



TO: Members, Kansas Legislature
FROM: Justin Stowe, Interim Legislative Post Auditor
DATE: March 6, 2018
SUBJECT: 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 August 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
(February 2018)

Responsible Agency	Have Implemented	In Progress	Will Not Implement	N/A	No Response Provided	Total
Adjutant General	3					3
Board of Regents	1					1
Department of Administration	2	8	15			25
Department of Commerce	1	2	2			5
Department of Corrections	3	5	4			12
Department of Education	3	2	1			6
Department of Health and Environment	1				4	5
Department of Revenue	2				2	4
Department of Transportation	3		5			8
Department on Aging and Disability Services			2			2
Department on Children and Families	1	2				3
Governor		2				2
Health Care Commission		1	1			2
Kansas Department of Labor			1			1
Kansas Public Employees Retirement System (KPERS)	1					1
Legislature	8			11		19
Lottery			1			1
Office of Information Technology Services		2			3	5
Total	29	24	32	11	9	105

Attachment B

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 (2/2018)
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	\$ -	--	--	Revisors: 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	\$ -	--	--	--
BP.03	Improve Accuracy and Adaptability of Revenue Forecasts	pgs. 244-245	Legislature	Have Implemented	\$ -	--	--	--
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	--	\$ -	--	--	Revisors: 2017 Sen Sub HB 2002, Ch. 104, secs. 165 and 166 of the 2017 Session Laws of Kansas, for FY18 and FY19, limit annual debt service from the SGF to not more than 4% of the of the average SGF revenues.
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	Have Implemented	\$ -	--	--	Revisors: K.S.A. 75-3718b, (enacted in 2016) performance based budgeting that had a program service inventory completed on January 9, 2017.
BP.10	Develop Goals to Guide Budget Decision-Making	pgs. 251-252	Legislature	Have Implemented	\$ -	--	--	--
BP.11	Include Evidence of Program Effectiveness in Budget Decisions	pgs. 252-253	Legislature	Have Implemented	\$ -	--	--	--
BP.12	Implement Performance Budgeting	pgs. 253-255	Legislature	Have Implemented	\$ -	--	--	--
BP.13	Provide Online Access to Budget Documents and Supplemental Data	pgs. 255-256	Legislature	Have Implemented	\$ -	--	--	--
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.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	No change since last update: 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".

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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	No change since last update: Beginning October 1, 2016, Commerce initiated a fee collection process for the programs referenced. Fees are collected and reconciled on a daily basis.
COM.03	Revise Primary Tax Incentive Program Caps	pgs. 133-136	Legislature	--	\$ 5,000,000	\$0	Annual (for 2 years)	No change since last update: Any changes to the major tax initiatives require Legislative action for changes to existing Kansas statutes.
COM.04	Eliminate the Community Service Tax Credit Program	pgs. 136-138	Department of Commerce	Will Not Implement	\$ 4,000,000	\$0	Annual	No change since last update: Any changes to the major tax initiatives require Legislative action for changes to existing Kansas statutes. 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	In Progress	\$ 26,000	\$0	Annual	The State dollars needed to subsidize the Athletic Commission is approximately \$25,000 for FY2018
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	No change since last update: 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.
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 change since last update: 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	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 change since last update: 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	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	\$0	Annual	No Response Provided
DOA.05	Ensure Sustainability of Savings by Automating the Procure-to-Pay Process	pgs. 49-50	Department of Administration	Will Not Implement	\$ -	Unknown.	One-Time	No change since last update: Department of Administration is still analyzing options.
DOA.06	Central Contract Repository	pgs. 50-51	Department of Administration	Will Not Implement	\$ -	\$0	--	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
DOA.08	Implement a Managed Print Services Model at Universities and Evaluate Agencies	pg. 52	Board of Regents	Have Implemented	\$ 673,000	\$0	Annual	No change since last update: This A&M recommendation was discussed when the report came out...Our conclusion with this item was that the universities (and KBOR) are already pursuing greater use of networked printers where it makes sense for cost savings.
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

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DOC.01	Program & Credit Expansion	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 expended 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	pgs. 152-153	Department of Corrections	Have Implemented	\$ 1,512,393	N/A	Annual	KCI began making signs for KDOT in September 2017, employing 7 inmates and producing 5,012 to date. A bill introduced during the 2017 Session would have allowed KCI to expand its customer base; this bill did not receive a hearing.
DOC.03	Work Release Expansion	pgs. 153-154	Department of Corrections	Will Not Implement	\$ 1,137,000	\$0	Annual	No change since last update: 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	Will Not Implement	\$ 770,825	N/A	Annual	KDOC is unaware of any proposed legislation for the 2018 Session. Given the failure of bills during prior sessions, KDOC believes that this recommendation will not be implemented. The agency reported status may change should legislation be introduced this session.
DOC.05	Community Corrections Transformation	pgs. 156-158	Department of Corrections	In Progress	\$ 1,960,236	Estimate not available.	Annual	KDOC will establish a "certification" process for local agencies to measure adherence to standards. As a result of a adult and juvenile statute review, changes will be sought to eliminate conflicts. Funding considerations will encourage unification of a group of counties or multiple agencies to merge, especially for agencies with populations of less than 100. Unspent funding will be redirected, as available, to areas that have the highest risk offenders with the highest community needs.
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	N/A	Annual	No change since last update: 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	Will Not Implement	\$ 52,816	N/A	Annual	Projects identified by Johnson Controls would require a 15-year 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	In Progress	\$ -	Any savings realized would be in the form of reduced overtime costs to a reduction in offsite appointments.	--	Opportunities to utilize telehealth and mobile services continue to be explored and implemented when possible.

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DOC.10	Leverage Medicaid & Private Health Insurance for Parole & Community Corrections	pgs. 161-162	Department of Corrections	Will Not Implement	\$ -	\$0	--	No change since last update: 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.
DOC.11	Consolidate Shared Services	pgs. 162-163	Department of Corrections	In Progress	\$ -	N/A	--	No change since last update: 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	\$ -	N/A	--	No change since last update: 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.
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	No change since last update: 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.
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	\$0	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.

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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	\$0	Annual	No change since last update: 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.
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	Will Not Implement	\$ 1,700,000	No savings reported. See comments in current status.	Annual	KDOT spoke to the Mid-America Association of State Transportation Officials (Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Ohio, Wisconsin) regarding their experience with sponsorship opportunities. All the MAASTO States we spoke to mentioned they considered sponsorship opportunities and found the money offered by the sponsors was minimal and they were not willing to give up their "brand" for an insignificant amount of money for a lesser product. Over the years, Kansas has spoken with State Farm Insurance and others about sponsorship opportunities. In these conversations, we came up with the same conclusions as did the other midwestern MAASTO states. For these reasons, KDOT does not believe it is prudent currently to move forward with sponsorship opportunities. However, we will continue to monitor sponsorship opportunities moving forward and if the landscape changes making sponsorship opportunities more attractive, we will consider sponsorship.
DOT.07	Centralize DOT HR staff at HQ with DOA	pgs. 221-222	Department of Transportation	Will Not Implement	\$ 900,000	\$0	Annual	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	Will Not Implement	\$ -	No savings reported. See comments in current status.	--	As recommended, KDOT retained a consultant to perform a comprehensive review of our 800 MHz radio system. The consultant concluded that KDOT has very efficiently and cost-effectively operated and managed the system. The report concluded that any type of outsourcing of the operation/management of the System to a private company would result in increased costs to the users including state users. The report also concluded there is no bandwidth which can be leased to other companies because of regulatory restrictions on the frequencies licensed by KDOT. Due to the findings contained in the report, it does not appear prudent to seek proposals to sell or outsource the management of the System to a private entity.
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)	No change since last recommendation: 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
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	No change since last recommendation: All grants received are self-supporting.
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 change since last recommendation: Alvarez & Marsal recommend we consider shared services for IT with the Department of Administration, Office of Information Technology Services (OITS). In reviewing this recommendation, we have determined that this is not only inefficient but impossible to make our systems work in this manner. If you have to go to an Application Developer that has no background with our systems, it will be time consuming and more likely that the system will fail. In addition, there are security issues that stem from action taken by the Legislature in the last two years which restrict sharing student level data with other agencies. A high percentage of KSDE funding for IT comes from federal aid and it would be difficult to allocate federal funding to another agency.
ED.04	K-12 Benefit Program Consolidation	pgs. 175-177	Department of Education	In Progress	\$ 80,000,000	No New Savings	Annual	We understand that a report will be made to the Legislature during the 2018 session. No response given from SEHP.

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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	No change since last update: 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	In Progress	\$ 1,875,000	No New Savings	Annual	We understand that a report will be made to the Legislature during the 2018 session.
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
GGO.01	Create a New Governor's Grants Office	pgs. 70-72	Governor	In Progress	\$ 5,081,866	No Response Provided	Annual	The KS Governor's Grants Program Office is still reviewing and discussing with the 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	\$ -	No Response Provided	--	The KS Governor's Grants Program Office is still reviewing and discussing with the Governor's office the recommendations cited in the A&M report.
HC.01	Explore leading practices for centralized administration of Family and Medical Leave	pgs. 238-239	Department of Administration	Will Not Implement	\$ -	\$0	--	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	\$ -	\$0	--	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	\$0	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.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	\$ -	\$0	Annual	No change since last update: No action taken. Requisite statutory changes were not made in 2016. See attached testimony provide to the House Commerce, Labor, and Economic Development committee.
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

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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	Based on the analysis of the RFI bids one of the vendors could potentially save the State \$135K annually for the three year the contract. The other three vendors would increase the State's cost on average \$849K more on an annual basis for the three year contract.	Annual	No change since last update: 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
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	\$0	Annual	<ul style="list-style-type: none"> Child Support Services Regarding #1, Establishing Employer Penalties: Child Support Services continues to air the commercials and use social media in regards to reminding employers to report their new hires. Additionally, CSS is working closely with the DOL to identify employers who are not in compliance. Once identified, educational material and a more intensive outreach is coordinated to facilitate their compliance. Another focus has been to increase use of the online option to submit their employee's child support to the KPC. This focused outreach has increased electronic payments by 2% which enables the KPC to operate more efficiently (FY2016 – 65%; FY2017 – 67%) Last, we are working with OCSE to promote their Employer Portal and the use of electronic income withholding nationwide. Regarding #2, Develop Agreements with KDOR and Neighboring States: A meeting was held 12/20/17 in which both the Secretary of DCF and KDOR met with key staff. KDOR agreed to provide the requested information (title, lien, registry information, batch photos and an option for CSS to be a secondary lienholder in future). An employer match may occur in the future as well. By 1/30/18 KDOR will provide an estimate of costs and timeframe so that CSS can evaluate to see if there are funds available. Regarding #3, Establish New Operational Metrics: CSS is working with DOL, HS-EBIT, and OCSE to conduct a thorough review all New Hire files to ensure business rules are still appropriate and data is as complete and accurate as possible. Per OCSE direction, error reports should be reviewed as rules were likely written 20+ years ago when system first programmed. <p>CSS has drafted proposed legislation for the 2017-18 session to authorize the Department of Administration to be able to enter the necessary agreements and have a set off procedure for winnings more than the IRS threshold at state run casinos.</p> <p>CSS increased collections last federal fiscal year with total collections of \$204,432,313 for FFY2017. Unfortunately, this increase does not correlate to increased savings or increased revenue in the CSS program budget as most dollars collected are passed directly to families while operational costs of the program remain. The CSS program largest source of funding is the fees collected from TANF cases. However, TANF cases have decreased and less funds are directed to the Fee Fund. Therefore, while more funds are going directly to Kansas families the anticipated savings to the State has not occurred.</p>
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	Greenberg office closed September 2017. Iola is closed and lease will expire end of FY18. Goodland is on a month-to-month lease.
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.
KDOR.01	Fill Audit Vacancies	pgs. 208-209	Department of Revenue	Have Implemented	\$ 9,800,000	\$0	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	Have Implemented	\$ 52,900,000	No Response Provided	Annual	The first phase of the contract with CGI Technologies has been implemented, which added a self service portal for delinquent tax payments, automated warrants and bank levies, and a new third party collection strategy. These enhancements have streamlined many of the functions in the collections process. Since implementation in late 2017, there have been five positions that have been vacated through attrition that will not be filled. As positions become vacant, staffing levels are being continuously evaluated to determine the proper allocation of agency resources.

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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	No Response Provided	\$ 10,000,000	No Response Provided	Annual	KDOR is continuing the modernization of the programs used in delinquent tax collections, audit selection and analytics, and fraud detection. Several enhancements have already been added to the delinquent tax collection system (CACS-G) resulting in recovery of revenue previously thought to be uncollectible and a streamlined collection process to be more efficient for taxpayers and the agency.
KDOR.04	Eliminate Appeals Backlog	pg. 210	Department of Revenue	No Response Provided	\$ 10,000,000	No Response Provided	One-Time	The number of open appeal cases has consistently dropped each update. There are currently 211 cases in open appeal status. A continued emphasis on resolving cases that have been in the appeals process the longest and those with large amounts in controversy.
KPERS.01	Make Required Contributions to KPERS as specified under Current Law	pg. 86	Legislature	--	\$ -	\$0	--	--
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.
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	Any changes in benefit structure require Legislative action. There was no legislation introduced during the 2017 Legislative session that would change the benefit structure as recommended in the Alvarez and Marsal efficiency study so at this point the recommendation will not be implemented.
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.
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	No Response Provided	Annual	KDHE continues to implement process improvements within the Clearing House and is evaluating all options going forward to improve quality. This could include, but is not limited to: providing additional field staff to interact directly with individuals applying for coverage and performing more eligibility duties by state employees.
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	No Response Provided	Annual	Numerous state employees have been attending training from the Medicaid Integrity Institute (MII). Additionally, strategic planning in the summer of 2018 will review organization structure and identify personnel needs to better manage our managed care org
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	Have Implemented	\$ 1,181,000	\$0	Annual	Fully Implemented as of January 2017.
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	Will Not Implement	\$ 1,011,000	No Response Provided	Annual	No change. KDADS is not planning to implement this recommendation due to the disruption it would cause to the system. KDADS also believe a more detailed study should be conducted to ensure services to individuals do not suffer from a negative impact.

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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	No Response Provided	Annual	Response has not changed from July 2016. - 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.
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	Will Not Implement	\$ -	No Response Provided	--	KDADS continues to work with KDHE leadership to identify and implement any operational efficiencies across agencies. KDHE Response: Consolidation of efforts between KDHE and KDADS is still being investigated, but no action has been taken at this time. Conversations will continue to determine the best path forward.
MEMO.01	Enact centralized budgeting and management for services	pgs. 233-234	Department of Administration	Will Not Implement	\$ -	\$0	--	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	\$ -	\$0	--	No Response Provided
MEMO.03	Compel agencies to utilize centralized service functions	pg. 235	Department of Administration	In Progress	\$ -	Unknown	--	No Change
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.	--	No change
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	Have Implemented	\$ -	To date, no statewide contracts that have been renegotiated have yielded a savings that can be tied directly to this initiative. However, the agency continues to review each contract as they come up for renewal to identify opportunities for products/services to be consolidated to achieve a lower cost.	--	The agency continues to work 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.
NG.03	The Office of the Adjutant General should continue to look for cost savings	pgs. 229-230	Adjutant General	Have Implemented	\$ -	\$0	--	No change since last update: 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.
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	\$ -	Unknown	--	No change since last update: 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.

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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	Unknown	Annual	No change since last update: 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	In Progress	\$ 466,000	Unknown	Annual	No change since last update: 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	Will Not Implement	\$ 1,834,000	Unknown until surplus real property identified and valued.	Annual	No change since last update: 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	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	Unknown	Annual	Copier Contract in place and agencies now have the ability to centrally control/manage printing capabilities
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
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 changes for PY 2017 was \$48.8 Mil and for PY 2018 is projected to be \$51.7 Mil	Annual	The HCC reviewed the plan design for PY 2018 and Plan A was not eliminated. 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 HCC will review the possible elimination of Plan A during the plan design discussions for PY 2019.
SEHP.02	Implement Retiree Exchange Platform	pgs. 78-79	Health Care Commission	Will Not Implement	\$ 12,936,000	The cost savings from this change for PY 2017 was \$10.5 Mil and for PY 2018 is projected to be \$11.2 Mil	Annual	The retiree exchange platform was not implemented by the HCC as legislative action would be required. The HCC did take actions to eliminate the GASB liability to achieve the cost savings recommendation in the A&M report.
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	No Response Provided	\$ 165,000	Unknown	Annual	No change. This will be a legislative decision. Revisors: HB2360, transferring the State Employee Health Plan from KDHE to the Dept. of Administration. HB2360 passed the House 4/3/17 and is currently in Ways and Means.

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TEC.01	Data Center Consolidation	pgs. 61-63	Office of Information Technology Services	No Response Provided	\$ 1,820,000	No Response Provided	Annual	<p>PHASE I - MAINFRAME OUTSOURCING Final Migration to Outsourced Vendor Ensono was completed in Nov 2017. All Operations duties are now with the outsourced vendor. Cost reductions across all Cabinet-level agencies are due to staff reductions and total approx. \$5800-\$900K for FY18. Ongoing sustainable cost reductions for agencies will total approx. \$1.8M for ongoing years. Of these cost reductions only approx. 30% are actually SGF, 70% are other funds i.e. federal, EDIF, Fees etc.</p> <p>PHASE II DATA CENTER "HYBRID CLOUD" SOLUTION - The RFP process was completed and a "Hybrid Cloud" solution was chosen. A contract was entered into Dec 2018 with Unisys to outsource our Datacenter and infrastructure needs. the total contract was \$39M over 5years. The \$39M includes 5 years of services and one time upfront migration costs. The outsourcing will allow the state to exit the and avoid the major upgrades that are needed as well as continued maintenance. It also allows for the need to upgrade infrastructure and avoid the upgrade costs every 5 yrs. Migration to the Unisys Datacenter will begin mid 2018 after planning and assessments are completed. Final migration should be completed within 9-12 months. Full Unisys operation will begin approx. mid 2019.</p>
TEC.02	Consolidate All Network Services	pgs. 63-64	Office of Information Technology Services	No Response Provided	\$ 1,625,000	No Response Provided	Annual	We are currently continuing to review options of Network as a Service (NaaS) Options. - Within the next 6 months we will be selecting a NAPSO contract provider that can support the outsourcing needs of the state. NaaS will allow for the outsourcing of managed LAN and WAN optimization services for the state of Kansas executive branch. This will eliminate the state from having to purchase and operate the network equipment internally and allow for these services to be a cloud managed solution.
TEC.03	Service Desk and End User Computing Services Consolidation	pg. 64	Office of Information Technology Services	No Response Provided	\$ 2,400,000	No Response Provided	Annual	<p>Currently working on this initiative. Nov 2018 - OITS become the first agency to enter service tickets into the consolidated Service Desk. Over the next 6-8 months cabinet-level agencies will be onboarded into the Service Now Service Desk. Having one consolidated service desk with one common tool will allow for adequate data and metrics for understanding our service needs.</p> <p>Hardware as a Service also known as Desktop as a Service (DTaaS) - A contract was entered in to with Insight in June 2018. Agencies are being onboarded to the portal and ordering laptop, desktops and tablets as needed to update the end of life devices now being used in across the agencies. To allow for standardization in technical support, six models were selected for the users to choose from. This standardization of models will allow for savings in support staff hours, by supporting only 6 models instead of the current 61 different models. DTaaS will allow for consumption based pricing. No longer will agencies have to purchase the devices up front. They will now pay a monthly fee for the time the device is used. When the employee or contract staff leaves, the device goes back to the vendor and the monthly bill goes away. This will allow for cost reductions from no longer needing extended hardware maintenance. It also allows for rapid replacement of a broken or non functioning device. If a device stops working it is sent back to the vendor and a new one is delivered within 24hrs at no extra cost.</p>
TEC.04	Application Development and Maintenance Consolidation	pgs. 64-65	Office of Information Technology Services	In Progress	\$ 1,900,000	No Response Provided	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	In Progress	\$ 968,000	No Response Provided	Annual	This initiative has not been started - Will revisit this initiative in FY19