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Summary of the 1996 Crumbling Classrooms Initiative

In 1996, the Board of Regents put forward the “Crumbling Classrooms” initiative. This initiative documented the need for \$288.3 million in capital improvement needs. The booklet “Of Aging Campuses & Crumbling Classrooms,” which was published in October 1994, outlined the initiative’s specifics and was broadly distributed.

The Legislature reduced the program to \$163.6 million or 56.7% of the amount requested. The \$163.6 million was the estimated amount that could be financed with \$15 million per year from the Educational Building Fund (EBF), over a 15- year period.

The Rehabilitation and Repair category received the most severe reductions, from \$161.0 million to \$39.4 million; a reduction of 75.5%.

In 1996, the Legislature authorized the issuance of revenue bonds to finance the estimated \$163.6 million. The Senate unanimously endorsed the project and 124 of the 125 House members voted in favor.

At the May 16, 1996, Board of Regents meeting, the campuses were advised to seek additional non-state funding sources, reduce the size and budget for the projects, or a combination of the two since the “Crumbling Classrooms” funding did not wholly fund the projects in the Major Repair of Existing Buildings and New Construction categories. The three projects in this category were an addition to Murphy Hall at the KU Lawrence campus, additions to the KSU Science/Engineering Complex and a new Nurse Education Building at the KU Medical Center that replaced a deteriorated Hinch Hall.

Two bond series were sold, the first in November 1996 and the second in November 1997. Favorable interest rates at the time of sale along with arbitrage rebates, and subsequent refinancing at even better interest rates, resulted in a final budget of approximately \$178.6 million.

The table below recaps the Board’s original request, the 1996 Legislature’s estimate of projects funded from bond financing, and the final amount available resulting from interest rates, arbitrage rebates, and the refinancing:

<u>Project Category</u>	<u>Regents' Request</u>	<u>%</u>	<u>Legislature Approved</u>	<u>%</u>	<u>Final Amount 1997</u>	<u>%</u>
Americans with Disabilities Act Compliance	\$ 21.7	7.5%	\$ 21.7	13.3%	\$ 20.5	11.5%
State Fire Marshall Fire Code Requirements	\$ 9.1	3.2%	\$ 9.3	5.7%	\$ 11.8	6.6%
Rehabilitation & Repair Projects	\$ 161.0	55.8%	\$ 43.3	26.5%	\$ 40.8	22.8%
Classroom Improvement	\$ 15.2	5.3%	\$ 16.6	10.1%	\$ 22.2	12.4%
Major Remodeling of Existing Buildings	\$ 49.8	17.3%	\$ 44.6	27.3%	\$ 52.1	29.2%
New Construction	\$ 31.5	10.9%	\$ 28.1	17.2%	\$ 31.2	17.5%
Totals	\$ 288.3	100.0%	\$ 163.6	100.0%	\$ 178.6	100.0%

The majority of projects were completed over a five-year period. Throughout this time, the Board of Regents received and reviewed monthly spreadsheets from the campuses outlining encumbrances, expenditures, budget changes, and other data by building and category. Approximately every quarter, the Board of Regents office and the Council of University Business Officers, met with Kansas Development Finance Authority officials to review the project status and to ensure that all bond requirements were being met.

The Legislative Joint Committee on State Building Construction was advised and consulted each time the budget changed due to changes in interest rates, arbitrage rebates, or refinancing.

Literally, hundreds of projects of various size and scope were completed within a five-year period. The “Crumbling Classrooms” bond initiative was a success by any measure. Commitments to provide ADA compliance, life safety measures and upgraded classrooms were met. The major renovations of several major buildings were completed, and needed new space to meet the teaching mission of the universities was added.

While the 1996 “Crumbling Classrooms” initiative did provide a much-needed band-aid, this initiative did not provide new state dollars for maintenance which was confirmed by a 2005 Legislative Post Audit study. The initiative essentially charged building repairs to a credit card whose balance will not be paid off until the year 2012. The Crumbling Classrooms initiative did not fix the inherent problem. State funding for university buildings remains inadequate.