

Approved May 6, 1987  
Date

MINUTES OF THE Senate COMMITTEE ON Ways and Means

The meeting was called to order by Senator August "Gus" Bogina at  
Chairperson

8:00 a.m./~~pm~~ on April 3 (a), 1987 in room 123-S of the Capitol.

All members were present except:

Senators Kerr and Feleciano on excused absences

Committee staff present:

Research Department: Robin Hunn, Ed Ahrens, Diane Duffy, Richard Ryan, Laura  
Howard

Revisor's Office: Norman Furse

Committee Office: Judy Bromich, Pam Parker

Conferees appearing before the committee:

HB 2207 - Distribution of transportation aid to school districts

Gary Stotts, Acting Director, Division of Budget, reviewed HB 2207 and following discussion, Senator Doyen moved, Senator Gannon seconded, to report HB 2207 favorably for passage. The motion carried on a roll call vote.

HB 2574 - Salaries and compensation increases for certain state officers and employees, appropriations for FY 1988.

Mr. Stotts reviewed HB 2574. He noted that the Governor's Budget Amendment No. 3 recommended adjusting the employer rate on KPERS and as part of that recommendation, the Budget Division has proposed that the funding in HB 2574, the "pay bill", be adjusted as opposed to adjusting all of the individual agency budgets. Then, as each agency salary proposal is reviewed, those adjustments would be sorted out. He underscored the fact that their recommendation would not change the recommendation of the "pay bill", but would change the funding by taking advantage of whatever savings there might be in agency budgets in KPERS. He stated that they estimate the KPERS adjustment would save \$3 million State General Fund for non-school state employees and they propose the "pay bill" be reduced by that \$3 million SGF.

In answer to a question from Senator Gannon, Mr. Stotts stated that a set of benefits has been established for state employees by statute and the question is what the cost is to maintain those benefits to assure they will be covered. That rate is put into statute and that is what is collected. The experience has been better than anticipated because of earnings, and the money which has been collected, or the rate that was set to do that, was higher than it needed to be to maintain those benefits for that group of people. Their suggestion reduces the employer rate to offset that. If the money stays in place, the other option is that improved benefits can be afforded for employees. It is a question of whether to set the rate and maximize the benefits, or set benefits and determine the cost.

Senator Johnston moved, Senator Gannon seconded, to amend HB 2574 by recommending modification of the pay plan to provide for an increase of 1.5 percent for a full year and striking the words, "and which ends after December 31, 1987" from lines 0038, 0052, and 0067. The motion carried on voice vote.

A motion was offered by Senator Talkington and seconded by Senator Doyen which would reinsert the stricken language concerning the reallocation of existing positions on lines 0089, 0090, 0091, 0104, 0105, and 0106 and inserting language effecting the release of funds upon Finance Council approval. The motion carried on voice vote.

Senator Talkington moved, Senator Doyen seconded, to report HB 2574, as amended, favorably for passage The motion carried on a roll call vote.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Ways and Means,  
room 123-S, Statehouse, at 8:00 a.m./~~p.m.~~ on April 3 (a), 1987.

HB 2250 - Pooled money investment board, authorized repurchase agreements.

Staff reviewed HB 2250 and there being no other parties to speak concerning this bill, Senator Werts moved, Senator Gannon seconded, to report HB 2250 favorably for passage. The motion carried on a roll call vote.

HB 2354 - KPERS, retirement benefit options.

Marshall Crowther, KPERS, reviewed HB 2354 and it was the decision of the Committee to hold the bill and take no action on it.

HB 2500 - Salary reduction of state officers and employees, effect on retirement benefits.

Mr. Crowther explained HB 2500 and Senator Gannon moved, Senator Gaines seconded, to report HB 2500 favorably for passage. The motion carried on a roll call vote.

HB 2550 - Kansas public employees retirement system, insured death and disability benefits, limits related to age.

Mr. Crowther explained HB 2550 and Senator Gaines moved, Senator Werts seconded, to report HB 2550 favorably for passage. The motion carried on a roll call vote.

HB 2556 - Procurement negotiating committees for state agencies.

Art Griggs, Assistant Secretary of Administration, distributed and reviewed a memorandum dated April 2, 1987 regarding HB 2556. (Attachment 1) Senator Winter moved, Senator Werts seconded, to report HB 2556 favorably for passage. The motion carried on a roll call vote.

HB 2561 - Multiyear appropriations, capital improvements for certain state agencies.

Senator Winter moved, Senator Talkington seconded, to report HB 2561 favorably for passage. The motion carried on a roll call vote.

The Chairman recessed the meeting at 9:05 a.m. until after Session.





## DEPARTMENT OF ADMINISTRATION

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H. Edward Flentje, *Secretary*

April 2, 1987

M E M O R A N D U M

TO: Senate Ways and Means Committee

FROM: Art Griggs *AG* Assistant Secretary of Administration

SUBJECT: HB 2556

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, major procurements for the Kansas Lottery, and several other specific areas. 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.

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

ATTACHMENT 1

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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.

The House amended the bill limit product procurements to technical products and to provide for reporting to the L.C.C. and the Chairpersons of the House Appropriation and Senate Ways and Means Committees.

AHG:jDeS