

Approved: February 19, 2007

Date

MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY AND TECHNOLOGY COMMITTEE

The meeting was called to order by Chairman Jim Morrison at 3:30 P.M. on February 14, 2007, in Room 526-S of the Capitol.

All members were present except Representatives Siegfried, Frownfelter, Tapanelli, and Wilk, all of whom were excused.

Committee staff present:

Julian Efird, Kansas Legislative Research  
Tatiana Lin, Kansas Legislative Research  
Rena Jefferies, Office of Revisor of Statutes  
Gary Deeter, Committee Assistant

Conferees appearing before the committee:

Representative Kasha Kelley  
Alan Cobb, Kansas State Director, Americans for Prosperity  
Jeff Glendening, Vice President of Political Affairs, Kansas Chamber of Commerce  
Duncan Friend, Project Manager, Financial Management System, Division of Information Services and Communications

Others attending:

See attached list.

The minutes for February 12 were approved as corrected. (Motion, Representative Loganbill; second, Representative Sharp)

The Chairman opened the hearing on **HB 2457** - the Kansas taxpayer transparency act.

Representative Kasha Kelley spoke to the intent of the bill, saying that the bill requires that receipts and expenditures of state government be made available on a central, keyword-searchable website so the average citizen can access such information; confidential data would be excluded (Attachment 1). She illustrated the need for the bill with the Department on Aging, which, through nutrition grants, provides "friendship meals," information which exists online, but demands persistence to locate. She commented that transparency begets accountability, without which a citizen's relationship with government suffers; she noted further that the bill offers an opportunity for Kansas to lead into a new arena of government.

Answering questions, Representative Kelley said a fiscal note was not yet available and that she planned to talk with companies who maintain websites similar to the one proposed by the bill. She replied that the intent of the bill is not to build a specific kind of site or create a new repository, but to make agency information readily available in the most efficient way possible. Responding to another question, staff Rena Jefferies said the bill addresses only expenditures and would need to be amended to include receipts. Representative Kelley replied to another question that the starting date was negotiable as long as it was not an excuse to do less; she acknowledged that an incremental, stair-step project would be

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sufficient as a beginning. She said the bill envisions aggregating information and that a commercial off-the-shelf approach is acceptable if it makes fiscal sense.

Alan Cobb, Kansas State Director, Americans for Prosperity, emphasized that presently much state information is difficult to obtain (Attachment 2). He cited searching the term “Kansas Debt Service,” which provided him irrelevant data. He tried the term “Kansas government spending,” which brought up nine web pages before getting to a Kansas site, observing that a simple query turned out not to be simple. Responding to questions, Mr. Cobb said INK (Information Network of Kansas [Kansas.gov]) has a search engine which could be modified and that the Kansas budget could use XML rather than PDF format. He replied that information about a person receiving unemployment insurance should be considered confidential. Responding to a member who suggested extending the reach of the bill to local units of government, Mr. Cobb recommended delaying that initiative to another time.

Jeff Glendenning, Vice President of Political Affairs, Kansas Chamber of Commerce, expressed concern about one aspect of the bill, saying that new section 2(a)(2)(D) referring to tax credits, if that information were disclosed regarding a business, might put a business at a competitive disadvantage (Attachment 3). A member commented that granting the underlying assumption that what hurts a business should be statutorily exempt creates a slippery slope. Mr. Glendenning replied to a question that state tax credits are not presently public information except in aggregate form, even though local tax credits might be public. Another member spoke in support of excluding tax credits from disclosure, especially for a business along a state line, which might be lured to move a business to another state if tax credit information were known.

Duncan Friend, Project Manager, Financial Management System, Division of Information Services and Communications (DISC), commenting on his familiarity with the state’s financial systems and INK, explained that his appearance before the Committee was to offer potential solutions regarding the bill (Attachment 4). He commented on two aspects of the previous discussion, noting the difficulty of finding budget information in state government and the uncertainty of knowing how accurately to reflect what the public wants to know, the latter a problem in creating a query formula or a keyword search engine. He said creating a website to aggregate information was one step; the other step would be to develop a taxonomy and refine it, enabling users to query effectively.

Regarding the current financial accounting and reporting system (STARS), Mr. Friend said the system was severely limited in providing public information. Answering questions, he said STARS is an antiquated legacy system with codes that would not provide detailed information useful to the public. He noted that even state agencies have developed “shadow systems” to accommodate STARS’ inadequacies. Martin Eckhardt, Manager, Central Accounting Services, explained that meeting the requirements of the bill through STARS would mean mountainous manual work for agencies. Mr. Friend said the proposed Financial Management System, even though its original design did not include public reporting, could be modified to do so. Representative Kelley recommended that members find a way to aggregate data other than through STARS. Mr. Friend observed that the federal government is putting up a website on

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February 15 dealing with the issue: [www.federalspending.gov](http://www.federalspending.gov).

Tracy Smith, General Manager for Kansas.gov, and DiAnna Wages, Director of Creative Services, Kansas.gov, appeared before the Committee to respond to members' questions about a central repository/search engine for state government. Ms. Smith said data across state agencies is available and can be aggregated, although perhaps not immediately. She noted that the crucial issue in building a central repository or central data portal is that agencies have disparate, silo systems that do not communicate with each other; the first requirement would be to create statewide standards to enable all agencies to provide the requested information.

Ms. Smith explained that the other issue in building a searchable website is education; since search-engine optimization is a new arena, few staff are trained to use the tools necessary to accomplish the task.

The Chairman said the bill would be considered for passage at the next meeting, which is scheduled for Thursday, February 15, 2007. The meeting was adjourned at 4:50 p.m.



Testimony to the House Government Efficiency and Technology Committee  
Representative Kasha Kelley

February 14, 2007

House Bill 2457 – Kansas Taxpayer Transparency Act

Chairman Morrison and Members of the Committee:

House Bill 2457 provides that, beginning on January 1, 2008, a layperson may, with ease, log onto one central website whereby he or she can perform an easy search to find complete information on receipts and expenditures in state government pertaining to any entity. In addition, the user would find the information to be downloadable, and they would be allowed to offer feedback as to the ease of use of the site.

In previous committee communications with regard to transparency, the question has been raised as to whether tax returns constitute part of the information to be made available on this site. The answer is, only in aggregate form as is currently available by the Secretary of Revenue. The private tax return information of persons and businesses is protected by statute. HB 2457 does not seek to divulge or reveal any of this confidential information, other than in current aggregate form.

HB 2457 works to outline, with specificity, the attributes of the site on the first page of the bill. The site would, as mentioned above, be searchable by keyword. In order to perform meaningful keyword searches, meta-tags would be employed, as they are currently for internet search engines. While there is no request for new information, the format for delivery of existing information will likely need to be tweaked.

Sidenote: Although not stated in the bill, it was earlier brought up in committee that perhaps a drop-down menu (by department) might be of interest as a means for searching. If searchable by menu, that menu should be an exhaustive list of all departments within state government, as well as other issues pertaining to government receipt or expenditure.

For ease and illustration as to the design of the site, an example may be helpful. We have a layperson who would like to know how much is spent on aging projects in the state of Kansas. He or she would search the site by a keyword such as "aging," "elderly," "department on aging," or a similar word or phrase which reflects the subject of their search. The site would then return the complete budget allowance for the Department on Aging for the fiscal year being searched, as well as how the department spent these monies. Expenditures such as salaries and wages, capital outlay, monies dispensed for grants, contracts, subcontracts, debt payments, etc. would be line-itemed. That is to say that, when the search returns the "Department on Aging," there appears an aggregate amount of dollars spent through that agency, as well as a complete listing of the department disbursement amounts that make up that aggregate amount. Each of these disbursements is a link to the additional requested information stated in the bill (the name and principal location of the recipient of the funds, the type of transaction, a description

Attachment 1  
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of the purpose of the funding or expenditure, and any other information that might pertain to that expenditure). This additional information on the particular project or item allows the layperson to reasonably review not only how much was spent on the project, but also the scope of the project, where the monies were paid, etc.

While it is true that there is information already on the internet, it is not always quick or easy to retrieve. Additionally, it is not always locatable within one site. After unsuccessfully looking for specific financial information on state government myself, and after visiting with constituents about their desire to better understand the fiscal habits of state government, it is easy to conclude that a tool of this magnitude would be beneficial to and appreciated by many. Democrats and Republicans alike have voiced their desire to better understand what government is taking in, what they're spending, and what they're "putting on the credit card" for future generations. Allowing them to search, review and report on exactly where their dollars are going not only makes good sense, but it is good governance.

As a closing note, though not detailed in the bill, the inclusion of each entity budget (no re-formatting necessary) and its narrative would help complete any particular search for incoming/outgoing expenses. I would envision this most easily accomplished with a hotlink from each agency search.

Thank you, Mr. Chair and committee members, for the opportunity to appear before you. At this time, I would stand for any questions.



# AMERICANS FOR PROSPERITY K A N S A S

February 7, 2007

Chairman Morrison and members of the committee,

I am Alan Cobb, Kansas State Director of Americans for Prosperity, a free market grassroots public policy group with more than 6,500 members in Kansas.

We are here in full support of HB 2207.

Taxpayers deserve to know how their money is being spent. Traditional budget publications are not only very difficult for ordinary taxpayers to understand; they are also often inaccessible and contain incomplete information. Creating a modern, searchable, on-line database will leverage technology that most Kansans already use and understand to make information about state spending widely accessible.

This bill is similar to recently passed federal legislation, under which a comprehensive database of federal spending is being built. If technology can make the federal budget understandable for ordinary taxpayers, surely it can do the same thing for our state budget.

Giving taxpayers this tool to understand where and how their money is being spent will make state government more accountable and reduce waste, fraud, and abuse. An opaque spending process creates the perception, or possible reality, of legislators or bureaucrats use the state budget to fund unnecessary, wasteful, or even corrupt programs, confident that most Kansans will never know about it.

This database will help eliminate any perception of impropriety by ensuring that all awards of state funds are subject to public scrutiny. It will also, even when there is no perceived wrongdoing, allow taxpayers to hold the government to higher standards, reviewing exactly how money is being spent and proposing more effective or efficient uses of state dollars. By making the details of spending available to the public, the state can leverage the expertise and ideas of engaged citizens who can, at their own convenience, evaluate the data and provide feedback to legislators and grassroots groups, such as ours, that work on fiscal issues.

Transparent government is good government. Good government has nothing to hide from the taxpayers that fund it and is open to input from those taxpayers on how to constantly improve as stewards of their hard-earned tax dollars.

Every public company in America is required to regularly publish volumes of information about how shareholder dollars are spent. Taxpayers should receive no lower standard of disclosure regarding how their tax dollars are spent. Indeed because taxation is mandatory, the standards for disclosure should be higher, because information is critical to citizen engagement on policy change. A shareholder who thinks a company has inadequate disclosure can always sell his or her shares; a taxpayer has no such recourse.

# Legislative Testimony

HB 2457

February 14, 2007

Testimony before the Kansas House Government Efficiency and Technology Committee

By Jeff Glendening, Vice President of Political Affairs

Thank you Mr. Chairman, and members of the committee for this opportunity to share our concerns with a portion of HB2457.

While we do not oppose the entirety of the measure, we do take issue with the portion of the bill that would dissolve confidentiality of businesses receiving tax credits from the state. (Page 1, Lines 41-43 – Page 2, Lines 1-3)

Allowing a public list to be published annually would harm a Kansas company's competitive advantage. If a certain company is claiming a certain monetary amount in research and development tax credits, it sends a signal to their competitors they are working on a new product. This information should remain confidential so Kansas companies are not disadvantaged.

Tax credits are developed to increase investment in new equipment in jobs that will expand the Kansas economy and its tax base. If a company is claiming a tax credit, they are taking an active role in enhancing the Kansas economy.

It is also important to note that The Kansas Department of Revenue has broad authority to audit companies to ensure that all taxes are being paid are accurate and the tax credits claimed are correct.

These proposals would make Kansas an exception among the 50 states; we would not want to be one of the few states that expose confidential taxpayer information to public disclosure.

Thank you for the opportunity to express our concerns of exposing the confidentiality of Kansas businesses.

*The Kansas Chamber, with headquarters in Topeka, is the statewide business advocacy group moving Kansas towards becoming the best state in America to do business. The Kansas Chamber and its affiliate organization, The Kansas Chamber Federation, have more than 10,000 member businesses, including local and regional chambers of commerce and trade organizations. The Chamber represents small, medium and large employers all across Kansas.*

Attachment 3  
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**Committee on Governmental Efficiency and Technology  
House Bill 2457 – Kansas Taxpayer Transparency Act**

**Duncan Friend, Director, Enterprise Technology Initiatives  
Division of Information Systems and Communications  
February 14, 2007**

Good afternoon Mr. Chairman and members of the committee. I appreciate the opportunity to discuss with you House Bill 2457.

My name is Duncan Friend, and I work as a technology project manager in the Division of Information Systems and Communications for Denise Moore, the Chief Information Technology Officer for the Executive Branch. By way of context for my comments today, I am currently managing a project to upgrade the statewide Human Resource and Payroll System (SHARP), and also served as the manager of the recent needs assessment study for a statewide Financial Management System. My day-to-day duties include overseeing the section of DISC that provides Web application development for the Department of Administration and other statewide Internet projects. Over the last ten years, I have also worked with the Information Network of Kansas (INK) on variety of Internet initiatives, as well as their Board of Directors.

In reviewing the evolution of the discussion of both bills pertaining to the Kansas Taxpayer Transparency Act (HB2207 and HB2457) and listening to testimony on these bills, as well as to comments made by members of the committee over the last several weeks, I have worked with individuals from both the Division of Accounts and Reports, and our own technical staff in DISC to identify available options that we believe can be responsive to the intent of the bill(s), while pursuing an incremental course that helps clarify the information needs of potential users of this information before making a substantial investment.

**State of Kansas Financial Information Center**

Two aspects of the topic have become readily apparent in the discussions around these bills.

- The first is that we believe it is not easy for constituents to find financial information about the State. And, certainly where they are able to find it, it can't be found "all in one place."
- The second aspect is that it does not yet appear clear, at least to me, what types of information the public is looking for. I have heard a number of questions asked by both the committee and conferees. In some cases, the answers were readily available on the Internet (at least for some who are search savvy), in other cases, we're not clear whether the information is available online or not.

*Attachment 4  
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In looking at this situation, it seems like there is a relatively low cost way to address both issues. We would construct a web site that consolidates links to various state (and perhaps even local and federal) sources of State of Kansas financial information. I believe this could be accomplished in the timeframe suggested by the current bill, perhaps much sooner, and would immediately begin to address the first issue I identified, that of financial information not being accessible from one place.

The second issue could also be effectively addressed through this approach. House Bill 2457 currently calls for functionality to be delivered in the web site that provides the ability to register "*feedback and recommendations regarding the utility of the website.*" We would include this functionality as part of the website I have described right away, with the intent of beginning to understand better the types of information that citizens are looking for, as well as insight into the utility of what we already provide.

I recognize that the bill as currently written specifically excludes an approach to "*linking to another State of Kansas website that cannot be searched electronically by field in a single search.*" However, using the linking approach provides three immediate benefits. It should make it easier for citizens to find financial data about the State's operations, easier to provide feedback and questions about how what we already have online works, and it provides citizens the opportunity to tell us what they feel is lacking and participate in developing a course for the future.

#### **Current Statewide Accounting and Reporting System (STARS) Data**

Based on the questions and comments I've heard to-date, and the preliminary research we've done internally, the data captured by the current statewide accounting system will not meet the need of providing user-friendly, nor by any means comprehensive, financial information to citizens. STARS does not contain some of the information required by the current bill. For example, contract number, grant number, and subcontractor information are not captured by the system. And, in cases where expenditures or receipts are represented, the information needed to categorize them in a way that would make them meaningful to a citizen is also not contained in the system. This is not to say that financial data is not important, only that the current 16-year old system was not designed to capture the information requested in this bill, or in way that would make it easily understandable for citizens.

There are several caveats with attempting to put STARS data on the Internet. First, the sheer volume of the data, paying tens of thousands of vendors or more annually (the STARS vendor table averages 275,000 entries at any given time), with several millions of lines of transactions. While summarizing this data, say, in the way that is done at the Kansas State Board of Education web site that was recently viewed in a hearing of this committee might be possible, again, we would need to identify a set of basic questions for which answers could be provided at a summarized level for such a solution to be manageable both technically and by the user. Another caveat involves potential issues around the comparability of this data across years, given changes in coding structures. Yet another issue relates to the type of vendors the state deals with. For example, I believe a sole proprietor doing business with the state would use their Social Security Number as the identifying number in the system for transactions and revealing that information online could be problematic.

### **Recent Financial Management System (FMS) Needs Assessment Project**

As a result of the recent needs assessment for a statewide FMS, we can definitively state that the STARS system does not meet state agency accounting needs. The results of the study, which are available online to the public at <http://da.ks.gov/ar/fms/> concur with the same findings from a similar project conducted in 2001. The study found that there are literally millions of dollars in cost avoidance that can be obtained by investing in a new system, as well as elimination of redundant systems and manual work that is currently caused by these shortcomings of STARS. The option of further modifying STARS to meet state agency needs was also evaluated at a high level by the study. However, the study recommended against this option due both limitations of the technology upon which the system is based, and the risk involved in making and supporting such changes.

I should note that in developing an approach to planning for an FMS implementation, we did not include the development of specific requirements for making information available directly from the system to citizens via the public Internet. From the questions and comments that I have heard to-date, it appears that the data that would be held in a new FMS would only meet a portion of the needs being discussed. For example, when individuals discuss trying to obtain the “cost-per-square foot” of space, or “cost per mile” of highway, making such calculations would include data from “programmatically” systems that reside at specific state agencies and that would not be held in a future statewide financial management system.

From my work with state agencies on the study, and in discussing this legislation with several of them, I believe the need for a new Financial Management System stands on its own merits as a solution to the current critical shortcomings of STARS in meeting the state’s internal accounting needs. Certainly, should the State move at some point in the future to provide more comprehensive financial and programmatic data online, better data will be available via a new FMS. However, it is very difficult for me at this point – absent clearly defined requirements – to say to what degree the data held in a future FMS could meet those requirements. I do think it seems likely that such data would provide only a portion of the solution to the issue of the need for greater financial transparency for the State.

Again, thank you for allowing me to appear before you today regarding House Bill 2457. I welcome the opportunity to respond to any questions you may have.