

Approved: 2-17-2009

Date

MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY AND FISCAL OVERSIGHT
COMMITTEE

The meeting was called to order by Chairman Jim Morrison at 3:30 p.m. on February 10, 2009, in Room 535-N of the Capitol.

All members were present except:

Representative Brenda Landwehr- excused
Representative Melvin Neufeld- excused
Representative Louis Ruiz- excused
Representative Tom Sloan- excused

Committee staff present:

Rena Jefferies, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Hank Avila, Kansas Legislative Research Department
Mary Galligan, Kansas Legislative Research Department
Gary Deeter, Committee Assistant

Conferees appearing before the committee:

Jim Edwards, Kansas Association of School Boards
Melany Barnes, Technical Assistant to Division Operations Director, USD 259, Wichita Public Schools
Natalie Bright, Coalition for Opportunity
Colin McKenney, President, Cartridge King of Kansas
Ron Pasmore, KETCH (Kansas Elks Training Center for the Handicapped)
Jimmy Wilson, KETCH
Matt Fletcher, Associate Director, InterHab

Others attending:

See attached list.

The Chairman opened the hearing on **HB 2194** - State use law; school districts; exception.

Staff Daniel Yoza provided a briefing on the bill, saying that the bill amends the state use law (**K.S.A. 2008 Supp. 75-3319**) to allow school districts to purchase supplies outside the state catalogue if, after receiving bids, the items can be purchased for 10% less than the price listed in the catalogue. He noted that school districts can apply for an exemption waiver under certain conditions.

Jim Edwards, Kansas Association of School Boards, testified as a proponent of the bill (Attachment 1). He introduced Chris Howe, Director of Purchases, Kansas Department of Administration, who responded to members' questions. Mr. Howe replied that vendors listed in the state catalogue must be located in Kansas and employees must be residents of Kansas. Catalogue items include such things as trash bags, trash liners, pens, pencils, toner cartridges, and air filters.

Melany Barnes, Technical Assistant to Division Operations Director, USD 259, Wichita Public Schools,

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spoke as a proponent, saying that she had attended most of the State Use Committee meetings and had worked with district budgets; she noted that some catalogue items are much higher than what can be obtained from other vendors, citing the cost differential on a three-ring binder that would save one middle school \$5016 per year ([Attachment 2](#)). She said the 10% threshold was reasonable. She commented that district teachers are allowed to use P cards for smaller purchases. Mr. Howe responded to a question about waivers, saying that his office had received only 2 requests for waivers in the last two years. He stated that, since the statute is ambiguous regarding waivers, the State Use Committee has established a process for granting waivers based on one of three categories: by product, by vendor, by catalogue. He replied that, because the Committee has not been able to reach agreement on a policy, waiver requests are decided on a case-by-case basis. He observed that the statute is clear; if a catalogue vendor sells a product, the school district is obligated to buy it. Responding to further questions, Mr. Howe said the Committee evaluates catalogue prices every year, a process that includes market-price comparisons.

Natalie Bright, Coalition for Opportunity, testified as an opponent of the bill ([Attachment 3](#)). She noted that the federal set-aside concept was established in 1953 and that Kansas was one of the first states to implement the concept. She stated that over 400 Kansans with disabilities are presently receiving wages, are more independent, and are not a drain on public funds; the bill, if passed, would erode this program. She noted that the State Use Committee voted down the bill, and a sub-committee is currently working on competitive pricing issues. She referenced the Kansas State Use Law Report for 2008 ([Attachment 4](#)) and the number of school districts who have ordered supplies through the catalogue ([Attachment 5](#)). She replied to a question that occasionally a local office supply store will allow products to pass through to catalogue vendors.

Colin McKenney, President, Cartridge King of Kansas, spoke in opposition to the bill ([Attachment 6](#)). He said that often legislation is based on efficiency and cost savings rather than helping individuals to become more productive. He commented on the value received by the state by helping individuals become more independent and self-sufficient, and he noted that, in spite of the state use law, only one in five school districts presently orders from the state catalogue. He commented that if all school districts were involved, the economies of scale would enable vendors to reduce prices. He explained the value of remanufactured ink cartridges compared with the less reliable reloaded cartridges, and he commented on the workmanship and longevity of the company's products. He replied that the company employs 34 individuals.

Jimmy Wilson, an employee of KETCH (Kansas Elks Training Center for the Handicapped), related how much he had learned from his employment and how much he enjoyed his job ([Attachment 7](#)).

Ron Pasmore, KETCH, speaking as an opponent of the bill, said KETCH provides comprehensive rehabilitation services for 300 individuals with developmental disabilities ([Attachment 8](#)). He explained that employees receive between \$7.50 and \$8.50 per hour for their work and that the agency provides quality products that meet the needs of customers ([Attachment 9](#)). He noted that, without the state use law, the agency could not compete with outside vendors, and he explained that the agency's turnover rate is high because clients are constantly leaving to be employed in the community. He compared the agency's air filters with those purchased at a local store. Answering questions, he said during a normal year the agency will break even on sales, although the past year has resulted in a net loss. He stated that he opposes the bill

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because it will lower sales and provide less work for clients.

Matt Fletcher, Associate Director, InterHab, provided information in opposition to the bill (Attachment 10). Noting that he is chairman of the State Use Committee, he said that state agencies and Regents universities use the catalogue more than do school districts. He stated that the Committee is developing a process for pricing and for waivers that will ultimately result in better service for school districts, a result that will make the proposed legislation unnecessary. He explained that the new waiver process falls into three categories: a waiver based on price, a waiver based on use of a single vendor, and a waiver by a preponderance of purchases. Observing that a pricing matrix is being developed by the University of Kansas and will be available in the fall 2009, he said that currently prices are reviewed three times: by the vendor, by the Director of Purchases, and by the State Use Committee.

Mick Smith, an employee of Cartridge King, spoke eloquently about how the company had not only provided him a job, but had enabled him to build character, self-esteem, and to take pride in his work.

The hearing on **HB 2194** was closed.

A motion was made, seconded, and passed to approve the minutes for February 3 and February 9. (Motion by Representative Gatewood, seconded by Representative Vickrey).

The meeting was adjourned at 5:23 p.m. The next meeting is scheduled for February 12, 2009.