

# NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

## INFORMATION TECHNOLOGY COMMITTEE

Tuesday, January 13, 2004  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Senator Larry Robinson, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Senators Larry Robinson, Randel Christmann, Randy A. Schobinger, Rich Wardner; Representatives Eliot Glassheim, Keith Kempenich, Bob Skarphol, Ken Svedjan, Robin Weisz, Lonny Winrich; Chief Information Officer Curtis L. Wolfe

**Member absent:** Senator Tom Seymour

**Others present:** See attached appendix

**It was moved by Representative Svedjan, seconded by Senator Wardner, and carried on a voice vote that the minutes of the November 17, 2003, meeting be approved as distributed.**

Chairman Robinson welcomed Representative Rick Berg, House Majority Leader and Legislative Council Vice Chairman; Representative John Warner, Legislative Council member; and Senator David P. O'Connell, Senate Minority Leader and Legislative Council member, to the meeting.

### INFORMATION TECHNOLOGY ORGANIZATIONAL AND MANAGEMENT STUDIES State Agency Comments

The chairman invited Mr. Roger Johnson, Commissioner, Department of Agriculture, to comment on the recommendations included in the final report for the information technology organizational and management studies. A copy of his presentation is on file in the Legislative Council office. He urged the committee to proceed with caution to avoid undoing the significant progress and efficiencies accomplished by most state agencies through the aggressive adoption of information technology. He said in regard to the consolidation of workstation support and help desk services, the Information Technology Department's workstation support costs per full-time equivalent (FTE) position are \$57,587, \$10,227, or approximately 20 percent, more than the workstation support costs per FTE of \$47,360 for all other state agencies. He said in regard to the consolidation of servers, the agency has experienced increased server downtime since its transition to the Information Technology Department's central server and the agency has been informed that the wiring on its floor will not accommodate the increased demands

of using the central server. He said an upgrade to the wiring is necessary, with related costs, to allow the agency to operate at the speed the agency was operating at when it maintained its own server.

### Study Findings and Recommendations

Mr. Mike Silverman and Mr. Dan Borgen, Pacific Technologies, Inc., presented the final report for the information technology organizational and management studies. A copy of the summary information presented and the final report is on file in the Legislative Council office.

Mr. Borgen said Pacific Technologies, Inc., received comments from 12 state agencies--Bank of North Dakota, Department of Agriculture, Department of Corrections and Rehabilitation, State Department of Health, Department of Human Services, Department of Transportation, Information Technology Department, Land Department, Housing Finance Agency, Industrial Commission, Secretary of State, and Workforce Safety and Insurance--and the judicial and legislative branches regarding the draft final report for the information technology organizational and management studies. He said the feedback included factual corrections and opinions regarding the studies. He said the factual corrections involved changes in workstation and server numbers and information technology staffing levels and were accepted in most instances. He said a majority of the factual corrections resulted in reduced potential savings to the state; however, he said, the major recommendations for the studies remain unchanged.

Mr. Borgen reviewed the following key information technology organizational and management findings:

- North Dakota has a highly fragmented approach to workstation support and help desk services.
- There are inconsistent standards and policies surrounding workstation platforms, configurations, and replacement.
- The state can achieve additional savings and improve alignment with long-term goals through continued server consolidation efforts.
- The state lacks consistent methods, tools, and performance measures to assess information technology impacts on business operations, to prioritize requests for major information

technology projects, and to evaluate information technology projects.

Mr. Borgen reviewed the following positive attributes surrounding information technology:

- North Dakota has an indepth understanding of its information technology labor costs and labor distribution.
- The state has a strong commitment to investing in information technology support.
- The state is ahead of most other states on a number of enterprise information technology initiatives.
- The state has made positive, initial strides toward effective information technology governance.

Mr. Borgen said the four underlying assumptions that frame Pacific Technologies, Inc., recommendations are:

- North Dakota desires to move toward provisioning basic information technology services as a "utility."
- The state wants information technology to be performance-managed at both the agency and enterprise levels.
- The state should adopt best practices when practical.
- The state should favor long-term improvement over short-term considerations.

Mr. Borgen presented the following major recommendations and corresponding primary benefits:

Major Recommendations	Primary Benefits
<p><b>Workstation support and help desk services</b> - Consolidate all workstation support and help desk services within the Information Technology Department, including:</p> <ul style="list-style-type: none"> <li>• Initial problem reporting and resolution</li> <li>• Workstation environment maintenance and support</li> <li>• Adds, moves, and changes</li> <li>• Hardware replacement management</li> <li>• Associated performance measurement and management</li> </ul> <p><b>Workstation standardization</b> - Move to a highly standardized workstation environment on a statewide basis with the Information Technology Department managing a workstation replacement program</p> <p><b>Server consolidation</b> - Continue to consolidate all agency-managed servers into the Information Technology Department</p> <p><b>Information technology governance</b> - Improve the existing information technology governance processes by:</p> <ul style="list-style-type: none"> <li>• Improving the processes and tools for information technology project evaluation</li> <li>• Improving mechanisms to support cost containment</li> <li>• Developing meaningful statewide management and reporting views of information technology initiatives</li> <li>• Implementing information technology performance measures</li> <li>• Establishing an information technology innovation fund</li> </ul>	<p>Positions the state's information technology environment for the long term</p> <p>Allows state agencies to focus on core business needs rather than technical infrastructure</p> <p>Leads to long-term labor cost-savings</p> <p>Improves the state's purchasing power and license management</p> <p>Enhances information sharing and staff productivity through common and current workstation tools</p> <p>Promotes the provisioning of basic information technology services as a "utility"</p> <p>Allows state agencies to focus on core business needs rather than technical infrastructure</p> <p>Promotes the provisioning of basic information technology services as a "utility"</p> <p>Leads to long-term labor and hardware cost-savings</p> <p>Leads to better-informed decisionmaking</p> <p>Provides a more equitable, business-based, and consistent evaluation of information technology initiatives</p> <p>Provides the best opportunity to manage application portfolio costs</p>

**Workstation Support and Help Desk Services**

Mr. Silverman said in regard to the consolidation of workstation support and help desk services, the Information Technology Department should target a future staffing level of 200 workstations per support FTE position, an increase from the current ratio of 149 workstations per support FTE position. He said maintaining service quality at the elevated support ratio depends on gaining efficiencies through the use of specialized staff and successful implementation of

a standardized workstation environment and associated support tools. He said if fully implemented, the consolidation of workstation support and help desk services offers potential labor savings of approximately \$519,000 per year; however, the capturing of all the savings would require the elimination of partial FTE positions. He said a portion of the savings would be offset by one-time startup costs and additional annual maintenance costs ranging from \$220,000 to \$1,270,000. He said establishing Information

Technology Department service credibility would be critical to the success of the consolidation.

### Workstation Standardization

Mr. Silverman said in regard to the standardized workstation environment, the state should limit workstations to two or three models and tightly control the associated configurations. He said the implementation of the standardized workstation environment is critical for the success of the consolidation of workstation support and help desk services. He said the resulting annual workstation costs would be approximately \$2.9 million to \$3.7 million, or \$30 to \$36 per month per workstation, depending on the mix of workstations and the replacement cycles. He said the state was unable to provide information regarding its current spending for workstations and he anticipates current costs are likely to be less than the estimated cost.

### Server Consolidation

Mr. Silverman said in regard to the consolidation of agency-managed servers, Pacific Technologies, Inc., recommends the Information Technology Department assume the administration of existing agency-managed servers as the servers are replaced. He said as the number of servers are reduced, the Information Technology Department should maintain a 29-to-1 server to support FTE position ratio. He said the continued server consolidation has the potential annual labor savings of approximately \$162,000, in addition to significant long-term savings in hardware costs.

### Information Technology Governance

Mr. Silverman said in regard to improving information technology governance, Pacific Technologies, Inc., recommends an information technology project investment review process relating to the evaluation and prioritization of information technology initiatives and an evaluation criteria development process relating to the development of evaluation criteria. He said for the state to move toward a more consistently structured information technology decisionmaking process, the state should develop a set of supporting tools, including business case templates, business plan templates, and an information technology report card. He said Pacific Technologies, Inc., also recommends the state significantly increase its performance measurement efforts to improve insight into information technology operations and expenditures by implementing performance measurements in the areas of customer satisfaction, financial and management performance, project performance, and consolidation transition performance.

### Transition Plans

Pacific Technologies, Inc., recommends the following transition plans for implementing each of the recommendations:

1. Workstation support and help desk services - Consolidate all workstation support and help desk services within the Information Technology Department.
  - a. Establish project governance process.
  - b. Establish service levels.
  - c. Finalize implementation options and costs.
  - d. Finalize a funding mechanism.
  - e. Develop legislation.
  - f. Develop tactical rollout plan.
  - g. Implement consolidated desktop services.
2. Workstation standardization - Move to a highly standardized workstation environment on a statewide basis with the Information Technology Department managing a workstation replacement program.
  - a. Establish project governance process.
  - b. Inventory hardware and software.
  - c. Develop workstation options.
  - d. Define replacement cycles and criteria.
  - e. Finalize implementation options and costs.
  - f. Develop legislation.
  - g. Develop tactical rollout plan.
  - h. Implement rollout plan.
3. Server consolidation - Continue to consolidate all agency-managed servers in the Information Technology Department.
  - a. Establish project governance process.
  - b. Develop preliminary consolidation schedule.
  - c. Develop legislation.
  - d. Develop tactical rollout plan.
  - e. Implement rollout plan.
4. Information technology governance - Improve the existing information technology governance processes.
  - a. Develop State Information Technology Advisory Committee initial evaluation criteria.
  - b. Finalize and communicate the State Information Technology Advisory Committee evaluation process.
  - c. Develop information technology innovation guidelines.
  - d. Establish statewide information technology business case templates and tools.
  - e. Develop baseline, statewide Information Technology Department performance measures.
  - f. Develop legislative reporting package templates.

### Additional Recommendations

Pacific Technologies, Inc., recommends the following additional recommendations:

- **Enterprise architecture process** - Focus attention on the enterprise architecture process by applying adequate resources and increasing management attention to ensure the process is completed in a timely manner.
- **North Dakota University System** - Conduct a similar exercise aimed at improving the overall efficiency of information technology expenditures and information technology governance for the North Dakota University System.
- **Application cost analysis** - Summarize the state's application environment by gathering data on application spending, labor effort, expected life, and asset value.
- **Innovation fund** - Establish an innovation fund to provide agencies incentives to pilot new technologies that may be useful to the state on a broader basis.

In response to a question from Representative Skarphol, Mr. Silverman said the state was unable to provide information regarding its current spending levels for workstations.

In response to a question from Representative Skarphol regarding server downtime, Mr. Silverman said the state should expect to experience a certain amount of server downtime with server consolidation. He said the Information Technology Department will need to set appropriate service levels and be held accountable for providing service at those levels.

In response to a question from Representative Winrich regarding lost employee productivity, Mr. Silverman said it is difficult to accurately estimate costs associated with lost employee productivity related to server downtime.

In response to a question from Representative Skarphol, Mr. Silverman said software packages are available to gather data relating to information technology service quality. He said it may not be appropriate for the state to have small agencies implement such a software package.

In response to a question from Senator Robinson, Mr. Silverman said the maximum savings relating to workstation support and server consolidation will be achievable only through aggressive management and the reduction in costs associated with agency partial FTE positions supporting the effort.

In response to a question from Senator Christmann regarding workstation support FTE costs, Mr. Silverman said based on the information provided by agencies, the workstation support per FTE costs for the Information Technology Department are higher than the workstation support per FTE costs for all other agencies. He said this may be due to some agencies using lower-paid employees to provide workstation support.

In response to a question from Representative Skarphol, Mr. Silverman said the workstation support FTE figures for each agency include full- and part-time information technology staff, contractors, and individuals without information technology job titles

who spend more than 10 percent of their time on information technology support.

Representative Skarphol requested a breakdown of workstation support labor effort by full- and part-time staff, contractors, and individuals without information technology job titles for each agency. Mr. Silverman said Pacific Technologies, Inc., would provide that information to the committee.

In response to a question from Senator Christmann, Mr. Silverman said the number 1,349 on page 2-9 of the report should be 149.

In response to a question from Senator Christmann regarding information technology governance, Mr. Silverman said Pacific Technologies, Inc., believes no change is necessary relating to North Dakota's location of the Chief Information Officer within state government.

In response to a question from Senator Christmann, Mr. Silverman said the potential savings reported includes funding from all sources, including the general fund, special funds, and federal funds.

In response to a question from Representative Winrich regarding federal funding, Mr. Silverman said most federal programs allow for the purchase of information technology services with federal funds, but there may be restrictions relating to the transferring of information technology equipment purchased with federal funds to another agency such as the Information Technology Department.

In response to a question from Representative Skarphol, Mr. Silverman said the potential savings will not be obtainable until the recommendations are fully implemented.

In response to a question from Representative Skarphol, Mr. Silverman said Tier 1 support includes activities relating to providing a first point of contact for users to report problems and Tier 2 support includes activities related to maintenance and support of the organization's personal productivity software, network applications, desktop computers, mobile computing devices, and peripherals.

In response to a question from Representative Skarphol, Mr. Silverman said Pacific Technologies, Inc., recommends business application support remain within state agencies.

### **Consultant Manager Comments**

Mr. Scott Kost, Techwise Solutions LLC, commented on the recommendations included in the final report for the information technology organizational and management studies. He said the consolidation of workstation support and help desk services and the standardized workstation environment recommendations should be implemented by the state. He said he agrees with the recommendation to have business application support remain within state agencies. He said the state should review its application portfolio and related costs and should develop standards relating to a limited set of application development environments, data bases, and related tools.

He said the North Dakota University System should work with the Information Technology Department to determine if similar efficiencies can be achieved within the North Dakota University System.

### **Chief Information Officer Comments**

Mr. Curtis L. Wolfe, Chief Information Officer, Information Technology Department, commented on the information technology organizational and management studies. He said the Information Technology Department agrees with the recommendations included in the final report for the information technology organizational and management studies. He said the Governor will be reviewing the recommendations to determine implications on the 2005-07 biennium budget. He said there is a subcommittee of the Enterprise Architecture Review Board reviewing the consolidation of workstation support and help desk services and the standardized workstation environment recommendations. He said the subcommittee will have recommendations by March 2004 and, depending on the committee's reaction to the subcommittee's recommendations, there may be no need for legislation to enact the recommendations included in the information technology organizational and management studies.

### **State Agency Comments**

#### **Department of Human Services**

Mr. Roger Hertz, Director, Information Management Division, Department of Human Services, provided information regarding the information technology organizational and management studies. A copy of the information is on file in the Legislative Council office. He said a subcommittee of the Enterprise Architecture Review Board, including representatives of the Department of Human Services, Workforce Safety and Insurance, Department of Transportation, and Job Service North Dakota, is in the process of reviewing the consolidation of workstation support and help desk services and the standardized workstation environment recommendations included in the final report for the information technology organizational and management studies. He said two areas the subcommittee is reviewing for implementation in the short term are the standardization of low-end desktop computers and the development of a centralized data base for technical problems. He said the subcommittee believes the consolidation of workstation support needs further study to better determine costs and benefits and to define a plan for workstation support outside of Bismarck. He said the subcommittee should have its recommendations to the Chief Information Officer by March 1, 2004.

In response to a question from Representative Weisz, Mr. Hertz said the subcommittee believes the standardization of low-end desktop computers would affect approximately 80 percent of the state's workstations.

In response to a question from Representative Skarphol, Mr. Hertz said the subcommittee's current estimated cost to purchase and maintain a low-end workstation is \$28 per month.

Senator Christmann requested information regarding the membership of the Enterprise Architecture Review Board. Mr. Hertz distributed the information to the committee later in the meeting. The information is on file in the Legislative Council office.

### **Public Service Commission**

Mr. Jon Mielke, Executive Secretary, Public Service Commission, commented on the recommendations included in the final report for the information technology organizational and management studies. A copy of his comments is on file in the Legislative Council office. He said the Public Service Commission has major concerns with the recommendations included in the final report for the information technology organizational and management studies. He said the information technology model recommended in the report fits less than 30 percent of the commission's current information technology usage. He said the report fails to address the specialized high-end needs of the Public Service Commission and other scientific and engineering-based agencies. He said a more useful report would contain detailed plans for flexibility, exceptions, definitions of nonstandard resources, and a roadmap toward a truly federated model.

Representative Skarphol requested information regarding business application support as included in the final report for the information technology organizational and management studies be provided to the Public Service Commission.

### **Judicial Branch**

Mr. Ted Gladden, State Court Administrator, Supreme Court, commented on the recommendations included in the final report for the information technology organizational and management studies. A copy of his comments is on file in the Legislative Council office. He said the workstation support and help desk services consolidation, workstation standardization, and server consolidation recommendations are not in the best interests of the judicial branch and the recommendations do not recognize the delicate balance that must be maintained between the three branches of government. He said the independence of the judicial branch cannot be maintained if the devices relating to data collection, communications, and office procedures that form the foundation of the judiciary's work are managed by the executive branch. He said the state needs to maintain an information technology system that recognizes the equal dignity of the judicial, executive, and legislative branches and the need for the branches to work independently for the good of the state.

In response to a question from Representative Glassheim, Mr. Gladden said the independence of the

judicial branch is critical. He said he is concerned the consolidation will result in an individual outside of the judicial branch setting the priorities as to whom is responding to information technology issues and how the issues are responded to.

In response to a question from Senator Wardner, Mr. Gladden said the judicial branch does consult with the Information Technology Department regarding information technology-related issues.

### **State Department of Health**

Ms. Arvy Smith, Deputy State Health Officer, State Department of Health, commented on the recommendations included in the final report for the information technology organizational and management studies. A copy of her comments is on file in the Legislative Council office. She said the information technology system should include enough flexibility to allow exceptions for agencies with unique or complex, specialized information technology needs. She said in regard to the consolidation of workstation support and help desk services, the department is concerned with the loss of control over workstation support costs and the potential inefficiencies in conducting business if response times are not as the department is accustomed to. She said in regard to the standardization of workstations, the department is concerned the paying of a monthly fee for workstation replacement will result in the loss of flexibility in the management of the department's funding. She said the department is comfortable with the current level of server consolidation; however, the department sees no benefit to further server consolidation.

### **Department of Corrections and Rehabilitation**

Mr. David Huhncke, Director of Information Systems, Department of Corrections and Rehabilitation, commented on the recommendations included in the final report for the information technology organizational and management studies. A copy of his comments is on file in the Legislative Council office. He said he does not support the consolidation of workstation support recommendation, and if such a recommendation is implemented, he questioned if an Information Technology Department employee could go inside the prison in Bismarck to fix a computer or printer. He said a support model for providing workstation support to remote offices would need to be in place. He said in regard to the standardization of workstations, state agencies must be provided sufficient funding if the Information Technology Department is to manage the state's workstation replacement program through the use of a monthly per workstation billing. He said at the present time, the agency carefully manages its workstation replacement through the reusing of workstations; however, this practice also increases labor costs.

### **Department of Transportation**

Mr. David Sprynczynatyk, Director, Department of Transportation, commented on the recommendations included in the final report for the information technology organizational and management studies. He said the department generally agrees with the recommendations included in the final report for the information technology organizational and management studies. He said in regard to server consolidation, the department has retained six of its servers under the current functional consolidation process and the department believes those servers should not be consolidated. He said the department has had discussions with its counterpart in the State of South Dakota regarding consolidation and the department encountered problems with response time to information technology problems. He said he would like the committee to proceed with implementing the recommendations carefully and cautiously.

The committee recessed for lunch at 12:00 noon and reconvened at 1:00 p.m.

### **Land Department**

Mr. Gary Preszler, Commissioner, Land Department, commented on the recommendations included in the final report for the information technology organizational and management studies. A copy of his comments is on file in the Legislative Council office. He said the report disregards the quality of information technology services provided by state agencies and the view of information technology service as a utility largely ignores any unique needs of the agencies. He said the recommendations are presented without an analysis from the agency's perspective related to potential inefficiencies created by further centralizing information technology services.

### **Oil and Gas Division**

Mr. Lynn Helms, Director, Oil and Gas Division, Industrial Commission, commented on the recommendations included in the final report for the information technology organizational and management studies. A copy of his comments is on file in the Legislative Council office. He said there are a number of conclusions in the report he concurs with including the positive attributes noted surrounding information technology at the state level; however, the report contains shortcomings and erroneous conclusions and recommendations. He said the long-term goals noted in the report were not contained in the legislation requiring the studies. He said the standardization of workstations will not work for agencies with activities from word processing to complex geology, engineering, and mapping. He said state agencies have no role in the implementation of the recommendations except to make an inventory of hardware and software. He said the state should work through a group such as the State Information Technology Advisory Committee to carefully evaluate

the information gathered by Pacific Technologies, Inc., from both a centralizing and decentralizing perspective.

**State Water Commission**

Mr. Chris Bader, State Water Commission, commented on the recommendations included in the final report for the information technology organizational and management studies. A copy of his comments is on file in the Legislative Council office. He said the State Water Commission's migration to the Information Technology Department's e-mail service has led to additional downtime due to a number of problem incidents and an increased problem resolution time.

In response to a question from Representative Skarphol, Mr. Bader said the commission's e-mail problems include password problems, lost e-mail messages, and message delivery issues.

**Other Comments**

Mr. Wolfe distributed copies of the Information Technology Department's response to the Department of Agriculture's testimony. A copy of the department's response is on file in the Legislative Council office. He said the Information Technology Department will respond in writing to all agency comments and concerns, presented today, in relation to the Pacific Technologies, Inc., final report.

**Committee Discussion**

**It was moved by Representative Skarphol and seconded by Representative Glassheim that the Information Technology Committee accept the Pacific Technologies, Inc., final report completed for the information technology organizational and management studies and authorize final payment.** After discussion, **the motion carried on a roll call vote.** Senators Robinson, Schobinger, and Wardner and Representatives Glassheim, Kempenich, Skarphol, Svedjan, Weisz, and Winrich vote "aye." No negative votes were cast.

Representative Skarphol said agency concerns regarding the Pacific Technologies, Inc., final report on the information technology organizational and management studies should be addressed to the State Information Technology Advisory Committee.

In response to a question from Senator Christmann, Mr. Wolfe said the State Information Technology Advisory Committee is a statutory advisory committee to the Chief Information Officer and, therefore, the Chief Information Officer sets the schedule and the agenda for the committee's meetings.

In response to a question from Representative Glassheim regarding the number of workstations located outside of Bismarck, Mr. Silverman said approximately 73 percent of workstations are located in Bismarck and a majority of the remainder are located in clusters of 100 that could be served by a

collocated individual or through a private sector service contract.

Representative Winrich said the savings relating to workstation support and server consolidation are questionable and will be achievable only through aggressive management and the reduction in costs associated with agency partial FTE positions supporting the effort and it appears as though state agencies are gradually working on issues relating to the recommendations. He said state agencies seem to regard e-mail service as a business application and it may be necessary to review exceptions to the consolidation of workstation support.

Mr. Kost said he has seen the recommendations included in the Pacific Technologies, Inc., final report on information technology organizational and management studies work in both the private and the public sectors. He said the recommendations are appropriate if the state desires to move toward provisioning basic information technology services as a "utility."

**OTHER COMMITTEE RESPONSIBILITIES**

Mr. Mike Ressler, Deputy Chief Information Officer, Information Technology Department, distributed a copy of the Information Technology Department's 2003-05 strategic business plan and a copy of the department's 2003 annual operations plan, copies of which are on file in the Legislative Council office. Mr. Ressler said the department's 2003-05 strategic business plan includes three goals the department must accomplish to effectively achieve its mission to provide leadership and knowledge to assist customers in achieving their mission through the innovative use of information technology. The following is a summary of the goals and objectives included in the plan:

Goal	Objectives
Define and pursue opportunities for creating, expanding, or eliminating services to maximize the value of the department to government and education	Critically evaluate the value of all the department's services to government and education  Pursue opportunities to increase the use of existing services offered to customers  Continue to identify and pursue statewide opportunities for sharing infrastructure and providing new services  Develop service level objectives for all high-priority services
Manage resources to improve efficiency and reduce cost	Maximize staff productivity by implementing standard procedures for critical operating processes and developing guidelines for managing meetings  Improve the department's performance management and project management processes, and communicate their value to employees and customers  Maintain competitive rates that are less than or equal to benchmarks and meet federal retained earning requirements

<p>Provide an employee work environment that invites challenge, inspires innovation, fosters pride, and encourages professional growth</p>	<p>Hold or reduce costs for hosting and network services while improving service levels</p> <p>Retain the department's knowledge and talent by maintaining a high level of employee satisfaction</p> <p>Continue to develop workforce strategies that will support future services</p> <p>Maintain a workforce recruitment process that allows the department to hire the best and the brightest in a timely fashion</p> <p>Continue to improve upon efforts to recognize and reward employees for their accomplishments</p> <p>Provide a fair and equitable work environment for employees</p>
--	---

Mr. Pat Forster, Policy and Planning Division, Information Technology Department, provided information on information technology procurement and information technology asset management. A copy of the information is on file in the Legislative Council office. He said the department's information technology procurement responsibilities include:

- Review and approval of agency information technology purchases.
- Development of information technology procurement standards.
- Development of contract and request for proposal templates.
- Technical assistance with large procurements and request for proposal development.

Mr. Forster said the Information Technology Department has completed an information technology procurement standard that has been reviewed and approved by the State Information Technology Advisory Committee, the Enterprise Architecture Review Board, and the department's management. He said the standard is to provide agencies with the process to be followed for the procurement of information technology hardware, software, and services. He said in accordance with the standard, information technology procurements will be reviewed prior to the actual purchase transaction to ensure compliance with information technology standards, consistency with enterprise architecture, conformance to agency information technology plans, and adherence to procurement best practices.

Mr. Forster said the Information Technology Department is also in the process of establishing an enterprise information technology asset repository to be used for statewide strategic information technology planning, enterprise disaster recovery, and enterprise procurement initiatives. He said the ConnectND asset management module will be the software used for the repository and the department anticipates the repository to be functional by the end of August 2004.

Ms. Nancy Walz, Director, Policy and Planning Division, Information Technology Department, provided information on the State Information

Technology Advisory Committee's prioritization of major information technology software projects. A copy of the information is on file in the Legislative Council office. She said North Dakota Century Code (NDCC) Section 54-59-02.1 requires the department to appoint an advisory committee for the purposes of prioritizing major computer software projects. The Chief Information Officer is to submit recommendations of the advisory committee regarding major software projects to the Information Technology Committee for consideration by the committee and the drafting of appropriate legislation to implement the recommendations. She said the department has assigned the prioritization responsibility to the State Information Technology Advisory Committee, a committee created by NDCC Section 54-59-07. She said the committee will address the prioritizing of major projects through information technology portfolio management. Under information technology portfolio management, information technology investments are aligned with business objectives and the investments are categorized, evaluated, and prioritized to focus on scarce resources. She said the committee will be utilizing achievability, benefits, and cost-ranking criteria. The following is a summary of the proposed prioritization process:

- February-June 2004 - State agencies identify and internally prioritize information technology projects.
- June 2004 - The State Information Technology Advisory Committee review a preliminary list of information technology projects.
- August-September 2004 - State agencies will self-score projects, and the Information Technology Department will present a preliminary ranking of projects to the State Information Technology Advisory Committee.
- September 2004 - The State Information Technology Advisory Committee will complete the project prioritization.

### LARGE PROJECT REPORTS

Mr. Eric Hardmeyer, President, Bank of North Dakota, provided a status report on the Bank's e-business project and information on the Bank's core business project. A copy of the information is on file in the Legislative Council office. He said the Bank implemented Release 1.0 of the system on October 3, 2003, which included the system architecture and Internet access to data by customers and Student Loans of North Dakota business partners. He said the Bank anticipates implementing Release 2.0 of the system on February 23, 2004, and implementing Release 3.0 of the system on May 15, 2004. He said Release 3.0 of the system represents the replacement of the existing guarantor system business processes. He said calendar year 2003 fourth quarter costs associated with the project totaled \$222,104, of which \$138,000 was for the Bank's information technology staff, \$31,860 was for staff from Student Loans



of North Dakota, and \$52,244 was for a consultant, IBM Rational, to review the system and assist with implementation.

Mr. Hardmeyer said in regard to the Bank's core business project, the Bank has received nine responses to the project request for proposal and has hired a consultant to assist with vendor selection. He said the Bank anticipates hiring a consultant by March 1, 2004, completing vendor selection by July 1, 2004, and implementing, testing, and full production of the system by June 30, 2005.

In response to a question from Representative Glassheim, Mr. Hardmeyer said the Bank is anticipating taking the existing guarantor system offline in July 2004.

In response to questions from Representatives Svedjan and Skarphol, Mr. Hardmeyer said future additional costs associated with the e-business project include costs associated with the Bank's staff working on the project and the remainder of the contract with IBM Rational of approximately \$23,000.

In response to a question from Representative Skarphol, Mr. Hardmeyer said the total accumulated cost for the e-business project from inception to date is approximately \$7.5 million to \$7.8 million.

In response to a question, Mr. Hardmeyer said at the present time two entities are interested in purchasing the e-business system software. He said if the software is purchased by the interested entities, the Bank is entitled to receive approximately \$1.4 million in royalties.

Representative Skarphol said he is concerned with the Bank's e-business project. He said he believes the project could be implemented in a less-expensive approach using a different technology platform.

Mr. John Graham, Director of Centralized Services, Job Service North Dakota, provided information regarding the agency's unemployment insurance Internet applications project. A copy of the information is on file in the Legislative Council office. He said Job Service North Dakota plans to enhance its business processes and customer services by offering unemployment insurance claimant and employer customers the option of filing claims, weekly eligibility certifications, and quarterly tax reports online, as well as making tax payments online via the Internet. He said the project is to be funded substantially by two federal grants from the United States Department of Labor. He said the agency is still in the process of letting the contract for development; therefore, the budget for the project is not fully developed.

In response to a question from Representative Skarphol, Mr. Graham said Job Service North Dakota will provide information relating to the costs of the customer satisfaction components of the project that may not be implemented due to budget constraints.

In response to a question from Representative Svedjan, Mr. Graham said any additional funds needed for the project will come from the agency's unemployment insurance administrative grant.

Ms. Kristi Miller, State Department of Health, provided information regarding the department's women, infants, and children (WIC) management information system project. A copy of the information is on file in the Legislative Council office. She said the purpose of the WIC management information system is to create an efficient, automated data processing system for the state's WIC program. She said the state's current WIC data system is more than 15 years old and is in severe need of an update. She said to address the need for a more efficient system, the North Dakota WIC program joined with the Iowa WIC program to collaborate on a management information system project. She said the two states selected a contractor who will modify the existing Pennsylvania WIC program's web-based system for use in North Dakota and Iowa. She said North Dakota's share of developing the system is \$749,842, or 20 percent of the total cost. She said the 10-year cost estimate for operating the new management information system is \$2,675,948, approximately \$2 million more than the cost estimate for operation of the existing system.

In response to a question from Senator Christmann, Ms. Miller said the new management information system should result in no changes for local grocery stores who are provided reimbursement under the WIC program.

In response to a question regarding project funding, Ms. Miller said the development and maintenance costs related to the new management information system will be funded with federal funds from the United States Department of Agriculture.

Mr. Curtis Volesky, Director, Medicaid Eligibility Unit, Department of Human Services, provided information regarding the department's Medicaid coverage for workers with disabilities project. A copy of the information is on file in the Legislative Council office. He said 2003 Senate Bill No. 2194 mandated the Medicaid program develop and implement coverage for workers with disabilities to allow them to buy in to Medicaid. The department determined that in order to meet the requirements, be cost-effective, and offer the coverage, the new group would need to be added to the existing eligibility systems. He said development has begun on the modification of eligibility systems and related testing is scheduled for April 2004. He said the department is anticipating a project completion date of May 1, 2004.

## **COMMITTEE DISCUSSION AND STAFF DIRECTIVES**

Representative Svedjan requested a presentation on the status of the Bank of North Dakota's e-business project at the committee's next meeting.

Representative Skarphol requested the Information Technology Department and the Office of Management and Budget to provide information at the committee's next meeting regarding the state's current spending level for workstations and

information regarding the information technology wiring status and replacement cycle for the State Capitol.

Representative Skarphol requested that Mr. Dan Fisher, Community First Bankshares, Inc., Fargo, be invited to present information regarding information technology consolidation at the committee's next meeting.

Representative Skarphol requested a representative of the Office of Management and Budget present a review of information technology accounting codes to be used in the 2005-07 budget process.

Mr. Wolfe distributed copies of articles regarding information technology consolidation to committee members. A copy of the information is on file in the Legislative Council office. He said the Information Technology Department is working through some challenges relating to help desk services for ConnectND and the criminal justice information-sharing initiative. He suggested the committee receive a status report from the subcommittee of the Enterprise Architecture Review Board regarding its work on the recommendations included in the Pacific Technologies, Inc., final report for the information technology organizational and management studies and a status report on the department's geographic information system initiative at the committee's next meeting.

Chairman Robinson suggested the committee receive information from the Information Technology Department regarding billing rates and information regarding information technology issues considered by the interim Legislative Management Committee at the committee's next meeting.

Senator O'Connell said he is concerned the separation of powers has not been adequately considered in the information technology organizational and management studies.

Representative Skarphol said he is concerned with the status of the Bank of North Dakota e-business project and with the Governor's decision to require no lag period be used for payroll processing under the ConnectND system. He said the Legislative Assembly was under the impression that industry best practices would be implemented during the implementation of the ConnectND system. He said he believes it may cost the state approximately \$800,000 to \$1,000,000 to implement the payroll processing for the state without a lag period.

Chairman Robinson said the committee's next meeting is tentatively scheduled for Wednesday, March 17, 2004, beginning at 9:00 a.m. in the Rough-rider Room, State Capitol, Bismarck.

The committee adjourned subject to the call of the chair at 4:25 p.m.

---

Roxanne Woeste  
Senior Fiscal Analyst

---

Jim W. Smith  
Legislative Budget Analyst and Auditor

ATTACH:1