

Approved Thomas F. Walker 7-88
Date

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Representative Thomas F. Walker at
Chairperson

9:00 a.m./p.m. on Thursday, February 4, 1988 in room 522-S of the Capitol.

All members were present except:
Representative Barr

Committee staff present:

Avis Swartzman - Revisor
Carolyn Rampey - Legislative Research Department
Mary Galligan - Legislative Research Department
Paul West - Legislative Research Department
Jackie Breymeyer - Committee Secretary

Conferees appearing before the committee:

Wayne Zimmerman - Deputy Secretary, Department of Commerce
Jack Montgomery - Director, Existing Industry Division
Tony Augusto - Office of Minority Business
Rochelle N. Carper - Office of Minority Business

Chairman Walker called the meeting to order. He stated the minutes would stand approved at the end of the meeting if there were no corrections or additions.

The Chairman introduced Wayne Zimmerman, Deputy Director, Department of Commerce, who in turn introduced Jack Montgomery, Director of the Division of Existing Industry; Tony Augusto, Minority Business Office and Rochelle N. Carper, Minority Business Office.

Mr. Augusto stated he had no presentation as such but would be happy to answer any questions the committee had with respect to the Minority Business Office.

Representative Love started the discussion with a few comments. He stated that he had visited with Mr. Priddle and Mr. Montgomery when the Department had visited the committee recently to express his concerns. The Office of Minority Business is under the Existing Industry Division. Formerly Minority Business had been a division. Representative Love feels the Minority Business Office will lose its identity and those with complaints will not get them addressed. He has dealt with agencies before where this has happened. He is not saying that minority business should be directly under the governor, but he would like to see it directly under Secretary Priddle. He feels this would give minority business more attention than it is getting now.

The Deputy Director responded that he had not been involved with this area of government when the change was made but the people at that time felt confident that it did not downgrade minority business in any way when it was put under the Existing Industry Division.

Mr. Augusto spoke of when the Division of Minority Business became the Office of Minority Business under the Existing Industry Division. The difference in the working of the office is in title only; the effectiveness and operation is still the same. They are doing the same work they have always done. The office has the support of Mr. Priddle and Mr. Montgomery. The problem right now is with funding. Because of Gramm-Rudman the Office of Minority Business will lose a large percentage of budget money. The concern is having enough funds to keep the Office of Minority Business where it's at now. The office is as effective as the people who are in it. There is hands-on contact with venture capital and business retention.

Barriers still exist but the office is working for elimination of these barriers. One of these barriers lies in the lack of familiarity with persons in the procurement division of the Department of Administration as minority businesses are often not successful in the bidding process. Mr. Augusto feels that this can be improved and he is working to personally acquaint small businessmen with the personnel in that office.

One of the good things about working within a division is that when the Office of Minority Business was a division it was not aware of many things that were going on. Now that it is within a division the people are there and know what is going on in the different departments. There is the increased ability to work with and communicate with other entities. Legislation will be forthcoming next year which will be of a goal setting type. They would like to work from the top down through government for a certain percentage of procurement with minority business. At this time this is not happening but there is improvement. Mr. Augusto mentioned

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

room 522-S, Statehouse, at 9:00 a.m. ~~XXX~~ on Thursday, February 4, 1988.

that KDOT does a good deal of business with minority business because of the federal money mandates. Possibly legislation could do something similar to the federal. Mr. Agosto said he would have some statistics available for each member of the committee.

Representative Love stated he wanted to make it clear there was no criticism of department officials; he only wants minority business to get its complaints resolved without going through several layers of bureaucracy. The number one concern is for minority business to be able to operate in the mainstream of Kansas.

Mr. Zimmerman made a few closing comments. He said the staff is doing an excellent job and they are accessible. There are some problems that need to be addressed. With teaching and education minority business will be better able to understand the system with its guidelines and procedures.

Twenty-six seminars were held to help initiate minority business in the process of the system last year.

The Chairman thanked the conferees and directed the committee's attention to the Community Development Block Grant Program.

Carolyn Rampey, Legislative Research Department, gave a short overview of the Committee Report that extended the agency for three years from 1985 to 1988. An interim study had been requested of this area. She introduced Paul West, Legislative Research Department, who was present to review what had taken place in that interim study. (Attachment 1) The conclusions of the interim report were that the problems encountered by the Department of Economic Development were due to the staff not being aware of the volume of work that would be generated and the problems in processing the many applications. With the acquisition of a microcomputer, applications were processed more effectively. Many of the problems encountered in the first year's operation were addressed. Mr. West also commented on the minority reports attached.

Don Gragg, Division of Community Development, passed out a map (Attachment 2) that showed the geographic distribution of community development block grant awards by year and the number awarded by county. He gave many statistics. Two hundred thirty-five thousand Kansas citizens have benefited from the program.

The information regarding the rewarding or rejection of grants is submitted to the House or Senate member of the district involved. The program does encourage applicants, but staff does try to be honest and not give any false hope. They directly help only in the mechanics of the application. There is one round for community development and three rounds for economic development. At times it is hard to keep up with changing HUD guidelines.

The government feels that those communities with populations of 50,000 or more have the ability to administer their own programs. Mr. Gragg cited the communities of Kansas City, Lawrence, Topeka, and Wichita.

Far western counties will have a full time person who will staff an office in Garden City. This will provide more assistance to these counties. Mayors, county commissioners and other officials will be invited to workshops.

Mr. Gragg said to look into the future is to see the decline in federal funds. Funds started at 17 million but are down to 11 million now. At some point in time the states will have to prepare for the day the federal government will no longer fund.

The Chairman thanked the conferees and pointed out the changes in next week's agenda.

The meeting was adjourned.

From 1985 Interim

COMMITTEE REPORT

TO: Legislative Coordinating Council
FROM: Special Committee on Federal and State Affairs
RE: PROPOSAL NO. 32 — SMALL CITIES COMMUNITY
DEVELOPMENT BLOCK GRANT FUND DISTRIBUTION

Proposal No. 32 directed the Special Committee on Federal and State Affairs to:

monitor the allocation and distribution of the Small Cities Community Development Block Grant Fund by the Kansas Department of Economic Development.

Background

This study was requested by the Chairman of the House Governmental Organization Committee in a letter to the Legislative Coordinating Council in the spring of 1985. The topic was requested to review the Small Cities Community Development Block Grant Program (CDBG) as administered by the Kansas Department of Economic Development (KDED) in light of the newness of the program and the significant amount of federal funds distributed.

ATTACHMENT 1
G.O. COMMITTEE

2/4/88

The CDBG program is an outgrowth of the federal Housing and Community Development Act of 1974. The Small Cities Program is designed for grants to towns or counties with a population of under 50,000. The Department of Economic Development was charged with the responsibility for distributing the approximately \$17 million allocated to the state in 1984. Grants made under the program need to meet at least one of three national objectives: (1) benefit to low and moderate income persons; (2) prevention or elimination of slum or blight; or (3) activities which meet urgent community development needs. The Department allocates the funds available into three grant categories: economic development, community improvement, and state discretionary grants.

Committee Activities

The Committee received memoranda reviewing the 1985 program requirements, grants awarded under the Community Improvement category in 1985, grants awarded under the Economic Development category in 1984 and 1985, and a comparison of possible rating points in 1984 and 1985. The Committee received information indicating that the federal appropriation for the National Community Development Block Grant program for federal fiscal year 1985 totals \$4.6 billion, of which \$1.38 billion is allocated to the Small Cities CDBG program. The Kansas Small Cities program share for 1985 is \$16.97 million or 1.23 percent of the funds allocated for the National Small Cities CDBG program.

The Committee received a review of the Performance Audit Report: Administration of the Small Cities Community Development Block Grant Program, which was originally received by the Legislative Post Audit Committee in January, 1985. Trudy Racine, Senior Auditor, Legislative Division of Post Audit, explained to the Committee the types of grants awarded through the Small Cities program and the significant errors, miscalculations, and problems which the staff of Legislative Post Audit encountered while reviewing KDED's calculation of point totals in awarding community improvement grants. These problems included mathematical errors, transcription errors, procedural errors, inconsistent use of outside and expert raters, and a lack of proper documentation. Aside from the documentation problems, it was stated that the economic development and state discretionary grant applications appeared to have been properly handled.

The Committee also heard testimony from the staff of KDED. Carole Morgan, Director, Community Development Division, addressed the actions the Department had taken after the first year of the program. These actions included the acquisition of a microcomputer to facilitate the accurate scoring and ranking of applications, increasing the time period available for KDED's staff to review grant applications, re-checking all applications for proper documentation and scoring, consistent use of consensus scoring on subjective areas of the applications, using outside and expert raters for technical review only, and pretesting application changes to ensure accuracy and effectiveness of the results.

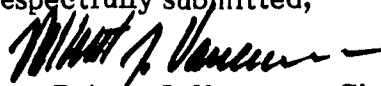
Ms. Morgan also reviewed the role of the CDBG Task Force in evaluating the program. This task force consists of a broad spectrum of elected and appointed officials, community development professionals and members of the general public. The task force reviews the program's end of year records to determine if the scoring system is achieving the desired results. After recommendations for changes have been made, the program plan is presented at several public meetings for comment before being finalized.

Conclusions and Recommendations

The Committee concludes that many of the significant problems encountered in KDED's first year of administering the Small Cities CDBG program have been resolved and makes no recommendations at this time.

The Committee, however, wishes to express its support for the adoption of a concurrent resolution memorializing Congress to eliminate the National Community Development Block Grant program and to use the funds to reduce the federal deficit.

Respectfully submitted,



Rep. Robert J. Vancrum, Chairperson
Special Committee on Federal
and State Affairs

November 25, 1985

Sen. Ben Vidricksen,
Vice-Chairperson
Sen. August Bogina
Sen. Norma Daniels
Sen. Roy M. Ehrlich
Sen. Phil Martin

Rep. Clinton Acheson
Rep. Clarence Love
Rep. Gayle Mollenkamp
Rep. Kerry Patrick
Rep. Jim Patterson
Rep. Kathryn Sughrue
Rep. John Sutter

MINORITY REPORT

While I sympathize with the viewpoints of the Committee members who feel that substantial portions of the Community Development Block Grant money may have not been prudently spent by some of the local governments, I am filing a minority report for the sole reason that the part of the Committee's recommendation regarding a concurrent resolution memorializing Congress does not appear to be within the scope of the charge to the Committee regarding Proposal No. 32.

Respectfully submitted,



Rep. Robert J. Vancrum

MINORITY REPORT

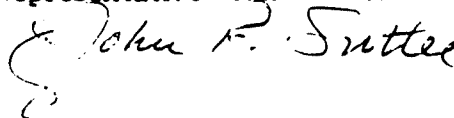
We do not concur with the Committee's support for the adoption of a concurrent resolution memorializing Congress to eliminate the National Community Development Block Grant program. The Small Cities program of the National Community Development Block Grant program is, in many cases, the only viable source of funding available to smaller communities for vitally needed infrastructure improvements and repairs.

Respectfully submitted,

Senator Norma L. Daniels


Representative Kathryn Sughrue

Representative John F. Sutter



GEOGRAPHIC DISTRIBUTION OF CDBG AWARDS
BY YEAR AND THE NUMBER AWARDED BY COUNTY

CHEYENNE	RAWLINS 84-1	DECATUR 86-1 87-3	MORTON 85-2	PHILLIPS 85-1 86-1 87-2	SMITH 86-1	JEWELL 84-2 87-1	REPUBLIC 84-1 85-2 87-1	WASHINGTON 86-1	MARSHALL 84-1	NEWAHA 85-1	BROWN 84-1 86-1 87-2	DONIPHAN 84-1 85-1 86-1 87-1
SHERMAN 85-2	THOMAS 85-1 86-1	SHERIDAN	GRAHAM 86-1 87-1	ROOKS 86-1 87-1	OSORNE 87-1	MCCNELL 84-1 87-1	CLOUD 84-1 85-1 87-1	CLAY 85-2 86-1	RYLEY 84-2 85-1 86-1 87-3	POTTAWATOMIE 84-1 85-1	JACKSON 84-3 85-2 86-1	ATCHISON 84-5 85-1
WALLACE 84-1 87-1	LOGAN	GOVE 84-1 85-1 86-1	TREGO 84-1 87-2	ELLIS 84-1 85-2 86-1 87-1	RUSSELL 85-3 86-2 87-3	LINCOLN	OTTAWA 87-1	DICKINSON 84-1 85-1 86-1 87-2	GEARY 84-1 86-1 85-2 87-1	SHAWNEE	DOUGLAS 86-2	JEFFERSON 85-1
GREELEY 84-1	WICHITA	SCOTT	LANE	MESS	RUSH 86-1	BARTON 86-2 87-4	ELLSWORTH 85-3 86-1 87-1	SALINE 85-3 86-1 87-1	MORRIS 84-1	WABAUNSEE 86-1	OSAGE 84-3 85-2 86-2 87-1	FRANKLIN 84-2 85-2 86-2
HAMILTON 84-1	KLARNT	FINNEY	HODGEMAN	PAWNEE 86-1	RICE 85-2 86-1 87-1	STAFFORD 85-1	MCPHERSON 84-1 86-2	MARION 84-1 87-4	CHASE 87-1	LYON 85-2 87-2	COFFEY 84-1 86-1 87-1	MIAMI 84-2 85-1 86-2 87-4
STANTON	GRANT	HASKELL	GRAY 84-2 85-2 86-2 87-1	FORD 84-2 85-2 86-2 87-1	EDWARDS 85-1	PRATT 87-1	RENO 84-3 85-2 86-1 87-1	HARVEY 84-3 85-2 87-1	BUTLER 84-2 85-2	GREENWOOD 84-2 86-1 87-1	ANDERSON 86-1 87-1	LINN 84-1 85-2
MORTON	STEVENS	SEWARD 86-1	MEADE 84-2	CLARK	KIOWA 84-1 85-1	KINGMAN 87-1	SEDGWICK 85-1 87-3	SUMNER 84-1 85-4 87-1	COWLEY 84-1	ELK 84-3 85-2	WOODSON 84-1 86-1 87-1	ALLEN 84-1 86-1 87-1
					COMANCHE	BARBER 86-2	HARPER			CHAUTAQUOA 84-1 86-1	WILSON 84-2 86-2 87-1	NEOSHO 84-2 85-3 86-3 87-1
											MONTGOMERY 84-2	LADETTE 84-3 85-1 86-3 87-2
												CRAWFORD 84-3 85-1 86-4 87-1
												CHEROKEE 84-3 85-1 86-3 87-1