

Protecting and Enhancing Campus Facilities

6 Principles for Boards

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Dormitories, student centers, lecture halls, laboratories, athletic facilities, quads—just try to imagine your residential campus without them. Impossible. They are among its most important assets. As fiduciaries, boards must ensure that those assets are protected and enhanced over time. But how to do so effectively when growing internal and external pressures on higher education institutions make that more challenging today than ever before?

An institution's buildings, grounds, and infrastructure express the legacy of past generations. Teddy Roosevelt's words about natural resources, inscribed on the walls of the American Museum of Natural History, could also be said about the buildings and grounds of an institution: They must be treated "as assets which it must turn over to the next generation increased, and not impaired, in value." Boards, as stewards of a campus's physical legacy, are charged with the continued management and care of those assets for the benefit of future generations. It is, if not a glamorous responsibility, a very important one.

A key element of facilities stewardship is preservation of the value of capital assets through ensuring: 1) the adequate funding of, and efficiency in, facilities operations and maintenance, 2) the renewal of such assets through repairs and replacements, and 3) long-range planning for new construction and major renovations. But "value" has broader implications than just financial ones, including the value a governing board ascribes to the protection of symbolic, even iconic, campus features as well as the continued utility of buildings and grounds for the functions they serve.

In short, facilities stewardship is about taking a long and broad view of an institution's past and future. It forms the backdrop for hundreds of discrete

investment and management decisions with many implications, both visible and invisible, for a campus.

Six Principles of Facilities Stewardship

How can boards best fulfill their responsibilities as facilities stewards? The following six principles can be a guide.

Principle #1: Make Facilities Stewardship a Core Governing Board Value.

Typically, issues concerning buildings and grounds are delegated to a facilities committee (also called the buildings and grounds committee, physical plant committee, or properties committee). Yet, all board members should be aware of administrative processes and practices involving facilities, the status of the existing buildings and grounds, and the institution's longterm planning for its facilities.

The governing board should approve a cogent statement of high-level principles for prioritizing projects and guiding the capital planning of the physical campus. That statement should be derived from, and compatible with, the articulated directions and priorities in the institution's strategic plan, and all trustees should be familiar with it.

Principle #2: Link Long-Range Capital Planning Directly with Institutional Strategic Priorities.

Thomas Jefferson had it right in 1810, when he conceived of the plan for the University of Virginia's Academical Village. Nearly two centuries later, it is still the most common form of institutional long-range planning, delineating land use, building locations, open spaces, roads and walks, and other key campus features. Jefferson would have demanded a rigorous analysis of existing conditions, a rational method to prioritize needs, and a financing plan to implement planning concepts, all of which are frequently lacking in facilities planning today. The omission of all or any of these factors has relegated some campus master plans to irrelevancy, just gathering dust on a shelf.

Another shortcoming of many campus master plans is the lack of a linkage to the institution's overall strategic plan, sometimes for the reason that the latter is too general in its language to be of any practical use, is outdated, or simply does not exist. An antidote to these problems is for the board to request a strategic capital-development plan and pair it with a campus master plan. Such plans, and their investment priorities, should be tied directly to the institution's overall strategic plan or, if a detailed one doesn't exist, at least to the institution's main goals. The capital-development plan should be updated annually and thoroughly revised every five years.

Principle #3: Ensure Institution-Wide Leadership Responsibility in Facilities Stewardship.

In higher education, the silo-style structure of administrative responsibilities makes facilities planning difficult. Such planning encompasses a broad array of functions, from big-picture ideas and capital investment decisions to the myriad pragmatic challenges of construction and operations. It is a fully shared institution-wide responsibility, and the governing board errs if it treats it as principally the duty of the financial and facilities managers of the institution—with others only providing “input.”

Facilities stewardship must be completely cross-functional, with the academic, research, and student-affairs experts heavily engaged in a wide spectrum of issues. To reinforce that, the governing board should ensure that committees overseeing functional areas, such as academics, finances, and student affairs, coordinate all planning affecting the board's facilities stewardship responsibilities.

The specific relationships among governing board committees will vary based on the particular facilities-related issue—for example, the student affairs committee may have concerns about the availability of housing to meet strategic goals, or the academic affairs committee may need to consider a staff proposal to rehabilitate the library to meet changing learning methods. A special relationship usually exists between the facilities and the finance committees because of the need to regularly exchange information about project funding decisions and cashflow management. Certain projects may require joint committee meetings. For example, Wellesley College convened a Comprehensive Facilities Plan Committee for a special 12-month assignment.

The committee included trustees, representatives of the alumni association, faculty and staff members, and students, as well as key administrators.

Principle #4: Create Credibility for Capital-Investment Decisions.

Governing boards can make credible decisions on capital-resource allocation only if they obtain, from institutional staff, reliable data based on an up-to-date and comprehensive assessment of all categories of needs. Boards should also receive sophisticated analyses that prioritize needs in order to approve a baseline capital plan.

The assessment of needs, managed administratively, should examine:

Space Capacity. This refers to the present and future space needs generated by students, personnel, and programs. Some questions that boards might ask include:

- Does the institution maintain a space inventory?
- Does the institution have space utilization standards in place?
- How frequently are the efficiency and utility of those standards assessed?
- Are space-capacity calculations incorporated into capital-project planning?

Facilities Quality. This refers to the physical condition of existing buildings and their functionality based on a user perspective. In-house staff or consultants should perform physical-condition surveys, called “facilities condition assessments” or “facilities audits” and keep them up to date. Including both physical conditions and functionality provides a comprehensive picture for board members of capital requirements for existing facilities.

The board should also ensure that the institution has a methodology for forecasting capital-renewal needs to offset normal deterioration due to age and wear. It should consider the following:

- Are condition assessments conducted on a regular basis?
- Are we provided a summary of outstanding deferred maintenance?
- Is there an adequate program for addressing deferred maintenance?

- Are deferred maintenance needs addressed during renovation projects?
- Are major infrastructure upgrades planned and budgeted?

In addition, boards should review new capital projects and make sure there is a prioritization process for evaluating request for such projects. Some questions to consider:

- Is there a clear process of project authorization and notice to proceed?
- What are some of the key elements for ensuring a quality project?
- Is there a campus philosophy for architectural design? Who is responsible?
- Are there design standards in place?
- What is the designer selection process?
- Are alternative project-delivery methods considered?
- Will we receive adequate updates during construction?

Infrastructure and Special Facilities. Other board concerns will be those involving special facilities, or those unrelated to space-capacity needs, and capital projects for any non-building capital need, such as a student park or athletic field.

Besides accuracy and reliability in data collection and analysis, boards must also insist on consistent use of terminology so as to reach consensus on priorities, ensuring that those approving resource allocation and those using the facilities are all on the same page. But while consensus is highly valued in higher education, a capital plan can force choices that make complete agreement nearly impossible. Despite best efforts, not everyone will have their wishes fulfilled. Communications strategies will be at the heart of building credibility in these situations, so the board should work with the administration to put in place a transparent decision-making process in which all participants can see the analyses develop and the resulting decisions unfold.

Principle #5: Ensure Accountability in Implementation.

After the governing board approves the capital funding, the project must be carried out responsibly. The integrity of business transactions in which enormous sums of money are spent should be beyond reproach.

Accountability exists on at least two levels: overall plan performance and specific project execution.

Plan Performance. Periodic progress reports on the capital-development program are the way to sustain commitment to it. All key audiences and constituencies—students, donors, community leaders, and the like—should receive such updates. For example, if a plan contains a significant component for building-systems renewal, it is important to report periodically on the portion of the work that has been accomplished. Also, any major changes to the plan must be thoroughly explained, after being carefully vetted. The facilities committee should be the central source for reporting to the board and the entire campus, using information prepared by the staff, to ensure openness and consistency.

Project Execution. On a more micro level, accountability entails adherence to project budgets and schedules, effectiveness in the issuance and management of complex contracts, and delivery of the intended result. In addition, in an era of budget constraints, boards should keep on top of the budgets for operating and maintaining facilities by asking such questions as:

- What metrics are used to measure operations and maintenance performance?
- How do our costs per square foot compare to inflation?
- Can we compare our costs, in a meaningful way, to those of other institutions? If so, how do we employ that information?
- What are the implications of cutting maintenance costs over the long term?

Principle #6: Sustain Continuity of the Long-Term Plan through Leadership Changes.

Continuity in long-term campus physical development is a hallmark of sound facilities stewardship, even through changes in administrative leadership. More often than not, a single large project can take several years to plan, bid, construct, and commission. Projects are linked: A new building sets in motion a string of relocations and renovations, with changes in how other buildings are used; a major building modernization requires swing-space solu- tions;

various infrastructure needs must be met in correct sequence with building projects; and so forth. For all these reasons, leadership turnovers, if they bring radical or sudden change to previous building and landscape design decisions and capital priorities, are disruptive.

Institutions are especially susceptible to shifts in philosophy and priorities if they do not have a well-developed strategic capital-development plan, adopted by the governing board and regularly reviewed for consistency with facilities-stewardship values. Resources are optimized when long-term campus development is carried out in an orderly sequence of projects. Changes to priorities, once established, should be exceptions based on entirely new circumstances and not just due to changes in administrative leadership. Here, the governing board plays a key role in sustaining decisions on campus aesthetics, project priorities, and implementation of long-term, multiyear capital-construction activities.

Ultimately, facilities stewardship is one of the most compelling responsibilities of institutional leadership. Board members, especially those on the facilities committee, can see tangible results of decisions with long-term impact on the campus's physical environment. Participating in maintaining campus values, preserving the legacy of the past, and ensuring the continuity of a cherished campus image are richly satisfying board activities.

10 New Challenges and Trends to Watch in Facilities Stewardship

In an era of profound changes in society, technology, communication, and global economics, colleges and universities—and subsequently their facilities—are facing challenges from every direction. When considering governance decisions involving their institutions' buildings and grounds, most boards will have to grapple with issues such as:

1. Budget pressures. For the foreseeable future, constrained public and private resources for higher education will continue to result in lower institutional operating budgets. That will hinder access to funds for capital projects and force boards to make difficult decisions concerning

commitments on new buildings. It will also limit expenditures for renewing and rehabilitating existing facilities.

Boards will have to oversee innovative strategies for developing new sources of capital funds. Currently, several trends are occurring on various campuses. The first is the development of capital campaigns with goals vastly exceeding previous levels of fundraising. In addition, a growing number of institutions are entering the bond market to borrow funds for capital projects because of historically low interest rates.

Institutions are also collaborating with private developers, who invest capital funds in exchange of access to student-generated or other campus-generated revenues—building and managing, for example, student housing and campus bookstores.

2. Deferred maintenance backlogs. The rapid expansion of higher education from the 1950s through the 1980s made campuses perpetual construction sites. Administrators and donors grew accustomed to immense growth in new construction to accommodate massive enrollment increases. Costs for new buildings took priority over reinvestments in existing buildings, and insufficient consideration was given to the long-term maintenance costs of those facilities.

Many institutions now face the reality that their maintenance budgets, which are commonly underfunded, are insufficient for major renovations or modernizations of aging and increasingly obsolete facilities. A backlog of deferred maintenance looms over many campuses. The substantial liability presented by deteriorating and outdated facilities is a board's fiduciary and ethical responsibility. In order to maintain control over the backlog, boards will have to be aware of the tradeoffs involved in funding various campus priorities.

3. Public accountability. Proposed expenditures on new building projects are likely to generate more controversy than in the past. Widespread public concern about the cost of higher education has resulted in heightened scrutiny of institutional costs and other performance measures. Initially, internal and external audiences were most concerned about how higher education's cost increases were exceeding rates of inflation. That focus has

expanded to questions from the public and policy makers related to the quality of program delivery and outcomes, student success rates, and overall institutional performance.

Calls by state and federal policy makers for increased transparency and more performance measures will place greater pressure on trustees and administrators to justify their spending choices and focus attention on alternatives to proposed building projects, the use of existing space, and the preservation of capital-asset value. Consider, for example, recent controversies surrounding the building of new presidents' homes on some campuses. Even though the houses are privately funded and will replace structures that are in serious disrepair, that hasn't quelled the public's negative response to the expenditures in the current economic climate. In responding to such demands, boards may have to increasingly ask their institutions to invest in more sophisticated information systems about buildings and grounds so they can report their performance to various stakeholders.

4. Changing student demographics. The traditional 18- to 22-year-old student body has diversified and will continue to do so. Nontraditional students—older and part-time workers, many with dependents; veterans; and the disabled—make up a rapidly expanding share of campus populations. Such students need remote access to courses, as well as facilities adapted to their needs. The traditional residential-campus model will not suit a growing number of adults attending college. The board should request data on demographics and an analysis of potential impacts on both the construction and operation of facilities to adapt to a changing student profile.

5. Learning innovations. A shift from faculty-centered teaching to student-centered learning, supported by continuing advances in technology, is changing the fundamental nature of instruction—and hence campus facilities. E-learning, blended delivery systems, social networking, more small-group instruction and group projects—these and other trends will significantly influence the design and use of space. Board members and facilities planners today can only guess at how instructional models and future technologies will have to be incorporated into the buildings and grounds of the future and how much that will cost, but this much seems evident: High technological capacity and considerable flexibility in space configuration should characterize the

building of new facilities and the modernization and rehabilitation of existing ones.

6. Globalization. Each institution will approach globalization in its own way, and facilities management will be a key factor. Some institutions will focus primarily on simply attracting overseas students, whose needs may differ from those of American students. Others will make major investments abroad, including developing satellite campuses, while still others will engage in partnerships to offer joint-degree programs with institutions abroad.

Boards will be called upon to approve their institution's global strategy, including investments in new facilities to be attractive in an increasingly competitive international field of institutions. Any weakened confidence in American higher education will result in the loss of students from abroad. The condition of our campuses is a major factor in the quality of education and research programs, as well campus life. To thrive internationally, our campuses and facilities must be competitive with those of other institutions around the world.

7. Sustainability. Strategic plans and campus master plans increasingly prioritize sustainability, and many presidents have signed the American College and University Presidents' Climate Commitment to reduce greenhouse gas emissions and promote climate neutrality. Institutions are working to integrate sustainability into academic programs, research, operational practices, and student- engagement projects, as well as seeking Leadership in Energy and Environmental Design (LEED) ratings for new construction and major renovations. Achieving various levels of sustainability ratings usually adds incremental costs to a capital project, so the board should participate in choices involving sustainability goals and the tradeoffs in terms of cost.

8. The innovation economy. With the transformation from an industrial to a knowledge economy, higher education is more central than ever to our nation's economic and social progress. Increasingly, alliances between the public, private, and academic sectors have inspired a transition from the traditional model of campuses and businesses as separate spheres into "knowledge communities." Evolving from the research and technology parks and incubators of the 1980s, such communities are comprehensive models of

shared use by various sectors. North Carolina State University's Centennial Campus, for example, combines corporate, residential, commercial, and other non-campus uses. While this trend began with research universities, such transformations eventually may have implications for smaller colleges and community colleges, as well. The board should evaluate proposals for real-estate development on institutionally owned land in the context of seeking fully integrated mixed-use knowledge communities.

9. Safety and security. After the terrorist attacks of 2001 and several high-profile campus shootings, concerns about campus safety have escalated and will continue to do so. Risks may run the gamut, from natural disasters to infectious diseases. The challenge for boards and their institutions will be to balance the desire for convenience, minimal constraints, and open access to facilities with the need to keep the campus community safe.

10. Growing community engagement. Expanding the traditional mission of teaching, research, and service to engage in regional economic, technological, and social transformations is an emerging national trend. (See "How Student Engagement Transformed Widener University" in the November/December 2011 issue of *Trusteeship*.) Such engagement with new constituencies and partners can range from collaborating with local businesses on workforce development to improving the physical environment through urban revitalization and the quality of life through shared use of facilities with the surrounding community. At many institutions, historic barriers blocking community use are being dismantled to provide access to libraries, recreation facilities, and "innovation centers."

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