



KANSAS BOARD OF REGENTS

Senate Committee on Financial Institutions and Insurance Testimony in Support of SB 450

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**Blake Flanders, Ph.D.
President & CEO, Kansas Board of Regents**

Good afternoon, Chairman Johnson and Members of the Committee. Thank you for the opportunity to provide proponent testimony on SB 450.

SB 450 would allow the Kansas Board of Regents to authorize the sale of real property given to a state university as an endowment, bequest, or gift. This bill originated from the Kansas Board of Regents as one piece of the Board's capital renewal initiative, designed to address our state universities' deferred maintenance backlog. This bill will aid the Board in reducing our physical footprint, which in turn will decrease our future maintenance costs. This bill would also eliminate the statutory provision that credits 80% of the proceeds from the sale of state surplus property to the KPERS Fund. This provision originated as a recommendation from the Joint Committee on Pensions, Investments and Benefits.

The Board of Regents' processes for reviewing and approving any sale would remain in place with enactment of SB 450. Allowing the Board to authorize the sale of these specific properties would make the disposal of land a more streamlined process and would eliminate the need for additional legislation for each one of these transactions.

Also, as state agencies, our six public universities, Kansas State University, the University of Kansas, Emporia State University, Pittsburg State University, Fort Hays State University and Wichita State University would benefit from the elimination of the statutory provision that credits 80% of the proceeds from the sale of state surplus property to the KPERS Fund. We agree with the Joint Committee that incentivizing the sale of surplus property would encourage the universities to get rid of property no longer needed or in use. This bill would remove the provision that prevents the full proceeds from reverting to the university and reinvest those dollars to more strategic uses.

In 2019, the Kansas Board of Regents put a spotlight on the growing deferred maintenance issue on our campuses. The Board commissioned two systemwide studies, one that focused on the condition of our buildings and the other to assess the utilization rates of our instructional and office

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space. These studies identified \$1.2 billion in deferred maintenance projects across our university system for mission critical buildings¹, as well as space utilization rates that are below the national standards. As we continue to confront this large issue, part of our plan is to right-size the footprint, which will include tearing down obsolete buildings. This legislation will make an impact in the deferred maintenance backlog and allow us to authorize the sale of the surplus properties specified in the bill and reinvest those dollars in our campuses.

Again, thank you for the opportunity to testify in support of this bill.

¹ The term “mission critical buildings” refers to those academic and academic support facilities necessary for the teaching and research functions of the state universities.