

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Monday, November 6, 2000
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Larry J. Robinson, Chairman, called the meeting to order at 10:00 a.m.

Members present: Senators Larry J. Robinson, Rich Wardner; Representative Doug Lemieux; Chief Information Officer Curtis L. Wolfe (Senator Ken Solberg participated in a portion of the meeting by telephone conference call.)

Members absent: Representatives Mary Ekstrom, Blair Thoreson, Robin Weisz

Others present: See attached appendix

It was moved by Senator Wardner, seconded by Representative Lemieux, and carried on a voice vote that the minutes of the September 29, 2000, meeting be approved as distributed.

STATEWIDE NETWORK IMPLEMENTATION

Chairman Robinson called on Mr. Curtis L. Wolfe, Chief Information Officer, for comments regarding Phase 1 of the statewide network rollout. Mr. Wolfe said the Information Technology Department is working with the North Dakota State Board for Vocational and Technical Education to assist in expanding information technology education and training programs. He said the Cisco Networking Academy program offers students training that leads to the knowledge and skills necessary to achieve Cisco networking certification. He said the IT essentials program, which is for late junior high or early high school students, offers information relating to information technology careers. He said the State Board for Vocational and Technical Education and the Information Technology Department and other groups are aggressively pursuing promotion of technology in the classroom. He said last week three vendors made presentations to discuss free educational programs, and the interested parties will continue to hold meetings to examine ways to upgrade technology in schools. He said 100 schools have expressed interest in the IT essentials program.

Mr. Wolfe said Phase 2 of the statewide network rollout will bring the statewide network to elementary and secondary education schools and libraries. He said kindergarten through grade 8 schools that are some distance from high schools may not be converted unless the schools are part of a consortium because there is not enough money in the budget to

make that conversion during the next biennium. However, he said, he will continue to examine solutions to fund connectivity to those schools.

Chairman Robinson called on Mr. Jerry Fossum, Information Technology Department, for comments regarding the rollout of the statewide network. Mr. Fossum submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office. He said 177 locations were scheduled for conversion to the statewide network and the scheduled conversion completion date is December 1, 2000. Of those 177 locations, he said, 152 locations have been converted as of November 3, 2000. In addition, he said, fiber optics connections have been installed to all 11 college and university campuses.

Mr. Fossum said a few problems have been encountered in the rollout process; however, the problems generally have been minor. He said due to chip shortages, Cisco experienced some difficulties in delivering the required equipment. Another problem encountered, he said, is delay due to inexperienced technicians from Corporate Technologies. He said held circuit orders by Qwest also have caused some concern. He said the Sprint upgrade for Internet access is scheduled for November 30. However, he said, ATM T-1 service for very small sites is overkill, and those sites will likely remain on the frame-relay network because no cheap alternative has been identified. With respect to elementary and secondary education early adopters, he said, four schools have committed and several more are in the approval process. He said the video component of the statewide network poses many complex issues that must be addressed. However, he said, the plan is to be completed before January 1, 2001. He said there are many good, existing video systems in use. He said of the 39 ATM switches, the Dakota Carrier Network currently has 23 which are operational.

In response to a question from Senator Wardner, Mr. Fossum said parties other than cities, counties, and school districts are looking to be connected to the statewide network.

He said the Information Technology Department will have to work to develop policies regarding connection to the network.

Mr. Wolfe said the Information Technology Department cannot use the network to support the private sector. However, he said, there will be a need to extend the network in the areas of work force development and adult education. He said there may be some shared-cost arrangements that will need to be developed with work force development programs that are sharing buildings with private sector businesses.

Mr. Wolfe said he has had calls from individuals in the private sector who are concerned there is a great disparity in pricing for broadband service throughout the state. He said he challenged the telephone companies in the state to establish more uniform costs throughout the state for businesses.

Senator Robinson said he also is aware of the concern with the lack of price uniformity. He said it is an important issue if the competition among businesses in the state is to remain relatively equal regardless of the location of the business.

INFORMATION TECHNOLOGY DEPARTMENT PROPOSED BUDGET

Chairman Robinson called on Mr. Mike Ressler, Information Technology Department, for comments regarding the Information Technology Department's proposed 2001-03 budget request. Mr. Ressler submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office. He said the budget request is for \$97,145,185. He said that amount reflects an additional \$31,046,098 in special funds over the current biennium's budget and an additional \$8,198,543 in general funds over the current biennium's budget. Thus, he said, the department will be requesting an increase over the current biennium's budget of \$39,244,641. He said the proposed budget includes 60 new FTE positions for the department and 77 new contract programs. He said the total budget request may go down if the cost of the Department of Human Services' Health Insurance Portability and Accountability Act project is reduced. He said the most notable feature of the budget is the increase in general funds. He said the department has traditionally not been funded by general funds.

In response to a question from Senator Robinson, Mr. Ressler said because of the shortage of skilled information technology employees, it may be difficult to find employees to fill the new full-time and contract positions. He said 28 of the 60 full-time positions are related to the Department of Human Services project and 65 of the 77 contract positions are related to that project. Another concern, he said, is retention of staff and the necessity to increase salaries to be competitive in the marketplace for skilled employees. He said the department has been successful in retaining staff, but some other agencies have not been so fortunate. He said the rates charged by the department to agencies could increase due to market changes.

Mr. Wolfe said he hopes the number of contract programmers needed will not be 77 because it would be nearly impossible to find 77 programmers. He said the department must grow and build its staff to address the service needs of agencies. Nevertheless, he said, there will always be a need for some contract staff.

NEXUS INNOVATIONS STUDY

Chairman Robinson called on Mr. Bob Pope, Nexus Innovations, Inc., for a report regarding the study of a statewide network implementation for elementary and secondary education. Mr. Pope submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office. He said bandwidth demands are rising quickly and the price of T-1 service has been prohibitive for many school districts. He said the cost of service varies dramatically from district to district. He said the cost for a frame relay T-1 connection averages \$6,467 per year. However, he said, the cost for large school districts averages \$4,203 while the cost of medium school districts averages \$10,322. He said his survey indicated that the average cost for data lines, Internet, and video is \$11,074 per year. He said the current T-1 line cost for the highest paying school district was approximately \$29,000 per year. Under the contract with the Dakota Carrier Network, he said, the ATM T-1 line postalized rate will be \$6,048 per year.

Mr. Pope said the biggest winners under the new approach will be the smallest schools, which generally are the highest-cost customers. He recommended that the general fund appropriation for a T-1 connection to each high school be provided by the state. He said the connection would be a one-time cost of \$11,000. He said it is important all high schools have equal opportunity with respect to network access. He said the 63 elementary schools that are located separate from the high schools or are an independent district can be connected during the next biennium.

Mr. Pope said video technology is advancing rapidly and school districts desire greater distance learning capabilities in part due to teacher shortages. He said the existing interactive video consortiums are extremely valuable resources as the state moves forward with distance learning initiatives. He said his survey data indicates interactive video studio usage in the next year will increase 14 percent in student hours, 58 percent increase in staff hours, and 25 percent increase in nonschool group hours. As a result of the study, he said, he recommends the current level of funding for the Educational Technology Council be continued to allow interactive video investment. In addition, he said, he recommends the Educational Telecommunications Council be restructured and the council be directed to set priorities for interactive video investment.

Mr. Pope said the current organizational structure for elementary and secondary education network

operations is complicated and has evolved as a result of the need at the time. He said there has been no major review of the organizational structure in recent years. However, he said, there has been excellent cooperation and coordination among the service providers. He said a partnership with higher education is vital. He said discussions with representatives of various groups involved with technology issues in schools indicate educators are looking for technology leadership. He said he recommends the restructured Educational Technology Council consist of a combination of the Center for Innovation in Instruction Board, the Division of Independent Study, and the SENDIT Technology Services Board as well as the members of the current Educational Technology Council. He said the restructured council would essentially combine or assume the responsibilities of SENDIT Technology Services, the Center for Innovation in Instruction, and the Division of Independent Study. He said the council should have the authority to hire an education technology director. He said the restructured council should consist of the following voting members:

- The Chief Information Officer;
- The chief information officer appointed by the State Board of Higher Education;
- A representative of the Board for Vocational and Technical Education;
- A representative of the North Dakota Association of Technology Leaders;
- A representative of the North Dakota Council of Educational Leaders;
- A representative of the North Dakota School Boards Association;
- A representative of the North Dakota Association of Small Organized Schools;
- Representatives of school districts; and
- A representative from the Department of Public Instruction.

Mr. Pope said the proposed reorganized council would likely also consist of the following nonvoting members:

- A representative of SENDIT Technology Services;
- A representative of the Division of Independent Study; and
- A representative of the Center for Innovation in Instruction.

In response to a question from Senator Robinson, Mr. Pope said educators are looking for leadership in technology. He said no one group is in a position now to provide policy. He said the proposed new council could address policy issues and allow the delivery of services as a unified group.

Mr. Wolfe said he supports the concept because it is frustrating to know with whom he should talk at the elementary and secondary level when discussing policy issues. He said a full-time director would provide a contact person and provide accountability.

In response to a question from Senator Robinson, Mr. Pope said his proposal would require legislative changes.

Senator Robinson said he shares concern with the lack of coordination in the elementary and secondary education technology area. He said when there is a lack of coordination, a mixed message is often sent throughout the educational system regarding policy issues.

In response to a question from Senator Wardner, Mr. Pope said representatives of the various groups consulted in development of this proposal were supportive of the idea. He said going forward with the proposal will be challenging and there are many details that must be addressed.

Senator Wardner said the concept of having one group represent all areas of elementary and secondary education with respect to technology issues is a good idea. He said if educational interests come to the Legislative Assembly in a unified manner, progress will be made.

In response to a question from Senator Solberg, Mr. Wolfe said the objective of the proposal is to place SENDIT, the Center for Innovation in Instruction, and the Division of Independent Study under a new board. With respect to where the full-time staff person would be housed within state government, he said, the Information Technology Department could use some of its budget from consulting services to help provide for the staff position.

It was moved by Senator Solberg, seconded by Senator Wardner, and carried on a voice vote that the Legislative Council staff be requested to work with Mr. Pope to prepare a bill draft to incorporate Mr. Pope's recommendations with respect to restructuring of the Educational Telecommunications Council and place the new independent entity under the budget authority of the Information Technology Department.

Mr. Wolf said to give the new entity a measure of independence, each entity that will have a representative on the board should be allowed to make the appointment to the board. He said the two representatives of local school districts could be appointed by the Governor. He said to provide additional independence, the board of the new entity should be responsible for appointing its director.

In response to a question from Senator Robinson, Mr. Pope said representatives of the Division of Independent Study and the Educational Telecommunications Council were involved in the discussion which led to the development of this proposal.

STATEWIDE NETWORK IMPLEMENTATION

Chairman Robinson called on Mr. Darin King, North Dakota Association of Technology Leaders, for comments regarding Mr. Pope's recommendations with respect to the implementation of the statewide network. Mr. King said the Association of Technology

Leaders is a growing organization that is very diverse in its membership. He said the association's board of directors met recently and developed recommendations with respect to legislative issues. He said the association recommended that all expenses associated with implementing the new statewide network be funded by the state. He said a second recommendation of the board is to request additional funding to support use of the network and fund staff development and local area network projects. He said other recommendations relate to approval and funding of staff development and technical support. He said the association recommends that funding be provided as suggested in the proposed information technology budget with respect to SENDIT technology services and the Center for Innovation in Instruction. He said the association also recommends that the structure of the statewide Wide Area Network Advisory Committee not be changed. He said he is concerned with the lack of representation for school districts on the proposed new advisory committee. However, he said, he is confident the concerns can be addressed. He said the associations board tabled a potential recommendation for further discussion with respect to the inclusion of a full-time position in the executive branch to lead, direct, and coordinate all elementary and secondary education technology efforts.

In response to a question from Senator Wardner, Mr. King said it is essential that accurate information be provided to school districts. He said the constituency of the Association of Technology Leaders is technology coordinators and teachers responsible for teaching technology. He said it is important those individuals work to educate school administrators regarding policy issues with respect to the implementation of the statewide network.

Ms. Bev Nielson, North Dakota School Boards Association, said the association has worked well over the last two years with the Chief Information Officer and Mr. Pope. Ms. Nielson said the association passed a resolution in support of the new statewide network. She said the only concern voiced was that funding did not involve the use of leftover foundation aid money. She said the proposal to restructure the Educational Telecommunications Council is a positive suggestion because a full-time director is needed to be a technology advisor and coordinate activities with other groups. She said a concern regarding the proposal is where the position would be placed in state government. She said there has been a lack of active leadership from one department in particular that should be involved in this issue.

DEPARTMENT OF TRANSPORTATION VEHICLE REGISTRATION AND TITLING SYSTEM PROJECT

Chairman Robinson called on Mr. Keith Kiser, Department of Transportation, for comments regarding the vehicle registration and titling system

project. Mr. Kiser submitted written testimony, a copy of which is on file in the Legislative Council office. He said the implementation schedule presented to the committee in July has been met and conversion to the new processing system was completed as scheduled on Saturday, October 14. Although the new system is not perfect, he said, the department continues to identify changes that need to be made to make the system easier to use. He said improvements to the system are continually being made and all needed services are being provided for the customers of the department. He said the department's employees are learning new procedures and continue to become more familiar and comfortable with the system. Because of the transition from the old system to the new and the required delay in processing customer applications during that transition, he said, the department has a backlog of work. However, he said, the backlog is about the same as the department had experienced in the old system, and vehicle purchasers are receiving their registrations within about three weeks of the department receiving the application. He said the backlog will be reduced as the employees become more familiar with the new system. He said rollout of the new system began today in the branch offices.

In response to a question from Representative Lemieux, Mr. Kiser said the department has a goal of eliminating the backlog within three to six months.

HUMAN SERVICES PROJECTS

Chairman Robinson called on Mr. Roger Hertz, Department of Human Services, for comments regarding the Health Insurance Portability and Accountability Act (HIPAA) and the comprehensive child welfare information and payment project. Mr. Hertz submitted written testimony, a copy of which is on file in the Legislative Council office. He said the department has determined there is a relationship between the two projects. He said the child welfare project was included as a major project for the department for this biennium. He said the appropriation for the project is \$1,444,000, 50 percent of which is federal funds. He said the department has implemented the payment system for both foster care and adoption, but over the last number of months the department has analyzed the requirements of the child abuse and neglect, subsidized guardianship, and family preservation programs. He said the analysis provided a clear understanding of what must be done for the programs and the resources needed to complete the project. He said the technology solution for the project is off-the-shelf software rather than custom software. He said the department also determined that the same off-the-shelf software could be the solution for the HIPAA project in the regional offices. Because the logical order of the implementation of the software would be first to use the software to resolve the HIPAA needs at the regional office, and then as a solution for the child welfare project, he

said, implementation of the child welfare project has been suspended until the regional office needs are addressed. He said implementation of the features in the child welfare project will be done over the next four to six years.

Mr. Hertz said further analysis of the HIPAA project indicates that the project cost may be \$8.9 million, \$3.8 million of general funds, rather than the \$25 million originally estimated. He said the major difference in the cost is that the department is not planning to rewrite the entire MMIS system. He said based upon the department's internal analysis and a study done with a consultant with respect to the payer function, the department is now evaluating the options of having a fiscal agent pay claims or evaluating the use of a translator.

Mr. Hertz said the fiscal agent option would require the department to find a company that would be willing to provide the claims payment function. He said Wyoming's annual cost for a fiscal agent is \$5 million. He said the current annual cost for operating the claims function in the Department of Human Services is about \$2.5 million. He said the department is continuing to discuss the fiscal agent option with states that have fiscal agents and with Noridian. Under the use of a translator, he said, the department would purchase and install a translator to bring the payer functions within compliance for the HIPAA rather than rewrite the current MMIS system. He said the use of a translator is preferable to rewriting MMIS because rewriting MMIS in the timeframe mandated by the federal regulations would be very difficult, vendor resources will be extremely limited and expensive, no current MMIS system exists that could be transferred for use in this state, and the availability of both department and Information Technology Department staff.

Mr. Hertz said the department still plans to seek funding to replace the 20-year-old MMIS system. He said the translator and other modifications being proposed will still be needed and can be used for the new MMIS system. He said the department will likely replace the MMIS system over the next six-year period.

Mr. Hertz said the regional offices will need a replacement of the current ARIS computer system, which is 15 years old and which would require major modifications to comply with the HIPAA. He said the department's analysis has determined there are off-the-shelf software packages that are available and could be purchased for HIPAA compliance. He said the big challenge is that HIPAA must be implemented within the timeframe provided by the federal government. Therefore, he said, the department will fund the needs by seeking Emergency Commission approval to move \$1 million in rollup from the regional human service centers' budgets to the technology budget and using the unspent funds of \$1,380,458 from the child welfare project.

In response to a question from Senator Robinson, Mr. Hertz said the department will be discussing the possibility of a partnership with South Dakota with respect to the fiscal agent aspect.

INFORMATION TECHNOLOGY DEPARTMENT POWERS AND DUTIES BILL DRAFT

Chairman Robinson called on committee counsel to review a revised bill draft relating to the powers and duties of the Information Technology Committee and the Information Technology Department. Committee counsel said the bill draft was revised to specify that the Governor will appoint eight members to the state Information Technology Advisory Committee. He said the bill draft gives the Governor a specific directive regarding the committee appointments.

Senator Ken Solberg questioned whether the advisory committee should include a representative from political subdivisions and schools.

Mr. Wolfe said a representative of the Educational Telecommunications Council will represent elementary and secondary education. He said political subdivisions will have some representation through the Workforce Training Advisory Board representatives.

Mr. Mark Johnson, North Dakota Association of Counties, said a local government representative should be on the board.

Mr. Wolfe said he agrees with Mr. Johnson that a local government representative would be appropriate on the board.

Representative Lemieux said one solution would be to remove one of the two members allotted to the Greater North Dakota Association and add a representative from a city or county.

It was moved by Senator Wardner, seconded by Representative Lemieux, and carried on a voice vote that the Legislative Council staff be requested to revise the bill draft to replace one of the representatives from the Greater North Dakota Association with a representative from a city or county.

It was moved by Senator Wardner, seconded by Representative Lemieux, and carried on a roll call vote that the bill draft, as amended, relating to the powers and duties of the Information Technology Committee and the Information Technology Department be approved and recommended to the Legislative Council. Senators Robinson, Solberg, and Wardner and Representative Lemieux voted "aye." No negative votes were cast.

STATE RADIO PROJECT

Chairman Robinson called on Mr. Lyle Gallagher, State Radio Communications, for comments regarding the proposed State Radio replacement project. Mr. Gallagher said he has continued to meet with representatives of local law enforcement

agencies to discuss the advantages of the new technology. He said State Radio will conduct a pilot test project in the Bismarck area before making a big investment in a new system. He said the test project and engineering costs will amount to approximately \$1.7 million. He said it was important that planning be done carefully before moving forward with the project.

Mr. Wolfe said he agrees with Mr. Gallagher's approach. He said the state should pay for the infrastructure for a new system, but mobile users should pay for their equipment. He said the pilot study will give direction to local authorities.

INFORMATION TECHNOLOGY DEPARTMENT EMPLOYMENT ISSUES

Chairman Robinson called on Ms. Ardy Pfaff, Information Technology Department, for a presentation regarding information technology employment issues. Ms. Pfaff submitted a written summary of her presentation, a copy of which is on file in the Legislative Council office. She said the Information Technology Department has experienced a seven percent turnover rate in employees while the national average is 15 percent. She said the low turnover rate is largely due to sound management practices. She said other agencies such as the Department of Transportation and the Department of Human Services have experienced turnover rates with respect to information technology employees in the area of 25 percent. She said a committee of information technology and human resource professionals was formed in July to address information technology employment issues. She said the committee consists of representatives from the Department of Human Services, Job Service North Dakota, the Bank of North Dakota, the Department of Transportation, Central Personnel Division, and the Information Technology Department. She said the committee focused on three main issues--employee retention, employee recruitment, and work force development.

Ms. Pfaff said the cause of high employee turnover in information technology is due to a national shortage of skilled information technology workers. She said employers are often vying for the same employment candidate. She said government entities often have difficulty in competing with private sector employers. Other causes of high employee turnover, she said, are stressful working conditions, internal equity concerns, management practices, inflexible working conditions, and the possibility that information technology position classifications may be outdated.

Ms. Pfaff said recruiting new employees is difficult due to fierce competition and scarce resources. In addition, she said, government entities are at a disadvantage with respect to salaries and other perks when competing with the private sector. Other causes of recruiting difficulties, she said, are low entry pay, high minimum qualifications, and a poor image of government.

Ms. Pfaff said causes of work force development problems relate to the fact that training is expensive and constant. She said government agencies often view training as discretionary spending. Another problem, she said, is that there are constant changes in technology, and it is a difficult challenge for colleges and universities to keep pace with the changes. She said government entities are often forced to hire employees with lesser skills and train the employees to perform the job.

Chairman Robinson called on Mr. Ken Purdy, Central Personnel Division, for comments regarding employment issues. Mr. Purdy submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office. He said many employers pay more than state government can pay employees in information technology fields. He said short-term solutions include revising minimum qualification requirements, streamlining job classes for more flexibility, and revising and emphasizing new recruiting efforts. He said longer-term solutions include focusing on strategic needs and training existing employees. In addition, he said, performance recognition in the area of base pay and non-base building pay may be a longer-term solution. Other pilot compensation programs such as signon bonuses, retention bonuses, project completion bonuses, and bounties for bringing in new employees, he said, may assist in recruiting and retaining information technology employees.

MISCELLANEOUS DISCUSSION

Chairman Robinson announced that the tour of the Dakota Carrier Network's network operation center will be postponed until a future meeting of the committee. He also announced the demonstration of the State Board of Higher Education data warehouse project will be postponed to a later meeting due to the fact that the representatives of the board have been unable to get the system to work in the committee room. He announced that the committee will attempt to meet again on December 4 to further discuss the proposal regarding the restructuring of the Educational Telecommunications Council.

It was moved by Representative Lemieux, seconded by Senator Wardner, and carried that the chairman and the staff of the Legislative Council be requested to prepare a report and the bill draft recommended by the committee and to present the report and recommended bill draft to the Legislative Council.

There being no further business, Chairman Robinson adjourned the meeting at 2:40 p.m.

John D. Bjornson
Committee Counsel

ATTACH:1