

Approved: February 10, 1994
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 February 8, 1994 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Kathy Porter, Legislative Research Department
Alan Conroy, Legislative Research Department
Julian Efird, Legislative Research Department
Norm Furse, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Art Griggs, Chief Attorney, Department of Administration
Jack Shipman, Director of Purchases, Department of Administration
Dave DeBusman, Director, Division of Architectural Services
Bob Wunsch, Legislative Liaison, University of Kansas Medical Center
George Barbee, Kansas Consulting Engineers
Senator Todd Tiahrt
Jean Turner, Director, Division of Information Systems and Communications

Others attending: See attached list

**SB 531 -- STATE AGENCIES, SALE OF PURCHASE OF REAL PROPERTY;
PROCUREMENT OF GOODS AND SERVICES**

Art Griggs, Department of Administration, appeared before the Committee in support of SB 531 and reviewed section 1 of the bill. He distributed a table illustrating appraisal fees the state has paid in the past (Attachment 1) and stated that the purpose of section 1 is to reduce overhead relating to appraisals. There was some concern whether one appraisal, as recommended by the bill, would be sufficient.

Jack Shipman, Director of Purchases, testified in support of SB 531 and provided an explanation of sections 2, 3, and 4, and a proposed amendment to K.S.A. 75-37,102 (Attachment 2). There was some uncertainty about the definition of "appropriate circumstances," page 1, lines 34 and 35. In discussing section 3 of SB 531, there was concern regarding the elimination of the requirement to report purchases under \$50,000 to the appropriate legislative bodies. In answer to apprehension, Mr. Shipman stated that language could be amended into section 3 that would limit aggregate orders or order splitting.

In response to questions regarding section 3, new subsection c, Mr. Shipman stated that it is departmental policy that agencies with \$25,000 delegated authority solicit competitive bids. Concern was expressed that although these agencies take competitive bids on purchases of less than \$50,000 except in the case of sole source providers or emergency purchases, they could select who they notify. In answer to questions about the number of FTE positions that might be required as a result of this proposed legislation, Mr. Shipman stated that he would anticipate that agencies that currently do not have delegated purchasing authority may need to reallocate personnel within their agency.

Senator Salisbury asked that Mr. Shipman respond to a scope statement requesting a performance audit of the purchasing procedures of the State. The statement was critical of the Department, noting that items were available in local stores at lower prices and that small businesses were often excluded because they cannot meet all the requirements set by the Division of Purchases. Mr. Shipman stated that if someone finds items at 10% below state cost, the Department gives approval to buy them off contract. He concurred that statewide contracts are probably too costly for small businesses to participate in (particularly because of the large bid bond), but stated that small businesses would have a better chance of securing bids from agencies with

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 8, 1994.

delegated authority for local agency purchases.

David DeBusman, Director of Architectural Services, provided testimony in support of SB 531 (Attachment 3). He told members that this legislation would impact approximately 30-35 projects per year. He stated that none of the agencies using on-call or in-house engineers would request additional FTE positions. Senator Salisbury expressed her opinion that raising the limit on engineering projects might exclude the ability of small businesses and minority-owned businesses to compete for jobs. There was lengthy discussion regarding savings that might be realized through utilizing on-call contracts. Mr. DeBusman stated that most of the savings occur through decreased staff time and the elimination of advertising.

Mr. Robert Wunsch, Legislative Liaison for the University of Kansas Medical Center, presented Attachment 4 in support of SB 531. He informed members that the first sentence in paragraph two of his testimony should state that the Medical Center has delegated authority up to \$10,000 under certain conditions prescribed by the Division of Purchases. He clarified that conditions are prescribed by the Director of Purchases when the authority is delegated. Mr. Wunsch stated that the Medical Center is relieved from the bidding process for sole source purchases.

George Barbee testified in opposition to section 7 of SB 531 and reviewed his written testimony (Attachment 5). In his presentation, he stated that section 7 is not about open end contracts, but about competition with private enterprise. Mr. Barbee disagreed with Mr. DeBusman, stating that he did not believe that the Department has statutory authority to do engineering in-house. In response to Mr. Barbee, it was noted that a bill has been introduced which would allow the Department to charge a fee to other state agencies for doing their project design.

The Chairman stated that SB 531 would be held in Committee.

HB 2571 -- BUDGET ESTIMATES OF STATE AGENCIES RELATING TO INFORMATION TECHNOLOGY PROJECTS

HB 2573 -- STATE AGENCY ACQUISITION OF DATA PROCESSING AND TELECOMMUNICATIONS EQUIPMENT, PRODUCTS AND SERVICES

Senator Todd Tiahrt appeared before the Committee as a representative of the Joint Committee on Computers and Telecommunications to testify in support of HB 2571 and HB 2573. He distributed copies of Attachment 6 to members of the Committee. Senator Tiahrt stated that HB 2571 establishes a planning phase and requires the development of a budget for pre-procurement planning. He told members that HB 2573 organizes the procurement of data processing and telecommunications and requires an advanced planning document found in section 4. Senator Tiahrt told members that the House had excluded the Board of Regents from the provisions of the bill, though the general consensus of JCCT was to include the Regents. He indicated that the conference committee could settle the difference. Senator Vancrum mentioned concerns about the cost of the reports and about the Legislature managing the content of the contracts.

Jean Turner, Director of DISC, appeared before the Committee and reviewed Attachments 7 and 8. It was noted that SB 655 which would establish the Kansas Information Resource Council is in the Governmental Organization Committee.

INTRODUCTION OF BILLS

It was moved by Senator Lawrence and seconded by Senator Brady that bill drafts 3 RS 1815 and 3 RS 1827 be introduced as requested by Gene Johnson. The motion carried on a voice vote.

APPROVAL OF MINUTES

Senator Moran moved, Senator Brady seconded, that the minutes of February 1 and 2 be approved. The motion carried on a voice vote.

The meeting was adjourned by the Chairman at 12:30 P.M.

The next meeting is scheduled for February 9, 1994.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: Febr. 8, 1994

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Gene Johnson	Topeka	Ks Alcohol Safety
DANIEL LEWIS	610 SW 10th	S.R.S Internal Audit
JEAN TURNER	Dept of Admin ^{TO PEKA} →	
Jack Shipman	900 SW Jackson-102	DOA/Purchasing
DAVE DEBASTIAN	623 Polk	Div Arch Service / DOA
RAENA MILLER	900 SW Jackson-102N	DOA / Purchasing
Art Griggs	900 Jackson - Rm 107	Adm.
Kenna Sibbald	1200 Commercial Emporia	Emporia State
Bob Wunsch	Lawrence	KUMC
Debbie Douglass	Lawrence	KU
Brenda Nunez	Lawrence	KU
JEFFREY S. ODOM	LAWRENCE	KU
Mary Atkins	Topeka	Dpt A - DPS
Chris Stanfield	Topeka	KD H+E
CIDDY HOOPER BEARS	900 JACKSON - 201 N	Treasurers Office
Jim Kent	LSOB	Treasurer's Office
Leo Vogel	LSOB	Dept. of Admin.
Chub Miller	LSOB	Dept. of Admin.
Bob Sachs	LSOB	Dept of Admin.
Al Rouviere	LSOB	DA Purchases
Beverly Pearlee	LSOB	DA Purchases
George Barbee	Topeka	Ks Consulting Eng'rs
Michael Davenport	Lawrence	KU
Ruth Brauser	McDonnell K	KU - Class. Senate
TED D. AYRES	TOPEKA	REGENTS Staff
Eric Seltzer	Wichita	WSU
Jan A Purcell	Topeka	Revenue
Kelly Tennyson	Topeka	KAPE
M. J. Burns	TOPEKA	Dept. of Ag.
Elaine Friesbie	Topeka	DOB
Greg Tugman	Topeka	DOB
MARK CLEMENTS	TOPEKA	KDOT
TRUDY ARON	"	Am Inst of Architects
Art Brown	-	KS LBR Dealer

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: Feb. 8, 1994

[illegible]

<u>PROPERTY</u>	<u>TOTAL APPRAISAL FEES</u>	<u>POTENTIAL SAVINGS</u>
Marymount College - Salina	\$21,000	\$14,000
Kansas Insurance Department Building - Topeka	\$ 5,500	\$ 3,667
KBI Building - Topeka	\$ 7,500	\$ 5,000
KPL Steam Plant (now a parking lot at 7th & Van Buren) - Topeka	\$ 4,000	\$ 2,667
Victory Life Insurance Building - Topeka	\$ 4,500	\$ 3,000
Olathe Travel Information Center	\$ 3,000	\$ 2,000
TOTAL	\$45,500	\$30,334

SWAM
Feb. 8, 1994
Attachment 1

TESTIMONY OF JACK R. SHIPMAN
DIRECTOR, DIVISION OF PURCHASES
SB NO. 531 - SECTIONS 2 THROUGH 4
BEFORE THE SENATE WAYS AND MEANS COMMITTEE

I am here to offer testimony in support of 1994 SB 531, Sections 2, 3 and 4, on behalf of the Department of Administration, Division of Purchases. This bill affects the authority of the Director of Purchases as well as the operation of the Division of Purchases within the Department of Administration.

Section 2:

Section 2 of SB 531 amends K.S.A. 75-3738 to allow the Director of Purchases to require agencies to provide justification for the procurement of goods or services under appropriate circumstances.

At the heart of this change is the capability of insuring the appropriateness of certain procurements. In the past, various agencies of the State have requested procurements which were thought by the director to be cost detrimental to the agencies and taxpayers. The ability to seek justification is not meant to be exercised on every purchase as neither staff time nor administrative time would allow for such misuse of effort. Instead, the intent is simply to avoid expenditures for items which may not be necessary or are excessive, in order to meet the needs of the day to day operation of an agency.

Section 3:

Major changes occur in this section of SB 531.

In part B, the dollar amount of purchases of \$10,000 or more is increased to \$50,000 before sealed bids are solicited by mail. This section will still require that purchases of over \$50,000 be made only after bids have been mailed to prospective bidders and ten business days notice, posted on an electronic bulletin board in the office of the Director of Purchases, has been given. It should be noted that the requirement that bids be advertised is stricken. This would eliminate the requirement for the report to the appropriate legislative bodies titled "Waiver of Advertising". It should be pointed out that the advertising for bids costs the Division of Purchases between \$7,000 and \$8,000 annually. The number of requests for bids by people reading the advertisements has been minimal and therefore, is not cost effective.

Starting on page three, line seven, the rest of Subsection B and old Subsection C are eliminated as they are addressed later in this proposed legislation.

New Subsection C, beginning with line 20, addresses purchases of less than \$50,000 made by the Division of Purchases. It should be noted on line 22 following the word "telephone" and before the

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Attachment 2

words "or after receipt", the following, which was left out of the bill when drafted, should be inserted: "facsimile transmission". The intention of this section is to streamline the acquisition of items costing less than \$50,000. The changes in this section are to provide faster and better service to agencies facing emergency situations and for "small purchases".

Subsection D is aimed at increasing the current delegated authority from \$10,000 to \$25,000 for local agency purchases. The \$25,000 figure, when delegated to agencies, will allow them to competitively bid those items most commonly required for day to day operation and rapid acquisition need. The delegation of purchase authority of up to \$25,000 to various agencies of the State will be prescribed in a manner that will include training, review, audit and augmentation by Division of Purchases staff. As noted in line 40 of page 3, the Director of Purchases will be authorized to perform audits at any State agency to determine each agency's compliance with the conditions and procedures for delegated authority under this subsection. The findings of those audits and reviews shall be reported to the Legislative Coordinating Council, the Chairperson of the Senate Committee on Ways and Means and the Chairperson of the House Committee on Appropriations. The implementation of this section will make the Division of Purchases more service oriented in assisting those agencies with purchasing problems and resolving problems rather than having to exercise strict control of such issues. This does not, however, eliminate the authority of the Director of Purchases to summarily withdraw the delegated authority of any agency which fails to come into compliance with required procedures.

Section 4:

The changes provided in Section 4 are mainly devised to clean-up the language on the statute and to make consistent all aspects of the statute and the changes requested in SB 531.

The legislative changes before you in Sections 2, 3 and 4 of SB 531 have been discussed with the Board of Regents Council of Business Officers, the Board of Regents Purchasing Officers and various administrative personnel of agencies across the state. There has been unanimous support voiced for the passage of this legislation. The Secretary of Administration has stressed her support for SB 531 as it is also pointed towards quality management initiatives and issues of Reinventing Kansas Government. This bill is aimed at becoming more responsive to the public and to the customer satisfaction of agencies served by the Division of Purchases. I urge your support for Sections 2, 3 and 4 of Senate Bill No. 531 and welcome any questions. Thank you for this opportunity to speak on behalf of the Department of Administration, Division of Purchases.

75-37.102. Procurement negotiating committees, services or technical products; composition; powers; notice and procedures; bidding and open meeting exemptions; reports to legislative coordinating council and committees. (a) Upon request of the chief administrative officer of a state agency and subject to the approval of the secretary of administration, the director of purchases may convene a procurement negotiating committee to obtain services or technical products for the state agency.

(b) Each procurement negotiating committee shall be composed of: (1) The director of purchases, or a person designated by the director; (2) the chief administrative officer of the state agency desiring to make the procurement, or a person designated by the officer; and (3) the secretary of administration, or a person designated by the secretary.

(c) The negotiating committee is authorized to negotiate for the procuring state agency contracts with qualified parties to provide services or technical products needed by the state agency.

(d) Prior to negotiating for the procurement, ~~a notice to bidders first shall be published in the Kansas register~~ Upon receipt of bids or proposals, the committee may negotiate with one or more of the firms submitting bids or proposals and select from among those submitting such bids or proposals the party to contract with to provide the services or technical products.

the committee shall solicit bids or proposals therefor

(e) Contracts entered into pursuant to this section shall not be subject to the provisions of K.S.A. 75-3738 through 75-3740a and amendments thereto. Meetings to conduct negotiations pursuant to this section shall not be subject to the provisions of K.S.A. 75-4317 through 75-4320a and amendments thereto. The director of purchases shall submit a report at least once in each calendar quarter to the legislative coordinating council and the chairpersons of the senate committee on ways and means and the house of representatives committee on appropriations of all contracts entered into pursuant to this section.

(f) Nothing in this section shall be construed as requiring either negotiations pursuant to this section or bids pursuant to K.S.A. 75-3739 and amendments thereto for the procurement of professional services or services for which, in the judgment of the director of purchases, meaningful specifications cannot be determined.

History: L. 1987, ch. 324, § 1; July 1.

STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION

Division of Architectural Services

JOAN FINNEY,
Governor

J. DAVID DeBUSMAN,
Director

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TESTIMONY TO COMMITTEE ON WAYS AND MEANS
SENATE BILL 531

BY: J. DAVID DEBUSMAN
DIRECTOR OF ARCHITECTURAL SERVICES

Section 5. Amends K.S.A. 75-5804 State Engineering Services -
Negotiating Committee convened.

Changes the total cost of an engineering project from \$100,000 to \$250,000 as the limit at which the agency head shall convene a negotiating committee for procurement of engineering services. The limits for an architectural project were raised from \$250,000 to \$500,000 in 1990. This increase will align engineering projects with architectural projects.

Section 6. Allows the Secretary of Administration, in emergency situations, to immediately contract with a qualified firm to provide architectural, engineering or ancillary technical services.

The Secretary must first advise and consult with the Joint Committee on State Building Construction regarding the proposed contract. Examples would be two recent fires caused by lightning where engineering services were required to determine the damage and design temporary structural components to shore up existing construction.

Section 7. Directly related to section 5.

Engineering projects under \$250,000 may be done in-house, or by the state agency, or an on-call. This raises the minimum from \$100,000. To repeat comments from Section 5, this increase will align engineering projects with architectural projects, of which the minimum was raised from \$250,000 to \$500,000 three years ago.

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Attachment 3

Almost 20 years ago, the limits were set at \$100,000 (engineer), and \$250,000 (architectural). Raising the architectural limits three years ago equaled the inflation rate. Raising the engineering limit to \$250,000 equals 4.15% inflation a year from when the limits were set 20 years ago. The existing limits (\$100,000 engineering, \$500,000 architectural) do not correlate to each other. The engineering (mechanical and electrical and plumbing) portion of a job is more than one-fifth, or 20%, of a job; thus, the 250/500 ratio is much more realistic.

The engineering limits apply to in-house engineers at the Division of Architectural Services, Facility Management and some agencies (i.e., the University of Kansas). Most importantly, the limits apply to our on-call engineers hired for a one-year term, renewable up to three years. On-call engineers are hired for the University of Kansas, Kansas State University, three regions at the Department of Social and Rehabilitation Services, Facilities Management, the Division of Architectural Services, and Department of Corrections. The State could save much cost and time by not having to hire a consulting engineer for each specific job over \$100,000. We have to advertise for each specific job; the State Building Advisory Commission then short-lists to three to five firms, interviews are scheduled for each firm and after a firm is selected, we negotiate the fee. Each job then is separately contracted.

Our engineer who is certified for asbestos abatement can't do many abatement jobs because they cost over \$100,000. Many boiler replacements and emergency generator jobs cost over \$100,000. By current law, the on-call engineers or our in-house engineers are very limited to small jobs.

In short, much time and cost could be saved by raising the limit.

JDD:gk

Following is a list of on-call architectural and engineering jobs that have been advertised for in the last six months. Generally, 10 to 18 firms submit for each job, one is selected. A contract period runs for one year, renewable up to three years.

On-calls have proven to be very beneficial to various state agencies and have saved taxpayers dollars by not having to advertise for every single job.

In the past, the in-house architects and engineers were able to handle the load of the smaller jobs, but the demand has increased dramatically and our in-house personnel has gotten smaller.

As the current statute reads, all of the on-call engineering jobs are limited to \$100,000 as well as the engineering portion of the architectural jobs.

1. Dept. of Corrections - on-call architectural services
2. University of Kansas (Lawrence & Kansas City campuses) - on-call asbestos consultant services
3. Dept. of Social & Rehabilitation Services - on-call architectural services - Group I
4. Dept. of Social & Rehabilitation Services - on-call architectural services - Group II
5. Dept. of Social & Rehabilitation Services - on-call architectural services - Group III
6. Dept. of Social & Rehabilitation Services - on-call engineering services - Group I
7. Dept. of Social & Rehabilitation Services - on-call engineering services - Group II
8. Dept. of Social & Rehabilitation Services - on-call engineering services - Group III
9. Kansas State University - on-call civil and structural engineers
10. Division of Facilities Management - on-call civil engineering
11. University of Kansas - on-call architectural services
12. Wichita State University - on-call architectural services
13. University of Kansas - on-call engineering services
14. Kansas State University-Salina - on-call engineering services
15. Emporia State University - on-call engineering services
16. Fort Hays State University - on-call engineering services

75-1202d. Same; certain powers and duties of director; state building advisory commission minutes; appointment and civil service status of certain division personnel. (a) The director of architectural services shall attend all meetings of the state building advisory commission and keep a full and correct record of its proceedings which when approved by the commission and signed by the chairperson shall be the official record. The director of architectural services shall have such powers and duties as may be prescribed or imposed by the secretary of administration or by law.

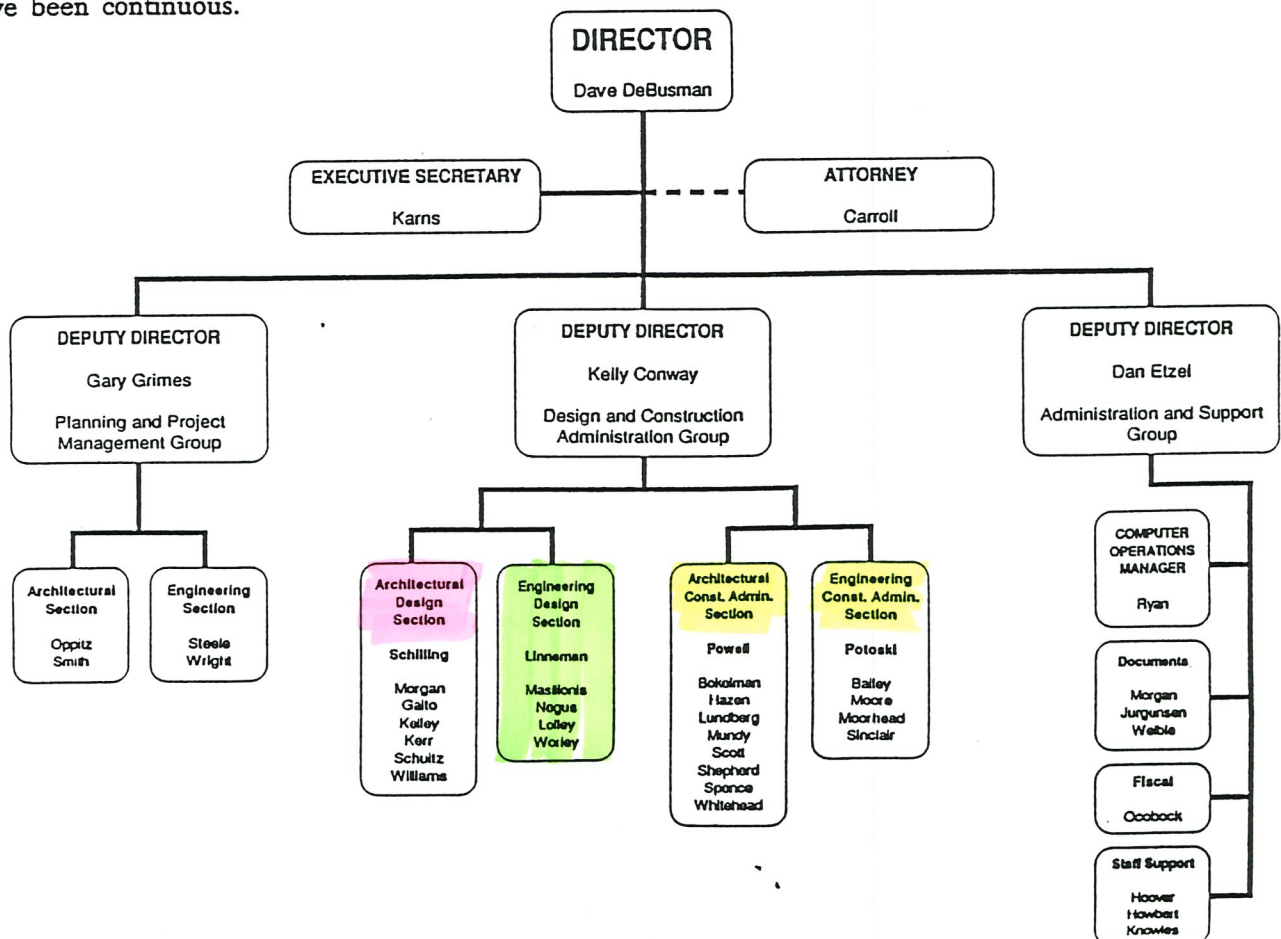
(b) Subject to approval by the secretary of administration and in accordance with appropriation acts, the director of architectural services shall appoint the professional, technical, administrative, clerical and other personnel of the division of architectural services. Except as provided in K.S.A. 75-1202a and 75-2935 and amendments thereto, all positions of the division of architectural services shall be in the classified service under the Kansas civil service act. Each person who has been employed continuously for at least the six-month period immediately prior to the effective date of this act in a professional or administrative position in the division of architectural services, which is placed in the classified service under the Kansas civil service act by this act, shall continue in such position and shall attain permanent status in that classified position without examination and without a probationary period. Such person shall retain all retirement benefits earned prior to the effective date of this act and such person's service shall be deemed to have been continuous.

STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION

Division of Architectural Services



TESTIMONY BEFORE THE SENATE WAYS AND MEANS COMMITTEE

SB 531

ROBERT S. WUNSCH

February 8, 1994

Thank you, Mr. Chairman. My name is Robert Wunsch and I am here today on behalf of the University of Kansas Medical Center to testify in support of Senate Bill 531. The bill has the potential of providing new or increased local purchasing authority for all state agencies.

The Medical Center presently enjoys authority delegated to it by the Director of Purchases to make purchases of less than \$10,000 on the open market or under certain prescribed conditions and procedures. The Medical Center has certainly appreciated having this authority in years past.

The enactment of Senate Bill 531 would allow the Director of Purchases with the approval of the Secretary of Administration to increase our delegated authority to \$25,000. With this greater local purchasing authority, lead time and processing times will be greatly improved for purchases between \$10,000 and \$25,000. We surmise, without assurances however, that the Medical Center would be granted this increased local purchasing authority.

Mr. Chairman, as you and your committee members may remember, hearings were held last session on Senate Bill 406 which remains in your committee. This is a Bill designed to provide direct purchasing authority to the Medical Center for supplies, materials, equipment and contractual services for the University Hospital. While Senate Bill 531 can potentially benefit a number of agencies, including the Medical Center, we remain convinced that the needs of the University Hospital are sufficiently unique to warrant additional consideration of Senate Bill 406. The recent independent consultant study by the firm of Arthur Anderson underscored the need to afford more flexibility to the hospital if it is to survive in a very competitive environment. We would request that the proposals of Senate Bill 406 be considered by the committee in conjunction with the provisions of Senate Bill 531. It may well be that additional purchasing authority for the University Hospital would be found to be appropriate.

Thank you.

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Attachment 4



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Statement to:
Senate Ways and Means Committee
Senate Bill 531

Mr. Chairman and members of the committee my name is George Barbree appearing today on behalf of the Kansas Consulting Engineers in opposition to part of Senate Bill 531.

The first four sections of 531 deal with certain purchases for goods and services and disposition of real property by the State of Kansas. We have no interest in those sections. We do have an interest in sections 5, 6 and 7.

Section 5, on page 6 of the bill, would amend current statutes that determine when an agency or institution must convene a negotiating committee for the procurement of architectural or engineering services. This statute was enacted in 1977. The threshold for determining when an agency could choose from a prequalified list of firms or must use a negotiating committee was established at \$100,000. The Department of Administration would like to raise this to \$250,000 and we support this because it would make the threshold more in line with 1994 dollars.

Section 6, on page 7, would allow the Secretary of Administration to bypass the Qualification Based Selection procedure in the case of an emergency. The tragic fire at Hoch Auditorium is a good example of when professional services were needed immediately to determine life safety questions. We also support this amendment.

We are strongly opposed to the new section 7, also on page 7. It would allow the Division of Architectural Services to perform engineering services in-house or assign an engineer at an agency or institution to perform the service if the project was less than \$250,000. The division has no current authority to compete with engineers in private practice.

Mr. Chairman, I suppose a department of bureaucrats that are responsible for spending their part of a 7 billion dollar annual state budget, thinks that \$250,000 is a small project. It is not a small project to the majority of my member firms that are trying to create jobs and pay taxes to support government. A government that is growing by leaps and bounds, at a time when the public is demanding less government spending, less government intervention, and certainly less government competition.

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Attachment 5

AFFILIATED WITH:

KANSAS ENGINEERING SOCIETY AMERICAN CONSULTING ENGINEERS COUNCIL PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

In recent years the Division of Architectural Services has handled small projects by contracting to architectural and engineering firms for open-ended contracts not to exceed \$100,000 in aggregate cost. This has worked quite well. It allows the division to identify a firm in a certain part of the state to act as an extension of the division to perform those small retrofit and remodeling jobs as needed. This practice will become even more effective if you adopt the change in section 5 to raise the \$100,000 threshold to \$250,000. Private practice firms can then respond to the state's needs for design on small projects in a timely manner.

The new section 7 may look familiar to some of you. It has been offered on a regular bases by the division over the past several years, either as an amendment or as a bill. You have wisely rejected it as recently as last year on a 26-12 vote in April of 1993. However, you may notice a missing section that has been included in previous attempts, that is, in addition to the ability to perform the service in-house, a section to allow them to charge a fee to other state agencies for doing their project design.

I suspect if you were to adopt these proposed amendments in Senate Bill 531 you would see the fee proposal offered in short order.

Mr. Chairman, you may be the only one on this committee that was serving in the legislature that remembers the KU Med Center scandal of the early 70's which led to the dismantling of the State Architect Department.

The legislature made it clear that the Division of Architectural Services was to exist as a coordinating agency for state building needs of Kansas.

But it seems that bureaucrats and mushrooms have something in common. If you don't kill all the spores, they grow back. That is certainly evident in this bill.

Please stop this growth by deleting new section 7 of Senate Bill 531.

Thank you for the opportunity to appear on this matter and I would be glad to stand for questions.

JOINT COMMITTEE ON COMPUTERS AND TELECOMMUNICATIONS

Testimony Presented to Senate Committee on Ways and Means
Regarding H.B. 2571 & H.B. 2573
February 7, 1994

Representative Gary Hayzlett, Chairperson
Senator Todd Tiahrt, Vice Chairperson
Senator Bill Brady
Senator Steve Morris

The Joint Committee on Computers and Telecommunications (JCCT) was established in 1992 by K.S.A. 46-2101 *et seq.*, which provides for its duties and authorizes the Committee to introduce legislation. The JCCT has authority to determine its own agenda and to meet upon the call of its Chair. Topics and proposals also may be referred to the JCCT by the Legislative Coordinating Council (LCC). The four main duties assigned the JCCT by its authorizing legislation include:

- studying computers, telecommunications, and information technologies used by state agencies;
- reviewing proposed new acquisitions, including budget estimates, and making recommendations to the Legislature;
- monitoring newly implemented technologies; and
- making reports to legislative committees as deemed appropriate and introducing legislation.

The JCCT is one of four such joint legislative committees nationally. Two of those committees, the Florida Legislative Information Technology Resource Committee and the Oregon Joint Committee on Information Management and Technology (formerly called the Joint Committee on Data Processing), preceded the Kansas enactment by nearly a decade. Wisconsin recently established a Joint Committee on Information Policy about the same time the Kansas entity was created in the early 1990s.

Bills Recommended by JCCT

The JCCT, as a result of its 1993 interim study, introduced H.B. 2571 which would require that state agencies submit by July 1 each year their information technology plans covering a five-year period, including budgeted expenditures for major projects costing \$250,000 or more. The bill includes language which parallels those provisions requiring that capital improvement plans and budget estimates be submitted to the Joint Committee on State Building Construction pursuant to K.S.A. 46-1702 and 75-3717b. The JCCT notes that based on this year's (FY 1994) budgeted projects, there would be approximately ten to 15 projects in any one year that would exceed the \$250,000 threshold.

H.B. 2571 would require that whenever an agency proposes an information technology project estimated to cost \$250,000 or more, the agency must prepare an information technology budget estimate, to be submitted to the Division of the Budget, the Division of Information Systems and Communications, and the Legislative Research Department by July 1 of each year in which such an acquisition is planned. This budget estimate and accompanying program statement would include a detailed justification for the project; request for appropriations for the preliminary planning, development, and implementation phases of the project; and detail of each phase of the project, and cost estimates for various items necessary for the project. In addition, each state agency which is required to submit an information technology budget estimate also would be required to submit

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Attachment 6

copies of its five-year information technology management plan by July 1 of each year to the three entities receiving budget information.

The JCCT, also as a result of its 1993 interim study, introduced H.B. 2573 which incorporates the provisions of DISC Guideline 3608.00 setting out requirements for acquisition of data processing and telecommunications hardware, software and services. In addition, the JCCT recommendations would change current statutory provisions to make them consistent with its recommended changes which are included in this bill.

H.B. 2573, as amended, would require that written advanced planning document for projects exceeding cost thresholds to be determined by rule and regulation must be approved by the Secretary of Administration before any acquisition of data processing or telecommunications equipment, products, or services when the costs exceed \$50,000 for any fiscal year or \$250,000 for the entire acquisition. The bill includes a requirement for a detailed explanation of the project implementation plan which must specify a schedule for completion of the project. The House Committee of the Whole amended the bill to exempt institutions under the Board of Regents from the requirements of this bill.

The Secretary of Administration would be responsible for prescribing guidelines to implement this legislation and for monitoring data processing and telecommunications system development projects which exceed a specified threshold. Agencies would be required to provide the Secretary with a progress report, at least quarterly, until the project is completed. Agencies would be required to present such projects, including budget estimates and advanced planning documents, to the Joint Committee on Computers and Telecommunications (JCCT) at least 30 days before entering into any contracts related to a project exceeding specified thresholds. However, the Secretary of Administration could waive the 30-day period if it is determined it would be detrimental to the efficient operations of state government. The bill provides that the JCCT will receive a quarterly exceptions report of instances when the Secretary of Administration has granted waivers of the 30-day waiting period for submission of information to the JCCT.

The bill also contains a provision that DISC shall prepare a statewide comprehensive plan for information management. The requirement for an annual report by the JCCT to the Legislative Coordinating Council by December 1 each year would be eliminated by the bill.

SENATE WAYS & MEANS COMMITTEE
February 08, 1994

TESTIMONY PRESENTED BY JEAN L. TURNER
DEPARTMENT OF ADMINISTRATION
DISC DIRECTOR

Mr. Chairman and Members of the Committee.

House Bill 2571 - AN ACT concerning budget estimates of state agencies; information technology plan; submission of estimates.

HB 2571 - Section 1 (b) "not later than July 1 of each year, state agencies would submit to the Division of Budget a copy of such information technology budget estimate." Section 1 (a) is similar to current Guideline 3608 issued by the Division of Information Systems and Communications. Section 1 (a) the information technology budget estimate is to be provided only to the Division of Budget. In Section 1 (b) and (c) the information technology budget estimate is submitted to the Division of Budget, information systems and communications and legislative research. We recommend Section 1 (a) be submitted as Sections (b) and (c).

In closing, we would request deferring House Bill 2571. Re-inventing Kansas Government (RKG) information systems management study broadly addressed issues in this area. Senate Bill 655 has been introduced that would establish the Kansas Information Resource Council (KIRC). Kansas Information Resource Council would establish policies in these same areas, thus, we believe that HB 2571 should be deferred. The bill we would recommend to be passed is SB655, which establishes the Kansas Information Resource Council (KIRC).

Thank you for the opportunity to appear and we request this committee defer House Bill 2571.

SWAM
February 8, 1994
Attachment 7

SENATE WAYS & MEANS COMMITTEE
February 08, 1994

TESTIMONY PRESENTED BY JEAN L. TURNER
DEPARTMENT OF ADMINISTRATION
DISC DIRECTOR

Mr. Chairman and Members of the Committee.

House Bill 2573 - AN ACT concerning state agencies; relating to the acquisition of data processing and telecommunications equipment, products and services; amending K.S.A. 46-2102, 75-37,102, 75-4705; 75-4706 and 75-4707 and repealing the existing sections.

House Bill 2573, Section 1 (a) through (h) is a listing of definitions that are similar to definitions in House Bill 2572. We recommend that the definitions be clarified and incorporated into one bill.

New section 1 (c) in the rapid changing technology the term data processing would be better described as (IT) information technology: all data, voice and video hardware, software, IT human resources and services.

New Section 2 (a) prior to any acquisition, agencies shall prepare a written advance planning document which has been approved by the Secretary of Administration. This parallels the Division of Information Systems and Communications Guideline 3608.

New Section 2 (c), currently the Division of Information Systems and Communications prescribes guidelines, standards, and policies and procedures.

In closing, we would request deferring House Bill 2573. Re-inventing Kansas Government (RKG) information systems management study broadly addressed issues in this area. Senate Bill 655 has been introduced that would establish the Kansas Information Resource Council (KIRC). Kansas Information Resource Council would establish policies in these same areas, thus, we believe that HB 2573 should be deferred. The bill we would recommend to be passed is SB655, which establishes the Kansas Information Resource Council (KIRC).

Thank you for the opportunity to appear and we request this committee defer House Bill 2573.

SWAM
February 8, 1994
Attachment 8