

SESSION OF 2011

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2194**

As Amended by House Committee of the Whole

**Brief\***

HB 2194, as amended, would establish the Kansas Advisory Council on Privatization and Public-Private Partnerships Act. The Council would be composed of 11 appointed members, and would be required to meet at least four times each year.

The purpose of the Council would be to ensure that certain state agencies, including the Board of Regents and postsecondary educational institutions, would: 1) focus on the core mission and provide goods and services efficiently and effectively; 2) develop a process to analyze opportunities to improve efficiency, cost-effectiveness and provide quality services, operations, functions, and activities; and 3) evaluate for feasibility, cost-effectiveness, and efficiency opportunities that could be outsourced. Excluded from the state agencies covered by the bill would be any entity not receiving State General Fund or federal funds appropriation.

The bill would specify the members of the Council, terms, and responsibilities. The Council would review and evaluate the possibility of outsourcing goods or services, review ways to eliminate competition with one or more private businesses or organizations, develop and implement standard processes for reviewing business cases, and identify and distribute information on best practices for outsourcing. The Legislative Research Department would be directed to provide any assistance requested by the Council.

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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>

The Council would prepare and submit an annual report to the Governor, Senate Ways and Means Committee, and the House Appropriations Committee by January 15.

The provisions of the bill that establish the act would expire in three years.

The bill also would modify the state contracting statutes and assign new reporting duties to the Director of Purchasing.

### **Background**

Proponents of the bill included representatives of the Reason Foundation, Los Angeles, CA; the Kansas Restaurant and Hospitality Association; and Americans for Prosperity – Kansas. Written support was submitted by the Kansas Policy Institute, Wichita, Kansas.

Appearing in opposition to the bills was a representative of the Kansas Organization of Public Employees.

A representative of the University of Kansas Hospital Authority appeared as neutral, and asked for that agency to be excluded from provisions in the bill since the Authority was designed to act as a private entity, not as a state agency, in order to compete in a hospital environment.

The House Committee added several technical amendments suggested by the Revisor of Statutes Office. The House Committee modified the original name of the Council to reflect its anticipated purpose. The House Committee also amended the bill to exclude state agencies which do not receive a State General Fund appropriation. Finally, the House Committee placed a three-year sunset on the new act.

The House Committee of the Whole clarified that certain state agencies would include the Board of Regents and any postsecondary educational institution.

According to the Director of Purchasing, HB 2194, as introduced, would require 1.00 FTE Procurement Officer I position at a cost of \$34,445, all from the State General Fund. This position would conduct the education, transactional evaluation, and information collection duties required by the bill. Any additional operating costs could be absorbed within the agency's budget.

The Budget Director also noted that implementation of HB 2194, as introduced, could increase staff work in state agencies because of the new requirements created in the bill. However, the frequency or the number of inquiries each agency could receive if HB 2194 is enacted is not known. Agencies could eventually realize expenditure reductions from implementing recommendations of the Council; however, there are no data on which to base an accurate estimate. Finally, the total expenditure and revenue effect this bill could have on state agencies is unknown, according to the Director of the Budget.