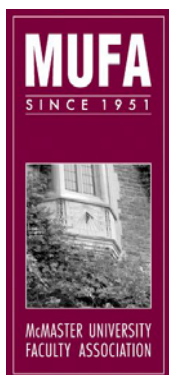


Reflections on the State of the Academy



During the past few years, despite ‘Town Hall meetings’ and Presidential newsletters, reported budget pressures and increased enrolment have not led to a self-examination of the University’s plans for the future, especially with regard to undergraduate enrolment. The recent budget re-prioritization that has taken place has led to major changes at McMaster as the student/professor ratio has climbed dramatically. An examination of enrolment and budget trends indicates where McMaster is heading and how its performance measures compare to other institutions.

The following report on these matters has been prepared as a matter of information to members of the McMaster University Faculty Association (MUFA) and as a contribution to decision-making on these matters by McMaster’s senior administration, including, in particular, new appointees to some of the senior roles.

Long-Term Undergraduate Enrolment Projections

Background

Several years ago, when McMaster participated in the *Maclean’s* rankings, McMaster was singled out for having large first-year classes and high student-faculty ratios. To many faculty, the situation has since deteriorated considerably with ever-increasing enrolments, larger classes and, importantly, a decrease in high quality interactions with students that are a key feature of a research intensive university such as McMaster.

Part of the increase can be readily explained. The double cohort led to an increase in full-time undergraduate enrolment at McMaster and other Ontario universities, but the effect has been more striking at this institution. In the five-year period ending in 2005, McMaster’s undergraduate enrolment increased 42.9%—more than double the increase at comparator universities (Table I). Even more significantly, McMaster’s intake of first-year students has continued to increase above the double cohort level—with flow through to higher levels, this will contribute to substantially higher total enrolments in coming years. In contrast, since the double cohort entry year, other comparator universities have decreased first year intake to about 80% of peak level.

Table I. Enrolment Increases at McMaster and Comparator Universities (2000/01 to 2004/05)

	Full-Time Undergraduate Enrolment					
University	2000/01	2001/02	2002/03	2003/04	2004/05	% Change Over 5 Years
McMaster	12,333	13,088	14,577	16,593	17,620	42.9
Queen’s	12,821	13,025	13,391	14,099	14,168	10.5
Waterloo	17,429	17,942	19,094	20,200	21,036	20.7
Western	21,211	22,154	23,455	24,735	25,663	21.0

(Source: McMaster 2004/05 Data Manual. Numbers used in this table are the full-time undergraduate enrolment numbers reported in annual consolidated reports. These do not include adjustments for part-time students. In bonding rating reports (see below), undergraduate enrolment numbers stated are somewhat higher because of the inclusion of part-time students and those students in extension programmes.)

There are several enrolment-related issues that are unique to McMaster. We have very high student-faculty ratios that show no sign of easing—in fact, they will likely continue to increase. Even though the faculty salary component is a declining proportion of the University's overall budget, budget control measures are focused on reducing the faculty component further. As all members of the University community realize, a decrease in the professoriate will adversely affect McMaster's ability to compete for students and research dollars. Professors must increasingly divert more time to dealing with issues that are normally handled by other members of the community.

Consultation regarding Enrolment Targets

Within "Refining Directions", the University administration appeared to embrace a philosophy of consultation with the University community to ensure that McMaster's future was robust, was well planned and would allow McMaster to continue to be one of Canada's premier research institutions. As a consequence, in 2004 the administration stated that it would seek approval for projected enrolment targets through Senate. However, despite considerable public discussion, no binding motion was ever presented to Senate or approved by the Board of Governors for any increases beyond the previous Senate-approved limits. Projected enrolments are made on a year-to-year *ad hoc* basis (Figure 1, p. 5 below).

During consultative presentations associated with "Refining Directions", including Senate discussions, Faculty meetings and Town Hall presentations, three potential enrolment scenarios were presented and discussed as shown in Figure 2 (p. 6). It is probably fair to say that the highest enrolment option provoked a strong reaction among faculty as being an untenable option. Since those discussions, however, our track record on enrolment indicates that we are increasing enrolment even faster than the "Think Big" projection (Figure 2). The "Refining Directions" scenarios are, for practical purposes, the last time we as an academic community had a serious public discussion regarding long-term, stable enrolment targets.

In examining more recent administrative statements on future enrolments, the projected acceptance rates and actual acceptance rates amongst entering students, it is clear that the current situation is not the result of any deliberate plan—rather it is a result of successive underestimations coupled with annual unplanned increases in intake of first year students. If the administration actually believed that the stable enrolment for the University should be about 17,000 students, as indicated in the 2005/06 Consolidated Report, attempts would have been made in subsequent years to return to this level. Clearly, no such attempt has been made. Instead, the new increased enrolments, rather than being an admitted error to be corrected in the following year, have simply become the new baseline against which future planned increases are made (Figure 1).

The discussions of enrolment following the approval of "Refining Directions", have been minimal. It is true that we now have an Enrolment Management Team that plans and projects immediate enrolment, but their deliberations are not part of any public discussion, other than as reports for information to Senate.

The increased enrolment taxes existing facilities, especially student-oriented facilities like the student center which were obviously built to accommodate a smaller population. It could be argued that the overcrowding problems at facilities like Quarters, which have contributed to a licence review, can be attributed in part, to campus planning that did not project the large increases that we have experienced. Inadequate infrastructure would be serious enough if increases in the faculty complement kept pace with the succession of enrolment increases. But, as Table 2 clearly indicates, they have not. In recent years, despite escalating undergraduate enrolment, there has been only a slight increase in the total number of full-time, tenure or tenure-track professors at McMaster. The recent discussions of faculty replacement and recruitment are not encouraging—the administration plans to replace only a small fraction of faculty who opted for the recent retirement package. A predictable consequence of this is an increased student-faculty ratio (Figure 3, p. 7).

Table 2. Full-Time Undergraduate Student Enrolment (2001-2006)

Year	Full-Time Undergraduate Students	Faculty	Student-Faculty Ratio
2001	12,691	749	16.9
2002	14,110	787	17.9
2003	16,111	836	19.3
2004	17,033	851	20.0
2005	18,238	853	21.4
2006	18,742	866	21.6

(Source: *McMaster 2004/05 Data Manual and Department of Planning & Analysis*)

Though the Campus Plan is considered a key guidance document, it has not been widely examined by the University community as a whole and almost no reference is made to it by the administration when discussing budget and enrolment projections. Given the physical limits on the size of McMaster due to the surrounding enclosing communities, it is hard to imagine how we could have almost doubled the size of this University in the last 10 years without a serious discussion of the consequences of such an expansion.

The lack of discussion of the Campus Plan simply indicates that there has been little active engagement in enrolment discussions. Last year, the administration was given an explicit instruction, through the Ontario Multi-Year planning exercise, to consult with faculty in projecting enrolments for the next five years' enrolment targets. To date, no such consultation has taken place regarding specific targets and the administration's future enrolment targets have not yet been made available even though a commitment to do so was made in the Provost's December 2006 Town Hall report. A draft of the University's Multi-Year Agreement report is posted on the McMaster website but mandated enrolment targets are not included in the public version. The failure to consult with faculty, **when explicitly requested to do so by the province**, is troubling.

It is surprising that our President, in an interview with the *Hamilton Spectator*, would blame the provincial government for an increase in enrolment that we, as an institution, control. He stated that the 10 percent increase in McMaster's entering class, which was well above the 7.0 percent provincial average, is an "**unplanned increase**". In fact, the 10 percent increase, though representing a far greater increase than the administration had predicted would occur, is not inconsistent with the previous pattern of exceeded targets. The effects of dramatically increasing first-year enrolment are felt, not only in the first year, but also in successive years as these students seek more specialized instruction and opportunities through closer contact with professors, teaching assistants and support staff to further their research/teaching experience. These opportunities are experiences for which McMaster has been renowned.

Budget

Trends

The budget has been a preoccupation over the past year and trends in the budget bear closer examination. Revenue at McMaster over the past few years has increased dramatically (see Figure 4, p. 8). There has also been a consequent increase in major expense items (Figure 4). Interestingly, the academic salary component (shown in blue) has increased at a much slower rate than other budget line items, presumably because of lack of faculty renewal. The proportion of the University budget allocated to Academic salaries, including benefits, has declined from 32 to 24% in the last 5 years—in most Ontario universities there has been little change in this statistic.

McMaster planning documents are extremely conservative and generally predict continuing deficits (see for example the [Financial Plan 2004/05 to 2006/07](#)). Conservative assumptions may be useful in planning, but they

have not proven to be good predictors of the future financial health of the institution—predicted deficits invariably become surpluses. Since these variances (often tens of millions of dollars) are greater than the current “structural deficit”, it is debatable whether the institution really has to employ cost control measures that endanger the ability of the university to fulfill its teaching and research mandate.

Future Plans

McMaster’s plans, and concerns for the future, are perhaps best summarized by external reviewers such as DBRS and Standard and Poor’s bond rating agencies. Recent reviews are found at

[DBRS March-2007](#)

[Standard and Poor’s Dec-2006](#)

These reports indicate that McMaster has a continued high credit rating based on strong revenue and decreased liabilities. The reports credit “McMaster’s conservative approach to finances as evidenced by its consistent annual operating surpluses, strong endowment portfolio, and unrestricted financial resources that are greater than its debt obligations”. The high bond rating permits the administration to offer a relatively large bond issue to fund capital improvements without jeopardizing its stable AA rating. The administration’s plans for additional debt financing are revealed in the DBRS report (e.g., “However, potential plans to take on between \$80 million and \$150 million in new debt to fund capital projects, including the new residence, a parking facility and the engineering building, constitute the key risk for the rating”). It is surprising that a discussion of the long-term implications of a large bond have been omitted from Town Hall presentations and University reports.

The bond rating reports note that the unfunded pension liability and unfunded post-retirement benefit obligations, expressed as a percentage of the total budget, have decreased substantially since the last evaluation (the information in the DBRS report is more up to date on this subject than the Standard and Poor’s report).

In toto, the financial health of McMaster is regarded, at least by external agencies as very good, especially when compared to other universities. These general points simply extend points made by Richard Stubbs in previous communications regarding the different portrayals of finances made to external agencies and to the local community.

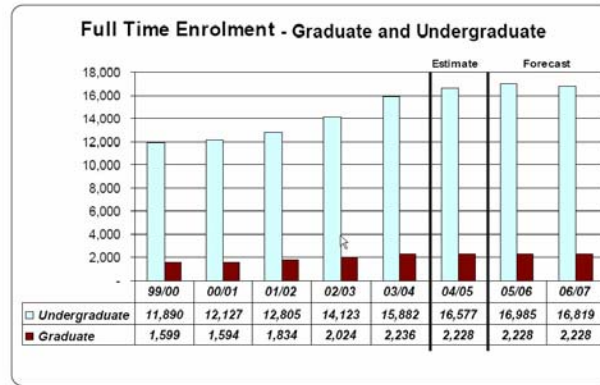
The combination of increased enrolment and the lack of renewal of professorial positions will pose an increasing challenge. As faculty, we should continue to demand a robust accounting of the University administration, particularly with respect to budgeting and enrolment projections. Faculty members on the MUFA Executive, Senate and the Board of Governors have special responsibility to question plans and assumptions that may ultimately endanger the quality of the teaching and research environment. We have one of the highest bond ratings among Canadian universities, and yet we are now contemplating budget strategies that strike at the very heart of academia by undermining the ability of the professoriate to undertake its research and teaching mandates.

We welcome questions and comments. Please forward them to mufa@mcmaster.ca.

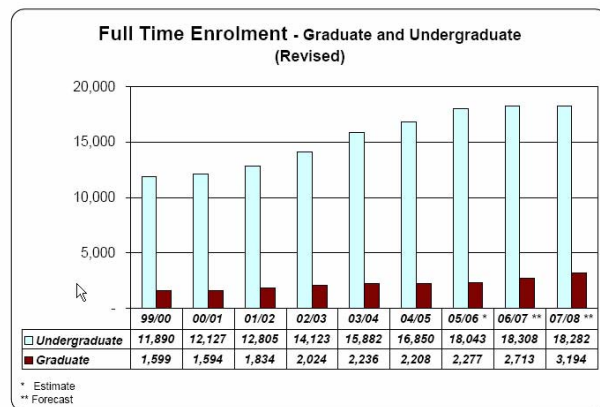
MUFA Executive
July 19, 2007

**Figure 1. McMaster Administration enrolment reports and predictions.
(source: McMaster Consolidated Budgets)**

2005-2006



2006-2007



2007-2008

Figure 2

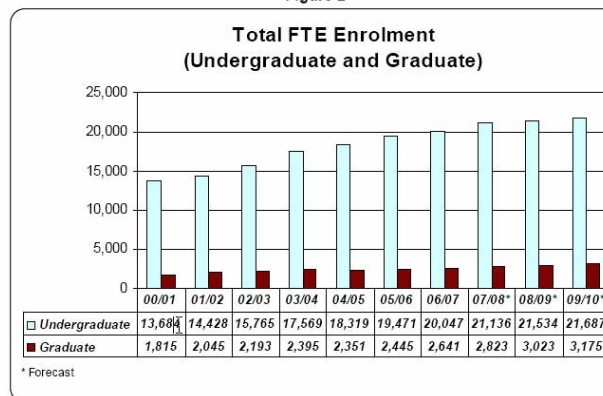


Figure 2. Relationship Between Projected Enrolments and Actual Enrolments (the enrolment projections are taken from the “Refining Directions” planning document)

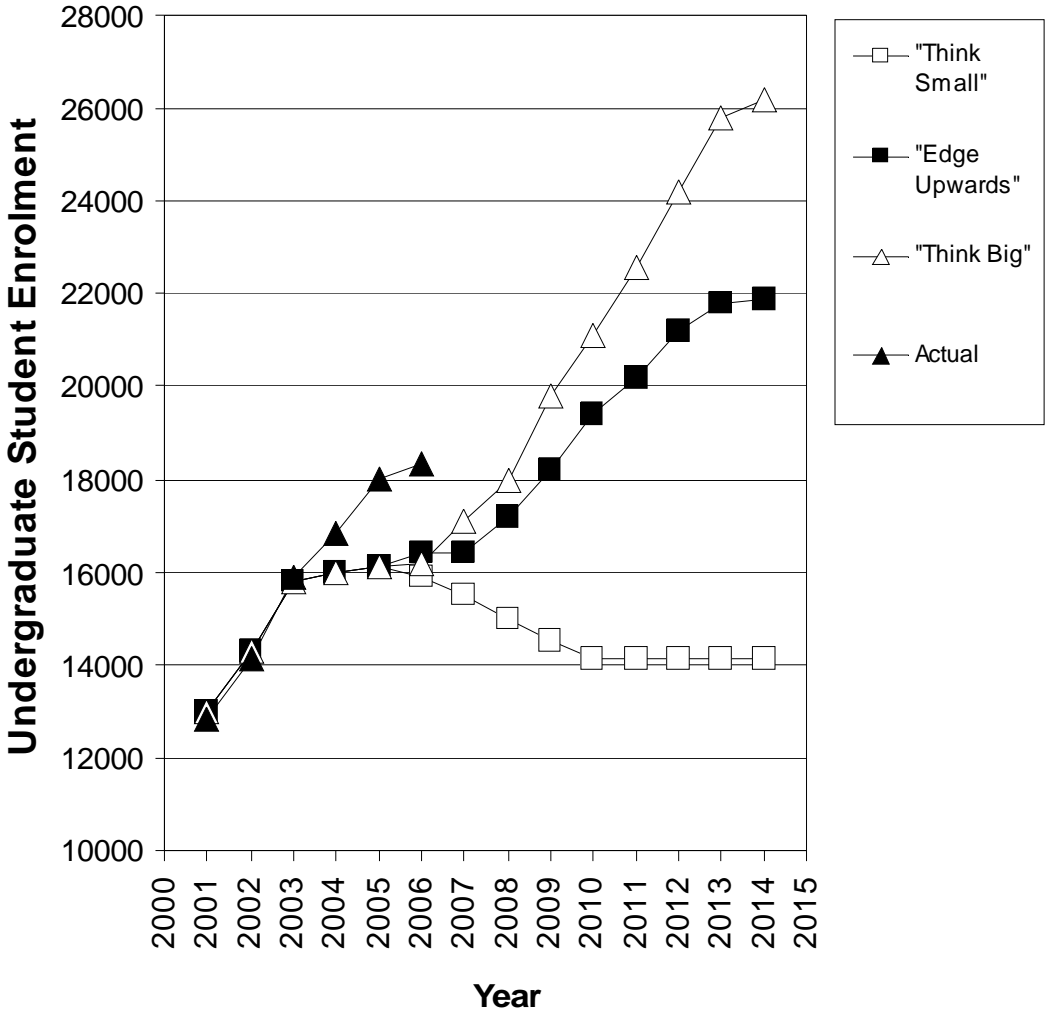


Figure 3. Undergraduate Enrolment and Student/Faculty Ratio (note that only full-time undergraduate students are included)

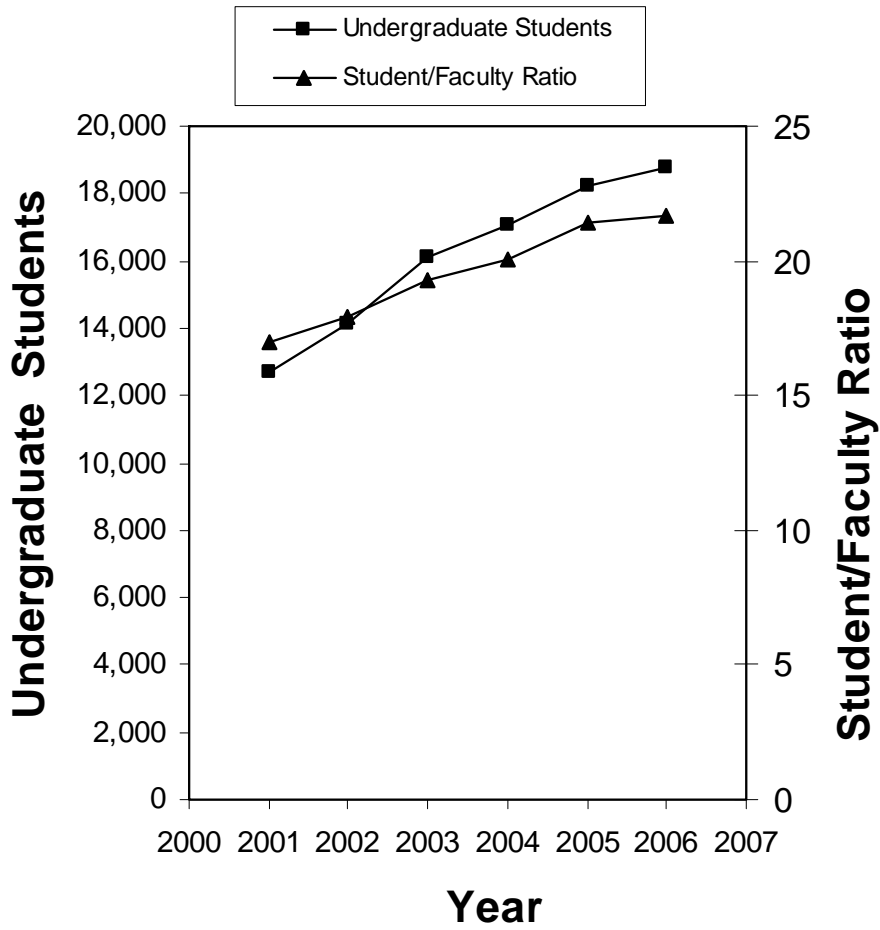


Figure 4. Major Revenue and Expense Line Items (1999-2005)
 (source- Statistics Canada)

