



KANSAS BOARD OF REGENTS

Senate Committee on Ways and Means

Testimony in Support of Senate Bill 203

February 17, 2023

Good morning Chairman Billinger and Members of the Committee. We are here today to testify on behalf of the Board of Regents and the state universities in support of Senate Bill 203.

This bill would provide a welcome, long-term source of state support to the Board of Regents' Facilities Renewal Initiative which officially launched in FY 2023. Increasing and sustaining resources available for state university facilities will effectively reduce the liability of a significant deferred maintenance backlog (currently estimated at over \$1.2 billion) and ensure the revitalization of the state university campuses necessary to serve future generations.

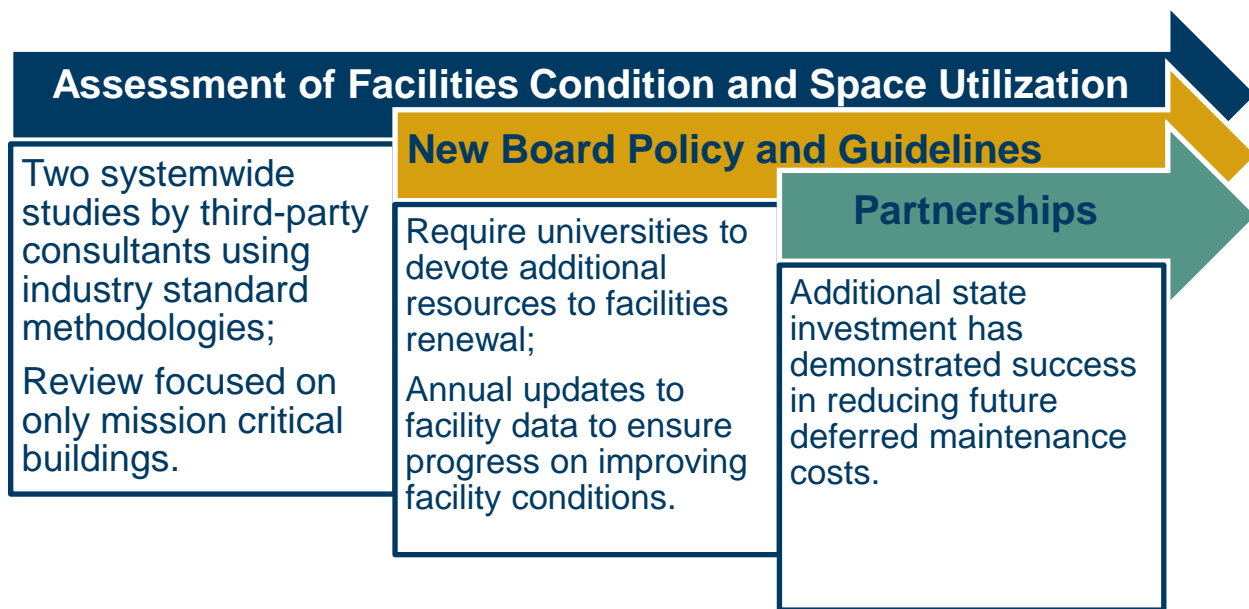
We appreciate this proposal for the creation of a campus restoration fund and would support this approach or continued annual appropriations to finance the Board's initiative.

Board of Regents' Facilities Renewal Initiative

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. As of the FY 2023 inventory, there are a total of 1,147 facilities in use with a total area of more than 38.6 million gross square feet (GSF) with a total replacement value of just over \$12 billion.¹ These facilities comprise a substantial majority of the State of Kansas' total building inventory.

While the System benefits greatly from the reliability of the state's Educational Building Fund (EBF), that revenue source does not meet the maintenance needs of 498 "mission critical" facilities (the buildings and infrastructure predominantly used for academic and/or research mission of the state universities.)

¹ 2022 University Facilities Report (as required by K.S.A. 76-7,103).



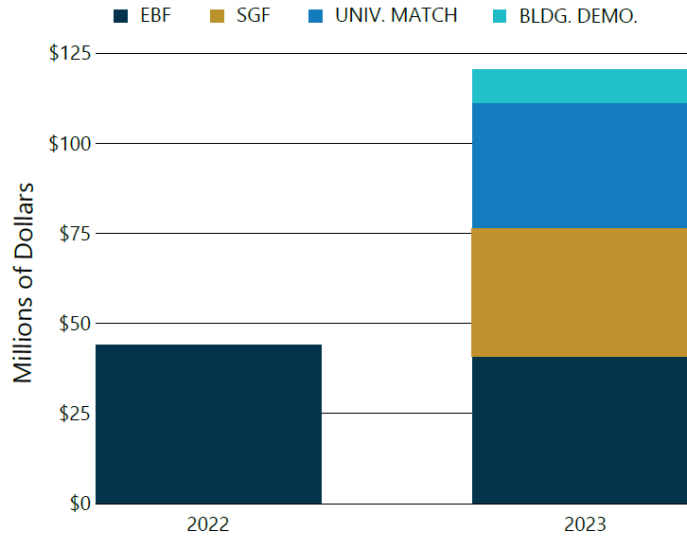
The Board is working to ensure the facilities at the state universities are aligned with students' 21st Century needs. Past deferred maintenance initiatives were unsuccessful for lack of sustained efforts. The Kansas Board of Regents has adopted a bold, proactive plan to revitalize state university facilities and address the liability of deferred maintenance.

The Board's plan:

- established a Maintenance Assessment for all mission critical buildings which will phase in the dedication of campus resources to facilities from 0.25% to 2.0% of current replacement value over five years;
- is built upon thorough reporting of key metrics on building inventory, space utilization, and facilities condition data;
- simplifies maintenance funding for new and existing facilities;
- builds upon the foundation of resources provided annually by the Educational Building Fund (EBF) to bring the annual reinvestment in physical assets to a level that can solve the problem over time;
- requires a structured and detailed plan to demonstrate how maintenance over the life of new buildings will be financed;
- identifies projects for prioritizing strategic improvements; and
- incentivizes the razing of obsolete buildings and campus right-sizing.

Thanks to the partnership of the Governor and Legislature and the leadership and dedication of facilities teams across all campuses, more than \$120 million will be devoted to addressing deferred maintenance, right-sizing campus footprints and ensuring that spaces meet the needs of students, faculty, and staff. This increased level of funding must be sustained for at least ten years in order to alter the long-term course of mounting deferred maintenance and building systems.

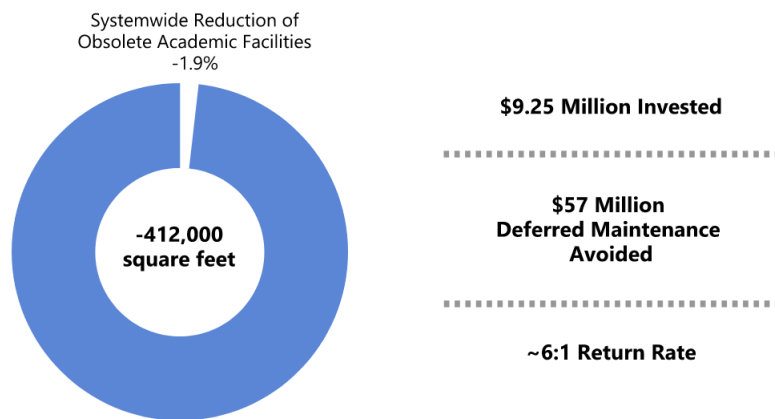
Facilities Renewal Initiative (Year #1 Funding / FY2023)



Support from the 2022 Legislature and the Governor with a \$35 million appropriation for facilities renewal (requiring a \$1 for \$1 university match of non-state money) and \$9.25 million for building demolition have brought a momentous start to the State University Facilities Capital Renewal Initiative in FY 2023.

We are pleased to be in a position to see the impact of the Board’s capital renewal initiative. The Board has approved allocation of 100% of the building demolition funds for fifteen mission critical buildings. **In total, an investment of \$9.25 million will result in the avoidance of over \$57 million of deferred maintenance of outdated building systems need and elimination of 412,000 square feet of obsolete facility space.** Several of these demolition projects are currently in the planning stages and are governed by all applicable statutory and KBOR policy approval requirements for such capital improvement projects.

Projected Impact of FY 2023 Building Demolition Funds

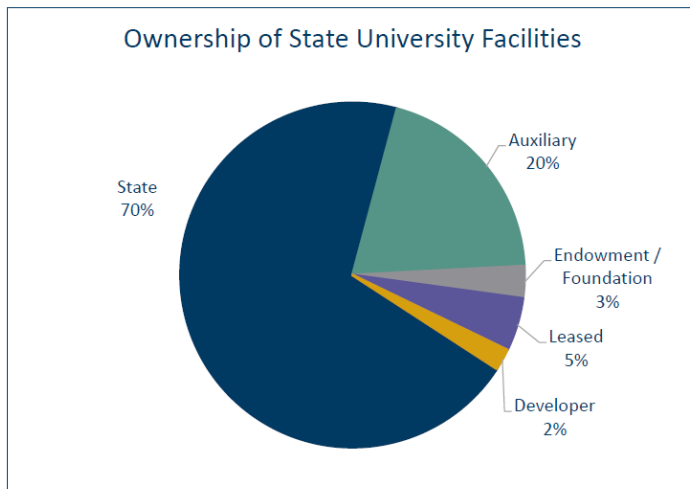


Through the budget process, the universities submit their five-year capital plans to the Board for approval and to advise the Joint Committee on State Building Construction, as required by state law and state agency budget instructions. The state universities report to the Board on a regular basis on how funds were used for rehabilitation and repair projects.

The Board recently published the latest University Facilities Report, which gives a comprehensive look at the condition of campus buildings and usage of space. The Board’s deferred maintenance report, published in December 2022, found that the state universities continue to see a backlog in deferred maintenance for mission critical buildings, and utilities and infrastructure, currently estimated at just over \$1.2 billion to return to a state of good repair.



State University Building Inventory



- ★ 1,147 Total Facilities in Use
 - ★ 38.6 million gross square feet
 - ★ Average age 46 years

- ★ 498 “Mission Critical” Facilities
 - ★ 21.6 million gross square feet
 - ★ 55% of Total
 - ★ Average Age 50 years

- ★ Refer to Facilities Report for more detail:
kansasregents.org => Data => Legislative Reports

Source: 2022 State University Facilities Report.