

Approved 3-26-87
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Vice Chairman Rochelle Chronister at
Chairperson

1:30 ~~xx~~ p.m. on Tuesday, March 17, 1987 in room 514-S of the Capitol.

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

Committee staff present: Gloria Timmer, Legislative Research
Diane Duffy, Legislative Research
Jim Wilson, Revisors Office
Sharon Schwartz, Administrative Aide
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Art Griggs, Department of Administration
Richard Funk, Association of School Boards
Guest List (Attachment 1)

Vice Chairman Rochelle Chronister chaired the committee today in the absence of Chairman Buntin.

HB 2557 - concerning the Department of Administration; relating to the repayment of a loan from the pooled money investment board; amending K.S.A. 75-3649 and repealing the existing section.

Art Griggs, Assistant Secretary of Administration presented the bill to the committee (Attachment 2). This bill would provide for the Landon Building purchase loan interest rate to be switched from a fixed rate to an annually adjusted rate. This was the first loan of this nature undertaken by the state and it has not been figured into the Governor's budget.

HB 2559 - concerning petty cash and imprest funds of state agencies; relating to reimbursement for certain losses.

Art Griggs explained the provisions of the bill which developed as the result of a situation which occurred last summer at KNI where a burglary resulted in petty cash fund theft (Attachment 3).

Representative Vancrum suggested an amendment to HB 2559 to change the language "infrequent occurrence" to "infrequently occurring" where it appears three times in the bill. Representative King seconded. The motion carried.

HB 2556 - concerning procurements by state agencies; authorizing negotiating committees. Art Griggs explained the bill (Attachment 3) which would permit the Director of Purchases, with approval of the Secretary of Administration, to utilize a 3-person negotiating committee who could make certain purchases without going through the bid process currently set by statute.

HB 2562 - concerning special education for exceptional children; affecting the computation of the amount of state aid entitlement of school districts.

Representative Duncan reviewed for the committee the provisions of the bill. It came about as a result of the subcommittee report for Department of Education. It changes from 1/2 F.T.E. to 2/5 F.T.E. for paraprofessionals.

Richard Funk appeared in support of the bill. He said the Association of School Boards is in agreement with the subcommittee report. There is a positive fiscal note on HB 2562 of \$3,700,000.

HB 2549 and SB 128 - concerning Board of Accountancy.

Hearings on these two bills were held on 3-16-87 at which time Chairman directed Representatives Duncan and Lowther to confer and come up with a

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 1:30 ~~xx~~ p.m. on Tuesday, March 17, 1987

compromise and report back to committee. Representative Duncan reported their findings: It is recommended that SB 128 be amended to include certain provisions of the house bill since the senate bill has already passed the Senate. The proposed amendments are contained in (Attachment 4).

Representative Duncan moved for adoption of the amendments. Seconded by Representative Goossen. The motion carried.

On the bill, Representative Duncan moved that SB 128, as amended, be recommended favorable for passage. Seconded by Representative Goossen. Motion carried.

Jim Wilson addressed the committee and explained the provisions of a proposed bill that Representative Douville requested to be introduced. It came out of Labor and Industry and concerns rehabilitation. Representative Solbach moved that the bill be introduced. Seconded by Representative Helgerson. Motion carried.

Meeting adjourned at 2:00 p.m.



DEPARTMENT OF ADMINISTRATION

State Capitol
Topeka 66612-1572
(913) 296-3011

H. Edward Flentje, *Secretary*

March 17, 1987

M E M O R A N D U M

TO: House Appropriations Committee

FROM: Arthur H. ~~Griggs~~ *AG*, Assistant Secretary of Administration

SUBJECT: H.B. 2557; Adjustable Interest Rate in the Landon Building Purchase Loan

In 1982, K.S.A. 75-3649 was enacted, which authorized a 20 year loan from the Pooled Money Investment Board (PMIB) for the Department of Administration to purchase the Landon State Office Building from the Santa Fe Railroad Company. Payment of the loan principal commences September 1, 1987. The loan proceeds of \$11,245,000 were derived from the state's idle funds. The interest rate on the loan was fixed for the 20 year period at 7.9%, which was the rate the state's inactive accounts were earning at the time of the loan.

The interest rate on the state's inactive accounts, which is the interest rate the state earns on state idle funds on deposit with Kansas banks, is equal to the average yield before taxes on ninety-one day U.S. treasury bills for the three months preceding each interest period. The inactive account rate in effect January 1, 1987 was 5.52%.

The Landon Building purchase loan was the first capital improvement loan from the PMIB. Four subsequent capital improvement loans from the PMIB have been authorized since 1982. All four of the subsequent loans provide for annually adjusted interest rates based on the inactive account rate (printing plant, Corrections meat plant, Landon Building renovations, Medical Center research facility).

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H.B. No. 2557 provides for the Landon Building purchase loan interest rate to be switched from a fixed rate to an annually adjusted rate, as is the case on the four subsequent capital improvement loans discussed above. The loan is being paid from the rents charged to state agencies in the Landon Building, Docking Building and Forbes Field buildings owned by the state (686,445 sq. ft.). Under the current loan provisions, a principal and interest payment of \$1,450,605 is due September 1, 1987. Under the terms of H.B. No. 2557, the September 1, 1987 payment would be \$942,536. This \$508,069 reduction in interest expense (interest earnings to the SGF) would permit the lowering of rents in the three state rental properties from \$11.75 to \$11.00 for FY 1988.

AHG:jDeS



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M E M O R A N D U M

TO: House Appropriations Committee

FROM: Art Griggs, Assistant Secretary of Administration *AG*

SUBJECT: HB 2556, HB 2559

The following provides a brief description of HB 2556 and HB 2559 that the Department is requesting be passed.

HB 2556 - Procurement Negotiating Committee. The bill permits the Director of Purchases, with the approval of the Secretary of Administration, to utilize a three person negotiating committee composed of the following officers or their designees: (1) the Director of Purchases; (2) the head of the procuring state agency; and (3) the Secretary of Administration. Procurements under this statute would be exempt from the competitive bid/low bid statute; however, the bill requires the advertisement of the procurement in the Kansas Register and negotiations are permitted only with parties submitting bids or proposals.

This type of competitive negotiations is currently authorized for financial services, telecommunications equipment and services, procurement of health care coverage for state employees, and major procurements for the Kansas Lottery. We believe this alternate method would be a helpful tool for other procurements, particularly ones involving highly technical services or complex computer installations and custom-made software.

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The State of Missouri utilizes a similar approach for some of their procurements. This allows procurement decisions to take into consideration factors beyond the lowest bid meeting the specifications. Such factors include service capability, financial strength, future enhancement capabilities and past track records of the vendor on similar projects for others. Equally helpful is the opportunity for face-to-face meetings with potential contractors. This can help assure that a vendor understands the scope of a state agency's needs. It also gives vendors the opportunity to point out drawbacks of the competitor's offerings and the strengths or unique features of their products or service capability. The successful use of negotiating committees in areas where they are currently authorized lead us to believe that it would be helpful in other areas.

HB 2559 - Petty Cash and Impress Funds. Impress funds are kept in local bank accounts or are used as petty cash funds to pay for items requiring immediate payment. A situation occurred at KNI last summer where a burglary resulted in the theft of their petty cash fund, but the statutory limit on reconciling accounting entries for such funds is set at a level insufficient to replenish the amount stolen. The bill will be helpful in future situations of this nature.

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PROPOSED AMENDMENTS TO SENATE BILL NO. 128

Be amended:

On page 2, preceding line 59, by inserting the following material to read as follows:

"Sec. 2. K.S.A. 1-202 is hereby amended to read as follows: 1-202. (a) Each year the board shall meet and organize by electing a chairperson and a vice-chairperson from its membership. The board shall appoint a secretary, who need not be a member of the board. The board may adopt such rules and regulations as it may deem necessary for the proper administration of its duties and the carrying out of the purposes of this act. The board shall meet at the call of the chairperson but not less than twice each year and shall have a seal. The chairperson and the secretary of the board shall have the power to administer oaths.

(b) The board shall keep records of all proceedings and actions by and before it. In any proceedings in court, civil or criminal, arising out of or founded upon any provisions of this act, copies of such records which are certified as correct by the secretary of the board under the seal of the board shall be admissible in evidence and shall be prima facie evidence of the correctness of the contents thereof.

(c) The board, from time to time, shall: (1) Adopt, amend, and revoke rules of professional conduct;

(2) give examinations, provide for certification and registration and issue permits to practice in accordance with the provisions of this act;

(3) keep accounts of its receipts and disbursements;

(4) keep a register of Kansas certificates issued by the board;

(5) revoke, suspend and reinstate certificates, registrations and permits;

(6) initiate proceedings and hold hearings and do all

things necessary to carry out the intent of this act.

(d) A majority of the board shall constitute a quorum for the transaction of any business at any meeting of the board.

~~(e) Annually, in July of each year, the board shall have printed and published for public distribution an annual register which shall contain the names arranged alphabetically of all persons holding permits to practice under this act, the names of the members of the board and such other information as may be deemed proper by the board. Copies of the register shall be mailed to each certified public accountant holding a permit to practice.~~;

And by renumbering sections accordingly;

On page 3, in line 95, after the semicolon by inserting "and"; by striking all in lines 96 through 100; in line 101, by striking "(6)" and inserting in lieu thereof "(5)";

On page 5, in line 163, following stricken "nership." by inserting the following: "No fee shall be charged for the registration of a partnership."; in line 179, after the period following "name" by inserting the following: "No fee shall be charged for the registration of a professional corporation.";

On page 6, in line 210, after "K.S.A." by inserting "1-202,";

On page 1, in the title, in line 21, after "K.S.A." by inserting "1-202,";