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Facilities Management in an Era of Reduced Government Funding

Introduction

Governments are not opposed to post-secondary education; they are disillusioned by how institutions operate. The steady retreat from funding is not personal or ideological, but rather systemic, reflecting broader shifts toward privatization, performance management, and skepticism of institutional autonomy.

If institutions want to regain support, they must demonstrate measurable public value, align their strategies with economic objectives, streamline operations, and rebuild trust with decision-makers.

FM sits squarely in the middle of this shift, often without realizing it. Facilities Management is one of the largest cost centres in any institution, second only to academic payroll. As governments scrutinize efficiency, **FM becomes a proxy battleground** for broader concerns about waste, misalignment, and inertia.

To survive and thrive in this funding climate, **FM needs to reposition itself as part of the solution**, not part of the perceived problem.

That means:

- Clarifying structure and roles to combat “bloat” narratives
- Aligning FM projects with strategic, measurable institutional outcomes
- Making the full cost and value of space and infrastructure visible and defensible
- Leading workforce modernization and operational efficiency from within
- Speaking in the language of risk mitigation, investment leverage, and student success

FM won’t be protected by tradition, technical necessity, or sunk costs. In a zero-sum funding environment, only **visible, strategic, outcome-driven functions** will survive and thrive. That’s the new reality and the opportunity.

The institutions that act now by cleaning up internal operations, aligning spending with strategy, and reframing FM as an asset steward will not only avoid cuts. They’ll gain credibility, influence, and leverage in the next wave of transformation.

Why Funding Is Declining

Governments, particularly provincial ones, are becoming less supportive of post-secondary funding for five main reasons:

1. Skepticism About Institutional Efficiency

Universities and colleges are seen as bloated, unaccountable, and resistant to reform. Rising administrative costs, outdated programs, and blurred missions frustrate funders. FM, as one of the largest cost centers, becomes a target for scrutiny. Without visible reform, institutions lose credibility.

2. Shift Toward Private Benefit Framing

Education is now seen as a personal investment rather than a public entitlement. As individual returns rise, governments feel justified in reducing support. The burden shifts to students, and institutions are expected to deliver more with less.

3. Budget Constraints and Competing Priorities

Aging populations, healthcare, housing, and climate resilience are absorbing a larger share of the fiscal pie. Post-secondary is no longer untouchable; it competes for funding. Even with steady revenue, institutions lose out.

4. Desire for Greater Control and Accountability

Funding is increasingly tied to measurable outcomes, such as graduation rates, employability, and alignment with workforce needs. Governments want to steer, not just support. Autonomy is traded for accountability.

5. Geopolitical and Demographic Realities

International student revenues have allowed governments to step back. However, this model is now under strain, as visa limits, global risk, and reputational challenges expose its fragility. Rather than reinvesting, governments are increasingly regulating.

Why This Matters for FM

FM is a high-cost, low-visibility function. In an era of scrutiny, it becomes a proxy for perceived inefficiency. Unless FM reframes itself, it risks being sidelined or cut. Here's how the funding climate impacts FM:

• Role Confusion Looks Like Bloat

Overlapping roles in maintenance, custodial, and capital planning create the appearance of inefficiency. Streamlined structures signal discipline.

- **What the government sees**: Multiple managers for custodial, maintenance, and capital with unclear accountabilities.
- **What it signals**: That FM is overbuilt for a declining or static student population.

• Slow Response Looks Like Resistance

Delayed decisions on space consolidation, utility reduction, or deferred maintenance make FM appear rigid. Agility, not just competence, is now the standard.

- **Government frustration**: Institutions can’t free up space, reduce utility spend, or consolidate buildings fast enough.
- **Internal blockers**: FM may lack decision authority, clear priorities, or the capital to act, but from the outside, it appears to be a delay.

• Lack of Financial Transparency Breeds Distrust

Capital plans that lack prioritization or ROI framing are dismissed. FM must clearly surface the full cost of ownership and defend capital requests.

- **What it looks like**: Endless "asks" for capital without cost-benefit clarity or a performance-based rationale.
- **Lost trust**: Decision-makers struggle to distinguish between critical risks and wish-list projects.

• No Strategic Visibility Means No Protection

If FM doesn't show how it enables enrollment, reputation, or sustainability, it's seen as just another cost. Visibility equals value.

- **What's missing**: A clear, differentiated value story that explains how FM enables learning, retention, recruitment, or sustainability goals.
- **Default position**: Cut the budget, freeze the positions, delay the repairs.

Two Painful Examples

These examples underscore what happens when FM is disconnected from strategic clarity, financial transparency, and governance accountability:

- Costs balloon without a visible return on investment.
- Decision-making seems reckless or misaligned with the institutional mission.
- Governments respond by tightening regulations or forcing oversight**,** often tying future funding to compliance rather than strategic utility.

Memorial University of Newfoundland – Auditor General Audit (January 2025)

- As of March 2024, deferred maintenance liabilities totalled $481 million. The provincial Auditor General found that Memorial University does not effectively or efficiently manage its capital portfolio and lacks organizational oversight in FM practices.
- The Facilities Condition Index (FCI) was rated "poor and nearing critical," although the audit suggested that actual conditions may be even worse due to inadequate assessment.
- In response, the university board approved new oversight for capital strategy, and FM committed to a multi-year strategic plan.

Take-away: This case is illustrative of opaque financial planning, risk of major capital failure, and the government losing confidence in FM's ability to govern infrastructure with transparency or foresight.

Laurentian University – Insolvency Crisis Stoking FM & Governance Concerns

- In **February 2021**, Laurentian University entered **creditor protection** under the CCAA, in part due to poorly planned capital expansions dating back to 2014–2021. Auditor General reports flagged administrative bloat and weak oversight as root causes.
- The auditor's final report (Nov 2022) attributed the crisis mainly to **excessive capital spending on real estate expansions**, combined with **ineffective institutional governance**, which conflicted with fiscal sustainability.
- The FM implication: Capital and operational decisions proceeded without risk analysis, lifecycle logic, or institutional alignment, ultimately eroding credibility with the government and stakeholders.

Takeaway: Laurentian is a vivid example of how FM becomes not just a cost centre but a symbol of institutional mismanagement that leads to funding collapse and the loss of autonomy.

What FM Can Do Now

FM cannot wait for permission to change. It must act now to reposition itself as a strategic function. Here's how:

1. Clarify Roles and Decision Pathways
Simplify org charts. Remove duplication. Make decision-making visible. If leaders can't understand your structure, they assume inefficiency.

2. Link Every Project to an Institutional Outcome
Tie capital renewal to risk reduction, student satisfaction, or cost avoidance. Connect space upgrades to recruitment, retention, or academic delivery.

3. Quantify the Cost of Doing Nothing
Use lifecycle models to illustrate how delay drives up costs. Position inaction is the riskier choice. Boards fund what they understand.

4. Rebuild Frontline Roles Around Priorities
Redesign roles and schedules to align with institutional rhythms. Don't over-serve low-value areas. Service-level differentiation signals maturity.

5. Operate Like a Business Unit
Use dashboards that show outcomes, not just inputs. Report performance in the language of institutional goals. Be a partner, not a cost centre.

Closing Insight

Facilities Management can't rely on tradition or technical necessity to secure its future. In a funding-constrained world, only visible, outcome-driven functions will thrive. Institutions that treat FM as a lever for renewal, rather than a legacy cost, will gain credibility, influence, and a long-term advantage.

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