McMaster’s Financial Context 2015 - 35

How Far We Have Come … Change Ahead
Canada’s Population Historical & Projected (May 2015)

Source: Statistics Canada, Demography Division.
Canada’s Birth & Death Rates Historical & Projected

Births 1991-2001 decline = decline in Domestic University aged population

2009-2019

Source: Statistics Canada, Demography Division.
Canada’s Birth & Death Rates a Second Look

Births 2001-2015 lower than pre-2000 levels (high scenario) or until 2018 (medium scenario) = domestic students won’t match 2000 level until **2033 or 2036**

Source: Statistics Canada, Demography Division.
Translating the population demographics in age stratum

Population variation by age group between 1984 and 2014, Canada
Is Immigration the Solution for an Aging & Declining Population?

Factors of population growth, 1983/1984 to 2013/2014, Canada

Graph showing population growth factors from 1984 to 2014, with lines for Natural increase, Net international migration, and Total growth.
Does Ontario have Population Risk Exposure?

Ontario, Canada’s largest population, is ALSO Declining Year-over-year by ~1%
McMaster Enrolment

Historical & Projected
Historical & Projected Enrolment Growth

1988/89 to 2035/36
McMaster Operating & Tuition Revenue

Historical & Projected
Operating and Tuition Revenues (Consolidated) Historical (1998/89 – 2014/15) ‘000s
Operating and Tuition Revenues (Consolidated) Historical (1998/89 – 2014/15) ‘000s
Revenue if 2017 Tuition Framework is 0%, running same enrolment scenarios
Funding Formula Review

Aligning Provincial Funding to the Differentiation Policy of MTCU
$3.5B distributed under the current framework as follows

MTCU Operating Grants to Ontario Universities, 2014-15

Core Model: Enrolment Based Funding

- Undergraduate Accessibility Grant: $170.2M, (5%)
- Graduate Expansion Grant: $97.3M, (3%)
- Medical & Nursing Related: $150.2M, (4%)

Performance Funding

- General Quality Grant and Performance: $154.3M (4%)

Special Purpose and Other Grants

- Northern Ontario Grant: $16.0M, (0.5%)
- Institution Specific Grants: $31.8M, (1%)
- Other Grants: $89.9M, (3%)
- Access (First Gen, Bilingualism, Aboriginal, Disabilities): $100.0M, (3%)
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<tr>
<th>MTCU Goals:</th>
<th>COU Principles:</th>
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<td>√  Enhanced quality and improving the overall student experience.</td>
<td>√ Promote <strong>fiscal stability</strong></td>
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<td>√  Support for the existing differentiation process.</td>
<td>√ Predictable funding for growth.</td>
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<td>√  Financial sustainability.</td>
<td>√ Avoid major dislocations of funding from declines in enrolment.</td>
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<td>√  Increased transparency and accountability.</td>
<td>√ The funding system should support <strong>differentiation</strong> and quality.</td>
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<td>Building on the differentiating metrics agreed to within SMAs</td>
<td>√ The funding system should be equitable.</td>
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<td>√ The funding system should be simple.</td>
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<td>√ The funding system should be rule-based and <strong>transparent</strong></td>
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<td>√ The funding system should include ongoing adjustments for cost increases</td>
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<td>√ <strong>Accountability</strong> needs to be balanced with efficiency.</td>
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<td>√ Funding changes must be phased in.</td>
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<td>√ Minimize one-time-only funding.</td>
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Council of Ontario Universities – Recommendations:

**Mission Based Fund (92%)**
Differentiated Foundational Funding for Mission

**Priorities Fund (3%)**
Linked to Institutional Metrics

**Performance-Based Differentiation Fund (5%)**
Linked to Sector Wide Priorities
Funding Formulas Elsewhere

A look at Reform Elsewhere
Funding Reform Elsewhere

Fund the Student
- United Kingdom - funds student not Institution, tuition increased from £1,380 before 2012 to £6,000 - £9,000 in 2012

Fund Outputs
- Tennessee – from Enrolment based to Graduation Rate based (funding output not input)
- Connecticut – moving to output based funding allocations
- Texas – provides financial incentive/reward for value contributions measured by aptitude tests 1st year to final year.
Funding Changes

Impact to the Budget Model?
McMaster’s Budget Model

Allocation Funding Split

- Activity Units = 61%
- Support Envelopes = 39%

Activity Unit Allocations

- Business
- Engineering
- Health Sciences
- Humanities
- Science
- Social Sciences
- Arts & Science
- University Fund

Support Unit Budgets

- Occupancy = 29%
- General Resources = 19%
- Student Support = 19%
- Employee Services = 15%
- General Admin. = 13%
- Research Support = 5%

Based on 2014/15 Allocation
What does all this mean for you?

- **You should:**
  - **Continue** to look for optimal ways to carry out administrative work
  - Work beyond your Faculty/dept to pilot efficiency opportunities
  - Consider carefully any long term **new** commitments in light of unknown 2017 financial impact

- **Remember:**
  - MTCU wants a financially sustainable post-secondary sector
  - It is unlikely we will see a drastic funding shift
  - Enrolment is continuous monitored and planning is ongoing