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**House Committee on House Education Budget
Representative Amanda Grosserode, Chair
H. B. 2729 School District Procurement**

March 15, 2016

Representative Grosserode and Committee Members:

I am Darren Muci, Operations Division Director for USD 259-Wichita and I am accompanied today by the Purchasing Manager for USD 259, Mr. Jonathan Wyss.

I would like to share with the committee the fact that USD 259's professional procurement staff has implemented many of the best practices noted by Alvarez and Marsal. The district's purchasing team has developed commodity expertise in areas with large buys, conducted spending analysis, has used local/state/national procurement contracts, and managed three national cooperative contracts.

On behalf of USD 259, please know that we recognize HB 2729 is intended to develop a better product by allowing access to competitive contracts for Kansas school districts. We also appreciate your committee's work on procurement and willingness to hold multiple meetings to discuss implementation.

However after careful review and many conversations, I respectfully believe the topic requires additional study. Consolidating procurement is complex: the range of school district buys, variance of products purchased, buying analysis and contract renegotiation – all required by the implementation date of July 1 – is at best optimistic and if not completed in time, may impact the ability of schools to be ready to bus and feed thousands of students.

We respectfully suggest the Department of Administration be given time to develop an ad hoc committee to brainstorm and identify ways to assist, where necessary and prudent, school districts' procurement activities. We recommend formation of an ad hoc committee with representation from school service centers, geographic representation of districts, large districts such as USD 259 who have professional procurement staff, Kansas School Business Officers and United School Administrators could all be resources.

Chair Grosserode, we agree with the goal. It is important to all of us to get the best quality and buy for taxpayer dollars. We are concerned enacting this bill as soon as July 1 will have unintended consequences and will be difficult for the Department of Administration to be up and running in time for school doors to open in August. Some of our concerns include:

- Uncertainty about how the Department of Administration will respond to the requirement to procure food by the start of school. We currently bid food commodities. We have compared our spend to a large national purchasing contract and found our current practices - not using a cooperative - saves over \$800,000. We are getting the best price by not using a contract. We are not certain the exemptions added to HB 2729 will allow us to continue to use our cost saving bidding process.

- IT software systems employed by districts span from enterprise resource planning systems to educational software. Uncertainty as to how the state would bid these complex systems to meet the specifications of districts.
- Uncertainty as to how the language on page 1, lines 24 – 27, may impact dozens of existing contracts for software programs and other contracts.
- Wichita bids fuel at least bi-weekly. One limiting factor for fuel is the ability to take delivery and store. Many districts do not have storage available, so we are uncertain how centralization would work.
- Uncertainty as to what may happen with federal programs, such as E-rate which requires a bidding process.
- We strongly urge the committee to reinsert “services” into section 2, page 2, line 16. The process to secure professional services is best managed by the local district.

We return to our concern about that the July 1 implementation date is premature. We are already in the planning process to purchase food for the start of school. Does this bill mean on July 1 we stop and wait for the state to develop processes or bids?

Allowing time for further investigation and discussion should yield a comprehensive product designed to meet the needs of districts across the state. Collectively we have expertise, knowledge and experience to assist the Department of Administration in the development of school purchasing recommendations.

If the establishment of an ad hoc committee is not an acceptable solution we would like to propose the following amendments:

1. Strike wording after “material quality difference” in exemption C, on lines 25, 26, and 27.
2. Strike the language sunseting contracts, lines 28 through 32.
3. Restore “services” to section 2, page 2, line 16.
4. Restore the threshold for price variance to purchase locally back to five percent.

It is also recommended that the following be included in the statute to strengthen or otherwise establish expectations:

1. In Section 2 part (9), section (C), page 2 lines 41, 42 and 43; include “and Education Service Centers” as one of the acceptable contracting agencies.

In closing, I note that after the release of the initial draft of the Alvarez and Marsal report I initiated conversations with the State’s Procurement Director, Mr. Tracy Diel, and the Associate Vice Provost of Campus Operations for the University of Kansas, Mr. Barry Swanson. We have served together on the State Use Law Oversight Committee for several years working on procurement issues. I offer to serve on an ad hoc committee, or as a resource to you in any capacity, to define the best solutions for our school districts.

Thank you for the opportunity to provide comments and suggestions on HB 2729.

Respectfully submitted,

Darren Muci
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USD 259 - Wichita