

**Information Technology Department
Budget 112
Senate Bill No. 2022, House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2001-03 legislative appropriation	244.70 ¹	\$19,648,060 ²	\$75,212,544 ²	\$94,860,604 ²
1999-2001 legislative appropriation	168.00	250,000	49,409,557	49,659,557
2001-03 appropriation increase (decrease) to 1999-2001 appropriation	76.70	\$19,398,060	\$25,802,987	\$45,201,047

¹ This number includes 37.70 positions for the Division of Independent Study authorized in House Bill No. 1013. Senate Bill No. 2251 provides that any funds appropriated by the Legislative Assembly for the Division of Independent Study must be transferred to the Information Technology Department for use by the Educational Technology Council, and therefore any FTE positions for the Division of Independent Study must also be transferred to the Information Technology Department.

² This amount includes the appropriation of \$5,221,466, of which \$868,216 is from the general fund, for the Division of Independent Study authorized in House Bill No. 1013. Senate Bill No. 2251 provides that any funds appropriated by the Legislative Assembly for the Division of Independent Study must be transferred to the Information Technology Department for use by the Educational Technology Council.

NOTE: The 2001-03 legislative appropriation amounts include \$20,414 of other funds for the agency's share of the \$5,000,000 funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees.

Item Description

FTE position changes - The 2001 Legislative Assembly authorized the Information Technology Department a total of 244.70 FTE positions, an increase of 76.70 FTE positions from the 1999-2001 authorized level of 168 FTE positions. The following is a summary of the areas in which new FTE positions were authorized:

Statewide information technology network	4.00
Department of Human Services - Health Insurance Portability and Accountability Act (HIPAA) project	15.00
Department of Human Services - Fully Automated Child Support Enforcement System (FACSES) project	4.00
Department of Human Services - Foster care project	3.00
Tax Department projects	2.00
Department of Transportation projects	2.00
Geographic information system initiative	1.00
E-government initiative	1.00
Electronic data management system project	2.00
Division of Independent Study	37.70
Other	5.00

Status/Result

As of March 2002, the Information Technology Department has filled 71.70 of the additional 76.70 FTE positions authorized for the 2001-03 biennium. The department has four vacant program analyst positions relating to the Department of Human Services Health Insurance Portability and Accountability Act (HIPAA) project and one vacant information systems security analyst position relating to assisting the Attorney General in investigating cybercrime.

Statewide information technology network - The 1999 Legislative Assembly, in Senate Bill No. 2043, required the Information Technology Department to provide to each state agency, institution, county, city, and school district access to wide area network services to transmit voice, data, or video.

The 2001 Legislative Assembly provided funding of \$9,968,905, of which \$4,920,825 is from the general fund, and four new FTE positions for implementation of the statewide information technology network.

E-rate reimbursement funding - The 2001-03 biennium legislative appropriation for the statewide information technology network of \$9,968,905 includes \$3,700,000 of other funds relating to e-rate reimbursement funding.

Enterprise resource planning system initiative - The 2001 Legislative Assembly provided funding of \$7.5 million from the general fund for Phase 1 of the implementation of an enterprise resource planning (ERP) system for the state of North Dakota. The ERP system is a multimodule software system that includes a relational data base and applications for managing purchasing, inventory, personnel, financial planning, and other management aspects. The ERP system will integrate the core financial and administrative applications of state government, higher education, and public education, including financial management, purchasing, budgeting, human resources, payroll, asset management, and student information functions into one multisuite software system that will enable all entities to share and use data.

As a result of 1999 Senate Bill No. 2043, the Information Technology Department has begun the implementation of a statewide information technology network infrastructure that involves connecting approximately 194 cities and 500 physical locations across the state. Phase 1 of the implementation, which was completed in December 2000, involved 64 cities and 218 physical locations. Phase 2 of the implementation involves connections to elementary and secondary school and public libraries.

As of March 2002, the Information Technology Department has connected a total of 462 physical locations to the statewide information technology network, including 192 communities and 208 elementary and secondary schools. The department and the State Library are developing an implementation schedule for connecting approximately 60 libraries to the statewide information technology network during the fall of 2002.

The Information Technology Department was notified in October 2001 that its application for e-rate reimbursement funding for fiscal year 2002 was not approved because the department's paper filing of the application form was not postmarked by January 19, 2001. The department has filed an appeal and a request for waiver with the Federal Communications Commission and a decision should be communicated to the department by April 2002.

The state's e-rate reimbursement funding for fiscal year 2003 has been approved at approximately 66 percent of related costs instead of 50 percent as estimated during the 2001 Legislative Assembly.

If the state receives e-rate reimbursement funding for both fiscal years 2002 and 2003, the department is estimating a balance of \$1,692,612 available on June 30, 2003. If the state only receives e-rate reimbursement for fiscal year 2003, the estimated balance will be \$302,837.

The Information Technology Department issued an ERP system request for proposal on September 18, 2000. The department reviewed the request for proposal responses and selected three finalist--SCT, Oracle, and PeopleSoft. In April 2001, the three finalists submitted their final proposals. Shortly thereafter, the request for proposal evaluation process was halted to explore the possibility of entering into a joint venture partnership with Microsoft-Great Plains for development of an ERP system. On October 17, 2001, consideration of the joint venture partnership was discontinued since it would take Microsoft-Great Plains up to 24 months to develop the human resources and financial components of the ERP system and approximately four to six years to complete the ERP system integration. The department returned to the original request for proposal evaluation process and reduced the finalists to two--Oracle and PeopleSoft. Based on review of final proposals, the department decided to begin contract negotiations with PeopleSoft

for the purchase of an ERP software system and Maximus for implementation consultant services.

The estimated vendor fees and maintenance costs associated with the proposed ERP system for the 2001-03 biennium are approximately \$12.3 million, \$4.8 million more than the 2001-03 legislative appropriation of \$7.5 million. In order to fund the costs associated with the system, the department will seek approval from the Budget Section to enter into a finance agreement for approximately \$4.8 million. In addition, the department, along with other state agencies and higher education institutions, will reallocate funds within their 2001-03 biennium budgets to fund personnel, training, and equipment costs associated with the system.

The proposed implementation of the ERP system begins with a pilot of two selected higher education institutions implementing all three of the ERP system components--financial, human resources, and student administration--and a pilot of one selected state agency implementing the financial and human resources components of the system. The pilot phases are to be completed by April 2003.

In addition to the \$750,000 general fund appropriation, the Information Technology Department received a federal grant from the Division of Emergency Management and the Federal Emergency Management Agency in the amount of \$451,000 to purchase hardware and software to host GIS data for the Devils Lake region.

The Information Technology Department hired a GIS coordinator to work closely with the GIS Technical Advisory Committee, which was formed by Governor Schafer in 1995 and reinstated by Governor Hoeven in July 2001, to coordinate GIS activities and establish a GIS centralized data hub. The department has retained SchlumbergerSema to assist with the development of the GIS data hub, and the Department of Transportation, State Department of Health, and the State Water Commission have been selected as "hub pilot agencies." The pilot phase of the initiative began in February 2002, and full implementation of the initiative should be completed in June 2002.

The Educational Technology Council, which is responsible for coordinating education technology initiatives for elementary and secondary education, hired a director in October 2001. The council is using a portion of the \$1.2 million appropriated by the 2001 Legislative Assembly for supporting a virus protection plan for all kindergarten through grade 12 schools (\$150,000) and for providing technology grants to kindergarten through grade 12 schools for implementing video conferencing for distance education.

Geographic information system (GIS) initiative - The 2001 Legislative Assembly provided funding of \$750,000 from the general fund for a geographic information system initiative, including funding for a GIS coordinator position and for creation of a GIS centralized data hub.

Educational Technology Council - Senate Bill No. 2251 created a new Educational Technology Council to replace the Educational Telecommunications Council and provided that funding appropriated by the 2001 Legislative Assembly for the Division of Independent Study, SENDIT technology services, and the Center for Innovation in Instruction be transferred to the Information Technology Department for use by the Educational Technology Council.

The following is a summary of the funding provided by the 2001 Legislative Assembly for the Educational Technology Council and associated entities.

	General Fund	Other Funds	Total

Educational Technology Council	\$1,200,000		\$1,200,000
Division of Independent Study	\$868,216	\$4,353,250	\$5,221,466
SENDIT Technology Services	\$1,673,669		\$1,673,669
Center for Innovation in Instruction	\$800,334		\$800,334

Line item transfers - Section 2 of Senate Bill No. 2022 allows the Chief Information Officer to request transfers of funds between line items without Emergency Commission and Budget Section approval if the transfers do not result in line items in excess of the amount of funding included in the Hoeven executive recommendation. Those transfers that result in line items in excess of the amount of funding included in the Hoeven executive recommendation must be approved by the Emergency Commission and the Budget Section. The Chief Information Officer must inform the Budget Section of all line item transfers made.

Performance measures - Section 9 of Senate Bill No. 2043 requires the Information Technology Department to develop performance measures to assist the Legislative Assembly in determining the effectiveness and efficiency of the department's operations. Each performance measure must include a benchmark for targeted department performance based on national, other states', or private sector performance.

As of March 2002, the Chief Information Officer has not requested any transfers of funds between line items. However, the Chief Information Officer is considering the transfer of funds from the salaries and wages and the wide area network line items to the ERP system line item to fund costs associated with the proposed ERP system.

The Information Technology Department has developed performance measures with benchmark targets as success indicators for each of the business drivers defined in the department's strategic business plan for 2002. The following is a summary of the business drivers and corresponding performance measures.

Business Driver - Provide value to our customers

- Percentage of strategic initiatives completed.
- Percentage of completed strategic initiatives meeting objectives.
- Percentage of system availability.
- Percentage of Information Technology Department projects completed on time and within scope and budget.

Business Driver - Statewide direction and leadership

- Number of coordinated statewide initiatives.
- Information Technology Department's compliance with legislative mandates.
- Information technology percentage of overall state budget.
- Percentage of large information technology projects completed successfully.
- Number of web-enabled applications available to citizens.

Business Driver - Customer relationships and satisfaction

- Percentage of reported problems resolved with support center (unassigned).
- Percentage of reported and assigned problems responded to within one hour.
- Mean time working hours required to resolve reported and assigned problems.
- Percentage of statewide information technology budgets directed to the Information Technology Department.
- Customer satisfaction indexes relating to cost, timeliness, quality, knowledge, and professionalism and courtesy.

Business Driver - Learning and growth

- Voluntary employee turnover rate.
- Average training hours and dollars spent per employee.
- Employee satisfaction index.