

May 16, 2022

Kevin Pichard
Director, Finance and Facilities
Florida State University System Board of Governors



Re: Observations on state facilities planning

Dear Kevin:

As you know, the Florida Council of 100's Talent Committee is currently studying ways by which the State University System (SUS) can manage its long-term growth in a manner that supports the economic and labor market goals of the state. Although our initial premise was that the topic was grounded simply in an analysis of student numbers, our discovery of the 2019 Board of Governors (BOG) staff report reviewing space needs calculation methodologies and the 2020 SmithGroup report assessing the SUS's capital outlay facility space quickly showed us that there were also issues relating to universities having enough space to educate those students.

Simply put, we can't thank you and Kristine enough for taking so much time over the past 6 months to educate our Committee on the finer points of space planning from the state's perspective. We hope that our mutual exploration of the history and current issues relating to such planning has been beneficial to your effort to develop a Board of Governors regulation that will comprehensively address university space planning needs for direction and guidance.

Subsequent to our discussions, we have twice interviewed space planners at all twelve state universities to obtain their "boots-on-the-ground" perspectives and expertise regarding current space planning methodologies, processes, and procedures. All twelve were both gracious with their time and expertise.

The following are observations based on those interviews, our literature review, and conversations with industry experts. They represent an amalgamation of what we've heard and learned about the state of Florida's space planning framework and how it might be improved. Given the consensus we've seen around these issues, we recommend considering them when crafting the new regulation.

Observation 1: The Policy Environment

The ultimate result of BOG facility space planning is the funding of projects needed by universities to expand or maintain their ability to service students. The space planning process is used to recommend such projects based on the university educational plant surveys conducted by BOG and university experts.

However, one major factor affecting the efficacy of facility space planning is, for all practical purposes, a lack of funding for fixed capital outlay. The funding situation is driven by two main factors. First, currently 75% of annual Public Education Capital Outlay (PECO)-related revenue is dedicated to debt service on prior PECO projects. This means that the available cash for non-

bonded PECO projects (e.g., \$244 million in 2021-22) is relatively low compared to overall university requests. For example, without the infusion of federal stimulus dollars, only about \$190 million was appropriated for SUS PECO projects for 2022-23. Second, if the Legislature is to fund more PECO projects than there is cash available, it must do so by using General Revenue—a funding source for which there are many competing interests.

A second factor affecting the efficacy of facility space planning is the historic tendency of the Legislature to fund PECO projects outside of the established survey-recommendation-based planning process. For example, of the 21 projects on the BOG prioritized 2022-23 PECO List (based on universities' #1 or #2 prioritized projects out of all those that had been survey-recommended), only 3 were funded (at levels higher than recommended by the BOG) with non-stimulus-related revenue. Those projects were ranked #2, #7, and #19 on the list. And an additional 3 were funded with stimulus-related revenue (ranked #1, #5, and #18) for a total amount of list-based funding of \$225 million. Contrast that with the 12 projects, nearly all proposed by individual legislators, which the Legislature funded even though they were not on the list for a total of \$339 million. To the extent that this long-time trend continues, the pressure to have a perfect facility space planning process is reduced.

Observation 2: One Size Fits All

In our interviews with university space planners, several universities supported the concept of moving away from a one-size-fits-all facility space planning process. They asserted that each university has a unique mission that merits special considerations during the Educational Plant Survey (EPS) process, a position echoed by SmithGroup. While such a complex approach might have worked back in 1995 during the Board of Regents days, several factors might make it impractical now. First, unlike with the Board of Regents, BOG facilities staff is very small (2 people), and they pull double-duty overseeing both space planning and facilities finance. Administering a complex space planning system is labor-intensive, and, while productive beyond the call of duty, there are only so many hours in a day. Having to address and manage 12 different facility space planning approaches would be very difficult. Second, university space planners have a wide range of experience levels. While some have performed such work for decades, many more of them are relatively new to a process that, if extremely complicated, might not be implemented efficiently, effectively, or fairly in terms of having the ability to capitalize on “tricks of the trade.” Third, universities have facility space data systems that vary widely in sophistication, available data, and usage levels. A space planning approach that requires highly detailed data collection, validation, and analysis might be beyond the capability of certain universities' systems. Additionally, according to SmithGroup, there are diminishing returns to creating more complex, data-intensive facility space planning systems. This is especially true given the state of the aforementioned PECO process.

A better way to address individual universities' needs might be to create an appeal process whereby universities can argue against EPS decisions and recommendations that they believe are inconsistent with their missions and/or other conditions, such as building age or configuration and student demographics. If a university believes that an EPS decision based on a one-size-fits-all approach fails to adequately consider or address “extenuating circumstances,” it could be

allowed to make a business case for amending the decision. BOG staff, and eventually the BOG itself, would then have more data with which to analyze individual situations. There are so many potential scenarios that can affect a university's facility space planning, coupling a one-size-fits-all approach with universities able to appeal EPS decisions might be the most efficient way to balance the need for formulaic objectivity with the need to flexibly accommodate different university missions and conditions, especially given the resource constraints of BOG staff and university space planners. Our interview with a SmithGroup expert also emphasized the importance of such systematic flexibility.

Given Observations 1 and 2 above, dramatic changes to the current facility space planning system might be unnecessary. That said, our interviews with university space planners and subject-matter experts shined some light on some process details that could be enhanced to make facility space planning process more effective and equitable.

Observation 3: The Space Factors

Over the past 25 years, the BOG space factors have become disconnected from their rationales due to the gradual loss of institutional knowledge and arbitrary (but necessary at the time) policy decisions based on funding realities. This is reflected in the summary we've previously provided and our discussions on the matter. Determining precisely "accurate" space factors that apply to all universities, regardless of mission, might be an extremely complex task involving huge amounts of data collection and analysis. Moreover, such an endeavor might be unnecessary given Observations 1 and 2. That said, it is important to have a rational explanation of the reasoning used to establish each space factor in order to be able to justify them to both policymakers and the universities themselves.

Rather than trying to trace the factors back to their quantitative origins (which we've all unsuccessfully tried to do), it might be better to justify the current factors based on the SmithGroup report. According to the report, Florida's space factors are generally aligned with national standards and the standards of peer states except in three instances. First, per SmithGroup, the classroom factor probably needs to be returned to 12 sq. ft. per full-time equivalent student (FTE) from the current 9. As we've discussed, the relatively recent decision to decrease it from 12 to 9 was most likely driven by a policy decision relating to the move from one FTE equating to 40 credit hours to the more widely accepted 30 credit hours. Second, SmithGroup recommends changing the driver for office space from students to employees. While this makes logical sense, interviews with universities uncovered a myriad of potential nuances in the definition of "employee," as well as complexities involving legacy building configurations and faculty contracts. These factors would make the change in driver hard to calculate and standardize, especially given the limitations of several universities' data systems. Third, SmithGroup recommends changing the driver for research lab space from students to principal investigators or research and development (R&D) expenditures. Again, while this might make logical sense, data system limitations relating to the often overlapping classification and tracking of Education & General (E&G) and Contract & Grant (C&G) research space might make this difficult.

Observation 4: EPS Form B Space Categorizations

It is our understanding that BOG staff is revamping Form B. Here are some considerations based on our university interviews:

- It might make sense to develop a standardized definition for “ineligible” space. Universities have differing definitions for such space as well as opinions as to whether it should be allowed to be carved out of existing inventory. Granted, the idea that any space with E&G students tied to it should be counted in inventory makes logical sense, from a practical standpoint there do appear to exist some large spaces (e.g., wind tunnels, wave tanks) that are designed to be associated with only a few student FTEs at any given time, with little to no potential growth. Additionally, there may be some spaces (e.g., office space for state auditors or United Faculty of Florida personnel) that aren’t tied to student FTEs. That said, there is always the possibility that universities will take advantage of definitional flexibility, so some validation is probably warranted.
- Many of the universities have differing definitions for what constitutes “unsatisfactory” space. The National Center for Education Statistics Postsecondary Education Facilities Inventory and Classification Manual (FICM) defines “unsatisfactory” as needing demolition, replacement, or major renovation bordering on replacement. However, some universities equated “unsatisfactory” with “unsuitability,” which FICM states is a subjective judgment about how well the design of a space supports its function (e.g., the need for 21st century active learning environments). Some universities also deemed some space as being “unsatisfactory” even though it was still being used—a position that could increase legal liability should an accident occur. It might make sense to define “unsatisfactory” as being space that is to be demolished within a certain amount of time or replace “unsatisfactory” space on Form B with “space to be demolished within a certain amount of time.” Thus, there wouldn’t be a gray area, and universities wouldn’t be able to designate a building for demolition and never follow through with it. “Unsuitability” could then be a separate topic to be addressed qualitatively during the EPS or appeal processes rather than adding it to Form B.
- Except at Florida Gulf Coast University and Florida Polytechnic University (the newer universities), SUS buildings are relatively old (including New College of Florida which inherited its buildings) – a majority being at least 25 years old, and many being at least 50 years old. While universities we interviewed generally agreed that space that is in poor condition because of age should be accounted for in the EPS process, there was no consensus as to how to quantitatively integrate that information into Form B. Some wanted to classify such space as being “unsatisfactory” or “unsuitable” (see difficulties with that above), but comprehensive building condition assessment is the responsibility of the universities, rather than the EPS team, and typically requires specialized consultants to conduct it. That said, if for no other reason than to lay the groundwork for the appeal of EPS recommendations, there should be consideration given to including such information in the EPS report.

Observation 5: Discount of Online Student FTEs

Currently, “distance” and “primarily distance” students are discounted by 80% for Classroom, Teaching Lab, Auditorium, and Gymnasium spaces when considered in the space factor formula. However, some universities question the amount of this discount given (1) the amount and types of on-campus space usage they’re seeing from these students; and (2) changes in distance learning stemming from the pandemic. It might be useful to reassess the amount of the discount (based, if possible, on a quantitative, data-driven analysis) to ensure it’s aligned with current student and university practices.

Observation 6: State Requirements for Educational Facilities (SREF)

In the absence of other guidelines, many universities still use the State Requirements for Educational Facilities (SREF) when designing or assigning new space. At the very least, SREF limits are sometimes cited by university space planners when faced with requests for increased space (e.g., larger faculty offices). Universities need consistent, formal guidelines relating to space size and student station size, whether that’s SREF or some other documented source. This would be especially important if the recommendation in the 2019 BOG Staff Report to let each university pick 1-2 space factors to increase based on “mission” is implemented since an upper boundary would be needed. If SREF is to be used, it should probably be updated, if possible, since it was last substantively amended in 2006.

Observation 7: Space type Definitions

Several universities expressed in interviews that some of the FICM space category descriptions are outdated. For example:

- Instructional media space has changed from projector rooms to digital media production space often associated with online learning.
- Classroom and teaching lab space are blurring in certain instances.
- Studying now occurs in many more types of spaces rather than just in libraries.

The BOG might want to consider modernizing some of the space type descriptions.

Observation 8: Timing of the Measurement of the Number of Students

SmithGroup recommended that, for purposes of calculating space needs, Florida should use Fall student headcount as opposed to annual student FTEs. It reasoned that the highest enrollment at universities is during the Fall semester. Nearly all the universities we interviewed agreed. However, the counter argument is the question of what a university is supposed to do with any excess space after the fall peak.

The broader question at hand, though, may be whether universities are utilizing their classroom space efficiently. According to SmithGroup, six universities meet or exceed the state target of 40 hours at 60% student station occupancy (24 weekly seat hours); four universities are below the state average and do not meet the target; and two universities were excluded from the analysis due to data unavailability or anomalies. Although the state target is consistent with those of peer states and class sizes and legacy room configurations can affect overall classroom utilization, given these results it might be beneficial to regularly analyze utilization rates at the state level and/or consider such rates as part of the EPS process if resources allow.

Observation 9: Education & General (E&G) vs. Contract & Grant (C&G) Research Space

The space formula, of course, applies only to E&G research space. However, the universities expressed that distinguishing between E&G and C&G space can be difficult for several reasons. First, the same space can sometimes be used simultaneously for both purposes, or the space can switch between being used for E&G and being used for C&G. Second, not all universities track E&G vs. C&G space. Third, not all universities have the processes, data systems, or personnel resources to do such tracking. And, lastly, there is a lack of standardized guidelines for coding space as either E&G or C&G. Universities could benefit from such guidance or, as SmithGroup found in other states, a decision not to distinguish between the two for facility space planning purposes.

Observation 10: Deferred Maintenance

One of the most cost effective ways to ensure a campus has adequate space is the “take care of it over time” strategy rather than always defaulting to a “build new” approach. The universities and Legislature generally recognize this (though donors may not), and, thus, they emphasized during interviews the high need to fund deferred maintenance—especially in light of the lack of sum of digits and Plant Operations and Maintenance funding over the past several years. As you noted in your recent white paper on deferred “capital needs,” there is a system backlog of \$1.7 billion, including roughly \$800 million in deferred maintenance. Although the Legislature recently provided enough funding to cover about half of the deferred maintenance needs, it will continue to be important to promote renovation, remodeling, and repair as means of extending the useful life of university facilities.

Observation 11: Campus Master Plans

Universities are required by statute to develop campus master plans. These are 10-20-year plans that include elements relating to future land use, intergovernmental coordination, capital improvements, recreation and open space, general infrastructure, housing, and conservation. They also often contain elements addressing the academic mission of the institution, academic programs, utilities, public safety, architectural design, landscape architectural design, and facilities maintenance. Some universities believe that EPS teams should use an institution’s master plan to help inform survey recommendations. This would help marry the long- and short-

term perspectives on facility space needs and priorities, both to ensure alignment and to provide context for university requests.

Observation 12: Data Workshops

All of the universities indicated that regular meetings of the university space planners should resume post-pandemic. The workshops were very valuable for discussing common issues (e.g., space coding) and developing space management processes and procedures that don't rise to the level of needing formal, detailed, state-level guidance. New facility space planners especially benefited from the workshops since they provided opportunities to learn from experienced space planners. The universities specifically recommended that the workshops continue to be held in-person at least once per year, although more frequent meetings could be conducted online.

In summary, we hope our Talent Committee's efforts will augment your invaluable work to develop and implement an effective, fair, and transparent regulation governing university space planning. Please don't hesitate to reach out with any thoughts or questions regarding our project. As always, the Council of 100 stands ready and willing to assist you and the Board of Governors.

Sincerely,



Dean Colson
Chair
Florida Council of 100 Talent Committee



Steven Birnholz
Executive Vice President & Director of Policy
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