

Approved: March 13, 1996
date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on March 12, 1996 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Burke, Downey, Feleciano, Gooch, Harris, Hensley, Jordan, Petty, Reynolds, Steffes and Vidricksen.

Committee staff present: Lynne Holt, Legislative Research Department
Jerry Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Betty Bomar, Committee Secretary

Conferees appearing before the committee:

Georgia Moore, Moore Tours International, Inc., Hays
Stan Unruh, Director of Communications, Hays Medical Center, Hays
Johnny Williams, Vice President for Administration and Finance, Ft. Hays State University, Hays
Kay Williams, Co-Owner, Hays Travel, Inc., Hays
John Houlihan, Director of Purchasing
David M. Bryan, CEO, Bryan World Tours

Others attending: See attached list

Substitute for HB 2660 - Increasing the caps on applicant fees which may be charged by private employment agencies

The Chair announced that she was reversing her ruling that **Substitute HB 2660** as amended had failed to get the necessary votes to be recommended favorably. She advised the Committee that her ruling was based on the belief it was necessary to have 7 votes but that Roberts Rules of Order require only a majority of those members present and voting for passage of a motion. The Chair requested that the Minutes be clarified to reflect that the language of **SB 330**, which was amended into **Substitute HB 2660** be the language provided by Robert E. Taylor of the Professional Security Inc. in his testimony to the Committee during the public hearing on **Substitute HB 2660**. Modification to **SB 330** would allow retired, formerly commission law enforcement officers to perform on a non-licensed basis; therefore, not requiring them to pay certain licensure fees; and further on Page 3, lines 22-25 should establish the license fee for a company not to exceed \$350, and for an individual officer not to exceed \$50.

SB 726 State contracts with travel agencies prohibited

Georgia Moore, Owner, Moore Tours International, Inc., appeared on her own behalf and as a representative of Linda High, Director of State Legislative Affairs, The American Society of Travel Agents, Inc. (ASTA), in support of SB 726. Ms. Moore stated SB 726 would permit ASTA members in Kansas, and all privately owned Kansas travel agencies to compete fairly for a portion of the state's travel business. The centralized travel purchasing program excludes reputable and experienced travel agencies from assisting state employees in their travel arrangements at the most economic rate. Ms. Moore stated the centralized travel purchasing program is in opposition to the state efforts to support small business and privatization efforts to secure essential state services from the private sector. Attachment 1

Stan Unruh, Director of Communications Hays Medical Center, appeared in support of SB 726. Mr. Unruh stated it is vital that Hays, as a regional referral medical center, keep its air service. In order to keep the air service in Hays there must be an adequate demand for flights. SB 726 would help maintain this vital service by utilizing local travel agencies to schedule state employees' embarkment from Hays when traveling on state business. Attachment 2

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE, Room 123-S Statehouse, at 8:00 a.m. on March 12, 1996.

Johnny Williams, Vice President for Administration and Finance, Fort Hays State University, appeared in support SB 726. Mr. Williams stated SB 726 would eliminate the requirement that the state travel agency be used to make travel arrangements or purchase transportation, accommodations or travel service. Experience at the University, over the past four years, illustrates that it is not getting satisfactory service from the state travel agent and there is not a savings of money. Members of the University faculty and staff have experienced inadequate responses to inquiries regarding travel arrangements from the state travel agency; rates that are not the lowest discounted rates, and accommodations above the state reimbursement level, requiring an employee to subsidize their employment-related travel. Attachment 3

Kay Williams, Hays Travel, Inc., appeared in support of SB 726. Ms. Williams stated there are numerous competent travel agencies in the state. SB 726 allows local travel agencies to work with their local schools and state offices at a savings of public dollars. Attachment 4

John T. Houlihan, Director of Purchases, appeared in opposition to SB 726. Mr. Houlihan testified the state centralized travel system was established as the result of a Legislative Division of Post Audit report which stated that "Contracting with a commercial travel agency would provide the State with travel expertise, computerized reservations, and other services with minimal additional costs." The Post Audit recommendations were implemented by the Division of Purchases and a limited contract for the purchase of airline tickets was awarded on a competitive basis and in place on January 1, 1987. The Secretary of Administration and the Governor's Office of Efficiency Management conducted a pilot program to determine the effectiveness of the contractors providing the lowest fares. The report reflected that lowest fares were obtained only 78% of the time, and it would not be feasible to bid each individual fare. As a result of the pilot program and meetings with a number of Kansas companies and the General Service Administration, it was concluded that the best solution was a contract with a single travel agency. In October, 1991, a Request for Proposal was sent to 47 travel agencies throughout Kansas. Negotiations were conducted with seven of nine agencies that submitted bids. Bryan World Tours of Topeka was awarded a 3 year contract as the state travel agency. In September 1994 the state travel business was again bid out on a competitive basis and a new contract was awarded to Bryan World Tours.

Mr. Houlihan stated since implementation of the travel contract the state has experienced reduced fares; one stop shopping for airline tickets, rental cars and hotel reservations; and usable data in a single format which is used to achieve additional discounts with airlines and car rental companies. SB 726 would have a negative fiscal impact on the state. In a period from March 1994 through March 1995, the state paid \$3.7 million for airfares. By the state being able to obtain the lowest available fares it was able to save approximately \$13 million. The savings generated from discounts on air fares, hotel, and car rentals comprises a rebate from the travel agency in excess of \$1,000,000 over the period of the contract. The last year alone the rebate amounted to almost a quarter of a million dollars. The rebate is used to fund approximately four positions in the Division of Purchases. Attachment 5-Legislative Post Audit Performance Report on Controlling State Travel Costs, November 1985, submitted by not included in these minutes.

David Bryan, CEO, Bryan World Tours, appeared in opposition to SB 726. Mr. Bryan stated passage of SB 726 would dismantle a smooth, efficient, cost effective travel procurement system and substitute in its place a fragmented, unorganized and unmanageable travel operation. Mr. Bryan stated Bryan World Tours was awarded the state contract as the result of a competitive bid process. Mr. Bryan stated SB 726 is not cost effective nor in the best interest of the tax payers. Attachment 6

The meeting adjourned at 9:00 a.m.

The next meeting is scheduled for March 13, 1996.

SENATE COMMERCE COMMITTEE GUEST LIST

DATE: March 12, 1996

NAME	REPRESENTING
Stu Foltz	PRO Security
Penny Tughe	March T. TR
Zev Vogt	Dept of Admin
Daniel Bryan	Bryan World Tours
Arena Meryman	Div. of Purchases
JOHN T. HOULIHAN	DEPT OF ADMIN
Johnny Williams	Fort Hays State University
Don Walsh	Dept of Admin
Doreen Stenauer	AmWesters
Jennifer Wolf	SU of State
Jeff Pham	Inter-Kearney & Assoc
CAROL L. SPRAGUE	STATE TREASURER'S OFFICE
Steve Montgomery	Bryan World Tours
Hannes ZACHARIAS	City of Hays
Georgie Moore	Man Jim out In Hays & ASTA
Kay Williams	Hays Travel, Inc
Stan Unruh	HAYS Medical Center
Don Doester	KDHR-Legal
Gunny Darr	Bryan World Tours

SENATE COMMERCE COMMITTEE GUEST LIST

DATE: _____

NAME	REPRESENTING
Ropei Fautae	FEC
Kelly Kuitala	KTLA
Kyle Smith	KBI
Harry Hung	INK

The American Society of Travel Agents, Inc.
1101 King Street
Alexandria, VA 22314

The Honorable Alicia Salisbury, Chair
Senate Committee on Commerce

Dear Senator Salisbury:

The American Society of Travel Agents, Inc. (ASTA), the world's largest trade association of professional travel agents, represents nearly 150 Kansas travel agency locations and their employees. ASTA supports Senate Bill 726 because it would permit ASTA members in Kansas, and all privately owned Kansas travel agencies, to compete fairly for a portion of the state's travel business.

The net effect of any centralized travel purchasing program is to exclude the most reputable and experience travel agencies from assisting state employees in obtaining transportation and related services that are most economic for the state. The current method of state travel purchasing has resulted in a loss of business and jobs for agents in Topeka and other locations throughout Kansas. This results in reduced tax and other revenues for the state.

Senate Bill 726 acknowledges the ability of the Secretary of Administration to negotiate contracts with transportation and other travel service providers for discounted rates for official travel and that these negotiated discounts are and will be available whether the transportation and accommodations are booked by the state directly or by any travel agency in the state. This direction is in keeping with state efforts to support small business and privatization efforts to secure essential state services from the private sector.

In its 1995 session, the Texas Legislature passed a law similar to Senate Bill 726 that opened the state's travel purchasing program to any qualified agent in the state reversing a centralized purchasing system that had been in place since the late 1980's. The Texas purchasing department is even now accepting applications from travel agents across the state to participate in the program.

ASTA urges the committee to approve Senate Bill 726 and thereby foster the development of small businesses in the state of Kansas.

Respectfully,

Linda High, Director
State Legislative Affairs

*Senate Commerce Committee
March 12, 1996*

Attachment 1

HaysMedicalCenter

As a regional referral medical center it is vital that we keep air service in Hays for a number of reasons.

Without air service we definitely can not recruit the medical professionals we need to provide the quality healthcare essential for Northwest Kansas. Hays Medical Center has been a national leader in physician recruitment over the past 3 years. Without air service in Hays, physicians who are considering our community say they would feel tremendous isolation. These physicians can work any place in the country. If we loose air service, they won't be coming to Hays. Many of these professionals also work 15-20 hours a day and don't have the time necessary to drive to Denver, Colorado Springs or Kansas City to fly out for their continuing education programs or other medical efforts.

We also need the air service in Hays to continue to keep the airport in proper maintenance for our HMC Air Life planes. These medical professionals took over 300 life saving flights last year helping individuals all over Western Kansas get to the medical care they needed.

We have medical professionals, biomedical repair experts, computer technicians and critical parts arriving in Hays by air on a consistent basis. In addition, we have medical center staff doing a great deal of business travel. They are getting education, doing consulting and other work. Without air service in Hays all of this travel would have to be done with additional loss of time and money.

HMC has made a major commitment to expanding services to the region with a multi-million dollar building plan that includes a state-of-the-art cardiac program. For us to continue this type of growth as a medical hub for Northwest Kansans, we must have quality air service.

What's in it for you? This is an opportunity for you to keep the Western part of the state from becoming isolated. The less services we have available, the more business that will be lost. Individuals will travel to Denver to fly and conduct other forms of business. At a time when we need to be expanding air service and diversifying the economy in Western Kansas we can not go backward. The state can not afford to loose these dollars. We need to keep the quality of life strong in Western Kansas. Keeping quality air service in Hays will go a long way helping make that a reality. Hays Medical Center President & CEO Steve Ronstrom and our medical center Board of Directors urge you to pass Senate Bill 726.

*Senate Commerce Committee
March 12, 1996*

Testimony Before Senate Commerce Committee
Regarding Senate Bill 726
March 12, 1996, 8:00 a.m. Room 123S
By
Johnny Williams
Vice President for Administration & Finance
Fort Hays State University

Hello. My name is Johnny Williams. I serve as Vice President for Administration and Finance at Fort Hays State University. I come today in support of Senate Bill 726. This bill would eliminate the requirement that the state travel agency be used to make travel arrangements or purchase transportation, accommodations or travel services.

As are many of the smaller towns in rural Kansas, Hays is a tough place to fly to and from. By car, we are 4 1/2 hours from Kansas City, 5 1/5 hours from Denver and 3 1/2 hours from Wichita. The airport at Hays has limited flights in and out daily. Any time we travel, we have to carefully search all options in order to get decent connections at optimum cost.

Experience at Fort Hays State University over the past four years shows that (1) we are not getting adequate service from the state travel agent and (2) we are not saving money.

We have documented a number of problems that have occurred in the past four years and have officially voiced our concern to appropriate persons on several occasions. Service has improved at times but has never reached an acceptable level. Documentation of concerns dates back to April, 1992 and we continue to experience frequent problems. The employees of the state travel agency and Bryan World Tours are good people who try hard. The system just does not work for Fort Hays State University.

Late this past Thursday afternoon I sent an e-mail note to all FHSU faculty and staff asking for feedback on their experiences with the state travel agent. By the end of the next day, 27 people had responded to me via e-mail or telephone. Of the 27 respondents, 22 (81%) gave negative feedback and 5 (19%) were either positive or neutral. Here are comments from several of them:

Academic
Secretary

"Some of their employees (Bryan World Tours) don't even know where Hays is (one gets Hays and Pittsburg's locations turned around), this makes it difficult for them to suggest flying say out of Denver, instead of Kansas City."

*Senate Commerce Committee
March 12, 1996*

Attachment 3 thru 3-11

Music Dept.
Chair

"I had a lovely experience last November when I returned from Chicago into KCI only to find that my Hays-bound flight had already left - 45 minutes ahead of my scheduled departure time. It seems that Bryan failed to notify me of the schedule change but they blamed it on the airline."

Academic
Secretary

"Bryan World Tours is still extremely busy, their line is busy much of the time."

On a personal basis, I recently received poor service from Bryan twice in the same week. My secretary normally makes travel arrangements for me. She has been extremely ill since September and has been on sick leave for a large part of that time, thus, I have been doing much of the clerical duties myself. I called Bryan on Thursday, February 29 to make travel arrangements for an out of state trip to be taken on March 27-29. The agent was very polite and helpful but needed to call an airline for additional information. She said that she would call me back after lunch. I have not heard from her since. After a few days, I called a local agent and had the reservations (flight, hotel and rental car) arranged within an hour. I was only able to do this because this trip is being funded from private monies and not state funds.

On March 1, an FHSU employee called Bryan to update my State of Kansas Employee Travel Profile. This is an individual profile sheet that provides information related to airline preference, hotel preference, i.e. non-smoking, frequent flier numbers, etc. After being told by Bryan that they did not have a personal profile for me, we faxed a profile over to them. This makes the fourth time (at least) since 1992 that we have faxed this same information to them. I talked with a Bryan representative that afternoon and expressed my displeasure. I was first told that the problem resulted from new Bryan employees. When I pressed the subject, I was told that the computer deletes profiles after a period of time. Since I travel fairly frequently, I asked her what time period of inactivity triggered deletion. She did not know. I then called the Director of Purchasing, John Houlihan, and expressed my frustration to him.

This past week as I routinely read the minutes from a recent meeting of the FHSU Council of Deans, I was surprised by this statement, "Dr. Gould stated it is his understanding that if you do not use Bryan World Tours in making airline reservations, you are put on a list of violators in the Business Office." I had never heard of this so-called "bad

list" and did not believe that it existed. So I made the appropriate inquiries. Sure enough, I was able to obtain a copy of five pages of the list kept by the state travel office in Topeka. These five pages relate to FHSU employees who have been included on their "violators list." My understanding is that if an employee fails to use Bryan for an airline reservation, out-of-state hotel reservation or rental car, the employee will be reimbursed only one time. Then the person's name is added to the "violators list" and a future violation will result in non-reimbursement. The names on the list date back to May 8, 1992. So I guess that once you are on the list you can never get off. This method of operation certainly does not demonstrate an emphasis on customer service.

These examples illustrate why I feel that we are not getting adequate service from the state travel agent. Again I want to emphasize that we do condemn the people at Brian or the state travel office. The problem is the system.

My second reason to support this bill is that I cannot determine that FHSU is saving any money by using the state travel office. I recently asked our business office employee that handles travel reimbursement if she thinks that FHSU is saving money by using Bryan. She said no. There are many examples of employees who have found better deals than Bryan is able to offer. This makes us believe that there is no net savings to FHSU.

I have occasionally reviewed copies of the Dollar Savings Report that is issued periodically by Bryan. In fact, here are copies of a couple of them. Notice the column titled Regular Fare. I don't know from where these figures originate, but I can't even imagine agreeing to these exorbitant fares for any trip no matter who was paying the bill. The two columns titled Savings and Pot. Savings are certainly not indicative of any savings to FHSU. This report is the only one that I have ever seen that attempts to detail cost savings. It is of little value to us at FHSU.

Several more recent comments from FHSU employees further illustrate my opinion that we are not realizing cost savings from the state travel contract.

English
Faculty

"I have found that unless I checked first myself and gathered information on the least costly fares, Bryan World Tours would always offer tickets at considerably higher cost than I had information on. When I pressed the matter with my quotes, Bryan came across with matching fares but never lower...there is no excuse for this 'deal' to continue."

Admissions

Director

"...it usually is a pain to go through Bryan World Tours because we usually know where we want to stay in the first place. We are very budget conscious so we are going to low cost hotels that give us state discounts anyway."

Language

Faculty

"Bryan World Tours has consistently quoted prices higher than those of other agencies."

Biology

Faculty

"...I am able to arrange cheaper travel, lodging and rental cars than Bryan because I am a member of a travel club. Consequently, I end up going through Bryan but making my own reservations. As such, it is such a waste of time."

English

Faculty

"Being forced to use that travel service is a bother. When I need to travel to conferences, I call the toll-free numbers of airlines to check out prices for myself. Often I have found I can save considerable amounts on my own. For instance, last summer when I went to a Thomas More Symposium at Mainz, Germany, the airfare I was able to get (through 1-800-AIR-FARE) was around three-hundred dollars cheaper than what the travel agency could do. Obviously, since I didn't make the flight reservation through Bryan, I couldn't claim it. (I did, of course, claim other expenses and get the amount allocated for the trip). I think it is also ridiculous to make motel/hotel reservations through Bryan. Most faculty members don't receive enough money to pay all expenses for travel to conferences, so many of them automatically try to stay at the cheapest places. Isn't it rather absurd to have to call Bryan to make a reservation at Motel 6 so that a person can be reimbursed?"

In conclusion, since we are **(1) not getting adequate service and (2) not saving money**, I ask that you pass Senate Bill 726. If the State of Kansas is serious about reengineering the way it does business, this is one central service that needs to go. Our people at Fort Hays State University are honest, frugal and hard-working. Increased flexibility, coupled with proper accountability, will allow our excellent faculty and staff to flourish and to operate in the most creative and efficient manner possible. Our employees will have better morale and will be more productive, and the Kansas taxpayers will be the long-term beneficiaries.

Thank you for your consideration in this matter.

9/16/95 Thru 10/15/95

3-6

	Low Fare	Regular Fare	Paid	Savings	Pot. Savings
BARRETT/M SCOTT	50.00	1740.00	50.00	1690.00	1690.00
DRABKIN/DOUG	488.00	1560.00	439.21	1120.79	1072.00
FERNANDEZ/JOHN A.	469.00	1787.00	422.61	1364.39	1318.00
GETTY/LARRY	303.00	1376.00	272.40	1103.60	1073.00
GUSS/TOM	678.00	3170.00	612.61	2557.39	2492.00
MAHON/PATRICIA	338.50	1560.00	304.66	1255.34	1221.50
NUGENT/JAMES	675.00	1519.00	486.23	1032.77	844.00
PRITCHARD/T. GAIL	247.00	1123.00	222.60	900.40	876.00
RAEVALO/ROMOLFO	364.00	1000.00	328.21	671.79	636.00
ROUS/DARLA	275.00	1150.00	247.00	903.00	875.00
SCHULZ/STEVEN	209.00	1681.00	189.20	1491.80	1472.00
SHAFFER/WARREN	515.00	1428.00	464.68	963.32	917.00
SHWERY/CRAIG	247.00	1123.00	222.60	900.40	876.00
SONGER/HERB	309.00	1585.00	278.40	1306.60	1276.00
CUSTOMER TOTAL	5167.50	21802.00	4540.41	17261.59	16634.50
YTD TOTAL	46708.73	240436.50	42900.40	197536.10	193727.77

246 - FORT HAYS STATE UNIVERSITY

Provost Office	Rodolfo Arevalo	LODGING	03/02/95	Weather conditions forced overnight
Ex. Asst. to Pres.	Mark Bannister	LODGING	06/01/95	Thought resv. were w/conf. hotel
Purchasing	Carroll Beardslee	LODGING	01/04/95	Thought he was staying in KS overnight
Bio. Sciences	Marcia L. Bannister	AIRFARE	01/07/93	Didn't know to use BTA when booking
Instr. Designer	Connie Batten	LODGING & CAR	04/25/95	Last minute change due to conf. overflow & car needed for getting to a motel further away
Career Develop & Plac	Daniel Brice	LODGING	08/08/94	Didn't know to use STC
Bio. Sciences	C. Frederick Britten	AIRFARE	01/07/93	Didn't know to use BTA when booking
Dir. of Scholarships	Curt Brungardt	LODGING	11/17/92	Didn't know to use STC
Leadership Studies	Curt Brungardt	LODGING	07/18/94	Didn't know to use STC
	Curt Brungardt	LODGING	05/08/92	Made prior to contract (01/92)
Admissions	Maurice Carroll	LODGING	02/23/93	Didn't know he'd be staying overnight
	Maurice Carroll	LODGING	10/28/92	Didn't know to use STC
	Jerry R. Choate	LODGING	05/08/92	Made prior to contract (01/92)
Athletic Dept.	Dr. Gerry Cox	AIRFARE	09/14/93	Conf. discount gave lower airfare
Dept. of Sociology	Jean M. Coyle	AIRFARE	10/28/92	Didn't know to use STC
	Melvin Dale, Don Watkins & David Yates	LODGING	07/01/94	Dont know in what town they'll be staying
VP for Student & Inst.	B. James Dawson	LODGING	02/20/95	STC couldn't book. Room was obtained when hotel had cancellation
Student Act.	Irving B. Dent	AIRFARE	03/19/93	Accidentally chrgd. to personal cred. crd.
Memorial Union	Irving Dent	LODGING	03/11/93	REJECTED
Computing Center	Keith Faulkner	LODGING	12/01/92	Didn't know to use STC for border city
Leadership	Kyle Ermoian	Airfare	11-10-95	New Faculty - didn't know to use STC
Mod Lang	Chen, Zhiyuan	Lodging	11-96	New Faculty "

AGENCY	NAME	LODGING, CAR OR AIRFARE	BATCH DATE	REASON FOR OFF-CONTRACT TRAVEL
246 - FORT HAYS STATE UNIVERSITY - Continued:				
	Eugene D. Fleharty	LODGING	05/08/92	Made prior to contract (01/92)
Communications Disorder	Amy M. Finch	AIRFARE	12/14/94	Chgrd 2-1 ticket to personal credit crd.
Graduate Dean	James L. Forsythe	LODGING	05/05/93	In route lodging need
Graduate Dean	James L. Forsythe	LODGING	05/10/95	Border city misunderstanding
Outreach Librarian	Jay Gillette Christine Gilson	Lodging 12-95 LODGING	04/25/95	Didn't know to use BWT on border cities Conf. motel was full
Ag. Dept.	Jean Gleichsner Larry Gould	AIRFARE Lodging 12-95	04/04/95	Misunderstanding of how to book Didn't know to use BWT on border cities
Admissions	Nate Havlerson	LODGING "	02/08/95 12-95	Didn't know where he'd be staying forgot to book
	Edward H. Hammond Edward Hammond	CAR Lodging 8-26-95	08/25/92	Didn't know to use SIC "
President	Edward H. Hammond	AIRFARE	12/13/94	Last min. flight chng. due to bad weather
	Ron Hart	AIRFARE & LODGING	04/19/94	Didn't know to use SIC
Nursing	Mary R. Hassett	LODGING	05/21/93	Thought they'd made in-state reserv.
	William L. Havice	LODGING	06/09/92	Reservations made prior to contract
	William L. Havice	LODGING	05/08/92	Reservations made prior to contract
College of Ed.	Donna Harsh	AIRFARE	04/07/95	Thought she was getting better fare on own
Student	John Hilgers	LODGING	03/06/95	Hotel booked thru SIC wouldn't rent to student under 21
Prof. of Education	P.A. Hoernicke	AIRFARE	02/01/93	Didn't know to use BTA for booking
Dean of Ed.	Placido Hoernicke	LODGING	06/15/95	Didn't know where they'd stop
Students	Imprest Fund #1	LODGING	12/04/92	Didn't know to use SIC
Art Dept.	Michael Jilg	LODGING	12/17/93	Didn't know where they'd be staying
SPED Dept.	Michael Kallam	LODGING	03/16/95	Didn't know to use SIC
Health & Human	Greg Kandt	LODGING	11/01/93	Lost luggage delayed trip

AGENCY	NAME	LODGING, CAR OR AIRFARE	BATCH DATE	REASON FOR OFF-CONTRACT TRAVEL
246 - FORT HAYS STATE UNIV - Continued				
Facilities Planning	Eric King	LODGING	07/12/94	Didn't know to use STC
	Dorothy Knoll	AIRFARE	09/18/92	Didn't know to use STC
Dept of Nursing	Dianna Koerner	CAR	09/22/94	Off contract car rental
Arts & Sciences	Eric L. Krug	CAR	02/08/95	Prior approval request for lower quote
English Dept.	Richard M. Leeson	AIRFARE	01/07/93	Didn't know to use BTA when booking
College of Ed.	Charles Leftwich	AIRFARE	01/11/95	Prior approval request granted
College of Ed.	Charles Leftwich	LODGING	02/20/95	Bad weather forced overnight
Info Networking	Michael Lieken	LODGING	10/17/94	Didn't know to use STC
Admissions	Joey Linn	LODGING	11/28/94	Didn't know to use STC
History	Christopher Lovett	LODGING	06/30/93	Chrgd extra but did use STC
	Thomas P. Mahon	LODGING	05/08/92	Made prior to contract (02/92)
	Thomas P. Mahon	LODGING	05/08/92	Made prior to contract (02/92)
	Ann L. McClure	LODGING	10/02/92	Didn't know to go through STC
	Dale R. McKemey	LODGING	05/08/92	Reservations made prior to contract
Radiology	Janie Meder	PACKAGE	01/05/94	Air, lodging pkg. prior approval
Financial Assistance	Karl E. Metzger	AIRFARE	02/15/95	Prior approval for lower airfare on own
	Rager Moore	LODGING	06/22/92	Last minute travel changes
Dept. of ACES	James J. Murphy	LODGING & AIRFARE	05/13/94	Approved due to a misunderstanding by the BWT/STC manager
Regional Director	Dennis Neil	LODGING	06/21/94	Being a new person, didn't know about STC
Curr. & Instr.	Judy Nixon	LODGING	12/17/93	Last minute change due to weather
Coord., Drug Alcohol	James F. Nugent	LODGING	01/15/93	Didn't know to use STC
Forensics	Mark Nuss	LODGING	05/13/94	A special lodging rate was obtained through the tournament
Forensics	Mark Nuss	CAR	05/13/94	Car rental E.P. not reimbursable
	Lisa Ochs	LODGING	05/08/92	Reservations made prior to contract
	Tammy Newfeld	Lodging	9-20-95	off contract
	Dennis Neil	Lodging	11-16-95	"

AGENCY	NAME	LODGING, CAR OR AIRFARE	BATCH DATE	REASON FOR OFF-CONTRACT TRAVEL
246 - FORT HAYS STATE UNIV - Continued				
Political Science	Jay S. Ovisovitch	AIRFARE	10/11/93	Conf. rate on airfare
Psychology Dept.	Susan Parker-Price	LODGING	04/28/94	Reserv. made by BWT was to far away
Physical Plant	Terry Pfeifer	LODGING	10/11/93	Last minute lodging change
Int'l Student Advisor	Joe D. Potts	AIRFARE	11/17/92	Got a better price off-contract
	"	"	11-8-95	Caught ticket arrival, didn't charge to BTA
Art Dept.	Leland Powers	LODGING	12/17/93	Didn't know where they'd be staying
Psych. Dept.	Marc Pratarelli	CAR	03/11/93	Didn't know to use SIC
Psychology Dept	Marc Pratarelli	LODGING	09/22/94	Off contract lodging
Comm Disorders	Gail Prichard	AIRFARE	07/15/94	Off contract airfare
Curriculum & Instruc.	T. Gail Pritchard	AIRFARE	04/10/95	Personal crd. crd. used as state funding hadn't been approved at time of booking
	David A. Rasmussen	LODGING	06/22/92	Last minute travel changes
	Daniel B. Rice	LODGING	06/09/92	Reservations made prior to contract
Admissions	Lisa Rohleder	LODGING	10/28/92	Didn't know to use SIC
	Fred P. Ruda	LODGING	05/08/92	Reservations made prior to contract
CIELT	David Schmidt	AIRFARE	11/09/94	Off contract airfare charged Personal CC
Business Off.	David Schmidt	LODGING	04/21/93	Non-scheduled overnight stay
Library	Phyllis Schmidt	LODGING	03/11/93	REJECTED
Netwking & Telecomm.	Kelli Schultz	AIRFARE	02/10/95	Didn't know to use BTA account
Music Dept.	Martin Shapiro	AIRFARE	01/07/93	Didn't know to use BTA when booking
	"	airfare + lodging	12-95	"
Education	Michael Slattery	AIRFARE	11/17/94	Off contract airfare
	Katharine N. Smith	LODGING	05/08/92	Reservations made prior to contract
Bio. Sciences	Marla S. Staab	AIRFARE	01/07/93	Didn't know to use BTA when booking
	Rebecca Staab	LODGING	09/18/92	Didn't know to use SIC
	Jerrold L. Stark	LODGING	05/08/92	Reservations made prior to contract
Education	Ed Stehno	AIRFARE	11/17/94	Off contract airfare
Computer Info. Sys.	Robert Swindler	LODGING	11/02/92	Didn't know to use SIC for border city
Computer Info Sys	Robert L. Swindler	LODGING	09/27/94	REJECT
	Nancy Shover	Lodging	9-20-95	off contract
	Craig Shuery	airfare	12-95	didn't charge to BTA

AGENCY	NAME	LODGING, CAR OR AIRFARE	BATCH DATE	REASON FOR OFF-CONTRACT TRAVEL
246 - FORT HAYS STATE UNIV - Continued				
Dept. of A.C.E.S	Harry Teitelbaum	AIRFARE	05/06/93	Thought he was getting better rate on own
Biological Science	Joseph Thomasson	LODGING	05/26/94	Don't know where they will be after stay
Biological Sciences	Joseph R. Thomasson	LODGING	09/30/93	Didn't know where they'd be staying
Sternberg Museum	Various Employees	LODGING	09/23/94	Off contract lodging
Audio Vis. Ctr.	Jim Vequist	LODGING	04/27/93	Conf. hotel was over booked
Biological Sciences	Judith C. Vogt	LODGING	06/22/92	Reservations made prior to contract
	John L. Watson	LODGING	03/10/94	Wife employed by Holiday Inn
Physical Plant	LaVerne Wiegel	LODGING	10/11/93	Last minute lodging change
	Annette Wiles	LODGING	04/16/92	Didn't know to go through STC
	J. David Williamson	LODGING	04/21/92	Didn't know to go through STC
	Sarah Young	LODGING	03/15/95	Didn't know hotel was in Missouri
	Richard J. Zakrzewski	LODGING	05/26/92	Reservations made prior to contract
	Herbert D. Zook	LODGING	05/08/92	Reservations made prior to contract
Computing Center	Tom Webb	Lodging	July '95	Didn't know to go through STC

Hays Travel Inc.



**TESTIMONY OF KAY WILLIAMS, HAYS TRAVEL, INC.
SENATE BILL 726 - BEFORE THE SENATE COMMERCE COMMITTEE
MARCH 12, 1996**

Senator Salisbury and members of the Senate Commerce Committee, thank you for this opportunity to address you concerning Senate Bill 726. I urge you to adopt this bill.

1. There are numerous competent, full service and fully appointed travel agencies in the state of Kansas. All of these agencies support state officers and employees, not only through their tax dollars, but many also are active supporters of the universities and the state colleges.
2. Frequently, when working with a local travel agency, a less expensive travel path is found. Nearly all travel agencies, regardless of their size, are equipped with computer systems, as well as having an abundance of available reference material and trained competent staff members.
3. This bill should be adopted to allow local travel agencies to work with their local schools and state offices. I strongly believe that by doing so, public dollars could be saved and more satisfactory travel plans would be put in place. I do not feel that it is sound business practice to limit your resources.

I am available to answer any questions which you might have concerning this subject.

Thank you for your time, your consideration of passing this bill and your kind attention.

Phone Number: (913) 628-2808
Fax Number: (913) 628-8000

*Senate Commerce Committee
March 12, 1996*

Prestige Tours

Telephone: (913) 628-2808
1-800-423-3970
FAX 913-628-8000

Attachment 4

**TESTIMONY REGARDING SB 726
SENATE COMMERCE COMMITTEE**

Tuesday, March 12, 1996

**Presented by John T. Houlihan
Director of Purchases**

Madam Chair, members of the committee, my name is John Houlihan, Director of Purchases. Thank you for the opportunity to testify on behalf of the Department of Administration. I am opposed to Senate Bill No. 726.

This bill prohibits the Division of Purchases or any state agency from entering into a contract with a travel agency that requires travel arrangements be made exclusively through that travel agency, such as the statewide travel contract presently in place. At this time, all airfares, out-of-state car rentals and motels must be processed through the state travel center. The bill does authorize the Secretary of Administration to obtain discounts directly from providers of transportation such as airlines and car rental agencies. The discounts obtained must be available regardless of the travel agency through which arrangements are made.

The state centralized travel system was established because of a 1985 report issued by the Legislative Division of Post Audit (copy enclosed). This report stated that "Contracting with a commercial travel agency would provide the State with travel expertise, computerized reservations, and other services with minimal additional costs." In general, the auditors found that contracting with a commercial travel agency is the most frequently recommended method of obtaining services, and offers the best ratio of savings to costs. They discovered that 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 travel agent. These recommendations were implemented by the Division of Purchases and the first limited contracts for the purchase of airline tickets were awarded on a competitive basis and were in place on January 1, 1987. All state travel agencies had the opportunity to bid on this contract as well as subsequent contracts. During the period of these contracts, complaints were received from various state agencies, as well as from travel agencies not under contract, that the state was not obtaining the lowest airfares available.

At this point, it appeared another study was needed to determine if the contracts were in the best interest of the state. The Secretary of Administration and the Governor's Office of Efficiency Management agreed to do a pilot program to determine the effectiveness of the current contractors at providing the lowest fares. The study was also to determine the feasibility of bidding each ticket. It was determined that lowest fares were being obtained only 78% of the time, and that it would not be feasible to bid each individual fare.

*Senate Commerce Committee
March 12, 1996*

Attachment 5 thru 5-4

As a result of the pilot program, a task force was formed to examine the methodologies used by the private sector and the federal government in securing airline tickets competitively and cost effectively. Hill's Pet Products, the Menninger Foundation, Santa Fe, Volume Shoe, and the General Services Administration (GSA) were using contracted "on-site" travel agency offices, for not only their airline ticket purchases, but lodging and car rental reservations as well.

After a series of meetings with these companies and GSA, the task force concluded that the best solution was a contract with a single travel agency. Therefore, in October, 1991, a Request for Proposal was sent to 47 travel agencies throughout Kansas. Negotiations were conducted with seven of nine agencies that submitted bids. Bryan World Tours of Topeka, Kansas was awarded a 3 year contract as the state travel agency and the "on-site" travel services office began operations in the Landon Building. In September of 1994, the state travel business was again bid out on a competitive basis and a new contract was awarded to Bryan World Tours. This contract will expire in December, 1997. The current contract requires an office in the Landon building and also satellite offices at Wichita State, Kansas State and the University of Kansas.

Since implementation of the travel contract, we have found that there are many advantages of a state travel center such as:

1. Reduced expenditures due to better assurance of obtaining lowest available fare, and the ability to track the fares of tickets being purchased by the travelers. Not only is the contractor committed to obtaining the lowest fare, but the traveler is more inclined to accept it. For example, employees are required to accept the lowest fare available at time of booking. If the fare is rejected in favor of a higher fare, the Division of Purchases is notified and the traveler must justify why the higher fare ticket is needed. Many times the employee cannot justify the higher fare, and they are required to accept the less expensive ticket. Simply put, this procedure helps save tax dollars.
2. Improved service. Travelers have "one stop shopping" for airline tickets, rental cars and hotel reservations. The travelers have a method of recourse through the Division of Purchases if they receive unacceptable levels of service.
3. Management reports from a single contractor provide usable data in a single format, which have already been used to achieve additional discounts with airlines and car rental companies. Simply put, more volume means larger discounts.

4. Our travel agency knows the state travel rules and can help enforce these rules.

If this bill is passed, airline tickets and travel services will be purchased directly by state employees, on an "as needed" basis, without competition, from travel agencies or other providers much the same way it was done prior to the implementation of the first travel contract (January 1, 1987). This will eliminate accountability and increase the cost to each state agency and the taxpayers. In the audit conducted by the Legislative Division of Post Audit, it was found that state employees were not often getting the lowest available fares and rates. Since deregulation was completed in 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. Many times employees ask for full coach fares, without knowing there are better rates. Since deregulation, fares can change many times during a day. For this reason, many travelers and some travel agents may not know about the lowest fares available. Most hotels and some car rental companies also offer discounts, but employees must ask for the discount when they are traveling at state expense.

The Division of Purchases has an employee that is responsible for administering the travel contract to assure that the state is obtaining the best possible prices. This individual reviews ticket sales, on a sample basis, to determine that it is the lowest available fare. This individual also reviews justifications for higher fare tickets and this individual works with the travel agency to negotiate additional volume discounts with providers.

Section 1(b) requires the Secretary of Administration to enter into contracts with providers of transportation, accommodations and other travel services to provide discounts for official travel. This section may be impossible to implement. Presently, there are 39 domestic and 25 foreign airlines that will require rate discount negotiations if this bill passes. Several major airlines have advised they are not willing to participate in negotiating rate discounts on a state wide basis. There are approximately 132,000 lodging establishments in the United States. Although practicality indicates the impossibility of negotiating state contracts with each of these establishments, many currently offer discounted government rates. There are over 16 major car rental agencies, without counting the hundreds of smaller, locally owned agencies that require rate discount negotiations. Although discounts are available from providers of travel services, the state may not have the volume needed for such contracts.

This bill will have a negative fiscal impact on the state.

There are significant savings generated by the State Travel Center, although an exact amount is difficult to measure. Presently, the Division of Purchases requires state employees to accept the lowest available fare at time of booking. For

example, for the period March 16, 1994 through March 15, 1995, the state paid \$3.7 million for airfares. If tickets were purchased full coach (not first class) without going through the travel center, they would have cost over \$17 million, or an additional \$13 million. Obtaining the lowest available fares and deviations from these fares are closely managed by the travel center and are monitored by the Division of Purchases. A fare which is available one day, may be higher or lower the next, or may even change the same day based on the number of seats sold. This effort often results in a ticket being reissued at a lower fare. If this bill passes, there is no assurance that a lower available fare will be offered to the traveler. This bill will allow frequent fliers to specify the airline regardless of the ticket price in order to obtain frequent flyer points. The state also receives lower hotel and car rental rates, but they are even harder to measure.

In addition to the savings generated from air fares, hotel, and car rentals, the state receives a rebate from the state travel agency, of 4.3% on all airline tickets, 4.6% on lodging and 4% on rental car travel services sold by the agency. This rebate is used to fund approximately four positions in the Division of Purchases. Since implementation of the travel agency contract, the state has received over \$1,000,000 in rebates. Last year, the rebate was \$233,375, and was used in place of General Funds to pay for budgeted Purchases Division expenses. If this bill passes, no rebates will be received by the state and it will be necessary to obtain additional moneys from the General Fund.

During the 1987 Kansas Legislative session, a similar bill was introduced and subsequently vetoed by Governor Hayden. In his veto message, the Governor stated "...The bill prohibits not only the current type of contractual arrangement, but also prohibits any type of contractual arrangement for centralized travel services. The House of Representatives has expressed a strong desire to control travel costs. Similarly, a Legislative Division of Post Audit report has identified a number of contractual options that might be utilized to reduce travel costs. I expect the experience gained from the current contract to be instructive in future efforts to obtain lower travel costs. Senate Bill No. 125 overly restricts the options my administration would have in securing lower travel costs. For these reasons, I veto Senate Bill No. 125."

Madam Chair, Secretary Frahm's concern is for the agencies costs and saving the taxpayers money. The travel center saves taxpayers dollars in these tough financial times.

This concludes my prepared testimony, are there any questions?

BRYAN WORLD TOURS



March 11, 1996

Re: Senate Bill 726
Senate Commerce Committee
Tuesday, March 12, 1996
Presented by David M. Bryan
CEO, Bryan World Tours

Madam Chair, Members of the Committee, Ladies & Gentlemen:

My name is David M. Bryan, CEO of Bryan World Tours, which operates the State Travel Center. I am testifying today on behalf of the State Travel Center, and I am opposed to Senate Bill 726.

I would like to urge that we all consider very, very carefully the full range of consequences which would flow from the passage of this bill. What it proposes is that the State of Kansas dismantle a very smooth, efficient, cost effective and national award-winning travel procurement system and substitute in its place a fragmented, unorganized and unmanageable modus operandi.

Let me outline as succinctly as possible the effects the passage of this bill would have on the State's travel procurement program.

1. It would completely alter the client/vendor relationship. Under the present arrangement, the client is the State of Kansas, represented by the Purchasing Department. The vendor is the State Travel Center, operated by Bryan World Tours. Every vendor knows that it can maintain its client relationships only as long as it pleases its client and performs as the client requires. The State Purchasing Department is pleased only when the vendor renders efficient, reliable service at the lowest possible cost to the State of Kansas.

This bill would transfer purchasing authority to thousands of state travelers, who would make decisions according to their own judgment and self interest. They would purchase travel from any one of more than 240 travel agencies in the state of Kansas. No longer would the state travel policies be of paramount concern to the travel agent. First, he would know that there is no way these could be either monitored or effectively enforced. The wishes of the state are no longer so important. It would be the wishes of that individual traveler which would count the most and must be complied with, or that client can purchase his travel down the street.

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This bill would put each individual traveler in the cockpit. No agent is going to insist on booking him away from his frequent flyer program because another air line is cheaper, or insist he go an hour earlier to take advantage of a cheaper fare, or tell him/her they must arrange their travel to avoid a more expensive coach fare. The agent would know his traveler-client has 240 other travel agents who would serve his private agenda. In addition, the agent would earn a higher commission by selling the more expensive travel arrangements.

2. Decontrolling the state purchases would destroy the state's ability to police the mandated use of lowest air fares and car rentals, and seeking of reasonable hotel rates. Even though most travel agencies may have the sophisticated electronic surveillance capabilities by which all fares can be checked, it still would not be possible for the state to monitor and enforce compliance with its mandates.
3. The entire state travel procurement program would open itself, indeed would invite, widespread abuse. In the past, the Purchasing Department, through its comprehensive reports, discovered innumerable cases in which state travelers had flaunted travel policies, spent money, and charged to the state everything from first class travel and white Cadillacs to luxury hotels. This does not happen anymore. The Purchasing Department receives monthly detailed reports. Any infraction of state travel policies is flagged for its attention. Any deviation from State policy must be explained and justified. Under this bill, this would be lost.

The fragmentation of travel purchase on the part of the state would render auditing impossible. No one has suggested how that could be done cost effectively when there are more than 240 travel agencies which would become eligible to provide travel to the state, and thousands of people who would suddenly become eligible to order travel wherever they wished. Indeed, there would suddenly be hundreds of state buyers who travel on one hand, and dealing with hundreds of travel agencies on the other, all strongly tempted to make their special deals while ignoring state-mandated and unenforceable purchase policies.

4. To decentralize the purchase of state travel would destroy the most valuable tool the state has in negotiating with travel vendors. The state would no longer have the statistics which are absolutely vital and necessary to any vendor negotiation. At present, we receive regularly a complete record of every ticket purchased, its price, destination, and the traveler. We have the same information with regards to car rentals and hotels. It is impossible to overemphasize the value of such records for budgeting, for cost controls and the enforcement of state travel policies, as well as negotiations with vendors. It is also impossible to get this information without a centralized travel procurement policy operated by a vendor with highly sophisticated computer capabilities.

5. The passage of Senate Bill 726 would cost the State of Kansas millions of dollars. It would effectively remove controls from the purchase of travel. The cost of travel would escalate by a factor of from 12% to 20%. In addition, the State would forfeit its profit-sharing plan, from which it has received more than one million dollars.

Last year, at hearings on a similar bill, I heard the State Travel Center spoken of as "anti-competitive and anti-small business." These are emotionally laden words which are nonsensical when analyzed. In the first place, the bid was, indeed, a competitive bid. Bryan World Tours was not just chosen. The contract was let to the lowest qualified bidder, and this is competition at its best. The winner of that contract is a small, family-owned and operated business--not a government agency.

During the time of Governor Mike Hayden, I met with the Department of Administration, and at their invitation, to discuss a travel management program for the state. At that time, I gave as my opinion that the only prudent and financially responsible way for the state to handle its travel purchases was through consolidation with a single agency. I have not had cause to change my mind, even though, during the past few years, I have shared profits with the state in an amount in excess of \$1,000,000.00. This last year alone, our rebate amounted to almost a quarter of a million dollars.

In closing I should like to point out that when this invitation to bid first went out, I was not alone in recommending that travel be consolidated through a single agency. Mark I agency recommended it. King Travel Service, owned by All About Travel, recommended it. So did others. We thought it was the prudent way to go.

Madam Chair, let me say in closing that it is my firm opinion that anyone who supports this bill to dismantle the efficient, cost effective, and responsible travel procurement program which the State of Kansas now has in place is doing so for reasons that have absolutely nothing to do cost effectiveness, competitiveness in the market place, or any interest in the welfare of the tax payers--the good people of the State of Kansas.