

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2043

2001 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2043

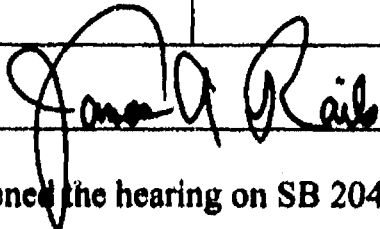
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2043

Senate Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date January 12, 2001

Tape Number	Side A	Side B	Meter #
1	X		19.4 to End
1		X	0.0-11.1
1		X	37.8-39.9
February 8, 2001 2		X	15.3-24.2
Committee Clerk Signature 			

Minutes: Chairman Krebsbach opened the hearing on SB 2043 which relates to the powers, duties, and responsibilities of the information technology committee and the information technology department. Appearing before the committee to introduce the bill was Senator Larry Robinson, representing District 24. He indicated that he was speaking in favor of SB 2043. He indicated he has had the privilege for the past six years to serve as the chairperson of the interim legislative technology committee. He indicated not only was he appearing to support the bill, but he was appearing to make some introductory remarks as well. Senator Robinson gave copies of the information technology committees interim report to the members of the committee. He indicated that this report contains a background, a summary report on the work of the information technology committee over the last number of years. The work began a number of years ago where we had an agriculture and information technology committee and some thought that the combination was rather unusual. We then moved into 1034, he believed 4 years ago and

that was a rather dramatic departure from the role of technology and the working of the technology department here in the capital and throughout state government. Last session we really rolled up our sleeves and were very very wrapped up in discussions primarily in SB 2043 and SB 2044 from the 1999 legislative session. SB 2043 is before you today as a result of our experiences over the last 24 months. The intent of this bill is to improve a document that has been working. The changes we feel will make the situation much better. This concluded Senator Robinson's testimony. No questions were offered by the committee members. John Bjornson, representing the Legislative Council appeared before the committee to explain the technical aspects of the bill. Mr. Bjornson explained the bill by sections. The change in section one is on page 2 of the bill. This dealing with the duties of the information technology department. The department is supposed to review the cost benefit analysis of major information projects. Those are projects with a cost of \$250,000 or more in a biennium, or \$500,000 total. There was discussion regarding projects of the state board of higher education or institutions under the state board of higher education. Section 2 of the bill relates to the powers of the information technology department. This section would allow the department to finance the purchase of equipment, software, any type of equipment the department may need. Section 3 relates to the business plan of the information technology department. The department is required to formulate a business plan and that has been done. The plan is sort of a living document that the department will continue to update. Section 4 on page 4 deals with the statewide network advisory committee. This advisory committee is probably no longer necessary and the functions it was set up for are probably not needed at this time. There was a discussion that there is a need for an advisory committee with respect to basic information technology planning including providing electronic government services for citizens and businesses, developing technology

infrastructure to support economic development and work force training, and developing other state wide information initiative and policy. This section changes the makeup of the committee and makes it more of a planning committee. Section 5 deals with IT plans. The committee received information that the planning process worked well but the January 15th deadline of each even numbered year was somewhat of a problem for them. They felt that moving it back to March 15th would make it a little easier in the planning process in that it would coincide better with their budgeting process as well. Section 6 relates to confidentiality of information received by the information technology department. This concluded Mr. Bjornson's presentation. No questions were offered by the committee at this time. Curt Wolfe, Chief information officer for the state of ND indicated that he was appearing in support of SB 2043. A copy of his written testimony is attached. Senator T. Mathern inquired about the first change regarding higher education. He indicated that he wondered why only one entity was chosen for this focus rather than all entities. Mr. Wolfe indicated in his response that oversight should be a part of this however, oversight of higher education projects of a research nature should not be part of this process. Senator's T. Mathern and C. Nelson went on to ask further questions. Mr. Wolfe responded (Tape 1, Side A Meter #'s 47.9 to 52.8). There were no further questions. Laura Glatf Vice-chancellor for administrative affairs for the North Dakota University System. She indicated she was appearing in support SB 2043, particularly sections 1 and 4. Section 1 dealing with exemption on the large project recording for academic and research projects and in section 4 which would include the commissioner of higher Ed on the advisory council that Mr. Wolfe spoke of. Chairman Krebsbach, it would life easier for you folks with this bill, is that it? Ms. Glatf indicated that it would and essentially what it does is it puts into statute what has been the current operating practice between ITD and higher ed. We do have a very close working

relationship. Senator C. Nelson inquired about the confidentiality of the administrative records of the university system. Ms. Glatt indicated that Senator Nelson is correct in that the University of North Dakota serves as the administrative computing sight for all 11 campuses in the university system. They all share one system and UND manages that on behalf of the system. The student records certainly are confidential as they relate to FERPA, federal standards on confidentiality. The student records are. The remainder of the records, the payroll records or the accounting records are not confidential. They are subject to the open records law. Senator C. Nelson continued to make inquires of Ms. Glatt (Tape 1, side A 57.1 to End and side B 0.0 to 2.2). There was nothing further at this time. Roger Bailey representing the North Dakota Newspaper Association indicated that his organization had concerns about the original bill. With the addition of the proposed amendment his organization supports the bill. Chairman Krebsbach indicated that this amendment has not been formally proposed at this time. She inquired of Mr. Wolfe if he was planning to take care of that? Mr. Wolfe indicated he would. There were no questions for Mr. Bailey from the committee. Further testimony was offered by Max Laird, President of the North Dakota Education Association. He indicated that today's testimony is being offered as a private individual. He indicated that he would like to speak to some extent in support of the proposed legislation and express his sincere support and cooperation with Curt, Nancy, and the staff of the ITD. He thinks they have done a lot for those in public schools and public education in terms of moving this broad band network. He identified one small concern that he is yet to see addressed in this bill. Page 4 line 10 and 11 and lines 14 and 15 includes the removal of two members representing elementary and secondary education. In the amendments to this legislation they have been struck and it has been brought to his attention that the addition of the chairman of the educational telecommunications council or designee is in fact a

representative of public schools and would in fact be a representative on this council. He indicated that he has no concerns about that but with the fact that there is additional legislation moving the educational telecommunications council from the Dept. of Public Instruction to the ITD division, he sees this as the possibility of a field representative from public schools or someone from the DPI actually not being represented on this council. He just wanted to express his concerns to the committee. Curt Wolfe made a few more brief comments to the committee at this time. There was nothing further from the committee. Chairman Krebsbach closed the hearing on SB 2043 at this time.

Tape 1, Side B, January 12, 2001--Committee Discussion. A brief discussion was held about the proposed amendments that are to be brought in as suggested by Curt Wolfe. John Bjornson from the Legislative Council suggested that this could be done. The intern was asked to contact Mr. Wolfe to see if he had a draft of what he is proposing. Senator C. Nelson requested of the chairman that a copy be made available to the committee members of what Max Laird had talked to the committee about the redefining of the technology committee. It was decided to hold any action on this bill until next Thursday. There was nothing further at this time. On February 8, 2001 the committee discussed SB 2043. **Chairman Krebsbach** indicated that she believed there were no amendments offered. It was suggested by Mr. Bailey that he was concerned about the language on the open records portion. In visiting with Mr. Wolf he had worked with Jack McDonald and Jack was comfortable with what they had put into the bill as far as changes were concerned. There was no further discussion. A motion for a Do Pass was made by **Senator T. Mathern** seconded by **Senator Wardner**. Discussion continued. The question was called. Roll Call Vote indicated 6 Yeas, 0 Nays, and 0 Absent or Not Voting. **Senator Wardner** will carry the bill.

FISCAL NOTE

Requested by Legislative Council

04/25/2001

Bill/Resolution No.:

Amendment to: Enrolled
 SB 2043

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

There will not be any fiscal impact with the conference committee amendments.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Mike J. Ressler	Agency:	ITD
Phone Number:	328-1001	Date Prepared:	04/25/2001

FISCAL NOTE
 Requested by Legislative Council
 04/09/2001

Bill/Resolution No.:

Amendment to: Engrossed
 SB 2043

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$50,000		\$25,000
Expenditures				\$50,000		\$25,000
Appropriations				\$50,000		\$25,000

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Information Technology Department (ITD) will need to hire a consultant to assist in the development of meaningful performance measures. Checked with the State Auditor and they said they do not charge for performance audits, so we did not add any dollars for this.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

ITD will generate the revenue to cover this additional expense in the overhead rate we charge for our services.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenses will be for consulting services in assisting ITD in establishing meaningful performance measures.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

ITD will need to be granted the special funded appropriation to accept the revenue and pay the expenses.

Name:	Mike J. Ressler	Agency:	ITD
Phone Number:	28-1001	Date Prepared:	04/10/2001

FISCAL NOTE

Requested by Legislative Council
03/22/2001

Bill/Resolution No.:

Amendment to: Engrossed
SB 2043

1A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: Identify the fiscal effect on the appropriate political subdivision.

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

Engrossed SB 2043 with House amendments will not have any fiscal impact.

3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:

A. Revenues: Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Mike J. Ressler	Agency:	ITD
Phone Number:	328-1001	Date Prepared:	03/22/2001

FISCAL NOTE
Requested by Legislative Council
12/27/2000

REVISION

Bill/Resolution No.: SB 2043

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The new composite of the Wide Area Network Advisory Committee will not change the costs of operating the committee in comparison to the current biennium. These costs are paid for out of the ITD special fund. All other requested changes in this bill will not have a fiscal effect.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

ITD will recover the revenue needed from the 4.9% overhead rate in existence today.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenses will not change from the current biennium for operating the new Wide Area Network committee. Expenses will include the \$62.50 per day and the per diem for the in-state employees who reside on the committee.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

ITD is seeking appropriation authority to receive the revenue and expend the funds to operate the committee.

Name:	Mike J. Ressler	Agency:	Information Technology Department
Phone Number:	701-328-1001	Date Prepared:	12/18/2000

FISCAL NOTE

Requested by Legislative Council

12/14/2000

Bill/Resolution No.: SB 2043

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues		\$8,500		\$8,500		\$8,500
Expenditures		\$8,500		\$8,500		\$8,500
Appropriations		\$8,500		\$8,500		\$8,500

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The new composite of the Wide Area Network Advisory Committee will not change the costs of operating the committee in comparison to the current biennium. These costs are paid for out of the ITD special fund. All other requested changes in this bill will not have a fiscal effect.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

ITD will recover the revenue needed from the 4.9% overhead rate in existence today.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenses will not change from the current biennium for operating the new Wide Area Network committee. Expenses will include the \$62.50 per day and the per diem for the non-state employees who reside on the committee.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive*

budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

ITD is seeking appropriation authority to receive the revenue and expend the funds to operate the committee.

Name:	Mike J. Ressler	Agency:	Information Technology Department
Phone Number:	701-328-1001	Date Prepared:	12/18/2000

Date: 2/08/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2043

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen. T. Mather Seconded By Sen. Wardner

[illegible]

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Wardner

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

REPORT OF STANDING COMMITTEE (410)
February 8, 2001 5:18 p.m.

Module No: SR-23-2805
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2043: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)
recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2043
was placed on the Eleventh order on the calendar.

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2043

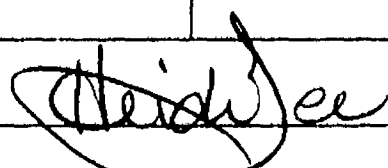
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2043

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date March 13, 2001

Tape Number	Side A	Side B	Meter #
1	X		43.6
		X	-39.1
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Kelsner, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Sen. Larry Robinson: I support this bill regarding the information technology committee and department.

Chairman Berg: Why add 'finance the purchase'?

Sen. Robinson: It is a budgetary concern to aid major projects. It'll be very similar to a bond payment.

Rep. N. Johnson: (53.8) What information is intended to be confidential?

Sen. Robinson: That's something that needs to be added.

John Bjornson: *ITD Committee* Provided a brief overview of the bill.

Curt Wolfe: *ITD Committee* We support this bill. ITD has always been a special fund area working out monies on our own. The different agencies are financed by lines items and rate base. We are a service provider and we bill like normal businesses but we do reduce rates rather than create a profit.

Rep. Lemieux: Are there any limits on financing?

Wolfe: No, there are no caps. We need the flexibility.

Chairman Berg: What do you do as far as leases?

Wolfe: Our standard agreement is 36 months.

Rep. Lemieux: What do you charge a court house?

Wolfe: \$900 per month pro-rated to each division by use. Forty-four percent of our income is from state funds. The committee shall advise the department regarding statewide information technology planning including providing electronics, government services for services and business, developing technology infrastructures to support economic development and work-force training, and developing other statewide information technology initiatives and policy.

Vice-Chairman Keiser: Don't you need to define confidential information?

Page 3

House Industry, Business and Labor Committee

Bill/Resolution Number SB 2043

Hearing Date March 13, 2001

Wolfe: We don't want to get involved in that. We are subject to penalties for releasing information.

Mike Ressler: (33.7) *ITD Department* Provided and explained amendments.

Laura Glatt: *Higher Ed* We support this bill from our perspective.

Chairman Berg: We'll close the hearing on SB 2043.

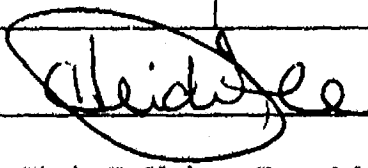
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2043 (B)

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date March 19, 2001

Tape Number	Side A	Side B	Meter #
1	X		33.5-55.2
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Rep M. Klein: Provided and explained amendments.

Chairman Berg: We might want to put this in for no more than 36 months.

Vice-Chairman Keiser: I move to add in 36 months to the amendment.

Rep M. Klein: I second.

Rep M. Klein: I move amendments 10179.0502.

Rep Severson: I second.

Rep M. Klein: I move a do pass as amended.

Rep Koppang: I second.

14 yea, 0 nay, and 1 absent

Carrier Rep. M. Klein

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043

Page 4, line 1, replace "Section" with "If Senate Bill No. 2251 does not become effective, section"

Page 4, overstrike line 12

Page 4, line 13, overstrike "representing a", remove "workforce training advisory board", and overstrike the comma

Page 4, line 14, remove "one member", overstrike "representing", and remove "city or county"

Page 4, line 15, remove "government, one member representing the greater North Dakota association" and overstrike ", one member"

Page 4, overstrike line 16

Page 4, line 17, overstrike "commission to operate in this state,"

Page 4, line 18, remove "one member representing"

Page 4, line 19, remove "Indian tribes, and one member representing the hospital telemedicine industry" and overstrike the period

Page 5, after line 3, insert:

"SECTION 5. AMENDMENT. If Senate Bill No. 2251 becomes effective, section 54-59-07 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-59-07. ~~Statewide wide area network~~ State information technology advisory committee. The ~~statewide wide area network~~ state information technology advisory committee consists of the chief information officer or the officer's designee, who is a nonvoting member; the ~~state court administrator~~ director of the department of economic development and finance or the ~~administrator's~~ director's designee, ~~with the approval of the chief justice of the supreme court~~; the commissioner of higher education or the commissioner's designee; ~~the chairman of the information technology council of North Dakota or a designee~~; the director of the North Dakota workforce development council or a designee; the chairman of the educational technology council or a designee; and ~~nine~~ eight members appointed by the governor. ~~The governor shall appoint two members representing state agencies, one member representing a county, one member representing a city, two members representing elementary and secondary education, one member representing noncommercial public television stations licensed by the federal communications commission to operate in this state, and two members from private industry who are knowledgeable in the deployment of major technology projects. The governor's appointees from private industry serve two-year terms, and other appointees of the governor serve at the pleasure of the governor. The governor shall designate the chairman of the committee. The department shall provide staff services to the committee. Except for the commissioner of higher education and the representatives of state agencies who receive compensation for their duties as state officers or employees, members of the committee are entitled to be compensated for time spent in attendance at meetings of the committee and for other travel as approved~~

by the chairman of the committee at the rate of sixty-two dollars and fifty cents per day and are entitled to reimbursement for their actual and necessary expenses incurred in the same manner as other state officials. The compensation and expenses are to be paid from appropriations for the department. The committee shall advise the department ~~with respect to planning and implementation of wide area network services provided by the department~~ regarding statewide information technology planning, including providing electronic government services for citizens and businesses, developing technology infrastructure to support economic development and workforce training, and developing other statewide information technology initiatives and policy."

Renumber accordingly

Date: 3-19-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2043

House Industry, Business and Labor Committee

Legislative Council Amendment Number _____

Action Taken As Pass as Amended

Motion Made By M. Klein Seconded By Koppang

Representatives	Yes	No	Representatives	Yes	No
Chairman- Rick Berg	✓		Rep. Jim Kasper	✓	
Vice-Chairman George Keiser	✓		Rep. Matthew M. Klein	✓	
Rep. Mary Ekstorm	✓		Rep. Myron Koppang	✓	
Rep. Rod Froelich	✓		Rep. Doug Lemieux	✓	
Rep. Glen Froseth	✓		Rep. Bill Pietsch	✓	
Rep. Roxanne Jensen	✓		Rep. Dan Ruby	✓	
Rep. Nancy Johnson	✓		Rep. Dale C. Severson	✓	
			Rep. Elwood Thorpe	✓	

Total (Yes) 14 No 0

Absent 1

Floor Assignment Rep M. Klein

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

REPORT OF STANDING COMMITTEE

SB 2043, as engrossed: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2043 was placed on the Sixth order on the calendar.

Page 2, line 17, after "purchase" insert "for a period not to exceed thirty-six months"

Page 4, line 1, replace "Section" with "If Senate Bill No. 2251 does not become effective, section"

Page 4, overstrike line 12

Page 4, line 13, overstrike "representing a", remove "workforce training advisory board", and overstrike the comma

Page 4, line 14, remove "one member", overstrike "representing", and remove "city or county"

Page 4, line 15, remove "government; one member representing the greater North Dakota association" and overstrike ", one member"

Page 4, overstrike line 16

Page 4, line 17, overstrike "commission to operate in this state,"

Page 4, line 18, remove "one member representing"

Page 4, line 19, remove "Indian tribes, and one member representing the hospital telemedicine industry" and overstrike the period

Page 5, after line 3, Insert:

"SECTION 5. AMENDMENT. If Senate Bill No. 2251 becomes effective, section 54-59-07 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

~~54-59-07. Statewide wide area network~~State information technology advisory committee. ~~The statewide wide area network state information technology advisory committee~~ consists of the chief information officer or the officer's designee, who is a nonvoting member; the ~~state court administrator~~ director of the department of economic development and finance or the ~~administrator's~~ director's designee, ~~with the approval of the chief justice of the supreme court~~; the commissioner of higher education or the commissioner's designee; ~~the chairman of the information technology council of North Dakota or a designee~~; the director of the North Dakota workforce development council or a designee; the chairman of the educational technology council or a designee; and ~~nine~~ eight members appointed by the governor. ~~The governor shall appoint two members representing state agencies, one member representing a county, one member representing a city, two members representing elementary and secondary education, one member representing noncommercial public television stations licensed by the federal communications commission to operate in this state, and two members from private industry who are knowledgeable in the deployment of major technology projects. The governor's appointees from private industry serve two-year terms, and other appointees of the governor serve at the pleasure of the governor. The governor shall designate the chairman of the committee. The department shall provide staff services to the committee. Except for the commissioner of higher education and the representatives of state agencies who receive compensation for their duties as state officers or employees, members of the committee are entitled to be compensated for~~

time spent in attendance at meetings of the committee and for other travel as approved by the chairman of the committee at the rate of sixty-two dollars and fifty cents per day and are entitled to reimbursement for their actual and necessary expenses incurred in the same manner as other state officials. The compensation and expenses are to be paid from appropriations for the department. The committee shall advise the department ~~with respect to planning and implementation of wide area network services provided by the department~~ regarding statewide information technology planning, including providing electronic government services for citizens and businesses, developing technology infrastructure to support economic development and workforce training, and developing other statewide information technology initiatives and policy."

Renumber accordingly

2001 HOUSE APPROPRIATIONS

SB 2043

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2043

House Appropriations Committee

☐ Conference Committee

Hearing Date April 2, 2001

Tape Number	Side A	Side B	Meter #
04-02-01 tape #1	0 - 3954		
Committee Clerk Signature <i>Kathleen Hall</i>			

Minutes:

The committee was called to order, and opened the hearing on SB 2043.

Senator Larry Robinson: Senate Bill 2043 is a product of the interim information technology committee. It has come through the Senate and has been heard and adopted by the House IBL committee. There are amendments dated March 19, 2001. SB 2043 would require the IT committee to review the cost/benefit analysis of any major project of the state board of higher education or any institution under the control of the board, if the project significantly impacts the statewide area network, impacts the state library system, or is an administrative project. The bill authorizes the IT department to purchase equipment and software through financing arrangements, specifies additional requirements that must included in the department's business plan, replaces the statewide area network advisory committee with a state information technology advisory committee, changes the deadlines for agencies submitting IT plans from 1/15 to 3/15 of each even numbered year, and clarifies that information collected from agencies

regarding information technology standards, compliance reviews and plans is exempt from open record requirements. Does not plan on going through the bill in great depth, and does know the issue of financing equipment and software is a contentious issue. Only wants to say that the interim committee reviewed this very carefully. It was the thought of the committee after careful consideration that we have a couple choices to make. Because of the scope of technology in state government, because of much of the technology, we could elect to build technology into the budget upfront and pay for it in full at the time of the purchase. In consideration of a tight budget, the thought was that the technology department was already positioned to lease equipment that should we bite the bullet and pay for it up front, or should we consider the option of spreading the costs by a financing arrangement over a period of years. He notes that the House IBL committee restricted the finance option to 36 months. The bill comes to us to refine and clarify some issues that we put in place in the 1999 session. The financing option, the issue of the March 15th deadline. There is also a number of changes recommended to the information technology committee. They are listed on the bill. The House IBL committee had a number of questions regarding the composition of that committee. It was the feeling of the interim committee at least, that we were fairly well represented. The biggest question here he believes is the financing option. The ITD department needs this bill. John Bjornson from LC is here to explain the bill, and Mike Ressler from ITD is here also to explain.

Chairman Timm: The amendments you refer to are they in the first engrossed bill?

John Bjornson: The amendments are in the unofficial version in the bill books.

Rep. Delzer: How do you view the financing? Do view that as bonding? Should it not be part of our bonding limitation, and should it not be limited?

Senator Robinson: Those are excellent questions and we struggled with this during the interim. We thought this might be the only options with the restrictions of a very tight budget. Would it be bonding, I would say yes. The House amendments restrict it to three years. WE simply thought that with the scope of these projects and you use something over the course of a number of years, we didn't feel we would be financially able to pay for this up front. Keep in mind the department has been exercising a lease option, where you make lease payments toward the equipment. Much of this equipment is dated. You buy it and over the course of months it becomes obsolete. Leasing makes sense in a number of situations. In other situations the option to finance over time spreads those payments out over the time it is going to be used. It is less of an impact on the budget, you do have some interests.

Rep. Delzer: A lease is something you can drop out of if you financially need to. But if you finance anything is there anything in the contracts that you know of where if the money is not available we can just drop out of them?

Senator Robinson: All contracts are not created equal. He is not an expert, and maybe Mr. Ressler can speak to that. You are right that in a lease you can drop out with a penalty, Sees it as six of one, half a dozen of another. You have to look at each situation on an individual basis. There might be some merits in some situations to lease. SB 2043 would allow the option if it makes financial sense to finance.

Rep. Koppelman: Mentioned something about an exemption regarding the open records law, and I notice a confidentiality provision at the end of the bill. Can you explain?

Senator Robinson: It clarifies that information collected by ITD agencies regarding information technology standards, compliance reviews, and plans is exempt from open records requirements. Mike Ressler will speak to this. There is a real sensitivity to the process of

compiling all this information in one agency. And then who should have access to that information. Should it be available to all other agencies, should it be wide open to the public. Keep in mind this is a statewide ITD plan. After extensive discussions over the interim we recommended this provision in the bill that it be for the good of the order to have that information remain confidential.

Rep. Delzer: Are you aware of anywhere else where the legislature has given away its duty to appropriate money with no upper limit? I read this that they can finance for any amount that they want, its limited to pay back in 36 months, but no other restrictions.

Senator Robinson: Doesn't suggest that we are giving this responsibility up in any way. The fact is the information committee is statutory, and the ITD director is a member of that committee. This committee has actively been involved and at the table every step of the way in that process. He has not made one decision without full support from that committee. WE have come away from the process with consensus. Cannot think of any similar situation, but we have a unique situation here in terms of the stricture of the committee and the reporting requirements.

Rep. Delzer: Is there anything in the bill that says that committee or the budget section has to sign off before the financing arrangements can be entered into.

Senator Robinson: Doesn't think so. One of the issues is that we don't meet on an annual basis, and technology changes quickly. The reasons for some of the things we do in the legislature and the way it is structured are exactly because we have a session every two years. We have to build in some trust into the equation. Can there be mistakes, yes. We certainly have checks and balances, and we have the budget section. The budget section could call the ITD CEO at anytime they want. He doesn't see any possible problems.

Rep. Wald: Page 2, section 2, have you made any purchases for the coming biennium?

Senator Robinson: He personally hasn't. Mike Ressler can speak to that. There is a host of activity going on in ITD as we speak. To roll out this wide area network there is activity going on at this minute. Yes there have been efforts in this area to connect the universities and libraries, and we hope to have 194 schools connected.

Rep. Wald: Is that spending authority in current budgets, or in the 2001 budget?

Senator Robinson: That would have been in the previous allocation from the 1999 budget.

Rep. Huether: With the contracts we have in place now, would that prevent any other entity from joining in? Thinking of hospitals in the state.

Senator Robinson: Those discussions are under way, and it is not exclusive. He has had conversations and they see this as an exciting new opportunity. We need SB 2043.

Rep. Skarphol: In this current biennium the IT department chose to lease nearly \$4 million of equipment. Some of us believe they had rather ambiguous authority to do that. Would think that the language in this bill gives them pretty broad reach and submits their contracts are going to be questionable at best since its in the law that contracts are subject to continuing appropriations. This is deficit spending and how can you view it any other way.

Senator Robinson: Some things never change. SB 2043 is before us for these very reasons. We found that there were commitments stretching out for years in all the other agencies, and that's why we have set up an ITD department and have a CIO. This committee will have to decide if it needs different structure. This is not the first time we've had commitments down the road, but it is the first time we have been aware of those commitments.

Rep. Skarphol: Thinks they have the ability to do this with the emergency commission, maybe a

little less convenient, but it gives us a lot more trust in what they are doing that just authorizing them to lease equipment at will without limits.

Senator Robinson: Whether you elect the emergency commission or a statutory legislative committee that meets with this group on an ongoing basis that is as close to technology as you can get, that's the choice this committee needs to make.

John Bjornson, Legislative Council Staff: Explained the amendment 10179.0503 made by the House IBL committee.

Rep. Byerly: In the original bill, the way it came out of the interim committee, was it at the request of the court system that be removed from the advisory council.

John Bjornson: The original committee was named differently, put into place for the planning of the statewide network. That's been accomplished now, but the interim committee and CIO felt it would still be helpful to have a technology advisory committee. It was felt at this point there was a need to have the court system involved. More geared now to economic development.

Rep. Byerly: Is this committee designed to assist state government or a committee to promote the statewide use of IT?

John Bjornson: It should accomplish both. If you look at the end of the section to see the purpose of the committee is to advise ITD regarding statewide information technology planning including providing e-government services to help technology infrastructure, to support economic development, and workforce training, and other policy. Its a general advisory committee.

Rep. Byerly: Thought we still had three branches of government. Part of the effort is that we should support all three branches of government. If you pull a co-equal branch out of

there, and is assuming our representation is from the interim IT committee, that there becomes a problem. The judicial branch will have a system in every courthouse in the state of ND, and touch as many lives as any other state agency, he believes they should at least be at the table with some input.

Rep. Koppelman: Go to the financing issue. Any financing that an agency does of equipment must contain a special clause that allows that to be contingent upon continuing appropriation. Is that the way it is across the board with agencies that finance?

John Bjornson: Not sure exactly how each agencies contract reads. Does believe that is something the attorney general's office desires. Ask Mike Ressler if their contract so reads.

Rep. Delzer: That is the gist of this whole bill. We need to get that answered. The way he reads this, they are giving them the right to finance any amount they want and we are responsible for that as a state.

John Bjornson: You are giving them the right to finance. It certainly is implied and could be more specifically stated, any agreement is subject to legislative appropriation.

Rep. Wald: In section 5, page 5, you used the statement of commissioner of education, should it not be chancellor.

John Bjornson: That is the correct, official name in law.

Mike Ressler, Director of Operations, ITD: He first answers many of the questions previously asked. On the confidentiality issue, the way the law read prior to this biennium, if anyone came to ITD and asked for information, if it was public, ITD had to disclose it. We felt many times that we didn't know if the information was confidential or not. So we asked the legislature to say ITD is just the keepers of the data. They do not have to hand out public data, and would refer the request for information back to the agency who owns the data. We then were

sending requests about the statewide plan back to the various agencies, and were told by the attorney general that the law should read that the ITD has the ability to provide information about legislative IT plans to the requesters. We always let the department know what we have given out. Has been with ITD for 16 years, and has done 44 leases, and there were many done before he came. In all cases we had the non-appropriation funding clause in the lease. At ITD we never sign a lease beyond the current biennium without such a clause.

There was a question on purchases made for the next biennium. We have, for the wide area network, and for Job Service's one-stop function. We stepped in and bought Oracle licenses and a large system, so we can share those licenses with other state agencies. This has saved costs for Job Service and other state agencies to benefit. Gave some history on the financing and leasing issue. They were directed by the Attorney General to add the financing language to the bill. We look for the best finance rates, and they are not always best from the Bank of North Dakota. We are not allowed to build up a cash surplus, to save up for a big purchase, as the federal government comes in and audits special fund agencies.

Chairman Timm: Are you saying the federal government is making you spend every dime you have?

Mike Ressler: Close. They do allow us to build a small surplus but we cannot save up to buy a big purchase.

Rep. Koppelman: In regard to the leases, does your agency communicate with the legislature with your plans for the coming biennium for entering into new leases, or is this just a whole package of what it costs over time, or is this just a surprise for us?

Mike Ressler: He reads this as their authority being limited to the appropriation per biennium. We put this in our budget, and gave an example. The Job Service application was not

budgeted for, and was a surprise to them, but they had the appropriation to do so and therefor entered into it.

Rep. Skarphol: How did you have the appropriation to do so? If we give you a limit this year, are you going to have the feeling you have the ability to exceed that as well?

Mike Ressler: In that case we went to the emergency commission to get the authority to do that. We would not exceed the budget if it got really close, and had to go to the emergency commission.

Rep. Skarphol: What you anticipate that you will expend \$3 million in equipment and have an additional \$900,000 worth of authority to lease or borrow. Could we just give you that amount and say that's it. If you lease, you go to the emergency section or budget section?

Mike Ressler: When you day give us that amount, are you meaning the authority or the actual dollars?

Rep. Skarphol: The dollars in your budget for the equipment purchases.

Mike Ressler: Doesn't want the dollars in a sense, because that would be all general fund, and billing out their service would be billed to the agencies who use the service, and loosing federal dollars.

Rep. Skarphol: But some agencies give you general fund dollars. If we limited your leasing authority to special funds, would that be okay.

Mike Ressler: That would be acceptable.

Rep. Delzer: Looking at the fiscal note that says it has no fiscal impact. How can you say that for the next biennium? You are planning to do this, or you wouldn't ask for the legislation. How can you say there is no fiscal impact?

Mike Ressler: The way he interprets the fiscal note is that if there is any increased cost due to the changes in the legislative code. If for some reason we couldn't borrow money, we have always had the ability to lease. Therefore, there would be no additional cost to borrow versus lease. If that portion had been rejected by the legislature, and you wouldn't have changed what was in current law, which is leasing, there would be no fiscal impact.

The chairman closed the hearing on this bill.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2043

House Appropriations Committee

☐ Conference Committee

Hearing Date April 5, 2001

Tape Number	Side A	Side B	Meter #
04-05-01 tape #1		180 - 1815	
Committee Clerk Signature <i>Kathie Hall</i>			

Minutes:

The committee was called to order, and opened committee work on SB 2043.

Chairman Timm: There are some amendments from Rep. Skarphol and another from Rep. Delzer.

Rep. Skarphol: Explains the amendment 10179.0506. They are not as comprehensive as they look. They really addressed the engrossed senate bill, and include the House IBL amendment. The change he proposes is on page 2, section 8, 9 and 10. The real change is in section 8. It tries to put in place some performance measures or benchmarks for the ITD to develop and bring back to the legislature to get us to become more comfortable with what they are doing and where they are going. If you read through the amendment you will see that I worked in collaboration with OMB and the Auditor's office and their IT people to come up with this. Washington state has done some of this, and I hope that we can adopt these. They should go a long way in making us more comfortable with the reports we get from ITD.

Rep. Skarphol: Moves to adopt the amendment. Seconded by Rep. Kempenich.

Rep. Wald: In regard to section 10, the performance audit, I thought we had heard from the auditor's office that they can only do 2 or 3 performance audits per year. Does this fall within their capacity to do this?

Rep. Skarphol: I have discussed this with them. The amendment says to do the audit in the 2003-3005 biennium, after the benchmarks have been in place a while. The timing is not required, and says they may perform the audit, not shall perform it.

(Short discussion on looking at the amendment with the engrossed bill, not the bill already with the House amendments in it. Roxanne, LC explains what the engrossed bill with house amendments (in the bill books) says).

Voice vote adopts the amendment.

Rep. Delzer: Explains the amendment 10179.0505. It bothers him that this appears to be a wide open finance. We will allow ITD to do whatever they want. This amendment would mean that the budget section or the legislature would have to approve during the interim any finance agreements. Moves to adopt the amendment. Seconded by Rep. Svedjan.

He appreciates the three years that the House IBL committee put in, but feels this is also necessary. We need some controls, doesn't say they would go out and finance too much, but they could.

Rep. Glassheim: Does see this amendment as too much management. They are limited already by how much is in their budget. Then they are also limited in their contracts. It is also limited to what has just been adopted. Now you want to go over every purchase agreement you have authorized them to purchase.

Rep. Byerly: First of all, Rep. Delzer's amendment only deals with purchases they want to finance. If they have the cash, they can spend as much as they want. It is only those things that they intend to finance, like the statewide network. All this is asking for is on things like that, that they go to the budget section, so we know when we come back we are already way in the whole in the budget.

Voice Vote adopts the amendment.

Rep. Byerly: Has a verbal amendment. On page 2 of the bill, line 17, where the House amended it to say finance the purchase, he would like it to be restricted to "up to the amount included in the equipment line item of the budget". Moves to adopt the amendment. Seconded by Rep. Delzer.

Right now their equipment line item is \$5 million. This will cap the amount of money that they can finance to be equivalent to the line item. It will put a constraint on them. In section 2 of the budget bill, they have the ability to transfer in line items. ITD could go out and finance \$71 million of stuff without our knowing that is occurring. They could use the HIPAA money, if not used on HIPAA, to finance other things.

Rep. Aarsvold: Would that be the unencumbered balance of the equipment line item?

Rep. Byerly: Just the amount of money we appropriated. It would be the dollar amount that shows up in the equipment line item of the budget, not the remaining money or balance not used.

Voice Vote adopted the amendment.

Rep. Skarphol: Moves DO PASS AS AMENDED. Seconded by Rep. Wald.

Vote on Do Pass as Amended: 20 yes, 0 no, 1 absent and not voting.

Rep. Skarphol is assigned to carry this bill to the floor.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043

In lieu of the amendments adopted by the House as printed on pages 1028 and 1029 of the House Journal, Engrossed Senate Bill No. 2043 is amended as follows

Page 1, line 1, after "to" insert "create and enact a new section to chapter 54-59 of the North Dakota Century Code, relating to the preparation of an information technology department annual report; to"

Page 1, line 4, after "department" insert "; to provide a statement of legislative intent; and to provide for a performance audit of the information technology department"

Page 2, line 17, after "purchase" insert "for a period not to exceed thirty-six months"

Page 4, line 1, replace "Section" with "If Senate Bill No. 2251 does not become effective, section"

Page 4, overstrike line 12

Page 4, line 13, overstrike "representing a", remove "workforce training advisory board", and overstrike the comma

Page 4, line 14, remove "one member", overstrike "representing", and remove "city or county"

Page 4, line 15, remove "government; one member representing the greater North Dakota association" and overstrike ", one member"

Page 4, overstrike line 16

Page 4, line 17, overstrike "commission to operate in this state,"

Page 4, line 18, remove "one member representing"

Page 4, line 19, remove "Indian tribes, and one member representing the hospital telemedicine industry" and overstrike the period

Page 5, after line 3, insert:

"SECTION 5. AMENDMENT. If Senate Bill No. 2251 becomes effective, section 54-59-07 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-59-07. ~~Statewide-wide-area-network~~ State information technology advisory committee. The ~~statewide-wide-area-network~~ state information technology advisory committee consists of the chief information officer or the officer's designee, who is a nonvoting member; the ~~state-court administrator~~ director of the department of economic development and finance or the ~~administrator's director's designee, with the approval of the chief justice of the supreme court;~~ director's designee; the commissioner of higher education

or the commissioner's designee; the chairman of the information technology council of North Dakota or a designee; the director of the North Dakota workforce development council or a designee; the chairman of the educational technology council or a designee; and nine eight members appointed by the governor. The governor shall appoint two members representing state agencies, one member representing a county, one member representing a city, two members representing elementary and secondary education, one member representing noncommercial public television stations licensed by the federal communications commission to operate in this state, and two members from private industry who are knowledgeable in the deployment of major technology projects. The governor's appointees from private industry serve two year terms, and other appointees of the governor serve at the pleasure of the governor. The governor shall designate the chairman of the committee. The department shall provide staff services to the committee. Except for the commissioner of higher education and the representatives of state agencies who receive compensation for their duties as state officers or employees, members of the committee are entitled to be compensated for time spent in attendance at meetings of the committee and for other travel as approved by the chairman of the committee at the rate of sixty-two dollars and fifty cents per day and are entitled to reimbursement for their actual and necessary expenses incurred in the same manner as other state officials. The compensation and expenses are to be paid from appropriations for the department. The committee shall advise the department with respect to planning and implementation of wide-area network services provided by the department regarding statewide information technology planning, including providing electronic government services for citizens and businesses, developing technology infrastructure to support economic development and workforce training, and developing other statewide information technology initiatives and policy."

Page 6. after line 15, Insert:

"SECTION 8. A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows

Information technology department annual report. The department shall prepare an annual report to be presented to the information technology committee and the legislative audit and fiscal review committee. The annual report must contain:

1. A list of projects started, ongoing, and completed during the year including related budgeted and actual costs and estimated implementation date for each project.
2. Information regarding evaluations of cost-benefit analyses for completed projects.
3. The percentage of projects completed within budget.
4. The percentage of projects completed by the estimated implementation date.
5. Information regarding the department's management tools used to monitor projects.
6. Information regarding administrative costs including administrative costs as a percentage of total department expenditures.
7. A comparison of the department's rates charged for services compared to rates charged for comparable services in other states and in the private sector.

8. Information regarding the department's project management system including whether a project manager is assigned to each project.
9. Information regarding the information technology plans including the department's plan review process, the number of plans reviewed, and the number of plans approved.
10. The number of information technology training hours completed by each department employee.
11. Information regarding customer satisfaction with the services provided by the department.
12. A detailed description of the department's statewide information technology plan.

SECTION 9. LEGISLATIVE INTENT - PERFORMANCE MEASURES. It is the intent of the legislative assembly that the information technology department develop performance measures to assist the legislative assembly in determining the effectiveness and efficiency of the department's operations during the biennium beginning July 1, 2001, and ending June 30, 2003. Each performance measure must include a benchmark for targeted department performance based on national, other states, or private sector performance. The department shall report to the information technology committee and the legislative audit and fiscal review committee during the 2001-02 interim on the performance measures developed.

SECTION 10. PERFORMANCE AUDIT. The state auditor's office shall consider conducting a performance audit of the information technology department during the 2003-05 biennium. The review, if conducted, must include a review and evaluation of the performance measures developed by the information technology department during the 2001-03 biennium."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Dept. 112 - Information Technology Department - House Action

This amendment makes the following changes:

- Change the membership of the State Information Technology Advisory Committee.
- Requires the department to prepare an annual report and present it to the Legislative Council's Information Technology Committee and the Legislative Audit and Fiscal Review Committee.
- Provides legislative intent that the Information Technology Department develop performance measures.
- Provides that the State Auditor's office consider conducting a performance audit of the Information Technology Department during the 2003-05 biennium.

Date: 45-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2043

House APPROPRIATIONS

Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number

10179.0506

Action Taken

Motion to adopt amendment

Motion Made By

Rep. Skarphol Seconded By

Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman					
Wald - Vice Chairman					
Rep - Aarsvold			Rep - Koppelman		
Rep - Boehm			Rep - Martinson		
Rep - Byerly			Rep - Monson		
Rep - Carlisle			Rep - Skarphol		
Rep - Delzer			Rep - Svedjan		
Rep - Glassheim			Rep - Thoreson		
Rep - Gulleason			Rep - Warner		
Rep - Huether			Rep - Wentz		
Rep - Kempenich					
Rep - Kerzman					
Rep - Kliniske					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Passed

10179.0505
Title.

Prepared by the Legislative Council staff for
Representative Delzer
April 3, 2001

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043

Page 2, line 19, after the period insert "The department shall submit any proposed agreement to finance the purchase of software or equipment under this subsection to the budget section of the legislative council before entering the agreement. If the budget section does not approve execution of the agreement, the department may not proceed with the proposed financing arrangement."

Renumber accordingly

Date:

Roll Call Vote #:

4-5-01
2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2043

House APPROPRIATIONS

Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number

10179.0505

Action Taken

motion to adopt amendment

Motion Made By

Rep. DelzerSeconded
ByRep. Svedjan

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman					
Wald - Vice Chairman					
Rep - Aarsvold			Rep - Koppelman		
Rep - Boehm			Rep - Martinson		
Rep - Byerly			Rep - Monson		
Rep - Carlisle			Rep - Skarphol		
Rep - Delzer			Rep - Svedjan		
Rep - Glassheim			Rep - Thoreson		
Rep - Gulleason			Rep - Warner		
Rep - Huether			Rep - Wentz		
Rep - Kempenich					
Rep - Kerzman					
Rep - Kliniske					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

passed

Date: 4-5-01
Roll Call Vote #: 3

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2043

House APPROPRIATIONS

Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Motion to further amend.

Motion Made By

Rep. Byerly

Seconded
By

Rep. Delzer

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman					
Wald - Vice Chairman					
Rep - Aarsvold			Rep - Koppelman		
Rep - Boehm			Rep - Martinson		
Rep - Byerly			Rep - Monson		
Rep - Carlisle			Rep - Skarphol		
Rep - Delzer			Rep - Svedjan		
Rep - Glassheim			Rep - Thoreson		
Rep - Gulleason			Rep - Warner		
Rep - Huether			Rep - Wentz		
Rep - Kempenich					
Rep - Kerzman					
Rep - Kliniske					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

pg 2, line 17 - put a restriction
of up to amount of regis line item

Passed

Date: 4-5-01Roll Call Vote #: 42001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2043House APPROPRIATIONS

Committee

☐ Subcommittee on _____

or

☐ Conference CommitteeLegislative Council Amendment Number 16179.0507Action Taken Do Pass As Amended.Motion Made By Rep. Skarphol

Seconded

By Rep. Wald

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman	✓				
Rep - Aarsvold	✓		Rep - Koppelman	✓	
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol	✓	
Rep - Delzer	✓		Rep - Svedjan	✓	
Rep - Glassheim	✓		Rep - Thoreson	✓	
Rep - Gulleason	✓		Rep - Warner	✓	
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman	✓				
Rep - Kliniske	✓				

Total

(Yes) 20No 0Absent 1Floor Assignment Rep Skarphol

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

Engrossed SB 2205 passed and the title was agreed to.

REPORT OF STANDING COMMITTEE

SB 2043, as engrossed: Appropriations Committee (Rep. Timm, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends DO PASS 60 YEA, 0 NAYS, 1 ABSENT AND NOT VOTING. Engrossed SB 2043 was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the House as printed on pages 1028 and 1029 of the House Journal, Engrossed Senate Bill No. 2043 is amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 54-59 of the North Dakota Century Code, relating to the preparation of an information technology department annual report;";

Page 1, line 4, after "department" insert "; to provide a statement of legislative intent; and to provide for a performance audit of the information technology department";

Page 2, line 18, after the period insert "An agreement to finance the purchase of software or equipment may not exceed a period of three years. The department shall submit any proposed agreement to finance the purchase of software or equipment under this subsection to the budget section of the legislative council before executing the agreement. If the budget section does not approve execution of the agreement, the department may not proceed with the proposed financing arrangement. The department may finance the purchase of software or equipment only to the extent the purchase amount does not exceed the amount appropriated to the department during that biennium for equipment."

Page 4, line 1, replace "Section" with "If Senate Bill No. 2251 does not become effective, section"

Page 4, overstrike line 12

Page 4, line 13, overstrike "representing a", remove "workforce training advisory board", and overstrike the comma

Page 4, line 14, remove "one member", overstrike "representing", and remove "city or county"

Page 4, line 15, remove "government", one member representing the greater North Dakota metropolitan area, and overstrike ", one member"

Page 4, overstrike line 16

Page 4, line 17, overstrike "commission to operate in this state."

Page 4, line 18, remove "one member representing"

Page 4, line 19, remove "Indian tribes, and one member representing the hospital telemedicine industry" and overstrike the period

Page 5, after line 3, insert:

"SECTION 5. AMENDMENT. If Senate Bill No. 2251 becomes effective, section 54-59-07 of the 1999 Supplement to the North Dakota Century Code is amended and reinserted as follows:

54-59-07. Statewide-wide-area-network. State information technology advisory committee consists of the chief information officer or the officer's designee, who is a nonvoting member; the state court administrator; director of the department of economic development and finance or the administrator's director's designee, with the approval of the chief justice of the supreme court; the commissioner of higher education or the commissioner's designee; the chairman of the information technology council of North Dakota or a designee; the director of the North Dakota workforce development council or a designee; the chairman of the educational technology council or a designee; and nonvoting members appointed by the governor. The governor shall appoint two members representing state agencies, one member representing a city, one

member representing a city, two members representing elementary and secondary education, one member representing noncommercial public television stations licensed by the federal communications commission to operate in this state, and two members from private industry who are knowledgeable in the deployment of major technology projects. The governor's appointees from private industry serve two-year terms, and other appointees of the governor serve at the pleasure of the governor. The governor shall designate the chairman of the committee. The department shall provide staff services to the committee. Except for the commissioner of higher education and the representatives of state agencies who receive compensation for their duties as state officers or employees, members of the committee are entitled to be compensated for time spent in attendance at meetings of the committee and for other travel as approved by the chairman of the committee at the rate of sixty-two dollars and fifty cents per day and are entitled to reimbursement for their actual and necessary expenses incurred in the same manner as other state officials. The compensation and expenses are to be paid from appropriations for the department. The committee shall advise the department with respect to planning and implementation of wide-area-network services provided by the department regarding statewide information technology planning, including providing electronic government services for citizens and businesses, developing technology infrastructure to support economic development and workforce training, and developing other statewide information technology initiatives and policy."

Page 6, after line 15, insert:

"SECTION 8. A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

Information technology department annual report. The department shall prepare an annual report to be presented to the information technology committee and the legislative audit and fiscal review committee. The annual report must contain:

1. A list of projects started, ongoing, and completed during the year including related budgeted and actual costs and estimated implementation date for each project.
2. Information regarding evaluations of cost-benefit analyses for completed projects.
3. The percentage of projects completed within budget.
4. The percentage of projects completed by the estimated implementation date.
5. Information regarding the department's management tools used to monitor projects.
6. Information regarding administrative costs including administrative costs as a percentage of total department expenditures.
7. A comparison of the department's rates charged for services compared to rates charged for comparable services in other states and in the private sector.
8. Information regarding the department's project management system including whether a project manager is assigned to each project.
9. Information regarding the information technology plans including the department's plan review process, the number of plans reviewed, and the number of plans approved.
10. The number of information technology training hours completed by each department employee.
11. Information regarding customer satisfaction with the services provided by the department.
12. A detailed description of the department's statewide information technology plan.

SECTION 9. LEGISLATIVE INTENT - PERFORMANCE MEASURES. It is the intent of the legislative assembly that the information technology department develop

MESSAGE TO THE SENATE FROM THE HOUSE (MARK L. JOHNSON, CHIEF CLERK)
MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: HB 1058, HB 1269.

2001 SENATE GOVERNMENT AND VETERANS AFFAIRS

CONFERENCE COMMITTEE

SB 2043

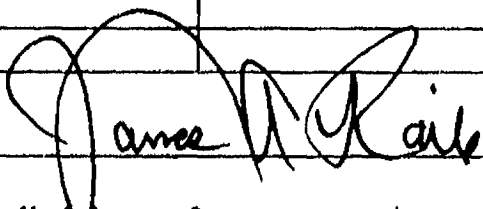
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2043

Senate Government and Veterans Affairs Committee

■ Conference Committee

Hearing Date April 20, 2001

Tape Number	Side A	Side B	Meter #
1	X		0.0-52.5
Committee Clerk Signature 			

Minutes: **Chairman Krebsbach** called the conference committee to order on SB 2043 which relates to powers, duties, and responsibilities of the information technology committee and the information technology department. The clerk called the roll and all members of the committee were present. At this time **Chairman Krebsbach** opened the discussion of the amendments which had been placed on the bill by the House of Representatives. **Representative Berg** indicated that **Representative Skarphol** could address the amendments which were added by the House Appropriations Committee and he would address those which were added by the House Industry, Business and Labor Committee. In the IB&L Committee, the amendments added really did two things, first of all was the financing. On page 2 of the version 700, if you go to section 2, one of the key components of the bill is allowing them to finance through revenue that would be coming in from the agencies. One of the things we did was we said you can go ahead and finance it, but we don't want it not to exceed a three year amortization period. If they are going to finance it, it needs to be a short term issue. At this point **Chairman Krebsbach** indicated that

from her understanding there are some issues from the information technology division relating to the house amendments. At this time she presented written copies of this information to the committee members. **Representative Skarphol** indicated that the House Appropriations Committee felt it was appropriate to put a little more specific language as to the mechanism that we wanted the department to utilize in doing financing because there was a potential for the department to spend an awful lot of money and at this point in time the House just wasn't comfortable in allowing them that level of flexibility. We further amended starting on line 25. The department shall submit proposed agreements to finance purchase of software equipment under this subsection to the budget section of the legislative council before executing the agreement. If the budget section does not approve the execution of the agreement, the department may not proceed with the proposed financing arrangement. He doesn't really believe that the intent was to be onerous with this. He believes the intent was to just have some oversight. The department in the previous biennium answered only to the ITD Committee many of whom had never served in budget section and have realized the full implications of something like this. When you analyze the situation the department had the capability to borrow up to the full extent of their budget which in essence was \$90 to \$100 million. We went on to further say in here that the department may only finance the purchase of software equipment only to the extent the purchase does not exceed the amount appropriated to the department in their equipment line item. In other words we limited them to 5.5 million or, it was just a real concern that we could get involved in spending an awful lot of money without any budget section oversight. As he had indicated before, it wasn't intended to be onerous and we didn't want to do that we just wanted to be made aware of it, create a comfort level between the department and the legislature. That comfort level doesn't exist on the House side to the degree that it does on the

Senate side. If there is some language that we need to adjust here we could probably do that within reason to make it more workable for everybody. It is just one of those issues that was an issue with us. **Representative Berg** indicated that the objective was not to create a burden that slows the process down but to have some oversight at least on the major issues and again, not that the budget section is going to reject them but at least there is an awareness to the budget section as this kind of comes together. One option which the house talked about was briefly was even if we put some kind of limit on there. You don't have to wait until the eleventh hour to come to the budget section. You can come to the budget section four months in advance and say here's one of the things we are planning on doing, the budget section says yes, OK and then they can go ahead and bids come in in that range, they can go ahead and execute the contracts.

Representative Skarphol indicated the other issue that you folks need to be aware of is that in the ITD budget and it's not settled yet, but the proposals are fairly close. There is language being put in there that allows the department to transfer between line items within their budget up to the level of the governor's recommendation on January 7, 2001. So for example we took some money out of CII. But, if the CIO decides he has some extra money somewhere else, he like to put some money in CII, he can do it up to the level of the line item in the budget. So he does have some flexibility there to work with as well. We have tried to give him as much as we can but still have some oversight. **Chairman Krebsbach** inquired if there were any questions or comments at this time. **Senator Wardner** indicated he was wondering if the house had any problem with them reporting to the Emergency Commission. He indicated that some of the members of the committee have served on the budget, he hasn't and he is not on the emergency commission so he is not certain how that all works. His understanding is that ITD doesn't have a problem with reporting, it's just that they would like to be able to move a little quicker. Going to

the Emergency Commission would speed things up and they would still be held accountable.

Representative Berg indicated he thinks that the emergency commission meets at the same time as the budget section so it's once a quarter kind of ongoing, but they can be called together quicker as well so again maybe he is looking at this a little different. He thinks the issue is on expenditures that they desire to finance that are coming up that they need to make a decision on, they'll want to make a decision on. If there are things that are out of the normal course of business, he thinks that is what the budget section wants to be aware of. He doesn't know if it makes any difference if it is emergency or budget. He guesses the only difference is the emergency commission can be called together to meet. He would think very few agency heads would want to have an emergency meeting of the emergency commission. If you've got a little financing thing because that becomes the focal point of a lot of press and a lot of debate. He thinks what we are trying to do and he is assuming this came from IT. **Chairman Krebsbach** indicated yes it did. Before we made a decision to concur or not concur we asked them to come down and give some ideas as to how they felt about the amendments and that is where this document came from. **Representative Berg** indicated he wasn't sure how you wanted to do this. **Chairman Krebsbach** indicated she wanted to know how many people serve on the Information Technology Committee. There is some crossover between that committee and budget right at this time and has been from her understanding. She thinks there is connection and the budget committee does have information through this committee. **Representative Skarphol** indicated that he has looked at the membership on that and he is not sure there is a lot of crossover on that thing. There probably will be if the same members stay on because **Representative Thoreson** for one is on there but he has never served on budget section prior to this. **Representative Lemieux** indicated that the members that would have served would have

been Robinson, Solberg that had access to the budget section. Other than that from the House it was Eckstrom, Thoreson and himself. Representative Skarphol indicated that is probably the reason for the level of discomfort in the house. We are not trying to be onerous. We are just trying to be participatory in some of this at this point in time because we, in our discussion we were less able to find successes than failures in IT programs as they developed. For that reason we wanted to try to insure that we give as much input into this because we are the ones who will ultimately be responsible if its a failure, I mean we are going to have to pick up the tab, the department will take up some flack on it, but we are the ones who have made the decisions. We want to come back next session, see a success, and say hey, let's really go for this this time. We want to start cautiously and then let it go when we see it is a success. **Representative Lemieux** indicated that he has to agree with Representative Skarphol about having the oversight if we are to enter into contracts it's not something that is just today, it's something that well thought out, it's plan's that have been put together but ITD, having them come to report to the ITD Committee and the Budget Section he doesn't think is over burdensome. These projects that we are talking about aren't the daily we need a small program that's going to cost us 3 to 4 thousand dollars. What we are talking here is some major programs, projects. **Chairman Krebsbach** inquired if there was a dollar amount that you are looking for to be requested from the budget section. There isn't that she sees here. **Representative Berg** indicated that he has served in the budget section and he thinks that it is a good process to have that go through. The budget section would be extremely frustrated if we had financing proposals for two years at a hundred thousand dollars or fifty thousand dollars. He thinks really what we are trying to do is be aware of the big issues that are happening. What we are doing is we are saying that they have to have budget section approval, if the budget section doesn't approve they can't move ahead. For lack of a

better starting point he'd sure say if we were a million dollars or under, we don't require them to receive approval from the budget section. Maybe this information is just provided to the budget section. If it's projects over a million dollars that would be something that the budget section should take a vote on. **Senator Wardner** noted on the top of page 2 and 10 it talks about cost benefit analysis of any major informational technology project and it does have a dollar amount there. The major project is a project with a cost of two hundred and fifty thousand dollars. He doesn't know how that fits in here, but there is a dollar amount and this his understanding is, has to go, it's one of the powers and duties of the information technology committee. He doesn't know, he would think that that number would mean something, because so it would be even less than what you are proposing Representative Berg. **Representee Lemieux** indicated that in section 2 lines 22-31 it is predominantly if we are going to finance and otherwise everything would have been budgeted previously through someone's proposals previously and so this really addresses if there is something that comes up in the interim, to enter into a new project or to expand. It talks about entering into leases or purchases and things like that. These should go through the legislative processes, as part of the budgeting processes. To answer those questions he thinks is imperative. **Senator C. Nelson** indicated she had asked the chair if she might ask **Curt Wolf** a question. If you are considering financing something other than outright purchase of a lease which has been in the bill before. What dollar amount are you looking at? Are we talking about something we don't need to talk about because it's never going to happen? **Curt Wolf** indicated that they think it is most appropriate that they report to the budget section and he has no problem with that. They currently have about 3.2 million dollars out in loans. Of their last six loans one was two million the rest were 1 million or under. An example of what happens here is Job Service came to us 6 months ago and said they wanted to do work with ITD and bus

services from ITD rather than build their own and expand their own computer center. They needed ITD's help to finance buying. We put that together, it was under a million dollars but we financed it because we didn't have that kind of cash and we billed it back to as part of the rate base billing to Job Service for that and they are paying for their share of those licenses and we were able to get a 50% discount from the vendor because we packaged those many licenses together. The discussion that you've had, we are not in disagreement with any of it other than the timing issue of how quickly sometimes we have to be able to move. He thinks Representative Berg's recommendation that some kind of money amount under that we can move ahead and then report to the budget section what we are doing. Anything over that would force us to get formal approval from the budget section. He thinks they would be very comfortable that they could operate OK with that kind of a structure going forward.

Representative Skarphol indicated that in that situation the concern in the committee is the financing thing. This is a new issue. We have never had to deal with this before. The lease thing is subject to a continuing appropriation. Financing is worded the same way for the most part contract. The dilemma is we can not deficit spend according to the constitution. We have to be very careful how we proceed with this. Curt my question of you is would you have a problem if we wanted to try to change something in here of having it be an accumulative amount beyond which in other words you could finance 20 \$150,000 projects none of which would be over a \$250,000 limit. The accumulative total would be far beyond the \$250,000 limit. We need to find some middle ground here that we are going to be comfortable with here. Mr. Wolf indicated don't confuse section 10 the reference to the \$250,000 and the \$500,000. Those are software development projects that were reported on just because of their size. We were asked to oversee those to make sure that they are done right. These loans are related to buying equipment

or system software specifically. The 3 year limit is very reasonable. It is a different kind of thing. To answer your question though you have limited us to an equipment line item that is approximately 5 million dollars. Over the last twenty years there have been probably a few notes that have been greater than any one note that has been 5 million when we bought major upgrades to the mainframe computer which we don't do much of anymore. We can usually plan those to where we can give our budgeting process lets you know that we intend to do this. To answer your question he indicated he would be happy with some kind of limit here that you are comfortable with. We can do loans up to 5 million. Again we would continue to report what we are doing to you. Holding a governor on us with the size of these loans cumulatively come to and if that's the 5 million that's in our equipment line, that would be fine. He indicated he was open to whatever you all believe to be the best limits you want to put on this. Not to over limit us to where we can not operate on it. If the budget section has just met and then a week later something comes up to where we can provide a real service to an agency and we need to borrow some money he would not like to have to wait three months to bring it to the budget section. On the other hand he can appreciate the budget sections interest in knowing what we are doing here. **Chairman Krebsbach** indicated you feel Mr. Wolf that if you were to report to them exactly what you had been financing on their or at their quarterly meetings, that would just be a report to them on the status of this particular section. **Mr. Wolf** indicated that they think surely they should report regardless. The point that he thinks Representative Skarphol is getting to is you go out and borrow a hundred million dollars and oh by the way next time we go to the budget section we say we borrowed a hundred million dollars. We certainly wouldn't do that by the way. We report all of this to OMB and they know what we are doing and so I don't think they would let us go do something wrong. He doesn't mind, a cap is just sort of protection of us

doing something irresponsible. Yes, obviously he would just prefer reporting. **Chairman Krebsbach** inquired what dollar amount Mr. Wolf would see as reasonable if the committee were to put one in. **Mr. Wolf** indicated he thought of their last six notes only one exceeded a million. So he thinks a million is a good number that was thrown out earlier. With some cap of \$5 million before, something like that. **Representative Berg** indicated that if he understood the amendments there is a \$5 million cap. **Mr. Wolf** indicated there is for the biennium. **Representative Berg** indicated so the loans could not exceed \$5 million in total. So if you had a loan for \$500,000 and that was paid off in 18 months, then you could finance more as long as the aggregate total did not exceed \$5 million. Is that how we understand it? **Mr. Wolf** indicated that was a very good question. Right now they have about \$3.2 million in outstanding loans which are ones that have historically progressed. He doesn't know even when they expire. Hopefully we aren't saying here that \$3.2 counts toward the \$5 million for the next biennium. Yes. To answer your question that would be fine to say that cumulatively they can't exceed \$5 million. **Rick Berg** indicated the fundamental issue here is not your fault. But, many of us have always been under the premise that we can not obligate another biennium. That is really what we are doing here. Now, does it make sense to do it this way, probably, but we've always resisted obligating another biennium. Obviously we do bonds and things like that but that is the fundamental concern that he thinks people have. If we are making that change we want to make sure that we do it appropriately. Quite frankly the other side of it is this is a practice you are doing right now and maybe you shouldn't have been doing it. **Mr. Wolf** indicated that there is legislative authority or there is statute authority to at least purchase this which is what we have done historically for the last twenty years. These purchases as a specific loan was not. **Rick Berg** indicated there was not any difference between a lease and a finance. **Chairman**

Krebsbach indicated just for information that is basically why all this process was started, because there was an alarm as to how much was being leased by all agencies. Just for information Representative Berg we find the same thing in contracts for services. Those are done on the same system and the same manner. **Representative Lemieux** indicated that Mr. Wolf had alluded to the budget section has just met and a project comes in and it would be we could provide a service. Could you give us an approximation if that's something that has come up so quick of those instances where you would need less than three months, to enter into a lease and of what dollar value possibly? **Mr. Wolf** indicated that a lot of times it does move very quickly because again when agencies went out and bought a package we need to run it, we need to buy additional equipment to house it, and we charged it back to provide that support. That can happen certainly in less than three months. The huge projects like ARJ in the Capitol, you are right, three months wouldn't be an issue. **Representative Lemieux** asked if he would answer the question as to the smaller projects and where you think a reasonable cap would be? He doesn't think a million dollars would be reasonable cap on a project that has to be done in less than three months. **Mr. Wolf** indicated he was sure that the issue was here that they are buying equipment and this equipment is expensive and even if it is a small application typically the hardware expenditure could be substantial so it's, and it could have a short life to it in terms of reaching a conclusion. Working with the agency that would want to do something.

Representative Skarphol indicated he thinks that we can find some ground here that we can work with but he wanted to go on to the rest of the bill so we can get through it and maybe Monday we can sit down with some suggested language and work it out. The rest of what the Appropriations Committee did was sections 8, 9, and 10 of the bill. Again he goes back to the fact that they had a lot of difficulty on. **Representative Berg**, maybe before we get there,

section 4 of the bill again this isn't the controversial one, but what we did is in section four, the language that is crossed out, this has all the members designated as to who the governor would appoint, and we deleted that and said the governor can pick eight members. So it gives the governor more flexibility to get the right people on the committee. **Chairman Krebsbach** indicated she believed those amendments were agreeable with the information technology as well. **Senator Wardner** indicated he thought that this was probably a good move. He remembered at the end of the interim they were trying to recall if they left somebody out, or should we get this person, it was, so he welcomes those amendments. Representative Skarphol returned to his discussion of section 8 of the bill. He indicated that again this was due to the perception in the Appropriations Committee that we have had some really unfortunate incidents in regard to technology in the state. The University System had somewhat of a fiasco, we've got a fiasco over at the motor vehicle department. We just thought it was appropriate to try to put something in here that again is not an attempt to be onerous for I ID, but rather to create a comfort level and facilitate communication so that when we come back in this next session we have a document that we can work with and look at that anyone can read and become more familiar with what is going on. He realizes they have their annual report and stuff, but these suggested benchmarks or however you want to refer to them. They were put together by some people that spent a great deal of time working on this and they went back to the state of Washington and what Washington used and tried to compile something. He just thinks that we need to have something in statute that does this and he thinks it would be appropriate in more than just this agency and he would love to see it in commerce. We did direct the commerce department to do this by the middle of this next biennium they have to have some of these in place. He doesn't think they are onerous, he thinks they are probably somewhat repetitive to

them but they should be able to take it from one document and transfer it to another and provide it to the two committees suggested (the IT committee and legislative audit and fiscal review). Then after that it can go wherever. The performance measures issue in section 9 again it's intent language that says the department will develop the performance measures. There are those among us who don't think that is probably entirely good. We think we should do it and whatever but we wanted to give them the ability to help develop the list above. These are some of the things that we would like to see. If you can do better for us, we will be tickled with it, is really where we are at with this and establish some benchmarks so that when Mr. Wolf is gone and the next person is there to take his place that we have some measurements that we can hold people accountable to, to make sure things are working. That is all we are after. The performance audit is a suggestion that in the next biennium the auditors office should look at it to see that we are getting the results that we have been promised that's all. It doesn't require it, it says shall consider and again it's just intent language. He doesn't view these as onerous in any way, shape or form. He just thinks that as a committee and he says this very sincerely there wasn't a lot of disagreement about this, these amendments were felt appropriate. **Chairman Krebsbach** inquired if Representative Skarphol was acquainted with the document which IT currently puts out as it's report. She indicated that this document is providing everything that you are asking for in section 8. She feels they are already doing it. She sees no need to duplicate in our statute things that are being done already. **Representative Skarphol** indicated he would disagree with one of these in particular and that is number 8. Information regarding the departments project management system including whether a project manager is assigned to each project. He would think that across campus here in the department of transportation, had there been a project manager that particular project would not have been the fiasco it has been. He guesses we could

argue particular issues. Like he said this is to create a comfort level and awareness. The whole idea is that these things are going to be brought periodically in front of these two committees, these particular issues and drawn to their attention. We get numerous books of that size that I would submit to you very few of us read all of them. I'm serious about that. That doesn't create a comfort level if you get the book and never look at it. Making this agency talk to the members of these committees, you have at least 15 people who are made aware of this. **Chairman Krebsbach** inquired could not those 15 people be provided this? **Representative Skarphol** indicated certainly they could, but if they go before the committee and they go through a list of particular topics it's going to happen. If they are required to it is going to happen. We are going to sit there and we are going to listen and we are going to ask questions and we are going to become more familiar and more comfortable. If we read that at home, we don't have the opportunity to ask them questions. We don't have the opportunity to have the two way communications that you have sitting in a committee room. **Representative Berg** indicated obviously a part of this process is you have to put an amendment on the table and so he thinks the point that **Representative Skarphol** is bringing out is that there is a lack of understanding by legislators, and maybe it is our fault, maybe all the information we are asking for is out there and published, but we don't know about it, and so again the positive side is there are two groups that maybe, audit and fiscal review and the budget section if they are more aware of what the state wide technology plan is and some of these other things. He thinks that would benefit the whole state as we move forward into technology. It may be part of what we need to do here is to say what information is currently being provided. I don't think we are looking at trying to create another layer of work if it is already there. What we need is we want the information presented to other groups of legislators in a way that we can easily grasp and understand. I think that is

particularly what we are looking at here. **Chairman Krebsbach** indicated that she is having difficulty, when we always look for efficiency in government and then we are asking them to do a report just to suit our needs for a particular time when it is reported, it is up to us sometimes to seek out what we have and if we don't have, go to the agency, find out what more information we want. **Senator C. Nelson** indicated she tends to agree with Chairman Krebsbach. She indicated if they want section 8 in there, end it after the first period and not delineate because this book has more stuff in it than these twelve things. What she sees happening is that IT is going to write one with just these twelve things and say this is what you need to know. She would rather give them the latitude. They got the message, these are the things you want to have, they can put those there. They know they are supposed to have an annual report. Then you are talking about flexibility for the governor, let's talk about some flexibility here for IT. **Senator Wardner** inquired if the budget committee could just let the department know that you want them to report to the committee. Do they do that during the interim or what are the procedures?

Representative Berg indicated that obviously if the budget committee asks the agency to give them a report, he assumes that the agency will give them that report. He thinks that **Representative Skarphol** is hitting on something real key here and he doesn't know if we are going to solve this. If the question were asked to him as a legislator, what percent of the projects have been completed on their estimated information date or what percent of projects have been completed within budget. He doesn't know if he can answer that. Can any of us answer that? His point is not to put anyone on the spot here but, sometimes we don't give an agency a clear enough message as to what is the information you want from them so we end up getting reams and reams of information that we can never get through when in fact they would be more than happy to give us the specific information that we want, but we haven't told them what it is we

really want. He thinks that's part of what the attempt to do here is. This is what we feel is important as legislators to make decisions on technology in the future. Again he thinks there is an opportunity here, but he agrees with Senator Krebsbach, we don't want to create a lot more work and something that is duplicative, maybe what we should do is throw this out in fact, maybe I shouldn't throw this out, but there are 50 different annual reports that are required by different agencies of state government to report. Now, if you asked him to name them he couldn't name them. He has a list upstairs showing them and he would doubt that any legislator, but he would doubt less than 5% of legislators have gone through those reports and he is saying that because he is as guilty as anyone else. His point was he was considering legislation that would eliminate those reports but instead of those reports, having specific, clear measures that we would want them to report on, which could be easily measured. At the end of each month and then at the end of the quarter you could print them out. Kind of what we are looking at here is how can we tell Information Technology, here is the information that is really important to us and if it's reports that you are doing and no one is getting anything out of them maybe we shouldn't require you to do those reports. There is maybe a time savings if you can eliminate the stuff that's not important and focus on what is important for policy makers. **Chairman Krebsbach** indicated she thinks that this was perhaps a requirement of the Information Technology Committee. She thinks he is on the right track, but what is important to you (Rep Berg) and Representative Skarphol may not be important to the rest of the body just as much as maybe this isn't important to someone too. She would hate to see us get so bound down with certain requirements that today they are important, tomorrow we don't care about. She would like to see the flexibility for you as a representative to ask for Information Technology, be it in the budget section or in your committee or whatever, to provide you this information and they

would have it available for you when you required it or requested it. **Representative Skarphol** indicated he did not disagree with her in a lot of ways, however, one thing he learned in this process is if you don't ask for exactly what you want, you don't sometimes get what you need. Case in point: we had a capital projects bill in appropriations. Capital projects are a little frustrating to him and he just thinks that often they don't get provided all of the information that is out there, so he made a request of OMB for some information. They gave him part of what he asked for so when he asked for the rest of the information they told him they didn't know what he meant. He said oh really, and they said no, we don't know what you mean. He went back to his desk and he got a piece of a facilities management form that he'd been provided by someone and he walked back to facilities manager and Sheila Peterson of OMB and he said, this piece of paper was given to me in strictest confidence and he said he wouldn't give it to them, but he said he will guarantee you if anyone ever reveals the source he will never trust either one of you again. He said here is what it is and he opened it up and he closed it and he offered it to Sheila and she said she didn't want it, she wanted nothing to do with it but she would get them for him and they got him the analyses of those projects but he had to have something to prove that it was there in order to get it. Now, he doesn't like to be a distrustful individual, but he thinks at this point in time with technology it is important that we have a list of things that we would like them to provide that would be relatively short but it creates the discussion. He thinks creating the discussion creates a comfort level. Two years from now, he would hope the department can come back and comply with section 9 and provide us with a much better list of things that they want to provide to us and hey, he will support them 100% if they can do that. But he does think that at this point in time to create the trust that needs to be created in spending the millions and tens of millions and even potentially hundreds of millions of dollars that they need, we need to

have something that's a shorter document than that, a more readable document than that, now, I'm not criticizing that. He is just saying that if you can give someone two pages to have an hour discussion of it in a committee, it's a good thing. If you expect people to go home and read that or if you expect an agency to go through everything that's in that book you are expecting too much. He is not trying to be onerous with this and he doesn't believe the appropriations committee is, he thinks they are just trying to find common ground to start with and build on. **Representative Lemieux** indicated having served on both the IT interim committee and audit and fiscal review he applauds the efforts of bringing in section 8 these specific performance measures or specifics because sometimes we are just bombarded in audit and fiscal review with fluff and we don't get down to the meat and potatoes and having specifics would be good for us. If we can work with ITD to perfect this list he thinks as they report it here it is all here. It's just that it's not in the specific format that it is in this bill and so he thinks what the house did in section 8, maybe we need to tweak it a little bit, but he supports it. **Representative Berg** indicated he believed that if he looked through this very critically and said what are the things that he thinks for him would be most important, he thinks number 1, just an overview of projects started, ongoing, completed and he sure that is something that is being documented now, number 7 he thinks is an issue that legislatively we hear. Agencies are complaining about they costs of what they are being assessed for overhead in IT and he knows that is difficult to do but he thinks that that is one of the measures is in our desire to consolidate everything is that more cost effective and he believes it is than having those agencies go out and contract the private sector. So then number 9 is something else that he looks at and he is sure that is an ongoing process, but it seems to him this would be logical. And of course number 12. If you asked him what are the things he feels are most important, those would be the four things he considers most important.

These other issues are also issues that are important but quite frankly they are maybe issues that individual legislators could also ask. **Chairman Krebsbach** indicated she believed that the committee will not come to a conclusion on this one today. **Representative Berg** indicated that he has been an advocate for performance measures for a long time but he looked at number 10 and this always drives him nuts. We are saying the number of hours of training completed by each employee. Really what it is we want is we want to know do they have the skills to deal with technology regardless if it takes 300 hours or 800 hours or 2 hours. We want them to have the skills able to run that technology. His point is it's difficult when you get into performance measures. It's important that we are focusing on what the end result is and not just the cost of it. In government we spend too much time on the process and not enough time on the results.

Chairman Krebsbach indicated that this is where she has difficulty with micro managing rather than allowing managers to manage their people and personnel. The committee then moved on to section 9. **Representative Berg** indicated looking at the sheet that was handed out where you have performance measures and the comment, don't feel that this is necessary as our strategic business plan outlines IT's direction, goals, and tactics. He indicated he hasn't reviewed that, he would say if they have goals in there they must have benchmarks in there. He thinks we need to compare what they have with this and make sure that those are the right benchmarks. **Chairman Krebsbach** asked Mr. Wolf if he could provide the house members with the same documents which the senators have so they can become more familiar with them. The last item to discuss would be section 10, the performance audit. She indicated that she questions the necessity of this and perhaps you can fill me in. **Representative Lemieux** indicated that asking for performance audit with him having sat on the audit and fiscal review committee for only one interim, performance audits often bring to light to the legislators exactly the real positive things we are

doing with a department or an agency. Having the agency develop the benchmarks and bring forward that performance data can often times enlighten the legislators. He indicated he likes performance audits, some people don't. He has seen them in workers comp where the performance audit has identified things that were really good things that were happening and then in the performance audits where there are some things that need some enhancement where we have been able to go in and facilitate the agency to do a better job to provide those services.

Chairman Krebsbach indicated that her question on it is that the state auditors office shall consider conducting and then, if conducted, they have that authority to do that now. We are not demanding it we are saying shall consider and if so done. The state auditor's office can do this right now and she believes that an agency can request a performance audit. **Representative**

Skarphol indicated that having served on legislative audit and fiscal review, performance audits are only conducted from a list compiled by legislative audit and fiscal review and are prioritized by that committee. **Chairman Krebsbach** so they have the authority to request it.

Representative Skarphol indicated they have the authority to make the request of a number of performance audits and they prioritize them and the auditors office decides whether or not it is appropriate at that time to do it. **Chairman Krebsbach** inquired, how is this going to change the audit and reviews progress, the legislative committee that requests this? **Representative**

Skarphol indicated that it gives some substance to prioritizing it, when it is a legislative directive. We would like to see you do this, it gives it a little more emphasis than an ordinary request that it be placed potentially higher on the priority list. This is not an attempt to micro manage or to be onerous. Again it is just suggestive in nature and hopefully we can move it up the priority list. Closing comments were offered by **Representative Berg, Chairman**

Krebsbach, Senator Wardner, and Representative Skarphol. Chairman Krebsbach

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Senate Government and Veterans Affairs Committee

Bill/Resolution Number SB 2043 Conference Committee

Hearing Date April 20, 2001

adjourned the committee at this time and stated that the committee will meet again next Monday providing there are no schedule conflicts.

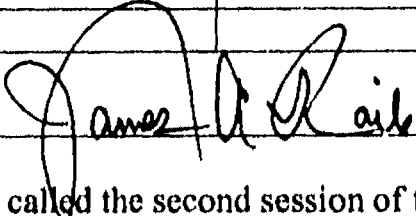
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2043

Senate Government and Veterans Affairs Committee

■ Conference Committee Session 2

Hearing Date April 23, 2001

Tape Number	Side A	Side B	Meter #
1	X		0.0-53.5
Committee Clerk Signature 			

Minutes: **Chairman Krebsbach** called the second session of the conference committee on SB 2043, which relates to the powers, duties, and responsibilities of the information technology committee and the information technology department, to order. It was noted by the Chairman that all members of the committee were present. At this point **Chairman Krebsbach** presented copies of the Senate Proposed Amendments to Engrossed SB 2043. She indicated that the Senate version is a very plain and simple amendment that was done to satisfy some of the concerns in the area of the financing/purchasing of equipment. In so doing we eliminated the changes that were made in sections 8, 9, and 10 of the house amendments which had previously been proposed. The committee reviewed these amendments and **Representative Berg** inquired if the senate wanted to go back to saying exactly who is on that committee. What your amendments would do is remove all of the house amendments. So, in section four where we are allowing the governor to appoint. **Chairman Krebsbach** indicated we went too far. **Chairman Krebsbach** indicated basically what the senate's intent was that we didn't have problems with

the amendments to section four. She asked the committee to just ignore the top part of that proposed amendment and the senate would basically like to include the new language on page two, line 17 and also page two line 19, and then we would want to delete the changes to section 8, 9, and 10 and remove those sections. That would be the intent of the senate. **Representative Berg** indicated the one question he has would be in the amendments you have, you would be saying they could sign a financing agreement for any period of time, under three years they could sign the agreement without budget section approval, but they could sign a financing agreement for any period of years with the budget section approval. So if they want to do a 20 year finance deal they could do that if the budget section says OK. **Chairman Krebsbach** indicated she thought that was rather doubtful but, she guesses that that's the way the language would read. In other words not to exceed a period of three years unless approved by the budget section. She was sure that there might be a case where it would go four years or five years something like that. **Representative Berg** indicated that there was one issue that was fairly clear in the IBL Committee as well as the Appropriations Committee on the House was that we did not want to create long term obligations under this. We wanted to do a go slow approach and it was his understanding from the department that most of their financing would be in that three year period. So he guessed unless there was some new information he doesn't know if we want to open that door back up. The second part of your amendments that talk about going ahead with any financing as long as the aggregate does not exceed or as long as the agreement does not exceed a million dollars. That was something we talked about the last time we met. He thinks that it makes sense to have some level in that. **Senator C. Nelson** indicated we are equating the 5 million dollars to an actual amount rather than a relationship to some of the numbers as a line item in the budget. **Representative Berg** indicated so we are saying that the aggregate of any

finance agreement during a biennium exceeds 5 million dollars the department shall report the finance agreement to the budget section for it's information. So, if it's 50 million dollars, what we are saying here is that if they had 10 projects of less than a million dollars, but a dollar less than a million, they could just go ahead and do those. And as long as they weren't financed longer than 3 years they could just go ahead and do them. **Chairman Krebsbach** indicated that's the way the amendment now reads. Are they not limited to a dollar amount? She indicated she was getting a no on that from Mike Ressler. **Mike Ressler** explained to the committee that the maximum they could borrow is 5 million dollars. So, lets say we did five of them and the sixth one comes in at the same amount, now we have exceeded the aggregate. It doesn't matter what plans we have. **Representative Berg** indicated but you are not limited to the 5 million. Basically what this amendment says is there is no cap, there is no limit.

Chairman Krebsbach indicated that the language is not the same as she had requested be put into the amendment. The discussion continued and **Chairman Krebsbach** went on to discuss how the language of the amendments proposed might be changed. The wording needed additional clarification. It was determined that council would need to work on the wording to make clearer the intent of the proposed amendments. **Representative Skarphol** indicated that he would like to see in there if possible that if the aggregate reaches a million that the budget section be advised so that say, just for example, only to create a comfort level, but lets say that they do 3 projects that cost \$350,000 a piece. Let us know you have done it, let us know why, it just gives us better communications with the department. He is not saying that they have to have approval, just that they have to report aggregates of a million dollars. **Representative Berg** indicated he would like to see a report to the budget section of all the things that are financed. That way a report can be made at least quarterly or semiannually to the budget section indicating

here are all the projects that are financed. Any project that is financed. I guess we are saying is that if we have a particular project that is a million dollars that they are going to run it through the budget section. Here's what we are doing, let us know if it's a problem and if it is a big project like that hopefully there is a time line involved, it won't slow them up. Having said that we also have a running total of all the projects that are financed. That way we know at any time where that cumulative total is. So you will always know where that aggregate is. He just is raising that point. Just in trying to put together some of the ideas that the committee had the last time it met, that was one of the things he thought would be important to put in here. At this time **Representative Berg** presented proposed amendments which the house is suggesting be added to the bill. He reviewed what the amendments would do. Page 2, line 19 basically says that it can't exceed three years and really the only change in here from the original amendments is that if it is in excess of 1 million dollars it needs budget section approval before executing the financing agreement. Everything else is the same. The rest of page one really has to do with the makeup of that board. Those were the other house amendments. If you go to page 2 of the amendments, section 5 relates to that as well. Allowing the governor to appoint the board. Section 8 would, what we tried to do here is say that the department shall prepare and present an annual report to the information and technology committee. That is what they are doing now. Currently they are reporting at every single meeting what they are doing and he guesses that it might be helpful for everyone to see where we are going to try to kind of pull together things on an annual basis. In addition to the presentational annual report to the information technology committee, the department shall present a summary of the annual report to the budget and audit and fiscal review. The things that he felt most important to be shared are number one the projects started, ongoing, completed, the budget costs, the actual costs, estimated implementation date, and actual

implementation date. The second is what we talked about before which is really just an ongoing report of everything that has been financed. The third would be some evaluation of the cost/benefit analysis on the completed projects. Four is just a comparison of the costs for the technology versus the private sector. Number five would be just the technology plans and their review process and number six would be their detailed statewide information technology plan. There might be, again the whole concept here is that we have a boiled down version that is a couple, three pages of this reporting that is easily shared with more legislators so they can understand exactly where we are, where we are going and also measure the effectiveness of the department. Sections 9 and 10 remain the same as the house amendments that were originally proposed. He thinks section 9 where we're talking about coming up with performance measures, really we've outlined those in section 8 to some degree. Section 10 is just that it's looked at from an audit standpoint. **Senator C. Nelson** inquired about intent. She noted that the house feels more comfortable with attaching a line item amount rather than a set dollar amount and she wondered if she was interpreting that right, this was regarding page 2, line 19. **Representative Skarphol** indicated how it is done is not really an issue with him he just thinks that it is neater to say the line item because that's a specific number, it's not an issue. **Representative Berg** indicated that the only issue is that we are putting this into statute and so he personally has a problem with putting a dollar amount in that would need to be reviewed. Three bienniums from now it may be \$10 million dollars. **Senator C. Nelson** indicated that her second one deals with, maybe it's just the way she is interpreting this. On page 2 section 8, the department shall present a summary of the annual report to the budget section. Yet, over in subsection 6 you want a detailed description. Somehow to her a summary report doesn't include detailed descriptions. This also has a summary. Obviously that is filed somewhere else anyway because they have to

have a detailed plan. It is just the semantics. A summary sheet to her is like two pages long. A detailed description of your information plan could be another book of substantial size.

Representative Skarphol indicated he agreed with Senator Nelson. Rather than that in item six he really would like the department to try to find a way to show us benefits of IT. Now, he's not trying to be hard-nosed or anything but we always talk about the savings that we are going to get from IT or the benefits that we are going to get from IT and at least from his perspective and he knows he's talked to several others who feel the same way. It is frustrating because we are not seeing that yet. What he would like to suggest is language that would say projected or real streamlining or savings of resources or personnel if we can in some way so they can try to show us how you know information technology has helped us realize savings in travel budgets, savings in personnel, whatever. He is not trying to tell them what to show us, he is just trying to find out if there is a benefit to all of this other than more information. **Senator Krebsbach** inquired if **Representative Skarphol** would feel comfortable if there were items included in your list from items 1 through 6, if they found a way to incorporate those within their report. **Representative Skarphol** indicated that we get a lot of books and very few of us ever read them all. We pick the one we think is important and then we read it. A summary sheet in addition to the book would be a wonderful thing and if the summary sheet peaks our curiosity, we can read the book. That is what he is trying to get to. The summary sheet that we get a lot of information on creates a comfort level and then if we want to read the book, we read the book, we ask the questions. If the information is in the book, it shouldn't be hard to compile it onto a couple of sheets of paper so that we can kind of pursue it in a meeting. The discussion of this issue continued with **Chairman Krebsbach** and **Representative Skarphol** exchanging questions and responses. **Representative Berg** expressed his viewpoint and concerns relative to this issue. The discussion

continued at length with various members of the committee expressing viewpoints of the proposed amendments that were a part of the discussion. **Curt Wolf** of ITD and **Mike Ressler** of ITD provided input and points of view to the committee concerning the proposed amendments and what expectations these would hold for their agency. In spite of a lengthy discussion of the points of view of the committee it was determined that a common ground could not be reached at this meeting. It was decided to continue working on amendments which could be brought to another meeting and perhaps after further discussion resolution could be reached. **Chairman Krebsbach** indicated that the legislative council will continue to assist in drafting amendments which might be acceptable to the committee members. There was nothing further so **Chairman Krebsbach** adjourned the committee until a later date.

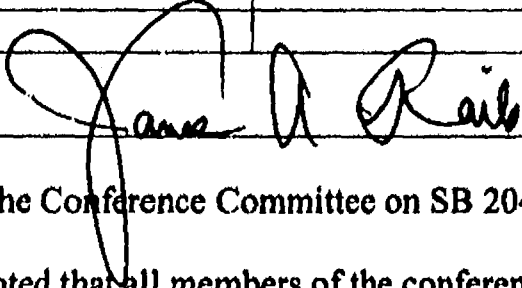
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2043

Senate Government and Veterans Affairs Committee

☒ Conference Committee Session 3

Hearing Date April 24, 2001

Tape Number	Side A	Side B	Meter #
1	X		0.0-27.5
Committee Clerk Signature 			

Minutes: The third session of the Conference Committee on SB 2043 was called to order by **Chairman Krebsbach**. She noted that all members of the conference committee were present. Discussion was opened at this time and **Representative Berg** presented copies of proposed amendments to the committee members. The version number was .0510. He indicated that these amendments are the same as the amendments that were offered in yesterdays discussion with the exception of some minor changes. It was noted that on page 2, item number 1, they added the word "major" projects. They also added at the end of that line where it talks about the estimated implementation date for each project, they added the "actual implementation date for the project". The only other change is in number six in which we eliminated the detailed plan language. **Senator C. Nelson** inquired if the house would have any major heartburn if on page two line 19, that was a purchase of software, equipment, or services. **Representative Berg** indicated he certainly did not have a problem with that. He guesses the only question he would have is on the financing of services. Services are generally used, paid for, used, paid for, used,

paid for. He guessed his question was what kind of services would we be talking about or are these projects where they come and say here's the hardware, here's the software, and here's the service fees for the total package. It's 1 million dollars and they don't want to break it apart.

Mike Ressler of ITD indicated where that could come into play is lets say the ERP system where we are actually going to buy hardware, software, well then the majority of the costs will be in the implementation, which is the actual development of that. His concern is that if we don't put that in there the Attorney General's Office will say well, you can't borrow that part of it.

Representative Berg indicated you would almost look at the services as being the programming.

Versus and annual ongoing service fee. **Representative Skarphol** inquired if there was word that would probably be better than just plain "services". Is there a word in your industry that would be more defining than just plain "services". Services is pretty general and some people might misconstrue it. If that is the best we can do, it is the best we can do. **Mike Ressler** indicated "technical services", he guessed they just used the word "services" all the time.

Maybe the word "implementation services" would be better. **Representative Berg** indicated his intention was you have a big project, there are different components of the project, but this is start to finish and there is a price tag for the whole thing and that price tag may be for labor, it may be for equipment or it may be for software. He would certainly interpret that as part of this whole package. **Senator Krebsbach** indicated she would think that was correct except for the interpretation that they receive from the attorney generals office. We need to be more specific.

Representative Skarphol indicated he thinks that it might also be appropriate as long we are going to redo this thing that on the first amendments on line 10 that we may go ahead and incorporate the additional language on the first sentence. He indicated he was speaking about the paragraph on page 2, line 19, in the first sentence there in your amendment you have some

additional language that says unless approved by the budget section of the legislative council which in essence would give ITD the option of coming to the budget section and saying we would be much better off financially to run this out for four years and he indicated he didn't have any heartburn with that. Three years is the time frame they have to deal with these unless they come to the budget section and budget section says OK. Really in essence we can't obligate ourselves for three years because he was sure that every contract they sign says contingent upon continuing appropriations. **Chairman Krebsbach** asked the committee if they had any problems with the addition of that language. **Representative Berg** indicated that he has two concerns. One concern, and he really doesn't want to make a big deal of this, he certainly doesn't think with all of the discussion we have had that this is going to be a big deal or that the players today have any intention of abusing it. He does have concern though, we are moving into an area that we are not familiar with. His understanding is that we are not looking beyond three years. He thinks that that kind of opens the door wide open. Having said that the other concern that he has and this more of a philosophical concern, and he didn't raise it yet, but, we have to be careful about what authority we delegate to the budget section. When we, even with the amendments as they are, we are delegating authority to say yes or no on this technology to the budget section and when we say you can do any financing that you want, as long as the budget section approves it we then further are delegating the authority of the legislature to the budget section. He has a fundamental concern with doing that. He thinks again that we would like to think that everyone that is there when this is presented, the budget section is fully aware of what's going on and how it's coming together. On the other hand he has been a member of the budget section and sometimes key people are not there that are involved in technology. So, what's my point? His point is he is not going to, he is concerned about doing that but it's not a huge deal to him.

Senator Wardner indicated he can understand where **Representative Berg** is coming from. He is concerned that the budget section is going to become a mini legislature. One of the issues **Representative Berg** is concerned with is there a reason that would need to look beyond three years at this point or is that just some option. His understanding was that in our testimony before, three years was perfectly acceptable with the type of financing we've been doing. **Curt Wolf** noted that the only issue is what makes economic sense here. The only times it has been beyond three years is where it has been a major purchase so that by spreading the payments out we were able to keep our rates lower and that was the only reason. He indicated he personally doesn't like debt he would rather pay things off faster than slower, but if we have a major upgrade to a piece of equipment we would attempt to keep the rates where they are now and finance it over four years instead of three to do so. The discussion continued with input from **Representative Berg**, **Representative Skarphol**, and **Mike Ressler** (Tape 1, Side A. Meter #'s 8.0 to 12.8) **Representative Lemieux** inquired of **Mr. Wolf** in three years, four years, where do you want us to be on that? **Mr. Wolf** indicated in the last four years these limitations have not been an issue, but what is going to happen in the next two years that could change that he thinks that technology might be one of the reasons we need a suggestion to change this, but he couldn't give you a good example today. He thinks if in the next session when we come back then we might see the need to change this. For clarification **Senator Krebsbach** indicated that you do not need to have further extension or wording that would give authority by the approval of the budget section to change or implement any changes that you would need. You don't feel that is necessary. She inquired if she was correct in hearing what you are saying. **Mr. Wolf** added some comments. **Chairman Krebsbach** indicated that it has come up in every session that the legislature is delegating and abdicating too much of it's authority to the budget section and yet

it's really our most feasible entity to direct things of this nature through if we need such done during that interim time. So, it's a question of do we want to give the leniency and take if needed or do we want to hold tight to where we are. At this point **Representative Berg** moved the adoption of the amendments as proposed by the committee with the addition of the change to include "implementation services". **Representative Skarphol** seconded the motion.

Discussion

continued. **Senator C. Nelson** indicated that she does not see the need for section 10 until we get section 9 done. Section 10 doesn't kick in until next legislative session anyway. She just doesn't think there is any need for section 10 at this time. Comments were offered by **Representatives Skarphol** and **Berg** indicating they had no problem with removing section 10. **Representative Lemieux** offered his comments on section 10 in which he indicated he would like to see this left in. **Senator Wardner** offered his comments. Some final comments were offered by **Senator Wardner, Representative Berg, Curt Wolf, Senator C. Nelson** and **Chairman Krebsbach**. **Senator C. Nelson** asked the maker of the original motion and the second add the deletion of section 10 to their original motion. **Representative Berg** and **Representative Skarphol** indicated they were in agreement. **Chairman Krebsbach** restated the motion which was the that the house recede from it's amendments and the committee amend the bill using the version .0510 with the changes stipulated in the committee discussion. Roll Call vote indicated 6 Yeas, 0 Nays, and 0 Absent or Not Voting. Copies of the completed amendments will be given to each committee member for their approval. The committee was adjourned.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043

That the House recede from its amendments as printed on pages 1232-1235 of the Senate Journal and pages 1360-1362 of the House Journal, and that Engrossed Senate Bill No. 2043 be amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 54-59 of the North Dakota Century Code, relating to the preparation of an information technology department annual report; to"

Page 1, line 4, after "department" insert "; to provide a statement of legislative intent; and to provide for a performance audit of the information technology department"

Page 2, line 19, after the period insert "An agreement to finance the purchase of software or equipment may not exceed a period of three years. The department shall submit any intended financing proposal for the purchase of software or equipment under this subsection, which is in excess of one million dollars, to the budget section of the legislative council before executing a financing agreement. If the budget section does not approve the execution of a financing agreement, the department may not proceed with the proposed financing arrangement. The department may finance the purchase of software or equipment only to the extent the purchase amount does not exceed the amount appropriated to the department during that biennium for equipment."

Page 4, line 1, replace "Section" with "If Senate Bill No. 2251 does not become effective, section"

Page 4, overstrike line 12

Page 4, line 13, overstrike "representing a", remove "workforce training advisory board", and overstrike the comma

Page 4, line 14, remove "one member", overstrike "representing", and remove "city or county"

Page 4, line 15, remove "government; one member representing the greater North Dakota association" and overstrike ", one member"

Page 4, overstrike line 16

Page 4, line 17, overstrike "commission to operate in this state,"

Page 4, line 18, remove "one member representing"

Page 4, line 19, remove "Indian tribes, and one member representing the hospital telemedicine industry" and overstrike the period

Page 5, after line 3, insert:

"SECTION 5. AMENDMENT. If Senate Bill No. 2251 becomes effective, section 54-59-07 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-59-07. ~~Statewide wide-area network~~ State information technology advisory committee. ~~The statewide wide-area network state information technology advisory committee consists of the chief information officer or the officer's designee, who is a nonvoting member; the state court administrator director of the department of economic development and finance or the administrator's director's designee, with the approval of the chief justice of the supreme court; the commissioner of higher education or the commissioner's designee; the chairman of the information technology council of North Dakota or a designee; the director of the North Dakota workforce development council or a designee; the chairman of the educational technology council or a designee; and nine eight members appointed by the governor. The governor shall appoint two members representing state agencies, one member representing a county, one member representing a city, two members representing elementary and secondary education, one member representing noncommercial public television stations licensed by the federal communications commission to operate in this state, and two members from private industry who are knowledgeable in the deployment of major technology projects. The governor's appointees from private industry serve two-year terms, and other appointees of the governor serve at the pleasure of the governor. The governor shall designate the chairman of the committee. The department shall provide staff services to the committee. Except for the commissioner of higher education and the representatives of state agencies who receive compensation for their duties as state officers or employees, members of the committee are entitled to be compensated for time spent in attendance at meetings of the committee and for other travel as approved by the chairman of the committee at the rate of sixty-two dollars and fifty cents per day and are entitled to reimbursement for their actual and necessary expenses incurred in the same manner as other state officials. The compensation and expenses are to be paid from appropriations for the department. The committee shall advise the department with respect to planning and implementation of wide-area network services provided by the department regarding statewide information technology planning, including providing electronic government services for citizens and businesses, developing technology infrastructure to support economic development and workforce training, and developing other statewide information technology initiatives and policy."~~

Page 6, after line 15, Insert:

"SECTION 8. A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

Information technology department annual report. The department shall prepare and present an annual report to the information technology committee. In addition to the presentation of the annual report to the information technology committee, the department shall present a summary of the annual report to the budget section and to the legislative audit and fiscal review committee. The report must contain:

1. A list of projects started, ongoing, and completed during the year including related budgeted and actual costs and estimated implementation date for each project.
2. A list of all projects for which financing agreements have been executed.
3. Information regarding evaluations cost-benefit analyses for completed projects.

4. A comparison of the department's rates charged for services compared to rates charged for comparable services in other states and in the private sector.
5. Information regarding the information technology plans including the department's plan review process, the number of plans reviewed, and the number of plans approved.
6. A detailed description of the department's statewide information technology plan.

SECTION 9. LEGISLATIVE INTENT - PERFORMANCE MEASURES. It is the intent of the legislative assembly that the information technology department develop performance measures to assist the legislative assembly in determining the effectiveness and efficiency of the department's operations during the biennium beginning July 1, 2001, and ending June 30, 2003. Each performance measure must include a benchmark for targeted department performance based on national, other states, or private sector performance. The department shall report to the information technology committee and the legislative audit and fiscal review committee during the 2001-02 interim on the performance measures developed.

SECTION 10. PERFORMANCE AUDIT. The state auditor's office shall consider conducting a performance audit of the information technology department during the 2003-05 biennium. The review, if conducted, must include a review and evaluation of the performance measures developed by the information technology department during the 2001-03 biennium."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043

That the House recede from its amendments as printed on pages 1232-1235 of the Senate Journal and pages 1360-1362 of the House Journal and that Engrossed Senate Bill No. 2043 be amended as follows:

Page 2, line 17, replace "or" with an underscored comma and after "software" insert ", or services"

Page 2, line 19, after the period insert "An agreement to finance the purchase of equipment, software, or services may not exceed a period of three years unless approved by the budget section of the legislative council. An agreement to finance the purchase of equipment, software, or services may not exceed one million dollars unless approved by the budget section of the legislative council. If the budget section does not approve the execution of an agreement, the department may not proceed with the proposed financing arrangement. If the aggregate of any new finance agreements during a biennium exceeds five million dollars, the department shall report the finance agreements to the budget section for its information."

Renumber accordingly

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Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2043

That the House recede from its amendments as printed on pages 1232-1235 of the Senate Journal and pages 1360-1362 of the House Journal, and that Engrossed Senate Bill No. 2043 be amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 54-59 of the North Dakota Century Code, relating to the preparation of an information technology department annual report; to"

Page 1, line 4, after "department" insert "; to provide a statement of legislative intent; and to provide for a performance audit of the information technology department"

implementation of service
lines 2, 3 + 2nd to last line
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Page 4, line 13, overstrike "representing a", remove "workforce training advisory board", and overstrike the comma

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Page 6, after line 15, insert:

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1. A list of major projects started, ongoing, and completed during the year including related budgeted and actual costs and the estimated implementation date for each project as well as the actual implementation date for completed projects.
2. A list of all projects for which financing agreements have been executed.
3. Information regarding evaluations of cost-benefit analyses for completed projects.

4. A comparison of the department's rates charged for services compared to rates charged for comparable services in other states and in the private sector.
5. Information regarding the information technology plans including the department's plan review process, the number of plans reviewed, and the number of plans approved.
6. A description of the benefits to the state resulting from its investment in information technology.

SECTION 9. LEGISLATIVE INTENT - PERFORMANCE MEASURES. It is the intent of the legislative assembly that the information technology department develop performance measures to assist the legislative assembly in determining the effectiveness and efficiency of the department's operations during the biennium beginning July 1, 2001, and ending June 30, 2003. Each performance measure must include a benchmark for targeted department performance based on national, other states, or private sector performance. The department shall report to the information technology committee, the budget section, and the legislative audit and fiscal review committee during the 2001-02 interim on the performance measures developed.

SECTION 10. PERFORMANCE AUDIT. The state auditor's office shall consider conducting a performance audit of the information technology department during the 2003-05 biennium. The review, if conducted, must include a review and evaluation of the performance measures developed by the information technology department during the 2001-03 biennium."

Renumber accordingly

Date:
Roll Call Vote #:

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2043

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number House Recede & Amend
Action Taken Further Amend -

Motion Made By Rep. Berg Seconded By Rep Skarphol

[illegible]

Total (Yes) 0 No 0

Absent _____

Floor Assignment

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

Engrossed SB 2365 passed and the title was agreed to.

REPORT OF STANDING COMMITTEE

SB 2043, as engrossed: Appropriations Committee (Rep. Timm, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (20 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2043 was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the House as printed on pages 1028 and 1029 of the House Journal, Engrossed Senate Bill No. 2043 is amended as follows

Page 1, line 1, after "to" insert "create and enact a new section to chapter 54-59 of the North Dakota Century Code, relating to the preparation of an information technology department annual report; to"

Page 1, line 4, after "department" insert "; to provide a statement of legislative intent; and to provide for a performance audit of the information technology department"

Page 2, line 19, after the period insert "An agreement to finance the purchase of software or equipment may not exceed a period of three years. The department shall submit any proposed agreement to finance the purchase of software or equipment under this subsection to the budget section of the legislative council before executing the agreement. If the budget section does not approve execution of the agreement, the department may not proceed with the proposed financing arrangement. The department may finance the purchase of software or equipment only to the extent the purchase amount does not exceed the amount appropriated to the department during that biennium for equipment."

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~~member representing a city, two members representing elementary and secondary education, one member representing noncommercial public television stations licensed by the federal communications commission to operate in this state, and two members from private industry who are knowledgeable in the deployment of major technology projects. The governor's appointees from private industry serve two-year terms, and other appointees of the governor serve at the pleasure of the governor. The governor shall designate the chairman of the committee. The department shall provide staff services to the committee. Except for the commissioner of higher education and the representatives of state agencies who receive compensation for their duties as state officers or employees, members of the committee are entitled to be compensated for time spent in attendance at meetings of the committee and for other travel as approved by the chairman of the committee at the rate of sixty-two dollars and fifty cents per day and are entitled to reimbursement for their actual and necessary expenses incurred in the same manner as other state officials. The compensation and expenses are to be paid from appropriations for the department. The committee shall advise the department with respect to planning and implementation of wide-area network services provided by the department regarding statewide information technology planning, including providing electronic government services for citizens and businesses, developing technology infrastructure to support economic development and workforce training, and developing other statewide information technology initiatives and policy."~~

Page 6, after line 15, insert:

"SECTION 8. A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows

Information technology department annual report. The department shall prepare an annual report to be presented to the information technology committee and the legislative audit and fiscal review committee. The annual report must contain:

1. A list of projects started, ongoing, and completed during the year including related budgeted and actual costs and estimated implementation date for each project.
2. Information regarding evaluations of cost-benefit analyses for completed projects.
3. The percentage of projects completed within budget.
4. The percentage of projects completed by the estimated implementation date.
5. Information regarding the department's management tools used to monitor projects.
6. Information regarding administrative costs including administrative costs as a percentage of total department expenditures.
7. A comparison of the department's rates charged for services compared to rates charged for comparable services in other states and in the private sector.
8. Information regarding the department's project management system including whether a project manager is assigned to each project.
9. Information regarding the information technology plans including the department's plan review process, the number of plans reviewed, and the number of plans approved.
10. The number of information technology training hours completed by each department employee.
11. Information regarding customer satisfaction with the services provided by the department.
12. A detailed description of the department's statewide information technology plan.

SECTION 9. LEGISLATIVE INTENT - PERFORMANCE MEASURES. It is the intent of the legislative assembly that the information technology department develop

performance measures to assist the legislative assembly in determining the effectiveness and efficiency of the department's operations during the biennium beginning July 1, 2001, and ending June 30, 2003. Each performance measure must include a benchmark for targeted department performance based on national, other states, or private sector performance. The department shall report to the information technology committee and the legislative audit and fiscal review committee during the 2001-02 interim on the performance measures developed.

SECTION 10. PERFORMANCE AUDIT. The state auditor's office shall consider conducting a performance audit of the information technology department during the 2003-05 biennium. The review, if conducted, must include a review and evaluation of the performance measures developed by the information technology department during the 2001-03 biennium."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Dept. 112 - Information Technology Department - House Action

This amendment makes the following changes:

- Change the membership of the State Information Technology Advisory Committee.
- Requires the department to prepare an annual report and present it to the Legislative Council's Information Technology Committee and the Legislative Audit and Fiscal Review Committee.
- Provides legislative intent that the Information Technology Department develop performance measures.
- Provides that the State Auditor's office consider conducting a performance audit of the Information Technology Department during the 2003-05 biennium.

SECOND READING OF SENATE BILL

SB 2043: A BILL for an Act to create and enact a new section to chapter 54-59 of the North Dakota Century Code, relating to the preparation of an information technology department annual report; to amend and reenact section 54-35-15.2, subsection 4 of section 54-59-05, and sections 54-59-06, 54-59-07, 54-59-11, and 54-59-16 of the North Dakota Century Code, relating to powers, duties, and responsibilities of the information technology committee and the information technology department; to provide a statement of legislative intent; and to provide for a performance audit of the information technology department.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 75 YEAS, 16 NAYS, 0 EXCUSED, 7 ABSENT AND NOT VOTING.

YEAS: Aarsvold; Bellew; Belter; Berg; Boehm; Brandenburg; Brekke; Brusegaard; Byerly; Carlisle; Carlson; Clark; DeKrey; Delzer; Devlin; Disrud; Dosch; Drovdal; Eckre; Froelich; Froese; Galvin; Grande; Grosz; Grumbo; Gunter; Haas; Hanson; Hawken; Herbel; Hunsaker; Jensen; Johnson, D.; Kasper; Kelsner; Kelsch, R.; Kerzman; Kingsbury; Klein, F.; Klein, M.; Klemm; Kliniak; Koppang; Koppelman; Kroeber; Maragos; Martinson; Meier; Metcalf; Monson; Nelson; Nicholas; Niemeier; Nottestad; Pletsch; Pollert; Porter; Renner; Rennerfeldt; Ruby; Sandvig; Severson; Skarphol; Svedjan; Thoreson, B.; Thoreson, L.; Tieman; Timm; Waid; Weller; Wentz; Wikenheiser; Winrich; Wrangham; Speaker Bernstein

NAYS: Boucher; Cleary; Delmore; Ekstrom; Fairfield; Glassheim; Gulleson; Kelsch, S.; Kretschmar; Lemieux; Mahoney; Mueller; Onstad; Schmidt; Solberg; Warner

ABSENT AND NOT VOTING: Huether; Johnson, N.; Kempenich; Lloyd; Price; Thorpe; Weisz

Engrossed SB 2043 passed and the title was agreed to.

2001 TESTIMONY

SB 2043

INFORMATION TECHNOLOGY COMMITTEE

North Dakota Century Code (NDCC) Section 54-59-15.2 requires the Legislative Council, during each biennium, to appoint an Information Technology Committee in the same manner as the Council appoints its interim committees. The committee is to consist of members of the House of Representatives and three members of the Senate. The Chief Information Officer of the state serves as an ex officio nonvoting member of the committee.

North Dakota Century Code Section 54-59-15.2 establishes the duties of the committee. The committee is required to:

1. Meet at least once each calendar quarter.
2. Receive a report from the Chief Information Officer of the state at each meeting.
3. Review the business plan of the Information Technology Department.
4. Address macro-level questions relating to the Information Technology Department.
5. Review the activities of the Information Technology Department.
6. Review statewide information technology standards.
7. Review the statewide information technology plan.
8. Conduct studies of information technology efficiency and security.
9. Make recommendations regarding established or proposed information technology programs and information technology acquisition by the executive and judicial branches.
10. Review the cost-benefit analysis of any major information technology project of an executive or judicial branch agency. A major project is a project with a cost of \$250,000 or more in one biennium or a total cost of \$500,000 or more.
11. Perform periodic reviews to ensure that a major information technology project is on its projected schedule and within its cost projections.

North Dakota Century Code Section 54-59-15.3 authorizes the committee to review any information technology project or information technology plan. If the committee determines that a project or plan is at risk of failing to achieve its intended results, the committee may recommend to the Office of Management and Budget the suspension of the expenditure of moneys appropriated for a project or plan. The Office of Management and Budget may suspend the expenditure authority if the office agrees with the recommendation of the committee.

The Legislative Council assigned to the committee the responsibility to receive reports from the Chief Information Officer and the Information Technology Department pursuant to NDCC Sections 54-59-12 and 54-59-13. Section 54-59-12 requires the Chief Information Officer to report to the Legislative Council regarding

the coordination of services with political subdivisions. That section also requires the Chief Information Officer and the commissioner of the State Board of Higher Education to report to the Legislative Council regarding coordination of information technology between the Information Technology Department and higher education. Section 54-59-13 requires the Information Technology Department to report to the Legislative Council if the department finds that an executive branch agency or institution does not agree to conform to its information technology plan or comply with statewide policies and standards.

Committee members during the 1999-2000 interim were Senators Larry J. Robinson (Chairman), Ken Solberg, Rod St. Aubyn (until his resignation from the Legislative Assembly on August 30, 2000), and Rich Wardner and Representatives Mary Ekstrom, Doug Lemieux, Blair Thoreson, and Robin Welsz and Chief Information Officer Curtis L. Wolfe. Before the appointment of Mr. Wolfe as Chief Information Officer, Mr. Jim Heck and Mr. Mike Ressler served on the committee as Chief Information Officer.

The committee submitted this report to the Legislative Council at the biennial meeting of the Council in November 2000. The Council accepted the report for submission to the 57th Legislative Assembly.

BACKGROUND

The Legislative Assembly has been closely involved in the development of information technology at the state level for over thirty years.

1967-68 and 1969-70 Studies

As a result of a Legislative Council study during the 1967-68 interim, the 41st Legislative Assembly enacted legislation establishing the Central Data Processing Division (renamed the Information Services Division in 1989) for the purpose of establishing an electronic data processing center to be used by all state agencies except the institutions of higher education, Job Service North Dakota, and the Office of the Adjutant General. As a result of a Legislative Council study during the 1969-70 interim, a higher education computer network was funded at three institutions and was later extended to all institutions of higher education under the State Board of Higher Education.

1979-80 Study

As a result of a Legislative Council study during the 1979-80 interim, the 47th Legislative Assembly defined the responsibilities of the Information Services Division and state agencies for the use of data processing resources and provided that the director of the division was to supervise all executive branch agency data processing activities.

1995-96 Study

Recommendations resulting from a Legislative Council study during the 1995-96 interim were contained in 1997 House Bill No. 1034—that agencies prepare information technology plans; that the Information Services Division establish statewide information technology policies, standards, and guidelines; that the division and the State Board of Higher Education meet to coordinate their information technology systems and services; that the State Auditor provide information systems audits of information technology systems; and that the division perform information technology management reviews of state agencies except higher education institutions. Before final passage, House Bill No. 1034 was amended to involve the Legislative Council in the information technology planning and audit process and to remove the State Auditor from the information systems audit process.

1997-98 Study

During the 1997-98 interim, the Legislative Council established the Interim Information Technology Committee and delegated to the committee the Council's authority to study emerging technology and evaluate its impact on the state's system of information technology (that authority was repealed in 1999). The committee was also delegated the Council's responsibility to receive reports regarding coordination of technology systems.

The committee received information regarding information technology plans in other states and reviewed guidelines developed by the Information Services Division for agencies to follow in preparing the information technology plans required as a result of 1997 House Bill No. 1034. The committee also received information from several state agencies regarding their efforts during the information technology planning process.

The committee reviewed the status of the statewide network, which was established in 1982. In 1991 the network's backbone was converted to digital facilities, and the Interactive Video Network was implemented. Because the committee determined that the current network resources needed to be analyzed before determining whether any change in the network should be made, the committee contracted with Intelliant Corporation for an inventory of all current networks used for voice, data, and video communications.

After receiving the report, the committee contracted with Intelliant Corporation to conduct a detailed research of five other states and develop a set of recommendations for North Dakota for implementing changes to its network. The plan presented the following recommendations:

- Establish a statewide communications infrastructure agency for all telecommunications planning, selection, implementation, and management for

all state agencies, higher education, and schools.

- Establish the director of the agency as Information Officer for the state as a cabinet position reporting directly to the Governor.
- Establish a state communications infrastructure board that includes representatives from three branches of government, private and local government with the overall ability to approve standards and policies for network technologies in the state.
- Mandate that the agency develop a plan defining rate plans, missions, goals, transition plan, business objectives, and general procedures.
- Establish a group within the agency for personnel productivity and workflow for customers.
- Establish a technology development division to establish the statewide network and to emerging technologies and implement shared components for users of the network.
- Require each entity that uses the network or is a user of agency services to develop a strategic information technology plan.
- Establish a project quality assurance program to provide an independent assessment of major projects.
- Create a division within the agency to administer access to state information through the Internet.

The committee received initial cost estimates assuming that it would take six years to convert the network. The estimates contained in the \$6.1 million additional expense during the 2001-03 biennium; \$2.6 million additional expense 2003-05 biennium; \$3.6 million savings 2005-07 biennium; and \$12.5 million savings 2005-07 biennium.

Intelliant also prepared a Statewide Telecommunications Plan Financial Analysis & Fiscal Note, completed in January 1999. That document stated that between 1998 and 2005 the state was spending for wide area network services for agencies from \$19.3 million to \$57.6 million.

The committee recommended Senate Bill 1001, which, as introduced, provided for the establishment of an Information Technology Department to be housed in the Information Services Division and to be responsible for all telecommunications planning, selection, and implementation for all state agencies and counties, cities, and public elementary and secondary schools. The bill provided that the department be administered by a chief information officer appointed by the Governor. In addition, the bill, as introduced, provided for the creation of an information technology advisory committee consisting of four legislators appointed by the

council, seven members appointed by the Governor, the Chief Information Officer, the commissioner of higher education, and the Supreme Court administrator. The board would have been responsible for approving the business plan of the department, reviewing and approving statewide information technology standards and the statewide information technology plan, assessing major projects to ensure quality assurance, and reporting to the Governor and the Legislative Council on matters concerning information technology. The bill substantially implemented the recommendations contained in the Strategic Telecommunications Plan prepared by Intelliant.

The committee also recommended Senate Bill No. 2044, which, as introduced, created a Legislative Council Information Technology Committee. The bill provided that the committee's duties would include establishing statewide goals and policy regarding information systems and technology, conducting studies of information technology efficiency and security, reviewing activities of the (newly created) Information Technology Department, and making recommendations regarding established or proposed information technology programs and information technology acquisitions.

The committee reviewed information regarding the potential impact of the failure of computer hardware, software, and embedded chips due to not being year 2000 compliant. The Information Services Division sent an impact survey to 110 state agencies in March 1998 to increase agency awareness of the potential for problems. Because most state agencies indicated that agencies did not have a year 2000 project in place, the committee contracted with Intelliant to conduct a year 2000 assessment of four state agencies—the Workers Compensation Bureau, the State Department of Health, State Radio, and the State Hospital. The assessment presented by the consultant contained the following 11 recommendations:

- Appoint a state year 2000 director to provide leadership to ensure involvement by senior management in agencies.
- Appoint agency year 2000 directors to ensure accountability or responsibility for year 2000 efforts assigned to a senior management individual in each agency.
- Assess year 2000 readiness across departments to ensure there are no surprises.
- Agencies should formalize their project management, testing, and contingency plans for their year 2000 issues.
- Continue to develop material available on the state year 2000 web page to avoid duplication of effort and achieve the highest-quality processes.
- Establish public affairs programs to increase public confidence in the state's ability to mitigate year 2000 issues.
- Educate and motivate the private sector to take steps to prepare for the year 2000.

- Require all vendors providing goods and services, including service contract renewals and equipment or facility leases, to provide written assurances that they comply with year 2000 requirements.
- Review contracts to determine which party is responsible for year 2000 compliance and include specific assignment of responsibility in contracts renewed before January 1, 2000.
- Establish financial contingencies at the state and agency level, based on each agency's assessment and the overall risk of failure, and appropriate funds to the Emergency Commission to distribute as unforeseen emergencies arise due to year 2000 complications.
- Ensure that legislators are cognizant of the potential impact of 1999 legislation on an agency's year 2000 remediation efforts.

1999 Legislation

The 1999 Legislative Assembly adopted Senate Bill No. 2044, which established the Information Technology Committee and set forth its responsibilities as provided for in NDCC Sections 54-35-15.1, 54-35-15.2, and 54-35-15.3.

The 1999 Legislative Assembly also adopted Senate Bill No. 2043 (codified as NDCC Chapter 54-59), which established the Information Technology Department to replace the Information Services Division. The department is responsible for all wide area network services planning, selection, and implementation for all state agencies, including institutions under the control of the State Board of Higher Education, counties, cities, and school districts. As a result of Senate Bill No. 2043, wide area network services responsibility for state agencies and institutions became effective July 1, 2000, and with respect to counties, cities, and school districts, the bill provides an effective date of August 1, 2001. 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. The department is also responsible for computer support services, host software development, statewide communications services, standards for providing information to other state agencies and the public through the Internet, technology planning, process redesign, and quality assurance.

The Governor is required to appoint the Chief Information Officer of the state on the basis of education, experience, and other qualifications in information technology and administration. The Chief Information Officer is required to administer the department.

North Dakota Century Code Section 54-59-05 provides that the department:

1. Shall provide, supervise, and regulate information technology of all executive branch state entities, excluding the

institutions under the control of the board of higher education.

2. Shall provide network services in a way that ensures the network requirements of a single entity do not adversely affect the functionality of the whole network, facilitates open communications with the citizens of the state, minimizes the state's investment in human resources, accommodates an ever-increasing amount of traffic, supports rapid detection and resolution of problems, protects the network infrastructure from damage and security breaches, provides for the aggregation of data, voice, video, and multimedia into a statewide transport mechanism or backbone, and provides for the network support for the entity to carry out its mission.
3. May review and approve additional network services that are not provided by the department.
4. May purchase or lease equipment or replace, including by trade or resale, equipment as may be necessary to carry out this chapter. Each executive branch agency or institution, except the institutions under the control of the board of higher education, shall submit to the department, in accordance with guidelines established by the department, a written request for the lease, purchase, or other contractual acquisition of information technology. The department shall review requests for conformance with the requesting entity's information technology plan and compliance with statewide policies and standards. If the request is not in conformance or compliance, the department may disapprove the request or require justification for the departure from the plan or statewide policy or standard.
5. Shall provide information technology, including assistance and advisory service, to the executive, legislative, and judicial branches. If the department is unable to fulfill a request for service from the legislative or judicial branch, the information technology may be procured by the legislative or judicial branch within the limits of legislative appropriations.
6. May request information on or review information technology, applications, system development projects, and application development projects of executive branch agencies.

7. Shall study emerging technology and evaluate its impact on the state's system of information technology.
8. Shall develop guidelines for reports to be provided by each executive branch agency, institution, or department, the institutions under the control of the board of higher education, and agencies of the judicial and legislative branches on information technology in those entities.
9. Shall review the information technology management of executive branch agencies or institutions, including institutions under the control of the board of higher education as provided in section 54-59-13.
10. Shall perform all other duties necessary to carry out this chapter.

North Dakota Century Code Section 54-59-06 requires the department to develop and maintain a business plan that must:

1. Define the department's overall organization, mission, and delivery of services.
2. Define the strategies for improving personnel productivity and workflow processes of the department.
3. Determine how use of the statewide network will improve learning in the state.
4. Determine how the statewide networks can provide network services for the benefit of Indian tribes, nonprofit organizations, and noncommercial public television stations licensed by the federal communications commission to operate in this state.
5. Determine the specific strategies and processes to ensure that agencies share information, systems, and the statewide network.
6. Define the processes that will ensure that counties, cities, and school districts receive maximum benefit of the statewide network.
7. Define a fair and equitable billing structure that provides for payback of the initial investments and ongoing operations of the statewide network.
8. Address the processes that will be put in place to ensure 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 that an entity receiving services from the department is aware of the technology available and to

ensure training on its use; and to foster information technology innovation by state entities.

9. Address the deployment of encryption and the administration of digital signatures.
10. Address information and system backup and disaster recovery.

North Dakota Century Code Section 54-59-07 establishes a Statewide Wide Area Network Advisory Committee consisting of the Chief Information Officer or his officer's designee, the state court administrator or his administrator's designee, the commissioner of higher education or the commissioner's designee, and nine members appointed by the Governor. Of the nine members appointed by the Governor, two must represent state agencies, one must represent a county, one must represent a city, two must represent elementary and secondary education, one must represent noncommercial public television stations licensed by the Federal Communications Commission to operate in this state, and two must represent private industry and be knowledgeable in the deployment of major technology projects.

Each agency or institution is required to appoint an information technology coordinator to maintain liaison with the Information Technology Department and assist the department in areas related to making the most economical use of information technology.

The department is required to cooperate with each state entity providing access to any computer data base or electronically filed or stored information to assist in providing economical, efficient, and compatible access. The Chief Information Officer is required to conduct conferences and meetings with political subdivisions to review and coordinate information technology.

Under NDCC Section 54-59-13, the department is required to review the information technology management of executive branch state agencies and institutions, including the institutions under the control of the State Board of Higher Education, to evaluate the entity's planning effectiveness, conformance to its information technology plan, compliance with statewide policies and standards, asset quality, and training methods. The department is also required to conduct an analysis of an entity's contract management system and each contractor's compliance with contract provisions with respect to any entity that contracts for information technology services.

The 56th Legislative Assembly also adopted House Bill No. 1037 (codified as NDCC Sections 32-12-05 and 34-04-23 and subdivision e of subsection 3 of Section 32-12.1-03), which was recommended by the Interim Information Technology Committee. The legislation limited state and political subdivision liability for failure to become year 2000 compliant. Section 32-12-05 provides that the state may not be liable for a contract or tort claim resulting from failure of software, a telecommunications network, or a device containing a computer

processor to interpret, produce, calculate, generate, or account for a date that is compatible with the year 2000 date change if the state has made a good-faith effort to make the computer software, telecommunications network, or device containing a computer processor compliant with the year 2000 date change. Section 32-12.1-03 also includes similar immunity for political subdivisions with respect to a tort claim. House Bill No. 1037 was amended by the Legislative Assembly to enact Section 44-04-23, which provides an exception to open records requirements for year 2000 processing information gathered by a public entity which relates to computer hardware or software, telecommunications networks, or devices containing a computer processor.

STATEWIDE NETWORK

North Dakota Century Code Section 54-59-08 requires each state agency and institution that desires access to wide area network services and each county, city, and school district to obtain those services from the Information Technology Department. The Chief Information Officer is authorized to exempt a city, county, or school district from that requirement if its current wide area network services are more cost-effective for or more appropriate for specific needs of that entity than wide area network services available from the department. The department is required to provide network services in a way that ensures the network requirements of a single entity do not adversely affect the functionality of the whole network, facilitates open communications with the citizens of the state, minimizes the state's investment in human resources, accommodates an ever-increasing amount of traffic, supports rapid detection and resolution of problems, protects the network infrastructure from damage and security breaches, provides for the aggregation of data, voice, video, and multimedia into a statewide transport mechanism or backbone, and provides for the network support for the entity to carry out its mission.

In 1984 the Higher Education Computer Network was integrated into the statewide network, which was initiated in 1982, and the North Dakota Information Network was created to jointly manage the network. North Dakota was the first state with combined state government and higher education networks. In 1985 the network was extended to all counties to provide connectivity between county social service boards and the Department of Human Services.

In 1991 the network's backbone was converted to digital facilities, and the Interactive Video Network was implemented on these new digital facilities. In 1992 the North Dakota Information Network selected AT&T's Software Defined Network (SDN) long-distance voice services, and North Dakota became an earlier adopter of virtual private network technology. In 1994 the North Dakota Information Network committed as the anchor tenant for U S West (now known as Qwest) to establish a statewide frame-relay network. Also, in 1994 the North

Dakota Information Network provided Internet access from the state network, and Northwest Network was selected as the Internet provider.

In 1996 all buildings on the Capitol grounds with the exception of the Governor's residence were connected with fiber optics cable; and in 1997 state government entered a partnership with Montana-Dakota Utilities Company for fiber optics cable connection of 10 state government buildings in Bismarck to the Capitol. In 1998 the state moved its cross-LATA connections to Dakota Carrier Network.

In late 1999 and early 2000, the Chief Information Officer held meetings with representatives of Dakota Carrier Network and Qwest regarding a negotiated contract for a new statewide network. However, Dakota Carrier Network withdrew from the negotiations because its representatives indicated they were unable to discern any benefits of a joint proposal with Qwest.

On March 27, 2000, the Information Technology Department issued a request for proposals for a new statewide network. The contract proposal was divided into four components, and the department received 12 responses to the four components. The department established three evaluation teams to review the proposals—one team from the department, one team from higher education, and one team from elementary and secondary education.

Sprint was determined to be the best bidder with respect to the Internet access component with a price of \$13,900 for 45 megabit service. The bid price was approximately 50 percent lower than the prices being paid by the department. Norstan was determined to be the best bidder with respect to the video bridging component. However, because it was determined the bidders did not fully understand the requirements of the request, the department delayed awarding the video portion of the bid. In addition, the evaluation teams recommended that the department negotiate a contract with General Datacom for MPEG2 video equipment. With respect to the customer premises equipment portion of the proposal, Corporate Technologies submitted the best bid for wide area network and local area network and IP telephony equipment. Corporate Technologies offered a 36 percent price discount on Cisco hardware and software, a 29 percent discount on Cisco Smartnet maintenance, a 35 percent discount on most Nortel equipment, and a 34 percent discount on Paradyne and other Nortel equipment. With respect to the transport component of the proposal, Dakota Carrier Network submitted the best bid for network transport and access. Dakota Carrier Network was determined to be the best bidder due to its network design, the potential for local jobs, and a significantly lower cost. The backbone of the network consists of eight ATMs and 31 additional ATM switches with a network operations center located in Bismarck.

When the new statewide network is fully implemented, there will be 552 physical connections to the network. Phase 1 of the network rollout includes

connections to 218 locations in 64 communities. The department's goal is to have 177 locations converted to the new network by December 1, 2000. As of November 3, 2000, 152 locations had been converted. In addition, fiber optics connections had been installed to all 11 college and university campuses by November 3, 2000. Although funds were not specifically appropriated by the 56th Legislative Assembly for implementation of the new statewide network, funds from existing budgets were used to cover approximately \$3 million in equipment and circuit costs during the 1999-2001 biennium.

The department presented its proposed budget for Phase 2 of the network rollout during the 2001-03 biennium. The network rollout budget includes over \$17 million to build a telecommunications infrastructure and support for the network. Most of the funds will be used to connect to high schools and libraries in the state and provide training and support for those users. The \$17 million proposed budget does not include \$3.7 million in reimbursement as a result of the federal e-rate credit. Under the proposal, the state will cover the cost of basic T-1 connectivity and one-time and recurring costs of \$4,260,765. Dakota Carrier Network is purchasing the routers and including the cost in the circuit cost so that the e-rate reimbursement may be maximized. The proposed budget includes funds for the following entities and uses:

Center for Innovation in Instruction	\$594,000
Educational Telecommunications Council	\$129,000
Elementary and secondary education equipment - Video and local area networks	\$6,000,000
Interactive Video Network - Statewide video support	\$2,739,190
SENDIT technology services	\$1,427,000
ExplorNet	\$590,300
North Dakota Association of Counties	\$248,000
Higher education (work force education)	\$1,856,280
CPE - Elementary and secondary education/libraries - One-time expenditure	\$3,340,000
Recurring costs	\$4,260,765

Service rates charged by the department for the 2001-03 biennium will increase with respect to programming and systems analysts services while central processing unit (CPU) rates and disk storage rates are expected to decrease. In addition, with the conversion to the new statewide network, device connection and circuit connection rates will increase.

The Statewide Wide Area Network Advisory Committee provided for under NDCC Section 54-59 was established to advise the department with respect to planning and implementation of network services provided by the department. Now that the statewide network is being implemented, the need for the advisory committee appears to be obviated. In response to a request from the committee, the Governor appointed a network implementation and utilization task force to address telecommunications infrastructure

plementation and support, public policy issues, information technology work force development and training, and economic development initiatives. Because there is likely to be a continuing need for a group to advise the department with respect to statewide information technology planning concerning electronic government services, technology infrastructure to support economic development and work force training, and other statewide information technology initiatives and policy, there was interest in establishing a new advisory committee to consult with the department on those issues.

INFORMATION TECHNOLOGY DEPARTMENT PROPOSED 2001-03 BUDGET

The budget request for the Information Technology Department for the 1999-2001 biennium was \$9,659,295, \$250,000 of which was from the general fund. In September 2000, the Emergency Commission approved an additional \$6,562,800 in spending authority for the department to be used for a Job Service North Dakota project, contract programming services, and operating and equipment expenses for the wide area network. Thus, the total budget for the biennium is \$6,222,095.

In its 2001-03 budget request, the department is requesting an increase from the 1999-2001 biennium. The proposed budget will include an additional \$31,046,098 in special funds, much of which would be dedicated to the Department of Human Services' Health Insurance Portability and Accountability Act project. However, as discussed under MAJOR INFORMATION TECHNOLOGY REPORTS, that project may be reduced in scope, which would result in a reduced special fund appropriation to the department. The proposed budget also includes an additional \$8,198,543 in general funds. Thus, the total budget request will be \$95,466,736, which is an increase of \$39,244,641 over the 1999-2001 biennium. The proposed budget for the department includes 60 new full-time employee positions and 77 new contract programmers. In addition, the proposed budget includes \$1 million for an innovation fund. The proposed innovation fund would be used to provide funds for any state agency that may develop a new project for which it did not request funding. The Chief Information Officer indicated that the details of the application and approval process for the innovation fund have not been fully developed.

FINANCING OF INFORMATION TECHNOLOGY PROJECTS

The Chief Information Officer reported that the Attorney General informed the Information Technology Department that state law did not specifically authorize the department to finance the cost of acquiring equipment or software. Therefore, the department could not

continue to acquire equipment by financing the purchase. Because of the need of the department to have the ability to finance large purchases, the Chief Information Officer requested the committee to consider a bill draft to authorize the department to finance the purchase of equipment and software.

INFORMATION TECHNOLOGY INITIATIVES

In implementing the goals of the Information Technology Department's business plan and the statewide information technology plan, the department reviewed several of the department's initiatives.

E-Government

E-commerce is the use of internetworked computers to create and transform business relationships. E-commerce applications are designed to provide business solutions to improve the quality of goods and services, increase the speed of service delivery, and reduce the cost of business operations. The Information Technology Department developed a new statewide portal to provide a user-friendly access to state government, one-stop shopping for government information and services, and an enterprise approach to maximize efficiencies. To address the state's e-commerce needs, the department purchased hardware and software, trained staff, provided marketing assistance to agencies, and created a special team to work on e-commerce projects.

Despite the progress in implementing e-government initiatives such as on-line game and fish licensing, there are challenges to be faced in the implementation process. Before e-government can be successful, citizens must trust the security and privacy of the systems. In general, if information is being collected from consumers, consumers should be told the information is being collected and for what purpose. In addition, consumers should be given the choice to decline to allow collected information to be used for certain purposes. Consumers should also be given access to personal information to verify its accuracy. Finally, measures must be in place to secure information from unauthorized use. The adoption of the Uniform Electronic Transactions Act, which was recommended to the Interim Judiciary Committee by the North Dakota Commission on Uniform State Laws, is an essential element to furthering the progress of e-government in the state.

The department has included \$481,842 in its proposed 2001-03 budget to address e-government. The Chief Information Officer indicated that the e-government initiatives will be implemented in three phases. The first phase, which will be implemented through 2002, involves moving a small amount of low-risk, clearly bound, constituent-focused services on-line. The second phase, between 2002 and 2005, will integrate different bureaucratic departments. During the third phase, beginning in 2005, there will likely be legislative mandates to drive the organizational reinvention

necessary to synchronize government processes and
synchronization with Internet front-ends.

Enterprise Resource Planning

The higher education system has used its administrative mainframe system, which supports student information and financial systems, for approximately 25 years. Because the technology is becoming outdated and the software being used by many of the larger school districts in the state will no longer be supported, a new integrated system is envisioned to address the needs of the institutions of higher education, students, the State Board of Higher Education, and other users, e.g., elementary and secondary education. A new integrated system will integrate student, financial, and human resource systems serving higher education, state government, and elementary and secondary education. Along with the new statewide network rollout, the enterprise resource planning initiative of the Information Technology Department is to allow e-purchasing, employee access, public access, and agency operation to provide improved financial information. The State Board of Higher Education has indicated that the board's 2001-03 budget request will contain a request for funds to begin replacement of the administrative system. Because the estimated cost of the project is approximately \$5 million, the Chief Information Officer has proposed that the project be financed through the issuance of bonds. The proposed 2001-03 budget request of the department contains \$469,931 for enterprise resource planning.

Geographic Information Systems

Several state agencies have been using geographic information systems for several years, and the needs of state agencies for additional applications are increasing. The Governor established a geographic information systems technical committee to organize geographic information systems activities of the various agencies of state government. In 1998 the committee requested the Information Services Division to fund a study of geographic information systems activities and to prepare a plan for the future of geographic information systems in the state. Because that study was not funded, the committee requested the Information Technology Department in 2000 to fund a study. The department contracted with a consultant to conduct a study and prepare a plan. The major finding of the study was that geographic information systems data is difficult to share because of the lack of a central depository. After receiving comments from the various agencies using geographic information systems, the department proposed the creation of a centralized hub within the department. The proposed 2001-03 budget request of the department includes \$1,059,317 to support the establishment of a geographic information systems hub.

Electronic Document Management Systems

Electronic document management systems are a collection of enabling technologies, the common components of which include document management, imaging, electronic forms, workflow, and data stores. The purpose of such systems is to increase the efficiency of information creation, capture, storage, and retrieval; to provide a common interface for storing and accessing information; to provide increased security of sensitive and confidential information; and to support decision-making by providing access to up-to-date information.

The Secretary of State and the Workers Compensation Bureau have established electronic document management systems. In addition, 21 agencies included plans for implementing electronic document management systems technology in their 1998 information technology plans. Although agencies with large systems in place will continue to use those systems, the Information Technology Department will attempt to build a system with the flexibility necessary to meet the needs of most agencies. As a result, participating agencies will have the ability to share information. The proposed 2001-03 budget request of the department includes \$1,309,317 in special funds to address electronic document management systems needs.

Information Technology Purchasing

The Information Technology Department reported that it had implemented purchasing initiatives through which state agencies may purchase products at lower prices. The department entered an agreement with Oracle Corporation through which agencies will receive a volume discount that may amount to 50 percent. Although the Attorney General advised the department that participation in the Western States Contracting Alliance was not authorized by state law, representatives of the department indicated that the department will propose legislation to allow the state to enter the alliance. The department is also cooperating with the State Board of Higher Education to address telephone long-distance purchasing.

Information Technology Grants

The Information Technology Department has not engaged in the active pursuit of grants. However, because numerous grant sources are available, the department reported it will actively seek grants to supplement or replace general funds. To initiate the process, the department has indicated that an employee may be assigned to identify priorities, develop plans, and identify grant sources.

Criminal Justice Systems

The Information Technology Department has established a goal to create a strategic plan by March 2001 to integrate criminal justice information systems. Integration of criminal justice systems will provide efficient

benefits through the use of graphical interfaces and centralized data repositories; easy and secure access to selected judicial information via electronic means; and more informed decisionmaking due to accessibility of justice-related information. To begin the study process, a grant of \$25,000 has been secured from the National Governor's Association to pay travel expenses to meetings and workshops. In addition, a second potential grant source may have been identified as a source of funding for the planning phase. To be successful, the process will attempt to include participation from state, county, and city officials.

Information Technology Personnel Recruitment and Retention

Because of the high demand for and a national shortage of skilled information technology employees, the Information Technology Department and other state agencies are faced with problems in recruiting those employees. Although the department has experienced a relatively low rate of turnover, the Department of Transportation and the Department of Human Services have not been as fortunate.

The Information Technology Department contracted with a consultant to survey its employees and contractors to determine how to best prepare for the future, identify training and developmental needs, gather information on organizational effectiveness and key management subject areas, strengthen the department's strategic business and planning processes, and identify actions that will allow the department to be more successful. The results of the survey indicated that the strengths of the department are a strong personal satisfaction and pride among its employees; clear and reasonable expectations linked to the department's mission and goals; a strong customer focus; and responsible employees with initiative. The survey indicated that weaknesses to be addressed related to performance and work unit measures, organizational and interpersonal communications, empowerment of employees, recognition and compensation, and work and job design.

Subsequent to the survey, actions were taken to address the findings of the survey, including implementing flexible work arrangements and additional solicitation of employee comment. In addition, the department conducted a compensation study to compare its salaries with the private sector and contracted for an organizational study to restructure the department and improve its services and efficiency. The department also is cooperating with the Central Personnel Division, the Department of Human Services, Job Service North Dakota, and the Department of Transportation to form a committee to address recruiting and retention issues. Short-term solutions identified to address the shortage of skilled employees include revising minimum qualification requirements, streamlining job classes to provide for additional flexibility, and revising and emphasizing new recruiting efforts. Longer-term solutions include

performance recognition and an increased focus on all aspects of employee job satisfaction.

INFORMATION TECHNOLOGY DEPARTMENT BUSINESS PLAN

North Dakota Century Code Section 54-59-06 requires the Information Technology Department to develop and maintain a business plan. Pursuant to that directive, the department prepared a plan that identified the following four general components that form the nucleus of the statewide vision for information technology:

1. State government should be customer-focused.
2. State government should be efficient.
3. State government should be well-managed.
4. State government should provide the leadership for developing a shared infrastructure.

The plan also identified the following critical issues the department must address to transition itself for a successful future:

1. Promote and coordinate the evaluation, integration, and application of current and emerging information technologies within state government.
2. Enhance and manage an effective integrated communications network infrastructure capable of supporting the statewide vision for information technology.
3. Promote, coordinate, and assist state agencies in moving government on-line.
4. Improve services to agencies by developing closer relationships to better understand their business needs.
5. Foster the communications of information technology activity by becoming the communication "catalyst" within state government.
6. Create technology standards and best practices to ensure accountability and interoperability among governmental entities in support of the statewide vision for information technology.
7. Utilize the department's information technology resources and investments effectively and efficiently.
8. Continue to enhance the agency information technology planning process to meet the needs of the various stakeholders.
9. Recruit, develop, and retain skilled information technology workers.

In response to the critical issues and vision threads identified by the department, the department developed the following four strategic goals:

1. Align information technology with customers' businesses to better understand customer business requirements and raise awareness of technologies available to provide products and services that will assist them in accomplishing their goals and objectives.

2. Provide statewide direction and leadership to provide strategic information technology direction for government and education in the state and influence the deployment of information technology throughout the state.
3. Provide value to the department's customers to continually strive to improve the quality and timeliness of the department's services while maintaining competitive rates.
4. Maintain human resources to achieve an efficient, motivated, and educated work force with knowledge, skills, and ability to meet the department's current and future challenges.

In the business plan, the department identified the following four principles and philosophies under which it operates:

1. The department has an obligation to balance the individual needs of agencies with the best interest of the state as a whole.
2. The department is an extension of the agencies' information technologies and is committed to being proactive in an effort to assist its customers in using the available technologies to effectively and efficiently accomplish their goals and objectives.
3. The department is committed to dealing openly and honestly with its customers and continually improving the quality, price, and timeliness of its services.
4. The department is in the business of providing knowledge to its customers and is committed to developing and maintaining a level of expertise through education, acquiring the proper tool set, and focusing on its customers' needs.

The department also adopted a mission statement that states the department is to "provide leadership and knowledge to assist our customers in achieving their mission through the innovative use of information technology."

Although the business plan is complete, it is viewed as a "living" document that is subject to change based upon changing expectations and changes in technology. As technology changes and the information technology needs of state agencies change, changes will be needed in the business plan. In addition, after the transition from the Information Services Division to the Information Technology Department and the implementation of the new statewide network, the statutory requirements regarding the contents of the business plan may require revision.

INFORMATION TECHNOLOGY POLICIES, STANDARDS, AND GUIDELINES

North Dakota Century Code Section 54-59-09 requires the Information Technology Department to develop statewide information technology policies, standards, and guidelines based upon information received

from state agencies and institutions. Except with respect to academic and research uses of information technology at the institutions under the control of the State Board of Higher Education, each executive branch state agency and institution is required to comply with the policies and standards developed by the department.

The department has adopted standards and policies in a variety of areas and continues to update and adopt new standards and policies as necessary. Policies and standards adopted or under consideration include contract guidelines for information technology projects, policies for e-business security, and geographic information systems standards. The department held several standards and policies review group meetings with representatives of state agencies to discuss the adoption of standards and policies.

INFORMATION TECHNOLOGY PLANS

North Dakota Century Code Section 54-59-11 requires every executive branch agency to prepare an information technology plan, subject to approval by the department. The plan must be submitted to the department by January 15 of each even-numbered year. The plan must be prepared based on guidelines developed by the department; must provide the information technology goals, objectives, and activities of the entity for the current biennium and the next two bienniums; and must include a list of information technology assets owned, leased, or employed by the entity. Each entity required to file a plan must provide interim updates to its plan if major information technology changes occur which affect its plan. The department is required to review each entity's plan for compliance with statewide information technology policies and standards, and the department may require an entity to change its plan to comply with statewide policies or standards or to resolve conflicting directions among plans. Agencies of the judicial and legislative branches are required to file the information technology plans with the department by January 15 of each even-numbered year.

The Information Technology Department prepare guidelines to be used by state agencies in preparing the plans required by NDCC Section 54-59-11. The guidelines were developed to ensure that the plans submitted by agencies are useful for the agencies and provide information necessary for the budget process for the agency and the Office of Management and Budget. The guidelines were also designed to require agencies to provide information standards compliance information.

Although representatives of various state agencies expressed concerns regarding the value of the plans and amount of work required to prepare the plans, there were assurances from the department that agencies would be given the flexibility needed to make the plans a document that will prove to be a valuable resource for the agencies. Agency representatives also indicated that changing the deadline for submission of the plans from

January 15 to March 15 would assist the agencies in the budgeting process.

Representatives of the department testified that there is some confusion regarding whether information submitted to the department in the information technology planning process is open to the public. The Chief Information Officer stated that representatives of the Information Technology Department would like the flexibility to release records that are obviously not considered confidential or to refer open records requests to the agency that submitted the information to the department.

INFORMATION TECHNOLOGY DEPARTMENT COORDINATION OF SERVICES

North Dakota Century Code Section 54-59-12 requires the Chief Information Officer and the commissioner of the State Board of Higher Education to meet at least twice each year to plan and coordinate their information technology. The Chief Information Officer and commissioner are required to consider areas in which joint or coordinated information technology may result in more efficient and effective state government operations. Upon request, the Chief Information Officer is required to report to the Legislative Council or its designated committee regarding the coordination of services with political subdivisions, and the Chief Information Officer and commissioner are required to report to the Legislative Council or its designated committee regarding their findings and recommendations.

The Chief Information Officer and representatives of the State Board of Higher Education cooperated in developing the request for proposals for the new statewide network and in reviewing the proposals. In addition, the department and representatives of the State Board of Higher Education worked closely in addressing proposals for student information systems, financial systems, and human resource systems. Representatives of the two entities also serve together on a number of committees set up by each entity.

The Chief Information Officer and representatives of the department participated in several meetings sponsored by the North Dakota League of Cities and the North Dakota Association of Counties to provide information regarding the rollout of the new statewide network. In addition, counties and the department cooperated to provide information technology services in several areas.

MAJOR INFORMATION TECHNOLOGY REPORTS

The committee is authorized to review any information technology project or information technology plan. If the committee determines that a project or plan is at risk of failing to achieve its intended results, the committee may recommend to the Office of Management and Budget the suspension of the expenditure of moneys

appropriated for the project or plan. In addition, the committee is directed to review the cost-benefit analysis of any major information technology project of an executive or judicial branch agency. A major project is a project with a cost of \$250,000 or more in one biennium or a total cost of \$500,000 or more.

The committee reviewed the quarterly lists of major projects compiled by the Information Technology Department as well as cost-benefit analyses of proposed major projects. The committee did not recommend the suspension of any project. However, the committee did express concern with respect to the vehicle registration and titling system project undertaken by the Department of Transportation. Although the project was significantly behind schedule, the major vendor for the project was required by the project contract to pay liquidated damages to the department for costs incurred by the department as a result of the delays. The Information Technology Department conducted an audit of the project and assisted in establishing a revised project schedule. Although the project was not fully implemented as of November 6, 2000, the first phase of the implementation process began on October 14, 2000, as provided for in the revised schedule.

Representatives of the Department of Transportation testified that the implementation process was progressing well as of November 6, 2000.

Representatives of the Information Technology Department and the State Board of Higher Education expressed concern that the cost-benefit analysis requirement did not exempt higher education institutions with respect to academic and research projects. Requiring a cost-benefit analysis for those types of projects would place a substantial burden on the department and be of little value because many of those projects do not involve state funds. It was suggested that NDCC Section 54-35-15.2 be amended to limit the cost-benefit analysis requirements to only projects that significantly impact the statewide wide area network or the statewide library system or are administrative projects.

The committee also received reports regarding major projects proposed for the next biennium. Of particular interest to the committee was the project required by the federal Health Insurance Portability and Accountability Act. Although the project was originally expected to cost approximately \$25 million, it is now anticipated that due to revisions in the scope of the project, the potential cost of the project may be \$8.9 million.

REPORTS OF NONCONFORMANCE

North Dakota Century Code Section 54-59-13 requires the Information Technology Department to report to the Legislative Council if the department finds that an executive branch agency or institution does not agree to conform to its information technology plan or comply with statewide policies and standards. Although the department reported that not all agencies had been diligent in preparing agency information technology

Plans, all agencies ultimately submitted the plans as required.

YEAR 2000 PREPARATION AND REMEDIATION STATUS REPORTS

Because of concerns with the difficulty of computer processors in recognizing the year 2000, the committee requested regular updates from the Information Technology Department regarding the status of state agencies in addressing potential year 2000 problems. As part of the year 2000 education process, the department cooperated with the Department of Transportation to distribute at least 350,000 informational brochures with motor vehicle license and registration renewals. The Information Technology Department also held monthly meetings with state agencies and regular meetings with representatives of cities, counties, and school districts. The department posted all state agency year 2000 progress reports on its web page.

Although many agencies were unable to begin year 2000 remediation efforts until the beginning of the new biennium, every agency completed its efforts before January 1, 2000. Despite investing less than most states in the nation on remediation efforts (\$25 million) state government experienced very few year 2000 problems. Of the problems reported, most were minor and required an average resolution time of 15 minutes or less. According to those involved in the year 2000 remediation processes, the investments in remediation were crucial to the fact that few problems occurred.

CONSULTANT STUDIES

The Legislative Council contracted with the Intelliant Corporation and Nexus Innovations, Inc., (the Bismarck branch of Intelliant was purchased by the Bismarck Intelliant employees and assumed the Nexus name) to conduct studies to assist the committee in its deliberations.

Telecommunications Study

The telecommunications study focused on elementary and secondary education, telecommunications funding, economic development, and fiscal measures. In conducting the study, representatives of Intelliant gathered information from the states of South Dakota and Wyoming, education groups, and economic development professionals.

The study of other states demonstrated that training is vital to the effective utilization of the statewide network. To provide that training, a substantial financial investment will be needed. However, education officials expressed great concern regarding the issue of state funding being available to school districts so that schools will have access to essential network services.

The study concluded that telecommunications spending by the state will increase, but efficiencies will be gained through the implementation of the new

statewide information network. Grants will be essential to obtain funds to assist in the implementation of the network. In addition to grant funds, the study concludes that a significant state investment by the Legislative Assembly will be needed.

The study found that because broadband access is essential to successful economic development efforts, the statewide network will be a vital asset to economic development at the local level. Additional technology factors that affect economic development are technology-literate work force, cooperation with higher education and research institutions, and access to venture capital.

As a result of the study, Intelliant recommended that schools must be included in the statewide network. Intelliant also recommended that an entity be established to provide leadership for educational development in the utilization of technology. Intelliant recommended that training and programmatic areas be emphasized and that the state aggressively pursue outside funding sources in a cohesive, multiagency approach.

E-Rate Study

The federal government established the e-rate program in 1998. Under the program, funds are available for elementary and secondary schools and libraries to provide financial assistance for telecommunications services, Internet access, and internal connections. The study concluded that to capitalize on the maximum e-rate reimbursement, it is vital that the state determine the most advantageous manner for structuring contracts with vendors in the implementation of the statewide network. To maximize the e-rate reimbursement, Intelliant recommended the statewide network contract should be structured so that the vendor purchases equipment such as routers and includes the cost of circuit costs.

Education Funding Study

The funding of network services and video services for elementary and secondary education and the appropriate organizational structure for elementary and secondary education network operations was also studied. The study found that bandwidth demand by schools has been rising dramatically, and the cost of T-1 service has been cost-prohibitive for many school districts. The study also found that school officials continue to express concerns regarding potential actions by the Legislative Assembly with respect to the provision of network services.

Nexus surveyed school districts regarding the cost of frame relay T-1 service and found that the average cost is \$6,467 per year. However, annual costs are as high as \$29,000 per year for some school districts. The estimated cost under the new statewide network for ATM T-1 service is \$6,048 per year. The study concluded that the biggest winners under the new

statewide network will be the smallest schools, which generally are the highest-cost customers.

The Nexus study found that school districts desire greater distance learning capabilities, in part due to teacher shortages. Existing interactive video consortiums have proven to be valuable sources of information as the state makes decisions regarding the implementation of the video component of the new statewide network. The study found that there is not a unified voice for elementary and secondary education with respect to technology issues. Therefore, by restructuring the Educational Telecommunications Council and including representatives from SENDIT Technology Services, the Center for Innovation in Instruction, the Division of Independent Study, and various educational groups, and allowing the restructured council to hire a technology director, a coordinated approach could be taken to address school technology needs. Nexus recommended that the state provide a general fund appropriation to provide for a T-1 connection to each high school. The estimated one-time cost of each connection is \$11,000. The recommendation suggests that elementary schools that are not connected physically to a high school be connected to the network during the next biennium. Nexus recommended that the Legislative Assembly continue the current level of funding for the Educational Telecommunications Council to allow investment in interactive video. Nexus also recommended changing the structure of the Educational Telecommunications Council and authorizing the restructured council to set priorities for interactive video investment.

Because the Nexus report was presented at the last meeting of the committee before the Legislative Council meeting, the committee was unable to consider a bill draft implementing the recommendations of the Nexus study. However, because the committee is a statutorily created committee, the chairman of the committee requested the Legislative Council staff to prepare a bill draft that would restructure the Educational Telecommunications Council and place the new entity under the budget authority of the Information Technology Department. The chairman indicated that the committee would meet again before the convening of the 57th Legislative Assembly to consider the proposed bill draft.

COMMITTEE CONSIDERATIONS

The committee considered a bill draft that would have changed the deadline for agencies submitting information technology plans from January 15 to March 15 of each even-numbered year.

The committee considered a bill draft that would have exempted from the major project cost-benefit analysis requirement academic and research projects of institutions of higher education.

The committee considered a bill draft that consolidated the two bill drafts discussed above with other proposed amendments to NDCC Chapter 54-59 which were suggested by the Chief Information Officer. The bill draft required the Information Technology Committee to review the cost-benefit analysis of any major project of the State Board of Higher Education or any institution under the control of the board if the project significantly impacts the statewide wide area network, impacts the statewide library system, or is an administrative project. The bill draft authorized the Information Technology Department to purchase equipment and software through financing arrangements. The bill draft also specified additional requirements that must be included in the Information Technology Department's business plan. The bill draft replaced the Statewide Wide Area Network Advisory Committee with a State Information Technology Advisory Committee that will be responsible for advising the Information Technology Department regarding statewide information technology planning, including providing electronic government services for citizens and businesses, developing technology infrastructure to support economic development and workforce training, and developing other statewide information technology initiatives and policy. The bill draft also changed the deadline for agencies submitting information technology plans from January 15 to March 15 of each even-numbered year. The bill draft also clarified that information collected by the Information Technology Department from agencies regarding information technology standards, compliance reviews, and plans is exempt from open records requirements.

RECOMMENDATION

The committee recommends Senate Bill No. 2043 to require the Information Technology Committee to review the cost-benefit analysis of any major project of the State Board of Higher Education or any institution under the control of the board if the project significantly impacts the statewide wide area network, impacts the statewide library system, or is an administrative project. The bill authorizes the Information Technology Department to purchase equipment and software through financing arrangements; specifies additional requirements that must be included in the department's business plan; replaces the Statewide Wide Area Network Advisory Committee with a State Information Technology Advisory Committee; changes the deadline for agencies submitting information technology plans from January 15 to March 15 of each even-numbered year; and clarifies that information collected by the Information Technology Department from agencies regarding information technology standards, compliance reviews, and plans is exempt from open records requirements.

SB 2043 TESTIMONY
GOVERNMENT AND VETERANS AFFAIRS COMMITTEE
BY: CURT WOLFE, CHIEF INFORMATION OFFICER
INFORMATION TECHNOLOGY DEPARTMENT (ITD)
JANUARY 12, 2001

Madame Chairman and members of the committee, my name is Curt Wolfe. I am the Chief Information Officer and Director for Information Technology Department. I am here to testify in favor of SB 2043.

During the last year I worked closely with the Information Technology Committee and support the work they have done in drafting this legislation. I have attached a handout which outlines the changes in each section and the reason that we think the change is important. I'd like to walk through each of these changes with you briefly.

If you have questions, please don't hesitate to interrupt.

Suggested Changes to North Dakota Century Code (NDCC) 54.59 and 54.35

Section 1: NDCC 54-35-15

Change:

- (10) Exempt NDUS academic and research projects from the reporting requirement.

Reason for the Change:

- Reflect current practice of focusing on the administrative and university system projects.

Section 2: NDCC 54-59-05

Change:

- (4) Include the ability to finance acquisitions.

Reason for the Change:

- This change reflects the current practice. Financing is necessary for large acquisitions where the revenue stream occurs over a number of years.

Section 3: NDCC 54-59-06

Change:

- Remove specifics from the business plan requirements.

Reason for the Change:

- Outline conventional planning and evaluation process.
- Allow for changes in strategies and focus over time.

Section 4: NDCC 54-59-07

Change:

- Reconstitute the Advisory Committee

Reason for the Change:

- Expand focus beyond wide area network.
- Shift the role of the committee from oversight to planning and policy.

Section 5: NDCC 54-59-11

Change:

- Change IT plan due date to March 15

Reason for the Change:

- Move the plan completion closer to the budget submission date.

Change:

- Change wording of asset "list" to "information" to reflect current practice.

Reason for the Change:

- Fixed asset inventory is an accounting function not a planning function.

Change:

- Eliminate the planning requirement for wide area network users who are not state agencies.

Reason for the Change:

- This reflects the private industry practice of market surveys and trend analyses to plan future services.

Section 6: NDCC 54-59-16

Change:

- Clarify that information gathered by ITD for IT planning purposes is considered open records.

Reason for the Change:

- Referral back to the agency should only be required if ITD acts as a custodian for agency information. ITD should have the ability to release IT planning information without referral back to the agency.

**TESTIMONY BEFORE THE
SENATE GOVERNMENT AND VETERANS AFFAIRS COMMITTEE**

January 12, 2001

SB 2043

Chairman Krebsbach and committee members:

I'm Roger Bailey. I'm appearing today on behalf of the members of the North Dakota Newspaper Association.

We had concerns about the original bill since the language on page 6, lines 7 and 8, would have made some public information that is now open subject to closure at the discretion of the department.

Thus, we support the proposed amendment that removes this language and urge your support of this bill, as amended.

If you have any questions, I will be happy to try to answer them.

Thank you for your time and consideration.

**SB 2043 PROPOSED AMENDMENTS
INDUSTRY, BUSINESS AND LABOR COMMITTEE
BY: CURT WOLFE, CHIEF INFORMATION OFFICER
INFORMATION TECHNOLOGY DEPARTMENT (ITD)
MARCH 13, 2001**

Page 1, line 1, after "to" insert "create and enact a new subdivision to subsection 2 of section 28-32-01 of the North Dakota Century Code, relating to the definition of an administrative agency; and to"

Page 1, after line 5, insert:

"SECTION 1. A new subdivision to subsection 2 of section 28-32-01 of the North Dakota Century Code as created by House Bill No. 1030, as approved by the fifty-seventh legislative assembly, is created and enacted as follows:

The information technology department."

Renumber accordingly

Information Technology Department Issues with House Amendments to SB 2043

- **Financing**

OK with limitation of (3) years for the term of a note.

Would prefer to submit request to the Emergency Commission and report to the Budget Section.

Limiting notes to the amount budgeted in equipment -- this is not where we budget for these purchases (we use operating expenses to pay for the notes).

- **Annual Report**

1. Project List - already identified in the Large Project Report
2. Evaluations of cost-benefit analysis - already identified and reported to the Legislative IT Committee
3. Percentage of projects within budget - can implement in Statewide IT Plan
4. Percentage of projects on time - can implement in Statewide IT Plan
5. Info on management tools - can identify in Agency IT Plan
6. Info on administration costs - can implement if needed in ITD Strategic Business Plan
7. Comparison of ITD rates - can implement in ITD Strategic Business Plan (tough to compare apples to apples)
8. Info on project manager - already identified in agency IT Plans
9. Info on IT Plans - already identified in Statewide IT Plan and reported to Legislative IT Committee
10. Number of IT training hours - can implement in ITD Strategic Business Plan
11. Info on customer satisfaction - monitor today, can add to Strategic ITD Business Plan
12. Detailed description of IT Plan - already identified in ITD Strategic Business Plan

- **Performance Measures**

Don't feel this is necessary as our strategic business plan outlines ITD's direction and goals/tactics.