



# KANSAS BOARD OF REGENTS

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## **BOARD OF REGENTS ADOPTS PLAN TO ADDRESS STATEWIDE BUILDING MAINTENANCE BACKLOG**

### *Plan Would Protect Valuable State Assets*

(TOPEKA) – Today the Kansas Board of Regents unanimously approved a comprehensive plan to protect state taxpayer investments on the campuses of the six state universities.

“The valuable infrastructure the state is fortunate to have in place must be properly maintained,” said Regent Donna Shank of Liberal, Chairwoman of the Kansas Board of Regents. “The Board looks forward to working with the State Legislature in the coming months to protect these valuable state-owned buildings. We owe it to Kansas taxpayers to preserve and protect their important investment.”

The long-term funding plan, which was developed at the request of the State Legislature by the Board’s Fiscal Affairs and Audit Committee, contains five key components:

- 1) New Building Accountability. Existing building space that may be vacated due to the construction of new buildings will be more thoroughly analyzed before new construction is approved.
- 2) Building Fund Allocations. Today, building fund allocation is based solely on gross square footage. In the future, funding distributions would take into account the age and complexity of the buildings.
- 3) Commitment to New Building Operating Costs. The state universities would commit to funding the annual maintenance and operation costs for new privately-funded buildings.
- 4) Eliminate the Current Deferred Maintenance Backlog. The current \$584 million deferred maintenance backlog would be eliminated through a \$150 million bond issue, with the debt serviced from the statewide Educational Building Fund (EBF), and a 1/10 of a cent sales tax increase that would sunset after ten years.
- 5) Guarantee Annual Building Maintenance. \$74 million is required each year to adequately maintain the university campuses. A permanent 1-mill increase to the existing statewide EBF would provide guaranteed funding for annual maintenance.

“This plan represents a responsible approach to eliminating the current maintenance backlog as well as providing a guaranteed funding stream for future maintenance,” said Regent Jim Grier of Wichita, Chair of the Board’s Fiscal Affairs and Audit Committee. “Any homeowner knows that routine maintenance and repairs only get more expensive the longer they are put off.”

At the request of the State Legislature’s Joint Committee on State Building Construction, a committee that has had a longstanding interest in this important issue, the Board conducted a comprehensive facilities audit which was performed by Board staff and a private facilities management consultant. The study resulted in a *Report on State University Deferred Maintenance and Capital*

*Renewal* that was submitted to the Legislature in 2004. The report outlined important maintenance needs on the six state university campuses that have been deferred due to a lack of state funding and identified a dangerous maintenance backlog of \$584 million that continues to grow. To prevent further backlog, \$74 million per year is required, without factoring inflation, to adequately maintain the university campuses. Only \$7 million was available in fiscal year 2005. If this problem is not addressed, today's deferred maintenance backlog of \$584 million will grow to nearly \$800 million by fiscal year 2014.

In July 2005, the Legislative Division of Post Audit (LPA) submitted a performance audit entitled *Regents Institutions: Reviewing Proposals for Increased Maintenance Funding at the State's Colleges and Universities*. The audit, which focuses on the Legislature's 1996 "Crumbling Classrooms" initiative and the Board's 2004 facilities report, concludes that, among other things, the 1996 Crumbling Classrooms initiative, provided a short-term maintenance funding remedy, did not provide new state funding, and reduced regular maintenance funds available to the six state universities in later years. The audit also concluded that the Board's 2004 report, which identified a critical maintenance backlog of \$584 million, likely underestimated the total cost of the deferred maintenance problem.

Two out of every three buildings that the State of Kansas owns can be found on the six state university campuses. The 537 educational and general buildings studied in the Board's 2004 report exclude auxiliary facilities such as residence halls, student unions, and parking garages. These 537 buildings represent 20 million square feet that are sited on 2,250 maintained acres. To put this amount of space into perspective, 20 million square feet is the equivalent of 350 football fields. The replacement value of these buildings, including utilities and infrastructure, is \$3.9 billion.

This deferred maintenance problem is not unique to Kansas. Nationwide deferred maintenance backlog estimates vary from \$26 billion, which is acknowledged to be conservative, to over \$50 billion.

The maintenance backlog on the six state university campuses is as follows:

Kansas State University	\$209.4 million
The University of Kansas	\$168.5 million
The University of Kansas Medical Center	\$68.8 million
Pittsburg State University	\$39.8 million
Fort Hays State University	\$35.2 million
Wichita State University	\$33.9 million
Emporia State University	\$28.9 million

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