Dr. David S. Wilkinson, Ph.D.
Provost and Vice-President (Academic)
McMaster University
University Hall, Room 201
1280 Main Street West
Hamilton, Ontario L8S 4K1

May 5, 2016

Dear Dr. Wilkinson,

I write to you today as a representative of a group of over 100 faculty members at McMaster University. We ask that you, together with the President, promptly implement an independent and University-level review of the New Budget Model. Please find attached an “open letter” which provides details of our requests and justifications.

Currently, this open letter has 104 co-signatories; the list of signatories is being updated regularly and may be viewed (along with the Executive Summary and the full text of our letter) at the publicly available website

http://www.mcmasterletter.online/

It is worth noting that 75% of the faculty in Mathematics and Statistics, and over 72% of the faculty in Physics and Astronomy, have signed the letter. Furthermore, 8 additional faculty members in Science have informally expressed strong support for this initiative, but have decided against formally signing the letter due to their positions in University-level administration and/or committees. Therefore, this letter has the support of a majority of the faculty members in the Faculty of Science.

Many of us would be happy to further discuss our request and the contents of this open letter

Thank you for your consideration on this important matter.

Sincerely,

Megumi Harada (on behalf of 104 co-signatories)
Associate Professor and Canada Research Chair (Tier 2)
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Executive summary.

We, the undersigned faculty members of McMaster University, strongly believe that the current implementation of the New Budget Model (NBM) has serious flaws: the costs and benefits of research have not been assigned explicit values, and there is a mistaken conflation of the “marginal cost of teaching” and the “actual cost of teaching”. While we are particularly concerned about the consequences of the NBM on the Faculty of Science, we also believe that the NBM is having overall effects which conflict with the academic priorities and strategic goals of this University.

We strongly urge the President and Provost to promptly implement an independent and University-level review of the budget model itself. To ensure that the University community can have faith in the integrity of the reviewing process, the committee’s membership should include the VP of Research, the Deans of each of the Faculties and representatives of the service units, the CFO of the University, and additional members selected by MUFA. The committee's mandate should include evaluating the alignment (or lack thereof) between the effects of the budget model on the university as a whole and the University’s strategic goals, and making changes to the basic structure, and the internal parameters defining, the budget model itself.
The Faculty of Science has traditionally been one of the strongest research faculties of this university, with several departments ranking among the very top in all of Canada and well-ranked internationally. Moreover, the enrollment growth of the Faculty of Science in recent years has been the largest at this University, with an 80% increase since 2004 – without a commensurate increase in faculty/staff complement. Through our service teaching, the Faculty of Science has also supported the significant growth of the Faculties of Engineering and Business. Clearly, the Faculty of Science is an integral part of the academic mission of this university, and this Faculty must remain healthy for the University to remain competitive, viable, and attractive to students, as well as to top tier research faculty.

However, our Faculty’s Dean has told us repeatedly over the last several years that our Faculty is in a “financial crisis”, which led him to implement a strict austerity regime, including a 5-year hiring freeze. The consequences of austerity to our Faculty have been serious and negative. We have experienced a loss of high-powered researchers, difficulties in recruiting top-tier graduate students, postdocs, and new faculty, and increased stresses in assignments of teaching duties. Retirement-age faculty are not retiring because they know they will not be replaced. These adverse circumstances lead some of us to doubt this university’s commitment to support basic science and research.

In the following discussion, we accept certain basic principles, made explicit below. They are consistent with the principles laid out in “Forward with Integrity”.

- We are committed to the student community and their academic experience and training.
- We are committed to continuing research excellence.
- The university should be strong as a whole, and that the whole is greater than the sum of its parts.
- It is through its budget that an institution lays bare its core beliefs and values. Thus, the vision, values, priorities, and strategic goals of the university should inform and drive its budget model, and not vice versa.

We recognize and appreciate that the Provost has recently announced changes which take us in the right direction. These include, but are not limited to, the replacement of “hold harmless” by supplements/subsidies, and an implementation of a higher RIF tax rate for certain Faculties. However, we believe that certain fundamental issues have not been resolved, as we now describe.

**Problem 1.** This university has not undertaken a comprehensive and independent review of the budget model itself at a University-wide level. The NBM is arguably the most drastic change in the operation of this University that we have experienced in decades. As a complex, dynamic institution, we surely must periodically ask broad and holistic questions such as: does the budget allocation to different units truly reflect the University’s strategic goals, intellectual mission, and its ascribed value to that unit? Are some Faculties accumulating financial and resource advantages over others, and if so, does this reflect the University’s strategic goals? Failing to ask and answer such questions is a path towards having the budget drive the priorities, and not vice versa.

**Proposed Solution 1.** The NBM has now been in full operation for two academic years. Based on this experience, we now call for an independent, thorough, and rigorous review of the model itself, in light of its overall effects. This would be an independent process from that of the current Budget Committee, which approves unit/Faculty budgets constrained within the current model. To ensure that the broad University community can have faith in the integrity of the reviewing process, the committee’s membership should include the VP of Research, the Deans of each of the Faculties and representatives of the service units, the CFO of the University Deirdre Henne, and additional members nominated and selected by MUFA. We also suggest that third-party representatives of Ontario universities who have implemented Activity-Based budget models – e.g. Queens, U of Toronto – should be asked to participate in the review and act in a neutral and advisory capacity. The mandate of the committee should include an overall evaluation of the alignment (or lack thereof) between the effects of the budget model on the university as a whole and the University’s strategic goals, and the recommendation of changes to the basic structure of, and internal parameters (e.g. values of various taxes, income/cost splitting) defining, the budget model. Finally, the reviewing process should be robust and public, giving all concerned university members an opportunity for input.

We understand that the Provost believes that it is too early to conduct a review of the NBM. However, the current adverse environment in the Faculty of Science is unsustainable. The risk of a delay is that the damage to this Faculty may be irreversible by the time a review is conducted.
Problem 2. The second pressing problem in the current budget model is two-fold. Firstly, the cost and benefits of research have not been assigned an explicit values. There is no funding associated to the value that our Faculty brings to the university as a whole, despite the fact that our research and teaching in fundamental science and mathematics informs and supports much of the intellectual activities in other Faculties. Secondly, the revenue to our Faculty for our service teaching makes the mistake of conflating the “marginal cost of teaching” with the “cost of (research and) teaching”. In other words, it neglects the basic fact that high-quality teaching in a Faculty of Science requires a substantial supporting infrastructure. A research-intensive Faculty of Science cannot function without laboratories, which require extensive equipment, materials, technicians, maintenance; moreover, the labs and equipment play an essential role in our teaching mission. Incomplete metrics such as the above create an environment in which one of the core missions of our university – basic research – must struggle to survive.

Proposed Solution 2. In his recent State of the Academy address, the Provost said that BIUs are partially intended to fund the cost of research. Student fees and BIUs constitute 97% of revenue to the university and, as a consequence, also to the Faculties. It is clearly stated in the Forward of Integrity document that the two pillars of a university are research and teaching. The flow of income to the Faculties must be changed to reflect this dual mission. Specifically, some portion of BIUs must follow students to a teaching Faculty.

We understand that one of the Provost’s concerns is that if the funding that flows to teaching Faculties is too high, then the home Faculty may opt to offer the courses “in-house”. However, this conflicts with the University’s commitment to the student experience and also with accreditation rules. We ask the University leadership to uphold its commitment to intellectual and academic integrity, by establishing University-wide policies clearly stating that a faculty member’s home department should be in his/her field of academic expertise.

We understand that the Provost considers the Faculty of Science to be already subsidized by the rest of the university, because all units are charged equal rent (per-NASM charge) for space. It is implicit in this NASM point of view that research is “only” a cost. We, on the contrary, believe that our research adds value to this institution, and a meaningful Activity-Based budget model should ascribe a positive value to our research activities as measured by metrics directly related to the research itself.

We hope we stand alongside the University leadership in our call to uphold our dual mission of research and teaching excellence as measured (and explicitly valued) by meaningful metrics, and that we can together move to more strongly support the Faculty which has shown the strongest growth within the University in the last decade.