

**PRELIMINARY
MINUTES**

**UNEMPLOYMENT COMPENSATION MODERNIZATION AND IMPROVEMENT
COUNCIL**

May 17, 2022
Room 112-N—Statehouse

Members Present

Representative Sean Tarwater, Chairperson
Senator Renee Erickson
Senator Jeff Pittman
Senator Caryn Tyson
Representative Stephanie Clayton
Representative Susan Estes
Katie Givens
Phil Hayes
Jake Miller
Jeff Oswald
Peter Brady
Shelbye Smith
Shawana Woods

Staff Present

Eddie Penner, Kansas Legislative Research Department (KLRD)
Eric Adell, KLRD
Dylan Dear, KLRD
Victoria Potts, KLRD
Elaina Rudder, KLRD
Matthew Willis, KLRD
Charles Reimer, Office of Revisor of Statutes
Kyle Hamilton, Office of Revisor of Statutes
Cindy Harris, Committee Assistant

Conferees

Jai Saini, UI Program Executive, TATA Consultancy Services
Jack White, Kansas Program Manager, TATA Consultancy Services
John Griffin Director Americas Business Development, TATA Consultancy Services
Ron Hulshizer, BKD

TUESDAY, MAY 17 ALL DAY SESSION

Call to Order and Welcome

Chairperson Tarwater called the meeting to order at 10:17 a.m.

Council members were welcomed back and Cindy Harris, Committee Assistant, was introduced.

Audit Contract Amendment Discussion

Jason Long, Office of Revisor of Statutes, gave an overview of a proposed amendment to the agreement for fraud investigation services ([Attachment 1](#)). The amendment would amend the audit agreement that the council entered into with BKD on January 4, 2022, for the audit. The amendment was requested by BKD due to the unexpected death of a member of their staff who was in charge of putting together the preliminary report. Legislative staff was contacted in April 2022 and notified that it would be extremely difficult to meet the original May 1, 2022, deadline for submission of the preliminary report to the council. BKD then requested the amendment to extend the deadline to May 15, 2022. Mr. Long also discussed two additional amendments that would allow BKD to present the final report in September 2022 on a date after the report is submitted to the council for review, and alter the risk assessment methodology under the scope of work .

Chairperson Tarwater requested that Ron Hulshizer, BKD, explain the second part of the amendment ([Attachment 2](#)). Mr. Hulshizer discussed how risk-based review is more typically done and is considered the industry standard and that BKD typically provides NIST gap assessments for governmental clients. He said BKD believes this different methodology would provide more details and more value to the State. Peter Brady, Deputy Secretary, Kansas Department of Labor, addressed the Council and said the agency supports this amendment. Mr. Hulshizer presented an overview on the cybersecurity vulnerability assessment report and methodology used.

Discussion ensued.

Senator Pittman asked questions about the penetration testing.

A motion was made to adopt the proposed amendments to the contract, and the motion was adopted by a voice vote.

Chairperson Tarwater made a motion to recess the open meeting for a closed meeting pursuant to KSA 44-771g2 and KSA 75-4319a to discuss matters relating to the confidential portions of the preliminary audit report by BKD to the council as authorized by KSA 44-771g1 and 2. The Chairperson noted the closed session would also pertain to security measures that protect the information systems of the Kansas Department of Labor under the justification listed in KSA 75-4319b12c, because discussion of such matters in an open meeting would jeopardize such confidential portions of the audit report and such security measures. The Chairperson moved to resume the open meeting in Room 112-N in the Statehouse at 12:15 p.m. and to

record the motion if adopted as part of the Council's permanent record. In addition to the council members who were in the room, Jeff Maxon, Chief Information Security Officer, Kansas Information Security Office; Amber Schultz, Secretary of Labor; and Ron Hulshizer, BKD, were to be in the executive session. The motion was seconded by Senator Erickson, and the motion passed.

Preliminary Audit Report

The meeting was in executive session.

Break

Kansas Department of Labor Modernization Project Vendor Presentation

Chairperson Tarwater called the meeting back to order and informed the Council members that the meeting was no longer in executive session and the meeting was in open session as of 12:45 p.m.

Chairperson Tarwater asked Ron Hulshizer, BKD, a question regarding the audit and the vulnerabilities and the solutions that needed to be followed up on. He asked if BKD was able and willing to monitor and stay on track to provide the solutions needed.

Discussion ensued.

Chairperson Tarwater introduced John Griffin, Director of Americas Business Development, TATA Consultancy Services (TATA), to present on the contract negotiations and the system and how he sees the system moving forward. Mr. Griffin's presentation began with the introductions of Jai Saini, Unemployment Insurance Program Executive, and Jack White, Kansas Program Manager. The presentation included an introduction to TATA and its experience within the governmental sector, an overview of its unemployment insurance system, and what the Unemployment Compensation Modernization and Improvement Council could expect from TATA with regards to ongoing status reporting ([Attachment 3](#)).

The committee asked questions of the conferee following the presentation.

Chairperson Tarwater asked the conferee if the Council could receive a demonstration of the system that day. The conferee stated they could not provide a demonstration today, but hopefully a system would be set up in the Kansas Cloud by the next Council meeting and, if not, the Mississippi system could be shown.

Other questions asked by the Council involved topics such as:

- Job search integration within the unemployment insurance platform;
- The conferee's history of implementation in other states;

- How the State can assist the conferee in a smooth rollout;
- Logistics of the modernization project such as:
 - Timeline for completion and the viability of said timeline;
 - Number of dedicated employees on the project and their location; and
 - Immigration status of employees working on the project;
- The data breach liability provisions within the contract; and
- The future of the system following the conclusion of the contract.

Kansas Department of Labor Update

Peter Brady, Deputy Secretary, Kansas Department of Labor, provided agency updates regarding operations, the modernization project, the Unemployment Insurance Trust Fund, and other topics ([Attachment 4](#)).

Mr. Brady stood for questions from council members following the conclusion of his presentation. Questions posed by council members regarded the following topics:

- Whether KDOL would be amenable to altering reporting requirements;
- The Unemployment Insurance Trust Fund;
- Change in vendor selection during the procurement process;
- Determination of monetary penalty for the data breach liability in the modernization contract;
- Breakdown in unemployment insurance fraud between federal and state programs;
- KDOL funding; and
- KDOL operations, such as call answer time and staffing levels.

Council member Phil Hayes presented information regarding identify theft in Kansas ([Attachment 5](#))

Discussion ensued.

Chairperson Tarwater asked Charles Reimer, Office of Revisor of Statutes, a question referring to Senate Sub. for Sub. for HB 2196 and what needs to be reported in reports.

Discussion ensued.

Adjourn

Chairperson Tarwater informed Council members to check their emails for notification of future meetings. They should expect a two to three week notice prior to the meeting.

The meeting was adjourned at 3:20 p.m.

Prepared by Cindy Harris

Edited by Matthew Willis

Approved by the Committee on:

(Date)

Draft