

**1999 SENATE APPROPRIATIONS**

**SB 2043**


1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2043

Senate Appropriations Committee

Conference Committee

Hearing Date 1/25/99

Tape Number	Side A	Side B	Meter #
1	x		0-4745
2/16/99	x		23-970
Committee Clerk Signature 			

Minutes:

**SENATOR NETHING:** Opened the hearing on SB 2043, a BILL for an Act to provide for the information technology department and transition of responsibilities to the department; to amend and reenact sections 15-65-02, 41-09-46, 54-16-11.1, 54-35-15, 54-44-11, 54-44.8-01, 54-44-8.02, 54-44-8.03, 54-44-8.04, 54-44.8-05, 54-44-.8-07, 54-44.8-08, 54-46-03, and 54-46-1.01 the North Dakota Century Code, relating to references to the information services division, the information services operating fund, the legislative council, and the state records administrator; to repeal chapter 54-44.2 of the North Dakota Century Code, relating to the information services division; and to provide an effective date.

**SENATOR ROBINSON:** State Senator, District 24 and Former Chairman of the Legislative Council's interim Information Technology committee to testify in support of SB 2043 (testimony attached). This statewide plan developed as a result of last session's HB 1034. Senators Solberg and St. Aubyn also served on this committee. (tape 0-2076)

**JAY BURINGRUD:** Legislative Council, Assistant Director and Attorney for Information Technology Committee Attorney for last biennium, presented an overview of the bill. (tape 2127-3215). Basically the bill provides statutory changes necessary to implement 9 recommendations in telecommunications. The Statewide Telecommunications Plan (attached) provides for a chief operations officers and a department which is referred to as Information Technology Department. Basically the bill takes the statutory structure for the information division and moves that to a department level structure.

**ROBERT POPE:** Inteliant Corporation, to provide a summary report of the financial analysis that has been conducted over the past 3 months. (testimony attached) This was a collaborative effort - state agencies, university system, political subdivision, private sector firms and individuals participated.

**SCOTT KOST:** Inteliant Corporation consultant to the project the past 3 months, presented the financial analysis reviewed document as part of attached testimony. ND needs to pool all its resources to put together the structure. As telecommunication providers lay infrastructure, they put in the pieces to provide services which will also be available to the private side. Not purchasing them from the state, but purchasing them from the telecommunication providers that are providing these services. The State has acted as a leader making the commitment to buy these services which allows the telecommunication providers to go out and put the infrastructure in place to make it happen. (tape 3666-3980)

**SENATOR GRINDBERG:** What is your goal - fiber or wireless technology? (tape 3980)

**SCOTT KOST:** We presented a conceptual form and have not specified what technology form. We will lay out the requirements, but allow the telecommunication providers to recommend the specific solution that is put in place.

**SENATOR SOLBERG:** Committee was very fragmented, Can you compare the inventory you did to the way it would be as we envision it here? What changes would communications providers have to do?

**SCOTT KOST:** It is complex and in 4-5 years it would be simplified - single line versus a double line. The current state of telecommunications within the State is complex. I do see that simplified. (tape 4774)

**SENATOR NETHING:** How many providers would you envision?

**SCOTT KOST:** I don't think there is a single provider within the State that could provide this service without the help of rural telephone companies. I envision a general contractor that would be ultimately responsible for providing services to the state. That contractor would go out into the State to the local telephone providers to deliver the system.

**SENATOR NETHING:** Would it be seamless?

**SCOTT KOST:** Correct. On page 4 the benefits are listed. An application needs to be provided on a network to make it useful. The funding for applications must stand on its own. The network is the delivery mechanism. Education stands to gain the most. The ND School Network is a cooperative formed by some local schools. Services currently are affordable in larger areas while the cost is prohibitive in smaller schools. All schools could be on a network with services that enhance education.

**SENATOR NETHING:** What would the cost be to bring other entities up to the infrastructure we need? (tape 5450)

**SCOTT KOST:** I would like to defer that question until later. On the top of page 7, spending is a reflection of data that was extrapolated from a survey that sampled schools, cities, counties, universities, as to their costs. Schools spent the largest amount - over \$9M (tape 2, side A)

**SENATOR NETHING:** Public television is talking about expanded band width that will be available in various uses. Is there a possibility of tying into that?

**SCOTT KOST:** We did talk to Prairie Public about their plans; however, we didn't get enough time to spend on determining what their requirements are and then be able to look at an overall state plan to see how these two would fit together. I think we should see how their plans would fit into the State network. I believe that is part of the purpose of this plan.

**SENATOR ANDRIST:** Is digital TV part of your consideration? It is conceivable that we may not even need a "pipe" for transmitting some day?

**SCOTT KOST:** Digital transmission is being considered when we discuss where bandwidth is going. And, yes, it is conceivable all of this could be done through satellite, microwave. Cost may be prohibitive. As part of the plan, it is important to make the right decisions.

**SCOTT KOST:** If all entities pooled their resources, we came up with a 3-13 percent efficiency because of aggregate buying power. The State would be spending more, but it would slow the 20 percent growth in cost that we have projected in technology.

**SENATOR NETHING:** If we don't do anything the total annual cost by fiscal 2005 would be \$230M just for technology.

**SCOTT KOST:** Yes, based on a 20 percent growth rate.

**SENATOR BOWMAN:** Did you factor in training costs from bottom to top? (tape 880)

**SCOTT KOST:** The cost of applications and training aren't reflected in these numbers. This proposal talks only about delivery costs.

**LAURA GLATT:** , Vice Chancellor for Administrative Affairs for the ND University System, to testify in support of SB 2043 (testimony attached). (tape 1364-1864)

**ED NAGEL, JR.:** Office of State Auditor, Director, to offer an amendment to page 9 of the current bill to allow the Auditor's Office to gain access to information gathered through ITD without first getting permission from the agency. The Auditor's Office currently has unlimited access to allow their Office to operate as currently doing. (amendment attached) (tape 1925-2215)

**RON TORGESON:** ND Council of Educational Leaders, to express concerns on behalf of schools. I would caution the Committee against disrupting what schools are currently doing unless you can provide something that is significantly better and less costly. This bill is probably 10 years late. It has the appearance that elementary and secondary education was "dropped" into the bill when they saw the utilization. It seems some protections do not exist in the bill for elementary and secondary education. On page 3, subsection 5, no mention to elementary and secondary schools, counties, cities, etc.

**SENATOR NETHING:** Which branch are they?

**RON TORGESON:** I'm not sure, I've never perceived them to be any part of that.

**SENATOR NETHING:** I think they are part of the legislative branch. Those listed there are constitutional branches.

**RON TORGESON:** On Page 4, line 17, there are no assurances schools will receive maximum benefit from the network. If schools are to be the big players in this system, they should have more representation on that board. There is only one member on the board, yet they are responsible for 51 percent of the expenditures.

Page 5, section 9, concern where it states they "*shall* obtain the services if they desire access to the wide area network. It also says, "the board *may* accept them if they have a cost effective system.

In addition, there are several other places we feel schools should be mentioned more specifically in the language to give them the same protection given to other agencies and political subdivisions. We're concerned about the costs to schools if they have to modify equipment for the connections. We would honor the opportunity to work with the appropriations committee on this bill to satisfy our needs. (tape 2750)

**SENATOR NETHING:** Have you had an opportunity to isolate those costs so they could identify them?

**RON TORGESON:** I haven't had the opportunity to do that. We have 150 administrators in town today. I will be happy to ask them for additional information and identify their costs and try to separate them out.

**SENATOR NETHING:** We're trying to help you receive improved services. We don't want additional costs to hurt you. If you could provide additional information.

**RON TORGESON:** We'll announce it at the meeting as well as put out requests for that type of information on the list serve. (tape 2750)

**SENATOR ST. AUBYN:** We're looking at establishing a data highway utilizing current providers - almost like a toll highway. Do you see the benefit of sharing the information highway?

**RON TORGESON:** Yes, I do and I support the concept.

**SENATOR ST. AUBYN:** As a committee, we looked at sharing these services and costs, and the economies of scale would be better.

**RON TORGESON:** Several schools have indicated that if the proposed network can come in in a cost effective manner, it will give them much more capability than they currently have. But, not all of them look at it in that sense. Part of that may be lack of information.

**JERRY KJELMSTAD:** League of Cities. Their legislative committee supports the idea of a statewide structure for planning in the area of technology. The one concern they did have and wanted me to bring out was in Section 9, that mandates participation. Because of the large variation in the size of cities we have in ND ranging from less than 10 to over 70,000 people. There is a great deal of difference in the demand for services within those communities. The committee felt the local governing board should have the opportunity to determine which services would be most cost effective for their particular community. (tape 3427-3590)

**JIM HECK:** OMB Information Services Division, Officer. OMB Information Services Division does support SB 2043; however, we do have under request your consideration some amendments (attached).

**SENATOR NETHING:** Closed the hearing on SB 2043. (tape 4745)

=====  
2/16/99

**SENATOR NETHING:** Reopened the hearing on SB 2043. (tape 24)

**SENATOR ST. AUBYN:** Presented the amendments to SB 2043. The amendments, among other things, reflect concerns expressed by the public schools to the bill.

**SENATOR ST. AUBYN:** Moved do pass the amendments to SB 2043.

**SENATOR ROBINSON:** Seconded the motion.

**ROLL CALL:** Unanimous approval by voice vote.

**SENATOR ST. AUBYN:** Moved do pass SB 2043 as amended.

**SENATOR SOLBERG:** Seconded the motion.

**ROLL CALL: 13 YEAS; 1 NO**

**MOTION CARRIED DO PASS SB 2043 AS AMENDED**

Yeas: Nething; Naaden; Solberg; Lindaas; Tallackson; Robinson; Krauter; St. Aubyn; Grindberg; Holmberg; Kringstad; Bowman; Andrist

Nays: Tomac

**CARRIER: SENATOR ST. AUBYN**

**SENATOR NETHING:** Closed the hearing on SB 2043. (tape 900)

# FISCAL NOTE

(Return original and 10 copies)

Resolution No.: \_\_\_\_\_ Amendment to: Engrossed SB2043

Requested by Legislative Council \_\_\_\_\_ Date of Request: March 30, 1999

- Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

**Narrative:**

Amendments will remove the functions requiring the new positions identified in the Original Fiscal Note. Capital expenditures will not be needed because the mandatory requirement for schools, counties and cities to participate in the state network is being removed. Consulting services is not needed because the amendments removed the positions, capital expenditures and mandatory participation requirements. The cost for the CIO position will be absorbed in the 1999-2001 ISD budget.

- State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	N/A	N/A	0	0	0	0
Expenditures	N/A	N/A	0	0	0	0

What, if any, is the effect of this measure on the budget for your agency or department:

- For rest of 1997-99 biennium: **N/A**  
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
- For the 1999-2001 biennium: **None**  
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
- For the 2001-03 biennium: **None**

- County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			0	0	0	0	0	0

Signed: *Jim Heck*  
 Typed Name: Jim Heck  
 Department: OMB-Information Services Division  
 Phone Number: 328-3193  
 Date Prepared: March 30, 1999

## FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: SB 2043 Amendment to: N/A  
 Requested by Legislative Council Date of Request: November 1998

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

**Narrative:** (Additional narrative and supporting financial data is provided in the Inteliant "Telecommunications Study Fiscal Note Analysis.")

The purpose of Senate Bill No. 2043 is as follows:

- Establish the Information Technology Department (ITD) as an enhanced Information Services Division (ISD) with a cabinet-level Chief Information Officer position and additional technology planning personnel.
- Establish a statewide telecommunications network for state agencies, higher education, schools, cities, counties, and other not-for-profit organizations.

**Financial Impact**

In 1998, the state of North Dakota spent approximately \$19.3 million on telecommunications services for state agencies, universities, public schools, counties, and municipalities. Conservatively, this spending is expected to increase 20% a year resulting in telecommunications spending \$57.6 million annually by fiscal year 2006. The 20% is an estimate based on industry input. Actual growth for North Dakota entities will depend on the prioritization and allocation of budget dollars.

The projected costs for creating an enhanced ISD is \$1.8 million for the 1999-2001 biennium. The projected capital expenditures for the proposed network is \$3.5 million over two bienniums (\$1 million in the 1999-2001 biennium and \$2.5 million in the 2001-03 biennium).

The consultant estimates that the expected financial benefit of implementing an enhanced ISD and establishing statewide telecommunications services is a 3% reduction in spending growth. This translates into savings of \$6.7 million over the next six years.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	0	0	0	0	0	1.0m
Expenditures	0	0	2.8m	0	3.5m	1.0m

3. What, if any, is the effect of this measure on the budget for your agency or department:
  - a. For rest of 1997-99 biennium: No effect.
  - b. For the 1999-2001 biennium: The amounts detailed above are in addition to the Governor's budget recommendations for ISD.
  - c. For the 2001-03 biennium: The amounts detailed above are in addition to normal budget projections for the existing ISD.



4. County, city, and school district fiscal effect in dollar amounts:

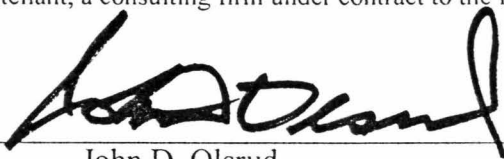
1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

The financial effect on counties, cities, and schools will not be uniform. The consultant recommends that the network services should be on a fee basis that does not penalize those customers that are farther away from our larger cities. The net effect is that the customers that now have a geographic advantage could end up paying a higher rate but the overall impact would still provide significant savings to the state as a whole.

Currently, there are some organizations that receive reduced fee or free Internet access. Obviously, a state network cannot justify charging some customers and giving that same service to others. The consultant recommends that time allowances be provided to enable these entities to make the necessary budget adjustments.

Entity	Funding Source (%)			
	Local	Special	General Fund	Federal
K-12	50		43	
NDUS - Voice		40	60	
NDUS - Video		8	92	
NDUS - Data			100	
Counties	50+	20	20	10
Cities	55-60		35-40	5
Human Services			52	48
DOT		90+		
JSND			1	99+
Sec. of State	Combination	100% - State	Local and user fees	

The information in this fiscal note was prepared by personnel from Inteliant, a consulting firm under contract to the Legislative Council.

Signed:   
 Typed Name: John D. Olsrud  
 Department: Legislative Council  
 Phone Number: 328-2916  
 Date Prepared: 1/25/99

43  
2/11/99  
1 of 2

PROPOSED AMENDMENTS TO SENATE BILL NO. 2043

SENATE AMENDMENTS TO SB 2043

APPROP.

2/16/99

Page 1, line 23, remove "public elementary and secondary"

Page 1, line 24, replace "schools" with "school districts" and after the underscored period insert "With respect to a county, city, or school district, wide area network services are those services necessary to transmit voice, data, or video outside the county, city, or school district."

SENATE AMENDMENTS TO SB 2043

APPROP.

2/16/99

Page 4, line 8, replace the first "approval" with "review"

Page 4, after line 14, insert:

"4. Determine how the statewide networks can provide network services for the benefit of noncommercial public television stations licensed by the federal communications commission to operate in this state."

Page 4, line 15, replace "4" with "5"

Page 4, line 17, replace "5" with "6", remove "cities and", and after "counties" insert ", cities, and school districts"

Page 4, line 19, replace "6" with "7"

Page 4, line 21, replace "7" with "8"

Page 4, line 24, replace "8" with "9"

Page 4, line 25, replace "9" with "10"

Page 4, line 27, remove "two members of the house of representatives"

Page 4, line 28, remove "and two members of the senate appointed by the chairman of the legislative council."

Page 4, line 30, replace "seven" with "eight"

senate amendments to sb 2043

APPROP.

2/16/99

Page 5, line 1, replace the second "one member" with "two members"

Page 5, line 5, replace "chairman of the legislative council" with "governor"

Page 5, line 23, replace the first underscored comma with "that desires access to wide area network services and each", remove "public elementary or secondary", and after "school" insert "district"

Page 5, line 24, after the first "services" insert "to transmit voice, data, or video outside that county, city, or school district"

Page 5, line 25, remove "public elementary or secondary" and after "school" insert "district"

2 of 2

Page 5, line 26, after "for" insert "or more appropriate for the specific needs of"

Page 5, line 27, after "school" insert "district"

SENATE AMENDMENTS TO SB 2043

APPROP.

2/16/99

Page 6, line 30, remove "public"

SENATE AMENDMENTS TO SB 2043

APPROP.

2/16/99

Page 7, line 19, replace "to the" with "on a major project as requested by"

Page 7, remove lines 20 and 21

Page 7, line 22, remove "reports to"

SENATE AMENDMENTS TO SB 2043

APPROP.

2/16/99

Page 9, line 2, replace "The" with "Except for a request for access authorized by section 54-10-22.1, the"

Page 9, line 6, after the first "of" insert "this information in"

SENATE AMENDMENTS TO SB 2043

APPROP.

2/16/99

Page 21, line 11, after the period insert "In addition to any exception available to counties, cities, and school districts under section 9 of this Act, the information technology board may except any entity from the application of section 9 of this Act for periods not to extend beyond June 30, 2001, upon determining that network services cannot be made available under this Act to that entity before July 1, 2001."

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2043

Page 1, line 23, remove "public elementary and secondary"

Page 1, line 24, replace "schools" with "school districts" and after the underscored period insert "With respect to a county, city, or school district, wide area network services are those services necessary to transmit voice, data, or video, outside the county, city, or school district."

Page 4, line 8, replace the first "approval" with "review"

Page 4, after line 14, insert:

"4. Determine how the statewide networks can provide network services for the benefit of noncommercial public television stations licensed by the federal communications commission to operate in this state."

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Re-number accordingly

Date: 2/15/99  
Roll Call Vote #: \_\_\_\_\_

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2043

Senate APPROPRIATIONS Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

✓ Legislative Council Amendment Number 90213.0302

Action Taken DO PASS AMENDMENTS

Motion Made By Sen. St. Aubyn Seconded By Sen. Robinson

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman					
Senator Naaden, Vice Chairman					
Senator Solberg					
Senator Lindaas					
Senator Tallackson					
Senator Tomac					
Senator Robinson					
Senator Krauter					
Senator St. Aubyn					
Senator Grindberg					
Senator Holmberg					
Senator Kringstad					
Senator Bowman					
Senator Andrist					

Total (Yes) Unanimous No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 2/15/99  
Roll Call Vote #: \_\_\_\_\_

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2043

Senate APPROPRIATIONS Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number 90213.0302

Action Taken DO PASS AS AMENDED

Motion Made By Sen. St. Aubyn Seconded By Sen. Solberg

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac		✓			
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 13 No 1

Absent \_\_\_\_\_

Floor Assignment Sen. St. Aubyn

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2043: Appropriations Committee (Sen. Nething, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2043 was placed on the Sixth order on the calendar.

Page 1, line 23, remove "public elementary and secondary"

Page 1, line 24, replace "schools" with "school districts" and after the underscored period insert "With respect to a county, city, or school district, wide area network services are those services necessary to transmit voice, data, or video outside the county, city, or school district."

Page 4, line 8, replace the first "approval" with "review"

Page 4, after line 14, insert:

"4. Determine how the statewide networks can provide network services for the benefit of noncommercial public television stations licensed by the federal communications commission to operate in this state."

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Renumber accordingly

**1999 HOUSE APPROPRIATIONS**

**SB 2043**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2043

House Appropriations Committee

Conference Committee

Hearing Date March 10, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-END
1		x	0-END
2	x		0-36.7
Committee Clerk Signature			

Minutes:

**A Bill for an Act to provide for the information technology department and transition of responsibilities to the department; to amend and reenact sections.....of the North Dakota Century Code, relating to references to the information services division, the information services operating fund, the legislative council, and the state records administrator; to repeal chapter 54-44.2 of the North Dakota Century Code, relating to the information services division; and to provide an effective date.**

**1A: Senator Robinson, Valley City, District 24** testified in support of the bill to establish an Information Technology Department. The department would be responsible for all telecommunications planning, collection, and implementation for all state agencies and institutions, counties, cities, and public, elementary, and secondary schools. The bill also provides for transition from the current information division which would be replaced by a new revised and enhanced department. It would be administered by a chief information officer appointed by the governor. The bill creates an information technology board. The board would be responsible for approving the business plan of the department, reviewing and approving FTEs, or cost associated with maintaining the department. Further commented on costs of networking, computers, software etc. increasing. Imperative to make the best use of all resources.

**1A: 8.6 Rep. Delzer** asked if we have any other state level cabinet people that have to answer to a board besides the governor. Replied there will be a CIO in place to help oversee the department.

**1A: 10.2 Senator Rod St. Aubyn, Grand Forks, District 43** testified in support of bill. Commented on CIO Board: the CIO of the department is answerable to the governor, referred to

page 5, section 8: responsibilities of the board. Further commented on Senate changes and amendments to the bill.

**1A: 17.9 Chairman Dalrymple** asked what a wide area network service facility would turn out to be. Are we talking about hard assets, putting up transmitters, or laying cables, or a central mine system? Replied that they are trying to establish a data highway, a basic large backbone system, an interstate system to accommodate all the traffic.

**1A: 20.4 Jay Buringrud, Assistant Director Legislative Council** testified neutral. Gave a brief explanation of bill and went through each section. Explained there was a contract with Inteliant to do a study and plan of telecommunications for the state. Inteliant came back with 9 recommendations. Proposed amendment 90213.0401.

**1A: 36.8 Rep. Carlisle** asked if we have an 11 member board that is going to meet during the interim. What is the general cost of an 11 member committee during the interim? Replied depends where the members live around the state. Estimated about \$800 to \$1000; average number of meetings 2-8 times.

**1A: 38.4 Rep. Delzer** asked about section 29 of the bill comparing it to section 5. Should those be cleaned up? Replied a lot of chapters in code list powers and duties. The sections do not duplicate.

**1A: 39.6 Rep. Byerly** asked if implementing this bill would be constitutional. How can we constitutionally mandate this on entities? Constitutionally, Workers Compensation and Bank of North Dakota is not required respective of services. In the executive branch it is fairly clear that you have to require this. The Judicial Branch, the court has said that you cannot require us to be part of any entity, that is up to the Chief Justice to decide to be part of the board or not. In respect to Political Subdivisions, there are a lot of statutory requirements opposed on them. Doesn't see any constitutional problems extending a requirement that if you are going to go outside your political subdivision you are going to have to do it this way.

**1A: 43.2 Rep. Delzer** asked about section 9 regarding political subdivisions: does the board have the power to exempt who they want at their discretion? Replied the board doesn't have total discretion.

**1A: 46.0 Rep. Timm** asked if the counties and cities will be paying fees. Replied presumably yes. Rep. Timm asked if a county, city, or school didn't agree with the fees, what could happen? Replied, no school is required to come into the system if they don't use wide area network systems. If they stay locally, they are not required to pay the fees.

**1A: 49.7 Rep. Byerly** asked if McKenzie county wanted to put in a wide area network because it covers more than one political subdivision, according to this bill they would have to come to the board to get an exception to do that even within their community. Replied, yes.

**1B: Rep. Monson** commented on his area already putting in a lot of work and time with contracts for services. Already have an obligation. Would we have to join this state wide network too? Replied yes. But you are assuming the state wide network is going to be more cost effective. Rep. Monson replied there is a moral obligation to services contracted with. Replied the state is already getting its services from rural carriers.

**1B: 2.5 Rep. Aarsvold** asked if we will have to trash efforts done by schools. Replied he doesn't see trashing anything in place.

**1B: 3.1 Rep. Lloyd** asked about private organizations such as Great Plains Software. Replied he would refer question to Inteliant but the main focus was to provide economic development.

**1B: 4.2 Bob Pope, Inteliant** briefly commented on state benefits of Inteliant study for state.

**1B: 6.5 Scott Kost, Technology Consultant** Testified in favor of bill. Covered handout which covers the background of the bill (See attached written testimony).

**1B: 9.3 Rep. Tollefson** commented on compatibility of existing equipment in the state wide network and problems with dollars. Seems that we are never caught up regarding technology. Where and when can we get up, when we can't afford to get caught up.

**1B:11.1 Rep. Carlisle** asked about the track record of Inteliant. Have they done this before, surrounding states? Replied Inteliant did a 5 state study regarding this analysis. Doesn't see the probability of this being very great.

**1B: 12.8 Rep. Lloyd** asked why we don't do this with Montana and South Dakota. Replied that is something that can be explored. But is a big challenge.

**1B: 13.5 Chairman Dalrymple** asked for background of Scott Kost. Replied born in North Dakota, spent 8 years working for National Car Rental in Minneapolis helping run a world wide network, then worked for EDS-one of the largest technology firms in the world-did a variety of things-technology planning and consulting.

**1B: 14.3 Rep. Delzer** asked about realities of politics and change of governor affecting the department. Replied he has same concern but doesn't have the answer. That's why it is important to have the board there.

**1B: 18.3 Rep. Bernstein** commented that earlier they were told there were 15 FTEs....and now there are 17 FTEs....are there any support staff needed with that. Replied two of the positions suggested there are in a future biennium.

**1B: 25.2 Chairman Dalrymple** asked if there is a direct relationship or a spin off benefit. Replied a spin off benefit. Important to keep economic development in mind.

**1B: 27.8 Chairman Dalrymple** asked if there is still room to save money? Replied, yes. Opportunity to position the state for the future.

**1B: 36.8 Jim Heck, Director Information Services Division** testified in favor of the bill (See attached written testimony).

**1B: 39.2 Rep. Byerly** asked if the implementation of the bill will have \$0 impact on the number of dollars that are outlined in these projects. Replied, yes.

**1B: 42.8 Rep. Delzer** asked about availability of people to hire for the FTEs for the bill. Replied it is a concern and has put together 2 to 3 alternatives for the governor and OMB to change positions, possibly contracting them out. There is a concern about Design Engineers.

**1B: 44.7 Kathleen Pavelko, President Prairie Public Broadcasting** testified in favor of bill. Proposed amendments (See attached amendment).

**1B: 49.5 Laura Glatt, Vice Chancellor Administrative Affairs ND University System** testified in favor of bill. However, budget does not include adequate funds to cover a twenty percent increase in spending. Asking for increase in budget if bill is passed (See attached written testimony).

**2A: 1.0 Lisa Feldner representing Lowell Jensen Superintendent Bismarck Public Schools** testified in favor of bill (See attached written testimony). Concerned with K12 representatives, asked members be fluent with technology.

**2A: 2.0 David Krutthers, ND Association of Telephone Cooperatives** testified in opposition of bill. Addressed comments made by earlier testimony heard regarding urban vs. rural technology inferiority, wide area network, Internet traffic. Commented further on Internet business being taken away. Proposed amendments (See attached amendment).

**2A: 7.0 Rep. Byerly** asked about telecommunications industry undergoing a revolution everyday, concerned about locking out some of your companies and saddle political subdivisions with outdated technology. Replied the legislation is broadly written. Any time the state tries to be the driver, there are problems involved.

**2A: 8.3 Jerry Ipac, Telecommunications Business, Minot** opposes bill. Sees businesses losing because of bill. Supplies a private high school in Minot.

**2A: 12.6 Joe Nicholas, Red River Net** opposes bill. Has some severe questions because of piece of legislation. Example: moving up to Candu, North Dakota providing about 5 to 10 jobs to community there to provide services. Will not bring jobs to Candu if legislation is passed. Small, young, progressive businesses will be squashed. Would like to see a stop to legislation. Will propose amendments setting up criteria if bill is passed.

**2A: 16.2 Rep. Monson** asked if he knew of any areas of the state are not online. Replied most are up to speed and getting connected, learning, and training to use online services. Rep. Monson asked if the bill were to pass would his company have an incentive to go out and get business. Replied yes, losing biggest customer and others. Will lose out on the bidding process.

**2A: 19.2 Rep. Timm** asked if some of concerns were presented to Interim Committee. Replied they were never consulted or invited to meetings. Found out after the fact.

**2A: 20.6 Beth Nielson, ND School Board Association** testified neutral. Commented briefly regarding concerns.

**2A: 30.9 Jerry Hjelmstad, ND League of Cities** testified neutral. Commented about concerns of mandate in section 9 and section 2: wide area network language.

**2A: 34.2 Rep. Byerly** asked about impact of business in cities such as Fargo. Who determines what is cost/effective? Who is this cost/effective for? Replied they prefer it be determined at the local level.

**2A: 35.0 Rep. Monson** commented on rather giving the business to local entities, also, who would you call locally regarding a problem.

### General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 25, 1999			
Tape Number	Side A	B Side	Meter #
2	x		0-13.7
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

**SB 2043**

**CHAIRMAN DALRYMPLE** opened discussion on SB 2043.

**2A: 0.4 REP. BYERLY** moved to adopt amendments 0402. Rep. Poolman seconded the motion . A voice vote was taken and the motion carried.

**2A: 1.5 REP. BYERLY** moved for a Do Pass as amended. Rep. Carlisle seconded the motion.

**2A: 3.3 REP. CARLSON** asked how it all ties together. Rep. Byerly replied that all state agencies will end up on the same backbone of the superhighway.

**2A: 6.2 REP. CARLSON** asked if there will be burdens on other budgets because of what is being done with this bill. Rep. Byerly said no, as all the budgets already have IT plans.

**2A: 7.1 REP. TOLLEFSON** said he has heard concern from the higher education schools. He asked if they will be hampered or enhanced by the bill. Rep. Byerly said the biggest concern from higher education was with the original bill that had an IT board in it. The board has been removed.

**2A: 9.0 REP. DELZER** said that he has reservations about creating a cabinet level position at ISD.

**2A: 9.4 REP. CARLISLE** asked if higher education is still a part of this. Rep. Byerly said that it is.

**2A: 10.5 A roll call vote** was taken and the motion failed with 8 yeas, 10 nays, and 2 absent and not voting.

**2A: 11.9 REP. TIMM** said that SB 2044 establishes a council. He asked how that ties in with this bill. Rep. Byerly replied that they could technically get by with just SB 2044. If SB 2043 does not pass they will have a problem because it makes all IT plans tie back to the budgets.

**CHAIRMAN DALRYMPLE** closed discussion on SB 2043 in order to discuss SB 2044.



### General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 25, 1999			
Tape Number	Side A	B Side	Meter #
2	x		22.5-27.6
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

**SB 2043 (Second discussion of this bill on 3-25-99)**

**CHAIRMAN DALRYMPLE** opened discussion on SB 2043.

**2A: 22.5 REP. DELZER** made a motion for a Do Pass as amended. The motion was seconded by Rep. Boehm. A roll call vote was taken and the motion carried with 13 yeas, 6 nays, and 1 absent and not voting. Rep. Byerly will carry the bill to the House floor.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043

Page 1, line 3, after the third comma insert "54-44.6-03,"

Page 15, after line 10, insert:

**"SECTION 26. AMENDMENT.** Section 54-44.6-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-44.6-03. State forms manager.** ~~The director of the office of management and budget or an individual designated by the director~~ chief information officer of the state shall serve as the state forms manager. The manager shall administer in the executive branch of state government the forms management program established by this chapter. The program must apply efficient and economical management methods to the creation and utilization of state forms."

Re-number accordingly

VK  
3/26/99  
1083

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043 APP 3-26-99

Page 1, line 3, after the third comma insert "54-44.6-03,"

Page 1, line 7, replace "effective" with "expiration"

Page 1, line 10, replace "19" with "15"

Page 1, line 13, remove "Board means the information technology board."

Page 1, line 14, remove "3."

Page 1, line 15, replace "4" with "3"

Page 1, line 18, replace "5" with "4"

Page 1, line 20, remove "The information"

Page 1, remove lines 21 through 24

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043 APP 3-26-99

Page 2, line 1, remove "necessary to transmit voice, data, or video outside the county, city, or school district."

Page 2, remove line 20

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043 APP 3-26-99

Page 3, line 6, replace "19" with "15"

Page 3, line 15, remove "The department shall inform the board of any"

Page 3, remove line 16

Page 3, line 26, remove ", and report and make recommendations to the board"

Page 3, line 27, remove "regarding information technology in state government"

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043 APP 3-26-99

Page 4, line 3, replace "15" with "12"

Page 4, line 4, replace "19" with "15"

Page 4, line 7, remove "Before final adoption, the chief information officer shall submit the business plan to the"

Page 4, line 8, remove "board for its review, and the plan is subject to the review of the board."

Page 4, line 12, remove ", as"

Page 4, line 13, remove "defined by the board"

203

Page 4, remove lines 28 through 31

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043 APP 3-26-99

Page 5, remove lines 1 through 22

Page 5, line 24, remove "and each county, city, and school"

Page 5, remove line 25

Page 5, line 26, remove "outside that county, city, or school district" and remove "The"

Page 5, remove lines 27 through 30

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043 APP 3-26-99

Page 6, line 2, remove "and in consultation with the board,"

Page 6, line 19, remove "in consultation with the"

Page 6, line 20, remove "board"

Page 6, line 29, after the underscored period insert "The agency's budget request and the governor's budget recommendation must include supporting information describing in detail how the information technology plan relates to the budget request and recommendation. Any budget adjustment by the budget office must include the corresponding change to the plan."

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043 APP 3-26-99

Page 7, remove lines 19 through 28

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043 APP 3-26-99

Page 8, line 8, replace "board" with "legislative council"

Page 8, remove lines 9 through 14

Page 8, line 26, remove "information technology development account or"

Page 8, line 27, remove ", as appropriate,"

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043 APP 3-26-99

Page 9, line 1, replace "19" with "15"

Page 9, after line 9, insert:

**"SECTION 16. STATEWIDE WIDE AREA NETWORK SERVICES PLAN - EXPIRATION DATE.** By December 1, 2002, the information technology department shall develop a plan for use of statewide wide area network services by the counties, cities, and school districts in this state. The department shall prepare and recommend any proposed legislation to implement the plan to the fifty-eighth legislative assembly."

Page 9, line 12, replace "July 1, 2000" with "August 1, 1999"

Page 9, line 15, replace "the relevant" with "this Act."

Page 9, remove lines 16 through 18

Page 9, line 19, replace "division, and before" with "Before" and remove "and the state"

Page 9, line 20, remove "information technology board shall approve"

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043 APP 3-26-99

Page 15, after line 10, insert:

**"SECTION 23. AMENDMENT.** Section 54-44.6-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-44.6-03. State forms manager.** ~~The director of the office of management and budget or an individual designated by the director~~ chief information officer of the state shall serve as the state forms manager. The manager shall administer in the executive branch of state government the forms management program established by this chapter. The program must apply efficient and economical management methods to the creation and utilization of state forms."

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043 APP 3-26-99

Page 21, replace lines 12 through 17 with:

**"SECTION 34. EXPIRATION DATE.** Section 16 of this Act expires March 31, 2003, and after that date is ineffective."

Renumber accordingly

Date: 3-25-99

Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2043

House Appropriations Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number 0402

Action Taken Do Pass As Amended

Motion Made By Byerly Seconded By Carlisle

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	✓		Nichols		✓
Vice-Chairman Byerly	✓		Poolman	✓	
Aarsvold		✓	Svedjan		
Bernstein		✓	Timm	✓	
Boehm		✓	Tollefson		✓
Carlson	✓		Wentz		✓
Carlisle		✓			
Delzer		✓			
Gulleson					
Hoffner		✓			
Huether	✓				
Kerzman		✓			
Lloyd	✓				
Monson	✓				

Total (Yes) 8 No 10

Absent 2

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 3-25-99  
 Roll Call Vote #: 2

**1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2043**

House Appropriations Committee \_\_\_\_\_

Subcommittee on \_\_\_\_\_  
 or  
 Conference Committee

Legislative Council Amendment Number 0402

Action Taken Do Pass As Amended

Motion Made By Delzer Seconded By Boehm

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	X		Nichols		X
Vice-Chairman Byerly	X		Poolman	X	
Aarsvold		X	Svedjan		
Bernstein	X		Timm	X	
Boehm	X		Tollefson	X	
Carlson	X		Wentz		X
Carlisle	X				
Delzer	X				
Gulleson		X			
Hoffner		X			
Huether	X				
Kerzman		X			
Lloyd	X				
Monson	X				

Total (Yes) 13 No 6

Absent 1

Floor Assignment Byerly

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2043, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 6 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2043 was placed on the Sixth order on the calendar.

Page 1, line 3, after the third comma insert "54-44.6-03,"

Page 1, line 7, replace "effective" with "expiration"

Page 1, line 10, replace "19" with "15"

Page 1, line 13, remove "Board means the information technology board."

Page 1, line 14, remove "3."

Page 1, line 15, replace "4" with "3"

Page 1, line 18, replace "5" with "4"

Page 1, line 20, remove "The information"

Page 1, remove lines 21 through 24

Page 2, line 1, remove "necessary to transmit voice, data, or video outside the county, city, or school district."

Page 2, remove line 20

Page 3, line 6, replace "19" with "15"

Page 3, line 15, remove "The department shall inform the board of any"

Page 3, remove line 16

Page 3, line 26, remove ", and report and make recommendations to the board"

Page 3, line 27, remove "regarding information technology in state government"

Page 4, line 3, replace "15" with "12"

Page 4, line 4, replace "19" with "15"

Page 4, line 7, remove "Before final adoption, the chief information officer shall submit the business plan to the"

Page 4, line 8, remove "board for its review, and the plan is subject to the review of the board."

Page 4, line 12, remove ", as"

Page 4, line 13, remove "defined by the board"

Page 4, remove lines 28 through 31

Page 5, remove lines 1 through 22

Page 5, line 24, remove "and each county, city, and school"



Page 5, remove line 25

Page 5, line 26, remove "outside that county, city, or school district" and remove "The"

Page 5, remove lines 27 through 30

Page 6, line 2, remove "and in consultation with the board,"

Page 6, line 19, remove "in consultation with the"

Page 6, line 20, remove "board"

Page 6, line 29, after the underscored period insert "The agency's budget request and the governor's budget recommendation must include supporting information describing in detail how the information technology plan relates to the budget request and recommendation. Any budget adjustment by the budget office must include the corresponding change to the plan."

Page 7, remove lines 19 through 28

Page 8, line 8, replace "board" with "legislative council"

Page 8, remove lines 9 through 14

Page 8, line 26, remove "information technology development account or"

Page 8, line 27, remove ", as appropriate,"

Page 9, line 1, replace "19" with "15"

Page 9, after line 9, insert:

**"SECTION 16. STATEWIDE WIDE AREA NETWORK SERVICES PLAN - EXPIRATION DATE.** By December 1, 2002, the information technology department shall develop a plan for use of statewide wide area network services by the counties, cities, and school districts in this state. The department shall prepare and recommend any proposed legislation to implement the plan to the fifty-eighth legislative assembly."

Page 9, line 12, replace "July 1, 2000" with "August 1, 1999"

Page 9, line 15, replace "the relevant" with "this Act."

Page 9, remove lines 16 through 18

Page 9, line 19, replace "division, and before" with "Before" and remove "and the state"

Page 9, line 20, remove "information technology board shall approve"

Page 15, after line 10, insert:

**"SECTION 23. AMENDMENT.** Section 54-44.6-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-44.6-03. State forms manager.** ~~The director of the office of management and budget or an individual designated by the director~~ chief information officer of the state shall serve as the state forms manager. The manager shall administer in the

executive branch of state government the forms management program established by this chapter. The program must apply efficient and economical management methods to the creation and utilization of state forms."

Page 21, replace lines 12 through 17 with:

**"SECTION 34. EXPIRATION DATE.** Section 16 of this Act expires March 31, 2003, and after that date is ineffective."

Renumber accordingly

**1999 SENATE APPROPRIATIONS**

**CONFERENCE COMMITTEE**

**SB 2043**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2043/2044C

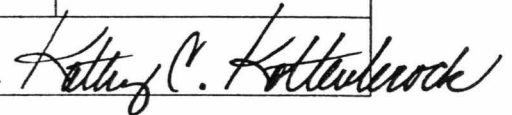
Senate Appropriations Committee

✓ Conference Committee

Hearing Date 4/7/99; 4/8/99; 4/9/99; 4/12/99; 4/13/99; 4/14/99.

Tape Number		Side A	Side B	Meter #
4-7-99	3	4710-end	0-4295	
4-8-99	2	1385-5068		
4-9-99	2	375-4030		

Committee Clerk Signature: **Minutes transcribed by other clerks.**



Minutes:

SENATOR ST. AUBYN opened the Conference Committee hearing on SB 2043 and SB 2044. We are going to be running these two bills together since they are so interrelated. Ever time I will run both of those together.

Senator St. Aubyn, Senator Solberg, Senator Robinson, Representative Byerly, Representative Dalrymple, and Representative Huether were present.

REPRESENTATIVE BYERLY presented and explained the rationale of the House amendments. As a package, we agree that the Legislature and especially the Appropriations Committees have to have some feeling of security that the money we are expending is being used widely. that is the premise that we started from based on the bills that came from the Senate. In SB 2043, the bast majority of the bill is still the same bill. The movement of ISD out from underneath OMB and up to a department level which was in your bill is still in 2043. The two changes we made in 2043 is the mandatory language as it relates to cities, counties and school districts on the statewide area network. We made permissive for this next biennium with the Legislative intent that tin the next biennium they should expect to start moving onto the statewide area network. Our reasoning was that we are not sure that the state of North Dakota and the state agencies are going to be able to end up with the wide area network up and operational without some teething things. The other change that we made was to remove the board that existed out there as an entity outside of the Legislature. We felt the main purpose for having the oversight was a legislative oversight function so what we did was removed all of those duties of that board into 2044 and created a statutory information technology committee with some teeth. We had the makeup of the board of the information technology committee be three from the House and three from the Senate, appointed by the Council and augmented that with three non-Legislative positions on the board appointed by the Governor. The one thing that presented controversy on

our side is that we specified that those people, that one of them be a financial auditor, one an information technology auditor and the other one would be a computer technical person. That board was given the powers of the board that you had in 2043 along with some of the normal duties that interim technology committees have. There was a tie in there that between this Interim Technology Committee and the budget section so that if this Interim Technology Committee finds that these agencies are not doing what we wanted them to do, this committee has the ability to go to the budget section and the budget section can either slow or redirect the financial end of it. We put one other change in 2043 that does require in the information technology plan supporting information.

REPRESENTATIVE DALRYMPLE stated that he would have liked an amendment that would absolutely mandate that the technology plan be tied out dollar for dollar with the Governor's budget. We found that may be mechanically feasible. This was the best we could do mandating them to describe in detail and recommendation. Any changes must include corresponding changes to the plan.

SENATOR ST. AUBYN asked that you took out the mandated situation with the counties, cities or school districts and you said that you left it as permissive. Where in the bill it says they can even be part of the plan.

REPRESENTATIVE BERG stated Section 16. Jim Heck was involved in this process with us. It may be under the existing code.

REPRESENTATIVE DALRYMPLE stated there is actually two parts to it. The reengrossed bill Section 7 says that the agencies that desires access shall obtain it from the department. That would be the DPI end of it. The other language in section 16 on the blue slips says by December 1, 2002, the information technology department shall develop a plan for use of statewide area network services by the counties, cities, and school districts in this state. That is a clear statement of intent that we would like to move in the direction of participation by everybody on this network at some point in the future.

REPRESENTATIVE HUETHER On page 4, line 9, defines the process of unshared counties, cities and school districts received maximum benefits of the statewide network.

REPRESENTATIVE BYERLY It still implies that they can come on. We currently do have some people on the statewide area network. Perhaps Mr. Heck could answer that.

SENATOR ST. AUBYN Are there other entities, schools, cities, counties that are allowed on this network?

JIM HECK Today we do provide services to counties. County governments decide from those offices that participate in the state application money for social service work. We do provide for 33 to 38 counties to date. We are in the process of hooking up school net which connects 100 schools to our network access. We do have two libraries - Mandan Public and Bismarck Public. If they want to pay the fee we charge state agencies.

SENATOR SOLBERG If we're doing this, there should be some language in here that specifically states other entities outside the state government. It seems in section 11, page 5.

SENATOR ST. AUBYN That language was part of the original bill.

REPRESENTATIVE BYERLY That way if they do go on the system they do have to conform to the standards of the state. It was not our intention to exclude them.

SENATOR SOLBERG We had worried about quality assurance in the original bill. It is a pretty important factor. Was that area taken out? Maybe we could look at quality assurance.

REPRESENTATIVE BYERLY We took all of the duties of that board and put it into SB 2044 so there is a good possibility that what you are asking about is on page 2 of SB 2044. We didn't delete any of those functions.

SENATOR ST. AUBYN Senator Solberg is referring to the old section 8.

REPRESENTATIVE BYERLY Those are in 2044 as items starting with #3.

SENATOR ST. AUBYN I'm not sure the faulty assurance is addressed. In the old bill it is on page 7, section 14.

REPRESENTATIVE BYERLY In 2044 the quality assurance process ended up.

REPRESENTATIVE DALRYMPLE Even though the title refers to quality assurance there really isn't much language in that paragraph having to do with quality assurance. It doesn't really specify what it is. We were trying to define in 2043 the size of the project that would be considered by this committee. Once you get past that determination you'll find the language the same. It does appear that there should be an opening sentence in that paragraph seeing that we would establish a quality assurance process.

SENATOR SOLBERG There has got to be some language that spells out the quality assurance process. That would establish some of these standards.

SENATOR ST. AUBYN On 2043, the new engrossed version of the House amendments, on page 7, section 16, we've already referred to "by December 2002 the department shall propose a plan ...." Why the date that you established?

REPRESENTATIVE DALRYMPLE It's through another legislative session and into the following December. That would give folks a chance to unhook themselves to previous contractual agreements. Most of them were of a 3, 4, or 5 year duration and any we were able to find out about would be up for renewal by December 2002.

SENATOR ST. AUBYN What's to keep someone from entering into another contractual obligation between now and then?

REPRESENTATIVE DALRYMPLE We've required them to be included in the statewide plan in the other amendment. They will be aware that they are being looked at and we're putting them on notice that they need to put some consideration in their future planning.

SENATOR ST. AUBYN After that they'll have to be part of the statewide network?

REPRESENTATIVE DALRYMPLE No, but we're saying the plan needs to be complete by that time and will need to be ready for consideration during the 2003 Legislative session.

SENATOR ST. AUBYN There's nothing to prevent them from entering into a new contract.

REPRESENTATIVE DALRYMPLE You're right.

SENATOR ST. AUBYN On 2044, did you committee explore the legality of the duties as assigned to this new committee?

REPRESENTATIVE DALRYMPLE We compared this to what we do with our budget section. This is a continuation of that concept. We've delegated authority to this committee. Legislative Council has said this is the same as the Budget Section.

SENATOR ST. AUBYN I'd requested that the Council research that. I had some real concerns about a Legislative committee having the authority to stop an appropriation that we've already made to another agency. You can't really delegate those duties to a committee. The memo I received from Legislative Council is that it would be very questionable and constitutional. We'd be exposing ourselves to a lot more problems the way it is written right now. I'll provide that for the committee. It identifies a lot of areas within that. You can't delegate authority to a Legislative committee to approve a policy decision. The full legislature could do that but we can't delegate that to a committee.

REPRESENTATIVE DALRYMPLE I agree but the question is are things being stopped or delayed. That is the point at which the committee would actually be interfering with what would otherwise take place. The language on page 3, on SB 2044 the language is pretty carefully drafted. The committee is first recommending, not mandating, the suspension of expenditures. They submit a recommendation to the budget section, then the budget section moves it along and if it accepts the recommendation it notifies OMB. Ultimately, the action is taken by OMB.

SENATOR ST. AUBYN I'm not aware any section where we have that authority to recommend the suspension of any budget.

REPRESENTATIVE BYERLY We do have some of that in Legislative audit and fiscal review and also in our administrative rules committee. We have the ability to do what some people might feel is outside of the bound of the Legislative process such as when we requested Legislative Council have OMB suspend payments to Lewis and Clark regional development

group. Those monies were appropriated but because of some problems in those areas we were able to do that.

SENATOR ST. AUBYN That wasn't a direct appropriation to those councils.

REPRESENTATIVE BYERLY Neither are these appropriations for technology.

SENATOR ST. AUBYN There is no direct appropriations to those planning councils. With these, those are grants from some of the other agencies. These are the direct appropriations to a particular agency.

SENATOR SOLBERG I don't know if I'll agree with that. We do appropriate the money in DD and F for those grants and regional councils. I would define them as a direct appropriation.

SENATOR ST. AUBYN It is not a direct appropriation to the planning council. You're not removing the authority for them to spend their money. You're saying you don't want them to distribute those in a grant form to another deal. Here, you're suspending their appropriation authority.

SENATOR SOLBERG They're requested that no state money, appropriated or anything else, would go to these funds. Any money this body sees is an appropriation.

SENATOR ST. AUBYN I'd like to call on Senator Robinson to give reasons why this bill was done this way.

SENATOR ROBINSON To the best of my recollection, the bill was a spin-off of HB 1034 from the last legislative session. Over the last number of years the proliferation of computers and technology and state government has been a real concern on the part of the Legislature. On one hand, we see tremendous benefit and we've been able to create some real efficiencies. On the other hand, the absence of a comprehensive plan has drawn the Legislature to the conclusion that planning is of real importance. Whether dollars are spent locally or in Bismarck and various state agencies, they're all tax dollars and it is overwhelming. We need to be good stewards of those dollars. Our committee felt if we had a state system, we could leverage a tremendous amount of buying power. If we could bring into play a RFP, an access to private sector, and build upon a structure already in place and provide a backbone and through a system of charge facts to the users we can finance that system. We found in the area of schools, we have a number of situations, schools have embarked on their own because we haven't had this system in place. There are a number of schools in partnerships working together and doing a very good job in this area right now. We did hear from schools that want to move beyond the internet. Other schools are not certain how long they can afford their system. Even other schools felt if we could achieve provisions as in SB 2043 all would benefit. The price we needed to pay is to leverage the whole school system but phase it in to allow schools that had contractual obligations. We felt the Technology Board could work through the transition. We don't feel there is one entity in the state that could provide service of this magnitude.



SENATOR ST. AUBYN As 2043 came back from the House, what do we have that we don't have right now? In section 16, we talk about December 1, 2002 and developing a plan but yet it doesn't mandate anything that we're going to do anything with it once we have it. I question what we are going to gain by this version.

SENATOR ROBINSON We still have fragmentation but not a buying power of a statewide system that I think is going to be essential if we're going to leverage any type of scale in terms of a cost. In the absence of that, we risk having even more entities.

REPRESENTATIVE DALRYMPLE First, it envisions the role of the Chief Information Officer as being quite a bit more than the prior job description as the director of ISB. This is a true CEO in charge of pulling together the policy. Second, the tie back between the oversight and fiscal reporting is an important part of the bill. Third, we're putting everyone on notice that this is the way the state should go. The bill is useful in pointing a director.

SENATOR ST. AUBYN It is not your intent to have cities, counties, and schools on board?

REPRESENTATIVE DALRYMPLE I can't say but I would hope the wide area network would entice those entities. I would hope it would become statewide.

SENATOR ST. AUBYN If you're going to offer RFP, they need to know where it's going.

SENATOR ROBINSON 51% of K-12 currently have facilities - we need to allow them credits and time.

SENATOR ST. AUBYN Would it be possible to delay to get inventory, identify users, etc? Then prepare RFP and it goes out. For the organizational session, we receive the results and review it and see if there is an economic advantage to doing it. It would give the Legislature the opportunity to study and refine it.

### ✓ **Hearing Date 4-8-99**

St. Aubyn - handed out material referenced which included reference to constitutionality of 2044.

Last refers to power delegation. Implementation for 8 months, second section. Set up board, establish the standards, in effect still mandate all parties to part of the program. The difference is March 1, correct inventory to decide rfp. presented in December and would allow the Legislature the opportunity whether there are advantages or disadvantages, gives all opportunity to know all unknowns. That would give us time to adjust the plan during session.

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Rep. Dalrymple - Specific section, you're referring to in terms of implementation.

St. Aubyn - Section 36, gave the board authority to not extend beyond June 30. That would provide us time to modify and perhaps even network startup.

Sen. Robinson - I think that would be advantageous. New schools coming on would benefit. A lot of merit, 100 plus schools coming on board. Real potential.

Rep. Dalrymple - I'm not totally convinced that we need a hard deadline. Aug. 1, 2001, target date, would be caught in between. Main thing allow a full legislative session to take place and people could react to any adjustment that were to be made.

St. Aubyn - Think about the logistics. Who will want these services? You have to have some date for RFP and services.

Sen. Robinson - Growth in technology and demand for services. The longer we wait, the more networks and contracts that will develop and hard to build statewide system. A survey would provide needed information. Delay will add to confusion, schools who have had to move on their own.

St. Aubyn - Contracts are a valid point. I think we need to allow for those entities that are already in a current contract.

Rep. Dalrymple - Most contracts would have escape clause for date or federal laws. Should have all purpose, for right to make exception. I doubt 9 months going to change their perspective. We want to move it forward yet we want to be able to change course.

St. Aubyn - Change to July, so you wouldn't need emergency clause?

Sen. Solberg - A difference in House/Senate, is who not when, or, are we going to go ahead with whole load. If just state agencies, Higher Ed and those we have a say in, we can set earlier date.

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St. Aubyn - My plan is that everyone going on but after RFP you can modify plan. May have to identify RFP's. you have date established by statute, all entities and state agencies allow them to drift. When we did infrastructure inventory we had different lines, even with State agencies.

Sen. Robinson - Based on past work, I'd hope and expect that becomes vehicle to move in that direction. School, cities, counties, I see as another phase.

St. Aubyn - I agree, but Jan 2, 2001, if not in place, what are we going to work on? I don't know how you will stage. The RFP has to be encompassing.

Sen Solberg - In my area, there's enough fiber optic structure to carry whole state. It seems we could bid in stages.

St. Aubyn - What would you propose ?

Sen. Solberg - Get state agencies up and running by July 2001. State agencies as early as possible, others later. From the looks of the bills I don't think either is going to get what they want.

Rep. Dalrymple - July 1, 2000, all state stuff and Aug. 1, 2001 the rest. Large companies know they're taking risk with government. It seems as though we're going around on dates, Could we get draft amendment. the way worded will be important power of exception of committee.

JAY - Do you want me to put together something together?

**Hearing Date April 13, 1999**

CONFERENCE COMMITTEE

4-13-99

SENATOR ST. AUBYN reopened the hearing on SB2043/2044 with all members present, and handed out a proposed amendment.

JAY: The only change on the amendments viewed yesterday was to delete the expiration date clause on page 2.

SENATOR ROBINSON: On page 4 of SB2043, we referenced the Commissioner of Higher Education and I think it wise if we would say "and his or her designee", he or she might be represented by one of the staff people there.

SEN. ST. AUBYN: We did not want to have designees on this when it was a governing board. Now that it is an advisory board, I don't think that is so significant.

REP. DALRYMPLE: Is there something in the statute that implies you can send a designee.

JAY: Yes, normally an officer can appoint a designee to represent that person on the board. The reason designee was not put in before was these people should not delegate the responsibilities to make decisions to a designee, whether it is a deputy or information technology coordinator or whomever.

SEN. ROBINSON: On page 5, line 30 regarding budget requests, we've discussed regarding the reporting requirements in the area of local funds in higher education. What are our expectations.

SEN. ST. AUBYN: You are talking about page 6, line 29 regarding budgeting. Are you talking about the local funds and whether or not that applies.

SEN. SOLBERG: Are you talking higher education.

SEN. ROBINSON: The question is how much are we going to ask those people at the local level.

REP. DALRYMPLE: I have gone over this with Rod Backman and what is expected. This is a part of the formation of the Governor's budget. It's nothing more than what they are already

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collecting. We are only interested in the technology within that that we be informed of what that portion is and if they are not collecting that information, then we are not going to ask for them to go further.

SEN. ST. AUBYN: When we were going through our budget for higher education, it would have been helpful to be able to track this. When we went through to try and identify what was actually funded and what was submitted, it was impossible to tell.

REP. DALRYMPLE: The amendment refers to the information technology plan. We are asking for whatever detail is available, and the detail is not that extensive. We have a \$250,000 guideline for the review process.

SEN. ST. AUBYN: Do you think there is any need to do an amendment to clarify that. Jay, do you have a suggestion.

JAY: No, I don't. It is something the IT committee could be looking at.

SEN. ST. AUBYN: We are not concerned about the area of the local funds. On that IT plan it did give the details of all of the costs that's involved with that and where do you draw the line on some of that. Maybe there are other agencies faced with the same thing.

REP. DALRYMPLE: It may be possible to go too far with the plan. This group of legislators are very much at the center, and they are the ones who are reviewing the information and creating the expectations what the Legislature will want. The committee should be able to determine what they want to see and hear. It will be an ongoing policy question. Do we want to see less or more.

SEN. SOLBERG: There is no continuity between campuses whatsoever. The CIO will have to decide once he has got the plans on file, he may want every bit of it on file, but then submit what

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really goes into the operation. Campuses are all different. There needs to be a standardization of how IT plans are reported.

SEN. ST. AUBYN: Rep. Dalrymple, do you see it more as the CIO identify this one, he is asking for the information to the plans.

REP. DALRYMPLE: I would see this as a close relationship between the CIO and OMB. The CIO is going to be working day by day with its plan and OMB has the responsibility to put this in a budget. I think they would like to be able to do just what we are saying here. I think we are doing only what we would like to see happen. In talking it over with OMB, we understand the limitations of this. We receive budget rules. All we are asking how much is technology in other areas. If a particular project together and they come with a project budget of say 2 million dollars, what we are asking for within that 2 million dollars, how much of that amount is salary, how much is hardware, software, etc. When you get to the salary line, that is where you know there are limits to what you can identify. The agency that created the 2 million dollar budget should have some rationale how they arrived at the salary component of that. We have duty to find out whatever rationale is available.

SEN. ST. AUBYN: Based on Sen. Robinson's statement, do we really need all that detail on the local fund part of that because all we are going to get is the line item for total local funds or however we decide that.

REP. DALRYMPLE: I don't see that as a component but there is always an exception.

SEN. ST. AUBYN: Maybe that is something that the IT committee will be developing guidelines for the future.

SEN. DALRYMPLE: The committee are the ones who will determine what they expect to see in the statewide plans. That should be the group that will know that.

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REP. BYERLY: Until we get through the first cycle, we won't even know the answer to it ourselves. After one Legislative cycle, we will see how OMB is able to tie this to the actual budget that comes in.

SEN. ST. AUBYN: Did everyone get copies of the Workers Comp amendments. On the first page of the amendment, it says page 2, line 11.

REP. BYERLY: Where he is intending page 2, line 11, it is in our amendment as item #5. He is referring to item #5 where it would read "review the activities and Information Technology Department to insure the, etc."

REP. BYERLY: Part of the review of the IT Department is to see that the needs of the agencies in satisfying their customer requirements which are part of the responsibilities of that IT Department.

REP. DALRYMPLE: In SB2043 in section 2 we create the department, and if we want to make a statement about how they conduct themselves and that they are supposed to serve their customers, I would think that would be the place to say that.

JAY: Section 2 is really identification of divisions of the department without calling them divisions. That came out as the structure of the department. The theory towards the end of section 2 is really the division without saying that they are the division to allow some flexibility, but if you are interested in saying that this is how the department should operate to be efficient, maybe it could be added to section 6 of the business plan. If you think that you need to have a statement saying that we should operate efficiently.

REP. BYERLY: I don't believe that the amendment that he had shown us for SB2044 is necessary. The one that he showed us for SB2043 is basically the same wording as in SB2044 and all he is shooting for there is just to insure that whoever becomes the CIO recognizes that

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each division in department and agency has a unique mission and that unique mission has to be respected when he or she, the CIO is dealing with the agencies. The first sentence that he wants to insert in there deals with the CIO has to take these agencies' individual needs into account. I'm not talking about the review part at all.

SEN. ST. AUBYN: Section 16 goes back to our other thing about our ability to review anyway.

Page 3 has to do with the section on confidentiality.

JAY: With may in there, the department is probably going to refer a request anyway. With shall, the department has to refer a request, and there may be some instances where the department is the originator on record.

PAT TRAYNOR: Our concern is that we have to guarantee the integrity of our files. Medical records are private. We recognize that we don't want a singular exemption.

REP. BYERLY: Can we come up with something in that paragraph that addresses that problem, such as changing the may to shall.

SEN. ST. AUBYN: Isn't there a current statute that already identifies some of these records are confidential anyway.

JAY: There is nothing in there now.

REP. BYERLY: They are protected anyway because they are confidential.

SEN. ST. AUBYN: What are the committee's wishes.

REP. BYERLY: Let's try shall. We can find out if it is a burden on these agencies and make the corrections.

SEN. ROBINSON: On SB2043 we did insert some language on page 4, section 6, item 4. We should focus on the tribally controlled colleges. Sen. Bercier asked if we could build language in



regarding this. We did refer to Indian tribes but no reference to the tribally controlled colleges.

He asked for more clarity there.

SEN. SOLBERG: I don't know how much flexibility we have in ISD right now as far as dollars.

SEN. ST. AUBYN adjourned the committee.

### **Hearing Date April 9, 1999**

SEN. ST. AUBYN opened the conference committee on SB2043 and SB2044 with roll call indicating all members present.

SEN. ST. AUBYN: We discussed the possibility of doing the RFP in 2 phases and we would have the State go into effect July 1, 2000; then all other entities go into effect August 1, 2001, or July 1, 2001. The question was whether or not that would be workable. Sen. Robinson is to talk with a consultant about problems that would occur if we had 2 separate RFP's and 2 different phase-in times.

SEN. ROBINSON: I visited with Mr. Pope, our consultant, and we found it would be possible. There would be 1 RFP with 2 different phase-in dates and given that, it would position those that would be interested in submitting an RFP. They would know what they are looking at. One would be July, 2000 and whatever is included in phase 2 would be August, 2001.

SEN. SOLBERG: What would happen if counties wanted July 1, 2000, or others that want to get on early.

SEN. ST. AUBYN: Would you need to do an inventory or ask everyone who would like to be part of the network operation right away, or how would this work.

MR. POPE: The department would be studying this the first year, do inventory and as part of the research find out which ones would want to be a voluntary part of that.

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REP. BYERLY: That's never been a point of contention about the voluntary joining of the networks between the House and Senate. It is the mandatory that has been the bone of contention. It has been our intention that anyone that voluntarily wants to come on has to meet the same criteria.

SEN. ROBINSON: Jim Heck, you referenced that the ND school net in the next number of weeks is looking at working with ISD. What does that mean.

JIM HECK: ND school net is an organization to provide consulting support and assistance to schools in technology planning and installation. They will provide a gathering point for those schools to connect to for internet access. What we would be doing is taking that gathering point and instead of pointing it to a circuit that they now lease, we would point that gathering point to the State's internet access because the capacity we have is much greater and they would not have the full response. That is what they are buying from us. Instead of having their own access they would point it to our access. Once they are on that, they can also access state agencies, but that is secondary.

SEN. ROBINSON: Will they be able to access in addition to basic internet, voice, video data or will that be forthcoming.

JIM HECK: Those are separate services, voice today is under a contract for long distance that the State has and is available to those schools that they can have the same rates that we have. There are various flavors of video. Video today is primarily what is in higher education, but there is all of those clusters that got created as a result of the education telecommunications council out there. Some of those schools when they created these clusters and the connections between the schools are carrying some voice along with their video and some data with their video. It is on a case-by-case-basis today, it is not universal.

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REP. DALRYMPLE: Jay, did you have anything for us to look at in the way of further amendments.

JAY: I gave copies to Sen. St. Aubyn last night.

REP. BYERLY: The House's position is not one of competing anyone that wants to be on voluntarily. We don't have a particular problem with picking a date at some point in time where all state agencies have to be on. It is fundamental that all state agencies have to be on. Our concern is that the State get its own house in order before we start forcing anybody else to leap into this water, also.

SEN. ST. AUBYN: I have the amendments.

REP. BYERLY: These amendments were developed as per the Senate version of the bill. Can some methodology be used to apply this to the House version of the bill. I want to make sure that we are still speaking generically as far as the committee is concerned, because the House has not receded from its amendments. We have not made any commitment to that at this point in time.

JAY: The last paragraph on the page is phased in and is added to the effective date of the bill, and that is on page 21 of the engrossed bill and basically adding these 2 sentences to the bill. Section 35 is the repealer and repeals ISD. Notwithstanding the repealer, the agencies and institutions shall continue to receive wider services before the effective date. Section 9 takes effect July 1, 2000 for state agencies. Cities, counties and school districts take effect August 1, 2001. It is a phase-in approach. Section 35 is effective on August 1 of this year so every city doesn't run out and get its own wide-area network services because there is a void between August 1 of this year and July 1, 2000. You continue what you are doing until July 1, 2000.

SEN. ST. AUBYN: Are school districts, counties and cities all considered political subdivisions.

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JAY: Yes.

SEN. ST. AUBYN: In regards to that, may not extend, renew that contract beyond that date.

What if the contract already goes beyond that.

JAY: Then the board accepts that from it. What that last sentence does is if your contract expires July 1, 2001, you do not get to stay in another 4 years. You don't renew that contract, you come in under the State.

SEN. ST. AUBYN: Based on the original Senate engrossed bill, that wouldn't change in this bill if they have another one that is more cost effective.

JAY: That still remains as amended by the Senate, but not as amended by the House.

SEN. ST. AUBYN: Assuming if we adopted these amendments to the engrossed Senate bill, if we had a school or political subdivision that had a better deal, the board probably would exempt or accept them before we are done with that inventory, where the consultants or whoever does the inventory try to identify, so for the most part they would have already known that and accepted them, right.

JAY: If they are going to do this inventory, they need to know what counties, cities or schools want to come in as of July 1. As part of that, they will also know what school is under contract and what those terms are. The inventory will take care of this.

REP. DALRYMPLE: Going back to the bill itself, most of our amendments have to do with the board going away and being replaced by a committee. That seems to be the number 1 question as far as wrapping this up.

SEN. ST. AUBYN: I worry about the constitutionality issue but I also have some of the same concerns that the House has. You are going to have State agencies that we are appropriating money for, some of the technology projects. Their budget request has to be submitted tying

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these technology programs based on the amendments we had here and based on what the House had on their bill. The agencies would be submitting these for approval to our board that we had established in SB2043, they approve the technology plans, they amend the technology plans. Those proposals would be run by this information technology committee. The ITC would basically make recommendations and this list would be submitted to appropriations committee, or whatever, for the next Legislative Session. I envision the appropriations process still having control over some of these projects and the growth of technology.

SEN. ROBINSON: I envision the ITC continuing with an active role to what we did during the last interm meeting every number of weeks whereas I see the ITC board actively engaged on an on-going basis in the process.

SEN. ST. AUBYN: We need to look at the responsibilities of the board and approving the business plan of the ITC department. We still have control oversight in terms of if they approve a technology plan, the Legislature is the one that funds them. This board doesn't decide any of that. The control should be at the funding aspect. Is the Legislature the one that is going to go through the business plan or the standards they are going to do. I don't see where that is a legislative duty.

REP. DALRYMPLE: What is necessary for the new CIO is to gather enough information from enough different places so that we can come to the policymakers with a recommendation. Does he need a board to gather the information. I see no reason why. The CIO can charge the IT department for investigating, that's his job.

SEN. ST. AUBYN: The concern that we were hearing and the development of this, people feared if you gave all the power to the CIO that we have this technology czar out there that is going to mandate and dictate everything and then people feel like they have no control

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whatsoever. If we say this board of directors is going to be a Legislative committee, that is where we run into the constitutional problem, because you can't have a board of directors actually approving all of these things, you cannot delegate that authority from the Legislature. It is presumed to be constitutional unless it is challenged.

REP. DALRYMPLE: This bill does not allow them to make Legislative decisions.

SEN. ST. AUBYN: Baloney. The Legislative committee cannot say definitely no, they can only give their best advice. From what I read, their best advice is it leaves it very questionable whether this is constitutional.

JAY: Our purpose is to raise the issues for you so that you understand it. It takes 4 Justices of the Supreme Court and it only takes 1 District Judge.

SEN. ST. AUBYN: The conference committee is adjourned.

## Hearing Date APRIL 10, 1999

SENATOR ST. AUBYN opened the conference committee on SB2043. Roll call: SENATOR SOLBERG, SENATOR ST. AUBYN, SENATOR ROBINSON, REPRESENTATIVE BYERLY, REPRESENTATIVE HUETHER, REPRESENTATIVE DALRYMPLE had to go out of town, but said to proceed; but would we will not finalize until he has a chance to review it.

SENATOR ST. AUBYN: Rep. Dalrymple indicated possible revisions. The House concerns of 2043 include the Board structure is a true government board. One of the suggestions was given the CIO the responsibility and the board be more of an advisory board. Information Technology Board is primarily approval process and that is the problem because you can't have an interim

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committee as an approval process but could be a review process. Suspension of funding would be limited to the recommendation of OMB. The other thing we talked about was the make-up of the committee. The House version calls for some legislators, CPA's, and specialists. My concern is that we have just a regular interim committee, but the difference is that we have the authority to hire technical staff with the expertise, rather than have a CPA on the committee.

REPRESENTATIVE BYERLY: Are you proposing that the committee be made up of a like number of senators and representatives and remove the three outside people, put in some money for a consultant for whatever size of this committee, but are you still proposing that this board have some teeth to it as opposed to just a study committee like the last interim committee.

SENATOR ST. AUBYN: We have to be careful when we say we have a committee that has some teeth into it, because we may get into the problem of improper delegation by the legislature but also we have a Board that is administering basically executive branch agencies and we really don't have that authority constitutionally. REPRESENTATIVE BYERLY: I'm paraphrasing what Jay said; it is constitutional until any judge says it is unconstitutional. SENATOR ST.

AUBYN: If I were to sake an attorney, it would be safe to say they would tell us no. The point is we can still have whatever process - just reporting from CIO and an advisory Board or just the CIO - as long as we inform them of what projects are coming down the line, any equipment that departments are going to be submitting for budgets. That board would also review the progress of that and evaluate how they are progressing on these technologies. Rep. Dalrymple didn't disagree with this concept. He just wanted something in there where suspension of funding would be limited to recommendation of OMB. JAY stated that using a recommendation

approach is a way to avoid direct constitution challenges right away. SENATOR ST. AUBYN: Can OMB legally suspend an appropriation? JAY: If you have the ground work for it. They

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have the authority for reductions if there is not enough money for it. SENATOR ST. AUBYN:

Do you think if we did it that way of changing it to review would be on firmer ground. JAY:

For a direct answer, yes. Needs to be some standards involved which was in that quality

assurance section. SENATOR SOLBERG: Reading from the Oregon law: Joint Legislative

Committee on Information Management and Technology. Four House Members and three

Senators serve on the committee. The purpose tells agencies when and how to request an

appearance before them and they even tell them when and how to appear - a procedure on how.

It documents information systems projects and activities subject to that committee review. When

to use: the agency shall request an appearance before the joint committee 1) before asking for an

expenditure increase in the emergency board which would be our budget section or emergency

commission. The fund project that has a substantial requirement for information technology 2)

before initiating new information technology projects or major enhancements that affects service

to the public or constituent agencies or organizations 3) before initiating major information

technology projects which affects staffing, facilities and space, or other information technology

resources or when an agency wishes to make a presentation or inform the committee on subject

matter involving information systems. They make that recommendation the joint committee

reports to the appropriation process. This is what I'm looking for. We can find countless

number of technology projects that have been funded with little or no legislative approval. We

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number of committee members. Do we want to leave this up to LC? REPRESENTATIVE

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for not being able to get a committee together. REPRESENTATIVE HUETHER: Our Electric

Utilities did not have one absent on any meeting we had. SENATOR ST. AUBYN: I don't have

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certainly drop the sunset clause. REPRESENTATIVE DALRYMPLE: Did you discuss how

you are going to bring expertise technical people into the committee other than just ask the IT

director his opinion. SENATOR ST. AUBYN: One of the concepts was that there may be some

program or major purchases that we may want the advise of consultants. JAY: Our budget has

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type of area where the advise is going to be more expensive and more extensive than most things

and I could see \$25,000 this biennium. JAY: There is money. I visited with the LC staff and

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to IT Committee. Section 16: Eliminated. Transition clause modified to take effect August 1, 1999 in Section 20. Section 23 state forms manager assigned to CIO. Page 21: Effective date clause; sections 2 & 8 take effect as provided in the section; otherwise entire bill takes effect August 1, 1999. SENATOR ST. AUBYN: Covered a lot of concerns. To some degree duplication of wide area network. This is at the request of the schools, cities, counties that they still have some involvement. SENATOR SOLBERG: Page 9 under confidentiality, line 4, May shall be changed to shall. SENATOR ST. AUBYN: I have amendments and Workers' Comp was concerned and wanted that changed. JAY: All telephone records are available; any inquiry can be traced. IT would have to refer back to the Dept. but it is available. SENATOR ST. AUBYN: The meeting was adjourned until call of the chair.

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2043/2044C

Senate Appropriations Committee

✓ Conference Committee

4-10-99

Hearing Date 4/7/99; 4/8/99; 4/9/99; 4/12/99; 4/13/99; 4/14/99.

Tape Number	Side A	Side B	Meter #
4-12-99 3	401-3646		
4-13-99 1	1-1583	2423-end	
4-14-99 1	2513-3682		

Committee Clerk Signature: **Minutes transcribed by other clerks.** *Kathryn C. Holtenevick*

Minutes:

SENATOR ST. AUBYN opened the conference committee on SB 2043. Roll call: SENATOR SOLBERG, SENATOR ST. AUBYN, SENATOR ROBINSON, REPRESENTATIVE BYERLY, REPRESENTATIVE HUETHER, REPRESENTATIVE DALRYMPLE had to go out of town, but said to proceed; but would we will not finalize until he has a chance to review it.

SENATOR ST. AUBYN: Rep. Dalrymple indicated possible revisions. the House concerns of 2043 include the Board structure is a true government board. One of the suggestions was given the CIO the responsibility and the board be more of an advisory board. Information Technology Board is primarily approval process and that is the problem because you can't have an interim committee as an approval process but could be a review process. Suspension of funding would be limited to the recommendation of OMB. The other thing we talked about was the make-up of

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the committee. The House version calls for some legislators, CPA's, and specialists. My concern is that we have just a regular interim committee, but the difference is that we have the authority to hire technical staff with the expertise, rather than have a CPA on the committee.

REPRESENTATIVE BYERLY: Are you proposing that the committee be made up of a like number of senators and representatives and remove the three outside people, put in some money for a consultant for whatever size of this committee, but are you still proposing that this board have some teeth to it as opposed to just a study committee like the last interim committee.

SENATOR ST. AUBYN: We have to be careful when we say we have a committee that has some teeth into it, because we may get into the problem of improper delegation by the legislature but also we have a Board that is administering basically executive branch agencies and we really don't have that authority constitutionally. REPRESENTATIVE BYERLY: I'm paraphrasing what Jay said; it is constitutional until any judge says it is unconstitutional. SENATOR ST.

AUBYN: If I were to sake an attorney, it would be safe to say they would tell us no. The point is we can still have whatever process - just reporting from CIO and an advisory Board or just the CIO - as long as we inform them of what projects are coming down the line, any equipment that departments are going to be submitting for budgets. That board would also review the progress of that and evaluate how they are progressing on these technologies. Rep. Dalrymple didn't disagree with this concept. He just wanted something in there where suspension of funding would be limited to recommendation of OMB. JAY stated that using a recommendation approach is a way to avoid direct constitution challenges right away. SENATOR ST. AUBYN:

Can OMB legally suspend an appropriation? JAY: If you have the ground work for it. They have the authority for reductions if there is not enough money for it. SENATOR ST. AUBYN:



appropriate

Do you think if we did it that way of changing it to review would be on firmer ground. JAY:

For a direct answer, yes. Needs to be some standards involved which was in that quality

assurance section. SENATOR SOLBERG: Reading from the Oregon law: Joint Legislative

Committee on Information Management and Technology. Four House Members and three

Senators serve on the committee. The purpose tells agencies when and how to request an

appearance before them and they even tell them when and how to appear - a procedure on how.

It documents information systems projects and activities subject to that committee review. When

to use: the agency shall request an appearance before the joint committee 1) before asking for an

expenditure increase in the emergency board which would be our budget section or emergency

commission. The fund project that has a substantial requirement for information technology 2)

before initiating new information technology projects or major enhancements that affects service

to the public or constituent agencies or organizations 3) before initiating major information

technology projects which affects staffing, facilities and space, or other information technology

resources or when an agency wishes to make a presentation or inform the committee on subject

matter involving information systems. They make that recommendation the joint committee

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4/12/99 TAPE 3, SIDE A, METER 401

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4-13-99

### CONFERENCE COMMITTEE

SENATOR ST. AUBYN reopened the hearing on SB2043/2044 with all members present, and  
handed out a proposed amendment.

JAY: The only change on the amendments viewed yesterday was to delete the expiration date  
clause on page 2.

*Appoints  
4-13-99*

SENATOR ROBINSON: On page 4 of SB2043, we referenced the Commissioner of Higher Education and I think it wise if we would say "and his or her designee", he or she might be represented by one of the staff people there.

SEN. ST. AUBYN: We did not want to have designees on this when it was a governing board. Now that it is an advisory board, I don't think that is so significant.

REP. DALRYMPLE: Is there something in the statute that implies you can send a designee.

JAY: Yes, normally an officer can appoint a designee to represent that person on the board. The reason designee was not put in before was these people should not delegate the responsibilities to make decisions to a designee, whether it is a deputy or information technology coordinator or whomever.

SEN. ROBINSON: On page 5, line 30 regarding budget requests, we've discussed regarding the reporting requirements in the area of local funds in higher education. What are our expectations.

SEN. ST. AUBYN: You are talking about page 6, line 29 regarding budgeting. Are you talking about the local funds and whether or not that applies.

SEN. SOLBERG: Are you talking higher education.

SEN. ROBINSON: The question is how much are we going to ask those people at the local level.

REP. DALRYMPLE: I have gone over this with Rod Backman and what is expected. This is a part of the formation of the Governor's budget. It's nothing more than what they are already collecting. We are only interested in the technology within that that we be informed of what that portion is and if they are not collecting that information, then we are not going to ask for them to go further.



*Amendment*  
*4-13-99*

SEN. ST. AUBYN: When we were going through our budget for higher education, it would have been helpful to be able to track this. When we went through to try and identify what was actually funded and what was submitted, it was impossible to tell.

REP. DALRYMPLE: The amendment refers to the information technology plan. We are asking for whatever detail is available, and the detail is not that extensive. We have a \$250,000 guideline for the review process.

SEN. ST. AUBYN: Do you think there is any need to do an amendment to clarify that. Jay, do you have a suggestion.

JAY: No, I don't. It is something the IT committee could be looking at.

SEN. ST. AUBYN: We are not concerned about the area of the local funds. On that IT plan it did give the details of all of the costs that's involved with that and where do you draw the line on some of that. Maybe there are other agencies faced with the same thing.

REP. DALRYMPLE: It may be possible to go too far with the plan. This group of legislators are very much at the center, and they are the ones who are reviewing the information and creating the expectations what the Legislature will want. The committee should be able to determine what they want to see and hear. It will be an ongoing policy question. Do we want to see less or more.

SEN. SOLBERG: There is no continuity between campuses whatsoever. The CIO will have to decide once he has got the plans on file, he may want every bit of it on file, but then submit what really goes into the operation. Campuses are all different. There needs to be a standardization of how IT plans are reported.

*Appropriations*  
*4-13-99*

SEN. ST. AUBYN: Rep. Dalrymple, do you see it more as the CIO identify this one, he is asking for the information to the plans.

REP. DALRYMPLE: I would see this as a close relationship between the CIO and OMB. The CIO is going to be working day by day with its plan and OMB has the responsibility to put this in a budget. I think they would like to be able to do just what we are saying here. I think we are doing only what we would like to see happen. In talking it over with OMB, we understand the limitations of this. We receive budget rules. All we are asking how much is technology in other areas. If a particular project together and they come with a project budget of say 2 million dollars, what we are asking for within that 2 million dollars, how much of that amount is salary, how much is hardware, software, etc. When you get to the salary line, that is where you know there are limits to what you can identify. The agency that created the 2 million dollar budget should have some rationale how they arrived at the salary component of that. We have duty to find out whatever rationale is available.

SEN. ST. AUBYN: Based on Sen. Robinson's statement, do we really need all that detail on the local fund part of that because all we are going to get is the line item for total local funds or however we decide that.

REP. DALRYMPLE: I don't see that as a component but there is always an exception.

SEN. ST AUBYN: Maybe that is something that the IT committee will be developing guidelines for the future.

SEN. DALRYMPLE: The committee are the ones who will determine what they expect to see in the statewide plans. That should be the group that will know that.

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REP. BYERLY: Until we get through the first cycle, we won't even know the answer to it ourselves. After one Legislative cycle, we will see how OMB is able to tie this to the actual budget that comes in.

SEN. ST. AUBYN: Did everyone get copies of the Workers Comp amendments. On the first page of the amendment, it says page 2, line 11.

REP. BYERLY: Where he is intending page 2, line 11, it is in our amendment as item #5. He is referring to item #5 where it would read "review the activities and Information Technology Department to insure the, etc."

REP. BYERLY: Part of the review of the IT Department is to see that the needs of the agencies in satisfying their customer requirements which are part of the responsibilities of that IT Department.

REP. DALRYMPLE: In SB2043 in section 2 we create the department, and if we want to make a statement about how they conduct themselves and that they are supposed to serve their customers, I would think that would be the place to say that.

JAY: Section 2 is really identification of divisions of the department without calling them divisions. That came out as the structure of the department. The theory towards the end of section 2 is really the division without saying that they are the division to allow some flexibility, but if you are interested in saying that this is how the department should operate to be efficient, maybe it could be added to section 6 of the business plan. If you think that you need to have a statement saying that we should operate efficiently.

REP. BYERLY: I don't believe that the amendment that he had shown us for SB2044 is necessary. The one that he showed us for SB2043 is basically the same wording as in SB2044

*Appropriate*  
*4-13-99*

and all he is shooting for there is just to insure that whoever becomes the CIO recognizes that each division in department and agency has a unique mission and that unique mission has to be respected when he or she, the CIO is dealing with the agencies. The first sentence that he wants to insert in there deals with the CIO has to take these agencies' individual needs into account. I'm not talking about the review part at all.

SEN. ST. AUBYN: Section 16 goes back to our other thing about our ability to review anyway. Page 3 has to do with the section on confidentiality.

JAY: With may in there, the department is probably going to refer a request anyway. With shall, the department has to refer a request, and there may be some instances where the department is the originator on record.

PAT TRAYNOR: Our concern is that we have to guarantee the integrity of our files. Medical records are private. We recognize that we don't want a singular exemption.

REP. BYERLY: Can we come up with something in that paragraph that addresses that problem, such as changing the may to shall.

SEN. ST. AUBYN: Isn't there a current statute that already identifies some of these records are confidential anyway.

JAY: There is nothing in there now.

REP. BYERLY: They are protected anyway because they are confidential.

SEN. ST. AUBYN: What are the committee's wishes.

REP. BYERLY: Let's try shall. We can find out if it is a burden on these agencies and make the corrections.

*Appropriates*  
*4-13-99*

SEN. ROBINSON: On SB2043 we did insert some language on page 4, section 6, item 4. We should focus on the tribally controlled colleges. Sen. Bercier asked if we could build language in regarding this. We did refer to Indian tribes but no reference to the tribally controlled colleges. He asked for more clarity there.

SEN. SOLBERG: I don't know how much flexibility we have in ISD right now as far as dollars.

SEN. ST. AUBYN adjourned the committee.

**4-14-99**

Senator St. Aubyn reopened the conference committee on SB 2043/2044.

All committee members were present.

Amendments were handed out on SB 2043 and discussed.

Representative Dalrymple: The only thing that I thought the discretion was with the new position would come in with the approval of the emergency position.

Jay: That was what the discussion was and I talked with Chet and the fiscal staff and the emergency commission relates to the old thinking or something that you need to go to the emergency commission and get FTE as long as the legislature is in session, the legislature should make the decision.

Representative Dalrymple: You are saying you need this guy to well do what exactly?

Jim Heck: What we were looking at in SB 2043 was the preparation of a business plan, preparation of RFP to meet the July 2000 implementation date for state government agencies and in RFP or the implementation of cities, counties, and school districts with a date of August 2001.

We need someone to act as a product manager for those activities, we today are an operational

*Appropriates*  
*4-14-99*

organization that basically provides services and we don't have any one that would be in the area of providing the administrative support for these two activities.

Representative Dalrymple: You would envision paying for this guy out of your budget revenues?

Jim Heck: The original fiscal note had those funds coming from the general fund, and at this time we have been trying to put some thought into that this morning. I don't think we have it all put together yet to be honest with you to be part of 2043 at this time. Probably just take the position out.

Representative Dalrymple: I think that's the problem with envisioning a new position on the fly, you kind of soon get into the question of the funding and job description and things that just haven't been thought out to the extent that they should have.

Senator St. Aubyn: I disagree there, in the original plan and in the information we have had there are certain positions that were going to be required and funding level that we were going to provide and appropriation and an ISD for that. I wouldn't say necessarily that it wasn't planned, I am assuming this individual would also be responsible for doing inventory to try to find out what all is going to be involved for the RFP.

Jim Heck: That is correct. Yesterday there was some question about what that individual would do beyond this biennium and if it was just a temporary position. If schools, counties, and cities go through and are mandated to be in the bill does call for them to submit technology plans in regard to state network activities and I say that position continuing to address those technology plans as they were submitted and prepare them in response to the total state wide plan. And again the original bill and the fiscal note attached had two planning positions for that activity.

*Appropriations*  
*4-14-99*

Senator St. Aubyn: Representative Dalrymple was it your idea that they had existing staff that could do all of that?

Representative Dalrymple: As Jim said he had not finished working with OMB on this conditioning a possible amendment to the OMB budget particularly if we are talking about general funds.

Senator St. Aubyn: Would that be your preference, do that there then?

Representative Dalrymple: I would think so yes because OMB is not here apparently they haven't decided on a salary level for the source of funding. I would think it would be better not to flow these bills down with just that one item.

Senator Robinson: If we could have some assurance that we in fact would do that I could live with that and I can appreciate Representative Dalrymple concern. I would mention that during the course of the interim we had extensive discussion about the role and the importance of this agency and the need to really come to grips with all the issues that Jim and Bob and others have shared with the committee and as we uncovered in many meetings. I think there has been sufficient discussion and justification that there will need to be some additional effort put forth in this area if in fact we are going to have a system that is going to be a good system, a quality system that is accepted on a broad base by users and I think we need to get off to a good start here and not sell ourselves short. But if the decision is to address it on the OMB budget I could live with that but I still say there is a need, and I'm not in a position to what Jim can or cannot do within his available resources within the department, but this effort is going to be substantial when you talk about cities and counties and school districts the inventory, we are talking a significant project.

*Appropriations*  
*4-14-99*

Representative Dalrymple: I don't have any problem with having section 35, I think if you want to authorize this position in affect endorse it a little bit here that's all right with me. That would be a worse case scenario, but I'm just we're going to go further than that add general fund dollars I would rather have OMB.

Senator Solberg: I move that the House recede from their set of amendments and further amend SB 2043 version .0406.

Representative Huether seconded.

Motion passed. (6-0)

Representative Byerly made the motion that the House recede from it's amendments and further amend with version .0204.

Senator Solberg seconded.

Motion passed. (6-0)



90213.0500

A

**Amendment to Reengrossed SB 2043  
with House Amendments**

Page 1, line 23, after "assurance" insert ". for fostering information technology innovation by state entities, for conducting its oversight functions with the least possible delay, cost, and procedural burden to all state entities, and for providing services to its state entity customers at a level of quality, responsiveness, and cost comparable to that provided by private sector information technology providers"

Page 3, line 30, after "must" insert "be designed to achieve the department's fundamental mission of serving as an information technology provider to state entities with the same level of quality, responsiveness, and cost as is provided by private sector information technology providers, and of carrying out its oversight responsibilities to achieve statewide information technology efficiency with the least possible delay, cost, and procedural burden to all state entities, and must"

Page 4, line 23, after "guidelines" insert "to achieve statewide information technology efficiency while accommodating the unique missions of the state entities of providing the best possible service to their respective customers and constituents"

Page 4, line 29, after "services" insert ". The department shall grant an exception when it would allow the entity to better achieve its mission of providing the best possible service to its customers and constituents without substantially detracting from statewide information technology efficiency"

Page 5, line 14, after "plans" insert "when the change is necessary to achieve statewide information technology efficiency"

Page 6, line 14, after "effectiveness," insert "innovative development and use of information technology to achieve its mission,"; and after "plan," insert "effective modification of the plan to better achieve its mission"

Renumber accordingly

*Explanatory note: The Department has two roles, as an oversight agency seeking to achieve statewide efficiency in information technology, and as a provider of information technology services to the state entities which are its customers. This amendment seeks to ensure that both roles will stay properly focused. In the oversight role, the amendment ensures the Department will act as a positive coordinator to achieve statewide efficiency in cost, compatibility, and operations, rather than become a burdensome bureaucracy that enforces conformity to procedures, standards, and plans for their own sake, even when doing so could harm rather than promote efficient operations. In the service provider role, this amendment ensures the Department will treat state entities as valuable customers as is required in the private sector, in light of the Department having a monopoly on providing these services to state entities.*

**Amendment to SB 2044  
with House Amendments**

Page 2, line 8, delete "Approve" and insert immediately thereafter "Review for approval", and after "department" insert "at least annually to ensure the department provides service to its state entity customers at a level of quality, responsiveness, and cost comparable to that provided by private sector information technology providers"

Page 2, line 10, after "department" insert "and ensure that the policies, standards, and decisions of the department foster information technology innovation by state entities and accommodate the unique missions of the state entities of providing the best possible service to their respective customers and constituents"

Page 2, line 11, after "department" insert "to ensure the department provides prompt, high quality customer service and conducts its oversight functions to achieve statewide information technology efficiency with the least possible delay, cost, and procedural burden to all state entities"

Page 2, after line 28, insert:

"13. Upon application by a state entity, review decisions, policies, and standards of the information technology department, and reverse or modify them when appropriate to ensure the entity can efficiently provide the best possible service to its customers and constituents without substantially detracting from statewide information technology efficiency."

Renumber accordingly

*Explanatory note: This amendment empowers the Committee to ensure that the Department performs its oversight and service roles effectively to achieve statewide efficiency in a positive manner without becoming a burdensome bureaucracy, and to provide service to state entities with a customer-service approach.*

90213.0500

**Amendment to Reengrossed SB 2043  
with House Amendments**

Page 7, line 10, replace "may" with "shall"

Renumber accordingly

*Explanatory note: This amendment would relieve the department of having to learn and apply the confidentiality statutes and rules of every state agency, and prevent it from being "caught in the middle" between someone requesting information and the agency whose information is being requested. Under this amendment, any time a request is submitted to the department for another agency's information that happens to also be in the possession of the IT Department because of the information technology services it provides, the department would simply forward that request to the relevant agency. This will also protect the interest of all the agencies in ensuring that they can consistently apply their own confidentiality statutes and rules.*

90213.0500

D

**Amendment to Reengrossed SB 2043  
with House Amendments**

Insert the entire text of SB 2044 with House Amendments and Conference Committee Amendments.

Renumber accordingly

*Explanatory note: This amendment adds the provisions of SB 2044 creating the IT Committee to SB 2043, which creates the IT Department that the Committee supervises. This amendment should be done last, so that SB 2044 will include the other proposed amendments before being added to SB 2043.*

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043

That the House recede from its amendments as printed on pages 938 and 939 of the Senate Journal and pages 1031-1033 of the House Journal and that Engrossed Senate Bill No. 2043 be amended as follows:

Page 1, line 3, after the third comma insert "54-44.6-03,"

Page 1, line 10, replace "19" with "16"

Page 1, line 13, remove "Board means the information technology board."

Page 1, line 14, remove "3."

Page 1, line 15, replace "4" with "3"

Page 1, line 18, replace "5" with "4"

Page 2, remove line 20

Page 3, line 6, replace "19" with "16"

Page 3, line 15, remove "The department shall inform the board of any"

Page 3, remove line 16

Page 3, line 26, remove ", and report and make recommendations to the board"

Page 3, line 27, remove "regarding information technology in state government"

Page 4, line 3, replace "15" with "13"

Page 4, line 4, replace "19" with "16"

Page 4, line 7, remove "Before final adoption, the chief information officer shall submit the business plan to the"

Page 4, line 8, remove "board for its review, and the plan is subject to the review of the board."

Page 4, line 12, remove ", as"

Page 4, line 13, remove "defined by the board"

Page 4, line 15, after "of" insert "Indian tribes, nonprofit organizations, and"

Page 4, line 28, replace "State information technology board. The board" with "**Statewide wide area network advisory committee. The statewide wide area network committee**"

Page 4, line 30, replace "eight" with "nine"

Page 5, line 2, after the underscored comma insert "one member representing noncommercial public television stations licensed by the federal communications commission to operate in this state."

Page 5, line 6, replace the first "board" with "committee" and replace the second "board" with "committee"

Page 5, line 8, replace "board" with "committee"

Page 5, line 10, replace "board" with "committee"

Page 5, line 13, after the underscored period insert "The committee shall advise the department with respect to planning and implementation of wide area network services provided by the department."

Page 5, remove lines 14 through 22

Page 5, line 27, replace "board" with "director" and replace "except" with "exempt"

Page 5, line 30, after the underscored period insert "The director shall exempt from the application of this section a county, city, or school district that is under contract to receive wide area network services from an entity other than the department, for the term of that contract, but that political subdivision may not extend or renew that contract beyond July 31, 2001."

Page 6, line 2, remove "and in consultation with the board."

Page 6, line 3, replace "exception" with "exemption"

Page 6, line 7, replace "exception" with "exemption"

Page 6, line 19, remove "in consultation with the"

Page 6, line 20, remove "board"

Page 6, line 29, after the underscored period insert "The agency's budget request and the governor's budget recommendation must include supporting information describing in detail how the information technology plan relates to the budget request and recommendation. Any budget adjustment by the budget office must include the corresponding change to the plan."

Page 7, remove lines 19 through 28

Page 8, line 8, replace "board" with "legislative council"

Page 8, remove lines 9 through 14

Page 8, line 20, replace "excepted" with "exempted"

Page 8, line 26, remove "information technology development account or"

Page 8, line 27, remove "as appropriate."

Page 9, line 1, replace "19" with "16"

Page 9, line 12, replace "July 1, 2000" with "August 1, 1999"

Page 9, line 13, replace "All appointing authorities are encouraged to consider their" with "Before"

Page 9, remove lines 14 through 18

Page 9, line 19, remove "division, and before" and remove "and the state"

Page 9, line 20, remove "information technology board shall approve"

Page 15, after line 10, insert:

**"SECTION 23. AMENDMENT.** Section 54-44.6-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-44.6-03. State forms manager.** ~~The director of the office of management and budget or an individual designated by the director~~ chief information officer of the state shall serve as the state forms manager. The manager shall administer in the executive branch of state government the forms management program established by this chapter. The program must apply efficient and economical management methods to the creation and utilization of state forms."

Page 21, line 12, replace "Except for sections 1, 3, 4, 6, 7, 8, and 20, this Act" with "Sections 2 and 8 take effect as provided in this section. Notwithstanding section 33, until July 1, 2000, state agencies and institutions shall continue to receive wide area network services from the department under the conditions and requirements the agencies and institutions received wide area network services from the division before August 1, 1999. With respect to state agencies and institutions, sections 2 and 8 become effective July 1, 2000, and with respect to counties, cities, and school districts, sections 2 and 8 become effective August 1, 2001."

Page 21, remove lines 13 through 17

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043

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Page 1, line 14, remove "3."

Page 1, line 15, replace "4" with "3"

Page 1, line 18, replace "5" with "4"

Page 2, remove line 20

Page 3, line 6, replace "19" with "16"

Page 3, line 15, remove "The department shall inform the board of any"

Page 3, remove line 16

Page 3, line 26, remove ", and report and make recommendations to the board"

Page 3, line 27, remove "regarding information technology in state government"

Page 4, line 3, replace "15" with "13"

Page 4, line 4, replace "19" with "16"

Page 4, line 7, remove "Before final adoption, the chief information officer shall submit the business plan to the"

Page 4, line 8, remove "board for its review, and the plan is subject to the review of the board."

Page 4, line 12, remove ", as"

Page 4, line 13, remove "defined by the board"

Page 4, line 15, after "of" insert "Indian tribes, nonprofit organizations, and"

Page 4, line 23, after "ensure" insert "that the department exercises its powers and duties with minimal delay, cost, and procedural burden to an entity receiving services from the"



department; to ensure that the department provides prompt, high-quality services to an entity receiving services from the department; to ensure"

Page 4, line 25, after "use" insert "; and to foster information technology innovation by state entities"

Page 4, line 28, replace "**State information technology board. The board**" with "**Statewide wide area network advisory committee. The statewide wide area network committee**"

Page 4, line 29, after "officer" insert "or the officer's designee" and after "administrator" insert "or the administrator's designee"

Page 4, line 30, after "education" insert "or the commissioner's designee" and replace "eight" with "nine"

Page 5, line 2, after the underscored comma insert "one member representing noncommercial public television stations licensed by the federal communications commission to operate in this state."

Page 5, line 6, replace the first "board" with "committee" and replace the second "board" with "committee"

Page 5, line 8, replace "board" with "committee"

Page 5, line 10, replace "board" with "committee"

Page 5, line 13, after the underscored period insert "The committee shall advise the department with respect to planning and implementation of wide area network services provided by the department."

Page 5, remove lines 14 through 22

Page 5, line 27, replace "board" with "chief information officer" and replace "except" with "exempt"

Page 5, line 30, after the underscored period insert "The chief information officer shall exempt from the application of this section a county, city, or school district that is under contract to receive wide area network services from an entity other than the department, for the term of that contract, but that political subdivision may not extend or renew that contract beyond July 31, 2001."

Page 6, line 2, remove "and in consultation with the board."

Page 6, line 3, replace "exception" with "exemption"

Page 6, line 7, replace "exception" with "exemption"

Page 6, line 19, remove "in consultation with the"

Page 6, line 20, remove "board"

Page 6, line 29, after the underscored period insert "The agency's budget request and the governor's budget recommendation must include supporting information describing in detail how the information technology plan relates to the budget request and

recommendation. Any budget adjustment by the budget office must include the corresponding change to the plan."

Page 7, remove lines 19 through 28

Page 8, line 8, replace "board" with "legislative council"

Page 8, remove lines 9 through 14

Page 8, line 20, replace "excepted" with "exempted"

Page 8, line 26, remove "information technology development account or"

Page 8, line 27, remove ", as appropriate."

Page 9, line 1, replace "19" with "16"

Page 9, line 4, replace "may" with "shall"

Page 9, line 12, replace "July 1, 2000" with "August 1, 1999"

Page 9, line 13, replace "All appointing authorities are encouraged to consider their" with "Before"

Page 9, remove lines 14 through 18

Page 9, line 19, remove "division, and before" and remove "and the state"

Page 9, line 20, remove "information technology board shall approve"

Page 15, after line 10, insert:

**"SECTION 23. AMENDMENT.** Section 54-44.6-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-44.6-03. State forms manager.** ~~The director of the office of management and budget or an individual designated by the director~~ chief information officer of the state shall serve as the state forms manager. The manager shall administer in the executive branch of state government the forms management program established by this chapter. The program must apply efficient and economical management methods to the creation and utilization of state forms."

Page 21, line 12, replace "Except for sections 1, 3, 4, 6, 7, 8, and 20, this Act" with "Sections 2 and 8 take effect as provided in this section. Notwithstanding section 33, until July 1, 2000, state agencies and institutions shall continue to receive wide area network services from the department under the conditions and requirements the agencies and institutions received wide area network services from the division before August 1, 1999. With respect to state agencies and institutions, sections 2 and 8 become effective July 1, 2000, and with respect to counties, cities, and school districts, sections 2 and 8 become effective August 1, 2001."

**SECTION 35. DEPARTMENT AUTHORIZATION.** The information technology department may employ a business analyst to perform its responsibilities under this Act, including development of the requests for proposals for the statewide network to be established under this Act."

Page 21, remove lines 13 through 17

Renumber accordingly

403  
4/13/99  
1 of 4

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043

CONF. COMMITTEE AMENDMENTS TO ENGR. SB 2043                      APPROP.                      4/13/99

That the House recede from its amendments as printed on pages 938 and 939 of the Senate Journal and pages 1031-1033 of the House Journal and that Engrossed Senate Bill No. 2043 be amended as follows:

Page 1, line 3, after the third comma insert "54-44.6-03,"

Page 1, line 10, replace "19" with "16"

Page 1, line 13, remove "Board means the information technology board."

Page 1, line 14, remove "3."

Page 1, line 15, replace "4" with "3"

Page 1, line 18, replace "5" with "4"

CONF. COMMITTEE AMENDMENTS TO ENGR. SB 2043                      APPROP.                      4/13/99

Page 2, remove line 20

CONF. COMMITTEE AMENDMENTS TO ENGR. SB 2043                      APPROP.                      4/13/99

Page 3, line 6, replace "19" with "16"

Page 3, line 15, remove "The department shall inform the board of any"

Page 3, remove line 16

Page 3, line 26, remove ", and report and make recommendations to the board"

Page 3, line 27, remove "regarding information technology in state government"

CONF. COMMITTEE AMENDMENTS TO ENGR. SB 2043                      APPROP.                      4/13/99

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Page 4, line 12, remove ", as"

Page 4, line 13, remove "defined by the board"

Page 4, line 15, after "of" insert "Indian tribes, nonprofit organizations, and"

Page 4, line 23, after "ensure" insert "that the department exercises its powers and duties with minimal delay, cost, and procedural burden to an entity receiving services from the"

department; to ensure that the department provides prompt, high-quality services to an entity receiving services from the department; to ensure"

Page 4, line 25, after "use" insert "and to foster information technology innovation by state entities"

Page 4, line 28, replace "State information technology board. The board" with "Statewide wide area network advisory committee. The statewide wide area network committee"

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CONF. COMMITTEE AMENDMENTS TO ENGR. SB 2043                      APPROP.                      4/13/99

Page 5, line 2, after the underscored comma insert "one member representing noncommercial public television stations licensed by the federal communications commission to operate in this state."

Page 5, line 6, replace the first "board" with "committee" and replace the second "board" with "committee"

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Page 5, line 13, after the underscored period insert "The committee shall advise the department with respect to planning and implementation of wide area network services provided by the department."

Page 5, remove lines 14 through 22

Page 5, line 27, replace "board" with "chief information officer" and replace "except" with "exempt"

Page 5, line 30, after the underscored period insert "The chief information officer shall exempt from the application of this section a county, city, or school district that is under contract to receive wide area network services from an entity other than the department, for the term of that contract, but that political subdivision may not extend or renew that contract beyond July 31, 2001."

CONF. COMMITTEE AMENDMENTS TO ENGR. SB 2043                      APPROP.                      4/13/99

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Page 6, line 3, replace "exception" with "exemption"

Page 6, line 7, replace "exception" with "exemption"

Page 6, line 19, remove "in consultation with the"

Page 6, line 20, remove "board"

Page 6, line 29, after the underscored period insert "The agency's budget request and the governor's budget recommendation must include supporting information describing in

detail how the information technology plan relates to the budget request and recommendation. Any budget adjustment by the budget office must include the corresponding change to the plan.

CONF. COMMITTEE AMENDMENTS TO ENGR. SB 2043                      APPROP.                      4/13/99

Page 7, remove lines 19 through 28

CONF. COMMITTEE AMENDMENTS TO ENGR. SB 2043                      APPROP.                      4/13/99

Page 8, line 8, replace "board" with "legislative council"

Page 8, remove lines 9 through 14

Page 8, line 20, replace "excepted" with "exempted"

Page 8, line 26, remove "information technology development account or"

Page 8, line 27, remove ", as appropriate,"

CONF. COMMITTEE AMENDMENTS TO ENGR. SB 2043                      APPROP.                      4/13/99

Page 9, line 1, replace "19" with "16"

Page 9, line 4, replace "may" with "shall"

Page 9, line 12, replace "July 1, 2000" with "August 1, 1999"

Page 9, line 13, replace "All appointing authorities are encouraged to consider their" with "Before"

Page 9, remove lines 14 through 18

Page 9, line 19, remove "division, and before" and remove "and the state"

Page 9, line 20, remove "information technology board shall approve"

CONF. COMMITTEE AMENDMENTS TO ENGR. SB 2043                      APPROP.                      4/13/99

Page 15, after line 10, insert:

**"SECTION 23. AMENDMENT.** Section 54-44.6-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-44.6-03. State forms manager.** ~~The director of the office of management and budget or an individual designated by the director~~ chief information officer of the state shall serve as the state forms manager. The manager shall administer in the executive branch of state government the forms management program established by this chapter. The program must apply efficient and economical management methods to the creation and utilization of state forms."

CONF. COMMITTEE AMENDMENTS TO ENGR. SB 2043                      APPROP.                      4/13/99

Page 21, line 12, replace "Except for sections 1, 3, 4, 6, 7, 8, and 20, this Act" with "Sections 2 and 8 take effect as provided in this section. Notwithstanding section 33, until July 1, 2000, state agencies and institutions shall continue to receive wide area network services from the department under the conditions and requirements the agencies and institutions received wide area network services from the division before August 1, 1999. With respect to state agencies and institutions, sections 2 and 8 become

effective July 1, 2000, and with respect to counties, cities, and school districts, sections 2 and 8 become effective August 1, 2001.

**SECTION 35. DEPARTMENT AUTHORIZATION.** The information technology department may employ a business analyst to perform its responsibilities under this Act, including development of the requests for proposals for the statewide network to be established under this Act."

Page 21, remove lines 13 through 17

Renumber accordingly

(Bill Number) SB 2043 ~~SB 2044~~ (as (re)engrossed):

Your Conference Committee

Attendance	SENATORS	Vote	Attendance	REPRESENTATIVES	Vote
P	St. Aubyn	Y	P	Byerly	Y
P	Solberg	Y	P	Dalrymple	Y
P	Robinson	Y	P	Huetter	Y

recommends that the (SENATE HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (S/J/HJ) page(s) ~~937 - 938~~  
938 - 939

and place \_\_\_\_\_ on the Seventh order.

, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: 4, 14, 99

CARRIER: St. Aubyn .0406

LC NO. 90167 . ~~0200~~ of amendment

LC NO. 90167 . 0200 of engrossment

Emergency clause added or deleted \_\_\_\_\_

Statement of purpose of amendment \_\_\_\_\_

(1) LC (2) LC (3) DESK (4) COMM.



**REPORT OF CONFERENCE COMMITTEE**

**SB 2043, as engrossed:** Your conference committee (Sens. St. Aubyn, Solberg, Robinson and Reps. Byerly, Dalrymple, Huether) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 938-939, adopt amendments as follows, and place SB 2043 on the Seventh order:

That the House recede from its amendments as printed on pages 938 and 939 of the Senate Journal and pages 1031-1033 of the House Journal and that Engrossed Senate Bill No. 2043 be amended as follows:

Page 1, line 3, after the third comma insert "54-44.6-03,"

Page 1, line 10, replace "19" with "16"

Page 1, line 13, remove "Board means the information technology board."

Page 1, line 14, remove "3."

Page 1, line 15, replace "4" with "3"

Page 1, line 18, replace "5" with "4"

Page 2, remove line 20

Page 3, line 6, replace "19" with "16"

Page 3, line 15, remove "The department shall inform the board of any"

Page 3, remove line 16

Page 3, line 26, remove ", and report and make recommendations to the board"

Page 3, line 27, remove "regarding information technology in state government"

Page 4, line 3, replace "15" with "13"

Page 4, line 4, replace "19" with "16"

Page 4, line 7, remove "Before final adoption, the chief information officer shall submit the business plan to the"

Page 4, line 8, remove "board for its review, and the plan is subject to the review of the board."

Page 4, line 12, remove ", as"

Page 4, line 13, remove "defined by the board"

Page 4, line 15, after "of" insert "Indian tribes, nonprofit organizations, and"

Page 4, line 23, after "ensure" insert "that the department exercises its powers and duties with minimal delay, cost, and procedural burden to an entity receiving services from the department; to ensure that the department provides prompt, high-quality services to an entity receiving services from the department; to ensure"

Page 4, line 25, after "use" insert "; and to foster information technology innovation by state entities"

Page 4, line 28, replace "**State information technology board.** The board" with "**Statewide wide area network advisory committee.** The statewide wide area network committee"

Page 4, line 29, after "officer" insert "or the officer's designee" and after "administrator" insert "or the administrator's designee"

Page 4, line 30, after "education" insert "or the commissioner's designee" and replace "eight" with "nine"

Page 5, line 2, after the underscored comma insert "one member representing noncommercial public television stations licensed by the federal communications commission to operate in this state."

Page 5, line 6, replace the first "board" with "committee" and replace the second "board" with "committee"

Page 5, line 8, replace "board" with "committee"

Page 5, line 9, replace "board" with "committee"

Page 5, line 10, replace "board" with "committee"

Page 5, line 13, after the underscored period insert "The committee shall advise the department with respect to planning and implementation of wide area network services provided by the department."

Page 5, remove lines 14 through 22

Page 5, line 27, replace "board" with "chief information officer" and replace "except" with "exempt"

Page 5, line 30, after the underscored period insert "The chief information officer shall exempt from the application of this section a county, city, or school district that is under contract to receive wide area network services from an entity other than the department, for the term of that contract, but that political subdivision may not extend or renew that contract beyond July 31, 2001."

Page 6, line 2, remove "and in consultation with the board,"

Page 6, line 3, replace "exception" with "exemption"

Page 6, line 7, replace "exception" with "exemption"

Page 6, line 19, remove "in consultation with the"

Page 6, line 20, remove "board"

Page 6, line 29, after the underscored period insert "The agency's budget request and the governor's budget recommendation must include supporting information describing in detail how the information technology plan relates to the budget request and recommendation. Any budget adjustment by the budget office must include the corresponding change to the plan."

Page 7, remove lines 19 through 28

Page 8, line 8, replace "board" with "legislative council"

Page 8, remove lines 9 through 14

Page 8, line 20, replace "excepted" with "exempted"

Page 8, line 26, remove "information technology development account or"

Page 8, line 27, remove ", as appropriate,"

Page 9, line 1, replace "19" with "16"

Page 9, line 4, replace "may" with "shall"

Page 9, line 12, replace "July 1, 2000" with "August 1, 1999"

Page 9, line 13, replace "All appointing authorities are encouraged to consider their" with "Before"

Page 9, remove lines 14 through 18

Page 9, line 19, remove "division, and before" and remove "and the state"

Page 9, line 20, remove "information technology board shall approve"

Page 15, after line 10, insert:

**"SECTION 23. AMENDMENT.** Section 54-44.6-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-44.6-03. State forms manager.** ~~The director of the office of management and budget or an individual designated by the director~~ chief information officer of the state shall serve as the state forms manager. The manager shall administer in the executive branch of state government the forms management program established by this chapter. The program must apply efficient and economical management methods to the creation and utilization of state forms."

Page 21, line 12, replace "Except for sections 1, 3, 4, 6, 7, 8, and 20, this Act" with "Sections 2 and 8 take effect as provided in this section. Notwithstanding section 33, until July 1, 2000, state agencies and institutions shall continue to receive wide area network services from the department under the conditions and requirements the agencies and institutions received wide area network services from the division before August 1, 1999. With respect to state agencies and institutions, sections 2 and 8 become effective July 1, 2000, and with respect to counties, cities, and school districts, sections 2 and 8 become effective August 1, 2001."

**SECTION 35. DEPARTMENT AUTHORIZATION.** The information technology department may employ a business analyst to perform its responsibilities under this Act, including development of the requests for proposals for the statewide network to be established under this Act."

Page 21, remove lines 13 through 17

Renumber accordingly

Engrossed SB 2043 was placed on the Seventh order of business on the calendar.

**1999 TESTIMONY**

**SB 2043**

# North Dakota Legislative Council

## Statewide Telecommunications Plan *Financial Analysis & Fiscal Note*

### *Inteliant*

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January 1999

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## I. Executive Summary

In the 1990s, communications have expanded in ways few dreamed of just years ago. These advances have brought about major changes in North Dakota as we look ahead for ways to strengthen our economy and build for our future.

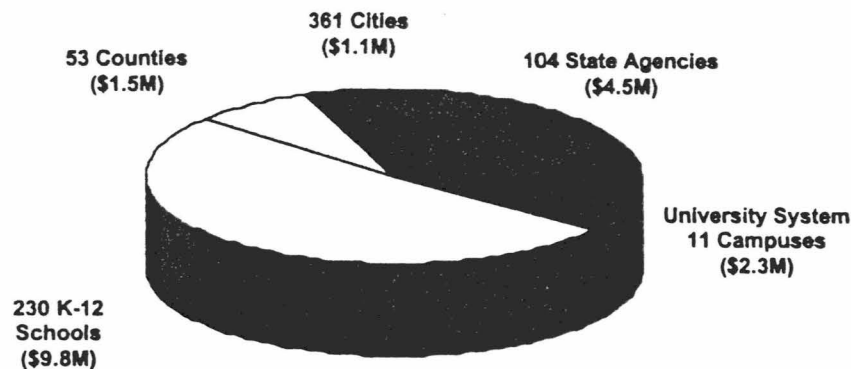
The state's Information Services Division (ISD) has established a solid telecommunications network in conjunction with the university system and the counties. The steps taken by these organizations positions the state to capitalize on advanced improvements in the future. By including key entities such as the K-12 schools, additional libraries, cities and not-for-profit healthcare facilities on this network, the state is in a strong position to leverage its buying power and influence the deployment of advanced technologies throughout the state.

The purpose of this report is to present a fiscal note and supporting information for Senate Bill 2043. The bill has two major objectives:

- Establish the Information Technology Department (ITD)
- Establish a statewide telecommunications network

### Financial Analysis Summary

In 1998, the state of North Dakota spent approximately \$19.3 million on telecommunications services for state agencies, universities, public schools, counties and municipalities. The breakdown of spending is as follows:



Based on industry data, this spending is expected to increase 20% a year, resulting in telecommunications spending of \$57.6 million annually by fiscal year 2005.

Conservatively, the expected financial benefit of implementing an enhanced Information Services Department and establishing statewide telecommunications services is a 3% reduction in spending growth. This translates into savings of \$6.7 million over the next six years.

### Recommendations

1. Establish **ITD as an enhanced ISD** with a cabinet level Chief Information Officer (CIO) reporting directly to the governor. Additional staff will enable ITD to offer expanded services to its customers.
2. Establish a **statewide telecommunications network** for state agencies, higher education, schools, cities, counties and other not-for-profit organizations.

The network presented in this plan is based on the following:

1. **Expansion of current customer base (schools, cities, healthcare, etc.)**
2. **Increased bandwidth capability to meet continually increasing demand**
3. **Implementation of advanced technologies**

North Dakota can realize tremendous benefits by following a unified network strategy, expanding the customer base and enhancing the network. These benefits include:

1. **New technologies** - The joint purchasing power of the entire group is sufficient to drive the market. This will enable both public and private sector entities to obtain new technologies that would not be available on a timely basis with a disparate approach.
2. **Economic Development** - Economic development capabilities throughout the state will be enhanced. North Dakota's improved telecommunications infrastructure will augment business retention, expansion and growth.
3. **Financial savings** - The financial benefits are substantial (See Section VIII).
4. **Rural areas** - Rural areas will benefit tremendously by joining forces with the more populated regions. Rural areas are currently at a significant disadvantage financially and technically in their pursuit of affordable technologies.
5. **Joint planning** - The networking options facing public entities will continue to become more and more complex. By following a single, statewide plan, public entities within the state can advance together and ensure appropriate communications capabilities are deployed and utilized.
6. **Improved government services** - Government data and services can be made more accessible to the citizens of North Dakota as the network expands and new applications are developed.

Other state governments are making significant investments in their telecommunications capabilities. Economic development and educational opportunities commonly drive this investment.

The state of North Dakota has its own purposes. This study indicates the overriding reason for the state to aggregate buying power is to reduce future telecommunications spending and influence the deployment of advanced telecommunications technology throughout the state. North Dakota must make these advances in the coming years to meet user needs and stay competitive. The most efficient and cost-effective way for the state to proceed is as a united group.

This document provides the legislature with the information required to act on this important initiative.



## **II. Project Objectives and Project Team**

The Legislative Council and the Information Technology Committee (IT Committee) defined the objectives to be accomplished by the project team. The two primary objectives of this project were:

- Create a Fiscal Note (99-01 biennium) for the impending legislation which will establish an Information Technology Department to plan and administer the statewide communications network.
- Perform a financial analysis for the implementation of a statewide network that will include state government, higher education, cities, counties, schools and other not-for-profit organizations.

### **Project Tasks**

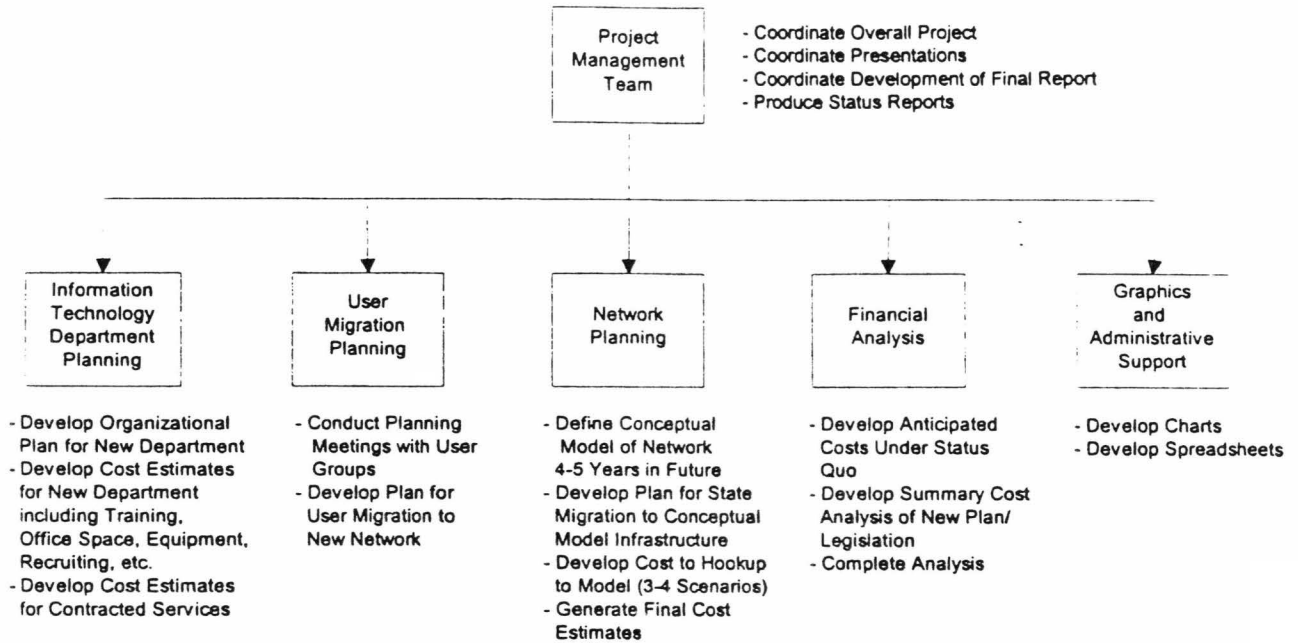
To satisfy the project objectives, the following tasks were accomplished:

- Organized the project and created a Project Team
- Defined the network community
- Defined a conceptual model of the new network as it might exist in the future
- Developed a migration strategy to the new model
- Established costs for migrating to the new network environment over the next six years
- Estimated the cost for each location of converting from the current environment to the new environment
- Defined budget requirements for the new Information Technology (IT) Department and contracted services which might be necessary to deploy the new network
- Summarized the data and developed a summary cost document for the future network
- Developed anticipated costs of telecommunications under status quo
- Developed final conclusions and cost comparisons
- Presented conclusions

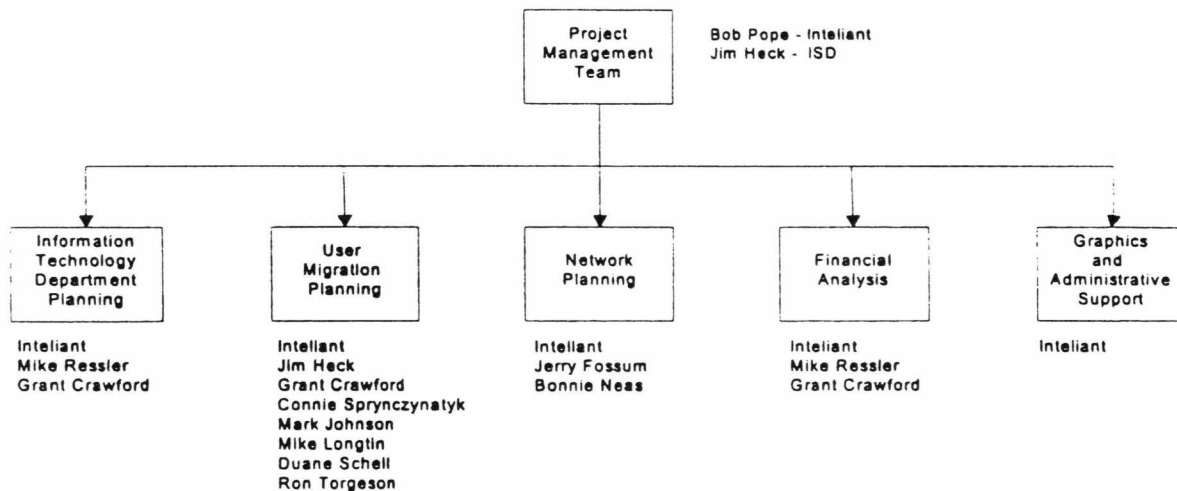
### **Project Team**

Because of the large number of tasks to be accomplished and the various skills needed, a diverse project team was established. The two charts on the following page identify the parts of the team, the primary team members and the functional responsibilities of each part of the team.

## Functional Responsibilities



## Fiscal Note Project Team



**Other Meetings**

The project team also met with representatives from the following groups to gather input and comments regarding the proposed recommendations:

- E.T.C. – Education Technology Council
- North Dakota SchoolNet / SENDIT
- ND Council of Education Leaders – Technology Committee
- US West
- Dakota Carrier Network
- Sprint
- AT&T
- Teledesic (Admiral Bill Owens)
- Office of Management & Budget
- Prairie Public Television
- North Dakota Healthcare Association
- St. Alexius Telecare
- Valley City Economic Development

### **III. Background**

From the first state network in 1982, where the Department of Transportation established direct communications with each district office, until recently when North Dakota began using a high-speed ATM/SONET network between Bismarck and Fargo, changes and improvements in telecommunications technology have been constant.

Today, North Dakota is at a new juncture, where advances in technology and new ways of thinking are prompting a hard look at the way the state interacts with its citizens and manages its telecommunications. Telecommunications technology has the potential of fundamentally changing the way we live, work and play.

Recently, the Information Technology Committee of the Legislative Council contracted with Inteliant to develop a Strategic Telecommunications Plan. The committee recognized new processes and a new organization are needed to stay current and effectively deploy technology in North Dakota government.

As part of that effort, Inteliant visited five states that are leaders in the deployment of statewide communications networks: North Carolina, Oklahoma, Arizona, Washington and Kansas. The project team developed recommendations based on the best practices of those leading states.

#### **Reasons For A Change**

The decision to explore a new approach for statewide telecommunications services was made for the following reasons:

- The need to encourage economic development in North Dakota through the use of a high-speed statewide communications network.
- The increased demand by citizens and companies for improved government services at decreased costs.
- The need for advanced telecommunications services in rural areas of the state.
- The rapid changes in the technologies and mediums used to provide high-speed communications and the convergence of technologies to provide all services over a single medium.
- The increased demand for high-speed data, voice and video communications.

The rapid emergence of digital technologies in the private sector has created both challenges and opportunities for government, and for state governments in particular. Businesses increasingly demand the ability to interact electronically with state governments, just as they do with other customers and suppliers. Moreover, many observers attribute citizen dissatisfaction with government, at least in part, to their sense governments are running behind in achieving the efficiencies and providing the convenient services digital technologies permit.

At the same time, digital technologies are providing state governments with opportunities to integrate programs, involve citizens and manage information in ways never before possible. Increasingly, states are taking advantage of these opportunities. Via the Internet and other digital technologies, citizens around the country are finding their way to government agencies and services without ever having to leave their homes, offices or cars. States are now providing on-line permit applications, electronic tax filing and personal assistance through e-mail correspondence.

Technology enables changes in work processes that lowers cost and improves service. More importantly, technology drives radical changes in governmental operations and it can serve as an economic engine for the state.

### **Anticipated Benefits**

Through the proposed changes in the network and the organization used to plan, deploy and manage the network, the state anticipates realizing the following benefits:

- Improves communications services for the public sector.
- Allows the private sector to receive these enhancements without state involvement.
- Reduces costs by leveraging the state's buying power.
- Creates greater efficiency due to a planned, synchronous deployment of communications.
- Enhances economic development capabilities in rural areas.
- Creates opportunities to equalize education opportunities between rural and urban areas.
- Streamlines procedures that reduce government costs.
- Improves access to government data and services for the citizens of North Dakota.

### **Value of a Statewide Network to the Education of Its Children and Citizens**

In March 1996, the Washington State Legislature passed Senate Bill 6705 to create a K-20 educational telecommunications network. The purpose of the network was to provide Internet, videoconferencing, and video program services to schools, colleges and universities statewide. It did so for the following reasons:

- Given the demand on limited resources, legislators recognized that distance learning using a high-speed network would be the most cost-effective way to provide quality educational services to students who might miss them otherwise.
- Legislators recognized that students need access to information technology, including advanced networking applications, if they are to obtain the skills needed for jobs in a competitive, high-technology marketplace.
- Legislators wanted to ensure the state's educational institutions would work together to develop access to information technology and avoid duplicating facilities at taxpayer's expense.

The state of Wyoming is currently in the process of implementing the Wyoming Equality Network. This is a statewide, high-speed data and video network that will connect all Wyoming public schools while giving communities the capabilities for economic development, telemedicine, and community outreach applications as well as access to the Internet. This network will impact all Wyoming public schools and every community in Wyoming.

Iowa, North Carolina, Utah, Kansas, Alaska, Oklahoma, and Rhode Island, to name a few, are in the process of implementing similar statewide networks for education.

### **Other Advantages of Networks to Schools**

There are many advantages to students in an online world. With just a district network, students can share their work with others in the same class, in the same building or even in a different building. Networks support a teaching model that provides students the opportunity to learn by solving problems. This aids the teacher in becoming an education facilitator to the students in their search for knowledge and solutions.

Once the district and building connect to the Internet, the opportunities grow even larger. Students can share their work with others around the world, providing them access to diverse cultures and perspectives they would not encounter in everyday experiences. Information is available on the

World Wide Web that can provide students access to materials such as scientific journals and up-to-date research data which takes years for textbooks to offer. The Web can also provide access to mentors and experts that would not normally be accessible to children. Videoconferencing equipment allows a district to offer additional classes or supplements to current classes.

As they use the Internet, students become more familiar and comfortable with technology, facilitating their current education while preparing them for the future job market.

### **Expanding the Job Market**

Policy makers, educators and private companies agree the K-20 educational telecommunications network will enable Washington's schools, colleges and universities to expand current distance learning projects and develop new and innovative uses for educational technology. The network enables educational institutions to operate more efficiently and provide citizens the skills they need to land quality jobs in a competitive global economy.

Barry Murphy of Microsoft Corporation says the network "has great potential for continued economic development in this state." He said that along with technology skills, Microsoft looks for other abilities students can gain from the network, such as thinking on their feet, searching effectively for information and collaborating. "You have to have teamwork. This technology will allow students in K-12 and higher education to work in teams. Not just teams within their own classroom but teams in other classrooms – teams in other schools."

By breaking the barriers of time and distance, telecommunications gives adults the option to pursue education throughout their lives without leaving their communities. These new learning opportunities give workers the choice to retrain for new jobs and better earning opportunities.

Businesses and industries can also take advantage of the network's training capabilities. They can work with the educational system and the network to update their employees' knowledge via videoconference at convenient times and places. There is little doubt that states who offer the right training will attract the jobs and employers that use those skills.

"The network is *critically important* to the high-technology companies in Washington which rely on highly skilled workers", said Mike Brice, Washington chairman of the American Electronics Association. "This is an innovative approach to delivering education, and will enhance the productivity of the state's education system."

### **Other Reasons to Invest in Rural Telecommunications**

According to the *Applied Rural Telecommunications Investment Guide*, there are at least ten good reasons for North Dakota to invest in upgrading telecommunications services to its rural communities. These ten reasons are outlined as follows:

- Telecommunications resources can help diversify rural economies, open regional and global markets, and create economic opportunities.
- Telecommunications can make rural companies or organizations more efficient and more competitive.
- Telecommunications resources can help reduce the impact of vanishing or seasonal jobs.
- Telecommunications-based industries are typically cleaner and safer for their workers, the community and the environment.
- Telecommunications resources can leverage a rural area's best features into competitive advantages in the challenge to attract new businesses.

- Telecommunications resources protect the future. The Internet and other telecom-based resources expand the social, educational and intellectual options for young people, making migration to urban/suburban areas less compelling. By bringing the world to your town or region, you make it less necessary for them to travel or relocate.
- Telecommunications resources help build a more informed citizenry and more efficient and responsive local governments.
- Investment in rural telecommunications assets has a significant ripple effect. Improvements to information infrastructure not only support the business and commercial sectors: they also make possible improvements to other rural assets. Once the “data plumbing” is in place, all manner of uses become possible, including some that haven’t been invented yet.
- The network needs the influence and perspective of rural participants.
- Telecommunications can improve the quality of rural life. By providing educational resources, cultural access and opportunities for social interaction, the various forms of telecommunications can reduce the isolation of the wide-open spaces.

### **Recommendations**

The North Dakota Legislative Council published a *Strategic Telecommunications Plan* in October 1998. The report included several recommendations related to the deployment of telecommunications technology. The following list highlights these recommendations:

- Establish an Information Technology Department (ITD) for all telecommunications planning, selection, implementation and management for all state agencies, higher education, schools, cities and counties. Rural hospitals and other not-for-profit organizations should be included as well, if cost justified and desired by the state legislature.
- Establish the director of ITD as the Chief Information Officer (CIO) for the state of North Dakota. Establish the CIO as a cabinet-level position reporting directly to the governor.
- Establish an Information Technology Department Board (ITDB). ITDB should include representatives from the major branches of state government, outside companies and state agencies. ITDB shall have overall responsibility to approve standards and policies related to network technologies in North Dakota.
- Mandate that ITD develop a business plan defining rate plans, missions, roles, policies, transition plans, business objectives, measurements and general procedures.
- Establish a group within ITD for improving personnel productivity and workflow processes for ITD customers.
- Establish a technology development fund to establish the statewide network and to evaluate emerging technologies and implement common, shared components for users of the statewide network.
- Require each entity that will use the statewide network or is a user of ITD services to file a strategic information technology plan.
- Establish a project quality assurance process to provide an independent assessment of the status of major projects.
- Create a department within ITD called Citizen Service Delivery (CSD) to plan and administer access to state information primarily through the Internet.

#### ***IV. Guiding Principles for Recommendations***

The bill draft is based on the following guiding principles. These principles were originally outlined in the October 1998 Strategic Telecommunications Plan prepared by Inteliant.

- **State information systems and communications networks should accomplish the following:**
  - Move government services to direct delivery
  - Improve collaboration and cooperation among government entities
  - Direct investments in technology from a strategic perspective
  - Invest in common components that may be used by multiple organizations
  - Improve the yield on information and technical resources by managing these as strategic assets from a business perspective
  - Lower employee costs and improve service by reengineering business processes
  - Improve customer service by using leading technology
- **State agencies, grades K-12 and post-secondary institutions should focus on their key competencies.** The agency that has network planning, implementation and support as its key competency and function should do network planning, implementation and support for the entire state.
- Citizen expectations for easy access to information and more responsive services are increasing rapidly. This demand for **hassle-free, convenient interactions with state government** is dictating that information be accessible anytime and anywhere.
- The state must plan, govern and fund the implementation and management of a common technical infrastructure that **facilitates the sharing and exchange of data.**
- **The statewide network should be a state resource** accessible by agencies, universities, K-12 education, cities, counties and nonprofit entities.
- **Eliminate duplication** of administration, deployment and management of the statewide communications network.
- **Clearly define position accountabilities and job roles.** As much as possible, establish the roles and accountabilities of the state CIO and the Information Technology Department Board within law.
- **Establish business partnerships** to meet the needs of government, citizens and industry on an ongoing basis. Input from business and telecommunications professionals from outside state government is healthy for both the state and private industry.
- **Establish an entity that will provide input from all government branches regarding telecommunications issues.** The statewide network is so important to the future economic viability of the state that intense cooperation of the legislative and executive branches of state government will be required on an ongoing basis.
- **Offer convenient access for all individuals regardless of their geographic location.** The state's connectivity infrastructure must be affordable, enabling all citizens and businesses in the state to be consumers and producers of the state's information resources.



## V. The State Network of the Future

The main purpose of North Dakota's Network of the Future is to provide North Dakota's public entities with a broadband network that supports voice, data and video communications. The network will give the state the advantages of broadband technology and ways to reorganize government operations to improve service, implement new services and reduce overall costs.

The users of the network would include:

- North Dakota state government agencies
- North Dakota universities
- North Dakota school districts
- North Dakota counties
- North Dakota cities
- Other North Dakota not-for-profit organizations

### Conceptual Design

To forecast future networking costs, the team developed a conceptual view of the future network for the state of North Dakota.

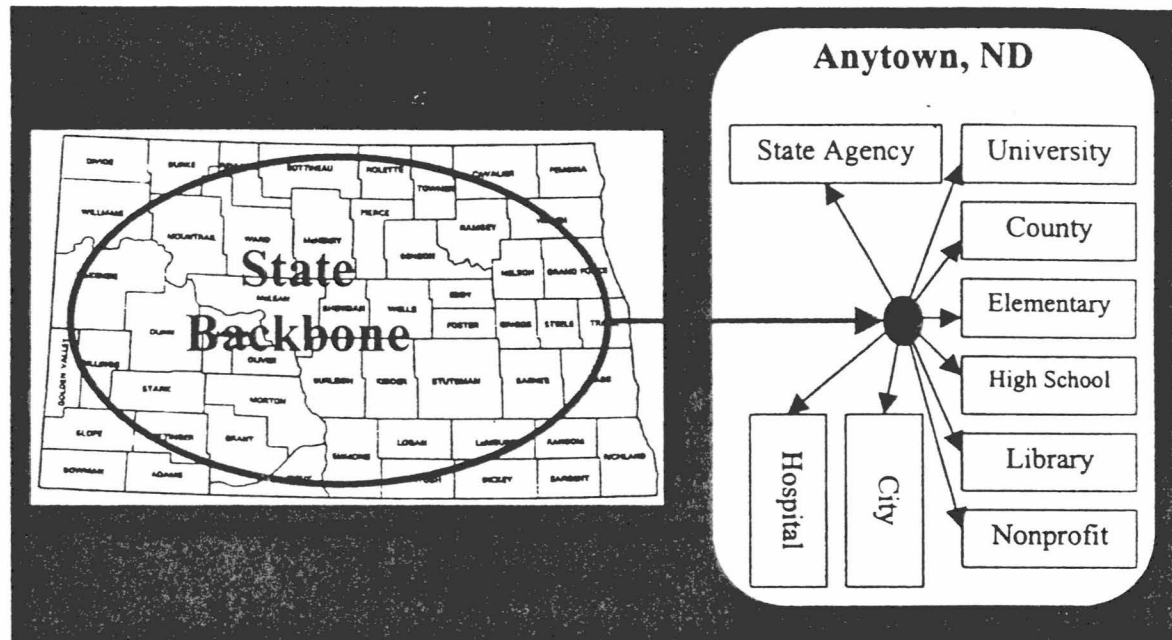
A conceptual model of the network was developed to avoid the problem of technical obsolescence. A conceptual model is defined in terms of requirements and services as opposed to hardware, software, wires and fiber. The conceptual model of North Dakota's Network of the Future has the following characteristics:

- Bandwidth or network capacity is the single most important characteristic of the network. The analysis of other states revealed that most networks were overloaded because demand grew faster than the capacity of the network to supply service. As state agencies, schools, counties and cities all connect to the same network and begin using the network, demand will increase significantly.
- The plan does **not** propose the development of a private, state-owned network for telecommunications services. Instead, the plan suggests the network consist primarily of services procured from private telecommunications service providers. The state would install its own infrastructure only when private providers fail to supply the required services.
- As the largest telecommunications consumer in North Dakota, the state serves the critical role as "anchor tenant." In this role, the state must consider community and economic development issues related to telecommunications and must work with private providers to provide oversight and leadership in the development of the state's future telecommunications infrastructure.
- The Information Technology Department's primary function in relation to the network would include the following major tasks:
  - Maintain a broad overview of the network requirements of the users of the statewide network. This means ITD should anticipate demand and plan for each future network upgrade before the need is present.
  - Contract with various telecommunications vendors to supply the bandwidth and functions needed by the customers of the network.
  - Manage the vendors to ensure compliance with the quality of service issues defined within the telecommunications contracts.
  - Monitor the network to assist in problem resolution (in conjunction with network service providers), particularly as it relates to customer premise equipment.
- The backbone, or the primary components, of the Network of the Future must be able to support voice, data and video over the same set of media and equipment. The system must also

eventually be able to monitor the volume of use of each user of the network to support fair and equitable allocation of cost when cost recovery is applied.

- The network must be developed on a flexible and scalable architecture with the ability to address a rapidly changing telecommunications environment. Vendor contracts must include the same flexibility and scalability.

The following diagram provides a visual depiction of the conceptual network:



“The State Network of the Future”

Advanced telecommunications would be brought into the community to a network access point and distributed to each eligible entity. Because the state is purchasing this service, private individuals and businesses would be in a position to purchase similar services from the telecommunications provider.

### **Projected Technologies**

The conceptual design intentionally avoids designating specific technologies and is based on desired services and outcomes. The principles for ultimately selecting the technologies for the Network of the Future will be based on a detailed technical design, service provider offerings and the cost effectiveness of the solution.

However, the project team outlined potential technologies that meet the requirements of the conceptual design. These technologies include an ATM-based backbone with local access technologies that include frame relay, Digital Subscriber Lines (xDSL) and wireless systems. Future access technologies may include low-earth orbit satellites (LEOs) to serve those areas that are ill-suited for traditional wireline approaches.

## **VI. Network Usage**

This section of the report identifies the potential additional value of improved network capabilities made possible through the implementation of Senate Bill 2043 and the Strategic Telecommunications Plan of the Legislative Council. The expanded uses of the network are identified for state agencies, universities, schools, counties, cities and healthcare organizations.

It is important to note that, in and of itself, the network is simply a delivery mechanism for applications and services. To maximize the potential value of the network, additional investments will be required to purchase and/or develop new applications and hardware. These costs are not addressed in the proposed legislation or this report. Each of these initiatives should stand on its own merit. Executive and legislative leadership should encourage the exploration and implementation of innovative applications to improve services and reduce costs.

### **North Dakota State Government Agencies**

Most state agencies are connected to a data Wide Area Network and a voice network. Some locations are connected to an interactive video network. After the ITD is created and the capabilities of the network increase, the following additional uses and benefits can be realized:

- Provide the technical environment which can reduce paperwork, increase efficiency and improve government effectiveness.
- Increase legislator access to agency information.
- Promote further cooperation and information sharing among state agencies.
- Give citizens increased access to public records, reducing costly, time-consuming work by state employees, resulting in improved customer service. This capability could include access to information on jobs, unemployment benefits, tax records and other items.
- Make video conferencing more widely available, saving on state employee travel costs.
- Create the opportunity for electronic town meetings between government leaders and constituents.

### **North Dakota Universities**

Advanced technology and telecommunications systems are critical to the on-going mission of the North Dakota University System. Technology is an essential component for the university system to provide *a high quality, high access higher education system*.

The North Dakota University System already shares network services with state agencies. After the Information Technology Department (ITD) is created and the capabilities of the network increase, the following additional uses and benefits can be realized:

- Provide the infrastructure for expanded distance learning applications.
- Offer expanded remote learning opportunities.
- Provide some of the essential infrastructure for the “Virtual University” – education anytime, anywhere.
- Enable increased resource sharing across the university system.
- Strengthen collaboration opportunities in research and development of future applications.
- Enhance professional development and continuing education.
- Enable real-time manipulation of remote research instruments.

### North Dakota School Districts

*"The value of having access to advanced telecommunications and information services in America's public schools is clear: the work force of the 21<sup>st</sup> Century will need to be familiar with information technologies, adept at information gathering, and comfortable with the manipulation and interpretation of data. In order to help prepare and train much of tomorrow's labor force, educational institutions will need to be equipped with information technologies and communications networks that are integral to these processes. Students who do not learn to use computers and information technology in schools will not be competitive in the job market."*

*Emilio Gonzalez, United States Department of Commerce*

Section III of the report addresses many of the future benefits of enhanced communication capabilities for the North Dakota's public schools. Accounting for one-half of the state's telecommunications spending, public schools stand to gain the most from the network envisioned within this legislation.

Currently, over 90% of K-12 schools in North Dakota are connected to the Internet via the ND School Net Cooperative, their local telephone company or a local Internet provider. SENDIT and the Center for Innovation and Instruction provide LAN and WAN consulting services to schools to assist them in planning and development. Already, these schools are seeing many of the benefits.

Connecting classrooms to a common network can transform ordinary computers into powerful learning tools. The network will allow education materials and resources to be shared across the state. Access to the network will also introduce students and teachers to people, places and ideas from around the world.

Network-based, interactive video environments will continue to grow in the next few years, making possible the expanded discovery of information and the opportunity for improved schools, learning and student performance. By connecting all of North Dakota's classrooms to a statewide network, the state can ensure that North Dakota students are not left behind.

The network will be used in the following ways:

<b>Student Use</b>	Distance Learning Computer-based Instruction Technology Education Global Learning Research
<b>Teacher Use</b>	Continuing Education / Professional Development Research Curriculum Development Resource Sharing Parent / Teacher Collaboration
<b>Administrative Use</b>	Student Records (reporting / transferring) Fiscal Reporting District and State Collaboration
<b>Community Use</b>	Adult Education (Lifelong learning) Parent / Student / Teacher Collaboration School Information Access

Two critical issues must be addressed to maximize the effectiveness and value of the network for public schools: network support and applications leadership.

SchoolNet and NDSU currently provide support services to the 100+ schools that are part of the ND SchoolNet Cooperative. This arrangement is working well with a high-level of satisfaction by the

member schools. Under a statewide network, it is recommended this arrangement continue on a collaborative basis with the Telecommunications Services Division of ITD. During the 01-03 biennium, it may be necessary to add one support person to SchoolNet to account for additional support requirements.

Applications leadership is critical to realizing the full value of the network. Applications refers to items such as distance-learning courses, computer-based training and resource-sharing applications. Under a statewide network, it is recommended applications leadership be a collaborative arrangement between the new Information Technology Department, the university system, public school representatives, SENDIT, the Center for Innovation and Instruction and the Department of Public Instruction.

### **North Dakota Counties and Cities**

Across America, local governments have struggled to keep up with the technological revolution. High costs and limited expertise have restrained progress in the use of information technology. While several local functions such as libraries, Registers of Deeds and Social Services offices have made significant strides, many other functions have been left behind. Some cities and towns have no connections to the state, other counties or other cities. Others have been able to make considerable strides with their technology. This leaves a huge gap between those with the expertise and those without.

Local governments have a significant need for effective technology and telecommunications capabilities. They are the closest level of government to the people. As government evolves, local governments will be required to provide faster and more convenient services. These changes will require more strategic uses of technology, specifically communications. For this to happen, several things must occur:

- Cities and counties must desire to take advantage of the network and its capabilities.
- A network plan must be developed that serves the needs of cities and counties.
- A complete technical support structure must be implemented.
- Network services that provide maximum financial and operational benefits must be deployed.

Counties and cities will realize the following benefits after the Information Technology Department is created and the capabilities of the network increase:

- Take advantage of state leadership in the selection and deployment of network technology and telecommunications.
- Provide remote employment opportunities by retaining people in rural communities.
- Attract outside technology companies to locate in their communities due to of the presence of an advanced telecommunications infrastructure.
- Allow companies to train employees at colleges and universities through video connections without leaving the work location.
- Provide businesses better access to strategic information and market data.
- Provide a means for statewide library connectivity.
- Allow resource sharing and collaboration opportunities for North Dakota cities and counties.

### **North Dakota Healthcare**

Many opportunities exist within the healthcare industry of North Dakota for use of a high-speed communications network. If desired by the legislature, nonprofit hospitals and clinics could participate in the network to accomplish the following:

- Remote diagnosis for doctors and consultation of patients using real time video and audio telepresence equipment (interactive television). These remote capabilities are used for urgent and routine care.
- Reduced travel time and costs for patients and doctors.
- Improved access to healthcare in rural areas of the state.
- Increased quality by improving physician follow-up care.
- Improved medical education for physicians and other health care professionals.
- Improved access to specialists.
- Improved processing of medical and insurance records.

Although some hospitals and organizations are already using high-speed communications functions (i.e. Telecare Network), their participation with ITD and the state's network will improve their capabilities and increase the telemedicine coverage area.

## ***VII. Information Technology Department***

This section of the report defines the assumptions used in developing the anticipated costs of the new Information Technology Department (ITD). The first and most important assumption is that ITD will replace the current Information Services Division (ISD) of OMB. Therefore, the costs reflected in the accompanying analysis are for the costs due to the change. The costs of ISD, which would have been encountered regardless of this change, are not reflected in the analysis.

The anticipated costs include the following areas:

- Staffing Requirements for salary, benefits and associated recruiting for the following new departmental functions:
  - Office of the CIO and Administrative Support Staff
  - Technology Planning
  - Quality Assurance
  - Process Redesign
  - Citizen Service Delivery
  - Statewide Communication Services
- Increased office space requirements for the additional staff
- New furniture and workstation requirements
- Additional training requirements
- Contract costs for contract personnel and board costs

Costs were first calculated for each year of the next biennium. Annual costs are calculated because, in some cases, the staff may not be needed in year one or the staff may not be available until year two. Each new position will also require additional office space, a workstation and will incur training expenses.

The following information summarizes the new positions added to ITD:

### **Office of the Chief Information Officer (CIO)**

This area modifies the current position of Information Services Director within OMB. This area also creates a new position of Administrative Assistant for the office of the CIO.

Staffing: 1 FTE

The CIO position is a critical position for the state of North Dakota. The CIO will provide vision and leadership in the deployment of new technology initiatives. The CIO will provide oversight for the entire state enterprise in a complex and ever-changing marketplace. For the state of North Dakota, the enterprise includes state agencies as well as the NDUS, public schools, counties and cities.

The effective and strategic use of common enterprise-wide information requires someone with a cross-functional perspective. The CIO's role is to provide leadership in reengineering the enterprise business processes and the underpinning IT infrastructures. These activities should achieve more productive, efficient and valuable use of information within the state.

### **Technology Planning**

This department assumes the current responsibilities of ISD in addition to providing proactive technology planning services for all members of the statewide telecommunications network. It will quantify the needs of member organizations and provide forecasting data to ensure the integrity and operational efficiency of the overall network.

Staffing: 3 FTEs (1 in each of the next three years)

### **Quality Assurance**

Quality Assurance (QA) is a process to improve the likelihood of project success. An independent group that reports to the ITD Board should perform the QA process. By conducting the QA process throughout the project, the Board has a chance to respond proactively to problems before the problems are beyond repair. The term independent can include internal ITD personnel who are in a position to provide an unbiased and impartial assessment of the project status.

Staffing: 2 FTEs (1 in year one and 1 in year two)

### **Process Redesign**

This function is a service to the users of ITD to help ensure they receive maximum value for their technology investments and that the technology is being used in its most efficient and effective manner. The goal of this service is to enable government agencies to redesign their internal processes, shed old ways of doing business and re-invent themselves with modern, streamlined processes.

Staffing: 2 FTEs (1 in year one and 1 in year two)

### **Citizen Service Delivery**

CSD is a new function within ITD to provide leadership for the development of Internet-based applications. It is recommended that this group become a department within Software Development Services.

Staffing: 6 FTEs (3 in year one and 3 in year two)

### **Statewide Telecommunications Services**

This group will have complete responsibility for planning, deploying and managing the statewide area network. This group is currently called Telecommunications Services within ISD. This group will have the added responsibility of supporting the wide area network for schools and cities in addition to the support of state agencies, the university system and counties. It is important for this group to work on a collaborative basis with all members of the network user community.

Staffing: 3 FTEs (1 in each of the next three years)



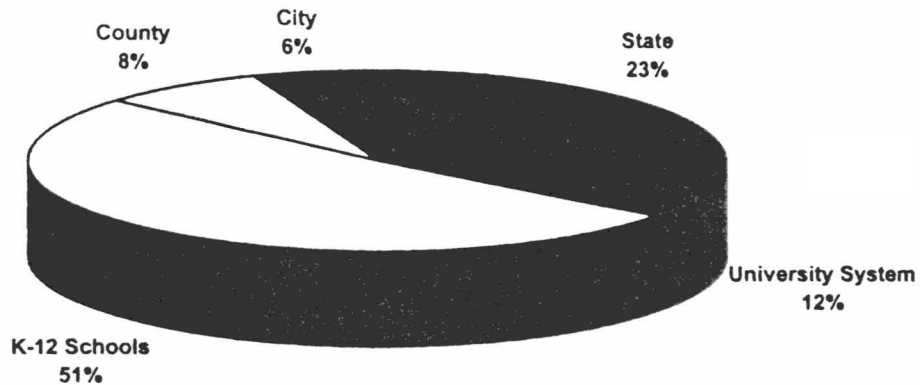
**Cost Summary**

The estimated first biennial increased costs for establishing the new Information Technology Department are as follows:

<b>Projected Costs for New ITD</b>	<b>Total Biennium 99-01</b>
Staffing Increases including Recruitment	\$1,398,000
Increased Office Space Requirements	\$26,400
New Furniture and Workstation Requirements	\$36,100
Additional Training Costs	\$69,000
Contracting & Board Costs	\$310,000
<b>Total</b>	<b>\$1,839,500</b>

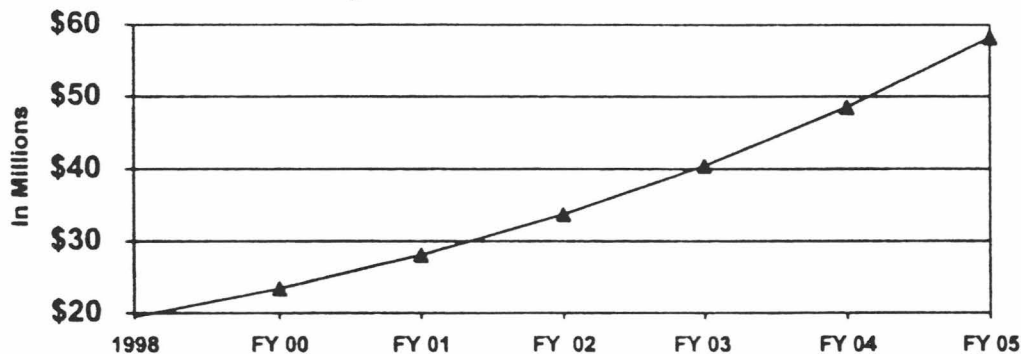
### VIII. Telecommunications Financial Analysis

In 1998, the state of North Dakota spent approximately \$19.3 million in *wide area network* telecommunications services for state agencies, the university system, public schools, county government and municipal government. A breakdown of the spending is as follows:



Future spending for telecommunications services is expected to grow at a minimum of 20% annually. Demand for network services (bandwidth) is being driven by new applications and the explosion of remote access and Internet access. Industry analysts are predicting network demand growth of 300% or more over the next five years. Using average growth of 20% annually, telecommunications spending will increase from \$19.3 million in 1998 to \$57.6 million in 2005.

Projected Annual Telecommunications Spending  
by the state of North Dakota



The projected financial benefits of bringing current services and functions under the auspices of ITD were based on the following:

- **Aggregation of Demand.** The addition of schools and municipalities will more than double the state's current telecommunications buying power. The state would be in a powerful and attractive bargaining position with respect to future service requests from telecommunications service providers. It is difficult to target a specific value to each entity of consolidating the state's buying power. However, states that have moved in the direction of aggregation have found they can reduce their overall procurement costs by 20%. Because North Dakota is already aggregating

telecommunications purchases for state government, the university system, and county government, the project team used a much more conservative figure in projecting the benefit.

- **Statewide Strategy.** There is considerable power and value in having a single telecommunications strategy for the entire state. While the value of a single telecommunications strategy is difficult to quantify, it is safe to assume the state will be positioned to direct funding and investments into areas that conform to the overall strategic plan and minimize misappropriated telecommunications dollars.
- **Common Network Model.** By moving to a common network model, the cost of network operations and maintenance can be reduced. Common standards will make networks easier to maintain and reduce training costs. It has been reported that as much as a 50% efficiency in operation and maintenance costs can be achieved on some networks as a result of consolidating network support. The North Dakota networks studied as part of this analysis were running with very efficient staffing levels. Statewide leadership will ensure this continues as the state advances in telecommunications technology and expands the network user community.
- **Standard Purchasing Criteria.** Another area of potential economic benefit is reducing the possibility of errant capital purchases and technical obsolescence. As a result of statewide leadership for standards and procurement decisions, all members of the network community can make technology purchases based on consistent buying criteria. In addition, the state as a whole will be able to more easily integrate applications and services through these common standards.

The following are indirect benefits to consider for the financial analysis:

- Telecommunications development in rural North Dakota is a growing economic development issue. Access to broadband communications services is becoming a necessity for any community, organization or individual to be competitive in today's economy. State government is the single largest telecommunications consumer in the state and can act as a catalyst for the accelerated deployment of these services throughout the state by aggressively pursuing the implementation of these services with telecommunications service providers.
- Networking of all state and local government resources can dramatically impact the cost of delivery of all government services by creating opportunities to reduce administrative costs, aggregate purchasing for all types of products and services, and reduce the costs of delivering government products and services. Government agencies have projected efficiency gains as high as 20-30% in some operations by establishing direct communications with their constituency and reengineering internal business processes.

The following is a summary of the experience of other states in addressing telecommunications issues similar to North Dakota:

**Colorado**

The state of Colorado has proposed legislation to develop a consolidated network and improve rural telecommunications. The network is based on Asynchronous Transfer Mode (ATM) technology. The state expects to significantly upgrade the capability of the network at the same cost of the current network.

**Pennsylvania**

Pennsylvania is reviewing a telecommunications strategy that includes the aggregation of telecommunications procurements for all state agencies and related entities. Among other benefits, Pennsylvania's study projects a reduction of overall procurement costs of at least 20%.

**Ohio**

The state of Ohio is implementing a statewide telecommunications network intended to provide voice, video and data services to state agencies, public libraries, public radio and television, schools, universities and colleges. The projected annual savings is estimated at \$12 million based on current usage.

**Wisconsin**

BadgerNet is the state of Wisconsin's telecommunications initiative. Eligible users are state agencies, universities and colleges, schools, counties and municipalities. The new network has 11 times the capacity of the current network at about one-third of the cost.

**San Diego County**

San Diego County created a consortium of educational and government entities for the purpose of aggregating buying power. The result was more advanced telecommunications services and a 10% reduction in annual costs.

**Oregon**

Oregon formed a telecommunications council focused on *"improving the quality of life and economic development in Oregon communities by enhancing the delivery of education, healthcare and government services, and supporting the further development of business through affordable telecommunications."* The major strategies of the council included a consolidation of government networks and a focus on aggregating buying power to serve rural areas.

The table below outlines the analysis used by the project team to determine the overall financial impact of this project. The project team used very conservative numbers in this determination.

Category of Service	% of Total Cost in ND	Plan Impacts	Potential Financial Impact	% used in ND analysis <sup>1</sup>
Lines and Service	51%	Aggregation of demand	Up to 20%	3 to 10%
Hardware / Software	31%	Statewide strategy Aggregation of demand Standard Capital Purchasing	Up to 10%	0 to 3%
Labor	18%	Common Network Model Statewide Strategy	Up to 50%	None <sup>2</sup>
<b>Total</b>	<b>100%</b>		<b>Up to 21%</b>	<b>3% to 13%</b>

<sup>1</sup> Percentages adjusted to reflect impact to all network spending.

<sup>2</sup> Telecommunications services within the state are currently tightly staffed. While some economies of scale may be gained by adding cities and schools, the project team allocated no financial impact in order to remain conservative.

**Financial Analysis Summary<sup>3</sup>**

The financial analysis includes \$6.2 million in capital expenditures that will be required to complete the installation of a new network. Capital expenditures would include site premise equipment, site preparation and equipment installation costs. An average cost of \$10,000 per entity was used to cover the anticipated incremental capital expenditures of this effort.

The table that follows outlines the expected financial benefit to the state of North Dakota. The analysis used the most conservative assumption of ITD having a 3% impact on the expected growth in telecommunication costs. The table includes the anticipated costs of establishing ITD and assumes no financial benefit during the first year (FY 99). Using these assumptions, the projected financial impact is a savings of \$6.7 million in telecommunications spending over the next six years.

	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	Total (00-05)
Total Annual Cost	\$19.3	\$23.1	\$27.8	\$33.3	\$40.0	\$48.0	\$57.6	\$229.8
ITD Staffing Costs		\$0.8	\$1.0	\$0.5	\$0.5	\$0.5	\$0.5	\$3.8
Projected Capital Costs			\$1.0	\$1.0	\$1.5	\$1.5	\$1.2	\$6.2
Projected Cost Impact	\$0.0	\$0.8	\$1.3	-\$0.1	-\$0.9	-\$2.6	-\$5.1	-\$6.7

*(in millions of dollars)*

**Industry Input**

The project team also gathered input from industry service providers for this analysis. US West, Dakota Carrier Network, AT&T and Sprint were asked to provide financial estimates for the conceptual network. The industry data suggests the state can significantly improve and increase current capabilities while maintaining or reducing costs from its current levels. This is accomplished through the aggregation of demand and providing the service providers with a commitment to moving forward with current and emerging technologies.

This data indicates the numbers used in the financial analysis are extremely conservative in terms of the potential savings and benefits to the state.

<sup>3</sup> This financial analysis assumes, based on industry projections, an annual 20% increase in statewide telecommunications spending. ISD and the University System have expressed concerns with this assumption as their current 99-01 budget projections do not include this level of increased spending. The appendix (page 32) includes a financial analysis using a 10% growth figure.

## **IX. Questions and Answers**

### **1. How will this plan affect economic development groups?**

The project team believes rural economic development and increased educational opportunities are the two major reasons for implementing this plan and legislation. By moving forward with this plan, state government will be in a powerful position to impact the deployment of current and affordable telecommunications services in rural areas. It is recommended all economic development groups be informed regarding the value of this network and how other states are using similar networks in their marketing plans and advertising to attract businesses to their state.

### **2. Why is participation in the network mandated and not voluntary?**

The state needs the participation of all schools, cities and counties to aggregate buying power and maximize the potential benefits described in this plan. The state needs to move forward as a single enterprise to effectively influence the deployment of advanced telecommunications capabilities throughout the state. While some individual entities may end up paying more for telecommunications services under this plan, the state as a whole will benefit from decreased costs, improved services and increased economic development.

### **3. How will this plan affect E-rate eligibility?**

The FCC operates a program under the Universal Services Fund called E-rate. This fund provides a reimbursement of certain telecommunications costs for eligible schools, libraries and rural healthcare organizations. While operating under a single state network does not disqualify these organizations from receiving this funding in the future, it is important for the network and services to be properly organized to maintain funding eligibility. This is very feasible as per the current FCC regulations. Other states doing similar network upgrades are finding ways of addressing this important issue.

### **4. How will the university research function be affected?**

University research functions related to technology and telecommunications are vital to higher education and the entire state. It is anticipated the university system will continue to maintain separate connections for research purposes such as Internet 2 and connectivity to national and international higher education institutions.

### **5. How do software applications at the organizational level relate to a statewide network?**

The value of a common statewide network is in the ability to share applications, resources and information. This network connection will help facilitate email and Internet access. However, new applications or new databases, which might operate on the network, are not addressed within this legislation or plan. The new network will allow the existence of new Internet-based applications, but they will need to be budgeted and developed in the future.

### **6. What is the importance of collaborative relationships with the network community and suppliers?**

As the project team conducted research for this project, it became clear the state must find new and better ways of interacting with the vendors who supply technology. They have valuable insight and knowledge of what is happening in the industry and can provide guidance on future technology opportunities including new services and applications that will become available. These relationships are critical as the state moves forward from a technological perspective.

**7. How does this plan relate to Prairie Public Television plans and the telemedicine initiatives developed by the healthcare community?**

The project team conducted meetings with both PPTV senior management and those working with telemedicine and concluded there is potential for their needs to be consolidated with the needs of the state. It is recommended the new Information Technology Department and CIO review the situation and present recommendations to the ITD Board regarding the potential to integrate the plans of these groups.

**8. What bandwidth projections were used by the project team?**

Industry bandwidth projections suggest a 300% to 600% cumulative growth in bandwidth over the next five years. In addition, the project team looked at the state's growth in telecommunications requirements over the recent past. There was concurrence the state would experience substantial growth in the future, particularly in education, where the high-bandwidth requirements are more extensive due to distance education demands and the recognition technology is a fundamental part of today's educational process.

**9. Why is it important to do this now?**

Currently, all public entities are gearing up for increased wide area communications. Further delays will result in the potential purchase of systems that may not be compatible in the future. In addition, systems may be purchased at a lower cost if done as a group under the leadership of the new Information Technology Department.

**10. Would it not be better for each area to work out their own arrangements on an individual basis?**

It is true some individual entities may be able to procure lower cost Internet connections on their own. However, when viewed as an enterprise, the entire state wins by aggregating the buying power of all entities. In addition, without a statewide implementation plan, economic development opportunities will not be realized, and rural areas of the state will continue to be under serviced.

**11. Isn't this expensive?**

The price tag for new communication networks is expensive. This will be true, unfortunately, with or without this plan. Based on the financial analysis performed within the scope of this project, it is anticipated North Dakota taxpayers will spend less under this plan than they will without the plan. Please refer to the Financial Analysis section of this report for a detailed review of this issue.

**12. Will schools be required to replace personal computers as a result of this legislation?**

No. This legislation only addresses wide area network services such as Internet and ITV access.

**13. Section 2 of the bill (Senate Bill 2043) states that the Information Technology Department is responsible for computer support services, host software development, statewide communications services, standards, technology planning, process redesign, and quality assurance. Do these responsibilities extend beyond state agencies and to other entities such as the University System?**

Section 5 of the bill defines ITD's responsibilities to include all executive branch state entities *excluding* the institutions under the control of the board of higher education.

## **Appendix**

- A. Definitions**
- B. Financial Analysis**
- C. Implementation Plan**
- D. Detailed Position Descriptions for ITD**
- E. Methodology Used to Develop this Report**



## **A. Definitions**

Backbone	The top level or main circuits in a network. Similar to the water mains in a city water system.
Bandwidth	Typically used to describe the amount of data that can be sent through a telecommunications circuit or connection. Bandwidth is measured in bytes per second. The typical home personal computer has a modem that communicates at a speed of 56K or 56,000 bytes per second.
Broadband	A telecommunications medium that is capable of carrying multiple signals and a wide range of frequencies. Broadband technologies allow carrying voice, video and data signals over a single circuit.
Frame Relay	A form of switching protocol for wide area networks that can be purchased in specific data rates or bandwidth.
Internet	The Internet is the largest electronic network in the world.
LAN	A LAN (or Local Area Network) is a network intended to serve a small area (thus Local) and is usually confined to a building or set of contiguous buildings.
LEO	LEO or Low-Earth Orbit satellite, is a proposed broadband satellite system being developed to address the needs of areas with an inadequate telecommunications infrastructure. Analysts believe by 2003, two or more broadband satellite systems will be operational.
Network	A network can be as simple as two computers connected together, or as complex as 30 million connected together (The Internet). Other devices can be connected to a network as well (i.e. printers, disk drives, terminal server and communication servers).
T-1	A T-1 is a type of circuit with a bandwidth capability of 1.544 megabits per second or 1,544,000 bytes per second.
WAN	A WAN (or Wide Area Network) is a network intended to cover a large geographic area.
xDSL	DSL or Digital Subscriber Line is a technology that can handle multi-megabit data services over traditional copper subscriber loops.

## **B. Financial Analysis**

The project team surveyed the following entities to determine the current level of spending for telecommunications services within the state:

- State Agencies
- North Dakota University System
- Counties
- Cities
- Schools

The focus of this financial analysis was on wide area network communications (WAN). For the purposes of the financial analysis, the following definition of a WAN was used:

“the wide area networks which carry voice, data and video from one location to another. A location is defined as a building or a set of buildings on contiguous property for a particular state organization or a single access point for a political subdivision. The wide area network includes the personnel that deploy and manage the networks. From an equipment standpoint, it includes the equipment up to and including the demarcation equipment. It does not include the local area networks that reside within a political subdivision or a building/set of buildings within a contiguous property.”

The following costs were collected as part of the financial analysis:

### Line and Services Costs for Voice, Data and Video

- From each non-Capitol campus agency location to the wide area network backbone
- From each school district (K-12 schools) to the wide area network backbone
- From each university or college campus of NDUS to the wide area network backbone
- From each city administration campus to the wide area network backbone
- From each county administration campus to the wide area network backbone
- Wide Area Network Backbone

### Hardware and Software Costs

- For multi-function equipment, if the major purpose of the equipment is WAN related, the costs were included. If not, the costs were excluded.
- Associated product costs required to connect each of the locations listed above to the wide area network.
- Associated costs for products used to monitor or repair any part of the wide area network.
- Note: All hardware and software costs were annualized. Annualized costs were determined by dividing original purchase price by three for universities and state agencies. This approach provided a more accurate way of forecasting future purchase costs.

### Labor

- All state, NDUS, county, city or school personnel costs associated with planning, administering or maintaining the wide area network or capitol backbone (both full-time and part-time personnel). Time was prorated for personnel who do not spend 100% of their time on WAN-related activities.

### Other Contract Costs

- All costs not previously mentioned which are associated with WAN vendors.

Internet

- All costs associated with Internet access services currently encountered (either internal or external costs) by the state, NDUS, counties, cities or schools. These costs included hardware, software, tools, operations, administration, personnel, fees, etc.
- All costs associated with Internet hosting services currently encountered (either internal or external) by the state, NDUS, counties, cities or schools. These costs included hardware, software, tools, operations, administration, personnel, fees, etc.
- These costs also included those currently encountered from the public Internet service providers used by the state, NDUS, schools, cities or counties for any or all of the previously listed services.

PBX and Centrex

- These costs included the line to demarcation and the equipment percentage associated with long-distance services.
- PBX costs
- Centrex costs
- Line costs associated with dial tone function provided by rural telephone companies and US West
- In-state long distance calling costs including inbound 800 services

The following costs were excluded as part of the financial analysis:

- Phone sets
- Remote office (non-capitol campus) PBX costs
- Voice Mail services if the costs can be segregated
- Fax-On-Demand services
- Out-of-state long distance

The following table outlines the estimated 1998 spending for telecommunications services:

State Agencies	\$1,538,718	\$1,046,666	\$989,833	\$971,382	\$4,546,599
University System	\$1,582,560	\$330,880	\$366,507	\$0	\$2,279,947
K-12 Schools	\$3,019,053	\$4,638,115	\$1,965,112	\$185,095	\$9,807,375
Cities	\$1,055,473	\$26,721	\$6,667	\$29,163	\$1,118,024
Counties	\$1,491,908	\$0	\$6,500	\$38,333	\$1,536,741
<b>Total</b>	<b>\$8,687,712</b>	<b>\$6,042,382</b>	<b>\$3,334,619</b>	<b>\$1,223,973</b>	<b>\$19,288,686</b>

*North Dakota Legislative Council  
Telecommunications Study Fiscal Note Analysis*

The following table outlines the projected spending for telecommunications services for the next six years (based on 20% growth)<sup>4</sup>:

	FY99	FY00	FY01	FY02	FY03	FY04	FY05
State Agencies	\$4,546,599	\$5,455,919	\$6,547,103	\$7,856,523	\$9,427,828	\$11,313,393	\$13,576,072
NDUS	\$2,279,947	\$2,735,936	\$3,283,124	\$3,939,748	\$4,727,698	\$5,673,238	\$6,807,885
K-12 Schools	\$9,807,375	\$11,768,850	\$14,122,620	\$16,947,144	\$20,336,573	\$24,403,887	\$29,284,665
Cities	\$1,118,024	\$1,341,629	\$1,609,955	\$1,931,945	\$2,318,335	\$2,782,001	\$3,338,402
Counties	\$1,536,741	\$1,844,089	\$2,212,907	\$2,655,488	\$3,186,586	\$3,823,903	\$4,588,684
Total Annual Cost	\$19,288,686	\$23,146,423	\$27,775,708	\$33,330,849	\$39,997,019	\$47,996,423	\$57,595,708
Biennium Costs			\$50,922,131		\$73,327,869		\$105,592,131
Total Next 3 Biennia							\$229,842,131
Annual % Cost Increase		20.0%	20.0%	20.0%	20.0%	20.0%	20.0%

The table that follows outlines the expected financial benefit to the state of North Dakota. The analysis presented is based on ITD having a 3%, 8%, or 13% impact on the expected growth in telecommunication costs. The table assumes no financial benefit during the first year (FY 99). Using these assumptions, the projected financial impact is a savings of \$6.7 to \$54.3 million in telecommunications spending over the next six years.

	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	Total (00-05)
Total Annual Cost	\$19.3	\$23.1	\$27.8	\$33.3	\$40.0	\$48.0	\$57.6	\$229.8
ITD Staffing Costs		\$0.8	\$1.0	\$0.5	\$0.5	\$0.5	\$0.5	\$3.8
Projected Capital Costs			\$1.0	\$1.0	\$1.5	\$1.5	\$1.2	\$6.2
Projected Cost Impact (3%)	\$0.0	\$0.8	\$1.3	-\$0.1	-\$0.9	-\$2.6	-\$5.1	-\$6.7
Projected Cost Impact (8%)	\$0.0	\$0.8	\$0.1	-\$2.8	-\$5.5	-\$9.6	-\$15.1	-\$32.0
Projected Cost Impact (13%)	\$0.0	\$0.8	-\$1.0	-\$5.3	-\$9.6	-\$15.7	-\$23.4	-\$54.3

<sup>4</sup> As stated earlier in the report, the numbers projected are based on industry projections of telecommunications demand and do not reconcile current 99-01 budget projections.

*North Dakota Legislative Council  
Telecommunications Study Fiscal Note Analysis*

The following table shows the impact to the financial numbers if telecommunications spending growth is slowed to 10% per year.

	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	Total (00-05)
Total Annual Cost	\$19.3	\$21.22	\$23.3	\$25.7	\$28.2	\$31.1	\$34.2	\$163.7
ITD Staffing Costs		\$0.8	\$1.0	\$0.5	\$0.5	\$0.5	\$0.5	\$3.8
Projected Capital Costs			\$1.0	\$1.0	\$1.5	\$1.5	\$1.2	\$6.2
Projected Cost Impact (3%)	\$0.0	\$0.8	\$1.4	\$0.1	-\$0.2	-\$1.3	-\$2.7	-\$1.9
Projected Cost Impact (8%)	\$0.0	\$0.8	\$0.3	-\$2.1	-\$3.7	-\$6.1	-\$9.0	-\$19.9
Projected Cost Impact (10%)	\$0.0	\$0.8	-\$2.1	-\$4.9	-\$7.0	-\$9.8	-\$13.2	-\$36.0

### **C. Implementation Plan**

This section of the report outlines the anticipated approach of eventually serving all of the entities contemplated by the Strategic Telecommunications Plan.

The steps to upgrading and serving all of the cities, schools, counties, universities and agencies with the Network of the Future include at least the following items:

1. Develop a detailed technical design of all of the components of the new network and establish appropriate phases for all of the necessary network changes. This technical design would establish the hardware required for each general category of user to establish communications with the high-speed backbone of the network. This hardware would include any changes of their Local Area Network or PBX equipment needed for interface to the wide area network including routers, CSU/DSU, personality modules, as well as any changes from their current line of demarcation all the way to the backbone.
2. Develop a network RFP that would address the needs of the infrastructure, that is the fiber, hardware, software and tools necessary to maintain a communication network to support the needs of the state.
3. Develop a network equipment RFP for the acquisition and implementation of the hardware and software that the cities, counties and schools would need to connect to the network.
4. Complete the initial staffing plan for the Information Technology Department. This activity would include establishing the Board, the CIO and the key players in the communications department.
5. Develop a business plan for the new Information Technology Department. This plan would establish the operating guidelines for the new organization, pricing models, technical standards for all users of the network, data sharing strategies, security policies, training policies. Most importantly, this plan will focus on how the network can improve the quality of education and the business climate in North Dakota.
6. Upgrade the state's ability (hardware, software, staff, training, capitol backbone) to support the anticipated explosion of Internet-based applications which will proliferate on the new network.
7. Finalize this general plan and establish the exact dates for each city, school, etc. to attach to the new network thus enabling ITD to establish detailed workplans for implementation. ITD can then establish bandwidth requirements for the backbone of the network for each phase of implementation. As more users are added to the network, additional backbone capacity will be necessary.
8. Using the hardware RFP developed earlier, establish a group of vendors that can provide the necessary hookup equipment. This list will enable the entities to buy it using the state contract when necessary.
9. Using the network RFP developed earlier, select a vendor that will take overall responsibility for installing and maintaining the backbone. In addition, this vendor should take responsibility for the local connects that run from the backbone out to each local entity, often referred to as the local Point of Presence (POP).
10. Implement the plan.

## D. Detailed Position Descriptions for ITD

**Note** – The salary ranges used in this study are based on existing salary ranges within ISD for comparable positions. The state may have difficulty attracting experienced personnel for some positions within these existing ranges. This is a problem that extends far beyond the scope of this study and is being addressed by both the executive and legislative branches.

### Office of the CIO

**Bill Draft:** *The governor shall appoint the chief information officer of the state. The governor shall appoint the chief information officer on the basis of education, experience and other qualifications in information technology and administration. The position of chief information officer is not a classified position. The chief information officer services at the pleasure of the governor. The governor shall set the salary of the chief information officer within the limits of legislative appropriations.*

*The chief information officer shall:*

- 1. Administer the department.*
- 2. Employ any personnel determined to be necessary to carry out the responsibilities of the department and duties as prescribed by law.*
- 3. Fix the salaries of all employees within the department, within the limits of legislative appropriation. All personnel within the department are entitled to actual and necessary travel expenses at the same rate as for other employees of the state.*
- 4. Participate on the information technology board as a nonvoting member.*

**Background:** This area modifies the current position of Information Services Director within OMB. This area also creates a new position of administrative assistant for the office of the CIO.

**Staffing Requirements:** New FTEs are required to address the administrative assistant position. Additional compensation dollars are expected to be required to attract a qualified CIO for the state of North Dakota.

**Compensation / Fringe:** Grade Level 18 – Administrative Assistant (Average compensation \$24,000/year)

Add \$40,000 additional compensation for CIO position

**Space Requirements:** 120 square feet per person at \$10 per square foot

**Training Requirements:** \$3,000 per year per person

**Furniture/Workstation:** \$2,100 for furniture per person

\$2,500 for workstation per person

\$200 for shared resources per person

**Contracted Costs:** None

**Fiscal Note Assumptions:** Year 1 – Add one staff

### Technology Planning

**Background:** This department assumes the current responsibilities of ISD in addition to the following:

- Network planning for the new statewide network which will serve a variety of new users, i.e. cities and schools.
- Working closely with information technology coordinators within each agency to ensure a coordinated approach for the implementation of technology within the state.
- Working closely with NDUS technology personnel to coordinate standards, procedures and technology implementations within the state.
- Planning for the future of the Citizen Service Delivery department.
- Coordinating Process Reengineering efforts within the state.
- Coordinating the activities of the Quality Assurance department.
- Planning for the future training needs of the consolidated ITD staff.
- Working with vendors in creative ways to ensure North Dakota can take advantage of new technologies coming available. This activity will help ensure its citizens can take advantage of the Internet and high-speed networks to lower costs and encourage economic development.
- Reviewing the Strategic Technology Plans for each user entity attached to the statewide network.

**Staffing Requirements:** New FTEs are required to address added responsibilities. Initial assumptions allow for three (3) additional FTEs.

**Compensation / Fringe:** Grade Level 34 (Average compensation \$50,000/year)

**Space Requirements:** 120 square feet per person at \$10 per square foot

**Training Requirements:** \$3,000 per year per person

**Furniture/Workstation:** \$2,100 for furniture per person  
\$2,500 for workstation per person  
\$200 for shared resources per person

**Contracted Costs:** \$120,000 (900-1,000 hours)

**Fiscal Note Assumptions:** Year 1 – Add one staff FTE  
Year 2 – Add one staff FTE  
2001-2003 – Add one FTE staff



## Quality Assurance

**Bill Draft:** *The chief information officer shall establish a project quality assurance process that provides an independent assessment of the status of major projects. The Board shall define a major project, whether by a predefined amount or a determined risk. The personnel responsible for providing the assessment shall report to the Board on a quarterly basis until six months before the actual deployment of a major project. At that time, the personnel responsible for the assessment shall begin providing monthly project status reports to the Board.*

**Background:** Quality Assurance (QA) is a process to improve the likelihood of project success. Quality Assurance, if implemented correctly, can help projects by identifying requirements for additional resources, training or development tools that might be very difficult for the project manager to request. The QA process should be performed by an independent group that reports to the Board of ITD to enable them to provide the resources ensuring the project's success. By conducting the QA process throughout the project, the Board has a chance to respond proactively to problems before the problems are beyond reparation. The term independent can include internal ITD staff in a position to provide an unbiased and impartial assessment of the project status.

It is recommended the quality assurance personnel report to the Technology Planning function.

**Staffing Requirements:** Staffing requirements will depend on the definition of a major project and the number of concurrent major projects.

Using an assumption of 30 concurrent major projects, it is anticipated this function will require two (2) new FTEs. This allows for 10-12 hours per project per month.

**Compensation / Fringe:** Grade Level 27-31 (Average compensation \$45,000/year)

**Space Requirements:** 120 square feet per person at \$10 per square foot

**Training Requirements:** \$3,000 per year per person

**Furniture/Workstation:** \$2,100 for furniture per person

\$2,500 for workstation per person

\$200 for shared resources per person

**Contracted Costs:** \$70,000 (500-600 hours)

**Fiscal Note Assumptions:** Year 1 – Add one staff FTE / Contracted Assistance

Year 2 – Add one staff FTE

2001-2003 – Maintain staff level of two

### **Process Redesign**

**Background:** This function is a service to the users of the network to help ensure they receive maximum value for its technology investments. Their role is to enable government agencies to redesign their internal processes, shed old ways of doing business and re-invent themselves with modern, streamlined processes.

It is recommended that Process Redesign personnel report to the Technology Planning function.

<b>Staffing Requirements:</b>	Staffing requirements will depend on the acceptance of reengineering within state agencies and the political subdivisions.  Initial assumptions allow for two (2) FTEs. This allows 4-5 concurrent reengineering efforts.
<b>Compensation / Fringe:</b>	Grade Level 36 (Average compensation \$55,000/year)
<b>Space Requirements:</b>	120 square feet per person at \$10 per square foot
<b>Training Requirements:</b>	\$3,000 per year per person
<b>Furniture/Workstation:</b>	\$2,100 for furniture per person \$2,500 for workstation per person \$200 for shared resources per person
<b>Contracted Costs:</b>	\$100,000 (700-800 hours)
<b>Fiscal Note Assumptions:</b>	Year 1 – Add one staff FTE / Contracted Assistance Year 2 – Add one staff FTE 2001-2003 – Maintain staff level of two

### **Citizen Service Delivery (CSD)**

**Background:** CSD is a new function within ITD to provide leadership for the development of Internet-based applications. It is anticipated this group would become a department within Software Development Services. CSD will have the following responsibilities:

- Working in conjunction with the university system to develop common Internet standards for all users of the network. The standards should address appearance, accessibility, security and naming conventions.
- Overseeing the development of all state agency web sites. State agencies may have the responsibility of developing and maintaining their own web sites, however, this will be done under the oversight of the CSD group.
- Developing, deploying and maintaining the Internet applications that provide direct citizen accessibility to government services. This would include electronic commerce.

Ideally, these applications can be deployed at minimal cost to the user agency much like the model used in Kansas. Some of the application costs could potentially be paid for through fees that are charged to Internet users or by savings accrued through the use of better technologies. The ITD Board should review these options and consider this pricing model within the next biennium.

**Staffing Requirements:** Initial assumptions allow for six (6) FTEs during the first biennium with three (3) additional FTEs added during the second biennium. This allows multiple and concurrent development efforts.

The quantity and complexity of the projects in this group is expected to increase significantly over the next five years. However,

**Compensation / Fringe:** Grade Level 27-31 (Average compensation \$45,000/year)

**Space Requirements:** 120 square feet per person at \$10 per square foot

**Training Requirements:** \$3,000 per year per person

**Furniture/Workstation:** \$2,100 for furniture per person

\$3,000 for workstation per person

\$200 for shared resources per person

**Contracted Costs:** None

**Fiscal Note Assumptions:** Year 1 – Add three staff FTE  
Year 2 – Add three staff FTE  
2001-2003 – Add three additional staff FTE

**Statewide Telecommunications Services (SCS)**

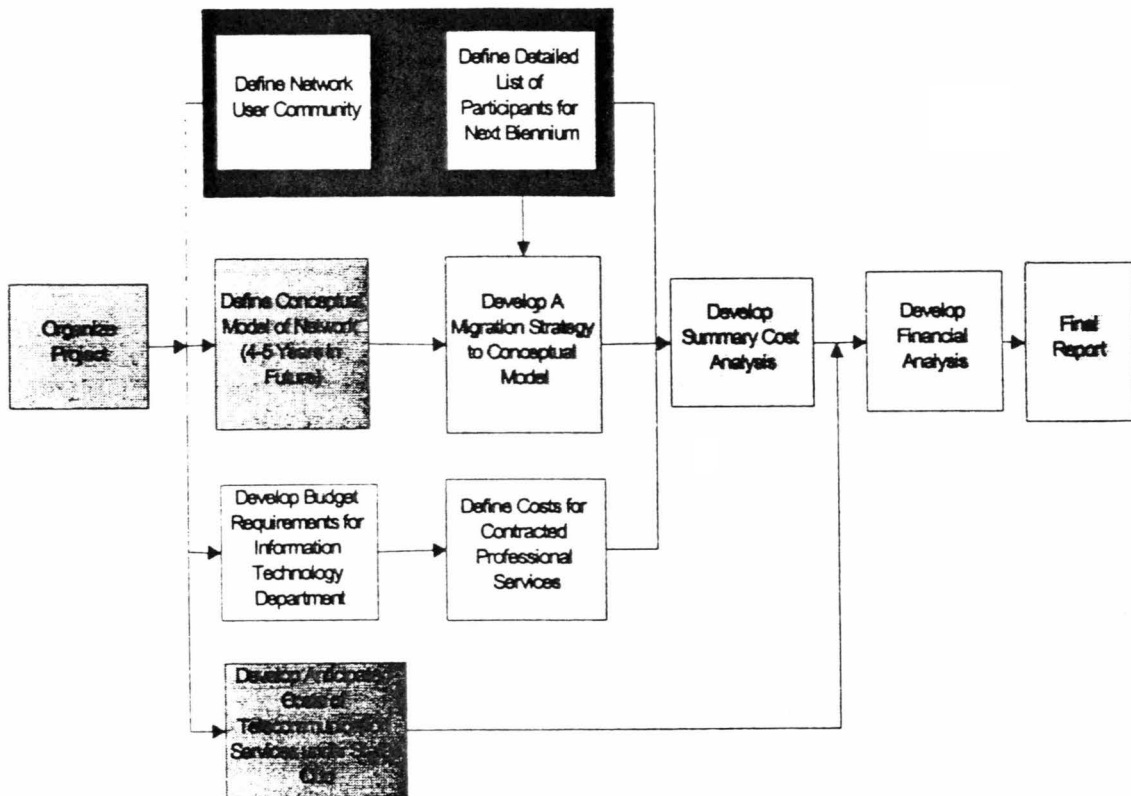
**Background:** This function has complete responsibility for planning, deploying and managing of the state wide area network. This group is currently called Telecommunications Services within ISD. This group will have the added responsibility of supporting the wide area network for schools, cities, and libraries, in addition to support state agencies, the university system and counties.

It is anticipated that SCS will fulfill its responsibilities by contracting various products and services from hardware, software and network vendors doing business in North Dakota. For example, it is not expected this department will replace the telephone company. Instead, SCS will determine new communication requirements and deploy them through the use of vendor contracts.

- Staffing Requirements:** Initial assumptions allow for three (3) additional FTEs in Network Operations. This allows for the design, deployment and support of the statewide communications network.
- Compensation / Fringe:** Grade Level 27-31 (Average compensation \$45,000/year)
- Space Requirements:** 120 square feet per person at \$10 per square foot
- Training Requirements:** \$3,000 per year per person
- Furniture/Workstation:** \$2,100 for furniture per person  
\$3,000 for workstation per person  
\$200 for shared resources per person
- Contracted Costs:** None
- Fiscal Note Assumptions:** Year 1 – Add one staff FTE  
Year 2 – Add one staff FTE  
2001-2003 – Add one additional staff FTE

### E. Methodology Used to Develop this Report

The following chart outlines the methodology used for this report:



SB 2043  
1/25/99

(4)

STATE AUDITOR  
ROBERT R. PETERSON



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STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
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**TESTIMONY BEFORE THE  
SENATE APPROPRIATIONS COMMITTEE**  
January 25, 1999

Senate Bill No. 2043

Testimony – Presented by Ed Nagel Jr.  
Director

Chairman Nething and members of the Senate Appropriations Committee, the Office of the State Auditor is neither for nor against this bill, but we would like to propose an amendment to insure we have unrestricted access to the information we need to fulfill our statutory responsibilities in an efficient and effective manner.

The Assistant Attorney General assigned to our office has advised us that the sentence beginning on line 2 of page 9 could delay our access to information held by the proposed Information Technology Department. We do not believe the intent of this bill is to hamper the Auditor's Office from gaining access to information that we need to do our work.

One reason we need unrestricted access to information is for the sake of efficiency. It would hold up the audit process if we were required to obtain permission from a state agency, or at times a number of state agencies, before the proposed Information Technology Department would grant us access to that agency's information. This is true whether we need access to: accounting data; security information; or computer program coding and documentation. Other reasons we need unrestricted access to information are: possible fraud investigations where we do not want to immediately alert the client for fear of having documentation destroyed; and, preliminary investigations to determine if further detailed investigations are necessary. During preliminary investigations we can sometimes rule out a problem by taking a quick look at data, sparing the client from unnecessary alarm.

The proposed amendment would allow our office to obtain information on state agencies which is in the possession of the Information Technology Department, without having to first get an agency's permission to look at that information. Under North Dakota Century Code Section 54-10-22.1, the State Auditor's Office has access to any information in the possession of any governmental unit, that we need to conduct an audit.

Thank you for the opportunity to testify on SB 2043. I would be happy to respond to any questions.

**PROPOSED AMENDMENTS TO SENATE BILL NO. 2043**

Page 9, line 2, replace "The" with "Except for disclosure requested under section 54-10-22.1, the"

Renumber accordingly

**TESTIMONY ON SB2043**  
**To the Senate Appropriations Committee**  
**By the Information Services Division**  
**Monday, January 25, 1999**

The Information Services Division supports Senate Bill 2043.

The Information Services Division is requesting your consideration of the following proposed amendments:

- Page 4, Line 8--replaced "approval, and the plan is subject to the approval of the board." with "review and approval."
- Page 5, Line 5--replace "chairman of the legislative council" with "governor".
- Page 5, Line 13--replace "The board is responsible for:" with "The board shall advise the CIO in:"
- Page 5, Line 14--replace "Approving the business plan of the department." with "Developing a business plan for the department."
- Page 5, Line 15--replace "Addressing macrolevel operational questions." with "Reviewing and make recommendations on policy questions."
- Page 5, Line 16--replace "Reviewing and approving" with "Reviewing and make recommendations on"
- Page 5, Line 17--replace "Reviewing and approving" with "Reviewing and make recommendations on"
- Page 7, Line 19--delete beginning with "The personnel responsible" and ending with "reports to the board" on Line 22. Insert "The personnel responsible for providing the assessment shall report on major projects as directed by the Board."

The proposed amendments in Section 6, Page 4, just restate that the board must review and approve the business plan.

The amendments in Section 8, Page 5, gives the governor authority to designate the chairman of the board. The amendments also restate the responsibilities of the board to be advising the CIO.

The amendments in Section 14, Page 7, state that the board would determine the frequency of the reporting rather than put it in statute. This will provide



flexibility in that all projects may not need the same required reporting frequency.

The Information Services Division requested \$200,000.00 of general funds in the ISD budget. This request was made prior to the final recommendations of the consultant to the Information Technology Committee and the drafting of SB2043. The intent was that ISD would fund a minimum of two process redesign reviews with a report showing the business case, cost benefit analysis and projected cost with a report to the Governor and the next Legislative Assembly. The fiscal note for SB2043 includes two full-time positions to do the same. The appropriations committee can choose to cut \$140,000 of the general fund money from ISD's budget or remove the two positions and its estimated cost from the fiscal note for Senate Bill 2043. ISD planned to do a comprehensive study of K-12 technology needs and implementation plan, with the remaining \$60,000, with a report to the Governor and the next Legislative Assembly. The two technology planning positions in the fiscal note probably duplicates this effort. Again, the appropriations committee can remove \$60,000 in general fund money from ISD's budget if the planning positions are approved.

I wish to thank Inteliant on the process of developing the fiscal note. Our office was part of the process and our recommendations were always considered. The fiscal note does raise some concerns but the I appreciate the process to keep ISD involved.

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## NORTH DAKOTA UNIVERSITY SYSTEM SB2043

Chair and Members of the Committee:

I am Laura Glatt, Vice Chancellor for Administrative Affairs for the North Dakota University System. I am here today to support SB2043 as introduced.

A number of personnel from across the NDUS have been working closely over the past two months with both Scott Kost and Bob Pope of Intelliant. Let me first say that we appreciate their efforts and the process that these two individuals have used in bringing this report forward to you. That is not to say that there has been total agreement, but those differences were handled professionally and constructively.

As I said earlier, we are supportive of the bill and its direction as it relates to creating a common statewide network. We currently share the same network with ISD and the other state agencies and we believe we have all gained some significant benefits through this relationship. It has truly been a partnership and a good model of collaboration. This is due to the leadership of Jim Heck and his willingness to work cooperatively with the NDUS in planning and implementing the network so that decisions recognize the need for efficiencies, but also customer service. Although we are in support of the concept of a statewide network, there are a couple of things that I feel I must address.

First, the financial plan outlined in the report quite vividly points out the rapid rate of growth we have been and will continue to see in telecommunications. The report states: "Industry analysts are predicting network demand growth of 300% or more over the next five years" (page 21) and "Industry bandwidth projections suggest a 300% to 600% cumulative growth in bandwidth over the next five years" (page 26). In addition, the report states: "There was concurrence that the state would experience substantial growth in the future, particularly in education, where the high-bandwidth requirements are more extensive due to distance education demands and the recognition that technology is a fundamental part of today's educational process." (page 26). Unfortunately we have not been able to keep pace with the increased demands to date, thus, our reach to catch up is a little longer. The fiscal analysis assumes a twenty percent minimum growth in annual telecommunication spending over the next six years. We do not necessarily disagree that demand will increase at this level; however, the budget for the 99-01 biennium does not include adequate funds to cover a twenty percent increase in spending. According to the estimates found on page 31 of the report, this translates into nearly \$1.5 million increase in spending for the NDUS in 1999-2001. For all entities including state agencies, NDUS, cities, counties and schools the increased costs associated with the twenty percent growth in spending is over \$12 million in 99-01. All of these calculations assume that the NDUS remains at the same percentage (12%) of total network spending. However, as pointed out earlier, it is anticipated that education will see the largest growth. As a result, I would suggest that these increased costs are underestimated as they relate to the NDUS and education in general.

Again the 99-01 budget before you does not include this increased level of funding. Without an additional general fund appropriation to the NDUS to cover these increased costs, we will not be able to invest that level of resources in network growth. (This is not included in the fiscal note

that is before you.) As a result, the projected cost reductions projected by Intelliant on page 24 will not materialize as they relate to the NDUS since they are based on a twenty percent annual increase in spending.

What we are essentially building here is a technology highway across the State of North Dakota. But, if there are no cars to drive on it, we will experience limited benefits. That maybe is an oversimplification, but it makes my point. The network is only the enabler. The state must also make investments in applications. I only raise this issue, because I would expect that the legislature will see increased requests for funding applications and additional equipment in future biennia. This will be necessary in order to achieve the benefits outlined in the plan as they relate to the NDUS including:

- ◆ Offer expanded remote learning opportunities;
- ◆ Enable increased resource sharing across the university system;
- ◆ Strengthen collaboration opportunities in research and development of future applications;
- ◆ Enable real-time manipulation of remote research instruments. (Pages 14-15)

In section 10 of SB2043, higher education administrative systems would now be subject to the information technology standards established by the Information Technology Department. Under current state statute, higher education is not required to follow the standards. However, we have voluntarily participated in the development and implementation of those standards in cooperation with the Information Services Division. We do not anticipate any major problems as a result of this change. Our only concern is that as the academic and administrative technologies and uses continue to merge, it will become more and more difficult to separate uses and functionality between academic/research and administrative systems. The administrative systems only exist to support the academic and research functions. As a result, they must recognize the needs of and support the academic and research units.

Thank you and I would be happy to answer any questions.

(phone 328-4116 or e-mail at [laura\\_glatt@ndus.nodak.edu](mailto:laura_glatt@ndus.nodak.edu))



## NORTH DAKOTA ASSOCIATION OF TELEPHONE COOPERATIVES

Box 1144 - Mandan, ND 58554  
Phone 701-663-1099 - FAX 701-663-0707

### PROPOSED AMENDMENTS TO SENATE BILL NO. 2043

Page 1, line 23, after "counties" strike "," and insert "and"

Page 1, line 23, strike "and school districts"

Page 1, line 24, after "county" strike "," and insert "or"

Page 1, line 24, strike "or school district"

Page 2, line 1, after "county" strike "," and insert "or"

Page 2, line 1, strike "or school district"

Page 5, line 24, after "county" strike "," and insert "and"

Page 5, line 24 after "city" strike ", and school"

Page 5, line 25, strike "district"

Page 5, line 26, after "county" strike "," and insert "or"

Page 5, line 26, strike ", or school district"

Page 5, line 27, after "county" strike "," and insert "or"

Page 5, line 27, strike ", or school district"

Page 5, line 29, after "county" strike "," and insert "or"

Page 5, line 29, strike "or school district"

Page 5, line 30, insert "School districts may elect annually to  
be subject to provisions of this Act."

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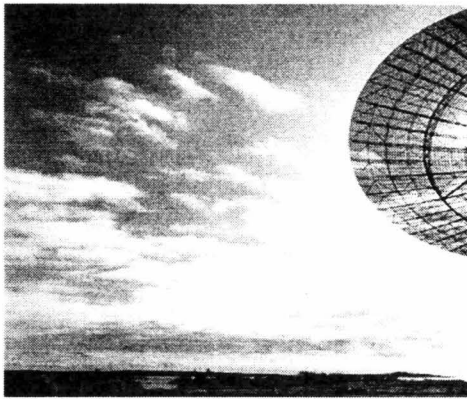
January 25, 1999

**Senate Bill 2043**  
**Senate Appropriations Committee**  
**Honorable David Nething, Chairperson**

Mr. Chairman and members of the committee, for the record, my name is Larry Robinson, State Senator from District 24, Barnes County. I appear before you today in support of Senate Bill 2043. I have had the privilege of serving as the chairperson of the Legislative Council's interim Information Technology committee for the past two interims. I have come to have a real appreciation for the critical role technology plays in our society and our system of government here in North Dakota and indeed across this nation. Senate Bill 2043 is a product of the Interim Technology Committee. The bill calls for the establishment of a Information Technology Department responsible for all telecommunications planning, selection, and implementation for all state agencies and institutions, counties, cities, and public elementary and secondary schools. The bill also calls for the transition of the responsibilities of the current Information Services Division, which would be replaced by the new department. The department would be administered by a chief Information Officer appointed by the governor. In addition, the bill also creates a Information Technology Board, consisting of four legislators appointed by the Legislative Council, seven members appointed by the governor, the chief information officer, the chancellor of the NDUS, and the Supreme Court administrator.

The board would be responsible for approving the business plan of the department, reviewing and approving the statewide information technology plan, assessing major projects to insure quality assurance, and reporting to the governor and the Legislative Council on matters concerning Information Technology.

The board could exclude mandatory participation in the state network any county, city, or school district that demonstrates its current network services are more cost effective than wide area network services available from the department. The main purpose of this bill is to provide the structure for consolidated telecommunications planning and implementation for all state agencies, higher education, counties, cities, and school districts into one department.



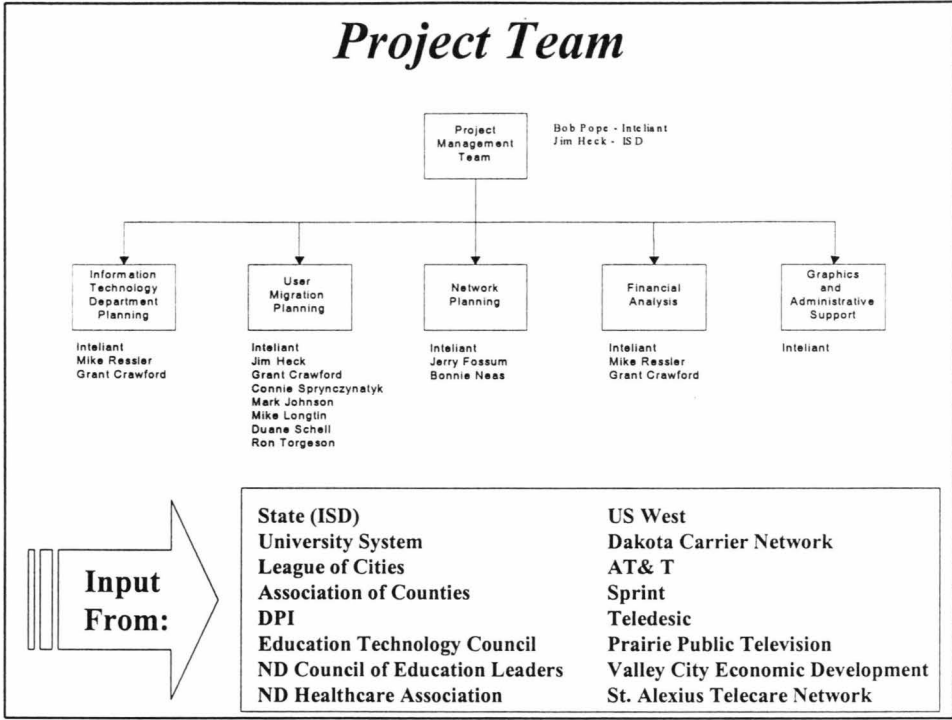
Financial Analysis and  
Fiscal Note

January 25, 1998

**North Dakota**  
**Statewide Telecommunications Plan**

***North Dakota Telecommunications  
Summary Recommendations***

- **Establish the Information Technology Department**
  - Office of CIO
  - ITD Board
  - Technology Planning
  - Quality Assurance
  - Business Process Reengineering
  - Citizen Service Delivery
  
- **Establish a statewide telecommunications network**
  - State Agencies
  - University System
  - Schools
  - Counties
  - Cities
  - Other Non-profits



## New Information Technology Division ← *Change to Department*

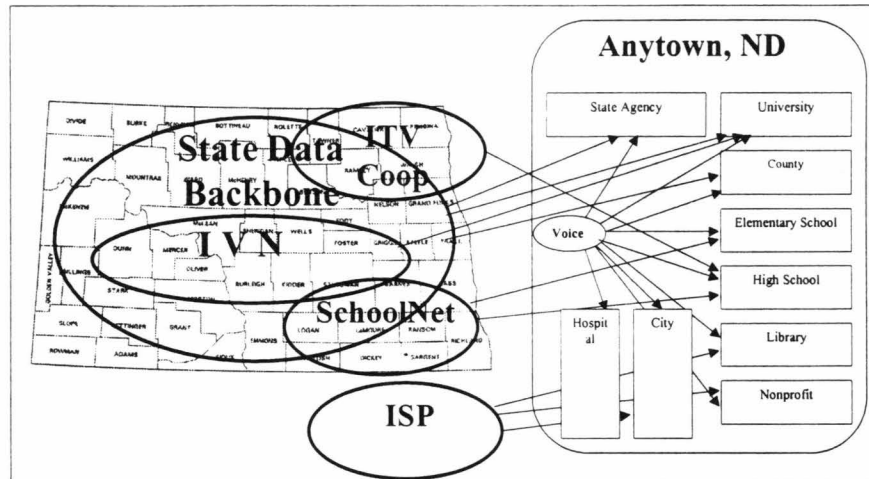
### New Positions

- Office of the CIO (1 FTE)
- Technology Planning (3 FTE)
- Quality Assurance (2 FTE)
- Citizens Service Delivery (6 FTE)
- Business Process Reengineering (2 FTE)
- Statewide Communications Services (3 FTE)

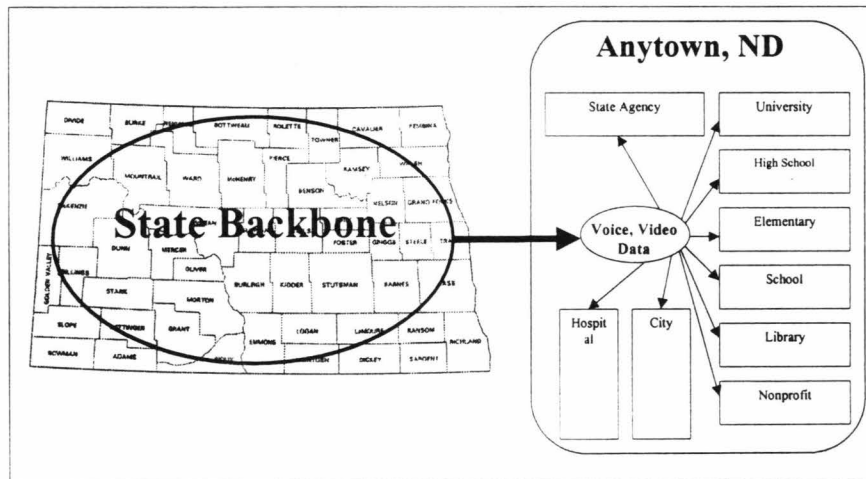
Item	Total Biennium 99-01
Staffing Increases	\$1,398,000
Office Space	\$26,400
Furniture / Workstation	\$36,100
Training	\$69,000
Contracting / Board	\$310,000
<b>Total</b>	<b>\$1,839,500</b>



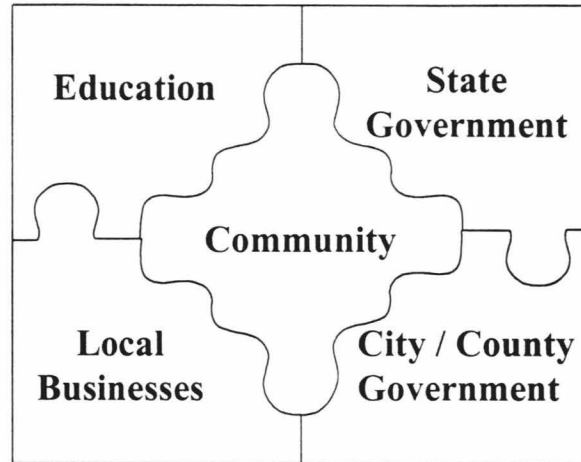
## Current Situation (Conceptual)



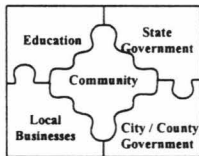
## Proposed Network (Conceptual)



# *"The Vision"*



## *Education*



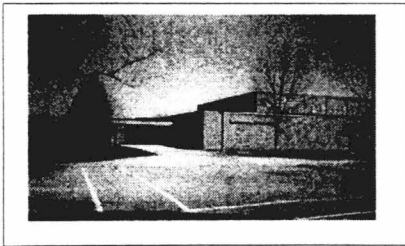
*Video Conferencing*

*Enhanced Technology Education*

*High-Speed Internet Access*

*Distance Education  
Distance Learning*

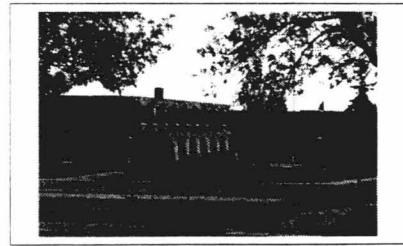
*Teacher / Parent / Student  
Collaboration*



**Information / Resource Sharing**

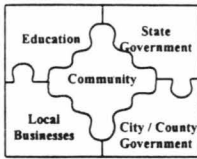
**Global Learning**

**Electronic Field Trips**



***"Anytime, Anywhere Learning"***

***"Lifelong Learning"***



## State Government



- Vehicle Registration
- Drivers License
- Income Taxes
- Social Services
- Game and Fish Permits

- Personnel Management
- Business Regulation
- Law Enforcement
- Digital Democracy

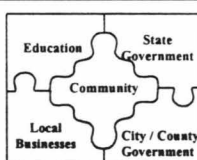


*Efficient, Effective,  
Citizen-Centered*

*Serving Citizens 24 hours  
a day, 7 days a week*



- Economic Development
- Income Taxes
- Workers Compensation
- Corporate Filings
- Licensing



## City / County Government

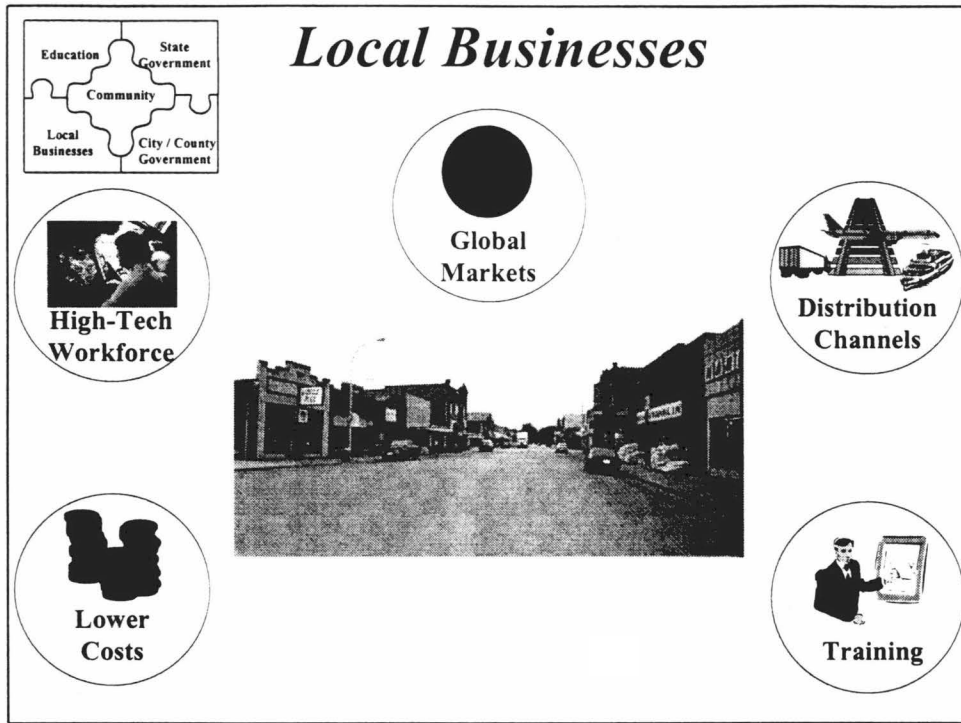
**“Direct Access”**

- Taxation
- Social Services
- Zoning
- Parks & Rec
- Licensing
- Permits

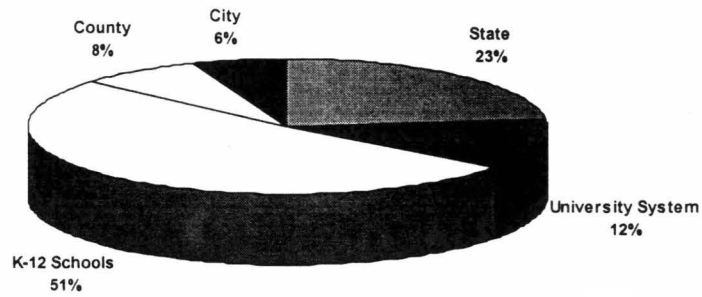
**“Customer Service”**

- State Information
- Federal Information
- Citizen Interaction
- Information Sharing
- Personnel Management
- Public Safety
- Applications



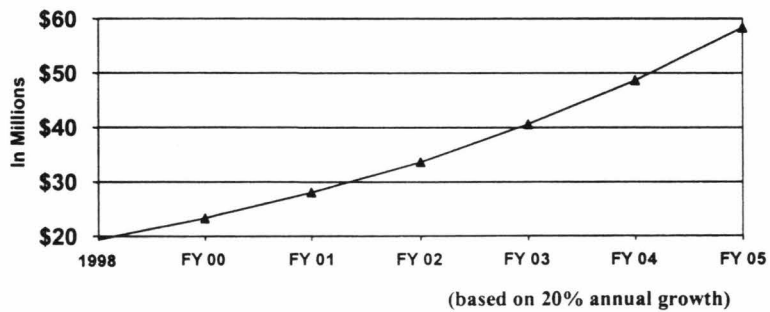


## *North Dakota Telecommunications Current Spending*

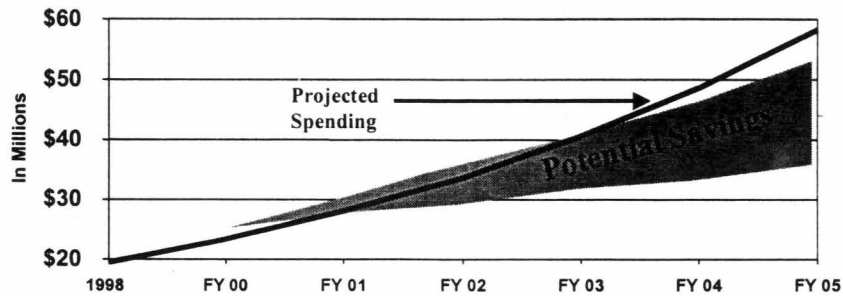


**\$19.3 Million in 1998**

## *North Dakota Telecommunications Projected Growth*



## *North Dakota Telecommunications Projections Under Plan*



**Savings based on:**

- ND Study
- Other States Experience
- Industry Input

## *North Dakota Telecommunications Projections with ITD*

	1998	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	Total (00-05)
Total Annual Cost	\$19.3	\$23.1	\$27.8	\$33.3	\$40.0	\$48.0	\$57.6	\$229.8
ITD Staffing Costs		\$0.8	\$1.0	\$0.5	\$0.5	\$0.5	\$0.5	\$3.8
Projected Capital Costs			\$1.0	\$1.0	\$1.5	\$1.5	\$1.2	\$6.2
Projected Cost Reduction (3%)	\$0.0	\$0.8	\$1.3	-\$0.1	-\$0.9	-\$2.6	-\$5.1	-\$6.7
Projected Cost Reduction (8%)	\$0.0	\$0.8	\$0.1	-\$2.8	-\$5.5	-\$9.6	-\$15.1	-\$32.0
Projected Cost Reduction (13%)	\$0.0	\$0.8	-\$1.0	-\$5.3	-\$9.6	-\$15.7	-\$23.4	-\$54.3

***North Dakota Telecommunications  
Benefits Summary***

- New Technologies
- Economic Development
- Financial Savings
- Rural Areas
- Joint Planning
- Improved Government Services

***North Dakota Telecommunications  
Issues Summary***

- Applications Funding
- Mandated vs. Voluntary Participation
- Financial Analysis vs. Budget
- Existing Infrastructure

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Engrossed SB2043**

Chair and Members of the Committee:

I am Laura Glatt, Vice Chancellor for Administrative Affairs for the North Dakota University System. I am here today to support Engrossed SB2043.

A number of personnel from across the NDUS worked closely over the past several months with both Scott Kost and Bob Pope of Intelliant. Let me first say that we appreciate their efforts and the process that these two individuals have used in bringing this report forward to you. That is not to say that there has been total agreement, but those differences were handled professionally and constructively.

As I said earlier, we are supportive of the bill and its direction as it relates to creating a common statewide network. We currently share the same network with ISD and the other state agencies and we believe we have all gained some significant benefits through this relationship. It has truly been a partnership and a good model of collaboration. This is due to the leadership of Jim Heck and his willingness to work cooperatively with the NDUS in planning and implementing the network so that decisions recognize the need for efficiencies, but also customer service needs. Although we are in support of the concept of a statewide network, there are a couple of things that I feel I must address.

First, the financial plan outlined in the report quite vividly points out the rapid rate of growth we have been and will continue to see in telecommunications. The report states: "Industry analysts are predicting network demand growth of 300% or more over the next five years" (page 21) and "Industry bandwidth projections suggest a 300% to 600% cumulative growth in bandwidth over the next five years" (page 26). In addition, the report states: "There was concurrence that the state would experience substantial growth in the future, particularly in education, where the high-bandwidth requirements are more extensive due to distance education demands and the recognition that technology is a fundamental part of today's educational process." (page 26). Unfortunately we have not been able to keep pace with the increased demands to date, thus, our reach to catch up is a little longer. The fiscal analysis assumes a twenty percent minimum growth in annual telecommunication spending over the next six years. We do not necessarily disagree that demand will increase at this level; however, the budget for the 99-01 biennium does not include adequate funds to cover a twenty percent increase in spending. According to the estimates found on page 31 of the report, this translates into nearly \$1.5 million increase in spending for the NDUS alone in 1999-2001. For all entities including state agencies, NDUS, cities, counties and schools the increased costs associated with the twenty percent growth in spending is over \$12 million in 99-01. All of these calculations assume that the NDUS remains at the same percentage (12%) of total network spending. However, as pointed out earlier, it is anticipated that education will see the largest growth. As a result, I would suggest that these increased costs are underestimated as they relate to the NDUS and education in general. Again the 99-01 budget before you does not include this increased level of funding. Without an additional general fund appropriation to the NDUS to cover these increased costs, we will not be able to invest that level of resources in network growth. (This is not included in the fiscal note



that is before you.) As a result, the projected cost reductions projected by Intelliant on page 24 will not materialize as they relate to the NDUS since they are based on a twenty percent annual increase in spending.

What we are essentially building here is a technology highway across the State of North Dakota. But, if there are no cars to drive on it, we will experience limited benefit. That maybe is an oversimplification, but it makes my point. The network is only the enabler. The state must also make investments in applications. I only raise this issue, because I would expect that the legislature will see increased requests for funding applications and additional equipment in future biennia. This will be necessary in order to achieve the benefits outlined in the plan as they relate to the NDUS including:

- ◆ Offer expanded remote learning opportunities;
- ◆ Enable increased resource sharing across the university system;
- ◆ Strengthen collaboration opportunities in research and development of future applications;
- ◆ Enable real-time manipulation of remote research instruments. (Pages 14-15)

Also, in order to achieve the goals and savings outlined in the plan, participation by all entities including state agencies, campuses, school districts, cities and counties should be mandatory. Diluting the pool of participants will minimize any cost savings and could, in fact, cause rate increases for current users, if left with only the high cost consumers. It is also important that the state provide the necessary up-front funding for the capital investment and staffing outlined in the plan. Without this, the projected benefits in the report will not materialize.

In section 10 of SB2043, higher education administrative systems would now be subject to the information technology standards established by the Information Technology Department. Under current state statute, higher education is not required to follow the standards. However, we have voluntarily participated in the development and implementation of those standards in cooperation with the Information Services Division. We do not anticipate any major problems as a result of this change. Our only concern is that as the academic and administrative technologies and uses continue to merge, it will become more and more difficult to separate uses and functionality between academic/research and administrative systems. The administrative systems only exist to support the academic and research functions. As a result, they must recognize the needs of and support the academic and research units.

Thank you and I would be happy to answer any questions.

(phone 328-4116 or e-mail at [laura\\_glatt@ndus.nodak.edu](mailto:laura_glatt@ndus.nodak.edu))

March 1, 1999

**FROM: PRAIRIE PUBLIC BROADCASTING  
SB 2043**

PROPOSED AMENDMENTS TO ENGROSSED SB 2043

On page 4, line 14, delete remainder of the line after the word "how" and insert "services offered by the noncommercial public television stations licensed by the federal communications commission to operate in this state can be integrated with services offered by the department."

On page 4, delete lines 15 and 16

On page 4, line 30, after the word "education;" insert "a designee of the state's noncommercial public television stations;"

Re-number accordingly

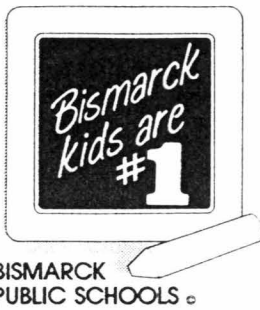
**TESTIMONY ON SB 2043**  
**To the House Appropriations Committee**  
**By the Information Services Division**  
**Wednesday, March 10, 1999**

The Information Services Division (ISD) supports Engrossed Senate Bill No. 2043. Senate Bill 2043 will create an Information Technology Department with a Chief Information Officer appointed by the Governor. The Information Technology Board created in SB 2043 will provide the Information Technology Department with guidance and expertise on technology issues. SB 2043 will create a quality assurance process for technology projects and require the Information Technology Department to develop a business plan. SB 2043 will improve planning and delivery of technology services to all levels of government.

SB 2043 is aligned with the vision in the first Statewide Information Technology Plan which states: (1) State government should be customer focused, (2) State government should be efficient, (3), State government should be well managed, and (4) State government should provide the leadership for developing a shared infrastructure.

The Governor's Office and the Information Services Division are available to work with the Appropriations Committee on SB 2043.

Mr. Chairman, this concludes my presentation on SB 2043.



## Bismarck Public Schools

400 Avenue E East  
Bismarck, North Dakota 58501  
(701) 221-3700  
Fax: (701) 221-3711

**DR. LOWELL L. JENSEN**  
SUPERINTENDENT

**JOHN M. SALWEI**  
ASST. SUPERINTENDENT  
SECONDARY SCHOOLS  
CURRICULUM INSTRUCTION

**RICHARD J. BURESH**  
ASST. SUPERINTENDENT  
ELEMENTARY SCHOOLS  
STUDENT SERVICES

**EDWIN J. GERHARDT**  
BUSINESS MANAGER

**LISA J. KUDELKA**  
HUMAN RESOURCES MANAGER

March 10, 1999

Members of the House Appropriations Committee:

As the Superintendent of the Bismarck Public Schools, I am vitally interested in technology as a means of providing educational excellence in our public school systems. We have tried very hard to provide technology in our schools, both for administrative and instructional purposes.

We are here this morning in support of SB2043. We agree with the direction of the bill and feel that a statewide system for technology should exist. We also feel that the state's administrative offices should be a part of the system as should local sub-divisions such as cities, counties, and school districts. Although the bill specifically excludes them, we also believe that institutions of higher education should be a part of the system as well. We had several concerns about the bill as it was introduced, but feel those concerns have been addressed.

We stated on the Senate side that some schools have existing contracts for network services that may be very competitive. We saw no reason to force those schools into a system which would result in a higher expenditure level for those schools involved. Our suggestion was to allow schools to compare their existing contract(s) with the state system and, if the existing school district price is less, it should be continued. It is our understanding that Section 9 of the bill will allow the board to except those districts that may have these excellent contracts.

We had a similar concern about the quality of the system. We did not feel that any school district should be forced to decrease its bandwidth as a result of joining the state system. Once again, if a school district is receiving a higher quality system, it should be continued and we understand that this concern is also addressed in Section 9.

It is also our understanding that the June 30, 2001 deadline contained in Section 36 would apply to exceptions other than those authorized in Section 9. If Section 36 is interpreted such that no exception would be authorized beyond July 1, 2001, we would respectfully request that the exception for a "more cost-effective...or more appropriate" system be permitted beyond the above-mentioned date.

Senate Appropriations Sub-Committee  
March 8, 1999  
Page 2

With the changes that were made by the Senate, we view this bill as a significant step forward in the design and operation of a technology system that will be consistent and provide compatibility across the entire state and will provide more equity in terms of providing technology services to all students in all districts in this state.

We thank you very much for considering our views and pledge to work with you as this system is developed and implemented.

Sincerely,

A handwritten signature in cursive script that reads "Lowell L. Jensen".

Lowell L. Jensen, Ed.D.  
Superintendent

LLJ:ve