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TO: Board of Governors

FROM: Christopher Manfredi, Provost and Vice Principal (Academic)

SUBJECT: McGill University Revenue Forecasting Methodologies

DATE: February 15, 2018

DOCUMENT #: GD17-39

ACTION REQUIRED: INFORMATION APPROVAL/DECISION

ISSUE & EXPECTED OUTCOME A presentation on McGill University Revenue Forecasting Methodologies presented to the Board of Governors for information. The presentation outlines the University's sources for operating revenue and new forecasting methodologies for estimating revenue

developed by the Analysis, Planning & Budget team in order to demonstrate their robust with a view toward modifying the way McGill books such revenue. The methodology was presented to the Financial Services leadership of the University in March 2017 and the method has since been put into effect. The Audit Committee received the presentation at its September 25, meeting.

The new method consists of booking estimates for the current fiscal year and allowing for

looks at graduate student enrolment by term, and includes reverse validation to ensure that the forecast methodology, applied to previous years, reflects the previous years' actuals, or falls within an acceptable margin of error.

COMPLIANCE
WITH
UNIVERSITY
POLICY

Forecasting enrolment and tuition revenues is a key part of creating the annual five-year budget book, as mandated by the Board of Governors.

COMPLIANCE
WITH
LEGISLATION/
EXTERNAL
REGULATIONS

Forecasts must be consistent with the règles budgétaires et calcul des subventions de fonctionnement aux universités. 2(v)6.5 Tf 0.00/.719 0 Tf 0.0 81Vps

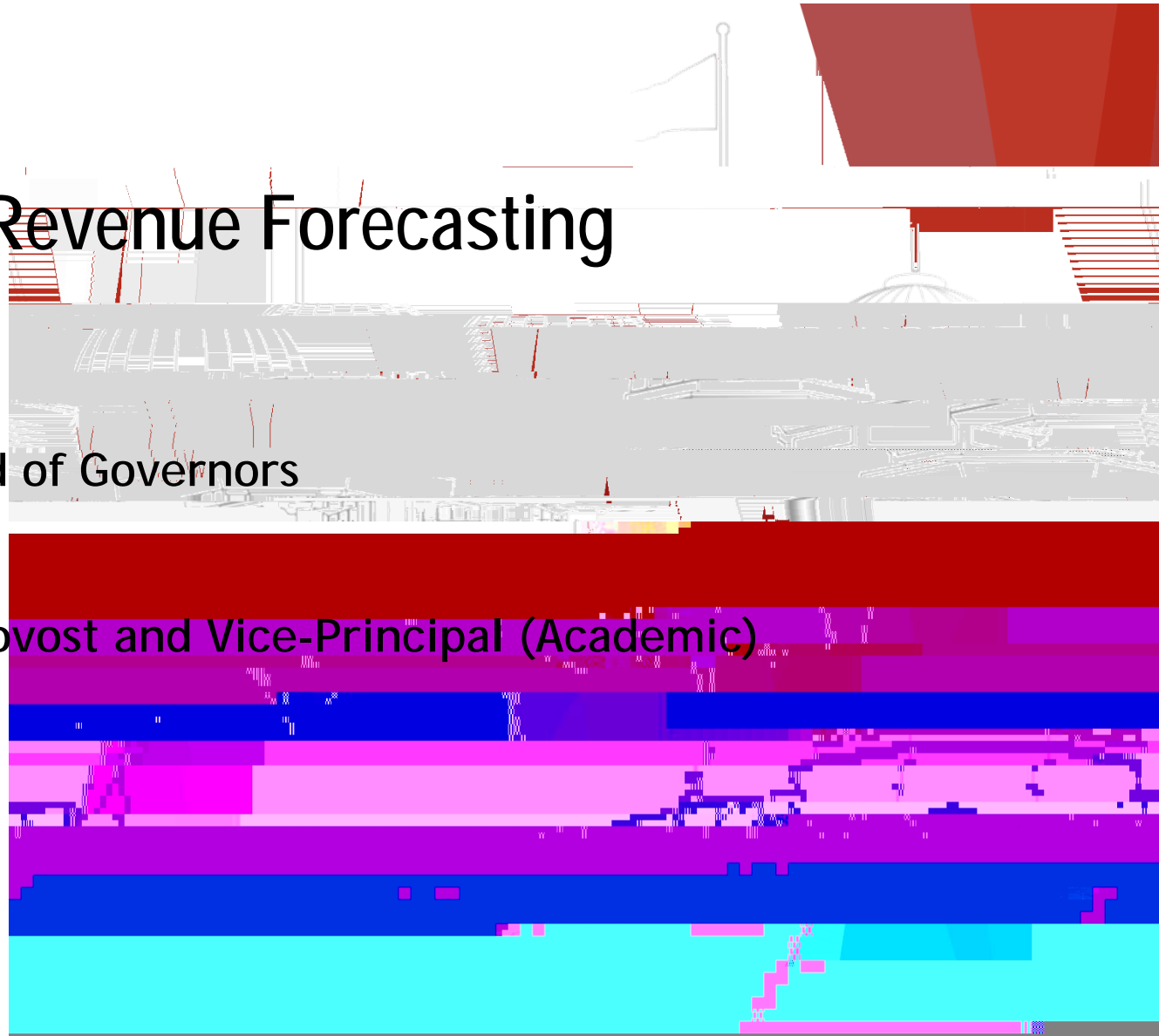
GD17-39

McGill University Revenue Forecasting Methodologies

Presentation to the Board of Governors
February 15th, 2018

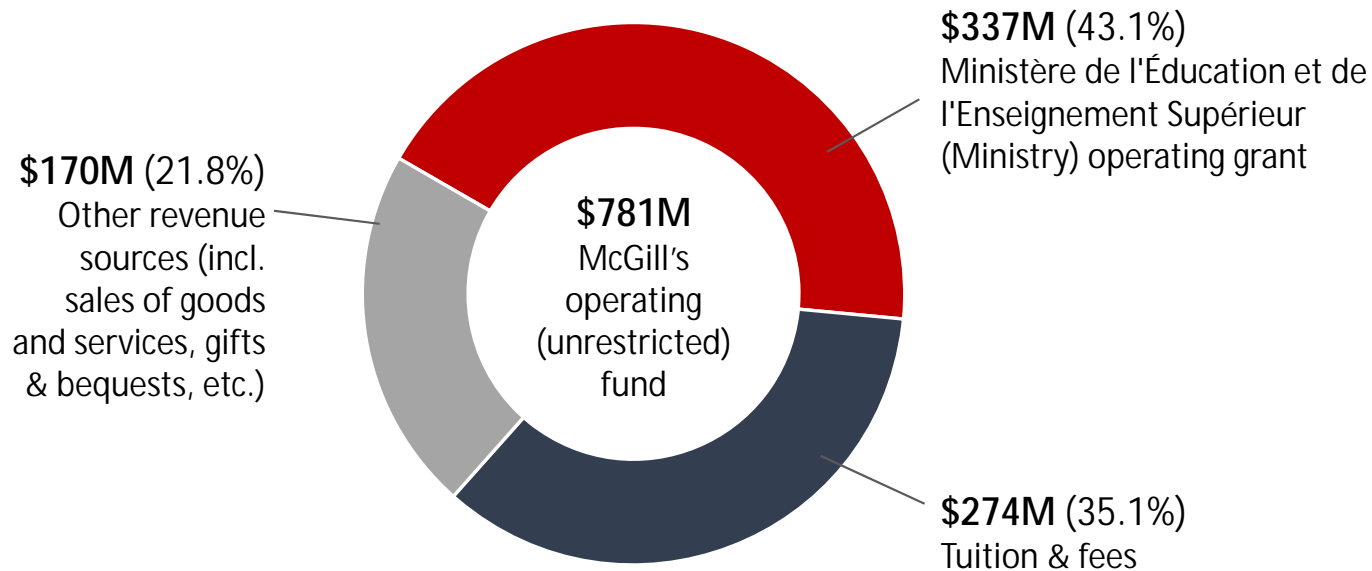
Christopher Manfredi, Provost and Vice-Principal (Academic)

Analysis, Planning, and Budget
March 16, 2017



McGill's Operating Revenue

2015 2016 Sources of Revenue¹

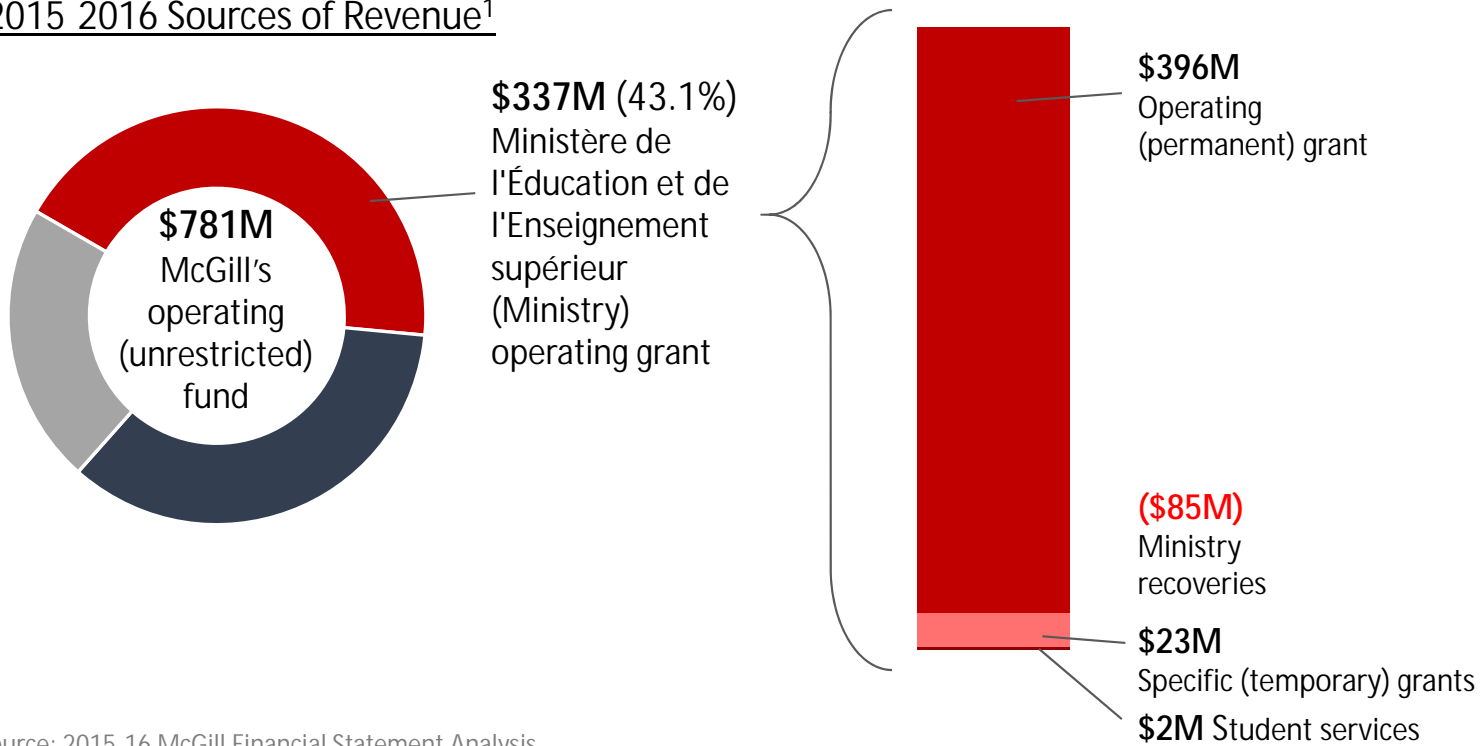


Nearly **70%** of operating revenue is driven by student full time equivalents (FTEs)

¹Source: 2015 16 McGill Financial Statement Analysis

McGill's Operating Revenue: Ministry Operating Grant

2015 2016 Sources of Revenue¹



¹Source: 2015 16 McGill Financial Statement Analysis

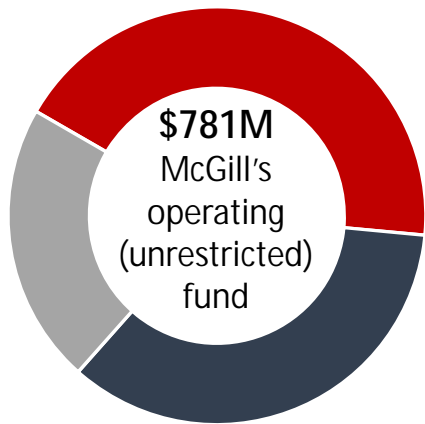


\$337M (43.1%)



Prepared by

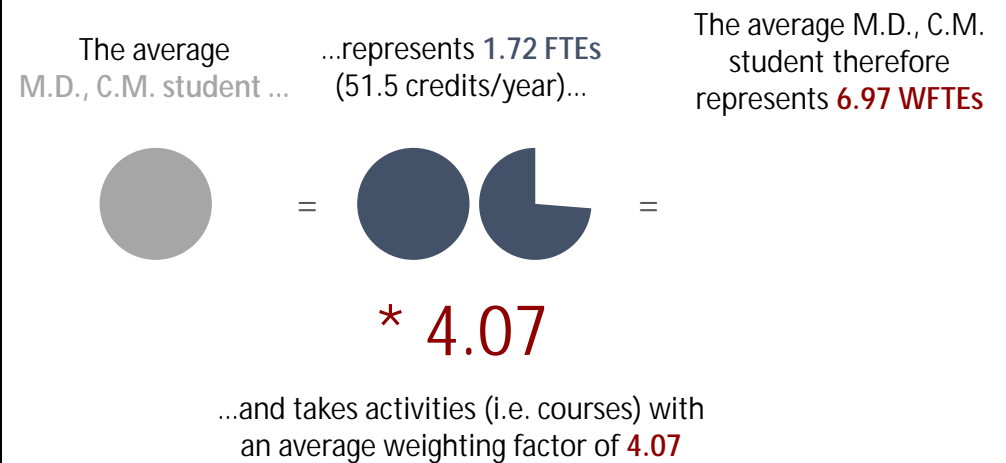
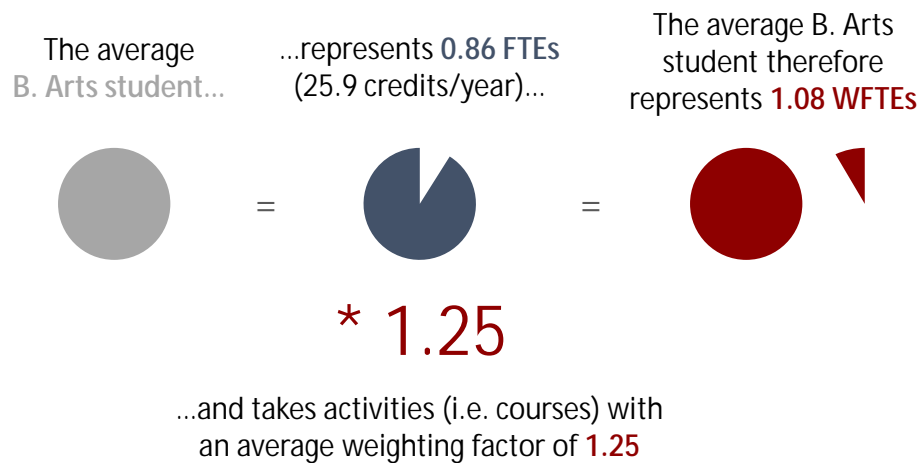
2015 2016 Sources of Revenue¹







¹Source: 2015 16 McGill Financial Statement Analysis

What is a weighted FTE (WFTE)?

Each activity, or program, is associated with one of 23 Ministry “funding families”; each of which has associated weighting factors:



How is the enrolment plan used to forecast FTEs?

Course based programs:	FY16 FTE to headcount ratio (i.e. student's average course load in a given program)	*	FY18 enrolment targets (Fall 2017 headcount)	=	FY18 FTE projections
B. Arts	 <p>0.86</p>	*	7,412	=	6390.6
B. Engineering	 <p>0.94</p>	*	2,849	=	2666.3
B. Science	 <p>0.93</p>	*	4,278	=	3993.8
M.D.,	 <p>1.72</p>				



How are FTEs converted to Weighted FTEs (WFTEs)?

FY16 FTE to headcount ratio
 (i.e. student's average course load in a given program)

FY18 enrollment (FTE) / FY18 enrollment (headcount) = FTE / headcount (program's targets (Fall 2017 headcount))



Thesis based programs:

	Program Weighting Factor	FY17			FY18			FY19			FY20...
		Summer 2016	Fall 2016	Winter 2017	Summer 2017	Fall 2017	Winter 2018	Summer 2018	Fall 2018	Winter 2019	Summer 2019
PhD Arts student <i>(Returning)</i>	6.40	11.25 * 6.40	11.25 * 6.40	11.25 * 6.40	11.25 * 6.40	0 credits	0 credits	(GRADUATED)			
PhD Eng. student <i>(Returning)</i>	9.17	11.25 *9.17	11.25 *9.17	11.25 *9.17	11.25 *9.17	11.25 *9.17	11.25 *9.17	0 credits	0 credits	0 credits	0 credits
PhD Science student <i>(Newly admitted)</i>	9.73		11.25 *9.73	11.25 *9.73	11.25 *9.73	11.25 *9.73	11.25 *9.73	11.25 *9.73	11.25 *9.73	11.25 *9.73	0 credits

How are revenue forecasts calculated from the FTE and WFTE forecasts?

Ministry
Support Grant
FY17 forecast

All FTEs

*

2016 2017 Ministry grant
amount per FTE:
\$1,659

Ministry
Teaching Grant
FY17 forecast

WFTEs
in regulated
disciplines*

*

2016 2017 Ministry grant
amount per WFTE:
\$3,508

* Certain adjustments are made to WFTE numbers; detailed on upcoming slides

How are revenue forecasts calculated from the FTE and WFTE forecasts? (Cont'd)

How are revenue forecasts calculated from the FTE and WFTE forecasts? (Cont'd)

FY17 Contribution to QC student aid forecast
(part of recovery amount)

All FTEs

*

2016 2017 Ministry student aid contribution amount per FTE:
(\$292)

FY17 Tuition supplements forecast
(part of recovery amount)

2016 2017 breakdown of tuition FTEs*:

- Quebec
- **Canadian Non Resident QC**
- **French**
- **International regulated**
- International exempt
- International deregulated

2016 2017 Ministry supplement amounts per FTE:

- **Canadian Non Resident QC**
- **French**
- **International regulated**

* Breakdown prepared by *Director, Financial Services*

How are revenue forecasts calculated from the FTE and WFTE forecasts? (Cont'd)

Other adjustments to the International supplement recovery forecasts

- McGill internally allocates *more* (65 75 per year) differential fee waivers (DFWs) than maximum number allocated by Ministry
 - Ministry recovers international supplement associated with this overage

Adjustments to the Canadian supplement recovery forecasts

- As of fall 2015, McGill collects the Canadian supplement on behalf of Ministry for French citizens entering undergraduate programs
- Canadian supplement forecasts adjusted to reflect this growth

Thank you!

