



KANSAS BOARD OF REGENTS

Senate Committee on Ways & Means Proponent Testimony on SB 552

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Good morning, Chair Billinger and Members of the Committee. Thank you for the opportunity to appear today to testify in support of SB 552, the Campus Restoration Act.

SB 552 would establish a long-term program to address the facility needs of all public institutions of higher education in Kansas. The bill provides for 11 annual transfers of \$32.7 million to the Board of Regents from FY 2026 through FY 2036. Each postsecondary educational institution would develop and submit to the Board of Regents a plan for the purpose of rehabilitating, remodeling, or renovating existing facilities or building new facilities that are mission-critical and to bring the facilities to a state of good repair. In SB 552, the plans would be submitted not only by the state universities, but also Washburn University, the 19 community colleges, the six technical colleges, and Washburn Institute of Technology.

The institutions' plans would include a list of facilities for demolition or razing. Each postsecondary educational institution's plan would be subject to approval by the Board of Regents, who would then develop a comprehensive Kansas campus restoration plan that includes facilities from each postsecondary educational institution's plan, as approved by the Board.

State Universities

The state universities in Kansas maintain a substantial portfolio of buildings that provide the physical environment to fulfill the institutional missions, help with recruitment and retention of students, faculty, and staff, inspire ongoing participation of alumni and donors, and create a sense of community:

All Campus Facilities

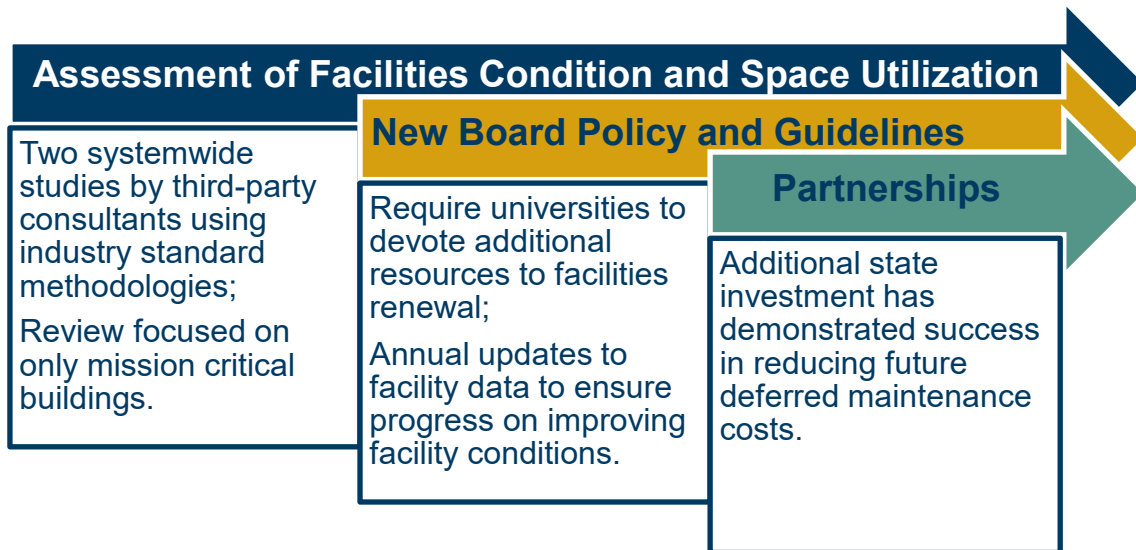
- ★ 1,149 total facilities in use
- ★ 39 million gross square feet
- ★ \$13.2 billion replacement value¹

Mission Critical Facilities

- ★ 498 facilities in use
- ★ 21.7 million gross square feet
- ★ \$8.3 billion replacement value

¹ 2023 University Facilities Report (K.S.A. 76-7,103).

The systemwide average age of the 498 mission critical buildings is **51 years**. The total replacement value of the 498 mission critical facilities rose from \$7.7 billion in 2022 to **\$8.3 billion** in 2023. The estimated renewal cost to bring all mission critical buildings up to a “state of good repair” (or 80% renewal) has increased from approximately \$1.2 billion, to now just over **\$1.3 billion**. Estimated utilities and infrastructure renewal costs add another \$50 million to the total. A target of 80% renewal has been set as a reasonable status for a structurally sound, safe, and functional facility in a state of good repair, albeit not “mint condition.”



The Kansas Board of Regents has implemented a bold plan to revitalize state university facilities and address the liability of deferred maintenance. No other system of higher education institutions is addressing deferred maintenance at this scale, which we could not have accomplished without your support.

Beginning in FY 2023, each state university calculates an annual maintenance assessment as a percentage of the professionally estimated replacement cost of mission critical buildings according to an assessment schedule culminating in a sustainable 2% of current replacement value (CRV) as approved by the Board on an annual basis. The maintenance assessment phases in as follows:

FY 2023	0.25% of CRV
FY 2024	0.5% of CRV
FY 2025	0.75% of CRV
FY 2026	1.0% of CRV
FY 2027	1.5% of CRV
FY 2028	2.0% of CRV

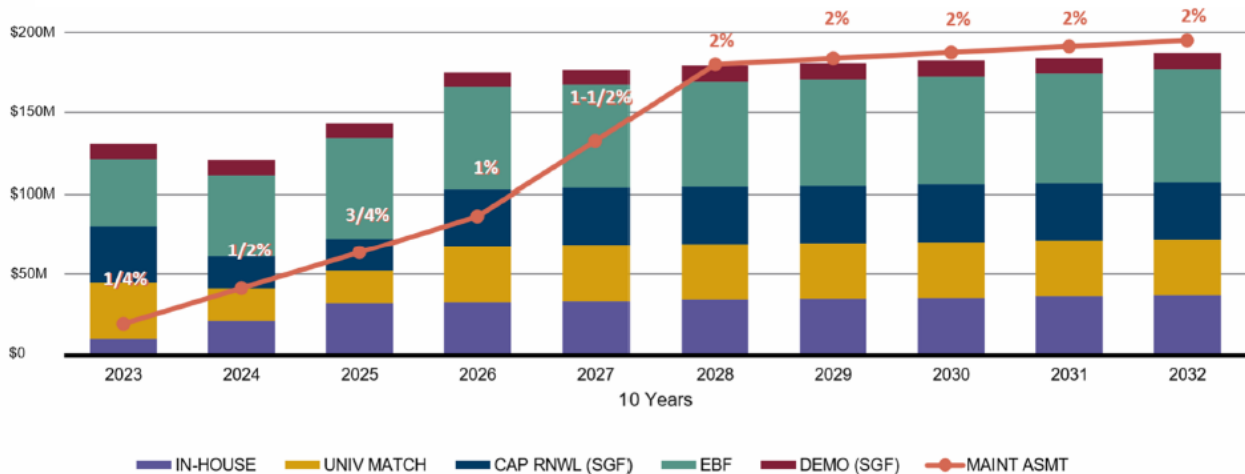
Utilizing each university’s Deferred Maintenance Projects Fund, expenditures are itemized for the Board to review annually. Maintenance funds must be spent annually toward maintenance of campus buildings unless approved by the Board as an exception.

First Two Years of Capital Renewal Initiative: Accomplishments

- ★ Over **\$258 million** was allocated to address maintenance and demolition projects:
 - ★ \$73.5 million State General Fund appropriations;
 - ★ \$91.0 million from the Educational Building Fund; and
 - ★ \$93.5 million from university sources.
- ★ Approximately 160 rehabilitation and repair projects were financed by the State General Fund investment for capital renewal;
- ★ The first 20 demolition projects eliminated **\$80 million** of deferred maintenance, with utility and other operating costs savings to also benefit the campuses; and
- ★ A new space needs analysis modeling tool will be launched in Spring 2024 to enable facilities staff to coordinate with academic administrators to make strategic decisions on project development, space utilization and overall campus planning.

The combination of the State General Fund investment for capital renewal and demolition, the Educational Building Fund, as well as University resources in the maintenance assessment has provided tangible improvements to the universities' mission critical facilities. SB 552 would demonstrate an important long-term partnership between the Legislature and the Board of Regents to ensure the renewal of the system's facilities. All assumptions in the Board's capital renewal forecasting assume continuation of the EBF mill levy and greater levels of university resources devoted to the initiative:

State Universities Facilities Renewal Initiative Funding Summary (Toward an Annual Reinvestment Best Practice of 2% of Replacement Value)



Demolition of Obsolete Facilities

The Legislature has appropriated funds for demolition of buildings on public university campuses. The last page of my testimony is a detailed table of the demolition projects approved by the Board of Regents to date. In some cases, the cost of the demolition will be financed in part by sources other than the State General Fund, such as for the portion of projects for space that is not mission critical.

FY 2023 Appropriation	\$10 million SGF	\$9.25 M State Universities and \$750K Washburn
FY 2024 Appropriation	\$10 million SGF	\$9.25 M State Universities and \$750K Washburn
FY 2025 Request	\$10 million SGF	\$9.25 M State Universities and \$750K Washburn

The Board of Regents requests a third round of state funding for FY 2025, which the Governor and the Senate recommended for next year. For this funding, the state universities have identified another group of **up to 40** potentially obsolete buildings that may be candidates for future demolition that could help avoid approximately **\$250 million** in deferred maintenance backlog.

In order to achieve the objective of eliminating nearly 20% of the backlog* of state university facilities liability, the cost of demolition must be paired with investment in renovation and renewal of facilities that will support campus consolidation and space optimization. The additional facilities will not be identified until the necessary campus planning and communications can occur. Realistically, this process will take five to ten years if additional funding can be maintained, which is envisioned in SB 552.

**Calculated as a percentage of current values.*

Coordinated Institutions

SB 552 would include state support of facilities at the public institutions of higher education coordinated by the Board of Regents, including Washburn University, community colleges, technical colleges and Washburn Institute of Technology. Since the Board does not govern these institutions, nor are they state-owned facilities, we have not in the past collected facility data at that level of detail from the coordinated institutions on planned facility projects. As of FY 2022, the institutions collectively had 786 facilities, with 15.8 million gross square feet.

Since SB 552 would expand the Board’s responsibilities and approval of facilities plans at coordinated institutions, additional resources would be necessary to review the coordinated institutions’ submitted facility plans and for the production of the annual report on those facility plans. Our agency’s Director of Facilities’ time is consumed by the Board’s capital renewal initiative for the state universities; therefore, additional agency resources would be required.

We would also note that SB 552 grants authority to the Board of Regents to oversee the reduction of space at the institutions coordinated by the Board but would not require it.

Thank you for the opportunity to appear before you today.

Assessment of Facilities for Demolition

Kansas Board of Regents policy requires that the state universities conduct a third-party facility condition assessment no less than every five years for all facilities on state property. One product of such an assessment is the Facility Condition Index (FCI) calculation for each building. The FCI is one benchmark indicator of the overall condition of a facility that is calculated by dividing the estimated cost of all necessary deferred maintenance by the estimated current replacement cost of the Facility. The data system also translates the FCI into a letter grade for ease of understanding.

While it provides useful information for capital planning and budget development, the grade alone does not represent the full range of criteria that must be considered when evaluating a facility for divestment or improve it in support of the enterprise/mission. Potential considerations also include space utilization; floor plan; structural layouts; suitability for programmatic function; accessibility; operating costs; and historical or campus significance. The state universities represent a vast and varied portfolio of facilities with a variety of features and attributes, some more conducive than others to adaptation. Some buildings with less intensive maintenance needs (grade B or C) may present utilization challenges or be functionally limited or ill-suited to serve current academic needs of students and faculty.

University	Building/Project Name	Structures	Allocation	Gross Square Feet Eliminated	Est. Deferred Maintenance Costs Avoided*	Letter Grade
ESU	Butcher Education Center	1	\$1,000,000	35,765	\$4,978,986	D
ESU	Morse Hall Central	1	\$750,000	34,907	\$4,684,920	D
KSU	Edwards Hall	1	\$2,504,547	56,718	\$9,374,829	F
KSU	Greenhouse D Conservatory	1	\$425,000	2,274	\$853,057	F
KSU	Gymnasium (<i>Does Not Include Ahearn Field House</i>)	1	\$1,387,000	75,527	\$7,789,221	D+
KSU	Natatorium	1	\$615,000	50,250	\$11,036,300	F
KSU	KSU Salina Facilities Planning Building	1	\$250,000	9,447	\$1,301,815	D
KSU	Swine Barn	1	\$200,000	9,316	\$253,000	C-
KSU	Weber Arena & Portion of Weber Hall / Classroom #123	2	\$4,600,000	59,260	\$14,550,000	D
PSU	Shirk Hall	1	\$750,000	23,836	\$3,469,796	D+
PSU	Shirk Hall Annex	1	\$750,000	29,246	\$3,833,257	C
KU	Facilities Administration Building ("FS Main")	1	\$843,000	24,720	\$2,443,375	C-
KU	Entomology Research Lab	1	\$120,000	2,400	\$350,009	F
KUMC	Eleanor Taylor Hall	1	\$997,016	34,183	\$4,433,475	C
WSU	Intensive English Center	1	\$250,000	10,971	\$1,456,646	C-
WSU	Intensive English Annex	1	\$250,000	1,818	\$105,494	B+
WSU	Brennan Hall I, II, and III	3	\$895,000	49,614	\$8,197,968	D+,C+,C-
	Total Committed	20	\$16,586,563	510,252	\$79,112,148	
	Washburn University		\$1,500,000			
	Total Uncommitted		\$1,914,437			

**Estimated deferred maintenance costs have not been adjusted to reflect current year inflation.*