

## MINUTES

### JOINT COMMITTEE ON INFORMATION TECHNOLOGY

September 21-22, 2005  
Room 526-S—Statehouse

#### Members Present

Representative John Faber, Chairperson  
Senator Janis Lee  
Senator Mike Peterson  
Senator Vicki Schmidt  
Senator Chris Steineger  
Representative Harold Lane  
Representative Joe McLeland  
Representative Jim Morrison

#### Staff

Don Heiman, Legislative Chief Information Technology Officer  
Julian Efird, Kansas Legislative Research Department  
Matt Spurgin, Kansas Legislative Research Department  
Mary Torrence, Office of the Revisor of Statutes  
Diana Lee, Office of the Revisor of Statutes  
Gary Deeter, Committee Secretary

#### Conferees

Denise Moore, Executive Chief Information Technology Officer  
Morey Sullivan, Deputy Director, Division of Information Systems and Communications,  
Department of Administration  
Hal Gardner, Executive Director, KAN-Ed, State Board of Regents  
Richard Koerth, Assistant Secretary for Administration, Department of Wildlife and Parks  
Karen Beard, Project Manager, Department of Wildlife and Parks  
Keith Sexson, Assistant Secretary for Operations, Department of Wildlife and Parks  
Amy Thornton, Legal Counsel, Department of Wildlife and Parks  
Jeff Lewis, Chief Information Officer, Department of Labor  
Ken Rakestraw, Manager, Channel Management, Department of Revenue  
Brian Huesers, Chief Information Officer, Department of Health and Environment  
Jerry Schmid, Database/Applications Manager, Department of Health and Environment  
Lorne Phillips, State Registrar/Director, Center for Health and Environment Statistics,  
Department of Health and Environment  
Gary Daniels, Acting Secretary, Department of Social and Rehabilitation Services

Dan Roehler, Chief Operations Officer, Division of Health Policy and Finance, Department of Administration  
Chris Schwartz, Division of Health Policy and Finance, Department of Administration  
Jay Coverdale, Project Manager, Department of Administration  
Jim Hollingsworth, Executive Director, Information Network of Kansas  
Tracy Smith, General Manager, Kansas Information Consortium  
Bruce Vieweg, Associate Vice President for Academic Affairs and Chief Information Officer, Emporia State University  
Ravi Pendse, Chief Information Officer and Associate Vice President of Academic Affairs and Research, Wichita State University  
David Alexander, Project Manager, WIN Project, Wichita State University  
Elizabeth Unger, Vice Provost for Academic Services and Technology, Kansas State University  
Denise Stephens, Vice Provost for Information Services and Chief Information Officer, University of Kansas  
David Schmidt, Director, Computing and Telecommunications, Fort Hays State University

**Wednesday, September 21  
Morning Session**

The meeting opened with Denise Moore, Executive Chief Information Technology Officer (CITO), who reviewed the Quarterly Information Technology Project Report for April, May, and June 2005 ([Attachment 1](#)). She reviewed active projects and identified a number of newly approved projects (during the April to June 2005 period) costing a total of \$89.9 million:

- Department of Administration – Mainframe Central Processing Unit Upgrade
- Division of Health Policy and Finance – Medicaid Changes due to Medicare Part D
- Social and Rehabilitation Services – Monitoring Tools, Enterprise Project Feasibility Study, and Performance Improvement Software
- Kansas Bureau of Investigation – Automated Fingerprint Identification System Upgrade
- Department of Labor – Unemployment Insurance Call Center Telephony Upgrade
- Department of Revenue – Remittance Processing System Upgrade
- Secretary of State – Help American Vote Act (HAVA) equipment
- Department of Transportation – Communication System Interoperability Program
- Emporia State University – Enterprise Resource Planning System
- University of Kansas – Unified Security Application Platform
- Kansas Legislature – K-LISS Architecture Project

Regarding the Department of Transportation's project for Communication System Interoperability, Ms. Moore noted changes in the funding mix, with financing anticipated to be 25 percent State Highway Fund, 1 percent State General Fund, 46 percent federal highway safety funds, and 28 percent federal homeland security funds.

She also identified four projects costing a total of \$32.7 million that required recasting, because of changes in their scope, schedule, and budget:

- Department of Social and Rehabilitation Services – Enterprise Circle Plan
- Kansas Public Employees Retirement System – Workflow Reengineering Project
- Department of Transportation – Crew Card Reporting
- Kansas State University – Legacy Application System Empowered Replacement (LASER)

Ms. Moore mentioned a number of delays on projects that came within allowable variance, including the Board of Healing Arts – Information Technology Enhancement Program (four months), Department of Health and Environment – Network One Stop (two months), Department of Labor – America's Job Link System Enhancement (three months), Department of Revenue – Computer-Assisted Mass Appraisal System (six months) and Source Verification Subsystem (three months), and Department of Wildlife and Parks – Kansas Outdoor Automated Licensing System (six or more months).

Ms. Moore commented on planned projects and answered questions from Committee members. She said she would obtain information about the agreement between the American Automobile Association (AAA) and the Division of Motor Vehicles to renew driver's licenses, specifically, how the AAA equipment integrates with the state system, how contracts are authorized, whether other entities can likewise provide licensing services, and whether the Legislature was notified about this service.

A member expressed concern that many larger agency projects are divided into sub-sets in order to come under the \$250,000 per-project threshold, and wondered how Kansas State University and the University of Kansas could establish wireless networks without filing project reports. The member requested that Division of Information Systems and Communications provide information regarding the number of agency and Regents IT enhancements that have occurred in the form of maintenance upgrades. Members also requested information regarding the percent of CAT 5 fiberoptic cable presently in use. Members also requested information about information technology expenditures by Regents institutions and DISC in FY 2005, as well as personal computer upgrade expenditures by Regents institutions in FY 2005.

Morey Sullivan, Deputy Director, DISC, reviewed the Kansas Wide-Area Network (KANWIN) service to state agencies, school districts, local units of government, and nonprofit organizations (Attachment 2). Created in 1995 as a data infrastructure for the state personnel and payroll system, KANWIN presently provides 625 points of service, with approximately 30,000 users a day. Funding of approximately \$5.0 million in FY 2006 is provided by a rate structure that requires no direct State General Fund appropriation. He stated that, following DISC's review of the rate structure and aligning expenses with revenue, rates were lowered in FY 2006 and that in the past four years rates have dropped 50 percent. Answering a question, Mr. Sullivan said even if DISC were to use the Department of Transportation's fiber-optic system, DISC would still buy service from SouthwestBell

Communication. Ms. Moore said using state-owned fiber could reduce the across-LATA charges assessed by telecommunications companies. Mr. Sullivan said DISC is exploring wireless service and Voice-Over Internet Protocol, noting that the former would be provided through a service-level agreement until it could be deployed statewide.

### **Afternoon Session**

Hal Gardner, Executive Director, KAN-Ed, outlined the status of the project, which is sponsored by the State Board of Regents to incorporate Kansas telecommunications providers in developing statewide connectivity for Kansas schools, libraries, and hospitals ([Attachment 3](#)). Mr. Gardner said the network, based on the 2001 KAN-Ed Act, has been operational since January 2003 and that a full report will be provided to the Legislature during the 2006 Session. Noting that the core network has been completed, he stated that the next step will be to include Kansas hospitals in the network. He identified two helpful tools being used on the network: the Marratech Desktop Videoconferencing system and the Empowered Desktop service provided by LearningStation. Commenting on the anticipated funding reductions from the Kansas Universal Service Fund, he said in order to avoid seeking appropriations from the State General Fund, alternatives are being explored to maintain the \$10.0 million budget. He is seeking grants from various sources, STAR Schools federal funds, optional services fees, affiliate memberships, and corporate/industry partnerships. Answering a question, he said, statutorily, KAN-Ed is prohibited from using state-owned infrastructure such as fiber-optics.

Richard Koerth, Assistant Secretary for Administration, Department of Wildlife and Parks, reviewed the status of the Kansas Outdoor Automated Licensing System (KOALS) project, a fee-based statewide electronic licensing and permit program ([Attachment 4](#)). The original time line for the project scheduled full implementation by August 12, 2005. Full implementation did not occur and a revised time line is in place, with February 2006 now scheduled for full implementation of the new system.

Explaining that the contract was awarded in October of 2004 to Central Bank of Jefferson City, Missouri, Mr. Koerth said the system was entirely funded by the fees paid by customers to the vendor, with no cost to the agency. The vendor recovers costs through per-transaction fees: for point-of-sales locations, a processing fee of \$1.15; for Internet sales, the same \$1.15 fee as point-of-sales and an additional convenience fee of \$1 plus a 2.5 percent credit card processing fee; and for phone sales, the same fees as Internet sales, except the convenience fee is \$3.

The vendor's fees are estimated to generate over \$1.0 million per year revenue to pay for the system and its operation. The agency indicated that it saved over \$1.4 million in development costs and \$115,000 in FY 2005 by not printing paper licenses.

A member expressed frustration that Wal-Mart was listed as an agent on the agency's web site, but her constituent's business and other merchants were not. Another member voiced frustration regarding the agency's failure to support a constituent's business in spite of promises to do so. Members asked about penalties for not meeting the deadline of August 12 for full implementation. Amy Thornton, legal counsel for the agency, explained that the agency's decision not to pursue penalties for the vendor's failure to meet deadlines was based on the fact that further delays would compound problems. Karen Beard, Project Manager, said that presently 69 licensing agents were online and 400 had yet to be brought online. She stated that the vendor had provided similar licensing programs in nine other states. Keith Sexson, Assistant Secretary for Operations,

stated that an e-mail had been sent to enforcement officers to assure that sportsmen who had tried and failed to get licenses would not be penalized. Members commented that the automated system was being funded on the backs of sportsmen, questioned why a Kansas agency would create a system to send Kansas money out of state, and lamented a vendor contract that contained penalties for delays was not being enforced. In the light of the agency testimony, the Chairperson requested a later project report be submitted to the Committee, and indicated that he would ask the Legislative Coordinating Council for additional meetings days to receive the report.

Jeff Lewis, Chief Information Officer, Kansas Department of Labor, provided an update on the Unemployment Insurance Modernization Project ([Attachment 5](#)). Noting that the agency in FY 2004 processed over 173,000 initial claims and over 1.4 million continuing claims totaling over \$353 million in benefit payments, he stated that the existing system is being overwhelmed, making a new system necessary. He said in March 2005 the agency contracted with two vendors, one to build the system (BearingPoint) and another to provide independent verification and validation (Maximus). Because of deficiencies in BearingPoint's service, the contract was terminated without cost to the agency in June 2005, and a new vendor, International Business Machines (IBM), was selected on August 22, 2005. Answering questions, Mr. Lewis said agency staff learned that even with a delivery-based contract, a vendor needs agency oversight and the contract needs to include a statement that deliverables must be accepted. He said the agency is pursuing legal damages from the terminated vendor.

Ken Rakestraw, Manager, Channel Management, Department of Revenue, explained the Remittance Processing System Upgrade. He pointed out that channel management provides the agency interface for all data movement into taxpayer accounts ([Attachment 6](#)). He stated that the present remittance system, installed in 1997, is no longer supported by the vendor and has difficulty handling the 33,000 daily remittances. He noted that the new system is projected to yield savings of \$744,596 in FY 2007 and \$117,193 in FY 2008, with an estimated cost of \$838,225 and a planned completion by June 29, 2007. Answering questions, he said telefile numbers are going down, but online filing of tax returns is increasing. He replied that the new system is scheduled to last for 10 years.

Brian Huesers, Chief Information Officer, Department of Health and Environment, provided a status report on the Division of Vital Statistics Kansas Immunization Registry Project ([Attachment 7](#)). Explaining that the registry is a centralized, statewide birth-to-death database, he said the project is on schedule and within budget parameters. He stated that Release One for July 2005 established four beta test sites in county health departments of Coffey, Morris, and Osage Counties and in one private health care provider in Saline County. By the end of 2005, the project will total 27 local health departments and 11 private providers. Release Two is being designed and will be in production by the end of 2005. Release Three will provide final testing and deployment. He related an example from the aftermath of Hurricane Katrina to illustrate the value of a centralized immunization registry

Jerry Schmid, Database/Applications Manager, Center for Health and Environment Statistics, Department of Health and Environment, reported on the Vital Statistics Integrated Information System Reengineering Project ([Attachment 8](#)). He stated that Phase 1 of the project began in January of 2001 and was completed in November of 2002. Phase 2 began in June of 2003 with vendor ManTech Solutions and Technologies Corporation and is 98 percent complete, providing a web-based birth, death, marriage, divorce, stillbirth, and induced termination of pregnancy registration system at a cost of \$3.8 million. Answering a question, Mr. Schmid said the data is received from and available to hospitals, courts, abortion clinics, and some funeral homes. He commented that the Kansas system is being used as a model for a national system in Great Britain and noted that Phase 3 will develop the electronic death registration.

Lorne Phillips, State Registrar and Director, Center for Health and Environment Statistics, Department of Health and Environment, testified regarding the Electronic Death Registration System and the impact that the federal Intelligence Reform and Terrorism Prevention Act will have on the Division of Vital Statistics (Attachment 9). Referring to Mr. Schmid's testimony, he stated that Phase 3 will require a change to electronic signatures or a biometric process to obtain physician and coroner signatures for death certificates, noting further that the system will include an authentication of social security numbers by the Social Security Administration. He explained that the federal terrorism act establishes regulations for birth, death, and "vital events" records that will require further enhancements to the entire vital statistics system if Kansas is to meet federal requirements. He observed that presently in the United States, there are over 14,000 valid types of birth certificates. Answering a member's question, he said Nebraska is completing a system comparable to the Kansas system, that Oklahoma is waiting to examine the Kansas system, and that Colorado and Missouri presently have no system to meet federal regulations.

### **Thursday, September 22 Morning Session**

*The minutes for the JCIT meeting of July 14-15, 2005, were approved. (On motion by Senator Schmidt, seconded by Representative Lane).*

Gary Daniels, Acting Secretary of Social and Rehabilitation Services, reviewed the status of three projects (Attachment 10). Regarding the Document Management Project, he stated that a vendor had assisted the agency in evaluating possible options, but that the project is not a priority and will not be pursued at this time. He said the Performance Improvement Project, which will measure results and provide accountability, is in the process of acquiring CITO approval.

Mr. Daniels gave an overview of the Enterprise Circle Plan (ECP), which seeks to integrate all agency silo systems, eliminating duplication and providing "no wrong door" customer service. He said the task, which requires evaluation of all agency systems and conversion of all data, is daunting and more costly than available agency resources. Noting that the agency has spent over \$3.0 million on the ECP, he said the project is being recast and a vendor is conducting a feasibility study. The Executive Branch CITO placed the project on hold to allow the agency to validate alignment between current business needs and the project.

Dan Roehler, Chief Operating Officer, Division of Health Policy and Finance, Department of Administration, provided information about the Medicaid Management Information System (MMIS), saying that the two enhancements to the system, the National Provider Identifier (NPI) Project and the Medicare Part D MMIS Project, are federally mandated (Attachment 11).

Regarding NPI Project, he said the unique claims identity for each health-care provider deadline for compliance is May 23, 2007, with the exception of small health-care providers, which is May 23, 2008. Phase I of the project (approved in August 2005) will implement capture and storing of NPI; Phase II will implement the end-to-end processing of transactions using NPI. The proposed budget for Phase I is \$2.5 million, including \$254,022 State General Fund, with a completion date of May 3, 2006. Phase II is projected to cost \$4.7 million from all funds.

Reviewing the Medicare Part D (prescription drug benefit) Project, he said, beginning January 1, 2006, Medicare rather than Medicaid will pay a portion of prescription drug costs. Certain enrollees who qualify will receive a subsidy. He noted that unless Kansas makes the federally

mandated changes to the system, Kansas Medicaid will be required to pay all covered costs from state funds, losing approximately \$79 million federal funds annually. He stated that the project, costing \$325,537 (\$32,554 State General Fund), is on schedule.

Mr. Roehler reviewed two legislative initiatives that affect MMIS. First, he noted that 2005 House Sub. for SB 272 designates the Division of Health Policy and Finance as the single state Medicaid agency, requiring extensive changes in the MMIS system. It is estimated that this change will require 8,733 hours of contractor work to accommodate these adjustments. Second, he also noted a proviso in 2005 HB 2482 to implement an electronic prescription system within MMIS, stating that several vendors offer stand-alone e-prescription systems, but none can easily integrate with MMIS, which currently lacks an interface for electronic prescriptions. He commented that, because of the Medicare Modernization Act of 2003, the Centers for Medicaid and Medicare Services is developing a preliminary set of standards for e-prescriptions that will affect any plan for developing a state system.

Answering questions, Mr. Roehler said the NPI will not be functional until May 2007 and estimated the costs for EDS to comply with 2005 House Sub. for SB 272 to be \$800,000. Members discussed possible funding mechanisms. Senator Schmidt reminded Mr. Roehler that she had requested from Scott Brunner a summary of what other states were doing with electronic prescriptions, and that she had also requested MMIS policy change logs.

Jay Coverdale, Project Manager, Department of Administration, reported on the Mainframe Central Processing Unit (CPU) Upgrade/Replacement Project, saying that the out-of-warranty mainframe had been running from 90-100 percent capacity, and that the agency, in exploring options, elected to accept an IBM field upgrade. The choice will save the agency \$673,000 over three years and will offer web-enabled resources. He stated that the project plan was approved in April 2005 and completed May 15, 2005. The system presently runs at 75 percent of capacity, which has especially helped Social and Rehabilitation Services, the primary user of the CPU.

Jim Hollingsworth, Executive Director, Information Network of Kansas (INK), briefed the Committee on the structure and services of INK and AccessKansas, the state web portal ([Attachment 12](#)). INK was created by statute in 1990 and the Kansas Information Consortium (KIC) was awarded the Network Manager contract. E-mail service was offered in 1991, and in 1996, INK became the official website for Kansas. There was a name change to AccessKansas in 2000, with a further change to Kansas.gov in October of 2005. A Board of Directors oversees INK. Through the Network Manager, INK provides electronic access to Kansas government entities and is funded entirely by fee-for-service agreements and grants. Funds flow back to agencies first and the net residual is shared 85 percent by KIC and 15 percent by INK. Mr. Hollingsworth said last year's budget was \$244,258. He introduced Tracy Smith, Network Manager, who has 18 employees supporting INK services. Mr. Hollingsworth noted awards received by Kansas because of its electronic leadership and commented on further services being developed. Answering a question, he said INK keeps a log of complaints and, because of its success, is always challenged by expanding expectations.

Members further addressed the Kansas Department of Wildlife and Parks licensing project. Answering questions, Mr. Hollingsworth said that INK had bid on the licensing project, but the bid was not accepted. Ms. Moore said AccessKansas is still handling licensing for Wildlife and Parks until the new licensing system comes online. Members requested for the next meeting to review the state's contract procedures for vendors; to monitor the licensing system; and to receive an update on MMIS information yet to be provided. Staff noted that the usual procedure for dealing with agency contracts is through the appropriations process; however, since the licensing costs are borne entirely by the vendor, the Legislature is limited in its ability to exercise funding oversight and will need to approach this subject based on statutory responsibilities to monitor new projects.

Don Heiman, Legislative CITO, updated the Committee on computer-use policies of the Legislative Coordinating Council, offering a set of recommended changes to allow legislators more latitude in using laptops ([Attachment 13](#)). Members noted that Microsoft Outlook was not listed on the Microsoft Office Suite; Mr. Heiman explained that the Legislature currently is using Novell's GroupWise, which is incompatible with Outlook. He offered assurance to members that when legislative information technology reengineering is completed, Outlook will be available. Answering questions, he said a legislator's personal laptop should work on the legislative network. A member urged Mr. Heiman to support tablets over laptops when the LCC selects mobile computers for legislators.

### **Afternoon Session**

Bruce Vieweg, Associate Vice President for Academic Affairs and Chief Information Officer, Emporia State University, reviewed the university's Enterprise Resource Planning (ERP) initiative to replace all business, administrative, and student systems with integrated software ([Attachment 14](#)). Using SunGard SCT as vendor, the \$7.5 million project received CITO approval on August 18, 2005, and is scheduled for deployment as follows:

- March 2006, Luminis portal;
- July 2006, Finance;
- July 2006, Alumni Services ("Advancement");
- September 2006, Student Recruitment and Admissions;
- February 2007, Financial Aid;
- March 2007, Student Registration;
- July 2007, Human Resources and Payroll; and
- September 2007, Enterprise Data Warehouse data storage.

Mr. Vieweg expressed gratitude for help from Wichita State University's staff in providing a template for the project. Answering a question, he said there were no penalties in the contract because SunGard's process was project-management oriented.

Ravi Pendse, Chief Information Officer and Associate Vice President of Academic Affairs and Research, Wichita State University, introduced David Alexander, Project Manager for the ERP network project which will replace the university's aging legacy system with an integrated information network ([Attachment 15](#)). Mr. Alexander said that vendor SunGard SCT uses Sun Microsystems hardware, Solaris operating system, an Oracle database, and Luminis as a portal. He provided a time-line for the project, saying a feasibility study was approved in March of 2004 and the first four sub-projects were approved in May of 2005. The finance system, including a data warehouse, began production September 1, 2005. Student admissions and financial aid began production September 19, 2005, and is scheduled for full deployment for fall 2006. Human resources and payroll began production September 20, 2005, and the portal will be introduced in January of 2006. He commented that the advancement (alumni) component lacked a consultant and would be delayed six months. He stated that the project is on schedule and within the budget of \$10.7 million. He estimated that the Banner system would save the university \$1.25 million annually. He praised the SCT training system as incremental and thorough. Answering a question, he said the system is compatible with the state's payroll system.

Elizabeth Unger, Vice Provost for Academic Services and Technology and Dean of Continuing Education, Kansas State University, discussed the status of LASER (Legacy Application Systems Enterprise Replacement) that moves the university information system from mainframe to a distributed network architecture that is more efficient, scalable, student-oriented, and web-based (Attachment 16). She said the project, begun in January of 2002, was recast in June of 2004. The project is scheduled for completion June 30, 2007. She said the project is currently on schedule and under budget.

Denise Stephens, Vice Provost for Information Services and Chief Information Officer, University of Kansas, reported on the completion of the enterprise-wide administrative system (Human Resources, Financials, and Student Information) initiated in 1997 and approved in June of 2001 (Attachment 17). She said the project was finished on time and under budget. The original estimate was \$13.9 million, with actual costs of \$12.3 million. She said the system is working well, provides integrated access to authorized users, and has created an effective collaborative management environment.

David Schmidt, Director, Computing and Telecommunications, Fort Hays State University, updated the Committee on the university's ERP integrated administrative system (Attachment 18). He provided a brief history of the project, which received CITO approval in April of 2001. The university contracted with vendor Sungard Bi-Tech for a new Student System, Financial System, and HR/Payroll System. He noted that the Financial System was accepted, the Student System was flawed and expended funds were returned, and the HR/Payroll implementation had to be postponed. The university used the refunded money from the Student System to contract with Legacy Migration Solutions in Chicago for student program and data conversion, a process completed as promised. He commented that, though the vendor's contract obligations were met, the new system (web portal and batch processing) has created a slow response time, a problem that may require an upgrade to a 64-bit processor. Answering a question, Mr. Schmidt said the university is deploying an Interis wireless Internet access system using Trapeze. A member expressed concern that Regents universities seem to be developing independent, uncoordinated wireless systems with no collaboration or integration with other universities.

The Chair announced that he will request from the LCC four more meeting days. The meeting was adjourned at 3:45 p.m.

Prepared by Gary Deeter  
Edited by Julian Efird and Matt Spurgin

Approved by Committee on:

November 21, 2005  
(date)