

Approved: 1/31/96  
Date

MINUTES OF THE HOUSE COMMITTEE ON BUSINESS, COMMERCE & LABOR.

The meeting was called to order by Chairman Al Lane at 9:07 a.m. on January 23, 1996 in Room 526-S of the Capitol.

All members were present except: Rep. Grant - excused  
Rep. Henderson - excused  
Rep. Merritt - excused

Committee staff present: Jerry Donaldson, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Bev Adams, Committee Secretary

Conferees appearing before the committee: Michael Byington, WISB  
Jerry Donaldson, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Rep. Dennis McKinney

Others attending: See attached list

Minutes for January 17, 18, and 19 were passed out to the committee. They will be approved at the next meeting.

Michael Byington, Wichita Industries and Services for the Blind, Inc. (WISB), appeared before the committee to request the introduction of a bill that would clear up problems created by the reinterpretation of the current Kansas Use Law. Until last year, no two employers of disabled persons covered under the law has ever attempted to make the exact same product or offer the exact same service. The new bill would insure that identical products or products that have identical functions would not be offered for sale by the industries covered under the bill. Two more amendments are offered in the bill. (see Attachment 1) Rep. Standifer moved that the committee introduce the bill. It was seconded by Rep. Ballard. The motion carried.

Jerry Donaldson, Legislative Research Department, briefed the committee on Proposal No. 46 made by the 1995 Special Committee on Labor and Industry. The committee met on August 28, 29, and 30 on the workers compensation topic. On September 25 and 26 they had hearings on unemployment compensation matters and private employment agencies. On November 15, they had further hearings on the private employment agency topic. Committee activities, conclusions and recommendations are listed on pages 223-231 in the Reports of Special Committees, Legislative Budget Committee and Legislative Educational Planning Committee to the 1996 Kansas Legislature, which was distributed to all legislators by the Legislative Research Department. Ms. Donaldson concluded by answering questions from the committee.

Hearing on: **SB 100 - State contractor accountability**

Bob Nugent, Revisor of Statutes, briefed the committee on the intent of **SB 100**. It pertains to state procurement policies, and allows the Secretary of Administration to debar or suspend a person from consideration for award of contracts with state agencies. It also authorizes state agencies to develop a list of prequalified vendors of goods and services and a set of standards to be met by vendors for prequalification. The bill amends existing law to require for quarterly reports of any contracts awarded to bidders who did not submit the lowest bids. Mr. Nugent finished his briefing by answering questions from the committee.

Rep. Dennis McKinney appeared before the committee as a proponent of **SB 100**. He explained that the bill emerged as a result of the work of the Kansas Council on Privatization. He is a member of this council and studied the issue of privatization and became aware of the importance for the state to have capable and reliable contractors. He reported that the bill also makes clear the authority of state agencies to prequalify vendors. (see Attachment 2) He concluded by answering questions of the committee.

Because of the lateness of the committee meeting, the hearing on **SB 100** will be continued at 9:00 a.m. on January 24, 1996.

The committee was adjourned at 9:56 a.m.

The next meeting is scheduled for January 24, 1996.



WICHITA INDUSTRIES & SERVICES FOR THE BLIND, INC.

January 23, 1996

TO: House Committee on Business, Commerce, and Labor

REPLY TO: Michael Byington  
WISB Governmental Affairs Office  
P. O. Box 1063  
Topeka, Kansas 66601  
(913) 575-7477 (Topeka office and voice mail)  
(913) 233-2539 (Topeka FAX)

SUBJECT: Bill Request

Last year, a different interpretation than has ever been applied before was made concerning K.S.A. 75-3317 *et seq.*, "The Kansas Use Law." This interpretation was made by legal staff within the Kansas Department of Administration. While we do not fault the legal analysis which went into the new interpretation, we believe it has potential to cause confusion, and to make the Kansas Use program less efficient and more costly to the Kansas tax payers. We are thus requesting that this law be amended to in fact bring it more into line with former interpretations.

Throughout the history of the Kansas Use Law, until last year, no two employers of disabled persons covered under the law had ever attempted to make the exact same product or offer the exact same service, in competition with each other. Last year, however, this occurred. Kansas Industries for the Blind had been re-manufacturing laser printer cartridges for well over a year and selling these products to the State of Kansas under a sole source contract issued under provisions of K.S.A. 75-3317 *et seq.* At that time, an employment program for the developmentally disabled also entered this field and requested to have the exact same products included in the Kansas Use Catalog (referred to as the "list of products and services offered" in K.S.A. 75-3320.) After some deliberation, the Department of Administration and the Department of Social and Rehabilitation Services jointly determined that nothing in the current law prohibits competition among covered entities and further determined, therefore, that the sole source contract which had been issued for re-manufactured laser printer cartridges had been let in error and was not a legally made contract. This contract was thus nullified, and this

1

*House Business,  
Commerce & Labor  
1/23/96  
Attachment 1*

A not-for-profit  
agency providing  
employment &  
services to people  
who are blind.

801 East Lincoln  
Wichita, Kansas 67211  
(316) 267.2244  
Fax (316) 267.4312

925 Sunshine Road  
Kansas City, Kansas 66115  
(913) 281.0710  
Fax (913) 281.2450

1600 North Walnut  
Pittsburg, Kansas 66762  
(316) 231.8600  
Fax (316) 231.8620

year competition will begin in earnest between the two manufacturing entities.

It is my understanding that this situation occurred not because the second group getting into the business wished to target the first one in such a competitive manner, but rather because the second group was unaware of the activities of the first. The staff leadership of the second group was new to the State of Kansas, but had experience in another state in teaching laser re-manufacturing to workers who are disabled. They took their company into the business because of their own knowledge of it, and not because they wanted to be in a market filled with competition. In fact, some dismay was expressed by both groups when they learned of the activities of each other.

At first consideration, one might ask what is wrong with competition. After all it is the American way. In this instance, however, the law causes competitiveness to be artificially controlled. Competition ends up costing Kansas taxpayers more, rather than assuring the best value. I shall explain why this is the case.

First of all, products and services sold under K.S.A. 75-3317 *et seq.* have their prices and standards fixed by the customer. The State is the buyer covered under this law, but the State's Director of Purchases is empowered to set prices and standards based on fair market value. This is therefore not a situation where one company can effectively underbid another one. There is a finite amount of business available, and it is all available at the same price.

An employer of disabled persons covered under the law has thus always been able to fairly accurately estimate the amount of business which is going to be available, and tool, fund, inventory, and staff the manufacturing operation accordingly. If the manufacturer is then surprised with the presence of other entities entering the same field for a piece of the same finite amount of State business, downsizing, re-tooling, loss on raw goods inventory, etc. are the results.

We at Wichita Industries and Services for the Blind, Inc. currently receive no State or county subsidy for our manufacturing operations. We, however, are the exception to the norm among industries who employ persons having severe disabilities. Virtually all of the workshops for

the mentally retarded/developmentally disabled receive county mill levee monies. As many of you know who are on committees considering its privatization, Kansas Industries for the Blind has, for the past several years, been operating at a loss which has been covered by State funding. As these organizations are using taxpayer dollars at all levels, it makes no sense to put them in business situations which are at high risks for manufacturing business losses through overtooling, overinventory, etc.

Further, K.S.A. 75-3322 provides provisions for wavering purchases required under K.S.A. 75-3317 *et seq.* at times when the covered providers can not supply the products or services needed or are unable to meet delivery requirements on any order or requisition. In such situations, the law requires the Secretary of Social and Rehabilitation Services or the Secretary's designee, to immediately forward a written waiver to the purchasing officer involved exempting the order or requisition from the mandatory purchasing requirements. Under the new interpretation of the current law, it is certainly going to be more difficult for the Secretary of SRS, or her designee to appropriately waiver purchases if several manufacturers of the same product must all be consulted and if combined multipoint order/requisition compilation must first be considered.

The above are all problems created by the re-interpretation of the current law, and which introduction of the requested bill would address. I shall now summarize the specific changes requested.

Attached to this request is a document containing, on the left side of the page, the entire text of K.S.A. 75-3317 *et seq.* The right hand column contains proposed changes. Words to be struck are indicated by having a line through them. Proposed additions are indicated by underlined text.

A total of three changes are specifically proposed. These are summarized below.

Our organization was founded as Kansas Foundation for the Blind. We are listed by that name in K.S.A. 3317 (d). Our name changed only a few years ago. K.S.A. 3317 (d) would simply be amended to reflect our name change.

K.S.A. 75-3320 (a) would be amended with an addition to

the duties of the Secretary of Social and Rehabilitation Services. A requirement would be added to insure that products and services are not placed on the "list of products and services being offered for sale" in a manner creating competition between two providers. The proposed amendment gives priority to the first provider who proposes to list the product. The rather convoluted wording of the existing law makes the wording of this section somewhat cumbersome, but this is a complete summary of the action which would be caused via the proposed amendment. This amendment would not be retroactive. We are not attempting to spank the provider who caused the question of competition to arise, but rather only resolve the issue as it relates to future situations.

K.S.A. 3321 would be amended to make it clear that sole source contracting would be permitted. This would in fact make the waiver provisions contained in K.S.A. 75-3322 more efficiently applicable because the Secretary of SRS or her designee would only have to determine if one provider could meet an order before deciding whether a waiver is appropriate.

Thank you for this opportunity to present this issue. Please feel free to contact me if I may answer any questions.

Kansas Statutes

KS ST Sec. 75-3317, Purchase of products and services offered by Kansas industries for the blind division and rehabilitation

(CURRENT LANGUAGE)

K.S. Sec. 75-3317

KANSAS STATUTES

CHAPTER 75. STATE DEPARTMENTS; PUBLIC OFFICERS AND EMPLOYEES

ARTICLE 33. SOCIAL AND REHABILITATION SERVICES

75-3317. Purchase of products and services offered by Kansas industries for the blind division and rehabilitation services and by rehabilitation facilities; definitions.

As used in K.S. 75-3317 through 75-3322, and amendments thereto, unless the context requires otherwise:

(a) "Director of purchases" means the director of purchases of the department of administration;

(b) "Kansas industries for the blind division and rehabilitation services" means workshops and home industry projects for blind or other handicapped persons which are located in Kansas and which are supported, operated or supervised by the division of services for the blind or rehabilitation services of the department of social and rehabilitation services;

(c) "state agency" means any state office or officer,

(PROPOSED LANGUAGE WILL BE UNDERLINED. LANGUAGE PROPOSED TO STRIKE WILL BE IN STRIKEOUT MODE.)

(PROPOSED LANGUAGE)

K.S. Sec. 75-3317

KANSAS STATUTES

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(a) "Director of purchases" means the director of purchases of the department of administration;

(b) "Kansas industries for the blind division and rehabilitation services" means workshops and home industry projects for blind or other handicapped persons which are located in Kansas and which are supported, operated or supervised by the division of services for the blind or rehabilitation services of the department of social and rehabilitation services;

(c) "state agency" means any state office or officer,

department, board, commission, institution, bureau or any agency, division or any unit within an office, department, board, commission or other state authority;

(d) "rehabilitation facility" means any community mental health center or community facility for the mentally retarded operating under K.S. 19-4001 et seq. and amendments thereto or nonprofit corporation contracting with a mental retardation governing board to provide services under K.S. 19-4001 et seq. and amendments thereto, which has registered with the secretary of social and rehabilitation services for the purposes of K.S. 75-3317 through 75-3322, and amendments thereto, and shall also mean the Kansas foundation for the blind, Wichita, Kansas, center industries, inc., Wichita, Kansas, and, upon registration hereunder, any workshop or other facility for blind or other handicapped persons which is located in Kansas and which is certified to the United States department of labor and licensed by the secretary of social and rehabilitation services as a sheltered workshop under K.S. 75-3307b and amendments thereto.

History: L. 1953, ch. 392, Sec. 1; L. 1972, ch. 327, Sec. 1; L. 1979, ch. 288, Sec. 1; L. 1980, ch. 272, Sec. 2; L. 1982, ch. 358, Sec. 1; L. 1985, ch. 281, Sec. 1; L. 1988, ch. 301, Sec. 24; July 1.

75-3318, Repealed.  
K.S. Sec. 75-3318

department, board, commission, institution, bureau or any agency, division or any unit within an office, department, board, commission or other state authority;

(d) "rehabilitation facility" means any community mental health center or community facility for the mentally retarded operating under K.S. 19-4001 et seq. and amendments thereto or nonprofit corporation contracting with a mental retardation governing board to provide services under K.S. 19-4001 et seq. and amendments thereto, which has registered with the secretary of social and rehabilitation services for the purposes of K.S. 75-3317 through 75-3322, and amendments thereto, and shall also mean the ~~Kansas foundation for the blind, Wichita, Kansas, center industries, inc., Wichita, Kansas,~~ Wichita industries and services for the blind, inc., center industries, inc., Wichita, Kansas, and, upon registration hereunder, any workshop or other facility for blind or other handicapped persons which is located in Kansas and which is certified to the United States department of labor and licensed by the secretary of social and rehabilitation services as a sheltered workshop under K.S. 75-3307b and amendments thereto.

History: L. 1953, ch. 392, Sec. 1; L. 1972, ch. 327, Sec. 1; L. 1979, ch. 288, Sec. 1; L. 1980, ch. 272, Sec. 2; L. 1982, ch. 358, Sec. 1; L. 1985, ch. 281, Sec. 1; L. 1988, ch. 301, Sec. 24; July 1.

75-3318, Repealed.  
K.S. Sec. 75-3318



History: L. 1953, ch. 392, Sec. 2; L. 1972, ch. 327, Sec. 2; L. 1974, ch. 348, Sec. 92; L. 1975, ch. 416, Sec. 21; L. 1979, ch. 288, Sec. 2; Repealed, L. 1988, ch. 301, Sec. 33; July 1.

75-3319. Same; prices and standards of products and services; cooperation by rehabilitation facilities; products and services subject to 75-3317 to 75-3322.

(a) The director of purchases shall determine fair market prices of products manufactured, processed, and offered for sale and of services offered under K.S. 75-3317 through 75-3322, and amendments thereto, by the Kansas industries for the blind division and rehabilitation services and by each rehabilitation facility. All of the products and services shall be standard conforming. Those products and services offered for purchase by or for a state agency shall meet specifications required by the director of purchases. Those products offered for purchase by or for a unified school district shall meet specifications required by the board of education of the unified school district. The director of purchases shall revise the prices determined under this section from time to time in accordance with changing market conditions.

(b) Each rehabilitation facility shall cooperate with and shall provide the director of purchases and the secretary of social and rehabilitation services with all information necessary for the administration of K.S. 75-3317

History: L. 1953, ch. 392, Sec. 2; L. 1972, ch. 327, Sec. 2; L. 1974, ch. 348, Sec. 92; L. 1975, ch. 416, Sec. 21; L. 1979, ch. 288, Sec. 2; Repealed, L. 1988, ch. 301, Sec. 33; July 1.

75-3319. Same; prices and standards of products and services; cooperation by rehabilitation facilities; products and services subject to 75-3317 to 75-3322.

(a) The director of purchases shall determine fair market prices of products manufactured, processed, and offered for sale and of services offered under K.S. 75-3317 through 75-3322, and amendments thereto, by the Kansas industries for the blind division and rehabilitation services and by each rehabilitation facility. All of the products and services shall be standard conforming. Those products and services offered for purchase by or for a state agency shall meet specifications required by the director of purchases. Those products offered for purchase by or for a unified school district shall meet specifications required by the board of education of the unified school district. The director of purchases shall revise the prices determined under this section from time to time in accordance with changing market conditions.

(b) Each rehabilitation facility shall cooperate with and shall provide the director of purchases and the secretary of social and rehabilitation services with all information necessary for the administration of K.S. 75-3317

through 75-3322, and amendments thereto.

(c) The provisions of K.S. 75-3317 through 75-3322, and amendments thereto, shall apply only to products manufactured or processed in Kansas or services provided in Kansas by blind or other handicapped persons.

(d) The provisions of K.S. 75-3317 through 75-3322, and amendments thereto, shall not be construed to require a unified school district to purchase services offered by blind or other handicapped persons under this act.

History: L. 1953, ch. 392, Sec. 3; L. 1972, ch. 327, Sec. 3; L. 1979, ch. 288, Sec. 3; L. 1985, ch. 281, Sec. 2; L. 1988, ch. 301, Sec. 25; July 1.

75-3320. Same; list of products and services offered for sale under 75-3317 to 75-3322; publication fee for advertising authorized.

(a) The secretary of social and rehabilitation services shall furnish to the department of administration, and to each person or officer authorized to purchase materials, services and supplies for any state agency or unified school district, a list of products manufactured, processed and offered for sale and of services offered under K.S. 75-3317 through 75-3322, and amendments thereto, by the Kansas industries for the blind division and rehabilitation services and by rehabilitation facilities.

through 75-3322, and amendments thereto.

(c) The provisions of K.S. 75-3317 through 75-3322, and amendments thereto, shall apply only to products manufactured or processed in Kansas or services provided in Kansas by blind or other handicapped persons.

(d) The provisions of K.S. 75-3317 through 75-3322, and amendments thereto, shall not be construed to require a unified school district to purchase services offered by blind or other handicapped persons under this act.

History: L. 1953, ch. 392, Sec. 3; L. 1972, ch. 327, Sec. 3; L. 1979, ch. 288, Sec. 3; L. 1985, ch. 281, Sec. 2; L. 1988, ch. 301, Sec. 25; July 1.

75-3320. Same; list of products and services offered for sale under 75-3317 to 75-3322; publication fee for advertising authorized.

(a) The secretary of social and rehabilitation services shall furnish to the department of administration, and to each person or officer authorized to purchase materials, services and supplies for any state agency or unified school district, a list of products manufactured, processed and offered for sale and of services offered under K.S. 75-3317 through 75-3322, and amendments thereto, by the Kansas industries for the blind division and rehabilitation services and by rehabilitation facilities. After July 1, 1996, the secretary of social and rehabilitation services shall insure that the list of

products manufactured, processed and offered for sale and of services offered under K.S. 75-3317 through 75-3322, and amendments thereto, does not contain identical products or products having identical functions, manufactured, processed or offered for sale by the Kansas industries for the blind division and rehabilitation services, and a rehabilitation facility, or by more than one rehabilitation facility, and the secretary of social and rehabilitation services shall also insure that the list of products manufactured, processed and offered for sale and of services offered under K.S. 75-3317 through 75-3322 does not contain identical services available in the same geographic area of the State offered through Kansas industries for the blind division and rehabilitation services, and a rehabilitation facility, or offered through more than one rehabilitation facility. In instances where more than one rehabilitation facility or a rehabilitation facility and the Kansas industries for the blind division and rehabilitation services propose to place on the list: identical products, products having identical functions, or identical services offered in the same or overlapping geographic areas of Kansas, the secretary of social and rehabilitation services shall determine which provider's proposed was received first, and that provider shall be the one placed on the list as offering the product or service.

(b) The list of products and services shall be certified by

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the director of purchases. The secretary of social and rehabilitation services shall amend such list from time to time in accordance with the recommendations of the director of purchases.

(c) The secretary of social and rehabilitation services may charge a reasonable publication fee to those rehabilitation facilities which advertise their products or services on such lists. The secretary of social and rehabilitation services shall remit all moneys received pursuant to this section to the state treasurer at least monthly. Upon receipt of such remittance, the state treasurer shall deposit the entire amount thereof in the state treasury and credit the same to the social welfare fund.

History: L. 1953, ch. 392, Sec. 4; L. 1972, ch. 327, Sec. 4; L. 1979, ch. 288, Sec. 4; L. 1985, ch. 281, Sec. 3; L. 1987, ch. 340, Sec. 1; L. 1988, ch. 301, Sec. 26; July 1.

75-3321. Same; purchase of products or services by state or school district.

The director of purchases and any person or officer authorized to purchase materials and supplies for any state agency or unified school district or to purchase services for any state agency shall purchase, except as otherwise provided in this section, the products and services on the list certified by the director of purchases from the Kansas industries for the blind division and rehabilitation services or from a rehabilitation facility, when

the director of purchases. The secretary of social and rehabilitation services shall amend such list from time to time in accordance with the recommendations of the director of purchases.

(c) The secretary of social and rehabilitation services may charge a reasonable publication fee to those rehabilitation facilities which advertise their products or services on such lists. The secretary of social and rehabilitation services shall remit all moneys received pursuant to this section to the state treasurer at least monthly. Upon receipt of such remittance, the state treasurer shall deposit the entire amount thereof in the state treasury and credit the same to the social welfare fund.

History: L. 1953, ch. 392, Sec. 4; L. 1972, ch. 327, Sec. 4; L. 1979, ch. 288, Sec. 4; L. 1985, ch. 281, Sec. 3; L. 1987, ch. 340, Sec. 1; L. 1988, ch. 301, Sec. 26; July 1.

75-3321. Same; purchase of products or services by state or school district.

The director of purchases and any person or officer authorized to purchase materials and supplies for any state agency or unified school district or to purchase services for any state agency shall purchase, except as otherwise provided in this section, the products and services on the list certified by the director of purchases from the Kansas industries for the blind division and rehabilitation services or from a rehabilitation facility, when

those products are to be procured by or for the state or unified school district or when those services are to be procured by or for the state. Services offered for purchase are not required to be purchased by a unified school district.

History: L. 1953, ch. 392, Sec. 5; L. 1972, ch. 327, Sec. 5; L. 1979, ch. 288, Sec. 5; L. 1985, ch. 281, Sec. 4; L. 1988, ch. 301, Sec. 27; July 1.

75-3322. Same; waiver of mandatory purchase requirements by secretary of social and rehabilitation services, when.

Whenever the Kansas industries for the blind division and rehabilitation services and rehabilitation facilities are unable to supply the products or services needed or are unable to meet delivery requirements on any order or requisition, a written waiver shall immediately be forwarded to the director of purchases or purchasing officer of the unified school district by the secretary of social and rehabilitation services or the secretary's designee and that waiver shall relieve and exempt the state or unified school district purchasing authority from the mandatory provisions of K.S. 75-3317 to 75-3322, inclusive, and amendments

those products are to be procured by or for the state or unified school district or when those services are to be procured by or for the state. Nothing in this act shall be construed as preventing the director of purchases and any person or officer authorized to purchase materials and supplies for any state agency or unified school district or to purchase services for any state agency from establishing sole source contractual arrangements with the provider of any product or service on the list. Services offered for purchase are not required to be purchased by a unified school district.

History: L. 1953, ch. 392, Sec. 5; L. 1972, ch. 327, Sec. 5; L. 1979, ch. 288, Sec. 5; L. 1985, ch. 281, Sec. 4; L. 1988, ch. 301, Sec. 27; July 1.

75-3322. Same; waiver of mandatory purchase requirements by secretary of social and rehabilitation services, when.

Whenever the Kansas industries for the blind division and rehabilitation services and rehabilitation facilities are unable to supply the products or services needed or are unable to meet delivery requirements on any order or requisition, a written waiver shall immediately be forwarded to the director of purchases or purchasing officer of the unified school district by the secretary of social and rehabilitation services or the secretary's designee and that waiver shall relieve and exempt the state or unified school district purchasing authority from the mandatory provisions of K.S. 75-3317 to 75-3322, inclusive, and amendments

ANNIS MCKINNEY  
 REPRESENTATIVE, 108TH DISTRICT  
 612 S. SPRUCE  
 GREENSBURG, KS 67054  
 (316) 723-2129  
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TOPEKA

HOUSE OF  
 REPRESENTATIVES

January 23, 1996

COMMITTEE ASSIGNMENT  
 MEMBER: ENERGY & NATURAL RESOURCES  
 TAXATION  
 TRANSPORTATION

Testimony on Senate Bill 100

Thank you for the opportunity to support SB100. SB100 emerged as a result of the work of the Kansas Council on Privatization.

As a member of the Council on Privatization I served on the Procurement Subcommittee. As we studied the issue of privatization we realized that it becomes critically important for the state to have capable and reliable contractors. Contractors are now and will be relied upon to carry out key governmental functions.

New section 1 of the bill outlines a uniform contractor debarment procedure. Contractors should understand that failure to fulfill the duties to the state will result in long term debarment from future contracting by any agency. The state should also have the mechanism in place to protect all agencies from contractors who have proven unreliable. Thus, the provision is both a performance incentive as well as a protection mechanism.

New section 2 makes clear the authority of state agencies to prequalify vendors. Many critical state functions will require contractors who have sufficient resources to accomplish the task in a reliable manner. This is especially true for human services where contractor failure can result in human suffering. As an example, a community mental health care "assisted living" provider must have good internal auditing controls. If not, the board of directors may never know of inappropriate financial procedures. The resulting upheaval can threaten quality of care, scare parents of clients, and cause significant investigation expense for state agencies.

Finally, as we reviewed the statutes we found that KSA 75-37,102 provides a flexible tool for value based procurement. This statute allows a state agency to seek innovative proposals for providing state services. As a precaution, however, we believe that a purchasing decision should be publicly accountable. Therefore, section three would amend 75-37,102 to require the procurement negotiating committee to spell out in public record the rationale for not awarding the bid to the low bidder.

Thank you again for the opportunity to testify. I hope you will support SB100.

*House Business, Commerce  
 & Labor Committee  
 1/23/96  
 Attachment 2*