

SESSION OF 2016

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2729**

As Amended by House Committee of the Whole

**Brief\***

HB 2729, as amended, would require Kansas school districts to procure certain goods and services through the Department of Administration (Department). However, the bill includes several exceptions to the requirement.

***Contractual Requirements and Exceptions***

The Secretary of Administration would be required to contract for the following items on behalf of local school districts:

- Information technology equipment, services, and software; and
- Food.

Information technology equipment and food purchased through the Department procurement list would not be required to be procured *via* a sealed proposal or lowest bid process.

Exceptions to this requirement would include:

- Such items that can be purchased not to exceed three percent over the total procurement cost obtained by the Department;

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

- Such items that may be purchased through an education service center;
- Such items where a material quality difference exists between the items a district may purchase; or
- In the event a contract for such items is in existence on July 1, 2017. Such contracts would not be allowed to be extended or renewed after a contract's expiration.

The bill would require local school boards to report annually any purchases made *via* exceptions to these requirements to the Department.

The bill would take effect on July 1, 2017.

### **Background**

The bill, introduced by the House Appropriations Committee, was a recommendation contained in the *Kansas Statewide Efficiency Review*. At the hearing on the bill in the House Education Budget Committee, representatives of the Southeast Kansas Education Service Center and the Topeka and Wichita school districts provided neutral testimony. Opponents of the bill included representatives of the Blue Valley School District, Kansas Association of School Boards, and the Kansas Cooperative Council. There was no proponent testimony at the hearing.

The House Committee amended the bill by increasing the exception related to local purchasing to three percent from one percent compared to Department contracts. An additional exception would allow contracts in place on July 1, 2017, to continue to their expiration. A requirement to report annually to the Department purchases made pursuant to exceptions in the bill also was added. The Committee further amended the bill to allow services to be purchased using

current law, except for services related to construction management. Finally, an amendment to delay the effective date of the bill to July 1, 2017, was added.

The House Committee of the Whole added amendments eliminating fuel as an item required to be purchased *via* the Secretary of Administration, clarified that services could be procured in an amount not to exceed three percent over the total procurement cost obtained by the Department; and eliminated a provision requiring contracted construction management services in an amount greater than \$20,000 to be procured through sealed proposals and to the lowest responsible bidder.

The fiscal note prepared by the Division of the Budget on the original bill indicated \$467,000 from the State General Fund would be needed by the Department of Administration to provide staff to administer the provisions of the bill. The fiscal note also stated projected savings of \$43.2 million over a five-year period assumed school districts would terminate existing contracts without penalty.

There was no fiscal note related to the House Committee amendments.