

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 18**

As Agreed to April 3, 2024

Brief*

SB 18 would create the Kansas Campus Restoration Act authorizing the State 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” could 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.

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.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

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 also 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 University-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.

Conference Committee Action

The Conference Committee agreed to remove contents of SB 18, as amended by the Senate Committee on Financial Institutions and Insurance, and add the provisions of SB 552, as

amended by Senate Committee of the Whole. The Conference Committee further agreed to amend the bill to:

- Update a reference to Kansas State University Polytechnic Campus in Salina with Kansas State University-Salina.

[*Note:* The contents of SB 18, which pertained to the addition of certain legal entities to the definition of “person” in insurance law, were included in the conference committee report for SB 119 (2023 Law).]

Background

This Conference Committee removed the provisions of SB 18, as amended by the Senate Committee on Financial Institutions and Insurance, and added the provisions of SB 552, as amended by the Senate Committee of the Whole. Background information for SB 552 appears below.

SB 552

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 Board, the Kansas Association of Community Colleges (KACC), and the University Contractors Association of Kansas (UCA).

The Board representative 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 KACC representative stated this funding would help complete necessary renovations and assist with the upkeep of older buildings. The UCA representative 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.

Written-only proponent 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.

[Note: The Conference Committee retained these amendments.]

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.

[Note: The Conference Committee retained these amendments.]

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on SB 552, as introduced, the Board 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*.

Postsecondary education; Kansas Campus Restoration Act; Kansas Campus Restoration Fund; deferred maintenance; State Board of Regents; rules and regulations

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