4%	1.0
Science	250.8	263.0	256.8	-6.2	-2.3%	6.0	2.4%	62.0
Total²	1617	1634.5	1643.5	9.0	0.6%	26.5	1.6%	337.5

Notes: 1) **Table 1** counts joint appointment by splitting the staff count among respective Faculties, as per letters of offer for individual faculty members.

2) The total count of 0.5 in 2011-12 and 2012-13 reflects the appointment of the Dean of Libraries who holds a 0.5 joint appointment with the Faculty of Education and a 0.5 joint appointment in Libraries

Appendix 8: Full-Time Tenure/Tenured and Full-Time Non-Tenure Track Libraries Staff

Appendix 9 shows a slight, gradual reduction in the number of tenure-track/tenured librarian staff over the five year period. The Office of the Provost and the Dean of the McGill Library are examining this decline carefully and will provide an analysis to be included in a future staffing report.

	Period			1-yr net change		5-yr net change	
	2007-08 ¹	2011-12	2012-13	#	%	#	%
Tenure-Track/Tenured	64.0	59.5	59.5	0.0	0%	-4.5	-7.0%
Non-Tenure Track ²	7.0	3.0	4.0	1.0	33.3%	-3.0	-42.9%
Total³	71.0	62.5	63.5	1.0	1.6%	-7.5	-10.6%

- Notes:**
- 1) In academic year 2006-07, non-tenure-track librarians were offered conversion to a tenure-track position resulting in 23 librarians moving into the tenure-stream. This resulted in a net increase of 28 librarians between 2006-07 and 2007-08.
 - 2) This report corrects non-tenure-track librarian counts which previously included part-time staff.
 - 3) 0.5 tenure-track position from 2010-11 onwards reflects the Dean of Libraries' joint appointment with the Faculty of Education.

Appendix 9: Administrative and Support Staff Counts within Faculties, Libraries and Administrative Units

	Counts ¹			1-yr net change		5-yr net change	
	2007-08	2011-12	2012-13	#	%	#	%
Faculty/Area							
Agr. & Env. Sciences	88	84	85	1	1.2%	-3	-3.4%
Arts	131	120	123	3	2.5%	-8	-6.1%
Continuing Studies	43	51	55	4	7.8%	12	27.9%
Dentistry	39	43	45	2	4.7%	6	15.4%
Education	53	45	47	2	4.4%	-6	-11.3%
Engineering	127	135	131	-4	-3.0%	4	3.1%
Law	31	31	31	0	0%	0	0%
Libraries	156	141	134	-7	-5.0%	-22	-14.1%
Management	70	79	90	11	13.9%	20	28.6%
Medicine	629	649	650	1	0.2%	21	3.3%
MSE	3	3	3	0	0%	0	0%
Music	58	59	56	-3	-5.1%	-2	-3.4%
Religious Studies	7	7	7	0	0%	0	0%
Science	175	176	180	4	2.3%	5	2.9%
Sub-Total Faculties and Libraries	1610	1623	1637	14	0.9%	27	1.7%
Institutional Administrative Units							
University Administration ³	85	123	124	1	0.8%	39	45.9%
Research & International Relations ⁵	52	83	97	14	16.9%	45	86.5%
Development & Alumni Relations	164	165	157	-8	-4.8%	-7	-4.3%
Student Life & Learning ⁵	404	510	511	1	0.2%	107	26.5%
Graduate & Post-doctoral Studies	30	29	16	-13	-44.8%	-14	-46.7%
Administration & Finance	40	34	37	3	8.8%	8	-7.5%
Financial Services	108	129	130	1	0.8%	22	20.4%
Human Resources	79	84	81	-3	-3.6%	2	2.5%
IT Services	313	327	316	-11	-3.4%	3	1.0%
University Services	484	529	536	7	1.3%	52	10.7%
Sub-Total:	1759	2013	2005	-8	-0.4%	246	14.0%
Affiliated Units ²	27	25	25	0	0.0%	-2	-7.4%
Sub-Total Institutional Administrative Units	1786	2038	2030	-8	-0.4%	244	13.7%
TOTAL	3396	3661	3667	6	0.2%	271	8.0%

NOTE: 1) Table excludes staff on long-term disability and placement transition.

2) Affiliated Units include McGill-Queen's University Press, McGill Student Society, Valacta, Morgan Arboretum, Dairy Herd Analysis.

3) A breakdown of University Administration by unit is presented in McGill University, Staffing Report to Senate, 2014, Table 21.

4) Increases in the administrative and support staff counts of certain Administrative units are in part due to conversions from the former "Professional Associate" (academic) classification.

5) Some of the increases in for Student Life & Learning and the Office of the Vice Principal (Research and International Relations) from 2010-11 can be attributed to the reporting of previously non-reported Professional Associates in administrative units. With the implementation of the CAS regulations some Professional Associates were subsequently converted into managerial positions. The decrease in previously unreported Professional Associate counts was therefore accompanied by an equivalent increase in managerial positions.

Appendix 10: Incremental Operating Budget Allocations for Faculties and Libraries FY2014

McGill University																
Incremental Budget Allocations for Faculties and Libraries																
For the period May 1, 2013 to March 31, 2014																
in '000's																
	Faculties														Libraries	Total
	Agriculture & Environmental Science	Arts	Continuing Studies	Dentistry	Education	Engineering	Law	Management	Medicine	MSE	Music	Religious Studies	Science			
Academic Renewal Non-Sa	12	(245)	0	48	256	147	156	(124)	1,205	(27)	(66)	4	(314)	0	1,052	
Academic Retirement	175	0	0	0	209	0	0	0	202	0	48	0	249	0	883	
Teaching Related	633	(148)	100	390	532	43	(10)	558	3,771	100	440	(294)	1,406	0	7,521	
Support Activities	150	30	33	0	0	0	0	0	197	0	0	2	41	0	453	
Federal Indirect Cost	265	181	0	67	73	593	23	64	2,306	0	26	9	997	0	4,604	
Tenure Track Salaries	172	647	0	20	245	428	4	177	70	31	74	64	452	0	2,384	
Salary Policy - Non Teaching (Note 2)	43	61	24	15	23	73	16	24	232	0	28	4	101	100	744	
Salary Policy - Teaching (Note 2)	12	50	0	4	12	27	6	47	45	0	9	0	41	18	271	
Priority Pool / New Initiatives Allocation	0	100	128	0	0	0	0	0	300	0	0	0	0	0	528	
McGill/Dawson	210	635	0	65	175	569	200	75	1,572	0	120	0	720	0	4,341	
Research	0	45	0	0	0	175	0	0	80	0	0	0	0	0	300	
Start Ups	42	112	0	6	70	120	24	64	386	0	20	8	126	0	978	
TA	10	44	0	0	6	21	0	1	7	2	5	3	75	0	174	
Other (Note 1)	0	0	0	0	349	0	0	0	175	0	132	0	0	816	1,472	
Voluntary Retirement Program	660	827	84	201	293	736	291	331	2,121	0	379	0	995	1,515	8,433	
Total	2,384	2,339	369	816	2,243	2,932	710	1,217	12,669	106	1,215	(200)	4,889	2,449	34,137	

Note 1:

Education: Allocation to cover accumulated deficit

Medicine: Allocation for Financial Services Team (AEC) and IPS Cell Core Facility

Music: Allocation to cover Schulich endowment shortfall

Libraries: Allocation to cover SSMU library improvements (\$316K) and serials inflation and currency fluctuation (\$500K)

Note 2:

Salary policy predominately relates to the 1% increase for assistant profs in 2013-14

Appendix 11: Incremental Operating Budget Allocations for Administrative Units FY2014

McGill University																	
Incremental Budget Allocations to Administrative Units																	
For the period May 1, 2013 to March 31, 2014																	
in 000's																	
	Administrative Units																
	Assoc. Provost (Graduate Education)	Assoc. VP (Human Resources)	Assoc. VP (Macdonald Campus)	Assoc. VP (University Services)	Asst. VP (Financial Services)	Deputy Provost (Student Life & Learning)	Information Technology Services	Institutional Services	Planning and Institutional Analysis	Principal and Vice Chancellor	Provost	Public Affairs	Vice-Principal (Development and Alumni Relations)	Vice-Principal (Research & International Relations)	Vice-Principal (Administration & Finance)	Secretary-General	Total
Admin/support	140	0	0	0	0	174	0	115	51	115	11	0	0	20	0	40	666
Research	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0	3
New initiatives	147	80	0	0	0	0	0	0	0	0	0	121	0	325	0	0	673
Salary Policy	0	0	0	(1)	0	0	0	0	0	0	0	0	0	0	0	0	(1)
Salary Policy - Non-Teaching (Note 2)	7	43	4	139	53	51	83	4	4	1	14	4	35	11	4	0	457
Technological Infrastructure	0	0	0	0	0	135	(107)	0	0	0	0	0	0	0	0	0	28
Other (Note 1)	0	0	0	0	130	426	0	521	(660)	0	0	183	0	1,496	152	235	2,483
Voluntary Retirement Program	0	459	0	1,939	581	921	2,734	0	0	65	210	0	611	411	1,121	33	9,085
Total	294	582	4	2,077	764	1,707	2,710	640	(605)	181	238	308	646	2,263	1,277	308	13,394

Note 1:

Assistant VP-FS: CREPUQ estimated over expenditure

DP-SLL: Allocation for FY13 SSMU matching obligation for Athletics

Institutional Services and PIA: Inter-office transfer

VP-RIR: CFI rounds 6, 7 and 8

VP-A&F: Allocation for leave for R. Elev

Secretary-General: Advisory committee for selection of new dean (Education and Management)

Note 2:

Administrative and support salaries are frozen for 2013-14. The allocations above represent collective agreements.

Appendix 12: Budget Planning Timeline October 2013-April 2014 (1 of 2)

Budget Planning

	October 2013 →	November 2013 →
Budget Timeline	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Set up prelim University level multi-year financial model</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 50px; float: left; margin-left: 100px;">BWG</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 50px; float: left; margin-left: 150px;">BWG</div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">FBM complete: Financial parameters, etc. complete for 5 years (due back Dec 6)</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">Provost review of Budget Planning 1</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 150px;">Budget Planning 1 completed</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 50px; float: left; margin-left: 100px;">BWG</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 150px;">Budget Planning 1: p7</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 150px;">Budget Planning 1: Senate</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 150px;">Budget Planning 1: Fin Cttee and BOG</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 50px; float: left; margin-left: 100px;">BWG</div>
	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Agreements submitted</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">Initial Feedback / questions to units (AP FARA)</div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">Compile all new initiative requests AP (FARA)</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">Document prepared for Provost team review</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">1st Provost team review (5-7 Faculties: 2.5 hours)</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">2nd Provost team review (5-7 Faculties: 2.5 hours)</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">3rd Provost team review (Admin units: 2.5 hours)</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">Functional areas have provided input</div>
Capital Priorities	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">Final FY2014 Capital Priorities Meeting</div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">FY2014 Capital Priorities Meeting 1 of 2</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">Draft Responses for Faculties</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">Draft Responses for Admin Units</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; width: 100px; float: left; margin-left: 100px;">FY2014 Capital Priorities Meeting 2 of 2</div>

Appendix 12: Budget Planning Timeline October 2013-April 2014 (2 of 2)

		Budget Planning											
		December				January				February			
Budget Timeline		FBM Financial parameters, etc. complete for 5 years sent to units	Provost meets with DP(SLL) and Dean GPS to review enrolment targets			Variance reports for FY2014 and central cost forecasts for FY2015	Updates to FBM Financial parametes sent to units	Set up main file "budget model" for FY2015		Updated FBMs due from Faculties and Admin Units	Initiate Budget "development" exercise FY2015		
	BWG		FBMs due from Faculties and Admin Units		BWG	Board Retreat on Sources of University Funding	BWG	1st meeting with MESRST - convention		Budget Planning 2: completed	BWG	Budget Planning 2: Deans and P7	
Agreement Timeline		Draft responses for Agreements prepared for Provost		Provost sends out Agreement response memos to Deans and VPs		BEC Meeting 1: Full day	BEC Meeting 2: Half day	Analyze impact of BEC decisions on 5-yr budget framework		BEC decisions confirmed and built into budget model for Budget Planning 2 presentation			
Capital Priorities		FY2015 and beyond Capital Priorities										Capital Budget to be included in Budget Planning Presentation 2	

		Budget Planning											
		February				March				April			
Budget Timeline		Validation of FBM files submitted by units				Draft Budget Book				Draft Budget Schedules from FBMs			
		Financial Statement Schedules & 3rd Quarter											
	Budget Planning 2: Finance Cttee of Board	2nd meeting with MESRST - convention	Budget Planning 2: Senate		Budget Planning 2: BOG					Budget Planning III: P7	Budget Planning III: Finance Committee	Budget Planning III: BOG	
BWG		BWG		BWG		BWG		BWG					

Appendix 13: Pro-forma GAAP Financials FY2015 Budget, FY2014 Forecast and FY2013 Actual - 4 Funds

Revenue and Expenses - Management Statements (all funds)							
Budget FY2015, Forecast FY2014 and Actual FY2013							
For the twelve month period ended: April 30, 2015							
(\$000's)	BUDGET FY2015				Budget	Forecast	Actuals
	Unrestricted Fund	Restricted Fund	Plant Fund	Endowment Fund	FY2015	FY2014	FY2013
	All Funds						
	Total	Total	Total	Total	Total	Total	
Revenue							
Government Sources							
Canada	25,400	170,000	16,000	-	211,400	210,851	205,705
Quebec	361,202	40,000	83,000	-	484,202	470,771	456,155
United States	-	10,000	-	-	10,000	10,000	7,240
Grants - Other Sources	-	17,000	-	-	17,000	20,000	38,148
Contracts	-	18,000	-	-	18,000	20,000	17,997
Tuition & Fees	254,468	-	-	-	254,468	238,924	228,623
Sales of Goods & Services	117,530	7,000	1,000	-	125,530	120,873	129,675
Gifts & Bequests	5,240	38,000	5,000	-	48,240	50,680	35,417
Short Term Interest	3,007	-	-	-	3,007	3,455	-
Investment Income	1,913	69,700	-	-	71,613	71,844	60,916
Total Revenues	768,760	369,700	105,000	-	1,243,460	1,217,398	1,179,876
Expenses							
Salaries:							
Academic Salaries	227,129	74,000	-	-	301,129	291,630	285,482
Non-Academic Salaries	208,664	24,000	-	-	232,664	231,414	227,123
Student Salaries	9,985	18,000	-	-	27,985	36,300	35,815
Student Aid	27,623	87,000	-	-	114,623	113,261	100,962
Benefits	81,718	30,000	-	-	111,718	101,500	94,816
Total Salaries	555,119	233,000	-	-	788,119	774,105	744,198
Non-Salary:							
Materials & Supplies & Publications	13,888	25,000	-	-	38,888	44,497	43,554
Contributions to Partner Institutions	8,287	33,000	-	-	41,287	41,287	39,978
Contract Services	11,514	9,000	-	-	20,514	20,190	23,761
Professional Fees	11,501	8,000	-	-	19,501	20,177	21,630
Travel	8,916	15,000	-	-	23,916	26,665	25,176
Cost of Goods Sold & Services Rendered	22,488	-	-	-	22,488	21,854	19,156
Building Occupancy Costs	23,276	4,400	-	-	27,676	27,620	21,981
Energy	19,775	1,000	-	-	20,775	20,218	18,036
Other Non-Salary Expenses	18,234	17,000	-	-	35,234	39,720	41,619
Hardware and software maintenance	8,439	500	-	-	8,939	8,701	7,081
Amortization	-	-	120,000	-	120,000	114,000	105,850
Interest & Bank Charges	4,500	100	30,000	-	34,600	30,400	32,483
Total Non-Salary	150,818	113,000	150,000	-	413,818	415,329	400,305
Special Projects:							
Pay equity Phase 2 accrual	6,350	-	-	-	6,350	1,950	-
Special projects reserve	9,000	-	-	-	9,000	-	-
Total Expenses	721,287	346,000	150,000	-	1,217,287	1,191,384	1,144,503
Excess of revenue over expenses:	47,473	23,700	(45,000)	-	26,173	26,014	35,373
Net Assets, beginning of year	(284,052)	(9,991)	258,706	1,129,093	1,093,756	1,053,075	1,017,702
Net change in Endowment net assets				60,000	60,000	60,000	
Interfund Transfers:							
Book-to-market adjustment	(2,000)			2,000	-	-	
Capitalization of current year income	(500)	(4,000)		4,500	-	-	
Internal loan repayments	(5,000)		5,000		-	-	
Capital Purchases via interfund transfers	(36,000)	(16,000)	52,000		-	-	
Interfund Transfers - Operations	(8,000)	4,500	500	3,000	-	-	
Over/(Under) distributed income	(3,000)			3,000	-	-	
Net Assets, end of period:	(291,079)	(1,791)	271,206	1,201,593	1,179,929	1,139,089	1,053,075

Note: Above excludes the conditional "équilibre budgétaire" grant

Appendix 14: Statement of change in net assets – 5 years

McGill University					
Statement of Change in Net Assets					
Year ended April 30, 2015					
in thousands of \$					
	Budget	Forecast	Actual	Actual	Actual
	FY2015	FY2014	FY2013	FY2012	FY2011
Net Assets, beginning of year	1,093,756	1,053,075	901,955	851,334	695,300
Excess/(deficiency) of revenue over expenses	28,173	(19,319)	35,373	32,629	42,731
Endowment contributions	38,000	38,000	40,044	42,415	34,563
Investment income items reported as direct increase/(decrease) in net assets	22,000	22,000	75,703	(24,423)	78,740
Net Assets, end of year	1,181,929	1,093,756	1,053,075	901,955	851,334

Appendix 15: MESRST Operating Grant

\$000s		2009-10 Actual	2011-12 Actual	2012-13 Actual	2013-14 Forecast	2014-15 Budget
	<i>Notes</i>					
Teaching services	a	240,641	269,990	300,956	305,857	305,627
Administrative and support services	b	44,014	47,159	52,505	53,781	55,593
Other MELS Operating Grant	c	29,859	39,399	12,891	13,079	8,394
Facilities and buildings		33,982	35,282	35,800	35,390	35,390
General fixed costs		2,394	2,426	2,444	2,967	3,026
Budget Cut				(19,100)	(19,300)	(19,300)
Chantier sur le financement outcome						6,305
Compensation for tuition freeze					8,776	
Réinvestissement				1,000	2,000	17,742
Enrollment adjustment/Compensation		18,053	27,725		-	-
Total Operating (Permanent) Grant		350,890	394,256	386,496	402,550	412,777
Contribution to student aid	d	(7,368)	(8,332)	(8,287)	(8,990)	(9,501)
Canadian fee supplements		(23,952)	(27,260)	(28,741)	(32,714)	(37,777)
International fee supplements	e	(42,381)	(48,247)	(49,570)	(50,268)	(39,680)
Total MELS Recoveries:		(73,701)	(83,839)	(86,599)	(91,972)	(86,958)
Allocation for graduation premiums	f	6,036	6,330	6,537	7,300	7,446
Indirect Cost of Research Grant		16,419	17,403	16,034	18,500	17,403
Information technology and libraries		2,630	2,702	2,671	2,794	2,836
Adjustments to Calcul			14,129			
Other grants	g	10,928	3,763	3,255	5,259	5,280
Specific (Temporary) Grants		36,013	44,327	28,497	33,853	32,965
Subtotal 1A Operating Grant		313,202	354,745	328,395	344,431	358,784
Student Services not captured above	h		2,136	2,241	2,339	2,418
Total Operating Grant			356,881	330,636	346,770	361,202
Student Services		1993	1910			
<i>Notes:</i>						
a) Based on weighted FTEs						
b) Based on unweighted FTEs						
c) Includes reinvestment (from early 2000s), International fees compensation, enrolment adjustment & strike expenses						
d) Qc clawback 25% of base tuition increases to fund the loans and bursaries program						
e) Increased supplement for international deregulated students (McGill will keep the tuition offset beginning in FY2015)						
f) \$500 per undergraduate, \$1,000 per Masters and \$7,000 for PhD graduates						
g) Includes lease rental, Chantiers and other support envelopes from MESRST						
h) Note that a portion of MESRST grant flows directly to student services.						

Appendix 16: Endowed Chairs by Faculty

Endowed Chair Income

Source: Associate Provost - Faculty Affairs & Resource Allocation

	2013-14 Preliminary		2014-15 Estimate		
	Number of chairs (vacant and filled)	Annual endowment income based on payout rate of \$13.12	Endowment income based on increased payout rate of \$13.65	Portion of the endowed income to cover salaries, including chair holder salaries	
University Chairs					
AES	2	\$120,654	\$125,528	\$125,528	100%
Arts	22	\$1,184,261	\$1,232,105	\$937,112	76%
Dentistry	1	\$39,379	\$40,970	\$0	0%
Education	2	\$130,321	\$135,586	\$101,689	75%
Engineering	13	\$756,250	\$786,803	\$572,510	73%
Law	12	\$906,676	\$943,306	\$726,647	77%
Management	5	\$229,691	\$238,971	\$215,743	90%
Medicine	60	\$3,900,692	\$4,058,280	\$3,041,756	75%
Music	2	\$155,610	\$161,897	\$105,461	65%
Science (Note 2)	21	\$1,170,937	\$1,218,243	\$991,860	81%
Libraries	1	\$85,507	\$88,961	\$83,700	94%
	141	\$8,679,978	\$9,030,649	\$6,902,007	76%

(Note 1)

Note 1: Estimated at 76% due to transition time related to filling vacated chairs and newly established chairs, as well as chairs that are not yet fully established and therefore cannot be used to cover salary.

Note 2: Includes the Liber Ero Chair in Environment which was previously under the Faculty of MSE.

	2013-14 Preliminary		2014-15 Estimate		
	Number	Direct funding	Direct funding	Portion of hospital foundation chair to cover salaries	
Hospital Foundation Chairs					
Active	6	\$475,000	\$475,000	\$475,000	100%
Identified but not yet active	8		\$250,000	\$250,000	100%
Additional hospital chairs expected	1				
Total	15	\$475,000	\$725,000	\$725,000	100%

(Note 3)

Note 3: Hospital foundation chairs provide direct funding to McGill to support salaries, and the capital resides with the hospitals. We expect to receive the flow of income from 15 hospital chairs, of which 6 are currently active. All of the income is applied towards salary.

	2013-14 Preliminary		2014-15 Estimate		
	Number	Direct funding	Direct funding	Portion of endowed/named professorships to cover salaries	
Endowed/Named Professorships					
Active	3	\$266,690	\$266,690	\$266,690	100%
Identified but not yet active	1				
Total	4	\$266,690	\$266,690	\$266,690	100%

(Note 4)

Note 4: All of the endowed/named professorship income contributes towards the salary.

Appendix 17: New Initiatives for Faculties and Administrative Units

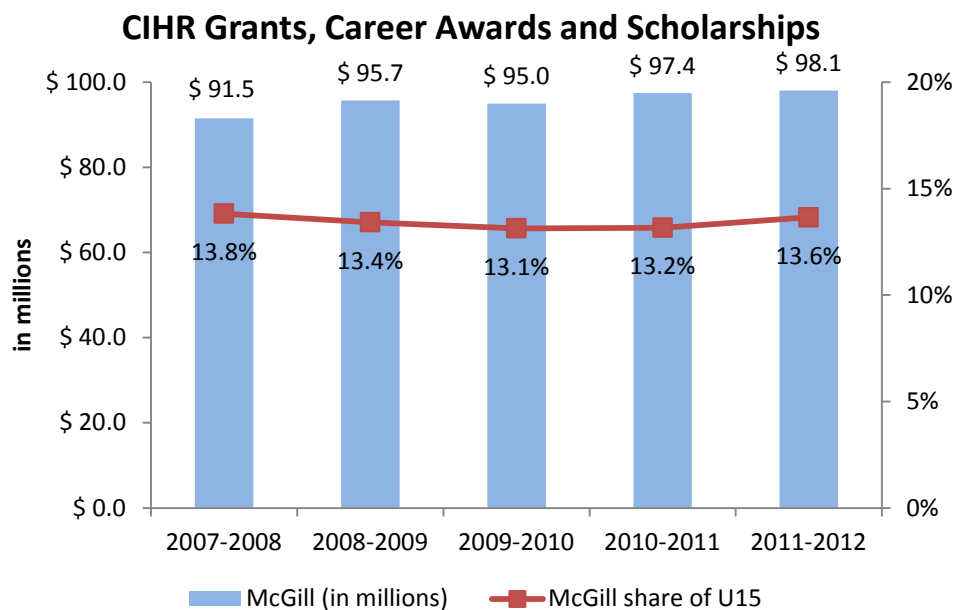
McGill University						
New Initiatives						
FY2015 multi-year budget allocation						
in '000's						
	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
Faculties new initiatives allocations						
AES	50	35	20			105
Arts	50					50
SCS						0
Dentistry						0
Education						0
Engineering	334					334
Law	25	25	25	25	25	125
Management						0
Medicine						0
Music	105					105
Religious Studies						0
Science						0
Total	564	60	45	25	25	719
Faculty new initiatives budget	3,500					
Under (over) allocation	2,936					
Libraries new initiatives allocations						
Administrative Unit new initiatives allocations						
SEDE	90	90	90	90	90	450
VP-RIR	805					805
VP-IIR (Inter-Institutional Relations)	50	50	100			200
VP-A&F	525	150	150	150	150	1,125
VP-A&F- University Services (Note 1)	1,100	1,100	1,100	1,100	1,100	5,500
Total	2,570	1,390	1,440	1,340	1,340	8,080
Administrative Unit new initiatives budget	1,500					
Under (over) allocation	(1,070)					
Note 1:						
Represents budget to address a \$400K structural shortfall in project management and a \$700k budget for lease rentals						

Appendix 18: Research Trends – Federal Granting Agencies

The graphs below show McGill's federal research grants and share within the U15 from each of granting councils of the Tri-Agency (including scholarships which do not generate indirect grants). Data for 2012-13 was not available when this report was published. In a reversal of previous year trends, McGill's share within the U15 increased in both CIHR and SSHRC in FY2012, indicating that McGill's grants have grown at a faster rate than other U15 universities'.

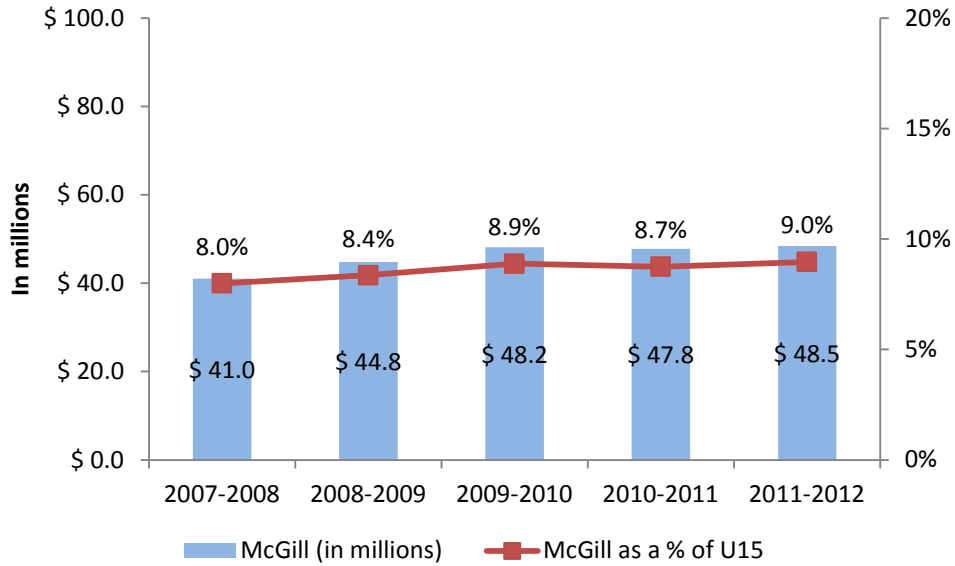
Note: Amounts represent monies awarded by the agency during the agency's fiscal year (i.e. April 1 to March 31st).

Tri-Agency Research Grants (CIHR) Awarded



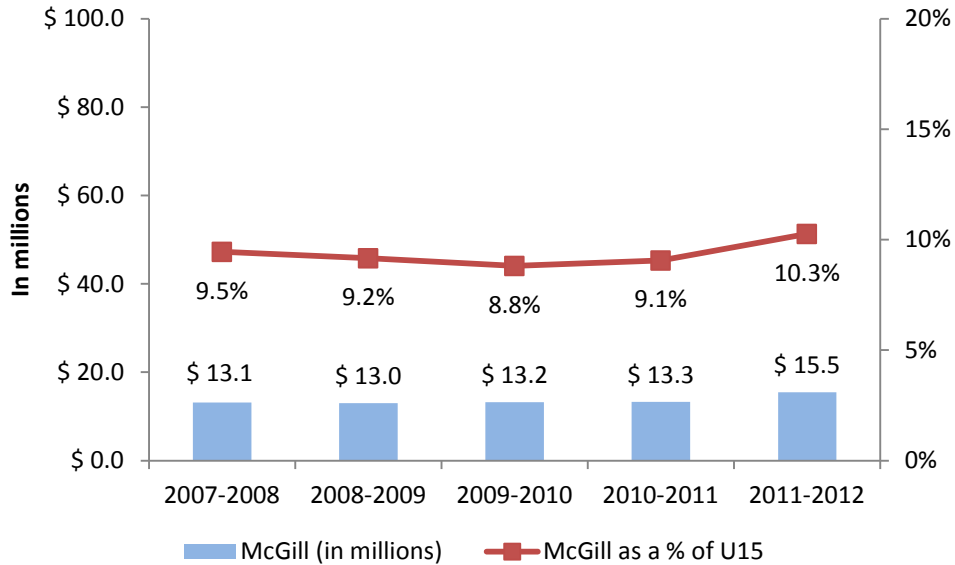
Tri-Agency Research Grants (NSERC) Awarded

NSERC Grants, Career Awards and Scholarships



Tri-Agency Research Grants (SSHRC) Awarded

SSHRC Grants, Career Awards and Scholarships



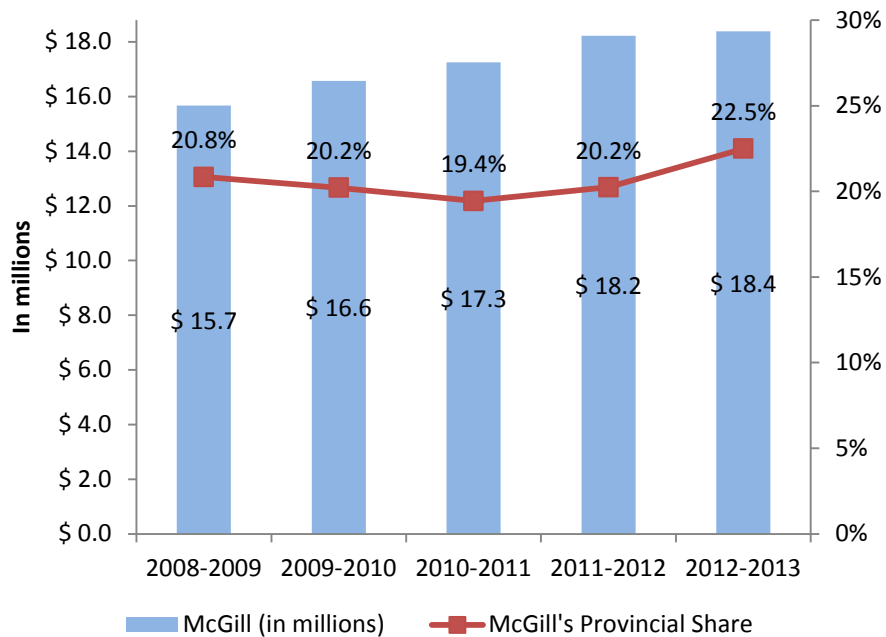
Source: U15 Data Exchange (OST data cube)

Appendix 19: Research Trends – Provincial Granting Agencies

As shown in the graph below, McGill's share of FRQS grants rebounded in FY2013 to 22.5%, from 19.4% in FY2011. Provincial grants awarded to McGill from the FRQS have continued to increase as well. It is always important to consider share as well as actual dollar amounts insofar as several programs depend more on the former than the latter. The grants McGill has received from the FRQNT increased slightly in FY2013, McGill's share of FRQNT grants has gone up. Its share of FRQSC grants has increased slightly although grants have remained stable between FY2012 and FY2013, as shown in *Figures 11 and 12*. For FRQSC and FRQNT the amount allocated for each year is the sum total of awards won during that competition year plus the committed amounts won in previous competition years.

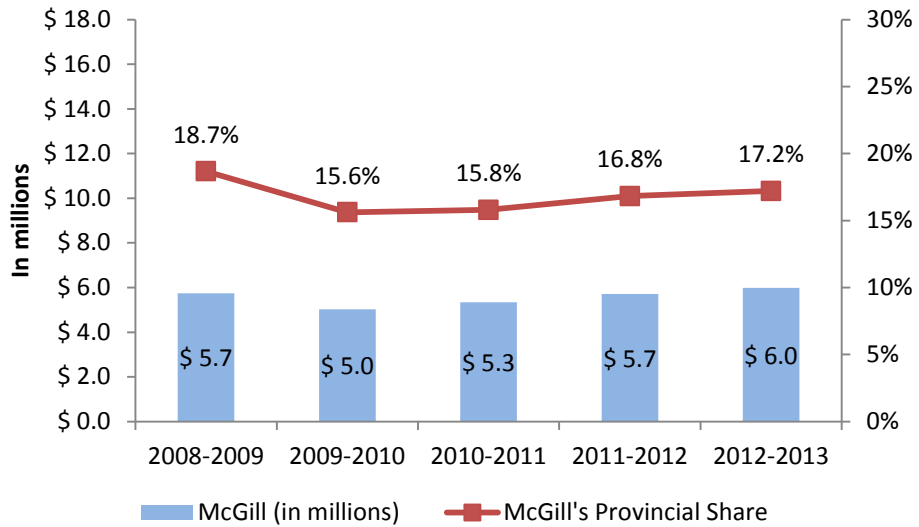
Provincial Research Grants (FRQS) Awarded

FRQS All Programs (excl. scholarships)



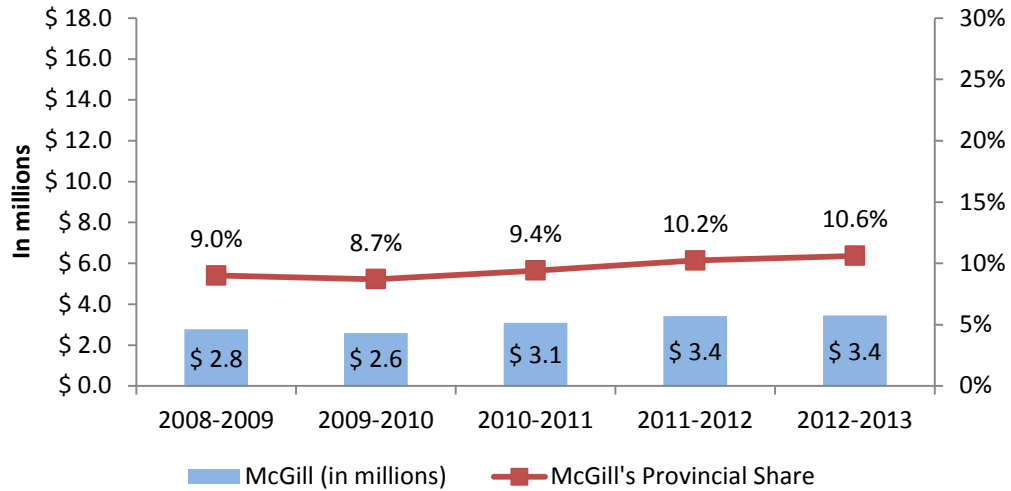
Provincial Research Grants (FRQNT) Awarded

FRQNT Operating and Equipment Grants



Provincial Research Grants (FRQSC) Awarded

FRQSC Operating and Equipment Grants



Source: FRSQ and FQRNT/FQRSC extranet

Appendix 20: Endowment Income Contribution to Restricted Fund (by major unit)
FY2013 details vs. FY2009-FY2013 totals

McGill University
Current Year Endowment Income Received by Restricted Funds
FY2013 details compared to FY2009-FY2013 totals (in '000s)

	DP SLL	Agriculture	Arts	Cont Ed	Dentistry	Education	Engineering	GPS	Law	Mgmt	Medicine
Medals	\$ -	\$ 4	\$ 11	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ 7	\$ 1	\$ 1
Prizes	\$ 211	\$ 31	\$ 189	\$ 4	\$ 15	\$ 40	\$ 75	\$ 15	\$ 56	\$ 67	\$ 169
Scholarships	\$ 4,030	\$ 157	\$ 228	\$ -	\$ 27	\$ 57	\$ 384	\$ 5	\$ 138	\$ 159	\$ 495
Bursaries	\$ 783	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ 4	\$ 21
Fellowships	\$ -	\$ 183	\$ 754	\$ -	\$ 29	\$ 52	\$ 719	\$ 1,690	\$ 231	\$ 129	\$ 1,322
Chairs	\$ -	\$ 312	\$ 1,142	\$ -	\$ 38	\$ 125	\$ 731	\$ -	\$ 737	\$ 224	\$ 3,561
Others	\$ 418	\$ 374	\$ 1,178	\$ 9	\$ 617	\$ 51	\$ 1,613	\$ 77	\$ 459	\$ 1,239	\$ 6,165
	\$ 5,442	\$ 1,062	\$ 3,502	\$ 13	\$ 726	\$ 325	\$ 3,527	\$ 1,787	\$ 1,637	\$ 1,823	\$ 11,734

	Religious	2011	2010	2009						
	Music	Studies	Science	Libraries	Admin Units	Total FY13	2012	(11 months)	2010	2009
Medals	\$ 1	\$ -	\$ 12	\$ -	\$ -	\$ 42	\$ 42	\$ 41	\$ 44	\$ 54
Prizes	\$ 29	\$ 24	\$ 38	\$ -	\$ 1	\$ 964	\$ 837	\$ 779	\$ 812	\$ 997
Scholarships	\$ 560	\$ 13	\$ 368	\$ 2	\$ 21	\$ 6,644	\$ 6,636	\$ 6,768	\$ 7,078	\$ 8,530
Bursaries	\$ 3	\$ 9	\$ -	\$ -	\$ -	\$ 830	\$ 752	\$ 643	\$ 571	\$ 602
Fellowships	\$ 79	\$ -	\$ 563	\$ 10	\$ 22	\$ 5,783	\$ 5,807	\$ 4,843	\$ 4,738	\$ 5,230
Chairs	\$ 148	\$ 11	\$ 877	\$ 83	\$ 44	\$ 8,033	\$ 8,662	\$ 7,412	\$ 7,802	\$ 9,296
Others	\$ 124	\$ 179	\$ 1,008	\$ 1,078	\$ 1,049	\$ 15,638	\$ 16,032	\$ 15,384	\$ 16,101	\$ 17,396
	\$ 944	\$ 236	\$ 2,866	\$ 1,173	\$ 1,137	\$ 37,934	\$ 38,768	\$ 35,870	\$ 37,146	\$ 42,105

Appendix 21: Deferred Maintenance – Schedule of McGill’s Total Debt and Bank Borrowings

McGill University				
Summary of Credit Facilities & Projections				
April 2014				
\$ in millions			Forecast	Budget
			<u>FY14</u>	<u>FY15</u>
<u>Known use of funds:</u>				
MESRST Annual Capital :	<i>i</i>			
Deferred maintenance (DM) grants			\$ 28.1	\$ 28.1
Capital budget grants			\$ 21.8	\$ 21.8
Capital grant - Wison Hall			\$ -	\$ 16.8
Annual Debt repayments	<i>ii</i>		\$ (159.7)	\$ (62.4)
Financement Quebec (FQ) debt issuances	<i>iii</i>		\$ 219.0	\$ 129.0
Outstanding Quebec capital claims	<i>iv</i>		\$ (75.0)	\$ (75.0)
Projected annual deficits			\$ (10.0)	\$ (7.0)
Total Known requirements :			\$ 24.2	\$ 51.3
<u>Projected use of funds :</u>				
Annual Deferred Maintenance (DM) projects	<i>v</i>		\$ (28.1)	\$ (28.1)
Acceleration of DM projects	<i>v</i>		\$ (2.0)	\$ (5.0)
Capital projects / renovations	<i>v</i>		\$ (21.8)	\$ (21.8)
Capital grant - Wison Hall			\$ -	\$ (16.8)
Energy conservation projects	<i>vi</i>		\$ -	\$ (2.0)
Deferred Maintenance - Residences	<i>vii</i>		\$ -	\$ (2.0)
IT systems, projects & networks	<i>viii</i>		\$ -	\$ (3.0)
Unused bond proceeds	<i>ix</i>		\$ -	\$ 5.0
Operation cash / working capital			\$ 20.0	\$ 20.0
Total Projected requirements :			\$ (31.9)	\$ (53.7)
<u>Projected net cash needs :</u>			\$ (7.7)	\$ (2.4)
Bank indebtedness / net borrowings :		\$ (178.2)	\$ (185.9)	\$ (188.3)
Total Current Bank Facilities		\$ 330.0	\$ 330.0	\$ 330.0
Notes :				
<i>i</i>	Paid / reimbursed via future Financement Quebec debt issuances.			
<i>ii</i>	Per notes to FY 2013 audited Financial Statements. Amounts owing are financed short-term through borrowings then repaid by Queb			
<i>iii</i>	Assume amount is approximate to prior year issuances and / or requirements; amount is determined by Financement Quebec.			
<i>iv</i>	Represents all capital amounts owing from Quebec, including annual capital and deferred maintenance grants, and any matured deb			
<i>v</i>	Expected annual capital spending, including some advanced spending on future deferred maintenance project plans & details.			
<i>vi</i>	Continued investments, as approved by BPC. Timing of spending may differ from year to year.			
<i>vii</i>	Additional work required which may be financed long-term by either unused bond proceeds or annual residence operations.			
<i>viii</i>	Expected spending on IT infrastructure as certain spending can no longer be delayed.			
<i>ix</i>	This balance will be replenished via capital repayments & be available for reinvestments, since bond has effectively been "defeased".			
<i>x</i>	Includes: RBC (\$ 120M), Desjardins (\$ 75M), BMO (\$ 60M), and TD (\$ 75M).			

Appendix 22: Capital Projects – Summary of Borrowing

McGill University Summary of Outstanding Capital Borrowings Supported by future donations December 2013											
	Expected Sources of Funds	Outstanding Borrowings (\$ M)									Future Sources
		FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07		
1	<u>Life Sciences</u>	Capital Campaign – Future Fundraising	\$ 9.32	\$ 9.32	\$ 9.32	\$ 9.32	\$ 9.97	\$ 9.97	\$ 9.12	\$ -	
2	<u>740 Penfield</u>	Capital Campaign – Future Fundraising	\$ 3.00	\$ 3.00	\$ 3.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	
3	<u>Barton Library</u>		\$ 1.87	\$ 1.87	\$ 1.87	\$ 2.03	\$ 2.13	\$ 2.24	\$ 4.21	\$ 4.94	
		Support Committed to Date (Gifts and Pledges)									\$ 0.20
		MacDonald Stewart Foundation									\$ 0.20
		McGill University Private Support Matching Grant									\$ 1.40
		Capital Campaign – Future Fundraising									\$ 0.20
4	<u>New Music</u>	Capital Campaign – Future Fundraising	\$ 2.00	\$ 2.00	\$ 2.00	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.42	\$ 4.21	
5	<u>Bronfman Basement</u>	Future Fundraising (\$3M loan from 07-08 compact)	\$ 1.40	\$ 2.92	\$ 2.92	\$ 2.92	\$ 2.92	\$ 2.91	\$ 2.82	\$ -	
6	<u>Bronfman 3rd floor</u>	Future Fundraising (Fully repaid in FY14)	\$ -	\$ 1.30	\$ 2.23	\$ 2.26	\$ 2.26	\$ 2.37	\$ -	\$ -	
7	<u>Bronfman 2nd floor</u>	Future Fundraising - \$200K to come from Caisse Populaire Desjardins & \$350K from Scotia Capital	\$ 0.82	\$ 1.07	\$ 1.39	\$ -	\$ -	\$ -	\$ -	\$ -	
8	<u>Faculty of Law Renovations</u>	Future Fundraising	\$ 0.99	\$ 0.99	\$ 1.19	\$ 1.17	\$ 1.16	\$ 1.00	\$ -	\$ -	
9	<u>Dietetics & Human Nutrition Lab</u>	Future Fundraising	\$ 0.78	\$ 0.79	\$ 0.75	\$ 0.88	\$ -	\$ -	\$ -	\$ -	
10	<u>Eduation - Professor Anderson CFI</u>	Future Fundraising	\$ 0.58	\$ 0.58	\$ 0.58	\$ 0.48	\$ -	\$ -	\$ -	\$ -	
11	<u>Governance Room</u>	Future Fundraising	\$ 1.74	\$ 1.74	\$ 1.63	\$ 0.22	\$ -	\$ -	\$ -	\$ -	
12	<u>Ludmer building</u>	Future Fundraising (Dean & Principal to meet with donor)	\$ 0.92	\$ 0.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
13	<u>Other (< \$200k)</u>	Various	\$ 0.13	\$ 0.13	\$ 0.14	\$ 2.50	\$ 0.35	\$ 0.45	\$ 0.35	\$ 1.46	
		Outstanding Capital Borrowings :	\$23.55	\$ 26.63	\$ 27.02	\$ 31.27	\$ 28.29	\$ 28.44	\$ 25.92	\$ 16.61	
14	MNI - McBir (CFI) (Phase 1)	Future Fundraising / Operating contributions	\$17.27	\$ 17.90	\$ 23.11	\$ 16.88	\$ 5.60	\$ 4.00	\$ -	\$ -	Net of \$8.6M rec'd to date \$8.9M commitment via fundraising and/or Fac contributions
	MNI - MESRST (Phase 2) (constructio	Future Fundraising / Operating contributions	\$ 1.40								
		TOTAL	\$42.22	\$ 44.53	\$ 50.13	\$ 48.15	\$ 33.89	\$ 32.44	\$ 25.92	\$ 16.61	

Appendix 23: McGill University Multi-year financial outlook by Revenue and Expense

(\$ 000's)				
Unrestricted (Operating) Fund				
	Actual	Actual	Forecast	Budget
	2011-12	2012-13	2013-14	2014-15
Revenue				
Government Sources				
Canada	24,766	24,851	24,851	25,400
Quebec	356,881	330,636	346,771	361,202
Tuition & Fees	217,133	228,623	238,924	254,468
Sales of Goods & Services	102,221	120,314	111,873	117,530
Gifts & Bequests	5,431	6,831	4,680	5,240
Short-term investment income	5,449	9,957	3,455	3,007
Endowment investment income	(1,904)	2,432	1,844	1,913
Total Revenue	709,977	723,644	732,398	768,760
Expenses				
Salaries:				
Academic	204,914	220,333	217,630	227,129
Administrative & Support	193,058	203,845	207,414	208,664
Student	10,871	10,621	8,340	9,985
Student Aid	22,735	25,700	26,261	27,623
Benefits	86,316	78,302	88,164	81,718
Retirement Settlements				
Total Salary	517,894	538,801	547,808	555,119
Non-Salary:				
Materials, supplies & publications	13,239	15,640	13,497	13,888
Contributions to partner institutions	8,454	9,218	8,287	8,287
Contract services	11,179	15,968	11,190	11,514
Professional fees	10,210	12,893	11,177	11,501
Travel	7,915	8,867	8,665	8,916
Cost of good sold & services rendered	19,963	19,156	21,854	22,488
Building occupancy costs	14,791	17,780	22,620	23,276
Energy	19,375	16,473	19,218	19,775
Other Non-Salary Expenses	18,007	13,376	17,720	18,234
Hardware & software maintenance	6,110	6,801	8,201	8,439
Interest and bank charges	4,146	4,196	3,900	4,500
Total Non-Salary	133,389	140,368	146,329	150,819
Pay Equity Phase 2 accrual			1,950	6,350
Special Projects Reserve				7,000
Total Expenses	651,283	679,169	696,086	719,288
deficiency) of revenue over expenses	58,694	44,475	36,312	49,473
Book-to-Market Adjustment	1,904	(2,432)		
Over/(Under) Distributed of Endowmen	(169)	(2,236)		
Interfund Transfers	(59,131)	(52,697)	(46,700)	(54,500)
Net Capitalization & Decapitalization of	(425)	(204)		
ase (Increase) in accumulated deficit :	873	(13,094)	(10,388)	(5,027)
Conditional "équilibre budgétaire" grant				2,546
Net decrease(increase) in accumulated deficit				(2,481)
Notes				
<i>(1) the actuals Include unrealized gains / losses which are not booked in the budget nor is the equivalent amount entered in the "Book-to-Market Adjustment"</i>				

Appendix 24: University Financial Policies and GAAP Principles

24.1.1 Financial/accounting policies

The University's audited financial statements are prepared in conformity with Canadian generally accepted accounting principles ("GAAP") using the deferral method without funds. Prior to FY2010, McGill followed the accounting policies and practices required by the Cahier des définitions, des termes et des directives de présentation du rapport financier annuel pour les universités du Québec (the "Cahier"), as required by MESRST.

The following significant accounting policies are included in the annual audited financial statements of the University:

24.1.2 Revenue Recognition

The University changed from the restricted fund method to the deferral method of accounting for contributions, which include donations and government grants.

Interest and dividend revenue is recorded on an accrual basis. Realized gains or losses on sales of investments are recorded when securities are sold based on the cost. Unrealized gains and losses related to the change in market value are disclosed as investment income.

One-time revenues are non-recurring in nature. The amount of one-time revenue year-after-year is generally consistent; though it may come from different sources (examples include restricted grant revenue, special MESRST grant envelopes, and donations/bequests).

24.1.3 Balanced Budget

MESRST does not require Quebec universities to submit a balanced budget every year, but they must show a plan to return to a balanced budget within an acceptable time period. The University defines a "balanced budget" as having annual operating revenues sufficient to meet all operating expenses. An annual budgeted breakeven position would mean operating revenues exactly equal to operating expenses. If actual financial results differ from the previous year's budgeted amounts, explanations are provided in the financial statement analysis.

The University is expected to run annual deficits for FY2013 and FY2014 and then return to an effective balanced budget by FY2015. The current level of accumulated deficit is benchmarked against other universities in the province and is generally consistent with the other large universities that have medical schools.

24.1.4 Contingency fund

The University's mid-year Contingency fund will be approximately \$4.5M in FY2014, and is expected to be sufficient to cover unexpected operational or building needs.

24.1.5 Capital assets

Capital assets are recorded at cost. Purchases made using Operating or Restricted funds are capitalized directly in the Plant Fund. Restricted funding contributions will be recorded in the Plant Fund as deferred contributions and recognized as revenue simultaneous to the amortization expense. Constructed assets do not include interest incurred during construction. Contributed capital assets are recorded at appraised fair value at

the date of contribution when fair value can be reasonably estimated; otherwise they are recorded at a nominal amount. Amortization of assets under development commences when development is completed.

24.1.6 Grants receivable

Under GAAP, these amounts meet the criteria of an asset and have therefore been recorded as grants receivable. An offsetting charge is recorded as a corresponding deferred contribution. See the section entitled “revenue recognition” above for further details.

In addition, the long-term portion of grants receivable has been discounted to its present value using the borrowing rate in effect as of 31May 2010. Previously, grants receivable were not discounted to a present value since MESRST reporting guidelines held that the market rate of interest for such receivables was 0%.

24.1.7 Pledges

Pledges receivable are disclosed in the notes to the financial statements, consistent with other Canadian Universities and industry practice.

24.1.8 Discounting of Long-Term Grants Receivable

Under GAAP, long-term receivables are discounted to their present value. A rate based on risk of the counter party will be agreed to. This valuation will be performed at year-end.

24.1.9 Deferral of Research and Capital Grants

Unspent research funds are recorded as deferred contributions, rather than as grant revenue, to reflect an equivalent amount of revenue to match the related expense in any one year. Research grants are recorded based on the deferral method and are recognized as revenue in the year in which related expenses are recognized.

24.1.10 Long-term debt

Long-term debt is presented at the gross value of all outstanding debt.

24.1.11 Short-term debt

McGill’s Board of Governors has approved a maximum borrowing level of \$300M under short-term credit facilities. Unsecured and uncommitted lines of credit, totalling \$330M, are available to McGill and are normally drawn through bankers’ acceptances for periods of up to one year.

24.1.12 Employee Future Benefits

The University conformed to section 3461 of the CICA handbook, “Employee Future Benefits” on a retrospective basis, to account for future benefit plans and pension costs of its employees, resulting in accruals for future employee benefits over the period that services are rendered to the University by the employee. This includes accruals for vacation pay, banked overtime, and all other employee benefits.

24.1.13 Employee Future Benefits, Vacation Accrual and Other Pension Costs

Under GAAP, accruals for the above items are required to be recorded over the periods of service. The current method used is to record these expenses as they are paid (i.e. cash basis). An actuarial valuation identifying the future liability related to past retirement benefits will be performed at year-end to determine the Balance

Sheet liability (and corresponding increase to the accumulated deficit) with respect to these costs and the annual related expense. The valuation will use assumptions and changes made to the current benefit plans during the current fiscal year.

24.1.14 Other Presentation Changes

Several presentation changes will be required which will not affect the net results for the year. Presentation changes will be recorded, including restatement of prior year adjustment, at year's end.

24.2 Future Oriented information

- i. New Accounting Framework for Not-for-Profit Organizations (Part III of CICA Handbook):
 - a) Applicable for year ends commencing Jan 1, 2012
 - b) First year of adoption will be April 30, 2013, with retrospective application
 - c) Balance sheets will be presented for three comparative years
 - d) Significant change will be accorded to pension benefits, with actuarial gains or losses being recognized in the year versus amortized (current McGill practice)
- ii. Implementation of International Financial Reporting Standards (IFRS) for not for profit organizations
 - a. New IFRS accounting rules for not for profit organizations are expected in the future, although it remains unclear whether the current GAAP standards will be affected. No directives from MESRST has been issued on this topic as of yet. Moreover, these changes are not expected to have a significant impact on the financial statements of the University.

Appendix 25: Glossary of Terms

Academic Renewal: The program by which the University sets Faculty-based tenure-track academic targets and provides Faculties with the operating support needed to reach the targets, including operating salaries, start-ups, and recruitment funds.

Accrual: The accrual accounting method reports revenue when earned (rather than received), and expenses when incurred (rather than paid).

Accumulated Operating Deficit: The total debt (i.e., the sum of the operating deficits) incurred to support the accumulated spending that is in excess of revenues.

Activity Based Budgeting (ABB): The form of budgeting in which revenues flow to the unit whose activities generate the funds, and central costs, not attributable to a specific revenue generating activity, are charged to revenue-generating units based on cost drivers.

Actual: Real revenues, salaries, expenditures, or transfers that have been posted to a fund.

Administrative and Support Services: All institutional administration, including services such as physical plant.

Administrative Grant: The portion of the operating grant provided by MESRST to cover the administrative costs (non-teaching) of running a university. Calculated by multiplying an unweighted student full-time equivalent (FTE) times a dollar amount per FTE. See also Weighted Full-Time Equivalent (FTE Student).

Agreement: represents the operating plan between the Budget Executive Committee member (Provost, Principal or Vice-Principal (Administration and Finance) and the Dean and Vice-Principal regarding activities that support strategic objectives, multi-fund multi-year resource usage, and measurements of those objectives over a multi-year time frame. Check multi-year.

Amortisation: The accounting of a purchased asset, which represents a non-cash expense over a period of time. Also, for those units required to repay internal loans, it represents the systematic repayment of the debt over the agreed period.

Ancillary Operations: Resources devoted to the activities and jobs that complement the range of services offered by the University; examples include food services, residences, and printing.

Asset: A tangible or intangible item of positive value to the University (e.g., cash, government receivables, a building, or a piece of equipment).

Balance Sheet: A report of financial position at a specific point in time outlining the Institution's assets, liabilities, and fund balances available for future purposes.

Basis Points (Bps): a unit equal to one-one hundredth of a percentage point.

Bequest: A gift given to the university at the time of a person's death as set forth in the individual's last will and testament. Bequests can have a variety of forms including, but not limited to: cash, marketable securities, tangible fixed assets, and consumable commodities. Bequests are classified according to the absence or presence of donor stipulations as unrestricted, temporarily restricted, or permanently restricted.

Budget: An organisational plan stated in monetary terms; functions as a tool to measure revenue levels and expenditures against expectations.

Budget Calendar: The timeline of key dates for both requests for resources and deliverables of budget related information from the Budget Office to end-users and from end users to the Budget Office.

Campaign McGill: An intensive set of operations or actions undertaken by the University to increase the amount of money coming from philanthropic donations to support academic priorities, goals, and objectives.

Capital Assets: Assets used in operations, either tangible (e.g., infrastructure, and, vehicles) or intangible (e.g., software) that have an initial useful life of more than one year. See also Capital Fund, Capital (Plant) Fund, and Plant Fund.

Campus Renewal Loans: Loans that the University has obtained from financial institutions in order to fund deferred maintenance projects requiring immediate attention.

Capital Fund: Holds all the assets acquired by the University and any debt incurred to acquire such assets.

Capital (Plant) Fund: Funds used to acquire or improve capital assets. See also Capital Assets, Capital Fund, and Plant Fund.

Compact: A term replaced by “agreement” under the Finance and Budget Integration (FBI) process.

Contract Academic Staff (CAS): A staff member who holds an academic appointment for a definite or indefinite term that does not lead to tenure.

Conditional grant: A portion of the provincial grant and the last payment of a given fiscal year awarded to universities that qualify according to certain requirements (i.e., meeting reduction requirements on annual deficits). Failure to conform to rules set by the Ministry can come with a substantial penalty.

Contribution: Gifts, grants, bequests and any similar transfer of resources (both monetary and in-kind).

Deferred Maintenance: The amount of renovation and upgrade required for the University’s physical infrastructure. The repairs are serious and urgent in-nature as preventive maintenance was not performed in prior years. Examples include: upgrading ventilation systems, roof replacements, and building or wall replacements.

Deficit: Also known as overdraft; the amount by which an account’s expenses and transfers out exceed revenues and transfers in, resulting in a balance of less than \$0.

De-regulated tuition: Tuition fees that are set by the University rather than by government regulation. See also regulated and re-regulated tuition.

De-regulation: Government cedes tuition setting authority to university for one or more program(s).

Donation: An act of presenting something as gift, bequest, or contribution, especially to a public institution or charity.

Endowment Fund: This Fund, consisting of all gifts, donations, and bequests including those for Chairs, financial aid, and other specific purposes, is invested to earn a reasonable rate of return over time, while

attempting to protect the purchasing power of the original gift. Earned income from the endowment is distributed according to University policy in effect and spent in specifically designated ways, as required by the donor.

Entrance Bursary Program: A program providing a financial award for designated students entering McGill.

Expenditure: The amount spent for goods delivered or services rendered, whether paid or accrued, including expenses, debt service, and capital outlays.

Expense: Charges incurred, whether paid or accrued, for operation, maintenance, interest, and other charges that are presumed to benefit the current fiscal period.

Financial & Budget Integration (FBI): A multi-year Financial and Budget Integration framework that streamlines and integrates McGill's planning, budgeting and reporting processes across all units of the University. Simplified processes and financial tools facilitate the processes of planning and managing budgets, and measuring performance across the University.

Fiscal Year (FY): Twelve consecutive months used as an accounting period. As of 2011-2012 the 12-month financial year starts on May 1 and ends on April 30.

Forfaitaires: (also called tuition supplements) the additional tuition, above the Quebec student tuition, charged to out-of-province Canadians and International students. These amounts are determined by MESRST annually and the universities remit them back to the Province in exchange for having the students funded through the grant at the level for in-province students.

Full-time equivalent (FTE) students: Students who are taking 30 or more credits per year.

Fund Balance: The difference between assets and liabilities in a fund; also defined as the cumulative results of a fund.

Gift: A resource provided by a donor who enters into the transaction voluntarily and receives nothing other than a token of appreciation in exchange for the resource he/she is providing. Contributions can have a variety of forms including, but not limited to: cash, marketable securities, tangible fixed assets, and consumable commodities. Gifts are classified according to the absence or presence of donor stipulations as unrestricted, temporarily restricted, or permanently restricted. See also Bequest, Contribution, Donation.

Grant: A monetary award, allowance or subsidy.

Indirect cost of research: The institutional costs incurred by the University to support research projects. Costs include items such as central administrative support, Library, computing infrastructure, utilities and other plant costs. The Federal Indirect Costs of Research (FICOR) refers to the federal program for contributing to university indirect costs of research. The provincial indirect costs of research contributions are based on eligible research-funded activities reported annually to SIRU ([Système d'information sur la recherche universitaire](#)). Major changes are to be introduced for the provincial indirect costs of research program over FY2015-FY2018.

Investment: Refers to an exchange of cash for a less liquid asset that is expected to increase in value beyond the initial purchase price. Investment vehicles include corporate stocks and bonds, government bonds and real estate.

Key Performance Indicators (KPIs): Key performance indicators were established to provide tangible evidence of progress toward a stated strategic objective. The University-wide accountability indicators, developed in conjunction with Quebec, were approved by the Board of Governors in May 2012. Each Faculty and Administrative Unit will determine and develop their own set of performance indicators to measure their success in achieving their strategic objectives.

MESRST (*Ministère de l'Enseignement supérieur, de la Recherche, de la Science et de la Technologie du Québec*) grant: The grant received from the Québec Ministry of Higher Education in support of teaching and research. The Ministry was formerly known as MELS (*Ministère de l'Éducation, du Loisiret du Sport*).

Operating Fund: Revenue is primarily from grants, tuition and fees, overhead on research grants, investment and endowment income, and annual gifts. The revenue is pooled and then allocated to units concerned with fundamental and on-going operations, dealing primarily with those activities normally associated with the University's core teaching and research. The operating fund is unrestricted and there are no external constraints as to how these funds are spent as long as the University policies and procedures are respected. See also Unrestricted Funds.

Plant Fund: Capital projects and assets; including those funds from Quebec capital grants, donations, and other sources. See also Capital (Plant) Fund.

Publicly-funded: An educational institution for which the majority of its operating funds are from the government or a government-owned agency or unit.

Regulated tuition: Tuition rates set by the government (MESRST), either frozen or indexed to changes in disposable family income.

Re-regulated tuition: Lifting of tuition freeze within the framework of increases set by MESRST. See regulated tuition.

Re-regulation: Tuition adjustments approved by provincial government and the Board of Governors to increase the share of program funding coming from tuition rather than the annual government grant. In the Quebec context, these tuition increases may be accompanied by a reduction in the level of the government's program funding and by the setting aside of a proportion of the tuition increase for student financial assistance to protect student accessibility to tertiary education.

Resources: Assets available (actual and anticipated) for University operations; includes people, equipment, and facilities.

Resource allocation: The process of distributing resources to units in order for them to conduct their designated activities and to absorb operating and/or facilities costs in order to achieve goals.

Restricted Fund: Any fund with stipulations imposed by a sponsor or donor external to the University. A particular project or activity is specified in writing by the donor. These funds also refer to research-related funds from Canadian, Quebec, and international sources. See unrestricted funds.

Retention Envelope: An envelope reserved for adjusting the salaries of certain professors to ensure that the University's best can be retained in the face of the external competitive environment.

Revenue: Income generated by the supply of goods or services by the University unit to an external customer.

Some examples are: tuition and fee revenue, sales of goods and services to external entities, and earnings on investments.

Self-funded: Students for whom universities in Quebec are allowed to establish the fees but for whom no grant is received. This represents a small number of students enrolled in specialized Masters-level programs in Management as well as non-Quebec students studying in distance programs outside Quebec.

Self-financing: Funds for which the source and/or use are outside the realm of operating budgets. They represent unrestricted activity for a unit, with continuation dependent on participation and availability of funding. See also Operating Funds.

Sustainability: meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Tenure stream. A term that refers to either tenured or tenure-track academic staff.

Tenured: permanent academic appointment granted to Associate and Full Professors who have demonstrated excellence in teaching and research.

Tenure-track: academic appointment that includes future consideration for tenured status.

Unrestricted Funds: Funds that are not subject to external limitations. See also Operating Fund.

Weighted Full-Time Equivalent (FTE) Student: a full-time student is one who takes a 30-credit course load. In Quebec courses are divided into 23 funding families based on codes of disciplines. These are then weighted with values from 1 to 10.69 based on academic levels and curriculum. Higher weights are intended to denote courses that are more expensive to deliver.

Appendix 26: Administrative Groupings (by Unit or Faculty)

01. Principal and Vice Chancellor	
	Principal And Vice Chancellor Office
	University Secretariat
	Planning and Institutional Analysis
	Legal Services
	McGill Assoc. of University Teachers
02. Institutional Services	
	Central Administration
03. Provost	
	Provost
	Associate Provost (FARA)
	Office Of The Ombudsperson
	Associate Provosts
	Budget
	Social Equity & Diversity Education
	Associate Provost (PPE)
	Associate Provost (ASPI)
04. Assoc. VP (Macdonald Campus)	
	Assoc. V-P (Macdonald Campus)
	Macdonald Computing Center
	Registrar's Office - Mac
	Academic & Administrative Services
	Post Office - Macdonald Campus
	Macdonald Faculty Club
05. Deputy Provost (Student Life & Learning)	
	Deputy Provost - Student L&L
	Student Services
	Enrolment Services
	Admissions

	Teaching and Learning Services
	Dean of Students
	Campus Housing - Mac
	Athletics - Downtown Campus
	Chaplaincy Services
	Counselling Service
	Office Of Students With Disabilities
	Off-Campus Housing
	Tutorial Services
	Residences & Student Housing
	Scholarships and Student Aid
	Student Health Service- McGill
	Mental Health Service
	McGill Career Planning Service
	Macdonald Campus Student Services
	Macdonald Campus Athletics
	Real Estate Office
	Residence Business Operations
	Residence Food Services
	Recruitment & Liason Office
	First Year (Orientation Office)
	Office Of International Student Adv
	Athletics- Admin Services
	Athletics- Campus Recreation
	Athletics-Facilities & Equipment
	Intercollegiate Athletics Office
	First Peoples' House at McGill
	Arr - Communica & Publications Unit
	Food Services
	New Residence Hall

06. Assoc. Provost (Graduate Education)	
	Graduate & Postdoc Studies (Dean)
	Graduate and Postdoctoral Studies
	Fellowships and Awards
07. Vice-Principal (Administration & Finance)	
	Vice-Principal (Admin and Finance)
	Office of Investments
	Internal Audit Department
	Risk Management And Insurance Dept
08. Information Technology Services	
	Information Technology Services
	Instructional Multimedia Services
	Network & Communications Services
	Information Systems Resources
	NCS - Voice Technologies
	Information Security
	NCS - Residence Communications Serv
	IT Customer Services
	Project Management Office
	Content and Collaboration
09. Assoc. VP (University Services)	
	Associate VP - University Services
	Ancillary Operations
	McGill Computer Store
	Facilities Administration Downtown
	Building Services
	Mail Service
	Project Management
	Environmental Health and Safety

	Hazardous Waste Management
	Security - Downtown
	Security Services - Mac
	McGill Bookstore
	Special Events And Room Bookings
	Printing Services
	Travel Services Office
	Faculty Club
	Parking Services
	Facilities Operations and Developmt
	Custodial Services
	Special Events
	Operations Centre
	A/C Operations - Zone 5 W
	Maintenance Operations - Zone 1 NW
	Energy/Power House - Mac
	Energy/Power House - Downtown
	Photocopying Services
	Maintenance Operations - Zone 2 SW
	Maintenance Operations - Zone 3 SE
	Plumbing - Mac
	HVAC - Mac
	Electrical - Mac
	Carpentry & Locks - Mac
	Painting - Mac
	Campus Care Mac Campus
	Locksmith
	Roofing
	Elevator Maintenance
	Grounds
	Garage

	Maintenance Operations - Zone 4 NE
	Custodial Services - Mac
	A/C Operations - Zone 6 E
	Copyright and Course Pack
	Fire Prevention
	Emergency Measures
	Campus and Space Planning
	Design Services
	Utilities & Energy Management
	Electrical Infrastructure
	FCC - Downtown
	Administration - Mac
10. Assoc. VP (Human Resources)	
	Human Resources
	Pension Management
	Payroll Office
	Benefits (Human Resources)
	Organizational Development (Hr)
	Placement Transition
	University Pooled Positions
11. Ast. VP (Financial Services)	
	Financial Services
	Research & Restricted Funds
	General Accounting
	Student Accounts & Accounts Receiva
	Procurement Services
12. Vice-Principal (Research & International Relations)	
	V-P (Research & Int Relations)
	Sheldon Biotechnology Centre
	Sponsored Research

	Office Of International Research
	Research Grants Office
	Electron Microscopy Facility
13. Vice-Principal (Development & Alumni Relations)	
	Vice-Principal (Develop Alumni Rel)
	Development & Alumni Relations Serv
	Advancement Services
	Alumni Relations
	Annual Giving
	McGill News and Communications
	Office of Major Gifts
	Office of Planned Gifts
	Campaign Planning
	Student Phonathon Office
	Alma Mater Fund Office
	Non-Alumni Annual Funds
	Maf Leadership Group
	Office Of Development Research
	Ontario Regional Office (D&AR)
	Donor Relations and Stewardship
	Development
	Marketing and Communications
14. External Relations	
	Public Affairs
	Public Affairs/Communications
	Advertising and Graphics
Faculties	
01. Agriculture & Environmental Science	
	Agricultural & Environmental Scienc
	Agricultural Economics

	Bioresource Engineering
	Animal Science
	Poultry Unit
	Dietetics And Human Nutrition
	Farm Management And Technology Prgm
	Food Science And Agricultural Chem
	Plant Science
	Natural Resource Sciences
	Avian Science & Conservation Centre
	Macdonald Campus Farm
	Macdonald Campus Development Office
	Institute Of Parasitology
	Indigenous Peoples' Nutrit. & Envir
	McGill School Of Environment
	Swine Unit Macdonald Farm
	Dairy Unit Macdonald Farm
	Field Unit - Macdonald Farm
	Inst of Global Food Security
	Faculty Office of Graduate Studies
02. Arts	
	Arts - Dean'S Office
	Gender, Sexuality and Feminist
	Anthropology
	Art History & Communication Studies
	East Asian Studies
	Economics
	English
	Quebec Studies Program
	French Language And Literature
	German Studies
	Hispanic Studies

	History and Classical Studies
	Italian Studies
	Jewish Studies
	Linguistics
	Philosophy
	Political Science
	Russian & Slavic Studies
	Sociology
	French Language Centre
	Faculty Of Arts Computer Services
	Institute Of Islamic Studies
	Social Work
	Research on Children and Families
	Study of International Development
	Arts & Science Administrative Serv.
	McGill Institute - Study Of Canada
	Mtl Consortium Human Rights Advoc.
	Interdisciplinary Studies
	Languages, Literatures and Cultures
	Public Life of Arts and Ideas
	Research Ctr on Population Dynamics
03. Continuing Studies	
	Continuing Studies - Dean's Office
	Faculty Partner. & Summer Studies
	Career & Professional Development
	General Studies
	Language & Intercultural Comm.
	Instructor Serv. & Educ. Tech
	Client Services
	French Language Programs
	Translation & Written Comm.

	McGill Writing Centre
	Personal and Cultural Enrichment
04. Dentistry	
	Dentistry
	Clinical Dentistry
05. Education	
	Education - Dean's Office
	Educational Counselling Psychology
	Kinesiology And Physical Education
	Learning and Informtn Technologies
	Student Teaching Office
	School of Information Studies
	First Nations & Inuit Education
	Community and International
	Media Services (Education)
	Integrated Studies In Education
06. Engineering	
	Engineering - Dean's Office
	Architecture
	Chemical Engineering
	Civil Eng. & Applied Mechanics
	Electrical & Computer Engineering
	Mechanical Engineering
	Mining and Materials
	McGill Metals Processing Centre
	School Of Urban Planning
	Brace Ctr For Water Resource Mgmt
	Ctr For Intelligent Machines (Cim)
	Chemical/Metal Machine Shop & Store
	Institute for Aerospace Engineering
	Sustainability in Eng Design

	McGill Inst of Advanced Materials
	Bioengineering
07. Law	
	Faculty Of Law
	Institute of Air & Space Law
	Institute Of Comparative Law
	Private & Comparative Law
	Ctr For Medicine, Ethics And Law
08. Management	
	Desautels Faculty Of Management
	Ctr For International Management St
	International Executive Institute
09. Medicine	
	Faculty of Medicine (Dean)
	Medical Informatics
	Anatomy And Cell Biology
	Anesthesia
	Biochemistry
	Biomedical Engineering
	Diagnostic Radiology
	Epidemiology & Biostatistics
	Family Medicine
	Sch Of Communication Scie & Disord
	Human Genetics
	Social Studies Of Medicine
	Medical Physics Unit
	Department of Medicine
	Medicine-Jewish General Hospital
	Medicine-Montreal General Hospital
	Medicine-Royal Victoria Hospital
	Medicine-Experimental Medicine

	Microbiology & Immunology
	Montreal Neurological Institute
	Neurology & Neurosurgery
	Ctr For Research In Neuroscience (M
	Division Of Neurosurgery
	Ingram School of Nursing
	Obstetrics & Gynaecology
	Occupational Health
	Oncology
	Div Of Radiation Oncology - M.G.H.
	Goodman Cancer Centre
	Molecular Oncology Group
	Clinical Trials Operations - Oncolo
	Div Of Palliative Care Medicine - M
	Ophthalmology
	Otolaryngology Head/Neck Surgery
	Pathology
	Pediatrics
	Pharmacology & Therapeutics
	Sch Of Physical & Occupational Ther
	Physiology
	Artificial Cells & Organs Res. Cntr
	Psychiatry
	Department Of Surgery
	Pediatric Surgery-Mch
	Vascular Surgery
	General Surgery
	Division Of Urology
	Division Of Experimental Surgery
	McGill Centre For Studies In Aging
	McGill Aids Centre

	Ctr For Nonlinear Dynamics In Phys.
	Nutrition & Food Science Centre
	Animal Resources Centre
	Continuing Medical Education
	Ctr For Medical Education
	McGill Vision Research Unit
	Division Of Orthopaedic Surgery
	Cardiothoracic Surgery
	Division Of Plastic Surgery
	Biomedical Ethics Unit
	Biomedical Mass Spectrometry Unit
	Neuromuscular Unit
	Neuroimmunology Unit
	Centre for Neuronal Survival
	Cell Biology of Excitable Tissue
	Brain Imaging Centre
	Cognitive Neuroscience Unit
	Neurosurgery
	Complex Neural System
	Clinical Research
	MNI Brain Tumour Research Centre
	Neuro Library
	Neuropathology Research Unit
	Animal Facility
	MNI Communications and Development
	MNI Media Services
	Neuroradiology
	Neuroanaesthesia
	Epilepsy
	Mni Nursing Research Group
	Faculty Development (Fac of Med)

	RPMPN Montreal Proteomic Network
	Health and Social Policy
	Educational Services (Fac of Med)
	Faculty Affairs (Fac of Medicine)
	Health Affairs (Fac of Medicine)
	Sci & Strategic Initia (Fac of Med)
	UG Medical Education
	Admissions Office (Fac of Medicine)
	Postgraduate Medical Education
	Rural Education (Faculty of Med)
	Medical Simulation Centre
	Research (Faculty of Medicine)
	Graduate Studies (Faculty of Med)
	Instl Review Board (Faculty of Med)
10. Music	
	Schulich School of Music
	Performance
	Music Research
	Concerts & Publicity
	McGill Conservatory Of Music
	CIRMMT
11. Religious Studies	
	Faculty Of Religious Studies
12. Science	
	Faculty Of Science
	Redpath Museum
	School Of Computer Science
	Bellairs Research Institute
	McGill Sub-Arctic Research Station
	Biology
	Chemistry

	Geography
	Earth And Planetary Sciences
	Mathematics And Statistics
	Atmospheric And Oceanic Sciences
	Physics
	Centre For High Energy Physics
	Psychology
	Climate and Global Change Research
	Gault Nature Reserve
	Fac Of Sci Information Syst & Techn
13. Libraries	
	McGill University Libraries (Admin)
	Archives
	Humanities and Social Sciences Libr
	Islamic Studies Library
	Education Library & Curr. Res.
	Marvin Duchow Music Library
	Howard Ross Library of Management
	Rare Books And Special Collections
	HSSL - Access
	Blackader-Lauterman Collection
	Nahum Gelber Law Library
	Macdonald Campus Library
	Osler Library (History Of Medicine)
	Life Sciences Library
	Blacker-Wood Library Of Biology
	Collection Services
	W Hitschfeld Geographic Info Ctr
	Schulich Library Of Science And Engineering
	Library Technology Services
	Interlibrary Loans & Document Delivery

