Budget Advisory Committee Report (2023-2024)

Committee membership:

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We would like to acknowledge the significant input and participation in preparing this report from Dr. Paul Andrews (MUFA President). This report provides a summary of the University's situation – from both financial and personnel vantage points – and evaluates it with respect to the academic mission of the university. The main takeaway points are as follows:

- Student enrolment has been increasing for decades, and student tuition has increased accordingly. The Operating Fund is a fixed pool of financial resources, the largest single component of which is student tuition.
- Non-academic expenses compete with academic expenses for this pool of resources. For instance, the Operating Fund has been used to support non-academic administrative staff, pay for legal, professional, and consulting expenses, and fund capital projects. Apart from the tradeoff that occurs from competition for a fixed pool of financial resources, some non-academic expenditures directly interfere with academic program delivery. For instance, legal services have been employed against individual students, faculty, and even whole departments. Non-academic administrators may contribute to the administrative load on faculty, which interferes with their ability to focus on teaching and research.
- An increase in non-academic expenditures has required sacrifices in aspects of academic program delivery. Staff vacancies have been left unfilled, including tenure/track faculty positions. To cover the teaching demands caused by increased enrolment, there has been an increasing reliance on contract-limited appointment faculty and part-time sessional faculty. Students are therefore receiving proportionately less instruction from permanent, full-time faculty who regularly conduct research, which alters the nature and quality of the educational environment at McMaster. The student/faculty ratio – a rough metric for class size and teaching quality – has also increased during this time. McMaster has the highest student/faculty ratio of any Ontario university and of any of the Big 15 medical-doctoral universities in Canada. Overall, the academic mission has suffered by having to compete with non-academic expenses for the same pool of financial resources.
- Consistent with these trends, the proportion of Operating Fund revenues used to pay for non-academic salaries and non-MUFA academic salaries has increased since 2018,[1] while the proportion used to pay for MUFA salaries has declined over the same time period.
- It is troubling that students are having to pay for non-academic expenditures that erode the nature and quality of the teaching environment.
- **The Budget Advisory Committee recommends that MUFA work with the University Administration to devise a budgetary process in which support for students and faculty are the key objectives. We propose one recommendation and two budgetary**

[1] In this report, academic years are referred to by the year in which they end. For instance, 2018 refers to the 2017-2018 academic year.

guardrails: (1) The University develop a clear plan that puts the student-faculty ratio for McMaster among the middle of the pack amongst sister institutions within three years; (2) Any future transfers from the operating budget should not involve monies from BIU transfers or tuition fees. Any surplus from these inflows should be re-invested back into the operating budget; (3) Any future capital expansion should appropriate within its budget, monies for maintenance and any future refurbishments, to firewall future operating budgets from ill-conceived capital expansions.

Financial Analyses

McMaster's Annual Financial Reports[2] (AFRs) show that from 2011 to 2017, the Operating Fund was defined as including "all revenue and expenses related to annual activities for academic program delivery" (**Table 1**). However, the definition of the Operating Fund changed in 2018 to include non-academic functions, such as human resources. In 2019, the definition changed again to encompass the offices of the President and the Provost. The change in definition does not appear to reflect a change in practice, since non-academic institutional support functions have always been paid from the Operating Fund. The substantive change in definition in 2018 probably reflects an increase in the scale of expenditures in the delineated areas.

Table 1. Definitions of the Operating Fund from the AFRs and the percentage of university-wide expenditures that the Operating Fund is responsible for.

Year	Definition	% of total spending
2011	"all revenue and expenses related to annual activities for academic program delivery"	≈60%
2012	"all revenue and expenses related to annual activities for academic program delivery"	≈60%
2013	"all revenue and expenses related to annual activities for academic program delivery"	≈64%
2014	"all revenue and expenses related to annual activities for academic program delivery"	≈60%
2015	"all revenue and expenses related to annual activities for academic program delivery"	≈60%
2016	"all revenue and expenses related to annual activities for academic program delivery"	≈60%
2017	"all revenue and expenses related to annual activities for academic program delivery"	≈60%
2018	"all revenue and expenses for Faculties and support departments or units, such as student affairs, libraries, financial affairs, human resources, facilities, and information technology"	≈64%
2019	"all revenue and expenses for faculties and support departments, such as offices of the President and Provost, student affairs, libraries, finance, human resources, facilities, and information technology"	≈66%
2020	"all revenue and expenses for faculties and support departments, such as offices of the President and Provost, student affairs, libraries, finance, human resources, facilities, and information technology"	≈65.8%
2021	"all revenue and expenses for faculties and support departments, such as offices of the President and Provost, student affairs, libraries, financial affairs, human resources, facilities, and information technology"	≈72.6%
2022	"all revenue and expenses for faculties and support departments, such as offices of the President and Provost, student affairs, libraries, financial affairs, human resources, facilities, and information technology"	≈69%
2023	"all revenue and expenses for faculties and support departments, such as offices of the President and Provost, student affairs, libraries, financial affairs, human resources, facilities, and information technology"	≈65%

The point is that expenses related to the academic mission of the university are in competition with non-academic expenses for the limited pool of financial resources in the Operating Fund. We discuss three types of non-academic expenses paid from the Operating Fund.

Academic and non-academic staff compensation

Since 2018, the AFRs have included information on the total amount of salary compensation paid to academic and non-academic staff from the Operating Fund. From this it is clear that non-academic staff compensation has been increasing and converging with academic staff compensation (**Figure 1**).

[2] https://financial-affairs.mcmaster.ca/about/annual-financial-reports/

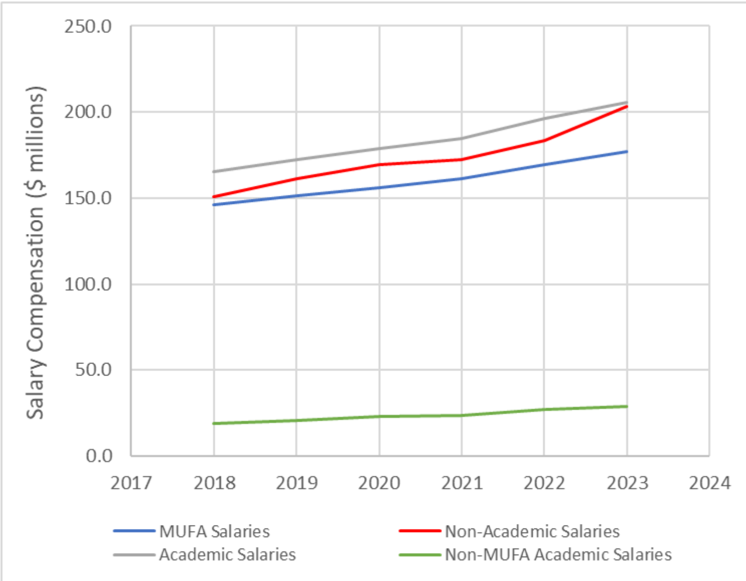

Figure 1. Academic and non-academic salary compensation over time. (The AFR's began reporting academic and non-academic salary compensation in 2018, so it is not possible to extend this graph further into the past.)

The category of academic staff is heterogeneous, including faculty, librarians, postdocs, and teaching assistants, and even "faculty" can be subdivided into MUFA and non-MUFA members (**Table 2**).

Table 2. A non-exhaustive list of academic and non-academic staff categories.

Academic staff		Non-academic staff
MUFA academic staff	**Non-MUFA academic staff**	
• Tenure/track faculty • Permanent/track faculty • Senior academic librarians • Contract-limited appointment (CLA) faculty • Continued appointment without annual renewal (CAWAR) faculty	• Teaching assistants (CUPE 3906, Unit 1) • Part-time sessionals (CUPE 3906, Unit 2) • Postdoctoral fellows (CUPE 3906, Unit 3) • Academic librarians (MUALA)	• Unionized staff (Unifor, Unit 1) • Non-unionized administrative staff (The Management Group or TMG)

While the AFRs do not separate salary compensation for different academic staff types, MUFA's website has salary compensation for MUFA members.[3] **Figure 1** shows that non-academic salary compensation (red line) exceeds the compensation paid to MUFA members (blue line). The salary compensation paid to non-MUFA academic staff (green line) is estimated by subtracting MUFA salary compensation (blue line) from academic staff compensation (gray line) (**Figure 1**).

Figure 2 shows that the proportion of Operating Fund revenues used to pay for MUFA salaries has been steadily declining over the last decade (23.8% in 2011 vs. 21.0% in 2023). A similar trend was noted by MUFA in 2007,[4] suggesting that the trend may extend decades into the past. In contrast, the proportion of Operating Fund revenues used to pay for non-academic salary compensation has increased since 2018 (22.3% in 2018 vs. 24.2% in 2023). Non-MUFA

[3] https://macfaculty.mcmaster.ca/members/salary-and-financial-information/salary-statistics/
[4] https://macfaculty.mcmaster.ca/app/uploads/2020/07/ReflectionsAcademy.pdf

academic salary compensation has also taken up a larger part of the Operating Fund during this time period (2.8% in 2018 vs. 3.4% in 2023).

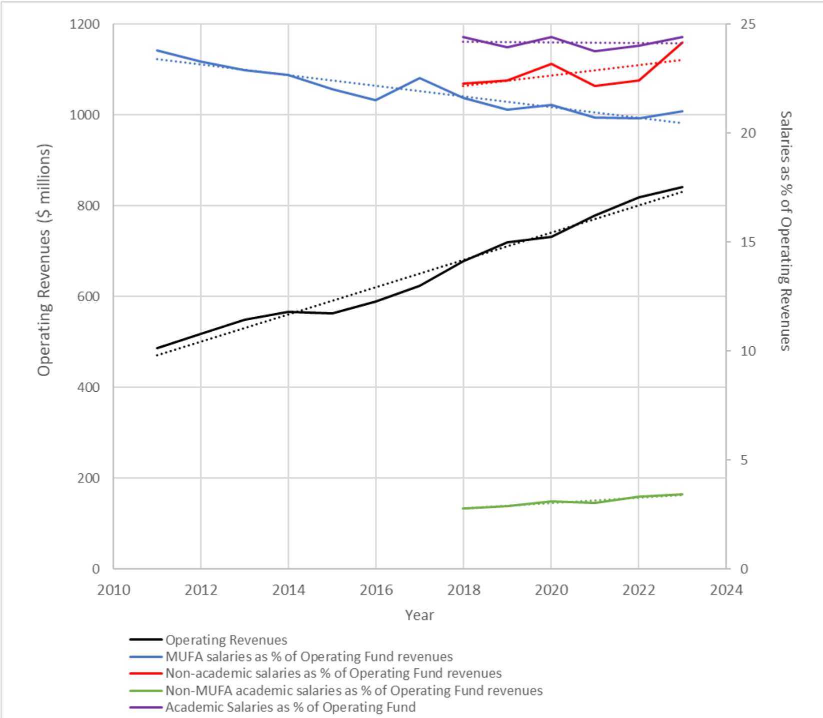

Figure 2. The Operating Fund revenues (black) on the primary y-axis. The percentage of Operating Fund revenues used to pay for academic salaries (purple), MUFA salaries (blue), non-MUFA salaries (green), and non-academic salaries (red) on the secondary y-axis. Non-MUFA salary compensation was estimated by subtracting MUFA salary compensation from the total amount of salary compensation paid to academic staff.

Using 2018 as the index year, the rate of change in academic and non-academic salary compensation can be compared to the rate of change in Operating Fund revenues.[5] **Figure 3** shows that the growth in non-academic salaries (red line) has outpaced the growth in operating revenue (black line). While the growth in academic salaries (gray line) has lagged slightly behind the growth in operating revenue (black line), it is only the growth in MUFA salaries (blue line) that has lagged significantly behind operating revenue (black line). Non-MUFA academic salaries (orange line) have grown faster than the growth in operating revenue (black line).

[5] We chose the Operating Fund revenues (rather than the surplus or the expenses) because the revenues represent the total pool of resources that academic and non-academic sources are competing for.

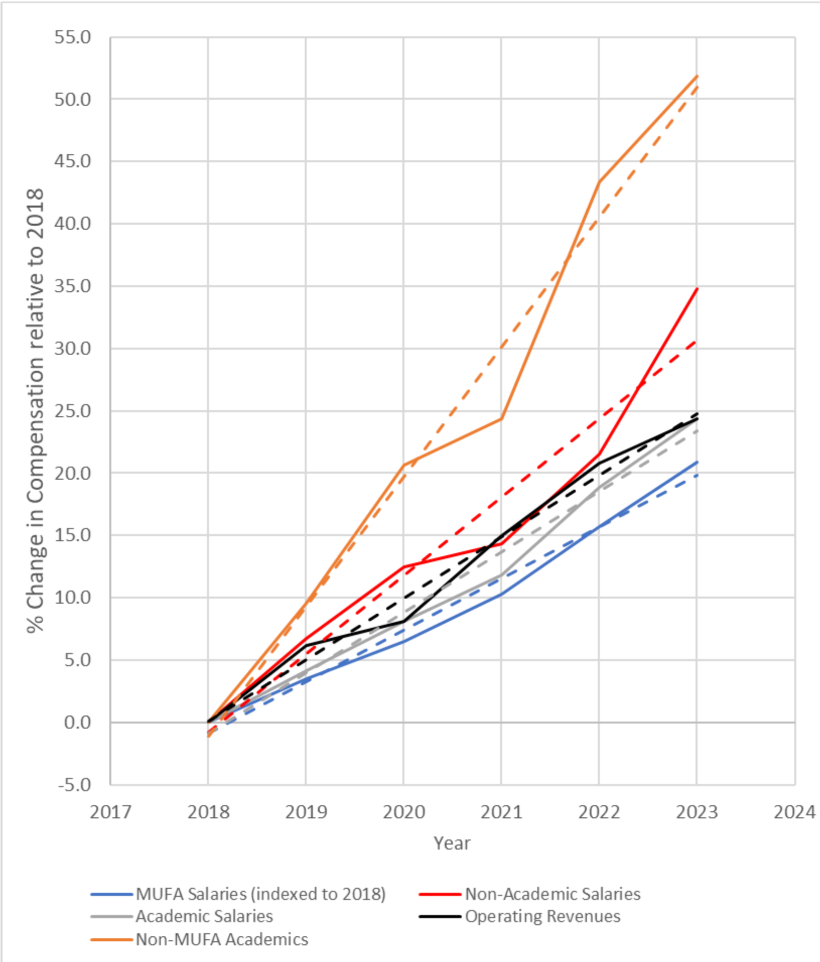

Figure 3. The percent change in compensation relative to 2018 levels and compared with the change in Operating Fund revenues. Dashes are linear best-fit lines.

Academic salaries and capital projects

From 2018-2023, the AFRs show that the administration saved $74.7 million from what they had budgeted for the Operating Fund by not filling "staff vacancies" (**Table 3**). The AFRs also show that between 2018-2023 the administration spent $446.9 million on equipment, renovations and capital projects, and $95.6 more than had been budgeted. The capital projects included, among other things, expansions of the DeGroote School of Business (now known as the McLean Centre for Collaborative Discovery) and the David Braley Athletic Centre, the fifth-floor build of the School of Interdisciplinary Science, the greenhouse renovation in the Faculty of Science, and future projects in the Faculties of Engineering and Science (**Table 3**).

Table 3. Statements in the annual financial reports about Operating Fund expenditures.

Year	Overall statement about expenditures	Statement about salaries, wages, and benefits	Statement about equipment, renovations, and capital projects
2018	"The favourable variance of $20.7 million (3.2%) compared to projection was due to:"	"Salaries, wages and benefits were favourable by **$6.1 million** (1.4%) primarily due to ***unfilled staff vacancies***."	"Equipment and renovations were favourable by **$7.0 million** (16.4%) due to deferral of projects."
2019	"Total expenses were favourable by $5.0 million (0.7%) compared to budget"	"Salaries, wages and benefits were favourable by **$11.1 million** (2.3%) primarily due to ***unfilled staff vacancies***."	"Equipment and renovations were unfavourable by **$15.6 million** (30.9%) due to higher investment in capital projects such as the DeGroote School of Business expansion, the David Braley Athletic Centre expansion, and Energy Management Plan approved projects."
2020	"Total expenses were favourable by $35.7 million (4.8%) compared to budget"	"Salaries, wages, and benefits were favourable by **$12.5 million** (2.5%) primarily due to ***unfilled staff vacancies***."	"Equipment and renovations were unfavourable by **$13.1 million** (-25.2%) due to higher investment in strategic capital projects such as the greenhouse renovation, the School of Interdisciplinary Science 5th floor build, the McLean Centre project, and the Canada Foundation for Innovation Small Angle Neutron project, as well as additional transfers for maintenance projects such as the Nuclear Reactor roof replacement and a new boiler for the main campus."
2021	"Total expenses were unfavourable by $1.5 million (-0.2%) compared to budget"	"Salaries, wages, and benefits were favourable by **$24.1 million** (4.6%) primarily due to reductions in part-time staff as a result of the pandemic, ***delayed hiring, and unfilled staff vacancies***."	"Equipment and renovations were unfavourable by **$58.0 million** (-93.6%) due to increased investments in strategic projects such as the McLean Centre for Collaborative Discovery, and future Faculty of Engineering and Faculty of Science capital priorities. Increased investments in equipment and software to facilitate online teaching, lab delivery, and student advising and engagement, and staff working from home also drove the unfavourable variance. Additional equipment purchases have also been made to enable social distancing protocols for lab delivery, and for classroom audio-visual equipment."
2022	"Total expenses were favourable by $14.2 million (1.8%) compared to budget"	"Salaries, wages, and benefits were favourable by **$8.4 million** (1.6%) due to ***delayed hiring and unfilled staff vacancies***."	"Equipment and renovations were unfavourable by **$32.7 million** (-47.9%) due to increased investments in strategic projects such as the McLean Centre for Collaborative Discovery, Faculty of Science capital projects, and future Faculty of Engineering capital priorities."
2023	"Total expenses were favourable by $40.4 million (4.8%) compared to budget"	"Salaries, wages, and benefits were favourable by **$12.7 million** (2.2%) due to ***delayed hiring and unfilled staff vacancies***."	"Equipment and renovations were favourable by **$17.6 million** (22.8%) due to a smaller final required instalment of the capital transfer for the McLean Centre for Collaborative Discovery, reduced Faculty of Science capital projects transfers, and delayed or re-directed renovations spending, partially offset by increased investments in future Faculty of Engineering capital priorities and capital funding support for the McMaster-Mohawk partnership for Advanced Medical Imaging Phase 1 and Phase 2."

In short, the administration has chosen to spend Operating Funds on new capital projects rather than fill staff vacancies. What kinds of staff vacancies are unfilled? They are probably academic vacancies, because the compensation for non-academic staff increased during this time. The personnel analyses indicate that the unfilled staff vacancies are likely tenure/track positions.

Legal, professional, and consulting services

Since 2019, the AFRs report that "legal", "professional", "consulting", and "externally contracted" services have been paid from the Operating Fund. From the Operating Fund Unit Level Tables of the Consolidated Budgets,[6] we have been able to provide some understanding of the amount spent on legal services (**Table 4**). We discuss this class of expenditures in greater detail below.

Table 4. Legal expenses reported in the Consolidated Budget Reports.

Type	2021 (reported)	2022 (reported)	2023 (reported)	2024 (reported)	2025 (projected)
Salaries+benefits (internal)	$909,000	$847,000	$1,058,000	$1,359,000	$1,280,000
External legal expenses	$4,519,000	$5,019,000	$6,122,000	$5,719,000	$5,519,000
Total legal expenses	$5,428,000	$5,866,000	$7,180,000	$7,079,000	$6,800,000
Amount budgeted	$3,971,000	$7,716,000	$8,047,000	$7,028,000	$6,367,000
Surplus (deficit)	($1,457,000)	$1,850,000	$867,000	($51,000)	($433,000)

Note: The "reported" amount for each year is provided in the Consolidated Budget for the following year. For example, the total legal expenses reported for the 2020-2021 academic year ($5,428,000) is given in the Consolidated Budget for the 2021-2022 year. Expenses that are "projected" for the 2024-2025 academic year come from the Consolidated Budget for the same year.

Overall revenues and expenses

University-wide revenues have consistently exceeded expenses since 2011 (**Figure 4**), and the annual University-wide surplus has averaged $131.6 million since 2018. The Operating Fund also shows a trend for revenues to exceed expenses, although at a much slower rate. The Operating Fund has run a small average annual surplus of $27.2 million since 2018.

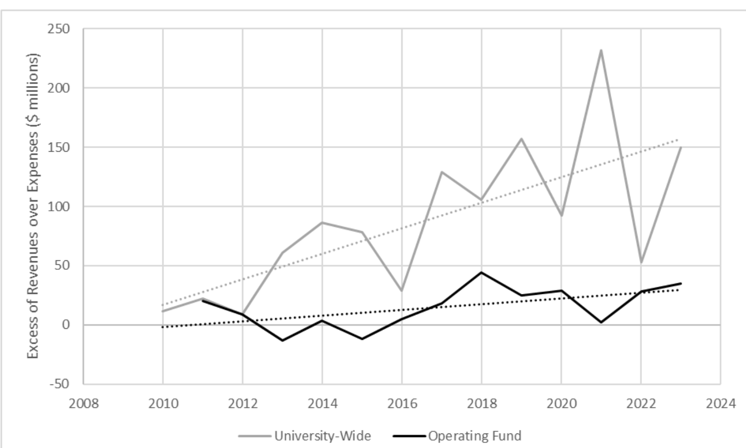

Figure 4. The excess of revenues over expenses in university-wide spending and the Operating Fund.

What happens to the surpluses? The AFRs show that any surpluses are put into the Unrestricted Fund, from which they are redistributed to fund capital projects, internal endowments, or placed into the Internally Restricted Fund.[7] The Internally Restricted Fund has increased from $36

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[6] https://financial-affairs.mcmaster.ca/services/budgeting/consolidated-budget/

[7] Despite the name, there are no legal requirements for how money in the Internally Restricted Fund is used. The only restrictions are those that are internally imposed.

million in 2013 to the current level of $644 million, largely due to $580 million in transfers from the Unrestricted Fund.

Personnel Analyses

The Institutional Research Analysis (IRA) factbooks[8] provide detailed information about student enrolment and personnel. The personnel analysis complements the financial analysis.

Figure 5 shows the number of full-time undergraduate students (black line) and various categories of personnel over time, including part-time sessionals.[9] Student enrollment grew rapidly from 2015-2021 and then it appears to have plateaued. Two striking trends can be gleaned from **Figure 5**. First, there was a sharp decline in the number of TAs (gray line) from 2015 to 2018, the reasons for which are not readily apparent.[10] By 2021 TA numbers had recovered, and they now slightly exceed 2015 levels. Second, the non-unionized administrative staff (TMG) grew rapidly over this time period. Between 2016 and 2023, 350 new TMG positions were added (a 57% increase), outnumbering tenure/track faculty around 2019, and now outnumbering all full-time teaching faculty (965 vs. 915). Because of the large range covered by the y-axes, other important trends are difficult to detect in **Figure 5**.

[8] https://ira.mcmaster.ca/factbook/factbook/

[9] Part-time sessionals are part of CUPE, Unit 2, and the data on part-time sessionals were kindly provided by CUPE. The total number of unique individuals serving as sessionals over an academic year (from September to August) was estimated by the largest number of people receiving a paycheck in any of the 52 weeks that paychecks could be issued. Under these assumptions, the number of part-time sessionals employed increased from 269 in 2016 to 418 in 2023 (a +55% increase). This is undoubtedly a conservative estimate of the total number of unique individuals serving as sessionals over the academic year because there is probably some difference between the sessionals working in the Fall and Winter terms versus those working in the Spring and Summer. Moreover, the number of sessionals can fluctuate from one paycheck to the next, suggesting there is turnover within terms as well.

[10] The reduction in TA's preceded COVID, and, surprisingly, the number of TA's increased during COVID. In contrast, **Figure 6** shows that the use of part-time sessionals and CLAs decreased during COVID.

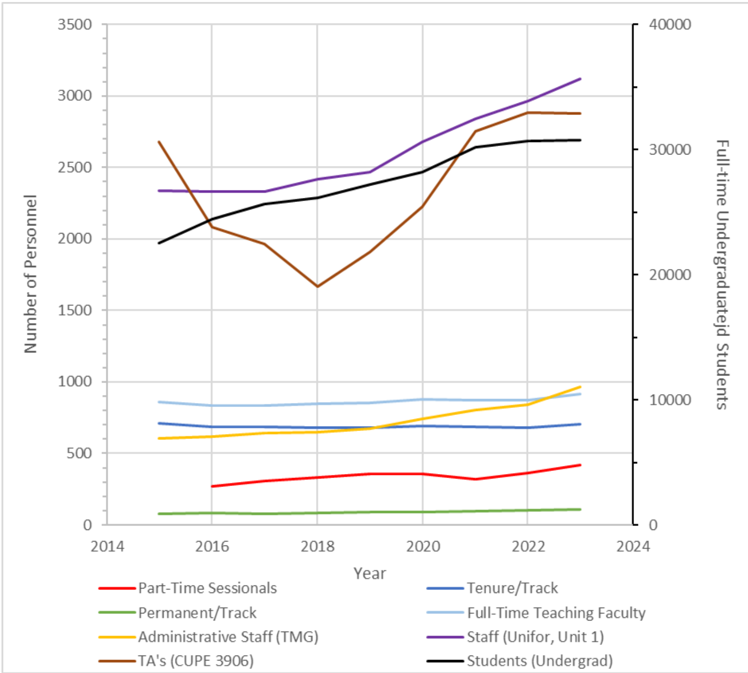

Figure 5. Total number of personnel (primary y-axis) and full-time undergraduate students (black line, secondary y-axis) over time. See footnote 10 for information on the estimation of part-time sessionals (red line). CLAs are not shown because they would be difficult to distinguish from permanent/track faculty (green line).

Figure 6 shows the percentage changes in personnel groups indexed to 2016 levels – the first year for which data for all groups are available – and allows comparisons to be made with the corresponding percentage change in enrolment.[11] By 2023, enrolment had grown by 26% over 2016 levels, and most personnel groups grew faster than enrolment during this time period: TMG (+57%), part-time sessionals (+55%), CLAs (+51%), TAs (+38%), permanent/track faculty (+34%), and unionized staff (+34%). In contrast, tenure/track faculty did not keep pace with enrolment and, in fact, showed almost no growth at all (+3%).

[11] Note the sharp decline in CLAs and part-time sessionals in the 2020-2021 academic year as a result of the pandemic. The AFR for that year indicates that the reduced use of part-time staff contributed to budgetary savings.

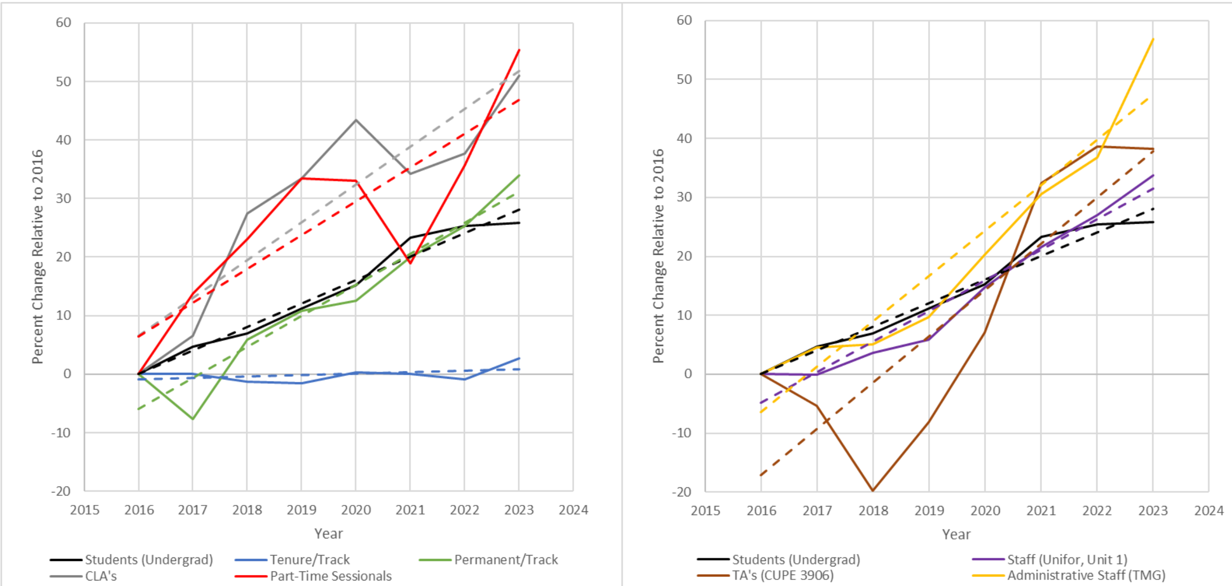

Figure 6. Percentage changes in personnel and full-time undergraduate enrolment, relative to 2016 levels, with dashed lines representing linear best fit lines. To make comparisons with enrolment easier to see, the left panel compares the percentage changes in teaching staff groups – tenure/track (blue), permanent/track (green), CLAs (gray), and part-time sessionals (red) – with the percentage change in undergraduate enrolment (black). The right panel compares the percentage changes in TMG (yellow), unionized staff (purple), and TA's (brown) with the percentage change in undergraduate enrolment (black).

Figure 7 plots the student-to-personnel ratios for different personnel categories (left panel) and the percent changes in the ratios, relative to 2016 levels (right panel). As the left panel makes clear, the student/full-time teaching faculty ratio shows a steady pattern of increase since 2016, while the student/TMG ratio has decreased, and the student/unionized staff ratio has been relatively constant.

Figure 7. Student-to-personnel ratios (left panel) and percent changes in those ratios, indexed to 2016 levels (right panel). All full-time teaching faculty are aggregated together (blue). Part-time sessionals are excluded.

The percent changes in the ratios are striking. All the student/personnel ratios show an initial increase as enrolment quickly grew, but they quickly separate. The student/TMG ratio returned to 2016 levels by 2019 as TMG grew faster than enrolment. The student/unionized staff ratio eventually returned to 2016 levels by 2022 because unionized staff also grew faster than enrolment, but not as fast as TMG. In contrast, the student/full-time teaching faculty ratio has still not returned to 2016 levels, despite the increase in CLAs and permanent/track faculty. This is because the bulk of the full-time teaching faculty is comprised of tenure/track faculty, and there has been almost no growth in that personnel group.

Using data from Maclean's Education Rankings,[12] **Figure 8** shows the student-to-faculty ratios of the 15 medical-doctoral universities in Canada, while **Figure 9** shows the student-to-faculty ratios of Ontario universities. In fact, the Maclean's data show that McMaster's student-to-faculty ratio is the highest of all 50 universities in Canada.

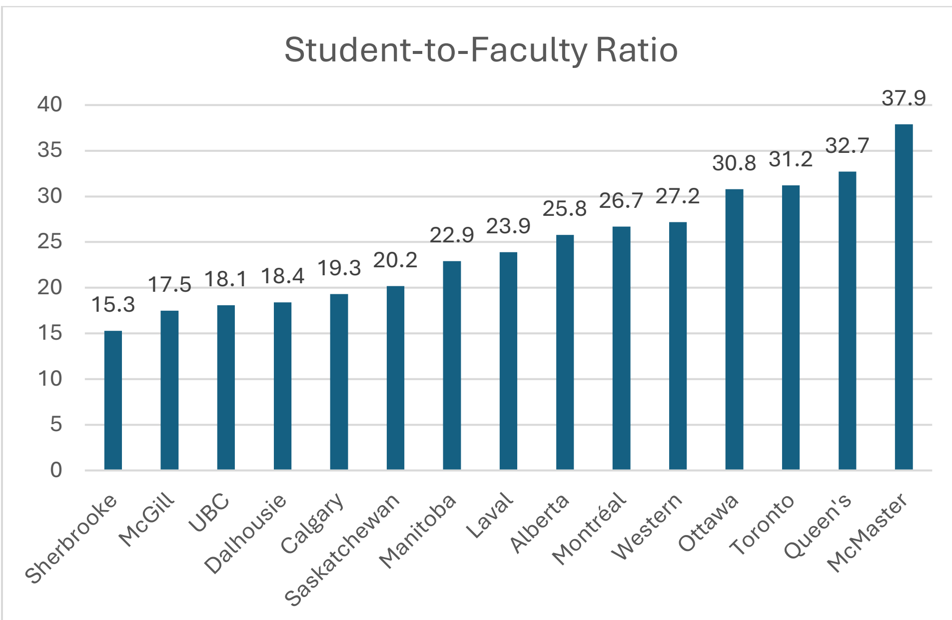

Figure 8. Student-to-faculty ratios for medical-doctoral universities in Canada. Note: the student-to-faculty ratio for McMaster is higher than shown in **Figure 7** because it is calculated differently.

[12] https://education.macleans.ca/feature/canadas-best-universities-by-student-faculty-ratio-rankings-2024/

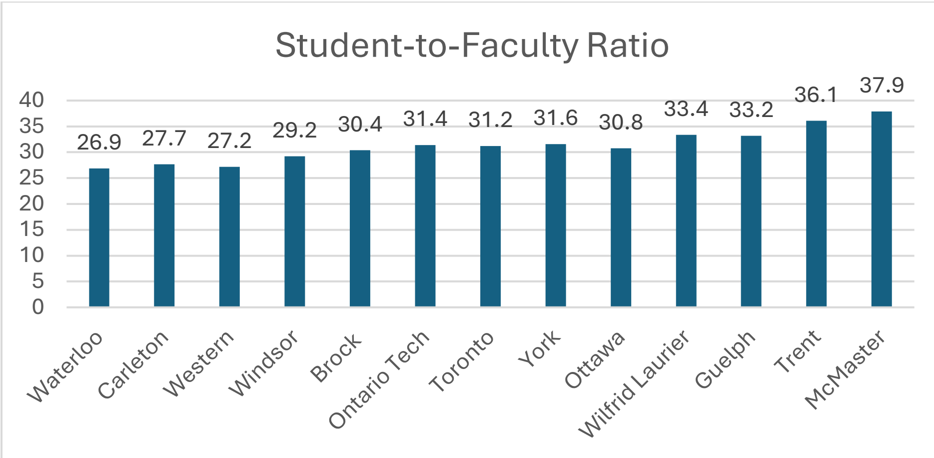

Figure 9. Student-to-faculty ratios for universities in Ontario. Note: the student-to-faculty ratio for McMaster is higher than shown in **Figure 7** because it is calculated differently.

More refined analyses of TMG staff

From Merit Groupings documents posted on McMaster's Human Resources website, it is possible to conduct more refined analyses of TMG. **Figure 10** plots TMG under each President or Vice-President. As can be seen, between 2021 and 2023, the President's office experienced a large increase in TMG, the bulk of which represents a transfer of TMG personnel involved in messaging (communications, marketing, public affairs) from the VP-Advancement's office. Apart from the transfer of TMG out of Advancement, every other VP office experienced substantial increases in TMG.

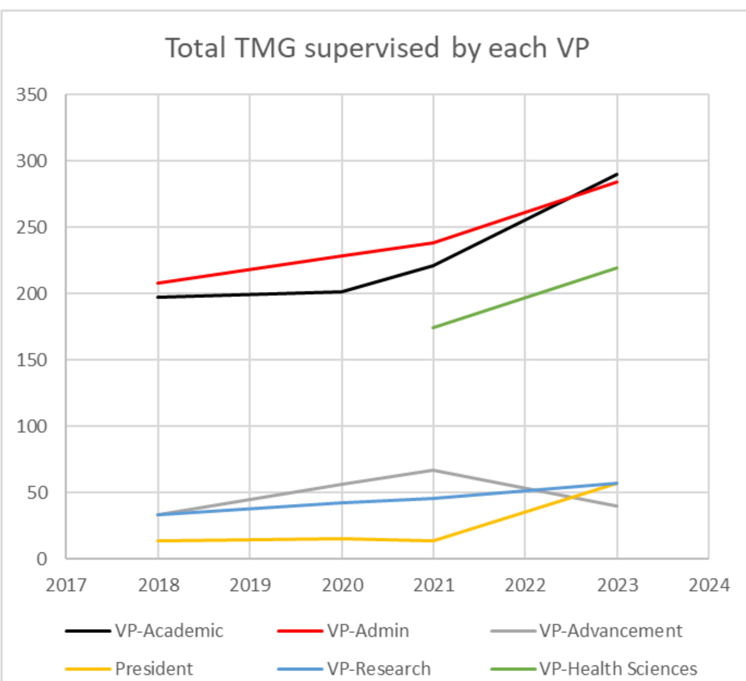

Figure 10. The number of TMG, organized by the Vice-President to whom they ultimately report.

There has been substantial growth in TMG staff in each Faculty, with the exception of the Humanities (**Figure 11**). Since 2021, the greatest growth has been in Health Sciences (45 new, total = 219), followed by Engineering (14 new, total = 48), Science (13 new, total = 39), Business (11 new, total = 30), Social Sciences (8 new, total = 30), and Humanities (2 new, total = 18).

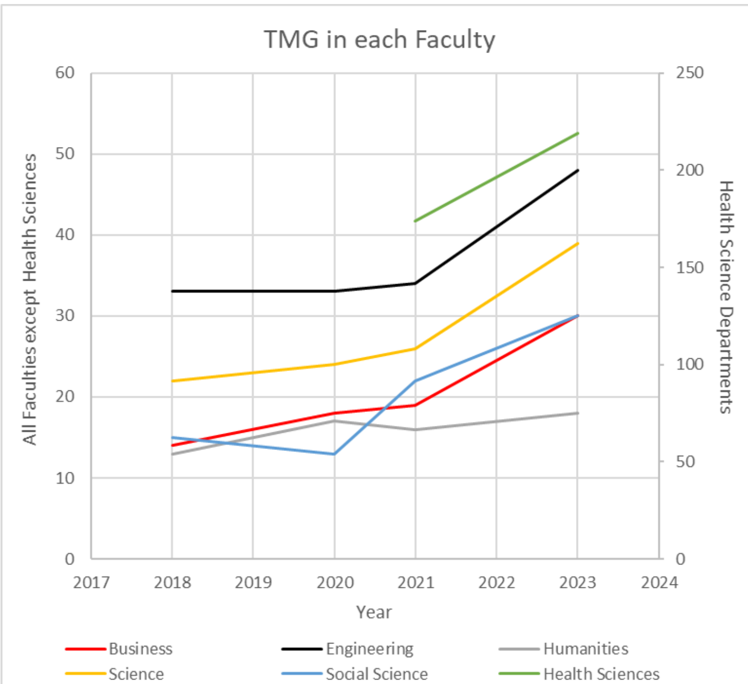

Figure 11. The total number of TMG staff in each Faculty.

Figure 12 plots the number of TMG in specific areas: Human Resources, messaging, fundraising, the Equity & Inclusion Office (EIO), departmental, and Deanery. This graph shows that the TMG at the departmental level (gray) has remained relatively constant, while there has been a large growth at the Deanery level (black). Messaging, fundraising, and human resources all experienced substantial growth even though they are not related to academic program delivery. The fact that TMG have been constant in the EIO is of interest given the attention that diversity, equity, and inclusion (DEI) issues command.

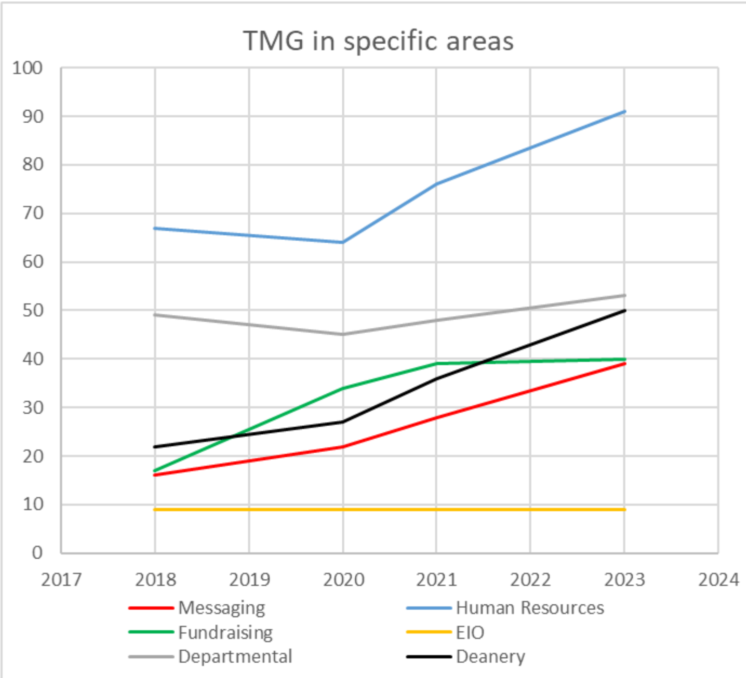

Figure 12. The number of TMG in different areas/domains over time. For the departmental and Deanery areas, the DeGroote School of Business was omitted, because that Faculty does not have departments, as well as Health Sciences, which is too complex to conduct the analyses. For the number of TMG in the Deaneries, all TMG in the offices of Deans or Associate Deans were included as well as the "central admin" for each Faculty.

Discussion

Student enrolment has been increasing for the past two decades, and student tuition revenues have increased accordingly (**Figure 13**). The Operating Fund is a fixed pool of financial resources, and the two largest components are student tuition and provincial operating grants. Since 2017, the largest single component of Operating Fund revenues has been student tuition.

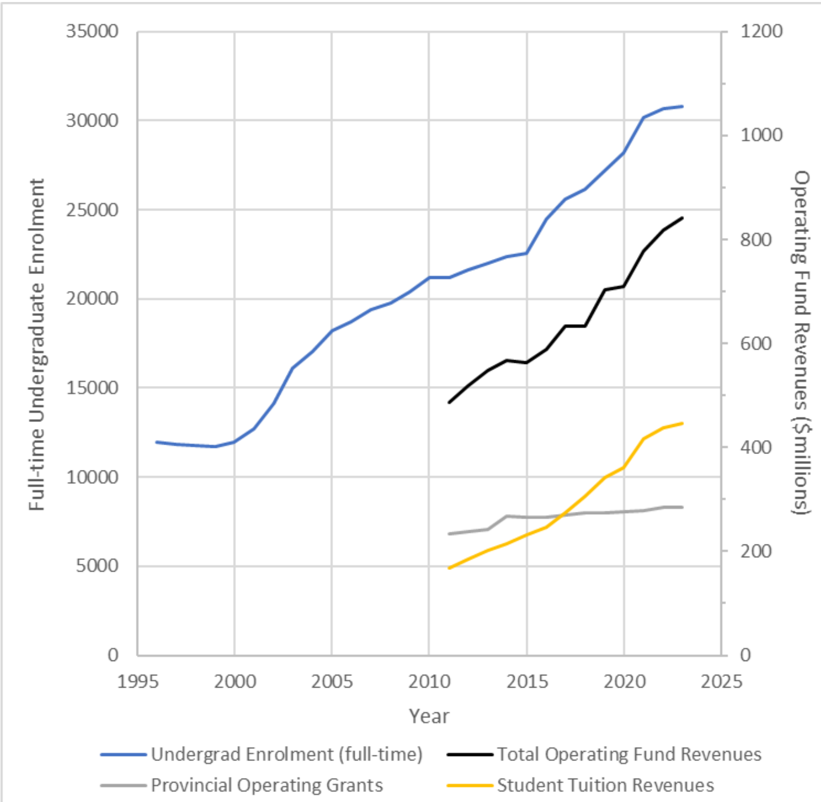

Figure 13. Full-time undergraduate enrolment (blue) and Operating Fund revenues (black) over time.

The compensation paid to non-academic staff occupies a greater proportion of the Operating Fund now than it did in 2018 (**Figure 2**). Since 2018, 319 new TMG have been hired. A conservative estimate of $100,000/year in salary and benefits for each TMG employee suggests that an additional $31.9 million/year is paid from the Operating Fund to support the new TMG staff.

The total number of TMG staff (965) at McMaster now exceeds the total number of full-time teaching faculty (915). In comparison, the Wilfrid Laurier University Faculty Association recently conducted a financial analysis of their university, and they were surprised to learn that they had one manager for every two full-time faculty. They ask (p. 15), "Why do faculty and front-line staff need so much more oversight…?" The ratio of managers to faculty is much higher at McMaster, it contributes to the workload burden on faculty, and it undermines the ability of faculty to govern themselves.

Since 2018, the Operating Fund has been used to pay for $446.9 million in equipment, renovations, and capital projects, which is $95.6 million more than had been budgeted. The capital projects included expansions of the DeGroote School of Business and the David Braley Athletic Centre, the fifth-floor build of the School of Interdisciplinary Science, energy management projects, rebuilding the roof to the nuclear reactor, the Small Angle Neutron project, purchasing a new boiler, the greenhouse renovation in the Faculty of Science, and future projects in the Faculties of Engineering and Science. Many of these capital projects appear to be unrelated to academic program delivery.

Millions of dollars have been spent on legal, consulting and professional fees during this time (**Table 4**). Paying for legal services from the Operating Fund is troubling, since they are often employed in conflicts or grievances involving individual students, staff, faculty or even whole departments, as in the systemic review of the Department of Psychology, Neuroscience & Behaviour (PNB). The PNB investigations caused massive disruption to the academic mission of the department[13] and reportedly cost millions of dollars in legal fees.[14,15]

The use of the Operating Fund to pay for private educational consulting firms is also problematic. OCUFA has raised concerns that the use of such firms in conducting searches for senior administrators and setting institutional goals and priorities tends to erode collegial governance.[16,17]

Because the Operating Fund is a fixed pool of financial resources, the increased expenditure of funds on non-academic staff, capital projects, and legal/professional/consulting services means that fewer resources are available for the University's academic mission. For example, the proportion of the Operating Fund used to pay for MUFA members' salary compensation has steadily declined since 2011 (**Figure 2**). Moreover, the AFRs report staff vacancies have been left unfilled to save $75 million from the Operating Fund since 2018 (**Table 3**). The vacancies do not appear to be TMG positions, part-time sessional positions, CLA positions, unionized staff positions, or permanent/track faculty positions because these all grew with enrolment (**Figure 6**). Tenure/track faculty are the only major personnel class that has shown essentially no growth since 2018 (**Figure 6**).

Despite the increase in CLA and permanent/track positions, the ratio of full-time students to full-time teaching faculty has increased since 2016 (**Figure 7**). In fact, McMaster's student/faculty ratio is now higher than any of the Big 15 medical-doctoral universities in Canada and higher than any other Ontario university (**Figures 8 and 9**). The student/faculty ratio is used by many university ranking systems as a rough metric of class size, such as the Times Higher Education World University Rankings and Maclean's Education Rankings. Higher student/faculty ratios indicate that course instructors are less able to provide individualized attention. These ranking

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[13] Paul Andrews and Paul Faure (March, 2023), "Equity and inclusion requires accountability and transparency", MUFA Newsletter, Vol. 49.4. https://macfaculty.mcmaster.ca/app/uploads/2023/03/202303Newsletter.pdf

[14] Jonathan Kay (June 14, 2023), "McMaster's imaginary sex ring", *The Quillette*. https://quillette.com/2023/06/14/mcmasters-imaginary-sex-ring/

[15] Jonathan Kay (June 18, 2023), "Lessons from an academic social panic", *The Quillette*. https://quillette.com/blog/2023/06/18/lessons-from-mcmaster-universitys-2020-sex-ring-social-panic/

[16] Michael Savage, David McDonald & Norma Möllers (March 4, 2024), "Consulting firms, benchmarking, and the politics of ratings", OCUFA presentation at Queen's University. https://qcaa.ca/consulting-firms-benchmarking-and-the-politics-of-ratings/

[17] OCUFA University Governance Committee (February, 2019), "Collegial governance at Ontario universities". https://ocufa.on.ca/assets/2019-02-09-Governance-Report.pdf

systems exclude part-time teaching faculty from the ratio because they have fewer opportunities to engage with students and foster their academic success.

Class size is not the only way the teaching environment has changed at McMaster. The increased use of part-time sessionals and CLAs to deal with increased enrolment without a concomitant increase in tenure/track faculty means that students are receiving proportionately less instruction from faculty in secure positions who regularly conduct research, which alters the nature and quality of the educational environment.

The sacrifices made by the University's academic mission are perhaps even more egregious given the fact that Operating Fund revenues increased by 27.5% between 2018 and 2023 (from $632.9 million to $807.2 million). The increase in Operating Fund revenues was driven largely by student tuition fees (**Figure 13**), and it is troubling that students are paying for non-academic expenditures that erode the quality of the teaching environment.

The Boeing Company used to be one of the most respected companies in the United States. As an aerospace engineering company, it played an important role in putting people on the Moon, and it built the most famous airplane in history (the Boeing 747).[18] However, a series of safety lapses and crashes over the past two decades has seriously damaged its reputation.[19] What happened? The company had built up a reputation for safety and engineering excellence because for most of its history it was run by engineers who treated safety and engineering excellence as their mission. However, that changed when the control of the company was handed to people who considered it their mission to maximize profit. Henry Stonecipher, who was the CEO of Boeing between 2003 and 2005, admitted this was intentional: "When people say I changed the culture of Boeing, that was the intent, so that it's run like a business rather than a great engineering firm."[18] Stonecipher got his way, and the company suffered accordingly.

McMaster's mission is "the discovery, communication and preservation of knowledge."[20] Unfortunately, the deployment of the University's financial resources in recent years has been incongruent with this mission. A significant realignment in the ways in which the Operating Fund is utilized requires immediate attention.

[18] James Surowiecki (January 15, 2024), "What's gone wrong at Boeing?", *The Atlantic*. https://www.theatlantic.com/ideas/archive/2024/01/boeing-737-max-corporate-culture/677120/
[19] Michael Laris (June 27, 2019), "Long before the Max disasters, Boeing had a history of failing to fix safety problems", *The Washington Post*. https://www.washingtonpost.com/local/trafficandcommuting/long-before-the-max-disasters-boeing-had-a-history-of-failing-to-fix-safety-problems/2019/06/26/b4f5f720-86ee-11e9-a870-b9c411dc4312_story.html
[20] https://president.mcmaster.ca/mission-vision/