

Approved: January 28, 2000
Date

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on January 27, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department
Jerry Ann Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Betty Bomar, Secretary

Conferees appearing before the committee:

Michael Miller, Kansas, Inc.
Robert L. Stockwell, Kansas Performance Review Board

Others attending: See attached list

SB 451 - Kansas, Inc., repeal KPRB performance review requirement

Michael Miller, Kansas, Inc., testified that **SB 451** repeals KSA 75-7106 which requires Kansas, Inc. to perform an evaluation of the Kansas Performance Review Board (KPRB) every three years beginning July 1, 2000. Kansas, Inc. is directed to contract for an external review of the board's activities and report the results to the next successive session of the legislature. To comply with the statute, Kansas Inc., in July 1999, prepared and issued an RFP announcement to over 200 researchers throughout the U.S. The deadline for the proposals was September 1, 1999. Five proposals were received, ranging in cost from \$52,796 to \$133,789. Kansas, Inc. requested a \$55,000 enhancement in its FY 2001 budget to comply with the statutory requirement for the performance evaluation. The Kansas, Inc. Board of Directors reviewed its FY 2001 budget and directed that the enhancement related to KPRB's evaluation be removed from the budget. (Attachment 1)

Robert L. Stockwell, Executive Director, Kansas Performance Review Board, submitted a copy of the Kansas Performance Review Board Initial Report July 1, 1997 - June 30, 1999, (a copy is on file in the Legislative Research Department). Mr. Stockwell stated the KPRB was established by the 1996 Legislature to review state agencies for efficiency and cost effectiveness; encourage innovation; and recommend retention, modification, elimination, or privatization to the Governor and the Legislature. The KPRB is comprised of five members, appointed by the Governor to a four year term. Four members are needed for a quorum. In December 1998 the terms of two members expired, and the individuals' circumstances made them ineligible to continue service. Consequently, a lack of a quorum has impeded the board's activities as four persons are needed for a quorum. A fourth member has recently been appointed. The KPRB has a staff of three persons and its recommended budget is \$287,000.

Mr. Stockwell stated that in its first two years of operation, the KPRB has exceeded its initial internal goal by projecting a net savings to Kansas citizens of over \$6 million when recommendations are fully implemented. The KPRB has completed the reviews of the: Central Motor Pool in July 1998 at an estimated cost saving of \$1 million, and DISC Long Distance in January 1999 at an estimated savings of \$500,000. The reviews of the State Printing Operations, Health and Environment Laboratories and Agriculture Laboratories are finalized and are due February 2000, with a projected cost savings of \$946,000 and a recommendation of laboratory consolidation which would be an additional cost savings of \$418,000.

The Committee discussed the necessity of requiring Kansas, Inc. to review KPRB when the information in the evaluation can be obtained through the report submitted to this Committee which encompasses the statutory requirements and provides the information requested by the Legislature. The

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Committee also discussed the redundancy of the statutory requirement.

The hearing was concluded.

Senator Ranson moved, seconded by Senator Steineger, that SB 451 be recommended favorable for passage. The recorded vote was Yes - 10 No - 1 in favor of the motion.

Upon motion by Senator Jordan, seconded by Senator Ranson, the Minutes of the January 26, 2000 meeting were unanimously approved.

The meeting adjourned at 9:00 a.m.

The next meeting is scheduled for January 28, 2000.

Kansas, Inc. Testimony
SB 451
Presented to Senate Commerce Committee
January 27, 2000

Background: The **Kansas Performance Review Board** was established by the 1996 Legislature as a result of recommendations made by the **Kansas Council on Privatization** in a January 1995 report. (The privatization council was established **under Kansas, Inc.** during the 1995 Legislative session by SCR 1626 to study the issues surrounding privatization of government services.)

The Kansas Performance Review Board was established to provide a continuing process to review functions of state government to determine whether they are being executed in the most efficient manner possible. The Board is responsible for reviewing government functions and recommending whether such functions should be privatized.

Bill Analysis: KSA 75-7106 requires that Kansas, Inc. perform an evaluation of the Performance Review Board **every three years** beginning **after July 1, 2000**. Kansas, Inc. is directed to **contract for an external review** of the board's activities and report the results to the next successive session of the legislature. The evaluation is to include:

- the disposition of every government function reviewed by the board;
- a cost benefit analysis of any of the recommendations of the board which are actually implemented; and
- a recommendation to continue or discontinue the board.

S.B. 451 would repeal K.S.A. 75-7106, thereby relieving Kansas, Inc. of the requirement to perform a review of the Kansas Performance Review Board.

RFP Process: In July 1999, in anticipation of the FY 2001 budget submission, Kansas, Inc. prepared and issued an RFP announcement to over 200 researchers throughout the U.S. All related materials were accessible through Kansas, Inc.'s website. Deadline for proposals was September 1, 1999.

RFP Results: Five proposals were received. Acceptable proposals ranged in cost from \$52,796 to \$133,789.

Request for Funding: A budget enhancement of \$55,000 was requested in Kansas, Inc.'s FY 2001 budget submitted September 15, 1999 to contract with a researcher and print the results of the evaluation.

Board Action: At its September 17, 1999 meeting, Kansas, Inc. Board of Directors directed that the enhancement related to KPRB's evaluation be removed from the budget. By letter dated September 27, 1999, Kansas, Inc. formally withdrew the request for \$55,000.

Senate Commerce Committee
Date: 1-27-00

Attachment # 1