

Approved _____

Date

4-6-90

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Senator Lana Oleen at
Chairperson

1:35 ~~am~~/p.m. on March 30, 1990 in room 531-N of the Capitol.

All members were present except:

Committee staff present:

Julian Efird - Research
Diane Duffy - Research
Fred Carman - Revisor

Conferees appearing before the committee:

Shelby Smith, Secretary, Department of
Administration

Hearing on:

HB 2560 - Sunset Law; Department of Administration and Secretary, Department
of Administration.

Shelby Smith gave testimony that this legislation would be healthy and helpful for the Department. Mr. Smith asked Committee members to read material given to them outlining present activities within the Department and objectives they are working toward.

Concern was expressed by a Committee member regarding the necessity of a review for sunset as this Department is an integral part of state government. Chairman Oleen views the concept of a sunset review as needed to be aware of how monies are being spent by various components of state government.

Mr. Smith stated the implementation of the various computer programs led to the legislation placing the Department under sunset review. It was noted by staff that developments with the DISC program in various departments was an impetus for passing sunset legislation. The Subcommittee report adopted by the House Governmental Organization Committee recommended the sunset review date and also substantial attention should be given to the DISC program. This Committee also recommended the Legislative Coordinating Council should appoint a committee to study the findings of the Subcommittee for improvement of the efficiency and effectiveness of the agency. (Attachment 1)

Hearing on:

HCR 5059 - Providing for a special committee to make a study of the Department
of Administration

Shelby Smith gave testimony on the proposed legislation and stressed three points of the Subcommittee report which is contained in the resolution. (Attachment 2)

HCR 5059 covers the entire report of the Subcommittee. It could be a duplication of legislative efforts if Sub HB 2877 is passed and the timing could not be worse for the staff of the Department regarding work being done on the KFIS program. KFIS is the new program being set up for accounts and reports, personnel and purchases. It was noted that approximately 10 weeks was spent by the House Subcommittee studying the Department and compiling the report. It is felt this Committee does not have sufficient time to give this matter the attention it deserves. Clarification was given regarding the language concerning authority of the LCC to appoint or use an existing special committee to make a study.

Chairman Oleen informed the Committee there would be a meeting at the rail to take action on HB 2560. Also, HCR 5059 would not be considered further by committee as a similar bill is in Ways & Means.

Meeting adjourned.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION,
room _____, Statehouse, at 3:50 ~~AM~~/p.m. on March 30, 1990

Chairman Oleen called the meeting to order on the rail outside the Senate Chamber for the purpose of consideration of HB 2560.

Members present were Chairman Oleen, Senators Vidricksen, Francisco, Kanan, Bogina and Strick.

A motion was made by Senator Vidricksen to amend HB 2560 by striking 1991 and adding 1992 ; seconded by Senator Francisco. Motion carried.

A motion was made by Senator Strick to report HB 2560 favorably as amended; seconded by Senator Kanan. Motion carried.

The meeting was adjourned at 3:50 p.m.

GUEST LIST

COMMITTEE: SENATE GOVERNMENTAL ORGANIZATION

DATE 3-30-90

NAME COMPANY / ORGANIZATION ADDRESS

SHELBY SMITH DOA

Sherry Brown DoA Jopeta



DEPARTMENT OF ADMINISTRATION

State Capitol
Topeka 66612-1572
(913) 296-3011

Shelby Smith, *Secretary*

March 26, 1990

The Honorable David Miller, Chairman
House Governmental Organization
Subcommittee on Department of Administration
Room 115-S, Statehouse
Topeka, Kansas 66612

Dear Representative Miller:

On behalf of the Department's employees who met with your Subcommittee, let me express our gratitude for the manner in which your Subcommittee's review of this Department was conducted. Your courteous and even-handed approach was truly appreciated. The ability to discuss our operations in an informal, give-and-take setting strikes me as most productive. Hopefully, you felt you were getting straight information and not a laundered company line.

Where feasible, we will act upon your recommendations as soon as possible. On the other hand, it probably comes as no surprise that we are not in agreement on all issues. That is as it should be, but we thought you deserved a response to your considerable efforts.

DISC

1. We leave to the Legislature the determination of the best mechanism for review of DISC. However, we are in total agreement that a statutory review is in order. DISC's role is murky at best and the lack of clarity is a source of frustration for both the Legislature and the Department.

2. Your perplexity about the Unisys upgrade is understandable, but I believe we can explain. Unisys testified on more than one occasion during the interim that they were offering the State a "no cost" upgrade. We believe those statements were made in good faith, but, in fact, our analysis revealed that the State would incur additional costs. Since we are phasing out the Unisys, we could not justify that expenditure. Following an upgrade proposal Unisys discussed and presented to the Special Committee on Ways and Means/Appropriations, we met with

11
SGO
Attach 1
3-30-90

them again and explained why the proposal was not to our financial advantage. They responded with a proposal that truly was "no cost" and we accepted. The upgrade merely places the machine performance at an acceptable level and allows us to operate more reliably through the phase-out period. It does not change the Unisys phase out currently scheduled for sometime between January and July 1991.

KFIS

KFIS is the one area in your report to which we take strong exception. The reference that the KFIS project exceeds the original estimates by \$1,390,449 is in error. (See Attachment dated March 23, 1990.)

During the 1989 Session, we presented KFIS as a five-year project within our current level of appropriations. We are not deviating from that commitment; we are not requesting additional funds. However, because we added new items to our contract with Peat Marwick and because we contracted with an outside firm (BIT) for programming instead of purchasing programming services from DISC, the report erroneously assumes that we exceeded our original estimate. The Peat Marwick contract should not be viewed as representing all costs associated with KFIS.

It would have been helpful if our Department had had the opportunity to present the KFIS project to your subcommittee. For example, we do not understand the report wherein it states: "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."* We have learned of recent attempts by Unisys to cast doubts about our cost estimates with other legislators. We are, therefore, sensitive to this topic.

- * KFIS will run on our DISC utility mainframes. The aggregate of all agency applications has in the past and will in the future continue to require periodic upgrades of the hardware. Our KFIS budget includes funds to pay the DISC processing charges (hourly use of mainframe) at the current rates. Whether future upgrades will cause DISC to increase its rates and, therefore, our KFIS processing cost estimates, depends on the growth in all state agency applications.

The Honorable David Miller
March 26, 1990
Page 3

We have recently overcome a long-term gridlock on a major computer decision for our Department. Gridlock could return, or appear in other state agencies, if vendors can transform legislative oversight into a vehicle that moves the selection of products and services from the executive to the legislative branch.

Purchases

We have found the procurement negotiating process to be advantageous to the State, but we would be pleased to work with you on a review of statutes.

Facilities Management/Architectural Services

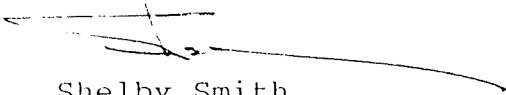
Your logic in questioning the need for two divisions is understandable. We considered combining the various functions into one Division, but for a number of reasons concluded the preferred approach at that time was creation of a new Division. In the interest of brevity, I will not explain all of our reasoning here, but would welcome the opportunity to discuss it thoroughly sometime.

Boards and Commissions

I believe I could not agree with you more on the statutory misplaced priorities for the Secretary in this area. The rationale for suggested changes will be developed for your consideration. We deeply appreciate the fact that you have taken the time to address this dimension of the Department which is often times overlooked.

In closing, I again commend your efforts and feel it has been healthy and helpful to the Department. I have not attempted to address every issue you raised, this response is already too lengthy. However, it was essential that the major error in your report regarding KFIS costs be corrected immediately. We welcome your oversight and prodding to keep us from falling into the trap - "This is the way we've always done it."

Respectfully,



Shelby Smith
Secretary of Administration

SS:dp
7909A

cc: House Committee on Governmental Organization

March 30, 1991

TO: SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

FROM: KANSAS LEGISLATIVE RESEARCH DEPARTMENT

RE: H.B. 2560 AND H.C.R. 5059

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) by a House Subcommittee of the Governmental Organization Committee. The 1989 House Subcommittee Report on the Department of Revenue recommended introduction of a bill (H.B. 2560) to place the Office of the Secretary and the Department of Administration under provisions of the Kansas Sunset Law, with an abolition date of July 1, 1990. The House Subcommittee Report noted that all other cabinet agencies had been reviewed at least once pursuant to the Sunset Law and that all cabinet agencies, except the Department of Administration, are scheduled for additional sunset reviews over the next eight years.

During the 1990 Session, a House Subcommittee of the Governmental Organization Committee reviewed the Department of Administration over a period of 10 weeks and made recommendations regarding current operations of the agency and passage of H.B. 2560.

The House Committee adopted the Subcommittee recommendations (noted below):

1. The Subcommittee Report adopted by the House Governmental Organization Committee concluded that the Department of Administration should be subject to the Sunset Law and that due to size and complexity of the agency, the sunset review should be conducted over several years. The Subcommittee Report recommends that DISC should be included in the initial review and should receive substantial attention. House Bill No. 2560, with an amended sunset date of July 1, 1991, would place the Office of Secretary of Department of Administration under the Kansas Sunset Law.

2. The Subcommittee Report adopted by the House Committee also recommended that the Legislative Coordinating Council should appoint or designate a special committee to study the concerns, findings and recommendations of the Subcommittee, 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 agency. House Concurrent Resolution 5059 would provide for a special committee to make a legislative study during the 1990 Interim of the Department of Administration, its divisions and operations, with a special emphasis on the state's information systems.

DOA90SUN.RPT

560
Attach 2
3-30-90