

## MINUTES

### JOINT COMMITTEE ON INFORMATION TECHNOLOGY

October 6-7, 2008  
Room 545-N—Statehouse

#### Members Present

Senator Tim Huelskamp, Chairperson  
Representative Joe McLeland, Vice-Chairperson  
Senator Vicki Schmidt  
Senator Chris Steineger (October 7 only)  
Representative Mike Burgess  
Representative Nile Dillmore  
Representative Harold Lane  
Representative Jim Morrison

#### Staff

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

#### Conferees

Duane Goossen, Secretary, Kansas Department of Administration  
Peggy Hanna, Deputy Project Director for the Statewide Financial Management System, Kansas Department of Administration  
Loren Westerdale, Division of Information Systems and Communications, Kansas Department of Administration  
Kelly Williams, Manager, Information Technology Project Management Office, Division of Information Technology, Kansas Department of Health and Environment  
Elizabeth Saadi, Acting State Registrar, Center for Health and Environment Statistics, Kansas Department of Health and Environment  
Charley Hunt, Interim State Epidemiologist, Kansas Department of Health and Environment  
Jim Garner, Secretary, Kansas Department of Labor  
Trevor Wohlford, Executive Director, Kansas Court of Tax Appeals

Jeff Lewis, Chief Information Officer, Kansas Department of Social and Rehabilitation Services

Anthony Schlinsog, Chief Information Officer, Kansas Department of Transportation  
Edwin Geer, Communications System Administrator, Kansas Department of Transportation

John Oliver, Chief Information Officer, Kansas Public Employees Retirement System

Glen Caspers, Regional Manager, Information Systems, Kansas Bank Commissioner

Scott Frank, Audit Manager, Legislative Division of Post Audit

Andrew Allison, Deputy Director/Medicaid Director, Kansas Health Policy Authority

Hareesh Mavoori, Data Policy and Evaluation Director, Kansas Health Policy Authority

### **Monday, October 6 Morning Session**

Duane Goossen, Secretary, Kansas Department of Administration (DofA), made brief comments about the Sunflower Project (Kansas' Statewide Financial Management System, or FMS), and introduced Peggy Hanna, Deputy Project Director for the Statewide Financial Management System, who reviewed progress on the project ([Attachment 1](#)). She noted the need for a new system, saying that the current Statewide Accounting and Reporting System (STARS) software is obsolete, requiring agencies to create "shadow" systems to work around gaps in STARS. She listed the steering committee for the project, commenting that the committee included all three branches of state government, including both large and small agencies. During the past 10 months, the project has recruited team members, contracted with Accenture for project implementation at a cost of \$27.8 million, and chosen Oracle as the software provider at a cost of \$2.8 million (plus \$600,000 for enhancements). Maintenance costs will be determined later. She noted that the other responses to the Request for Proposal (RFP) were \$10 million (Maximus) and \$30 million (IBM) higher. After further planning and design, the project will integrate most agency financial systems and will develop interfaces with others. He noted that 50 agency systems will be retired. The project is scheduled to go live July 1, 2010.

Responding to questions, Ms. Hanna replied that the Board of Regents, Kansas Department of Revenue, and the state hospitals will retain the same systems, using interfaces to FMS, and that the agencies were allowed to keep their systems based on an earlier needs assessment. A member requested further information about how many agencies will be using interfaces rather than integrating into the new system. Another member requested information about the Ohio system for comparison in excluding some agencies from integration into the system. Members emphasized the importance of integrating all agencies into one system.

Loren Westerdale, Division of Information Systems and Communications (DISC), DofA, reported on the Mainframe Tape Modernization Project ([Attachment 2](#)). He noted that DISC is responsible for multiple critical systems, many of which run on mainframe computers, which require timely storage, backup, and recovery systems; he said that the present tape technology is 15 years old and obsolete. He reviewed the benefits of the new system, especially noting that the new system will save more than \$860,000 over a five-year period. The Division currently is preparing an RFP and has budgeted \$600,000 to cover the cost of the project.

Kelly Williams, Manager, Information Technology Project Management Office, Division of Information Technology, Kansas Department of Health and Environment (KDHE), outlined the agency's Kansas Electronic Disease Surveillance System ([Attachment 3](#)). She said that, employing

vendor Scientific Technology Corporation, the project is moving into Phase III and will be completed June 30, 2010, at a cost of \$1.4 million, the cost being funded by the Centers for Disease Control (CDC).

Charley Hunt, Interim State Epidemiologist, KDHE, demonstrated the function and importance of the surveillance system. He illustrated the need for timely and accurate information in order to track and address disease outbreaks. Answering questions, he said that most information enables KDHE to analyze trends over time; if an outbreak is reported, the system can readily track it. He replied that HIV currently is tracked on a separate system mandated by the CDC. Ms. Williams said Phase III of the new system will include AIDS tracking. Mr. Hunt answered that presently 85 percent of Kansas counties use the system and most reporting is done by hospitals and clinics.

Elizabeth Saadi, Acting State Registrar, Center for Health and Environment Statistics, KDHE, briefed the Committee on the Death Registration component of the Vital Statistics Integrated Information System (Attachment 4). She said the Death Registration is being added to a fully integrated, automated registration of birth, death, stillbirth, marriage, divorce, and abortion. She stated that 99 percent of all Kansas birth certificates and 75 percent of death certificates now use the new web-based system. She commented that currently the project is developing a verifiable electronic signature for the death certificates using a biometric verification device. Answering a question, she said the biometric signature will be used only to verify the signature, not to access the system.

Jim Garner, Secretary, Kansas Department of Labor, reviewed progress on the Unemployment Insurance Modernization Project, saying the project will not only upgrade the Information Technology (IT), but will transform business practices and reorganize agency functions, providing more efficient response to employers and employees (Attachment 5). He said the project, begun in March 2005, was recast and continued under vendor IBM for Phase I. After an RFP for Phase II, another contract was awarded to IBM in May 2007. He reported that recently IBM's deliverables have lacked quality and timeliness, problems that now have been addressed by IBM. He listed Phase II accomplishments (improved communications, document imaging, fax server for the Call Center, debit card payments) and gave a demonstration of the new automated phone system. Mr. Garner expressed thanks for Independent Validation and Verification (IVV) and to KITO and the Persimmon Group for their assistance in dealing with IBM. Explaining the deliverable-based, fixed-price contract, he said payments to IBM were suspended until the quality of deliverables improved. Members discussed whether or not penalties should be included in a contract.

*The minutes for the August 18-19 meeting were approved. (Motion by Representative Dillmore; seconded by Representative McLeland)*

### **Afternoon Session**

Trevor Wohlford, Executive Director, Kansas Court of Tax Appeals, reported that the agency's Case Management System project has completed conversion of the court's legacy data, and live production testing has begun (Attachment 6). He said the project will reduce reliance on paper documents as well as increase transparency and public access. Noting the funding source (a grant from the Information Network of Kansas for \$325,000), Mr. Wohlford said that vendor Synaptic will complete testing within 30 days; the old and new systems will run parallel until June 2009, when the new system will go online. Answering a question, Mr. Wohlford replied that the agency presently is paperless and all incoming paper documents are converted to digital ones.

Jeff Lewis, Chief Information Officer, Kansas Department of Social and Rehabilitation Services (SRS), provided data on numerous SRS projects ([Attachment 7](#)). The Automated Medication Dispensing System, costing \$519,890 and drawing 96 percent of funds from the State Institutional Fund, will acquire and implement an automated medication dispensing system for Larned State Hospital. An RFP to solicit bids was awarded to Omnicell in December 2007 and the project is awaiting KITO approval. Answering a question, Mr. Lewis said that some anomalies in drug dispensing protocol at Larned have been stopped, and no interface will be allowed to the new system.

Mr. Lewis, speaking about the Protection Reporting Center Project, said the proposed system will provide data for intake, tracking and management reporting of abuse/neglect of children and adults statewide and will cost \$896,940. He said the system, presently done manually, will interface with the current Family and Children Tracking System (FACTS), which is based on federal requirements for reporting abuse/neglect. The project has received high-level KITO approval and will, after obtaining a vendor, begin in November 2008. Responding to a question, Mr. Lewis said both state-sponsored and private child care abuse cases are reported to the state. He said he would obtain further information regarding foster-care reporting.

Mr. Lewis reported that the Microsoft Active Directory and Exchange Deployment has successfully migrated 4,733 mailboxes in the Central and Regional offices and 991 mailboxes at the state hospitals; 950 mailboxes remain. The project, originally estimated to cost \$2.4 million, required an additional \$300,000 for more extensive training.

Mr. Lewis continued his report, stating that the SRS Network Equipment Refresh Deployment, an infrastructure project, will be completed by October 25, 2008. He said the \$2.8 million cost is shared 50 percent with the federal government.

Briefing the Committee on the Human Services Management (HSM) project, Mr. Lewis said the project revamps all major programs supported by SRS to provide outcome-based client-centered integrated delivery of services. The first phase, labeled Avenues, is a joint project between SRS and the Kansas Health Policy Authority (KHPA) to replace the Kansas Automated Eligibility Child Support Enforcement System (KAECSES), the eligibility-determining system used for state and federal assistance programs. He noted that funding will be requested in the FY 2010 budget. Explaining that the HSM Roadmap will serve as the strategic plan for HSM, he stated that vendor Fox Systems will assist in creating the Roadmap for the eight-to-ten-year project, the first phase of which will be a Feasibility Study that must meet the requirements of federal agencies (U.S. Department of Agriculture, the Center for Medicare and Medicaid Services (CMS), U.S. Department of Health and Human Services) and the State of Kansas. He observed that the federal approval process is comprehensive and detailed. Fox will assist in preparing an Implementation Advanced Planning Document, the first step in obtaining federal approval. Responding to previous JCIT questions, Mr. Lewis said Fox has reallocated resources to improve the quality of deliverables. To another question, he replied that the Forrester Study (2005-2006) provided a high-level evaluation regarding HSM; the HSM Roadmap and Feasibility Study are more comprehensive and detailed and better meet the requirements of KITO and the federal government. He said the Forrester Study led to the decision to close out the Enterprise Circle Plan, but did not provide enough detail to go forward with the HSM.

Anthony Schlinsog, Chief Information Officer, Kansas Department of Transportation (KDOT), updated the JCIT on several KDOT projects ([Attachment 8](#)). The Workflow Conversion will provide software updates to 245 workflow applications, saving an estimated \$750,000 annually in manual processing costs. A work-order-based contract was awarded to vendor Stonebridge in March 2008; the project is scheduled for completion in November 2009 at a cost of \$2.3 million.

Mr. Schlinsog said replacement of the Comprehensive Program Management System, which supports KDOT's transportation network, includes 15 staff consultants from Electronic Data Systems as well as KDOT staff. The project was recast to adjust the methodology of the project, a change which reduced the cost by \$576,708 and did not change the scheduled completion date of September 2009. The total cost is estimated to be \$8.71 million.

The Enhanced Priority Formula System, which Mr. Schlinsog said dated back to legislative action in 1979, uses formulas to assess transportation project priorities. In order to keep the formulas current, KDOT has contracted with vendors EXOR (GIS mapping) and URS (software applications) to develop an enhanced system; the project will cost \$996,332 and will be completed in October 2009. Answering questions, Mr. Schlinsog said only a few changes are being made to the formulas and that county GIS maps do not contain enough detail for use by KDOT.

Mr. Schlinsog continued his report, saying that the 2006 Legislature changed the business practice of licensing outdoor advertising signage, requiring KDOT to create a new Right of Way Outdoor Advertising System in January 2007, which now needs modification. He said the additions to the system will not add costs to the project.

Reporting on the Traffic Records System Development and Implementation, Mr. Schlinsog explained that the Traffic Records Coordinating Committee has been working since June 2005, to develop a statewide Traffic Records System (TRS), bringing together data from KDOT, Kansas Department of Revenue, KDHE, Kansas Bureau of Investigation, Kansas Emergency Medical Services, and the Kansas Highway Patrol (KHP), a project jointly funded from various sources. The detailed project plan for TRS will be submitted to KITO later this month. Responding to questions, Mr. Schlinsog said all involved agencies are represented at the planning meetings and approve all decisions. He replied that KHP's in-car video recording system is being converted from analog to digital; he estimated the cost to be about \$2.5 million. He will provide further information regarding whether video is or will be included in the crash reports.

Mr. Schlinsog, noting a partnership with the American Association of State Highway and Transportation Officials, said the costs for the Proposal and Estimates System/Letting and Award System Replacement fall below the threshold for required reporting to KITO, so the project has been removed from the list of planned projects.

Edwin Geer, Communications System Administrator, KDOT, provided an update on the Statewide Interoperable Communications System, a project begun in FY 2005 to provide a P25-compliant 800 MHz radio system statewide ([Attachment 9](#)). He explained that the project leases equipment and tower space to public agencies and private organizations, the former without charge. To date, \$13.2 million has been expended on the project; the final phases in northwestern and southwestern Kansas await funding of \$14.5 million to complete the project. He replied to a question that the expected life of the leased equipment extends at least to 2016.

John Oliver, Chief Information Officer, Kansas Public Employees Retirement System (KPERS), provided a briefing on the KPERS Integrated Technology System (KITS), which integrates various information systems ([Attachment 10](#)). He commented that the multi-year project, begun in 2003, completed Phase II, the core replacement project, in 2006 and is now adding enhancements, which will be completed in June 2009, at a total cost of \$8.0 million. He stated that the agency's FY 2008 budget includes three new projects: a Disaster Recovery Project (scheduled for completion in December 2008 at a cost of \$247,425); a Security Enhancement Project, which was initially a part of KITS (scheduled for completion in April 2009; cost, \$1.1 million); and a Platform Consolidation Project, migrating KPERS core business systems to a single architecture (scheduled completion, February 2009, at a cost of \$1.6 million). He noted three possible planned projects, all of which are

part of the agency's three-year plan: an Active Work Flow Project, an interface with the state's accounting system, and an interface with FMS.

## **Tuesday, October 7 Morning Session**

Glen Caspers, Regional Manager, Information Systems, Kansas Bank Commissioner, reported on the completion of the Kansas Supervised Institution Monitoring System Project ([Attachment 11](#)). He said the system went live on August 18, 2008, at a cost of \$598,000; he noted that the system is rapidly increasing in popularity. Answering a question, he replied that the system is web-based, so users simply log into the system.

Scott Frank, Audit Manager, Legislative Division of Post Audit, reviewed a performance audit of KHPA IT; the audit asked two questions: "How well does KHPA manage IT security? and How well does KHPA secure its IT resources?" ([Attachments 12 and 13](#)) Responding to the first question, Mr. Frank said KHPA has no cohesive, dynamic system for risk assessment, and its development and communication of IT security policies are erratic and flawed. Regarding the second question, Mr. Frank said the Authority does well in securing its IT resources, but Post Audit recommended a few improvements. Responding to questions, Mr. Frank said the KHPA policy-development team recommends policies, but they are not dealt with in a timely manner at the higher echelons of management. He replied that the vendor, Fishnet, discovered a variety of security lapses. A member recommended that KHPA uses some form of encryption for e-mail. Responding to further questions, Mr. Frank said the audit did not address federal security standards. He replied that, although the agency documents are in digital form, many paper reports are received, which must then be converted into digital format. Denise Moore, Executive Branch Chief Information Technology Officer, replied that currently DISC has state policies regarding wireless networks, but agencies may elect whether or not to employ the state's wireless protocols.

Andrew Allison, Deputy Director/Medicaid Director, KHPA, gave an update on the Data Analytic Interface Project ([Attachment 14](#)). He said the project integrates data from the Medicaid Management Information System, the State Employees Health Benefits Plan, and the Kansas Health Insurance Information System, enabling the Authority to analyze data from a variety of sources and improve decision-making capability. He said that CMS approved a 90/10 percent federal/state match for the Medicaid portion of the project. Following an RFP and approval from CMS and KITO, Thomson Reuters was awarded the vendor contract; the project is scheduled for completion in December 2009.

Mr. Allison reviewed the KHPA Document Imaging Project, which will bring various KHPA services under a single vendor, enhancing communication and decreasing fragmentation. He commented that all services will be phased in using vendor ImageNow, except for the HealthWave Clearinghouse, which is contracted with vendor Maximus until December 31, 2009. The imaging project is scheduled go live on December 28, 2009.

Hareesh Mavoori, Data Policy and Evaluation Director, KHPA, reported on the Online Application Project, saying the web-based system will reference all medical assistance programs and enable the application to be accessible agency-wide and can be customized for various agency uses as well as providing information for customers. He said the RFP closed on August 21, 2008, and the agency is currently evaluating these bids; plans are to award the contract by December 1, 2008, and the project will be completed within 120 days.

Responding to a question, Mr. Allison said that KHPA sought legislation last Session to develop a Preferred Drug List (PDL) for mental health drugs, but the Smart Prior-Authorization (PA) initiative did not pass. He noted that current state law prohibits PA for mental health drugs and, until the law is changed, the agency will develop a PDL using internal funds. A member expressed concern regarding the agency limiting the PA process for mental health drugs.

Aaron Klaassen, Kansas Legislative Research Department, provided a KDHE response to a member's request for more information regarding the biometric process for authenticating a physician's signature on a death certificate (Attachment 15).

Norm Furse, Office of the Revisor of Statutes, reviewed pertinent court decisions regarding penalty clauses in contracts, noting that most penalty clauses have been voided by court decisions. He said that courts have ruled that liquidated damages can be recovered and that contracts that specify incremental payment for deliverables have been held to be valid; however, penalty clauses are considered too inflexible and lend themselves to fraud.

A member raised the question of agencies seeking to avoid filing project plans by creating incremental enhancements which, taken individually, fall below the reporting threshold. Denise Moore, Executive Chief Information Technology Officer, replied that if cumulative enhancements are considered to be a project and cumulatively total above the reporting threshold, the agency must file a project plan and obtain approval before going forward with the project.

The meeting was adjourned at 10:55 a.m. The next meeting is scheduled for Thursday and Friday, November 20-21, 2008.

Prepared by Gary Deeter  
Edited by Aaron Klaassen

Approved by Committee on:

November 20, 2008  
(Date)