



## KANSAS BOARD OF REGENTS

### SENATE COMMITTEE ON WAYS AND MEANS March 11, 2016

#### SB 494

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President and CEO Kansas Board of Regents**

Good morning Chairman Masterson and Members of the Committee. I appear before you today to express our opposition to SB 494. Initially we had been advised the bill was attached to a recommendation of the Alvarez & Marsal statewide efficiency review on transmission of data from the State Employee Health Plan to the Regents universities. We now understand that the bill is intended to compel the universities to decommission their current payroll systems and instead use the state's system.

The financial systems of our state universities must fulfill demands that other state agencies simply do not have. Their financials must encompass both student financial aid and student information systems, and successfully tying those systems to the campus financial reporting and HR/payroll systems. Such systems have been designed specifically to provide adequate reporting—not only for state data reporting needs submitted to the Kansas Board of Regents, but also for auditing purposes and federal compliance reasons. Extracting only one particular segment out of these complex financial systems would be particularly expensive.

Specific to payroll processing, the universities provide compensation to a variety of individuals on their campuses—not only the full-time faculty and staff you would expect, but also graduate teaching and research assistants, part-time faculty, researchers, and positions not “benefits eligible.” The payroll calculations for such a variety of employees are more complex than what the State of Kansas SHARP system must perform. It is for that reason, pay calculations are done by each university, and files are sent automatically to Topeka for payment. This process has been in place for over 20 years and it has worked well for both the Department of Administration and the universities.

When the current accounting system was commissioned, the consultant engaged by the state to assist with the project (referred to at the time as “FMS”) made this observation:

*“The state universities have made significant investment in financial management systems that support their current business processes, systems that are*

*frequently integrated with other university specific systems such as student administration. However, state universities will be required to maintain interfaces to the State's FMS as they do today and these interfaces have been catalogued as part of this report. The consultant's recommend that the state universities be encouraged to utilize the FMS Procurement functionality and strategic sourcing to allow the State to further leverage the combined spend as a means of obtaining better pricing from the vendor community."*

The Board of Regents and all state universities wholeheartedly agree that the systems that the universities have in place today, or are currently working to implement, represent a sizable investment and should not simply be abandoned. Furthermore, while there has not been adequate time to develop complete cost estimates, we can say with confidence that to implement this change would cost millions of dollars, at a time when these institutions have sustained reductions in state support—totaling \$25 million in FY 2016 alone.

I also must point out that the bill requires the Board of Regents office to consolidate its payroll with the universities for submission to the Department of Administration. The Board of Regents uses the state's SHARP system, as it has done since the time the system was first implemented. Extracting our payroll data out of the state's system just to consolidate it with the universities would be completely unnecessary.

The last observation I would offer is that the timeline envisioned in the bill is completely unworkable. Migrating payroll systems by June 5, 2016 (the deadline for the first payroll cycle in FY 2017) will simply not happen.

If there are steps that can be taken by the universities to improve the current transmission of data—whether for payroll, accounting, or for health insurance benefit purposes—we at the Board office are ready to facilitate that discussion with all parties to make those system improvements happen.

Again, thank you for the opportunity to express our concerns about the bill.