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

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

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

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

State of Kansas Financial Information Center

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

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

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

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

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

Current Statewide Accounting and Reporting System (STARS) Data

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

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

Recent Financial Management System (FMS) Needs Assessment Project

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

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

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

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