

***Office of State Budget Director***

284 Capitol Annex, 702 Capitol Avenue

Frankfort, Kentucky 40601

(502) 564-7300

**Andy Beshear**

**Governor**

**John T. Hicks**

**State Budget Director**

Internet: osbd.ky.gov

Governor’s Office for Policy and Management

Governor’s Office for Economic Analysis

Governor’s Office for Policy Research

Senator Gex Williams, Co-Chair

Representative Matt Lockett, Co-Chair

Investments in IT Improvement & Modernization Projects Oversight Board

Legislative Research Commission

January 18, 2025

Dear Co-Chairs Williams and Lockett:

Thank you for the opportunity to review the bill draft related to Kentucky state government’s information technology systems and applications.

The bill draft expands on current statutes around the Board’s planned October 2025 biennial report to LRC with recommendations of the estimated amount necessary to fully fund to completion each information technology project, and strategies to ensure a long-term investment solution to improve or modernize state agency information technology systems.

We have a few recommendations to the bill draft:

Section 3 of the bill draft requires a new six-year report prepared annually in which each agency outlines the manner in which they intend to transition their information technology systems or applications into a modern, integrated, secure, and effective technology environment. With the understanding that the Board’s work and its October 1 report to LRC are potential inputs into the biennial appropriations process, we recommend that the new report be a biennial report instead of an annual report. This timeline aligns with the biennial capital planning process and the biennial budget process.

For the initial version of this new six-year report, the April 2025 report submission timeline in Section 3 is too short to ensure an adequate product, particularly with the prospect that the deadline would be less than two months after the effective date of an enacted version of the bill, and because the “form, contents, and manner of submission” have not yet been established. We recommend a deadline around July 15, 2025 for the first six-year report. An April deadline for subsequent reports aligns with the April deadline for agency six-year capital plans.

The new six-year report seeks to link it with each agency’s budget request. The budget requests are due on October 1 and the bill draft has this new report due April 15. The new report will not be able to link to the budget request until October. The existing six-year capital plan process, which already includes information technology capital projects, is tied into each agency’s budget request through the uniform budget instructions issued by LRC every biennium. It makes good sense to establish a similar relationship for the new six-year report.

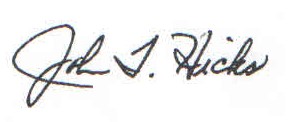
We suggest that “legacy project” be renamed “legacy system” . Legacy System should be defined as one or more of the following:

* Hardware or Software no longer supported by a vendor
* Hardware or Software that is incompatible with advanced technology
* Inefficient systems that no longer work for today's workforce
* Systems that do not comply with state and/or federal regulations
* In-house applications written decades ago, with no knowledge of how to support/maintain
* Applications written in code in which people are no longer learning

Lastly, we recommend that an application be defined as software components resting on infrastructure that may be used to create, use, store, or share data and information to enable support of a business function.

Sincerely,

Arrow

Description automatically generated with medium confidence

John T. Hicks Jim Barnhart

State Budget Director Acting Commissioner

Office of State Budget Director Commonwealth Office of Technology

Cc: Senator Cassie Chambers Armstrong

Representative Chad Aull

Senator Michael J. Nemes

Representative John Hogsdon

Jennifer Hays

TeamKentucky