

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on March 24, 2008, in Room 514-S of the Capitol.

All members were present except:

- Representative Tom Sawyer- excused
- Representative Kay Wolf- excused

Committee staff present:

- Alan Conroy, Legislative Research Department
- J. G. Scott, Legislative Research Department
- Reed Holwegner, Legislative Research Department
- Cody Gorges, Legislative Research Department
- Aaron Klaassen, Legislative Research Department
- Nobuko Folmsbee, Revisor of Statutes
- Nikki Feuerborn, Chief of Staff
- Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

- Aaron Dunkel, Department of Health and Environment
- Representative Jeff King
- Representative Jeff Whitham
- Jeffrey D. Morris, City Manager, Coffeyville
- Paul A. Sasse, City Manager, Independence

Others attending:

See attached list.

- Attachment 1 Requested Information on **HB 2890**
- Attachment 2 Fiscal Note on **HB 2976**
- Attachment 3 Technical Corrections to **HB 2976**
- Attachment 4 Testimony on **HB 2976** by Aaron Dunkel
- Attachment 5 Fiscal Note on **HB 2979**
- Attachment 6 Testimony on **HB 2979** by Representative King
- Attachment 7 Testimony on **HB 2979** by Jeffrey Morris
- Attachment 8 Testimony on **HB 2979** by Paul Sasse
- Attachment 9 Budget Committee Report on **HB 2671** and **SB 309**
- Attachment 10 Amendment to **HB 2671**

Introduction of Legislation

Representative Tapanelli made a motion to introduce legislation concerning closure of state facilities. The motion was seconded by Representative Bethell. Motion carried.

Response for Information on **HB 2890**

Information from Jim Conant, Director of Resource Management, Department of Revenue, concerning Committee questions with regard to **HB 2890** was received and distributed to the Committee (Attachment 1).

Hearing on **HB 2976**

Hearing on HB 2976 - Department of health and environment; establishing certain funds.

The fiscal note on **HB 2976** was distributed to the Committee (Attachment 2).

Nobuko Folmsbee, Revisor of Statutes, explained that **HB 2976** incorporates several provisos that have been authorized through the appropriations bill in previous sessions and authorized the fee

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 24, 2008, in Room 514-S of the Capitol.

funds in statute. The bill addresses fee funds of the Department of Health and Environment-Health, specifically the Training Fee Fund, Nuclear Safety Emergency Preparedness Special Revenue Fund and Driving Under the Influence Equipment Fee Fund. Ms. Folmsbee noted that several technical corrections are needed (Attachment 3).

Aaron Dunkel, Deputy Secretary, Department of Health and Environment, presented testimony in support of **HB 2976** (Attachment 4). Responding to a question from the Committee regarding balance in each fee fund, Mr. Dunkel provided the following information:

- Driving Under the Influence Equipment Fee Fund - approximately \$600,000. Currently, new toxilizers are being purchased for use across the State and would leave a balance, when completed, below \$100,000.
 - Nuclear Safety Emergency Preparedness Special Revenue Fund - below \$100,000.
 - Training Fee Fund - less than \$50,000.
- ◆ The Committee requested information on the history of the fee funds, how long addressed by provisos and who sets priorities with regard to the Nuclear Safety Emergency Preparedness Special Revenue Fund.

There were no other proponents or opponents to appear before the Committee.

The hearing on HB 2976 was closed.

Hearing on **HB 2979**

Hearing on HB 2979 - Kansas housing loan deposit program.

The fiscal note on **HB 2979** was distributed to the Committee (Attachment 5).

Representative Jeff King presented testimony in support of **HB 2979** (Attachment 6). Representative King stated that this legislation addresses a lack of affordable housing for a viable workforce within the state. The legislation would authorize \$60 million in low-interest loans through participating banks to certain developers of workforce housing. Developers must build houses that initially sell at or below 450 percent of the Kansas median household income for the previous year (currently about \$145,000). The state would support these loans by authorizing the Pooled Money investment Board (PMIB) to deposit money from the state's idle investment funds with an eligible bank at 2 percent below the PMIB market interest rates. The state would be responsible for the 2 percent difference.

Responding to questions from the Committee, Representative King stated that the bank would assume 100 percent of the risk factor associated with the loans. The legislation would be effective for a period of 5 years, the same term as the Agricultural Production Loan Deposit Program over which **HB 2979** is modeled. The legislation is directed at developers and builders; however, does not have provisions to mandate the passage of the savings on to the home buyer. Representative King stated that the loans would be available across the state.

Representative Jeff Whitham provided support for **HB 2979** providing an incentive for growth by providing affordable housing for a workforce in the Southeast part of the state, where many Kansas workers live across the border in Oklahoma where affordable housing is more readily available.

Jeffrey D. Morris, City Manager, City of Coffeyville, presented support for **HB 2979** (Attachment 7). Responding to a question from the Committee, Mr. Morris indicated that the housing issue was present before the 2007 flood; however, has been compounded by the effects of the flood.

Paul Sasse, Office of the City Manager, Independence, provided support for **HB 2979** (Attachment 8). Mr. Sasse noted that the legislation could reduce the cost of a home by \$3,500 - \$4,000.

There were no other proponents or opponents to appear before the Committee.

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The hearing on **HB 2979** was closed.

Budget Committee Report on HB 2671 and SB 309

Discussion and Action on HB 2671 - Board of nursing to oversee nurse and medication and SB 309 - Sub for S 309 by Committee on Health Care Strategies--Health care for Kansans, study to develop health care finance reform options and legislation.

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee recommendation on **HB 2671** to remove the original contents of **SB 309** and insert all language from **HB 2671** as amended into **House Substitute for SB 309** and moved for the adoption of the Budget Committee recommendation (Attachment 9). The motion was seconded by Representative Kelsey.

Representative Bethell made a substitute motion to amend proposed **House Substitute for SB 309** by inserting language to include paid nutrition assistants (Attachment 10). The motion was seconded by Representative Kelsey. Motion carried.

Representative Bethell renewed the motion to adopt the Budget Committee report on **HB 2671** into **House Substitute for SB 309** as amended. The motion was seconded by Representative Kelsey. Motion carried.

Representative Bethell made a motion to recommend **House Substitute for SB 309** as amended favorably for passage. The motion was seconded by Representative Kelsey. Motion carried.

Adjournment

The meeting was adjourned at 10:20 a.m. The next meeting of the Committee will be held at 9:00 a.m. on March 25, 2008.


Sharon Schwartz, Chair

House Appropriations Committee

March 24, 2008

9:00 A.M.

NAME	REPRESENTING
Ken Seebur	Kirk Lar Kiron
Linda Anstett	STO
Don Welch	PMIB
Vidilyn Hetsel/John Kirk	Budget
Nancy Bluberg	KSBN
Nancy Mosbrook	KSBN

MEMORANDUM

TO: Rep. Sharon Schwartz, Chair
House Committee on Appropriations

FROM: Jim Conant, Director
Resource Management

DATE: March 20, 2008

RE: Request for information on HB 2890

During the March 18, 2008 hearing on HB 2890, the committee asked that the Department of Revenue provide additional information in response to questions raised by committee members as follows:

1. Provide copy of project feasibility study. The entire study is comprised of several hundred pages, including detailed appendices, and is not easily duplicated. However, a portion of the study titled "*Proposed Solution*" effectively summarizes all aspects of the project, including estimated costs. This document is attached.

Additionally, a question was posed regarding potential funding sources for the project as outlined in the feasibility study. Section 22 of the *Proposed Solution* document (page 22) notes that actual funding for the project will be determined through the Legislative process. A table is included which lists KDOR salary costs for the project and notes the current funding source for these positions, i.e., Vehicle Operating Fund (VOF) or SGF. The total project funding request includes the amount necessary to backfill these positions to cover ongoing workload while existing staff are transferred to and working on the project.

2. Provide registration fees from other states. Comprehensive information from all 50 states is not readily available; however, the department conducted a telephone/web sampling of several central region states. The table at the top of the following page lists the results.

Passenger Vehicle Registration Fees*

STATE	Registration Fee
Oklahoma	\$91
Illinois	\$78
New Mexico	\$45
South Dakota	\$42
Missouri	\$39.25
Kansas	\$35
Texas	\$30.30
Arkansas	\$25
Nebraska	\$15
Wyoming	\$15
Colorado	\$10

*Some state fees vary based on vehicle weight

3. Provide estimated number of vehicles affected by HB 2890. A committee member noted that a number higher than that found in the bill's fiscal note appeared in reference materials during a JCIT review of the project. The department is unable to confirm the basis on which the higher number was calculated, but it is likely it resulted from a VIPS report which included some heavier commercial vehicles which would not be affected by the bill. The vehicle count referenced in the fiscal note on HB 2890, 2,559,000, is based on the number of vehicles registered in calendar year 2007 that would be affected by the bill.

KANSAS DEPARTMENT OF REVENUE

PROJECT 2010

FEASIBILITY STUDY REPORT

PROPOSED SOLUTION

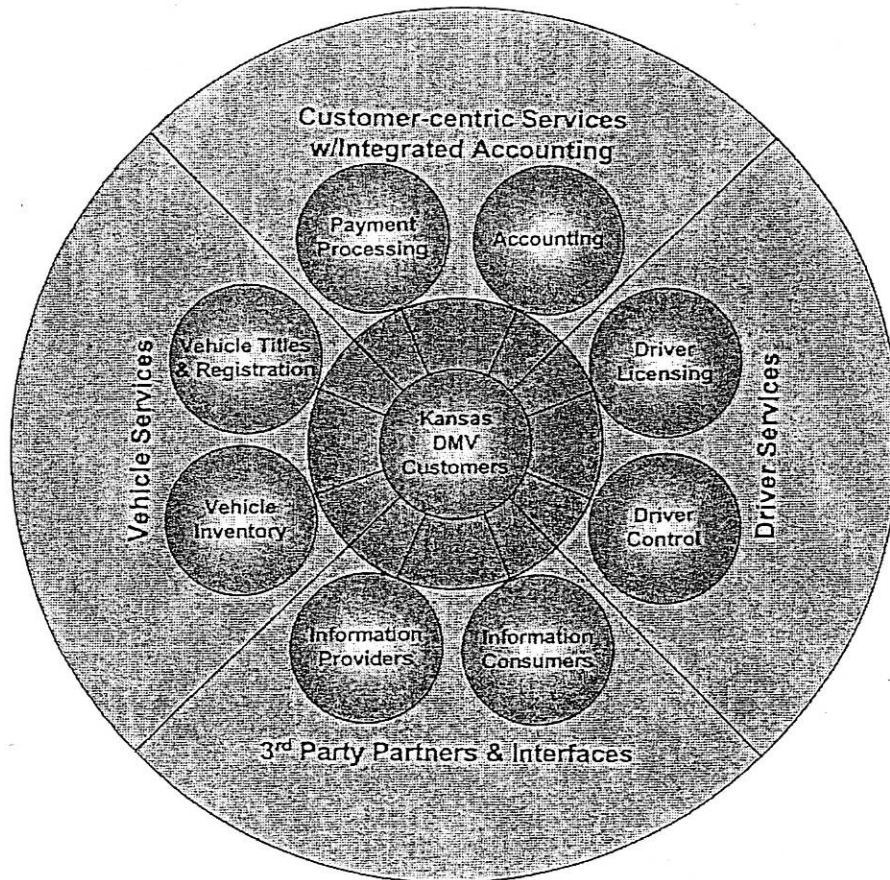
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1 PROPOSED SOLUTION

It is the goal of the proposed project to modernize the Division of Vehicles through business program realignment supported by an integrated "customer centric" system. All licensing, titling, registration, inventory, and driver records for the Division of Vehicles will be supported by this integrated, customer-centric services model. The system must serve as the "record of authority" for all users in need of consolidated current and historical customer vehicle and driver information, including other state and federal government agencies, private commercial entities, and customers. To achieve this goal, KDOR proposes to purchase a commercially available, services oriented architecture based software package to provide integrated, customer centric, "core" application functions that support all of its' driver and vehicle related services business processes. Based upon a marketplace analysis and an evaluation of demonstrated vendor systems, conducted with this study, several package solutions and vendors have been identified that offer a high degree of fit with Project 2010 goals and business functional requirements. These vendors offer solutions that are compliant with the State of Kansas and KDOR technical architecture, and that are running successfully in production operation in a number of states similar in size to Kansas. KDOR plans to obtain competitive vendor proposals and to select the "best" package that fits within budget constraints. The following diagram illustrates the Division of Vehicles proposed information services model, and depicts the information sharing and service offerings relationships enabled and supported by the proposed solution.

Division of Vehicles
Proposed Integrated Customer-centric Services Model



As depicted in the above diagram, the proposed solution represents an integrated system that shares and manages a common, secure Division of Vehicles customer database. The proposed solution provides improved capabilities for all authorized users to quickly and efficiently provide services. The ability to find and match driver and vehicle owner information in a variety of ways, such as by Social Security Number, driver's license number, vehicle title or registration number, name, address, date of birth, and other demographic or transaction identifying information is a key component of the proposed solution. Each of the related application functional modules share common customer data and support the specific business process needs of program and field staff in conducting daily business activities.

To realize the overall goal of implementing an integrated "customer centric" system capable of supporting all accounting control driver and program services for the Division of Vehicles, substantial effort will be required to consolidate and normalize customer data currently maintained in the VIPS and KDLS systems. It is anticipated that much of the data conversion will be accomplished by automated methods, but that significant manual effort will also be required to match and to reconcile differences in names, addresses, and other customer identifying information.

To realize the full benefits of the proposed solution, and to meet all business program and technical requirements of the project, it is expected that modification of the acquired "core" vendor software package will be required. Modification of the package to the Kansas environment will be needed to incorporate business rules and program processes that specifically support compliance with Kansas statutes, regulations, and program policies, and to comply with stated KDOR business functional and technical requirements. Modification of the acquired "core" software package will be required to support interfaces to external existing systems, and to support key areas that can be automated where today, manual business processes currently exist due to limitations of the existing systems.

Business Processes

All "point of service" processes conducted at county offices and drivers license examining stations and the administrative control, support, and direct service functions of the business programs are expected to change with implementation of the new system. Service offerings provided by these programs include the issuance of license plates, certificates of title, registration renewals, the collection of taxes and fees, the management and tracking of vehicle inventory, the issuance of driver's licenses and identification documents and the maintenance of driving records.

It is expected that with implementation of the proposed system business processes can be realigned to focus on providing essential customer services, quickly, efficiently, and accurately. It is expected that with implementation of the proposed system many business and technical support processes will be more extensively automated to support these efficiencies. KDOR plans to re-engineer its business processes with implementation of the system, and to examine:

- What is being done and why
- How work is being accomplished and if it is necessary
- Other ways the service can be accomplished more quickly, efficiently, or accurately
- The impact on job design and classification
- What modification to the core system should be implemented to best support necessary business processes and best management practices

Key business processes expected to change, include:

- Management and control over the centralized, common Division of Vehicles customer record and the business processes for creation and maintenance of the record.

- "Point of service" business processes at County offices and examiner stations accomplishing vehicle registration and driver's licensing work with efficiencies gained from improved application functions and user interfaces that support:
 - multiple transactions in a single customer encounter
 - suspended transactions
 - credit card payments
 - Integration with word processing and email functions.
- Communication and control processes between different programs and different locations supported by automated system alerts and messaging capabilities.
- Document image and workflow management processes within Titles & Registration, Driver Control and Driver Review.
- Letters, forms, and other correspondence handling processes supported by on demand and batch printing capabilities for all users.
- Financial control, cash control, audit trail, balancing and reconciliation processes.
- Inventory management, ordering, receiving, transferring, and tracking, especially with special and custom plate handling processes.

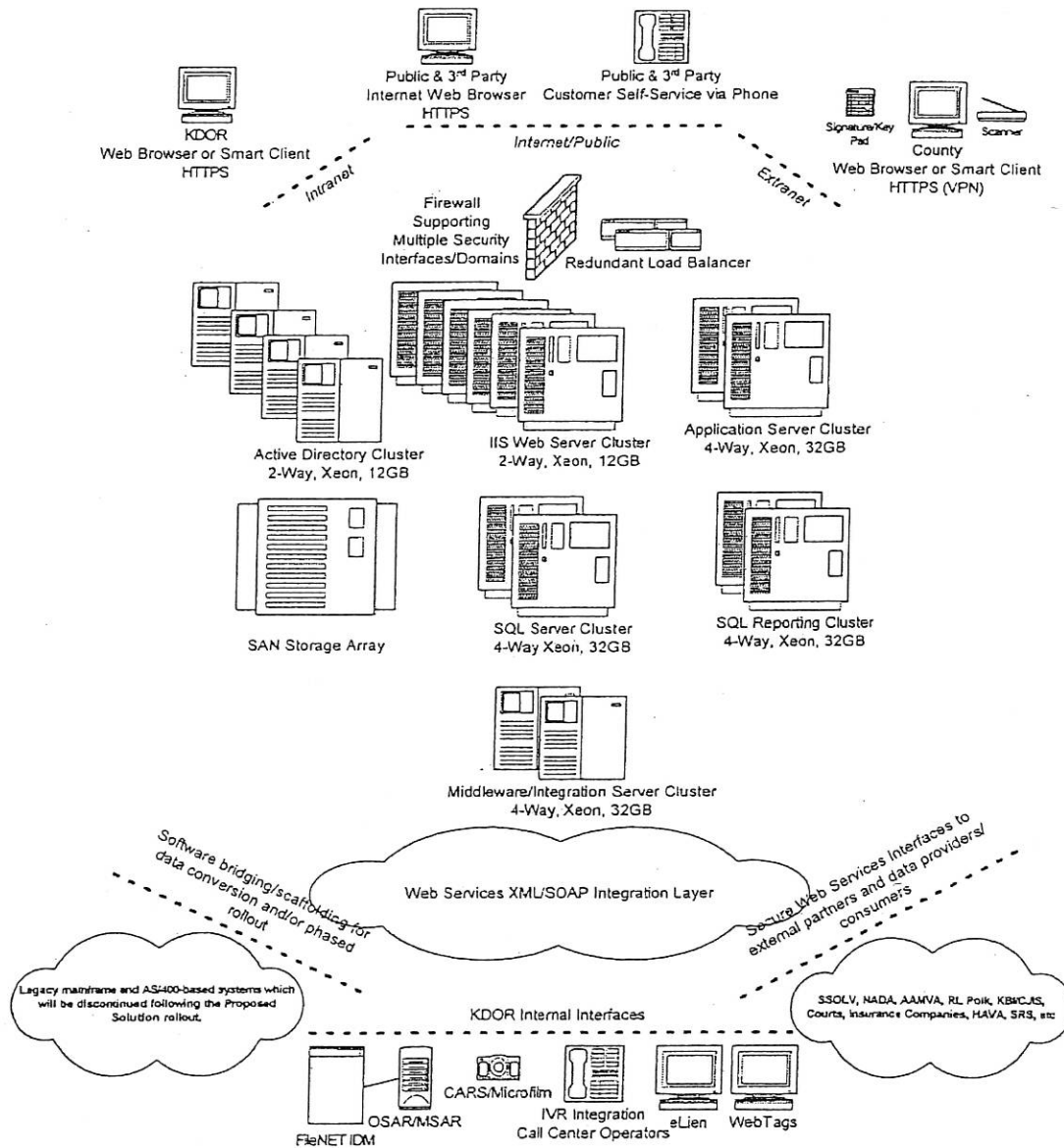
A substantial Division of Vehicles effort will be involved with the re-engineering of its business processes and with the design, development, data conversion, testing and training associated with the implementation of an integrated, customer-centric computer system.

1.1 SOLUTION DESCRIPTION

The following further describes characteristics of what the proposed solution may look like based on the current marketplace:

Hardware: As depicted in the diagram below, the proposed production hardware solution will run on a Windows-Intel (Wintel) based computing architecture hosted on high-capacity 4-way and 2-way Xeon processor-based servers. To meet performance and 99.9% availability requirements, the systems will be configured in both load-balancing and failover clustered modes.

Proposed Solution Technical Architecture Overview



Note: Prior to start of development, additional, multiple, logical operating regions will be put in place, including: Development Region, System Test Region, Database Conversion Region, User Acceptance Test and Training Region, and Performance Test Region (which will also be the Production Region prior to rollout).

1-8

This is an estimate of what may need to be acquired. The following hardware components may represent the type of equipment that may be acquired, installed, and configured to support the development, test, and production operating environments of the system:

Qty	Hardware Component	Function
2	4-Way Xeon Rack Mounted Servers	Production Database Servers
2	4-Way Xeon Rack Mounted Servers	Production Application Servers
6	2-Way Xeon Rack Mounted Servers	Production Web Servers
2	4-Way Xeon Rack Mounted Servers	Production Integration Servers
2	4-Way Xeon Rack Mounted Servers	Production Reporting Servers
3	4-Way Xeon Rack Mounted Servers	Development and Testing Servers
3	2-Way Xeon Rack Mounted Servers	Development and Testing Servers
4	2-Way Xeon Rack Mounted Servers	Production Active Directory Servers
2	Edge Servers or equivalent dedicated load balancing devices	Load Balancing Across Web Servers
2	CheckPoint Firewalls	Network Layer Security for Production Environment
750	Remote workstations	Standardized client workstations meeting minimum hardware requirements for the system
24	Developer Workstations	Enhanced specification developer workstations
308	DMV Client Workstations (includes 12 for testing)	Standardized client workstations meeting minimum hardware requirements for the system
750	Remote LCD electronic signature and key entry pads	Provides for point of service customer electronic signature to be captured for documents, as well as secure SSN entry.
750	Electronic 2D Wand (Bar Code Reader) Scanners for Point of Service	Provides for point of service customer electronic 2D Bar Code reading capture.
750	Remote Scanning Stations	Provides for point of service image capture of supporting correspondence and proof of identification for vehicle and driver transactions.
450	Remote printers	Provides for high speed print capabilities for vehicle and driver transactions at point of service.
1	IVR Integration and Telephony Upgrades	Upgrades to current IVR and Telephone systems.
1	High Capacity Tape Library	Additional tape backup.
1	Upgrade of Storage Area Network (SAN) Disk Storage	Upgrade of current storage capacity.

1. **Software:** The proposed solution is based upon the mature and proven Microsoft Windows Intel technology architecture, using Microsoft SQL Server for the database Intel management system. Web Services architecture will be employed for both internal and external software interfaces, using XML-based messaging via SOAP (Simple Object Access Protocol). The following software products will need to be acquired, installed, and configured to support development, test, and production operating environments of the system:

Qty	Software Component	Function
19	Microsoft SQL Server Enterprise	Database services for all environments
24	Microsoft Windows Enterprise Server 2003R2 Enterprise Edition	Packaged with the selected Xeon servers, and provides Application and Web services for all environments
11	Microsoft Biztalk Enterprise Server or equivalent	Web Services Integration for all environments
24	Software Development License	Design and Programming tool for development environment
750	FileNET Panagon Capture/DocEntry	Licensing to allow point of service workstations to scan, index, commit, and retrieve images from the central image repository.

2. **Technical platform:** The proposed solution will be implemented in a N-Tier Web application architecture model, using mature and proven Internet-based technologies. Database tier services will be provided by Microsoft SQL Server, application tier services will be provided by the vendor application Framework running on Microsoft Windows 2003 Enterprise Edition and presentation tier services will be provided by Microsoft IIS (Internet Information Server). User access to the application will be through either Microsoft Smart Client technology providing a "rich client" user interface, and/or through standard internet web browsers.
3. **Development approach:** A vendor provided "core" application framework will be installed, configured and modified, as needed, to meet Kansas requirements. The project team, consisting of KDOR, county and vendor staff, will modify the application using the vendor's specific application development methodology and tools. It is expected that KDOR IT staff will be trained in the vendor's implementation of the development methodology, as well as in the specific application architecture, IDE, programming language(s), testing and CM tools. It is expected that the project will use either a traditional "waterfall" or RUP development methodology and will encompass initial gap analysis, detailed requirements specifications, design and prototyping, programming and unit testing, integration and regression testing, data conversion, user acceptance testing, performance testing, and user training prior to pilot and controlled production system rollout.
4. **Integration issues:** KDOR anticipates the proposed solution will be integrated with other systems, including email functions for sending messages between users of the system, word processing functions for forms and letter generation, and with other software systems. There are three methods of integration anticipated for the proposed system:

- a) Tightly integrated workstation and peripheral interfaces to cash drawer, credit card, photo ID systems, printers, and scan/image capture document management systems. This method of integration will be accomplished through client-side application programming interfaces (API's) using ActiveX, or other equivalent techniques.
 - b) Loosely-coupled internal interfaces to other KDOR or other Kansas government agency applications. This method of internal integration will be accomplished using XML over SOAP, in a secure Web Services architecture model. In the case where the remote internal interface doesn't support Web Services, a proprietary, interim, point-to-point interface design may be used.
 - c) Loosely-coupled external interfaces to 3rd-party information providers or consumers. This method of external integration will be accomplished using XML over SOAP, in a secure Web Services architecture model. In the case where the remote external interface doesn't support Web Services, a proprietary, interim, point-to-point interface design may be used.
 - d) Fax integration with the desktop, Filenet and correspondence.
5. **Procurement approach:** Acquisition of the proposed "core" application framework and attendant vendor implementation services will be purchased through a competitive bid (RFP) process. This will result in a firm/fixed price contract for development and implementation of the proposed solution, modified to meet Kansas requirements. All required hardware and commercial-off-the-shelf (COTS) software for the proposed solution will be purchased by KDOR through existing State of Kansas procurement processes.

6. **Technical interfaces:** There are a number of systems, both internal and external, with which the proposed solution is required to interface. These include:

Internal Systems Integration	External System Integration
Webtags	accessKansas/INK
eLien	Digimarc Photo ID System
Dealer's Web System	AAMVA Portal
Filenet	HAVA Portal
CARS	NADA
IVR	Kansas Courts
Property Valuation	KDOT
Sales Tax	KDHE Vital Statistics (planned)
	KBI/CJIS
	STARS
	SRS
	Attorney General
	Selective Service Board
	Organ Donor Registry
	Center Industries
	RL Polk
	Insurance Companies
	Other State Agencies

The selected vendor will be responsible for the design, development, and testing of required "new system" interfaces, while KDOR IT staff, and/or other 3rd-party organizations, will be responsible for any interface modifications that may be required for internal KDOR systems. KDOR plans to have minimal changes to the method of interface to external systems, and anticipates minimum external systems re-programming will be required. With development of the new system, interface testing will be coordinated with all external information sharing partners.

As all interfaces have already been established, and need only to be developed from the internal KDOR side, there are no significant issues expected in development and testing of either the internal or the external system interfaces.

Note: The interface with the KDHE Vital Statistics system is planned. This interface will benefit both KDOR and KDHE, as KDHE has need to validate drivers licenses commonly presented as a form of identification needed for Vital Statistics record requests, and KDOR has need to validate birth certificates presented as a form of personal identification.

KDOR plans to take a phased deployment approach to implementation. With this approach, the vendor will be responsible for development of temporary interfaces (e.g. software scaffolding or bridging) that may be required to integrate and/or synchronize production data that may temporarily co-exist in both the legacy and new systems.

7. **Testing plan:** Test plan development will be the responsibility of the vendor, and will be completed as part of the implementation project. Unit and system testing will be the responsibility of vendor staff, with KDOR program staff responsible for user acceptance testing. Separate system regions and databases will be set up for all development and testing activities prior to the move to production, and this environment will remain in place after system implementation. Testing will focus not only on application business functionality, but also on security and interoperability through internal and external interfaces to consumers or providers of vehicle and driver data. As such, the testing plan and subsequent testing activities will need to be closely coordinated with all external stakeholders and partners to insure completeness and correctness of the proposed system operation.

8. **Resource requirements:** To assure that objectives are met, KDOR plans to assign significant resources to the project, including management staff, subject matter experts from the business programs and from the field, and IT technical application support, system administration, and operations support staff through all phases of project implementation.
 - a) Two (2) project managers will be assigned, one from IT and one from program organizations, to coordinate project plans, to monitor project status, project quality, project change, and to provide needed project status reporting. All the project team will manage project risks. KDOR project management staff will be responsible for day to day management of the project, and will perform general project and vendor management related activities throughout the term of the implementation project.
 - b) As many as twelve (12) IT staff will be assigned to the project on an intermittent basis to participate in system development related activities including requirements analysis, design, programming, system testing, system administration, interface development, and data conversion. These resources will be responsible for completing assigned tasks according to the detailed work plan, and will work with vendor staff teams in order to obtain the skills and transfer of knowledge critical to the continuing operation and maintenance support of the new system. In addition, KDOR anticipates requiring five additional full-time, technical staff at the average cost of \$326,855.
 - c) Five (5) county subject matter experts will be assigned to the project to support requirements and design development, testing, and training related activities. These resources will support specific requirements areas and will provide assistance in assuring those requirements are accurate and complete. This assigned staff will assist in conducting user acceptance testing, and in conducting user training.
 - d) Up to twenty (20) business subject matter experts will be assigned, on a full and part-time basis during the requirements, design, development, test and training phases of the project. These resources will be responsible for providing input into the development of detailed system requirements and design, and will be responsible for review and validation of requirements and system design documentation. This assigned staff will assist in conducting user acceptance testing, and in conducting user training.
 - e) Ten (10) business and technical staff testers will be assigned during the user acceptance test and performance testing phases of the project. These resources will assist in the development of test scenarios and test scripts, and will be responsible for effectively testing all application functionality and for assuring that the accuracy and quality of requirements specified are met by the new system.

9. **Training plan:** The selected vendor will be responsible for development of training and knowledge transfer plans for the use, administration, and ongoing operation of the application by KDOR, county and other users and by KDOR IT technical support staff. The vendor will also be responsible for the formal knowledge transfer and delivery of training to KDOR technical staff assigned to the project. Technical and user/training manuals will be developed by the vendor, and will supplement on-line help functions required with the new system. A "train-the-trainers" approach will be used to train selected KDOR training staff, who will then serve as trainers and subject matter experts to the users of the new business application. Formal, hands-on, training sessions are planned to be conducted on a scheduled basis in Topeka and at selected sites around the state. It is planned that many of the same KDOR staff who will be leading or participating in the development project, will be instrumental in the delivery of KDOR-led user training.
10. **On-going maintenance:** In accordance with its long term maintenance and operations support strategy, KDOR plans to assume on-going operational and maintenance support of the proposed system with internal IT staff following the vendor warranty period. The warranty period is expected to be in effect for a period of one year following production implementation of all application functions. The vendor will be responsible for providing ongoing application support and mentoring through the term of the development contract. System availability requirements for on-line access to the proposed system are 99.9% up time from 6:45AM to 6:15PM during normal business week days, and KDOR currently has operational staff in place to support this requirement. In addition, the system availability for law enforcement is twenty four hours a day, seven days a week, 365 days a year. During the implementation project, KDOR plans to assign necessary business and IT staff to work with onsite vendor teams, and to maximize skill and knowledge transfer needed to sustain ongoing maintenance responsibilities.
12. **Information security:** Information security requirements have been established in consideration of current state policy and procedure, and will be fully implemented within the proposed system. Specific measures including firewall network access control, strong authentication, role-based authorization, full audit trail capabilities, and encryption of all sensitive data transmission will be fully implemented in the proposed system, and are considered "industry best practices" for highly secure, Internet-based applications.

Network perimeter security will be enforced by tightly implemented firewall rules. Strong security authentication will be required by individuals. Security authorization will be role-based and will reflect consideration of the principle of least-required information to perform the selected function. Encryption will be SSL (Secure Sockets Layer) at encryption level of 128-bits or higher. Advanced audit capabilities will also be incorporated into the proposed solution to provide a detailed audit history log of access to specific data. These safeguards will continue to be maintained by KDOR IT security administration staff on an on-going basis.

The proposed system will need to be certified by the vendor that it is compliant with all applicable state and Federal legislation that regulates the information security requirements that must be implemented in the system.

The proposed system should contain the necessary information security features, to enable KDOR to prepare a comprehensive security plan for its DMV offices and driver's license and license plate storage and production facilities, databases, and

systems utilized for collecting, disseminating or storing information used in the issuance of titles, registrations, and licenses.

The proposed system also will protect the privacy of the data collected, used, and maintained in connection with the titles, registrations, and license systems. The proposed system should allow the KDOR, as part of its security plan, to outline how the KDOR will protect the privacy of personal information collected, disseminated or stored in connection with the issuance of licenses and license plates from unauthorized access, misuse, fraud, and identity theft.

The proposed system should enable the KDOR to demonstrate that it has implemented best practices to protect the privacy of the license holder as guided by the fair information principles, which call for openness, individual participation (access, correction, and redress), purpose specification, data minimization, use and disclosure limitation, data quality and integrity, security safeguards, and accountability and auditing.

The proposed system also must meet the requirements contained in Attachment A to the Information Exchange Agreement between the KDOR and the Social Security Administration (SSA) for the Social Security Online Verification System (SSOLV).

13. **Confidentiality:** Confidentiality requirements outlined within the Driver's Privacy Protection Act (DPPA) and Kansas Statutes will remain the same as with existing systems. The driver's license (and non-driver's ID card) is more fully established under federal and state mandates, as the definitive credential of authority to identify an individual. This will require additional measures to be enforced to safeguard confidential information, such as names, addresses, Social Security numbers, photo ID, supporting identity documentation, and driving/criminal records.
14. **Impact on End Users:** The proposed system will have a positive impact on all end users. Program staff have identified significant areas of opportunity and benefit that will be realized with implementation of the proposed system. KDOR staff view implementation of the new system as a critically needed, timely opportunity to extend the effectiveness of impacted programs, and expects ready staff acceptance of the proposed solution. As part of the implementation project, KDOR anticipates the need to conduct business process re-engineering (BPR) to maximize the effectiveness of its business processes and service offerings. Staff subject matter experts from the business programs and from county field offices will participate on an on-going basis heavily in all phases of system design, development and testing activities, and prior to rollout will conduct formal "hands on" training for all users not only in how to use the new system, but also in how business and system user processes are changed. It is expected that following the initial production rollout, there will be a need for heightened, well organized and trained staff to accommodate unforeseen problems with the system and in user understanding of its use. These activities are reflected in the proposed project plan.
15. **Impact on existing system:** The proposed solution will replace all functions provided by the VIPS, KVIS, and KDLS systems currently running on the state mainframe and on county AS/400-based systems. KDOR plans that during the new system implementation project time period, maintenance of the VIPS, KVIS, and KDLS systems will be kept at a minimum, supporting only operational problems or legislative change, and have considered this requirement in its project staffing plans.

A significant data cleansing, conversion and customer data de-duplication effort is anticipated, and will focus on establishing a single, high-quality, customer record supporting Driver's Licensing and Vehicle Registration functions. KDOR plans to take a two-phased implementation approach, with portions of the existing systems continuing to run until all components of the proposed solution have been successfully deployed to production. Driver's Licensing, Driver Control and Driver Review systems will be implemented first, followed by Vehicle Registration, Titling, and Vehicle Inventory Control systems. The flexibility remains to change the sequence of implementation without a major impact on the return on investment. By taking this approach, the impact on departmental programs is narrowed by project phase, thus minimizing business disruption and project risk. KDOR does not plan to divert program or IT staff resources from other projects to this proposed project. Following successful conversion and production rollout of the proposed solution, access to these legacy systems will be frozen, the data archived, and the legacy hardware resources will be selectively repurposed or retired.

16. **Consistency with overall strategies:** The proposed solution aligns with KDOR's Information Technology Management and Budget Plan (2008-2010), and with the State's strategic direction for information technology as set forth in the Kansas Technical Architecture Version 11.0.
17. **Impact on current infrastructure:** The proposed solution will require additional server processing and Storage Area Network capacity as processing is moved from the State mainframe environment to the target platform. The proposed solution will also require an upgrade of the state's WAN (Wide Area Network) connections to County Treasurer's Offices and to other Driver's License Examining Stations. This upgrade will be required to accommodate the expected increase in network load necessary to support the centralized, real-time, web-based application architecture, and to meet the document/image capture and management requirements and to meet network security requirements for federal and state mandates. Those costs are included as key components of the overall solution.
18. **Impact on data center(s):** KDOR anticipates that physical hosting of the server racks will be contracted with DISC to leverage the State's existing investment in a physically secure facility, in close proximity to the backbone network, and with environmental (e.g. HVAC, UPS, generator power backup, etc) services already in place and well tested. During the implementation phases of the proposed solution, both new and legacy hosting support will be required.
19. **Backup and operational recovery:** Business requirements for recovery of the proposed solution, following a site or regional disaster, will remain the same as with existing systems. Through clustering, load-balancing, and hot-failover technologies, a highly available environment is expected to be achieved through redundant sets of servers. KDOR plans to enhance existing "offsite" disaster recovery capabilities already in place, in order to provide redundancy to this proposed solution, in the event of a site or regional disaster. The costs for additional KDOR-managed near-line and off-line tape backup library capacity are included as part of the overall solution.

20. **Public access:** KDOR currently provides access to motor vehicle records to authorized recipients under Federal and State Law. Authorized recipients such as private sector organizations and individuals will continue to access motor vehicle records electronically under the proposed solution. Convenient electronic services will be provided for selected functions through web-based or telephone (IVR) based interfaces.

21. **Costs and Benefits:**

Costs

All project costs are included in this cost/benefit analysis, which is broken into three distinct phases, Planning, Execution, and Closeout. The project is planned to begin in June, 2008 and end in September, 2012. The duration of each planned phase is as follows:

Project Phase	Phase Description	Begin Date	End Date
Phase 1	Planning – RFP Development and Award	06/02/2008	03/20/2009
Phase 2a	Project Execution - KDLS Replacement	03/23/2009	08/24/2010
Phase 2b	Project Execution – VIPS/KVIS Replacement	06/23/2009	03/27/2012
Phase 3	Project Closeout	03/28/2012	09/28/2012

Total costs for all phases of the project are:

Project Phase	Phase Description	Amount
Phase 1	Planning – RFP Development and Award	\$67,157
Phase 2a	Project Execution - KDLS Replacement	\$21,588,196
Phase 2b	Project Execution – VIPS/KVIS Replacement	\$17,588,196
Phase 3	Project Closeout	\$912,419
	Total	\$40,155,968

The costs of the proposed project, summarized above, are described in detail in the following paragraphs, and include all internal staffing, hardware/software acquisition, data center services, contract services for vendor product acquisition and modification, training, internal staffing, training, travel, supplies and contingency planning items.

1. **Project Phase 1 (Planning, RFP Development and Award)**

A number of KDOR employees from the business programs, IT, and purchasing will participate in this phase of the project, with an expected one person full time equivalent required, at a current cost of \$63,302, as summarized in the Project 2010 High Level Work Breakdown Structure. One-time costs associated with this phase are for staffing only, and are based on average FY 2007 costs of participating staff. This cost has been adjusted 3% per year to \$67,157, to reflect expected costs beginning in FY 2009.

2. Project Phase 2 (Project Execution)

Phase 2 costs consist of the purchase of hardware and software licenses, and acquisition of a "core" vendor software application. Additional costs include attendant vendor modification services, data conversion, training, data center services, KDOR supplies, and a provision for contingency expense.

One-time costs anticipated for this phase include:

- a. Project Staffing - Staffing costs for both the existing system and the proposed solution are based upon year end costs as of FY 2007, and are increased by 3% each year to reflect expected adjustments in pay rates. These costs are based on "average" annual costs per person as reported in current KDOR system costs as follows:

Staffing Area	Total Current Staffing Cost based on FY 07	Total Current FTE's	New FTE's	Average FTE Cost based on FY 07
Technical Staff	\$1,019,881	15.6	5.0	\$65,377
Program Staff	\$11,762,546	295.00	0	\$39,873
Program Project Management Staff	\$75,405	1.00	0	\$75,405
Total	\$12,857,832	311.6	316.6	

Estimated staffing levels are as follows:

1. KDOR may assign as many as 12 full time technical staff to the development and implementation of the replacement system for the duration of this project phase. Remaining KDOR IT Staff will be realigned to support existing systems, while working to transition into support for the new systems. In addition, KDOR anticipates requiring five additional full-time, technical staff at the cost of \$326,855.
2. KDOR will assign program subject matter experts from the business Division at varying staffing levels for the full duration of this project phase. Staff allocations for this project phase are:
 - i. 10 FTE's for the duration of the project phase for requirements, GAP analysis and design, software modification and development, data conversion design and development, testing, training, and rollout
 - ii. 10 persons will be assigned for 6 month increments for user acceptance testing
 - iii. 4 additional staff will be assigned for the last 6 months of this project phase for system and functional integration testing
 - iv. KDOR anticipates the need to conduct business process re-engineering (BPR) to maximize the effectiveness of its business processes and service offerings.
3. KDOR will assign 2 full time project managers one from the business Division and one from IT project management staff for the duration of this project phase.

A summary of all one-time existing staff costs for this project phase follows:

Staffing Area	FY 2009	FY 2010	FY 2011	FY 2012	Total
Project Management	\$39,999	\$164,794	\$169,738	\$131,123	\$505,653
IT Staff	\$208,075	\$857,271	\$882,989	\$682,109	\$2,630,443
Program Subject Matter Experts	\$105,753	\$435,703	\$448,774	\$346,678	\$1,366,908
Acceptance Test – System 1		\$217,852			\$217,852
Acceptance Test – System 2			\$74,945	\$153,925	\$228,870
Integration Test			\$29,978	\$61,570	\$91,548
Total	\$353,827	\$1,675,619	\$1,606,424	\$1,375,404	\$5,011,275
FTE's	7.0	29.0	26.3	22.7	84.0

- b. Hardware/Software Costs - Anticipated hardware and software will need to be acquired for initial central site hosting, development and testing, and for "point of service" system users in advance of production rollout. Total costs are summarized in the table below:

Qty	Hardware / Software Component	Cost
11	4-Way Xeon Rack Mounted Servers	\$243,518
13	2-Way Xeon Rack Mounted Servers	\$216,970
2	Edge Servers or equivalent dedicated load balancing devices	\$50,000
24	Developer Workstations	\$30,000
308	DMV Client Workstations (includes 12 for testing)	\$308,000
750	Remote workstations	\$750,000
450	Remote printers	\$900,000
1	Upgrade of Storage Area Network (SAN) Disk Storage	\$250,000
750	Image/Document Scanners for Point of Service	\$937,500
1	IVR Integration and Telephony Upgrades	\$100,000
1	High Capacity Tape Library	\$150,000
750	Remote LCD electronic signature and key entry pads	\$750,000
750	Electronic 2D Wand (Bar Code Reader) Scanners for Point of Service	\$187,500
2	CheckPoint Firewalls/DMZ to Partition DMV Network	\$50,000
750	FileNET Panagon Capture/DocEntry Licensing for Point of Service	\$937,500
19	Microsoft SQL Server Enterprise	\$228,000
24	Microsoft Windows Enterprise Server 2003R2 Enterprise Edition	Bundled with Servers
11	Microsoft Biztalk Enterprise Server or equivalent	\$214,236
24	Software Development Licenses	\$16,296
	Contingency for Software Tools (Requirements, Analysis, Design, Testing, Change/Defect Mgmt.)	\$150,000
	Contingency for Hardware/Software	\$50,000
	TOTAL	\$6,519,520

- c. Data Center Services - A 25% higher cost of DISC mainframe processing and storage is anticipated for data migration/cleansing processing during the 12 months prior to rollout of the first application. With the first production deployment scheduled for early FY 2011, this estimated cost of \$100,000 is applied in fiscal year FY 2010.
- d. Contract Services (Vendor software acquisition and modification) - A vendor supplied "core" application framework will be acquired and modified to the Kansas environment at an estimated cost of \$20,000,000. This cost includes all areas of the implementation project including initial requirements, gap analysis, design, development, testing, data conversion, mentoring and training activities. Based on discussions with vendors and with other states, it is expected that 60% of this cost is associated replacement of the KDLS system, and 40% is associated with replacement of the VIPS and KVIS systems. It is expected that the selected vendor will provide warranty service at no additional cost for a period of one year following implementation of all application modules. Anticipated vendor costs by fiscal year are summarized below:

FY	Project Deliverable	Amount
2009	KDLS Replacement (milestone)	\$3,000,000
2011	KDLS Replacement (completion)	\$9,000,000
2010	VIPS and KVIS Replacement (milestone)	\$2,000,000
2012	VIPS and KVIS Replacement (completion)	\$6,000,000

- e. Contract Services (IT Staff Technical Training) – Formal classroom, or other courseware, training will be required to ensure that KDOR IT technical staff gains the knowledge and skills necessary to provide operational and maintenance support for the proposed system. The cost of this training is estimated at \$100,000.
- f. Other One-time Costs - Travel expenses for all field user staff to attend a one-day training session on use of the new system is estimated as follows:

User Training	Miles	Rate	Meals	Total	Staff	Cost
KDLS Replacement System	250	.43	\$16	\$124	300	\$37,200
VIPS/KVIS Replacement System	250	.43	\$16	\$124	450	\$55,800
Total					750	\$93,000

- g. Other One-time Costs - A 10% contingency of \$3,500,000 has been included in the one-time project costs for this project phase to cover unanticipated cost items that may arise. These items could include costs in "core" product acquisition, modification, project change, hardware, licensed software, training, or other project related expense.

Continuing costs anticipated to occur during this project phase include:

- h. Continuing data center services costs for physical hosting estimated at \$150,000 annually, and KANWIN county network upgrades estimated at \$1,125,000 annually. These costs are reflected in Phase 2 as follows:

DISC Services	Annual Cost	FY 2011	FY 2012	Total Cost
Data Center Hosting	\$150,000	\$150,000	\$112,500	\$262,500
KANWIN upgrades	\$1,125,000	\$1,125,000	\$843,750	\$1,968,750
Total		\$1,275,000	\$956,250	\$2,231,250

- i. Other Continuing Costs - Printer consumables estimated to be \$461,112, the same as with current systems. This cost is assumed to be shared (60/40) between the VIPS/KVIS and KDLS systems, and are incurred when each system goes into production. These costs are reflected in Phase 2 as follows:

Printer Consumables	Annual Cost	FY 2011	FY 2012	Total Cost
Cartridges and paper	\$461,112	\$276,667	\$207,500	\$484,167

3. Project Phase 3 (Project Closeout)

Phase 3 costs consist of one-time staff costs required to conduct the project review, and to develop and prepare necessary post-implementation project reporting. Costs expected to be incurred for this project phase also include the continuing costs of data center services, and printer supplies consumption. These costs are:

- a. One-time costs associated with staffing, based on FY 2007 costs of participating management staff. This cost reflects a one-half person full time equivalent will be needed to complete project closeout, and has been adjusted 3% per year to **\$44,363**.
- b. Continuing costs for physical data center hosting, estimated at \$150,000 annually, and KANWIN county network upgrades, estimated at \$1,125,000 annually. These costs are reflected in Phase 3 as follows:

DISC Services	Annual Cost	FY 2012	FY 2013	Total Cost
Data Center Hosting	\$150,000	\$37,500	\$37,500	\$75,000
KANWIN upgrades	\$1,125,000	\$281,250	\$281,250	\$562,500
Total		\$318,750	\$318,750	\$637,500

- c. Continuing costs for printer consumables, estimated at \$461,112 annually. These costs are reflected in Phase 3 as follows:

Printer Consumables	Annual Cost	Duration	Phase 3 Cost
Cartridges and paper	\$461,112	.5 years	\$230,556

Costs for all phases of the project are summarized by cost area in the table below:

Cost Area	Phase 1	Phase 2	Phase 3	Total
Staffing	\$67,157	\$6,148,455	\$44,364	\$6,259,976
Hardware/Software		\$6,519,520		\$6,519,520
DISC One-time Data Center Services		\$100,000		\$100,000
DISC Continuing Data Center Services		\$2,231,250	\$637,500	\$2,868,750
Training		\$100,000		\$100,000
Vendor Software Acquisition Costs		\$20,000,000		\$20,000,000
Printer Consumables		\$484,167	\$230,556	\$714,723
Travel		\$93,000		\$93,000
Contingency		\$3,500,000		\$3,500,000
Total <i>N</i>	\$67,157	\$39,176,392	\$912,419	\$40,155,969

Ongoing costs, beyond Project Phase 3, shown in the DA519 are summarized as follows:

Cost Area	Comprised of	Cost Amount
DISC Data Center Services	Physical data center hosting and KANWIN	\$1,275,000
Contract Services	Vender software support (1,000 hours)	\$100,000
Printer Consumables	Printer cartridges & paper	\$461,112
	Total	\$1,836,112

Benefits

Significant recurring and one-time cost benefits will derive from implementation of the proposed system. These benefits will be realized by law enforcement, county staff, and the public.

Recurring annual benefits are summarized in the table below. These benefits will begin in various fiscal years depending on system implementation.

Benefits	Savings for Citizens of Kansas	Savings for County Government	Kansas Law Enforcement	Total
Required forms will be available within the system that pre-populate with vehicle information.		\$1,021,260		\$1,021,260
Law Enforcement will have real time vehicle information available when making traffic stops.	\$3,490,560		\$4,204,089	\$7,694,649
Point of Service business transaction handling through a customer centric system.	2,387,069	\$6,275,445		\$8,662,514
Total	\$5,877,629	\$7,296,705	\$4,204,089	\$17,378,433

Additional one-time benefits will be realized from avoiding replacement of aging equipment in County offices, and from miscellaneous programming costs related to that computing platform. These one-time savings will occur in Phase 2, and are summarized below:

One-time Benefit	Amount
County AS/400 replacement cost avoidance	\$1,680,000
Related AS/400 programming cost avoidance	\$16,530
Total	\$1,696,530

Cost/Benefit Summary

Benefits will be realized with system implementation in Phase 2. These benefits include:

Benefits Realized	FY 2010	FY 2011	FY 2012	Total Phase 2
One-time benefits			\$1,696,530	\$1,696,530
Recurring benefits	\$8,178,580	\$9,199,840	\$17,378,433	\$34,756,853
Total	\$8,178,580	\$9,199,840	\$19,074,963	\$36,453,383

22. Sources of funding:

Funding for the proposed project will be determined by the legislative process. Existing staff costs will be re-directed to this project. This table represents only the duration of the project.

Funding Source	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Total
State General Fund/Vehicle Operating Fund *	\$420,984	\$1,675,619	\$1,974,334	\$1,776,208	\$412,827	\$6,259,973
Other (TBD)	\$3,900,000	\$12,555,318	\$6,913,385	\$10,093,263	\$434,028	\$33,895,993
Total						\$40,155,966

* This includes both existing and new staff.

1.2 RATIONALE FOR SELECTION

Several alternatives were considered as potential solutions for meeting KDOR project requirements. In evaluating each alternative, several factors were considered in making the determination. These factors included project cost, project risk, project schedule requirement, and impact on business and IT staff. With a number of available "core" package solutions successfully running in other states similar in size to Kansas, and with a high degree of fit to KDOR business functional requirements, purchase of a "core" package solution represents the lowest cost, lowest risk, most timely solution.

It is further expected that a purchased package, installed and operational in other states, will offer greater "production readiness" and application features already built into the package, than would an alternative, application build, solution that would require requirements definition, design, development, and testing tasks necessary to first achieve the functionality of a core system.

The proposed solution assumes responsive proposals will be received from qualified vendors, and that proposed solutions will be within expected budget constraints.

1.3 OTHER ALTERNATIVES CONSIDERED

Other alternatives considered were:

1. to enhance or modify current systems, or
2. to build a new system from scratch.

Enhancing or modifying current systems was not seen as a viable alternative as the costs would be high, could not fully meet all objectives and requirements of the project, and would result in systems that are inconsistent with KDOR IT strategic direction and statewide information technology architecture standards. These applications are 20 and 30 year old systems at the end of their life cycle. Any changes within these systems are difficult, if not impossible to make and maintain. As a result, it was determined this alternative does not represent a viable solution.

With this determination, the only other viable alternative was to build a new system. The build solution would be developed for a technical platform that is consistent with KDOR IT strategic direction and state information technology architecture standards, similar to the proposed solution. This solution would satisfy KDOR business objectives and functional requirements.

1.4 ALTERNATIVES DESCRIPTION

Consistent with statewide policy, an application build would satisfy KDOR objectives and requirements for replacement of its VIPS, KVIS, and KDLS systems with an integrated, "customer centric" solution.

- a. **Description:** To assure all business objectives and requirements are met, a formal "full life-cycle" application development approach would be needed for the implementation of custom developed replacement systems. All software project phases would be required, and would begin with a detailed analysis of requirements, followed by design and prototype development, software development, test plan and test script development, unit, system, integration, performance, and user acceptance testing. On acceptance of correctly working application function, training and rollout would begin.
- b. **Costs:** Alternative acquisition and implementation costs consist of the purchase of hardware and software licenses, software provider development of application software including interface development and data conversion, training, and KDOR management, program, and IT staff support. These one time costs are estimated to be:

Costs for all phases of the project are summarized by cost area in the table below:

Cost Area	Phase 1	Phase 2	Phase 3	Total
Staffing	\$80,589	\$7,150,709	\$53,236	\$7,284,533
Hardware/Software		\$6,519,520		\$6,519,520
DISC One-time Data Center Services		\$100,000		\$100,000
DISC Continuing Data Center Services		\$2,231,250	\$637,500	\$2,868,750
Training		\$100,000		\$100,000
Vendor Software Acquisition Costs		\$30,000,000		\$30,000,000
Printer Consumables		\$484,167	\$230,556	\$714,723
Travel		\$93,000		\$93,000
Contingency		\$4,500,000		\$4,500,000
Total N	\$80,589	\$51,178,646	\$921,292	\$52,180,526

- c. **Benefits:** The benefits of pursuing an alternative system build solution are expected to be the same as those realized with the recommended solution.
- d. **Advantages:** There are no identified advantages to pursuing an alternative system build solution.

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e. **Disadvantages:** There are several disadvantages in pursuing an alternative system build solution.

- The solution would be more costly
- The solution would have greater project risk, including schedule and cost risk
- The solution would have greater potential for issues and problems to arise, and for project change to occur
- The solution would require the additional commitment of KDOR program and IT staff for the detailed requirements analysis, design, and testing tasks needed to develop "core" application functionality, further impacting current KDOR business and technical capacity.

Therefore, this alternative is not the proposed solution.



Kathleen Sebelius, Governor
Duane A. Goossen, Director

<http://budget.ks.gov>

March 21, 2008

The Honorable Sharon Schwartz, Chairperson
House Committee on Appropriations
Statehouse, Room 517-S
Topeka, Kansas 66612

Dear Representative Schwartz:

SUBJECT: Fiscal Note for HB 2976 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2976 is respectfully submitted to your committee.

HB 2976 would establish in statute four funds for the Kansas Department of Health and Environment (KDHE). The funds would be: the Health and Environment Training Fee Fund—Health; the Health and Environment Training Fee Fund—Environment; the Driving Under the Influence Equipment Fund—Health; and the Nuclear Safety Emergency Preparedness Special Revenue Fund—Environment. Two of these funds, the training fee funds, currently exist in the accounting system, and are included in the annual appropriation bills. The Driving Under the Influence Equipment Fund also currently exists, but is not specifically designated to the Division of Health. The Nuclear Safety Emergency Preparedness Special Revenue Fund also currently exists, but is not specifically designated to the Division of Environment.

This bill has no fiscal effect. It establishes funds in statute that previously have appeared only in annual appropriation bills for the Kansas Department of Health and Environment.

Sincerely,

A handwritten signature in cursive script that reads "Duane A. Goossen".

Duane A. Goossen
Director of the Budget

cc: Pat Kuester, KDHE

900 S.W. Jackson Street, Room 504-N, Topeka, KS 66612 • (785) 296-2436 • Fax: (785) 296-0231
e-mail: duane.goossen@budget.ks.gov

HOUSE APPROPRIATIONS

DATE 3-24-2008
ATTACHMENT 2

HOUSE BILL No. 2976

By Committee on Appropriations

3-19

Committee on Appropriations
Proposed Technical Amendment
March 24, 2008
Prepared by the Revisor of
Statutes Office (NKF)

HOUSE APPROPRIATIONS
DATE 3-24-2008
ATTACHMENT 3

9 AN ACT concerning the department of health and environment; estab-
10 lishing the health and environment training fee fund - health, the
11 health and environment training fee fund - environment, the driving
12 under the influence equipment fund and the nuclear safety emergency
13 preparedness special revenue fund; authorizing certain fees.
14

15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. (a) The secretary of health and environment is hereby au-
17 thorized to fix, charge and collect fees in order to recover all or part of
18 the costs attributable to acquisition and distribution of literature and au-
19 dio-visual materials and for participation in or conducting training semi-
20 nars for training employees of the division of health of the department
21 of health and environment, for training recipients of state aid from the
22 division of health of the department of health and environment, and for
23 training representatives of industries affected by rules and regulations of
24 the department of health and environment relating to the division of
25 health.

26 (b) There is hereby established the health and environment training
27 fee fund— health which shall be administered by the secretary of health
28 and environment. All moneys received from the fees under this section
29 shall be deposited in the state treasury in accordance with the provisions
30 of K.S.A. 75-4215, and amendments thereto, and shall be credited to the
31 health and environment training fee fund — health. In addition to the
32 other purposes for which expenditures may be made by the division of
33 the department of health from moneys appropriated from the fund, ex-
34 penditures may be made from the fund for agency operations for the
35 division of health.

36 Sec. 2. (a) The secretary of health and environment is hereby au-
37 thorized to fix, charge and collect fees in order to recover all or part of
38 the costs attributable to acquisition and distribution of literature and au-
39 dio-visual materials and for participation in or conducting training semi-
40 nars for training employees of the division of environment of the depart-
41 ment of health and environment, for training recipients of state aid from
42 the division of environment of the department of health and environment,
43 and for training representatives of industries affected by rules and regu-

health of

and environment

3-2

1 lations of the department of health and environment relating to the di-
2 vision of environment.

3 (b) There is hereby established the health and environment training
4 fee fund— environment which shall be administered by the secretary of
5 health and environment. All moneys received from the fees shall be de-
6 posited in the state treasury in accordance with the provisions of K.S.A.
7 75-4215, and amendments thereto, and shall be credited to the health
8 and environment training fee fund — environment. In addition to the
9 other purposes for which expenditures may be made by the division of
10 the department of health from moneys appropriated from the fund, ex-
11 penditures may be made from the fund for agency operations for the
12 division of environment.

environment of

and environment

13 Sec. 3. There is hereby established the driving under the influence
14 equipment fund in the state treasury which shall be administered by the
15 secretary of health and environment for the division of health of the de-
16 partment of health and environment. Except as otherwise provided by
17 appropriation acts, all expenditures from the driving under the influence
18 equipment fund shall be made for the purposes of purchasing blood or
19 breath alcohol concentration testing equipment and other related ex-
20 penditures. All expenditures from the driving under the influence equip-
21 ment fund shall be in accordance with the provisions of appropriation acts
22 upon vouchers approved by the secretary of health and environment or
23 a person or persons authorized by the secretary.

24 Sec. 4. There is hereby established the nuclear safety emergency
25 preparedness special revenue fund in the state treasury which shall be
26 administered by the secretary of health and environment for the division
27 of environment of the department of health and environment. Except as
28 otherwise provided by appropriation acts, all moneys received by the sec-
29 retary of health and environment from the nuclear safety management
30 fee fund of the adjutant general shall be credited to the nuclear safety
31 emergency preparedness special revenue fund of the department of
32 health and environment— ~~division of environment~~ and shall be expended
33 for the purposes for which such moneys were provided by the adjutant
34 general. All expenditures from the nuclear safety emergency prepared-
35 ness special revenue fund shall be in accordance with the provisions of
36 appropriation acts upon vouchers approved by the secretary of health and
37 environment or a person or persons authorized by the secretary.

of the division of environment

38 Sec. 5. This act shall take effect and be in force from and after its
39 publication in the statute book.



Kathleen Sebelius, Governor
Roderick L. Bremby, Secretary

DEPARTMENT OF HEALTH
AND ENVIRONMENT

www.kdheks.gov

Testimony on HB 2976

To

House Appropriation Committee

Presented by

**Aaron Dunkel
Deputy Secretary**

Kansas Department of Health and Environment

Madame Chair and members of the Committee, thank you for the opportunity to come before you today to testify on behalf of the Department of Health and Environment (KDHE) on House Bill 2976. This bill is the result of a request from the Agriculture and Natural Resources Budget Subcommittee that the agency work with the Revisor of Statutes to codify these funds in statute. The four funds in question are the Health and Environment Training Fee Fund - Environment, the Health and Environment Training Fee Fund - Health, the Driving Under the Influence Equipment Fee Fund, and the Nuclear Safety Emergency Preparedness Special Revenue Fund. Each of these funds has been used by the agency for many years, and up to this time the funds have been authorized through the annual appropriations bills. These funds are detailed in the following paragraphs.

Training Fee Funds (both Health and Environment) - These funds provide for expenditures made for acquisition and distribution of program literature and films. In addition, the fund is used for seminars to train employees, recipients of state aid, and representatives of industries affected by rules and regulations of the agency. The fund also allows the Secretary to fix, charge, and collect fees in order to recover costs incurred for such acquisition and distribution of literature and films and for the operation of such seminars. Fees may be fixed in order to recover all or part of the costs of the training and materials provided. These funds are projected to receive \$141,029 in FY 2009.

Nuclear Safety Emergency Preparedness Special Revenue Fund - The Nuclear Safety Emergency Preparedness Act (HB 2429, 1993 Legislature) amended K.S.A. 48-901, et seq. and requires the Adjutant General to adopt rules and regulations to administer a program to collect fees from nuclear power generating facilities to defray state and local

HOUSE APPROPRIATIONS

CURTIS STATE OFFICE BUILDING, 1000 SW JACKSON ST., STE. 540,

Voice 785-296-0461 Fax 785-368-6368

DATE 3-24-2008
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government costs for emergency preparedness for Wolf Creek Generating Station and Cooper Nuclear Station. This fund represents our portion of the expenditures made in support of the agency's preparedness training and exercise activities related to Wolf Creek. It is estimated this fund will receive \$355,040 in FY 2009.

Driving Under the Influence Equipment Fee Fund – The 1995 Legislature passed Senate Bill 127, regarding driving under the influence. In this bill, the driver's license reinstatement fee was increased from \$25 to \$50 and the bill created a new fund, the Driving Under the Influence Equipment Fund, for which KDHE receives 10.0 percent of the reinstatement fee. Moneys in this equipment fund can only be used for the purpose of purchasing blood or breath alcohol concentration testing equipment or establishing and maintaining drivers' safety programs. It is estimated this fund will receive \$200,000 in FY 2009.

I thank you for your time this morning and would be happy to stand for any questions at this time.



Kathleen Sebelius, Governor
 Duane A. Goossen, Director
<http://budget.ks.gov>

March 21, 2008

The Honorable Sharon Schwartz, Chairperson
 House Committee on Appropriations
 Statehouse, Room 517-S
 Topeka, Kansas 66612

Dear Representative Schwartz:

SUBJECT: Fiscal Note for HB 2979 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2979 is respectfully submitted to your committee.

HB 2979 would authorize the State Treasurer to administer the Kansas Housing Loan Deposit Program. The program would provide incentives for making housing construction development loans. The State Treasurer would provide rules and regulations and also report annually to the Legislature and Governor on the progress of the program. The State Treasurer would distribute information and provide housing loan deposit packages to lending institutions. The total aggregate amount of the housing loan deposit loans would not exceed \$60.0 million of unencumbered state funds. Only one housing loan deposit could be made and be outstanding at any one time to any developer borrower and no loan could be amortized for a period of more than five years. The eligible lending institution may approve or reject a housing loan deposit package based on the lending institution's evaluations of the eligible borrowers. The lending institution would forward to the State Treasurer an approved housing loan deposit package. Between July 1, 2008 and July 1, 2011, 50.0 percent of the total aggregate amount available must be used for housing loans to eligible borrowers building homes in the Cities of Chanute, Coffeyville, Eric, Fredonia, Greensburg, Independence, Iola, Neodesha, and Osawatomie or within one mile of the each of those city limits.

The Pooled Money Investment Board (PMIB) would fund these loans at the request of the State Treasurer. The funds would be deposited with eligible lending institutions at an interest rate that is 2.0 percent below the market rate. The interest rate would be recalculated each year on the first business day of January and July using the market rate in effect at that time. The eligible lending institution would lend an amount equal to the housing loan deposit to eligible borrowers at an interest rate not greater than 4.0 percent than the interest rate on housing loan

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 e-mail: duane.goossen@budget.ks.gov

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The Honorable Sharon Schwartz, Chairperson
March 21, 2008
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deposits. The interest rate would be recalculated each year on the first business day of January and July using the market rate then in effect.

Upon placement of a housing loan deposit with an eligible lending institution, the institution would fund the loan to each approved eligible borrower listed in the housing loan deposit package in accordance with the housing loan deposit agreement between the lending institution and the State Treasurer. The State Treasurer would not be liable to any eligible lending institution in any manner for payment of the principal or interest on the loan to an eligible borrower. Any delay in payments or default on the part of an eligible borrower would not affect the housing loan deposit agreement between the eligible lending institution and the State Treasurer. Finally, the bill would increase the cap the PMIB may invest in loans in accordance with legislative mandates from \$80.0 million to \$140.0 million.

Estimated State Fiscal Effect				
	FY 2008 SGF	FY 2008 All Funds	FY 2009 SGF	FY 2009 All Funds
Revenue	--	--	(\$1,800,000)	(\$1,800,000)
Expenditure	--	--	--	\$81,292
FTE Pos.	--	--	--	1.00

PMIB indicates there would be a decrease of \$1.8 million in State General Fund interest revenue with the enactment of HB 2979. This projection assumes \$60.0 million in housing loan deposits placed at 3.0 percent below the market rate, which is a short-term interest rate, and an additional 1.0 percent cost for lost interest on long-term funds. PMIB projects this same level of decrease in future years. To administer the program, PMIB estimates an additional \$13,000 in special revenue funds would be required for overtime costs for current staff to oversee the new responsibilities, as well as office supplies. The State Treasurer indicates an additional \$68,292 in special revenue funds would be required for 1.00 FTE position, supplies, and mailing of brochures and applications to implement HB 2979. According to the agency, devotion of staff time to this new program necessitates another position. Any fiscal effect resulting from enactment of HB 2979 is not accounted for in *The FY 2009 Governor's Budget Report*.

Sincerely,



Duane A. Goossen
Director of the Budget

cc: Jeff Wagaman, State Treasurer's Office
Nancy Wolfe, KDFA
Steve Neske, Revenue

JEFF KING

REPRESENTATIVE, 12TH DISTRICT

Home Address: 1212 N. SECOND ST.
INDEPENDENCE, KANSAS 67301
(620) 331-9888

Office: STATE CAPITOL BUILDING
TOPEKA, KANSAS 66612
(785) 296-7663
1-800-432-3924



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

TAXATION
TRANSPORTATION
GOVERNMENT EFFICIENCY

Chairman Schwartz and Members of the House Appropriations Committee,

Thank you for the opportunity to testify in support of HB 2979, the Housing Development Loan Deposit Program. Economic development in Kansas takes many shapes. We spend tens (if not hundreds) of millions of dollars to recruit and retain new businesses and grow Kansas jobs.

One component that is sorely lacking, especially in our rural areas, is a viable workforce housing plan. Across much of Kansas, quality and reasonably-priced housing is a main barrier to community and industry growth. Companies across the state struggle to recruit and retain qualified workers when the local housing supply does not meet their needs.

Businesses in this predicament face two options, both of which are unappealing for Kansas. One, they could stop job expansion or transfer existing jobs to other states with adequate housing. Two, for businesses near a border area, employees often work in Kansas and live in our neighboring states.

Other conferees will provide more details about the dire need for workforce housing in Kansas and the consequences of failing to address this problem. My focus is on a key barrier to the construction of these homes and the way that HB 2979 could help address this issue. In addition to rising materials, infrastructure, and labor costs, the cost of financing often adds thousands of dollars to the price of a new home.

Modeled off of the very successful Agricultural Production Loan Deposit Program, HB 2979 would extend up to \$60 million in low-interest loans through participating banks to certain developers of workforce housing. These developers must build houses that initially sell at or below 350% of the Kansas median household income for the previous year (currently about \$145,000).

These loans would come at a very low taxpayer cost. The state would encourage and support these loans by authorizing the Pooled Money Investment Board (upon certification by the State Treasurer) to deposit money from the state's idle investment funds with an eligible bank at 2% below the PMIB market interest rates. The participating bank, in turn,

HOUSE APPROPRIATIONS

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would make these housing development loans for rates no greater than 2% above market PMIB rates. For example, the PMIB currently makes short-term investments at an interest rate of 1.74%. Under HB 2979, the PMIB would provide this money to banks at zero interest (the interest rate cannot be negative) and the bank would loan the money to a qualifying developer at 4%.

To ensure that developers promptly honor their commitments and to free up additional funds for new housing projects, HB 2979 limits these loans to a 5-year duration. Also, the state assumes no default or other risks on the loans. Thus, qualifying loans under HB 2979 would be subject to normal bank lending standards. Finally, recognizing that the recent disasters turned a housing problem into a crisis for nine Kansas communities, HB 2979 would set aside half of the loan money (or \$30 million) in the initial 3 years for Greensburg, Coffeyville, Independence, Osawatomie, Iola, Chanute, Erie, Fredonia, and Neodesha, with all \$60 million available for statewide use thereafter.

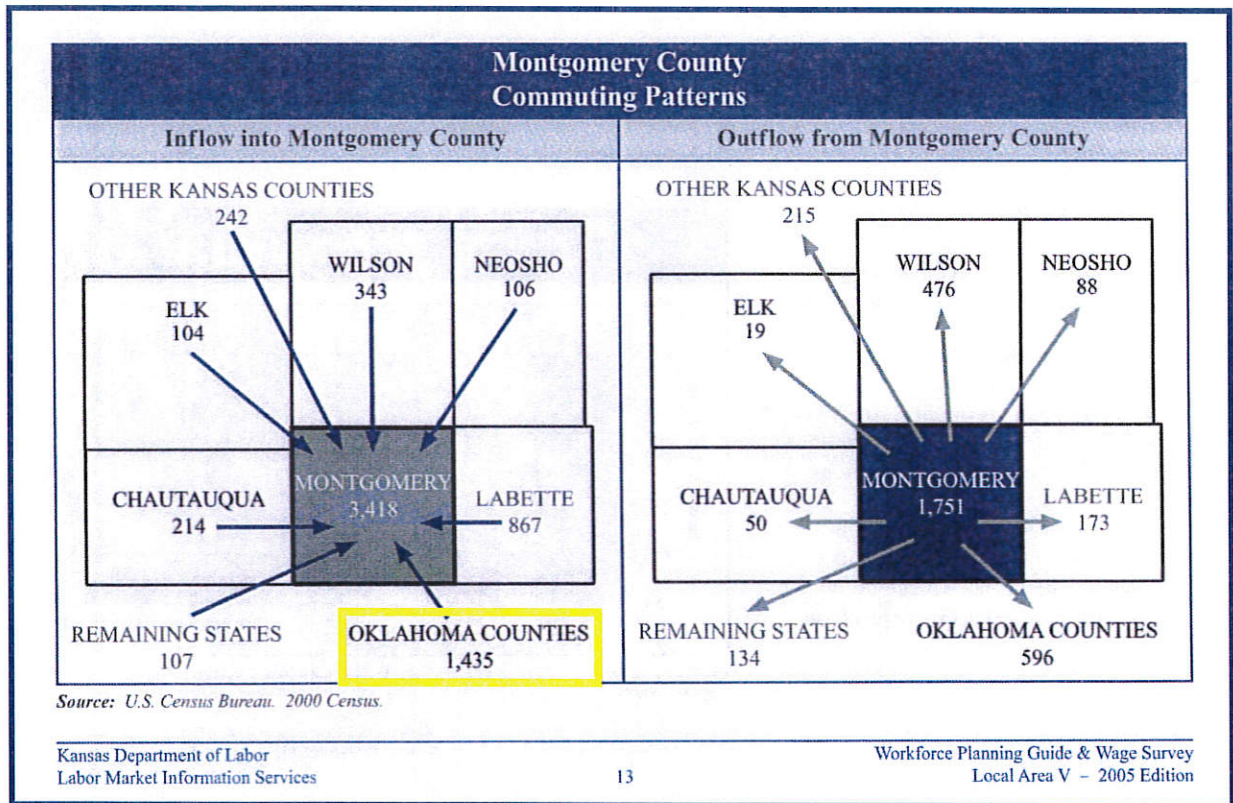
Compared to the benefits from HB 2979, its costs to the state would be minimal. Other than 1 FTE needed by the Kansas Treasurer and some startup costs from the Pooled Money Investment Board, the main state fiscal note would come from the loss of 2% interest on PMIB funds. In other words, the state would lose \$20,000 in interest income for every \$1 million invested in workforce housing through these HB 2979 loans.

Kansas House Appropriations Committee
March 24, 2008

RE: HB 2979

Chairman Schwartz and members of the House Appropriations Committee, I am Jeff Morris, City Manager of Coffeyville located in Montgomery County in Southeast Kansas. Thank you for the opportunity to testify in support of HB 2979 today.

The residents of Montgomery County and the Kansas Department of Commerce have invested millions of dollars in the last 10-15 years to recruit new industry and help existing industry expand. This investment has created hundreds of jobs at industries such as American Insulated Wire, Amazon.com and Cessna. What is extremely discouraging is that while all of these new jobs have come into existence, population figures in Montgomery County continue to decline.



Kansans do not appear to be reaping all of the rewards from making such economic development investments. According to Kansas Department of Labor statistics, Oklahoma is receiving a large benefit from the jobs created in Montgomery County as over 1400 workers take their paychecks

House Appropriations Committee
March 24, 2008

to residences across the state line. A basic and probably conservative calculation indicates that nearly \$45 million in payroll is transported from Kansas to Oklahoma on an annual basis.

1,435	OK residents working in MG County
x 2080	hours worked per year
x \$15	per hour wage
\$44,772,000	Payroll transported to OK each year

The aforementioned industries and others have indicated that they have a need to expand and are actively looking for employees to do so. However, they are having a difficult time finding qualified workers. In visiting with some of these industries, a common and key problem in the recruitment of qualified workers is the lack of suitable, affordable housing. This problem of recruiting qualified workers existed prior to the flooding that struck Southeast Kansas. What had been a housing shortage prior to the flood is now a crisis. In Coffeyville alone, nearly 400 homes were destroyed. The vast majority of those homes were purchased by Coffeyville Resources Refining and Marketing who has stated that they will not permit housing to be rebuilt on the land they purchased.

Even with the demand for housing in Montgomery County, developers are not building homes in our area due to a gap that exists in the cost of new housing construction and what the workforce can afford to pay.

The City of Coffeyville has been actively trying to close the gap within its power and ability. Neighborhood Revitalization Areas have been established providing property tax relief. Water and Sewer tap fees have been waived for new housing construction and the City has established a Free Land program, giving city owned infill lots away to those committing to build a new home. On property where all of these benefits could work in unison, new houses have been built. However, the city no longer has suitable infill lots to give away and workforce housing construction has ground to a halt. The primary areas suitable to build housing in Coffeyville lack necessary infrastructure. Developers have indicated that adding the cost of infrastructure to the cost of building the home (approximately \$100 per sq. ft.) that the homes quickly become unaffordable to a work force with starting pay in the \$9 - \$15 per hour range.

We must view this housing problem as an economic development issue. If we cannot find a way to get workforce housing built, at some point the industry we have invested in will have to consider moving their facility to locations that have adequate housing for their employees.

The financial relief provided to developers by House Bill 2979 coupled with other legislation, such as HB 2712 and SB 417, to support housing development in rural areas can only help. Therefore, I strongly urge your support of this bill.

Thank you for this opportunity to share.

House Appropriations Committee
March 24, 2008

Jeffrey D. Morris
City Manager
City of Coffeyville
PO Box 1629
Coffeyville, KS 67337
620-252-6163
jmorris@coffeyville.com

Office of the City Manager

City Hall - 120 North Sixth Street

Independence, Kansas 67301

March 24, 2008

Representative Sharon Schwartz, Chair
House Appropriations Committee
State House
Topeka, KS 66612

Dear Representative Schwartz:

Subject: City of Independence Testimony for House Bill 2979

On behalf of the City of Independence I would like to submit testimony in support of House Bill 2979. The damage in Independence due to the flood event that occurred between June 29 and June 30, 2007 was one of the best kept secrets in Kansas. However, this does not mean that there was not significant damage to residential and commercial properties within the City as well as damage to public infrastructure that affected and continues to impact our citizens.

During the flooding event approximately 200 structures had at least one inch of water in the living area. We have identified 100 homes located in the 1% flood zone (100 year flood plain) which were destroyed or received damage that exceeded 50% of the market value of those homes. These 100 residential properties have been included in the City's mitigation buy out efforts which totals an estimated \$3,275,642. We do not have an estimate of the number of residential structures or their value that were located outside of the 1% flood zone and which were also destroyed or received substantial damage.

The flood damage of existing residential structures significantly reduced our already stressed housing stock. In the last five years an average of seven new single family residential units have been constructed per year in Independence. Based on the homes that have been identified as substantially damaged, in the 100 year flood plain, not including other damaged homes; we have experienced a loss in available housing. At our current rate of construction of new single family housing units it will take us over twelve years to replace the number of pre-flood single family homes within the City.

Compounding the housing dilemma for City residents is the lack of available existing homes for sale. In a survey conducted in February of 2008 there were only twenty-eight homes available in the Independence area for sale by local realtors in the price range of \$75,000 and above. Of the twenty eight homes available, only fourteen were priced between \$75,000 and \$150,000.

The lack of housing has also affected our economic well being. The City has been aggressive in recruiting new industries and businesses as well as working with existing manufacturers to expand their business activity in Independence. This is not only true for our City, but also other communities in Montgomery County. Examples of businesses that have moved or expanded in

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the Independence area are Cessna, Matcor, SEKTAM, Kansas Aviation, Hackney and Sons, and Standard Motor Products. This does not include the new industries locating or existing industries expanding in Montgomery County (Coffeyville) of Amazon, American Insulated Wire and Coffeyville Resources Refining & Marketing. The flood impacted existing employees working in local industries. For example, one of our industries reported that "30 team members were displaced from their homes". This does not take into consideration that prior to the flood one of the greatest impediments to growth of existing industries is the lack of new housing to attract workers.

The City and State is also impacted by employees who work in Montgomery County but due to the lack of affordable housing live outside Kansas. Information provided by one large employer who increased their employment base stated that; "In 2002, 40% of their total workforce had an Independence address and in 2007 this level has been reduced to 21% of their workforce having an Independence address". They also indicated that in the same period of time there has been an increase of 2% of their employees who now reside in Oklahoma.

The need for employees and the shortage of available affordable homes have affected all manufacturers and employers within the City. We have been advised by industries that the lack of available housing would continue to impact not only their ability to continue to grow their operations in Independence, but their sustainability.

Passage of House Bill 2979 will assist in the development of affordable workforce housing costing between \$125,000 and \$145,000. It is estimated that the cost of construction financing, based on current market rates, will be reduced by \$3,437 to \$3,987 per home. We believe this savings to the home builder will result in a lower purchase price to the ultimate home buyer.

We believe this bill complements the efforts of other proposed legislation to finance infrastructure improvements to serve new homes which costs have been an impediment to housing development. The cost for street and sewer improvements to serve new housing developments is estimated to be between \$20,000 to \$25,000 per lot. This cost will be either added to the purchase price of a home or paid for from special assessments which will typically increase a mortgage payment by \$185 per month. The City is not in the fiscal condition to fund these costs.

The City supports passage of House Bill 2979 since it will provide an additional incentive to develop affordable workforce housing for not only the needs of impacted flood victims; but also to attract additional workforce who may wish to relocate to our community for jobs that have been created by business and industry.


Sincerely,



Paul A. Sasse
City Manager

SOCIAL SERVICES BUDGET COMMITTEE

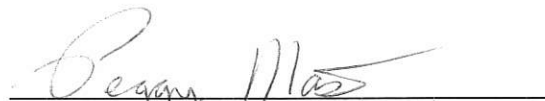
House Substitute for Senate Bill 309



Representative Bob Bethell, Chair



Representative Pat George



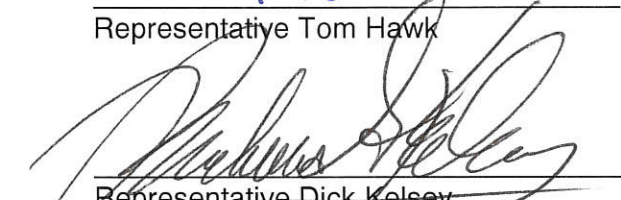
Representative Peggy Mast, Vice-Chair



Representative Tom Hawk



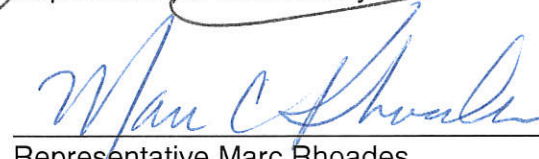
Representative Jerry Henry,
Ranking Minority Member



Representative Dick Kelsey



Representative Barbara Ballard



Representative Marc Rhoades



Representative David Crum

HOUSE APPROPRIATIONS

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Social Services Budget Committee

Recommendation on House Substitute for Senate Bill 309

Brief

The Social Services Budget Committee recommends removing the original contents of SB 309 and the inserting of all language from HB 2671 as amended into SB 309.

House Substitute for SB 309 would transfer the training and certification of nurse aides (CNAs), medication aids (CMAs), and home health aides (HHAs) from the Kansas Department of Health and Environment (KDHE) to the Board of Nursing. The Board of Nursing would be responsible for the Kansas Nurse Aide Registry and the criminal record check requirements for nursing positions.

This act would become effective on October 1, 2009.

Background

At the hearing on the bill, proponents included: the Executive Administrator of the Board of Nursing.

Written testimony in support of the bill was provided by: a representative of Kansas Association of Home and Services for Aging, and the Kansas State Nurses Association.

Neutral testimony was provided by a representative of the Department on Aging.

Opponents included: the Interim Director of Health, Kansas Department of Health and Environment; and a representative of the Kansas Health Care Association.

The fiscal note prepared by the Division of the Budget indicates that the transfer would result in a reduction of expenditures in KDHE's budget by \$240,248 and 4.33 FTE positions, and an increase of \$204,162 and 4.33 FTE positions in the Board of Nursing's budget. The fiscal note explains that this difference is due to a loss of \$36,086 in indirect costs that are charged to agency accounts to pay for administrative expenditures.

HOUSE BILL No. 2671

By Committee on Appropriations

1-24

Committee on Appropriations
Proposed Amendment
Substitute for SB 309

Prepared by Revisor of Statutes Office
Nobuko Folmsbee
March 24, 2008

HOUSE APPROPRIATIONS

DATE 3-24-2008
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9 AN ACT concerning health care; relating to nurse aides, medication
10 aides and home health aides; transferring certain powers and duties to
11 the board of nursing; background checks; amending K.S.A. 65-1,120,
12 65-1,121 and 65-5115 and K.S.A. 2007 Supp. 39-936, 39-970, 65-1124,
13 65-5117 and 74-1106 and repealing the existing sections.
14

15 *Be it enacted by the Legislature of the State of Kansas:*

16 New Section 1. (a) The licensing agency of an adult care home shall
17 require unlicensed employees of such adult care home, employed on and
18 after the effective date of this act who provide direct individual care to
19 residents, do not administer medications to residents and have not com-
20 pleted a course of education and training relating to resident care and
21 treatment approved by the board of nursing or are not participating in
22 such a course on the effective date of this act to complete successfully 40
23 hours of training in basic resident care skills. Any unlicensed person who
24 has not completed 40 hours of training relating to resident care and treat-
25 ment approved by the board of nursing shall not provide direct individual
26 care to residents. The 40 hours of training shall be supervised by a reg-
27 istered professional nurse and the content and administration thereof
28 shall comply with rules and regulations adopted by the board of nursing.
29 The 40 hours of training may be prepared and administered by an adult
30 care home or by any other qualified person and may be conducted on the
31 premises of the adult care home. The 40 hours of training required in
32 this section shall be a part of any course of education and training required
33 by the board of nursing under subsection (b).

34 (b) The licensing agency of an adult care home may require unli-
35 censed employees of such adult care home who provide direct individual
36 care to residents and do not administer medications to residents, after 90
37 days of employment, to successfully complete an approved course of in-
38 struction and an examination relating to resident care and treatment as a
39 condition to continued employment by such adult care home. A course
40 of instruction may be prepared and administered by any adult care home
41 or by any other qualified person. A course of instruction prepared and
42 administered by an adult care home may be conducted on the premises
43 of the adult care home which prepared and which will administer the

paid nutrition assistants,

10-2

1 course of instruction. The licensing agency shall not require unlicensed
 2 employees of an adult care home who provide direct individual care to
 3 residents and do not administer medications to residents to enroll in any
 4 particular approved course of instruction as a condition to the taking of
 5 an examination, but the board of nursing by rules and regulations shall
 6 establish the criteria for the preparation and administration of courses of
 7 instruction and shall approve or disapprove courses of instruction. Unli-
 8 censed employees of adult care homes who provide direct individual care
 9 to residents and do not administer medications to residents may enroll in
 10 any approved course of instruction and upon successful completion of the
 11 approved course of instruction shall be eligible to take and pass an ex-
 12 amination prescribed by rules and regulations of the board of nursing.
 13 The examination prescribed by the board of nursing shall be reasonably
 14 related to the duties performed by unlicensed employees of adult care
 15 homes who provide direct individual care to residents and do not admin-
 16 ister medications to residents and shall be the same examination given by
 17 the board of nursing to all unlicensed employees of adult care homes who
 18 provide direct individual care to residents and do not administer
 19 medications.

20 (c) The board of nursing shall fix, charge and collect a fee to cover
 21 all or any part of the costs of the board under this section. The fee shall
 22 be fixed by rules and regulations of the board of nursing but shall not
 23 exceed \$30 for renewal, endorsement or reinstatement of a license or
 24 certificate for nurse aides and medication aides. All fees collected under
 25 this section shall be remitted to the state treasurer in accordance with
 26 the provisions of K.S.A. 74-1108 and 74-1109, and amendments thereto.

paid nutrition assistants,

27 (d) The board of nursing shall establish a state registry containing
 28 information about unlicensed employees of adult care homes who provide
 29 direct individual care to residents and who do not administer medications
 30 in compliance with the requirements pursuant to 42 U.S.C. 1395i-3, as
 31 amended, and trained and certified medication aides pursuant to K.S.A.
 32 65-1,121, and amendments thereto. Such registry shall perform the func-
 33 tion of keeping track of the continuing education credits of such aides,
 34 ensuring the valid certification of such practicing aides and maintaining
 35 background check information concerning such aides.

assistants and

36 (e) No adult care home shall use an individual as an unlicensed em-
 37 ployee of the adult care home who provides direct individual care to
 38 residents and does not administer medications unless the facility has in-
 39 quired of the board of nursing as to information contained in the registry
 40 concerning the individual.

41 (f) Beginning July 1, 1993, the adult care home must require any
 42 unlicensed employee of the adult care home who provides direct individ-
 43 ual care to residents, does not administer medications and since passing

10-3

1 the examination required under subsection (b) of this section has had a
2 continuous period of 24 consecutive months during which the unlicensed
3 employee provided no direct individual care to residents to complete an
4 approved refresher course. The board of nursing by rules and regulations
5 shall establish the criteria for the preparation and administration of re-
6 fresher courses and shall approve or disapprove courses.

paid nutrition assistant,

7 (g) Any person who has been employed as a nurse aide or medication
8 aide employee of an adult care home in another state may be so employed
9 in this state without an examination if the board of nursing determines
10 that such other state requires training or examination, or both, for such
11 employees at least equal to that required by this state.

12 (h) An adult care home licensed for the provision of services to the
13 mentally retarded which has been granted an exception by the secretary
14 of health and environment upon a finding by the licensing agency that an
15 appropriate training program for unlicensed employees is in place for
16 such adult care home shall be excepted from subsections (a) and (b) of
17 this section.

18 New Sec. 2. All powers, duties and functions of the secretary of
19 health and environment concerning the instruction, examination and cer-
20 tification of nurse aides and medication aides are hereby transferred to
21 and conferred upon the board of nursing.

paid nutrition assistants,

22 New Sec. 3. (a) Except as otherwise provided by this act, the board
23 of nursing shall be the successor in every way to the duties and functions
24 of the secretary of health and environment concerning the instruction,
25 examination and certification of nurse aides and medication aides in which
26 the same were vested prior to the effective date of this act. Every act
27 performed in the exercise of such powers, duties and functions by or
28 under the authority of the board of nursing shall have the same force and
29 effect as if performed by the secretary of health and environment in which
30 such powers, duties and functions were vested prior to the effective date
31 of this act.

32 (b) Except as otherwise provided by this act, whenever the secretary
33 of health and environment, or words of like effect concerning the instruc-
34 tion, examination and certification of nurse aides and medication aides is
35 referred to or designated by a statute, contract or other document, such
36 reference or designation shall be deemed to apply to the board of nursing.

paid nutrition assistants,

37 (c) All rules and regulations of the department of health and envi-
38 ronment concerning the instruction, examination and certification of
39 nurse aides and medication aides on the effective date of this act shall
40 continue to be effective and shall be deemed to be duly adopted rules
41 and regulations of the board of nursing until revised, amended, revoked
42 or nullified by law.

43 New Sec. 4. (a) When any conflict arises as to the disposition of any

4-01

1 power, duty or function or the unexpended balance of any appropriation
2 concerning the instruction, examination and certification of nurse aides
3 and medication aides as a result of any abolition, transfer, attachment or
4 change made by or under authority of this act, such conflict shall be
5 resolved by the governor, whose decision shall be final.

paid nutrition assistants,

6 (b) The board of nursing shall have legal custody of all records per-
7 taining to the instruction, examination and certification of nurse aides,
8 the instruction, examination and certification of medication aides and the
9 nurse aide and medication aide registry.

the instruction, examination and certification of paid nutrition
assistants,

10 Sec. 5. K.S.A. 2007 Supp. 39-936 is hereby amended to read as fol-
11 lows: 39-936. (a) The presence of each resident in an adult care home
12 shall be covered by a statement provided at the time of admission, or
13 prior thereto, setting forth the general responsibilities and services and
14 daily or monthly charges for such responsibilities and services. Each res-
15 ident shall be provided with a copy of such statement, with a copy going
16 to any individual responsible for payment of such services and the adult
17 care home shall keep a copy of such statement in the resident's file. No
18 such statement shall be construed to relieve any adult care home of any
19 requirement or obligation imposed upon it by law or by any requirement,
20 standard or rule and regulation adopted pursuant thereto.

paid nutrition assistants,

21 (b) A qualified person or persons shall be in attendance at all times
22 upon residents receiving accommodation, board, care, training or treat-
23 ment in adult care homes. The licensing agency may establish necessary
24 standards and rules and regulations prescribing the number, qualifica-
25 tions, training, standards of conduct and integrity for such qualified per-
26 son or persons attendant upon the residents.

27 ~~(c) (1) The licensing agency shall require unlicensed employees of
28 an adult care home, except an adult care home licensed for the provision
29 of services to the mentally retarded which has been granted an exception
30 by the secretary of aging upon a finding by the licensing agency that an
31 appropriate training program for unlicensed employees is in place for
32 such adult care home, employed on and after the effective date of this
33 act who provide direct, individual care to residents and who do not ad-
34 minister medications to residents and who have not completed a course
35 of education and training relating to resident care and treatment approved
36 by the secretary of health and environment or are not participating in
37 such a course on the effective date of this act to complete successfully 40
38 hours of training in basic resident care skills. Any unlicensed person who
39 has not completed 40 hours of training relating to resident care and treat-
40 ment approved by the secretary of health and environment shall not pro-
41 vide direct, individual care to residents. The 40 hours of training shall be
42 supervised by a registered professional nurse and the content and admin-
43 istration thereof shall comply with rules and regulations adopted by the~~

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1 (7) The board is hereby authorized to apply for and to accept grants
 2 and may accept donations, bequests or gifts. The board shall remit all
 3 moneys received by it under this paragraph (7) to the state treasurer in
 4 accordance with the provisions of K.S.A. 75-4215, and amendments
 5 thereto. Upon receipt of each such remittance, the state treasurer shall
 6 deposit the entire amount in the state treasury to the credit of the grants
 7 and gifts fund which is hereby created. All expenditures from such fund
 8 shall be made in accordance with appropriation acts upon warrants of the
 9 director of accounts and reports issued pursuant to vouchers approved
 10 by the president of the board or a person designated by the president.

11 (8) A majority of the board of nursing including two professional
 12 nurse members shall constitute a quorum for the transaction of business.

13 (d) *Subpoenas.* In all investigations and proceedings, the board shall
 14 have the power to issue subpoenas and compel the attendance of wit-
 15 nesses and the production of all relevant and necessary papers, books,
 16 records, documentary evidence and materials. Any person failing or re-
 17 fusing to appear or testify regarding any matter about which such person
 18 may be lawfully questioned or to produce any books, papers, records,
 19 documentary evidence or relevant materials in the matter, after having
 20 been required by order of the board or by a subpoena of the board to do
 21 so, upon application by the board to any district judge in the state, may
 22 be ordered by such judge to comply therewith. Upon failure to comply
 23 with the order of the district judge, the court may compel obedience by
 24 attachment for contempt as in the case of disobedience of a similar order
 25 or subpoena issued by the court. A subpoena may be served upon any
 26 person named therein anywhere within the state with the same fees and
 27 mileage by an officer authorized to serve subpoenas in civil actions in the
 28 same procedure as is prescribed by the code of civil procedure for sub-
 29 poenas issued out of the district courts of this state.

30 (e) *Compensation and expenses.* Members of the board of nursing
 31 attending meetings of such board, or attending a subcommittee meeting
 32 thereof authorized by such board, shall be paid compensation, subsistence
 33 allowances, mileage and other expenses as provided in K.S.A. 75-3223,
 34 and amendments thereto. No member of the board of nursing shall be
 35 paid an amount as provided in K.S.A. 75-3223, and amendments thereto,
 36 if such member receives an amount from another governmental or private
 37 entity for the purpose for which such amount is payable under K.S.A. 75-
 38 3223, and amendments thereto.

39 (f) *For the purpose of this act, "nurse aide" means* nurse aides and
 40 medication aides under the adult care home licensure act, K.S.A. 39-923
 41 et seq., and amendments thereto, and the home health aides under the
 42 home health agency act, K.S.A. 65-5101 et seq., and amendments thereto.
 43

paid nutrition assistants,