

MINUTES OF THE House COMMITTEE ON Communication, Computers and Technology

The meeting was called to order by Representative Mike Meacham at
Chairperson

3:30 ~~a.m.~~ p.m. on March 23, 1983 in room 522-S of the Capitol.

All members were present except:

Representative Aylward (excused)
Representative Goossen (excused)

Committee staff present:

Sherry Brown, Fiscal Staff, Research Department
Chris Stanfield, Fiscal Staff, Research Department
Betty Ellison, Secretary to the Committee

Conferees appearing before the committee:

(No conferees)

The meeting was called to order by Chairman Meacham.

Sherry Brown of the research staff distributed copies of a memorandum to the House Committee on Ways and Means regarding the proposed statewide telecommunications network. Staff reviewed the memorandum for the committee. (Attachment 1)

Representative Rolfs commented that the memorandum was well done.

Representative Chronister moved that the report be adopted and transmitted to Ways and Means Committee. Representative Friedeman seconded the motion. The motion carried.

Chairman Meacham told the committee that he would send minutes to their offices and they probably would meet once or twice next week to approve the minutes.

The meeting was adjourned by the chairman at 3:40 p.m.

MEMORANDUM

March 23, 1983

TO: House Committee on Ways and Means
FROM: House Committee on Communication, Computers, and Technology
RE: Statewide Telecommunications Network

The Governor's budget recommendation for the Department of Administration includes \$450,000 for consultant services to develop detailed engineering plans and bid specifications for a state telecommunications system. With this financing the Department would be prepared to let for bid three switches in Topeka, Kansas City, and Wichita plus a fiber optic transmission system from Kansas City to Wichita via Salina. The agency planned to finance the actual cost of acquiring these facilities by including the costs of lease or lease/purchase in the charge that state agencies currently pay for telephone service. According to Department estimates, agency budgets could actually be reduced from what they would otherwise pay for phone service.

In response to a request by the Senate Ways and Means Committee, the Department has presented an alternative approach and has proposed an appropriation of \$50,000 to finance only development of the three switching systems (i.e., the bid documents). The question of the fiber optic transmission system could be considered at a later time. Under this approach, the bulk of the specification work would be done by the Office of Telecommunications staff, with the \$50,000 used for minimal outside support services to supplement the in-house preparation. The Department has noted that, under the proposed time frame which calls for bid-letting in early calendar year 1984, Southwestern Bell would be free to bid along with other interested bidders, which they are precluded from doing until divestiture takes effect on January 1, 1984. The Secretary of Administration has given his personal assurance that the time frame will be observed to accommodate a competitive bid from Southwestern Bell.

Committee Recommendation

The Committee on Communication, Computers, and Technology recommends that the Department of Administration proceed with in-house resources to develop the bid specifications for only those major switches at Topeka, Kansas City, and Wichita and that no bids be let prior to January 1, 1984. The Committee recommends no additional funding and expresses no preference as to whether the three switches are bid individually or as a package; it does expressly recommend that the competitive bid process be followed so as not to exclude any potential vendor.

The Committee further recommends that the issue of the fiber optic transmission system should be examined at a later time. The Committee has strong reservations about state purchase of a transmission system, but because of the changing environment of the telephone industry and the additional information that will not be available until the effects of divestiture and deregulation are determined, the Committee believes it premature to eliminate future options.

Attachment 1

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The Committee has examined the Department's proposal in considerable detail and believes the proposal to competitively bid the three major switches has merit and could result in savings to the state. However, the Committee believes that the need to reduce State General Fund expenditures in FY 1984 is such that an additional investment in this project is not currently feasible.