

A Framework for Sustainability

NSCAD University - Nova Scotia College of Art + Design

March 29, 2012

A plan for the continued vitality and financial sustainability of NSCAD University.

Executive Summary

The Board of Governors and administration of NSCAD University are committed to sustaining NSCAD as an ongoing centre of excellence in visual arts education and research to the economic, social, and cultural benefit of Nova Scotia. We are gratified by the expressions of support from our many supporters, friends, and, in particular, representatives of the Province of Nova Scotia.

"We consider ourselves to be the friends of NSCAD. We want to protect and preserve what is an important institution for the province of Nova Scotia. What we want from the university, of course, is for them to come forward with a plan which sets out in realistic terms how they can deal with some of the issues that they are facing." - Premier Darrell Dexter, as quoted in the *Chronicle Herald*, Dec. 9, 2011

This sustainability report is provided in response to recommendations contained in *Time to Act*, the report submitted by Howard Windsor to the Nova Scotia Department of Labour and Advanced Education in December 2011. All NSCAD key constituencies (governors, faculty, staff, students, alumni, and volunteer advocates) have rallied to express their belief in NSCAD's future and their voices are contained in the report, although not all constituencies necessarily endorse all elements of the proposed action path.

Each of the specific recommendations contained within the Windsor report have been addressed namely:

- Collaborative arrangements with other post-secondary institutions have been investigated and these discussions are ongoing as part of the overall university system "Excellence through Partnership" program.
- Bilateral discussions exploring a closer "affiliation" with Dalhousie and Saint Mary's Universities have begun. To this end, NSCAD's Board of Governors passed a motion at its meeting on January 14, 2012 which stipulated the "requirements for autonomy and independence" that are important to retain if NSCAD were to affiliate with another institution.
- A comprehensive review of programs, curriculum, and space utilization was initiated, starting in January 2012 with an intensive five-week consultative process involving a wide range of NSCAD stakeholders.

As a result, NSCAD has developed options that will move the institution toward financial sustainability. As investigations into programs, curriculum, facilities, and collaborations continue over the coming months, further financial savings and academic benefits to our students may be realized. Curriculum and space priorities along with economies resulting from human resource management have been carefully examined and will be deployed as part of a plan that moves NSCAD toward financial sustainability in both the short and long term.

Revenue increase possibilities are also explored in this report in regards to student tuition and fees; growth of the university's fund development outreach; income from ancillary operations; and rental income from the ground floor of the Granville Campus.

The university has recently received restricted private gifts totaling \$3.4 million. NSCAD is working with the donors to assess opportunities for these restricted gifts to be strategically applied in the development and execution of a sustainability plan.

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Introduction

NSCAD is committed to reducing costs, generating new revenue sources and building enhanced partnerships with other Nova Scotia universities as part of comprehensive short and long-term sustainability plans. NSCAD's overarching multi-faceted Framework for Sustainability involves cuts and freezes in a number of budget areas, a substantial reduction in the workforce and a realignment of student-generated revenue. It also includes strategic investments in recruitment and curriculum collaborations to build new sources of revenue for the university.

Vision and Mission

"NSCAD will set the standard for a 21st century university of the visual arts. It will improve and inspire the lives of every student by providing the highest quality education in the visual arts, craft and design. NSCAD will be a transformative force for society by delivering an education that produces critical and creative thinkers with the ability and desire to change the world." – from *Building Opportunities: NSCAD University's Strategic Plan 2009-2012*.

In fulfilling the vision, NSCAD has a commitment to:

- Solidify its position as Canada's premier university of the visual arts and strengthen its reputation for excellence both nationally and internationally;
- Continue to be a leader in creative and artistic innovation;
- Reinforce its position as a vital component of Canada's cultural fabric;
- Become widely recognized as a leading contributor to Canada's creative economy;
- Build effective financial mechanisms to ensure the long-range viability of programs and facilities;
- Set a new standard for being accessible to all students and responsive to their expectations and needs;
- Continue to build vital new links between diverse communities both locally and globally;
- And, to do all of the above in a financially sustainable manner.

Academic

NSCAD will maintain the programs that have made it internationally known. That said, recent enrolment data indicates that 50 to 60 per cent of courses offered are significantly under enrolled. It is time for NSCAD to redeploy its teaching staff.

Approximately 70 per cent of courses at NSCAD are taught by part-time or sessional faculty at an annual cost of \$1.8 million; another 30 per cent are taught by 47.5 full time faculty at an annual cost of \$5.4 million. Given this scenario, it is clear that financial efficiencies must be achieved in the short term by recalibrating course offerings and offering faculty an early retirement incentive program. In the long term, the plan is to move to reduce a number of courses per semester while developing a four-to-five-year fixed timetable regime. The goal is to achieve economies while maintaining NSCAD's excellent quality of education.

The Windsor report recommended a review of NSCAD's programs and curriculum. According to Tim O'Neil, reducing NSCAD curriculum would help relieve costs associated with NSCAD's facilities and labour.

On February 13, 2012, Academic Council considered an ad hoc committee's draft document responding to Provost James Moy's February 6, 2012 document which summarized broader NSCAD community response to the Windsor Report. Emerging out of the discussion was a formal motion to endorse the following priority items:

- Rationalize curriculum and future planning;
- Instigate innovative methods of course delivery including interuniversity collaborative teaching and online teaching.

Academic Council also passed a motion to create a sub-committee tasked with carefully assessing both short and long-term curriculum and programs. The sub-committee report was delivered to Academic Council at its meeting on February, 28, 2012. Furthermore, with the appointment of a new Provost, there will be an opportunity to perform a further review of NSCAD's programs and curriculum to identify new cost efficiencies and student-focused enhancements.

All of the initiatives listed below are intended over time to reduce costs by creating additional efficiencies or to generate additional revenues by attracting new students.

Immediate changes being implemented include:

- 1) Reducing the number of courses taught by part-time faculty; these numbers will rebuild as faculty retire. For the 2012-13 academic year, NSCAD will reduce course offerings by 10 per cent, saving \$235,000 in part-time teaching costs. Further reductions will occur as a four-year timetable is developed.

- 2) All course limits will be set to 110 per cent capacity to account for anticipated attrition while taking into account facility limitations and Occupational Health and Safety requirements.
- 3) Historically under-enrolled sections of multi-section offerings will be combined to guarantee full enrolment.
- 4) Core courses will be offered less frequently, reduced from every semester to once a year. Under-enrolled courses now offered once a year will be scheduled once every two years.
- 5) Senior faculty will teach first- and second-year courses.
- 6) Increased investment in recruitment will be focused on expanding international agent networks and portfolio days.
- 7) Innovative methods of course delivery will be developed, including interuniversity collaborative teaching and online offerings by fall 2014. In particular, online course delivery will generate new sources of revenue for NSCAD.
- 8) A four-to-five-year fixed course timetable will be developed by summer 2012, for deployment by fall 2013.
- 9) Extended evening and weekend studies programs as potential areas for revenue growth will be explored.

Longer term plans – Years Two and Three:

- 1) Investigate collaborative curriculum delivery opportunities with Nova Scotia universities. This initiative, which has already begun, will be advanced over the next one to three years and involve more cross-listed courses, online courses, shared programs and transfers.
- 2) Explore a collaborative arrangement with the community college where NSCC students will complete the last phase of their academic program at NSCAD.
- 3) Expand Extended Studies offerings to provide more professional upgrading courses for graduates—maximizing the university’s potential.
- 4) Re-align majors and minors to be competitive with other regional Canadian art schools to attract more students to NSCAD.
- 5) Assess the merits of the BFA Interdisciplinary Program. Enhance honours stream for majors programs and offer more double major and minor combinations.
- 6) Develop joint major degree options in fine and media arts, craft and design.
- 7) Review all programs with the assistance of an external advisory panel.
- 8) Examine the potential for offering briefer programs (minor modules) to align with other Nova Scotia institutions.
- 9) Remove barriers to allow credit transfers from other universities.
- 10) Re-examine the portfolio as the basis for entry.
- 11) Revisit class times (shorten studio class hours) to accommodate greater numbers of students from other universities.
- 12) Relax pre-requisites so that more students can enter programs without Foundation year. Explore the feasibility of a separate entry program.
- 13) Undertake a full analysis of the campuses’ technical resources.
- 14) Monitor 24-hour access and adapt policy as needed.
- 15) Strategically plan faculty allocations resulting from buyouts, retirements, enrolment shifts and programming.

Tuition and fees

The Windsor report identifies non tuition student fees for studio time, facility development and other services as potential revenue sources for NSCAD. Further, he suggests fee increases need to be considered, in concert with tuition increases, but that these fees must be at a level that would not affect NSCAD’s ability to remain competitive with the other art schools. As a result, we have included proposals for modest tuition adjustments and fees as one element of NSCAD’s sustainability plan.

Tuition adjustment

NSCAD has a flat fee tuition model and, because of this, NSCAD charges the same tuition for students taking 18 credits (six courses), 15 credits (five courses) and 12 credits (four courses). Flat fee tuition would not be an issue at NSCAD if the base tuition had been originally established at five courses, which is the normal course load, rather than four courses. Due to the tuition freezes instituted with the 2005-06 MOU, NSCAD has been unable to change this model of calculating tuition. The flat fee tuition is inconsistent with practices at other Nova Scotia universities and other Canadian art universities and has put NSCAD at a financial disadvantage.

NSCAD tuition currently falls below the average tuition for an arts education at the other Nova Scotia universities. The studio model of fine arts education delivery is expensive because of the studio space, equipment, and technical staff required to support the programs. Howard Windsor’s view was that the multi-disciplinary fine arts programming is both labour and facilities intensive. Given this, NSCAD’s tuition should be adjusted to be at least the average tuition of the Nova Scotia universities on the higher end of the scale as seen below.

N.S. UNIVERSITY TUITIONS (Based on AAU data for 2011-12, with 3 % increase for 2012-13)	ARTS	
	Low	High
Acadia	\$5,696	\$6,779
Universtié Sainte-Anne	\$4,647	\$5,732
Dalhousie	\$5,036	\$6,120
Mount St. Vincent	\$4,524	\$5,887
St. Francis Xavier	\$5,221	\$6,306
Saint Mary’s	\$4,558	\$5,642
University of King’s College	\$5,036	\$6,120
Cape Breton University	\$4,643	\$5,727
NSCAD University	-	\$5,835
AVERAGE	\$4,920	\$6,017

TUITION AND STUDIO FEES AT REGIONAL ART SCHOOLS IN CANADA			
2010-11 Academic Year			
University	Tuition	Studio Fees	Total
NSCAD	5,665	0	5,665
Emily Carr University	3,798	346	4,144
Ontario College of Art & Design	5,962	102	6,064
Alberta College of Art & Design	5,191	280	5,471

OCAD and Emily Carr charge higher tuitions for graduate programs

<u>PROPOSED TUITION ADJUSTMENT</u>		
NSCAD rate in 2011-12	\$5,665	
3 % Increase		+ 3%
	\$170	
\$82.50 Tuition adjustment		+2.8%
	\$165	
Proposed rate for 2012-13	\$6,000	

RECOMMENDATION: Tuition adjustment of \$82.50 a term for students taking 15 credits and begin charging overload fee for sixth credit.

Based on the AAU data, NSCAD had below-average tuitions compared to those charged at the other Nova Scotia universities. By implementing a tuition adjustment of \$82.50 a term, NSCAD's tuition will be \$6,000 per year including the recent three per cent increase. This rate is more in line with the provincial average of \$6,017 and will generate an additional \$127,000 in annual revenue.

2012-13 Flat Fee Model- Per Semester

Credits	Courses	Cost per Course	Cost for Course Load
3	1	729.09	729.09
6	2	729.09	1,458.18
9	3	729.09	2,187.27
12	4	729.09	2,916.36
15	5	583.27	2,916.36
18	6	486.06	2,916.36

Proposed Tuition Model- Per Semester

Credits	Courses	Cost per Course	Cost for Course Load
3	1	750.00	750.00
6	2	750.00	1,500.00
9	3	750.00	2,250.00
12	4	750.00	3,000.00
15	5	600.00	3,000.00
18	6	600.00	3,600.00

Overload fee

Currently NSCAD does not charge a fee for a course overload of 18 credits (six courses), which is inconsistent with other Nova Scotia universities and Canadian art universities. NSCAD has not done so because of its flat fee tuition structure and the tuition freeze under the MOU.

RECOMMENDATION: Students wishing to take a course overload during a given term would be charged \$600/term which is NSCAD's proposed per course fee for 15 credits under the tuition reset model. If the number of students who are currently taking an overload stayed constant, this would generate an additional \$17,500 in revenues. However, since students did not have to pay for an overload course in the past, it is expected the number of students opting to take six credits will decline. It is therefore estimated that this overload fee could generate an additional \$15,000 in annual revenue.

Graduation tuition differential

Currently NSCAD charges the same tuition for both undergraduate and graduate degrees. This is inconsistent with practices at other Nova Scotia universities and other Canadian art universities.

Because of smaller class sizes, specialized materials, etc., it is generally recognized that Master degree programs cost more to deliver. Based on research of AAU data from Nova Scotia universities and other Canadian art universities, it is shown that graduate tuitions tend to be higher than undergraduate tuitions--anywhere from 8.4 per cent higher for Dalhousie and Acadia, 10 per cent higher for Saint Mary's and 37 per cent higher at Mount Saint Vincent University. In addition, Emily Carr's graduate program tuition is \$12,000 per year and OCAD charges between \$6,000-\$11,500 for graduate programs.

RECOMMENDATION: Domestic tuition for NSCAD's Master degree programs should be 10 per cent higher than undergraduate tuitions (\$6,600 for two graduate semesters compared to \$6,000 for two undergraduate semesters). This will generate new annual revenues of \$24,000 per year. International tuition for NSCAD's Master degree programs should be adjusted to be in line with market rates for professional Masters programs.

Auxiliary and ancillary fees

NSCAD did not have any revenue generating (cost recovery) auxiliary and ancillary fees in place prior to the 2005-06 Memorandum of Understanding. As a result, NSCAD has been restricted in adding fees that are standard at most universities.

The university does not charge any mandatory fees outside of student union fees (dues, health and bus pass), material fees associated with specific courses and nominal fees for NSF cheques, late fees, interest on overdue accounts, and a 50 per cent refundable card access fee. As per clause 13 of the MOU between the Province and Nova Scotia universities, auxiliary and ancillary fees shall not exceed the cost of providing the goods and/or service.

1. Graduation fee

Currently, NSCAD does not levy a fee to cover the costs of graduation (including the cost of diploma preparation, ceremony, administrative costs, etc.). Research shows that all Canadian art universities charge an “application to graduate/graduation fee” as well as a number of Atlantic universities:

University	Graduation fee levied
St. Thomas University	\$50
Mount St. Vincent University	\$65
OCAD University	\$50 (+ \$10 per confirmation of graduation)
ACAD	\$30
Emily Car University of Art + Design	\$125

Graduation expenditures approximate \$36,000 annually excluding the cost of staff time. Diploma preparation costs, including staff time and supplies, represent approximately \$68.69/student (2008 graduates = 188 (\$12,914), 2009 graduates = 218 (\$14,974), 2010 graduates = 232 (\$15,936)).

NSCAD currently charges \$35 for diploma replacement, a fee which is not anticipated to increase.

RECOMMENDATION: NSCAD should begin charging a \$50 graduation administration fee to offset the cost of graduation. Students were consulted about this fee in 2010. Revenue potential: \$11,600.

2. Technology renewal fee

Currently, NSCAD does not levy a fee to defray the cost of renewing its technology resources. The cost to remain technologically current is substantial. Research shows that several Atlantic universities and Canadian art universities charge a “technology fee/new equipment fee.”

School	Technology fee/new equipment fee
Acadia University	\$568 per year (notebook lease)
St. Thomas University	\$50 FT and \$5 PT per 3 credit hours
Mount St. Vincent University	\$10 per unit of credit (= 3 credit course)
St. Francis Xavier University	\$300 per year (goes into operating fund)
OCAD University	\$3 per 3 credits
Emily Carr University of Art + Design	\$9 per 3 credits

NSCAD maintains four computer labs, which are heavily used. Computer hardware costs alone approximate \$30,000 per year along with specialized software requirements of many of NSCAD’s programs such as Design, etc. Many of NSCAD’s programs involve the use of high-tech equipment. Keeping current is of utmost importance in maintaining NSCAD’s reputation as a state-of-the-art school in visual and fine arts.

RECOMMENDATION: NSCAD should charge a technology renewal fee in the amount of \$10 per unit of credit.

Revenue potential: Total credits of registrants Fall 2010: 12,087 divided by three credit increments x \$10 x 2 = \$83,200

3. Student services fee

NSCAD currently charges various fees for a number of services on an adhoc basis. They include the following:

- Unofficial transcript (\$5)
- Official transcript (\$10)
- Rush transcript (\$20)
- Re-enrolment fee (\$30)
- Late registration fee (\$50 per semester)
- Replacement ID card (\$10)

- Duplicate tax receipt (\$5)
- Confirmation of enrolment letter (no charge currently)

NSCAD earns annual revenue of approximately \$20,000 from the ad-hoc items noted above. These fees contribute to the Registrar’s operating budget.

Implementing a flat “student service fee” that would encompass all of the services/charges noted above (with the exception of rush transcripts) would provide students with unlimited access to transcripts, ID cards and tax receipts and would eliminate the re-enrolment and late registration fees. It would also be easier to manage both administratively and technology-wise and would provide “transcripts for life” for new and former graduates. (NSCAD would continue to levy a \$10 fee for rush transcripts, charge for courier costs and the \$5 courier administration fee). NSCAD also outsources student psychological services and student career services for an annual cost of \$54,000. This fee will serve to recover the costs of providing these services.

RECOMMENDATION: NSCAD should explore introducing an inclusive “student service fee” for currently enrolled students:

- Full-time students \$55/semester
- Part-time students \$15/semester

Revenue potential:

Average # of FT students per semester:	800 x \$55 x 2 semesters = \$88,000
Average # of PT students per semester:	160 x \$15 x 2 semesters = \$4,800
Total:	\$92,800 (excluding summer semester)
Current revenue foregone	- <u>\$20,000</u>
Net new revenue	\$72,800

Fees that will not be covered by the student service fee are as follows:

- NSF fees
- Late payment fees
- Rush transcripts (fee would be lowered from \$20 to \$10)
- Courier costs for transcripts OR \$5 courier administrative fee

4. Facility/campus renewal fee

Currently, NSCAD does not levy a fee to defray the cost of maintaining its aging campuses. Research shows that several Atlantic universities charge a “facility/campus renewal fee.”

School	Facility/Campus Renewal Fee Levied
University of King's College	\$45 per semester
Dalhousie University	\$45 FT and \$15 PT per semester
Saint Mary's University	\$64 / 6 credit hours, \$32 / 3 credit hours
St. Thomas University	\$50 FT and \$5 PT / 3 credit hours

Two of NSCAD's campuses, Granville and Academy, were built in the 1800s. The university is faced with substantial deferred repair, maintenance and capital upgrade costs. Because of a lack of resources, the tendency has been to address maintenance in a reactive rather than a proactive manner.

RECOMMENDATION: NSCAD should charge a facility/campus renewal fee in the amount of \$45/semester for full-time students and \$15/semester for part-time students.

Revenue potential:

Average # of FT students per semester: 800 x \$45 x 2 semesters = \$72,000
 Average # of PT students per semester: 160 x \$15 x 2 semesters = \$4,800
 Total: \$76,800 (excluding summer semester)

5. Studio fees

NSCAD dedicates substantial resources to studio space for upper-year students. Indeed, NSCAD offers 65 studio spaces with more square footage per student than any other Canadian art school. The dedication of this space means less multi-use space for teaching other classes. A new user-pay fee would be used to maintain and improve the studio spaces including maintenance of the specialized equipment they require.

	OCAD University	ACAD
Studio/class fee	\$180/term	\$3 / \$6.60 / \$24.75 per 3 credits depending on area (plus materials)

RECOMMENDATION: Proposed fee \$175 per studio per term (specifically applied only to courses which provide students with dedicated space / resource, for example ARTS studio, weaving, film etc.) This fee would only be charged once, even though some students may take two or more studio courses per semester.

Potential revenue: \$22,750

Summary - Auxiliary and Ancillary Fees

Recommendations for the 2012-13 academic year:

- 1) Graduation administration fee - \$50
- 2) Technology renewal fee - \$10 per unit of credit (3 credit hours)
- 3) Student service fee – Combine several ad hoc charges into one combined student service fee - \$55 full time and \$15 part time per semester
- 4) Facilities/campus renewal fee - \$45 full time and \$15 part time per semester
- 5) Studio fee of \$175 per semester

NSCAD Proposed fees for 2012-2013							
	FT	PT	Fee For	Fee For	FT	PT	Total
	Students	Students	FT	PT	Revenue	Revenue	Annual
	#	#	Students	Students	Semester	Semester	Revenue
Graduation fee	232	-	\$50	-	\$11,600	-	\$11,600
Technology renewal Fee	800	160	\$50	\$10	\$40,000	\$1,600	\$83,200
Student Services Fee (Flat)**	800	160	\$55	\$15	\$44,000	\$2,400	\$72,800
Facilities Fee	800	160	\$45	\$15	\$36,000	\$2,400	\$76,800
Studio Fee	65	-	\$175	-	\$11,375	-	\$22,750
							<u>\$267,150</u>

** Replaces transcript fees, ID replacement fees, and late registration fees includes cost recovery on student counseling and career services

For the graduation, technology renewal and facilities fees, consultation sessions were held with students during the Fall 2010 and the three fees were approved at the NSCAD Finance and Property Committee meeting in December 2010. At that time, the government did not want NSCAD to proceed with the implementation of the fees due to the timing of the pending MOU. The government provided NSCAD with \$176,000 in lieu of implementing these fees in fiscal 2011-12.

NSCAD is one of the only universities in Canada that does not have ancillary and auxiliary fees beyond those for the Students' Union, student health and bus plan. NSCAD did not have any revenue generating (cost recovery) auxiliary and ancillary fees in place prior to the 2005-06 Memorandum of Understanding. As a result, NSCAD has been restricted in adding

fees that are standard at most universities. The absence of these fees has put NSCAD at a financial disadvantage. The Windsor report indicates that non tuition student fees for studio time, facility development and other services offer a potential revenue source for NSCAD

The Board Executive deems it a priority to enhance fundraising for scholarships and bursaries to assist students in financial need and offset some of the burden associated with implementing proposed new fees.

Summary Table of Tuition Adjustment and Fees		
	Undergraduate	Graduate
Base Tuition 2012-13	5,835	5,835
Tuition Reset	165	165
Graduate Differential	-	600
Technology Renewal Fee	100	100
Facility Renewal Fee	90	90
Student Services Fee	110	110
TOTAL	6,300	6,900
% Increase	8%	18%

Assumptions:

The fees above are for students taking a full time course load. Studio fees and graduation fees are additional and are based upon a user pay model.

Recruitment investment

NSCAD University is working with donors to enable an investment of \$400,000 of recently donated funds over the next five years to increase student enrolment by 10 per cent. Investment in admissions and enrolment enhancement is a high priority initiative for NSCAD. Efforts will be focused in markets where modest growth has been experienced in recent years particularly in the Greater Toronto Area.

Increased on-the-ground, in-market, direct student recruitment and related public relations activity form the foundation of the strategy. Building off heightened NSCAD brand recognition, student recruitment agents will be employed to augment efforts and services aimed at attracting prospective students. The initial investment will be used to establish NSCAD’s presence in target markets; subsequent investment needed to maintain a flow of students will be minimal.

Current total enrolment (2012) is 1,008 students, including 853 full-time equivalent students. By 2017, this number is projected to grow by 85 full-time equivalent students.

While NSCAD has experienced gains and losses over the years in its traditional Nova Scotia base, the university has reaped rewards where outreach effort has been directed: Asia, Latin America, and the provinces outside of Nova Scotia. Currently, NSCAD has one agent working actively in China and is in the process of signing two new agents to cover Brazil, China, Mexico and Central America. The university is developing pathway programs with its language school partner, East Coast School of Languages, and with the Nova Scotia International Student Program (NSISP). A pathway program allows a student to be accepted to both a high school or language school and a university (after successful completion of the former) in one step. Pathways allow the university to expand greatly recruitment and marketing activities through the complementary and joint efforts of these partners. It also guarantees a student will be enrolled in Nova Scotia schools for at least five years.

Target markets enrolments						
	2012	2013	2014	2015	2016	2017
Asia	60	65	70	75	80	89
Latin America	4	6	8	8	10	12
Other Int’l	36	36	39	44	47	50
Canada (non N.S.)	502	502	510	517	525	532
NS	410	410	410	410	410	410

RECOMMENDATION: In addition to current investments in recruitment, \$400,000 should be directed to enhancing recruitment efforts. Funds will be used for in-market trips, developing agent agreements, agent training, print collateral, translation, advertising, and incentive scholarships or competitions. Progress in achieving these targets will be monitored closely to ensure benchmarks are met on an annual basis.

Through this activity over five years, NSCAD will build a strong network of active agents and counselors and enhance the university's reputation and brand recognition. Once a strong foundation has been built, the university will be able to maintain recruitment effectiveness with more modest investments.

Outsourcing

NSCAD currently partners with several Nova Scotia universities on curriculum delivery and research and additional curricular collaboration is in development.

NSCAD outsources several student services functions to Saint Mary's University (residences and student health services) and Dalhousie University (residences, student career services, student psychological counseling services).

As advised in the Windsor report, NSCAD has entered into informal discussions with other Nova Scotia universities with respect to expanding outsourcing opportunities. This process involved sharing information with respect to costing on a number of administrative functions. Mount Saint Vincent University is a natural Nova Scotia partner because both schools share a common ERP system, Datatel. Preliminary discussions have indicated that there would be no material cost savings realized from outsourcing finance, IT, or human resources functions. Further investigation is required with respect to opportunities for cost efficiencies in the student accounts and registrarial services areas. NSCAD has a lean administrative staffing structure in comparison to the other Canadian regional art schools and other schools of a similar size in Atlantic Canada. Preliminary discussions with Dalhousie indicate there are no obvious cost savings from outsourcing opportunities or cost sharing beyond the collaborative projects being worked on by the interuniversity group.

NSCAD is part of Interuniversity Services Inc. (ISI), which has arranged shared costing arrangements for Novanet, employee benefits, office supplies, courier, building supplies, fuel, paper, copier etc. The university also has access to government and education sector pricing for telecommunications and software. As per the Tim O'Neill report, opportunities for shared services must be more aggressively pursued in order to reduce or stabilize costs.

The interuniversity group as a whole has been tasked with expanding shared procurement arrangements. The Nova Scotia universities have submitted joint proposals for feasibility studies to explore enhanced collaborations in a number of areas: shared data centre; defined contribution pension plan administration; consolidated spend analysis which could generate savings in the range of \$150,000 to \$200,000; and regional university records, archives and library services. NSCAD is fully on board with all of these initiatives if they will assist to reduce costs and add efficiencies and services for students.

ISI has also done a preliminary environmental scan for NSCAD regarding partnership and cost-sharing opportunities with the other Nova Scotia universities. The ISI report recommends that NSCAD postpone the search for bilateral arrangements in favor of participating in the joint exercise with other Nova Scotia universities to identify system wide efficiencies as outlined above. However, ISI identified a few potential small cost saving measures that it could assist with immediately such as facilitating discussions with

Mount Allison and St. Thomas on the possibility of NSCAD joining their collaborative data centre. NSCAD is currently exploring this opportunity with Mount Allison University. Finally, NSCAD has requested funding from the Excellence and Innovation Fund to undertake a comparative cost-benefit analysis of exploring a closer affiliation with Dalhousie University and Saint Mary's University.

Facilities

Overview

The Academy Campus consists of a heritage building, the Academy Building (totaling 23,944 sq ft), which is a three-storey structure with basement built in 1878. The second building, the Acadian Building (8568 sq ft), was added as an annex, a two-storey structure plus a basement developed in 1914. These buildings were valued at a range of \$1,200,000-\$1,650,000 in November 2011. Although extensive renovations were undertaken last year, the Academy Building requires the completion of basement sound studios and the Cineflux research centre. Second phase of construction renovations and expansion should also include installation of new passenger and freight elevators serving both the Academy and Acadian buildings, sustainability upgrades and retrofit of the Acadian building. The Academy campus also has the potential of creating additional space on the two adjacent parking lots.

The Granville Campus consists of 21 adjacent downtown historic buildings four to five stories in height, linked together with a gross area of approximately 135,000 sq ft excluding basements. These buildings were valued at a range of \$11,800,000-\$14,800,000 in November 2011. NSCAD University occupies the bulk of the area but 12,000 sq ft is leased to third party tenants. This campus has seen substantial sustainability and construction upgrades over the past two to three years including: roofing, energy efficient lighting, boiler replacement, natural gas conversion, façade restoration, wireless and wired network infrastructure upgrades, window replacements, interior classroom and lab renovations and structural repairs. Nonetheless, this campus has a growing list of outstanding deferred maintenance projects and does not meet accessibility standards. For the Granville campus to meet present-day building standards required for an educational institution, the cost is estimated to be \$15 to \$20 million.

The Port Campus contains a gross square footage of 72,000 sq ft and is four years old. This space is leased from the Halifax Port Authority for a 40-year period ending August 31, 2045. The total base rent of \$2.5 million for the 40-year lease was prepaid upon entering into the lease in 2007. Renovations and improvements totaling \$16 million were invested in the building and involved internal structural customization, sustainability upgrades and sound dampening. Further improvements should include additional sound management, insulation upgrades to the roof and sectioning areas off for more classroom space.

Short term

- 1) Extend the cursory space utilization review which has been done over the past several months into a full formal survey as requested in the Windsor report. A more detailed comprehensive space utilization survey of all three buildings could lead to moves where a positive return on investment is generated.
- 2) Maximize rental potential: The Academy Building's spaces are fully rented and the Granville Campus has one tenant space currently vacant. The plan in 2012-13 is to maximize the number of spaces available for rent on the Granville block by shifting academic departments, including moving two multi-media labs to the Academy Building and a painting studio to the Port Campus. Potential new annual rents in 2013-14 are estimated at \$166,000-\$200,000 for three new rental spaces in the Granville block.
- 3) Perform analysis: A detailed feasibility analysis could determine if a positive return on investment can be generated from moving the remainder of multimedia and photo spaces to the Academy Building creating a media hub; moving design to space now occupied by multi-media; moving the library to space now occupied by design; and renting out the prime downtown space that is currently occupied by the library.
- 4) Enhance campus signage.
- 5) Assess 24/7 access: The goal is to have the campuses open during high demand hours and to close during off-peak times, thereby managing risk and reducing costs.
- 6) Optimize space: When not in use by NSCAD programs, shops and studios could be rented to businesses and other educational institutions. As well, NSCAD's School of Extended Studies could offer more non-credit courses in the summer months.
- 7) Centralize student services: Amalgamate areas of service (store, print shop, service centre, library, student services, registrar's office, student accounts) where possible within the current space constraints to rationalize staffing and to better serve students.
- 8) Restructure and/or merge ancillary operations: for example, SEEDS Gallery and the NSCAD Art Supply Store.
- 9) Continue to review academic programs, which according to the Windsor report, would afford NSCAD the opportunity to evaluate its space requirements for potential economies.

Long term

Moving from the Granville Campus should be a high priority given the deferred maintenance costs and investments that would be required to bring the campus up to current building codes—an estimated \$15 to \$20 million. Moreover, consolidation of some of academic programs at a site near the existing Port Campus, or an expanded Academy Campus, or on a campus of another university (should an affiliation occur) will provide operational efficiencies and enhanced pedagogical synergies between academic programs.

There are a few encumbrances associated with the selling of the Granville Campus in the short term: a five-year obligation to stay in the facility due to the recent investments in infrastructure with federal funding (received through the Knowledge Infrastructure Program); and the need to have a completed facility elsewhere before a move can take place so that there is no disruption in the delivery of programs.

Based upon the outcomes of the comprehensive space utilization survey of NSCAD's three campuses, the newly mandated Campus Re-Development Committee of the Board of Governors will provide options for the relocation of academic programs from the Granville campus. In the past, these explorations have been limited to the following: a consolidated campus across from the Port Campus on the VIA Rail lands (NSCAD is currently looking at this opportunity informally with Atlantic Developments as part of VIA Rail's call for expressions of interest to develop this land); and a consolidated campus as part of a greatly expanded Academy Campus (initial estimates suggest NSCAD could locate much of its Granville programming by developing the parking lots and the Acadian building). Given that NSCAD is currently exploring closer affiliations with Dalhousie and Saint Mary's Universities, it makes sense that the Campus Re-Development Committee examines joint facilities as part of its explorations as well.

Innovation through Collaboration

NSCAD is firmly committed to offering the very best in visual arts education. One way of achieving this is through the development of innovative programs and services to students through collaborations with other peninsular universities.

To date, the Dean at NSCAD has met with six Dalhousie Deans and faculty members along with NSCAD Chairs and faculty in the areas of Architecture, Information Management, Business Administration, Academic and Computer Science, Craft, Design, Foundation Studies Media Arts, and Critical & Historical Studies. We have begun to explore synergies and collaborations in academic programming, credit transfers and certificate programs. Discussions have also commenced with Saint Mary's University on joint programming, marketing and the fiscal viability of jointly offered pilot online courses. NSCAD's Registrar, along with her counterparts from the peninsular universities, have also begun an exploration as to how to achieve a more seamless process for students to move between institutions.

NSCAD's new Institute for Applied Creativity will provide yet another avenue for collaborations with peninsular universities and the Nova Scotia Community College in research and program development across a host of academic disciplines including Architecture, Engineering, Computer Science, Medicine, Art, and Design to name a few. Funded entirely by industry and corporate investments, and loosely modeled after the Media Lab at the Massachusetts Institute of Technology, the Institute will assist NSCAD in leveraging its innovation potential. This will be achieved by adding to research capabilities and by increasing possibilities for collaboration with businesses, institutions and other entities in the arts and the non-art world. Building upon NSCAD's excellence in research, the Institute will produce social, cultural and commercial innovations by fostering creative collaborations between students, faculty, government, other centres for higher education, and the broader community.

Further to all of the aforementioned initiatives, a number of positive high-level discussions involving NSCAD's President, board representatives, and the provincial facilitator Dr. Dan O'Brien, have taken place with the presidents of both Dalhousie University and Saint Mary's University. The purpose of these discussions was to explore if and how a closer "affiliated" status between either of these institutions would be beneficial from both a financial and academic perspective to NSCAD and the other institutions as requested by the Windsor report.

During the course of those conversations, many programmatic synergies were identified with both institutions. Based upon these preliminary meetings, it is clear a more detailed analysis and study must be undertaken with each prospective institution to properly assess potential benefits to NSCAD in terms of financial savings, academic program synergies and other benefits. The Board of Governors has directed that any affiliated status with either Dalhousie or Saint Mary's University preserves the independence and autonomy of the

institution from a governance, curricular, and financial perspective; this is also the preferred model of affiliation expressed by both presidents of Dalhousie and Saint Mary's Universities.

RECOMMENDATION: NSCAD should develop a mechanism for continued investigations into a possible “affiliation” with Dalhousie University and/or Saint Mary's University. The presidents of both Dalhousie and Saint Mary's University have written to the Minister expressing their support for this process. Funding will be sought from the Nova Scotia Excellence and Innovation Program to hire a consulting firm to lead these investigations. This will allow for an objective process that would explore potential financial savings, opportunities for joint facilities, and potential academic synergies of benefit to each institution. A team of individuals with relevant expertise in finance, facilities, and programming from each institution should meet regularly over the coming months to assist the consulting firm in its work.

Academic Council's recommendations on long-term programming and the comprehensive space utilization study must play a pivotal role in these explorations.

Human Resources

Union concessions

NSCAD's current collective agreements with FUNSCAD I (Faculty) and FUNSCAD II (Technicians) expire on December 31, 2012. NSCAD administration approached FUNSCAD I to request the extension of two clauses in the collective agreement: to suspend the faculty complement clause and to implement a wage freeze to June 30, 2015.

FUNSCAD I has rejected administration's request, but has tentatively agreed to enter into an expedited bargaining process with the objective of reaching new agreements with FUNSCAD I and FUNSCAD II to December 31, 2015. NSCAD administration has requested that any proposals received from the union should not increase costs in either the short or long term. The Framework for Sustainability does not include the results of this recent round of collective bargaining as this process is ongoing.

Workforce restructuring

The Framework for Sustainability includes the implementation of workforce restructuring and the contraction of staffing in a number of areas across the university. This plan will permanently compress 15 to 17 per cent of the NSCAD workforce distributed across all areas of the university. The majority of the restructured positions will not be replaced.

NSCAD's cash flow challenges began when the Port Campus was constructed in 2006-07. More recently, NSCAD's financial challenges were further complicated by two years of cuts to the provincial operating grant, rising compensation costs and the increasing faculty complement.

Approximately 76 per cent of NSCAD's revenue is expended on employee compensation costs. Of these compensation costs, 73 per cent is associated with unionized employees. In recent collective agreements, unionized employees were entitled to both step (2.5-3.5%) and scale (3%) increases each year totaling an average increase of 6 to 7 per cent year over year. Bill Hogg's report to the Department of Education cited academic salaries as a concern at NSCAD, pointing out that they increased by more than 15 per cent over a two-year period. Moreover, NSCAD's multi-disciplinary studio-based education model is costly to deliver. That, combined with limited cash reserves and operations in 100+ year-old facilities that were not designed nor suited for university curriculum delivery, is why NSCAD has not been able to get ahead of its deficit issue. NSCAD requires a structural overhaul to restore financial stability to the university.

In order to achieve both short-term and long-term sustainability plans, it is imperative that NSCAD contract its employee workforce. NSCAD has approximately 150 full-time employees as well as part-time instructors, student and casual workers. NSCAD has three unionized groups: FUNSCAD I, representing faculty; FUNSCAD II, representing technicians; and NSGEU representing custodial and support staff and non-unionized administrators. The staff composition and costs based on the 2011-12 budget are as follows:

NSCAD		
Staffing and Compensation Table		
Group	#FTE	Total Compensation
FUNSCAD I	47.5	\$5,335,734
FUNSCAD II	28.5	\$1,760,400
NSGEU	44	\$1,866,950
Administration	30.5	\$2,489,321
Part Time Teaching		\$1,829,593
Student and Casual		\$469,523
	150.5	\$13,751,521

NSCAD has one of the oldest workforces of all of the universities in Nova Scotia. Of the 150.5 full-time employees, 50 per cent of faculty members are over the age of 55 and, overall, 35 per cent of all employees are over the age of 55. This presents an opportunity for NSCAD because the university is undertaking a full academic and curriculum review, which will ultimately result in a reduction of the number of courses offered at NSCAD.

NSCAD was required to add seven faculty during the past five years due to a complement clause in a former collective agreement. Since these faculty additions occurred during a period of flat enrolment growth, they were a contributor to NSCAD's classes being under capacity. As indicated in the Academic section of this report, recent enrolment data suggests that 50 to 60 per cent of courses offered are significantly under enrolled.

Comparisons with Canada's three other fine art universities reveal NSCAD's class sizes are the smallest. Although small class sizes, a low student-faculty ratio and a low student-technician ratio are competitive advantages, a contraction in NSCAD's workforce is possible without a significant impact on the quality of education delivered.

Staff Composition of NSCAD Employees 55 Years +	
Group	#FTE
FUNSCAD I	26
FUNSCAD II	8
NSGEU	9
Administration	9
	52

NSCAD needs to strategically restructure its workforce to achieve a balanced budget and long-term sustainability. In clause 9 of the MOU between the Province and the Nova Scotia universities, it was indicated that the University Excellence and Innovation Program may provide an investment to support universities in their efforts to remove costs and to achieve ongoing cost reductions while maintaining quality. The Windsor report also states “the government must be prepared to use incentives to create change.”

In the last round of collective negotiations with FUNSCAD I in the fall of 2011 the faculty complement clause was suspended until December 2012. This provides the school with a window of opportunity to permanently reduce the faculty workforce. The existing complement clause is suspended until a new collective agreement is put in place or the parties are in a strike or lockout position. The complement clause does not “reset”; it becomes whatever the parties agree to in the next collective agreement. As outlined in the Windsor report, the suspension provides NSCAD with an opportunity to reduce salary costs over the medium and long term but could also bring short term spending pressure to cover severance and other payments. The report goes on to say that the suspension may also afford a good opportunity to review NSCAD’s programs.

The faculty union has very stringent layoff clauses and, thus, offering severance to this group would be challenging. The best approach to reduce NSCAD’s faculty workforce is to use early retirement incentives. Since 50 per cent of NSCAD’s faculty and 35 per cent of the workforce overall are over 55 years of age, it is reasonable to believe that 14 employees could volunteer for early retirement incentives which are generally well accepted by the employees. The remaining 12 employees will receive severance packages. The majority of these employees will not be replaced and those that are replaced will be at lower salary levels. This workforce restructuring will take place during fiscal 2012-13. This will be a stressful time for everyone at NSCAD. A well organized and easily accessible outplacement strategy will be critical to the reputation of the university and perception by the employees, students and other key stakeholders. NSCAD will employ the services of our Employee Assistance Plan (EAP) Provider, Shepell-fgi, to assist employees through this transition. The services will include facilitating career counseling planning and management, resiliency coaching, financial support services, and retirement planning.

As seen in the table below, this workforce restructuring will cost \$1,564,209 and will generate annual savings of \$1,648,647 in the first year and the years to follow. This plan will contract the full-time workforce at NSCAD by 26 FTE or 17 per cent. This table does not include the impact of the recent announcement of NSCAD’s President. Further reductions in the NSCAD workforce through natural attrition will also occur over the next three to four years.

Employee Restructuring Table						
	#FTE	# Replaced	Severance	Early Retirement	Annual Net Compensation Savings	ROI
	26	4	210,690	1,564,209	1,648,647	1.07 years

Fund Development

Although frequently overlooked, private support for NSCAD has averaged over \$1 million in private cash support for the fiscal years 2007-2008 to the present. In the current fiscal year, \$2.4 million, the largest single private gift in the university's history, along with a companion benefaction of \$1 million, have been received. Both gifts are restricted and conditional on the university's continued autonomous governance.

Combined with \$4.49 million (exclusive of extant pledges) received in private cash gifts since fiscal year 2007-2008, the university has recorded \$7.89 million in private support over the course of five full fiscal years plus the current fiscal year in progress. For a university without a functioning development committee of its board until 2008, nor systematic alumni record tracking until 2007, NSCAD has accomplished exceptional fund development progress in a relatively concentrated period. Further to highly affirming cash results, \$390,000 remains in the pledge pipeline and will be replenished commensurate with fundraising on a campaign basis.

Annual fundraising

In addition to cash results, the number of donors to the university has increased by 20 per cent in 2011-2012 over 2010-2011. Donor participation growth parallels a transition in focus from capital to annual fund development following wind-up of the university's capital campaign in 2010.

In 2011, annual fund development was stimulated by increased use of electronic media and strengthened volunteer leadership tasked specifically with widening the university's donor base. This job was facilitated by improved prospect contact record-keeping initiated during the capital campaign.

Effective with the current fiscal year, the university's annual fund operates under the "NSCAD NOW" brand. Almost \$70,000 has been received to date for NSCAD NOW priority purposes including the Anna Leonowens Gallery, library, student assistance, community residencies, and areas determined to be of "greatest need" by the administration.

Critical improvements underway in support of NSCAD NOW will continue to strengthen donor participation as relationships are stabilized and deepened in the months and years ahead. This is consistent with the Windsor report which identified additional alumni donations as an area of revenue growth for NSCAD.

Undesignated giving

Paralleling the growth in donor numbers during the current fiscal year is a willingness by donors to permit their gifts to be applied to “area(s) of greatest need.” The flexibility allowed by donors to apply their gifts where they can accomplish the greatest good can provide a heretofore undervalued resource for the university’s Finance Office.

NSCAD NOW gifts to “areas of greatest need” total \$17,455 for the current fiscal year (approximately 25 per cent of projected annual fund total). With promotion geared to increase undesignated giving over the coming five-year period, it is reasonable to project average annual undesignated income of \$25,000 commencing in the 2013-2014 annual fund year following a one-year lead-in period (2012-2013).

Once undesignated giving reliably yields \$25,000 annually, the amount can be stepped up in concert with giving priorities for the time. Undesignated giving has an important role to contribute to any development program, although the convention is to convert undesignated donors over time to special purposes. The conversion to special purpose gifts is pursued because designated gifts are typically contributed in larger amounts.

Giving for Student Assistance Purposes

A significant share of gifting to NSCAD over time has been donor designated to student scholarships and bursaries. Over the five-year period 2007 to 2012, a total of \$1.36 million has been applied to endowed student awards purposes. The average annual pattern of giving to the student assistance priority has been relatively steady at \$275,000.

The availability of an established student awards giving stream can contribute to and buttress the university’s student recruitment priority discussed earlier in this report. Strengthened focus on a strategic approach to fundraising for scholarships and bursaries, convincingly coupled with student recruitment and retention targets, could, without additional financial investment, yield average giving of \$300,000 annually, and with modest investment, yield \$325,000 or more annually within two years.

Future Support

Scanning forward from 2012 to 2017 and assuming a stable operating environment conducive to the implementation of capital fundraising on a campaign basis beginning in 2014-2015, private cash results are conservatively forecast to yield \$10 million in the following pattern:

2012-2013	\$900,000
2013-2014	\$1,300,000
2014-2015	\$2,000,000
2015-2016	\$2,600,000
2016-2017	\$3,200,000
<u>Total</u>	<u>\$10,000,000</u>

Authors

This report has been authored by NSCAD University senior administration – David B. Smith, President, Sharon Johnson-Legere, VP Finance and Administration, John Mabley, VP University Relations, James Moy, Provost, and Christine Holzer-Hunt, Dean, with the support of the “Windsor” committee of the NSCAD Board of Governors (Chaired by Grant Machum) and Dan O’Brien, facilitator to NSCAD University for the Province of Nova Scotia. Feedback for the development of this report was provided by Academic Council, senior administrators and through consultation sessions involving alumni, students, faculty and staff.

Summary Financial Analysis

Preamble to Financial Analysis

The following financial models are predicated upon a number of assumptions and rely upon factors and decisions that rest with the Province of Nova Scotia. As such, some of the specifics contained within each of the models may change as new information becomes available. NSCAD's Board of Governors and senior administration are fully committed to working with the Province in both the short and long term to further refine and implement all necessary measures to ensure the financial sustainability of NSCAD University.

As with any financial modeling involving projected data beyond a year, the models outlined below include many assumptions and estimates. This is particularly true for the years 2015-16 and 2016-17 since much can change in a three to five-year time frame.

Further, the models in this plan do not include the five items listed below. They are in the very early stages of planning and, thus cost savings and revenue generation are difficult to ascertain. However, it should be noted that if these initiatives were implemented, deficits would be further reduced in the latter years of the plan.

- 1) It is reasonable to contemplate that NSCAD will move out of the Granville campus at the end of four or five years. This could be the result of an affiliation with another university or the launch of a capital campaign to offset the costs of a new building. At this time, it is difficult to estimate the operating cost efficiencies, moving costs, and/or new rents and capital costs activated by a move to a new facility.
- 2) NSCAD plans to launch on-line course offerings by the fall 2014. This initiative is in the early stage of development and, as such, neither the start-up costs nor the revenue is included in the modeling.
- 3) Nova Scotia's universities are in the early stages of developing new collaborations for outsourcing, procurement, and shared services. NSCAD intends to partake fully in all arrangements which will save money for the university and enhance services for students.
- 4) NSCAD has had recent success in fundraising and will continue to focus efforts on raising funds to mitigate the Port loan. It is not unreasonable to estimate raising an additional \$1 million over the next five-year period specifically earmarked for reducing the Port loan.
- 5) The Department of Labour and Advanced Education has indicated it intends to revisit the funding formula for Nova Scotia's universities. At this time, it is impossible to predict what impact changes to the funding formula will have on NSCAD's five-year sustainability plan. The Windsor report signaled the funding formula review and subsequent changes may not benefit NSCAD and, as such can't be counted on to reduce deficits. It is simply too early to predict the outcome of these proceedings.

Status Quo Model

If NSCAD continues with the status quo, the deficit will be \$2.5 million in fiscal 2013-14 and it will climb to \$4.86 million by 2016-17, assuming a further three per cent decrease in the provincial operating grant for 2013-14 and no increases thereafter for three years. This model assumes a two per cent drop in enrolment in 2013-14 and then steady enrolment combined with a three per cent tuition increase each year. Finally, this model assumes the new fees for facility renewal, IT renewal, and graduation are implemented. (Last year, the Department of Labour and Advanced Education did not permit NSCAD to move forward with these fees and chose to advance the \$176,000 in revenue associated with these fees).

The Status Quo Model also assumes modest wage increases of three per cent (including Step and COLA) each year as well as no attrition. Most non-salary costs have been escalated in this model by three per cent each year with the exception of utilities, which have been escalated by seven per cent each year. This model also encompasses search costs for a VP Academic and President.

Model A

Model A assumes that NSCAD will not be approved for any ERIP funding under the Nova Scotia Excellence and Innovation Fund nor will the University receive approval from the Province to reset tuition or establish new fees. It does assume, however, that the Province will continue to fund the three new fees (graduation, technology and facilities) that the University was not able to proceed with in fiscal 2011-12 totaling \$176,000 as well as the facilities grant of \$1.9 million.

Model A assumes the provincial government grant would begin to increase by two per cent in fiscal 2015-16. As well, the model assumes an increased rental footprint at the Granville campus, generating \$166,000 in new rent revenue starting in 2013-14.

This model assumes the natural attrition of five employees with no replacements. Model A also incorporates the reduction of per course teaching positions, totaling \$285,000, and the elimination of one VP position for a saving of \$50,000 per year. This model also encompasses search costs for a new VP Academic and President.

In Model A, many expense areas are cut or frozen: travel, office supplies, printing, special events, repairs and maintenance, Granville campus alterations and renovations, library, technology (restructure student labs), and professional services. Model A includes a lower increase in utility costs (five per cent) because of recent energy conservation initiatives. As in the Status Quo Model, modest wage increases of three per cent each year and the cessation of credit card usage (a saving of \$37,000 a year) are incorporated.

Model A assumes ancillary operations, including SEEDS, the School of Extended Studies and the Art Supply Store, break even.

Finally, Model A assumes \$3 million of the recent \$3.4 restricted donations will be used to reduce the Port Campus loan, which will subsequently be refinanced. This will reduce the annual debt servicing costs by \$250,000 per annum. In addition, \$400,000 of the restricted donation will be directed to enhance student recruitment initiatives and as a result, enrolment is projected to increase by 85 full time students by 2017.

With these changes, the 2012-13 deficit drops to \$1.453 million and to \$1.724 million in 2016-17. This is a significant improvement from the Status Quo model.

Model B

Model B builds upon Model A but includes assumptions made about new student revenue sources as well as financing to assist with attenuating the costs of workforce restructuring.

The Model B assumes new student services and studio fees. These fees are consistent with those charged by other fine art schools in Canada. Model B also assumes a tuition adjustment of \$82.50/per semester, a modest tuition differential between the undergraduate tuition and graduate tuition, and an overload charge for those students taking six courses per term. In total, these changes could generate \$166,000 annually in new tuition revenues and \$90,000 in new fee revenues (in addition to the \$176,000 in fee revenue outlined in Model A). This model assumes an increase of 85 new full-time equivalent students over the five-year period as a result of a new investment of \$400,000 into recruitment efforts.

This model encompasses a contraction of 26 FTE through workforce restructuring. Finally, Model B assumes that the Port loan will be reduced by one-third using the proceeds of a restricted donation. This model generates a significantly reduced stable deficit budget of ranging from \$236,000 to \$259,000 for the five-year period ending 2016-17.