MEMORANDUM

Legislative Division of Post Audit
800 SW Jackson, Suite 1200
Topeka, KS 66612-2212
voice: 785.296.3792
fax: 785.296.4482
web: www.kslpa.org

TO: Members, Kansas Legislature
FROM: Justin Stowe, Deputy Post Auditor
DATE: February 15, 2017
SUBJECT: February 2017 progress report on the Alvarez & Marsal efficiency recommendations

At the direction of the Legislative Post Audit Committee, our office is monitoring the state's progress in addressing recommendations in the February 2016 Alvarez & Marsal efficiency study. To prepare this progress report, we contacted each agency to which recommendations were directed and requested an update on their progress in addressing those recommendations. Based on their responses, we characterized agency action taken on the 105 A&M recommendations into one of three categories:

- **Done** – Based on the agency's response, it appears that they do not intend to take any further action on the recommendation. This does not mean the agency has fully implemented the A&M recommendation. Rather, it means the agency appears to have completed whatever action it plans to take.

- **Started** – Based on the agency's response, it appears that they have taken some action to address the recommendation.

- **Not Started** – Based on the agency's response, it appears that they agency has not taken any action to address the recommendation.

The report includes two schedules for the recommendations. The first is a summary of the implementation status by agency (Attachment A). The second is a detailed listing of each recommendation which includes the agencies' responses (Attachment B).

Please keep in mind our role in monitoring these recommendations is simply to collect and distribute self-reported information from state agencies. None of the information in this report has been audited or vetted in any way by our staff. If legislators would like a more thorough evaluation of agency-reported actions or savings estimates, they should contact me at (785) 296-7977. I will be able to help determine whether additional information can be provided by either Legislative Research staff or through an audit proposal.

We plan to follow up and report back to the Legislature on these recommendations twice each year. The next update will be in August 2017. Until then, please let me know if you have any questions.

Attachment A
Summary of Agency Action Status
(February 2017)

Responsible Agency	Agency Action Status				Total
	N/A	Done	Not Started	Started	
Adjutant General		3			**3**
Board of Regents			1		**1**
Department of Administration		3	8	14	**25**
Department of Commerce		2	2	1	**5**
Department of Corrections		1	5	6	**12**
Department of Education		2	3	1	**6**
Department of Health and Environment		1	1	3	**5**
Department of Revenue				4	**4**
Department of Transportation		2	5	1	**8**
Department on Aging and Disability Services			1	1	**2**
Department on Children and Families				3	**3**
Governor			2		**2**
Health Care Commission				2	**2**
Kansas Department of Labor			1		**1**
Kansas Public Employees Retirement System (KPERS)		1			**1**
Legislature	14	5			**19**
Lottery				1	**1**
Office of Information Technology Services			3	2	**5**
Total	**14**	**20**	**32**	**39**	**105**

Attachment B									
Unique ID	Recommendation Description (Follow-up)	Page Ref	Responsible Agency	Gov Budget	Agency Action Status	A&M Savings Est - Annualized	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (2/2017)
NG.01	Facilities: conduct a thorough review of state owned properties and facilities utilized by the Kansas National Guard.	pgs. 227-228	**Adjutant General**	--	Done	$ -	Nothing reported.	--	The Department regularly conducts comprehensive reviews of our facilities, carefully evaluating the costs and benefits of consolidating missions and maintenance efforts in line with our long-term strategic goals. The reviews consist of space utilization, costs of operations, facility efficiency, unit stationing strategy, readiness support, and force structure action. These periodic reviews meet the recommendation for property and facility review. We have created partnerships to better control the state funding requirement and also create relationships that complement the Department's mission sets. The Department has implemented a uniform work order system across Air, Army, and KDEM facilities, which improves operations and maintenance supply chain efficiencies while simultaneously meeting audit readiness. Ranges are managed through a cooperative agreement between the state and federal government and are 100% federally reimbursed. We continuously seek out ways to reduce costs whether it benefits the state, federal government, or both. We have created partnerships to better control the state funding requirement and have forged relationships that complement the Department's mission sets. The Department remains engaged in on-going negotiations with utility and other service providers to find ways to better manage our energy expenditures, including negotiating rate structures, consolidating billing, enhancing energy efficiencies, implementing renewable energy sources and divesting underutilized properties. Keeping our facilities operational and in good repair has a direct effect on the readiness of our National Guard units and is calculated into the levels of personnel, equipment and missions entrusted to us and funded by the National Guard Bureau. It's important to note, not all State General Fund (SGF) dollars hold the same value. In the case of our Department, many of the state dollars obligated within the Department's budget leverage one to three matching federal dollars that would not otherwise be brought into the state. The economic impact of the National Guard in Kansas is approximately $400M annually. While carefully managing our fiscal resources is of paramount importance as good stewards of taxpayers' dollars, we must also be mindful that the Department is required to adapt to and mitigate constantly evolving threats to our state and nation. Maintaining an effective balance between current resourcing levels, assessing risk and fulfilling our statutory responsibility to protect Kansans is a challenge that must be carefully managed.
NG.02	Contracting: -- Examine the use of federal (DoD) contracts to save money with lower unit costs and contract use fees -- Determine if supply/service contract consolidation would reduce costs -- Maximize federal in-kind support	pg. 228	**Adjutant General**	--	Done	$ -	$ -	--	Federal contracting can only be used if certain criteria are met. For example, federal contracts can be used to support the federal/state Cooperative Agreements and then can only be utilized if the federal support is 100%, or 100% federal support and on Federal Property. In those cases an 'In Kind Assistance' support request must be coordinated with and approved by the United States Property and Fiscal Officer (USPFO) before federal funding and contracting actions can occur. The Department currently utilizes 'In Kind Assistance' when it can be used and it makes fiscal sense. Federal contracting cannot be utilized for state purchases. State employed security guards are 100% federally reimbursed thus there would be no savings to the state by contracting security guards. The Department in the past has considered this option. At that time contract security guards was deemed to not be a good fiscal or security decision.

Unique ID	Recommendation Description (Follow-up)	Page Ref	Responsible Agency	Gov Budget	Agency Action Status	A&M Savings Est - Annualized	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (2/2017)
NG.03	The Office of the Adjutant General should continue to look for cost savings	pgs. 229-230	**Adjutant General**	--	Done	$ -	$ -	--	The Department continually evaluates the funding splits to determine if the state share can be reduced or eliminated. When possible and allowed by federal policies, the Department does adjust funding to save the state funds. Each year when McConnell and Forbes submit their budget to the National Guard Bureau (NGB), they use the 7115 to prepare their budget. The Department will continue to request NGB review funding when we believe there should be more federal support. The agency maintains a minimum 5-year Capital Projects Plan and competes annually for additional Air and Army National Guard end of federal year funding. The Department will continue to capture and utilize as many federal dollars as we can. The Department currently follows NGB regulations to repair and service equipment. The Army regulates what levels of repair can be conducted at local (Kansas National Guard) Field Maintenance Shops (FMS) and what will be conducted at depot level repair facilities. The FMS shops and all repair services for National Guard equipment are 100% federally funded. The Facilities Inventory Support Plan (FISP) identifies the level of federal funding authorized for each facility. The Department currently reviews and updates the FISP annually as required by regulation. Additionally, if the use of a building changes during the year and this requires the authorized federal funding amount to be adjusted, the Department updates the FISP at that time. The agency is currently exploring opportunities to team up with educational institutions. However, there are several laws and regulations that must be followed before these opportunities can be executed. The Department is partnering with Garden City Community College and working to expand this concept to other higher learning institutions in the state. The Distance Learning and STARBASE programs are both 100% federally funded. The agency does see the benefit to both programs teaming with educational institutions and will continue to pursue when viable and allowed by federal regulation.
DOA.08	Implement a Managed Print Services Model at Universities and Evaluate Agencies	pg. 52	**Board of Regents**	--	Not Started	$ 673,000	$ -	Annual	No change or update in response.
DOA.01	Strategically Source Top Categories Statewide (across Agencies and Universities)	pgs. 44-46	**Department of Administration**	Yes	Started	$ 14,175,000	Unknown until a comparative analysis is done between past purchases and purchases under the current contract. Dept. of Administration does not currently have staff available to compile and complete the analysis.	Annual	Department of Administration has begun to "strategically source" contracts as they come up for bid. The most current examples are the contracts for law enforcement equipment and hygiene supplies. Rather than each agency bidding for equipment, Dept. of Administration pulled together the agencies and drafted one RFP that covered most of the necessary equipment/supplies to pool the purchasing power. Dept. of Administration continues to evaluate bid events to determine whether they would benefit from strategic sourcing.
DOA.02	Implement a Category Management Capability and Strategically Source Remaining Categories	pgs. 46-48	**Department of Administration**	--	Started	$ 7,219,000	Unknown until a comparative analysis is done between past purchases and purchases under the current contract. Dept. of Administration does not currently have staff available to compile and complete the analysis.	Annual	Department of Administration has begun to "strategically source" contracts as they come up for bid. The most current examples are the contracts for law enforcement equipment and hygiene supplies. Rather than each agency bidding for equipment, Dept. of Administration pulled together the agencies and drafted one RFP that covered most of the necessary equipment/supplies to pool the purchasing power. Dept. of Administration continues to evaluate bid events to determine whether they would benefit from strategic sourcing.
DOA.03	Free Up Working Capital by Paying Invoices on Day 30	pgs. 48-49	**Department of Administration**	--	Started	$ 2,625,000	To be determined.	Annual	Survey completed and analysis underway.
DOA.04	Negotiate Early-Pay Discount Terms with Suppliers	pg. 49	**Department of Administration**	--	Done	$ 1,050,000	$ -	Annual	Fully Implemented

Attachment B

Unique ID	Recommendation Description (Follow-up)	Page Ref	Responsible Agency	Gov Budget	Agency Action Status	A&M Savings Est - Annualized	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (2/2017)
DOA.05	Ensure Sustainability of Savings by Automating the Procure-to-Pay Process	pgs. 49-50	**Department of Administration**	--	Started	$ (1,200,000)	Unknown.	One-Time	Department of Administration is still analyzing options.
DOA.06	Central Contract Repository	pgs. 50-51	**Department of Administration**	--	Not Started	$ -	$ -	--	This would be a significant cost to the state and the Department of Administration is not pursuing at this time. However, some upgrades to the computer system in the summer of 2016 which have increased the speed and response time for web searches.
DOA.07	Centralize the Management of Wireless Services	pgs. 51-52	**Department of Administration**	Yes	Done	$ 160,000	To be determined upon contract award and optimization analysis.	Annual	Department of Administration entered into an agreement and upon optimization, will recognize reduced cell phone costs as a result. Dept. of Administration is finalizing an RFP for a statewide service and will recommend utilization of the contract by all state agencies.
DOA.09	Optimize Facility Operations to Reduce Energy Usage	pgs. 52-53	**Department of Administration**	--	Done	$ 3,600,000	None for Department of Administration. Unknown for other agencies.	Annual	Department of Administration utilizes similar services for buildings it operates in the Capitol complex. This response does not extend to any other agencies and/or buildings as those are not in the care and control of Department of Administration
FLEET.01	Centralized Fleet Management under the Department of Administration. Fleet Reduction by reducing the threshold by which passenger vehicles may be sold to 88,000 miles from the current rule of thumb of 130,000.	pgs. 104-105	**Department of Administration**	Yes	Started	$ 1,356,000	Unknown	Annual	Centralized Fleet Management: Still in process. Fleet Reduction. Still in process, and this will be a reduction in vehicles owned by agencies other than Dept. of Administration. There is no authority for Dept. of Administration to mandate this.
HC.01	Explore leading practices for centralized administration of Family and Medical Leave	pgs. 238-239	**Department of Administration**	--	Not Started	$ -	$ -	--	Department of Administration is not pursuing.
HC.02	Institute performance based bonuses: the state should allow agencies to institute a nondiscretionary performance bonus system based on predetermined criteria that contribute to the overall performance of agencies.	pgs. 236-237	**Department of Administration**	--	Not Started	$ -	$ -	--	This would require legislative action and Department of Administration is not pursing at this time.
HC.03	Host an annual ideas festival for submission of efficiency ideas	pgs. 237-238	**Department of Administration**	--	Not Started	$ 200,000	$ -	Annual	Department of Administration is not pursuing at this time. Savings estimates appear overly optimistic given the experience with the current Employee Suggestion Program.
INS.01	Establish a Department of Administration (DOA) Office of Risk Management (ORM)	pgs. 31-34	**Department of Administration**	--	Not Started	$ (417,204)	None	Annual	Absent additional funding, Department of Administration is not pursuing.
INS.03	Re-bid State-wide Insurance Procurement through a Competitive Request for Proposal (RFP) Process	pgs. 36-39	**Department of Administration**	--	Started	$ 249,000	Unknown	Annual	Department of Administration is exploring this option but rebids to date have not yielded savings. In order to capture any savings, Department of Administration would need to establish and staff the Office of Risk Management

Attachment B									
Unique ID	**Recommendation Description (Follow-up)**	**Page Ref**	**Responsible Agency**	**Gov Budget**	**Agency Action Status**	**A&M Savings Est - Annualized**	**Agency Savings Est**	**Annual / One-Time Savings**	**Agency Self-Reported Status (2/2017)**
INS.04	Replace the Workers Compensation State Self-Insurance Fund Claims Function with an Experienced Third Party Administrator Overseen by the Office of Risk Management	pgs. 39-41	**Department of Administration**	--	Started		Unknown at this time	Annual	The RFI was released and four responses were received. Best and final responses were received and are being evaluated to determine if there will be a cost savings for the State
MEMO.01	Enact centralized budgeting and management for services	pgs. 233-234	**Department of Administration**	--	Not Started	$ -	$ -	--	Department of Administration is not actively pursuing this option.
MEMO.02	Conduct a statewide assessment on alternative billing model for state central services	pgs. 234-235	**Department of Administration**	--	Not Started	$ -	$ -	--	Department of Administration is not actively pursuing this option.
MEMO.03	Compel agencies to utilize centralized service functions	pg. 235	**Department of Administration**	--	Not Started	$ -	$ -	--	Ongoing discussions with the Division of the Budget as to appropriate implementation plans.
PRINT.01	Designate the Office of Printing & Mailing (OPM) as the primary source of print services for the state	pgs. 106-107	**Department of Administration**	--	Started	$ -	Still calculating costs/savings	--	Department of Administration is working with agencies that have printing operations and those that use third party print and mail operations to move those to Department of Administration. The Division of the Budget is also involved in this process.
REAL.01	Leasing decisions for all state agencies should be centralized within DOA under the existing state Leasing Coordinator in order to achieve savings on rolling leases	pgs. 93-95	**Department of Administration**	Yes	Started	$ 230,000	Any realized or estimated savings would be in agencies other than Department of Administration.	Annual	Agencies have been cooperating with the Department of Administration in this effort.
REAL.02	Leasing decisions for all state agencies should be centralized within DOA under the existing state Leasing Coordinator to achieve savings on personnel costs	pg. 95	**Department of Administration**	Yes	Started	$ 466,000	Any realized or estimated savings would be in agencies other than Department of Administration.	Annual	Agencies have been cooperating with the Department of Administration in this effort.
REAL.03	Hire an external real estate Project Management Office (PMO) to identify, value, market, and sell surplus state owned building and land	pgs. 95-98	**Department of Administration**	Yes	Started	$ 1,942,000	Unknown until surplus real property identified and valued.	Annual	Department of Administration has undertaken an effort to develop a central repository for all state owned real property. Further, efforts are underway to identify potential surplus real estate and work with the agency owner to determine original funding source, current and future use, and sale potential.
REAL.04	Enter into a long-term ground lease agreement for Lot #4—a state-owned piece of property adjacent to the State Judicial Complex in Topeka	pgs. 98-99	**Department of Administration**	Yes	Started	$ 2,500,000	None currently	One-Time	Department of Administration issues an RFP for the sale or lease of Lot 4. No bids were received.

Attachment B									
Unique ID	**Recommendation Description (Follow-up)**	**Page Ref**	**Responsible Agency**	**Gov Budget**	**Agency Action Status**	**A&M Savings Est - Annualized**	**Agency Savings Est**	**Annual / One-Time Savings**	**Agency Self-Reported Status (2/2017)**
REAL.05	Hire a third party office printing management company to assume management for all office printing and copying within the State Capitol Complex	pgs. 99-100	**Department of Administration**	--	Started	$ 250,000	To be determined based on bids received	Annual	Bids have been received for the copier contract and negotiations are ongoing.
REAL.06	Enter into an agreement with a cell tower leasing company and allow for the potential lease of small state owned land parcels or rooftops	pgs. 101-102	**Department of Administration**	--	Started	$ 296,000	To be determined.	Annual	In process of identifying potential sites.
COM.01	Enhance Commerce's Business-to-Business Strategies with Increased Financial Modeling, Research Analysis, Project Auditing, and Marketing/Sales Service Support Efforts	pgs. 128-130	**Department of Commerce**	--	Started	$ 5,870,000	For calendar year 2016, our Return on Investment was $12.75 per $1 of incentives provided with an expected Capital Investment of $1.43 billion. Expected new jobs for the same time period were 10,676.	Annual	The additional marketing focus has resulted in a number of new leads to retain Kansas business and jobs as well as recruit new Kansas business and jobs. There are a number of companies in our pipeline that are being worked by the Business Development staff. We continue to support our development efforts with our Strategic Market Entry Analysis, which is customized for all our opportunities. We are aggressively marketing the State of Kansas with a national marketing campaign including commercials airing on Fox Business, social media activities, regular messaging to Kansas companies and stakeholders, and updates to our website. We have developed specific messaging including "Made in Kansas the Heart of America".
COM.02	Implement Community Finance Administrative Fee and Tax Incentive Application Fees to Recover Program Oversight Costs	pgs. 130-133	**Department of Commerce**	Yes	Done	$ 3,018,000	Fee collections for the period of October - December 2016 total $29,500.	Annual	Beginning October 1, 2016, Commerce initiated a fee collection process for the programs referenced. Fees are collected and reconciled on a daily basis.
COM.04	Eliminate the Community Service Tax Credit Program	pgs. 136-138	**Department of Commerce**	Yes	Not Started	$ 3,600,000	$ -	Annual	Any changes to the major tax initiatives require Legislative action for changes to existing Kansas statues. We continue to process FY17 applications.
COM.05	Ensure No Program Subsidy for Athletic Commission Fee for Service Operation	pgs. 138-139	**Department of Commerce**	--	Not Started	$ 26,000	$ -	Annual	The Boxing Commissioner continues to operate the Athletic Commission at low cost while keeping the health and safety of participants at the highest priority. For year to date Fiscal Year 2017, the Commission did not require additional subsidy. Fees were not increased as that would reduce our competitive position to attract events.
COM.06	Centralize Commerce's Human Resources and Information Technology Infrastructure Operations within the Department of Administration	pgs. 139-141	**Department of Commerce**	--	Done	$ 25,000	The transfer of the Director position from OITS results in savings of $57,750 annually. We continue to work closely with OITS regarding our IT staff and services.	Annual	Commerce continues to hold an internal Human Resources and Information Technology staff. During FY17, were we able to merge one position from OITS into Commerce as our Director of IT.

Attachment B

Unique ID	Recommendation Description (Follow-up)	Page Ref	Responsible Agency	Gov Budget	Agency Action Status	A&M Savings Est - Annualized	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (2/2017)
DOC.01	Program & Credit Expansion --Increase the amount of credits inmates can earn from 90 to 120 days. --Strategically increase overall access to prison based programming. --Implement a pilot program that allows inmates or their families to purchase electronic tablets	pgs. 150-152	**Department of Corrections**	Yes	Started	$ 2,545,000	It is estimated that the cost avoidance resulting from the additional 30 days of program credit is $6,446,560 from FY 2017 through FY 2021.	Annual	Legislation passed during the 2016 Session increased the number of early release credits from 90 days to 120 days. Inmates may earn credits towards an early release for completing recidivism-reducing programs such as substance abuse and GED. Prior to program credit expansion KDOC was housing inmates in county jails at a rate of $40 per day. The A&M report also recommended that programming opportunities be expanded so more inmates would have ability to earn the 120-day early release credit. This would require additional resources to implement. The Department is exploring the potential of a tablet program, as recommended in the report, however, at this time it is not clear if evidence-based, recidivism-reducing programs can be effectively delivered via a tablet.
DOC.02	Kansas Correctional Industries (KCI) Expansion --Increase KCI's customer base to include non-state agencies and increase production at underutilized production facilities. --Enforce mandate for Kansas State Agencies to purchase from KCI. --Improve KCI marketing and business development strategy.	pgs. 152-153	**Department of Corrections**	Yes	Started	$ 1,512,000	$ -	Annual	Increasing KCI's customer base will require legislation. The Department has been working to expand marketing presence through social media and conducting a market study to determine how best to meet the needs of KCI's customers.
DOC.03	Work Release Expansion	pgs. 153-154	**Department of Corrections**	--	Not Started	$ 1,117,000	$ -	Annual	In FY 2016 the ADP at the Wichita Work Release Facility (WWRF) was 235. WWRF is a 250-bed facility, which is large for a work release facility. Inmates are screened for placement and there is no waiting list to get into the work release program. Increasing the number of inmates in the work release program would require the Department to take some risk in making placements, and there are no guarantees jobs will be available. KDOC is not supportive of this recommendation.
DOC.04	Expand Access to Substance Abuse Treatment Programs	pgs. 155-156	**Department of Corrections**	--	Not Started	$ 773,000	$ -	Annual	Legislation to expand SB 123 treatment failed during the 2016 Session. Legislation and funding would be required expand existing facility-based programs and to release inmates who successfully complete substance abuse programming.

Attachment B									
Unique ID	Recommendation Description (Follow-up)	Page Ref	Responsible Agency	Gov Budget	Agency Action Status	A&M Savings Est - Annualized	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (2/2017)
DOC.05	Community Corrections Transformation --Develop a performance-based contracting agreement by putting the three lowest performing Community Corrections Agencies on Corrective Action Status with Revocation Review for a period of two years --Review administrative costs of counties with less than 100 in their caseloads for opportunities to consolidate shared services. --Redirect unspent funding to more localized prison "stop gap" graduated sanctions, particularly community-based interventions,15 in the most needy regions. --Create partnership incentivizing grants to encourage more counties and Judicial Districts to band together as unified Community Corrections Agencies and reduce administrative costs in the long term.	pgs. 156-158	**Department of Corrections**	--	Started	$ 1,862,000	Estimate not available.	Annual	KDOC convened a meeting with three directors from adult community corrections and three juvenile community corrections directors on December 16. The task of this group is to look at Executive Branch community supervision (adult/juvenile) for organizational efficiencies.
DOC.06	Improve Staff Recruitment and Overtime Reduction	pgs. 158-159	**Department of Corrections**	--	Done	$ 71,000	No savings are projected at this time. Turnover rates and overtime costs continue to be an issue despite the 2.5% pay increase. For the average Corrections Officer I, the 2.5% increase resulted in an increase of $769.60. However, the health insurance increase that went into effect in January 2017 is $3,322.80, resulting in a net loss of $2,553.20. In addition, KDOC pay continues to lag behind that of local, federal, and private agencies.	Annual	Fully Implemented

Attachment B									
Unique ID	**Recommendation Description (Follow-up)**	**Page Ref**	**Responsible Agency**	**Gov Budget**	**Agency Action Status**	**A&M Savings Est - Annualized**	**Agency Savings Est**	**Annual / One-Time Savings**	**Agency Self-Reported Status (2/2017)**
DOC.07	Centralize Good Time Forfeiture and Revocation Process	pg. 159	**Department of Corrections**	--	Started	$ 49,000	$ -	Annual	KDOC has already centralized many processes. Currently we have identified review teams who are looking at the disciplinary sanction process with an effort to increase consistency and efficiency across all locations. In addition to that, a team of professionals is looking at the use of restrictive housing across the state. We are looking to restrict the use of restrictive housing for low level offenses while minimizing its use for investigative purposes. Routine inmate status updates to be put in place, verifying whether or not the specific inmate is to remain in restrictive housing. Once these group develop recommendations, they will be shared across the agency in a uniformed manner. 2/2017 Update: No changes
DOC.08	Reduce Utilities Cost through Alternative Distributed Energy Pilot at El Dorado	pgs. 159-160	**Department of Corrections**	--	Not Started	$ 53,000	$ -	Annual	Projects identified by Johnson Controls would require a 15-bond to implement. Many items such as LED light bulbs have a lifespan that is less than the length of the bonds. KDOC continues to implement energy efficient upgrades using CIBF funds.
DOC.09	Expand On-Site Medical Services & Telemedicine Agreements	pgs. 160-161	**Department of Corrections**	--	Not Started	$ -	Any savings realized would be in the form of reduced overtime costs due to a reduction in offsite appointments. As noted above, overtime in general continues to be a challenge.	--	Telemed is used when services are available and use of telemed services is feasible. KDOC will continue to look for opportunities to utilize telemed services. KDOC and it contract medical provider has also explored utilizing mobile services and has implemented mobile CT services at Hutchinson. These opportunities will continue to be explored and implemented when possible.
DOC.10	Leverage Medicaid & Private Health Insurance for Parole & Community Corrections --Ensure that the state incentivizes Parole and Community Corrections contractors to become qualified to bill Medicaid and private health insurance, when possible, in order to maximize savings potential for health and behavioral health care. Create a task force to examine the feasibility of shifting the older, frailer inmate populations that are either Medicare or Medicaid eligible into a specialized, more secure nursing home setting on a form of any medical parole status.	pgs. 161-162	**Department of Corrections**	--	Started	$ -	$ -	--	KDOC does not provide or pay for health care service for offenders on parole and community corrections supervision. KDOC does have discharge planners housed at the facilities who, among other duties, assist inmates who are preparing for release apply for Medicaid benefits. Additional funding and positions would be needed in order to assist parolees and probations enroll in Medicaid. Regarding nursing homes, KDOC had identified 21 inmates who were scheduled to be released or are on indeterminate sentences who are awaiting an appropriate placement between August 2016 and December 2017. As of this time no specialized facility is available for these offenders to be released to.

Attachment B									
Unique ID	Recommendation Description (Follow-up)	Page Ref	Responsible Agency	Gov Budget	Agency Action Status	A&M Savings Est - Annualized	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (2/2017)
DOC.11	Consolidate Shared Services	pgs. 162-163	**Department of Corrections**	--	Not Started	$ -	$ -	--	KDOC continues to look at opportunities to consolidate services when appropriate. Several functions have already been consolidated under Central Office, including: sentence computation; procurement of system wide goods and services; administration, accounting, and oversight of system wide contracted services such as medical, food service, education, sex offender treatment, and substance abuse programs; lease negotiation and administration; statewide community-based juvenile offender services for community corrections agencies; and oversight and management of IT services.
DOC.12	Implement a Key Performance Indicator (KPI) Framework	pgs. 163-164	**Department of Corrections**	--	Started	$ -	$ -	--	We have partnered with the Pew Charitable Trust to conduct a cost benefit analysis of certain programs; cognitive behavioral therapy, drug treatment and sex offender treatment. These programs can be used as the model Pew provides allows us to compare costs, versus success data. Other programs that KDOC provides do not have a matching comparison model with PEW. At this time, we continue to be in conversations with PEW about different ways we could increase our model analysis. Update 2/2017: No changes.
ED.01	Reduce Excess Cash Carryover Balances	pgs. 170-173	**Department of Education**	--	Not Started	$ 38,600,000	No new savings	Annual (for 5 years)	This cash balance issue has been brought before the Legislature on numerous occasions and the Legislature has chosen to leave this decision to the locally-elected boards. If guidelines are required, we recommend 15 percent of the budgeted funds excluding bond and interest, capital outlay, federal funds, gifts and grants, food service, activity fees, and any levy funds due to constitutional issues. Senate Bill 505 was introduced in the 2016 session and the Legislature chose not to support it. The Department plans to take no further action on this recommendation unless the Legislature approves. Update 2/2017: No changes in status.
ED.02	Apply for Additional Funds from Public and Private Sources	pgs. 174-175	**Department of Education**	--	Done	$ 299,000	No new savings	Annual	The Kansas State Department of Education staff aggressively pursue funds from public and private sources that are within the mission adopted by the State Board of Education. Last year we applied for and received 20 different grants. KSDE has not received any additional funds or staff for this purpose. Update 2/2017: All grants received are self-supporting.
ED.03	Pursue Cost Savings Opportunities through Centralization and Shared Services Agreements	pg. 175	**Department of Education**	--	Done	$ 500,000	Cut 10 positions and saved approx. $700,000. This reduction was required due to budget reductions and increase in operating costs such as: rent; monumental surcharge; state accounting system fees; and increase in OITS fees.	Annual	No changes in status.
ED.04	K-12 Benefit Program Consolidation	pgs. 175-177	**Department of Education**	--	Started	$ 80,000,000	No new savings to date. This may change following the LPA audit. SEHP: The actuary report projected a cost savings of $62.9 million for 2017.	Annual	KSDE: The Legislature has authorized legislative post audit to review this recommendation and has authorized a study. Results of this study will be made available to the legislature by no later than March of 2017. This study will give the legislature guidance on what the next steps should be in this process. SEHP: The health plan actuary provided a report on December 16, 2016 which provided a projected cost savings.

Attachment B									
Unique ID	Recommendation Description (Follow-up)	Page Ref	Responsible Agency	Gov Budget	Agency Action Status	A&M Savings Est - Annualized	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (2/2017)
ED.05	The school districts should join the Department of Administration and collaboratively source select categories on a Statewide Basis	pgs. 177-178	**Department of Education**	Yes	Not Started	$ 8,640,000	No new savings.	Annual	Fully Implemented - this has not changed from the previous status report.
ED.06	Expand participation of the K-12 Unified School Districts (USDs) in Insurance Pool Program(s)	pgs. 178-180	**Department of Education**	--	Not Started	$ 1,550,000	No new savings to date.	Annual	No changes in status.
MED.01	The agencies should institute broad operational improvements to lower the state's Medicaid eligibility error rate	pgs. 184-186	**Department of Health and Environment**	--	Started	$ 34,084,000	$ -	Annual	The next PERM cycle will not occur until FY 2018. Therefore, we will not be able to determine a new PERM error rate until such time that CMS publishes their audit findings. With KEES implementation we are maximizing the utilization of outside databases to validate income, SSN, etc. We implemented numerous process improvements within the clearinghouse. We have conducted 3 process reviews conducted by third party vendors to determine if there are additional opportunities to improve efficiency and reduce the time to process.
MED.02	Improved oversight and training of the MCO program integrity (PI) units will increase fraud, waste and abuse recoveries	pgs. 186-188	**Department of Health and Environment**	--	Started	$ 4,000,000	$ -	Annual	The new RFP will include specific MCO PI key performance indicators. Additionally, the new KMMS will have a robust Program Integrity Module - vendor SAS.
MED.03	The state should pursue additional Medicaid and health-care federal grant funding that it could be eligible for	pgs. 189-190	**Department of Health and Environment**	--	Done	$ 1,257,000	$ -	Annual	Fully Implemented
MED.05	Implement healthy birth outcome initiatives to improve women and child health care outcomes and manage costs	pgs. 192-204	**Department of Health and Environment**	--	Started	$ 4,557,000	$ -	Annual	KDHE has developed an RFP for enhanced case management services for NICU babies. However, the department has no plans to direct clients toward birth centers. Update 2/2017: No update provided by KDHE.
SEHP.03	Increase Organizational Efficiency: • Reposition the SEHP under the Kansas Department of Administration • Streamline Payroll Deduction File Requirements	pgs. 79-81	**Department of Health and Environment**	--	Not Started	$ 165,000	Unknown at this time	Annual	SEHP: Both of these recommendations would need to be addressed by the legislature. Update 2/2017: No change from the July status update

Attachment B

Unique ID	Recommendation Description (Follow-up)	Page Ref	Responsible Agency	Gov Budget	Agency Action Status	A&M Savings Est - Annualized	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (2/2017)
KDOR.01	Fill Audit Vacancies	pgs. 208-209	**Department of Revenue**	Yes	Started	$ 9,820,000	$ -	Annual	Twelve of the additional thirteen Auditor positions authorized for FY-2017 have been filled. Eight of the positions are domiciled in Topeka, three in Kansas City, and one in Wichita. The remaining vacancy is in Topeka. Since March 26, 2016, there have been thirteen vacancies created by a combination of retirements, resignations, promotions, and terminations. Recruitment continues to backfill these vacated positions. The current status of the Auditor positions is; a new auditor was hired on January 9, 2017, with a start date of February 13, 2017, which leaves two vacancies to backfill.
KDOR.02	Fill Collections Vacancies	pg. 209	**Department of Revenue**	Yes	Started	$ 45,450,000	$ -	Annual	Eleven of the fourteen positions authorized for FY-17 in the Collections Department have been filled. Three positions remain posted on the Department of Administration State Jobs website and are in various stages of the application, interviewing, and hiring process. Since January 16, 2016, there have been twenty-three vacancies created by a combination of resignations, retirements, promotions, and terminations. Many of the Collections positions are entry level positions and as employees become trained in the various areas of taxation in relations to their positions they have applied for, been interviewed, and promoted into positions in other areas of the Division of Taxation. This has created a cycle of recruiting and hiring to backfill and maintain the recommended levels of staffing in the Collections department. It should be noted that the additional 27 positions reported in the July update was incorrect. There was a total of 27 positions authorized; 13 for auditors and 14 for the collection department.
KDOR.03	Establish a cross-functional Discovery Team comprised of representatives from Business Intelligence, Customer Service, Audit, Collections, General Counsel and Policy Research.	pgs. 209-210	**Department of Revenue**	Yes	Started	$ 10,000,000	$ -	Annual	Recently, the Department underwent a major reorganization with the transfer of three business units into the Legal Services Bureau under the direction of the General Counsel. Specifically, the Audit Services Bureau and the Office of Special Investigations were transferred, as were the group of Hearing Officers that handle administrative tax appeals. With these changes, the entire tax audit and appeal process, from audit selection, implementation and completion, through the filing of appeals and the issuance of written final determinations from the Department, are all under common management. This new structure ensures that all tax audits and appeals are handled in a consistent manner, and it provides efficiencies in that there is increased interaction, cooperation and knowledge-sharing among all of the employees that are involved in the audit and appeal process. The newly designed Legal Services Bureau will work closely with other areas of the Department of Revenue, such as the Collections unit, Policy, and the office of the Secretary, to ensure that tax matters are handled expeditiously and the Department is collecting the taxes that are due in the most efficient manner possible. In addition, an emphasis is being placed upon completing more accurate audits, as well as utilizing available audit resources to conduct audits on taxpayers and industries that may have significant impacts upon the state's revenues.
KDOR.04	Eliminate Appeals Backlog	pg. 210	**Department of Revenue**	Yes	Started	$ 10,000,000	$ -	One-Time	The recent reorganization of the Legal Services Bureau (see above) enables the General Counsel to better manage the time that cases are in the tax appeal process. With those changes, the timeline from the start of the audit process through the issuance of a written final determination from the Department will be shortened. An emphasis being placed upon resolving tax appeals in a timely manner, and that mandate is being communicated to all employees that are involved in the process. A particular emphasis is being placed upon resolving tax cases that have been in the appeals process the longest, as well as those that involve large amounts in controversy. There are currently 287 open appeal cases. However, with the emphasis on resolving cases and with managerial oversight to ensure that that directive is being followed, that number will soon drop significantly.

Attachment B									
Unique ID	Recommendation Description (Follow-up)	Page Ref	Responsible Agency	Gov Budget	Agency Action Status	A&M Savings Est - Annualized	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (2/2017)
DOT.01	The agencies should move to more aggressively consolidate operations and adopt best practices where possible.	pgs. 215-217	**Department of Transportation**	--	Done	$ 4,500,000	Starting July 1, these are the savings that we have realized. As work is completed, further savings will be realized. $52,670 - Bridge Inspection in 2016 $71,210 - Bridge Design – Survey Work $500,000 – Relocation of Subarea* $17,000,000 – Project savings on a partnered construction project with KDOT/KTA/City of Wichita* *These are one-time savings.	Annual	Fully Implemented: • Bridge Inspection - KDOT continues to provide bridge inspection services to the KTA. The KTA reimburses KDOT for our salaries and incidental expenses. • Pavement Roughness, Rutting, Faulting and Automated Cracking Collection - KDOT continues to collect pavement data for the KTA. • Statewide Corridor Model – KDOT continues to work on model development. • Bridge Design – KDOT is completing the design work for KTA bridge re-decks, bridge replacements and work on raising bridge heights. • Lawrence Subarea Relocation – As a result of the relocation, KDOT did not have to build a salt storage building and wash bays because we are able to use Douglas Counties. Douglas County benefited since they are able to use our fueling facility. • East Kellogg construction project partnership between KDOT/KTA/City of Wichita allowed agencies to leverage assets taking advantage of economies of scale to build a new more efficient interchange at a lower cost than construction estimates.
DOT.02	Eliminate area offices, moving administration to Districts and maintenance to sub-area offices	pgs. 217-218	**Department of Transportation**	--	Not Started	$ 5,760,000	There is no market for the sale of area offices we close. Most of the offices we close, we deed over to other governmental entities for $1. Any savings can be attributed to no longer paying utilities and providing maintenance.	Annual	There are 25 KDOT Area Offices located throughout the state. KDOT leaders think closing all these offices would compromise the delivery of services they believe is appropriate for KDOT customers. Local citizens and governmental partners have a deep relationship with the leadership in their respective Area Offices. They know their issues/problems can be better understood and resolved by KDOT staff engaged in the local community versus a KDOT staffer located some distance away. But, over the past few years, KDOT has, in fact, closed a small number of field offices due primarily to unique opportunities and circumstances, rather than a strictly-followed plan. KDOT leaders will continue to look for consolidation opportunities as they present themselves. It should be noted that KDOT staff contacted other state departments of transportation listed in the table on page 217 of the report to confirm the number of their field offices. In many cases it was discovered that there were actually more field offices in those states than the number reflected in the report. Update 2/2017: No Change
DOT.03	Replace some outside design engineering contractors with in-house staff	pgs. 218-219	**Department of Transportation**	--	Not Started	$ 1,500,000	$ -	Annual	While this recommendation may be worthy of further discussion at some future time, KDOT is struggling to find engineers to fill positions that are vacant within our current organizational structure. Until such time that KDOT can consistently fill engineering positions that become vacant through normal turnover, any discussion about increasing the number of engineering positions is premature. Update 2/2017: It was agreed that no further action was needed on this A&M recommendation.

Attachment B									
Unique ID	Recommendation Description (Follow-up)	Page Ref	Responsible Agency	Gov Budget	Agency Action Status	A&M Savings Est - Annualized	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (2/2017)
DOT.04	Sell underutilized non-passenger equipment	pgs. 219-220	**Department of Transportation**	--	Done	$ 3,000,000	$974,153 (148 Units)* *This amount is a one-time cost savings due to the specific nature of equipment sales. There will be future evaluation of equipment but would not necessarily be the same amount on a recurring basis.	One-Time	KDOT identified and sold 148 units of underutilized equipment at auction in 2016. KDOT routinely looks for underutilized equipment to sell at auction. We hold auctions twice a year.
DOT.05	Institute right-of-way, access permits, driveway permit fees	pg. 220	**Department of Transportation**	--	Not Started	$ 1,500,000	$ -	Annual	In 2015, KDOT processed 154 access/driveway permits and 1,717 right-of-way use permits. KDOT recognizes that processing these permits requires staff time and internal resources for which there is some unrecovered cost. KDOT also recognizes that many of these permits are associated with developments that have a positive economic impact on the state. Given that, the philosophical question is whether the state should charge a fee for providing a service that is now free. It's possible that legislated measures might be more appropriate after further review of what would or would not be an appropriate/reasonable fee structure. Update 2/2017: It was agreed that no further action was needed on this A&M recommendation.
DOT.06	Institute or increase sponsorship for rest stops, traveler assist hotline, roadside logo sign program, and motorist assist program	pg. 221	**Department of Transportation**	--	Not Started	$ 1,700,000	$ -	Annual	KDOT spoke with Wisconsin about their sponsorship efforts and at this time, the opportunities are minimal and federal legislation does not allow for the commercialization of rest areas on interstate routes. We continue to monitor sponsorship opportunities. Not Started
DOT.07	Centralize DOT HR staff at HQ with DOA	pgs. 221-222	**Department of Transportation**	--	Not Started	$ 810,000	$ -	Annual	Approximately 75% of KDOT employees are located in field offices across the state. KDOT believes HR resources located in the six regional district offices provide a better service to field employees versus having them seek HR assistance from a distant voice in Topeka. KDOT has, however, reduced the number of staff positions in the central office, realizing some savings. Update 2/2017: It was agreed that no further action was needed on this A&M recommendation.
DOT.08	Sell or lease state radio system	pgs. 222-223	**Department of Transportation**	--	Started	$ -	$ -	--	Report due from the Consultant in late February or early March 2017. The report will provide us the value of the system and possible revenue options.
MED.04	KDADS should move to consolidate operations of certain regions thereby reducing its field footprint and operational costs	pgs. 190-192	**Department on Aging and Disability Services**	--	Not Started	$ 1,011,000	$ -	Annual	no change
MED.06	Have all Medicaid support services under one unit to improve operating efficiency and potentially reduce administrative costs	pgs. 204-205	**Department on Aging and Disability Services**	Yes	Started	$ -	$ -	--	The state is evaluating several options for training.

Attachment B									
Unique ID	Recommendation Description (Follow-up)	Page Ref	Responsible Agency	Gov Budget	Agency Action Status	A&M Savings Est - Annualized	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (2/2017)
KDCF.01	Raise Kansas's Child Support Collections to Peer State Levels 1) Coordinate with the Department of Labor to increase the number of employers self-reporting new hires, including imposing a penalty for non-reporting. 2) Coordinate with the Department of Revenue to deny vehicle registration renewals until an EWO or payment plan is in place. 3) Develop Agreements with KDOR and Neighboring States	pgs. 114-117	**Department on Children and Families**	--	Started	$ 659,000	$ -	Annual	• Child Support Services o Regarding #1, Establishing Employer Penalties: Child Support Services' (CSS) new hire commercial was aired across the state to remind employers to report their new hires. We used social media to get the word out about reporting new hires, and also worked with Kansas Department of Revenue (KDOR) to utilize its list of all employers (anyone who paid employer tax last year) to send out a notice to all of the almost 90,000 employers across the state to explain the requirement to report new hires. We received many responses from employers and have sent further notices to employers to ensure we have the correct information to contact them and send an income withholding. CSS evaluated the letters through a randomized controlled trial supported by BetaGov, and made changes to the letters sent in response. We continue to work with employer representative associations (like SHRM and NFIB) to gather their input and educate their members. At this time, we do not believe establishing employer penalties will increase new hire reporting. o Regarding #2, Develop Agreements with KDOR and Neighboring States: We have an agreement with KDOR to obtain information and were able to utilize the agency's list of employers; however, we are still working with them to get vehicle title, lien and registration information. There is no timeframe on if or when this information might be available to CSS. We have made contact with other state child support agencies, and they are not interested in doing agreements since they believe working Interstate (UIFSA) cases handles this. o Regarding #3, Establish New Operational Metrics: CSS and the Kansas Department of Labor (KDOL) have worked closely to obtain reports and identify areas of focus. The new hire/employer website has been updated by KDOL and is working well, and they are providing us new data on users. CSS has also updated its dashboard to better track key performance indicators and share those metrics at the worker level. o CSS increased collections last federal fiscal year by $5,865,552 (FFY2016 over FFY2015), with a total of $204.3 million collected last year. However, this increase does not correlate to increased savings or increased revenues in the CSS program budget. The majority of the dollars collected are distributed to families who are owed support. A&M assumed DCF would have funds available to sweep from the Fee Fund to represent savings of $659,000. The largest source of the fees collected are from TANF cases. Since these cases have decreased, CSS collections have decreased and less money goes into the Fee Fund each year even as collections have increased. Thus, while increased collections benefit Kansas families, they do not generate savings to the State as A&M assumed.
KDCF.02	Close Three Service Centers	pgs. 117-118	**Department on Children and Families**	--	Started	$ 121,000	Savings will only be for leases and other OOE (all staff will be retained and relocated to nearby service centers) totaling $112,191 All Funds and $70,564 SGF.	Annual	• Office Closures o The Greensburg and Goodland service centers are currently on month-to-month leases, and the Iola service center is on a one-year renewal, set to expire on July 1, 2017. o These office closures are in the Governor's Budget Recommendation for FY2018, and DCF will be working to consolidate the staff and duties to neighboring service centers for FY2018, as the A&M report recommended.
KDCF.03	Improve the Targeting of CIF Funding and Diversify the Funding Mix	pgs. 118-122	**Department on Children and Families**	--	Started	$ 3,500,000	Kansas Preschool Program being funded by TANF: $23,999,060 savings over 5 years (FY2017-FY2021)	Annual	The Cabinet reviewed 2016 Annual Investment Impact Review in October and made their recommendations to the Governor in November. The report found substantial evidence of effectiveness across programs. The Cabinet recommended to continue funding all programs and restore funding to FY2015 levels. Kansas Preschool Program is funded by TANF in FY2017.
GGO.01	Create a New Governor's Grants Office	pgs. 70-72	**Governor**	--	Not Started	$ 4,903,000	$ -	Annual	The KS Governor's Grants Program Office is still reviewing and discussing with Governor's office the recommendations cited in the A&M report.

Attachment B									
Unique ID	**Recommendation Description (Follow-up)**	**Page Ref**	**Responsible Agency**	**Gov Budget**	**Agency Action Status**	**A&M Savings Est - Annualized**	**Agency Savings Est**	**Annual / One-Time Savings**	**Agency Self-Reported Status (2/2017)**
GGO.02	Retitle the Governor's Grants Program Office to the Governor's Crime Prevention Office and Assign Additional Pass-through Responsibilities	pgs. 72-73	**Governor**	--	Not Started	$ -	$ -	--	The KS Governor's Grants Program Office is still reviewing and discussing with Governor's office the recommendations cited in the A&M report.
SEHP.01	Execute Opportunities for Cost Savings through Plan Design Changes	pgs. 76-78	**Health Care Commission**	Yes	Started	$ 24,750,000	The cost savings from these change is projected to be over $43 Mil	Annual	SEHP: The HCC did not elect to eliminate Plan A for plan year 2017. The HCC did make plan design changes to both Plan A and Plan C to help migrate more members to Plan C. The HCC will address this topic again for plan year 2018. The HCC did reduce the employer contribution to the HSA/HRA by $500 for the employee and an additional $500 for the two spousal tiers effective with plan year 2017. The members will have an opportunity to earn those HSA/HRA dollars back by participating in the various wellness activities. This will be reviewed again during the plan year 2018 discussions. The SEHP does population management with the assistance of Truven and Segal consulting. Update 2/2017: No change from the July status update
SEHP.02	Implement Retiree Exchange Platform	pgs. 78-79	**Health Care Commission**	Yes	Started	$ 11,933,000	No response on this recommendation was given from KDHE.	Annual	No response on this recommendation was given from KDHE. SEHP: To eliminate the retirees from the SEHP would require legislative action. The HCC did eliminate the GASB liability by aligning the contributions for the early retiree population thus eliminating the implied subsidy which will result in the cost savings outlined beginning with plan year 2017. Update 2/2017: No change from the July status update
INS.02	Adjust the Kansas Department of Labor (KDOL) Administrative Fund Assessment Rate to 1 percent on a Written Premium Basis	pgs. 34-36	**Kansas Department of Labor**	--	Not Started	$ 30,900,000	$ -	Annual	No action taken. Requisite statutory changes were not made in 2016. See attached testimony provide to the House Commerce, Labor, and Economic Development committee.
KPERS.02	Encourage KPERS to Carry out its Strategic Plan with Emphasis on Maximizing Investment Income Consistent with Fiduciary Responsibility	pgs. 86-87	**Kansas Public Employees Retirement System (KPERS)**	--	Done	$ -	Not applicable.	--	The Kansas Legislature has delegated investment decisions to the KPERS Board of Trustees. State law does contain some restrictions (i.e., a maximum allocation to common stock; annual limits on new commitments to alternative investments and a maximum overall allocation to alternative investments) but the Board sets investment policy, aided by external investment consultants and internal investment staff, who are responsible for implementing the Board's policy decisions. KPERS continues to focus on maximizing investment income consistent with its fiduciary responsibility. Asset allocation is the primary determinant of long-term investment returns, and the System's long-term asset allocation targets reflect the Board's investment risk philosophy, which emphasizes the improvement of funding progress over time. Following the completion of the 2015 Asset/Liability Study, the System's Investment Division staff, working with the System's general investment consultant, Pension Consulting Alliance, completed a thorough review of the structure of each asset class and the investment strategies deployed within the asset class. The asset class review resulted in several recommended changes in investment mandates, which were approved by the Board, and implemented in calendar year 2016. The Retirement System's gross, time-weighted total return was 8.4% for the 25-year time period ending November 30, 2016.

Attachment B									
Unique ID	**Recommendation Description (Follow-up)**	**Page Ref**	**Responsible Agency**	**Gov Budget**	**Agency Action Status**	**A&M Savings Est - Annualized**	**Agency Savings Est**	**Annual / One-Time Savings**	**Agency Self-Reported Status (2/2017)**
B&C.01	Establish separate general industry, public health and financial industry umbrella structures to leverage shared resources, labor capabilities and mission alignment.	pg. 232	**Legislature**	Yes	--	$ -	--	--	--
BP.01	Establish a Risk Based Reserve Fund Policy	pg. 243	**Legislature**	--	Done	$ -	--	--	--
BP.02	Develop a Structurally Balanced Budget Policy	pg. 244	**Legislature**	--	Done	$ -	--	--	--
BP.03	Improve Accuracy and Adaptability of Revenue Forecasts	pgs. 244-245	**Legislature**	--	--	$ -	--	--	--
BP.04	Deploy a Long-term Financial Plan	pgs. 245-246	**Legislature**	--	--	$ -	--	--	--
BP.05	Develop User Fee Policies	pg. 247	**Legislature**	--	--	$ -	--	--	--
BP.06	Adopt a Debt Management Policy	pgs. 247-248	**Legislature**	--	--	$ -	--	--	--
BP.07	Adopt Policy for Addressing Pension Liabilities	pgs. 248-249	**Legislature**	--	--	$ -	--	--	--
BP.08	Maintain Policy for Funding of Other Postemployment Benefits (OPEB) Obligations	pgs. 249-250	**Legislature**	--	--	$ -	--	--	--
BP.09	Conduct a Program/Service Inventory	pgs. 250-251	**Legislature**	--	--	$ -	--	--	--
BP.10	Develop Goals to Guide Budget Decision-Making	pgs. 251-252	**Legislature**	--	Done	$ -	--	--	--
BP.11	Include Evidence of Program Effectiveness in Budget Decisions	pgs. 252-253	**Legislature**	--	Done	$ -	--	--	--
BP.12	Implement Performance Budgeting	pgs. 253-255	**Legislature**	--	Done	$ -	--	--	--
BP.13	Provide Online Access to Budget Documents and Supplemental Data	pgs. 255-256	**Legislature**	--	--	$ -	--	--	--
BP.14	Optimize Transparency and Accessibility of the Budget Document	pgs. 256-257	**Legislature**	--	--	$ -	--	--	--
BP.15	Be Transparent about the Roles of Transfers in the Budget	pg. 257	**Legislature**	--	--	$ -	--	--	--
COM.03	Revise Primary Tax Incentive Program Caps	pgs. 133-136	**Legislature**	--	--	$ 5,000,000	$ -	Annual (for 2 years)	Any changes to the major tax initiatives require Legislative action for changes to existing Kansas statues.

Attachment B									
Unique ID	**Recommendation Description (Follow-up)**	**Page Ref**	**Responsible Agency**	**Gov Budget**	**Agency Action Status**	**A&M Savings Est - Annualized**	**Agency Savings Est**	**Annual / One-Time Savings**	**Agency Self-Reported Status (2/2017)**
KPERS.01	Make Required Contributions to KPERS as specified under Current Law	pg. 86	**Legislature**	--	--	$ -	$ -	--	--
KPERS.03	Consider Modest Changes in Compensation Which Can Be Considered in Pension Calculations	pg. 87	**Legislature**	--	--	$ 2,300,000	In the absence of legislation, no savings are anticipated.	One-Time	As noted previously, any change to the benefit structure of KPERS, including calculation of final average salary, requires Legislative action. To this point, no legislation relating to calculation of final average salary has been introduced in the 2017 Legislative Session.
LOT.01	Allow the Lottery to use Instant Ticket Vending Machines (ITVM) in Kansas	pgs. 225-226	**Lottery**	--	Started	$ 8,873,000	Once fully implemented, the Kansas Lottery estimates the use of electronic dispensers (ITVMs) will increase traditional lottery sales by $30 million and revenue transfers to the State by $10 million annually ($46 million in increased revenue to the state over five year (FY2018 – FY2022).	Annual	No Change. The Kansas Lottery will submit enabling legislation to the 2017 Legislature for its consideration. (Note: It is expected to take approximately four to six months to acquire and begin installation of the machines.)
TEC.01	Data Center Consolidation	pgs. 61-63	**Office of Information Technology Services**	Yes	Started	$ 1,820,000	PHASE I - MAINFRAME OUTSOURCING - $8,420,000 savings over 5 years (FY18 - FY22) Minimal savings will be realized in FY 17 dues to the late start of this initiative in FY 17. FY17 savings approx. $150K-$200K. PHASE II - DATA CENTER "HYBRID CLOUD" SOLUTION - This Data Center solution will be more of a cost avoidance in the first years ten a cost savings. Because of the state of our current 6 state data centers the estimated cost to consolidate and bring two of the 6 DC's up to minimal standards would be approximately a cost of $16,000,000. Breakdown of one time costs: $11,000,000 Data Center upgrades, $3,100,000 of Capitol Expenditures to update infrastructure and approx. $1,800,000 to enhance the needed service capabilities to run the data centers effectively. Cost Savings for outsourcing to a "Hybrid Clous" solution will be determined completely upon completion of the RFP and should be available at the next reporting.	Annual	PHASE I - MAINFRAME OUTSOURCING - Executive Branch IT / OITS have signed a Mainframe Outsourcing contract with Ensono in Nov 2016 - Migration Project started in December 2016 and is slated to finish April 30, 2017 - Outsourcing the Mainframe will allow for ability to scale up or down as our needs for capacity changes. PHASE II - DATA CENTER "HYBRID CLOUD" SOLUTION - Currently the state executive branch has 6 data centers in Topeka. OITS leadership opted to partner with a consulting company to assist in an assessment of these 6 data centers as well as the infrastructure hosted in these facilities, what agency applications were running on these systems and the DR requirements for each application. It was determined that the data centers were in such a state that required major upgrades to come to acceptable standards. It was also determined that approximately 70% of the infrastructure was past or close to end of life and would require upgrades. A Market Analysis was conducted to fully understand what the market offered for our data center/ infrastructure and application needs. From this data collected in the Market Analysis we have developed an RFP which we expect to post within the next month. The RFP will be looking for solutions for a "Hybrid Cloud " solution for our executive branch agency data center, infrastructure needs.

Attachment B									
Unique ID	**Recommendation Description (Follow-up)**	**Page Ref**	**Responsible Agency**	**Gov Budget**	**Agency Action Status**	**A&M Savings Est - Annualized**	**Agency Savings Est**	**Annual / One-Time Savings**	**Agency Self-Reported Status (2/2017)**
TEC.02	Consolidate All Network Services	pgs. 63-64	**Office of Information Technology Services**	Yes	Started	$ 1,625,000	Savings on NaaS is yet unknown at this time should have better information at next reporting. There is a possibility of a one time upfront $2,000,000 savings at the onset of an NaaS agreement. Ongoing NaaS cost savings are unknown at this time. Additional cost savings not original considered by A&M. 1) Eliminating SmartNet Maintenance - $500,000/year $2,500,000/5 years (FY18-FY22) 2) Ethernet Connectivity - Circuit RFP - $800,000/year $4,500,000/5 years (FY18-FY22) 3) POTS Lines reduction 800,000/year $4,500,000/5 years (FY18-FY22) *	Annual	Leadership is currently looking at the option of NaaS - Network as a Service which will allow for outsourcing of managed LAN and WAN optimization services for enterprises. Instead of the state purchasing and operating network equipment our self, we would consume routing, switching, wireless LAN, and WAN acceleration capabilities in the form of cloud-managed services. The vendor retains ongoing ownership of the capital assets, while the state would pay a monthly recurring fee per site for use of the equipment and accompanying software features. Vendor would offer onsite installation services, management, and ongoing technical support. Currently OITS and their consultants are working on an RFP and plan to have something out for bid within this next month. We are currently working on other cost savings initiatives that were not listed in the A&M study but should be noted. 1) Eliminating SmartNet Maintenance on non-critical devices. 2)Ethernet Connectivity - Circuit RFP 3) POTS Lines added to Mater contract to reduce pricing.
TEC.03	Service Desk and End User Computing Services Consolidation	pg. 64	**Office of Information Technology Services**	No	Not Started	$ 2,400,000	Currently we are not anticipating significant savings in the Service Desk for the first year. However as time moves on and the process is improved and becomes more efficient we anticipate savings realized out of the efficiencies gained in the process of the Service Desk, and the End User Support. The only estimates we have at this point in time come from the savings gained from the HaaS which amounts to a very conservative $2,500,000/5 years. As we move forward we hope to have a better understanding of potential savings.	Annual	Currently working on this initiative - The recommendation of outsourcing the service desk was not something that was practical at this time. Past agency practices di not allow for adequate data or metrics for allowing for an accurate request for proposals of service. It was determined best to implement the service desk and set metrics and standards for a future plan for outsourcing consideration. Have chosen ServiceNow as the tool for the consolidated Service Desk - currently working on completing contract with vendor, ITIL training with key DCF staff has been set, Knowledge transfer has started with staff in agencies. ServiceNow virtual demo set, nd End user Support overview is set to begin. Plans are being made to start the first ticketing within 45-60 days. Additional cost saving Initiatives being considered that were not in the A&M study. 1) HaaS - Hardware as a Service - Strategic PC Buying. Currently close to 50% of PC's and laptops in the executive branch agencies are over 5 years old and need to be replaced. We have drafted a HaaS RFP which will be posted within two weeks, this will allow for standardization and allow for supporting of 6 models instead of the current 61 models. Standardization will allow for savings in support staff hours. 2) Eliminating Extended Hardware Maintenance - With the HaaS there is no longer a need for extended hardware maintenance which has run on average $280,000/year.
TEC.04	Application Development and Maintenance Consolidation	pgs. 64-65	**Office of Information Technology Services**	No	Not Started	$ 1,900,000	No savings realized to date.	Annual	This initiative has not been started.
TEC.05	Consolidate Project Management, Security, Management and "Other" activities	pgs. 65-66	**Office of Information Technology Services**	No	Not Started	$ 968,000	Upon completion of the consolidation of EPMO, SECURITY and KITE the savings will easily be able to realize $4,000,000 - $5,000,000 due to consolidation and organizational changes.	Annual	EPMO - Enterprise Project Management Office will be our next initiative we work on - will be looking for a key person in the next month to lead this initiative and develop the EPMO. SECURITY MANAGEMENT - This legislative session Centralized Security is our top focus. Legislation is being developed to establish Kansas Information Security Office. ESTABLISH K.I.T.E - KANSAS INFORMATION TECHNOLOGY ENTERPRISE - Legislation will be developed to establish K.I.T.E. (formerly known as EBIT) and allow the Executive CITO to have statutory authority over all IT staff within all executive branch agencies, it will also allow for budgetary, organizational authority for the CITO.