

3-2-84 3-2-84

MINUTES OF THE House COMMITTEE ON Ways and MeansThe meeting was called to order by Bill Bunten at
Chairperson1:30 ~~xx~~ p.m. on Monday, February 20, 1984 in room 514-S of the Capitol.

All members were present except: Representatives Teagarden, Turnquist, Mainey, Louis Lowther, Hoy and Helgerson (all excused)

Committee staff present: Ed Ahrens, Legislative Research
Lyn Goering, Legislative Research
Gloria Timmer, Legislative Research
Sherry Brown, Legislative Research
Chris Stanfield, Legislative Research
Dave Hanzlick, Administrative Assistant
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Representative Wunsch
Representative Love
Senator McCray
Colonel Bert Cantwell, Supt. Highway Patrol
Ed Pavey, Training Office, Sedgwick County Sheriff's Dept.
Richard LaMunyon, Chief of Police, Wichita
Bob Clester, Executive Director of Kansas Sheriff's Assoc.
Sue Peterson, Speakers Office
Bill Wolff, Legislative Research
T. A. Lockhart, NAACP
James Apodaca, Kansas Advisory Committee on Mexican-American
Affairs
Samuel Jordan, Executive Director of Minority Press Assoc.
Glenn Coulter, Kansas Contractors Assoc.
Others Present (Attachment I)

Chairman called the meeting to order at 1:30 p.m.

A hearing was held on HB 2856, concerning law enforcement training, amending K.S.A. 1983 Supp. 74-5606 and 74-5607a and repealing the existing sections. Representative Wunsch explained the provisions of the bill. Section B of K.S.A. 1983 Supp. 74-5607a proposes to cut back from 40 to 20 hours of annual educational training required for law enforcement officers to retain certification. The state is proposing this cut back because there is no relief in the way of money from the Legislature and the cities must pick up that part. He stated that, judging from mail received from around the state, that most cities favor the reduction in hours, but there are some who oppose it.

Colonel Bert Cantwell, Superintendent of the Kansas Highway Patrol addressed the committee pertaining to the 20 hour program. He said there is concern with some of the smaller departments about the ability to get the training needed. He also proposes we give the present law a fair chance to see if it will work, stating that we have not yet experienced a year with the present program.

Ed Pavey, Training Officer for the Sedgwick County Sheriff's department, also testified in opposition to this proposed new legislation. He said there are a few problems but we'd like to be given a fair chance of making it work.

Richard LaMunyon, Chief of Police, Wichita, also made a brief statement in opposition to any amendment to the current law. He also feels we have not allowed enough time to determine whether the present law will function adequately. He said that reducing training time is a step backwards.

Bob Clester, Executive Director of Kansas Sheriff's Association, spoke in opposition to amending the current statute.

Chairman recognized Sue Peterson, Speaker's Office, who asked the committee to introduce a bill pertaining to the following: An Act amending the liquefied petroleum motor fuel tax law; advance payment of the tax; amending K.S.A. 1983 Supp. 79-3492b and repealing the existing section. (Attachment II).

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
room 514-S, Statehouse, at 1:30 ~~a.m.~~/p.m. on Monday, February 20, 1984.

Representative Rolfs moved the bill be introduced and referred back to this committee. Seconded by Representative Shriver. Motion carried.

Chairman turned to HB 2960, an act relating to minority businesses; authorizing a set-aside program for certain state agency purchases and contracts for letting to minority businesses; prescribing powers, duties and functions for the departments of administration, transportation and economic development.

Representative Love explained the provisions of the bill to the committee (Attachment III).

Senator McCray addressed the committee in support of HB 2960, and provided written testimony which contains statistical data to support his testimony (Attachment IV).

T. A. Lockhart, representing the Kansas Conference of NAACP, also testified in support of HB 2960. He said that history proves that from time to time, class protection becomes necessary and that this bill goes one step further in that it provides a set aside specifically for minorities.

James Apodaco, representing Kansas Advisory Committee on Mexican-American Affairs testified in support of this new legislation. His testimony (Attachment V) is attached which provides the committee with a perspective from the Hispanic community.

Samuel Jordan, Executive Director of Minority Press Association also testified urging the committee's support of HB 2960.

Chairman recognized Glenn Coulter, representing Kansas Contractor's Association, who testified in opposition to the bill (Attachment VI). He requested that we delete some of the provisions that deal with Department of Transportation. He feels that 3%, rather than 10%, would be a more realistic figure, then perhaps gradually going to 5% or 6% after analyzing the goals. He said it does become increasingly difficult to find minority companies that are not already swamped with work.

Chairman turned to HB 3002, an act concerning imprest funds; relating to uses thereof; amending K.S.A. 75-3072 and repealing the existing section. Representative Shriver explained the bill and handed out copies showing the proposed amendments. (Attachment VII).

Art Griggs, Department of Administration, furnished a handout containing fiscal note data on HB 3002. (Attachment VIII).

Representative Shriver moved that HB 3002 be recommended favorable for passage, as amended. Seconded by Representative Meacham. Motion carried.

Chairman turned to HB 2991, an act concerning certain claims against the state; prohibiting payments on certain claims by subrogees of insured persons; amending K.S.A. 1983 Supp. 46-922 and repealing the existing section.

Bill Wolff, Legislative Research, explained the bill, upon which time Chairman asked for a motion. Representative Chronister moved that HB 2991 be recommended favorable for passage. Seconded by Representative Heinemann. Motion carried.

HB 2992; an act concerning certain claims against the state; making appropriations, authorizing certain transfers, imposing certain restrictions and limitations, and directing or authorizing certain disbursements, procedures and act incidental to the foregoing.

Attention was called to Section 4, page 5, line 408, an amendment requested by Speaker Hayden. (Attachment IX). Representative Meacham moved the amendment be adopted. Representative Heinemann seconded. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
 room 514-S, Statehouse, at 1:30 ~~xx~~ p.m. on Monday, February 20., 1984

Attention was called to Section 7, line 445, relating to the Michael D. Wilson, Attorney at Law, case. This was where the judge ordered two attorneys on the case because of so much material that had to be worked, with disregard to the policy that allows for payment to only one attorney. After considerable discussion, both pro and con, Chairman asked for a motion. Representative Shriver moved that we deny payment to this claim. Representative Chronister seconded the motion. Chairman asked for a vote. Results as follows:

Those in favor of the motion to deny the claim -- 6
 Those opposed -- 7

After still further discussion, Chairman announced there seems to be a division and asked for show of hands. Results as follows:

Those in favor of the motion -- 7 (this includes Chairman's vote)
 Those opposed -- 5

The motion carried.

An amendment to HB 2992, relating to Section 19, was presented for the committee's consideration (Attachment X). Representative Hamm moved the amendment be adopted. Seconded by Arbuthnot. Motion carried.

Representative Dyck stated an objection to Section 12 of HB 2992, concerning death claim on Margie Thornton. Bill Wolff stated there is no legal requirement that the state pays the claim, however the court ruled in favor of what the joint committee considered to be equitable and fair. Representative Dyck moved we remove Section 12 from HB 2992. Seconded by Representative Shriver. Representative Luzzati expressed opposition to the motion. Chairman Bunten also opposed the move, saying "I believe we should help ease the pain and pay this claim". Chairman asked for a vote on the motion to remove Section 12. The motion failed.

Representative Chronister moved that HB 2992 be recommended favorable for passage, as amended. Seconded by Representative Arbuthnot. Motion carried.

A draft bill was presented for consideration by the committee concerning scholarships available to medical students; relating to selection of service commitment areas; amending K.S.A. 1983 Supp. 76-375 and repealing the existing section. (Attachment XI). Representative Shriver moved the bill be introduced and referred back to this committee. Seconded by Representative Meacham. Motion carried.

Meeting adjourned at 3:45 p.m.

2-20-84

Name	Address	Representing
1. P.A. Lockhart	Leavenworth, KS	NAACP
2. E.E. Vogel	Topeka, Ks	Vintner
3. Richard W. Banta	TOPEKA	KHP
4. ED H. PAVEY	WICHITA	Sedg. Co. Sheriff
5. HAROLD E. KOEHLER	WICHITA	WICHITA POLICE DEPT
6. JOHN R. DAILY	WICHITA	SEDCO. SHERIFF
7. Jim Daily	Ot Baud	Ot Baud Police Dept
8. Bert Cartmell	Topeka	Highway Patrol
9. Bob Clester	Topeka	Ks. Sheriff's Assoc.
10. Richard L. MURPHY	Wichita	Ks. Chiefs of Police
11. Elizabeth Munk	Topeka	Gov's Office
12. Sandra Johnson	"	KTWU
13. Marilynne Wilcox	"	Work Camp
14. Richard Wilcox	"	DHR, Work Camp
15. Faith Trotter	Topeka	DOT
16. Alton Coulter	Topeka	Ks Contractors Assoc
17. G. C. CULLEN	TOPEKA	KTWU
18. Dal B. Walker	Topeka	Budget
19. Mary Lyndon	Topeka	KACMAA
20. Ed Culbertson	Topeka	Budget Div.
21. W. J. ...	INS	Tygh
22. G. W. EADS	TOPEKA	REVENUE
23. Sue Peterson		Sponsors Office
24.		
25.		

4

HOUSE BILL NO. _____

By Committee on Ways and Means

AN ACT amending the liquefied petroleum motor fuel tax law; advance payment of the tax; amending K.S.A. 1983 Supp. 79-3492b and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1983 Supp. 79-3492b is hereby amended to read as follows: 79-3492b. Alternatively to the methods otherwise set forth in this act, special LP-gas permit users operating motor vehicles on the public highways of this state may upon application to the director on forms prescribed by the director elect to pay taxes in advance on LP-gas for each and every motor vehicle owned or operated by them and propelled in whole or in part with LP-gas during the calendar year and thereafter to purchase LP-gas tax free in lieu of securing a bonded user's permit and filing monthly reports and tax payments and keeping the records otherwise provided for in this act. The amount of such tax for each motor vehicle shall, except as otherwise provided, be based upon the gross weight of the motor vehicle and the number of miles it was operated on the public highways of this state during the previous year pursuant to the following schedule:

	Less than 5,000 miles	5,000 to 10,000 miles	10,001 to 15,000 miles	15,001 to 19,999 miles	20,000 miles and over
Class A: 3,000 pounds or less	\$14 <u>\$20</u>	\$28 <u>\$40</u>	\$42 <u>\$60</u>	\$56 <u>\$80</u>	\$84 <u>\$100</u>
Class B: more than 3,000 pounds and not more than 4,500 pounds	24 <u>34</u>	48 <u>68</u>	72 <u>102</u>	96 <u>136</u>	144 <u>170</u>
Class C: more than 4,500 pounds and not more than 12,000 pounds	29 <u>41</u>	58 <u>82</u>	87 <u>123</u>	116 <u>164</u>	174 <u>205</u>
Class D: more than					

12,000 pounds and not more than 16,000 pounds	39	<u>56</u>	78	<u>112</u>	117	<u>168</u>	156	<u>224</u>	234	<u>280</u>
Class E: more than 16,000 pounds and not more than 24,000 pounds	50	<u>72</u>	100	<u>144</u>	150	<u>216</u>	200	<u>288</u>	300	<u>360</u>
Class F: more than 24,000 pounds and not more than 36,000 pounds	70	<u>100</u>	140	<u>200</u>	210	<u>300</u>	280	<u>400</u>	420	<u>500</u>
Class G: more than 36,000 pounds and not more than 48,000 pounds	87	<u>124</u>	174	<u>248</u>	261	<u>372</u>	348	<u>496</u>	522	<u>620</u>
Class H: more than 48,000 pounds	117	<u>167</u>	234	<u>334</u>	351	<u>501</u>	468	<u>668</u>	702	<u>835</u>
Class I: Transit carrier vehicles operated by transit companies.....									550	<u>786</u>
Class J: Motor vehicles designed for carrying fewer than 10 passengers and used for the transportation of persons for compensation.....									285	<u>408</u>

In the event any additional motor vehicles equipped to use LP-gas as a fuel are placed in operation by a special LP-gas permit user after the first month of any calendar year, a tax shall become due and payable to this state and is hereby imposed at the tax rate prescribed herein prorated on the basis of the weight and mileage for the months operated in the calendar year. The director shall issue special permit decals for each motor vehicle on which taxes have been paid in advance as provided herein, which shall be affixed on each such vehicle in the manner prescribed by the director.

Sec. 2. K.S.A. 1983 Supp. 79-3492 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after January 1, 1985, and its publication in the statute book.



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER COMMUNICATION COMPUTERS
AND TECHNOLOGY
GOVERNMENTAL ORGANIZATION
INTERSTATE COOPERATION
LOCAL GOVERNMENT

CLARENCE C. LOVE

REPRESENTATIVE, THIRTY-FIFTH DISTRICT
WYANDOTTE COUNTY
2853 PARKVIEW
KANSAS CITY, KANSAS 66104
913/371 5625

February 20, 1984

Mr. Chairman and Members of the Committee:
H.B. 2960 would create the Kansas Minority business procurement act.

In 1978 the small business set aside procurement act was established to require 10% of all state procurement contracts to be set aside to allow small businesses to bid on them.

H.B. 2960 calls for 50% of that small business set aside (10%) to be let to minority business for bid.

Section two of the bill gives the reason for the act, and requires each state agency to participate.

Section three gives definitions and section four gives the duties of the Director of purchases and the duties of the secretary of Transportation in the act.

Section five requires the bid on contracts and establishes eligibility.

Section six requires the Secretary of Administration and the Secretary of Economic Development to publish the provisions of the act and to locate and identify qualified Minority small businesses. It also requires the rules & regs of competitive bidding.

Section seven places the enacting Clause in the Statute book (July 1, 1984) which corresponds with the expiration date of the Small Business Act. We have a bill (H.B. 2959) that extends the Small Business Act to July 1, 1988.

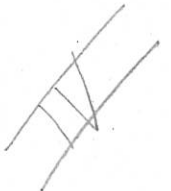
III

THE KANSAS SMALL BUSINESS PROCUREMENT ACT

A progress report to the Governor, Legislature,
and Secretary of Economic Development

As required by K.S.A. 1979 Supp. 75-6008
(L. 1978, ch. 354)

Prepared by: Department of Administration
Division of Purchases
January 13, 1984



History

Senate Bill 766 (The Kansas Small Business Procurement Act) was passed by the 1978 Legislature with the goal of insuring that a fair proportion, "...at least but not limited to ten percent (10%) of the total dollar amount of State purchases ... be placed with small businesses." The bill placed responsibility for implementation with the Secretaries of Administration and Transportation and mandated reports of progress thereby. The Bill was to "Sunset" with the 1980 Legislative Session.

Logistics

Prior to enactment of the bill there had been no reason to classify contractors within certain categories or to implement methods and procedures for extracting related expenditure data from the State's central accounting system. However, reporting requirements of the legislation mandated businesses be identified as large, small or minority, that accounting procedures be developed and implemented to determine the amount of dollars expended by the State, and that the percentage of the State's total purchases placed with small/minority contractors as described in the bill be identified.

Implementation Assumption

Typically, the Division of Purchases had worked with a population of approximately 10,000 vendors, with total identifiable expenditure for goods and services exceeding \$200 million per year. Except for the ability to retrieve total dollar expenditure for a given month within a given accounting code, a more finite explanation of these figures was possible only through manual audit of physical purchase documents, which exceeded 30,000 per year.

While management assumption could be made relative to the percentage of business being done by the State with the newly defined small/minority businesses, accurate assessment of these dollars was not possible as a State data base designed to make these particular identifications did not exist. It became necessary that all businesses providing goods and/or services to the State would have to certify their status relative to the new definitions, and a data system developed capable of assigning contract dollars to these designations.

Implementation Constraints

In an effort to address imperatives of the bill, a joint effort was begun by the Departments of Administration and Economic Development to obtain a \$40,000 grant from the Ozark Regional Planning Commission with which to take bids and award a contract to conduct a survey of the small/minority status of Kansas and other contractors. After competitive bidding, a contract was awarded to Wichita State University to perform this survey and

provide management analysis of the implementation process.

It had been obvious that the only point where data might be retrievable relative to total State expenditures for goods and services was the Division of Accounts and Reports, and that this data was not in useful form unless computer programs were written to modify its input to recognize small/minority business transactions as they occurred. This programming could occur only after Business Status Certifications were obtained from the Wichita University contract, and this data processed into computer language by an additional consulting contractor familiar with the Central Accounting System - Kansas (CASK). It should be noted that Wichita State University consultants surveyed more than 35,000 businesses from lists obtained from the Department of Human Resources and State Division of Purchases. Six thousand vendors actually certified as large, small/minority with the Division of Purchases. While this percentage might appear low relative to total number of businesses surveyed, the lists provided by the Department of Human Resources contained virtually all businesses in Kansas--which included barber shops, beauty shops, liquor stores, etc.; businesses which could not ordinarily transact business with the State in the normal course of their affairs.

Legislative funding for the project was limited to salaries of two clerk positions. Consequently, the Specifications Engineer in the Division of Purchases was appointed Small Business Coordinator, and that position and other vacancies were not filled in order to provide resources for implementation. Temporary office space was acquired on the 11th Floor, State Office Building, for the Small Business Coordinator and his staff in September, 1978, with concurrent authorization from the Secretary of Administration to "draw down" on existing Division of Purchases' budget in order to effectuate implementation. Actual implementation required a Small Business Coordinator, and two Clerk Typist II positions be dedicated to review and purification of data. In addition, system development costs for numerous computer programs had to be absorbed within existing budget. As a result, subsystems for IBM/Univac-CASK interface are not developed and historical reporting procedures have been adopted.

Technical Process

Early attempts were made to project statistical estimates from raw data in the CASK system. However, it soon became apparent that staff time required to make multiple purges of data listings was significantly disproportionate to reasonable assumptions of accuracy of such information. It was decided accurate accounting could only occur if individual codings were assigned to each vendor certifying with the Division of Purchases, and for such purposes the Federal Employer Identification Number (FEIN) and Social Security Numbers (SSN) were chosen as those having the most common business application.

Over a period of approximately four months, data relative to vendor status was compiled and a computer system was designed to recognize small business purchases among the total CASK transactions. Early assumptions and testing indicated considerably more than ten percent (10%) of State business was being placed with small business, but verification of this fact was not possible until the Small Business Accounting System was finally complete. Elements of this system included redesign of Bidder's Mailing List Applications to identify new vendors as small business, redesign of the Division of Purchases' bidding documents to identify small business bidders at time of bidding, and redesign of purchase contract documents to include the FEIN on awarded contracts so these dollars could also be identified in the accounting system. Data derived from this system was built upon over a period of several months, computer programs were written, tested, rewritten, and modified until finally a refined system capable of producing statutory identifications through assistance of an on-line Computer Remote Tube (CRT) was installed and final testing began April 1, 1979. A system purification test was run for a period of two months with actual on-line transactional data being used, and by July 1, 1979, it was clearly established that more than 24% of total State dollars was being expended with certified small business concerns. The long term conclusion from more than three years of accumulation of data is that the rate of participation for small and minority businesses has not varied from the average rate of 31.1% by more than one percentage point, regardless of the dollar volume. The data in this report is based on these constant historical trends.

Legal and Administrative Policy Considerations

Legislative policy was that at least (but not limited to) ten percent (10%) of State dollars for goods and services be expended with small businesses. Thus, legislative intent would be satisfied if more than ten percent (10%) of State business was transacted with small business. The Legal remedy in the event that such was not the case was a set-aside of contracts in prescribed amounts and categories. Set-aside contracts without knowledge of actual percentage of business conducted by small businesses would have been inappropriate. Large businesses also have a legal claim to public purchases except to the extent that a clear preference for small business is indicated in the Kansas Small Business Procurement Act.

The provisions of this Bill were extended for a period of four (4) years by action of the 1980 Legislative Session. (SB 624)

STATUTORY REPORT (K.S.A. 1979 Supp. 75-6008)

Reporting Period - July 1, 1982 through June 30, 1983

- (a) Total dollar value and number of contracts set aside (see statements regarding administrative and economic considerations). 0
- (b) Number of small businesses qualified and eligible for set-aside program: 4,247
 - 1. Total dollar amount of state purchases and contracts available for award during reporting period (this figure does not include awards to non-profit organizations or categories where no competition exists.) 299,055,230.81*
 - 2. Total amount awarded to small businesses. 93,006,176.78
 - 3. Percentage to small businesses. 31.1%
- (c) Total dollar value of purchases and contracts awarded to small businesses owned and operated by minority persons: 798,737.05
 - 1. Percentage of (b) 1 above to minorities .36%
- (d) Number of contracts submitted for set-aside which were not successfully awarded. 0

*Represents a reduction of 3.3% from Fiscal Year 1982.

COMPARATIVE SMALL BUSINESS DATA

	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>
Qualified Small Business	3,529	3,772	4,002	4,247
Percentage to Small Business	31.84%	31.01%	31.69%	31.1%
Percentage to Minority	.30%	.30%	.27%	.36%

TESTIMONY PREPARED FOR THE HOUSE WAYS AND MEANS COMMITTEE
CONCERNING H.B. 2960


James. M. Apodaca
Executive Director
Kansas Advisory Committee on Mexican American Affairs

Mr. Chairman and Committee Members:

One of the functions of the Kansas Advisory Committee on Mexican American Affairs (KACMAA) is to serve as liaison between the Kansas Hispanic Community and Kansas State Government. Included in this mandate as established by the 1974 Legislative Session is that we advocate the area of economic development for the Hispanic Community in the state of Kansas. It is in this capacity that I have prepared this written testimony which will provide the Committee with a perspective from the Hispanic Community which the agency represents.

The preservation and expansion of the American economic system of private enterprise is through free competition. The security and well-being brought about by such competition cannot be realized unless the actual and potential capacity of minority business is encouraged and developed. In the state of Kansas there is a tremendous opportunity for participation by minority and other economic and socially disadvantaged contractors. This, in our opinion, can be accomplished by the state and its abled leadership coming to grips with the question of Hispanic and minority participation in state conducted commercial and contractual transactions. This, we believe, can be accomplished through H.B. 2960 and its guidelines.

Senate Bill 766 (The Kansas Small Business Procurement Act) was passed with the goal of insuring at least but not limited to ten percent (10%) of the total dollar amount of state purchases be placed with small businesses. The bill also required reporting



of businesses with identifications broken down to large, small or minority businesses and that the states total purchases placed with small and/or minority contractors be identified. Since it was passed Senate Bill 766 and its extension SB 624 have met with great success. The mean percent of business contracted to small business between the years of 1979 to 1981 was 30.46%. In that same time period, however, the mean percent of business conducted with minority contractors was .31% or less than $\frac{1}{2}$ of 1 percent. Because of this the Advisory Committee on Mexican American Affairs sees a need to foster the development of small-minority business in our state.

In closing, I would like to say that it is small business which is at the heart of the American economic system; it is small business which hires most of our workers, pay most of our taxes and visibly demonstrates the strength of a free enterprise system. Let us in the spirit of a great nation and the greatest of states allow the full participation of the Hispanic and minority community by accepting House Bill No. 2960.

We would also like to thank the Ways and Means Committee for allowing us to address the issue. It is through this spirit of cooperation which this committee is demonstrating that individuals such as yourselves make our great state a better place for all Kansans to live and grow.

Glenn Coulter

TESTIMONY BEFORE

KANSAS HOUSE WAYS AND MEANS COMMITTEE

February 20, 1984

Mr. Chairman and members of the committee. Thank you for this opportunity to visit with you for a few minutes about House Bill 2960 which pertains to set asides to Minority Business Enterprises.

My name is Glenn Coulter and I am the manager of the Kansas Contractors Association.

The Kansas Contractors Association respectfully requests that the Kansas Department of Transportation be deleted from the provisions of this bill.

We believe that many of you may not be aware of the fact that construction industry minority business enterprises in Kansas have increased their volume of work almost 1,000% since 1982 and this bill is not needed for them.

The Surface Transportation Act passed by Congress late in 1982 mandated a 10% goal for minority business enterprises in all states unless the particular state asked for a waiver. Kansas has chosen to not ask for a waiver and consequently is operating at the present time under the 10% rule.

I should further explain that the goal is in reality a QUOTA. If the contractor has not met the quota on the particular job when he submits his or her bid - the bid is not read and is thrown out as being non-responsive.

In 1982 Minority Business Enterprises received less than \$2 million dollars in contracts from the Kansas Department of Transportation. In 1984 they will receive approximately \$15 million in contracts.

Rather than continue to greatly increase the volume of work being awarded to Minority Business Enterprises, a better solution would be to help train the minority businesses so they have skills in bidding and building projects. You just can not announce "I am a contractor" and immediately become successful. I am pleased to learn that such a seminar is going to be held in Wichita later this month. Many more will need to be held.

Minority contractors are just like majority contractors. They need time to obtain expertise and to set unrealistic quotas effective immediately is not the best answer. We believe the best answer would have been to increase minority participation at a figure of 3 or 4% in 1983 -- 4 or 5% in 1984 -- 5 or 6% in 1985 and then to review the entire program to see if the goals were being accomplished. The goals being to insure that Minority Business Enterprises were progressing to the point where they could competitively bid without any artificial standards.

TH

As you can appreciate with a 1,000% increase in volume in 14 months it becomes increasingly difficult to find minority business enterprises who are not already swamped with contracts which will keep them busy for many months.

Thank you very much for your consideration and I will be happy to answer any of your questions.

HOUSE BILL No. 3002

By Committee on Ways and Means

2-14

0017 AN ACT concerning imprest funds; relating to uses thereof;
0018 amending K.S.A. 75-3072 and repealing the existing section.

0019 *Be it enacted by the Legislature of the State of Kansas:*

0020 Section 1. K.S.A. 75-3072 is hereby amended to read as fol-
0021 lows: 75-3072. Imprest funds established by or under this act
0022 may be used to provide for transactions which demand immedi-
0023 ate attention and may also be used to provide advance payments
0024 for such purposes of not to exceed ~~three thousand dollars~~
0025 ~~(\$3,000)~~ \$3,000 or such lesser amount as is in the particular
0026 imprest fund. In no event may any such imprest fund be used to
0027 pay regular employees or current accounts which are payable
0028 monthly, *except that imprest funds may be used to pay amounts*
0029 *to employees to correct payroll errors in accordance with pro-*
0030 *cedures/adopted therefor by the director of accounts and re-*
0031 *ports.* In no case may moneys be advanced from any such fund
0032 when not in actual liquidation of an obligation, except as specif-
0033 ically authorized by this or any other statute. In the event
0034 advance payments *or payments to correct payroll errors* are
0035 made from any ~~such~~ imprest fund, the agency shall make reports
0036 thereof in compliance with such procedures as the director of
0037 accounts and reports may require.

0038 Sec. 2. K.S.A. 75-3072 is hereby repealed.

0039 Sec. 3. This act shall take effect and be in force from and
0040 after its publication in the Kansas register.

and limitations

and approved by the secretary of administration

VIII

HOUSE BILL No. 3002

By Committee on Ways and Means

2-14

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0018 amending K.S.A. 75-3072 and repealing the existing section.

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0037 accounts and reports may require.

0038 Sec. 2. K.S.A. 75-3072 is hereby repealed.

0039 Sec. 3. This act shall take effect and be in force from and
0040 after its publication in the Kansas register.

(a) Subject to subsection (b),

(b)

In accordance with procedures and limitations prescribed by the director of accounts and reports and approved by the secretary of administration, imprest funds may be increased above the amounts prescribed by this section or other statutes contained in article 30 of the Kansas Statutes Annotated when, in the judgment of the secretary of administration, such increase is reasonably necessary in order to correct payroll errors which may be paid from imprest funds.

STATE OF KANSAS
DEPARTMENT OF ADMINISTRATION
JOHN CARLIN, Governor
JAMES R. COBLER, Director of Accounts and Reports
Room 110-N, State Office Building
(913) 296-2311

MEMORANDUM

DATE: February 17, 1984

TO: Art Griggs, Chief Attorney, Department of Administration

FROM: James R. Cobler, Director *JRC*

SUBJECT: Fiscal note data - House Bill 3002 use of imprest fund to correct payroll errors.

The proposed amendment in House Bill 3002 to K.S.A. 75-3072 would allow the 70 existing local agency Imprest Funds, which have bank balances totaling some \$600,000, plus others that would be created on approval of the Director of Accounts and Reports and the Pooled Money Investment Board under authority of K.S.A. 75-3074 or 75-3075, to be used to pay amounts due to employees to correct payroll errors. Procedures to account for such payments and to make corrections to the central data files so that proper payroll deductions, contributions or fringe benefits and information returns (W-2's and K-2's) would be prescribed by the Director of Accounts and Reports.

Under existing statutes there are 34 separate types of mandatory and voluntary employee payroll deductions and employer contributions, which may be involved with an employer's paycheck. Some of them involve employee choices and options for payments to different vendors for different levels of benefits or coverage, most of which once selected are irrevokable, until an open enrollment or a prescribed time period occurs. In many cases, the employee is harmed if the contracted premium payment is not timely collected and remitted to the appropriate insurance provider or carrier. The harmful result may be manifested in monetary damages such as lost interest earnings or the cancellation of insurance coverage and forfeiture of participation or coverage of pre-existing conditions on subsequent re-enrollment in the plan. In other cases the law requires that deductions on a prescribed rate or percentage be taken from the employee's pay and matching employer contributions be remitted on a weekly or other basis to the taxing authority, administrating public agency or the contracting vendor.

In most cases the requirement for handling such deductions and fringe benefit payments on the prescribed schedule involved "cash flow earnings" that affect the rate of contribution or benefits provided. Preparing the initial paycheck or correcting one that is wrong is complicated, because of the type of payroll errors that occur and the variety of deductions and contributions required by eligibility codes in the system that are often interrelated, for example, an error shorting the hours of time to be paid has a crucial relationship to all of the percentage driven employees deductions and employer fringe benefit contributions. Because of these factors, correct computations then involve selecting the right deduction items and calculating the differences between the original warrant issued amounts and the correct amounts to determine its impact on the check to be handwritten.

VIII

Our experience with the KU procedure in January and February, 1984 indicates that an error rate of .2% in the regular payroll process might exist. In both months errors in computing the amount due occurred in 50% of the handwritten checks prepared by the agency.

Because of the necessity to balance the full spectrum of gross to net computation, including deductions and contributions, our recommendation is that provision be made in the bill to implement the proposed provisions "only on an emergency basis as determined by the Secretary of Administration." This action is recommended because the central system would produce "supplemental" corrected paychecks twice a week, and the delay in making the payment, depending on the timing of the action would be overnight in many cases.

For those cases where imprest fund checks were issued to correct payroll errors, it is our recommendation that a special KIPPS, gross to net run procedure be developed and used to determine the amount of the check to be issued. It is envisioned that the necessary data would be collected from the KIPPS employee and position module approved by the Division of Personnel Services, but using the prescribed gross to net computational formula. This procedure would insure that all the contractual terms selected by the employee and bearing upon the net pay computation were honored, as well as eliminating human errors in the computation and complying with statutory and regulatory deductions and contribution provisions. Additionally, the data for the handwritten check computation could also be stored in a computer suspense file and used to update the master payroll files at the time the voucher request to replenish the Imprest Fund is processed.

The Director of Information Systems and Computing has indicated that the effort involved to "program" this course of action would cost \$6,000 and be completed in four weeks. Because of current workload and priorities established, the work could commence on May 1 and be operational on June 1, 1984. Based upon our anticipated usage of this procedure we expect the cost of staff time for agency contacts and to correctly update the KIPPS expenditure history file so that correct W-2 forms, etc. would involve a one-half time employee at an estimated annual cost of \$12,448.

If we can provide further information about this matter, please let us know.

JRC:HG:nh

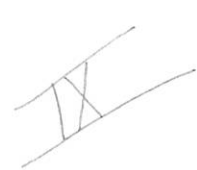
PROPOSED AMENDMENTS TO H.B. NO. 2992

MR. CHAIRMAN:

I move to amend HOUSE BILL NO. 2992, On page 5, preceding line 409, by inserting the following material to read as follows:

"Atwood Unified School District #318, 410 Main, Atwood,
KS 67730..... 2,039.65";

Also on page 5, in line 411, by striking "\$57,761.48" and inserting in lieu thereof "\$59,801.13"



PROPOSED AMENDMENT TO H.B. NO. 2992

I move to amend HOUSE BILL NO. 2992, On page 10, following line 677, by inserting the following material to read as follows:

"Sec. 19. The board of state fair managers is hereby authorized and directed to pay the following amount from the state fair fee fund for tires purchased and delivered but for which invoices were not received in time to be paid from appropriations for fiscal year 1983, to the following claimant:

B.F. Goodrich Company Tire Group, c/o Frank Klansek,
Government Sales and Service Coordinator, Dept. 0638
Bldg., 24-D, 500 South Main Street, Akron, Ohio
44318..... \$481.66";

DRAFT BILL NO. _____

For Consideration by Committee on Ways and Means

AN ACT concerning scholarships available to medical students; relating to selection of service commitment areas; amending K.S.A. 1983 Supp. 76-375 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1983 Supp. 76-375 is hereby amended to read as follows: 76-375. (a) On or before December 31 in each year, the secretary of health and environment shall prepare a list of the areas of this state which the secretary determines to be critically medically underserved areas by specialty and the areas of this state which the secretary determines to be medically underserved areas by specialty. In preparing such a list the secretary of health and environment shall consult with representatives of the university of Kansas school of medicine and the Kansas medical society and the secretary shall consult with representatives of the state board of healing arts, any health systems agency located in whole or in part within the state and the statewide health coordinating council. All medical care facilities or institutions operated by the state of Kansas, other than the university of Kansas medical center, and all medical clinics which are located in Kansas cities, other than Kansas City, and which are operated by professional corporations that are affiliated by contract with the university of Kansas medical center are qualified for service in both service commitment area I and service commitment area II without being determined medically underserved areas, except that such medical clinics shall not qualify for such service by more than 12 persons at any one time. Every such list shall note that all medical care facilities or institutions operated by the state of Kansas qualify for such service commitments, in addition to

XVI

listing those areas determined to be critically medically underserved or medically underserved.

(b) A service commitment area shall be designated as a service commitment area I or a service commitment area II. Service commitment area I shall be any area determined by the secretary of health and environment under subsection (a) to be, for purposes of all agreements entered into under K.S.A. ~~1982~~ 1983 Supp. 76-374 and amendments thereto with students who first entered into any such agreement prior to January 1, 1982, a medically underserved area and, for purposes of all agreements entered into under K.S.A. ~~1982~~ 1983 Supp. 76-374 and amendments thereto with students who first entered into any such agreement after December 31, 1981, any area determined by the secretary under subsection (a) to be a critically medically underserved area. Service commitment area II shall be, for purposes of all agreements entered into under K.S.A. ~~1982~~ 1983 Supp. 76-374 and amendments thereto with students who first entered into any such agreement prior to January 1, 1982, the entire state and, for purposes of all agreements entered into under K.S.A. ~~1982~~ 1983 Supp. 76-374 and amendments thereto with students who first entered into any such agreement after December 31, 1981, any area determined by the secretary to be a medically underserved area.

(c) In selecting a service commitment area I or II, whichever is applicable, prior to the commencement of the full-time practice of medicine and surgery pursuant to all agreements entered into under K.S.A. ~~1982~~ 1983 Supp. 76-374 and amendments thereto requiring service for a period of time in a service commitment area I or II, whichever is applicable, the person so selecting shall select such area from among those areas appearing on the list of areas prepared by the secretary of health and environment under this section. The service commitment area selected shall have appeared on any such list not more than ~~30~~ 36 months prior to the commencement of such full-time practice of medicine and surgery by the person selecting such service commitment area. Upon the selection of such service commitment area, the person so selecting shall

inform the university of Kansas school of medicine and the secretary of health and environment of the area selected.

(d) A person serving in a service commitment area I or II, whichever is applicable, pursuant to any agreement under this act may serve all or part of any commitment in the service commitment area initially selected by such person. If such person moves from one service commitment area I or II to another service commitment area I or II, as applicable, such person shall notify the university of Kansas school of medicine and the secretary of health and environment of such person's change of service commitment area. Service in any such service commitment area I or II, as applicable, selected from the appropriate lists of service commitment areas, shall be deemed to be continuous for the purpose of satisfying any agreement entered into under this act. Any service commitment area I or II, as applicable, selected after the initially selected service commitment area I or II shall have appeared on a service commitment area I list or on a service commitment area II list, as applicable, which shall have been prepared by the secretary of health and environment not more than ~~12~~ 18 months prior to the move by such person from one service commitment area I or II to another service commitment area I or II, as applicable.

(e) In connection with the determination of critically medically underserved areas and medically underserved areas under this section, the secretary of health and environment shall assess annually the need in the state as a whole for medical services provided by persons engaged in the practice of medicine and surgery and shall report thereon annually to the legislature. Each report shall include any recommendations for needed legislation, including any recommended amendments to this act, which relate to the need for such medical services in the various areas of this state.

Sec. 2. K.S.A. 1983 Supp. 76-375 is hereby repealed.

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

Your committee on House Ways and Means

Recommends that HB 2991

"AN ACT concerning certain claims against the state; prohibiting payments on certain claims by subrogees of insured persons; amending K.S.A. 1983 Supp. 46-922 and repealing the existing section.

be passed.

Don V. Switzer Chairman.

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your Committee on Ways and Means

Recommends that House Bill No. 3002

"AN ACT concerning imprest funds; relating to uses thereof; amending K.S.A. 75-3072 and repealing the existing section."

Be amended:

On page 1, in line 21, by striking "Imprest" and inserting in lieu thereof "(a) Subject to subsection (b), imprest"; in line 26, after the period, by commencing a paragraph and inserting the following designation therefor to read as follows:

"(b)";

Also on page 1, in line 30, preceding "adopted" by inserting "and limitations"; in line 31, preceding the period by inserting the following material to read as follows: "and approved by the secretary of administration. In accordance with procedures and limitations adopted by the director of accounts and reports and approved by the secretary of administration, imprest funds may be increased above the amounts specified by K.S.A. 75-3057 to 75-3078, inclusive, and amendments thereto, when, in the judgment of the secretary of administration, such increase is reasonably necessary in order to pay amounts from the imprest funds to correct payroll errors"; in line 33, after the period, by commencing a paragraph and inserting the following designation therefor to read as follows:

"(c)";

And the bill be passed as amended.

Chairperson