

University Planning and Resources (P&R) Committee FY 2014 Meeting Minutes

Approved and Submitted June 18, 2014

By Professor Ron Ash for the Committee

Committee Members

Chair: Ron Ash, Business (2015)

Scott McBride Smith, Music, Faculty (2014)

Caroline Bennett, Civil/Environ/Arch Engineering (2016)

Donita Shaw, Curriculum & Teaching, Faculty (2016)

Emma Halling, Student

Pantaleon Florez III, Graduate Student

Susan Mercer, Inst for Policy & Social Res, Unclassified Staff (2015)

Beth Ridenour, Comptroller's Office, Unclassified Staff (2014)

~~Deb Carter, Housing, University Support Staff (2015)~~

Steve Moore, Comptroller's Office, University Support Staff (2014)

Ex-officio: Deb Teeter, Director, Office of Insti. Rsch and Planning

Diane Goddard, VP Adm & Fin & Comptroller

FY 2014 Planning and Resources Committee Charges

Standing charges:

1. Participate in the University's planning processes by communicating with the Provost and the Provost's senior staff on matters of capital strategic planning, infrastructure, IT resources, and sustainability, and examine how current financial circumstances (the health of the state economy, current university indebtedness, school-specific fees and charges, etc.) will influence such projects. Coordinate with ACEC of IT matters. Report issues and any recommendations for action to Sen Ex. (ongoing)
2. Monitor the University budget. When current financial circumstances result in changes to annual spending plans, advise SenEx and suggest any actions the committee would deem helpful. (ongoing)
3. Provide committee representation at hearings held by the Provost and the Provost's senior staff to review planning reports and budgetary submissions made by the various units. Report issues and any recommendations to SenEx for consideration. (ongoing)
4. Monitor changes in tuition plans and their effects on allocation of resources across the university. Report recommendations to SenEx for action. (ongoing)

Specific charges:

1. Continue to monitor changes in resource allocation based on strategic initiatives, especially "Changing for Excellence" and "Bold Aspirations".

2. Report of the effects of the FY2013 VSIP on various units including data on the number of positions that were eliminated, the number that remain unfilled and overall savings to the university.
3. Using the recommendations of the Task Force for tuition assistance for employees and dependents, recommend how these benefits may be expanded, obstacles to doing so, and the impact on university resources.
4. Report on the progress of implementing both the Campus Master plan and the Science Master Plan. (Contact for Science Master Plan-Tracy Horstman, Assistant Vice Provost for Capital Planning & Space Management and Jim Modig *University Architect/Director, Design & Construction Management*).

Minutes for Meeting 1 – February 19, 2014, 3:00-4:00 PM – Room 250 Strong Hall (PCR)

Committee members present: Ron Ash, Scott McBride Smith, Caroline Bennett, Donita Shaw via conference call, Emma Halling, Pantaleon Florez III, Susan Mercer, Beth Ridenour, Steve Moore, and Diane Goddard.

Topic: Organizational Meeting

Introductions of committee members; role of the P&R Committee; review of Standing Charges; updates and background information (largely from Diane Goddard) on capital strategic planning, infrastructure, IT resources, sustainability, and current fiscal circumstances to provide context.

Discussion began with Standing Charge 3 – monitoring the annual budget planning meetings (formerly called budget compact meetings) that occur in late spring/early summer by the Provost and staff with unit leaders (e.g., Dean, Vice-Provost) and staff. There are 19 of these meetings, and each committee member takes a role as observer in several of them. It was noted that in those meetings the discussion is primarily between the Provost and staff and the Unit leader and staff, and that P&R Committee members have greater opportunities to probe deeper in P&R committee meetings in contrast with the unit budget planning meetings. Also, the budget planning meetings have taken on more of a strategic/goal discussion tone with less focus on specific budget actions.

Diane Goddard provided context information that the Committee members needed to understand the current fiscal situation of the University. Several issues stand out.

The University has not received any new funding from the State except for the funding of some new initiatives, such as for foundation professor (\$3,000,000 per year). For the first couple of years we were not successful in attracting any foundation professor. This year we were successful in hiring three. In the sciences in particular, foundation professors come with major start up requirements in terms of students, laboratories and equipment. When trying to attract this level of talent in the sciences, Malott Hall presents a major problem – candidates tend to say “if this is how you are teaching your undergraduates there is no commitment here.” It was observed that the Lawrence High School chemistry labs are better equipped than the current KU undergraduate teaching labs in Malott Hall. This is an infrastructure problem that has developed over a long period of time.

The science infrastructure problem is a \$700,000,000 problem. About 1.5 years ago the decision was made to address this problem in \$100,000,000 increments, which is still a big number. To sell \$100,000,000 in bonds you have to have close to \$7,000,000 per year to pay the interest.

In terms of the State economy, surrounding states – except Missouri – are rebounding economically much faster than Kansas. KU has a number of excellent associate professors who are being recruited by other universities because we have difficulty competing with the incredible offers that some of these talented folks are getting.

The University is operating in a difficult fiscal climate. With state funding declining it is imperative that KU diversify its revenue sources and continue to grow revenue from grants and fees from enrollment. KU has only recently developed a plan and provided resources to better understand and manage its enrollment. We are good at focusing on and teaching the 18-22 year old segment, but size of this demographic segment is declining in Kansas. To remain viable, the University needs to be more appealing to the adult learner and online learner, students with families. Other universities began working on online and distance education before KU did, and we are behind the curve in this domain. It would be very difficult to catch up, so we are adopting a strategy of trying to leap-frog our competition by partnering with companies like Everspring – a well-funded startup organization specializing in providing full-service, customized innovative online educational solutions.

KU's current environment is one in which we have to compete for students, faculty, and professional staff. We have to address our significant infrastructure issues. We cannot wait on a check from a donor to do this. We have to operate more like a business and show that we are taking control and effectively managing laboratory, equipment, parking, utility and other issues, in addition to managing our human resource issues.

Minutes for Meeting 2 – March 4, 2014, 3:00-5:00 PM – Room 250 Strong Hall (PCR)

Committee members present: Ron Ash, Caroline Bennett, Donita Shaw, Pantaleon Florez III, Susan Mercer, Beth Ridenour, Steve Moore, Deb Teeter, and Diane Goddard. Others present: Barry Swanson, AVP / Chief Procurement Officer; Jim Modig, Architect/Director of DCM; Richard McKinney, AVP for Fiscal Services/Budget Director.

Topic 1. Specific Charge 4 – Implementation progress on the Campus Master Plan and the Science Master Plan

The University has been working on the Campus Master Plan for about 1.5 years. The first phase involved collecting information through town hall meetings and open forums. Also, the physical demands necessary to meet Bold Aspirations have to be figured in. Currently this is a plan that guides decision makers; it is not super specific. It is a living plan that must be revisited approximately every other year, and small course corrections must be made as things move along. In general the goal is to be one campus instead of the main campus and west campus. It is to be tied together by means of the “Jayhawk Trail”, a shared use path accommodating both bikes and pedestrians. The centroid of the campus is shifting southwest, and is currently around the Burge Union.

There are a number of difficult issues.

1. Deferred maintenance – the need is approximately \$20,000,000 per year, plus \$10,000,000 per year to address the backlog. The University currently receives \$9,000,000 per year for this, and the numbers and related problems are compounding rapidly.
2. Declining State funding for construction – historically over roughly 20 years the University has received approximately 20% state funding for construction, but looking at just the last 10 years that rate had declined to about 11%. The University is relying more on grants and donors for construction.
3. Buildings built after 2007 must be maintained 100% by the University – there are no State funds for this. We can expect significant building maintenance expenses to begin once buildings reach 10 years of age. We need a long term plan for funding this in order to maintain these buildings and to avoid additional deferred maintenance problems to those we have today.

The University administrative team is consciously utilizing a different approach to physical plant issues. In the past decisions were made that would minimize costs in the short run, including

both new construction and building maintenance. The new approach involves taking a longer term view with the goal of doing things right the first time – probably incurring greater initial costs – so that the construction will last longer and future maintenance incidents will be fewer and cost less. Examples in process include the rebuilding of Jayhawk Boulevard, rebuilding of the steam tunnels, and information technology infrastructure.

Topic 2. Specific Charge 3. Using the recommendations of the Task Force on tuition assistance for employees and dependents

The data presented in the Task Force report make it pretty clear that KU does considerably less than many other state universities and private universities in terms of providing tuition waivers for University employees and their dependents. This has implications for both faculty and staff recruitment and retention. University administrators want to improve this, but unfortunately the resources are not available at this time to make meaningful increases in this area. Current tuition dollars are needed for many other things right now. The University must meet the challenges of declining State funding, while at the same time improving facilities and online education in order to increase enrollments, especially of out-of-state and international students who pay higher tuition, in order to improve the KU revenue picture. The hope is that in three or four years this picture will look very different, and then this issue can be addressed more adequately.

Minutes for Meeting 3 – March 26, 2014, 2:00-3:00 PM – Room 250 Strong Hall (PCR)

Committee members present: Ron Ash, Scott McBride Smith, Caroline Bennett, Donita Shaw, Emma Halling, Pantaleon Florez III, Susan Mercer, Beth Ridenour, Steve Moore, and Diane Goddard.

Topic 1. Specific Charge 1 – Changes in resource allocations based on strategic initiatives

Three units have negotiated different funding models specific to the respective units. These are the School of Engineering, the School of Law, and the School of Business. The Schools of Engineering and Business models are based on enrollment growth, and both units are now experiencing enrollment growth. Both units have raised substantial amounts of outside money for new facilities and student scholarships. The Law School model is based on reducing the number of students (employment for lawyers as lawyers is down roughly 40% compared to 2010), increasing the quality of students, significantly improving the curriculum, improving placements of graduates, and raising the School in national rankings. This should eventually result in increased enrollments.

Savings from the centralization initiatives are being redistributed. \$2,000,000 per year has been set aside for RIC Awards, now administered by KUCR. There are three calls for proposals per year, resulting in from four to 12 proposals per year, with one or two of those being funded. Other savings have been invested in enrollment management, student retention, technology infrastructure, and will be invested in cluster hires to go with the foundation professorships.

Topic 2. Specific Charge 2 – Effects of the FY 2013 VSIP on various units

VSIP is completed. Facilities Operations and Student Housing have merged, reducing some costly duplication in maintenance staff expenses. All F&O and SH positions from VSIP came back to central administration, with resources to be redirected to facilitate Bold Aspirations. Every other unit has paid for their respective VSIP costs by leaving the vacated positions open for one year. At this point the program appears to have been successful. Diane Goddard indicated that she would consider implementing another VSIP in the future if the Deans wanted to do it. Some Deans had hoped that more faculty members would have taken VSIP.