

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1505

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*Deanna Hall*  
Operator's Signature

10/23/03  
Date

SPECIAL SESSION  
2003 HOUSE APPROPRIATIONS  
HB 1505

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10/23/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1505

House Appropriations Committee

☐ Conference Committee

Hearing Date May 5, 2003

Tape Number	Side A	Side B	Meter #
3	xx		0-end
3		xx	0-2.6
Committee Clerk Signature <i>Kelly Schmidt</i>			

Minutes: **Chairman Svedjan** called the committee to order, all members were present.

**Rep. Carlson** asked if it is correct, that ITD is a 1M short in their budget

**Rep. Svedjan** responded that is correct, he would need to find 1M in his budget, but it is not specific to any area.

**Rep. Wald** asked in reference to Section 4, We've got other bond issues to address, can we market these at the same time to save money?

**Karlene Fine, Industrial Commission** I do not anticipate we will be marketing this at the same time as the other bond. We will be obtaining an investment banker for this bond.

**Rep. Skarphol** in 1022 we established a threshold in central purchasing in Section 7, this bill contains none, should we consider something

**Rep. Svedjan** as it stands now, anything in equipment and software is subject to Section 7, it has no floor no ceiling.

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*Diana Hall*  
Operator's Signature

*10/23/03*  
Date

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Hearing Date May 5, 2003

**Rep. Carlson** OMB has been added in many places, pg. 4 line 27-31, will the policy and guidelines be developed by ITD, with OMB involved are we adding an extra step?

**Rep. Svedjan** we are looking at two different things, one is dealing with purchasing equipment the other is reporting and accountability. I too had some concerns with the authority given OMB, I have been given assurances, it's OK. He noted Pg. 6, lines 21-27 have had substantial changes in the bill, Mr. Wolff indicated the way it is written now is workable.

**Rep. Skarphol** This gives me the most discomfort, there are no provisions in the bill, that in the event the agencies retain employees, and the services ITD must provide. The technical dollars should be transferred.

**Rep. Svedjan** the intent when it was first written was 1. The dollars transferred with the FTE, then it changed the dollars stay with the agency, the FTE moved and the agency purchased the FTE's services, now we sit at the retained FTE, the money moved, they could retain the FTE if the money to retain was found elsewhere. Here neither the money to the FTE is transferred. They wouldn't have to find money because the money doesn't move.

**Rep. Carlson** we should have a net gain of employee services, but ITD can hire to fill the numbers to serve. I need some clarification on this, I don't think that's the intent.

**Rep. Delzer** why allow then to keep the FTE, if they have no use for them as they were passed in the current budget. We at least have to move the money out. The reason we are doing this it to try and reduce overall FTE's so in the future we reduce the cost of the state. I prefer the agencies can't keep the FTE's if the job is being done by ITD.

*Deanna G. Hall*  
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**Rep. Monson** why would IT hire if an IT agency person is still working in the agency?

**Rep. Carlson** We heard the employee reduction bill, this is the opposite. Here we are saying find the money keep the spot. In reality we shouldn't keep the spot. We are contradicting the other bill.

**Rep. Warner** we need to address the name change in Workers Comp.

**Rep. Svedjan** so noted.

**Rep. Kroeber** the reason we are doing all of this is to save money. Mr. Franke and Mr. Edison made comments in the hearing that it will cost them more money if we do this.

**Rep. Svedjan** language is in the bill, that agencies themselves need to identify the transferred positions. There is language that addresses exceptions, that would address their issues.

**Rep. Glassheim** MOVED the removal of \$350,000 for the study and to have a study done internally, second by **Rep. Metcalf**.

**Rep. Skarphol** we wanted an objective view, we were told it would be \$35,000/day for the level of study needed, we didn't want a state entity doing the study.

**Rep. Timm** don't we know what we want

**Rep. Skarphol** we want to know what the right thing is, and how to implement it. South Dakota and the industry do it this way, we want an objective view. We are asking for both sides of the story.

**Rep. Aarsvold** noted the direction will be defined by the course already taken, and whose paying the bill.

**Rep. Wald** this is a 106M budget, is \$350,000 a good investment to lower costs later

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**Rep. Skarphol** let's analysis this now, before we invest more and find we are going in the wrong direction.

**A voice vote unable to be called, A Roll Call vote was taken 10 YEAH 13 NAY**

**MOTION FAILS**

The bill overview continued as noted in the footnotes of the bill.

**Rep. Warnke** in reference to Section 10, if PERS/RIO were removed from this exemption would we go back to the original number of FTE's

**Rep. Svedjan** the exemption was here because they were once included. If would be appropriate to leave the exemption in on Pg. 11, otherwise we would have to change what's on Page 26.

**Jim Smith, LC** this would exempt them from the functional consolidation aspect.

**Rep. Martinson** moved to remove the legislative branch as an exemption from the bill,  
second by **Rep. Carlisle**

**A VOICE VOTE was taken, MOTION CARRIES**

**Rep. Glasshelm** wasn't the study's purpose to direct us, line 13 assumes we know the direction. The policy consideration is to create efficiencies and cost savings, and improve services to the general public. We should add the word improve for policy and guidelines to the general public.

**Rep. Koppelman** improve can be more efficiencies or create more, what's the implication. I don't want to imply we increase services.

**Rep. Svedjan** quality is what we want to address, we will reconvene at the call of the chair

Hearing no discussion the meeting adjourned

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1505

House Appropriations Committee

☐ Conference Committee

Hearing Date May 5, 2003

Tape Number	Side A	Side B	Meter #
1	xx		
Committee Clerk Signature <i>Kelly Schmidt</i>			

Minutes: Joint Appropriations Hearing on HB 1505 and HB 1506

**Chairman Svedjan** called the committee to order, roll was taken, in attendance were **Rep.**

**Svedjan, Rep. Timm, Rep. Martinson, Rep. Brusegaard, Rep. Aarsvold, Rep. Gulleon, Rep. Monson, Rep. Rennerfeldt, Rep. Wald, Rep. Carlisle, Rep. Carlson, Rep. Glassheim, Rep. Koppelman, Rep. Kroeber, Rep. Skarphol, Rep. Thoreson, Rep. Warner, Rep. Delzer, Rep. Warnke, Rep. Bellew, Rep. Kempenich, Rep. Kerzman, Rep. Metcalf, Sen. Holmberg, Sen. Bowman, Sen. Grindberg, Sen. Andrist, Sen. Christmann, Sen. Kilzer, Sen. Krauter, Sen. Kringstad,, Sen. Lindaas, Sen. Mathern, Sen. Schobinger, Sen. Thane**

**ABSENT: Sen. Tallackson, Sen. Robinson**

**Rep. Berg** Gave an overview of HB 1505, this is the old HB 1022, There have been changes with regarding to Central Purchasing, removed the 10% fee and tied OMB with ITD for better coordination. The second is the functional consolidation originally in the OMB bill SB 2015, this part was vetoed. There have been some modifications to allow for flexibility.

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**Roxanne, Legislative Council** shared the changes of HB 1505.

**Rep. Svedjan** This is not a double hit to the IT budget?

**Roxanne, Legislative Council** No. This is a 1M reduction from the 10% fee collected is from the original version of the bill.

**Rep. Svedjan** because the general fund appropriation of 8.194M does not change it's assumed that 1M in the budget adjustment will be found anywhere in their budget, correct?

**Roxanne, Legislative Council** yes.

**Rep. Skarphol** line 10 has been reduced by 1M, correct?

**Roxanne, Legislative Council** yes. Section 2, 3, 4, 5, 6, remain the same as the original bill  
Section 7 shows a language change,

**Rep. Warner** Who is the interim IT committee

**Roxanne, Legislative Council** it's the committee identified in statute

**Rep. Timm** Page 5, Line 3, OMB will work in consultation with the ITD

**Roxanne, Legislative Council** they policy and guidelines would be established,

**Rep. Skarphol** the last sentence Section 7, lines 6, 7, 8, 9, how are the savings going to be substantiated.?

**Roxanne, Legislative Council** ITD & OMB will contract agencies asking information regarding quantities & purchases amounts they anticipate. That data will be compiled for the committee.

**Sen. Christmann** is this the end of the critical needs pool

**Roxanne, Legislative Council** there is no mention of the pool in this bill

**Rep. Glassheim** Pg. 4, line 27-29, with language will all products be the same? Hardware and Software or will it be varied by need and department?

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**Roxanne, Legislative Council** I believe items will be addressed by need. Section 8, 9, are the same as HB1022, Section 10 has a slight revision.

**Rep. Delzer** lines 21-27 will IT determine the number of FTE's within the overall number or can they come back and hire more than they currently have.

**Roxanne, Legislative Council** I believe they can hire up 25

**Rep. Delzer** I read they can hire 30

**Rep. Skarphol** if you look at Section 11, this requires they accumulate 1.4M in savings by the consolidation and transfer to the general fund. I suspect they won't hire more than that.

**Sen. Christmann** with regard to Section 11, 1.4M they are going to have to do without 10 or 12 of their 25 employees. Does that mean even if they are needed, they don't have the spending authority for all the 25 employees.

**Roxanne, Legislative Council** OMB/ITD will achieve the 1.4M in savings how that is achieved is up to the two agencies.

**Rep. Svedjan** the employee transfer but the dollars don't the agency in which the FTE is transferred still has the dollars and then they buy the service back. The dollars will be in the respective agencies from which they came.

**Rep. Skarphol** most of the 1.4M savings would come from the personnel savings and some equipment saving as well. It puts the burden on OMB and ITD

**Sen. O'Connell** just wanted to show on the record his attendance.

**Curt Wolff, CIO, ND** Without the fee for the purchase of software and supplies that would help us raise 1M we are now 1M short in our total general fund appropriation. Under Section 9 you have given us the ability to transfer funds within line items to try and capture 1M, this is a

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major difference from HB 1022, That is our major challenge. We are support of the new language with working with OMB and their responsibly to help account for the savings.

Regarding the consolidation of positions, Rep. Delzer is a question. I read line 23-24, Page 6, we had the ability to add FTE's to supply services, that would be net gain in FTE's. My assumption is we will have to support those services with less FTE's than if we have then dispersed among the agencies. We need flexibility to accomplish that, either to add FTE or transfer from that agency. I question legislative intent.

**Rep. Skarphol** I agree the language is ambiguous. The language doesn't address the funds used to pay an employee. What happens to the money for an employee who is retained and paid for with internal saving. If it doesn't go to you, you can't hire someone to do the job, it that what's you telling us?

**Curt Wolff** If I need 10 people to do the work of 25, I need 10 FTE's to add those resources. If they aren't transferred to me from the agency, then I'm going to be short. In SB 2015, in the sections that were vetoed there was a methodology to create a technology line item so we were able to bill an amount. OMB working with agencies will have to determine what they have in their IT expenditures and what savings they have with consolidation. That will be accounted for in every agency to provide the rollback of 1.4M

**Rep. Skarphol** you are required to provide the services without the dollars or authorize the FTE's.

**Curt Wolff** we will provide the service by billing the agency for the service. In SB 2015, we were limited to the bill able amount,

**Rep. Carlson** where is the cost savings?

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**Curt Wolff** The cost savings come from the charge of services. The charge would be less than the FTE's cost and the difference would be accumulated savings. Through consolidation we have savings. The question is, is 1.4M realistic? If we don't achieve that number what is the implication. That's a concern

**Rep. Carlson** originally there were 25 FTE's removed. Language says they may retain if the money is available through internal savings. This could actually be zero

**Rep. Delzer** I read a net gain, the goal was for less FTE's which equal less cost to the state

**Rep. Skarphol** Rep. Delzer is right, there is not a transfer. All that is transferred is the services provided by those FTE's to you, you have no authorized increase in FTE's or spending authority. How are you going to accomplish this?

**Curt Wolff** Excellent question..Line 23, I read I can have the number of FTE's needed to accomplish the job.

**Sen. Bowman** the ultimate goal is flexibility's and efficiencies that equal 1.4M. You have the flexibility to move positions around and then department can move to achieve a savings. That savings, through the efficiencies you will be able to bring the savings back.

**Sen. Andrist** How are we taking care of the agencies? We had a pool, that is gone, where can they go?

**Curt Wolff**, Page 5, section 8, they can transfer within line items in their own budget.

**Rep. Svedjan** will the actual purchasing done by the agencies, it seems to me IT will provide the specifications.

**Curt Wolff** agencies will purchase from item's off a purchasing list we have previously negotiated.

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**Sen. Mathern** is the 1.4M your number? Do you have another suggestion?

**Curt Wolff** That is not our number, we don't have enough analysis to make that determination.

We will work toward the maximum savings possible.

**Rep. Skarphol** are we opening the door for agencies to get services outside ITD?

**Curt Wolff** my reading is the wide area network language does mandate very clearly that everyone has to purchase from ITD (Begin Tape I, side B)

**Rep. Skarphol** PERS/RIO only applies to the functional consolidation portion

**Jim Smith, Legislative Council** this required use of those 4 functions, they were excluded in the original list.

**Rep. Skarphol** it isn't our intent to exempt them from all the services, just the transfer of employees, our language doesn't indicate that

**Jim Smith** we can make adjustments to address that


**Sheila, OMB** we have just seen this legislation and what it means to us, we will work hard to accomplish what it is you are asking us to do. In response to a question from Rep. Timm, OMB was not involved in the discussion nor the preparation of this bill.

**Rep. Svedjan** The rewrite of this bill gives significant powers and authority to OMB and it surprises me that there hasn't been some discussion. Is there someone here that can address that?

Lt. Governor?

**Lt. Governor** OMB has been placed in the center of this operation in conjunction with ITD, because OMB is involved in the fiscal management of this state. I don't see it as them being put in a burdensome position. OMB is in charge of cooperative effort with the agencies.

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**Rep. Koppelman** Why did the Governor's office feel the addition of OMB was an improvement.

**Lt. Governor** the improvement comes from agency response.

**Sen. Mathern** Does HB 1505 meet the objections of the Governor?

**Lt. Governor** this is very, very close. Leadership asked we provide for the fewest provisions possible

**Rep. Delzer** It became a cabinet position, not it's going below OMB. Does that bring concern to the Governor's office?

**Lt. Governor** Dollars are dedicated to ITD, OMB is part of that process, we don't see a conflict, they are partners.

**Rep. Svedjan** asked for any testimony in opposition to HB 1505

**Brent Edison, ND Workers Compensation** testified against the function consolidation portion of this bill. We noted his department has their own servers and the concern with the movement of equipment. We have equipment paid for by us, we would be troubled by movement.

Employer premium dollars paid for this equipment, this would create concerns. With ITD rates we would see an increase in costs of approx. 1.5M to 2.5M.

**Dale Franke, ND Water Commission** testified in opposition of HB 1505. He noted his department's costs have stayed relatively the same, the salary cost of FTE's, his agency has 4 is an investment in ITD. The past experience with ITD, this department has been under funded, thus an increase in charges. We could have a cheaper Internet connection in the private sector. He also addressed the storage costs of his agency.

**Having no further testimony, the hearing was closed.**

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1505

House Appropriations Committee

☐ Conference Committee

Hearing Date May 6, 2003

Tape Number	Side A	Side B	Meter #
1	xx		0
Committee Clerk Signature <i>Keely Schmidt</i>			

Minutes:

**Chairman Svedjan** called the committee to order, Roll was taken with all members present, a quorum was declared.

**Roxanne, Legislative Council** explain amendment 30804.0201

**Rep. Svedjan** asked if the removal of the Emergency Clause had been addressed.

**Roxanne** yes, after discussion with legal council it was found appropriate.

**Rep. Svedjan** noted the word improved is still listed in the bill, there had been some discussion yesterday whether it would remain.

**Rep. Koppelman** I have problem with the wording "improved quality of service"

**Rep. Wald** moved a DO PASS on Amendment .0201, second by **Rep. Kempenich**

**Rep. Skarphol** Lt. Governor just advised me OMB has concerns with the use of the language

"line item" on page 14, they would rather use the wording "accounting code"

**Rep. Delzer** would that change the way we see the numbers next session?

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**Sheila, OMB** advised the committee the same detail would be seen it would just be where you will see it. It won't be a separate stand alone item, it will be in an object code.

**Rep. Delzer** What will it be combined with?

**Sheila** I envision it will be a new accounting code within the operating line item.

**Rep. Skarphol** can language be added to insure that happens.

**Sheila** this isn't a problem, that can be added.

**Rep. Skarphol** moved to further amend amendment .0201 to include the accounting code language, second by **Rep. Monson**

**On a VOICE VOTE** the motion to carried

**Rep. Glassheim** does this expand the amount of money we are taking from agencies.

**Rep. Svedjan** no this is the same language as in SB 2015

**On a VOICE VOTE** the amended amendment is approved.

**Rep. Skarphol** moved a DO PASS on HB 1505 as amended, second by **Rep. Carlson**.

**Rep. Aarsvold** I have reservations with Section 11 where we talk about accumulated savings.

We don't have the data to indicate we are looking at a savings of 1.4M. Prior to a study, I don't think we should set a standard like that may put the agency in a great financial difficulty.

**Roll Call vote was taken, 16 YEAH 7 NAY 0 absent/not voting**

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Date: 5.5.03  
Roll Call Vote #: \_\_\_\_\_

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1505

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

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken remove \$350,000 for study & do internally

Motion Made By Glassheim Seconded By Metcalf

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan (Chair)		✓	Rep. Bob Skarphol		✓
Rep. Mike Timm (Vice-Chair)	✓		Rep. Blair Thoreson		✓
Rep. Bob Martinson	✓		Rep. Eliot Glassheim	✓	
Rep. Thomas Brusegaard		✓	Rep. Joe Kroeber	✓	
Rep. David Monson	✓		Rep. John Warner	✓	
Rep. Earl Rennerfeldt		✓	Rep. Jeff Delzer		✓
Rep. Francis J. Wald		✓	Rep. Amy Warnke		✓
Rep. Ole Aarsvold	✓		Rep. Larry Bellew		✓
Rep. Pam Gulleeson	✓		Rep. Keith Kempenich		✓
Rep. Ron Carlisle		✓	Rep. James Kerzman	✓	
Rep. Al Carlson		✓	Rep. Ralph Metcalf	✓	
Rep. Kim Koppelman		✓			✓

Total (Yes) 10 No 13

Absent \_\_\_\_\_

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

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

MOTION FAILS

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Date: 5.5.03  
Roll Call Vote #: \_\_\_\_\_

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1505

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

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken To remove legislative council as an exemption

Motion Made By Martinson Seconded By Carlisle

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan (Chair)			Rep. Bob Skarphol		
Rep. Mike Timm (Vice-Chair)			Rep. Blair Thoreson		
Rep. Bob Martinson			Rep. Eliot Glassheim		
Rep. Thomas Brusegaard			Rep. Joe Kroeber		
Rep. David Monson			Rep. John Warner		
Rep. Earl Rennerfeldt			Rep. Jeff Delzer		
Rep. Francis J. Wald			Rep. Amy Warnke		
Rep. Ole Aarsvold			Rep. Larry Bellew		
Rep. Pam Gulletson			Rep. Keith Kempenich		
Rep. Ron Carlisle			Rep. James Kerzman		
Rep. Al Carlson			Rep. Ralph Metcalf		
Rep. Kim Koppelman					

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

Absent \_\_\_\_\_

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

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

CARRIES

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Date

30804.0201  
Title.

Prepared by the Legislative Council staff for  
House Appropriations  
May 6, 2003

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1505

Page 1, line 14, after the first semicolon insert "and" and remove "; and to declare an emergency"

Page 5, line 25, remove the second "and" and after the second "server" insert a comma

Page 6, line 15, remove "An agency may retain any of the"

Page 6, remove line 16

Page 6, line 17, remove "the agency."

Page 6, after line 20, insert:

"Each affected agency shall establish an information technology services line item consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs. Each agency shall use the funding contained in the information technology services line item to purchase information technology services from the information technology department. The information technology department may receive any funding relating to the purchase of information technology services under this section, which is hereby appropriated. Each agency is entitled to receive from the information technology department the equivalent in services that would have been performed by employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services line item."

Page 7, line 6, remove the first "and", replace the second "and" with a comma, and after "services" insert ", and related equipment"

Page 11, line 4, remove the first "and" and after "server" insert a boldfaced underscored comma

Page 11, line 5, remove "legislative and" and replace "branches" with "branch"

Page 11, line 9, remove the second "and"

Page 11, line 10, after "server" insert an underscored comma and replace "office of management" with "information technology department"

Page 11, line 11, remove "and budget" and replace "information technology department" with "office of management and budget"

Page 11, line 14, replace "centralized systems" with "functional consolidation"

Page No. 1

30804.0201

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Deanna Baller  
Operator's Signature

10/23/03  
Date

Page 11, line 15, replace "and" with an underscored comma and after "cost-savings" insert "and improved quality of service"

Page 14, line 12, after "department" insert "and the office of management and budget"

Page 14, line 15, replace "approved" with "reviewed"

Page 14, line 20, after "department" insert "and the office of management and budget"

Page 14, line 26, replace "This" with "The enterprise resource planning system line item in section 1 of this Act and sections 4, 5, and 13 become effective May 16, 2003, and the remainder of the"

Page 14, remove lines 27 through 29

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Amends Section 10 of the bill relating to the transfer of state agency information technology positions to remove the provision allowing an agency to retain any of the identified positions provided that funding is available from internal savings and to include language requiring agencies to establish an information technology services line item.
- Amends Section 16 of the bill relating to the required information technology services to remove the legislative branch from the excluded entities, to clarify that the Information Technology Department is responsible for establishment of a consolidated delivery system, and to clarify the policies and guidelines to be established for the delivery of consolidated services.
- Amends Section 20 of the bill to provide that the Information Technology Department and the Office of Management and Budget shall establish information technology standards and to provide that the state Information Technology Advisory Committee shall review instead of approve the standards.
- Amends the effective date of the bill and removes the emergency clause. The enterprise resource planning line item and Sections 4, 5, and 13 become effective May 16, 2003.

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Operator's Signature

10/23/03  
Date

Date: 5-6-03  
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB-~~1505~~ 1506

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

☐ Check here for Conference Committee

Legislative Council Amendment Number 30804.0201

Action Taken Do Pass on Amendment

Motion Made By Wald Seconded By Kempenich

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan (Chair)			Rep. Bob Skarphol		
Rep. Mike Timm (Vice-Chair)			Rep. Blair Thoreson		
Rep. Bob Martinson			Rep. Eliot Glassheim		
Rep. Thomas Brusegaard			Rep. Joe Kroeber		
Rep. David Monson			Rep. John Warner		
Rep. Earl Rennerfeldt			Rep. Jeff Delzer		
Rep. Francis J. Wald			Rep. Amy Warnke		
Rep. Ole Aarsvold			Rep. Larry Bellew		
Rep. Pam Gulletson			Rep. Keith Kempenich		
Rep. Ron Carlisle			Rep. James Kerzman		
Rep. Al Carlson			Rep. Ralph Metcalf		
Rep. Kim Koppelman					

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

Absent \_\_\_\_\_

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

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

MOTION CARRIES

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Deanna Hall  
Operator's Signature

10/23/03  
Date

VR  
5/6/03  
1082

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1505

Page 1, line 14, after the first semicolon insert "and" and remove "; and to declare an emergency"

Page 5, line 25, remove the second "and" and after the second "server" insert a comma

Page 6, line 15, remove "An agency may retain any of the"

Page 6, remove line 16

Page 6, line 17, remove "the agency."

Page 6, after line 20, insert:

"Each affected agency shall establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs. Each agency shall use the funding contained in the information technology services account to purchase information technology services from the information technology department. The information technology department may receive any funding relating to the purchase of information technology services under this section, which is hereby appropriated. Each agency is entitled to receive from the information technology department the equivalent in services that would have been performed by employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services account."

Page 7, line 6, remove the first "and", replace the second "and" with a comma, and after "services" insert ", and related equipment"

Page 11, line 4, remove the first "and" and after "server" insert a boldfaced underscored comma

Page 11, line 5, remove "legislative and" and replace "branches" with "branch"

Page 11, line 9, remove the second "and"

Page 11, line 10, after "server" insert an underscored comma and replace "office of management" with "information technology department"

Page 11, line 11, remove "and budget" and replace "information technology department" with "office of management and budget"

Page 11, line 14, replace "centralized systems" with "functional consolidation"

202

Page 11, line 15, replace "and" with an underscored comma and after "cost-savings" insert ", and improved quality of service"

Page 14, line 12, after "department" insert "and the office of management and budget"

Page 14, line 15, replace "approved" with "reviewed"

Page 14, line 20, after "department" insert "and the office of management and budget"

Page 14, line 26, replace "This" with "The enterprise resource planning system line item in section 1 of this Act and sections 4, 5, and 13 become effective May 16, 2003, and the remainder of the"

Page 14, remove lines 27 through 29

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment:

- Amends Section 10 of the bill relating to the transfer of state agency information technology positions to remove the provision allowing an agency to retain any of the identified positions provided that funding is available from internal savings and to include language requiring agencies to establish an information technology services line item.
- Amends Section 16 of the bill relating to the required information technology services to remove the legislative branch from the excluded entities, to clarify that the Information Technology Department is responsible for establishment of a consolidated delivery system, and to clarify the policies and guidelines to be established for the delivery of consolidated services.
- Amends Section 20 of the bill to provide that the Information Technology Department and the Office of Management and Budget shall establish information technology standards and to provide that the state Information Technology Advisory Committee shall review instead of approve the standards.
- Amends the effective date of the bill and removes the emergency clause. The enterprise resource planning line item and Sections 4, 5, and 13 become effective May 16, 2003.

Date: 5/6/03

Roll Call Vote #: Click here to type Roll Call Vote # 2

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1505

House Appropriations

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Further amend to inc. accounting code language

Motion Made By Skarphol Seconded By Monson

Representatives	Yes	No	Representatives	Yes	No
Svedjan			Skarphol		
Timm			Thoreson		
Martinson			Warner		
Brusegaard			Delzer		
Aarsvold			Warnke		
Gulleson			Bellew		
Monson			Kempenich		
Rennerfeldt			Kerzman		
Wald			Metcalf		
Carlisle					
Carlson					
Glassheim					
Koppelman					
Kroeber					

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

Absent \_\_\_\_\_

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

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

*motion carries*

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Deanna Hall  
Operator's Signature

10/23/03  
Date

Date: 5-6-03  
Roll Call Vote #: 3

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB ~~1505~~ 1505

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 30804.0202

Action Taken Do Pass as Amended

Motion Made By Skarphol Seconded By Carlson

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan (Chair)	✓		Rep. Bob Skarphol	✓	
Rep. Mike Timm (Vice-Chair)	✓		Rep. Blair Thoreson	✓	
Rep. Bob Martinson	✓		Rep. Eliot Glassheim		✓
Rep. Thomas Brusegaard	✓		Rep. Joe Kroeber		✓
Rep. David Monson	✓		Rep. John Warner		✓
Rep. Earl Rennerfeldt	✓		Rep. Jeff Delzer	✓	
Rep. Francis J. Wald	✓		Rep. Amy Warnke	✓	
Rep. Ole Aarsvold		✓	Rep. Larry Bellew	✓	
Rep. Pam Guleson		✓	Rep. Keith Kempenich	✓	
Rep. Ron Carlisle	✓		Rep. James Kerzman		✓
Rep. Al Carlson	✓		Rep. Ralph Metcalf		✓
Rep. Kim Koppelman	✓			✓	

Total (Yes) 16 No 7

Absent 0

Floor Assignment Skarphol

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

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Diana Haller  
Operator's Signature

10/23/03  
Date



REPORT OF STANDING COMMITTEE (410)  
May 6, 2003 8:55 a.m.

Module No: HS-02-0041  
Carrier: Skarphol  
Insert LC: 30804.0202 Title: .0300

REPORT OF STANDING COMMITTEE

HB 1505: Appropriations Committee (Rep. Svedjan, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (16 YEAS, 7 NAYS, 0 ABSENT AND NOT VOTING). HB 1505 was placed on the Sixth order on the calendar.

Page 1, line 14, after the first semicolon insert "and" and remove "; and to declare an emergency"

Page 5, line 25, remove the second "and" and after the second "server" insert a comma

Page 6, line 15, remove "An agency may retain any of the"

Page 6, remove line 16

Page 6, line 17, remove "the agency."

Page 6, after line 20, insert:

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Page 11, line 10, after "server" insert an underscored comma and replace "office of management" with "information technology department"

Page 11, line 11, remove "and budget" and replace "information technology department" with "office of management and budget"

Page 11, line 14, replace "centralized systems" with "functional consolidation"

Page 11, line 15, replace "and" with an underscored comma and after "cost-savings" insert ", and improved quality of service"

Page 14, line 12, after "department" insert "and the office of management and budget"

Page 14, line 15, replace "approved" with "reviewed"

(2) DESK, (3) COMM

Page No. 1

HS-02-0041

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*Deanna Hall*  
Operator's Signature

10/23/03  
Date

REPORT OF STANDING COMMITTEE (410)  
May 6, 2003 8:55 a.m.

Module No: HS-02-0041  
Carrier: Skarphol  
Insert LC: 30804.0202 Title: .0300

Page 14, line 20, after "department" insert "and the office of management and budget"

Page 14, line 26, replace "This" with "The enterprise resource planning system line item in section 1 of this Act and sections 4, 5, and 13 become effective May 16, 2003, and the remainder of the"

Page 14, remove lines 27 through 29

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment:

- Amends Section 10 of the bill relating to the transfer of state agency information technology positions to remove the provision allowing an agency to retain any of the identified positions provided that funding is available from internal savings and to include language requiring agencies to establish an information technology services line item.
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- Amends Section 20 of the bill to provide that the Information Technology Department and the Office of Management and Budget shall establish information technology standards and to provide that the state Information Technology Advisory Committee shall review instead of approve the standards.
- Amends the effective date of the bill and removes the emergency clause. The enterprise resource planning line item and Sections 4, 5, and 13 become effective May 16, 2003.

Deanna K. H. S. S.  
Operator's Signature

10/23/03  
Date

SPECIAL SESSION  
2003 SENATE APPROPRIATIONS

HB 1505

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10/23/03  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1505

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 5-6-03

Tape Number	Side A	Side B	Meter #
1	X		2125 - end
		X	0-200
Committee Clerk Signature <i>Sandra Davis</i>			

Minutes: **CHAIRMAN HOLMBERG** opened the hearing to HB 1505. A bill relating to the ITD budget. The hearing was yesterday with the joint session and the bill was amended in the House in a couple areas. **ROXANNE WOESTE**, Legislative Council will explain the amendments. Some amendments were discussed during the hearing.

(Meter 2265) **ROXANNE WOESTE** explained the amendments from the House

Appropriations. Working off the Engrossed version of the bill, first amendment is from page 6, Section 10 of the bill relating to the transfer of state agency information technology employee positions. When the bill was introduced around line 15 and 16, the language stated that any state agency may receive any identified positions from above providing the funding for that position is available from internal savings from the agency, that was struck from the bill. Beginning on line 20 through 30 was struck from the bill. On line 20, the paragraph was added the language is similar to what was in before.

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Operator's Signature

10/23/03  
Date

Page 2  
Senate Appropriations Committee  
Bill/Resolution Number HB 1505  
Hearing Date 5-6-03

(Meter 2453) **CHAIRMAN HOLMBERG** asked **ROXANNE** if one of ways that the bill was originally drafted, the language was changed because if an agency found the money could retain the employee and IT would have had the authority to hire people to take the place of those people to do the work and it was possible the way it was drafted to have five additional employees by the time they were done with the down sizing.

(Meter 2520) **ROXANNE WOESTE** agreed, the bill was a bit ambiguous as to the transfer of employees. Those two changes were to clarify that issue regarding the transfer of employees and the accumulated savings relating to IT functional consolidation. She continue to go through the changes (amendment) line by line.

(Meter 2986) **CHAIRMAN HOLMBERG** clarified the that in the special session, the legislature determines when a bill becomes effective it doesn't have to do the July or August date.

(Meter 3027) **SENATOR KRAUTER** asked for an explanation on page 11, the rationale of taking the legislative council out of the use of the electronic mail files, etc. Why are they taken out of that?

(Meter 3055) **CHAIRMAN HOLMBERG** stated the answer to that is in an amendment that **SENATOR CHRISTMANN** is going to pass out. We want to make the recommendation to bring that back.

(Meter 3110) **SENATOR KRAUTER** wanted clarification why we would want the Attorney General exempt? Why was that singled out?

(Meter 3191) **CHAIRMAN HOLMBERG** stated that was in the original bill. He doesn't recall the rationale.

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Operator's Signature

10/23/03  
Date

Page 3  
Senate Appropriations Committee  
Bill/Resolution Number HB 1505  
Hearing Date 5-6-03

(Meter 3223) **SENATOR CHRISTMANN** explained he believes it was because of the closeness of working with the courts cases.

(Meter 3266) **SENATOR KRAUTER** was concerned that he found the AG department, they have set up a system for doing their applications for pesticide registration through email. Where companies get registered in the state and send the label by email. It is a very large data file and this is the technology that the we want egovernment doing through these vendors. In the process, they sat down on how to do this and figured out a cost and by going to a bid process, they were able to provide this service many thousands of dollars less than could be provided for by ITD.

Why are they doing this with all these agencies with a higher cost?

(Meter 3409) **SENATOR ROBINSON** stated he shares the concern with **SENATOR KRAUTER**. His greater concern with the bill is establishing public policy here and he wants to be careful of the road they take. Through this bill, they talked about transfer of employees, about consolidation, about print/servers, email, and how they are going to change the structure of how they are going to do business in ITD. And then in Section 13, they talk about a study, to decide if we want to centralize, etc. He doesn't feel it makes sense to conduct a study after the decisions have been put in place. He feels this is backwards. The study should be done first and then regroup on the findings of the study.

(Meter 3707) **SENATOR BOWMAN** gave his opinion

(Meter 3920) **SENATOR ROBINSON** stated that early in the session, the Director of SD came in and spoke on the consolidation. The point is that we make these decisions and then conduct a study is not a guarantee that it will work.

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Operator's Signature

10/23/03  
Date

Page 4  
Senate Appropriations Committee  
Bill/Resolution Number HB 1505  
Hearing Date 5-6-03

(Meter 4066) **SENATOR THANE** stated he respectfully disagrees with **SENATOR ROBINSON** but feels there is a road map with the study to see what is accomplished.

(Meter 4157) **SENATOR KRAUTER** stated why spend five times more to resolve and then go back they it was before.

(Meter 4305) **SENATOR MATHERN** asked if they are taking any more testimony? He was answered no, there was a hearing now. He spoke about the tax department and handed out a printed statement for the tax commission.

**SENATOR ROBINSON** exploited more of his opinion.

(Meter 4606) **SENATOR MATHERN** made a motion to remove line 32 on page 5, of the bill.

**SENATOR KRAUTER** seconded it. Stated the handout from the tax commissioner doesn't have the two FTE that are to be transferred.

(Meter 4873) **CHAIRMAN HOLMBERG** took a show of hands, **the motion failed** by a vote of 5 yeas, 7 nays, and 2 absent.

(Meter 4932) **SENATOR CHRISTMANN** moved to change line 32, page 5, the number two changed to number one. **SENATOR THANE** seconded. A voice vote of all yeas **passed the motion.**

(Meter 4988) **SENATOR CHRISTMANN** handed out the amendment 30804.0301 and made a motion, **SENATOR KILZER** seconded it. He explained that it put on page 11, line 19, this puts the legislative council in with the judicial branch institutions of the board of higher edu, PERS, RIO, and the AG office of exclusions **The motion passed with a voice vote of all yeas.**

(Meter 5170) **SENATOR MATHERN** stated as noted from the testimony of yesterday, there is considerable problems with Worker's Comp in terms with the bill and the State Water

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*Deanna Holmberg*  
Operator's Signature

10/23/03  
Date

Page 5  
Senate Appropriations Committee  
Bill/Resolution Number HB 1505  
Hearing Date 5-6-03

Commission with this. Addressing this could be made with a motion of changing line 8, page 6 with a number one instead of two. He made a motion for this change and **SENATOR KRAUTER** seconded.

(Meter 5600) **SENATOR ANDRIST** voiced his opinion of having trouble trying to understand why it is we are having agencies like Worker's Comp, the Tax Department, Ag Department saying it is going to cost more money get through IT than it is getting it from a private vendor. Why is it costing more? **CHAIRMAN HOLMBERG** clarified for him than whenever you have a consolidation there are going to be some agencies that are going to find that it is going to be a little cheaper for them and others that it is going to be more expensive.

The motion failed with a voice vote of 5 yeas, 7 nays and 2 absent and not voting.

(Meter 6000) **SENATOR MATHERN** made a motion of eliminating line 12. Page 6 with **SENATOR KRAUTER** seconded. A show of hands failed the motion with a vote of 5 yeas, 7 nays and 2 absent and not voting.

**ROXANNE WOESTE** gave a definition of functional consolidation.

(Meter 6029) There was motion of a **DO PASS AS AMENDED** by **SENATOR BOWMAN** and seconded by **SENATOR KRINGSTAD**.

#### **Tape 1 Side B**

(Meter 50) **SENATOR ROBINSON** stated that the leadership in the area of IT has certainly been in the Senate. Bottom line is that he has felt they have been on the defensive. He felt he has never worked on a subcommittee and conference committee that has been so frustrating.

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*Deanna Hall*  
Operator's Signature

10/23/03  
Date



Page 6  
Senate Appropriations Committee  
Bill/Resolution Number HB 1505  
Hearing Date 5-6-03

(Meter 128 )A roll call vote of 8 yeas, 4 nays, and 2 absent and not voting **passed** the bill.

**SENATOR SCHOBINGER** to carry the bill. **CHAIRMAN HOLMBERG** closed the hearing  
to HB 1505.

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Deanna Hill  
Operator's Signature

10/23/03  
Date

30804.0302  
Title.0400

Prepared by the Legislative Council staff for  
Senate Appropriations  
May 6, 2003

603  
5-6-3

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1505

Page 5, line 32, replace "2" with "1"

Page 11, line 19, after the first "the" insert "legislative and" and replace "branch" with "branches"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment amends Section 10 of the bill relating to the transfer of state agency information to change the number of employees to be transferred from the Tax Department from 2 to 1 and Section 16 of the bill relating to the required information technology services to include the legislative branch in the excluded entities.

Page No. 1

30804.0302

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Deanna Hall  
Operator's Signature

10/23/03  
Date

Date: 5-6-03  
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

Senate \_\_\_\_\_ Committee \_\_\_\_\_

☐ Check here for Conference Committee

Legislative Council Amendment Number eliminate  
Remove line 32 on page 5

Action Taken \_\_\_\_\_

Motion Made By Mather Seconded By Krauter

Senators	Yes	No	Yes	No
HOLMBERG				
BOWMAN				
GRINDBERG				
ANDRIST				
CHRISTMANN				
KILZER				
KRINGSTAD				
KRAUTER				
LINDAAS				
MATHERN				
ROBINSON				
SCHOBINGER				
TALLACKSON				
THANE				

Total (Yes) 5 No 7

Absent 2

Floor Assignment show of hands - fail

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

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Deanna Hall  
Operator's Signature

10/23/03  
Date

Voice  
vote

Date: 5-6-03  
Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

Senate \_\_\_\_\_ Committee \_\_\_\_\_

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken page 5 2 changed to 1

Motion Made By Christmann Seconded By Thane

Senators	Yes	No		Yes	No
HOLMBERG					
BOWMAN					
GRINDBERG					
ANDRIST					
CHRISTMANN					
KILZER					
KRINGSTAD					
KRAUTER					
LINDAAS					
MATHERN					
ROBINSON					
SCHOBINGER					
TALLACKSON					
THANE					

Total (Yes) 11 No \_\_\_\_\_

Absent 2

Floor Assignment Voice vote passed

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

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Deanna Hall  
Operator's Signature

10/23/03  
Date

30804.0301  
Title.

Prepared by the Legislative Council staff for  
Senator Holmberg  
May 6, 2003

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1505

Page 11, line 19, after the first "the" insert "legislative and" and replace "branch" with "branches"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment amends Section 16 of the bill relating to the required information technology services to include the legislative branch in the excluded entities.

Page No. 1

30804.0301

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Deanna Holmberg  
Operator's Signature

10/23/03  
Date

voice  
vote - Amendment  
10301

Date: 5-6-03  
Roll Call Vote #: 3

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

Senate \_\_\_\_\_ Committee \_\_\_\_\_

☐ Check here for Conference Committee

Legislative Council Amendment Number .0301

Action Taken Do Pass (Amendment)

Motion Made By Christman Seconded By Kilzer

Senators	Yes	No		Yes	No
HOLMBERG					
BOWMAN					
GRINDBERG					
ANDRIST					
CHRISTMANN					
KILZER					
KRINGSTAD					
KRAUTER					
LINDAAS					
MATHERN					
ROBINSON					
SCHOBINGER					
TALLACKSON					
THANE					

Total (Yes) 11 No

Absent 2

Floor Assignment passed

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

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Deanna Tallackson  
Operator's Signature

10/23/03  
Date

voice  
vote

Date: 5-6-03

Roll Call Vote #: 4

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

Senate \_\_\_\_\_ Committee \_\_\_\_\_

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken change line 8, page 6 (instead of D)

Motion Made By Mather Seconded By Krauter

Senators	Yes	No		Yes	No
HOLMBERG					
BOWMAN					
GRINDBERG					
ANDRIST					
CHRISTMANN					
KILZER					
KRINGSTAD					
KRAUTER					
LINDAAS					
MATHERN					
ROBINSON					
SCHOBINGER					
TALLACKSON					
THANE					

Total (Yes) 5 No 6

Absent 2 failed

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

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

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Operator's Signature

Date

10/23/03

Date: \_\_\_\_\_  
Roll Call Vote #: 5

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO.     .**

Senate hand show - failed Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken eliminate level 12 per b

Motion Made By Mather Seconded By Krauter

[illegible]

Total (Yes) 5 No 7

Absent 2 1 1

**Floor Assignment**

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

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Deanna Hall  
Operator's Signature

10/23/03  
Date



Date: 5-6-03  
Roll Call Vote #: 6

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1505

Senate \_\_\_\_\_ Committee \_\_\_\_\_

☐ Check here for Conference Committee

Legislative Council Amendment Number .0301

Action Taken Do Pass As Amend

Motion Made By Bowman Seconded By Kringstad

Senators	Yes	No		Yes	No
HOLMBERG	✓				
BOWMAN	✓				
GRINDBERG	A				
ANDRIST	✓				
CHRISTMANN	✓				
KILZER	✓				
KRINGSTAD	✓				
KRAUTER		✓			
LINDAAS		✓			
MATHERN		✓			
ROBINSON		✓			
SCHOBINGER	✓				
TALLACKSON	A				
THANE	✓				

Total (Yes) 8 No 4

Absent 2

Floor Assignment Schobinger

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

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Deanna Hallen  
Operator's Signature

10/23/03  
Date

REPORT OF STANDING COMMITTEE (410)  
May 6, 2003 5:10 p.m.

Module No: SS-02-0085  
Carrier: Schobinger  
Insert LC: 30804.0302 Title: .0400

**REPORT OF STANDING COMMITTEE**

HB 1505, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (8 YEAS, 4 NAYS, 2 ABSENT AND NOT VOTING). Engrossed HB 1505 was placed on the Sixth order on the calendar.

Page 5, line 32, replace "2" with "1"

Page 11, line 19, after the first "the" insert "legislative and" and replace "branch" with "branches"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment amends Section 10 of the bill relating to the transfer of state agency information to change the number of employees to be transferred from the Tax Department from 2 to 1 and Section 16 of the bill relating to the required information technology services to include the legislative branch in the excluded entities.

(2) DESK, (3) COMM

Page No. 1

SS-02-0085

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*Deanna Hall*  
Operator's Signature

10/23/03  
Date

SPECIAL SESSION  
2003 TESTIMONY

HB 1505

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10/23/03  
Date

May 5, 2003

**Department 112 - Information Technology Department  
Proposed Appropriation Bill**

	2003-05 Executive Budget	2003-05 Proposed Appropriation	Increase (Decrease)
Salaries and wages	\$26,012,849	\$25,715,694	(\$297,155)
Operating expenses	33,120,860	33,120,860	
Capital assets	5,323,000	5,323,000	
Division of Independent Study	5,667,842	5,625,480	(42,362)
Educational Technology Council	796,655	793,818	(2,837)
EduTech	2,674,003	2,540,348	(133,655)
Wide area network	7,799,623	7,436,223	(363,400)
Enterprise resource planning system	20,000,000	20,000,000	
Geographic Information system	716,097	678,343	(37,754)
Prairie Public Broadcasting	1,337,138	1,337,138	
Criminal Justice Information sharing	4,741,200	4,741,200	
Less budget adjustment		(1,000,000)	(1,000,000)
Total funds	\$108,189,267	\$106,312,104	(\$1,877,163)
Less estimated income	97,581,730	98,117,301	535,571
General fund	\$10,607,537	\$8,194,803	(\$2,412,734)
FTE	248.20	248.20	0.00

**NOTE:** The 2003-05 proposed appropriation for the Information Technology Department represents an increase in total funding of \$11,451,400 from the 2001-03 total funds legislative appropriation of \$94,860,604 and a decrease in funding from the general fund of \$11,453,257 from the 2001-03 general fund legislative appropriation of \$19,648,060. The 2003-05 proposed appropriation provides for 248.20 FTE positions for the Information Technology Department, an increase of 3.50 FTE positions from the 2001-03 legislative level of 244.70.

**Major Changes - Proposed Appropriation Bill**

	General Fund	Other Funds	Total
1. Removes funding for the Governor's recommended state employee salary increases	(\$18,751)	(\$301,822)	(\$320,573)
2. Reduces funding for state employee health insurance premiums from \$493 to \$488.70 per month	(\$1,547)	(\$24,666)	(\$26,213)
3. Reduces funding for EduTech (\$133,655), the wide area network (\$360,656), and the geographic information system (\$36,066) representing a reduction in information technology funding from the general fund of approximately 5 percent	(\$530,377)		(\$530,377)
4. Increases funding for the department from special funds by \$862,059 and decreased funding for the department from the general fund by \$862,059 relating to special funds available from various state agency information technology reductions (Section 2 of the proposed appropriation bill)	(\$862,059)	\$862,059	\$0
5. Provides a general fund budget adjustment of \$1 million	(\$1,000,000)		(\$1,000,000)

**Other Sections of the Proposed Appropriation Bill**

**Estimated Income** - Section 2 of the proposed bill provides that \$862,059 of the estimated income provided for the Information Technology Department for the 2003-05 biennium is to be made available from special funds of various state agencies resulting from information technology reductions.

**Appropriation Authority Reductions** - Section 3 of the proposed bill provides that the Office of Management and Budget shall reduce the special funds appropriation authority for the Aeronautics Commission, the Department of Financial Institutions, the Insurance Commissioner, and the Seed Department by the amounts provided for in Section 2 of the bill.

**Bond Issuance Authorization** - Section 4 of the proposed bill authorizes the Industrial Commission to arrange for the issuance of evidences of indebtedness in the amount of \$20 million for the purchase or lease of computer hardware and software and for the costs of the implementation services for the enterprise resource planning system commonly known as the ConnectND project.

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**Bond Issuance Repayment Responsibility** - Section 5 of the proposed bill provides that the debt service on the evidences of indebtedness issued for the ConnectND project must be available from charges made and collected by the Information Technology Department from users of the system with 29 percent of the debt service being the responsibility of state agencies and 71 percent of the debt service being the responsibility of higher education.

**Judicial Branch Appropriation** - Section 6 of the proposed bill provides the judicial branch a general fund appropriation of \$45,999 for information technology costs.

**Purchasing of Information Technology Equipment and Software** - Section 7 of the proposed bill provides that the Information Technology Department shall establish information technology equipment and software product specifications. The Office of Management and Budget shall establish policies and guidelines for the purchase of information technology equipment and software, and all executive branch state agencies, departments, and institutions, excluding institutions under control of the State Board of Higher Education shall comply with the policies and guidelines unless exempted by the Office of Management and Budget. The Office of Management and Budget, in conjunction with the Information Technology Department, shall aggregate information technology equipment and software purchases and administer contracts to achieve the most cost-effective results for the state.

**Transfer of Appropriation Authority** - Section 8 of the proposed bill authorizes the director of the Office of Management and Budget to make transfers of funds between line items for state agencies, departments, and institutions as may be requested to accommodate information technology funding reductions made by the 2003 Legislative Assembly.

**Transfers** - Section 9 of the proposed bill authorizes the director of the Office of Management and Budget and the State Treasurer to make transfers of funds between line items of the Information Technology Department as may be requested by the Chief Information Officer.

**Transfer of State Information Technology Employee Positions** - Sections 10, 11, and 12 of the proposed bill provide for the transfer of state agency information technology employee positions.

**Information Technology Legislative Council Study** - Section 13 of the proposed bill provides a \$350,000 general fund appropriation to the Legislative Council for the purpose of contracting with consultants to conduct an information technology organizational study and an information technology management study and to provide assistance with the preparation of the request for proposals and consultant oversight.

**Information Technology Responsibilities** - Section 14 of the proposed bill creates a new section to Chapter 54-10 of the North Dakota Century Code relating to information technology responsibilities of the State Auditor.

**Information Technology Committee** - Section 15 of the proposed bill creates a new section to Chapter 54-35 of the North Dakota Century Code relating to powers and duties of the Information Technology Committee.

**Information Technology Advisory Committee and Required Information Technology Services** - Section 16 of the proposed bill creates two new sections to Chapter 54-59 of the North Dakota Century Code relating to the establishment of an information technology advisory committee for the purposes of prioritizing major computer software projects and establishing policies, standards, and guidelines for the purchase of computer software and computer systems and the required use of electronic mail, file and print server administration, data base administration, and application server and hosting services.

**Information Technology Department Responsibilities** - Section 17 of the proposed bill amends Section 54-59-02 of the North Dakota Century Code relating to responsibilities of the Information Technology Department.

**Information Technology Department Powers and Duties** - Sections 18 and 19 of the proposed bill amend Section 54-59-05 of the North Dakota Century Code relating to the powers and duties of the Information Technology Department.

**Information Technology Standards** - Section 20 of the proposed bill amends Section 54-59-05 of the North Dakota Century Code relating to information technology standards.

**Information Technology Compliance Reviews** - Section 21 of the proposed bill repeals Section 54-59-13 of the North Dakota Century Code relating to information technology compliance reviews to be conducted by the Information Technology Department.

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*Deanna Hall*  
Operator's Signature

10/23/03  
Date

## MEMORANDUM

TO: Senate Appropriation Committee  
FROM: Rick Clayburgh, Tax Commissioner  
SUBJECT: Bill 1505 Section 17 -- Requiring Transfer of Tax Employees to ITD  
DATE: May 6, 2003

House Bill 1505, Section 10 addresses the transfer of state agency information technology employee positions as part of the consolidation of information technology functions.

### Partial Excerpt from 30804.0100 HB 1505

**"SECTION 10. TRANSFER OF STATE AGENCY INFORMATION TECHNOLOGY EMPLOYEE POSITIONS -- CONSOLIDATION OF INFORMATION TECHNOLOGY FUNCTIONS.** On November 1, 2003, the following number of authorized full-time equivalent employee positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, and application server and hosting services must be transferred from the named agencies to the information technology department, unless reduced by the chief information officer:

AGENCY	FULL-TIME EQUIVALENT EMPLOYEE POSITIONS
Office of management and budget	1
Tax department	2
Department of public instruction	1
State department of health	1
Department of human services	5
Job service North Dakota	3
Industrial commission	1
Bank of North Dakota	1

The Tax Department does not have two full-time equivalent positions that accomplish the five functional areas of work. We have one FTE that completes the work and this usually takes about 20% of his time (roughly 416 hours or less per year). In fact, ITD already provides a majority of these services to the Tax Department. I am not asking to exempt the Tax Department from the functional consolidation, but, that these two FTE's be removed from the proposed amendments. The Tax Department can not afford to lose these FTE's. Following is a breakdown of these IT functions and the provider:

1. Electronic mail -- service and support currently provided by ITD

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2. **File and print server administration** -- one server within Tax Department used for Tax Department shared files and folders, all "P" drive documents and data, and network attached printers for the 4 floors (Basement, 7<sup>th</sup>, 8<sup>th</sup>, and 16<sup>th</sup>) as well as the State Office Building
3. **Data base administration** -- service and support currently provided by ITD
4. **Storage** -- over 95 % of this service and support is currently provided by ITD (the exception is the storage associated to the file and print server and the Great Plains Accounting server)
5. **Application server and hosting services** -- ITD currently provides this service and support for all Tax Department applications except the Great Plains eEnterprise Accounting software, the validation application, and our Individual Income Tax electronic filing application (NDEL). The Accounting system has been identified for possible elimination with the implementation of ConnectND.

**Please Exempt the Tax Department from this Section !** Thank you for your consideration of this important issue.

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