

Approved: April 23, 1993
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson August Bogina at 11:00 a.m. on March 29, 1993 in Room 123-S of the Capitol.

All members were present except: Senator Vancrum, who was excused

Committee staff present: Leah Robinson, Legislative Research Department
Scott Rothe, Legislative Research Department
Norm Furse, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Senator Ben Vidricksen
Kathy Sudeikis, President, Missouri Valley Chapter of the American Society of
Travel Agents
Jack Shipman, Director, Division of Purchases, Department of Administration
Judge Buchele
Ted Ayres, Board of Regents
Senator Tim Emert

Others attending: See attached list

**SB 377--STATE CONTRACTS WITH TRAVEL AGENCIES PROHIBITED; TRAVEL
SERVICE PROVIDER DISCOUNTS**

Senator Vidricksen appeared before the Committee in support of SB 377, noting his opinion that this is a privatization issue. He stated that the state's involvement in providing travel services is viewed as direct competition by the travel industry. He introduced the bill at the request of travel agencies.

Kathy Sudeikis testified in support of SB 377 and reviewed Attachment 1. In answer to a question, she stated that a travel agency must indicate the percentage of gross commission it is willing to rebate in order to be considered in the bidding process. She indicated that ancillary items such as service, delivery of tickets, etc. are not considered.

Jack Shipman distributed copies of Attachment 2 which he reviewed in opposition to SB 377. He also made available copies of the November 1985 Performance Audit Report (Attachment 3) and copies of travel arrangements and letters from state employees who had been served by Bryan World Tours (Attachment 4). In answer to a question, Mr. Shipman explained the operation of securing travel arrangements. He stated that the state agency contacts the state travel manager who, in turn, contacts Bryan World Tours. Bryan's supplies the travel agents who make the travel arrangements. He noted that KU and KSU have requested satellite agencies on their sites for this purpose. He told members that an agency must submit in writing their reason for deeming any lower fare arrangements unacceptable.

Senator Moran expressed doubt that an "in-house" travel agency would provide improved service (Attachment 2-2). The Chairman concurred and added that he had not received good service from Bryan's in the past. In answer to questions, Mr. Shipman stated that although the Department is not always able to secure the best price on travel arrangements, of the \$3.1 million allotted for airfare to date, \$160,000 in rebates from the airline tickets and \$7,500 in rebates from the lodging and car rental bookings is expected to accrue. He noted that cost savings that can be contributed to cost control is more difficult to estimate, but it is his opinion that those savings do occur because of the requirement that the agency justify an appeal in writing. In answer to Senator Morris, Mr. Shipman stated that Bryan World Tours will cancel and refund tickets at no

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 29, 1993.

charge on two airlines.

The Chairman declared the hearing on SB 377 closed.

SB 320--PERCENTAGE INCREASES IN ANNUAL SALARIES OF JUSTICES AND JUDGES

Judge James Buchele appeared before the Committee and reviewed Attachment 5 in support of SB 320. Staff noted that SB 320 would mandate annual salary increases for judges and justices equivalent to the average salary increase provided through step movement of classified personnel. It was noted that under the provisions of this bill, the salary increases for judges and justices would be automatic after June 30, 1995 whereas salary increases for other unclassified personnel are addressed through the merit pool of 2.5% provided by the Legislature.

SB 417 - STATE EDUCATIONAL INSTITUTIONS UNDER THE CONTROL OF THE STATE BOARD OF REGENTS, PHASED-RETIREMENT PROGRAMS

Ted Ayres, Board of Regents, testified in support of SB 417 by reviewing Attachment 6. He explained that SB 417 would allow all unclassified personnel of the Regents institutions to enter into a phased-retirement program. In this program, tenured faculty and any unclassified personnel other than health care workers could reduce their appointment to not less than quarter time with an equivalent reduction in salary, but health and retirement benefits would be paid as if those the employees were full-time. Mr. Ayres stated that any employee who enters the program would enter into a contract under which he/she would agree to retire within five years. In answer to a question, Mr. Ayres indicated that he would provide a copy of the Attorney General's opinion regarding the current reduced service program as authorized by K.S.A. 76-746.

HB 2521 - DISPOSITION OF GENERAL FUNSTON BOYHOOD HOME

Senator Tim Emert appeared before the committee to testify in support of HB 2521. He suggested that amendments be made to the bill to clear up a discrepancy in the legal description of the land and to clarify right of refusal (Attachment 7). In answer to a question, he stated that HB 2521 provides a means whereby the property can be returned without the \$24,500 which was appropriated last legislative session.

Senator Kerr moved, Senator Moran seconded, that HB 2521 be amended by the balloon (Attachment 7) and that HB 2521 as amended be recommended favorable for passage. The motion carried on a roll call vote.

INTRODUCTION OF BILLS

It was moved by Senator Kerr and seconded by Senator Morris that bill draft 3 RS 1264 as requested by Chairman Bogina be introduced. The motion carried on a voice vote.

The Chairman adjourned the meeting at 12:27 P.M.

The next meeting is scheduled for March 30, 1993.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: March 29, 1993

[illegible]



Kathryn W. Sudeikis, CTC
President
Missouri Valley Chapter

Testimony of Kathy Sudeikis, President of the Missouri Valley
Chapter of the American Society of Travel Agents Before the
Kansas Senate Committee on Ways and Means

March 29, 1993

RE: SB 377

My name is Kathy Sudeikis, of Overland Park, Kansas. I am the Executive Vice President of Brennco Travel in Overland Park, Kansas. I am appearing before you today as the President of the Missouri Valley Chapter of the American Society of Travel Agents (ASTA). The Missouri Valley Chapter of ASTA encompasses five states including the 125 member agencies who are doing business in the State of Kansas. I am here to support the passage of Senate Bill 377, which would get the State of Kansas out of the travel business and out of competition with the privately owned travel agencies throughout Kansas.

First of all , I would like to briefly describe a typical profile of a Kansas travel agency. Most are small businesses, with less than 10 employees. Most are owned and staffed by females. All are Kansas employers, Kansas Tax Payers, and a vital part of the Kansas economy. Some owe money at banks in the State of Kansas. Some are just starting their businesses and some have been in business for a number of years. To each and every one of the them , having the State of Kansas in competition with them offering the very same services that they offer is very discouraging and very much opposed by the member agencies of the American Society of Travel Agents in the State of Kansas.

We congratulate Senator Ben Vidricksen of Salina in identifying this issue as a classic example of the State of Kansas being in competition with the private enterprise in Kansas. His dedication to expose and correct flagrant examples of privatization of service regularly available from private commercial services offered by Kansas business enterprise is very commendable. We thank him for sponsoring SB 377.

Let me give you an example of the kind of situation that we have today in the State of Kansas for a typical state employee who lives or works in Salina, Kansas. As the system is today with the State of Kansas in the travel business -

the employee must call the Topeka location to make all travel arrangements with the State's own agency. There are at least three independent travel agency businesses in the Salina area and none of those locations are able to help them with their travel plans. It is a pity that under the present state controlled travel contract that those state employees based in Salina cannot purchase their travel services from local Salina travel agents.

Additionally , it is a pity that those Salina travel agents are also barred from serving fellow Salina citizens who happen to be state employees - that live in Salina and wish to begin their business trips from there. The loss of that business is detrimental to the future growth of those agencies. Those state employees are denied the opportunity to do business with their neighbors and that loss of personal service and convenience to those local citizens should be of concern to all of us. This is a story that can be told throughout the State of Kansas.

The state travel business was not always handled as it is today. For years the State of Kansas depended solely on the numerous privately owned travel agencies to furnish its travel services. Not until the last year of the second term of Governor John Carlin, did the State of Kansas undertake the travel business related to its employees. For five years now Kansas has divided the state's business between five

agencies and taken bids. The bid request from the State of Kansas always highlighted a feature that our industry has long opposed -the rebating of net profits derived by the agencies for issuing the tickets and making travel arrangements. Demanding that agencies who bid for the business of the State of Kansas give back the profits that they earned in providing the ticketing, itineraries, billing and other ancillary services strikes at the lifeblood and heart of an agency's reason for existence and can in effect put those agencies out of business. Normal commission from the airlines for the issuance of an airline ticket is 10% of the pre-tax ticket amount of each ticket. That is not the net profit of the agency business however since all expenses for salaries , rent , and utilities must be taken from that ten percent held by the agency as commission for services rendered. The accepted industry standard for net profit in a travel agency in the 1990's is about 1% of the total gross income generated by that business. It has been true in the past that larger agencies were receiving more than the standard 10% airline commission but those days are almost a thing of the past as the airline industry faces losses in the amount of 10 Billion US Dollars in the last 3 years.

The State of Kansas took bids and set in place a single contractor who rebates up to 60% of its normal net income.

Where in Kansas can you find any business that is able to give up 60% of its net profit and be profitable ?

This very procedure favors larger , more mature travel agencies over smaller companies that need the business to grow, to contribute to the State tax base but who cannot afford to rebate a share of their profits.

While rebating a portion of the net commission is not illegal in the agreement between travel agents and the airlines who allow them to issue their tickets, it is becoming quite apparent to everyone working in the business that it is not always a sound business decision. There is no question that the offering of substantial rebates of net commissions requires the agency to find other ways to increase revenue sources. That may mean that service levels are jeopardized since an agency might be doing the same volume of business with less actual employees or there may be the tendency to not have the time or desire for search for the lowest and most economical airfares for every possible itinerary.

In either instance the traveller may not be serviced as before. A travel agent depends almost exclusively on his business growing by having good business sense and by providing services that will endear their client base to them and who will provide additional repeat business as well as referral business to help their agency grow and prosper.

There is a vested interest in doing business with neighbors who you bank with, shop with and with whom you have children in school or with whom you visit religious services. When

your clients are in your own hometown or close by it is alot harder to be cavalier about the cost of services and airline tickets than with an agency that is state controlled.

I would like to add to our policy statement a concern that the State of Kansas has singled out the travel business among all of the services it pays for with a requirement that their contractor rebate a large percentage of its net profits.

We would ask this committee to examine whether there is any other service furnished to the State of Kansas that makes this requirement in its bid process. Contracts are let to attorneys, architects, engineers , accountants, building contractors, etc. in our analysis not one of these or any other not mentioned is so penalized. If the concept of a single contract to furnish travel arrangements is so cost effective and ideal for the State then we would ask that the state consider hiring only one accounting firm, one architectural firm, one consulting engineering firm and one law firm to handle the state's work. We fail to see the difference in the method in which these contracts can offer the state opportunities that the use of several different travel firms could also offer the state.

Nowhere in our research did we uncover a Bid Request that has as its main tenant a requirement that the bid would be based on the amount of rebate to be returned to the State. Why was the travel services contract considered for this "special treatment" ?

Additionally , when you study the State Purchasing memorandum, they take pride in having their very own travel service and take credit by talking about the money that is being rebated to the State. All of this is taking opportunity for tax revenue dollars from growing businesses in the State. It has the sand bag effect on the remaining businesses. Travel agencies that would like to compete, to sell airline tickets and other travel services. Ones that would like to make a fair profit, make a payroll and pay taxes and create more jobs for Kansans in an industry growing into the United States number one industry by the year 2000. It is a bad policy and with SB 377 it can be stopped.

Section (b) of SB 377 is an important section since it will allow the State to reach out in the name of the State of Kansas to make arrangements with suppliers based on its total volume of business. Any agreement that the State enters into would then be available to any agency in the State of Kansas who is handling official State Business when a traveller falls into these definitions.

Thank you Mr. Chairman and members of the committee. I will be pleased to briefly answer any questions you may have.

SENATE BILL 377
SENATE WAYS AND MEANS COMMITTEE
MARCH 29, 1993

Mr. Chairman, Members of the Committee.

My name is Jack Shipman and I am the Director of the Division of Purchases, the Department of Administration. I am here today to speak in regards to Senate Bill 377.

One year ago this month, the "In-House" State Travel Center was formally opened with a ribbon-cutting ceremony led by Governor Finney. The structure and operation of the State Travel Center mirrors a report issued in November, 1985 to the Legislative Post Audit Committee by the Legislative Division of Post Audit (copy attached). I call the committee's attention to page seven of this report (red tag) in the middle of the page. There it is stated: "Contracting with a commercial travel agency would provide the State with travel expertise, computerized reservations, and other services with minimal additional costs." What has evolved, however, is that cost savings occurred and there is no additional costs.

At the time this report was issued, airline tickets were purchased by each individual agency on an "as needed" basis from travel agencies throughout the State. No competition was sought in the purchase of these tickets. By January, 1987, a limited contract for airline tickets was in place for all but southeast Kansas. During the period of this contract complaints were received from various agencies of the State, as well as from travel agencies not included in the contract, that said the State was not obtaining the lowest fares possible.

By January, 1991, the Division of Purchases began a study of alternatives to the then existing travel contract. The report of the Legislative Division of Post Audit was included in this additional study. In a meeting with the Secretary of Administration and the Governor's Office of Efficiency Management, a pilot program was started to test the effectiveness of the then current contractors at providing the lowest fares for State of Kansas travelers. The contractors were aware of the test in progress. As a result of this test, it was discovered that contractors were providing the lowest fare only 78% of the time.

As a result of this study, a task force was formed to examine the methodologies used by the private sector in securing airline tickets competitively and cost effectively. It was determined that Hills Pet Products, the Menninger Foundation, Hallmark, Volume Shoe, and Black and Veatch were using "on-site" travel centers operated by professionally certified travel agencies for not only their airline tickets but hotel and car rental accommodations as well.

SWAM
March 29, 1993
Attachment 2

A check was also made with the General Services Administration (GSA) Region Six, headquartered out of Chicago, Illinois with the local office in Kansas City, Missouri. The GSA was asked how and why the decision was made to contract for government travel services. The answer to that question was that a contractor eliminated the need to shop around as that had been done through the competitive bid process. It was also found by the GSA that the one-stop shopping covering airline, lodging and car rentals handled by a single phone call was both efficient and effective. The GSA indicated that they had been contracting for these services for 13 years. Finally, the GSA stated clearly that the administration of a single contract was by far more cost effective and administratively efficient than trying to coordinate and administer several contracts at one time. The final question asked of the GSA was what would be the result of the cancellation of their travel contract. Their answer to that question was that it would result in increased travel costs and an inability to maximize travel budgets.

The task force concluded that an "in-house" travel agency had many advantages over the system in use at that time. The advantages listed were:

1. Reduced expenditures due to more assurance of acquiring lowest available fare.
2. Improved service. Agents dedicated to one account, the GSA found, will soon feel allegiance to the State and to individual travelers.
3. Management reports from a central "in-house" facility would provide adequate, documented statistics for future travel improvements.
4. Better account reconciliation.

At the time this report was made, it was projected that the State would purchase two million dollars in airline travel per year alone.

A review of the American Express survey of travel management in 1992 indicated that 38% of the North American corporations had contractual arrangements with an agency for their travel needs. 83% of corporate America require their employees to take the lowest logical airfare available. 90% require their employees to purchase their travel arrangements through a designated travel agency.

In 1991, 20 states and provinces of Canada had contracts with travel agencies. 24 states and provinces in 1991 had established a centralized travel coordinator. Also, in 1991, GSA had thirteen years of positive experience with an "in-house" travel agency concept.

It was after a great deal of study and deliberation the task force determined that the prudent road to follow was that of an "in-house" travel agency operated for the State.

Therefore, in October, 1991, a Request for Proposal (RFP) was sent to 47 travel agencies in the State of Kansas. In response to these 47 RFP's, nine bids were received by the Division of Purchases for a State Travel Center. From the nine bids received, seven agencies were voted upon to enter into negotiations for a contract. On December 3, 1991, an "Intent to Award" letter was mailed to Bryan World Tours of Topeka, Kansas. On March 16, 1992 the "In-House" service opened operations in the Landon State Office Building, where it resides in operation today.

If Senate Bill 377 were to be signed into law as written, the Division of Purchases, acting on behalf of the Secretary of Administration, would have to negotiate new contracts with:

- 39 domestic airlines
- 25 foreign airlines
- 16 car rental agencies
- 132,000 hotels and motels in the United States alone

Additionally, to fulfill the requirements of Senate Bill 377, the State would have to coordinate each of the above contracts with each of the 238 certified travel agencies existent in the State today. I estimate, conservatively, that a minimum of 18 new employees would have to be added to my staff in order to negotiate these contracts and administer them.

In order to follow-up on the recommendations of this Bill, contacts were made with Delta, U.S. Air and TWA airlines. The question asked of these airlines was would they negotiate directly with the State of Kansas. Because the State now has a database generated through the operations of the State Travel Center, these airlines indicated a hesitant yes, they would negotiate with the State. When these airlines were asked if they would allow the contracts negotiated by the State to be handed over to 238 travel agencies the answer was a resounding no, they would not participate. One additional airline, asking to remain anonymous, stated that they had taken part in a similar situation in the State of California with near disastrous affects. They related that some of the hundreds of travel agencies in California opted to use the State's contract prices to sell tickets to many non-State employee citizens of California. The result was that this airline said they suffered severe financial losses by providing discounted airfares to thousands of travelers who were non-state employees but who had purchased tickets from the travel agencies across the State according to the State of California discounts.

Therefore, it would appear that if Senate Bill 377 were to be passed the only manageable manner in which travel would be able to be handled would be through an entirely state owned agency. In my fiscal note, I had determined that the cost of such an endeavor would be over three-quarters of a million dollars in start up costs alone.

Mr. Chairman, it is for the reasons I have just given that I must oppose Senate Bill 377. If you have questions I would be happy to answer them at this time. Thank you for your time and consideration.

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PERFORMANCE AUDIT REPORT

Controlling State Travel Costs

OBTAINING AUDIT INFORMATION

This audit was conducted by Rick Riggs, Auditor, of the Division's staff. If you need any additional information about the audit's findings, please contact Mr. Riggs at the Division's offices.

SWAM
March 29
Attachment 3

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CONTROLLING STATE TRAVEL COSTS

Summary of Legislative Post Audit's Findings

In fiscal year 1985, Kansas agencies spent \$20.3 million on travel-related costs. Of that total, they spent \$5.7 million on 10,231 trips outside of Kansas. Individual agencies or employees are currently responsible for making their own travel arrangements, either through direct purchase from the providers, or through a commercial travel agent. Neither approach automatically ensures the lowest rates for travel services.

How do Kansas' travel costs and procedures for making travel arrangements compare with other states? Kansas law makes provisions for central review of out-of-State trips. In addition, most State agencies contacted by the auditors had some internal procedure for reviewing the reasonableness of employees' out-of-State travel arrangements. This review generally did not include confirmation that the traveling employee obtained the lowest available fares and rates. Obtaining the lowest prices for travel services could result in substantial savings for the State, but so many discounts and special fares are now available that employees may not always know what to ask for. Most of the states contacted by the auditors follow similar procedures for making travel arrangements, and those states' controls are just as limited.

What are the State's options for controlling travel expenditures, and what costs and benefits are associated with each? Little factual information is available on the results of the efforts of other states to control travel costs. Nevertheless, the auditors were able to evaluate each of the State's options. They concluded that contracting with a commercial travel agent to make all official out-of-State travel arrangements would be the most cost-effective option. One state conducted a study that estimated such a contract could save approximately 14 percent in transportation, lodging, and car rental costs. A similar rate of savings in Kansas could have totaled \$655,000 in fiscal year 1985. Setting up an in-house travel department would be less cost effective: it could potentially generate the same savings, but would have much higher costs. Contracting directly with airlines, hotels, and car rental agencies for discounts might be cost effective, but the State may not have the volume needed for such contracts.

CONTROLLING STATE TRAVEL COSTS

In fiscal year 1985, State agencies spent \$20.3 million on travel-related costs. Of that total, they spent \$5.7 million on 10,231 trips outside of Kansas. Individual agencies or employees are currently responsible for making their own travel arrangements. They may purchase service directly from the provider (a hotel or airline, for example), or from a travel agent. However, neither approach automatically ensures the lowest rates for travel services.

Recently, legislative concerns have been raised that the current procedures for making travel arrangements may not be the most cost-effective way of obtaining these services. A bill specifically authorizing the Department of Administration to provide travel services was introduced in the 1985 legislative session, but has not passed. The Division of Purchases and the Division of Accounts and Reports have studied alternatives to the current procedures, but no final plans have been drawn. To address these legislative concerns, on May 15, 1985, the Legislative Post Audit Committee directed the Legislative Division of Post Audit to conduct a performance audit examining the following questions:

1. How do Kansas' travel costs and procedures for making travel arrangements compare with other states?
2. What are the State's options for controlling travel expenditures, and what costs and benefits are associated with each?

The Committee instructed Legislative Post Audit to specifically examine the following options for controlling costs: creating a central travel department within State government, directly negotiating group discounts or minimum-use contracts with airlines and other travel service providers, and contracting with a commercial travel agent to make all the State's travel arrangements.

This audit will not examine the State's procedures for approving out-of-State travel. Most of the trip approval process set forth in Kansas law is geared toward approval of the trip itself, rather than review of the travel arrangements. Further, although some of the services necessary for out-of-State travel may also be used on trips within Kansas, in-State travel costs are generally controlled by per-diem subsistence payments, and by the use of State vehicles. For that reason, this audit will consider only out-of-State travel.

How Do Kansas' Travel Costs and Procedures For Making Travel Arrangements Compare with Other States?

To answer this question, the auditors reviewed Kansas statutes and regulations and Department of Administration policies and procedures. They also surveyed other states and the federal government, and obtained the results

of other studies and surveys of states' travel-arrangement and cost-containment practices. The auditors contacted a sample of travel agencies to obtain information on how to contain travel costs, and to compare fares and rates quoted by different agencies. Finally, they reviewed a sample of fiscal year 1985 out-of-State travel vouchers.

In general, the auditors found:

- Although Kansas law does make provisions for central review of employees' travel arrangements, this review usually does not include confirmation that the employee obtained the lowest available fares and rates.
- Most State agencies contacted had some procedures for internally reviewing employees' travel arrangements, but they seldom check to see whether employees obtained the lowest fares.
- Discounted fares and rates are generally available, but not all traveling State employees may know what to ask for.
- Most states contacted follow similar procedures for making their travel arrangements, and their controls are just as limited.

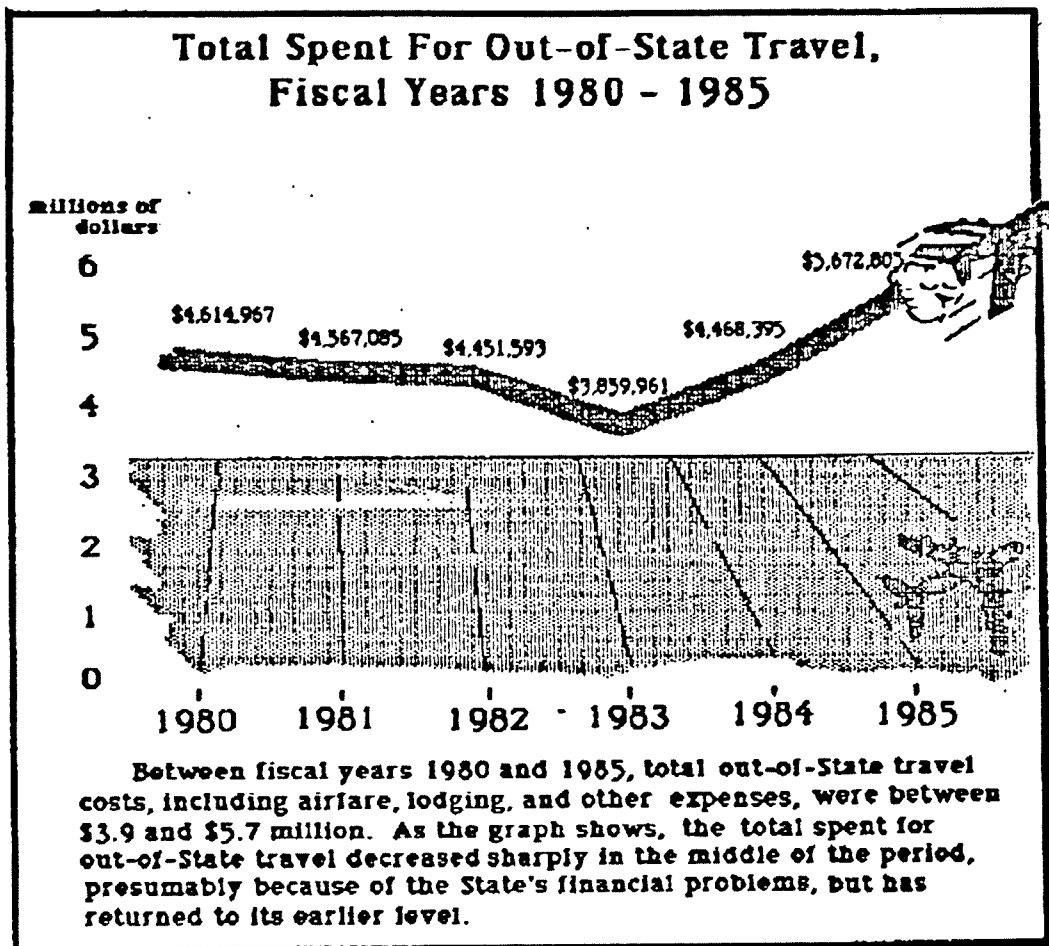
Kansas Spent \$5.7 Million for Out-of-State Travel In Fiscal Year 1985

Of this total, 71 percent, or about \$4 million, was spent by employees of Board of Regents' institutions, who also accounted for 7,337 of the trips, or 72 percent of the total. Other executive, judicial, and legislative officials and staff incurred the remaining 28 percent of the fiscal year 1985 travel expenditures. These costs have risen and fallen over the last five years. As the graph on the following page shows, by fiscal year 1983 the annual travel expenditures had fallen to about \$3.9 million, presumably because of the State's financial troubles. By fiscal year 1985, however, travel spending had surpassed its fiscal year 1980 level of \$4.6 million.

Expenditure information maintained by the Division of Accounts and Reports does not show how much of the \$5.7 million was spent for airline tickets, hotel rooms, and so on. The auditors were able to estimate these amounts by using figures from industry sources and other states. They also sampled fiscal year 1985 Kansas travel vouchers and found that the percentages spent on airfare, lodging, and automobile rentals closely matched the other available figures. As the graph on page 4 shows, about 80 percent of out-of-State travel expenses were for transportation and lodging.

Under Current State Procedures, Employees and Agencies Make Their Own Travel Arrangements

Kansas has few formal procedures governing the making of travel arrangements for State business. In general, individual employees rather than a central person in each agency make their own travel arrangements. State law requires that all travel be by the most economical or advantageous standard mode, and via the usually traveled route. Out-of-State lodging is reimbursed at actual cost, up to a predetermined maximum, and meals are reimbursed with a quarter-day subsistence payment. In high-cost cities, the ceiling for lodging expenses is higher: \$85 per day, rather than the standard \$50. In the Borough

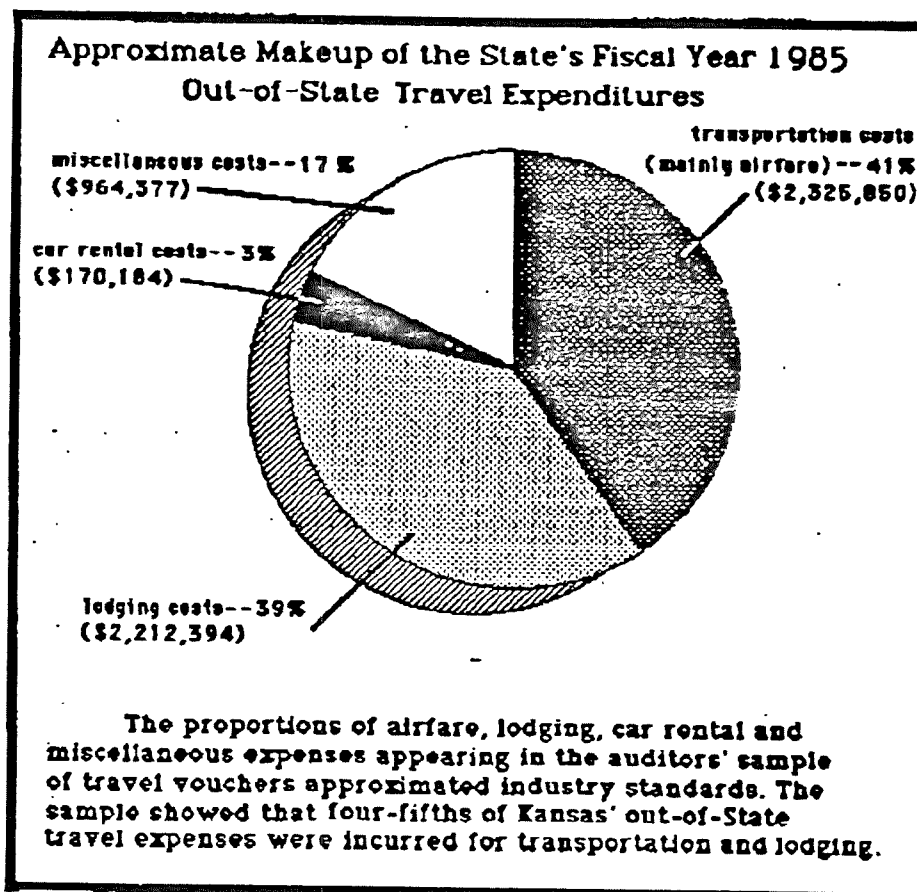


of Manhattan and the District of Columbia, the ceiling is \$98. The subsistence payment for high-cost cities is increased from \$4.50 per quarter to \$5.50 per quarter.

Central Administrative Controls Over Out-of-State Travel Arrangements May Include A Review of the Reasonableness of the Arrangements, But Not Necessarily Whether the Lowest Rates Were Obtained

State law requires that the elected official appointing each agency's head generally must authorize all out-of-State travel. This review and authorization may include review of the cost of the travel arrangements. For example, travel requests submitted by executive agencies to the Governor's Office for approval must include estimates for lodging, airfare, and all other costs. Actual costs may not exceed the approved amounts by more than five percent. Vouchers are also reviewed before they are paid by the Pre-Audit Section of the Division of Accounts and Reports to ensure that payments do not exceed the approved limit. However, there is no central Statewide mechanism for review and approval of travel arrangements before the costs are incurred.

Individual State agencies contacted by the auditors did not appear to have procedures in place for ensuring that their employees get the lowest available rates. The auditors contacted a sample of five State agencies and institutions—



the Departments of Economic Development, Education, Social and Rehabilitation Services, and Transportation, and Emporia State University. They found that all have some procedures in place to review their employees' out-of-State travel arrangements. In most cases, agencies appear to leave travel plans to the traveling employee, although a central person usually reviews the plans the employee makes. Only one of the five State agencies contacted actually spot-checked the fares cited against those of other airlines to ensure that the employee had obtained the lowest airfares.

Discounted Rates for Transportation and Lodging Are Often Available to Traveling State Employees

The State uses three main travel services: airlines, hotel and motel accommodations, and rental cars. Airlines, hotels, and car rental companies may sell their services directly to travelers, but often such services are obtained through commercial travel agencies. Travel agencies receive a commission for each airline ticket they sell, or each hotel room they book. The auditors found that discounted rates are often available to State employees, if they know what to ask for or can prove that they are on official travel.

Lower airfares are often available. Since deregulation was completed in January 1985, airlines have made many lower airfares available. However,

some of these fares can only be obtained if any of a number of special conditions are met. For example, a traveler may have to stay over a Saturday, stay at the destination seven days, or fly on standby to get the lowest fare. Other special fares are unrestricted.

Since deregulation, some experts estimate that fares may change as often as 300 or more times a day. For this reason, many travelers--and some travel agents--may not know about the lowest fares available. In many cases, travelers may need to call a number of airlines to determine the lowest fare for a given date, and they may need to know what to ask for to even get that information.

To determine the range of lower fares that are available now, the auditors called a sample of Topeka travel agents, and requested fare quotations for non-stop unrestricted flights for the same date from Kansas City to Washington, D.C. The quoted fares varied from \$218 to \$380 (42 percent) round trip. Getting the lowest rate all the time could result in substantial savings for the State.

Most hotels offer government discounts. Most hotels and motels routinely provide a government rate, as well as convention rates, corporate rates, and other special discounts. In some cases, the government rate may apply only to federal employees, or to persons who can produce official identification or prove that they are on official business. In any event, most lodging chains have some sort of discounted rate for which State employees can qualify. Again, the potential for savings is substantial. For a sample of Washington, D.C., hotels contacted by the auditors, standard single room rates ranged from \$70 to \$137, with an average rate of \$105. Government rates for the same rooms ranged from \$55 to \$75, for an average of about \$65. The average government discount was 38 percent less than the standard rate.

In some cases, car rental companies may also grant discounts to State travelers. In the last few years, competition in the rental car marketplace has increased. A number of companies now offer advance-reservation discounts, government discounts, and the like. Some companies are also willing to negotiate group-rate agreements with large volume users. Although the State spends relatively little on rental cars, State employees who do use this service should be aware that some discounts may be available.

How State Agencies Approve Out-of-State Travel

K.S.A. 75-3208 states that "No claim for expenses for any trip made beyond the borders of the state...shall be allowed unless, prior to the making of such trip, approval therefor had been given in writing by the officer who appointed the head of the department in which such officer or employee is employed." The effect of this law is to require the Governor, Attorney General, State Treasurer, and other elected officials to approve all out-of-State travel requested by their staffs.

There are exceptions to this general rule. Because the Board of Regents' institutions make about 72 percent of all travel, totaling more than 7,000 trips in fiscal year 1985, the Governor's Office has effectively delegated responsibility for approving those trips to the Board. Regents' institutions' travel requests are approved by the individual institution administration, and are then approved by the Board of Regents' associate director of the budget.

In the judicial branch, out-of-State travel must be approved by the administrative judge (if the travel request is by a district court employee), the Office of the Judicial Administrator, and the Chief Justice. Legislative-branch travel is approved by the Legislative Coordinating Council or other appropriate legislative committee. Department of Education employees' travel is approved by the Commissioner and the Board of Education.

Little Information Is Available On Other States' Travel Costs, But Their Procedures For Making Travel Arrangements Are Mostly Similar To Kansas'

The auditors contacted 11 states to find out what procedures they used for making travel arrangements, and how their costs compared to those of Kansas. The states contacted were Alabama, Colorado, Hawaii, Indiana, Missouri, Nebraska, New York, Oklahoma, South Dakota, Utah, and Wisconsin.

The auditors also contacted the U.S. General Services Administration to review federal procedures. They found that other states generally keep track of their costs for out-of-state travel, but they do not use them as a measure of the performance of their travel arrangement procedures. Most states contacted have procedures similar to Kansas', although two states use substantially different methods. The federal system has a large network of agreements with hotels and airlines, but it has the volume to support such agreements.

States contacted generally do not use out-of-state travel cost data to manage their travel costs. Although some states could supply gross figures for how much they spent for out-of-state travel, they did not generally use the figures to manage their travel costs or procedures. Some states did not distinguish in-state travel from out-of-state; some did not record the number of trips taken. Appendix A gives more detailed survey information.

Most states contacted had procedures and controls similar to Kansas'. Of the 11 states contacted, nine had travel-arrangement procedures similar to Kansas'; individual employees or their agencies make their own travel arrangements, which are then paid or reimbursed through a centrally reviewed voucher system.

Only two states had substantially different programs. Utah has a contract with two travel agencies to provide travel services, and also has a contract directly with a car rental firm. Indiana uses an in-house travel department. These two programs will be discussed in detail later in this report.

The General Services Administration has multiple contracts with travel agents, airlines, hotels, and rental companies. The federal government has contracts with 125 travel agents in the United States. It also contracts with 27 major airlines, covering almost 1,000 air routes. The federal government also has reduced-rate agreements with 5,700 hotels around the world. These contracts and agreements are made possible by the federal system's high travel volume.

What Are the State's Options For Controlling Travel Expenditures, and What Costs and Benefits Are Associated With Each?

State employees, who are responsible for making their own travel arrangements, are not always getting the lowest available fares and rates. The auditors' comparison of a sample of employees' airfares with each other and with quoted airfares from local travel agencies revealed a significant disparity between actual fares paid and the often lower quoted rates. This disparity represents a potential for substantial savings.

Some other states are trying different procedures for making travel plans and controlling travel costs. These states generally are exploring the same areas Legislative Post Audit was asked to review in this audit: contracting with a commercial travel agent; developing an in-house travel department; and signing contracts directly with travel service providers. Little factual information is available on the results of those efforts. But by using what information was available and through interviewing state officials and travel authorities, the auditors were able to evaluate the three options. They concluded the following:

- Contracting with a commercial travel agent for exclusive services would be the most cost-effective option. It would produce savings, and would have few associated costs.
- Setting up an in-house travel department would be less cost effective than the first approach.
- Negotiating agreements or contracts directly with airlines, hotels, and others in the travel field might be cost effective, but the State may not have the volume needed for such contracts.

Contracting With A Commercial Travel Agency Would Provide the State With Travel Expertise, Computerized Reservations, and Other Services, With Minimal Additional Costs

The federal government, several state governments, private companies, and consulting firms have closely examined this option for controlling travel costs. In general, the auditors found that contracting with a commercial travel agency is the most frequently recommended option, and offers the best ratio of savings to costs. Making all travel purchases through a single agent would allow the State to consolidate its buying power, with most of the associated costs being born by the agent.

One consultant study reviewed by the auditors, addressing travel concerns of universities, said that contracting with a travel agent had the following advantages:

- A written guarantee that the travel agent will provide the lowest available fares and rates
- Volume discounts that are made available by the travel agent, or negotiated by the agent on the State's behalf
- The availability of computer-generated management information on travel patterns and costs
- Fewer opportunities for irregularities or abuse of procedures, because all transactions are conducted through one firm
- Improved cash management resulting from more current and detailed information

Utah was the only state surveyed that now uses this option. In addition to contracting directly with a car rental company, Utah also has contracts with two commercial travel agencies to provide travel arrangement services. All air travel, hotel rooms, and other arrangements for official trips made by Utah state employees must be booked through one of these two agents. Utah

How Kansas Buys Travel Services

Employees may charge transportation costs directly to their agency, or they may pay for airfare and other services themselves and be reimbursed later. By submitting a travel voucher, employees can be reimbursed for all allowable expenses including lodging, car rentals, tips, and other miscellaneous necessary expenses. Until 1984, the employee was required to carry the trip's expenses until reimbursed by the State.

Since the introduction of the American Express credit card program last year, however, nearly all State employees required to travel on official business have been able to charge their travel expenses. The credit card system has effectively eliminated the need for employees to finance their own travel expenses.

American Express provides the State with monthly summaries of items charged on State employees' cards. The main use of the summaries is to supply information on how much State workers spend for particular services with particular firms. For example, from January through October 1985, State employees charged nearly \$1.3 million for lodging and \$984,000 for airline tickets. The summaries also give total amounts charged to individual companies: Holiday Inns, Frontier Airlines, and so on. The summaries give similar individual and industry totals for car rental firms, railroads, and other categories.

These summary facts include employees' personal charges. Although these non-State transactions make the data unsuitable for State accounting purposes, by including them State officials can make Kansas seem more attractive to airlines, hotels, and car rental firms who may want to give the State special rates.

officials report that they are very happy with the arrangement. In addition to getting complete computerized management information on travel patterns and costs, Utah also receives rebates on the agents' commissions. Last year Utah received rebates of \$8,000, about three percent of the agents' total commissions.

Other sources support Utah's success story. Colorado is about to sign a contract with a travel agent for 10 counties on the eastern slope, the area containing the government offices originating most of that state's travel. A study conducted by Colorado officials concluded that the state could save about 13 percent on airfare, and 15 percent on lodging and rental cars. Using the Colorado percentages, the auditors estimated that Kansas could, by contracting with a travel agent, save approximately \$655,000 over fiscal year 1985 out-of-State travel costs.

Similarly, a report from Iowa State University reports a prediction that "savings of up to 15 percent may be realistic." In fact, the report continues:

"During January 1984, had the University paid regular fare for the trips taken, the cost would have been \$57,170. By the travel agency exploring alternate routing and fare specials, our cost was \$31,770, a difference of \$25,400 (44 percent.)"

Further, one of the private firms surveyed for the Colorado study discussed above reported savings 35 percent over standard fares through use of a contract travel agent in the preceding year, and predicted savings for the coming year of 18 to 20 percent.

It appears that contracting with one travel agent has advantages over multiple contracting. Earlier this year, the Society of Travel Agents in Government and the National Institute of Governmental Purchasing conducted a survey asking various units of government how they arranged for travel services. The survey concluded that 34 percent of the agencies and government units responding, which included state universities, school districts, and other governmental sub-units, have contracted with travel agents. Allowing these sub-units to contract independently may provide some economic benefit, but the auditors concluded that multiple contracting fragments buying power and

prevents statewide monitoring of savings. For example, Wisconsin authorizes state agencies to contract individually with travel agents. The state's Bureau of State Finance reports that, consequently, no central review or monitoring of savings is possible. Contracting with one travel agent concentrates purchasing power and allows uniform, comprehensive recordkeeping.

Contract development and monitoring is the major expense associated with this option. None of the states surveyed use, or contemplate using, more than one person to oversee contract compliance. In fact, travelers themselves may be the best contract monitors: one report reviewed by the auditors said that many travelers are interested in stretching their limited travel budgets, "and are not hesitant about checking fares with competitors." Officials in Utah agreed. Their contract travel agent is required to provide the lowest fares, and the Utah contract administrator usually is notified of breaches of that agreement by travelers who have noticed a competing airline or hotel advertising a lower rate.

Travel Agencies' Suggestions for Reducing Travel Costs

The auditors contacted three Topeka-area travel agencies and asked them for hints on how the State could reduce its travel costs. Representatives of each agency had similar suggestions, which are summarized below:

- Airlines are cheapest when booked 30 days in advance. Fourteen-day and seven-day advance reservations are also possible, with decreasing savings for each. However, one drawback to these cheap fares is that a 25 percent penalty is assessed if the buyer has to change or cancel the reservation. One industry source reported that airlines made \$1.5 million last year just on these penalty charges. Many "supersaver" fares require a Saturday layover. Travelers can also obtain lower fares in some cases by planning less direct routes that may include changing planes. Some fares can be halved by this technique.
- Most major hotel chains have a corporate rate, and many have a government rate. For example, it is possible to get a \$152 per night single room at the Hyatt Regency in Washington, D.C., for \$79 on the government discount. Similarly, a \$68 room at the Quality Inn on Capitol Hill can be discounted to about \$48—less of a discount, but a lower retail price. Marriott and Hilton will give a limited number of government rates to employees with valid government identification.
- Ask hotels for a lower rate. Some hotels do not always give out the lowest rate on the first try. Travelers may have to ask desk personnel if the hotel has a still cheaper room rate.
- It may be possible to set up a corporate discount with one or more hotel chains through a travel agent. Also, if the agent belongs to one of several corporate discount programs, clients can get the corporate rate even if they are not members or employees of corporations.
- Car rental companies also offer discounts for corporate customers and advance reservations. The discounted amount depends on the particular rental firm.
- The best way to cut costs may be to make travelers aware of the strategies for saving money and avoiding penalties.

Setting Up an In-House Travel Department Would Be Less Cost Effective

As the term is generally used, establishing a State "in-house travel department" means using State personnel and State facilities to actually make travel arrangements for State employees. An in-house system offers the maximum administrative control over those arrangements, and maximum assurance that the lowest rates and fares are being obtained. However, it appears that the costs associated with this option would substantially reduce the net savings and revenues generated by such a system.

An in-house travel department would be expensive to start up and to maintain. An in-house travel department would require facilities and a number of staff skilled in making travel arrangements. The department would also need a computerized reservation system. In one study reviewed by the auditors, the authors flatly state: "...a non-computerized travel agency cannot provide competent service in today's market...(and) for the same reasons, will often fail to deliver the best price."

The auditors reviewed another study, conducted for Colorado in 1984. Based on figures provided in the study, the auditors estimated that, given Colorado's volume of out-of-state travel, an in-house travel department would require nine travel agents and would cost about \$279,000 the first year. This figure includes acquisition of the computerized reservation system and agency accounting system used to generate management reports. Also included are computer system usage charges, and staffing costs for 13 persons, including nine travel agents. Staffing levels are figured using an industry standard that one reservationist or travel agent can make about \$900,000 in bookings per year. These cost estimates do not include rent, telephones, maintenance contracts for some of the computer equipment, training, and other related costs that would add to the cost of maintaining an in-house travel department. Annual ongoing costs would be about \$207,000.

Using the same method, the auditors determined that seven travel agents would be needed to accommodate Kansas' slightly lower volume of out-of-State travel. Using the same figures for computer equipment and salaries, the auditors calculated a first-year cost for a Kansas in-house travel department at approximately \$248,000. All these calculations assume outright purchase of the computer system. After the first year, annual ongoing salary costs and computer system access charges would be \$176,000. Again, this figure excludes all facilities costs.

An in-house department would not be eligible for airline and hotel commissions. The auditors contacted officials of the Air Traffic Conference, a trade group of airlines, and found that most major airlines are not currently paying commissions to in-house travel departments. Since deregulation, airlines are free to pay commissions to anyone selling tickets; however, market conditions are such that most airlines currently do not award commissions to anyone other than established travel agencies.

An in-house travel department's costs would eliminate much of its savings. Although an in-house travel department could potentially generate the same

savings as a commercial travel agency, the savings from an in-house travel department would be partially offset by its higher costs. If the department could save the same amount on travel rates as a commercial travel agency, projected by Colorado and others at about 14 percent, the department would save the State about \$655,000 a year, based on fiscal year 1985 expenditures. The salary and equipment costs of an in-house travel department would decrease the savings by at least 38 percent. Rent, telephone, and other facility expenses would decrease the potential savings even more. Lower and perhaps more realistic savings estimates would result in an even bigger decrease. Further, an in-house travel department would provide a service that could be provided by private firms.

Only one of the 11 states contacted by the auditors has developed an in-house travel department. Indiana officials reported that the state saved \$125,000 in the first 18 months of operation, beginning in fiscal year 1982. However, the state realized much of these savings from central review and elimination of such practices as allowing several employees from one agency to go to the same convention. Kansas has had this kind of review system for some time. Indiana officials did not know if their in-house system had saved any money in its subsequent years of operation.

Other aspects of the Indiana system are noteworthy. That state's in-house travel department consists of one person, a "travel coordinator," whose job it is to take telephone requests for arrangements from state employees, and then to call individual airlines and hotels to find the best rates. State employees' use of the travel department is not mandatory. If it were required, the travel coordinator estimated the need for a computer system and at least two helpers.

Attempting To Directly Negotiate Discount Agreements Holds Potential For Savings, But the State May Not Have the Volume Needed To Make Such Contracts Appealing

Most contracts or agreements with airlines, hotels, and other providers appear to be based on volume: hotels and airlines are willing to give discounted rates in exchange for an assured amount of business during the contract period.

The Division of Purchases has recently begun to contact airlines, hotels, and rental car companies to determine if they are interested in providing the State with special discounts. The Division has provided the companies with figures drawn from the State's American Express billing summaries, showing how much business the State has done with each firm. Some firms have shown interest in the Division's suggestion, and others have responded negatively. A number of companies have indicated that they would be interested in responding to a formal request for proposals.

Kansas government may not have sufficient buying power to negotiate any such contracts or agreements that would substantially lower travel costs. For example, the auditors estimated that total fiscal year 1985 airfares to State employees' most frequent destination, Washington, D.C., were about \$184,000, for 812 trips. It is unclear, without obtaining formal bids from airlines, whether this volume of travel would be sufficient to interest carriers in giving the State a reduced fare to that destination.

APPENDIX A

Summary of Survey Results

As part of this report, the auditors contacted 11 states and the U.S. General Services Administration to find out about their procedures for making out-of-state travel arrangements, the costs of those procedures, and the controls exercised on travel expenditures. Following is a brief summary of the survey responses.

ALABAMA

Procedures. State requires employees to travel tourist, but no ceilings or limits on reimbursements. The state constitution prohibits advance payments, so the state is unable to pay in advance; this effectively eliminates advance reservation discounts. All reimbursements must be made to employees; no payments directly to airlines or hotels.

Costs. The state spent \$2,875,244 on out-of-state travel in fiscal year 1985. Officials did not track the number of trips made during that time.

Controls. Vouchers are reviewed by state fiscal office.

COLORADO

Procedures. No contract now in effect, but the state is preparing to implement a contract with a commercial travel company to make all travel arrangements for the 10-county area around Denver that originates most of the travel.

Costs. No data for out-of-state costs. A study conducted prior to execution of the upcoming contract predicted annual savings of up to 15 percent through use of a travel agent.

Controls. Current system calls for all travel requests to be reviewed and approved by the travel administrator. Nothing in the state's regulations requires travelers to take advantage of discount fares.

GENERAL SERVICES ADMINISTRATION

Procedures. Federal procedures allow each agency to either develop an in-house travel department (with GSA technical assistance), or to obtain travel services through the 125 travel agencies under contract to the federal government. The federal system has contracts with 27 major airlines, covering 914 air routes. Officials hope to soon cover 1,000 routes. Additionally, 5,700 hotels around the world have entered into agreements with the government. These agreements are not contracts; the government guarantees no minimum usage.

Costs. Administration officials are enthusiastic about their system, and they are convinced it saves the taxpayers money. They are unable, however, to offer any estimate of costs or savings.

Controls. The government's system of Government Travel Requests and corporate charge cards (Diner's Club) appears to be similar in form to the Kansas system. Travel requests are reviewed at the agency level.

HAWAII

Procedures. Hawaii has few specific procedures for out-of-state travel. Each employee makes his or her own arrangements.

Costs. No data available.

Controls. State officials say that they know something needs to be done to control costs. They are reviewing various options, but have taken no action as yet.

INDIANA

Procedures. State has a travel coordinator whose job it is to assist state employees in making travel plans. This official calls hotels and airlines directly, attempting to get the lowest available rate; this person also exercises approval power over trip arrangements, under the supervision of the Commissioner of Administration. The system is slow, since the coordinator does not have access to computerized reservation equipment. Indiana is also exploring contracting with a commercial travel agent, although travel plans would still be approved by the coordinator.

Costs. No new personnel were hired to implement the central travel approval system. Reportedly, Indiana saved \$125,000 in the first 18 months of operation. Officials have not kept track of savings since. In fiscal year 1985, Indiana state employees made 5,064 trips, totaling \$1,915,000.

Controls. Obtaining the assistance of the travel coordinator is not mandatory; however, this official still must approve all arrangements and costs associated with each trip.

MISSOURI

Procedures. Each employee makes his or her own travel arrangements.

Costs. No data available.

Controls. Officials compile and maintain a booklet listing Missouri hotels that offer a government rate.

NEBRASKA

Procedures. Nebraska officials have no plans to contract with a statewide travel agent. They believe that such a move would be impractical because

Nebraska state operations are scattered across the state. Some individual agencies do have contracts with travel agents.

Costs. No data available. Officials are preparing to accept bids on a corporate credit card account, similar to Kansas' American Express account. This system might in the future provide some management information on travel costs.

Controls. None noted.

NEW YORK

Procedures. State has used American Express and Diner's Club cards on a trial basis since May 1985. Some state agencies have individual contracts with travel agencies.

Costs. No data; credit card billings may in future provide some information on costs.

Controls. Agencies review credit card billings. Employees are prohibited from using the cards for personal transactions so that the billings can be reconciled against travel vouchers. Officials complain that the system generates too much paperwork.

OKLAHOMA

Procedures. Each agency tracks and approves its own travel. Officials are currently surveying state agencies to see if there is sufficient travel volume to warrant contracting. As of November 1, 1985, the purchasing department is coordinating all official travel.

Costs. Total cost for fiscal year 1985 out-of-state travel was \$6,201,000. The number of trips made was not tracked.

Controls. Some review now done by purchasing department. In the past, controls were exercised by each agency.

SOUTH DAKOTA

Procedures. Each employee makes own arrangements.

Costs. The state spent \$1,332,000 in fiscal year 1985 for out-of-state travel.

Controls. Travel vouchers are reviewed both centrally and by agency personnel. Under current system, it is impossible to monitor what travel expenditures are being made from grants or other "non-state" monies. Officials also complain there is no way to monitor "frequent flier" points accumulated by employees on official business.

UTAH

Procedures. State put out requests for proposal two years ago, and now has contracts with two travel agents. All out-of-state travel arrangements must be

made through one of these two contractors. Both travel agents work out of existing offices. One agency pays the state 2.5 percent in commission rebates; the other agency pays three percent. Both agencies provide the state with discounts on travel services, management reports, and guaranteed lowest fares and rates.

Costs. No costs, other than administration and oversight, are associated with Utah's contracts. Savings are not tracked. The state received \$8,000 in commission rebates during the most recent fiscal year, and spent an estimated \$1.7 million for out-of-state travel.

Controls. State receives management reports from the agencies. Also, travelers are encouraged to report any contract violations to state officials.

WISCONSIN

Procedures. Each agency is authorized to issue requests for proposals and to contract with travel agencies. Officials estimate that 88 percent of travelers are now getting discounts.

Costs. State spends about \$10 million a year for out-of-state travel. Officials report saving \$0.5 million in airfare during the last fiscal year, compared with standard coach airfare. Employees also have access to listing of hotels giving government discounts, but no comparable savings figures are available for lodging costs.

Controls. Travel agents supply management reports to state agencies.

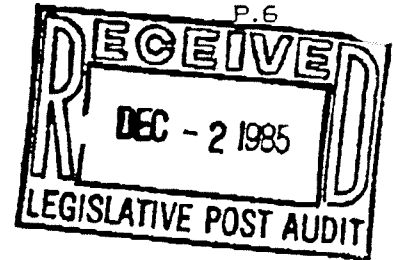
APPENDIX B
Agency Response

FEB 23 '93 04:11PM

STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION
Office of the Secretary



P.6
Room 268-E
State Capitol Building
Topeka, Kansas 66612
(913) 296-3011

JOHN CARLIN,
Governor
MARVIN A. HARDER,
Secretary of Administration

M E M O R A N D U M

TO: Meredith Williams, Legislative Post Auditor
FROM: Mike Harder, Secretary of Administration *MH*
DATE: November 26, 1985
SUBJECT: Response to Controlling State Travel Costs

I was pleased to receive and to read your draft report. My comment follows:

Because the reimbursement from airlines, hotels, etc. a travel agency receives is a percentage of the dollar orders they receive, there is no incentive for a travel agency to help clients find low cost fares, etc. That is why I tend to believe that the State ought to create its own travel service office. Over time, I think that approach would result in considerable savings.

And there is another consideration: Having such an office located in the Statehouse or State Office Building would provide an in-house service to legislators and executive branch employees all of us would come to like. Such a service is available in the Capitol in Washington, D.C. I used it regularly when I served on the staff of Senator Walter George.

I will call a meeting soon to discuss various options with you and the other principals.

**BRYAN
WORLD TOURS**TOLL FREE 1-800-748-7400
900 SW JACKSON 101N
TOPEKA, KANSAS 66612 (913) 357-0002LEGISLATIVE ADMINISTRATIVE SERVIC
STATE CAPITOL SUITE 511-S
300 SW 10TH
TOPEKA KS 66612

PASSENGER(S):

9740

MILLER/BOB

"THANK YOU FOR YOUR BUSINESS!"

DATE: FEB 18 1993

23550

AIRLINE	FLT	CL	DATE	FROM	TO	LV	AR	ST
USAIR	34	Y	10MAR	KANSAS CTY INT WAS NATIONAL		610P	921P	OK
SEAT 11D				WED 733 NONSTOP	DINNER			
USAIR	199	Y	12MAR	WAS NATIONAL KANSAS CTY INT		315P	509P	OK
SEAT 16C				FRI 734 NONSTOP	SNACK			

AIR FARE 800.00 TAX 80.00 TOTAL 880.00
 INVOICE NUMBER 9740 TOTAL INVOICE \$880.00
 PAYMENT - CREDIT CARD

MILLER/BOB

TICKET 0371567943927

LEGISLATIVE ADMINISTRATIVE SERVICES

EMERGENCY NUMBER 800 345-8463/I.D. NUMBER 17932961

1 COPY OF ALL ITINS TO MARTY ROBINSON

AGENT-CINDY

-FARE ASSURANCE- EVALUATED 381 FARES/378 FARE RULES

-FARE ASSURANCE- 17FEB PM

DEL 22FEB/ATTN LINDA 2 TKTS

SWAM
March 29, 1993
Attachment 4

DO NOT DESTROY TICKETS, UNUSED COUPONS MUST BE RETURNED BEFORE REFUND CAN BE ISSUED.
 THIS INVOICE REPRESENTS AN IMMEDIATE TRANSFER OF FUNDS FROM BRYAN WORLD TOURS TO THE PARTICIPATING
 CARRIERS UPON ISSUANCE OF TICKETS. YOUR PROMPT REMITTANCE WILL BE APPRECIATED.

BRYAN WORLD TOURS

TOLL FREE 1-800-748-7400
900 SW JACKSON 101N
TOPEKA, KANSAS 66612 (913) 357-0002



DEPT OF HEALTH AND ENVIRONMENT
MILLS BLDG, SUITE 524
109 SW 9TH STREET
TOPEKA KS 66612

PASSENGER(S):

7294

FLINT/JON

DATE: OCT 21 1992

25925

"THANK YOU FOR YOUR BUSINESS!"

AIRLINE	FLT	CL	DATE	FROM	TO	LV	AR	ST
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MISC 250CT

KANSAS CITY MO

CHECK IN AT AIRPORT TO REQUEST BETTER SEATS

AMERICA WEST 31 B 250CT KANSAS CTY INT PHOENIX AZ 508P 647P OK
SEAT 23E SUN 320 NONSTOP
AMERICA WEST 592 K 280CT PHOENIX AZ KANSAS CTY INT 619P 959P OK
SEAT 9D WEB 733 NONSTOP

AIR FARE 280.00 TAX 28.00 TOTAL 308.00
INVOICE NUMBER 7294 TOTAL INVOICE \$308.00
PAYMENT - CREDIT CARD

FLINT/JON TICKET 4011564363949
TRAVEL AUTHORIZATION 0090
DEPT OF HEALTH AND ENVIRONMENT
FOR EMERGENCY TRAVEL ASSISTANCE AFTER HOURS CALL
1 800 345-8463 AND IDENTIFY YOURSELF WITH
ID NUMBER 17932961, DEPARTMENT AND NAME
1 COPY OF ITINERARY TO JUDY CLOUSE
AT ABOVE ADDRESS

DELIVER TO ABOVE ADDRESS 200CT ROOM 501
-FARE ASSURANCE- EVALUATED 142 FARES/112 FARE RULES
-FARE ASSURANCE- 140CT AM
-FARE ASSURANCE- EVALUATED 151 FARES/116 FARE RULES
-FARE ASSURANCE- 150CT PM

4-2

**BRYAN
WORLD TOURS**TOLL FREE 1-800-748-7400
900 SW JACKSON 101N
TOPEKA, KANSAS 66612 (913) 357-0002PITTSBURG STATE UNIVERSITY
BUSINESS OFFICE-BECKY MESSINGER
RUSS HALL, RM 234
1701 S BROADWAY
PITTSBURG KS 66762

PASSENGER(S):

7581

ADAMS/ROGER

DATE: NOV 4 1992

25940

"THANK YOU FOR YOUR BUSINESS!"

AIRLINE	FLT	CL	DATE	FROM	TO	LV	AR	ST
MISC	13DEC				KANSAS CITY MO			
SOUTHWEST DOESNT PREASSIGN SEATS ARPRT CHK IN ONLY-ALLOW 45 MIN								
SOUTHWEST	682	L	13DEC	KANSAS CTY INT	DETROIT METRO	1105A	230P	OK
SUN 738 1 STOP								
SOUTHWEST	972	M	15DEC	DETROIT METRO	MIDWY CHICAGO	500P	500P	OK
TUE 737 NONSTOP								
SOUTHWEST	1316	M	15DEC	MIDWY CHICAGO	KANSAS CTY INT	600P	720P	OK
TUE 738 NONSTOP								
				AIR FARE	120.91	TAX 12.09	TOTAL	133.00
INVOICE NUMBER				7581	TOTAL INVOICE		\$133.00	
PAYMENT - CREDIT CARD								
ADAMS/ROGER						TICKET 5261565202475		
T3203								
PITTSBURG STATE UNIVERSITY								
FOR EMERGENCY TRAVEL ASSISTANCE AFTER HOURS CALL								
1 800 345-8463 AND IDENTIFY YOURSELF WITH								
ID NUMBER 17932961, DEPARTMENT AND NAME								
MAIL TO PITTSBURG STATE								
ATTN BECKY MESSINGER								
-FARE ASSURANCE- EVALUATED 127 FARES/96 FARE RULES								
-FARE ASSURANCE- 04NOV AM								
AGENT-JANET								
NONREFUNDABLE NONCHANGEABLE								
.								
.								
MAIL TO ABOVE ADDR NOV 5								

4-3

**BRYAN
WORLD TOURS**TOLL FREE 1-800-748-7400
900 SW JACKSON 101N
TOPEKA, KANSAS 66612 (913) 357-0002EMPORIA STATE UNIVERSITY
1200 COMMERCIAL
BOX 4033 ATTN: GLEN STRICKLAND
EMPORIA KS 66801-5067

PASSENGER(S):

9714

ACHTEN/GREG

DATE: FEB 17 1993

25910

"THANK YOU FOR YOUR BUSINESS!"

AIRLINE	FLT	CL	DATE	FROM	TO	LV	AR	ST
CONTINENTAL	717	Q	26FEB	KANSAS CTY INT	DENVER CO	115P	158P	OK
SEAT 25B				FRI 733	NONSTOP			
CONTINENTAL	403	Q	26FEB	DENVER CO	LAS VEGAS NV	230P	328P	OK
SEAT 25B				FRI 725	NONSTOP			
CONTINENTAL	1514	Q	2MAR	LAS VEGAS NV	DENVER CO	700A	951A	OK
SEAT 23B				TUE 733	NONSTOP			
CONTINENTAL	154	Q	2MAR	DENVER CO	KANSAS CTY INT	1026A	109P	OK
SEAT 20B				TUE 725	NONSTOP			

AIR FARE .00 TAX 9.00 TOTAL 9.00
 INVOICE NUMBER 9714 TOTAL INVOICE \$ 9.00
 PAYMENT - CREDIT CARD

ACHTEN/GREG TICKET 0051567943902
 TRAVEL AUTHORIZATION 93256
 EMPORIA STATE UNIVERSITY
 EMERGENCY NUMBER 800 345-8463/I.D. NUMBER 17932961
 MAIL 1 COPY OF ITINERARY TO SARAH NIX/BOX 21

MAIL TO ABOVE ADDRESS

-FARE ASSURANCE- EVALUATED 241 FARES/236 FARE RULES

-FARE ASSURANCE- 01FEB PM

AGENT-DEBBIE

4-4

DO NOT DESTROY TICKETS, UNUSED COUPONS MUST BE RETURNED BEFORE REFUND CAN BE ISSUED.
 THIS INVOICE REPRESENTS AN IMMEDIATE TRANSFER OF FUNDS FROM BRYAN WORLD TOURS TO THE PARTICIPATING
 CARRIERS UPON ISSUANCE OF TICKETS. YOUR PROMPT REMITTANCE WILL BE APPRECIATED.



Menninger

February 24, 1993

To Whom It May Concern:

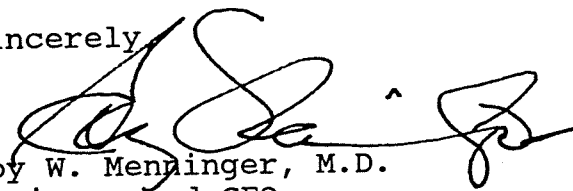
The Menninger Foundation is a national health center located in Topeka, Kansas with 1100 employees. In 1988 the Menninger Foundation made a decision to establish an on-site travel agency.

Our decision to consolidate through one travel agency was based on the utilization of air travel required by our organization. I frequently utilize the services for both business and personal travel, as do many of the Menninger staff.

Everyone benefits from cost and time savings. It is more than a simple convenience, with their ready availability and follow-on assistance -- as well as benefits that come from the relationship between the client and provider -- quality of integrity and assistance to more people who wouldn't be able to get this otherwise.

The Menninger Foundation and individual travelers benefit from our affiliation with a travel program, and it has proven to be efficient, convenient and cost effective. I continue to be impressed with the professionalism of the staff plus the personal attention given each client.

Sincerely,



Roy W. Menninger, M.D.
Chairman and CEO

RWM/rg

The Menninger Foundation
Box 829
Topeka, KS 66601 0829
913 273 7500



**The Security Benefit
Group of Companies**

Security Benefit Life Insurance Company
Security Benefit Group, Inc.
Security Distributors, Inc.
Security Management Company

700 Harrison St.
Topeka, Kansas 66636-0001
(913) 295-3000

Donald J. Schepker
Senior Vice President—Chief Financial Officer
Security Benefit Group, Inc.
913-295-3322

February 23, 1993

To Whom It May Concern:

The Security Benefit Group of Companies consolidated all of its travel arrangements with Bryan World Tours in the fourth quarter of 1991. Prior to that, we utilized a number of different travel agencies at the option of our traveling associates.

The consolidation of our travel with one agency has yielded significant benefits to Security Benefit. Among these benefits are cost savings, improved service and enhanced reporting.

The cost savings have resulted partly from a revenue sharing arrangement we agreed to with Bryan. We also benefitted to some extent from better pricing as well as improved communication to us of cost beneficial arrangements that are available. Bryan World Tours has provided excellent service during the course of this arrangement and has a full-time travel agent on site in our office. The agent has done an outstanding job and we have found this aspect of the service to be extremely beneficial. Due to utilization of a single travel agent, we have also been able to achieve better reporting relating to where our corporate travel dollars are being spent. This has enabled us to better monitor our travel expenses as well as ensure that appropriate cost saving techniques are being practiced. It would be considerably more difficult to achieve such reporting with multiple travel agencies being utilized.

In summary, we have been very pleased with our arrangement with Bryan World Tours and our decision to consolidate all of our travel needs with one agency. We would certainly recommend this approach to others to satisfy their travel needs.

Sincerely,

Donald J. Schepker

DJS:df



BLACK & VEATCH

8400 Ward Parkway, P.O. Box No. 8405, Kansas City, Missouri 64114, (913)339-2000

February 22, 1993

To Whom It May Concern:

Black & Veatch (B&V) is an engineering firm headquartered in Kansas City, Missouri. Approximately 3400 employees work in our facilities in Kansas City, Missouri and Overland Park, Kansas. Half of our employees are regular travelers. Our 1992 air travel total was \$9 million.

In 1986 B&V chose to consolidate our travel program through one travel agency. I believe our reasons for doing so are common to many other corporations who have followed the same course.

- Consistency of service... All of our divisions deserve high quality, consistent service. Performance is difficult to monitor with multiple agencies. Standards can be specified, then provided and monitored through a designated agency.
- Consolidated information... Data needed for travel policy enforcement, vendor negotiations and management reporting can be most efficiently provide with a designated, consolidated agency program.
- Cost Savings... Savings opportunities are available to corporations who can 1) demonstrate that they know their travel patterns and needs and 2) can demonstrate their ability to move travelers to negotiated programs. A partnership with a designated agency is the most effective way to gather data, relay information to travelers and arrangers and monitor or enforce specified programs.

A designated agency that has access to the consolidated travel data may see savings opportunities not obvious to the client.

The consolidated travel program at B&V has achieved its goals in all of the areas above. Both the firm and individual travelers benefit from the consistent level of service and the savings opportunities provided by our successful travel agency partnership.

Sincerely,

Mark D. Johnson
Travel Director



2 May 1991

Golf Course Superintendents
Association of America

Attn: Mr. Tom Akins

Dear Mr. Akins:

I have utilized the services of Bryan World Tours for over ten years, for both business and personal travel, as have many of the Menninger staff. In 1988, the Menninger Foundation made a decision to establish an on-site travel agency -- Bryan World Tours was our choice.

I continue to be impressed with the professionalism of their staff plus the personal attention given each client. Menninger employees use the on-site agents to schedule not only business travel, but personal as well.

I, personally, am pleased to have Bryan World Tours as our on-site agent.

Sincerely yours,



Roy W. Menninger, M.D.
President

RWM/cjd

The Menninger Foundation
Box 829
Topeka, KS 66601 0829
913 273 7500

KANSAS SENATE

MARK BANNISTER

CHIEF OF STAFF
TO THE SENATE PRESIDENT
PAUL BUD BURKE



ROOM 357-E
STATE CAPITOL BLDG.
TOPEKA, KANSAS 66612-1565
PHONE (913) 296-2419
FAX (913) 296-6718

OFFICE OF THE PRESIDENT

July 9, 1992

Bryan World Tours
900 SW Jackson 101N
Topeka, Kansas 66612

Attention: President

Dear Sir or Madam:

I want to take a moment out of my very busy schedule to commend a person who has saved me considerable time and has very cheerfully undertaken very difficult scheduling challenges on my behalf. This person is Tammy. I have never met her in person or dealt with her in any other manner; however, she has been extremely helpful in making convenient and economical travel arrangements.

Tammy is an excellent representative of your organization. I have a very positive impression of Bryan World Tours -- based upon her assistance. I appreciate the assistance which I have received and wish Bryan World Tours a long tenure as travel agency for the State of Kansas.

Sincerely yours;

A handwritten signature in cursive script, appearing to read "Mark Bannister".

Mark Bannister
Chief of Staff

cc. Tammy
Emil Lutz, Director of Kansas Legislative Services



Ron Thornburgh
Assistant Secretary of State

STATE OF KANSAS

Bill Graves
Secretary of State
2nd Floor, State Capitol
Topeka, KS 66612-1594
(913) 296-2236

June 2, 1992

Ms. Cindy Bishop
State Travel Center
900 NW Jackson - Rm 102N
Topeka, KS 66612-1286

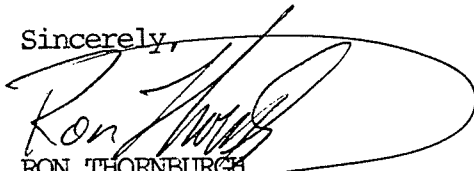
Dear Ms. Bishop:

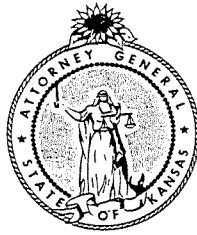
I am writing to recognize the outstanding efforts of Janet Lankard. During this terrorizing week of airline rate wars, Janet has been very cheerful and accomodating by finding the best flights and arrangements for my trip to Portland, ME. Even though I was unable to take advantage of the low rates, it was not because of a lack of effort by Janet.

It was indeed a pleasure to work with Janet and I look forward to working with her again.

With every good wish.

Sincerely,


RON THORNBURGH
Ass't Secretary of State



STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612-1597

ROBERT T. STEPHAN
ATTORNEY GENERAL

MAIN PHONE: (913) 296-2215
CONSUMER PROTECTION: 296-3751
TELECOPIER: 296-6296

September 16, 1992

Bryan World Tours
ATTN: Janet
State of Kansas Division
1st Floor
Landon State Office Building
Topeka, Kansas 66612

Dear Janet:

Thank you for your assistance in making airline reservations for our witnesses during the Lisa Dunn trial. Your professional courtesy and willingness to help in a moment's notice is greatly appreciated.

We look forward to working with you in the future.

Sincerely,

A handwritten signature in cursive script that reads "Bob Stephan".

Robert T. Stephan
Attorney General

RTS:mr



STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612-1597

ROBERT T. STEPHAN
ATTORNEY GENERAL

December 11, 1992

MAIN PHONE: (913) 296-2215
CONSUMER PROTECTION: 296-3751
TELECOPIER: 296-6296

Ms. Cindy Bishop, Manager
Bryan World Travel - State Travel Center
900 S.W. Jackson
Room 102N
Topeka, KS 66612-1286

Re: Debbie Pope

Dear Ms. Bishop:

On Thursday, December 10, 1992, I made contact with your office to make travel arrangements for a business trip to California. My job responsibilities require frequent travel and accordingly, frequent contact with your office. Ms. Pope was very efficient and personable in accommodating my travel needs. Such has not always been my experience, thus I felt the need to offer this accolade on her behalf. She represents your firm well.

Sincerely,

OFFICE OF THE ATTORNEY GENERAL
ROBERT T. STEPHAN

A handwritten signature in cursive script that reads "Mary Ann Heckman".

Mary Ann Heckman
Assistant Attorney General



Dr. David Bryan
Bryan World Tours
1527 SW Fairlawn Road
Topeka, KS 66604

January 25, 1993

Dear David:

I want to take a moment to compliment you on Ginny Dark's efficiency and professionalism. I've always known she is capable and effective, but I never traveled with her until I flew to Russia last week as part of the Topeka/Leningrad Committee.

Bud's firm, Bud Newell & Associates, Inc., and my firms, Orthequip, Inc. and International Lubrication Laboratories, Inc., and our Arabian horse breeding operation, Serenata Farms, are all based on service, so we know its value. This week our travel group recognized extraordinary service because we were fortunate enough to travel with Ginny.

Best wishes,

A handwritten signature in cursive script, reading "Marti Newell".

Marti Newell
Secretary/Treasurer

MN:nkb

BUD NEWELL & ASSOCIATES INC

Route 1 • Box 159 • Lecompton, KS 66050 • Phone: 913/887-6422
FAX # 913-887-6046

4-13

Xerox Corporation
7501 College Boulevard
Overland Park, Kan 66210
913-661-1200

May 30, 1990

Cheryl Johnson
Bryan World Travel
11900 College Boulevard
Overland Park, Kansas 66210

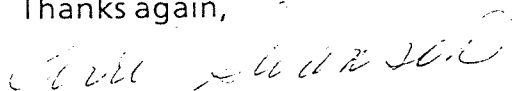
Dear Cheryl,

I would like to express my appreciation for the professional service we receive from Bryan Travel. In particular, I want to thank Valerie Provas and Michele Welch for their outstanding efforts. During the past two years, I have been working with Valerie and Michele for nearly all of our travel requirements.

Valerie has done a terrific job for Xerox on our corporate travel. She is consistently prompt, courteous, and dependable. I can always be assured that our travel arrangements will be done accurately and that we will get the best rates available.

Michele has been very helpful with our group travel arrangements. We recently sent 25 couples on an NCL cruise, and thanks to Michele, the trip was a great success. As a result, I am currently working with Michele on our next group trip to Las Vegas in 1991.

Thanks again,



Terri Swanson



TESTIMONY OF JUDGE JAMES P. BUCHELE
BEFORE THE SENATE WAYS AND MEANS COMMITTEE

MARCH 29, 1993

Mr. Chairman and Members of the Committee:

My name is James P. Buchele. I am a District Judge here in Topeka, Kansas. I am appearing today in my capacity as President of the Kansas District Judges' Association. I am here to request the Committees' recommendation that Senate Bill 320 be passed.

This bill is identical to the 1992 Senate Bill 257 which passed the Senate 40 to 0 and the House 104 to 21. It was vetoed by Governor Finney subsequent to the veto session.

The provisions of Senate Bill 320 are very straight forward. It amends the cost of living provision for judges to include the step increases received by state employees. The Department of Administration has taken the position that the judges' COLA statute does not entitle them to receive the amount of the step increases when they are given across the board to state employees.

I wish to emphasize that this amendment will only entitle judges to the same salary increases that are afforded other state employees. As a matter of equity, we believe judges' salaries should receive the same COLA afforded to state employees.

The Legislature in fiscal years 1988 and 1989 gave judges a raise of 7%, which was 3% more than given state employees, in an attempt to bring their salaries to the national median. Notwithstanding that effort, Kansas District Judges are presently paid 38th in the nation and there are over 600 employees of the State of Kansas which are compensated at a higher rate than District Judges. One of the reasons that Kansas District Judges' salaries drifted to a relatively low point was the failure to receive the step increases given all other employees beginning in the early 1980's.

I would be pleased to respond to any questions that the Committee may have on this issue.

SWAM
March 29, 1993
Attachment 5

The Testimony of

Ted D. Ayres
General Counsel and Director of
Governmental Relations

Kansas Board of Regents

before
SENATE COMMITTEE ON WAYS & MEANS
1993 Legislative Session

in re
Senate Bill 417

11:00 a.m.
March 29, 1993
Room 123-S
Kansas Statehouse

SWAM
March 29, 1993
Attachment 6

Chairman Bogina and Members of the Committee:

My name is Ted D. Ayres and I am here representing the Kansas Board of Regents and the Regents Institutions. I appear to offer comments relative to Senate Bill 417 and seek your support relative thereto. As always, I appreciate this opportunity to provide information and share discussion with members of the Committee.

The present "Reduced Service Program" statute, K.S.A. 76-746, was passed in 1984. It permits the payment of "full-time" benefits even though the participant is a part-time faculty member. The recent passage of the Older Workers Benefit Protection Act has made continued usage of the program envisioned by 76-746 legally questionable, i.e. note the following language from Attorney General Opinion No. 91-115, dated September 23, 1991:

By the terms of the statute, faculty members 65 of age and older are not eligible to participate. Because this benefit is denied older employees based solely on their age, we do not believe it would be found consistent with the purposes of the ADEA [Age Discrimination in Employment Act]. Accordingly, it is our opinion that K.S.A. 76-746 violates the ADEA as amended by the OWBPA [Older Workers Benefit Protection Act]. (bracketed material added)

Senate Bill No. 417 amends K.S.A. 76-746. Senate Bill No. 417 removes the existing limitation to employees between the ages of 60 and 65. The present "Reduced Service Program" would be referred to as a "Phased Retirement Program." It would be available to all Regents unclassified employees, with the exception of Health Care Workers who, by statute, are required to have benefits consistent with classified employees.

In support of Senate Bill No. 417, I would offer the following comments:

1. Retirement is a major decision for an employee and an incremental or phased approach toward reducing their work commitment may be more appealing than full immediate retirement. The incentives offered employees by the phased retirement program, that is, contribution to their benefits as if they were full time employees, will allow them not to lose ground in such things as retirement contributions and health insurance during their last years with the institution.
2. This type of program could help balance the age levels of faculty members at Regents Institutions, allowing each institution to retain the skills of long-term faculty members on at least a part-time basis while bringing new faculty members on board.
3. Senate Bill No. 417 would allow each institution to retain certain critical faculty skills to teach those specialized courses and provide their wealth of knowledge and experience to their faculty colleagues and students. Likewise, unclassified administrators.
4. In view of increased efforts to streamline institutions, reallocate resources and be responsive to changing demands, academically and otherwise, Senate Bill No. 417 would offer an opportunity for institutions to deal with reallocation, program modification and change in a humane and flexible manner.
5. Based on experience at other institutions and our own experience with the Reduced Service Program, it is not likely that large numbers of employees will have the financial resources

to enable them to reduce their income. Therefore, we do not believe that large numbers of employees will desire participation at any one time.

6. Senate Bill 417 would enable each institution to recruit new employees sooner than it would normally have been able to if a phased retirement program was not in place.

The modifications to the existing statute have been recommended by a Task Force made of university faculty and administrators and approved as a 1993 legislative initiative by the Board of Regents. It is believed that the Phased Retirement Program provided for by Senate Bill No. 417 can be a valuable tool offering faculty and unclassified staff incentives to phase into their retirement, while offering each institution the opportunity to retain critical employee skills on a part-time basis. In addition, each school would be able to recycle funding for employees participating in the program, to hire new or reallocate resources consistent with changing demands and to gain a more balanced distribution of employee age groups.

A Phased Retirement Program can contribute to bringing new employees into the institutions at an earlier time than would be the case with full retirement. It could smooth the transition between the present generation of employees and the future generation.

Your attention and consideration is appreciated. I would be happy to stand for questions.

TED D. AYRES
General Counsel and Director
of Governmental Relations

Reduced Service/Phased Retirement Programs at Other Universities

- a. Colorado State University offers a transitional program for senior faculty which allows them to reduce workload and partially retire.
- b. University of Colorado offers no phased retirement program.
- c. Iowa State University offers a phased retirement program with less than 1% of their faculty participating.
- d. The University of Missouri reports no phased retirement program.
- e. The University of Nebraska-Lincoln offers a single option of a 50% appointment for employees at least 55 years of age with a minimum of ten years of service.
- f. North Carolina State University has no official plan, but offers post-retirement employment.
- g. University of Oklahoma/Oklahoma State University have no announced program.
- h. Oregon State University has no phased retirement program per se. Individual faculty can work out deals with their departments to teach a reduced load. The faculty member must be three years or less from retirement. The faculty member receives a salary increase and teaches enough hours, at least half time, to maintain health benefits.
- i. Western Michigan University: Reduced service plan after age 55. Employee contributions to fringe benefits continued without pro-rated reduction.
- j. University of Akron: Work part-time for five years or up to age 70 at special per hour credit rate.
- k. University of Wisconsin-Milwaukee: No official plan. Informal school/college plans for post retirement appointment at 50% time or less for two to three years.
- l. Minnesota State University System: Phased retirement program for faculty. Faculty appointment must be between .33 to .67 fte. Faculty member receives full-time benefits. Faculty member must fully retire at end of phased retirement period which is mutually agreed to by the faculty member and the president.
- m. Central Oklahoma University: No phased retirement program.
- n. Eastern Washington University: No phased retirement program.

HOUSE BILL No. 2521

By Committee on Appropriations

2-26

9 AN ACT concerning the state historical society; authorizing rental,
10 lease or disposition of certain property; amending K.S.A. 76-2026
11 and repealing the existing section.

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

14 Section 1. K.S.A. 76-2026 is hereby amended to read as follows:
15 76-2026. (a) The state historical society shall have authority to take
16 and acquire such lands in fee simple in the name of the state
17 by gift, grant or donation, including any and all improvements
18 thereon, without expense to the state, for the purpose of es-
19 tablishing and maintaining the same as a state park memorial
20 to General Frederick Funston, and may rent, lease or dispose of,
21 by gift, sale or other conveyance, all or part of the state-owned
22 property located within the tract of land described in K.S.A. 76-
23 2025 and amendments thereto, including improvements thereon,
24 known as the General Frederick Funston boyhood home [and in-
25 cluding any personal property which was in the home and which
26 is in the possession of the state historical society. If the state his-
27 torical society decides to rent, lease or dispose of such property
28 pursuant to this subsection, the society shall give a right of refusal
29 first to the heirs of General Frederick Funston and next to the
30 Allen county historical society or to any other association or entity
31 comprised of or established by residents of Allen county which has
32 the historic preservation of the General Frederick Funston boyhood
33 home as a primary purpose of the entity].

34 (b) The state historical society shall have power to do any and
35 all things necessary to carry out the intent and purposes of this act
36 and to make adopt, as may be necessary, such rules and regulations
37 for the use, enjoyment and government of the same as may be
38 necessary from time to time. The state historical society shall
39 not accept any conveyance of said tract of land until the at-
40 torney general shall have examined the abstract of title to said
41 land and determines that such conveyance would convey such
42 land in fee simple to the state of Kansas any state-owned property
43 located within the tract of land described in K.S.A. 76-2025 and

and as more specifically described in the deed of conveyance to the state of Kansas, including improvements thereon and including the personal property which was in the home thereon and which is in the possession of the state historical society, known as the General Frederick Funston boyhood home. In doing so, the state historical society shall give a right of first refusal to receive as a gift all of such property, both real and personal, as one unit free of restrictions on future use and enjoyment of said property, to Frank Funston Eckdall and his daughter, Deborah E. Helmken, Frank Funston Eckdall being the son of the now deceased grantors, Ella Funston Eckdall and F.A. Eckdall, in the original deed of conveyance of the real estate to the state of Kansas. Next the right of refusal to receive as a gift all of such property as a unit shall be given to Allen county historical society or to any other association or entity comprised of or established by residents of Allen county which has the historic preservation of the General Frederick Funston boyhood home and its contents as a primary purpose of the entity

SWAM
March 29, 1993
Attachment 7

1 *amendments thereto.*

2 *(c) The disposition by gift, sale or other conveyance authorized*
3 *by this section is not subject to the provisions of K.S.A. 75-3043a*
4 *and amendments thereto.*

5 Sec. 2. K.S.A. 76-2026 is hereby repealed.

6 Sec. 3. This act shall take effect and be in force from and after
7 its publication in the statute book.

7-2