

Approved: 3/3/99
Date

MINUTES OF THE SENATE WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on February 22, 1999 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Debra Hollon, Legislative Research Department
Rae Anne Davis, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ann Deitcher, Committee Secretary

Conferees appearing before the committee: Sheila Walker, Department of Revenue
Randy Allen, Exec. Dir. Kansas Assoc. of Counties
Walt Darling, Kansas Highway Patrol
Eric Haskins, Fraternal Order of Police

Others attending: See attached list.

The Chairman read from the Subcommittee Report on the Kansas Guardianship Program. (Attachment 1).

The Subcommittee concurred with the Governor's recommendation for Fiscal Year 1999.

For Fiscal Year 2000, the Subcommittee concurred with the Governor's recommendation with the one adjustment listed on page 1-3.

It was moved by Senator Petty and seconded by Senator Lawrence to approve the Subcommittee Report on the Kansas Guardianship Program. The motion carried on a voice vote.

Paul West of the Legislative Research Department explained **SB 209 and SB 210**.

Sheila Walker, Special Assistant to the Secretary of the Department of Revenue, spoke as a proponent to **SB 209**. (Attachments 2 and 3).

Senator Ranson asked if the replacement of the equipment for processing motor vehicle titles would improve the efficiency and allow for the receipt of titles in a timely manner. Ms. Walker said it would.

Chairman Kerr asked if it was true that the original system was funded twelve years ago and then there was no money for about nine years, and now it requires approximately \$900 thousand a year to make the system work.

Ms. Walker said this was right but the system was never implemented properly in the first place. It was never completed. So when the VIPS/CAMA fund was implemented, they finally had a chance to complete the project.

Chairman Kerr referred to a list that was being passed out to the Committee that described the uses of the money over the past three years. (Attachment 4). He pointed out the \$700 thousand item for software programming that was listed as a line item.

Ms. Walker said this particular item refers to over a hundred technical improvements that were made in the second phase of the project.

Randy Allen, Executive Director of the Kansas Association of Counties, spoke as a proponent for **SB 209**. (Attachments 5, 6 and 7). He told the Committee of incidents where printers were actually held together with duct tape.

Jan Kennedy, Sedgwick County Treasurer, spoke briefly of having a number of printers that were also held together with duct tape and baling wire. When they go down, they don't do business.

Ellie Davey, Linn County Treasurer told of similar problems of the state-owned equipment in her department that has been there since 1988. She said that they drop the printer to make it print. This is what they were told to do by their repairman.

The Chairman told the Committee that **SB 209** would be held for the time being.

SB 210 **Certificates of title fees, highway patrol motor vehicle fund.**

Speaking as a proponent was Walt Darling of the Kansas Highway Patrol. (Attachment 8).

Chairman Kerr asked Mr. Darling what the accumulated balance was in the Patrol's car-buying account and was told that as of this time they were close to \$4 million.

The Chairman then asked him if they were requesting a bit more money than it would take to carry out this program.

Mr. Darling said he wasn't confident that they were. He believed presently they have a balance that is higher than what they would need to make payments for replacement cars this year. But he didn't believe that was a result of the present income. He believed it was a result of their backlog on sales of motor vehicles that occurred in the higher fiscal years. They had approximately 100 vehicles that were not sold in that fiscal year that carried over into the subsequent one. This accounted for a large revenue that came in this fiscal year. He said they intended to buy 67 Crown Victorias, 13 motor carrier vehicles and 12 four-wheel drive motorist assistance vehicles.

The Chairman spoke of the things that had served to erode the image of the Highway Patrol. He said the program of trading cars out at this early stage, spending money in excess of what would have been required to keep people in workable vehicles, was a matter of image, intended in part, to help the morale of the Patrol because they did have quality vehicles that were ones they could be proud of. He said the people wanted to be proud of their Highway Patrol, and the events of the past year have not been helpful in that but he feels they will continue the program in spite of them. The Chairman said that those responsible for these events ought to be aware that they certainly haven't helped when it comes to an image-related issue like this one. The people are being charged significant amounts of money to help the image of the Highway Patrol and they can do more to hurt it with their activities than the Committee can do to help it this way.

Eric Haskins of the Fraternal Order of Police and President of the Kansas State Troopers Association appeared as a proponent for **SB 210**. He told the Committee that he felt there was a spirit of cooperation between the Highway Patrol and the State Troopers Association. (Attachment 9).

No action was taken on **SB 210**.

Senator Salisbury moved and Senator Salmans seconded the approval of the minutes for February 15, 16, 17 and 18.

Senator Ranson moved and Senator Petty seconded that the subcommittee referred to by Senator Salisbury, be changed to committee in the minutes for February 18. For February 15 to conceptually reword the line on the lack of an incentive plan to indicate that it is not a weakness in the agency but a weakness in what they're afforded to handle their personnel policies. The motion to approve the minutes as amended carried on a voice vote.

The meeting was adjourned at 12:05 p.m. The next meeting is scheduled for Tuesday, February 23.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 2/22/99

NAME	REPRESENTING
Les Bahr	Ks. Governmental Consulting
Randy Allen	Ks. Assoc. of Counties
Donna Shelite	Print Co + KCTA
Jan Kennedy	Sedwick Co. Treas & KCTA
Lynn Scanlon	J&J Co Treas
MIKE BILLINGER	ELLIS CO. TREASURER
Nancy (Weeks)	Haskell Co. Treasurer
Ellie Davesy	Lincoln Co. Treasurer
Harry T. Fanning	KDOR
WALT DARLING	Ks Highway Patrol
Sheila Walker	Kansas Dept. of Revenue
Palma Galtry	KDOR
Marge Bailey	KDOR
Alvin Anderson	KDOR - Vehicles
Don Cackler	KHP
Robert Baker	KHP
MARK A. Goodloe	KHP
Eric Ashlin	KHA
Don Brownlee	KHP

SENATE SUBCOMMITTEE REPORT

Agency: Kansas Guardianship Program

Bill No. –

Bill Sec. –

Analyst: Hollon

Analysis Pg. No. 505

Budget Page No. 181

<u>Expenditure Summary</u>	<u>Agency Estimate FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,159,159	\$ 1,108,759	\$ 0
Employee Positions*	13.0	13.0	0.0

* Staff of the Guardianship Program are not state employees but are listed here for informational purposes.

Agency Estimate/Governor's Recommendation

The agency estimates expenditures for FY 1999 of \$1,159,159 which is equal to the approved budget and includes \$10,000 to be funded through Kansas Savings Incentive Program monies. The estimate consists of \$460,981 for salaries and wages, \$644,298 for contractual services, \$19,880 for commodities, \$24,000 for capital outlay, and \$10,000 from the KSIP Fund to be used for staff professional development.

The Governor recommends funding of \$1,108,759 for FY 1999 operating expenditures which is a decrease of \$50,400 (4.3 percent) below the approved budget. The reduction is in the area of volunteer stipends. The recommendation includes \$460,981 for salaries and wages, \$593,898 for contractual services, \$19,880 for commodities, \$24,000 for capital outlay, and \$10,000 from the KSIP Fund.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.


Senate Ways and Means Committee

Date *2/22/99*

Attachment # */-/-*



Senator Dave Kerr, Chair



Senator Paul Feleciano, Jr.



Senator Stephen R. Morris



Senator Marge Petty



Senator Alicia Salisbury

SENATE SUBCOMMITTEE REPORT

Agency: Kansas Guardianship Program

Bill No. 326

Bill Sec. 56

Analyst: Hollon

Analysis Pg. No. 505

Budget Page No. 181

<u>Expenditure Summary</u>	<u>Agency Request FY 00</u>	<u>Gov. Rec. FY 00</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,256,010	\$ 1,105,058	\$ (14,237)
Unclassified Temp. Positions	15.0	13.0	0.0

* Entire reduction for the Governor's employee salary adjustments.

** Staff of the Guardianship Program are not state employees but are listed here for informational purposes.

Agency Request/Governor's Recommendation

The agency requests expenditures for FY 2000 of \$1,256,010 which is an increase of \$96,851 (8.4 percent) above the FY 1999 estimate. The request includes \$537,126 for salaries and wages, \$674,855 for contractual services, \$17,029 for commodities, and \$27,000 for capital outlay. The agency requests an enhancement package consisting of \$64,520 for two Recruiter/Facilitator positions and \$26,200 to fund related operating expenditures (travel, computer equipment, etc.).

The Governor recommends funding of \$1,105,058 for FY 2000 operating expenditures which is a decrease of \$3,701 (0.3 percent) below the FY 1999 recommendation. The recommendation includes \$476,674 for salaries and wages, \$605,855 for contractual services, \$17,029 for commodities, and \$5,500 for capital outlay. The Governor does not recommend the enhancement package.

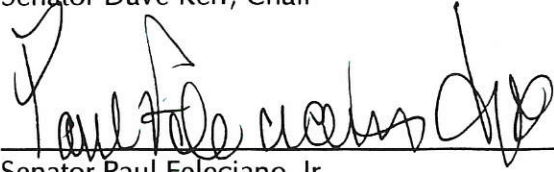
Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following adjustment:

1. Delete \$14,237 from the State General Fund for the Governor's employee salary adjustment.



Senator Dave Kerr, Chair



Senator Paul Feleciano, Jr.



Senator Stephen R. Morris



Senator Marge Petty



Senator Alicia Salisbury

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 Kansas Department of Revenue
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Office of the Secretary

TESTIMONY

TO: Sen. Dave Kerr, Chairman
 Senate Ways and Means Committee Members

FROM: Sheila Walker, Special Assistant *Sheila J. Walker*

DATE: February 22, 1999

SUBJECT: Senate Bill 209

Chairman Kerr and members of the Senate Ways and Means Committee, my name is Sheila Walker, and I serve as Special Assistant to the Secretary of the Kansas Department of Revenue. I appreciate the opportunity to provide testimony today in support of Senate Bill 209.

As you know, the Kansas Division of Motor Vehicles strongly relies on county treasurers to provide face-to-face customer service to all citizens registering vehicles in the state of Kansas. Passage of Senate Bill 209 will enable us to furnish county treasurers with the tools they need to continue to provide quality customer service.

When you buy a new or used vehicle in Kansas, you currently pay \$7 per title – well below the national average. According to The Polk Company's April 1998 statistics, Kansas ranks 32nd in title fees. Massachusetts, North Carolina and Florida rank the highest at \$50, \$35 and \$29.25, respectively. Minnesota's titles fees are the cheapest at \$2. Many states have an additional fee, ranging from \$.50 to \$25, for titling with a lien.

Kansans only have to come up with \$7 for a title every three to five years, depending on how often they buy a new or used vehicle.

Out of the \$7 you pay for a title in Kansas, \$1 goes into the VIPS/CAMA fee fund. VIPS stands for Vehicle Information Processing System. This system is used by county treasurers to process vehicle registrations. The CAMA system – or Computer Assisted Mass Appraisal system – is used by county appraisers in the property valuation process.

The VIPS/CAMA fund has generated about \$900,000 annually over its three year life cycle. We have used this fund to significantly upgrade the VIPS system. In the first phase of the project, all counties were upgraded to one computer processing platform, making the system Year 2000 compliant. In the second phase of the project, VIPS was improved to increase the effectiveness and efficiency of the system, resulting in overall improved customer service. The result: the

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counties are now able to process applications faster, the state provides more accurate delivery of renewal notices, and both the state and counties can now provide more accurate and timely service.

Unfortunately, the \$1 fee that goes into the VIPS/CAMA fee fund is slated to sunset June 30 of this year, and we haven't yet replaced 12-year-old vintage hardware (terminals and printers) still being used in the counties. We desperately need to replace this old equipment. We received over 3,000 trouble calls last year. The expected five-year life span of this computer equipment has far been exceeded.

We encourage you to pass Senate Bill 209, eliminating the sunset on the VIPS/CAMA fee fund. Technology is ever changing and needs to be funded on a continuing basis. We believe that virtually all Kansans are willing to pay \$1 every three to five years in order to receive good customer service when they register their vehicles in the county.

Again, the Kansas Division of Motor Vehicles supports this bill and appreciates your consideration.

9 REASONS TO LIFT THE SUNSET ON THE VIPS/CAMA FEE FUND

1. It does *not increase* the Kansas title fee.
2. The title fee in Kansas is currently well *below the national average*.
3. Kansans *only pay the title fee every three to five years* on average, depending on how often they get a new or used vehicle.
4. The counties' *terminals and printers are 12 years old*, far exceeding their expected five-year life span.
5. We received *3,000 trouble calls* on this equipment last year alone.
6. *We have proven ourselves* in the past, putting good use to this fee fund by investing in improvements that enhance customer service.
7. This fee fund is audited every year by *Legislative Post Audit* to hold us accountable.
8. The *governor recognized the VIPS team* during Kansas Quality Month.
9. Most Kansans are willing to pay \$1 every three to five years to *get good, quick service* from their county treasurers.

	Expenditure	Fiscal Year	Life to Date
Fiscal Year 1997:			
VIPS II		\$383,259.86	
Modems	\$ 488		
KDOR AS/400	\$ 49,269		
Audit Report	\$ 8,400		
AS/400 Tapes	\$ 1,731		
AS/400 for counties	\$ 127,997		
AS/400 for counties	\$ 79,926		
AS/400 supplies	\$ 146		
AS/400 Tapes	\$ 25		
AS/400 for counties	\$ 107,562		
County AS/400 Reimbursement	\$ 4,938		
Trainer's Computer	\$ 2,777		

Fiscal Year 1998 \$ 1,421,665

VIPS II Phases I and II		
Employee Salary	\$ 2,121	
Employee Salary	\$ 6,362	
AS/400 for counties	\$ 120,350	
Employee Salary	\$ 4,242	
AS/400 for counties	\$ 630	
County AS/400 Reimbursements	\$ 431,724	
Employee Salary	\$ (652)	
Software: MS Windows	\$ 227	
Software: Extra Personal Client	\$ 930	
Employee Salary	\$ (408)	
AS/400 for counties	\$ 87,284	
PM Computer	\$ 2,227	
Software: Microsoft Project	\$ 224	
Employee Salary	\$ 212	
AS/400 for counties	\$ 1,589	
3 Drawer Organizer	\$ 14	
Desktop Sorter	\$ 18	
VIPS/CAMA Audit	\$ 16,750	
AS/400 for counties	\$ 15,207	
Vertical Partition	\$ 245	
AS/400 for counties	\$ 13,926	
Software Programming	\$ 700,000	
Trainer Laptop	\$ 2,395	
Carry Case	\$ 25	
Laser Printer	\$ 6,648	
Dot Matrix Printer (2)	\$ 3,900	
Trainer Projector with extra lamp	\$ 3,775	
AS/400 Disk Drive	\$ 1,701	

Fiscal Year 1999 (Projected): \$ 800,000

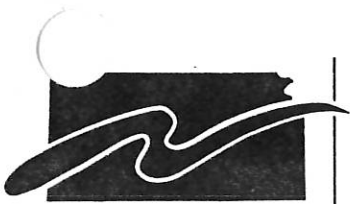
VIPS/CAMA Audit	\$ 16,500
AS/400 Software Upgrade for State-owned Equipment to Version 4.0	\$ 100,000
Printers for Counties	\$ 683,500

Total 3-year Expenditures **\$ 2,604,925**

Receipts:	
Fiscal Year 1997	\$ 1,032,240
Fiscal Year 1998	\$ 926,928
Fiscal Year 1999 (Projected)	\$ 925,000

Total 3-year Receipts **\$ 2,884,168**

Projected balance at end of 3-years **\$ 279,242**



KANSAS
ASSOCIATION OF
COUNTIES

TESTIMONY
SENATE BILL NO. 209
VIPS/CAMA TECHNOLOGY HARDWARE FUND

Presented by Randy Allen, KAC Executive Director
Senate Ways and Means Committee
February 22, 1999

Chairman Kerr and members of the committee, I am Randy Allen, representing 104-member Kansas counties which comprise our Association. I appreciate the opportunity to express support for Senate Bill 209, concerning the VIPS/CAMA Technology Hardware Fund.

Last November, the KAC membership unanimously adopted a statement which calls for removing the sunset clause for the VIPS/CAMA Technology Hardware Fund which would otherwise abolish the fund as of June 30, 1999.

The state's vehicle records system, like any other system, requires continuing support and reinvestment. The upgrading of computer hardware and related equipment as well as computer software is a constant requirement, and the needs are documented daily by county treasurers across the state. Without sufficient funding to maintain the system, growing problems will result. The Kansas County Treasurers Association offers a proposal contained in SB 209 to keep the VIPS system vital in all 105 Kansas counties. We urge your support for Senate Bill 209. Thank you for your consideration.

The Kansas Association of Counties, an instrumentality of member counties under K.S.A. 19-2690, provides legislative representation, educational and technical services and a wide range of informational services to its 104 member counties. The Association's main office is in Topeka, and the Education Program office is located at 3500 N. Rock Road, Building 100, Wichita, KS 67226.

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Senate Ways and Means Committee

Date 2/22/99

Attachment # 5



KANSAS COUNTY TREASURERS' ASSOCIATION

1999
OFFICERS:

LARRY TUCKER
RENO COUNTY
President

KATHY TREMONT
GEARY COUNTY
Vice President

JEANNINE BATEMAN
MARION COUNTY
Secretary

ELLIE DAVEY
LINN COUNTY
Treasurer

TO: Honorable Senator David Kerr, Chairman and members of the Senate Ways and Means Committee

FROM: Donna R. Shelite, Pratt County Treasurer and representative of the Kansas County Treasurer's Association

DATE: February 22, 1999

RE: SB 209

Thank you Mr. Chairman and members of the committee for allowing me the opportunity to appear before you in support of SB209, which takes the sunset off the VIPS/CAMA (Vehicle Information Processing System / Computer Assisted Mass Appraisal) technology hardware fund. As I am sure you are aware, the technology is ever changing and needs constant and consistent upgrading and maintenance to provide the customers and the users with the best process available.

I am Donna Shelite, Pratt County Treasurer representing the Kansas County Treasurer's Association. I have been county treasurer for 10 years and have seen the improvements of the service that we have been able to provide since the registration and titling processing system has been computerized. The changes from the manual system in the early 80's to the computerized system that has been in place for the past 12 years have been tremendous. However, we have now reached a crossroads in which we have two options, will we continue to provide our constituents with excellent service and remain as one of the nations top vehicle systems or will we allow the lack of funding to take us backwards in technology.

In 1997 the VIPS/CAMA fund was established to fund upgrading all of the state owned System 36 computers in each county to AS/400's and to enhance the VIPS software, referred to as VIPS II. The VIPS II project was on time and under budget. The VIPS II project completed some software needs and made the system Year 2000 compliant, however there are other areas that still need attention. One area that needs to be improved is the inventory system. It is designed to have automatic reordering when counties get low on tags, decals, placards, etc., but the system does not work properly. Many counties have experienced shortages of various items before these items are restocked.

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Attachment # 6-1

VIPS II has been a good start, but it did not take care of printers and computer terminals in our offices that are the original equipment that was purchased by the state in 1987. The expected life of this equipment is approximately 5 years; we have been very fortunate to have most of this equipment last much longer than expected. However, in the past few years there have been an increasing number of problems with this equipment failing. There were over 3,000 maintenance calls made on this equipment between April 1997 to April 1998. Replacement parts for the printers are becoming harder to locate due to the age of the equipment. Any replacement parts have to be obtained from secondary dealers, as IBM no longer supports the maintenance on these printers. This equipment is essential to our providing efficient service to the constituents of Kansas. When we have equipment failures, we are not providing quality service. When our constituents receive less than efficient quality service due to equipment failure they become upset with our offices and with the state.

Technology is and will continue to be a very significant part of our system, but as we all know to keep a top notch system there must be funding on a continuous basis. The counties enjoy the excellent partnership they have with the state and the opportunity to provide our constituents with quality and efficient motor vehicle services. It is our desire to keep the motor vehicle processing system at these standards and to continue to provide the quality service that this system has allowed in the past years. In order to achieve these goals we ask that you will give favorable consideration to SB209. Thank you for the opportunity to appear before you today.

S. B. 209 VIPS/CAMA TECHNOLOGY FUND INFORMATION SHEET

Reasons to remove the sunset

- Upgrading equipment would allow all counties to continue to provide excellent customer service to *Kansans*.
- VIPS equipment purchased in 1987. Since then there have been **NO** replacement of computer terminals or printers.
- Life of printers and computer terminals – approximately *five years*.
- From April 10, 1997 through April 10, 1998 there were over 3,000 problem calls on computer equipment resulting in unreasonable inconvenience for *taxpayers* due to down time.

***Technology* is every changing and needs to be funded on a continuing basis.**

Kansas Highway Patrol Testimony SB 210

Senate Ways and Means Committee
February 22, 1999

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before you in support of SB 210. My name is Walter Darling and I am the finance officer for the Kansas Highway Patrol. SB 210 amends existing law to remove the sunset on the current title fee. Included in the present fee is an amount of \$2.50 that provides financing for the Highway Patrol's car program.

The attached chart shows that from 1987 to 1990, the Highway Patrol's car program purchased an average of 113 vehicles annually. Our vehicles were removed from the road at approximately 90,000 miles. All costs for the vehicles were financed through appropriations from the State General Fund. The number of cars purchased annually was dependent upon the perception of strength in revenues to the State General Fund. Through the late 1980's and early 1990's, the program moved from a mile-out rate of 70,000 to 75,000, then to 80,000, then to 90,000. Finally, in 1991, only 31 vehicles were authorized for purchase, increasing the average mile-out requirement over 120,000 miles per vehicle. This process of continually expanding the mile-out rate kept the number of vehicles replaced from growing and minimized the monies needed from the State General Fund for the purchase of new vehicles. It also decreased the reliability of the vehicles and increased the State's liability in accidents that could be attributed to vehicle failure.

A review of the Missouri Highway Patrol Car Program in 1991 and 1992 resulted in consideration of a similar program in Kansas. Missouri's program provides stable financing for a low mileage turn-around on vehicles, which are then sold to local units of government. The Missouri program ensures a high-quality low-mileage vehicle for troopers, whose use of a vehicle on the open road can be very demanding. The Governor and Legislature agreed to initiate this program in Kansas in 1993.

The Kansas program was financed with an amount of \$3.50 added to the title fee. This amount was to provide up-front financing to acquire vehicles, which when they would mile-out two years later could be resold to generate additional revenues for the program. The concept was that after revenues from the sale of cars started coming into the program, the amount of revenue from the title fee could be decreased. The attached chart illustrates this financing shift.

After the program was initiated, General Motors dropped out of the police market, and Ford increased its prices. The estimates that had been used to develop the point at which title fee revenues could be dropped were no longer valid. In addition, sales of new cars were sluggish, indicating that the KHP had not identified an effective way of marketing its used cars. At this time, we met with the Governor and Legislature to discuss options for maintaining a higher level of revenue from the title fee. The agreement was that the program would be continued as originally designed, the fee would drop to \$2.50 per title, the program would be audited annually, and a sunset would be placed on the program to provide a review of the changes prior to restoring the program to permanent status.

Higher mile-out figures were possible prior to the new program because the amount of revenue derived from vehicle sales was not a factor in the subsequent financing of vehicles. With the revenue from vehicle sales now playing a pivotal role, the audits conducted by the Division of Post Audit in 1996 and

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1997 specifically addressed this issue. In its report to the 1998 Legislature, the Division stated, "*All of the cost analyses performed for this follow-up audit indicate that the current replacement of vehicles at 49,500 miles is the optimal methodology.*" We believe this mile-out level continues to be the optimal point for these vehicles.

Since the financing revision, the Highway Patrol has made several program changes. These have included the addition of staff for marketing, the development of warranty standards, and the addition of supervisory staff. The Patrol is presently developing detailed policies and procedures to clarify how the marketing of cars and the setting of sale prices are to be conducted.

This past year, complaints were made regarding the setting of some vehicle sale prices. These complaints have been investigated in three different ways. First, the Kansas Bureau of Investigation conducted a criminal review to determine the existence of any criminal activity. Secondly, the Highway Patrol conducted an internal investigation to determine if any operational procedures or standards were violated. Third, an external auditor was hired to review car sales during the last year to determine if any sales deviated from what would be expected. It is my understanding that the results from the first two investigations will be released shortly. The auditor's report has been released and a copy is attached. The audit determined that the program was accomplishing its mission and that no vehicles were sold outside the sales range that would be expected for sales of this type.

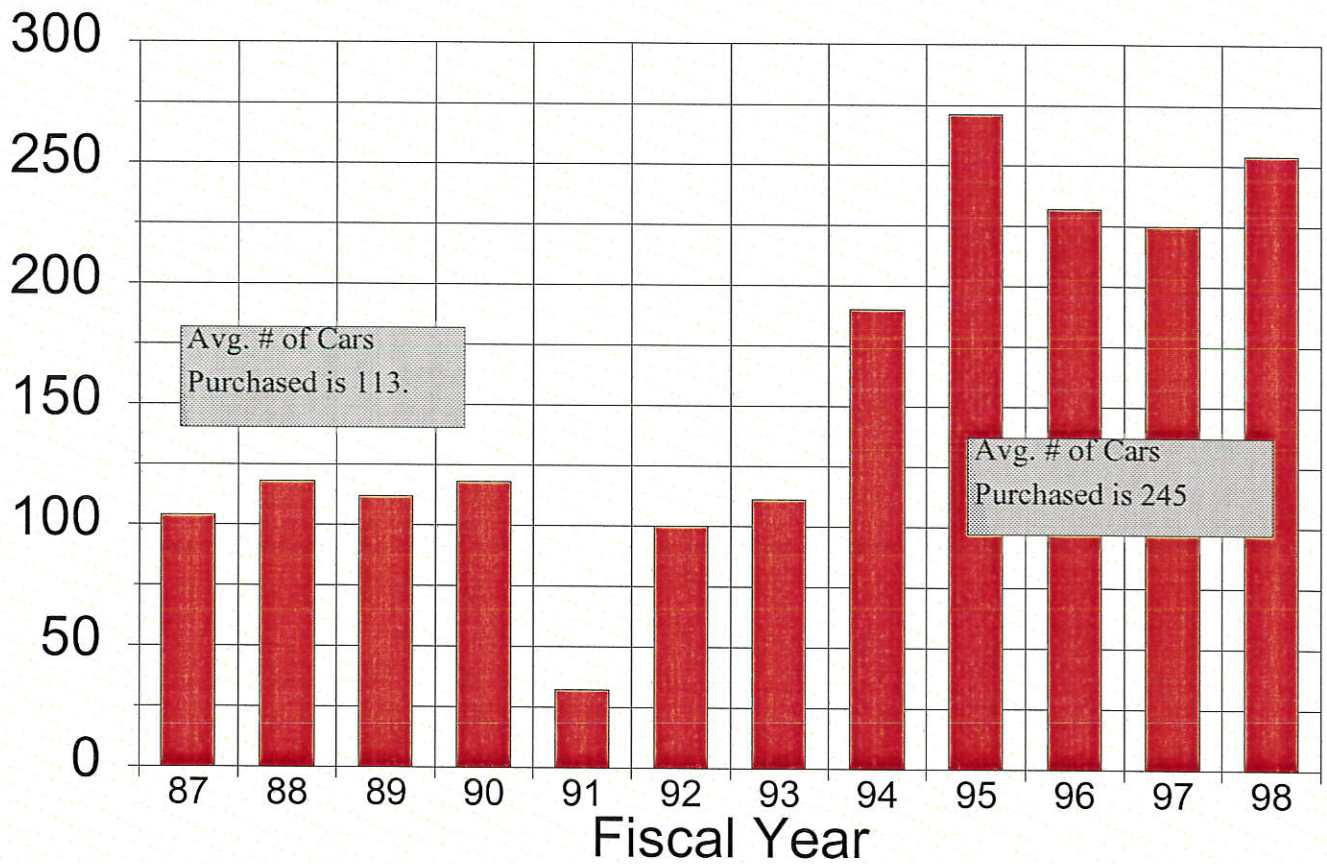
The Highway Patrol has identified a shortcoming in our documented procedures for sales and is developing a detailed policy and procedure statement, which will clarify the authority and responsibilities of each staff member working in this activity. An outside auditor will first review the statement, then a review will be conducted by a committee made up of members from Accounts and Reports, Division of Budget, the Kansas Legislative Research Department, and the Legislature. The final document will be distributed to all interested parties, including this committee.

The Highway Patrol thanks you for the opportunity to establish this program and operate it to be successful. The Highway Patrol has taken on this program with the understanding that it was under the careful scrutiny of the Governor and the Legislature. The program has undergone a strenuous review by the Governor and the Legislature, twice. The program has been audited three times in the last three years. The Post Audit Committee recommended to the 1998 Legislature that the audit requirement be repealed because the results of the audits were sufficiently positive that the State would be wasting money to continue the audits. Last year's Legislature agreed and repealed that requirement. I believe that the program has accomplished its mission. And, I believe that the Highway Patrol has made the hard choices necessary to make the program successful.

We are here to ask for your support in restoring the car program to permanent financing. SB 210 will remove the sunset that was established to provide you with another review. I am hopeful that your continuing review of this program over these past three years has provided you with the confidence that the State of Kansas has adopted the correct means for handling the acquisition and disposal of Highway Patrol vehicles.

I thank you for the opportunity to appear before you. Lt. Colonel Brownlee and Captain Goodloe are here with me today. We would be happy to respond to any questions you or your committee members may have.

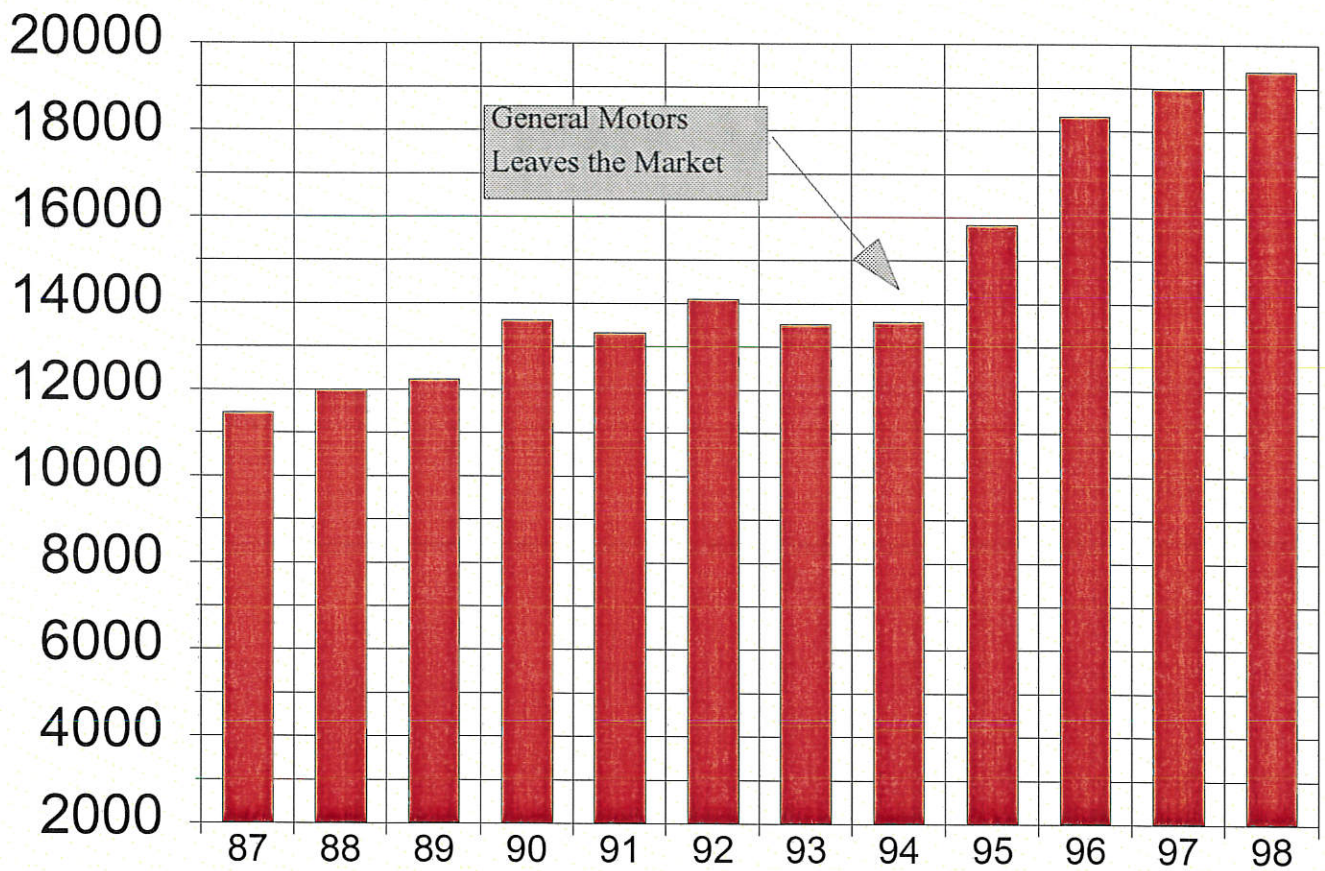
Cars Purchased by Year



Car Program Financing



Cost Per Vehicle



McBRIDE, LOCK & ASSOCIATES

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES

Kansas Highway Patrol
Topeka, Kansas 66603

We have performed the procedures enumerated below, which were agreed to by the Kansas Highway Patrol (KHP), solely to assist you with respect to the sales of motor vehicles during the fiscal year ended June 30, 1998. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We identified the universe of motor vehicle sales for fiscal year 1998 and reconciled total sales to the KHP general ledger. Motor vehicle sales for fiscal year 1998 follow:

<u>Buyer</u>	<u>Units</u>	<u>Amount</u>
Private Individual	36	\$ 349,675
Public Entity	257	3,046,668
Salvage	4	7,107
Insurance Settlement	<u>1</u>	<u>9,385</u>
Total Per General Ledger - FY98	<u>298</u>	<u>\$3,412,835</u>

2. We determined that motor vehicles were sold by the Kansas Highway Patrol and, on their behalf, the Kansas Surplus Property. Extensive sales effort was put forth by the Kansas Highway Patrol since the Kansas Surplus Property limited their inventory capacity to 50 units.

The Kansas Highway Patrol priced motor vehicles at wholesale to accommodate their typical buyer (fleet sales to public entities), whereas, the Kansas Surplus Property priced motor vehicles at retail for sales to private individuals.

3. We determined that State law requires 30 days elapse between public advertisement and sale to a private individual. Schedule 1 presents all sales for FY98 to private individuals and compares the public advertisement date to actual sale date. Public advertisements were made in the State Surplus Catalog published by the Kansas State Surplus Property Program. This publication is distributed on or before the first day of the Catalog's entitled month. The actual sales date is considered to be the date the Kansas Highway Patrol received payment for deposit.

Schedule 1 documents that each motor vehicle sale to an individual complied with the 30 day public advertisement law except one, Unit 10181. As discussed by Schedule 1, the single exception was isolated with reasonable explanation. We conclude that during FY98 the Motor Vehicle Sales Program complied with the provisions requiring 30 day public advertisement before an individual may purchase a vehicle.

4. We reviewed all FY98 sales to private individuals for compliance with established policies. We determined that advertised sales price was based upon retail pricing adjusted for accessories.

Our review used as the minimum acceptable sales price the low wholesale quote for each unit as published in the N.A.D.A. Official Used Car Guide. Accordingly, any negotiated sales price which exceeded the N.A.D.A. minimum wholesale price quote was considered a fair and competitive sale.

We compared each private individual sale to the referenced N.A.D.A. wholesale list price quote and found each sale to be acceptable. Schedule II presents an analysis of FY98 individual motor vehicle sales.

Schedule II can be summarized as follows:

- Sales to private individuals were sold at an amount greater than the minimum list price at wholesale as published in the N.A.D.A. Official Used Car Guide.
- Unit #10181 was not publicly advertised. This was considered an isolated incident. The fleet manager in-charge of sales was new in his position and unaware of the 30 day public advertisement requirement. Unit 10181 was his initial sale to an individual. Subsequently, he learned of the 30 day requirement and so complied.
- Units 10303, 10309 and 10310 were high performance, specifically designed highway patrol Chevrolet Camaros. Offers were made on these units but subsequently retracted when the offeror was informed of the high cost of operating the car, specifically insurance. This was known to the KHP and independently reported as early as December 1996 in a performance audit report that reviewed the Motor Vehicle Program. Specifically, the

December 1996 performance audit report stated that "Recent resale experience with these cars was not good, which may portend the end of the Camero purchases." Therefore, this review disregarded retail and wholesale estimates and accepted what the market produced for sales conveyance.

- Unit 10313 was incorrectly priced by the Kansas Surplus Property. The 1994 Crown Victoria was priced using 1996 model guidance. We estimate this caused an inflated list price of \$3,000.
- 5. Sales to public entities were tested for compliance with established policies. Based upon our sample test, no exceptions were noted.
- 6. We selected 11 motor vehicle sales to private individuals and reviewed the maintenance records for preparation costs for resale. We found that 5 of the 11 units had the following preparatory costs within 60 days of public advertisement.

<u>Unit</u>	<u>Type of Expenditure</u>	<u>Reasonable</u>
10313	Windshield and tires	Yes
10876	Tires, brakes and body damage (hail damage)	Yes
10554	Brakes and starter	Yes
10598	Tires	Yes
10310	Rear bumper	Yes

Based upon this test work, preparatory costs for resale is common and when incurred, documented in the units motor vehicle maintenance records.

Summary

Based upon this FY98 review, we have concluded the following:

- The Kansas Highway Patrol complied with the 30 day public advertisement requirement before a vehicle sale was made to a private individual;
- The Kansas Highway Patrol sold motor vehicles only to eligible governments and eligible private individuals;
- The Kansas Highway Patrol sold all motor vehicles at fair and reasonable prices; and
- Preparatory costs for vehicle resale were common, reasonable and justified.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

McBride, Lock & Associates
McBride, Lock & Associates

November 24, 1998

SUPPLEMENTARY SCHEDULES

11-8

Kansas Highway Patrol
Public Advertisement of Individual Vehicle Sales
Fiscal Year 1998

Unit	Description	Year	Mileage	Date Sold	Date Advertised (Surplus Property)	Greater than 30 Days	Restriction on Purchaser
10114	Ford Crown Vic	1995	49,593	02/17/98	12/01/97	Yes	None
10155	Ford Aerostar	1996	142,000	04/08/98	01/01/98	Yes	None
10157	Chevy Camaro	1994	64,000	04/21/98	12/01/97	Yes	None
10181	Ford Crown Vic	1995	49,510	07/10/97	-	No	Can Not Be An Individual - See Note 1.
10212	Ford Crown Vic	1995	49,575	02/12/98	12/01/97	Yes	None
10265	Ford Crown Vic	1995	49,998	09/09/97	08/01/97	Yes	None
10271	Chevy Celebrity	1988	79,753	04/28/98	03/01/98	Yes	None
10303	Chevy Camaro	1996	49,500	02/12/98	01/01/98	Yes	None
10309	Chevy Camaro	1996	57,000	01/14/98	12/01/97	Yes	None
10310	Chevy Camaro	1996	71,100	05/28/98	02/01/98	Yes	None
10313	Ford Crown Vic	1994	49,000	05/19/98	04/01/98	Yes	None
10329	Chevy Camaro	1996	49,205	04/08/98	02/01/98	Yes	None
10375	Ford Crown Vic	1994	49,952	09/09/97	08/01/97	Yes	None
10407	Ford Crown Vic	1993	48,000	11/24/97	10/01/97	Yes	None
10480	Ford Crown Vic	1994	49,079	09/29/97	06/01/97	Yes	None
10526	Ford Crown Vic	1994	49,840	10/14/97	06/01/97	Yes	None
10554	Ford Taurus	1993	73,339	03/03/98	12/01/97	Yes	None
10556	Ford Taurus	1993	59,357	10/07/97	09/01/97	Yes	None
10569	Ford Crown Vic	1996	49,568	04/21/98	01/01/98	Yes	None
10571	Ford Taurus	1993	71,035	11/12/97	09/01/97	Yes	None
10587	Ford Crown Vic	1994	49,889	08/28/97	06/01/97	Yes	None
10598	Ford Taurus	1993	85,990	02/17/98	12/01/97	Yes	None
10610	Ford Taurus	1993	75,274	07/21/97	06/01/97	Yes	None
10636	Ford Crown Vic	1994	49,000	09/16/97	08/01/97	Yes	None
10670	Ford Crown Vic	1994	49,713	07/21/97	06/01/97	Yes	None
10697	Ford Crown Vic	1994	49,418	04/14/98	03/01/98	Yes	None
10796	Ford Crown Vic	1995	49,000	01/06/98	12/01/97	Yes	None
10853	Ford Crown Vic	1995	49,000	12/11/97	11/01/97	Yes	None
10866	Ford Crown Vic	1995	49,591	08/21/97	06/01/97	Yes	None
10876	Ford Crown Vic	1995	49,735	04/14/98	03/01/98	Yes	None
10897	Ford Crown Vic	1995	49,000	09/23/97	08/01/97	Yes	None
10910	Ford Crown Vic	1995	49,723	09/09/97	08/01/97	Yes	None
10930	Chevy Celebrity	1989	85,000	09/16/97	08/01/97	Yes	None
10946	Ford Crown Vic	1995	49,000	09/29/97	08/01/97	Yes	None
10957	Pontiac 6000	1989	99,000	09/16/97	08/01/97	Yes	None
10969	Ford Crown Vic	1995	49,567	04/21/98	03/01/98	Yes	None

NOTE 1: Unit 10181 was sold to an individual. The purchaser was not an employee of the Kansas Highway Patrol. State law requires that 30 days elapse between date of public advertisement and sale before an individual may purchase a vehicle. Unit 10181 was never publicly advertised. The fleet manager in-charge of sales was new in his position and unaware of the 30 day requirement. Unit 10181 was his initial sale to an individual. Subsequently, he learned of the 30 day requirement and so complied. We determined this to be an isolated incident with reasonable explanation.

Kansas Highway Patrol
Analysis of Individual Motor Vehicle Sales
Fiscal Year 1998

Unit	Description	Year	Mileage	Date Sold	Advertised Sales Price (Retail)	Adjustment	Corrected Retail Price	Actual Sales Price	Variance	Actual Sales Price Greater Than NADA Wholesale
10114	Ford Crown Vic	1995	49,593	02/17/98	\$ 13,500	\$ 0	\$ 13,500	\$ 12,000	\$ 1,500	Yes
10155	Ford Aerostar	1996	142,000	04/08/98	8,750	0	8,750	6,000	2,750	Yes
10157	Chevy Camaro	1994	64,000	04/21/98	13,750	0	13,750	12,350	1,400	Yes
10181	Ford Crown Vic	1995	49,510	07/10/97	13,500	0	13,500	12,500	1,000	Yes - Note 4
10212	Ford Crown Vic	1995	49,575	02/12/98	13,750	0	13,750	11,600	2,150	Yes
10265	Ford Crown Vic	1995	49,998	09/09/97	13,500	0	13,500	13,000	500	Yes
10271	Chevy Celebrity	1988	79,753	04/28/98	1,800	0	1,800	500	1,300	Yes - Salvage
10303	Chevy Camaro	1996	49,500	02/12/98	17,500	(3,800)	13,700	13,700	0	Yes - Note 2
10309	Chevy Camaro	1996	57,000	01/14/98	17,750	(5,075)	12,675	12,675	0	Yes - Note 2
10310	Chevy Camaro	1996	71,100	05/28/98	16,500	(5,000)	11,500	11,500	0	Yes - Note 2
10313	Ford Crown Vic	1994	49,000	05/19/98	14,800	(3,300)	11,500	8,900	2,600	Yes - Note 3
10329	Chevy Camaro	1996	49,205	04/08/98	17,500	0	17,500	15,200	2,300	Yes
10375	Ford Crown Vic	1994	49,952	09/09/97	12,000	0	12,000	10,500	1,500	Yes
10407	Ford Crown Vic	1993	48,000	11/24/97	8,000	0	8,000	7,500	500	Yes
10480	Ford Crown Vic	1994	49,079	09/29/97	12,500	0	12,500	12,000	500	Yes
10526	Ford Crown Vic	1994	49,840	10/14/97	12,500	0	12,500	12,000	500	Yes
10554	Ford Taurus	1993	73,339	03/03/98	5,000	0	5,000	4,800	200	Yes
10556	Ford Taurus	1993	59,357	10/07/97	5,700	0	5,700	5,700	0	Yes
10569	Ford Crown Vic	1996	49,568	04/21/98	14,800	0	14,800	13,900	900	Yes
10571	Ford Taurus	1993	71,035	11/12/97	5,600	0	5,600	5,600	0	Yes
10587	Ford Crown Vic	1994	49,889	08/28/97	12,500	0	12,500	12,100	400	Yes
10598	Ford Taurus	1993	85,990	02/17/98	5,200	0	5,200	5,000	200	Yes
10610	Ford Taurus	1993	75,274	07/21/97	2,500	0	2,500	1,600	900	Yes
10636	Ford Crown Vic	1994	49,000	09/16/97	12,000	0	12,000	10,000	2,000	Yes
10670	Ford Crown Vic	1994	49,713	07/21/97	12,750	0	12,750	11,500	1,250	Yes
10697	Ford Crown Vic	1994	49,418	04/14/98	11,500	0	11,500	8,900	2,600	Yes
10796	Ford Crown Vic	1995	49,000	01/06/98	13,500	0	13,500	12,500	1,000	Yes
10853	Ford Crown Vic	1995	49,000	12/11/97	13,500	0	13,500	12,100	1,400	Yes
10866	Ford Crown Vic	1995	49,591	08/21/97	13,900	0	13,900	13,000	900	Yes
10876	Ford Crown Vic	1995	49,735	04/14/98	12,750	0	12,750	10,400	2,350	Yes
10897	Ford Crown Vic	1995	49,000	09/23/97	13,500	0	13,500	11,700	1,800	Yes
10910	Ford Crown Vic	1995	49,723	09/09/97	13,500	0	13,500	12,500	1,000	Yes
10930	Chevy Celebrity	1989	85,000	09/16/97	2,750	0	2,750	2,750	0	Yes
10946	Ford Crown Vic	1995	49,000	09/29/97	13,500	0	13,500	11,500	2,000	Yes
10957	Pontiac 6000	1989	99,000	09/16/97	2,200	0	2,200	2,300	(100)	Yes
10969	Ford Crown Vic	1995	49,567	04/21/98	12,750	0	12,750	9,900	2,850	Yes
					<u>\$ 407,000</u>	<u>\$ (17,175)</u>	<u>\$ 389,825</u>	<u>\$ 349,675</u>	<u>\$ 40,150</u>	

NOTE 1: Kansas Surplus Property advertised at retail, whereas, this review used as the minimum acceptable sales price the low quote for wholesale as published in the N.A.D.A. Official Used Car Guide.

NOTE 2: Units 10303, 10309 and 10310 were high performance, specifically designed highway patrol Chevrolet Camaros. Many offers were withdrawn when the offeror was notified as to the high cost of operations, specifically insurance. Therefore, this review has disregarded retail and wholesale estimates and accepted what the market could produce for sales conveyance.

NOTE 3: Unit 10313 was incorrectly priced by Kansas Surplus Property. The 1994 Ford Crown Victoria was priced using 1996 model quotations.

NOTE 4: Estimated advertised sale price based upon comparable listed units. Unit 10181 was not publicly advertised.



KANSAS STATE TROOPERS ASSOCIATION

Testimony of Eric Haskin
President of the Kansas State Troopers Association
Senate Bill 210

Mr. Chairman, committee members, I appreciate the opportunity to address this committee today. My name is Eric Haskin, I am currently serving as President of the Kansas State Troopers Association.

The purpose of my testimony today will be to explain to you how important Senate Bill 210 is to the men and women who serve as troopers for the Kansas Highway Patrol. I have had the honor to serve the citizens of the state of Kansas as a trooper for 21 years; I can attest to many improvements that we have achieved in recent years with regard to working conditions and job safety. None of these benefits are more important, or mean more to working troopers than the car program implemented by Colonel McCollum five years ago.

With the seniority that I have, it is possible for me to remember in years past how difficult it was at times to perform our duties with patrol cars that were well past their prime service life.

I recall riding with another trooper while my patrol car was in the shop for repair and being dispatched to an injury accident in Ford County. The car my partner was driving was a high mileage car that had given us many problems. While we were responding to the accident call his car stalled and died. We had to radio our communications center and have them send a Sheriff's deputy to the accident scene because we were unable to take the call.

I remember many patrol cars being driven with the paint peeling off and large patches of primer showing through. There were also countless hours spent riding two to a car while troopers vehicles were in the shop for repair.

These are just three examples of problems that we don't have to deal with today. I could cite many more examples of troubles caused by operating a fleet of high mileage vehicles. Any trooper who served during that time period could also give numerous examples from his personal experiences.

I do not want to return to those days. We would like to see the car program continue as it is currently structured.

Our troopers are now driving low mileage, well equipped patrol cars and it is a safety benefit that we would very much like to retain.

We acknowledge that there has been some controversy recently about the administration of the car program. We are confident that if investigation reveals any problems, they will be minor in nature and the Highway Patrol will handle them in a fair, professional and efficacious manner.

Thank you for the opportunity to give this testimony on behalf of the Kansas State Troopers Association.

Eric Haskin, President
Kansas State Troopers Association