Approved: Deena Horst
Date 2-13-01

MINUTES OF THE e-GOVERNMENT COMMITTEE.

The meeting was called to order by Chairperson Deena Horst at 3:35 p.m. on February 8, 2001, in Room 526-S of the Capitol.

All members were present except Representatives Wilson, Henderson, Alldritt and Levinson, all of whom were excused.

Committee staff present:

Audrey Nogle, Kansas Legislative Research Department
Lisa Montgomery, Revisor of Statutes' Office
Gary Deeter, Temporary Committee Secretary

Conferees appearing before the committee:
Dan Stanley, Secretary, Kansas Department of Administration.

Others attending: See attached sheet.

The minutes for the January 30, February 1, and February 6 meetings were approved. (Motion, Representative Faber, second, Representative Gatewood)

Dan Stanley, Secretary, Kansas Department of Administration, testified regarding the future of electronic government in Kansas. (Attachment1) he noted that Kansas ranks 2nd in the United States in effective delivery of e-government. He said that the Internet is transforming the way government delivers services, creating profound policy implications. Mr. Stanley itemized several issues that will impinge on state policies and delivery of services:

- Security will become an increasingly important issue as individuals and companies seek more information on Kansas citizens;
- With Kansas' Open Records laws and with state agencies' increasing ability to share databases, protecting the privacy of citizens will become of greater importance;
- Finding a way to span the digital divide needs attention as information systems further separate those who have access to computers and those who do not;
- The human resources challenge is perhaps the greatest–being able to recruit technically skilled individuals, developing a work force to match the needs of government, and providing compensation to attract and retain skilled people;
- A commitment from the legislature to develop Information Technology (IT) goals (understanding what systems do and how they impact citizens) must be a priority; and
- All IT development must take into account the Americans with Disabilities Act.

Mr Stanley agreed with Representative Morrison that **SB 5** is having a positive impact in the way agencies are integrating their IT projects and systems. He replied to Representative Holmes that he expects the KAN-Ed bill to span the digital divide–or at least provide a digital backbone–for rural Kansas citizens. He said reliance on technology has not reduced the workforce, but it has increased services available to citizens. Regarding the declining workforce, he noted that state government needs to offer more flexibility to its employees. He foresees further private-public partnerships such as the Information Network of Kansas/Kansas Information Consortium.
Mr. Stanley said his vision is for Kansas to provide electronic-government services to all Kansans.

The meeting was adjourned at 4:30 p.m. The next meeting is scheduled for Tuesday, February 13, 2001, at 3:30 p.m. in Room 526-S.

e-GOVERNMENT COMMITTEE
GUEST LIST
DATE: FEBRUARY 8 2001

NAME	REPRESENTING
Mary Adkins	DofA - DPS
Steven E. Johnson	Dept on Aging
Richard Hays	Legislative
Allen Mull	Whitney Damron PA
ERIC SEXTON	W S C
SCOTT SCHNEIDER	GBBA
Ron CACHES	KIC
Jennifer J Crow	Federico Consulting
Jesse Boyer	Sec. of State
Kathy Sachs	Sec of State
Janet Chubb	Sec of State
Danielle Noe	D of A

House Committee Electronic Commerce

Scope and Charter Statement

Background

The Internet redefines our sense of time and place. Today we increasingly feel the effects of the Internet in our economy, on our demography, and in the way we provide government services. These effects have profound policy implications.

The Internet is the largest computer network in the world with millions of server machines located over the globe. Today, Internet users are increasing at the rate of 100,000 new users per month. Gartner Group, a leading information technology analysis firm, reports that 64% of all U.S. adults have Internet access from either home, work, or public access places such as schools, public kiosks, or libraries. Home access alone, is available to 50% of all adults. Gartner also predicts that in four years 75% of all adults will have home Internet access ("Executive Edge," Gartner, December 2000). Although the predicted growth is impressive, it still leaves 25% of adults without home Internet access. This gap is called the "digital divide." As the world races to the Internet, many policy makers fear the digital divide will disenfranchise lower income and minority households. This fear is very real.

The digital divide has three important components: 1) Access to broadband telecom Internet connection, 2) workplace Internet penetration, and 3) price for access. Internet applications increasingly require high-speed broadband connection. However, today only 8.5% of U.S. households have these high-speed connections. Most connections use lower speed modems running at 14 to 56 Kbits/second. Also, the price for broadband connections can be quite high especially in rural areas. In Gartner's words:

> "Here's a chicken or the egg question: Should we provide Internet access to less advantaged people in the hope it will elevate their (economic) status, or should we provide educational and social programs that will raise their socio economic status and in turn lead them to the Internet? Gartner concludes: You have to do both."

The question is critical given the fact that the Internet is responsible for $953 billion in the U.S. economy. By 2004, Gartner predicts U.S. E-Commerce will reach $2.2 trillion. If the poor or people in rural areas do not have access, then they cannot fully participate in our economy.

The Rise of the Internet

The Internet was originally developed by the U.S. Department of Defense in 1969 as a reliable link to other government and educational research facilities. In order for the system to work effectively, it was necessary to develop a dynamic routing process. This would ensure that if one link of the network went down (from computer failure or enemy attack) the information would automatically re-route to other links. The success of the original project was overwhelming, with even the developers shocked at the immediate growth of users. Universities and colleges from around the country (and eventually around the globe) began sharing

Attachment 1
e-Gov 2-8-01

information over the network. In the late 1980's private businesses gained access to the network to utilize the Internet's electronic mail. Thus, businesses discovered that they were able to communicate with branch offices and/or vendors, whether located on the other side of the city or the other side of the world, quickly and with little expense. (Kansas Electronic Commerce Committee, 1999)

While business exploited the e-mail features of the Internet, Universities began creating computer tools and languages, which allowed for the creation of Internet content pages and electronic business rules highly suited to transaction processing. In the mid-1990's Business discovered these tools, commercialized them, and developed electronic applications for exchanging goods and services. This phenomena broke the turf for a new economy.

The Kansas Electronic Commerce Committee in 1999 wrote: "From its conception, the Internet was intended to be an information resource exchange. The Internet after all was developed to assist scientists in the sharing of information with their colleagues and enable them to assist in research projects even though they were located several hundreds, if not thousands of miles apart. Since then, the information resources have expanded a thousand fold."

The growth of Internet users caused increasing Internet traffic and began to frustrate the scientists who used the network. In the early 1990's the National Science Foundation offered the Universities funding to create a newer, higher speed Internet. These Universities, now over 130, used the money to construct the next generation Internet known as Internet2. Most experts believe this next generation Internet will likely replace the original Internet in the next five to ten years. When this happens, the Universities in partnership with the Federal government will begin work on Internet3. Thus, as the Internet evolves with greater and greater bandwidth, U.S. citizens, businesses, government, and educators will be faced with keeping up. This can further challenge the digital divide, and policy makers. For this reason, policy must take a long range perspective and not limit its vision to Internet1 connection alone.

Kansas Work Force Development

This section includes information from a draft technical memorandum prepared for Kansas Inc. by Cambridge Systematics Inc. The memorandum highlights that the U.S. has experienced an unprecedented period of economic growth driven by strong GDP and low unemployment rates (3% in 1999) and strong job growth (20% in the 1990's). The growth in job openings far exceeds the supply of workers. The shortage of labor is also affected by demographic changes. The U.S. population continues to grow (almost 10% in the 1990's). However, Kansas's growth is considerably less than the national rates, largely due to out migration of younger population and an aging population. Also, the Kansas per capita income is less than the U.S. level dating back to 1985. From 1994 the non-metro income growth trailed the rest of the State, indicating that rural Kansas has not benefited from the recent economic expansion.

The Cambridge Systematics research for Kansas Ink shows that in 1998 Kansas had only 37 Internet host providers per 1,000 population. This is roughly half the U.S. average.

Electronic Government (E-Government)

Over the past five years both State and Federal governments have been actively engaged in providing government services electronically. E-government uses the Web to allow citizens and businesses fast and convenient access to government. The growth of E-government has been phenomenal and the use of these services by citizens and businesses has been equally exceptional. Today Kansas's government manages over 150,000 electronic pages of E-government information and E-services. The statistics on Internet use, workforce availability, and E-government deployment raise additional policy considerations for Kansas's participation in the new economy and one way we provision government services.

1) Will electronic government services allow State government to reduce the number of public sector job vacancies to more naturally align with the availability of workers?
2) Will E-government allow Kansas to more fully participate in the new economy?
3) Can policies be created that stops the out migration of Kansas's graduates who have high tech degrees and certifications?
4) What policies should be crafted to reduce the digital divide?
5) What are the top E-government applications that we should fund and build to extend government services to businesses and citizens?
6) Should there be a technology investment revolving fund to finance Kansas E-government initiatives and should this fund be replenished from convenience fees or subscription fees?

Suggested Committee Vision

Kansas will provide E-government services to all citizens. These services will be provided anytime to anyplace.

Suggested Committee Scope

E-government services have the potential to transform government. This transformation affects the way we organize, deliver services, and invest in our future. No one can be left out. The Committee may wish to focus on services which have the highest interest to citizens and the largest economic impact. The scope may also cover security, confidentiality, and reduction of the digital divide.

Possible Issues

- In order to provide these services, Kansas government needs plans and policies that balance access to open records and citizen desire for security and confidentiality.
- E-government and the digital economy require world class technologists to develop and support technologies. IT worker wage/salary and training are key to retaining a qualified labor force. Existing State pension laws and salary scales incent State technical employees to leave State government. In just two years many baby boom technologists will qualify for State retirement. These employees lose their retirement

benefits if they earn $15,000 per year. Also, the State traditionally underpays its technologists.

- Declining labor pools will affect government's ability to fill open positions. Can E-government initiatives better align government employment to labor availability? This applies to State as well as local units of government.
- E-government requires investment of capital. Technology investment funding is an alternative to State general funding. Technology investment funding seeks a rate of return from those who benefit.

Possible Presenters

- Gartner Group experts on the New Economy and E-government
- Ken Orr Associates on E-services and E-commerce opportunities for State government.
- Robert Knapp for Information Network of Kansas E-government services.
- Don Heiman for Chief Information Technology Officer E-government long range plans and visions.
- Various State agency testimony on E-government. These agencies include Kansas University, Department of Revenue, Department of Administration, and KDHE Vital Statistics.
- Overviews for how Kansas governs IT. Panel participants might include: Senator Stan Clark, Representative Jim Morrison, and Cabinet Secretary Dan Stanley.

Conclusion

Kansas state government is a recognized pioneer and leader in E-government. In 1991, the Kansas Legislature created the Information Network of Kansas to develop E-government applications funded from business subscription fees. Kansas was the first State to adopt an E-commerce model. Also, over the years INK has successfully developed hundreds of E-government services for businesses and citizens. Over 90% or these services are free to users. The Kansas model has received numerous national awards and Kansas today is considered among the very best in providing E-services. Most recently, for example, Brown University analyzed 1,813 federal, State, and local unit Web sites. Kansas was ranked number six among all sites. This year the Center for Digital State Research ranks Kansas third among all States for E-commerce and digital democracy initiatives.

Although we have much to be proud of, we have many important challenges and opportunities. The House Committee of the New Economy and E-government will have an important role in helping the State meet these challenges, build on our success, and exploit a cyberworld of opportunities.