

**THE**  *agile* **PLANNER**  
*Higher Education Workshop*

**PRESENTATION 2**

**BEHIND THE SCENES IN THE UNIVERSITY  
BOARDROOM: HOW DECISION MAKERS ASSESS  
FACILITY EXPENDITURES**

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# Behind the Scenes in the University Boardroom: How Decisionmakers Assess Facilities Expenditures

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# Topics

- Sarbanes Oxley
- Approving major outlays
- Budgetary pressures
- Costs of not funding
- ROI versus VOI
- Contrast with technology
- Questions, comments, and reactions

# Sarbanes Oxley

- Result of Enron, WorldCom, etc.
- Focused on publicly traded companies
- Where do your trustees come from?
- Primarily concerned with financial reporting
- University trustees concerned
- New York Attorney General

# Approving Major Outlays

- Existence of board committee focused exclusively on facilities / related issues?
- Lack of facilities expertise
- Contrast with the operating budget
- Limited information provided
- Tendency to focus on financing plan
- Who does the presentation?

# Budgetary Pressures

- Non-facilities regulatory burden
- Externally imposed price increases
- Faculty needs / wants
- Student needs / wants
- Technology
- Invisible nature of facilities needs
- Already approved “big” expenditure
- Benefit of depreciation accounting

# ROI versus VOI

- Return on investment
- Value on investment
- New facilities
- Care of existing facilities

# Cost of Not Funding

- Articulate tangible effect of lost opportunity
  - ✓ Fewer student applications
  - ✓ Faculty offers rejected
  - ✓ Reduced student retention
- Share positive examples from competitors
- Document increased cost from not funding
  - ✓ Pay me now, or pay me (more) later

# Contrast with Technology

- Third largest cost category
- Major financial outlay
  - ✓ Project
  - ✓ Maintenance
- Not well understood
  - ✓ Unlike most facilities, technology is glitzy
- Relatively poor track record
  - ✓ Especially compared with facilities

# Questions, Comments and Reactions

# How Decisionmakers Assess Facilities Expenditures

## Thank You

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