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# 2018 State of Facilities in Higher Education

December 13, 2018



# Meet the Speakers



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**Sightlines, a Gordian  
Company**



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Strategy & Development*

**Sightlines, a Gordian  
Company**

# 2018 State of Facilities

## A Shaky Foundation

Space growth outpaces enrollment

Institutional space vs. wealth is largely out of balance

Is Debt driving the latest investment trends?

## A Controlled Slide

Reliance on new space to balance age profile

Capital investment increasing, eclipsing pre-recession levels

Despite investments, backlog continues to grow unimpeded

## Operational Resiliency

Flat operating budgets remain the norm

Staffing reductions continue

Are institutions finding efficiencies in new technology instead of staff?

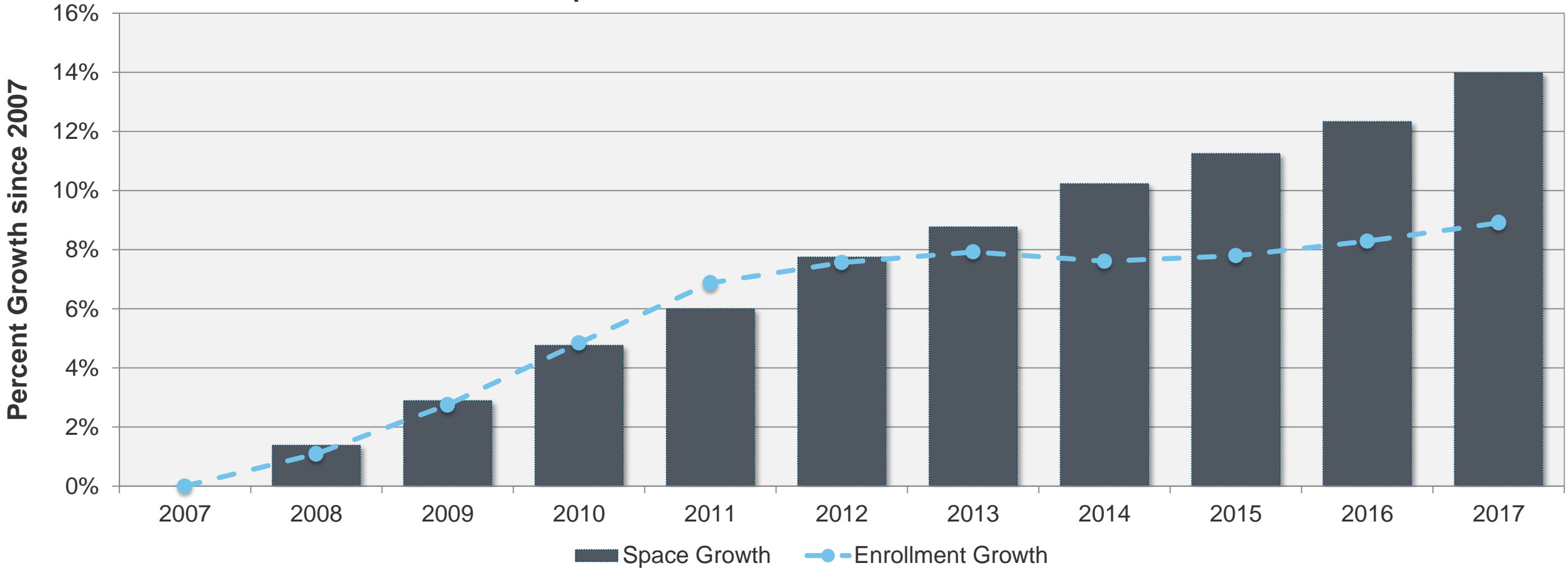
# A Shaky Foundation



# Space Growth Continues to Outpace Enrollment

Enrollment largely flat over the last 6 years

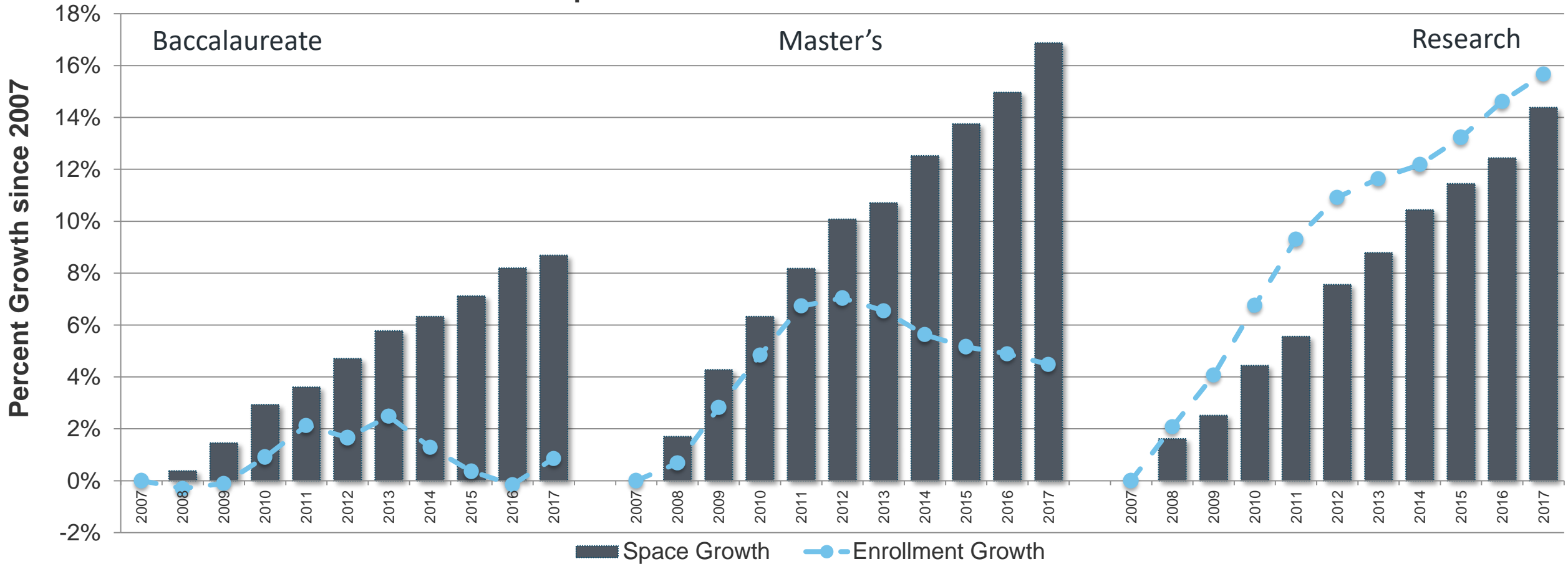
Space Growth vs. Enrollment Growth



# Space Growth with Declining Enrollment is an Exposure

Master's universities show the largest divergence

### Space Growth vs. Enrollment Growth



# How to Finance New Space?

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Tuition

Endowment

Gifts and Grants

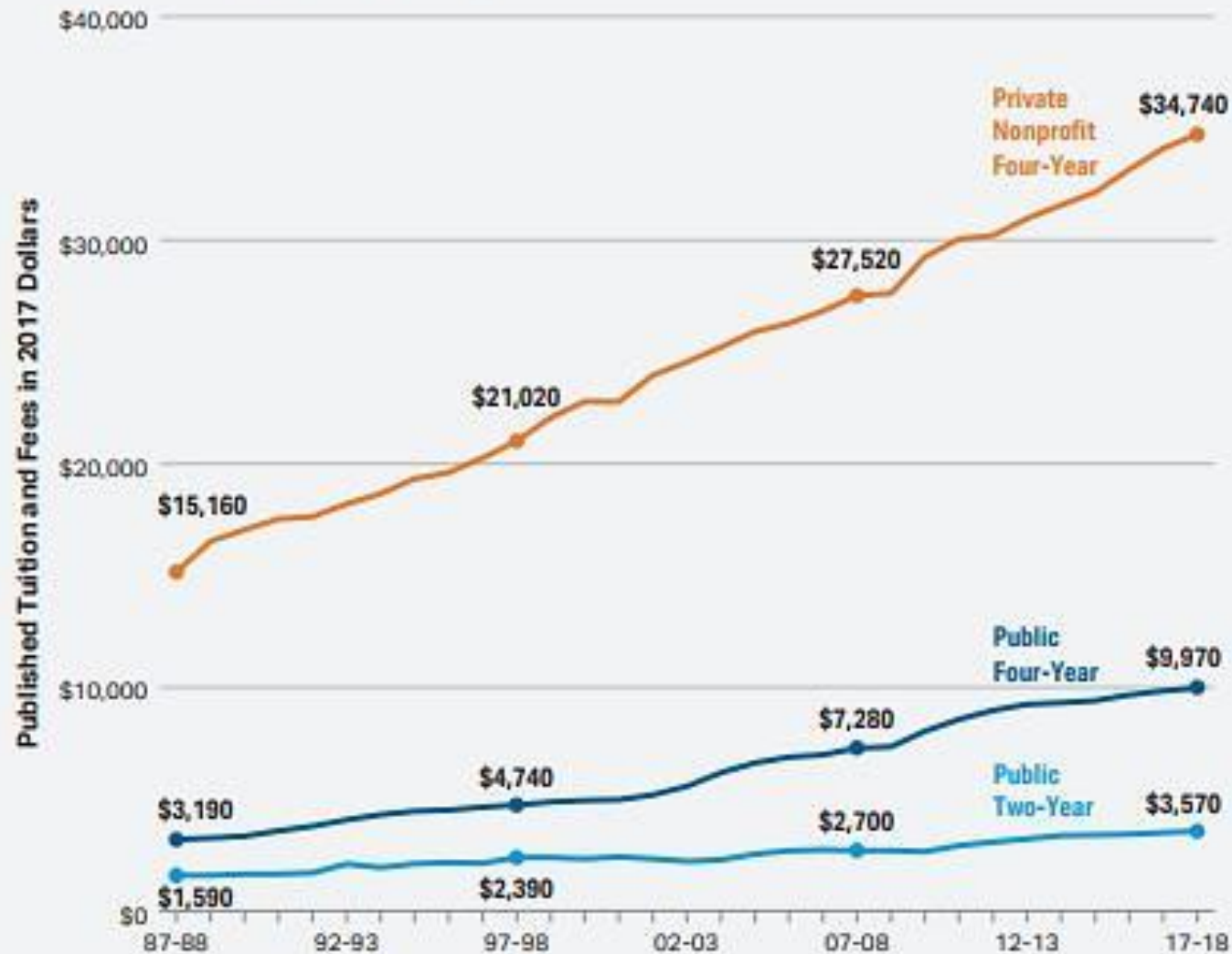
Appropriations

Debt



# Tuition Rate Changes

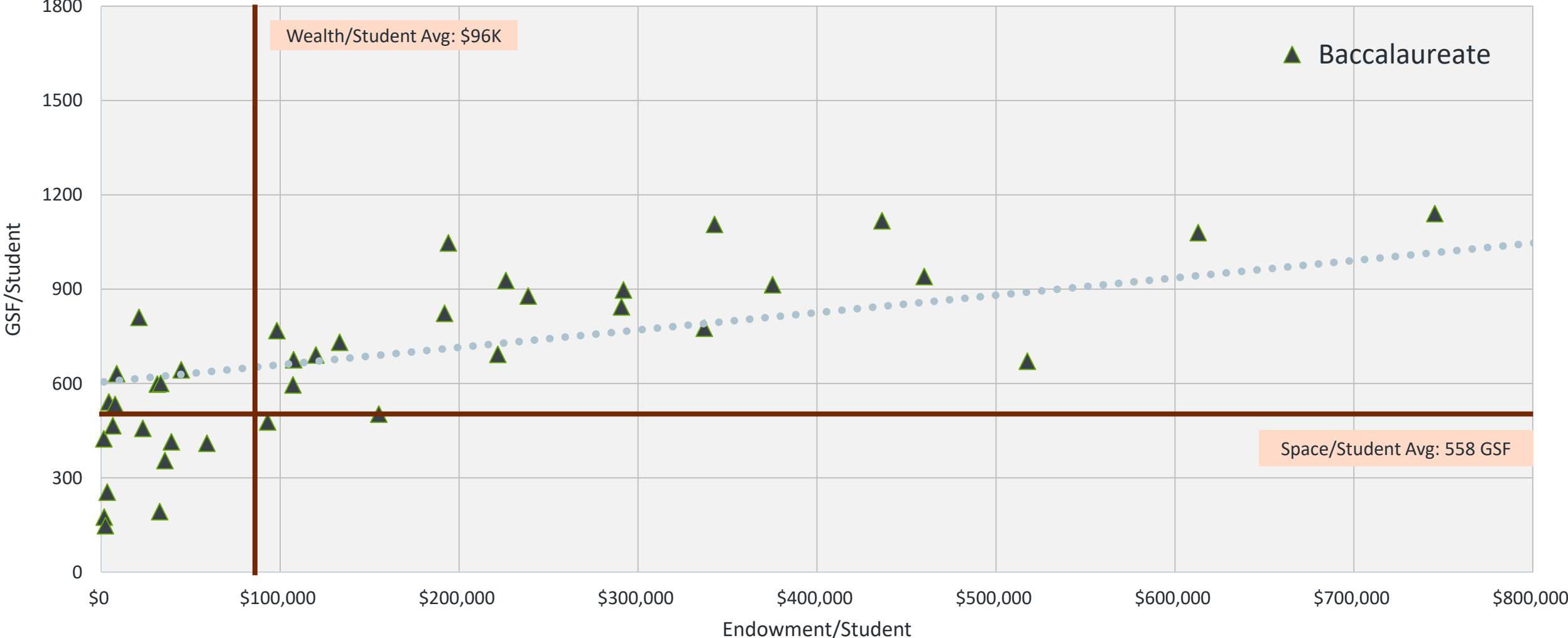
**FIGURE 3** Average Published Tuition and Fees in 2017 Dollars by Sector, 1987-88 to 2017-18





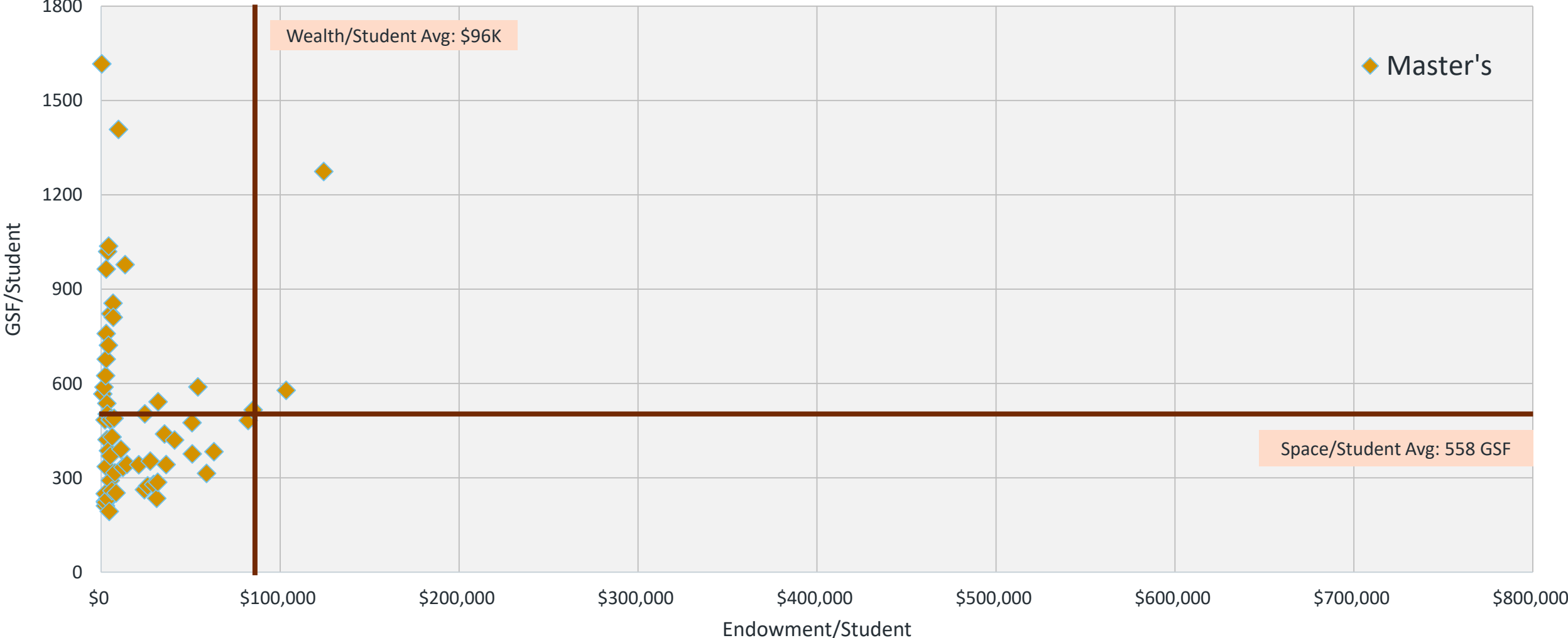
# Baccalaureate Institutions Show Linear Relationship

Space vs. Wealth by Constituent Group



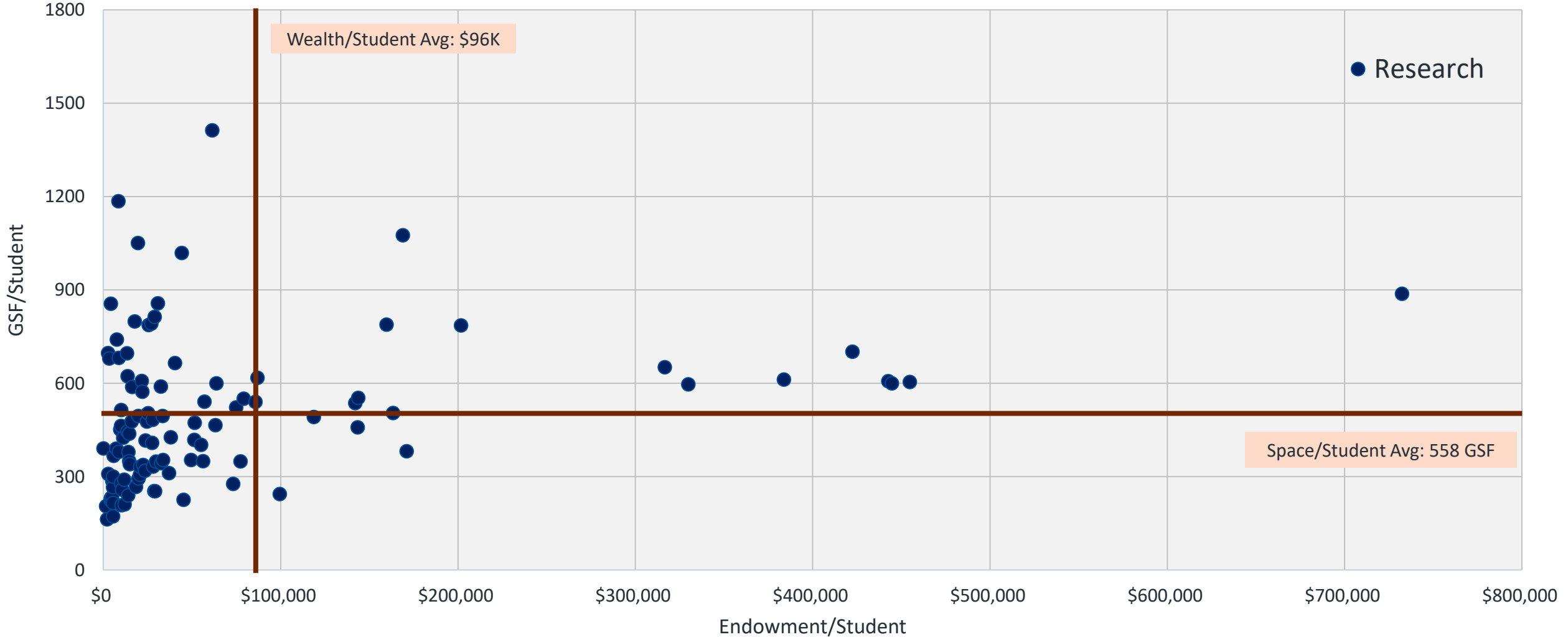
# Master's Universities Have Limited Institutional Wealth

Space vs. Wealth by Constituent Group



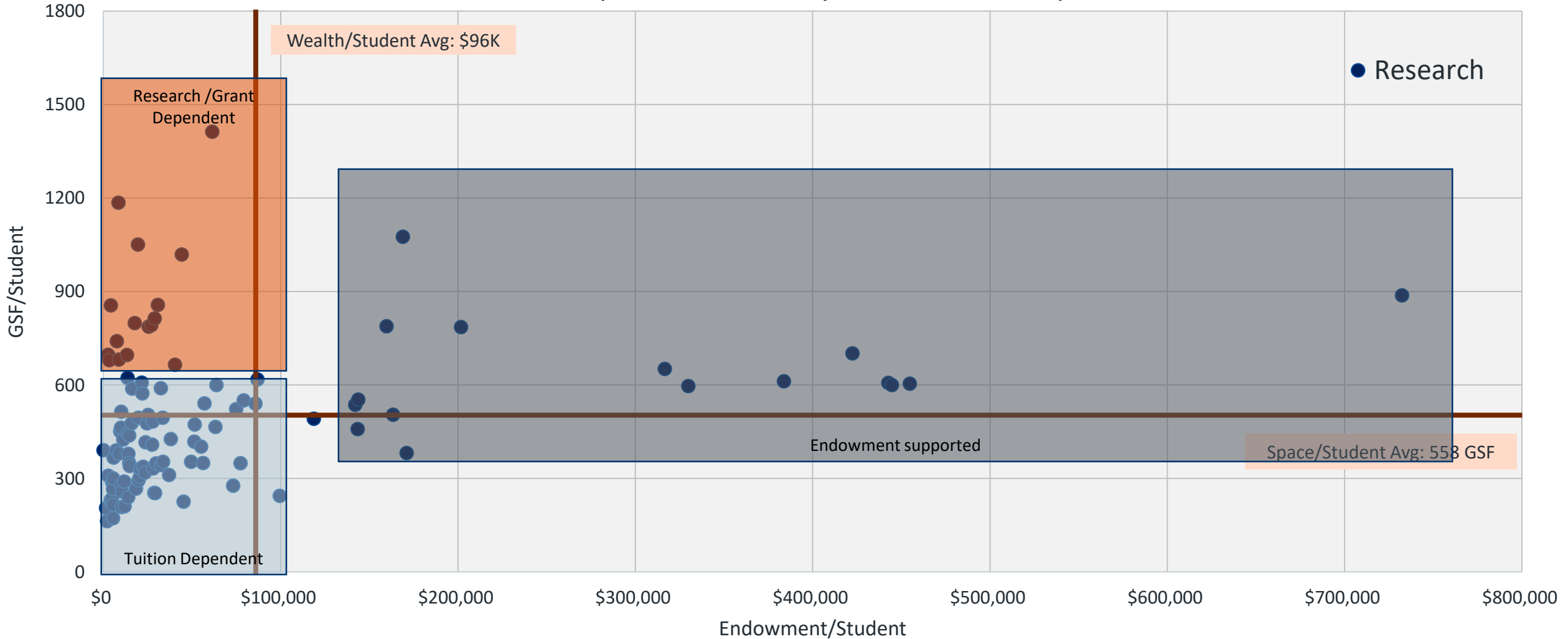
# Variation Explained by Revenue Sources Available to Research Institutions

Space vs. Wealth by Constituent Group

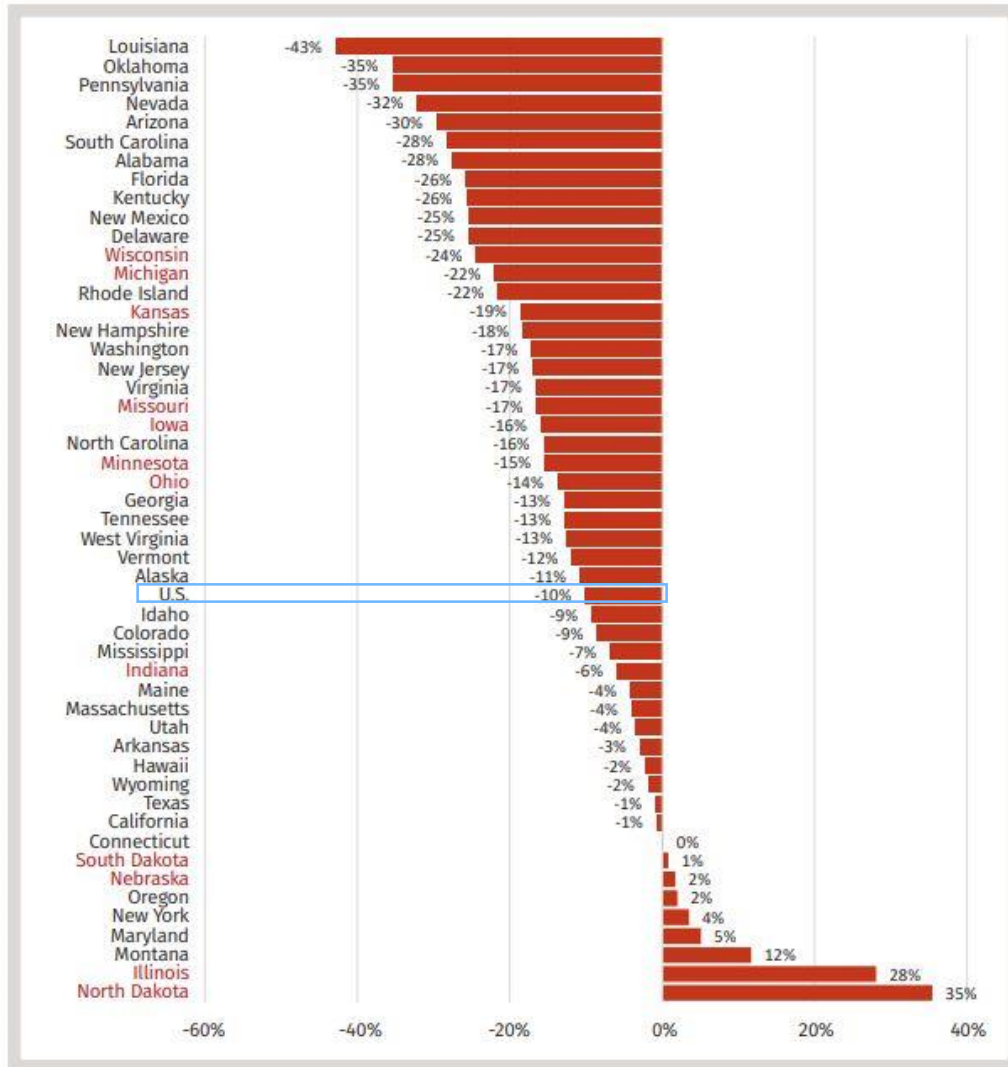


# Variation Explained by Revenue Sources Available to Research Institutions

Space vs. Wealth by Constituent Group



# State Higher Ed Financing per Capita 2007 - 2017



Eight (8) - increase funding

One (1) – neutral

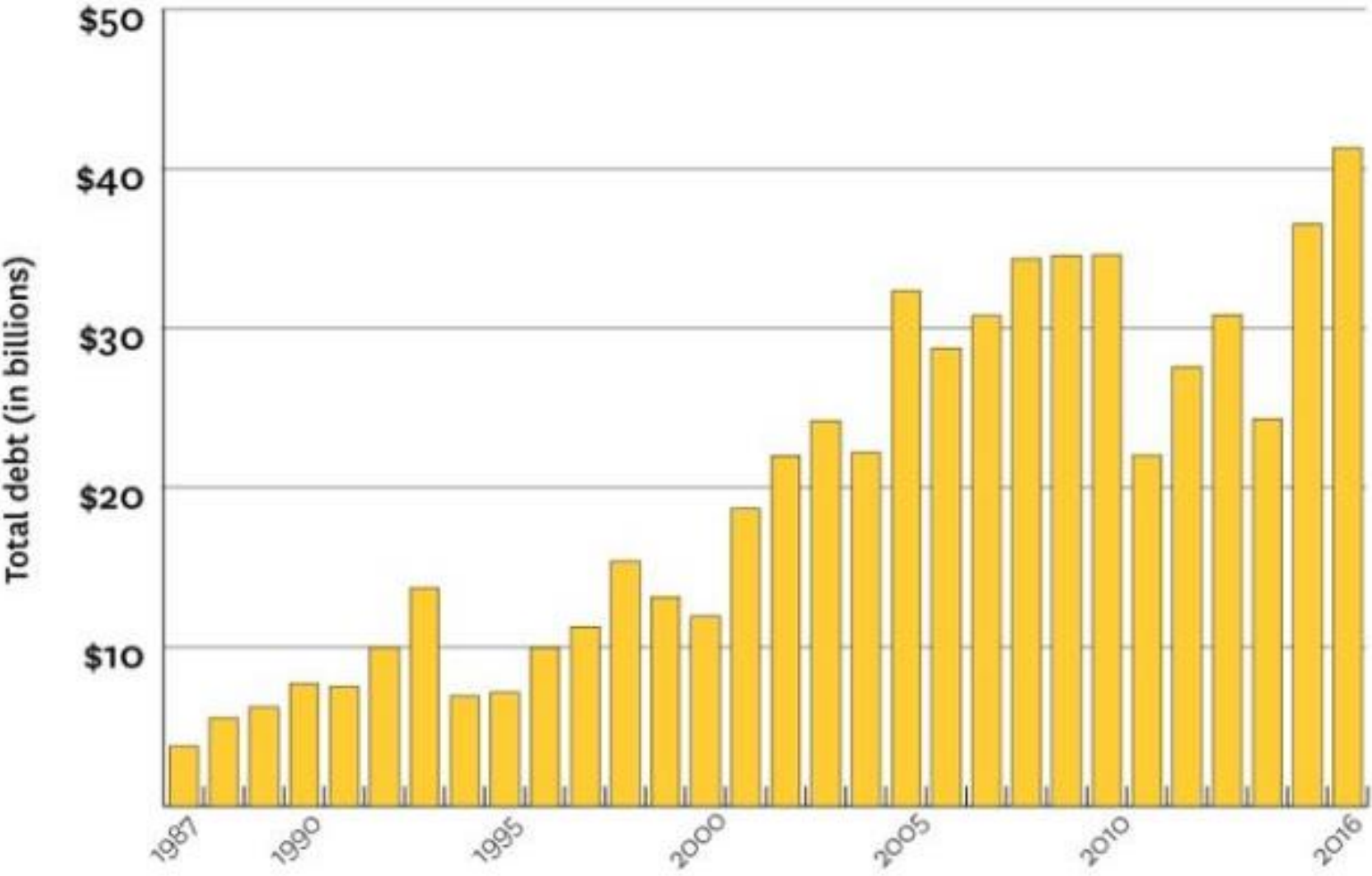
Forty one (41) – decrease funding

US average – **10% decrease**

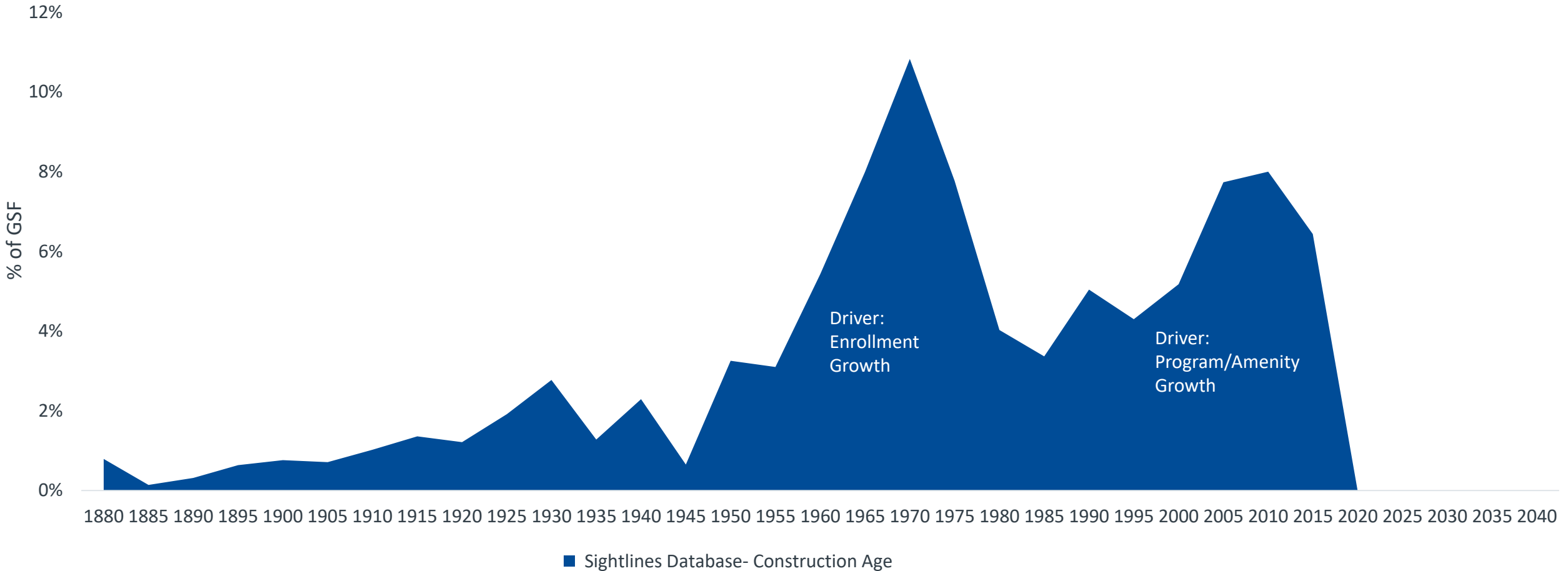
# Debt has Grown Enthusiastically

Why Colleges are Borrowing Billions  
The Atlantic Oct 10, 2017

The Other College Debt:  
Amount American Colleges and Universities have Borrowed through Municipal Bonds

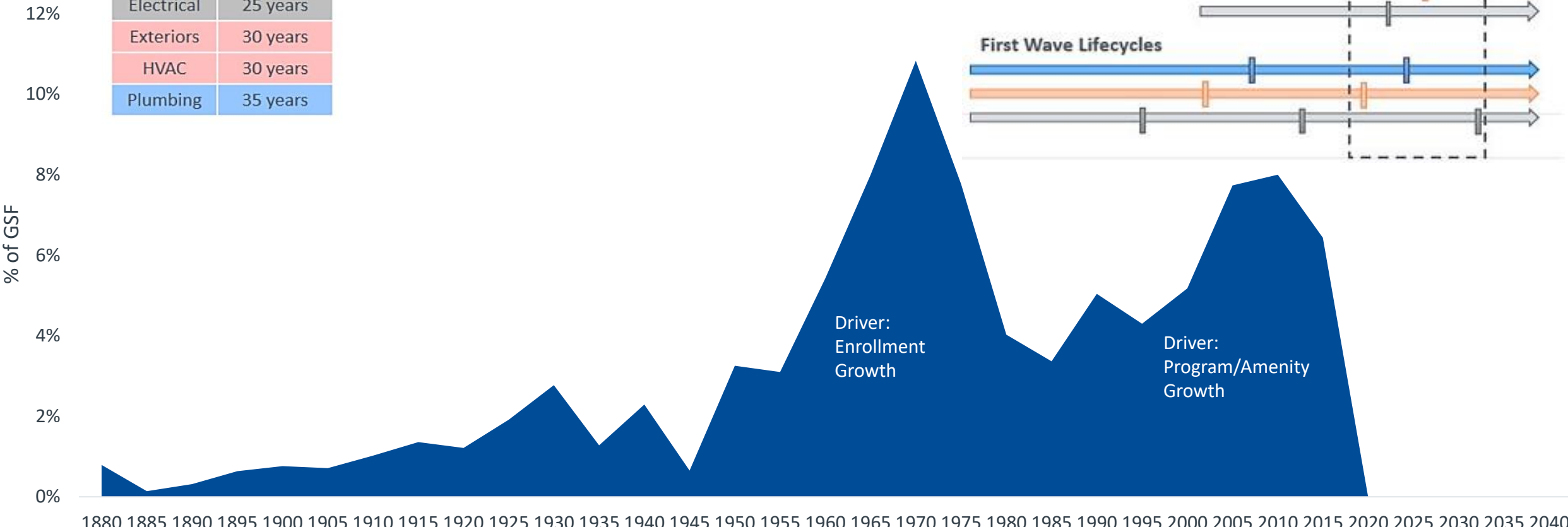
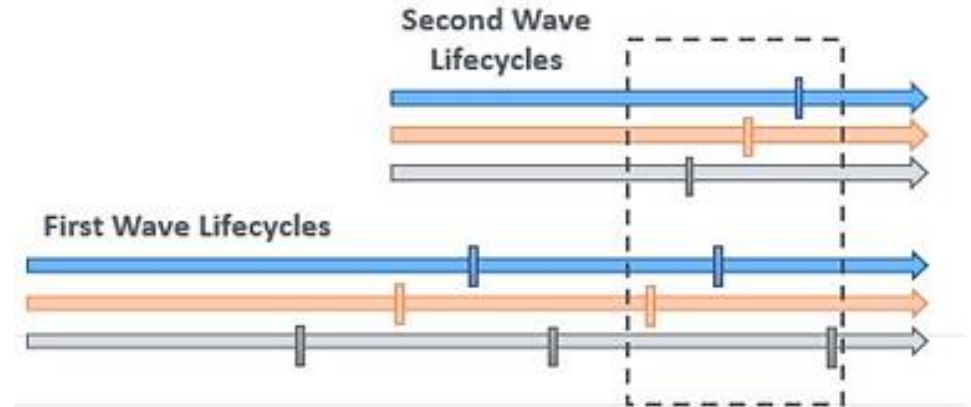


# Waves of Construction Drive Increasing Capital Need



# Waves of Construction Drive Increasing Capital Need

System	SL Standard Life Cycle
Roofing	25 years
Electrical	25 years
Exteriors	30 years
HVAC	30 years
Plumbing	35 years



■ Sightlines Database- Construction Age



# A Controlled Slide

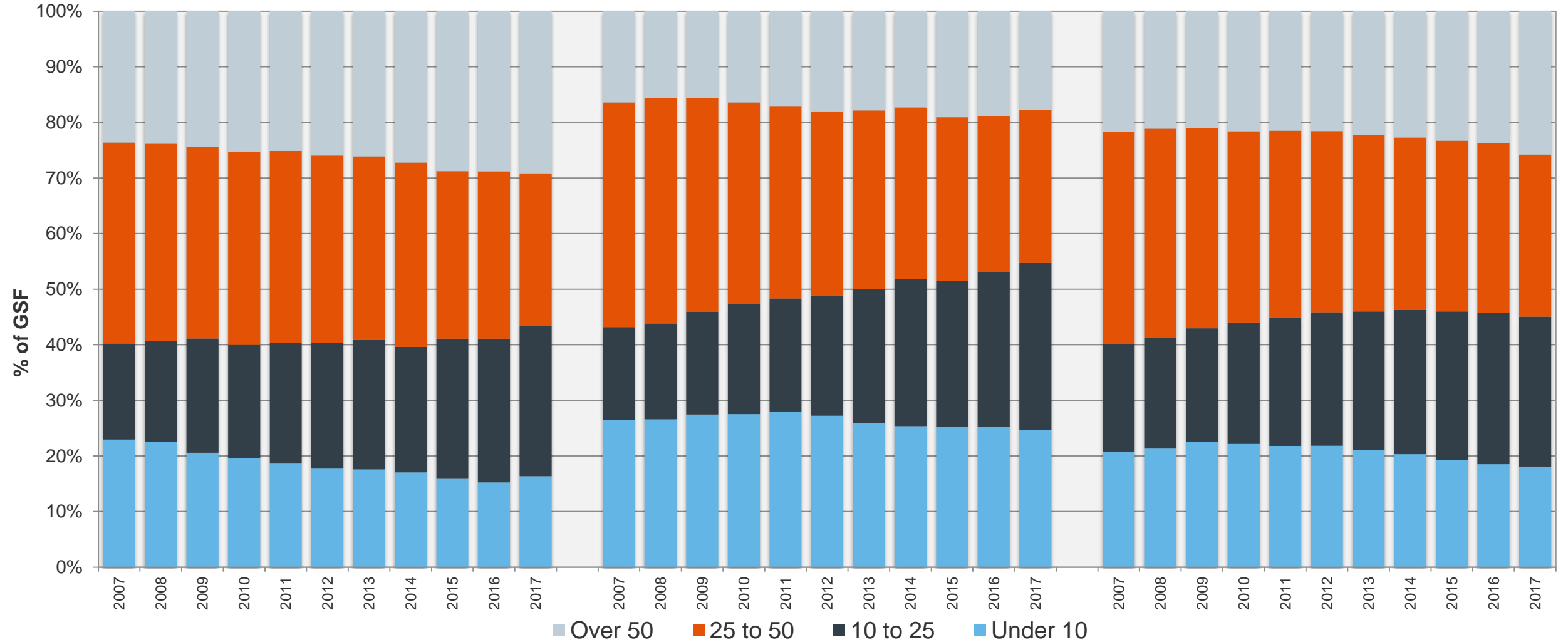


# Renovation Age Profile by Constituent Group

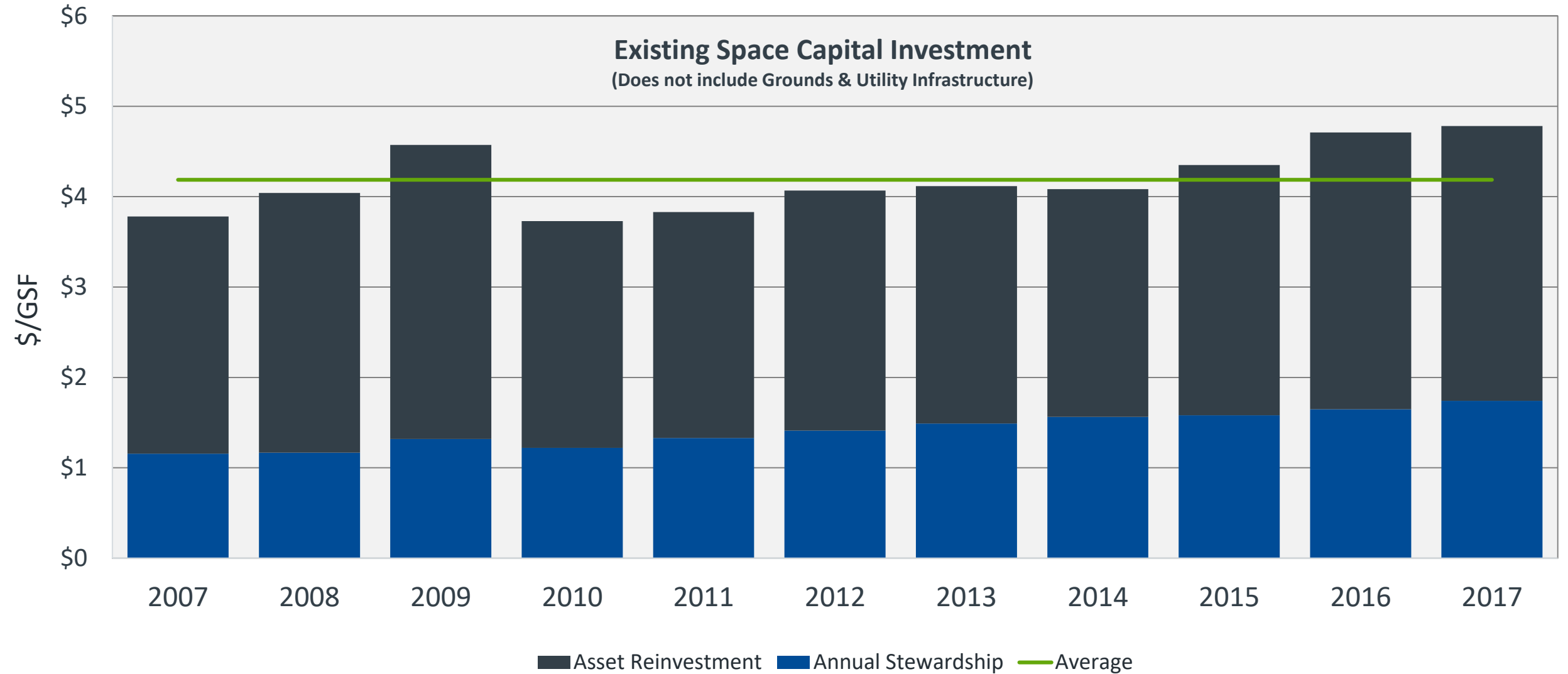
Baccalaureate

Master's

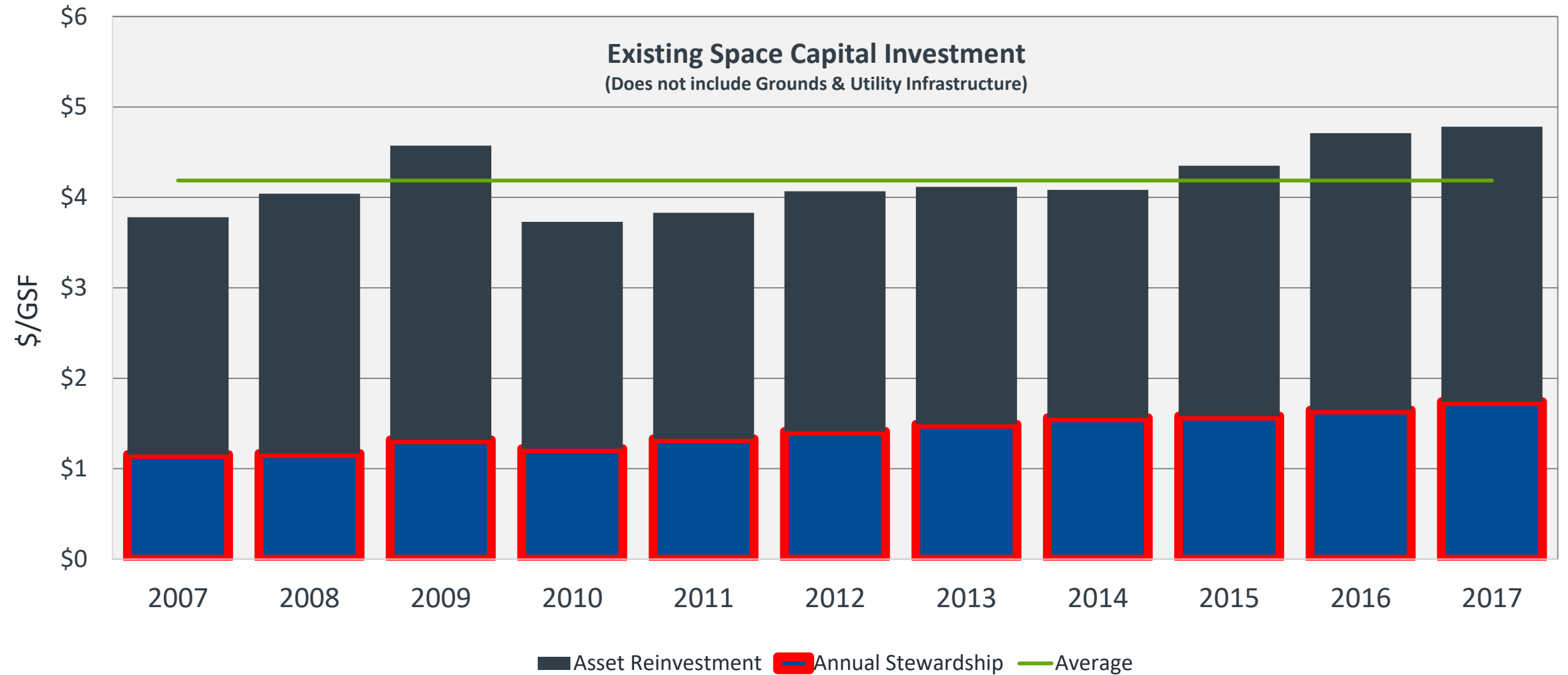
Research



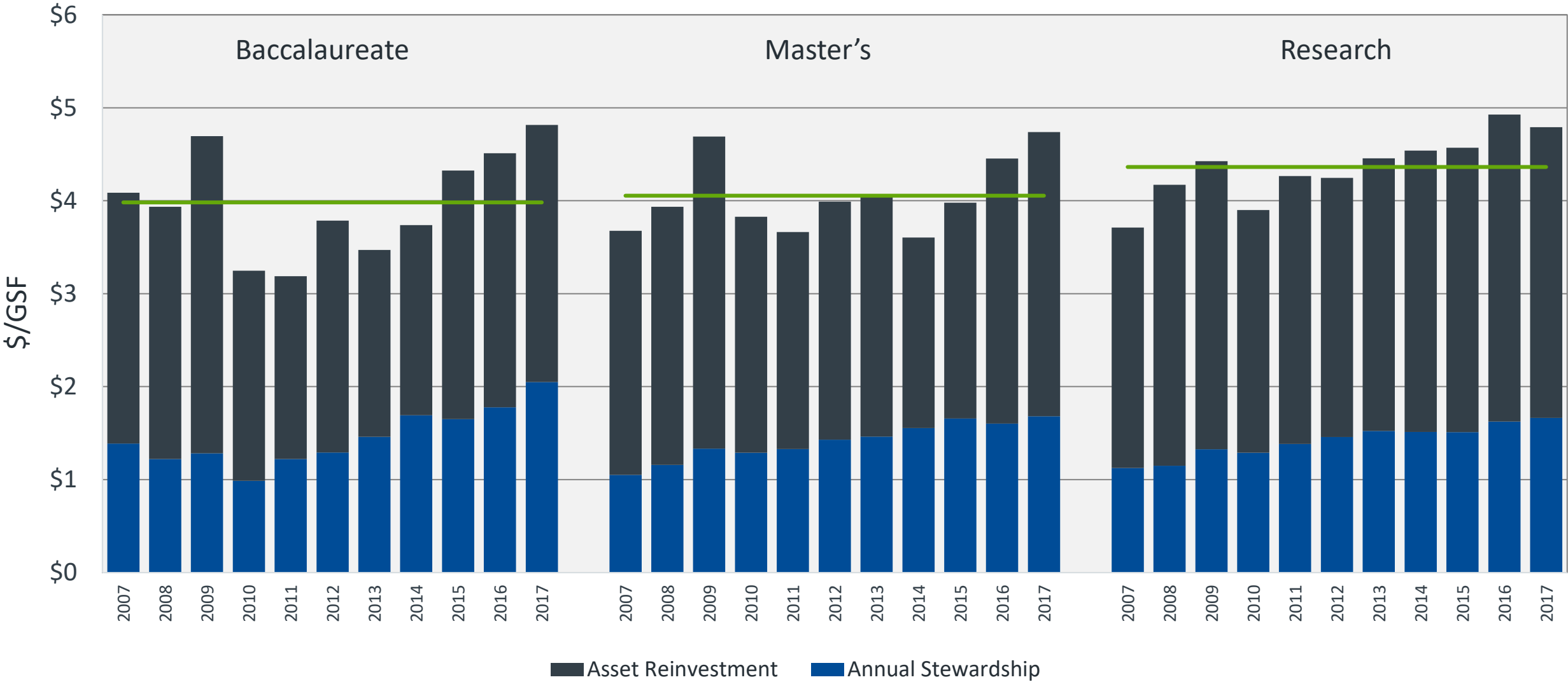
# Capital Investment: Highest Level in Last 11 Years



# Capital Investment: Stewardship +50% since 2007

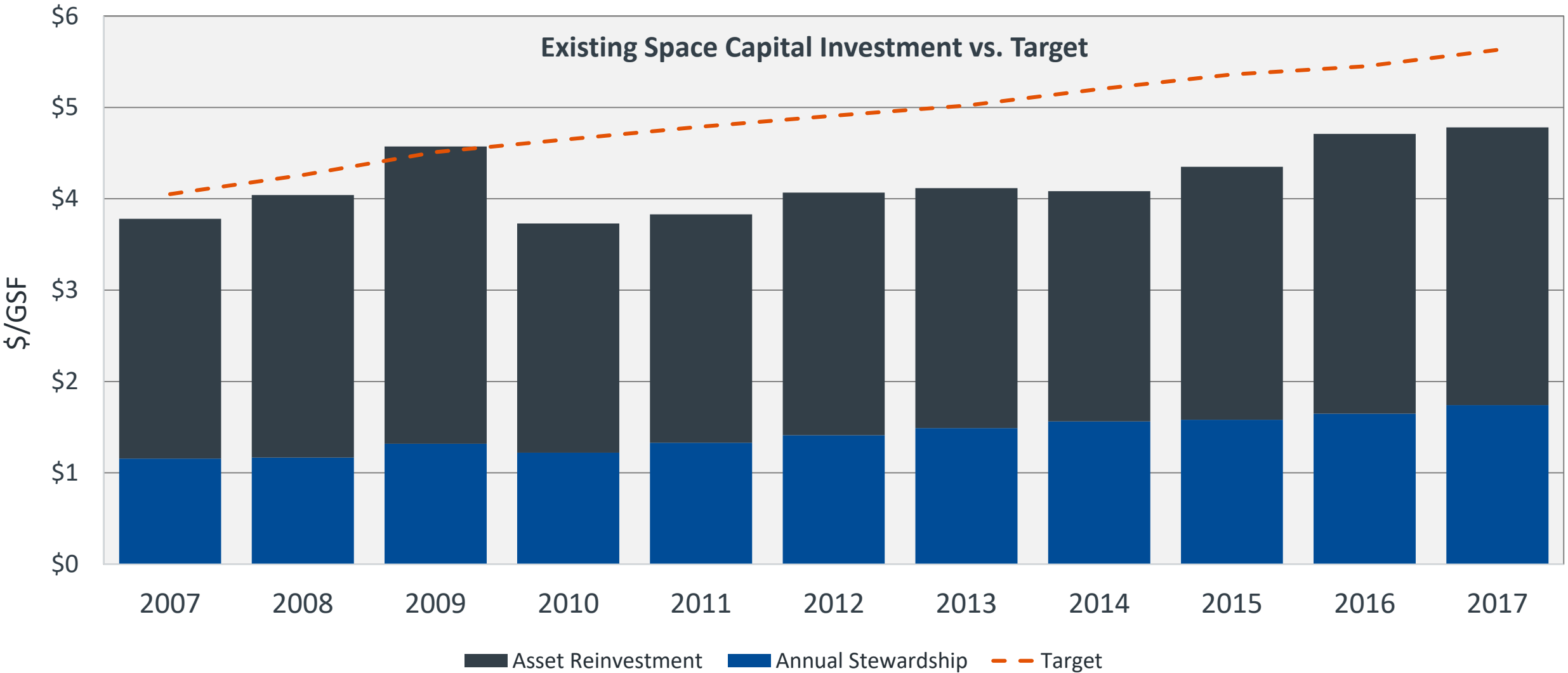


# Existing Space Investment Increasing Across Institution Types



\*Investment Amounts Shown do not include Grounds + Utility Infrastructure

# New Space Drives Growth in the Annual Investment Target

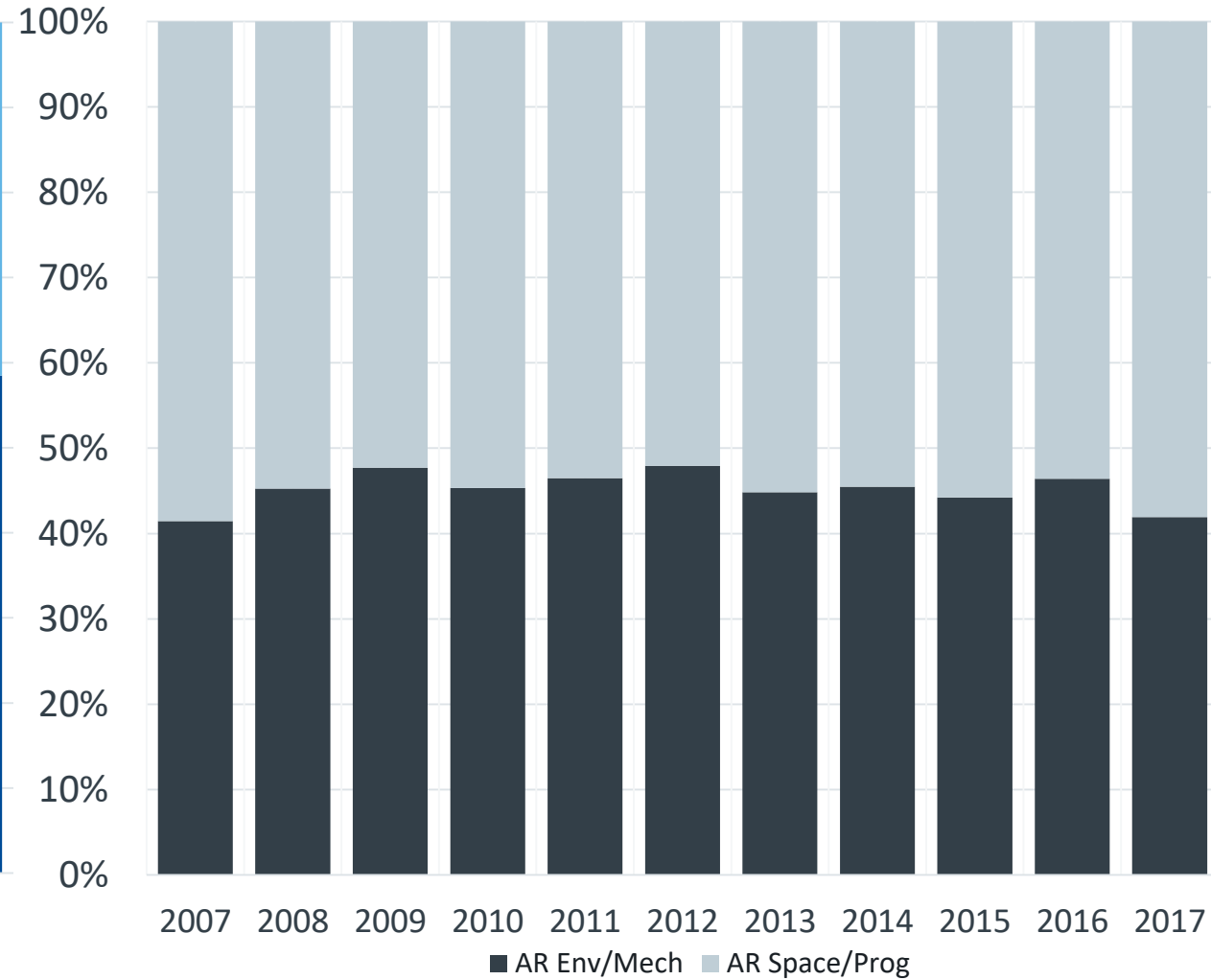
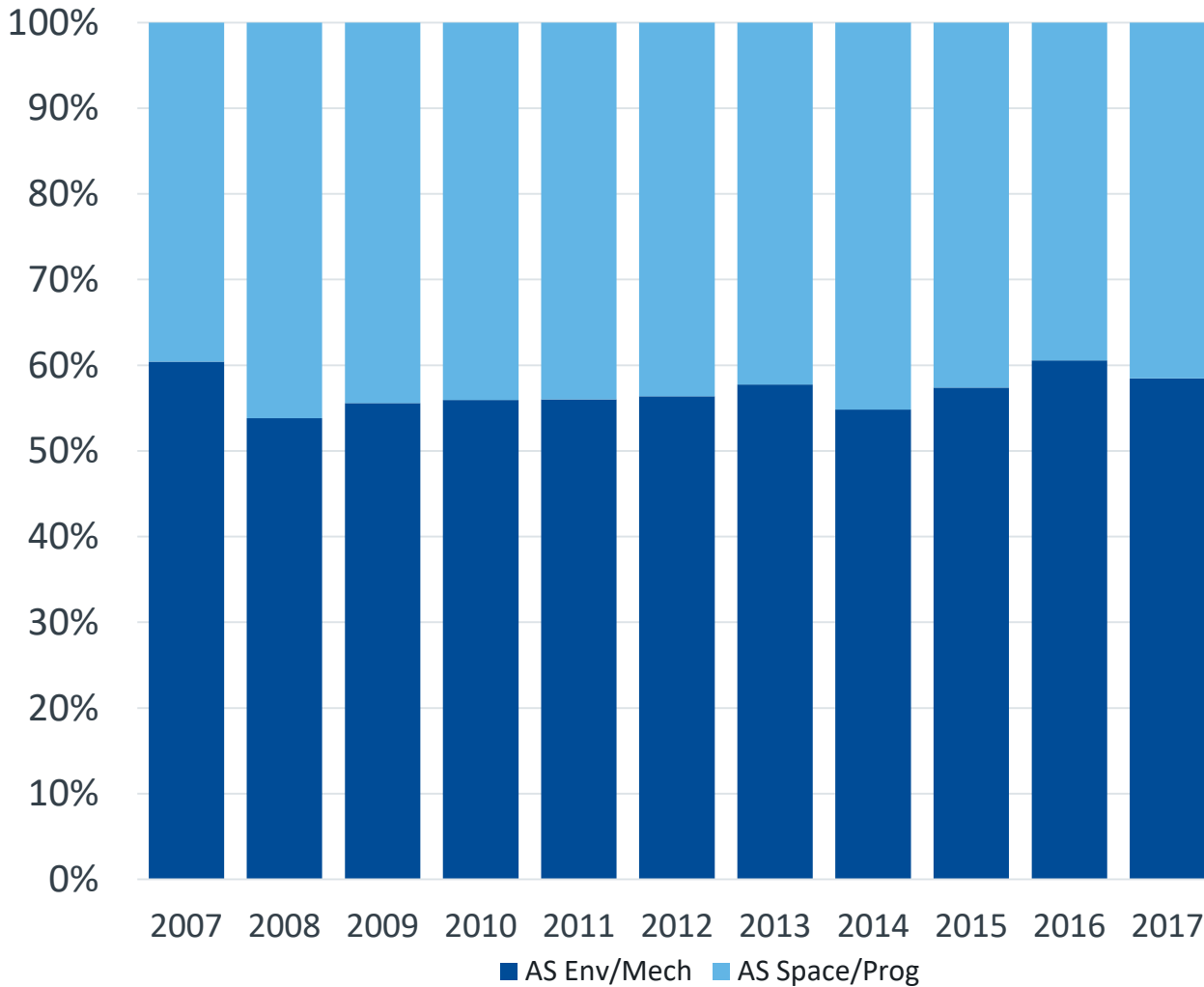


\*Investment Amounts Shown do not include Grounds + Utility Infrastructure

# Recurring Dollars Continue to be Used for Envelope and Mechanical Projects

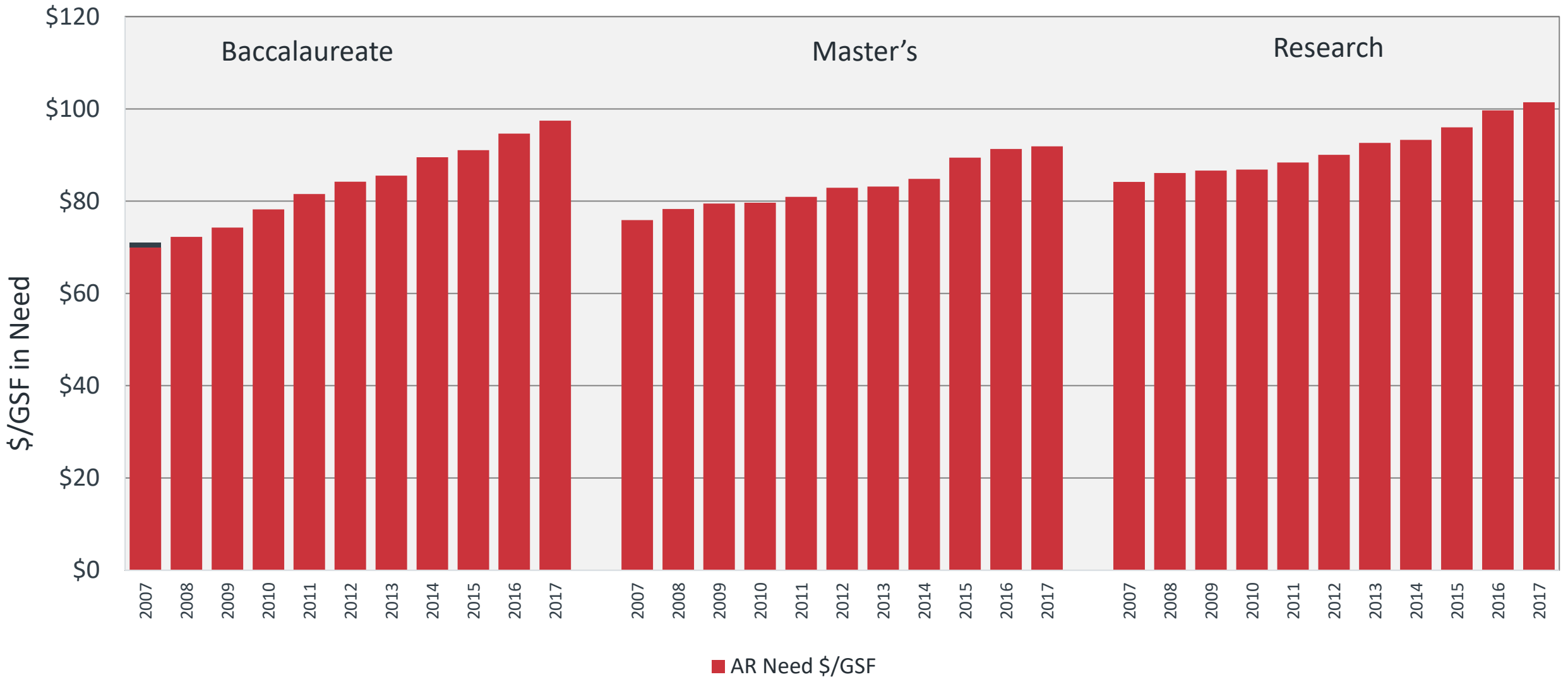
Recurring Capital Spending Composition

One-Time Capital Spending Composition



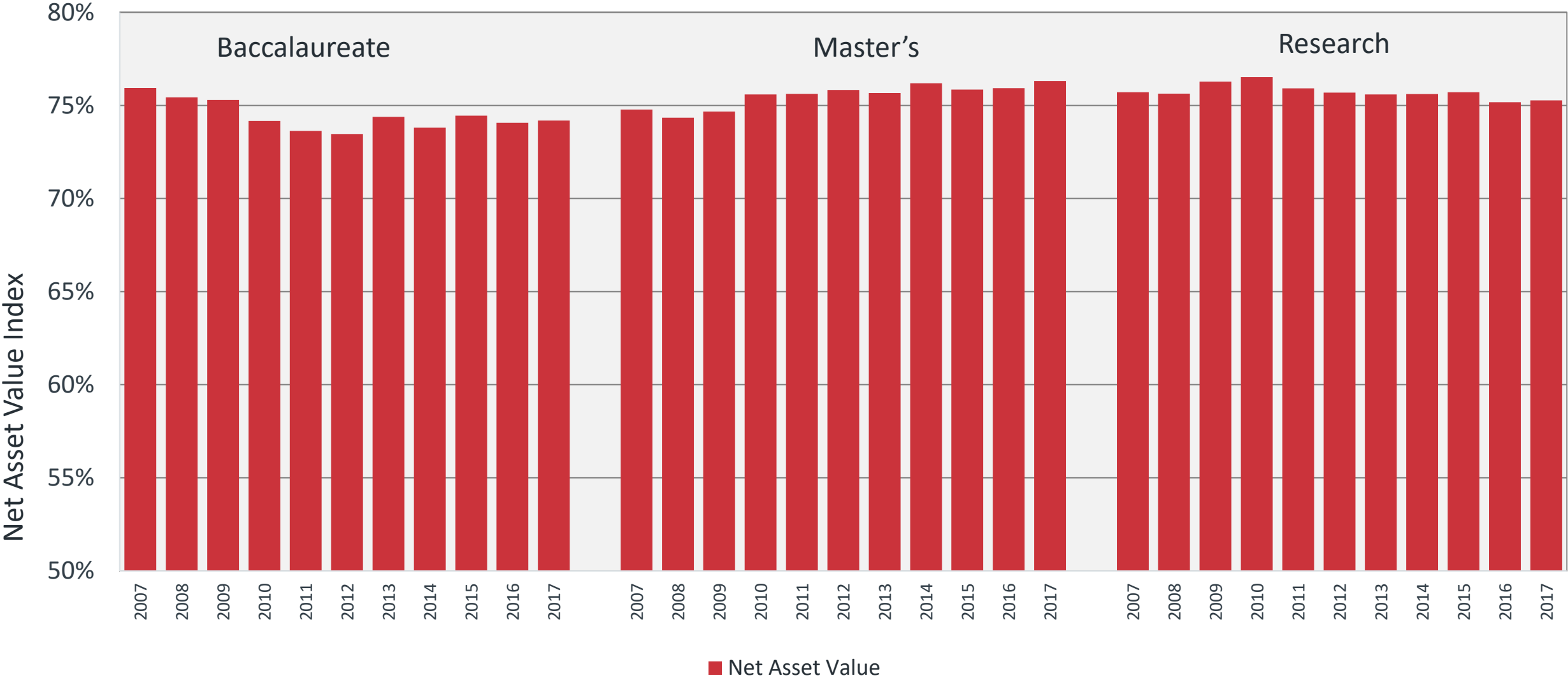
\*Investment Amounts Shown do not include Grounds + Utility Infrastructure

# Asset Reinvestment Backlog Growing and Significant





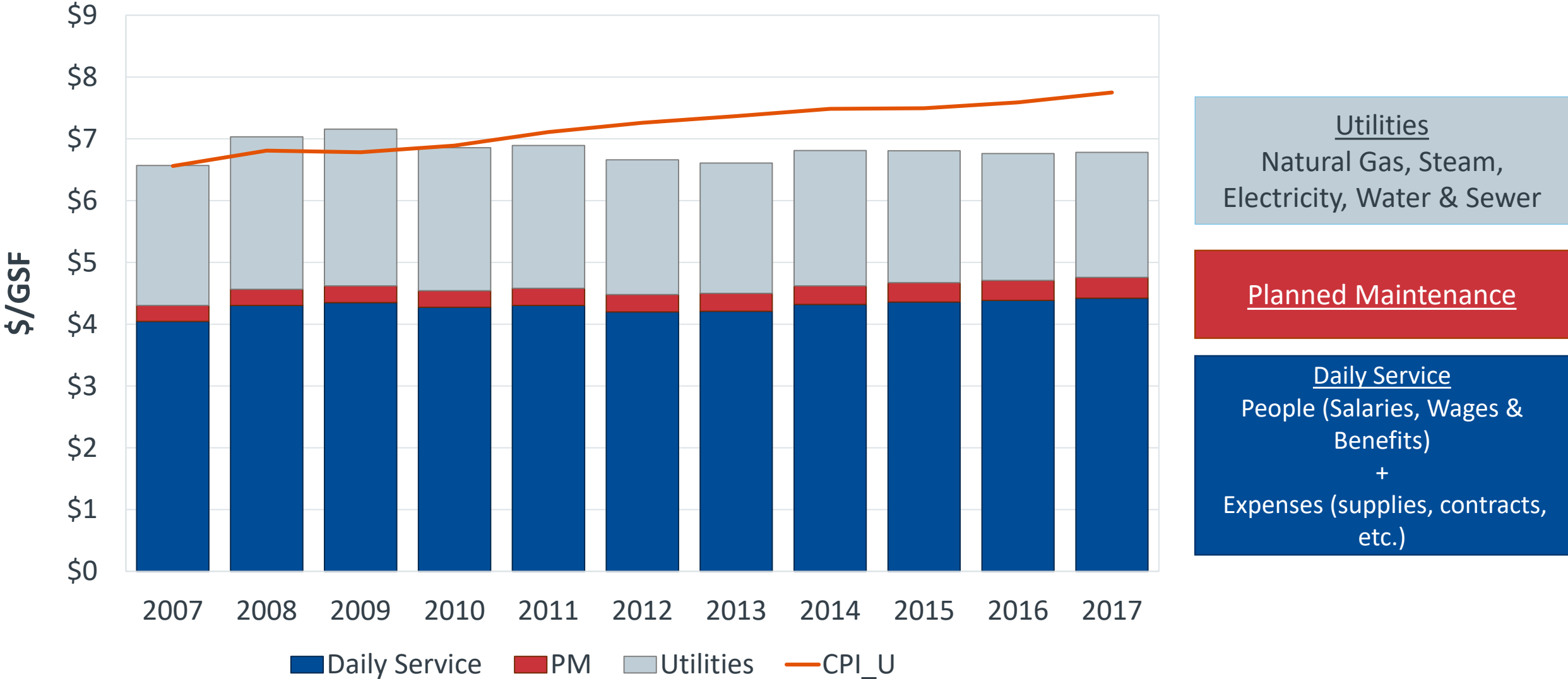
# Net Asset Value Falling Gradually for Non-Master's Institutions



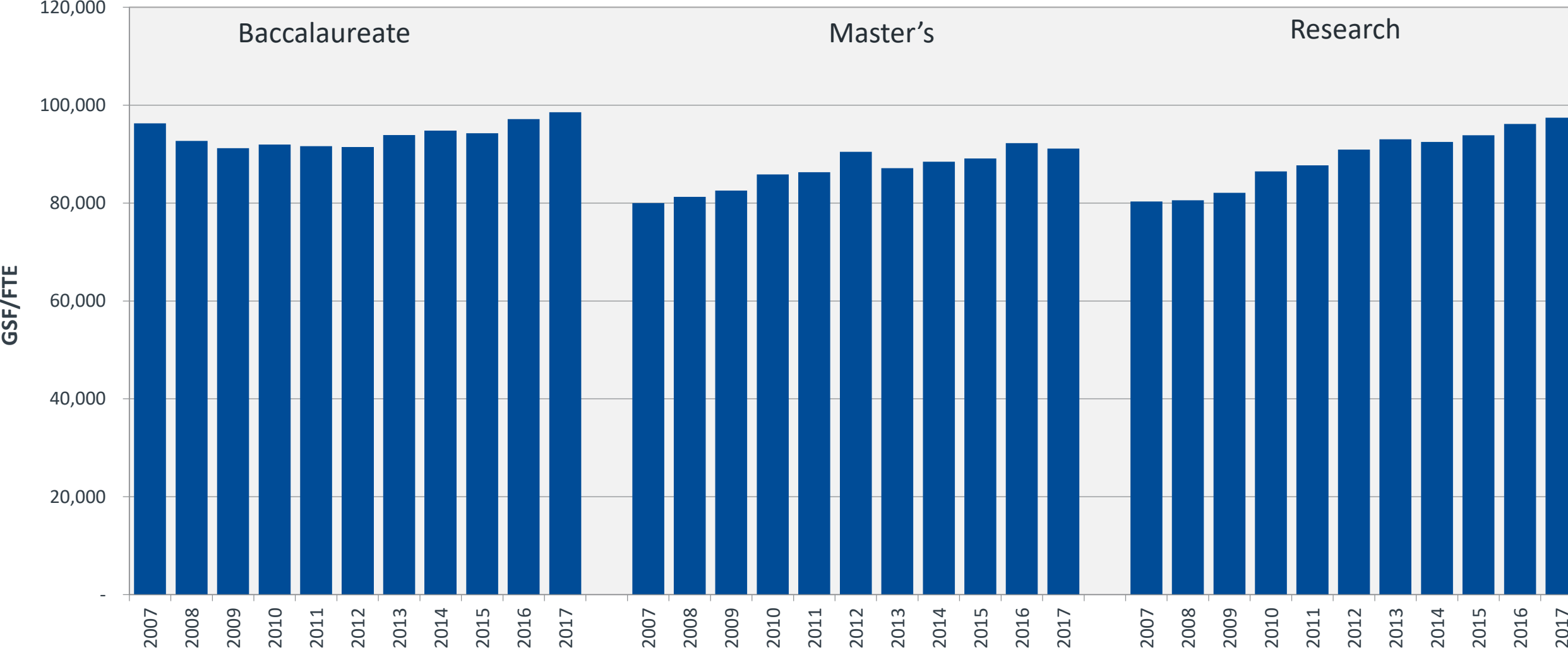
# Operational Resiliency



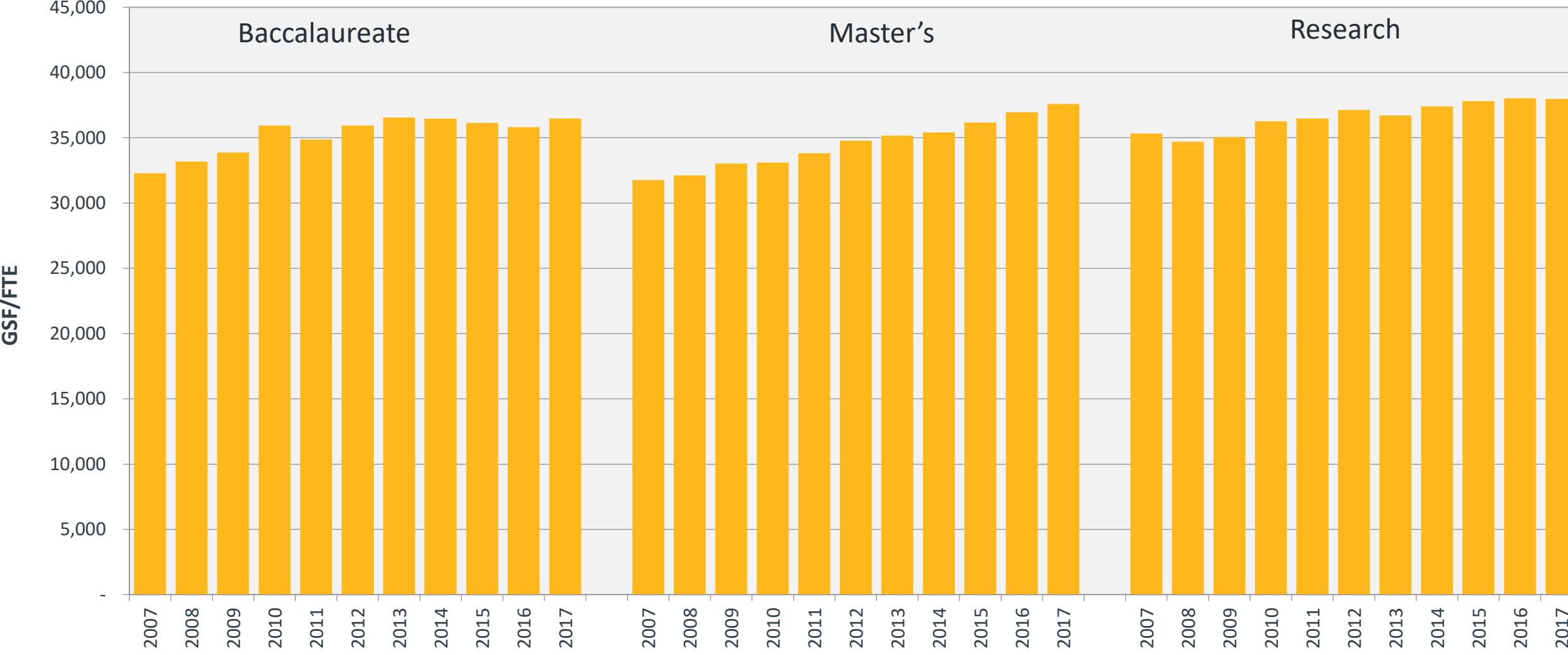
# Managing Costs, Maintaining Value Added Spending (PM)



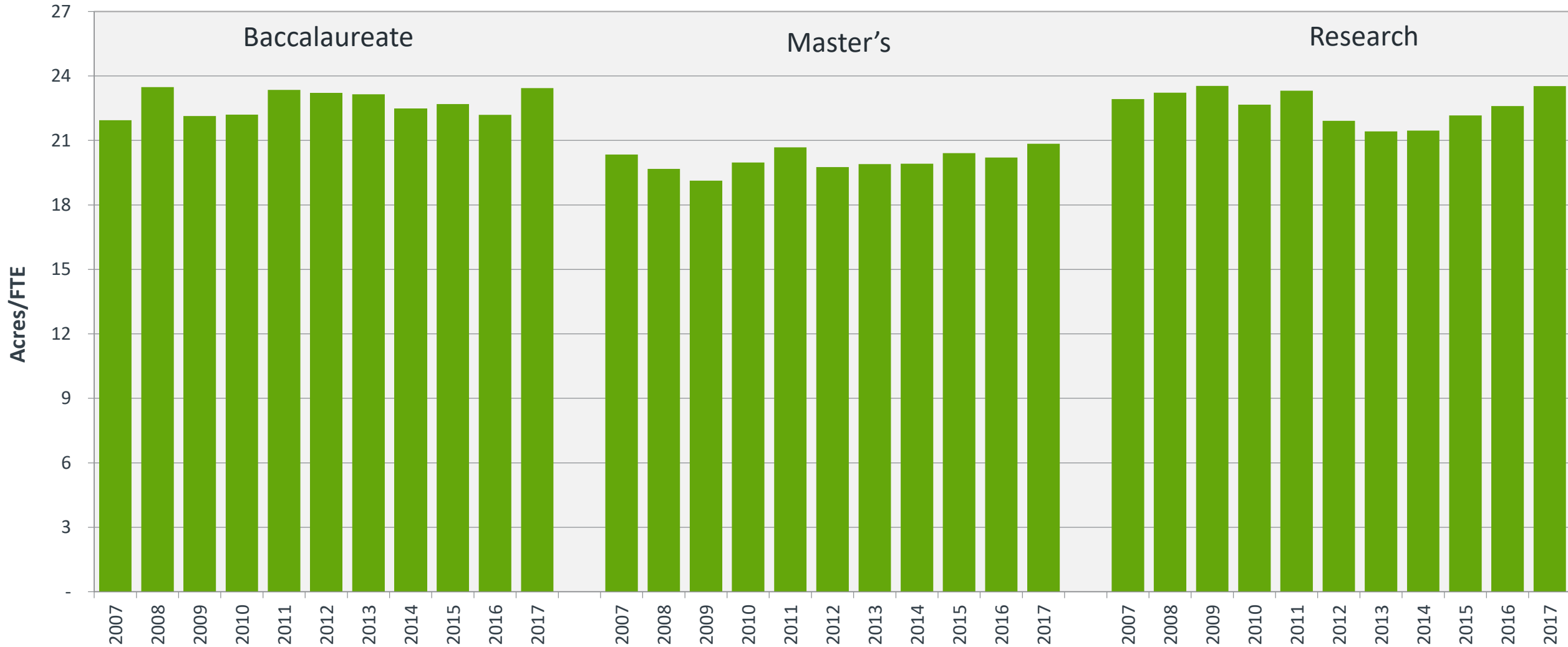
# Maintenance Staff: Not Keeping Up or Using Technology?



# Custodial Reductions Slowing in Recent Years



# Grounds Show Less Impact, Highlight Importance of Curb Appeal



What will success look like  
in the next 5 – 10 years?



# Make Communication a Priority

**To prevent further decline of facilities conditions and operations, facilities organizations must communicate directly with customers and “tell their story” throughout the institution.**

- 1** What is most important to your customers and how do you deliver on it?
- 2** Do your customers understand the constraints you are under?
- 3** How can you involve your customers in the decision around resource trade offs?



# Proactively Implement “Portfolios”

**Successful institutions will intentionally allocate resources to certain assets and avoid others. These priorities must be developed and communicated throughout the entire institution.**

**1**

**Which assets are not long term assets?**

- Will these receive any funding?
- Are these targets for demolition or replacement?

**2**

**Which assets are core to the mission/strategy of the institution?**

- How will these be invested in differently from other assets?

**3**

**What is our strategy around new space?**

- Replacement or “net-new” space?
- What is the strategy for understanding operating and future capital costs?

# Develop Resiliency and Efficiency in Operations

**Operating without the resources you had a decade ago, it will be critical for facilities organizations to leverage data and technology to improve efficiencies and create operations that are resilient to economic uncertainty or demographic headwinds.**

**1** How can data be used to target limited resources to the highest needs?

- Tying capital needs to operational costs through the work order system

**2** Where can technology be implemented to minimize the personnel needed to maintain a building?

- Building automation to control systems and pinpoint problems
- Sensing and detection technology to predict component failures or reduced operating capacity



Questions & Discussion



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Thank you for your time.

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