

Approved

Thomas F. Walker
Date

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by REPRESENTATIVE THOMAS F. WALKER at
Chairperson

9:00 a.m./p.m. on THURSDAY, JANUARY 11, 1990 in room 522-S of the Capitol.

All members were present except:

Committee staff present:

Avis Swartzman - Revisor
Carolyn Rampey - Legislative Research
Mary Galligan - Legislative Research
Jackie Breymeyer - Committee Secretary
Julian Efird - Legislative Research
Diane Duffy - Legislative Research
Conferees appearing before the committee:

The first meeting of the 1990 House Governmental Organization Committee, Chaired by Representative Thomas F. Walker, was held in newly-redecorated committee room 522-S. Chairman Walker welcomed a new committee member, Representative Jim Long. Representative Wiard was assigned to another committee. The Chairman stated that this committee works hard and gets along well together. He reiterated the three rules he goes by in the committee: rules of the House, Roberts Rules of Order and Walker's rules. The committee will get at the truth, with a consensus of members working together. It will be an interesting session. Next Tuesday the committee will not meet, but Wednesday staff will go over the holdover bills.

Chairman Walker stated there were a couple of housekeeping items to be taken care of. The block test taken by electricians has been replaced. A bill needs to be introduced to amend the date of the test from 1989 to 1990.

Representative Bowden moved to introduce the bill to amend the test from 1989 to 1990. Representative Sughrue gave a second to the motion. The motion carried.

Mary Galligan, Legislative Research, distributed attachments dealing with Proposal No. 26 - Regulation of Polygraphists. HB 2589 accompanied the report.

The Chairman interrupted Ms. Galligan and introduced the staff to the new committee member.

Ms. Galligan continued with background, federal law, the 1988 and 1989 sessions with bill activity and the interim committee activity. The committee concluded the existing statute is unenforceable and for that reason recommends introduction of legislation that would repeal K.S.A. 75-740 et seq. (Attachment 1)

Discussion was held on HB 2589. Representative Brown moved that HB 2589 be passed and placed on the Consent Calendar. Representative Graeber gave a second to the motion. The motion carried.

It was decided that SB 387 dealing with polygraphy be acted on. Representative Bowden moved that SB 387 be reported adversely. Representative Ramirez gave a second to the motion. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,

room 522-S, Statehouse, at 9:00 a.m./p.m. on THURSDAY, JANUARY 11, 1990.

Julian Efird, Legislative Research, distributed copies of two attachments - 1989 House Committee on Governmental Organization Subcommittee Report on the Sunset Review of the Department of Revenue and Office of Secretary of Revenue, (Attachment 2) and a 1/11/90 update containing history and background with respect to the Department of Administration, DISC and several other areas. (Attachment 3)

After Mr. Efird finished his presentation, the committee considered and discussed several sunset options.

The revisor mentioned that a review must be conducted before passing a bill.

After further discussion, Chairman Walker went over the agenda for next week.

Representative Brown introduced her intern, Gary Haulmark. She said we would be seeing him at future committee meetings.

The other entity up for 1990 sunset is the Civil Rights Commission.

The meeting was adjourned at 9:45 a.m.

RE: PROPOSAL NO. 26 -- REGULATION OF POLYGRAPHISTS*

The Committee was charged with reviewing current state and federal laws pertaining to polygraphy and studying proposals for changes in state law (1989 S.B. 379, S.B. 387, and H.B. 2491). The study topic was requested by the House Committees on Governmental Organization and Local Government and the Senate Committee on Local Government.

Background

Licensure of polygraphists in Kansas was mandated by enactment of 1987 H.B. 2223 (K.S.A. 75-740 *et seq.*). The statutes establish the Kansas Board of Polygraphists and provide for regulation of polygraphy. Polygraphy is defined as the use of a mechanical or electronic instrument to test or question people to determine the truthfulness of their responses.

The statute establishes the five-member Kansas Board of Polygraphists appointed by the Attorney General. The Board is composed of four polygraphists and one public member, no two of whom may reside in the same congressional district.

Beginning January 1, 1988, persons were required to be licensed by the Kansas Board of Polygraphists in order to conduct polygraph examinations for remuneration or to represent themselves as polygraphists, polygraph operators, or polygraph examiners. Requirements for licensure include a baccalaureate degree or completion of two years of study at the collegiate level, with at least two years' experience as an investigator or two years' supervised internship.

Each applicant for licensure must satisfactorily complete a polygraphy training course of at least 250 hours of instruction, serve a supervised internship, have conducted at least 100 polygraph examinations, and pass a written and a practical examination.

The education, training, internship, and examination requirements may be waived by the Board if an applicant has conducted polygraph examinations in Kansas for at least one year, has conducted at least 250 polygraph examinations, and has had training or experience that is substantially equivalent to the requirements imposed by the law.

* H.B. 2589 accompanies this report.

The Board of Polygraphists has not issued any licenses. According to information from the Attorney General's office, only three of the required five members of the Board were appointed. The Attorney General was unable to identify persons qualified to fill the two remaining positions. Those positions must be filled by law enforcement officers who have performed 500 law enforcement polygraph examinations in the five years preceding appointment.

1988 Legislative Session

During the 1988 Session, two bills were introduced to remedy problems with the current law. 1988 S.B. 614 would have changed the effective date of the licensure requirement from January 1, 1988 to July 1, 1989. The purpose of the bill was to delay imposition of the licensure requirement pending an interim study and action by the 1989 Legislature to amend the statute. The bill passed the Senate, but died in the House Committee on Federal and State Affairs. The topic was not assigned to an interim committee in 1988.

Another 1988 bill, S.B. 479, would have added licensed polygraphists and polygraphist interns to the list of persons exempt from the requirement to be licensed as private investigators. This bill was introduced by the Joint Committee on Administrative Rules and Regulations to eliminate the current requirement that licensed polygraphists also be licensed private detectives. Prior to enactment of the licensure act, persons who performed polygraph examinations were required to have a private investigator license. With enactment of the polygraphist licensure law a dual licensure requirement was put in place. (Dual licensure has not been implemented, however, because the Board of Polygraphists has not been able to function.) The bill was reported adversely by the Senate Committee on Federal and State Affairs.

Federal Law

Also in 1988 a federal law was enacted that impacts polygraph examiners and which makes the experience requirements of the state law almost impossible to meet. In short, the federal law regulates polygraph testing and prohibits such tests altogether in many instances. There are virtually no provisions in the federal law for licensure or standards for training polygraphists. The law leaves to states the licensing of polygraphists and requires that polygraphists who conduct tests under provisions of federal law be licensed by the state if the state requires licensure.

The federal law is to be implemented by the U.S. Secretary of Labor who is required to prepare and distribute a notice summarizing the provisions of the act which must be posted by employers in a conspicuous place. The Secretary has authority to issue subpoenas for the purpose of any hearing or investigation in connection with the act's provisions. The Secretary is also authorized to cooperate with regional, state, and local agencies and provide technical assistance to employers, labor unions, and employment agencies to facilitate implementation of the act.

The Secretary may bring court action against any employer who violates the act. An employer could be fined up to \$10,000 for willful violation of the act. Private civil actions against employers who violate the act may also be brought and an employer who violates the act is liable for legal or equitable relief.

The law bans the use of lie detectors, defined to include polygraphs, deceptographs, voice-stress analyzers, psychological-stress evaluators, and similar tests, for most private-sector job applicants and workers. Employers are prohibited from directly or indirectly requiring, requesting, suggesting, or causing an employee or prospective employee to take a lie detector test.

Most personnel actions based on the results of lie detector tests are also prohibited. Employers cannot discharge, discipline, discriminate against, or deny employment or promotion to any employee or job applicant who refuses to take a lie detector test, or who has filed a complaint or started a lawsuit against the employer for violating the law prohibiting such tests.

Federal, state, and local governments may use polygraphs. Also exempt from the ban on polygraph use are consultants and private employers who contract with government intelligence agencies, the Defense Department, the FBI, the Department of Energy (in connection with atomic-energy defense activities), employers who provide security services, and companies that manufacture, distribute, or sell controlled substances. The exemptions specified in the law do not diminish an employer's responsibility to comply with state and local law or with any negotiated collective-bargaining agreement that prohibits the use of lie detector tests on employees and job applicants. Even when a polygraph test is allowed, an employer is forbidden to take an adverse job action based solely on the results of the test.

Employers may use polygraph tests as part of an ongoing criminal investigation of such crimes as theft, embezzlement, misappropriation, or unlawful industrial espionage or sabotage if they have suffered economic

loss or injury and have good reason to suspect that an employee was involved. Tests may be administered under those circumstances only if:

1. the employee had access to the property under investigation;
2. the employer makes a statement available to the worker prior to the test that outlines the specific incident under investigation and the basis of the employer's suspicions; and
3. the statement is signed by a person authorized to legally bind the employer and is kept on file for at least three years.

Specific testing procedures are set out in the act. No test may be shorter than 90 minutes and no examiner can conduct and complete more than five polygraph tests on a given day. Prior to taking a lie detector test, the person being examined must:

1. receive reasonable written notice of the date, time, and place of the examination and of the examinee's right to obtain legal counsel;
2. be informed in writing of the nature of the test and the instruments involved;
3. be informed in writing whether the test will be observed through a two-way mirror or any other such device and whether it will be recorded;
4. read and sign a notice informing the examinee of his or her rights under the act, including provisions that the examinee cannot be required to take a lie detector test as a condition of employment and that the results of such a test may be used as supporting evidence to fire, discipline, or refuse to hire an individual;
5. receive a copy of the questions to be asked during the test; and
6. be informed that the examinee can terminate the test at any time.

During the test, the examinee may end the test at any time and cannot be asked questions that were not presented in writing prior to the test. The questions asked during a test cannot be asked in a manner designed to degrade the examinee nor can questions deal with race, religion, politics, sex, or union affiliation. A test may not be conducted if there is sufficient evidence from a doctor that the examinee is suffering from a medical or psychological condition, or is undergoing treatment that might adversely affect the test results.

After a test, and before any adverse action is taken against the examinee, an employer must further interview the employee on the test results and provide the employee with a written copy of the questions, responses, and the test results. Information obtained during a polygraph test cannot be disclosed to anyone except the examinee, or someone designated by the examinee; the employer, or government agency, who requested the test; or any person, court, or government agency with a warrant for the information.

An employee or job applicant may sue an employer who has violated the provisions of the act. The suit must be brought within three years of the alleged violation and an employer can be held liable for legal and equitable relief, including employment, reinstatement, promotion, and the payment of lost wages and benefits.

Polygraph examiners must comply with licensure and regulatory laws of the state in which the test is to be conducted. In addition, the examiner must maintain at least a \$50,000 bond or the equivalent in professional liability insurance. Examiners must submit in writing any conclusion or opinion based on the test results. The conclusion must be based solely on the results of the polygraph charts and cannot include any recommendations concerning the employment status of the examinee. All records relating to a polygraph test must be retained for at least three years.

1989 Legislative Session

Three related bills were introduced to the 1989 Legislature. S.B. 387, by the Committee on Ways and Means, would have changed the date by which polygraphists must be licensed to July 1, 1990. The bill was referred to the Senate Committee of the Whole and was passed 38 to 0. The bill was in the House Committee on Governmental Organization at the end of the 1989 Session.

H.B. 2491, by Committee on Governmental Organization, would make extensive amendments to the existing licensure act. The bill would exempt polygraphists and polygraphist interns from the private

investigator licensure law. As in 1989 S.B. 387, the deadline for licensure under the act would be moved to January 1, 1990. The bill also would make several amendments to conform with federal law.

As passed by the House, the bill would have reduced from 500 to 100 the number of polygraph examinations a polygraphist who is a member of a law enforcement agency would have to have conducted in order to become a member of the Kansas Board of Polygraphists. The bill would also reduce the number of polygraph examinations a polygraphist would have to have conducted to serve on the Board from 500 to 250 in the case of polygraphists who are privately employed. The bill would add a continuing education requirement, to be established by the Board, for applicants for license renewal and would provide that two years' experience as an investigator approved by the Board or two years' internship under the supervision of a licensed examiner would be an alternative to study at a college or university as a requirement to be licensed as a polygraphist.

Areas in which changes would be made by the bill to conform to federal law include the definition of "polygraph," the questions that are prohibited during polygraph tests, and the length of time polygraph examination records must be kept. In addition, the requirement is added that applicants for licensure as polygraphists would have to submit evidence that they maintain a surety bond or professional malpractice insurance. The bill was in the Senate Governmental Organization Committee at the end of the 1989 Session.

The third 1989 bill, S.B. 379, by Committee on Federal and State Affairs was also in Senate Governmental Organization Committee at the end of the 1989 Session. The bill would enact the Security Professions Licensing Act. That act would consolidate licensure of polygraphists and private investigators and place that responsibility with a five-member Security Professions Licensing Board. Introduction of the bill was requested by the Attorney General.

The five-member Board would be appointed by the Governor to three year terms. At least one member of the Board would be required to be a licensed polygraphic examiner. At least one member would be required to be a licensed private investigator who is a sole practitioner or who is affiliated with an agency of fewer than six licensees. At least one member would be required to be a licensed private investigator who is affiliated with an agency of six or more licensees. At least one member would be a representative of the general public. No two members of the Board could live in the same judicial district.

The Board would be authorized to employ an executive director and other employees as necessary to administer the act. All employees of the Board would be in the classified civil service. Among the Board's powers and duties would be adoption of rules and regulations necessary for administration of the act, and fixing and collecting fees to conduct examinations.

Effective January 1, 1990, all private investigators and polygraph examiners in the state would have to be licensed under the act. Persons licensed as private detectives on July 1, 1989 would be able to renew their licenses under this act without meeting the required educational or experience qualifications, but would have to meet all other qualifications.

Each applicant would be required to pass a written examination for an initial license and may be required to pass an oral examination. The Board would be required to give examinations at least four times per year.

The Board would be required to investigate applicants, including the directors and officers of corporate applicants, as the Board determines necessary. Each applicant would be required to pay a \$750 license fee for the first category of license and \$250 for each additional category of license, which would be applied to the cost of conducting the investigation. An individual applicant who is a resident of Kansas would be liable for the entire cost of the investigation up to a maximum cost of \$1,500 for the first category of license and \$500 for each additional category of license. A corporate applicant or an applicant who is not a Kansas resident would be liable for the entire cost of the investigation. Each applicant would be required to pay the entire fee and cost for which the applicant is liable before taking an examination. The Board would be required to provide the applicant with a copy of the report of the investigation within a reasonable time after it receives the completed report.

In order to be licensed under the act, a person must:

- be at least 21 years of age;
- be a citizen of the United States or lawfully entitled to remain and work in the United States;
- be of good moral character and temperate habits; and
- have no conviction of a felony or a crime involving moral turpitude or the illegal use or possession of a dangerous weapon.

In addition, an applicant for licensure or renewal of a license must:

- submit proof of coverage by a policy of insurance for protection against liability to third persons, with limits of liability in amounts not less than \$100,000, written by an insurance company authorized to do business in this state; or
- submit proof, in a form required by the Board, that the applicant possesses and will continue to possess sufficient means to act as a self-insurer against that liability.

Licensees would be required to maintain the policy of insurance or self-insurance. Failure to maintain the required insurance would result in suspension of a license.

In order to be licensed as a private investigator, a person must have at least five years' experience as an investigator, or the equivalent thereof as determined by the Board. For the purpose of determining qualifications for licensure, one year of experience would consist of 2,000 hours of experience.

In order to be licensed as an intern a person would be required to have a baccalaureate degree from an accredited college or university and at least one year's experience in investigation or polygraphic examination satisfactory to the Board, an associate degree from an accredited college or university and at least three years' experience, or a high school diploma or its equivalent and at least five years' experience. In addition, the person must have satisfactorily completed a basic course of instruction in polygraphic techniques satisfactory to the Board.

In order to be licensed as a polygraphic examiner a person must meet the requirements for interns; have actively conducted polygraphic examinations for at least two years; have completed successfully at least 250 polygraphic examinations, including at least 100 examinations concerning specific inquiries as distinguished from general examinations for the purpose of screening; have completed successfully at least 50 polygraphic examinations, including ten examinations concerning specific inquiries, during the 12 months immediately before the date of application; and have completed successfully at least 24 hours of advanced polygraphic training acceptable to the Board.

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The bill would also authorize the Board to impose other requirements.

Any license obtained under the act would give the licensee authority to engage in the business specified by the license in any city or county in the state. Cities and counties would be prohibited from enacting ordinances regulating persons licensed under the act, except general business regulations designed to raise revenue, to assure compliance with building codes and ordinances, or regulations concerning zoning and fire safety.

Committee Activity

The Committee held a hearing on this proposal on July 6. At that hearing a representative of the Attorney General's office and four polygraph examiners and investigators appeared. Some of the testimony, including that provided by the Attorney General's office, indicated that current enforcement of the private investigator statute is not adequate, especially for regulation of polygraphists. However, some conferees stated their opinions that polygraphists could be adequately regulated by using the private investigator's law. The representative of the Attorney General's office asked that the existing polygraph licensure law be repealed.

With the exception of the representative of the Attorney General's office, none of the conferees supported either of the 1989 bills. The Attorney General's representative cited the small number of polygraph examiners (the current estimate is approximately 30) as the main reason that separate licensure and regulation of the profession would no longer be cost effective.

Committee Conclusions and Recommendations

The Committee concludes that a consensus regarding the appropriate form and type of regulation of polygraph examiners should be developed within the industry prior to further legislative consideration of the matter. The Committee also recognizes that the existing statute cannot be enforced and for that reason recommends introduction of legislation that would repeal K.S.A. 75-740 et seq.

Jeg 9

Respectfully submitted,

October 24, 1989

Sen. Edward Reilly, Chairperson
Special Committee on Federal and
State Affairs/Governmental
Organization

Rep. Tom Walker,
Vice-Chairperson
Rep. Elizabeth Baker
Rep. Betty Jo Charlton*
Rep. Ginger Barr
Rep. Nancy Brown
Rep. John McClure
Rep. Robert D. Miller
Rep. Alfred Ramirez
Rep. Bill Reardon
Rep. L. V. Roper

Sen. Eugene Anderson
Sen. Fred Kerr
Sen. Don Montgomery
Sen. Jack Steineger
Sen. John Strick
Sen. Ben Vidricksen

* Ranking minority member.

March 27, 1989

HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

SUBCOMMITTEE REPORT

Sunset Review: Department of Revenue and Office of Secretary of Revenue

The Kansas Sunset Law provides for the abolition of the Office of Secretary and the Department of Revenue on July 1, 1989, unless continued in existence by an act of the Legislature. S.B. 71 would continue both entities in existence for eight years. If the bill does not pass during the 1989 Session to continue these entities, both would enter a statutorily authorized one-year phaseout period before ceasing to exist on June 30, 1990.

1983 Sunset Review

The Department of Revenue was scheduled for its first sunset review when the Sunset Law was reestablished by the 1981 Legislature. The Department and Office of Secretary were scheduled for abolition on July 1, 1983. The first sunset review took place during the 1983 Legislature.

Several recommendations which were made during the 1983 sunset review either were enacted through legislation or were implemented by the agency with financing approved by the Legislature: elimination by S.B. 309 of licensing vehicle salesmen (licensure was reestablished in S.B. 618 by the 1984 Legislature); endorsement of the Vehicle Information Processing System (VIPS) with funding provided in H.B. 2086; establishment in 1985 S.B. 340 (first introduced as 1983 H.B. 2562) of three classified attorney positions; and recommendation of three additional positions for the Internal Audit unit with funding provided in H.B. 2086.

The 1983 Legislature enacted S.B. 43 which reestablished the Department of Revenue until July 1, 1987, at which time the agency was subject of another sunset review. The four year extension, rather than an eight year maximum extension allowed by the Sunset Law, was recommended because of several legislative concerns about the collection of taxes and monies owed to the state. Many of the proposed solutions to problems identified by a performance audit report concerning the tax collection system were supposed to be solved with implementation of Kansas Business Integrated Tax System (K-BITS), a proposed computer software program to be jointly development by the Department's technical staff and various paid consultants from national accounting firms.

1987 Sunset Review

The 1987 Legislature enacted H.B. 2060 which extended the Department of Revenue for two years. The House Committee on Governmental Organization concluded that there were ongoing and unresolved issues and concerns relating to data processing and the collection of taxes. Therefore, only a two-year extension was recommended.

The House Committee felt that additional legislative oversight and review was necessary in light of several developments, including Post Audit recommendations relative to K-BITS which had not met its developmental or implementation schedule; a proposed departmental reorganization to establish a new Division of Collections; and implementation of several other new computer systems--the Vehicle Information Processing System (VIPS) for titling, registering and licensing of motor vehicles and the Computer Assisted Mass Appraisal (CAMA) project for statewide reappraisal.

The Secretary of Revenue using statutory authority reorganized the Department in Fall 1987 and established a Division of Collections. The Governor's FY 1989 budget recommendations included funding for the new division in the Governor's Budget Report and the 1988 Legislature concurred with funding a Division of Collections.

1989 Sunset Review

The Subcommittee has reviewed S.B. 273 which unclassifies two positions within the Department of Revenue and also establishes the Division of Collections as a statutory entity headed by the Director of Collections. Currently, the Division of Collections is headed by a classified Director of Administrative Services. A second classified position, also titled the Director of Administrative Services, headed the Division of Operations. The current Secretary has redesignated that organizational entity as the Office of Operations since it was not statutorily established and that classified Director of Administrative Services now coordinates the Office under the supervision of the Special Assistant to the Secretary. The classified Manager of Revenue Analysis heads the Planning and Research Bureau. S.B. 273 establishes two unclassified positions, the Director of Collections and the Manager of Planning and Research.

Subcommittee discussion centered on how to facilitate review of the Department's Property Valuation Division (PVD) and Alcoholic Beverage Control (ABC) Division and on how to deal with this problem when other cabinet agencies with many divisions are reviewed since time did not permit focusing on all areas of the Department. The Subcommittee focused primarily on data processing applications during its current review and did not have time to address the other concerns raised in the 1987 sunset report which had suggested future reviews of ABC and PVD. The Subcommittee addresses these concerns in its recommendations.

In 1988, two audits were requested, one dealing with Department of Revenue's computer operations and another with collection of taxes. The first audit examined two of the Department's major computer applications, the Computer Assisted Mass Appraisal System (CAMA) and the Vehicle Information Processing System (VIPS). The second audit examined the Department's delinquent tax collection process and whether recent changes within the agency, primarily the establishment of the new Division of Collections, would be sufficient to address its tax collection problems.

The Subcommittee has reviewed both Post Audit reports and believes that the Department under the current Secretary has made considerable progress in addressing its data processing and tax collections problems. The agency reported on its progress in developing the Business Tax Information Management System (BTIMS) computer software for handling sales tax, with implementation scheduled for June 1990. It was noted that work on the Kansas Business Integrated Tax System (K-BITS) computer software had been halted and that emphasis had shifted to implementing one tax instead of all business taxes. The agency also reported on the Automated Collections System (ACS) which is recommended by the Governor's Budget Report for acquisition in FY 1990. The Subcommittee notes that a procurement negotiating committee has been appointed and that the process is under way to acquire the ACS computer software and hardware by the end of next fiscal year to assist the Division of Collections.

Possible inclusion of an accounts receivable capability into ACS led the Subcommittee to review the Department of Administration's plans to implement the Kansas Financial Information System (KFIS) which also includes an accounts receivable capability. The Subcommittee was interested to determine how the Department of Revenue's plans were reviewed and considered by the Department of Administration, particularly since KSA 75-4705(d) gives DISC statutory responsibility to "...determine all data processing programs, contract services and new data processing positions needed by any division, department or agency of the state." The Subcommittee's interest was conditioned by the failure of K-BITS and information from Post Audit that at least two of the K-BITS contractors had failed to fulfill their contracts but were paid for unsatisfactory work. The DISC responsibility under KSA 75-4705(d) also includes "audits (which) shall be conducted annually covering data processing applications, systems developments and information processing facilities."

The Subcommittee is concerned that the Department of Revenue failed to submit its FY 1990 Information Technology (IT) Plan to the Division of Information Systems and Communications (DISC). The annually updated agency plan was due last fall. To date, the agency has not submitted the document. The Subcommittee toured DISC and reviewed its operations and interaction with the user agencies such as the Department of Revenue. The DISC Director indicated that the Secretary of Revenue had submitted a list of 38 high priority projects with supporting data and that the list would serve as the Department's IT Plan until the remainder of their planning document is assembled.

In this context, the Subcommittee notes that DISC was subjected to a 1984 sunset review but that the Department of Administration and all its other divisions were not and are not subject to review under the Sunset Law. DISC was removed from sunset review when it was reorganized in 1984. The Subcommittee discussed placing the Department of Administration and its divisions under the Sunset Law since all of the other cabinet agencies have been reviewed at least once pursuant to the Sunset Law and all cabinet agencies except the Department of Administration are scheduled for additional sunset reviews over the next eight years.

The Subcommittee feels that legislative oversight during the sunset review process helps both legislators and agency personnel better serve the public by the interchange of ideas and information. The Subcommittee appreciated the cordial reception it was afforded by the Secretary of Administration and the Director of DISC during its brief visit of the state's central telecommunications and computer center. However, since DISC was not the focus of the Subcommittee's sunset review during this current cycle, many questions about the DISC operation were not discussed.

The Subcommittee became aware during this sunset review of the Department of Revenue that for large cabinet agencies, much of the agency's operation cannot be examined during an annual review. The Subcommittee appreciates the work of the House Appropriations and Senate Ways and Means subcommittees which annually review the various agency budgets, including the data processing and telecommunications budgets. However, the Subcommittee believes that in-depth study of the state's computers and telecommunications technology should be undertaken in a variety of forums to assure more thorough legislative oversight of both existing and proposed new governmental information storage, transmission and processing technologies which appear to be quite expensive.

To that end, the Subcommittee offers a number of recommendations about the Department of Revenue and about the more general concerns involving sunset review and the state's use of computers, telecommunications and information technologies.

House Subcommittee Recommendations

As part of its sunset review of the Department of Revenue, the Subcommittee examined data processing and tax collections. It did not have time to review ABC and PVD in this sunset cycle, but does not feel that any particular problems in these areas should require a short-term extension of the agency's abolition date to ensure review. Therefore, the Subcommittee makes the following recommendations:

1. Reestablish the Office of Secretary and Department of Revenue for six years, with sunset scheduled for July 1, 1995. For the Department of Revenue to provide the Legislature with followup reports in several areas:

- a. Division of Collections, 1990; 1991.
- b. Division of Property Valuation, 1991.
- c. Division of Alcoholic Beverage Control, 1990.
- d. Business Tax Information System (BTIMS), 1990; 1991.
- e. Automated Collections System (ACS), 1990; 1991.

In regard to the Subcommittee's review of data processing at the Department of Revenue, the Subcommittee surveyed DISC and feels that additional legislative oversight is needed regarding the state's use of computers, telecommunications and information technologies. Recommendations of a more general nature are offered by the Subcommittee. The rationale for these additional recommendations is found in the previous text of this report.

2. Introduce a bill to place the Department of Administration under provisions of the Kansas Sunset Act.

3. Introduce a bill to establish a new Joint Committee on Governmental Technology to monitor the state's computers, telecommunications, and information technologies.

4. Submit to the Legislative Coordinating Council a request for a Special Interim Committee to be appointed for the purpose of reviewing the Division of Information Systems and Communications during the 1989 Interim.

House Committee Recommendation

The Committee concurs with the Subcommittee recommendations with the following actions:

- 1. Introduce a bill placing the Department of Administration under the Sunset Law, with an abolition date of July 1, 1990.*
- 2. Introduce a bill to establish a five member Joint Committee on Governmental Technology.*
- 3. Have the Chairman write a letter to the LCC requesting an 1989 Interim study of DISC and for this Committee to begin its review of the Department of Administration during the 1990 legislative session.*

April 8, 1989
Updated 1/11/90

HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

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- d. Business Tax Information System (BTIMS), 1990; 1991.
- e. Automated Collections System (ACS), 1990; 1991.

2. Introduce a bill to place the Department of Administration under provisions of the Kansas Sunset Act with an abolition date of July 1, 1990.

H.B. 2560 addresses this topic and will carry over to the 1990 Legislature for review.

3. Introduce a bill to establish a five member Joint Committee on Governmental Technology to monitor the state's computers, telecommunications, and information technologies.

H.B. 2559 addresses this topic and will carry over to the 1990 Legislature for review.

4. Submit to the Legislative Coordinating Council a request for a Special Interim Committee to be appointed for the purpose of reviewing the Division of Information Systems and Communications during the 1989 Interim. As part of this study, it is also recommended for this Committee to begin its review of the Department of Administration during the 1990 legislative session.

The Chairman has written the LCC requesting the 1989 Interim study.
Proposal No. 50 -- Computer Oversight was considered by the 1989 Special Committee
On Ways and Means/Appropriations and that report is attached.

11-Jan-90 hgo89sum.wk1

ATTACHMENT 3
GOVERNMENTAL ORGANIZATION
1/11/90

HOUSE BILL No. 2560

By Committee on Governmental Organization

3-30

11 AN ACT concerning the Kansas sunset law; subjecting the office of
12 secretary of administration and the department of administration
13 to the provisions thereof; amending K.S.A. 75-3702a, and repealing
14 the existing section.
15

16 *Be it enacted by the Legislature of the State of Kansas:*

17 Section 1. K.S.A. 75-3702a is hereby amended to read as follows:
18 75-3702a. (a) There is hereby created a department of administration,
19 the head of which shall be the secretary of administration. The
20 governor shall appoint the secretary of administration, subject to
21 confirmation by the senate as provided in K.S.A. 75-4315b, and ~~such~~
22 *amendments thereto. The secretary of administration shall serve at*
23 *the pleasure of the governor. The department of administration shall*
24 *be administered under the direction and supervision of the secretary*
25 *of administration. The secretary of administration shall receive an*
26 *annual salary fixed by the governor.*

27 *(b) The provisions of the Kansas sunset law apply to the office*
28 *of secretary of administration and the department of administration*
29 *created by this section, and the office and department are subject*
30 *to abolition under that law.*

31 New Sec. 2. Except as provided in K.S.A. 74-7246, and amend-
32 ments thereto, the office of secretary of administration and the de-
33 partment of administration, created by K.S.A. 75-3702a, and
34 amendments thereto, shall be and hereby are abolished on July 1,
35 1990.

36 Sec. 3. K.S.A. 75-3702a is hereby repealed.

37 Sec. 4. This act shall take effect and be in force from and after
38 its publication in the statute book.

HOUSE BILL No. 2559

By Committee on Governmental Organization

3-29

12 AN ACT concerning the legislative branch of state government; es-
13 tablishing the joint committee on governmental technology.

14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. (a) There is hereby established the joint committee
16 on governmental technology which shall be within the legislative
17 branch of state government and which shall be composed of two
18 senators and three members of the house of representatives. One
19 of the senate members shall be appointed by the president of the
20 senate and one of the senate members shall be appointed by the
21 minority leader of the senate. Two of the representative members
22 shall be appointed by the speaker of the house of representatives
23 and one of the representative members shall be appointed by the
24 minority leader of the house of representatives.

25 (b) All members of the joint committee on governmental tech-
26 nology shall serve for terms ending on the first day of the regular
27 legislative session in odd-numbered years. The joint committee shall
28 organize annually and elect a chairperson and vice-chairperson in
29 accordance with this subsection. After June 30 in odd-numbered
30 years, the chairperson shall be one of the representative members
31 of the joint committee elected by the members of the joint committee
32 and the vice-chairperson shall be one of the senate members elected
33 by the members of the joint committee. After June 30 in even-
34 numbered years, the chairperson shall be one of the senate members
35 of the joint committee elected by the members of the joint committee
36 and the vice-chairperson shall be one of the representative members
37 of the joint committee elected by the members of the joint com-
38 mittee. The chairperson and vice-chairperson of the joint committee
39 shall serve in such capacities until July 1 of the ensuing year. The
40 vice-chairperson shall exercise all of the powers of the chairperson
41 in the absence of the chairperson. If a vacancy occurs in the office
42 of chairperson or vice-chairperson, a member of the joint committee,
43 who is a member of the same house as the member who vacated
44

1 the office, shall be elected by the members of the joint committee
2 to fill such vacancy.

3 (c) A quorum of the joint committee on governmental technology
4 shall be three. All actions of the joint committee shall be taken by
5 a majority of all of the members of the joint committee.

6 (d) The joint committee on governmental technology may meet
7 at any time and at any place within the state on the call of the
8 chairperson.

9 (e) The provisions of the acts contained in article 12 of chapter
10 46 of the Kansas Statutes Annotated, and amendments thereto, ap-
11 plicable to special committees shall apply to the joint committee on
12 governmental technology to the extent that the same do not conflict
13 with the specific provisions of this act applicable to the joint
14 committee.

15 (f) In accordance with K.S.A. 46-1204, and amendments thereto,
16 the legislative coordinating council may provide for such professional
17 services as may be requested by the joint committee on governmental
18 technology.

19 (g) The joint committee on governmental technology may intro-
20 duce such legislation as it deems necessary in performing its
21 functions.

22 Sec. 2. In addition to other powers and duties authorized or
23 prescribed by law or by the legislative coordinating council, the joint
24 committee on governmental technology shall:

25 (a) Study the use by state agencies and institutions of computers,
26 telecommunications and information technologies;

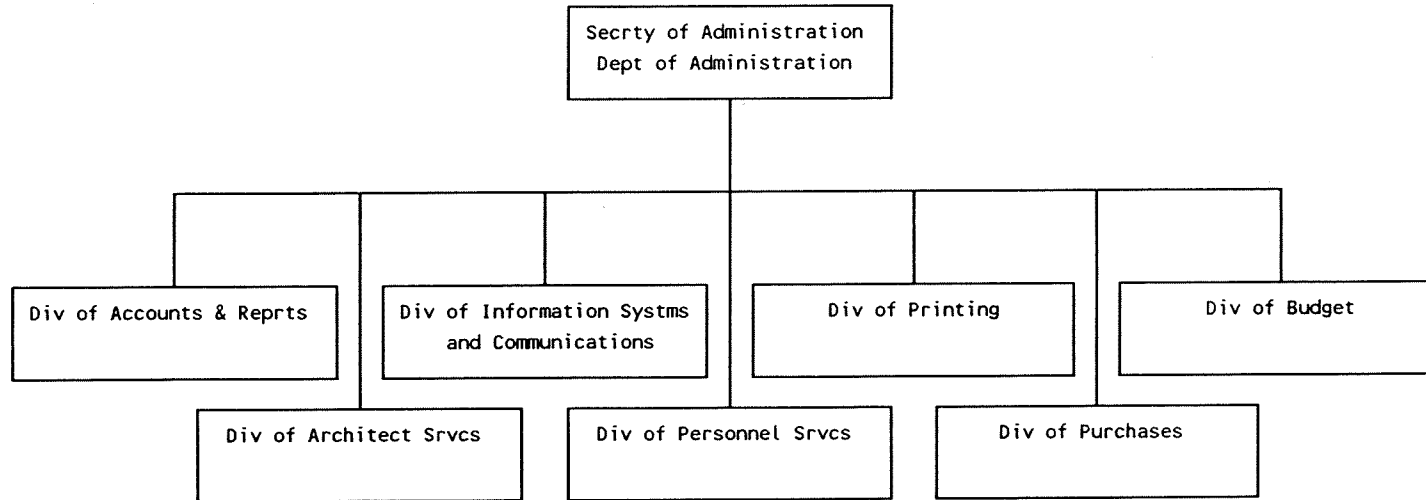
27 (b) Review new governmental information storage, transmission
28 and processing technologies proposed by state agencies and insti-
29 tutions, including budget estimates for implementation of the same,
30 and make recommendations thereon to the ways and means com-
31 mittee of the senate and the committee on appropriations of the
32 house of representatives;

33 (c) Study the progress and results of all newly implemented gov-
34 ernmental information storage, transmission and processing tech-
35 nologies of state agencies and institutions; and

36 (d) Make an annual report to the legislative coordinating council
37 as provided in K.S.A. 46-1207, and amendments thereto, and such
38 special reports to committees of the house of representatives and
39 senate as are deemed appropriate by the joint committee.

40 Sec. 3. This act shall take effect and be in force from and after
41 its publication in the statute book.

EXECUTIVE BRANCH



ADMIN.ORG 2/14/89

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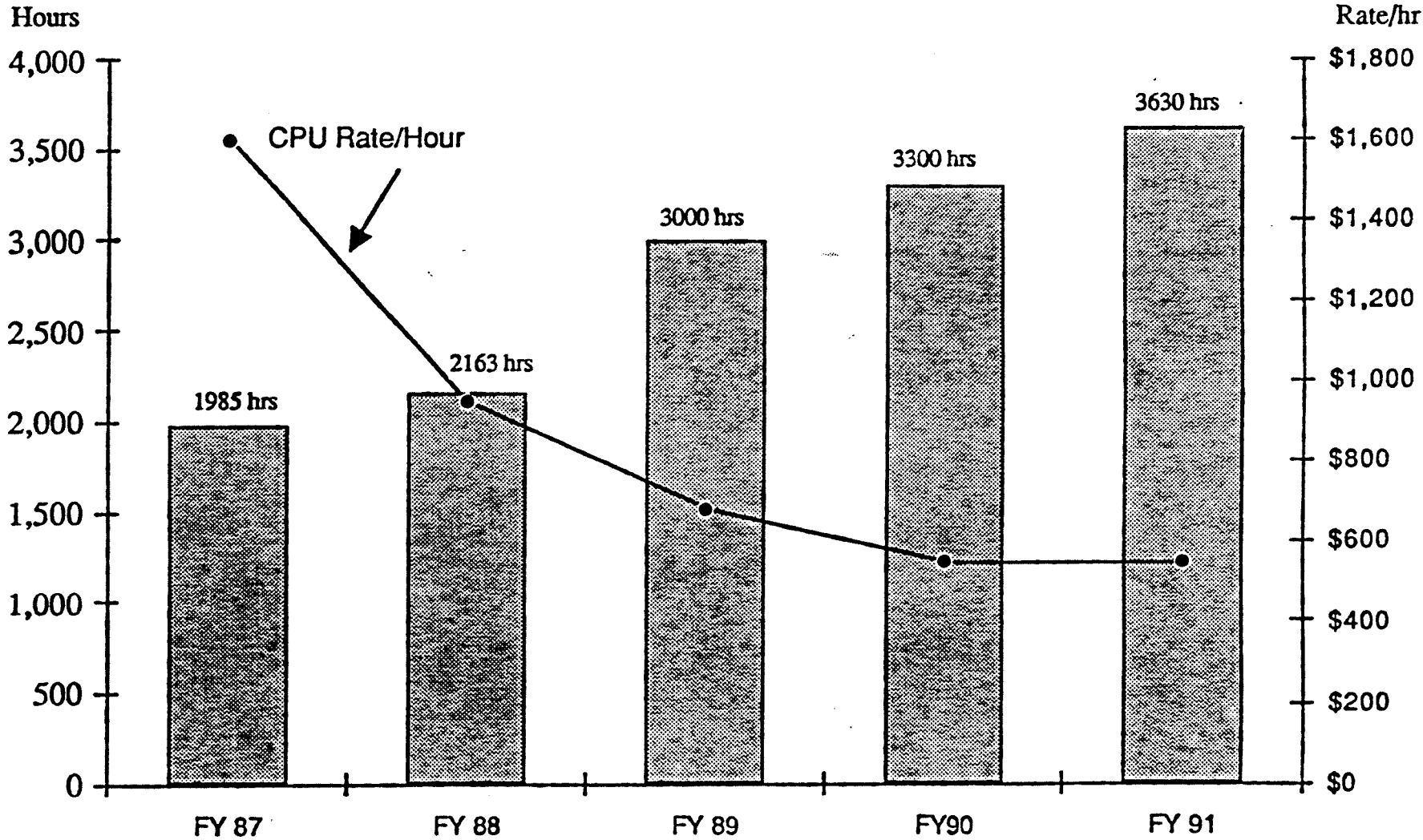
Presentation To The
House Committee on Governmental Organization
3/2/89

- I. DISC's Statutory Obligations (K.S.A. 75-4701 et. seq.)
 - A. Provide Central Computing Services
 - B. Provide Applications Support For Department of Administration
 - C. Provide Contract Software Development Services For Agencies
 - D. Provide Local Telephone Services
 - E. Provide Telecommunications Consultation For Agencies
 - F. Provide Intercity Voice and Data Network Services
 - G. Write Specifications For Telecommunications Equipment and Services For All Agencies and Institutions
 - H. Be The Single Point of Contact For All FCC Licensing
 - I. Write/Approve Specifications For Computing Equipment For All Agencies (Not Regents Institutions)
 - J. Develop Standards For All Information Technology and Audit Practices
 - K. Approve Acquisition of All Information Technology Equipment
 - L. Coordinate and Approve All Telecommunications Services
 - M. Submit a Statewide Plan For Information Technology To The Information Systems Policy Board
 - N. Establish System Of Rates For Services Which Meets Federal Cost Allocation Standards

II. Some of DISC's Major Accomplishments Since Judge Green's Divestiture of AT&T

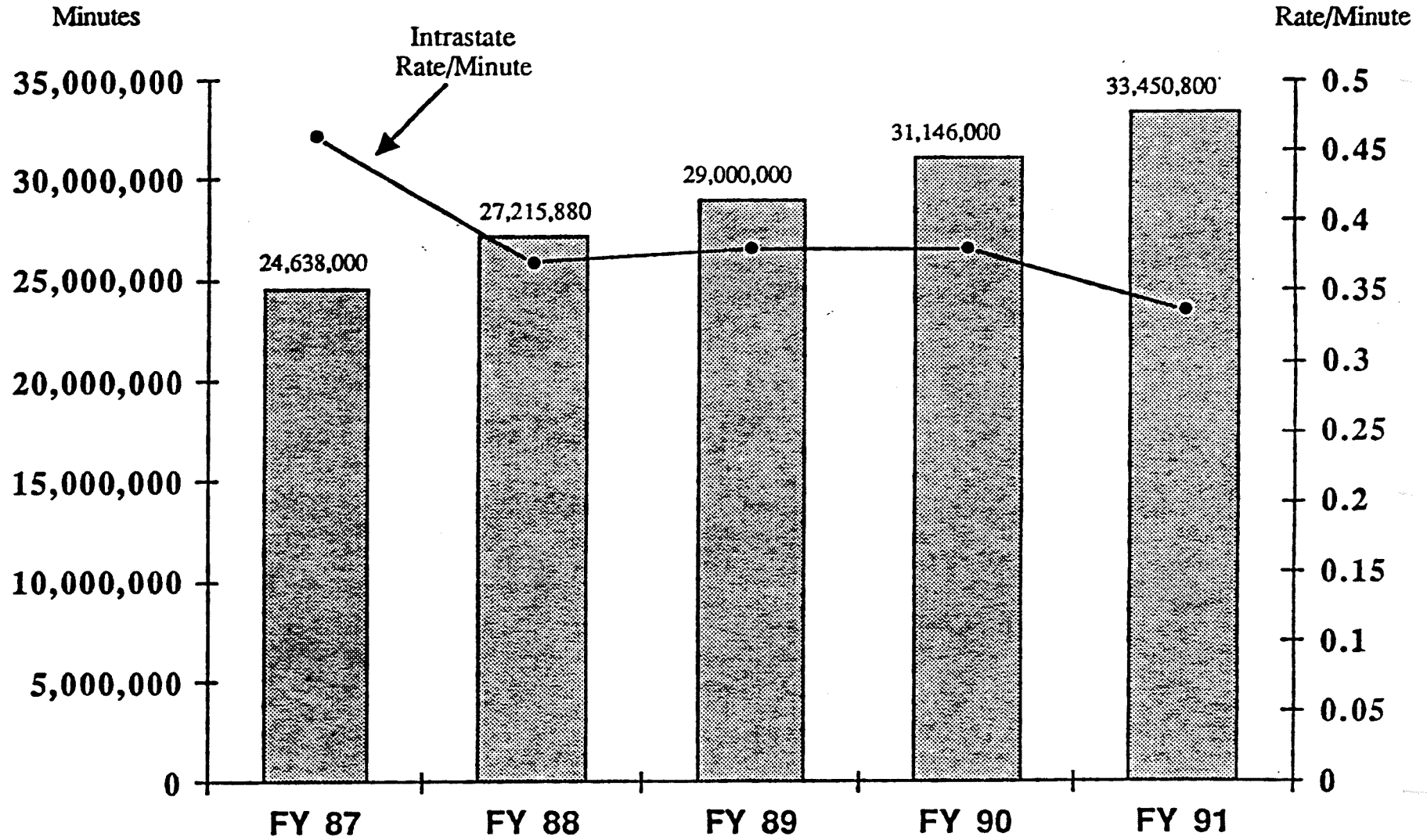
- A. Competitively Rewired 400 Buildings Statewide For Voice and Data, And Installed Premise Distribution Systems (PDS) Tying The Buildings Together In A Given Location
- B. Competitively Procured Local Switching Services For Agencies and Institutions
- C. Competitively Procured Handsets and Key Telephones
- D. Competitively Acquired Data Terminals and PC's
- E. Competitively Upgraded Computers (Used) and Peripherals
- F. Signed Agreement To Lower Long Distance Costs, Beginning January, 1990
- G. Converted KANS-A-N To Integrated Digital Voice and Data Network For All Agencies and Institutions
- H. Lowered CPU Rates
- I. Lowered Long Distance Rates
- J. Reorganized DISC Into Four Bureaus
- K. Increased Output by Approximately Three Times, With Essentially Very Little Additional Staff
- L. Have Become A Full-Fledged Information Utility For State Government Operations, And Changed Our View Of DISC's Mission In The Process
- M. Have Institutionalized Sound Planning and Standards
- N. Have Developed Sound Partnerships With Agencies, Resulting In Successful Applications (e.g., CAECSES and VIPS)
- O. Competitively Acquired A Statewide Law Enforcement Switch

IBM CPU HOURS AND RATE/HOUR



8 bar

KANS-A-N MINUTES AND RATE/MINUTE



6 level

III. Major DISC Initiatives For FY90

- * A. Enhance The Cash Flow Balance In The Central Mail Service Revolving Fund
- * B. Provide Statewide Electronic Mail
- * C. Enhance The Governor's Computer System
- * D. Automate Some Computer Operations To Reduce Long Term Personnel Costs
- * E. Expansion of Disk Storage Capacity To Serve Agencies
- * F. Enhance CPU Capacity With Used Equipment, As Needed, To Support Agencies
- * G. Acquire a Minicomputer To Support Small Agency Applications
- * H. Acquire Optical Storage To Avoid Long Term Storage Costs and Achieve Cost/Effective Archival Services
- * I. Expand Data Communications Capabilities To Hays, Garden City, Wichita, Emporia, Pittsburg, Manhattan, and Kansas City
- * J. Provide Asynchronous and Synchronous Data Communications Capability On A Statewide Basis
- * K. Acquire Additional Terminal Controllers To Support Growth
- * L. Continue Implementation Of The Kansas Financial Information System
- * M. Acquire Network Modelling Software To Avoid Future Costs

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CONCLUDING NOTES

- 1) Government workers, overall, spend 50 percent of their time, on average, processing information
- 2) DISC is in year four of a five-year plan to establish a statewide electronic information handling network, where there are no artificial barriers to the sharing of information.
- 3) You have a real success story in DISC. Those 180 workers have accomplished a near miracle in the last three years, in vastly increasing the efficiency of the state's remaining 36,000 workers. But, more can be done. And we ask for your support. Finally, you have a standing invitation to take a tour of the facilities. Our motto is "Plan Comprehensively and Implement Incrementally."

RE: PROPOSAL NO. 50 -- COMPUTER OVERSIGHT*

Proposal No. 50 directed the Special Committee on Ways and Means/Appropriations to provide legislative oversight and review the practices of the Department of Administration, Division of Information Systems and Communications (DISC), in regard to computer operations.

Background

During the 1989 Legislative Session, the Senate Ways and Means and House Appropriations Committees expressed considerable concern about the Department of Administration's computer operations, particularly regarding the Department's acquisition of new central financial systems. The Legislature removed the line items for DISC in the Department of Administration's appropriation bill and the Department's appropriation for central financial management systems. The line items were restored in the Omnibus Appropriation bill. At that time this interim study was requested to provide legislative oversight and review of the practices of the Department of Administration, specifically DISC, in regard to computer operations.

Committee Activity

The Committee reviewed a staff background memorandum which included a general discussion of DISC, a historical review of the Division, its statutory responsibilities, organizational structure, and financing. The memorandum included a description of the current central management financial systems (Kansas Integrated Personnel/Payroll System (KIPPS) and Central Accounting System of Kansas (CASK)), financing of these systems, and an overview of the new Kansas Financial Information Systems (KFIS).

Given the broad range of topics the Committee could consider under its charge, the Committee chose to examine four issues:

1. the circumstances surrounding the acquisition of KFIS;

* S.B. 435 accompanies this report.

2. policy alternatives relating to the Regents' institutions use of the centralized personnel/payroll system component of KFIS;
3. the Department of Administration's implementation of the employee dependent care assistance program and direct deposit of employee paychecks; and
4. policies and procedures for the procurement of computer equipment and services.

The Committee held hearings on Proposal No. 50 at its September meeting. Conferees appearing before the Committee included: the KFIS project manager; Director of the Division of Accounts and Reports; Director of the Division of Personnel Services; Acting Director of DISC; Director of the Division of Purchases; a representative of Peat, Marwick, Main and Company; Director of Planning and Budget for the Kansas Board of Regents; a representative of Digital Equipment Corporation (DEC); representatives of WANG laboratories; representatives of UNISYS; a representative of NCR Corporation; a representative of Data General Corporation; the Executive Director of Kansas Association of Public Employees; a representative of Backup Facilities Management; and the Secretary of Administration.

Acquisition of Kansas Financial Information Systems

In May, 1988 the Division of Purchases solicited bids for an automated procurement system, as approved by the Legislature, and a procurement negotiating committee was established. The procurement negotiating committee, composed of the directors of Purchases, Accounts and Reports and DISC, decided that because of the limitations of both the personnel/payroll and accounting systems, adding an automated procurement package to the current system would be ill-advised. The negotiating committee concluded that such an addition should be part of a fully integrated management information processing system. Therefore, the negotiating committee expanded the scope of the original project and amended the original request for proposal to include pricing for personnel/payroll systems and accounting systems.

The directors of Accounts and Reports, Personnel Services, DISC, and Purchases appeared before the Committee to describe the deficiencies in the Department of Administration's current central financial management systems and the necessity for new systems. The reasons given by

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the conferees for the administrative decision to embark upon major system changes included:

1. the necessity to modernize the state's central accounting system to accommodate Generally Accepted Accounting Principles (GAAP);
2. the "home grown" KIPPS software system is difficult and time-consuming to update and maintain;
3. the need to automate procurement information; and
4. the difficulty in hiring technical staff with training or experience on UNISYS systems.

Four vendors responded to the request for proposal. In August, 1988, the procurement negotiating committee selected the proposal of Peat, Marwick, Main and Company for the installation and implementation of a central integrated financial information system. Negotiations were concluded and contracts were approved with Peat Marwick in October, 1988.

The new KFIS system replaces the existing CASK accounting system, KIPPS personnel/payroll system, and automates state purchasing. There are three major components of KFIS: Peat Marwick's Statewide Accounting and Reporting System (STARS) and Fixed Asset Accounting Control System (FAACS); Integral Systems Inc.'s Human Resource Management System (HRMS); and Peat Marwick's Advanced Purchasing and Inventory Control System (ADPIKS).

KFIS involves the phase-out of the UNISYS mainframe computer hardware because the KFIS applications will run on the IBM-compatible side of the DISC computer operations. During the implementation, personnel/payroll and accounting will continue to run on the UNISYS hardware until the new software systems are operational on the IBM compatible hardware.

The implementation dates for the core KFIS software systems are as follows: Accounting -- February, 1990; Payroll/Personnel -- January, 1991; Purchasing and Fixed Assets -- July, 1991. A representative from Peat, Marwick, Main and Company testified that the KFIS project was reasonably on track.

The contract with Peat, Marwick, Main and Company is for \$3,688,500 and is to be financed over a five-year period. In regard to the financing of this new system, the Division of Purchases was approved

\$121,828 in FY 1988 and \$250,000 in FY 1989 for a total of \$371,828 from the State General Fund for an automated procurement system. (Both appropriations were in addition to the appropriation to the Central Management Informations Systems and Computing Operations (CMISCO) account.) The CMISCO account is a State General Fund appropriation to the Department of Administration to provide central management and control of systems development within the divisions of the Department of Administration. The Division of Personnel Services was approved expenditures of \$350,000 from the CMISCO account for FY 1989 for a personnel software package to replace KIPPS.

Department of Administration officials informed the Committee that the KFIS project will replace the state's central financial systems over the next several years without any increase in appropriations, provided that appropriations are maintained at current levels (\$3,478,209) and there are no significant changes mandated by state and federal laws.

Regents' Institutions Use of the Centralized Personnel/ Payroll System

At the time of implementation of KIPPS, the Regents' institutions were intended to participate fully on the KIPPS system. Prior to KIPPS, all of the Regents' institutions participated fully in the state's centralized personnel/payroll system. In November, 1983 while installing the University of Kansas on the KIPPS payroll module, problems were encountered which resulted in preparation of a number of incorrect checks, as well as some missing checks. According to officials, the Sperry-Univac-Unisys, upon which personnel/payroll and accounting operations are performed, had reached its capacity. Attempting to alleviate the capacity problems, the Department of Administration requested funds to upgrade the Sperry-Univac-Unisys equipment during the 1984 Legislature. The request was rejected by the Legislature in April, 1984, with the general recommendation that no equipment upgrades occur prior to moving state computing operations from the Docking State Office Building to the Landon State Office Building. During that legislative session, the Legislature approved funding for the withdrawal of the Regents' institutions from KIPPS. In June, 1984, the Regents agreed to withdraw from the KIPPS system.

Currently, only the Kansas College of Technology participates fully in the centralized personnel/payroll system and the other Regents' institutions use individual campus-based personnel processing systems. In regard to payroll, these institutions remit computing tapes to the Division of Accounts and Reports. These tapes contain the accounting information necessary for the Division of Accounts and Reports to issue

warrants. In regard to personnel data, these institutions are to submit an extract file with personnel information to the Division of Personnel Services to be included in the centralized personnel system. Legislators have expressed concern over the lack of statewide personnel data which apparently stems from problems with the submission and utilization of these data.

The Committee received a report from the Regents' Task Force on Personnel and Payroll Processing. The Task Force was formed to answer three basic questions posed by the Secretary of Administration concerning the processing of personnel and payroll records. The three specific questions were:

1. Should all or most of the Regents' institutions use the same personnel/payroll system?
2. Should any of the Regents' institutions use the new personnel/payroll system being implemented by the Department of Administration?
3. What data should Regents provide to the Department of Administration and in what format?

In its report the Task Force responded to the first question by stating that it may ultimately be desirable for several of the institutions to use the same personnel software for processing. As to the second question, the Task Force responded that it is probably too early to determine whether any of the Regents' institutions should use the new personnel/payroll system and finally in response to the third question, the report stated that the Department of Administration is in a better position to know of its specific data needs than are the Regents. The Regents hope to be allowed an opportunity to comment on specific data elements requested by the Department of Administration.

The Board of Regents conferee acknowledged that the Division of Personnel Services lacks Regents' personnel data and the Regents will cooperate with the Department of Administration to see that the appropriate personnel data is submitted to the Department of Administration.

Policies and Procedures for the Procurement of Computer Equipment

The state's purchasing program is administered by the Division of Purchases in the Department of Administration. The Director of Purchases appeared before the Committee to describe current policies and procedures. The basic procurement statutes are contained in K.S.A. 75-3737a through 75-3744. Further, the Legislature enacted K.S.A. 75-37,102 which provides specific authorization to use competitive negotiation as a source selection method for the acquisition of technical equipment and services.

The Committee received testimony from various computer vendors regarding state policies and procedures for the procurement of computer equipment and services. Generally, vendors supported a more open procurement process which would provide a level playing field so that all vendors would have the opportunity to bid. Suggestions included a point system for bids; allowing agencies to determine their own needs and to put out bid specifications for their needs; requiring multiple vendor solutions and avoiding bid specifications that require such specifications as proprietary operating systems, data bases, and networks.

Department of Administration Implementa- tion of Employee Dependent Care Assistance Program; Direct Deposit of Employee Paychecks

The 1988 Legislature enacted K.S.A. 75-6520 and 75-6512, which required the Secretary of Administration to establish and administer a state employee dependent care assistance program as part of an employee cafeteria plan. Under such programs, which were provided for by the U.S. Internal Revenue Code of 1986, state employees could agree to accept reduced compensation in exchange for the state financing the cost of the employee's dependent care expenses. The employee selects the amount, within federal limitations, that would be placed in a special account to pay for the employee's dependent care assistance.

The enacting legislation provided an effective date of July 1, 1989; however, amendments to K.S.A. 75-6512 made the implementation of the employee dependent care program subject to the approval of the Secretary of Administration, to ensure that adequate data processing resources were available to operate the program. To date, the program has not been implemented.

3517

The Legislature approved additional expenditure authority of \$101,110 in FY 1989 from the Cafeteria Benefits Fund for the implementation of the state employee dependent care option. The Department of Administration informed the Committee that \$75,000 of the \$101,110 to implement dependent care had been expended on the personnel/payroll component of KFIS.

The 1988 Legislature enacted legislation that required the Director of Accounts and Reports to develop a plan to allow salaries of state officers and employees to be deposited directly (e.g., by electronic transfer) to their accounts in banks, savings and loan associations, or credit unions, subject to the written approval of the employee. The effective date of this legislation was January 1, 1989.

The Committee learned that currently the State Board of Agriculture is serving as the pilot agency for this program. The Department of Administration plans to add other state agencies to the direct deposit program when the personnel/payroll component of KFIS is implemented.

Conclusions and Recommendations

The Special Committee on Ways and Means/Appropriations expresses concern regarding the methods used to procure the KFIS software. Although the Committee concludes that there was nothing illegal about the Department of Administration's acquisition of this system, the Committee is concerned about the appearance that this system was procured in an irregular manner.

The Committee concludes that the Regents' institutions should participate in the centralized personnel/payroll component of KFIS. The Committee acknowledges the necessity of certain agencies retaining agency based systems to meet internal management needs; however, the Committee recommends that the KFIS system be implemented in such a fashion as to not prohibit the inclusion of all of the Regents' institutions in the centralized personnel/payroll system.

The Committee recommends that the standing Senate Ways and Means and House Appropriations Committees examine the basic procurement statutes, K.S.A. 75-3737a through 75-3744 and K.S.A. 75-37,102, particularly as the statutes apply to the procurement of highly technical equipment and services.

The Committee recommends the introduction of legislation to amend the current law which requires the Secretary of Administration to establish and administer a state employee dependent care assistance program. The bill would delete the current statutory language which makes the implementation of the employee dependent care program subject to the approval of the Secretary of Administration. The bill would be effective upon publication in the Kansas Register. The bill would provide that the program be operational within 180 days after the effective date of the legislation. The Committee notes that as calculated by the Kansas Association of Public Employees (KAPE), a one-year delay in the employee dependent care program will cost state employees approximately \$420,000 and a delay to January 1, 1991 would result in estimated losses of \$630,000. According to the Department of Administration, the additional estimated data processing costs to implement the employee dependent care assistance option on KIPPS, given the Department's current plan regarding KFIS, would be \$82,200.

Further, the Committee recommends that this legislation also amend the current law which requires the Director of Accounts and Reports to develop a plan to allow salaries of state officers and employees to be deposited directly to their banks, savings and loan associations, or credit unions, subject to the written approval of the employee. The effective date of the current law was January 1, 1989. Currently, the Director of Accounts and Reports has implemented the direct deposit program only in the State Board of Agriculture. The bill would require that the direct deposit program be operational for all state officers and employees within 180 days after the effective date of the legislation. The bill would be effective upon publication in the Kansas Register. According to the Department of Administration, the additional estimated data processing costs to implement this program on KIPPS, given the Department's current plan regarding KFIS, would be \$41,400.

Aug 19

Respectfully submitted,

November 14, 1989

Sen. August Bogina, Chairperson
Special Committee on Ways and
Means/Appropriations

Rep. Rochelle Chronister,
Vice-Chairperson
Rep. Barbara Allen
Rep. Bill Brady
Rep. Ken Francisco
Rep. Fred Gatlin
Rep. Rex Hoy
Rep. Al Lane
Rep. Bob Mead
Rep. Jack Shriver
Rep. George Teagarden*

Sen. Ross Doyen
Sen. Paul Feleciano, Jr.
Sen. Frank Gaines
Sen. Joseph Harder
Sen. Leroy Hayden
Sen. Dave Kerr

* Ranking minority member.