

**PLANNING AND RESOURCES COMMITTEE (P & R)
FINAL REPORT, 2017-2018**

Committee Membership:

Faculty representatives:

Scott McEathron (Chair), KU Libraries (2019)
Ron Barrett-Gonzalez, Aerospace Engineering (2019)
Katherine Clark, English (2020, retiring 2018)
Stacey Swearingen White, Urban Planning (2018)

Staff representatives:

Deb Deering, Shared Services Center (2018)
Heather MacBean, Libraries (2020)
Kendyl Grender, University Career Center (2020, would like to resign 2018)

Student representatives:

Reagan Walsh (Vice-Chair)
Brodie Herrman, Graduate Student

Ex-Officio members:

Diane Goddard, Vice Provost for Administration and Finance
Deb Teeter, OIRP

The report sections that follow address committee activities and recommendations with respect to our standing and specific charges for the year. The committee will need two new staff and two new faculty representatives next year.

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)

Committee Activities:

The committee received updates from Vice Provost Diane Goddard. James Modig, University Architect, also provided the committee with an update to the Campus Master Plan during our February 28 meeting. The committee also meet with Ms. Donna Hultine (Director) and Ms. Callie Long (Assoc. Director) of KU Parking & Transit. This was deemed important due to their obligations of servicing the debt on two of KU bonds and lease payments on the new parking garage. Provost Bendapudi granted the committee's request for a representative to attend the Provost's Compact Presentations on April 12-13.

Committee Recommendations:

We recommend that a P&R representative continue to attend future Provost's Compact Presentations if possible.

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)

Committee Activities:

A representative from the committee will attend the budget hearings this spring and summer. The University is changing its budgeting process during the next three years, so we will be paying close attention to that.

Committee Recommendations:

None at this time.

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)

Committee Activities:

The budget hearings have just been scheduled. We will develop a schedule for committee members to attend the hearings and will provide additional information to SenEx when they conclude in late June if necessary. We will also provide an overview of the Provost compact meetings.

Committee Recommendations:

None at this time.

4. Monitor changes in tuition plans and their effects on allocation of resources across the university. Report recommendations to SenEx for action. (ongoing)

Committee Activities:

One of the 2018 goals identified by Academic Affairs during their compact presentation was for International Programs to leverage "Net14" tuition waivers to enhance recruitment of meritorious international students.¹

¹ From the chair's communication with Charles Bankart (Assoc. Vice Provost). "The idea behind Net14 is similar to the concept behind the out-of-state merit-based scholarship model that KU is rolling out for domestic out-of-state undergraduates who would be new to KU. Under these KBOR-approved waivers, KU will have three scholarship tiers for international undergraduate students based on merit (\$3,000, \$6,000, and \$9000 per term for a guaranteed 4-year period if students maintain the academic standing requirements of the scholarship). The name "Net14" comes from the budget model that will be used for the program. It looks at

Committee Recommendations:

Continue to monitor changes in tuition plans and their potential effects on enrollment and revenue generation.

SPECIFIC CHARGES

Committee Activities: Given the complexity of each specific charge, we divided into three subcommittees, each with three members. Subcommittee reports are provided as appendices to this report.

1. Monitor and examine the partnerships between KU and outside contractors and consultants. Work with the University Senate President and Provost to determine the benefits of major consultancy contracts between KU and outside contractors and consultants.
2. Follow up on the Cost Savings and Efficiency Enhancement Report to relevant individuals with the authority to make decisions.
3. Report on the progress of implementing both the Campus Master plan and the Science Master Plan. Obtain an analysis of funding sources and dollar amounts to be used to pay off interest and principal on the bonds used to finance both Plans, and how that portfolio of sources and amounts may affect the University's credit.

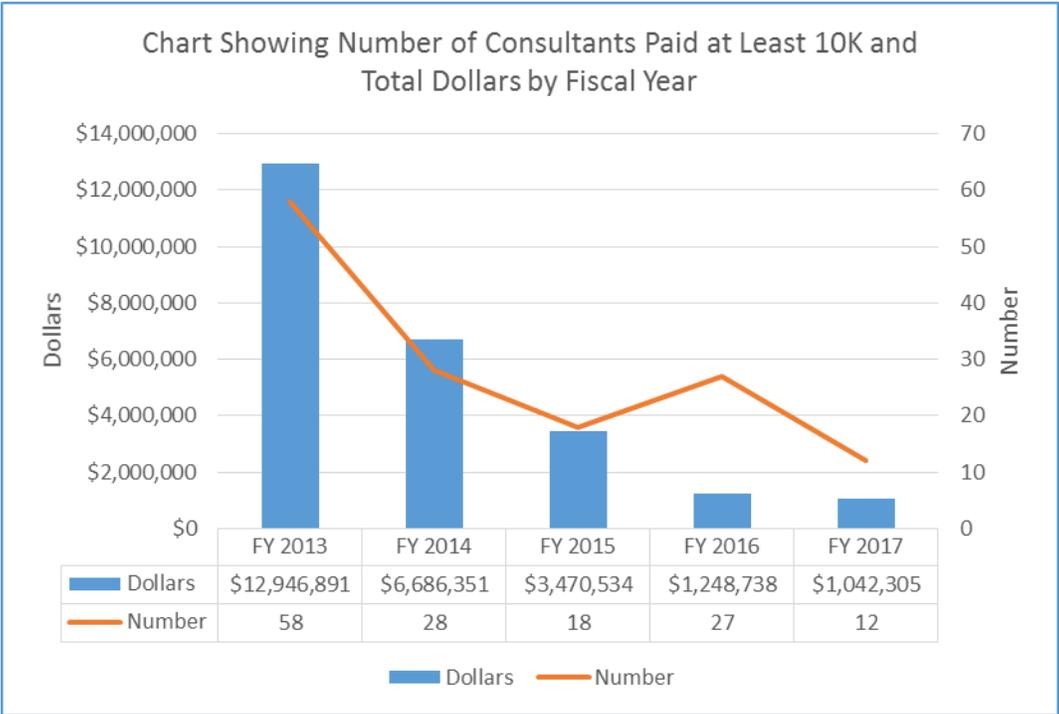
OVERALL THOUGHTS AND RECOMMENDATIONS OF THE PLANNING AND RESOURCES COMMITTEE:

- 1) We are concerned that we had no student participation on the committee by the student representatives this year.
- 2) We believe the most of our charges are too broad given the complexity of the issues and time available.
- 3) During the next three years, the University will begin to exploring and transitioning to a new budget model; the P&R committee should stay aware of issues related to this transition.
- 4) Try and launch the committee earlier if possible.
- 5) Maintain awareness of how a new strategic plan may effect issues related to Planning & Resources.
- 6) Maintain awareness of deferred maintenance issues.
- 7) Explore in greater depth the potential of increased solar energy utilization on campus.
- 8) Dr. Ron Barrett-Gonzalez is currently revising and updating the aviation report that was submitted last year. It will be submitted at a later date.

an incoming class of students as a cohort and the goal of the scholarship is to apply 14% of the out-of-state tuition revenue generated by the cohort to enable us to extend merit-based scholarships to students and incentivize matriculation of highly talented student from around the world. While the focus of the scholarship is upon merit, it will also enable students with strong academic records to attend KU who may have been unable due to finances. This fall, the KU Academic Accelerator Program will be initiating the Net 14 model and evaluating its impact on attracting new students of high merit. We anticipate increasing our first-year student intake by another 20 to 40 students over a typical intake.”

SPECIFIC CHARGE 1 -- Monitor and examine the partnerships between KU and outside contractors and consultants. Work with the University Senate President and Provost to determine the benefits of major consultancy contracts between KU and outside contractors and consultants.

Data provided to the committee by Vice Provost Goddard shows the number of consultants engaged by KU (paid at least \$10,000) has dropped from 58 in FY2013 to 12 in FY2017 (See table).



The largest sum in consulting fees in FY2017 was paid to Highstreet IT Solutions, LLC (Oracle Platinum Partner) to implement Oracle Cloud ERP (Enterprise resource planning) and to integrate it with KU’s existing Oracle PeopleSoft Human Capital Management and PeopleSoft Campus Solutions applications.

SPECIFIC CHARGE 2 -- Follow up on the Cost Savings and Efficiency Enhancement Report to relevant individuals with the authority to make decisions.

Actions regarding most of the recommendations provided by the Ad Hoc Committee on Cost Savings and Efficiency are already underway. For example, for the first recommendation, “Develop a proactive plan to make the campus more sustainable and reduce energy consumption and associated costs.” The *Campus Master Plan* provides the guidance and vision of sustainable practices for the Office of Facilities Planning & Development and the *Building Sustainable Traditions* report guides sustainable practices campus wide.

The P&R committee met with Jim Modig, Director of the Office of Facilities Planning & Development who provided key developments in the area of sustainability and energy costs. More detailed information of many of the key developments can be found in the Energy Office & Center for Sustainability Activities Report, [*Energy Report June 2016*](#). The key developments include:

- Establishing Chilled Water Districts
- The new Central Utility Plant –More energy efficient production of hot water for heating
- Central District Garage – Designed to receive photovoltaic panels – working on identifying a provider to install & maintain
- Parking Lot 54 – Pervious Pavement – Storm water management
- LED Street and Walk Lighting; LED lighting retrofit projects
- All New Buildings – 2013 ASHRAE 90.1 plus a 15% Improvement – LEED Gold Level Performance
- Drought, disease tolerant and low maintenance plantings since 2008

Moving forward, it would seem the continued retrofit of LED lighting and increased use of solar energy are key programs in making the campus more cost efficient.

Other key forthcoming decisions include what to do with non-historic older buildings that are energy inefficient and have costly deferred maintenance. These include: Malott Hall, Military Science, the east and north wings of Murphy Hall, Carruth-O’Leary, and many others.

SPECIFIC CHARGE 3 -- Report on the progress of implementing both the Campus Master plan and the Science Master Plan. Obtain an analysis of funding sources and dollar amounts to be used to pay off interest and principal on the bonds used to finance both Plans, and how that portfolio of sources and amounts may affect the University's credit.

Subcommittee Members: Deb Deering, Heather MacBean, and Stacey White

Actions:

The subcommittee gathered relevant information from Jim Modig, Director of the KU Facilities and Development Office. Mr. Modig made a formal presentation to the Planning and Resources Committee in February 2018, and provided data relevant to our subcommittee charge. We also received information from Vice Provost Diane Goddard, and from Jeff Hunter, Assistant Comptroller in Financial Reporting Services, which is part of the KU Comptroller.

We chose to narrow our focus to the development of KU's new Central District, as that has been the most visible change over the last year.

Findings:

As shown in Table 1 below, all funds for the 2017-2018 Central District development are classified as "other" (as opposed to other specific categories such as State General Funds, KU Tuition Funds, or Deferred Maintenance Funds). This "other" category relates to the public-private partnership KU entered into in 2016, whereby the University will sublease Central District buildings through the newly created KU Campus Development Corporation (KUCDC). According to a Lawrence Journal World article from February, 2016² revenue streams (funds) that KU will use to meet its sublease payments (estimated to be \$21.8 million per year) include: housing funds generated by residents of the district's new residential facilities; tuition dollars raised by projected enrollment growth of international and out-of-state students; savings from the "Changing for Excellence" initiative, revenue from the Central District's new parking facility, and student fees allocated towards reconstruction of the Burge Union.

² Shepherd, Sara. "Proposed Kansas Budget Restrictions Shouldn't Affect KU Operations Beyond Central District Project." See: <http://www2.ljworld.com/news/2016/feb/16/legislatures-proposed-budget-restrictions-shouldnt/>.

TABLE 1:

CENTRAL DISTRICT DEVELOPMENT	YEAR COMPLETED	ADDITION OF GSF (NET)	OTHER FUNDS	PROJECT TOTAL
PARKING GARAGE	2017	211,684	\$10,893,618	\$10,893,618
RESIDENCE HALL/DINING APARTMENTS	2017	212,344	\$51,846,380	\$51,846,380
CENTRAL UTILITY PLANT	2018	365,270	\$69,590,757	\$69,590,757
NEW STUDENT UNION *	2018		\$12,048,192	\$12,048,192
INTEGRATED SCIENCE BUILDING*	2018	318,884	\$11,249,612	\$11,249,612
SITE INFRASTRUCTURE	2018		\$147,539,57	\$147,539,57
			3	3
			\$41,823,369	\$41,823,369
TOTAL		1,127,826	\$344,991,50	\$344,991,50
			1	1

GSF = Gross Square Footage

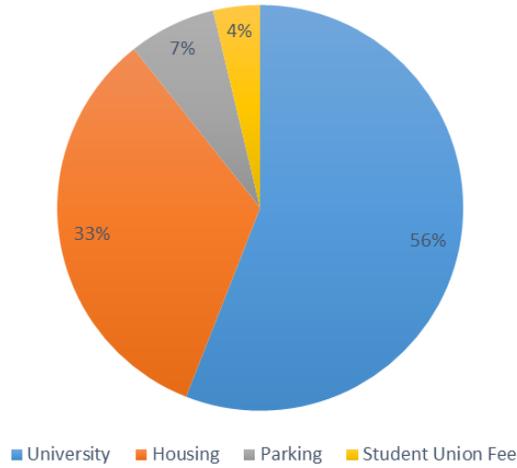
*Integrated Science Building and Student Union Facility GSF combined

The following pie charts show the makeup of revenues to be used for the KUCDC lease payments in Fiscal Years 2019 and 2020. The largest portion of these revenues is attributed to “University,” which Vice Provost Diane Goddard clarified as coming from two sources: savings from the Changing for Excellence (CFE) initiatives and enrollment of international students through the Academic Accelerator Program (AAP). More specifically, \$7.5 million of annual CFE savings are dedicated to the Central District lease payments. Revenues generated from the first 300 students who matriculate to KU through the AAP are similarly dedicated, amounting to an additional annual revenue stream of \$6-6.5 million.

Of the remaining revenue streams, estimates for the Housing and Parking portions of the lease payments will come from actual revenue generated by new construction of housing and parking structures in the Central District. The final revenue category is student fees, which relate to construction of the new Burge Union.

With respect to the question of revenues matching previous estimates, the “University” portion has matched what was previously anticipated. Student fees are similarly fixed. Actual revenues from Housing and Parking, on the other hand, will require more time to assess, as those structures are coming online in the next several months.

FY 2019 KUCDC Lease Payments



University (Changing for Excellence & International Student Enrollment) - \$11,650,274.75

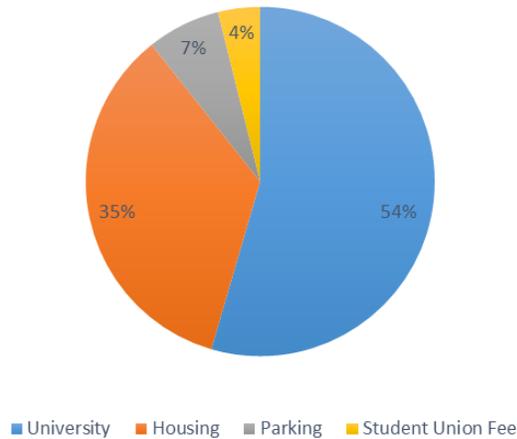
Housing - \$6,947,962.81

Parking - \$1,450,000.01

Student Union Fee - \$776,567.39

FY 2019 TOTAL = \$21,222,215.39

FY 2020 KUCDC Lease Payments



University (Changing for Excellence & International Student Enrollment) - \$11,642,297.24

Housing - \$7,426,046.67

Parking - \$1,450,000.01

Student Union Fee - \$832,651.46

FY 2020 TOTAL = \$21,350,995.39

Recommendations:

A more specific charge would be helpful to the committee or subcommittee tasked with this effort in 2018-2019. If there were one or two aspects of the Campus Master Plan and/or Science Master Plan to analyze, it would enable us to hone in more quickly on the most relevant information and sources of information. Anticipating future changes to KU's credit ratings seems beyond the capabilities of this committee's membership.

Also, the issue of deferred maintenance is one of growing concern. A committee charge to examine this issue could also be very beneficial.