Approved: 3/17/99
Date

MINUTES OF THE SENATE WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 10, 1999 in Room 123S of the Capitol.

All members were present except:

Committee staff present:
Alan Conroy, Legislative Research Department
Debra Hollon, Legislative Research Department
Rae Anne Davis, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ann Deitcher, Committee Secretary

Conferees appearing before the committee:
Senator Dick Bond
Senator Stan Clark
Charles Simmons, Secretary Department of Corrections
Bill Sneed, Leg. Counsel, KU Hospital Authority

Others attending: See attached list.

HB 2065 **Membership of Joint Committee on State Building Construction and Information Technology**

Paul West of Legislative Research explained **HB 2065** to the Committee.

Speaking as a proponent of **HB 2065** was Senate President Dick Bond. (Attach. 1).

Senator Bond said that he and the Speaker of the House, Robin Jennison, have discussed this issue on a number of occasions in terms of the responsibility of both Committees and the importance of Members of the Legislature having an understanding of the important work of these Committees. The Senator said he and others in leadership felt that a broader familiarity with the issues of construction and the needs across the state by members of both the Senate and the House, will enhance their understanding and enhance their judgement as they look at issues relating to appropriations.

In referring to the need to expand the membership of the Joint Committee, Senator Bond said that he thought that having more people involved at the Committee level looking at the issues which have enormous impact on budgets like computerization, is a very prudent move.

Senator Ranson said her concern was that when they put more legislatures or more people on any board or committee, what they were really doing was providing more advocacy for spending. She asked if it wouldn't mean that they would now have more people who would be advocating more building construction spending and more spending on computers.

Senator Bond said he did not think that having more knowledge and more information and more people who understand the issues, is a bad thing. He also wanted to make it clear that this proposal, with the support of the Speaker and other members of the leadership on both sides of the aisle, is not one that is meant to be critical of existing committees or any persons on it. It is meant to give more support for the importance of the issues they deal with.

Speaking as an opponent of **HB 2065** was Senator Stan Clark. (Attach. 2).

Chairman Kerr suggested that they hold **HB 2065** for at least another day in order to give it more thought.

SB 102 **Correctional industries fund; unencumbered balances used for capital improvements.**

Stuart Little of Legislative Research explained **SB 102** to the Committee.

Charles Simmons, Secretary of the Department of Corrections, spoke to the Committee as a proponent of **SB 102**. (Attach. 3).

Chairman Kerr asked what the source of funds was for the correctional industry's program.

Secretary Simmons said that most of the funding was the profits that comes from the sale of correctional industry products. There is also the room and board that is collected from inmates who have participated in private industry that goes into the fund. The available amount in the fund is from $1 million to $1.5 million. The sizable amount in the fund is for on-going operating expenses.

The Chairman called the Committee's attention to the testimony submitted by Senator Oleen who supports **SB 102**. (ATTACHMENT 4)

It was moved by Senator Morris and seconded by Senator Lawrence that **SB 102** be recommended favorably for passage. The motion carried on a roll-call vote.

It was moved by Senator Morris and seconded by Senator Feleciano to introduce **9 rs 1213** as requested by David Heinemann of the Corporation Commission. The motion carried on a voice vote.

It was moved by Senator Petty and seconded by Senator Gilstrap to introduce **9 rs 1203** as requested by Senator Hensley. The motion carried on a voice vote.

SB 324 **Kansas University Hospital Authority; certain employee benefit plans; retirement annuities**

Paul West explained **SB 324** to the Committee.

Bill Sneed, Legislative Counsel for the University of Kansas Hospital Authority spoke to the Committee as a proponent of **SB 324**. (Attach. 5).

It was moved by Senator Morris and seconded by Senator Salisbury to amend New Section 1 to include, for tax exemption purposes, only KPERS benefits and not any other retirement benefits. The motion to amend is adopted on a voice vote.

It was moved by Senator Morris and seconded by Senator Salisbury to technically amend on page 1, lines 25 and 26 by striking out "*the council on vocational education or any political subdivision of the state.*" The motion to amend is passed on a voice vote.

Senator Morris moved and Senator Salisbury seconded that **SB 324** be adopted as amended. The motion carried on a roll-call vote.

The meeting was adjourned at 12 noon. The next meeting is scheduled for Thursday, March 11.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 3/10/99

NAME	REPRESENTING
Charles Simmons	Dept. of Corrections
Stan Meyer	Self
Trudy Aron	Am Inst of Architects
Ron Seeber	Dept of Admin
Bill Henry	KS Gov. Consulting
Bill Sneed	UKNA
Harland Priddle	Priddle & Associates
Stan Clark	Legislature
Dick Bond	Senate
Ken Bahr	Ks. Governmental Consulting

Testimony in support of HB 2065

March 10, 1999
Senator Dick Bond

HB 2065 as introduced would have expanded the membership of the Joint Committee on State Building Construction and Joint Committee on Information Technology from six to twelve members. The House Committee reduced the number of members of the expanded committees to ten.

Both of these committees are advisory to the Ways and Means and Appropriations Committees on construction projects and computer expansions respectively throughout state government. The Speaker and I agree that it would be very beneficial for recommendations of the State Building Construction committee to have broader familiarity and understanding when projects reach the House and Senate floors for debate.

With the proliferation of information technology in State Government, expanding the Joint Committee on Information Technology would encourage the involvement of more individuals in the Legislature. Again having broader understanding would be helpful in funding discussions. Computer issues in the state agencies continue to grow more complex and I know the JCIT committee has had success in the past coordinating computer projects among state agencies.

I believe both expansions would be advantageous to the Legislature.

40TH DISTRICT

KANSAS SENATE

Stan Clark

COMMITTEE ASSIGNMENTS
VICE CHAIR: UTILITIES
INFORMATION TECHNOLOGY
MEMBER: AGRICULTURE
FINANCIAL INSTITUTIONS & INSURANCE
RULES & REGULATIONS

TESTIMONY BEFORE THE SENATE WAYS AND MEANS COMMITTEE

HOUSE BILL 2065
MARCH 10, 1999

Chairman Kerr and members of the committee –

Section 2 of this bill expands the membership of the joint committee on information technology (JCIT). Generally, I buy into the idea that better decision making is accomplished by increasing the size of committees, although the House continually demonstrates the fallacy of that thought.

Essentially, JCIT's primary role is to advise and assist Ways and Means and Appropriation Committee on proposed information technology projects. I believe the committee has successfully moved the decision making from an "art process" to a "scientific process." By that, I mean that formerly our recommendations were based on personnel, contractors and an intangible "feel" if the proposal was well designed and technically accomplishable within budget.

Today, my attachment 1 specifically details the elements required when we review a proposed project. This attachment:

1. In Section 3.1 outlines the who, what, when, why and financial plan.
2. In Section 3.2 is the business case and risk analysis.
3. In Section 3.3 is the project plan and milestone chart.
4. In Section 3.4 is the architectural statement.

My attachment 2 is the next major project for SRS that they want to start upon completion of their $45 million KESSEP project and gives you the basic outline of all IT proposals.

Senate Ways and Means Committee
Date 3/10/99
Attachment # 2-1

205 U.S. 83
OAKLEY, KANSAS 67748
785-672-4280
FAX 785-350-0776
E-Mail sclark@ink.org

Attachment 3 is the committee's review of active projects. This attachment outlines the steps to take when a project falls behind schedule, deviates from the anticipated cost or loses key members of the project management team.

The IT committee has to be closely linked to Ways and Means and Appropriations members. Those of us that do not serve on Ways and Means or Appropriations can determine the validity of the proposed project. However, we lack your larger view of being able to compare and establish project priorities in balancing IT needs with the other needs within a specific agency and then the even larger picture of establishing priorities statewide.

If expanding the committee helps you, then pass this bill; if it doesn't, then please don't. Currently, we have no designated committee time because the 6 members have no common free time. With 10 members, you will make it more difficult to obtain a quorum. Last week, I was the only Senator that could attend the meeting, and Senator Feleciano has been unable to attend any of the meetings we have held this session.

Approved by Committee on:
December 15, 1998

JOINT COMMITTEE ON INFORMATION TECHNOLOGY REVIEW OF PROPOSED PROJECTS

1. **Purpose.** The purpose of this document is to establish a common understanding of the measures that will be considered by the Joint Committee on Information Technology (JCIT) when evaluating proposed projects. Most projects target an agency program's business processes or a technical program's set of information technology assets that provide general computing or communications services. This document is generalized to address all types of government services and technology asset programs. Thus, there may be program specific business issues or technology specific issues that the presenting agency should identify.

2. **Evolution of Projects.** Projects occur because a new government service is needed or because a government service should be improved, requires change, or must be made more cost effective. In each of these cases, a business area analysis must be done to identify what business service and financial objectives are required and a business process and set of resources must be designed to achieve these objectives. The result is a set of management documents that include the business processes and automation blueprints and a financial plan. Based upon this work and a business case for the required investment, a senior executive sponsor may accept responsibility for the project. At this point an information technology project may be proposed and considered in the budget process.

3. **Information Technology Related Project Proposals.** Whenever an agency proposes an information technology project or makes amendments or revisions to a previously submitted project, the agency shall submit a project budget estimate to the Chief Information Technology Officer for that branch of government. This process and the core information requirements are outlined in statute. Not later than July 1 of each year, the Chief Information Technology Officers (CITOs) for the three branches of government will submit the proposed project estimates and revisions to previously submitted projects to the Legislative Research Department and the Budget Division. Specific submission requirements are included in the budget instructions published by the Budget Division. The legislative CITO will review these project budget estimates and plans and make recommendations to the Joint Committee on the merit thereof and appropriations therefor. Project presentations should include the submitted information with amplifying information as outlined herein.

   3.1 Who, What, When, Why, and the Financial Plan (Project Request Explanation - DA 518). The information presented on the DA 518 should identify the project, describe the functionality to be delivered to the business process, state how it will be delivered and to whom it will be delivered and from a business perspective, explain the business objectives that will be achieved). The presentation should show how the outcomes directly support the agency's business plan and how the automated systems are included in the agency's 3Year Information Technology Plan. The DA-5 18 also provides the estimated project cost, major project phases and costs and sources of funding by fiscal year. Amplifying information should include the identity of the project sponsor, identity of the stakeholders and how they will participate in project direction, and the identity of the project manager and his or her qualifications. Amplifying information should describe what contracts are anticipated for what services and products and how those

Attachment 1

contracts will be developed. If partnerships with public or private organizations are anticipated, the nature of the partnership (sharing of risks, costs, and benefits) should be addressed.

3.2 **Business Case and Risk Analysis** (Cost Benefit Statement - DA 519). This document presents the business case in narrative and quantitative terms. Amplifying information should include how costs and benefits were determined, the project risk analysis and how the risks were accounted for in project cost estimates and benefit calculations. Amplifying information should also address any applicable new or existing federal or state legislation or legislative changes necessary to support the project.

3.3 **Project Plan and Milestone Chart.** The budget instructions require a milestone chart showing the summary level milestones for the project. The budget instructions also require the submission of planned expenditures by object code on a DA Form 506. Amplifying information should relate these documents describing the project plan (phases and content), milestones, deliverables and description of near term key expenditures for the current and budget fiscal years as shown on the DA Form 506.

3.4 **Architectural Statement.** This provides the technology-related information including types of technology to be employed and applicable standards that apply. If new technology or software development is involved, amplifying information about other organizations that have employed the new technology or accomplished similar software development should be provided.

4. **Presentations.** The project sponsor should introduce the project including the business case and strategic value to the agency or the State. The length of a project presentation will vary depending on the complexity of the project, legislation or public issues involved, and the public entities, businesses or government jurisdictions involved. However, concise presentation should be the objective. Written information should be made available to Legislative Research for mailing to the Committee members 10 days in advance of the meeting.

Attachment 1

INFORMATION TECHNOLOGY PROJECT REQUEST EXPLANATION – DA 518

1. Project Title: CSE Welfare Reform Agency: Department of Social and Rehabilitation Services	2. Project Priority 4	3. Proposed Dates Start: 11/1/1999 End: 10/1/2001

4. Project Description and Justification

The Personal Responsibility and Work Opportunity Act (PRWORA) of 1996 added numerous automation requirements to the existing Child Support Enforcement system which SRS is required to meet. Unless Kansas has a certified system which meets these requirements, Kansas faces fiscal sanctions which include 4% of administrative costs or approximately $1 million the first year. These requirements are intended to maximize the amount of child support payments collected to support children and to reimburse the state and federal government for public assistance payments. The requirements include:

- National New Hire Registry
- State New Hire Registry
- National CSE-Network information interface
- Electronic Fund Transfer of Income Withholding
- Passport Denial
- Federal and State Case Registry
- Expanded Federal Parent Locator Service
- Administrative and Tax Offset Programs
- Federal UIFSA forms
- State Centralized Collection & Disbursement Unit for non-IVD cases
- Performance-based incentive in the Financial & Statistical Reporting System
- Financial Institution Data Match
- Distribution Policy Changes
- Suspension of driver's, professional, occupational recreational licenses
- High Volume Administrative Enforcement
- Welfare to Work (Kansas)

This project is an additional upgrade to the CSE subset of KAECSES. However, SRS does not plan to begin implementing the PRWORA mandated changes until the KESSEP enhancements to KAECSES have been implemented.

It is anticipated that much of the development work will be contracted. It is also planned that changes to the system will be accomplished in the form of software releases or upgrades rather developing then implementing all changes at once. This will make the project more manageable, allow SRS to start realizing benefits earlier and introduce change to field staff and other users in smaller increments.

5. Estimated Project Cost:

Staff Salaries	1,423,026
Contractual services	29,529,759
Other Operating	630,872
Total	$ 31,583,657

6. Project Phasing:

Planning	1,139,000
Analysis	6,316,732
Development	22,108,559
Implementation	2,019,366
Total	$31,583,657

7. Amount by Source of Financing:

Fiscal Years	1. SGF	2. FFP (80%)	3. FFP (66%)	4.	5.	TOTAL
Prior Yrs.						
FY 2000	$ 993,087	$ 3,972,350				$ 4,965,437
FY 2001	$ 5,652,656	$ 880,818	$ 10,545,346			$17,078,820
FY 2002	$ 3,243,396		$ 6,296,004			$ 9,539,400
FY						
FY						
FY						
TOTAL	$ 9,889,139	$ 4,853,168	$ 16,413,350			$ 31,583,657

Attachment 2

INFORMATION TECHNOLOGY COST BENEFIT STATEMENT – DA519

1. Project Title: CSE Welfare Reform	2. Proposed Dates Start: 11/1/1999 End: 10/1/2001
3. Agency: Department of Social and Rehabilitation Services	4. Project Director: Gina Hoffman

5. Qualitative and Quantitative Savings Explanation

This automation will primarily impact the amount of child support collections each year. Regression analysis was used to model the current growth rate for collections and cost recovery fees. For the first full year after implementation, total revenues are expected to increase $4 million and 3% each year.

Unless Kansas has a certified system which meets the PRWORA requirements, the state faces fiscal sanctions. An incremental percentage of administrative costs (starting at 4%) will be withheld.

6. Qualitative and Quantitative Savings Estimate	Estimated Amounts		
Description	FY 2001	FY 2002	FY 2003
Cost Avoidance (Soft Dollars)			
Subtotal			
Cash Savings (Hard Dollars)			
Increased revenues	$4 million	$4,120,000	$4,243,600
Avoid fiscal sanctions	$1 million (4%)	$2 million (8%)	$4 million (16%)
Subtotal	$5,000,000	$6,120,000	$8,243,600
Other			
Subtotal			

7. Summary	FY 2001	FY 2002	FY 2003
Project Costs	$ 31,583,657	$ 26,583,657	$ 20,463,657
Net Cost Benefits	($ 5,000,000)	($ 6,120,000)	($ 8,243,600)
Calendar Months to Break Even	76 months		

Attachment 2

2-10

Attachment 2

2-7

'ENDITURES - DA 506
I..ormation Technology Project
DIVISION OF BUDGET
STATE OF KANSAS

AGENCY NAM- Kansas Dept. of Social & Rehabilitation Services
AGENCY NU. R 629 FUNCTION 02
PROGRAM TITLE AND NUMBER Administration - 0100
PROJECT TITLE AND PRIORITY CSE Welfare Reform 01634 "4" PAGE

	Object of Expenditure	Obj. Code	FY 1999 APPROVED	FY 1999 REVISED	DOB USE ONLY	FY 2000 ESTIMATE	DOB USE ONLY
01	Total Salaries & Wages	100				0	
05	Communication	200				66,447	
05	Freight & Express	210				932	
05	Printing & Advertising	220				30,274	
05	Rents	230				118,500	
05	Repairing & Servicing	240				2,174	
05	Travel & Subsistence	250				56,666	
05	Fees-Other Services	260				1,708	
05	Fees-Professional Services	270				4,650,000	
05	Utilities	280				26,736	
05	Other Contractual Services	290					
06	**Total Contractual Services**		0	0		4,953,437	
10	Feed & Forage	310					
10	Maintenance Materials, Supplies, Parts	340					
10	Professional & Scientific Supplies	360					
10	Stationery & Office Supplies	370				12,000	
10	Scientific Research Supplies	380					
10	Other Supplies, Materials, Parts	390					
11	**Total Commodities**		0	0		12,000	
15	Microcomputers	413					
15	Computer Hardware	416					
15	Computer Software	418					
15	Switching Equipment	462					
15	Data Communications Equipment	466					
16	**TOTAL CAPITAL OUTLAY**		0	0		0	
20	Debt Service -- Principal	600					
20	Debt Service -- Interest	610					
20	**INSTITUTIONAL OR DEPT. DEBT**		0	0		0	
25	**TOTAL NONEXPENSE ITEMS**	700	0	0		0	
30	**SUBTOTAL-STATE OPERATIONS**		0	0		4,965,437	
35	Federal Aid to Local Units	500					
35	State Aid to Local Units	510					
36	**TOTAL AID TO LOCAL UNITS**		0	0		0	
38	**TOTAL OTHER ASSISTANCE, GRANTS & BENEFITS**		0	0		0	
40	**TOTAL EXPENDITURES**		0	0		4,965,437	
	FTE Positions		0.0	0.0		0.0	
	Unclassified Temporary Positions		0.0	0.0		0.0	
45	**TOTAL POSITIONS**		0.0	0.0		0.0	

2-7

Information Technology Project Plan, FY 1998 – 2001
Department of Social and Rehabilitation Services

Architectural Statement

The agency's architectural design currently uses NT 4.0 SP.3 , with eventual movement to NT 5.0. Sterling Software's COOL GEN Case Tool is utilized with DB2 for application development. Oracle is the client server development standard and PC/SAS the ad hoc reporting tool standard. Group Wise 5.2 is used for E-Mail communication and Corel Suite 8 is the office automation software. These products will be used in all system bids.

Attachment 2

8

Approved by Committee on:
December 15, 1998

JOINT COMMITTEE ON INFORMATION TECHNOLOGY REVIEW OF ACTIVE PROJECTS

1. **Purpose.** The purpose of this document is to establish a common understanding of the measures that will be considered by the Joint Committee on Information Technology (JCIT) when evaluating project status. Most projects target an agency program's business processes or a technical program's set of information technology assets that provide general computing or communications services. This document is generalized to address all types of government services and technology asset programs. Thus, there may be program specific business issues or technology specific issues that the presenting agency should identify and provide.

2. **Evolution of Projects.** Projects occur because a new government service is needed or because a government service should be improved, requires change, or must be made more cost effective. In each of these cases, a business area analysis must be done to identify what business service and financial objectives are required and a business process and set of resources must be designed to achieve these objectives. Based upon this work, a business case for the required investment and a proposed project plan may enable a project to be proposed and funding approved through the budget process. By statute, the readiness to start a project must be reviewed and approved by the agency head and the chief information technology Officer for that branch of government.

3. **Project Status Reports.** By statute, the status of all projects that have a total cost of $250,000 or more will be reported at times agreed upon by the chief information technology officers. That reporting period has been established as every other month commencing January 10th of each year. Project status reports should clearly and concisely indicate how the project is progressing according to the original plan. Reporting requirements will be as agreed upon by the three chief information technology officers and published by the CITO for the Executive Branch.

4. **JCIT Project Status Presentations.** By statute, whenever a project deviates from its original approved plan by 10% or more or $1,000,000, whichever is the lesser, the agency will consult with the JCIT before continuing the project. Statutes that fund projects may require JCIT project review or the Senate Ways and Means Committee or House Appropriations Committee may instruct the JCIT to review a project. The JCIT may also invite presentation of a project's status as part of the Committee's information technology oversight role. When project status presentations are scheduled, 10 copies of presentation materials should be provided to legislative research at least ten days in advance of the presentation date.

5. **JCII Project Status Content.** The Joint Committee on Information Technology has established the following specific measures as their basis to evaluate project status. Agencies should provide these measures in writing and include them in their presentation. Amplifying information should explain the causes of any deviations from the plan and the associated corrective actions initiated with the expected results of the actions and impact upon the original plan. Policy, legislative, or public issues related to the project should also be covered as amplifying information.

    5.1 **Critical Path.** The project manager will demonstrate that the project has been defined down to the task level with each task having a

Attachment 3

2-9

demonstrable point of progress and a duration of no more than about 10 days. Each task will have the identified resources, work units, and schedule necessary to accomplish the task. The project manager must be able to demonstrate that resources have been leveled and that the critical path has been identified. These requirements should have been formally reviewed and approved by the project sponsor and the CITO prior initiating the current project phase. Once initiated, resources and status should be posted biweekly to the project management system and reports prepared for the project manager. The project manager should closely monitor those activities and tasks on the critical path.

5.1.1 **Committee Review.** The Project Manager should provide a project report on the critical path showing actual progress versus planned progress. If the project is behind schedule, the project manager should provide a concise narrative with data showing the time units behind schedule, the time units behind schedule as a percentage of the cumulative time units to date for the project and the plan to recover the lost time.

5.1.1.1 **Critical Path 10% to 20% Behind Schedule.** If the critical path tasks are 10% to 20% behind schedule, the project will be considered in a yellow or caution status and there should be evidence of sponsor review of the project and approval of the recovery plan. A concise statement of that recovery plan, the expected results, and the anticipated impact upon the project should be provided.

5.1.1.2 **Critical Path 20% or More Behind Schedule.** If the critical path tasks are 20 % or more behind schedule, the project will be considered to be in a red or alert status. Projects in a red or alert status should be evidence of frequent [biweekly] reporting to the agency head and CITO until the project is less than 20% behind the original schedule. The agency head and CITO should have approved the recovery plan. A concise statement ofthat recovery plan, the expected results, and the anticipated impact upon the project should be provided.

5.2 **Task Completion Rate.** The project manager should report on number of **actual tasks** completed versus the planned task completions for the project through the date of the report. This should be expressed as numbers and as a percentage.

5.2.1 **Committee Review.** If the project is behind schedule, the project manager should provide a concise narrative stating the causes, the plan to recover the task completion rate,

Attachment 3

2-10

There should be evidence of frequent [biweekly] reporting to the agency head, sponsor and CITO. The plan of actions to achieve an acceptable deliverable completion rate should have been approved by the agency head and the CITO. The recovery plan should be concisely stated with progress and expected results and anticipated impact upon the project.

5.4 **Issues.** Issues are matters that must be resolved in order for the project tasks to be accomplished and business objectives to be met. Issues should be defined as a single matter requiring a decision. Each issue should be documented, tracked and managed, and reported to the project sponsor when there is a potential project impact. The project manager should track the total number of issues and identify in reports each unresolved issue that has had a negative impact on achieving the critical path, task or deliverable completion rates or other measures. The project sponsor is responsible for unblocking Issues to achieve resolution.

5.4.1 **Committee Review.** The total number of issues identified to date and the number that remain unresolved should be presented. Unresolved issues that have a negative impact on the project schedule, budget or objectives should be concisely presented noting when the issue was presented to the sponsor and what actions have been initiated to achieve resolution.

5.5 **Cost.** The project financial plan should show the major categories of costs by fiscal year, the total funds required, the sources of all funds, and *original* planned cumulative obligations or expenditures by month or by quarter, as appropriate, throughout the life of the project. Reports shall show the actual cumulative total for all funds sources versus the *original* planned financial period totals. When actual cumulative costs deviate from the planned costs, the percent of cumulative actual costs versus cumulative planned cost should be stated and the deviation explained. Further, if total project costs are projected to be 10 % over the planned costs or $1,000,000, whichever is less, then by statute the agency is required to consult with the Joint Committee on Information Technology before continuing the project. The Joint Committee will notify the House Appropriations and Senate Ways and Means Committees and make any recommendations deemed appropriate.

5.5.1 **Committee Review.** The committee should review the financial report where cumulative costs deviate from the original planned cumulative costs. The cause of the deviation and a recovery plan if appropriate, should be provided with expected results and anticipated impact upon the project.

Attachment 3

5.5.1.1 **Deviation from Financial Plan By 10% to 20%.** If costs exceed the plan, at this rate, an impact on the total project cost must be examined. If the total cost of the project has been increased, the return on investment will be reduced. The sponsor should have reviewed the project, determined whether there has been a change in the schedule of costs and determined whether changes in the project should be initiated to recover the original financial plan. The recovery plan, expected results, and anticipated impact upon the project should be concisely presented. The project should be considered to be in a yellow or caution status and the committee may place this project on a watch list for subsequent presentation.

5.5.1.2 **Deviation from Financial Plan By 20% to 30%.** If actual costs are exceeding planned costs at this rate, the return on investment may be eliminated by an increase in total cost. A review should have previously been done to determine if an increase in costs has occurred and if so, how the increase can be mitigated. The recovery plan should have been acted upon and the agency head and the CITO should have reviewed the results of the plan. The agency head should have approved continuation of work or expense on the project. The Committee should place this project on a watch list for monthly reports.

5.3.1.3 **Deviations from Financial Plan by 30% or More.** As in previous cases, a review the projects planned and actual costs should have been done. If costs are 30% higher than planned, serious consideration should be given to stopping the project. The Committee should find specific approval of the agency head and approval of a rationale that strongly supports continuation of the project. The Committee should consider recommending that an independent 3rd party be obtained to conduct a project review and make recommendations to the agency head and the Committee regarding causes for the project deviation from plan, corrective actions needed, expected outcomes, and whether the project the project should be continued.

5.6 **Actual Versus Planned Resources.** This element focuses on the human resources provided to the project in terms of person-hours or person-days. Both technical and business unit personnel should

Attachment 3

2-12

have the experience and skills necessary for the project and be provided when and as required by the project schedule. The project manager should have planned and actual person-hours in the project management system and should report on a continuing basis the cumulative planned person-hours required versus the cumulative actual person-hours provided.

5.6.1 **Committee Review.** The committee will review this element in conjunction with other elements reported. In addition to the gap analysis, the committee should question the stability o the project team. If a critical team member leaves, the cost may be a 6-week delay in the project. If a project manager leaves, the cost may be a 9-week delay. If a project sponsor leaves, the project may be in jeopardy and should be placed on a watch list. These specific items should be reflected in the risk report addressed below.

5.6.1.1 **Deficiency Gap of 15% to 20%.** Normally a deficiency of this magnitude will result in a reduction in quality but may also contribute to other project deficiencies as well. The project manager should be acting with the sponsor to correct this condition. For some projects, the impact of this level of deficiency may be greater than indicated and be reflected in the other measures as well.

5.6.1.2 **Deficiency Gap of 20% to 25%.** Normally a deficiency of this magnitude will require a reduction in scope of the project in order to maintain project progress. There should be a plan to show a compensatory change in resources or a plan to reduce the scope, Costs, and objectives for the project with approval of the agency head. For some projects, the impact of this level of deficiency may be greater than indicated and will be reflected in the other measures as well.

5.6.1.3 **Deficiency Gap of 25% or More.** A deficiency of this magnitude places project in jeopardy and 3rd party review should be considered if the impact is reflected in other measures. The project should not be permitted to drift awaiting a compensatory resources plan or a new reduced project scope plan. If a new project plan is developed, the new financial plan, return on investment and objectives to be achieved must recalculated and presented for review as well.

5.7 **Risk Report.** The above measures have been addressed individually, however, when a project has experienced difficult problems or

Attachment 3

issues, the impact may be reflected in more than one measure permitting a broader assessment of project status. The project manager should consider all of the above measures and make an assessment of the risk and likely impacts upon the project's scope, budget, schedule and the business [or technical infrastructure] objectives to be achieved in the original plan. The analysis, conclusions, and recommendations should be summarized in an executive report.

5.7.1 **Committee Review.** The Committee should evaluate the risk report as to whether it reasonably reflects the sum of the measures and where present, the progress being achieved with mitigation plans. For projects with a seriously deficient measure or multiple deficient measures, the confidence in the risk report may be important when considering 3rd party review.

Attachment 3

2-14

STATE OF KANSAS

DEPARTMENT OF CORRECTIONS
OFFICE OF THE SECRETARY
Landon State Office Building
900 S.W. Jackson — Suite 400-N
Topeka, Kansas 66612-1284
(785) 296-3317

Bill Graves
Governor

Charles E. Simmons
Secretary

MEMORANDUM

TO: Senate Ways & Means Committee

FROM: Charles E. Simmons, Secretary

DATE: March 10, 1999

RE: Senate Bill 102

This bill was introduced by the Joint Committee on Corrections and Juvenile Justice Oversight. It provides the Department of Corrections with certain authority relative to the financing and construction of correctional industry space. This authority was granted on a one-year basis by the 1998 Legislature in a proviso contained in the Omnibus Appropriations Bill.

SB 102 provides the department with additional flexibility in expanding industrial space available for use by private companies who employ inmate workers. The additional flexibility is afforded through: (1) expedited processes in implementing KCI financed projects; and (2) newly established options for private financing of construction and/or renovation of industries space.

More specifically, it exempts Kansas Correctional Industries from the requirements of KSA 75-3717b, pertaining to preparation and review of state agency five-year capital improvement plans. It authorizes expenditure of unencumbered balances in the correctional industries fund for new construction or renovation of buildings for correctional industries. It authorizes the Secretary of Corrections to enter into agreements with private parties for the purpose of accepting as a donation any building or renovation of a building to be used for a commercial enterprise if such enterprise contributes to the training and rehabilitation of inmates. And finally, it exempts industry buildings renovated or constructed pursuant to an agreement with a private party from the competitive bid process, architectural services review, and state engineering services review.

SB 102 will facilitate negotiations with private firms who express an interest in locating or expanding operations within KDOC facilities by allowing a more timely response to proposals and by creating more options for financing adequate space for industry operations. The department has recently entered into an agreement with a Wichita company providing for that company to finance expansion of a correctional industries building at the El Dorado Correctional Facility.

Senate Ways and Means Committee
Date 3/10/99
Attachment # 3

The building will be donated to the State once it is completed, then leased to the company for a 20-year term. The company now employs 46 inmates, and will increase that number by at least 35 through use of the expanded space. The expansion would cost the State an estimated $250,000 to $280,000, which will be saved through the private financing agreement.

As the fiscal note from the Division of Budget indicates, the bill will have no fiscal impact in FY 2000. The projected balances in the correctional industries fund are used to meet KCI's operating reserve requirements and are not now sufficient to finance any expansion projects.

The department's strategic action plan includes the objective of optimizing offender work programs, which includes increasing the number of offender jobs in both traditional and private correctional industries. The passage of SB 102 will assist the department in meeting those objectives. I urge your favorable action on this bill.

STATE OF KANSAS

IA OLEEN
SENATOR, 22ND DISTRICT
GEARY AND RILEY COUNTIES

LEGISLATIVE HOTLINE
1-800-432-3924

TOPEKA

SENATE CHAMBER

CHAIR: FEDERAL AND STATE AFFAIRS
CHAIR: CORRECTIONS/JUVENILE JUSTICE
CHAIR: LEGISLATIVE POST AUDIT
VICE CHAIR: JUDICIARY
MEMBER: EDUCATION
CONFIRMATION OVERSIGHT
LEG. EDUCATIONAL PLANNING
KANSAS SENTENCING COMMISSION

Senate Bill 102 – Senate Ways and Means

During the 1997 and 1998 interims, the Joint Committee on Corrections and Juvenile Justice Oversight reviewed issues related to inmate work opportunities inside correctional facilities. Work provides meaningful activity for inmates, job training for life after prison, and a productive contribution to rehabilitation. The Joint Committee recognizes that most inmates at correctional facilities work, but the Joint Committee wants to single out inmates who work in correctional industry programs. In FY 2000, 461 inmates will be employed in traditional correctional industries making from $0.25 to $0.60 per hour in a variety of manufacturing areas and 438 inmates will be employed by private companies who pay at least $5.15. Inmates who work in private sector industries are required to fulfill a number of important financial obligations including room and board, restitution, and victims compensation program funding.

Senate Bill 102 helps achieve the Joint Committee's goals by providing the Department of Corrections the ability to respond quickly to business ventures that will expand inmate work opportunities. The agency will have the authority to spend funds from the Kansas Correctional Industries Fund for construction or planning for expansion including new construction or retrofitting existing facilities when the Legislature is not in session provided the projects are reviewed by the Joint Committee on Corrections and Juvenile Justice Oversight.

The Joint Committee on Corrections and Juvenile Justice Oversight recommended introduction of S.B. 102 during the 1998 and 1999 legislative sessions. The 1998 Legislature added the provisions of S.B. 102 as a proviso to the Omnibus Appropriations bill which has given the agency more freedom to negotiate with private industries to bring in more work opportunities. The Joint Committee believes S.B. 102 will place into statute this important tool for the Department of Corrections to operate the correctional system and providing meaningful work for inmates.

HOME
3000 STAGG HILL ROAD
MANHATTAN, KANSAS 66502
(785) 537-3300

DISTRICT OFFICE
1619 POYNTZ AVENUE
MANHATTAN, KANSAS 66502
(785) 537-9194—PHONE
(785) 537-9198—FAX

Senate Ways and Means Committee
Date 3/10/99
Attachment # 4

MEMORANDUM

TO: The Honorable Dave Kerr, Chairman
Senate Ways & Means Committee

FROM: William W. Sneed, Legislative Counsel
University of Kansas Hospital Authority

DATE: March 10, 1999

RE: S.B. 324

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I represent the University of Kansas Hospital Authority. We appreciate the opportunity to address S.B. 324, a bill that the Authority requested for introduction. We believe that this bill represents several technical corrections that we would ask the Legislature to make on our behalf. In order of simplicity, allow me to direct your attention to the proposed changes.

1. Section 2 of the bill found on page 1 proposes additional language in lines 24-25. The inclusion of this language, coupled with the additional language found on page 2, lines 27-28, clarifies that the Authority may establish employee benefit plans <u>after</u> the transfer date, or October 1, 1998, in addition to its authority to have it established <u>by</u> the transfer date. This will clarify that the Authority has the flexibility to adopt employee benefit plans on an ongoing basis.

2. Next, on page 3, lines 14-16, a sentence has been added that again clarifies that the Authority is not a contributing employer for purposes of the state leave payment reserve fund.

3. On page 4, line 11, the word "of" is stricken and the word "or" is inserted. We believe this is simply a correction of a typographical error in last year's bill.

POLSINELLI, WHITE, VARDEMAN & SHALTON
555 South Kansas Avenue, Suite 301
Topeka, Kansas 66603-3443
(785) 233-1446
(785) 233-1939 (FAX)

4. Section 5, found on page 4, includes the reference to K.S.A. 1998 Supp. 75-4362 in those state statutes from which the Authority is exempt. K.S.A. 1998 Supp. 75-4362 is the state drug testing statute. As with the other references to state personnel issues, we simply want to make it clear that the Authority is to have its own drug testing program in lieu of the state program.

5. Finally, the language found in Section 6, lines 40-43, and on page 5, lines 1-2, 7, and 8-10, coupled with the new section that is cited on page 1, lines 15-20, deals with retirement plans. The Legislature will recall that the legislation that transferred the hospital to its free-standing Authority status transferred our employees out of the Board of Regents/KPERS programs that our employees were at that time eligible to participate in, and provided that the Authority would establish its own employee benefit plans through KPERS and the Board of Regents are tax exempt programs, and the language found in these sections clarifies that the Authority, as an agency of the state, has the ability to create employee benefit plans that will receive the same tax treatment as all other state programs. We believe this coincides with the legislative intent to protect all of the Authority's employees who, prior to the transfer date, were in fact state employees; thus, they will be held harmless in the transfer to the free-standing Authority.

As stated earlier, we believe the proposed changes are administrative in nature, and as such, we respectfully request your favorable consideration.

If you have any questions regarding this or any other matter, please feel free to contact me.

Respectfully submitted,

William W. Sneed

William W. Sneed