Chairperson Schodorf, I am Barry Swanson, Director of Purchasing and Strategic Sourcing for the University of Kansas, Lawrence campus. I am here to testify in support of H.B. 2433. This legislation would extend a program that KU has already used to save $1.76 million.

The University of Kansas appreciates the Committee’s attention to this legislation. The Legislature has long stressed the importance of all state agencies being accountable for and good stewards of taxpayer dollars.

The University of Kansas takes this responsibility very seriously and appreciates the empowerment granted by the 2006 Kansas legislature when they passed Senate Bill 52, the terms of which are codified in KSA 76-769.

KSA 76-769 established a 3-year purchasing pilot program where the Board of Regents could select one regional institution and one research institution to be exempt from the basic state purchasing statute as well as the Prison Made Goods Act. Fort Hays State and the University of Kansas were the institutions selected. The pilot project will sunset on June 30, 2010 unless H.B 2433 is passed to extend the exemptions.

During the last 3 years FHSU and KU reported material hard dollar savings and efficiencies that were only possible due to the purchasing pilot program. KU has reported hard dollar savings of approximately 1.76 million and was able to process competitive bid transactions more quickly by saving approximately 13 days per transaction. This equates to a roughly 40% reduction in processing time.

These savings and efficiencies have been achieved without incurring additional cost or administrative burden. The elimination of the flexibility would result in the loss of the hard dollar savings and administrative efficiencies documented by the pilot institutions.

The primary reason these savings were achieved is the fact that KU developed policies and procedures for Kansas
Board of Regents approval that were designed to maximize competition.

Campus departments have been given a toolbox of options to consider as they source needed products and services. The options are simple:

For transactions that total $5,000 or less the departments may utilize any available state or approved consortia contract or go directly to the open market without first having to complete a bureaucratic approval process.

For transactions that total in excess of $5,000, departments may utilize any available state or approved consortia contract or seek competitive bids or non-competitive approval through KU Purchasing Services.

This environment gives departments the flexibility and options they desire and also minimizes the level of bureaucracy required to complete normal transaction processing.

Of equal importance is the fact this competitive environment ensures that all contract vendors must constantly compete for every University dollar.

Finally, this environment also grants significant opportunities for local, small, minority and women-owned businesses to compete for University business. No longer is business primarily packaged on a Statewide or even University-wide contract basis only. This allows smaller vendors to compete for individual transactions and thus increase their chances of being able to compete successfully.

H.B 2433 will make permanent the terms of KSA 76-769 and expand its scope to include all state educational institutions. The proposal also broadens the exemption to include statutes related to the University Press, Division of Printing, real estate leases, professional services and negotiated procurements.

In the recently completed Legislative Post Audit Report eleven (11) items were identified by Regent institutions that would allow them to operate more efficiently. Three (3) of those items would be addressed by passage of H.B 2433.

I would be happy to answer any questions.