



# 2022-2023 Consolidated Budget

Approved by the Board of Governors  
June 9, 2022

**BRIGHTER WORLD**



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# 1 QUICK FACTS

## History

Founded in **1887** in Toronto.

Relocated from Toronto to Hamilton in **1930**.

## Institutional Leadership

Chancellor: **Santee Smith**

President, Vice-Chancellor and Chair of the Senate: **Dr. David Farrar**

Provost and Vice-President Academic: **Dr. Susan Tighe**

## McMaster Model

Student-centred, research-intensive, problem-based, interdisciplinary approach to learning

## Degrees Granted (in 2020/21)

**8,082**

## Student Enrolment Headcount (as of fall 2021)

Undergraduate: **32,119**

Graduate: **5,251**

Domestic: **30,943**

International: **6,427**

## Average Entering Grade (in fall 2021)

**91.93%**

## Faculties

**6** (DeGroote School of Business, Faculty of Engineering, Faculty of Health Sciences, Faculty of Humanities, Faculty of Science, Faculty of Social Sciences)

## Full-Time Faculty (excluding Clinicians, 2020)

**932**

## Staff (2021)

**13,783**

## Alumni (2021)

**213,192**

## Research Funding

**\$374.6 million** awarded in estimated research funding in 2020/2021 (McMaster and affiliated hospitals)

## World Ranking

Shanghai Ranking (2021): **92<sup>nd</sup>**

Times Higher Education (2021): **80<sup>th</sup>**

QS World Ranking (2021): **140<sup>th</sup>**

Times Higher Education Global Impact Rankings (2022): **37<sup>th</sup>**, including:

**1<sup>st</sup>** in Canada for Good Health and Well-being,

**2<sup>nd</sup>** in Canada for Working to Reduce Inequality, Decent Work and Economic Growth

**2021** – Canada's most graduate student research-intensive university – Research Infosource Rankings

## Campus

**152.4** hectares of property

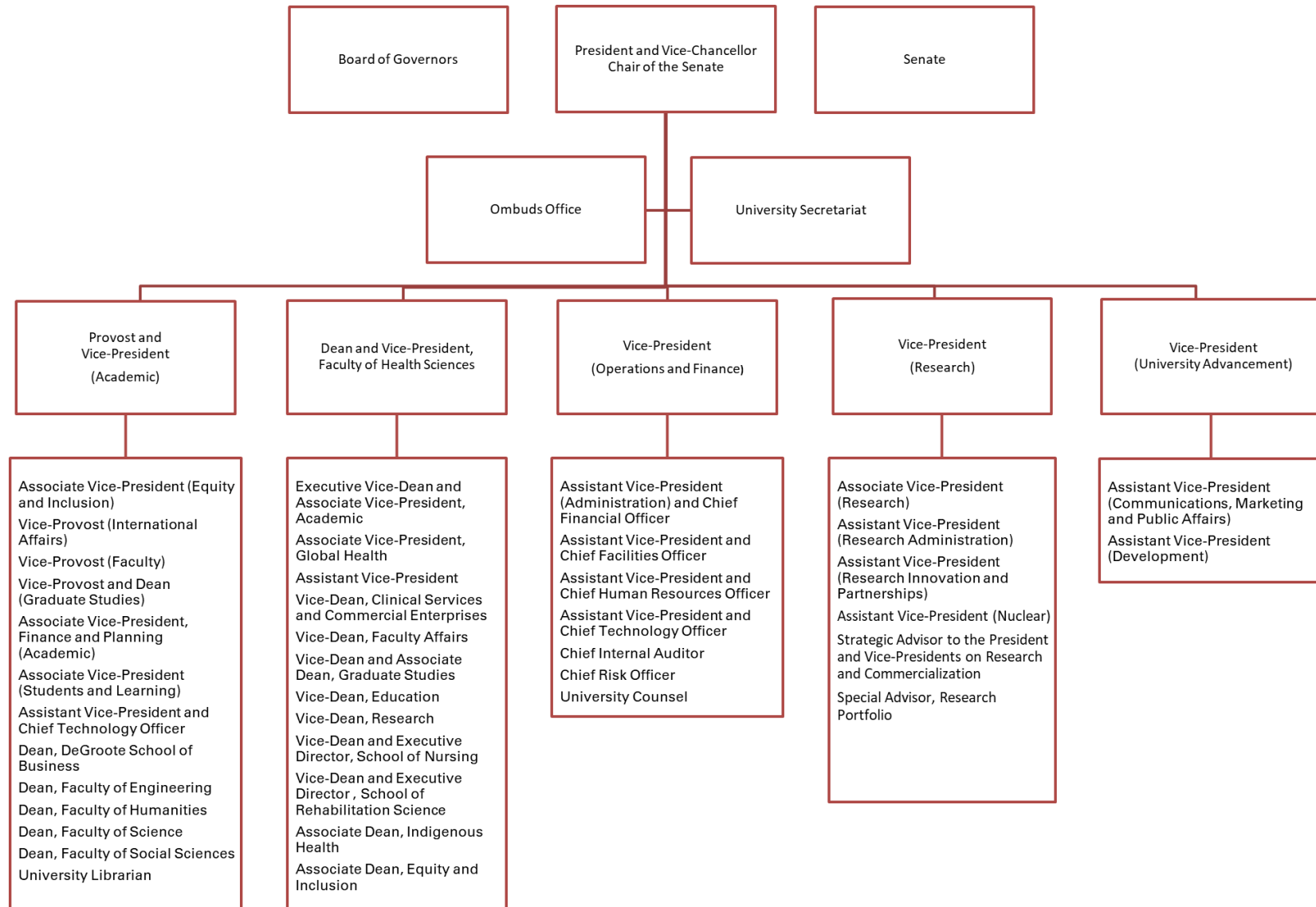
**4** libraries, **13** residence buildings, **1** athletic complex

Nuclear Reactor, WJ McCallion Planetarium, McMaster Museum of Art

**5** campuses (Main campus in West Hamilton, and 4 additional campuses in Burlington, Waterloo, Niagara, and downtown Hamilton)



## 2 ORGANIZATIONAL CHART





### 3 MESSAGE FROM THE PRESIDENT



Over the past two years we have been focused on responding to the global pandemic, and have been working to continue our operations and advance the mission of our University whether in a virtual, hybrid, or in-person format. Despite the challenges we have all experienced, the pandemic has driven stronger collaborations across the University and beyond as we worked together on issues ranging from the design of personal protective equipment, viral gene sequencing, developing novel approaches to effective vaccine responses, and more. We have been able to further advance Canada's Global Nexus for Pandemics and Biological Threats, which enables researchers from

across the campus to develop new generations of biological expertise and work in partnership with system leaders, decision makers, and commercial enterprises to ensure that we are well prepared for any future viral threats. All of this work is consistent with our broader vision of advancing human and societal health and well-being.

McMaster's operating and overall consolidated budgets are structurally balanced with one-time investments to support strategic initiatives and expand and improve our academic and research infrastructure.

The 2022/23 budget reflects our strategic objectives and priorities: Inclusive Excellence; Teaching and Learning; Research and Scholarship; Engaging Local, National, Indigenous, and Global communities; and Operational Excellence. Investments have been made to advance the University's EDI strategy through targeted recruitment strategies, enhanced training, programming, and community building; we continue to support and advance the student experience with our focus on the Teaching and Learning strategy, including partnered and inter-disciplinary learning experiences, and active and flexible learning spaces; additional support has been made available for our research enterprise in a variety of areas including in support of commercialization, innovation, and entrepreneurial activities, and to foster interdisciplinary collaborations; our work to develop and expand our network of respectful partnerships with communities, partners, research collaborators, and supporters continues, with a particular focus on supporting the implementation and advancement of the Indigenous Education and Research Strategy; and we continue to seek operational enhancements and innovations, with a particular focus on advancing our work on sustainability and climate change.

I would like to thank each department and unit for their extraordinary contributions during these challenging times to advance our vision, mission, and strategy. I am optimistic about the future and am looking forward to everything we can accomplish as a University community in the year ahead.

Sincerely,

**David Farrar**  
President and Vice-Chancellor

## 4 MESSAGE FROM THE PROVOST



I would like to thank everyone who was part of McMaster's budget process. Your contributions are valued by the university and the Budget Committee and resulted in a forward-looking financial plan that supports our mission, institutional priorities and student success. I'm confident that McMaster University's 2022/23 budget positions the university well to continue our pursuit of excellence as a global university.

As a research-intensive, student-centred institution, McMaster is best positioned to make a meaningful difference when we equip our increasingly diverse student body with the knowledge and skills needed to make a transformative impact on our world. This budget serves our students by supporting a personalized, engaging and sustainable student experience that builds on the success of our most creative and innovative programs.

The budget also strengthens the excellence of our research, our graduate education and training through opportunities to integrate research more purposefully into our academic mission. It aims to enhance engagement with the local, national, Indigenous and global communities we serve, which allows for greater understanding and consideration of the issues identified as priorities so they can be integrated fully and meaningfully into the work of the academy.

As we emerge from the COVID-19 pandemic, we are optimistic about the future, while continuing to prepare for shifting circumstances and risks. The upcoming academic year will see a focus on intensifying and diversifying international recruitment. Under the current enrolment corridor mandated by the Ministry of Colleges and Universities, McMaster has exceeded the upper limit for our enrolment of domestic undergraduate and graduate students. Therefore, any increases in enrolment will need to be international as these student spaces are not limited by the Ministry's funding cap.

The budget recognizes that demand for McMaster programs remains strong. However, there are risks that may impact the current financial plan. These include changes in government priorities and funding; our ability to attract and retain a diversified international student base; and other legislative changes. We are well-prepared as a university, and we are pursuing additional strategically aligned initiatives intended to broaden our revenues. These include forming new international partnership programs, increased summer use of our campus, new professional graduate programs and a life-long learning focus including micro-credentials.

Ultimately, I hope that McMaster University's 2022/23 budget empowers each of us to further our ambition as we continue to strive for excellence in all we do.

Sincerely,

**Susan Tighe**  
Provost and Vice-President (Academic)

## 5 EXECUTIVE SUMMARY

From Deidre Henne, Assistant Vice-President (Administration) and Chief Financial Officer.

McMaster's operating fund, inclusive of Faculty and support operations, has an ongoing projected surplus of \$43.6 million in 2021/22. However, after strategic and capital investments on a one-time basis the net loss is projected as \$26.4 million. Similarly, in 2022/23 the operating results have a structural surplus of \$40.2 million and a net loss after one-time strategic investments of \$4.7 million.

McMaster's projected consolidated results for 2021/22 are structurally balanced with net surplus across all funds of \$108.1 million after capital and accrual basis adjustments of \$134.9 million. The consolidated budget for 2022/23 is also in a surplus position on an accrual basis of \$137.3 million after capital and other adjustments totaling \$142.3 million.

On a cash basis both the operating fund and the consolidated results are in deficit positions due mainly to capital investments. Adjustments are required to report accrual basis accounting results which translate capital spending into long term assets expensed over capital use periods. McMaster's ability to structurally balance and fund strategic and capital priorities demonstrates prudent financial management instilled by McMaster's transparent budget model that places fiscal accountabilities with area leaders who initiate one-time investments to advance the University mission and vision. McMaster's budget approach continues to serve the University decision making particularly as the pandemic has required substantial one-time investments and limited provincial funding growth opportunities.

In 2022/23 the University continues to advance McMaster's greatest strategic priority the **Global Nexus for Pandemics and Biological Threats** at McMaster's Innovation Park (MIP). McMaster will also progress MIPs major supercluster development initiative providing an additional 2.8 million square feet of new and renovated life sciences and biomanufacturing space. Major initiatives will be mindful of strategic ambitions relative to sustaining McMaster's strong financial credit rating of AA (Stable). Overall capital plans are budgeted to resume at pre-COVID levels with several Faculty driven strategically aligned initiatives.

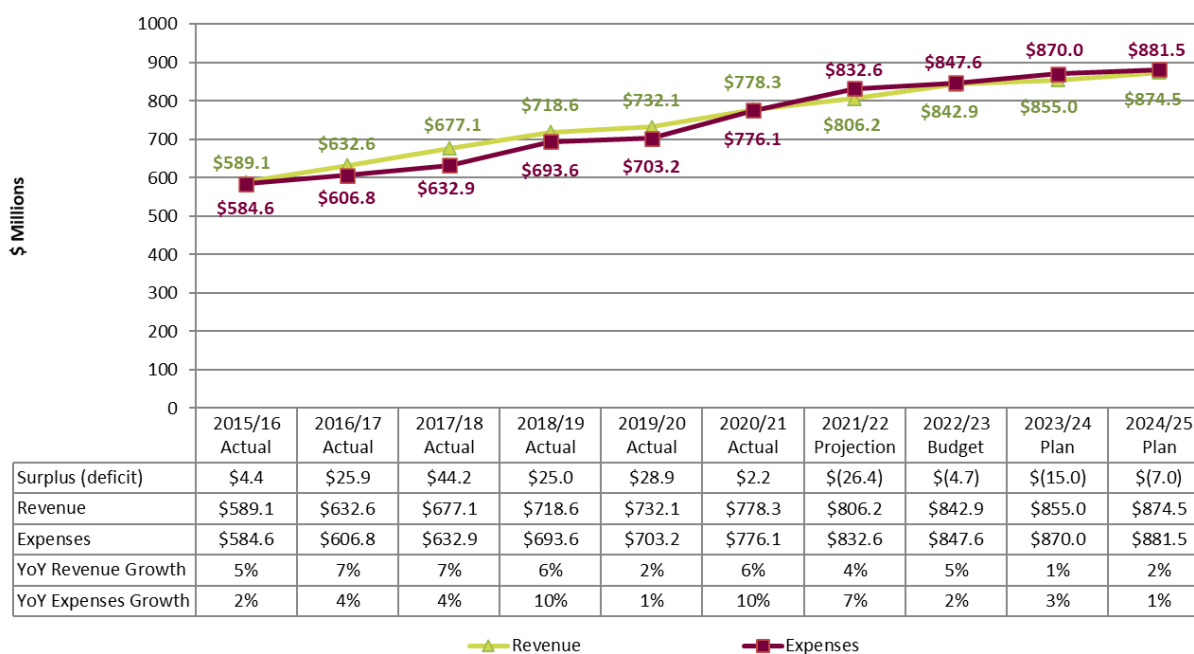
Ancillary operations were hardest hit by pandemic related campus closures and have a 2021/22 projected loss of \$3.4 million with total cumulative losses of \$7.8 million arising over the pandemic period. All ancillaries have planned for the resumption of normal pre-COVID activities fall 2022. In 2022/23 ancillaries have a net budgeted surplus of \$3.3 million, reducing the net deficit to \$4.4 million. Ancillaries, taken together, will fully address the cumulative deficits by 2024/25.

All other funds have sound financial plans to advance McMaster's strategic priorities, including a significant focus projects aligned to the United Nations Sustainable Development Goals.

McMaster's enrolment demand has remained strong despite the pandemic. Global reputation and rankings have continued to assist in attracting the best and brightest students. Overall, McMaster's evidence-based approach to medicine and the advancement of knowledge supporting health and societal issues, including mental-health, remain a key strength to the student-centered research-intensive experience McMaster uniquely offers. This budget and its planning years are supported by McMaster's strength.

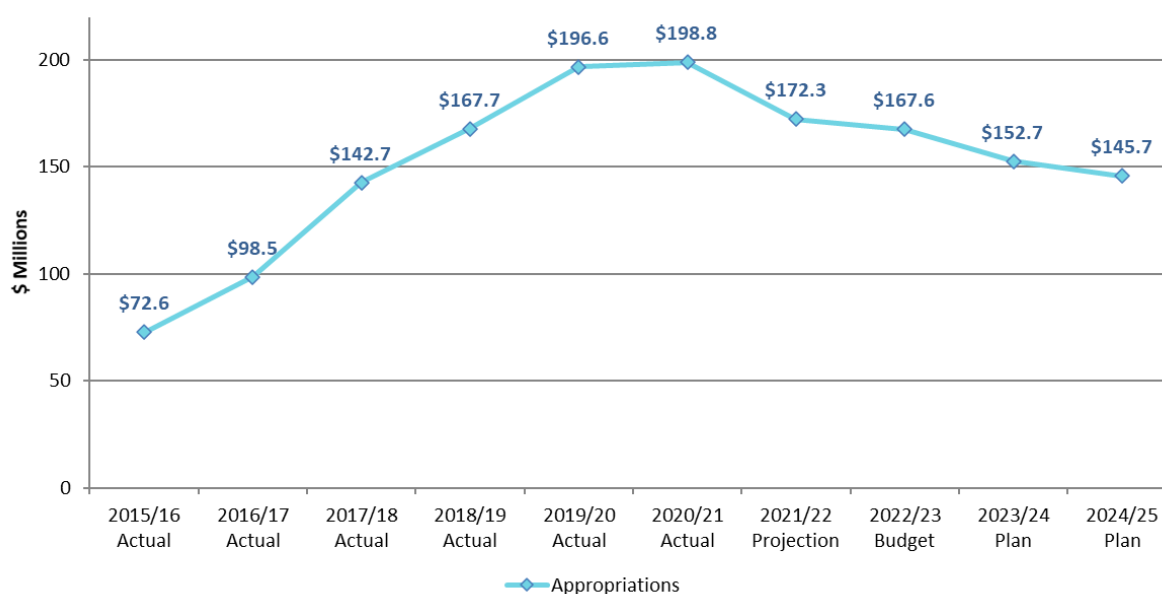
A summary of the University's operating fund net revenues and expenses is shown below in Figure 1. Net operating revenues have historically exceeded expense growth, due mainly to enrolment growth and international student participation increases. The projected trend reduces the net enrolment growth to 0.5% per year, which translates to structurally balanced annually results and a net loss after one-time investments.

Figure 1: Operating Fund Outlook



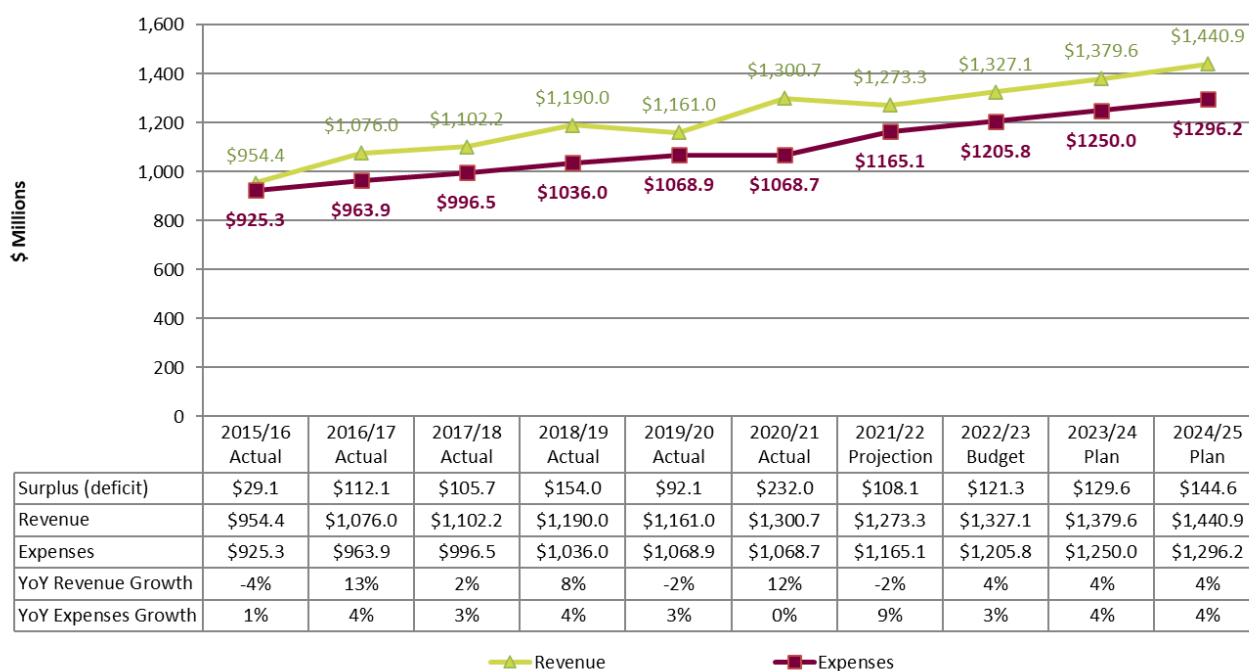
One-time investments in the budget and planning years are supported by McMaster's accumulated appropriations balances reflected in Figure 2 below.

Figure 2: Operating Fund Appropriations



On a consolidated basis net revenues are projected to remain above net expenses on an accrual basis as shown in Figure 3 below. The consolidated results before accrual adjustments are balanced. Accrual adjustments add back annual capital expenditures and amortize assets over useful life periods, as well as, adjust for pension and non-pension year-end market close values.

Figure 3: Consolidated Outlook



## 6 McMASTER'S KEY STRATEGIC HIGHLIGHTS

### 6.1 VISION STATEMENT AND STRATEGIC PLAN

McMaster's vision and strategic plan capture collective aspirations for positive impact serving the global community to advance human and societal health and well-being. Our vision is to use our collective skills, knowledge, and understanding to improve the world, addressing broad issues, including health matters, environmental sustainability, and social justice. The 2021 refreshed vision statement and strategic plan followed a consultative community approach. Five clear institutional priorities emerged that shape strategic spending in the budget and planning in the years ahead.

#### McMaster University's Strategic Priorities

1. **Inclusive Excellence:** aspire to embed an inclusive approach that intentionally engages and respects a diversity of peoples, perspectives, and ways of knowing.
2. **Teaching and Learning:** advance innovations, within and beyond the classroom, and across disciplines and Faculties, to elevate teaching as a professional discipline, and equip students with knowledge and skills to make a transformative global impact.
3. **Research and Scholarship:** the go-to place for world-class collaborative researchers with shared values to work across disciplines, sectors, and borders to develop knowledge, tackle global issues, and advance human understanding.
4. **Engaging Local, National, Indigenous, and Global Communities:** develop and expand our network of longstanding respectful partnerships with communities, partners, research collaborators, and supporters for the benefit of all.
5. **Operational Excellence:** enable operations to support McMaster's vision and aspirations of our community of researchers, scholars, teachers, and learners most effectively.

### 6.2 STRATEGIC MANDATE AGREEMENT

The Strategic Mandate Agreement (SMA) 2021-2025 aligns with McMaster's vision and strategic plan capturing areas of strength, growth, and direction. The SMA is an agreement with the Ministry of Colleges and Universities (MCU) that includes annual performance metrics. The achievement of SMA metrics within acceptable ranges will affect future funding allocations beginning in 2023/24, reflecting a three-year pandemic-related delay. The delay results in operating grant certainty for 2020/21, 2021/22, and 2022/23. Planning years assume SMA targets will be achieved to retain current funding levels, which are materially unchanged from McMaster's 2016/17 grant.

### 6.3 RESEARCH

The Research for a Brighter World strategic plan 2018-2023 guided McMaster's refreshed vision and strategic priorities setting out research objectives to further advance human and societal health and well-being. The research strategy nurtures McMaster's culture of collaboration with hospitals, government, and industry partners; draws upon and advances our dynamic research enterprise; and guides future initiatives of local, national, and global importance. McMaster's focus builds on our strengths ensuring our knowledge reaches those who can put it to its best use, through translation and mobilization, technology transfer, and commercialization.

The pandemic brought sharp focus to the importance of research innovation and interdisciplinary approaches. McMaster is world-renowned for its evidence-based transformative approach to medicine and can deliver positive wide-ranging impact in areas of physical and mental health, pandemic preparedness, Indigenous Ways of Knowing, and advanced manufacturing, to name a few.

A key area of focus for McMaster is the impacts we can make through our research and scholarship, particularly as it relates to the United Nations’ (UN) 17 Sustainable Development Goals. McMaster’s most pressing priority aims to deliver Canada’s **Global Nexus for Pandemics and Biological Threats**, which is a truly interdisciplinary facility engaging all six Faculties and providing undergraduate and graduate learning opportunities to support the next generation of professionals needed to tackle the world’s greatest problems driven by population growth, drug resistance, and more. Nexus provides a path to deliver global impact drawing upon work across labs, libraries, and offices, in collaboration with partners, while growing diversified revenues to further invest in research that tackles key societal challenges.

6.4 CAMPUS MASTER PLAN

McMaster’s campus master plan (2017-2022) guides strategically aligned priority-setting. In 2022/23 a community consultative approach will inform the next five-year outlook. Infrastructure priorities will draw on learnings from the pandemic, and focus on sustainability goals, infrastructure resiliency, carbon neutrality, land reconciliation, and the campus and community interrelationship. Additional supplementary plans are publicly available examining capacity, accessibility, energy, and asset management<sup>1</sup>.

The consolidated budget includes capital priorities informed by academic enrolment and strategic priorities. Capital spending is integrated with budget and multi-year financial projections to assess financing strategies summarized into an annual debt strategy report, which determines whether internal and/or additional external financing is needed. The 2022/23 budget includes \$150 million in additional debt secured June 2021 (see Section 12) to support strategic capital priorities.

6.5 ENTERPRISE RISK MANAGEMENT (ERM)

The Enterprise Risk Management Program involves a collaborative approach to identifying and assessing risks associated with McMaster’s mission, vision, and strategic plan. The Enterprise Risk Steering Committee monitors key risks, mitigation strategies, and residual net risk.

Multi-year financial projections incorporate material risk scenarios associated with government policy, pandemic, climate change and resiliency, financial, and geopolitical risks for discussion with senior leaders and Board governance committees.

This approach reflects an intergrated reporting framework aligned with McMaster’s adoption of the Task Force Recommendations on Climate-Related Financial Disclosures which requires, at minimum, an annual assessment of potentially material climate-related risks.

McMaster’s Key Risks	
Attract Graduate Students	Pandemic
Climate Change & Resiliency	Partnership
Change Readiness	People
Financial	Physical Infrastructure
Geopolitical	Reputation and Brand
Government Policy	Research
Information Availability & Quality	Research Infrastructure
Information Security	Student Experience,
Information Technology	Satisfaction & Retention
Leadership	Undergraduate Student
Mental Wellness	Enrolment

<sup>1</sup> <https://facilities.mcmaster.ca/>



## 7 CONTEXT

### 7.1 COVID-19

The COVID-19 pandemic has impacted normal operations over the last two years. The 2022/23 consolidated budget reflects a hybrid student learning experience that blends online and in person curriculum. An evolving hybrid pedagogical approach has lowered net expenses and received positive interim feedback, while the long-term approach will likely leverage some hybrid opportunities.

Ancillary operations were significantly impacted by the pandemic, with material losses to revenues and deemed essential support for housing, food, and course and lab materials supply. Ancillary operations received temporary rent relief during campus closures and the 2022/23 budget has all ancillaries structurally balanced with deficits incurred during COVID-19 repaid within four years.

### 7.2 FINANCIAL HEALTH POSITION

McMaster's financial health position going into the pandemic was among the strongest in Ontario, with the strongest AA (stable) credit rating shared with only two other university peers. McMaster's enrolment, domestic and international, remained strong throughout the pandemic and prudent financial management to ensure pension, post retirement plans, and infrastructure obligations are funded has served McMaster well. McMaster monitors plans against financial health metrics embedded in policy thresholds to ensure strategic investments do not impair long term financial resiliency.

Financial health strength is not equal across Ontario higher education institutions. Universities with a reliance on inflation-linked tuition and special purpose grants, with low and/or stable international participation, low appropriations, and that are highly debt-financed have struggled far more, with one Ontario university entering creditor protection in 2021. Regardless, McMaster is optimistic that independent credit ratings and strong financial health frameworks can be drawn upon to provide assurance to MCU and other stakeholders in their assessments across universities.

McMaster remains financially resilient, undertaking financial scenario planning of potentially material enterprise risks, and routinely monitoring financial health metrics. McMaster routinely reconciles and reports restricted funds and even though funds are co-mingled across cash and investment holdings, restricted funds remain wholly available for intended purposes.

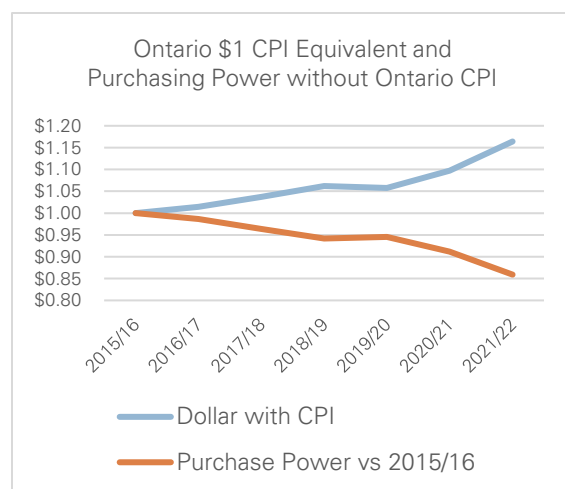
### 7.3 PROVINCIAL FUNDING ENVIRONMENT

#### 7.3.1 PROVINCIAL OPERATING GRANT

McMaster's operating grant includes (i) domestic enrolment-based funding based on weighted grant units, (ii) performance-based SMA metric-linked funding, and (iii) special purpose grants. MCU has delayed SMA metric-linked funding to threshold achievement until 2023/24 due to COVID-19 impacts, however most metrics involve three-year trends and may create difficulties into future years where 2020/21 and 2021/22 results are included in calculations. McMaster continues to report on its SMA results annually. McMaster is preparing scenario-based budget calculations in the event the performance metrics are activated in 2023/24. The budget model is being reviewed for minor refinements as MCU's metric drivers are activated, adjustments relate to research related metrics.

The operating grant has remained frozen without inflation since 2016/17, based on 2015/16 enrolment (25,723 domestic students). Domestic enrolment growth is funded up to a 3% corridor ceiling. McMaster's domestic enrolment is budgeted at 28,993, which is over the funded corridor by 2,500 students resulting in ~\$22 million in unfunded domestic participation.

The frozen operating grant against inflation has meant the \$1 received in 2015/16 today is worth approximately 84 cents based on Ontario's consumer price index.



### 7.3.2 PROVINCIAL TUITION FRAMEWORK

MCU has confirmed the in-province domestic tuition fee framework for 2022/23 is held frozen at 0% inflation, this follows a 10% tuition reduction in 2019/20 and two subsequent years of 0% inflation. Out-of-province domestic tuition fees are eligible for an up to 5% tuition fee increase in 2022/23 (compared to 2021/22 MCU allowed an up to 3% increase). McMaster will adopt this increased framework for undergraduates in 2022/23. The system administration costs to implement out-of-province domestic graduate tuition increases of 5% exceed the revenue benefit and will be reassessed in future years.

An international student participation tax of \$750 per international student enrolled is deducted from McMaster's operating grants and transferred to the Ministry of Finance's general revenues. This tax was introduced in 2014/15 when McMaster's international participation was 8.6% resulting in a \$0.4 million grant reduction. The 2022/23 international participation is budgeted at 17.5% resulting in a \$3.9 million reduction to McMaster's operating grant.

Domestic student enrolment is supported by the combination of domestic tuition plus the provincial operating grants. International student enrolment is supported solely by tuition fees without provincial support.

### 7.3.3 ONTARIO'S A PLAN TO STAY OPEN

On March 29, 2022 the *Pandemic and Preparedness Act, 2022* was proposed, if passed Ontario will focus investments and tuition reimbursement incentives toward increasing Ontario's health resources, including expanding clinical education programs. Ontario's *A Plan to Stay Open* aligns well to McMaster's strengths, vision and strategy.

Ontario will also advance its life sciences strategy focusing on early-stage companies that deliver Ontario-made hospital and/or health system innovations. Additionally, Ontario will leverage manufacturing capacity to invest in personal protective equipment (PPE) stockpiles and other critical supplies and equipment (CSE) for future preparedness.

### 7.3.4 ONTARIO'S LIFE SCIENCES STRATEGY

Ontario's vision is to establish the province as a global biomanufacturing and life sciences hub leading to the development, commercialization, and early adoption of innovative health products and services.

McMaster is well poised to support this strategy with existing strengths in life sciences, biomanufacturing, partnerships with domestic supply chain manufacturers for PPE and CSE, its research seed investments to boost start-ups, and promotion of Ontario made solutions.

McMaster's partnerships with the Province, healthcare systems, industry, and its commitment toward delivering Canada's **Global Nexus for Pandemics and Biological Threats** supports Ontario's vision. Further, the McMaster Innovation Park is progressing plans to deliver an additional 2.8 million built square feet in research commercialization and biomanufacturing infrastructure aligned with delivering on McMaster's societal health and Ontario's life sciences strategy.

## 7.4 FEDERAL BUDGET HIGHLIGHTS

The 2022 Federal Budget have several post-secondary support implications with key highlights focused on pandemic and public health, developing a national emergency stockpile, research support for net-zero emissions transition and low-carbon solutions, nuclear energy and small modular reactors, accessibility scholarships targets to Black student researchers, and accelerated innovations in brain health and aging. Additional investments include innovation superclusters to expand national presence on key government priorities, such as climate change, supply chain disruption, and lab-to-market intellectual property platforms for graduate students and researchers, and other commercialization opportunities.

The Federal budget also has a focus on talent, reviewing and investing in attracting more leading researchers through Canada Excellence Research Chairs and expanding the Foreign Credential Recognition Program.

## 7.5 RESEARCH FUNDING

McMaster is well-positioned to advance the federal and provincial government's efforts to strengthen Canada's life sciences and biomanufacturing capacity. The McMaster Innovation Park (MIP) has secured a new anchor tenant OmniaBio, a commercialization spin-out of the Centre for Commercialization of Regenerative Medicine (CCRM), a leader in developing and commercializing regenerative medicine-based technologies and cell and gene therapies. In addition, MIP is working with developers to provide an additional 2.8 million build square feet of commercialization space aligned to support McMaster, Ontario, and Federal strategies focused on life sciences and biotechnology.

McMaster's research programs in nuclear science and engineering (across automotive, aerospace, and agriculture sectors), as well as the Net Zero Accelerator program supports the Federal government's green transition plans that focus on net-zero, nuclear clean energy alternatives, and climate change solutions.

While McMaster is poised to advance national priorities in several areas, the greatest priority remains advancing **Global Nexus** as antimicrobial resistance among populations grows and the risk of future pandemics threatens societal health and global economic systems.

## 7.6 CITY OF HAMILTON AND ECONOMIC DEVELOPMENT

McMaster's activities drive over \$9.2 billion in economic impact each year. Much of this impact occurs locally as one of the largest employers in Hamilton and attracting over 34,000 undergraduate and graduate students to its campus each year. McMaster's operations consume over \$100 million in

supplies each year in addition to annual capital investments ranging from \$100 to \$150 million per year. With such deep impact on the community McMaster recognize the critical importance of working together with the surrounding communities and the City of Hamilton and other jurisdictional partners when developing strategies and acting on its priorities.

Housing plans have not kept pace with enrolment growth and McMaster has partnered with private developers to enable two additional residence projects. In 2022/23, the Main Street West undergraduate residence will launch offering an additional 1,440 residence beds when opened. Further, the graduate residence at 10 Bay Street will progress near completion providing 560 residence beds downtown next to the David Braley Health Sciences Centre. McMaster will continue to assess residence needs and work proactively with neighbourhood community associations and local councilors to share plans on effective housing strategies where community neighbours, students, staff, and faculty co-reside.

## 7.7 OTHER KEY REVENUE AND EXPENSE CONSIDERATIONS

### 7.7.1 INVESTMENT RETURNS

McMaster performance objective is to achieve 5.0% returns after inflation, the budget is 5.6% returns based on historical trends. For each 1% return difference to budget there is a \$8.2 million impact to the surplus/deficit. Investments follow the United Nations' Principles for Responsible Investing which promotes accelerated decarbonization strategies toward net zero carbon emission investment portfolios.

McMaster achieved its inaugural decarbonization strategy to reduce weighted average carbon emissions<sup>2</sup> by 45% by 2030 (compared to the April 30, 2018 baseline measure). The investment pool lowered its carbon measure by over 50% at April 30, 2021 and is now targeting accelerated decarbonization plans to reduce weighted average carbon emissions by 65% by 2025 and 75% by 2030, with the rest (net-zero) as soon as possible thereafter for the investment pool.

Companies held align with globally accepted carbon reduction strategies and energy transition timelines supported by the United Nations, this will include some direct and pooled fossil fuel assets. Clean technology investments reflect ~24% of the investment pool and are planned to grow over the 2022/23 budget cycle. Clean technology investments include energy efficiency, alternative energy, sustainable water, pollution prevention, and green buildings.

McMaster administers salaried pension plan assets of over \$2.5 billion with performance objectives to outperform benchmark and a decarbonization strategy to reduce weighted carbon intensity by 30% by 2030 (compared to the June 30, 2019 measure). Finally, McMaster administers the hourly pension plan assets of over \$70 million and its carbon baseline measure is planned for 2022/23.

### 7.7.2 INFLATIONARY IMPACTS

Canada inflation has hit record 30-year highs driven by pandemic supply and demand, labour market shortages, foreign investment, and more. Most revenue sources are frozen or deflationary affecting

<sup>2</sup> As defined by the globally accepted Task force recommendations for Climate-related Financial Disclosures (TCFD) the weighted average carbon intensity is greenhouse gas emissions converted to carbon dioxide (CO<sub>2</sub>) and reflected as CO<sub>2</sub> tons emitted per \$1 million invested (written as CO<sub>2</sub>e/\$1M)

inflationary funding decisions. The consumer price index inflation for Ontario approximated 6.1% in fiscal 2021/22 to February close. To address inflation the Bank of Canada has raised interest rates twice in 2022 to 1%, up 0.75% over prior year.

Inflation creates compensation pressure to keep pace while constrained by three-year pay moderation period required by Bill-124 limiting increases to 1% per year. Employee groups are aligned with pay moderation requirements at the expense of several job opportunities going unfilled straining existing staff.

Supplies and equipment inflation has been defrayed by the MacBuy (contract buying) initiative that has delivered over \$30 million in savings to date. Library inflation exceeds 5% per year impacting purchasing decisions in recent years with a library budget review underway in 2022 to explore solutions.

Utility prices are volatile with electricity rates affected by the Global Adjustment for provincial infrastructure and changes to the market. Options are being explored to mitigate projected electricity inflation, however pandemic-driven closures will deliver a 2021/22 budget surplus. McMaster's peak shaver project will reduce net energy costs while an electric boilers project will reduce future campus carbon emissions and assist in mitigating co-generation fuel needs.

The Raw Materials Price index rose 29.8% year over year. Increases in the costs to construct are driven by metal fabrication prices and concrete elements (including steel reinforcement). Higher costs are also attributed to rising labour costs resulting from skilled labour shortages.

### 7.7.3 CURRENCY EXCHANGE RATES

McMaster's imported goods and services are mainly in US dollars (USD). The Canadian dollar has fluctuated in value, from trading at par in January 2013 to \$0.80 USD at end of March 2022. To mitigate the financial impacts of currency exchange Financial Affairs retains USD deposits to settle USD expenditures minimizing exchange risk. Deposit accounting for research projects or departmental accounts in USD are given the Canadian equivalent using a daily exchange rate. For some areas, such as the library expenditures, the exchange rate is fixed at \$1.25 CDN for \$1 USD supporting cost certainty to the unit.

Among other economic factors, the direction of the Canadian dollar will be impacted by the level of interest rates in Canada relative to the US. As the global economy improves, or if the US Federal Reserve raises interest rates at a faster pace than the Bank of Canada, the Canadian dollar is expected to weaken.

### 7.7.4 FACULTY RENEWAL

The Faculty renewal plans aim to increase the faculty complement over 2021/22 to 2023/24 by 15% to address enrolment growth and additional programming. Initiatives are in process, EDI strategy aligned, with a focus on tenure-track and teaching-track appointments. Interest in teaching-track appointments is to address teaching demands and enable other research-focused appointments.

### 7.7.5 PENSION PLANS

McMaster University maintains salaried and hourly defined benefit (DB) plans and group Registered Retirement Savings Plan (RRSP) pension plans for full-time employees. The DB valuations measure

going concern pension assets, a provision for adverse deviation, and liabilities to determine annual funding requirements. Interest rates, demographic changes, funding rules, and valuation timing create measurement fluctuations. Budgeted benefit rates are set annually using a ten-year actuarial outlook to smooth fluctuations.

The employer's DB pension costs are allocated to departments as 125% of employee contributions for 2022/23 and planning years, which is adequate based on projections. The Ontario Pension Benefits Act (PBA) requires actuarial valuations no later than every three years. The Salaried Plans were measured on July 1, 2021, with the next required filing date on July 1, 2024. The smaller Hourly Plan was measured on January 1, 2020, with the next filing date planned on July 1, 2022.

The DB plans include a solvency ratio<sup>3</sup> measurement requiring an over 85% funded ratio. Based on solvency measures the plans do not require special solvency payments. Pension ratios are monitored quarterly with actions taken to maintain solvency ratios above 85% and transfer ratios above 90%.

**Table 1: Pension Plan Status**

\$ millions	Plan 2000		Hourly Plan	
	Valuation date		Valuation date	
	July 1, 2021		January 1, 2020	
Going concern surplus (deficit)	\$	128.2	\$	3.0
Solvency surplus (deficit)	\$	(147.6)	\$	(8.1)
Solvency ratio		102%		90%

### 7.7.6 NON-PENSION OBLIGATIONS

McMaster offers non-pension retirement benefits (PRB) including extended health, dental and life insurance for several full-time employees. In 2011/12, the University worked with its actuaries to quantify the impact of plan changes on the unfunded liability<sup>4</sup>. Since that time, employee groups agreed to changes to mitigate liability growth and management has developed a funding plan.

The funding reserve approximated 1% of the funding requirements in 2011/12, ten years later 2020/21 the reserve has 70% of the projected costs funded. The plan is projected to be fully funded by 2030. The PRB funding base allocation reduced from \$7.9 million to \$5.0 million in 2022/23.

### 7.7.7 ASSET MANAGEMENT AND MAINTENANCE

Many of McMaster's buildings are over 50 years old, the deferred maintenance backlog is estimated at \$724.52 million. The 2022/23 deferred maintenance and facility renewal program budget is \$16.97 million, which includes operating funds of \$10.7 million, \$5.06 million from MCU, \$0.87 million in emergency fund, and \$0.34 million for Campus Accessibility upgrades. Additionally, residence deferred maintenance is funded by Housing and Conference Services (HCS) with approximately \$3 million set aside for deferred maintenance for 2022/23.

<sup>3</sup> Solvency basis refers to the pension plan asset and liability gap measurement methodology whereby the key assumption is that the University will cease to continue operating and must immediately settle pension obligations.

<sup>4</sup> As of April 30, 2021, non-pension obligations are estimated at \$287.3 million, with reserves of \$193.5 million.

Based on current funding sources, the backlog of critical priorities is forecast to decrease 6% over the next ten years. Within HSC, the Bates residence will require the most substantial investment and retrofit over future years.



## 8 BUDGET CREATION

### 8.1 ACCOUNTABILITY

The effective management of the budget is a responsibility of the President assigned by the Board of Governors and defined in the 1976 McMaster University Act. The University's budgets are prepared on a modified cash basis and pursuant to the concepts of fund accounting. Fund accounting enhances accountability and budgetary control by assuring that restricted grants and contributions are segregated to designated funds and spent for the purposes intended.

The President delegates budget accountability to the Budget Committee, a sub-committee of the University Planning Committee, to oversee the development of budgets for both the operating and ancillary funds. The operating and ancillary funds together account for two thirds of McMaster's annual expenditures. The Budget Committee recommends the annual budget to the President. In addition, specifically externally funded programs, such as those funded by the Ministry of Health and Long-Term Care, are included in each envelope's submission to the Budget Committee. The funds not overseen by the Budget Committee have restricted uses and other governance and/or committee oversight.

### 8.2 BUDGETING PRINCIPLES

The 2022/23 budget and following two-year plans are developed using principles and priorities aligned to our refreshed vision and strategic priorities and embedded in the Strategic Mandate Agreement:

- The academic and research mission of the University is foremost in the development of budget guidelines for envelope managers. This includes student experience and support.
- Revenue must be strategically allocated in support of the University mission.
- Ongoing and one-time costs need to be identified to develop a clear picture of McMaster's overall financial position.
- Envelopes must be structurally balanced within each Vice-President's area of responsibility, with ongoing expenditures less than or equal to ongoing revenues.

Allocations of funding to priorities are decided using a process that is strategic, fair, and equitable across the University, and avoids a piecemeal approach.

### 8.3 BUDGET DESIGN

Separate funds are set up for activities, with each fund comprised of its own revenue and expenses. The following funds are used:

1. **Operating Fund:** Unrestricted general revenues and expenses that are directly related to the mission of the University, education and activities supporting research (i.e. not restricted by an agreement or contract). The Board of Governors has approved a policy of permitting envelopes to carry forward unexpended budgets into the subsequent fiscal year.

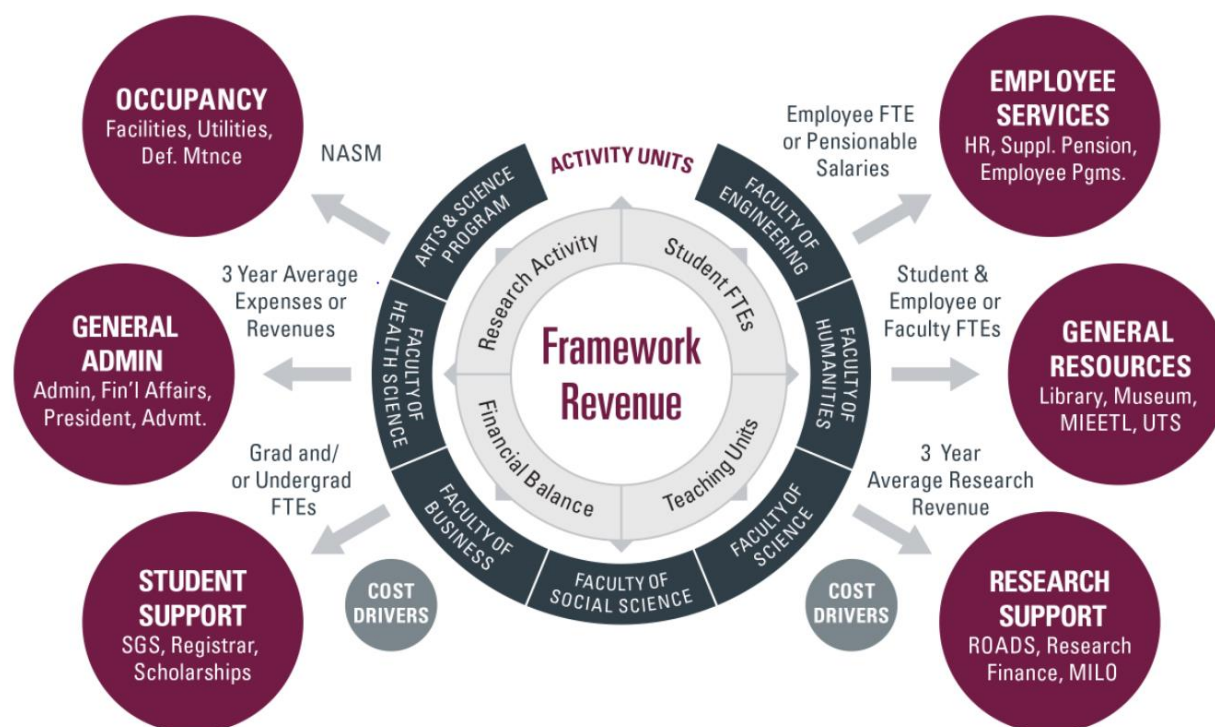
2. **Research Funds:** Research-related funds externally restricted by an agreement or contract for specific research purposes. The use of these funds is restricted by the donor or granting agency.
3. **Capital Fund:** Funding and expenditures for capital projects.
4. **External Endowments:** Donations or bequests received by the University that have a non-expendable requirement as well as other legal requirements for use as agreed upon by the donor and the University.
5. **Internal Endowments:** Unrestricted donations and bequests, and other monies which have been endowed by action of the Board of Governors.
6. **Ancillary Fund:** Sales of goods and services by departments that are defined as being supplementary to the University's primary operating activities of education and research. Such sales may be made to the University community and/or to external clients. Ancillary operations are self-sustaining.
7. **Specifically Funded:** Funding provided by an external entity, restricted by an agreement outlining expenditure of the funds and a requirement to return unspent funds at the end of the term.

## 8.4 BUDGET MODEL

To allocate Operating Fund resources, McMaster uses a hybrid between a full activity-based model and an incremental model. Implemented in 2014/15, the model aims to strike a balance between providing transparent activity-based funding to the Faculties while maintaining financial flexibility to address strategic goals. Funding to support units is fixed aside from salary inflation where any further incremental allocations are annual decisions based on funding availability and unit-level requests considered a priority. Support unit funding does not increase with changes to enrolment or research.

The figure (4) below identifies sources of revenues in the center allocated to activity units (Faculties) based on enrolment, teaching, or other drivers. Further, six expense types are identified and allocated to the Faculties based on volume, space, utilization or average revenue or expense drivers.

Figure 4: Operating Fund Budget Model Revenue Streams



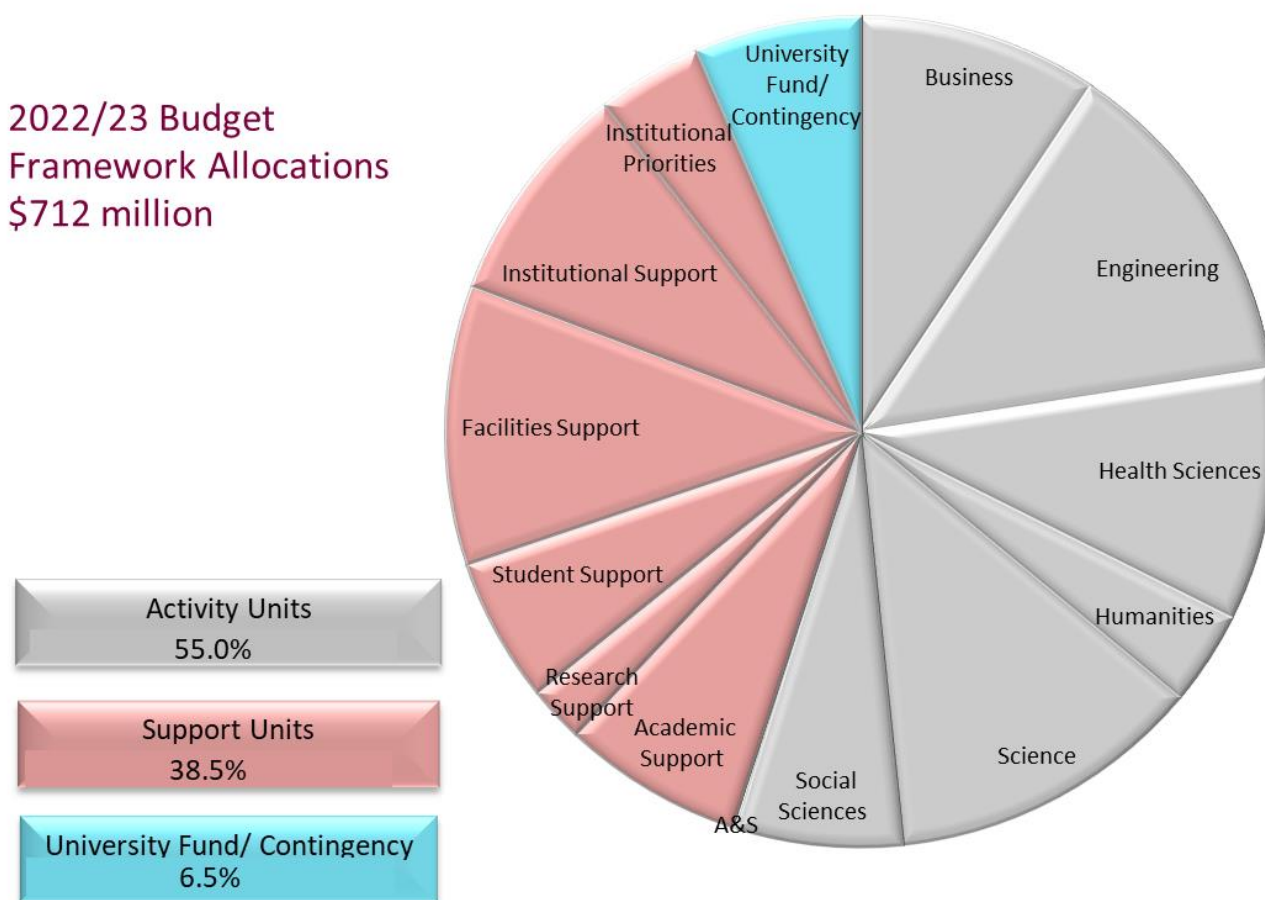
The model mostly matches provincial funding flows. However, two strategic envelopes are created as a percentage of Operating Fund revenue: i) the Research Discretionary Fund to be used by the Vice-President (Research) for strategic research initiatives, and ii) the University Fund to be allocated by the Provost to support the University's mission, vision, and strategic priorities.

Recognizing that the indirect costs of research are not fully covered by overhead revenue, the Research Infrastructure Fund and Research Excellence Fund redistribute a portion of revenues to support the most research-intensive Faculties. Additionally, occupancy costs are charged out to a research host Faculty using an overall average cost per square meter without distinction to the higher cost of research labs.

After all revenue allocations are made to the Faculties and strategic funds, allocations of central support unit costs are charged to Faculties based on cost drivers, for example Human Resources costs are charged out based on employee full-time equivalents.

All Faculties or activity unit allocations are adjusted based on actual revenues and cost driver results after year-end.

Figure 5: Operating Fund 2022/23 Budget Framework Allocations by Area

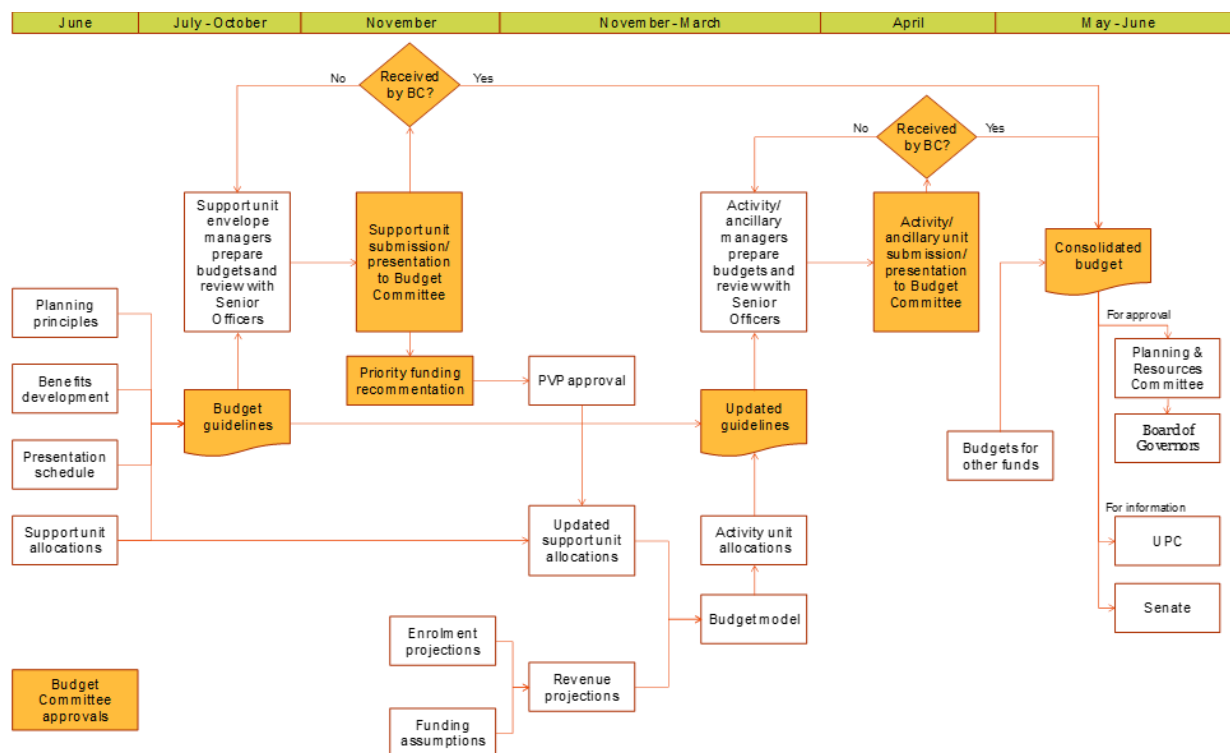


The budget approach has been continually assessed and evaluated both internally and externally, the latter involving the sharing of best practices with other Canadian and U.S. universities, as well as participating in research undertaken by the Education Advisory Board.

Review feedback and ongoing input and analysis has resulted in some changes to the budget to either address concerns or enhance incentives aligned to strategic priorities. The budget adjustments mostly alter values of the parameters and not the underlying principles. The last full budget model review occurred in 2017. In 2022, the Provost initiated a budget review due to impending SMA metric linked funding. The current review draws on the budget principles and 2017 review. Some refinements to the budget model in future years may be introduced to ensure incentives are optimally aligned to support McMaster's academic and research mission. Additional information on the budget model currently in place at McMaster is available at <https://provost.mcmaster.ca/budget-planning/>

## 8.5 BUDGET CYCLE

Figure 6: Budget Cycle



**June:** The budget cycle for the Operating Fund and Specifically Funded Programs begins as the Budget Committee reviews and approves the assumptions and guidelines that will apply to all units across the University. Submissions include a projection for the current year, budget for next year, and plans for the following two years. The Budget Committee requests the submissions on a standard template, identifying:

- Strategic objectives and their relationship to the vision and the Strategic Mandate Agreement
- Key metrics and benchmarks, including enrolment trends, ratio of students to faculty, staffing levels, and space requirements
- New initiatives and cost pressures, the actions taken to achieve a balanced budget, effects on the University community, and the related risks
- All one-time costs and the related funding sources
- Capital and/or renovation plans, including funding sources or internal financing capacity

Benefit rates are set to cover statutory deductions, pension costs, post-retirement benefits, and other benefit costs associated with employer plans offered to employee groups. Assumptions for salary and wage increases by employee group are reviewed, incorporating information from collective agreements.

**July to October:** Budget allocations to activity units follow both the total level of funding and the allocations made to support units. The budget cycle is divided into two stages, with support units preparing their budgets first from July through October, so that any funding for any recommended priorities may be incorporated into the activity unit allocations.

**November:** Support units present budgets during a three-day Budget Committee conference, attended by additional guests including the Vice-Presidents, Faculty Deans and Directors of Faculty Administration. This allows the Faculty or activity unit leaders to consider and comment on the budget priorities and expenditures of all support units before the Budget Committee votes to receive each budget.

While receiving budget submissions, the Budget Committee identifies unfunded priorities and potentially unacceptable cost-cutting actions. The Committee explicitly prioritizes these items for review by the President, recommending some for funding. In consultation with the Vice-Presidents, as many of these important items as possible are funded.

**November to March:** Activity units begin budget preparation. Reasonable estimates of future enrolment and revenues based on provincial regulations, strategic objectives, historical demand, and other commitments are prepared. The activity unit allocations are updated in the budget model using the revenue estimates and the final support unit allocations, and the Operating Fund Guidelines are released with the updated allocations.

Ancillaries are self-funded and not dependent on support unit allocations, but may use enrolment assumptions in their revenue estimates. Ancillary Fund Guidelines are issued using the same salary and benefit cost assumptions as the Operating Fund, including rent charges and amounts to be contributed to the Operating Fund.

**April:** Activity units and ancillaries present their budgets during a two-day Budget Committee conference, attended by additional guests including the Vice-Presidents, Faculty Deans and Directors of Faculty Administration. The Budget Committee votes to receive each budget and reviews the final total.

Budgeted consolidated financial statements are prepared incorporating plans for the remaining funds. To finalize the budget, senior management reviews the financial position over the three-year planning horizon and makes adjustments, where necessary, to ensure reasonableness of the consolidated position and continued financial sustainability while promoting the academic mission.

**May to June:** The budget is presented to the University Planning Committee and the Senate for information and comment before presentation to the Planning and Resources Committee and Board of Governors for approval.

## 8.6 REVENUE ASSUMPTIONS

### 8.6.1 ENROLMENT

McMaster's domestic enrolment is above the funded corridor and objectives aim to bring this over-enrolment down in the budget and planning years. International enrolment continues to surpass prior year targets despite sector-wide declines in international applications for 2022/23.

The undergraduate enrolment projection model uses the Enrolment Management Team's level 1 targets to forecast each Faculty's annual intake. For movement between levels 2 and above, within each Faculty and between Faculties, the model applies a flow-through methodology that incorporates each Faculty's historical three-year transition rate.

To project graduate enrolment, since no level 1 intake targets are set at the graduate level, the graduate enrolment projection model is a flow-through model based on the following two elements:

- Each Faculty's historical level 1 intake unless a specific target was provided by a program.
- The transition probabilities of students from levels 2 and above. Like the undergraduate projection, for movement between levels 2 and above within each Faculty, the graduate model applies a flow-through methodology that incorporates each Faculty's historical three-year transition rate, adjusted for mid-year graduation rates.

For both undergraduate and graduate enrolment projection models, actual enrolment data at the student level are used to simulate the projections. The projection data includes FTEs, headcount and WGU counts by Faculty, level, registration status, immigration status, and fee category.

**Table 2: Enrolment Assumptions**

		2021/22 Budget	2021/22 Projection	2022/23 Budget	2023/24 Plan	2024/25 Plan
Undergraduate FTEs	Domestic	26,264 +1.5%	25,861 -0.8%	25,835 -0.1%	25,217 -2.4%	24,559 -2.6%
	International	4,451 +6.0%	4,728 +9.3%	4,774 +1.0%	4,842 +1.4%	4,907 +1.4%
	Total	30,715 +2.1%	30,833 +1.5%	30,609 -0.7%	30,059 -1.8%	29,466 -2.0%
Graduate FTEs	Domestic	3,306 +2.7%	3,128 -2.8%	3,317 +6.0%	3,347 +0.9%	3,359 +0.4%
	International	1,145 +2.8%	1,365 +22.6%	1,358 -0.6%	1,367 +0.6%	1,384 +1.3%
	Total	4,451 +2.7%	4,606 +6.3%	4,675 +1.5%	4,714 +0.8%	4,743 +0.6%

## 8.6.2 TUITION RATES

The domestic in-province tuition rate increase is budgeted as flat (0%), with a budgeted 3% inflation for out-of-province domestic undergraduate students. Out-of-province increases of up to 5% have been announced and will be initiated causing an immaterial favourable variance to the initial budget.

International tuition rates include market inflation and demand considerations. The 2022/23 rates are budgeted to increase by 10% per year for level 1 and 6% for level 2 and above, with exceptions to specific programs. Beginning in 2023/24, international rates are assumed to increased by 6% for level 1 and 4% for level 2 and above. Note that international PhD tuition will mirror that of the domestic PhD in accordance with McMaster's decision to harmonize the international and domestic PhD tuition starting 2018/19 (Table 3).



Table 3: Tuition Rate Assumptions

			2021/22 Budget		2021/22 Projection		2022/23 Budget		2023/24 Plan		2024/25 Plan	
			Level 1	Level 2 +	Level 1	Level 2 +	Level 1	Level 2 +	Level 1	Level 2 +	Level 1	Level 2 +
Domestic - Ontario	Undergraduate	Arts & Science or other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Professional	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Graduate	Research (with thesis component)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Professional (course work only)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Domestic - Out of province	Undergraduate	Arts & Science or other	3%	0%	3%	3%	3%	3%	3%	3%	3%	3%
		Professional	3%	0%	3%	3%	3%	3%	3%	3%	3%	3%
	Graduate	Research (with thesis component)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Professional (course work only)	3%	0%	3%	3%	3%	3%	3%	3%	3%	3%
International	Undergraduate	Arts & Science or other	10%	6%	10%	6%	10%	6%	6%	4%	6%	4%
		Professional	10%	6%	10%	6%	10%	6%	6%	4%	6%	4%
	Graduate	Research (with thesis component)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Professional (course work only)	10%	6%	10%	6%	10%	6%	6%	4%	6%	4%

### 8.6.3 OPERATING GRANTS

Operating grants are held flat with adjustments for graduate expansion achieved in 2019/20. Despite fixed grant figures for 2022/23 a net decline in the operating grant is budgeted to account for the incremental \$750 per international student tax charged to universities.

Table 4: Operating Grant Assumptions

		2021/22 Budget	2021/22 Projection	2022/23 Budget	2023/24 Plan	2024/25 Plan
Core Operating Grant (COG)		\$2,017/WGU based on WGU midpoint 2019/20	\$2,017/WGU based on WGU midpoint 2019/20	\$1,693/WGU based on WGU midpoint 2019/20	\$1,358/WGU based on WGU midpoint 2019/20	\$1,191/WGU based on WGU midpoint 2019/20
Differentiation Grant	Performance Based*	Up to 35% of Total Operating Grants	Up to 35% of Total Operating Grants	Up to 45% of Total Operating Grants	Up to 10% of Total Operating Grants	Up to 25% of Total Operating Grants
	Other DE	Remaining funds from the result of reduced WGU value in excess of 35%	Remaining funds from the result of reduced WGU value in excess of 35%	Remaining funds from the result of reduced WGU value in excess of 45%	Remaining funds from the result of reduced WGU value in excess of 10%	Remaining funds from the result of reduced WGU value in excess of 25%
International student reduction		Flat	Flat	Flat	Flat	Flat

\* Funding was moved into the performance based funding grant, but linking the funding to the performance metrics has been delayed until at least 2023/24

Metric-linked performance funding allocations are delayed until 2023/24. While the differentiation funding as a percentage of total operating grants grows incrementally each year to approximately 60% by 2024/25, the performance based funding portion will now only form 25% of total operating grants. Metrics involving three-year historical trends will continue to be impacted beyond the current SMA which may affect MCU's actual metric activation timing.

## 8.7 ACTIONS TAKEN TO ACHIEVE THE STRATEGIC PLAN

McMaster's community has budgeted initiatives to support and achieve the strategic plan priorities. Investments to advance McMaster are funded from current revenues and appropriations<sup>5</sup>. New initiatives are either funded from appropriations or a request is made to the Budget Committee to fund priority items. Most strategic initiatives are identified in the sections that follow by strategic plan priority. Further, the 2022/23 budget includes additional priority allocations to:

- The McMaster Okanagan Committee
- The Sustainability Office
- International student recruitment and enhanced support services to international students

<sup>5</sup> Appropriations are the accumulated surpluses or deficits from prior years, also known as reserves. In accordance with the Operating and Ancillary Budgets Policy, these balances are carried forward to future years. Surplus appropriations may be used to provide funds to offset one-time spending and investments in deficit-reducing strategies. Envelope managers must present plans to eliminate deficit appropriations with their budget submissions.

- Further support for the Archway program (online student community initiative)
- Graduate scholarship funding
- Increased ventilation energy costs and filter changing
- Research administration support
- Human Resources strategic implementation initiatives
- IT investments in cyber security, licensing, and relationship management tools
- Branding and marketing

In addition to the above, smaller base or one-time investments have been made in the 2022/23 budget and planning years to support the strategic plan with a series of administrative support reviews and benchmarking activities, including UniForum. UniForum is a global benchmarking initiative to understand academic and administrative support efficiency involving 40 participating post-secondary institutions worldwide – 16 universities in Australia and New Zealand, 16 in the United Kingdom and 8 others in Canada.

### 8.7.1 INCLUSIVE EXCELLENCE

Key initiatives affecting the diversity of peoples, perspectives, knowledges, and ways of knowing, in the budget year are:

#### Equity Diversity and Inclusion:

- Equity Diversity and Inclusion (EDI) Advisory Committees embedded across departments.
- Implementation of the Triennial review of the University Aid & Awards policy to strengthen EDI in the creation and distribution of awards.
- Promote integrated Student Diversity Census and develop a communication plan and campaign to increase the response rate.
- Incorporate EDI workshops into ongoing educator development programming.

#### Black Lives Matter:

- Black Student Success Centre launched as a safe space where students can meet, share, socialize, and access specialized supports and services.
- Athletics and Recreation Black students and staff inclusion initiatives.
- School of Rehabilitation Science Black equity inclusion focus.

#### Indigenous Reconciliation:

- Faculty of Engineering Indigenous outreach community of practice.
- Faculty of Health Sciences departments developing partnerships with the Faculty's Indigenous Health Learning Lodge.
- Conversion of the Indigenous Studies Program into an academic department, expansion of the undergraduate Indigenous Studies Program, and the development of a graduate program in Indigenous Studies.

- McMaster Indigenous Research Institute (MIRI) visioning with Indigenous faculty, staff, students, community members and stakeholders to rejuvenate MIRI's mission and priorities.
- Indigenous Student Services (ISS) to increase McMaster as a university of choice for Indigenous learners and improving Indigenous student experience and success approaches.
- Curriculum reform to increase presence of scholars and scholarship from equity-deserving and Indigenous peoples.
- Design and implementation of Indigenous knowledge stewardship strategy in partnership with Indigenous health leaders on campus and the community.

#### Other underrepresented peoples:

- Afghani scholar-at-risk employment initiative.
- Implementation of Mental Health Task Force recommendations.
- The Student Urgent Response Team (SURT) to address sensitivities related to Security responses to mental health calls on campus.
- Expand the Campus Accessible Tech Space (CATS) lab to improve technology support for students with disabilities.
- Advancement of priorities within the Campus Accessibility Action Plan (CAAP).
- Finalize McMaster Building Standards and contractor direction on accessibility standards.
- BIPOC (Black, Indigenous, and People of Colour) Cultural Administrators Mentorship Program at McMaster Museum of Art, first of its kind in the Canadian cultural sector.

### 8.7.2 TEACHING AND LEARNING

Innovation in teaching and learning excellence will help McMaster to maintain high student demand for programs. Key initiatives include:

#### Expansion or Revised Programs:

- School of Nursing expansion of 50 accelerated stream students to support the Ministry of Health (MOH) capacity mandate with growth in graduates by spring 2023.
- Faculty of Health Sciences Biochemistry undergraduate program transition from Faculty of Science.
- Faculty of Engineering combine Levels 2 and 3 to encourage design thinking, creativity, reflection, and integrated learning called The Pivot, including capital renovations for interdisciplinary, open-design, multi-floor teaching, research and innovation hub.
- Expansion of the ultrasound training program in partnership with Mohawk College to physicians in practice and other areas of Medicine.
- The McLean Centre for Collaborative Discovery curriculum changes to ensure students learn from, and with, other students, across Faculties, and with community partners through discovery-based learning "hubs" or "labs".
- Commerce curriculum redesign to emphasize cross-disciplinary, project-based learning. The curriculum needs to be in place for Fall 2024 when McLean Centre is ready for occupancy.
- Curricular revisions to the Global Peace and Social Justice BA and Gender and Social Justice minor supported by the allocation of new teaching resources.

**Introduction of new programs:**

- Faculties of Engineering and Humanities, with the Office of Community Engagement, are developing a new interdisciplinary undergraduate program, Bachelor of Arts and Technology.
- Humanities and Rehabilitation Interdisciplinary undergraduate degree.
- Faculties of Social Sciences and Health Sciences new Master's of Mental Health.
- Indigenous Studies graduate program development.
- New Integrated Arts (iArts) undergraduate program, replacing three existing programs, offers students the chance to learn across disciplinary boundaries.
- Health Physics will work with the Physics & Astronomy department to develop an Occupational Health Physics Masters programme and support development of 2 graduate level courses.
- Planning for programming and implementing of the Marnix E. Heersink School of Biomedical Innovation and Entrepreneurship.
- Develop learning resources to support "transferable" research skills training of PhD (including skills assessment, individual develop plan, self-paced learning, mentoring protocols and upskilling for supervisors) in partnership with The/La Collaborative.

**Other support initiatives:**

- Student Activities and Fitness Expansion project completion providing 100,000 square feet of fitness, study, event, lounge, prayer and meeting space.
- Library content integration with curriculum online modules, videos, blogs, Virtual Reality, etc.
- Continuing to enhance remote teaching supports in order to be responsive to the unique needs of the Faculties and instructors.
- Development of a course outline portal with goals of creating consistent course outlines in line with University policies, creating efficiencies students and support for instructors.

### 8.7.3 RESEARCH AND SCHOLARSHIP

McMaster's commitment to world-class research and interdisciplinary collaboration is one of the key differentiating factors contributing to its global reputation. Key initiatives the advance the Brighter World Research Initiatives include:

**Global Nexus for Pandemics and Biological Threats and Life Sciences Ecosystem Development:**

- University and McMaster Innovation Park (MIP) academic and research program planning and capital development initiative.
- Application to the Canada First Research Excellence Fund (CFREF) to support Nexus team.
- Central Animal Facility renovation plan and expanded facilities funding application to support MIP and Nexus research.
- Research commercialization of McMaster research spin-off companies' campus relocations into expanded, renovated, and new facilities at MIP.
- MIP development initiative to deliver an additional 2.8 million build square feet of life sciences and biomanufacturing ecosystem and innovation hub.

**Research expansions:**

- Expand Health Sciences Library virtual support services for research units and institutes in response to growing demand from health researchers from all Faculties.
- Global Science Initiative.

#### Research establishments:

- Establishment of a Pasteur Centre in Hamilton.
- Establishment of a joint research, educational and clinical MRI program in partnership with Mohawk College.
- Centre of Digital Society and Centre for Advanced Research in Mental Health and Society.
- Canada Foundation for Innovation (CFI) funding to create Indigenous research hub.

#### Other research and support initiatives:

- Contributing digitized content from McMaster's collections to the HathiTrust repository for use by scholars around the world.
- Production of original research collections and exhibitions, contributing to the broader Canadian arts community milieu, with respect to the work of Black and Indigenous artists in Canada.
- McMaster collaboration to create guidance and resources for researchers pertaining to cybersecurity and data management.
- Research Office for Administration & Developments Support (ROADS) applications support from complex and potentially high-impact programs such as CFI Major Science Initiatives Fund, CFREF and Canada Research Excellence Chairs (CERC).
- Codify tools and resources to support EDI capacity-building among researcher, and complete Tri-agency funded project to enhance CRC Program processes and outcomes
- Expand Research Data Management (RDM) resources and services to support Tri-Agency needs.
- Launch the Residence Faculty (RF) Fellowship program to engage faculty on continuous improvements to student residence experiences and advancing the students learning and living.

### 8.7.4 ENGAGING LOCAL, PROVINCIAL, NATIONAL, INDIGENOUS, AND GLOBAL COMMUNITIES

McMaster is a major contributor to across all communities. Key initiatives include:

#### Indigenous:

- Canadian Centre for Electron Microscopy (CCEM) will implement an outreach program to high schools with a specific focus on Indigenous Communities.
- Develop collaborative opportunities with Indigenous Council on the integration of indigenous principals in campus design.
- Partner with Canadian Medical School Libraries as they re-imagine service priorities in response to the Truth and Reconciliation Commission.
- Launch workshops in partnership with Indigenous Education Council to pair with the Indigenous Education Primer.
- Develop Indigenous Language Revitalization Diploma.

#### Local and Provincial:

- Strengthening relationships with a diversity of racialized communities/groups in the City, to enhance support/service.
- Engaging City and Metrolinx staff on the Hamilton Light Rail Transit (LRT) alignment to McMaster's priorities, with the transit hub on campus with parking and commercial space.
- Continued advancements of the Watershed Trust initiative.
- Increase student participation in the Career Apprenticeship program in partnership with City of Hamilton.
- With McMaster leadership, McMaster Institute for Research on Aging (MIRA) is developing an intergenerational space within the main street residence which will become a platform for initiatives involving the community and older adults
- Continuing to work with the City and community on needs matching strategic importance to the University. As well, further develop and grow relationships with existing partners within the Hamilton community and continue collaborative efforts to grow and enhance existing programs.
- Progressing the decarbonization of campus and investments aimed at delivering net-zero emissions.

#### Global:

- Global Health increasing trans-national university participation in Global health graduate consortium by adding two more universities.
- The McMaster Museum of Art actively partnering with Black and Indigenous art institutions and arts service organizations on program development and delivery.
- Global Health program adding the University of Alabama at Birmingham to its consortium of seven international universities.
- University sustainability plan and report; engaging community in learning about and setting goals linked to sustainability; includes measurable sustainable development goals.
- Leverage University Library Jamaican and Barbadian collections and relationships to support the University's expanded African & African Diaspora Studies program.
- Launch McMaster Global Community of Practice Hub to connect McMaster international education staff, relevant student groups and Faculty administration.

### 8.7.5 OPERATIONAL EXCELLENCE

Effective and efficient operations to McMaster's mission are essential. Key initiatives include:

#### Campus Operations:

- Back to Mac campus planning community on pandemic safety policies and procedures.
- Development of a Green Procurement Policy to ensure the adoption and integration of Corporate Social Responsibility principles into procurement processes and decisions.
- Reimagine the Campus Store business model as physical locations re-open, blending the physical and the virtual.
- Consolidate support for all Senate and Board committees under the University Secretariat.
- Energy initiatives to reduce the energy consumption at McMaster.
- Parking Strategy and lot replacement.

**Systems:**

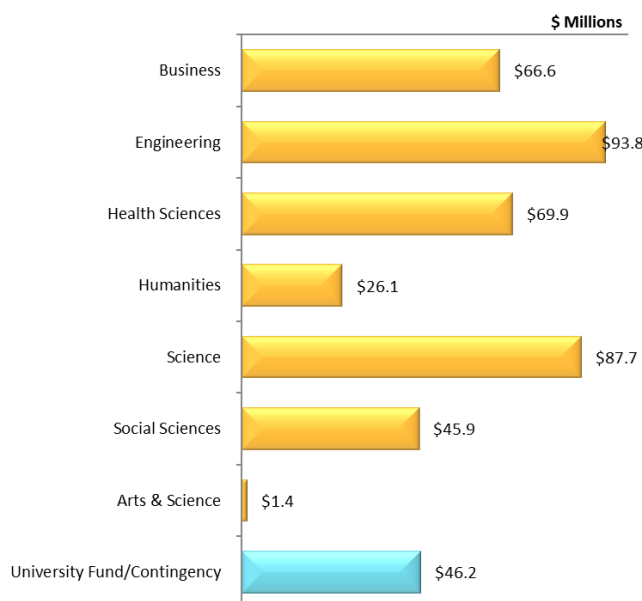
- Implementation of a new streamlined Graduate Admissions Application process in Slate.
- Implementation of new student administration and registration system for McMaster Continuing Education
- Launch a new province-wide library services platform to support shared collection management and user discovery.
- University Library working with the University Secretariat to identify and preserve McMaster's corporate records with enduring importance as the foundations of a University Archives program.
- McLean Centre technological enhancements, such as integrated classroom technology and environmental controls based on Instructor requirements, online reservation system for student and meeting spaces accessed through mobile applications.
- Establish archiving mandate with local health care providers to create a historical record of Health Care Innovation and Care in Hamilton.
- Development of Faculty benchmarks dashboard, Customer Relationship Management system, document management system initiative, and budgeting system replacement project.
- One Card software project with phased ancillary capabilities to connect third-party support systems onto one backbone system so that student and staff transactional information is connected to one card (virtual and/or physical).
- Veterinary Services and Compliance department will implement an Animal Use Protocol database and an animal management software program for Animal Research Ethics Board (AREB).
- Research Finance restructuring to create teams of 'experts' that will increase efficiencies while ensuring high levels of service to the research community.



## 9 ENVELOPE HIGHLIGHTS

### 9.1 ACTIVITY UNITS (FACULTIES)

Figure 7: Operating Fund 2022/23 Budget Activity Unit Allocations



#### 9.1.1 FACULTY OF HUMANITIES

The education provided by Humanities prioritizes skills employers value with communication, collaboration, and critical thinking skills. Humanities initiatives expand career-planning activities with experiential interdisciplinary programming, such as the new Integrated Rehab Science and Humanities and the Bachelor of Arts and Technology programs.

Revenue growth has been limited by tuition fee frameworks affecting inflationary expense support. However, the English-language programs Humanities provides to international enrolment has created new revenues, which are dependent on foreign student enrolment.

#### 9.1.2 FACULTY OF BUSINESS

Business continues to experience strong enrolment demand across its programs. In 2022/23, Business will refresh the aligned Faculty supporting strategic plan. Further, plans are underway to advance new curriculum elements for Fall 2024. Faculty renewal within Business is focused on recruiting the best academic talent to support McMaster and Business' strategic priorities and ensuring new members are well-supported across teaching and research.

Business does not anticipate any short-term budget challenges and has sufficient resources to invest in approved strategic and capital initiatives. However, the frozen domestic tuition fee framework is expected to create cost pressures within two to three years, if unchanged without inflation. Cost pressures could worsen with geopolitical instability and any impacts to international recruitment.

### 9.1.3 FACULTY OF HEALTH SCIENCES

Health Sciences continues to lead in research and educational innovation. All programs include experiential learning and community training or research to enhance competency and growth. The Faculty's focus on COVID-19 secured \$43M in 2020/21 for related research which quickly impacted national policy and clinical pandemic guidelines. The Faculty also recently attracted philanthropic support of \$32M to grow health innovation and entrepreneurship, including its newest focused on rehabilitation science and humanities.

The Faculty is committed to a culture change regarding equity, diversity and inclusion (EDI), as well as its responsibilities for Indigenous reconciliation. An Indigenous Health Learning Lodge has opened, and several departments have created EDI and Indigenous leadership roles. The Faculty is recruiting an associate dean, EDI and an Indigenous health research lead.

A focused on operational support efficiencies across finance, human resources, IT, and communications reviews has helped to limit expense growth. The Faculty's 2022/23 budget is supported by a University Fund supplement. Budget balancing strategies include sunsetting some research centres and institutes, merging some lab facilities with similar central facilities, and shifting some faculty members from one department to another for efficiency. Opportunities for international enrolment growth are under review, along with philanthropic donations to support strategic initiatives. The Faculty embraces a culture of continuous improvement several initiatives aimed at enhancing performance and service while reducing cost.

### 9.1.4 FACULTY OF ENGINEERING

Engineering continues to implement the transformation of undergraduate curriculum, The Pivot. Further, the Faculty has expanded the Undergraduate Summer Research Experience Program, with more than 250 undergraduate students actively engaged in research activities on campus throughout the year. The Faculty is launching a joint interdisciplinary program with the Faculty of Humanities, Bachelor of Arts and Technology.

Engineering is in a solid financial position with faculty renewal aimed at reducing student-to-faculty ratios and increase Faculty diversity, with a focus in computer science. Engineering has an additional focus on international recruitment to diversify enrolment. The Faculty is in the second year of major renovations to the John Hodgins Engineering building, with additional capital investments in the McMaster Bridge to Impact project, in partnership across other University areas.

### 9.1.5 FACULTY OF SOCIAL SCIENCES

Social Sciences is engaged in improving skills and job outcomes for students and is investing in key initiatives to enhance experiential education and career readiness programming. The Faculty is focused on growing enrolment in priority areas, such as international students, health programs, and interdisciplinary programming, including a new professional MA and programming in social innovation. The Faculty is focused on improving retention rates by investing in a student experience coordinator. Community and economic impact is a priority for the Faculty, and initiatives such as increased community engagement through the community research platform and its activities will assist in moving this priority area forward.

Social Sciences enrolments are stable and expected to grow over the budget and planning years. However, the uncertainty regarding operating grant stability and tuition fee setting with inflation has increased dependencies on international enrolment to address compensation inflation.

### 9.1.6 FACULTY OF SCIENCE

Science continues to make strategic investments in faculty renewal, support staff, and infrastructure to advance strategic priorities, achieve metric targets, and enhance the student experience. The Faculty's plans include increasing diversity across faculty and staff to support high impact practices in learning, discovery, and engagement.

Future revenue uncertainties associated with performance grants, domestic fee constraints, and an increased reliance on international enrolment, research revenue, and fundraising capacity drive strategic priority setting. Efforts to balance innovation investments in faculty renewal and reinvigoration drive a greater emphasis to ensure all plans closely align with strategic plans.

Science partnered on a coordinated approach across campus drawing on information to assess key priorities that support SMA metrics, the Faculty of Science strategic plan 2020-2025, and University priorities. Investments in unique academic programming, excellence in all spheres, advancement, innovation, commercialization, and international strategy focus on achieving the Faculty's mission and vision while mitigating risk.

### 9.1.7 ARTS & SCIENCE PROGRAM

Arts & Science priorities include diversified faculty renewal, creative development of student research and experiential learning opportunities, responsibility for the McMaster Discovery Program, development of innovative interdisciplinary collaborations, development of communications strategies, and enhancement of national and international profile. Further, Arts & Science alumni involvement includes learning opportunities with current students within a culture of scholarly challenge and social responsibility.

Essential to the success of the Arts & Science Program is a strong, well-planned, and sustainable faculty complement, which entails the negotiation of teaching release agreements with the Faculties of Humanities, Science, and Social Sciences. A new Manager, Communications in collaboration with Public Affairs will focus on Intersession programming. Intersession is a condensed May term of courses, with interdisciplinary, experiential and community-engaged content.

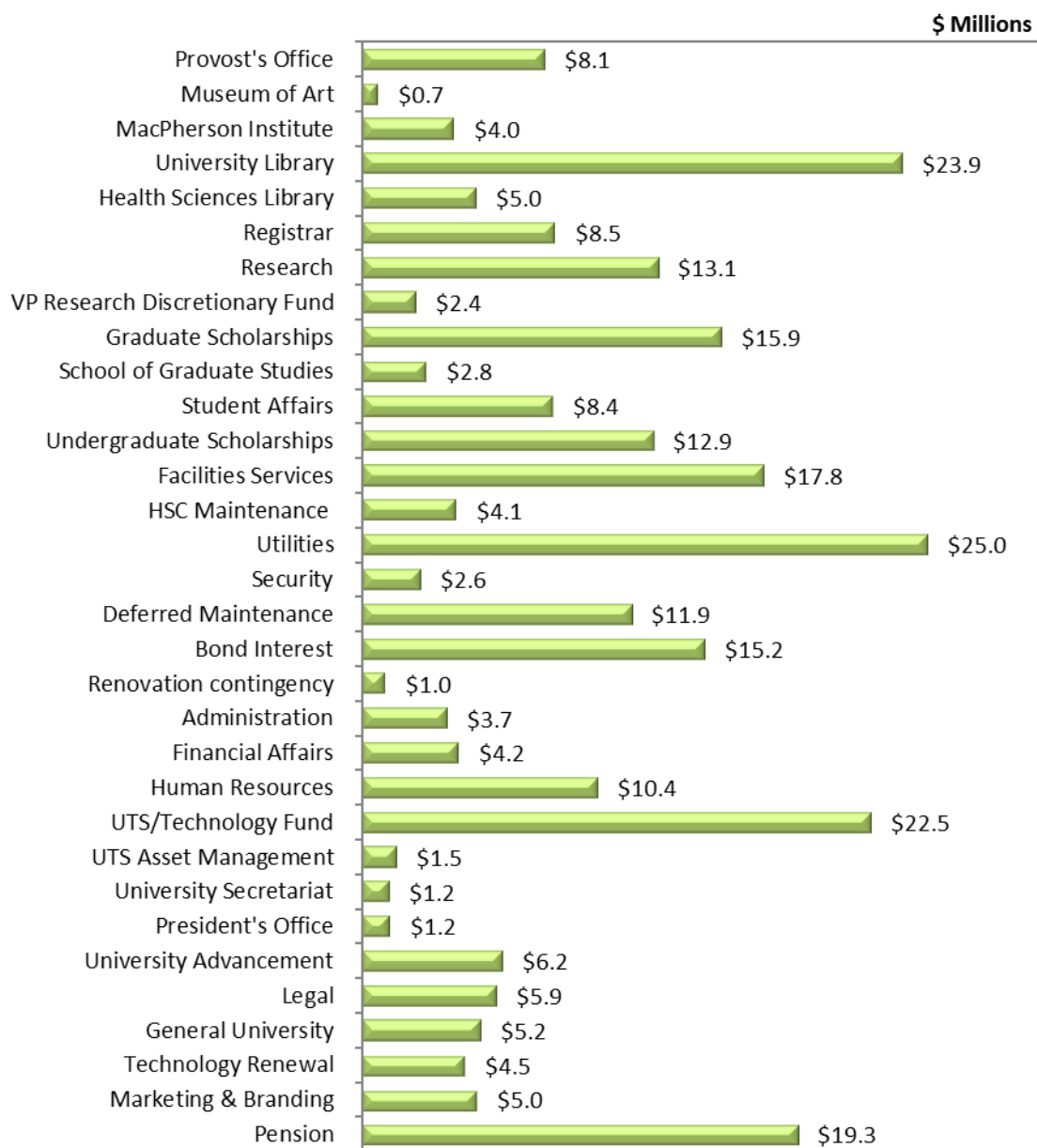
### 9.1.8 UNIVERSITY FUND

The University Fund supports excellence, innovation, and renewal across all areas of the university. By design, projects supported are allocated funding for specific short-term purposes with successful innovations intended to be permanently funded by different means. The University Fund enables greater flexibility toward advancing strategic priorities in support of McMaster's mission.

The Office of the Provost is responsible for developing appropriate mechanisms to allocate the University Fund as a strategic tool for the University. This fund also supports sometimes unforeseen priorities. Overall, the Provost actively supports strategic initiatives from the University Fund. Many existing ongoing commitments have been shifted to permanent allocations in the relevant areas as intended, and the Provost will continue to apply this lens to all future projects.

## 9.2 SUPPORT UNITS

Figure 8: Operating Fund 2022/23 Budget Support Unit Allocations



### 9.2.1 STUDENT AFFAIRS

Student Affairs focuses efforts to support every student to reach their full potential. Initiatives include the Black Student Success, Spiritual Care and Learning Centres, first year transition and mentoring through the Archway program, international students support, and accessibility initiatives for students with disabilities, new spaces for employment, entrepreneurship, and additional mental health support through the new Student Urgent Response Team.

Many initiatives are funded on soft non-permanent sources. Programs and services are in response to identified student needs. Appropriations are used to fund budget pressures. In 2022/23 the Archway program has received additional funding support as an essential part of the first-year transition programming, plans are focused on securing ongoing support funding for this initiative.

### 9.2.2 LIBRARIES

University Libraries are focused on enhancements to McMaster Experts (for showcasing faculty research), digitization of unique content, research data management, and classroom technology. The Libraries received funding to cover the cost of the new LinkedIn Learning campus license, however other inflationary budget pressures remain, including funding for continued classroom upgrades.

Several cost-savings measures have occurred over past years, including complement review, trimming low impact, low use journal subscriptions (where possible), and implementation of an exchange rate mitigation program. A review of Library funding is underway in 2022/23 to more sustainably address ongoing budget pressures.

### 9.2.3 OFFICE OF THE REGISTRAR

The Registrar's Office (RO) supports student administration from recruitment and admissions through to convocation. The RO is committed to providing timely, relevant, efficient service to students and to supporting faculties and administrative functions across the University aligned with strategic priorities embedded in the SMA. In 2022/23, focused initiatives include: 1) the Slate recruitment and admissions project, 2) the document management project, 3) continued enhancements to Student Services support, and 4) recruitment and admissions activities to achieve increasing diversified International Student Recruitment.

Staffing resources are limited compared to support expectations and priorities. Further expense inflation creates budget pressures across McMaster's growing enrolment base. Systems initiatives aim to deliver efficiencies where staffing growth is not possible. Funding constraints have increased the RO's reliance on student self-service options, online chat features, a chatbot, automated service requests, and e-transcripts. The increased use of virtual service delivery while not always ideal, saves significant resource time.

### 9.2.4 SCHOOL OF GRADUATE STUDIES

The School of Graduate Studies (SGS) works in concert with the Faculties to deliver on priorities, such as development of new graduate programs aligned with Council and Ministry guidelines and University strategy.

Staffing remains SGS's biggest challenge amid frozen support unit budgets. Further, policy developments (internal and external) require increased support eroding graduate scholarship and bursary funds each year while living costs in Hamilton have dramatically increased. SGS applies a critical evaluation to resources needs often redesigning staff responsibilities when turnover occurs. SGS has a focus on modifying and re-engineer processes and roles to ensure service levels are not compromised.

### 9.2.5 PAUL R. MACPHERSON INSTITUTE FOR LEADERSHIP, INNOVATION AND EXCELLENCE IN TEACHING

MacPherson's strategic priorities focus on teaching and learning, and inclusive excellence in support of SMA linked initiatives. MacPherson's collaborative leadership in the development of mandatory paid TA training will see the launch of both required and optional workshops for TAs. Additionally, in partnership with the Equity and Inclusion Office, McMaster's quality assurance policy and the introduction of new grants collectively encourage content considerations addressing inclusion equity, diversity, accessibility, and sustainability.

MacPherson, like many support units, faces operating budget pressures with a fixed allocation, annual expense inflation and increased reliance on contract staff to deliver core services in the areas of learning technologies and educational development. Steps have been taken to manage budget risks, however the needs of the campus community extend beyond current resource capabilities. MacPherson is committed to responding to service demands and has upskilled staff on blended and online pedagogies, while temporary staff fill pandemic resource gaps. Prudent use of MacPherson's appropriations will help sustain current operational activities.

### 9.2.6 RESEARCH ENVELOPE (INCLUDES NUCLEAR OPERATIONS AND FACILITIES)

The Vice-President Research (VPR) envelope invests resources to advance McMaster's mission and strategic priorities including delivering support for increased Tri-Agency funding, a SMA metric. The VPR supports McMaster's competitive grant applications processes ensuring grant compliance, financial oversight, protection of researchers and research subjects, and ensuring that McMaster remains in good standing with institutional eligibility requirements. Additionally, the VPR supports private sector partnerships, protection of IP, licensing, patents, and start-ups, which contribute to McMaster's increased research funding from the private sector sources SMA metric. Current initiatives include increased support for core research facilities, enhancing effective operation of research infrastructure, and further supporting research and partnerships.

As Canada's sole major neutron source, the McMaster Nuclear Reactor (MNR) is the only University in Canada capable of hosting several types of specific research facilities. New investments will further increase research outcomes at MNR. Nuclear Operations and Facilities will continue to enable nuclear research while planned expansion will facilitate greater life sciences research and development, including commercial opportunities around medical isotopes.

The pandemic has highlighted the importance of pivoting support to emerging issues and opportunities while maintaining excellence across other traditional areas. In 2022/23 the VPR plans to engage in additional activity to attract further Tri-Agency and private sector funding, increase commercialization and knowledge translation activities, and develop new collaborations both nationally and internationally. McMaster's expanded nuclear operations and capabilities will increase research activity across all nuclear fields and allow McMaster increase radiopharmaceutical research capabilities, including additional opportunities for commercialization and spin-off success

### 9.2.7 UNIVERSITY TECHNOLOGY SERVICES (UTS)

The McMaster IT Strategic Plan launched in 2019 continues to focus on creating a stable and secure technology environment to enhance the student experience while implementing systems,

technologies, and processes to improve operational excellence, support teaching and learning, and advance research support systems. Working as a connected community, McMaster will deliver a seamless foundation of core information technologies and services.

Technology initiatives that deliver transformative technologies and services in support of McMaster's mission continue to be prioritized and initiated with budget support. In 2022/23, an increased focus on operational excellence across IT services will aim to deliver improved decision making, workflows, and efficiencies. In parallel other initiatives will advance technology deferred maintenance planning, enhancing IT Security capabilities, developing partnerships and collaborations, and 'right sizing' IT services.

### 9.2.8 FINANCIAL AFFAIRS

Financial Affairs provides support to the University on a broad range of strategic objectives. The portfolio integrates strategic and capital directions with enrolment planning, infrastructure capacity, financial health management and debt strategy, while supporting enterprise and unit-level continuous improvement initiatives.

Financial Affairs maintains a balanced budget with recoveries for affiliated parties support covering over 40% of annual expenditures. Appropriation savings are reinvested to deliver enterprise support projects and operational efficiency reviews. Initiatives are prioritized annually based on stakeholder community consultations with an emphasis on supporting McMaster's strategic priorities, evolving needs, and SMA metrics. Additionally, the unit is informed by McMaster strategic plans, employee and customer surveys, and benchmarking results to broad alignment regarding priorities. In 2022/23 key initiatives include continuous systems and process improvement projects with Faculties and research partners, the One Card software implementation, and the budgeting system replacement project.

### 9.2.9 FACILITY SERVICES

Facilities Services continues to look at new ways to improve the day-to-day campus operations. In 2022/23, Custodial Services will participate in a pilot through the UniForum project to determine if there are effective ways to reduce costs and/or improve campus community satisfaction.

Deferred maintenance continues to grow despite fixed support funding. Maintenance staff are increasingly challenged to work on tasks outside the critical items identified.

Several plans are in place to prioritize and progress strategic initiatives, these include:

- Energy Management Plan
- Capital Plan
- Asset Management Plan
- Project Management Methodology
- Space Management Plan
- Campus Accessibility Plan
- Campus Plan
- Campus Capacity Study

For more information refer to the Facilities Services website.

### 9.2.10 HUMAN RESOURCES (HR)

HR is focused on delivering operational strategic and improved transactional support and promoting inclusive excellence. The HR Service Model aims to deliver end-to-end support services to recruit, retain, and develop skilled talent. HR has some short- and long-term budget challenges, with



investments focused on transactional support, continuous improvement plans, and HR technology priorities.

HR services continue to evolve in response to the University's needs. The portfolio annually reviews its strategic priorities to align with McMaster's directions and to respond to community feedback. In 2022/23 projects include process optimization, pay and technology improvements, and HR Governance. HR's vision is for One HR, eliminating non-value-added steps within other activities. HR will also continue to support the University's pandemic response, providing expert health and safety guidance, supporting the vaccine mandate, and supporting the future of work planning.

### **9.2.11 UNIVERSITY ADVANCEMENT (UA)**

The University's vision and strategic plan, as embedded in the SMA will guide UA priorities. UA works to enable the priorities of the broader University and performance goals are focused on serving and supporting these goals. Given the service and support for institutional priorities, our activities touch on all areas outlined in the SMA, and our achievements and goals cut across its various categories.

Appropriations are being invested to support positions and resources for BWRII (Brighter World Re-Imagined: Innovation and Impact) in partnership with Faculties and units. A request for additional funding in support of this priority will be coming forward via the BWRI Steering Committee within the next budget year.

Key success factors for UA focus on building McMaster's relationships, reputation, and resources. UA will continue to play a lead role in the University's marketing and branding exercise as McMaster recognizes that the strength of its brand is integral to the achievements of its institutional objectives in the increasingly competitive post-secondary environment. Public Affairs (formerly Government Relations) continues to be a priority at both the provincial and federal levels in working to influence policy and secure investment.

### **9.2.12 UNIVERSITY BRANDING AND MARKETING**

McMaster's Brighter World brand platform and marketing has helped to advance the University's digital presence contributing to reputation. In 2022/23 initiatives will broaden to align and integrate with the UN Sustainable Development Goals (SDGs). Differentiating McMaster in an increasingly competitive national and international environment underpins the current evidence-based marketing strategy. Investments focus on strengthening McMaster's international ranking profile which contributes to diversified international recruitment. Marketing efforts focus on priorities established by the Marketing Steering Committee. Investments focus on delivering efficient, effective, and innovative marketing strategies.

## 10 BUDGET BY FUND

### 10.1 OPERATING FUND

Table 5: Operating Fund Summary

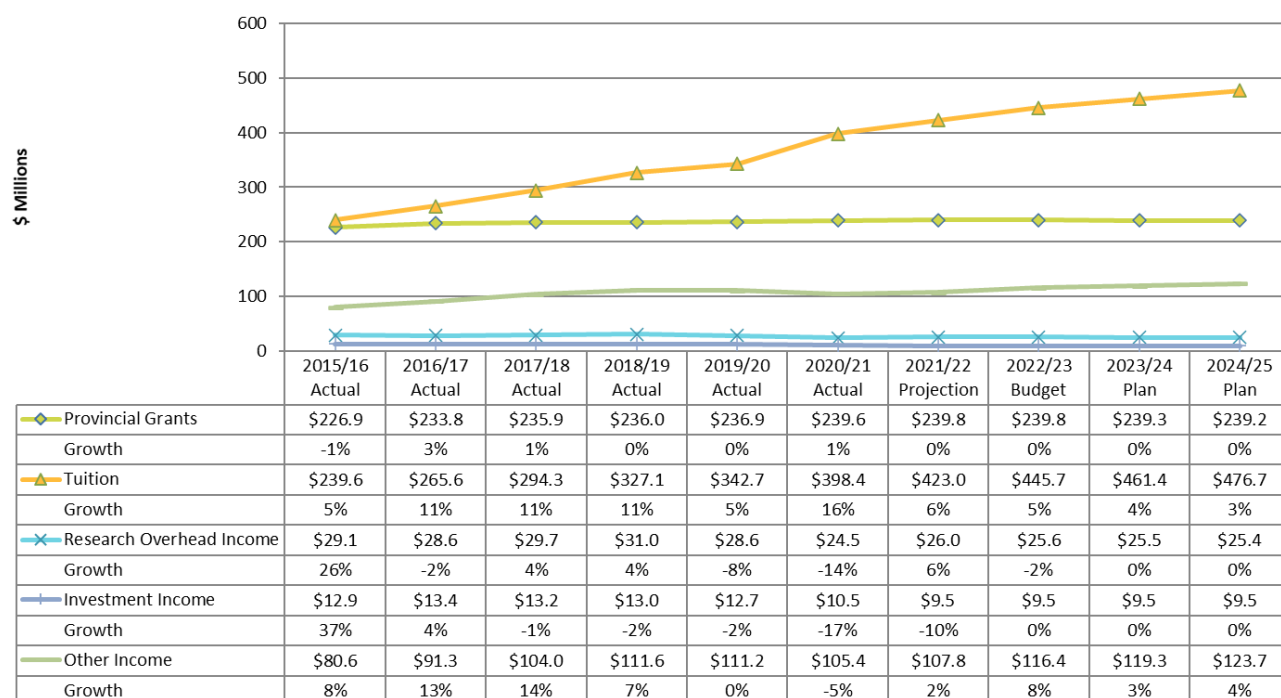
(\$ thousands)							
	2021/22 Budget	2021/22 Projection	2020/21 Variance		2022/23 Budget	2023/24 Plan	2024/25 Plan
Revenues							
Provincial grants	236,158	239,843	3,685	1.6%	239,816	239,300	239,246
Tuition	418,215	423,000	4,785	1.1%	445,672	461,424	476,677
Research overhead income	28,459	26,014	(2,445)	-8.6%	25,562	25,489	25,443
Investment income	9,467	9,467	-	0.0%	9,467	9,467	9,467
Other income	107,132	107,848	715	0.7%	122,382	119,350	123,676
<b>Total revenues</b>	<b>799,431</b>	<b>806,172</b>	<b>6,741</b>	<b>0.8%</b>	<b>842,899</b>	<b>855,030</b>	<b>874,508</b>
Expenses							
Salaries, wages and benefits	531,369	544,269	(12,899)	-2.4%	565,034	594,605	610,675
Utilities and maintenance	45,066	43,543	1,523	3.4%	45,261	46,957	47,743
Equipment and renovations	68,157	102,299	(34,142)	-50.1%	77,081	63,964	52,304
Scholarships, bursaries and work study	31,619	33,199	(1,580)	-5.0%	34,534	34,006	33,787
Library acquisitions	15,193	14,306	887	5.8%	14,614	14,841	15,331
Debt and financing charges	26,401	22,763	3,637	13.8%	26,001	25,355	25,355
All other expenses	86,447	72,234	14,213	16.4%	85,058	90,268	96,270
<b>Total expenses</b>	<b>804,253</b>	<b>832,613</b>	<b>(28,360)</b>	<b>-3.5%</b>	<b>847,584</b>	<b>869,995</b>	<b>881,465</b>
<b>Excess of revenues over expenses</b>	<b>(4,822)</b>	<b>(26,441)</b>	<b>(21,619)</b>	<b>-448.4%</b>	<b>(4,685)</b>	<b>(14,966)</b>	<b>(6,956)</b>
Fund balance, beginning of year	159,197	198,752	39,555	24.8%	172,311	167,626	152,660
<b>Fund balance, end of year</b>	<b>154,375</b>	<b>172,311</b>	<b>17,936</b>	<b>11.6%</b>	<b>167,626</b>	<b>152,660</b>	<b>145,704</b>

The 2021/22 operating fund projected deficit is larger than budgeted due to larger capital fund transfers than originally budgeted from Business for the McLean Centre for Collaborative Discovery and for future building projects associated with Engineering (The PIVOT and Bridge) and Science (Greenhouse and Life Sciences) capital initiatives.

For 2022/23, the operating fund budget and planning years are structurally balanced. Faculty capital initiatives are supported by one-time permanent capital project allocations aligned with McMaster's Capital Plan and in support of McMaster's vision and strategic priorities. Variances between the 2021/22 budget and projection are available in Appendix 1.

## 10.1.1 REVENUE

Figure 9: Operating Fund Budget Revenue Trend by Type



### 10.1.1.1 PROVINCIAL GRANTS

Provincial grants remain relatively frozen since 2016/17 based on 2014/15 enrolment. Performance linked funding is delayed to 2023/24 resulting in greater funding certainty in 2022/23. The International Student Reduction (\$750 tax per international student enrolled) has increased since its introduction in 204/15 as international participation grows. During recent inflationary periods the fixed grant allocation's purchasing power continues to diminish (\$1 in 2014/15 approximates \$0.84 today).

### 10.1.1.2 TUITION

Based on the overall enrolment targets and the assumed flat domestic in-province tuition framework, 2022/23 net overall tuition income is projected to increase by \$22.7 million (+5.3%) from the 2021/22 projection mainly due to international enrolment. Out-of-province domestic tuition fee increases are budgeted at 3%, however the MCU recently announced up to 5% fee increases. McMaster will adopt MCU's out-of-province tuition cap in future projections, resulting in an immaterial favourable variance.

The following chart (Figure 10) reflects the enrolment and tuition trends in the framework tuition revenue, while Figure 11 reflects the mix between enrolment, tuition, and factors in the domestic provincial grants revenue. Funding for domestic students includes both provincial grants and tuition, while no grants are received for international students who are funded through tuition fees only.

Figure 10: Tuition and Enrolment Trend (excludes domestic provincial grants revenue)

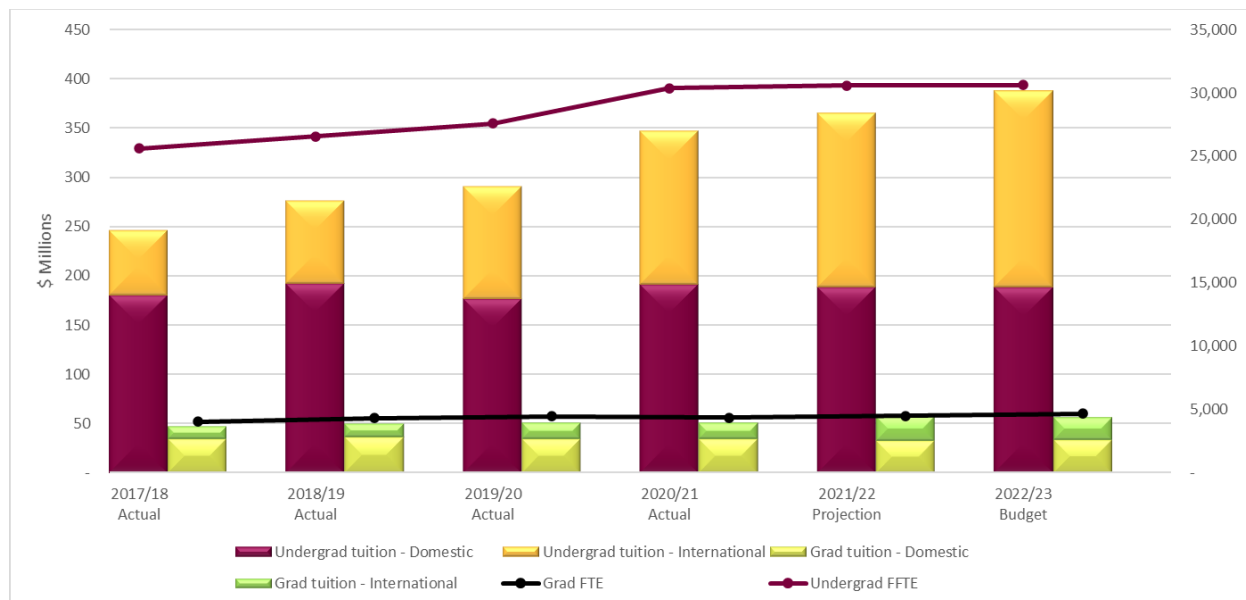
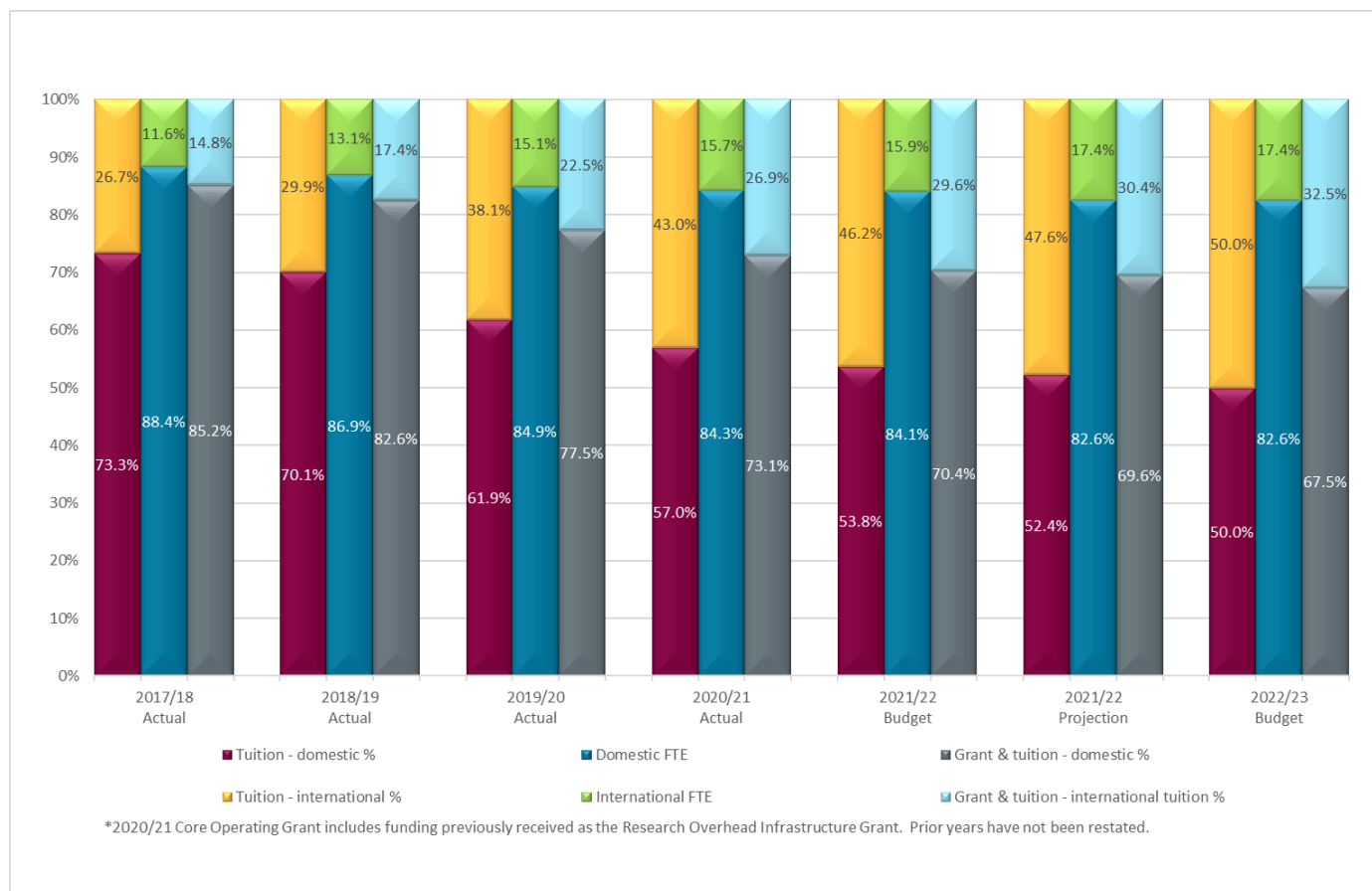
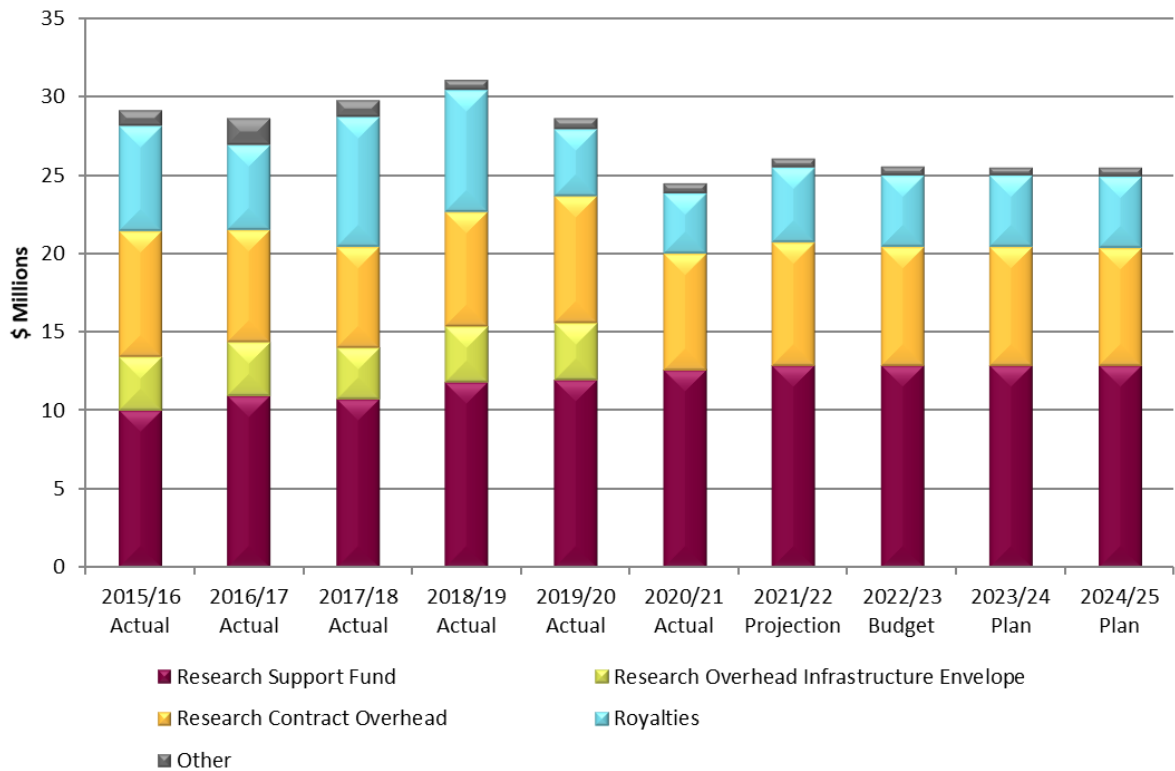


Figure 11: Operating Fund Framework Domestic Vs. International



10.1.1.3 RESEARCH OVERHEAD INCOME

Figure 12: Operating Fund Research Overhead Income Trend



Research overhead income is conservatively budgeted. Research overhead is intended to defray central and departmental support and infrastructure costs related to conducting research. The federal Research Support Fund and the Research Overhead Infrastructure Envelope (ROIE) is based on Tri-Agency research funding the University receives. In 2020/21, the ROIE was rolled into the MCU performance funding grants linked to SMA metrics beginning in 2023/24. For 2022/23 these grants are distributed to activity units through the budget model.

Research contract overhead is levied on research grants and contracts from the private sector and other agencies where allowed. Overheads are normally calculated as a percentage of direct research costs, with the objective of recovering the full amount of indirect support costs. Budgets are based on historical results. Overhead income is credited directly to activity units, where it may be further distributed to departments or reinvested in research.

Royalties are payments for commercial use of McMaster intellectual property associated with research discoveries. Like research contract overhead, royalties fluctuate depending on usage, budgets are based on historical trends. This income is credited directly to activity units, with a share going to inventors.

Other research overhead income may be earned on funding from Centres of Excellence, Canada Research Chairs, and Early Researcher Awards.

#### 10.1.1.4 INVESTMENT INCOME

The operating fund is allocated \$9.5 million per year from investment pool interest revenue derived from two primary sources. First, the H. Lyman Hooker Endowment Fund, which is a gift directed to “provide a steady annual flow of funds to support programs that will enrich the academic achievements of the University and to provide a suitable memorial to Dr. Hooker”. Second, the employer portion of the pension surplus payout in 2003. Annual interest from these two funds approximates \$6.3 million per year. The difference is funded from the specific purpose reserve as an approach to stabilize interest revenues allocated to Faculties through the budget model framework. Unspent capital transfers are included in the Faculty interest allocation of the \$9.5 million.

#### 10.1.1.5 OTHER INCOME

Other income includes Ministry of Health and Long-Term Care grants, Post-graduate medical training, tuition from non-Ministry funded programs, nuclear reactor sales, ancillary sales contributions (reflecting 4.5% on sales), athletics and recreation facility expansion contributions, registration and service fees, and utility recoveries from partners.

### 10.1.2 EXPENSE

Figure 13: Operating Fund Expense Trend

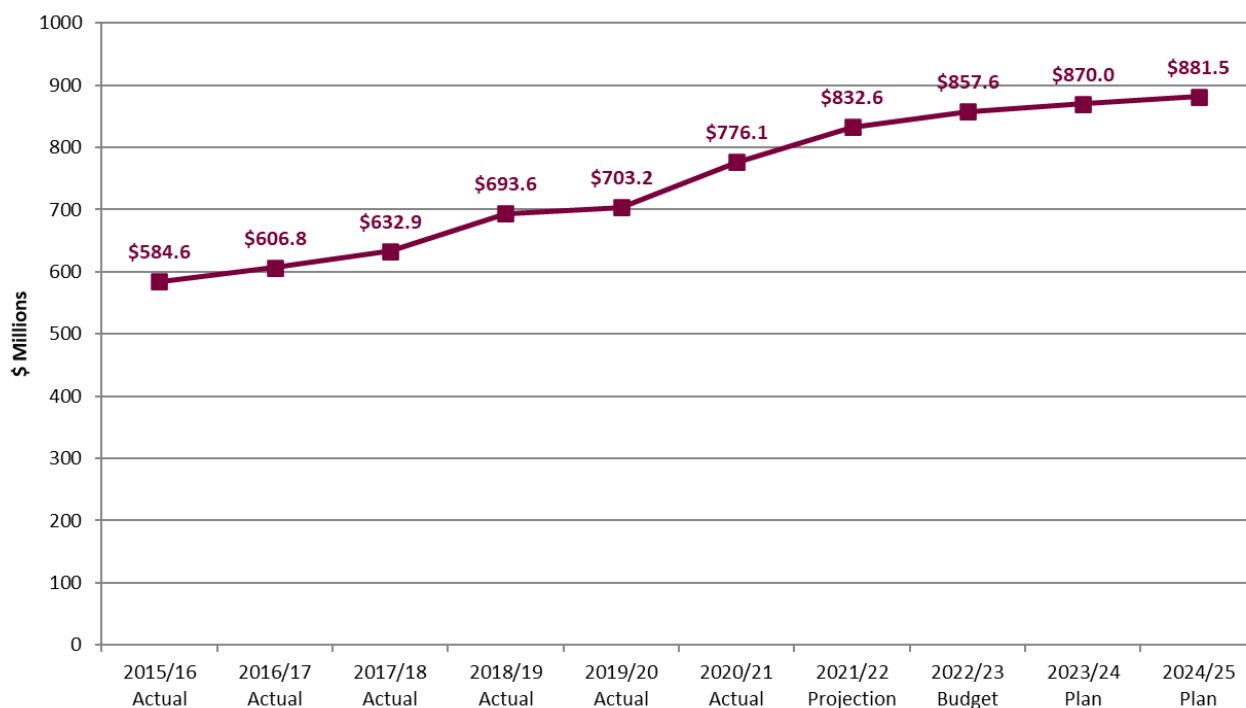


Figure 14: Operating Fund 2022/23 Budget Expense by Type

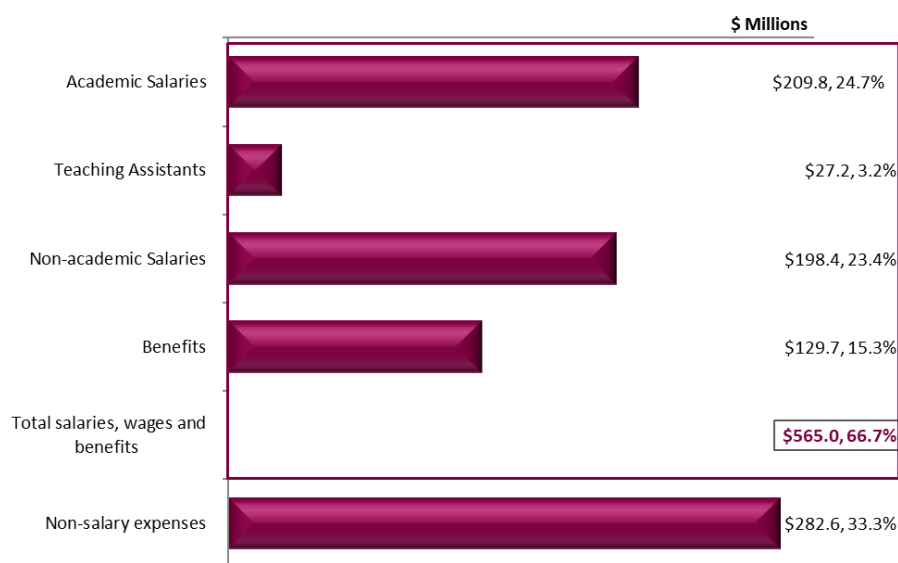
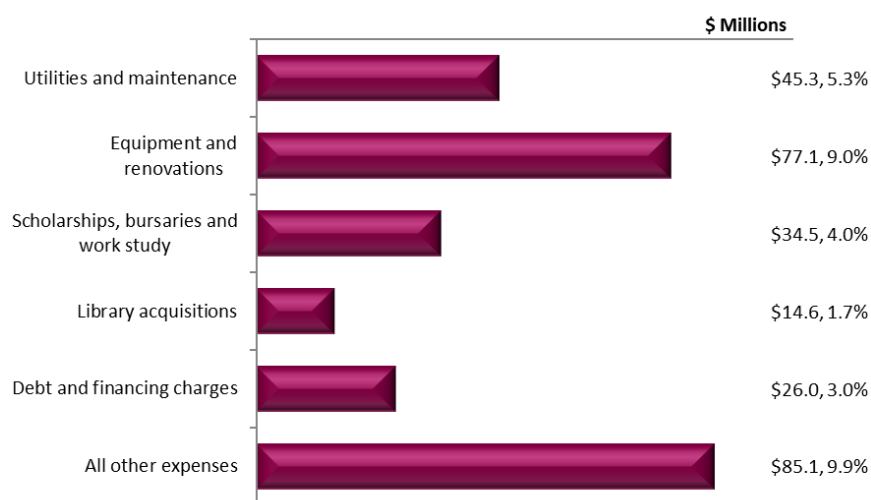


Figure 15: Operating Fund 2022/23 Budget Non-salary Expenses by Type



#### 10.1.2.1 SALARIES, WAGES AND BENEFITS

Salaries, wages, and benefits are the largest component of the operating expense budget. The high quality of McMaster's faculty leading the academic and research mission is a key success factor making faculty renewal initiatives underway critically important. Additional University staff to facilitate, administer and support academic, research, and the student experience are just as important to McMaster's community.

To address enrolment growth, accommodate new programs, and prepare for upcoming retirements, McMaster's faculty renewal focus is on tenure-track or teaching-track faculty to reduce student-to-faculty ratios and improve research focused academic time. In parallel, operational excellence initiatives draw on benchmarking data to streamline processes and mitigate support staff growth.



McMaster's labour negotiations deliver on legislative compensation restraint requirements limiting annual increases to 1% over three years, while being mindful of market competition for employment. In contrast, the *Fair Workplaces, Better Jobs Act, 2017* impact on minimum wage has addressed pay equity. Taken together, compensation legislation has created new pressures for recruitment.

Budgeted benefit rates use ten year actuarial and five-year historical costing models to set smoothed rates to collect cash requirements. A benefit reserve is used to address variable cash outflows. Benefit rate continuity schedules are reviewed annually with the Budget Committee to ensure rates are reflective of projected cash requirements. McMaster's recent July 1, 2021 Salaried Plans valuations provide payment certainty until July 1, 2024, no special payments are required under the current filings.

All factors considered the total compensation growth approximates 4% per year over the budget and planning horizon.

### 10.1.2.2 UTILITIES AND MAINTENANCE

Utilities and maintenance represent 5.3% of annual operating expenses, including annual contributions of \$11.9 million to deferred maintenance. Utility expenses are market rate and consumption driven by environmental factors. Further, unplanned maintenance failures and campus behavior contribute to variability in expense budgets. McMaster also supports the hospital's energy backup, which can lead to increased costs (fully recovered within other income) driven by back-up supply requirements during high-cost periods.

Utility rates are budgeted at \$0.05 for 2022/23 and the planning years. The budget is net of Ontario Global Adjustment rate savings as a class A consumer and other energy reduction initiatives. The budget reduces the use of cogeneration energy to minimize carbon emissions.

McMaster tracks the Ontario Association of Physical Plant Administrators (OAPPA) numbers for benchmarking purposes. The most recent OAPPA G6 benchmark average for energy was \$2.47 per square foot (/SF), this was not updated due to the COVID pandemic. McMaster University Medical Centre and Michael DeGroote Centre for Learning and Discovery have a significantly higher energy cost index due to the energy-intensive nature of health research and the heating/cooling requirements of the hospital with in-patient beds and emergency rooms/operating rooms. Excluding these two facilities, the energy cost index for the McMaster campus was \$2.15/SF.

### 10.1.2.3 EQUIPMENT AND RENOVATIONS

Physical and technical infrastructure is essential to achieving McMaster's strategic priorities while delivering an optimal student experience. The operating budget includes capital transfers approximating \$40 million per year for new and upgraded physical facilities, including new community spaces. Capital transfers are permanent one-time transfers to capital priorities identified in the annual Capital Plan. Capital allocations are held reserved for specific projects with spending allowed once business cases are approved based on Board by-laws. Major items over the planning period include:

- \$50.5 million for the McLean Centre for Collaborative Discovery and the existing building renovations – DeGroote School of Business
- \$10 million to support the new Bridge to Impact building – Faculty of Engineering

- \$12.6 million for the John Hodgins Engineering building to Burke Science Building project and other building improvements – Faculty of Science
- \$3.6 million for general renovations in occupied buildings – Faculty of Social Sciences
- Other investments in renovations, equipment, software, and systems projects to improve the student experience, document management, and customer relationship management

#### 10.1.2.4 SCHOLARSHIPS, BURSARIES AND WORK STUDY

Scholarships, bursaries, and other supports enhance McMaster's recruitment and admission goals, recognize student achievement, and aid in retention. Support incentives are imperative to recruit high calibre students and depending on exceptional high-cost program support additional support is available through the Student Access Guarantee (SAG). To ensure that sufficient funding is available to meet SAG obligations, the funding provided through the budget model varies with actual amounts required. The budget incorporates estimated expenses given the enrolment assumptions.

McMaster issues net estimates and net bills to students aligned with provincial transparency objectives. Net bills detail all education costs less Ontario Student Access Program and other student aid or support reductions. Net bills build off the net estimates provided with offers of admission. McMaster's entrance awards are low compared to other Ontario universities, however these initiatives total support from multiple sources for more informed decisions.

#### 10.1.2.5 LIBRARY ACQUISITIONS

To achieve the University's mission, access to the journals with the highest profile and impact must be maintained. The cost of purchasing library collections of core titles inflates roughly \$0.5 million annually. Serial subscriptions purchased through the Canadian Research Knowledge Network (CRKN) consortium reflects a multi-year buying collaboration for large publisher journal packages. Consortiums reduce flexibility however the approach increasing purchasing power mitigating some inflation. The CRKN subscription fees are linked to a University's research-intensity factor, meaning McMaster's research success contributes to higher fees than other peers with larger enrolments.

Several actions have been taken to contain costs, including cost per use data analysis to support subscription cancellation decisions. Results from cost containment initiatives explore additional alternatives to maintain access to the world's most high-profile and high-impact journals.

The budget reflects the combined impacts of inflation and expected exchange rates. In order to reduce pressure on the library envelopes, the US exchange rate has been internally fixed at the long-term rate, with any gain or loss covered centrally.

#### 10.1.2.6 DEBT AND FINANCING CHARGES

McMaster uses debt financing to support strategic and capital priorities. Total debenture financing is \$390 million with a weighted average capital cost approximating 4.75%. Each debenture has a repayment reserve (or sinking fund) for the principal amounts when due. Sinking funds are held in the investment pool and monitored annually for repayment adequacy. Annual Board oversight and financial statement note disclosure transparently describe each debentures annual interest rate, maturity date, and reserve balance. See Section 12 Overall Borrowing and Debt Position for additional details.

### 10.1.2.7 ALL OTHER EXPENSES

Other expenses approximate 10.0% of total operating costs and includes a range of supplies and other expenses not categorized elsewhere. The expense is net of recoveries including transfers from trust funds, contributions of ancillaries to occupancy costs, and internal services.

### 10.1.3 OPERATING FUND APPROPRIATIONS

With the budgeted deficit of \$4.7 million, Operating Fund appropriations are expected to decline to \$167.6 million by the end of 2022/23 (see Appendix 3 Operating Fund Unit Level Tables). Each envelope must present a structurally balanced budget where appropriations can be utilized to fund strategic and capital initiatives, including one-time projects. McMaster's appropriation balances are budgeted and planned to decline; however a reasonable level of funding is prudent to address unforeseen events and contingencies. The table below shows a breakdown by Faculty of the opening appropriations, surplus/ (deficit) prior to capital transfers for the budget and plan years, capital transfers and closing appropriation balance for the planning period.

Table 6: Faculty Budget Appropriations and Capital Transfers

(\$ thousands)

	Opening Appropriations, prior to capital transfers	Surplus (deficit) prior to capital transfers			Closing Appropriations, prior to capital transfers	Planned capital transfers in 2022/23, 2023/24, and 2024/25	Closing Appropriations
		2022/23 Budget	2023/24 Plan	2024/25 Plan			
<b>Faculties</b>							
Business	3,431	14,158	13,354	11,118	42,060	(25,000)	17,060
Engineering	24,105	3,097	1,631	721	29,555	-	29,555
Health Sciences	47,432	(4,110)	(14,228)	(17,983)	11,112	(5,125)	5,987
Humanities	11,454	(2,496)	(5,058)	(2,691)	1,208	-	1,208
Science	15,068	(1,430)	1,185	1,570	16,393	(2,000)	14,393
Social Sciences	19,874	846	(847)	(2,010)	17,863	(3,635)	14,228
Arts & Science	1,552	(840)	(676)	(683)	(648)	-	(648)
<b>Faculties total</b>	<b>122,917</b>	<b>9,224</b>	<b>(4,640)</b>	<b>(9,959)</b>	<b>117,543</b>	<b>(35,760)</b>	<b>81,783</b>

### 10.1.4 ONE-TIME EXPENDITURES

Table 7: Operating Fund Ongoing and One-time Summary

(\$ thousands)							
	2021/22 Budget	2021/22 Projection	2020/21 Variance		2022/23 Budget	2023/24 Plan	2024/25 Plan
<b>Ongoing:</b>							
Allocated income	686,443	691,961	5,518	0.8%	711,591	729,774	745,703
Other income	112,639	111,060	(1,579)	-1.4%	129,979	124,037	127,587
Total revenues	799,082	803,021	3,939	0.5%	841,570	853,811	873,290
Expenses	756,762	759,448	(2,686)	-0.4%	801,344	838,820	860,501
Excess of revenues over expenses	42,320	43,572	1,253	3.0%	40,226	14,991	12,789
% of revenue	5.3%	5.4%			4.8%	1.8%	1.5%
<b>One-time:</b>							
Allocated income	(0)	-	0	n/a	-	-	-
Other income	350	3,151	2,802	801.6%	1,328	1,218	1,218
Total revenues	349	3,151	2,802	801.6%	1,328	1,218	1,218
Expenses	47,491	73,164	(25,673)	-54.1%	46,239	31,175	20,964
Excess of revenues over expenses	(47,141)	(70,013)	(22,872)	48.5%	(44,911)	(29,957)	(19,745)
<b>Excess of revenues over expenses</b>	<b>(4,822)</b>	<b>(26,441)</b>	<b>(21,619)</b>	<b>448.4%</b>	<b>(4,685)</b>	<b>(14,966)</b>	<b>(6,956)</b>
Fund balance, beginning of year	159,197	198,752	39,555	24.8%	172,311	167,626	152,660
<b>Fund balance, end of year</b>	<b>154,375</b>	<b>172,311</b>	<b>17,936</b>	<b>11.6%</b>	<b>167,626</b>	<b>152,660</b>	<b>145,704</b>

The operating fund is structural balanced due to an emphasis on cost containment efforts to enable strategic priority investments captured under one-time expenses. Ongoing expense growth is aligned to faculty renewal initiatives and other inflationary pressures. One-time investments include:

- \$27.9 million for renovation and expansion of facilities
- \$14.9 million for University Fund strategic investments, such as: post-COVID return to campus initiatives, systems projects, rejuvenating core research platforms, policy reforms, and other capital priorities.
- \$1.6 million for branding and marketing activities

### 10.1.5 OPERATING FUND BUDGET CONCLUSIONS

The operating fund supports McMaster's refreshed vision and strategic priorities with a focus on limiting ongoing expenditure growth to enable one-time initiatives to advance inclusive excellence, learning and teaching, research and scholarship, community engagement across local, national, Indigenous, and global communities, and projects that drive operational excellence. The 2022/23 operating fund is structurally based with a \$40.2 million surplus. One-time expenditures of \$44.9 million include strategic and capital priorities resulting in a net deficit of \$4.7 million. The net surplus position is driven by international enrolment growth and numerous cost containment strategies along with limited strategic ongoing investments in faculty renewal.

## 10.2 RESEARCH FUND

Table 8: Research Fund Summary

(\$ thousands)						
	2021/22 Budget	2021/22 Projection	2021/22 Variance	2022/23 Budget	2023/24 Plan	2024/25 Plan
<b>Revenues</b>						
Research grants and contracts	186,000	218,000	32,000	220,000	222,000	224,000
<b>Total revenues</b>	<b>186,000</b>	<b>218,000</b>	<b>32,000</b>	<b>220,000</b>	<b>222,000</b>	<b>224,000</b>
<b>Expenses</b>						
Salaries, wages and benefits	119,000	138,200	(19,200)	140,400	142,600	144,800
All other expenses*	63,000	101,400	(38,400)	100,600	100,300	101,200
Transfers to (from) other funds	(16,414)	(20,587)	4,173	(18,977)	(17,933)	(17,998)
<b>Total expenses</b>	<b>165,586</b>	<b>219,013</b>	<b>(53,427)</b>	<b>222,023</b>	<b>224,967</b>	<b>228,002</b>
<b>Excess of revenues over expenses</b>	<b>20,414</b>	<b>(1,013)</b>	<b>(21,427)</b>	<b>(2,023)</b>	<b>(2,967)</b>	<b>(4,002)</b>
Fund balance, beginning of year	302,376	277,177	(25,199)	276,164	274,141	271,174
<b>Fund balance, end of year</b>	<b>322,790</b>	<b>276,164</b>	<b>(46,626)</b>	<b>274,141</b>	<b>271,174</b>	<b>267,172</b>

The 2021/22 Research Fund revenue projection is \$218.0 million, which is based on research revenue receipted, including revenue received for future periods, net of hospital research. The projection is \$32.0 million higher than budget due to several research grants and contracts related to COVID-19. Expenses are higher associated with spending on new awards and unspent funding from prior years as activity increases with the return to campus.

In 2022/23 some COVID-19 funding is anticipated to decline compared to 2021/22. Expenditures are expected to reflect 2021/22 levels. Industry research revenue will depend on the recovery of the general economy. McMaster is actively pursuing some large government sponsored programs (CFREF, CFI, etc.), some to support progressing **Global Nexus** initiatives, however results will not be known for months and will be reflected in updated 2022/23 projections.

## 10.3 CAPITAL FUND

Table 9: Capital Fund Summary

(\$ thousands)						
	2021/22 Budget	2021/22 Projection	2020/21 Variance	2022/23 Budget	2023/24 Plan	2024/25 Plan
<b>Revenues</b>						
Operating grants	5,000	5,000	-	5,970	5,330	5,330
Other revenues	22,610	5,400	(17,210)	9,400	126,150	131,020
<b>Total revenues</b>	<b>27,610</b>	<b>10,400</b>	<b>(17,210)</b>	<b>15,370</b>	<b>131,480</b>	<b>136,350</b>
<b>Expenses</b>						
All other expenses, including capital	164,487	130,979	33,508	226,281	288,340	259,143
Transfers to (from) other funds	(35,655)	(79,657)	44,002	(44,775)	(34,101)	(23,800)
Debt and financing charges	(11,058)	(10,640)	(418)	(12,680)	(19,485)	(19,490)
<b>Total expenses</b>	<b>117,774</b>	<b>40,682</b>	<b>77,092</b>	<b>168,826</b>	<b>234,754</b>	<b>215,853</b>
<b>Excess of revenues over expenses</b>	<b>(90,164)</b>	<b>(30,282)</b>	<b>59,882</b>	<b>(153,456)</b>	<b>(103,274)</b>	<b>(79,503)</b>
Fund balance, beginning of year	91,396	133,975	42,579	103,693	(49,764)	(153,038)
<b>Fund balance, end of year</b>	<b>1,232</b>	<b>103,693</b>	<b>102,461</b>	<b>(49,764)</b>	<b>(153,038)</b>	<b>(232,541)</b>

The capital fund includes major building and renovation projects temporarily reflected as expenses (before consolidating accrual adjustments covered later), transfers from the operating fund mainly to support Faculty strategic capital priorities, and unit repayments of internal capital loans. The information in the table aligns with the approved Capital Plan (see also Section 6.4), as well as the prior year's budget updated with current spending.<sup>6</sup>

Table 10 below summarizes total expected capital funding and spending by project for fiscal 2021/22 to 2024/25. Projected capital spending of \$131.0 million is lower than budget due to slower spending and supply delays on some key projects, largely due to COVID-19. For 2022/23 spending is expected to resume pre-pandemic levels.

<sup>6</sup> Capital expenditures used in operations and to support ancillary departments are budgeted through the Operating and Ancillary Funds within the same envelope system, and using the same priority-setting, monitoring and control process as operating expenses. Capital expenditures budgeted within the Operating and Ancillary Funds include equipment, renovations, faculty start-up costs, and deferred maintenance. Internally led projects that require financing borrow from McMaster's central bank approach at the weighted average cost of capital plus a stabilization factor, which is currently 4.75%.

Table 10: Capital Spending by Project

(\$ thousands)

	2021/22 Budget	2021/22 Projection	2021/22 Variance	2022/23 Plan	2023/24 Plan	2024/25 Plan
<b>Approved projects</b>						
ABB 5th Floor Fit Out	273	935	(662)	-	-	-
Advanced Manufacturing Centre	5,000	5,048	(48)	3,450	-	-
Athletic and Recreation - Pulse and Student Space Expansion	24,000	21,583	2,417	8,092	-	-
CCEM CALM Lab Renovation	1,394	1,679	(285)	-	-	-
Classroom Reconfiguration Plan	2,938	2,938	-	-	-	-
Deferred Maintenance Projects	16,654	16,654	-	16,593	16,593	16,593
Greenhouse and LSB Phase One	10,000	5,000	5,000	14,713	1,662	-
GSR Parking Garage	-	-	-	6,000	10,000	4,093
Lot K Parking Structure	10,000	-	10,000	5,000	11,823	-
McLean Center For Collaborative Discovery	25,000	25,000	-	35,000	35,000	25,000
One-Stop Shop	2,329	1,987	342	-	-	-
Parking and Security Relocation	1,242	900	342	1,252	-	-
PeakShavers and Boilers	5,000	7,000	(2,000)	22,600	2,000	-
Peter George Center for Living and Learning	-	2,953	(2,953)	-	-	-
Psychology Building Atrium Addition	-	3,000	(3,000)	3,630	-	-
Research Commercialization Project	24,000	24,000	-	23,969	-	-
Residence Renewal Program	2,000	2,000	-	2,000	2,000	2,000
Other	737	737	-	737	(1,188)	737
<b>Total approved projects</b>	<b>130,567</b>	<b>121,414</b>	<b>9,153</b>	<b>143,036</b>	<b>77,890</b>	<b>48,423</b>
<b>Estimate of planned projects - not yet approved</b>	<b>33,920</b>	<b>9,565</b>	<b>24,355</b>	<b>83,245</b>	<b>210,450</b>	<b>210,720</b>
<b>Total capital spending</b>	<b>164,487</b>	<b>130,979</b>	<b>33,508</b>	<b>226,281</b>	<b>288,340</b>	<b>259,143</b>

Table 10 identifies approved capital projects and estimated total projects net yet approved. Projects pending approval are in various stages of planning and business case development. Capital approvals occur in accordance with University by-laws.

Where projects proceed in advance of some internal and/or external funding receipts interim bridge loans or long-term loans are arranged through the University's Central Bank, which is funded by debt financing outlined in Section 12 Overall Borrowing and Debt Position.

## 10.4 EXTERNAL ENDOWMENT

Table 11: External Endowment Summary

(\$ thousands)

	2021/22 Budget	2021/22 Projection	2020/21 Variance	2022/23 Budget	2023/24 Plan	2024/25 Plan
<b>Revenues</b>						
Other revenues	2,637	2,637	-	2,559	4,000	4,000
Investment income (loss)	26,995	26,883	(112)	32,973	33,488	34,049
<b>Total revenues</b>	<b>29,632</b>	<b>29,520</b>	<b>(112)</b>	<b>35,532</b>	<b>37,488</b>	<b>38,049</b>
<b>Expenses</b>						
All other expenses	4,820	4,822	(2)	4,741	6,681	8,252
Transfers to (from) other funds	19,985	20,293	(308)	21,593	20,799	20,300
<b>Total expenses</b>	<b>24,805</b>	<b>25,115</b>	<b>(310)</b>	<b>26,334</b>	<b>27,480</b>	<b>28,552</b>
<b>Excess of revenues over expenses</b>	<b>4,827</b>	<b>4,405</b>	<b>(422)</b>	<b>9,198</b>	<b>10,008</b>	<b>9,497</b>
Fund balance, beginning of year	482,060	584,403	102,344	588,808	598,006	608,014
<b>Fund balance, end of year</b>	<b>486,886</b>	<b>588,808</b>	<b>101,922</b>	<b>598,006</b>	<b>608,014</b>	<b>617,511</b>

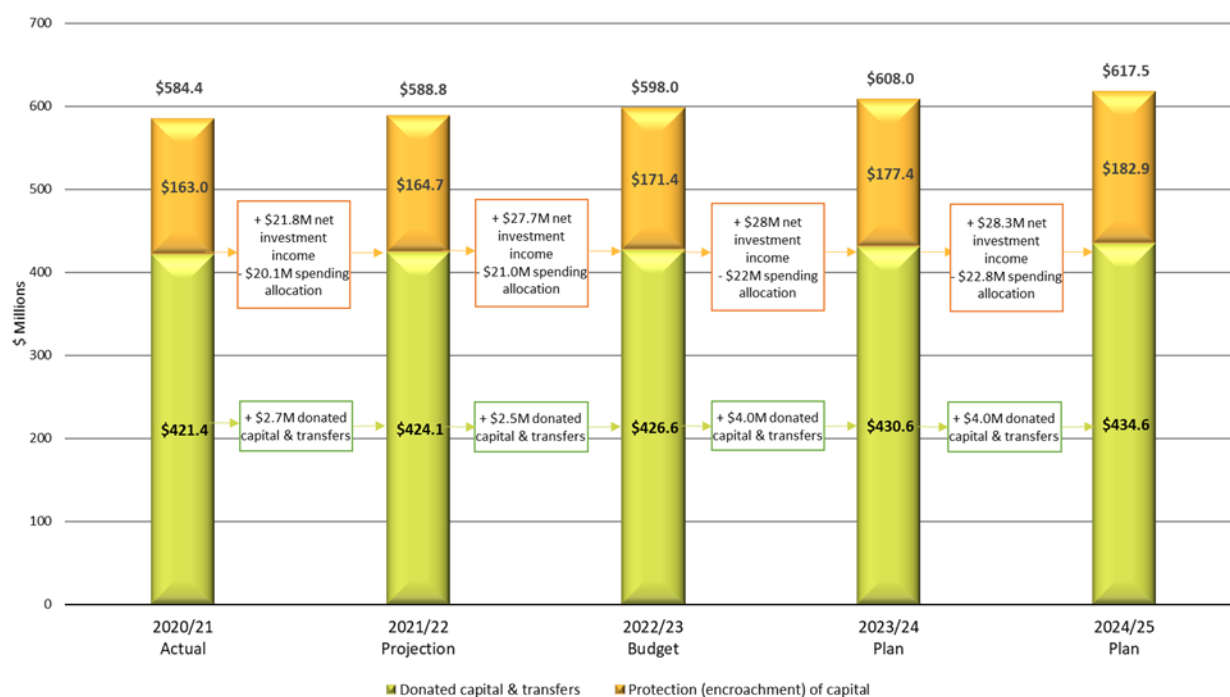


The external endowment holds donations or bequests received by the University with restricted use conditions or legal requirements agreed by the donor and the University. Endowed donations are invested in the long-term investment pool to preserve purchasing power in perpetuity.

The projected long-term rate of return on endowed trust funds net of investment management fees is 5.6%, however in 2021/22 projected returns have been adjusted to 4.6% due to post-COVID and other market impacts. Investment income in 2020/21 was extraordinary (net 26.1%) resulting in a considerably more favourable fund balance at the beginning of 2021/22.

Annual spending allocations are monitored to ensure endowment capital preservation. The University's spending policy limits the amount of investment income allocated for spending across each holding and administration<sup>7</sup>. Excess interest earnings, above spending limits, are allocated to holdings capital value to protect endowment spending from future inflationary impacts.

Figure 16: External Endowment Fund Balance Trend



At April 30, 2021, the University's external endowment was \$584.4 million. Applying budgeted and planning year returns project growth in excess of spending. Underwater trusts occur where original donated values are less than current holding values, underwater holdings occur from time to time due to market fluctuations, timing of donations, and duration of holdings.

<sup>7</sup> The current spending limit is 5% (4% for spending and 1% for University Advancement).

## 10.5 INTERNAL ENDOWMENT

Table 12: Internal Endowment Summary

(\$ thousands)						
	2021/22 Budget	2021/22 Projection	2020/21 Variance	2022/23 Budget	2023/24 Plan	2024/25 Plan
<b>Revenues</b>						
Other revenues	100	100	-	100	100	100
Investment income (loss)	8,007	7,904	(103)	9,685	9,835	9,978
Investment income transfer	(5,631)	(6,022)	(391)	(6,258)	(6,497)	(6,719)
<b>Total revenues</b>	<b>2,476</b>	<b>1,982</b>	<b>(494)</b>	<b>3,527</b>	<b>3,437</b>	<b>3,359</b>
<b>Expenses</b>						
All other expenses	160	-	160	-	-	-
Transfers to (from) other funds	715	859	(144)	865	878	891
<b>Total expenses</b>	<b>875</b>	<b>859</b>	<b>16</b>	<b>865</b>	<b>878</b>	<b>891</b>
<b>Excess of revenues over expenses</b>	<b>1,601</b>	<b>1,123</b>	<b>(478)</b>	<b>2,662</b>	<b>2,559</b>	<b>2,468</b>
Fund balance, beginning of year	142,970	171,831	28,861	172,954	175,616	178,175
<b>Fund balance, end of year</b>	<b>144,571</b>	<b>172,954</b>	<b>28,383</b>	<b>175,616</b>	<b>178,175</b>	<b>180,643</b>

The internal endowment includes unrestricted donations, bequests and other allocations set aside for future obligations and restricted by the Board of Governors. The funds are invested in the University's long-term investment pool with the same annual returns profile as the external endowment. The largest internal endowment is the Dr. H. L. Hooker Endowment donated to advance the University's mission. Of the \$9.5 million allocated annually to the operating fund, \$6.3 million comes from the Dr. Hooker gift.

## 10.6 ANCILLARY FUND

Table 13: Ancillary Fund Summary

(\$ thousands)						
	2021/22 Budget	2021/22 Projection	2020/21 Variance	2022/23 Budget	2023/24 Plan	2024/25 Plan
<b>Revenues</b>						
Ancillary sales and services	78,182	66,146	(12,036)	91,869	105,726	135,285
<b>Total revenues</b>	<b>78,182</b>	<b>66,146</b>	<b>(12,036)</b>	<b>91,869</b>	<b>105,726</b>	<b>135,285</b>
<b>Expenses</b>						
Salaries, wages and benefits	30,494	27,080	3,414	34,223	36,478	42,343
All other expenses	30,637	26,030	4,607	37,003	43,748	62,786
Transfers to (from) other funds*	7,968	9,768	(1,800)	10,496	13,794	14,676
Debt and financing charges	6,347	6,347	(0)	6,815	6,802	8,146
<b>Total expenses</b>	<b>75,446</b>	<b>69,225</b>	<b>6,221</b>	<b>88,537</b>	<b>100,822</b>	<b>127,951</b>
<b>Excess of revenues over expenses</b>	<b>2,736</b>	<b>(3,079)</b>	<b>(5,816)</b>	<b>3,332</b>	<b>4,904</b>	<b>7,334</b>
Fund balance, beginning of year	(8,245)	(4,677)	3,567	(7,757)	(4,425)	479
<b>Fund balance, end of year</b>	<b>(5,508)</b>	<b>(7,757)</b>	<b>(2,248)</b>	<b>(4,425)</b>	<b>479</b>	<b>7,814</b>

\*Including transfers to capital

Ancillary operations provide essential academic and student support services across the University. Ancillaries enhance the student experience and contribute 4.5% of sales to advance student support services and the University Fund.

Pandemic campus closures had the most significant impact on ancillaries except for adult continuing education. The 2021/22 original budget assumed a full campus re-opening early in the fiscal year, however continued restrictions limited resumption of services with impacts incorporated into the updated projection. Ancillary projected deficits for 2021/22 approximate \$3.1 million for total cumulative deficits of \$7.7 million. Extraordinary essential service extension steps and cost containment strategies minimized net losses driven by the pandemic with most ancillaries able to repay deficits within four or less years. The 2022/23 budget and planning years assume resumption of full campus activities. Projections by ancillary unit are available in Appendix 4.

### 10.6.1 CAMPUS STORE

In person learning continues to evolve as new tools for teaching and assessments are introduced. Materials selected to facilitate learning are available in a variety of formats, each supporting a different learning style. The Campus Store works with faculty to provide students with course material options to optimize student learning capabilities. With an ability to deliver dynamic digital content in addition to traditional textbooks and material supplies including both paid and free content the Campus Store supports faculty members content needs.

While dynamic content and eBook sales grow, print materials continue to decline. Course materials revenues no longer offset support expenses, nor does general reference materials, alumni and faculty publications, and general reading materials cover costs, these services are provided by offsetting losses through the sale of crested merchandise.

In 2022/23 the Campus Store is focused on outreach and community engagement, working with community partners to achieve strategic objectives while exploring new business opportunities.

### 10.6.2 McMASTER CONTINUING EDUCATION (MCE)

MCE delivers career-focused education to adult learners, supports corporate training mandates, and promotes partnerships within the community. Adult learners new to Canada comprise approximately 20% of MCE's enrolment. In 2021/22 learners and graduates reflect participation across 16 countries. MCE also serves undergraduates who blend degree work with career-focused learning.

Experiential learning opportunities exist in a wide cross-section of MCE courses and involve partnerships with medium and large national corporations. MCE is actively increasing the career development services and enhancing the partnerships with the City of Hamilton and Chamber of Commerce.

Budget challenges are associated with staff inflation and other costs related to the design, delivery, and marketing. Enrolment trends in 2021/22 have affected by the competitive and crowded marketplace. In 2022/23 budgeted initiatives include two large systems projects: completion of a new website and implementation of a new student administration and registration system. While these initiatives are included in the budget, they involve substantive financial, time, and human resources investments.

### 10.6.3 HOSPITALITY SERVICES (HS)

HS delivers a critical sustainability and operational excellence support role aligned with enhancing the student experience. HS focus on efficiency, flexibility and adaptability allows contribution to McMaster's mission, vision and strategy while results directly support the operating fund. HS three-year strategic plan focuses on sustainability, diversity, equity, access, Indigenous and international menu options, food transparency, social media outreach, mobile options, and financial stability.

Budget challenges associated with the pandemic have led to labour shortages, supplier cost inflation, supply chain disruptions, a decline in consumer spending habits, and delays in capital initiatives, such as the Main Street Residence. In 2022/23 initiatives include strategies covering: compensation, recruitment, retention, purchasing and inventory, and meal-plan pricing reviews.

### 10.6.4 HOUSING AND CONFERENCE SERVICES (HCS)

HCS directly supports the University's overriding vision and educating for capability. HCS provides a distinctive living and learning experience for 4,100 students focused on key educational priorities including community development, personal growth and wellness, academic excellence, and inclusion. The residence experience is a critical success factor supporting student retention between Year 1 and Year 2, aligned with SMA metrics. Capital expansion plans, including a 550 bed graduate residence in 2023/24 and a 1,440 bed undergraduate residence in 2024/25.

Future residence occupancy levels are less certain than pre-COVID, with the risk of new variants and waning vaccinations. Residence demand risk presents a significant budget challenge. HCS contained operational deficits in 2020/21 by redirecting \$13.6M in savings from the Bates Residence Re-development Project. In 2022/23 plans focus on re-establishing 98% occupancy rates, while mitigating COVID risks and other cost pressures.

### 10.6.5 MEDIA PRODUCTION SERVICES (MPS)

MPS provides web development and delivery, graphic design, signage, printing and other creative services to support McMaster's community. Customer satisfaction results (currently 96%) are high and external awards for web, digital content, and print have been received provincially, nationally and internationally. In 2022/23 investments focus on resources, technologies, equipment, and in-house capacity to support University service demands.

McMaster's branding and accessible MacSites web solution has delivered over 100 University sites with the most recent large initiative supporting the FHS web strategy. Other traditional revenue streams such as fleet, exams production, and marking were impacted by the pandemic and campus closures. In 2022/23 normal operations resumption is budgeted along with initiatives to deliver on MPS 5-year supporting strategic plan.

### 10.6.6 PARKING SERVICES (PS)

PS continues to invest in physical spaces aligned with the capital plan while maintaining existing parking infrastructure. PS will be new parking demands when the graduate student residence opens downtown in 2023/24. PS supports student parking demand and student employment opportunities, where possible.

In 2021/22 outstanding parking loans were consolidated and refinanced after incurring operating losses associated with the pandemic. Gradual returns to campus began in September 2021 allowing some revenues, however lower than budget. Loan payments along with constrained revenues leave minimal funds available for maintenance and new capital projects. Further, other construction on campus impacts parking for construction staging. Although the loss of space due to construction is temporary, multiple projects taking place simultaneously create significant logistical challenges.

In 2022/23 PS will focus on a refreshed parking strategy to address capacity needs and giving consideration to improving parking access for visitors and special event guests.

## 10.7 SPECIFICALLY EXTERNALLY FUNDED

Table 14: Specifically Externally Funded Summary

(\$ thousands)						
	2021/22 Budget	2021/22 Projection	2020/21 Variance	2022/23 Budget	2023/24 Plan	2024/25 Plan
<b>Revenues</b>						
Other revenues	31,980	34,497	2,518	33,610	32,612	32,406
<b>Total revenues</b>	<b>31,980</b>	<b>34,497</b>	<b>2,518</b>	<b>33,610</b>	<b>32,612</b>	<b>32,406</b>
<b>Expenses</b>						
Salaries, wages and benefits	22,730	24,375	(1,645)	24,349	24,104	24,237
All other expenses	9,822	10,422	- 601	8,995	9,645	9,381
Transfers to (from) other funds	(179)	(177)	(3)	(137)	(141)	(143)
<b>Total expenses</b>	<b>32,372</b>	<b>34,621</b>	<b>(2,249)</b>	<b>33,207</b>	<b>33,608</b>	<b>33,475</b>
<b>Excess of revenues over expenses</b>	<b>(393)</b>	<b>(124)</b>	<b>269</b>	<b>403</b>	<b>(996)</b>	<b>(1,069)</b>
Fund balance, beginning of year	6,557	6,387	(170)	6,263	6,666	5,671
<b>Fund balance, end of year</b>	<b>6,164</b>	<b>6,263</b>	<b>99</b>	<b>6,666</b>	<b>5,671</b>	<b>4,601</b>

Externally restricted funds other than research, trust or capital, are tracked in a separate fund. Programs managed in this fund involve external sponsors such as the Ministry of Health and Long-Term Care and the Ontario Online Initiative, and meet the following criteria:

- The funding is provided by an external entity
- There is an agreement with the sponsor to spend the funding for a specified purpose on specified items
- Unspent funding must be returned to the sponsor

Departments are responsible for administering this funding, ensuring that it is used for the intended purpose and not overdrawn. Specifically externally funded programs are included within budget submissions to Budget Committee.

## 10.8 INTERNAL RESERVES

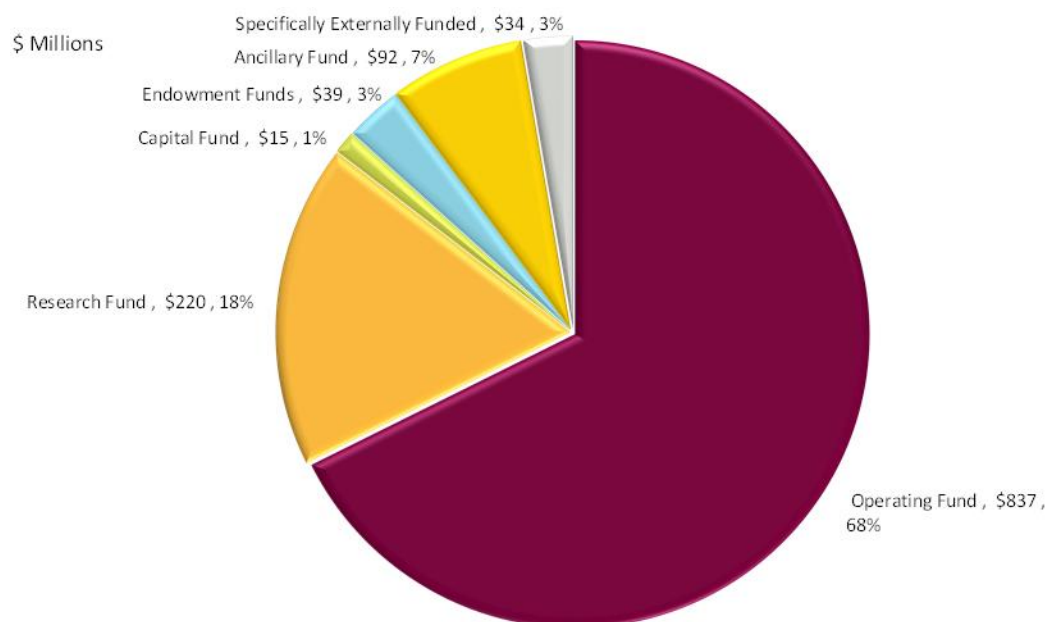
Internal reserve strategies are used to settle future obligations associated with current faculty, staff or other activities. The balance in 2021/22 is projected to be \$706.1 million, significantly higher than the original budget of \$201.1 million due to extraordinary investment income (26.1%) and slower capital spending due to COVID delays. In 2022/23 internal reserves are projected to decline to \$658.4 million in 2022/23 as capital reserves are utilized as capital spending returns to post-pandemic levels.

Internal reserves include two categories of funding. First, operating and ancillary fund reserves are balances carried forward into future years. Faculties and departments are required to develop structurally balanced budgets each year and additionally are expected to save reserves for new capital investments or renovations or other large strategic initiatives. Combined operating and ancillary reserves are projected to be \$164.2 million in 2021/22, falling to \$146.5 million in 2022/23, with increases in the Ancillary Fund as a result of returning to normal activities offset by the planned use of reserves for strategic projects. Ancillary appropriations are expected to return to a surplus in 2023/24 as operations recover from COVID-19 losses, while operating fund appropriations are drawn down to \$128.3 million at the end of 2024/25 by one-time expenditures for strategic initiatives.

The second category of reserves relate to funding obligation settlement needs. The settlement-related balances appear as part of internal reserves on the University's Statement of Financial Position and could be misinterpreted as funding available for other uses. Redeploying obligation settlement reserves would pass current liabilities onto future University generations as well as impair financial health metrics and credit ratings. Each reserve balance and purpose is disclosed the Annual Financial Report note 11. All internal reserves are monitored annually for sufficiency of the reserve compared to the future liability or third-party projected obligation.

# 11 CONSOLIDATED RESULTS

Figure 17: Consolidated 2022/23 Budget Revenue by Fund



As outlined in Section 8.3 Budget Design, the budget process results in a revenue and expense budget for each fund. The Annual Financial Report includes the audited financial statements that are prepared on a full accrual basis using the deferral method of accounting for revenue (see Appendix 6 Significant Accounting Policies for more details). Under this method, all funds are consolidated into a single column for the Statement of Operations, Statement of Financial Position and the Statement of Cash Flows. In order to complete the Consolidated Budget document on the same basis as the Annual Financial Report accounting adjustments are made to each fund.

Table 15: Reconciliation of Operating Fund Budget to Accrual-Based Budget

(\$ thousands)	2021/22 Budget	2021/22 Projection	2021/22 Variance	2022/23 Budget	2023/24 Plan	2024/25 Plan
Excess (deficiency) of Operating Fund revenues over expenses	(4,822)	(26,441)	(21,619)	(4,685)	(14,966)	(6,956)
Capital expenditures net of amortization	79,538	75,435	(4,103)	151,585	72,598	123,736
Investment income (loss) on internal endowments	1,600	1,123	(477)	2,662	2,559	2,468
Pension and non-pension adjustments	13,714	3,921	(9,793)	3,038	4,161	5,360
Changes in other reserves	(11,191)	54,095	65,286	(31,313)	65,222	20,028
<b>Total accrual adjustment</b>	<b>83,661</b>	<b>134,574</b>	<b>50,913</b>	<b>125,972</b>	<b>144,541</b>	<b>151,592</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>78,839</b>	<b>108,133</b>	<b>29,294</b>	<b>121,286</b>	<b>129,575</b>	<b>144,636</b>

Table 15 shows the summary adjustments required to reconcile the Operating Fund's net income from the fund and cash accounting basis to the full accrual basis for all funds, the adjustments include:

- Capital expenditures treated as immediate cash basis expenses are added back and only the net amortization expense is deducted, reflecting the useful life of the capital asset over time.



- Investment income earned or (lost) on internal endowments, net of funds not already transferred to the Operating Fund, are added back or (subtracted).
- Actuarial adjustments (excluding re-measurements) for pension and non-pension costs are recorded.
- Reclassifications to offset internal transactions between departments affecting revenues and expenditures are recorded.

The large favourable variance in other reserves in 2021/22 reflects the higher opening balance carried forward from 2020/21 due to significant investment returns and improved international enrolment, as well as the higher projected surplus in 2021/22.

## 11.1 STATEMENT OF OPERATIONS

Table 16: Consolidated Statement of Operations (Accrual Basis)

(\$ thousands)						
	2021/22 Budget	2021/22 Projection	2021/22 Variance	2022/23 Budget	2023/24 Plan	2024/25 Plan
<b>Revenues</b>						
Operating grants	278,248	274,102	(4,146)	274,106	274,086	274,071
Research grants and contracts	178,971	178,340	(631)	180,123	181,925	183,744
Tuition fees	432,852	447,469	14,616	465,728	501,210	543,698
Ancillary sales and services	78,182	78,182	-	93,845	105,206	107,590
Other revenues	202,647	187,367	(15,280)	189,240	192,133	194,044
Investment income (net)	66,716	65,991	(725)	83,666	85,608	89,021
Amortization of deferred capital contributions	38,719	41,811	3,092	40,389	39,433	48,714
<b>Total revenues</b>	<b>1,276,335</b>	<b>1,273,261</b>	<b>(3,074)</b>	<b>1,327,096</b>	<b>1,379,600</b>	<b>1,440,883</b>
<b>Expenses</b>						
Salaries and wages	594,709	597,625	(2,915)	621,530	646,391	672,246
Employee benefits	144,953	145,665	(712)	148,578	151,550	154,581
Supplies and services	359,812	315,589	44,223	321,347	328,938	335,383
Interest on long-term debt	15,358	15,638	(280)	18,129	18,082	18,034
Amortization of capital assets	82,664	90,612	(7,947)	96,226	105,064	116,001
<b>Total expenses</b>	<b>1,197,496</b>	<b>1,165,128</b>	<b>32,368</b>	<b>1,205,810</b>	<b>1,250,025</b>	<b>1,296,246</b>
<b>Excess of revenues over expenses</b>	<b>78,839</b>	<b>108,133</b>	<b>29,294</b>	<b>121,286</b>	<b>129,575</b>	<b>144,636</b>

McMaster's objective is to achieve a 10% excess of revenues over expenses to generate sufficient internal reserves to cover future obligations. The Statement of Operations reflects a full return to pre-pandemic operations in 2022/23. Assumptions included in consolidated results are as follows:

- Operating grants are expected to be held flat without performance funding reductions in 2023/24.
- Research revenues are recognized as expenses are incurred with plans based on historical trends.
- Tuition revenue from domestic students will decline. Domestic enrolment will decline to the funding cap while in-province tuition rates remain frozen.
- International enrolment will offset domestic enrolment reductions, which will increase tuition.
- Total enrolment will not decline ensuring debt of \$12,000 per student FTE is not exceeded.
- Ancillary sales impacted by pandemic closures will resume as normal.

- Investment income has been conservatively budgeted at 4.6% for 2021/22 and 5.6% in 2022/23 and future years. McMaster continues to plan for reasonable returns while implementing net zero carbon emission strategies aimed at decarbonizing investment holdings aligned with the United Nations supported framework of Principles for Responsible Investment and increasing clean technology investments to accelerate clean energy transition.
- Salaries and wages increase with negotiated settlements and step increases, as well as targeted FTE growth in Faculties associated with enrolment growth.
- Employee benefits are based on known statutory expenses and additional estimates of pension and non-pension benefits.

Supplies and services include extraordinary expenses related to the pandemic, offset by savings from working remotely. Cost inflation impacts associated with growing enrolment and return to campus will be mitigated by growing savings from the Mac Buy project, sustainable procurement initiatives, and operational efficiencies. The budget includes a contingency of approximately 1.0% of total expenses to cover likely spending that may be strategically apportioned to new targeted positions or specific projects.

## 11.2 STATEMENT OF FINANCIAL POSITION

Table 17: Consolidated Statement of Financial Position

(\$ thousands)						
	2021/22 Budget	2021/22 Projection	2021/22 Variance	2022/23 Budget	2023/24 Plan	2024/25 Plan
<b>Assets</b>						
Cash	18,317	17,660	(657)	18,294	18,906	19,480
Short-term investments	206,953	201,404	(5,548)	209,039	216,991	224,917
Investments	1,411,559	1,856,013	444,454	1,819,613	1,856,883	1,856,851
Capital assets	1,352,221	1,306,842	(45,379)	1,471,896	1,690,172	1,956,814
Other assets	252,950	223,146	(29,803)	227,609	232,161	236,805
<b>Total assets</b>	<b>3,241,998</b>	<b>3,605,065</b>	<b>363,067</b>	<b>3,746,452</b>	<b>4,015,113</b>	<b>4,294,866</b>
<b>Liabilities and deferred contributions</b>						
Current liabilities	179,911	200,242	20,331	204,259	208,356	212,536
Deferred contributions for future expenses	871,512	906,059	34,547	899,024	1,009,971	1,116,792
Long-term debt	417,691	416,739	(953)	416,769	416,808	416,858
Employee future benefits and pension	466,563	173,327	(293,237)	176,793	180,329	183,936
<b>Total liabilities and deferred contributions</b>	<b>1,935,678</b>	<b>1,696,366</b>	<b>(239,312)</b>	<b>1,696,844</b>	<b>1,815,464</b>	<b>1,930,122</b>
<b>Net assets</b>						
Unrestricted	-	-	-	-	-	-
Internally restricted reserves	201,052	706,122	505,070	658,424	683,611	671,651
Equity in capital assets	466,441	440,815	(25,626)	617,561	729,848	894,939
Endowments						
Internal	144,571	172,954	28,383	175,616	178,175	180,643
External	494,256	588,808	94,552	598,006	608,014	617,511
<b>Total net assets</b>	<b>1,306,320</b>	<b>1,908,699</b>	<b>602,379</b>	<b>2,049,608</b>	<b>2,199,649</b>	<b>2,364,744</b>
<b>Total liabilities and net assets</b>	<b>3,241,998</b>	<b>3,605,065</b>	<b>363,067</b>	<b>3,746,452</b>	<b>4,015,113</b>	<b>4,294,866</b>

The Statement of Financial Position is the University's consolidated balance sheet.

Cash and short-term investments reflect funds held for current spending. The investments line includes medium-term funds in longer durations approximating 36 to 48 months, as well as long-term

investments placed in the unitized investment pool. Long-term investments hold both external and internal endowment funds, as well as a component of funds not needed in the short or medium term.

Capital assets reflect infrastructure additions that meet the capitalization accounting policy (described further in Appendix 6). Other assets include grants and other accounts receivable, prepaid expenses, inventories and investments in McMaster Innovation Park, Halton McMaster Family Health Centre, and public-private partnership investments.

Deferred contributions for future expenses reflect funding received for specific purposes, primarily research and capital, that has not yet been expended or met the test to expense. This funding is reduced when the related expense occurs, resulting in offsetting revenue or neutral impact to the Statement of Operations. The long-term debt obligation relates primarily to bonds raised in 2002, 2015 and 2021 for capital investments, with additional debt of \$150 million issued in 2021/22 as planned (see Section 12 Overall Borrowing and Debt Position). All bond obligations have an internally restricted sinking fund reserve to settle the future \$390 million in balloon payments. Long-term debt includes the liability for decommissioning the nuclear reactor as determined by the Canadian Nuclear Safety Commission. An offsetting internally restricted reserve has been created to fund this obligation when it becomes due. The liability for employee future benefits and pension is determined by the University's third-party actuary for each plan the University has with its faculty and staff. For costs associated with the variable pension expenses and future post-retirement benefits, internally restricted reserves are used.

Finally, net assets are made up of internally restricted reserves, equity in capital assets, and internal and external endowments. Details of internally restricted reserves and the two endowments are provided in sections 10.8, 10.4 and 10.5 respectively. Equity in capital assets reflects accrual-basis adjustments that increase with new University-funded capital investments, and decrease with amortization over the assets' useful life.

## 11.3 STATEMENT OF CASH FLOWS

Table 18: Consolidated Statement of Cash Flows

(\$ thousands)						
	2021/22 Budget	2021/22 Projection	2021/22 Variance	2022/23 Budget	2023/24 Plan	2024/25 Plan
Excess of revenues over expenses	78,839	108,133	29,294	121,286	129,575	144,636
<b>Adjustments for non-cash items:</b>						
Amortization of deferred capital contributions	(38,719)	(41,811)	(3,092)	(40,389)	(39,433)	(48,714)
Amortization of capital assets	82,664	90,612	7,947	96,226	105,064	116,001
Employee future benefits	(15,089)	(9,535)	5,554	10,324	10,358	10,863
Change in decommissioning obligation	1,193	724	(469)	758	795	833
Net change in deferred contributions	42,763	20,643	(22,120)	36,347	153,435	158,651
<b>Financing and investing activities:</b>						
Purchase of capital assets	(199,487)	(165,977)	33,509	(261,281)	(323,340)	(382,643)
Net change in investments	(106,273)	(158,283)	(52,010)	28,765	(45,222)	(7,893)
Net change in external endowments	5,879	4,505	(1,374)	9,298	10,108	9,596
Issuance of long-term debt	150,000	150,000	-	-	-	-
Principal repayments on long-term obligations	(678)	(756)	(78)	(703)	(728)	(755)
<b>Increase/(decrease) in cash</b>	<b>1,093</b>	<b>(1,746)</b>	<b>(2,839)</b>	<b>634</b>	<b>612</b>	<b>575</b>
Cash, beginning of year	17,224	19,406	2,182	17,660	18,294	18,906
<b>Cash, end of year</b>	<b>18,317</b>	<b>17,660</b>	<b>(657)</b>	<b>18,294</b>	<b>18,906</b>	<b>19,481</b>

## 11.4 DEBT MANAGEMENT RATIOS

Table 19: Debt Management Ratios

	2021/22 Budget	2021/22 Projection	2021/22 Variance	2022/23 Budget	2023/24 Plan	2024/25 Plan
Debt Management Policy Ratios						
Expendable Net Assets to Debt (Target > 1.0x)	1.6	2.1	0.5	2.0	2.0	2.0
Interest Burden (Target < 4.0%)	1.4%	1.4%	0.0%	1.6%	1.6%	1.5%
Debt per FTE (Target < \$12,000)	\$11,999	\$11,957	\$42	\$11,982	\$11,999	\$11,999
Debt Management Monitoring Ratios						
Net Income/(Loss) Ratio (McMaster Target > 1.0%)	6.1%	8.4%	2.3%	9.0%	9.3%	9.9%
Net Operating Revenues (McMaster Target > 2.0%) <sup>1</sup>	10.0%	12.0%	2.0%	14.0%	15.0%	15.0%
Primary Reserves Ratio (McMaster Target > 91 days) <sup>2</sup>	204	274	69	252	248	234
Viability Ratio (McMaster Target > 1.0) <sup>3</sup>	1.6	2.1	0.5	2.0	2.1	2.0

<sup>1</sup> Measures cash flow from operating activities as a proportion of revenues

<sup>2</sup> Measures the number of days University reserves can cover operating expenses

<sup>3</sup> Measures the proportion of long-term debt that could be settled using unrestricted assets

Since capital projects require a combination of financing sources, debt is considered a perpetual component of the University's capital structure. The University has established guidelines regarding the optimal amount of outstanding debt using the above ratios, which measure balance sheet resources and annual cash flow. These ratios are consistent with those monitored by the University's credit rating agencies and are subject to review periodically. All ratios over the planning horizon are within acceptable ranges.

## 11.5 RISKS TO THE 2022/23 BUDGET

The risks that existed prior to the pandemic generally remain. Maintaining McMaster's status as a global education leader and destination of choice for international students, as well as achieving diversified international enrolment targets remain important goals. Diversity of international enrolment will be important to minimize geopolitical risk. Enrolment growth will eventually be limited by capacity, forcing a greater focus on the delivery of new revenues and operational process efficiencies. Although the University continues to invest in capital expansion projects, post-pandemic there may be some facets of the courses that remain virtual to their benefit. These changes will present further risks.

When funding is linked to SMA metrics in 2023/24 there is risk that McMaster's funding might decline, nine metrics are set by MCU and one selected by McMaster. The tuition framework has been frozen for 2022/23 and there is no indication of tuition increases in 2023/24 and beyond. If domestic tuition rates continue to be held frozen the University will not have sufficient inflationary funding related to domestic higher education delivery.

Risk of market volatility and capital losses could continue to impact annual commitments to operations, including funding for Chairs, scholarships and bursaries. This risk is managed by diversification and experienced oversight, as well as maintenance of an internally restricted specific purpose reserve established more formally following the 2008 financial crisis to cover annual spending commitments that might otherwise be hindered in a prolonged market loss situation. In addition to market losses, a decline in interest rates would affect pension plan liabilities and increase the amount of required payments. Projections and scenario modeling are used to monitor this risk and develop funding strategies using internally restricted benefit reserves to potentially supplement payment

schedules, resulting in a process of smoothed benefit rate budgeting for Faculties and departments and enabling greater stability.

Additional systemic or uncontrollable risks include ensuring sufficiency of funding for investments in infrastructure and strategic priorities. Significant investments linked to the five priority areas will be required to deliver the **Global Nexus** initiative and progress on key issues affecting health and society. Climate change and resiliency measures will require capital investments to increase McMaster's alignment with the UN Sustainable Development Goals, as well as potentially affecting the cost of utilities, future capital projects, other infrastructure and staff related costs associated with climate resilience.

Further, the University has partnered with the private sector to minimize the debt held directly by the University while still delivering on key capital projects of strategic importance to the University's mission. Risk of bankruptcy of public-private partners involves mitigation strategies including extensive due diligence initiatives, strategic negotiations allowing remedy within a defined period and the University's right to buy out the partnership or replace the partner failing reasonable remedy.

## 12 OVERALL BORROWING AND DEBT POSITION

Strategic initiatives and capital projects for both infrastructure and technology require a combination of financing solutions, including internal loans from the central bank, commitments against future revenue streams, gifts, external and off-book financing.

External financing is used to fund the central bank and is considered a perpetual component of the University's capital structure. The University examines optimal debt positions for strategic and capital needs against established debt management guidelines and financial health metrics annually, results of which are outlined in a debt strategy report along with multi-year financial projections. McMaster uses debt retirement funds (or sinking funds) for the bonds outstanding.

Additional debt of \$150 million was approved by the Board of Governors for issuance in 2021/22, locking in historically low interest rates for a long period and supporting the objective of achieving a lower weighted average cost of capital (WACC). Following the additional \$150 million debt issuance in 2021/22, McMaster has the following outstanding debentures:

- June 2021 - \$25 million green bond at 3.255% due June 2051
- October 2002 - \$120 million at 6.15% due October 2052
- November 2015 - \$120 million at 4.105% due November 2065
- June 2021 - \$125 million at 3.405% due June 2071

The 2021/22 debt replenished the McMaster Capital Reserve by \$135 million (net of a \$15 million sinking fund), expanding financial capacity for large high-priority projects supporting the President's strategic plan. The lower interest rate achieved on the new bonds has lowered the University's WACC from 5.75% to 4.75%.

The debt has been structured to create staggering maturities and allow current strategic initiatives to proceed, while maintaining strong financial health metrics and our AA (stable) credit rating with DBRS and S&P. According to the credit rating agencies, the key capacity determinant for McMaster is debt of no more than \$12,000 per student FTE. The amount of the new debt was chosen to maximize financing flexibility while minimizing financing cost, resulting from the strong credit rating.

The Debt Management Policy identifies that financing should preferably go toward projects with internal loan repayment streams as a principle, and business cases should show an ability to repay the capital investment with interest at WACC over a reasonable repayment period. Internal loans associated with completed projects average a 30-year repayment schedule.

## 13 CONCLUSIONS ON THE 2022/23 BUDGET

McMaster's projected consolidated results for 2021/22 are structurally balanced with net surplus across all funds of \$108.1 million after capital and other accrual basis adjustments. The consolidated budget for 2022/23 is also in a surplus position on an accrual basis of \$137.3 million after capital and other adjustments totaling \$142.3 million.

The 2021/22 operating fund has an ongoing projected surplus \$43.6 million, after strategic and capital one-time priority investments the net loss is projected as \$26.4 million. For 2022/23 the operating results have a structural surplus of \$40.2 million and a net loss after one-time strategic investments of \$4.7 million.

The consolidated and operating fund results are consistent with McMaster's prudent financial management approach instilled by the budget model driving fiscal accountabilities to budget envelope managers, requiring each area to be structurally balanced while also funding local strategic and capital priorities to advance the University's strategic priorities. The transparent budget model has served the University well as provincial funding limitations ensue, as addressing the pandemic has created an even greater constraint across our jurisdiction.

Over the budget and planning years all areas across the University will continue to work collaboratively to advance McMaster's greatest strategic priority the **Global Nexus for Pandemics and Biological Threats** at McMaster's Innovation Park (MIP). McMaster will also progress MIPs major supercluster development initiative providing an additional 2.8 million square feet of new and renovated life sciences and biomanufacturing space. Major initiatives will be mindful of strategic progress in relation to the sustainability of McMaster's strong financial credit rating of AA (Stable). Other capital plans are budgeted to resume pre-COVID activity levels with several Faculty driven initiatives moving forward through stages of planning, business case development and governance approval.

Ancillary funds within the consolidated results are projected to have a \$3.4 million loss in 2021/22 resulting in cumulative losses of \$7.8 million arising over the pandemic period. All ancillary units have budgeted for resumption of normal pre-COVID activities in 2022/23 with a net budget surplus of \$3.3 million, reducing the net deficit to \$4.4 million. Ancillaries, taken together, over the planning years 2023/24 and 2024/25 will fully address the remainder of the cumulative deficit.

All other funds have sound financial plans to advance McMaster's strategic priorities, including a strong focus on the United Nations Sustainable Development Goals.



## APPENDIX 1– OPERATING FUND PROJECTION VS. BUDGET

Table 20: Operating Fund 2021/22 Projection vs. Budget

(\$ thousands)	Operating Fund		2020/21 Variance	
	2021/22 Budget	2021/22 Projection	Favourable/ (Unfavourable)	
<b>Sources of Funding:</b>				
Provincial Grants	236,158	239,843	3,685	1.6%
Tuition	418,215	423,000	4,785	1.1%
Research Overhead Income	28,459	26,014	(2,445)	-8.6%
Investment Income	9,467	9,467	-	0.0%
Other income	107,132	107,848	715	0.7%
<b>Total sources of funding</b>	<b>799,431</b>	<b>806,172</b>	<b>6,741</b>	<b>0.8%</b>
<b>Expenditure:</b>				
Salaries, wages and benefits	531,369	544,269	(12,899)	-2.4%
Utilities and maintenance	45,066	43,543	1,523	3.4%
Equipment and renovations	68,157	102,299	(34,142)	-50.1%
Scholarships, bursaries and work study	31,619	33,199	(1,580)	-5.0%
Library acquisitions	15,193	14,306	887	5.8%
Debt and financing charges	26,401	22,763	3,637	13.8%
All other expenses	86,447	72,234	14,213	16.4%
<b>Total expenditures</b>	<b>804,253</b>	<b>832,613</b>	<b>(28,360)</b>	<b>-3.5%</b>
<b>Total surplus (deficit)</b>	<b>(4,822)</b>	<b>(26,441)</b>	<b>(21,619)</b>	<b>-448.4%</b>
Fund balances, beginning of year	159,197	198,752	39,555	24.8%
<b>Fund balances, end of year</b>	<b>154,375</b>	<b>172,311</b>	<b>17,936</b>	<b>11.6%</b>

The Operating Fund is projected to end 2021/22 in a more favourable position than the original budget due to favourable fund balances at the end of 2020/21 carrying over.

Provincial grants are favourable by \$3.7 million (1.6%) mainly due to Research Overhead Infrastructure Envelope funding now being reported as part of Provincial operating grants with the Ministry for Colleges and Universities (MCU)'s move to performance-based funding, and an additional clinical nursing grant.

Tuition is favourable by \$4.8 million (1.1%) predominantly due to increases in international graduate enrolment for Engineering and international undergraduate enrolment for Business. Domestic tuition rates for Ontario students remain frozen following the 10% reduction in 2019/20, with a 3% rate increase allowed for out-of-province students.

Research overhead income is unfavourable by \$2.4 million (-8.6%) as a result of the Research Overhead Infrastructure envelope funding now being reported as part of Provincial operating grants with the MCU's move to performance-based funding. This is partially offset by marginal increases in the federal Research Support funding, contract overhead revenues, and royalties.

Other income is in line with budget.

Salaries, wages and benefits are unfavourable by \$12.9 million (-2.4%) predominantly due to staff increases in full-time and part-time support staff.

Utilities and maintenance are favourable by \$1.5 million (3.4%) due to rates adjustments from moving from Class B consumer to Class A consumer resulting in Global Adjustment savings, as well as reduced consumption from the limited re-opening of campus.

Equipment and renovations are unfavourable by \$34.2 million (-50.1%) driving the unfavourable variance are large increases for capital transfers for the McLean Centre project, Engineering building, and Faculty of Science buildings. These are considered to be one-time transfers that may repeat and are made by choice.

Scholarships, bursaries and work-study expenditures are unfavourable by \$1.6 million (-5.0%) due to entrance award overages with an increased percentage of undergraduates presenting higher final admission averages.

Library acquisitions are favourable by \$0.9 million (5.8%) related to the exchange rate movement. Due to the high volume of library acquisitions in US dollars there are exchange rate fluctuation mitigation measures, with the offsetting amount showing up in other expenses and covered by the General University expense envelope.

All other expenses are favourable by \$14.2 million (14.5%) primarily due to lower than budget expenses related to the limited reopening of campus and remote working including office expenses, travel, meeting expenses, research support costs, and lower than expected contingency spending on priorities in other expenses, especially University Fund spending crystalizing in other spending categories. This was partially offset by lower internal recoveries, increased externally contracted services and COVID-19 related expenses.

The resulting \$21.6 million unfavourable in-year deficit variance is more than offset by the \$39.6 million favourable opening appropriations variance, resulting in a projected closing balance in the Operating Fund \$17.9 million (11.6%) greater than the original budget. These appropriations will be carried forward for expenditure in 2022/23 and future years and will help to mitigate the continuing challenges associated with COVID-19, the recovery from the pandemic, and planned investments in capital.

## APPENDIX 2 – BUDGET MODEL CALCULATIONS

McMaster University - New Budget Model - Faculties			University Fund		Prof. Faculties		Other Faculties		VP Research Discretionary Fund				10.00%	
Projected Budget Allocation			Research Infrastructure Fund		8.00%		8.00%							
2021-22					3.00%		1.00%							
	Budgets prior to double stepdown allocation	Net double stepdown allocation	Business	Engineering	Health Sciences	Humanities	Science	Med Rad - Mohawk	Social Sciences	Arts & Science	Other (reconciling items)	University Fund	Research Infrastructure Fund	Total (after double stepdown to support unit allocations)
Revenue														
Undergraduate Tuition			70,703	115,058	33,464	19,063	86,946	2,181	47,901	1,844	-			377,160
UG Tuition Adjustment for tuition fee framework			(114)	(643)	176	118	290		166	7				-
Total UG SAG Obligation			(683)	(2,505)	(11)	(4)	(23)	-	(10)	-	3,236			-
Total Entrance Award Overage			-	(980)	(9)	(19)	(803)	-	(146)	-	1,956			-
Graduate Tuition			21,144	12,627	12,354	2,537	4,454	-	2,596	-	-			55,711
Operating Grant			18,399	43,963	84,281	13,621	49,852	1,551	22,675	1,676	-	240	-	236,251
Other Income			1,278	2,489	4,231	875	2,268	-	1,144	81	-	3,848	-	16,211
Gross Revenue			110,728	170,009	134,486	36,192	142,984	3,732	74,327	3,607	5,192	4,088	-	685,346
Undergraduate Cross Faculty Teaching Adjustment			(6,926)	(11,241)	437	9,835	5,033	-	3,361	(489)	-			(0)
Revenue for Contributions			103,802	158,769	134,923	46,027	148,017	3,732	77,688	3,108	5,192	4,088	-	685,346
Internal International Tax			(1,592)	(1,946)	(41)	(289)	(1,552)	-	(929)	-		6,350	-	-
University Fund Contribution			(8,304)	(12,701)	(10,794)	(3,682)	(11,841)	-	(6,215)	(249)		53,787	-	-
Research Infrastructure Fund Contribution			(3,114)	(4,763)	(1,349)	(460)	(1,480)	-	(777)	(93)		-	12,037	-
Indirect Cost of Research (excluding Royalties)			374	5,251	12,531	488	4,102	-	795	-	33	-	-	23,584
VP Research Discretionary (10 % of ICR above)			(37)	(525)	(1,253)	(50)	(410)	-	(79)	-	2,355	-	-	-
Adjustments for ICR received by Journal (Contract & ERA)			(1)	(1,024)	(5,581)	(235)	(573)	-	(25)	-	-	-	-	(7,439)
Adjustments for Current Practices			-	-	(4,672)	(218)	190	(189,974)	218	-	-	-	-	(4,672)
Research Infrastructure Fund Distribution			191	2,694	6,404	255	2,096	-	406	-	-	-	(12,037)	-
Research Excellence Fund (from UF)			67	469	1,118	89	366	-	142	-		(2,250)	-	-
Revenue Prior to Shared Support Unit Allocations			91,385	146,212	131,286	41,935	138,915	3,542	71,223	2,766	7,580	61,974	-	696,818
Shared Support Unit Allocations - via double stepdown														
Occupancy Cost	44,579	(14,680)	(855)	(7,730)	(8,683)	(2,203)	(8,712)	-	(1,642)	(75)	-	-	-	(29,899)
Deferred Maintenance	11,593	(4,479)	(203)	(1,839)	(2,066)	(524)	(2,073)	-	(391)	(18)	-	-	-	(7,114)
Insurance	1,542	(671)	(25)	(229)	(242)	(65)	(258)	-	(49)	(2)	-	-	-	(871)
MIP Occupancy 1	3,285	(429)	-	(1,602)	(864)	(55)	(30)	-	(305)	-	-	-	-	(2,856)
MIP Occupancy 2	209	-	-	(209)	-	-	-	-	-	-	-	-	-	(209)
HR	7,411	(900)	(373)	(1,047)	(3,389)	(420)	(828)	-	(440)	(13)	-	-	-	(6,510)
HR Employee Programs	2,055	(334)	(107)	(234)	(524)	(164)	(337)	-	(155)	(1)	-	-	-	(1,521)
Financial Affairs/Admin/ Inst Support	7,630	(2,338)	(745)	(1,043)	(1,628)	(453)	(942)	-	(458)	(23)	-	-	-	(5,291)
Supplementary Pension	4,738	(533)	(398)	(729)	(1,464)	(404)	(790)	-	(415)	(5)	-	-	-	(4,205)
Pension Special	17,437	(4,533)	(905)	(1,982)	(4,447)	(1,389)	(2,856)	-	(1,316)	(9)	-	-	-	(12,904)
President/Univ Sec	2,250	(823)	(201)	(281)	(439)	(122)	(254)	-	(124)	(6)	-	-	-	(1,427)
General University Expense	7,322	(2,864)	(627)	(879)	(1,372)	(381)	(794)	-	(386)	(19)	-	-	-	(4,458)
Bond Interest	14,510	(5,679)	(253)	(2,283)	(2,565)	(651)	(2,573)	-	(485)	(22)	-	-	-	(8,831)
UTS/ Technology Fund	19,227	2,413	(2,796)	(4,363)	(4,371)	(1,492)	(5,368)	-	(2,858)	(170)	-	-	-	(21,640)
UTS- ERP	4,517	(151)	(564)	(880)	(882)	(301)	(1,127)	-	(377)	(34)	-	-	-	(4,366)
UA	6,550	1,588	(1,173)	(1,920)	(1,784)	(346)	(1,784)	-	(895)	(36)	-	-	-	(8,138)
Office of the Provost	8,106	(2,881)	(735)	(1,030)	(1,607)	(447)	(930)	-	(452)	(23)	-	-	-	(5,225)
Research Support	14,249	6,418	(213)	(4,104)	(12,481)	(471)	(2,350)	-	(1,048)	-	-	-	-	(20,667)
Student Affairs	6,695	6,978	(1,921)	(2,879)	(2,018)	(969)	(3,818)	-	(1,949)	(119)	-	-	-	(13,673)
MIETL	3,597	728	(596)	(893)	(710)	(300)	(1,184)	-	(604)	(37)	-	-	-	(4,323)
Libraries	21,929	8,834	(4,052)	(6,128)	(6,016)	(2,117)	(8,059)	-	(4,144)	(247)	-	-	-	(30,763)
HG Library	4,780	1,955	(887)	(1,342)	(1,317)	(463)	(1,764)	-	(907)	(34)	-	-	-	(6,735)
Registrar	5,942	10,164	(2,133)	(3,236)	(2,296)	(1,132)	(4,755)	-	(2,395)	(159)	-	-	-	(16,106)
SOS	2,508	438	(507)	(711)	(885)	(189)	(409)	-	(245)	(9)	-	-	-	(2,946)
Museum of Art	644	536	(148)	(231)	(266)	(79)	(296)	-	(151)	(9)	-	-	-	(1,180)
UG Scholarship	5,418	657	(843)	(1,377)	(465)	(447)	(1,934)	-	(946)	(63)	-	-	-	(6,075)
UG Bursaries	3,634	-	(520)	(850)	(370)	(276)	(1,194)	-	(364)	(39)	-	-	-	(3,834)
Grad Scholarship	13,828	811	(2,495)	(3,492)	(4,295)	(931)	(2,017)	-	(1,208)	-	-	-	-	(14,439)
Branding and Marketing	3,022	176	(461)	(754)	(702)	(215)	(701)	-	(351)	(14)	-	-	-	(3,198)
Adjustments for Current Practices - Support Units					4,852						(4,852)			(0)
Total Shared Support Unit Allocations	249,406	0	(24,739)	(54,279)	(63,296)	(17,204)	(58,358)	-	(25,478)	(1,199)	(4,852)	-	-	(249,406)
Net Revenue			66,645	91,933	67,989	24,731	80,557	3,542	45,745	1,567	2,728	61,974	-	447,412
UF Supplement			-	-	-	1,500	-	-	-	-	-	(1,500)	-	-
UF Supplement 2 - Grants top up			-	-	1,552	-	-	-	-	-	-	(1,552)	-	-
Base Net Projected Budget 2021-22			66,645	91,933	69,542	26,231	80,557	3,542	45,745	1,567	2,728	58,922	-	447,412

McMaster University - New Budget Model - Faculties			Prof. Faculties		Other Faculties										
Projected Budget Allocation			University Fund		8.00%		8.00%		VP Research Discretionary Fund				10.00%		
2022-23			Research Infrastructure Fund		3.00%		1.00%								
	Budgets prior to double stepdown allocation	Net double stepdown allocation	Business	Engineering	Health Sciences	Humanities	Science	Med Rad - Mohawk	Social Sciences	Arts & Science	Other (reconciling items)	University Fund	Research Infrastructure Fund	Total (after double stepdown to support unit allocations)	
Revenue															
Undergraduate Tuition			72,961	120,405	33,657	19,649	93,672	2,252	49,590	1,781	-			393,968	
UG Tuition Adjustment for tuition fee framework			(114)	(643)	176	118	290	-	166	7	-			-	
Total UG SAG Obligation			(691)	(2,476)	(11)	(4)	(23)	-	(10)	-	3,215			-	
Total Entrance Award Overage			-	-	-	-	-	-	-	-	-			-	
Graduate Tuition			21,223	12,728	12,408	2,527	4,622	-	2,802	-	-			56,311	
Operating Grant			18,346	43,935	84,337	13,346	50,215	1,546	22,840	1,678	-	(10)	-	236,232	
Other Income			1,278	2,489	4,231	875	2,268	-	1,144	81	-	833	-	13,200	
Gross Revenue			113,004	176,438	134,799	36,512	151,044	3,798	76,532	3,546	3,215	822	-	699,711	
Undergraduate Cross Faculty Teaching Adjustment			(6,772)	(10,737)	583	9,907	4,352	-	3,180	(513)	-			0	
Revenue for Contributions			106,232	165,701	135,382	46,418	155,397	3,798	79,712	3,033	3,215	822	-	699,711	
Internal International Tax			(1,661)	(2,134)	(50)	(314)	(1,812)	-	(1,016)	-	-	6,987	-	-	
University Fund Contribution			(8,499)	(13,256)	(10,831)	(3,713)	(12,432)	-	(6,377)	(243)	-	55,350	-	-	
Research Infrastructure Fund Contribution			(3,187)	(4,971)	(1,354)	(464)	(1,554)	-	(797)	(91)	-	-	12,418	-	
Indirect Cost of Research (excluding Royalties & CRC)			374	5,251	12,531	498	4,102	-	795	-	33	-	-	23,584	
VP Research Discretionary (10 % of ICR above)			(37)	(525)	(1,253)	(50)	(410)	-	(79)	-	2,355	-	-	-	
Adjustments for ICR received by Journal (Contract & ERA)			(1)	(1,024)	(5,381)	(235)	(573)	-	(25)	-	-	-	-	(7,439)	
Adjustments for Current Practices			-	-	(4,606)	(218)	190	(190)	218	-	-	-	-	(4,606)	
Research Infrastructure Fund Distribution			197	2,769	6,607	263	2,163	-	419	-	-	-	(12,418)	-	
Research Excellence Fund (from UF)			67	469	1,118	89	366	-	142	-	-	(2,250)	-	-	
Revenue Prior to Shared Support Unit Allocations			93,485	152,279	131,962	42,275	145,436	3,609	72,991	2,699	5,603	60,909	-	711,249	
Shared Support Unit Allocations - via double stepdown															
Occupancy Cost	46,938	(15,402)	(902)	(8,153)	(9,159)	(2,323)	(9,189)	-	(1,731)	(79)	-	-	-	(31,536)	
Deferred Maintenance	11,593	(4,459)	(204)	(1,844)	(2,072)	(526)	(2,079)	-	(392)	(18)	-	-	-	(7,134)	
Insurance	1,542	(671)	(25)	(229)	(242)	(65)	(258)	-	(49)	(2)	-	-	-	(871)	
MIP Occupancy 1	3,285	(429)	-	(1,602)	(864)	(55)	(30)	-	(305)	-	-	-	-	(2,856)	
MIP Occupancy 2	209	-	-	(209)	-	-	-	-	-	-	-	-	-	(209)	
HR	9,281	(1,314)	(457)	(1,282)	(4,146)	(514)	(1,013)	-	(539)	(16)	-	-	-	(7,966)	
HR Employee Programs	2,055	(534)	(107)	(234)	(524)	(164)	(337)	-	(155)	(1)	-	-	-	(1,521)	
Financial Affairs/Admin/ Inst Support	7,483	(2,253)	(736)	(1,031)	(1,608)	(447)	(932)	-	(453)	(23)	-	-	-	(5,230)	
Supplementary Pension	4,738	(480)	(403)	(738)	(1,483)	(409)	(800)	-	(420)	(5)	-	-	-	(4,258)	
Pension Special	14,554	(3,784)	(755)	(1,654)	(3,712)	(1,159)	(2,384)	-	(1,098)	(7)	-	-	-	(10,770)	
Presidential/Univ Sec	2,363	(864)	(211)	(296)	(461)	(128)	(267)	-	(130)	(7)	-	-	-	(1,499)	
General University Expense	9,338	(3,716)	(791)	(1,108)	(1,729)	(481)	(1,001)	-	(487)	(25)	-	-	-	(5,622)	
Bond Interest	15,159	(5,925)	(264)	(2,387)	(2,682)	(680)	(2,691)	-	(507)	(23)	-	-	-	(9,234)	
UTS/ Technology Fund	23,671	2,349	(3,379)	(5,275)	(5,513)	(1,784)	(6,495)	-	(3,371)	(203)	-	-	-	(26,020)	
UTS- ERP	4,517	(152)	(567)	(885)	(925)	(299)	(1,090)	-	(565)	(34)	-	-	-	(4,365)	
UA	6,786	1,637	(1,247)	(2,018)	(1,771)	(560)	(1,854)	-	(936)	(37)	-	-	-	(8,422)	
Office of the Provost	8,258	(2,913)	(752)	(1,054)	(1,643)	(457)	(952)	-	(463)	(23)	-	-	-	(5,345)	
Research Support	15,200	6,584	(225)	(4,326)	(13,156)	(496)	(2,477)	-	(1,105)	-	-	-	-	(21,784)	
Student Affairs	7,554	7,242	(2,089)	(3,133)	(2,353)	(1,041)	(3,986)	-	(2,065)	(128)	-	-	-	(14,796)	
MIITL	4,033	757	(664)	(995)	(839)	(331)	(1,266)	-	(656)	(41)	-	-	-	(4,790)	
Libraries	22,977	9,169	(4,254)	(6,440)	(6,620)	(2,199)	(8,132)	-	(4,244)	(258)	-	-	-	(32,146)	
HS Library	5,000	2,028	(930)	(1,408)	(1,447)	(481)	(1,778)	-	(928)	(56)	-	-	-	(7,028)	
Registrar	8,897	10,579	(2,381)	(3,870)	(2,997)	(1,353)	(5,480)	-	(2,805)	(191)	-	-	-	(19,276)	
SGS	2,576	449	(505)	(758)	(894)	(188)	(426)	-	(254)	-	-	-	-	(3,025)	
Museum of Art	672	553	(154)	(241)	(288)	(81)	(297)	-	(154)	(9)	-	-	-	(1,225)	
UG Scholarship	5,668	710	(893)	(1,447)	(577)	(468)	(1,955)	-	(571)	(66)	-	-	-	(6,378)	
UG Bursaries	3,984	0	(546)	(884)	(440)	(286)	(1,195)	-	(593)	(40)	-	-	-	(3,984)	
Grad Scholarship	15,888	648	(2,775)	(4,154)	(4,837)	(1,032)	(2,342)	-	(1,397)	-	-	-	-	(16,536)	
Branding and Marketing	3,039	191	(478)	(774)	(680)	(215)	(710)	-	(359)	(14)	-	-	-	(3,230)	
Adjustments for Current Practices - Support Units			-	-	4,974	-	-	-	-	-	(4,974)	-	-	-	
Total Shared Support Unit Allocations	267,058	0	(26,894)	(58,431)	(68,687)	(18,222)	(61,412)	-	(27,130)	(1,308)	(4,974)	-	-	(267,058)	
Net Revenue			66,591	93,848	63,276	24,052	84,024	3,609	45,861	1,392	629	60,909	-	444,191	
UF Supplement			-	-	5,000	2,000	-	-	-	-	-	(7,000)	-	-	
UF Supplement 2 - Grants top up			-	-	1,632	-	-	-	-	-	-	(1,632)	-	-	
Base Net Projected Budget 2022-23			66,591	93,848	69,907	26,052	84,024	3,609	45,861	1,392	629	52,277	-	444,191	

McMaster University - New Budget Model - Faculties			Prof. Faculties		Other Faculties		VP Research Discretionary Fund						10.00%	
Projected Budget Allocation			University Fund		8.00%		8.00%							
2023-24			Research Infrastructure Fund		3.00%		1.00%							
	Budgets prior to double stepdown allocation	Net double stepdown allocation	Business	Engineering	Health Sciences	Humanities	Science	Med Rad - Mohawk	Social Sciences	Arts & Science	Other (reconciling items)	University Fund	Research Infrastructure Fund	Total (after double stepdown to support unit allocations)
Revenue														
Undergraduate Tuition			74,616	125,283	33,774	20,502	98,536	2,263	51,552	1,816	-			408,343
UG Tuition Adjustment for tuition fee framework			(114)	(643)	176	118	290		166	7				-
Total UG SAG Obligation			(679)	(2,403)	(11)	(4)	(22)	-	(9)	-	3,128			-
Total Entrance Award Overage			-	-	-	-	-	-	-	-	-			-
Graduate Tuition			21,986	13,191	12,272	2,543	4,798	-	2,844	-	-			57,634
Operating Grant			18,470	43,900	83,561	13,233	50,531	1,583	22,768	1,678	-	(6)	-	235,717
Other Income			1,278	2,489	4,231	875	2,268	-	1,144	81	-	3,781	-	16,148
Gross Revenue			115,557	181,816	134,004	37,268	156,402	3,845	78,465	3,582	3,128	3,775	-	717,842
Undergraduate Cross Faculty Teaching Adjustment			(6,732)	(10,528)	467	9,650	4,485	-	3,183	(525)	-			(0)
Revenue for Contributions			108,825	171,288	134,471	46,918	160,887	3,845	81,648	3,057	3,128	3,775	-	717,842
Internal International Tax			(1,734)	(2,367)	(64)	(346)	(2,039)	-	(1,100)	-		7,649	-	-
University Fund Contribution			(8,706)	(13,703)	(10,758)	(3,753)	(12,871)	-	(6,532)	(245)		56,567	-	-
Research Infrastructure Fund Contribution			(3,265)	(5,139)	(1,345)	(469)	(1,609)	-	(816)	(92)			12,734	-
Indirect Cost of Research (excluding Royalties & CRC)			374	3,251	12,531	498	4,102	-	795	-	33	-	-	23,584
VP Research Discretionary (10 % of ICR above)			(37)	(525)	(1,253)	(50)	(410)	-	(79)	-	2,355	-	-	-
Adjustments for ICR received by Journal (Contract & ERA)			(1)	(1,024)	(5,581)	(235)	(573)	-	(25)	-	-	-	-	(7,439)
Adjustments for Current Practices			(674)	(1,469)	(6,396)	(677)	(1,342)	(193)	(464)	(34)	-	-	-	(11,248)
Research Infrastructure Fund Distribution			202	2,839	6,775	270	2,218	-	430	-	-		(12,734)	-
Research Excellence Fund (from UF)			67	469	1,118	89	366	-	142	-		(2,250)	-	-
Revenue Prior to Shared Support Unit Allocations			95,061	155,620	129,499	42,345	148,729	3,652	73,997	2,687	5,516	65,742	-	722,738
Shared Support Unit Allocations - via double stepdown														
Occupancy Cost	46,938	(15,405)	(902)	(8,152)	(9,158)	(2,323)	(9,188)	-	(1,731)	(79)	-	-	-	(31,533)
Deferred Maintenance	11,593	(4,459)	(204)	(1,844)	(2,072)	(526)	(2,079)	-	(392)	(18)	-	-	-	(7,134)
Insurance	1,542	(671)	(25)	(229)	(242)	(65)	(258)	-	(48)	(2)	-	-	-	(871)
MIP Occupancy 1	3,285	(429)	-	(1,602)	(864)	(35)	(30)	-	(305)	-	-	-	-	(2,856)
MIP Occupancy 2	209	-	-	(209)	-	-	-	-	-	-	-	-	-	(209)
HR	9,281	(1,315)	(457)	(1,281)	(4,146)	(514)	(1,013)	-	(539)	(16)	-	-	-	(7,965)
HR Employee Programs	2,055	(534)	(107)	(524)	(524)	(164)	(337)	-	(155)	(1)	-	-	-	(1,521)
Financial Affairs/Admin/ Inst Support	7,483	(2,254)	(736)	(1,031)	(1,608)	(447)	(931)	-	(453)	(23)	-	-	-	(5,229)
Supplementary Pension	4,738	(480)	(403)	(738)	(1,483)	(409)	(800)	-	(420)	(5)	-	-	-	(4,258)
Pension Special	14,554	(3,784)	(755)	(1,654)	(3,712)	(1,159)	(2,384)	-	(1,088)	(7)	-	-	-	(10,770)
Presidential/Univ Sec	2,363	(864)	(211)	(295)	(461)	(128)	(267)	-	(130)	(7)	-	-	-	(1,499)
General University Expense	9,338	(3,716)	(791)	(1,108)	(1,729)	(481)	(1,001)	-	(487)	(25)	-	-	-	(5,622)
Bond Interest	15,159	(5,925)	(264)	(2,387)	(2,682)	(680)	(2,690)	-	(507)	(23)	-	-	-	(9,234)
UTS/ Technology Fund	23,881	2,328	(3,397)	(5,335)	(5,558)	(1,817)	(6,491)	-	(3,400)	(211)	-	-	-	(26,209)
UTS- ERP	3,215	(110)	(403)	(632)	(658)	(215)	(769)	-	(403)	(25)	-	-	-	(3,105)
UA	6,786	1,635	(1,261)	(2,041)	(1,726)	(550)	(1,864)	-	(943)	(36)	-	-	-	(8,421)
Office of the Provost	8,258	(2,914)	(752)	(1,053)	(1,643)	(457)	(952)	-	(463)	(23)	-	-	-	(5,344)
Research Support	15,200	6,580	(225)	(4,325)	(13,154)	(496)	(2,476)	-	(1,104)	-	-	-	-	(21,781)
Student Affairs	7,599	7,239	(2,093)	(3,157)	(2,355)	(1,057)	(3,967)	-	(2,076)	(133)	-	-	-	(14,838)
MIETL	4,033	757	(663)	(1,000)	(837)	(335)	(1,256)	-	(657)	(42)	-	-	-	(4,790)
Libraries	23,377	9,167	(4,301)	(6,549)	(6,697)	(2,252)	(8,170)	-	(4,306)	(269)	-	-	-	(32,544)
HS Library	5,150	2,028	(949)	(1,444)	(1,477)	(497)	(1,802)	-	(950)	(59)	-	-	-	(7,178)
Registrar	8,697	10,577	(2,577)	(3,881)	(2,996)	(1,374)	(5,439)	-	(2,809)	(198)	-	-	-	(19,274)
SGS	2,576	449	(503)	(765)	(877)	(186)	(432)	-	(261)	-	-	-	-	(3,025)
Museum of Art	672	552	(154)	(242)	(288)	(82)	(294)	-	(154)	(10)	-	-	-	(1,224)
UG Scholarship	5,668	709	(893)	(1,449)	(573)	(476)	(1,945)	-	(973)	(68)	-	-	-	(6,377)
UG Bursaries	3,984	-	(545)	(885)	(439)	(291)	(1,188)	-	(594)	(42)	-	-	-	(3,984)
Grad Scholarship	15,888	648	(2,765)	(4,193)	(4,747)	(1,021)	(2,376)	-	(1,434)	-	-	-	-	(16,536)
Branding and Marketing	3,039	191	(484)	(782)	(664)	(211)	(714)	-	(361)	(14)	-	-	-	(3,230)
Adjustments for Current Practices - Support Units			-	-	4,974	-	-	-	-	-	1,721	-	-	6,695
Total Shared Support Unit Allocations	266,561	0	(26,818)	(58,501)	(68,396)	(18,269)	(61,115)	-	(27,153)	(1,335)	1,721	-	-	(259,866)
Net Revenue														
UF Supplement			-	-	-	-	-	-	-	-	-	-	-	-
UF Supplement 2 - Grants top up					1,502							(1,502)	-	-
Base Net Projected Budget 2023-24														
			68,233	97,118	62,605	23,976	87,614	3,652	46,844	1,351	7,237	64,240	-	462,872



McMaster University - New Budget Model - Faculties			Prof. Faculties		Other Faculties		VP Research Discretionary Fund					10.00%		
Projected Budget Allocation			University Fund		8.00%		8.00%							
2024-25			Research Infrastructure Fund		3.00%		1.00%							
	Budgets prior to double stepdown allocation	Net double stepdown allocation	Business	Engineering	Health Sciences	Humanities	Science	Med Rad - Mohawk	Social Sciences	Arts & Science	Other (reconciling items)	University Fund	Research Infrastructure Fund	Total (after double stepdown to support unit allocations)
Revenue														
Undergraduate Tuition			75,983	131,097	33,908	21,263	102,637	2,343	53,361	1,757	-			422,372
UG Tuition Adjustment for tuition fee framework			(114)	(643)	176	118	290		166	7				
Total UG SAG Obligation			(662)	(2,332)	(11)	(4)	(21)	-	(9)		3,039			
Total Entrance Award Coverage			-	-	-	-	-	-	-	-	-			
Graduate Tuition			22,757	13,673	12,174	2,565	4,854		2,851		-			58,874
Operating Grant			18,670	44,043	83,322	13,252	50,650	1,599	22,454	1,678		(5)	-	235,663
Other Income			1,278	2,489	4,231	875	2,268	-	1,144	81	-	4,508	-	16,875
Gross Revenue			117,912	188,327	133,801	38,069	160,698	3,944	79,967	3,523	3,039	4,504	-	733,784
Undergraduate Cross Faculty Teaching Adjustment			(6,573)	(10,522)	272	9,347	4,905	-	3,067	(496)	-			(0)
Revenue for Contributions			111,339	177,805	134,073	47,416	165,603	3,944	83,034	3,027	3,039	4,504	-	733,784
Internal International Tax			(1,804)	(2,631)	(74)	(374)	(2,258)	-	(1,176)			8,318		-
University Fund Contribution			(8,907)	(14,224)	(10,726)	(3,793)	(13,248)		(6,643)	(242)		57,784		-
Research Infrastructure Fund Contribution			(3,340)	(5,334)	(1,341)	(474)	(1,636)	-	(830)	(91)			13,066	-
Indirect Cost of Research (excluding Royalties & CRC)			374	5,251	12,531	498	4,102		795		33	-		23,584
VP Research Discretionary (10 % of ICR above)			(37)	(525)	(1,253)	(30)	(410)	-	(79)		2,355	-		-
Adjustments for ICR received by Journal (Contract & ERA)			(1)	(1,024)	(5,581)	(235)	(573)		(25)			-		(7,439)
Adjustments for Current Practices			(1,421)	(3,119)	(8,477)	(1,193)	(3,025)	(195)	(1,221)	(69)	-	-		(18,719)
Research Infrastructure Fund Distribution			208	2,913	6,952	277	2,276		441	-	-		(13,066)	-
Research Excellence Fund (from UF)			67	469	1,118	89	366		142			(2,250)		-
Revenue Prior to Shared Support Unit Allocations			96,477	159,581	127,222	42,161	151,177	3,749	74,437	2,625	5,427	68,355		731,210
Shared Support Unit Allocations - via double stepdown														
Occupancy Cost	46,938	(15,417)	(901)	(8,149)	(9,154)	(2,322)	(9,184)	-	(1,731)	(79)	-	-		(31,521)
Deferred Maintenance	11,593	(4,459)	(204)	(1,844)	(2,072)	(526)	(2,079)	-	(392)	(18)	-	-		(7,134)
Insurance	1,542	(671)	(25)	(229)	(242)	(65)	(258)	-	(49)	(2)	-	-		(871)
MIP Occupancy 1	3,285	(429)	-	(1,602)	(864)	(55)	(30)	-	(305)	-	-	-		(2,856)
MIP Occupancy 2	209	-	-	(209)	-	-	-	-	-	-	-	-		(209)
HR	9,281	(1,320)	(456)	(1,281)	(4,143)	(514)	(1,012)	-	(539)	(16)	-	-		(7,960)
HR Employee Programs	2,055	(534)	(107)	(234)	(524)	(164)	(337)	-	(155)	(1)	-	-		(1,521)
Financial Affairs/Admin/ Inst Support	7,483	(2,258)	(736)	(1,030)	(1,606)	(447)	(931)	-	(452)	(23)	-	-		(5,225)
Supplementary Pension	4,738	(480)	(403)	(738)	(1,483)	(409)	(800)	-	(420)	(5)	-	-		(4,258)
Pension Special	14,554	(3,784)	(755)	(1,654)	(3,712)	(1,159)	(2,384)	-	(1,098)	(7)	-	-		(10,770)
Presidential/Univ Sec	2,363	(865)	(211)	(295)	(461)	(128)	(267)	-	(130)	(7)	-	-		(1,488)
General University Expense	9,338	(3,716)	(791)	(1,108)	(1,728)	(481)	(1,001)	-	(487)	(25)	-	-		(5,622)
Bond Interest	15,159	(5,925)	(264)	(2,387)	(2,682)	(680)	(2,690)	-	(507)	(23)	-	-		(9,234)
UTS/ Technology Fund	23,881	2,306	(3,388)	(3,358)	(5,606)	(1,839)	(6,387)	-	(3,404)	(206)	-	-		(26,187)
UTS- ERP	-	-	-	-	-	-	-	-	-	-	-	-		-
UA	6,786	1,629	(1,261)	(2,063)	(1,684)	(543)	(1,886)	-	(942)	(35)	-	-		(8,414)
Office of the Provost	8,258	(2,917)	(752)	(1,053)	(1,642)	(457)	(952)	-	(462)	(23)	-	-		(5,342)
Research Support	15,200	6,565	(225)	(4,322)	(13,145)	(496)	(2,475)	-	(1,104)	-	-	-		(21,766)
Student Affairs	7,644	7,227	(2,097)	(3,185)	(2,377)	(1,076)	(3,918)	-	(2,088)	(130)	-	-		(14,871)
MIETL	4,033	753	(662)	(1,005)	(844)	(339)	(1,236)	-	(659)	(41)	-	-		(4,786)
Libraries	23,377	9,158	(4,293)	(6,583)	(6,757)	(2,282)	(8,042)	-	(4,315)	(263)	-	-		(32,535)
HS Library	5,150	2,026	(947)	(1,452)	(1,490)	(503)	(1,774)	-	(952)	(58)	-	-		(7,176)
Registrar	8,697	10,567	(2,556)	(3,898)	(3,038)	(1,399)	(5,353)	-	(2,825)	(194)	-	-		(19,264)
SGS	2,576	447	(515)	(769)	(861)	(184)	(435)	-	(257)	-	-	-		(3,023)
Museum of Art	672	551	(153)	(243)	(291)	(83)	(289)	-	(154)	(9)	-	-		(1,223)
UG Scholarship	5,668	709	(887)	(1,460)	(575)	(486)	(1,921)	-	(981)	(67)	-	-		(6,377)
UG Bursaries	3,984	(0)	(542)	(892)	(442)	(296)	(1,173)	-	(599)	(41)	-	-		(3,984)
Grad Scholarship	15,888	647	(2,833)	(4,219)	(4,664)	(1,013)	(2,392)	-	(1,415)	-	-	-		(16,535)
Branding and Marketing	3,039	190	(484)	(791)	(648)	(208)	(723)	-	(361)	(13)	-	-		(3,229)
Adjustments for Current Practices - Support Units			-	-	4,974	-	-	-	-	-	9,176	-		14,150
Total Shared Support Unit Allocations	263,391	0	(26,448)	(58,055)	(67,762)	(18,154)	(59,931)	-	(26,780)	(1,288)	9,176	-	-	(249,241)
Net Revenue			70,029	101,526	59,460	24,007	91,246	3,749	47,657	1,337	14,603	68,355	-	481,969
UF Supplement			-	-	-	-	-	-	-	-	-	-		-
UF Supplement 2 - Grants top up					1,149							(1,149)		-
Base Net Projected Budget 2024-25			70,029	101,526	60,609	24,007	91,246	3,749	47,657	1,337	14,603	67,206	-	481,969

# APPENDIX 3 – OPERATING FUND UNIT LEVEL TABLES

Table 21: Operating Fund 2021/22 Projection by Unit

(\$ thousands)	Sources of Funding					Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)	
	Framework Allocation	University Fund Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total			
1. Faculties															
Business	69,216	667	0	4,794	74,678	33,254	7,115	40,369	1,712	-	32,646	34,358	74,728	(50)	
Engineering	95,074	3,712	1,422	1,479	101,687	56,462	12,746	69,208	2,006	-	22,273	24,280	93,488	8,199	
Health Sciences	71,382	821	7,321	40,539	120,063	93,154	22,626	115,780	1,470	10	1,005	2,485	118,264	1,798	
Humanities	27,623	1,505	293	8,262	37,683	27,978	6,637	34,615	352	20	2,070	2,441	37,056	626	
Science	81,438	(89)	401	2,162	83,913	55,779	14,521	70,300	477	-	19,708	20,186	90,485	(6,573)	
Medical Radiation - Mohawk share	4,181	-	-	-	4,181	-	-	-	-	-	4,182	4,182	4,182	(1)	
Social Sciences	46,486	635	50	691	47,862	31,337	7,847	39,183	503	-	2,590	3,092	42,276	5,586	
Arts & Science	1,585	57	-	57	1,699	1,762	117	1,879	9	-	(253)	(244)	1,635	64	
Sub-total	396,985	7,308	9,487	57,984	471,764	299,725	71,609	371,334	6,529	30	84,221	90,780	462,114	9,650	
2. Academic Priorities															
University Fund	47,761	(7,696)	-	50	40,115	5,031	-	5,031	-	-	35,071	35,071	40,103	12	
Revenue Projection Contingency	(13,519)	-	-	-	(13,519)	-	-	-	-	-	-	-	-	(13,519)	
Ongoing Priorities Contingency	-	-	-	-	-	1,547	-	1,547	-	-	(1,547)	(1,547)	0	(0)	
One-time Priorities Contingency	(9,762)	-	-	-	(9,762)	-	-	-	-	-	-	-	-	(9,762)	
Sub-total	24,480	(7,696)	-	50	16,834	6,578	-	6,578	-	-	33,524	33,524	40,103	(23,269)	
TOTAL ACADEMIC	421,465	(389)	9,487	58,034	488,598	306,303	71,609	377,912	6,529	30	117,746	124,305	502,217	(13,619)	
3. Academic Support															
Provost's Office	7,902	-	-	170	8,072	6,188	1,422	7,609	45	-	1,993	2,038	9,647	(1,576)	
Museum of Art	644	-	-	149	793	713	216	929	-	-	(151)	(151)	778	15	
MacPherson Institute	3,597	-	-	368	3,965	3,501	967	4,469	-	-	1,028	1,028	5,496	(1,531)	
University Library	22,652	-	-	94	22,746	7,337	2,098	9,436	3	11,051	2,341	13,394	22,830	(84)	
Health Sciences Library	4,795	139	20	56	5,009	1,762	484	2,245	-	3,225	(658)	2,567	4,813	196	
Registrar	5,760	-	-	2,904	8,664	6,715	1,844	8,559	-	-	428	428	8,987	(323)	
Sub-total	45,350	139	20	3,741	49,250	26,216	7,031	33,247	48	14,276	4,981	19,305	52,552	(3,302)	
4. Research Support															
Research	12,241	250	3,603	10,131	26,225	14,945	4,267	19,211	45	-	8,632	8,677	27,888	(1,663)	
VP Research Discretionary Fund	2,348	-	-	-	2,348	15	(0)	15	-	-	2,219	2,219	2,234	114	
Research Loans	-	-	-	-	-	-	-	-	-	-	(89)	(89)	(89)	89	
Sub-total	14,589	250	3,603	10,131	28,573	14,960	4,267	19,226	45	-	10,762	10,807	30,033	(1,460)	
5. Student Support															
Graduate Scholarships	14,788	-	-	-	14,788	600	-	600	13,073	-	50	13,123	13,723	1,065	
School of Graduate Studies	3,246	-	-	58	3,304	2,161	590	2,751	55	-	597	652	3,403	(99)	
Student Affairs	6,695	-	-	22,915	29,610	16,069	4,224	20,293	576	-	9,806	10,382	30,676	(1,065)	
DBAC Building Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
DBAC Deferred Maintenance	-	-	-	-	-	-	-	-	-	-	(160)	(160)	(160)	160	
Undergraduate Scholarships	13,051	-	-	277	13,328	1,895	-	1,895	12,873	-	271	13,143	15,038	(1,710)	
Sub-total	37,780	-	-	23,251	61,031	20,725	4,814	25,540	26,577	-	10,563	37,140	62,680	(1,649)	
6. Facilities Support															
Facilities Services	20,935	-	-	1,502	22,437	12,436	3,483	15,919	-	-	6,708	6,708	22,627	(191)	
HSC Maintenance	4,002	-	-	40	4,042	-	-	-	-	-	4,362	4,362	4,362	(320)	
Utilities	25,007	-	-	2,721	27,728	1,897	590	2,487	-	-	25,177	25,177	27,664	65	
Security	2,039	-	-	25	2,064	2,003	488	2,492	-	-	(305)	(305)	2,187	(123)	
Deferred Maintenance	11,930	-	-	-	11,930	-	-	-	-	-	11,930	11,930	11,930	(0)	
Bond Interest	14,510	-	-	-	14,510	-	-	-	-	-	14,509	14,509	14,509	2	
Renovation contingency	974	-	-	-	974	-	-	-	-	-	974	974	974	(0)	
Sub-total	79,397	-	-	4,288	83,685	16,337	4,561	20,898	-	-	63,355	63,355	84,253	(568)	
7. Institutional Support															
Administration	4,060	-	-	-	4,060	1,865	432	2,297	-	-	2,129	2,129	4,426	(366)	
Financial Affairs	4,042	-	-	2,150	6,192	5,269	1,520	6,789	-	-	1,566	1,566	8,355	(2,163)	
Human Resources	9,653	-	-	62	9,715	6,734	1,792	8,526	-	-	1,370	1,370	9,896	(181)	
UTS/Technology Fund	18,576	-	-	85	18,661	9,919	2,767	12,686	-	-	9,477	9,477	22,163	(3,502)	
UTS Asset Management	1,500	-	-	-	1,500	-	-	-	-	-	2,752	2,752	2,752	(1,252)	
University Secretariat	1,067	-	-	90	1,157	850	243	1,093	-	-	246	246	1,339	(182)	
President's Office	1,183	-	-	-	1,183	413	112	525	-	-	634	634	1,158	25	
University Advancement	5,963	-	-	29	5,992	8,618	1,929	10,547	-	-	(3,248)	(3,248)	7,299	(1,307)	
Legal	7,716	-	-	-	7,716	685	162	847	-	-	5,019	5,019	5,866	1,850	
General University	5,635	-	-	2,232	7,867	633	39	672	-	-	7,547	7,547	8,219	(352)	
Sub-total	59,395	-	-	4,649	64,044	34,985	8,995	43,980	-	-	27,493	27,493	71,473	(7,429)	
8. Institutional Priority allocations															
Technology Renewal	4,517	-	-	-	4,517	-	-	-	-	-	-	-	-	4,517	
Marketing & Branding	5,022	-	-	-	5,022	1,022	269	1,291	-	-	3,933	3,933	5,224	(202)	
Pension	22,175	-	-	-	22,175	-	22,175	22,175	-	-	-	-	22,175	0	
President's Strategic Support Fund	2,271	-	-	-	2,271	-	-	-	-	-	5,000	5,000	5,000	(2,729)	
Sub-total	33,985	-	-	-	33,985	1,022	22,444	23,466	-	-	8,933	8,933	32,399	1,586	
Surplus/(Deficit)	691,961	0	13,110	104,094	809,165	420,549	123,720	544,269	33,199	14,306	243,832	291,337	835,606	(26,441)	
Under/overallocated	-	-	-	(2,993)	(2,993)	-	-	-	-	-	(2,993)	(2,993)	(2,993)	-	-
Total Surplus/(Deficit)	691,961	0	13,110	101,101	806,172	420,549	123,720	544,269	33,199	14,306	240,839	288,344	832,613	(26,441)	1



Table 22: Operating Fund 2022/23 Budget by Unit

(\$ thousands)	Sources of Funding					Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)
	Framework Allocation	University Fund Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total		
<b>1. Faculties</b>														
Business	66,591	-	-	5,857	72,448	36,359	8,393	44,753	2,275	-	26,263	28,538	73,290	(842)
Engineering	93,848	2,814	1,422	824	98,908	60,802	14,626	75,428	2,535	-	17,847	20,382	95,811	3,097
Health Sciences	69,907	631	6,912	40,795	118,245	94,688	24,215	118,904	1,648	5	4,723	6,376	125,280	(7,035)
Humanities	26,052	1,262	290	8,500	36,104	28,960	6,985	35,945	484	20	2,151	2,655	38,600	(2,496)
Science	83,443	256	367	2,340	86,406	59,432	16,062	75,494	801	-	13,542	14,343	89,837	(3,430)
Medical Radiation - Mohawk share	4,246	-	-	-	4,246	-	-	-	-	-	4,246	4,246	4,246	-
Social Sciences	45,861	615	50	592	47,118	33,881	8,960	42,841	343	-	4,324	4,667	47,508	(389)
Arts & Science	1,392	-	-	-	1,392	2,090	113	2,203	1	-	29	30	2,232	(840)
Sub-total	<b>391,340</b>	<b>5,578</b>	<b>9,041</b>	<b>58,909</b>	<b>464,868</b>	<b>316,213</b>	<b>79,355</b>	<b>395,567</b>	<b>8,087</b>	<b>25</b>	<b>73,124</b>	<b>81,236</b>	<b>476,803</b>	<b>(11,936)</b>
<b>2. Academic Priorities</b>														
University Fund	42,277	(5,828)	-	50	36,499	4,661	-	4,661	-	-	34,838	34,838	39,499	(3,000)
Revenue Projection Contingency	287	-	-	6,000	6,287	-	-	-	-	-	-	-	-	6,287
Ongoing Priorities Contingency	33	-	-	-	33	(8,025)	-	(8,025)	-	-	(1,975)	(1,975)	(10,000)	10,033
One-time Priorities Contingency	3,592	-	-	-	3,592	-	-	-	-	-	-	-	-	3,592
Sub-total	<b>46,189</b>	<b>(5,828)</b>	<b>-</b>	<b>6,050</b>	<b>46,411</b>	<b>(3,364)</b>	<b>-</b>	<b>(3,364)</b>	<b>-</b>	<b>-</b>	<b>32,863</b>	<b>32,863</b>	<b>29,499</b>	<b>16,912</b>
<b>TOTAL ACADEMIC</b>	<b>437,529</b>	<b>(250)</b>	<b>9,041</b>	<b>64,959</b>	<b>511,279</b>	<b>312,849</b>	<b>79,355</b>	<b>392,204</b>	<b>8,087</b>	<b>25</b>	<b>105,987</b>	<b>114,099</b>	<b>506,302</b>	<b>4,976</b>
<b>3. Academic Support</b>														
Provost's Office	8,052	-	-	770	8,822	7,275	1,595	8,870	30	-	2,747	2,777	11,647	(2,825)
Museum of Art	672	-	-	259	931	765	227	992	-	-	(9)	(9)	983	(52)
MacPherson Institute	4,033	-	-	150	4,183	3,434	927	4,362	-	-	669	669	5,031	(848)
University Library	23,888	-	-	80	23,968	8,122	2,286	10,408	3	11,442	2,872	14,317	24,726	(757)
Health Sciences Library	5,000	-	15	33	5,048	1,951	535	2,486	-	3,147	(489)	2,658	5,143	(96)
Registrar	8,510	-	-	3,354	11,864	7,599	1,968	9,567	-	-	2,517	2,517	12,083	(220)
Sub-total	<b>50,155</b>	<b>-</b>	<b>15</b>	<b>4,646</b>	<b>54,816</b>	<b>29,147</b>	<b>7,537</b>	<b>36,684</b>	<b>33</b>	<b>14,589</b>	<b>8,307</b>	<b>22,929</b>	<b>59,613</b>	<b>(4,797)</b>
<b>4. Research Support</b>														
Research	13,103	250	3,602	10,739	27,695	15,513	4,424	19,937	15	-	8,901	8,916	28,853	(1,158)
VP Research Discretionary Fund	2,355	-	-	-	2,355	-	-	-	-	-	3,661	3,661	3,661	(1,306)
Research Loans	-	-	-	-	-	-	-	-	-	-	(39)	(39)	(39)	39
Sub-total	<b>15,458</b>	<b>250</b>	<b>3,602</b>	<b>10,739</b>	<b>30,050</b>	<b>15,513</b>	<b>4,424</b>	<b>19,937</b>	<b>15</b>	<b>-</b>	<b>12,524</b>	<b>12,539</b>	<b>32,476</b>	<b>(2,426)</b>
<b>5. Student Support</b>														
Graduate Scholarships	15,888	-	-	-	15,888	600	-	600	15,120	-	50	15,170	15,770	118
School of Graduate Studies	2,826	-	-	58	2,884	1,855	499	2,353	55	-	508	563	2,916	(32)
Student Affairs	8,394	-	-	27,375	35,769	18,338	4,534	22,872	576	-	14,956	15,532	38,404	(2,635)
DBAC Building Financing	-	-	-	-	-	-	-	-	-	-	706	706	706	(706)
DBAC Deferred Maintenance	-	-	-	-	-	-	-	-	-	-	(520)	(520)	(520)	520
Undergraduate Scholarships	12,867	-	-	277	13,144	2,225	-	2,225	10,649	-	271	10,919	13,144	(0)
Sub-total	<b>39,975</b>	<b>-</b>	<b>-</b>	<b>27,710</b>	<b>67,685</b>	<b>23,017</b>	<b>5,033</b>	<b>28,051</b>	<b>26,400</b>	<b>-</b>	<b>15,970</b>	<b>42,370</b>	<b>70,421</b>	<b>(2,736)</b>
<b>6. Facilities Support</b>														
Facilities Services	17,779	-	-	2,924	20,703	13,093	3,617	16,710	-	-	4,065	4,065	20,775	(72)
HSC Maintenance	4,127	-	-	40	4,167	-	-	-	-	-	4,154	4,154	4,154	13
Utilities	25,034	-	-	2,778	27,812	1,856	602	2,458	-	-	25,414	25,414	27,872	(60)
Security	2,571	-	-	25	2,596	2,191	503	2,694	-	-	(102)	(102)	2,592	4
Deferred Maintenance	11,930	-	-	-	11,930	-	-	-	-	-	11,930	11,930	11,930	(0)
Bond Interest	15,159	-	-	-	15,159	-	-	-	-	-	15,159	15,159	15,159	-
Renovation contingency	974	-	-	-	974	-	-	-	-	-	974	974	974	0
Sub-total	<b>77,574</b>	<b>-</b>	<b>-</b>	<b>5,767</b>	<b>83,341</b>	<b>17,140</b>	<b>4,722</b>	<b>21,862</b>	<b>-</b>	<b>-</b>	<b>61,594</b>	<b>61,594</b>	<b>83,456</b>	<b>(115)</b>
<b>7. Institutional Support</b>														
Administration	3,722	-	-	-	3,722	2,116	455	2,571	-	-	641	641	3,212	510
Financial Affairs	4,230	-	-	2,274	6,504	5,584	1,556	7,140	-	-	(774)	(774)	6,366	139
Human Resources	10,410	-	-	62	10,472	6,567	1,866	8,433	-	-	2,154	2,154	10,588	(115)
UTS/Technology Fund	22,524	-	-	85	22,609	9,863	2,676	12,539	-	-	12,008	12,008	24,547	(1,938)
UTS Asset Management	1,500	-	-	-	1,500	-	-	-	-	-	1,659	1,659	1,659	(159)
University Secretariat	1,168	-	-	85	1,253	965	269	1,234	-	-	148	148	1,381	(129)
President's Office	1,195	-	-	-	1,195	423	112	536	-	-	651	651	1,187	8
University Advancement	6,187	-	-	30	6,217	9,679	1,976	11,655	-	-	(4,011)	(4,011)	7,644	(1,427)
Legal	5,902	-	-	-	5,902	649	149	799	-	-	5,019	5,019	5,818	84
General University	5,214	-	-	2,270	7,484	686	39	724	-	-	7,838	7,838	8,562	(1,078)
Sub-total	<b>62,052</b>	<b>-</b>	<b>-</b>	<b>4,807</b>	<b>66,859</b>	<b>36,533</b>	<b>9,097</b>	<b>45,630</b>	<b>-</b>	<b>-</b>	<b>25,333</b>	<b>25,333</b>	<b>70,963</b>	<b>(4,105)</b>
<b>8. Institutional Priority allocations</b>														
Technology Renewal	4,517	-	-	-	4,517	-	-	-	-	-	-	-	-	4,517
Marketing & Branding	5,039	-	-	-	5,039	1,091	282	1,374	-	-	3,665	3,665	5,039	0
Pension	19,292	-	-	-	19,292	-	19,292	19,292	-	-	-	-	19,292	-
President's Strategic Support Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	<b>28,848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,848</b>	<b>1,091</b>	<b>19,574</b>	<b>20,666</b>	<b>-</b>	<b>-</b>	<b>3,665</b>	<b>3,665</b>	<b>24,331</b>	<b>4,517</b>
<b>Surplus/(Deficit)</b>	<b>711,591</b>	<b>0</b>	<b>12,658</b>	<b>118,628</b>	<b>842,877</b>	<b>435,291</b>	<b>129,743</b>	<b>565,034</b>	<b>34,534</b>	<b>14,614</b>	<b>233,380</b>	<b>282,529</b>	<b>847,562</b>	<b>(4,685)</b>
<i>Under/(over)allocated</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>22</i>	<i>22</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>22</i>	<i>22</i>	<i>22</i>	<i>0</i>
<b>Total Surplus/(Deficit)</b>	<b>711,591</b>	<b>0</b>	<b>12,658</b>	<b>118,650</b>	<b>842,899</b>	<b>435,291</b>	<b>129,743</b>	<b>565,034</b>	<b>34,534</b>	<b>14,614</b>	<b>233,402</b>	<b>282,550</b>	<b>847,584</b>	<b>(4,685)</b>

Table 23: Operating Fund 2023/24 Plan by Unit

(\$ thousands)	Sources of Funding					Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)
	Framework Allocation	University Fund Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total		
<b>1. Faculties</b>														
Business	68,233	-	-	5,879	74,112	38,473	9,030	47,504	2,300	-	20,955	23,255	70,758	3,354
Engineering	97,118	2,539	1,422	721	101,799	65,001	15,619	80,620	2,412	-	17,136	19,548	100,168	1,631
Health Sciences	62,605	65	6,856	39,809	109,335	95,552	25,207	120,759	1,678	5	2,471	4,154	124,913	(15,578)
Humanities	23,976	1,180	290	10,781	36,226	30,128	7,354	37,482	484	20	3,298	3,802	41,284	(5,058)
Science	87,020	307	350	2,103	89,780	62,502	16,845	79,346	409	-	8,839	9,248	88,595	1,185
Medical Radiation - Mohawk share	4,303	-	-	-	4,303	-	-	-	-	-	4,303	4,303	4,303	-
Social Sciences	46,844	615	50	688	48,197	35,879	9,527	45,406	380	-	4,458	4,838	50,244	(2,047)
Arts & Science	1,351	57	-	-	1,408	1,925	115	2,040	1	-	44	45	2,084	(676)
Sub-total	<b>391,450</b>	<b>4,762</b>	<b>8,968</b>	<b>59,980</b>	<b>465,160</b>	<b>329,460</b>	<b>83,697</b>	<b>413,157</b>	<b>7,664</b>	<b>25</b>	<b>61,504</b>	<b>69,193</b>	<b>482,350</b>	<b>(17,190)</b>
<b>2. Academic Priorities</b>														
University Fund	54,240	(5,012)	-	50	49,278	4,661	-	4,661	-	-	44,616	44,616	49,278	0
Revenue Projection Contingency	286	-	-	-	286	-	-	-	-	-	-	-	-	286
Ongoing Priorities Contingency	6,728	-	-	-	6,728	1,975	-	1,975	-	-	(1,975)	(1,975)	0	6,728
One-time Priorities Contingency	8,590	-	-	-	8,590	-	-	-	-	-	-	-	-	8,590
Sub-total	<b>69,844</b>	<b>(5,012)</b>	<b>-</b>	<b>50</b>	<b>64,882</b>	<b>6,636</b>	<b>-</b>	<b>6,636</b>	<b>-</b>	<b>-</b>	<b>42,641</b>	<b>42,641</b>	<b>49,278</b>	<b>15,604</b>
<b>TOTAL ACADEMIC</b>	<b>461,294</b>	<b>(250)</b>	<b>8,968</b>	<b>60,030</b>	<b>530,042</b>	<b>336,096</b>	<b>83,697</b>	<b>419,793</b>	<b>7,664</b>	<b>25</b>	<b>104,145</b>	<b>111,834</b>	<b>531,627</b>	<b>(1,586)</b>
<b>3. Academic Support</b>														
Provost's Office	8,052	-	-	770	8,822	7,366	1,598	8,964	12	-	2,922	2,934	11,898	(3,076)
Museum of Art	672	-	-	160	832	796	232	1,028	-	-	(196)	(196)	832	(0)
MacPherson Institute	4,033	-	-	150	4,183	3,194	858	4,053	-	-	724	724	4,776	(593)
University Library	23,574	-	-	80	23,654	8,606	2,368	10,974	3	11,555	3,071	14,629	25,603	(1,949)
Health Sciences Library	5,150	-	15	29	5,194	1,980	534	2,513	-	3,261	(466)	2,795	5,308	(114)
Registrar	8,510	-	-	3,484	11,994	7,841	2,056	9,897	-	-	2,517	2,517	12,414	(420)
Sub-total	<b>49,991</b>	<b>-</b>	<b>15</b>	<b>4,673</b>	<b>54,679</b>	<b>29,783</b>	<b>7,646</b>	<b>37,429</b>	<b>15</b>	<b>14,816</b>	<b>8,571</b>	<b>23,401</b>	<b>60,830</b>	<b>(6,151)</b>
<b>4. Research Support</b>														
Research	13,103	250	3,602	11,492	28,448	16,147	4,523	20,670	15	-	9,653	9,668	30,339	(1,891)
VP Research Discretionary Fund	2,355	-	-	-	2,355	-	-	-	-	-	2,670	2,670	2,670	(315)
Research Loans	-	-	-	-	-	-	-	-	-	-	(39)	(39)	(39)	39
Sub-total	<b>15,458</b>	<b>250</b>	<b>3,602</b>	<b>11,492</b>	<b>30,803</b>	<b>16,147</b>	<b>4,523</b>	<b>20,670</b>	<b>15</b>	<b>-</b>	<b>12,285</b>	<b>12,300</b>	<b>32,970</b>	<b>(2,167)</b>
<b>5. Student Support</b>														
Graduate Scholarships	15,888	-	-	-	15,888	600	-	600	15,120	-	50	15,170	15,770	118
School of Graduate Studies	2,826	-	-	58	2,884	1,910	517	2,426	55	-	508	563	2,989	(105)
Student Affairs	7,599	-	-	28,010	35,609	18,851	4,717	23,567	576	-	14,068	14,644	38,212	(2,603)
DBAC Building Financing	-	-	-	-	-	-	-	-	-	-	(59)	(59)	(59)	59
DBAC Deferred Maintenance	-	-	-	-	-	-	-	-	-	-	(520)	(520)	(520)	520
Undergraduate Scholarships	12,780	-	-	277	13,057	2,225	-	2,225	10,562	-	271	10,832	13,057	(0)
Sub-total	<b>39,093</b>	<b>-</b>	<b>-</b>	<b>28,345</b>	<b>67,438</b>	<b>23,585</b>	<b>5,234</b>	<b>28,819</b>	<b>26,313</b>	<b>-</b>	<b>14,317</b>	<b>40,630</b>	<b>69,449</b>	<b>(2,011)</b>
<b>6. Facilities Support</b>														
Facilities Services	17,524	-	-	3,174	20,698	13,433	3,680	17,113	-	-	4,472	4,472	21,585	(887)
HSC Maintenance	4,127	-	-	40	4,167	-	-	-	-	-	4,154	4,154	4,154	13
Utilities	25,034	-	-	2,865	27,899	1,878	629	2,506	-	-	27,003	27,003	29,509	(1,609)
Security	2,571	-	-	25	2,596	2,259	523	2,782	-	-	(102)	(102)	2,680	(84)
Deferred Maintenance	11,593	-	-	-	11,593	-	-	-	-	-	11,593	11,593	11,593	(0)
Bond Interest	15,159	-	-	-	15,159	-	-	-	-	-	15,159	15,159	15,159	-
Renovation contingency	974	-	-	-	974	-	-	-	-	-	974	974	974	0
Sub-total	<b>76,982</b>	<b>-</b>	<b>-</b>	<b>6,104</b>	<b>83,086</b>	<b>17,570</b>	<b>4,831</b>	<b>22,401</b>	<b>-</b>	<b>-</b>	<b>63,253</b>	<b>63,253</b>	<b>85,654</b>	<b>(2,568)</b>
<b>7. Institutional Support</b>														
Administration	3,122	-	-	-	3,122	1,877	424	2,301	-	-	640	640	2,941	181
Financial Affairs	4,230	-	-	2,378	6,608	5,673	1,591	7,264	-	-	(846)	(846)	6,418	190
Human Resources	10,294	-	-	62	10,356	6,713	1,923	8,636	-	-	2,114	2,114	10,751	(395)
UTS/Technology Fund	22,834	-	-	85	22,919	9,948	2,723	12,670	-	-	11,353	11,353	24,023	(1,104)
UTS Asset Management	1,500	-	-	-	1,500	-	-	-	-	-	1,809	1,809	1,809	(309)
University Secretariat	1,168	-	-	88	1,256	981	275	1,256	-	-	148	148	1,403	(148)
President's Office	1,195	-	-	-	1,195	437	117	555	-	-	640	640	1,195	0
University Advancement	6,187	-	-	30	6,217	8,934	1,991	10,925	-	-	(3,960)	(3,960)	6,965	(748)
Legal	5,902	-	-	-	5,902	671	155	826	-	-	5,019	5,019	5,846	56
General University	4,978	-	-	2,310	7,288	711	40	751	-	-	7,958	7,958	8,709	(1,421)
Sub-total	<b>61,410</b>	<b>-</b>	<b>-</b>	<b>4,953</b>	<b>66,363</b>	<b>35,944</b>	<b>9,240</b>	<b>45,185</b>	<b>-</b>	<b>-</b>	<b>24,876</b>	<b>24,876</b>	<b>70,060</b>	<b>(3,698)</b>
<b>8. Institutional Priority allocations</b>														
Technology Renewal	3,215	-	-	-	3,215	-	-	-	-	-	-	-	-	3,215
Marketing & Branding	3,039	-	-	-	3,039	805	210	1,016	-	-	2,023	2,023	3,039	(0)
Pension	19,292	-	-	-	19,292	-	19,292	19,292	-	-	-	-	19,292	-
President's Strategic Support Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	<b>25,546</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,546</b>	<b>805</b>	<b>19,502</b>	<b>20,308</b>	<b>-</b>	<b>-</b>	<b>2,023</b>	<b>2,023</b>	<b>22,331</b>	<b>3,215</b>
<b>Surplus/(Deficit)</b>	<b>729,774</b>	<b>-</b>	<b>12,585</b>	<b>115,598</b>	<b>857,957</b>	<b>459,931</b>	<b>134,674</b>	<b>594,605</b>	<b>34,006</b>	<b>14,841</b>	<b>229,471</b>	<b>278,318</b>	<b>872,922</b>	<b>(14,966)</b>
<b>Under/overallocated</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>(2,927)</b>	<b>(2,927)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,927)</b>	<b>(2,927)</b>	<b>(2,927)</b>	<b>0</b>
<b>Total Surplus/(Deficit)</b>	<b>729,774</b>	<b>0</b>	<b>12,585</b>	<b>112,671</b>	<b>855,030</b>	<b>459,931</b>	<b>134,674</b>	<b>594,605</b>	<b>34,006</b>	<b>14,841</b>	<b>226,543</b>	<b>275,391</b>	<b>869,995</b>	<b>(14,966)</b>

Table 24: Operating Fund 2024/25 Plan by Unit

(\$ thousands)	Sources of Funding					Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)
	Framework Allocation	University Fund Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total		
<b>1. Faculties</b>														
Business	70,029	-	-	5,870	75,899	41,356	9,830	51,186	2,300	-	11,295	13,595	64,781	11,118
Engineering	101,526	1,793	1,422	723	105,464	68,310	16,548	84,859	2,359	-	17,525	19,885	104,743	721
Health Sciences	60,609	65	6,810	39,951	107,434	97,021	25,868	122,889	1,580	5	1,793	3,378	126,267	(18,833)
Humanities	24,007	1,173	290	13,127	38,597	30,815	7,554	38,369	484	20	2,416	2,920	41,289	(2,691)
Science	90,646	-	350	2,063	93,059	64,279	17,259	81,538	409	-	9,541	9,950	91,489	1,570
Medical Radiation - Mohawk share	4,407	-	-	-	4,407	-	-	-	-	-	4,407	4,407	4,407	-
Social Sciences	47,657	615	50	656	48,978	37,012	10,133	47,145	400	-	4,643	5,043	52,188	(3,210)
Arts & Science	1,337	57	-	-	1,394	1,925	115	2,040	1	-	36	37	2,077	(683)
Sub-total	<b>400,218</b>	<b>3,703</b>	<b>8,922</b>	<b>62,390</b>	<b>475,232</b>	<b>340,719</b>	<b>87,308</b>	<b>428,027</b>	<b>7,533</b>	<b>25</b>	<b>51,656</b>	<b>59,214</b>	<b>487,241</b>	<b>(12,009)</b>
<b>2. Academic Priorities</b>														
University Fund	57,206	(3,953)	-	50	53,303	4,661	-	4,661	-	-	48,642	48,642	53,303	0
Revenue Projection Contingency	285	-	-	-	285	-	-	-	-	-	-	-	-	285
Ongoing Priorities Contingency	14,183	-	-	-	14,183	1,975	-	1,975	-	-	(1,975)	(1,975)	0	14,183
One-time Priorities Contingency	10,000	-	-	-	10,000	-	-	-	-	-	1,860	1,860	1,860	8,140
Sub-total	<b>81,674</b>	<b>(3,953)</b>	<b>-</b>	<b>50</b>	<b>77,771</b>	<b>6,636</b>	<b>-</b>	<b>6,636</b>	<b>-</b>	<b>-</b>	<b>48,527</b>	<b>48,527</b>	<b>55,163</b>	<b>22,608</b>
<b>TOTAL ACADEMIC</b>	<b>481,892</b>	<b>(250)</b>	<b>8,922</b>	<b>62,440</b>	<b>553,003</b>	<b>347,356</b>	<b>87,308</b>	<b>434,663</b>	<b>7,533</b>	<b>25</b>	<b>100,183</b>	<b>107,741</b>	<b>542,404</b>	<b>10,599</b>
<b>3. Academic Support</b>														
Provost's Office	8,052	-	-	770	8,822	7,444	1,659	9,103	12	-	2,933	2,945	12,048	(3,226)
Museum of Art	672	-	-	210	882	816	239	1,055	-	-	(173)	(173)	882	0
MacPherson Institute	4,033	-	-	150	4,183	3,213	856	4,069	-	-	724	724	4,792	(609)
University Library	23,377	-	-	80	23,457	8,658	2,380	11,038	3	11,926	2,743	14,671	25,709	(2,252)
Health Sciences Library	5,150	-	15	29	5,194	2,031	548	2,579	-	3,380	(441)	2,939	5,518	(324)
Registrar	8,510	-	-	3,619	12,129	8,033	2,116	10,149	-	-	2,517	2,517	12,666	(537)
Sub-total	<b>49,794</b>	<b>-</b>	<b>15</b>	<b>4,859</b>	<b>54,668</b>	<b>30,194</b>	<b>7,799</b>	<b>37,993</b>	<b>15</b>	<b>15,306</b>	<b>8,302</b>	<b>23,623</b>	<b>61,615</b>	<b>(6,948)</b>
<b>4. Research Support</b>														
Research	13,103	250	3,602	12,149	29,104	16,409	4,573	20,982	15	-	9,697	9,712	30,693	(1,590)
VP Research Discretionary Fund	2,355	-	-	-	2,355	-	-	-	-	-	2,379	2,379	2,379	(24)
Research Loans	-	-	-	-	-	-	-	-	-	-	(39)	(39)	(39)	39
Sub-total	<b>15,458</b>	<b>250</b>	<b>3,602</b>	<b>12,149</b>	<b>31,459</b>	<b>16,409</b>	<b>4,573</b>	<b>20,982</b>	<b>15</b>	<b>-</b>	<b>12,037</b>	<b>12,052</b>	<b>33,034</b>	<b>(1,575)</b>
<b>5. Student Support</b>														
Graduate Scholarships	15,888	-	-	-	15,888	600	-	600	15,120	-	50	15,170	15,770	118
School of Graduate Studies	2,576	-	-	58	2,634	1,857	501	2,357	55	-	364	419	2,776	(142)
Student Affairs	7,644	-	-	28,841	36,485	19,344	4,854	24,198	576	-	14,332	14,908	39,106	(2,621)
DBAC Building Financing	-	-	-	-	-	-	-	-	-	-	(181)	(181)	(181)	181
DBAC Deferred Maintenance	-	-	-	-	-	-	-	-	-	-	(520)	(520)	(520)	520
Undergraduate Scholarships	12,691	-	-	277	12,968	2,225	-	2,225	10,473	-	271	10,743	12,968	(0)
Sub-total	<b>38,799</b>	<b>-</b>	<b>-</b>	<b>29,177</b>	<b>67,976</b>	<b>24,025</b>	<b>5,355</b>	<b>29,380</b>	<b>26,224</b>	<b>-</b>	<b>14,315</b>	<b>40,539</b>	<b>69,919</b>	<b>(1,944)</b>
<b>6. Facilities Support</b>														
Facilities Services	17,524	-	-	3,227	20,751	13,768	3,772	17,540	-	-	4,525	4,525	22,065	(1,314)
HSC Maintenance	4,127	-	-	40	4,167	-	-	-	-	-	4,154	4,154	4,154	13
Utilities	25,034	-	-	2,967	28,001	1,903	641	2,544	-	-	27,020	27,020	29,565	(1,564)
Security	2,571	-	-	25	2,596	2,289	533	2,822	-	-	(102)	(102)	2,720	(124)
Deferred Maintenance	11,593	-	-	-	11,593	-	-	-	-	-	11,593	11,593	11,593	(0)
Bond Interest	15,159	-	-	-	15,159	-	-	-	-	-	15,159	15,159	15,159	-
Renovation contingency	974	-	-	-	974	-	-	-	-	-	974	974	974	0
Sub-total	<b>76,982</b>	<b>-</b>	<b>-</b>	<b>6,259</b>	<b>83,241</b>	<b>17,960</b>	<b>4,947</b>	<b>22,907</b>	<b>-</b>	<b>-</b>	<b>63,324</b>	<b>63,324</b>	<b>86,230</b>	<b>(2,989)</b>
<b>7. Institutional Support</b>														
Administration	3,122	-	-	-	3,122	1,869	424	2,293	-	-	640	640	2,934	188
Financial Affairs	4,230	-	-	2,423	6,653	5,782	1,626	7,408	-	-	(938)	(938)	6,470	183
Human Resources	10,294	-	-	62	10,356	6,843	1,961	8,805	-	-	2,121	2,121	10,926	(569)
UTS/Technology Fund	21,871	-	-	85	21,956	9,737	2,671	12,408	-	-	11,255	11,255	23,663	(1,707)
UTS Asset Management	1,500	-	-	-	1,500	-	-	-	-	-	1,759	1,759	1,759	(259)
University Secretariat	1,168	-	-	89	1,257	998	280	1,278	-	-	148	148	1,425	(168)
President's Office	1,195	-	-	-	1,195	446	121	567	-	-	628	628	1,195	(0)
University Advancement	6,187	-	-	30	6,217	8,271	2,022	10,292	-	-	(3,964)	(3,964)	6,328	(111)
Legal	5,902	-	-	-	5,902	684	159	844	-	-	5,019	5,019	5,863	39
General University	4,978	-	-	2,349	7,327	735	42	777	-	-	8,244	8,244	9,021	(1,694)
Sub-total	<b>60,447</b>	<b>-</b>	<b>-</b>	<b>5,039</b>	<b>65,486</b>	<b>35,365</b>	<b>9,306</b>	<b>44,671</b>	<b>-</b>	<b>-</b>	<b>24,914</b>	<b>24,914</b>	<b>69,585</b>	<b>(4,099)</b>
<b>8. Institutional Priority allocations</b>														
Technology Renewal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing & Branding	3,039	-	-	-	3,039	610	177	788	-	-	2,251	2,251	3,039	0
Pension	19,292	-	-	-	19,292	-	19,292	19,292	-	-	-	-	19,292	0
President's Strategic Support Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	<b>22,331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,331</b>	<b>610</b>	<b>19,469</b>	<b>20,080</b>	<b>-</b>	<b>-</b>	<b>2,251</b>	<b>2,251</b>	<b>22,331</b>	<b>0</b>
<b>Surplus/(Deficit)</b>	<b>745,703</b>	<b>-</b>	<b>12,539</b>	<b>119,921</b>	<b>878,162</b>	<b>471,919</b>	<b>138,756</b>	<b>610,675</b>	<b>33,787</b>	<b>15,331</b>	<b>225,326</b>	<b>274,444</b>	<b>885,119</b>	<b>(6,956)</b>
<b>Under/(over)allocated</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>(3,654)</b>	<b>(3,654)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,654)</b>	<b>(3,654)</b>	<b>(3,654)</b>	<b>0</b>
<b>Total Surplus/(Deficit)</b>	<b>745,703</b>	<b>0</b>	<b>12,539</b>	<b>116,267</b>	<b>874,508</b>	<b>471,919</b>	<b>138,756</b>	<b>610,675</b>	<b>33,787</b>	<b>15,331</b>	<b>221,672</b>	<b>270,789</b>	<b>881,465</b>	<b>(6,956)</b>

Table 25: Operating Fund Annual Net Change by Unit

(\$ thousands)	2021/22		2022/23	20223/24	2024/25
	Budget	Projection	Budget	Plan	Plan
<b>1. Faculties</b>					
Business	740	(50)	(842)	3,354	11,118
Engineering	(1,245)	8,199	3,097	1,631	721
Health Sciences	(8,026)	1,798	(7,035)	(15,578)	(18,833)
Humanities	(1,395)	626	(2,496)	(5,058)	(2,691)
Science	2,103	(6,573)	(3,430)	1,185	1,570
Medical Radiation - Mohawk share	(0)	(1)	(0)	-	-
Social Sciences	2,917	5,586	(389)	(2,047)	(3,210)
Arts & Science	62	64	(840)	(676)	(683)
Sub-total	<b>(4,843)</b>	<b>9,650</b>	<b>(11,936)</b>	<b>(17,190)</b>	<b>(12,009)</b>
<b>2. Academic Priorities</b>					
University Fund	(2,648)	12	(3,000)	0	0
Revenue Projection Contingency	582	(13,519)	6,287	286	285
Ongoing Priorities Contingency	10,033	(0)	10,033	6,728	14,183
One-time Priorities Contingency	153	(9,762)	3,592	8,590	8,140
Sub-total	<b>8,120</b>	<b>(23,269)</b>	<b>16,912</b>	<b>15,604</b>	<b>22,608</b>
<b>TOTAL ACADEMIC</b>	<b>3,277</b>	<b>(13,619)</b>	<b>4,976</b>	<b>(1,586)</b>	<b>10,599</b>
<b>3. Academic Support</b>					
Office of the Provost	(2,054)	(1,576)	(2,825)	(3,076)	(3,226)
Museum of Art	0	15	(52)	(0)	0
MacPherson Institute	(784)	(1,531)	(848)	(593)	(609)
University Library	(589)	(84)	(757)	(1,949)	(2,252)
Health Sciences Library	(61)	196	(96)	(114)	(324)
Registrar	(336)	(323)	(220)	(420)	(537)
Sub-total	<b>(3,823)</b>	<b>(3,302)</b>	<b>(4,797)</b>	<b>(6,151)</b>	<b>(6,948)</b>
<b>4. Research Support</b>					
Research	317	(1,663)	(1,158)	(1,891)	(1,590)
VP Research Discretionary Fund	882	114	(1,306)	(315)	(24)
Research Loans	89	89	39	39	39
Sub-total	<b>1,287</b>	<b>(1,460)</b>	<b>(2,426)</b>	<b>(2,167)</b>	<b>(1,575)</b>
<b>5. Student Support</b>					
Graduate Scholarships	30	1,065	118	118	118
School of Graduate Studies	(116)	(99)	(32)	(105)	(142)
Student Affairs	1,188	(1,065)	(2,635)	(2,603)	(2,621)
DBAC Building Financing	(1,211)	-	(706)	59	181
DBAC Deferred Maintenance	400	160	520	520	520
Undergraduate Scholarships	220	(1,710)	(0)	(0)	(0)
Sub-total	<b>511</b>	<b>(1,649)</b>	<b>(2,736)</b>	<b>(2,011)</b>	<b>(1,944)</b>
<b>6. Facilities Support</b>					
Facilities Services	193	(191)	(72)	(887)	(1,314)
HSC Maintenance	(112)	(320)	13	13	13
Utilities	(1,692)	65	(60)	(1,609)	(1,564)
Security	(324)	(123)	4	(84)	(124)
Deferred Maintenance	(0)	(0)	(0)	(0)	(0)
Bond Interest	-	2	0	-	-
Renovation contingency	0	(0)	0	0	0
Sub-total	<b>(1,936)</b>	<b>(568)</b>	<b>(115)</b>	<b>(2,568)</b>	<b>(2,989)</b>
<b>7. Institutional Support</b>					
Administration	(420)	(366)	510	181	188
Financial Affairs	(245)	(2,163)	139	190	183
Human Resources	(954)	(181)	(115)	(395)	(569)
UTS/Technology Fund	(2,620)	(3,502)	(1,938)	(1,104)	(1,707)
UTS Asset Management	(839)	(1,252)	(159)	(309)	(259)
University Secretariat	(213)	(182)	(129)	(148)	(168)
Presidential Budget	38	25	8	0	(0)
University Advancement	(1,425)	(1,307)	(1,427)	(748)	(111)
Legal	(1,401)	1,850	84	56	39
General University	(575)	(352)	(1,078)	(1,421)	(1,694)
Sub-total	<b>(8,655)</b>	<b>(7,429)</b>	<b>(4,105)</b>	<b>(3,698)</b>	<b>(4,099)</b>
<b>8. Institutional Priority allocations</b>					
Technology Renewal	4,517	4,517	4,517	3,215	-
Marketing & Branding	0	(202)	0	(0)	0
Pension	0	0	0	0	0
Strategic Priorities	-	(2,729)	-	-	-
Sub-total	<b>4,517</b>	<b>1,586</b>	<b>4,517</b>	<b>3,215</b>	<b>0</b>
<b>Surplus/(Deficit)</b>	<b>(4,822)</b>	<b>(26,441)</b>	<b>(4,685)</b>	<b>(14,966)</b>	<b>(6,956)</b>
<i>Under/(over)allocated</i>	0	(0)	0	0	0
<b>Total Surplus/(Deficit)</b>	<b>(4,822)</b>	<b>(26,441)</b>	<b>(4,685)</b>	<b>(14,966)</b>	<b>(6,956)</b>

Table 26: Operating Fund 2021/22 Financial Position and Variance by Unit

(\$ thousands)	2021/22 Budget				Appropriations April 30, 2022	2021/22 Projection				Appropriations April 30, 2022	Favourable (Unfavourable) Variance				Appropriations April 30, 2022
	Appropriations April 30, 2021	On-going	One-time	Total		Appropriations April 30, 2021	On-going	One-time	Total		Appropriations April 30, 2021	On-going	One-time	Total	
<b>1. Faculties</b>															
Business	1,012	12,357	(11,617)	740	1,752	3,482	22,572	(22,622)	(50)	3,431	2,469	10,215	(11,005)	(790)	1,679
Engineering	11,961	5,995	(7,239)	(1,245)	10,717	15,906	14,089	(5,890)	8,199	24,105	3,945	8,094	1,349	9,444	13,389
Health Sciences	42,601	(5,439)	(2,587)	(8,026)	34,575	45,634	1,210	589	1,798	47,432	3,033	6,649	3,176	9,825	12,858
Humanities	9,549	(2,750)	1,355	(1,395)	8,154	10,827	(2,271)	2,897	626	11,454	1,278	479	1,542	2,021	3,299
Science	15,399	6,620	(4,516)	2,103	17,503	21,641	3,229	(9,802)	(6,573)	15,068	6,242	(3,391)	(5,285)	(8,676)	(2,434)
Medical Radiation - Mohawk share	-	(0)	-	(0)	(0)	1	(1)	-	(1)	(0)	1	(1)	-	(1)	(0)
Social Sciences	13,128	3,302	(385)	2,917	16,045	14,288	4,230	1,356	5,586	19,874	1,160	928	1,741	2,669	3,829
Arts & Science	1,408	(183)	244	62	1,470	1,488	(289)	353	64	1,552	80	(106)	108	2	82
Sub-total	<b>95,059</b>	<b>19,902</b>	<b>(24,745)</b>	<b>(4,843)</b>	<b>90,216</b>	<b>113,267</b>	<b>42,769</b>	<b>(33,119)</b>	<b>9,650</b>	<b>122,917</b>	<b>18,208</b>	<b>22,867</b>	<b>(8,374)</b>	<b>14,493</b>	<b>32,701</b>
<b>2. Academic Priorities</b>															
University Fund	36,747	10,852	(13,500)	(2,648)	34,099	38,419	9,632	(9,620)	12	38,431	1,672	(1,220)	3,880	2,660	4,332
Revenue Projection Contingency	8,682	582	-	582	9,264	8,605	(4,913)	(8,606)	(13,519)	(4,914)	(76)	(5,495)	(8,606)	(14,101)	(14,177)
Ongoing Priorities Contingency	44	10,033	-	10,033	10,077	43	33	(33)	(0)	43	(1)	(10,000)	(33)	(10,033)	(10,034)
One-time Priorities Contingency	(10,560)	10,000	(9,847)	153	(10,407)	(10,560)	10,000	(19,762)	(9,762)	(20,322)	0	0	(9,915)	(9,915)	(9,915)
Sub-total	<b>34,912</b>	<b>31,467</b>	<b>(23,347)</b>	<b>8,120</b>	<b>43,033</b>	<b>36,507</b>	<b>14,752</b>	<b>(38,021)</b>	<b>(23,269)</b>	<b>13,238</b>	<b>1,595</b>	<b>(16,716)</b>	<b>(14,674)</b>	<b>(31,390)</b>	<b>(29,794)</b>
<b>TOTAL ACADEMIC</b>	<b>129,971</b>	<b>51,369</b>	<b>(48,092)</b>	<b>3,277</b>	<b>133,248</b>	<b>149,775</b>	<b>57,521</b>	<b>(71,141)</b>	<b>(13,619)</b>	<b>136,155</b>	<b>19,803</b>	<b>6,152</b>	<b>(23,048)</b>	<b>(16,896)</b>	<b>2,907</b>
<b>3. Academic Support</b>															
Office of the Provost	5,887	(2,160)	105	(2,054)	3,832	8,379	(1,936)	360	(1,576)	6,803	2,492	224	255	479	2,971
Museum of Art	(0)	0	-	0	0	84	15	-	15	99	84	15	-	15	99
MacPherson Institute	2,390	(537)	(247)	(784)	1,606	4,031	(163)	(1,368)	(1,531)	2,499	1,640	374	(1,122)	(748)	893
University Library	525	(1,144)	556	(589)	(64)	841	(1,171)	1,088	(84)	757	316	(27)	532	505	821
Health Sciences Library	(51)	(61)	-	(61)	(111)	(59)	196	(0)	196	137	(8)	257	(0)	257	249
Registrar	1,171	(336)	-	(336)	835	2,117	(193)	(130)	(323)	1,795	947	143	(130)	13	960
Sub-total	<b>9,922</b>	<b>(4,237)</b>	<b>414</b>	<b>(3,823)</b>	<b>6,099</b>	<b>15,392</b>	<b>(3,252)</b>	<b>(50)</b>	<b>(3,302)</b>	<b>12,090</b>	<b>5,470</b>	<b>986</b>	<b>(464)</b>	<b>521</b>	<b>5,991</b>
<b>4. Research Support</b>															
Research	5,837	756	(439)	317	6,154	9,072	(1,381)	(282)	(1,663)	7,409	3,235	(2,137)	157	(1,980)	1,255
VP Research Discretionary Fund	1,725	882	-	882	2,606	2,311	121	(7)	114	2,425	586	(760)	(7)	(767)	(181)
Research Loans	(477)	89	-	89	(388)	(477)	89	-	89	(388)	-	(0)	-	(0)	(0)
Sub-total	<b>7,085</b>	<b>1,726</b>	<b>(439)</b>	<b>1,287</b>	<b>8,372</b>	<b>10,906</b>	<b>(1,171)</b>	<b>(289)</b>	<b>(1,460)</b>	<b>9,446</b>	<b>3,821</b>	<b>(2,897)</b>	<b>150</b>	<b>(2,747)</b>	<b>1,074</b>
<b>5. Student Support</b>															
Graduate Scholarships	(526)	30	-	30	(496)	(961)	105	960	1,065	104	(434)	75	960	1,035	601
School of Graduate Studies	210	(283)	167	(116)	94	385	(78)	(21)	(99)	287	175	205	(188)	17	193
Student Affairs	2,720	226	962	1,188	3,908	7,880	(1,970)	905	(1,065)	6,815	5,160	(2,197)	(56)	(2,253)	2,907
DBAC Building Financing	-	(1,211)	-	(1,211)	(1,211)	-	-	-	-	-	-	1,211	-	1,211	1,211
DBAC Deferred Maintenance	3,061	400	-	400	3,461	3,161	160	-	160	3,321	100	(240)	-	(240)	(140)
Undergraduate Scholarships	1,986	220	-	220	2,206	3,061	(297)	(1,413)	(1,710)	1,351	1,075	(517)	(1,413)	(1,930)	(855)
Sub-total	<b>7,452</b>	<b>(618)</b>	<b>1,128</b>	<b>511</b>	<b>7,963</b>	<b>13,527</b>	<b>(2,080)</b>	<b>431</b>	<b>(1,649)</b>	<b>11,878</b>	<b>6,075</b>	<b>(1,462)</b>	<b>(697)</b>	<b>(2,160)</b>	<b>3,915</b>
<b>6. Facilities Support</b>															
Facilities Services	388	38	155	193	581	306	(246)	55	(191)	115	(82)	(283)	(100)	(383)	(466)
HSC Maintenance	92	(112)	-	(112)	(20)	320	(320)	-	(320)	(0)	228	(208)	-	(208)	20
Utilities	1,495	(1,692)	-	(1,692)	(197)	542	(1,587)	1,652	65	607	(953)	105	1,652	1,757	804
Security	319	(324)	-	(324)	(5)	(63)	(63)	(60)	(123)	13	(182)	260	(60)	200	18
Deferred Maintenance	0	(0)	(0)	(0)	0	-	(0)	-	(0)	(0)	(0)	(0)	0	(0)	(0)
Bond Interest	(0)	-	-	-	(0)	(2)	2	-	2	0	(1)	2	-	2	0
Renovation contingency	0	0	-	0	0	-	(0)	-	(0)	(0)	(0)	(0)	-	(0)	(0)
Sub-total	<b>2,293</b>	<b>(2,091)</b>	<b>155</b>	<b>(1,936)</b>	<b>358</b>	<b>1,302</b>	<b>(2,215)</b>	<b>1,647</b>	<b>(568)</b>	<b>735</b>	<b>(991)</b>	<b>(124)</b>	<b>1,492</b>	<b>1,368</b>	<b>377</b>
<b>7. Institutional Support</b>															
Administration	3,524	(27)	(393)	(420)	3,104	3,541	30	(396)	(366)	3,175	17	57	(3)	54	71
Financial Affairs	1,556	144	(389)	(245)	1,312	2,250	461	(2,624)	(2,163)	86	693	317	(2,236)	(1,919)	(1,225)
Human Resources	(702)	(1,081)	127	(954)	(1,656)	(150)	(868)	687	(181)	(331)	551	214	560	774	1,325
UTS/Technology Fund	3,515	(2,297)	(323)	(2,620)	894	6,024	(3,473)	(29)	(3,502)	2,523	2,510	(1,176)	294	(882)	1,628
UTS Asset Management	907	(839)	-	(839)	68	1,443	(1,252)	-	(1,252)	192	537	(413)	-	(413)	124
University Secretariat	294	(213)	-	(213)	81	359	21	(203)	(182)	177	65	234	(203)	31	96
Presidential Budget	142	38	-	38	180	377	25	-	25	402	235	(13)	-	(13)	221
University Advancement	3,340	(1,425)	-	(1,425)	1,914	3,943	(1,307)	-	(1,307)	2,637	604	119	-	119	722
Legal	(1,508)	(1,531)	130	(1,401)	(2,909)	(1,508)	(1,980)	3,830	1,850	65	(277)	(449)	3,700	3,251	2,974
General University	576	(1,115)	540	(575)	1	1,166	(892)	540	(352)	815	591	223	-	223	814
Sub-total	<b>11,644</b>	<b>(8,347)</b>	<b>308</b>	<b>(8,655)</b>	<b>2,989</b>	<b>17,169</b>	<b>(9,234)</b>	<b>1,805</b>	<b>(7,429)</b>	<b>9,740</b>	<b>5,525</b>	<b>(887)</b>	<b>2,112</b>	<b>1,226</b>	<b>6,750</b>
<b>8. Institutional Priority allocations</b>															
Technology Renewal	(12,249)	-	4,517	4,517	(7,732)	(12,249)	(0)	4,517	4,517	(7,732)	(0)	(0)	-	(0)	(0)
Marketing & Branding	(0)	0	0	0	(0)	202	(515)	313	(202)	0	202	(515)	313	(202)	0
Pension	(0)	0	-	0	0	-	0	-	0	0	0	0	-	0	0
Strategic Priorities	3,079	-	-	-	3,079	2,729	(0)	(2,729)	(2,729)	(0)	(350)	(0)	(2,729)	(2,729)	(3,079)
Sub-total	<b>(9,171)</b>	<b>0</b>	<b>4,517</b>	<b>4,517</b>	<b>(4,654)</b>	<b>(9,319)</b>	<b>(515)</b>	<b>2,101</b>	<b>1,586</b>	<b>(7,732)</b>	<b>(148)</b>	<b>(515)</b>	<b>(2,416)</b>	<b>(2,931)</b>	<b>(3,079)</b>
<b>Surplus/(Deficit)</b>	<b>159,197</b>	<b>37,803</b>	<b>(42,624)</b>	<b>(4,822)</b>	<b>154,375</b>	<b>198,752</b>	<b>39,055</b>	<b>(65,496)</b>	<b>(26,441)</b>	<b>172,311</b>	<b>39,555</b>	<b>1,253</b>	<b>(22,872)</b>	<b>(21,619)</b>	<b>17,936</b>
<i>Under/(over)allocated</i>	<i>(0)</i>	<i>4,517</i>	<i>(4,517)</i>	<i>0</i>	<i>(0)</i>	<i>(0)</i>	<i>4,517</i>	<i>(4,517)</i>	<i>(0)</i>	<i>(0)</i>	<i>(0)</i>	<i>(0)</i>	<i>-</i>	<i>(0)</i>	<i>(0)</i>
<b>Total Surplus/(Deficit)</b>	<b>159,197</b>	<b>42,320</b>	<b>(47,141)</b>	<b>(4,822)</b>	<b>154,375</b>	<b>198,752</b>	<b>43,572</b>	<b>(70,013)</b>	<b>(26,441)</b>	<b>172,311</b>	<b>39,555</b>	<b>1,253</b>	<b>(22,872)</b>	<b>(21,619)</b>	<b>17,936</b>

Table 27: Operating Fund Budget and Plan Financial Position by Unit

(\$ thousands)	2022/23 Budget				Appropriations April 30, 2023	2023/24 Plan				Appropriations April 30, 2024	2024/25 Plan				Appropriations April 30, 2025			
	Appropriations April 30, 2022	On-going	One-time	Total		On-going	One-time	Total	On-going		One-time	Total						
1. Faculties																		
Business	3,431	14,158	(15,000)	(842)	2,589	13,354	(10,000)	3,354	5,943	11,118	-	11,118	17,060	11,118	-	11,118	17,060	17,060
Engineering	24,105	7,422	(4,324)	3,097	27,203	6,392	(4,761)	1,631	28,834	6,528	(5,807)	721	29,555	6,528	(5,807)	721	29,555	29,555
Health Sciences	47,432	(5,401)	(1,634)	(7,035)	40,398	(15,578)	-	(15,578)	24,820	(18,833)	-	(18,833)	5,987	(18,833)	-	(18,833)	5,987	5,987
Humanities	11,454	(3,758)	1,262	(2,496)	8,958	(5,238)	180	(5,058)	3,900	(3,864)	1,173	(2,691)	1,208	(3,864)	1,173	(2,691)	1,208	1,208
Science	15,068	316	(3,746)	(3,430)	11,638	913	272	1,185	12,823	1,605	(35)	1,570	14,393	1,605	(35)	1,570	14,393	14,393
Medical Radiation - Mohawk share	(0)	(0)	-	(0)	(0)	-	-	-	(0)	-	-	-	(0)	-	-	-	(0)	(0)
Social Sciences	19,874	231	(620)	(389)	19,485	(1,462)	(585)	(2,047)	17,438	(2,625)	(585)	(3,210)	14,228	(2,625)	(585)	(3,210)	14,228	14,228
Arts & Science	1,552	(840)	-	(840)	711	(661)	(15)	(676)	35	(668)	(15)	(683)	(648)	(668)	(15)	(683)	(648)	(648)
Sub-total	122,917	12,126	(24,062)	(11,936)	110,982	(2,280)	(14,910)	(17,190)	93,792	(6,740)	(5,269)	(12,009)	81,783	(6,740)	(5,269)	(12,009)	81,783	81,783
2. Academic Priorities																		
University Fund	38,431	11,874	(14,874)	(3,000)	35,431	13,410	(13,410)	0	35,431	11,860	(11,860)	0	35,431	11,860	(11,860)	0	35,431	35,431
Revenue Projection Contingency	(4,914)	6,287	-	6,287	1,373	286	-	286	1,659	285	-	285	1,944	285	-	285	1,944	1,944
Ongoing Priorities Contingency	43	10,033	-	10,033	10,076	6,728	-	6,728	16,804	14,183	-	14,183	30,987	14,183	-	14,183	30,987	30,987
One-time Priorities Contingency	(20,322)	10,000	(6,408)	3,592	(16,730)	10,000	(1,410)	8,590	(8,140)	10,000	(1,860)	8,140	0	10,000	(1,860)	8,140	0	0
Sub-total	13,238	38,194	(21,282)	16,912	30,150	30,424	(14,820)	15,604	45,754	36,328	(13,720)	22,608	68,362	36,328	(13,720)	22,608	68,362	68,362
TOTAL ACADEMIC	136,155	50,320	(45,344)	4,976	141,132	28,144	(29,729)	(1,586)	139,546	29,588	(18,989)	10,599	150,145	29,588	(18,989)	10,599	150,145	150,145
3. Academic Support																		
Office of the Provost	6,803	(2,826)	1	(2,825)	3,978	(2,857)	(219)	(3,076)	902	(3,045)	(180)	(3,226)	(2,324)	(3,045)	(180)	(3,226)	(2,324)	(2,324)
Museum of Art	99	(52)	-	(52)	47	(0)	-	(0)	47	0	-	0	47	0	-	0	47	47
MacPherson Institute	2,499	(675)	(173)	(848)	1,651	(593)	-	(593)	1,058	(609)	-	(609)	449	(609)	-	(609)	449	449
University Library	757	(1,547)	790	(757)	(1)	(2,146)	197	(1,949)	(1,949)	(2,252)	-	(2,252)	(4,201)	(2,252)	-	(2,252)	(4,201)	(4,201)
Health Sciences Library	137	(96)	-	(96)	42	(114)	-	(114)	(72)	(324)	-	(324)	(396)	(324)	-	(324)	(396)	(396)
Registrar	1,795	(220)	-	(220)	1,575	(420)	-	(420)	1,155	(537)	-	(537)	619	(537)	-	(537)	619	619
Sub-total	12,090	(5,415)	618	(4,797)	7,293	(6,129)	(22)	(6,151)	1,142	(6,768)	(180)	(6,948)	(5,806)	(6,768)	(180)	(6,948)	(5,806)	(5,806)
4. Research Support																		
Research	7,409	(948)	(210)	(1,158)	6,251	(1,891)	-	(1,891)	4,360	(1,590)	-	(1,590)	2,770	(1,590)	-	(1,590)	2,770	2,770
VP Research Discretionary Fund	2,425	(1,306)	-	(1,306)	1,119	(315)	-	(315)	804	(24)	-	(24)	779	(24)	-	(24)	779	779
Research Loans	(388)	39	-	39	(349)	39	-	39	(310)	39	-	39	(272)	39	-	39	(272)	(272)
Sub-total	9,446	(2,216)	(210)	(2,426)	7,020	(2,167)	-	(2,167)	4,853	(1,575)	-	(1,575)	3,278	(1,575)	-	(1,575)	3,278	3,278
5. Student Support																		
Graduate Scholarships	104	118	-	118	222	118	-	118	340	118	-	118	458	118	-	118	458	458
School of Graduate Studies	287	(33)	1	(32)	254	(101)	(5)	(106)	149	(142)	-	(142)	7	(142)	-	(142)	7	7
Student Affairs	6,815	(2,334)	(301)	(2,635)	4,180	(2,327)	(275)	(2,603)	1,577	(2,325)	(296)	(2,621)	(1,044)	(2,325)	(296)	(2,621)	(1,044)	(1,044)
DBAC Building Financing	-	(706)	-	(706)	(706)	59	-	59	(647)	181	-	181	(466)	181	-	181	(466)	(466)
DBAC Deferred Maintenance	3,321	520	-	520	3,841	520	-	520	4,361	520	-	520	4,881	520	-	520	4,881	4,881
Undergraduate Scholarships	1,351	(0)	-	(0)	1,351	(0)	-	(0)	1,351	(0)	-	(0)	1,351	(0)	-	(0)	1,351	1,351
Sub-total	11,878	(2,435)	(300)	(2,736)	9,142	(1,731)	(280)	(2,011)	7,132	(1,648)	(296)	(1,944)	5,188	(1,648)	(296)	(1,944)	5,188	5,188
6. Facilities Support																		
Facilities Services	115	(327)	255	(72)	43	(887)	-	(887)	(844)	(1,314)	-	(1,314)	(2,158)	(1,314)	-	(1,314)	(2,158)	(2,158)
HSC Maintenance	(0)	13	-	13	13	13	-	13	25	13	-	13	38	13	-	13	38	38
Utilities	607	(60)	-	(60)	546	(1,609)	-	(1,609)	(1,063)	(1,564)	-	(1,564)	(2,627)	(1,564)	-	(1,564)	(2,627)	(2,627)
Security	13	4	-	4	17	(84)	-	(84)	(67)	(124)	-	(124)	(191)	(124)	-	(124)	(191)	(191)
Deferred Maintenance	(0)	(0)	-	(0)	(0)	(0)	-	(0)	(0)	(0)	-	(0)	(0)	(0)	-	(0)	(0)	(0)
Bond Interest	0	0	-	0	0	-	-	-	0	-	-	-	0	-	-	-	0	0
Renovation contingency	(0)	0	-	0	(0)	0	-	0	(0)	0	-	0	(0)	0	-	0	(0)	(0)
Sub-total	735	(370)	255	(115)	619	(2,568)	-	(2,568)	(1,949)	(2,989)	-	(2,989)	(4,938)	(2,989)	-	(2,989)	(4,938)	(4,938)
7. Institutional Support																		
Administration	3,175	(90)	600	510	3,685	181	-	181	3,867	188	-	188	4,055	188	-	188	4,055	4,055
Financial Affairs	86	489	(350)	139	225	515	(325)	190	415	463	(280)	183	598	463	(280)	183	598	598
Human Resources	(331)	(145)	30	(115)	(446)	(395)	-	(395)	(841)	(569)	-	(569)	(1,410)	(569)	-	(569)	(1,410)	(1,410)
UTS/Technology Fund	2,523	(1,340)	(597)	(1,938)	585	(1,504)	400	(1,104)	(519)	(1,707)	-	(1,707)	(2,226)	(1,707)	-	(1,707)	(2,226)	(2,226)
UTS Asset Management	192	(159)	-	(159)	33	(309)	-	(309)	(276)	(259)	-	(259)	(536)	(259)	-	(259)	(536)	(536)
University Secretariat	177	(129)	-	(129)	48	(148)	-	(148)	(100)	(168)	-	(168)	(268)	(168)	-	(168)	(268)	(268)
Presidential Budget	402	8	-	8	410	0	-	0	410	(0)	-	(0)	410	(0)	-	(0)	410	410
University Advancement	2,637	(1,427)	-	(1,427)	1,209	(748)	-	(748)	461	(111)	-	(111)	350	(111)	-	(111)	350	350
Legal	65	84	-	84	149	56	-	56	205	39	-	39	244	39	-	39	244	244
General University	815	(1,078)	-	(1,078)	(263)	(1,421)	-	(1,421)	(1,684)	(1,694)	-	(1,694)	(3,378)	(1,694)	-	(1,694)	(3,378)	(3,378)
Sub-total	9,740	(3,787)	(318)	(4,105)	5,635	(3,772)	75	(3,698)	1,937	(3,819)	(280)	(4,099)	(2,162)	(3,819)	(280)	(4,099)	(2,162)	(2,162)
8. Institutional Priority allocations																		
Technology Renewal	(7,732)	-	4,517	4,517	(3,215)	-	3,215	3,215	(0)	-	-	-	(0)	-	-	-	-	(0)
Marketing & Branding	0	(388)	388	0	0	(0)	-	(0)	(0)	0	-	0	0	0	-	0	0	0
Pension	0	0	-	0	0	0	-	0	0	0	-	0	0	0	-	0	0	0
Strategic Priorities	(0)	-	-	-	(0)	-	-	-	(0)	-	-	-	(0)	-	-	-	(0)	(0)
Sub-total	(7,732)	(388)	4,905	4,517	(3,215)	(0)	3,215	3,215	(0)	0	-	0	(0)	0	-	0	(0)	(0)
Surplus/(Deficit)	172,311	35,709	(40,394)	(4,685)	167,626	11,776	(26,742)	(14,966)	152,660	12,789	(19,745)	(6,956)	145,704	12,789	(19,745)	(6,956)	145,704	145,704
Under/(over)allocated	(0)	4,517	(4,517)	0	(0)	3,215	(3,215)	0	(0)	0	-	0	(0)	0	-	0	(0)	(0)
Total Surplus/(Deficit)	172,311	40,226	(44,911)	(4,685)	167,626	14,991	(29,957)	(14,966)	152,660	12,789	(19,745)	(6,956)	145,704	12,789	(19,745)	(6,956)	145,704	145,704

## APPENDIX 4 – ANCILLARY FUND UNIT LEVEL TABLES

Table 28: Ancillary Fund Budget by Unit

(\$ thousands)	McMaster Continuing Education		Campus Store		Media Production Services		Parking Services		Hospitality Services		Housing & Conference Services		Total	
	2021/22 Projection	2022/23 Budget	2021/22 Projection	2022/23 Budget	2021/22 Projection	2022/23 Budget	2021/22 Projection	2022/23 Budget	2021/22 Projection	2022/23 Budget	2021/22 Projection	2022/23 Budget	2021/22 Projection	2022/23 Budget
<b>Sources of funding</b>														
Sales	7,770	7,938	11,924	13,245	137	259	2,421	5,476	14,457	29,963	29,437	34,988	66,146	91,869
Internal revenue	558	664	429	435	1,684	2,636	14	14	100	1,976	(117)	52	2,668	5,776
<b>Total sources of funding</b>	<b>8,327</b>	<b>8,602</b>	<b>12,354</b>	<b>13,680</b>	<b>1,821</b>	<b>2,895</b>	<b>2,435</b>	<b>5,490</b>	<b>14,557</b>	<b>31,938</b>	<b>29,320</b>	<b>35,040</b>	<b>68,814</b>	<b>97,645</b>
<b>Expenditure</b>														
Salaries, wages and benefits	6,009	6,368	2,404	2,657	1,485	1,692	1,018	1,348	8,871	11,918	7,294	10,239	27,080	34,223
Cost of sales	-	-	9,128	9,598	403	659	-	-	5,397	11,828	0	-	14,928	22,086
Internal rent	479	479	232	461	59	122	19	34	612	1,152	1,936	3,871	3,336	6,119
Utilities and maintenance	14	14	17	17	7	23	119	186	514	801	3,849	4,100	4,518	5,141
Debt and financing charges	-	-	-	44	-	-	888	782	135	135	5,323	5,853	6,347	6,815
Equipment and renovations	138	327	194	199	286	432	186	941	100	294	3,616	4,109	4,520	6,302
All other expenses	1,796	2,471	298	298	50	95	1,251	1,505	1,739	2,756	2,598	6,087	7,732	13,211
<b>Total expenditures</b>	<b>8,436</b>	<b>9,659</b>	<b>12,272</b>	<b>13,274</b>	<b>2,288</b>	<b>3,023</b>	<b>3,481</b>	<b>4,796</b>	<b>17,367</b>	<b>28,885</b>	<b>24,616</b>	<b>34,258</b>	<b>68,461</b>	<b>93,896</b>
<b>Surplus (deficit) from operations</b>	<b>(108)</b>	<b>(1,057)</b>	<b>82</b>	<b>405</b>	<b>(467)</b>	<b>(128)</b>	<b>(1,047)</b>	<b>694</b>	<b>(2,811)</b>	<b>3,054</b>	<b>4,704</b>	<b>782</b>	<b>353</b>	<b>3,749</b>
<b>Contribution to Operating Fund</b>	<b>(375)</b>	<b>(417)</b>	<b>(208)</b>	<b>-</b>	<b>(175)</b>	<b>-</b>	<b>(241)</b>	<b>-</b>	<b>(1,156)</b>	<b>-</b>	<b>(1,278)</b>	<b>-</b>	<b>(3,432)</b>	<b>(417)</b>
<b>Surplus (deficit)</b>	<b>(484)</b>	<b>(1,474)</b>	<b>(126)</b>	<b>405</b>	<b>(642)</b>	<b>(128)</b>	<b>(1,287)</b>	<b>694</b>	<b>(3,967)</b>	<b>3,054</b>	<b>3,427</b>	<b>782</b>	<b>(3,079)</b>	<b>3,332</b>
<b>Reserve</b>														
Beginning Balance	4,870	4,386	(1,275)	(1,402)	(868)	(1,510)	(1,523)	(2,810)	(2,389)	(6,356)	(3,491)	(65)	(4,677)	(7,757)
Reserve Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus (deficit)	(484)	(1,474)	(126)	405	(642)	(128)	(1,287)	694	(3,967)	3,054	3,427	782	(3,079)	3,332
<b>Closing Balance</b>	<b>4,386</b>	<b>2,912</b>	<b>(1,402)</b>	<b>(996)</b>	<b>(1,510)</b>	<b>(1,639)</b>	<b>(2,810)</b>	<b>(2,116)</b>	<b>(6,356)</b>	<b>(3,302)</b>	<b>(65)</b>	<b>717</b>	<b>(7,757)</b>	<b>(4,425)</b>



## APPENDIX 5 – SUMMARY BY FUND

Table 29: Consolidated 2021/22 Projection by Fund

(\$ thousands)

	Operating Fund	Research Fund	Capital Fund	External Endowment	Internal Endowment	Ancillary Fund	Externally Funded	Total	GAAP Adjustment	Full Accrual Basis
<b>Revenues</b>										
Operating grants	239,843	-	5,000	-	-	-	-	244,843	29,259	274,102
Research grants and contracts	-	218,000	-	-	-	-	-	218,000	(39,660)	178,340
Tuition fees	423,000	-	-	-	-	-	-	423,000	24,469	447,469
Ancillary sales and services	-	-	-	-	-	66,146	-	66,146	12,036	78,182
Other revenues	133,519	-	5,400	2,637	100	-	34,497	176,153	11,214	187,367
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	41,811	41,811
Investment income (loss)	3,445	-	-	26,883	7,904	-	-	38,232	27,759	65,991
Investment income transfer	6,022	-	-	-	(6,022)	-	-	-	-	-
<b>Total revenues</b>	<b>805,829</b>	<b>218,000</b>	<b>10,400</b>	<b>29,520</b>	<b>1,982</b>	<b>66,146</b>	<b>34,497</b>	<b>1,166,374</b>	<b>106,888</b>	<b>1,273,262</b>
<b>Expenses</b>										
Salaries, wages and benefits	544,269	138,200	-	-	-	27,080	24,375	733,924	9,366	743,290
All other expenses	196,081	101,400	130,979	4,822	391	26,030	10,422	470,126	(154,537)	315,589
Amortization expense	-	-	-	-	-	-	-	-	90,612	90,612
Transfers to (from) other funds	69,499	(20,587)	(79,657)	20,293	859	9,768	(177)	-	-	-
Debt and financing charges	22,763	-	(10,640)	-	-	6,347	-	18,470	(2,832)	15,638
<b>Total expenses</b>	<b>832,613</b>	<b>219,013</b>	<b>40,682</b>	<b>25,115</b>	<b>1,250</b>	<b>69,225</b>	<b>34,621</b>	<b>1,222,520</b>	<b>(57,391)</b>	<b>1,165,129</b>
<b>Excess of revenues over expenses</b>	<b>(26,784)</b>	<b>(1,013)</b>	<b>(30,282)</b>	<b>4,405</b>	<b>732</b>	<b>(3,079)</b>	<b>(124)</b>	<b>(56,146)</b>	<b>164,279</b>	<b>108,133</b>

Table 30: Consolidated 2022/23 Budget by Fund

(\$ thousands)

	Operating Fund	Research Fund	Capital Fund	External Endowment	Internal Endowment	Ancillary Fund	Externally Funded	Total	GAAP Adjustment	Full Accrual Basis
<b>Revenues</b>										
Operating grants	239,816	-	5,970	-	-	-	-	245,786	28,320	274,106
Research grants and contracts	-	220,000	-	-	-	-	-	220,000	(39,877)	180,123
Tuition fees	445,672	-	-	-	-	-	-	445,672	20,056	465,728
Ancillary sales and services	-	-	-	-	-	91,869	-	91,869	1,976	93,845
Other revenues	147,944	-	9,400	2,559	100	-	33,610	193,613	(4,373)	189,240
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	40,389	40,389
Investment income (loss)	3,209	-	-	32,973	9,685	-	-	45,867	37,799	83,666
Investment income transfer	6,258	-	-	-	(6,258)	-	-	-	-	-
<b>Total revenues</b>	<b>842,899</b>	<b>220,000</b>	<b>15,370</b>	<b>35,532</b>	<b>3,527</b>	<b>91,869</b>	<b>33,610</b>	<b>1,242,807</b>	<b>84,290</b>	<b>1,327,097</b>
<b>Expenses</b>										
Salaries, wages and benefits	565,034	140,400	-	-	-	34,223	24,349	764,005	6,103	770,108
All other expenses	225,615	100,600	226,281	4,741	627	37,003	8,995	603,862	(282,515)	321,347
Amortization expense	-	-	-	-	-	-	-	-	96,226	96,226
Transfers to (from) other funds	30,934	(18,977)	(44,775)	21,593	865	10,496	(137)	(0)	0	-
Debt and financing charges	26,001	-	(12,680)	-	-	6,815	-	20,136	(2,007)	18,129
<b>Total expenses</b>	<b>847,584</b>	<b>222,023</b>	<b>168,826</b>	<b>26,334</b>	<b>1,492</b>	<b>88,537</b>	<b>33,207</b>	<b>1,388,004</b>	<b>(182,194)</b>	<b>1,205,810</b>
<b>Excess of revenues over expenses</b>	<b>(4,685)</b>	<b>(2,023)</b>	<b>(153,456)</b>	<b>9,198</b>	<b>2,035</b>	<b>3,332</b>	<b>403</b>	<b>(145,197)</b>	<b>266,484</b>	<b>121,287</b>

Table 31: Consolidated 2023/24 Plan by Fund

(\$ thousands)

	Operating Fund	Research Fund	Capital Fund	External Endowment	Internal Endowment	Ancillary Fund	Externally Funded	Total	GAAP Adjustment	Full Accrual Basis
<b>Revenues</b>										
Operating grants	239,300	-	5,330	-	-	-	-	244,630	29,456	274,086
Research grants and contracts	-	222,000	-	-	-	-	-	222,000	(40,075)	181,925
Tuition fees	461,424	-	-	-	-	-	-	461,424	39,786	501,210
Ancillary sales and services	-	-	-	-	-	105,726	-	105,726	(520)	105,206
Other revenues	144,839	-	126,150	4,000	100	-	32,612	307,700	(115,567)	192,133
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	39,433	39,433
Investment income (loss)	2,970	-	-	33,488	9,835	-	-	46,293	39,316	85,608
Investment income transfer	6,497	-	-	-	(6,497)	-	-	-	-	-
<b>Total revenues</b>	<b>855,030</b>	<b>222,000</b>	<b>131,480</b>	<b>37,488</b>	<b>3,437</b>	<b>105,726</b>	<b>32,612</b>	<b>1,387,773</b>	<b>(8,172)</b>	<b>1,379,601</b>
<b>Expenses</b>										
Salaries, wages and benefits	594,605	142,600	-	-	-	36,478	24,104	797,786	155	797,941
All other expenses	233,330	100,300	288,340	6,681	-	43,748	9,645	682,044	(353,106)	328,938
Amortization expense	-	-	-	-	-	-	-	-	105,064	105,064
Transfers to (from) other funds	16,705	(17,933)	(34,101)	20,799	878	13,794	(141)	(0)	0	-
Debt and financing charges	25,355	-	(19,485)	-	-	6,802	-	12,672	5,410	18,082
<b>Total expenses</b>	<b>869,995</b>	<b>224,967</b>	<b>234,754</b>	<b>27,480</b>	<b>878</b>	<b>100,822</b>	<b>33,608</b>	<b>1,492,503</b>	<b>(242,478)</b>	<b>1,250,025</b>
<b>Excess of revenues over expenses</b>	<b>(14,966)</b>	<b>(2,967)</b>	<b>(103,274)</b>	<b>10,008</b>	<b>2,559</b>	<b>4,904</b>	<b>(996)</b>	<b>(104,730)</b>	<b>234,306</b>	<b>129,576</b>

Table 32: Consolidated 2024/25 Plan by Fund

(\$ thousands)

	Operating Fund	Research Fund	Capital Fund	External Endowment	Internal Endowment	Ancillary Fund	Externally Funded	Total	GAAP Adjustment	Full Accrual Basis
<b>Revenues</b>										
Operating grants	239,246	-	5,330	-	-	-	-	244,576	29,495	274,071
Research grants and contracts	-	224,000	-	-	-	-	-	224,000	(40,256)	183,744
Tuition fees	476,677	-	-	-	-	-	-	476,677	67,021	543,698
Ancillary sales and services	-	-	-	-	-	135,285	-	135,285	(27,695)	107,590
Other revenues	149,118	-	131,020	4,000	100	-	32,406	316,644	(122,600)	194,044
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	48,714	48,714
Investment income (loss)	2,748	-	-	34,049	9,978	-	-	46,775	42,246	89,021
Investment income transfer	6,719	-	-	-	(6,719)	-	-	-	-	-
<b>Total revenues</b>	<b>874,508</b>	<b>224,000</b>	<b>136,350</b>	<b>38,049</b>	<b>3,359</b>	<b>135,285</b>	<b>32,406</b>	<b>1,443,957</b>	<b>(3,075)</b>	<b>1,440,882</b>
<b>Expenses</b>										
Salaries, wages and benefits	610,675	144,800	-	-	-	42,343	24,237	822,054	4,773	826,827
All other expenses	239,361	101,200	259,143	8,252	-	62,786	9,381	680,124	(344,741)	335,383
Amortization expense	-	-	-	-	-	-	-	-	116,001	116,001
Transfers to (from) other funds	6,073	(17,998)	(23,800)	20,300	891	14,676	(143)	(0)	0	-
Debt and financing charges	25,355	-	(19,490)	-	-	8,146	-	14,011	4,023	18,034
<b>Total expenses</b>	<b>881,465</b>	<b>228,002</b>	<b>215,853</b>	<b>28,552</b>	<b>891</b>	<b>127,951</b>	<b>33,475</b>	<b>1,516,189</b>	<b>(219,944)</b>	<b>1,296,245</b>
<b>Excess of revenues over expenses</b>	<b>(6,956)</b>	<b>(4,002)</b>	<b>(79,503)</b>	<b>9,497</b>	<b>2,468</b>	<b>7,334</b>	<b>(1,069)</b>	<b>(72,232)</b>	<b>216,869</b>	<b>144,637</b>

## APPENDIX 6 – SIGNIFICANT ACCOUNTING POLICIES

The University's audited financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountant (CPA) Canada Handbook. A summary of the significant accounting policies follows:

1) Revenue recognition: The University follows the deferral method of accounting for contributions which include donations and government grants. The principles under this method are summarized as follows:

- Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- Contributions externally restricted for purposes such as research grants and non-endowed donations are deferred and recognized as revenue in the year in which the related expenses are recognized.
- Contributions externally restricted for capital asset purchases are deferred and amortized to operations on the same basis as the related capital asset.
- External endowment contributions and investment income preserved under the endowment capital protection policy are recognized as a direct change to endowment net assets. Income realized from the investment, to the extent it is allocated, is recorded as deferred contributions and recorded as revenue in the periods in which the related expenses are incurred.

2) Capital assets and amortization: Capital assets are recorded at cost, or if donated, at fair value on the date of receipt. Amortization is recorded on the straight-line basis over the expected life of the asset.

3) Collections and works of art: The McMaster Museum of Art has significant collections of works of art and coins. The value of collections has been excluded from the Statement of Financial Position except for a nominal value of \$1. Donations of works of art are recorded in operations as revenue at values based on appraisals and are expensed in the year received. Purchased collections are expensed in the year of acquisition.

4) Pensions and other employee future benefits: The University maintains defined benefit registered and non-registered pension plans, a retirement incentive program and group registered retirement savings plans. Non-pension post-retirement and post-employment benefits plans are also provided. Accruals for these costs are recorded over the periods of service. The current service cost and finance cost for the year are charged to excess of revenues over expenses. The actuarial method of determining the accrued benefit obligations for the defined benefit plans uses the funding valuation method, which reflects the long-term nature of the plans and uses management's estimates of investment yields, salary inflation, benefit cost trends and other factors.

- Remeasurement and other items are recognized as a direct increase (decrease) to net assets and are not reclassified to the statement of operations in subsequent periods. Remeasurement and other items comprise the aggregate of: the difference between the actual return on plan assets and the return calculated using the discount rate used to determine the defined benefit obligation; the actuarial gains and losses; the effect of any

valuation allowance in the case of a net defined benefit asset; past service costs; and any gains and losses arising from settlements and curtailments.

- The employer's share of group RRSP contributions is charged to operations in the year made.

5) Investments: Short-term investments are recorded at cost plus accrued income which together approximates fair value. Long-term investments are carried at fair values. Changes in fair value are included in investment income. Investments in publicly traded research entities not subject to significant influence are carried in investments at fair values. Changes in fair values are included in other income. Investments in private research entities are carried in other asset at cost, net of any impairment.

6) Net assets: Net assets are classified as follows:

- Internally restricted: Employee future benefits represent the unfunded portion of pension and other non-pension retirement and post-employment benefits, net of funds set aside to meet estimated future obligations. Other internal reserves, as approved by the Board, include unexpended departmental carry forward amounts for future expenditures or amounts set aside to settle future-oriented obligations.
- Equity in capital assets: Funds invested in capital assets, exclusive of capital assets financed through long-term obligations or deferred capital contributions.
- Internal endowments: Unrestricted contributions including unspent investment income which have been restricted by action of the Board.
- External endowments: External contributions, the principal of which is non-expendable pursuant to the restrictions by the donor, and income retained under the endowment capital protection policy.

7) Endowment capital protection policy: In order to protect the capital value of endowment investments, an endowment capital protection policy limits the amount of investment income allocated for spending to 4%, plus 1% administration spending, and requires the reinvestment of excess income earned (interest, dividends, realized and unrealized capital gains, net of investment expenses). Should endowment spending commitments exceed allocated income, amounts will be drawn from accumulated net investment income balances to fund deficiencies. For endowments without sufficient accumulated investment income, temporary encroachment on capital is permitted where the terms allow. The encroached amounts will be recovered from future investment returns.

## APPENDIX 7 – OPERATING FUND ENVELOPE GROUPINGS

Major areas and depts included in envelopes:

### Activity Units

#### DeGroote School of Business

Accounting and Financial Management  
Executive Education  
Finance and Business Economics  
Health Policy and Management  
Human Resources and Management  
Information Systems  
Marketing  
Operations Management  
Strategic Management  
Research Centres  
McMaster eBusiness Research Centre  
Gould Trading Floor  
Health Leadership Academy  
Investment Decision Centre  
Management of Innovation and Technology

#### Faculty of Engineering

Chemical Engineering  
Civil Engineering  
Computing and Software  
Electrical and Computer Engineering  
Engineering Physics  
Materials Science and Engineering  
Mechanical Engineering  
School of Biomedical Engineering  
W. Booth School of Engineering Practice and Technology  
Research Centres  
ArcelorMittal Dofasco Centre for Engineering and Public Policy  
Centre for Effective Design of Structures  
Centre for Emerging Device Technologies  
Centre for Engineering Design  
Centre for Research in Micro- and Nano-systems  
Centre of Excellence in Protective Equipment and Materials  
Computing Infrastructure Research Centre  
McMaster Centre for Software Certification  
McMaster Institute for Energy Studies  
McMaster Manufacturing Research Institute  
McMaster Steel Research Centre  
Xerox Centre for Engineering Entrepreneurship and Innovation

#### Faculty of Health Sciences

Anaesthesia  
Biochemistry & Biomedical Sciences  
Health Research Methods, Evidence, and Impact  
Health Policy  
Family Medicine  
Michael G. DeGroote School of Medicine  
Midwifery  
Obstetrics and Gynecology  
Oncology  
Pathology and Molecular Medicine  
Pediatrics  
Psychiatry and Behavioural Neurosciences  
Radiology  
Surgery  
School of Nursing  
School of Rehabilitation Science

#### Faculty of Humanities

Classics  
Communication Studies and Multimedia  
English and Cultural Studies  
French  
Gender & Social Justice  
History  
Linguistics and Languages  
Global Peace & Social Justice  
Philosophy  
School of the Arts  
Research Centres  
Bertrand Russell Research Centre  
Advanced Research in Experimental & Applied Linguistics Research Centre  
LR Wilson Institute for Canadian History

#### Faculty of Science

Biochemistry & Biomedical Sciences  
Biology  
Chemistry and Chemical Biology  
Earth, Environment & Society  
Interdisciplinary Science  
Kinesiology  
Mathematics and Statistics  
Physics and Astronomy  
Psychology, Neuroscience and Behaviour  
Research Centres  
BioInterfaces Institute  
McMaster Centre for Climate Change  
McMaster Institute for Music and the Mind  
Origins Institute  
Physical Activity Centre of Excellence

#### Faculty of Social Sciences

Anthropology  
Economics  
Environment & Society  
Health, Aging & Society  
Indigenous Studies  
Labour Studies  
Political Science  
Psychology, Neuroscience & Behaviour  
Social Psychology  
Social Work  
Sociology  
Research Centres  
Gilbrea Centre for Studies in Aging  
Institute on Globalization and the Human Condition  
Research Institute for Quantitative Studies in Economics & Population

#### Arts & Science Program



## Support Units

### Academic Support

Provost and Vice-President (Academic) Office  
 Equity and Inclusion Office  
 Health Sciences Library  
 Institutional Research and Analysis  
 International Affairs  
 Museum of Art  
 Paul R. MacPherson Institute for Leadership, Innovation and  
 Excellence in Teaching  
 Registrar's Office  
 University Library

### Research Support

Research  
 Vice-President (Research) Office  
 Biosafety Committee  
 Health Physics  
 McMaster Industry Liaison Office  
 Nuclear Operations and Facilities  
 Research Ethics  
 Research Finance  
 Research High Performance Computing  
 Research Office for Administration, Development and Support  
 Research Centres  
 Includes:  
 Accelerator Lab  
 Biomedical engineering and Advanced Manufacturing Research Centre  
 Brockhouse Institute for Material Research  
 Canadian Centre for Electron Microscopy  
 Canadian Research Data Centre Network  
 Interface: McMaster Institute for Multi-Hazard Systemic Risk Studies  
 MacData Institute  
 McMaster Indigenous Research Institute  
 McMaster Institute for Healthier Equity  
 McMaster Institute for Research on Aging  
 McMaster Institute for Transportation and Logistics  
 Statistics Canada Research Data Centre at McMaster  
 Vice-President (Research) Discretionary Fund

### Facilities Support

Facility Services  
 Security  
 Utilities

### Institutional Support

Operations & Finance  
 Vice-President (Operations & Finance) Office  
 Financial Affairs  
 Human Resources  
 Internal Audit  
 Advancement  
 Advancement Services  
 Alumni Advancement  
 Communications and Public Affairs  
 Development  
 Stewardship and Donor Relations  
 Vice-President (Advancement) Office  
 General University  
 Legal  
 Office of the President  
 University Secretariat  
 University Technology Services

### Institutional Priorities

Marketing and Branding  
 Pension  
 President's Strategic Support Fund  
 Technology Renewal

### Student Support

School of Graduate Studies  
 Student Affairs  
 Athletics and Recreation  
 Career Planning and Employment  
 Indigenous Student Services  
 International Student Services  
 Student Accessibility Services  
 Student Success Centre  
 Student Transition and Development  
 Student Wellness Centre  
 Graduate Scholarships  
 Undergraduate Scholarships

## APPENDIX 8 – ACRONYMS

<b>AODA</b>	Accessibility for Ontarians with Disabilities Act	<b>MCE</b>	McMaster Continuing Education
<b>AREB</b>	Animal Research Ethics Board	<b>MCU</b>	Ministry of Colleges and Universities
<b>BI</b>	Business Information	<b>MD</b>	Medical Doctorate
<b>BIMR</b>	Brockhouse Institute for Materials Research	<b>MELD</b>	McMaster English Language Development
<b>BIPOC</b>	Black, Indigenous and People of Colour	<b>MIBI</b>	Multiplex Ion Beam Imaging
<b>BWRI</b>	Brighter World Research Initiative	<b>MILO</b>	McMaster Industry Liaison Office
<b>CATS</b>	Campus Accessible Tech Space	<b>MIRI</b>	McMaster Indigenous Research Institute
<b>CAAP</b>	Campus Accessibility Plan	<b>MIS</b>	Management Information System
<b>CAUBO</b>	Canadian Association of University Business Officers	<b>MNR</b>	McMaster Nuclear Reactor
<b>CEPEM</b>	Centre of Excellence in Protective Equipment and Materials	<b>MPS</b>	Media Production Services
<b>CERC</b>	Canada Excellence Research Chairs	<b>MREB</b>	McMaster Research Ethics Board
<b>CFI</b>	Canada Foundation for Innovation	<b>MSI</b>	Major Science Initiatives
<b>CFREF</b>	Canada First Research Excellence Fund	<b>MUMC</b>	McMaster University Medical Centre
<b>CCEM</b>	Canadian Centre for Electron Microscopy	<b>NFRF</b>	New Frontiers in Research Fund
<b>CCRM</b>	Centre for Commercialization of Regenerative Medicine	<b>NOF</b>	Nuclear Operations and Facilities
<b>COG</b>	Core Operating Grant	<b>OAPPA</b>	Ontario Association of Physical Plant Administrators
<b>COU</b>	Council for Ontario Universities	<b>OER</b>	Ontario Electricity Rebate
<b>CPA</b>	Chartered Professional Accountant	<b>OREC</b>	Ontario Rebate for Electricity Consumers
<b>CRC</b>	Canada Research Chair	<b>OSAP</b>	Ontario Student Access Program
<b>CRKN</b>	Canadian Research Knowledge Network	<b>PBA</b>	Pensions Benefit Act
<b>CRM</b>	Client Relationship Management	<b>PfAD</b>	Provision for adverse deviation
<b>CV</b>	Curriculum Vitae	<b>PGCLL</b>	Peter George Centre for Living and Learning
<b>DB</b>	Defined Benefit	<b>PRB</b>	Post-retirement benefit
<b>DSB</b>	DeGroote School of Business	<b>PVP</b>	Presidents and Vice-Presidents
<b>EDI</b>	Equity, Diversity, and Inclusion	<b>RDM</b>	Research Data Management
<b>ERM</b>	Enterprise Risk Management	<b>ROADS</b>	Office of the Registrar
<b>FHS</b>	Faculty of Health Sciences	<b>RF</b>	Residence Faculty
<b>FWI</b>	Forward with Integrity	<b>RHPCS</b>	Research and High Performance Computing Services
<b>GSR</b>	Graduate Student Residence	<b>ROADS</b>	Research Office for Administration, Development and Support
<b>GAAP</b>	Generally accepted accounting principle	<b>RRSP</b>	Registered Retirement Savings Plan
<b>HCS</b>	Housing and Conference Services	<b>RSF</b>	Research Support Fund
<b>HR</b>	Human Resources	<b>SAG</b>	Student Access Guarantee
<b>HS</b>	Hospitality Services	<b>SANS</b>	Small Angle Neutron Scattering
<b>HSL</b>	Health Sciences Library	<b>SF</b>	Square Feet
<b>HQP</b>	Highly Qualified Personnel	<b>SGS</b>	School of Graduate Studies
<b>IBDQ</b>	Inflammatory Bowel Disease Questionnaire	<b>SMA</b>	Strategic Mandate Agreement
<b>IF</b>	Innovation Fund	<b>SPICES</b>	Student Proposals for Intellectual Community and Engages Scholarship
<b>IP</b>	Intellectual Property	<b>SURT</b>	Student Urgent Response Team
<b>IPG</b>	Incremental Projects Grant	<b>UA</b>	University Advancement
<b>IQAP</b>	Institutional Quality Assurance Process	<b>UN</b>	United Nations
<b>ISS</b>	Indigenous Student Services	<b>UTS</b>	University Technology Services
<b>IT</b>	Information Technology	<b>VPR</b>	Vice-President Research
<b>MA</b>	Master of Arts	<b>WACC</b>	Weighted Average Cost of Capital
<b>MARC</b>	McMaster Automotive Resource Centre	<b>WGU</b>	Weighted Grant Units
<b>MBA</b>	Master of Business Administration	<b>WW</b>	Welcome Week