

SESSION OF 2024

SUPPLEMENTAL NOTE ON SENATE BILL NO. 552

As Amended by Senate Committee of the Whole

Brief*

SB 552, as amended, would create the Kansas Campus Restoration Act authorizing the Kansas Board of Regents (Board) to adopt rules and regulations relating to deferred maintenance and demolition of facilities at postsecondary institutions. The bill would allow transfers from the State General Fund (SGF) to the Kansas Campus Restoration Fund (Fund) and require annual reports be submitted to the Legislature.

Definitions

The bill would define the following terms:

- “Educational mission-critical facilities” would include, but not be limited to, any facility of research or economic generation capacity that the Board deems essential. This definition does not include auxiliary or athletic-funded facilities.
- “State of good repair” would be a building meeting industry standard, which shall be presented to the Joint Committee on State Building Construction for review and comment.

Deferred Maintenance

The bill would create the Fund within the State Treasury, and funding would be administered by the Board.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The bill would require that a deferred maintenance account be created for each postsecondary educational institution for the purpose of making capital improvement expenditures from the Fund.

All expenditures from such account would require a match of non-state moneys on a \$1-for-\$1 basis from either the institution or private moneys.

The bill would not require a match for community colleges, technical colleges, the municipal university, the institute of technology, or from the state educational institutions' deferred maintenance accounts for the use of demolition or razing.

The bill would require, on or before the 10th day of each month, the Director of Accounts and Reports to transfer from the SGF to the Fund the interest earnings based on:

- The average daily balance of moneys in the Fund for the preceding month; and
- The net earnings rate for the Pooled Money Investment Portfolio for the preceding month.

Funding

The bill would require the Director of Accounts and Reports to transfer \$32.7 million from the SGF to the Fund annually from July 1, 2025, until July 1, 2030, or as soon as moneys are available after each date.

The bill would require the Board to distribute an aggregate amount of \$30.0 million from the fund among each state educational institution's deferred maintenance account, in accordance with the campus restoration plan developed and approved by the Board starting in FY 2026 through FY 2031.

The bill would require the Board to credit \$100,000 from the remaining \$2.7 million in each fiscal year to each community college, technical college, and municipal university in fiscal years 2026 through 2031.

Reporting and Planning

The bill would require that each postsecondary institution develop and submit a report to the Board detailing a plan for rehabilitating, remodeling, or renovating existing facilities, or building new facilities. The plan would include a list of facilities for demolition or razing and a plan to bring any buildings into a state of good repair. The plan would also include satellite campuses, such as Kansas State Salina and University of Kansas Edwards campus. All institution plans would be subject to approval by the Board.

The bill would require the Board to develop a comprehensive Kansas Campus Restoration Plan that includes all facilities from each institution, and the Board could require a reduction of total campus square footage in a project associated with such plan.

The bill would authorize the Board to adopt any rules or regulations necessary to implement and administer the provisions of the Kansas Campus Restoration Act. Additionally, the Board would be required to submit to the Legislature an annual report on or before the first day of a regular session on the progress of the Kansas Campus Restoration Plan. This report would be submitted to the Senate Committee on Ways and Means, House Committee on Appropriations, House Committee on Higher Education Budget, and Joint Committee on State Building Construction.

Background

The bill was introduced by the Senate Committee on Ways and Means at the request of Senator Billinger.

Senate Committee on Ways and Means

In the Senate Committee hearing, **proponent** testimony was provided by representatives from the Kansas Board of Regents, the University Contractors Association of Kansas, and the Kansas Association of Community Colleges.

The representative from the Board stated there are currently three funding streams to address deferred maintenance: educational building fund, SGF, and university investment. The representative stated there are currently 500 buildings that are mission critical and provided an update on current funding.

The representative from the University Contractors Association of Kansas stated that deferred maintenance is the second largest liability for the State of Kansas and that 50.0 percent of the buildings are more than 50 years old. The representative stated that to address the problem it will take the educational building fund and support from the Legislature.

The representative from Kansas Association of Community Colleges stated this funding would help complete necessary renovations and assist with the upkeep of older buildings.

Written-only testimony was provided by a representative from Washburn University.

No other testimony was provided.

The Senate Committee amended the bill to :

- Amend KSA 74-3201b to include the term “institution of technology” in reference to Washburn University in the definition of “post-secondary educational institution”;

- Change the language referencing post-secondary educational institutions to state educational institutions for reporting purposes only requiring the six state universities to submit a restoration plan to the Board for approval;
- Include language requiring the Board and each community college, technical college, institute of technology, and municipal university submit a report on expenditures and moneys received from the fund; and
- Include language that reports will be submitted to the Board and other aforementioned legislative committees.

Senate Committee of the Whole

The Senate Committee of the Whole amended the bill to:

- Remove the years 2031 through 2035 in reference to the transfer from the Director of Accounts and Reports;
- Remove the year 2036 and replacing it with the year 2031 in reference to the aggregate funding total for the fund;
- Remove the year 2036 and replacing it with the year 2031 in reference to funding for community and technical colleges; and
- Make a technical amendment.

Fiscal Note

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the State Board of Regents indicates enactment of the bill would provide \$32.7

million from the SGF for deferred maintenance and demolition of facilities at all public higher education institutions in Kansas. The board estimates expenditures of \$127,000 from the SGF for FY 2025 and FY 2026 for 1.0 FTE position responsible for reviewing each institution's plan. The Board indicates that of the \$127,000 for the additional FTE position, \$119,000 would be for salaries and wages and \$8,000 would be for other operating expenditures.

The Division of the Budget notes that the bill provides \$30.0 million SGF to be distributed by the board to the state universities each fiscal year, while each community college, technical college, and municipal university would receive \$100,000 each fiscal year for deferred maintenance and demolition of facilities beginning in FY 2026 through FY 2036. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Deferred maintenance; State Board of Regents; campus