Action Type	Unique Identifier	Recommendation Name	Recommendation Description	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total
				Total Savings and Revenue Estimate ($000s)						
Immediate Action	TEC.03	Consolidate Service Desk and EUC	Consolidate Service Desk operations (Level 1 support) across as many State Agencies as possible. This will lower costs, reduce duplication of effort and can lead to improved service (i.e., coverage hours; Answer Rate; First Call Resolution).	-	2,400	2,400	2,400	2,400	2,400	12,000
	TEC.04	Consolidate ADM	A&M recommends consolidating ADM and database administration across all of EBIT.	-	1,900	1,900	1,900	1,900	1,900	9,500
	TEC.01	Consolidate Data Center	Outsource all existing State-owned Data Centers (Mainframe, Server and Storage) to an external IT Service Provider utilizing consumption based pricing and industry standard service levels. This would replace the existing EBTM project and provide all State Agencies (including Universities) with access to secure compute utility on commercial terms. This has the potential to lower operating costs; lower the CapEx budget associated with replacing an aging server environment; increase availability; and provide a means to recoup some of the EBTM hardware investment.	-	1,820	1,820	1,820	1,820	1,820	9,100
	TEC.02	Consolidate Network Services	Convert from local printers and fax machines to a solution of Networked Mult-Function devices across as many State Agencies as possible.	-	1,625	1,625	1,625	1,625	1,625	8,125
	TEC.05	Consolidate Project Management, Security, Management and Other	A&M recommends consolidating these activities across all of EBIT to the extent possible.	-	968	968	968	968	968	4,840
Total Immediate Action				-	8,713	8,713	8,713	8,713	8,713	43,565
Executive Action	GGO.01	Create a new Governor's Grant Office focused on Statewide Federal Funding	Create a Federal Funds Office to enable a coordinated, prioritized, and compliance-driven approach to maximizing the amount and effective use of federal funds and provide compliance oversight to state and local agencies.	-	4,086	5,032	5,082	5,131	5,181	24,513
Total Executive Action				-	4,086	5,032	5,082	5,131	5,181	24,513
...propriations					12,799	13,745	13,795	13,844	13,894	68,078

TEC.03 - Consolidate Service Desk and EUC

recommendation include:

- **Labor Costs** – There are currently 72.46 FTEs providing network and telecommunications support representing $5.2 million of annual labor costs. Consolidation (considering the part-time commitment of these resources) could generate between 10% and 15% in total savings or $525,000 to $786,000 in annual savings.

- **AVPN Costs** – There are 411 AVPN circuits costing the state $2.8 million annually. A mix of AVPN renegotiating and resolutioning (e.g., cable modems; Ethernet alternatives) should achieve between 40% and 60% in savings. This equates to annual savings of $1.1 million to $1.6 million.

- **AT&T Contract Renegotiation** – The AT&T contract is due for renegotiation in June of 2016. The potential savings associated with this event is included in the Procurement chapter as a Strategic Sourcing event.

Recommendation # 3 - Service Desk and End User Computing Services Consolidation

Background

State agencies staff their Service Desk individually with internal resources that are not leveraged across other agencies. Some agencies do not have dedicated service desk staff and use cross-functional IT resources from their internal IT departments.

There is no standardization on the service desk ticketing system (service management tool) used across the agencies.

There are currently 134 FTEs providing Service Desk and End User Computing (EUC) support across OTIS and the cabinet agencies.

More than half of the EUC users are outside of Topeka. They are supported through a mix of Topeka based support staff and a regional dispatch model.

Recommendation

A&M recommends consolidating Service Desk operations (Level 1 support) and EUC support across all of EBIT. EBIT should also develop standardization on a single service desk ticketing system and evaluate opportunities to improve remote user support through a regional depot system with adequate spares. This will lower costs, reduce duplication of effort and can lead to improved service (e.g. coverage hours, answer rate, First Call Resolution).

Recommendation #3 - (dollars in 000's)

FY17	FY18	FY19	FY20	FY21
$2,400	$2,400	$2,400	$2,400	$2,400

As part of the consolidation planning, the state should consider outsourcing the Service Desk and EUC support as a way to further reduce costs; accelerate consolidation; gain access to skills that are in short supply and enhance support for the large number of remote EUC users.

Savings Potential

The key components of savings associated with this recommendation include:

- **Labor Costs** – There are currently 134.24 FTEs providing Service Desk and EUC support representing $8 million of annual labor costs. Consolidation could generate between 30% and 50% in total savings or $2.4 million to $4 million in annual savings.

- **PC Purchasing** – PC purchasing is not leveraged across agencies and there are no standard configurations defined. EBIT should implement a strategic PC purchasing capability and enforce standard configurations to not only lower the purchase price but lower the lifetime support costs as well. The potential savings associated with this recommendation is included in the Procurement chapter as a Strategic Sourcing event.

Recommendation #4 - Application Development and Maintenance Consolidation

Background

There are 248 FTEs currently performing Application Development and Maintenance (ADM) and database administration activities across EBIT. Approximately 20% of these resources are performing database management while the remaining resources are engaged in application development and maintenance tasks.

Historically, each agency managed its own develop-

TEC.04 - Consolidate ADM

recommendation include:

- **Labor Costs** – There are currently 72.46 FTEs providing network and telecommunications support representing $5.2 million of annual labor costs. Consolidation (considering the part-time commitment of these resources) could generate between 10% and 15% in total savings or $525,000 to $786,000 in annual savings.

- **AVPN Costs** – There are 411 AVPN circuits costing the state $2.8 million annually. A mix of AVPN renegotiating and resolutioning (e.g., cable modems; Ethernet alternatives) should achieve between 40% and 60% in savings. This equates to annual savings of $1.1 million to $1.6 million.

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State agencies staff their Service Desk individually with internal resources that are not leveraged across other agencies. Some agencies do not have dedicated service desk staff and use cross-functional IT resources from their internal IT departments.

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More than half of the EUC users are outside of Topeka. They are supported through a mix of Topeka based support staff and a regional dispatch model.

Recommendation
A&M recommends consolidating Service Desk operations (Level 1 support) and EUC support across all of EBIT. EBIT should also develop standardization on a single service desk ticketing system and evaluate opportunities to improve remote user support through a regional depot system with adequate spares. This will lower costs, reduce duplication of effort and can lead to improved service (e.g. coverage hours, answer rate, First Call Resolution).

Recommendation #3 - (dollars in 000's)

FY17	FY18	FY19	FY20	FY21
$2,400	$2,400	$2,400	$2,400	$2,400

As part of the consolidation planning, the state should consider outsourcing the Service Desk and EUC support as a way to further reduce costs; accelerate consolidation; gain access to skills that are in short supply and enhance support for the large number of remote EUC users.

Savings Potential
The key components of savings associated with this recommendation include:

- **Labor Costs** – There are currently 134.24 FTEs providing Service Desk and EUC support representing $8 million of annual labor costs. Consolidation could generate between 30% and 50% in total savings or $2.4 million to $4 million in annual savings.

- **PC Purchasing** – PC purchasing is not leveraged across agencies and there are no standard configurations defined. EBIT should implement a strategic PC purchasing capability and enforce standard configurations to not only lower the purchase price but lower the lifetime support costs as well. The potential savings associated with this recommendation is included in the Procurement chapter as a Strategic Sourcing event.

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Historically, each agency managed its own develop-

ment resources with little sharing across agencies. There is no formal process in place to track skills/capabilities and no attempt to optimize ADM resources across EBIT.

Recommendation
A&M recommends consolidating ADM and database administration across all of EBIT.

A first step in this consolidation effort should include a review of the personnel roles, responsibilities and

Recommendation #4 - (dollars in 000's)

FY17	FY18	FY19	FY20	FY21
$1,900	$1,900	$1,900	$1,900	$1,900

competencies of the staff associated with this function.

As part of the consolidation planning, the state should consider outsourcing ADM and database support as a way to further reduce costs, accelerate consolidation, and gain access to skills that are in short supply.

Savings Potential
The key components of savings associated with this recommendation include:

- **Labor Costs** – There are currently 248.83 FTEs providing ADM and database support services representing $18.9 million of annual labor costs. Consolidation could generate between 10% and 15% in total savings or $1.9 million to $2.8 million in annual savings.

Recommendation #5 – Consolidate Project Management, Security, Management and "Other" activities

Background
In addition to the FTEs addressed in the four previous recommendations, Excipio identified the following FTEs performing IT activities across EBIT:

Total:	230.55	$19.373 million

Recommendation
A&M recommends consolidating these activities across all of EBIT to the extent possible.

As part of the consolidation planning, the state should consider implementing a complete organization redesign for EBIT that addresses organizational structure, span of control and centralized vs. decentralized activities.

The decisions regarding what activities to retain in-house vs. which activities should be performed by external organizations, will be a key driver in the organizational design. ITIL process implementation and contract management requirements will also be significant contributors to the design effort.

Savings Potential
The key components of savings associated with this recommendation include:

- **Labor Costs** – There are currently 230.55 FTEs providing Project Management, Security, Management and "Other" representing $19.4 million of annual labor costs. Consolidation could generate between 5% and 10% in total savings or $968,000 to $1.9 million in annual savings.

Summary

Executive Branch IT (EBIT) has made good progress laying the foundation for consolidating common IT functions under the leadership of the newly appointed Executive Branch CITO. The establishment of the Core Leadership Team (CLT) and the four Working Groups represent a good start down the path of consolidation.

- Finance/Measures
- People
- Performance/Process/ITIL
- Architecture/Standards

However, there have been repeated attempts to tackle consolidation in the past with very few results gained. Consistent focused leadership and good planning are prerequisites for a successful consolidation effort.

EBIT should look to augment the existing staff with external subject matter experts when and where necessary to move the recommendations forward.

Critical Steps to Implement
The critical steps necessary to complete the implementation of the consolidation recommendations include:

TEC.01 - Consolidate Data Center

» Application Development and Maintenance (ADM)

» Project Management, Security, Management and Other

- Conduct a "make/build" vs. "buy" decision analysis for each consolidation opportunity listed above, to determine whether to deliver an IT service using internal resources or use outside service providers

Develop a consolidation/outsourcing roadmap for each consolidation opportunity to maximize savings while minimizing risk. Some IT functions can be outsourced prior to consolidation while others are better suited for consolidation prior to outsourcing.

Recommendation #1 – Data Center Consolidation

Background

There have been numerous prior proposals to consolidate data centers in Kansas. In 2013, IBM conducted a comprehensive study of the data center environment for the state of Kansas with the following key findings:

- Kansas data center infrastructure is highly dispersed across agencies leading to added complexity and limited economies of scale.
- Server virtualization is done within agencies silos limiting overall potential for efficiencies (average server utilization at 14%).
- Server and storage hardware is aging and requires update (over 70% are more than four years old).
- Need to drive to higher levels of standardization and automation (over 120 variations of servers in use).
- Lack of service level definitions aligned to business requirements.
- Lack of comprehensive and integrated toolset to support management and monitoring of storage infrastructure.

Following the IBM study, the EBTM project was launched to provide private cloud services to state agencies, in order to resolve the aging server environment and other IBM findings.

Excipio completed a review of the EBTM project and concluded that "the current data center/cloud strategy is not appropriate for the state." Several factors led to that conclusion:

- Project was not properly scoped (e.g., under-provisioned memory and storage configurations but excess server capacity).
- Flawed assumptions led to an overpriced solution (e.g. synchronous replication, limited virtualization, solution complexity).
- Lack of internal skills to design, implement, and manage a private cloud environment.

Existing Data Centers

OITS utilizes two primary data centers. The lager of the two is located in the Landon building and consists of 14,000 ft^2 of floor space with approximately 150 racks. The State Historical Society houses another data center consisting of 1,200 ft^2 and approximately 55 racks. In addition to these data centers, the Department of Transportation (DOT) and other agencies maintain a mix of data centers and server closets. The CITA data center consolidation study conducted in 2010, estimated approximately 50,000 ft^2 of total space was being used by agencies across the state to host computing equipment.

The states computing infrastructure is currently housed in buildings that were not originally designed as data centers and therefore do not conform to industry standards for resiliency and redundancy (e.g., single point of failure).

Mainframe Environment

The state operates a single IBM mainframe with 718 MIPS and 32 GB of memory. The mainframe currently supports applications for DCF, DOT, DOL and DOR. All agencies are currently pursuing strategies to migrate away from the mainframe. The state spends $6.383 million per year to support the mainframe environment. As agencies migrate their application away from the mainframe, most of the state's mainframe costs will not decrease. Given the chargeback structure, the last agency utilizing the mainframe will bear all of the costs associated with the mainframe.

Server Environment

Excipio found that there are 2,183 servers in the Topeka area. While 71% of the Topeka area servers were virtualized the current VM to Host ration of 8.2:1 is significantly below the industry target of 20:1 to 30:1. The Topeka area servers utilize approximately 1.4 PBs of storage.

The agencies have deferred refresh of the server and storage environment. Currently 71% of the servers are older than five years, while 74% of server storage devices are older than four years and in critical need of refresh.

Recommendation

As stated earlier, A&M recommends a "make vs. buy" analysis be conducted for each IT function being consolidated. Given the current condition of the state's data center infrastructure (age, condition and capacity of the existing data centers as well as the significant capital requirement needed to refresh the server and storage environment) A&M believes that Kansas should strongly consider outsourcing all existing state-owned data centers (mainframe, server and storage) to an external IT service provider utilizing consumption based pricing and industry standard service levels.

Data Center consolidation and outsourcing would replace the existing EBTM project and provide all state agencies (including colleges and universities) with access to secure compute utility on commercial terms. This has the potential to lower operating costs, lower the CapEx budget—associated with replacing an aging server environment, increase availability, and provide a means to recoup some of the EBTM hardware investment. Below is a listing of some of the current data centers (in addition, there are several locations with server closets scattered across the state):

Consolidating and outsourcing the data centers represents a relatively low risk solution that can successfully address several of the state's current issues, including:

- Aging servers, storage and need for greater server virtualization
- Allow the state's mainframe costs to ramp down as agencies migrate away from the mainframe

Recommendation #1 - (dollars in 000's)

FY17	FY18	FY19	FY20	FY21
$1,820	$1,820	$1,820	$1,820	$1,820

- Lack of resilient data center strategy and DR capability
- CapEx requirements over the next 18 months for equipment refresh

Savings Potential

The key components of savings associated with this recommendation include:

- **Mainframe Costs** – There are currently 39.44 FTEs supporting the mainframe environment representing $2.4 million of annual labor costs. Additionally, there are $4 million of annual non-labor costs (HW maintenance and SW) for a total of $6.4 million of mainframe related costs. If bundled with a comprehensive data center outsourcing initiative, the state could generate between 15% and 25% in total savings or $960,000 to $1.6 million in annual savings.
- **Server & Storage Costs** – There are 59.68 FTEs supporting the server, storage and data center environment representing $4.3 million of annual labor costs. The annual non-labor costs (HW maintenance and SW) for the server and storage component of the data centers is not known due to the lack of accurate budget data. Organizations with decentralized data center support generally achieve between 20% and 30% in savings through consolidation and outsourcing data center support. This equates to annual labor savings of $860,000 to $1.3 million.
- **Space Related Costs** – Outsourcing the data centers would free up 50,000 ft^2 of floor space according to the CITA data center consolidation study and result in utility savings as well as support equipment costs for Power Supplies (UPS), Power Distribution Units (PDUs) and chillers.
- **Capital Avoidance** – OITS and the agencies have delayed refresh of the server environment in anticipation of the EBTM project. Currently more than 70% of the server and storage environment is operating beyond the useful asset life (more than five years old). This places the systems running in that environment at increased risk of failure. The Power Distribution Units (PDUs) and Uninterruptible Power Supplies (UPSs) are also significantly past their useful life (15 years old at the Landon data center) and place the data cen-

ters at increased risk for outages.

The state has already spent $18.6 million of the budgeted $33 million on the EBTM project. Excipio estimates that the actual cost to complete the EBTM project will exceed $55 million. The Executive Branch CIO has halted this project.

A conservative estimate of the capital required to refresh the server and storage hardware and the power equipment for the two primary data centers is $10 million. This investment has not been budgeted.

Thus the recommendation is to outsource all existing state-owned data centers (mainframe, server and storage) to a Tier 1 external IT service provider. Utilizing consumption-based pricing and industry standard service levels will eliminate the need to fund the capital necessary to refresh the server and storage environment. This would provide all state agencies (including universities) with access to secure compute utility on commercial terms (consumption-based pricing and committed service levels) and provide a means to recoup some of the EBTM hardware investment.

Recommendation # 2 - Network Services Consolidation

Background

OITS provides the core Wide Area Network (WAN) to most state agencies. OTIS provides centralized voice services to some state agencies and local government entities. Most agencies provide their own Local Area Network (LAN) capability and voice systems. Additionally, the Kansas Department of Transportation (KDOT) manages its own fiber and radio network.

Component	Quantity	Useful Life (years)	% At or Past Useful Life
WAN Devices	675	5	74%
LAN Devices	1,835	6	75%

Most of the state's network and telecommunications hardware is past its useful life and in need of refresh. The cost for the necessary refresh has not been estimated or budgeted for.

Source: Excipio Consulting, LLC

There are currently 144 people supporting network and telecommunications across OTIS and the agencies. Many of the people supporting the network and telecommunications environment do so only as part of their job as evidenced by the fact that 72.46 FTEs support the network and telecommunications environment representing $5.2 million of annual labor costs.

Excipio identified $11.6 million in telecommunications contract spending across the cabinet agencies and OTIS. Of that amount, the state spends $7.2 million on long distance services.

There are 411 small (less than 7 Mbps) data circuits provided through AT&T's Virtual Private Network (AVPN) at a cost of $2.8 million annually ($6,813 per circuit per year).

Many agencies still maintain local private branch exchange (PBX) equipment and phone systems. Of the PBX equipment used by these agencies, 92% of them are past their end of life, and in need of refresh.

Recommendation

A&M recommends consolidating all network services, including Network Operations Center (NOC), Wide Area Network (WAN), Local Area Network (LAN), voice and data services across the state agencies.

Additionally, the state should evaluate alternatives for the expensive AVPN data circuits and the aging PBX phone solutions.

As part of the consolidation planning, the state should consider outsourcing the network and telecommunications support as a way to:

- Further reduce costs
- Accelerate consolidation
- Gain access to skills that are in short supply

Recommendation #2 - (dollars in 000's)

FY17	FY18	FY19	FY20	FY21
$1,625	$1,625	$1,625	$1,625	$1,625

- Convert much of the fixed cost to variable (consumption-based) costs

A&M recommends bundling the Network Services and Data Center outsourcing evaluations together to gain greater leverage and better pricing.

Savings Potential

The key components of savings associated with this

TEC.02 - Consolidate Network Services

ters at increased risk for outages.

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As part of the consolidation planning, the state should consider outsourcing the network and telecommunications support as a way to:

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Recommendation #2 - (dollars in 000's)

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A&M recommends bundling the Network Services and Data Center outsourcing evaluations together to gain greater leverage and better pricing.

Savings Potential

The key components of savings associated with this

recommendation include:

- **Labor Costs** – There are currently 72.46 FTEs providing network and telecommunications support representing $5.2 million of annual labor costs. Consolidation (considering the part-time commitment of these resources) could generate between 10% and 15% in total savings or $525,000 to $786,000 in annual savings.
- **AVPN Costs** – There are 411 AVPN circuits costing the state $2.8 million annually. A mix of AVPN renegotiating and resolutioning (e.g., cable modems; Ethernet alternatives) should achieve between 40% and 60% in savings. This equates to annual savings of $1.1 million to $1.6 million.
- **AT&T Contract Renegotiation** – The AT&T contract is due for renegotiation in June of 2016. The potential savings associated with this event is included in the Procurement chapter as a Strategic Sourcing event.

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Background

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There is no standardization on the service desk ticketing system (service management tool) used across the agencies.

There are currently 134 FTEs providing Service Desk and End User Computing (EUC) support across OTIS and the cabinet agencies.

More than half of the EUC users are outside of Topeka. They are supported through a mix of Topeka based support staff and a regional dispatch model.

Recommendation

A&M recommends consolidating Service Desk operations (Level 1 support) and EUC support across all of EBIT. EBIT should also develop standardization on a single service desk ticketing system and evaluate opportunities to improve remote user support through a regional depot system with adequate spares. This will lower costs, reduce duplication of effort and can lead to improved service (e.g. coverage hours, answer rate, First Call Resolution).

Recommendation #3 - (dollars in 000's)

FY17	FY18	FY19	FY20	FY21
$2,400	$2,400	$2,400	$2,400	$2,400

As part of the consolidation planning, the state should consider outsourcing the Service Desk and EUC support as a way to further reduce costs; accelerate consolidation; gain access to skills that are in short supply and enhance support for the large number of remote EUC users.

Savings Potential

The key components of savings associated with this recommendation include:

- **Labor Costs** – There are currently 134.24 FTEs providing Service Desk and EUC support representing $8 million of annual labor costs. Consolidation could generate between 30% and 50% in total savings or $2.4 million to $4 million in annual savings.
- **PC Purchasing** – PC purchasing is not leveraged across agencies and there are no standard configurations defined. EBIT should implement a strategic PC purchasing capability and enforce standard configurations to not only lower the purchase price but lower the lifetime support costs as well. The potential savings associated with this recommendation is included in the Procurement chapter as a Strategic Sourcing event.

Recommendation #4 - Application Development and Maintenance Consolidation

Background

There are 248 FTEs currently performing Application Development and Maintenance (ADM) and database administration activities across EBIT. Approximately 20% of these resources are performing database management while the remaining resources are engaged in application development and maintenance tasks.

Historically, each agency managed its own develop-

TEC.05 - Consolidate Project Management, Security, Management and Other

ment resources with little sharing across agencies. There is no formal process in place to track skills/capabilities and no attempt to optimize ADM resources across EBIT.

Recommendation
A&M recommends consolidating ADM and database administration across all of EBIT.

A first step in this consolidation effort should include a review of the personnel roles, responsibilities and competencies of the staff associated with this function.

Recommendation #4 - (dollars in 000's)

FY17	FY18	FY19	FY20	FY21
$1,900	$1,900	$1,900	$1,900	$1,900

As part of the consolidation planning, the state should consider outsourcing ADM and database support as a way to further reduce costs, accelerate consolidation, and gain access to skills that are in short supply.

Savings Potential
The key components of savings associated with this recommendation include:

- **Labor Costs** – There are currently 248.83 FTEs providing ADM and database support services representing $18.9 million of annual labor costs. Consolidation could generate between 10% and 15% in total savings or $1.9 million to $2.8 million in annual savings.

Recommendation #5 – Consolidate Project Management, Security, Management and "Other" activities

Background
In addition to the FTEs addressed in the four previous recommendations, Excipio identified the following FTEs performing IT activities across EBIT:

Total:	230.55	$19.373 million

Recommendation
A&M recommends consolidating these activities across all of EBIT to the extent possible.

As part of the consolidation planning, the state should consider implementing a complete organization redesign for EBIT that addresses organizational structure, span of control and centralized vs. decentralized activities.

The decisions regarding what activities to retain in-house vs. which activities should be performed by external organizations, will be a key driver in the organizational design. ITIL process implementation and contract management requirements will also be significant contributors to the design effort.

Savings Potential
The key components of savings associated with this recommendation include:

- **Labor Costs** – There are currently 230.55 FTEs providing Project Management, Security, Management and "Other" representing $19.4 million of annual labor costs. Consolidation could generate between 5% and 10% in total savings or $968,000 to $1.9 million in annual savings.

Summary

Executive Branch IT (EBIT) has made good progress laying the foundation for consolidating common IT functions under the leadership of the newly appointed Executive Branch CITO. The establishment of the Core Leadership Team (CLT) and the four Working Groups represent a good start down the path of consolidation.

- Finance/Measures
- People
- Performance/Process/ITIL
- Architecture/Standards

However, there have been repeated attempts to tackle consolidation in the past with very few results gained. Consistent focused leadership and good planning are prerequisites for a successful consolidation effort.

EBIT should look to augment the existing staff with external subject matter experts when and where necessary to move the recommendations forward.

Critical Steps to Implement
The critical steps necessary to complete the implementation of the consolidation recommendations include:

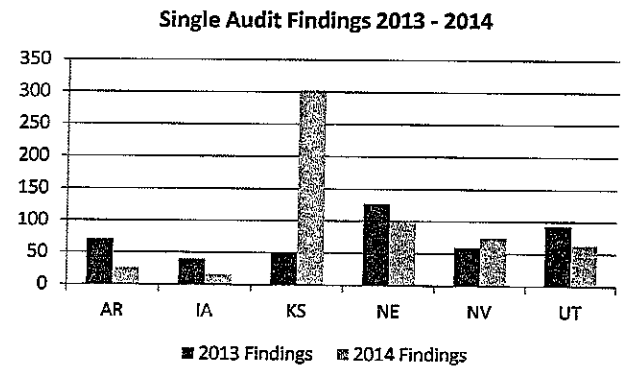
- Begin with the end in mind—develop a "future state" operating model and organizational design for EBIT and ensure that EBIT customers understand the model.
- Using the Excipio report as a starting point, gather additional FTE and IT costs data to support a comprehensive and detailed IT budget for each IT function. Understanding the true total cost of IT by functional area will allow for comparative analysis (benchmarking) and is a prerequisite for the "make vs. buy" analysis that A&M recommends for each consolidation recommendation.
- Prioritize and implement key ITIL processes across EBIT with an initial focus on Service Operation processes (i.e., Incident Management; Problem Management; Event Management; Request Fulfillment and Access Management) as the first wave of ITIL process implementation across EBIT.
- Provide ITIL training to all EBIT staff. A&M recommends that ITIL Foundations certification be a requirement for all EBIT staff, with the initial focus on training the infrastructure and network staff. A&M further recommends that EBIT have two or three ITIL Experts within the organization to act as champions for the implementation of common processes across EBIT.
- Implement qualitative metrics and use them to proactively manage the business of IT across the Executive Branch. The metrics should be published regularly (as least monthly) and should be reviewed with stakeholders. Suggested metrics include:
    - » **Data Center** - server availability; incident resolution; batch schedule completion; utilization (servers and storage)
    - » **Network** - availability (end-to-end; VPN; ISP; Access Link); response times; throughput; security (intrusion detection)
    - » **End User Computing** - MAC (moves, add, changes); release deployment; procurement and installation; workstation break fix (time to respond / time to resolve)
    - » **Service Desk** - % of call answered in 30 seconds; abandon rate; first call problem resolution; user satisfaction
    - » **Applications Development & Maintenance** - milestones on time; estimation accuracy; Severity 1 and 2 Problems in Production; application outages; defect rates
- Develop detailed project plans for each consolidation work stream (ensure a "make vs. buy" analysis for each consolidation work stream is included).
- Develop a detailed business case for each work stream.
- Develop a detailed consolidation roadmap, prioritizing all of the consolidation efforts required to achieve the future state operating model, balancing organizational readiness, risk and reward.
- Ensure that the overall consolidation plan include a change management program and leader.
- Rigorously track progress of each work stream against the business case at regular intervals.
- Celebrate and communicate interim successes.

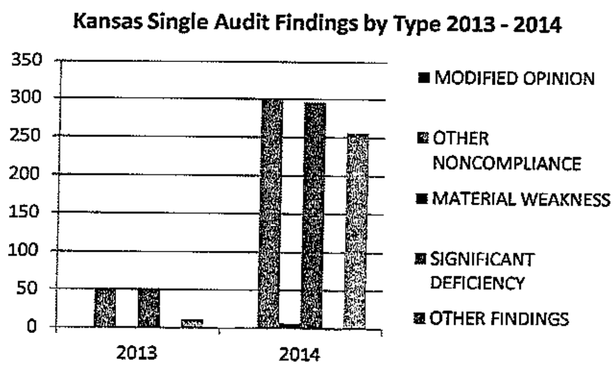
Recommendation #5 - (dollars in 000's)

FY17	FY18	FY19	FY20	FY21
$968	$968	$968	$968	$968

GGO.01 - Create a new Governor's Grant Office focused on Statewide Federal Funding

tion that states with a high number of compliance and internal control findings are deemed to have shown poor financial management with regard to the execution of federally funded programs. As a result of these risked based discounts, the amount of funds Kansas receives in a competitive grant award process may be negatively impacted.





Source: Single Audit Database from harvester.census.gov

Recommendation #1 – Create a New Governor's Grants Office

A&M recommends that the state create a newly formed Governor's Grants Office (GGO) to enable a coordinated, prioritized, and compliance-driven approach to maximizing the amount and effective use of federal funds in the state's agency budgets and expenditures. Federal government assistance payments to Kansas state and local agencies decreased from $7.2 billion in 2013 to $6.6 billion in 2014[5]. The state would benefit from more coordinated approach in the prioritization, application, compliance, and reallocation of federal funds for use by state agencies, local entities, universities and foundations.

The GGO would provide support to the identification of grant opportunities, prioritizing the state's strategic goals, sharing best practices, and developing a compliance function to ensure proper execution of grant dollars received.

The GGO would coordinate with state agencies' point of contacts to track grant related activities. The GGO would also review reimbursements and cost allocation processes, assess compliance procedures and resolution plans, and monitor and track grant execution.

Background and Findings

- Currently, the State of Kansas does not have a centralized office to manage and coordinate the receipt of federal funds.

Recommendations

		Target Savings and Revenue Estimate (All values in 2015 dollars, in 000s)					
Rec #	Recommendation Name	FY17	FY18	FY19	FY20	FY21	Total
1	Create a new Governor's Grant Office focused on Statewide Federal Funding	$4,086	$5,032	$5,082	$5,131	$5,181	$24,513
2	Retitle the Governor's Grants Office into a Governor's Crime Prevention Office	$-	$-	$-	$-	$-	$-
		$4,086	**$5,032**	**$5,082**	**$5,131**	**$5,181**	**$24,513**

5 Single Audit Database from harvester.census.gov

- The state has a Governor's Grants Program office, which administers state and federal grant programs focused on the criminal justice system, public safety, crime victim services, and drug and violence prevention programs[6]. This office should be refocused around its actual mission as the Governor's Crime Prevention Office.

- Otherwise, stage agencies and local governments are responsible for grant management, including identifying new grant opportunities, fiscal and program management, and audit compliance.

- Audits and compliance efforts are conducted by the agencies, the Legislative Auditor, or outside private firms.

- A&M reviewed Maryland's Governor's Grants Office and Nevada's Office of Grant Procurement, Coordination and Management Budget. Both offices provide three key services for the state:

  » Information Resource – both agencies maintain a website that provides consolidated information relating federal grants—including new grant opportunities listing, grant statistics, training and workshop schedules, and state agencies points of contacts for federal funds. In 2014, Maryland's Governor's Grant Office trained approximately 6,500 people[7].

  » Special Point of Contact (SPOC) for state and local governments, as well as non-profit and non-governmental agencies and foundations. Each state agency appoints a point of contact (POC) that coordinates with the SPOC.

  » Provide grants training and technical assistance.

  » Publications – both agencies create reports on federal grant expenditures and produce grant manuals to promote fiscal and program requirement compliance. Maryland's grants office emailed their electronic newsletters to more than 6,000 subscribers[8].

- Over the decade since the formation of the Governor's Grant Office in the State of Maryland, the number of compliance related issues have been materially reduced both in number and in magnitude of compliance related findings. Correspondingly, Maryland's receipts of federal funds have increased overall as well as in relation to benchmark states.

- In 2013, the State of Maryland received $9.1 billion. In 2014, the state expended $9.8 billion[9]. This is a 7% increase in a year.

- Nevada's federal grant awards increased by 10% between 2013 and 2014 from $3.3 million to $3.6 million[10].

Recommendation #1 - (dollars in 000's)

FY17	FY18	FY19	FY20	FY21
$4,086	$5,032	$5,082	$5,131	$5,181

Key Assumptions

Savings were identified using the following methodology:

- Five benchmark states were chosen based on region, size of the population and income. The five states are: Arkansas, Iowa, Nebraska, Nevada, and Utah.

- Potential new grants were identified by comparing the grants received by Kansas in 2014 versus grants received by the benchmark states.

- The top 50 grants that Kansas did not receive funding for in 2014, where the benchmark states were awarded funds were identified.

- A&M reviewed eligibility requirements and matching formulas for the 25 potentially eligible non-education and non-Medicaid grants.

- A conservative win rate of 10% was applied to the average amount received by the benchmark states, with a 1 percent increase in win rate per year until 2021.

- Seven of the potentially eligible grants had a matching requirement. Matching was calculated initially at $120,000 for 2017 and increasing as win rate increases by 1 percent each year. A total additional investment by the state is $659,000

6 http://www.grants.ks.gov/about-us/mission-values

7 http://grants.maryland.gov/Pages/AboutUs.aspx

8 Maryland GGO Annual Report 2015

9 Maryland GGO Annual Report 2015; Maryland GGO Annual Report 2014 Summary

10 Nevada Office of Grant Procurement, Coordination and Management 2015 BIENNIAL REPORT

over five years.

- Additionally, the analysis identified an average of $1.4 million in grant funding that was returned in 2012-2014. In 2015, $35 million in grant funding was returned.
- Savings associated with grant administration has not been factored into the savings model.
- Grant Management System implementation and website creation costs estimated at $300,000 to $500,000 and a 20% maintenance cost was factored into the savings. An investment in a Grant Management System will provide access to a comprehensive list of federal grants, allow tracking and pursuing new grant opportunities, increase efficiency through workflows, and assist in performance reporting.
- The new Governor's Grants Office will create five new positions for an additional annual investment of $376,000 for 5 FTEs.

Key responsibilities

The Federal Funds Office responsibilities include, but are not limited to:

- Be the single point of contact and subject matter expert on all things related to federal funds, including grant requirements and compliance questions.
- Provide technical assistance advice for all entities, including local, state, private and nonprofit.
- Provide agencies assistance in remediation of audit findings.
- Conduct training on topics such as researching grant opportunities, grant writing, grants management and budgeting.
- Maintain website to share information on federal funds coming into the state.
- Create annual report in tracking federal funds in the state.
- Monitor agency and grant performance through data-driven metrics.

Critical Steps to Implement

The critical steps necessary to complete the implementation of this recommendation include:

- Issuance of an executive order creating the Governor's Grants Office. An executive order may provide the best combination of structure and flexibility, whereas locking in the duties of a grants office via statute may make it harder to shift responsibilities and activities should the need arise[11].
- Create cost allocation plan to determine the overall cost of the program. A&M recommends the staffing of the GGO is five FTEs. Staffing requirements may increase if compliance issues are identified and compliance needs to become a priority for the GGO.
- Issuance of a Request for Proposal (RFP) for the creation of the GGO's website. A&M's recommendation is based on published rates in the OITS 2015 Service Catalog.
- All state and local agencies appoint a Point of Contact (POC) who will liaise with the GGO Director.

Recommendation #2 – Retitle the Governor's Grants Program Office into the Governor's Crime Prevention Office and assign additional pass-through responsibilities

A&M recommends that the state retitle the Office of the Governor Grants Program (KGGP) into a Governor's Crime Prevention Office. The existing Governor's Grants Program office currently administers state and federal grant programs focused on the criminal justice system, public safety, crime victim services, and drug and violence prevention programs[12]. KGGP also provides technical assistance and compliance oversight to sub grantees. As part of the retitling, the governor should look for opportunities to drive additional pass-through related crime prevention grants through the new Governor's Crime Prevention Office. The office is efficient at the process for accepting, distributing and monitoring grants to entities throughout the state and additional funds could be directed to that office for this type of higher administration funding.

11 FFIS Special Analysis 14-04, June 11, 2014 Establishing a Grants Office

12 http://www.grants.ks.gov/about-us