



# MEMORANDUM

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TO: Members, Kansas Legislature  
FROM: Justin Stowe, Deputy Post Auditor  
DATE: August 31, 2017  
SUBJECT: August 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 the 105 recommendations included in the February 2016 Alvarez & Marsal efficiency study. To prepare this progress report, we contacted agency officials and requested an update on their progress in addressing A&M recommendations. Agency officials self-reported their implementation status and Revisor of Statutes staff provided updates for recommendations made to the Legislature. Status categories include:

- **Have Implemented** – Agency officials report that they have implemented the A&M recommendation.
- **In Progress** – Agency officials report that they are currently working on implementing the A&M recommendation.
- **Will Not Implement** – Agency officials report that they will not implement the A&M recommendation.
- **No Response Provided** – Agency officials did not provide a response to our request for an update.

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, and may differ from other information provided by agency officials. 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 February 2018. Until then, please let me know if you have any questions.

**Attachment A**  
**Summary of Agency Reported Implementation Status of A&M Efficiency Recommendations**  
**(August 2017)**

Responsible Agency	Have Implemented	In Progress	Will Not Implement	N/A	No Response Provided	Total
Adjutant General	2	1				3
Board of Regents	1					1
Department of Administration	2	9	14			25
Department of Commerce	1	2	2			5
Department of Corrections	2	7	2		1	12
Department of Education	3	2	1			6
Department of Health and Environment		1			4	5
Department of Revenue	1	3				4
Department of Transportation	3	2	3			8
Department on Aging and Disability Services					2	2
Department on Children and Families	1	2				3
Governor		2				2
Health Care Commission		2				2
Kansas Department of Labor			1			1
Kansas Public Employees Retirement System (KPERS)	1					1
Legislature	5			14		19
Lottery			1			1
Office of Information Technology Services					5	5
<b>Total</b>	<b>22</b>	<b>33</b>	<b>24</b>	<b>14</b>	<b>12</b>	<b>105</b>

**Attachment B  
Implementation Status Update for A&M Efficiency Recommendations  
(August 2018)**

Unique ID	Recommendation Description (Follow-up)	Page Reference	Responsible Agency	Agency Reported Status	A&M Annual Savings Est. (Median)	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (8/2017)
NG.01	Facilities: conduct a thorough review of state owned properties and facilities utilized by the Kansas National Guard.	pgs. 227-228	Adjutant General	Have Implemented	\$ -	Nothing reported.	--	<p>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 Kansas is a challenge that must be carefully managed.</p> <p>No change in status since 2/2017.</p>
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	In Progress	\$ -	\$ -	--	<p>No Change - working with DoFA as statewide contracts that involve us are renegotiated. We continually review our agency contracts as they also come up for renewal and as we see opportunities for products/services to be consolidated to achieve a lower cost. This recommendation will always be in progress as we continually seek financial efficiencies.</p>

Unique ID	Recommendation Description (Follow-up)	Page Reference	Responsible Agency	Agency Reported Status	A&M Annual Savings Est. (Median)	Agency Savings Est	Annual / One-Time Savings	Agency Self-Reported Status (8/2017)
NG.03	The Office of the Adjutant General should continue to look for cost savings	pgs. 229-230	Adjutant General	Have Implemented	\$ -	\$ -	--	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.  No change in status since 2/2017.
DOA.08	Implement a Managed Print Services Model at Universities and Evaluate Agencies	pg. 52	Board of Regents	Have Implemented	\$ 673,000	\$ -	Annual	No change or update in response.  No change in status since 2/2017.
DOA.01	Strategically Source Top Categories Statewide (across Agencies and Universities)	pgs. 44-46	Department of Administration	In Progress	\$ 15,000,000	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	No Response Provided
DOA.02	Implement a Category Management Capability and Strategically Source Remaining Categories	pgs. 46-48	Department of Administration	In Progress	\$ 8,250,000	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	No Response Provided
DOA.03	Free Up Working Capital by Paying Invoices on Day 30	pgs. 48-49	Department of Administration	Will Not Implement	\$ 3,000,000	To be determined.	Annual	No Response Provided
DOA.04	Negotiate Early-Pay Discount Terms with Suppliers	pg. 49	Department of Administration	Have Implemented	\$ 750,000	\$ -	Annual	No Response Provided
DOA.05	Ensure Sustainability of Savings by Automating the Procure-to-Pay Process	pgs. 49-50	Department of Administration	In Progress	\$ -	Unknown.	One-Time	No Response Provided
DOA.06	Central Contract Repository	pgs. 50-51	Department of Administration	Will Not Implement	\$ -	\$ -	--	No Response Provided
DOA.07	Centralize the Management of Wireless Services	pgs. 51-52	Department of Administration	Have Implemented	\$ 159,800	To be determined upon contract award and optimization analysis.	Annual	No Response Provided

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DOA.09	Optimize Facility Operations to Reduce Energy Usage	pgs. 52-53	Department of Administration	Will Not Implement	\$ 3,600,000	None for Department of Administration. Unknown for other agencies.	Annual	No Response Provided
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	Will Not Implement	\$ 995,049	Unknown	Annual	No Response Provided
HC.01	Explore leading practices for centralized administration of Family and Medical Leave	pgs. 238-239	Department of Administration	Will Not Implement	\$ -	\$ -	--	No Response Provided
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	Will Not Implement	\$ -	\$ -	--	No Response Provided
HC.03	Host an annual ideas festival for submission of efficiency ideas	pgs. 237-238	Department of Administration	Will Not Implement	\$ 200,000	\$ -	Annual	No Response Provided
INS.01	Establish a Department of Administration (DOA) Office of Risk Management (ORM)	pgs. 31-34	Department of Administration	Will Not Implement	\$ (417,204)	None	Annual	No Response Provided
INS.03	Re-bid State-wide Insurance Procurement through a Competitive Request for Proposal (RFP) Process	pgs. 36-39	Department of Administration	Will Not Implement	\$ 284,000	Unknown	Annual	No Response Provided
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	In Progress	\$ 4,956,009	Unknown at this time	Annual	The analysis of the RFI responses indicated there would be one proposal that would provide minimal cost savings and the other proposals would cost the State of Kansas more to have a TPA administer the WC program. - Reported by SEHP
MEMO.01	Enact centralized budgeting and management for services	pgs. 233-234	Department of Administration	Will Not Implement	\$ -	\$ -	--	No Response Provided
MEMO.02	Conduct a statewide assessment on alternative billing model for state central services	pgs. 234-235	Department of Administration	Will Not Implement	\$ -	\$ -	--	No Response Provided
MEMO.03	Compel agencies to utilize centralized service functions	pg. 235	Department of Administration	In Progress	\$ -	\$ -	--	No Response Provided
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	In Progress	\$ -	Still calculating costs/savings	--	No Response Provided
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	In Progress	\$ 225,540	Any realized or estimated savings would be in agencies other than Department of Administration.	Annual	No Response Provided

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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	In Progress	\$ 466,000	Any realized or estimated savings would be in agencies other than Department of Administration.	Annual	No Response Provided
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	Will Not Implement	\$ 1,834,000	Unknown until surplus real property identified and valued.	Annual	No Response Provided
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	Will Not Implement	\$ -	None currently	One-Time	No Response Provided
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	In Progress	\$ 250,000	To be determined based on bids received	Annual	No Response Provided
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	Will Not Implement	\$ 296,000	To be determined.	Annual	No Response Provided
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	In Progress	\$ 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".  No change in status since 2/2017.
COM.02	Implement Community Finance Administrative Fee and Tax Incentive Application Fees to Recover Program Oversight Costs	pgs. 130-133	Department of Commerce	Have Implemented	\$ 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.  No change in status since 2/2017.
COM.04	Eliminate the Community Service Tax Credit Program	pgs. 136-138	Department of Commerce	Will Not Implement	\$ 4,000,000	\$ -	Annual	Any changes to the major tax initiatives require Legislative action for changes to existing Kansas statutes. We continue to process FY17 applications.  No change in status since 2/2017.
COM.05	Ensure No Program Subsidy for Athletic Commission Fee for Service Operation	pgs. 138-139	Department of Commerce	In Progress	\$ 26,000	\$ -	Annual	The Athletic Commission will require partial subsidization in FY18.
COM.06	Centralize Commerce's Human Resources and Information Technology Infrastructure Operations within the Department of Administration	pgs. 139-141	Department of Commerce	Will Not Implement	\$ 25,400	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.  No change in status since 2/2017.

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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	Have Implemented	\$ 2,782,530	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	Regarding programming, KDOC added OSHA 10 safety certification to all vocational training programs in FY 2017. A total of 193 certifications were awarded in FY 2017. In FY 2018 KDOC increased capacity to 50 GED slots and 24 carpentry slots at Larned. It is anticipated that 75 inmates will complete GED program (up from 24) and 24 inmates will complete the carpentry program (up from 12). In FY 2019 KDOC is projecting 100 GED and 50 carpentry completions. At Lansing KDOC has expanded the welding program to include MIG and TIG welding, skills that potential employers are looking for. KDOC is looking at other opportunities to expand vocational training programs in FY 2019. Regarding tablets, KDOC will be issuing an RFP for inmate communication systems this August, which will include the provision of a tablet program.
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	In Progress	\$ 1,512,393	\$ -	Annual	Kansas Correctional Industries (KCI) has put together a state marketing committee to discuss ways to expand outreach through various methods. The committee has met and plans to meet again by the end of summer. In the past 12 months, KCI has developed an updated webpage with new user-friendly features. KCI has recently unveiled a new logo and is focused on improved branding moving forward as KansasCI. With this in mind, the new landing page is KansasCI.com. In addition, KansasCI has enhanced several product lines as well as offering ergonomic furniture and accessories
DOC.03	Work Release Expansion	pgs. 153-154	Department of Corrections	Will Not Implement	\$ 1,137,000	\$ -	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.  No change in status since 2/2017.
DOC.04	Expand Access to Substance Abuse Treatment Programs	pgs. 155-156	Department of Corrections	In Progress	\$ 770,825	\$ -	Annual	Several attempts at legislation to address this have been proposed. The Kansas Sentencing Commission has proposed legislation which the KDOC did not oppose. Continued legislative proposals will be supported.
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	pgs. 156-158	Department of Corrections	In Progress	\$ 1,960,236	Estimate not available.	Annual	Ongoing meetings have been convened with 6 Directors (juvenile and Adult) as statewide representatives. The meetings have been held in January, April, and June with the next meeting scheduled in September. The group has identified areas to address efficiencies. The goal of the group is to have formalized recommended steps by the end of the CY 2017.

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DOC.06	Improve Staff Recruitment and Overtime Reduction	pgs. 158-159	Department of Corrections	Have Implemented	\$ 76,963	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	KDOC pay continues to lag behind that of local, federal, and private agencies. This is compounded by an unemployment rate of 3.7%, making it much more challenging for KDOC attract new employees.
DOC.07	Centralize Good Time Forfeiture and Revocation Process	pg. 159	Department of Corrections	In Progress	\$ 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  No change in status since 2/2017.
DOC.08	Reduce Utilities Cost through Alternative Distributed Energy Pilot at El Dorado	pgs. 159-160	Department of Corrections	No Response Provided	\$ 52,816	\$ -	Annual	No agency response provided.
DOC.09	Expand On-Site Medical Services & Telemedicine Agreements	pgs. 160-161	Department of Corrections	In Progress	\$ -	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.	--	Opportunities to utilize telehealth and mobile services 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	Will Not Implement	\$ -	\$ -	--	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.  No change in status since 2/2017.

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DOC.11	Consolidate Shared Services	pgs. 162-163	Department of Corrections	In Progress	\$ -	\$ -	--	KDOC will continue to look for opportunities to consolidate services when appropriate.
DOC.12	Implement a Key Performance Indicator (KPI) Framework	pgs. 163-164	Department of Corrections	In Progress	\$ -	\$ -	--	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.  No change in status since 2/2017.
ED.01	Reduce Excess Cash Carryover Balances	pgs. 170-173	Department of Education	Have Implemented	\$ 40,000,000	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.  No change in status since 2/2017.
ED.02	Apply for Additional Funds from Public and Private Sources	pgs. 174-175	Department of Education	Have Implemented	\$ 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.  No change in status since 2/2017.
ED.03	Pursue Cost Savings Opportunities through Centralization and Shared Services Agreements	pg. 175	Department of Education	Will Not Implement	\$ 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.  No change in status since 2/2017.
ED.04	K-12 Benefit Program Consolidation	pgs. 175-177	Department of Education	In Progress	\$ 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	We understand this is a legislative matter with a study committee to be convened by the Department of Administration.  LPA Note: This taskforce was created in the 2017 Omnibus bill for 2018.
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	Have Implemented	\$ 9,000,000	No new savings.	Annual	Fully implemented - this has not changed from the previous status report.  No change in status since 2/2017.
ED.06	Expand participation of the K-12 Unified School Districts (USDs) in Insurance Pool Program(s)	pgs. 178-180	Department of Education	In Progress	\$ 1,875,000	No new savings to date.	Annual	We understand this is a legislative matter with a study committee to be convened by the Department of Administration.
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	No Response Provided	\$ 34,084,000	\$ -	Annual	No Response Provided

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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	No Response Provided	\$ 4,000,000	\$ -	Annual	No Response Provided
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	No Response Provided	\$ 1,181,000	\$ -	Annual	No Response Provided
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	No Response Provided	\$ 4,747,540	\$ -	Annual	No Response Provided
SEHP.03	Increase Organizational Efficiency: <ul style="list-style-type: none"> <li>• Reposition the SEHP under the Kansas Department of Administration</li> <li>• Streamline Payroll Deduction File Requirements</li> </ul>	pgs. 79-81	Department of Health and Environment	In Progress	\$ 165,000	Unknown at this time	Annual	Both of these recommendations would need to be addressed by the legislature. - Reported by SEHP
KDOR.01	Fill Audit Vacancies	pgs. 208-209	Department of Revenue	Have Implemented	\$ 9,800,000	\$ -	Annual	As of July, 2017, there are currently five auditor positions open and recruitment continues to backfill these positions.
KDOR.02	Fill Collections Vacancies	pg. 209	Department of Revenue	In Progress	\$ 52,900,000	\$ -	Annual	The 18 positions that were authorized in FY18 were not funded and will not be filled. KDOR's contract with CGI Technologies, Inc. for modernization of the automated tax system includes enhancements which will streamline many of the functions in the collections process and staffing levels are currently being evaluated as implementation efforts continue.
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	In Progress	\$ 10,000,000	\$ -	Annual	KDOR has entered into a contract with CGI Technologies, Inc. to modernize/enhance the automated tax system. As of July, 2017, several enhancements to the system including a self-service payment portal have been activated to make the collection/payment plan process more efficient for taxpayers and the agency.
KDOR.04	Eliminate Appeals Backlog	pg. 210	Department of Revenue	In Progress	\$ 10,000,000	\$ -	One-Time	Improvements are still being made within the agency to decrease the number of open appeal cases and reduce the amount of time from the start of an audit to final determination. There are currently 261 open appeal cases as of July 31, 2017.
DOT.01	The agencies should move to more aggressively consolidate operations and adopt best practices where possible.	pgs. 215-217	Department of Transportation	Have Implemented	\$ 5,000,000	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	KDOT continues to use Quality Based Selection for the selection of our design consultants. This selection method has served KDOT well over the years and provided us quality consultants. KDOT and KTA continue to look for opportunities to co-locate offices where it makes feasible sense. KDOT continues to collect pavement data for the KTA. KDOT continues to provide design and engineering support to the KTA on bridge re-decks, bridge replacements and work raising bridge heights. KDOT and the KTA continue work on the East Kellogg Interchange construction project. KDOT and the KTA will continue to work together to provide the most efficient use of our resources.

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DOT.02	Eliminate area offices, moving administration to Districts and maintenance to sub-area offices	pgs. 217-218	Department of Transportation	Have Implemented	\$ 6,400,000	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	No Change. We will continue to look for opportunities to consolidate offices as opportunities present themselves.
DOT.03	Replace some outside design engineering contractors with in-house staff	pgs. 218-219	Department of Transportation	Will Not Implement	\$ 2,000,000	\$ -	Annual	No Change. We are working on ways to hire, promote and retain engineers. Currently, we are struggling to hire engineers at our current salary level. We will continue to try to fill core engineering positions in the agency.
DOT.04	Sell underutilized non-passenger equipment	pgs. 219-220	Department of Transportation	Have Implemented	\$ 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 sold its underutilized equipment at our 2016 auction.
DOT.05	Institute right-of-way, access permits, driveway permit fees	pg. 220	Department of Transportation	Will Not Implement	\$ 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.  No change in status since 2/2017.
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	In Progress	\$ 1,700,000	\$ -	Annual	New federal legislation removed some of the barriers for commercializing rest areas. We are looking to see if there are any sponsorship opportunities to commercialize our rest areas.
DOT.07	Centralize DOT HR staff at HQ with DOA	pgs. 221-222	Department of Transportation	Will Not Implement	\$ 900,000	\$ -	Annual	See previous comments
DOT.08	Sell or lease state radio system	pgs. 222-223	Department of Transportation	In Progress	\$ -	\$ -	--	Our consultant just completed the final report in July 2017 and presented the recommendations to staff August 7, 2017. We are reviewing and evaluating the recommendations and will provide our findings in a report back in January.
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	No Response Provided	\$ 1,011,000	\$ -	Annual	KDADS has not identified consolidation of CDDOs as a priority for the agency at this time due to the concern of disruption for the system as work continues to enhance the KanCare program as it relates to IDD services.
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	No Response Provided	\$ -	\$ -	--	Medicaid Budget Consolidation was not adopted by the legislature during 2017 session. KDADS will continue to work to simplify its Medicaid budget that exists within the agency to provide administrative efficiencies. In 2016/17, KDADS contracted with a consultant to assist in creating efficiencies between KDADS and KDHE in regard to Medicaid operations. One example, is a plan to coordinate data analytic support across the two agencies. The recommendations from the consultant for data analytics will be rolled out in the coming months. As part of the reprourement of KanCare, KDADS will be engaging a number of staff with little to no managed care experience in the drafting of the RFP requirements and evaluation of the KanCare bids in 2018. As part of this process, the agency intends to have more staff aware and involved in various managed care processes.

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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	In Progress	\$ 658,762	\$ -	Annual	No Response Provided
KDCF.02	Close Three Service Centers	pgs. 117-118	Department on Children and Families	In Progress	\$ 120,936	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	The Greenburg and lola offices are scheduled to be closed for business before the end of calendar year 2017. Goodland is still to be determined.
KDCF.03	Improve the Targeting of CIF Funding and Diversify the Funding Mix	pgs. 118-122	Department on Children and Families	Have Implemented	\$ 3,500,000	Kansas Preschool Program being funded by TANF: \$23,999,060 savings over 5 years (FY2017-FY2021)	Annual	All programs are currently undergoing the annual CIF Accountability Process. At the conclusion of this process, the Cabinet will review the 2017 Annual Investment Impact Report and make funding recommendations to the Governor. In FY17, Parents as Teachers and the Kansas Preschool Program were funded through TANF. Kansas Preschool Program will continue to be funded by TANF in FY2018. There has been a change in that PAT will be funded by CIF in 2018.
GGO.01	Create a New Governor's Grants Office	pgs. 70-72	Governor	In Progress	\$ 5,081,866	\$ -	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
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	In Progress	\$ -	\$ -	--	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	In Progress	\$ 27,500,000	The cost savings from these change is projected to be over \$43 Mil	Annual	The HCC reviewed the plan design for PY 2018. Plan A will not be eliminated for PY 2018. The HCC did approve three additional consumer driven plans to assist with the migration from Plan A to a consumer driven product like Plan C. The HCC kept the HSA/HRA reduction that was implemented for PY 2017 in place for PY 2018. The members have the same opportunity to participate in the wellness program to earn some of those HSA/HRA dollars back. The health plan will not have the cost savings for this program until the close of PY 2017.
SEHP.02	Implement Retiree Exchange Platform	pgs. 78-79	Health Care Commission	In Progress	\$ 12,936,000	No response on this recommendation was given from KDHE.	Annual	The retiree exchange platform was not implemented by the HCC as legislative action would be required. The HCC did take steps beginning with PY 2017 to eliminate the GASB liability to achieve the cost savings recommendation in the A&M report.
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	Will Not Implement	\$ -	\$ -	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. Note: That testimony shows that A&M savings estimates were not valid.  No change in status since 2/2017.
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)	Have Implemented	\$ -	Not applicable.	--	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.  The Retirement System's gross, time-weighted total return was 8.4% for the 25-year time period ending May 31, 2017.

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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	--	\$ -	--	--	--
BP.01	Establish a Risk Based Reserve Fund Policy	pg. 243	Legislature	Have Implemented	\$ -	--	--	That Section 1 of 2016 HB2739 was codified at K.S.A. 2016 Supp 75-3718b and Section 2 of 2016 HB2739 was codified at K.S.A. 2016 Supp 75-6706.  Further, during the 2016 interim, the Legislative Budget Committee studied and reviewed the policy concerning the balance of, transfers to and expenditures from the budget stabilization fund, as well as the statutory topics listed in K.S.A. 2016 Supp 75-6706(d)(1).  Finally, during the 2017 Session, K.S.A. 2016 Supp 75-6706 was amended by Senate Sub for Sub HB2052, to provide that on or before August 15, 2019, the director of the budget, in consultation with the director of legislative research, shall certify the amount of the unencumbered ending balance in the state general fund for fiscal year 2019. Upon making such certification, the director of the budget shall authorize the director of accounts and reports to transfer 10% of such ending balance from the state general fund to the budget stabilization fund. "
BP.02	Develop a Structurally Balanced Budget Policy	pg. 244	Legislature	Have Implemented	\$ -	--	--	Revisors Note: Addressed in HB2739.
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	Have Implemented	\$ -	--	--	Revisors Note: Addressed in HB2739.
BP.11	Include Evidence of Program Effectiveness in Budget Decisions	pgs. 252-253	Legislature	Have Implemented	\$ -	--	--	Revisors Note: Addressed in HB2739.
BP.12	Implement Performance Budgeting	pgs. 253-255	Legislature	Have Implemented	\$ -	--	--	Revisors Note: Addressed in HB2739.
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)	--
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	--	One-Time	--

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LOT.01	Allow the Lottery to use Instant Ticket Vending Machines (ITVM) in Kansas	pgs. 225-226	Lottery	Will Not Implement	\$ 9,554,000	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). (Note: It is expected to take approximately four to six months to acquire and begin installation of the machines.)	Annual	Legislation did not succeed during the 2017 Session.. Consideration given to reintroduction in the 2018 session.
TEC.01	Data Center Consolidation	pgs. 61-63	Office of Information Technology Services	No Response Provided	\$ 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	Annual	PHASE I - MAINFRAME OUTSOURCING - Executive Branch IT / OITS are in the final phase of the Mainframe Outsourcng migration project - Migration Project started in December 2016 and is slated to finish Oct, 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 ourdata center/ infrastructure and application needs. From this data collected in the Market Analysis we developed an RFP - have narrowed down the responses and conducted vendor Presentation the last week of JULY 2017. Our intent is to award this bid and begin contract negotiations the week of Aug 21st, 2017 with migrations to this solution starting shortly after the contract is signed. Targeted completion date is Dec 31, 2018. The RFP will be looking for solutions for a "Hybrid Cloud " solution for our executive branch agency data center, infrastructure needs.

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TEC.02	Consolidate All Network Services	pgs. 63-64	Office of Information Technology Services	No Response Provided	\$ 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 originally 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	During Aug-Sept we will be conducting a Market Analysis with 6 vendors to establish our options for NaaS - once Market Analysis are completed we will take this information to go out to bid with an RFP - Network as a Service (NaaS) which will allow for outsourcing of managed LAN and WAN optimization services for enterprises. Instead of the state purchasing and operating network equipment itself, 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. Completed 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 - RFP final and award made in Feb 2017 contracts not yet completed. Once completed we will realize ~\$100K/Month in savings 3) POTS Lines added to Mater contract to reduce pricing current savings found amounts to ~\$917K/year - we are continuing to look for additional savings in this area.
TEC.03	Service Desk and End User Computing Services Consolidation	pg. 64	Office of Information Technology Services	No Response Provided	\$ 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	No Response Provided
TEC.04	Application Development and Maintenance Consolidation	pgs. 64-65	Office of Information Technology Services	No Response Provided	\$ 1,900,000	No savings realized to date.	Annual	This initiative has not been started, but is on our path to accomplish over the next 24 months after we complete many of the other initiatives we are embarking on.
TEC.05	Consolidate Project Management, Security, Management and "Other" activities	pgs. 65-66	Office of Information Technology Services	No Response Provided	\$ 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 will be working on laying the ground work and developing the EPMO this Fall 2017. SECURITY MANAGEMENT - 2017 legislative session Centralized Security was our top focus. Legislation was developed to establish Kansas Information Security Office - passed the house but failed in the Senate. Will address this again in 2018 session.. ESTABLISH K.I.T.E - KANSAS INFORMATION TECHNOLOGY ENTERPRISE - Legislation was drafted during the 2017 legislative session which passed the house but did not make it through the Senate chambers - the legislation was to establish K.I.T.E. (formerly known as EBIT/OITS) 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. - We will again be addressing this in the upcoming 2018 session.