

Approved

*Thomas F. Walker*

Date 3-22-90

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, March 22, 1990 in room 522-S of the Capitol.

All members were present except:

Committee staff present:

Avis Swartzman - Revisor  
Diane Duffy - Legislative Research  
Carolyn Rampey - Legislative Research  
Jackie Breymer - Committee Secretary

Conferees appearing before the committee:

Chairman Walker called the meeting to order. He stated the minutes of the previous meeting would stand approved at the end of the meeting if there were no corrections or additions.

HCR 5010 - education article of constitution

There was no discussion.

Representative Bowden moved the favorable adoption of HCR 5010.

Representative Reinert gave a second to the motion.

The motion carried.

SB 623 - establishing Kansas Film Service Commission

Representative Graeber presented an amendment. Avis, Revisor, distributed a balloon that contained Representative Graeber's amendment plus others. Representative Graeber's amendment referred to tourism regions, a list of three people of which the region council's would select one. (Attachment 1) The balloon the Revisor distributed dealt with the addition of two people to the commission which would make a total of 19, and publication in the Kansas Register. She also indicated on page 2, lines 23, 24 and 25 where it states all members shall serve without compensation. (Attachment 2)

Representative Graeber moved the adoption of the balloon amendments.

Representative Turnbaugh gave a second to the motion. The motion carried.

Discussion began on whether or not to place the bill under sunset. The pros and cons of placing the commission under sunset were discussed, as was the sunset philosophy. A committee member asked if there was a fiscal note involved. The reply was that there was not. Another member commented that there is always a fiscal note to a bill whether it is obvious or not.

Representative Bowden moved to sunset the commission July 1, 1994.

Representative Weimer gave a second to the motion. The motion carried.

Representative Sughrue moved to pass SB 623 favorably as amended.

Representative Graeber gave a second to the motion. The motion carried.

HB 2560 - Sunset; department and secretary of administration

Representative D. Miller distributed copies of the Subcommittee Report on the Department of Administration. (Attachment 3) Each subcommittee member read a portion of the report.

Representative D. Miller moved the adoption of the subcommittee report.

Representative Bowden gave a second to the motion. The motion carried.

Comments such as excellent, very thorough, and praise for the hard work done by the subcommittee were expressed by various members of the committee.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,

room 522-S, Statehouse, at 9:00 a.m./p.m. on Thursday, March 22, 1990

Representative D. Miller moved to amend HB 2560 to change the date of sunset to July 1, 1991 and to pass the bill out favorably as amended. Representative Graeber gave a second to the motion. The motion carried.

Representative Miller injected a personal note on how much time and effort the subcommittee had put into the report. He explained recommendation #2 which directs the Legislative Coordinating Council (LCC) to authorize a special interim committee to conduct an in-depth study of the state's information systems. This would be a one-time requirement for a report by December 1, 1990, unless the LCC thinks more time would be necessary. (Attachment 4)

Representative D. Miller moved to introduce the House Concurrent Resolution in accordance with the Subcommittee Report request and refer it to the Committee of the Whole. Representative Weimer gave a second to the motion. The motion carried.

Representative Graeber thanked staff, with particular reference to Ms. Duffy and all the people at the Department of Administration with special reference to Ms. Brown for the openness and candor displayed by those who worked with the subcommittee. He also expressed thanks to the subcommittee chairman and the committee chairman for their work.

The meeting was adjourned.



Proposed Amendment to Senate Bill No. 623  
(As Amended by Senate Committee)

On page 2, in line 3, by striking "first"; also in line 3, after the comma, by inserting "one shall be representative of the northeast Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the northeast Kansas tourism council, one shall be representative of the northwest Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the northwest Kansas tourism council, one shall be representative of the southeast Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the southeast Kansas tourism council, one shall be representative of the southwest Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the southwest Kansas tourism council, and one shall be representative of the south central Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the south central Kansas tourism council. All members appointed by the governor shall be appointed for terms of three years, except that of the members first appointed,"; by striking all of line 6; in line 7, by striking all before "In" and inserting "The governor shall designate the term for which each of the members first appointed shall serve."; in line 8, by striking "five" and inserting "six"; in line 10, after the comma, by inserting "the secretary of health and environment,"

*Attachment 1*  
*G.O.*  
*3/22/90*

SENATE BILL No. 623

By Senator Vidricksen

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10 AN ACT establishing the Kansas film services commission and pro-  
11 viding for the appointment and authority thereof.

12 WHEREAS, Kansas has a four-season climate with prevailing con-  
13 tinental wind patterns which maintain fresh, clean air with as many  
14 as 300 clear or partly cloudy days during each year; and

15 WHEREAS, Kansas is known as "Midwaterway USA" with its 21  
16 federal reservoirs, 340,000 hectares of surface waters and 12,000  
17 miles of shoreline; and

18 WHEREAS, Many small towns appear the same as they did a  
19 century ago, with well-preserved, century-old buildings and restored  
20 older homes in the residential areas; and

21 WHEREAS, Kansas has many well-preserved and restored samples  
22 of the past; including historic Dodge City, Old Abilene Town, Fort  
23 Larned, Fort Scott, Old Fort Hays, Wichita Cowtown and many  
24 others; and

25 WHEREAS, This combination of climate, natural resources, his-  
26 toric buildings and sites and geographic location constitutes an ideal  
27 environment for the making of motion pictures; and

28 WHEREAS, Local chambers of commerce and city governments  
29 have indicated interest in and pledged support for film making in  
30 local communities; and

31 WHEREAS, Film production revenues in Kansas have totaled  
32 more than \$21 million in the past three years; and

33 WHEREAS, Positive national publicity about Kansas is generated  
34 with each film production: Now, therefore,

35  
36 *Be it enacted by the Legislature of the State of Kansas:*

37 Section 1. (a) There is hereby established the Kansas film serv-  
38 ices commission. The commission shall consist of 17 voting members  
39 as follows: (1) One member of the senate appointed by the president  
40 of the senate; (2) one member of the senate appointed by the minority  
41 leader of the senate; (3) one member of the house of representatives  
42 appointed by the speaker of the house of representatives; (4) one  
43

Attachment 2  
H.O.  
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1 member of the house of representatives appointed by the minority  
 2 leader of the house of representatives; and (5) 13 members appointed  
 3 by the governor. Of the members first appointed by the governor,  
 4 four shall be appointed for one-year terms, four shall be appointed  
 5 for two-year terms and five shall be appointed for three-year terms.  
 6 Thereafter, all members appointed by the governor shall be ap-  
 7 pointed for terms of three years. In addition to the voting members  
 8 of the commission, four five members of the commission shall serve  
 9 ex officio: The secretary of commerce, the secretary of transportation,  
 10 the secretary of wildlife and parks, the executive director of the  
 11 Kansas arts commission and the secretary of the state historical so-  
 12 ciety. Each ex officio member of the commission may designate an  
 13 officer or employee of the state agency of the ex officio member to  
 14 serve on the commission in place of the ex officio member. The ex  
 15 officio members of the commission, or their designees, shall be  
 16 nonvoting members of the commission and shall provide information  
 17 and advice to the commission. In addition to the voting and ex officio  
 18 members of the commission, the governor may appoint such number  
 19 of representatives of the film industry to nonvoting membership on  
 20 the commission as may be recommended by the secretary of  
 21 commerce.

22 (b) Legislative members shall be appointed for terms coinciding  
 23 with the terms for which such members are elected. All legislative  
 24 members and members appointed by the governor shall serve with-  
 25 out compensation. All members appointed to fill vacancies in the  
 26 membership of the commission and all members appointed to suc-  
 27 ceed members appointed to membership on the commission shall  
 28 be appointed in like manner as that provided for the original ap-  
 29 pointment of the member succeeded. All members appointed to fill  
 30 vacancies of a member of the commission appointed by the governor  
 31 shall be appointed to fill the unexpired term of such member.

32 (c) The members of the commission shall elect annually a chair-  
 33 person and vice-chairperson for the commission from among its mem-  
 34 bers. The commission shall meet at least four times each year at the  
 35 call of the chairperson of the commission. Nine voting members of  
 36 the commission shall constitute a quorum.

37 Sec. 2. The Kansas film services commission shall: Advise the  
 38 department of commerce and develop strategies on methods to attract  
 39 film-making enterprises to the state of Kansas; assist the film services  
 40 division in the locating and researching of locations for possible use  
 41 by the movie industry; assist students in Kansas in developing film-  
 42 making skills; provide assistance to movie personnel who utilize Kan-  
 43 sas as a location for filming as may be directed by the division;

15

one shall be representative of the northeast Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the northeast Kansas tourism council, one shall be representative of the northwest Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the northwest Kansas tourism council, one shall be representative of the southeast Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the southeast Kansas tourism council, one shall be representative of the southwest Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the southwest Kansas tourism council, and one shall be representative of the south central Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the south central Kansas tourism council. All members appointed by the governor shall be appointed for terms of three years, except that of the members first appointed,

The governor shall designate the term for which each of the members first appointed shall serve.

six

the secretary of health and environment

section of the  
 of travel and tourism development

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1 provide support at official hospitality functions for the film industry;  
2 participate in trade show and official functions pertaining to the film  
3 industry; and assist in the establishment of motion picture ventures  
4 and such related matters as the commission deems appropriate. The  
5 department of commerce shall provide staff and other assistance as  
6 may be required by the commission in the performance of its duties.

7 Sec. 3. This act shall take effect and be in force from and after  
8 its publication in the [statute book].

[Kansas register

# MEMORANDUM

March 21, 1990

To: House Committee on Governmental Organization  
From: Subcommittee on the Department of Administration  
Re: Subcommittee Report

During the 1989 sunset review of the Department of Revenue concerns were raised about the Department of Administration, specifically the Division of Information Systems and Communications (DISC). The 1989 Subcommittee Report on the Department of Revenue included a recommendation to introduce a bill, H.B. 2560, to place the Office of the Secretary and the Department of Administration under provisions of the Kansas Sunset Act, with an abolition date of July 1, 1990. The Subcommittee discussed placing the Department of Administration and its divisions under the Sunset Law since all of the other cabinet agencies had 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.

During the 1990 Session, the Chairman of the House Committee on Governmental Organization appointed a Subcommittee to review the Department of Administration and make recommendations regarding current operations of the Department and H.B. 2560, which would make the Office of the Secretary and the Department of Administration subject to review under the Sunset Law.

The Subcommittee reviewed staff memoranda describing historical developments and the current organizational structure of the Department of Administration. During its review of the Department, the Subcommittee conducted extensive hearings on the different divisions and functions of the Department of Administration. The Subcommittee received testimony from the Secretary of Administration; Assistant Secretary of Administration; Director of DISC; Director of the Budget; Director of Accounts and Reports; Director of Personnel Services; Director of Purchases; Director of Printing; Director of Architectural Services; Director of Facilities Management; and personnel responsible for the operations of the executive aircraft.

The Subcommittee makes the following recommendations:

1. The Subcommittee recommends the passage of H.B. 2560; however, the Subcommittee recommends that the bill be amended to make the date of abolition July 1, 1991. The Subcommittee concluded that the Department of Administration should be subject to the Sunset Law. Additionally, the Subcommittee recommends that due to the size and complexity of the Department the review may need to be conducted over several years. The Subcommittee recommends that DISC be included in the initial review and that it should receive substantial attention in the sunset review. The Subcommittee understands that prior to 1984, DISC was subject to the Sunset Law but was removed from sunset review when the division was reorganized in 1984.

*Attachment 3*  
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2. The Subcommittee recommends the introduction of a concurrent resolution directing the Legislative Coordinating Council (LCC) to authorize a special interim committee to conduct an in-depth study of the state's information systems. The Subcommittee believes that DISC's statutory authority must be carefully reviewed and DISC's role must be defined regarding the divisions regulatory and service responsibilities and duties. The Subcommittee recognizes that numerous legislative interim committees have been assigned topics dealing with information technologies, however, the Subcommittee believes that because of the complexities involved with new technologies and the number of issues that need to be explored, the state's information systems merit being the single topic for an interim committee. The Subcommittee believes that the Legislature needs to develop expertise in this area and that it will require an intensive interim study to accomplish this level of understanding. The Subcommittee also notes the expansion in large, integrated computer applications, such as KFIS (Kansas Financial Information Systems), GIS (Geographic Information Systems), KAECSES (Kansas Automated Eligibility and Child Support Enforcement System), and VIPS (Vehicle Information Processing System). The Subcommittee believes that the following topics would be appropriate for interim study:
  - a. procurement statutes and policies and procedures for the acquisition of information technology;
  - b. statutes which require prior approval by the Secretary of Administration or specific legislative authorization to contract for data processing equipment, software programs or systems, and telecommunication services;
  - c. statutes which require DISC to prepare bid specifications for the acquisition by bid of all data processing equipment, programs, and systems, with the exception of the Regents' institutions and the Lottery;
  - d. statutes concerning applications software development projects which require all programs to be in accordance with standards developed by DISC and that DISC shall provide technical consultation when an agency requests such services;
  - e. statutes that require DISC to audit the activities of agencies and to submit recommendations to the Budget Division regarding the technical and management merit of agency budget requests; and
  - f. issues raised in this report concerning the various divisions of the Department as well as other issues.

The results of the interim study should be reported to the 1991 House Governmental Organization Committee for consideration during the sunset review of the Department of Administration.

The Subcommittee makes the following recommendations and observations concerning the operations of the various divisions of the Department of Administration:

## DISC

1. The Subcommittee notes that K.S.A. 75-4708 establishes the Information Systems Policy Board. The statutes provide that the Board shall be composed of the Secretary of Administration, the Chief Justice or a designee, and the chairperson of the LCC or a designee. The statute requires that the Board meet on call of the chairperson at least quarterly. In terms of responsibilities, the statute specifically provides only that the Board is to approve the comprehensive plan for central processing of data. The Subcommittee recommends that this statute be reviewed and additional statutory language be added to expand the Board's statutory responsibilities to provide scrutiny of information technology and management policies. Additionally, the Subcommittee received testimony which indicates that the Board rarely meets. When the Subcommittee requested that the Department produce Board meeting minutes from the last two years, the Department furnished one page of minutes from just one meeting. The Subcommittee believes that secretaries of administration have been negligent in not convening this Board. The Subcommittee believes that the Board could provide a mechanism to provide needed oversight and is extremely disappointed with the inactivity associated with this statutory board.
2. The Subcommittee reviewed the 1990 Information Management Plan prepared by DISC and is concerned about the lack of detail regarding agency activities contained in the plan. The Subcommittee believes that all agencies may not be submitting plans to DISC and cites as an example the Department of Revenue which did not submit a 1989 plan to DISC. The statewide plan only contains a sampling of agency activities and does not include a comprehensive report of agency activities. This Subcommittee is concerned and believes that this may be the only document where this information would be readily available for legislative review. The Subcommittee is also concerned about the agency planning and budgeting process for information technology. As an illustration, the Subcommittee reviewed the Department of Revenue's 1990 data processing plan and the section in the statewide plan which describes the agencies activities and found very little concrete information about ongoing information processing operations or any new systems. Without detailed descriptions of the agency's information processing budgets, it is impossible for the Legislature to make important budget decisions. The lack of relevant information hinders the Legislature's ability to evaluate budget requests for information systems and operations.
3. The Director of DISC presented information to the Subcommittee illustrating the rates DISC charges for IBM CPU hours and KANS-A-N costs per minute. Reductions in current rates from budgeted rates for FY 1990 and FY 1991 should result in savings and the Subcommittee draws this to the attention of the House Appropriations Committee and the Senate Ways and Means Committee. Secondly, the Subcommittee

believes that it would be beneficial to the Governor and Legislature to have available revised rates for consideration during the budget process. For example, the budgeted FY 1991 advisory rate for IBM CPU hours is \$750 per hour and the revised rate computed in January, 1990 is \$553 per hour based on a total of 4,556 hours. This computes to a reduction in the rate of 26.3 percent. For example, an agency that estimates using 1,000 hours of CPU on the IBM computer would have budgeted \$750,000. The revised rate would result in costs of \$553,000 and, therefore, there is \$197,000 more than necessary in the agency's budget for this specific expenditures. The Subcommittee believes that the availability of revised rates would result in more accurate budgeting. The Department of Revenue's FY 1989 IBM CPU hours used would yield an estimated savings of \$424,000 in FY 1991. The Subcommittee notes that DISC used to revise rates in December, which were then available for budget considerations. Thirdly, the Subcommittee reviewed DISC's policy for returning profit by charging a lower rate in the next year. For example, in FY 1989, DISC made a profit and the lower rate for FY 1990 is \$170 per CPU hour below DISC's costs. The Subcommittee notes that this will result in a lower rate for all customers in the subsequent year. The Subcommittee believes that DISC should explore alternative methods for computing the rebate so that those specific agencies that contributed to the overcharge would benefit from the overcharge the next year.

4. The Subcommittee notes that DISC's UNISYS mainframe was recently upgraded. The Subcommittee notes that information provided to the Legislative Post Audit Committee during the 1989 interim indicated that DISC would not upgrade the UNISYS equipment because it was scheduled to be phased out. Although the Director stated that the upgrade was provided without any additional cost to the state, the Subcommittee is perplexed by this comment and the Division's decision to upgrade this machine.

#### **General Administration – Office of the Secretary**

1. The Subcommittee learned that the Department of Administration is implementing KFIS (Kansas Financial Information Systems). The Subcommittee reviewed the 1989 interim report on computer oversight conducted by the Special Committee on Ways and Means/Appropriations which described in considerable detail the acquisition of the system and the expansion of the scope of the project to include a new accounting system. The Subcommittee is concerned about the costs of this system. Specifically, the Subcommittee reviewed the Department's report on data processing for the next five years and questions the Department's projections that assume no additional hardware costs will be incurred as a result of KFIS. Secondly, the Subcommittee is concerned about a change to the Pete Marwick contract which added \$355,359 to the original contract amount of \$3,688,500. Thirdly, the Subcommittee learned that the Department hired a consultant to supplement the programming involved with KFIS. The total amount of this sole source contract was \$1,035,090. It

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appears that the KFIS project already exceeds the original estimate by \$1,390,449.

2. The Subcommittee expresses concern about the effectiveness of the Federal/State Liaison Office especially in light of the fact that there is no widespread knowledge of the existence of the office. The Subcommittee recommends that to inform legislators of the existence of the office, the Department of Administration should submit an annual report to the LCC reporting the activities of the federal/state liaison.
3. The Subcommittee reviewed a memorandum from the Department that cited the boards, commissions, and similar entities on which the Secretary of Administration or his designee serves. Additionally, the Subcommittee requested information regarding those entities on which the Secretary personally serves and those on which a designee serves. The report indicated that the Secretary personally serves on six of the boards and commissions and the others are attended by designees. The Subcommittee is concerned that the Secretary personally serves on boards and commissions which appear to be relatively inconsequential to the state, but appoints designees to serve on boards and commissions which are relatively important to the interests of the state. The Subcommittee recommends that the Department carefully review this list and determine any changes that should be made.

#### Purchases

1. The Subcommittee is concerned about the three statutes that provide for negotiating committees: procurement negotiating committees for services and technical products, negotiating committees for financial services, and negotiating committees for telecommunication services. The Subcommittee believes that these statutes are overly broad and need to be reviewed. Specifically, the Subcommittee questions the usefulness of the Financial Services Negotiating Committee given the creation of the Kansas Development Finance Authority.

#### Budget

1. The Subcommittee reviewed the executive budget process with the Director of the Budget. The statutes require that the Division of the Budget prepare a fiscal note on every introduced bill. The Subcommittee acknowledges concern about the fiscal note process and believes that further review of the process is necessary. Specifically, the Subcommittee questions whether fiscal notes should be revised when bills are amended. The Subcommittee believes that the documentation on fiscal notes developed by the Division of Budget should be available to the Legislature.

#### Personnel Services

1. The Subcommittee recommends that the new personnel/payroll system scheduled to be implemented January, 1991 should be a part of the interim review, and other personnel issues should be raised by future sunset reviews.

#### Accounts and Reports

1. The Subcommittee notes that 1990 H.B. 2836 that passed the House raised several issues concerning whether the Division of Accounts and Reports is adequately staffed to perform its statutory responsibilities. Specifically, the Subcommittee is concerned about the Division's responsibilities regarding inventory and pre-audit of transactions involving state agency funds. Additionally, the Subcommittee notes that the change in the law provided for in H.B. 2836 would allow the Director of Accounts and Reports to randomly sample vouchers in place of the current requirement to audit every voucher. The Subcommittee believes that this change in policy should be carefully reviewed.

#### Printing

1. The Subcommittee reviewed the operations of the Division of Printing and makes no specific recommendations at this time, but recommends that more extensive review occur during sunset review.

#### Architectural Services

1. The Subcommittee notes that the distinctions between the Division of Architectural Services and the recently created Division of Facilities Management are unclear. The Subcommittee is uncertain about the relationship between these two divisions and the necessity for the creation of the new division. The Subcommittee believes that the Department of Administration should review the duties and responsibilities of both divisions and recommend to the Legislature one division. The Subcommittee notes that the Division of Facilities Management was created under the Secretary's general authority to reorganize the Department of Administration. The Department has not yet requested the introduction of legislation to statutorily establish the Division of Facilities Management.

#### Executive Aircraft

1. The Subcommittee requested that the Department appear before the Subcommittee to describe the operations of the executive aircraft. The chief fiscal officer of the Department of Administration, pilot of the aircraft, and an employee of the Governor's Office in charge of scheduling the aircraft appeared before the Subcommittee. The Subcommittee is concerned that there is not one person in charge of this operation. The Subcommittee learned that the current rate charged for the use of the aircraft is \$295 per hour. It appears that this

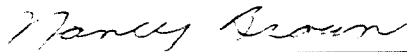
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amount is sufficient to support the operations of the aircraft, but is not adequate to recover major maintenance or depreciation expenses. The Subcommittee was informed that the agency will have to seek a State General Fund appropriation totaling \$220,000 for a major engine overhaul and complete inspection during FY 1991. The Subcommittee notes the importance of an adequate rate structure to allow for optimal recovery of federal funds and revenue sources other than the State General Fund. The Subcommittee was informed that the state building rates include maintenance and depreciation and it appears inconsistent that the rate for the airplane would not include a charge for major maintenance and depreciation. Also, the Subcommittee reviewed the procedures for scheduling the use of the aircraft and recommends that the process for scheduling the aircraft be formalized and policies and procedures for use of the aircraft be implemented.



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Representative David Miller  
Subcommittee Chairperson



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Representative Nancy Brown




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Representative Rick Bowden



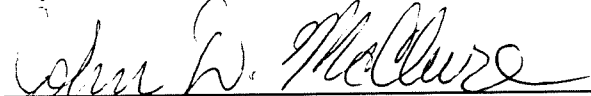
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Representative Clyde Graeber



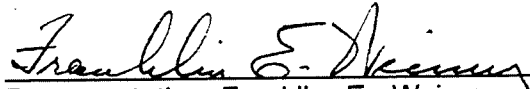
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Representative Robert Krehbiel



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Representative John McClure



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Representative Franklin E. Weimer

## HOUSE CONCURRENT RESOLUTION NO. \_\_\_\_\_

By Committee on Governmental Organization

A CONCURRENT RESOLUTION providing for a special committee to make a legislative study of the Department of Administration, its divisions and operations, with particular emphasis on the state's information systems.

WHEREAS, Legislative review of state governmental agency operations, conducted during the 1989 session by the House Committee on Governmental Organization in accordance with the provisions of the Kansas sunset law, raised serious concerns about the Department of Administration, and specifically the Division of Information Systems and Communications (DISC); and

WHEREAS, As a result of the foregoing, the House Committee on Governmental Organization introduced House Bill No. 2560 for the purpose of subjecting the Office of the Secretary and the Department of Administration to the provisions of the sunset law, with an abolition date of July 1, 1990; and

WHEREAS, The Chairperson of the House Committee on Governmental Organization appointed a Subcommittee to review the Department of Administration and to report back to the full committee with findings and recommendations regarding current operations of the Department; and

WHEREAS, In the performance of its duties, the Subcommittee reviewed staff memoranda describing historical developments and the current organizational structure of the Department of Administration and conducted extensive hearings on the different divisions and functions of the Department; the Subcommittee received testimony from the Secretary of Administration, Assistant Secretary of Administration, Director of DISC, Director of the Budget, Director of Accounts and Reports, Director of Personnel Services, Director of Purchases, Director of Printing,

*Attachment 4*  
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*3/22/90*

Director of Architectural Services, Director of Facilities Management, and personnel responsible for the operations of the executive aircraft; and

WHEREAS, At the conclusion of the review of the Department of Administration, the Subcommittee prepared its report containing the following findings and recommendations:

1. House Bill No. 2560, with an amended abolition date of July 1, 1991, should be enacted. The Subcommittee concluded that the Department of Administration should be subject to the Sunset Law and that due to the size and complexity of the Department the review should be conducted over several years. The Subcommittee recommends that DISC should be included in the initial review and should receive substantial attention.

2. While the Subcommittee recognizes that numerous legislative interim committees have been assigned topics dealing with state governmental information technologies, the Subcommittee believes that because of the complexities involved with new technologies and the number of issues that need to be explored, further study by an interim committee is necessary. The Subcommittee believes that the Legislature should develop expertise in this area and that it will require intensive study to accomplish the necessary level of understanding. The Subcommittee also notes the expansion in large, integrated computer applications, for example KFIS (Kansas Financial Information Systems), GIS (Geographic Information Systems), KAECSSES (Kansas Automated Eligibility and Child Support Enforcement System), and VIPS (Vehicle Information Processing System). The Subcommittee believes that an interim study should include a careful review of DISC's statutory authority with regard to its regulatory



and service responsibilities and duties. The Subcommittee believes such an interim study should encompass a review of: Statutes that require DISC to audit the activities of state agencies and to submit recommendations to the Budget Division regarding the technical and management merit of agency budget requests; procurement statutes and policies and procedures for the acquisition of information technology; statutes which require prior approval by the Secretary of Administration or specific legislative authorization to contract for data processing equipment, software programs or systems, and telecommunications services; statutes which require DISC to prepare bid specifications for the acquisition by bid of data processing equipment, programs, and systems, with the exception of the Regents' institutions and the Lottery; statutes concerning applications software development projects which require all programs to be in accordance with standards developed by DISC and which authorize DISC to provide technical consultation when an agency requests such services.

3. K.S.A. 75-4708 establishes the Information Systems Policy Board and provides that the Board shall be composed of the Secretary of Administration, the Chief Justice or a designee, and the Chairperson of the Legislative Coordinating Council or a designee. The statute requires that the board meet on call of the chairperson at least quarterly. In terms of responsibilities, the statute specifically provides only that the board is to approve the comprehensive plan for central processing of data. The statute should be reviewed for possible amendment so as to expand the board's statutory responsibilities to include scrutiny of

information technology and management policies. The Subcommittee received testimony indicating that the board rarely meets. When the Subcommittee requested the Department to produce minutes from board meetings held in the past two years, the Department furnished one page of minutes from just one meeting. The Subcommittee believes that the present Secretary of Administration and that former Secretaries of Administration have been negligent in not convening the board more often. The Subcommittee believes that the board could provide a mechanism for needed oversight and is extremely disappointed with the inactivity of the board.

4. The Subcommittee reviewed the 1990 Information Management Plan prepared by DISC and is concerned about the lack of detail regarding agency activities contained in the plan. The Subcommittee believes that all agencies may not be submitting plans to DISC and cites as an example the Department of Revenue which did not submit a 1989 plan to DISC. The statewide plan only contains a sampling of agency activities and does not include a comprehensive report of agency activities. The Subcommittee believes that this may be the only document where this information would be readily available for legislative review. The Subcommittee is also concerned about the agency planning and budgeting process for information technology. As an illustration, the Subcommittee reviewed the Department of Revenue's 1990 data processing plan and the section in the statewide plan which describes the agency's activities and found very little concrete information about ongoing information processing operations or any new systems. Without detailed descriptions of the

agency's information processing budgets, it is impossible for the Legislature to make important budget decisions. The lack of relevant information hinders the Legislature's ability to evaluate budget requests for information systems and operations.

5. The Director of DISC presented information to the Subcommittee illustrating the rates DISC charges for IBM CPU hours and KANS-A-N costs per minute. Reductions in current rates from budgeted rates for FY 1990 and FY 1991 should result in savings and the Subcommittee draws this to the attention of the House Appropriations Committee and the Senate Ways and Means Committee. The Subcommittee believes that it would be beneficial to the Governor and Legislature to have available the revised rates for consideration during the budget process. For example, the budgeted FY 1991 advisory rate for IBM CPU hours is \$750 per hour and the revised rate computed in January, 1990, is \$553 per hour based on a total of 4,556 hours. This computes to a reduction in the rate of 26.3 percent. An agency that estimates using 1,000 hours of CPU on the IBM would have budgeted \$750,000. The revised rate would result in costs of \$553,000 and, therefore, there is \$197,000 more than necessary in the agency's budget for this specific expenditure. The Subcommittee believes that the availability of revised rates would result in more accurate budgeting. The Subcommittee notes that DISC formerly revised rates in December, which rates were then available for budget considerations. The Subcommittee reviewed DISC's policy for returning profit by charging a lower rate in the next year. For example, in FY 1989,

DISC made a profit and the lower rate for FY 1990 is \$170 per CPU hour below DISC's costs. The Subcommittee notes that this will result in a lower rate for all customers in the subsequent year. The Subcommittee believes DISC should explore alternative methods for computing the rebate so that those agencies that contributed to the profit would benefit therefrom in the next year.

6. The Subcommittee found that DISC's UNISYS mainframe was recently upgraded. The Subcommittee notes that information provided to the Legislative Post Audit Committee during the 1989 interim indicated that DISC would not upgrade the UNISYS because it was scheduled to be phased out. Although the Director stated that the upgrade was provided without any additional cost to the state, the Subcommittee is perplexed by this comment and by the Division's decision to upgrade.

7. The Subcommittee learned that the Department of Administration is implementing KFIS (Kansas Financial Information Systems). The Subcommittee reviewed the 1989 interim report on computer oversight conducted by the Special Committee on Ways and Means/Appropriations which described in considerable detail the acquisition of the system and the expansion of the scope of the project to include a new accounting system. The Subcommittee is concerned about the costs of this system. Specifically, the Subcommittee reviewed the Department's report on data processing for the next five years and questions the Department's projections that assume no additional hardware costs will be incurred as a result of KFIS. The Subcommittee is concerned about a change to the Pete Marwick contract which added \$355,359 to the

original contract amount of \$3,688,500. The Subcommittee learned that the Department hired a consultant to supplement the programming involved with KFIS. The total amount of this sole source contract was \$1,035,090. It appears that the KFIS project already exceeds the original estimate by \$1,390,449.

8. The Subcommittee expresses concern about the effectiveness of the Federal/State Liaison Office especially in light of the fact that there is no widespread knowledge of the existence of the office. The Subcommittee recommends that to inform legislators of the existence of the office, the Department of Administration should submit an annual report to the Legislative Coordinating Council regarding the activities of the Federal/State Liaison.

9. The Subcommittee reviewed a memorandum from the Department that listed the boards, commissions, and similar entities that the Secretary of Administration or a designee serves. The Subcommittee requested information regarding those entities on which the Secretary personally serves and those on which a designee serves. The report indicated that the Secretary personally serves on six of the boards and commissions and the others are attended by designees. The Subcommittee is concerned that the Secretary personally serves on boards and commissions which appear to be relatively inconsequential to the state, but appoints designees to serve on boards and commissions which are relatively important to the interests of the state. The Subcommittee recommends careful review of the list and a determination as to whether any changes should be

made.

10. The Subcommittee is concerned about the three statutes that provide for negotiating committees: Procurement negotiating committees for services and technical products, negotiating committees for financial services, and negotiating committees for telecommunication services. The Subcommittee believes that these statutes are overly broad and should be reviewed. Specifically, the Subcommittee questions the usefulness of the financial services negotiating committee given the creation of the Kansas development finance authority.

11. The Subcommittee reviewed the executive budget process with the Director of the Budget. The Subcommittee acknowledges concern about the fiscal note process and believes that further review of the process is necessary. The statutes require the Division of the Budget to prepare a fiscal note on every introduced bill. The Subcommittee believes that the documentation on fiscal notes developed by the Division of Budget should be available to the Legislature. The Subcommittee also believes that the fiscal note on a bill should be revised if an amendment to the bill affects its fiscal impact.

12. The Subcommittee recommends that the new personnel/payroll system scheduled to be implemented January, 1991, should be subjected to interim review and that other personnel issues should be included in future sunset reviews.

13. The Subcommittee notes that 1990 House Bill No. 2836, passed by the House, raised several issues concerning whether the Division of Accounts and Reports is adequately staffed to perform its

statutory responsibilities. Specifically, the Subcommittee is concerned about the Division's responsibilities regarding inventory and preaudit. The Subcommittee notes that the change in the law provided for in House Bill No. 2836 would allow the Director of Accounts and Reports to randomly sample vouchers in place of the current requirement to audit every voucher. The Subcommittee believes that this change in policy should be carefully reviewed.

14. The Subcommittee notes that the distinctions between the Division of Architectural Services and the recently created Division of Facilities Management are unclear. The Subcommittee is uncertain about the relationship between these two divisions and the necessity for the creation of the new division. The Subcommittee believes that the Department should review the duties and responsibilities of the two divisions and recommend one division to the Legislature. The Subcommittee notes that the Division of Facilities Management was created under the Secretary's general authority to reorganize the Department of Administration. The Department has not yet requested the introduction of legislation to statutorily establish the Division and office of Director of Facilities Management and to define the duties and responsibilities thereof.

15. The Subcommittee requested the Department to appear and describe the operations of the executive aircraft. The chief fiscal officer of the Department of Administration, pilot of the aircraft, and an employee of the Governor's Office in charge of scheduling the aircraft appeared before the Subcommittee. The Subcommittee is concerned that there is not a lead person in

overall charge of this operation. The Subcommittee learned that the current rate for use of the aircraft is \$295 per hour. It appears that this amount is sufficient to support the operations of the aircraft, but is not adequate to recover major maintenance or depreciation expenses. The Subcommittee was informed that the agency will have to seek a State General Fund appropriation totaling \$220,000 for a major engine overhaul and complete inspection during FY 1991. The Subcommittee notes the importance of an adequate rate structure to allow for optimal recovery of federal funds and funds from revenue sources other than the state general fund. The Subcommittee was informed that state building rates include maintenance and depreciation costs and it appears inconsistent that the rate for the airplane does not include a charge for major maintenance and depreciation. Also, the Subcommittee reviewed the procedures for scheduling the use of the aircraft and recommends that the process for scheduling the aircraft be formalized and policies and procedures for use of the aircraft be implemented.

16. A concurrent resolution directing the Legislative Coordinating Council to appoint or designate a special committee to conduct an in-depth study of the Department of Administration, its divisions and operations, with particular emphasis on the state's information systems, should be introduced: Now, therefore,

Be it resolved by the House of Representatives of the State of Kansas, the Senate concurring therein: That the Legislative Coordinating Council shall appoint or designate a special committee to study the concerns, findings and recommendations of



the Subcommittee of the House Committee on Governmental Organization which are contained in the preamble of this resolution and to determine the necessity for and extent of any changes in the authority, functions, duties, responsibilities and operations of the Department of Administration or in its enabling statutes which would increase the efficiency and effectiveness of the department. Such special committee shall make its report and recommendations to the Legislature and transmit the same to the Legislative Coordinating Council on or before December 1, 1990, unless such council authorizes an extension of such time.

Proposed Amendment to Senate Bill No. 623  
(As Amended by Senate Committee)

On page 2, in line 3, by striking "first"; also in line 3, after the comma, by inserting "one shall be representative of the northeast Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the northeast Kansas tourism council, one shall be representative of the northwest Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the northwest Kansas tourism council, one shall be representative of the southeast Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the southeast Kansas tourism council, one shall be representative of the southwest Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the southwest Kansas tourism council, and one shall be representative of the south central Kansas tourism region and shall be appointed after consideration of a list of three names submitted by the south central Kansas tourism council. All members appointed by the governor shall be appointed for terms of three years, except that of the members first appointed,"; by striking all of line 6; in line 7, by striking all before "In" and inserting "The governor shall designate the term for which each of the members first appointed shall serve."; in line 8, by striking "five" and inserting "six"; in line 10, after the comma, by inserting "the secretary of health and environment,"