

NSCAD Sustainability Plan

NSCAD University - Nova Scotia College of Art + Design

July 9, 2014

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

Executive Summary

As NSCAD heads into its 128th year, it is critical that the university continues to move toward short and long-term sustainability. NSCAD is one of four regional art schools in Canada and one of 41 in North America. NSCAD is the only independent art school east of Toronto and is an important part of the cultural vibrancy of Halifax. The Board of Governors and all stakeholders 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.

This sustainability update report is provided in response to a request from the Nova Scotia Department of Labour and Advanced Education.

We are pleased to report that the following specific recommendations contained within the Windsor report have been addressed:

- Several collaborative system arrangements with other post-secondary institutions are well underway. NSCAD University is an active participant in the shared library repository project, the spend radar initiative, the shared IT services project, the transfer credit portal project, the joint application process and is the lead on the joint international recruitment project. NSCAD is also involved in a number of research collaborations including the new sandbox initiatives as well as in development of new joint programs with Kings University and the NSCC.
- ATN Consulting Group has concluded the feasibility study on affiliation with either Dalhousie University or Saint Mary's University. Essentially the study was unable to demonstrate that affiliation would result in short, medium or long term cost savings for NSCAD. Further the study was unable to demonstrate that program synergies would flow at a faster rate than synergies that might be achieved through mutual collaborations. Therefore the Board of Governors has adopted a resolution to discontinue formal affiliation discussions with Dalhousie University or Saint Mary's University. We will however continue efforts to seek collaborations with both universities as appropriate. (Please find enclosed the final report from ATN Consulting Group).
- A comprehensive review of NSCAD's space utilization and options for NSCAD facilities for the future has been completed and the final report has been issued. The NSCAD Board of Governors approved a direction for NSCAD facilities on July 4, 2014 in which NSCAD retains the Granville campus for at least another 8 years, until the mortgage is fully retired, at which time further review will be conducted. NSCAD has recently received a significant donation which will enable needed upgrades and enhancements to the Granville campus.
- A reduction in the NSCAD budgeted cash deficit from \$2.4 million in 2011-12 to \$691, 980 in 2014-15. NSCAD is continuing to work towards a balanced cash budget and has compressed its workforce by 7.0% since the beginning of 2011 and has also absorbed a 10% provincial operating grant cut of \$815,477.
- NSCAD has developed options that will move the institution toward financial sustainability by 2016-17 or earlier. As investigations into programs, curriculum, facilities, and collaborations continue over the coming months, further financial savings and academic benefits to our students are expected to 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 enhancing possibilities are also explored in this report in regards to student tuition and fees; growth of the university's fund development outreach; and rental income from the ground floor of the Granville Campus.

The university has received restricted private gifts of \$400,000 for strategic student recruitment initiatives. This investment along with participation in the EIF funding for international recruitment has resulted in an intensification of recruitment efforts and has facilitated the introduction of a new array of recruiting initiatives (new recruitment software including an online application, re-branding and associated website and marketing materials update, recruitment via social media, a re-focus on Canadian recruitment, and faculty in schools recruitment). As a result, NSCAD University is feeling bullish on its conservative enrolment growth projections.

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Introduction

NSCAD is committed to systematically reducing its debt, reducing costs through program and service efficiency enhancements, generating new revenue sources and building enhanced partnerships with other Nova Scotia post secondary institutions as part of comprehensive short and long-term sustainability plans. Guided by the results of the strategic re-visioning initiative, NSCAD's overarching multi-faceted Sustainability Plan involves freezes in a number of budget areas, a gradual reduction in the workforce through attrition, continuing academic program reviews, assessment and development, a realignment of student-generated revenue and fundraising initiatives. It also includes strategic investments in recruitment and curriculum collaborations to build new sources of revenue for the university.

Since the initial Framework for Sustainability plan in 2011, NSCAD has successfully reduced its budgeted annual operating loss by \$1.7 million while also adjusting to a cut in provincial funding of 10% or \$815,477 and at the same time absorbing enrolment declines of 14% or 115 FTE students over 4 years. This has occurred by increasing rental revenues, tightly managing operating budgets and by a reduction in the workforce through natural attrition of 9.3 positions or 7.0%.

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 three years of cuts to the provincial operating grant amidst rising compensation costs. Compensation costs represent 70% of NSCAD revenue. Moreover, NSCAD's multi-disciplinary studio-based education model is costly to deliver. NSCAD is in the process of a gradual structural overhaul to restore financial stability to the university.

NSCAD's Strengths and Value to Nova Scotia

- 1) NSCAD is a niche university offering a full spectrum of fine arts and design programming. It is one of a kind east of Toronto. NSCAD has no duplicate programming with other Nova Scotia universities.
- 2) NSCAD recruits creative students from Nova Scotia, Canada and around the world who upon graduation, take their place in society and make significant contributions to the creative and knowledge economy as cultural producers, innovators, entrepreneurs and problem solvers. NSCAD has a direct tie to the JobsHere Strategy "the creative sector is a big contributor to the economy in Nova Scotia and to our quality of life". A recent Hill Strategies Report found there are 3,740 artists in Nova Scotia and 14,980 cultural workers. In 2006, NS ranked 5th in the country for the number of artists as a percentage of the workforce. NSCAD graduates work in Nova Scotia's museums, galleries, web

design, film, product design, animation, video, fashion, publicity, marketing and new media.

- 3) NSCAD graduates not only work in creative economy jobs, they create them. The percentage of Canadians working in the culture sector who are self-employed (26%) is more than twice as high as the percentage of self-employed people in the overall economy (12%).

The 2011 NSCAD alumni survey by Corporate Research and Associates found 40 percent of NSCAD graduates identify themselves as entrepreneurs and 87% rated their NSCAD education as extremely or moderately relevant to their career.

- 4) NSCAD offers studio based learning, which integrates the four principal missions of NSCAD—teaching, research, artistic practice and community service—and delivers an active learning experience that encourages integrative thinking and discovery, team work, peer learning, ad hoc collaboration, and a culture of inquiry and engagement. NSCAD also offers a wide range of other learning options including lectures, credit and non-credit workshops with over 1,700 registrants per year, seminars, research projects, community service, extended studies (diverse and life-long learners), certificate programs, studio residencies, and on-line and blended learning. NSCAD is poised for increasing enrolments through new course and program development to maximize our ability to most productively engage with our pedagogical and research partners in Nova Scotia, Canada and abroad.
- 5) A fine arts university like NSCAD has a unique vibe and attracts a cohort of students who want a more creative and edgy environment. Our 2013 NSCAD survey demonstrated that many NSCAD students would have either not attended university or would have attended an alternate fine arts or arts and design university had NSCAD not been an option.
- 6) NSCAD has been a degree granting institution at the undergraduate level since 1969 and at the graduate level since 1971 (in both cases the first in Canada), and enjoys an excellent reputation both nationally and internationally.
- 7) NSCAD has 30%-35% of enrolment from out of province students and a growing international student contingent. NSCAD has high retention rates as compared to other Nova Scotia universities.
- 8) Among the other four independent institutions of Art and Design, NSCAD was the early leader in recognizing the potential of expanded forms of research in universities of art and design and also in identifying and acting on the potential for the development of interdisciplinary initiatives with non-art and design discipline areas. In turn, these other disciplines including anthropology, medicine, psychology, computer science, communication studies, geriatrics, pharmacology, agriculture, architecture, engineering, among others, shared a reciprocal interest and have enriched education and research at NSCAD as we have partnered locally and across Canada. NSCAD was the

first independent university of art and design to be awarded a Canada Research Chair: Contemporary Film and Media Studies. The Canada Research Chair program has allocated two further CRC placements to NSCAD. NSCAD will be undertaking a search for a Canada Research Chair: Interactive Media and a Canada Research Chair: Digital Materiality for start dates of January 1, 2016. Current research projects, housed in or associated with Centres and/or Institutes include Design for Healthy Aging; Cineflux: A Centre for New and Emerging Film and Media Arts (Movita; Virtres (the development of focus-puller technology. This faculty research project at Cineflux has now moved to the commercialization phase with a major investment by a private partner); and the Institute of Applied Creativity. The Institute of Applied Creativity (IAC) was recently awarded a large grant to invest in technology to facilitate inter-institutional collaborations for immersive design and rapid prototyping. Planning is underway for a Centre for Materials and New Technologies as well as a collaborative Centre for Cultural Archives and Collections expected to develop in partnerships with other HRM universities. NSCAD faculty researchers currently hold research grants from GRAND, National Centre of Excellence in partnership with 26 universities across Canada, GRAND NCE AD-NODE in partnership with Emily Carr University of Art and Design (Vancouver) and the OCAD University (Toronto), Canadian Institute for Health Research (CIHR), Canada Council, Social Sciences and Humanities Research Council (SSHRC Connection, SSHRC Insight, SSHRC Standard), Canada Research Chair program, and the Aid to Small Universities program which has supported Cineflux research over the last six years.

Vision and Mission (Currently Under Review)

“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 2009-2011 (under review)*.

In fulfilling the vision, NSCAD has a commitment to:

- Solidify its position as Eastern 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 Nova Scotia’s creative economy;
- 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 intends to maintain the programs that have made it known internationally, carefully developing new program and enrolment options and making strategic investments in national and international recruitment markets. During the period 2011-2014, NSCAD completed a review of all its academic programs. Using NSCAD's Quality Assurance Program (developed in association with the Maritime Higher Education Commission, each program review consisted of a comprehensive Self Study and an External Review conducted on site by experts in their various fields. Reviews were completed in all undergraduate programs in Fine Arts, Media Arts, Craft, Art History and Critical Studies, Foundation and Design. In addition, graduate MFA, MDES, and PBAC programs were also reviewed. Further, in 2014-2015, the Office of Academic Affairs and Research will complete an overview of all of NSCAD's reviewed programs in order to create a comprehensive report and document which will be used in program development and in ensuring that the results of the Self Studies and External Reviews are incorporated into NSCAD's curriculum. New programs will be introduced when there is evidence of demand, particularly in the area of collaborative programming. Likewise, programs may be scaled back or discontinued should enrolments decline substantially or should such be recommended in the normal program review process. The overarching goal is to achieve necessary economies while maintaining NSCAD's instructional excellence and service to students.

The Windsor report recommended a review of NSCAD's programs and curriculum, now completed, as above. The O'Neil report suggested that reducing NSCAD curriculum offerings would help relieve costs. Since 2011, NSCAD has reduced the number of courses and continues to strategically monitor all course offerings. NSCAD timetables on a four year basis to assure that students are able to complete their program requirements within the projected degree time periods. In the 2012-2013 academic year, NSCAD completed a review of the last five years of course offerings which confirmed that the university was consistently offering the necessary required courses at the appropriate times to allow students to meet curriculum and program requirements within the 4 year model. This model continues to be maintained.

In early 2012, Academic Council considered an ad hoc committee's draft document responding to the Vice President Academic and Provost's report which summarized broader NSCAD community response to the Windsor Report. Academic Council passed a motion to create a sub-committee tasked with carefully assessing both short and long-term curriculum and programs options. The sub-committee report was delivered to Academic Council in early 2012 and adaptations have been ongoing through 2013 and 2014 and will continue as required.

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

Immediate changes being implemented include:

- 1) Monitoring the number of courses taught by part-time faculty in relation to full-time faculty.
- 2) Where space and Occupational Health and Safety requirements allow, course limits will be set to 110 per cent capacity to account for anticipated attrition.
- 3) NSCAD has historically merged sections of some course offerings and has expanded this practice with a goal of full enrolment. Where it is possible to do so and not negatively impact the ability of students to complete their degree requirements on a 4 year timetable, core courses will be offered less frequently. Where it is possible to do so, under-enrolled courses now offered once a year have been and will be scheduled once every two years.
- 4) More senior faculty members are engaged in teaching first- and second-year courses than historically was the case. Experience suggests that when students have the opportunity to engage at that level with senior faculty from a particular discipline or program area, enrolment in relevant programs increases.
- 5) Increased investment in recruitment has focused on identifying more specific target markets, in keeping with NS's international student recruitment efforts, expanding international agent networks and portfolio days. NSCAD has invested in a new on-line contact and application system which has resulted in demonstrably increased interest in NSCAD programs.
- 6) Innovative methods of course delivery are being developed, including interuniversity collaborative teaching and online offerings. In particular, it is expected that online course delivery can be expected to generate new sources of revenue for NSCAD.
- 7) NSCAD's timetables are developed on a 4 year model across program areas, strengthening retention by enabling students to plan their course selections for the duration of their program.
- 8) Extended evening and weekend studies programs remain areas for revenue growth.

Longer term plans – Years Two and Three:

- 1) NSCAD has a long history of involvement in collaborative curriculum initiatives such as the delivery of the art education component of MSVU Bachelor of Education Program and an initiative developed, but not yet implemented, between NSCAD and Dalhousie whereby Dalhousie architecture students will access NSCAD's Foundation program and the NSCAD Port campus facility. These collaborative initiatives have been furthered by recently signed transfer programs in Film, Photography and Design between NSCAD and NSCC. Students who choose this option will earn the NSCC diploma and a NSCAD degree in the relevant discipline at the completion of their studies. The two institutions continue to collaborate to develop options for students in addition to the block transfer possibilities. For example, we are jointly working with NSCC to introduce selected integrated programs. Such integrated programs will enable students to study between the two institutions in an individualized program. It is expected that more students will choose the diploma/degree block credit option or the individualized program

option as the programs are more established and promoted. NSCAD and Kings have established avenues by which NSCAD students can complete a minor in journalism by completing courses at Kings and King's students can complete a minor in photography by completing courses at NSCAD. Longer term planning continues to develop a joint NSCAD/Kings photo journalism program. Starting in the fall 2015, it is anticipated the joint program will generate new enrolments of 15. NSCAD continues to seek ways by which students at any of the HRM universities can access NSCAD's exceptional programs in Art History, Critical Studies, Film Studies and Art Education (NSCAD is a long-time member of the interuniversity Film Studies Minor).

- 2) The School of Extended Studies continues to develop course offerings to provide professional development programs in a range of areas including entrepreneurial studies for artists. The School of Extended Studies is also partnering with SMU and other significant partners to develop programs which will include Leadership by Design to be offered as a blended learning option (on site and on-line learning). All are expected to significantly increase the number of Extended Studies students at NSCAD.
- 3) Now that NSCAD has completed all of its Academic Program Reviews, a Self Study and an External review process will be put in place for a similar review and assessment of academic service areas including the Library, Technology Services and Student Services, as examples.
- 4) The Reviews of academic program areas will help guide future academic direction including reviews of majors and minors.
- 5) A number of early Reviews in NSCAD's Quality Assurance Program identified the need to review the merits of the BFA Interdisciplinary program and a sub-committee of Academic Council has been meeting for this purpose.
- 6) Where relevant, NSCAD's Quality Assurance procedures have assured that consultants from local business and industry are engaged to determine how NSCAD programs are meeting education/training requirements and, as appropriate, to determine how particular programs align with employment options in the Nova Scotia economy.
- 7) Continue to review policies to facilitate increased credit transfer students from other post-secondary institutions.
- 8) Revisit the possibility of additional academic programming, including some, as with NSCAD's BA in Art History, with alternate entrance requirements and more limited class hours, to accommodate students from peninsular universities who wish to take advantage of fine arts programming.
- 9) The Division of Art History and Critical Studies continues with the development of a Master of Arts, Art History and Critical Studies.
- 10) Undertake a full analysis of the campuses' technical resources to identify training requirements related to new technologies.
- 11) Strategically plan faculty allocations resulting from retirements, enrolment shifts and programming.

Tuition and fees

The Windsor report suggested 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, a course overload fee, and graduate degree tuition differential 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. In many respects, (studio based delivery) NSCAD’s programs are similar, cost wise, to science programs in mainstream universities. 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	ARTS	
	Low	High
Acadia	\$6,166	\$7,488
Universtié Sainte-Anne	\$6,365	\$6,365
Dalhousie	\$6,785	\$7,727
Mount St. Vincent	\$6,248	\$6,522
St. Francis Xavier	\$5,662	\$6,983
Saint Mary’s	\$6,283	\$6,922
University of King’s College	\$6,785	\$8,446
Cape Breton University	\$6,376	\$6,376
NSCAD University	\$6,180	\$6,180
AVERAGE	\$6,317	\$7,000

PROPOSED TUITION ADJUSTMENT		
NSCAD rate in 2014-15	\$6,180	
3 % Increase (Assuming Prov Govt Approval)		+ 3%
	\$186	
\$82.50 Tuition adjustment per semester		+2.8%
	\$165	
Proposed rate for 2015-16	\$6,530	

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

Based on the 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 \$6,530 per year including the recent three per cent increase. This rate is more in line with the provincial average of \$6,659 and will generate an additional \$136,000 in annual revenue.

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 \$654/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 \$10,000 in annual revenue.

Graduate program 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 was determined that graduate tuitions tend to be higher than undergraduate tuitions—any where 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 20 per cent higher than undergraduate tuitions (\$7,836 for two graduate semesters compared to \$6,530 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.

Recruitment investment

NSCAD University received a donor investment of \$400,000 over four years which has been used to assist in increasing student enrolment by 10 per cent. In addition NSCAD was successful in its application for the multi-university international recruitment initiative as noted in an earlier section of this report. Investment in admissions and enrolment enhancement is a high priority for NSCAD. Efforts are focused in markets in Canada, eastern US as well as several targeted international markets per the Excellence and Innovation Funding.

Increased on-the-ground, in-market, direct student recruitment including technology enhanced strategies and related public relations activity form the foundation of the strategy. Building on a recently refreshed NSCAD brand recognition, student recruitment agents will be employed to augment efforts and services aimed at attracting prospective students. The initial investment will continue to be used to establish NSCAD's presence in target markets.

Total FTE enrolment for the 2013-14 academic year is approximately 800 students. By 2018, this number is projected to grow by 166 students to 966.

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 several new contracts with recruitment agents in 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 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					
	2014	2015	2016	2017	2018
Nova Scotia	370	377	391	400	410
Canada (non N.S.)	358	367	373	386	405
US	8	11	12	15	16
Other Int'l	100	106	115	125	135

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, research data cave and student health services) and Dalhousie University (student career services, student psychological counseling services) and the Atlantic School of Theology (residences).

NSCAD also outsources several services to non-sectoral providers such as security services, information technology servers and switch maintenance, electrical and plumbing services, engineering, tenant management, and legal services.

NSCAD is part of Interuniversity Services Inc. (ISI), which has negotiated shared costing arrangements for Novanet, employee benefits, office supplies, courier, building supplies, fuel, paper, copiers, etc. The university also has access to government and education sector pricing for telecommunications and other services. As per the Tim O'Neill report, opportunities for shared services are being aggressively pursued in order to reduce 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; consolidated spend analysis which will generate savings by identifying shared procurement opportunities; 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.

Facilities

Overview

The Academy Campus consists of an externally funded 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. The Acadian building is a fully leased facility. Extensive renovations to the Academy Building were undertaken in 2011. In addition, in 2013 through funding from the Excellence and Innovation fund, NSCAD converted the 40 year old boilers to natural gas. These buildings are valued at a range of \$3,700,000-\$4,000,000 in December 2013. This will reduce energy costs in future years. The Academy campus also has the potential of creating additional space on the two adjacent parking lots and by demolishing the Acadian building.

The Granville Campus consists of 19 adjacent downtown historic buildings four to five stories in height, linked together with a gross area of approximately 150,000 sq ft. These buildings were valued at a range of \$19,000,000-\$20,000,000 in December 2013. NSCAD University occupies the bulk of the area but 14,600 sq ft is leased to third party tenants. This campus has seen substantial sustainability and construction upgrades over the past few 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. However, it is our opinion that substantial improvements could be achieved with an investment of \$3-\$5 million.

The Port Campus contains a gross square footage of 72,000 sq ft and is seven 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.

Facility Utilization Review Status Update

NSCAD engaged Educational Consulting Services (ECS) to review and provide recommendations on NSCAD's current spaces and present options for the future. Educational Consulting Services (ECS) has issued its final reports to NSCAD outlining the results of the space utilization study completed during 2013.

The report contains the following:

- A comprehensive analysis of NSCAD's current space inventory, including the comparison of existing utilization with utilization in purpose-built facilities.
- An assessment of the quality of NSCAD's existing buildings using a "fit to function" tool.
- The identification of eight different options for addressing NSCAD's long term (five years out) space requirements. Each option identifies the net cost, including the impact on the current operating budget and the loss or gain of space over what currently exists. Each of these options is to be evaluated from an up -front capital cost perspective as well as a long term ongoing operating cost perspective.
- A number of options that NSCAD might entertain in the short term (three to five years) to optimize the space that is currently occupied.

Following a full discussion on November 2, 2013, the Board of Governors arrived at the following decisions:

1. That the administration continues with plans to optimize NSCAD's current space utilization. The objective of this exercise is to increase the use of the Port Campus (which presupposes some redesign of the existing space) and Academy campus and decrease the use of the Granville campus for academic and non-academic purposes. If this is successful, NSCAD ought to be able to expand opportunities for increasing leasing revenue which is consistent with the university's sustainability plan.
2. Continue to consider the results of academic program reviews in relation to the space study, an analysis which may provide direction in ensuring the opportunity to evaluate NSCAD's space requirements for potential economies. Academic Council's recommendations on long-term programming will play a pivotal role in these explorations.

Since November 2013:

Administration has been reviewing in depth the various space utilization scenarios presented by ECS. This has involved working with legal counsel and our financial institution on assessing whether there are title restrictions on the Academy

building, examining in detail the costing implications of the various scenarios, and exploring/ costing alternate scenarios which will serve our purposes including, most importantly, the financial sustainability of NSCAD.

The following decision was made by the Board of Governors on July 4, 2014

That as a modified version of the “A” scenarios in the ECS report, NSCAD retains the Granville campus at least until the mortgage is paid off in 8 years, at which time all options will be reconsidered.

Rationale for this Board of Governors decision:

- 1) It is the least disruptive to our current users;
- 2) It recognizes that many of the scenarios proposed by ECS would increase our debt and operating costs at the very time that NSCAD is trying to reduce the same;
- 3) Of the two more economical scenarios proposed by ECS, scenario B2 would result in a fully leased facility. The ECS report actually cautioned against this scenario, as complete reliance on leased space is ill advised for long term institutions such as universities. This recognizes that it is very difficult to control lease costs over a long period of time and also it may be more difficult to raise donated funds for a fully leased campus. If NSCAD exercised this option, it would be the only university in Canada with such an arrangement. The other more economical scenario proposed by ECS, scenario C1, would result in a much smaller footprint than what is currently occupied;
- 4) It will calm the unsettling speculation that NSCAD will be selling its Granville property imminently;
- 5) This hold strategy recognizes that the property value will continue to increase with the advancement of the city’s intention to remove the Cogswell interchange, along with other new development activity in the area.

Implicit in this decision are the following action priorities:

- 1) Optimizing current use for Granville to create more retail space for rental;
- 2) Increase the investment to address deferred maintenance and the necessary fire and building code upgrades. Included here is the possibility of launching a targeted fundraising campaign for this purpose;
- 3) That over the next year NSCAD will continue to assess the potential sale of the Academy building. An alternative to selling the Academy Campus would be to retain the Academy building, tear down the Acadian addition (7,500 SF of building space) and lease the

remaining land to a developer for the construction of a new building; this scenario would produce annual lease revenue for NSCAD.

4) In the medium term (e.g., 2020-2025), NSCAD will initiate a comprehensive plan to replace all of NSCAD's current real estate holdings with a single purpose built facility as per scenario D1 in the ECS report. This plan would involve all facets of site selection, conceptual building design, costing, business plan development, identification and securitization of funding partners, and a capital fundraising campaign. It is estimated that the cost of this new campus would be approximately \$60 to \$70 million in 2014 dollars. NSCAD could self finance approximately \$25 million-\$30 million of this value through the sales proceeds of both the Granville and Academy Campus, although this could be reduced by any buyout or termination associated with the Port Campus. This approach does not preclude moving more quickly if alternate unplanned opportunities emerge.

Facility Short Term Initiative Update

NSCAD has been working toward maximizing rental potential at the Granville and Academy campuses: During the fall 2013 NSCAD expanded 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 north block. New annual rents in 2014-15 are \$56,900. This is in addition to the new tenants secured in 2013-14 at \$57,300 in annual rents. There is currently a high demand for storefront spaces at the Granville and Academy campus and NSCAD is currently exploring opportunities for additional space rentals.

Debt Servicing

NSCAD is very mindful of the burden that debt has on the University's financial sustainability. It is in NSCAD's self-interest to reduce its debt thereby reducing debt servicing costs. As such, NSCAD has been systematically reducing its debt over the past several years and will continue to do so until it is fully retired.

The following outlines the components of our current debt, along with tables, which demonstrate the impact of normal debt servicing through the years on total debt.

Port Loan

NSCAD has favorable variable rates on its Port loan debt of prime plus 2.25% and intends to lock in if prime rates begin to rise. With regular payments the original \$10 million debt will be fully paid in 2029.

This debt was acquired in 2007-08 to:

- Pre-pay a 40-year lease payment to the Halifax Port Authority for the Port campus;

- Construct purpose-built studios at the Port campus;
- Reconfigure the Granville campus spaces after the move to the Port campus

The current amount owing on the Port loan over the next 5 years:

March 31, 2015	\$7,124,977
March 31, 2016	\$6,624,973
March 31, 2017	\$6,124,969
March 31, 2018	\$5,624,965
March 31, 2019	\$5,124,961

Granville Mortgage

NSCAD’s mortgage for the Granville property was acquired in 2002 for \$12.3 million at a fixed rate of 6.69%. Through regular monthly payments this mortgage will be fully paid in 2022. To lock in the interest rate, the University entered into an interest rate swap arrangement with a termination date of February 2022. The cost to exit the swap early is roughly \$1.1 million in 2014.

The amount owing at year end on the Granville mortgage over the next 5 years :

March 31, 2015	\$6,179,950
March 31, 2016	\$5,452,785
March 31, 2017	\$4,675,465
March 31, 2018	\$3,844,534
March 31, 2019	\$2,956,292

In summary, if NSCAD simply pays down its debt on the existing schedule, by March 31, 2019, our debt on the two major loans would be \$8,081,253; a reduction of \$6,403,929 from the current debt. An accelerated reduction of the Port loan could be achieved with targeted campaign donations or by a sale of surplus facility assets.

Innovation through Collaboration

NSCAD is firmly committed to offering the very best in visual arts education and will continue to foster and strengthen collaborative relationships with other Nova Scotia post-secondary institutions and other partners. The following collaborations are in place:

Academic Collaborations

NSCAD and MSVU: NSCAD continues to deliver the Art Education component of MSVU’s degree in Education. These courses were reviewed and updated this year and discussions will continue between the partner institutions to determine future directions which could

be modifications or discontinuation. Enrolments in these courses, particularly in elementary art education, have increased dramatically.

NSCAD and Department of Education and Art Teachers Association of Nova Scotia:

NSCAD offers a Visual Arts Certificate for Teachers for art specialists as well as non-art specialists. The program is recognized by the Department and teachers are awarded a salary increase on completion. Enrolments have varied between 20-33 per year since implantation in 2005. These certificate courses were reviewed and updated this year in 2013 and enrollments are expected to increase as a result of the changes.

NSCAD and NSCC: A number of articulated agreements, outlined in an earlier section of this report are now in place and enrolment increases for both institutions are expected. Also outlined earlier in this report are plans for an integrated diploma/degree.

NSCAD and University of King's College: Also outlined earlier in this report, the two institutions completed agreements which enables students at each of the respective institutions to complete a minor at the sister institution. These programs are in the early stages and therefore specific changes to enrollments are imprecise at this time.

NSCAD and International Partners: Following a long history of articulation agreements with other universities and/or colleges nationally and internationally, NSCAD is currently in the process of developing new articulation initiatives with: Fleming College (Haliburton School of the Arts), Foshan University, Barbados Community College, Dawson College, among others.

NSCAD School of Extended Studies is collaborating with **SMU, Dalhousie**, and **MSVU** in a Continuing Education Consortium to develop a series of initiatives including:

School of Extended Studies Collaborations for New Courses & Certificates

- a) Leadership by Design Certificate – SES Collaboration with SMU Sobeys School of Business, SMU Continuing Education
- b) Collaboration between Division of Design, NSCAD School of Extended Studies, ST. FX. University to create a Design Branding course
- c) Certificate in Arts Administration – collaboration between SMU Continuing Education and NSCAD School of Extended Studies
- d) Certificate in Museum & Curatorial Studies – collaboration between NSCAD School of Extended Studies, Dalhousie University and the University of Victoria (early stages)

Research Collaborations:

NSCAD and Dalhousie have a longstanding history of externally funded research collaborations. Past projects have joined the Faculty of Architecture and the Division of Craft and Dalhousie Department of Psychology with researchers at NSCAD in the Divisions of Foundation, Fine Arts, and Craft (Textiles).

Current externally funded projects include: **NSCAD Film** and researchers from **Dalhousie Department of Anthropology**; **NSCAD Film** and researchers associated with the **Department of Computing Sciences**. A NSERC grant funded for a 5 year period includes **NSCAD Master of Design, Dalhousie Graduate Electrical and Computer Engineering**, and the **Dalhousie School of Business Administration; School for Resource and Environmental Studies: International Design and Development Program Initiative**, now in its second year.

NSCAD and St. Mary's University: A partnership exists between NSCAD Institute of Applied Creativity and SMU related to the use and development of the Data Cave.

NSCAD and NSCC: A major research project, Design for Healthy Aging, funded by CIHR (Canadian Institute for Health Research) is a collaborative project between the institutional partners and a series of private partners.

NSCAD is a partner with 26 other Canadian universities (including **Dalhousie University**) in a National Centre of Excellence: GRAND which includes a sub-partnership, AD NODE, with **Emily Carr University of Art and Design and OCAD University**.

NSCAD's Institute for Applied Creativity will provide another avenue for collaborations with peninsular universities in research and program development across a host of academic disciplines including Architecture, Engineering, Computer Science, Medicine, Art, and Design. Funded entirely by industry and corporate investments, the Institute will assist NSCAD in leveraging its innovation potential, adding to its research and development capabilities and increasing possibilities for entrepreneurial start-ups and collaborations with businesses, institutions and other entities in the arts and the non-art world.

NSCAD School of Extended Studies and NSCAD's Institute of Applied Creativity were co-applicants and partners with **SMU** as lead institution along with other university partners: **Dalhousie University/Memorial University/St.F.X./SMU/UPEI**; **organizations: Knightsbridge Roberston Surette, FUSION Halifax, Canada Youth Business Foundation, The HUB, T4G and Junior Achievement Nova Scotia** in a SSHRC proposal to create a leadership network that will provide a new action-based approach to researching leadership in action. Through the establishment of strategic formal partnerships, we are creating a network to engage organizations across sectors, including private, not-for-profit and academic organizations in discussions and research about ways of leading organizations, with a focus on the workforce of the future.

NSCAD and the Sandbox Projects:

NSCAD is a partner in two of the recently established Sandbox partners along with Dalhousie University, Mount Saint Vincent University as well as a number of private partners. These initiatives are intended to facilitate the development and commercialization of research outcomes.

Administrative and Service Collaborations:

NSCAD and Dalhousie University have a longstanding agreement in which NSCAD compensates Dalhousie for the provision of Counselling Services to NSCAD students. For a number of years, this agreement also included access to Dalhousie recreational facilities but this portion of the agreement was discontinued due to a lack of utilization. Dalhousie also can no longer provide screening and counselling for learning disabilities but NSCAD has on-site services available.

NSCAD and SMU have an agreement by which SMU provides health services to NSCAD students.

NSCAD and SMU have a relationship whereby SMU provides the “Industry Liaison” portion of the services and responsibilities of NSCAD’s Office of Research Services and Industry Liaison. This is a very productive association which has made a significant difference to NSCAD’s ability to provide specialized services and support to NSCAD researchers.

NSCAD is working with Other Nova Scotia Universities as part of an Excellence and Innovation Fund project to work on the development of an Electronic Transcript/Transfer of High School Grades, a Common Admission Application, Shared IT Services, a Shared Library Repository, and a Transfer Credit Portal.

NSCAD is working with **all NS Universities** on a Collaborative National and International Student Recruitment Strategy, referred to earlier in this report, through funding from the Department of Labour and Advanced Education via the Excellence and Innovation Fund. This project involves the development of a recruitment strategy; universities have partnered with EduNova and the strategy targets the national and international markets.

NSCAD’s Registrar and her counterparts from peninsular universities are and will continue to explore possibilities to allow a more seamless process for students to move between institutions.

Affiliation Review

Status Update

NSCAD has in the past and will continue in the future to be open to opportunities, which enhance programming and services for NSCAD students and/or reduce costs. NSCAD engaged ATN Consultants Inc. (ATN) to examine whether an affiliation with Dalhousie University or Saint Mary’s University (under the conditions outlined by the Board) would achieve sustained financial savings for NSCAD and academic synergies that NSCAD could not achieve through partnerships with the same universities.

- The initial draft report delivered July 30, 2013 from ATN Group Inc. was not accepted by the Board of Governors. The report did not address with quantitative specificity most of the questions in the RFP.
- In the fall 2013, ATN commenced a more in depth data collection process which resulted in a new report issued in June 2014. Based on this new data, the study demonstrated that affiliation would not result in short, medium or long term cost savings for NSCAD. Further the study was unable to demonstrate that program synergies would flow at a faster rate than synergies that might be achieved through mutual collaborations. The consultant’s final report tabled the following conclusions:

1. **AFFILIATION IS NOT REQUIRED FOR CONTINUED COLLABORATION**

While affiliation with either SMU or Dal could yield a number of interesting potential synergies and possibilities for course development, none of the emerging potential opportunities within the construct of affiliation, as defined in this study, would be predicated on the need for a formal arrangement; the opportunities that emerged could be pursued on a case by case basis and bi-laterally with either SMU or Dal. *(emphasis added)*

2. **FINANCIAL SAVINGS**

The study concludes that the affiliation model considered will not achieve the key targets and thresholds established in the RFP. Specifically, the affiliation model tested:

- would not result in immediate cost savings;
- is unlikely to result in medium term savings;
- is indeterminate with respect to longer term savings;
- would likely result in duplications of costs/savings, at least initially and the need for new investments (including migration to a harmonized ERP system) during the transition period;
- is likely to trigger upward pressure on wages as collective agreements, sovereign within each institution, become compared and measured against each other, as illustrated through case studies that highlight the potential for collective agreements to rise to the highest benchmark in these arrangements.

3. **THE RATIONALE FOR AFFILIATION HAS CHANGED**

The consultants have concluded that the original purpose in seeking an affiliated status for NSCAD, i.e.: a financial difficulty experienced by NSCAD over an extended period of years has been largely dissipated by proactive management. “There has been measureable progress in NSCAD’s financial situation and direction, with the result that there has been measurable progress in NSCAD’s strategy to retire its long term debt and close the gap on its annual operational deficit. While challenges remain, the leading indicators have turned in the right direction”.

They conclude, “As a result of these positive developments, coupled with the findings of both this study and the facilities review, the rationale for pursuing affiliation has changed and the overall case for affiliation for this niche organization has, with the passage of time and these proactive measures, diminished.”

NOTE: For a full discussion of the study findings, please see the attached report.

As a consequence of these findings, the Board of Governors has ratified the following:

1. That the Board instruct NSCAD administrative officers to discontinue further discussions of formal affiliation with Dalhousie and Saint Mary’s Universities.
2. That the Board instruct NSCAD’s administrative officers to continue proactive efforts to seek academic program/research and service collaborations with Dalhousie and Saint Mary’s Universities as appropriate.
3. That the Board instruct the President to express appreciation to the Presidents of Dalhousie and Saint Mary’s for their interest in NSCAD and for their generous support and cooperation throughout the study.

Human Resources

Wage increases

NSCAD’s current collective agreements with FUNSCAD I (Faculty) and FUNSCAD II (Technicians) expire on December 31, 2015. These agreements include cost of living increases of 1.5%, 1.5% and 1.8% plus progress through the ranks increases of 2.5%-3.0% per annum on average. On average, in total, technician wages will increase between 2.7%-3.5% and faculty wages will increase by 4-5% per year over the life of the agreement.

NSGEU’s current agreement expires in June 2016 and includes cost of living increases of 1.75%, 1.5%, and 2.0% plus progress through the ranks average increases of 3.0% per annum. On average in total, NSGEU wages will increase between 2.7%-3.5% per year over the life of the agreement.

Since 2011, Union exempt administration increases have been limited to the cost of living increases provided to faculty with the exception of those positions that required market adjustments.

Approximately 70 per cent of NSCAD’s revenue is expended on employee compensation costs. Of these compensation costs, 75 per cent is associated with unionized employees.

Workforce Contraction 2011-2014

The original Framework for Sustainability includes the implementation of workforce restructuring and the contraction of staffing in a number of areas across the university. As employees have left or retired from NSCAD, each position has been carefully reviewed to determine if it required replacement. Since the original submission of this framework, NSCAD has reduced its workforce by 9.3 positions or 7% of the permanent workforce through natural attrition. This systematic contraction of NSCAD’s workforce has assisted in reducing its budget by over \$689,000 while also adjusting to a cut in provincial funding of 10% or \$815,477 and while absorbing enrolment declines of 14% or 115 full time equivalent students during the same period. It should be noted that at least some of the enrolment decline was the result of the public debate over our continued existence. Effectively this means that the University covered all rising costs of compensation, utilities, technology renewal, teaching supplies, etc. through cutbacks in other areas of the operating budget. These reductions in revenue have been offset by 3% tuition increases amounting to approximately \$412,000 over 3 years and a 1% operating grant increase in 2013-14.

Workforce Attrition Offset By New Appointments 2011-2014				
Employee Group	FTE in Group*	% of Group	#FTE	Amount
Faculty	44	7%	3.0	313,000
Union Exempt	24	8%	2.0	194,500
Technicians	26	7%	1.8	92,500
NSGEU	39	6%	2.5	89,600
*Based on 2 year average			9.3	\$689,600

Faculty Retirement Incentives

NSCAD may be able to further reduce its cost structure, within the terms of the collective agreements, by offering a voluntary early retirement incentive plan to faculty. The primary purpose of a faculty voluntary early retirement incentive plan is to facilitate the renewal of the faculty workforce and achieve cost savings for the university. The proposed plan will enable the university to reduce costs in fiscal 2015-16 and over the following 5-10 years until such a time when NSCAD will have a lower faculty related debt burden. There is not enough return on investment associated with offering this type of retirement incentive program to the other NSCAD employee groups since there is not a large enough differential in the wage scales from starting wage to the top of scale wage.

NSCAD was required to add seven faculty during 2008-2013 due to a complement clause in a former collective agreement negotiated on the assumption NSCAD would have a substantial increase in student enrolments. In actuality, these faculty additions occurred

during a period of declining enrolments which added costs during a period when tuition revenue was dropping and was one contributor to NSCAD’s classes being under capacity. As indicated in the Academic section of this report, recent enrolment data suggests a number of courses offered have been 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 slight contraction in NSCAD’s faculty workforce may be possible without a significant impact on the quality of education delivered.

Background

Faculty turnover at NSCAD University has been relatively low historically. This trend is anticipated to continue for the next few years. With marginal investment returns in the defined contribution pension plan and the elimination of mandatory retirement in 2009, the University is no longer able to accurately plan for Faculty turnover and renewal.

As outlined in the Framework for Sustainability Report March 31, 2012 approximately 70 per cent of NSCAD’s revenue is expended on employee compensation costs. NSCAD’s current staff composition is as follows:

Staffing and Compensation Table as of March 31, 2014		
Group	FTE	Total Compensation
FUNSCAD I	44	5,105,279
FUNSCAD II	23	1,569,067
NSGEU	39	1,748,118
Administration	23	2,232,286
Part Time Teaching	271 3cr courses	1,562,726
Student and Casual	n/a	441,702
Total compensation	130 FTE	12,659,178

The Faculty union has very stringent layoff clauses thus, short of awaiting natural attrition, the only acceptable approach to reducing and renewing NSCAD’s Faculty workforce is to use voluntary early retirement incentives.

The timing of this type of program is favorable for NSCAD. In the latest round of collective negotiations with FUNSCAD, the Faculty complement clause was suspended for the second time until December 2015 with certain floors being set for academic programs. While the suspension has a number of restrictions, it does provide the University with a window of opportunity to modestly reduce and renew the faculty workforce. 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.

Program Details

Since a high proportion of NSCAD's faculty are over 55 years of age, it is reasonable to estimate that as many as seven employees could volunteer for early retirement incentives. Of the seven potential faculty retirements, it is anticipated that one to two of these positions would not be refilled, while the remaining five would be replaced with faculty at lower salary levels.

The one-time proposal would provide a lump sum payment calculated by using a formula based on years of service and age. Eligibility would be limited to those above age 55 with a minimum of 15 years of continuous service as a full time faculty member as of July 1, 2015. There are sixteen faculty who would qualify under these criteria. A faculty voluntary early retirement incentive plan could be structured so that interested faculty would commit by the fall of 2015 for a retirement date of January 1 or July 1, 2016. Faculty would have the option to take the payment as a lump sum or over a period of two years.

Funding of Plan

The faculty voluntary early retirement incentive plan is voluntary and not all faculty over the age of 55 will choose to take advantage of the plan. If all 16 eligible faculty choose to participate, the total payout would be up to \$2.0 million. However, with a lower investment NSCAD could still offer a more targeted plan as long as seniority rights are addressed. Depending on which and how many Faculty choose to participate in the plan, the incentive expenditure could be fully offset by cost savings within the first 25 months of implementation. The Windsor report stated "the government must be prepared to use incentives to create change."

Fund Development

Annual fundraising

NSCAD University's 2012–13 Annual Fund campaign was the most successful ever in its 125-year history. In our 125th anniversary year, our goal was to raise \$125,000 through the Annual Fund campaign. We surpassed that goal, raising \$141,632 in total. Giving was up by 66 per cent over the previous year. Our donors—209 altogether—dug deep; the average gift was \$677. While alumni giving tripled in the past year, we also saw gains from all constituencies, including faculty and staff, friends of NSCAD and members of the NSCAD Board of Governors. The lion's share of donations was directed to student assistance through scholarships and bursaries. Other donations went to "the Area of Greatest Need" and the endowment fund.

In 2013–2014 the Annual Fund campaign surpassed its goal of \$170,000 by bringing in \$194,953.54. This represents a growth of 37.65% over the previous year, well surpassing the 20% average growth seen in university annual fundraising campaigns. The number of

donors did drop from 209 to 171, with the average gift increasing from \$677 to \$1,140. Reviewing constituency giving, the support of alumni remained steady, with significant growth in total gifts from faculty/staff and friends of NSCAD; including a \$100,000 gift from Paul Roy and Margaret McCain Roy secured by the President. Gifts to the Area of Greatest Need totaled almost 85% of all gifts at \$165,225.

Not included in the Annual Fund campaign results were contributions to endowment funds for student assistance totaling over \$245,000. These contributions include significant gifts from the Robert Pope Foundation (\$20,000) and Scotiabank (\$30,000), and \$182,703 from the Estate of Joan DeWolfe to establish two new endowment funds for a graduate fellowship and a children's bursary.

The 2014–2015 Annual Fund campaign will focus on increasing the number of individual donors, to counter the decrease in 2013-14; while still targeting a total giving increase of 20%, \$234,000. The program will use strategic segmentations of constituents to focus on nurturing constituents with a history of giving, and the engagement of new donors by attempting to identify a unique appeal they can engage with. The campaign will continue to focus on the "Area of Greatest Need." Additional support options will be provided based on strategic segmentation of constituents to focus on nurturing constituents with a history of giving; the standard "Student Awards" will also be included.

To supplement annual giving we held two new fundraising events: "Roar: An Art Auction for NSCAD" and co-sponsored "Dine by Design East".

ROAR: An Art Auction for NSCAD was a roaring success, raising approximately \$45,000 for NSCAD's Annual Fund from the sales of artworks, tickets and the bar. ROAR was a tremendous success and a great celebration of NSCAD talent. Not only did the proceeds greatly benefit NSCAD but the event itself showed off the importance of NSCAD to the community. Everyone in attendance was complimentary; truly a grassroots initiative moving us in the right direction.

Dine by Design East, presented by Metro Guide Publishing, raised \$20,000 in its inaugural year for a new scholarship in memory of Amber Harkins, the late creative director of East Coast Living Magazine. Dine by Design East is a showcase of 10 dining rooms created in "shipping crates" by 10 east-coast design teams.

Both events will be held again in 2014: Roar: An Art Auction for NSCAD on September 26 with an aim to match last year's proceeds, raising \$45,000 for NSCAD's area of greatest need; Dine by Design East between October 30 through November 2 at the Olympic Community Centre. Building on last year's event, organizers hope to double the proceeds and raise \$40,000 for the scholarship in memory of Amber Harkins.

In addition to these two new fundraising event, NSCAD also presented the 2014 Starfish Student Art Awards which celebrates NSCAD's creative leaders. The fifth annual edition was held at the university's Port Campus on the evening of May 1. The 2014 Starfish Awards were supported by over 30 business sponsors, and attracted an audience of more

than 250 guests. The Starfish Student Art Awards raised \$15,000 in student awards and over \$12,000 to equip studio and exhibition spaces with modern technology for teaching and learning.

NSCAD has recently announced a significant generous donation from David and Margaret Fountain demonstrating their continuing community leadership and confidence in the future of the university. This donation will allow NSCAD to undertake a number of major improvements to the Granville block, now known as the Fountain Campus. The Board of Governors is committed to remaining in and investing in the nationally-designated historic site.

As well, while conventional wisdom suggests that donors are disinclined to contribute to debt reduction appeals, we are contemplating the initiation of a feasibility study to gauge the potential of launching a limited but highly targeted fundraising campaign.

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 2016-17 and 2017-18 since much can change in a two to three-year time frame.

Further, the models in this plan do not include the four 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) NSCAD plans to launch on-line course offerings by the fall 2015. 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.
- 2) Nova Scotia's universities are 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.

- 3) 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.
- 4) 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.

Budget Position for 2014-15

NSCAD's approved budget for 2014-15 includes a budgeted cash deficit of (\$691,980), reduced by \$300,183 from the prior year budget. This budget estimate incorporates a 1% increase in operating grant and a 3% tuition increase, and an enrolment increase of 15 weighted full time equivalents and all principal payments on debt.

The 2014-15 budget includes an increased rental footprint at the Granville campus, generating \$57,000 in new rent revenue. It also incorporates a slightly reduced workforce that has occurred through natural attrition. Finally, this model encompassed search costs for a new senior Academic staff and moving costs for the new President.

Bilateral Forecast 2014-2018

This updated forecast was developed using the 2014-15 budget and also includes assumptions made about conservative enrolment growth, tuition increases and Provincial operating grant increases. Based on the attached forecast, under the assumptions provided by the government and NSCAD's enrolment growth forecast, NSCAD will be able to achieve a balanced budget by 2016-17.

NSCAD will be able to achieve a balanced budget sooner than as outlined in the Bilateral forecast if:

- 1) The Province approves NSCAD's tuition reset**
- 2) The Province allows NSCAD to charge more for a graduate degree and for an overload...similar to most other universities**
- 3) The Province approves a loan for faculty retirement incentives**
- 4) NSCAD achieves increased program delivery efficiencies**
- 5) NSCAD has a year with a high level of natural attrition**
- 6) NSCAD has success in attracting donors to contribute to the reduction of the deficit or debt.**