
CONSUP

Council of Nova Scotia University Presidents

**Making a Commitment to Higher Education
in Nova Scotia**

May, 2009

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Background

Over the past decade, universities have emerged as a key social and economic asset to the province, strategically and vitally important to Nova Scotia's future economic prosperity and quality of life.

The contribution of universities to Nova Scotia's economic growth and development is enormous:

- Economic output: \$2 billion +
- Gross Domestic Product (GDP): \$968 million¹
- Employment: 13,800 jobs
- Tax revenues: \$227 million

Demand for university education is strong in Nova Scotia:

- Highest participation rate in Canada: 35%
- Full-time undergraduate and graduate students: 33,743
- Part-time undergraduate and graduate students: 7,933
- Out-of-province students (*including 3,875 international students*): 16,437
- Annual graduates: 10,000 +/-

Universities help define Nova Scotia's communities:

- Continuing education programs (technical and general)
- Legal aid services
- Community health and wellness programs
- Arts and culture programs
- Business and advisory services
- Faculty, staff and student volunteerism

Universities are a primary source for innovation and research in Nova Scotia:

- Responsible for 60% of provincial R&D
- Attract more than \$150 million in annual funding

Nova Scotia has one of the most educated labour forces in North America:

- Eleven universities
- Halifax has the highest ratio of educational facilities to population in North America
- In Halifax, one in four people has a university degree; the city has the highest percentage of employees with a degree, diploma or certificate in Canada

¹ GDP is the most widely used indicator of economic activity, measuring the income generated in the economy through the production of the universities' output – knowledge in the form of graduates and research results. Gardner Pinfold Consulting Economists Ltd., *The Economic Impact of Universities in the Atlantic Provinces*, February 2006.

Introduction

The deepening global financial crisis now affecting markets and people means that Nova Scotians cannot think of ‘business as usual’ in any sector in public or private life, including higher education.

It is time to clarify and strengthen the role our universities can play in this unsettling environment. There is now an opportunity for higher education to become an even more critical determinant of the future direction of Nova Scotia. This is a time when more, not less, knowledge and preparation are required to overcome the challenges facing our province.

At a time of reduced Government flexibility and less discretionary spending, higher education is not just another special interest group; rather it is a vital enterprise that can help Nova Scotia solve its most pressing challenges and deal with the issues most relevant to society.

“...in a recession, the highest spending priority for provincial governments ought to be the retraining of the current work force and the education of the future work force, so Canada emerges from this recession with the most productive, competitive and highly skilled work force in the world.”²

Our universities will provide the education and job training that Nova Scotia’s economic recovery requires.

The purpose of this presentation – **Making a Commitment to Higher Education in Nova Scotia** - is to provide Nova Scotia’s provincial party caucuses and future Provincial Government with CONSUP’s perspective on:

- university operating budgets and tuition rates;
- capital investment in campus infrastructure renewal;
- research and development strategies;
- issues concerning student access and affordability of higher education, and,
- student attraction and retention strategies

² *Be bold, Ontario: Shift dollars from health care to education*, The Globe and Mail, April 13, 2009, Preston Manning, President and CEO, Manning Centre for Building Democracy.

1. Annual Operating Grants and Tuition Fees

The Memorandum of Understanding (MOU) between universities and the Nova Scotia Government plays a critical role in providing a stable financial environment for students, their families and institutions.

CONSUP is thankful for the Government's commitment to the process creating mutually-agreed upon financial determinants for annual operating grants and tuition fee levels.

The MOU (now in the second year of a second, three-year agreement) has enabled universities to plan and manage effectively three year budget forecasts. It has also allowed Government to reduce tuition fees annually, enabling Nova Scotian students and their families to plan their education.

The MOU has proven to be a vital instrument for creating stability in important public policy commitments and in higher education. In short, the MOU has been a positive feature of Nova Scotia's post-secondary education over the past four years.

However, the aforementioned stability continues to be undermined by the Government practice of making an end-of-year, additional appropriation of funding to the university sector by pre-payment of the next fiscal year's MOU operating grant commitment.

On March 31, 2009, the Government announced that it had "*...approved a \$256 million additional appropriation for university funding in 2008-09.*"

Intended or otherwise, this announcement gave the impression that universities were the beneficiaries of 'additional' funding. It created confusion among university faculty, staff, students and the general public about Government funding for universities. Further, it has proven to be a particularly troublesome misperception to address among those universities either involved in or about to begin collective bargaining with faculty and staff unions.

By making this 'additional appropriation' on its 2009-10 MOU commitment, the Government's operating grant payment to universities in 2009-10 will be \$62,745,347.

The net effect of three straight years of this practice means the Government will have to make up a base funding commitment of \$348,745,347 in 2010-11!

CONSUP remains committed to the principle that the next Nova Scotia Government must continue to work hard toward achieving a significantly improved balance between its annual operating grant to universities and student tuition fees. The following chart best illustrates the current imbalance between Nova Scotia and the rest of the country.

**National Comparison of Provincial Grants and Tuition Fees
2006-2007**

Province	General Operating, Special Purpose and Trust Grants (millions)	Percentage	Gross Tuition Fees (millions)	Percentage
Alberta	960,016	69%	441,010	31%
British Columbia	1,161,856	61%	750,003	39%
Manitoba	331,205	68%	153,180	32%
New Brunswick	185,090	58%	132,059	42%
Newfoundland and Labrador	217,870	80%	56,154	20%
Nova Scotia	265,717	48%	291,925	52%
Ontario	3,265,492	55%	2,631,053	45%
Prince Edward Island	40,522	64%	22,773	36%
Quebec	2,160,132	78%	594,001	22%
Saskatchewan	328,673	70%	143,930	30%
National Average	891,657	63%	521,608	37%

Source: CAUBO

RECOMMENDATIONS

- 1. Honour the current MOU (2008-11) and continue the successful MOU process and commitment from 2011 forward.**
- 2. Commit to ensuring the balance between the annual Provincial operating grant and student tuition fees is nationally competitive by 2011-12.**
- 3. Stop the practice of ‘additional appropriations’ of budget surplus funds as a pre-payment on MOU operating grant commitments.**

2. Capital Funding and Infrastructure Renewal

Strong, forward looking and well equipped universities are fundamental to Nova Scotia's ability to maintain and expand a vibrant, competitive, progressive society based on innovation and knowledge.

While universities are a "people business", good faculty and students require efficient, effective facilities to pursue their goals. Nova Scotia's universities have achieved a great deal, often in spite of the rapidly growing physical shortcomings of their buildings.

The Nova Scotia Government's 2008-2011 MOU commitment of \$25 million to the newly-created Nova Scotia Crown Share University Infrastructure Trust was an important first step enabling our universities to begin addressing long overdue campus infrastructure renewal.

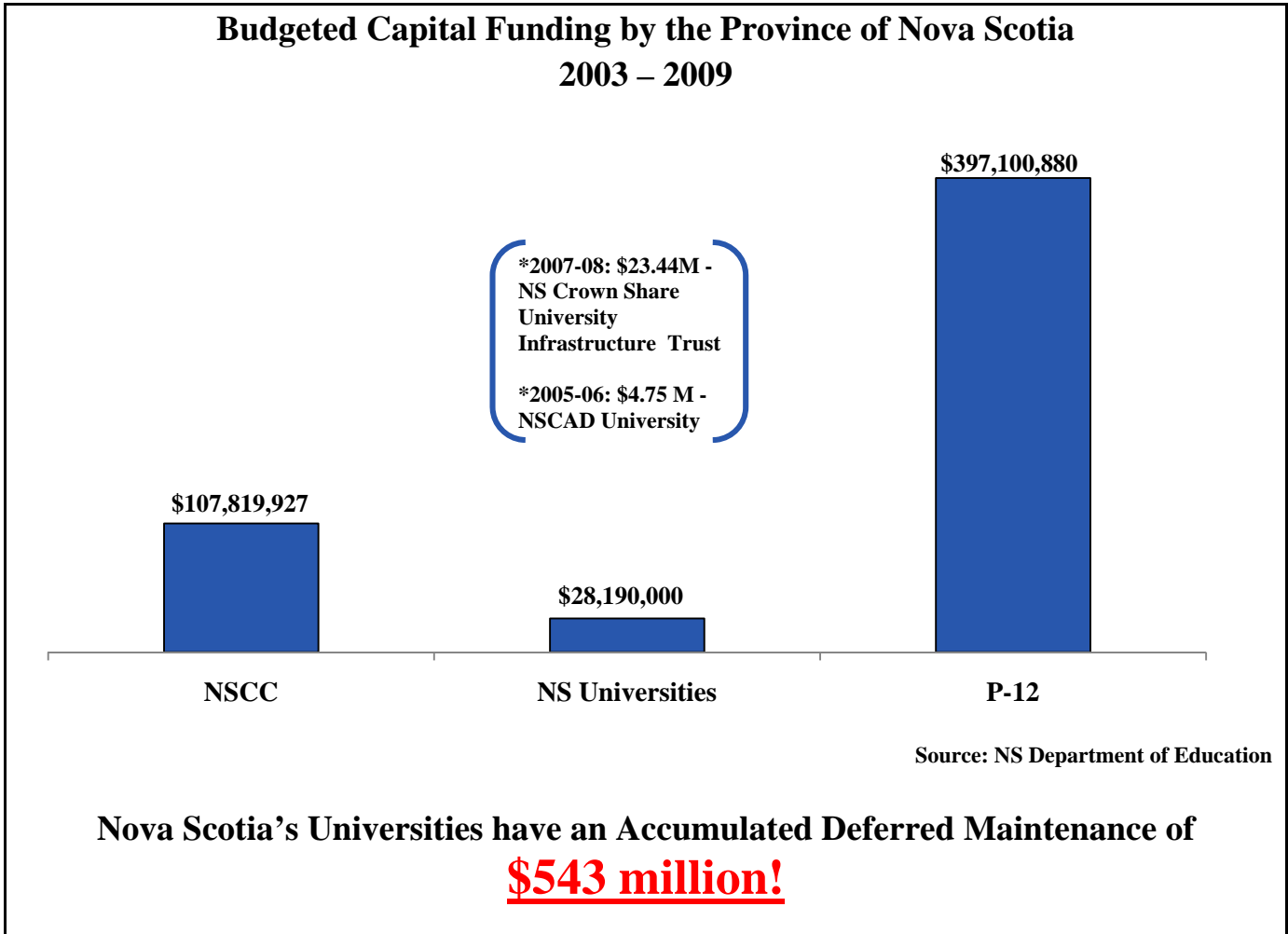
The Federal-Provincial Post-secondary Infrastructure Projects announced April 30, 2009, under the Knowledge Infrastructure Program offers a unique opportunity for both levels of government to help universities substantively address their acute accumulated deferred maintenance issue. **This infrastructure investment remains a strategic necessity for Nova Scotia's universities to compete nationally over the long term.**

On the specific question of infrastructure funding, the Provincial Government's commitment of \$7 million in 2009-10 and \$10 million in 2010-11 is welcome and appreciated. This commitment will give our universities access to matching infrastructure funding from the Federal Government's recent Knowledge Infrastructure Program funding announcement of \$48.2 million for Nova Scotia's universities.

No one in Government or post-secondary education doubts there is a pressing facilities renewal challenge facing our universities. The challenges of maintaining and updating existing buildings and the consequences of failure have been thoroughly and repeatedly documented.

University leaders acknowledge the fiscal constraint facing Government and reduced flexibility around discretionary spending. Special funding allocations on a one-time basis certainly create renewal opportunities, but in order to leverage government support most effectively, universities require annual funding commitments that can finance significant capital funding programs.

As illustrated, the Government’s commitment to budgeted capital funding for its universities over the past decade has been badly lacking, particularly when compared to its commitment to the P-12 system and the Nova Scotia Community College.



Nova Scotia’s universities have completed an analysis of accumulated deferred maintenance which identifies, qualifies and quantifies the top infrastructure renewal priority on their campus. This clarifies both the positive impacts of Government investment (including local community economic stimulation) and the negative consequences of failure to invest. Buildings, particularly old inefficient ones, are major contributors to environmental challenges, a growing concern to all levels of Government and the population in general.

Environmental innovation is a priority for Nova Scotians. There are many opportunities for universities to implement smarter and greener technologies in renovating, retrofitting, and constructing facilities. Bringing this work forward would stimulate the development of these industries in Nova Scotia, contributing to the Province's longer-term environmental and innovation goals. Nova Scotia has committed itself to reducing greenhouse gas emissions, and citizens, particularly students, want to reduce energy consumption. Much of Nova Scotia's campus infrastructure dates from a period when energy consumption was not as much of an issue and when current technologies for reducing consumption did not yet exist. Infrastructure funding would allow our universities to install the latest technologies, which would in turn support Nova Scotian companies already developing and marketing those technologies.

RECOMMENDATIONS

- 1. At a minimum, Government must commit to an annual level of renewal and adaptation maintenance funding of \$48 million, which is 2 percent of the current replacement value (\$2.4 billion). *Note that, this commitment is an industry accepted best practice benchmark for facilities management and renewal.***
- 2. The Provincial Government could make a one-time allocation of funds to be used over a set period (i.e.: \$100 million over five years) to address both accumulated deferred maintenance and new construction.**

3. Research & Development

In 2001, the Government created the Nova Scotia Research and Innovation Trust (NSRIT) to address two key issues: anticipated growth in successful Canada Foundation for Innovation (CFI) projects and related matching funding requirements, and, as a successor to the Economic Diversification Agreement (EDA) matching funding mechanism.

NSRIT provides an arm's length structure to deal effectively with provincial fiscal year funding structures, and, it addresses the need for leadership within the post-secondary education research community.

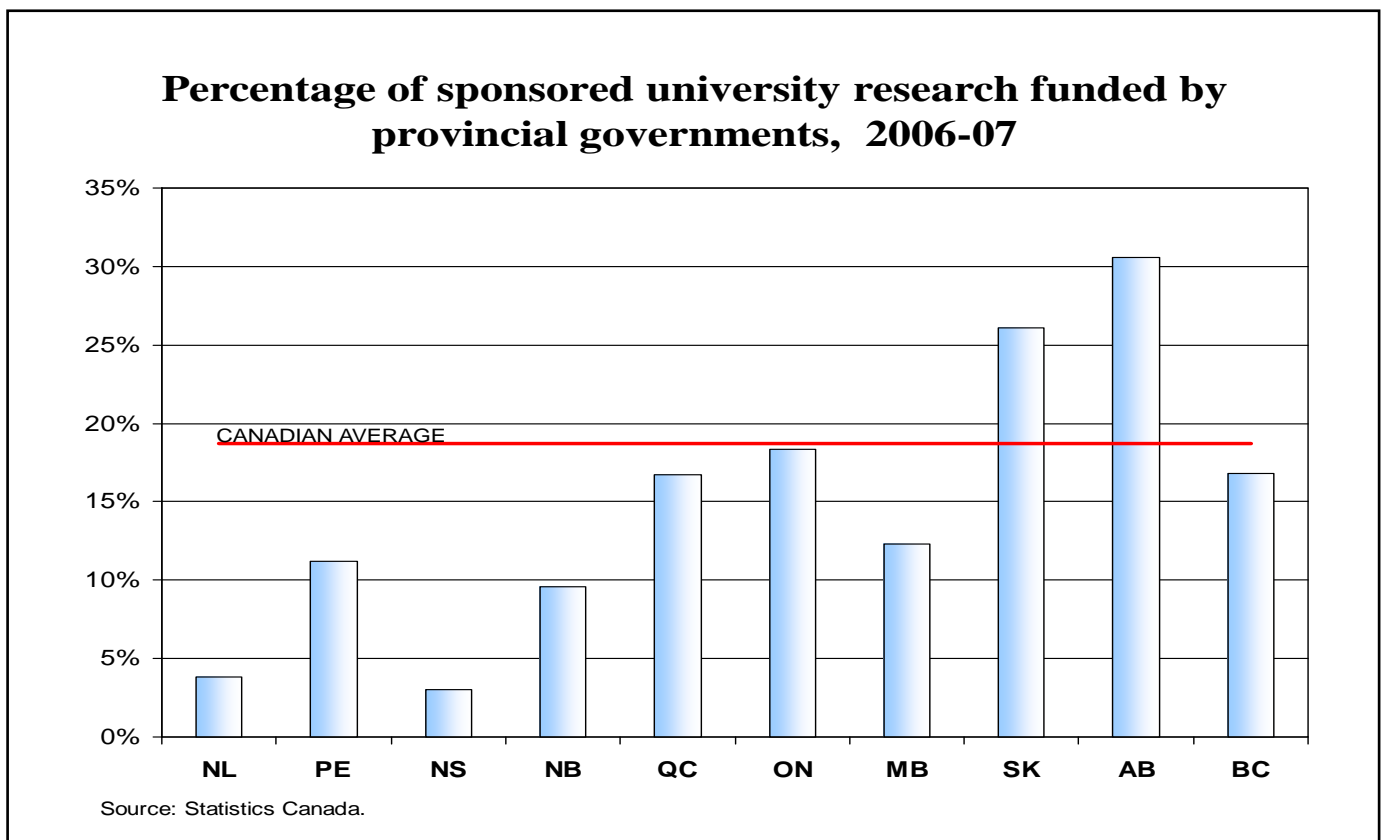
Since its inception, the Government has invested close to \$50 million in NSRIT. The beneficiary institutions leverage NSRIT funds significantly to boost their impact on the province. **Every NSRIT dollar immediately attracts \$1.50 from CFI and other sources and over the next five years these investments leverage increased research funding at a rate of five times the initial provincial investment.**

These allocations primarily support the purchase of essential research equipment used in major research and innovation projects. Using this equipment, these projects, in turn, normally secure substantial annual research funding in highly competitive circumstances from Canada's granting councils, private charitable foundations, voluntary granting agencies and the private sector so that the initial equipment allocation leverages annual investment returns for many years to come.

NSRIT's success has facilitated success in the university research community, to the point that applications for matching funds provided by NSRIT far exceeds the Government's annual contributions.

NSRIT plays a critical role in fostering path-breaking research in Nova Scotia, leading to commercialization of new products, services and ideas for export worldwide.

However, as illustrated, Nova Scotia lags every province in Canada in terms of its annual contribution to funding university research.



RECOMMENDATION

- 1. Recognizing that Government’s investment to date in NSRIT is paying huge dividends for Nova Scotia, CONSUP strongly recommends that a future Government commit to an annual budgetary allocation of \$10 million to NSRIT over the next five years and work toward achieving the national average in percentage of sponsored research funded by Provincial Governments.**

4. Student Attraction and Retention

The most critical issue currently confronting Nova Scotia's universities is the continuing decline of both provincial and regional populations and its impact on enrollment of undergraduate students.

Nova Scotia's universities have now experienced two consecutive years of decline in full-time undergraduate enrollments, -3.1% in 2007-2008, and, -0.5% in 2008-2009. However, in 2008-09, there were positive increases in key enrollment categories year-over-year: 0.6% in full-time graduate students; 6.5% in part-time graduate students; 8.3% in international students and 3.5% in first-year students.

Nova Scotia's universities have put extraordinary effort and resources into the effective branding and marketing of their institutions within the region, across the country and around the world. These efforts are paying dividends; however, all of our universities have the capacity to absorb more students. Our province, like the rest of Atlantic Canada, needs to attract and retain a great many more highly qualified people, particularly graduate students, to our growing knowledge economy and burgeoning research-intensive enterprises.

It has been validated by MPHEC that more than 25 percent of students from outside the province who attend our universities stay in Nova Scotia upon graduation. And, there is ample anecdotal evidence to suggest that more than one third of international students enrolled in our institutions will seek Permanent Resident status in Canada either during their undergraduate education or following their graduation.

In short, Nova Scotia's universities are talent magnets; providing the graduates who are building the Province's knowledge economy and competitiveness. Our universities are integral to the future success of the Province's population strategy.

RECOMMENDATIONS

- 1. Invest \$1 million annually in a partnership with CONSUP for an in-province marketing campaign to ensure young Nova Scotians are aware and understand the educational opportunities offered by Nova Scotia's high quality and diverse universities. This program is designed to help stem the outflow of students to universities outside the province and it would align with the principles of Nova Scotia's *Come To Life* brand position.**
- 2. Invest \$3.75 million annually in a Nova Scotia graduate scholarship program to attract 250 Masters and PhD students to our universities each year (Awards of \$10,000 – to \$15,000). Leave 20 percent of the allocation open to international students with Canadian student authorization/study permits.**
- 3. Invest \$300,000 annually in a Nova Scotia Leaders Graduate Student Fellowships for 20 eligible recipients. Each recipient awarded \$15,000 annually for each year of graduate studies for up to two years. Upon completion of their graduate degree, the recipient must work for one year for the Nova Scotia civil service for every year funded.**

5. Accessibility and Affordability

A strong case has been made that a university degree will improve one's career options and quality of life. The social contribution of the university educated has also been well documented.

Despite Nova Scotia's high university participation rates, there remain many young Nova Scotians qualified and motivated to attend university who, due to their socio-economic circumstances, are unable to participate. These 'under-represented groups' include: African Nova Scotians, First Nations people, the rural poor and the disabled.

The Province and its universities should set a mutually agreed upon goal for educational attainment among the disadvantaged and under-represented and help to ensure that Nova Scotia's universities are accessible and affordable to those qualified and motivated to pursue higher education.

RECOMMENDATION

- 1. To ensure access for eligible students, student assistance programs must be re-engineered with special sensitivity to disadvantaged and under-represented communities. The Nova Scotia Government, working in partnership with its universities and under-represented communities, would set annual educational attainment goals.**

Summary

Future Nova Scotia Governments must make higher education a top priority and commit to the view that our university system is a powerfully important Provincial asset and not a "special interest".

This brief has outlined priority issues and opportunities along with many recommended actions seeking increased Provincial Government investment in our students, institutions and Nova Scotia's economic future and quality of life. It is absolutely essential that the Nova Scotia Government continue its investment in university education and research & development to ensure the province's workforce is well-prepared and positioned to meet future needs.

OUR PROPOSITION BEGS THE QUESTION: WHAT ARE UNIVERSITIES PREPARED TO DO?

1. In this period of economic uncertainty, universities will lead by example by aggressively managing scarce resources to serve our students. Our Universities' leaders are continuously examining and acting on making their institutions more efficient and productive with focus on serving their mission to students.
2. The enormous potential of higher education to examine societal problems dispassionately and thoroughly can be deployed better to inform the policy debate on some of the Province's most challenging problems such as health care delivery and big opportunities like renewable energy, to name only two. We can also promote the rise in student volunteerism in our communities and provide more direct focus on our role in the arts and culture.
3. We can continue to enhance our role as a force for local economic development and collaborate more aggressively with local companies to develop student internships and summer job opportunities that can pay off in highly skilled additions to the provincial workforce in the future.

Robust collaboration and partnerships between our universities and the business community in every campus community can be a potent force for economic development. Many of our institutions are successfully pursuing such opportunities, but the times require we double our efforts.

4. Our universities have a duty to think internationally and set up programs that ensure our students are sufficiently trained to participate successfully in the new global economy. We must continue to fuel more innovative research and commercialize new products, services and ideas for export to the world. Nova Scotia's successful future lies in its ability to compete internationally. Only universities can produce the workforce, scholars and researchers to succeed in the global marketplace.
5. Universities must be employers that lead the way and show Nova Scotian organizations that protecting our human resources – our people asset – is especially important in difficult financial times.

At the same time, our universities are looking at long-range, systemic changes and using the current economic challenge as an opportunity to consider making operational and administrative changes, including services provided and vendor contracts, and, sharing resources and developing programs with other universities and the Nova Scotia Community College.

Finally, if ever there was a time for higher education to be front and centre in solving Nova Scotia's societal problems, including those related to economic diversification and development, that time is now!



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Making a Commitment to Higher Education in Nova Scotia

Executive Summary of Recommendations

1. Annual Operating Grants and Tuition Fees

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