

2010 BRINGING ADMINISTRATORS TOGETHER CONFERENCE

# Implementation of the Space Economy

*There is no such thing as a  
free square foot.*

**UIC** UNIVERSITY OF ILLINOIS  
AT CHICAGO

*Succeeding in Challenging Times*

# Workshop Presenters

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# Space Economy Objectives

- Create incentives for the effective utilization of space
- Assign responsibility for the cost of space utilization to the occupying unit
- Empower individual units to negotiate with one another regarding the redistribution of space
- Minimize the need for campus administrative time and cost associated with orchestrating multi-lateral exchanges of space (minimize “transaction costs”)

# Space Economy Objectives – Summary

- UIC intends to stop living in a barter economy and create a more dynamic mechanism for the allocation of space.

# Basic Principles

- Space costs money.
  - More space costs more money
  - Less space costs less money
- A square foot is a square foot is a square foot.  
*(at least for the time being)*
  - Costs will be averaged over all space for simplicity and to avoid need to negotiate about and adjust for initial conditions

# FAQ's – Why and How?

- Why are new approaches to space and cost allocation necessary?
- How will the Space Economy work?
- What costs will be associated with space?

# FAQ's – Implementation Details

- How will the Base Value Occupancy Charge be calculated and paid?
- How will Utility Charges be determined?
- How will O&M Charges be determined?
- Will units be expected to actually pay these charges?

# FAQ's – The Nitty Gritty

- Will base “space budget allocations” remain with a unit if it sells some space to another unit?
- How will units generate the funds necessary to cover incremental utility and O&M costs?
- How can units minimize their exposure to future charges?
- How will this system replace the current space allocation system?



# FAQ's – The Strange New World

- Will the terms and conditions of transactions be made public?
- Is there any intention to charge units for the Base Value Occupancy Charge?
- What incentives will the Space Economy provide for units to improve the space that they occupy?
- Does this mean that units will now have property rights in the space that they occupy?

# FAQ's – How Creative Can I Get?

- Could a state-supported unit enter into a transaction with an Auxiliary unit?
- Could a unit sub-lease part of its space to a commercial tenant?
- How will the Space Economy deal with inequities in the existing distribution of space, variations in the revenue generating potential of various programs, and differential availability of extramural funding?

# FAQ's – Ability To Pay Issues

- What will happen if a college needs space for a major recruitment and the college does not have any space?
- What will happen if the college can not compete in the market to secure the required space?
- Won't the Space Economy increase the spatial and financial disparities between colleges?

# Final FAQ's - Finally

- Who pays to have the roof of my building fixed?
- What if new space is constructed on campus? Who will pay for the O&M and utility for that space?

- Questions and Comments?

