

Approved: 3-21-11
Date

MINUTES OF THE EDUCATION BUDGET COMMITTEE

The meeting was called to order by Chairwoman Lana Gordon at 3:30 pm on March 14, 2011, in Room 159-S of the Capitol.

All members were present except:
Rep. Aurand - excused

Committee staff present:
Reagan Cussimanio, Kansas Legislative Research Department
Jason Long, Revisor, Office of the Revisor of Statutes
Bernadine Lloyd, Committee Assistant

Conferees appearing before the committee:
Dr. Susan Peterson, Director of Governmental Relations, KSU
Senator Mike Peterson
Dr. Andy Tompkins, President & CEO, KBOR
Kathy Damron, Director of Government Relations, KU
Julie Loats, Director, Enterprise Applications & Services, KU

Others Attending:
See attached list.

Hearing on:
SB 8 – Defining information technology project for state universities under the control of the state board of regents.

Jason Long, Revisor, Office of the Revisor of Statutes, presented an overview of the bill.

Proponents:
Dr. Susan Peterson, Director of Governmental Relations, KSU, submitted testimony that the current law requires any upgrade over \$250,000 to be reported and reviewed at the State level. She also says infrastructure implementations support K-State partnerships throughout the state and region including distance education, extension offices, research partnerships, and national research networks.
(Attachment 1)

Senator Mike Peterson submitted testimony to suggest a possible amendment to the language that was added to the bill. (Attachment 2)

Dr. Andy Tompkins, President & CEO, KBOR, submitted testimony about the Board's request to remove problematic amendment language. (Attachment 3)

Kathy Damron, Director of Government Relations, KU, spoke briefly about the bill and introduced Julie Loats.

Julie Loats, Director, Enterprise Applications & Services, KU, submitted and presented testimony that this bill reduces the project management overhead on both the regents Universities and the Enterprise Project Management Office without adding any risk to the important IT investments that Regents Universities regularly make to improve effectiveness and efficiency. (Attachment 4)

A question and answer session followed each agency presentation.

The next meeting is scheduled for February 16, 2011 in 159-S.

The meeting adjourned 4:40 pm.

EDUCATION BUDGET COMMITTEE

3:30pm

Room 159S, State Capitol

GUEST LIST

DATE: 3-14

NAME	REPRESENTING
Julie Lantz	University of Kansas
Chuck Crawford	University of Kansas
to ROB MEALY	KEARNEY & ASSOC.



Office of the President
110 Anderson Hall
Manhattan, KS 66506-0112
785-532-6221
Fax: 785-532-7639

Testimony on Senate Bill 8
House Education Budget Committee
Kansas State University
March 14, 2011

Chairwoman Gordon and members of the Committee,

Kansas State University supports Senate Bill 8. The current law requires any upgrade over \$250,000 to be reported and reviewed at the State level. Infrastructure in today's world requires upgrading nearly constantly, and \$250,000 may be a small project. The K-State campus is in a continual infrastructure upgrade which can easily exceed \$250,000. These upgrades are part of the continuous expansion of the network and system redundancy. The campus views the network infrastructure as a continuum that is forever being upgraded and expanded to support the changing needs of the faculty, students, and staff of the university. These infrastructure implementations support K-State partnerships throughout the state and region including distance education, extension offices, research partnerships, and national research networks. The University has a well staffed professional technology organization that can respond quickly and accurately to needs the campus requires. The University also works closely with other Kansas State colleges and universities as well as regional and national higher education consortia where projects, infrastructure, vendors, etc. are discussed and knowledge is shared. These collaborative partnerships provide the university with a wealth of information that we use when making technology implementation decisions.

Thank you for the opportunity to submit written testimony in support of SB 8.

House Education Budget Committee
Date: March 14, 2011
Attachment #: 1

STATE OF KANSAS

2608 S.E. DRIVE
WICHITA, KANSAS 67216
(316) 264-1817

STATE CAPITOL, ROOM 224-E
TOPEKA, KANSAS 66612
(785) 296-7355
mike.petersen@senate.ks.gov



SENATOR MIKE PETERSEN

COMMITTEES
VICE CHAIR: UTILITIES
MEMBER: TRANSPORTATION
ETHICS & ELECTIONS
JOINT COMMITTEE ON
INFORMATION TECHNOLOGY

SB 8

Chair Gordon and Members of the Committee,

If you choose to work Senate bill 8 I have attached a suggestion for a possible amendment to the language that was added to the bill. Kansas has the third largest State universal service fund in the nation. Making sure it is being spent in the best possible way is important to our State. Many rural telecoms have misunderstood this language to require them to seek CITO approval for their projects. While this is not the case, I think the attached amendment language contained on page 2 of the bill would be clarifying.

Thanks for your consideration.

A handwritten signature in cursive script that reads "Sen Mike Petersen". The ink is dark and the signature is fluid.

Sen. Mike Petersen

House Education Budget Committee
Date: March 14, 2011
Attachment #: 2

[As Amended by Senate Committee of the Whole]

Session of 2011

SENATE BILL No. 8

By Legislative Educational Planning Committee

1-13

1 AN ACT concerning information technology; relating to information
2 technology projects; amending K.S.A. 2010 Supp. 75-7201 and
3 repealing the existing section.
4

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

6 Section 1. K.S.A. 2010 Supp. 75-7201 is hereby amended to read
7 as follows: 75-7201. As used in K.S.A. 2010 Supp. 75-7201 through
8 75-7212, and amendments thereto:

9 (a) "Cumulative cost" means the total expenditures, from all
10 sources, for any information technology project by one or more state
11 agencies to meet project objectives from project start to project
12 completion or the date and time the project is terminated if it is not
13 completed.

14 (b) "Executive agency" means any state agency in the executive
15 branch of government.

16 (c) (1) *Except as provided in paragraph (2),* "information
17 technology project" means a project for a major computer,
18 telecommunications or other information technology improvement with
19 an estimated cumulative cost of \$250,000 or more and includes any
20 such project that has proposed expenditures for: ~~(1)~~ (A) New or
21 replacement equipment or software; ~~(2)~~ (B) upgrade improvements to
22 existing equipment and any computer systems, programs or software
23 upgrades therefor; or ~~(3)~~ (C) data or consulting or other professional
24 services for such a project.

25 (2) *For state universities under the control of the Kansas state*
26 *board of regents, "information technology project" means a project for*
27 *a major computer, telecommunications or other information technology*
28 *improvement with an estimated cumulative cost of \$1,000,000 or more,*
29 *including \$500,000 or more in costs to parties that are external to the*
30 *university or board of regents, and includes:*

31 (A) *Any project, other than infrastructure projects, that has*
32 *proposed expenditures for new equipment or software; or*

1 (B) data or consulting or other professional services for such a
2 project.

3 (3) For purposes of this subsection, for state universities under
4 the control of the Kansas state board of regents, "infrastructure
5 projects" means any of the following:

6 (A) Any investment in telecommunications equipment, network
7 equipment or computer support facilities associated with new building
8 construction or major building rehabilitation;

9 (B) any investment in telecommunications equipment, network
10 equipment or computing equipment purchased primarily to replace
11 comparable but outmoded equipment; or

12 (C) any software, hardware or licensing upgrade to an existing
13 fully operational system.

14 [(4) Notwithstanding any of the provisions of paragraphs (2)
15 and (3), any "information technology project" for state universities
16 under the control of the Kansas state board of regents that is funded by
17 moneys expended from or otherwise transferred from the Kansas
18 universal service fund shall be deemed an "information technology
19 project" as that term is defined in paragraph (1).]

20 [(5) Notwithstanding any of the provisions of paragraph (2), any
21 project for a major computer, telecommunications or other
22 information technology improvement that has proposed expenditures
23 greater than \$250,000, but less than \$1,000,000 for: (A) Any project,
24 other than infrastructure projects, that has proposed expenditures for
25 new equipment or software; or (B) data or consulting or other
26 professional services for such a project shall be implemented in
27 compliance with the information technology architecture adopted by
28 the information technology executive council pursuant to K.S.A.
29 2010 Supp. 75-7203, and amendments thereto. Each calendar quarter
30 the state university shall file a high-level information technology
31 project plan that includes a risk assessment and management plan
32 with the chief information technology officer.]

33 (d) "Information technology project change or overrun" means
34 any of the following:

35 (1) Any change in planned expenditures for an information
36 technology project that would result in the total authorized cost of the
37 project being increased above the currently authorized cost of such
38 project by more than either \$1,000,000 or 10% of such currently
39 authorized cost of such project, whichever is lower;

1 (2) any change in the scope of an information technology project,
2 as such scope was presented to and reviewed by the joint committee or
3 the chief information technology officer to whom the project was
4 submitted pursuant to K.S.A. 2010 Supp. 75-7209, and amendments
5 thereto; or

6 (3) any change in the proposed use of any new or replacement
7 information technology equipment or in the use of any existing
8 information technology equipment that has been significantly
9 upgraded.

10 (e) "Joint committee" means the joint committee on information
11 technology.

12 (f) "Judicial agency" means any state agency in the judicial branch
13 of government.

14 (g) "Legislative agency" means any state agency in the legislative
15 branch of government.

16 (h) "Project" means a planned series of events or activities that is
17 intended to accomplish a specified outcome in a specified time period,
18 under consistent management direction within a state agency or shared
19 among two or more state agencies, and that has an identifiable budget
20 for anticipated expenses.

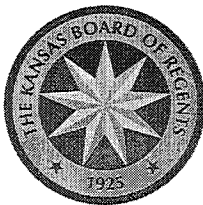
21 (i) "Project completion" means the date and time when the head of
22 a state agency having primary responsibility for an information
23 technology project certifies that the improvement being produced or
24 altered under the project is ready for operational use.

25 (j) "Project start" means the date and time when a state agency
26 begins a formal study of a business process or technology concept to
27 assess the needs of the state agency, determines project feasibility or
28 prepares an information technology project budget estimate under
29 K.S.A. 2010 Supp. 75-7209, and amendments thereto.

30 (k) "State agency" means any state office or officer, department,
31 board, commission, institution or bureau, or any agency, division or
32 unit thereof.

33 Sec. 2. K.S.A. 2010 Supp. 75-7201 is hereby repealed.

34 Sec. 3. This act shall take effect and be in force from and after its
35 publication in the statute book.



KANSAS BOARD OF REGENTS

March 14, 2011

Rep. Lana Gordon, Chairwoman
House Education Budget Committee
Statehouse, Room 151-S
Topeka, KS 66612

Rep. Valdenia Winn, Ranking Member
House Education Budget Committee
Statehouse, Room 451-S
Topeka, KS 66612

Dear Chairwoman Gordon and Ranking Member Winn:

On behalf of the Kansas Board of Regents and the six state universities, I write to you regarding SB 8, legislation that would amend statutes to raise the dollar threshold that currently triggers approval from the State Chief Information Technology Officer (CITO) from \$250,000 to \$1,000,000 and would eliminate infrastructure projects from the definition of Information Technology Project. Currently, state university projects undertaken above the \$250,000 level must be approved by the CITO, a process that was created 12 years ago. Today, significant changes in technology costs have made this an extremely low threshold for projects. This proposed change would increase efficiency by reducing the reporting burden and staff costs/overhead.

SB 8 was amended on the Senate floor without any input from the Board of Regents. While the Board does not object to the second part of the amendment (contained on page 2 in new section 5), **the first part of the amendment (contained on page 2 in new section 4) does create unintended issues** pertaining to projects funded by the Kansas Universal Service Fund. In particular, the language exposes private telecommunications and cable companies to unnecessary government requirements by requiring these private companies to follow State of Kansas IT project management processes. **The Board opposes this part of the amendment and respectfully requests your Committee to remove it.**

The current reporting and approval process was established 12 years ago primarily for other state agencies as a planning and budgeting process by which they are requesting a project budget and then held accountable for reporting on the use of those funds. The state universities do not request specific project funding but are required to follow the same process, and the state universities move at a very different pace than the current CITO approval process allows. The amount of time it takes to go through this process does not blend well with the agility necessary to implement a project, particularly when an increasing number of projects include some element of leverage and negotiations with a vendor. Since this legislation was passed 12 years ago, all of the state universities have developed capable Information Technology (IT) and

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telecommunications support groups who are capable of routinely handling infrastructure projects. In the last 12 years, technology costs have changed, the complexity of IT has changed, making \$250,000 an extremely low threshold for enterprise scale projects. In addition, the \$250,000 threshold is a one-size-fits-all figure intended to cover everything from a university to the Kansas Board of Cosmetology. A \$250,000 undertaking is a major effort for the Cosmetology Board but a very modest initiative for a state university. In addition, the planning process methodology, based on 15-year old frameworks for application development, is inappropriate for infrastructure projects and adds considerable unproductive overhead to otherwise straightforward, routine IT and telecommunication activities. Reducing the project reporting burden (and staff cost/overhead of generating those reports) to the state results in increased efficiencies and is consistent with the principles embodied in block grants and decentralized purchasing authority.

Thank you for your consideration of SB 8 and the Board's request to remove problematic amendment language.

Sincerely,

A handwritten signature in dark ink, appearing to read "Andy Tompkins", with a stylized flourish at the end.

Dr. Andy Tompkins
President & CEO

House Education Budget Committee

Hearing on S.B.8

March 14, 2011

Testimony of Julie Loats
Director – Enterprise Applications & Services
KU Information Technology
University of Kansas

Chairperson Lana Gordon, thank you for the opportunity to speak today in support of the Regents initiative that has become Senate Bill 8 relating to "information technology projects". My name is Julie Loats. I serve as Director of Enterprise Applications and Services for KU Information Technology at the University of Kansas. I'm also appearing here this afternoon representing the Chair of the Regents' IT Council, Jim Bingham. We, the Regents Universities, are unified in our support of this bill.

Since 1998, Regents Universities and Kansas State agencies have been subject to formal state oversight of information technology projects by the Enterprise Project Management Office under the authority of the State Chief Information Technology Officer. With this new legislation, the Regents universities are trying to reduce the bureaucratic overhead that creates unnecessary, redundant work for the universities and incurs unnecessary costs against substantially-reduced university budgets.

Briefly, with this legislation, we propose to raise the ceiling for state involvement in Regents IT planning processes from \$250,000 to \$1,000,000 and to exempt from the process entirely what we call "infrastructure projects". Infrastructure projects are those focused on replacing or upgrading existing computer hardware and software as well as the incidental IT and telecommunications costs associated with new building construction.

I'd like to clarify up front that all of the people involved in the IT Project Management process are good people with good motives with whom the Regents Universities have good relations. In particular the current employees of the Enterprise Project Management Office are helpful and accommodating. The Regents Universities simply wish to update the IT Project Management process to meet changed times and conditions.

The current Kansas statute defining Kansas IT Project Management processes was

considerable unproductive overhead to otherwise routine IT and telecommunication activities.

Reducing the project reporting burden to the state by enactment of SB 8 is entirely consistent with the principles embodied in block grants and decentralized purchasing authority that the Legislature has granted to the Regents institutions. This is a continuation of that approach. It is designed to save money and reduce unnecessary, duplicative and costly processes

The block grant model gives universities great incentives to make prudent IT management decisions.

State agency IT projects, on the other hand, are funded through the state's ITMBP (Information Technology Management and Budget Proposal) process. Each year a state agency prepares an ITMBP with specific requests for funding IT projects in the next fiscal year.

If the legislature chooses to fund a project, the agency receives new money to carry it out. The state's project management process then kicks in to assure that the appropriation is used wisely.

So Senate Bill 8 reduces the project management overhead on both the Regents Universities and the Enterprise Project Management Office without adding any risk to the important IT investments that Regents Universities regularly make to improve effectiveness and efficiency.

Thanks very much for the opportunity to testify in support of Senate Bill 8. I am pleased to respond to any questions.