

MINUTES OF THE HOUSE EDUCATION BUDGET COMMITTEE

The meeting was called to order by Chairman Joe McLeland at 3:30 p.m. on January 26, 2010, in Room 159-S of the Capitol.

All members were present.

Committee staff present:

Theresa Kiernan, Office of the Revisor of Statutes
Reagan Cussimano, Kansas Legislative Research Department
Sharon Wenger, Kansas Legislative Research Department
Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

Barry Swanson, Director of Purchasing, Kansas University
Andy Schlapp, Executive Dir Government Relations
Debra Prideaux, Executive Director Government Relations, Fort Hays State University
Michael Lane, President, Emporia State University
Victoria White, Legislative Liaison, Pittsburg State University
Sue Peterson, Director of Government Relations, Kansas State University
Reginald Robinson, President, Kansas Board of Regents

Others attending:

See attached list.

HB 2415 - State surplus property act; state educational institutions.

Theresa Kiernan, explained to the committee, the language of this bill.

Barry Swanson, Director of Purchasing, Kansas University stated the ability to design and operate an institution specific surplus program would increase opportunities for reuse, green and sustainability related programs, of property at the institution as well as facilitate revenue generation opportunities. (Attachment 1)

Written testimony was supplied by the following proponents:

Andy Schlapp, Executive Dir Government Relations, wrote if this bill is passed it will increase flexibility, improve efficiency, and make us a more effective university during these difficult times. (Attachment 2)

By allowing Fort Hays State University to be exempt from the state surplus property act, Debra Prideaux, Executive Director Government Relations, Fort Hays State University, wrote it will make the disposal of the university's surplus property a more efficient process. (Attachment 3)

Michael Lane, President, Emporia State University stated in his written testimony that the state surplus property laws are an efficient mechanism for smaller Topeka based agencies to dispose of used items; however, the universities would be better served by allowing them to develop their own mechanisms. (Attachment 4)

Victoria White, Legislative Liaison, Pittsburg State University too felt that the universities, simply, need the ability to choose the best method for disposal of surplus property. (Attachment 5)

Another conferee who submitted written testimony in favor of this bill was, Sue Peterson, Director of Government Relations, Kansas State University. She, also, said it would make surplus property disposal a more efficient process. (Attachment 6)

Reginald Robinson, President, Kansas Board of Regents said this legislation represents an important opportunity to achieve additional efficiencies and savings - a goal that is always of the utmost importance. (Attachment 7)

After all questions were answered the hearing on **HB 2415** was closed by the chairman.

CONTINUATION SHEET

Minutes of the House Education Budget Committee at 3:30 p.m. on January 26, 2010, in Room 159-S of the Capitol.

HB 2477 - School finance; 2010 commission.

Theresa Kiernan gave a short summary explaining this bill.

There were no proponents or opponents for this bill. The only testimony submitted was the Fiscal Note signed by Duane A. Goossen. (Attachment 8)

The hearing on **HB 2477** was closed by the Education Budget Committee chair.

Joe Lawhon, Principal Auditor for the State gave a presentation on the following:
State Universities: Can State Universities Provide Postsecondary Education More Efficiently to Reduce Costs? (AK-Goal Audit), number 08PA24. Copies of the report given by Mr Lawhon may be obtained from the Legislative Division of Post Audit by referencing the name and numberof the report.

The next meeting is scheduled for January 27, 2010.

The meeting was adjourned at 4:43 p.m.

EDUCATION BUDGET COMMITTEE GUEST LIST
DATE: JANUARY 26, 2010

NAME	REPRESENTING
Marjorie Werly	Emporia State Univ.
Mandy Jacobs	DOA
Levi J. Henry	Sandstone Group LLC
Lynola Funk	KACCT
John Kuhn	KASB
Dodie Wellshear	USA/Ks
Kari Presley	Kearney & Associates Inc.
SUE PETERSON	K-State
Wigh Beck	Hein Law Firm
Sandy Braden	GSA



House Education Committee
Hearing on H.B. 2415
January 26, 2010

Testimony of Barry Swanson
Director of Purchasing and Strategic Sourcing
University of Kansas

Chairman McLeland, I am Barry Swanson, Director of Purchasing and Strategic Sourcing for the University of Kansas, Lawrence campus and I am here to testify in support of H.B. 2415.

The University of Kansas appreciates the Committee's attention to this legislation. Over the years the Legislature has stressed to all state agencies the importance of being good stewards of taxpayer dollars. The University of Kansas takes this very seriously and continually looks for opportunities to become more efficient in its operations.

Passage of this legislation would allow state universities to gain full control over their supply chain and thus be able to design the most efficient and effective program for their institution.

For example, some of the equipment utilized at a major research institution like KU is very specialized and very technical in its use and operation and is therefore of value to a limited number of persons, companies or institutions. While the piece of equipment may have remaining value, it often has a very limited market due to its unique function and operation. The people in the University labs that use the equipment know their colleagues across the nation and are the ones best suited to determine the best market for its sale.

The additional authority gained through the state surplus property exemption when combined with the purchasing authority granted by the expansion of KSA 76-769 would allow institutions cradle to grave control over their property acquisition, use, and disposal processes.

The ability to design and operate an institution specific surplus program would increase opportunities for reuse (green and sustainability related programs) of property at the institution as well as facilitate revenue generation opportunities.

I would be happy to answer any questions.



WICHITA STATE UNIVERSITY

Office of the President

House Education Budget Committee

Hearing on H.B. 2415

January 26, 2010

Chairman McLeland and members of the House Education Budget Committee, Wichita State University stands with the Board of Regents and the six Regents' institutions in Support of H.B. 2415. This bill, if passed, will increase flexibility, improve efficiency, and make us a more effective university during these difficult times.

Having the ability to look for better and less expensive alternatives to purchasing and disposal of surplus property would allow us to better meet the needs of our mission, students and community. Most importantly, this bill gives us another tool to deal with this difficult budget cycle. The cuts we have faced to date have been drastic and have forced us to reexamine how we provide a higher education. Having more options and better alternatives will help us reach our goal.

Wichita State University hopes that you can support H.B. 2415. Thank you for allowing us to submit testimony to that effect.

Andrew J. Schlapp

Executive Director of Government Relations

and Board of Trustees

316-650-6620

House Education Budget Committee
Date: 01-26-2010
Attachment #: 2



FORT HAYS STATE UNIVERSITY

Forward thinking. World ready.

ALUMNI ASSOCIATION

Testimony on HB 2415

House Education Budget Committee

Mike Barnett, Vice President Administration and Finance

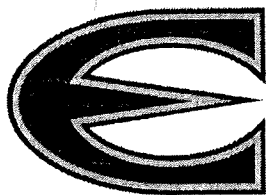
Debra Prideaux, Director, Alumni Association and Governmental Relations

January 26, 2010

Chairman McLeland and other distinguished members of the House Education Budget Committee – we are pleased to present this testimony in support of HB2415.

At Fort Hays State University, like other state agencies, the University operates under the delegated authority of the Kansas Department of Administration in terms of selling surplus property. However, current statutes prohibit the sale of such property to the general public at a fixed price. By allowing Fort Hays State University to be exempt from the state surplus property act it will make the disposal of the university's surplus property a more efficient process.

Thank you for your favorable consideration of HB2415.



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OFFICE OF THE PRESIDENT
Campus Box 4001

January 25, 2010

Representative Joe McLeland, Chairperson
House Education Budget Committee
Statehouse – Room 458-W
Topeka, KS 66612

Dear Rep. McLeland:

I am writing to request your support for two bills assigned to the House Education Committee. Both have been requested by the Kansas Board of Regents and its Council of University Presidents and are related to improving financial efficiency in the University system. The bills have also received the endorsement of the Legislative Educational Planning Committee.

House Bill 2433 would allow all six state universities to permanently utilize purchasing authority which has been extended to two institutions on a trial basis during the most recent three years. The Legislation exempts the state universities from the traditional state purchasing statutes, allowing them instead to develop purchasing programs under the direction and authority of the Kansas Board of Regents. It also allows the Universities to continue to utilize the services of the Department of Administration, Division of Purchases. Such a hybrid approach has worked to the benefit of the University of Kansas and Fort Hays State University, during the aforementioned trial period. Under certain circumstances, savings have been experienced through this approach. But more importantly, both institutions have experienced improved efficiency in their administrative processes as a result of a more streamlined approach to purchasing. We believe the legislation provides a classic win-win situation, preserving the services currently available to the universities and providing an option for a new approach. Please consider passage of the legislation.

House Bill 2415 would exempt the six state universities from the state surplus property statutes. The state surplus property laws are an efficient mechanism for smaller Topeka based agencies to dispose of used items. However, the Universities would be better served by allowing them to develop their own mechanisms. This legislation provides such an opportunity, allowing streamlining and individualizing the approaches to be followed by the campuses. We are hopeful the Committee will also give favorable consideration to the bill.

Sincerely,

Michael R. Lane
President



Pittsburg State University
OFFICE OF THE PRESIDENT

House Education Committee
Hearing on H.B. 2415
January 20, 2010

Testimony of Victoria White
Pittsburg State University

Chairman Aurand and Members of the House Education Committee. On behalf of Pittsburg State University, I am pleased to present this testimony in support of HB2415. We fully support this legislation and the progress it represents. HB 2415 would assist the University in gaining prompt, cost effective disposition of property, as well as lessening the need to use valuable building space for storage of surplus property.

The current surplus property statute does not allow for the quick and efficient disposal of property. Equipment is to be auctioned or sold after sealed bids are taken, which can be very inefficient, time consuming and costly. It would greatly assist the University to simply choose the most efficient means of disposing of old, obsolete property. Departmental expertise, trade journals, and completed on-line auction results assist us in determining the value of property. At times, the most efficient way to sell an item is simple offering it for sale at a fixed price. Other times, a formal auction or on-line auction works best. We simply need the ability to choose the best method for disposal.

Much has changed since the original surplus property legislation was implemented in 1986. Already established on-line services such as Ebay and Craigslist make the current statute very much out of step with the times. The State of Oregon, for example, sells most of its surplus through Ebay.

Pittsburg State University strongly encourages you to support HB 2415.

Testimony on HB 2415
House Education Budget Committee
Bruce Shubert, Vice –President Administration and Finance
Susan Peterson Director of Governmental Relations, Office of the President
Kansas State University
January 26, 2010

Chairman McLeland and Members of the House Education Committee:

We are pleased to present this testimony in support of HB2415.

The ability to be exempt Kansas State University from the state surplus property act will make the disposal of the university's surplus property a more efficient process.

Thank you for your favorable consideration of HB2415.

House Education Budget Committee
Date: 01-26-2010
Attachment #: 6



KANSAS BOARD OF REGENTS

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January 26, 2010

Representative Joe McLeland, Chairman
House Education Budget Committee
Statehouse, Room 458-W
Topeka, KS 66612

Representative Harold Lane, Ranking Member
House Education Budget Committee
Statehouse, Room 43-S
Topeka, KS 66612

Dear Chairman McLeland and Ranking Member Lane:

On behalf of the Kansas Board of Regents, I write to you in support of House Bill 2415, legislation that would exempt the state's six universities from the State Surplus Property Act. If enacted, this legislation would result in significant cost and administrative savings for the state universities.

Although the state universities, like all state agencies located outside of Shawnee County, currently conduct their own sales of surplus property under delegated authority from the Kansas Department of Administration, current statutes prohibit the sale of surplus to the general public at a fixed price which can be an impediment. For example, highly specialized scientific equipment has a very limited number of potential buyers. Having the expanded latitude to set price and terms in these transactions would ease the process of obtaining value for such specialized pieces of equipment. More importantly, the additional authority gained through the state surplus property act exemption when combined with the purchasing authority granted by the expansion of K.S.A. 76-769 would allow the state universities "cradle to grave" control over their property acquisition, use, and disposal processes, thereby streamlining these business processes and saving money.

The Board believes this legislation represents an important opportunity to achieve additional efficiencies and savings – a goal that is always of the utmost importance, but particularly so in this increasingly challenging budget environment. Thank you for your consideration of House Bill 2415.

Sincerely,

Reginald L. Robinson
President & CEO

House Education Budget Committee

Date: 01-26-2010

Attachment #: 7

January 26, 2010

The Honorable Joe McLeland, Chairperson
House Committee on Education Budget
Statehouse, Room 458-W
Topeka, Kansas 66612

Dear Representative McLeland:

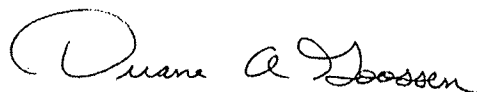
SUBJECT: Fiscal Note for HB 2477 by House Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2477 is respectfully submitted to your committee.

HB 2477 would remove the sunset date of December 31, 2010, for the 2010 Commission and would make it a permanent, ongoing commission.

If HB 2477 were enacted, Legislative Administrative Services indicates that additional costs for paying daily compensation and subsistence expenditures may be required for the 2010 Commission's legislative members in FY 2011. The agency indicates that during the 2009 interim, expenditures of \$8,199 were paid to members of the 2010 Commission. However, the number of days that the Commission may meet during FY 2011 is not known. Any fiscal effect associated with HB 2477 is not reflected in *The FY 2011 Governor's Budget Report*.

Sincerely,



Duane A. Goossen
Director of the Budget

cc: Dale Dennis, Education
Sharon Schwartz, Legislative Services