MINUTES

JOINT COMMITTEE ON INFORMATION TECHNOLOGY

<u>December 4-5, 2003</u>
<u>Room 423-S—Statehouse</u>

Members Present

Representative Joe McLeland, Chairperson
Senator Tim Huelskamp, Vice Chairperson
Senator Henry Helgerson
Senator Larry Salmans
Senator Derek Schmidt (Thursday only)
Representative Nile Dillmore
Representative John Faber
Representative Jim Morrison
Representative Joe Shriver

Staff

Don Heiman, Legislative Chief Information Technology Officer
Julian Efird, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Gary Deeter, Committee Secretary

Conferees

Denise Moore, Chief Information Technology Officer, Executive Branch
Larry Kettlewell, Chief Security Officer, Kansas Information Technology Office
Allan Foster, Legislative Information System Auditor, Legislative Division, Post Audit
Norma Jean Schaefer, Information Security Officer/Infrastructure Manager, Kansas
    Department of Health and Environment
Marilu Goodyear, Chairperson, Regents Advisory Council
Hal Gardner, Director, KAN-Ed, Kansas Board of Regents
Jim Garner, Secretary, Kansas Department of Human Resources (KDHR)
Wayne Maichel, Director, Unemployment Insurance Benefits, KDHR
Jeff Lewis, Chief Information Officer, KDHR
Laura Johnson, Deputy Director, Division of Property Valuation, Kansas Department of Revenue

Thursday, December 4, 2003
Morning Session

The minutes for the September 18-19 JCIT meeting were approved. *(Motion by Representative Dillmore; seconded by Senator Huelskamp)*

Denise Moore, Executive Chief Information Technology Officer (CITO), reviewed the July-September 2003 Quarterly Information Technology Project Report, noting that there are 24 active (approved) projects, three of which are on hold and several which have extended completion dates (Attachment 1). Those on hold include:

- The Kansas Department of Revenue's Computer Assisted Mass Appraisal (CAMA) System Project, awaiting CITO review of a new baseline; the project cost will increase to $3.839 million;

- The Kansas Department of Transportation's Advanced Public Transportation Management System, awaiting agency to submit a revised plan in January 2004;

- Emporia State University's Information Management System, seeking funding, and, during the interim, investigating collaboration with Wichita State University.

Ms. Moore stated that the Kansas Department of Health and Environment's Child-Care Licensing and Information System has extended the completion date to March 2004, exceeding the 10 percent threshold set by the project plan. She noted that the Kansas Department of Agriculture, because of staffing problems in migrating from FilePro to Oracle, though remaining within budget, has extended the completion date from November 2003 to April 2004. Likewise, the State Conservation Commission will file a new baseline because the testing for the Cost Share Program Management Information System has taken longer than anticipated and the completion date will be extended.

Ms. Moore listed three new approved projects:

- The Board of Healing Arts Information Technology Enhancement Program ($550,000);

- The Juvenile Justice Authority's Technology Infrastructure at the Topeka Kansas Juvenile Correctional Complex ($917,560);

- The Kansas Department of Transportation's Infrastructure Project at the Harrison Center ($837,271).

Ms. Moore noted that the Board of Healing Arts would file a new project plan in December 2003 to reflect a change in strategy from using a contractor to using off-the-shelf software. Regarding the Kansas Department of Social and Rehabilitation Services (SRS) Enterprise Circle Plan ($16.5 million), she said that, because of its size, the project has been divided into seven sub-projects. She noted that the SRS replacement for the Medicaid Management Information System ($26.3 million), is being run in tandem with the old system to complete the testing phase.

Answering questions, Ms. Moore said that Fort Hays State University had received a $182,000 refund from SunGard for the failed student information component, and that the vendor is

completing the other two phases of the project, the financial and human resources components. A refiled plan is expected.

She noted that the Kansas Public Employees Retirement System's Workflow Re-engineering and Imaging Project has been recast. The agency is developing a new plan (estimated cost, $4.7 million), projected to begin August 2004 and be completed July 2006.

Members requested information from Ms. Moore on a number of issues. Senator Salmans asked for possible bioterrorism funding sources for KDHE projects. Members requested information on how SRS is developing its Enterprise Circle Plan. The Chairperson expressed concern regarding Kansas State University's Legacy Replacement Project (LASER), noting that KSU had contracted for software that has yet to be developed.

Larry Kettlewell, Chief Security Officer, Kansas Information Technology Office (KITO), discussed the state's Information Technology (IT) enterprise security, noting that the state network has no centralized security, relies on seven employees, only one of whom is full-time on security concerns, and has no full-time monitoring capability (Attachment 2). He said that to make the network more secure, the KITO needs an automated asset management system with an intrusion prevention system, additional staff to provide centralized monitoring and coordination, and more widely offered security training. Answering questions, he said that security is not a line-item in the budget, but industry standards normally allocate 5.0 percent of a budget for IT security. He said KITO is presently preparing a plan to address priority needs in response to the Governor's request.

Afternoon Session

Allan Foster, Legislative Information System Auditor, Legislative Division of Post Audit, reviewed Post Audit's assessment of KDHE's IT security, saying that the audit revealed serious failures to protect the confidentiality and integrity of data from fraud, misuse, and disruption (Attachment 3). He stated that, with security breaches and disaster recovery inadequacies so numerous, he decided to meet with the Secretary of Health and Environment midway through the audit, after which the Secretary instituted changes which brought the agency to an acceptable level. Asked what effect the audit had on other agencies, Susan Kang, Policy Director, KDHE, said that all other agencies received a copy of the audit.

Norma Jean Schaefer, Information Security Officer/Network Infrastructure Manager, KDHE, reported that the Post Audit recommendations for the agency were being prioritized and implemented, that effective password, firewall, and anti-virus systems were now in place, and that agencywide policy changes were now providing protection for data (Attachments 4 and 5).

Marilu Goodyear, Chairperson, Regents Computer Advisory Committee, provided security funding needs as was previously requested by the Committee (Attachment 6). Asked at a previous meeting what resources were needed to provide enhanced IT security for Kansas Regents institutions, Ms. Goodyear said information from a Center for Applied Research study was used as a benchmark. She outlined the recommendations in four categories:

- Security Staff. Based on a ratio of security staff to network connections (one security staff per 5,000 connections), she said the present total of seven staff would need to be increased to 12.5 FTEs, with a base cost of $889,858, and, with training, a total of $1.13 million.

- Intrusion Detection. "Defense in depth" protection would cost $875,000.

- System Hardening, a one-time cost to update and upgrade systems, $4.9 million.

- Virus Protection. Cost estimated to be $750,750.

Ms. Goodyear said the total cost estimate for enhanced security would be $2.75 million in continuing funds and $4.96 million in one-time funds. Noting that the top 10 percent of institutions spend 11 percent of the IT budgets on security, she said that using a corporate benchmark of 12 percent for Regents IT budgets, a total of $6.57 million would be required. She observed that presently the Regents spend $1.27 million for IT security. Answering questions, Ms. Goodyear said that most schools have only part-time security staff.

Hal Gardner, Director of KAN-ED, Kansas Board of Regents, provided a status report on KAN-ED, the statewide education network being developed for schools, libraries, and hospitals (Attachment 7). Noting that a Request For Proposals will be released later in December 2003, he said Network Access Point (NAP) equipment has been selected, bandwidth awards (OC-3) to carriers are being negotiated, 10 NAP cities have been selected, and implementation/roll-out testing has begun, with December 11, 2003, as the official on-line date. He stated that KAN-ED has been awarded $1.6 million in E-rate discounts, and an engineering trade study was commissioned to determine whether to use existing state resources or an overlay network and what kind of management system, equipment, and vendor would be advisable. Mr. Gardner provided data on how members used their KAN-ED subsidies (Appendices O and P). Noting that presently there are 649 KAN-ED members, it has been discussed to allow health clinics to become members and expressed concern that KAN-ED was mandated not to compete with private industry.

Friday, December 5, 2003
Morning Session

Jim Garner, Secretary, Kansas Department of Human Resources, discussed the agency's Unemployment Insurance Benefits System, a COBOL-based platform built in 1967 (Attachment 8). He said the system had undergone extensive patches, but with the legislative enhancement to unemployment benefits passed in 2003 and additional federal benefits added, the system had become increasingly unstable.

Wayne Maichel, Director, Unemployment Insurance Benefits, outlined the business reasons for building a new system: increased customer satisfaction, increased staff productivity, and the ability to accept further legislative mandates and communicate with federal systems.

Jeff Lewis, Chief Information Officer, KDHR, cited information from other states which are building new Unemployment Insurance Benefits systems. He said KDHR has received CITO project approval and is preparing an assessment/feasibility study at a cost between $100,000 to $150,000, funded from Reed Act federal funds. Answering questions, Mr. Lewis said the present system is on the verge of complete failure and that, compared with information from other states, the total system will cost between $10 million and $40 million.

Laura Johnson, Deputy Director, Division of Property Valuation, Kansas Department of Revenue, updated the Committee on securing a new vendor for CAMA (Computer-Assisted Mass Appraisal System). She stated that the agency is seeking an off-the-shelf system which could be modified for Kansas needs (Attachments 9 and 10). She said a fixed-price contract for $2.8 million

had been signed with Cole Layer Trumble (CLT), a wholly-owned subsidiary of Tyler Technologies, to implement in 10 beta counties. She stated that the Kansas-tailored Orion system will be installed in Douglas, Riley, and Johnson counties in April 2004 and, after testing, will be installed in the remaining seven counties (Atchison, Osage, Franklin, Montgomery, Sedgwick, Grant, and Sheridan) by the end of 2005. Members expressed concern regarding the viability of the vendor and questioned the wisdom of modifying a system rather than using an off-the-shelf product without modification. Ms. Johnson said that CLT and Tyler are experienced in the software industry and that, although Orion is a new product, the Kansas modifications will become the standard for the evolved product, making subsequent modifications unnecessary in future releases of Orion.

Don Heiman, Legislative CITO, reviewed proposed Kansas Legislature IT policies, which will be submitted to the Legislative Coordinating Council (LCC) on December 16 (Attachment 11). He noted the three-team structure for implementing the Legislative Computing Systems Plan: an information systems team, an information system review team, and an information systems steering committee. After discussion, *the Committee passed a motion recommending to the LCC the following changes:* (Motion by Representative Morrison; seconded by Representative Dillmore)

1. On page 2, policy 1.1.5, in the last line, change "shall" to "may."

2. On page 3, policy 1.1.10, in the next-to-last line, insert before the word "hardware" the adjective "non-standard."

3. On page 5, in policy 1.1.14, in the last line, change "deny" to "consider" and also insert after the word "request" the phrase "outside the strategic plan."

4. On page 7, in policy 1.3.1(b), in the next-to-last line, insert after the word "Games" the phrase "(not necessarily for training and skills development for using appropriate technology)."

Mr. Heiman, as Legislative CITO, listed his contracted work activities, among which are working with the legislative information systems teams, providing oversight for IT infrastructure design requirements for the Capitol Restoration Project, serving on various IT committees, working with the Information Network of Kansas, Division of Information Services and Communications, the Executive CITO, as well as providing support for the JCIT and the LCC (Attachment 12). By consensus, the Committee authorized Mr. Heiman to monitor all security discussions during the 2004 Legislative Session and develop IT security policies to be included in the Legislature's revised Strategic Plan. Mr. Heiman provided Attachment 13 as the Kansas Legislature and Statehouse Offices Long-Range Planning Methodology.

Staff distributed a proposed draft of the JCIT report for 2003 (Attachment 14). By consensus the Committee, adopted the draft as printed, and the Chairperson said that any suggested changes had to be given to staff no later than Monday, December 8. The Chairperson would decide on any recommended changes and finalize the Committee's conclusions and recommendations for the report.

The meeting was adjourned at 11:40 a.m. An organizational meeting will be scheduled during the 2004 Legislative Session.

Prepared by Gary Deeter
Edited by Julian Efird

Approved by Committee on:

December 23, 2003
(date)