

Approved 3-28-88
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Rochelle Chronister at
vice-Chairperson

12:30 ~~am~~/p.m. on March 7, 1988 in room 514-S of the Capitol.

All members were present except: Representatives Bunten, Heinemann, Fuller, and
Wisdom (all excused)

Committee staff present: Diane Duffy, Ellen Piekalkiewicz, Russ Mills,
Alan Conroy, Legislative Research
Jim Wilson, Revisor of Statutes
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Vance Liston, Kansas Society of Architects
Warren Corman, Director of Facilities, Kansas Board of Regents
George Barbee, Executive Director, Kansas Consulting Engineers
John Hipp, former State Architect
Representative Clarence Love

Others attending: See attached list.

HB 3005 - An Act concerning architectural services for capital improvement projects for state agencies; relating to contract and fee negotiations; amending K.S.A. 75-1257, 75-1258 and 75-1265 and K.S.A. 1987 Supp. 75-1254 and repealing the existing sections; also repealing K.S.A. 1987 Supp. 75-1263.

Vance Liston, Kansas Society of Architects, testified in support of HB 3005 (Attachment 1). This bill eliminates the current fee "maximums" established by K.S.A. 75-1263 for "fees paid to firms employed as project architect to provide architectural services...". He noted the bill will allow the flexibility to pay a higher fee for more complex projects on which architects working for the state now are having difficulty making a profit and, in some cases, just covering costs.

Warren Corman, Director of Facilities, Kansas Board of Regents, testified in support of HB 3005. He emphasized that most of the Regents' jobs are very complex and, when a fair and appropriate fee cannot be paid, the architect cannot do all the site inspections that are desirable on complex jobs. He feels having a published fee schedule is a disadvantage in negotiating fees with architects. Mr. Corman stated the current fee schedule was enacted in 1974 to correct a poor and, at times, corrupt system of selecting architects for state construction projects and it has accomplished this purpose. This bill does not change the way in which an architect is hired; it removes the fee schedule for paying architects. Representative Vancrum observed that on the more complex projects, removal of the fee schedule from the statute will definitely increase fees paid.

George Barbee, Executive Director, Kansas Consulting Engineers, responded to a member's question of why the state doesn't set the fees for approved architect's rather than negotiating. Mr. Barbee stated a vital ingredient is the negotiation of fee versus the contract and, if agreement is not reached, the state can terminate with that firm.

John Hipp, former Kansas State Architect, strongly supports HB 3005. He stated the system of selecting architects works very well and this bill does not change that. The only change will be to allow the negotiating committees the freedom in a certain set of circumstances to pay the architect a fair and reasonable fee for the services he is going to provide. Mr. Hipp has supported this change for four years before the State Building Construction Committee.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 1:30 ~~am~~/p.m. on March 7, 1988

HB 2703 - An Act concerning the Kansas police and firemen's retirement system; relating to retirement benefits; amending K.S.A. 74-4958 and repealing the existing section.

Representative Clarence Love, sponsor of HB 2703, appeared and submitted written testimony with an explanation of the bill (Attachment 2). The bill provides that if no person would qualify as the retirant's spouse under the present definition at the time of death of the retirant, the person married to the retirant at the time of retirement and had been married to the member for at least 35 years would be entitled to receive benefits.

HB 2996 - Claims against the State.

Chairman Chronister turned to consideration of HB 2996 heard in Committee on Thursday, March 3, 1988. Representative Guldner moved that Section 14 be removed from HB 2996. Seconded by Representative Dyck. Representative Mainey opposed the motion stating the Claims Committee's decision based on all the facts in the case should stand. On a vote, motion carried.

Staff requested direction from the Committee regarding the motion on a previous day to offset the amounts awarded to inmates in the Claims bill who owe the state for their defense. Representative Ott made a motion to reduce the Corrections budget to correlate with the amounts lapsed from the bill. Seconded by Representative Hoy. During discussion it was noted that if the claim amounts are lapsed for restitution for defense services, the inmates should receive credit for having made a payment on their owed amounts. Representative Ott withdrew his motion with the permission of the second, Representative Hoy.

Representative Brady made a motion to reconsider the Committee's actions on Thursday, March 3, in which the Committee voted to offset the amounts of money in this bill against amounts owed by inmates for defense services. Seconded by Representative Mainey. Motion carried.

Back on Representative Chronister's motion to offset the settlements to certain inmates for loss or damage of personal property against amounts owed the state of Kansas for defense services, Representative Solbach offered a substitute motion to reinsert Section 14 of the bill as it was with the exception that the settlement be set at \$5,000 in lieu of \$10,000 and that the amount be paid from the State General Fund instead of the State Fair Fee Fund. Seconded by Representative Williams. Motion carried.

Staff explained that an amendment is required for Section 10 (a) and (b) that the awarded amounts be expended from the Penalty and Interest fund rather than the Administration fund, which is part of the Employment Security Fund. Representative Hamm moved that Section 10 (a) and (b) be amended to expend the claim amounts from the Penalty and Interest fund. Seconded by Representative Brady. Motion carried.

Representative Mainey moved that HB 2996, as amended, be recommended favorably for passage. Seconded by Representative Hamm. Motion carried.

The meeting was adjourned at 1:55 p.m.

March 1, 1988

The Honorable William W. Bunten
Chairperson - Appropriations Committee
Kansas House
Room 514-S - State Capitol
Topeka, Kansas 66612

Dear Representative Bunten:

I'm writing on behalf of the Kansas Society of Architects and as a constituent about HB 3005; "AN ACT concerning architectural services for capital improvement projects for state agencies; relating to contract and fee negotiations."

We strongly support passage of this bill and seek your help for prompt and favorable handling in the Appropriations Committee and subsequently in the Committee of the Whole. This bill will eliminate the current fee "maximums" established by KSA 75-1263 for "fees paid to firms employed as project architect to provide architectural services....".

At the time this fee schedule was established in 1974, these maximum levels were workable; even complex projects could be accommodated within these parameters. Since then, the State has continued to expand it's list of required services in response to changing conditions such as increased energy and environmental awareness. The maximum fee levels have not been increased to compensate the project architect for these additional services.

Concurrently, construction inflation has increased significantly (100% +) in Kansas since 1974. Some have argued that inflation in the construction industry results in higher fees for architectural services; that the architects' inflated cost of doing business is compensated naturally. For any State project that exceeds one million dollars, the fee structure actually reduces the allowable maximum fee percentage available to the project architect. Unless, over time, the architect's overhead inflates at a lower percentage than construction costs, the architect is losing ground to inflation.

This is the situation now facing our architects that are doing State work. For the more complex projects, additional services and inflation have eliminated the potential for the architect to make a profit or, in some cases, to even recover his costs. In addition to these factors, the often discussed premium

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Attachment 1

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increases for professional liability insurance have further eroded the project architect's profitability in the State environment.

Enactment of this bill will not automatically raise the fees paid by the State. This bill will simply allow the negotiating team the flexibility to pay a higher fee for more complex projects. We expect State negotiators to continue to be diligent in holding the line on fees for architectural services. To insure said diligence, this bill requires the secretary of administration to report to the joint committee on state building construction all actions by negotiating committees relating to contract and fee negotiations.

Further; enactment of this bill will provide parity for all professionals (engineers, attorneys, et.al.) that provide services for the State by eliminating a fee structure that now only applies to the architectural profession.

Again, we seek your valued assistance in support of HB 3005. If I can provide further information, please call me on 913-276-8273 (Topeka).

Respectfully submitted,

Vance W. Liston, AIA
Chairperson - Public Policy Committee
Kansas Society of Architects, AIA

CLARENCE C. LOVE
 REPRESENTATIVE, THIRTY-FIFTH DISTRICT
 WYANDOTTE COUNTY
 2853 PARKVIEW
 KANSAS CITY, KANSAS 66104
 (913) 371-5625



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HOUSE OF
 REPRESENTATIVES

COMMITTEE ASSIGNMENTS
 MEMBER: GOVERNMENTAL ORGANIZATION
 INTERSTATE COOPERATION
 ECONOMIC DEVELOPMENT

Mrs. Helen Hope, a lady in Kansas City, requested this bill to amend the Kansas Statutes on K.P.E.R.'s retirement. She wishes to be the recipient of her late husband Jesse Hope's retirement benefits.

Jessie Hope was married to Helen for thirty seven years and bore him two sons. He was a District Fire Chief in Kansas City, Kansas. Shortly after his retirement he and Helen were divorced and he remarried. He died three years after his second marriage.

Under present law neither one of his spouses can be the recipient of his retirement benefits. My bill, HB 2703, creates a subsection that states: "If no other person qualifies for benefits, the term "member's spouse", shall include any person married to the member at the time of retirement of such member and for a total of at least 35 years even though such member and such person are not married to each other at the time of the member's death".

Clarence C. Love
 Representative
 35th District

CCL:lsf

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 Attachment 2

Summary of House Bill No. 2703

House Bill No. 2703 amends a provision in the Kansas police and firemen's retirement system relating to the payment of retirement benefits upon the death of a retirant. Present law provides that in the case of the death of a retirant who had not elected to retire under one of the retirement benefit options under K.S.A. 74-4964, a retirement benefit shall be paid to the retirant's spouse under certain conditions. The conditions under which the retirant's spouse is entitled to receive the benefits are that (1) the spouse must have been married to the member for at least one year at the time of the retirant's death, or (2) the spouse had been married to the retirant for at least five years after the date of the retirement of the retirant.

The bill would provide that if no person would qualify as the retirant's spouse under the present definition at the time of death of the retirant, the person married to the retirant at the time of the member's retirement and had been married to the member for at least 35 years would be entitled to receive the benefits.