

Minutes*

**Senate Committee on Finance and Planning
meeting with the Subcommittee on Facilities Management
Tuesday, April 26, 1994
3:15 - 4:15
Room B12 Morrill Hall**

- Present: Irwin Rubenstein (chair), David Dahlgren, Mark Davison, William Gerberich, Elizabeth Grundner, Clinton Hewitt, Michael Hoey, Gerald Klement, Susan Markham, William Rudelius, Mary Sue Simmons, Susan Torgerson, Albert Yonas
- Regrets: Mary Askelson, Karen Karni, Craig Kissock, Fred Morrison, Thomas Scott
- Absent: David Berg, Karen Geronime, Roger Paschke, Richard Pfitzenreuter, Doris Rubenstein, Dianne Van Tasell
- Guests: Associate Vice President Mark Brenner, Senior Vice President Robert Erickson, Robert Schenkel (Facilities Management)

[In these minutes: Discussion of report, "Recommended Principles and Practices, Operation and Maintenance of Facilities at the University of Minnesota"]

Professor Rubenstein convened the meeting at 3:15 and welcomed the guests and members of the two Committees to discuss the report on operation and maintenance of facilities.

Before taking up the report, Professor Rubenstein noted that he had recently sent to Committee members two articles about faculty participation in the budget process; one of them is about "joint big decision committees." He said he would like to place on the agenda of the next meeting the possibility of establishing such a committee at the University.

Professor Davison next drew the attention of Committee members to a resolution concerning bonding priorities that has been adopted by the Student Senate; the resolution asked that the University's request be supported. They would like the resolution to go to the legislature, but would also like the endorsement of this Committee and the University Senate. The Facilities Management Subcommittee reviewed the resolution, unanimously endorsed it, and urged that it be forwarded directly to the legislature as a Student Senate resolution, given the timing of the legislative session.

Mr. Erickson noted that the message has been sent. The legislature has responded, in the past few years, to the need for funding for facilities renewal and fire and life safety improvements.

The Committee voted unanimously to support the resolution and to forward it to the Senate

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Consultative Committee with a request that it be placed on the docket of the University Senate on May 19.

Professor Rubenstein then turned to the facilities report and to Senior Vice President Erickson. Mr. Erickson commented that the "Brenner Committee" report has now been circulated and reviewed extensively. While everyone may be able to take issue with certain points here and there, it represents an admirable summary of the issues and represents an action agenda that he would like to see the University move forward on. He said he supports the recommendations and would soon like to end the discussion and begin implementation.

Dr. Brenner then explained that the report was genuinely the product of the committee, and he explicitly expressed appreciation for the outstanding contributions of Associate Vice President Peter Zetterberg. He recounted the evolution of the report and explained the difficulties the committee faced in reaching consensus on the development of the principles articulated in the report. It is clear, he related, that the previous system lacked logic, it was unfair, and it undercut good will, and that standards must be created that apply across the University. The report contends that to have an effective university, facilities must support the activities, so the services the University should provide must be identified.

The report does not talk about who should pay for what space. It delineates the kind of services that should be provided for what kinds of space. In the case of internal service units, it calls for University policy to be consistent.

A key concern of the Subcommittee on Facilities Management, Professor Davison reported, was that non-supported units (that is, those units expected to themselves fund the costs of their space--not the core teaching, research, and administrative units) FULLY fund their own space (examples of non-supported units include athletics, central duplicating, food services, and parking). If they do not, that means their costs are spread over the rest of the University. The problem is that some non-supported units may not be able to pay for their space, now or ever. Some units have made arguments, Dr. Brenner reported, that they blend with the academic community and cannot be obtained in the market--these are not all black and white issues; there are shades of gray.

Discussion turned to the costs of supporting space. Provision of the services recommended in the report will cost about an additional \$8 million. Of that, \$5.3 million can be recouped through charges from non-supported units. That leaves \$2.7 million, which could come from three sources: increased ICR expenditures on space, increased appropriations, or increased space charges. Ms. Markham pointed out that the additional \$5.3 million will not be immediately available--and some of it may never be available. The changes will need to be reconciled through the budget process and the institution must make decisions about funding of non-supported units--rather than burying them in a Facilities Management budget. Little of those funds will be realized this year, and some large amounts, such as from Recreational Sports and Intercollegiate Athletics, may not appear.

The key, Mr. Erickson said, is to establish a standard and to then work toward it. In the case of Recreational Sports, the additional \$2 million required could not be obtained without a significant fee increase. A related question is the consistency of the policy application among the campuses.

Professor Davison reviewed the central element of the report, which is to divide the University into

supported and non-supported activities. The non-supported activities will be expected to pay for space as a direct charge; supported units will have their facilities costs budgeted centrally.

Asked if the increased level of services, and associated increased charges, in some cases, would make life happier for faculty, staff, and students, Ms. Markham observed that there are winners and losers. If non-supported space requires subsidy, that subsidy must be clearly identified. There is no question that there has been uneven provision of services for both supported and non-supported space, she told the Committee, and the report calls for a MINIMUM level of service for everyone (not necessarily the level they would recommend, were resources not a problem)--and some will begin to pay, or will receive less service, than they have in the past. (There was brief discussion of the Child Care Center, but that unit has been changed from non-supported to supported due to its now-formal association with the College of Education.)

The overall philosophy is clear, said one Committee member, as is the need for negotiations with non-supported units. Are there also winners and losers in supported space? Are there choices that can be made as units go through budget hearings?

Mr. Erickson said that they are trying to get all decisions into the budget process so that all information can be reviewed at the same time. This includes injecting space costs, so that ALL costs and resources a unit is using are part of the process. Space is a significant part of those costs (in the case of the libraries, for example, their budget is about \$31 million and their space costs are \$5 million, so the total is really about \$36 million).

Dr. Brenner noted that the committee side-stepped the issue of charging for space, but it agrees with Senior Vice President Erickson's view on this issue: the cost of space should be considered when unit budgets are being reviewed. Those data are now available. Asked if there were any surprises in the numbers, Dr. Brenner said they were within the realm of what was expected. The range in the cost per square foot, however, is extremely large, Ms. Markham reported. New buildings may cost up to \$15 or 16 per square foot, and may replace space that cost \$2 - 3 per square foot (especially, for instance, when a new laboratory building replaces an old building that did not have laboratories).

This information needs to be communicated so people can make better decisions, Mr. Erickson pointed out. He also affirmed, in response to a question, that making the distinction between supported and non-supported space does not mean the information for the supported units is lost; it is available, by building and unit, and has been introduced into the budget process. The question is what use the institution will make of them. He is an advocate of permitting units to trade space costs for other expenses, because until that possibility exists, the University will not use its space as efficiently as it could. But this is an issue that needs to be debated and discussed.

Also included in the report is a statement about when buildings should be operated. Apparently some have been operated for 24 hours so that one person can work from midnight to 5:00 a.m.; can the annual \$30,000 expense be justified, Dr. Brenner inquired?

Professor Davison then reported that while the Facilities Management Subcommittee had some minor quibbles, it generally agreed with the major elements of the report: supported and non-supported space, the levels of funding, and the basic financial plan. The driving force behind the effort was the ICR

rate study, the end result of which should be that the University can adjust its ICR rates upwards.

Asked about a time schedule for implementation, especially for funding, Mr. Erickson responded that each unit must be considered separately in terms of generating additional revenue. In some cases, it will be hard to obtain the revenue soon.

What also needs further consideration is the consistency in collecting ICR funds--and possibly imposing direct charges on grants where indirect costs cannot be charged, Dr. Brenner commented. Recommendations on these issues are expected soon.

While some of the recommendations in the report have been funded, Ms. Markham noted, some have not--such as improved custodial services. As a result, each custodian remains responsible for the same unacceptably high amount of square feet. The committee, Dr. Brenner added, knew that this would have to be phased in over several years.

The Committee then discussed the next steps in the consultative process. The Subcommittee on Facilities Management would like to see the endorsement of this Committee as well as review by the Consultative Committee(s). There was discussion of endorsing the report, but it was noted that there had been virtually no student involvement in the development of the report. Even though there is no reason to doubt that the interests of students were considered, it would be more helpful, it was said, if the report could be provided to the Student Senate Consultative Committee (SSCC) for review and comment. Dr. Brenner said he would be glad to go to either FCC or SSCC or both. It was agreed that the Committee would take up the report for action on May 10, after the SSCC had taken a look at it. Professor Rubenstein said he would inquire of Professor Garrard how she wished the faculty to deal with the report.

Professor Rubenstein then distributed a memorandum from a Medical School faculty member reacting to an earlier discussion of the Committee reported in the minutes. He noted that when he edits the minutes, he does not correct erroneous statements people may make, in part because it is important that the administration understand the perceptions that people have about issues may be inaccurate. But the record of the discussion can have both positive and negative effects, he observed.

Professor Davison brought up the issue of how academic priorities are related to facilities in the planning process. This triggered a remark concerning an apparent LACK in academic planning and clear mechanisms to define academic priorities for the University as a whole. The Committee agreed that both issues merited further discussion.

-- Gary Engstrand

University of Minnesota