

Approved February 10, 1987
Date

MINUTES OF THE Senate COMMITTEE ON Governmental Organization

The meeting was called to order by Senator Vidricksen at
Chairperson

1:40 ~~xxx~~/p.m. on February 9, 1987 in room 531N of the Capitol.

All members were present except:

Committee staff present:

Julian Efird - Research
Jill Wolters - Revisor

Conferees appearing before the committee:

Senator Wint Winter - Sponsor of SB 125
Terry Pearson - Kansas State Travel, Manhattan
George Barbee - Lodging Assn. & Travel Industries Assn.
Penny Tuckel - Mark I Travel
John Novotny - Maupintour
Chris Armstrong - Sunflower Travel, Lawrence
David Stremming - King Travel
Nick Roach - Director of Purchases

The meeting was called to order by the Chairman who introduced Senator Winter, sponsor of S.B. 125.

Senator Winter addressed the committee on behalf of S.B. 125, giving a brief review and history of the bill. It was pointed out that this bill would not allow the state to enter into singular source contracts but rather would continue to allow competition. Senator Winter stated that this bill works opposite of the way they would like to have it work and that the plan is a waste of money. (Exhibit A)

Terry Pearson spoke in support of the bill stating that the state has established a monopoly with no incentive for competition and people are unhappy with the service. He distributed copies of travel itineraries to the committee with price comparisons from different agencies. (Exhibit B)

Also testifying in support of S.B. 125 was George Barbee who stated that the present program should be repealed as it is detrimental to the economic health of many travel agencies and could be expanded to affect lodging. (Exhibit C)

Penny Tuckel stated that she supported the efforts of the state in trying to save the taxpayers money but she did not like the method they were using. Her concern was that small businesses be allowed to remain successful through an open system of competition. (Exhibit D)

Another supporter of S.B. 125 was John Novotny who stated that the traveller needs the advantage to shop for what is best for them and the state.

Chris Armstrong distributed testimony to the committee and explained why he was not in favor of the state using official travel agencies. He pointed out that the new travel policy takes business away from six small business gives to one larger travel agency and he felt if one agency had all of the business there would be no incentive to find the lowest fare for the traveller. (Exhibit E)

Addressing the committee in opposition of S.B. 125 was David Stremming who stated that his agency tried to provide the best travel services available and that they offered the lowest possible fare at the time the reservations were made. He stated that their responsibility has always been loyalty to the customer. (Exhibit F)

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Governmental Organization,
room 531N, Statehouse, at 1:40 ~~xxx~~ p.m. on February 9, 1987

Testimony was also distributed to the committee from Ruth Hughes, Owner of Holiday Travel and Patrick Kelly, President of the Travel Center, both of Lawrence although they did not address the committee personally. (Exhibits G and H).

Time being a factor, Nick Roach did not appear before the committee but distributed a memorandum to the members and stated that he was there not necessarily to testify but to be present for the committee and answer questions. (Exhibit I) The Chairman asked Mr. Roach if he would come back on Tuesday, February 10, and he agreed.

There being no further time the meeting was adjourned at 2:30 p.m. by the Chairman.

GUEST LIST

COMMITTEE: Senate Governmental Organization

DATE: Feb. 9, 1987

NAME	ADDRESS	COMPANY/ORGANIZATION
Penny J. Tuckel, CTC	3123 Huntoon	Mark I TV. Inc
JOHN NOVOTNY	831 MASS.	MAUPINTOUR
Terry PEARSON	1228 W. LOOP - Manhattan	Kansas State Travel
Nick Roach	Division of Purchases	
John Patterson	University of Kansas	
JUDY SAMUELSON	121 W. 8 TH MANHATTAN, KS.	INTERNATIONAL TOURS
VERNA KOEHN	170 E. 6 th Townsite Plaza	International Tours
HAROLD C. PITTS	Topeka	
Frank Ybarra	Topeka	Intern, Sea. winter
Pete Anderson	Lawrence	Maupintour
Honey Longhurst	Lawrence	Eldridge Hotel
Judith Whitney	Topeka	KCC
Wanda Newman		KCC
Phyllis Sisson		KCC
Lee C. Brit		Intern
Mark W. Stephenson		Intern
My Hwaya		Can - July 1
Leah Hughes	2112 W. 25 th Lawrence 66046	Holiday Travel
CHRIS W ARMSTRONG	704 MASSACHUSETTS, LAWRENCE, KS.	SUNFLOWER TRAVEL SERV.
Judy Krueger	Suite 911 Walnut - 1300 - Kansas, City, Mo 64106	SBA
Dan Toebben	Box 581 Lawrence	Chamber of Commerce
Dave Ranzert		LAWRENCE Journal World
John Burtree	Lawrence	University Daily Kansan
DAVID STRÖMMING	TOPEKA	King TRAVEL SERVICE
Art Craig	Topeka	Adm.
George Barber	Topeka	Ks Lodging area ; TIAIK

WINT WINTER, JR.
 SENATOR SECOND DISTRICT
 DOUGLAS COUNTY
 2229 WEST DRIVE
 BOX 1200
 LAWRENCE, KANSAS 66044



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
 MEMBER WAYS AND MEANS
 JUDICIARY
 LOCAL GOVERNMENT
 GOVERNMENTAL ORGANIZATION
 JOINT COMMITTEE ON STATE
 BUILDING CONSTRUCTION
 CHAIRMAN JOINT COMMITTEE ON SPECIAL
 CLAIMS AGAINST THE STATE

Sen. Wint Winter, Jr., R-Lawrence, announced today that he was introducing a Bill that would prohibit a new State travel plan that he called anti-competitive and costly to Kansas taxpayers.

Winter's bill is in response to concerns about the new plan expressed before its adoption by both himself and Representative Bill Bunten, R-Topeka, and to what he called "hard evidence" that the plan had already cost taxpayers money.

The plan, started by the Department of Administration's Division of Purchases in late December just before the change in the Governor's office, required all State employees to make travel arrangements through a single travel agency. The plan split the state up into nine regions and names one agency in each region to sell travel services. The State asked for bids from agencies throughout the state, but received only nine which they considered acceptable. Since there were no acceptable bids in some regions, employees in Wichita must arrange for travel by long distance from a Manhattan agency, and those in Lawrence from a topeka business. Winter suggested the fact that only 6% of the State's travel agencies submitted acceptable bids proved that the plan cuts almost all small businesses out of the chance to compete for State travel service.

Winter cited the following as among his objections to the State plan:

1. The State Legislature defeated a similar plan contained in a Bill before the 1986 Legislature. The adoption of the plan by the Department of Administration is in direct contradiction of a decision by the elected Representatives of Kansans;

2. The plan is monopolistic and anti-competitive since it presumes that all State travel must be purchased from a single business, and thus removes all free market pressure from the otherwise highly competitive travel business;

3. It violates the State's job development strategy of building jobs from existing small business, since only the few largest travel agencies in the State were able to satisfy the plan's bid requirements;

4. The plan eliminates flexibility in making travel arrangements and results in inefficiency and waste of State agency time since, in many cases, travel must be arranged by long distance;

5. Most importantly, the plan in practice for one month has actually cost taxpayers more than under the previous practice when travel costs were controlled by the natural competitiveness of the free market system. For example, one State agency found that the State-approved agency in Topeka gave an estimate of \$495.92 for air travel from Kansas City to Deluth, Minn., while a Lawrence agency quoted the same travel for \$348, a waste of taxpayer money in that single case of nearly \$150.

Winter said there were a number of other examples that prove the plan is a waste of money.



TOPEKA

SENATE CHAMBER

October 31, 1986

WINT WINTER, JR.

SENATOR, SECOND DISTRICT

DOUGLAS COUNTY

2229 WEST DRIVE

BOX 1200

LAWRENCE, KANSAS 66044

COMMITTEE ASSIGNMENTS

MEMBER WAYS AND MEANS
 JUDICIARY
 LOCAL GOVERNMENT
 GOVERNMENTAL ORGANIZATION
 JOINT COMMITTEE ON STATE
 BUILDING CONSTRUCTION
 CHAIRMAN: JOINT COMMITTEE ON SPECIAL
 CLAIMS AGAINST THE STATE

Mr. Art Griggs
 Acting Secretary
 Kansas Department of Administration
 State Capitol, 2nd Floor
 Topeka, Kansas 66612

Re: Travel Service Proposal

Dear Art:

I have had the opportunity to review the "RFP" that your office, Division of Purchasing, has proposed regarding state travel services. I have also had the chance to discuss the proposal with virtually all travel service suppliers in this area and, most importantly, to discuss the situation with State Employees who are required to travel and use travel services.

I am writing to specifically request that you suspend all activity regarding awarding of centralized travel service contracts immediately. I very strongly object to your proposal and to the manner and method used in putting it together. In the event that your Department continues with the effort and awards or attempts to award contracts, I will consider it a direct challenge, indeed a repudiation, of the Legislature and a majority of its members.

My position is based on a number of factors among which include the following:

1. My review of travel agencies in the area indicate that they are unanimously opposed to the proposal and indeed believe that it is unworkable. If all potential bidders and suppliers in this particular district of the state hold that opinion, I cannot imagine how the program can successfully be implemented. Apparently, insufficient input was received from travel agencies across the state regarding the desirability of the proposal.

Mr. Art Griggs
October 31, 1986
Page Two

2. I am informed that the proposal is written in such a way that it will be impossible for small travel agencies to bid on and successfully complete the contract if it is awarded to them. Apparently, virtually all small and medium size travel agencies are practically eliminated from the bid, notwithstanding the fact that a bid proposal appears to gear the contract toward those same agencies. Therefore, the contracts appear only to be suited to large travel agencies while the proposal itself suggests that they are not eligible for it. In fact, the state is currently involved in a major economic development effort that focuses on developing small businesses and spreading business around among them rather than concentrating on a few large enterprises. Your proposal simply flies in the face of our emphasis on small business and adopts a "rich get richer" approach.

3. The proposal appears to be contrary to the need to keep travel agencies competitive. As you know, travel prices change regularly, in fact often weekly for airline prices, and there are a great number of different variations of airline and hotel prices available at any one time. When customers can shop among competing agencies at a particular point in time when travel services are needed, the incentive exists for each agency to insure that they are quoting the lowest possible price. When only one agency can be chosen at the time travel services are needed, however, that agency obviously knows that it is not competing with any other agency and there is a disincentive for that agency to search for the lowest fares in existence at that time. They simply know that the customer has no alternative for the purchase of travel services at that time and there is little, if any, reason for them to go to an extra effort as a practical matter. The provision of travel services is markedly different than the purchase of other materials because of a dramatic fluctuation in prices and great competition in existence.

4. The proposal appears to be unworkable, certainly very difficult, for state employees to use. When travel services are needed, they have no choice but to go to one large central travel agency, notwithstanding the fact that it may be many miles from their home. If they do not receive prompt and efficient service, they have no alternative and may often be left with inappropriate travel arrangements. It would appear to be a great inconvenience and indeed additional costs involved for state employees to implement this system.

Mr. Art Griggs
October 31, 1986
Page Three

5. Finally, and most importantly, as a matter of policy, the implementation of a proposal by your agency is directly in conflict with the wishes of the 1986 Legislature. As you know, there was a proposal introduced in the 1985 Legislature and hearings were held and extensive consideration given to exactly the kind of proposal found in your agency's action. That Bill was killed by the 1986 Legislature and you and representatives from the Division of Purchasing were fully aware of the feelings of the majority of the Legislature that the implementation of such a centralized travel agency plan would not be in the best interest of Kansas and should not be implemented. Notwithstanding direct Legislative disapproval of such a plan, your agency essentially ignored the desires of the elected representatives of Kansas. The reasons for your action are very difficult to understand and certainly add to fears held by some that there was some evil or inappropriate intention behind the proposal. I certainly have no indication that there is such an inappropriate plan at work but the attempt to over-ride the Legislature's desires certainly add to that unfortunate speculation. It is simply completely inappropriate public policy for a state agency to directly overrule the wishes of the Legislature in a situation such as this.

In the event the agency attempts to implement the proposal and award contracts, please be assured that certain members of the Legislature will be supportive of Legislation to specifically prohibit that type of proposal which is inappropriate for those reasons cited above, among others. I certainly hope that your agency does not ignore the wishes of the Legislature and does not attempt to award contracts. The process of hearing back from travel agencies regarding the proposal may well be educational to all concerned in helping to perhaps devise other ways to address the situation but certainly no contract should be awarded at this time.

I look forward to hearing from you regarding the matter at your earliest convenience.

Very truly yours,



Senator Wint Winter, Jr.

WAW:pm

WINT WINTER, JR.
 SENATOR, SECOND DISTRICT
 DOUGLAS COUNTY
 2229 WEST DRIVE
 BOX 1200
 LAWRENCE, KANSAS 66044



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
 VICE CHAIRMAN JUDICIARY
 JOINT COMMITTEE ON
 SPECIAL CLAIMS AGAINST
 THE STATE
 MEMBER EDUCATION
 FEDERAL AND STATE AFFAIRS
 LOCAL GOVERNMENT

Information on the state travel plan:

We have received at least seven or eight letters on the issue and numerous phone calls. Not one person has expressed their support for the new travel plan.

Of the documented material we have received, here are some quotes:

To Duluth, Mn., King--\$495.92	Other \$348.00
To Albuquerque, King--\$158.00	Other \$110.00
To Santiago, King--\$1632.00	Other \$1247.00

We also received, from the Professor who wanted to go to Albuquerque and Duluth, his information that King was also finding more expensive car rentals. For three trips, to Duluth, Los Alamos and Seattle, this professor claimed King was charging the state \$223.66 more in car rental and plane fare.

Other complaints we received:

A professor wrote to say that King told him the lowest fare King could get to New Orleans was \$250. His local travel agency quoted him \$100.

An employee of the State Dept of Education said King was quoting him a ticket price that was \$100 more than his regular travel agency quoted to him. He called this in. His ticket was to Milwaukee.

Reasons why employees don't like the plan:

--Even if the money they are using is federal money, the state is requiring them to go through the state-approved agency.

--Much of the money being spent on airfare is grant money, and whatever the professor can save on airfare can be transferred to other parts of the project they are working on or can go back to the University.

--Many of the employees simple want to help the state save money.

Other reasons to have the bill passed:

--The state legislature defeated a similar plan contained in a Bill before the 1986 legislature. The adoption of the plan by the Department of Administration last Sept. was in direct contradiction of a decision by the legislature.

WINT WINTER, JR.
SENATOR, SECOND DISTRICT
DOUGLAS COUNTY
2229 WEST DRIVE
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TOPEKA

COMMITTEE ASSIGNMENTS
VICE-CHAIRMAN JUDICIARY
JOINT COMMITTEE ON
SPECIAL CLAIMS AGAINST
THE STATE
MEMBER EDUCATION
FEDERAL AND STATE AFFAIRS
LOCAL GOVERNMENT

SENATE CHAMBER

- The plan is monopolistic and anti-competitive. It removes all free-market pressure from the otherwise competitive travel business.
- Only large travel agencies in the state were able to satisfy the plan's dib requirements.
- The plan eliminates flexibility in making travel arrangements and forces people to stop using travel agents with whom they had been arranging their travel for years.
- Travel agencies in the area indicate they are unanimously opposed to the proposal and weren't given a chance to have some input before the new plan was ushered in by the DOA.
- People are forced to make arrangements by long distance if they do not live close to the agency.
- The DOA was warned before the policy took effect that the some members of the Legislature were opposed to it and that it would be challenged this session.



ACCT	DATE	PAGE	INVOICE
5682	13 JAN 87	1	ITIN.

217 E. 8th St. • P. O. Box 1494 • Topeka, KS 66601
 913/233-1300 • Toll Free 1-800-358-3079 Ext 262

ITINERARY

UNUSED TICKET MUST BE RETURNED FOR CREDIT

SOLD TO

DISTRIBUTE TO

50632 UNIVERSITY OF KANSAS
 OU16VN
 M 1
 1

RALSTON/JOHN
 UNIVERSITY OF KANSAS

12

DATE	AIRLINE	FL/CL	FROM	LEAVE	TO	ARRIVE
15MAR SUN	NORTHWEST AIR	0117Y	KANSAS CITY/I	0445P	MPLS/ST PAUL	0554P
15MAR SUN	NORTHWEST AIR	1001Y	MPLS/ST PAUL	0645P	DULUTH	0723P
19MAR THU	AMERICAN	0174Y	DULUTH	0805A SNACK	CHICAGO/OHARE	0918A
19MAR THU	AMERICAN	0249Y	CHICAGO/OHARE	1125A SNACK	KANSAS CITY/I	1242P

IN15MAR OUT19MAR CAR BUDGET
 DULUTH, MN
 1 ECONOMY CAR
 CONFIRMATION-0120095014
 FEDERAL ID NUMBER 48-0683037
 CONFIRMED

THESE FARES ARE SUBJECT TO CHANGE
 STATE DISCOUNT INCLUDING TAX \$495.92
 BUDGET CAR RENTAL \$120.00 PER WEEK

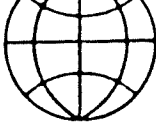
RALSTON/JOHN

Straight
 \$ 520.00

 TOTAL \$ 520.00

100% expense
100% management
100% promotion

ports



unlimited inc.

travel

service

Westridge Shopping Center #C-106
601 Kasold Lawrence, Kansas 66044
(913) 841-5900

PASSENGER(S):

RALSTON/JOHNR

2259

PAYMENT REQUESTED WITHIN 10 DAYS. ACCOUNTS 30 DAYS PAST DUE
WILL BE ASSESSED 1 1/2% PER MONTH. (18% PER ANNUM)

ORIGINAL INVOICE NO.

2259

AIRLINE	FLT	CL	DATE	FROM	TO	LV	AR	ST
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DATE: JAN 15 1987

MIDWAY METRO	198	B	15MAR	KANSAS CTY INT	MIDWY CHICAGO	1010A	1120A	OK
				SUN DC9 NONSTOP				
MIDWAY METRO	181	B	15MAR	MIDWY CHICAGO	MPLS/ST PAUL	1215P	125P	OK
				SUN DC9 NONSTOP	SNACK			
NORTHWEST	1003	B	15MAR	MPLS/ST PAUL	DULUTH MINN	230P	310P	OK
				SUN CVR NONSTOP				
NORTHWEST AIR	2646	B	19MAR	DULUTH MINN	MPLS/ST PAUL	100P	145P	OK
				THU J31 NONSTOP				
MIDWAY METRO	350	B	19MAR	MPLS/ST PAUL	MIDWY CHICAGO	330P	438P	OK
				THU D9S NONSTOP				
MIDWAY METRO	141	B	19MAR	MIDWY CHICAGO	KANSAS CTY INT	605P	717P	OK
				THU DC9 NONSTOP	SNACK			

INVOICE NUMBER

2259

AIR FARE 322.22 TAX 25.78 TOTAL

348.00

TOTAL INVOICE

\$348.00

THANK YOU FOR YOUR BUSINESS

YOU ARE CAUTIONED NOT TO LOSE OR DESTROY AIRLINE TICKETS. THEY HAVE CASH VALUE. PLEASE RETURN PROMPTLY FOR REFUND OR CREDIT.

By acceptance of these ticket(s), voucher(s), or other evidence of travel arrangements, the customer understands that this Travel Agency acts only as agent for the carrier, hotel or other facility providing the transportation, accommodations or other travel services, and as such, the sole financial responsibility of this Travel Agency is limited to the amount of commissions it receives from said suppliers. This Travel Agency shall not become liable for any personal injury, property damage, accident, delay, inconvenience, change in itinerary or accommodations or personal dissatisfaction with the travel arrangements provided.

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ACCT	DATE	PAGE	INVOICE
5682	13 JAN 87	1	ITIN.

217 E. 8th St. • P. O. Box 1494 • Topeka, KS 66601
 913/233-1300 • Toll Free 1-800-358-3079 Ext 262

ITINERARY

UNUSED TICKET MUST BE RETURNED FOR CREDIT

SOLD TO

DISTRIBUTE TO

50634 UNIVERSITY OF KANSAS
 OUA5CY
 M 1
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RALSTON/JOHN
 UNIVERSITY OF KANSAS

12

DATE	AIRLINE	FL/CL	FROM	LEAVE	TO	ARRIVE
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05APR SUN	EASTERN	0609Q	KANSAS CITY/I	0735P	ALBUQUERQUE	0827P
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11APR SAT	EASTERN	0002Q	ALBUQUERQUE	0250P	KANSAS CITY/I	0532P
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IN05APR OUT11APR CAR HERTZ
 ALBUQUERQUE
 1 ECONOMY CAR
 CONFIRMATION-62217906369
 IN11APR TOUR FEDERAL ID NUMBER 48-0683037
 CONFIRMED

STATE DISCOUNT INCLUDING TAX \$140.68
 HERTZ CAR RENTAL \$119.00 PER WEEK
 THESE FARES ARE SUBJECT TO CHANGE

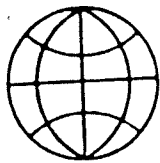
RALSTON/JOHN

	\$	158.00

TOTAL	\$	158.00

ports unlimited inc.

travel service



Westridge Shopping Center #C-106
601 Kasold Lawrence, Kansas 66044
(913) 841-5900

PASSENGER(S):

RALSTON/JOHNR

2263

PAYMENT REQUESTED WITHIN 10 DAYS. ACCOUNTS 30 DAYS PAST DUE
WILL BE ASSESSED 1½% PER MONTH. (18% PER ANNUM)

ORIGINAL INVOICE NO.

2263

AIRLINE	FLT	CL	DATE	FROM	TO	LV	AR	ST
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DATE: JAN 15 1987

EASTERN 1 Q 5APR KANSAS CTY INT ALBUQUERQUE NM 1005A 1100A OK
SUN 727 NONSTOP
EASTERN 2 Q 12APR ALBUQUERQUE NM KANSAS CTY INT 250P 532P OK
SUN 727 NONSTOP

AIR FARE 101.85 TAX 8.15 TOTAL 110.00
TOTAL INVOICE \$110.00

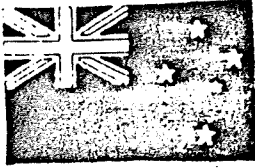
INVOICE NUMBER 2263

AT THIS TIME ROSS AVIATION DOES NOT OFFER SERVICE
ON SATURDAYS.

THANK YOU FOR YOUR BUSINESS

YOU ARE CAUTIONED NOT TO LOSE OR DESTROY AIRLINE TICKETS. THEY HAVE CASH VALUE. PLEASE RETURN PROMPTLY FOR REFUND OR CREDIT.

By acceptance of these ticket(s), voucher(s), or other evidence of travel arrangements, the customer understands that this Travel Agency acts only as agent for the carrier, hotel or other facility providing the transportation, accommodations or other travel services, and as such, the sole financial responsibility of this Travel Agency is limited to the amount of commissions it receives from the carrier, hotel or other facility. The Travel Agency is not liable for any personal injury, property damage, accident, delay, inconvenience, change in itinerary or accommodations or personal dis-



FIVE STAR TRAVEL

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(602) 795-7827 / 795-STAR

Due to constant changes in airline schedules we suggest that you reconfirm domestic flights prior to departure. International flights must be reconfirmed at least 72 hours prior to departure.

TRAVELER: DR. BARBARA TWARDG
DEPT. PHYSICS N ASTRONOMY
UNIVERSITY OF KANSAS
LAWRENCE KS 66045

TO:

Agent	Branch	Customer No.	Account No.	Date
TWARDG/ BARBARA. DR				

Code	Day	Date	City-Airport	Time	Carrier	Flight • Class Status	Service • Amount
VARINNIA						CTI 340	07JAN87
A SA	28FEB		LV KANSAS CITY INTL AR MIAMI	605P 1013P	EASTERN	660 OK DINNER 05TOP 727	
A SA	28FEB		LV MIAMI 01MAR AR SANTIAGO-SCL	1159P 205P	FAN AM	455B OK DINNER 15TOP 747	
A SA	21MAR 22MAR		LV SANTIAGO-SCL AR MIAMI	700P 955A	FAN AM	454R OK DINNER 15TOP 747	
A SU	22MAR		LV MIAMI AR KANSAS CITY INTL	730A 919A	EASTERN	590 OK BREAKFAST 05TOP	

AIR FARE 1234.00
TAX 13.00
TOTAL AIR FARE 1247.00
AMOUNT DUE 1247.00

THANK YOU FOR YOUR BUSINESS

if you leave Santiago on Mar 20 the total would be 1069.00

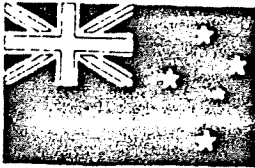
Tuesday clearing \$1632 From wire

CODE: A—Air H—Hotel C—Car
T—Tour S—Surface
V—Other Travel Service

CLASS: F—First
C—Business Coach
Y,B,H,M,L,V,Q,K,S—Coach

STATUS: OK—Confirmed
WL—Wait List
RQ—Request

CLIENT



FIVE STAR TRAVEL

1335 N. SWAN RD. • TUCSON, AZ 85712
(602) 795-7827 / 795-STAR

ITINERARY INV. NO. 1
PAGE NO. 1

Due to constant changes in airline schedules we suggest you confirm domestic flights prior to departure. International flights must be reconfirmed at least 72 hours prior to departure.

DR. BARBARA TWARDG
DEPT. OF PHYSICS N ASTRONOMY
UNIVERSITY OF KANSAS
LAWRENCE KS 66045

TRAVELER

TO:

Agent	Branch	Customer No.	Account No.	Date
WHITACHER/TAMARA.MS				

Code	Day	Date	City-Airport	Time	Carrier	Flight Class Status	Service - Amount	
			VIRGINIA					07/1988
A SA		14MAR	LV KANSAS CITY INTL AR MIAMI	605P 1013P	EASTERN	600 OK DINNER		
A SA		14MAR 15MAR	LV MIAMI AR SANTIAGO-SCL	1105P 1230P	EASTERN	23K OK DINNER	18TOP	
A TU		24MAR 25MAR	LV SANTIAGO-SCL AR MIAMI	1035P 600A	EASTERN	12K OK DINNER	18TOP	
A WE		25MAR	LV MIAMI AR KANSAS CITY INTL	730A 919A	EASTERN	590 OK BREAKFAST	05TOP	

AIR FARE 1038.00
TAX 13.00
TOTAL AIR FARE 1051.00
AMOUNT DUE **1051.00**

THANK YOU FOR YOUR BUSINESS

Twardog claims
~~\$1032~~ From
\$1088 King

CODE: A—Air H—Hotel C—Car
T—Tour S—Surface
V—Other Travel Service

CLASS: F—First
C—Business Coach
Y,B,H,M,L,V,Q,K,S—Coach

STATUS: OK—Confirmed
WL—Wait List
RQ—Request

HSA 00005 017071947

CLIENT



January 27, 1987

*Call
7.0.1.1.1*

Wint Winter
Senator, 2nd District
State Capitol
Topeka, KS 66612

Dear Mr. Winter:

I am asking your help in changing the recent restrictions on out-of-state travel by faculty members at the University of Kansas. The recent ruling which compels faculty to purchase travel through King Travel of Topeka is not only illogical, but also wastes money.

In my research in High Energy Physics a certain amount of travel to specialized seminars, conferences, and for consultation is required. Our theory group, consisting of Profs. Douglas McKay, Herman Munczek and myself, has a three-year grant for \$190,000 from the Department of Energy. This grant specifies expenses of travel, was obtained on our own initiative, and is exclusively for our research expenses. This is outside funding; approximately 43% of the grant automatically goes to K.U. for overhead.

We are not inclined to waste our own money. I have at least three trips before me this semester, so as an experiment I called King Travel and requested quotes, and I also called my local travel agent. I described the travel as it will occur, to the best of my plans, and I requested my usual mode: travel as cheaply as possible. Here is a breakdown of the quotes for three trips:

<u>Destination</u>	<u>King Travel</u>	<u>Local Agent</u>
Duluth, MN	\$495.92	\$348.00
Los Alamos, NM	259.68	190.00
Seattle, WA	<u>242.05</u>	<u>235.99</u>
TOTAL	\$997.65	\$773.99

Under these conditions, I will have to spend \$223.66 more, or 29% more, to travel through the King Travel Agency. This is unacceptable.

I think the picture is clear: normal competition is very difficult to beat. Moreover, I found that King Travel had no information on traveling to Los Alamos, so this agency rented a car from Albuquerque, rather than flying with a specialized carrier. This wastes time and money.

Copies of the quotes are attached. The information must be useful for you in documenting the short-sighted and anti-competitive effects of this recent ruling. I strongly object to state interference in use of our grant



THE UNIVERSITY OF KANSAS

January 27, 1987

Mr. Wint Winter
The First National Bank
900 Massachusetts
Lawrence, KS 66044

Dear Mr. Winter:

I am a faculty member in the Department of Educational Psychology and Research at the University of Kansas. I am very concerned about the new arrangements for air travel that have been made with King Travel in Topeka. Not only is King Travel an inconvenient location for those of us living in Lawrence, but I have experienced some serious problems with their service when I tried to reserve a round trip ticket to New Orleans for March, 3 1987. I would like to relate this experience so that you can judge how this kind of problem could impact the state's arrangements with King Travel.

Before the state's change to King Travel, I had been working with Ports Unlimited in Lawrence. I had a price quote of \$150.00 round trip to New Orleans on Delta. When the state changed travel requirements to a sole source, I called King Travel. They told me the lowest available fare to New Orleans was \$250.00 which is \$100.00 more than Ports Unlimited quoted. Then I specified the airline and flight number as given to me by Ports Unlimited and told the King Travel agent that I could get a ticket on Delta to New Orleans for \$150.00. At that point the King Travel agent was able to arrive at that same \$150.00 price quote, but only after I prompted them.

Next, on booking, I quoted the King Travel agent times I would like to leave Kansas City and depart New Orleans. The agent at King Travel claimed that the low \$150.00 fare restricted me from traveling at the time I requested. At that point I checked back with Ports Unlimited as well as Delta, the airline offering the \$150.00 fare. Both agreed that the King Travel agent was wrong. Upon confronting the King Travel agent with this information, he agreed that I could fly at the time I originally requested, but said that when I originally called he would have had to call Delta to confirm seating availability and he did not feel he had the time. That seems to be a poor excuse for a travel agent whose primary job is "service".

MEMORANDUM

January 28, 1987

CREATIVE TRAVEL will not issue a ticket unless TR# is on APO.

Travel requests are usually typed at about the same time as travel arrangements are made. Travel requests take a few weeks to process and be numbered, therefore, making it almost impossible to have the TR# on the APO.

Information for travel requests would have to be turned in at least 3 to 4 weeks before any travel (airfare) arrangements could be made.



Grain Science
201 Shellenberger

EXHIBIT B
2/9/87

TRAVEL ITINERARY

FOR

Dr. Deyoe

TRAVEL AGENCY Creative Travel

CONTACT PERSON Abby

RESERVED & CONFIRMED ON _____

TICKET COST \$183.00

TICKETS DELIVERED ON _____

OTHER Eastern

DATE		FLIGHT NO.	TIME
<u>3-1</u>	LV <u>MHK</u>	<u>#3649</u>	<u>5:05 pm</u>
	AR <u>KCI</u>		
_____	LV <u>KCI</u>	<u>#846</u>	<u>6:25</u>
	AR <u>Chicago</u>		
_____	LV _____	_____	_____
	AR _____		
<u>3-3</u>	LV <u>Chicago</u>	<u>#216</u>	<u>5:35</u>
	AR <u>KCI</u>		
_____	LV <u>KCI</u>	<u>#3547</u>	<u>7:45</u>
	AR <u>MHK</u>		
_____	LV <u>US Air State</u>	_____	_____
	AR _____		
_____	LV _____	_____	_____
	AR _____		

U.S. Wheat Adversory Council
& AID

TRAVEL ITINERARY

FOR
CW Dege

TRAVEL AGENCY Creative

CONTACT PERSON Upton

RESERVED & CONFIRMED ON 3 Feb 87

TICKET COST 271.00

TICKETS DELIVERED ON _____

OTHER (K-State Travel cost
9268.00)

DATE			FLIGHT NO.	TIME
15 Mar	LV	Manhattan	Air Midwest 3577	12:05 PM
15 Mar	AR	KC		1:40 PM
15 Mar	LV	KC	Eastern 334	1:10 PM
15 Mar	AR	WASH DC		3:59 PM
20 Mar	LV	WASH DC	Eastern 201	12:45 PM
20 Mar	AR	KC		2:16 PM
20 Mar	LV	KC	Air Midwest 3544	2:50
20 Mar	AR	Manhattan		3:30 PM

LV air costs from Creative Travel
AR on contract 271.00

LV phone price from K-State travel 9268.00
AR _____

LV _____
AR _____



Department of Grain Science
and Industry

Shellenberger Hall
Manhattan, Kansas 66506
913-532-6161

FEB 4 1987

TO: Dr. C. W. Deyoe
FROM: Keith C. Behnke *KCB*
DATE: February 3, 1987
RE: Air Travel Request through Creative Travel

I am writing to express my concern with the way air travel requests are handled by Creative Travel, Inc. On Thursday, January 22, I called to make reservations for a trip to St. Louis in late February. I was informed that I could only make arrangements with a person named "Abby" and that she was busy with another customer. I left a request for her to call me.

Abby finally contacted me on Tuesday, January 27. The reservations were made and cost figure given at that time.

The time delay and the fact that we can only deal with one person at Creative Travel bothers me. I would prefer to get these arrangements made at my convenience -- not theirs.

/ls

file



Department of Grain Science
and Industry

Shellenberger Hall
Manhattan, Kansas 66506
913-532-6161

13 January 1987

Dr. John Moore
Vice President
Administration and Finance
Anderson Hall
CAMPUS

Dear John:

I would like to bring to your attention the attached memo from Karen Dungey who has been scheduling the Food and Feed Grains Institute travel for the staff's overseas activities. The memo indicates that the new contract with Creative Travel has identified \$723.00 for roundtrip fare to Belize as of 12 January (for staff member Dick Maxon). As indicated, we had been paying approximately \$620.00 roundtrip with the travel agency we had formerly used. They indicated to us that today's price would be \$650.00. We still have no idea how this contract with Creative Travel is saving travel expenses for us.

Sincerely,

C.W. Deyoe
Department Head and Director, FFGI

/cwc

cc: R. Borsdorf, Associate Director, FFGI

MEMORANDUM

TO Dr C W Dejeu
DATE 1-12-87

ATTACHED PAPERS

- | | |
|--|--|
| <input type="checkbox"/> Please note and return | <input type="checkbox"/> Please answer |
| <input checked="" type="checkbox"/> Please note, do not return | <input type="checkbox"/> Note opinion and return |
| <input type="checkbox"/> File | <input type="checkbox"/> Needs your signature |
| <input type="checkbox"/> For your records | <input type="checkbox"/> Please approve |
| <input type="checkbox"/> Hold for conference | <input type="checkbox"/> Please give me all data |
| <input type="checkbox"/> Speak to me concerning | <input type="checkbox"/> Refer to me |
| <input type="checkbox"/> Please handle | |

Average tickets for round-trip airfare to Belize from Manhattan has been running \$620.00 ticket purchased from Creative Travel for Maxon to Belize Jan 12 was \$723.⁰⁰.

Signed

Karen Lunguy



Food and Feed Grain Institute
201 Shefferberger

650⁰⁰



Vice President
for Administration and Finance

Anderson Hall
Manhattan, Kansas 66506
813-532-6226

1987

JAN 5 1987

December 29, 1986

Dr. Charles W. Deyoe, Director
Food and Feed Grain Institute
Shellenberger Hall
CAMPUS

Dear Dr. Deyoe:

In response to your December 15, 1986 letter regarding a state travel contract, I submit the following. First, the articles you have read in the newspapers are premature. As of the date of this response, KSU has not received any notification that a state contract for travel has been awarded. In fact, the State's Division of Purchasing requested the Manhattan Mercury to publish a correction to their article; a request which was denied.

The State did request bids for the purpose of a state travel contract for airline fares only. A copy of the State's request for bids was distributed to all Deans, Directors, and Department Heads several weeks ago. Based upon the bids received, it appears that a state contract will be executed with Creative Travel. The State's Division of Purchasing is currently developing the guidelines and procedures to be followed before the contract is officially let. We do not know when the contract will become effective. Our attempts to obtain this basic information from the State have been futile. We are simply advised that no contract has been let and that they (the State's Division of Purchasing) are working out the details.

Once a contract is officially executed, I believe the unique nature of your travel requires a meeting with the contract agency whereby your specific set of requirements can be addressed. I will set up such a meeting when the State advises that the contract is official and issues guidelines and procedures.

Sincerely,

John A. Moore, Jr.
Assistant Vice President
for Administration & Finance

NOT yet
final rules
C...
9 FEB 91

k


cc: Warren Strauss



Food and Feed Grain Institute

Shellenberger Hall
Manhattan, Kansas 66506
913-532-6161
Telex #215406 TBYT UR KSU/GSI

December 23, 1985

TO: Dr. C.W. Deyoe
FROM: Roe Borsdorf 
REF: Post Legislative Audit concerning cost of airline tickets
purchased by State of Kansas Agencies

A Post Legislative Audit has estimated that the Agencies of the State of Kansas have spent \$625,000 more in airfares using current purchasing procedures for airline tickets than if tickets had been purchased under a master contract. The importance of this finding as related to FFGI activities is that it may become mandatory for State Agencies to purchase air tickets under a master contract.

FFGI activities should be exempt from this potential constraint. First, FFGI activities are not state tax supported. Second, FFGI ticket purchases already conform to AID regulations. Third, FFGI international travel schedules, in most cases, are usually set three weeks or less before required departure dates. FFGI has little control over required departure dates and compliance to an arbitrary state regulation would undoubtedly cause unnecessary administrative chaos and possible delays in departure dates. Such delays would most probably cause a large amount of dissatisfaction with our principal clients, USAID Missions in developing countries. This could possibly cause FFGI to lose some potential business. This should be of special concern at this time since an increasing amount of our funding will be based on mission buy-in activities.

I have attached a list of international travel by FFGI for the past 2½ fiscal years for your review.

/kd
attachments

INTERNATIONAL TRAVEL

July 1, 1983-June 30, 1984

COSTA RICA - Chung, Phillips - July 5-13, 1983

BURMA - Borsdorf - September 12-October 20, 1983

CAPE VERDE - Pedersen - October 2-14, 1983

PHILIPPINES/INDONESIA/THAILAND - Teter - November 18-December 4, 1983, December 5-7, 1983, December 8-10, 1983

HAITI - Borsdorf, Foster - November 27-December 17, 1983

SRI LANKA - Borsdorf - January 13-February 19, 1984

UGANDA - Borsdorf - April 2-29, 1984

EGYPT/TUNISIA/MOROCCO/JORDAN/SYRIA - Hugo - April 15-22, 1984, April 23-25, 1984, April 26-May 3, 1984, May 4-6, 1984, May 7-15, 1984

COSTA RICA - Chung - April 22-30, 1984

PERU - Heid, Stryker - May 27-June 22, 1984

PHILIPPINES - Briggs, Steele - June 14-July 2, 1984

COSTA RICA - Chung, Hugo, Pedersen - January 16-February 12, 1984

FRANCE - Pedersen - June 12-13, 1984

INTERNATIONAL TRAVEL

July 1, 1984 - June 30, 1985

SUDAN - Borsdorf, Haque - July 28-September 2, 1984
INDONESIA - Chung - August 13-20, 1984
MALAYSIA - Chung - August 20-26, 1984
LIBERIA - Burroughs, Wright - August 26-30, 1984
NEPAL - Pedersen - July 28-August 16, 1984
BOTSWANA - Burroughs, Wright - August 30-September 15, 1984
GUATEMALA - Reed, Stryker - September 2-29, 1984
IVORY COAST - Burroughs, Wright - September 17-19, 1984
EL SALVADOR - Stryker - September 29-October 18, 1984
BRAZIL - Hugo - October 29-November 2, 1984
JORDAN - Haque - November 9-23, 1984
SENEGAL - Borsdorf - November 15-December 5, 1984
GHANA - Borsdorf - December 6-14, 1984
ZAMBIA - Wright - January 4-16, 1985
HONDURAS - Hugo, Phillips - January 19-February 21, 1985
ECUADOR - Borsdorf, Haque - February 3-16, 1985
SENEGAL/GAMBIA - Wright - February 7-17, 1985
LIBERIA - Burroughs, Wright - February 14-18, 1985
HAITI - Borsdorf - February 26-March 8, 1985
INDONESIA - Phillips - March 8-23, 1985
COSTA RICA - Chung - March 9-17, 1985
ECUADOR - Stryker - May 25-June 23, 1985
PANAMA - Hugo - March 23-30, 1985
PHILIPPINES - Wright - May 27-30, 1985
BELIZE - Phillips - May 28-June 7, 1985
COSTA RICA - Phillips - June 10-21, 1985
LONDON - Pedersen - June 29-July 6, 1985

INTERNATIONAL TRAVEL

July 1, 1985 - June 30, 1986

COSTA RICA - Hugo, Phillips - August 11-14, 1985

PERU - Burroughs, Haque, Urello - July 30-August 27, 1985

MALAYSIA - Chung, Teter - October 6-13, 1985

COSTA RICA - Hugo - July 7-12, 1985

LONDON - Pedersen - June 29-July 6, 1985

BELIZE - Maxon - October 16-December 15, 1985

Hugo - October 24-December 12, 1985

Acasio - October 26-December 7, 1985

Reed - November 10-25, 1985

Phillips - November 19-23, 1985



Food and Feed Grain Institute

Shellenberger Hall
Manhattan, Kansas 66506
913-532-6161

December 15, 1986

Mr. John Moore
Assistant Vice President for Administration and Finance
Anderson Hall
U N I V E R S I T Y

Mr. Moore:

It has come to my attention via newspaper articles that there will be a state contract to cover all travel arrangements for state employees after January 1, 1987.

The Food and Feed Grain Institute engages in a large amount of international and domestic travel related to federal contracts we hold with USAID, USDA, and other federal agencies. Does this state contract apply to us, especially since our funding is derived from federal contracts and we must adhere to the travel regulations set forth in each contract?

If it is to be the case that FFGI must operate under this state contract then we have a specific set of requirements that must be complied with to meet federal regulations and job requirements. These are listed as follows:

1. Several alternatives of flight schedules must be provided for our review by the travel agent.
2. Tickets must at times be issued with the return portion of the trip "open".
3. Travel agent must be able to handle requests for tickets on short notice at various times, such as 3-5 days before departure.
4. Travel arrangements as per air carrier must be to our specification as we have to meet certain federal rules concerning use of American Flag Carriers.
5. Travel agent must handle last minute cancellations and/or rerouting with no penalty fees. This is not only required for initial ticket orders but also when an FFGI staff member is in another country. We have had this service in the past and will continue to require this of the new contractor.

STATEMENT

DATE: February 9, 1987

TO: Senate Committee on Governmental Organization

FROM: George Barbee, Executive Director
KANSAS LODGING ASSOCIATION
& TRAVEL INDUSTRY ASSOCIATION OF KANSAS

RE: SB-125

Mr. Chairman and members of the committee, my name is George Barbee and I am the Executive Director of the Kansas Lodging Association as well as the Executive Director of the Travel Industry Association of Kansas. Usually Mr. Nick Jordan, the chairman of the TIAK Legislative Committee, presents statements on behalf of TIAK. However, Mr. Jordan had to attend a meeting out of state and was not able to be here today so I have incorporated this statement to represent both organizations.

Both organizations are supporting Senate Bill 125 to repeal the present activities of the Department of Administration to award contracts to travel agencies to arrange travel for state employees.

The membership of the Kansas Lodging Association is made up of approximately 200 hotels and motels. The Travel Industry Association of Kansas is a strong and active group with members being representatives from Chambers of Commerce, Convention & Visitors Bureaus, Hotels, Motels, Attractions, Travel Agent and many others.

The subject of the state awarding contracts to the highest bidder surfaced in 1985 as a Senate bill that passed the Senate unnoticed by the industry but died in committee in the House after we addressed the issue. This should have been a message to the Department of Administration not to pursue the matter but not so. They decided that statutory authorization was not necessary and went ahead with the program. It is interesting to note that not only did the Legislature not want this program, but when it went to the awarding of bids, the travel agencies were not too anxious to bid. Not all of the zone contracts were awarded. Those that were awarded went to rather large agencies.

Consider some of the inconveniences to the state employees. There are a number of state employees that travel on a routine basis throughout the state -- extension services, KDOT field people, inspectors and more that will frequently leave a motel and the next reservation goes something like this, "Good to see you, Charlie. Save me a room next Tuesday night. I like that room number 14 if it's okay."

February 9, 1987

With that system there's no travel agent involved, there's no commissions paid that would cause room rates to increase, there's no phone calls and there were no delays.

We recognize that the present bid specs do not require lodging arrangements, but it allows it and it is a foot in the door to mandate that lodging reservations will be made through the system at some later point.

Consider the continuing education programs in various agencies and institutions that arrange for speakers to consult or deliver educational seminars. These speakers travel day in and day out. They can reduce costs if they coordinate with other destinations and calendar dates. It is not reasonable to make reservations for these people, they must do it themselves.

Consider the number of people that must travel to Kansas for all of the State Fair Activities. Not only do the State Fair personnel make arrangements, they also utilize a number of travel agencies as do many university personnel, thereby spreading business to allow small tour and travel agencies to make a profit.

That thing called profit is necessary in order for taxes to be assessed and paid to keep government alive. It seems impractical for the same government to create programs that endanger the small business people. And, as you know, many travel agencies are small "mom and pop" operations. However, the existing contract went to large agencies. That, too, creates another inconvenience.

If you travel a lot and use a large agency, you are all familiar with the message, "All of our agents are busy at the moment, please hold and the first available agent will serve you." Then you are allowed to listen to some nice music. Our state employees in small towns or large cities, rural or urban, should be allowed the freedom to retain the personal services that they now enjoy and not be subjected to these inconveniences.

SB-125 will send the necessary message. Hopefully it will be heard this time. We believe that the present program should be repealed as it is detrimental to the economic health of many travel agencies and could be expanded to affect lodging.

Thank you for the opportunity to be heard on this issue as we urge you to report SB-125 favorably for passage.



February 9, 1987

State travel testimony

I appreciate this opportunity to express my opinion regarding the new system in the state that consolidates all state-related travel requests to one single travel agency in a designated zone.

I applaud the efforts of the State of Kansas in their effort to save taxpayers money. I decry the method by which they are attempting to do so.

The Division of Purchasing compares this system with the "longstanding practice of purchasing office supplies in large quantities, which greatly reduces the total cost." This is hardly a justifiable comparison. The state may purchase pens and pencils by the thousands with one order, but state employees will be making their travel requests with individual orders. The pens and pencils may be the exact same type, whereas airline tickets are most often quite different as to routing, destination, and date of travel.

Therefore, the State of Kansas is asking for a rebate on each individual transaction as opposed to a "bulk purchase" that the state has mistakenly claimed that the travel services provided will comprise.

In every city where there are state offices, many small businesses depend upon the distribution of state funds via purchases throughout the community economy. The travel service industry is, by and large, operated by individual owners who depend upon repeat business for the continued success of their office. They can remain successful through an open system of competition, which is a natural incentive to providing professional travel advice and a range of low air fares.

Take away the incentive to offer the lowest available air fare via friendly competition, and over the long run, the state may find that this new travel system has increased costs to the taxpayers.

They may find that it is detrimental to the state and local economies if some of these small businesses are not able to withstand the loss of revenue and reduce their work force or go out of business. Anyone remotely familiar with the entire travel industry knows that these travel professionals are experiencing some difficult times already, without the added concern that the state travel situation has imposed upon them.

I ask that the State of Kansas move quickly to right the wrongs that have already been inflicted on the many numbers of small business owners that have been affected by this travel contract.

Respectfully,


Penny J. Tuckel, CTC
Vice-President

3123 Huntoon • Weather's Mart • Topeka, Kansas 66604 U.S.A. • 913 / 232-3200

EXHIBIT D
2/9/87



SUNFLOWER TRAVEL SERVICE

704 Massachusetts Street, Lawrence, Kansas, U.S.A. 66044 — 913-842-4000/800-422-8747

SUNFLOWER TRAVEL CONSULTANTS

4235 28TH AVENUE, MARLOW HEIGHTS, MARYLAND 20031 — TELEPHONE 301-423-5500

February 9, 1987

Senate Hearing:

First of all, I would like to say that in principle I am in favor of the intent in which the Department of Administration let bids on official Kansas travel, especially limited to Kansas travel agencies. However, I am not in favor of the State of Kansas using "official" travel agencies for many reasons.

Historically, the traveling public is enjoying the best travel values in its history. Because of airline and travel agency de-regulation, these industries have become extremely competitive. As a Lawrence, Kansas travel agency owner, I can assure you this scenario is as true in our community as across the nation.

The Travel Industry is based on service. There are six travel agencies in Lawrence. We compete on the only real basis we can, i.e. service. This not only includes providing the best airfares possible and delivering tickets. In the past, it has also included taking business calls at home late at night, opening the office to process emergency tickets, and taking K.U. clients to the Kansas City airport.

Not only is this service provided in the name of competition but because our Kansas University clients are also our friends and neighbors. It is a matter of conscience that we provide the best fares and service. In my opinion, what the State of Kansas gains in the form of discounts is more than lost in service.

On a local basis, a Kansas travel agency discount would otherwise become Kansas taxable income. Although not an economist, I believe there is a multiplier effect which contributes to the Lawrence economy. In addition, we pay local taxes which indirectly supports the infrastructure of the University of Kansas. The "net" savings to Kansans is not what it not what it appears on the surface.

By the State dictating which travel agency to use, I have sensed frustration and hostility in our K.U. travel customers. I have heard numerous comments on ways K.U. staff

EXHIBIT E
2/9/87



and faculty plan to circumvent the new system. In my opinion, the new travel policy also contributes to lower job satisfaction and moral.

We have had a numerous complaints of higher airfares from the "official" travel agency. In fairness to King Travel Service, airfares can change almost simultaneously. However, we seem to have received an unusually high number of calls from K.U. clients stating quoting higher fares from King Travel. Simple logic would lead me to think six Lawrence travel agencies and 30 to 40 individual travel agents can better serve the University community than 4 or 5 agents thirty miles away.

It is my understanding that travel paid by Federal grants also must be processed by "official" Kansas travel agencies because they are paid through the Kansas treasury. I do not see the rationale, and therefore, since it has no bearing on official Kansas travel, it should be eliminated.

The State of Kansas goes on record it supports small business. However, the new travel policy takes business away from six small business and gives to one larger travel agency.

If one agency has all of the business, where is the incentive to find the lowest airfare and provide the best service. Profit margins are so low in the travel industry that what an agency gives up in one area, they make up in another if they're going to stay in business.

In conclusion, I feel the savings to the state is not what it appears. The new process creates a disincentive for low airfares through "official" state travel agencies, stifles competition, counters the State's support of small business, and creates intangible costs such as job satisfaction and morale, and in my opinion, costs Kansas taxpayers more in the long run.

I would be glad to try to answer any questions you may have.

Respectfully submitted,

Chris W. Armstrong
President
SUNFLOWER TRAVEL SERVICE, INC.

Governmental Organization Committee
Chairman Senator Vidricksen

Dear Senator Vidricksen and Committee:

It is my pleasure to have the opportunity to testify before you here today as an opponent of Senate Bill 125.

Approximately a year ago I had the pleasure of testifying before the House Ways and Means Committee, opposing Senate Bill 239 which was also a state travel related bill. Some may indicate to you my testifying here today is in direct rebuttal of my previous testimony opposing Senate Bill 239, but I am glad to have today to clarify my position on both bills.

Without taking a great deal of this Committee's time, I would like to take a moment to give a little background on Senate Bill 239 and the reason I was so strongly against the bill.

Senate Bill 239 was presented in such a way that the bill was so vague it allowed the opportunity for the State of Kansas to provide and have their own inhouse travel agency. By allowing that bill to be successful, we in the travel industry were allowing ourselves to compete directly with the State of Kansas.

My main thrust against Senate Bill 239 was, I feel that at no time should free enterprize compete with state or federal government in the free market place, when services are already being provided through the retail travel industry. My second reason for opposing that bill was there were no guide lines or stipulations trying to protect the travel agencies in the State of Kansas. That bill would allow the State of Kansas to go outside the boundaries of the State to obtain travel services.

Since Senate Bill 239 was divided, the State of Kansas with direct response from the Governor's office, has chosen to take a new avenue. I must tell you I am here in support of that decision for a number of reasons.

- 1) The State of Kansas tried to provide the best travel related services possible and still protect local travel agencies throughout, by breaking the system down into ten zones.
- 2) They required that anybody bidding on any one or all of those zones would be required to have a point of presence in that zone. They again protected travel agencies in the state. By doing so, they eliminated the big conglomerates from coming into the state and skimming off the top and taking all that revenue outside the state.
- 3) The State provided several meetings with any and all travel agencies who chose to bid on the business and went over the contract in complete detail. They were very willing to listen to objections and suggestions. After doing so, they provided several addendums including some of the suggestions and criticisms, allowing it to be even more flexible to state travel agencies.
- 4) One of the original questions that was brought up at the very first meeting, was in the event that you did not have an official travel agency bid on a particular zone, how would that be handled. The State of Kansas advised at that time it would be appointed to an adjacent zone with the most qualified bid. At that time the question was asked, would you be required to have a point of presence in that zone.

4) Continued

The answer was no. The reason for that being the State of Kansas was trying to allow the agency to be more flexible and keep their overhead down without forcing them to put additional offices in zones that had minimal business and revenue.

- 5) Who would have ever thought that two of the largest zones within the State would not have qualified bids. By qualifying their bid with allowing discounts only on credit card business they disqualified themselves by not allowing the state vouchers to be used in conjunction with state payment.

Out of Zone 8 (Lawrence) which was one of the zones that did not have a qualifying bid, a great deal of dissatisfaction has come from Senator Winter who indicates that this program is a detriment to the state, and to the travel agencies. Senator Winter indicates that since zones have been awarded there is no reason for those travel agencies to provide the lowest fares and I totally disagree for the following reasons:

- 1) I have 20 years of experience in the travel industry which is the way I make a living. Senator Winter has, as far as I know, no experience.
- 2) The information being provided to Mr. Winter is coming out of the zone in which no travel agency has been willing to provide the State of Kansas with discounts for travel.
- 3) I have signed a contract with the State of Kansas guaranteeing them the lowest possible air fare at the time reservations are booked and ticketed, and in that contract the State of Kansas is holding King Travel Service to a binding one year contract, but they have a 30 day out.
- 4) In that contract we are also required to provide to the State of Kansas a multitude of reports, not only qualifying and justifying the fares that we use, but also provide for the first time, reports to the State of Kansas that will give them factual information, how the people are traveling, hotel information, car rental information, and budgeting information that will give vital information to each department for future budgeting.
- 5) I have been reading in the press of several examples indicating that King Travel Service, because of its lack of having to be competitive, has overcharged several State passengers. I am here to say this is totally false. Our responsibility has always been our loyalty to the customer and that is to always provide the lowest possible air fare at the time air fares are made and ticketed.

Checking Around

There has been talk about the fact that without a contract that allows State employees to check around to always get the lowest fares. I question whether or not the average state employee is willing or has the time to check around to 3 or 4 agencies to get the so called "lowest fare" I think those agents for that state employee, you will find that they are almost always the same when compared apples to apples.

There have been comments made that by just looking into the screen a little longer you can always find a lower fare.

I can assure you that this is not always the case . I can also tell you all of the travel agents I know have always tried to provide the lowest fare possible because of the competitive agencies and with the state contract as it is, still requires that competitiveness.

2112 West 25th Street
Holiday Plaza
Lawrence, Kansas 66046



Holiday Travel

February 9, 1987
913 841-8100

TO STATE LEGISLATORS:

The exciting adventure of small business is the opportunity to do one's best; to succeed on one's own merit. America's symbol and spirit rest on this premise.

There will always be small business and big business. Small does not mean inefficient or limited. We are all small in the beginning. "Support your local business", has long been an endeavor for communities.

With the current State Travel Edict, of mandatory booking of travel arrangements, by state employees, with a particular bidder; the small business is the loser.

As a Kansas Taxpayer, it is in my best interest to give the lowest fares possible to the State Traveler. To be asked to rebate up to 5% of our 8-10% ~~profit margin~~ in addition, is inappropriate.

Commissioner
I support Senator Wint Winter's bill to eliminate the State Travel plan. I cite the following reasons:

1. In my opinion and experience, the State Travel plan, as designed will not save the state money.
2. In the case of University travelers in particular, the State is asking those who are teaching the value of free enterprise to our youth, to limit their own freedom. To be told who to book your travel with seems contradictory.
3. The plan kills incentive for fair competition.
4. The State Travel plan invades the long term relationship of trust and confidence between client and agent.
5. The State Travel plan contradicts the intent of the State Department of Economic Development in their endeavor to encourage small business in the State of Kansas.

I therefore urge our legislative representatives to vote in favor of Senator Wint Winter's bill to eliminate the State Travel plan.

Thank you.

Ruth Hughes
Ruth Hughes, Owner of Holiday Travel

EXHIBIT G
2/9/87



February 9, 1987

Dear Senators:

On behalf of the Lawrence Travel Center I would like to thank you for allowing me the opportunity to share my thoughts on the recently imposed State travel plan.

Our travel agency is the 2nd largest of 6 travel agencies located in Lawrence. I did not bid the first time on the State travel plan simply because upon careful review of the travel plan, I felt our agency could not afford to meet all the State's requirements and make a profit. In fact, most travel agencies would find it next to impossible to provide the State with the requirements they have specified, along with good service and most importantly the guaranteed lowest air fares, and then give back to the State a 5.001 percent discount and still make a profit.

However, if a travel agency did not always give the lowest available air fare to the State they could indeed meet all the State's requirements and make a profit. I thought it most interesting that in a recent article that appeared in the January 12, 1987 issue of the Lawrence Journal World, concerning the State travel plan, that David Stremming, Executive Vice President of King Travel, seemed so concerned about Senator Wint Winter Jr. having more to do in Douglas County than to check into the price of every reservation that his travel agency handled. I think without question, Senator Winter has struck a nerve. I know that our travel agency has experienced cases where King Travel has not provided State employees with the lowest available air fares. I make this statement not to question the integrity of King Travel, for to the best of my knowledge King Travel is a highly reputable and professional travel agency. Rather, I make this statement to point out that when you eliminate the element of day to day competition from the marketplace you leave yourself wide open for a problem of this nature, for it is competition that creates our checks and balance system.

In conclusion, it is my opinion that the imposed State travel plan and the latest proposal asking for re-bids is not a good plan for the State or the travel agency community throughout the State of Kansas. I strongly feel that there are other plans that can better accomplish cost savings for the State without jeopardizing the success and survival of so many of our State's small businesses and their employees.

Our agency fully supports the introduction of legislation to stop this travel plan. If by chance I can be of assistance in this matter, please do not hesitate to contact me and thank you for allowing me to share my thoughts on this issue.

Sincerely,

Patrick Kelly
Patrick Kelly
President

EXHIBIT H
2/9/87

Southern Hills Shopping Center • (913) 841-7117

P.O. Box 3746 • 1601 West 23rd Street • Lawrence, Kansas 66046

STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION
Division of Purchases

MIKE HAYDEN,
Governor
NICHOLAS B. ROACH,
Director of Purchases

Landon State Office Building
900 Jackson
Room 102 N
Topeka, Kansas 66612-1220
(913) 296-2376

M E M O R A N D U M

TO: Senate Governmental Organization Committee
FROM: Nicholas B. Roach, Director of Purchases
DATE: February 9, 1987
RE: Senate Bill 125

Senate Bill 125 would prohibit the renewal of State Contract 27397, as well as prohibit the creation of any travel and travel-related contracts.

Recognizing a potential for savings, if only to the extent of enhancing travel budgets by that savings, the Secretary of Administration urged this office to go about entering into a contract (or contracts) for the provision of Travel Services.

In July, 1986, this office surveyed all of the State Purchasing Offices across the country to get a picture of what others are doing. Fourteen other states have programs similar to that which we now have in place.

On September 26, 1986, we mailed bids to 177 potential bidders. This number was exceptionally high, due to our intent to not exclude any travel agent located in Kansas. Responses were predictably low (9), due to various requirements set forth in the bid, and deemed to be in the best interests of the State of Kansas.

Each bid mailed out included a map, detailing the nine zones we were establishing; estimates on dollars to be spent by zone; and the usual list of contractor responsibilities, which in this contract were unique, and are as follows:

EXHIBIT I
2/9/87

1. Sell tickets at the "lowest available applicable fare."
2. Deliver tickets, itineraries and boarding passes (if applicable), within twenty-four hours of original request.
3. Provide a 24-hour, toll-free number for emergency itinerary changes and emergency services.
4. Provide a toll-free number for agencies to use to make reservations during regular hours of operations.
5. Provide management reports, on a monthly basis, showing what airlines were used, as well as the number of trips, average fare, discount earned, date of travel, routing, and fare.
6. Provide assistance to State personnel to facilitate travel planning and contract management.

A pre-bid conference was held on October 9, 1986, where questions were presented by twenty-eight attendees, and answers provided by the Director of Purchases, Assistant Director, and the State Contracting Officer handling the contract. A Court Reporter transcribed that meeting into a forty-five page document which was compacted into an eight page listing of questions and answers which were distributed to all who received the bids originally, regardless of their attendance at the pre-bid conference.

In addition to the resultant Contract, all agencies were issued Division of Purchases Informational Circular #476, which went into details of use.

At this time, the Division of Purchases has a bid out to attempt to establish point-of-presence Travel Contractors for Zones 2, 3, 4, 7, and 8, since the original award was made to bidders with a point-of-presence in an adjacent zone (in accordance with the original bid specifications). Those bids will be opened on February 17, 1987.

The following figures point out the anticipated fiscal impact of the Contract, as well as detailing the award:

Senate Governmental Organization Committee
February 9, 1987
Page 3

<u>ZONE</u>	<u>KEY CITY</u>	<u>CONTRACTOR</u>	<u>EST. VOLUME</u>	<u>DISC. %</u>	<u>EST. SAVINGS</u>
1	Hays	Waconda	\$ 81,124	3.507	\$ 2,845
2	Dodge City	Waconda	13,159	3.507	461
3	Wichita	Creative	236,022	6.201	14,635
4	Pittsburg	-None-	56,848	-0-	-0-
5	Manhattan	Creative	660,192	6.201	40,938
6	Topeka	King	601,654	5.001	30,088
7	Emporia	Creative	46,499	6.201	2,883
8	Lawrence	King	401,106	5.001	20,059
9	Kansas City	Bryan	129,502	3.126	4,048
TOTALS			\$2,226,106		\$115,957
AVERAGE				5.209%	

NBR:dh