

March 17, 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 2798 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2798 is respectfully submitted to your committee.

HB 2798 would specify that pursuant to polices promulgated by a research university and, to the extent that such polices involve the expenditure of state funding, also approved by the Board of Regents, each research university would have the power, which may be exercised as necessary and practical for the operation and mission of the university to:

1. Execute contracts, guarantees, and other instruments and agreements necessary or convenient for the exercise of the research university's powers and functions;
2. Purchase, acquire, hold, lease, as lessor or lessee, license, improve, trade, exchange, encumber, sell, convey, transfer, contribute, and dispose of any research university property of any type or nature and any interest, whether tangible or intangible, personal or real;
3. Procure goods, services, materials, supplies, printing, and insurance;
4. Plan construct, own, remove, improve, remodel, equip, repair, survey, appraise, and maintain research university buildings, grounds, and infrastructure, except that nothing in the bill's provisions would restrict, condition, or affect a research university's ability to continue to receive deferred maintenance funding from the state; and
5. Grant or convey right-of-way easements, with or without consideration, across, over, upon, or under any land that is in the custody and control of a research university and belongs to the university or the State of Kansas. The easements may include rights for parking,

playground, or other related uses and rights of ingress or egress for the purpose of constructing, maintaining, or removing any facility, equipment, pipeline, power line, sewer, or other public utility installation, or any equipment or appurtenances necessary to the operation.

Each research university would not be subject to an process or procedure that requires any additional submission, review, or approval of any capital expenditure, including expenditures related to capital projects, or any additional capital planning or capital budgeting processes. Each research university would be required to ensure that nationally recognized fire prevention code and life safety inspections of any capital project are conducted, and such projects are inspected by the State Fire Marshal or the State Fire Marshal's designee prior to certification for building occupancy.

Each research university would not be subject to any additional policy, process, procedure that requires the submission, review, or approval of the procurement, purchase, or contracting for goods or services or of any real property transaction, including, but not limited to leases, easements, licenses, transfers, and conveyances.

Pursuant to policies promulgated by the research university and approved by the Board of Regents, each research university would be required to maintain an inventory record showing all fixed and movable property of the research university. No research university could be sold or merged with any other institution, unless approved by the Board of Regents or the Legislature. The bill would define "research university" to mean the University of Kansas (KU), Kansas State University (KSU), and Wichita State University (WSU), including all campuses, extension facilities, schools, divisions, and units of the institutions. The bill would define a "state educational institution" to mean Fort Hays State University (FHSU), Emporia State University (ESU), and Pittsburg State University (PSU). The bill would exempt the three research universities from various statutes concerning purchases, contracts, leases, capital improvements, and other policies and procedures as outlined in the bill.

The Board indicates the bill's enactment would have a negligible fiscal effect on the agency. The Board states its governance and oversight responsibilities would continue and all six state universities would remain subject to the Board's governance, although the three research universities would operate under different statutory standards for certain policies and procedures, as outlined in the bill.

KSU indicates the additional authorities granted related to real estate management, infrastructure, procurement processes, and reporting reflect activities that are already performed as part of normal operations. According to KSU, while the bill may create opportunities for administrative efficiencies through increased institutional flexibility, the extent of those efficiencies is unknown and KSU is unable to estimate a fiscal effect.

KU estimates savings by reducing annual cost escalation on goods, services, and construction projects. KU also indicates by accelerating procurement and construction timelines by at least six months, the University would avoid a portion of inflation that would otherwise

occur. KU indicates the length of the current legislative approval process impedes the University's ability to take advantage of time-sensitive acquisition, divestiture, or development opportunities. The bill would grant the University greater autonomy to manage, develop, and leverage its land and real estate holdings. According to KU, this would allow the University to enter into leases, development agreements, and partnerships more efficiently; pursue public and private partnerships for research facilities, housing, technology parks, and innovation districts; bring underutilized properties into productive use; and align real estate activity with long-term strategic and campus master plans.

KU states the bill would remove approval steps that previously slowed procurement. These changes would reduce the time required to buy goods, services, and construction; allow departments to obtain essential resources more quickly; maintain a competitive and transparent purchasing environment; and enable more responsive decision-making consistent with research university operations. For example, KU states for every \$100.0 million in spending that typically escalates at 5.0 percent each year, the University estimates it would save approximately \$2.5 million if the procurement timeline was reduced by six months.

According to KU, shorter project timelines reduce construction inflation risk, lower schedule-driven labor and material costs, and bring facilities online sooner. Given the University's annual construction and supply spending, these efficiencies could produce substantial long-term savings that could be reinvested into mission-critical priorities, according to KU. This does not include delays in opening facilities that generate revenue for the University such as housing and research facilities.

WSU estimates the bill's enactment would likely see reductions in labor and project costs as a result of efficiencies in regulatory requirements relative to current operations; however, WSU indicates because of the prospective nature of future projects, a fiscal effect cannot be estimated.

HB 2798 would exempt research universities from the design and construction processes in the Department of Administration. The Department indicates there would be a reduction in fees collected for services provided. The Department is responsible for advertising and negotiating professional design services, code compliance reviews, and building construction inspections and is 100.0 percent funded from fees. The Department indicates it is unable to estimate what the fiscal effect might be from variations in the number of Regents projects because these projects often span multiple fiscal years given their size and complexity. The Department would continue to be required to provide these same services for all other state agency construction projects and therefore does not estimate a reduction in positions.

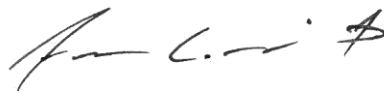
The Kansas Department of Revenue states any fiscal effect resulting from the bill's enactment is unknown. The Office of the Attorney General, the State Historical Society, and the Kansas Department of Transportation indicate enactment of the bill would not have a fiscal effect.

FHSU, ESU, and PSU have not responded to the Division of the Budget's request for fiscal information. Any fiscal effect associated with HB 2798 is not reflected in *The FY 2027 Governor's Budget Report*.

The League of Kansas Municipalities states the bill's enactment would have a negligible fiscal effect on most cities; however, the League indicates there could be a fiscal effect on cities that are home to the state's research universities, but the League is unable to estimate a fiscal effect.

The Kansas Association of Counties states the bill's enactment would not have a direct fiscal effect on counties. The Division of the Budget notes there could be a fiscal effect on counties that are home to the state's three research universities; however, the Division cannot estimate a fiscal effect.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish or symbol.

Adam C. Proffitt
Director of the Budget

cc: Becky Pottebaum, Board of Regents
Stephanie McDowell, Kansas State University
Jeff Dewitt, University of Kansas
Gail Gottlieb, KU Medical Center
Lyndsay Pletcher, Wichita State University
Douglas Ball, Pittsburg State University
Angela Wolgram, Emporia State University
Wesley Wintch, Fort Hays State University
Matt Bingesser, Office of the Attorney General
Samir Arif, Department of Administration
Matthew Chappell, Historical Society
Lynn Robinson, Department of Revenue
Brendan Yorkey, Department of Transportation
Wendi Stark, League of Kansas Municipalities
Bruce Chladny, Kansas Association of Counties