

**MINUTES**

**HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION AND ELECTIONS**

October 19-20, 1993  
Room 521-S -- Statehouse

**Members Present**

Representative Marvin Smith, Chairperson  
Representative Elaine Wells, Vice-Chairperson  
Representative Barbara Ballard  
Representative Lisa Benlon  
Representative Tom Bradley  
Representative Ray Cox  
Representative Carol Dawson  
Representative Herman Dillon  
Representative Ruby Gilbert  
Representative Gary Haulmark  
Representative Walker Hendrix  
Representative Judith Macy  
Representative Ed McKechnie  
Representative Richard (Rocky) Nichols  
Representative Kay O'Connor  
Representative Alex Scott  
Representative Sabrina Standifer  
Representative Steve Wiard

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Administrative Services

**Member Absent**

Representative Jim Long

**Staff Present**

Dennis Hodgins, Kansas Legislative Research Department  
Carolyn Rampey, Kansas Legislative Research Department  
Arden Ensley, Revisor of Statutes Office  
Jackie Breymeyer, Secretary

**Conferees Present**

Representative Walker Hendrix, Sponsor former 1993 H.B. 2228  
Barbara Hinton, Division of Legislative Post Audit

Gary Reser, Governor Joan Finney's Legislative Liaison  
Franklin D. Williams, Topeka, Kansas  
Orion Jordan, Director, Division of Facilities Management, Department of Administration  
R. E. Henley, Topeka, Kansas  
Brad Rine, President, Kansas Geological Society, Wichita, Kansas  
Don Schnacke, Kansas Independent Oil and Gas Association  
William Bryson, State Corporation Commission  
Lawrence Brady, Kansas Geological Survey, University of Kansas  
Joseph Graf, Kansas Geological Department, Kansas State University  
Robert L. Vincent, Ground Water Geologist, Wichita, Kansas  
Doyle Fair, Consulting Petroleum Engineer, Wichita, Kansas  
Betty Rose, Kansas State Board of Technical Professions  
Kevin Robertson, Director of Governmental Affairs, Kansas Consulting Engineers  
William Henry, Executive Vice-President, Kansas Engineering Society  
Charles Jones, Director of the Division of Environment, Kansas Department of Health and Environment  
Mike Everhart, Environmental Affairs Manager, Boeing

**October 19, 1993  
Morning Session**

Chairperson Smith called the meeting to order at 10:10 a.m. He asked for a moment of silence for the stricken colleague of the House, Representative Fuller. He then welcomed members, conferees, and guests and introduced the Committee staff.

**1993 H.B. 2228 -- Concerning a Comprehensive Review of State Agencies**

Research staff briefed the Committee on the history of 1993 H.B. 2228. Committee was informed that the bill was eventually defeated on final action on the Senate floor and then stricken from the calendar.

The purpose of this bill would be: to challenge and question the basic assumptions underlying all state agencies and the programs and services offered by the state; to identify those agencies that are vital to the best interests of the people of the state and those agencies who no longer meet the goal; and to provide a comprehensive review of state agencies in providing these programs and services.

The Chairperson reminded the Committee that they had the original H.B. 2228 which had been introduced to the Committee during the 1993 Legislative Session.

Representative Hendrix provided background information on H.B. 2228 to the Committee. He stated that a review of government programs, systems, and agencies on a systematic basis could be implemented. He said that H.B. 2228 is important to implement in a time when budgets will be cut, consolidations will be made, and decisions will occur. Representative Hendrix explained the Senate opposition and how the Governor now has her plan in place which very much parallels what H.B. 2228 would have accomplished with the exception of legislative involvement. According to Representative Hendrix, the Governor's recommendations are due April 15, which is

after the regular legislative session, but before the veto session and, therefore, the timing does not allow input from legislators. He explained the management review process and how some of the programs and projects of H.B. 2228 would have been analyzed had it become law. He also stated that it was a very popular bill and that a bi-partisan effort was made to pass the bill out of the House Committee of the Whole. He explained that the bill was defeated on the floor of the Senate because the bill would have put K-GOAL audits on hold. Also, he said the Governor was reluctant to involve the Legislative Post Auditor and legislators in the process of reinventing government. In addition, Representative Hendrix stated that all branches of government needed to be involved which would include the Legislative Post Auditor. Representative Hendrix continued his testimony by explaining an article from the Governor's project entitled "Reinventing Kansas Government Project Scope." The article defined the three components to government operations as Program; Effectiveness; and Efficiency. It listed the Project Study Teams, a flow chart, and Phase I and Phase II dates (Attachment 1). Representative Hendrix indicated where he thought legislators and the Legislative Division of Post Audit may tie in to the Governor's format for reinventing government. Representative Hendrix concluded his remarks by stating that he was willing to work with the Governor in a nonpartisan way as long as legislators were involved in the process.

Barb Hinton, Legislative Post Auditor, explained to the Committee that the Legislative Division of Post Audit would have played a pivotal role in H.B. 2228 had it become law. Ms. Hinton referred to the Texas governmental review where the key to making that state model work was all the branches of government working together. She stated that situation is not present in Kansas and without the Governor's support, the task would have been very difficult to accomplish. According to Ms. Hinton, H.B. 2228 would have involved the entire audit staff and all audits would have been stopped for about a year. This stoppage was seen as a problem because not only the audits that legislators required, but also the audits required by statute, would not have been completed. Ms. Hinton referred to other state models for governmental reviews, besides the Texas model. She explained that North Carolina worked with consultants in its review of government procedures at a cost of about \$3 million and the officials from that state recommended using consultants who would bring knowledge of the private sector along with internal legislative audit staff and other agency people. Ms. Hinton stated that the Governor's task force proposal is very similar to what they would have used under H.B. 2228. She referred to articles entitled "Performance Measures: Asking New Questions on Accountability" and another on news articles in her testimony (Attachments 2 and 3). Ms. Hinton explained under H.B. 2228 the Legislative Division of Post Audit would have identified what existing structure agencies have in place, reviewed literature, and made proposals for implementing performance management reviews.

The Chairperson thanked Ms. Hinton for her presentation. During the discussion period, Ms. Hinton explained to the Committee that some audits do not recommend legislative action whereas some recommendations are immediately implemented or they are implemented when funds are available.

Gary Reser, from the Governor's office, was the next conferee and he stated the focus of his testimony would be on the process of reinventing government that started approximately last March or April, 1993 (Attachment 4). He said that when he testified at the 1993 Senate Governmental Organization Interim Committee meeting he stated the Governor's concern regarding the separation of powers between the executive branch and the Legislature and that any effort to reinvent government would have to involve the private sector. Mr Reser explained that the Governor did not think that the Legislative Post Auditor would be particularly effective in this type of process to reinvent government. Mr. Reser spoke of the Governor's Executive Reorganization Order No. 91-133; the Kansas Office of Efficiency Management and Kansas Quality Management program, which

acted as the foundations for the Reinventing Kansas Government project. According to Mr. Reser, in May and June of 1993, the Reinventing Government Steering Committee was organized, consisting of five Chief Executive Officers from the private sector and five cabinet secretaries from the public sector. Representatives from Arthur Anderson and Company worked with the Secretary of Administration and Division of the Budget staff to identify 125 opportunity areas in Kansas state government for cost savings. These areas were reduced to 19 functional areas and presented to the Steering Committee for review. The list further was reduced to five areas: Budget, Human Service Delivery for Youth, Human Service Delivery for the Aging, Inventory and Asset Management, and Information Systems Management. Mr. Reser ended his testimony and responded to questions of how H.B. 2228 as it passed the House Committee of the Whole differs from the Governor's Reinventing Kansas Government project. Mr. Reser stated that the Governor's project is being carried out by the executive branch with the Governor as its head and involves the private sector. Moreover, he stated that the Legislature is not directly involved. Mr. Reser also responded to questions from Committee members by explaining that the Governor would not be running in the next election and therefore would be able to make good decisions concerning the recommendations from the Reinventing Kansas Government project. He also stated that if there were any policy changes the Legislature would be involved. Finally, Mr. Reser explained that the project report that is due on April 15, 1994, would involve recommendations and they would be available to the Legislature.

A handout from the Kansas Chamber of Commerce and Industry, Bob Corkins, Director of Taxation, was distributed (Attachment 5).

The next conferee was Franklin D. Williams, Topeka, Kansas. Mr. Williams related his experience concerning construction and renovation problems in USD 437. Mr. Williams stated that a review of the branches of government and a review of what the law says should be done.

Chairperson Smith asked if it was the Committee's pleasure to reintroduce H.B. 2228 as it was amended by the House Committee of the Whole during the 1993 Legislative Session. A Committee member suggested that if this bill was rejected by the Senate and the Governor during the 1993 Session then it would not be a good idea to reintroduce it in its same form. The Chairperson stated that with Committee approval, a bill can be drafted and ready to be read in the first week of the legislative session in January. Discussion ensued and it was decided that the Chairperson would appoint a Subcommittee that would study the bill and report back to Committee the next day. The Chairperson recessed the Committee until 1:30 p.m.

#### Afternoon Session

Chairperson Smith called the meeting to order and appointed the following members to the Subcommittee on H.B. 2228: Representative Hendrix, Chairperson; Representatives Wells, McKechnie, Dawson, and Nichols. He instructed the Subcommittee to meet, propose recommendations, and report to the House Committee the next day.



## **The Operations of the State Motor and State Van Pool**

Orion Jordan, Director, Division of Facilities Management, Department of Administration, briefed the Committee on the Central State Motor Pool and State Van Pool operations (Attachment 6). Mr. Jordan said his testimony would consist of two parts: the overview of the operations, and a response to questions submitted to the Division of Facilities Management.

Mr. Jordan began his testimony with a statutory history of the Central Motor Pool, followed by its primary and secondary functions, past and present staffing positions, funding and vehicle purchasing procedures, number of vehicles in service, annual mileage audit, and the charge per mile per vehicle use. He said that presently there are 16 full-time positions and this number has not changed since 1983. According to Mr. Jordan, the Central Motor Pool is fee funded and he provided the Committee with the rates charged for different vehicles in FY 1994. Mr. Jordan went into detail on vehicle purchasing and mileage of vehicles used in the motor pool.

Mr. Jordan testified in the second part of his testimony on the questions and answers concerning the operations of the motor and van pool which were submitted to the Division of Facilities Management by Chairperson Smith (Attachment 7). Mr. Jordan stated at the present time there are 7,113 vehicles owned by the Central Motor Pool, by the Department of Transportation, by Regents' universities, by Wildlife and Parks, and by other state agencies. Mr. Jordan explained the types of vehicles purchased for assignment, the criteria used to replace these vehicles, and the financing system for replacement of these vehicles. He said that there has been an increase in the number of vehicles because permanently assigned vehicle fleet increases occur when additional vehicles are approved for purchase by the Legislature and the demand for vehicles varies with agency demands. He also explained that responsibility for proper vehicle maintenance lies with the Central Motor Pool and the vehicle operator. Mr. Jordan provided the Committee with the statutes, policies, and regulations that deal with the usage of the state motor and van pool vehicles and went into the contractual bidding system that was used to purchase vehicles. According to Mr. Jordan, vehicles are refueled at the Central Motor Pool maintenance facility, the Kansas Department of Transportation facilities, Highway Patrol facilities, state universities, and private sector filling stations. He said that 32 vehicles have been equipped to use an alternate fuel source. Mr. Jordan provided the Committee with information on the cost of fuel taxes and the cost of insurance to operate the Central Motor Pool. In further testimony, he said that complaints concerning motor pool operators are forwarded to the Department of Administration Legal Section where appropriate action is taken. He stated the costs for state and nonstate employees to ride in a van pool vehicle are 35 cents a mile. In his final testimony, Mr. Jordan stated the three agencies which use the motor and van pool to the greatest extent are the Department of Social and Rehabilitation Services, the Department of Health and Environment, and the Department of Revenue.

Mr. Jordan was asked if the Division purchases American-made vehicles. He responded that every vehicle they have is American made. He also answered questions on resale of vehicles and mileage driven. He stated that vehicle warranties were for three years or 50,000 miles. In response to a question on the use of full service stations, Mr. Jordan replied that a driver's disability may be one reason to use a full service station, but if the use of full service stations is abused then letters are sent to the agency heads to let them know that the abuse is occurring within their agency. The suggestion was made to have a hotline or an 800 number decal posted on the back of a state car similar to what exists for trucks so that people can phone in complaints for possible violations of drivers who operate motor or van pool vehicles.

R. E. Henley, local businessman, was the next conferee. He voiced concern about alleged violations of certain licensed state vehicles. He distributed an attachment that indicated various times, dates, and locations where these violations occurred (Attachment 8). He stated that the average citizen does not know who to call when a violation occurs. Discussion by the Committee consisted of concerns for identification of violators and procedures for reporting abuses. The general consensus of the Committee was to have an 800 number decal on state vehicles so that citizens could phone in problems of abuse in the operation of a state motor vehicle.

The Chairperson adjourned the meeting at 3:10 p.m., and stated the Committee would meet at 9:00 a.m., October 20, 1993.

**October 20, 1993  
Morning Session**

**1993 H.B. 2496 -- The Licensing and Practicing of Geology  
as a Technical Profession**

H.B. 2496 introduced during the 1993 Session would require geologists to be licensed in order to practice in Kansas and would place them under the Board of Technical Professions for regulatory purposes.

M. Bradford Rine, President of the Kansas Geological Society, spoke in support of licensure for geologists (Attachments 9 and 10). He told the Committee at least 17 other states set minimum standards for geologists and that state regulation of the profession is desirable in order to assure the public that practitioners are fully qualified, particularly in the area of environmental geology. Mr. Rine explained that, when the petroleum industry suffered a decline, many petroleum geologists moved into the environmental geology field.

Donald P. Schnacke, Kansas Independent Oil and Gas Association, spoke in support of H.B. 2496 (Attachment 11). Mr. Schnacke, who is an engineer, told the Committee he believes there is no inherent conflict between the practices of engineering and geology. His organization supports the state regulation of geologists because geologists usually are involved in various stages of oil and gas operations and there needs to be some standard to assure they are qualified.

Bill Bryson appeared in support of H.B. 2496, speaking as a practicing geologist, not as a representative of the State Corporation Commission (Attachment 12). Mr. Bryson told the Committee he has promoted the regulation of geologists for more than 20 years. According to him, the increasing complexity of environmental regulation and the fact that some geologists are beginning to carry liability insurance point to the need for states to ensure that persons who practice the profession are competent. Regarding the bill specifically, Mr. Bryson supported statutory recognition of various specialty fields within the profession and spoke in favor of the "grandfather" provision, although he said he thinks there should be a restriction on persons practicing who have been inactive for a number of years.

Larry Brady, Kansas Geological Survey, stated his support for H.B. 2496 (Attachment 13). According to him, the state must set standards for people who play a role in environmental and water issues. In his view, the profession of geology is no different from engineering, in the sense that

both affect public health and safety and should be subject to state standards to ensure that practitioners are qualified. Mr. Brady told the Committee he believes geologists who are employed by the state should not be exempt from licensure requirements.

Joseph Graf, Head of the Department of Geology, Kansas State University, spoke in support of H.B. 2496 (Attachment 14). He noted that geologists are becoming more involved in environmental issues and the public needs some assurance that practitioners are qualified.

Robert Vincent, a geological consultant, gave the Committee several examples of environmental problems which he thought existed. According to him, these incidents would not have occurred if a geologist had been involved in the projects from the beginning (Attachment 15). He told the Committee he supports H.B. 2496.

F. Doyle Fair, a consulting petroleum engineer, raised several questions about H.B. 2496 (Attachment 16). Mr. Fair noted the bill would exempt some geologists from licensure and would automatically license geologists who already are practicing. Mr. Fair told the Committee he does not think a geologist should be licensed unless the person passes a qualifying examination. He also argued that the proposed addition of three geologists to the State Board of Technical Professions (for a total of 16 Board members) is disproportionate to the number of geologists in Kansas and suggested that only one geologist be added. Mr. Fair suggested that the Board of Technical Professions be given the latitude to determine qualifications for licensure, including the determination of specialty areas within the profession.

Betty Rose, Executive Director of the Kansas State Board of Technical Professions, told the Committee the Board has not taken a position on H.B. 2496, but has some concerns about the bill (Attachment 17). The Board's concerns are the following:

1. the licensure of geologists and the addition of three new members to the Board, for a total of 16 members, would necessitate the addition of staff to the Board office to handle the increased workload and could make the Board unwieldy because of its size;
2. the bill does not give the Board specific authority to make assessments against geologists to recover regulatory expenses;
3. the bill proposes a total of ten years of education and experience in order to qualify as a geologist, which is inconsistent with the eight-year combination that is required for members of the other technical professions regulated by the Board;
4. references in the bill to activities that are "incidental to the practice of geology" would be difficult for the Board to regulate since experience with the other technical professions has shown it is difficult for the Board to define what those activities are; and
5. although the Board would be required to administer examinations to geologists, there is no nationally recognized examination for the profession of which the Board is aware.

In discussion following her presentation, Ms. Rose suggested an alternative to adding three new geologist members to the Board would be to replace one of the three public member positions with a geologist, thereby keeping the Board at its present size of 13 members. (One of the public member positions currently is vacant.) Ms. Rose said the cost to the Board of implementing H.B. 2496 would be \$28,000, consisting of money for a new staff position, per diem compensation and travel expenses for three new Board members, and additional expenses for computers. She told the Committee the cost to applicants for licensure would be the cost of the examination and the license.

In general Committee discussion, Committee members asked Mr. Bryson if there are people who oppose the licensure of geologists and why a majority of the states do not regulate the profession. Mr. Bryson estimated that 80 percent of the people he knows support the regulation of geologists and that opposition comes from people who simply are opposed to licensure and regulation in general.

Mr. Fair was asked to elaborate on his position concerning specialty fields in the practice of geology. He responded by saying he thinks practitioners should be properly trained to practice in the various geological fields and agreed it might be desirable to define in the bill such specialty areas as "environmental geologist engineering."

Mr. Rine elaborated on his testimony by reiterating his support for a grandfather provision for geologists who are currently practicing and said their years of experience qualify them to practice. He argued that tests tend to be academic and a person who is a practicing geologist should be allowed to continue to practice without having to take an examination. He also disagreed that, in general, former petroleum geologists are not qualified to practice environmental geology.

In response to a question, Mr. Bryson disagreed with Mr. Rine about whether there should be different examinations for different specialty areas. According to Mr. Bryson, he thinks environmental geology is different from petroleum geology. In response to the State Board's concern that the education and experience requirement for geologists as set forth in the bill is inconsistent with the other technical professions, Mr. Bryson said the requirements were based on other states and could be changed.

Kevin Robertson, representing Kansas Consulting Engineers, said his group opposes H.B. 2496 because it would give geologists the ability to perform environmental and geologic engineering work that currently can be performed only by licensed engineers (Attachment 18). However, amendments to the bill proposed by his group would make the bill acceptable. The amendments would make it clear that geologists cannot do work presently being done by engineers and that qualified engineers may continue to perform geological and environmental analysis. In addition, the proposed amendments would add only one geologist to the Board of Technical Professions, for a total of 14 members.

William Henry, Executive Vice-President, Kansas Engineering Society, said his organization opposes the bill in its current form, but finds it more acceptable with the amendments proposed by Mr. Robertson (Attachment 19). Mr. Henry specifically mentioned the size of the Board (he supports adding only one geologist member) and the lack of consistency between qualifications for geologists and engineers with regard to education and experience requirements. He also questioned why certain categories of geologists would be exempt from licensure under the proposed bill.

Charles Jones, State Department of Health and Environment, spoke in support of H.B. 2496 (Attachment 20). Mr. Jones described a number of environmental problems and mishaps that, in his opinion, had been caused by the lack of expertise on the part of geologists. He said state licensure would ensure that geologists meet a prescribed level of competence and would give the public a place to go with a complaint or grievance if a geologists fails to perform acceptable work. Mr. Jones agreed there is an expense to the regulation of a profession, but said that the expense is outweighed by the cost of mistakes made by unqualified practitioners. He told the Committee he thinks geologists who work for the state should not be exempt from licensure and that it is important for all geologists, including those who are grandfathered in, to take a qualifying examination. He explained that in certain fields of geology, such as the environmental area, the technology changes so quickly that even someone who is a practicing geologist is not necessarily familiar with the most recent developments in the field.

Mike Everhart, Environmental Affairs Manager at Boeing, described himself as a "customer of geologists" and spoke in support of H.B. 2496 (Attachment 21). He gave the Committee examples of problems with projects that, in his opinion, were due to a lack of geological expertise.

Jim Parrish, Securities Commissioner, was not present but submitted testimony in support of H.B. 2496 (Attachment 22). According to Mr. Parrish, licensure of geologists would ensure that geologists' reports attached to documents submitted to the Securities Commission relating to oil and gas exploration, mining, and other activities were prepared by qualified persons.

Following the hearing on H.B. 2496, the Chairman appointed a subcommittee comprised of Representative Scott (chair), Representative Cox, and Representative Wiard to meet and make recommendations concerning the bill to the full Committee later in the meeting.

#### **1993 S.B. 398**

The staff told the Committee that S.B. 398, which concerns the State Corporation Commission, was introduced because it was learned that two positions in the Commission -- a petroleum engineer and an interagency coordinator -- are being treated as unclassified even though the necessary statutory authorization to make them unclassified is lacking. In addition to making the positions unclassified, amendments added to the bill by the Senate also would spell out in the statutes the present organizational structure of the Commission. A similar bill was introduced during the 1991 Session and was vetoed by the Governor, apparently because of misinformation about the effect of the bill.

Bill Bryson, State Corporation Commission, said the Commission supports the bill (Attachment 23).

#### **State Contracts for Projects in the Statehouse**

Emil Lutz, Director of Legislative Services, described his frustrations with the quality of workmanship and delays in completing projects in the State Capitol Building. He explained that, although the Legislature is exempt from many state purchasing requirements, the Legislature still goes through state purchasing and bid procedures because it is dependent upon expertise that is available through the Division of Facilities Management in the Department of Administration.

Mr. Lutz explained that, generally, he is responsible for projects on the third, fourth, and fifth floors of the Statehouse and the Division of Facilities Management is responsible for the first and second floors. Some Statehouse projects are paid for from the Legislature's budget and others are paid for from appropriations to the Department of Administration for Statehouse maintenance. He told the Committee that usually during the session he tours the building with staff from the Division of Facilities Management and identifies projects to be done during the next fiscal year. Once those projects are decided on and the money is appropriated, there still are delays in beginning the work, according to Mr. Lutz. Furthermore, the Division of Facilities Management accepts shoddy workmanship. Mr. Lutz told the Committee he frequently objects to the quality of work done, but, in those cases when the funding is not from the Legislature's budget, his ability to affect the outcome of a project is limited. One solution he suggested is pre-qualifying contractors in the bid procedure so that persons and companies that are known to do poor work would not be eligible to bid for state projects. Mr. Lutz said most people agree pre-qualifying bidders is a good idea, but apparently there is a legal risk to the state in excluding persons from being able to compete for state projects.

Mr. Lutz conceded that part of the problem with the Division of Facilities Management is that it may be understaffed. He said one architect is allocated to Statehouse projects and that person is devoting almost all of his time to the renovation of the House Chambers, meaning that other projects in the building are not receiving adequate attention. The House Chamber project, originally begun to add electrical outlets to each member's desk for computers, has become complicated because of the discovery of murals on the ceiling that may have to be restored due to their historical significance. The project, for which \$200,000 has been allocated, is supposed to be finished by the end of December.

Jack Shipman, Director of Purchases, Department of Administration, described the basic purchasing procedure for state agencies. He said construction projects expected to cost more than \$250,000 are submitted to the Joint Committee on State Building Construction. Specifications for proposed projects are developed and a list of vendors is developed. Vendors must be bonded as an assurance that the work will be performed. If a job is not completed satisfactorily, the bond can be cashed in and the money used to pay another contractor to finish the job. It is possible for the state to sue the original contractor to make up any difference in costs. Mr. Shipman told the Committee a vendor seldom is taken off the list of vendors eligible to compete for state jobs.

Tom Slattery, Associated General Contractors of Kansas, Inc., spoke in support of a pre-qualification requirement for vendors for state construction projects.

David Underwood, a local contractor and president-elect of the Associated General Contractors, advocated a pre-qualification requirement, but acknowledged that legal problems could prevent such a requirement from being implemented. He added that the only qualification that presently exists in order to bid on state projects is the ability to present a bond.

Representative Smith told the conferees the Committee would take no action on the matter of Statehouse projects but might consider the issue during the 1994 Session.

## **Review of State Government Functions**

Representative Hendrix made a report to the Committee concerning the recommendations of the subcommittee appointed to consider legislation that would provide for a review of state governmental functions. He told the Committee the subcommittee, comprised of Representatives

Dawson, McKechnie, Nichols, and Wells, had attempted to develop legislation to reflect the Governor's initiative that already is underway to bring about a comprehensive review of state government. The proposed legislation (3 RS 1450) would do the following:

1. establish the project management committee consisting of the Director of the Budget (who would chair the committee), the Legislative Post Auditor, and a representative of the certified public accounting firm that annually audits the state;
2. direct the project management committee to oversee a management review of all state agencies, focusing on state government organization, management, and finances;
3. create the state governmental practices advisory committee consisting of five public members appointed by the Governor; the Secretaries of Aging, Corrections, Transportation, Health and Environment, and Administration (who would chair the committee); and eight legislators to advise the project management committee;
4. direct the project management committee to make its final report to the Governor by April 15, 1994;
5. establish a telephone hot line to receive suggestions and recommendations for the improvement of state government from both state employees and the general public; and
6. direct the Legislative Post Auditor to prepare a report and recommendations for implementing a performance-based measurement system and to submit that report to the Legislative Post Audit Committee by July 1, 1995.

Upon a motion by Representative Wells, seconded by Representative Haulmark, the Committee voted to accept the subcommittee report.

Upon a motion by Representative Haulmark, seconded by Representative Wells, the Committee voted to recommend that the bill be prefiled for introduction during the 1994 Session. Representative Hendrix asked to be recorded as having voted in favor of the motion. Representatives McKechnie, Nichols, Gilbert, Macy, and Standifer asked to be recorded as having opposed the motion.

Upon a motion by Representative Bradley, seconded by Representative Ballard, the Committee voted to recommend that Representative Smith and Representative Macy (the Committee Chair and Ranking Minority Member, respectively) meet with the Governor to discuss the proposed legislation and how the Legislature would work with the Governor to conduct the review of state government.

**H.B. 2496 -- Licensure of Geologists -- Continued**

Representative Scott presented the report of the subcommittee appointed to consider the licensure of geologists. He told the Committee the subcommittee generally accepted the amendments proposed by the Kansas Consulting Engineers, with additions that include the following:

1. delete the education and experience requirements for geologists from the bill and authorize the Board of Technical Professions to set qualifications, as it does for the other professions regulated by the Board;
2. require that geologists who work for the state be licensed;
3. delete references to activities that are "incidental to the practice of geology";
4. delete references to specialty fields; and
5. change the date by which time persons must be licensed in order to practice as geologists to July 1, 1994.

Upon a motion by Representative Scott, seconded by Representative Wells, the Committee voted to accept the subcommittee report.

A motion by Representative McKechnie, seconded by Representative Wells, to recommend the bill for passage as amended was not acted upon.

Upon a motion by Representative McKechnie, seconded by Representative Gilbert, the Committee voted to remove the grandfather clause from the bill and give persons who already are practicing as geologists two years to meet the requirements for licensure.

A motion was made by Representative Haulmark, seconded by Representative Wells, to strike the provision in the bill that would exempt from licensure requirements geologists who "work exclusively in the exploration for and development (proving out) of energy resources and base, precious and nonprecious minerals, including sand, gravel and aggregate."

Upon a substitute motion by Representative Ballard, seconded by Representative Macy, the Committee voted to table the bill.

**S.B. 398**

Upon a motion by Representative Wells, seconded by Representative Cox, the Committee voted to recommend for passage 1993 S.B. 398, as amended.

The meeting was adjourned.

Prepared by Jackie Breymeyer  
Edited by Dennis Hodgins and Carolyn Rampey

Approved by Committee on:

November 30, 1993

(Date)



GUEST LIST

HOUSE GOVERNMENTAL ORGANIZATION  
COMMITTEE: AND ELECTIONS COMMITTEE

DATE: October 19, 1993

[illegible]

# GUEST LIST

HOUSE GOVERNMENTAL ORGANIZATION  
COMMITTEE: AND ELECTIONS COMMITTEE

DATE: October 20, 1993

NAME	ADDRESS	COMPANY/ORGANIZATION
Brad Rine	514 1050 200 W. Douglas Wichita, KS	Kansas Geological Society
Charles Brewer	4959 Lulu Ct. Suite 15 Wichita KS 67216	" " "
Tom Hansen	10110 Alamo Wichita, KS 67212	Bittersweet Energy, Inc. Kas Eng Comm.
Ray Fair	1509 N. Main - #1014 Wichita KS 67202-1318	Self
Barbara J Smith	3109 Meadow Lane Topeka KS 66614	
Robert L. Vincent	338 Rainbow Lake Rd Wichita, KS 67235	Ground Water Associates
Don Schnacke	1400 N. N. B. & T Topeka, KS 66612	KIDGS
Kevin Horcatson	700 SW Jackson, St. 700 Topeka, KS	K/S CONSULTING ENGINEERS
Helen Stephens	Topeka	KSLCS
Jim McBraden	Topeka	OK & Curran
Glenda Cater	Topeka	KS. Bid. Tech. Prof.
Betty Zore	"	Blas Tech. Prof.
Ken Bahr	"	Peterson's Assoc.
Mike Everhart	P.O. Box 7730 K11-65 WICHITA KS 67277-7730	The Boeing Company - WICHITA Division
Larry Brady	Lawrence KS	Kansas Geol. Survey
Joseph Graf	Manhattan, KS	KANSAS STATE UNIV.
Bill Byrson, AMT-PM	Topeka, KS	Kans Cong Comm.
Tom Slattery	ATOP	AGC of KS
DAVE UNDERWOOD	TOPEKA KS	AITPAULCO - AGC of KS
BILL HENRY	TOPEKA KS	Ks Engineering Society

## Reinventing Kansas Government Project Scope

The scope of this study will be focused primarily on identifying opportunities to increase efficiency and effectiveness in state government. It will also be focused on a limited number of study categories due to the need to optimally allocate scarce resources. Individual study teams will be able to broaden their scope, if needed, given available time and resources.

Implementation will not be within the scope of the study teams, although agencies will be encouraged to begin implementation of "low hanging fruit" during the course of the study through the KQM program.

The scope of this study differs somewhat from many of the studies conducted in other states which primarily focused on cost-reduction. Kansas has defined three components to government operations:

- Program
- Effectiveness
- Efficiency

Programs are legislatively mandated services or entitlements which are unlikely to change in the short term. While they are open to question, they should not be the study focus.

Effectiveness measures our ability to deliver programs as mandated and with a level of service satisfactory to customers.

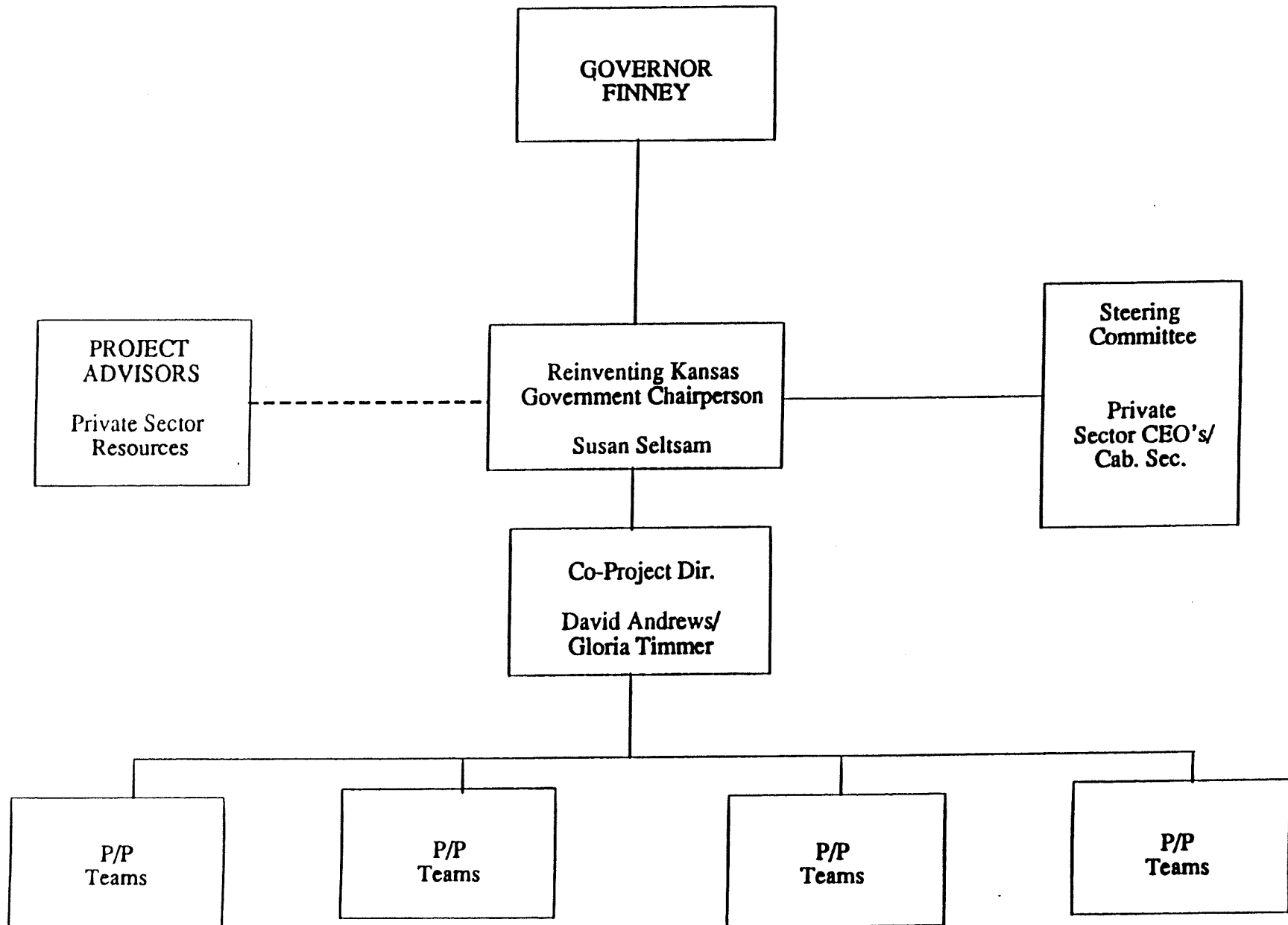
Efficiency measures our cost per unit of program delivery.

House G.O. & Elections  
Attachment 1  
10/19/93

# REINVENTING KANSAS GOVERNMENT PROJECT STUDY TEAMS

	Information System Management	Inventory Asset Management	Human Service Delivery		Budget
			Aging	Youth	
Leader (Private)	Boeing Ron Terzian	SWB Mike Laughon		Bank IV Tim Sipes	Western Resources Jim Clark
Team (Private)	Western Resources Ken Wymore	Boeing Sherri Boyer	Bank IV Joyce Mermis	Western Resources Jim Haines	Boeing Bill Jarrell
Team (Private)					
Team (ST/Ext)	DHR Bill Hall	Admin-Purch Jerry Menyman	SRS Joyce Sugrue Carla Nakata	Admin-DPS Phil Anderson	DOC&H Sherry Brown
Team (ST/Ext)	KDH&E Rich Miller	KDOT Dale Jost	DOR Tom Laing	DHR Katie Krider	KDH&E Chris Stanfield
Team (ST/Ext)	DOR Gary Russell	W&P Darrell Mortel	KDH&E Joe Kroll	W&P Joe Kramer	DOR Susan Duffy
Team (ST/Int)	Admin-DISC Jean Turner	SRS Bill Buxton	Aging Dr. Lyndon Drew	SRS John Alquest Harry Allen	KDOT Robert Haley
Team (ST/Int)	Admin-DISC Warren Neudorff	SRS Steve Kohnle	Aging Richard Wagner	DOC Jan Johnson Roger Werholtz	DOC Dennis Williams
Team (ST/Int)				KDHE Linda Kenney	
Budget Analyst	Lisa Unruh	Elaine Frisbie	Sabrina Wells	Dan Hermes	Jim Langford
STAFF					
Research	KDOT Ben Nelson	Admin-A&R Galen Bremer	Aging George Dugger	Budget Greg Tugman	Budget Kathy Sexton
Coordination	SRS		W&P David Katz		
Advisory		DHR Gerald Schneider		DOC&H Mark Barcellina	
Facilitation					

# REINVENTING KANSAS GOVERNMENT



1-3

## REINVENTING KANSAS GOVERNMENT

### Phase I

### Phase II

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May 25	Establish scope, approach, deliverables, timeframe, study topics.
June 15	Announce teams.
June 21	Kick off Phase I teams (training and organization).
June 28	Begin Assess Customer Requirements tasks (4 weeks).
July 26	Steering Committee Meeting.  Project Teams - Completed Customer Requirements task.  Project Teams report to Steering Committee this date.
August 31	Steering Committee Meeting.  Project Teams - Completed Assess Current Capabilities (6 weeks).  Project Teams report to Steering Committee this date.
September 7	Issue preliminary report to Governor.
September 27	Project Teams - Complete Develop Shared Operating Vision Tasks (3 weeks).
September 28	Steering Committee Meeting. Phase II Discussion.  Project Teams report on Developed Shared Operating Vision to Steering Committee this date.
October 4	Complete Identify Initiatives task (2 weeks). <ul style="list-style-type: none"><li>- Quick Hit Initiatives</li><li>- Major initiatives</li></ul> Begin assigning KQM teams to work Quick Hit Initiatives

	<p>Monitor and report results to Project Co-Directors</p> <ul style="list-style-type: none"> <li>- Timeframe</li> <li>- Responsibility</li> <li>- Accountability</li> </ul>	
October 18	Project Teams - Complete Assess Priority and Benefits task (2 weeks).	
October 19	<p>Steering Committee Meeting Phase II - Discussion and Consensus.</p> <p>Project Teams report Assess Priority and Benefits to Steering Committee.</p>	
November 1	Publish Phase I team reports (2 weeks).	Kick off Phase II teams (training and organization).
November 2	Steering Committee meeting. Review reports.	
December 7	Steering Committee meeting.	<p>Project Teams - Complete Assess Customer Requirements task (4 weeks).</p> <p>Project Teams report Assess Customer Requirement task.</p>
January 7		Project Teams - Complete Assess Current Capabilities task (6 weeks).
January 31		Project Teams - Complete Develop Shared Operating Vision task (2 weeks).
February 15		<p>Project Teams - Complete Identify Initiatives task (2 weeks).</p> <p>Assign KQM teams to work Quick Hit Initiatives.</p> <p>Monitor and report results</p> <ul style="list-style-type: none"> <li>- Timeframe</li> <li>- Responsibility</li> <li>- Accountability</li> </ul>
February 28		Project Teams -Complete Assess Priority and Benefits task (2 weeks).
March 15		Publish Phase II team reports (2 weeks).
April 15	<p>Issue final report to Governor.</p> <p>Continue monitoring and reporting results.</p> <p>Determine approach for major initiatives.</p>	

**REINVENTING KANSAS GOVERNMENT  
PROJECT TEAM TRAINING  
JUNE 21, 1993**

**EXPECTED RESULTS AND TIMEFRAME**

- SEPTEMBER 7    -    PRELIMINARY REPORT TO GOVERNOR
- NOVEMBER 1    -    PUBLISH PHASE I REPORTS
- MARCH 15      -    PUBLISH PHASE II REPORTS
- APRIL 15      -    FINAL REPORT TO GOVERNOR  
                  -    SIGNIFICANT "QUICK HIT" INITIATIVES  
                  ACCOMPLISHED AND IN-PROCESS



**Performance Measures:  
Asking New Questions in Government Accountability**

Sponsored by the National Association of State Auditors,  
Comptrollers, and Treasurers  
July 19-20, 1993

**Conference Premise**

Developing "performance measures," or setting goals and objectives and measuring the progress made toward achieving them, is gaining popularity at all levels of government. Many people believe that measuring program performance based on specific, measurable objectives is the wave of the future.

The conference brought together high-level officials from across the country to share current experiences with performance measures by local, state, federal, and international governments. (program agenda attached)

**Key Themes or Messages from the Conference**

1. Many government agencies measure their "activity" levels (# of clients served, # of inspections conducted, time spent on various processes, etc.) Few measure "outcomes," or the results of their programs.
2. Some reasons why:
  - agency managers naturally tend to focus on processes, not results
  - it is extremely difficult to reach consensus on the desired outcomes of many programs. (At the federal level, the Farm Home Agricultural Loan program is strongly viewed by some as a loan program and by others as a subsidy program.
  - government reporting requirements and funding decisions often are tied to activity levels, not outcomes
  - performance measurement can be difficult, time-consuming, and costly
3. Participants identified several primary benefits from measuring program performance and results:
  - greater accountability for the way tax moneys are spent
  - greater focus on defining missions, setting objectives and long-term strategies, and making employees think about why they are doing what they are doing
  - agencies that implement performance measurement usually have improved productivity, even without additional resources.
  - most of the benefit from initiating performance measurement was improved internal planning, management, and decisionmaking by program managers. The legislative oversight and appropriations processes were not the primary beneficiaries.
4. Participants all agreed that performance measurement and performance-based budgeting could not be accomplished without solid financial and programmatic data that allow legislative and executive branch officials to know what costs really are for major programs, services, or activities.
  - without such information, government can never be operated more like a business
  - without such information, legislative and executive branch policy makers won't have a basis for allocating and using resources

*House J.O. and Elections  
Attachment 2  
10/19/93*

- without such information, performance measurement and performance-based budgeting are likely to fail.

5. For the performance measurement initiative to work, there needs to be a clear linkage between accounting systems, performance measures, the budget and appropriations processes, and auditing.

6. Most governments that are developing performance measures are trying to integrate them into their budgeting practices and resource allocation decisions. However, a study by the GAO has shown that, even in states that have implemented performance measurement, resource allocation decisions continue to be driven by traditional budgeting practices.

7. In some governments, the performance measurement initiative is being driven by the executive branch; in others, by the legislative branch. Participants' opinions differed as to which branch should take the lead in requiring performance measurement and budgeting and in identifying strategies, goals, objectives, and measures.

8. Participants acknowledged that almost all previous initiatives regarding performance measurement and budgeting have failed. A major stumbling block was the lack of continuing political will and leadership at the top to make performance measurement and budgeting work.

9. Some governments have made extensive use of consultants to help them develop performance measures and implement changes; others have made these changes internally. Participants agreed that developing performance measures is an art, not a science. It is important to get a start, test what works, and refine those measures over time.

10. Participants cited numerous other limitations to performance measurement: Not every program can be measured. Usually no single measure will tell how well the program is working. Also, most initial performance measures may end up being inappropriate or the information will be unavailable or extremely costly to collect, analyze, and report (i.e., surveying clients or customers, developing and maintaining databases). Finally, the federal government's reporting requirements sometimes dictate the kinds of information agencies must keep and report. Satisfying federal reporting requirements and State-level performance reporting needs also can be very expensive.

11. Participants were divided on whether to implement performance measures and budgeting on a pilot-project basis or all at once. The federal Government Performance and Results Act of 1993 proceeds slowly, on a pilot-project basis, and is implemented over a period of years. Several state initiatives (i.e., Texas and Minnesota) have been on a government-wide basis (the big bang theory). If a pilot approach is used, it's important to pick some agencies that will fail.

12. Participants agreed that employees and customers should be involved in developing performance measures.

13. Governments that focus more on program results must take a hard look at all agencies whose essential function is "control." More emphasis should be placed on areas of high risk, and government will have to accept more error. (Government now has 0 tolerance for error and risk.) Permitting managers to manage will require a culture change within all of government; a de-emphasis on controls, and an emphasis on results.

## Key Steps Involved in Developing Performance Measures for Previously Established Programs or Activities

(Note: Program participants had differing opinions about the legislative vs. executive branch role in developing performance measures. A strong case can be made for having the Legislature mandate the development of good cost accounting systems, performance measures, and performance-based budgeting (in that order), and in having the Legislature involved in policy decisions regarding the mission, goals, purpose and expected accomplishments of major State programs, and the effective use of tax moneys. (One drawback: the Legislature may have difficulties reaching a consensus in these areas.) State agencies are responsible for developing subgoals and objectives, policies and procedures for carrying out these programs, performance measures and indicators for evaluating these programs, etc.)

1. Review major program goals, purposes, targets, etc. specified in laws and regulations (to identify legislative intent / purpose of programs). Is the program's purpose clear? Is it still relevant? Is it outdated? Should it be refined? Should it be eliminated?
2. Review agencies' mission statements, goals, objectives, and targets spelled out in budget documents, annual reports, internal agency reports, and agency policies and procedures. What do they say about a program's primary goals and purposes? Are they consistent, or do they contradict each other?
3. Talk with people in policy positions (legislative and executive), and with other employees and customers. What do they expect the program to accomplish? What's important to them? What information do they want to know about the program, and about how well is it accomplishing its purpose?
4. Identify the performance measures, targets, standards, etc., that agencies currently have or use for their major programs. How do they know whether their programs are successful?
5. Identify as many program measures as possible for major programs or activities (a program measure = something that will tell you whether the program is accomplishing its major goals and objectives; i.e., # of clients who got jobs and got off welfare).
6. Identify / establish benchmarks, targets, or standards that define the expected results (i.e., to decrease the number of fatal accidents by 5%) and suggest how well or quickly something should be done.
7. Separate "outcomes" (program results) from "outputs" (program activities; i.e., # of inspections conducted). Once potential measures are identified, go back through them to limit the number of measures ultimately used to as few as possible.
8. See what data actually are available from the agency regarding these measures. Analyze the data, look for trends, comparisons, etc., and figure out how to report the data on program measures and the results of the analyses. Two tough areas: agreeing on what major things a program is supposed to accomplish, and developing good performance measures. Key point--start! Don't try for or expect perfection at first. Experiment. Refine later.
9. Agencies need to plan how they can achieve results incrementally, over the long-term.

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**MONDAY, JULY 19, 1993**

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9:00 - 9:15 a.m.

**OPENING REMARKS**

**Michael Fitzgerald**  
President, NASACT; and,  
Treasurer  
State of Iowa

**Donald Goldberg**

Professional Staff Member

House Governmental Operations Committee

12:15 - 2:00 p.m.

**LUNCHEON**

Sponsored by KPMG Peat Marwick

**Charles Bowsher**

Comptroller General

General Accounting Office

9:15 - 9:45 a.m.

**KEYNOTE ADDRESS**

**Clinton Administration Official**  
National Performance Review

2:00 - 2:45 p.m.

**THE TEXAS EXPERIENCE**

9:45 - 10:30 a.m.

**PERFORMANCE MEASURES IN THE  
FEDERAL GOVERNMENT**

**John Sharp**

Comptroller of Accounts

State of Texas

**Frank Reeder**

Assistant Director for General Management  
U.S. Office of Management and Budget

2:45 - 3:15 p.m.

**BREAK**

10:30 - 11:00 a.m.

**BREAK**

3:15 - 4:30 p.m.

**STATE INITIATIVES**

11:00 a.m. - 12:15 p.m.

**FEDERAL INITIATIVES**

**John Gunyou**

Commissioner of Finance

State of Minnesota

**Russell Morris**

Commissioner

Financial Management Service

U.S. Department of the Treasury

**Jack Miller**

Partner

KPMG Peat Marwick

**John Dyer**

Deputy Commissioner

Social Security Administration

**Daniel Blue, Jr. (Invited)**

Speaker of the House

North Carolina Legislature

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**TUESDAY, JULY 20, 1993**

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8:30 - 9:45 a.m.

**INTERNATIONAL INITIATIVES**

**Jim Stevenson**

Regional Director - Americas  
Department of Finance  
Australia

**Ian Ball (Invited)**

Director  
Financial Management Policy  
The Treasury, New Zealand

9:45 - 10:15 a.m.

**BREAK**

10:15 - 11:45 a.m.

**PERFORMANCE MEASURES AND  
STANDARDS SETTING**

**Jay Fountain**

Assistant Director for Research  
Government Accounting Standards Board

**Allen Proctor**

Executive Director  
New York State Financial Control Board; and,  
Member, Government Finance Officers Committee  
on Government Budgeting and Management

12:00 - 1:30 p.m.

**LUNCHEON**

Sponsored by Price Waterhouse

**The Honorable William Roth**

U.S. Senator  
State of Delaware

1:30 - 2:45 p.m.

**AUDITOR ISSUES**

**Charles Lester**

Auditor General  
State of Florida

**Larry Alwin**

State Auditor  
State of Texas

**George Lewis**

Auditing Standards Board  
American Institute of  
Certified Public Accountants

2:45 - 3:15 p.m.

**BREAK**

3:15 - 4:30 p.m.

**LOCAL INITIATIVES**

**Ron Points**

Partner  
Price Waterhouse

**Ann Brooker**

Director of Budget and Management  
City of Milwaukee

4:30 - 5:00 p.m.

**WRAP-UP: WHERE DO WE GO FROM HERE?**

**Relmond Van Daniker**

Executive Director  
NASACT

# Legislation Would Judge Agencies By How Their Own Goals Are Met

## 'Performance Measurement' Bill Appears Likely to Pass This Year

By Stephen Barr  
Washington Post Staff Writer

The Financial Management Service is like the government's personal banker.

It writes checks for Social Security and veterans' benefits and pays many a federal worker each month through an electronic fund transfer. It also handles deposits and collects money. On average, the service has a cash flow of more than \$10 billion a day.

But this Treasury Department bureau, the last stop on 14th Street before the bridge to Virginia, is trying to do more than just balance the federal checkbook. The bureau has taken on the mission of improving the quality of government financial management, starting with itself.

The agency, looking inward, has focused on developing "performance measurements"—setting goals or objectives and measuring the progress made toward achieving them.

The Senate is expected to take up a bill fairly soon that would extend performance measurement to virtu-

*"Too often in Washington, there is ... little concern over what the program is actually achieving."*

—Sen. William V. Roth Jr. (R-Del.)

ally every corner of the federal government. The Clinton administration has endorsed the legislation, and House approval is expected later.

For federal managers who have been content to live by the rules of the budget process, emphasizing specific, measurable objectives represents a major bureaucratic shift. For the bad manager, it also represents a potential threat to his or her career.

For members of Congress concerned about why programs become scandal-ridden, stay on "high risk" lists or never seem to improve, performance measurement would give them a better way to redirect or re-orient programs.

Sen. William V. Roth Jr. (R-Del.), who introduced a bill on the topic in 1990, believes the management shift will make the government more accountable to taxpayers.

When the bill was approved by the Senate Governmental Affairs Committee, Roth said, "Too often in Washington, there is a tendency to focus just on how a program is spending its money and whether it is following proper procedures—with little concern over what the program is actually achieving. The notion that government should set specific goals when funding a pro-

At a House hearing on the bill, Office of Management and Budget Director Leon E. Panetta called it "the foundation for much of what we seek to do as we go about the task of reinventing government."

The consensus to move toward performance measurement has been reinforced by recent studies that show, as Comptroller General Charles A. Bowsher put it, "management in federal government is not in good shape."

Since World War II, the federal government has increasingly relied on private-sector consultants, contractors and local municipalities to carry out its work.

As a result, "most federal programs increasingly are becoming a function of the quality of performance by nonfederal entities [which] do not necessarily share federal program objectives," Bowsher said.

The government's traditional management principles need to be reassessed, he added, in order for federal managers to effectively design and manage programs that rely on outsiders, especially in an era of rapidly changing technologies and information systems.

To start the reassessment, Roth's bill would require the government to set up 10 three-year pilot projects to measure program performance and five two-year pilot projects that allow managers more flexibility if they improve program performance at the same funding level.

The bill also calls for experiments in performance-based budgeting, a system pioneered two decades ago in Sunnyvale, Calif., and celebrated in "Reinventing Government," the book written by David Osborne and Ted Gaebler that has influenced the Clinton administration's approach to reshaping the bureaucracy.

Under performance-based budgeting, a program's funding would be linked to measurable objectives developed by an agency. Subsequent reviews would be used to measure how close the program came to reaching its goals.

Joining Roth as original cosponsors are Sens. John Glenn (D-Ohio), Bob Graham (D-Fla.), Howard M. Metzenbaum (D-Ohio), John McCain (R-Ariz.), Daniel K. Akaka (D-Hawaii), Charles S. Robb (D-Va.) and Richard G. Lugar (R-Ind.). Leading the effort in the House are Reps. John Conyers Jr. (D-Mich.), William F. Clinger Jr. (R-Pa.) and Joseph M. McDade (R-Pa.).

The administration seems comfortable with the legislation partly because the government has some experience with financial performance measures developed under the 1990 Chief Financial Officers Act, which required agencies to establish effective accounting systems, create internal controls and prepare audited financial statements.

Russell D. Morris, the commissioner at Treasury's Financial Management Service, said that as his agency worked at defining its mission and performance goals, it learned "to more and more look at our measurements through the eyes of our customers."

The service now signs customer contracts with other House and Senate committees 10/19/93

Attachment 3

## TIME TO PERFORM

**T**he first version of the Government Performance and Results Act was introduced by Sen. William V. Roth Jr. (R-Del.), right, almost three years ago. The legislation, which has been endorsed by the Clinton administration, seems assured of congressional approval this year.



### MAJOR PROVISIONS:

**Strategic plans:** To establish "performance measurement" in the government, each department and agency would draw up a five-year plan setting forth its mission and long-term goals. The plans must be submitted to the Office of Management and Budget by Sept. 30, 1997.

**Performance plans:** Each agency would prepare annual program performance plans showing what short-term goals need to be achieved to meet the long-term goals in the strategic plan. The performance plans, also mandated by 1997, would establish benchmarks to measure effectiveness and efficiency. Key elements would be included in a governmentwide performance plan that OMB would submit as part of the budget, beginning with fiscal 1999.

**Annual reports:** All agencies would issue public reports on how well they achieved their goals or the reasons why goals were not met. The reports would begin with fiscal 1999.

**Managerial waivers:** OMB would be allowed to grant waivers to agencies seeking flexibility on personnel levels, salaries and budget constraints. In turn, federal managers would be expected to show improved program results for the same level of funding.

### PILOT PROJECTS

To test these concepts before implementing them governmentwide in 1997, the legislation would set up a series of pilot projects.

For fiscal years 1994, 1995 and 1996, OMB would organize 10 pilot projects designed to focus on annual performance plans and reports. The projects would reflect various government functions—from social policy to infrastructure to defense.

For fiscal 1995 and 1996, five pilot projects would examine the use of managerial flexibility waivers.

By mid-1997, OMB and the General Accounting Office would submit reports to Congress on the pilot projects.

### PERFORMANCE-BASED BUDGETING

Under the legislation, the federal government also would take its first big step toward "performance-based budgeting."

For fiscal 1998 and 1999, five pilot projects would explore the concept, testing the link between expected program performance and funding. Proponents argue that rather than relying on the traditional line-item budget accounts, Congress could use performance-based budgeting to tie program achievement with resources.

The fiscal 1999 budget would include the pilot projects and show their budget process. OMB would have until March 2001 to issue its evaluation of performance-based budgeting.

—Stephen Barr

federal agencies, such as the Social Security Administration and the Office of Personnel Management, to collect and pay out funds more efficiently.

"One of our measures is the degree to which we meet customer expectations," Morris said, adding that "there are some surprises in things that we didn't know were important to them are important to them and we ought to be measuring."

Internally, the service has used an agency team to identify and recommend standards for performance: how to increase the number of electronic deposits as a percentage of total payments, for example.

The agency has found that it costs 36 cents to produce a check and less than a penny for an electronic direct deposit. "The operational savings are incredible," said Karen Pedone, project manager for program performance.

Morris said federal managers historically have focused on process, rather than results, because of legislative and regulatory requirements and because during program reviews the auditors and Congress always wanted to know if the prescribed procedures were followed.

"There's an awful lot of prescriptiveness that as-

sumes people have to be told exactly what to do and how to do it. . . . Then there are requirements that they report on what they did, and the fact that they did it, and a lot of that is wasteful," Morris said.

Panetta has told congressional committees that he does not want performance measurement to create a new paperwork burden or create more bureaucracy. The administration also hopes that when the time comes to implement the law, the approach will be "bottom up," with agencies taking the lead on drawing up plans.

The administration also hopes that as the process gets going, Congress will not punish federal managers who err and will avoid a too-common reaction—mandating more rules.

Whether performance measurement succeeds, however, will be decided in large part by the group most affected by the legislation—federal managers.

As R. Scott Fosler, president of the National Academy of Public Administration, asked earlier this year, "Can OMB provide unbiased leadership in implementing this bill? And can federal managers do the same in evaluating their programs's performance?"

XS  
BS

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3-2

# Government Services Newsletter

New York Vol. 10 No. 3

May 1993

## EDITOR'S NOTE:

Most state and local governments across the United States have been confronted with the problems associated with fiscal stress; that is, a declining revenue base and ever-increasing service demands and costs. Over the past several years KPMG Peat Marwick has been assisting state and local governments' attempts at developing solutions to fiscal stress with the following major objectives in mind:

- Resources are allocated in an efficient and effective manner
- Intended results of programs and activities are being achieved
- Organization structures are focused on service delivery
- Pertinent laws and regulations are recognized.

Most recently, we assisted the North Carolina State Legislature with its first

statewide performance audit. As a result of this effort, the State identified a series of recommendations which, if adopted and implemented effectively, could result in savings of greater than \$200 million in the next fiscal year and up to \$1 billion in annual savings by the year 2002.

Similarly, we are currently assisting the City of Indianapolis in the development of a performance-based budget. This initiative resulted from the City's implementation of an activity based costing and performance measurement system.

As a result of our experiences with North Carolina, the City of Indianapolis, and many other government clients, we have developed a series of methodologies within which the needs of government can be identified and solutions achieved. These methodologies were developed with an awareness of the diverse needs

of state and local governments, the complexities of fiscal stress, and the variations in service delivery mechanisms.

Exhibit I sets forth the performance accountability system™ developed by KPMG Peat Marwick to assist governments in confronting the problems of fiscal stress while facilitating long-term structural change. This newsletter is devoted to introducing the reader to the service and cost elements of our system and provides examples of how our system has been successful.

Forthcoming newsletters will address other elements of KPMG Peat Marwick's performance accountability system and its application to state and local governments.



## Performance Accountability System™: Services and Costs – Setting the Stage

by Matt Ridenour

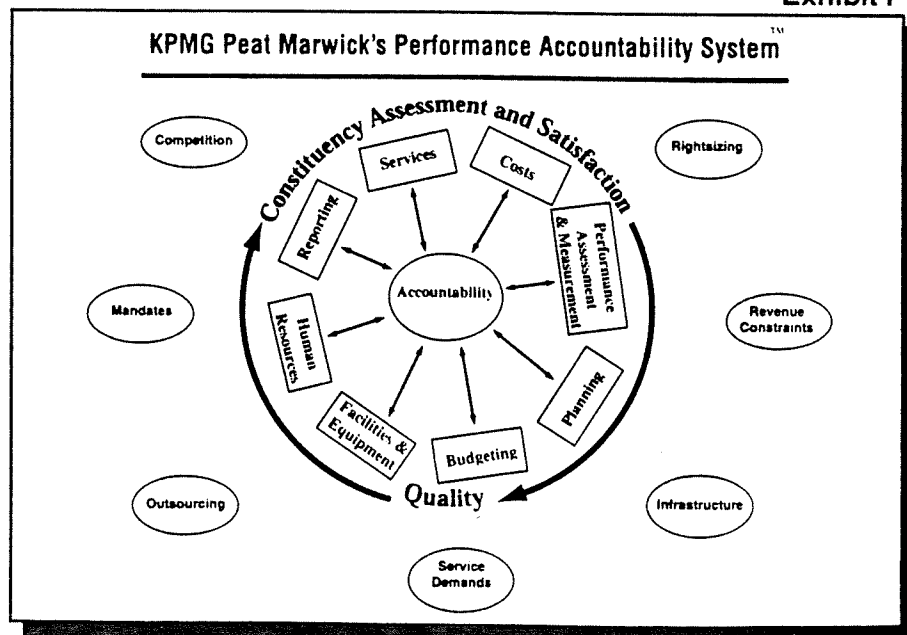
While the private sector continues to advance new products, improve old ones, and aggressively reduce cost,

the public perception is that governments are not moving in the same direction as the private sector, and in many instances this is true. Governments are offering relatively few new products and services, the quality of services is arguably in decline, and spending is increasing every year. Even accounting for population growth and inflation, the return on citizen investment in many governments appears to be in decline.

Politicians have become acutely aware of new pressures for performance

continued on page 2

Exhibit I





## Performance Accountability System: Services and Costs - Setting the Stage *continued*

and cries for "reinventing government" ring out from county courthouses to the White House. Unfortunately, while reading management books is fascinating, there are few true success stories and no hard and fast guidebooks for achieving this civic directive.

**The return on citizen investment in many governments appears to be in decline.**

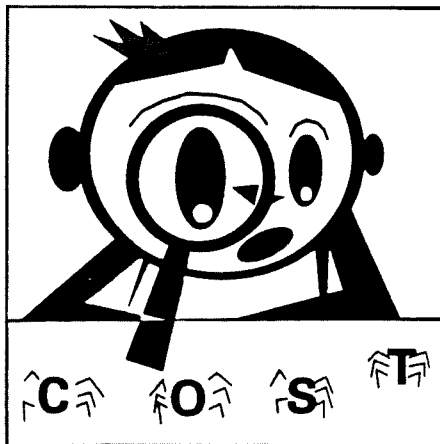
In Indianapolis, the new mayor, Stephen Goldsmith, is making giant strides in making government more effective and more accountable to the people. Mayor Goldsmith has hired KPMG Peat Marwick to implement our performance accountability system that will help him enter the trenches and wrestle with real issues and live data. (See Exhibit I.) This article documents the philosophies, tools, and technologies used in Indianapolis to advance the city toward its goal of being the first 21st century city.

### Tough Decisions and Efficient Organizations

All private-sector companies are ultimately driven by profit. In simple terms, profit depends upon the company's ability to produce and sell products at a price high enough to cover expenses and reward investors. In a market environment, companies face tremendous pressure on both revenue and cost components. Because profit is attractive, competitors are constantly striving to take away customers and to reduce cost. Any time one company produces a service at a lower cost than another, there is potential energy in the market system. Companies grow and thrive by exploiting the margins between current cost and potential cost. In this

environment, a company that does not constantly improve services while reducing cost will soon be bankrupt.

As a result of market pressure, private-sector managers must constantly make tough decisions: Can I replace these workers with technology? Can I continue to offer this product to the market? By continually making the right choices, private-sector managers seek to avoid an even tougher round of decisions: Which plant do I have to shut down? Which 100 workers do I have to lay off? In this sense, private-sector managers operate in a utilitarian manner, constantly seeking to advance the interests of the many at the possible expense of the few.



No one likes to make tough decisions. As an alternative, private-sector managers constantly seek new ways to innovate and change – improving current products or developing entirely new products. If they are effective, they will stay ahead of the competition and avoid the tougher series of decisions altogether.

In the absence of competitive forces, there is limited incentive for government to dedicate such intensity to issues of accountability; relationships often become focused on upper management rather than on citizens. Because no other organization can steal its customers, government does not focus on quality.

And, because no other entity is going to "beat its price," government is not compelled to drive down cost. Some of the reasons why market forces have not corrected the situation are:

■ *Government cannot go out of business.* Every citizen of the United States is a customer for government services – and a new customer is born every eight seconds.

■ *Government controls revenue.* If more money is needed, government can and will raise taxes. While the private sector has to persuade people to spend their money, government has the ability to assess taxes and initiate user fees. If a citizen decides not to buy what government is selling, and refuses to pay taxes, then that citizen may suffer the consequences. It is difficult to overstate this factor's philosophical impact on managers. General Motors would never close a plant if it could seize the assets of customers who refused to buy its cars.

■ *Government is allowed to spend more than it takes in.* Even governments that are required by law to balance their budgets nevertheless avoid doing so by borrowing, by deferring capital spending, and by employing creative book-keeping devices. Private companies, and families, can only deficit spend for a short time before going under.

■ *Government delivers "essential services."* Whenever reform-minded managers or elected officials exert pressure to reduce costs, status-quo managers can mount an effective defense pointing to the critical nature of their task. A call for budget cuts in the police department, for example, might be countered with a claim that the streets will be less safe. Attempting to slow the growth of education costs might be met with the challenge, "Aren't our kids

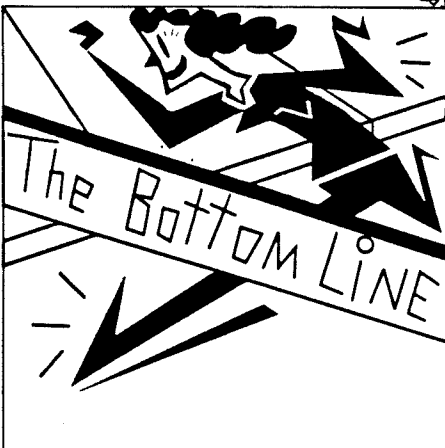
*continued on page 3*

## Performance Accountability System: Services and Costs – Setting the Stage *continued*

worth a few extra dollars per month?" Equating dollars with priorities is an effective defense even if new approaches reduce cost *and* improve services.

As a result of government management's ability to avoid such decisions it may deliver services that citizens might not necessarily want, and at a high cost.

The City of Indianapolis has learned to reverse this thinking by teaching its managers to operate like business people. More importantly, the mayor has moved managers into a competitive atmosphere that drives them to make tough decisions.



### The Value Equation

Before government executives attempt to deliver services to citizens in a more efficient and effective manner they must build consensus around the need to focus on the citizen as a customer. This may seem to be a statement of the obvious, but it is fascinating to discover how few government employees actually express their value in terms of a customer. Over time, government seems to move away from customer focus as it continues to perform certain activities for the sake of the government. As a starting point, government executives should get unions, legislators, managers, and employees to agree that citizens deserve at least a dollar's worth of services for

each tax dollar invested. Unless government executives can build consensus around this notion, it is impossible to develop an agenda around the private sector operative of value-added services.

In Indianapolis, city officials have made it clear that public sector workers are employed only because they add value to customers. As such, it is their responsibility to focus their complete energy on shifting resources toward activities that produce meaningful outcomes for citizens. They must examine every expenditure and activity. If they cannot link a dollar of cost to more than a dollar's worth of outcome, they must not spend the dollar. For government managers, this is the bottom line – the "profit motive." In Indianapolis, managers must learn to justify their actions in terms of either increased outcomes or decreased costs. This is expressed in the value equation:

$$\frac{\text{Outcomes}}{\text{Costs}} = \text{Value}$$

In simple terms, the top part of the equation represents those products that citizens care about (outcomes), and the bottom represents all the associated costs. Later, we will discuss some of the tools managers can use in examining these components more closely. For now, there are a few simple rules to keep in mind:

- Outcomes can *only* include core services. If a citizen doesn't care about it, or it is not legally required, it does not count.
- Everything else is cost. Every meeting attended, every vehicle purchased, every minute of every day is *cost*.
- All costs must be accounted for. Every penny of government spending

must be loaded into the cost of providing core services. Parking an old truck does not eliminate its cost.

In order to begin making government more responsive to the people, government servants must understand and agree on what they owe to the public. It is critical that public employees understand that they exist to serve the citizen.

**It is critical that public employees understand that they exist to serve the citizen.**



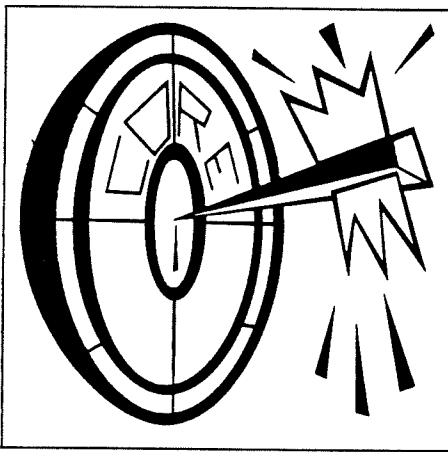
Further, it is important that they understand how the activity they perform affects the citizen. Each employee in an organization should be forced to understand where his activity fits into the value equation. Can each employee trace a dollar's worth of outcome from all of the costs that are associated with his or her performance? If an employee or a work group cannot justify its existence in terms of its outcome, the work group should be seeking to shift resources toward outcomes that citizens care more about. In fact, employees should constantly seek to

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## Performance Accountability System: Services and Costs – Setting the Stage *continued*

improve value by shifting resources for more meaningful outcome at less cost.

Bridget Anderson's article discusses activity based costing (ABC), a critical tool in measuring costs.



### Core Services

If you ask most Americans what fundamental services government must provide, they might refer to the Preamble to the Constitution. Government has the duty "to ensure domestic tranquility, provide for the common good," etc. But if you ask most government employees what their duty is, they will tell you that it is to process applications, or to stamp forms, or to pick up garbage. Somewhere along the way, what was most important got lost.

We are aware that representational democracy demands an accurate knowledge of the population. Somehow, that awareness has led the United States Census Bureau to ask every American family how much milk it drinks weekly. We know that the police must protect citizens from criminals. Somehow, in Indianapolis, that understanding led to an independent police print shop that prints, among other things, coloring books. The Indianapolis Department of Public Works understands that it must

provide a clean environment for its citizens. Somehow, that acceptance led it to ownership of a full-service video production facility.

What happened is that fundamental government activities seemed to demand ancillary activities that were incrementally less fundamental.

Unfortunately, tiny steps add up, and government now performs services that may be distantly related to those we feel it must. These additives may waste taxpayer money without improving core services; what is worse is that they actively hinder the delivery of core services. Because the census form has become increasingly complicated, for example, the number of people who fill it out has steadily decreased. To return to core services, government must begin to make the tough choices it has so long delayed.

In making tough choices, managers must know what the core services are. A "core service" is defined as "a service the provision of which government, by definition, must ensure." Because every government activity ought to be aimed at providing a core service, we ought to be able to determine core services from examining various government activities. To arrive at a core service from any given government activity, we must begin by asking, "Why is this activity necessary?" and continue asking "Why?" again and again until we arrive at the answer, "Because that's what government does."

Consider, for example, Indianapolis' maintenance garage's duty to repair damaged police cars. Why is this activity necessary? Because the police must have a well-maintained fleet. Why? So they can respond to calls quickly, and, when necessary, pursue a suspect. Why? So they can reduce crime. Why? So they can ensure public safety. Why? At this point, the only answer is: because that's what government does. When we have

arrived at a point where there is no other explanation, we have arrived at a core service.

**What happened is that fundamental government activities seemed to demand ancillary activities that were incrementally less fundamental.**

It will be fruitful to borrow an analogy from mathematics. Core services are axiomatic. Actual government activities are like theorems. In math, a theorem is only valid if it can be justified in terms of the basic axioms of the system. In government, an activity ought to occur only if its necessity can be derived directly from a core service.

A good example appeared in a recent *Wall Street Journal* article by Indianapolis Mayor Stephen Goldsmith. In the article, Mayor Goldsmith related that when he was prosecutor, his office was in the habit of arresting and prosecuting those who committed domestic violence. When the prosecutor's office studied the effect of this policy, it discovered that making an arrest reduced the likelihood of domestic violence, but the subsequent prosecution had little effect. In our mathematical analogy, the theorem "We ought to devote large amounts of energy to prosecuting domestic violence cases" could not be derived from the axiom "We ought to prevent violence." In other words, preventing violence is a core service – or, at least, a specific instance of the general core service of ensuring public safety – and the activity of prosecution, in this case, was not necessary for the delivery of that core service. As a result, Goldsmith had the

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## Performance Accountability System: Services and Costs – Setting the Stage *continued*

prosecutor's office shift its energy away from prosecution of domestic violence cases and toward activities that better delivered a core service.



In summary, an understanding of core services is useful for several reasons. First, and most important, a government cannot be good at delivering fundamental services if it does not know what they are. Second, government executives should be suspicious about the necessity for government to produce any ancillary service – there is a long path of justification between “clean environment” and “video production facility.” If government managers can improve outputs or shift resources toward meaningful core services, the citizen will receive more value for each dollar of investment. Finally, because the private market has thrived on the concept of specialization, it is likely that government can improve efficiency by competing out its ancillary services to firms that consider them to be their core services.

### Competition

Competition forces private-sector managers to drive out waste in their organizations by making tough decisions. By opening up government operations to competition, government

executives are virtually assured that waste will be reduced. When waste is reduced, value is increased by lower costs, or by more outcomes for the same cost. However, competition is more appropriate in some circumstances than in others. In general, one would find little support for the idea of competitive criminal justice systems, and substantial support for the idea of competitive printing work.

A rule of thumb to indicate which services are most appropriate to open to competition can be based on something Mayor Goldsmith is fond of saying: government must be more of a rudder and less of an engine.

This provides a good way to distinguish between activities that are ripe for competition, and those that are not. The rule in Indianapolis is: *government must make policy, but private vendors should be allowed to compete for the opportunity to implement policy.* If such a distinction is valid, one might say that government makes policy by deciding what services to provide. The implementation of policy – that is, the actual production of services – can be opened up to competition and/or produced by a private source. This rule appears to explain why it is difficult to privatize the justice system. The judicial process is largely a policy-making process. It is through the trial process that judges make the policy choice of whether or not an individual is to be labeled a criminal and incarcerated. Once that decision is made, government can open to competition the question of who will implement that policy decision and produce the service. Indeed, many municipalities have negotiated with private companies to construct and manage their jails.

Of course, the distinction between making policy and implementing it is not always clear: one might argue that one man's implementation is another man's

policy. We might say that a judge is simply implementing the broadly defined policy known as justice, as defined by precedent. We could also argue that the driver of a snow plow is making policy, not implementing it, because he must decide how fast he will drive. To a degree, both arguments are true. Few things are undeniably policy or undeniably implementation. It seems fairly clear, however, that equipping all buses to transport people in wheelchairs is on the policy-making side of the spectrum, and that driving those buses is on the policy-implementing side of the spectrum.

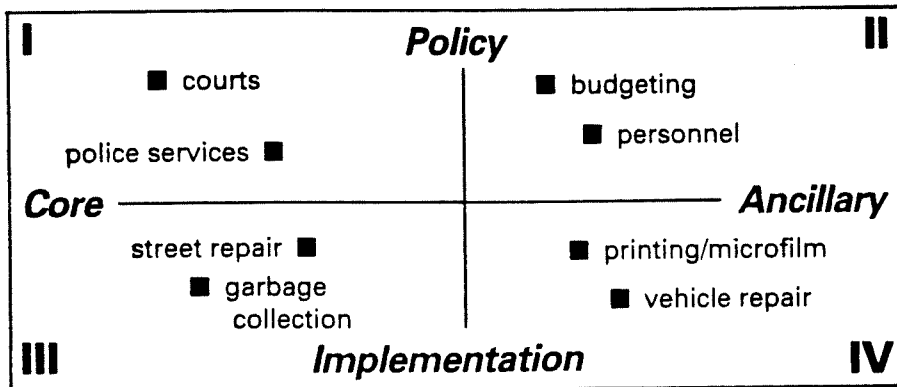
What we propose managers do, then, is think about their responsibilities and rank them along the spectrum between making policy and implementing it. Beginning with the items closest to the implementation side of the spectrum, they ought to open up services to competition. Theoretically, as noted, anything could be privatized; the mayor could simply hire companies to do what each of the departments does. However, it makes sense to begin with opening for competition those duties farthest along the implementation side of the spectrum.

Now, managers have a good set of guidelines for understanding when it might be most appropriate to compete out government services. Along a continuum, ancillary services and implementation activities are good targets for competition (or for elimination altogether). As depicted below, the best targets are in quadrant IV, with possibilities in II and III, and poor targets in quadrant I.

This chart, of course, oversimplifies the issues. Although street repair might be a target because of its position in quadrant III, this doesn't mean managers will easily be able to create a competitive environment. Managers need to understand the difference between the short

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## Performance Accountability System: Services and Costs – Setting the Stage *continued*



term and the long term. In the short term, because government has made certain investments in plant and equipment, it may be difficult to find competitive private providers. However, in the long term, most government costs are avoidable, and entrepreneurs will fill market gaps. In Indianapolis, for instance, the central garage is certainly more expensive than its private counterparts. However, by allowing the market to perform certain jobs, the city would not be able to avoid the costs of its new multimillion dollar garage. Therefore, Indianapolis citizens may have to live with inefficiencies for a while until the garage can be put to other uses or sold to a private vendor.

Of course, "Should I open this work up to competition?" is one of the tough decisions that government shields managers from making. If a government executive does not want to direct his managers on exactly when and where to pursue increased competition, he must force them to make that tough choice by themselves. Also, in some situations competition may not be the answer, but the need for efficient government is just as great: an efficient criminal justice system is at least as important as an efficient microfilm department. How, then, can we force government managers to make tough choices through or without competition?

### Forcing Entrepreneurial Government

Although competition is the key ingredient for creating entrepreneurial government, the transition to a competitive atmosphere both internally and externally can be arduous and painful. Unfortunately, the idea of competition may not be palatable to agency leaders, and may be even less attractive to mid-level managers and laborers. In addition, as pointed out earlier, some services are not good targets for direct competitive pressure. In order to overcome these barriers, executives need to arm their managers with tools and create incentives. The latter half of this article will cover many of the tools that KPMG Peat Marwick has helped Indianapolis deploy. Strong incentives to encourage competition and create a fluid entrepreneurial environment are budget freezes and reductions.

Line managers will respond, almost without exception, that services will suffer when budgets are cut. This, of course, is a logical and automatic response, and not wholly incorrect or harmful. However, the necessity of such service delivery reductions is directly related to the operating efficiency of the agency in question. The leaner the organization to begin with, the more likely that service cuts will follow budget cuts. This paper has presented a

stark contrast between the environment in the private sector and in government: because the private sector has the singular purpose of profit enhancement, it dedicates tremendous energy to protecting margin by staying lean. If a private company starts to grow fat, the competition will begin to exploit the potential energy in the market system. For this reason, it is safe to assume that, in government, service may suffer with budget cuts not so with private sector.



Because each increment of additional budget was originally linked to a core service, it will be virtually impossible for executives or overseers to argue with the line managers about the vital nature of a given program, piece of equipment, or employee. In fact, it is virtually impossible for line managers to convince themselves that budget increments are not necessary. Tough decisions are the only way to drive out incrementally damaging drift and because government managers have not traditionally thought of budgets in this way we are virtually assured that there is capacity in the system. Therefore, government executives should act on faith and hold the line on budgets while demanding improved service. When budgets are frozen,

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## Performance Accountability System™: Identifying Services and Costs

by Bridget Anderson

### Tools of the Performance Accountability System™

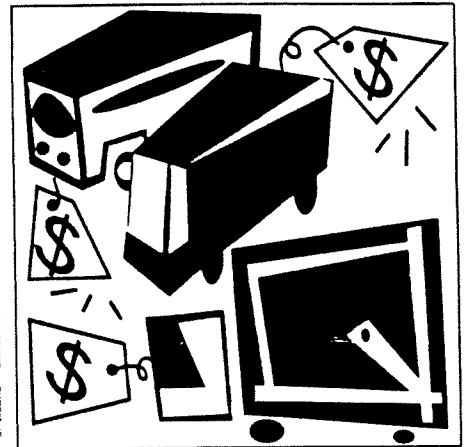
Both activity based costing (ABC) and performance measures are used to further evaluate the value equation. By talking with the customer, city officials will be able to determine which outcomes are important to the customer. Performance measures allow management to benchmark current services and service levels and measure improvement over time. ABC, on the other hand, allows manage-

ment to measure the fully loaded cost of providing the services.

### Activity Based Costing

Most governments do not know what any single activity or service costs. This was also true in Indianapolis until the mayor and other city officials asked KPMG Peat Marwick to implement an activity based costing system. Until then

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## Performance Accountability System™: Services and Costs – Setting the Stage *continued*

managers may be inclined to re-focus on core services and make tough decisions on how to deliver them efficiently. This strategy is almost risk-free in a government environment since, on a continuum, the less an organization is exposed to competition, the more capacity exists in the system to improve service while reducing cost.

David Osborne's book, *Reinventing Government*, offers several examples of cost reduction accompanied by dramatic service improvement. In Tampa, Florida, one agency went from 41 employees to 22 with a corresponding increase in productivity of 3,000%. Indianapolis has experienced similar results in its experiences with privatization. A private firm, Indiana Office Systems, is now running the City's microfilm operations with 11 (rather than 22) people and at less than one-third the cost. Perhaps more noteworthy, the private firm delivers services faster, and at better quality. Similarly, by privatizing the sewer billing function, the City will save over \$1.5 million next year while improving customer service.

By engineering a competitive

atmosphere in his first year, Indianapolis Mayor Stephen Goldsmith has cut millions out of the City's operating budgets and eliminated chronic deficit spending. At the same time, he has launched the largest capital improvement campaign in city history (\$520m) and has directed a new level of customer service in daily operations. He has accomplished all this with *no* increase in taxes.

The first year was a sometimes painful transition from old practices, and the mayor requested KPMG Peat Marwick's assistance in moving into the next phase of budgeting. Beginning in 1994, Indianapolis will produce a popular budget modeled after private sector financial reporting. In this budget, departments will no longer be able to simply request last year's budget plus an increase. In fact, the budget will begin with the assumption that the departments get no money initially, and have to justify each dollar in terms of a valued outcome for the citizen. This will be an extremely complex process in which each manager will have to understand his outcomes, place a value on them, and

budget based on true, fully loaded costs.

Forced to compete, by using a customer focus and new set of tools, government's creative and talented managers can reduce spending and enhance service delivery without cutting into the lean. Government's customers have been confused about their return on their taxes, and want new solutions. Leading government executives of tomorrow will face this pressure and earn – rather than take – citizens' dollars. □

Handwritten signature of William J. Peat.

## Performance Accountability System™: Identifying Services and Costs *continued*

the City could only detail how much was spent on such things as transportation and how much the various department budgets increased annually, but it did not know how much it cost to remove snow or perform a building inspection. There was no system in place that could capture the true cost of providing a single service by including every labor hour, each piece of equipment, and all facility costs, materials, and overhead dollars.

Lack of accurate information on the cost of providing specific city services is more than just an inconvenience. Before city government can even begin to consider providing a given service more efficiently, it must accurately determine the cost of providing that service. Without such information, citizens, in turn, will not know if they are getting the most out of their tax dollars. City officials began asking: What does it cost the City of Indianapolis to provide a service? Is the cost of providing services competitive in the marketplace? Is there an alternative delivery system that can provide the same service at less cost or at greater value? Is there a cause- and-effect relationship between spending and results? What outcome can citizens expect? How does the City respond to customers' needs? These questions were neither being asked nor answered by the current budget and resultant financial reporting process.

### Identifying Costs

To help determine the true costs of providing given services, a program known as the activity based costing (ABC) system was implemented. ABC is a technique for cost control that assigns costs to products or services based on their consumption of activities. ABC is a PC-based tool to model revised service costs. It is especially powerful in identifying component cost details, cost impacts, and savings from alternative

courses of action. The model is excellent for comparing the delivery costs for the same service in different locations. The end result is a better understanding of what causes specific costs, and their degree of importance for the end service and the outcomes. An ABC system provides useful management information, not just financial information. This system provides city departments with a methodology and the training to identify costs, highlights areas of efficiency, and brings attention to areas needing improvement. In addition, by attaching costs to the performance of specific activities, city departments can also measure the quality, efficiency, and effectiveness of the services delivered.

As many governments begin to reexamine their missions and their ways of doing business, activity based management (ABM) becomes more important. ABM concepts help managers assess how resources are consumed and where to focus improvement efforts. ABC is not new. The concept and system analysis have been in existence for years, but have just recently been applied in the governmental environment. The objectives of ABC are to preserve, at a minimum, the present quality and availability of core services, while acknowledging that some of the

forces for greater expenditures have not been controlled. To achieve savings or actual reductions in existing costs, first find less expensive ways to deliver these services and reduce the costs of service outcomes by:

- lowering service units through program redesign
- finding lower cost alternatives
- making volume increases dependent on cost reductions
- understanding and controlling the delivery/program design interaction.

Yet never forget – ABM is an art, not a science.

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**ABM concepts help managers assess how resources are consumed and where to focus improvement efforts.**

The ABC system is designed to define those activities that generate specific costs. This provides management with the necessary tools to analyze and better control overall costs. Using this method, costs of overhead functions – from payroll and computers to electric bills and fixed assets – are assigned to the activities that actually generate the expense. Management can learn to control the occurrence of activities and, therefore, learn to control costs.

### Methodology

KPMG Peat Marwick has segregated the implementation of the ABC system into five phases. (See Exhibit II.) This includes working closely with various city department personnel to define the activities and outputs and collect and analyze appropriate costs and allocation



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**Performance Accountability System: Identifying Services and Costs** *continued*

**EXHIBIT II**

**Five-Phase Approach to Activity Based Costing**

■ **Phase I – Define project objectives and establish department activities and outputs.**

This first phase focuses on a familiarization with department operations, personnel, and means of quantifying data. The most effective means of identifying activities and outputs, which serve as the foundation for the ABC model, are determined.

■ **Phase II – Collect and analyze appropriate costs and allocation methods.**

In this phase, relevant cost information is collected. Then, appropriate cost drivers for the activities defined in phase I are developed and the most effective means of measuring departmental outputs are determined.

■ **Phase III – Collect the remaining current direct and indirect cost information.**

Activity cost pools are established on PC-based spreadsheets. The most probable activity cost pools are personnel costs, direct materials, vehicles and equipment, fixed asset and facility costs, and administrative overhead.

■ **Phase IV – Develop an ABC model.**

Using the information in the first three phases, an ABC model is developed that is used to drive the activity cost pools to each output.

■ **Phase V – Summarize cost information and expand the departments' capabilities to include continuing use of the ABC model.**

In order for the ABC model to be utilized most effectively, a training session is held to assist department personnel in understanding how to use the ABC model on an ongoing basis.

methods. The process was a learning experience for Indianapolis city officials in exactly how many and what services were provided to citizens as well as in identifying those services that may also be provided in other departments. In addition, core services were discussed and identified. ABC is the first step in deciding which businesses the city wants to or should provide to the citizen and defining core, versus ancillary, services. It also heightens awareness of costs and the need for greater efficiencies.

The key components of the ABC system are *activities*, the tasks performed by the organization's resources – their employees, equipment, and facilities; *drivers*, the method of allocating activity costs to outputs; *outputs*, the final results or accomplishments of an organization;

and *consumption*, the extent that each activity should be allocated to each output. See Exhibit III for a simple example of how traditional cost information is detailed to the activity level through the use of the ABC model.

The cost-effectiveness of the approach can be seen in the way the Indianapolis Department of Transportation (DOT) quantified specific costs. Using the ABC system, DOT was able to identify the optimal mix of labor, supplies, and equipment costs to plow snow. To accomplish this, the DOT Street Maintenance Section was organized into five geographical cost centers. Costs were then allocated to each function in the snow removal process. The resulting analysis allowed management to analyze the efficiency of individual cost centers.

For example, it was found that costs associated with plowing a mile of snow in one geographical cost center was \$39.96, compared with \$117.59 in another. In analyzing the discrepancy, management learned one cost center was using excessive amounts of salt per mile and not making optimal use of equipment. In addition, one cost center used far more expensive labor in performing snow control. As a result, DOT reallocated both people and equipment resources to reduce costs without sacrificing quality. DOT will now be able to provide citizens with greater efficiencies in snow removal and at a much lower level of cost. See Exhibit IV for an analysis of snow removal costs.

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**Performance Accountability System™: Identifying Services and Costs** *continued*

**Exhibit III**

**Snow Control-Chuckhole Example**

**Activities**

Activity Name	Total Dollars
C Labor	\$1,000
D Labor	600
Salt	400
SAD	400
Central Serv O/H	200
<b>Total</b>	<b>\$2,600</b>

**Activities and Related Drivers**

Activity Name	Driver
C Labor	C Hours
D Labor	D Hours
Salt	Tons of Salt
SAD	SAD Hours
Central Serv O/H	Total Labor Hours

**Consumption**

Driver	Snow Control	Patch Chuckhole	Total
C Hours	50	50	100
D Hours	10	20	30
Tons of Salt	500	0	500
SAD Hours	80	70	150
Total Labor Hours	60	70	130

**Cost Per Output**

Activities	Snow Control	Patch Chuckhole	Total
C Labor	\$500	\$500	\$1,000
D Labor	200	400	600
Salt	400	0	400
SAD Truck	213	187	400
Central Serv O/H	92	108	200
<b>Total</b>	<b>\$1,405</b>	<b>\$1,195</b>	<b>\$2,600</b>

12 Miles of road \$117.08

14 Tons of mix

\$85.36

In another example, DOT was forced, through the process of figuring out how much it cost to fill a pothole, to bid this activity competitively. Once the cost of filling a pothole was determined through the use of ABC, supervisors of DOT and union workers teamed up to prepare their bid by reviewing streets, analyzing the ABC model records of past performance, and preparing a workplan for accomplishing the bid preparation. In analyzing ways to reduce costs, the team decided it did not need eight workers on two

trucks. It determined that by reallocating a particular gadget from truck B to truck A, five workers could be put on truck A, and three workers and truck B would not be needed and could be reassigned within DOT. By making these changes, the cost of filling a pothole was reduced and the union workers won the bid. This created a market opportunity as well as some good will between city and union employees. The prospect and reality of opening to competition work previously sheltered by the public umbrella caused

DOT to begin to evaluate its strengths and weaknesses.

In addition to the implementation of an ABC system, a nine-cell portfolio matrix analysis tool pioneered by General Electric (GE) was used to help in the evaluation. The GE matrix is based on the two dimensions of long-term product-market attractiveness and business strength/competitive position. Public value was chosen by DOT to

*continued on page 11*

## Performance Accountability System: Identifying Services and Costs *continued*

approximate long-term product-market attractiveness. It was determined that some kinds of work traditionally done by DOT have more value than other kinds of work. A list of eight factors was developed by DOT to weigh public value. It was thought that kinds of work having high public value were likely to continue to be funded in future years, and would therefore be good candidates for investment. Present competitive position was selected to approximate business strength/competitive position. Again, eight factors were developed to weigh present competitive position.

Some kinds of work performed by DOT are also done in the private sector, so competition is already present. Other kinds of work are not approximated in the private sector, giving DOT an apparent advantage. Perhaps the most important aspect of the analysis is that representatives from DOT and the union worked together to consider future directions. ABM is now used daily in DOT. The DOT cost accountant said, "ABC along with ABM has helped us to make strategic decisions using costs that are approximately right rather than approximately wrong."

The Indianapolis Department of Parks and Recreation (DPR) has used some of the information from the DPR-Pools Section costing model to enter into an interesting agreement with the Indianapolis Water Company. In the past, the water company has opened the fire hydrants on very hot summer evenings in some inner-city neighborhoods. While this has provided recreation for the youth, it has created potential problems for the Fire Department. If a fire were to occur in that area of the City, the water pressure necessary to fight the fire may

*continued on page 12*

### Exhibit IV

ACTIVITY	NORTHWEST	NORTHEAST	CENTER	SOUTHWEST	SOUTHEAST
C LABOR	\$0.89	1.19	3.08	0.14	0.42
D LABOR	7.27	11.76	25.29	13.21	7.73
E LABOR	5.09	5.84	5.59	2.77	1.17
SUPERVISORS	2.27	2.69	3.81	6.10	1.81
T SUPERVISORS	2.60	5.10	2.13	2.06	2.08
PERSONNEL COSTS	18.12	26.58	39.90	24.28	13.21
CALCIUM	0.86			4.86	
SALT	36.18	9.25	20.78	43.96	5.24
SAND				0.14	
DIRECT MATERIALS COSTS	37.04	9.25	20.78	48.96	5.24
CENTRAL SERVICES	9.35	13.29	19.74	18.63	7.47
FACILITIES	1.84	3.81	0.94	0.59	0.66
FIXED ASSETS	0.14	0.08	0.05	0.07	0.05
ADMINISTRATION	3.18	4.30	4.98	3.77	2.34
OVERHEAD COSTS	14.51	21.48	25.71	23.06	10.52
CREWCAB PICK UP	0.01				
LOADER	8.24	3.83	1.43	4.25	0.77
MINI PICK UP	6.11				
SAD 90	6.24	6.12	0.50	6.51	2.73
SADA 85	1.17	1.93	0.88	4.02	1.67
SEDAN	3.31				
TAD 90	2.87	0.79	3.72	2.98	1.89
TADA	10.41	4.25	1.73	2.98	2.85
DUMP TRUCK	0.01	0.02			
UNUSED EQUIPMENT	0.48	0.55	0.13	0.55	1.08
ROLLING STOCK COSTS	38.85	17.49	8.39	21.29	10.99
TOTAL	\$108.52	74.80	94.78	117.59	39.96
MILES PLOWED	1,100	1,000	900	1,000	1,846

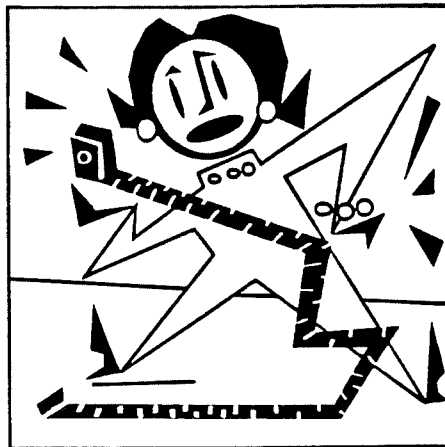
## Performance Accountability System™: Identifying Services and Costs *continued*

not be adequate. In order to alleviate this potential problem and accommodate the citizens, the water company asked DPR to expand its pool hours. Through ABC, DPR knows the cost per hour to operate each pool in the City and the cost of each program provided and can bill the water company each time DPR is requested to expand pool hours. The Fire Department can also get back to fighting fires with adequate water pressure.

### Measuring Quality with Performance Measures

After the implementation of an ABC system, performance assessment and measurement is the next logical step in our performance accountability system. Performance measures and outcome-based incentives are increasingly being considered by forward-thinking managers. By implementing the ABC system, Indianapolis is in the process of measuring not only the costs of every service dollar delivered, but the quality of that service through the development of performance measures. For example, the initial ABC results for the Department of Parks and Recreation indicate that the cost of providing certain services at some of the public pools is very high. While striving to reduce these costs, the department must also weigh them against the quality of service provided,

i.e., the reduction of crime in the area by providing a place of recreation for city youths and increasing the quality of life. Looking beyond costs often calls for a shift in mindset.



In Indianapolis, city officials have attempted to make it clear that, as public-sector employees, their central organizing principle must be to add value. As such, they feel it is their responsibility to focus their energy on shifting resources toward activities that produce meaningful outcomes for citizens.

As management gains experience and shifts mindset, it can take steps to institutionalize the practices that contribute most to performance improvement and build those practices into the

City's infrastructure. Emphasis can be shifted toward higher value outputs and better delivery of core services — things citizens want most for their tax dollars. If management can improve outputs or shift resources toward meaningful core services the citizen will receive more value for each dollar of investment.

Indianapolis' results-driven program is yielding significant service improvements and cost savings. While the City is examining every expenditure and service, the positive ABC results have built employee confidence and skills. With the help of KPMG Peat Marwick's performance accountability system, the City is reexamining not just how much government ought to be provided but what kind of government. This reinforces government's commitment to deliver more than a dollar's worth of service for every dollar invested, and city managers, now armed with this new information, are ready to move forward to the next step of performance budgeting. □

*Bridget M. Anderson*

*Matt Ridenour, formerly Director of Management Services for the City of Indianapolis, is now Director of Management and Safety for Indianapolis Downtown, Inc. While with the City, Mr. Ridenour was active in the reorganization of several city departments and was one of two staff*

*members responsible for the mayor's privatization task force, Service Efficiency and Lower Taxes for Indianapolis Commission (SELTIC). Mr. Ridenour's current role is the start-up and financing of an independent management district for downtown Indianapolis.*

*Bridget Anderson, a senior audit manager in KPMG Peat Marwick's Indianapolis office, has been involved in ABC projects for the City of Indianapolis and other local governments since the system's inception. For more information, call 317-636-5592.*

STATE OF KANSAS



OFFICE OF THE GOVERNOR

JOAN FINNEY, Governor  
State Capitol, 2<sup>nd</sup> Floor  
Topeka, KS 66612-1590

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1-800-432-2487  
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FAX# (913) 296-7973

TO: Members of the House Governmental Organization  
and Elections Committee

FROM: Gary Reser  
Governor Joan Finney's Legislative Liaison

DATE: October 19, 1993

SUBJECT: Reinventing Kansas Government

**Background**

On March 31, 1993, Governor Joan Finney announced the creation of the Reinventing Kansas Government Steering Committee, comprised of representatives from private industry and state government. Half of the committee's membership is made up of managing officers of the following Kansas companies: Bank IV, Boeing, Security Benefit Group, Southwestern Bell Telephone, and Western Resources, Inc. The balance of the committee is composed of Cabinet secretaries from the Department of Aging, Department of Corrections, Department of Transportation, Department of Health and Environment, and the Department of Administration. The committee is chaired by Secretary of Administration Susan Seltsam.

The Reinventing Kansas Government project was a natural extension of two of the Governor's initiatives organized under Executive Order No. 91-133: the Kansas Office of Efficiency Management and Kansas Quality Management program. The approach utilized in this initiative is based upon the principles of the best-selling book, Reinventing Government, by David Osborne and Ted Gaebler.

The Reinventing Kansas Government Steering Committee was directed by the Governor personally in an initial meeting to identify ways to reduce state spending while retaining high quality services and establish methods to increase the participation of the private sector in meeting challenges facing Kansas government.

*House G.O. & Elections  
attachment 4  
10/19/93*

## House Governmental Organization and Elections Committee

### Methodology

An initial list of 125 opportunity areas was identified by the Division of Budget staff to identify common problems and positive solutions in state government. In addition, initiatives identified in other states were considered. These 125 opportunity areas were then evaluated by the Division of Budget staff and representatives of Andersen Consulting, which has offered its assistance to this project at no cost to the state. This initial list of 125 was cut down to 19 functional areas which was then passed on to the Steering Committee for review.

The Steering Committee discussed the 19 functional study areas and evaluated them on the bases of opportunity for cost savings, private sector expertise, and the likelihood of success. The list of nineteen was reduced to 10 and after further discussion, to the five areas presently under evaluation. The areas are: Budget, Human Service Delivery for Youth, Human Service Delivery for the Aging, Inventory and Asset Management, and Information Systems Management.

Work groups for each of the areas were then selected by the steering committee utilizing a combination of private and public sector managers with the private sector executives serving as team leaders. The Reinventing Kansas Government work groups then attended an orientation session led by the project co-directors Gloria Timmer, Director of the Division of the Budget, and Dave Andrews, partner, Andersen Consulting. This session introduced the participants to the Reinventing Government approach and to their fellow team members.

### Project Organization

The project organizational chart is shown below:

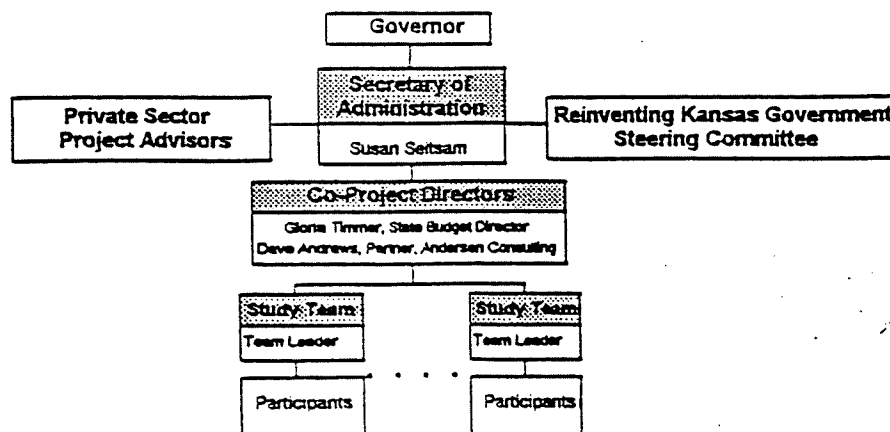


Figure 1

## Approach

Reinventing Kansas Government has been organized into two phases. The Phase I is currently in progress and Phase II study topics will be identified in October with work to begin in November. The teams will utilize the same approach and schedule in each phase to ensure that everyone is moving in the same direction.

Each study group will approach their study area in the following manner:

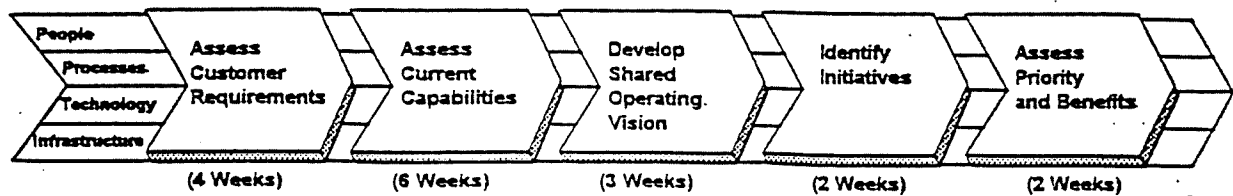


Figure 2

Working groups have completed the first segment, Assessing Customer Requirements, and have presented their deliverables to the project co-directors. They are currently in the process called Assessing Current Capabilities.

The final report of the project is to be presented to the Governor on April 15, 1994. The final report will include all of the reports produced by the working groups. These reports will include major and "quick hit" initiatives aimed at cost cutting and efficiency in Kansas government.

Kansas Quality Management teams will be assigned to implement the quick hit initiatives and work will begin on implementing the major initiatives.



## OFFICE OF THE GOVERNOR

JOAN FINNEY, Governor  
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## PRESS RELEASE

913-296-3232  
1-800-432-2487  
TDD# 1-800-992-01  
FAX# (913) 296-797

FOR IMMEDIATE RELEASE: March 31, 1993  
FOR MORE INFORMATION  
CONTACT: Martha Walker  
(913) 296-2714

Governor Joan Finney announced today she has assembled a panel of Kansas business executives to investigate, analyze and recommend opportunities to improve Kansas government.

"The *Reinventing Kansas Government* initiative will build on accomplishments we have made since 1991, on citizens' recommendations from the *Creating Tomorrow* work, and on the strengths of *Kansas Quality Management* efforts," Governor Finney said.

The Governor said selected cabinet secretaries will also serve on the panel.

"It is time to fundamentally change 20th century government, reinventing a 21st century state government that will see this state and its people safely into the next century," Governor Finney said.

Governor Finney said the *Reinventing Kansas Government* initiative is aimed at developing solutions to challenges facing Kansas; at delivering state government services with existing resources available; and at creating more opportunities for people to participate in state government that is directly accountable to the people it serves.

Governor Finney said the *Reinventing Kansas Government* steering committee will especially focus on ways to reduce state budgets while retaining services and on ways to increase participation of the private sector in meeting challenges facing Kansas government.

"We have made good beginnings in these areas, curtailing the growth in government programs and in consolidations of administrative services such as printing operations to produce substantial savings," Governor Finney said.

"Within revenues available, we have created a Division of Housing to ensure shelter for all Kansans and embarked upon a building program at our universities to meet the needs of students in the 21st century," Governor Finney added. "Five of the seven *Creating Tomorrow* task forces have reported and much progress has been made implementing their visions for a better Kansas."

"The *Reinventing Kansas Government* initiative will utilize some of the best talent in Kansas businesses to merge these beginnings into a working strategy to position Kansas to be competitive meeting the challenges of the 21st century," Governor Finney said.

4-4

Governor Finney said Kansas business and government executives who have agreed to serve in this endeavor include: James W. Callaway, president of Southwestern Bell Telephone Company, Topeka; John E. Hayes, Jr., Chairman of the Board, President and Chief Executive Officer of Western Resources, Inc., Topeka; Howard Fricke, President and Chief Executive Officer of the Security Benefit Group, Topeka; and Dan Heidt, Vice President and General Manager of Boeing Commercial Airplane Group, Wichita.

The Governor said each corporate participant has also been asked to loan two or three executive management staff people who will work on project teams with government managers to make in-depth assessments in specific areas of government operations.

Secretary of Administration Susan Seltsam will chair the *Reinventing Kansas Government* steering committee. Secretary of Aging JoAnn Hurst, Secretary of Corrections Gary Stotts, Secretary of Transportation Michael Johnston and Secretary of Health and Environment Robert Harder will also serve the *Reinventing Kansas Government* initiative.



## Reinventing Kansas Government

### Mission:

To identify cost effective opportunities to significantly improve the efficiency and effectiveness of the delivery of citizen focused services.

### Objectives:

- Identify methods to improve citizen focused service delivery;
- Increase focus on essential functions;
- Aggressively identify budget reduction opportunities;
- Reinforce Kansas Quality Management projects;
- Utilize the private sector to challenge existing paradigms; and,
- Invigorate, focus and mobilize the State workforce toward desired outcomes.

#2

**Reinventing Kansas Government  
Project Scope**

This study will focus on the identification of opportunities to increase efficiency and effectiveness in state government. It will also focus on a specific number of study categories to optimally allocate limited resources. Individual study teams will broaden their scope, if needed, given available time and resources.

Implementation will not be the responsibility of the study teams, although agencies will be encouraged to begin implementation of "Quick Hit" initiatives during the course of the study [through the KQM program].

This study differs somewhat from many of the studies conducted in other states which primarily focused on cost-reduction. Kansas has defined three components to government operations for review:

- Programs
- Effectiveness
- Efficiency

Programs are legislatively mandated services or entitlements which are unlikely to change in the short term. While they are open to question, they should not be the study focus.

Effectiveness measures the State's ability to deliver programs as mandated and with a level of service satisfactory to customers.

Efficiency measures the State's cost per unit of program delivery.

4-7

enclosure 4

Mr. James W. Callaway, President  
Southwestern Bell Telephone  
220 East 6th Street  
Topeka, Kansas 66603

*Susan Fox*

Mr. John E. Hayes, Jr.  
Chairman of the Board, President  
and Chief Executive Officer  
Western Resources, Inc.  
P. O. Box 889  
Topeka, Kansas 66601

Mr. K. Gordon Greer, CEO & Chairman  
Bank IV Kansas  
P. O. Box 4  
Wichita, Kansas 67201-0004

Mr. Howard Fricke, President &  
Chief Executive Officer  
Security Benefit Group  
700 S. W. Harrison  
Topeka, Kansas 66636-0001

Mr. Dan Heidt  
Vice President-General Manager  
Boeing Commercial Airplane Group  
Box 7730 - M/S K09-89  
Wichita, Kansas 67277-7730

Susan Seltsam, Secretary  
Department of Administration  
State Capitol - Room 263-E  
Topeka, Kansas 66612-1572

Robert Harder, Secretary  
Department of Health & Environment  
LSOB - 9th Floor  
Topeka, Kansas 66612

Joanne Hurst, Secretary  
Department on Aging  
DSOB - Room 122-S  
Topeka, Kansas 66612-1500

Mike Johnston, Secretary  
Department of Transportation  
DSOB - Room 754-N  
Topeka, Kansas 66612

Gary Stotts, Secretary  
Department of Corrections  
LSOB - 4th Floor  
Topeka, Kansas 66612

# REINVENTING KANSAS GOVERNMENT PROJECT STUDY TEAMS

	Information System Management	Inventory Asset Management	Human Service Delivery		Budget
			Aging	Youth	
Leader (Private)	Boeing Ron Terzian	SWB Mike Laughon	S&G Glenda Overstreet	Bank IV Tim Sides	Western Resources Jim Clark
Team (Private)	Western Resources Ken Wymore	Boeing Sherri Boyer	Bank IV Joyce Mermis	Western Resources Jim Haines	Boeing Bill Jarrell
Team (Private)					
Team (ST/Ext)	DHR Bill Hall	Admin-Purch Jerry Merryman	SRS Joyce Sugrue Carla Nakata	Admin-OPS Phil Anderson	OCC&H Sherry Brown
Team (ST/Ext)	KDH&E Rich Miller	KDOT Dale Jost	DOR Tom Laing	DHR Katie Krider	KDH&E Chris Stanfield
Team (ST/Ext)	DOR Gary Russell	W&P Darrell Montel	KDH&E Joe Kroll	W&P Joe Kramer	DOR Susan Duffy
Team (ST/Int)	Admin-DISC Jean Turner	SRS Bill Buxton	Aging Dr. Lyndon Drew	SRS John Alquest Harry Allen	KDOT Robert Haley
Team (ST/Int)	Admin-DISC Warren Neudorff	SRS Steve Kohnle	Aging Richard Wagner	DOC Jan Johnson Roger Werholtz	DOC Dennis Williams
Team (ST/Int)				KDHE Linda Kenney	
Budget Analyst	Lisa Unruh	Elaine Frisbie	Sabrina Wells	Dan Hermes	Jim Langford
STAFF					
Research	KDOT Ben Nelson	Admin-A&R Galen Bremer	Aging George Dugger	Budget Greg Tugman	Budget Kathy Sexton
Coordination	SRS		W&P David Katz		
Advisory		DHR Gerald Schneider		DOC&H Mark Barcellina	
Facilitation				KDH&E	

# REINVENTING KANSAS GOVERNMENT

## PROJECT TEAM TRAINING

JUNE 21, 1993

### PROJECT TEAM SCOPE

**DELIVERY OF HUMAN SERVICES** - THIS STUDY WILL FOCUS ON THE SERVICE EXPECTATIONS, STRATEGIES, ORGANIZATIONAL STRUCTURES, WORKFLOWS AND SYSTEMS ENCOMPASSING THE DELIVERY OF EXISTING HUMAN SERVICES PROGRAMS.

**INFORMATION SYSTEMS MANAGEMENT** - THIS STUDY WILL FOCUS ON THE BEST METHODS FOR PLANNING, ORGANIZING, OBTAINING, AND MANAGING INFORMATION SYSTEMS AND INFORMATION TECHNOLOGY IN STATE GOVERNMENT.

**BUDGETING PROCESS/ROLE** - THIS STUDY WILL FOCUS ON OPPORTUNITIES TO IMPROVE THE BUDGETING PROCESS AND BUDGETING'S ROLE IN MAXIMIZING EFFICIENCY AND EFFECTIVENESS IN STATE GOVERNMENT. ITEMS FOR STUDY INCLUDE THE IMPACT OF BUDGETING ON AGENCY LONG-TERM PLANNING AND OPERATIONS, INCENTIVE BASED BUDGETING, AND THE ROLE OF BUDGETING IN PROGRAM EDUCATION AND SHAPING POLICY.

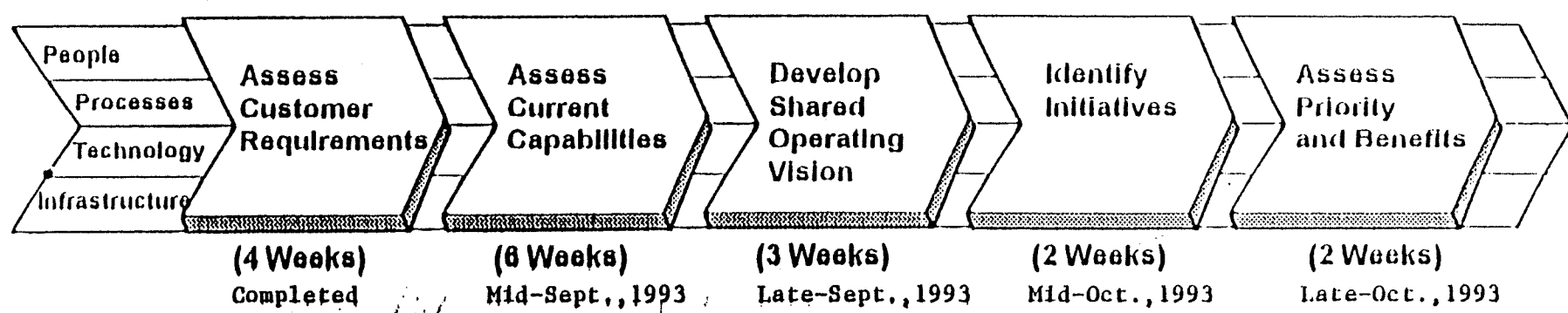
**INVENTORY/ASSET MANAGEMENT** - THIS STUDY WILL EXAMINE THE EFFECTIVENESS AND EFFICIENCY OF THE ORGANIZATIONAL STRUCTURES, PROCESSES AND SYSTEMS USED TO MANAGE THE STATE'S INVENTORIES, ASSETS AND FACILITIES. SPECIFIC AREAS TO BE STUDIED INCLUDE SPACE MANAGEMENT (OWN-LEASE), MOTOR POOLS, PRIVATE VEHICLE USE, INVENTORY/ WAREHOUSING, ASSET USAGE/ LOCATION AND FACILITY UTILIZATION.

*youth*

*aging*

# Reinventing Kansas Government Project Approach

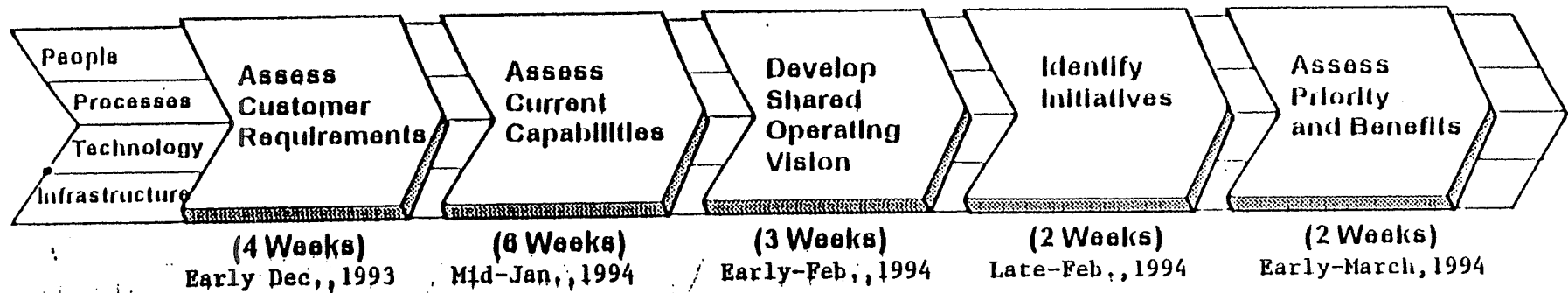
## PHASE I



4-11

# Reinventing Kansas Government Project Approach

## PHASE II





OFFICE OF THE GOVERNOR

JOAN FINNEY, Governor  
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Topeka, KS 66612-1590

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TDD# 1-800-992-0115  
FAX# 913-296-737

EXECUTIVE ORDER NO. 91-133

DIRECTING THE ELIMINATION OF WASTE AND  
DUPLICATION AND IMPROVING THE EFFICIENCY  
WITHIN THE EXECUTIVE BRANCH OF THE STATE OF KANSAS

WHEREAS, Article 1, §3 of the Constitution of the State of Kansas vests the supreme executive power of the state in the governor; and

WHEREAS, Article 1, §4 of the Constitution of the State vests in the Governor, the power to require information from the officers of the executive department, upon any subject related to their respective duties; and

WHEREAS, Article 1, §6 of the Constitution of the State vests in the Governor the power to issue executive orders, subject to legislative oversight, for the purpose of transferring, abolishing, consolidating the whole or any part of any state agency or the functions thereof, within the executive branch of the state government, when the governor considers the same necessary for efficient administration, and

WHEREAS, administrative efficiency, task accountability and fiscal integrity in government will be enhanced through the elimination of waste and duplication; and

WHEREAS, an in depth examination of agency functions and operations will provide a foundation upon which organization decisions may be based;

NOW THEREFORE, pursuant to the authority vested in me as Governor of the State of Kansas, it is hereby ordered as follows:

- I. The administrative heads of all State boards, commissions, agencies and institutions within the executive department shall develop a comprehensive plan to critically examine its functions and operations for the purpose of: eliminating wasteful, duplicative and marginal programs and practices; improving the efficiency



of each function or service provided; and reviewing all current and future capital outlays for equipment with the objective of extending the life-cycle of existing equipment.

II. The officers and employees of all State boards, commission, agencies and institutions within the executive department are encouraged to actively participate in this effort by providing suggestions and recommendations pertinent to the objectives of this Executive Order.

III. Each such plan, suggestion and recommendation shall be coordinated with and submitted to the Governor's office of Federal and State Affairs, which shall issue additional information such as goals, objectives and progress reporting instructions.

A copy of this Order shall be posted in conspicuous locations in every State agency under my jurisdiction, in order that State officers and employees are informed of the directive contained herein. This Executive Order is effective upon filing with the Secretary of State.

This document shall be filed with the Secretary of State as Executive order

THE GOVERNOR'S OFFICE

By the Governor

April 18, 1991  
Date

Bill Graves  
Secretary of State  
John White  
Assistant Secretary of State

3032L

FILED

APR 19 1991

BILL GRAVES  
SECRETARY OF STATE

4-14

## KQM Vision

Our vision for the future is the highest quality Kansas government involving dedicated Kansans committed to providing services that meet the needs of citizens and exceed their expectations through a process of continuous quality improvement.

## KQM Guiding Principles

1. Identify customers and meet their needs and expectations.
2. Involve employees at all levels in problem solving and decision making.
3. Enable employees to change and succeed through appropriate education and training.
4. Improve processes and remove barriers to create and reinforce continuous improvement.

## Kansas Report/Gubernatorial Reforms

At the beginning of her administration in January 1991, Governor Finney moved quickly to pursue and fulfill three of her major objectives: increased accountability; elimination of waste and inefficiency; and, more prudent use of public funding.

By executive order, Governor Finney created the Governor's Office of Efficiency Management and directed each agency, board and commission within the executive branch to develop a comprehensive plan to achieve these objectives. Additionally, all state employees were encouraged to actively participate by providing their recommendations. Examples of accomplishments to date: consolidation of printing operations which has resulted in a 19.5% reduction in costs for fiscal year 1993; development of a statewide travel contract to provide centralized service to insure the most economical travel, lodging and car rental rates; and, reassessment of the state vehicle retirement rate which resulted in a cost avoidance of \$1million in the first year. Several other initiatives are also underway at this time.

Governor Finney later determined that these same objectives could be enhanced by adopting the quality management principles in state government. The Governor issued another Executive Order directing the implementation of Kansas Quality Management (KQM), a tailored version of total quality management, throughout the executive branch. KQM is geared to make continuing and lasting improvements in work processes, increase involvement in decision-making, enhance job satisfaction and provide quality service. The Governor has also directed that KQM will be implemented within authorized budget limitations.

A KQM Council has been designated by the Governor to guide, promote and monitor quality efforts. The KQM Planning and Guidance committee has been tasked with providing coordination, shared assistance, networking and the development of KQM manuals to be used for reference and training tools. These materials will provide the framework for participation and continued learning, techniques and procedures to be used in quality projects.

Five agencies are initially piloting KQM with the eventual inclusion of all executive branch agencies. This will facilitate a methodical and uniform implementation while providing opportunities to establish and learn from successful pilot agencies and processes. Agencies individually determine the focus of its pilot program to build and maintain ownership.

The private sector has facilitated quality efforts in Kansas by participating in quality management presentations to the Governor, cabinet secretaries and senior-level managers. Additionally, the private sector has provided assistance and resources as the state implementation plan and KQM materials were developed.

In Governor Finney's initial State of the State address she announced a partnership, "Creating Tomorrow - An Agenda for the Future of Kansas," between the Governor's office and the Board of Regents. This taskforce partnership was formed to conduct a comprehensive review of the state's economic and social standing and to forward recommendations for change and study.

The faculties of the regent's institutions, other colleges and community colleges included private sector resources - business and community leaders - and state agencies to identify suitable policy directions that would produce significant improvements for Kansans.

Four individual reports focusing on education, economic development, health care, and welfare, criminal justice and aging have been submitted to the Governor. Recommendations from these reports have assisted the Governor and the Legislature in aggressively dealing with the challenges facing the State.

The Reinventing Kansas Government initiative recently outlined by Governor Finney is utilizing a public/private partnership to build on the efficiency, Kansas Quality Management and Creating Tomorrow accomplishments. Governor Finney has assembled a panel of Kansas business executives and cabinet secretaries to investigate, analyze and recommend opportunities to improve Kansas government.

This Reinventing Kansas Government steering committee will:

- identify methods to improve citizen focused service delivery;
- increase focus on essential functions;
- aggressively identify budget reduction opportunities;
- reinforce Kansas Quality Management projects;
- utilize the private sector to challenge existing paradigms; and,
- invigorate, focus and mobilize the State workforce toward desired outcomes.

Each corporate participant has been asked to loan two or three executive management staff people to work with government managers. These project teams will make in-depth assessments of specific government operations and focus on short term project opportunities and long term processes.

A preliminary report will be submitted to the Governor in September of this year.

# KQM ROLES AND RESPONSIBILITIES

## Governor:

Serve as the state KQM champion. Constantly carries the KQM message. Engages in ongoing activities to promote quality management (e.g., discussing with cabinet, developing and supporting incentives).

## Council:

Oversee and monitor the uniform and successful implementation of Kansas Quality Management within the executive branch of state government. Approve agency implementation plans.

## Governor's Office of Efficiency Management:

Encourage and promote KQM to increase efficiency and more prudent management of the state's financial, natural, and human resources.

## Planning and Guidance Committee:

Formulate the state plan, goals and objectives, awareness, reporting procedures, and training materials to ensure uniform application of KQM.

## Administrative Office:

Provide staff support to the Office of Efficiency Management and technical assistance to the KQM Planning and Guidance Committee.

## Training Office:

Provide staff support and technical assistance on KQM training policy and materials to the Administrative Office.

## KANSAS QUALITY MANAGEMENT (KQM)

Governor Finney issued Executive Order 92-149 directing the implementation of Kansas Quality Management (KQM), a tailored version of total quality management, throughout the executive branch. KQM is geared to make continuing and lasting improvements in work processes, increase involvement in decision-making, enhance job satisfaction and provide quality service. The Governor has also directed that KQM will be implemented within authorized budget limitations.

A KQM Council, chaired by the Secretary of Administration Susan Seltsam, has been designated by the Governor to guide, promote and monitor quality efforts. Members of this Council are the heads of the five designated pilot agencies (Adjutant General, the departments of Commerce and Housing, Revenue, SRS and Transportation) with a provision to expand Council membership to include the entire Cabinet when KQM is implemented within their respective agencies. Agencies individually determine the focus of its pilot program to build and maintain ownership.

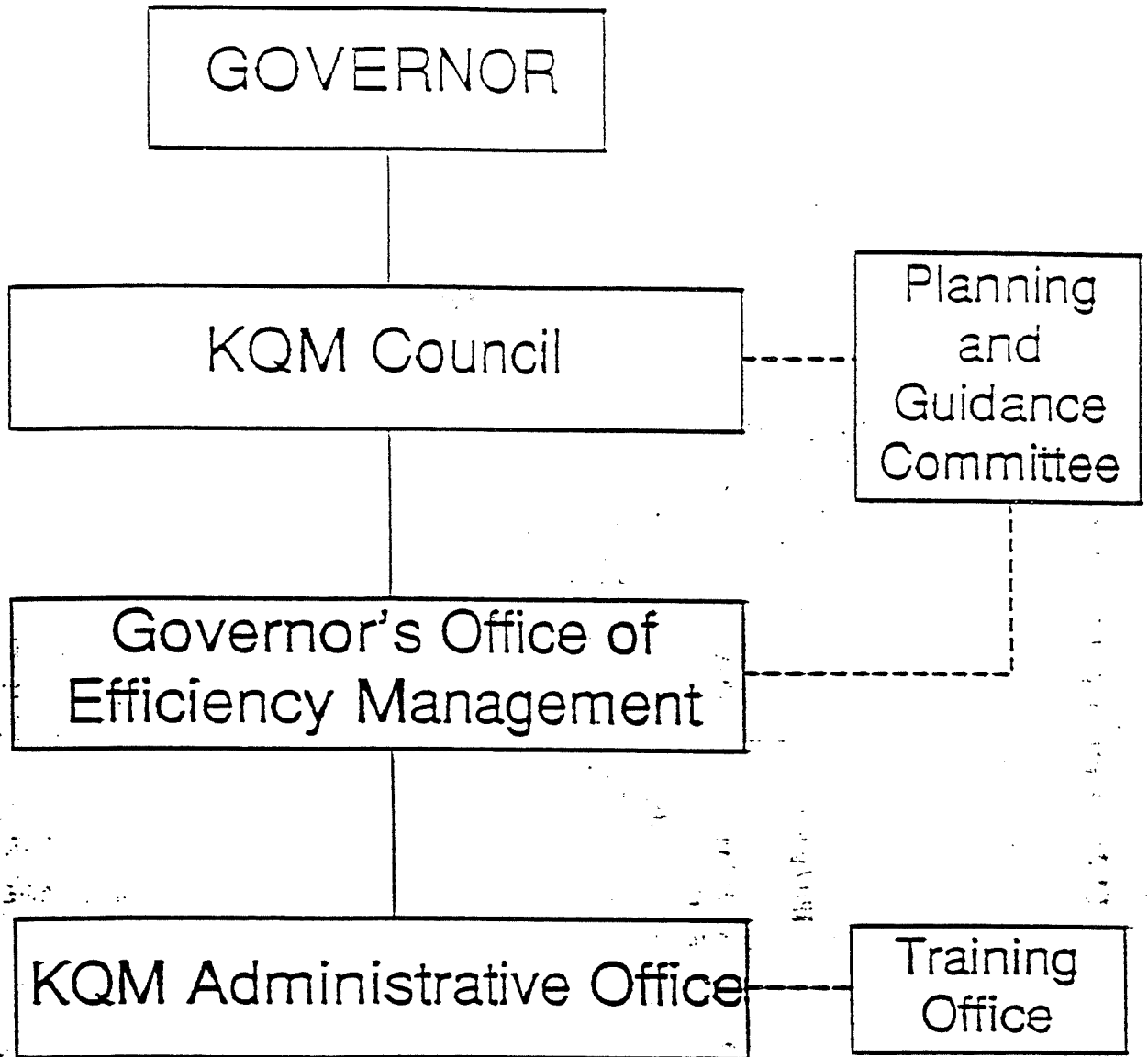
The KQM Planning and Guidance committee has been tasked with providing coordination, shared assistance, networking and the development of KQM manuals to be used for reference and training tools. These materials will provide the framework for participation and continued learning, techniques and procedures to be used in quality projects.

This organizational structure (see attachment) will facilitate a methodical and uniform implementation while providing opportunities to establish and learn from successful pilot agencies and processes. The Council has approved implementation plans for two pilot agencies and two additional pilot agencies' implementation plans are under review by the KQM Planning and Guidance committee. It is anticipated that additional executive agencies will begin the KQM journey in October 1993.

The private sector has facilitated quality efforts in Kansas by participating in quality management presentations to the Governor, cabinet secretaries and senior-level managers. Additionally, the private sector has provided assistance and resources as the state implementation plan and KQM materials were developed.

4-26

# KQM ORGANIZATIONAL CHART

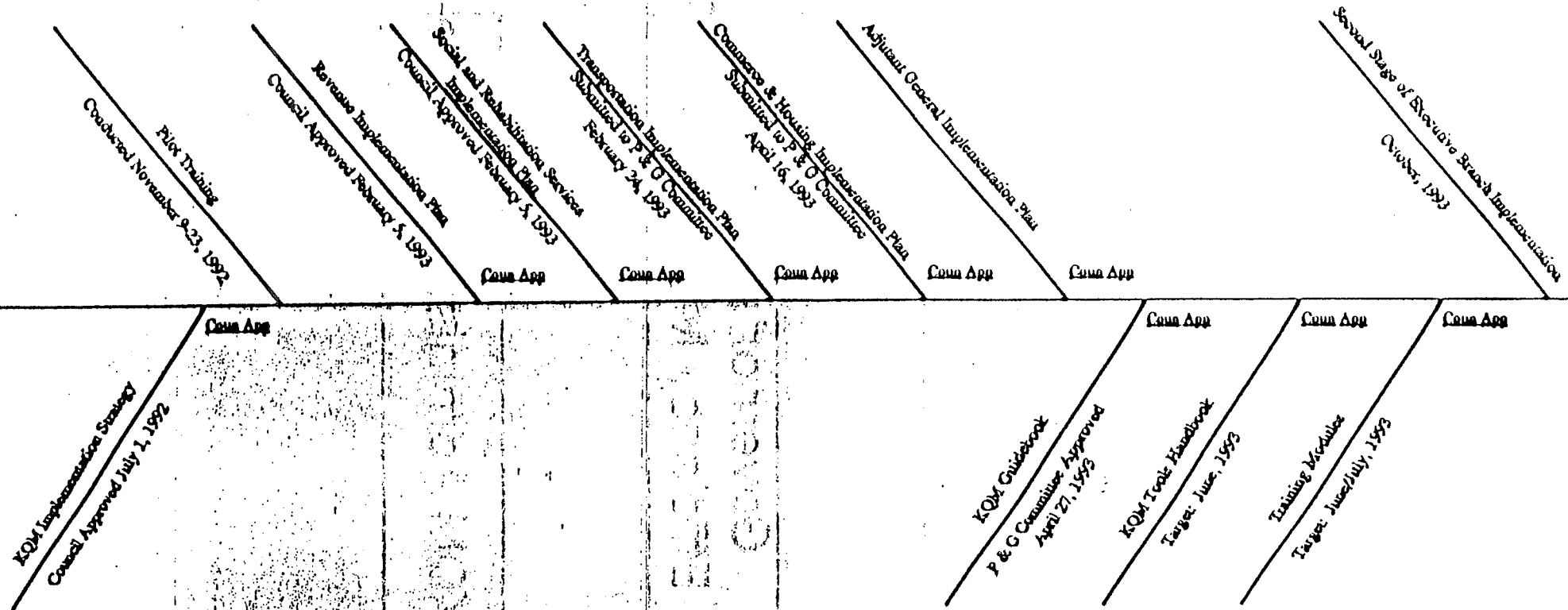




# KANSAS QUALITY MANAGEMENT SCHEDULE

OFFICE  
OF THE  
COMMISSIONER

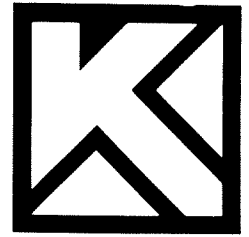
## Pilot Agencies



4-22

# LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry



835 SW Topeka Blvd. Topeka, Kansas 66612-1671 (913) 357-6321 FAX (913) 357-6321

HB 2228

October 19, 1993

KANSAS CHAMBER OF COMMERCE AND INDUSTRY  
Testimony Before the  
House Governmental Organization and Elections Committee  
by  
Bob Corkins  
Director of Taxation

Mr. Chairman and members of the Committee:

My name is Bob Corkins, director of taxation for the Kansas Chamber of Commerce and Industry, and I appreciate the chance to express our support for HB 2228. KCCI has long endorsed the goal of greater economy and efficiency in state government spending, and we see this bill as an important step in that direction. We have worked earnestly in the last several months on a campaign which includes this concept and which is designed to bring about tangible results.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

*House H. O. and Elections  
Attachment 5  
10/19/93*

Last fall, KCCI organized a special ongoing task force to brainstorm the broad subject of government spending at all levels. We firmly believe it to be a distinguished group of bipartisan experts, consisting of two former state secretaries of revenue, former legislators, persons with significant experience in local government and school board budgeting, and various prominent representatives from the business community.

Rather than elaborate on the data about government growth which motivated this group, I'll refer you to the "Progressive Spending?" brochure which I am providing today. An outline of their initial recommendations based on such information was contained in a press release issued in November. Those recommendations included the formation of a Kansas-style "Grace commission" like that proposed in HB 2228.

KCCI is not terribly concerned about the particulars of this bill. Its clear intent is perfectly consistent with ours. The most important thing is the very creation of such an oversight body itself.

We do feel strongly that business persons should have a meaningful avenue of input into deliberations by the proposed State Governmental Practices Advisory Committee. The bill's provision for five Committee members from the general public appears adequate in that regard, although not totally reassuring. KCCI has, however, already been asked to produce a list of names we would recommend to fill some of these positions.

I'll conclude by emphasizing what KCCI believes to be the first and most critical issue for the Advisory Committee to consider: an accurate and specific cost accounting of current government services. All possible solutions the Advisory Committee may consider will hinge upon this determination. How can **any** government service be privatized until we have an accurate comparison of **true** public sector versus private sector costs?

Our concern is that the "management reviews" to be performed by the Post Auditor may not provide this essential information. The Advisory Committee will ultimately need to examine specific government services and review the full cost of labor, employee benefits, facilities' overhead, transportation, machinery depreciation costs (if applicable), and all other expenses which are directly allocable to each such service in question. Only with this degree of detail could the state reliably determine which functions may be better and more inexpensively performed by the private sector.

The Advisory Committee and the Post Auditor would probably have the authority to generate this kind of information as the bill is currently written. However, the bill does not explicitly require a cost accounting of this specificity. Therefore, I call the issue to your attention now in an attempt to clarify legislative intent and persuade future members of the Advisory Committee as to its importance.

Again, thank you for the opportunity to speak today.

TESTIMONY: HOUSE GOVERNMENTAL ORGANIZATION AND ELECTIONS  
COMMITTEE: BRIEFING CONCERNING THE OPERATIONS OF  
THE STATE MOTOR POOL

October 19, 1993

Department of Administration  
Division of Facilities Management

Orion M. Jordan, Director

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I. Statutory History

The Central Motor Pool was established on July 1, 1973, under provisions of K.S.A. 75-4601 et. seq. for the purpose of controlling, regulating, acquiring, operating, maintaining and disposing of all motor vehicles in a Central Motor Pool.

II. Primary and Secondary Functions

The four Primary Functions of the Central Motor Pool are:

1. Provide Vehicles on a Trip Basis
2. Assign Vehicles to State Agencies
3. Operate a Maintenance Facility
4. Operate a Full Service Gasoline Station

The four Secondary Functions of the Central Motor Pool are:

1. Provide License Tags for all State Agencies
2. Provide Credit Cards for all State Vehicles
3. Maintain Statewide Vehicle Registration
4. Administer Van Pool Program

III. Staffing

The Central Motor Pool operates as a program of the Division of Facilities Management.

Director of Facilities Management

Motor Pool Fleet Administrator  
1 Procurement Officer I  
1 Office Assistant IV  
1 Office Assistant III  
4 Office Assistant II

Chief of Maintenance  
3 Mechanics  
3 Mechanics Helpers  
1 Storekeeper III

FTE = 16

The Motor Pool has had 16 positions since 1983.

*House G.O. Elections  
Attachment 6  
10/19/93*

#### IV. Funding

The Central Motor Pool is fee funded. Rates are set annually to finance the operation of the Central Motor Pool including vehicle maintenance, fuel, insurance and vehicle purchases. The Central Motor Pool receives no State General Fund financing.

The FY 1994 Motor Pool Rates are:

Compacts	19¢
Station Wagons	26¢
Pickups	24¢
Minivans	21¢
Van-5 Passenger	25¢
Van-12 Passenger	28¢
Special Sedans	21¢

The Motor Pool has consistently provided rates which are less than the Private Car Mileage Reimbursement rate. This has been a source of savings for state agencies. For example, the Private Car Mileage Reimbursement Rate was 26¢ per mile in FY 1993. This was 6¢ per mile more than the Central Motor Pool rate. During FY 1993, 21,122,809 miles of service were provided by the Central Motor Pool, saving the State \$1,267,369 compared with the cost of private mileage.

#### V. Vehicle Purchasing

The number and type of vehicles purchased each year is approved by the legislature. The legislature's decisions are based on annual retirement projections and an annual assessment of agency needs.

The annual assessment of vehicle needs requires agencies to provide detail regarding each vehicle requested. The detail requested includes: the program to be supported by the vehicle; the position classification of the person to be utilizing the vehicle; the location of the vehicle; an explanation of why the vehicle is needed now but was not needed previously; a projection of anticipated mileage. Each vehicle request must be signed by the agency head. This information is compiled by the Central Motor Pool to assist legislative committees in their determination of whether or not additional vehicles should be purchased by the Motor Pool for assignment to a state agency.

All vehicles are purchased using the Division of Purchases Vehicle Contract, except specialized vehicles, such as Kansas Bureau of Investigation undercover vehicles. All vehicles not purchased from the Vehicle Contract are purchased in accordance with Division of Purchases competitive bidding procedures.

Each fiscal year manufacturers announce less expensive fleet prices during the period August 15 through September 15. Upon receipt of fleet prices, the state vehicle contract is awarded and vehicles can be ordered. To take advantage of these lower prices, all vehicles are normally ordered in the September through March period. Vehicles are ordered in this period because there is more risk that vehicles ordered after March will not be built by the manufacturer. If a manufacturer exercises it's

prerogative to shut down assembly lines, regardless of existing vehicle orders, the only source of vehicles would be higher priced vehicles on dealer car lots. A consequence of ordering all vehicles in the September through March period to take advantage of lower fleet prices is that some vehicles will be ordered and stored before they enter the active fleet as replacements for retiring vehicles. Manufacturer delivery schedules are indefinite but, based on historical experience, the first delivery each fiscal year occurs approximately January 1.

Historical comparison of vehicle purchases approved by the legislature:

	<u>Replacement Vehicles</u>	<u>Additions to the Fleet</u>	<u>Total</u>
FY 1990	242	58	300
FY 1991	246	30	276
FY 1992	145	46	191
FY 1993	293	38	331
FY 1994 (projection)	189	120	309

The decreased number of replacement vehicles purchased in FY 1992 was a result of a Central Motor Pool initiative to increase the retirement mileage from 80,000 miles to 90,000 miles. This resulted in a savings of \$1,052,790.

The increased number of additions to the fleet in FY 1994 reflects agency and legislative interest in expanding the use of the Central Motor Pool as a cost saving measure.

#### VI. Number of Vehicles

##### Central Motor Pool Vehicles by Vehicle Status (10/12/93)

Permanently Assigned	970
Dispatch Service	267
Retired, Pending Local Assignment	3
Returned	3
Stored	69
Maintenance Vehicles	<u>3</u>
TOTAL (10/12/93)	1,315

##### Historical Comparison of Vehicles in Service (Year-end)

	<u>Vehicles in Service</u>
FY 1989	998
FY 1990	1024
FY 1991	1094
FY 1992	1169
FY 1993	1202

The number of vehicles in active service, i.e., the sum of permanently assigned and dispatch service vehicles, has increased in recent years due to increased agency use of Motor Pool vehicles as a means of controlling expenses.

## VII. Annual Mileage Audit

To control costs and assure the most efficient use of vehicles purchased the Central Motor Pool conducts an annual mileage audit.

K.A.R. 1-17-5a states that a vehicle must be driven 18,000 miles per year if stationed in Shawnee County or 15,000 miles per year if located outside of Shawnee County. The regulation also states that a vehicle driving less than the mileage criteria may still be permanently assigned to an agency if:

- 1) the employee to whom the vehicle is to be permanently assigned is required by the employee's official duties to travel at least 50% of the time;
- 2) the vehicle is required for special service and equipped with two-way radio or other apparatus rendering the vehicle unusable for normal travel; or
- 3) the vehicle is used for a special purpose, such as hauling special tools or equipment, transporting handicapped people or other special needs.

The audit conducted by the Motor Pool identifies each vehicle not meeting the mileage criteria and requires the head of the agency to whom the vehicle is assigned to certify that the vehicle meets one of the other regulatory criterion for permanent assignment.

## VIII. Miles of Service Provided and Composite Charge/Mile

	<u>Road Miles</u>	<u>Composite Charge/Mile</u>
FY 1990	19,100,105	22.3¢
FY 1991	19,581,179	19.2¢
FY 1992	19,512,592	18.3¢
FY 1993	21,122,809	21.1¢
FY 1994 (projected)	22,199,588	20.4¢

In the last five years the composite rate has decreased. This is in part a reflection of the fact that the miles of service have increased dramatically while the staffing level at the Motor Pool has remained the same.

The decrease in the composite charge which occurred in FY 1992 was the result of raising the retirement mileage to 90,000 miles and thus decreasing the number of vehicles purchased. These savings were passed on to State agencies.



**HOUSE GOVERNMENTAL ORGANIZATION AND ELECTIONS INTERIM  
COMMITTEE TOPIC CONCERNING THE OPERATIONS OF  
THE STATE'S CENTRAL MOTOR AND VAN POOL**

**QUESTIONS CONCERNING THE OPERATIONS OF THE MOTOR  
AND VAN POOL BY THE DEPARTMENT OF ADMINISTRATION**

- 1. How many motor vehicles are currently owned and operated by the Central Motor Pool, by Department of Transportation, by Regent's universities, by Wildlife and Parks, and by other state agencies?**

Central Motor Pool	1,315
Department of Transportation	2,140
Regent's Institutions	1,427
Wildlife and Parks	648
Other	<u>1,583</u>
Total	7,113

- 2. What are the types of motor pool and van pool vehicles purchased for assignment to individuals on a permanent and a temporary basis?**

The types of vehicles purchased for permanent assignment are:

Compacts  
Delivery Vans  
Multi passenger Vans  
Pickups  
Special Sedans  
Station Wagons

Vehicles are not purchased specifically for the dispatch service. Rather, vehicles, with the exception of undercover vehicles, are assigned to the dispatch service prior to permanent assignment.

Types of vehicles purchased for the van pool are:

15 Passenger Vans  
12 Passenger Vans

- 3. What criteria are used to replace motor and van pool vehicles? What type of financing system is used to replace these vehicles?**

Motor Pool and Van Pool vehicles are normally retired at 90,000 miles. However, vehicles that are wrecked or otherwise require major repairs are analyzed individually to determine whether the vehicle should be repaired or retired.

All vehicle costs, including the purchase of new vehicles, are financed by the mileage rate charged for vehicle use. New vehicles are financed from the Motor Pool Depreciation Fund. Monies are transferred from the Operating Fund to the Depreciation Fund on a monthly basis. The transfer rate is established at the time annual rates are set. The transfer rate is established in accordance with the cash flow required to purchase needed vehicles.

**4. What is the average number of miles driven per motor and van pool vehicles during the past year (vehicles assigned on a permanent or a temporary basis)? Has the average number of miles driven per vehicle increased or decreased over the past few years?**

Average miles driven/vehicle:	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Permanently Assigned	19,065	19,277	18,798
Dispatch Service	18,792	18,828	17,976
Van Pool	14,749	15,191	15,084

**5a. How many vehicles are assigned on a permanent basis as opposed to vehicles on a temporary basis?**

Permanently Assigned:	970	(10/12/93)
Dispatch Service:	267	(10/12/93)

**5b. Has there been an increase in the number of vehicles?**

Yes. The number of both permanently and temporarily assigned vehicles has increased over the last several years. The number of van pool vehicles has remained stable. The permanently assigned vehicle fleet increases when additional vehicles are approved by the legislature. The size of the dispatch fleet varies with agency demand.

End of Fiscal Year:	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Permanently Assigned:	784	824	883	944	973
Dispatch Service:	201	196	211	219	221
Van Pool:	21	20	22	21	21

**5c. Who is responsible for proper maintenance on permanently and temporarily assigned vehicles?**

Responsibility for maintenance is shared by the Central Motor Pool and the vehicle operator. (K.A.R. 1-17-7a)

A preventive maintenance schedule is given to every permanently assigned vehicle driver when they are assigned a vehicle. It is the driver's responsibility to arrange this preventive maintenance. Dispatch service vehicles receive preventive maintenance at the Central Motor Pool Maintenance Facility.

Unscheduled repairs are completed either in the Maintenance Facility or at the vehicle's location. All major repairs completed in the field require the agency to coordinate maintenance via the telephone with the Chief of Maintenance.

The Central Motor Pool pays for all repairs except those resulting from an accident involving driver error or a driver's failure to provide regular preventative maintenance.

6. What are the statutes, policies, and regulations concerning the usage of a state motor and van pool vehicle on a permanent or a temporary assigned basis? For example: What policies or regulations apply to individuals using state vehicles for business as opposed to private use? Are there any policies or regulations concerning the conduct of individuals who use motor or van pool vehicles? What are the policies and regulations governing individuals who drive these vehicles to their place of residence for any extended period of time?

The Central Motor Pool was established and operates under K.S.A. 75-4601 et. seq., July 1, 1973. Rules and Regulations governing the Central Motor Pool are under K.A.R. Article 17.

- 6a. K.A.R. 1-17-5a regulates permanently assigned vehicles. (See Exhibit 1)
- 6b. K.A.R. 1-17-6 governs temporarily assigned vehicles. (See Exhibit 2)
- 6c. K.A.R. 1-17-2 requires that state vehicles be used only for official state business. (See Exhibit 3)
- 6d. K.A.R. 1-17-3 prescribes conduct of persons using state vehicles. (See Exhibit 4)
- 6e. K.A.R. 1-17-2a governs driving state vehicles to private residences. (See Exhibit 5)

7. What is the cost to operate motor vehicles on a per mile basis? Does this cost reflect capital, maintenance, fuel, insurance, and depreciation costs of vehicles?

The average FY 1993 cost of operating a motor pool vehicle was 23 cents/mile.

Cost of operation per mile:

Gasoline	4.3¢
Maintenance (including oil)	1.8¢
Insurance	0.9¢
Administrative	<u>3.0¢</u>
	10.0¢
Capital Replacement	<u>13.3¢</u>
Total	23.3¢

8. What criteria are used in the purchase of state motor vehicles? Is a contractual bidding system used?

The number and type of vehicles purchased each year is approved by the legislature. Annual retirement projections and the annual assessment of agency needs are used to provide this information to the legislature.

All vehicles are purchased using the Division of Purchases Vehicle Contract, except specialized vehicles, such as Kansas Bureau of Investigation undercover vehicles. All vehicles not purchased from the Vehicle Contract are purchased in accordance with Division of Purchases competitive bidding procedures.

**9. Who does servicing on the state's motor vehicles (by the state or by a free enterprise system)? Where is this servicing completed and has the most cost efficient methods of servicing been explored?**

Dispatch vehicles are serviced in the Central Motor Pool Maintenance Facility. Permanently assigned vehicles are serviced in the Maintenance Facility or in the area where the vehicle is located.

The Central Motor Pool has initiated a Preventive Maintenance Contract in the Wichita area and is reviewing this contract to determine the advisability of additional contracts of this nature.

The Motor Pool continues to use statewide contracts for replacement tires, batteries and other vehicle parts.

The Central Motor Pool is currently working with Division of Information Systems and Communications programmers to create a computer maintenance program which will enable the Motor Pool Maintenance Facility to track vehicle repairs and costs in a single database. The new Cost of Operations database will readily track maintenance costs in the Maintenance Facility and outside the Maintenance Facility. Currently, 20% of the maintenance for the fleet is performed at the Maintenance Facility.

The prime objective of the new maintenance database is that the maintenance history of each vehicle will be readily accessed. This will facilitate the process of reviewing and granting authority for vehicle maintenance in the field. Also, the new maintenance database will permit tracking of preventive maintenance actions and automate the process of notifying agencies when vehicles are due for preventive maintenance.

**10. Where are motor and van pool vehicles refueled? Are there state refuelling depots. If yes, where are they located and what is their efficiency of use?**

Central Motor Pool vehicles are refueled at the Central Motor Pool Maintenance Facility; Department of Transportation facilities; Highway Patrol facilities; state universities; and private sector filling stations.

The Department of Transportation and the Highway Patrol refueling facilities used by the Central Motor Pool are located at Chanute, Garden City, Hays, Olathe, Salina and Wichita. If other facilities are converted to the use of card operated pumps, the Motor Pool will notify agencies to use these stations.

Fuel purchase bills are monitored to assess the utilization of state refueling facilities. Persons in the vicinity of a state refueling facility are contacted by Motor Pool staff if a fuel bill reveals that the driver failed to use the state facility. Fuel from a state refueling facility averages \$.20 per gallon less than fuel purchased on the open market.

Fuel bills are also monitored to identify those drivers who purchase full-service rather than self-service gasoline. The agency head of drivers utilizing full-service gasoline are notified by letter. Self-service gasoline is approximately \$.25 a gallon less than full-service gasoline.

**11. How many vehicles are equipped to use an alternate fuel source other than gasoline? What are future plans for purchasing alternate fuel vehicles and what is the estimated cost if these types of vehicles are purchased?**

In a contract with the Kansas Corporation Commission and through the use of oil overcharge funds, the Central Motor Pool converted 32 vehicles to use gasoline and compressed natural gas. The vehicles converted were: 7 van pool vans; 6 mini-vans; a ½ Ton van; 6 pickups; 11 ¾ Ton delivery vans; and the Central Motor Pool wrecker.

The conversion of these vehicles was accomplished in the Central Motor Pool Maintenance Facility and involved training existing staff on the conversion process.

The Central Motor Pool also used oil overcharge money to convert one pickup to operate on gasoline and propane. This conversion was at the request of the State Department of Agriculture. One Central Motor Pool staff member was sent to school in Arkansas City and converted the vehicle at that school.

Usage, emissions, maintenance and fuel costs statistics are being compiled to document the operation of this demonstration project which is less than one year old.

Under the Energy Policy Act of 1992, it is anticipated that the State of Kansas will be converting additional vehicles to the use of alternative fuels. The final regulations pertaining to this act are being prepared by the Federal Department of Energy. The Central Motor Pool and the Kansas Corporation Commission will be preparing an implementation plan based on the content of these regulations. It is anticipated that some Federal Funds will be available to assist states with this activity. The cost of factory produced alternative fuel vehicles is not available. The estimated cost of conversion is \$2,500 per vehicle.

**12. Is the state required to pay fuel taxes on fuel consumed by the state's motor and van pool vehicles?**

Federal Excise Tax is not paid on fuel for the Central Motor Pool or van pool vehicles. State fuel tax of \$.18 per gallon is paid on fuel used by state vehicles.

**13. Who provides insurance for state motor and van pool vehicles? Is insurance provided by the state or by the free enterprise system? What is the annual cost to insure these vehicles?**

Central Motor Pool vehicles are covered under a liability insurance policy negotiated by the Division of Purchases. The FY 1993 cost of this insurance is \$192,739. The cost of insurance is included in the mileage charged for vehicle use.

Van Pool participants, through the mileage charge, pay for comprehensive/collision insurance on van pool vehicles. The FY 1993 cost of this insurance is \$3,267.

- 14. What are the procedures used by the Central Motor Pool to deal with complaints of motor and van pool vehicle abuse by state employees? What is the average number of complaints per year and what action has been undertaken to deal with these complaints?**

All complaints are forwarded to the Department of Administration Legal Section. Since the Central Motor Pool maintains the State Motor Vehicle Registration database, the Legal Section contacts the Central Motor Pool to identify the agency owning the vehicle. If the vehicle is owned by the Central Motor Pool, the Central Motor Pool also identifies the individual to whom the vehicle is assigned. Upon obtaining this information, the Legal Section drafts a letter to the agency head explaining the nature of the complaint, asking the agency to investigate the complaint and report their findings to the Legal Section.

Any disciplinary action required is under the jurisdiction of agency heads. Under K.A.R. 1-17-4, an employee's authorization to use a motor pool vehicle may be withdrawn if there is a failure to comply with Motor Pool regulations.

An annual average of 74 complaints has been received in the past three years.

- 15. What is the charge for state and non-state employees to ride in a van pool vehicle? How many van pool vehicles are used by the Central Motor Pool to transport state employees and where are their routes?**

The FY 1994 charge for state and non-state employees to ride in the Van Pool Program is \$.35 a mile. Operating costs and vehicle purchase costs are financed from participant charges, rather than from the Center Motor Pool or other agencies.

Non-state employees participate in the program as specified in K.S.A. 75-46a07.

There are currently 21 van pools in operation. These vehicles transport 223 state employees. The routes for these vehicles are displayed in Exhibit 6.

- 16. Is using van pool vehicles a cost efficient method of transportation for the state compared to a state employee driving his or her own motor vehicle to work?**

The Van Pool Program is financed through participant fees. Van pool participants realize savings by sharing transportation costs rather than operating individual vehicles.

The 21 vehicles in the program are driven a total of 316,774 miles annually. If the 270 participants in the program each drove individual vehicles, a total of 4,072,809 miles would be required to provide the same transportation annually.

- 17. What were the criteria used in establishing the van pool and are these criteria still applicable today in the operation of the van pool?**

The Van Pool Program was initiated by the Legislature in 1980 to conserve fuel, reduce parking congestion and diminish air pollution. These policy concerns still form the basis for the Van Pool Program.

**18. Which agencies use the motor and van pool to the greatest extent? -- to the least extent?**

The three agencies having the most permanently assigned vehicles are the Department of Social and Rehabilitation Services, the Department of Health and Environment, and the Department of Revenue. Exhibit 7 lists the number of vehicles permanently assigned to each state agency as of October 12, 1993.

Van Pool vans are administered by the Central Motor Pool and coordinated with individual drivers rather than through agencies.

**19. What is the percentage of motor pool vehicles assigned to state agencies as compared to the percentage of vehicles available to state employees on a temporary basis by the Central Motor Pool?**

Permanently Assigned Vehicles:	82 %
Dispatch Service Vehicles:	18 %

**20. What are the peak times for use of motor pool vehicles used by state employees and can the Central Motor Pool meet these demands? What type of motor pool vehicle is most frequently used and what criteria does the Central Motor Pool use to determine the number and types of motor pool vehicles which can be eliminated from the fleet?**

Historically, the peak demand for vehicles in the Dispatch Service has been the months of September, October and November. The Central Motor Pool meets this demand by monitoring usage on a daily basis via the written and verbal reports received from the Dispatch Office.

The most frequently used vehicle is the standard four-door compact. This is the vehicle most frequently permanently assigned and the vehicle most frequently requested on a temporary basis from the dispatch service.

The types of vehicles purchased for state agencies are determined through the annual Assessment of Vehicle Needs Survey . The Motor Pool assists agencies in identifying the type of vehicles that will best satisfy their needs. If it is later determined that a vehicle type no longer meets an agency's needs, the vehicle is operated to retirement, and then replaced with a more functional vehicle.

**1-17.5a. Permanently-assigned vehicles.** (a) Any agency desiring to have a permanently-assigned motor pool vehicle may apply to the director of the central motor pool. The director shall approve the assignment if:

(1) the vehicle is driven no less than 18,000 miles per year when the driver or agency is located in Topeka and Shawnee County;

(2) the vehicle is driven no less than 15,000 miles per year when the driver or agency is located outside Topeka and Shawnee County;

(3) the employee to whom the vehicle is to be permanently assigned is required by the employee's official duties to travel at least 50% of the time;

(4) the vehicle is required for special service and equipped with two-way radio or other apparatus rendering the vehicle unusable for normal travel; or

(5) the vehicle is used for a special purpose, such as hauling special tools or equipment, transporting handicapped people or other special needs.

(b) If special equipment must be added to a central motor pool vehicle, the agency to whom the vehicle is assigned shall be responsible for the expense of installing that equipment.

(c) Upon exchange or retirement of any permanently-assigned vehicle, the agency shall remove any special equipment placed on or in the vehicle and repair all holes or other damage before return to central motor pool. (Authorized by K.S.A. 75-4608; implementing K.S.A. 75-4604; effective May 1, 1984.)



**1-17-6.** Requests for state-owned or leased motor vehicles on a daily or trip basis. Requests for motor pool vehicles shall be made of the motor pool's administrative officer by the requesting operator submitting a requisition form to the motor pool at the time the vehicle is needed, or as the secretary may otherwise allow. The following information shall be required on the requisition form: (a) Name of driver and driver's license number;

(b) Agency;

(c) Date and hour the vehicle is needed;

(d) Type of vehicle (sedan, station wagon, van, pickup, etc.); and

(e) Destination and time of return.

If it is later determined that the vehicle is not needed, the motor pool shall be notified promptly. If the agency requesting the vehicles does not give prompt notice of cancellation, the motor pool may charge the minimum daily rate. A requisition form shall be completed by the agency and signed by the agency head or a designee. The form, in duplicate, shall be presented to the motor pool. One copy shall be retained by the operator as authority to use the vehicle. Upon completion of the trip, the vehicle shall be returned to the motor pool and the operator shall indicate operation of the vehicle and list defects, if any, on the requisition form. The form shall be completed by the motor pool. The operator shall take one (1) copy for the agency and one (1) copy will be used for billing.

Procedures for the assignment on a daily or trip basis of state-owned or leased motor vehicles not within the central motor pool or a branch thereof, shall be approved by the secretary. (Authorized by K.S.A. 75-3706, 75-4601 *et seq.*; effective, E-74-4, Nov. 2, 1973; effective May 1, 1975; amended May 1, 1979.)

**1-17-2.** Same; use of state-owned or leased motor vehicles. State-owned or leased motor vehicles shall only be used for official state business and shall only be operated by an employee of the state of Kansas or a person or persons engaged in official state business, who has a valid Kansas driver's license. Only employees of the state or a person or persons reasonably engaged in and accompanying a state employee or employees on official state business shall be allowed to ride in a state-owned or leased motor vehicle. (Authorized by K.S.A. 1975 Supp. 75-3706, 75-4608; effective, E-74-4, Nov. 2, 1973; effective, E-76-17, March 27, 1975; effective May 1, 1975; amended May 1, 1976.)

**1-17-3. Same; use of state-owned or operated motor vehicles; responsibility of operator.** The operator of a state-owned or operated motor vehicle shall be responsible for operating the vehicle in a safe and prudent manner and in accordance with all applicable county, township, city ordinances and state laws pertaining to the operation of motor vehicles. Any fines or penalties arising from the operation of a state-owned or operated motor vehicle in an unlawful manner shall be and are the responsibility and obligation of the operator. (Authorized by K.S.A. 1974 Supp. 75-3706, 75-4608; effective, E-74-4, Nov. 2, 1973; effective May 1, 1975.)

**1-17-2a.** State-owned or leased vehicles; travel from employee's residence to his or her official work station. (a) (1) State-owned or leased motor vehicles shall not be used to commute from the employee's residence to the employee's official work station, except when:

(A) parking the vehicle at the official work station overnight subjects the vehicle to a high risk of vandalism;

(B) the vehicle is used by an official or employee who is regularly called to duty after normal work hours in connection with law enforcement activities or dealing with emergencies which result from an act of God; or

(C) for trip vehicles assigned to the traveler on the evening immediately preceding the date the travel is to occur or for the night following the date on which the travel occurred.

(2) When the state-owned or leased motor vehicle is authorized under these regulations to be used for travel to an employee's place of residence under paragraphs (1)(A) and (1)(B) the "reasonable distance" one-way between the employee's official work station and residence shall not exceed 10 miles. For trip vehicles assigned to a traveler under paragraph (1)(C), "reasonable distance" shall be based on a determination that driving the vehicle home will not increase the total one-way trip mileage between the official work station and the destination by more than 10 miles.

(b) This regulation shall not apply to:

(1) an employee whose residence has been designated as the official work station because over 50% of the employee's work time involves travel directly from his or her residence; or

(2) state-owned or leased motor vehicles acquired or assigned for use in the state vanpool program. (Authorized by and implementing K.S.A. 75-4608; effective May 1, 1981; amended, T-87-17, July 1, 1986; amended May 1, 1987.)

## VAN POOL DAILY ROUTES

<u>VAN #</u>	<u>DAILY ORIGINATION</u>	<u>DAILY DESTINATION</u>
2391	MELVERN	TOPEKA
2394	LAWRENCE	TOPEKA
2441	LAWRENCE	TOPEKA
2449	LAWRENCE	TOPEKA
2493	HOLTON	TOPEKA
2497	OVERBROOK	TOPEKA
2498	WETMORE	TOPEKA
9000	SHAWNEE MISSION	OSAWATOMIE
9058	VALLEY FALLS	TOPEKA
9060	HOLTON	TOPEKA
9061	LAWRENCE	TOPEKA
9062	HOLTON	TOPEKA
9093	CLAY CENTER	MANHATTAN
9094	LYNDON	TOPEKA
9095	LAWRENCE	TOPEKA
9096	LAWRENCE	TOPEKA
9097	ST. MARYS	TOPEKA
9150	OVERBROOK	TOPEKA
9151	LAWRENCE	TOPEKA
9153	LAWRENCE	TOPEKA
9404	LAWRENCE	TOPEKA

## STATE OF KANSAS / CENTRAL MOTOR POOL

## PERMANENTLY ASSIGNED VEHICLES

10/12/93

## VEHICLE QUANTITY BY AGENCY

ADJUTANT GENERAL	8
ANIMAL HEALTH	9
ARCHITECTURAL SERVS	5
ATTORNEY GENERAL	6
BD OF BARBER EXMNR	1
BD OF HEALING ARTS	3
BOARD OF AGRICULTURE	42
BOARD OF COSMETOLOGY	5
BOARD OF PHARMACY	3
BRD OF MORTUARY ARTS	1
CENTRAL MAIL	3
CONSUMER CREDIT COMM	1
CORPORATION COMMISS	38
CREDIT UNION DEPT	5
D I S C	8
DEPT OF COMMERCE	6
DEPT OF CORRECTIONS	48
DEPT OF EDUCATION	11
DIV OF ACCTS AND RPT	1
EMERG MEDICAL SERVS	1
EMERGENCY PREPARE	3
FAC MANGMT - MAINT	6
FORT HAYS STATE UNIV	1
GOVERNOR	4
GRAIN INSPECTION	27
HEALTH & ENVIRONMENT	153
HIGHWAY PATROL	31
HISTORICAL SOCIETY	3
HUMAN RESOURCES	5
KANSAS JUDICIAL DEPT	2
KANSAS LOTTERY	36
KANSAS STATE UNIV	2
KANSAS WATER OFFICE	1
KBI	93
KS RACING COMMISSION	5
KS TECH ENTERPRISE	1
KU CAPITOL COMPLEX	1
PARSONS STATE HOSP	4
PITTSBURG STATE UNIV	5
REVENUE	113
SCHOOL FOR THE BLIND	1
SECRETARY OF STATE	1
SECURITIES COMMISS	9
SOCIAL & REHAB SRVCS	194
STATE BANKING DEPT	8
STATE FIRE MARSHAL	24
STATE PRINTER	3

STATE OF KANSAS / CENTRAL MOTOR POOL

PERMANENTLY ASSIGNED VEHICLES

10/12/93

VEHICLE QUANTITY BY AGENCY

STATE TREASURER	1
UNIVERSITY OF KANSAS	6
VAN POOL PROGRAM	21
WICHITA STATE UNIV	1
TOTAL	970

7-15

October 19, 1993

To: The committee of Government Organization

RE: State owned vehicles

Mr. Chairman and Committee members:

As a local business man who is concerned about state government I feel obligated to bring a matter to your attention.

Many times during my travels on state roads I am passed by state licensed vehicles that are exceeding the speed limit.

Below are some examples:

April 3, 1992	Turnpike mile marker 137 3:30 P.M. Tag#8968
April 3, 1992	Turnpike mile marker 155 3:49 P.M. Tag#1817
April 1, 1992	Turnpike mile marker 142 3:55 P.M. Tag#1689
July 29, 1992	Turnpike mile marker 152 3:35 P.M. Tag#2400 and Tag#2433 Tag#2400 driver leaned back in seat with his right foot resting on dash.
July 30, 1992	Turnpike mile marker 149 12:30P.M. this car passed so fast that I could not read the tag number.

Please endeavor to eliminate this problem.

Sincerely,

R.E. Henley

*House G.O. + Elections  
Attachment 8  
10/19/93*



**HOUSE BILL 2496**

**LICENSURE OF GEOLOGISTS IN KANSAS**

**TESTIMONY BY**

**MR. M. BRADFORD RINE**

**KGS PRESIDENT**

*House G. O. + Elections*  
*Attachment 9*  
*10/20/93*



## Kansas Geological Society & Library

October 20, 1993

212 N. Market, Landmark Square  
Wichita, Kansas 67202 • (316) 265-8676

Re: *House Bill No. 2496, State of Kansas*  
*Licensing of Geologists*

Mr. Chairman, Ms. Vice-Chairman, and Ladies and Gentlemen  
of The House Committee On Government Organization and Elections:

As the President of the "Kansas Geological Society", I would like to proffer the endorsement of the "Kansas Geological Society" for *House Bill No. 2496*, regarding the *Licensing of Geologists* in the State of Kansas.

The "Kansas Geological Society" is comprised of approximately 800 Geologists practicing in the State, many are residents of the State, however many reside outside the State of Kansas. The "KGS", founded in 1923, is the oldest and largest "Organization" serving and representing Geologists in Kansas. Membership consists of Geologists practicing in a variety of Fields, including: Oil and Gas Exploration and Development, Environmental Evaluation and Cleanup, Water Resource Development, Mining, State Agency, and Education.

At least seventeen states in the U.S. have minimum standards (*Licensing and Registration*) for Practicing Professional Geologists. An additional five states have "Definitions" statutes for "Geologists" and "Geology". Many other states currently have some form of legislative activity regarding the *Licensing of Geologists*. The contemporary need for the *Licensing of Geologists* has developed primarily due to the increasing demand for Geological Expertise and Technology in the areas involving "Public Concern." Usually considered to be in the Environmental and Water Resource Industries.

The State of Kansas already recognizes those persons considered to be "Geologists" through a legal definition with *Statute KSA 49-403u*, which states: "Means a person engaged in the practice of geology who is a graduate of an Institute of Higher Education accredited by a Regional or National Accredited Agency, who has a minimum of thirty semester or forty-five quarter hours of undergraduate or graduate work in geology and whose post-Baccalaureate Training has been in geology."

### OFFICERS

M. Bradford Rine, President  
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### DIRECTORS

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Joel A. Alberts

### BUSINESS MANAGER

Tim Dugan

Associated with a definition of a "Geologist" is a widely accepted definition of "Geology", KSA 49-403v: "Means that science which treats of the Earth in general; the Earth's processes and its history; which investigates the Earth's Crust and the rocks and other materials which compose it; and the applied science of utilizing knowledge of the Earth's history, processes, constituent rocks, minerals, liquids, gasses and other materials for the use of mankind."

House Bill No. 2496 contains a number of Purposes, and Key Components which were derived by a "Joint Council of National Geological Organizations" and then modified and applied to the needs of The State of Kansas by the "Kansas Geological Society". These purposes and components are as follows:

#### Purposes-

- \* Safeguard life, health, and property of the citizens of Kansas and the welfare of the public.
- \* Meet Legislative mandates and for the protection of public trust.
- \* Protect small business owners who may expose themselves to financial and liability burdens from the use of non-technical practitioners.
- \* Provide minimum qualifications for persons practicing geology which affects the health, safety, and welfare of the public and the protection of the environment.

#### Key Components-

- \* Mandatory Licensure on only those Geologists whose practice directly affects the public or protection of the environment.
- \* Exemption should be made for those Geologists whose practice does not directly affect the public.
- \* Provisions for reciprocity with other states with similar requirements.
- \* A "Grandfather" clause for a period of time for qualified Geologists.
- \* Fair representation of Geologists on the Board of Technical Professions.

The "Kansas Geological Society" believes the availability of Licensing for Geologists will benefit the State of Kansas, serve and protect the Public, and recognize the importance of the

technical aspects of the application of geological expertise by Geologists. The ever-increasing Federal and State Laws regarding the environment, impact of environmental concerns with the public, and exposure to serious liability and litigation concerns necessitates the public's attention to this matter.

The "Board of Technical Professions" in the State of Kansas is the existing "vehicle" for the placement and administration of the *Licensing of Geologists*. While KSA 49-403u and KSA 49-403v already serves to define who may be considered a "Geologist" and what is "Geology"; under the "Board of Technical Professions" the "Licensed Professional Geologist" will be subject to the same rigorous standards, ethics, and practices of the other Professions currently recognized under this Board.

Finally, as to consideration of the costs associated with this *Bill*: the administration of the *Licensing of Geologists* will be self-supporting according to our analysis, based on recommended application fees and annual fees. However, the *Bill* is not intended to be structured as a revenue generator for the general funds of the State or any other Agency.

Respectfully submitted,

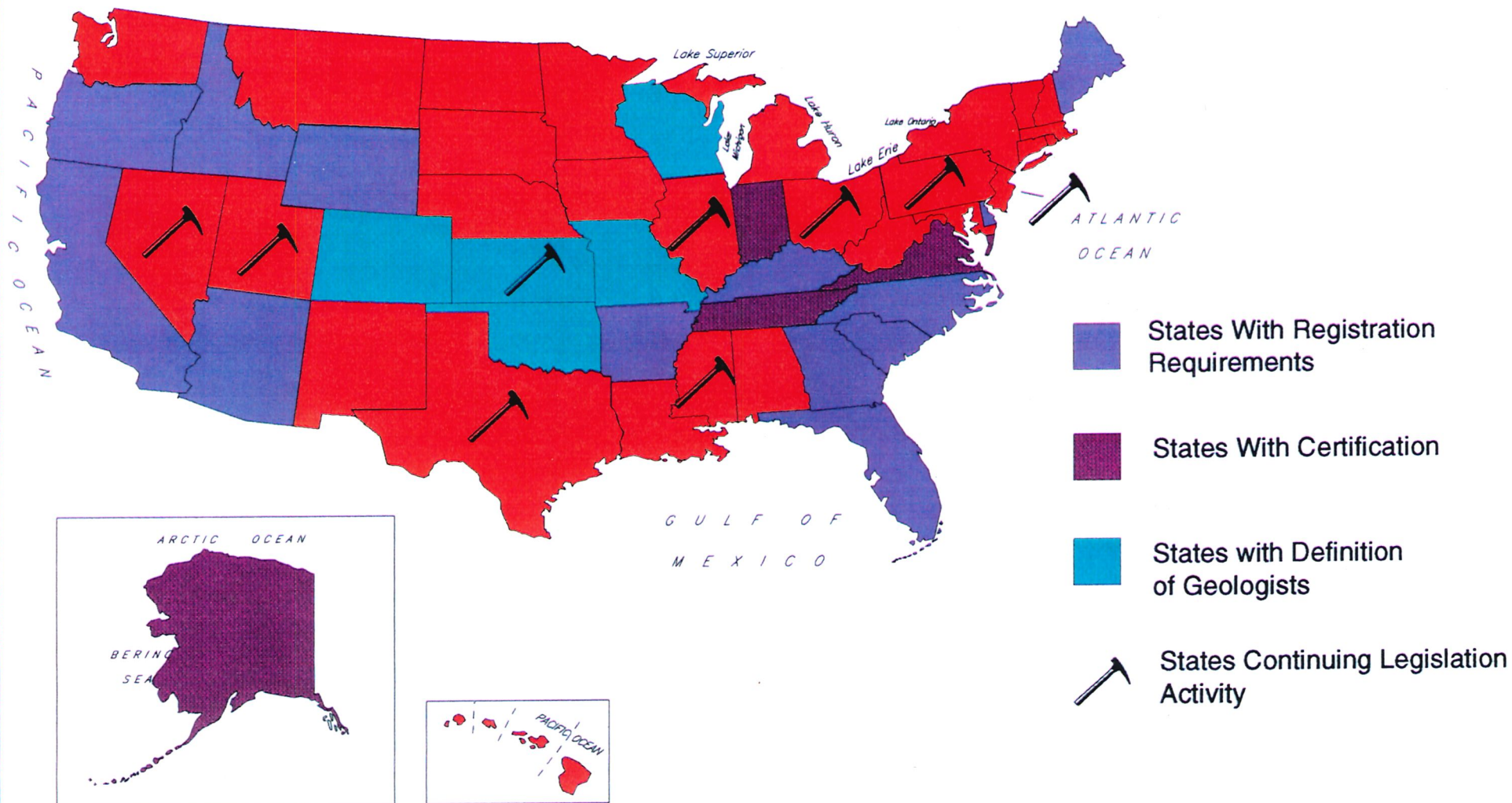
A handwritten signature in cursive script that reads "M. Bradford Rine".

M. Bradford Rine  
President-KGS



**1993 UNITED STATES  
STATUS OF LICENSING FOR GEOLOGISTS**

# STATUS OF LICENSING FOR GEOLOGIST

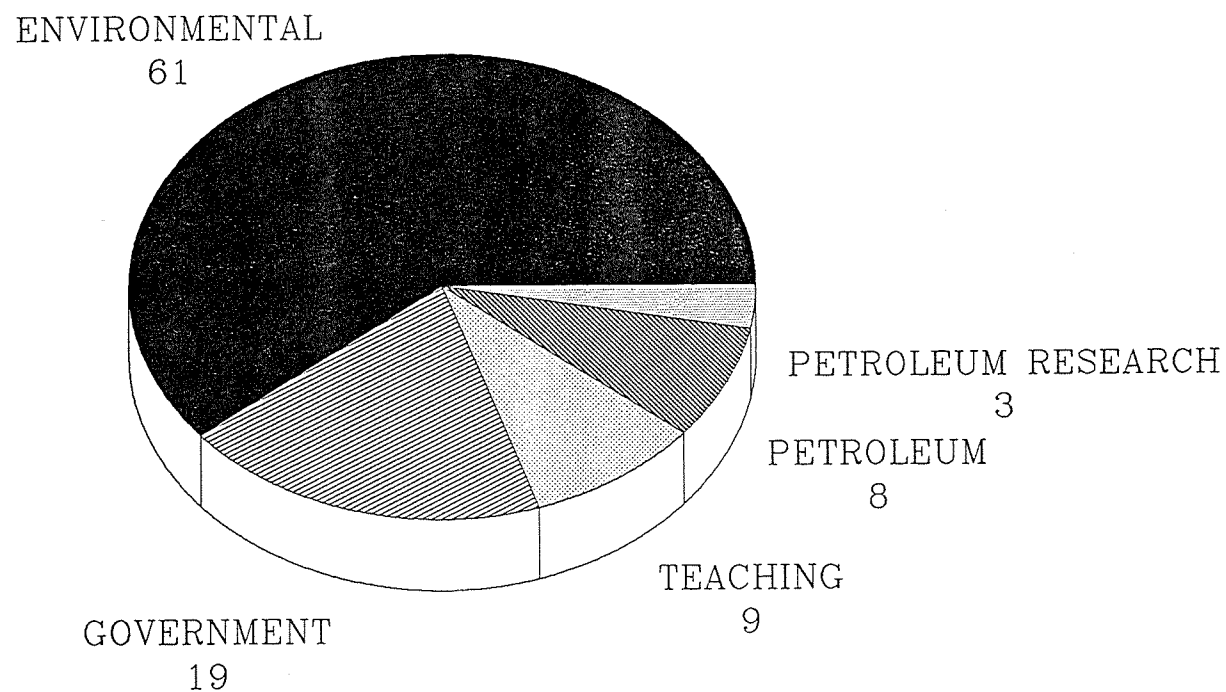


9-6



**GEOLOGY GRADUATES**  
**JOB PLACEMENT PERCENT - USA**

# GEOLOGY GRADUATES JOB PLACEMENT % - USA



SOURCE: AAPG EXPLORER

8-6



**PURPOSE OF ACT**  
**AND FACTS**

# **KANSAS PROFESSIONAL GEOLOGIST PRACTICE ACT**

## **PURPOSE:**

- \* SAFEGUARD LIFE, HEALTH, AND PROPERTY OF THE CITIZENS OF KANSAS AND WELFARE OF THE PUBLIC**
- \* MEET LEGISLATIVE MANDATES AND FOR THE PROTECTION OF PUBLIC TRUST MERITED BY THE INCREASE IN ENVIRONMENTAL LEGISLATION WHICH REQUIRES GEOLOGICAL EXPERTISE**
- \* PROTECT SMALL BUSINESS OWNERS WHO MAY EXPOSE THEMSELVES TO FINANCIAL AND LIABILITY BURDENS BY USING NON-TECHNICAL PRACTITIONERS**
- \* PROVIDE MINIMUM QUALIFICATIONS FOR PERSONS PRACTICING GEOLOGY WHICH AFFECTS THE HEALTH, SAFETY, AND WELFARE OF THE PUBLIC OR THE PROTECTION OF THE ENVIRONMENT**

**FACTS:**

**KANSAS GEOLOGICAL SOCIETY HAS 604 MEMBERS RESIDING IN THE STATE OF KANSAS**

**KANSAS GEOLOGICAL SOCIETY ENDORSES A KANSAS GEOLOGICAL PRACTICE ACT WHICH INCLUDES THE FOLLOWING:**

**1. THE ACT SHOULD REGISTER GEOLOGISTS WHOSE PRACTICE DIRECTLY AFFECTS THE HEALTH, SAFETY, AND WELFARE OF THE PUBLIC OR THE PROTECTION OF THE ENVIRONMENT.**

**2. THE ACT SHOULD EXEMPT THE MANDATORY REGISTRATION OF GEOLOGISTS WHOSE PRACTICE DOES NOT DIRECTLY AFFECT THE HEALTH, SAFETY, AND WELFARE OF THE PUBLIC NOR THE PROTECTION OF THE ENVIRONMENT: SUCH AS "PETROLEUM" GEOLOGISTS AND "MINING" GEOLOGISTS.**

**3. THE ACT SHOULD PROVIDE FOR RECIPROCITY WITH OTHER STATES WITH SIMILAR REGISTRATION REQUIREMENTS.**

**4. THE ACT SHOULD PROVIDE A "GRANDFATHER" CLAUSE FOR A PERIOD OF TIME IMMEDIATELY UPON INITIATING REGISTRATION REQUIREMENTS.**

**5. THE ACT SHOULD PROVIDE FOR FAIR REPRESENTATION OF PRACTICING GEOLOGISTS IN THE STATE OF KANSAS ON THE BOARD OF TECHNICAL PROFESSIONS.**

**FACTS:**

**FUNDING TO BE PROVIDED BY REGISTRATION FEES, EXAMINATION FEES, AND ANNUAL RENEWAL FEES**

**REGISTRATION IN WYOMING**

**GRANDFATHER PERIOD ENDED JUNE 30, 1992**

**2681 APPLICATIONS RECEIVED (EXPECTED 600 - 800)**

**2242 PROFESSIONAL GEOLOGISTS APPROVED BY THE BOARD AS OF DECEMBER 31, 1992**

**KENTUCKY REGISTRATION - 1992**

**GRANDFATHER PERIOD FROM JANUARY 10, 1993, THROUGH JANUARY 9, 1994**

**ARKANSAS REGISTRATION - 1532 GEOLOGISTS REGISTERED**

**AT THE PRESENT TIME A TOTAL OF 22 STATES HAVE PASSED LEGISLATION PERTAINING TO THE GEOLOGICAL PROFESSION**



## FINANCING

HOUSE BILL NO. 2496  
INCOME VS. EXPENSES

**BUDGET # 1**

ASSUMPTIONS:

1000 GEOLOGISTS REGISTER 1ST YEAR  
\$95 - APPLICATION FEE  
\$60 - RENEWAL FEE  
# NEW APPLICATIONS EQUALS # MEMBERS NOT RENEWING  
EXPENSES (EXCEPT FOR BOARD) ESCALATED AT 4 % PER YEAR

	1994	1995	1996	1997
INCOME	\$95,000	\$60,000	\$60,000	\$60,000
EXPENSES				
EXECUTIVE SECRETARY	\$18,000	\$18,720	\$19,476	\$20,256
OFFICE OVERHEAD	\$24,000	\$24,960	\$25,956	\$27,000
BOARD EXPENSES & TRAVEL	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400
TOTAL EXPENSES	\$50,400	\$52,080	\$53,832	\$55,656

**BUDGET # 2**

ASSUMPTIONS:

1500 GEOLOGISTS REGISTER 1ST YEAR  
\$95 - APPLICATION FEE  
\$60 - RENEWAL FEE  
# NEW APPLICATIONS EQUALS # MEMBERS NOT RENEWING  
EXPENSES (EXCEPT FOR BOARD) ESCALATED AT 4 % PER YEAR

	1994	1995	1996	1997
INCOME	\$142,500	\$90,000	\$90,000	\$90,000
EXPENSES				
EXECUTIVE SECRETARY	\$18,000	\$18,720	\$19,476	\$20,256
OFFICE OVERHEAD	\$24,000	\$24,960	\$25,956	\$27,000
BOARD EXPENSES & TRAVEL	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400
TOTAL EXPENSES	\$50,400	\$52,080	\$53,832	\$55,656

Attachment #10  
is on file in  
Room 545  
Legislative Research

House Committee on Governmental Organization and Elections  
October 19-20, 1993  
Attachment 10



## KANSAS INDEPENDENT OIL & GAS ASSOCIATION

105 S. BROADWAY • SUITE 500 • WICHITA, KANSAS 67202-4262

(316) 263-7297 • FAX (316) 263-3021

800 S.W. JACKSON • SUITE 1400 • TOPEKA, KANSAS 66612-1216

(913) 232-7772 • FAX (913) 232-0917

**Statement of Donald P. Schnacke, Executive Vice President  
Kansas Independent Oil & Gas Association  
before the  
House Governmental Organizations & Elections Committee  
October 20, 1993**

**RE: HB 2496 - Licensing of Geologists**

My name is Donald P. Schnacke. I am the Executive Vice President of the Kansas Independent Oil and Gas Association. I am a licensed professional engineer and I am a licensed attorney, both professions being regulated by established regulatory organizations. I am appearing in favor of passage of HB 2496 as a result of action taken by our organization in a joint meeting of our Board of Directors and our general membership in conjunction with our annual meeting August 29, 1993 in Wichita, KS.

I often give a lot of attention to the practice of geology. I arise from a long family tie to the practice of geology. My great-great uncle, John Wesley Powell, who I am named after, was the founder of the United States Geological Survey.

In my practice of engineering throughout the years, I have often used the service of foundation drilling contractors who are normally supervised by trained geologists giving advice to structural engineers on how to design structural footings and foundations for building construction of all kinds.

For instance, my former firm designed the Merchants National Bank Building across the street from this Capitol Building. The foundations and structural design included the services of experienced and trained geologists. We designed the I-70 section that goes through the City of Topeka and part of the Canal Section of I-35 in Wichita, both involving geologists who worked in concert with licensed professional structural engineers.

In my work with KIOGA I've come into contact with experienced geologists who are really the heart of the oil and gas exploration business. Many of the independent companies that I represent in the Association are owned by individuals who are experienced and formally trained as geologists. No one should invest in a drilling venture for oil and gas without the services of a geologist. There lies the problem and one of the needs for this legislation.

In 1968 the Kansas legislature defined a "geologist" and "geology" under the Kansas Mined-land Conservation and Reclamation Act, cited as KSA 49-403 (u) & (v). Those definitions are as follows:

*House G.O. & Elections  
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(u) *"Geologist" means a person engaged in the practice of geology who is a graduate of an institution of higher education accredited by a regional or national accreditation agency; who has a minimum of 30 semester or 45 quarter hours of undergraduate or graduate work in geology and whose post-baccalaureate training has been in geology.*

(v) *"Geology" means the science which treats of the earth in general, the earth's processes and its history; which investigates the earth's crust and the rocks and other materials which compose it; and the applied science of utilizing knowledge of the earth's history, processes, constituent rocks, minerals, liquids, gasses and other materials for the use of mankind.*

This act in KSA 49-406 (q) outlines the duties of a professional engineer or geologist, certifying as to the accuracy of maps and requiring, as in the case of engineers, that a seal be affixed. The Mined-land Conservation and Reclamation Act seems to put the two professions of geology and engineering together in a complementary manner. I personally want you to know my feelings that I have never thought of geologists attempting to practice engineering nor an engineer practicing geology, unless specifically trained to do so.

I've served as an attorney for the Kansas Engineering Society and I helped create the Kansas Consulting Engineers Association as it now exists. I've always felt there was a cordial working relationship between the two professions of geology and engineering.

I also know that when the legislature is considering a new licensing effort, creating a new regulatory program over a profession that is not now regulated, legislators want to know what the public need for the legislation is. I believe my experience will be of help to you.

There are *"geologists"* and there are *"geologists"*. Outside of the Mined-land Conservation and Reclamation Act, any person can claim to be a geologist. I'm a graduate professional engineer, identified by the Board as a petroleum engineer, and my degree is a major option at Oklahoma State University and would support my being classified as such. I took twelve hours of geology, but I'm no geologist. Without regulation, as provided for in HB 2496, I can publicly claim to be a geologist. As a matter of fact, everyone on this committee can claim to be a geologist. That creates a problem. A public need to certify professional geologists is greatly needed in Kansas.

I've talked to the Kansas State Securities Commissioner about this need. The offering of an oil and gas drilling deal to the public is regulated by the state's securities act. Within a prospectus there is often a letter or report or map prepared by an alleged "geologist" who states the drilling deal is a good investment. Often the person making this claim puts the word "geologist" under his name, implying he is a trained geologist whose judgement can be relied upon. As the Securities Commissioner has discovered, that is the furthest from the truth in some instances. It is misleading and is considered a fraud and contaminates the presentation of those making the offering. It would be in the public's interest for the State Securities Commissioner to require that on public offerings a licensed professional geologist be required to sign and seal a geological report and supporting maps so the public will know that professional expertise is behind the public offering.

**Statement of Donald P. Schnacke**  
**RE: HB 2496 - Licensing of Geologists**  
**October 20, 1993**  
**Page 3**

The same can be said for the Kansas State Banking Commissioner and Kansas banks. In 1986 when the oil industry collapsed, the State Banking Commission began examining loan portfolios of individuals and companies that made loans on oil and gas ventures. The portfolios were embarrassingly empty of technical reports defining the nature of the lease or leases involved. Normally, the portfolio contained only the personal financial statements of the operators involved and nothing about the producing leases. The Banking Commissioner ordered all Kansas banks to require detailed technical reports about the operation and the producing leases which were the subject of the loans. That meant a report prepared by a licensed professional petroleum engineer, of which there are very few available as private consultants, or a "geologist". Here again, the "geologist" in question may or may not have the qualifications to protect the public and the banks. I told you the heart of a drilling and producing venture for oil and gas spins around the competency of the geologist and his report. What better way to assure the validity of a loan by an oil and gas operator than to have the report submitted to the bank by a licensed professional engineer, trained as a petroleum engineer, or a licensed professional geologist.

We believe the public will be better served in Kansas if a professional geologist is better defined and placed under the supervision of the State Board of Technical Professions.

Again, we recommend the passage of HB 2496.

TESTIMONY

by  
William R. Bryson

HOUSE BILL 2496  
before

House Governmental Organization and Election Committee

October 20, 1993

Mr. Chairman, members of the Committee, I am William R. Bryson. I am appearing before you this morning as a practicing geologist and am supporting House Bill 2496. I am not appearing on behalf of my employer, the Kansas Corporation Commission nor on behalf of any of the fifteen geologists employed by the Oil and Gas Conservation Division for which I am currently the Director, although a majority agree with the concept of licensing or registration proposed in House Bill 2496.

My initial involvement with an effort to license or register Kansas geologists occurred in the early 1970's through the Association of Engineering Geologists. Due to strong opposition of those geologists involved in the exploration for oil and gas, the effort was shelved, though it would have been advantageous for most practicing geologists, and the image of the profession itself. In 1980, we were successful in getting the Kansas Legislature to include a definition of what a geologist was during passage of the Mined Land Conservation and Reclamation Act. This, I believe, was mentioned in Brad Rine's testimony.

The licensing or registration of geologists is now required in seventeen states. Kansas, which would have been one of the first states to recognize the field of geology as one having professional importance and impact on public health and the environment is now in the position of trying to catch up with the mainstream in recognition of the field. The recognition that geologic interpretations form the very basis for proper design of many engineering structures, for cost effective groundwater monitoring systems in remediation projects and the selection of proper waste injection zones in deep disposal wells has taken a long time to evolve. The recognition of proper and correct geologic application as being critical to the success or failure of subsurface oriented

*House G.O. & Elections*  
*Attachment 12*  
*10/20/93*

environmental projects has been a long time coming. In retrospect, geologists should have been licensed when geologic information became recognized as an integral and necessary part of the myriad projects which affect public health and the environment.

At this point I would like to share a few perspectives regarding the licensing of geologist as it relates to House Bill 2476.

- (1) Prior to the 1970's and the vast quantity of federal environmental legislation having to do with protection of various aspects of public health and welfare, geologic investigations were primarily a descriptive component of engineering designs and projects.
  - (a) For example, a geologic investigation of landfill (now called solid waste management) sites was a supplemental part of the engineering plan for the site. Geology was used to tell a county or municipality what level of engineering design and costs would be needed to make the site acceptable. At the current time, geologic investigations are interpretative rather than descriptive and are used to determine if the site is environmentally acceptable and can be used at all. This determination raises the level of accountability for the geologist to the same as engineering or any other licensed profession.
  - (b) State and Federal Superfund contamination sites require a detailed geologic and hydrogeologic feasibility study which, if not correctly scoped can either cause the project to not be funded or subject to serious cost overruns during remediation activities. I notice that Larry Knoche from KDHE will be conferring later in the program and he can elaborate on this aspect of geologic application.
- (2) I understand that some members of the engineering profession have expressed general concerns about the licensing or registration of geologists and about particular aspects of HB 2496 in particular. In the past, geologic components of an engineering project were folded into the project and signed off by a professional licensed engineer. If I were a licensed engineer, I would be very uncomfortable signing

off on a project that had a geologic component when the geologist that either supervised or prepared the geologic report was not held to the level of accountability that licensing or registration provides. The liability of being technically incorrect on environmental assessments and environmental remediation projects has serious ramifications both professionally and financially. If I was an engineer in charge of a project, I would want the geologist doing that critical part of the project licensed, registered and certified so I had some assurance of competency.

- (3) Most consulting geologists currently designing groundwater remediation projects where hazardous substances are a part of the contaminant mix have to carry considerable liability insurance. This recognition of liability for a geologist's actions, investigations or interpretations is relatively new and signifies that improper or incompetent approaches are subject to the same accountable level of legal redress as for an engineer, land surveyor, nurse or physician or other licensed professional. The only way the public and industry can feel comfortable about the competency of geologic investigations is to have them done by licensed person. Oddly enough, the Federal Safe Drinking Water Act which covers deep well injection of hazardous and non-hazardous industrial waste was passed by Congress in 1974 because a company injected chemical waste between two fresh water aquifers. This was an example of bad injection well zone selection where the planners did not understand the limitations of the hydrogeology of the area. The famous incident of disposing wastes into the basement rock at the Rocky Mountain Arsenal near Denver, Colorado was planned without compensating for the behavior of an unstable earthquake prone zone. Injection of wastes into subsurface formations is a safe practice and will protect the public from health risks, however, the subsurface geology must be understood.
- (4) Just as there are various disciplines within the field of engineering, geology has specialty fields which require special training or formal education. House Bill 2496 in new Section 12 recognized this diversity and directs the board to adopt rules and regulations providing for the recognition of specialty fields. Although not all

geologists and some engineers do not agree that specialty recognition and examination is necessary for geologists, I believe it is essential to expand the level of credibility a licensing program has to offer.

I believe the licensing or registration of geologists would be of great benefit to the citizens of the State of Kansas. Recognizing the importance of geology is long overdue. Environmental laws dealing with groundwater quality protection will continue to be passed with more sophisticated requirements. Hydrogeology, one of the specialties of geology, serves as a basis upon which public water quality allocation and policy discussion will be made.

*presented*

**Testimony before the House Governmental Organization and Elections Committee  
concerning the Geologist Licensing Bill (H.B. 2496)**

*Larry Brady read testimony by*  
**Lee C. Gerhard, State Geologist and Director, Kansas Geological Survey**  
**October 20, 1993**

Kansas is already heavily involved with implementation of federal laws and regulations dealing with environmental issues, with additional state and local requirements for environmental control and mitigation. In addition, Kansas is concerned about the relationship of agricultural-water use and stream flow, chemical contamination of ground water, and a myriad of other environmental issues. Most of these issues involve both geologic investigations and public health and safety.

The Kansas Geological Survey supports registration and licensing of geologists who work in positions affecting public health and safety, because the public rightfully expects high standards of professionalism, training, experience, and ethical behavior of those who affect their well-being. These are the same arguments that underlie the licensing of engineers, architects, and other professions.

Seventeen states have already adopted geologist registration for these reasons; many more are considering or advancing such legislation. Lacking a Kansas licensing statute, your state geologist is licensed in Wyoming and has professional certification through the American Institute of Professional Geologists and the American Association of Petroleum Geologists.

In some states engineers have objected to the licensing of geologists in fear of economic competition; this should never be an issue, since geologists may not practice engineering without license, nor should engineers practice geology without license. Geological engineers may be eligible for dual licensing, but they are few in number.

Landslides, radon concentration problems, leaking underground storage tanks, recharge of aquifers, transfer of contaminants in ground water systems, earthquake susceptibility, salt intrusion into surface water, and similar issues are part of the geologist's repertoire, but also impinge directly on public health and safety.

Pete Dohms, of Condor Minerals Management, Inc. of Pensacola, Florida, in a memo of January 31, 1993, elegantly stated the historical perspective, and I quote his words: "The public practice of geology is evolving in much the same manner as engineering did during the first half of this century. The states and the members of the profession have come to recognize that the public interest is served if geologists are registered at the state level and required to adhere to a high standard of professional conduct. Examination of the current situation suggests that virtually all states will require registration of geologists within the next ten to twenty years. In examination of requirements for both engineers and geologists in three example states it was learned that the requirements are essentially identical." Those three states are Arizona, California, and Florida.

*House G.O. + Elections*  
*Attachment 13*  
*10/20/93*

My point is simply that geologists play a very important role in environmental and water issues and that the public interest demands that standards be set by the state. Kansas has its opportunity to provide for public protection and safety now, rather than later.

The Kansas Geological Survey supports House Bill 2496, which provides for licensure and regulation of the practice of geology in the public sector. We would not object to the extension of the act to include those geologists who are employed by the State of Kansas. Thank you for the opportunity to comment on the proposed legislation.



My name is Joseph Graf. I hold a Bachelor's degree in geology from Columbia University and a doctoral degree in geology from Yale University. I have been a member of the geology faculty at Kansas State University since August, 1980 and have been Head of the Department of Geology since August, 1985. Prior to joining KSU, I worked for a mineral exploration company involved in exploration and evaluation of metallic mineral and coal deposits in the U.S., Australia, Canada, and Brazil. I am speaking in support of House Bill 2496 for the following reasons:

First, water resources and environmental problems are two of many issues that will determine the future viability of the State of Kansas. These issues can not be addressed without geological input. At the same time, we recognize that these issues are so complex that no one profession can act alone. A working group of technical professionals is required, each one responsible for his or her area of expertise.

Second, citizens of the State of Kansas are best served when the individual providing geological input is a trained, professional geologist, who stands behind and signs off on the geological information provided.

Third, as a university faculty member, I have to consider the interests of our students. In my opinion, licensure of geologists will enhance the career opportunities for our students, past, present, and future. It will provide faculty with important guidelines to improve our programs and, thus, enhance the quality of the contributions our graduates can make to our State.

I wish to share the remainder of my time with Mr. Robert Vincent, a consulting geologist based in Wichita, who is currently serving as Chair of the KSU Geology Advisory Council. The Council, which is comprised of over 100 professional geologists from many areas of geology, meets in Manhattan each fall. They endorsed House Bill 2496 at their Fall, 1993 meeting.

*House Gov. Org. & Elections  
Attachment 14  
10/20/93*

A STATEMENT CONCERNING  
HOUSE BILL 2496

Statement presented to: Rep. Marvin Smith, Chairman  
House Governmental Organization and  
Elections Committee  
Topeka, Kansas  
October 20, 1993

Statement presented by: Robert L. Vincent, CPG, PHG  
Ground Water Geologist  
Ground Water Associates, Inc.  
Wichita, Kansas

Mr. Chairman and members of the House Committee on Governmental Organization and Elections:

In 1985 when I left my employer of 28 years to form a geological consulting firm, Ground Water Associates, I believed that a need existed for the practical application of geology and hydrology to the problems that were arising in the production of ground water, such as well yield loss, well interference, aquifer depletion and aquifer contamination. Too often poor quality water was being used when better quality was available, or costly, low capacity wells were being pumped when larger more efficient ones could be obtained. All of this has proved to be true, and my consulting company is extremely busy. In fact, I have assisted other geologists in entering the field since there is so much work to be done. Additionally, during the past eight years, the environmental problems have simply exploded. And, where ground water is concerned, these all start with geology. For these reasons, I am here to testify in favor of House Bill No. 2496, which provides for the licensure and

*House Gov. Org. & Elections  
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regulation of the practice of geology.

The citizens of Kansas need to know that there is a profession which can and will help them solve their water problems; a profession which is sanctioned and regulated by the State. The public interest will be better served if geologists are registered at the state level and required to adhere to a high standard of professional conduct.

Let me provide you with four examples of situations which have occurred due to the lack of a sufficient geologic investigation being made.

(1) A rural water district in central Kansas went bankrupt due to the fact that they lost 30 percent of their users due to the poor quality water that was being delivered. The system had been designed to pump the high iron and manganese content water through a small water treatment plant, but due to changes in the water quality entering the plant, it failed.

When we became involved with them about four years ago, we investigated and found a supply of good quality water in a different aquifer only two miles from their system. The board members of the district asked why they weren't informed about this source when the district was started ten years earlier. The answer of course, was that their advisers of ten years ago were not geologists and really did not understand the options available to

them.

(2) A city in north central Kansas completed a new well with a well house in 1982. They were forced to abandon the whole installation in 1986 due to volatile organic chemical contamination. Why did this happen? - the well was sited in a risky location. Our statement to the city was that just a nominal geologic investigation would have discovered the potential for contamination at the site. We have since located other well sites for the city which are yielding good quality water from areas of very little contamination risk.

(3) A representative of a Missouri environmental firm called me from Salina inquiring about the geological conditions existing at a town in central Kansas. He had stopped in Salina because he thought some information concerning the ground conditions at the subject town might be obtained from a local well driller. The driller was not familiar with the area and referred him to me. I suggested to the young man that he go back to Lawrence and obtain geologic information from the Kansas Geological Survey, study the data and then go to the subject town to begin the investigation of the volatile organic chemical contamination in the area.

Frankly, in my opinion, no professional would ever begin a project so unprepared.

(4) A rural water district in northeast Kansas had spent \$45,000 in two years attempting to rehabilitate two sand pumping deep wells

that had been improperly designed and installed. Their advisors had told them that larger diameter bore holes could not be drilled in that area, and therefore the problem wells existed. Our investigation of the situation showed that properly designed wells could be installed. They were drilled and the problem was thus solved.

Other examples concerning numerous geologic problems could be related, but it would make this testimony too long.

Over the past eight years we have completed a lot of work in conjunction with many engineering firms. And, we have found this to be a good relationship for all parties involved, but particularly so for the client we are involved with. They receive the services of all the necessary disciplines on their projects. However, many projects are small, such as a property transaction, and may require only the initial geologic investigation. Other larger projects, such as ground water investigations, may be almost exclusively in the geologic realm. Therefore, the geologist needs to be in a position to be the responsible individual. Licensing of geologists will accomplish this matter.

In summary, I want to quote from a memorandum prepared by Mr. Peter H. Dohms, CPG, Pensacola, Florida concerning Protection of Public Health and Safety by Professional Geologists,

"The public practice of geology is evolving in much the same manner as engineering did during the first half of this century. The states and the members of the profession have come to recognize that the public

interest is served if geologists are registered at the state level and required to adhere to a high standard of professional conduct. Examination of the current situation suggests that virtually all states will require registration of geologists within the next ten to twenty years. In examination of requirements for both engineers and geologists in three example states (Arizona, California and Florida) it was learned that the requirements are essentially identical."

I will be pleased to answer questions concerning this testimony if there is time for it.

*Robert L. Vincent*

**F. DOYLE FAIR, ASA**  
*Consulting Petroleum Engineer*

**Accredited Senior Appraiser**  
**Professional Engineer**  
**Certified General Real Property Appraiser, G-583**

**Comments On HB 2496 On October 20, 1993**  
**Before The House Governmental Organization And Elections**  
**Committee**

*House G.O. & Elections*  
*Attachment 16*  
*10/20/93*

**F. DOYLE FAIR**

For those of you that do not know me I am Doyle Fair from Wichita. My formal education is in petroleum engineering and since 1959 I have been self-employed as a consulting petroleum engineer. Over the years, on the behalf of clients operating injection wells or wanting to operate injection wells, I have struggled with the Kansas Corporation Commission, Kansas Department of Health and Environment and Environmental Protection Agencies in Kansas City and Washington.

House Bill 2496 represents an effort to combine the interests of primarily 3 groups, all of whom have received degrees in geology. The oil & gas industry in Kansas is dying, the only question is how fast. High school graduates choose a career they hope will provide them with financial security. Beginning in 1972 and continuing until December, 1985 the oil & gas industry in Kansas provided jobs for many geologists. When the price of oil dropped from \$28.00 on December 31, 1985 to \$12.50 on July 2, 1986 the oil & gas industry underwent a tremendous down-sizing and geologists were one of the first to lose their job. Some chose to move to another area where industry jobs were available, others got out of the industry entirely and some have moved to state agencies that regulate the oil & gas industry. Others chose to acquire additional education and work in the environmental area.

Geologists have practiced in Kansas for 80+ years and as a group never felt the need to be licensed. This bill will not cause one additional oil or gas prospect to be drilled in Kansas. It does provide the means by which a petroleum geologist can furnish his geological degree, a certificate of 6 years experience, perhaps \$100 and get a license from the State of Kansas to practice geology.



**F. DOYLE FAIR**

The real thrust of this bill is in the environmental area. What discipline of education is going to prevail in the environmental arena? If Kansas University graduates a geologist and a petroleum engineer, the engineer is better equipped to understand a 3,000' disposal well. A geologist is better equipped to answer a farmer's question as to why the water from his well has changed color and smells different. Neither the KU geologist nor petroleum engineer is equipped to answer the farmer's question of, "Is the water safe to drink?" They do not have the educational background in chemistry and water quality.

This bill does not permit the Board of Technical Professions to set the standards for who is qualified to practice geology in Kansas as it does for engineering, land surveying, architecture and landscape architecture. I hear the words of "public's health, safety and welfare" but question if they mean the same to everyone. A geologist that creates and markets the drilling of an oil & gas prospect sure affects the health and welfare of their investors. The Board of Technical Professions currently requires degrees in those disciplines where four year colleges grant degrees. The Board can respond quicker than the legislature in deciding what changes need to be made in the requirements to practice in a particular discipline.

I have no objection to the licensing of individuals practicing geology in Kansas but I do object to licensing without passing a written exam. Barbers, morticians and real estate appraisers have to pass a written test if they want a license from the State of Kansas. How can we ask anything less of the geological profession? The time for "grandfathering" has passed. Those that want to make licensing really stand for something will take and pass the exam. Those geologists looking for another plaque to hang on the wall will not take the exam.

**F. DOYLE FAIR**

This bill requires every governmental body to use a licensed geologist in the preparation of a geologic report or geologic portion of a report. This is the job creating part of the bill. It creates work for petroleum geologists outside the oil & gas industry. Another part of the bill exempts the oil & gas industry from having to use licensed geologists. KIOGA is for the bill because it does not disturb their status quo. If all drilling prospects submitted to Kansas investors had to be signed by a licensed geologist and all geological maps and testimony before the Kansas Corporation Commission had to bear the stamp of a licensed geologist, KIOGA would not support the bill.

The geologists want disproportional membership on the Board of Technical Professions. Less people will apply for something if it is more difficult to obtain. If an examination is required, the addition of one member to the Board of Technical Professions will be more appropriate than three.

Throughout the bill the date of January 1, 1994 has been used. For the Board of Technical Professions to efficiently implement any bill it will take 1 to 1½ years. It should be evident that the designing, giving and grading of any environmental examination is going to take more than 6 months.

The New section 9 of this bill represents an effort to not offend anybody by stepping on their turf. My recommendation is to delete section 9 and let the Board of Technical Professions decide who should be licensed and the area in which they will be licensed to practice.

**F. DOYLE FAIR**

If you get bogged down reading the bill, jump to sections 11 and 12. This bill says that if you want to practice in the area of engineering geology you must be a geologist. The phrase "engineering geology" appears for the first time and is then defined so that environmental design becomes the exclusive area of a geologist who has chosen "engineering geology" as a speciality.

Kansas University offers an engineering geology option but nowhere does House Bill 2496 say one needs an engineering geology degree to practice engineering geology because very few Kansas geologists chose that option. If geologists as a group want to be licensed then give them an exam and license them to practice geology but taking the position that only graduate geologists have the educational background for engineering geology does not make sense. Civil engineering gives a good foundation on which to build for practicing engineering geology.

As House Bill 2496 is currently drafted, the practice of petroleum geology apparently does not represent a danger to the health, safety and welfare of Kansas citizens. The drafters of this bill do not seek to include geologists that practice in the petroleum area. As drawn, the bill does not require petroleum geologists to pass a written examination given by the Board of Technical Professions. Therefore, the major thrust of the bill is to create the technical profession of environmental geology or engineering geology and give a license of dubious value to petroleum geologists.

A better answer for the question of which discipline is going to control engineering geology is to have the technical professions include engineering, land surveying,

**F. DOYLE FAIR**

architecture, landscape architecture, geology and engineering geology. The Board of Technical Professions can set the standards for practicing engineering geology and graduates from any field can take the required courses without spending time on meaningless courses just to accumulate hours.

A copy of my comments and suggested changes to House Bill 2496 will be provided to each of the committee members. Thank you.

## HOUSE BILL No. 2496

By Committee on Energy and Natural Resources

2-17

8 AN ACT concerning the practice of geology; providing for the li-  
9 censure and regulation thereof as a technical profession; amending  
10 K.S.A. 74-7003, 74-7004, 74-7005, 74-7006, 74-7007, 74-7013, 74-  
11 7023 and 74-7033 and repealing the existing sections.  
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 74-7003 is hereby amended to read as follows:  
15 74-7003. As used in this act:

16 (a) "Technical professions" includes the professions of engineer-  
17 ing, land surveying, architecture ~~and~~, landscape architecture *and*  
18 *geology* as the practice of such professions are defined in this act.

19 (b) "Board" means the state board of technical professions.

20 (c) "License" means a license to practice the technical professions  
21 granted under this act.

22 (d) "Architect" means a person whose practice consists of:

23 (1) Rendering services or performing creative work which re-  
24 quires architectural education, training and experience, including  
25 services and work such as consultation, evaluation, planning, pro-  
26 viding preliminary studies and designs, overall interior and exterior  
27 building design, the preparation of drawing, specifications and related  
28 documents, all in connection with the construction or erection of  
29 any private or public building, building project or integral part or  
30 parts of buildings or of any additions or alterations thereto, or other  
31 services and instruments of services related to architecture;

32 (2) representation in connection with contracts entered into be-  
33 tween clients and others; and

34 (3) observing the construction, alteration and erection of  
35 buildings.

36 (e) "Practice of architecture" means the rendering of or offering  
37 to render certain services, as described in subsection (d), in con-  
38 nection with the design and construction or alterations and additions  
39 of a building or buildings; the design and construction of items  
40 relating to building code requirements, as they pertain to architec-  
41 ture, and other building related features affecting the public's health,  
42 safety and welfare; the preparation and certification of any architec-  
43 tural design features that are required on plats; and the teaching of

16-7

1 architecture by a licensed architect in a college or university offering  
2 an approved architecture curriculum of four years or more.

3 (f) "Landscape architect" means a person who is professionally  
4 qualified as provided in this act to engage in the practice of landscape  
5 architecture, who practices landscape architecture and who is li-  
6 censed by the board.

7 (g) "Practice of landscape architecture" means the performing of  
8 professional services such as consultation, planning, designing or  
9 responsible supervision in connection with the development of land  
10 areas for preservation and enhancement; the designing of land forms  
11 and nonhabitable structures for aesthetic and functional purposes  
12 such as pools, walls and structures for outdoor living spaces for public  
13 and private use; the preparation and certification of any landscape  
14 architectural design features that are required on plats; and the  
15 teaching of landscape architecture by a licensed landscape architect  
16 in a college or university offering an approved landscape architecture  
17 curriculum of four years or more. It encompasses the determination  
18 of proper land use as it pertains to: Natural features; ground cover;  
19 use, nomenclature and arrangement of plant material adapted to soils  
20 and climate; naturalistic and aesthetic values; settings and approaches  
21 to structures and other improvements; soil conservation erosion con-  
22 trol; drainage and grading; and the development of outdoor space  
23 in accordance with ideals of human use and enjoyment.

24 (h) "Professional engineer" means a person who is qualified to  
25 practice engineering by reason of special knowledge and use of the  
26 mathematical, physical and engineering sciences and the principles  
27 and methods of engineering analysis and design, acquired by en-  
28 gineering education and engineering experience, who is qualified as  
29 provided in this act to engage in the practice of engineering and  
30 who is licensed by the board.

31 (i) "Practice of engineering" means any service or creative work,  
32 the adequate performance of which requires engineering education,  
33 training and experience in the application of special knowledge of  
34 the mathematical, physical and engineering sciences to such services  
35 or creative work as consultation, investigation, evaluation, planning  
36 and design of engineering works and systems, the teaching of en-  
37 gineering by a licensed professional engineer in a college or uni-  
38 versity offering an approved engineering curriculum of four years or  
39 more, engineering surveys and studies, the observation of construc-  
40 tion for the purpose of assuring compliance with drawings and spec-  
41 ifications, representation in connection with contracts entered into  
42 between clients and others and the preparation and certification of  
43 any engineering design features that are required on plats; any of

1 which embraces such service or work, either public or private, for  
2 any utilities, structures, buildings, machines, equipment, processes,  
3 work systems, projects and industrial or consumer products or equip-  
4 ment of a mechanical, electrical, hydraulic, pneumatic or thermal  
5 nature, insofar as they involve safeguarding life, health or property.  
6 As used in this subsection, "engineering surveys" includes all survey  
7 activities required to support the sound conception, planning, design,  
8 construction, maintenance and operation of engineered projects, but  
9 excludes the surveying of real property for the establishment of land  
10 boundaries, rights-of-way, easements and the dependent or inde-  
11 pendent surveys or resurveys of the public land survey system.

12 (j) "Land surveyor" means any person who is engaged in the  
13 practice of land surveying as provided in this act and who is licensed  
14 by the board.

15 (k) "Practice of land surveying" includes:

16 (1) The performance of any professional service, the adequate  
17 performance of which involves the application of special knowledge  
18 and experience in the principles of mathematics, the related physical  
19 and applied sciences, the relevant requirements of law and the meth-  
20 ods of surveying measurements in measuring and locating of lines,  
21 angles, elevation of natural and man-made features in the air, on  
22 the surface of the earth, within underground workings and on the  
23 bed of bodies of water for the purpose of determining areas, volumes  
24 and monumentation of property boundaries;

25 (2) the preparation of plats of land and subdivisions thereof, in-  
26 cluding the topography, rights-of-way, easements and any other  
27 boundaries that affect rights to or interests in land, but excluding  
28 features requiring engineering or architectural design;

29 (3) the preparation of the original descriptions of real property  
30 for the conveyance of or recording thereof and the preparation of  
31 maps, plats and field note records that represent these surveys;

32 (4) the reestablishing of missing government section corners in  
33 accordance with government surveys; and

34 (5) the teaching of land surveying by a licensed land surveyor in  
35 a college or university offering an approved land surveying curric-  
36 ulum of four years or more.

37 (l) "Person" means a natural person, firm, corporation or  
38 partnership.

39 (m) "Plat" means a diagram drawn to scale showing all essential  
40 data pertaining to the boundaries and subdivisions of a tract of land,  
41 as determined by survey or protraction. A plat should show all data  
42 required for a complete and accurate description of the land which  
43 it delineates, including the bearings (or azimuths) and lengths of the

1. boundaries of each subdivision.

2. (n) "Geologist" means a person who is qualified to practice ge-  
3 ology by reason of knowledge of geology, mathematics and the sup-  
4 porting physical and life sciences, acquired by education and  
5 practical experience, who is qualified as provided in this act to  
6 engage in the practice of geology and who is licensed by the board.

7. (o) "Practice of geology" means the performing of professional  
8 services such as consultation, investigation, evaluation, planning or  
9 mapping, or inspection or responsible supervision thereof in con-  
10 nection with the treatment of the earth and its origin and history,  
11 in general; the investigation of the earth's constituent rocks, minerals,  
12 solids, fluids including surface and underground waters, gases and  
13 other materials; and the study of the natural agents, forces and  
14 processes which cause changes in the earth.

15 Sec. 2. K.S.A. 74-7004 is hereby amended to read as follows:  
16 74-7004. For the purpose of administering the provisions of this act  
17 and in order to establish and maintain a high standard of integrity,  
18 skills and practice in the technical professions and to safeguard the  
19 life, health, property and welfare of the public, the governor shall  
20 ~~appoint a state board of technical professions consisting of nine~~ 16  
21 members. At least 30 days prior to the expiration of any term other  
22 than that of the member appointed from the general public, pro-  
23 fessional societies and associations which are respectively represen-  
24 tative of each branch of the technical professions may submit to the  
25 governor a list of three or more names of persons of recognized  
26 ability who have the qualifications prescribed for board members for  
27 appointment from that branch of the technical professions. The gov-  
28 ernor shall consider the list of persons in making the appointment  
29 to the board. In case of a vacancy in the membership of the board,  
30 other than that of the member appointed from the general public,  
31 for any reason other than the expiration of a term of office, the  
32 governor shall appoint a qualified successor to fill the unexpired  
33 term. In making the appointment the governor shall give consid-  
34 eration to the list of persons last submitted.

35 Sec. 3. K.S.A. 74-7005 is hereby amended to read as follows:  
36 74-7005. (a) Membership of the board shall be as follows:

37 (1) Four members shall have been engaged in the practice of  
38 engineering for at least eight years and shall be licensed engineers.  
39 At least one of such members shall be engaged in private practice  
40 as an engineer. At least one of such members shall also be licensed  
41 as a land surveyor, as well as a licensed engineer.

42 (2) Two members shall have been engaged in the practice of land  
43 surveying for at least eight years and shall be licensed land surveyors.

20 appoint a state board of technical professions consisting of ~~nine~~ 14



1 (3) Three members shall be licensed architects of recognized  
 2 standing and shall have been engaged in the practice of the profession  
 3 of architecture for at least eight years, which practice shall include  
 4 responsible charge of architectural work as principal.

5 ~~(4) Three members shall be engaged in the practice of geology~~  
 6 ~~and shall be licensed geologists on and after January 1, 1994.~~

7 (5) One member shall be a licensed landscape architect and shall  
 8 have been engaged in the practice of landscape architecture for at  
 9 least eight years, which practice shall include responsible charge of  
 10 landscape architectural work as principal.

11 ~~(5)~~ (6) Three members shall be from the general public of this  
 12 state.

13 (b) Each member of the board shall be a citizen of the United  
 14 States and a resident of this state.

15 (c) The amendments to this section shall not be applicable to any  
 16 member of the board who was appointed to the board and qualified  
 17 for such appointment under this section prior to the effective date  
 18 of this act.

19 Sec. 4. K.S.A. 74-7006 is hereby amended to read as follows:  
 20 74-7006. (a) Whenever a vacancy ~~shall occur~~ occurs in the mem-  
 21 bership of the board by reason of the expiration of a term of office,  
 22 the governor shall appoint a successor of like qualifications. *Subject*  
 23 *to the provisions of subsection (b), all appointments shall be for a*  
 24 ~~term~~ terms of four years, but no member shall be appointed for  
 25 more than three successive four-year terms. ~~The term of each~~  
 26 ~~member first appointed after January 1, 1993,~~

27 (b) For the purpose of computing the length of the term of such  
 28 ~~member,~~ a member:

29 (1) *The term of each member first appointed after January 1,*  
 30 *1993, to fill a vacancy created by expiration of a member's term*  
 31 *shall commence on the first calendar day subsequent to the day of*  
 32 *expiration of the preceding term, regardless of when the appointment*  
 33 *is made, and shall end on June 30 of the fourth year of the member's*  
 34 *term for those members whose terms commence on July 1, or on*  
 35 *June 30 following the third full year of the member's term for those*  
 36 *members whose terms commence on January 1.*

37 (2) *Of the members appointed pursuant to subsection (a)(4) of*  
 38 *K.S.A. 74-7005 and amendments thereto, the term of one shall end*  
 39 *on June 30 following the third full year of the member's term, the*  
 40 *term of one shall end on June 30 following the second full year of*  
 41 *the member's term and the term of one shall end on June 30 following*  
 42 *the first full year of the member's term, as designated by the*  
 43 *governor.*

5 ~~(4) Three members~~ *One member shall be engaged in the practice of geology*

6 ~~and shall be a licensed geologists geologist on and after January 1, 1994 1996.~~

(3) Thereafter, for the purpose of computing the length of term of a member of the board, the terms of members appointed to the board shall commence on the July 1 immediately following the day of expiration of the preceding term, regardless of when the appointment is made, and shall expire on June 30 of the fourth year of the member's term.

(c) Each *member* shall serve until a successor is appointed and qualified. Whenever a vacancy shall occur in the membership of the board for any reason other than the expiration of a member's term of office, the governor shall appoint a successor of like qualifications to fill the unexpired term.

(d) The governor may remove any member of the board for misconduct, incompetency, neglect of duty, or for any other sufficient cause.

Sec. 5. K.S.A. 74-7007 is hereby amended to read as follows: 74-7007. The board shall organize annually at its first meeting subsequent to July 1, and shall select a chairperson, vice-chairperson, and secretary from its own membership. The secretary shall be the custodian of the common seal, the books and records of the board, and shall keep minutes of all board proceedings. The chairperson and secretary shall have the power to administer oaths pertaining to the business of the board. The board shall have a common seal and shall formulate rules to govern its actions. Each member of the board shall take and subscribe the oaths prescribed by law for state officers. The oaths provided for herein shall be filed in the office of the secretary of state. The board shall hold an annual meeting and such additional meetings as the board may designate. ~~Five (5) Nine~~ members shall constitute a quorum for the transaction of business.

Sec. 6. K.S.A. 74-7013 is hereby amended to read as follows: 74-7013. (a) The board may adopt all bylaws and rules and regulations, including rules of professional conduct, which are necessary for performance of its powers, duties and functions in the administration of this act.

(b) *Subject to the provisions of subsection (c)*, it shall be the responsibility of the member or members of the board who hold a license to practice the profession for which an applicant seeks to be licensed, to provide and have graded any examination required by this act to be taken by such applicant.

(c) *Before January 1, 1994, it shall be the responsibility of the members of the board appointed pursuant to subsection (a)(4) of K.S.A. 74-7005 and amendments thereto to provide and have graded any examination required by this act to be taken by an applicant for licensure to practice geology.*

27 such additional meetings as the board may designate. ~~Five (5) Nine~~ Eight

39 (c) *Before January 1, 1994* 1996, it shall be the responsibility of the

1 New Sec. 7. Minimum qualifications of applicants seeking licen-  
2 sure as geologists are the following:

3 (a) Graduation from a course of study in geology, or from a  
4 program which is of four or more years' duration and which includes  
5 at least 30 semester or 45 quarter hours of credit with a major in  
6 geology or a geology specialty, that is adequate in its preparation of  
7 students for the practice of geology;

8 (b) proof of at least six years of experience in geology or a geology  
9 specialty, in geologic work of a character satisfactory to the board,  
10 as defined by rules and regulations of the board; and

11 (c) the satisfactory passage of such examinations in the funda-  
12 mentals of geology and in geologic practice as utilized by the board.

13 Sec. 8. K.S.A. 74-7023 is hereby amended to read as follows:

14 74-7023. (a) All examinations required by this act shall be held at  
15 such time and place as the board determines. The scope of the  
16 examinations and the methods of procedure shall be prescribed by  
17 the board. The board, after receiving satisfactory evidence of the  
18 qualifications of applicants and after satisfactory examination of the  
19 applicants, shall issue a license authorizing the applicant to practice  
20 the technical profession for which the applicant is qualified and to  
21 use the title appropriate to such technical profession. Each license  
22 shall show the full name of the licensee, shall have a serial number  
23 and shall be signed by the chairperson and the secretary of the board  
24 under seal of the board. The issuance of a license by the board shall  
25 be prima facie evidence that the person named on the license is  
26 legally licensed and is entitled to all the rights and privileges of a  
27 licensed practitioner of the technical profession for which the licensee  
28 is licensed while the license remains unrevoked and unexpired.

29 (b) Each licensee shall purchase a seal of a distinctive design  
30 authorized by the board, bearing the licensee's name and number  
31 and a uniform inscription formulated by the board. Documents,  
32 reports, legal descriptions, records and papers signed by the licensee  
33 in the licensee's professional capacity shall be stamped with the seal  
34 during the duration of the license, but it shall be unlawful for anyone  
35 to stamp any document with the seal after the license has expired  
36 or has been revoked, unless the license has been renewed or re-  
37 issued. No person shall tamper with or revise the seal without express  
38 written approval by the board.

39 (c) Any Kansas practitioner of a technical profession licensed her-  
40 eunder may stamp any documents submitted to such practitioner by  
41 any practitioner of a technical profession licensed in another state  
42 upon assuming full responsibility for furnishing complete and ade-  
43 quate observation of the work covered by the documents to which

1 New Sec. 7. Delete in its entirety

1 the Kansas practitioner has affixed the seal.

2 ~~(d) On and after July 1, 1994, any geologic report or geologic~~  
 3 ~~portion of a report required by or supporting compliance with city~~  
 4 ~~ordinance, county resolution or state or federal laws which incor-~~  
 5 ~~porates or is based on a geologic study or on geologic data shall be~~  
 6 ~~prepared by or under the supervision of a licensed geologist as~~  
 7 ~~evidenced by the geologist's signature and seal.~~

8 New Sec. 9. The provisions of this act requiring licensure or the  
 9 issuance of a certificate of authorization under K.S.A. 74-7036 and  
 10 amendments thereto to engage in the practice of geology shall not  
 11 be construed to prevent or to affect:

12 (a) The practice of geology by any person before July 1, 1994.

13 (b) The performance of geological work by officers and employees  
 14 of the United States practicing solely as such officers and employees.

15 (c) The performance of geological work exclusively in the explo-  
 16 ration for and development (proving out) of energy resources and  
 17 base, precious and nonprecious minerals, including sand, gravel and  
 18 aggregate, and neither having a substantial impact upon the public  
 19 health, safety and welfare, as determined pursuant to rules and  
 20 regulations adopted by the board nor requiring the submission of  
 21 reports or documents to public agencies as provided in subsection  
 22 (d) of K.S.A. 74-7023 and amendments thereto.

23 (d) The conduct of geologic research through academic institu-  
 24 tions, agencies of the federal or state governments, nonprofit research  
 25 institutions or for-profit organizations, including submission of reports  
 26 of research to public agencies as provided in subsection (d) of K.S.A.  
 27 74-7023 and amendments thereto.

28 (e) The teaching of geology or related physical or natural sciences,  
 29 except for teaching of any specialty of geology affecting the public  
 30 health or safety.

31 (f) (1) The acquisition of engineering data involving soil, rock,  
 32 groundwater and other earth materials; evaluation of the physical  
 33 and chemical properties of soil, rock, groundwater and other earth  
 34 materials; and the utilization of these data in analysis, design and  
 35 construction by licensed professional engineers; and (2) similar ge-  
 36 ological work performed by persons or organizations licensed or reg-  
 37 istered in any other profession or occupation related to geology,  
 38 provided that such work is permitted under the applicable licensing  
 39 or registration law, and is incidental to the practice or the profession  
 40 or occupation for which licensure or registration is required.

41 (g) Performance of work customarily performed by such physical  
 42 or natural scientists as chemists, archaeologists, archaeological ge-  
 43 ologists, geographers, oceanographers, pedologists and soil scientists,

2 ~~(d) On and after July 1, 1994 1996, any geologic report or geologic~~

8 New Sec. 9. Delete in its entirety

1 if such work does not include the design and execution of geologic  
2 investigations; the independent control and direction, by use of in-  
3 itiative, skill and independent judgment, of geologic work or the  
4 supervision of such work; or the drawing of geologic conclusions and  
5 recommendations in a way that significantly affects the public health,  
6 safety or welfare.

7 (h) The giving of testimony, or preparation and presentation of  
8 exhibits or documents for the sole purpose of being placed in evi-  
9 dence, before any administrative or judicial tribunal or in any ad-  
10 ministrative or judicial hearing, if such testimony, exhibits, or  
11 documents do not imply that the person is licensed under the pro-  
12 visions of this act.

13 Sec. 10. K.S.A. 74-7033 is hereby amended to read as follows:  
14 74-7033. The provisions of this act requiring licensure or the issuance  
15 of a certificate of authorization under K.S.A. 74-7036 and amend-  
16 ments thereto to engage in the practice of engineering shall not be  
17 construed to prevent or to affect:

18 (a) The design or erection of any structure or work by the owner  
19 thereof, upon such owner's own premises for such owner's own use.

20 (b) Persons preparing plans, drawings or specifications for one or  
21 two family dwellings or for agricultural buildings.

22 (c) Persons engaged in planning, drafting and designing of prod-  
23 ucts manufactured for resale to the public.

24 (d) The performance of services by a licensed landscape architect  
25 in connection with landscape and site planning for the sites, ap-  
26 proaches or environment for buildings, structures or facilities.

27 (e) *The practice of geology by a person authorized to engage in*  
28 *such practice pursuant to this act.*

29 New Sec. 11. A person who applies for licensure as a geologist  
30 before July 1, 1994, shall be considered to be qualified for licensure,  
31 without further written examination, if the person possesses the  
32 following qualifications:

33 (a) A specific record of graduation from an accredited institution  
34 of higher education with a bachelor of science or bachelor of arts  
35 or higher degree, with a major in geology granted by an accredited  
36 institution of higher education acceptable to the board; or

37 (b) graduation from a accredited institution of higher education  
38 in a four-year academic degree program other than geology, but with  
39 the required number of course hours to qualify as a geologist; and

40 (c) experience consisting of a minimum of six years of professional  
41 practice in geology or a specialty thereof, of a character acceptable  
42 to the board.

43 New Sec. 12. (a) The board shall adopt rules and regulations

29 New Sec. 11. Delete in its entirety

43 New Sec. 12. Delete in its entirety

1 providing for the recognition of specialty fields of the practice of  
2 geology, establishing qualifications and examination requirements for  
3 such fields and providing for the issuance of certificates in such fields  
4 to qualified applicants. Specialty fields shall include but not be lim-  
5 ited to engineering geology, which is: (1) The planning, design,  
6 operation and maintenance of civil engineering works; (2) the de-  
7 velopment, protection and remediation of ground and surface water  
8 resources; and (3) other human activities where geologic factors and  
9 conditions impact the public welfare or the safeguarding of life,  
10 health, property and the environment.

11 (b) Any licensed geologist who applies for certification in a spe-  
12 cialty field within one year after recognition of such specialty field  
13 under this act shall be considered to be qualified for certification in  
14 that field, without further written examination, if the licensed ge-  
15 ologist has experience consisting of a minimum six years of profes-  
16 sional practice in the applicable specialty field of geology, of a  
17 character acceptable to the board.

18 Sec. 13. K.S.A. 74-7003, 74-7004, 74-7005, 74-7006, 74-7007, 74-  
19 7013, 74-7023 and 74-7033 are hereby repealed.

20 Sec. 14. This act shall take effect and be in force from and after  
21 its publication in the statute book.

1 New Sec. 12. Delete in its entirety

16-16

TESTIMONY BEFORE

THE HOUSE COMMITTEE ON  
GOVERNMENTAL ORGANIZATION AND ELECTIONS COMMITTEE  
CHAIRMAN MARVIN SMITH

by

THE KANSAS STATE BOARD OF TECHNICAL PROFESSIONS

October 20, 1993

*House G.O. & Elections  
Attachment 17  
10/20/93*



## KANSAS STATE BOARD OF TECHNICAL PROFESSIONS

(913) 296-3053

Suite 507, Landon State Office Building 900 Jackson Street Topeka, Kansas 66612-1214

STATEMENT TO THE  
HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION AND ELECTIONS COMMITTEE  
THE HONORABLE MARVIN SMITH, CHAIRMAN

by

THE KANSAS STATE BOARD OF TECHNICAL PROFESSIONS  
OCTOBER 20, 1993

RE: HOUSE BILL No. 2496-AN ACT concerning the practice of geology; providing for the licensure and regulation thereof as a technical profession; amending K.S.A. 74-7003, 74-7004, 74-7005, 74-7006, 74-7007, 74-7013, 74-7023 and 74-7033 and repealing the existing sections.

Mr. Chairman and Members of the Committee: Thank you for the opportunity to address the committee. My name is Betty Rose, and I am the executive director of the Kansas State Board of Technical Professions. Here with me today is the board's legal counsel, Glenda Cafer.

Under the provisions of the proposed legislation, the licensure and regulation of geologists would be under the jurisdiction of the Board of Technical Professions. The Board of Technical Professions is the state licensing and regulatory agency for engineers, architects, land surveyors, and landscape architects. The board also licenses and regulates the corporate practice for each of these professions.

The make-up of the board's total current registration is as follows:

	<u>Total</u>	<u>% of Total Number</u>
Professions Engineers	7,863	69%
Architects	2,309	20%
Land Surveyors	904*	8%
Landscape Architects	396	3%
Total	11,471	100%
Corporations	454	

(\*Approximately one-third of the licensed land surveyors in the state of Kansas are also dually licensed as professional engineers.)

The current membership of the board consists of 13 members; four engineers (one who is also licensed as a land surveyor), three architects, two land surveyors, one landscape architect, and three public members. We have one public member vacancy on the board at the present time.



The Board of Technical Professions has no official position on House Bill No. 2496 at this time. This issue has been discussed by the board in the past, but the present board has not developed a position on the current legislation. The hearing today was scheduled subsequent to the last board meeting, therefore, the board has not had an opportunity to prepare a position on this proposed legislation.

Although, the board has not taken a position on this bill, there are several concerns the board wishes to address. The first concern is financial.

As stated in the fiscal note, the first year costs are estimated at approximately \$26,853. Under the proposed legislation, three members representing the profession of geology would be appointed by the Governor to the Board of Technical Professions. The costs of three additional board members would be approximately \$6,603 per year. It would be necessary to add a staff position to support the workload of sixteen board members and five professions. Along with the fiscal concern of increasing the size of the board, there is also a potential problem of the board becoming unwieldy. The addition of four members in 1993 has made the work of the present board time consuming, and more difficult to handle administratively. The committee may want to consider substituting a geology member for one of our present three public members, rather than adding three new board members. This would help control the size and costs of the Board of Technical Professions.

If it is the pleasure of this committee to pass this bill favorably, the committee may also want to consider assessing the costs of the bill to those becoming licensed as geologists. It does not seem appropriate for the other current professions of the board to bear the cost of adding a new profession.

Another concern deals with the technical language of the proposed legislation. Recently, the statutes under the jurisdiction of the board were modified. One of the major revisions to the board's statutes were the minimum qualifications of the licensure for engineers, architects, landscape architects, and land surveyors. The minimum qualifications for the technical professions were amended to make them uniform by requiring an eight year total of experience and education. The educational requirement must be fulfilled with an accredited degree or its equivalent, with the exception for land surveyors. The experience requirement must be fulfilled with an internship under the supervision of a licensed professional. Under the new Section 7 of H.B. 2496, it appears that the minimum requirements for the licensure of geologists, would be different than those of the other four technical professions regulated. The total requirements set forth in the proposed legislation appear to be ten years versus the eight years required of the technical professions. This reimposes inconsistency in our laws which the recent modifications were intended to correct.

The recent modifications to our statutes also excluded from our professional practice definitions, the term "incidental" practice because of the ambiguities associated with this term. This bill reimposes the "incidental" practice language in New Section 9 (f)(1) by allowing non-licensed individuals to engage in the practice of geology if it is incidental to their practice of some other non-licensed occupation. Once again, the board will be required to interpret what is and what is not "incidental" practice which the board has had difficulty doing in the past, and had therefore, excluded this language in our other statutes.

The board would also point out that the four professions regulated by the board are required to take and successfully pass an examination. These professional examinations are designed to test the minimum competency level of the exam candidate, based upon their education and practical experience. The examinations required for a technical profession are administered by the board, but are developed on a national basis for each profession. The examinations required for a technical profession are uniform, national examinations, and are widely recognized for reciprocity in all jurisdictions of the United States. In New Section 7 (c) of the proposed legislation for geologists, an applicant for a license to practice geology is required to take an examination, but it is unclear to the board what type of examination is required, and the intent of that examination.

Again, the Board of Technical Professions has not yet had an opportunity to develop a position on this issue, but appreciates the opportunity to convey some of its concerns. I would be happy to answer any questions that you would direct to me or to the board's attorney.

Thank you very much.



GEORGE BARBEE, EXECUTIVE DIRECTOR

JAYHAWK TOWER

700 S.W. JACKSON ST., SUITE 702

TOPEKA, KS 66603-3740

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## TESTIMONY

Date: October 20, 1993

To: House Committee on Governmental Organization & Elections

From: Kevin Robertson  
Director of Governmental Affairs

Re: House Bill 2496 (Geologist Licensure)

Chairman Smith and members of the committee, my name is Kevin Robertson. Thank you for allowing me the opportunity to appear before you today on behalf of the 50 or so member firms which comprise the Kansas Consulting Engineers. I am testifying today in the place of George Barbree, CAE, Executive Director of KCE who had a previous out of state appointment today.

The Kansas Consulting Engineers have mulled over HB 2496 since its introduction last session. The Board of Directors, a special KCE task force and the general membership have all had an opportunity to provide input into the association's position on this legislation. It is the overwhelming consensus of the Kansas Consulting Engineers to not support HB 2496 in its present form.

KCE has, however, developed some amendments which make HB 2496 acceptable to our membership. These amendments address two main concerns our members have with the bill. First, the KCE amendments clarify that geologists licensed in Kansas can not infringe upon work presently being performed by licensed engineers, and that qualified professional engineers by education and experience can continue to perform geological and environmental analysis. Second, the KCE amendments give the Board of Technical Professions more equal representation based on professional licensure.

As written, KCE believes HB 2496 would give licensed geologists the ability to perform environmental and geologic engineering currently performed only by licensed and qualified professional engineers. As such, KCE amendments would address this concern with the following amendments:

Page 4, Line 14 - insert ", but, excluding the practice of engineering as defined in K.S.A. 74-7003 (i)" after "earth".

Page 8, Line 31 - insert "geologic and" before "engineering"

Page 8, Line 40 - insert ", and (3) the practice of engineering as defined in K.S.A. 74-7003 (i)"

Page 9, Line 43 - delete

Page 10, Line 1-17 - delete

Page 10, Line 18 - renumber section "13" to "12"

*House G.O. & Elections  
Attachment 18  
10/20/93*

AFFILIATED WITH:

The KCE Task Force on HB 2496 has met with Tom Hanson and Bob Vincent, geologists and members of the Kansas Geologic Society regarding many of these amendments. Both Mr. Hanson and Mr. Vincent assured the task force that geologists were not attempting to infringe on the specialized work performed by professional engineers. A letter expressing the Kansas Geologic Society Legislative Committee's agreement to amend several sections of the bill to clarify the professional responsibilities between geologists and engineers is attached. In this letter, the Kansas Geological Society approved all of these amendments with the exception of those amendments found on page 4 of the bill which were a recently proposed by our board of directors.

Lastly, the Kansas Consulting Engineers do not believe it is necessary for the Board of Technical Professions to expand by three (3) new members. As stated by Betty Rose, Executive Director of the Board of Technical Professions in her testimony, engineers make up 69% of those technical professions licensed by the Board. Further, KCE does not accept the figures cited by the Kansas Geologic Society as the anticipated number of geologists registering in Kansas.

The state of Arkansas, for example, has approximately 1,450 registered geologists. Arkansas is similar to Kansas in population, and both have an abundance of natural gas, petroleum, and coal resources. KCE believes far fewer geologist registrations can be expected in Kansas as compared to Arkansas, because, Arkansas does not exempt mining and petroleum geologists as does HB 2496 in Section 9(c). This information was provided to me by Denise Dane, Executive Secretary of the Arkansas Board of Registration for Professional Geologists. Also according to Dane, only 200-250 of the registered geologists in Arkansas are residents of the state. The remainder consist mainly of Eastern Oklahoma and Northeast Louisiana residents involved in the petroleum, coal mining, and natural gas industries. Therefore, KCE believes only 400-500 geologists will seek licensure in Kansas.

The Kansas Consulting Engineers do not believe this small number of registered geologists justifies three seats on the Board of Technical Professions. If, at a future date the Board of Technical Professions finds that geologists registrations are closer to the numbers suggested by the Kansas Geological Society, it would be appropriate at that time to add a board member based on factual registration information.

Again, thank you for the opportunity to appear before you today and I will attempt to answer any questions you may have at this time.

THOMAS J. HANSEN  
10110 ALAMO  
WICHITA, KANSAS 67212

Mr. Dale Maltbie  
Professional Engineering Consultants  
303 S. Topeka  
Wichita, Kansas  
67202

October 6, 1993

RE: House Bill 2496

Dear Mr. Maltbie:

The Kansas Geological Society Legislative Committee members met to discuss the changes requested by the KCE Committee. Members of the KGS Legislative Committee agreed to the following changes in House Bill 2496:

Page 8: Line 31 - "geologic and" be inserted before the word engineering.  
Page 8: Line 40 - "and (3) the practice of Engineering as defined in KSA 74-7003" be added at the end of the line.  
Page 9: Line 43 - delete  
Page 10: Line 1 through Line 17 - delete  
Page 10: Line 18 - renumber Sec. 13 to read Sec. 12

Committee members believe three geologists should be appointed as members to the state board of technical professions. It is anticipated 1000 to 2500 geologists will seek registration once House Bill 2496 is approved.

We know of your members' concern of House Bill 2496 limiting the environmental field to geologists, but do not perceive House Bill 2496 as doing such. Please call Bob Vincent, Chuck Brewer, or myself; if you have any further questions or comments.

Thanks for meeting with us last week.

Sincerely,



Thomas J. Hansen  
Consulting Geologist

cc: C. Brewer  
B. Rine  
R. Vincent

## HOUSE BILL No. 2496

By Committee on Energy and Natural Resources

2-17

8 AN ACT concerning the practice of geology; providing for the li-  
9 censure and regulation thereof as a technical profession; amending  
10 K.S.A. 74-7003, 74-7004, 74-7005, 74-7006, 74-7007, 74-7013, 74-  
11 7023 and 74-7033 and repealing the existing sections.

12  
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 74-7003 is hereby amended to read as follows:  
15 74-7003. As used in this act:

16 (a) "Technical professions" includes the professions of engineer-  
17 ing, land surveying, architecture and, landscape architecture and  
18 geology as the practice of such professions are defined in this act.

19 (b) "Board" means the state board of technical professions.

20 (c) "License" means a license to practice the technical professions  
21 granted under this act.

22 (d) "Architect" means a person whose practice consists of:

23 (1) Rendering services or performing creative work which re-  
24 quires architectural education, training and experience, including  
25 services and work such as consultation, evaluation, planning, pro-  
26 viding preliminary studies and designs, overall interior and exterior  
27 building design, the preparation of drawing, specifications and related  
28 documents, all in connection with the construction or erection of  
29 any private or public building, building project or integral part or  
30 parts of buildings or of any additions or alterations thereto, or other  
31 services and instruments of services related to architecture;

32 (2) representation in connection with contracts entered into be-  
33 tween clients and others; and

34 (3) observing the construction, alteration and erection of  
35 buildings.

36 (e) "Practice of architecture" means the rendering of or offering  
37 to render certain services, as described in subsection (d), in con-  
38 nection with the design and construction or alterations and additions  
39 of a building or buildings; the design and construction of items  
40 relating to building code requirements, as they pertain to architec-  
41 ture, and other building related features affecting the public's health,  
42 safety and welfare; the preparation and certification of any architec-  
43 tural design features that are required on plats; and the teaching of

1-8-4

1 architecture by a licensed architect in a college or university offering  
2 an approved architecture curriculum of four years or more.

3 (f) "Landscape architect" means a person who is professionally  
4 qualified as provided in this act to engage in the practice of landscape  
5 architecture, who practices landscape architecture and who is li-  
6 censed by the board.

7 (g) "Practice of landscape architecture" means the performing of  
8 professional services such as consultation, planning, designing or  
9 responsible supervision in connection with the development of land  
10 areas for preservation and enhancement; the designing of land forms  
11 and nonhabitable structures for aesthetic and functional purposes  
12 such as pools, walls and structures for outdoor living spaces for public  
13 and private use; the preparation and certification of any landscape  
14 architectural design features that are required on plats; and the  
15 teaching of landscape architecture by a licensed landscape architect  
16 in a college or university offering an approved landscape architecture  
17 curriculum of four years or more. It encompasses the determination  
18 of proper land use as it pertains to: Natural features; ground cover,  
19 use, nomenclature and arrangement of plant material adapted to soils  
20 and climate; naturalistic and aesthetic values; settings and approaches  
21 to structures and other improvements; soil conservation erosion con-  
22 trol; drainage and grading; and the development of outdoor space  
23 in accordance with ideals of human use and enjoyment.

24 (h) "Professional engineer" means a person who is qualified to  
25 practice engineering by reason of special knowledge and use of the  
26 mathematical, physical and engineering sciences and the principles  
27 and methods of engineering analysis and design, acquired by en-  
28 gineering education and engineering experience, who is qualified as  
29 provided in this act to engage in the practice of engineering and  
30 who is licensed by the board.

31 (i) "Practice of engineering" means any service or creative work,  
32 the adequate performance of which requires engineering education,  
33 training and experience in the application of special knowledge of  
34 the mathematical, physical and engineering sciences to such services  
35 or creative work as consultation, investigation, evaluation, planning  
36 and design of engineering works and systems, the teaching of en-  
37 gineering by a licensed professional engineer in a college or uni-  
38 versity offering an approved engineering curriculum of four years or  
39 more, engineering surveys and studies, the observation of construc-  
40 tion for the purpose of assuring compliance with drawings and spec-  
41 ifications, representation in connection with contracts entered into  
42 between clients and others and the preparation and certification of  
43 any engineering design features that are required on plats; any of

1 which embraces such service or work, either public or private, for  
2 any utilities, structures, buildings, machines, equipment, processes,  
3 work systems, projects and industrial or consumer products or equip-  
4 ment of a mechanical, electrical, hydraulic, pneumatic or thermal  
5 nature, insofar as they involve safeguarding life, health or property.

6 As used in this subsection, "engineering surveys" includes all survey  
7 activities required to support the sound conception, planning, design,  
8 construction, maintenance and operation of engineered projects, but  
9 excludes the surveying of real property for the establishment of land  
10 boundaries, rights-of-way, easements and the dependent or inde-  
11 pendent surveys or resurveys of the public land survey system.

12 (j) "Land surveyor" means any person who is engaged in the  
13 practice of land surveying as provided in this act and who is licensed  
14 by the board.

15 (k) "Practice of land surveying" includes:

16 (1) The performance of any professional service, the adequate  
17 performance of which involves the application of special knowledge  
18 and experience in the principles of mathematics, the related physical  
19 and applied sciences, the relevant requirements of law and the meth-  
20 ods of surveying measurements in measuring and locating of lines,  
21 angles, elevation of natural and man-made features in the air, on  
22 the surface of the earth, within underground workings and on the  
23 bed of bodies of water for the purpose of determining areas, volumes  
24 and monumentation of property boundaries;

25 (2) the preparation of plats of land and subdivisions thereof, in-  
26 cluding the topography, rights-of-way, easements and any other  
27 boundaries that affect rights to or interests in land, but excluding  
28 features requiring engineering or architectural design;

29 (3) the preparation of the original descriptions of real property  
30 for the conveyance of or recording thereof and the preparation of  
31 maps, plats and field note records that represent these surveys;

32 (4) the reestablishing of missing government section corners in  
33 accordance with government surveys; and

34 (5) the teaching of land surveying by a licensed land surveyor in  
35 a college or university offering an approved land surveying curric-  
36 ulum of four years or more.

37 (l) "Person" means a natural person, firm, corporation or  
38 partnership.

39 (m) "Plat" means a diagram drawn to scale showing all essential  
40 data pertaining to the boundaries and subdivisions of a tract of land,  
41 as determined by survey or protraction. A plat should show all data  
42 required for a complete and accurate description of the land which  
43 it delineates, including the bearings (or azimuths) and lengths of the

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1 boundaries of each subdivision.

2 (n) "Geologist" means a person who is qualified to practice ge-  
3 ology by reason of knowledge of geology, mathematics and the sup-  
4 porting physical and life sciences, acquired by education and  
5 practical experience, who is qualified as provided in this act to  
6 engage in the practice of geology and who is licensed by the board.

7 (o) "Practice of geology" means the performing of professional  
8 services such as consultation, investigation, evaluation, planning or  
9 mapping, or inspection or responsible supervision thereof in con-  
10 nection with the treatment of the earth and its origin and history,  
11 in general; the investigation of the earth's constituent rocks, minerals,  
12 solids, fluids including surface and underground waters, gases and  
13 other materials; and the study of the natural agents, forces and  
14 processes which cause changes in the earth.

15 Sec. 2. K.S.A. 74-7004 is hereby amended to read as follows:  
16 74-7004. For the purpose of administering the provisions of this act  
17 and in order to establish and maintain a high standard of integrity,  
18 skills and practice in the technical professions and to safeguard the  
19 life, health, property and welfare of the public, the governor shall  
20 appoint a state board of technical professions consisting of ~~nine~~ ~~16~~  
21 members. At least 30 days prior to the expiration of any term other  
22 than that of the member appointed from the general public, pro-  
23 fessional societies and associations which are respectively represen-  
24 tative of each branch of the technical professions may submit to the  
25 governor a list of three or more names of persons of recognized  
26 ability who have the qualifications prescribed for board members for  
27 appointment from that branch of the technical professions. The gov-  
28 ernor shall consider the list of persons in making the appointment  
29 to the board. In case of a vacancy in the membership of the board,  
30 other than that of the member appointed from the general public,  
31 for any reason other than the expiration of a term of office, the  
32 governor shall appoint a qualified successor to fill the unexpired  
33 term. In making the appointment the governor shall give consid-  
34 eration to the list of persons last submitted.

35 Sec. 3. K.S.A. 74-7005 is hereby amended to read as follows:  
36 74-7005. (a) Membership of the board shall be as follows:

37 (1) Four members shall have been engaged in the practice of  
38 engineering for at least eight years and shall be licensed engineers.  
39 At least one of such members shall be engaged in private practice  
40 as an engineer. At least one of such members shall also be licensed  
41 as a land surveyor, as well as a licensed engineer.

42 (2) Two members shall have been engaged in the practice of land  
43 surveying for at least eight years and shall be licensed land surveyors.

, but, excluding the practice of engineering  
as defined in K.S.A. 74-7003(i).

1 (3) Three members shall be licensed architects of recognized  
2 standing and shall have been engaged in the practice of the profession  
3 of architecture for at least eight years, which practice shall include  
4 responsible charge of architectural work as principal.

one

5 (4) ~~Three members shall be engaged in the practice of geology~~  
6 ~~and shall be licensed geologists on and after January 1, 1994.~~

7 (5) One member shall be a licensed landscape architect and shall  
8 have been engaged in the practice of landscape architecture for at  
9 least eight years, which practice shall include responsible charge of  
10 landscape architectural work as principal.

11 (5) (6) Three members shall be from the general public of this  
12 state.

13 (b) Each member of the board shall be a citizen of the United  
14 States and a resident of this state.

15 (c) The amendments to this section shall not be applicable to any  
16 member of the board who was appointed to the board and qualified  
17 for such appointment under this section prior to the effective date  
18 of this act.

19 Sec. 4. K.S.A. 74-7006 is hereby amended to read as follows:

20 74-7006. (a) Whenever a vacancy ~~shall occur~~ occurs in the mem-  
21 bership of the board by reason of the expiration of a term of office,  
22 the governor shall appoint a successor of like qualifications. *Subject*  
23 *to the provisions of subsection (b)*, all appointments shall be for a  
24 ~~term~~ terms of four years, but no member shall be appointed for  
25 more than three successive four-year terms. The term of each  
26 member first appointed after January 1, 1993,

27 (b) For the purpose of computing the length of the term of such  
28 member, a member:

29 (1) The term of each member first appointed after January 1,  
30 1993, to fill a vacancy created by expiration of a member's term  
31 shall commence on the first calendar day subsequent to the day of  
32 expiration of the preceding term, regardless of when the appointment  
33 is made, and shall end on June 30 of the fourth year of the member's  
34 term for those members whose terms commence on July 1, or on  
35 June 30 following the third full year of the member's term for those  
36 members whose terms commence on January 1.

37 (2) Of the members appointed pursuant to subsection (a)(4) of  
38 K.S.A. 74-7005 and amendments thereto, the term of one shall end  
39 on June 30 following the third full year of the member's term, the  
40 term of one shall end on June 30 following the second full year of  
41 the member's term and the term of one shall end on June 30 following  
42 the first full year of the member's term, as designated by the  
43 governor.

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1 (3). Thereafter, for the purpose of computing the length of term  
2 of a member of the board, the terms of members appointed to the  
3 board shall commence on the July 1 immediately following the day  
4 of expiration of the preceding term, regardless of when the appoint-  
5 ment is made, and shall expire on June 30 of the fourth year of the  
6 member's term.

7 (c) Each *member* shall serve until a successor is appointed and  
8 qualified. Whenever a vacancy shall occur in the membership of the  
9 board for any reason other than the expiration of a member's term  
10 of office, the governor shall appoint a successor of like qualifications  
11 to fill the unexpired term.

12 (d) The governor may remove any member of the board for  
13 misconduct, incompetency, neglect of duty, or for any other sufficient  
14 cause.

15 Sec. 5. K.S.A. 74-7007 is hereby amended to read as follows:  
16 74-7007. The board shall organize annually at its first meeting sub-  
17 sequent to July 1, and shall select a chairperson, vice-chairperson,  
18 and secretary from its own membership. The secretary shall be the  
19 custodian of the common seal, the books and records of the board,  
20 and shall keep minutes of all board proceedings. The chairperson  
21 and secretary shall have the power to administer oaths pertaining  
22 to the business of the board. The board shall have a common seal  
23 and shall formulate rules to govern its actions. Each member of the  
24 board shall take and subscribe the oaths prescribed by law for state  
25 officers. The oaths provided for herein shall be filed in the office of  
26 the secretary of state. The board shall hold an annual meeting and  
27 such additional meetings as the board may designate. Five (5) Nine  
28 members shall constitute a quorum for the transaction of business.

29 Sec. 6. K.S.A. 74-7013 is hereby amended to read as follows:  
30 74-7013. (a) The board may adopt all bylaws and rules and regula-  
31 tions, including rules of professional conduct, which are necessary  
32 for performance of its powers, duties and functions in the admin-  
33 istration of this act.

34 (b) *Subject to the provisions of subsection (c), it shall be the*  
35 *responsibility of the member or members of the board who hold a*  
36 *license to practice the profession for which an applicant seeks to be*  
37 *licensed, to provide and have graded any examination required by*  
38 *this act to be taken by such applicant.*

39 (c) *Before January 1, 1994, it shall be the responsibility of the*  
40 *members of the board appointed pursuant to subsection (a)(4) of*  
41 *K.S.A. 74-7005 and amendments thereto to provide and have graded*  
42 *any examination required by this act to be taken by an applicant*  
43 *for licensure to practice geology.*

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1 New Sec. 7. Minimum qualifications of applicants seeking licen-  
2 sure as geologists are the following:

3 (a) Graduation from a course of study in geology, or from a  
4 program which is of four or more years' duration and which includes  
5 at least 30 semester or 45 quarter hours of credit with a major in  
6 geology or a geology specialty, that is adequate in its preparation of  
7 students for the practice of geology;

8 (b) proof of at least six years of experience in geology or a geology  
9 specialty, in geologic work of a character satisfactory to the board,  
10 as defined by rules and regulations of the board; and

11 (c) the satisfactory passage of such examinations in the funda-  
12 mental of geology and in geologic practice as utilized by the board.

13 Sec. 8. K.S.A. 74-7023 is hereby amended to read as follows:

14 74-7023. (a) All examinations required by this act shall be held at  
15 such time and place as the board determines. The scope of the  
16 examinations and the methods of procedure shall be prescribed by  
17 the board. The board, after receiving satisfactory evidence of the  
18 qualifications of applicants and after satisfactory examination of the  
19 applicants, shall issue a license authorizing the applicant to practice  
20 the technical profession for which the applicant is qualified and to  
21 use the title appropriate to such technical profession. Each license  
22 shall show the full name of the licensee, shall have a serial number  
23 and shall be signed by the chairperson and the secretary of the board  
24 under seal of the board. The issuance of a license by the board shall  
25 be prima facie evidence that the person named on the license is  
26 legally licensed and is entitled to all the rights and privileges of a  
27 licensed practitioner of the technical profession for which the licensee  
28 is licensed while the license remains unrevoked and unexpired.

29 (b) Each licensee shall purchase a seal of a distinctive design  
30 authorized by the board, bearing the licensee's name and number  
31 and a uniform inscription formulated by the board. Documents,  
32 reports, legal descriptions, records and papers signed by the licensee  
33 in the licensee's professional capacity shall be stamped with the seal  
34 during the duration of the license, but it shall be unlawful for anyone  
35 to stamp any document with the seal after the license has expired  
36 or has been revoked, unless the license has been renewed or re-  
37 issued. No person shall tamper with or revise the seal without express  
38 written approval by the board.

39 (c) Any Kansas practitioner of a technical profession licensed her-  
40 eunder may stamp any documents submitted to such practitioner by  
41 any practitioner of a technical profession licensed in another state  
42 upon assuming full responsibility for furnishing complete and ade-  
43 quate observation of the work covered by the documents to which

1-8-10

1. the Kansas practitioner has affixed the seal.  
 2. (d) On and after July 1, 1994, any geologic report or geologic  
 3. portion of a report required by or supporting compliance with city  
 4. ordinance, county resolution or state or federal laws which incor-  
 5. porates or is based on a geologic study or on geologic data shall be  
 6. prepared by or under the supervision of a licensed geologist as  
 7. evidenced by the geologist's signature and seal.

8. New Sec. 9. The provisions of this act requiring licensure or the  
 9. issuance of a certificate of authorization under K.S.A. 74-7036 and  
 10. amendments thereto to engage in the practice of geology shall not  
 11. be construed to prevent or to affect:

12. (a) The practice of geology by any person before July 1, 1994.

13. (b) The performance of geological work by officers and employees  
 14. of the United States practicing solely as such officers and employees.

15. (c) The performance of geological work exclusively in the explo-  
 16. ration for and development (proving out) of energy resources and  
 17. base, precious and nonprecious minerals, including sand, gravel and  
 18. aggregate, and neither having a substantial impact upon the public  
 19. health, safety and welfare, as determined pursuant to rules and  
 20. regulations adopted by the board nor requiring the submission of

21. reports or documents to public agencies as provided in subsection  
 22. (d) of K.S.A. 74-7023 and amendments thereto.

23. (d) The conduct of geologic research through academic institu-  
 24. tions, agencies of the federal or state governments, nonprofit research  
 25. institutions or for-profit organizations, including submission of reports  
 26. of research to public agencies as provided in subsection (d) of K.S.A.  
 27. 74-7023 and amendments thereto.

28. (e) The teaching of geology or related physical or natural sciences,  
 29. except for teaching of any specialty of geology affecting the public  
 30. health or safety.

31. (f) (1) The acquisition of engineering data involving soil, rock,  
 32. groundwater and other earth materials; evaluation of the physical  
 33. and chemical properties of soil, rock, groundwater and other earth  
 34. materials; and the utilization of these data in analysis, design and  
 35. construction by licensed professional engineers; and (2) similar ge-  
 36. ological work performed by persons or organizations licensed or reg-  
 37. istered in any other profession or occupation related to geology,  
 38. provided that such work is permitted under the applicable licensing  
 39. or registration law, and is incidental to the practice or the profession  
 40. or occupation for which licensure or registration is required.

41. (g) Performance of work customarily performed by such physical  
 42. or natural scientists as chemists, archaeologists, archaeological ge-  
 43. ologists, geographers, oceanographers, pedologists and soil scientists,

geologic and

; and (3) the practice of engineering  
 as defined in K.S.A 74-7003(i).

11-8

1 if such work does not include the design and execution of geologic  
2 investigations; the independent control and direction, by use of in-  
3 itiative, skill and independent judgment, of geologic work or the  
4 supervision of such work; or the drawing of geologic conclusions and  
5 recommendations in a way that significantly affects the public health,  
6 safety or welfare.

7 (h) The giving of testimony, or preparation and presentation of  
8 exhibits or documents for the sole purpose of being placed in evi-  
9 dence, before any administrative or judicial tribunal or in any ad-  
10 ministrative or judicial hearing, if such testimony, exhibits, or  
11 documents do not imply that the person is licensed under the pro-  
12 visions of this act.

13 Sec. 10. K.S.A. 74-7033 is hereby amended to read as follows:  
14 74-7033. The provisions of this act requiring licensure or the issuance  
15 of a certificate of authorization under K.S.A. 74-7036 and amend-  
16 ments thereto to engage in the practice of engineering shall not be  
17 construed to prevent or to affect:

18 (a) The design or erection of any structure or work by the owner  
19 thereof, upon such owner's own premises for such owner's own use.

20 (b) Persons preparing plans, drawings or specifications for one or  
21 two family dwellings or for agricultural buildings.

22 (c) Persons engaged in planning, drafting and designing of prod-  
23 ucts manufactured for resale to the public.

24 (d) The performance of services by a licensed landscape architect  
25 in connection with landscape and site planning for the sites, ap-  
26 proaches or environment for buildings, structures or facilities.

27 (e) *The practice of geology by a person authorized to engage in*  
28 *such practice pursuant to this act.*

29 New Sec. 11. A person who applies for licensure as a geologist  
30 before July 1, 1994, shall be considered to be qualified for licensure,  
31 without further written examination, if the person possesses the  
32 following qualifications:

33 (a) A specific record of graduation from an accredited institution  
34 of higher education with a bachelor of science or bachelor of arts  
35 or higher degree, with a major in geology granted by an accredited  
36 institution of higher education acceptable to the board; or

37 (b) graduation from a accredited institution of higher education  
38 in a four-year academic degree program other than geology, but with  
39 the required number of course hours to qualify as a geologist; and

40 (c) experience consisting of a minimum of six years of professional  
41 practice in geology or a specialty thereof, of a character acceptable  
42 to the board.

43 ~~New Sec. 12. (a) The board shall adopt rules and regulations~~ DELETE

18-12

1 ~~providing for the recognition of specialty fields of the practice of~~  
2 ~~geology, establishing qualifications and examination requirements for~~  
3 ~~such fields and providing for the issuance of certificates in such fields~~  
4 ~~to qualified applicants. Specialty fields shall include but not be lim-~~  
5 ~~ited to engineering geology, which is: (1) The planning, design,~~  
6 ~~operation and maintenance of civil engineering works; (2) the de-~~  
7 ~~velopment, protection and remediation of ground and surface water~~  
8 ~~resources; and (3) other human activities where geologic factors and~~  
9 ~~conditions impact the public welfare or the safeguarding of life,~~  
10 ~~health, property and the environment.~~

11 ~~(b) Any licensed geologist who applies for certification in a spe-~~  
12 ~~cialty field within one year after recognition of such specialty field~~  
13 ~~under this act shall be considered to be qualified for certification in~~  
14 ~~that field, without further written examination, if the licensed ge-~~  
15 ~~ologist has experience consisting of a minimum six years of profes-~~  
16 ~~sional practice in the applicable specialty field of geology, of a~~  
17 ~~character acceptable to the board.~~

DELETE

12

18 ~~Sec. 18.~~ K.S.A. 74-7003, 74-7004, 74-7005, 74-7006, 74-7007, 74-  
19 7013, 74-7023 and 74-7033 are hereby repealed.

20 Sec. 14. This act shall take effect and be in force from and after  
21 its publication in the statute book.





# Kansas Engineering Society

*A state society of the National Society of Professional Engineers*

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## TESTIMONY

### HOUSE GOVERNMENTAL ORGANIZATION & ELECTIONS COMMITTEE

October 20, 1993

Mr. Chairman, members of the committee, I am Bill Henry, Executive Vice-President of the Kansas Engineering Society, and I appear today on behalf of more than 900 licensed engineers belonging to that organization who practice engineering in Kansas.

The Kansas Engineering Society is composed of engineers who work in private practice, industry, construction, education and in government.

As H.B. 2496 was originally introduced in this committee definitions of the practice of geology and engineering were in conflict. The Kansas Engineering Society is opposed to H.B. 2496 in its current form.

However, certain amendments have been introduced and discussed by geologists and engineers and the Kansas Engineering Society finds the bill to be more palatable with these changes and definitions.

However, the Society still opposes the number of geologists to be placed on the Board of Technical Professions and believes that based upon the number of licensees that may be included under the act one representative is sufficient for the geologists.

Members of the Kansas Engineering Society believe the key issue for the members of this committee to determine is whether or not the public health and safety will be protected by incorporating geologists as a licensed profession.

The Kansas Engineering Society also believes that should this committee determine geologists be licensed then the practice of geology should be licensed with parallel qualifications as those of the other professions that are currently licensed by the Board of Technical Professions.

That is, the terms of experience and education should be parallel to those that are currently set out in the statutes for engineering, architecture, land surveying and landscape architecture. I will be happy to respond to any questions that the committee might have and I will also be available for further questioning at the committee's invitation.

Respectfully Submitted,

William M. Henry, Executive Vice-President  
Kansas Engineering Society

G.O. + Elections  
Attachment 19  
10/20/93



State of Kansas

Joan Finney, Governor

Reply To: (913) 296-1678/ FAX (913) 296-6190  
Bureau of Environmental Remediation  
Forbes Field, Building 740  
Topeka, Kansas 66620-0001



Department of Health and Environment

Robert C. Harder, Secretary

Testimony Presented to  
House Committee on Governmental Organization and Elections

by

Kansas Department of Health and Environment  
House Bill 2496

Introduction

My name is Charles Jones, Director of the Division of Environment, Kansas Department of Health and Environment. I am here today to testify in support of House Bill 2496, as amended, which concerns the practice of geology, providing for licensure thereof as a technical profession.

Summary/Background

House Bill 2496, as amended, provides for the licensing and regulation for the profession of geology thereof as a technical profession. House Bill 2496 will serve to protect the citizens and environment of Kansas by providing minimum qualifications for persons practicing geology in the state. The minimum qualifications include graduation from an accredited institution of higher learning with the required course work in geology and a minimum of five years professional experience in the practice of geology.

The Kansas Department of Health and Environment currently employees 62 geologists to implement both state and federally mandated environmental programs. These programs include the control of subsurface injection of brine and industrial waste, spillage of petroleum products, solid and hazardous waste disposal, water well construction, and providing technical oversight for investigations and remediation of contaminated sites in Kansas. The work involves performing specialized and sometimes highly complex duties using the principles of environmental geology for implementation, oversight and guidance.

*House G. O. and Elections  
Attachment 20  
10/20/93*

Due to the wide diversity of environmental projects, KDHE's technical staff has daily contacts with a considerable number of various environmental consulting companies/professionals. These consulting companies/professionals are hired by the parties responsible for environmental problems to provide technical expertise in addressing the problem. Obviously, the responsible parties need the most qualified consultant to ensure the environmental problem is rectified in a protective, yet economic manner. In many instances the services of a qualified professional are not obtained and the project is compromised. As a result, the public health and environment is placed at an unjustified risk and additional burdens are placed upon technical staff of KDHE who oversee and regulate these activities.

The majority of the environmental work performed in the state is not reviewed by any regulatory agency, but is conducted for citizens of the state and lending institutions for health and environmental projects associated with property transfers.

We are of the opinion that licensing of geologists would greatly improve the quality, consistency and professionalism of environmental work performed in Kansas. In addition, House Bill 2496 will serve to protect the citizens and environment of Kansas by providing minimum qualifications for persons practicing geology in the state.

The Kansas Department of Health and Environment supports the licensing of geologists, and is of the opinion that geologists should be subjected to the same standards, ethics and practices as other professionals currently licensed in the state.

October 20, 1993

RE: House Bill No. 2496; Licensing of Geologists in Kansas,  
Testimony to the House Governmental Organization and  
Election Committee; October 20, 1993

Mr. Chairman and Members of the Committee,

**BOEING**

My name is Mike Everhart and I am an Environmental Affairs Manager at the Boeing Commercial Airplanes facility in Wichita, Kansas. I am not a geologist, and instead, see myself as a customer of geologists. As an environmental professional employed by The Boeing Company since 1985, and as a Registered Sanitarian with 13 years of experience in the public health field, I would like to express my support for House Bill No. 2496 regarding the licensing of geologists as a recognized, technical profession in the State of Kansas.

As my testimony, I would like to share with you a couple of lessons in geology that I have learned the hard way. They are lessons that I hope that others would not have to repeat.

About fifteen years ago, while employed by the Wichita-Sedgwick County Health Department, I was involved with the permitting of a hazardous waste landfill in Sedgwick County. A very superficial geological examination of the site by a consultant showed that there would be 90 feet of impervious clay under the hazardous waste. Two years later, however, when chemicals leaking from the site were found in a nearby creek, a much more complete investigation showed that the landfill was riddled with geological structures that could not possibly contain the waste. The landfill had begun leaking almost immediately after the first drums were buried.

In the course of environmental work performed at Boeing, we have also relied on contractors who were supposedly fully qualified to perform geological investigations. In some situations, we have discovered that much of the geologic data that we had depended upon was incorrect or incomplete, and that projects had been designed on the basis of invalid geological assumptions. As a consequence, we have learned, literally, that the foundations of some of our projects were not solid and that everything that we had subsequently built on those foundations was shaky.

*House G.O. & Elections*

*Attachment 21*

*10-20-93*

In retrospect, we found that we had erred in that we did not initially view the geology of these sites as a critical part of the process. We learned the hard way that understanding the site geology was the single, most important key to the success of what we were trying to accomplish. If we had insured that a qualified geologist had been a part of the project team from the beginning, we would have been able to better protect the environment and to save hundreds of thousand of dollars in total costs.

At Boeing, the success of our current environmental program is due in large part to the fact that we have sought out and hired qualified geologists as a part of our in-house staff. Obviously, not everyone can hire their own staff geologists to address environmental concerns, but they should have some reasonable degree of assurance that they can find qualified professionals as consultants.

The lessons learned by Boeing can certainly be applied to both large and small businesses. On the basis of my personal experience, and I am sure it is not unique, I would ask your support for House Bill 2496 and the licensing of geologists in the State of Kansas.

Mr. Chairman, I would be happy to answer any questions that you or the committee may have.

Sincerely,



MICHAEL J. EVERHART, M.S., R.S.  
Environmental Affairs Manager  
Safety Health and Environmental Affairs  
Boeing Commercial Airplane Group, Wichita Division

**BOEING**

STATE OF KANSAS



OFFICE OF THE SECURITIES COMMISSIONER

Second Floor

618 South Kansas Avenue

Topeka, Kansas 66603-3804

(913) 296-3307

Joan Finney  
Governor

James W. Parrish  
Securities Commissioner

October 20, 1993

The Honorable Marvin E. Smith, Chairman  
House Committee on Governmental Organization  
and Elections  
State Capitol Building  
Topeka, KS 66612

Re: House Bill No. 2496

Dear Representative Smith:

This letter is written in support of House Bill No. 2496. It is both my opinion and the opinion of my staff that the elevation of the practice of geology to a regulated and licensed profession would have a beneficial effect on the quality of disclosure in offering documents for registered public offerings involving oil and gas exploration, production, mining or other extractive industries.

Under current practice, geologists' reports which might be attached to offering materials could conceivably be prepared by anyone without any qualification as to education or professional competence. The availability of the licensing procedures under HB 2496 would provide an easy, objective standard for our staff to use in determining whether such reports are prepared by qualified experts. Judging the level of expertise in such a technical field could present a problem to our staff. The licensing procedures would make this process less subjective.

Very truly yours,

James W. Parrish  
Securities Commissioner

RNW:JWP/lp

cc: Committee Members

House H. O. + Elections  
Attachment 22 (22)  
10/20/93



TESTIMONY  
By  
William R. Bryson  
on  
SENATE BILL 398  
before  
House Governmental Organization and Election Committee  
October 20, 1993

Mr. Chairman, members of the Committee, I am William R. Bryson, with the Kansas Corporation Commission, Conservation Division. Senate Bill 398, as amended, would authorize in statute the Commission to employ two specific unclassified positions in the Conservation Division, a Petroleum Engineer and an Interagency Coordinator.

Through the sunset audit of the agency during the 1991 and 1992 Legislative sessions, Legislative Research staff noted the petroleum engineer and interagency coordinator within the Conservation Division were not specifically mentioned in the statutes. However, they have been established through appropriations language for the past six years.

During the agency's budget hearings with the 1992 Legislature, the House Appropriations subcommittee included in the KCC's appropriations bill, authority for the Commission to retain two existing positions in the unclassified service. It is stated in the subcommittee report because the KCC is in a process of reorganization, the Subcommittee recommends that the positions be authorized in the appropriations bill. However, it thinks the Commission should seek statutory authorization for these positions in FY 1993 when the Commission's reorganization is final.

There is no fiscal impact on this agency and no impact on any other agency.

*House G.O. & Elections*  
*Attachment 23*  
*10/20/93*