MINUTES

JOINT COMMITTEE ON INFORMATION TECHNOLOGY

December 18-19, 2007
Room 526-S—Statehouse

Members Present

Representative Joe McLeland, Chairperson
Senator Tim Huelskamp, Vice-Chairperson
Senator Mike Petersen
Senator Vicki Schmidt
Senator Chris Steineger (December 18)
Representative Mike Burgess
Representative Nile Dillmore
Representative Harold Lane
Representative Jim Morrison

Staff Present

Don Heiman, Legislative Chief Information Technology Officer
Julian Efird, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Mary Torrence, Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Gary Deeter, Committee Secretary

Conferees

Ed Van Petten, Executive Director, Kansas Lottery
Keith Kocher, Director of Gaming Facilities, Kansas Lottery
Don Cawby, Director of Administration, Kansas Racing and Gaming Commission
Joe Morland, Project Manager, Emergency Medical Services Board
Robert Waller, Chief Administrator, Emergency Medical Services Board
Jeff Lewis, Chief Information Officer, Department of Social and Rehabilitation
    Services
Andy Allison, Deputy Director, Kansas Health Policy Authority
Bill Noll, Director of Information Technology, Department of Corrections
Roger Werholz, Secretary, Department of Corrections
Denise Stephens, Vice Provost for Information Systems, University of Kansas
Duane Goossen, Secretary of Administration and Director of the Budget
Mike Crow, Director, Planning and Development, Department of Transportation
Trevor Wohlford, Executive Director, State Board of Tax Appeals
Carmen Aldritt, Director of Vehicles, Department of Revenue

DeAnn Williams, Manager, Motor Carrier Services Bureau, Department of Revenue
Jennifer Gehrt, Project Director, Kansas State University

Tuesday, December 18, 2007
Morning Session

Keith Kocher, Director of Gaming Facilities, Kansas Lottery, provided an update on the expanded gaming Central Communications System (Attachment 1). Explaining that the system would be owned and controlled by the Kansas Lottery, but purchased by the vendor, he said a Request for Information was issued, which brought responses from five vendors. The responses were narrowed to two: Scientific Games International and GTech. He stated that in September of 2007, staff members of the Kansas Lottery and Kansas Racing and Gaming Commission traveled to Delaware and Rhode Island to evaluate how each vendor operated in the two states. After receiving price quotations from each vendor, the Kansas Lottery plans to establish a contractual relationship with one of the vendors early in January of 2008. He noted that SB 66 exempts the Kansas Lottery from the state's purchasing regulations, so no Request for Proposal (RFP) was issued.

Members asked numerous questions, which were answered by either Mr. Kocher or Ed Van Petten, Executive Director, Kansas Lottery:

- Shawnee County District Court Judge Charles E. Andrews will issue his decision regarding the constitutionality of the Lottery by February 1, 2008;

- Since no court stay has been issued, the Lottery and the Commission are required to follow the law and build the expanded gaming infrastructure. Currently $4-$6 million is being invested in the Woodland track and about $30 million into Camptown;

- No project plan has been submitted for this project under the assumption that SB 66 exempts the Lottery from the state's purchasing regulations. The agency has contacted the Executive Chief Information Technology Officer (CITO) and the Kansas Information Technology Office (KITO) seeking an opinion whether a project plan should be submitted;

- The plan is for the managers to assume control of the day-to-day operations in May, although the Lottery will control the infrastructure;

- If the courts rule that the expanded gambling law is unconstitutional, then the preparations will be stopped;

- Both Scientific Games and GTech have extensive experience in the gaming industry; both have built central systems, and both fit the requirements of SB 66.

- The new system will be a Commercial-Off-the-Shelf (COTS) system;

- The contract will include not only the race tracks, but, later, the casinos;

- The contract will include penalties for liquidated damages, which, if such damages were to occur, would be paid to the state;

● The Lottery's system will be able to track the money; the managers will have their own system to track demographics and playing habits;

● Radio Frequency Identification (RFIDs) in poker chips are being tested and will soon be on the market;

● All gambling manufacturers follow nationally recognized protocols; and

● The gaming machines are not programmed for payouts from a central location, but at each terminal.

Members expressed concern that the expertise of the Executive CITO was bypassed and that a consultation with the Executive CITO was scheduled for after the signing of the contract. Members raised the question of a conflict of interests, since the Kansas Attorney General initiated the lawsuit to establish the constitutionality of the gaming law while an Assistant Attorney General holds a position at the Lottery. A member commented that since the same gaming technology has been used for nearly 20 years, the proposed system is not a venture into the unknown.

Don Cawby, Director of Administration, Kansas Racing and Gaming Commission, reviewed the various systems being developed in preparation for expanded gambling in Kansas (Attachment 2). He said that rather than building a custom licensing system (estimated cost, $3.7 million), the Iowa system is being modified (cost, $130,000) with no requirement for service fees. He estimated that the agency will spend $2.4 million in FY 2008 for implementing the system (two sites presently; ultimately, six sites), which includes licensing, live-scan fingerprinting, optical imaging, broadband access, relocation of servers and office space, and necessary upgrades in anticipation of migration to the Iowa system. Answering questions, Mr. Cawby said the licensing implementation would occur after the Lottery signs a contract with a vendor. He explained that three levels of background checks would occur: a comprehensive one for managers, a lesser one for floor employees, and a minimum check for employees like kitchen and custodial staff.

A motion was adopted to introduce Attachment 3 as a committee bill. (Motion, Representative Morrison; second, Senator Huelskamp).

The JCIT minutes for November 9, 2007, were approved. (Motion, Senator Huelskamp; second, Representative Morrison).

Staff reviewed a draft of the Committee's annual report to the Legislature that outlines the Committee activities for 2007 (Attachment 4).

Afternoon Session

Mary Torrence, Revisor of Statutes, addressed the issue of copyrighted material being included in Committee minutes, which are then posted on legislative websites (Attachment 5). She explained that federal copyright law provides an exemption for "fair use" of copyrighted materials and that archived materials fall within the exempt penumbra.

Joe Morland, Kansas Emergency Medical Information System (KEMIS) Project Manager, Emergency Medical Services (EMS) Board, updated the Committee on the status of the project

(<u>Attachment 6</u>). He said the evaluation of the three prospective vendors has been completed and the EMS Board selected Image-Trend. The Division of Purchases issued a letter of intent on December 4, 2007, to purchase the software and hosting service (pending Executive CITO approval), the five-year lease-purchase costing $461,384, after which the annual cost would be $52,680. The first rollout to 30 local EMS services was announced on December 6, 2007, with a plan to add 30 other local services every six months.

Robert Waller, Chief Administrator, Emergency Medical Services Board, stated that he believes the project has met all Committee suggestions and asked that the project be allowed to move forward. *By consensus, the Committee agreed to advance the project.*

Mr. Waller, answering questions, replied that the EMS Board did not intend to require all local EMS services to be subject to KEMIS. He explained that large counties (Wyandotte and Sedgwick) have their own systems and were waiting to see which vendor was selected before opting into the new system. Staff reviewed KSA 65-6153 (<u>Attachment 7</u>), commenting that the intent of the legislation is to mandate participation in the new system. However, Mr. Waller said that the statute provides no penalties for noncompliance, which in effect makes participation voluntary.

A recommendation was adopted to include in the Committee's report the following item: Pursuant to KSA 75-7209 *et seq*, the Executive Director of the Kansas Lottery shall file an IT Project Plan with the Executive Branch Chief Information Technology Officer for the Expanded Gaming Central System. The plan and IT specifications should be approved by the Executive Branch Chief Information Technology Officer prior to award and signing of contracts. Copies of the approved project plan should also be filed with the Division of Budget, Legislative CITO, and all members of the Joint Committee on Information Technology. *(Motion, Senator Huelskamp; second, Senator Petersen).*

Jeff Lewis, Chief Information Officer, Department of Social and Rehabilitation Services (SRS), reported on the Protection Reporting Center Project, an initiative to standardize and streamline intake, tracking, and management of reporting for abuse and neglect (<u>Attachment 8</u>). Noting that an RFP was issued and high-level approval has been received from the CITO, he stated that the procurement process is under way, after which a detailed plan will be submitted for CITO approval. He said the project is estimated to cost $896,940 and will be completed by January of 2009 with 52.0 percent federal matching funds. Answering questions, Mr. Lewis said the system will identify repeat incidents and would flag follow-up procedures. He replied that the system will interface with Family And Children Tracking System (FACTS) and Kansas Initiative for Decision Support (KIDS) on a temporary basis until the proposed Human Services Management (HSM) subsumes it. He explained that the system does not track adult abuse incidents, but that adult abuse is reported to SRS.

Mr. Lewis continued his testimony, reporting on the Network Equipment Refresh Deployment (NERD) Project, a response to a recommendation from vendor Calence that the Server Consolidation Project not go forward until all the network switches were upgraded (<u>Attachment 9</u>). He said the project, which received CITO approval on October 22, 2007, will bring SRS equipment into compliance with Division of Information Systems and Communications (DISC) standards. The project is scheduled for completion in October 2008 at an estimated cost of $2.8 million, 51.0 percent of the cost provided by federal matching funds.

Mr. Lewis and Dr. Andy Allison, Deputy Director, Kansas Health Policy Authority (KHPA), provided information on the Kansas Eligibility and Benefits Administration System (KEBAS), a joint project between KHPA and SRS (<u>Attachment 10</u>). Dr. Allison explained that the current system, a legacy mainframe application used for determining eligibility for individuals and families for various welfare programs, is obsolete and inefficient, requiring a variety of manual "work-arounds." He said both agencies have agreed that a single integrated system is needed. The proposed system will

include Title XIX, Title XXI, health reform programs, other assistance programs, and eventually will include the State Employee Health Plan enrollment and management.

Mr. Lewis added further comments about the joint project, saying that the HSM Feasibility Study and Roadmap project is in the procurement phase, with the project being used also by KEBAS as the first phase of a long-term plan for KHPA. The joint project will be jointly funded, with projected budget requests through FY 2011 totaling $15 million SGF for SRS and $10 million SGF for KHPA. He noted that SRS and KHPA are working cooperatively with the CITO to implement the project's governance, management, and enterprise architecture. Answering questions, Mr. Lewis said $4.0 million is allocated in the current budget for the Road Map. Dr. Allison said the original schedule has been scaled back to be completed in 2009. Mr. Lewis said the Road Map will go forward in FY 2008 at a cost of $500,00 to $600,000. He replied to a question that the present system was developed in 1989.

Bill Noll, Director of Information Technology, Department of Corrections, reported on the Vanguard Project, stating that after the last report to the Committee the agency stopped work on the Offender Management Information System (OMIS) and Total Offender Activity and Document System (TOADS) pending completion of an Enterprise Architecture study with the intent of integrating the projects later (Attachment 11). He said a new position was filled (IT Architect and Data Base Analyst), a high-level project plan was approved by the CITO, $50,000 was set aside for planning, and the agency is working with the Chief Information Technology Architect to implement Committee recommendations. He noted that a detailed project plan would be submitted for CITO approval in January of 2008 and that an additional $350,000 would be needed for funding in FY 2008. Roger Werholz, Secretary, Kansas Department of Corrections, responded to funding questions, saying that the $900,000 allocated in FY 2008 included a $450,000 grant that the agency is seeking to preserve during this interim planning phase, and he hopes to be able to carry over the balance into the FY 2009 budget cycle.

Denise Stephens, Vice Provost for Information Systems, University of Kansas, testified regarding KU's decision to upgrade to PeopleSoft 9.0 for the university's financial system (Attachment 12). She commented that the present system, implemented in 1999, accommodates over 250 individual departments, 170 funds, and 3,000 grant accounts, as well as Research, Academic, and Student Services and HR/Payroll. She said the various interfaces, web-based reporting, and interoperability of the system will continue to meet the university's needs for the foreseeable future. Responding to questions about interfaces with the proposed Statewide Financial Management System, Linda Eakin, Vice Provost for Administration and Finance, said KU's IT staff meet regularly with the Department of Administration's Division of Accounts and Reporting to ensure that all interfaces are effective and meet the requirements of the taxpayer's transparency proviso.

Don Heiman, Legislative CITO, provided a brief tour of the renovated House chamber for the Committee.

Wednesday, December 19, 2007
Morning Session

Duane Goossen, Secretary of Administration and Director of the Budget, outlined progress on the Statewide Financial Management System (FMS) Project (Attachment 13). He stated that Salvaggio, Teal, and Associates was hired as consultant to do the needs assessment, to address shadow systems, and to develop the Request for Proposals, the latter document to be posted in the Spring of 2008. He said that the project kick-off was held October 12, 2007, and that the Gartner Group was hired as contractor to assess readiness. He listed the implementation activities, noting that the total cost of $40.0 million will be financed by appropriations from the State General Fund, by a fee structure assessed to agencies (about $3 million per year), and by $5.5 million from the Kansas Department of Transportation (KDOT), since the FMS will replace a proposed KDOT accounting system.

Answering a question regarding the Taxpayers' Transparency proviso, Mr. Goossen said the Transparency Board met for the first time in November of 2007. He indicated that the initial website is nearly ready, and he plans to go forward with the provisions of the act whether or not further legislation is enacted. Regarding incorporating the Kansas Board of Regents institutions' financial systems into FMS, Mr. Goossen said the Regents' systems are excluded, since it was determined that it is more efficient not to incorporate their disparate systems into FMS. He replied that the transparency website will interface with Regents' systems. He answered that the annual fee assessed to agencies includes the Regents and is based on the number of transactions through the present accounting system, Statewide Accounting and Reporting System (STARS). He said that each Regents' institution is required to provide an interface with STARS (and, later, with FMS).

Denise Moore, Executive CITO, replied that, because of the various systems used by Regents' institutions, it would be very costly to include them in the FMS. She recommended that a feasibility study be conducted to merge all Regents' systems, then bring the integrated system into FMS.

Carmen Alldritt, Director of Vehicles, Department of Revenue, introduced DeAnn Williams, Bureau Chief, Motor Carrier Services Bureau, who gave an update on the Kansas Apportioned Registration Data System (KARDS). Noting that the web-based system is funded through a federal grant, she said the system requirements have been approved, the hardware installed, and testing is nearly completed, with a scheduled implementation date in May of 2008 (Attachment 14).

Mike Crow, Director, Planning and Development, Department of Transportation, provided a status report on the Crew Card Reporting System IV (Attachment 15). He said the system was developed to respond to the need for a single data entry point for district crews. He commented on the various problems encountered during the $953,797 project, noting that, currently, the deliverable rate is above 90.0 percent, that seven of the 10 modules are completed, and that the remaining modules are nearing completion. Responding to a question, Mr. Crow said that although KDOT shares similar systems and standards with the Kansas Turnpike Authority, no collaboration has occurred in building new IT systems.

Jeff Lewis provided information on the SRS Server Consolidation Project, stating that most of the preliminary requirements for the project have been addressed through the NERD project, and that the agency is preparing a detailed project plan to submit to the CITO (Attachment 16).

Trevor Wohlford, Executive Director, State Board of Tax Appeals (BOTA), reporting on the Case Management System, said the agency has addressed its low deliverable rate and has selected vendor Synaptec, whose LawBase web-based system will easily handle the 11,000 appeals and

applications submitted annually to BOTA (Attachment 17). He said the project will be completed by April of 2008. A member commended the agency on using a $325,000 grant from the Information Network of Kansas, rather than relying on the State General Fund.

Jennifer Gehrt, Project Director, Kansas State University, briefed the Committee on the Legacy Application Systems Enterprise Replacement (LASER), a distributed system architecture whose applications embrace student and faculty systems as well as a financial management system (Attachment 18). She said the first phase (financial systems) was completed July 2005 on time and under budget. Because vendor Oracle purchased PeopleSoft, the Student Information System was delayed, but now is being implemented, with only two modules remaining, neither of which will affect the overall project completion date of June 2008. Answering a question, Ms. Gehrt said the new Oracle product Fusion will not be available for another year.

Staff reviewed the updated draft of the Committee report (Attachment 19). He said the new draft includes recommendations from the previous day regarding the transparency act and the bill introduction, as well as references to the Kansas Lottery, EMS, and the Department of Corrections.

Members discussed the first recommendation under the section "Conclusions and Recommendations," at the end of the paragraph deleting "on or before July 1, 2009," and replacing it with *when the STARS replacement system is deployed.* Because the recommendation also is expressed in bill form (see Attachment 3), *a motion was made by Representative Morrison to reconsider the bill introduction motion previously passed. The motion was seconded by Senator Huelskamp and* <u>*passed unanimously.*</u>

A motion was adopted to amend the bill as stated in the previous paragraph. (Motion, Representative Morrison; second, Senator Huelskamp).

Noting that the contract with the licensing vendor and Department of Wildlife and Parks will expire in 2010 without agency ownership of the software, the Committee agreed to continue reviewing the agency's licensing system.

The Committee also decided to continue studying the proposal to consolidate Kansas Wide-area Information Network (KANWIN), Kansas Research and Education Network (KANREN), and KAN-Ed into one network. The Committee recommended a status report hearing with the principals in February of 2008.

The Committee agreed to note for the Senate Ways and Means and the House Appropriation Committees the desire of the Secretary of Corrections to carry over the grant and funds appropriated for the two Department of Corrections' projects, OMIS and TOADS.

The meeting was adjourned at 10:48 a.m. No further meeting was scheduled.

Prepared by Gary Deeter
Edited by Julian Efird and Aaron Klaassen

Approved by Committee on:

    January 23, 2008
(Date)

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