

February 9, 2026

The Honorable Adam Turk, Chairperson
House Committee on Higher Education Budget
300 SW 10th Avenue, Room 281-N
Topeka, Kansas 66612

Dear Representative Turk:

SUBJECT: Fiscal Note for HB 2523 by Representative Howe

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2523 is respectfully submitted to your committee.

HB 2523 would allow a state educational institution or municipal university to enter into agreements to affiliate with an accredited independent institution. Also, the bill would allow a Kansas university or college to enter into agreements to affiliate with a technical college or community college. As part of an affiliation with an accredited independent institution, a state educational institution or municipal university may change its official designation and as part of an affiliation with a Kansas university or college, a technical or community college may change its official designation.

All of the powers and duties established by law concerning the state educational institution or municipal university would be transferred to the affiliating state educational institution or municipal university, subject to the supervision of the governing body of the affiliating state educational institution or municipal university and as provided in the affiliation agreement. All of the powers and duties established in the governing body of a technical college or the board of trustees of a community college by law would be transferred to the affiliating Kansas university or college, subject to the supervision of the governing body of the affiliating Kansas university or college.

Unless otherwise provided in the affiliation agreement, the Board of Regents or the governing body of a municipal university would oversee the operation of the state educational institution or municipal university campus and administer the funds of the institution or municipal university or funds received from student tuition and fees, the state, or the United States for the operation of the institution or municipal university campus. The bill would outline matters relating to personnel, contracts, and indebtedness for the institution, municipal university, or accredited

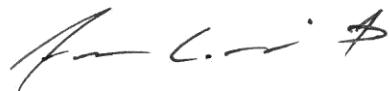
independent institution. Any affiliation agreement entered would not affect any contract, agreement, or assurance in effect on July 1, 2026.

Unless otherwise provided in the affiliation agreement, the board of trustees of an affiliated community college would oversee the operation of the community college campus and administer the funds of the community college or funds received from student tuition and fees, the state, or the federal government for the operation of the community college campus. The bill would outline the establishment of industry advisory boards, funding eligibility for affiliated colleges, admission requirements, personnel, contracts, and indebtedness for community colleges. The bill would also specify that no board of trustees of an affiliated community college or governing board, president, or chancellor of a Kansas university or college that affiliated with a community college would not have the authority to levy any tax on the taxable tangible property of a community college district. Also, the bill would require that any funding responsibility for the support, operation, and maintenance of a community college that had been provided through taxes imposed on the community college district prior to affiliation would be imposed on the state. The affiliation of a technical or community college with a Kansas university or college would not affect any contract, agreement, or assurance in effect on July 1, 2026.

The Board of Regents indicates any fiscal effect resulting from the enactment of the bill would depend on how many institutions decide to affiliate. For example, if community colleges choose to affiliate, they would lose local property tax authority, resulting in a shift of funding responsibility to the state and a reduction in local revenues for covering costs to deliver courses for academic credit. The Board states it calculates state aid allocation for both tiered and non-tiered courses, which rely on instructional costs and local revenues. The Board states there could be additional expenditures for transition and merger costs; however, the Board notes there could be savings through greater operational consolidation; however, the Board did not estimate a fiscal effect.

The Division of the Budget estimates there could be savings and efficiencies in other operating expenditures for state educational institutions, including purchasing and IT systems integration resulting from the bill's enactment; however, a fiscal effect cannot be estimated. Any fiscal effect associated with HB 2523 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Becky Pottebaum, Board of Regents
Trisha Morrow, Judiciary