Kansas Summary Recommendations - By Legislative Committee DRAFT
Prepared on 02/11/2016

Senate Budget Committee	Action Type	Unique Identifier	Recommendation Name	Recommendation Description	FY 2016	Total Savings and Revenue Estimate [$000s] FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total	Percent of the Total
Senate Ways & Means (Tuesday)	Legislative Action	INS.02	KDOL Assessment Rate Change	Increase revenue by adjusting the Administrative Fund assessment charged to state Workers' Compensation carriers to 1% based on written premium from the current 2.79% based on prior year paid losses.	-	30,900	30,900	30,900	30,900	30,900	154,500	7.6%
		LOT.01	Implement ITVM	Allow the Lottery to use Instant Ticket Vending Machines in Kansas	-	6,147	9,554	9,554	9,554	9,554	44,363	2.2%
		INS.04	Replace WC State Self Insurance Fund (SSIF) Claims Management with an Experienced Third Party Administrator Overseen by ORM	Reduce WC SSIF claims costs by replacing current WC SSIF claims staff with an experienced TPA overseen by the recommended new ORM, for management of new go-forward claims and closeout of open runoff claims at FY 16 end. - Capital Outlay investment for moving WC claims function to new TPA on a go-forward basis as of FY 17. - Projected cost savings generated by reduced WC claims costs and claims volume, and enhanced risk management, brought by outsourced TPA with ORM oversight. - Projected cost savings to replace existing $136K/year Systema claims software and $1.7M/year CompAlliance TPA limited-services contracts with new full-service TPA as of FY17. - Projected cost savings for discontinued facility operations and overhead expense (other than staffing overhead) associated with WC SSIF claims staff elimination at FY 16 end. - Projected Salaries and Wages cost savings by elimination of 16 FTE KDHE WC SSIF claims personnel salaries and staffing overhead at FY 16 end.	-	3,116	4,956	4,956	4,956	4,956	22,940	1.1%
		KPERS.03	Compensation Changes	Consider Modest Changes In Compensation Which Can Be Considered In Pension Calculations.	-	-	-	-	-	2,300	2,300	0.1%
		INS.03	Statewide Insurance Procurement Re-Bid	Leverage a competitive insurance procurement process and strategic sourcing of policies. The cost savings is projected at 10% of current P&C policy premiums totaling $2.84M.	71	284	284	284	284	284	1,491	0.1%
		HC.03	Host an annual ideas festival	Establish and host an annual ideas festival for submission of efficiency savings ideas	-	200	200	200	200	200	1,000	0.0%
		HC.02	Non-Discretionary Performance Bonus System	Allow for and Design Non-Discretionary Performance Bonus System	-	-	-	-	-	-	-	0.0%
		MEMO.01	Centralized budgeting and management	Enact centralized budgeting and management for services	-	-	-	-	-	-	-	0.0%
	Total Legislative Action				**71**	**40,647**	**45,894**	**45,894**	**45,894**	**48,194**	**226,594**	**11.1%**
	Budget Considerations	DOA.01	Strategically source top categories	Short Term - Conduct a statewide strategic sourcing exercise of a select group of high spend categories. This sourcing event will involve taking each category through a complete strategic sourcing exercise which will include the followings steps: spend analysis, category assessment, category strategy, souring event, negotiation and selection, contracting and supplier transition. A&M can lead the execution with assistance from DOA category managers to ensure that the approach can be repeated by DOA staff in future events.	-	10,875	15,000	15,000	15,000	15,000	70,875	3.5%
		DOA.02	Implement a category management structure	Medium Term - Establish a standardized, unified, center-led strategic sourcing and category management capability within DOA. The purpose of this function should be to develop deep expertise in the highest spend categories that state agencies consume, track and report spend across the state, maintain a list of key local/agency requirements for each category, have deep market place knowledge and be responsible for offering creative, viable solutions for satisfying needs for goods and services.	-	-	4,125	8,250	8,250	8,250	28,875	1.4%
		DOA.06	Statewide contracts repository	Short Term: Create a central repository for all state contracts (agencies and universities). The repository should make it possible for any state employee to easily search for all existing contracts that cover a specific product or service. The repository should also provide enough insight to know when contracts will expire. KU and KUMC has a very powerful contract repository that is well configured and is easy to search. The state should consider leveraging the SMART Contracting module to store all state contracts and interface with Sciquest (KU/KUMC) to ensure there is statewide visibility to all contracts.	-	-	-	-	-	-	-	0.0%
	Total Budget Considerations				**-**	**10,875**	**19,125**	**23,250**	**23,250**	**23,250**	**99,750**	**4.9%**
	Immediate Action	DOA.09	Optimize facility operations to reduce energy usage	Short Term: Reconfigure facility heating and cooling systems to operate in an energy efficient manner by reprogramming settings to match occupancy level as well as environmental conditions.	-	3,600	3,600	3,600	3,600	3,600	18,000	0.9%

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					Total Savings and Revenue Estimate [$000s]							
		DOA.03	Pay invoices on day 30	Short Term - Free up working capital: The standard payment terms on the State of Kansas contracts are Net 30 day terms. Agencies pay the invoices as soon as they are approved. This has resulted in most invoices being paid in 10 days on average. Because of this, the state is having to cover the 20 day float with working capital that could be eliminated or redeployed for other purposes. The SMART system has the functionality to hold and automatically release payments closer to day 30. Note: The state would have to update the invoicing procedures to ensure that the agencies consistently enter the 'invoice receipt date' into SMART (provided that the contract calls for the 'invoice receipt date' and not the 'invoice date').	750	3,000	3,000	3,000	3,000	3,000	15,750	0.8%
		DOA.04	Negotiate early pay discounts	Medium/Long Term - Most supplier contracts do not currently have provisions for early pay discount terms (i.e. 2/10 net 30). By shifting vendor payments to be closer to day 30, some vendors will be more open to offering discounts when their invoices are paid early. This would speed up payment and save money for the state.	-	750	750	750	1,500	1,500	5,250	0.3%
		DOA.08	Implement networked printers at universities	Medium Term: Conduct a statewide assessment to identify which universities and agencies should move to network based printers/copiers to reduce procurement and maintenance costs.	-	673	673	673	673	673	3,365	0.2%
		DOA.07	Centralize the management Wireless Services	Short Term: Implement a centrally managed wireless account management structure that will do the following: eliminate the need for agency personnel to oversee the reviewing and processing of the invoice, enable better overall management of the data plans and equipment, and enable the state to better leverage the volume to get lower pricing from the wireless providers. The state could consider contracting with a Telecom Expense Management (TEM) company to manage all wireless accounts statewide.	-	160	160	160	160	160	799	0.0%
		KPERS.02	Maximize Investment Income	Encourage KPERS to Carry out its Strategic Plan with Emphasis on Maximizing Investment Income Consistent with Fiduciary Responsibility	-	-	-	-	-	-	-	0.0%
		KPERS.01	KPERS Contributions	Make Required Contributions to KPERS as Specified under Current Law	-	-	-	-	-	-	-	0.0%
		MEMO.02	Statewide assessment on alternative memo billing	Conduct a statewide assessment on alternative billing model for state central services	-	-	-	-	-	-	-	0.0%
		DOA.05	Automate the Procure to Pay process	Medium/Long Term - Define, enable and implement an automated procure to pay process across all agencies. This will bring consistency, transparency and improved efficiency to the requisitioning, purchase order generation and issuance, goods receipt and matching, and invoice receipt, approval and payment workflows.	-	(1,200)	-	-	-	-	(1,200)	-0.1%
		HC.01	Outsource leave Administration	The state should review current policies and processes for leave administration, FMLA and workers compensation/disability approval and administration to reduce unnecessary employee absences and increase cost savings to the state.	-	-	-	-	-	-	-	0.0%
	Total Immediate Action				**750**	**6,983**	**8,183**	**8,183**	**8,933**	**8,933**	**41,964**	**2.1%**
	Executive Action	MEMO.03	Centralized service functions	Compel agencies to utilize centralized service functions	-	-	-	-	-	-	-	0.0%
		INS.01	Establish a DOA Office of Risk Management (ORM)	Overall projected cost savings are generated by improved operating efficiency, alignment of risk with controls; strategic risk transfer; and enhanced claims control and risk management brought by the new ORM's industry expertise and oversight, including WC SSIF return-to-work programs and best practices to drive down WC claim occurrences and claim costs. - Capital Outlay investment for ORM implementation and facility operational overhead costs. - ORM new Salaries and Wages plus benefits and staffing overhead expense.	(70)	(417)	(417)	(417)	(417)	(417)	(2,156)	-0.1%
	Total Executive Action				**(70)**	**(417)**	**(417)**	**(417)**	**(417)**	**(417)**	**(2,156)**	**-0.1%**
Total Senate Ways & Means (Tuesday)					**751**	**58,088**	**72,785**	**76,910**	**77,660**	**79,960**	**366,152**	**18.0%**