



# Ancillary Budget Guidelines

For the fiscal years 2022/23, 2023/24 and 2024/25

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# 1 INTRODUCTION

The Ancillary Budget Guidelines are provided as a budget development framework to ensure consistency across the University. The budget for 2022/23 will be developed in the Hyperion system, which is integrated with the PeopleSoft system. The 2021/22 projection and 2022/23 budget submissions in Hyperion will be transferred into PeopleSoft after the budget process for 2022/23 is finalized. A brief overview of the Hyperion submission is given in Section 5.

# 2 INFORMATION AND CHANGES FOR 2021/22

The following is a list of key information and changes and is not intended to be exhaustive:

- The budget planning horizon will cover the three-year period 2022/23 to 2024/25. Submissions should include updated projections for 2021/22. The 2022/23 budget should be based on a detailed analysis by department and program which will be used as the benchmark for actual results, while 2023/24 and 2024/25 may project revenue and expenses at the envelope level, incorporating major changes. The specific budget approval will be limited to the 2022/23 fiscal year while the future years remain a working document.
- The budget cycle will continue to be divided into two phases:
  - Phase 1 June to October: Support units prepare budgets and activity units prepare a 5 month review.
  - Phase 2 November to March: Activity and ancillary units prepare budgets.
- Budget presentation conferences will continue to be attended by the Budget Committee, as well as by Deans and faculty Directors of Finance and Administration to provide feedback. The review, submission and presentation schedule is shown in Section 3.
  - The presentations will remain in the same format as prior years but will take place virtually until such time as in-person meetings are permissible.
  - **NEW** Current planning for the presentations in Spring 2022 is for these to return to in-person events.
- The Budgeting website contains a section on Preparation of Budgets which outlines the various steps for preparing budgets. <https://financial-affairs.mcmaster.ca/services/budgeting/guidelines-for-preparation-of-budgets/>
- **NEW** The budget submission templates follow the same layout as the previous year and highlight important information in the main part of the narrative, with appendices for Budget Committee. However, **Information for Budgeting Services is now gathered on a separate file, entitled "Extra Submission Data"**. Please be sure to download the new file and the updated template for the 2022/23 budget from the Budget Guidelines and Templates section of the Budgeting Services web site. <https://financial-affairs.mcmaster.ca/services/budgeting/budget-guidelines-and-templates/> The short timeline for presentations results in a large amount of

material to be reviewed in a short period of time. **It is now strongly recommended to limit narrative submissions to no more than 14 pages plus appendices.**

- **NEW** The provincial Strategic Mandate Agreement (SMA) was renewed effective June 1, 2020, however the move to funding being linked to the revised performance based metrics has been delayed for two years. The agreement supports McMaster's institutional strategy, and budgeted activities must contribute to achievement of its stated objectives. In order to meet institutional reporting requirements, each envelope must report achievement of SMA commitments and SMA goals for the next three years. Titles of these sections now reflect the related pillars of the new McMaster Strategic Plan. These items should be highlighted in point form in Section 4.3 of the narrative for Ancillaries. An optional appendix has been added to the submission template to list further information or details on activities directly impacting specific SMA 3 performance metrics.
- Please note the following information to be included in the budget submission narrative:
  - Benchmarks and performance indicators in section 3 should include employee engagement survey results. Any external benchmarks should be limited to comparable Canadian universities.
  - All assumptions must be consistent with these guidelines and no deviations are allowed. Envelope Managers should highlight concerns in their narrative submissions.
  - A section outlining budgeted positions is included in the narrative. While the FTEs calculated in Hyperion are based on hours worked, this Section 5.2 focuses on trends in fully-staffed complement. Details of requirements are included in the narrative template. For the 2022/23 budget, FTEs will be calculated by Hyperion based on the hours forecast for each employee. This calculation will be consistent with the FTEs used as a driver in the budget model, which includes hours worked by all employees as recorded in the HR payroll system through salary accounts. For more information, please see Section 4.5 and Appendix F.
  - Budget submissions should include details of strategies for maximizing revenues, minimizing costs, contributing to the University (4.5% of sales), and achieving balanced budgets. Examination of alternative processes and consideration of partnerships with other areas (centralized or decentralized) to achieve greater administrative efficiency are encouraged.
  - Significant planned capital expenditures must be included. The link to the capitalization policy can be found at [https://financial-affairs.mcmaster.ca/app/uploads/2018/07/Capital-Assets-Accounting-Policy-2019\\_Final.pdf](https://financial-affairs.mcmaster.ca/app/uploads/2018/07/Capital-Assets-Accounting-Policy-2019_Final.pdf)
  - Details and explanations of all one-time revenue and expenses must be provided (see Appendix C). Please note that contractually limited appointments (CLAs) are not considered to be a one-time expense unless the position will not continue.
  - Reasons for major variances (>\$100K and 10%) of the 2021/22 projection and 2022/23 budget from original budget and prior year actual must be explained.

- Details of transfers outside your envelope balancing to your submission must be provided in the **Extra Submission Data** file. **Before including a transfer in your budget you must confirm that the other side of the transfer has been budgeted.** A report template will be provided in Hyperion.
- Hyperion will be used for entering and managing budgets. Information on how to use Hyperion is available in the Hyperion Resources section of the Budgeting Services web site. Drop-in refresher training sessions will be announced. Assumptions for salary increases in accordance with collective agreements and benefit rates in accordance with rates approved by the Budget Committee will be loaded into Hyperion to facilitate calculation of the compensation budget. The 2022/23 budget in Hyperion will be entered in PeopleSoft GL after approval. Refer to Section 4.2 for more information.
  - The Adjusted Budget forms introduced in June 2018 will be open for input to 2021/22 in Hyperion throughout the year. Any changes made in the Adjusted Budget dimension can be copied into the budget. Please refer to the training material on the Budgeting Services web site or contact your Budgeting Services representative (see Section 5) for more information.
  - Form 1.1.2.2 Existing Employees Override will accept changes to labour account numbers for budgeting purposes. Any changes to the HR system still require completion of the HR eForm.
- Appendix F ***Frequently Asked Questions*** will be updated as further questions arise and posted to the Budgeting Services web site.

### 3 SUBMISSION AND PRESENTATION TIMETABLE

The dates for the various budget envelope submissions and presentations are shown in the table below. The Vice-President of your envelope must review and approve your budget before it is forwarded to Budgeting Services. Material must be submitted to Budgeting Services on the specified date for review at the following Budget Committee meeting. Workflow is used in Hyperion to transfer control of the budget from submitter to approver within the envelope. Please submit the final narrative (in Word format) and financial report electronically to your Budgeting Services representative (see contact information in Section 5) for presentation to Budget Committee.

At the budget presentation, assume that the group has reviewed the material provided. Be prepared to highlight your key points, which should be limited to 10 minutes. Following your presentation there will be a total of 20 minutes scheduled for discussion of the budget submission and feedback from the Budget Committee, Deans, and Directors of Administration.

Unit	Submit to Budgeting Services	Present to Budget Committee
Campus Stores Hospitality Services Media Production Services Housing & Conference Services Parking	First draft to D. Henne and A. Coldwell <b>January 28, 2022 (TBC)</b>  Feedback from S. Fazilat and D. Henne will be sent by <b>February 11, 2022 (TBC)</b>  Final version to be sent to A. Coldwell by <b>February 21, 2022 (TBC)</b> for discussion at the Administrative Strategies Team meeting <b>February 28<sup>th</sup>, 2022 (TBC)</b>  Budget due in Budgeting Services <b>March 14, 2022</b>  *Budgets matching the narrative submission must be fully loaded into Hyperion on due dates above.	March 28, 2022
Centre for Continuing Education	Budget due in Budgeting Services <b>March 14, 2022</b>	March 28, 2022

## 4 BUDGET SUBMISSIONS

The Budget Committee requests a written plan for all envelopes. Submissions that project an ongoing (structural) deficit (see Appendix C) must include a detailed plan as discussed with the Vice-President outlining how the deficit will be eliminated.

Envelope managers are encouraged to set priorities for their units. This means that envelope managers should prepare a summary for the total envelope and the choices that have been made among the different units within the envelope, rather than describing the activities of each individual unit.

### 4.1 NARRATIVE

- Updated narrative templates for ancillary units in Word format may be downloaded from the Downloads section of the Budgeting Services web site.
- Hyperion summary tables of major variances and transfers to be included in narrative and extra submission data, may be found in the Downloads section of the Budgeting Services web site.

### 4.2 HYPERION BUDGET ENTRY

Instructions on how to use the Hyperion system are available under the Hyperion Resources section of the Budgeting Services web site. The website also includes a section on preparing budgets, including the various steps involved. A schedule of group training sessions will be emailed to all Hyperion users at the start of each budget cycle. One-on-one support is available from your Budgeting Services representative (contact information in Section 5).

**Hyperion Cheat sheet:** Available on the Budgeting website is a cheat sheet which can be used as an aid when entering in Hyperion (<https://financial-affairs.mcmaster.ca/app/uploads/2020/05/Hyperion-Planning-Cheat-Sheet.pdf>)

**Important: Transfers must be entered at the account level in order to balance on a consolidated basis. Interest and debt repayment should also be entered at the account level.**

For the 2021/22 projection, Hyperion will be pre-populated with all monthly actual revenue, expense and appropriation results up to the most recently closed month – May for Phase 1, and October for Phase 2. The remainder of the planning periods will be pre-populated as follows:

- Salaries and benefits are calculated using year-to-date actuals plus projections based on the current data for each employee.
  - Actual results for May through October will be loaded into the 2021/22 projection, and Hyperion will project salaries and benefits for all years based on employee master data loaded from the HR system in November.
  - Salaries and wages will be calculated using merit and step increase assumptions for each employee group.
  - Benefits will be calculated using statutory and employer rates for each employee group and salary/wage level.
  - Tables showing the rate assumptions are available in Hyperion under 1.2.1.2.5 Labour Source Data & Assumptions. This data is **STRICTLY CONFIDENTIAL**.

- Revenue and non-salary operating expense totals are based on the 2021/22 budget for both 2021/22 projection and 2022/23 budget. 2023/24 and 2024/25 will be left blank. Plans for 2023/24 and 2024/25 are required by type of expense but do not need to be entered at the individual account level, with the exception of transfers, interest and debt repayment.
- Reserves are updated to the actual amount.

All Smart View comments and supporting detail cells have been carried over from the previous budget cycle, however the numbers have been updated as described above.

- Numbers from the previous budget may be restored using the Smart View copy functions.
- Numbers in supporting detail cells may be restored by editing the supporting details and submitting.
- Instructions on how to use these functions are available in the Hyperion Reference Guide Opex Module within Hyperion Resources on the Budgeting Services web site.

You will be notified when the forms and reports are available in Hyperion. A formatted report for submission to the Budget Committee will be available in "Reports" in Hyperion.

### 4.3 REVENUES, RECOVERIES AND TRANSFERS

Provide a justification for any price or fee changes. Discuss how any fee change will impact operations and/or contributions to the University operating budget. Outline who your major customers are and the impact of your proposed price or fee changes on other units.

Ancillaries may receive internal and external revenue and recoveries, and may have internal transfers within the University. External revenue and recoveries represent new money to the University, while internal revenue, recoveries and transfers move money around between departments.

**Revenues** include the possibility of a gain or loss. External revenues would include grants, sales, fees, donations, and sponsorships. Internal revenues are generated when one University unit provides goods or services to another and receives more than the direct cost (i.e. receives a profit or overhead factor). This would include lab fees, registration for McMaster conferences, and ancillary sales. External revenue is shown in Hyperion in categories Government Grants, Tuition Fees, Research Overhead, Sales, and Investment Income. Internal revenue is included with Research Overhead and Internal Revenue in Hyperion.

**Recoveries** represent a reimbursement of an actual cost, with no possibility of gain or loss. Recoveries may be from internal or external sources. The amount received just recovers an amount already paid, with no profit or overhead built in. This commonly includes all or part of payroll, equipment or supply costs. Internal recoveries are included with Internal Revenue in Hyperion. External recovery accounts are shown in the Other Revenue category in Hyperion. Specific salary and benefit recoveries are categorized with salaries and benefits in Hyperion/PeopleSoft.

**Transfers** can be used for any internal transaction with the exception of internal revenue, and are included in the Transfer category in Hyperion. Generally, accounts on both sides of the entry must be the same. Please refer to Appendix E for a complete list of transfer accounts and a decision tree to determine the correct account to use. Any transfers budgeted must be confirmed with the envelope

on the other side. A Hyperion report balancing to the transfers budgeted at the envelope level must be included in your narrative budget submission.

## 4.4 EXPENDITURES

Below are the salary, benefits, and operating expenditure guidelines to be used to develop the 2022/23 budget. Salary increase and benefit rate assumptions will be loaded into Hyperion along with data for each employee and will be used to calculate salary, benefit, and FTE forecasts.

### 4.4.1 SALARIES AND WAGES

Changes in staff complement should be budgeted on the expected effective date of the change. Since the University's fiscal year is May 1 through April 30, this may result in less than a full year's expense and calculated FTE.

Salary and wage increase assumptions as approved by the Budget Committee have been built into Hyperion. These assumptions are based on the collective agreements currently in effect, government directives, and future across-the-board increases. Any lump sums included in collective agreements have not been included in increase rates and should be budgeted as a hedge. **Salary increase assumptions are for modelling purposes only.**

A complete list of salary accounts and related benefit accounts is provided in Appendix D, along with a table of all union groups and the correct account(s) to use for each.

### 4.4.2 BENEFITS

The benefit costs charged to departments consist of the employer share of statutory government remittances, pension contributions, insurance and surcharges. Employee Benefits Task Force 2 (BTF2) was established in 2018 to address two key topics. The first topic included reviewing the current benefit rates as to their competitiveness and to see if they could be reduced going forward. The second topic included a review of the principles and methodologies which the university is using to allocate employee benefit costs to departments and projects with recommendations for changes where appropriate. As a result of the BTF2 recommendations, the average rate (defined as a TMG employee in the defined benefit plan earning \$90,000 per year) was reduced to below 30%.

For 2021/22, the employer contribution to the pension plan is 125% of employees' contributions for the year; this is based on changes to the pension legislation and updated projection analysis. For 2022/23 budget year this rate remains at 125%. For 2022/23 and 2023/24 high level planning should assume 125%.

Other changes from the task force first introduced two years ago include:

- The MUFA Child Care Surcharge has changed from a percentage of salary rate to a flat dollar rate, since the benefit to individual employees does not depend on salary level. The rate to be charged for 2021/22 is \$667.33 per employee; for planning purposes, the rate in 2022/23 will decrease to \$526.03 and in 2023/24 will decrease to \$513.35 per employee.
- Paid Education Leave (PEL) and Social Justice Fund, previously charged to the benefits surcharge, will now be charged directly to departments similar to CPP.

The extended health and dental premiums decrease by 2% for 2022/23; premium increases for 2023/24 and 2024/25 are projected at 0% per year.

The recently new MUFA and TMG dependents/spouse external tuition bursary/reimbursement program for undergraduate and graduate programs where the student is enrolled at an accredited post-secondary institution within Canada, other than McMaster came into effect July 1, 2019 with first payments in fall 2020. These are included in new benefit surcharge. The rate to be charged in 2021/22 will be \$260.00 per employee (MUFA) and \$200 per employee (TMG); for planning purposes, the rate in 2022/23 and plan years will drop to \$247 per employee (MUFA) and \$190 per employee (TMG).

Tables showing the components and computation of benefit rates are available in the Benefit Rates section of the Budgeting Services web site. <https://financial-affairs.mcmaster.ca/benefit-tables/> The rates in these tables are used in the Hyperion labour planning module to calculate benefits based on salary level. Changes to actual charge-out rates are possible if more information becomes available.

#### 4.4.3 PROFESSIONAL DEVELOPMENT ALLOWANCES

TMG	\$2,500 per year
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#### 4.4.4 NON-SALARY EXPENSES

##### 4.4.4.1 OCCUPANCY COST

For ancillary and support units that pay for occupancy costs, base space charges are aligned with the budget model. Base services provided by Facility Services are incorporated into the rent rates. There will continue to be additional charges for enhanced and special services as negotiated by each unit. Details of rent calculations are included in Appendix A. Insurance will be charged separately based on actual premiums paid.

Costs of space are assigned based on the prior year actual space inventory (on a slip-year basis) unless otherwise notified by Budgeting Services for large new buildings opening mid-year. Changes in assigned space will be reflected in the following year's projections, thus occupancy cost adjustments for approved relinquished space will take effect for the next budget cycle. Any unit wishing to relinquish underutilized space should provide information on the type and amount of space and the desired timeframe for relinquishing it to their envelope Vice-President by December 31, 2020. The VPs will assess if the relinquished space is of a type and configuration that would be usable by another unit. The VP and/or Space Management Committee will make all reasonable attempts to match the space to known needs expressed by other units, however, the unit to which the space was originally assigned will remain responsible for the occupancy cost until the end of the next budget cycle.

##### 4.4.4.2 CAPITAL EQUIPMENT

Please refer to the capitalization policy and provide an explanation of significant expenditures. Asset categories, dollar thresholds and account numbers are summarized in Appendix F.

##### 4.4.4.3 SCHOLARSHIPS AND BURSARIES

Identify separately, all amounts paid directly to students.

#### 4.4.4.4 SUPPLIES AND EXPENSES

All non-salary expenditure not itemized above. Please note that Microsoft software is now provided through McMaster's site license. The cost of individual licenses should not be budgeted.

### 4.5 EMPLOYEE FULL-TIME EQUIVALENT (FTE)

FTEs will be calculated by Hyperion based on the hours forecast for each employee. This calculation includes hours worked by all employees as recorded in the HR payroll system through salary accounts. FTEs are the actual time worked compared to standard hours for that position. For example, if a department has 3 part-time employees working a total of 70 hours per week with standard 35 hours per week, the department has 2 FTEs.

Information about actual paid FTEs for all employee groups is available to envelope managers through Hyperion.

Please refer to the FAQs in Appendix F for additional details on FTEs.

### 4.6 CONTRIBUTION TO THE OPERATING BUDGET

Ancillary operations make a critical contribution to the financial health of the University Operating Budget. The contribution is based on a percentage of the two slip-year gross sales by ancillary operation as detailed in the audited financial statements (i.e. the 2021/22 contribution is based on the 2019/20 audited statements).

The ancillary contribution rate has been set throughout the budget period, as detailed below. The contributions on sales exclude:

- Campus Store technical department sales
- Campus Store course materials sales
- Media Production Services internal sales to the Campus Store for further resale
- Media Production Services sales to Mohawk

Ancillary revenue contribution		2021/22 Projection	2022/23* Budget	2023/24 Plan	2024/25 Plan
	Contribution rate	4.5%	4.5%	4.5%	4.5%
Media Production Services	Sales	4,194,582	1,387,618	2,835,000	3,442,000
	Less sales to Mohawk	-	-	-	-
	Less custom courseware	317,229	179,718	179,718	179,718
	Base sales	3,877,353	1,207,900	2,655,282	3,262,282
	<b>Total contribution</b>	<b>174,500</b>	<b>-</b>	<b>119,500</b>	<b>146,800</b>
Housing & Conference Services	Sales	28,392,457	469,381	22,368,991	34,048,955
	<b>Total contribution</b>	<b>1,277,700</b>	<b>-</b>	<b>1,006,600</b>	<b>1,532,200</b>
Hospitality	Sales	25,696,422	506,034	30,711,171	31,496,532
	<b>Total contribution</b>	<b>1,156,300</b>	<b>-</b>	<b>1,382,000</b>	<b>1,417,300</b>
Campus Store	Sales	14,010,701	10,196,426	13,896,589	13,781,510
	Less course materials	7,671,180	6,582,113	6,662,200	6,396,670
	Less technology sales	1,717,837	1,124,583	1,604,450	1,604,450
	Base sales	4,621,684	2,489,730	5,629,939	5,780,390
	<b>Total contribution</b>	<b>208,000</b>	<b>-</b>	<b>253,300</b>	<b>260,100</b>
Parking	Sales	5,345,221	161,299	4,202,683	6,870,683
	<b>Total contribution</b>	<b>240,500</b>	<b>-</b>	<b>189,100</b>	<b>309,200</b>
CCE	Sales	8,341,568	9,275,898	9,237,662	9,500,000
	<b>Total contribution</b>	<b>375,400</b>	<b>417,400</b>	<b>415,700</b>	<b>427,500</b>
<b>Total</b>	Total sales	85,980,952	21,996,656	83,252,096	99,139,680
	Less adjustments	9,706,246	7,886,414	8,446,368	8,180,838
	Base sales	76,274,706	14,110,242	74,805,728	90,958,842
	<b>Total contribution</b>	<b>3,432,400</b>	<b>417,400</b>	<b>3,366,200</b>	<b>4,093,100</b>

\* Waiver of non-academic ancillaries contribution in 2022/23 based on sales from 2020/21

## 4.7 INTEREST CHARGES

Interest will be charged if the total of accounts receivable, inventory, and reserve is a debit balance. The short-term interest rate is set by Treasury as the 12-month actual average rate of the previous fiscal year. The rate to be charged beginning May 1, 2022 is **1.25%**. This rate should be used throughout the planning period. **Note: Due to the impacts on Ancillaries sales of the COVID pandemic, interest will not be charged on debit balances in the current budget cycle.**

## 4.8 OPERATING SURPLUS (DEFICIT)

The expectation of the Budget Committee is that the envelope is in either surplus or balanced position in each fiscal year. Envelopes with an operating deficit should bring forward a plan as discussed with the Vice-President on how to achieve a balanced budget. Carry forward amounts are not meant to be used to support ongoing operations.

## 4.9 RESERVES

Reserves are calculated on the budget submission report. The in-year operating surplus (deficit) is added/subtracted to the opening envelope reserve to determine the ending balance at April 30.

## 5 CONTACT INFORMATION

If you have any questions or concerns regarding the Operating Budget please contact your Budgeting Services representative:

Chris Sylvester

24766

[sylvest@mcmaster.ca](mailto:sylvest@mcmaster.ca)

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The Budget Committee would like to thank you in advance for your continued commitment and effort in building a fiscally sound and accountable budget that will provide a secure future for McMaster.

## APPENDIX A – 2021/22 RENT

Total rent charge (updated September 2021):

	2021/22 Projection		2022/23 Budget			2023/24 Plan			2024/25 Plan		
	NASM	Rent excl. insurance	NASM	Total Rent Rate/NASM	Rent excl. insurance	NASM	Total Rent Rate/NASM	Rent excl. insurance	NASM	Total Rent Rate/NASM	Rent excl. insurance
Campus Store	1,709	\$ 460,662	1,709	\$ 269.63	\$ 460,662	1,709	\$ 269.63	\$ 460,662	1,709	\$ 269.63	\$ 460,662
Hospitality	4,538	\$ 1,223,527	4,274	\$ 269.63	\$ 1,152,469	4,274	\$ 269.63	\$ 1,152,469	4,274	\$ 269.63	\$ 1,152,469
Housing & Conference Services - Residences	86,935	\$ 3,657,024	86,935	\$ 42.07	\$ 3,657,025	86,935	\$ 42.07	\$ 3,657,025	86,935	\$ 42.07	\$ 3,657,025
Housing & Conference Services - Commons Building	792	\$ 213,606	792	\$ 269.63	\$ 213,606	792	\$ 269.63	\$ 213,606	792	\$ 269.63	\$ 213,606
<b>Housing &amp; Conference Services - Revised Total</b>	<b>87,728</b>	<b>\$ 3,870,630</b>	<b>87,728</b>		<b>\$ 3,870,631</b>	<b>87,728</b>		<b>\$ 3,870,631</b>	<b>87,728</b>		<b>\$ 3,870,631</b>
Continuing Education (Space with 1500 SF = 140 NASM credit)	1,776	\$ 478,891	1,776	\$ 269.63	\$ 478,891	1,776	\$ 269.63	\$ 478,891	1,776	\$ 269.63	\$ 478,891
MPS	437	\$ 117,859	452	\$ 269.63	\$ 121,736	452	\$ 269.63	\$ 121,736	452	\$ 269.63	\$ 121,736
Parking	127	\$ 34,256	127	\$ 269.63	\$ 34,256	127	\$ 269.63	\$ 34,256	127	\$ 269.63	\$ 34,256

Internal Rent waiver for non-academic Ancillaries:

	2021/22 Projection
	Rent Credit 50% of 2020/21 (Enter as One-time)
Campus Store	\$ 229,000
Hospitality	\$ 612,000
<b>Housing &amp; Conference Services - Revised Total</b>	<b>\$ 1,935,000</b>
MPS	\$ 59,000
Parking	\$ 15,000
DBAC (A&R)	\$ 907,000
<b>Total Internal Rent Credit</b>	<b>\$ 3,757,000</b>

Rent rate breakdown:

<b>Rent rate breakdown:</b>	<b>2021/22 Projection</b>	<b>2022/23 Budget</b>	<b>2023/24 Plan</b>	<b>2024/25 Plan</b>
Buildings	\$ 8.16	\$ 8.16	\$ 8.16	\$ 8.16
Logistics and Mail Services	\$ 4.16	\$ 4.16	\$ 4.16	\$ 4.16
Design&Construction	\$ 4.64	\$ 4.64	\$ 4.64	\$ 4.64
Grounds	\$ 4.85	\$ 4.85	\$ 4.85	\$ 4.85
Facilities Central Admin OH	\$ 15.24	\$ 15.24	\$ 15.24	\$ 15.24
Renovation Contingency	\$ 5.01	\$ 5.01	\$ 5.01	\$ 5.01
<b>Sub-total*</b>	<b>\$ 42.07</b>	<b>\$ 42.07</b>	<b>\$ 42.07</b>	<b>\$ 42.07</b>
Custodial Services	\$ 22.04	\$ 22.04	\$ 22.04	\$ 22.04
Facilities Maintenance Service (incl's FHS Deployed)	\$ 34.11	\$ 34.11	\$ 34.11	\$ 34.11
Utilities	\$ 118.82	\$ 118.82	\$ 118.82	\$ 118.82
Deferred Maintenance	\$ 52.60	\$ 52.60	\$ 52.60	\$ 52.60
<b>Total rent rate</b>	<b>\$ 269.63</b>	<b>\$ 269.63</b>	<b>\$ 269.63</b>	<b>\$ 269.63</b>
* Excludes charges billed directly to Housing and Conference Services				

## APPENDIX B – 2021/22 BUDGET CYCLE TIMELINES

Week of	IRA	Facility Services	Budgeting Services	Support Units	Budget Committee	Deans	Activity Units	Ancillary Units
Jun 21-21		Finalize NASM	Issue support unit - June 25th		Approve FY21 benefits & support unit guidelines - June 23rd			
Jun 28-21				Work on budgets (15 weeks)			Work on 5 Month Review (15 weeks)	
Jul 5-21								
Jul 12-21								
Jul 19-21								
Jul 26-21								
Aug 2-21								
Aug 9-21	Finalize FY21 actual revenue							
Aug 16-21								
Aug 23-21								
Aug 30-21								
Sep 6-21	Finalize FY22 estimated revenue							
Sep 13-21								
Sep 20-21			Send FY21 actual and FY22 estimated allocations to Budget Committee					
Sep 27-21			Issue FY20 actual & FY21 estimated allocations		Review FY20 actual and FY21 estimated allocations			
Oct 4-21				Budget submissions due			5 Month Review due	Highlevel re-projection due
Oct 11-21								
Oct 18-21			Send support unit submissions to Budget Committee & Deans		Review support unit submissions			
Oct 25-21								
Nov 1-21				Support unit budget presentations 1st/ 4th/ 5th				
Nov 8-21			Send draft 5 Month review to PRC - Nov 11th					
Nov 15-21			Re-Send 5 Month Review to PRC - Nov 17th		Approve 5 Month Review	Written feedback on presentations due		
			Send support unit resubmissions to Budget Committee if necessary	Resubmissions due if necessary				
Nov 22-21			Issue activity and ancillary unit guidelines without allocations - Nov 26th		Approve activity and ancillary unit guidelines without allocations/ Template			
					Rank unfunded priorities			
					Receive support unit resubmissions if necessary			
Nov 29-21	Finalize revenue estimates				Rank unfunded priorities (if required)			
Dec 6-21	Issue activity unit metrics		Begin Revision of budgets for approved priorities					
Dec 13-21			Send activity unit allocations to Budget Committee					
Dec 20-21								
Dec 27-21								
Jan 3-22			Send activity unit allocations to Budget Committee				Work on Budgets (16 weeks)	Work on Budgets (16 Weeks)
Jan 10-22			Issue activity unit allocations		Review activity unit allocations			
Jan 17-22								
Jan 24-22				Response to Deans' written feedback due				
Jan 31-22								
Feb 7-22								
Feb 14-22								
Feb 21-22								
Feb 28-22	Update revenue estimates							
Mar 7-22								
Mar 14-22							Budget submissions due - March 14th and 18th	
Mar 21-22			Send budget submissions to Budget Committee & Deans - March 21st and March 25th		Review activity & ancillary unit submissions			
Mar 28-22					Activity & ancillary unit presentations March 28th and April 1st			
Apr 4-22			Send Fund 20/30/45 budget tables				Budget resubmissions due if necessary (Apr 6th)	
Apr 11-22					Receive resubmissions if necessary			
Apr 18-22			Send final consolidated budget					
Apr 25-22					Approve final consolidated budget			

## APPENDIX C – ONGOING VS. ONE-TIME REVENUE AND EXPENDITURE GUIDELINES

It is important to separate one-time from ongoing items within budget reporting to be able to clearly identify if a unit's funding/revenue can sustain its level of operations on a continual basis.

### Ongoing expenditures

An ongoing item is one that is incurred in the normal operations of a unit. It is a part of the regular activities and required on a continual basis for the efficient and productive running of the unit. Examples would be salaries and benefits for permanent employees, supplies, telecommunications, printing, computer purchases (if done on a rotating basis through the unit), and travel.

### One-Time Expenditures

One-time items are those that would occur within a single reporting period and which are unlikely to recur in the future, although they could cross over multiple reporting periods. These would be items that are not part of the normal activities of a unit. Examples would be severance payments, consultants/contractual staffing used for a specific time-defined project, computer purchase that would be large and one-time (system replacements), large capital purchases, large renovations.

### Structural Deficit

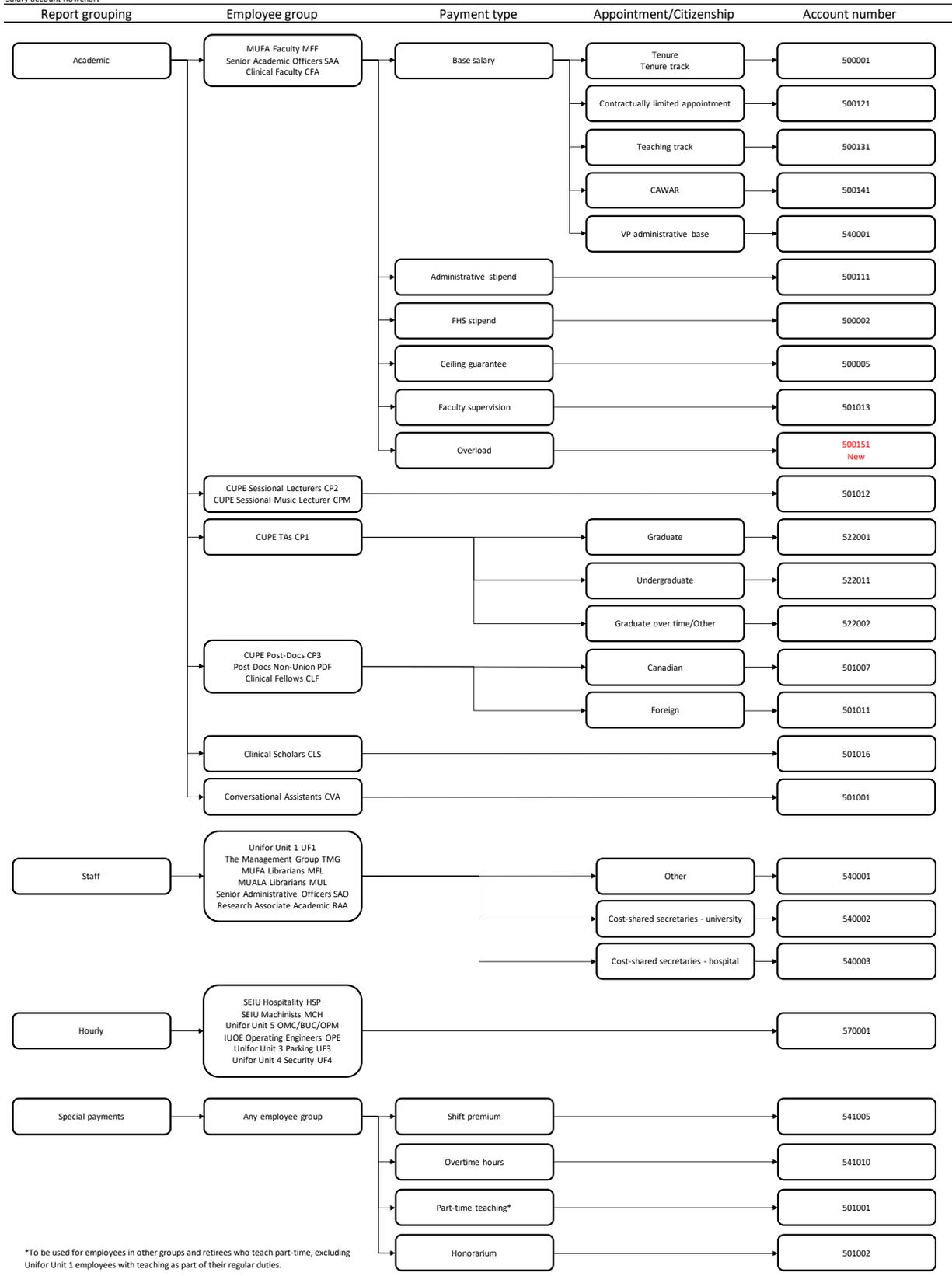
A structural deficit occurs when the regular ongoing costs within a unit exceed the regular ongoing revenue/allocation for that unit. This means that the income is not sufficient to cover the costs of regular ongoing operations. A structural deficit in the ongoing operations of a unit cannot be sustained as it shows that the unit will not be able to cover its costs on a continual basis. A deficit in the ongoing operations of a unit may not be considered a structural deficit if there is a reasonable strategy to address the deficit.

### One-Time Deficit

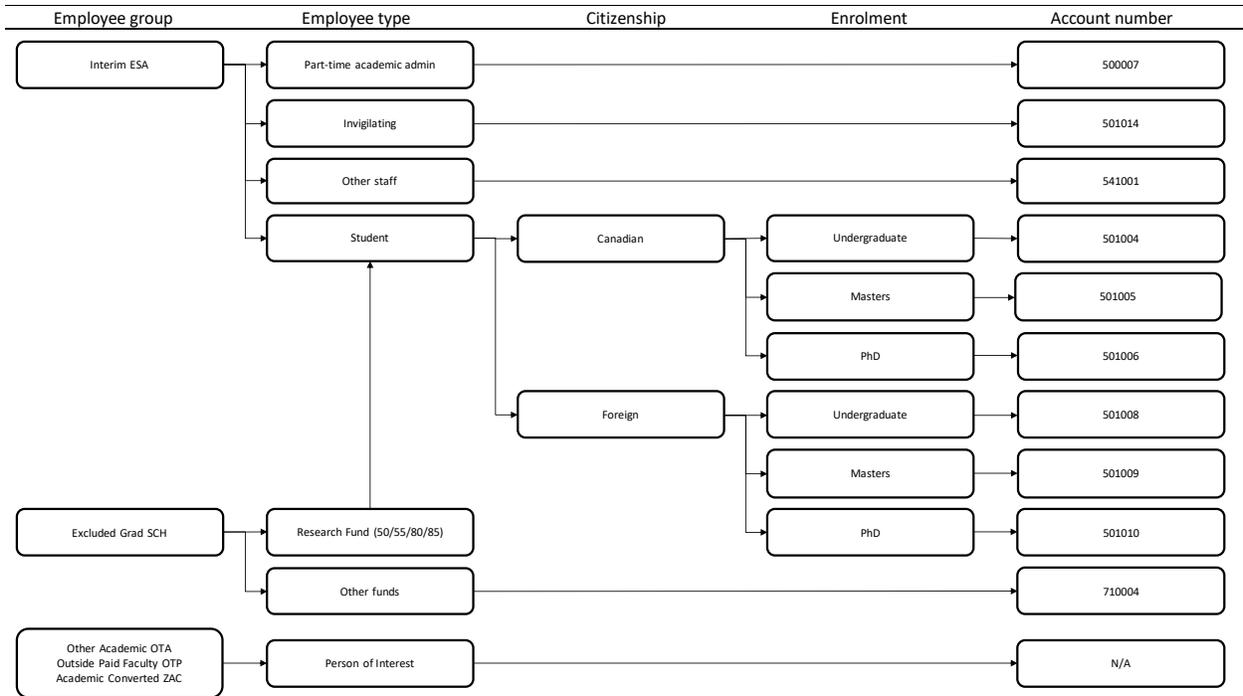
A budget deficit may be incurred in a particular year within an area due to one-time expenses. This does not mean that the deficit will occur in all years, as the expenses will reduce to normal levels once the one-time event has been completed.

	Structural deficit			One-time deficit		
	Ongoing	One-time	Total	Ongoing	One-time	Total
<b>Year 1</b>						
Revenue	1,000	50	1,050	1,000	50	1,050
Expenses	1,050		1,050	950	150	1,100
Surplus (deficit)	(50)	50	0	50	(100)	(50)
<b>Year 2</b>						
Revenue	1,000	0	1,000	1,000	0	1,000
Expenses	1,050		1,050	950		950
Surplus (deficit)	(50)	0	(50)	50	0	50
Cumulative surplus (deficit)	(100)	50	(50)	100	(100)	0
	A structural deficit will continue to build and is unsustainable.			A one-time deficit can be covered by surpluses in other years.		

# APPENDIX D – LABOUR/BENEFIT ACCOUNT MAPPING



\*To be used for employees in other groups and retirees who teach part-time, excluding Unifor Unit 1 employees with teaching as part of their regular duties.



Salary Account	Description	Benefit Account	Description
<b>ACADEMIC FULL-TIME</b>			
500001	Academic Full Time Salary	510001	Benefits Academic FT
500005	Academic Ceil GUAR/Other	510005	FB PT Other Academic
500131	Academic Teach Track	510131	FB Academic - Teach Track
<b>ACADEMIC STIPENDS</b>			
500111	Academic Admin Stipend	510001	Benefits Academic FT
500002	Academic FHS Stipend	510002	FB Academic FHS Stipend
500151	Academic Overload	510151	FB Academic Overload
<b>ACADEMIC CLA</b>			
500121	Academic - CLA	510121	FB Academic - CLA
<b>ACADEMIC CAWAR</b>			
500141	Academic - Cawar	510141	FB Academic - CAWAR
<b>ACADEMIC PART-TIME</b>			
501001	Academic Salary Part Time	511009	FB PT Academic
501002	Honoraria Academic Part Time	511010	FB PT Other Academic
501004	Salary Undergrad Student Can	511001	FB PT Undergrad Student - CDN
501005	Salary Masters Student Can	511002	FB PT Masters Student - CDN
501006	Salary PhD Student Can	511004	FB PT Ph.D Student - CDN
501007	Salary PostDoc Fellows	511003	FB PT PostDoc Fellow - CDN
501008	Salary Undergrad Studt Foreign	511005	FB PT Undergrad Stud - Foreign
501009	Salary Masters Student Foreign	511006	FB PT Masters Student - Foreign
501010	Salary PhD Student Foreign	511008	FB PT Ph.D Student - Foreign
501011	Salary PostDoc Fellows Foreign	511007	FB PT PostDoc Fellow - Foreign
501012	Salary Session Lecture PT	511011	FB Sessional Lecturer
501013	Faculty supervision	511013	FB Faculty Supervision
501014	Invigilating	511014	FB Invigilating
501016	Clinical Scholars	511016	FB Clinical Scholars
<b>TA</b>			
522001	TA-Graduate In Time FT	532001	FB TA-Graduate In Time FT
522002	TA-Grad OverTime/Non Mac	532002	FB TA-Grad OverTime/Non Mac
522011	TA- Undergraduate	532011	FB TA- Undergraduate
<b>NON-ACADEMIC FULL-TIME</b>			
540001	Support Salaries FT	550001	Benefits Support Full Time
540002	Supports C/S Sec	550020	FB Support C/S
540003	Support Clinical Educ/Hospital	550020	FB Support C/S
570001	Hourly Staff Wages	571001	FB Hourly Staff Wages
<b>NON-ACADEMIC PART-TIME</b>			
541001	Support Salaries Part Time	551001	FB Support PT
541005	Shift Premiums PT	551001	FB Support PT
541007	Transcriptions SA	551050	Benefits Support Full Time
541010	Support Salaries PT Overtime	551010	FB Support Staff OverTime
541051	For MACVIP Clearing Errors	551050	FB Support Other PT
541099	Invalid Combo HCM Earnings	551099	Invalid Combo HCM Deductions

## Salary accounts by union group

Code	Union Group	Account
CFA	Clinical Faculty	500001 Academic Full Time
		500005 Academic Ceiling Guarantee
		500131 Academic Teaching Track
		500111 Academic Admin Stipend
		500002 Academic FHS Stipend
		500121 Academic Contractually Limited Appointment
		500141 Academic CAWAR
CLF	Clinical Fellows	501007 Salary Post-Doctoral Fellows
CLS	Clinical Scholar	501016 Clinical Scholars
CP1	Teaching Assistants CUPE Unit 1	522001 TA Graduate In Time FT
		522002 TA Graduate Over Time/Non Mac
		522011 TA Undergraduate
CP2	Sessional Faculty CUPE Unit 2	501012 Salary Sessional Lecture PT
CP3	Post-Doctoral Fellows CUPE Unit 3	501007 Salary Post-Doctoral Fellows
		501011 Salary Post-Doctoral Fellows - Foreign
CPM	Sessional Music Faculty CUPE Unit 2	501001 Academic Salary PT
CVA	Conversational Assistants	501001 Academic Salary PT
ESA	Interim	500007 Part time academic admin
		500014 Invigilating
		541001 Other staff
		501004 STUDENT - Undergraduate CDN
		501005 STUDENT - Masters CDN
		501006 STUDENT - PhD CDN
		501008 STUDENT - Undergraduate Foreign
		501009 STUDENT - Master Foreign
501010 STUDENT - PHD Foreign		
HSP	Hospitality SEIU	570001 Hourly Staff Wages
MCH	Machinists SEIU	570001 Hourly Staff Wages
MFF	MUFA Faculty	500001 Academic Full Time
		500005 Academic Ceiling Guarantee
		500131 Academic Teaching Track
		500111 Academic Admin Stipend
		500002 Academic FHS Stipend
		500121 Academic Contractually Limited Appointment
		500141 Academic CAWAR
MFL	MUFA Librarians	540001 Support Salaries FT
MUL	MUALA	540001 Support Salaries FT
OPE	IUOE Operating Engineers	570001 Hourly Staff Wages
OTA	Other Academic Persons of Interest	500001 Academic Full Time Salary
OTP	Outside Paid Faculty	N/A
PDF	Post-Doctoral Fellows Non-Union	501007 Salary Post-Doctoral Fellows
		501011 - Salary Post-Doctoral Fellows - Foreign
RAA	Research Associate Academic	541001 Support Salaries PT
SAA	Senior Academic Officers	500001 Academic Full Time Salary
SAO	Senior Administrative Officers	540001 Support Salaries FT
TMG	TMG	540001 Support Salaries FT
UF1	Staff Unifor Unit 1	540001 Support Salaries FT
UF3	Parking Unifor Unit 3	570001 Hourly Staff Wages
UF4	Security Unifor Unit 4	570001 Hourly Staff Wages
UF5	Operations & Maintenance BUC Facility Services casual	570001 Hourly Staff Wages
ZAC	Academic Converted	501001 Academic Salary PT

## APPENDIX E – TRANSFER ACCOUNTS

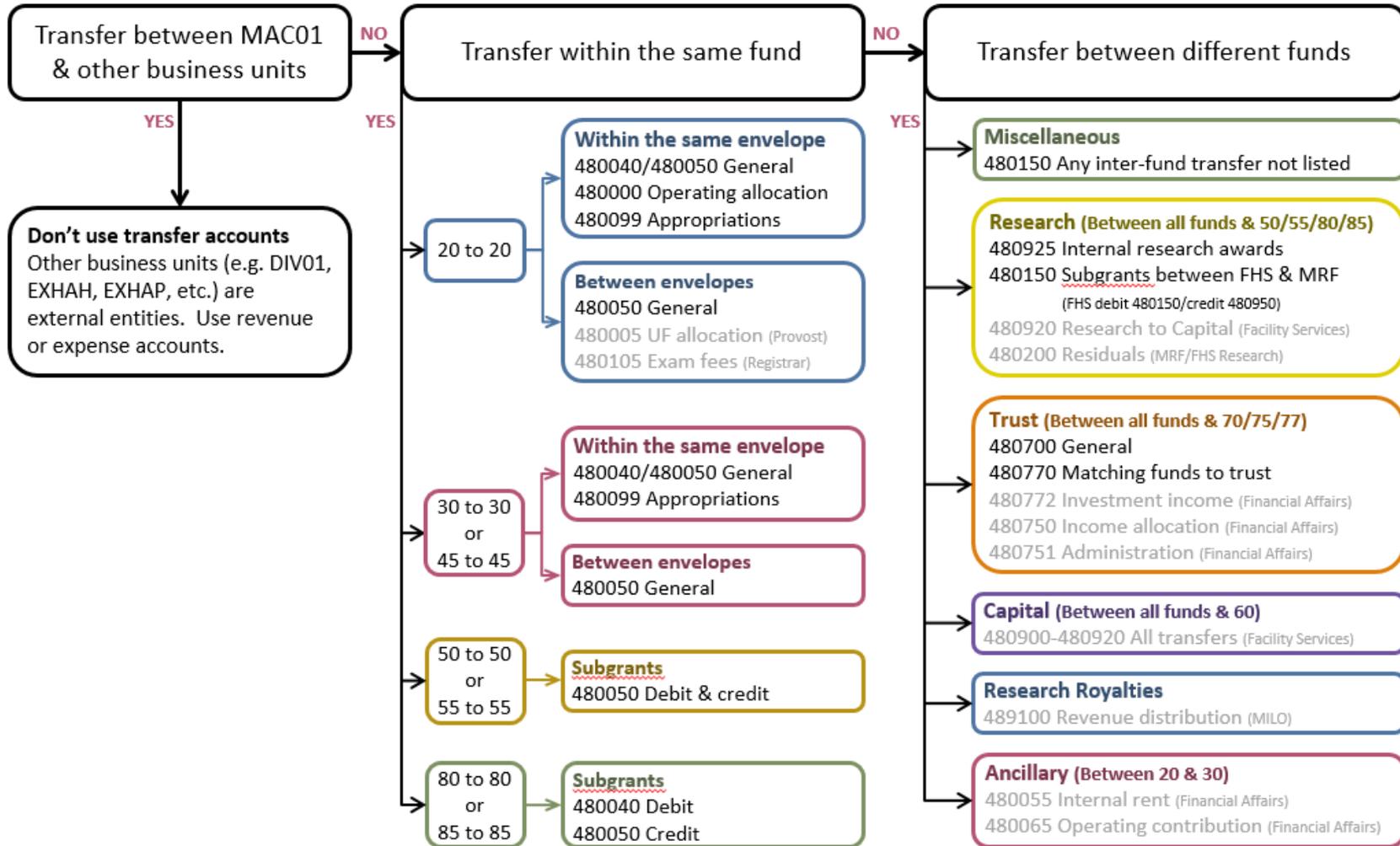
**DO** use transfer accounts on journal entries

**DO** use the same transfer account on both sides of the entry

**DO** use the accounts in black below

**DON'T** use on deposits, vouchers, purchase requisitions, etc.

**DON'T** use the accounts in gray below (reserved for the offices as shown)



Fund:	20	30	45	50/55	60	70/75/77	72/78	80/85	Description
	Operating	Ancillary	Specifically Externally Funded	Research	Capital	Trusts & Endowments	Cost of Practice	FHS Research	
<b>1. Transfers within the same Fund</b>									
<b>General transfers</b>									
Within the same budget envelope	480040	480040	480040						
To/from a different budget envelope	480050	480050	480050						
<b>Specific transfers</b>									
Operating allocation	480000								Allocations of central operating funds per the budget framework.
University Fund specific allocations	480005								Allocations from the University Fund to activity units for specific purposes, and to support units for on-going funding - entry initiated by the Provost's Office.
University Fund funded priorities	480010								Used only in the University Fund to record the total of current funding awarded by the Budget Committee.
Appropriation transfers	480099	480099	480099						May be used to transfer appropriation balances between departments/programs within the same envelope. Appears below the total surplus/deficit, before net income.
Deferred exam fee transfers	480105								Transfer fee revenue to Faculties - entry initiated by the Registrar's Office.
Internal research subgrants				480050				480040 Dr 480050 Cr	Subgrants to research projects within the same Fund.
Research residuals				480200				480200	Remaining balance in research projects transferred to unrestricted Funds 50 or 80.
Multi sponsor revenue transfer				480930				480930	Limited to multi sponsor projects for the transfers from the funding source project to the main PI project
<b>2. Transfers between different Funds</b>									
General transfers not specified below	480150	480150	480150				480150		
Internally funded research awards*	480925		480925	480925			480925	480925	Grants funded by Faculty departments, transferred to research projects. If the original source is Trust, Fund 55 or 85 must be credited.
Research subgrants between projects				480150				480150 Dr 480950 Cr	Subgrants to projects between FHS Research and MRF.
Research overhead income									
CRC	475002 Cr		475002 Cr	809005 Dr				809005 Dr	Overhead/administration fee charged to research projects and reimbursed to Faculties/Departments.
ERA	475003 Cr		475003 Cr	809005 Dr				809005 Dr	
Contract overhead	475004 Cr		475004 Cr	809005 Dr				809005 Dr	
Research royalties	489100			489100				489100	Royalties earned on intellectual property - entry initiated by MILO.
Ancillary/Operating internal rent	480055	480055							Rent charge for specified departments reimbursing Facility Services - entry initiated by Financial Services.
Ancillary contribution to Operating	480065	480065							Percentage of ancillary sales contributed to operating funds.
Capital from all Funds	480900 - 480910								Restricted to Facility Services for capital transfers.
Research to Capital				480920	480920			480920	Transfer from research projects for capital - initiated by Facility Services.
<b>3. Trusts</b>									
Between Trust and all ledgers*	480700		480700	480700	480700	480700	480700	480700	Almost exclusively transfers out of trusts Fund 77. On rare occasions may be a transfer to trusts.
Investment income allocated (75 to 77)						480750			Restricted to Financial Affairs department - allocation from Fund 75 to 77 for trust spending.
Required match from other Funds to Trust	480770		480770	480770	480770	480770		480770	Used only for matching funds transferred to trust as per trust gift agreement.
Interest transfer to Operating	480772					480772			Restricted to Financial Affairs department - Investment income from internal endowments allocated to Fund 20 for spending.
Trust administration to Advancement	480751					480751			Restricted to Financial Affairs department - administration fee charged to trusts.

\*Trust funding transferred to research through operating: Revenue is recognized in trust when transferred, expense in trust in account 480700 when transfer made (received in operating in 480700), transfer from operating to research (55/85) in 480925 which nets in expense

## APPENDIX F – FREQUENTLY ASKED QUESTIONS

### General

#### 1. How do appropriations and carry-forwards work? How do we show them?

Appropriations and carry-forwards are unspent (surplus) or overspent (deficit) funds from the previous year. Appropriations or carry-forwards are shown at the bottom of the budget submission form. The opening balance for a particular year should be the closing balance from the prior year for each category.

Total revenue, expenses and appropriations for all types (ongoing and one-time) are summarized in the last lines of the form.

A\_6000 Surplus/Deficit: The total of revenue and expense before reallocation of appropriations within the envelope for the type (On-Going, One-Time or All Type) selected in the point of view.

A\_480099 Appropriation transfer: Optional reallocation of appropriations between departments and programs within the same envelope and fund.

A\_3000 Net Income: The total increase or decrease during the year after all revenue, expense and appropriation transfers for the type (On-Going, One-Time or All Type) selected in the point of view. Note that this total could be different than the Deficit or (Surplus) – All Types if the point of view has selected only On-Going or One-Time.

Total Revenue – All Types: The total of all ongoing and one-time revenue.

Total Expenses – All Types: The total of all ongoing and one-time expenses.

Deficit or (Surplus) – All Types: The net of all ongoing and one-time revenue and expenses.

Appropriation Transfers – All Types: The net of all ongoing and one-time appropriation transfers.

Opening Appropriations – All Types:

Actual and 8 Month Review: Actual ending appropriations carried forward from the prior year

Budget: Ending appropriations carried forward in the current forecast

PS Adjustments – All Types: Actual year-to-date journal entries to appropriation accounts in PeopleSoft GL. The only entries to appropriations should be corrections of errors occurring in the prior year-end roll-over.

Closing Appropriations – All Types: Total of Deficit/(Surplus), Opening Appropriations, Appropriation Transfers, and PS Adjustments

#### 2. Why is there such a long time between submission and presentation?

Budgeting Services needs the time to review budget submission prior to forwarding it to Budget Committee. The Budget Committee also needs time to review the submission before the meeting.

### 3. What are Ancillaries?

Ancillaries are units that operate as profit centres. They generate their own revenue to cover both the direct and indirect expenses of their operations. The University has six areas that operate as profit centres. They are:

- Campus Store
- Centre for Continuing Education
- Hospitality Services
- Housing & Conference Services
- Media Production Services
- Parking

### 4. If your budget is rolled up into a larger unit, how do you know what your allocation is?

To get your allocation you can contact your Director of Administration, Business Manager or Budgeting Services.

## Revenue and Funding

### 1. How do we budget for recoveries received for work done by part-time employees? When do we use the 'Recoveries' line?

Normally, recoveries for part-time staff (Work-study, MacWork) go directly against the salary account where the salary is paid from. In some cases departments may wish to use a part-time salary recovery account (541801).

## Salary

### 1. How are FTEs calculated? What about FTTEs?

FTEs are not head counts. For Unifor and TMG staff, FTEs are calculated based on time worked as a proportion of total hours available in the year, depending on the standard work week of that employee:

- 35 hours/week = 1,825 hours/year
- 37.5 hours/week = 1,955 hours/year
- 40 hours/week = 2,086 hours/year

For employees working a total of 1,217 hours in a year on a position with a standard work week of 35 hours, the calculation would be:

$$1,217 \text{ hours worked} / 1,825 \text{ hours available} = 0.67 \text{ FTE}$$

Faculty FTTEs (full-time teaching equivalent) are normally the same as FTEs, and are not needed on the submission.

### 2. Where can I find details of my FTEs?

A report showing actual and projected hours and the resulting FTE calculation is part of the Hyperion labour planning module forms under 1.2.1.2 LABOUR. Total hours by employee are available on

1.1.2.3 Labour Hours Input. Details of FTE by employee are available on 1.2.1.2.1 Variance Report Detail by Employee.

### 3. Do you count contract positions?

All hours paid to employees through the HR payroll system are counted toward FTE.

### 4. What salary and wage assumptions will be used?

Salary expense estimates calculated through Hyperion will be based on the signed collective agreements with McMaster University. For estimates in the absence of specific salary details, assume the continuation of the current contract or agreement including, where applicable, across the board, scale, merit, and CPM increases. Assumptions used in the Hyperion labour planning module may be viewed in the forms under 1.2.1.2.5 Labour Source Data & Assumptions. Salary estimates are for modelling purposes only.

### 5. How should positions undergoing evaluation be handled?

Budget the salary costs at the expected pay rate after evaluation, including any retroactive amounts that may be payable. Adjustment may be made to the employee's hourly rate through Hyperion on form 1.1.2.2 Existing Employees Override, with retroactive payments entered as a hedge.

## Benefits

### 1. Most of my staff are single and I have consistently been under budget in benefits when using this formula? Can I revise the formula?

The benefit rates prepopulated as part of the assumptions in Hyperion consist of a factor for each employee group that will bring the overall rate closer to the actual charges. If the resulting calculation is unreasonable, a hedge may be entered.

### 2. Do you have to budget MPDA even if staff never use it?

Yes. MPDA budgets must be allocated as long as the employee is part of the department.

## Non-salary

### 1. How can I tell which account to use for capital?

Projects performed by Facility Services and funded from operating accounts must use transfer account 480910. Minor renovations and alterations should be charged to account 620000. Other accounts outlined in the capital assets policy are summarized below. For full details refer to the Capital Assets policy at <https://financial-affairs.mcmaster.ca/app/uploads/2018/07/Capital-Assets-Accounting-Policy-2019-Final.pdf>

# Is it Capital?

Assets valued above the thresholds below are capitalized for financial reporting.

EQUIPMENT & COMPUTER HARDWARE		Assets with a useful life of greater than one year
Equipment Over \$5,000	610000	
Equipment Under \$5,000	610001	
Vehicles Over \$5,000	610010	
Vehicles Under \$5,000	610011	
Furniture & Fixtures Over \$5,000	610015	
Furniture & Fixtures Under \$5,000	610016	
Computer Hardware Over \$5,000	610030	
Computer Hardware Under \$5,000	610031	
COMPUTER SOFTWARE		One-time License: Perpetual right to use the software without an ongoing subscription fee
One-time Software License Over \$5,000	610040	
One-time Software License Under \$5,000	610041	
Software Fees (other than one-time)	610045	
FACILITIES PROJECTS		Generally projects less than \$200,000 do not extend the useful life of the asset
Renovations & Alterations Under \$200,000	620000	
Renovations & Alterations Over \$200,000	620100	