



## MEMO

**To:** Joint Budget Committee

**From:** Michelle Quinn, Sr. Vice President for Finance and Administration

**Date:** 11/23/15

**Subject:** Campus Commons Continuation Funding is Critical

The FY 2016-17 Staff Budget Briefing for Capital Construction includes a recommendation to fully fund levels 1 and 2 of controlled maintenance before funding continuation projects for new buildings. While UNC is very much aware of the need to address the maintenance of existing facilities, we respectfully disagree with this recommendation, which delays continuation funding for our Campus Commons project.

In times of limited fiscal resources it is difficult, but also essential, that some resources be invested in the future, not just used to maintain the status quo. UNC takes seriously its role in the economic growth of Colorado and in providing opportunities for upward mobility for Coloradans. Of Colorado's research institutions, UNC's market is unique in serving students whose demographics (first-generation, low-income, underrepresented minorities) are representative of Colorado as a whole. Campus Commons is an investment in the long-term success of these students and therefore in Colorado's economic future.

We have been asked whether we have a contractual obligation that would preclude delaying continuation funding for Campus Commons and what the incremental additional costs would be, should funding be delayed. As to the first question, we have of course structured our contract in phases. As to the second question, Table 1 shows that we estimate that delay would cost approximately \$4.3 million.

**Table 1: Estimated Cost of Campus Commons Funding Delay**

|  |                    |
|--|--------------------|
| Phasing costs: relocated water service entrance, sanitary sewer changes, temporary exterior wall, code changes, duplicate mobilization costs, professional services escalation | \$1,440,000        |
| Permanent west exterior wall   | 950,000            |
| Cost Escalation 6% for one year  | 1,630,000          |
| Contingency  | 250,000            |
| <b>Total</b>   | <b>\$4,270,000</b> |

However, we believe that more important than contractual obligations and cost escalation is the issue that delayed Campus Commons continuation funding would have a negative impact on the success of our students. Delayed funding would result in our students not having the support they need to help them persist and graduate.

We have consistently said that the importance of Campus Commons is not the building, but what happens in the building. While construction of a building is a complex undertaking, even more challenging is the process of fundamentally changing the way we deliver student services. The One-Stop-Plus integrated student support operation that will be housed in the Campus Commons is much more than co-locating student support functions. We have envisioned a complete transformation in addressing student academic advising needs, financial aid choices, registration problems, career plans, and co-curricular learning experiences. We intend for students to access a full range of opportunities with a single conversation.

We are currently in the process of a complete organizational restructure of UNC's entire student service support infrastructure. This involves 10 different units (100+ staff) across campus that are reengineering their entire operations so we can serve students more effectively and more efficiently. This reorganization will not be possible without the Campus Commons which provides the space we currently do not have to support the integration of an entire campus' student support operations and the delivery of a one-stop case management type function. This also includes work that is underway now to create a new and redesigned digital infrastructure to support this work.

This kind of business process and cultural change requires retraining, collaborative problem-solving and a lot of staff encouragement. We have a tremendous amount of positive momentum on campus and if we delay the building we risk losing the hearts and minds of people who are excited about a new and more effective way of supporting students.

UNC has experienced an enrollment decline in recent years and we have addressed this problem directly and holistically in our Five-year Fiscal Sustainability Plan that includes (A) growing enrollment by recruiting a broader mix of students, which includes expanding programs to serve these students when necessary and appropriate; (B) growing enrollment by improving student persistence to graduation; and (C) creating sustainable cost savings by refining operational practices to be more effective and more efficient. We are seeing success in all areas, including a 5% increase in new first-time freshmen and a 22% increase in new graduate students in Fall 2015. Campus Commons is a critical component of continued success.

We are convinced that we must move forward the construction of Campus Commons so that we maintain our momentum in improving the persistence and graduation rates of our students, and achieve the related result of long term fiscal sustainability. We are committed to the project because of its strategic importance to our students and to our role in supporting the statewide higher education master plan goals. Our funding plan for Campus Commons is currently 51% state, 32% students, and 16% private donations. Because the project is so important, if the state does not invest in continuation funding we will have to reconsider the student capital fee.