

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Tuesday, June 26, 2012
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Robin Weisz, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Robin Weisz, Randy Boehning, Corey Mock, Gary Paur, Roscoe Streyle; Senators Joe Miller, Larry Robinson, Donald Schaible, Margaret Sitte, Rich Wardner; Chief Information Officer Lisa Feldner

Member absent: Representative Keith Kempenich

Others present: See [Appendix A](#)

It was moved by Senator Robinson, seconded by Senator Wardner, and carried on a voice vote that the minutes of the April 4, 2012, meeting be approved as distributed.

REPORT FROM THE CHIEF INFORMATION OFFICER

Mr. Mike Ressler, Deputy Chief Information Officer, Information Technology Department, provided information ([Appendix B](#)) regarding information technology rates for the 2013-15 biennium. The following is a summary of select rates for the 2013-15 biennium:

Description of Service	2011-13 Budget Rate	2013-15 Budget Rate
Analyst/project manager	\$67/hour	\$69/hour
Analyst II	\$75/hour	\$75/hour
Analyst III	\$75/hour	\$83/hour
Senior analyst/senior project manager	\$86/hour	\$94/hour
Architect	\$89/hour	\$99/hour

Mr. Ressler said the increase in most rates is due to the need for additional funding for providing anticipated salary and health insurance increases for department employees. Assuming state agencies purchase the same level of services in the 2013-15 biennium as the most recent 12-month period, he said, the department estimates fee changes for the 2013-15 biennium will generate approximately \$1.7 million more revenue to the department in the area of software development and \$155,000 of additional revenue in the area of computer hosting. He said fee changes in the area of network and telephone services are estimated to result in a reduction of approximately \$700,000 of revenue to the department.

Mr. Jeff Quast, Information Technology Program Administrator, Information Technology Department, provided information ([Appendix C](#)) regarding the

information technology planning cycle, including the process of prioritizing proposed major information technology projects by the State Information Technology Advisory Committee. He said North Dakota Century Code Section 54-59-11 requires each executive branch state agency or institution, excluding institutions under the control of the State Board of Higher Education, unless the Chief Information Officer grants an exemption, to prepare an information technology plan and submit the plan to the Information Technology Department (ITD) by August 15 of each even-numbered year unless the Chief Information Officer grants an extension. Based on the information included in the plans, he said, the department is to prepare a statewide information technology plan with emphasis on long-term strategic goals and objectives. He said the statewide information technology plan is to be distributed to members of the Legislative Assembly. He said the department is considering discontinuing the paper copies of the statewide information technology plan and publishing the plan as an online digital publication.

Mr. Quast said the State Information Technology Advisory Committee reviews information regarding proposed major information technology projects for state agencies, excluding institutions under the control of the State Board of Higher Education and the judicial and legislative branches, and ranks those projects that receive the committee's affirmative recommendation. He said the State Information Technology Advisory Committee will complete its prioritization of major information technology projects for the 2013-15 biennium on September 25, 2012. He said the department will forward the prioritization to the Information Technology Committee and to the Office of Management and Budget (OMB) for consideration in the development of the Governor's budget recommendation.

Senator Wardner suggested ITD proceed with its plan to eliminate the paper copies of the statewide information technology plan and to publish the plan as an online digital publication.

Dr. Jim Stenehjerm, Director, North Dakota Lead Center, provided information ([Appendix D](#)) regarding the elementary and secondary education portion of the statewide longitudinal data system. He said the North Dakota Lead Center is providing statewide longitudinal data system training to elementary and secondary schools. He said the training is being conducted on behalf of the Department of Public

Instruction, is offered at no cost, and is being hosted at nine local regional education association sites. He said the training includes general information about the system and information on the data currently available in the system which includes state assessment results, dropout rates, graduation rates, ACT results, and students enrolled in college developmental courses.

In response to a question from Senator Sitte, Ms. Feldner said private elementary and secondary schools and postsecondary schools may participate in the statewide longitudinal data system.

Mr. Travis Durick, Broadband Technology Manager, Information Technology Department, provided information ([Appendix E](#)) regarding the department's broadband mapping project. He said the department has received a \$3.7 million federal grant for a state broadband initiative. He said the initiative consists of developing and maintaining a comprehensive, interactive, and searchable inventory map of existing broadband connectivity available in the state; conducting community training workshops; and developing a public safety broadband strategic plan. He said the broadband map displays availability and speed and is available online at <http://broadband.nd.gov>. He said there are areas in the state without broadband connectivity.

In response to a question from Senator Robinson, Mr. Durick said the department works with providers to update the broadband availability and speed information quarterly.

In response to a question from Representative Mock, Mr. Durick said the department does not have data regarding the percentage of North Dakota citizens that do not have access to broadband connectivity.

Senator Wardner suggested the committee receive information from ITD and SRT Communications regarding broadband connectivity available in the Minot area.

Chairman Weisz said the department and SRT Communications will be requested to provide that information at the committee's next meeting.

ELEMENTARY AND SECONDARY EDUCATION INFORMATION TECHNOLOGY INITIATIVES

Ms. Lisa Feldner, Chief Information Officer, Information Technology Department, provided information ([Appendix F](#)) regarding elementary and secondary education information technology initiatives. She said the Educational Technology Council's activities for the 2011-13 biennium include:

- New director - The council has hired Mr. Darin King, Technology Director, Grand Forks Public Schools, as the council's new director.
- Data warehouses - The council has renewed its contract with Viewpoint for local school data warehouses. The Viewpoint data warehouses will be discontinued in the future as the

statewide longitudinal data system is fully implemented.

Ms. Feldner said all elementary and secondary education schools are required to use the PowerSchool application as their student information system by July 2013. She said EduTech staff is in the process of deploying the application to all schools. She said there are 159 public schools currently using PowerSchool. She said eight additional schools will be added by September 2012, and all schools will be using PowerSchool by February 1, 2013. She said EduTech staff is also working to assist schools in preparation for the 2014 launch of the online state assessments application.

Ms. Feldner said the Center for Distance Education is partnering with groups of small North Dakota schools to assist them to provide additional high school curriculum offerings and to fill teacher shortages in critical areas. She said the center has also developed a proposal to provide advanced placement courses to 1,000 North Dakota students and to provide training to teachers.

HIGHER EDUCATION INFORMATION TECHNOLOGY INITIATIVES

Mr. Rich Lehn, Assistant to the Chief Information Officer, North Dakota University System, provided information ([Appendix G](#)) regarding higher education information technology planning, services, and major projects pursuant to Section 15-10-44, including information on the status of the joint University System and University of North Dakota (UND) information technology building project. He said the State Board of Higher Education has identified the following information technology initiatives:

- Lecture capture and content management - This initiative involves the implementation of online technology to record video, audio, and content. The State Board of Higher Education has approved the Tegrity lecture capture product.
- Learning management system - This initiative involves the implementation of consistent learning management systems to enhance curriculum content and provide mobile device interfaces.
- Document imaging scanning - Most higher education institutions use document scanning software for business functions, such as invoice processing, contract management, electronic personnel files, and student records. Most of the current systems are departmental-based and departmental-housed which do not provide operational efficiencies or sound security practices. Implementation of a common administrative approach will improve efficiencies.
- Unified communications system - This initiative involves the implementation of a consistent set of communication services, including integrated

voice mail, e-mail, instant messaging, and personal computer interactions.

- Human resources electronic workflow - This initiative involves an expansion and enhancement to the human resources electronic workflow, including centralized payroll.
- Integrated approach to delivering information technology services - This initiative involves the implementation of a more integrated approach to information technology planning and service delivery, including minimizing locally developed software and hosting services and moving to broadly accepted and supported applications and services.

Mr. Lehn said the joint University System and UND information technology building project has been changed to separate the data center and the office building. He said the data center will be constructed in an existing warehouse on the UND campus and a new office building will be constructed on the west edge of the campus. He said bids for the office building have been received and are being reviewed. He said the bids for general contractor services are approximately 10 percent more than estimated, and bids for electrical and mechanical are close to estimates. He said construction bids for the data center renovation and systems installation are due on July 10, 2012.

In response to a question from Senator Miller, Mr. Lehn said the University System received four bids for general contractor services, two bids for electrical services, and two bids for mechanical services for the new office building.

OTHER

Mr. Terry Traynor, Assistant Director of Policy and Programs, North Dakota Association of Counties, provided information ([Appendix H](#)) regarding average annual information technology costs for small, medium, and large counties. He provided the following summary of estimated annual information technology costs:

	Average Population	Average Staff	Average Annual Information Technology Costs	Total Annual Information Technology Costs
4 largest counties (population greater than 60,000)	90,000	272 FTE	\$1,850,000	\$7,400,000
9 medium counties (population 10,000 to 30,000)	17,700	108 FTE	\$270,000	2,430,000
40 smaller counties (population less than 10,000)	3,850	38 FTE	\$121,000	4,840,000
Total				\$14,670,000

Mr. Traynor said the estimated information technology costs reflect the technology costs that are actually paid through county budgets. He said there are some information technology costs, such as wide area network costs, that are paid by state agencies on behalf of counties.

In response to a question from Senator Robinson, Mr. Traynor said the North Dakota Association of Counties Resources Group was created to provide technology support to county government.

**INFORMATION TECHNOLOGY
BILL DRAFT**

The Legislative Council staff presented a revised proposed bill draft [\[13.0008.02000\]](#) to implement the provisions included in Executive Order 2011-20 for all executive branch state agencies. The bill draft provides that:

- A large-scale information technology project is a project estimated to cost \$1 million or more to be implemented by an executive branch agency, excluding institutions under the control of the State Board of Higher Education.
- All large-scale information technology projects must be jointly administered by the agency contracting for the project, ITD, and OMB and comply with the statewide policies, standards, and guidelines development under Section 54-59-09. The procurement officer and primary project manager responsible for a large-scale information technology project must meet the qualifications established by ITD and OMB.
- An agency is to submit requests for a large-scale information technology project to ITD prior to preparing a solicitation. The Information Technology Department and OMB, in consultation with the Attorney General's office, are to assign subject matter experts to assist the agency with the procurement, contract negotiation, and contract administration. The agency is to coordinate with ITD and OMB, in consultation with the Attorney General's office, to develop the solicitation, contract, or agreement and any amendments. Final documents must be approved by the agency, ITD, and OMB, in consultation with the Attorney General's office, prior to submission to the executive steering committee.
- The project sponsor is to convene an executive steering committee for each large-scale information technology project. The executive steering committee must consist of the director of OMB, the Chief Information Officer, the head of the agency contracting for the project, the project sponsor, and a large project oversight analyst designated by the Chief Information Officer. The executive steering committee is to monitor the overall status of the project, review project decisions, and approve final documents. Project decisions relating to contracts, budget,

schedule, quality, scope changes, and any project decision declared by a member of the committee to be a major project decision requires at least four affirmative votes.

- No agreement or contract, including an amendment, revision, or scope change, for an executive branch information technology project estimated to cost \$1 million or more may be entered unless signed by the head of the contracting agency and the Chief Information Officer.
- The Information Technology Department is to provide a report to the Governor at least quarterly regarding the status of each large-scale information technology project that is approved under this section but not completed.

Ms. Feldner distributed a revised proposed bill draft ([Appendix I](#)) to implement the provisions included in Executive Order 2011-20 for all executive branch state agencies. She said ITD's revised proposed bill draft provides that:

- A large-scale information technology project is a project estimated to cost \$1 million or more to be implemented by an executive branch agency, excluding institutions under the control of the State Board of Higher Education. All large-scale information technology projects must comply with the statewide policies, standards, and guidelines development under Section 54-59-09. The procurement officer and primary project manager responsible for a large-scale information technology project must meet the qualifications established by ITD and OMB.
- The agency contracting for the information technology project, ITD, and OMB, in consultation with the Attorney General's office, is to collaborate on the procurement, contract negotiation, and contract administration of large-scale information technology projects. The agency, ITD, and OMB, in consultation with the Attorney General's office, are to approve the solicitation, contract or agreement, and any amendments prior to submission to the executive steering committee.
- Each large-scale information technology project is to have an executive steering committee to oversee the project. The project sponsor is the chairman of the committee. The executive steering committee must consist of the director of OMB, the Chief Information Officer, the head of the agency contracting for the project, the project sponsor, and a large project oversight analyst designated by the Chief Information Officer. The executive steering committee is to monitor the project and review project decisions. Any project decision declared by a member of the committee to be a major project decision requires at least four affirmative votes.
- No agreement or contract, including an amendment, revision, or scope change, for

large-scale information technology projects may be entered unless signed by the head of the contracting agency and the Chief Information Officer.

- The Information Technology Department is to provide a report to the Governor at least quarterly regarding the status of each large-scale information technology project that is approved under this section but not completed.

Representative Weisz said the revised proposed bill draft should provide that an agency cannot proceed with the solicitation, contract, or contract amendment for a large-scale information technology project without the approval of the agency, ITD, OMB, and the Attorney General's office.

Chairman Weisz requested the Legislative Council staff to prepare a revised proposed bill draft using ITD's most recent proposed language for consideration at the committee's next meeting.

LARGE INFORMATION TECHNOLOGY PROJECT REPORTS

Quarterly Summary Status Report

Mr. Mark Molesworth, Project Manager, Information Technology Department, distributed a copy ([Appendix J](#)) of the department's most recent quarterly summary status report on large information technology projects. He said each calendar quarter the department prepares a large project summary report that summarizes the performance of large information technology projects and submits the report to the Information Technology Committee. He said the cover letter attached to the quarterly summary status report includes:

- Graphic depiction of North Dakota's project successes.
- Status summary of projects with a budget in excess of \$5 million.
- Status summary of projects being monitored due to budget or schedule variance concerns.

Department of Human Services - Medicaid Management Information System Replacement Project

Ms. Jennifer Witham, Director, Information Technology Services, Department of Human Services, provided information ([Appendix K](#)) regarding the status of the department's Medicaid management information system (MMIS) replacement project. In May 2012, she said, the department and Xerox State Healthcare, formerly Affiliated Computer Services (ACS), finalized negotiations in which Xerox recognized a seven-month schedule delay and agreed to a reduction in the total amount payable of \$1,000,000, of which \$115,500 is from the general fund. She said an additional nine-month delay in the schedule is attributable to the inclusion of *International Classification of Diseases, Tenth Revision* (ICD-10) functionality into the North Dakota MMIS. She said the compliance date for this federal requirement is

currently October 1, 2013, which aligns with the new "go live" date. She said the ICD-10 functionality was not included in the original scope of the project contract and represents an increase in compensation of \$8,425,282, of which \$1,146,553 is from the general fund. She said the inclusion of the ICD-10

functionality also affects the budget for the other third-party vendors, ITD costs, and Department of Human Services' contract staff. She said the project's executive steering committee has approved the increase to the project scope and budget. She provided the following summary of the project budget:

	General Fund	Permanent Oil Tax Trust Fund	Federal Funds	Total
2005-07 appropriation		\$3,667,820	\$25,521,039	\$29,188,859
2007-09 appropriation	\$3,643,133		27,429,508	31,072,641
Additional federal matching funds for the project			2,267,871	2,267,871
2011-13 appropriation (estimated amount remaining from the permanent oil tax trust fund)	1,474,362	(1,474,362)		
2011-13 appropriation adjustment relating to the amount remaining from the permanent oil tax trust fund	(68)	68		
2011-13 project scope change - Inclusion of the HIPAA 5010 transaction standards (covered by a \$6.7 million 2011-13 legislative appropriation for postproduction support and licensing services)	763,088		5,843,734	6,606,822
2011-13 appropriation - User acceptance testing	217,803		1,667,941	1,885,744
2011-13 project scope change - ICD-10 functionality (Xerox)	1,146,553		7,278,729	8,425,282
2011-13 project scope change - ICD-10 functionality (third-party vendors)	79,147		599,064	678,211
2011-13 project scope change - ICD-10 functionality (ITD costs)	201,840		1,527,719	1,729,559
2011-13 project scope change - ICD-10 functionality (Department of Human Services' contract staff)	7,439		56,308	63,747
Total project budget	\$7,533,297	\$2,193,526	\$72,191,913	\$81,918,736

Workforce Safety and Insurance - Information Technology Transformation Project

Mr. Bryan Klipfel, Executive Director and CEO, Workforce Safety and Insurance, provided information ([Appendix L](#)) regarding the status of the agency's information technology transformation project. He said the agency has not received a software release from the project vendor--Aon eSolutions--since the committee's meeting in April 2012. He said the next software release is scheduled to be delivered on July 2, 2012. He said the agency has been working on implementing the Mitchell "SmartAdvisor" bill review. He said the implementation has experienced some issues and has resulted in increased outstanding payments to medical providers. He said the agency has hired temporary employees and implemented some automation in an effort to reduce the backlog of payments to medical providers.

In response to a question from Senator Robinson, Mr. Klipfel said the agency is optimistic regarding the upcoming software release.

Mr. Stephen Rhee, Chief Operating Officer, Aon eSolutions, provided information ([Appendix M](#)) regarding the status of the Workforce Safety and Insurance information technology transformation project. He said Aon eSolutions is committed to the successful completion of the project. He said the project has endured several changes in executive leadership of Workforce Safety and Insurance. He said the original project contract included an estimated 24,767 of contract hours. He said the

contract hours were increased by 13,483 to 38,250 due to scope changes. He said actual contract hours are estimated to be over 66,700.

In response to a question from Representative Weisz, Mr. Rhee said the quality of Aon eSolution's next software release will be improved.

Senator Robinson said Workforce Safety and Insurance and Aon eSolutions need to work together in order to complete the project successfully.

Chairman Weisz requested Workforce Safety and Insurance to provide the committee with information when available regarding the implementation of the next software release, including information on the quality of the release.

The committee recessed for lunch at 12:23 p.m. and reconvened at 1:10 p.m.

Secretary of State - Data Processing System Project

Mr. Alvin A. Jaeger, Secretary of State, provided a project closeout report ([Appendix N](#)) for the agency's data processing system project. He said the agency's project consisted of the implementation of an off-the-shelf system to replace the agency's legacy mainframe and AS400-based applications to support the agency's Uniform Commercial Code and licensing and registration processes. He said the project was terminated on June 30, 2011. He said the agency spent \$613,010 on the project.

In response to a question from Representative Mock, Mr. Jaeger said the funds spent on the project were for actual services received.

Mr. Jaeger provided a project startup report ([Appendix O](#)) for the agency's new data processing system. He said the agency has partnered with ITD to build from scratch a web-based software system to manage the agency's processes for central indexing, licensing and registrations, and campaign finance. He said the new system will allow the agency's personnel, public users, and other third parties the ability to view, update, search, and manage information related to business through the Internet. He said the project is estimated to cost \$3,468,428 and is anticipated to be completed in October 2014.

Representative Streyle expressed concerns regarding the lack of adequate electronic filing services being offered by the Secretary of State's office.

Office of Management and Budget - PeopleSoft Environment Partitioning Project

Mr. John Wohl, Project Manager, Information Technology Department, provided a project startup report ([Appendix P](#)) for OMB's PeopleSoft environment partitioning project. He said the purpose of the project is to separate the PeopleSoft hosting environments for state government and higher education. He said the project is necessary due to the increasing volume for data as well as the increasing level of work effort to effectively manage current application upgrades, patch cycles, and operational processes and implement new functionality. He said the project is estimated to cost \$500,000, and the project is estimated to be completed by June 30, 2012.

Department of Transportation - Automated Commercial Driver's License Road Test Project

Mr. Glenn Jackson, Director, Drivers License Division, Department of Transportation, provided a project startup report ([Appendix Q](#)) for the department's automated commercial driver's license road test project. He said the purpose of the project is to replace the current paper-based process with Toughbook personal computers with built-in global positioning software. He said the project is estimated to cost \$424,431, and the project is estimated to be completed by the end of July 2012.

Department of Human Services - 5010 Legacy Project

Ms. Witham provided a project closeout report ([Appendix R](#)) for the department's 5010 legacy project. She said the project included enhancements to the MMIS and pharmacy point-of-sale system due to federal regulations. She said the project was completed in 21 months, 8 months longer than the final baseline schedule of 13 months. She said the project was completed over budget with actual expenditures of \$950,028 compared to the final project baseline budget of \$909,410.

Bank of North Dakota - North Dakota College Access Network Project

Mr. Mark Hawks, Project Management Office Manager, Bank of North Dakota, provided a project closeout report ([Appendix S](#)) for the agency's North Dakota college access network project. He said the project consisted of outreach to Native American students regarding attending and paying for college. He said the project was completed in 8.25 months, approximately the same final baseline schedule. He said the project was completed under budget with actual expenditures of \$298,922 compared to the final project baseline budget of \$306,500.

OTHER

Representative Streyle suggested the committee receive information regarding the status of the Secretary of State's new data processing project at the committee's next meeting. Chairman Weisz said the presentation will be requested for the committee's next meeting.

Senator Sitte distributed a copy ([Appendix T](#)) of Arizona House Bill No. 2620 relating to health care privacy concerns. She said she will work with the Legislative Council staff to have a similar bill draft prepared for the committee's next meeting.

Chairman Weisz said the next meeting of the committee will be in October 2012.

It was moved by Senator Robinson, seconded by Senator Miller, and carried on a voice vote that the Information Technology Committee meeting be adjourned subject to the call of the chair.

Chairman Weisz adjourned the meeting at 1:54 p.m.

Roxanne Woeste
Assistant Legislative Budget Analyst and Auditor

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:20