

Approved 2-12-86  
Date

MINUTES OF THE House COMMITTEE ON Ways & Means

The meeting was called to order by Bill Buntен at  
Chairperson

1:30 ~~xxx~~/p.m. on Tuesday, February 4, 1986 in room 514-S of the Capitol.

All members were present except: Representatives Fuller, King, Miller and Mainey  
(all excused)

Committee staff present: Gloria Timmer, Legislative Research  
Laura Howard, Legislative Research  
Sharon Schwartz, Administrative Aide  
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Senator Gannon  
Rick Riggs, Legislative Post Audit  
Nick Roach, Purchasing Director, Department of Admn.  
Lenny Hershman, Passport Travel  
Richard Mills, Secretary of Corrections  
Christy Young, Chamber of Commerce  
David Stremming, King Travel Agency  
Don Johnston, Maupintour Travel Agency  
Representative Branson  
Art Griggs, Department of Administration  
Charlie Dodson, KAPE  
Dr. Robert Harder, Secretary of SRS  
Neva Entrikin, President, Classified Senate, KU  
Richard Schutz, Director of Division of Services for SRS  
Michael Eyington, Kansas Association for the Blind  
Sam Wilson, President of Kansas Association for the Blind  
Mary Adams, Kansas Industries for the Blind  
Florence Vaughn, Kansas Industries for the Blind

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

SB 239 -- an act concerning the department of administration; relating to centralized travel services for state officers and employees; prescribing powers, duties and functions for the secretary of administration.

Senator Gannon explained the provisions of the bill which, if passed, would establish centralized travel services for state employees. The bill would authorize Department of Administration to set up an in-house agency or contract with a specified travel agency for the purpose of saving dollars relating to travel for state employees.

Rick Riggs spoke in support of the bill and covered the highlights of the results of a post audit report on this issue. He cited three options for controlling travel expenditures. They are (1) contract with local travel agency(s), (2) set up an in-house agency, and (3) negotiate with hotels, airlines, and car rental firms. He states this could result in 14% savings. Riggs said that contracting with a travel agency appears to be the most cost effective, but added that the agency would need to be monitored to insure that the State is getting the best deal.

Nick Roach, representing Department of Administration, addressed the committee in support of the new legislation, saying that his personal preference would be to contract with travel agencies throughout the State as the State of Oklahoma has just done.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways & Means,  
room 514-S, Statehouse, at 1:30 ~~xxx~~ p.m. on Tuesday, February 4, 19 86

Lenny Hershman, representing Passport Travel, Inc. of Overland Park, testified in support of SB 239. He feels the State should consider establishing a "pseudoinplant" arrangement (see Attachment B), whereby the State affiliates with a travel agency, yet maintains control over its own travel expenditures.

Richard Mills, Secretary of the Department of Corrections addressed the committee concerning a proposal to have those inmates at the Women's prison trained to handle the travel arrangements for the state. Department of Corrections does support the bill.

OPPONENTS to SB 239

Christy Young, Greater Topeka Chamber of Commerce, expressed opposition to the bill, saying the bill would undermine the essence of economic development and the free enterprise system. (Attachment "C")

David Stremming, on behalf of King Travel Service, expressed strong opposition to the bill on the basis that it would be a direct competitive arrangement against free enterprise to the private sector. He also expressed concern that once an inhouse travel agency is established, the state travel counselors might start offering discounts on personal travel for tours, cruises and hotels. This would truly be competing with the private sector. (Attachment "D")

Don Johnston, Maupintour, told the committee that his firm would be anxious to bid for the state's business, if the bill passes. Maupintour currently is getting much of the state's travel business. He did say that passage of the bill would adversely affect the smaller city travel agencies. He stated that Maupintour is neither pro nor con on this issue.

No action was taken by the committee on SB 239 on this date.

Chairman turned to HB 2612 -- an act concerning compensation and benefits for state officers and employees; relating to cafeteria plans for benefits as part of the state health care benefits program; amending K.S.A. 75-6508 and repealing the existing section.

Representative Branson explained the bill which was also heard by the committee last session. HB 2612 would allow state employees to "pick and choose" from a cafeteria type health care plan. Those affected would be provided with more take home pay. The only cost to the state would be that of programming for the computer and set-up costs. (Attachment "E")

Art Griggs further explained the provisions of the bill as it relates to the Department of Administration. The bill would reduce the gross pay for the employee, which means reduced taxable income for federal tax.

Charlie Dodson, KAPE, also appeared in support of the bill. He believes that currently some employees are not carrying health insurance because of the cost and this increase in take home pay, however small, might just change this situation to some degree.

Neva Entrikin, President of Classified Senate, University of Kansas also appeared in support of HB 2612. (Attachment "F")

Claudia S. Orton, Lobbyist for Regent's Classified Council also submitted written testimony in favor of the bill (Attachment "G")

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,  
room 514-S, Statehouse, at 1:30 ~~xxx~~/p.m. on Tuesday, February 4, 1986

HB 2711 -- an act authorizing the Secretary of Social and Rehabilitation Services to sell and convey or lease certain property currently being used as workshops for the blind.

Dr. Robert Harder explained the provisions of HB 2711. Passage of the bill would make it possible for SRS to enter into discussion with interested persons or groups who would like to own and/or operate the Kansas workshops for the blind. It would be a business enterprise that would be completely apart from SRS. (Attachment "H")

Richard Schutz, Director of Division of Services for SRS, appeared in support of the bill. He told the committee that operation of the workshops by a non-State entity would likely result in a profit-making operation, or at least a consistent break-even basis. The employees of the workshops manufacture pillow cases, mattress covers and other related products which are sold to governmental agencies, school districts, etc. The Topeka and Kansas City shops currently employ 73 people.

OPPONENTS to HB 2711

Michael Byington, Lobbyist for Kansas Association for the Blind and Visually Impaired addressed the committee in opposition to the bill. He believes that passage of the bill would result in being denied the benefits and services that they now have under the State. (Attachment "I")

Sam Wilson also appeared briefly and urged defeat of the bill.

Mary Adams, who serves as chairperson for the Legislative Committee of KIB, appeared in opposition to the bill. (Attachment "J")

Florence Vaughn, an employee of KIB also addressed the committee in opposition to the bill. She believes that passage of the bill would leave the employees in danger of losing of their jobs.

Chairman Buntten expressed appreciation to all who appeared today on HB 2711. He assured those who oppose the bill that full consideration would be given to this issue before taking any action and that nothing would be done to jeopardize their positions.

Meeting adjourned at 3:30 p.m.

Date 2-4-86

Name	Address	Representing
Robert Hards	Topoka	SRS
Don RICHARDS	Oversand Park	Bryan Wake Travel
Bob Marquis	1887 Burgess Ave	myself
AL ANGLISH	TOPEKA	SRS
Barbara Duncan	Topoka	Health Care Commission
Kim McEwen	Topoka	Trouha & Company
CHARLES JOSSON	TOPEKA	KAFE
Neva Entukin	Lawrence	K.U. Classified Senate
Arnold A. Johnston	Lawrence	Mapintour Inc.
Faith Loretta	Topoka	Dept. of Administration
Paul Shelby	Topoka	Judicial
Robin Bradley	Lawrence	KCC
Snethen Lane	Topoka	KCC
Christy Young	Topoka	Topoka Chamber of Comm.
MIKE PHENIX	Lawrence	PASSPORT TRAVEL
Bruce Wanner	Topoka	Comm. Office
Margaret D. Wilson	Kansas City, Mo.	KABVI
Samuel P. Wilson	Kansas City, Mo.	KABVI
PAUL SCHWARTZ	TOPEKA	KDoc
JAN PREISNER	Topoka	Volume Shop
CHRIS SHINNERS	Kansas City, Mo.	Passport Service
Melvin Hall	Kansas City, Mo.	Passport Service

"A"



February 4, 1986

We at Passport Travel, Inc., of Overland Park, would like to offer our comments concerning the bill which we understand has been introduced regarding the consolidation of the travel for the State of Kansas.

We feel the State should strongly consider establishing what is called a "pseudo-inplant" arrangement, whereby the State affiliates itself with a travel agency, yet maintains a high level of control over its own travel expenditures. Under the pseudo-inplant arrangement, the State's own employees would be trained to handle all of the travel for the State, including booking airline, car and hotel reservations directly into the airline computer reservation terminals. Therefore there would be a direct control over obtaining lowest possible fares. If structured correctly, the entire cost of the operation, including cost of employees, rent, computer equipment, phone related expenses, etc., would be absorbed through a revenue sharing arrangement with the travel agency. Most likely, the revenue sharing would more than offset the costs of operating the pseudo-inplant, to the extent that the State would end up with discounted travel expenses.

All of the above cost savings would be made possible because of the commissions (generally 10%) which the travel agency would earn on the State's travel. Under the pseudo-inplant arrangement, full commissions would be earned, then shared with the State.

If the State decides to establish its own travel department, without affiliating with a travel agency, it is doubtful that the State would be able to qualify for the 10% commissions, under existing regulations. Therefore, a State non-affiliated travel department, while establishing direct control over travel, would result in the expenditure of a great deal of money for personnel, computer, telephone costs, etc.

A pseudo-inplant affiliation with a travel agency would give the State the same level of control over its travel without the incumbent expenses of operating the travel department.

In order to maximize the benefits to the State of Kansas of a pseudo-inplant affiliation with a travel agency, the State should consolidate all of its travel with the agency. This includes the travel under the Board of Regents, which apparently comprised approximately 60%-70% of the State's \$5.7 million travel expenses in fiscal 1985. Without this large volume from the Regents, the cost feasibility of establishing a pseudo-inplant becomes questionable.

We at Passport Travel have established several pseudo-inplants with existing commercial clients, some with multi-million dollar travel budgets, and obviously we would welcome the opportunity to work with the State of Kansas.

6340 Glenwood, Cloverleaf Building #7, Overland Park, Kansas 66202

(913) 677-7777 • (800) 835-0146 • KS WATS (800) 332-6251 • TELEX: 43-71-45

*H. W. M.*  
*2/4/86*

"B"

February 4, 1986

We feel we have come up with a very unique approach for the State to consider. Over the past several months we have developed a plan with officials from the Department of Corrections which would enable Passport to work with Correctional Institution inmates in a training and rehabilitation program wherein these inmates would participate in making travel reservations for the State. Programs like this have been established in different areas around the country, and there seem to be many benefits to be derived from them.

In summation, Passport Travel feels there are great opportunities if the State decides to consolidate all of its travel expenses, including the travel controlled by the Board of Regents. We feel that undoubtedly an affiliation with a travel agency under a pseudo-inplant arrangement provides the best of all worlds for the State: direct control over its travel at no out-of-pocket expense to the State. In addition, through working with the Department of Corrections, Passport Travel is prepared to provide even greater benefits to the State if the decision is made to consolidate its travel and affiliate with Passport.

Thank you very much for allowing us the opportunity to present these comments.

Testimony on SB 239  
Christy Young, Vice President Governmental Affairs  
Greater Topeka Chamber of Commerce

Mr. Chairman and members of the Ways & Means Committee:

This is the year of the Tony Redwood Study, an Economic Development Legislative Commission, debate on funds being earmarked for economic development, and all of us concerned about the growth of our communities and state. The legislature is certainly to be commended for its thoughtful work and the high priority it has given the issue of economic growth in Kansas.

Today, however, we have a dichotomy, SB 239 undermines the essence of economic development and the free enterprise system. We are debating whether a service industry which has grown and developed in this state, should be handed a government-operated competitor with guaranteed clientele reaching into many communities across the state.

There are 48,000 state employees throughout Kansas. Not all of them will travel for business reasons during their career, but those that do certainly impact the local travel agencies in communities such as Wichita, Garden City, Emporia, Salina, Junction City, Lawrence, Kansas City, Topeka and many other communities across the state, where state employees work. Setting up a state travel agency will take business away from these local agencies, both in business travel and leisure travel.

Mr. Chairman and members of the committee, I ask that you look at this bill in relation to free enterprise. Travel agencies are local, home-owned businesses which bring jobs and dollars to our communities. During this session, while you are making important decisions which will impact the growth of economic development in our state, let's not forget small business, including travel agencies, who provided 52.6% of the growth of our national economy from 1972 to 1982. It is important that we send the message that small business is good for Kansas and that state government will seek to preserve free enterprise, not compete with it.

*D. H. M.*  
*2/4/86*

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Representative Bill Bunten (Chairman of Ways and Means Committee)

Ladies and Gentlemen

My name is David Stremming. I am Executive Vice President and Co-owner of King Travel Service, here in Topeka, Kansas, with a staff of 30 employees. I am here as an opponent to Senate Bill 239, which I feel is a direct competitive arrangement against free enterprize to the private sector.

I would like to take just a few moments of your time to give several reasons why I feel the State of Kansas should not consider this bill. We all know it is virtually impossible for the private sector to compete, nor should they be competing with, the state or federal government because of the large competitive edge toward government.

Last year, there were several articles written indicating that the State of Kansas could save thousands of dollars in travel plans by having their own internal system.

I feel this is totally incorrect for the following reasons:

1) One of the examples given for saving thousands of dollars was to have only internal staff and equipment to better control when and how reservations are made, however, no one seems to have addressed the other side of this in regards to the massive cost of staff and equipment that would be necessary to, so call, "save thousands of dollars".

In the same article there is an indication that by having their own internal system, the state traveler could save thousands of dollars on an annual basis because of having a better chance of getting various discounted fares. This is totally false since the type of discounted fares that are available to an inplant system are already available to a travel agency. Those type of discounted fares are based on the same type of availability, based on limited seats available, and based on advance booking time, all those restrictions would be the same whether booked through a travel agency or your own inplant system.

*D. Stremming*  
*2/4/86*

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I feel the solution to items 1 and 2 is to create a better control system within the state travel budget. Since the state traveler is no different than other private corporation travelers, one way to do this, would be to ask for assistance through the private sector travel agencies who are also working with other corporate travel accounts, setting up greater control and budget systems. I feel that doing an inplant system without looking into other possibilities, is like throwing the baby out with the bath water.

3) I truly feel the State of Kansas having an inplant system would affect the economy throughout the state since there are both large and small agencies that rely heavily on state travel. By doing an inplant there is surely going to be a large amount of unemployment throughout the state, indirectly responsible by this inplant system. Obviously, this takes productive, hard-working people off the tax roll which also affects state budgeting.

4) One item that we have not talked about which I feel would be an inevitable problem is, for example - once the inhouse system is set up, what is to stop your state travel counselors from offering discounted travel arrangements on personal travel on tours, cruises, and hotels. Now this, is truly competing with the private sector. When our agency offers a tour to a client, whether it be a private tour or something offered through another tour company, we are competing with other travel agencies in the private sector and it makes it truly a competitive market, but we also have a responsibility to make a profit so we can stay in business. There is no way that we can compete against the State of Kansas to offer discounts to state employees when the State of Kansas will be using the tax payers dollars to provide staffing, salaries, equipment and all the necessary things that we in the private sector have to also provide, but have to use profit from our sales to do so.

Ladies and Gentlemen, I feel the State of Kansas could literally compete with the private sector in any area in which they see fit to do so. For example, since the state has a major responsibility for lakes in the state, does that mean they will be running the marinas and compete against the private sector? Will they now open up sporting goods shops to sell supplies to thousands of baseball players in the state? If that is the case, they could truly underprice and undercut anybody in the private sector.

5) United Airlines was contacted by the State of Kansas to do an inplant travel office and they have responded by indicating they are not interested in a deal with the state, because they feel the best and most responsible way to serve the community is through the travel agencies.

Ladies and Gentlemen, I would ask your support in not passing this bill - let it die here. This would indicate your strong support that the State of Kansas should not, in any way, be competitive with the private sector.

Sincere thanks for the opportunity of speaking to you.

WACT  
FUI

Thursday, December 19, 1985

# Kansas could save thousands by use of travel planning

By John Petterson  
Topeka Correspondent

TOPEKA — Because little attention is paid to securing the best travel deal for state employees, thousands of dollars in potential savings are being ignored each year, a state audit said Wednesday.

The audit, prepared for the Legislative Post Audit Committee, estimated that state government could have saved \$655,000 in the last budget year on airline tickets, hotel rooms and rental cars if it had contracted in advance for travel services.

In the budget year that ended last June 30, state employees spent \$5.7 million on 10,231 trips outside Kansas. That was part of the \$20.3 million that state workers spent during the year for all travel.

"The option of contracting with a commercial travel agency appears to hold considerable promise for saving the state money on official travel arrangements with little associated cost," the audit said.

"States, the federal government and others report actual or projected savings of 14 to 35 percent," the audit said. A 14 percent savings for Kansas would have totaled \$655,000, it added.

Prospects of substantial savings in a period when tax money is short will attract legislative attention, said Rep. Robert Miller, a Wellington Republican who is chairman of the post audit committee.

"I wouldn't be surprised if some legislation was introduced" in the next session to save money on trav-

el, Mr. Miller said. "There's some big bucks involved. The audit pointed that out."

He said one of the problems has been that there is no incentive for state employees to seek the best deal, and "there's been no one coaching" them on methods to use in finding the best deal.

Sen. Gus Bogina, a Lenexa Republican who heads the Senate Ways and Means Committee and is a member of the post audit panel, said his committee would be examining ways to cut the cost of state employee travel.

During the 1985 session of the Legislature a bill was introduced creating a state travel office, but it did not pass. Secretary of Administration Marvin Harder has endorsed the establishment of a state travel service office. Mr. Bogina said he would oppose such an office because of the costs involved.

Auditors warned that although savings could be generated by an in-house travel office, they would be offset to some degree by high start-up and operational costs.

Under the current system, the audit said, state employees generally are responsible for making their own travel arrangements, and there is no procedure for making sure that the lowest fare or rate is obtained.

As a test of the various rates available, auditors called a sample of Topeka travel agents and requested rates for flights to Washington. The prices ranged from \$218 to \$380, a 42 percent difference.

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Sam

STATE OF KANSAS

JESSIE M. BRANSON  
REPRESENTATIVE, FORTY-FOURTH DISTRICT  
800 BROADVIEW DRIVE  
LAWRENCE, KANSAS 66044-2423  
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TOPEKA

HOUSE OF  
REPRESENTATIVES

COMMITTEE ASSIGNMENTS  
PUBLIC HEALTH AND WELFARE  
RANKING MINORITY MEMBER  
MEMBER, EDUCATION  
PENSIONS, INVESTMENTS AND BENEFITS

February 4, 1986

TO: Honorable Bill Buntten, Chairman  
and Members, House Ways and Means Committee

FROM: Representative Jessie Branson

RE: HB 2612

*Jessie*

Thank you very much, Mr. Chairman and Members of the Committee for the opportunity of speaking in support of HB 2612.

HB 2612 basically makes the following provisions:

- 1) Authorizes the Kansas State Health Care Commission to develop and establish a cafeteria plan, pursuant to provisions of the federal internal revenue code. (New Section 1, (a) ).
- 2) Allows employees or officers of the state to receive reduced compensation while the state's contribution would "pick up" this amount and pay for the cost of dependent coverage for health care benefits. (New Section 1, line 31)

*H. H. M.*  
*2/4/86*

- 3) Provides that any such reduction in compensation shall not be for the purposes of employment security, workmen's compensation, or KPERS.  
(New Section 1, (b) ).
- 4) Prohibits the reduction of compensation for purposes of the Kansas income tax act (Line 46 - 47, p. 2).
- 5) Requires that implementation of such a plan shall be permissive and subject to approval of the Secretary of Administration to assure adequate data processing resources within DISC. (page 2, lines 49-52).

Mr. Chairman, and Members of the Committee, this plan would provide a benefit to state employees, because those affected would be provided more take home pay. At the same time, more money would be kept in the Kansas economy.

This legislation is flexible, allowing the Secretary of Administration to implement it as computer capacity allows.

The only cost to the state would be that of programming for the computer, and the set-up costs in Accounts and Reports in the Division of Personnel.

I urge your favorable action on HB 2612.



~~XXXXXXXXXX~~ 209 SMA  
913-864-473

February 4, 1986

CLASSIFIED  
SENATE  
CLASSIFIED  
EXECUTIVE COUNCIL

TO: Members of the House Ways and Means Committee  
FROM: Neva Entrikin, President  
Classified Senate, University of Kansas  
RE: HB 2612

The K.U. Classified Senatē strongly supports HB 2612. Implementation of cafeteria-style benefits for state employees has been a top priority for several years. Ordinarily, such benefit programs do not cost the employer more than traditional benefit plans, but they do yield a higher return on investment through increased worker job satisfaction and improved job performance and productivity. The area of employee fringe benefits is one to be explored at any time, but especially so when salary funds are limited by state finances. Classified employees welcome any creative suggestions for helping to solve our salary problems within the confines of fiscal reality.

The specific issue of tax sheltering the amount paid for dependent health coverage is one of those ways whereby a few dollars can be put back into the paycheck of those who need it the most. Heads of households who are supporting families on a modest state salary are already saddled with the burden of paying anywhere from \$92.00 to \$130.00 a month for family health coverage. The inadequate salary increases of the past have certainly been the hardest on those who must support dependents. We hope that you will take this opportunity to show all state workers, classified and unclassified, that efforts are being made to increase their take-home pay.

Please pass this bill from committee with a favorable vote.

*J. A. M.*  
*2/4/86*

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REGENT'S CLASSIFIED COUNCIL  
EMPLOYEES OF KANSAS

February 3, 1986

The Honorable Bill Buntin  
Chairperson, House Ways & Means Committee  
514-S State Capitol Building  
Topeka, KS 66612

Dear Representative Buntin and members of the House Ways & Means Committee:

Classified employees from Fort Hays State University, Pittsburg State University, Wichita State University and the University of Kansas wish to express their support of HB 2612. Tax sheltering the insurance contribution for dependents will be advantageous for the State of Kansas as well as the employee. The employee will realize more take-home pay, and more money to spend in Kansas. The State, as the employer, will reap the estimated \$3-6 million generated from the extra spending and the achievement of open-minded, progressive legislation. Therefore, classified employees from Regent's institutions urge the committee to positively consider the bill and to look toward the future. HB 2612 will open the door for a flexible, "cafeteria-style" benefits package, a bonus for all involved.

Classified employees are in favor of tax sheltering the federal portion of the insurance contribution for dependent health coverage and we thank you for this opportunity to show our support.

Respectfully submitted,

*Claudia S. Orton*

Claudia S. Orton  
Lobbyist, Regent's Classified Council

*J. H. M.  
2/4/86*

*"G"*

State Department of Social and Rehabilitation Services

Statement Regarding H.B. 2711

1. Title -- An act authorizing the Secretary of the Department of Social and Rehabilitation Services to sell and convey or to lease real estate, title to which is vested in the State of Kansas and which is used for workshops for the blind.
2. Purpose -- The purpose of this bill is to authorize the Secretary of the Department of Social and Rehabilitation Services to sell and convey or to lease real estate which is owned by the State of Kansas and is used for workshops for the blind. The sale or lease would be to a non-State entity such that subsequent operation of the current State-operated sheltered employment program for the blind would be assumed by a non-State entity.
3. Background -- The State-operated sheltered employment program for the blind, which is known as Kansas Industries for the Blind (KIB), manufactures products which are sold to governmental agencies, unified school districts, and other entities. The income from sale of products has generally been less than the total cost of the KIB operation. Operating costs for the KIB program have been paid from the Department of Social and Rehabilitation Services Fee Fund, State General Revenue Fund, and Federal Vocational Rehabilitation Act Funds. Total expenditures were \$2,475,086 in FY1985, \$2,469,385 in FY 1984, and \$2,014,333 in FY 1983. Recent emphasis has been directed to having KIB focus on the goal of private business, i.e., generating a profit. Increased flexibility in important functions of budgeting, personnel practices, contract procurement, and purchasing procedures would enhance attainment of this goal and could be accomplished through the shift from state operation to private operation. This shift would mirror a nationwide trend for state government to discontinue operation of sheltered workshops. In only eleven states and territories are sheltered workshops for the blind operated by state government.
4. Effect of Passage -- The effect of passage will be that the Secretary of the Department of Social and Rehabilitation Services will have the authority necessary so that the operation of the KIB program could be assumed by a non-State entity should this opportunity be presented. Such action would result in the sheltered employment program's gaining flexibility in important business-related functions, thereby to increase the likelihood that the program will operate consistently on a break-even or profit-making basis.

Robert C. Harder  
Secretary  
Social and Rehabilitation Services  
296-3271

*H. A. M.*  
*2/4/86*

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# Kansas Association for the Blind and Visually Impaired, Inc.

TESTIMONY OF MICHAEL BYINGTON

REGISTERED LOBBYIST

The Kansas Association for the Blind and Visually Impaired Inc. stands firmly opposed to House Bill 2711. Our reasons shall be set forth below.

The bill offers no assurance that sheltered employment for the blind will even continue to be available in Kansas. It does not merely give the Secretary of the Kansas Department of Social and Rehabilitation Services the option to sell the Kansas City facilities and lease those located in Topeka of the Kansas Industries for the Blind; it gives him the right to do so with no regard as to what goes into the facilities. Under this bill, work programs for the blind could legally be completely discontinued in Kansas. This would clearly have a detrimental effect on the livelihood of many of our organization's members. Dr. Harder may tell you it is not his intent to discontinue work for the blind in Kansas, but if he does not plan to do so, he does not need a bill allowing him to.

Even if the bill assured that a privately owned workshop for the blind would continue to operate in both the Topeka and Kansas City facilities, our organization would still be opposed to it. Private sector sheltered workshops have classically not been very stable over the past several years. A number of private firms anxious to operate such facilities have proven to be disreputable to an extreme extent. Mrs. Mary Adams of our organization will be providing you with some documentation on one such organization. This bill offers no assurances of the standards for competence or reputability of any firm which might take over the industries for the blind; the bill can not offer such a set of assurances as it fails to even address the issue of whether there will continue to be sheltered employment for the blind in Kansas.

The bill would allow the Secretary of S.R.S. to sell/lease all Kansas Industries for the Blind facilities currently in use, and all equipment currently in use, for \$1.00. This property and equipment is worth millions of the tax payers dollars. As one of those tax payers, I resent to the extreme that I am being asked to give Dr. Harder the right to in effect give away my tax investments in such a manner.

If this bill becomes law, and our organization certainly hopes and prays that it does not, then blind people of Kansas are not

*H. J. M.*  
*2/4/81*

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even going to get the benefit of all of the blind services budget monies which have gone into Kansas Industries for the Blind over the years. According to the bill, the proceeds from the sale/lease of the facilities and equipment, only one dollar though they may be, do not go back to the budget of the Division of Services for the Blind. These massive monies would go to the general fund. This would seem to violate legislative intent which occurred each time the Legislature earmarked funds for capitol improvements and equipment for Kansas Industries for the Blind and thereby for the benefit of the blind.

Certainly, our organization has reviewed the profit and loss statements from Kansas Industries for the Blind over the past couple of years and is aware of the losses taking place. We would point out, however, that in the early 1980s, the program was making money for the state. Let us face facts; over the past few years, some things have been attempted administratively which have not worked very well. That does not mean, however, that we should throw the baby out with the bath water. These administrative problems can be corrected. If the state purchasing process is hampering the efficiency of the program, for example, then the Legislature should endeavor to fix the purchasing problem, not dump employment for the blind.

It is interesting that the Legislature has never asked the General Assistance Unrestricted program to show a profit, or even break even. Yet both the administration of S.R.S. and the Legislature seem to expect this of Kansas Industries for the Blind. In some years, Kansas Industries for the Blind has managed to comply. When it does not, however, it appears that some S.R.S. officials are prepared to give up a 40 year plus history of state provided employment opportunities for the blind. It is certainly our hope that the Legislature will not foster this.



TESTIMONY OF MARY ADAMS

HB2711

My name is Mary Adams. I have been the Chairperson for the Legislative Committee of the Kansas Association for the Blind and Visually Impaired Inc. for some time, but I am before you here appearing more as a blind employee of the Topeka Workshop of the Kansas Industries for the Blind. In my earlier years, I took some college coursework at Washburn, and I lack only about twelve hours of having a degree in Economics. I am thus hoping I can offer some assistance to this Committee in figuring out ways in which the Kansas Industries for the Blind can remain a part of the state rehabilitation system, and yet not lose so much money.

I rise to oppose House Bill 2711. It is my understanding that S.R.S. wants the right to sell the Kansas City facilities and lease the Topeka ones because the Kansas Industries for the Blind program is losing money. There is no doubt that this concern is an accurate one. Indeed Kansas Industries for the Blind lost money last year, and I do not doubt that more will be lost this year.

Before the Legislature gives Dr. Harder a free license to dump the program, however, I think it is appropriate that the Committee explore some of the reasons the program is losing money and some of the other alternatives besides sale and/or lease which could be employed to remedy the situation.

In the early 1980s, Kansas Industries for the Blind was making money. The organization showed a profit. Between this time and now, we have maintained the same supervisors, and basically the same blind workers. The only thing which has changed is that we now have a completely different administrative staff and different maintenance repair staff. The total size of the sighted classified staff has increased. Now under this new administrative and maintenance personnel, the facilities are losing over \$100,000.00 per year.

It is understandable that you all need to stop losing this kind of money, but the selling out or leasing out of the program facilities is an unfortunate over-reaction. There are several disadvantages to allowing the program facilities to be sold/leased, and certainly specific disadvantages to this bill. In this presentation, I shall cover the disadvantages to this bill and idea, and I will recount some of the administrative mistakes which have caused the program to be in the financial mess it is today. These mistakes can be corrected in-house. Selling/leasing the program out from under the blind Kansans who depend on it is not a viable solution.

House Bill 2711 offers no assurances that sheltered employment for the blind will continue at all in the State of Kansas. It leaves the entire future of sheltered employment for the blind in Kansas to the whims of one man, the Secretary of S.R.S. Nothing in the bill states that the selling or leasing of the buildings has to involve their continuing to be sheltered workshops for the blind. This bill effectively gives the Secretary the virtual power to shut down the program. To say the least, those of us who depend on it for our

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livelihood are pretty nervous about that.

Government administration does not always have to be considered bad. Some functions should stay with the government because it is best equipped to handle them. Such is the case with Kansas Industries for the Blind. If blind workers are concerned and/or dis-satisfied with reference to the work situation, they have legislative and executive redress. They have access to the Client Assistance Program within Rehabilitation Services. Unfortunately, however, it is a fact that handicapped people can be exploited by private industry, and often have no recourse when such situations occur.

Now let us suppose for the sake of speculation that the Kansas Industries for the Blind facilities are sold to a private concern which has the intent of continuing to operate them as workshops for the blind. The question still arises as to whether the program or employment opportunities will improve. Few privately owned workshops operating today were operating ten years ago. It is unlikely that they will continue to operate ten years in the future. The Kansas Industries for the blind has been a stable work opportunity operated by the State of Kansas since the 1940s. This longevity is important to the workers, many of whom have been with the program over 20 years. Also, it should be considered that many private firms which would come into to take over the operations might not be fair to the longtime workers or to the State of Kansas. Attached are some materials concerning the shady financial and exploitation practices of one firm which has taken over some workshops for the blind in other states, and which has expressed interest in Kansas Industries for the Blind.

House Bill 2711 is not fiscally coherent. It may be true that Kansas Industries for the Blind is losing some money now, but the property and equipment in and of itself is worth several million dollars. To allow the Secretary the option of letting it all go for one dollar after the tax payers of Kansas have spent so much money on it is fiscally ridiculous. Furthermore, the sum received for the sale/lease of the property, is to go to the state general fund according to the bill. While this money may be as little as one dollar, it seems it should go to continue providing services to the blind. Of course the solution is not to sell/lease the property at all.

I realize the program can not be allowed to go on losing the kind of money it is currently. Even the passage of this bill, and the Secretary's taking the option to immediately implement it would not save the losses being experienced in this current fiscal year. The State of Kansas, however, can turn this situation around for future years. I suspect, for example, that an incentive raise to blind workers, who have not had a raise in the past five years while state civil service workers have had several, would have done more to increase worker productivity than did the addition of additional administrative and marketing staff currently on board. (A raise was approved in last year's budget, but was not given across the board as the monies went to satisfy federal piece rates. These piece rates effect relatively few workers.)

This year, sighted workers received overtime pay to paint the Topeka



facility. One storage/production room was remodeled into offices complete with carpet, sound resistant paneling, etc. At the same time, extra rent is being paid for a semi-trailer to store items for which there now is not room. While these face lifts on the facilities are nice, the time when money is tight is not the time to have done them.

I truly believe that the blind workers at Kansas Industries for the Blind want to do good, efficient work. In the early 1980s when the workshop was making a profit, virtually no rejected contracts ever came back. Now, the same workers are producing contracted items which have been frequently coming back rejected by the buyer. I do not believe this is because the blind workers have suddenly lost their abilities. I believe that poor maintenance of equipment, especially sewing machines, and re-arrangement of work station layouts have caused many of the current problems.

I have never understood why S.R.S. officials tell us that Kansas Industries for the Blind must operate at a break even or profit making level, when virtually no other S.R.S. service program is expected to do so. Nonetheless, I have offered the above suggestions in order that the Kansas Industries for the Blind can remain a part of the state rehabilitation system and yet not be an inappropriate tax burden. I do not believe that the blind workers of Kansas should suffer by seeing their program close or be taken over by a questionable private concern when the problems which have caused the money to be lost are basically administrative.

As some classified civil service employees may not be overjoyed at the content of this testimony, I hereby invoke the "Whistle Blower's Act" to protect my job seniority and stability. I am making this presentation on my own time.