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BOARD OF REGENTS ADOPTS ENHANCED PRIORITY AND ACCOUNTABILITY GUIDELINES FOR STATE UNIVERSITY BUILDINGS

Board Adopts Significant Policy Commitments To Help Alleviate Future State Burden

(TOPEKA) – The Kansas Board of Regents recently adopted an important set of accountability principles for undertaking state university deferred building maintenance projects that would be launched if the State Legislature and Governor ultimately approve a comprehensive funding plan to address the critical \$727 million deferred maintenance backlog that continues to grow on the state university campuses. In addition, the Board adopted important provisions for the maintenance of new privately-funded buildings that will ultimately alleviate future State financial obligations. Further, the Board “pared down” the state university deferred maintenance project list to include only the most “mission critical” buildings and components.

“The Board of Regents is encouraged that the Governor, the House, and the Senate have all firmly committed to solving the critical issue of state university deferred building maintenance as well as the need for increased annual maintenance funding,” said Reginald L. Robinson, President and CEO of the Kansas Board of Regents. “The Board and its state universities also have vital roles to play as we seek to address this important issue. Recognizing that, the Board has taken a set of important affirmative steps to ensure that, one, State funding is directed towards our campuses’ most urgent priorities, and two, that we make a significant commitment to help alleviate future state maintenance obligations so policymakers won’t have to confront the same issue ten years from now if they address today’s growing maintenance backlog. The Board certainly looks forward to working with the Governor and the Legislature as we move closer to a final resolution on this important issue.”

The following principles and guidelines were formally adopted by the Board of Regents:

1) Mission Critical Buildings:

The Board has “pared down” the list of building maintenance deficiencies that will be the focus of the deferred maintenance funding initiative. As a result of this “paring,” the Board’s efforts are now focused on obtaining resources to address a \$663 million deferred maintenance backlog that affects the campus’ most “mission critical” buildings. The Board continues to be focused on

obtaining an increase in the annual funding available for maintenance as well. But, regarding the backlog, some of the buildings have been eliminated from this funding effort.

It is important to note that all 567 buildings contained in the Fall 2006 facilities audit, which identified the \$727 million maintenance backlog, are State-owned buildings. These State-owned buildings do have maintenance deficiencies, and there has been an important long-standing State commitment to provide the resources necessary to address those deficiencies. However, while the state universities still face a \$727 million maintenance backlog, the Board has simply made a decision to focus its current funding effort on buildings/deficiencies that are more likely to generate consensus support among state policymakers. This funding effort will now focus on 429 mission critical buildings that possess \$663 million in maintenance projects that have simply been deferred due to a lack of state funding.

2) Deferred Maintenance Project Guidelines:

The Board of Regents provided the following guidance to the state universities for the development of campus deferred maintenance project lists:

- Allocations to each university will be based on a new maintenance allocation formula that factors gross square footage, building age, and complexity of the physical plant;
- This is a deferred maintenance initiative, NOT a capital improvements initiative. Thus, campus project lists should look much like a Rehabilitation and Repair project list, and not like a major capital improvements list;
- Proposed projects shall not provide for additional space requirements;
- Proposed projects shall not reflect new program requirements; and
- Proposed projects shall not include exceptional levels of finish, equipment, etc.

In summary, the Board expects campus project lists to capture each institution's most critical deferred maintenance priorities, and to reflect the deficiencies identified in the study that is the basis for the initiative. While recognizing the need for some flexibility as the deficiencies listed in the study get translated into a practical project list, the Board generally expects powerful alignment between those deficiencies and the project lists that are submitted.

3) Commitment to Building Accountability Principles:

The Board of Regents takes seriously its fiduciary responsibilities and is actively engaged in providing effective oversight in the use of capital funds. The Board is aided by an experienced architect who maintains an up-to-date inventory of space, collects space utilization data, uses modern space planning guidelines, and directs the capital planning and Board approval process for all capital projects as well as justified changes to projects. In addition, all of the state universities have campus master plans, architects and professional facility managers to ensure that projects are planned and executed in accordance with the highest of professional standards.

While the Board office and campuses have the staff and tools in place to effectively manage and oversee deferred maintenance projects, the Board and state universities are committed to

continuously improving policies, procedures and practices and therefore will pursue the following:

A) Oversight of New State Funding for Deferred Maintenance Projects

If deferred maintenance funding is approved, specific projects/estimates for each campus would be formulated that capture the most critical priorities as guided by the assessment that was submitted to the Governor and Legislature. Projects that exceed the strict scope of this initiative due to program changes, additional space requirements, and expectations for exceptional levels of finish, equipment, etc. will require other funding sources above and beyond the state-provide deferred maintenance pool of funding.

The Board of Regents will formally approve the list of projects at each campus, and the Legislative Joint Committee on State Building Construction will be advised and consulted in their oversight role. Once projects are approved, the universities will provide quarterly status and expenditure reports to the Board which may also be shared with the Joint Committee on State Building Construction. The original estimates will remain a constant; however actual expenditures will also be shown. Deviations to the original estimate will be allowed up to a pre-determined amount. Deviations exceeding that amount will require justification and Board approval. Changes to the original list of projects will require ample justification and Board approval. A final report accounting for the expenditure of appropriations approved by the 2007 Legislature will be made to the Governor and Legislature when the 2007 program is completed.

B) Enhance the Current Maintenance Funding Allocation Method to Address Critical Needs

The Board will enhance the method of allocating State funds, which is currently based solely on gross square footage (minus auxiliary facilities), and add important factors related to the age, condition, and the complexity of the physical plant at each state university. Multipliers will be utilized to produce “adjusted square footages.”

C) Future Maintenance Costs for New Privately-Financed Buildings

The state universities will fund annual maintenance and operation costs for future new privately-funded building projects from either gifts or existing university resources. There will be no request to the State for the operating and maintenance funds of these buildings. Recognizing the authority given to the university CEOs, and further understanding that differences exist between state universities, rather than imposing a “one-size-fits-all” approach, the universities will be given the flexibility to formulate plans to cover annual maintenance/operation costs of new privately-funded buildings specific to each campus. Plans will accompany initial requests for new buildings and will require Board of Regents approval.

D) Facilities Management – Enhanced Space Standards and Utilization

While architectural program statements for new buildings or additions normally define the need for new technology or changes in academic programs, they seldom address the impact the additional space will have on overall campus space. Future architectural program statements will include such a discussion. The renovation or adaptive re-use of existing space will be considered when possible, however, when it is not possible and new space must be constructed, a full discussion related to space that will be vacated will be expected. Allowing departments or units to “sprawl” will not be acceptable. Furthermore, the Board expects state universities to adopt industry practices related to space standards and utilization in the management of facilities. In an effort to fully maximize the use of space on the university campuses, the Board of Regents will adopt benchmarks for each campus and will establish goals for each to actively work toward.

For more information on state university deferred building maintenance, please visit the Board of Regents’ website at the following link: <http://www.kansasregents.org/maintenance.html>

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