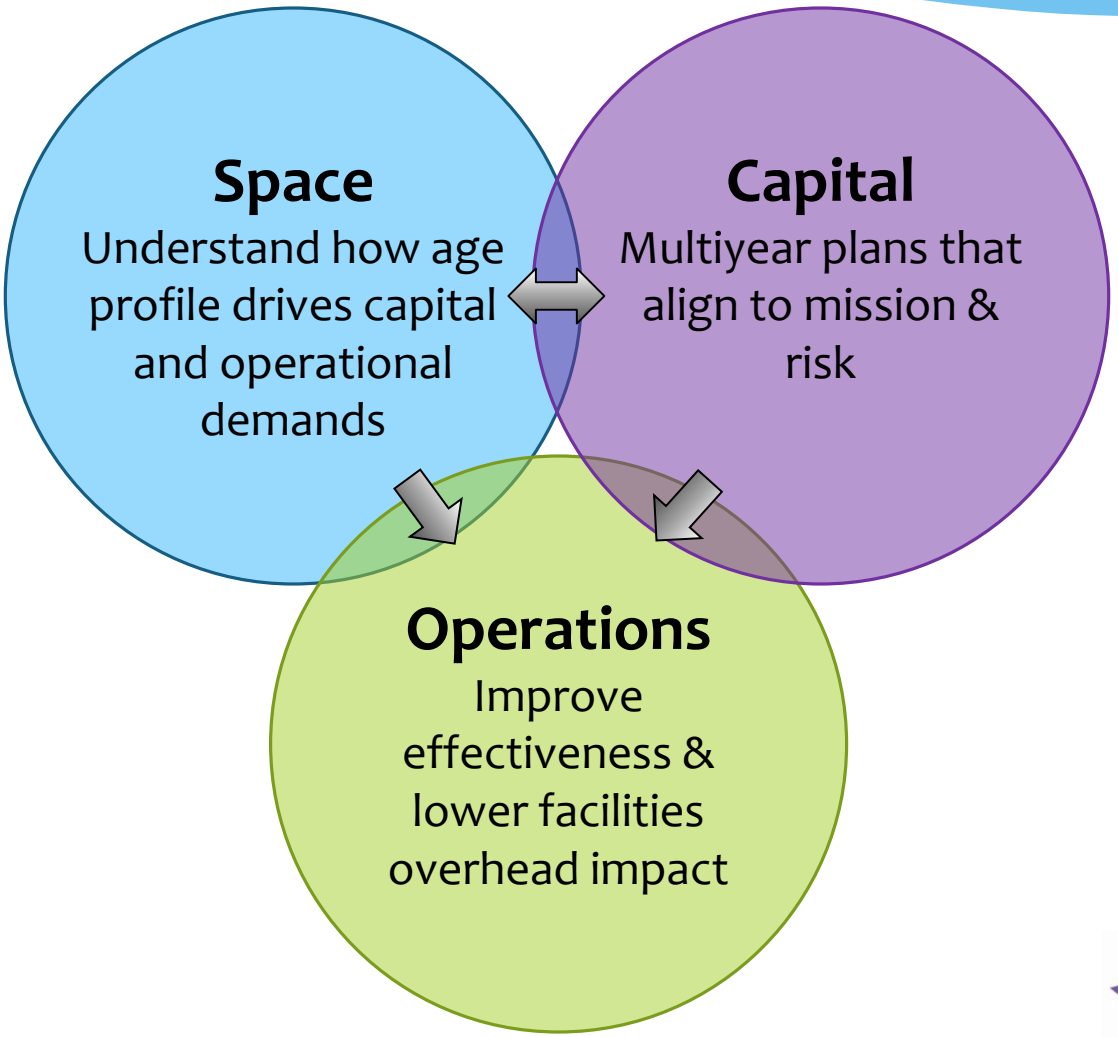
Funding for Maintenance and Repair at UMKC

Faculty Senate
November 4, 2014

Changing the Conversation



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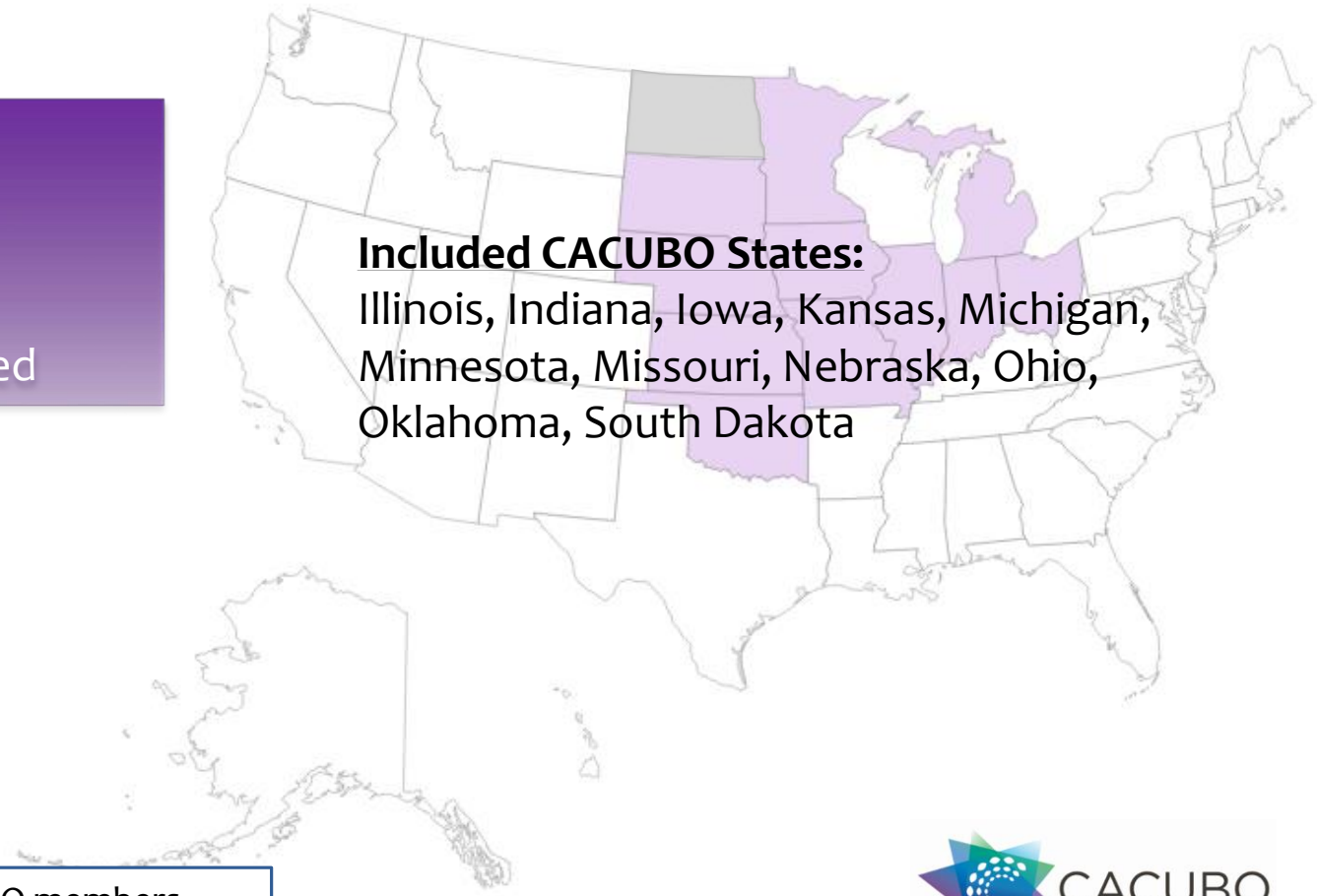
CACUBO Region

49 Total Campuses
29 Public campuses
20 Private campuses
342,947,907 Total GSF
725,057 Students educated



Purple states: Sightlines & CACUBO members
Grey States: CACUBO but not Sightlines members

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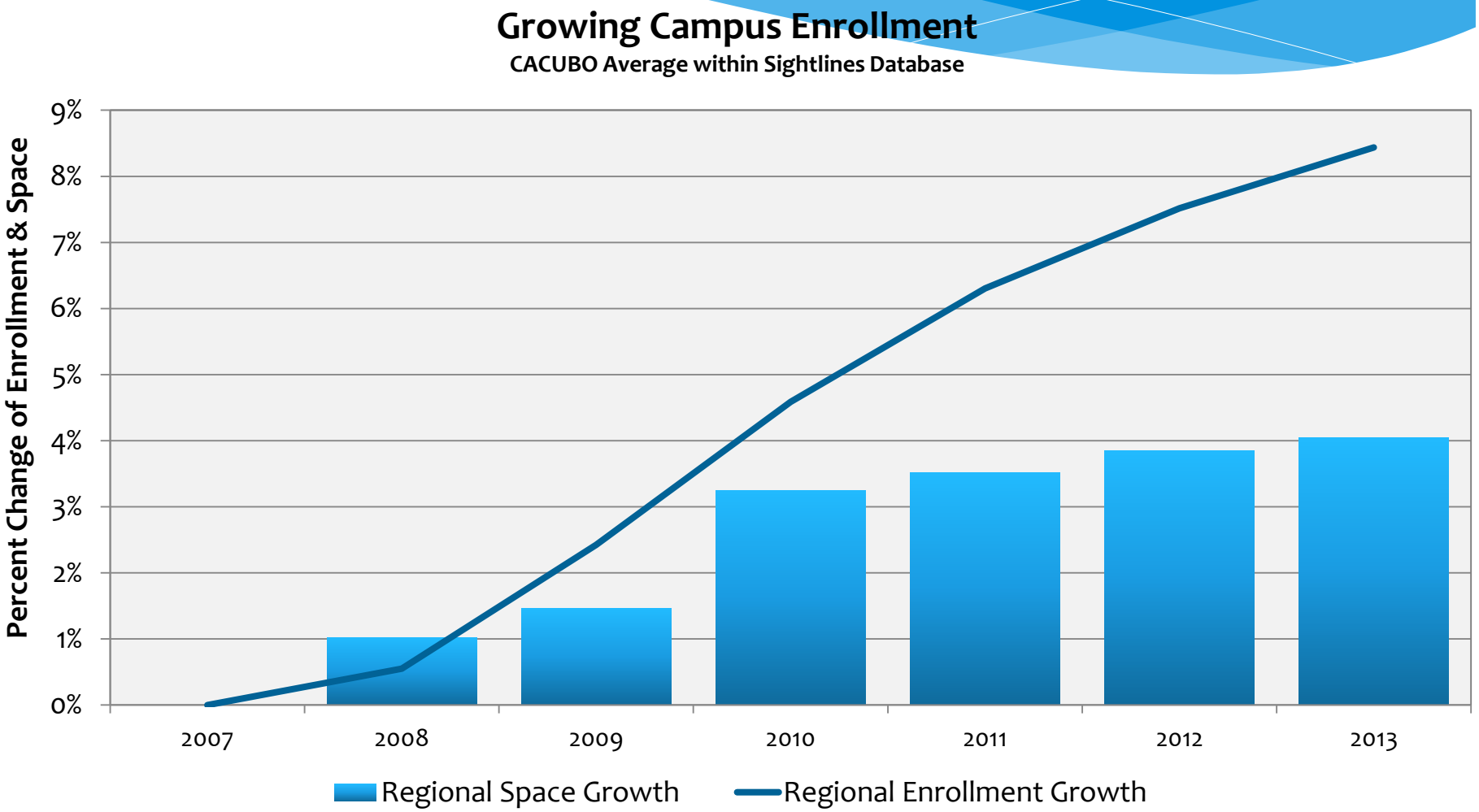
Campus Space and Enrollment



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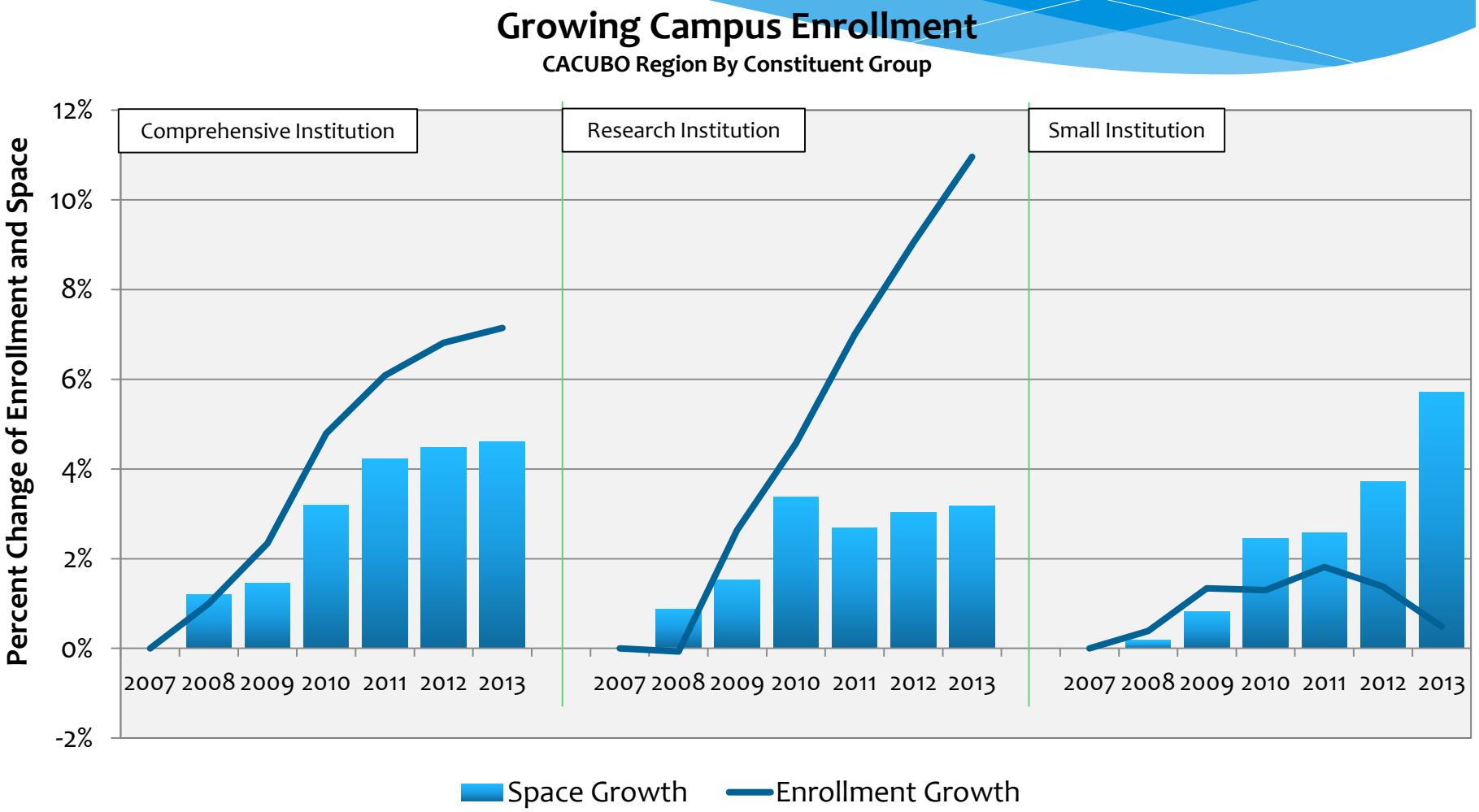
Campus Space and Enrollment



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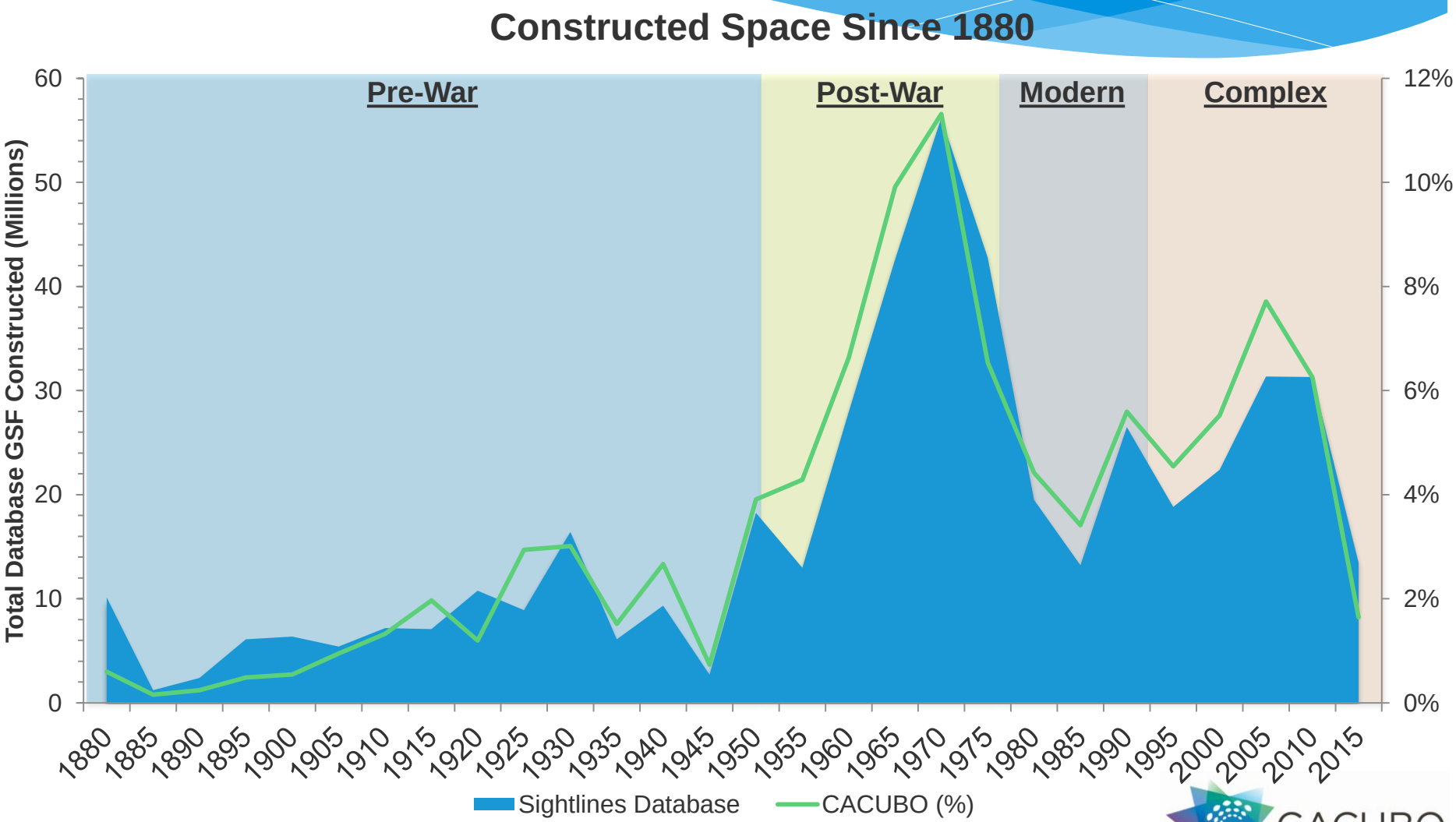
Database Construction Trends



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Conclusions – CACUBO Region

- In the CACUBO region, campus enrollment is growing faster than campus space, increasing campus density
- Aging facilities are competing with faculty needs and financial aid for funding
- Capital funding has only just returned to historic levels following the recession, private universities in the region have surprisingly seen less growth
- Backlogs are growing and at public campuses reaching unsustainable levels
- Funding for facilities operations have not kept pace with inflation, meaning cuts in staffing and contracts

Changes/ Challenges – UM System

* 34% growth in headcount and 42% growth in FTE students since FY2001
* Legislative limits on tuition increases equal to CPI
* State operating appropriations down almost $30 million since FY2001 in nominal terms
* Flat nominal state operating appropriations since 2010 which resulted in a cumulative real loss of $300 million
* No new state capital appropriations since FY2008, minimal investment between FY2001 and FY2008

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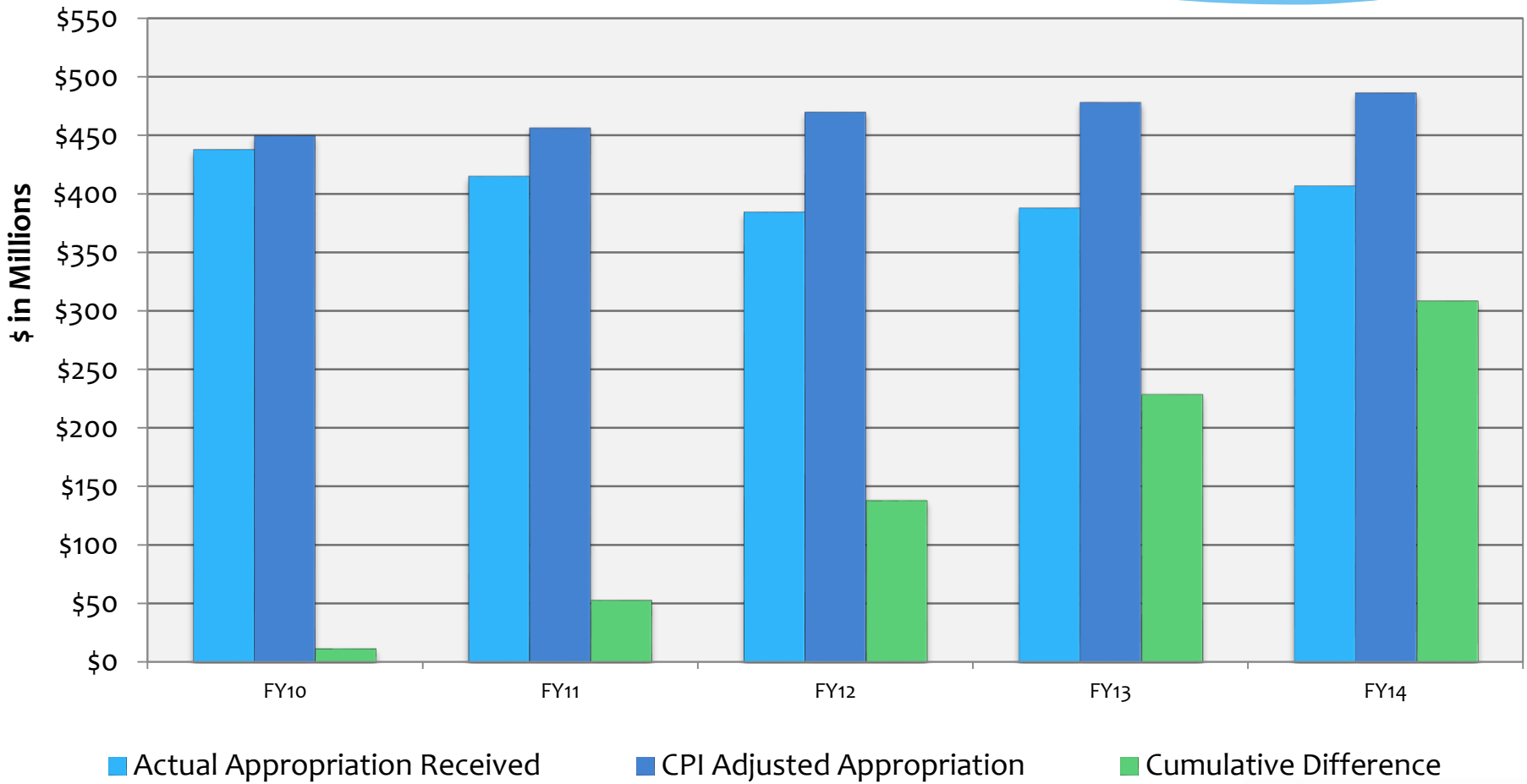
State Appropriations Over Time



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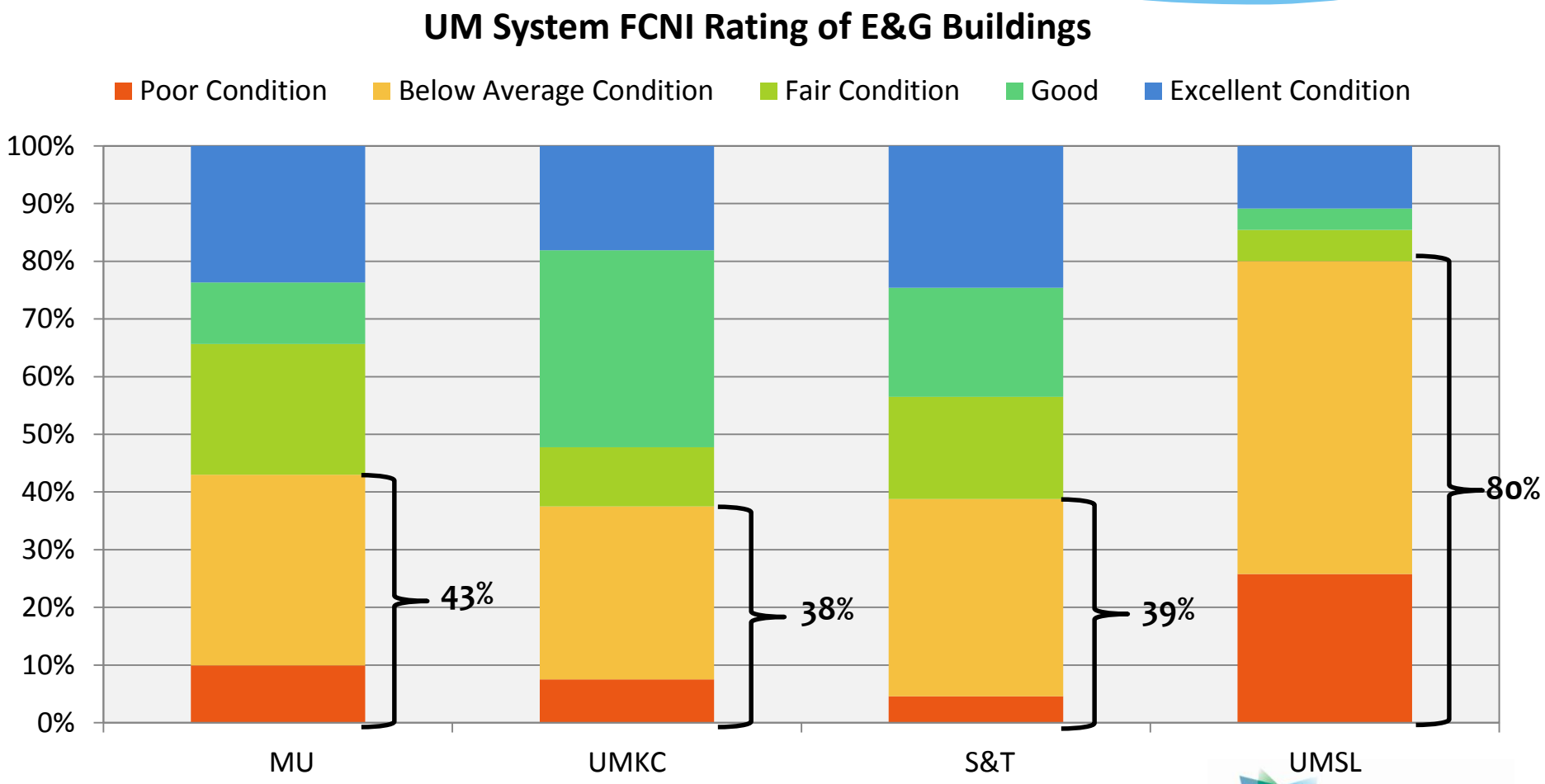
Facilities Condition by Campus



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Shaping Campus Policies

110.015 Facilities Needs Funding and Reporting

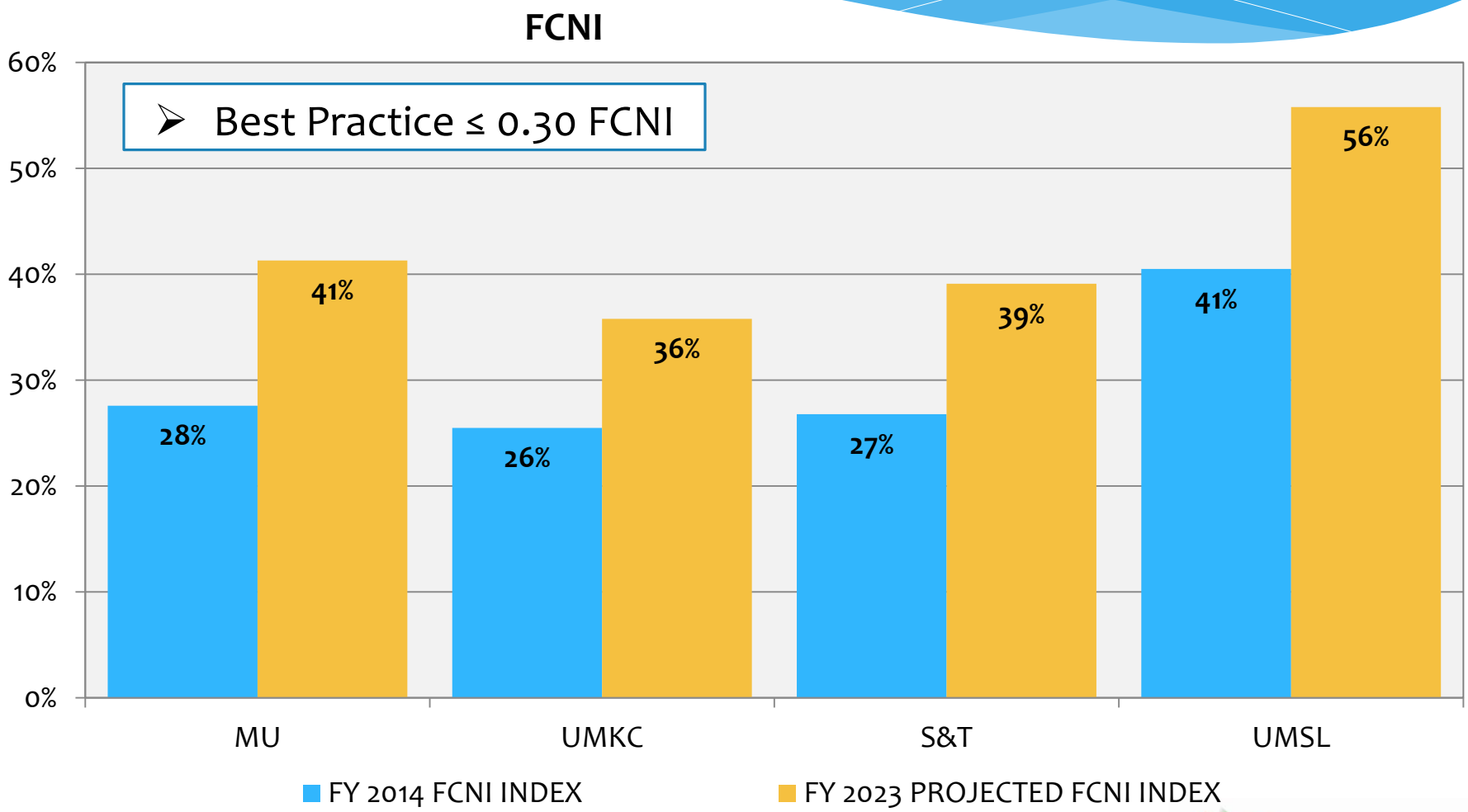
Chapter 110: Use of Facilities and Equipment

Executive Order No. 28, 4-12-94, Revised 6-26-08, Revised 12-4-12.

The University of Missouri recognizes the value of its buildings. To assure that buildings are renewed, that deferred maintenance is addressed, and that modernization occurs, an industry best practice requires an annual investment that supports the maintenance of a Facilities Condition Needs Index (FCNI) of 0.30 or lower. The FCNI is calculated as the sum of the total cost of capital renewal, deferred maintenance, and plant adaption divided by the estimated replacement cost of the buildings.

A. Each campus will annually establish its facilities needs funding (hereinafter "Funds") by calculating the investment required to achieve and maintain the campus FCNI goal (0.30 or lower is recommended) for its Education & General (E&G) facilities within the following ten years. The required annual investment based on the FCNI goal will be stated in dollars and as a percent of the estimated replacement value. If the campus budget amount is less than the established goal, the campus will identify the funding difference and the impact on its FCNI and on its total facility needs (backlog). Non-E&G (Auxiliary supported) facilities will also budget for annual facilities needs funds but may use another campus approved reinvestment goal. A minimum expenditure of 1.0% of building replacement value is required.

Predicting Future Condition



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Potential Funding Sources

* State Bond Issue

  $200 million plan

  15 Year financing

  $17.7 million annual debt service

* 50/50 Match – Private gifts and State Funding
* Dedicated Recurring State Appropriation
* Student Facilities Fee
  - $300 to $350 annual fee per student FTE

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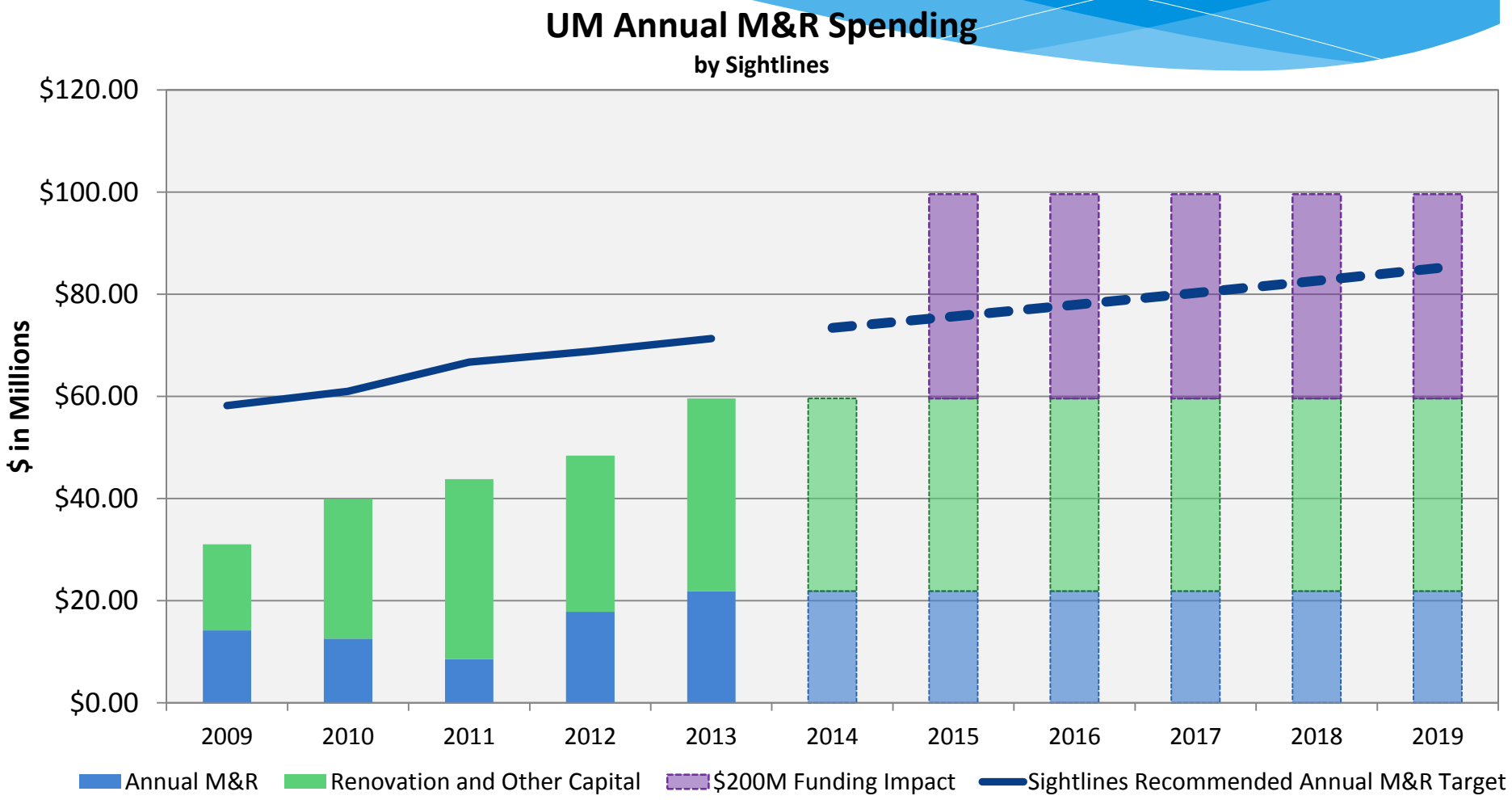
Projected Impact of $200M

Assuming consistent investment from FY13 and $200M spent over 5 years



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University of Missouri – Kansas City

UMKC

UNIVERSITY OF MISSOURI-KANSAS CITY

5.1M GSF

149 Maintained Acres

Founded 1933

Sightlines member since 2007

11,397 FTE Students

Engaged and Green:

The President's Higher Education Community Service Honor Roll with Distinction.

RecycleMania 2012 Grand Champion Winner.

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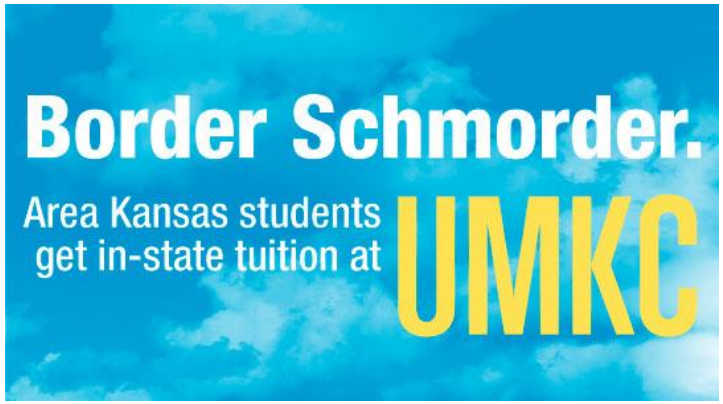
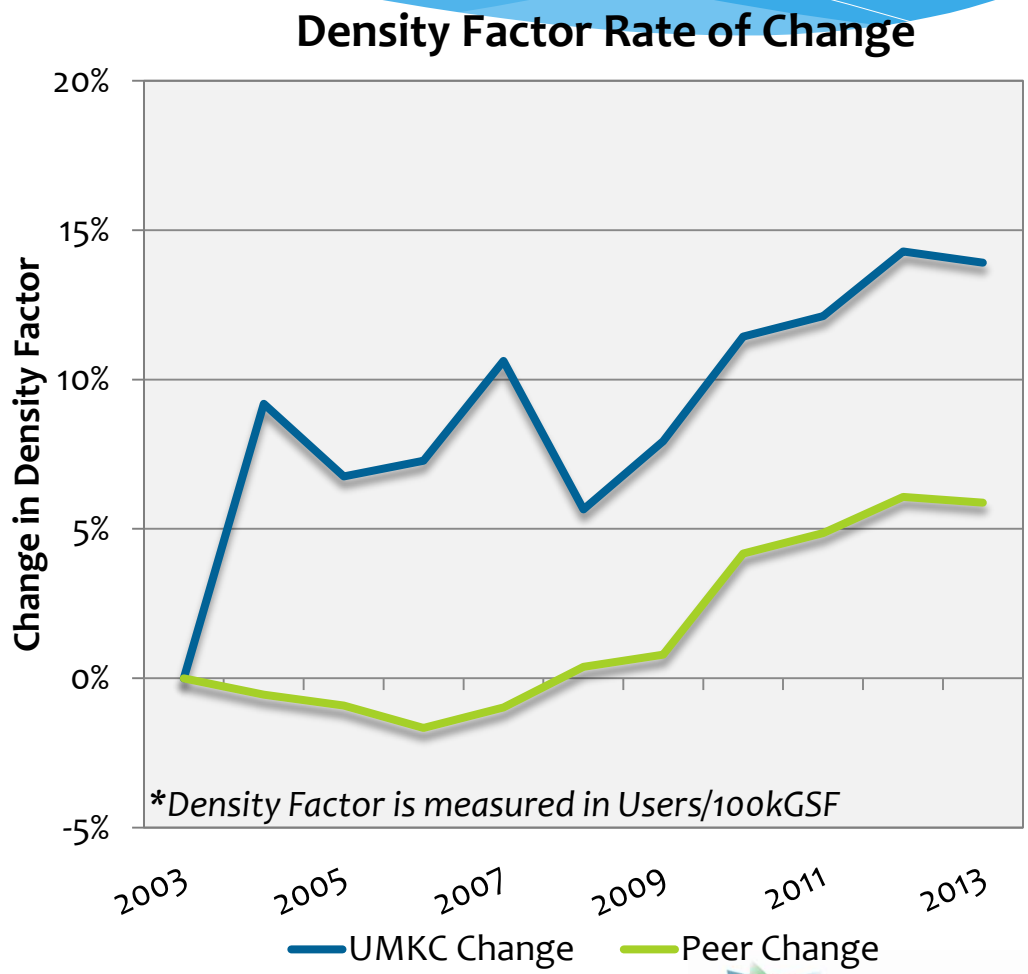
Changing Campus Density



2010-2020 Strategy Statement:
By 2020 we will grow enrollment to 20,000 and increase graduation rates 10% by ensuring student success through a small college experience as Kansas City's community engaged urban research institution, while leveraging our strengths in the visual and performing arts, life and health sciences and entrepreneurship.



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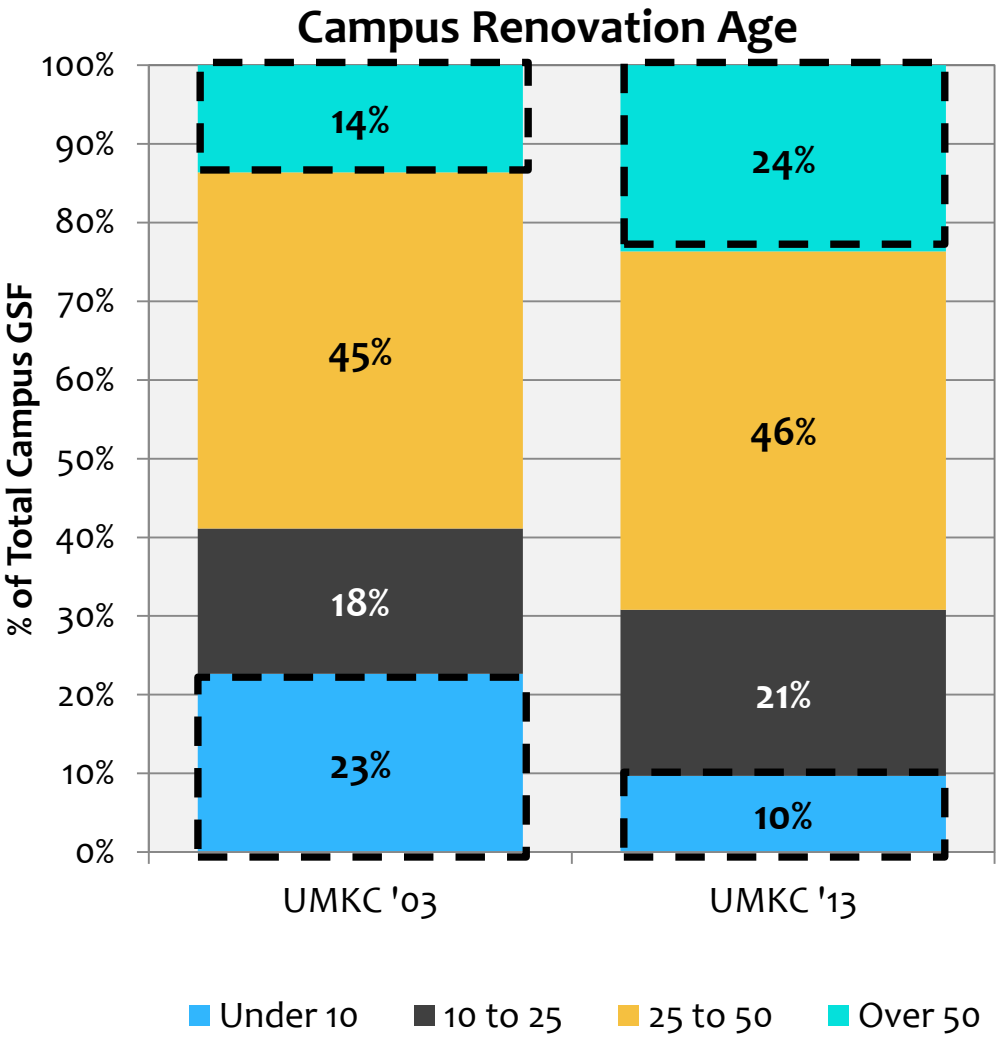
Age Shifts over Last 10 Years



Buildings over 50

Life cycles of major building components are past due. Failures are possible.

Highest risk

Buildings 25 to 50

Major envelope and mechanical life cycles come due.

Higher Risk

Buildings 10 to 25

Short life-cycle needs; primarily space renewal.

Medium Risk

Buildings Under 10

Little work. "Honeymoon" period.

Low Risk

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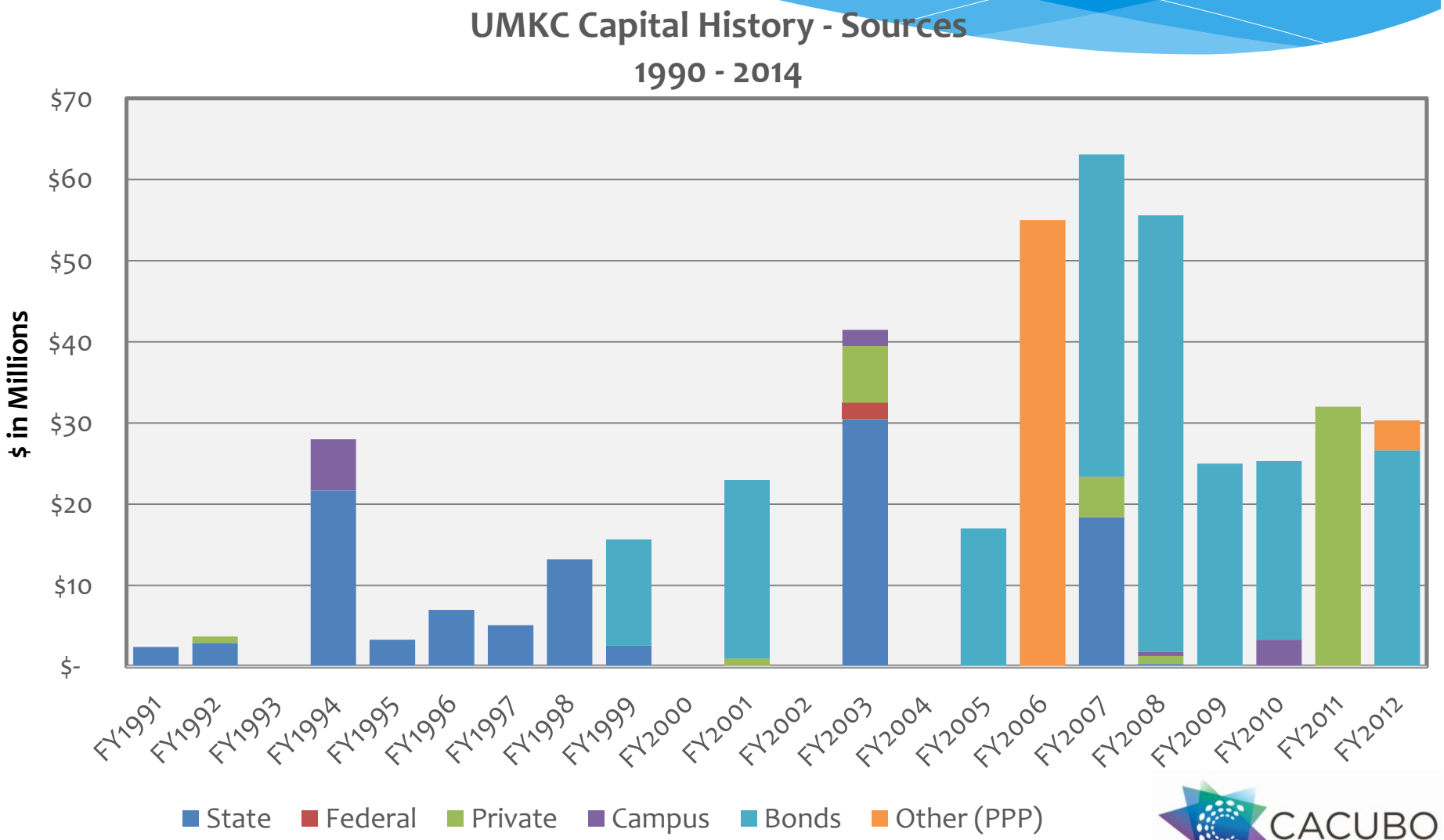
Changing Funding Sources

As state funding decreases, shifting toward creative use of bond funding



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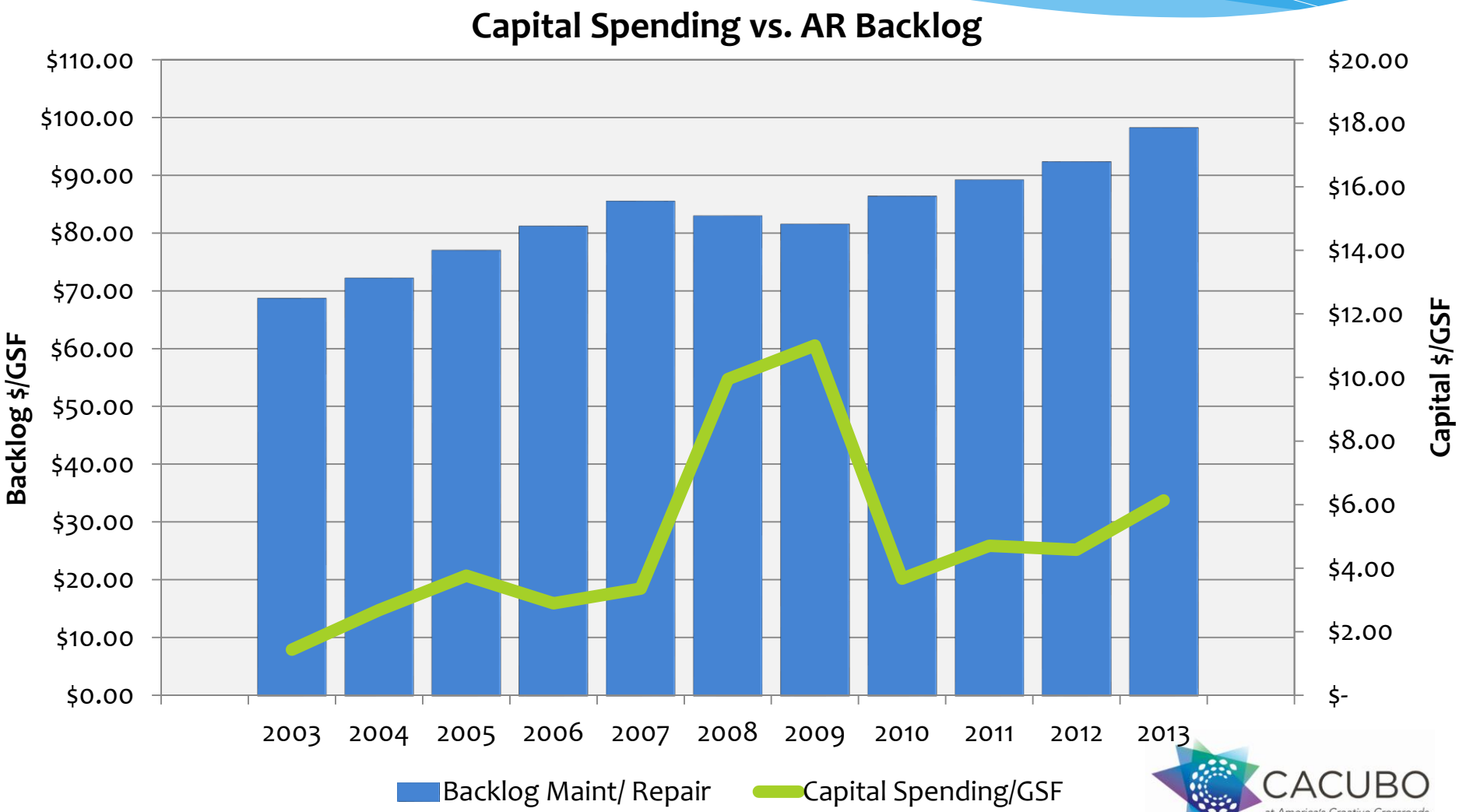
Capital Spending and Backlog

Large infusions of capital have significant impact on backlog



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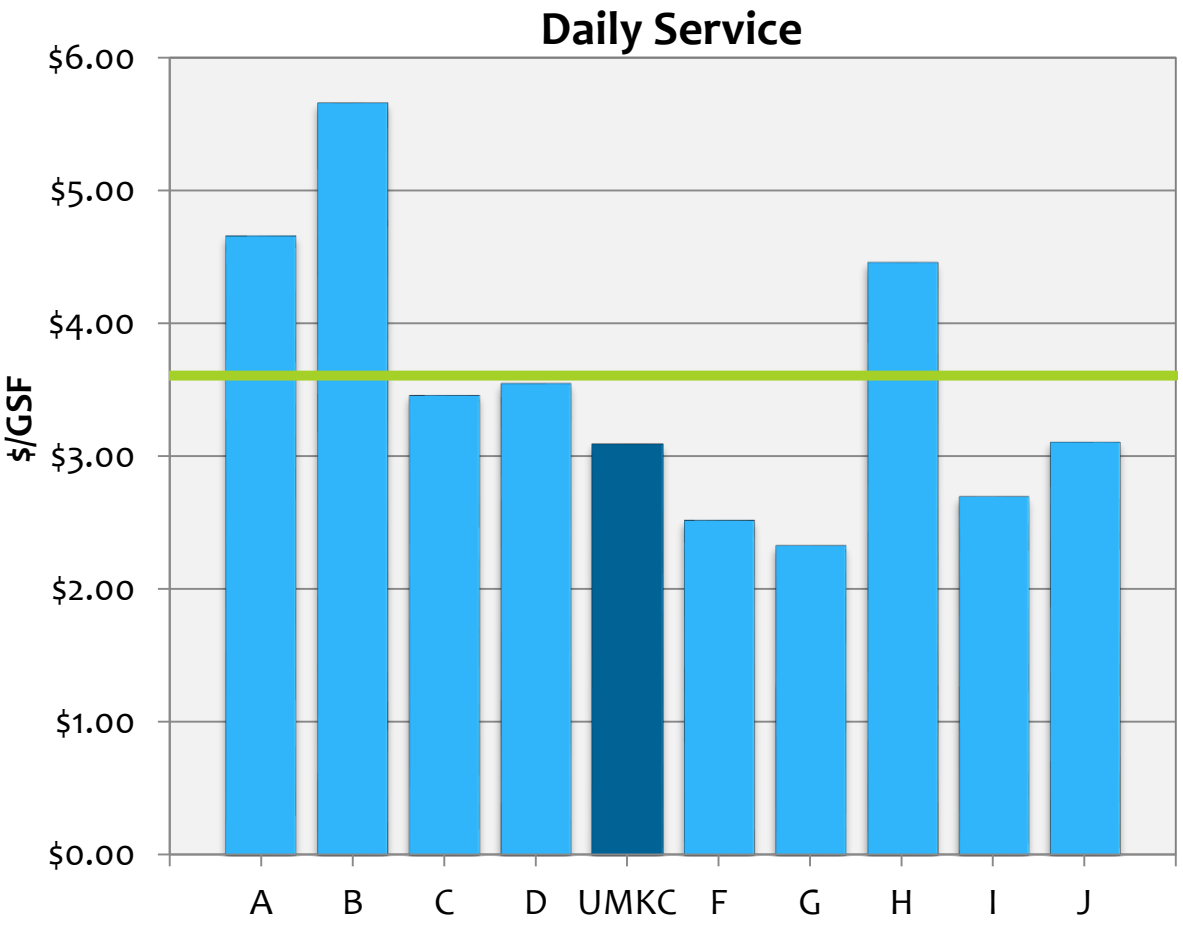
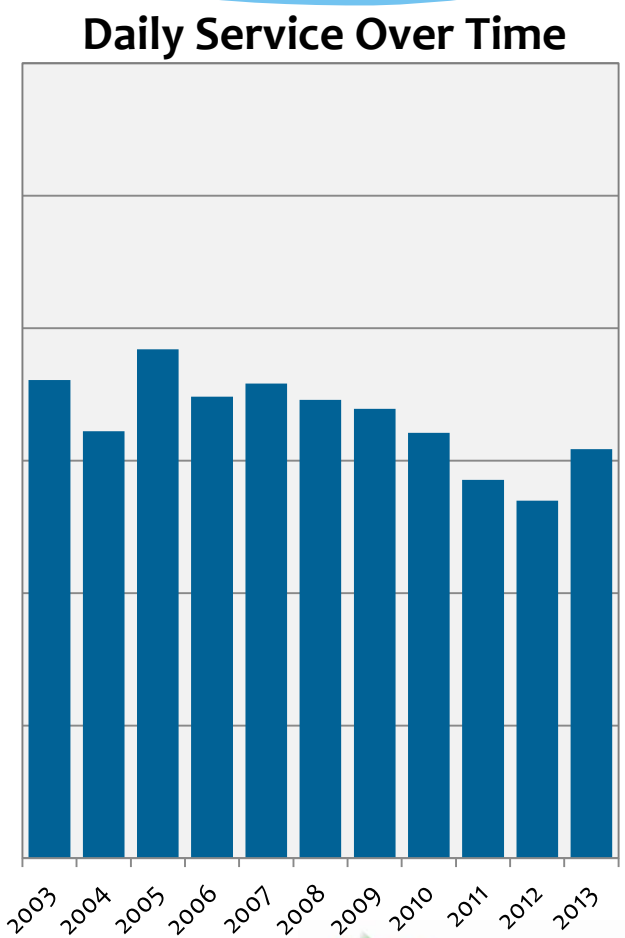
Leaner Budget Than Peers





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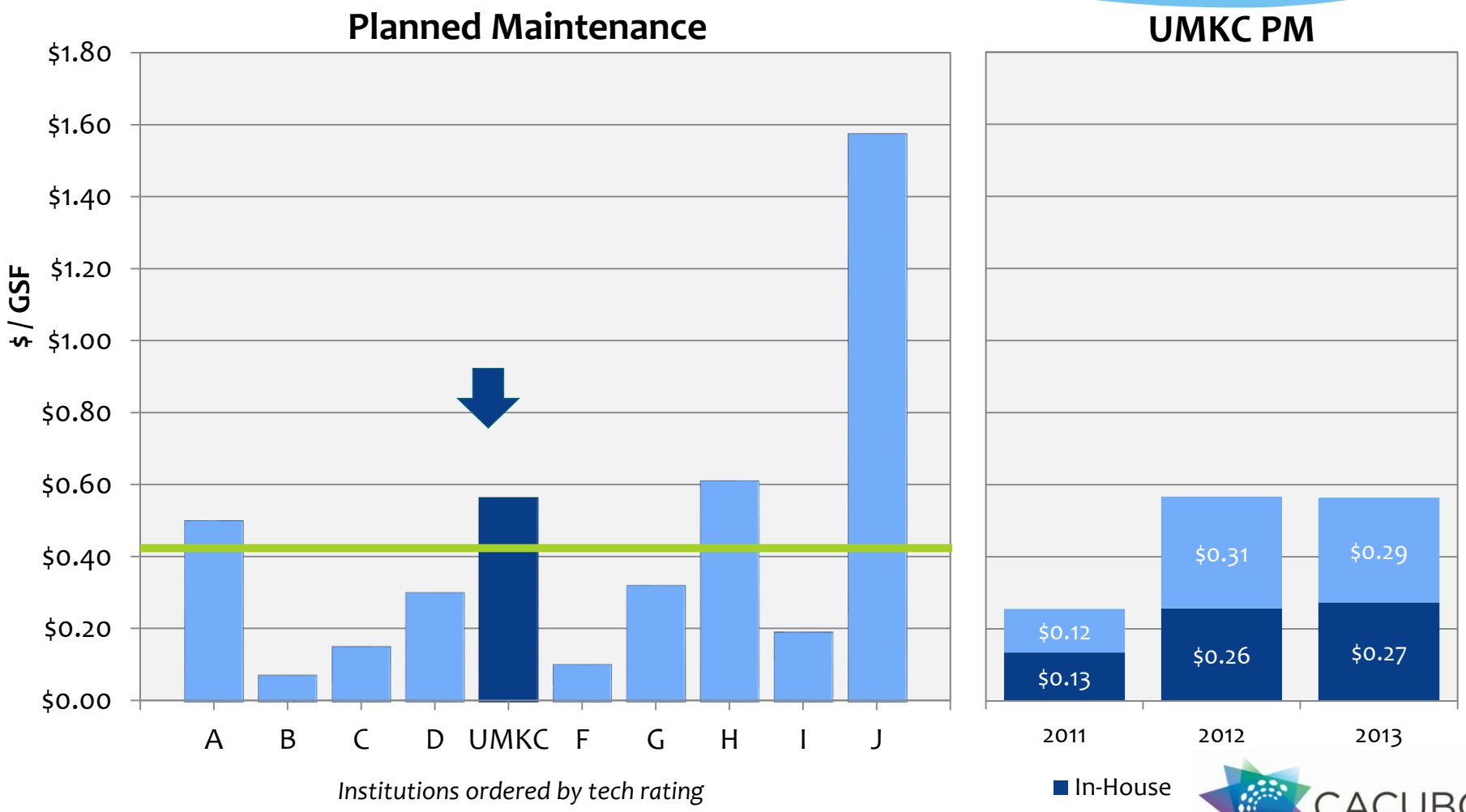
Planned Maintenance

Increased PM efforts has improved in-house PM performance



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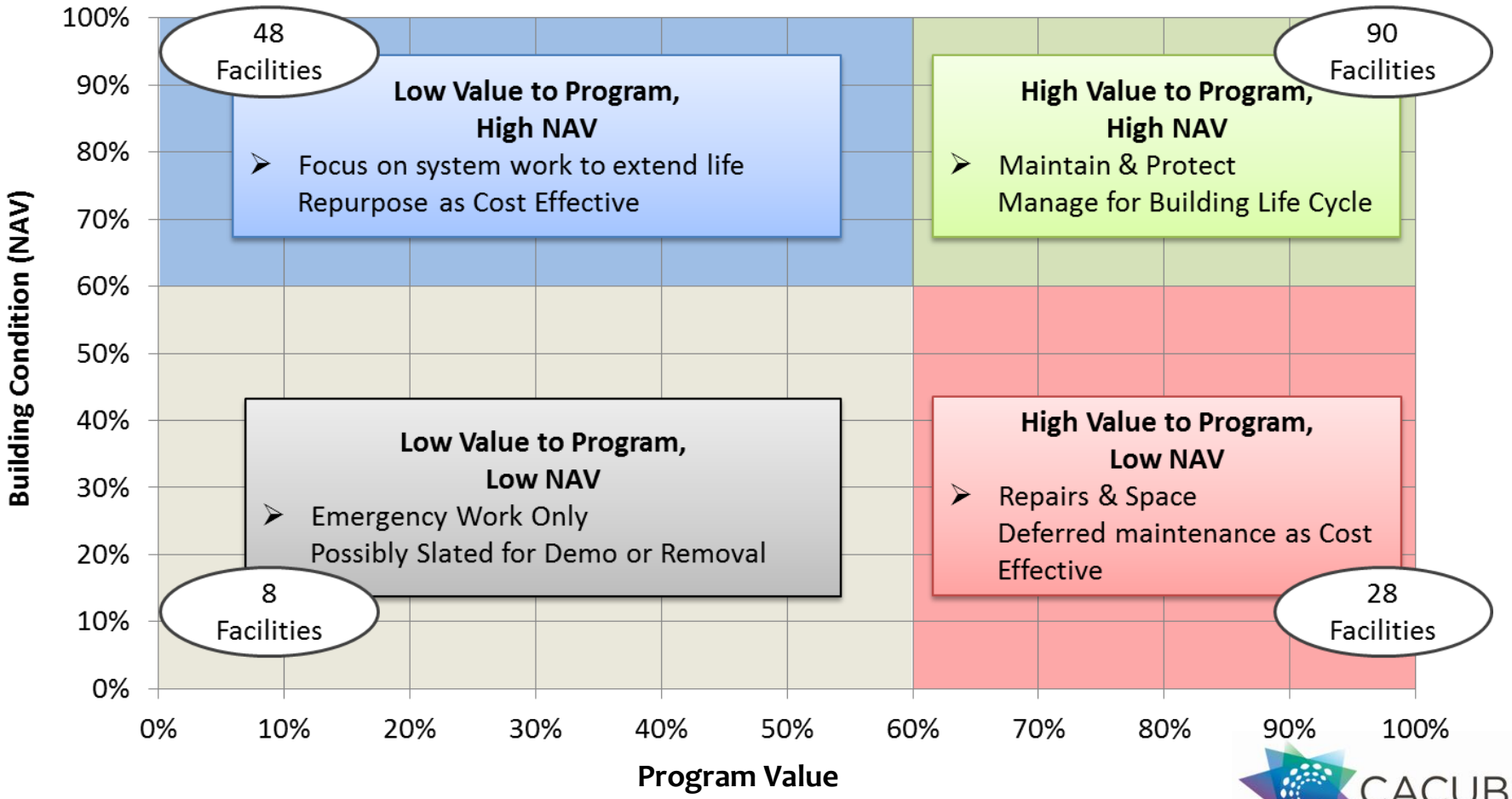
Driving Capital Investment Strategy

174 Academic/Research Building of 401 Total Facilities



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SAMPLE DATA

Strategies to Address Deferred Maintenance

Strategy 1: Change the conversation throughout higher education. Educate policy makers about the impacts of the space profile, capital plans that are aligned with the institutional mission and risk, and improving operating effectiveness while lowering costs.

Strategy 2: Set capital priorities to address the deferred maintenance needs in aging buildings that are determined to be critical to the mission and programmatic needs of universities.

Strategy 3: Consider eliminating or replacing aging space with new modern facilities, especially buildings with certain construction vintages where poor quality construction was prevalent. Sometimes less is more when it comes to addressing aging buildings with lots of deferred maintenance.

Strategies to Address Deferred Maintenance

Strategy 4: New construction must support the mission of the university and support the future program needs of each university.

Strategy 5: Make annual stewardship (keep-up) investment that addresses building components as they come due a priority at every campus. The more a campus keeps-up with life cycles as they come due, the less deferred maintenance grows.

Strategy 6: Institute facilities operational practices that are proactive at extending the life cycles of key expensive building components like HVAC, electrical systems and roofs. Proactive maintenance is not only a good idea when it comes to managing university facilities, it will save money in the long-run.