

## NORTH DAKOTA LEGISLATIVE MANAGEMENT

## Minutes of the

**INFORMATION TECHNOLOGY COMMITTEE**

Tuesday, December 10, 2013  
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, Corey Mock, Mark S. Owens, Roscoe Streyle, Blair Thoreson, Nathan Toman; Senators Randall A. Burckhard, Richard Marcellais, Joe Miller, Larry J. Robinson, Donald Schaible; Citizen Member Mike Ressler

**Others present:** See [Appendix A](#)

**It was moved by Senator Robinson, seconded by Representative Owens, and carried on a voice vote that the minutes of the August 20, 2013, meeting be approved as distributed.**

**REPORT FROM THE CHIEF INFORMATION OFFICER**  
**Annual Report**

Mr. Mike Ressler, Chief Information Officer, Information Technology Department, presented information ([Appendix B](#)) regarding the department's annual report, including projects, services, plans, and benefits. He said the department has a very high success rate for large information technology projects. He said other states are developing applications for mobile devices. He said mobile device application development is an area that North Dakota state agencies may wish to consider. He said the department is exploring the future possibilities of cloud computing, including collaboration with private vendors.

In response to a question from Senator Marcellais regarding background checks for information technology employees, Mr. Ressler said background checks include a fingerprint database search and a Federal Bureau of Investigation search.

In response to a question from Representative Streyle regarding the competitiveness of employee compensation, Mr. Ressler said the state's benefit package and a quality work environment help to attract qualified employees even though salary levels may be below market.

In response to a question from Senator Marcellais, Mr. Ressler said the department completes a cost-benefit analysis before purchasing large computer systems, but not for smaller systems.

In response to a question from Representative Owens, Mr. Ressler said a quality assurance team reviews some of the code written by contract programmers to monitor the progress of large information technology projects.

**FirstNet**

Mr. Duane Schell, Director of Network Services, Information Technology Department, presented information ([Appendix C](#)) regarding FirstNet. He said FirstNet is a federal initiative to develop a nationwide high-speed wireless network dedicated to public safety. He said the Information Technology Department received a \$1.2 million federal grant to study and plan a public safety wireless network. He said a contract was awarded under the federal grant to Televate, LLC, to study North Dakota's needs related to a wireless network as well as the role of existing infrastructure in a wireless network. He said the FirstNet Authority has not established any deadlines to deploy a wireless network.

In response to a question from Representative Weisz, Mr. Schell said state governments and public safety entities are not required to participate in FirstNet. He said the challenge for the FirstNet Authority will be to develop an attractive business model that encourages emergency service providers to participate in a public safety wireless network.

In response to a question from Representative Streyle regarding private sector involvement, Mr. Schell said the FirstNet initiative requires the federal government to involve the private sector in the development of a wireless network. He said private sector participation is critical to the feasibility of the business plan.

### **Other Information Technology Studies**

Mr. Ressler presented information ([Appendix D](#)) regarding the status of a study of the Department of Public Instruction's technology staffing needs and the status of a study of the consolidation of information technology equipment for certain state agencies. He said the Department of Public Instruction recently hired Eide Bailly LLP to complete a study of the information technology staffing needs of the Department of Public Instruction. He said the Office of Management and Budget hired UmmelGroup International, Inc., from Kansas City, Missouri, to study the consolidation of hosting services at the Attorney General's office, the State Water Commission, the Public Service Commission, and the Department of Mineral Resources.

### **Information Technology Security**

Mr. Dan Sipes, Deputy Chief Information Officer and Director of Operations, Information Technology Department, presented information ([Appendix E](#)) regarding information technology security. He said network attacks have increased across the nation, including an increase in the number of attacks against the state network. He said the department has expanded and enhanced information technology security solutions to protect the state network. He said the department's forecasts and future plans include an increase in staff and solutions dedicated to security. He said an effective security system involves multiple layers of protection starting with the individual users and their devices. He said the challenge for the future will be to balance the cost and benefits of security measures.

In response to a question from Senator Robinson, Mr. Sipes said the Information Technology Department has five full-time equivalent (FTE) positions dedicated to information technology security. He said programmers are also expected to understand and incorporate security measures in software development.

In response to a question from Senator Marcellais, Mr. Sipes said all state employees, including new hires, are asked to complete an online security awareness training program.

### **RESULTS OF A DESKTOP SUPPORT STUDY**

Mr. Jon Ault, Senior Manager, Eide Bailly LLP, Bismarck, presented information ([Appendix F](#)) regarding the results of a desktop support study. He said the study included interviewing employees from over 50 agencies and comparing agency practices to industry benchmarks. He said the results of the study included the recommendation for a hybrid model in which the Information Technology Department would provide desktop support to 32 smaller agencies while 16 larger agencies would provide their own desktop support. He said the benefits of a hybrid model include cost-savings, better security, and improved effectiveness and efficiency. He said a fully distributed model, in which each agency would provide its own desktop support, is the most costly and inefficient model. He said a fully centralized model, in which the Information Technology Department would provide all desktop support, creates a complicated environment with limited gains in efficiency.

Representative Streyle suggested the Information Technology Committee consider a bill draft to implement the recommendations of the desktop support study.

Chairman Weisz asked the Legislative Council staff to prepare a bill draft for the committee's consideration which would implement the recommendations of the desktop support study.

### **LARGE INFORMATION TECHNOLOGY PROJECT REPORTING**

#### **Quarterly Summary Status Report**

Mr. Mark Molesworth, Project Manager, Information Technology Department, presented information ([Appendix G](#)) regarding the most recent quarterly summary status report on large information technology projects. He said the department has formed a partnership with the Project Management Institute, Inc., to provide project management training for employees involved in information technology projects. He said 93 percent of all large information technology projects remained on budget since the department implemented progress reporting in 2005.

#### **Project Startup and Closeout Reports**

Mr. Molesworth presented information ([Appendix H](#)) regarding large information technology project startup and closeout reports. He said the startup and closeout reports are summary reports of much more detailed reports that are completed for each project.

### **Department of Commerce - Website Migration Project**

Ms. Sarah Otte Coleman, Director of Tourism, Department of Commerce, presented information ([Appendix I](#)) regarding a project startup report for a website migration project. She said the objectives of the project include integrated social media, enhanced search capabilities, interfaced databases, and improved administrative usability. She said the project includes six websites, which had approximately 710,000 visitors in 2012. She said of the 710,000 visitors, approximately 510,000 were related to the tourism website.

### **Department of Human Services - Medicaid Management Information System Project**

Ms. Jenny Witham, Director of Information Technology Services, Department of Human Services, presented information ([Appendix J](#)) regarding the status of the Medicaid management information system (MMIS) project. She said to date, the project system integration testing revealed 88 critical or high severity defects, and user acceptance testing identified 77 critical or high severity defects. She said the project will not go live until all critical and severe defects have been resolved.

In response to a question from Representative Weisz, Ms. Witham said the MMIS project is expected to be complete by the October 1, 2014, deadline. She said the department has a contingency plan, which involves using the current system with modifications.

### **Workforce Safety and Insurance - Information Technology Transformation Program Project**

Mr. Clare Carlson, Deputy Director, Workforce Safety and Insurance, presented information ([Appendix K](#)) regarding a project closeout report for an information technology transformation program (ITTP) project. He said the project began in 2007 to replace the existing claims and policy software system. He said in July 2010 the contract with Aon plc was extended and included an additional \$2.6 million for increased costs. He said Workforce Safety and Insurance began withholding payments to Aon plc in September 2011 when software tests indicated only 30 percent completion. He said the contract with Aon plc was not renewed in December 2012 after Aon plc failed to provide adequate evidence that the project could be completed.

Mr. Carlson said two subprojects--a document scanning project and a document management project--were completed successfully. He said the lessons learned from the ITTP project include the following:

- Hold vendors responsible to the exact specifications of the contract and address any issues promptly.
- Require full-time onsite commitment from some vendor resources.
- Assign project management to an individual with project management professional credentials.
- Leverage executive steering committee expertise.
- Invest in mapping and organizing business processes prior to starting a project.
- Formulate a strategy to implement the software and communicate any changes to all team members.
- Engage team members and project leaders in ongoing face-to-face discussions to increase transparency.
- Create an environment where team members can respectfully voice their concerns and remove any team members that display repeated unprofessional behavior.
- Allow additional time for planning and budget for temporary employees to fill low-level positions so that experienced staff members can help with the project or fill any gaps left by people assigned to the project.
- Avoid project solutions that require significant modifications to commercial off-the-shelf software.

In response to a question from Senator Robinson regarding the status of any litigation, Mr. Carlson said the agency is still evaluating its legal options.

In response to a question from Representative Streyle regarding future plans, Mr. Carlson said the agency is using its current system and exploring various options for a possible future project.

In response to a question from Representative Mock, Mr. Carlson said the code developed for the software is proprietary and is not available for use in any future projects.

In response to a question from Representative Mock regarding staff costs related to the project, Mr. Carlson said some staff costs were allocated to the project and included in the \$17.1 million total project cost.

### Highway Patrol - Electronic Permitting Project

Ms. Carrie Oswald, Information Technology Manager, Highway Patrol, presented information ([Appendix L](#)) regarding a project closeout report for an electronic permitting project. She said the project met or exceeded all of the objectives and was 29 percent under budget. She said the system was implemented in June 2013, and within four months of operation, 95 percent of all permits were obtained online. She said some of the lessons learned included using a request for information, having the vendor onsite for implementation, and providing more internal training to help users understand the software.

In response to a question from Representative Weisz regarding the purpose of a request for information, Ms. Oswald said the request for information may have provided the project managers with information about industry standards and best practices to help them make better decisions.

### Secretary of State - Data Processing System Project

Mr. Alvin A. Jaeger, Secretary of State, presented information ([Appendix M](#)) regarding the status of the agency's data processing system project. He said the project began in 2010 and is currently behind schedule and in need of additional funding. He said the three contributing factors to the current situation include a small staff with minimal information technology expertise, the complexity of the agency's responsibilities, and the rapid economic growth in the past few years. He said the project is essential and involves transferring over 300,000 records from the mainframe to a new system.

Mr. Ressler presented information ([Appendix N](#)) regarding the status of the Secretary of State's data processing system project. He said the Information Technology Department anticipates borrowing between \$850,000 and \$950,000 pursuant to North Dakota Century Code Section 54-59-05(4) to continue the project through the biennium. He said additional funding for the project will be requested from the 2015 Legislative Assembly. He said the original project plan did not include certain costs such as training costs, and the plan underestimated the complexity of some of the components. He said the Information Technology Department may implement business analysis when planning multiyear, multimillion dollar projects and may take extra time to plan the project before starting development. He said a business analysis may provide better cost and time estimates for future projects.

Senator Robinson said it appears the lessons learned from this project include the effects of rapidly changing technology and price changes, the timing delay between budgeting and development, the lack of understanding between agencies, and the limited resources of the Information Technology Department.

In response to a question from Representative Weisz, Mr. Ressler said the original estimated cost of the project was approximately \$4 million, and the revised estimated cost of the project may be approximately \$8 million.

## HIGHER EDUCATION TECHNOLOGY INITIATIVES

Dr. Lisa Feldner, Vice Chancellor, Information Technology and Institutional Research, North Dakota University System, presented information ([Appendix O](#)) regarding higher education information technology projects and the status of the consolidation of the University System's information technology services. She said the new information technology office and data center building was dedicated on November 22, 2013. She said the North Dakota University System System Information Technology Services was renamed the North Dakota University System Core Technology Services. She said 101 technology staff are located in the new building.

In response to a question from Representative Streyle, Dr. Feldner said three campuses currently have their own email exchange servers, which are in the process of being consolidated.

Dr. Feldner said the use of lecture capture software on a systemwide basis has increased significantly. She said new multiple-license software contracts will create cost-savings for all campuses. She said a top priority for future projects is better project management on a systemwide basis.

Mr. Murray G. Sagsveen, Chief of Staff and Director of Legal Services, North Dakota University System, presented information ([Appendix P](#)) regarding an overview of the University System's policies and procedures relating to open records and email accounts. He said the State Board of Higher Education and the University System has not adopted a separate policy to implement open records laws. He said the University System relies on current open records laws, the Attorney General's *Open Records Manual*, and Attorney General opinions.

In response to a question from Representative Streyle regarding the consolidation of attorneys, Mr. Sagsveen said the functions and the responsibilities of the attorneys have been consolidated to serve the University System as a whole, but the attorneys will not be consolidated into one location.

In response to a question from Representative Streyle, Mr. Sagsveen said open records requests are directed to the attorney who is assigned to the institution. He said the attorneys are in regular communication with each other and work together to respond to requests.

In response to a question from Representative Streyle, Mr. Sagsveen said from his perspective, the current procedures for addressing open records requests seem to be working. He said in the future, the University System may need an open records officer to handle the requests.

In response to a question from Representative Weisz, Dr. Feldner said the University System follows the state's policies and applies the same rules to a document whether the document is a paper copy or a digital copy.

In response to a question from Representative Streyle, Dr. Feldner said each employee decides whether to archive a particular email.

In response to a question from Representative Streyle, Mr. Sagsveen said based on his experience, organizations are discouraged from retaining records indefinitely because of the high cost to review the documents in the event of litigation.

## **VOICE OVER INTERNET PROTOCOL SERVICES STUDY**

### **Regulation Within the State**

Mr. Brian P. Kalk, Public Service Commissioner, Public Service Commission, provided comments regarding the regulation of telecommunications and Voice over Internet Protocol (VoIP) services in the state. He said based on North Dakota and federal laws, the Public Service Commission does not have jurisdiction to regulate VoIP services. He said according to the Federal Communications Commission (FCC) regulations, VoIP providers that only provide software and hardware installed at customer premises are not offering telecommunications services. He said the Public Service Commission has jurisdiction to regulate telecommunications services, but not VoIP, because VoIP is not considered a telecommunications service. He said one of the roles of the Public Service Commission is to ensure that customers are receiving fair rates for communications services. He suggested the committee consider the possible effects on future generations, including the ability of the Public Service Commission to ensure access to communications services at fair prices.

In response to a question from Representative Owens regarding the limitations of the Public Service Commission's authority, Mr. Kalk said although the Public Service Commission has no jurisdiction over some aspects of communications services, the Public Service Commission still works with customers and providers to resolve conflicts, such as gaps in cellphone coverage.

### **Regulation in Other States**

Mr. John Stephenson, Director, Communications and Technology Task Force, American Legislative Exchange Council, presented information ([Appendix Q](#)) regarding VoIP and recent trends in VoIP regulation in other states. He said as broadband Internet availability and speed increase, VoIP availability and quality also increase. He said traditional landline phones can only transmit voice messages, but VoIP technology can transmit video, data, and voice messages. He said based on a *Consumer Reports* study in 2011, consumers saved an average of \$20 per month using VoIP services instead of traditional landline phone service. He said VoIP services have helped businesses to reduce costs, enhance efficiencies, and create new opportunities. He said VoIP services initially required more computing power, posed privacy concerns, and lacked reliability, but technological advances and FCC requirements have resolved many of the issues.

Mr. Stephenson said Vermont is currently the only state that regulates VoIP services as a utility, but the policy is being challenged in court. He said as of December 2013, 29 states have exempted VoIP services from public utility laws. He said when the Public Service Commissions in Missouri and Wisconsin attempted to regulate VoIP services under existing utility laws, the legislatures in those states passed legislation to specifically exempt VoIP services from regulation. He said VoIP service providers are regulated by the FCC and are required to provide data privacy, emergency number access, and contributions to the universal service fund. He said regulation under utility and retail laws might increase the cost of VoIP services for consumers and decrease VoIP service and infrastructure innovation and development.

In response to a question from Representative Weisz regarding access to emergency numbers, Mr. Stephenson said the FCC requires VoIP providers to connect customers to emergency numbers. He said customers can contact the FCC to resolve conflicts with VoIP providers that do not provide access to emergency numbers.

### HIGH-SPEED INTERNET INITIATIVE

Ms. Deana Wiese, Executive Director, Information Technology Council of North Dakota, presented information ([Appendix R](#)) regarding an overview of the Dakota Fiber Initiative. She said the objective of the Dakota Fiber Initiative is to provide affordable, world-class Internet speed and reliability to every individual in the state. She said the Information Technology Council of North Dakota has received commitments from most broadband service providers to participate in the initiative if the initiative is private sector-driven and managed by a neutral third party to maintain confidentiality. She said the initiative involves the following three phases:

- Conduct a feasibility study, including supply and demand assessments, the economic impact, and a financial model, for a pilot project in downtown Fargo.
- Implement a pilot project in Fargo and West Fargo.
- Create a statewide implementation plan.

In response to a question from Representative Weisz, Ms. Wiese said the Information Technology Council of North Dakota needs to raise \$75,000 by the end of January 2014 to proceed with the first phase of the Dakota Fiber Initiative.

### OTHER

Chairman Weisz said the Office of Management and Budget is required to present the results of a study regarding the consolidation of information technology equipment operated by exempted agencies to both the Budget Section and Information Technology Committee. He said the next meeting may be scheduled the day before or after the Budget Section meeting to facilitate the report to both committees. He said the Information Technology Committee may hold a meeting in Grand Forks in June 2014.

No further business appearing, Chairman Weisz adjourned the meeting at 2:10 p.m.

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Adam Mathiak  
Fiscal Analyst

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Allen H. Knudson  
Legislative Budget Analyst and Auditor

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