



*Moneyball: McMaster's  
Budget Model  
Strategic Alignment Funds*

*Dr. Susan Tighe  
Provost, Vice President  
Academic*



# Welcome

## About the Provost

Senior Vice-President ▪ **Chief Academic Officer** ▪

**Chief Budget Officer** ▪ Reports to President and Vice-Chancellor

## Responsibilities

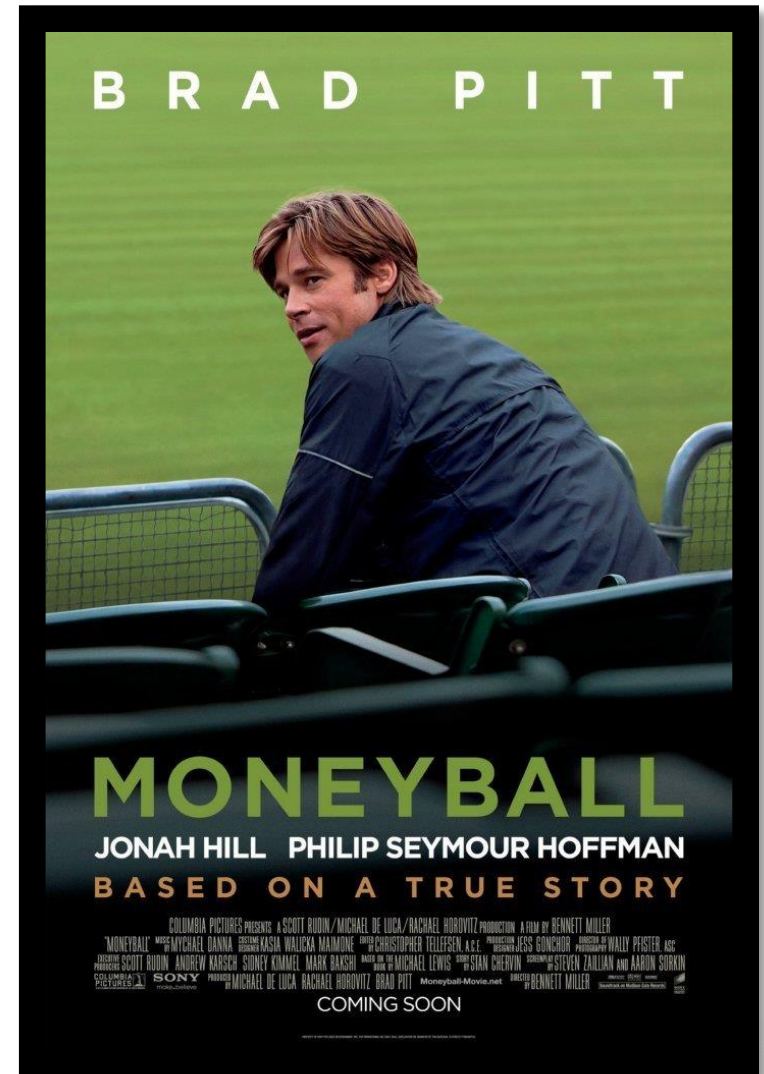
- Academic budget, space allocation; strategic planning
- Faculty recruitment, retention and promotion
- Enrolment management
- Attracting and retaining excellent students
- Graduate and undergraduate program development and assessment
- Student life



Dr. Susan Tighe

# WHY MONEYBALL

- 2011 movie real-life story of a baseball manager who used data to understand players' strengths and weakness
- General Manager Billy Beane developed a winning strategy as opposed to just spending on superstar players
- Led Oakland A's to top of the league
- That's how McMaster budgets, too!





# Today's Batting Order

1. McMaster's activity-based budget model
2. Financial pressures impacting the post-secondary sector
3. Coordinated decentralization
4. Budget Model Review
5. Strategic Alignment Funds



**Our budget must support institutional vision and aspirations of researchers, scholars, teachers, students and staff**

# 1. McMaster's Activity-Based Budget Model



# McMaster's Activity-Based Budget Model

## Activity Units

Revenue is allocated to McMaster's six Faculties and one program based on activity (student enrollment and teaching)



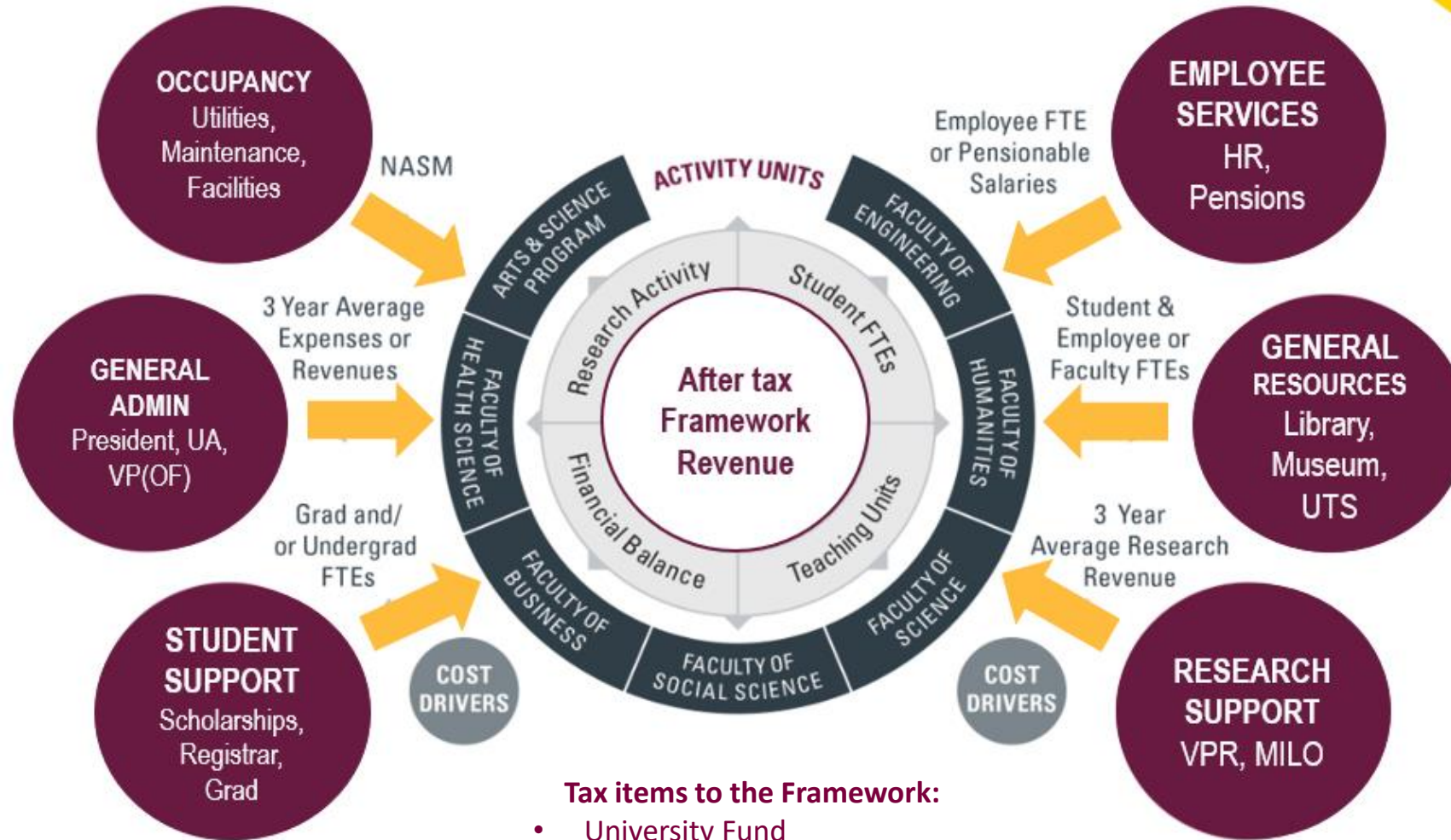
## Strategic Funds

Two strategic funding pools

- Research Discretionary Fund
- University Fund

Central support unit costs allocated to Activity Units

# Here's the Big Picture: McMaster's Budget Model



## Tax items to the Framework:

- University Fund
- Research Infrastructure Fund
- VPR Discretionary Fund



# What Guides Our Decision-Making

McMaster's budget supports **five strategic priorities**:

1. Inclusive Excellence
2. Teaching and Learning
3. Research and Scholarship
4. Engaging Local, National, Indigenous and Global Communities
5. Operational Excellence

## **Principles:**

- Promote transparency, trust and engagement
- Financial responsibility, accountability and fairness
- Efficient use of physical and human resources
- Have predictability and stability
- Enable innovation, creativity and change
- Assign fiscal and academic responsibility to the appropriate levels
- Build student learning experience inside and outside classroom
- Enable rapid response to opportunities



## 2. Financial pressures impacting the post-secondary sector



# Balls and Strikes: Ontario's Post-Secondary Sector

## Pressures across the sector

- Operating grant flat since 2016/2017
- Domestic tuition roll back (2019/20), subsequently frozen
- International enrollment uncertainty
- Pandemic closures, rising expenses, including utilities and other operating costs, hyper-inflation, government deficits



## What can be expected

- Governments are unlikely to allow tuition fees to rise significantly or to cover universities' rising costs
- International enrollments cannot continue to grow at such high rates for long
- Increasingly higher funds will be needed to support research
- Student services, regulatory compliance and other costs will require larger investments

# Potential Hits: Options, but no one-size-fits-all solution

- New revenue opportunities, such as microcredentials, corporate partnerships, University Advancement
- Pursue many small opportunities to increase revenues at the same time enact prudent spending
- Accept that resources will decline in time and need to reduce operating costs, consider alternate revenue sources



# 3. Coordinated Decentralization



# Teamwork: Coordinated Decentralization at McMaster

## 6

McMaster has one of the fewest number of Faculties among Canadian universities.

Six Faculties were established in 1974, each under the leadership of a dean.



# Benefits of Decentralization

Allows leaders to make decisions and be nimble

Decisions are based on the needs of each leader's unique unit, but must advance institutional goals

Considerations include quality of services, efficiencies, transactional vs custom work



# Coordinated Decentralization Highlights

# 48%

## Of work at McMaster done within Faculties

- Highest of Canadian universities, though others are very close behind.
- Canadian universities generally more decentralized.



## Continuous Improvement

# Lowest Cost

## Decentralization can be cost effective

- Out of 10 Canadian universities studied, McMaster has lowest normalized cost.
- Good governance, as exists, is key to success.



# Case Studies: Coordinated Decentralization at McMaster



## Finance2Go

- Finance2Go – a central team of part-time financial experts in the Faculty of Health Sciences in 2019
- Finance work previously done by non-accounting staff
- **Financial entry rejection rates went down by more than 50%**



## Embedded HR Strategic Partners

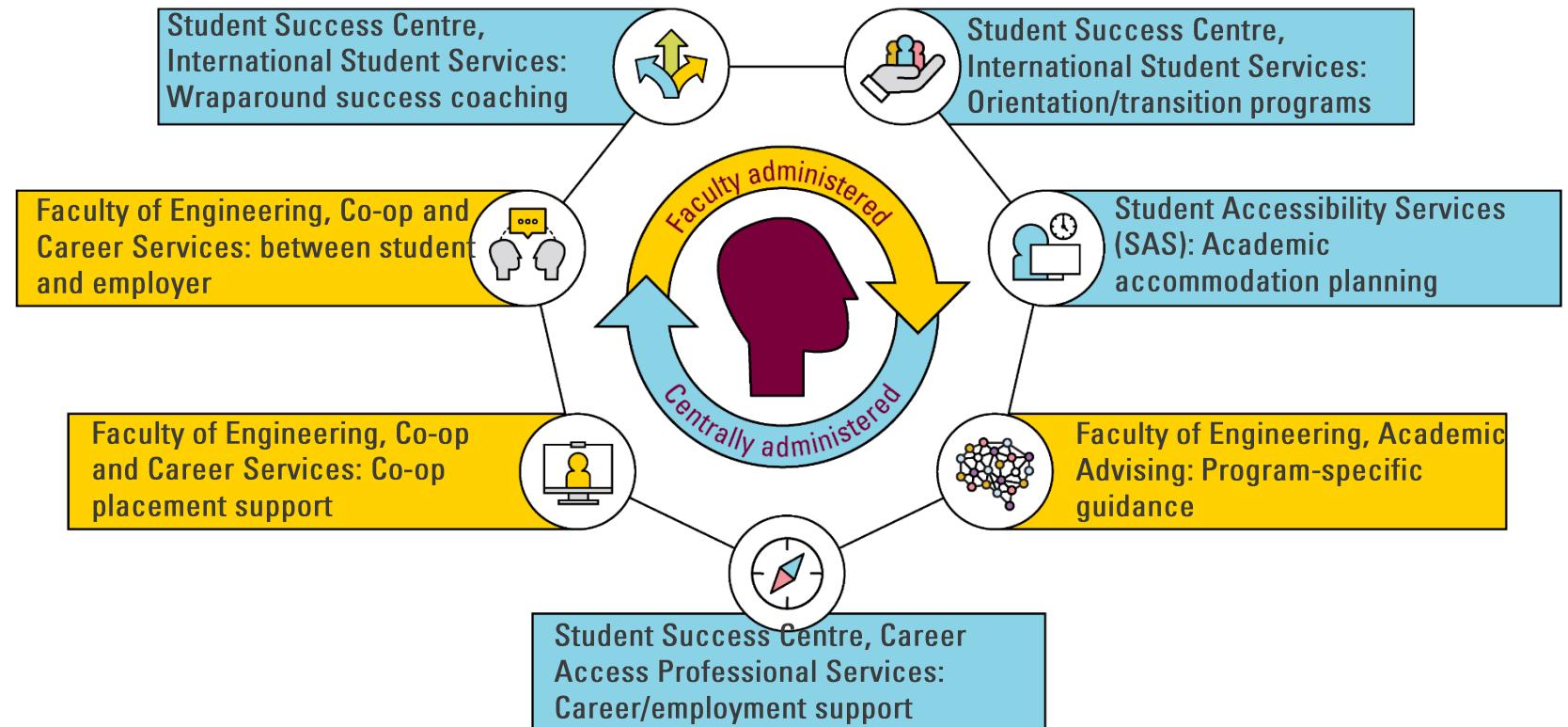
- Embedded HR Strategic Partners report to both Human Resources and their Faculty or Department
- Allows for the exchange of information between the Faculty and central administration

# Student Services in Action

Supports delivered where it makes sense:

Rani is a fourth-year international student with a disability in the Faculty of Engineering.

Throughout their time here, they have accessed programs centrally and through their Faculty.



## 4. Budget Model Review



# Budget Model Review Conducted Summer 2023

## Why Conduct a Review?

- McMaster's pursuit of excellence in teaching, learning and research is supported by strategic reviews.
- Reviews identify new opportunities for future growth and development.
- They are also important means of promoting accountability and transparency across the university and are an opportunity to continuously improve academic excellence.



## Budget Model Review

- A review of McMaster's Budget Model was conducted in June.
- It included extensive consultations with deans, university leaders (including senior budget leaders from across campus), faculty, staff, and students.
- The final report was published Nov. 8.

# Budget Model Review Results At-a-Glance

- External and internal experts on review team.
- Budget model structure works well, transparent, presents incentives to the university's Faculties.
- Recommendations: Address new challenges in higher education related to budgetary tightening in Ontario and to the lingering impacts of the COVID-19 pandemic.



# Budget Model Review: 5 Recommendations



Review builds on 2017 Budget Model Review and sought to identify strengths and weaknesses.

University Budget Model Review report is available on the Office of the Provost's website.



1. Enhancements to consultation process during the annual budgetary cycle.
2. Service level agreements for support units.
3. Improve the interface between Faculty and central support units with provision of support activities.
4. **Further exploring research support costs**
5. Adjust how the university charges for space.



## 5. Strategic Alignment Funds (SAFs)



# Looking for a Homerun: Strategic Alignment Funds (SAFs)

- University Fund was established to support excellence, innovation and renewal in all areas of the university.
- By design, projects supported are meant to be short-term, often pilots, and allocations are for specific purposes with the intention that successful innovations will be funded permanently by different means. This requires stopping doing some things.





# Examples of SAFs: 31 initiatives in 2022-2023

## 2023

- University Archives
- Evaluating Length of PhD Programs
- Advancing Tomorrow's Science Careers

## 2022

- Indigenous Health Education
- Digital Research Support Infrastructure Pilot Project
- Scaling Capacity for Experiential and Interdisciplinary Learning



Any questions?



Thank You!