College Task Force on the Future

"The 2015-16 Fiscal year"

Report – Phase 1

April 14, 2015

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Introduction

The University of King's College is a unique and valued institution — for its students, its faculty, its staff, its community. Maintaining all that makes King's "King's" is vitally important to all of us.

We do believe King's has a viable long-term future, but we acknowledge we will need to make changes to how we do what we do in order to maintain the King's we value for the long term.

In the 2015-16 academic year, that means we must make difficult decisions to bring our finances into balance. Given that our expenses have been increasing faster than our revenues for some time, we will not be able to solve all of our financial issues within one fiscal year. But we can — and should — see this year's short-term fixes as a way to buy time to make longer term structural changes that can make us more sustainable.

We cannot lose sight of the real goal for any changes: a College that is both sustainable and also flourishing into the foreseeable future.

The Task Force's goal has been to produce an interim report whose recommendations will inflict the least short-term damage while protecting the institution and laying the groundwork for its sustainable long-term future.

Background

The "Faculty Working Group on the Future of the College," in its November 2014 report, recommended the establishment of a College Task Force made up of representatives of all of the university's various communities — staff, students, faculty, administration, board, alumni — to examine the College's current financial situation and to make recommendations about its future. The Task Force idea was quickly embraced by all constituencies within the university.

This Task Force, chaired by Vice President Kim Kierans, held its first meeting December 12, 2014. Since then, it has met 20 times for a total of 42 hours.

- We have been briefed, and then updated on the College's current financial situation by the Bursar, the Director of Finance, and the Board Treasurer. We thank each of them for their quick, courteous responses to our many questions, and their forbearance in answering our many follow-up queries and requests for clarification.
- We have examined the reports filed by each of the College's administrative and academic units in response to a request from the Budget Advisory Committee. The BAC had asked them to detail how they would achieve cuts

of 5, 10 and 20 per cent in their annual budgets, and the impact such cuts would have on their ability to perform their important functions.

- We have since met with supervisors of most of those administrative units to follow up on those reports and ask further questions. We appreciate their candid and thoughtful responses.
- On January 28, 2015, the Task Force hosted a 90-minute Town Hall to allow the King's Community to discuss the options presented in our Draft Interim Report.
- We have presented all of the recommendations with the exception of recommendation 9 to the Board of Governors and those recommendations are now in the hands of the Budget Advisory Committee and the Bursar's Office.
- We have met with faculty. On their recommendation we have consulted a lawyer concerning potential implications of the proposed wage freeze and reported the results to them at a special meeting on April 8.

The focus of this report is the short term: the 2015-16 fiscal year. Our goal is to provide members of the King's community with a better understanding of some of the financial challenges we face in the upcoming year, and the recommendations we are suggesting to respond to them.

What is King's current financial situation?

What follows is the text of a briefing we received from the Bursar on December 16, 2015:

> The College faces a situation of declining enrolment. As of December 1, 2014 full-time undergraduate enrolment was 1001, a drop of 197 or 16.4% from the high three years ago. Offsetting the decline to some extent is the increase in graduate enrolment from 7 to 48. The FYP enrolment on December 1, 2014 is 238, a decline of 20% in one year.
>
> Our operating cash balance on March 31, 2014 was negative $1,265,000. The proceeds from the sale of the house and further measures that have been taken may allow us to stay close to that balance by the end of March 2015.
>
> But looking ahead to 2015-16 and beyond, if enrolment does not improve, the College will incur growing cash deficits as the imbalance between resources to fund the College's activities and the costs of those activities increase. While there are many assumptions that can be made in forecasting here is one set for the next four years.
>
> - Operating grant increases of 0%.

- Allowable student fee increases capped at 3%.
- Full time undergraduate enrolment decline in 2015-16 of 5% as the small current FYP class moves into the upper years. This assumes an entering FYP class for next year of 240. After that it is difficult to predict with any confidence what will happen. For purposes of these forecasts I am assuming a 2% decrease in full time undergraduate enrolment for each of the three years. Graduate enrolment stays steady throughout.
- Continuance of the additional .5% endowment draw.
- Increased non-instructional net income (i.e. conference services).
- Continuance of the $300,000 ATB cut in the 2014-15 budget but no further ATB cuts. [In 2014-15, there was an additional $200,000 ATB cut.]
- Status quo on staffing levels and compensation increases.
- Keep increases in other non-salary costs at 2% inflation.

The short version of all of that is that we need to reduce our expenses by approximately $1.4 million in 2015-16. If we don't, and if current patterns persist, the College's deficit will increase by another $500,000 in each subsequent fiscal year.

What are the options for 2015-16?

When we began this process, we understood there would not be one single solution to our short-term financial crisis. Given the extent of the budgetary shortfall and the limited savings to be gained from most of the available cost-cutting options, we were faced with choosing various combinations of unpleasant options from among a menu of unpalatable choices.

As we delved deeper into the weeds of the departmental and administrative numbers, we discovered the complicating reality that there is very little "low-hanging fruit, ripe for the plucking." That's not to suggest there aren't some expenses that can't be cut or trimmed. There always are. But, generally speaking, King's is a lean organization.

On the one hand, that's good news. We are well and carefully run, academically and administratively. But, on the other hand, it means any cuts will almost certainly touch bone.

Some of the issues:

During our meetings, members of the Task Force raised some difficult, even potentially contentious questions. For example:

- Has the administration grown too big for the size of the university?
- Do faculty members really need sabbatical leaves?
- Why shouldn't we increase the draw on the endowment further to help deal with the projected 2015-16 shortfall?
- Why not use $2.228 million recently identified as "non-endowed" investments to eliminate our 2015-16 deficit?
- Is it possible to cut expenses by 5, 10 or 20 percent and continue to function as a university?
- What would the much talked-about salary freeze actually look like, and how would it impact faculty, staff and the institution?
- What would be the effect on enrolment — and revenue — if tuition and fees were reduced… or increased?

These are all important questions, which have been considered in an open, respectful atmosphere. That's not to suggest we suddenly, magically agree on the answers, but we all now have a much better idea of how the College and its interconnected communities actually work.

While it's impossible to replicate our Task Force learning experience in a report, we believe it may be useful to reflect on some of the more contentious issues raised, the questions asked, and the answers given.

Size of the administration:

We asked for numbers to show whether administrative departments had increased in complement and cost over the past decade, by how much, and how those increases compared to academic increases and overall costs.

In 2014-15, according to our recent Institutional Self Study, King's faculty totaled 49.5 (excluding part-time per course instructors) with 49 staff/administration. In 2009-10, those numbers were: 45 academics and 38 staff/administration.

The table below shows the costs of academic salaries (General Academic, and Carnegie/Equalization) versus staff and administration over the past decade, as well as the year-over-year percentage increase in expense in each category.[1]

[1] Costs under Administration include two presidential salaries and two bursars in 2012-13.

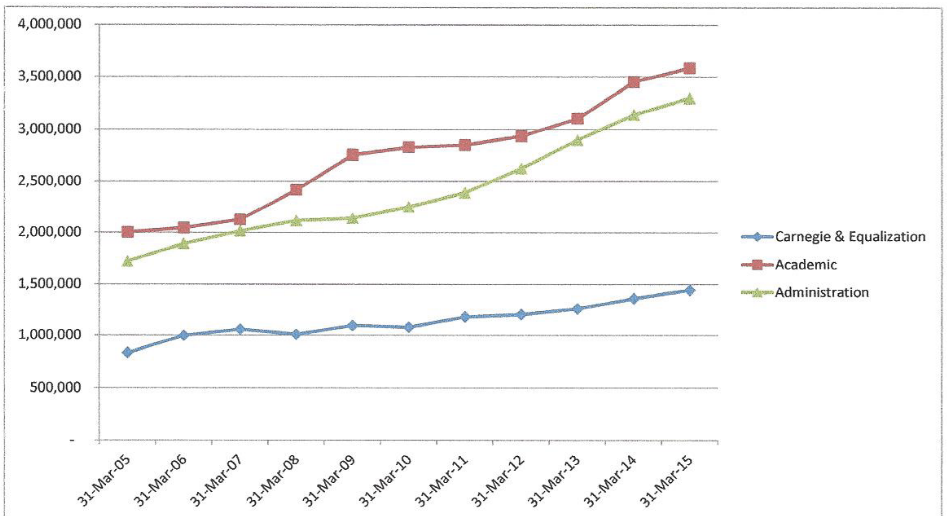
University of King's College
Salaries Paid (excluding casuals, TA's, lecturers, etc.)
2005 - 2015

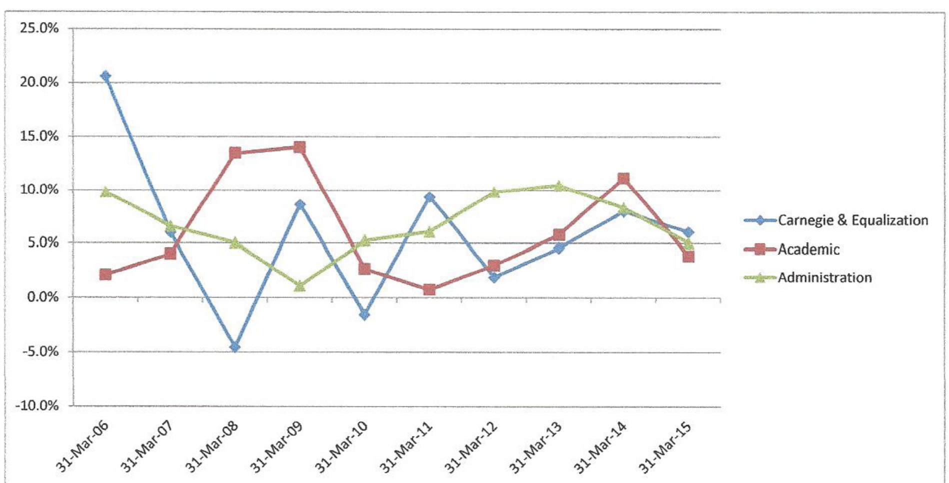
Category	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	Forecast 31-Mar-15
Carnegie & Equalization	828,583	999,376	1,059,269	1,011,318	1,098,398	1,081,354	1,182,564	1,205,052	1,260,634	1,360,775	1,442,900
Academic	2,003,535	2,046,349	2,129,389	2,416,616	2,756,112	2,829,525	2,850,968	2,936,979	3,106,926	3,453,564	3,586,915
Administration	1,723,419	1,892,553	2,016,215	2,118,445	2,141,989	2,254,612	2,390,979	2,626,183	2,901,309	3,141,984	3,301,321

Year over year % increase

Category	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Carnegie & Equalization	20.6%	6.0%	-4.5%	8.6%	-1.6%	9.4%	1.9%	4.6%	7.9%	6.0%
Academic	2.1%	4.1%	13.5%	14.0%	2.7%	0.8%	3.0%	5.8%	11.2%	3.9%
Administration	9.8%	6.5%	5.1%	1.1%	5.3%	6.0%	9.8%	10.5%	8.3%	5.1%

Administration includes Registrar casual staff as there were several full time vacancies over the years covered by casuals.
Administration also includes two presidential salaries in 2012-13.





Question #2

There are, of course, different ways to parse all of these numbers. So it may be helpful to zoom in on what is happening currently in the three largest administrative units:

- **Registrar's Office:** The Registrar's Office is currently in the midst of a reorganization, in part the result of an external review. Marketing and website development have already been transferred to Advancement. One of the goals of the restructuring, which is expected to be complete by the fall of 2015, is that some of the work currently done by the Registrar's Office will be done by Dalhousie. Although this is a work in progress, we have been told the reorganization will lead to savings of 10 per cent of the Registrar's $750,000 annual budget.
- **Bursar's Office:** The Bursar's Office has the same overall complement of administration and staff (six) as it had during most of the final years of the previous Bursar.
  That said, the former Bursar's job has now been sub-divided into three positions: Bursar, Director of Finance, and Director of Facilities. The division of the Bursar and Director of Finance roles is considered good management practice, encouraging transparency, efficiency, and accountability as well as timely and accurate data that have been essential in this process.
  Facilities management is an increasingly specialized skill that requires a dedicated professional. It is worth noting the new Director of Facilities was able to realize identified savings equal to his salary in his first year on the job.
- **Advancement:** The Advancement Office, which is responsible for alumni development, communications and fund raising, has recently added (from the Registrar's Office) marketing and the university website to its responsibilities.
  As a result, the Director of Advancement told us, there has been an internal reorganization that will allow the Office to better meet its new and existing responsibilities. It will reduce our reliance on costly outside contractors and save the college a minimum of $40,000 per year.
  In the past five years, the College's Annual Fund has grown from roughly $100,000 to $225,000. Overall, Advancement has raised $4 million in the past 2 years, more than in any other previous similar period. (For comparison, the University raised less than half of that — $1.57 million — in 2011-12 and 2012-13).
  The office is preparing for the "quiet phase" of a capital campaign. The total campaign is assumed to be a 5-7 year undertaking. It will involve a review of the recommendations from last year's strategic planning (Academic Plan, Enrolment Plan, etc.) and further community consultation as desired projects and financial targets are developed.

> The office will be testing the viability of a $15-20 million campaign goal from individuals and the private sector. For comparison, each of the two previous campaigns raised less than half of that amount and, in the case of the $7.5-million library, over half came from government, which is no longer a likely source of funds.

In 2013-14, the University began regularly reviewing the operations of administrative units using an approach similar to traditional academic unit reviews. The Registrar's Office was reviewed in 2013-14, and the Library in 2014-15. Savings of $185,0000 from administrative restructuring above 5 per cent have been identified.

Recommendation 1: The Task Force recommends the $185,000 in identified savings above five per cent from the restructuring of the Registrar's Office and Library be applied against the deficit in 2015-16.

In 2015-16, the College will review the Advancement Office and the Chapel. In 2016-17, Residence and Student Services and Athletics will be reviewed.

Sabbaticals and Sessionals

This report is not the proper venue for an in-depth discussion of the place of sabbaticals in academia, but everything is on the table and such questions should be part of the discussion moving forward.

There are, however, more immediate issues that could be addressed. Figures provided by the Bursar's Office show the estimated cost of a sabbatical replacement is $11,000 per year if the faculty member is replaced by part-timers, $89,000 if by sessionals. Some universities simply do not replace professors on sabbatical.

Given our small size and the limited number of core courses offered in some programs, not teaching certain courses might prove impossible. But we need to look carefully at long term savings that might be realized by changing policies with regard to sabbatical replacement.

The issues of sabbaticals and the employment of sessionals are related but also different. It would be possible to generate significant savings — approximately $300,000 — if we were to eliminate all sessionals in the Humanities,[2] for example. But we also recognize that this could compromise the capacity of those programs to deliver their core courses, and could also impact student recruitment and retention. We understand, from letters submitted by students, that they have legitimate

[2] We reference only the Humanities here because we are focused on the 2015-16 budget year and only Humanities sessional contracts are up for renewal this year.

concerns about eliminating sessionals, or relying on per-course faculty to teach their core courses.

Recommendation 2: In order to ensure the quality of our academic offerings, for the 2015-16 academic year, the University will continue to employ sessionals.

Recommendation 3: In 2015-16, decisions on sabbatical leaves will continue to be determined in the usual manner.

Endowment

Last October, the original Board Task Force on Financial Sustainability concluded increasing the draw on the university endowment to deal with our short-term financial difficulties "would run counter to the best principles of endowment management and governance [and] is not a solution to our long-term problem."

Two months later, however — after the Faculty Working Group again raised the issue in its report — the Board considered the question again.

Rather than increase the endowment draw, the Board did agree to follow the practice of some other universities and apply a 0.5 percentage point annual internal administrative charge to the endowment on an ongoing basis, resulting in additional funds of approximately $150,000 in 2014-15.

Attractive investment returns during 2014 will also result in a higher level of distributions from the endowment in 2015 under the current distribution formula. But, given the current state of investment markets, it's unlikely there will be a similar increase in 2016.

Some have asked whether it might be possible to further increase the administrative charge or the level of endowment distribution on either a one-time or ongoing basis.

As pointed out in the Faculty Working Group report, "other Canadian universities, faced with similar issues, are increasing their draw on endowments well beyond five per cent on a temporary basis." And, quoting from *Inside HigherEd,* the Faculty report added: "endowments should exist to support the educational mission; the college's mission is not to increase the endowment."

The flip side of that, of course, is that consideration of such options must take into account:

- the current environment of low interest rates and investment returns;

- the potential impact on donors' willingness to contribute to the endowment in future; and
- the wishes, legal and implied, of the donors who contributed to the endowment in previous years.

Deciding how much one can reasonably take as a draw from endowment income is inevitably a matter of judgment, but one that is constrained by the fiduciary responsibility of the Board to preserve and protect the endowment for the future.

Recommendation 4: The Task Force is recommending a modest increase of an additional .25 per cent increase ($75,000) in the internal administrative charge to help reduce the 2015-16 deficit.

The 5–10–20 per cent solutions

The Task Force has looked at the "narratives" provided by academic and administrative units concerning the impact of 5, 10 and 20 per cent budget reductions.

It is clear from examining them that a 20 per cent cut across the university is simply unsustainable. King's could not survive such a cut.

A 10 per cent cut would mean the elimination of programs and positions. King's might survive but it would not be the unique and valued institution we referred to at the beginning of this report.

A 5 per cent cut — which would produce $561,000 in savings[3] — would be incredibly painful, but we believe it could be managed in the short term in order to give us breathing room to plan a more sustainable future.

Recommendation 5: The Task Force therefore recommends an overall 5 per cent budget reduction for 2015-16.

In relation to the 5 per cent budget reduction, the following caveats and factors should be kept in mind:

- The 2014-15 budget already included a $300,000 permanent cut, $40,000 affecting the academic departments and $260,000 affecting the administrative departments.

[3] For clarity, the calculation of the 5 per cent saving is not based on the overall university budget of $20,475,000 but on that amount, minus those expenses ($9,237,000) the university does not control, such as Carnegie and Equalization professor costs, the Dalhousie allotment, scholarships, utilities, interest and service charges, etc. The budget subject to cuts is $11,238,000.

- Cuts should not be made across the board. There are units and programs that cannot sustain even a 5 per cent cut, others that can cope with more. We need to be selective with the cuts, aiming at an overall cut of 5 per cent.
- These cuts, for the most part, should be considered temporary and reconsidered after a year.
- Determining the specific cuts is beyond the scope of this Task Force. We believe this is the role of the Budget Advisory Committee.
- We believe the guiding principle for cuts to administrative and academic units must be to make sure those cuts do the least harm to the interests of our students.

The $2.228 million in non-endowment investments

As you may have read in our last Update, the Bursar and Board Treasurer informed our Task Force that, while "re-examining the long term accounts, focusing on the details of the investment and endowment lines… [they] discovered that a significant amount of funds may indeed be available that were not previously available. The funds are the result of past internal restrictions related to items not including general operations."

As welcome as that news was, it raised two questions:

1. Are there more such funds that might be available?
2. How should this fund be used?

The Finance Committee is indeed continuing to examine all investment and endowment lines. If additional funds are discovered, they will be reported in a timely and transparent manner.

There are no particular legal constraints on how we use the $2.228 million. However, the Bursar and the Treasurer have advised the funds should not be used for a "one-shot fix" — funding our 2015-16 shortfall, for example — but should instead be invested "to provide a return to the College for its long term sustainability." This could include funding such items as early retirements and/or buyouts, administrative restructuring costs, deferred maintenance projects that would have an operational payback, developing conference services, debt reduction and an academic innovation fund.

Let us consider a few of those options:

1. Early retirements/buyouts

One identified potential use for some of the funds would be to support early retirements and/or buyouts. King's currently has 15 faculty and staff between the ages of 60 and 70.

It is difficult to know how many of them might take up such an offer and the savings would depend on a number of factors — Will the position be replaced? By whom? At what salary? When? — Estimates indicate such an "investment" could pay for itself in 18 months to two years.

If we used part of the $2.228 million to finance faculty renewal, for example, we could expect immediate savings as a result. In 2015-16, the net saving is projected to be $100,000.

The Carnegie professors are a special case. Because Dalhousie reimburses King's for 2/3 of the salaries of Carnegie professors, the savings to King's if a Carnegie professor retired would be one-third of the cost of the salary, but just 12 per cent after factoring in the Carnegie endowment.

Under the terms of the endowment, Carnegie professors must be replaced. But what if, instead of hiring a new professor for a position at Dalhousie, we were able to name an existing King's professor a Carnegie or have a King's professor teach half time in a Dalhousie department? This would clearly have to be negotiated with Dalhousie. But in 2014-15, it could lead to additional savings of up to $75,000 if successful.

2. Conference Services and Special Projects
King's recently hired Director of Special Projects (1.5 days per week) has identified $50,000 in potential additional profits in 2015 from hosting summer conferences and other projects. This is a beginning; other revenue-generating opportunities are currently under consideration, and we believe we can and should develop and implement these going forward.

3. Mitigating 5 per cent cuts
Using income (approx. $70,000) from the $2.228 million investments to mitigate the "incredibly painful" impact even a 5 per cent cut could have on academic programs in 2015-16:

Recommendation 6: That income from the $2.228 million investments be used to mitigate the impact of those cuts to units.

4. Innovation fund
As part of our academic program reorganization and renewal, money from the $2.228 million could be directed to create an innovation fund for new academic initiatives with oversight from the Planning and Priorities Committee.

5. Energy Retrofit

Over a year ago, the College commissioned a government-funded engineering report that identified potential savings of $100,000 – $150,000 per year in utilities costs (heat, light, water). To achieve that saving, the University would need to spend $860,000 in a capital expenditure. Rather than use a portion of the $2.28 million, our Treasurer has said given the current interest rates it make more sense to borrow for the retrofit project

Recommendation 7: That the College borrow $860,000 for a capital expenditures for a College energy retrofit project.[4]

We have included $50,000 as the estimate for savings in Year 1 based on the time it would take to complete the project.

Divinity funds

The College holds an endowment that was set aside and contributed to for divinity purposes when the College had a School of Divinity.

There are various obligations the fund must meet, but most significant is the payment of an agreed annual amount to support the work of the Atlantic School of Theology, which our School of Divinity joined in 1971. In recent years, however, we have not needed the full draw from the divinity funds to meet this obligation.

Which means there are two potential additional sources of revenue for King's:

- If we begin to take the full draw each year, we would have an additional $40,000 for college operating expenses (which could include the chapel or other current divinity expenses).
- There is now also an accumulated unspent income in the Divinity Fund of approximately $200,000.

Recommendation 8: That the College draw $40,000 from the accumulated unspent income in the Divinity Fund for divinity purposes in 2015-16, with future draws to be considered after the external review of the Chapel and Choir, and after the College has completed an examination of what restrictions, if any, there are on the use of these funds.

Salary freeze

The idea of a salary freeze has been on the table since at least last summer. It was one of the recommendations of the Board Task Force.

[4] The Board of Governors gave approval at its meeting of February 5, 2015 for the Bursar and Treasurer to approach the bank to negotiate a loan.

The Faculty Working Group, in its report, raised many questions about what that would actually mean. Who would be affected? When would it start? How long would it last? What would happen after? How would it affect the "parity clause"?

For faculty, the issue of a salary freeze is particularly complicated:

- For a variety of reasons, Carnegie/Equalization professors and faculty represented by the University of King's College Teachers' Association would be exempt from the freeze. That means there would be a disparity in salary between those King's professors affected by the freeze and those designated as Carnegie or Equalization faculty, or unionized faculty, even if all other qualifications and credentials are equal.
- King's faculty teaching in FASS or FGS would also be paid less than their Dalhousie counterparts, teaching the same courses in the same faculties.
- King's has traditionally relied on the "parity clause" in the Pink Book governing faculty appointments, promotion and tenure in setting faculty salaries. If parity is eliminated or suspended and there is no longer an agreed-upon mechanism for establishing appropriate salary levels, what are the implications for establishing those salary levels, and, more broadly, for employment relations in the College?

We recognize, on the other hand, that a salary freeze offers the university —facing a $1.4-million deficit in 2015-16 — to save $245,000.

But that does not mean we do not see a salary freeze as anything other than a means to deal with a particular budget situation. No recommendation from us should be construed to suggest we believe our faculty and staff are worth less than faculty and staff at other universities.

Recommendation 9: The Task Force recommends a salary freeze be adopted, as outlined in the following bullet points:

- The freeze would take effect July 1, 2015 and be in force for one year, until June 30, 2016. That means any Dalhousie-DFA salary increases for the year beginning July 1, 2015 would not be implemented.
- In the interests of fairness, the freeze would not apply to non- administrative staff, and employees earning less than $60,000 per year.
- Because of union and policy considerations, the freeze would not apply to Carnegie/Equalization professors or unionized faculty.
- By December 2015, a Financial Sustainability Working Group — similar to the Pension Working Group and representative of the College community — should be established to assess the state of the university's finances and to recommend if the freeze needs to be continued, in whole or in part, for a second year. The Working Group's process would be transparent and its report shared with the King's community.

- After the freeze has ended the affected King's salaries will resume tracking the salary settlements at Dalhousie, but with the Y value of the affected King's salaries being reduced from full parity by that number of years to which the freeze has been applied (i.e., one or two years whichever is applicable). (See scenario below)
- Notwithstanding the previous point, the goal (but not contractually binding) is to restore parity (meaning that King's faculty will be brought back up to the same salary and Y-values as if there had been no freeze) as soon as practicable, consistent with the College's financial situation and recognizing that this may be a multi-year process.
- To the extent applicable, staff salaries will also be restored, with the same considerations, to their current relationship to Dalhousie staff salaries.
- Income lost during the freeze will not be recovered when the freeze ends, nor will income lost as a result of the freeze's subsequent effect upon salaries be recovered after parity is restored.
- Recommendation 9 in this report deals only with the next two years. If the College's financial situation requires any action beyond two years there would need to be a process similar to the College Task Force process that produced this report.

In response to Faculty requests the Bursar's Office modeled the effect of a two year wage freeze on salaries.

The wage freeze, as described above would, as an example, have the following effect on an associate professor earning $101,751 as of July 1, 2014. For illustrative purposes this example assumes a two year freeze. The chart reflects the actual salary for an associate professor at the Y16 level in the recently ratified agreement between Dalhousie and the DFA.

	Y	With wage freeze		Y	Without wage freeze
July 1, 2014	16	$101,751		16	$101,751
July 1, 2015	16	$101,751		17	$107,920
July 1, 2016	16	$101,751		18	$111,502
July 1, 2017	17	$110,539*		19	$115,811*

*Note: The July 1, 2017 salary is outside the recent DFA agreement. For illustrative purposes, 2017 row above assumes a 1.5% increase in IMC and CDI.

As a result of the wage freeze, the faculty member is two Y levels behind what would have resulted if there had been no wage freeze.
With regard to pension the UKC Pension Plan provides a pension benefit equal to 2% of the best three year average salary. Therefore there will be an impact on pension benefits while the effects of a wage freeze remain.

Tuition and student fees

We discussed the question of King's high tuition and student fees, which are not only of vital everyday concern for our students and their families who must pay them, but also for the College itself as we attempt to recruit new students and retain those we have. During our Town Hall, we heard the frustrations of current students loudly and clearly.

But the question of tuition fees is complicated. Except in Journalism, King's does not set its own fees. Because FYP and our upper year humanities programs are so intertwined with Dalhousie, we follow its lead in setting tuition for those programs.

Dalhousie's options are also limited. On the one hand, the provincial government cut operating grants to universities by 10 per cent over three years (2011-2014) and in 2014-15, it gave universities a 1 per cent increase. It allocated a 1% increase in 2015-16 year. Tuition increases in 2015-16 will be no more than three per cent.

That disconnect between rising costs and the government's lack of increased support is one of the reasons King's faces the dilemma it does.

We will need to address that issue — and the need to make university education more affordable to more people — in the next phase of our Task Force's work.

In the short term, however, there are a few things we can do to provide at least modest relief for our students.

Recommendation 10: That College suspend its Technology Fee ($100) for two years.

Recommendation 11: That the College review the various ancillary fees it charges to ensure they are necessary and appropriate, and are properly and transparently explained to students and prospective students.

Chapel Choir

We discussed the value of the Chapel Choir. We have been told it provides tangible benefits in terms of recruitment and retention as well as intangible public relations benefits to the College among the broader community, but it has a net cost of approximately $40,000 per year. Is the benefit worth the cost?

The choir's role and future will be considered as part of the 2015-16 unit review of the Chapel. We believe this is an appropriate venue for considering its costs and benefits, and making decisions moving forward.

Next steps

As we stated earlier, this report focuses on what we need to do in 2015-16 to balance our books. What we have proposed for 2015-16 simply buys us time to deal with the larger and even more complex issues of ensuring that the College is viable and sustainable for the long term. Our deliberations, of course, are occurring at the same time other groups are focusing on specific issues that will also affect King's future and the work of the Task Force including:

- The Dalhousie Senate review of the King's-Dalhousie institutional relationship continues.
- The Planning and Priorities Committee of Faculty is working on new revenue generating initiatives to present to our committee.

We all recognize the excellence of our academic mission and want to ensure that King's can continue to be "King's" for future generations of students, faculty, staff, alumni and friends. With your support, that will be the next task for the College Task Force.

As always, we welcome your comments and suggestions. You may contact the Task Force through our gmail account: collegetaskforce@gmail.com.

On behalf of the members of the College Task Force:

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April 14, 2015

Recommendations:

Recommendation 1: The Task Force recommends the $185,000 in identified savings above five per cent from the restructuring of the Registrar's Office and Library be applied against the deficit in 2015-16.

Recommendation 2: In order to ensure the quality of our academic offerings, for the 2015-16 academic year, the University will continue to employ sessionals.

Recommendation 3: In 2015-16, decisions on sabbatical leaves will continue to be determined in the usual manner.

Recommendation 4: The Task Force is recommending a modest increase of an additional .25 per cent increase ($75,000) in the internal administrative charge to help reduce the 2015-16 deficit.

Recommendation 5: The Task Force recommends an overall 5 per cent budget reduction for 2015-16.

Recommendation 6: That income from the $2.228 million investments be used to mitigate the impact of those cuts to units.

Recommendation 7: That the College borrow $860,000 for a capital expenditures for a College energy retrofit project.

Recommendation 8: That the College draw $40,000 from the accumulated unspent income in the Divinity Fund for divinity purposes in 2015-16, with future draws to be considered after the external review of the Chapel and Choir, and after the College has completed its examination of what restrictions, if any, there are on the use of these funds.

Recommendation 9: The Task Force recommends a salary freeze be adopted, as outlined in the following bullet points:

- The freeze would take effect July 1, 2015 and be in force for one year, until June 30, 2016. That means any Dalhousie-DFA salary increases for the year beginning July 1, 2015 would not be implemented.
- In the interests of fairness, the freeze would not apply to non- administrative staff, and employees earning less than $60,000 per year.
- Because of union and policy considerations, the freeze would not apply to Carnegie/Equalization professors or unionized faculty.
- By December 2015, a Financial Sustainability Working Group — similar to the Pension Working Group and representative of the College community — should be established to assess the state of the university's finances and to recommend if the freeze needs to be continued, in whole or in part, for a second year. The Working Group's process would be transparent and its report shared with the King's community.
- After the freeze has ended the affected King's salaries will resume tracking the salary settlements at Dalhousie, but with the Y value of the affected King's salaries being reduced from full parity by that number of years to which the freeze has been applied (i.e., one or two years whichever is applicable).
- Notwithstanding the previous point, the goal (but not contractually binding) is to restore parity (meaning that King's faculty will be brought back up to the same salary and Y-values as if there had been no freeze) as soon as practicable, consistent with the College's financial situation and recognizing that this may be a multi-year process.
- To the extent applicable, staff salaries will also be restored, with the same considerations, to their current relationship to Dalhousie staff salaries. Income lost during the freeze will not be recovered when the freeze ends, nor will income lost as a result of the freeze's subsequent effect upon salaries be recovered after parity is restored.
- Recommendation 9 in this report deals only with the next two years. If the College's financial situation requires any action beyond two years there would need to be a process similar to the College Task Force process that produced this report.

Recommendation 10: That College suspend its Technology Fee ($100) for two years.

Recommendation 11: That the College review the various ancillary fees it charges to ensure they are necessary and appropriate, and are properly and transparently explained to students and prospective students.

Recommendations (2015-16)	Estimated Savings (2015-16)
Increase the draw on Divinity Funds	$80,000
Energy Retrofit	$50,000[5]
Conference Services profit	$50,000
Retirements (net)	$100,000
5 per cent cut	$491,000[6]
Salary freeze	$245,000[7]
Increase endowment administrative charge/draw	$75,000
Carnegie	$75,000[8]
Savings from administrative restructuring	$185,000[9]
TOTAL from Options Above	**$1,351,000**

[5] Estimated 2015-16 return on investment. In future years, when the retrofit is complete, this would yield savings of $100,000-$150,000.
[6] The 5% cut ($561,000) less an estimated $70,000 income from the $2.228 million.
[7] This figure is based on faculty and administration including unit directors and managers that earn more than $60,000. It does not include Carnegie/Equalization, and faculty represented by the University of King's College Teachers' Association.
[8] This assumes that a retiring Carnegie professor position can be replaced by a current King's professor as a named Carnegie prof. Subject to negotiation with Dalhousie.
[9] Registrar's Office and Library above 5 per cent.